LLOYDS TSB GROUP PLC
Form 6-K
July 29, 2005

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

29 July 2005

LLOYDS TSB GROUP plc
(Translation of registrant's name into English)

5th Floor
25 Gresham Street
London
EC2V 7HN
United Kingdom

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F..X..Form 40-F.....

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes .....No ..X..

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- ________

Index to Exhibits

Item

No. 1 Regulatory News Service Announcement, dated 29 July 2005
re: Interim Results

LLOYDS TSB GROUP PLC - RESULTS FOR HALF YEAR TO 30 JUNE 2005

PRESENTATION OF RESULTS

Up to 31 December 2004 the Group prepared its financial statements in accordance with UK Generally Accepted Accounting Principles (UK GAAP). On 1 January 2005 the Group implemented International Financial Reporting Standards (IFRS). In this document the 2004 comparative financial information has been restated to reflect the adoption of those IFRS standards which are required to be applied retrospectively, but has not been restated to include the additional impacts arising from first time application of IAS 32 'Financial Instruments: Disclosure and Presentation', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 4 'Insurance Contracts' (including UK Financial Reporting Standard 27 ' Life Assurance'), which have been implemented with effect from 1 January 2005, with the opening balance sheet at that date adjusted accordingly. Details of the impact of implementation of IFRS on comparative information were published in the Group's 'Transition to IFRS' announcement on 27 May 2005.

The impact of IFRS, and in particular the increased use of fair values, is likely to lead to greater earnings volatility. In order to provide a more comparable representation of business performance this volatility has been separately analysed for the Group's insurance and banking businesses (page 28, note 3). In addition, other IFRS related adjustments applied with effect from 1 January 2005, for which comparatives are not required to be restated (page 26, note 2), and the impact on the Group's results of businesses sold in 2004, have been separately analysed in the Group's results. A reconciliation of this ' comparable' basis of presentation to the statutory profit before tax is shown on page 1.

For certain aspects of the Group's life assurance businesses additional financial information has been provided on an 'embedded value' basis, as applied under UK GAAP in previous reporting periods.

FORWARD LOOKING STATEMENTS

This announcement 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 or regulatory actions, changes in customer preferences, competition and other factors. Please refer to the latest Annual Report on Form 20-F filed with the US Securities and Exchange Commission for a discussion of such factors.

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PROFIT BEFORE TAX BY DIVISION

	Half-year to 30 June 2005 GBPm	2004 GBPm	Ha 3
UK Retail Banking			
Before provisions for customer redress	830	800	
Provisions for customer redress	-	-	
	830	800	
Insurance and Investments			
Before provisions for customer redress	400	376	
Provisions for customer redress	-	-	
	400	376	
Wholesale and International Banking	662	582	

Central group items (page 32, note 6)	(169)	(153)
Profit before tax - comparable basis	1,723	1,605
Volatility (page 28, note 3)		
- Banking	(73)	-
- Insurance	104	(65)
- Policyholder tax	46	5
Other IFRS adjustments applied from 1 January 2005 (page 26, note 2)	(124)	-
Loss on sale of businesses (page 40, note 19)	-	(13)
Trading results of discontinued operations	-	36
Profit before tax	1,676	1,568

ASSETS BY DIVISION

	30 June 2005 GBPm	1
UK Retail Banking	99,797	
Insurance and Investments	77,071	
Wholesale and International Banking	126,568	
Central group items	1,776	
Total assets	305,212	

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PERFORMANCE HIGHLIGHTS

Unless otherwise stated, throughout this document our analysis compares the half-year to 30 June 2005 to the corresponding period in 2004.

Key achievements - comparable basis

- The Group has continued to deliver earnings growth in all divisions.

- Considerable progress in improving returns; increases in both economic profit and post-tax return on average shareholders' equity.

- Good franchise growth with customer lending during the half up by 4 per cent to GBP167.6 billion and customer deposits up by 3 per cent to GBP130.6 billion.

- Strong increase in retail banking quality customer recruitment. Good levels of customer balance growth in many product areas.

- Substantial increase in life assurance new business weighted sales and market share. Increased new business contribution and margin, on an embedded value basis.

- Good progress in delivering the strategy to build an integrated Wholesale bank. 25 per cent increase in Corporate Markets profit before tax, and 27 per cent increase in Business Banking profit before tax.

- Costs remain firmly under control. Income growth exceeded cost growth in each division and at Group level.

- Overall credit quality remains satisfactory.

- Capital ratios remain robust.

- Interim dividend maintained at 10.7p per share.

Results - comparable basis

- Profit before tax increased by GBP118 million, or 7 per cent, to GBP1,723 million.

- Earnings per share increased by 10 per cent to 22.1p.

- Economic profit increased by 11 per cent to GBP728 million.

- Post-tax return on average shareholders' equity increased to 21.9 per cent, from 21.5 per cent.

- Post-tax return on average risk-weighted assets decreased from 1.92 per cent to 1.88 per cent.

Results - statutory

- Profit before tax increased by GBP108 million, or 7 per cent, to GBP1,676 million.

- Profit attributable to equity shareholders increased by 9 per cent to GBP1,192 million.

- Earnings per share increased by 9 per cent to 21.3p.

- Post-tax return on average shareholders' equity increased to 24.7 per cent.

- Total capital ratio 9.6 per cent, tier 1 capital ratio 7.8 per cent.

LLOYDS TSB GROUP

SUMMARY OF RESULTS

	Half-year to 30 June 2005 GBPm	Half-year to 30 June 2004 GBPm	Increase (Decrease) %	Hal 31
Results - comparable basis (page 26, note 2)				
Total income, net of insurance claims	4,831	4,610	5	
Operating expenses	2,597	2,529	3	
Trading surplus	2,234	2,081	7	
Impairment losses on loans and advances	511	476	7	
Profit before tax	1,723	1,605	7	
Economic profit (page 38, note 16)	728	655	11	
Earnings per share (pence) (page 39, note 17)	22.1	20.1	10	
Post-tax return on average shareholders' equity (%)	21.9	21.5		
Post-tax return on average risk-weighted assets (%)	1.88	1.92		
Results - statutory				
Total income, net of insurance claims	4,925	4,572	8	
Operating expenses	2,579	2,549	1	
Trading surplus	2,346	2,023	16	
Impairment losses on loans and advances	670	442	52	
Profit before tax	1,676	1,568	7	
Profit attributable to equity shareholders	1,192	1,094	9	
Economic profit (page 38, note 16)	757	623	22	
Earnings per share (pence) (page 39, note 17)	21.3	19.6	9	
Post-tax return on average shareholders' equity (%)	24.7	20.9		
Shareholder value				
Closing market price per share (period-end)	473p	431.75p		
Total market value of shareholders' equity	GBP26.5bn	GBP24.2bn		GB
Proposed dividend per share (page 42, note 21)	10.7p	10.7p		

	30 June 2005 GBPm	1 January 2005 GBPm	Increase (Decrease) %
Balance sheet			
Shareholders' equity	9,475	9,572	(1)
Net assets per share (pence)	167	169	(1)
Total assets	305,212	291,997	5
Loans and advances to customers	167,583	161,162	4
Customer deposits	130,550	126,349	3

Risk asset ratios	%	%
Total capital	9.6	10.1
Tier 1 capital	7.8	8.2

LLOYDS TSB GROUP

GROUP CHIEF EXECUTIVE'S STATEMENT

During the first half of 2005, the Group's profit before tax, on a comparable basis, rose by 7 per cent to GBP1,723 million, despite entering a more challenging period in the economic cycle. The increase reflects the continued successful unfolding of our organic growth strategy across each of our three operating divisions, as we build deep, long-lasting relationships within each of our franchises. In addition to continued earnings momentum, the Group also improved its return on equity and economic profit.

At the end of 2004, we set out three strategic priorities to guide our future growth:

- to materially deepen customer relationships

- to improve our efficiency

- to continue to enhance the Group's capabilities and processes to support faster growth.

We have continued to make good progress on each of these management priorities and the key achievements over the last six months, which underpin our results, are summarised below.

To materially deepen customer relationships

In the Retail Bank, we saw a 4 per cent improvement in profit before tax, on a comparable basis, and we delivered positive jaws with 5 per cent income growth exceeding cost growth of 2 per cent. We have continued to build on our 'local markets' programme to bring us closer to the customer and we now have much of the necessary infrastructure in place. Our early results under this programme have seen us progress against a number of the key drivers to building stronger relationships such as enhancing the use of customer data. During the second half of 2005, we will continue to develop the framework by increasing sales capacity and effectiveness.

We continue to see improved results in terms of customer service, with our customer satisfaction ratings reaching an all time high. Our quality management programme, which is helping to continuously improve our processing efficiency, has played a key role in improving our cost position.

Our improved customer satisfaction scores also helped to drive good levels of new quality customer recruitment. We have maintained strong flows of new business and are continuing to meet our customers' broader range of needs in key areas such as consumer lending, mortgages, savings and insurance where we have seen good customer balance growth. Our market shares in these key product lines have held steady, despite the highly competitive environment in which we operate. Our asset quality remains satisfactory.

