

**LLOYDS
BANKING
GROUP**



2008 RESULTS

27 February 2009

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2008 RESULTS

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Sir Victor Blank
Chairman

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2008 RESULTS

27 February 2009

Tim Tookey

Group Finance Director



Key messages:

- **Strong Lloyds TSB relationship business momentum**
- **HBOS issues analysed and understood**
- **Challenges broadly as expected**
- **Robust funding and capital position**
- **HBOS acquisition delivers significant tangible net asset value enhancement**

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LLOYDS TSB



Lloyds TSB: Continuing businesses performance 2008

£m	2007	2008	% Change
<i>Statutory profit before tax</i>	4,000	807	(80)
Volatility			
– Insurance	277	746	
– Policyholder interests	222	471	
US dollar payments related provision	–	180	
Settlement of overdraft claims	76	–	
Financial Services Compensation Scheme levy	–	122	
Goodwill Impairment	–	100	
Discontinued businesses	(162)	–	
Profit on sale of businesses	(657)	–	
<i>Profit before tax – continuing businesses*</i>	3,756	2,426	(35)
Includes market dislocation	280	1,270	

* Continuing businesses, excluding volatility, results of discontinued operations, provision in respect of certain historic US dollar payments, FSCS levy, goodwill impairment and settlement of overdraft claims



Lloyds TSB: Continuing businesses performance 2008

£m	2007	2008	% Change
Total income, net of insurance claims	10,843	11,010	2
<i>Total excluding market dislocation</i>	11,031	11,935	8
Expenses	(5,317)	(5,582)	(5)
Trading surplus	5,526	5,428	(2)
Impairment	(1,796)	(3,012)	(68)
Insurance grossing adjustment	26	10	
Profit before tax*	3,756	2,426	(35)
Earnings per share	48.6p	29.7p	(39)
Economic profit	£1,725m	£731m	(58)
Post-tax return on equity	24.3%	15.8%	

* Continuing businesses, excluding volatility, results of discontinued operations, provision in respect of certain historic US dollar payments, FSCS levy, goodwill impairment and settlement of overdraft claims



Lloyds TSB: Divisional performance 2008

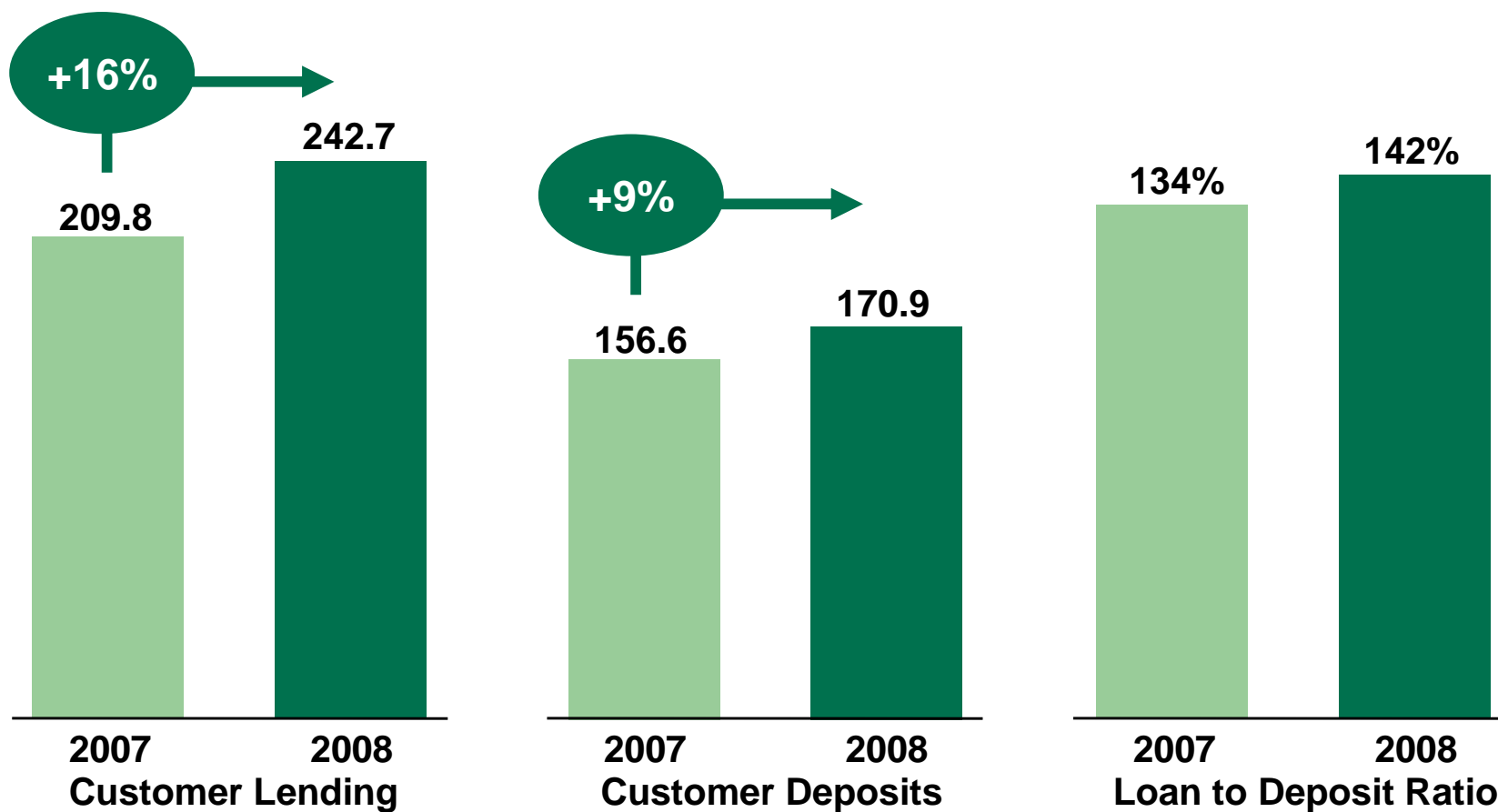
£m	2007	2008	% Change
UK Retail Banking	1,720	1,793	4
Insurance & Investments	722	901	25
Wholesale & International	1,300	274	(79)
– <i>excluding market dislocation</i>	1,580	1,544	(2)
Central Group items	(12)	(552)	
Insurance grossing adjustment	26	10	
Profit before tax*	3,756	2,426	(35)

* Continuing businesses, excluding volatility, results of discontinued operations, provision in respect of certain historic US dollar payments, FSCS levy, goodwill impairment and settlement of overdraft claims



Lloyds TSB: Customer lending and deposit trends

£bn





Lloyds TSB: Impairment losses on loans and advances

<u>Impairment</u>	2007 £m	2008 £m	Variance %	% of Average Lending	
				2007	2008
UK Retail Banking	1,224	1,472	(20)	1.10	1.22
– <i>Personal loans/overdrafts</i>	679	779	(15)	5.32	5.73
– <i>Credit cards</i>	527	526	–	7.96	8.12
– <i>Mortgages</i>	18	167		0.02	0.17
Insurance & Investments	–	2		–	0.03
Wholesale & International Banking	447	1,149	(157)	0.51	1.09
	<u>1,671</u>	<u>2,623</u>	(57)	0.82	1.13
Market dislocation	22	253			
2007 Finance Act	28	–			
Total	<u>1,721</u>	<u>2,876</u>	(67)		



Lloyds TSB: Impairment losses on loans and advances

Impairment	2007 £m	2008 £m	Variance %	% of Average Lending	
				2007	2008
UK Retail Banking	1,224	1,472	(20)	1.10	1.22
Insurance & Investments	–	2		–	0.03
Wholesale & International Banking	447	1,149	(157)	0.51	1.09
– <i>Corporate Markets</i>	115	685	(496)	0.19	0.93
– <i>Commercial Banking</i>	99	188	(90)	0.61	0.98
– <i>Asset Finance</i>	228	270	(18)	2.54	3.06
– <i>International & other</i>	5	6		0.20	0.15
	1,671	2,623	(57)	0.82	1.13
Market dislocation	22	253			
2007 Finance Act	28	–			
Total	1,721	2,876	(67)		



Lloyds TSB : Impaired asset ratios

31 December 2008	Retail Mortgages	Retail Other	Wholesale	Group
Loans and advances to customers (gross)	£115bn	£39bn	£92bn	£246bn
Impaired assets	£1,361m	£4,477m	£2,704m	£8,542m
Impaired assets as % of closing balances	1.2%	11.4%	2.9%	3.5%
Impairment provisions	£186m	£2,345m	£1,038m	£3,569m
Impairment provisions as % of impaired assets	13.7%	52.4%	38.4%	41.8%
Impairment provisions as % of impaired assets (2007)	4.9%	54.8%	40.1%	45.3%



Lloyds TSB: 2008 results – summary

- **Core relationship businesses continue to perform well**
- **Resilient income levels, affected by slowing economic environment and impact of market dislocation**
- **Strong cost management maintained**
- **Significant rise in impairment levels**
- **Capital and funding position robust**

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HBOS



HBOS: Profit performance 2008

£m	2007	2008
<i>Statutory profit (loss) before tax</i>	5,474	(10,825)
Short-term fluctuations	115	239
Policyholder tax	(18)	893
FSCS levy/regulatory provisions	122	200
Goodwill impairment	5	158
2007 Finance Act	10	–
Loss on sale of businesses	–	845
<i>Underlying profit (loss) before tax*</i>	<u>5,708</u>	<u>(8,490)</u>

* Continuing businesses, includes market dislocation of £(3,948)million (2007 £(227)million)



HBOS: Profit performance 2008 – by division*

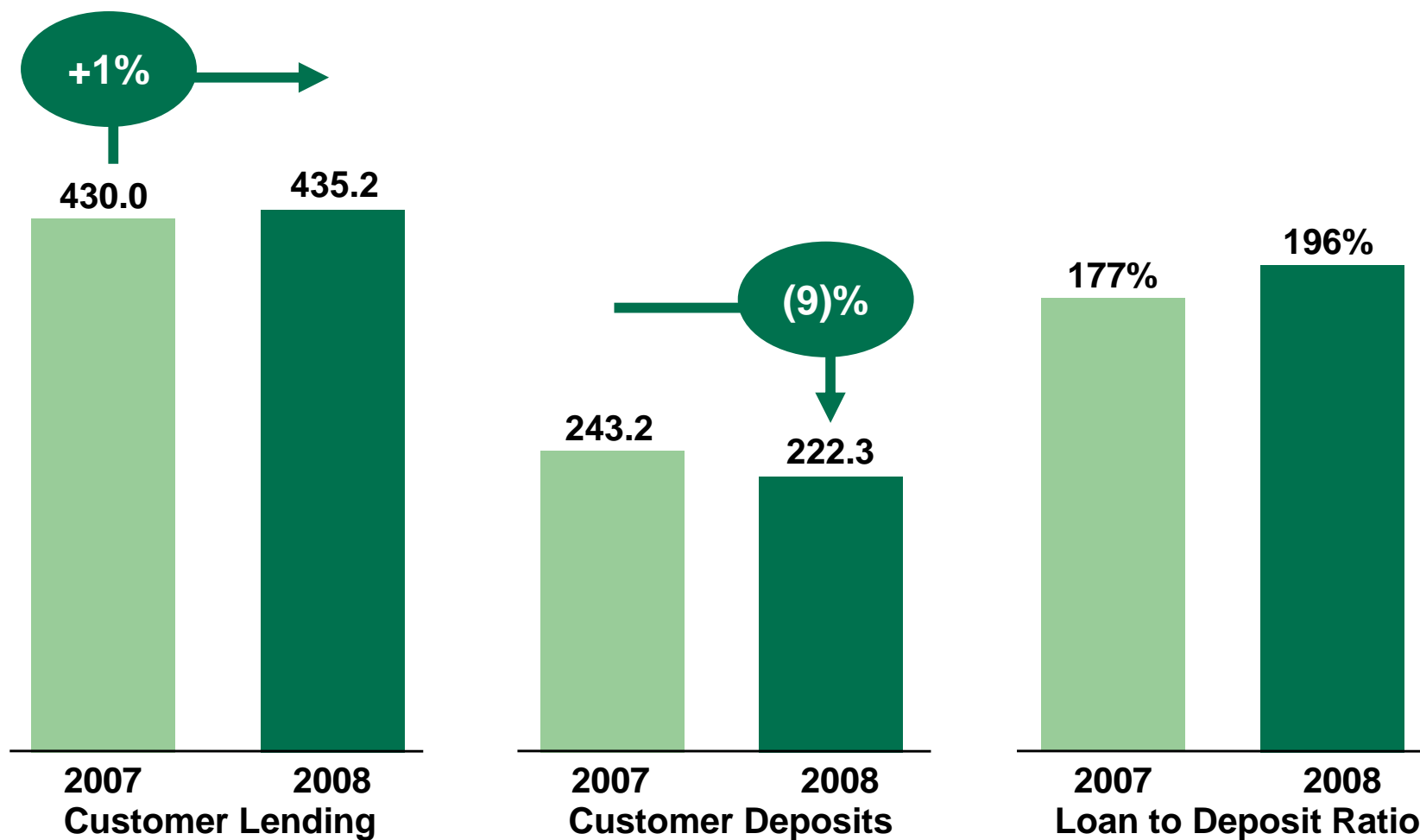
£m	2007	2008	% Change
Retail	2,026	1,367	(33)
Corporate	2,359	(6,793)	
Insurance & Investment	644	739	15
International	757	154	(80)
Treasury & Asset Management	259	(3,627)	
Group items	(337)	(330)	
Profit before tax	5,708	(8,490)	

