

Lloyds TSB Group plc

**Goldman Sachs European Financials
Conference 2008**

12 June 2008

Berlin

Tim Tookey

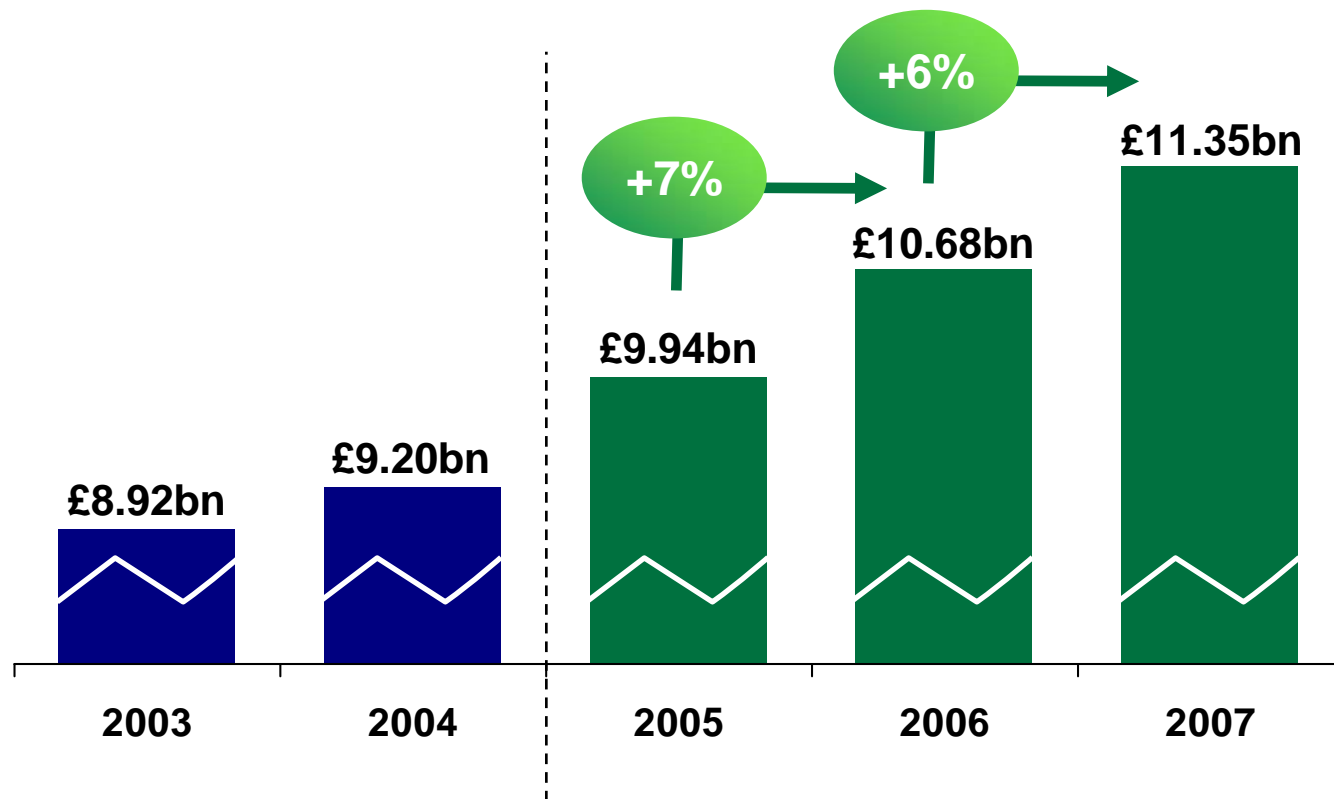
Acting Group Finance Director

Recent performance in longer term context

- **Strong momentum**
- **Significant growth potential**
- **High quality sustainable earnings**

