



RESPONSIBLE BUSINESS PERFORMANCE AND HELPING BRITAIN PROSPER PLAN

Mike Butters, Director of Investor Relations

Paul Turner, Director of Sustainable Business

Caroline McCarthy-Stout, Head of Responsible Business Strategy
& Reporting

16 April 2015



Performance Update	Mike Butters Director of Investor Relations
Corporate Governance	Paul Turner Director of Sustainable Business
Helping Britain Prosper	Caroline McCarthy-Stout Head of Responsible Business Strategy & Reporting
Summary	Mike Butters Director of Investor Relations

CLEAR STRATEGIC FOCUS & DIFFERENTIATED BUSINESS MODEL

Successfully transformed the business and well positioned to continue to deliver our strategy given our track record and clear differentiated business model



- **Low cost, low risk, UK focused retail and commercial bank**
- **Customers remain at the heart of our strategy**
- **Digital capability positions us well for the future**
- **Multi brand, multi channel model to optimise customer reach**
- **Simple, efficient processes and operations**
- **We have significantly improved the Group's financial performance and have a proven track record of delivery**

Our strategic priorities

**Creating the best
customer experience**

**Becoming simpler and
more efficient**

**Delivering sustainable
growth**

FINANCIAL PERFORMANCE

Substantial increase in underlying profit



(£m)	2014	2013	Change
Net interest income	11,761	10,884	8%
Other income	6,607	7,259	(9)%
Underlying income	18,368	18,143	1%
SJP	–	662	
Income	18,368	18,805	(2)%
Costs	(9,412)	(9,635)	2%
Impairment	(1,200)	(3,004)	60%
Underlying profit	7,756	6,166	26%
Statutory profit before tax	1,762	415	325%
Statutory profit after tax	1,499	(802)	–

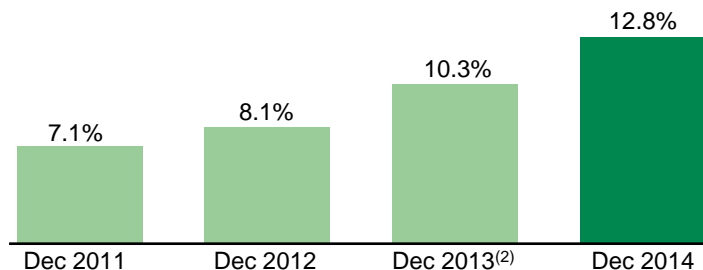
- **Underlying income (excluding SJP) up 1%**
 - Strong NII performance, up 8%, driven by higher margins
 - Reduction in other income reflects challenging environment and disposals
- **Continued progress on costs**
 - 2% reduction with enhanced Simplification target delivered
 - 3% underlying positive jaws, excluding SJP
- **Impairment down 60%, AQR of 24bps**
- **Underlying profit up 26%, and up 40% excluding SJP**
- **Statutory profit includes PPI and other regulatory provisions, ECN exchange and Simplification costs**

DELIVERY OF STRATEGY HAS TRANSFORMED THE BUSINESS

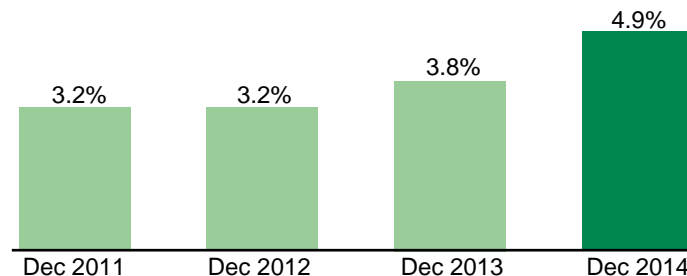
We have significantly strengthened our capital and leverage ratios together with improving our loan deposit ratio



Fully loaded common equity tier 1



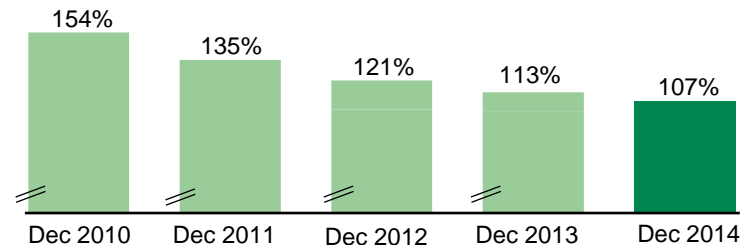
Leverage ratio



Total capital



Loan to deposit ratio⁽¹⁾



⁽¹⁾ Excluding repos and reverse repos. ⁽²⁾ Pro forma fully loaded common equity tier 1 capital ratio and leverage ratios.