In Wholesale and International Banking, our core businesses had another good half-year and the division delivered a 14 per cent improvement in profit before tax, on a comparable basis. We have successfully begun to implement our new strategies in both Business Banking and the Corporate Markets franchise, which will play an important role in our future growth. Whilst the investment in these strategies led to an increase in costs, we continued to deliver positive jaws with growth in income of 6 per cent and costs growth held to 5 per cent.

In Business Banking, we have seen strong franchise growth and, in addition to winning a greater share of the 'switchers' market, we maintained our strong position in business start-ups with a market share of 20 per cent. The growth in recruitment was accompanied by good growth in both customer lending and deposits, as customers continued to place more of their business with us.

Our Corporate Markets franchise enjoyed another strong half, with a 25 per cent improvement in profits underpinned by a 26 per cent improvement in the cross-sales of products as our relationship development programmes continue to take hold. Asset quality remains strong, with impairment losses falling year on year. We have made continued investment in the Corporate Markets franchise, and this has been rewarded both in terms of the stronger business levels as well as external recognition. In particular, we were delighted to receive the CBI Best Corporate Bank Award 2005. We will continue to develop the businesses, to strengthen our capabilities and services that will allow us to provide a broader range of solutions for our customers and meet their needs.

In Insurance and Investments our profit before tax, on a comparable basis, increased by 6 per cent, underpinned by an improvement in our market share in life, pensions and investments which rose from 4.9 per cent to 6.2 per cent in the first quarter of 2005. Our life and pensions new business margin also improved. In our life, pensions and OEIC businesses, on an embedded value basis, we saw a 7 per cent profit improvement underpinned by a rise in new business contribution of 32 per cent, as we continue to increase our focus on the more profitable, more capital efficient business lines.

We continue to make progress in our bancassurance programme, with a 4 per cent increase in sales, notwithstanding the slowdown in the growth of mortgage related protection business. Sales of OEICs rose by 29 per cent following the launch last year of our new simplified product range. Whilst we still have work to do to continue to improve our overall performance, we have a clear strategy to deliver profitable growth in this business.

We have seen continued strong growth in our IFA business, with a 41 per cent improvement in weighted sales in the first half, underpinned by our product and service developments in pensions and investments. This improved performance led to an estimated market share of 7.1 per cent in the first quarter of this year, compared with 5.0 per cent in the first quarter of 2004, cementing Scottish Widows' success in this market.

Scottish Widows remains strongly capitalised and in addition to the payment of a GBP200 million dividend to the Group in March 2005, we expect Scottish Widows to make a further significant repatriation of capital to the Group in the second half of the year as we improve our capital efficiency.

Our General Insurance business delivered another robust half, with profits up 8 per cent, despite a slowdown in the growth of our retail lending businesses. The results reflect successful investment in the direct channels, our claims processes and the claims supply chain.

To improve our efficiency

The Group cost:income ratio, on a comparable basis, improved to 53.8 per cent from 54.9 per cent in the first half of 2004, reflecting the fact that we have once again delivered positive jaws. The Group has maintained its firm cost control discipline and the growth in expenses was held to 3 per cent in the first half of the year. We believe there are good opportunities to drive further improvements in our cost position and we will be addressing this through the continued application of our quality programme as well as specific programmes in areas such as procurement and IT simplification.

To continue to enhance the Group's capabilities and processes to support faster growth

We believe it is necessary for us to enhance our framework of skills and competencies to allow us to drive higher rates of growth in a safe and sustainable manner. In Finance, we are, for example, further embedding the use of economic profit management disciplines to improve our pricing decisions and hence our returns. In terms of Risk, we continue to enhance the risk governance framework throughout the organisation which is leading to a more detailed assessment of risk across the business portfolio and greater clarity around the risk/reward trade-offs.

We are committed to building a high performance organisation. In addition to further strengthening our executive management team, we have put in place integrated programmes to further raise our performance and to enhance our capabilities to execute effectively.

Summary

We have a strong franchise and, looking forward, we remain committed to the execution of our organic growth strategy, based on building ever deeper relationships with our customers. We are investing in our business unit strategies, which will provide the necessary platform to sustain our future growth. Our staff are committed to the delivery of our plans and to serving the needs of our customers. Our capital position remains robust and we continue to expect to be beneficiaries of Basel II. Our asset quality is satisfactory and our broadly based franchise means that we are well positioned to deliver a good trading performance in the second half of 2005 and beyond.

J Eric Daniels

Group Chief Executive

LLOYDS TSB GROUP

GROUP FINANCE DIRECTOR'S REVIEW OF FINANCIAL PERFORMANCE

Since 1 January 2005, the Group has been using IFRS for financial reporting. Although IFRS significantly changes the timing of earnings recognition in financial results, it is important to note that it has no impact on our business fundamentals and cash flows, the development of our organic growth strategies, or our capital management policies.

Full details of the retrospective impact of the Group's implementation of IFRS were published in our 'Transition to IFRS' announcement on 27 May 2005. The increased use in IFRS of fair values has led to greater volatility in the earnings of the Group. In order to provide a more comparable representation of our business performance this earnings volatility, together with other IFRS related adjustments applied with effect from 1 January 2005 and the impact on the Group's results of businesses sold in 2004, have been separately analysed to provide a comparable basis of presentation.

In the first half of 2005 statutory profit before tax was GBP1,676 million, an increase of GBP108 million, or 7 per cent, compared to GBP1,568 million in the first half of 2004. Profit attributable to equity shareholders increased by GBP98 million, or 9 per cent, to GBP1,192 million and earnings per share increased by 9 per cent to 21.3p.

On a comparable basis, as a result of earnings growth in all divisions, profit before tax increased by GBP118 million, or 7 per cent, to GBP1,723 million. Revenue growth of 5 per cent exceeded cost growth of 3 per cent. Earnings per share increased by 10 per cent to 22.1p and economic profit increased by 11 per cent to GBP728 million. The post-tax return on average shareholders' equity was 21.9 per cent.

Our strategy to deepen customer relationships has led to an increase in retail lending, particularly in mortgages, credit cards and personal loans, and is reflected in a 4 per cent increase in loans and advances to customers to GBP168 billion during the last six months. Total assets increased by 5 per cent to GBP305 billion. Over the same period, customer deposits increased by GBP4 billion, or 3 per cent, to GBP131 billion, largely as a result of strong growth in current account credit balances.

Group net interest income, on a comparable basis, increased by GBP151 million, or 6 per cent, compared with the first half of last year. Good levels of consumer lending growth led to increases of GBP2.0 billion in average personal lending and credit card balances and GBP7.7 billion in average mortgage balances, and customer lending growth in our Business Banking and Corporate Markets franchises increased average interest-earning assets by GBP4.8 billion.

The net interest margin from our banking businesses (page 32, note 7) decreased from 2.89 per cent in the first half of 2004 to 2.75 per cent in the first half of 2005. However, much of this decline took place during the second half of 2004. As anticipated, the rate of margin erosion has slowed significantly with only a 5 basis point reduction during the first half of 2005. Much of this erosion has been caused by the impact of lower earnings on the Group's capital and other interest free liabilities and, excluding this funding impact, the margin was broadly stable during the first half of 2005.

Other income, net of insurance claims, increased by GBP70 million to GBP2,174 million (page 33, note 8). Fees and commissions receivable, on a comparable basis, increased by 13 per cent to GBP1,623 million as a result of higher income from the strong volume growth in credit and debit card services, higher insurance broking commissions, and an increase in fees from large corporate business and asset based lending, as a result of growing customer transaction volumes.

Operating expenses continued to be tightly controlled and on a comparable basis increased by only 3 per cent to GBP2,597 million (page 34, note 10). Significant improvements continue to be made in processing and operational efficiency and we have continued to expand our programme of offshoring a number of our processing and back office operations to India. As a result of this constant focus on day-to-day operating cost control, the cost:income ratio improved to 53.8 per cent, from 54.9 per cent in the first half of 2004.

Overall asset quality remains satisfactory. On a comparable basis, impairment losses on loans and advances increased by 7 per cent to GBP511 million. A substantial reduction in impairment losses in the corporate franchise was offset by a 21 per cent rise in the retail banking business, resulting from a combination of volume related asset growth in personal loan and credit card lending, the absence of a provision release in the mortgage business which totalled GBP12 million in the first half of 2004, and an increase in the number of personal customers experiencing repayment difficulties. Most of our new retail lending during the half has been to existing customers where we believe we have a better understanding of an individual customer's total financial position. On a comparable basis, our impairment charge expressed as a percentage of average lending improved to 0.63 per cent, compared to 0.68 per cent in the first half of 2004 (page 35, note 12). On a statutory basis, impaired assets totalled GBP3,894 million, compared with GBP3,515 million at 1 January 2005, representing 2.3 per cent of total lending, up from 2.1 per cent at 1 January 2005.