Strong momentum

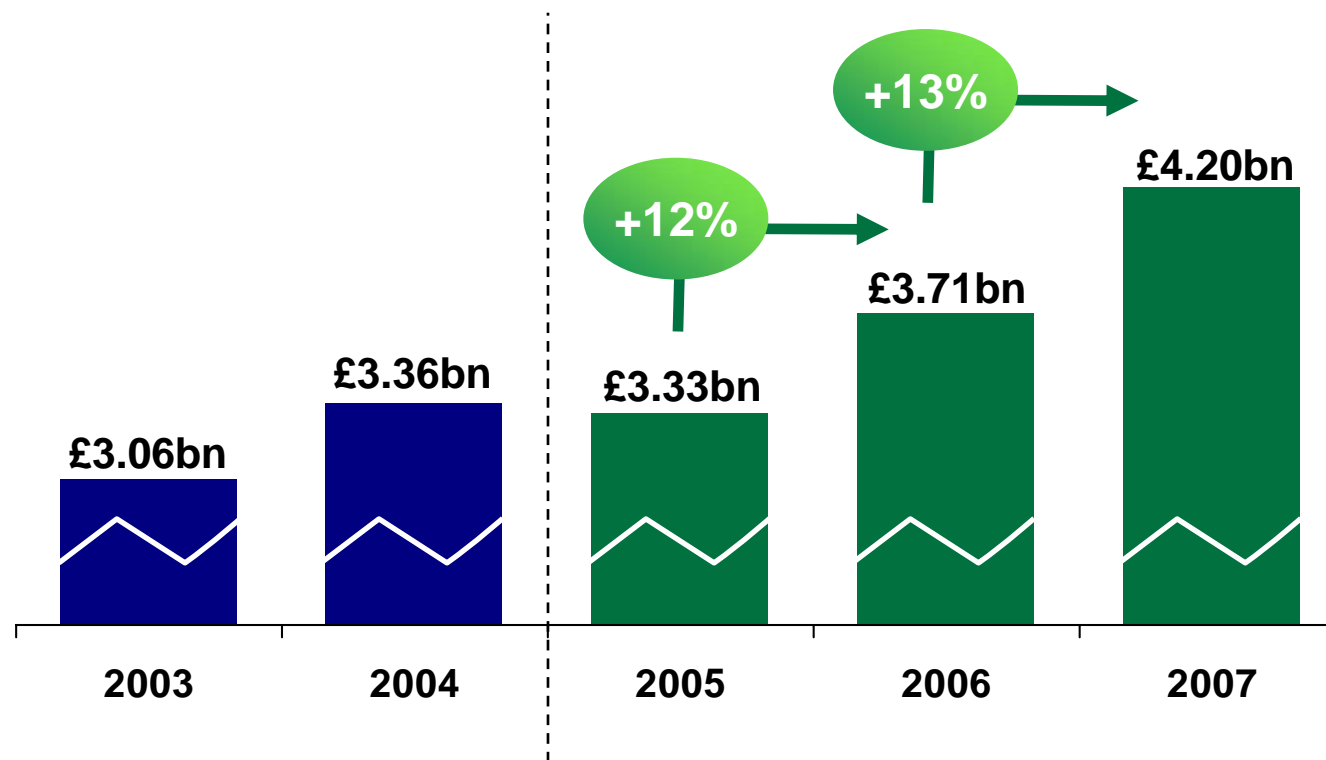
Sustained income growth¹



1. 2003-4 figures on a UK GAAP basis excluding discontinued operations. 2005-7 figures are on a full IFRS basis, excluding volatility, insurance grossing, one-off items and market dislocation impact

Strong momentum

Accelerating PBT growth¹



1. 2003-4 figures on a UK GAAP basis excluding discontinued operations. 2005-7 figures are on a full IFRS basis, excluding volatility, insurance grossing, one-off items and market dislocation impact

