

# East Asia

(South Korea, Taiwan, Indonesia, Thailand, Malaysia)

## Euro Medium-Term Note / 3-Year Structured Note in USD

100% or 95% capital protection at maturity

### Final terms

Issuer	Lloyds TSB Bank plc
Rating	Aaa (Moody's)
Calculation Agent	Lloyds TSB Bank plc
Currency	USD
Minimum investment	USD 20,000 (minimum increments of USD 10,000)
Underlying Index Basket	
31%	Korea Stock Exch. KOSPI 200 Index (KOSPI2)
24%	MSCI Taiwan Index (TWY)
22%	MSCI Indonesia Index (MXID)
15%	Kuala Lumpur Stock Exch.Comp. Index (KLCI)
8%	MSCI Thailand Index (MXTH)
Subscription date	15.01.2007
Effective date	16.01.2007 (closing level)
Payment date	23.01.2007
Final Observation date	18.01.2010
Maturity and Repayment Value date	25.01.2010
Issue Price	100%
Capital protection level	<b>Series I:</b> 100% <b>Series II:</b> 95%
Participation ratio	<b>Series I:</b> 92% of the average Index Basket performance <b>Series II:</b> 129% of the average Index Basket performance
Averaging Method used for Index Basket performance (Asian End)	3-year full term, simple average of 12 quarterly observation points
Early Redemption fee	Please see under "What happens if I want to withdraw my investment before maturity? "
Clearing	Euroclear / Clearstream
Security no.	<b>Series I:</b> temporary no: 462'509 <b>Series II:</b> temporary no: 462'510

### What is it?

It is a Euro Medium-Term Note (EMTN) denominated in USD with a return linked to the positive average performance of an East Asian Index Basket. Two Series are available, Series I carries a 100% capital protection at maturity, Series II carries a 95% capital protection at maturity.

### How does it work?

At maturity, investors will receive:

- Series I: 100% of the invested capital plus 92% of the positive average Index Basket performance over 3 years
- Series II: 95% of the invested capital plus 129% of the positive average Index Basket performance over 3 years

The performance of the Index Basket is calculated using quarterly averaging during the full 3-year term of the note (12 quarterly observation points).

Please see below under "Calculation of Return" for further details.

### Who is it for?

The 100% capital protected version is designed for conservative investors who are interested in medium-term access to East Asian equity markets. For balanced investors, a version with 95% capital protection is available.

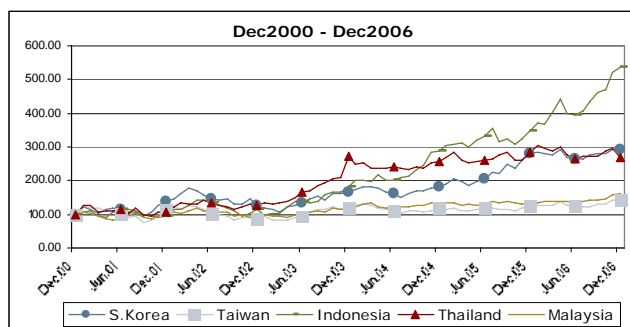
### What is the investment rationale?

- After four years of underperformance compared to emerging peers, emerging Asia as a whole looks as the most attractive region within the global emerging equity markets' universe.
- Emerging Asia should offer the highest rates of economic growth in the world, with an average 6.2% rise in GDP seen in 2006 and 5.9% expected in 2007. It compares favourably with the average rate of 5.7% for global emerging markets overall and with the world's average GDP growth rate of 3.8% expected in 2006.
- Asian economies are financially stable, thanks to their overall good current account balances, decreasing public debts and rising foreign exchange reserves. The region's current account balances are expected to show an average surplus of 3.0% of GDP in 2006. With an average ratio of public debt to GDP estimated at 45%, emerging Asian economies are not overly indebted. Healthy fiscal and external positions should allow the region to weather a potential deterioration in global liquidity conditions.