Scottish Widows continues to be one of the most strongly capitalised life assurance companies in the UK. At the end of December 2004, the working capital ratio of the Scottish Widows Long-Term Fund was 19.0 per cent (page 41, note 20) and this improved to an estimated 19.5 per cent at the end of June 2005. The required risk capital margin was covered over 9 times. In March 2005, Scottish Widows paid a 2004 dividend of GBP200 million to Lloyds TSB reflecting the start of an expected regular dividend stream. We are continuing to examine opportunities to improve our capital efficiency and have work in progress that we believe will allow Scottish Widows, without compromising its strong capital position, to repatriate further capital to the Group, in excess of GBP500 million in the second half of 2005, in addition to its annual dividend.

Our capital position remains robust. At the end of June 2005, the total capital ratio was 9.6 per cent and the tier 1 capital ratio was 7.8 per cent. During the half-year, risk-weighted assets increased by 6 per cent to GBP140 billion, reflecting good levels of growth in consumer lending and mortgages and strong growth in our Corporate Markets businesses. We continue to plan for risk-weighted asset growth of mid-to-high single digits over the next few years, and expected profit retentions remain sufficient to support this level of risk-weighted asset growth within our current capital management policy. The Board has decided to maintain the interim dividend at 10.7p per share.

Helen A Weir

Group Finance Director

LLOYDS TSB GROUP

SEGMENTAL ANALYSIS

Half-year to 30 June 2005 Comparable basis	UK Retail Banking GBPm	General insurance GBPm	Life, pensions, OEICs and asset manage -ment GBPm	Insurance and Investments GBPm	Wholesale and International Banking GBPm	Centr grou item GBP
Net interest income	1,612	19	186	205	1,035	(1
Other income (page 30, note 4)	908	261	6,796	7,057	774	
Total income (page 30, note 4)	2,520	280	6,982	7,262	1,809	(1
Insurance claims (page 30, note 4)	-	(108)	(6,461)	(6,569)	-	
Total income, net of insurance claims	2,520	172	521	693	1,809	(1
Operating expenses	(1,274)	(78)	(215)	(293)	(1,052)	
Trading surplus (deficit)	1,246	94	306	400	757	(1
Impairment losses on loans and advances	(416)	-	-	-	(95)	
Profit (loss) before tax*	830	94	306	400	662	(1
Volatility						
- Banking	-	-	-	-	-	(
- Insurance	-	7	97	104	-	
- Policyholder tax	-	-	46	46	-	
Other IFRS adjustments applied from 1 January 2005	(134)	-	(2)	(2)	33	(
Profit (loss) before tax	696	101	447	548	695	(2

Half-year to 30 June 2004 Comparable basis	UK Retail Banking GBPm	General insurance GBPm	Life, pensions, OEICs and asset manage -ment GBPm	Insurance and Investments GBPm	Wholesale and International Banking GBPm	Cen gr it G
Net interest income	1,602	26	108	134	971	(2
Other income (page 30, note 4)	794	248	3,369	3,617	741	
Total income (page 30, note 4)	2,396	274	3,477	3,751	1,712	(1
Insurance claims (page 30, note 4)	-	(115)	(2,959)	(3,074)	-	
Total income, net of insurance claims	2,396	159	518	677	1,712	(1
Operating expenses	(1,252)	(72)	(229)	(301)	(998)	2
Trading surplus (deficit)	1,144	87	289	376	714	(1
Impairment losses on loans and advances	(344)	-	-	-	(132)	
Profit (loss) before tax*	800	87	289	376	582	(1
Volatility						
- Insurance	-	(5)	(60)	(65)	-	
- Policyholder tax	-	-	5	5	-	
Loss on sale of businesses	-	-	-	-	(13)	
Trading results of discontinued operations	-	-	-	-	36	
Profit (loss) before tax	800	82	234	316	605	(1

*comparable basis

LLOYDS TSB GROUP

SEGMENTAL ANALYSIS (continued)

Half-year to 31 December 2004 Comparable basis	UK Retail Banking GBPm	General insurance GBPm	Life, pensions, OEICs and asset manage- ment GBPm	Insurance and Investments GBPm	Wholesale and International Banking GBPm	Cent gro ite GB

Net interest income	1,626	18	131	149	1,015	(2
Other income (page 30, note 4)	902	248	6,880	7,128	803	
Total income (page 30, note 4)	2,528	266	7,011	7,277	1,818	(1
Insurance claims (page 30, note 4)	-	(99)	(6,449)	(6,548)	-	
Total income, net of insurance claims	2,528	167	562	729	1,818	(1
Operating expenses	(1,357)	(82)	(239)	(321)	(1,049)	(
Trading surplus (deficit)	1,171	85	323	408	769	(1
Impairment losses on loans and advances	(332)	-	3	3	(98)	
Profit (loss) before tax*	839	85	326	411	671	(1
Volatility						
- Insurance	-	13	197	210	-	
- Policyholder tax	-	-	(3)	(3)	-	
Loss on sale of businesses	-	-	-	-	(8)	
Trading results of discontinued operations	-	-	-	-	4	
Profit (loss) before tax	839	98	520	618	667	(1

*comparable basis

LLOYDS TSB GROUP

DIVISIONAL PERFORMANCE

UK RETAIL BANKING

Comparable basis	Half-year to 30 June 2005 GBPm	2004 GBPm	H
Net interest income	1,612	1,602	
Other income	908	794	
Total income	2,520	2,396	
Operating expenses:			
Before provisions for customer redress	(1,274)	(1,252)	
Provisions for customer redress	-	-	
	(1,274)	(1,252)	
Trading surplus	1,246	1,144	

Impairment losses on loans and advances	(416)	(344)
Profit before tax*	830	800
Profit before tax, before provisions for customer redress*	830	800
Cost:income ratio, before provisions for customer redress*	50.6%	52.3%

*comparable basis

Key achievements

- Continued earnings momentum. Profit before tax, on a comparable basis, increased by 4 per cent to GBP830 million.
- Positive jaws continue to be delivered. Income growth of 5 per cent exceeded cost growth of 2 per cent.
- Good customer balance growth in many product areas. Over the last six months:
  - Group mortgage balances increased by 4 per cent to GBP83.7 billion.
  - Credit card balances increased by 3 per cent to GBP7.7 billion.
  - Personal loan balances increased by 4 per cent to GBP11.2 billion.
  - Customer deposit balances increased by 3 per cent to GBP68.2 billion.
- Good customer franchise growth. 22 per cent increase in quality customer current account recruitment.
- Asset quality remains satisfactory.

UK Retail Banking (continued)

Profit before tax, on a comparable basis, from UK Retail Banking increased by GBP30 million, or 4 per cent, to GBP830 million, supported by continued growth in the Group's consumer lending portfolios, higher than expected general insurance profit sharing commissions and improved fee income. Total income increased by 5 per cent whilst cost growth was 2 per cent. Other income increased by 14 per cent, and represents 36 per cent of total income, compared with 33 per cent in the first half of 2004.

In the first half of 2005, good levels of growth were achieved in all key product areas. Personal loan balances outstanding at 30 June 2005 were GBP11.2 billion, an increase of 11 per cent over the last twelve months and card balances totalled GBP7.7 billion, an increase of 8 per cent. In a slowing mortgage market, gross new mortgage lending for the Group totalled GBP11.8

billion, compared with GBP13.6 billion in the first half of 2004. Net new lending totalled GBP3.6 billion resulting in a market share of net new lending of 8.9 per cent, and mortgage balances outstanding increased by 10 per cent to GBP83.7 billion. Credit balances on current accounts and savings and investment accounts increased by 7 per cent. Income and economic profit per customer continued to improve during the half-year.

Operating expenses remained well controlled throughout the business and, as a result, increased by only GBP22 million, or 2 per cent, to GBP1,274 million compared with 5 per cent growth in income during the half-year. We have continued to rationalise back office operations to improve efficiency. Levels of customer service and satisfaction have also continued to improve.

Overall asset quality remained satisfactory. Impairment losses on loans and advances increased by GBP72 million, or 21 per cent, to GBP416 million, reflecting a combination of volume related asset growth in personal loan and credit card lending, the absence of a mortgage provision release which in the first half of 2004 totalled GBP12 million, and an increasing impact from customers experiencing repayment difficulties. The impairment charge as a percentage of average lending for personal loans and overdrafts increased to 4.45 per cent, from 4.34 per cent in the first half of 2004, while the charge in the credit card portfolio increased to 3.74 per cent, from 3.51 per cent in the first half of 2004. In the mortgages business, the Group continued to experience a low level of losses, however the absence of a provision release led to an increase in the mortgage impairment charge to GBP6 million. Overall, the provisions charge as a percentage of average lending, on a comparable basis, was 0.87 per cent, compared to 0.79 per cent in the first half of 2004.