Significant growth potential

Drivers of future profit growth

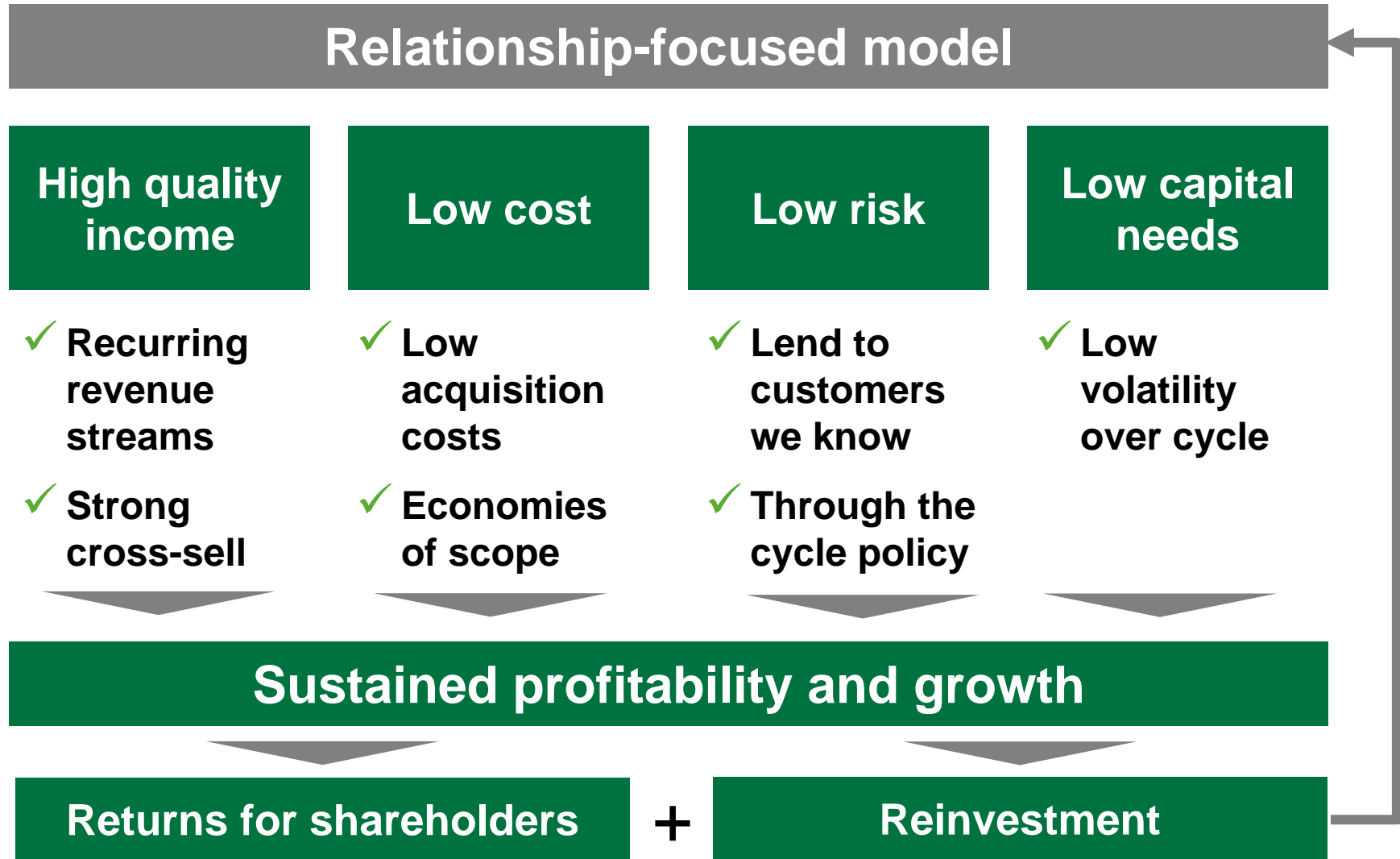
Market growth

- ✓ 2nd largest economic profit pool
- ✓ High levels of household financial wealth
- ✓ Lowest unemployment in G7
- ✓ Good medium term economic performance
- ✓ Strong long term savings growth

Market share growth

- ✓ We only have ~10% share of economic profit pool today
- ✓ Gaining share across target segments and products
- ✓ Relationship-focused model

Significant growth potential

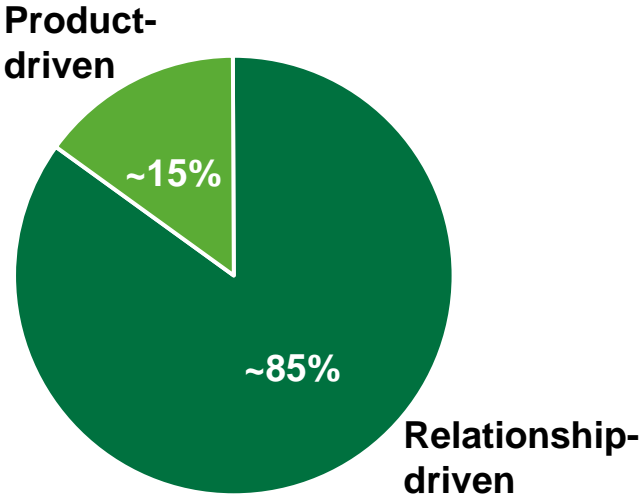


High quality sustainable earnings

UKRB: relationship-driven growth¹

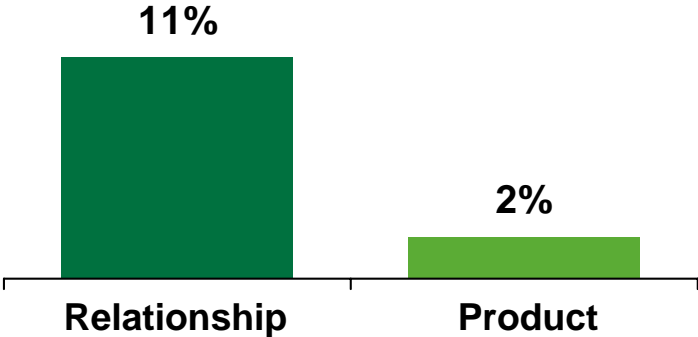
Where our profit comes from

% of 2007 PBT



Where our growth comes from


Income growth (2005 – 07)