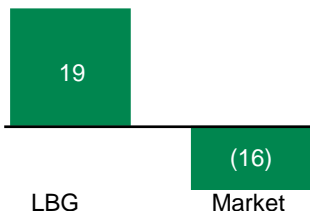
DELIVERING FOR OUR CUSTOMERS

We are focused on becoming the best bank for customers

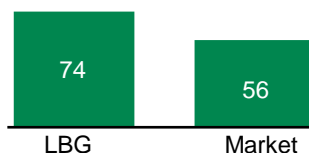


Lending to SMEs & first time buyers (%)

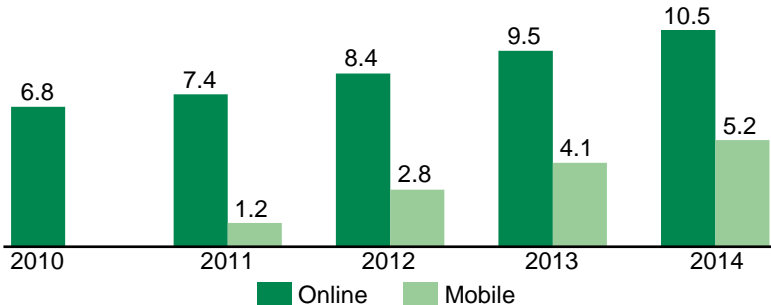
Net lending growth to
SMEs since 2010



FTB customer growth
since 2010



Active digital users⁽¹⁾ (m)



- **Supporting households, businesses and communities over the past 4 years in line with our Helping Britain Prosper plan**

- We have helped over 275,000 first time buyers to get onto the housing ladder
- Over 470,000 start-up businesses supported, and £5bn of net lending to SMEs

- **We are investing in our multi-channel proposition to meet the changing needs of customers**

- 1/3 of Simplification savings reinvested into the business
- Customer benefits include convenience, efficiency and reduced processing times
- Digital prioritised to reflect customers' evolving preferences – 10.5m active online users and 5.2m mobile customers

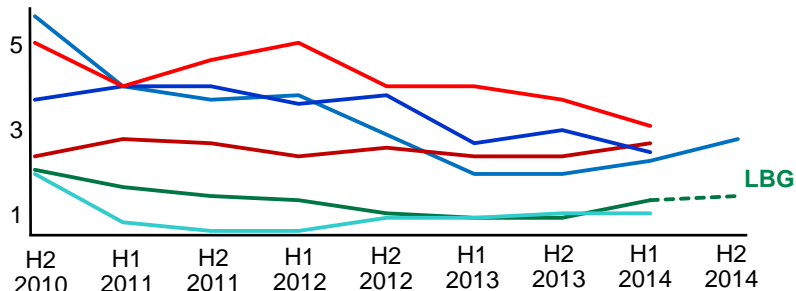
⁽¹⁾ 2013 and 2014 actuals excluding TSB, 2010 – 2012 shown net of estimated TSB component.

DELIVERING FOR OUR CUSTOMERS

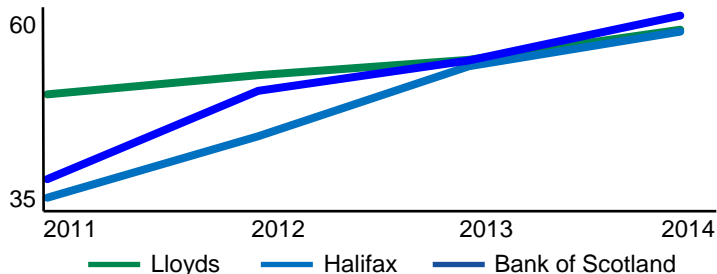
Customer service continues to improve as we transform our culture and control environment



Lower complaints⁽¹⁾



Increasing net promoter score (NPS)



- Customer service measures improved**

- Complaints have fallen from 2.4 to 1.5 per 1,000 accounts, and are approximately 50% lower than the major banking peer average⁽²⁾
- FOS overturn levels best in class, falling from c.40% in 2011 to 28%⁽³⁾
- Improved customer satisfaction, with NPS higher across all banking brands

- Transforming culture and strengthening the control environment**

- Product governance embedded as a key control to identify and monitor risk
- Branch staff performance and reward schemes redesigned with focus on customer service
- A simpler and more transparent product range

⁽¹⁾ FCA reportable banking complaints per 1,000 accounts (excluding PPI). ⁽²⁾ Comparison at H1 2014. ⁽³⁾ Excluding PPI.



