



64/09

9 JUNE 2009

FOR IMMEDIATE RELEASE

LLOYDS BANKING GROUP ANNOUNCES ORGANISATIONAL CHANGES

Lloyds Banking Group is announcing a number of organisational changes, primarily in its Retail division. These changes follow a careful and detailed review by the business of the Group's mortgage brands, which are amongst the strongest in the UK. The Group will operate a multi-brand mortgage business whilst removing some of the overlap that exists in its extensive portfolio. Cheltenham & Gloucester (see below) has a strong customer base and will play a significant role in the Group's mortgage and savings portfolio. A major priority is to ensure that these changes cause as little disruption as possible to customers and continue to provide the high level of service that characterises the C&G brand.

As a result of these initiatives, regrettably, there will be an impact on some colleagues. Lloyds Banking Group is committed to working through these changes with colleagues carefully and sensitively. Colleagues have already been briefed about the announcement. The Group is focused on building its Retail business which is strongly positioned in the UK.

The Group's mortgage business

- The Cheltenham & Gloucester (C&G) branch network will close in November as C&G focuses on building its significant mortgage and savings direct and intermediary businesses. Cheltenham & Gloucester customers will continue to be able to manage their accounts at any of Lloyds TSB's more than 1,800 branches, over the phone and by post.
- From 1 July, the Group's mortgage intermediary brands will be Birmingham Midshires, C&G, Halifax and Scottish Widows. Bank of Scotland and Intelligent Finance will no longer write new intermediary business and there will be no change for existing customers.
- The Group's mortgage businesses will continue to be managed primarily from Gloucester, Halifax and Pendeford.

Personal loans

- The Group's personal loans product team will move from Chester to London by end of 2011 and there will be a reduction in the number of colleagues employed in this operation.
- The Group will increase the size of its Black Horse direct sales operation whilst, at the same time, reducing the number of its Black Horse sales centres from 92 to 61.

Effect on colleagues

- Up to 1,660 full time jobs will be affected by these changes. The unions Accord, GMB, LTU and Unite were consulted prior to this announcement and will continue to be consulted throughout the process.

Cheltenham & Gloucester branch network to close

The Group is closing its network of 164 C&G branches in November as C&G focuses on building its significant mortgage and savings direct and intermediary businesses. These changes will result in the loss of 833 full time jobs which will affect up to 928 full time and part time colleagues.

C&G is writing to its customers to explain the changes. C&G customers who wish to use a branch can, as now, manage their C&G mortgage and savings accounts at any of the more than 1,800 Lloyds TSB branches. For the overwhelming majority of C&G branches, there is an existing Lloyds TSB branch within 400 metres. Customers can also manage their accounts and open new mortgage and savings accounts over the phone and by post. There will be no change to the terms and conditions of existing C&G savings and mortgage accounts.

More broadly, Lloyds Banking Group has a substantial branch network and will continue to have a strong presence on the high street across the UK.

A multi-brand mortgage business

As previously announced in December, Lloyds Banking Group will operate a multi-brand mortgage business. We will continue to offer new mortgages in the intermediary market through; Birmingham Midshires, C&G, Halifax and Scottish Widows brands. From 1 July, Bank of Scotland and Intelligent Finance, whilst continuing to service the needs of existing customers, will no longer write new intermediary mortgage business. These changes will result in the loss of 159 full time jobs across the intermediary sales teams.

As previously announced, Bank of Scotland, Halifax and Lloyds TSB will all operate on the high street, providing new mortgages and a range of other products directly to customers. Later this year, Bank of Scotland - which currently provides Halifax branded mortgages on the high street - will offer Bank of Scotland branded mortgages.

The Gloucester based headquarters for C&G, Halifax in West Yorkshire and the Pendeford, West Midlands, based headquarters for Birmingham Midshires will remain very important locations for the Group. The Group's mortgage businesses will continue to be managed primarily from these key centres.

Retail product and support functions

Retail is combining a number of product and support roles, such as product development, risk and finance across both heritage businesses. One integrated business unit will be formed which will be based across a number of different locations. This will result in the loss of around 168 full-time jobs across the UK over the next 12 months.

Personal loan business

The Group's personal loans product team will be moved to one site in London and there will be a reduction in the number of colleagues employed in this operation. These changes will result in the loss of up to 265 full-time jobs, mainly based in Chester.

The Group is also making changes to its Black Horse Personal Finance business which provides point of sale finance to customers. The Black Horse direct sales operation is being increased, including potentially recruiting more colleagues next year, while, at the same time, the number of Black Horse centres will reduce from 92 to 61. Black Horse is also reorganising its CarSelect business and will move from Cardiff to Birmingham. On a combined basis, these changes will result in the loss of 140 full-time jobs by October.

Managing change for colleagues

All affected colleagues have been briefed by their line manager today. The changes to the business will result in the loss of circa 1,660 full time jobs. Lloyds Banking Group is committed to working through these changes with colleagues carefully and sensitively. The unions Accord, GMB, LTU and Unite were consulted prior to this announcement and will continue to be consulted throughout the process.

The Group's preference is to use natural turnover, make less use of contractors and to redeploy people wherever possible to retain their expertise and knowledge. Where it is necessary for colleagues to leave the company, it will look to achieve this by voluntary severance. Compulsory redundancies will be a last resort.

Helen Weir, Group Executive Director, Retail, Lloyds Banking Group said:

“Cheltenham & Gloucester is a very strong brand. The strategic focus for C&G from now on will be to further strengthen its intermediary and direct savings businesses. Another major priority for us is to ensure that we manage the closure of the C&G branch network so that it causes as little disruption as possible to our customers. We have a number of measures in place to achieve this.

“It is always difficult to make decisions about our business that affect our colleagues. We will work through these changes carefully and sensitively and continue to consult closely with our unions throughout the process.”

-ends-

For further information:

Name: Shane O’Riordain
Telephone: 020 7356 1008 / 07770 544 585
Email: shane.o’riordain@lloydsbanking.com

Name: Leigh Calder
Telephone: 020 7356 1347
Email: leigh.calder@lloydstsb.co.uk

Name: Eleanor Ross
Telephone: 020 7356 1714
Email: Eleanor.ross@lloydstsb.co.uk

Notes to editors

Cheltenham & Gloucester: Mortgages will be offered via the intermediary network and C&G Mortgage Direct. New savings products can be opened and existing mortgage and savings products can be serviced via the telephone and post as well as Lloyds TSB branches. C&G has a mortgage book of £94.6bn and savings balances of £11.6bn. Ninety five per cent of C&G branded mortgages are sold through the intermediary network while the majority of savings business is conducted over the phone and by post.

Intelligent Finance: No new mortgage business but savings and investment vehicles will continue to be available to new customers via the phone and web as usual.

Black Horse Personal Finance: Black Horse Personal Finance provides secured and unsecured loans to individual customers through its finance centres across the country and through direct channels.