1. Internal estimates

High quality sustainable earnings

UKRB: deep understanding of our customers

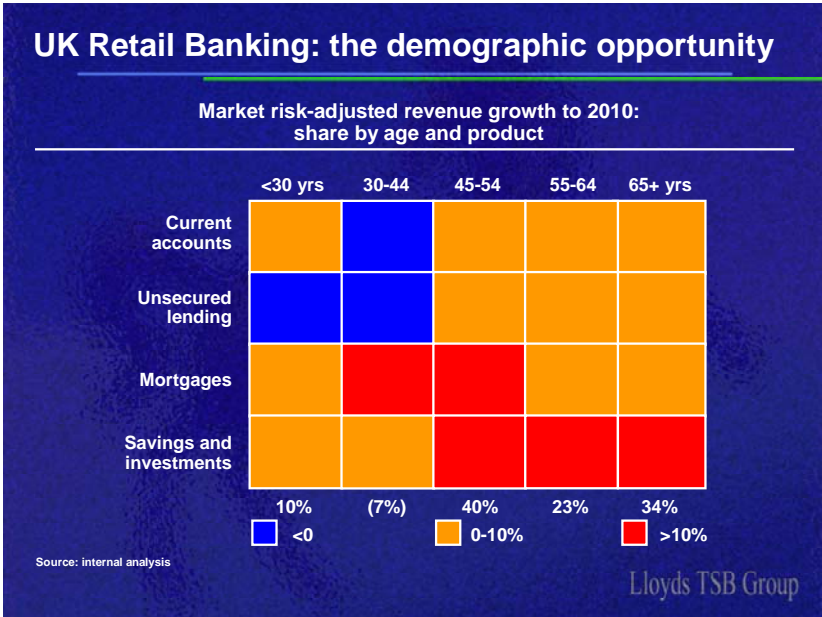
- **c.18 million customer records in UKRB**
 - **16 million transactions loaded per day**
 - **Average of 2,100 data points for each current account customer**
 - **9 terabytes of data**
 - **Global top quartile CRM¹**
- 
- **We sell to need**
 - **We price to risk**
 - **We have early warning indicators**
 - **about individual customers**
 - **about broader behavioural trends**

High quality sustainable earnings

UKRB: changing the mix

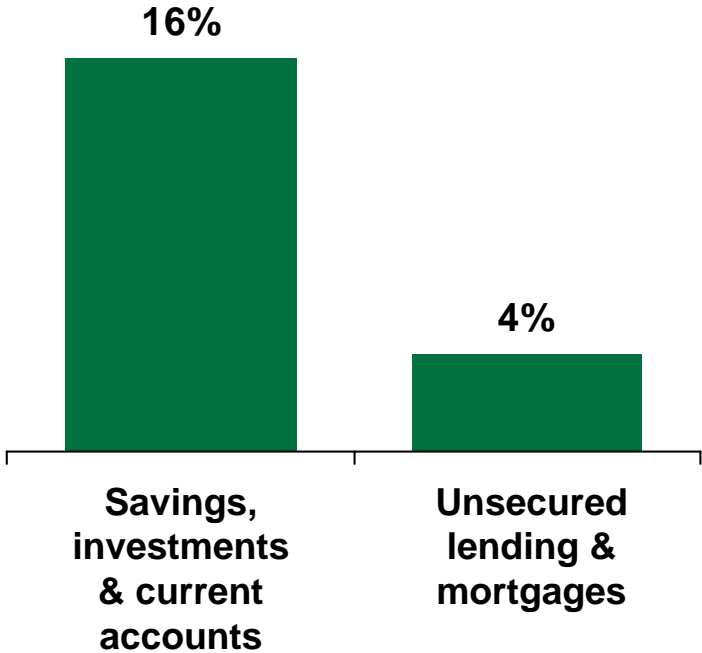
We identified a shift towards savings and investment...

...and are capturing it



Source: Results presentation, February 2006

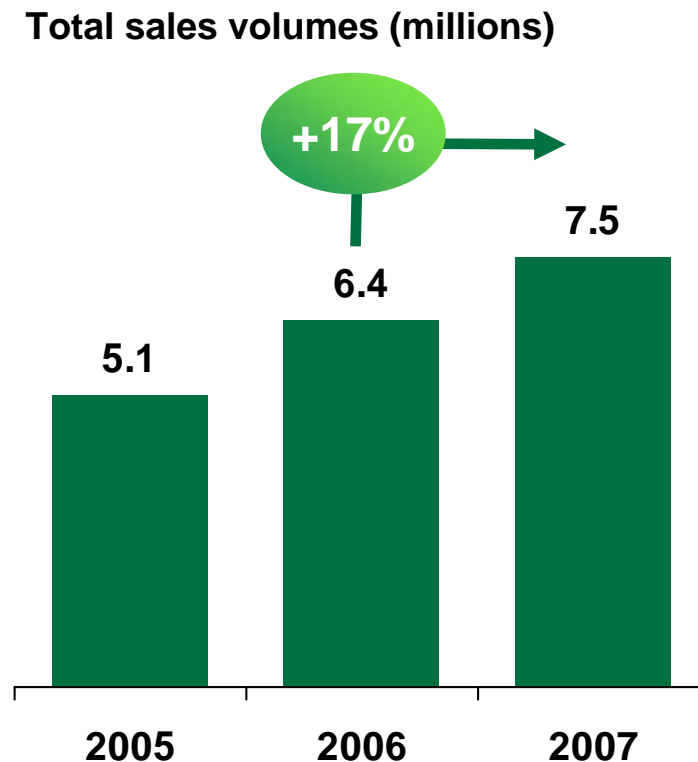
Income growth (2005 – 07)