Performance Update	Mike Butters Director of Investor Relations
Corporate Governance	Paul Turner Director of Sustainable Business
Helping Britain Prosper	Caroline McCarthy-Stout Head of Responsible Business Strategy & Reporting
Summary	Mike Butters Director of Investor Relations

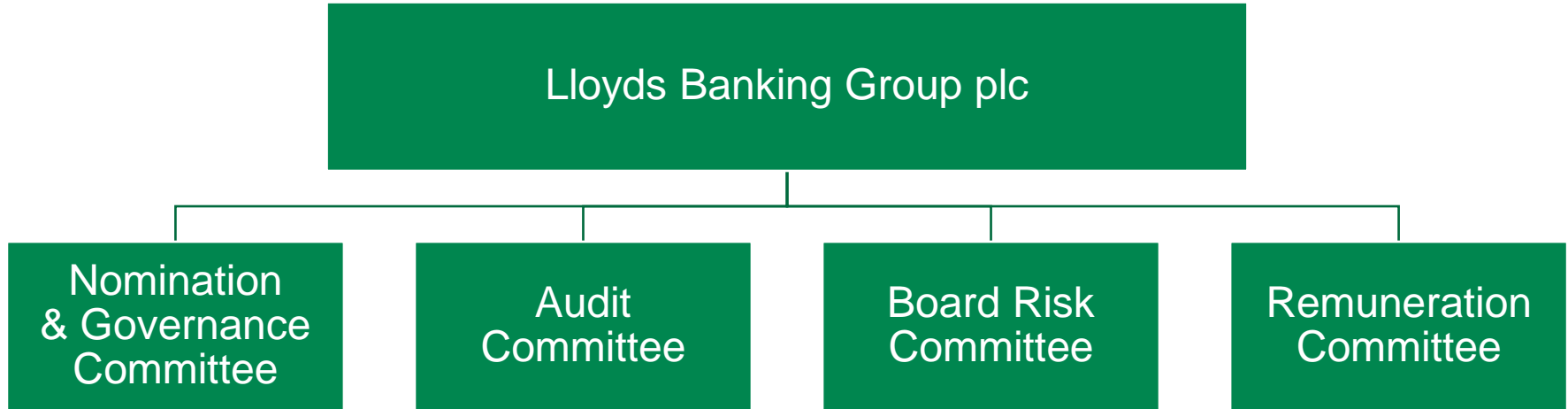
RESPONSIBLE BUSINESS FRAMEWORK

How it all fits together



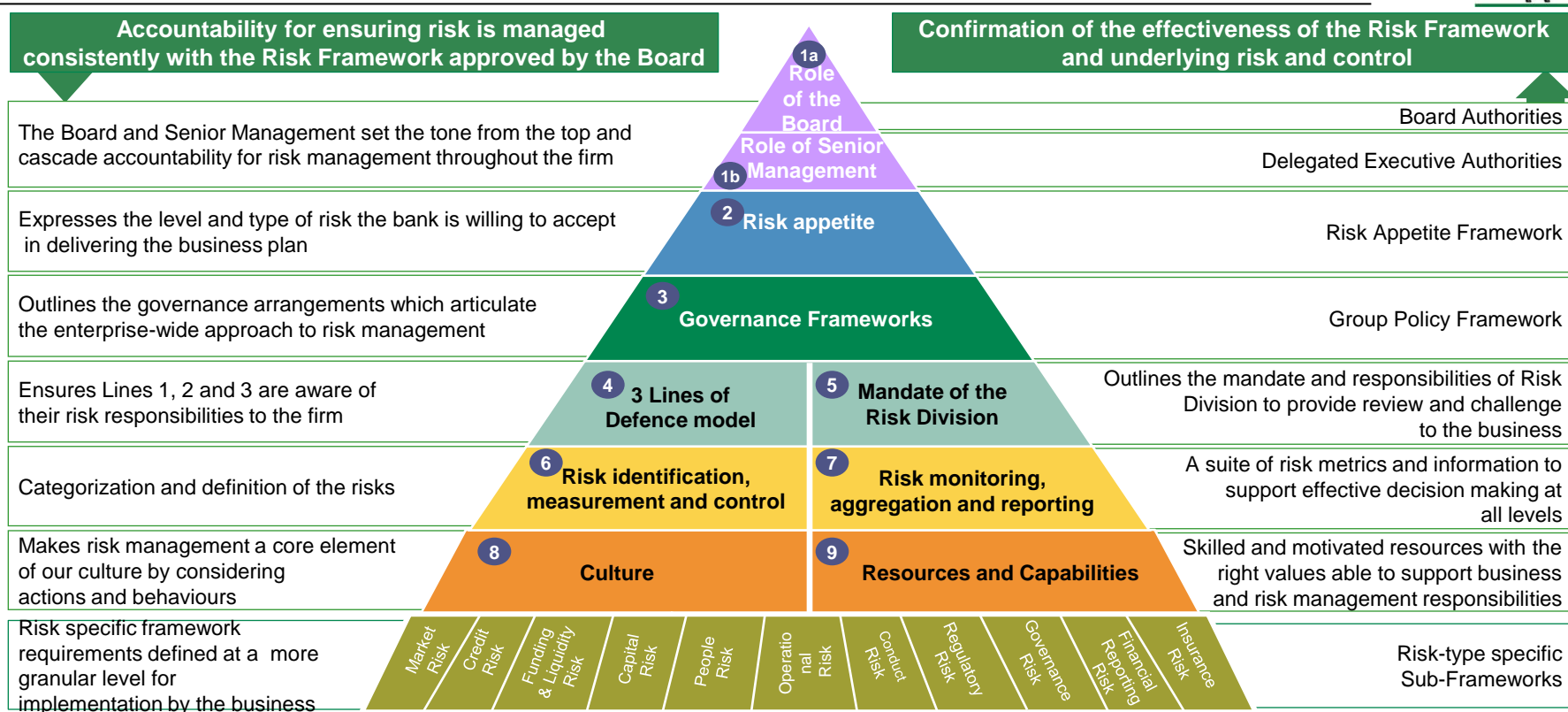
GOVERNANCE

High standards of corporate governance



MANAGING RISK

Risk management framework





Performance Update	Mike Butters Director of Investor Relations
Corporate Governance	Paul Turner Director of Sustainable Business
Helping Britain Prosper	Caroline McCarthy-Stout Head of Responsible Business Strategy & Reporting
Summary	Mike Butters Director of Investor Relations

HELPING BRITAIN PROSPER PLAN

People across Britain are facing some big issues the Helping Britain Prosper Plan is our response to them

LLOYDS
BANKING
GROUP



- **2014 Helping Britain Prosper Plan**

- 7 commitments and over 20 measures/targets
- Helping to tackle issues such as getting on the housing ladder finding a job or growing business

- **2015 Plan**

- Reflects market changes and the Group's strategic review

1

We'll help more customers get on the housing ladder – and more customers climb up it.

2

We'll help our customers plan and save for later life.

3

We'll take a lead in financial inclusion to enable all individuals to access and benefit from the products and services they need to make the most of their money.

4

We'll help UK business to start up, scale up, and trade internationally to support the long term strength of the UK economy.

5

We'll help businesses and individuals to succeed with expert mentoring and training.

6

We'll be the banking Group that brings communities closer together to help them thrive.

7

We'll better represent the diversity of our customer base and our communities at all levels of the Group.