* Calculated on an underlying basis



HBOS: Customer lending and deposit trends

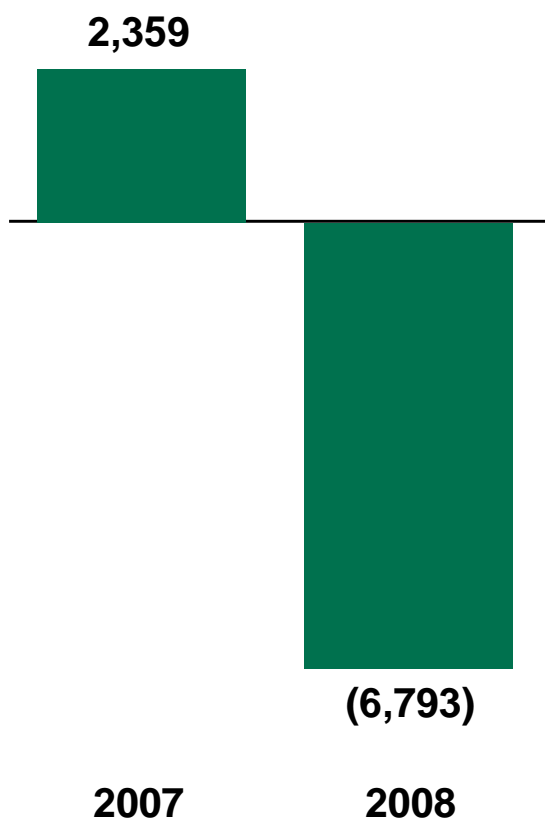
£bn





HBOS: Corporate – profit performance 2008

£m

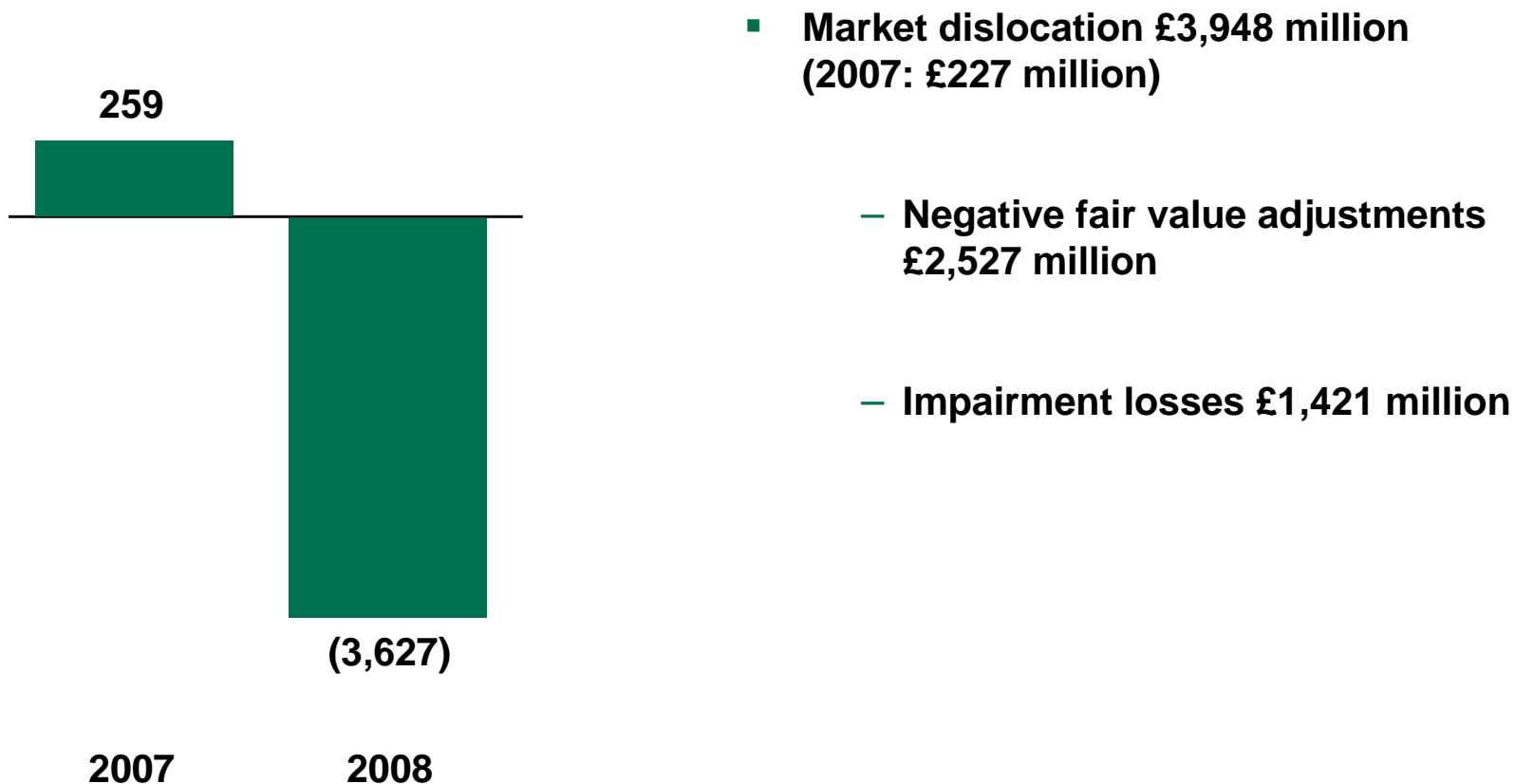


- Income down £3.2 billion, largely investment portfolio writedowns
- Significant rise in corporate impairments from £0.6 billion to £6.7 billion
- Corporate impairment charges in 2008 driven by:
 - Commercial £1.5 billion
 - Real estate £1.6 billion
 - Joint ventures £1.3 billion
 - ISAF/other £1.0 billion
 - Collective provision £1.3 billion



HBOS: Treasury & Asset Management – profit performance 2008

£m





HBOS: Impairment losses on loans and advances

Impairment	2007 £m	2008 £m	% of Average Lending	
			2007	2008
Retail	(1,277)	(2,230)	0.52	0.88
– Secured	(28)	(1,125)	0.01	0.47
– Unsecured	(1,249)	(1,105)	7.20	6.54
Corporate	(619)	(6,669)	0.62	5.89
International	(116)	(958)	0.20	1.50
	(2,012)	(9,857)	0.50	2.28



HBOS: Losses reflect deteriorating economic environment and more conservative provisioning methodology

	Forecast H2 2008 HBOS impairments/writedowns		Difference from estimate due to increased corporate impairments
	£bn		£bn
HBOS estimate	(2.4)	Corporate impairments	
	=====	– 2009 outlook deteriorated to 1 in 25 scenario	(1.0)
Lloyds TSB estimate	(8.0)	– Commercial real estate, earlier realisation of impairments	(0.4)
Actual	(9.6)	Irish commercial real estate	
		– Fall in Q4 2008	(0.2)
Difference from Lloyds TSB estimate	(1.6)		(1.6)



HBOS: Impaired asset ratios

31 December 2008	Retail Secured	Retail Unsecured	Corporate	International	Group
Loans and advances to customers	£238.5bn	£16.8bn	£116.4bn	£61.0bn	£435.2bn*
Impaired assets	£6,914m	£2,209m	£13,848m	£3,060m	£26,031m
Impaired assets as % of closing balances	2.9%	13.2%	11.9%	5.0%	6.0%
Impairment provisions	£1,219m	£1,819m	£6,563m	£1,092m	£10,693m
Impairment provisions as % of impaired assets	18%	82%	47%	36%	41%
Impairment provisions as % of impaired assets (2007)	8%	83%	26%	50%	33%

* Includes £2.5 billion of loans and advances in T&AM



HBOS: 2008 results – summary

- 2008 loss of £9.9 billion before policyholder tax
- 2008 statutory loss before tax £10.8 billion
- Key drivers:
 - Core business franchise remains strong
 - Underlying Retail net operating income increased by 5%
 - Underlying Insurance and Investment profit up 15%
 - Increased impaired loans and advances, particularly in Corporate
 - Impaired and reduced values of investments in Corporate
 - Market dislocation in Treasury

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Lloyds Banking Group: Key messages after six weeks of HBOS ownership

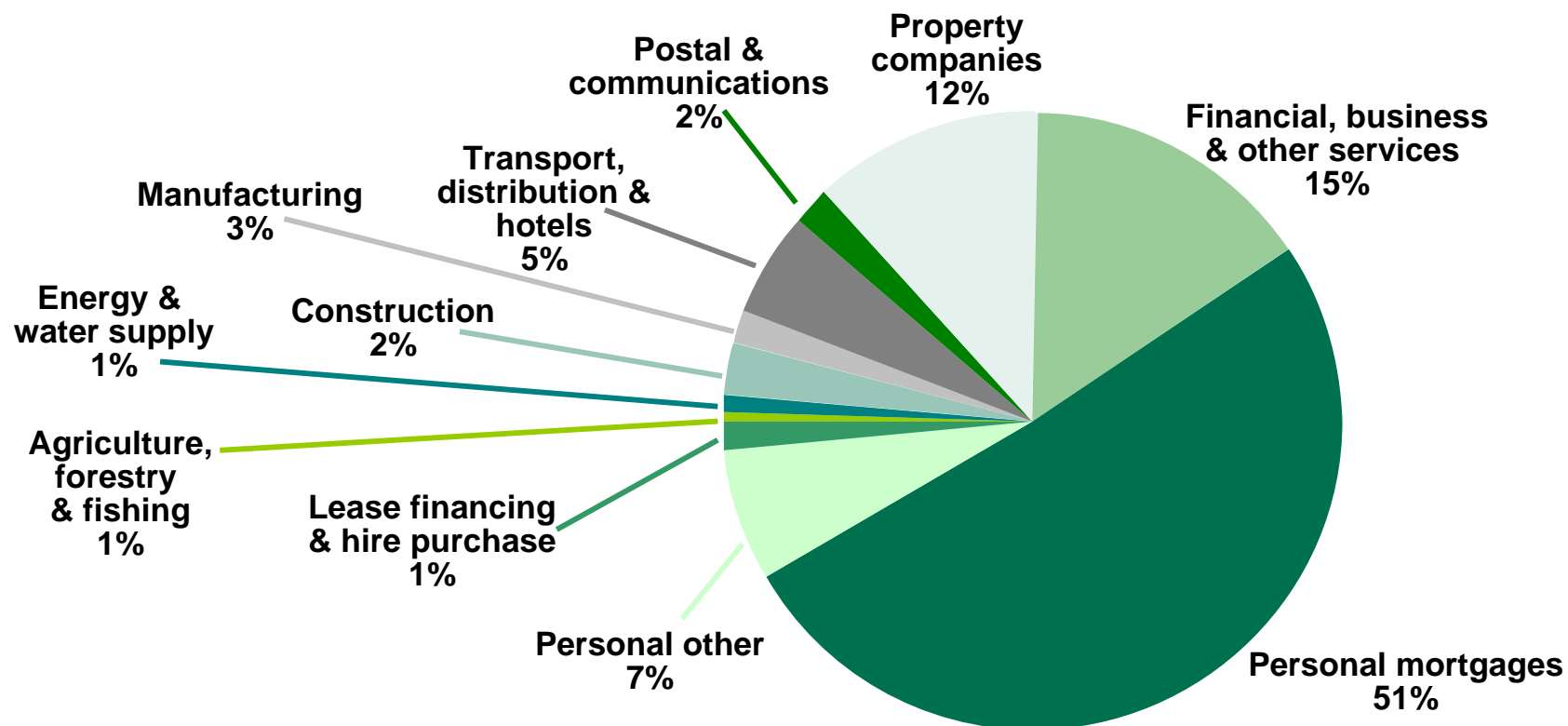
- **Excellent progress on integration**
- **Lloyds TSB risk management policies and practices in place across the entire group**
- **Robust capital and funding position**
 - **Comparable core tier 1 ratio 7.7%**
 - **Reported core tier 1 ratio 6.4%**
 - **Tangible net asset value per share 179p**
- **Arms around the issues and challenges being addressed**
 - **Core business revenues continue to perform well**
 - **Costs will be strongly managed**
 - **Retail impairments to rise significantly**
 - **Corporate impairments likely to remain at high levels**
 - **Low teens growth in RWAs expected in 2009 (largely procyclicality)**
 - **We expect the Group to report a loss in 2009***