High quality sustainable earnings

UKRB: establishing market leading positions

- #1 new customer acquisition
- #1 new credit card issuer
- #1 in added value accounts
- #1 provider of home insurance
- #1 in personal loans



Most trusted bank in Britain for 8 years running

High quality sustainable earnings

UKRB: low risk, relationship-focused lending

Mortgages

- #1 in branch-based lending
- Low book and new LTVs
- No self-certification

- 
- Over 3 month arrears fell 12% in 2007

Unsecured

- 99% of loans to franchise customers
- 89% of credit cards issued to franchise customers

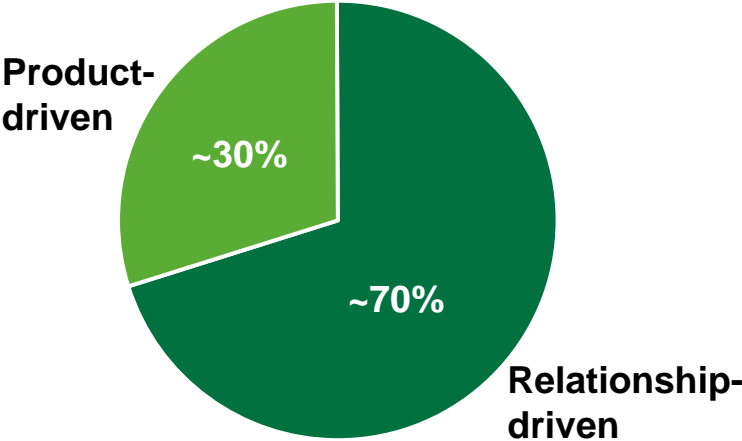
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- Impairments fell 2% in 2007

High quality sustainable earnings

W&IB: relationship-driven growth¹

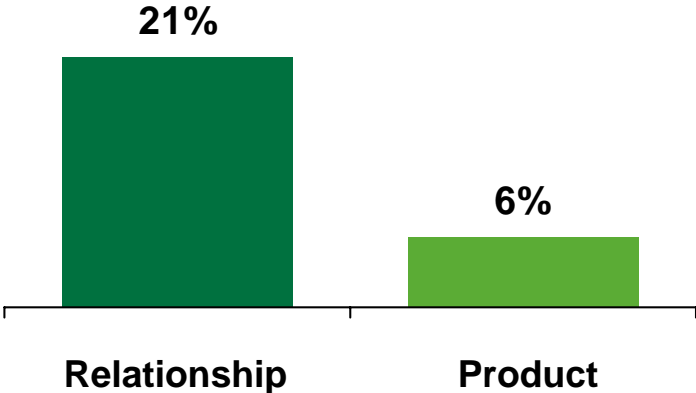
Where our profit comes from

% of 2007 PBT



Where our growth comes from

Income growth (2005 – 07)

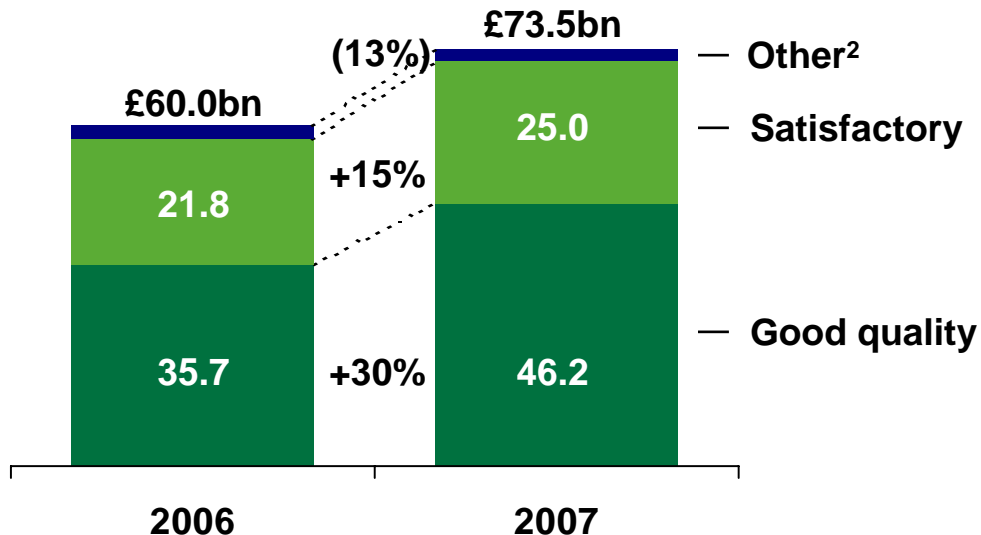


1. Internal estimates; excluding market dislocation

High quality sustainable earnings

W&IB: low risk, relationship-focused lending

Risk profile for wholesale loans & advances to customers¹



- 22% growth in wholesale loans & advances
- 97% classified as good or satisfactory
- Focus on lending through the cycle