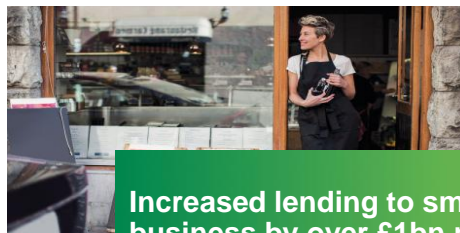
HELPING BRITAIN PROSPER PLAN 2014

Some of our 2014 achievements

LLOYDS
BANKING
GROUP



**Supported over 89,000
first time buyers**



**Increased lending to small
business by over £1bn net**



**100% Lloyds
Scholars secured
job in six months of
graduating**



**£1m additional funding to
support credit unions**



**£16.5m donated to
our Foundations**



**29% of senior roles now
held by women**

2015 HELPING BRITAIN PROSPER PLAN

Seven bold public commitments supported by 28 metrics



HELPING BRITAIN PROSPER PLAN		TARGET		PERFORMANCE	
		THIS YEAR (2015)	LONG TERM (2017)	2014	
1	We'll help more customers get on the housing ladder – and more customers climb up it	1.1 Number of first-time buyers supported through delivering the most comprehensive mortgage proposition in the UK mortgage market	1 in 4	1 in 4	●
		1.2 Share of new-build mortgages provided ¹	1 in 4	1 in 4	●
		1.3 Amount invested in smaller house-builders' projects via our Housing Growth Fund to support the house building sector	£6m	£35m (cumulative)	○
2	We'll help our customers plan and save for later life	2.1 Number of customers we help to plan for later life through company pension schemes	100,000	1.7m (cumulative)	●
		★ 2.2 Due to significant changes to personal pension rules, a new metric will be published once these changes are fully determined in order to provide our customers with the best possible outcomes	N/A	N/A	N/A
3	We'll take a lead in financial inclusion to enable all individuals to access, and benefit from, the products and services they need to make the most of their money	3.1 Amount of additional funding provided to support credit unions per year	£1m	£4m (cumulative)	●
		3.2 Share of social banking accounts we will support	1 in 4	1 in 4	●
		★ 3.3 Number of colleagues helping people and organisations use the internet to improve digital skills and financial capability ²	7,000	20,000 (cumulative)	○
		3.4 Number of community support workers accredited to deliver financial education ³	900	4,000 (cumulative)	●
4	We'll help UK businesses to start up, scale up, and trade internationally to support the long-term strength of the UK economy	4.1 Number of start-up businesses we will help to get off the ground	1 in 5	1 in 5	●
		★ 4.2 Increased amount of net lending to SMEs and Mid Markets companies per year (total cumulative)	>£2bn (£47bn)	>£2bn (£35bn)	●
		4.3 Increased amount of new funding support provided to UK manufacturing businesses per year	£1bn	£4bn (cumulative)	●
		★ 4.4 Number of businesses helped to trade internationally	72,000	75,000 (cumulative)	○
		★ 4.5 Value of UK infrastructure projects in the government's National Infrastructure Plan supported	£10bn	£30bn (cumulative)	○
		★ 4.6 % of supplier invoices paid within 30 days	96%	99%	●
5	We'll help businesses and individuals succeed with expert mentoring and training	5.1 Number of colleagues trained to mentor SMEs and social entrepreneurs ⁴	260	1,800 (cumulative)	●
		5.2 Number of entrepreneurs supported through the Lloyds Bank and Bank of Scotland Social Entrepreneurs programmes	270	1,300 (cumulative)	●
		5.3 Number of new Lloyds Banking Group Apprenticeship positions created with permanent employment	1,000	5,000 (cumulative)	●
		5.4 % of Lloyds Banking Group Apprenticeships taken up by external candidates from the UK's most disadvantaged areas	15%	30%	N/A
		5.5 % of undergraduates from low-income families (Lloyds Scholars) who have secured a job within six months of graduating from university ⁵	90%	90%	●
		METRICS		THIS YEAR (2015)	LONG TERM (2020)
6	We'll be the banking group that brings communities closer together to help them thrive	6.1 Number of paid volunteer hours used by colleagues to support community projects	320,000	>2.3m (cumulative)	●
		★ 6.2 Number of community organisations and schools supported by our volunteers or funding	19,500	60,000 (cumulative)	●
		6.3 Amount donated to the Bank's Foundations to help tackle disadvantage (£)	£17m	>£100m (cumulative)	●
		★ 6.4 Amount raised by colleagues and communities for our Charity Partners (including Matched Giving) to support those in need in our communities (£)	£4m	£22m (cumulative)	●
7	We'll better represent the diversity of our customer base and our communities at all levels of the Group	7.1 % of senior roles ⁶ to be held by women	31%	40%	●
		7.2 We will consistently increase the engagement levels of ethnic minority colleagues in all roles	66% (Colleague Survey Score)	>70% ⁷	●
		7.3 We will consistently increase the engagement levels of disabled colleagues in all roles	55% (Colleague Survey Score)	>70% ⁷	●
		7.4 We will consistently increase the engagement levels of LGBT colleagues in all roles	60% (Colleague Survey Score)	>70% ⁷	●
		★ 7.5 Maintain Gold status (>90% score) with the Business Disability Forum on our journey to be the Best Bank for colleagues and customers with disabilities ⁸	GOLD	GOLD	●

