

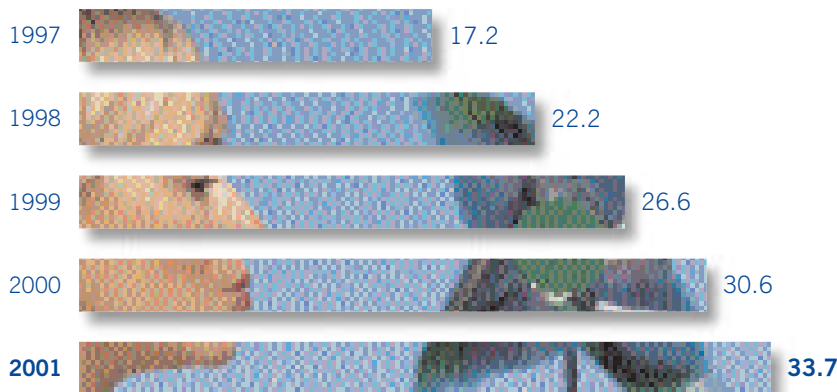
# *Growing our business*



**Lloyds TSB Group**

ANNUAL REVIEW 2001

## dividends per share (pence)



### a final dividend

of 23.5p per share will be paid on 1 May 2002. This makes a total dividend for 2001 of 33.7p, an increase of 10 per cent.

# profit before tax

## by main businesses

	2001 £ million	2000* £ million
UK Retail Banking	633	776
Mortgages	955	889
Insurance and Investments	1,601	1,425
<b>UK Retail Financial Services</b>	<b>3,189</b>	3,090
Wholesale Markets	937	746
International Banking	444	477
Central group items	(108)	(118)
<b>Business as usual operating profit</b>	<b>4,462</b>	4,195
Short-term fluctuations in investment returns	(648)	(94)
Exceptional restructuring costs	(217)	(188)
Abbey National offer costs	(16)	–
Profit on sale of Lloyds TSB Asset Management S.A.	39	–
Pension provisions	(70)	(100)
Changes in economic assumptions	–	127
Stakeholder pension related charge	–	(80)
<b>Statutory profit before tax</b>	<b>3,550</b>	3,860
<b>Statutory earnings per share</b>	<b>45.2p</b>	49.3p

\* restated to reflect the implementation of Financial Reporting Standard 18 'Accounting Policies'

## presentation of results

In accordance with generally accepted accounting practice amongst listed insurance companies in the UK, the results of the Group's life and pensions business have been separately analysed between an operating profit, which includes investment earnings calculated using longer-term investment rates of return, and a profit before tax, separately identifying the short-term fluctuations in investment returns.

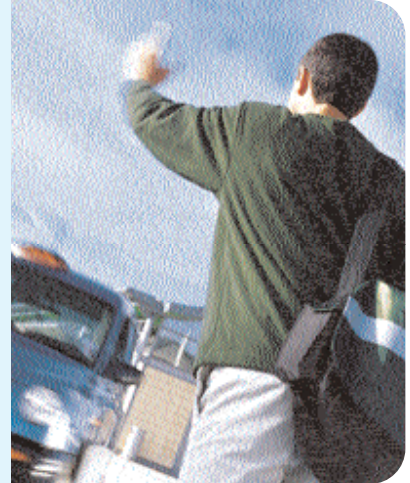
In addition there were other items affecting the Group's 2001 results when compared to 2000. During 2001 there were exceptional restructuring costs in support of the Group's extensive efficiency programme, acquisition costs relating to the proposed acquisition of Abbey National, a profit on the sale of Lloyds TSB Asset Management S.A., and the impact of a provision for redress to past purchasers of pension policies ('pension provisions'). During 2000 changes in the economic assumptions applied to our long-term assurance business and a one-off charge relating to stakeholder pensions were also significant. To facilitate comparisons of the results, certain financial information and commentaries have been presented on a 'business as usual operating profit' basis, which excludes the effect of these exceptional items.

# Growing our business...

## our governing objective is to maximise shareholder value over time

To meet our governing objective we aim:

- To be a leader in our chosen markets
- To be the first choice for our 16 million customers
- To reduce day-to-day operating costs through increased effectiveness



## the group

Lloyds TSB is a leading UK-based financial services group, whose businesses provide a comprehensive range of banking and financial services in the UK and overseas. At the end of 2001 total group assets were £237 billion and there were over 81,000 employees. Market capitalisation was £41.5 billion.

The main businesses and activities of the Group during 2001 are described below:

### UK Retail Banking

A full range of banking and financial services to 16 million personal and small business customers through 2,300 branches throughout the UK, as well as telephone and internet banking services. Profit before tax from UK Retail Banking was £633 million in 2001.

### Mortgages

Cheltenham & Gloucester is the Group's specialist residential mortgage provider, selling its products through branches of C&G and Lloyds TSB Bank in England and Wales, as well as through the telephone, internet and postal service, C&G TeleDirect. The Group is the third largest mortgage lender in the UK, with a market share of 9.5 per cent. Pre-tax profit from Mortgages was £955 million.