* Excluding the recognition of negative goodwill



Lloyds Banking Group: A well spread customer lending base

Loans and advances to customers £731 billion*

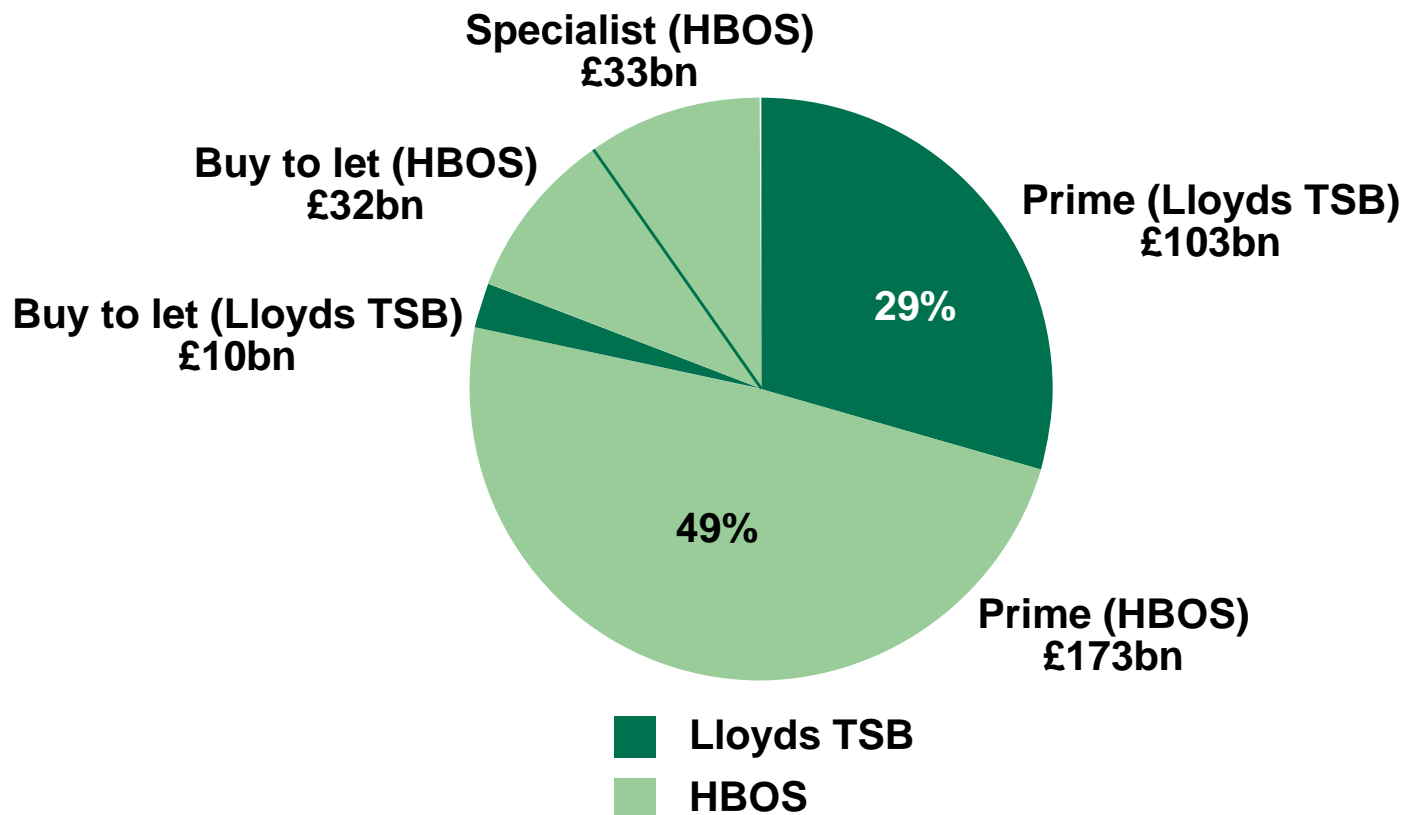


* Before allowance for impairment losses totalling £14.2 billion



Lloyds Banking Group: Mortgage portfolio

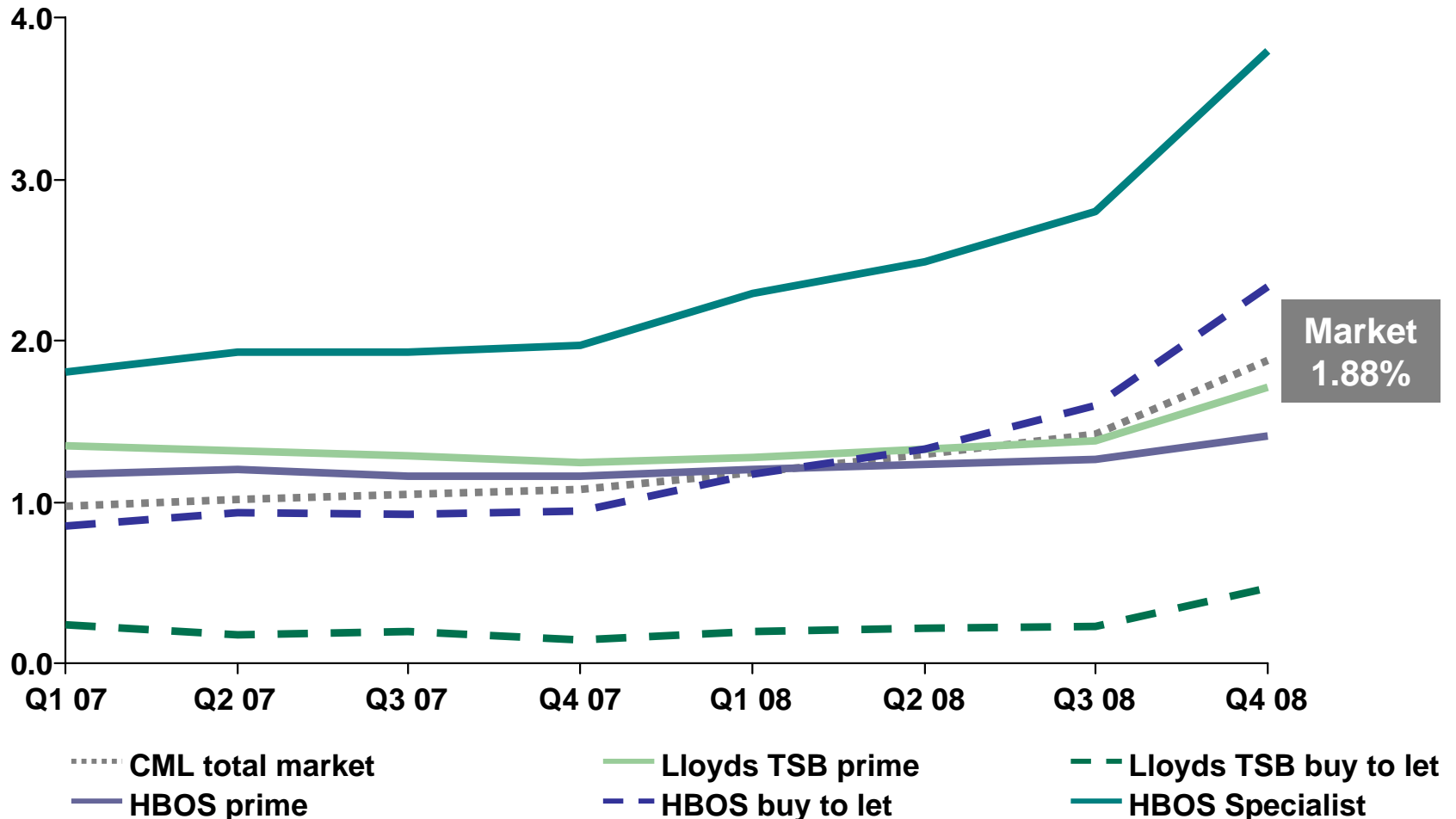
UK mortgage portfolio £351 billion





Lloyds Banking Group: Mortgage arrears trends

% of total cases >3 months in arrears



* Source: Council of Mortgage Lenders

Note: chart shows mortgages >3 months in arrears excluding possessions stock as a proportion of total cases



Lloyds Banking Group: Mortgage portfolio LTVs

	Prime Lloyds TSB	Prime HBOS	BTL Lloyds TSB	BTL HBOS	Specialist HBOS
Average LTVs	54.5%	51.0%	71.2%	79.0%	72.6%
New business 2008 LTVs	63.0%	65.3%	71.0%	73.2%	70.8%
<= 80% LTV	57.8%	57.6%	48.4%	32.7%	38.5%
> 80–90% LTV	13.1%	13.9%	15.5%	21.4%	21.3%
> 90–100% LTV	13.1%	13.4%	18.9%	22.9%	20.8%
> 100% LTV	16.0%	15.1%	17.2%	23.0%	19.4%
Value > 100% LTV (£bn)	£16.5bn	£25.6bn	£1.5bn	£7.5bn	£6.6bn

. Indexed by value at 31 December 2008

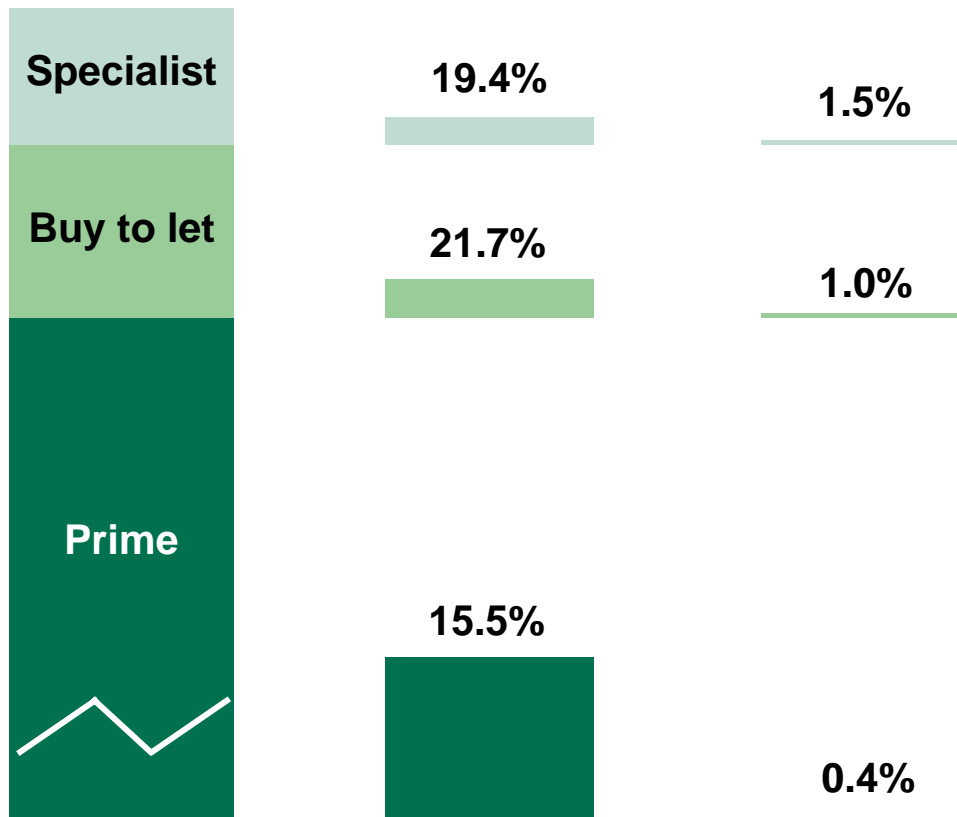


Lloyds Banking Group: Secured portfolio – understood, controlled and areas for focus selected