- We favour markets with solid financial balances - in terms of current accounts and public debts - and undemanding valuations. In East Asia, our main country picks are South Korea, Taiwan and Indonesia. These markets are attractively valued on most parameters (P/E, P/Book, dividend yield); they run current account surpluses and their indebtedness level is below the global emerging markets' average.
- Several ASEAN countries (e.g. Indonesia, Malaysia, Thailand, Philippines) look well positioned to benefit from high economic growth on the back of lower energy prices, declining interest rates and their relatively low trade exposure to the United States. Malaysia is a solid and defensive market within the Asian context, as it has outstanding macroeconomic fundamentals with solid GDP growth (5.9% expected in 2006 and 5.4% in 2007) and one of the world's highest current account surpluses at 14% of GDP.
- In December and January, the Central Bank and the Ministry of Finance of Thailand disappointed financial markets with a series of far-reaching market-unfriendly decisions aiming at limiting short-term money inflows and reinforcing control over foreign business ownership. The country's reputation with investors has deteriorated as a result. However, following the sharp correction in the market, we stick to our neutral stance towards Thai equities. This stance is based on two main considerations:
  - a) the Thai stock market is very attractive (in terms of valuation, it is the cheapest in Asia)
  - b) it may nevertheless remain volatile until the parliamentary elections planned for October 2007, which should lead to a return to democracy, following the coup on 19 September 2006.

### The Underlying Index Basket

Country	Index	Weighting
South Korea	KOSPI 200 Index (KOSPI2 Index)	31%
Taiwan	MSCI Taiwan Index (TWY Index)	24%
Indonesia	MSCI Indonesia Index (MXID Index)	22%
Malaysia	Kuala Lumpur Composite Index (KLCI Index)	15%
Thailand	MSCI Thailand Index (MXTH Index)	8%



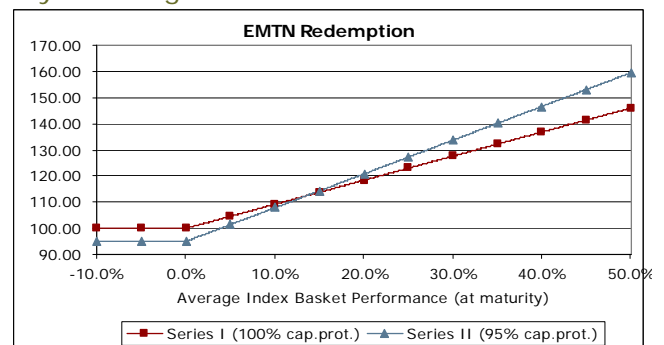
(Source: Bloomberg, 31.12.06)

### Pay-out Table

3 year average Index Basket performance	3 year EMTN payout at maturity (Series I)	3 year EMTN payout at maturity (Series II)
-10%	100.00	95.00
0%	100.00	95.00
5%	104.60	101.45
10%	109.20	107.90
20%	118.40	120.80
30%	127.60	133.70
40%	136.80	146.60
50%	146.00	159.50

Series II only: At maturity, the average Index Basket performance is added to the Capital Protection Level of 95%, i.e. if the average Index Basket performance at maturity is 30%, the EMTN will be reimbursed at 133.7% (95% protection level + 129% of the average Index Basket performance (30.0%) = 38.7%). In case of an average Index Basket performance that is negative or very low, the EMTN redemption can therefore be below 100%, but not below the protection level of 95%.

### Pay-out Diagram



### Associated Risks

- Although there is either no loss or a limited loss (depending on the capital protection chosen) of original investment if held to maturity, and the product offers you potentially unlimited upside, if the performance of the Index Basket is negative you will only receive 100% or 95% of your original investment at maturity. This is in contrast to other investments, where you might expect income and/or capital appreciation, for example by placing the same amount of money in an interest bearing deposit account
- Risk of default of the issuer, although it should be noted that Lloyds TSB has a credit rating allocated to banks with the lowest possible risk of default
- If you are required to sell the note prior to maturity you could receive significantly less than your initial investment as the capital protection only applies at maturity. If you wish to sell before maturity an early redemption fee is applied (see below)

### How long is my money invested for?

Your money is invested in this structured product for a period of 3 years.

### What happens if I want to withdraw my investment before maturity?

Lloyds TSB will endeavour to provide a secondary market for early termination daily at market value, which may be less than the amount initially invested. In addition to considerations of market value, an early redemption fee of minimum 1% will be applied and is calculated as follows:

$$2\% - \frac{1\% \times m}{24}$$

m being defined as the number of calendar months since the product's issue date. Hence, for the first two years of the product the early redemption fee will be higher, decreasing from 2% immediately after launch to 1% after 2 years.

### What does it offer that a cash account does not?

A chance to get better returns than cash based on the performance of the chosen Index Basket.

### What does Capital Protection mean?

It means that you will at least get your capital back at maturity if you have chosen 100% capital protection. If you have chosen 95% capital protection, you will at least get back 95% of the Note's nominal amount.