### Insurance and Investments

Scottish Widows is the Group's specialist provider of life assurance, pensions and investment products, distributed through the Lloyds TSB branch network, through independent financial advisers and directly via the telephone and the internet. Insurance and Investments also includes general insurance underwriting and broking, and fund management. Operating profit was £1,601 million.

### Wholesale Markets

Banking, treasury, large value lease finance, share registration, venture capital, factoring and invoice discounting, and other related services for major UK and multinational companies, banks and institutions, and medium-sized UK businesses; and Lloyds TSB Asset Finance. In 2001, pre-tax profit from Wholesale Markets was £937 million.

### International Banking

Banking and other financial services overseas in four main areas: The Americas, New Zealand, Europe and Offshore Banking. Profit before tax from International Banking was £444 million.

*This Annual Review, including the summary financial statement on pages 10 to 12, does not contain sufficient information to allow as full an understanding of the results and state of affairs of Lloyds TSB Group as would be provided by the full report and accounts. Shareholders who would like more detailed information may obtain a copy of the full report and accounts, free of charge, by completing the request form which accompanies this Review.*

*through investment...*

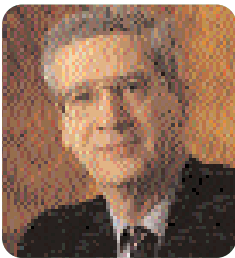


## shareholder value

During the year our share price rose by 5 per cent, outperforming both the FTSE All-Share index and the FTSE bank sector index. We have increased the dividend by 10 per cent.

Taking share price appreciation and dividend income together, the total return to shareholders was 10.1 per cent.

# chairman's statement



Maarten van den Bergh

**In my first year as Chairman of Lloyds TSB I am pleased to be able to report that the Group has performed well, particularly against the weakening economic backdrop in the UK and other global economies and the impact on our business of lower stockmarkets.**

For the world as a whole, 2001 was particularly challenging. The tragic events of September 11 further enhanced the recessionary tendencies that were clearly becoming visible in many OECD economies, after a prolonged period of continued economic growth. Concerted and significant action by Governments and monetary authorities has, however, provided confidence that signs of an economic rebound should become visible in the second half of 2002.

In the UK, the combination of lower interest rates and continued

increases in consumer spending, aided by a further rise in house prices, has underpinned the domestic economy. While there is some concern about the viability of continued consumer spending, a recovery in other world economies should help to keep growth in the UK economy at acceptable, albeit lower, levels in 2002.

## our results

The Group's results for 2001 were satisfactory with business as usual operating profit up by 6 per cent to £4,462 million, in part building on the

various investments we have made to grow our businesses. On a statutory basis, however, after taking into account a number of special items including negative short-term fluctuations in investment returns of £648 million, profit before tax for the year fell by 8 per cent to £3,550 million. We are under no illusion that we will need to continue to do well to achieve our shareholder value objectives and in so doing underpin our governing objective of maximising value for shareholders over time.

## our strategic aims

To support this objective our three strategic aims are clear: to be a leader in our chosen markets; to be first choice for our customers; and to drive down our day-to-day operating costs. This takes energy and it takes creativity; values which Lloyds TSB has in abundance.

We are the UK's number one retail bank with the largest branch network in the UK and one of the largest telephone banking and internet banking operations in Europe. Through Cheltenham & Gloucester, we are one of the largest mortgage lenders in the UK with some £56 billion of mortgages on our balance sheet. Lloyds TSB is also a market leader in the provision of insurance and investment products through Scottish Widows, our specialist provider of life assurance, pensions and long-term



## customer focus

During 2001 we sold more products to more people than ever before.

Our vision for Lloyds TSB remains constant – to create value for our customers. In creating such value for our customers we are able to create, and maximise, value for our shareholders.

savings and investment products. In all of these areas we are well positioned for further income growth.

Whilst income generation is critical to our success, so is cost management. Our focus on maintaining and improving our efficiency has continued unabated and, as a consequence, we expect that our business as usual costs will grow at a slower rate than business as usual revenues, over the next few years.

We are also seeking to grow the Group through acquisitions that complement our good organic strategies, and help provide new opportunities for profitable growth.

We were naturally disappointed by the decision of the Secretary of State to block our proposed acquisition of Abbey National. We did not agree with the decision as competition in financial services has never been more fierce. We were absolutely right to pursue Abbey National when they put themselves in play as the transaction would have delivered additional value for shareholders and integrating companies is something we do very well.

We have made no secret of our desire to achieve an overseas deal. We have talked with our counterparts from many financial services companies, particularly in Europe and the US, and there is no doubt that

Lloyds TSB is highly regarded for its considerable selling skills, its cost management and its ability to manage change effectively. We have a great deal we can contribute to any cross-border merger or acquisition, and we do expect that potential opportunities will arise in due course as consolidation throughout Europe accelerates. However, we remain very clear that any such deal will have to add value for our shareholders.

## our people

I have been tremendously impressed by the dedication and professionalism of the staff I have met during the year. It is the staff and the management of Lloyds TSB who continue to deliver the company's success and I thank them most warmly for their continued hard work and great effort.