Portfolio
£351bn

>100% LTV

>100% LTV and
>3 months in arrears

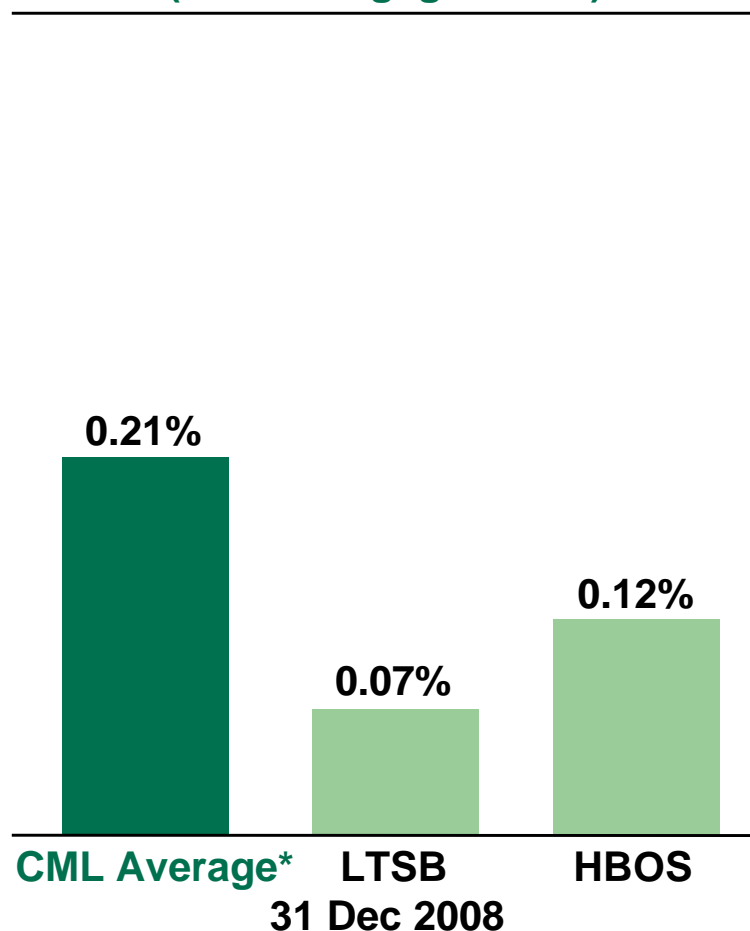


- Sector now exited
- LTV policies now aligned
- Multiple exposures very limited
- Limited 2009 growth
- Core relationship sector
- LTV policies aligned
- Focus for 2009 growth

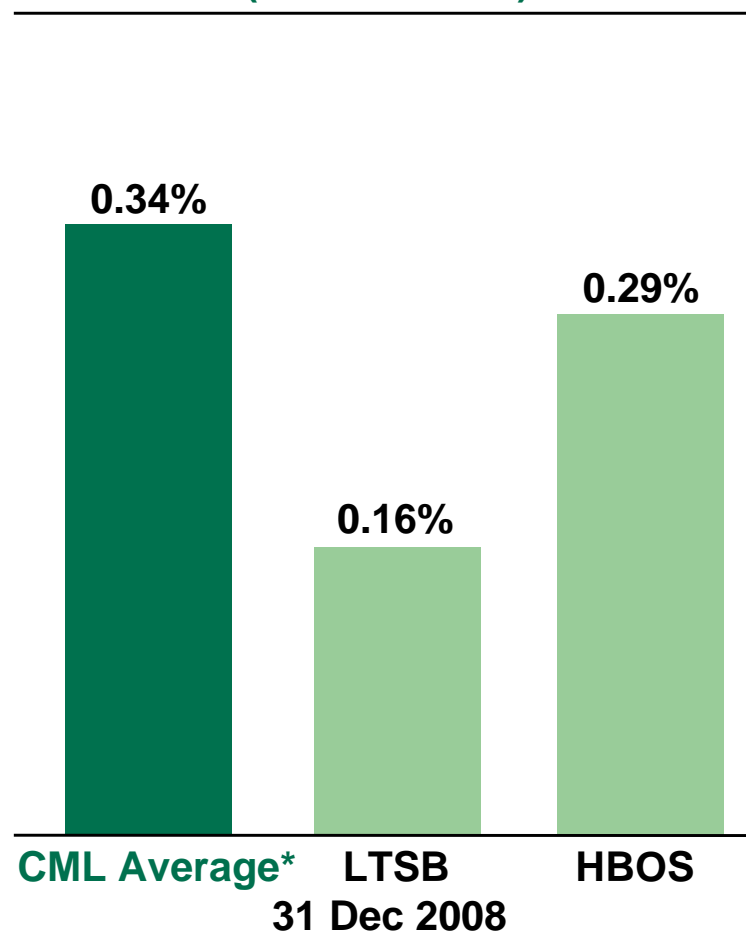


Lloyds Banking Group: Properties in possession

Properties in possession
(% of mortgage cases)



New repossessions
(% total cases)

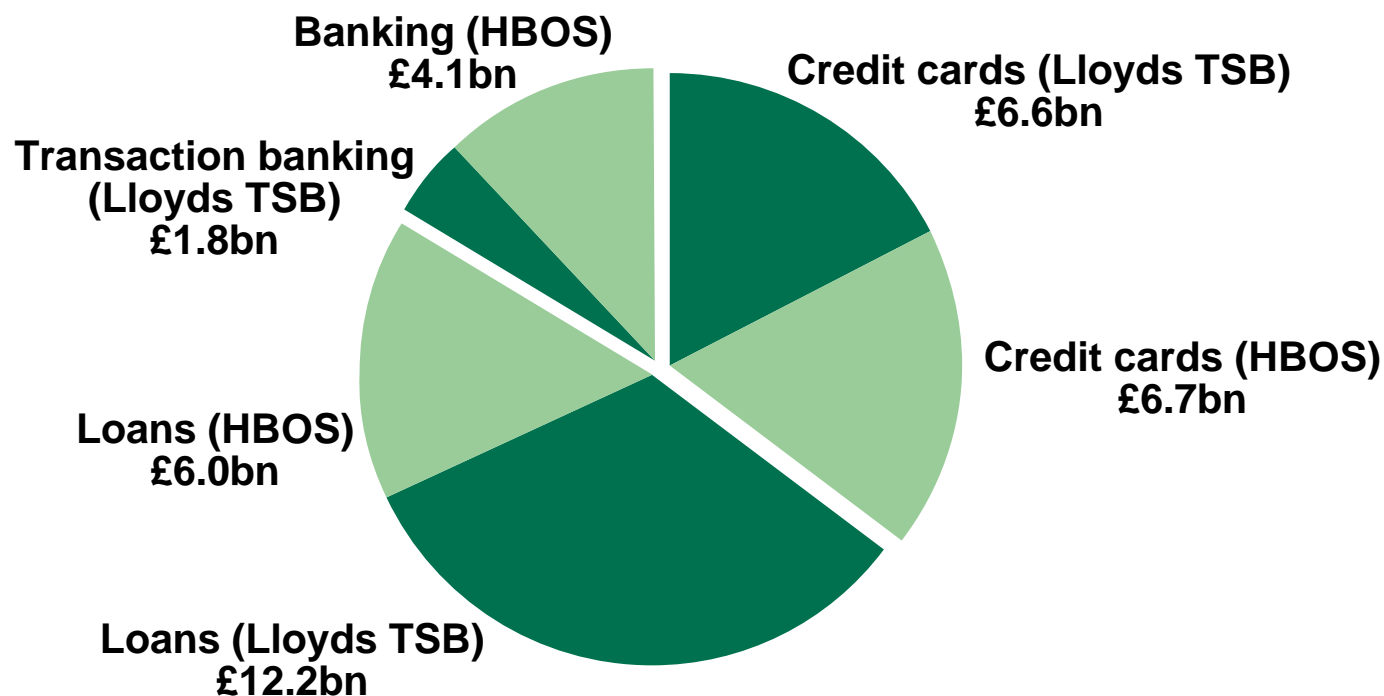


* Council of Mortgage Lenders



Lloyds Banking Group: Unsecured lending portfolios

Unsecured portfolio £37.4 billion

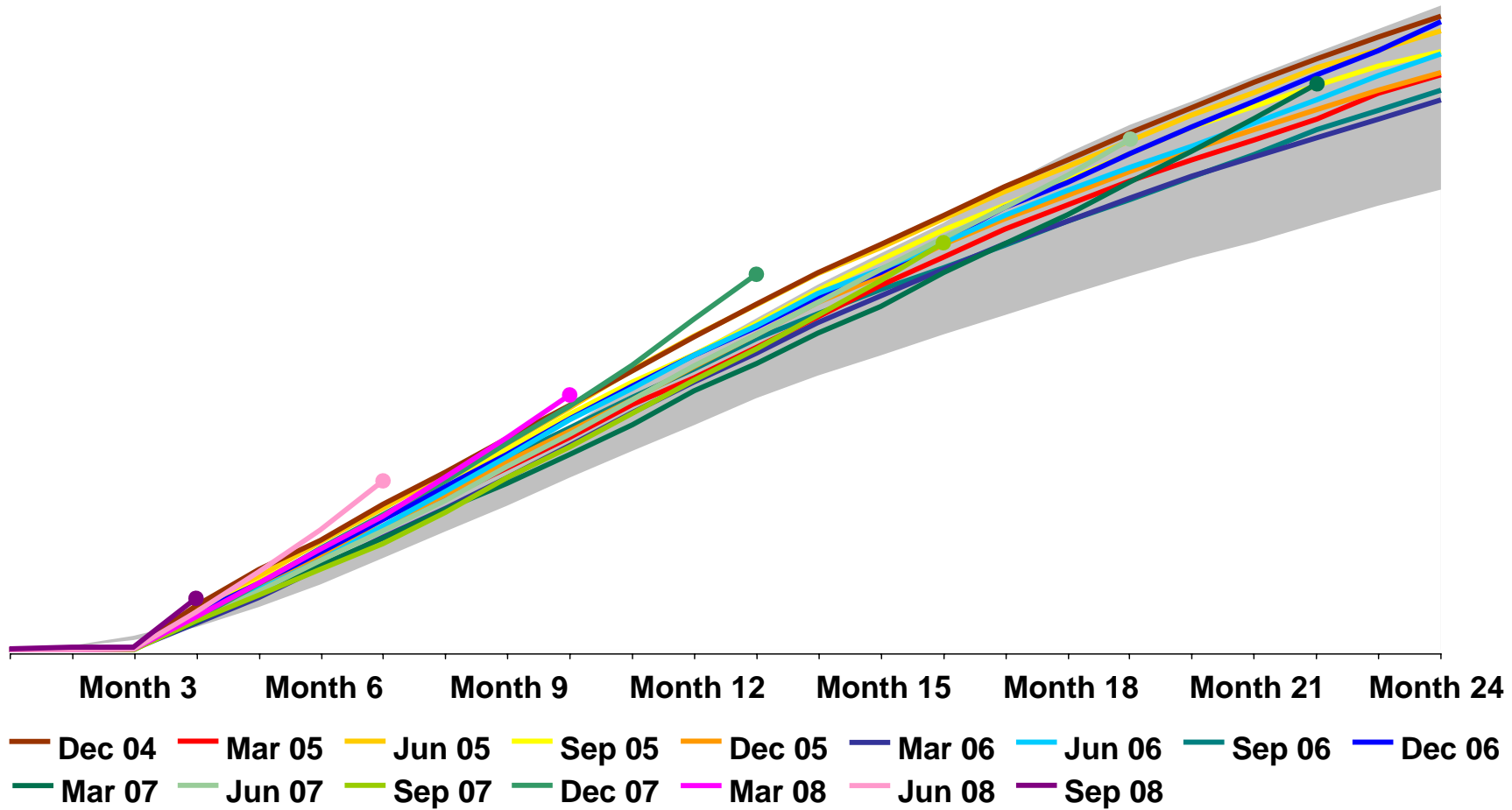


Impairment charge as a % of average lending	<u>Cards</u>	<u>Loans</u>
Lloyds TSB	8.1%	4.4%
HBOS	8.9%	5.4%



