

Lloyds TSB-HBOS Takeover

Members will have seen the announcement today of the Bank's proposed takeover of HBOS. The Government has said that it will override any competition concerns "in the interests of financial stability".

'Uncertainty Is The Only Certainty'

The takeover of HBOS raises a number of important issues for Lloyds TSB staff at all levels, not least of all the question of job security.

If a takeover goes ahead it would create a British banking giant, which is no bad thing given that consolidation in the banking sector is happening across Europe, that would have over 140,000 employees, 30 million customers, 3,000 branches, many of which are located next to each other, and a market value of some £30bn. LTU supported the attempted takeover of Abbey and there is every reason now to support the takeover of one British bank by another, rather than by an overseas competitor

However, in order to make the takeover attractive there would almost certainly be large scale redundancies as overlaps and duplication of functions in almost every area of the two banks are removed. The key priority will be to ensure that any staff reductions are achieved via voluntary means.

Pensions and Takeovers

The Trustees now have more power when it comes to mergers and takeovers and it seems that they are far more willing to use those powers.

The LTSB pension schemes are in the middle of actuarial valuations which should, if the correct assumptions are used, show us the true extent of the pension scheme deficits. One of the factors the Trustees will take into account in determining the size of the deficits is the Bank's covenant or financial strength. Before the proposed takeover that covenant was strong and would have been a significant factor in determining how much and over what period LTSB should pay off its debt to the pension schemes. If the takeover goes ahead then the strength of that covenant is weakened because HBOS is exposed to the US sub-prime market.

We would expect the Trustees to use their negotiating power to exact significant, up front contributions from the Bank before any takeover is allowed to go ahead.

The Union's Executive Committee are meeting shortly to decide the Union's policy towards the takeover. In the meantime, members with any questions can contact the Union on 01234 262868 or email Mark.Brown@ltu.co.uk

Ian Partridge
General Secretary



Membership Application

LTU, St John's Terrace, 3-7 Amphil Street, Bedford MK42 9EY Tel 01234 262868 Fax 01234 262821 www.ltu.co.uk 24hours@ltu.co.uk

Title

Surname

Forename(s)

Home address

Postcode

Date of birth

Payroll number

Branch/Office/Dept

Location code

Home telephone

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Personal Email address

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Job title

Pay band

Date of joining group

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Date

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