During the year, we were pleased to welcome DeAnne Julius as a non-executive director and Eric Daniels as Group Executive Director, UK Retail Banking, and we look forward to April 2002, when Gavin Gemmell will become a non-executive director and chairman of our Scottish Widows subsidiary.

Dennis Holt left at the end of August, and Lawrence Urquhart will retire from the board and as chairman of Scottish Widows at the annual general meeting. We greatly appreciate

the contribution they have made to the Group.

Sir Brian Pitman, my predecessor as Chairman, retired in April and tribute was paid to him in last year's report for his unique contribution to the Lloyds TSB Group and British banking. I have pleasure in reiterating our special thanks for the significant part he played in this organisation's development.

## our future

The Lloyds TSB Group is in good shape. We have a number of very strong divisions, all of which are substantial businesses in their own right and which continue to make a very significant contribution to the Group's overall earnings. We have developed the building blocks on which to grow our business and, notwithstanding the economic slowdown, continuing stockmarket volatility and the very competitive environment likely to be experienced in the UK in 2002, we are confident that we will continue to maximise value for our shareholders.

## Maarten van den Bergh

*Chairman*

14 February 2002



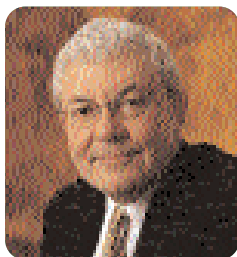
# distribution...



## multi-channel distribution

- 16 million customers
- largest branch network in the UK
- one of the largest telephone banking operations in Europe
- *LloydsTSB.com* is one of the most visited financial websites in Europe

# group chief executive's review



Peter Ellwood CBE

**The clear focus of Lloyds TSB is on meeting our future vision; with total clarity of direction. Whilst we have a very successful track record of performance, the past is the past and it holds little interest for us.**

The success of the Lloyds TSB Group in recent years has been undoubted. The combination of the skill, dedication and hard work of our 80,000 staff around the world, a large and discerning customer base, and some of the best brands in the financial services industry, together with our total focus on maximising value for shareholders, has helped to create an organisation valued at over £41 billion at the end of 2001, over three times more than our Group was worth just before the Lloyds TSB merger was announced in 1995.

However, that is history. It has no relevance except as an indicator that a

proven track record will help us to deliver in the future. Our vision of the future is about a business which understands and meets the needs of our customers better and more effectively than any of our competitors. It is a vision of a business which creates value for all our customers, thus encouraging them to give us the privilege of looking after more of their business. If we continue to create value for the customer the natural outcome will be to maximise value for our shareholders, and the scope for growth remains substantial.

The Lloyds TSB Group benefits by having a total clarity of strategy. Our

governing objective is to maximise shareholder value over time and the three strategic aims by which we have managed our business over recent years remain as relevant today as they have ever been.

First, we need to be a leader in our chosen markets; second, we need to be first choice for our customers by understanding and meeting their needs better than any of our competitors and, third, we need to drive down our day-to-day costs to improve our efficiency and to enable us to continue to invest for future growth. In addition, as we operate increasingly in a global market place, we need to be world class in three vital areas: in customer relationship management, in the way we manage and lead our people, and in the way we manage change which is now an endemic and permanent part of business life.

Considerable progress has been made in the last 12 months to meet our strategic aims and world class aspirations.

## a leader in our chosen markets

We strengthened our position in the life and pensions market following the acquisition of Scottish Widows and we are seeing a growth in



## customer relationship management

Our CRM systems are beginning to generate substantially more sales leads than ever before and our in-branch information systems have materially enhanced the ability of our staff to identify individual customers' needs and to fulfil those needs.

During 2001, retail banking product sales increased by 14 per cent.



market share in what has been a troubled market in 2001. The acquisition of Chartered Trust has also given us market leadership in the asset finance business. We are now close to our overall objective of being in the top three in every market and business in which we operate. There is clear evidence that market leaders enjoy higher returns than other players.

### first choice for our customers

We have made good progress in many areas by focusing on improving our service to customers. During 2001 we completed the implementation of a new online real-time personal banking system which has cost us £250 million over the last three years. Over the next 12-18 months we will complete the process of moving all correspondence and telephone calls out of branches to specialist service centres thus enabling staff in branches to do what they do best – to serve customers face-to-face. We have set ourselves a goal of raising customer service to record levels by the end of 2002, partly by increasing the number of customer facing staff, and to be demonstrably better than our major competitors by the end of 2003.

We are totally committed to achieving that objective.

We recruited a record number of new customers during the year, our cross-selling rates are better than any of our peers and the level of customer attrition remains well below the industry average. We have continued to improve our product range and in 2001 the number of customers who chose to pay for their added value current accounts increased to over 3 million. Our successful segmentation strategies have been developed more fully in our retail, business banking and middle market corporate businesses. We have increased the average number of products our customers hold with us to 2.4 products per customer against an industry average today of some 1.9.