1. Neither past due nor impaired
2. Lower quality and below standard

High quality sustainable earnings

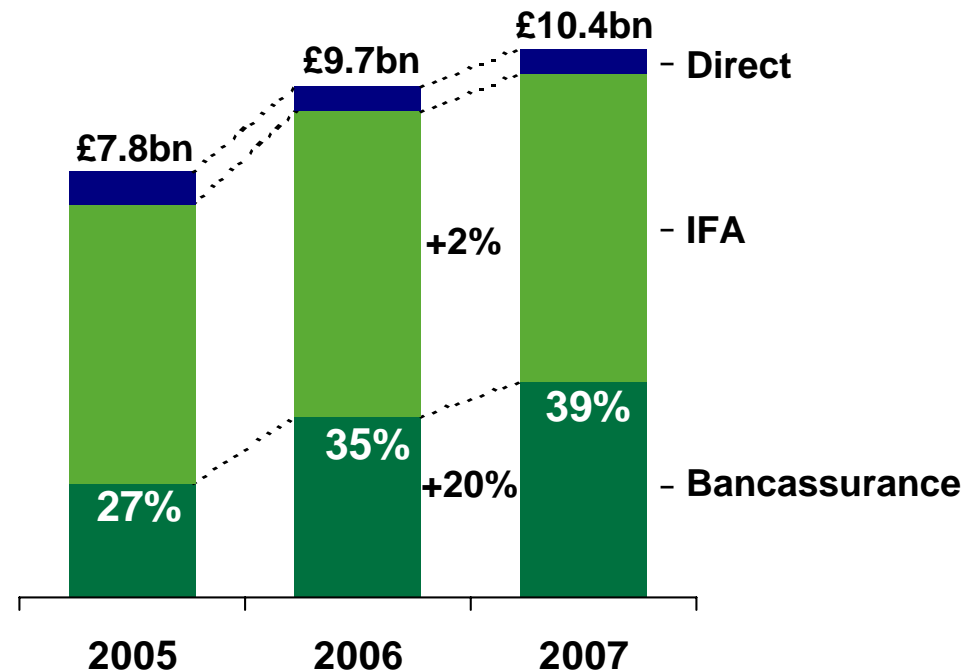
I&I: relationship-driven growth

I&I products central to Group's relationship businesses

- Retail Banking
- Private Banking
- Commercial Banking
- Corporate Banking

Example: Scottish Widows

PVNBP¹



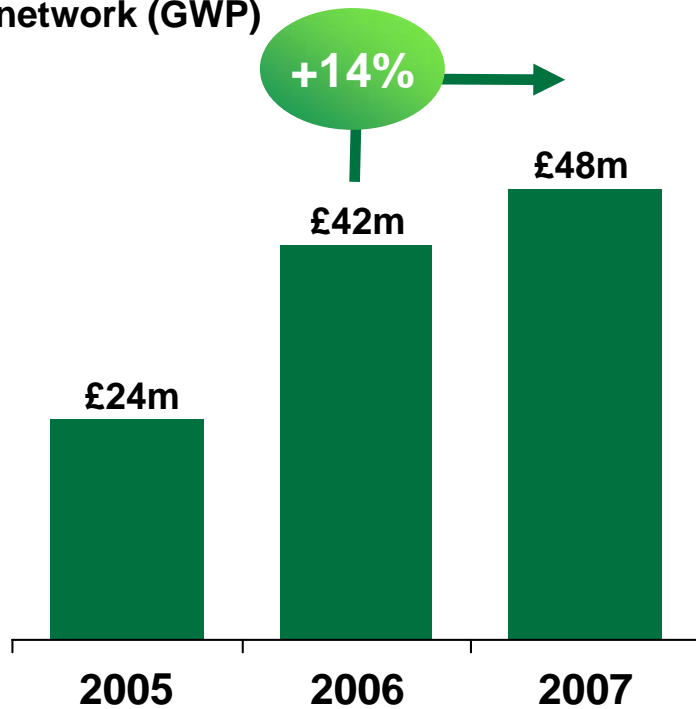
1. Present value of new business premiums