Lloyds Banking Group: Arrears performance by vintage – loans

Arrears %

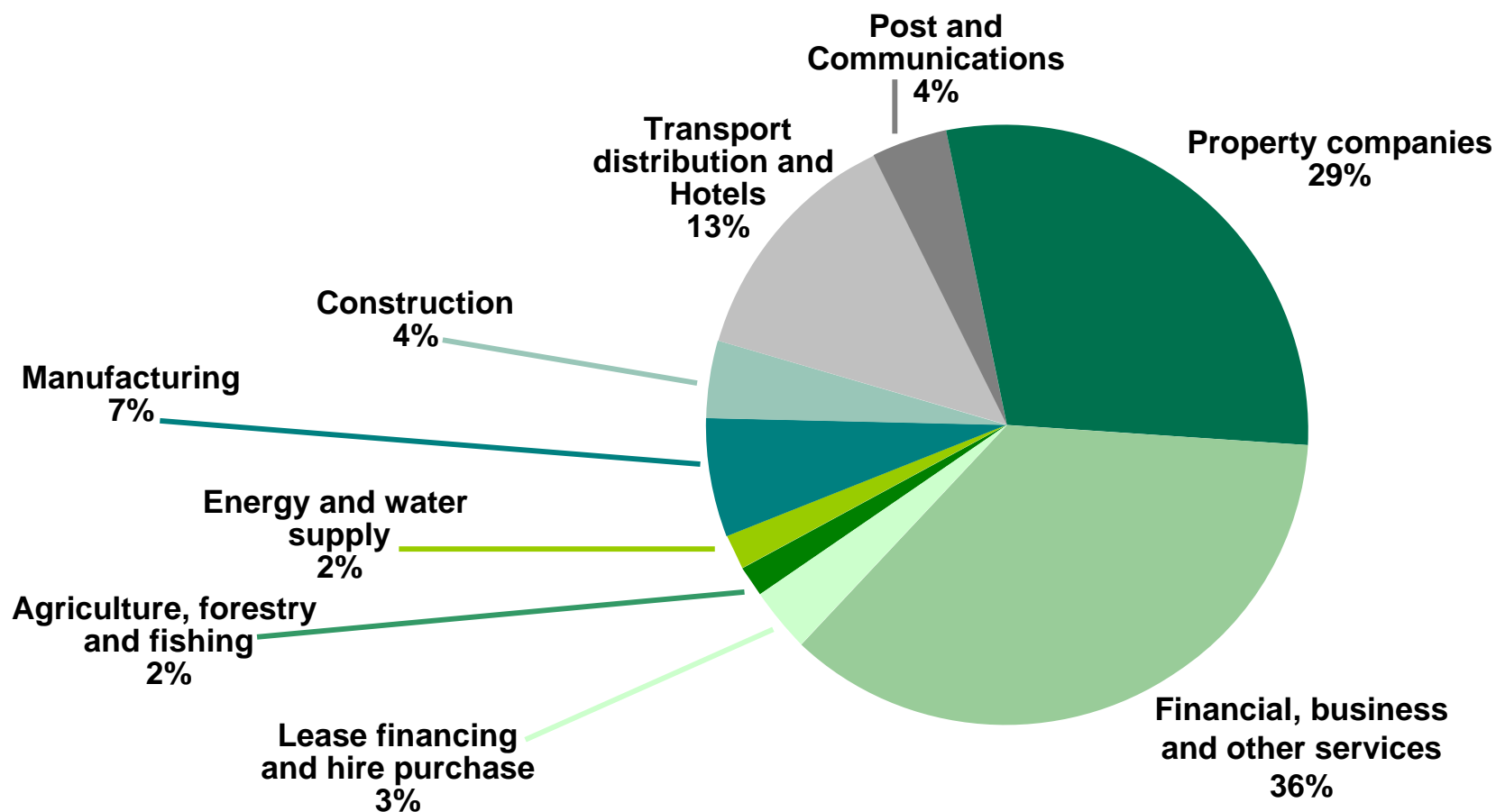


Including joint ventures



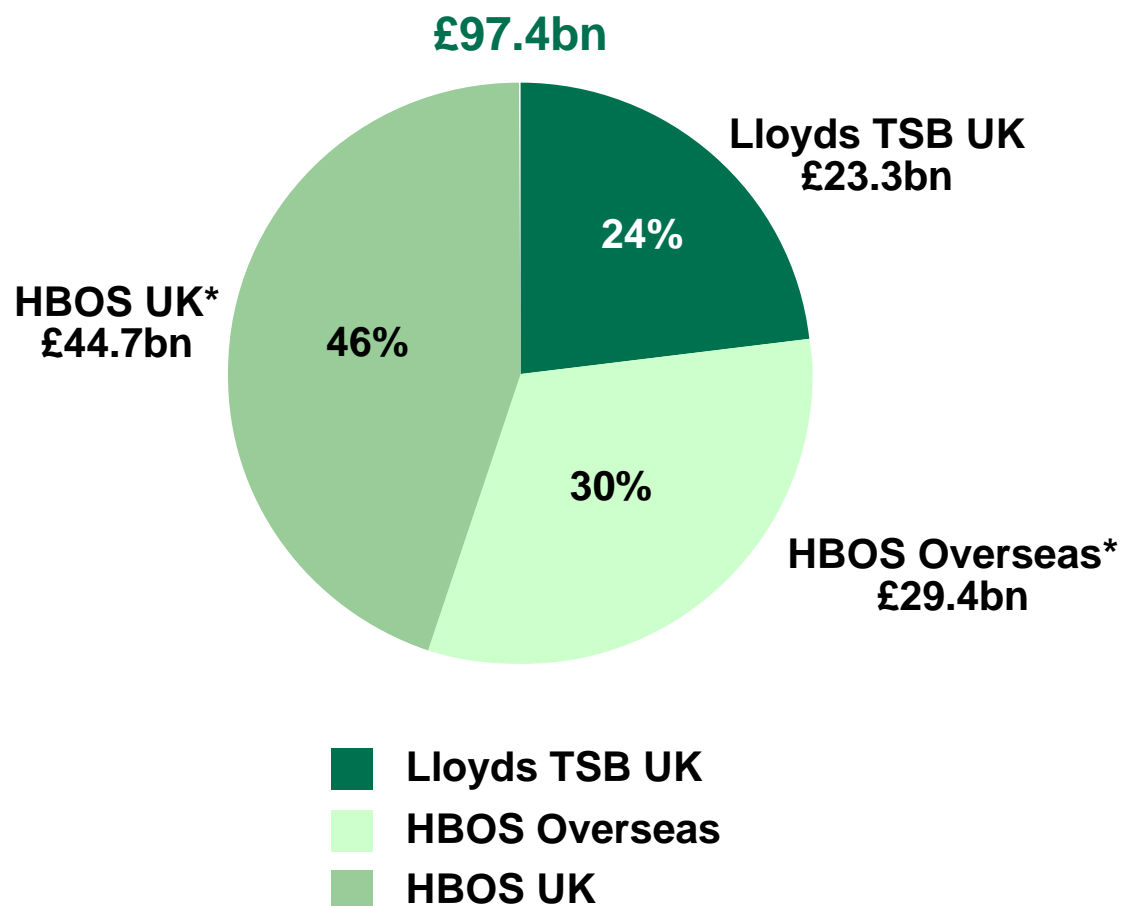
Lloyds Banking Group: Loans and advances to corporate customers

Loans and advances to corporate customers £307.2 billion





Lloyds Banking Group Commercial/residential real estate & housebuilder lending



* Including joint ventures



Lloyds TSB: UK commercial/residential real estate & housebuilder lending

Commercial property (£14.5bn)

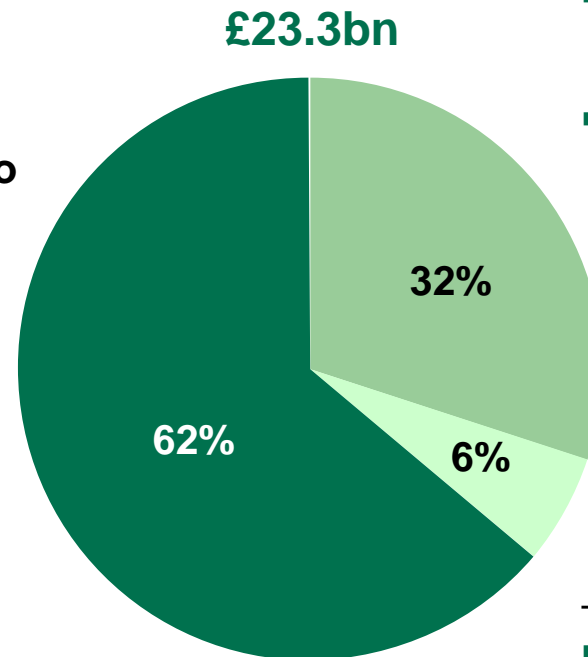
- Through the cycle policy, supporting existing customer franchise
- Well spread nationwide portfolio
- c 90% investment*
- c 10% development*
- Key corporate lending criteria
 - 60% of gross development value or 75% project costs
 - Min 100% interest cover from pre-let
 - Avoid pure speculative development
- Strong focus on cash flows and tenant quality

Residential property (£7.5bn)

- 54% Housing Associations (local authority cash flows)
- Larger residential property companies

Housebuilders (£1.3bn)

- Modest exposure and mainly to the large household names



* Based on a comprehensive sample of all material commercial property lending in Corporate Banking



HBOS: UK commercial/residential real estate & housebuilder lending

Commercial property (£29.1bn)

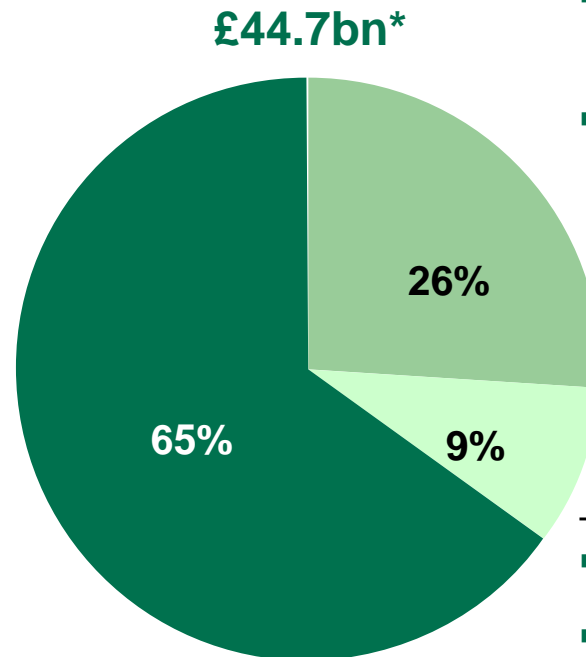
- Focus on cash flows
- Predominantly investment property
- Well diversified tenant profile (including Government)
- Strong levels of portfolio interest cover
- Lease length typically in excess of debt maturity