### driving down our day-to-day costs

We have continued to demonstrate our ability in this area by restricting cost growth to a lower level than income growth and by seeing absolute costs in the second half of 2001 at a lower level than in the first half of the year. In 2002 we will continue with our aim to drive down day-to-day costs and to help achieve this objective we are expanding our efficiency programme,

with the objective of keeping 2002 business as usual cost growth to no more than the rate of inflation.

We have made good progress with our three strategic aims and we have also made progress with our three world class aspirations where we are seen as being world class in many aspects of customer relationship management; managing and leading our people; and managing change. The exciting thing about the future is the very real opportunity to excel even more in all these areas as we continue to grow our business.

So, how did our actions flow through into the figures for 2001?

Against a background of significant turbulence and uncertainty in global economies and stockmarkets, the Group has continued to perform well. On a business as usual basis, income rose by 10 per cent and operating profit increased by 6 per cent, with the trading profit before bad debts increasing by 11 per cent. Customer lending increased by 7 per cent, customer deposits increased by 7 per cent and the Group's efficiency ratio improved to 42.9 per cent. Our return on equity was 29.1 per cent and return on assets 1.84 per cent. Our statutory profits fell, but this was after adverse investment fluctuations

# products.



## products

We have continued to improve our product range to one that is more innovative and attractive than it has ever been. We are the clear market leader in fee based added value accounts. During 2001, we recruited a record number of new current account customers and levels of customer attrition remain low, and well below the industry average.



following the substantial fall in the FTSE All-Share index. If these short-term investment fluctuations were excluded, our statutory profits would have increased by 6 per cent.

This good performance has been achieved against a background of significant change both internally and externally. Internally, the change and investment programmes in retail banking in particular have led to a lower retail banking profit figure in 2001, but with these programmes now largely behind us we are confident of robust profit growth in 2002. Our provisions were heavily influenced by an increase of £100 million in support of our exposure to the ongoing difficulties in Argentina, which we have taken as a prudent and precautionary measure. Asset quality remains good, our total non-performing debt is at similar levels to that seen last year and we remain well positioned to combat any potential downturn in the economy.

## performance

The Group's performance over the last few years can only be described as a modern day success story. Business as usual profit has broadly doubled over the last five years. We have one of the highest returns on equity in the world.

We are the only major shareholder owned bank in the world with a 'triple A' rating from Moody's.

We announced at the end of January how Scottish Widows will in future deal with guaranteed annuity rate policies following the *Equitable Life vs Hyman* judgement. When we acquired Scottish Widows in March 2000, an Additional Account was set up within the With Profits Fund. This Account had a value, at 31 December 2001, of approximately £1.7 billion and is available to meet any additional costs of providing guaranteed benefits on transferred policies, including guaranteed annuity option policies. We expect that the Additional Account will be sufficient to meet this cost, as well as other contingencies. This action, which helps to protect both policyholders and shareholders, continues to demonstrate the prudence and strength of the Group.

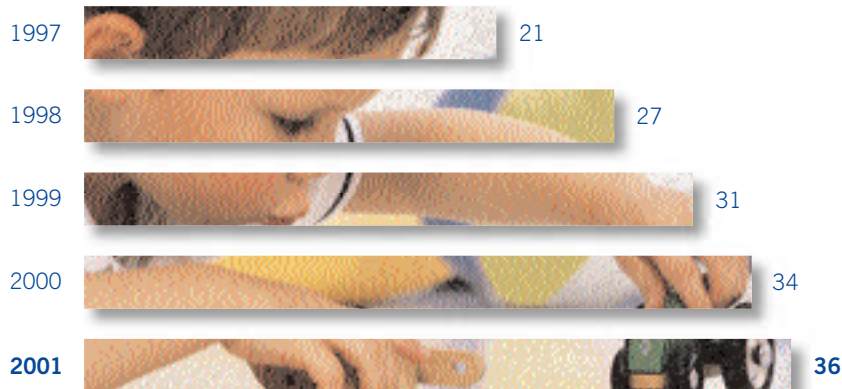
Going forward, we have no shred of complacency. Our restless pursuit of perfection means we are cognisant of the challenges facing us – of the need to grow short-term profits whilst continuing to invest for the future; of the need to continue to develop our people and to get ever closer to understanding and meeting the needs of our customers; and of the need to

maintain asset quality, grow quality income and optimally manage our costs. The organic opportunities for continued robust growth in the Group are very real, and we go forward with confidence to turn those opportunities into reality.

**Peter Ellwood CBE**  
*Group Chief Executive*  
14 February 2002



## distribution to the Lloyds TSB Foundations (£m)



# our community

**As one of the UK's leading companies, Lloyds TSB believes that business success should go hand-in-hand with social responsibility.**

That is why we have the largest community investment programme in the UK.

This year the four independent Lloyds TSB Foundations will receive £36 million to distribute to grassroots charities which help disadvantaged and disabled people to play a fuller role in their communities. The Foundations are among the UK's largest general grant-making trusts, and receive one per cent of the Group's pre-tax profits, averaged over three years, in lieu of their shareholder dividend.