High quality sustainable earnings

I&I: relationship-driven growth

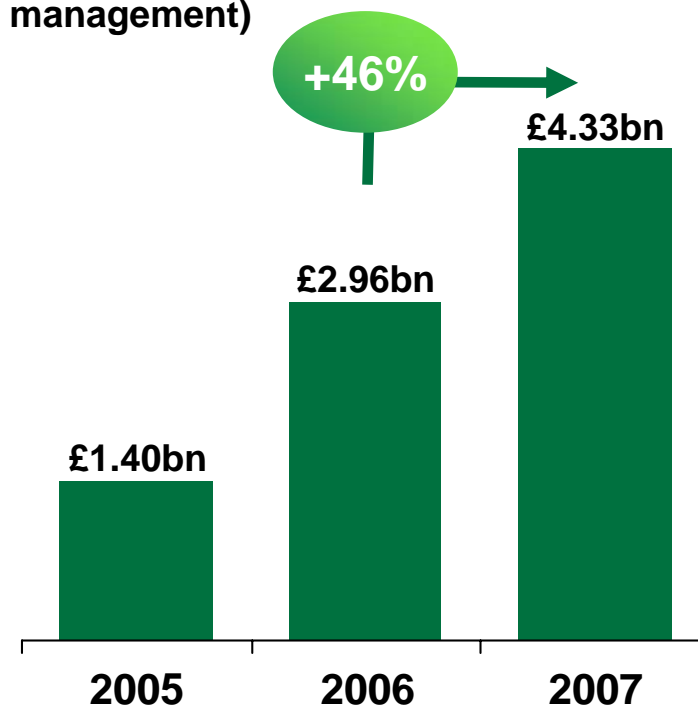
Example: General Insurance

Home insurance sold through branch network (GWP)



Example: SWIP

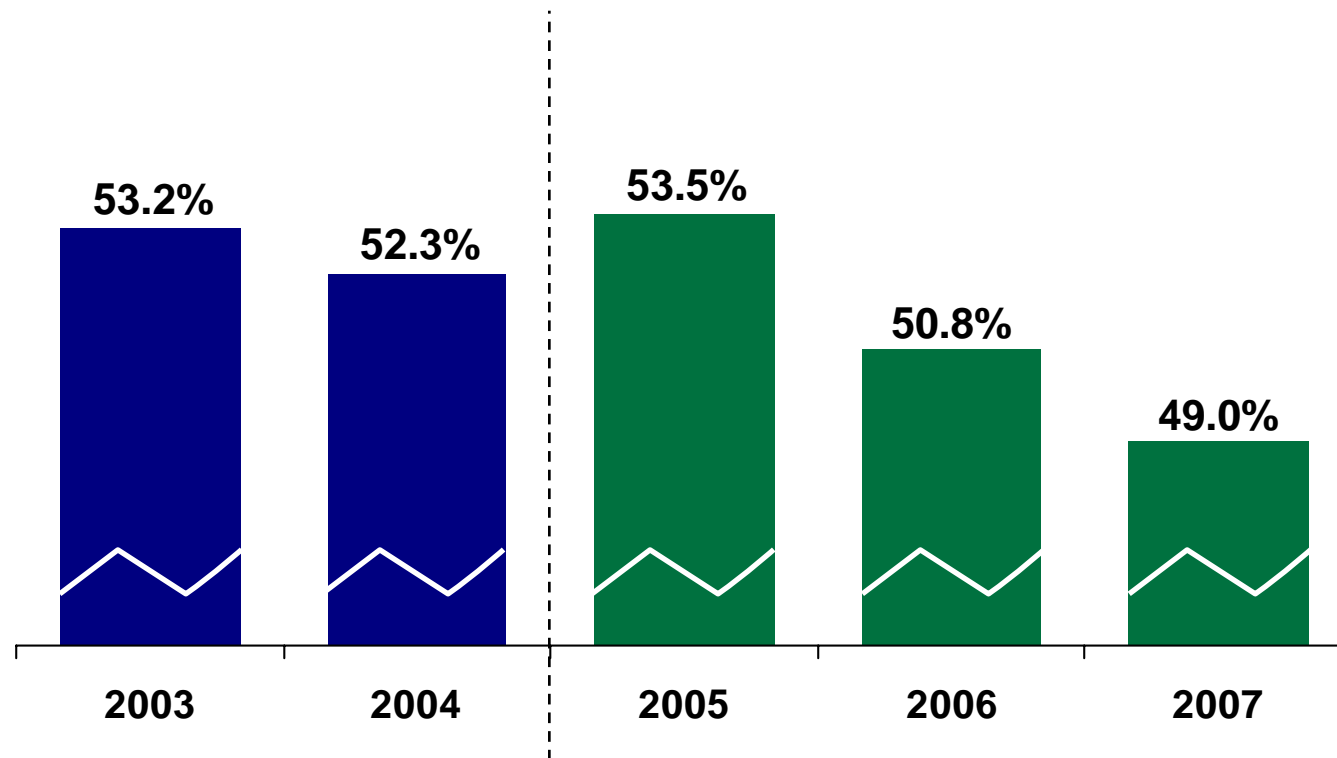
UKRB: new retail products (funds under management)



High quality sustainable earnings

Continuous productivity growth

Cost:income ratio¹



1. 2003-4 figures on a UK GAAP basis excluding discontinued operations. 2005-7 figures are on a full IFRS basis, excluding volatility, insurance grossing and one-off items

High quality sustainable earnings

Investing for future growth

Investment themes

- **Improving access for our customers**
- **Effectiveness in front of the customer**
- **Enhancing products & services**
- **Improving our efficiency**