Cheltenham & Gloucester (C&G) continues to focus on prime lending market segments. The average indexed loan-to-value ratio on the C&G mortgage portfolio was 40 per cent (31 December 2004: 41 per cent), and the average loan-to-value ratio for C&G new mortgages and further advances written during the first half of 2005 was 64 per cent (2004: 62 per cent). At 30 June 2005, 85 per cent of C&G mortgage balances had an indexed loan-to-value ratio of less than 80 per cent (31 December 2004: 88 per cent) and only 1 per cent of balances had an indexed loan-to-value ratio in excess of 95 per cent (31 December 2004: 0.3 per cent).

UK Retail Banking (continued)

Within personal loans, key initiatives have been the increased use of behavioural and risk-based pricing, and leveraging our customer insight capabilities to enable the Group to deliver more competitive pricing to better quality customers within our existing customer base. 99 per cent of new personal loans and 76 per cent of new credit cards sold during the first half of 2005 were to existing customers, where the Group has a better understanding of an individual customer's total financial position. The retail bank has also continued to avoid sub-prime lending. Dynamic delinquency measures, on a rolling 12 month basis, remain in line with our expectations given the slowdown in consumer spending.

Customers are increasingly choosing to buy through direct channels and continued investment in our direct channel capabilities has supported good levels of business growth. Our internet bank now has 3.4 million registered users and, in the first half of 2005, over 600,000 product sales were achieved through the internet, an increase of 24 per cent compared to the first half of 2004. Over 218 million transactions were processed through internet banking, an increase of 36 per cent on the first half of 2004. Sales through direct channels now represent almost half of total sales.

Lloyds TSB remains a leader in the added value current account market, with over 4 million customers. Quality customer current account recruitment increased by 22 per cent, compared with the first half of 2004, whilst customer attrition levels were flat.

LLOYDS TSB GROUP

INSURANCE AND INVESTMENTS

	Half-year to 30 June 2005	2004	Hal 31
Comparable basis	GBPm	GBPm	
Net interest income	205	134	
Other income (page 30, note 4)	7,057	3,617	
Total income (page 30, note 4)	7,262	3,751	
Insurance claims (page 30, note 4)	(6,569)	(3,074)	
Total income, net of insurance claims	693	677	
Operating expenses	(293)	(301)	
Trading surplus	400	376	
Impairment losses on loans and advances	-	-	
Profit before tax*	400	376	
Profit before tax analysis			
Life, pensions and OEICs	298	287	
General insurance	94	87	
Scottish Widows Investment Partnership	8	2	
Profit before tax*	400	376	
Embedded value basis+			
Life and pensions			
New business contribution	98	74	

Existing business	101	121
Investment earnings - normalised	92	80
Profit before tax	291	275
OEICs		
Profit before tax	23	19
Profit before tax (life, pensions and OEICs)	314	294
New business margin (life and pensions)	25.8%	24.3%

*comparable basis + using the Group's 2004 UK GAAP reporting basis

Key achievements

- Improved profit performance. Profit before tax, on a comparable basis, increased by 6 per cent to GBP400 million.

- On an embedded value basis, life, pensions and OEICs profit before tax increased by 7 per cent to GBP314 million.

- Strong sales performance. 25 per cent increase in Scottish Widows' new business weighted sales, increasing the Group's overall market share from 4.9 per cent to 6.2 per cent.

- Improved profitability. New business contribution in Scottish Widows', on an embedded value basis, increased by 32 per cent. Life and pensions new business margin increased to 25.8 per cent.

- Good progress with Lloyds TSB Insurance's strategy to develop its manufacturing business and increase focus on direct channels. Direct sales increased by 19 per cent.

- Strong capital position maintained.

Insurance and Investments (continued)

Profit before tax, on a comparable basis, increased by 6 per cent to GBP400 million. Profit before tax from our life, pensions and OEIC businesses increased by GBP11 million, or 4 per cent, to GBP298 million. The Group's strategy to improve its returns by focusing on more profitable, less capital intensive, business whilst constantly seeking to improve process and distribution efficiency has led to a 32 per cent increase in new business contribution, on an embedded value basis, to GBP98 million. As a result of this improved capital efficiency, strong sales of pensions and single premium investments, and improved returns from less capital efficient products such as stakeholder pensions, the life and pensions new business margin increased to 25.8 per cent, from 24.3 per cent in the first half of 2004.

Overall, weighted sales in the first half of 2005 increased by 25 per cent to GBP443.1 million and as a result the Group's life, pensions and investments market share in the first quarter increased significantly to an estimated 6.2 per cent, compared with 4.9 per cent in the first quarter of 2004. IFA sales grew 41 per cent to GBP280.0 million and our estimated market share of the IFA market improved to 7.1 per cent, from 5.0 per cent in the first quarter of 2004. IFA sales benefited particularly from improved product and service offerings for pensions, and savings and investments. Bancassurance sales were 4 per cent higher at GBP128.2 million, as a 29 per cent increase in weighted sales of OEICs through the branch network and Lloyds TSB private banking clients was offset by lower sales of protection products, largely reflecting the slowdown in the rate of growth in mortgage lending. Our estimated market share through the bancassurance and direct channels increased to 4.9 per cent, from 4.7 per cent in the first quarter of 2004.

	Half-year to 30 June 2005 GBPm	2004 GBPm	Ha 3
Weighted sales (regular + 1/10 single)			
Life and pensions	379.3	305.0	
OEICs	63.8	49.6	
Life, pensions and OEICs	443.1	354.6	
Bancassurance	128.2	123.3	
Independent financial advisers	280.0	198.3	
Direct	34.8	32.7	
Other	0.1	0.3	
Life, pensions and OEICs	443.1	354.6	
Group funds under management	GBPbn	GBPbn	
Scottish Widows Investment Partnership	87	77	
UK Wealth Management	13	11	
International	14	14	
	114	102	

Insurance and Investments (continued)

Pre-tax profit, on a comparable basis, from Scottish Widows Investment Partnership (SWIP) increased to GBP8 million, compared with GBP2 million in the first half of 2004, reflecting improved market performance and increased revenues from new business. SWIP won GBP2.6 billion of gross new business in the first half of 2005, an increase of 73 per cent on the first half of 2004, and its assets under management increased by 13 per cent to GBP87 billion, compared with the first half of 2004. Overall investment performance in the first half of 2005 has continued to improve.

LLOYDS TSB GROUP

Insurance and Investments (continued)

General insurance

	Half-year to 30 June 2005 GBPm	Half-year to 30 June 2004 GBPm
Premium income from underwriting		
Creditor	64	55
Home	220	218
Health	8	16
Reinsurance premiums	(15)	(13)
	277	276
Commissions from insurance broking		
Creditor	229	203
Home	22	21
Health	8	10
Other	105	57
	364	291
Distribution commissions paid to banking businesses	370	339

Profit before tax, on a comparable basis, from our general insurance operations increased by GBP7 million, or 8 per cent, to GBP94 million.

In an increasingly competitive home insurance market, continued progress in improving levels of business retention and higher product margins led to an increase of GBP2 million in premium income from underwriting home insurance. Insurance broking commission income increased by GBP73 million reflecting a GBP26 million increase in income from creditor insurance, as improved sales through direct channels offset the impact of a slowdown in our mortgage and consumer lending growth, and a GBP48 million increase in other commissions, reflecting higher than expected profit sharing income.

Our strategy to increase investment in more cost efficient distribution through direct channels is starting to create a shift from face-to-face channels towards direct channels. As a result gross written premiums from new policies sold through direct channels increased by 19 per cent in the first half of 2005, reflecting strong growth in levels of new home and motor insurance business.

Claims fell by GBP7 million to GBP108 million, compared to the first half of 2004, and the claims ratio improved to 37 per cent, compared with 40 per cent in the first half of 2004, reflecting good progress in re-engineering the claims process and improvements in the cost effectiveness of the claims supply chain, as well as lower health claims as a result of the transfer of the Group's private medical insurance business to BUPA during 2004.

LLOYDS TSB GROUP

Wholesale and International Banking

Comparable basis	Half-year to 30 June 2005 GBPm	2004 GBPm	Hal 31
Net interest income	1,035	971	
Other income	774	741	
Total income	1,809	1,712	
Operating expenses	(1,052)	(998)	
Trading surplus	757	714	
Impairment losses on loans and advances	(95)	(132)	
Profit before tax*	662	582	
Cost:income ratio*	58.2%	58.3%	

*comparable basis

Key achievements

- Strong profit growth. Profit before tax, on a comparable basis, increased by 14 per cent to GBP662 million.

- Positive jaws. Income growth of 6 per cent exceeded cost growth of 5 per cent.

- Good progress in delivering the strategy to build an integrated wholesale bank.

- 25 per cent increase in Corporate Markets profit before tax.

- Strong levels of franchise growth in Business Banking. 27 per cent growth in profit before tax.

- Asset quality remains strong.

Wholesale and International Banking profit before tax, on a comparable basis, increased by GBP80 million, or 14 per cent, to GBP662 million. Income growth of 6 per cent exceeded cost growth of 5 per cent, leading to an improvement in the cost:income ratio to 58.2 per cent. In addition to a reduction in impairment losses, there was good income growth in Corporate Markets, Business Banking and Asset Finance.