And, of course, many of our staff invest their own time in the community – sitting on committees, helping actively or raising money. In 2002, the Foundations will make £1.2 million available to match funds raised, and time given, by staff to charities through the Matched Giving Scheme.

Many of our staff are parents and see education as crucial to their children's development. To reflect this, we have made education a key focus of our community involvement. We support school management in their efforts to raise standards through Quality in

Education, a self-assessment and improvement programme using the EFQM Excellence Model. Working in partnership with local education authorities, local learning and skills councils and professional teacher associations, we have introduced Quality in Education to nearly 4,000 schools so far. And the programme carries the active endorsement of both the Department for Education and Skills and the Cabinet Office.

Learning also continues in the workplace and investing in our employees is equally important. The University for Lloyds TSB embodies our commitment to career-long learning and continuous development and we have shared our expertise through sponsorship of the Goodison Group which is recommending priorities to the government in the field of lifelong learning.

In addition to our education programme, we also want to improve the condition of local communities because healthy communities mean healthy business. Lloyds TSB's programme of regeneration initiatives

aims to foster economic and social regeneration by creating access to finance for people in disadvantaged communities, backing for small business and by encouraging entrepreneurship.

In 2001, Lloyds TSB won two Department of Trade and Industry sponsored Business in the Community awards for our role in developing the Portsmouth Area Regeneration Trust. This groundbreaking model of a community-based financial institution tackles the effects of financial exclusion and provides disadvantaged people with the first step into mainstream financial services. The initiative is so successful that it is now being replicated across the country in both urban and rural locations.

# summary consolidated profit and loss account

for the year ended 31 December 2001

	2001 £ million	2000* £ million
Net interest income	4,944	4,587
Other income	3,952	4,037
Pension provisions	(70)	(100)
Total other income	3,882	3,937
<b>Total income</b>	<b>8,826</b>	<b>8,524</b>
Exceptional restructuring costs	217	188
Other operating expenses	4,107	3,764
<b>Total operating expenses</b>	<b>4,324</b>	<b>3,952</b>
<b>Trading surplus</b>	<b>4,502</b>	<b>4,572</b>
General insurance claims	174	142
Provisions for bad and doubtful debts	747	541
Amounts written off fixed asset investments	60	32
<b>Operating profit</b>	<b>3,521</b>	<b>3,857</b>
Income from associated undertakings and joint ventures	(10)	3
Profit on sale of businesses	39	–
<b>Profit on ordinary activities before tax</b>	<b>3,550</b>	<b>3,860</b>
Tax on profit on ordinary activities	971	1,105
<b>Profit on ordinary activities after tax</b>	<b>2,579</b>	<b>2,755</b>
Minority interests	79	49
<b>Profit for the year attributable to shareholders</b>	<b>2,500</b>	<b>2,706</b>
Dividends	1,872	1,683
<b>Retained profit</b>	<b>628</b>	<b>1,023</b>
<b>Earnings per share</b>	<b>45.2p</b>	<b>49.3p</b>
<b>Diluted earnings per share</b>	<b>44.8p</b>	<b>48.8p</b>
	<b>£000</b>	<b>£000</b>
Directors' emoluments	5,749	5,048

# summary consolidated balance sheet

at 31 December 2001

	2001 £ million	2000* £ million
<b>Assets</b>		
Cash and liquid funds	5,652	2,736
Loans and advances to banks	15,224	15,290
Loans and advances to customers	122,935	114,432
Investments	24,489	14,861
Intangible fixed assets	2,566	2,599
Tangible fixed assets	3,365	3,037
Other assets†	9,345	8,524
Long-term assurance business attributable to the shareholder	6,574	6,549
	<b>190,150</b>	168,028
Long-term assurance assets attributable to policyholders	46,389	51,085
	<b>236,539</b>	219,113
<b>Liabilities</b>		
Deposits by banks	24,310	16,735
Customer accounts	109,116	101,989
Debt securities in issue	24,420	17,899
Other liabilities†	12,890	13,319
Subordinated liabilities (loan capital)	7,657	7,510
Minority interests	997	552
Shareholders' funds (equity)	10,760	10,024
	<b>190,150</b>	168,028
Long-term assurance liabilities to policyholders	46,389	51,085
	<b>236,539</b>	219,113
<b>Memorandum items††</b>		
Contingent liabilities	7,963	5,147
Commitments	53,342	42,589

\* Figures for 2000 have been restated to reflect the implementation of FRS 18, 'Accounting Policies', and the reclassification of certain sundry assets and liabilities.

† Other assets and other liabilities comprise mainly foreign exchange and interest rate contracts and items in course of transmission.

†† Contingent liabilities comprise mainly guarantees; commitments include undrawn formal standby facilities, credit lines and other commitments to lend.

The summary financial statement on pages 10 to 12 was approved by the directors on 14 February 2002.

**M A van den Bergh**  
Chairman

**P B Ellwood** CBE  
Group Chief Executive

**M K Atkinson**  
Group Finance Director

# directors' & auditors' reports

## summary directors' report

An interim dividend of 10.2p per ordinary share was paid on 10 October 2001 and a final dividend of 23.5p per ordinary share will be paid on 1 May 2002.