2015 HELPING BRITAIN PROSPER PLAN

What comes next

LLOYDS
BANKING
GROUP



2015 Helping Britain Prosper Plan new metrics

**Supporting infrastructure projects
to the value of £10bn**



**Investing the first £6m of our
£35m Housing Growth Fund
in smaller house builders**



**20,000 colleagues helping
individuals and businesses
make the most of digital
services over 3 years**

**Helping 72,000 British
businesses access
international markets**

REPORTING

Moving further towards an integrated approach

LLOYDS
BANKING
GROUP



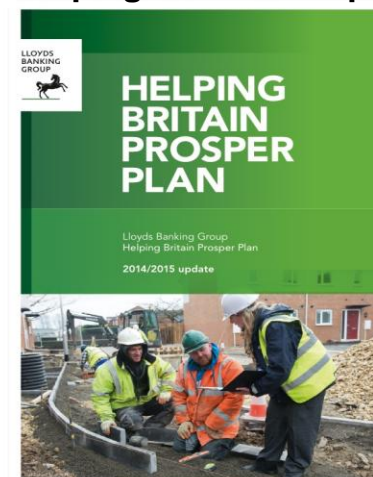
Annual Report and Accounts



Responsible Business Review



Helping Britain Prosper Plan



MATERIAL ISSUES

What our stakeholders tell us

LLOYDS
BANKING
GROUP



Treating customers fairly



Being honest and transparent



Responsible lending for all customers



Building a more responsible culture





Performance Update	Mike Butters Director of Investor Relations
Corporate Governance	Paul Turner Director of Sustainable Business
Helping Britain Prosper	Caroline McCarthy-Stout Head of Responsible Business Strategy & Reporting
Summary	Mike Butters Director of Investor Relations

SUMMARY

Becoming the best bank for our customers and shareholders while supporting the UK economic recovery and helping Britain prosper

Our business model

**Low cost,
Low risk,
Customer
focused,
UK Retail and
Commercial
bank**

Our strategic priorities

**Creating the
best customer
experience**

**Becoming
simpler and
more efficient**

**Delivering
sustainable
growth**

Our aim

**Best bank for
customers**

**Strong and
sustainable
shareholder
returns**



FORWARD LOOKING STATEMENTS

This document contains certain forward looking statements with respect to the business, strategy and plans of Lloyds Banking Group and its current goals and expectations relating to its future financial condition and performance. Statements that are not historical facts, including statements about Lloyds Banking Group's or its directors' and/or management's beliefs and expectations, are forward looking statements. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future. Factors that could cause actual business, strategy, plans and/or results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements made by the Group or on its behalf include, but are not limited to: general economic and business conditions in the UK and internationally; market related trends and developments, fluctuations in exchange rates, stock markets and currencies; the ability to access sufficient sources of capital, liquidity and funding when required; changes to the Group's credit ratings; the ability to derive cost savings; changing customer behaviour including consumer spending, saving and borrowing habits; changes to borrower or counterparty credit quality; instability in the global financial markets, including Eurozone instability and the impact of any sovereign credit rating downgrade or other sovereign financial issues; technological changes and risks to cyber security; pandemic, natural and other disasters, adverse weather and similar contingencies outside the Group's control; inadequate or failed internal or external processes or systems; acts of war, other acts of hostility, terrorist acts and responses to those acts, geopolitical, pandemic or other such events; changes in laws, regulations, accounting standards or taxation, including as a result of further Scottish devolution; changes to regulatory capital or liquidity requirements and similar contingencies outside the Group's control; the policies, decisions and actions of governmental or regulatory authorities in the UK, the European Union (EU), the US or elsewhere including the implementation of key legislation and regulation; the ability to attract and retain senior management and other employees; requirements or limitations imposed on the Group as a result of HM Treasury's investment in the Group; actions or omissions by the Group's directors, management or employees including industrial action; changes to the Group's post-retirement defined benefit scheme obligations; the ability to complete satisfactorily the disposal of certain assets as part of the Group's EU State Aid obligations; the provision of banking operations services to TSB Banking Group plc; the extent of any future impairment charges or write-downs caused by, but not limited to, depressed asset valuations, market disruptions and illiquid markets; the value and effectiveness of any credit protection purchased by the Group; the inability to hedge certain risks economically; the adequacy of loss reserves; the actions of competitors, including non-bank financial services and lending companies; and exposure to regulatory or competition scrutiny, legal proceedings, regulatory or competition investigations or complaints. Please refer to the latest Annual Report on Form 20-F filed with the US Securities and Exchange Commission for a discussion of certain factors together with examples of forward looking statements. Except as required by any applicable law or regulation, the forward looking statements contained in this document are made as of today's date, and Lloyds Banking Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements.

BASIS OF PRESENTATION

The results of the Group and its business are presented in this presentation on a underlying basis. The principles adopted in the preparation of the underlying basis of reporting are set out on the inside front cover of the 2014 Full Year Results News Release.