Residential property (£11.6bn)

- Significant housing association lending
- Remainder predominantly large volume, low value deals

Housebuilders (£4.0bn)

- Focused on private housebuilders
- Lending predominantly secured against land banks and work in progress
- Equity exposure immaterial



Excludes £11.8 billion to non-UK residents



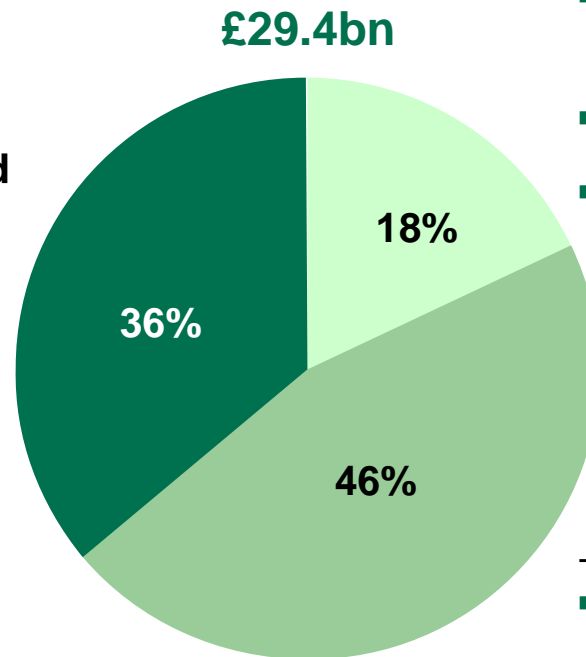
HBOS: Overseas property lending*

Ireland (£10.7bn)

- 55% property investment of which 7% is stressed/ impaired
- 45% property development of which 38% is stressed/ impaired

Australia (£5.3bn)

- Evenly split between residential and commercial
- 63% development (15% stressed)
- 37% investment (11% stressed)



Europe & North America (£13.4bn)

- North America £1.6 billion
- Non-UK residents £11.8 billion – concentration in Europe



* Includes lending to non UK residents, and excludes residential mortgages



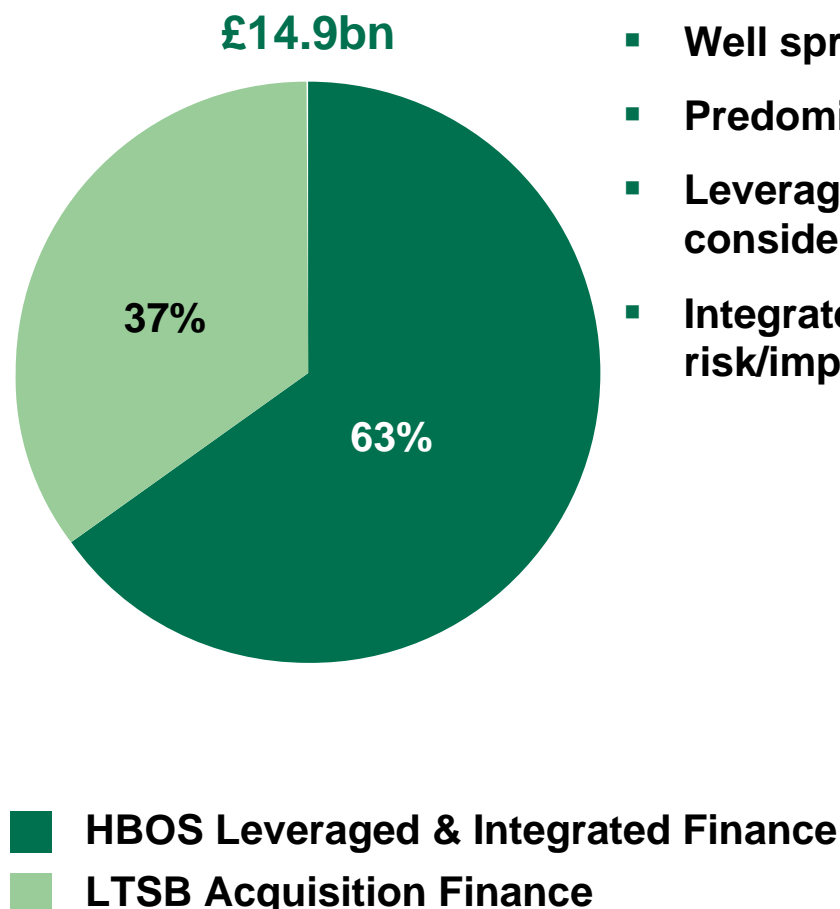
Lloyds Banking Group: Leveraged finance lending

Lloyds TSB Acquisition Finance (£5.5bn)

- A highly selective origination strategy
- Well spread by sector
- Underwriting criteria same as for held assets
- c£0.9 billion of the portfolio considered sub standard/ impaired

HBOS Leveraged Finance/ Integrated Finance (£9.4bn)

- Well spread by sector
- Predominantly UK focused
- Leveraged - c£1.4 billion considered high risk/ impaired
- Integrated – c£0.8 billion high risk/impaired





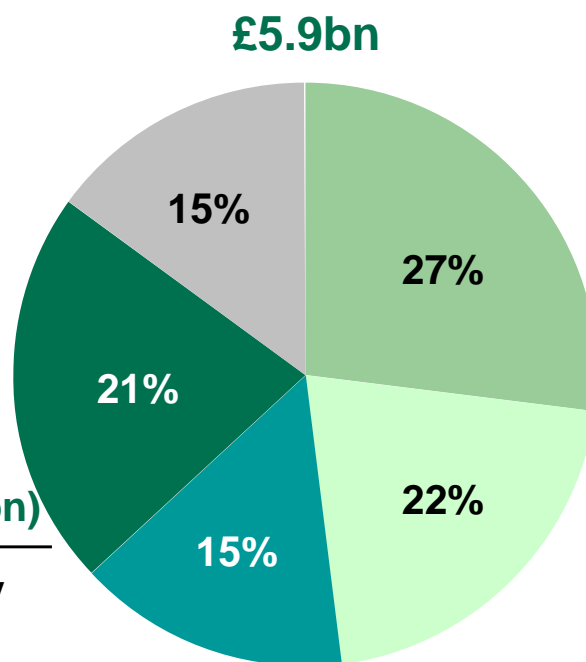
Lloyds Banking Group: Corporate equity risk portfolio

HBOS Funds Investments (£1.6bn)

- Investments in private equity funds
- 119 investments written 1995 – 2008
- Valuations based on International Private Equity Valuation (IPEV) guidelines

Lloyds Development Capital (£0.9bn)

- Conservative portfolio generally less affected than other portfolios
- Well spread with low average ticket values



- Integrated Finance
- Joint Ventures
- HBOS other
- Funds Investments
- Lloyds Development Capital

HBOS Integrated Finance (£1.2bn)

- 62 assets; 65% originated pre 2007
- Significant concentration risk exists

HBOS joint ventures (£1.3bn)

- 176 deals written from 1995 – 2008, with two thirds by number written pre 2007
- Asset backed investments, mainly in Commercial Property investment, hotels and housebuilders

HBOS other (£0.9bn)

- Largely structured products and Specialised Industry Finance



Lloyds Banking Group: Treasury debt securities portfolio

£bn	Loans and receivables	Available for sale	FVTPL	Total
ABS	38.1	14.0	3.6	55.7
Covered bonds	-	4.1	-	4.1
Bank FRNs	2.6	16.0	2.2	20.8
Bank CDs	-	12.3	3.1	15.4
Treasury Bills and other bills	-	29.1	-	29.1
Other*	-	5.3	8.8	14.1
Total	40.7	80.8	17.7	139.2

* Principally Government and supra-national paper, includes 0.7 re Landale



Lloyds Banking Group: Asset backed securities portfolio

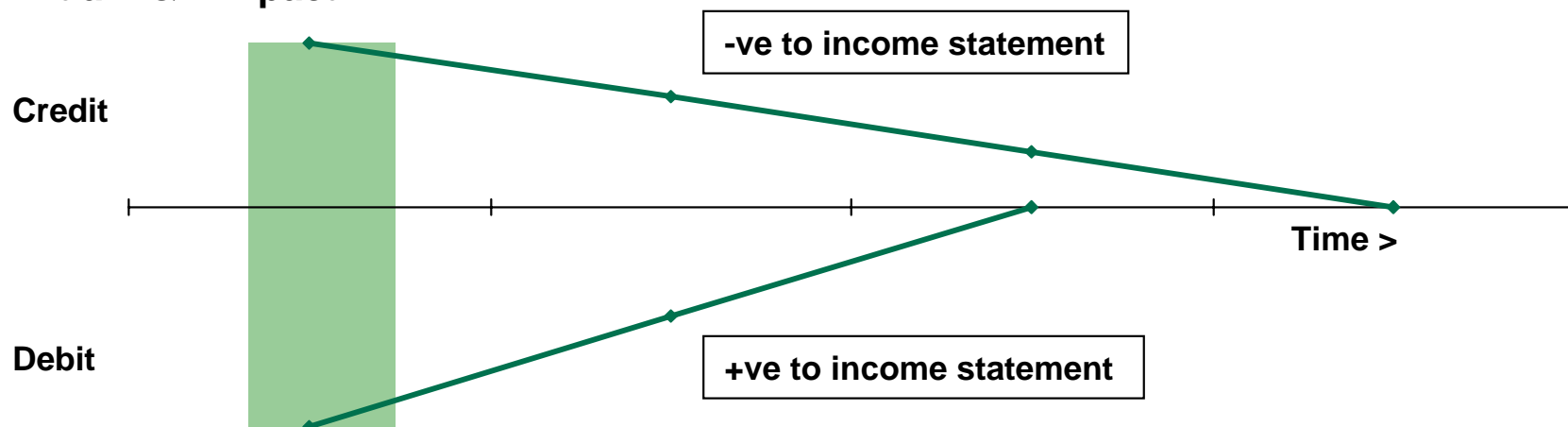
£bn	Net exposure 31 Dec 2008	Current book price
Mortgage backed securities		
– US RMBS	7.4	64
– Non-US RMBS	12.5	89
– CMBS	4.6	88
	<u>24.5</u>	<u>79</u>
Collateralised Debt Obligations		
– CBO	2.3	50
– CLO	5.8	88
	<u>8.1</u>	<u>73</u>
Personal sector		
– Auto loans	2.4	97
– Credit cards	4.6	94
– Personal loans	1.1	95
	<u>8.1</u>	<u>95</u>
Student loans	10.0	88
Other ABS	1.7	80
Total uncovered ABS	<u>52.4</u>	<u>82</u>
Negative basis	3.3	61
Total ABS	<u>55.7</u>	<u>80</u>



Lloyds Banking Group: Fair value adjustments

- Review of all assets and liabilities, on and off balance sheet
- Over £1 trillion of balances reviewed at portfolio levels
- As a result, only Lloyds Banking Group has fair valued its lending and savings balances
- Adjustments unwind over contractual/behavioural life of the underlying items

Initial P&L impact



Net £(3.7) billion post tax

Expected 2009 P&L unwind net credit of £2 billion pre tax



Lloyds Banking Group: Fair value adjustments affecting core tier 1 capital

£bn

	Loans, deposits and other	Debt securities	
Retail		Debt securities in issue	6.2
– loans	(4.1)	Other borrowed funds	9.8
– savings	(0.8)		
	(4.9)		
Corporate	(6.9)		
Treasury	(1.0)		
International	(2.3)		
Other	(0.1)		
	(15.2)		16.0
Tax	4.5		(4.5)
	(10.7)		11.5

Net fair value adjustments affecting core tier 1 capital – £0.8 billion

Note: Net tangible assets are further affected by fair value adjustments amounting to £(0.6)billion in respect of pension liabilities



Lloyds Banking Group: Net negative capital adjustments

	<u>£bn</u>
Fair value adjustments affecting core tier 1 capital	0.8
Available for sale/cash flow hedging reserves	(6.3)
Reduction in expected losses	1.5
Other	0.3
Net negative capital adjustments	<u>(3.7)</u>