The Company is a holding company and its subsidiaries provide a wide range of banking and financial services through branches and offices in the UK and overseas.

A review of the business and an indication of future developments are given on pages 3 to 9.

Biographical details of directors are shown on pages 14 and 15. Mr Linaker and Sir Brian Pitman retired at the annual general meeting in April 2001 and Mr Holt left the board on 31 August 2001. Mr Urquhart will retire at the annual general meeting in 2002.

Dr Julius and Mr Daniels joined the board on 1 October 2001 and 1 November 2001, respectively, and Mr Gemmell will join the board on 17 April 2002.

Particulars of the directors' emoluments and their interests in shares in the Company are shown in the full report and accounts.

## 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. Lloyds TSB 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 or regulatory actions, changes in customer preferences, competition and other factors. Please refer to the Registration Statement on Form 20-F of Lloyds TSB Group filed with the US Securities and Exchange Commission for a discussion of such factors.

## auditors' report

The auditors' report on the full accounts for the year ended 31 December 2001 was unqualified and did not include a statement under sections 237(2) (accounting records or returns inadequate or accounts not agreeing with records and returns) or 237(3) (failure to obtain necessary information and explanations) of the UK Companies Act 1985.

## auditors' statement to the members of Lloyds TSB Group plc

We have examined the summary financial statement on pages 10 to 12.

### respective responsibilities of directors and auditors

The directors are responsible for preparing the annual review. Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the annual review with the annual financial statements and directors' report and its compliance with the relevant requirements of section 251 of the UK Companies Act 1985 and the regulations made thereunder. We also read the other information contained in the annual review and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

### basis of opinion

We conducted our work in accordance with Bulletin 1999/6 'The auditors' statement on the summary financial statement' issued by the Auditing Practices Board.

### opinion

In our opinion the summary financial statement on pages 10 to 12 is consistent with the annual financial statements and directors' report of Lloyds TSB Group plc for the year ended 31 December 2001 and complies with the applicable requirements of section 251 of the Companies Act 1985, and the regulations made thereunder.

PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, Southampton.

14 February 2002

# five year financial summary

	2001	2000	1999	1998	1997
<b>Results – business as usual £m</b>					
Total income	9,544	8,671	8,022	7,547	7,465
Operating expenses	4,091	3,764	3,417	3,466	3,768
Operating profit	4,462	4,195	3,826	3,379	3,061
<b>Results – statutory £m</b>					
Profit before tax	3,550	3,860	3,656	3,053	2,790
Profit after tax	2,579	2,755	2,545	2,159	2,044
Profit attributable to shareholders	2,500	2,706	2,539	2,146	2,030
Economic profit	1,543	1,839	1,777	1,424	1,441
<b>Share information</b>					
Earnings per share	45.2p	49.3p	46.6p	39.7p	38.0p
Dividends per share (net)	33.7p	30.6p	26.6p	22.2p	17.2p
Market price (year-end)	746p	708p	774p	855p	789p
Net assets per share	191p	180p	159p	137p	116p
Number of shareholders (thousands)	981	1,026	1,024	1,028	1,047
Average shares in issue (millions)	5,533	5,487	5,445	5,400	5,341
<b>Performance measures %</b>					
Post-tax return on average shareholders' equity	23.5	28.1	30.0	29.7	34.5
Post-tax return on average assets*	1.46	1.74	1.72	1.55	1.51
Post-tax return on average risk-weighted assets*	2.53	3.10	3.04	2.70	2.52
Efficiency ratio	49.0	46.4	42.8	48.8	55.7
<b>Balance sheet £m</b>					
Shareholders' equity	10,760	10,024	8,829	7,563	6,326
Assets*	190,150	168,028	150,508	144,942	138,757
Total assets	236,539	219,113	177,050	168,634	158,803
Risk asset ratio: total capital (%)	9.2	9.4	15.2	11.4	10.9
tier 1 capital (%)	8.4	8.5	10.2	8.8	8.0

\* Assets exclude long-term assurance assets attributable to policyholders.

Figures for 2000 and earlier years have been restated to reflect the implementation of FRS12, "Provisions, Contingent Liabilities and Contingent Assets", FRS15, "Tangible Fixed Assets", FRS18, "Accounting Policies", and other minor adjustments.

## quality of earnings



Excluding central group items



# the board

## executive directors



**Maarten A van den Bergh**  
*Chairman*

Joined the Group in 2000 as deputy chairman and was appointed chairman in 2001. Joined the Royal Dutch/Shell Group of companies in 1968 and after a number of senior and general management appointments in that group, became group managing director in 1992. Appointed president of Royal Dutch Petroleum Company and vice chairman of the committee of managing directors of the Royal Dutch/Shell Group in 1998 and continued in these roles until 2000. A non-executive director of Royal Dutch Petroleum Company and BT Group. Aged 59.