Net interest income increased by GBP64 million, or 7 per cent, reflecting higher income from strong growth in customer lending in Corporate Markets, Business Banking and Asset Finance and improved margins in Business Banking. Other income increased by GBP33 million, or 4 per cent, as strong growth in fee income in relationship businesses and higher levels of cross-selling activity within Corporate Markets, and the beneficial impact of a number of motor dealership acquisitions in Asset Finance, was partly offset by a reduction in the level of venture capital investment realisations. Costs were 5 per cent higher at GBP1,052 million, reflecting higher staff costs as a result of our increased investment in people, as we build up our Corporate Markets product capability and expertise, and the impact of the motor dealership acquisitions within Asset Finance.

Wholesale and International Banking (continued)

The charge for impairment losses on loans and advances decreased by GBP37 million to GBP95 million, as a result of a decrease in provisions from the corporate lending portfolio, partially offset by higher charges in the Asset Finance business.

In Corporate Markets, profit before tax grew by 25 per cent, from GBP319 million in the first half of 2004, to GBP399 million, driven by a combination of higher income and a reduction in impairment losses. Income increased by GBP35 million, or 5 per cent. Customer relationships continue to be deepened, and the business strategy to create an integrated regional sales structure, bringing together product specialists with relationship managers, has continued to generate positive results. Cross-selling income increased by 26 per cent, including a 28 per cent increase in Financial Markets cross-selling income to GBP48 million in the first half of 2005.

Profit before tax in Business Banking grew by GBP21 million, or 27 per cent, to

GBP98 million reflecting good growth in customer income and tight control of costs. Customer deposits rose by 6 per cent to GBP11.2 billion and customer lending increased by 11 per cent to GBP7.7 billion. Business Banking continued to develop and grow its customer franchise, with net customer recruitment of some 10,000 during the first half of 2005, reflecting a share of 20 per cent in the start-up market. Over 8,500 customers transferred their banking arrangements to the Group from other banking providers.

Profit before tax in Asset Finance decreased by 9 per cent to GBP107 million, largely reflecting higher impairment losses, which offset the continued development of the motor and leisure, and contract hire businesses. In the personal and retail finance business, new business volumes have increased by some 8 per cent, and market share increased. Lloyds TSB Commercial Finance has continued to grow strongly with a 19 per cent market share, measured by client numbers, and the motor and leisure business continues to be the largest independent lender in the UK motor and leisure point of sale market with a market share of 19 per cent.

In International Banking, profit before tax decreased by GBP19 million, or 27 per cent, to GBP51 million, a key component of which was lower earnings on retained capital following the repatriation of offshore capital to the Group.

LLOYDS TSB GROUP

CONSOLIDATED INCOME STATEMENT - STATUTORY (unaudited)

	Half-year to 30 June 2005 GBPm	Half-year to 30 June 2004 GBPm
Interest income	6,040	4,907
Interest expense	(3,289)	(2,389)
Net interest income	2,751	2,518
Fees and commissions income	1,474	1,448
Fees and commissions expense	(397)	(424)
Net fees and commissions income	1,077	1,024
Net trading income	3,536	816
Insurance premium income	2,210	2,843
Other operating income	519	445
Other income	7,342	5,128
Total income	10,093	7,646
Insurance claims	(5,168)	(3,074)
Total income, net of insurance claims	4,925	4,572
Operating expenses		
Administrative expenses	(2,255)	(2,230)

Depreciation	(324)	(319)
Total operating expenses	(2,579)	(2,549)
Trading surplus	2,346	2,023
Impairment losses on loans and advances	(670)	(442)
Operating profit	1,676	1,581
Loss on sale of businesses	-	(13)
Profit before tax	1,676	1,568
Taxation	(472)	(442)
Profit for the period	1,204	1,126
Profit attributable to minority interests	12	32
Profit attributable to equity shareholders	1,192	1,094
Profit for the period	1,204	1,126
Basic earnings per share	21.3p	19.6p
Diluted earnings per share	21.1p	19.5p
Proposed dividend per share	10.7p	10.7p
Proposed dividend	GBP599m	GBP599m

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CONSOLIDATED BALANCE SHEET - STATUTORY (unaudited)

	30 June 2005 GBPm	1 January 2005 GBPm	31 December 2004 GBPm
Assets			
Cash and balances at central banks	943	1,078	1,078
Items in course of collection from banks	1,716	1,462	1,462
Treasury bills and other eligible bills			92
Trading securities and other financial assets at fair value through profit or loss	57,363	56,853	
Derivative financial instruments	10,438	9,263	
Loans and advances to banks	36,090	31,851	31,848
Loans and advances to customers	167,583	161,162	155,318
Debt securities			43,485
Equity shares			27,323
Available-for-sale financial assets	13,693	14,593	
Investment property	3,906	3,776	3,776
Interests in joint ventures	49	53	53
Goodwill	2,472	2,469	2,469
Value of in-force business	2,016	1,890	2,913
Intangible assets	25	28	28
Fixed assets	4,185	4,180	4,180
Other assets	4,733	3,339	8,960
Total assets	305,212	291,997	282,985

Equity and liabilities			
Deposits from banks	33,946	39,723	39,723
Customer accounts	130,550	126,349	119,811
Items in course of transmission to banks	725	631	631
Derivative financial instruments and other trading liabilities	10,467	10,334	
Liabilities to customers under investment contracts	19,049	16,361	
Debt securities in issue	35,810	28,728	28,770
Insurance contract liabilities	37,594	36,725	52,289
Unallocated surplus within insurance businesses	524	426	1,362
Other liabilities	11,107	8,496	14,866
Retirement benefit obligations	3,010	3,075	3,075
Deferred tax liabilities	222	15	214
Other provisions for liabilities and charges	315	270	211
Subordinated liabilities	12,067	11,211	10,252
Total liabilities	295,386	282,344	271,204
Equity			
Share capital	1,400	1,399	1,419
Share premium account	1,162	1,145	1,145
Other reserves	372	371	343
Retained profits	6,541	6,657	8,243
Shareholders' equity	9,475	9,572	11,150
Minority interests	351	81	631
Total equity	9,826	9,653	11,781
Total equity and liabilities	305,212	291,997	282,985

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT - STATUTORY (unaudited)

	Half-year to 30 June 2005 GBPm	H 2004 GBPm
Net cash from operating activities	1,108	(176)
Cash flows from investing activities		
Purchase of fixed asset investments		(6,113)
Proceeds from sale and maturity of fixed asset investments		6,161
Purchase of available-for-sale investments	(4,528)	
Proceeds from sale and maturity of available-for-sale investments	5,859	
Purchase of fixed assets	(645)	(735)
Proceeds from sale of fixed assets	360	391
Acquisition of businesses, net of cash acquired	(23)	(9)
Disposal of businesses, net of cash disposed	-	17
Net cash generated by (used in) investing activities	1,023	(288)

Cash flows from financing activities		
Dividends paid to equity shareholders	(1,315)	(1,314)
Dividends paid to minority interests	(16)	(31)
Proceeds from issue of subordinated liabilities	802	-
Proceeds from issue of ordinary share capital and transactions in own shares held in respect of employee share schemes	18	10
Repayment of subordinated liabilities (loan capital)	-	(500)
Minority investment in subsidiaries	274	-
Repayment of minority investment in subsidiaries	-	(148)
Net cash used in financing activities	(237)	(1,983)
Change in cash and cash equivalents	1,894	(2,447)
Cash and cash equivalents at beginning of period	3,555	4,963
Cash and cash equivalents at end of period	5,449	2,516

Cash and cash equivalents comprise cash and balances at central banks (excluding mandatory deposits) and amounts due from banks repayable on demand, excluding balances held in the long-term insurance and investment funds.

LLOYDS TSB GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - STATUTORY (unaudited)

	Attributable to equity shareholders			
	Share capital and premium GBPm	Other reserves GBPm	Retained profits GBPm	Minority interests GBPm
Balance at 1 January 2004	2,554	343	7,747	782
Currency translation differences	-	-	(15)	(15)
Profit for the period	-	-	1,094	32
Total recognised income for the period	-	-	1,079	17
Dividends	-	-	(1,314)	(31)
Purchase/sale of treasury shares	-	-	(5)	-
Employee share option schemes:				
- value of employee services	-	-	5	-
- proceeds from shares issued	9	-	-	-
Changes in minority interests	-	-	-	(148)
Balance at 30 June 2004	2,563	343	7,512	620
Currency translation differences	-	-	3	16
Profit for the period	-	-	1,298	35
Total recognised income for the period	-	-	1,301	51
Dividends	-	-	(599)	(37)
Purchase/sale of treasury shares	-	-	15	-
Employee share option schemes:				
- value of employee services	-	-	14	-