Major projects

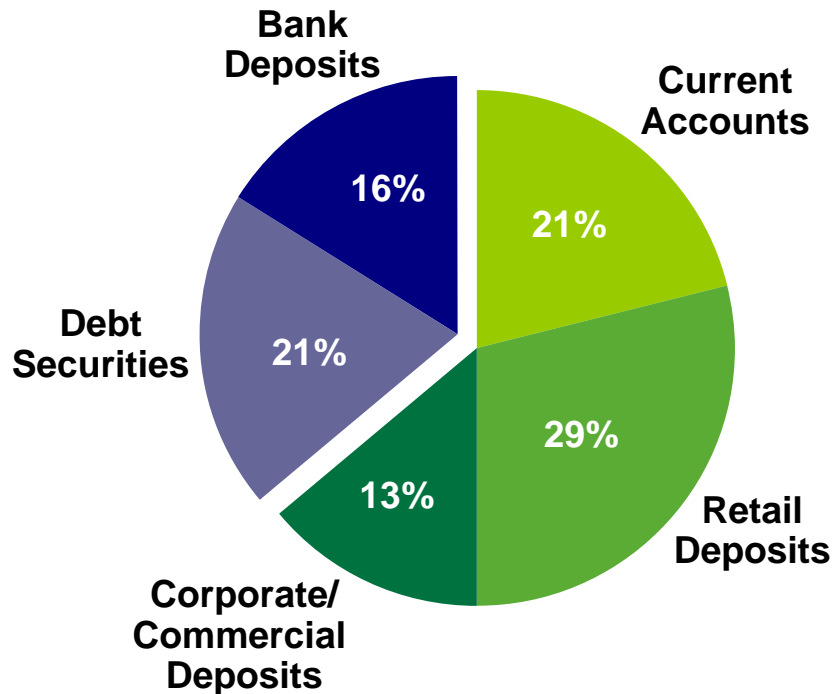
- **New internet platform**
- **'Your finances' sales capability**
- **Up-skilling frontline staff**
- **Commercial infrastructure**
- **Productivity programme**

We are well placed

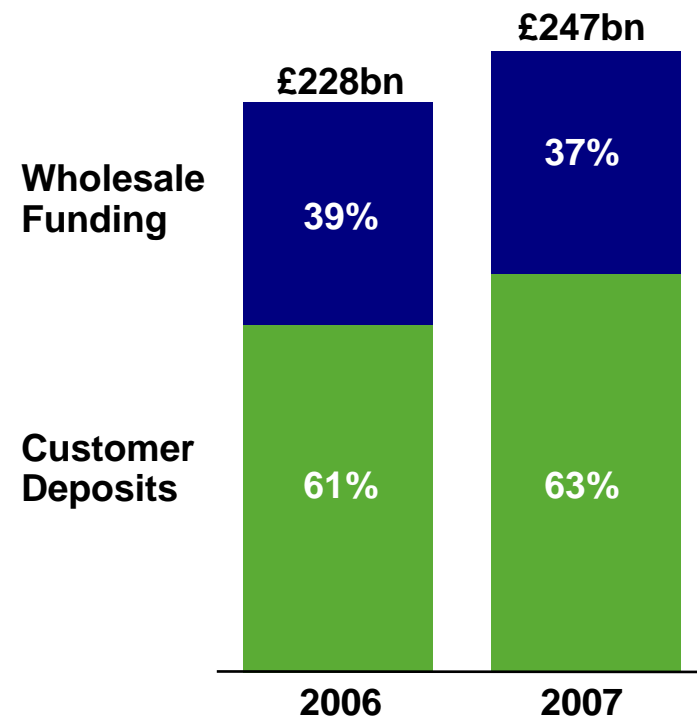
- **Robust capital position**
- **Strong funding and liquidity position**
- **Limited exposure to market dislocation**

Strong funding and liquidity position

Funding base composition December 2007



Increased percentage of customer deposit funding



Recent performance in longer term context

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- **Significant growth potential**
- **High quality sustainable earnings**

Forward looking statements

This document contains forward looking statements with respect to the business, strategy and plans of the Lloyds TSB Group, its current goals and expectations relating to its future financial condition and performance. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. The Group's actual future results may differ materially from the results expressed or implied in these forward looking statements as a result of a variety of factors, including UK domestic and global economic and business conditions, risks concerning borrower credit quality, market related risks such as interest rate risk and exchange rate risk in its banking business and equity risk in its insurance businesses, changing demographic trends, unexpected changes to regulation, the policies and actions of governmental and regulatory authorities in the UK or jurisdictions outside the UK, including other European countries and the US, exposure to legal proceedings or complaints, changes in customer preferences, competition and other factors. Please refer to Lloyds TSB Group plc's latest Annual Report on Form 20-F filed with the US Securities and Exchange Commission and to any subsequent reports furnished by the Group to the US Securities and Exchange Commission or to the London Stock Exchange. The forward looking statements contained in this document are made as at the date of the announcement, and the Group undertakes no obligation to update any of its forward looking statements.

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