**Alan E Moore CBE**  
*Deputy Chairman*

Joined Lloyds Bank International in 1980. Held a number of senior and general management appointments in that company and in Lloyds Bank before becoming a director of Lloyds Bank in 1989 and deputy chief executive and treasurer in 1994. Following the merger with TSB Group in 1995, became deputy group chief executive of Lloyds TSB Group and then deputy chairman in 1998. Joined Glyn Mills & Co in 1953, holding senior appointments there until his secondment, as director general, to the Bahrain Monetary Agency from 1974 to 1979. Aged 65.



**Peter B Ellwood CBE**  
*Group Chief Executive*

Joined TSB Bank in 1989 as chief executive, retail banking. Appointed a director of TSB Group in 1990 and became group chief executive in 1992. Following the merger with Lloyds Bank in 1995, became deputy group chief executive of Lloyds TSB Group and then group chief executive in 1997. Joined Barclays Bank in 1961 and held a number of senior and general management appointments, including chief executive of Barclaycard from 1985 to 1989. Chairman of the Industrial Society. Former chairman of Visa International. Aged 58.



**Michael E Fairey**  
*Deputy Group Chief Executive*

Joined TSB Group in 1991 and held a number of senior and general management appointments before being appointed to the board in 1997 and deputy group chief executive in 1998. Joined Barclays Bank in 1967 and held a number of senior and general management appointments, including managing director of Barclays Direct Lending Services from 1990 to 1991. Aged 53.



**Michael D Ross CBE**  
*Deputy Group Chief Executive*

Joined the board in 2000. Joined Scottish Widows in 1964 and following a number of senior and general management appointments became group chief executive of that company in 1991. Chairman of the Association of British Insurers. Aged 55.



**M Kent Atkinson**  
*Group Finance Director*

Joined Bank of London & South America in 1964, which became a Lloyds Bank subsidiary in 1971, and held a number of senior and general management appointments, including positions in Latin America and the Middle East, before being appointed to the board in 1997. A non-executive director of Coca-Cola HBC SA. Aged 56.



**J Eric Daniels**  
*Group Executive Director, UK Retail Banking*

Joined the board in 2001. Served with Citibank from 1975 and held a number of senior and general management appointments in the USA, South America and Europe before becoming chief operating officer of Citibank Consumer Bank in 1998. Following the Citibank/Travelers merger in 1998, he was chairman and chief executive officer of Travelers Life and Annuity until 2000. Chairman and chief executive officer of Zona Financiera from 2000 to 2001. Aged 50.



**Archie G Kane**  
*Group Executive Director, IT and Operations*

Joined TSB Commercial Holdings in 1986 and held a number of senior and general management appointments in the Group before being appointed to the board in 2000. After some 10 years in the accountancy profession, joined General Telephone & Electronics Corporation in 1980, serving as finance director in the UK from 1983 to 1985. Chairman of the council of the Association for Payment Clearing Services. Aged 49.



**David P Pritchard**  
*Group Executive Director, Wholesale and International Banking*

Joined TSB Group in 1995 as group treasurer. Seconded to the Securities and Investments Board as head of supervision & standards, markets & exchanges, from 1996 to 1998. Appointed to the board in 1998. Held senior and general management appointments with Citicorp from 1978 to 1986 and Royal Bank of Canada from 1986 to 1995. A non-executive director of The London Clearing House. Aged 57.

## independent non-executive directors



**Ewan Brown CBE FRSE**

**Chairman of Lloyds TSB Scotland**

A director since 1999. A non-executive director of Lloyds TSB Scotland since 1997. Executive director of Noble Grossart since 1971. Chairman of the court of Heriot-Watt University and a non-executive director of Stagecoach Holdings. Former chairman of Dunedin Income Growth Investment Trust. Aged 59.



**Christopher S Gibson-Smith**

A director since 1999. Chairman of National Air Traffic Services and a non-executive director of Powergen. Managing director of BP from 1997 to 2001, having held senior and general management appointments in the UK, USA, Canada and Europe, since joining that company in 1970. Aged 56.



**The Earl of Selborne KBE FRS**

A director since 1995, having been a director of Lloyds Bank since 1994. Managing director of The Blackmoor Estate, his family business. Chancellor of Southampton University since 1996. President of the Royal Geographical Society from 1997 to 2000. Aged 61.



**A Clive Butler**

A director of TSB Group since 1993. Joined Unilever in 1970 and following a number of senior and general management appointments was appointed an executive director of Unilever in 1992. Aged 55.



**DeAnne S Julius CBE**

Joined the board in 2001. Held a number of senior appointments in the UK and USA with the World Bank, Royal Dutch/Shell Group and British Airways, before membership of the Bank of England Monetary Policy Committee from 1997 to 2001. Chaired HM Treasury's banking services consumer codes review group. A non-executive director of the Bank of England, BP and Serco Group. Aged 52.



**Lawrence M Urquhart**

*(retiring at the annual general meeting on 17 April 2002)*

**Chairman of Scottish Widows**

Joined the board in 2000. Chairman of BAA and a non-executive director of Imerys SA. Joined Burmah Castrol in 1977 and held a number of senior and general management appointments in that company, including chief executive from 1985 to 1993 and chairman from 1990 to 1998. Former chairman of English China Clays. Aged 66.