- proceeds from shares issued	1	-	-	-
Changes in minority interests	-	-	-	(3)
Balance at 31 December 2004	2,564	343	8,243	631
Adjustments on transition to IAS 32, IAS 39 and IFRS 4	(20)	28	(1,586)	(550)
Restated balance at 1 January 2005	2,544	371	6,657	81
Movement in available-for-sale investments, net of tax	-	1	-	-
Currency translation differences	-	-	14	-
Net income recognised directly in equity	-	1	14	-
Profit for the period	-	-	1,192	12
Total recognised income for the period	-	1	1,206	12
Dividends	-	-	(1,315)	(16)
Purchase/sale of treasury shares	-	-	(19)	-
Employee share option schemes:				
- value of employee services	-	-	12	-
- proceeds from shares issued	18	-	-	-
Changes in minority interests	-	-	-	274
Balance at 30 June 2005	2,562	372	6,541	351

LLOYDS TSB GROUP

SEGMENTAL ANALYSIS - STATUTORY (unaudited)

Half-year to 30 June 2005	UK Retail Banking GBPm	General insurance GBPm	Life, pensions, OEICs and asset manage-ment GBPm	Insurance and Investments GBPm	Wholesale and International Banking GBPm	Cent gro ite GB
Net interest income	1,730	10	184	194	1,084	(2
Other income	815	277	5,519	5,796	759	(
Total income	2,545	287	5,703	5,990	1,843	(2
Insurance claims	-	(108)	(5,060)	(5,168)	-	
Total income, net of insurance claims	2,545	179	643	822	1,843	(2
Operating expenses	(1,281)	(78)	(196)	(274)	(1,046)	
Trading surplus (deficit)	1,264	101	447	548	797	(2
Impairment losses on loans and advances	(568)	-	-	-	(102)	
Profit (loss) before tax	696	101	447	548	695	(2

Half-year to 30 June 2004	UK Retail Banking GBPm	General insurance GBPm	Life, pensions, OEICs and asset manage- ment GBPm	Insurance and Investments GBPm	Wholesale and International Banking GBPm	Centr gro ite GB
Net interest income	1,602	26	108	134	983	(2
Other income	794	243	3,314	3,557	751	
Total income	2,396	269	3,422	3,691	1,734	(1
Insurance claims	-	(115)	(2,959)	(3,074)	-	
Total income, net of insurance claims	2,396	154	463	617	1,734	(1
Operating expenses	(1,252)	(72)	(229)	(301)	(1,018)	
Trading surplus (deficit)	1,144	82	234	316	716	(1
Impairment losses on loans and advances	(344)	-	-	-	(98)	
Loss on sale of businesses	-	-	-	-	(13)	
Profit (loss) before tax	800	82	234	316	605	(1

LLOYDS TSB GROUP

SEGMENTAL ANALYSIS - STATUTORY (unaudited) (continued)

Half-year to 31 December 2004	UK Retail Banking GBPm	General insurance GBPm	Life, pensions, OEICs and asset manage- ment GBPm	Insurance and Investments GBPm	Wholesale and International Banking GBPm	Cen gr it G
Net interest income	1,626	18	131	149	1,023	(2
Other income	902	261	7,074	7,335	807	

Total income	2,528	279	7,205	7,484	1,830	(1
Insurance claims	-	(99)	(6,449)	(6,548)	-	
Total income, net of insurance claims	2,528	180	756	936	1,830	(1
Operating expenses	(1,357)	(82)	(239)	(321)	(1,060)	(
Trading surplus (deficit)	1,171	98	517	615	770	(1
Impairment losses on loans and advances	(332)	-	3	3	(95)	
Loss on sale of businesses	-	-	-	-	(8)	
Profit (loss) before tax	839	98	520	618	667	(1

LLOYDS TSB GROUP

NOTES

1. Accounting policies and presentation

The accounting polices adopted by the Group in the preparation of its 2005 summarised half-year results and those which the Group currently expects to adopt in its annual accounts for the year ending 31 December 2005 are disclosed in the Group's 'Transition to IFRS' document published on 27 May 2005. Although the Group does not currently expect the amendments to IAS 19 (Actuarial Gains and Losses, Group Plans and Disclosures) or IAS 39 (The Fair Value Option) to have a material impact on the Group's results, further standards and interpretations may be issued that could be applicable for financial years ending in 2005 or later, but with the option for earlier adoption. The Group's first annual IFRS statements may, therefore, be prepared in accordance with different accounting policies to those used in this document. IFRS is also being applied in the EU and other countries for the first time and practice on which to draw in applying the standards is still developing. Consequently, the financial information in this document may change.

Comparative information for 2004 has been restated to take into account the requirements of all of the standards except for IAS 32, IAS 39 and IFRS 4 (including FRS 27). In accordance with the requirements of IFRS, these standards have been implemented with effect from 1 January 2005 and the opening balance sheet at this date has been adjusted accordingly.

The Group has reviewed the valuation of its pension schemes and has concluded that no adjustment is required at 30 June 2005. In accordance with IAS 19 the valuations will be formally updated at the year-end.

2. Impact of IFRS adjustments

From 1 January 2005, the Group has been using IFRS for financial reporting. Although the move to IFRS, together with the Group's implementation of FRS 27, significantly changes the timing of earnings recognition in financial results, it is important to note that there is no impact on business fundamentals and cash flows, the development of our organic growth strategies, or the Group's capital management policies. Full details of the impact of the Group's implementation of IFRS, including the impact of the implementation of FRS 27, were published in the Group's 'Transition to IFRS' announcement on 27 May 2005. Copies of this announcement are available on the Group's website at www.lloydstsb.com/investorrelations.

The impact of IFRS, and in particular the increased use in IFRS of fair values, is likely to lead to greater volatility in the earnings of the Group. In order to provide a more comparable representation of the business performance of the Group this volatility has been separately analysed for the Group's insurance and banking businesses (page 28, note 3). In addition, other IFRS related adjustments applied with effect from 1 January 2005, for which comparatives are not required to be restated, and the impact on the Group's results of businesses sold in 2004, have been separately analysed in the Group's results. A reconciliation of this 'comparable' basis of presentation to the Group's profit before tax is shown below.

2. Impact of IFRS adjustments (continued)

Half-year to 30 June 2005	Comparable basis	Volatility	IFRS adj appl 1 Ja
	GBPm	GBPm	
Net interest income	2,657	(38)	
Other income	8,743	115	(
Total income	11,400	77	(
Insurance claims	(6,569)	-	
Total income, net of insurance claims	4,831	77	
Operating expenses	(2,597)	-	
Trading surplus	2,234	77	
Impairment losses on loans and advances	(511)	-	
Profit (loss) before tax	1,723	77	
Taxation	(453)	(42)	
Profit (loss) for the period	1,270	35	

Profit (loss) attributable to minority interests	33	-	
Profit (loss) attributable to equity shareholders	1,237	35	
Profit (loss) for the period	1,270	35	
Earnings per share	22.1p	0.6p	(

In the reconciliation above, no adjustment has been made to show the volatility element of policyholder income and insurance claims as, with the exception of policyholder tax, which is included in volatility, these offset each other.

The effect of the implementation of the IFRS related standards applied with effect from 1 January 2005 on the Group's earnings in the first half of 2005, excluding the impact of volatility, has been to reduce profit before tax by GBP124 million, or 7 per cent, and earnings per share by 6 per cent. This reduction in earnings largely reflects the application of effective interest rates, the reclassification of certain securities from equity to debt, and the impact of discounting on levels of loan loss impairment. There has also been a significant reduction in other income, with a corresponding decrease in insurance claims, as a result of the impact of IFRS 4 on the accounting treatment of certain insurance products. A reconciliation of the GBP124 million reduction in profit before tax is provided below:

LLOYDS TSB GROUP

2. Impact of IFRS adjustments (continued)

Other IFRS adjustments applied from 1 January 2005	Impairment GBPm	Effective interest rate GBPm	Lloyds TSB Development Capital GBPm	Debt/equity re-classification GBPm	Ot G
Net interest income	42	127	(11)	(21)	
Other income	-	(155)	38	-	(1,3
Total income	42	(28)	27	(21)	(1,4
Insurance claims	-	-	-	-	1,4
Total income, net of insurance claims	42	(28)	27	(21)	
Operating expenses	6	-	-	-	
Trading surplus	48	(28)	27	(21)	
Impairment losses on loans and advances	(159)	-	-	-	

Profit before tax	(111)	(28)	27	(21)

Current indications remain that the overall impact, excluding the volatility introduced by the requirements of IFRS and FRS 27, will be to reduce the Group's reported earnings per share in 2005, compared with those that would have been reported under UK GAAP, by approximately 6 per cent. Excluding goodwill amortisation, earnings per share (before volatility) is expected to reduce by approximately 7 per cent. Profit before tax (before volatility) is expected to be approximately 8 per cent lower, additionally reflecting the inclusion of coupon payments on preferred securities now being treated as an interest expense rather than minority interests. This likely reduction in earnings in 2005 is almost entirely due to changes in the timing of income and expense recognition in the Group's financial statements.

3. Volatility

Insurance volatility

Changes in market variables such as the performance of equity markets and the level of interest rates, which are beyond the control of management, can result in significant volatility in the profitability of the Group's insurance businesses. As in previous years, in order to provide a clearer representation of the underlying performance of the life and pensions and general insurance businesses, the effect of these changes is separately analysed within insurance volatility. Following the implementation of the requirements of IFRS and FRS 27, insurance volatility is principally comprised of the elements described below.