Lloyds Banking Group: Robust capital ratios

Pro forma capital ratios*

Reported basis (after fair value adjustments)

Core tier 1	6.4%
Tier 1	9.8%
Total	12.5%

Comparable basis (before AFS/CFH reserves adjustments)

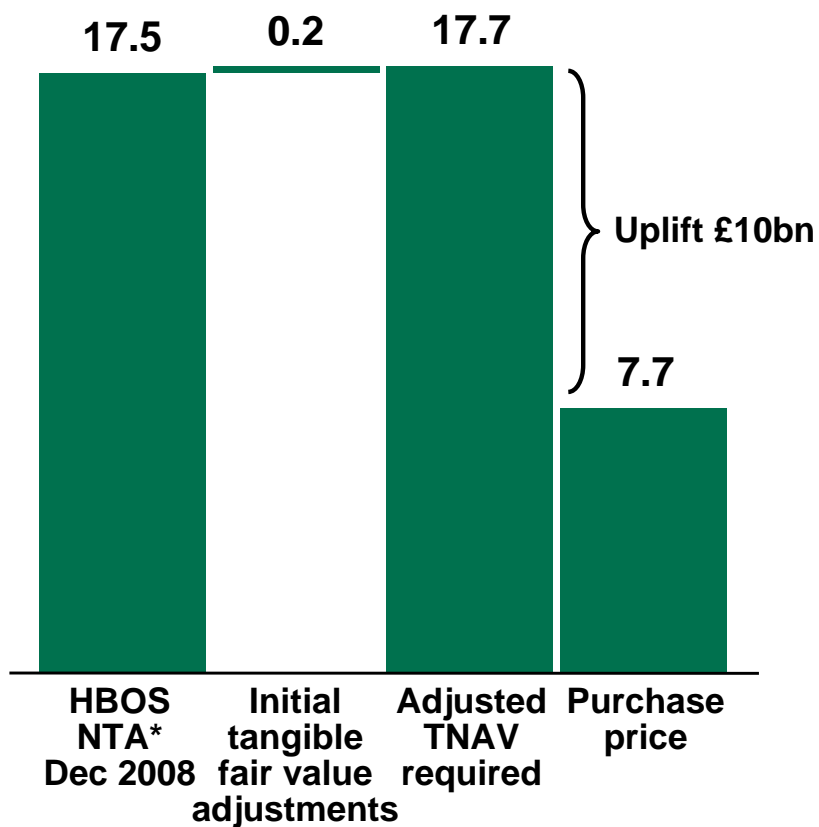
Core tier 1	7.7%
Total tier 1	11.1%
Total capital	13.7%

* 31 December 2008, Lloyds TSB adjusted for £4.5 billion new capital (January 2009); HBOS adjusted for £8.5 billion new capital (January 2009)

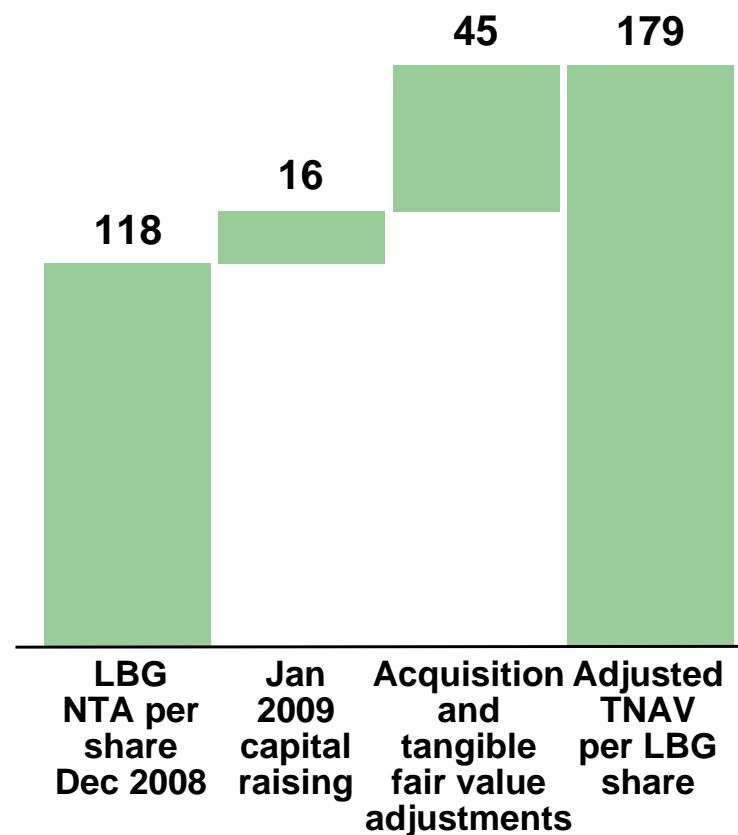


Lloyds Banking Group: Net tangible assets

Net tangible assets (£bn)



NTA per share (p)




* Adjusted to include January capital raising



Lloyds Banking Group: A diverse funding profile

- **Core customer deposit base**
- **Diverse wholesale funding profile**
- **Measured use of Government schemes**
- **Credit ratings in 'double A' range**
- **Significant Central Bank eligible collateral**



**Strong funding and
liquidity profile**



Lloyds Banking Group

Diverse funding sources with prudent maturity profile

£bn	31 Dec 2008		31 Dec 2008
Bank deposits	41.6		
Customer deposits	72.7	Less than one year	285.9
Certificates of deposit	72.4		
Medium-term notes	61.5		
Covered bonds	29.1	One to two years	30.9
Commercial paper	28.8		
Securitisation	45.6	Two to five years	62.2
Subordinated debt	38.1		
Other	52.8		
Total Wholesale	442.6	More than five years	63.6
Retail	281.3		
Total Group funding	723.9		442.6



Lloyds Banking Group: Outlook

- **Excellent progress on integration**
- **Lloyds TSB risk management policies and practices in place across the entire group**
- **Robust capital and funding position**
- **Arms around the issues and challenges being addressed**

**LLOYDS
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2008 RESULTS

27 February 2009

Tim Tookey

Group Finance Director

**LLOYDS
BANKING
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2008 Results

27 February 2009

Eric Daniels

Group Chief Executive



Key messages

- The Lloyds TSB and HBOS results reflect their business models
- We understand the immediate challenges and are addressing them
- The Lloyds Banking Group will create significant value



2008

Results reflect respective business models

Lloyds TSB

- Profitable despite downturn
- Continued franchise growth
- Economic profit objective

HBOS

- Unprofitable due to impairments
- Growth of strong franchises curtailed by funding issues
- Income objective



Agenda

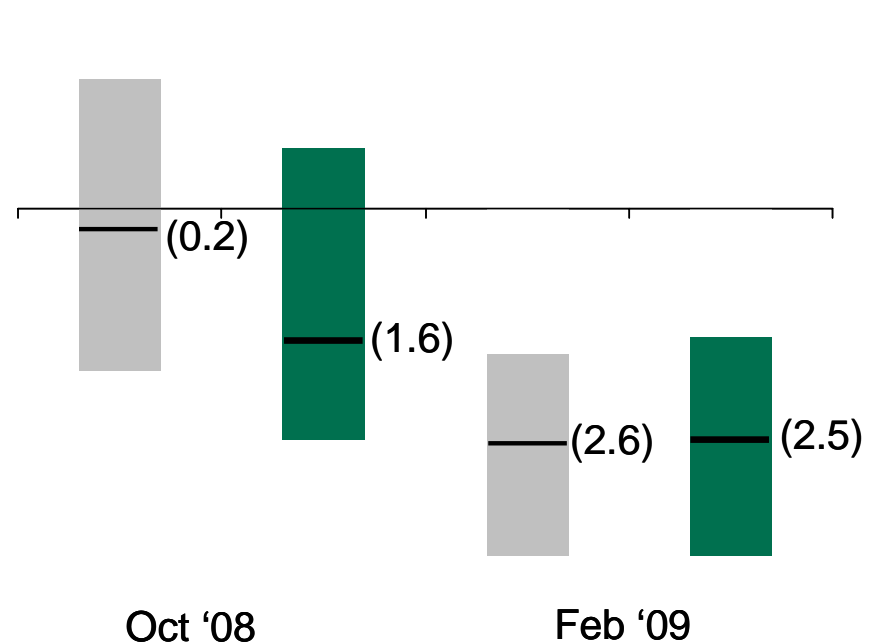
- The immediate challenges
- How the Lloyds Banking Group will create value



Economic outlook

Economic environment will remain difficult

GDP Growth Forecast – 2009 (%)
Consensus¹ vs. Lloyds Banking Group



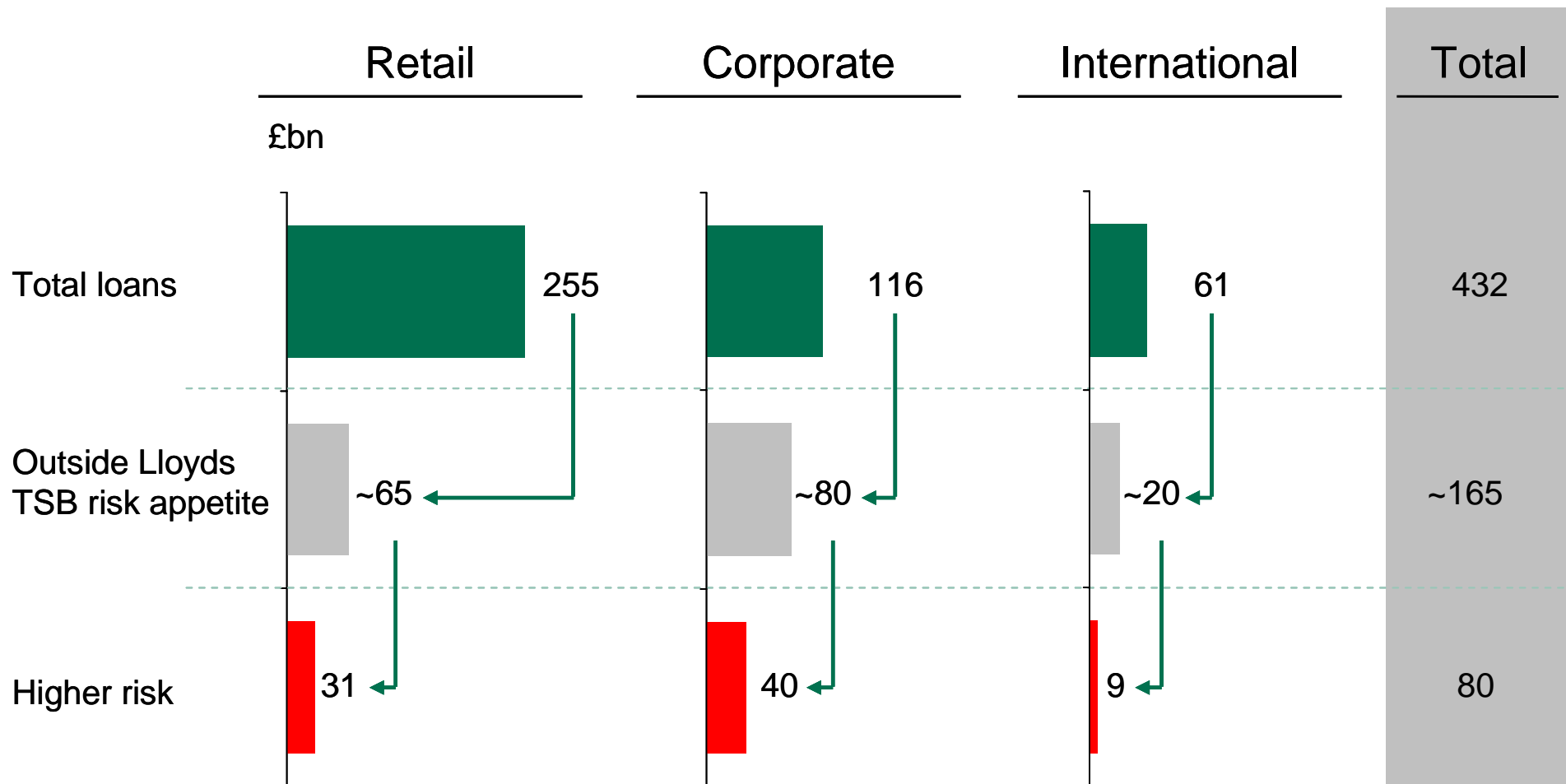
- House prices will continue to fall through 2009
- Unemployment will continue to rise
- Consumer spending will slow further

