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7th June 2010

LLOYDS TSB LAUNCHES 5.375 PER CENT CORPORATE BOND FOR RETAIL INVESTORS

Lloyds TSB has today launched a fixed rate corporate bond¹, specifically for retail investors. The Lloyds TSB Bank plc bond is the first corporate bond for retail investors to be issued under Lloyds Banking Group. It will give individuals the opportunity to invest in a product which until recently was only accessible to institutional investors.

The new bond offers investors a fixed rate of 5.375% per annum with a semi-annual coupon². Fixed for 5 years and 3 months, the bond offers investors full capital protection at maturity. It can be bought in a minimum unit of £1000 and in increments of £100 thereafter. The bond can be held as a direct investment, in a SIPP or ISA, providing the bond has a maturity of more than five years at the time of purchase.

Retail investors can buy or sell at any time during the life of the bond through a network of retail brokers³. The bond will be admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange. It will be priced on Bondscape and will be eligible for the London Stock Exchange's dedicated electronic Order book for Retail Bonds (ORB). Launched in February, ORB allows retail investors easier access to trading bonds.

Richard Shrimpton, Head of Capital Markets Issuance, Lloyds Banking Group, said: "We are delighted to offer retail investors access to a product that guarantees a great rate of return without locking away capital. Working with a network of retail brokers, we have designed the Lloyds TSB Bank plc bond with the changing needs of investors in mind."

Paul Killik, Senior Partner of Killik & Co and a Board Member of The Association of Private Client Investment Managers and Stockbrokers (APCIMS), said: "We have been working hard with members to develop the same kind of transparency, understanding and ease of execution for private investors in the retail bond market as there currently is in share dealing. The launch of Lloyds' new bond marks a great step forward in opening up this market."

Private investors should seek independent financial advice. Investors can find out more about the Lloyds TSB Bank plc bond through a stockbroker. The bond will not be available in Lloyds TSB, Halifax or Bank of Scotland branches.

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Notes to editors

¹ A fixed rate bond is comparable to a loan, made by an investor to a company or organisation. The company promises to pay a fixed rate of interest to the bondholder until maturity (normally a set date in the future), when it promises to repay the loan. A bond is a tradable instrument whereas a loan or normal bank deposit is not. Unlike a bank deposit, a bond is not covered by the Financial Services Compensation Scheme.

² The coupon is the amount of interest (expressed as an annual percentage rate) that will be paid on the bond. The coupon is paid at periodic intervals according to the terms of the bond. The 5.375 per cent fixed rate is based on buying the bond at the original price of £100 per unit within the offer period. The bond will be offered to the market for the period 7 June 2010 to 16 June 2010. Settlement will be on 21 June 2010 and the bond will mature on 7 September 2015.

³ Investors should be able to sell their bonds at any time subject to market conditions. As with any investment, there is a risk that an investor could get back less than their initial investment or lose their initial investment.

For further information

Sara Evans

Media Relations Manager

Lloyds Banking Group

Tel: 020 7356 2075

Email: sara.evans2@lloydstsb.co.uk