

Lloyds TSB Offshore Limited

Summary Financial Statement

31 December 2008

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The information contained within this summary financial statement has been prepared in accordance with the requirements of the Banking Business (Jersey) Law 1991. Additional information to allow for a full understanding of the results of the company and its state of affairs has been submitted to the Jersey Financial Services Commission as required by the Banking Business (Jersey) Law 1991. In accordance with the Banking Business (General Provisions) (Amendment) (Jersey) Order 1994, Lloyds TSB Offshore Limited has decided to adopt the summarised form of financial statement.

Lloyds TSB Offshore Limited is a wholly owned subsidiary of Lloyds TSB Offshore Holdings Limited, which is incorporated in Jersey C.I. The ultimate holding company is Lloyds Banking Group plc which is registered in Scotland.

Copies of the financial statements of Lloyds Banking Group plc are available on request.

Board of Directors

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Directors:

Martin Frederick Fricker
Chairman

Dr Jakob Pfaudler

William John McLaughlin

Brendan Peilow

Michael Joseph Starkey

Tony Peter Wild

Ross Davey Willcox

Adrian Hick (appointed 30th October 2008)

Secretary:

Lloyds TSB Offshore Corporate Services Limited

Registered Office:

P.O. Box 160
25 New Street
St Helier
Jersey JE4 8RG
Channel Islands
Telephone (01534) 845144
Telefax (01534) 845145

Auditors:

PricewaterhouseCoopers CI LLP
Chartered Accountants
Twenty Two Colomberie
St Helier
Jersey JE1 4XA
Channel Islands

Chairman's Statement

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I am pleased to report that in 2008 the Company achieved profits after tax of £83.5 million, (down from £118.8 million in 2007), in a year which saw difficult trading conditions for all of the world's banks.

Underlying client business continued to show strong growth throughout the year but the final quarter saw margins eroded as interest rates fell dramatically as a consequence of the deteriorating worldwide economic climate. Customer balances rose by circa £800m during the year. The company gained significant new balances during the banking crisis in the final quarter.

Notwithstanding this strong underlying income, the 2009 financial performance is not expected to be at the same levels as in 2008 due to the current very low interest rates in the major currencies.

In October, Lloyds TSB Group Plc announced the acquisition of HBOS Plc. This had no direct impact on this company during 2008 but integration plans will be drawn up in 2009 to bring together the offshore businesses of the Lloyds Banking Group. This merger offshore should have a positive effect on the Company in coming years.

I am pleased to welcome Adrian Hick to the board who joined on 30 October 2008.

Hans-Wilhelm Hamke left the Group to pursue other interests and resigned from the Board on 30 December 2008 and Chris Sutton resigned and returned to our parent company on 6 August 2008. The board extends its thanks to Hans and Chris for their contributions to the Company.

I am also pleased to report that in 2008 the Company was able to continue supporting worthwhile charitable causes through the Lloyds TSB Foundation for the Channel Islands with approximately £1.1m being donated.

The current world economic scenario paints a challenging picture for the Company in 2009 but with a strong capital base and a business that is skewed towards deposit-taking rather than lending I still anticipate that the Company will prove profitable in the year, though at a reduced level than seen in the last two years.

Finally, on behalf of the board, I would like to extend our thanks to all of the staff for their efforts to ensure that 2008 was a successful year in difficult circumstances.

Martin Frederick Fricker
Chairman

30 March 2009

INDEPENDENT AUDITOR'S STATEMENT TO THE MEMBERS OF LLOYDS TSB OFFSHORE LIMITED

We have examined the summary financial statement for the year ended 31 December 2008 set out on pages 5 to 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the summary financial statement in accordance with applicable Jersey law. Our responsibility is to report to you our opinion on the consistency of the summary financial statement with the full annual financial statements and the Chairman's Statement, and its compliance with the relevant requirements of the Banking Business (General Provisions) (Jersey) Order 2002 and the guidance notes issued by the Jersey Financial Services Commission applicable to the summary financial statement.

Basis of opinion

We conducted our work in accordance with Bulletin 2008/03 'The auditor's statement on the summary financial statement' issued by the Auditing Practices Board. Our report on the company's full annual financial statements describes the basis of our opinion on those financial statements and on the Chairman's Statement.

Opinion

In our opinion the summary financial statement is consistent with the full annual financial statements and the Chairman's Statement of Lloyds TSB Offshore Limited for the year ended 31 December 2008 and complies with the requirements of the Banking Business (General Provisions) (Jersey) Order 2002 and the guidance notes issued by the Jersey Financial Services Commission applicable to the summary financial statement.