Consensus (range)
 Lloyds Banking Group (range)

Consensus average
 Lloyds Banking Group central view



Understanding the HBOS loan book





HBOS Retail – Higher risk assets

	<u>£bn</u>	<u>Portfolio assets (%)</u>	<u>Actions we have taken</u>
Buy to let	15	46%	<ul style="list-style-type: none"> ■ Managed new business to Lloyds TSB criteria: <ul style="list-style-type: none"> – Stopped Self Cert, Sub Prime – Stopped new build BTL >65% – No mainstream >90%; no mainstream new build >80% ■ Reviewing the HBOS methodology, impairments and capital model ■ Focused specialist collections teams on high risk assets
Self certified	11	39%	
Sub prime	4	100%	
Mortgage plus	1	100%	
	<u>31</u>		



HBOS Corporate – Higher risk assets

	£bn	Portfolio assets (%)	Actions we have taken
Real estate	11	31%	<ul style="list-style-type: none"> Applied Lloyds TSB risk procedures and structure
JVs	11	57%	<ul style="list-style-type: none"> Completed analysis for £25bn of portfolio – on a file by file basis – remaining £15bn underway
Commercial	10	35%	
ISAF	5	34%	<ul style="list-style-type: none"> Segregated bad book for each business unit
SIF	2	11%	<ul style="list-style-type: none"> Trebling size of restructuring unit – majority applied to HBOS portfolio
Asset solutions	0.4	5%	
	40		



HBOS International – Higher risk assets

	£bn	Portfolio assets (%)	Actions we have taken
Ireland	6	19%	<ul style="list-style-type: none"> Reduced new corporate business and lending appetite
European Retail excl. Ireland	0.2	2%	<ul style="list-style-type: none"> Discontinued specialist mortgage products, including BTL
Australia	2	15%	<ul style="list-style-type: none"> Reduced LTV in mainstream mortgage business
North America	1	14%	<ul style="list-style-type: none"> Lloyds Group Risk programme underway to review 90% by value of individual corporate exposures
	<u>9</u>		<ul style="list-style-type: none"> Created new work-out teams; others significantly increased



Summary: Group wide actions taken to-date

In divisions

- Stopped flow of new high risk lending
- Identified the higher risk assets
- Undertaking detailed review of those assets
- Managing intensively the high risk books

At Group level

- Applying Lloyds TSB risk governance, appetite and sanctioning
- Conducting central checks of divisional risk activities
- Repetitive 5 year stress testing of HBOS credit and financial performance
- Applying Lloyds TSB conservative economic assumptions and stress testing methodologies



Our capital and funding position is robust

Capital

- Current Core Tier 1 of 6.4%
- Comparable Core Tier 1 of 7.6%
- All ratios above regulatory standards

Funding

- Funding below market
- Extending maturity
- Credit ratings in 'double A' range



Lending paced to funding, risk and capital parameters



Agenda

- The immediate challenges
- How the Lloyds Banking Group will create value



The longer-term potential Case for HBOS acquisition remains compelling

- A powerful franchise
- Clear cost leadership
- Enhanced revenue potential
- Strong internal capital generation



Integration progress

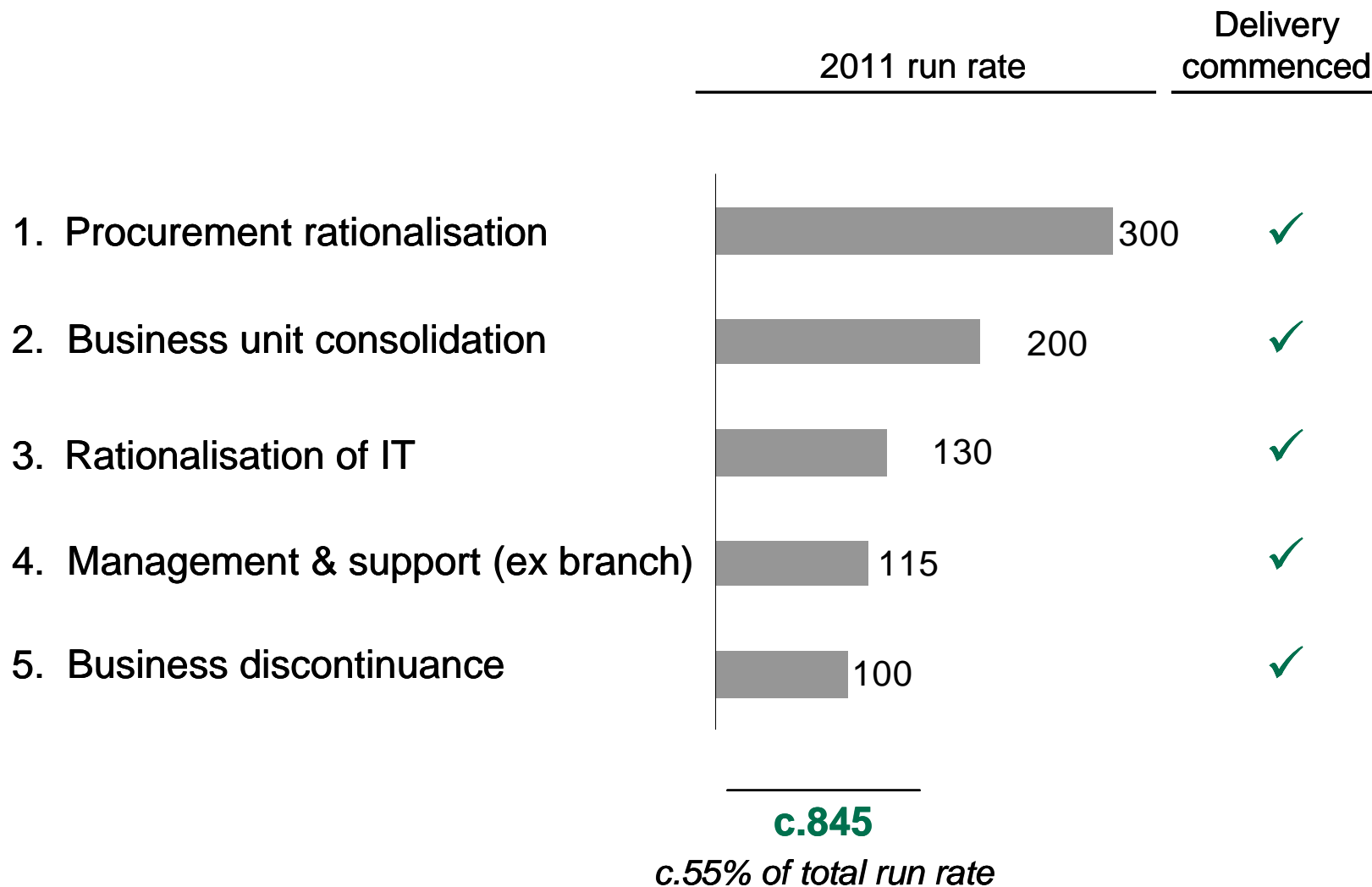
The Lloyds Banking Group is rapidly taking shape

- Appointed Top 500 executives – now managing combined businesses
- Rules, governance, values and vision in place on Day 1
- Efficient 8x8 organisation structure
- Balanced scorecard goals including economic profit
- Integrated information and budgeting & planning from Spring 2009



Strong progress on delivering cost synergy value

Five initiatives account for c.75% of 2009 target and for c.55% of the 2011 run rate





Revenue synergy potential

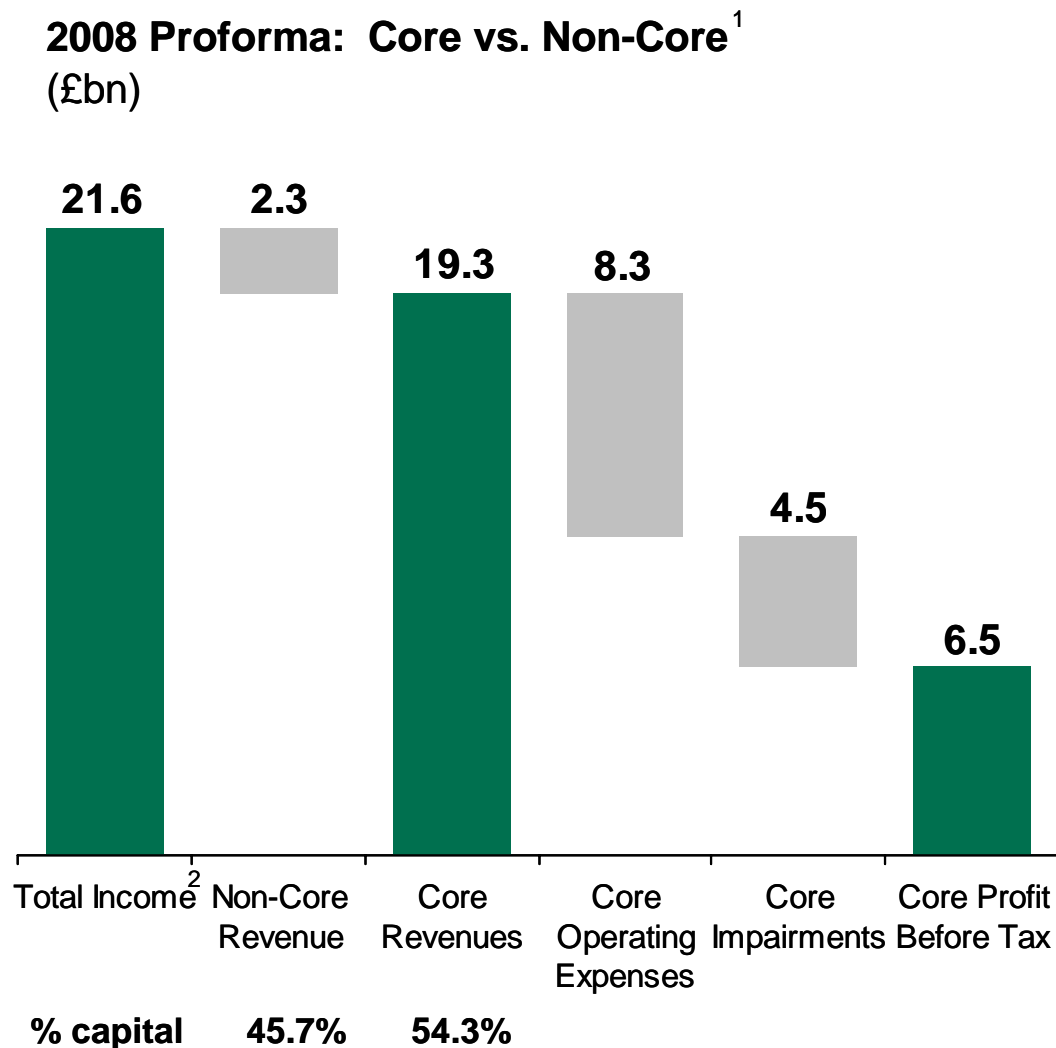
We have started to identify revenue synergies

Selected examples	Preliminary est. PBT impact (£m)
1. Increasing cross-sell in HBOS retail	80 – 120
2. Conversion of HBOS retail customers to SME	80 – 120
3. Increase cross sell in HBOS commercial	40 – 80
4. Extend private banking services to Lloyds Banking Group existing customers	40 – 80



Core Profit

Core businesses will drive low risk growth



Growth drivers

- Growth in core markets
- Cost synergies
- Revenue synergies
- Redeployed capital
- Normalised impairments



Key messages

- The Lloyds TSB and HBOS results reflect their business models
- We understand the immediate challenges and are addressing them
- The Lloyds Banking Group will create significant value

**LLOYDS
BANKING
GROUP**



2008 Annual Results

**Eric Daniels
Group Chief Executive**

27 February 2009

**LLOYDS
BANKING
GROUP**



2008 RESULTS

27 February 2009