### Calculation of Return

On the Repayment Value date, the investor will receive the higher of:

#### Series I:

- a) *Nominal Amount x 100%*  
or  
b) *Nominal Amount x 100% + {Nominal Amount x (92% x average Index Basket performance)}*

#### Series II:

- a) *Nominal Amount x 95%*  
or  
b) *Nominal Amount x 95% + {Nominal Amount x (129% x average Index Basket performance)}*

- The average Index Basket performance is defined as:

$$\left( \begin{array}{l} 31\% \times \text{South Korea Index performance} + \\ 24\% \times \text{Taiwan Index performance} + \\ 22\% \times \text{Indonesia Index performance} + \\ 15\% \times \text{Malaysia Index performance} + \\ 8\% \times \text{Thailand Index performance} \end{array} \right)$$

Where the Underlying Index performance =

$$\frac{(\text{Average Underlying Index level} - \text{Underlying Index Start level})}{(\text{Underlying Index Start level})}$$

- The Average Underlying Index level is defined as: the simple average of 12 quarterly points, (i.e. over the full term of the product), each point being the closing level of the relevant Underlying Index as at the close of business on the Observation Dates
- The Underlying Index Start level is defined as: the closing level of the relevant Underlying Index as at the close of business on the Effective Date
- The Observation Dates are defined as: 16th of each April, July, October and January, adjusted for good business days, from 16.04.2007 up to and including 18.01.2010
- The Underlying Indices are:
  - South Korea: Korea Stock Exchange KOSPI 200 Index (Bloomberg: KOSPI2 Index)
  - Taiwan: MSCI Taiwan Index (Bloomberg: TWY Index)
  - Indonesia: MSCI Indonesia Index (Bloomberg: MXID Index)
  - Thailand: MSCI Thailand Index (Bloomberg: MXTH Index)
  - Malaysia: Kuala Lumpur Stock Exchange Composite Index (Bloomberg: KLCI Index)

### Important information

This document is for information only and should not be relied upon as authoritative. No representation is made as to its accuracy or completeness and Lloyds TSB Group accepts no liability for any loss arising from any use of this document or its contents.

The above described product is not a participation in an investment fund and as such is not subject to supervision by the Swiss Federal Banking Commission.

Lloyds TSB Bank plc makes no representation as to the existence of a secondary market for the Notes. The market value can be expected to fluctuate significantly and investors should be prepared to assume the market risks associated with these Notes.

The EMTN described herein has not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act") or any state securities law, and may not be offered or sold within the United States or to or for the account or benefit of any US person, except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act.

The terms and conditions in this document are purely indicative and are subject to the final expression of the terms as detailed in the definitive Pricing Supplement, the relevant EMTN Offering Circular and all related Agreements and documents issued by Lloyds TSB Bank plc London.

Lloyds TSB will endeavour to provide a secondary market for early termination daily at market value which may be less than the amount initially invested. However, there is no assurance that a secondary market will exist. Should a secondary market be available, an early redemption fee will be applied. Please refer to "What happens if I want to withdraw my investment before maturity?".

In case of substantial change in market conditions, we reserve the right to cancel the offering. In case of oversubscription, orders will be handled on a 'first come first serve' basis. We also reserve the right to scale back subscription amounts if necessary.

Lloyds TSB does not assume any responsibility for product suitability for product placements made with institutional or private clients who are not existing clients of Lloyds.

### What next ?

Please contact your Relationship Manager who can provide you with further information as well as a document with technical information on this product.

### Alternatively you can contact:

Lloyds TSB Bank plc  
Geneva Branch  
Equity Advisory Desk, Financial Markets  
Place Bel-Air 1  
P.O. Box 5145  
1211 Geneva 11  
Switzerland

This document is issued by Lloyds TSB Bank plc, Geneva. For investors in the United Kingdom the UK regulatory protections, including the Financial Services Compensation Scheme, as established by the Financial Services and Markets Act 2000, do not apply. Lloyds TSB Bank plc is authorised and regulated by the Financial Services Authority in the United Kingdom in respect of designated investment business.

For clients of Lloyds TSB Bank plc, DIFC Branch: This marketing material is intended for wholesale private banking clients only, as defined by Dubai Financial Services Authority regulations. Lloyds TSB Bank plc, DIFC Branch is regulated by the Dubai Financial Services Authority.