Limitation of use

This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with the requirements of the Banking Business (General Provisions) (Jersey) Order 2002 and the guidance notes issued by the Jersey Financial Services Commission and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers CI LLP
Jersey, Chartered Accountants
31 March 2009

These summary financial statements may be published on a dedicated website. The maintenance and integrity of the summary financial statements on that website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the summary financial statements since they were initially presented on the website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Profit and Loss Account

Year ended 31 December 2008

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Note	2008 £000	2007 £000
Profit on ordinary activities before taxation	89,830	125,365
Less Taxation	6,251	6,518
Profit after taxation	83,579	118,847
Dividends	(38,938)	(43,296)
Retained profit brought forward	172,169	96,618
2 Retained profit carried forward	216,810	172,169

The notes on pages 7 and 8 form part of this summary financial statement.

There were no other recognised gains or losses for the year.

Continuing operations: all the items dealt with in arriving at the profit from ordinary activities before taxation for 2008 and 2007 relate to continuing operations.

Balance Sheet

at 31 December 2008

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Note	2008 £000	2007 £000
Assets		
	11,797	8,250
Cash and balances at central banks		
	7,303,906	6,573,399
Loans and advances to banks		
	1,508,443	1,252,955
Loans and advances to customers		
	1,510	1,510
Investment in other group companies		
	16,423	16,792
Tangible fixed assets		
	126,740	104,697
Other assets		
Total assets	8,968,819	7,957,603
Liabilities		
	375,718	284,928
Deposits from banks		
	8,012,320	7,156,053
Customer accounts		
	134,667	113,955
Other liabilities		
	6,478	7,572
Current tax liabilities		
	8,529,183	7,562,508
Shareholder's funds - all equity		
1	207,841	207,941
Share capital		
2	231,795	187,154
Reserves		
Total shareholder's funds	439,636	395,095
Loan to fellow subsidiary		
Total liabilities and equity shareholder's funds		
	8,968,819	7,957,603

The notes on pages 7 and 8 form part of this summary financial statement.

The summary financial statement on pages 5 to 8 was approved by the Board of Directors on 31 March 2009 and was signed on its behalf by:

W. J. McLaughlin
Director

A. Hick
Director

Notes to the Summary Financial Statement

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Note 1

Equity share capital

	2008	2,007
	£000	£000
Authorised		
220,015,000 Shares of £1 made up of		
Ordinary Shares of £1 each	219,915	219,915
Preference shares of £1 each	100	100
	<u>220,015</u>	<u>220,015</u>
Issued and fully paid		
Ordinary Shares of £1 each	207,841	207,841
Preference shares of £1 each		100
	<u>207,841</u>	<u>207,941</u>
Accounted as loan stock under IFRS		
Preference shares of £1 each	-	-
	<u>-</u>	<u>-</u>

Note 2

Reserves

	Total	Share	Profit &
	£000	Premium	Loss
	£000	£000	£000
Balance at 1 January 2008	187,154	14,985	172,169
Dividends	(38,938)	-	(38,938)
Retained profit for the year	83,579	-	83,579
Balance at 31 December 2008	<u>231,795</u>	<u>14,985</u>	<u>216,810</u>

	Total	Share	Profit &
	£000	Premium	Loss
	£000	£000	£000
Balance at 1 January 2007	111,603	14,985	96,618
Dividends	(43,296)	-	(43,296)
Retained profit for the year	118,847	-	118,847
Balance at 31 December 2007	<u>187,154</u>	<u>14,985</u>	<u>172,169</u>

Notes to the Summary Financial Statement

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Note 3

Commitments and contingent liabilities

	2008	2,007
	£000	£000
Guarantees given on behalf of customers	39,897	163,446
Foreign exchange contracts	11,341	6,901
Undrawn loan facilities	<u>177,050</u>	<u>184,965</u>
	<u><u>228,288</u></u>	<u><u>355,312</u></u>

The guarantees, which are entered into on behalf of customers and in respect of which there are corresponding obligations by customers, are not included in the balance sheet.

Operating lease commitments

	2008	2,007
	£000	£000
The future minimum lease payments under non- cancellable building operating leases are as follows:		
Not later than 1 year	2,926	3,627
Later than 1 year and not later than 5 years	10,866	12,418
Later than 5 years	<u>28,354</u>	<u>31,803</u>
	<u><u>42,146</u></u>	<u><u>47,848</u></u>

Capital Commitments

Excluding commitments in respect of investment property, capital expenditure contracted but not provided for at 31 December 2008 amounted to £0.02 million (2007: £0.1 million). Of this amount, £nil million (2007: £nil million) relates to assets to be leased to customers under operating leases. The Group's management is confident that future net revenues and funding will be sufficient to cover these commitments.

Note 4

Post Balance sheet events

On the 19 January 2009 our ultimate parent company changed its name to Lloyds Banking Group Plc upon the completion of the acquisition of HBOS Plc.