**Sheila M Forbes**

A director of TSB Group since 1994. Chairs the board of governors of Thames Valley University and is a civil service commissioner. Head of personnel for Unigate from 1980 to 1988 and personnel director for Storehouse from 1988 to 1992. Director of human resources at Reed Elsevier (UK) from 1992 to 1996. Aged 55.



**Thomas F W McKillop**

A director since 1999. Joined ICI in 1969 and held a number of senior and general management appointments before the demerger in 1993, when Zeneca was created. Chief executive of Zeneca Pharmaceuticals from 1994 to 1999 and chief executive of AstraZeneca from 1999. Pro-chancellor of Leicester University. Aged 58.



**Gavin J N Gemmell CBE**

*(from 17 April 2002)*

**Chairman (designate) of Scottish Widows**

Joins the board on 17 April 2002. A non-executive director of Scottish Widows since 1984. Senior partner of Baillie Gifford & Co from 1989 to 2001, having held a number of appointments since joining the firm in 1964. A non-executive director of Scottish Enterprise Edinburgh and Lothian. Aged 60.

**Company Secretary**

**Alastair J Michie FCIS FCIBS**

# information for shareholders

## Share price information

In addition to information published in the financial pages of the press, the latest price of Lloyds TSB shares on the London Stock Exchange can be obtained by telephoning 0906 8771515. These telephone calls are charged at 60p per minute, including VAT.

## Share dealing facilities

The Company provides a low cost, execution only, postal dealing service for the purchase and sale of Lloyds TSB shares through Lloyds TSB Registrars. The current rate of commission for purchases is 0.75%, minimum £10, and for sales is 0.75%, no minimum. For full details please contact Lloyds TSB Registrars. Telephone 0870 6060302.

The Company also provides a telephone dealing service through Lloyds TSB Stockbrokers for the purchase and sale of Lloyds TSB shares on preferential commission terms. The current rate for both purchases and sales is 0.75%, minimum £18.50 maximum £75, for transactions up to £75,000. For full details please contact Lloyds TSB Stockbrokers. Telephone 0845 7888100.

## American Depositary Receipts (ADRs)

Lloyds TSB shares are traded in the USA through an NYSE-listed sponsored ADR facility, with The Bank of New York as the depository. The ADRs are traded on the New York Stock Exchange under the symbol LYG. The CUSIP number is 539439109 and the ratio of ADRs to ordinary shares is 1:4. For details please contact The Bank of New York, Investor Relations, PO Box 11258, Church Street Station, New York, NY 10286-1258. Telephone (1) 888 BNY ADRS (US toll free), international callers (1) 610 312 5315. Email [Shareowner-svcs@bankofny.com](mailto:Shareowner-svcs@bankofny.com)

## Individual Savings Accounts (ISAs)

The Company provides a facility for investing in Lloyds TSB shares through an ISA. For details please contact Lloyds TSB Private Banking ISAs, Freepost, PO Box 149, Haywards Heath, West Sussex RH16 3BR. Telephone 0845 7418418.

## The community and our business

Information about the Group's role in the community and copies of the Group's code of business conduct and its environmental report may be obtained by writing to Public Affairs, Lloyds TSB Group plc, 71 Lombard Street, London EC3P 3BS. This information is also available on the Group's website (see below).

## Shareholder enquiries

The Company's share register is maintained by Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA. Telephone 0870 6003990; textphone 0870 6003950. Please contact them if you have enquiries about your Lloyds TSB shareholding, including those concerning the following matters:

- change of name or address
- loss of share certificate, dividend warrant or tax voucher
- to obtain a form for dividends to be paid directly to your bank or building society account (tax vouchers will still be sent to your registered address unless you request otherwise)
- to obtain details of the dividend reinvestment plan which enables you to use your cash dividends to buy Lloyds TSB shares in the market
- request for copies of the report and accounts in alternative formats for shareholders with disabilities.

Lloyds TSB Registrars operates a web based enquiry and portfolio management service for shareholders. Visit [www.shareview.co.uk](http://www.shareview.co.uk) for details.

## financial calendar 2002

### 15 February

Results for 2001 announced

### 27 February

Ex-dividend date for 2001 final dividend

### 1 March

Record date for final dividend

### 3 April

Final date for joining or leaving the dividend reinvestment plan for the final dividend

### 17 April

Annual general meeting in Edinburgh

### 1 May

Final dividend paid

### 2 August

Results for half-year to 30 June 2002 announced

### 14 August

Ex-dividend date for 2002 interim dividend

### 16 August

Record date for interim dividend

### 11 September

Final date for joining or leaving the dividend reinvestment plan for the interim dividend

### 9 October

Interim dividend paid

## Head office

71 Lombard Street  
London EC3P 3BS

## Registered office

Henry Duncan House  
120 George Street  
Edinburgh EH2 4LH  
Registered in Scotland no 95000

## Registrar

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The Causeway  
Worthing  
West Sussex BN99 6DA

## Internet

[www.lloydtsb.com](http://www.lloydtsb.com)