The Group's insurance businesses have substantial holdings of investments which are accounted for at fair value with changes being reflected within the income statement. The difference between the actual return on these investments and the expected return based upon economic assumptions made at the beginning of the year is included within insurance volatility. In addition, the calculation of the value of in-force business makes assumptions about future investment returns; to the extent that actual experience is different the effect is also included within insurance volatility.

3. Volatility (continued)

Insurance volatility (continued)

The main assumptions used in the calculation of the value of in-force business at 30 June 2005 were as follows:

	30 June 2005 %	30 June 2004 %	3
Risk-adjusted discount rate (net of tax)	7.08	7.77	
Return on equities (gross of tax)	6.83	7.69	
Return on fixed interest securities (gross of tax)	4.23	5.09	
Expenses inflation	3.59	3.90	

Changes in stock market performance also affect the realistic valuation of the guarantees and options embedded within products written in the Scottish Widows with-profits fund, which following the implementation of FRS 27 is now reflected in the Group's balance sheet. Fluctuations in this valuation caused by market-related movements are also included within insurance volatility.

During the first half of 2005, profit before tax included positive insurance volatility of GBP104 million.

Banking volatility

In accordance with IFRS, it is the Group's policy to recognise all derivatives at fair value. The banking businesses manage their interest rate and other market risks primarily through the use of intra-Group derivatives, with the resulting net positions managed centrally using external derivatives. IFRS does not, however, permit the intra-Group derivatives to be used in a hedge relationship for reporting purposes. Although fair value accounting can have a significant impact on reported earnings, it does not impact on the business fundamentals or cash flows of the businesses. The Group has, therefore, implemented an internal pricing structure that allows divisions to transfer to central group items the volatility associated with marking to market derivatives held for risk management purposes. This 'banking volatility' is the difference between the result that would be recognised on an accrual accounting basis for derivatives held for risk management purposes and their mark to market value. The Group has set up a central hedging function to reduce the impact of this volatility by establishing, where possible, accounting hedge relationships for the external derivatives.

During the first half of 2005, profit before tax included a negative banking volatility of GBP73 million.

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3. Volatility (continued)

Policyholder tax volatility

Under IFRS, tax on policyholder investment returns is included in the Group's tax charge rather than being offset against the related income. This has the effect of increasing or decreasing profit before tax with a corresponding change in the tax charge; there is no impact on earnings. In order to provide a clearer representation of the underlying performance of the Group's life and pensions businesses, and because the policyholder tax amount is likely to be volatile, the impact upon pre-tax profit has been separately identified within volatility.

During the first half of 2005, profit before tax included positive policyholder tax volatility of GBP46 million.

4. Policyholder grossing adjustments

IFRS requires line-by-line consolidation for all items of income and expenditure and, as a result, the Group can no longer report the results and balances of its life assurance businesses as single line items. These items have therefore been allocated to individual lines in the Group's income statement and balance sheet. As a result, in the income statement premiums receivable from policyholders and the returns on policyholder investments are now shown within total income, and a deduction is included for the related insurance claims expense. Whilst this represents a significant presentational change, there is no material impact upon the Group's profitability. The following tables show the impact on the comparable profit and loss account of these policyholder grossing adjustments:

Insurance and Investments

	Half-year to 30	
	Comparable basis GBPm	Policyhold
Net interest income	205	
Other income	7,057	
Insurance claims	(6,569)	
Total income, net of insurance claims	693	
Operating expenses	(293)	
Profit before tax	400	

*comparable basis, excluding policyholder grossing adjustment

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4. Policyholder grossing adjustments (continued)

	Half-year to 31 December 2004		
	Comparable basis GBPm	Policyholder gross-up GBPm	Com
Net interest income	149	104	
Other income	7,128	6,378	
Insurance claims	(6,548)	(6,449)	
Total income, net of insurance claims	729	33	
Operating expenses	(321)	(27)	
Impairment losses	3	-	
Profit before tax	411	6	

*comparable basis, excluding policyholder grossing adjustment

	Half-year to 30 June 2004		
	Comparable basis GBPm	Policyholder gross-up GBPm	Com
Net interest income	134	85	
Other income	3,617	2,892	
Insurance claims	(3,074)	(2,959)	
Total income, net of insurance claims	677	18	
Operating expenses	(301)	(10)	
Profit before tax	376	8	

*comparable basis, excluding policyholder grossing adjustment

5. Mortgage lending

	Half-year to 30 June		Hal 3
	2005 GBPm	2004 GBPm	
Gross new mortgage lending	GBP11.8bn	GBP13.6bn	
Market share of gross new mortgage lending	9.4%	9.4%	
Net new mortgage lending	GBP3.6bn	GBP5.5bn	
Market share of net new mortgage lending	8.9%	10.4%	
Mortgages outstanding (period-end)*	GBP83.7bn	GBP76.3bn	
Market share of mortgages outstanding	9.1%	9.2%	

*excluding the effect of IFRS related adjustments

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6. Central group items*

	Half-year to 30 June 2005 GBPm	2004 GBPm	Hal 31
Lloyds TSB Foundations	(17)	(16)	
Funding cost of acquisitions less earnings on capital	(168)	(150)	
Central costs and other unallocated items	16	13	
	(169)	(153)	

*comparable basis

The four Lloyds TSB Foundations support registered charities throughout the UK that enable people, particularly disabled and disadvantaged, to play a fuller role in society. The Foundations receive 1 per cent of the Lloyds TSB Group's pre-tax profit after adjusting for gains and losses on the disposal of businesses and pre-tax minority interests, averaged over three years, instead of the dividend on their shareholdings. In the first half of 2005, GBP17 million was accrued for payment to registered charities.

7. Group net interest income

Statutory basis	Half-year to 30 June 2005 GBPm	2004 GBPm	Hal 31
Net interest income	2,751	2,518	
Average interest-earning assets, excluding reverse repos	195,975	174,490	
Net interest margin	2.83%	2.90%	
Banking margin - comparable basis*			
Net interest income	2,474	2,391	
Average interest-earning assets, excluding reverse repos	181,305	166,244	

Net interest margin	2.75%	2.89%

*As a result of the implementation of IFRS, the Group's net interest income includes certain amounts attributable to policyholders, in addition to the interest earnings on shareholders' funds held in the Group's insurance businesses. In order to maintain the comparability of the Group's banking net interest margin these amounts, together with the related average interest-earning assets, have been excluded from the comparable basis calculation.

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8. Other income

	Half-year to 30 June 2005 GBPm	2004 GBPm	Ha 3
Comparable basis			
Fees and commissions receivable:			
UK current account fees	358	312	
Other UK fees and commissions	573	537	
Insurance broking	364	291	
Card services	267	234	
International fees and commissions	61	67	
	1,623	1,441	
Fees and commissions payable	(436)	(423)	
Net fees and commissions income	1,187	1,018	
Net trading income (note 9)	3,454	873	
Insurance premium income	3,630	2,843	
Other operating income	472	444	
Total other income*	8,743	5,178	
Insurance claims	(6,569)	(3,074)	
Total other income, net of insurance claims*	2,174	2,104	
Volatility			
- Banking	(35)	-	
- Insurance	104	(65)	
- Policyholder tax	46	5	
Other IFRS adjustments applied from 1 January 2005	(115)	-	
Discontinued operations	-	10	
Total other income, net of insurance claims	2,174	2,054	

*comparable basis

9. Net trading income

Comparable basis	Half-year to 30 June 2005 GBPm	2004 GBPm	H
In respect of insurance products:			
Securities and other gains	3,340	754	
In respect of banking products:			
Foreign exchange income	76	83	
Securities and other gains	38	36	
	114	119	
Net trading income	3,454	873	

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10. Operating expenses

Comparable basis	Half-year to 30 June 2005 GBPm	2004 GBPm	Half- 31 D
Administrative expenses:			
Staff:			
Salaries	1,014	955	
National insurance	78	68	
Pensions	144	149	
Other staff costs	134	124	
	1,370	1,296	
Premises and equipment:			
Rent and rates	145	146	
Hire of equipment	6	9	
Repairs and maintenance	70	63	
Other	62	69	
	283	287	
Other expenses:			
Communications and external data processing	220	215	
Advertising and promotion	112	109	
Professional fees	97	104	
Provisions for customer redress	-	-	
Other	191	200	
	620	628	
Administrative expenses	2,273	2,211	
Depreciation	324	318	
Total operating expenses - comparable basis	2,597	2,529	
Discontinued operations	-	20	
Other IFRS adjustments applied from 1 January 2005	(18)	-	
Total operating expenses	2,579	2,549	
Cost:income ratio - comparable basis*	53.8%	54.9%	
Cost:income ratio*	52.4%	55.8%	

*total operating expenses divided by total income, net of insurance claims. The cost:income ratio on a comparable basis also excludes the provisions for customer redress in the second half of 2004

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11. Number of employees (full-time equivalent)

	30 June 2005	2004	31
UK Retail Banking	35,135	36,112	
Insurance and Investments	5,782	5,594	
Wholesale and International Banking	19,108	18,325	
Other, largely IT and Operations	9,580	10,427	
Continuing operations	69,605	70,458	
Discontinued operations	-	1,363	
Total number of employees (full-time equivalent)	69,605	71,821	

12. Impairment losses for loans and advances

	Half-year to 30 June 2005	2004	H 3
Comparable basis	GBPm	GBPm	
UK Retail Banking			
Personal loans/overdrafts	269	236	
Credit cards	141	120	
Mortgages	6	(12)	
	416	344	
Insurance and Investments	-	-	
Wholesale and International Banking	95	132	
Total charge - comparable basis	511	476	
Discontinued operations	-	(34)	
Other IFRS adjustments applied from 1 January 2005	159	-	
Total charge	670	442	
	%	%	
Charge as % of average lending:			
Personal loans/overdrafts	4.45	4.34	
Credit cards	3.74	3.51	
Mortgages	0.02	(0.03)	
UK Retail Banking	0.87	0.79	
Insurance and Investments	-	-	

Wholesale and International Banking	0.31	0.52
Total charge - comparable basis	0.63	0.68
Discontinued operations	-	(19.92)
Other IFRS adjustments applied from 1 January 2005	0.19	-
Total charge	0.80	0.63

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13. Capital ratios

	30 June 2005 GBPm	1
Capital		
Tier 1	10,873	
Tier 2	9,184	
	20,057	
Supervisory deductions	(6,658)	
Total capital	13,399	
Risk-weighted assets	GBPbn	
UK Retail Banking	59.3	
Insurance and Investments	2.2	
Wholesale and International Banking	76.7	
Central group items	1.7	
Total risk-weighted assets	139.9	
Risk asset ratios		
Total capital	9.6%	
Tier 1	7.8%	

	Half-year to 30 June	Half- 31 D

	2005	2004
	%	%
Post-tax return on average risk-weighted assets	1.79	1.86
Post-tax return on average risk-weighted assets*	1.88	1.92

*comparable basis

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14. Balance sheet information

	30 2 G
Deposits - customer accounts	
Sterling:	
Non-interest bearing current accounts	3
Interest bearing current accounts	37
Savings and investment accounts	59
Other customer deposits	18
Total sterling	118
Currency	12
Total deposits - customer accounts	130
Loans and advances to customers	
Domestic:	
Agriculture, forestry and fishing	2
Manufacturing	5
Construction	2
Transport, distribution and hotels	7
Property companies	7
Financial, business and other services	16
Personal : mortgages	83
: other	23
Lease financing	6
Hire purchase	4
Other	5
Total domestic	165
International:	
Latin America	
United States of America	1
Europe	1
Rest of the world	
Total international	4
	169
Impairment provisions for loans and advances	(2

Total loans and advances to customers	167

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15. Movements in subordinated liabilities

Balance at 1 January 2004
Matured/repaid in the period
Other
Balance at 30 June 2004
Issued in the period
Matured/repaid in the period
Other
Balance at 31 December 2004
Adjustments on transition to IAS 32, IAS 39 and IFRS 4
Restated balance at 1 January 2005
Issued in the period
Other
Balance at 30 June 2005

16. Economic profit

	Half-year to 30 June 2005	2004	Hal 31
Statutory basis	GBPm	GBPm	
Average shareholders' equity	9,741	10,531	
Profit attributable to equity shareholders	1,192	1,094	
Less: notional charge	(435)	(471)	
Economic profit	757	623	
Comparable basis			
Average shareholders' equity	11,399	10,531	

Profit attributable to equity shareholders	1,237	1,126
Less: notional charge	(509)	(471)
Economic profit	728	655

Economic profit represents the difference between the earnings on the equity invested in a business and the cost of the equity. The notional charge has been calculated by multiplying average shareholders' equity by the cost of equity used by the Group of 9 per cent (2004 first half: 9 per cent).

17. Earnings per share

	Half-year to 30 June 2005	2004	Ha 31
Comparable basis			
Basic			
Profit attributable to equity shareholders	GBP1,237m	GBP1,126m	
Weighted average number of ordinary shares in issue	5,592m	5,589m	
Earnings per share	22.1p	20.1p	
Statutory basis			
Basic			
Profit attributable to equity shareholders	GBP1,192m	GBP1,094m	
Weighted average number of ordinary shares in issue	5,592m	5,589m	
Earnings per share	21.3p	19.6p	
Fully diluted			
Profit attributable to equity shareholders	GBP1,192m	GBP1,094m	
Weighted average number of ordinary shares in issue	5,637m	5,624m	
Earnings per share	21.1p	19.5p	

18. Tax

The effective rate of tax was unchanged at 28.2 per cent compared to the first half of 2004, and lower than the standard UK corporation tax rate of 30 per cent.

A reconciliation of the charge that would result from applying the standard UK corporation tax rate to profit before tax to the tax charge, is given below:

	Half-year to 30 June 2005 GBPm	2004 GBPm	Half-… 31 De…
Profit before tax	1,676	1,568	
Tax charge thereon at UK corporation tax rate of 30%	503	470	
Factors affecting charge:			
Disallowed and non-taxable items	12	10	
Overseas tax rate differences	(4)	(3)	
Net tax effect of disposals and unrealised gains	(18)	(6)	
Tax deductible coupons on non-equity minority interests	-	(6)	
Life companies tax accounting	(14)	(19)	
Other items	(7)	(4)	
Tax charge	472	442	

The reduction in the effective rate from life companies tax accounting was 0.8 per cent. Under IFRS, the Group's life companies include the value of insurance contracts within profit before tax on a net basis. The tax charge does not, therefore, include an amount attributable to the value of the life companies' in-force business. The impact of this on the effective tax rate is partly offset by the inclusion of policyholder tax within the Group's tax charge.

19. Loss on sale of businesses

During the first half of 2004, the Group disposed of its businesses in Panama and Guatemala and recognised a goodwill write-off related to the disposal of its businesses in Colombia; during the second half of 2004 the Group disposed of its businesses in Colombia, Argentina and Honduras.

	Half-year to 30 June	Hal… 31

	2005 GBPm	2004 GBPm
Colombia	-	(10)
Argentina	-	-
Panama, Guatemala and Honduras	-	(3)
	-	(13)

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20. Scottish Widows - realistic balance sheet information

Financial Services Authority (FSA) returns for large with-profits companies now include realistic balance sheet information. The information included in FSA returns concentrates on the position of the with-profits fund. However, under the Scottish Widows demutualisation structure, which was court approved, the fund is underpinned by certain assets outside the with-profits fund and it is more appropriate to consider the long-term fund position as a whole to measure the realistic capital position of Scottish Widows. Estimated positions at 30 June 2005 are shown below, together with the actual position at 31 December 2004.

30 June 2005 (estimated)	With-profits fund GBPbn	Long
Available assets, including support account	19.6	
Realistic value of liabilities	(18.5)	
Working capital for fund	1.1	
Working capital ratio	5.5%	
Risk capital margin cover	2.5 times	

31 December 2004	With-profits fund GBPbn	Lon
Available assets, including support account	19.1	
Realistic value of liabilities	(18.1)	
Working capital for fund	1.0	
Working capital ratio	5.1%	
Risk capital margin cover	2.4 times	

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21. Dividend

An interim dividend for 2005 of 10.7p per share (2004: 10.7p) will be paid on 5 October 2005.

Shareholders who have already joined the dividend reinvestment plan will automatically receive shares instead of the cash dividend. Key dates for the payment of the dividend are:

Shares quoted ex-dividend

Record date

Final date for joining or leaving the dividend reinvestment plan

Interim dividend paid

22. Other information

Results for the half-year ended 30 June 2005 were approved by the directors on 28 July 2005.

The financial information included in this news release does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. Statutory accounts for the year ended 31 December 2004 were delivered to the registrar of companies. The auditors' report on these accounts 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 Companies Act 1985.

CONTACTS

For further information please contact:-

Michael Oliver
Director of Investor Relations
Lloyds TSB Group plc
020 7356 2167
E-mail: michael.oliver@ltsb-finance.co.uk

Mary Walsh
Director of Corporate Relations
Lloyds TSB Group plc
020 7356 2121
E-mail: mary.walsh@lloydstsb.co.uk

Copies of this news release may be obtained from Investor Relations, Lloyds TSB Group plc, 25 Gresham Street, London EC2V 7HN. The full news release can also be found on the Group's website - www.lloydstsb.com.

A copy of the Group's corporate responsibility report may be obtained by writing to Corporate Responsibility, Lloyds TSB Group plc, 25 Gresham Street, London EC2V 7HN. This information together with the Group's code of business conduct is also available on the Group's website.

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LLOYDS TSB GROUP plc
(Registrant)

By: M D Oliver

Name: M D Oliver

Title: Director of Investor Relations

Date: 29 July 2005