

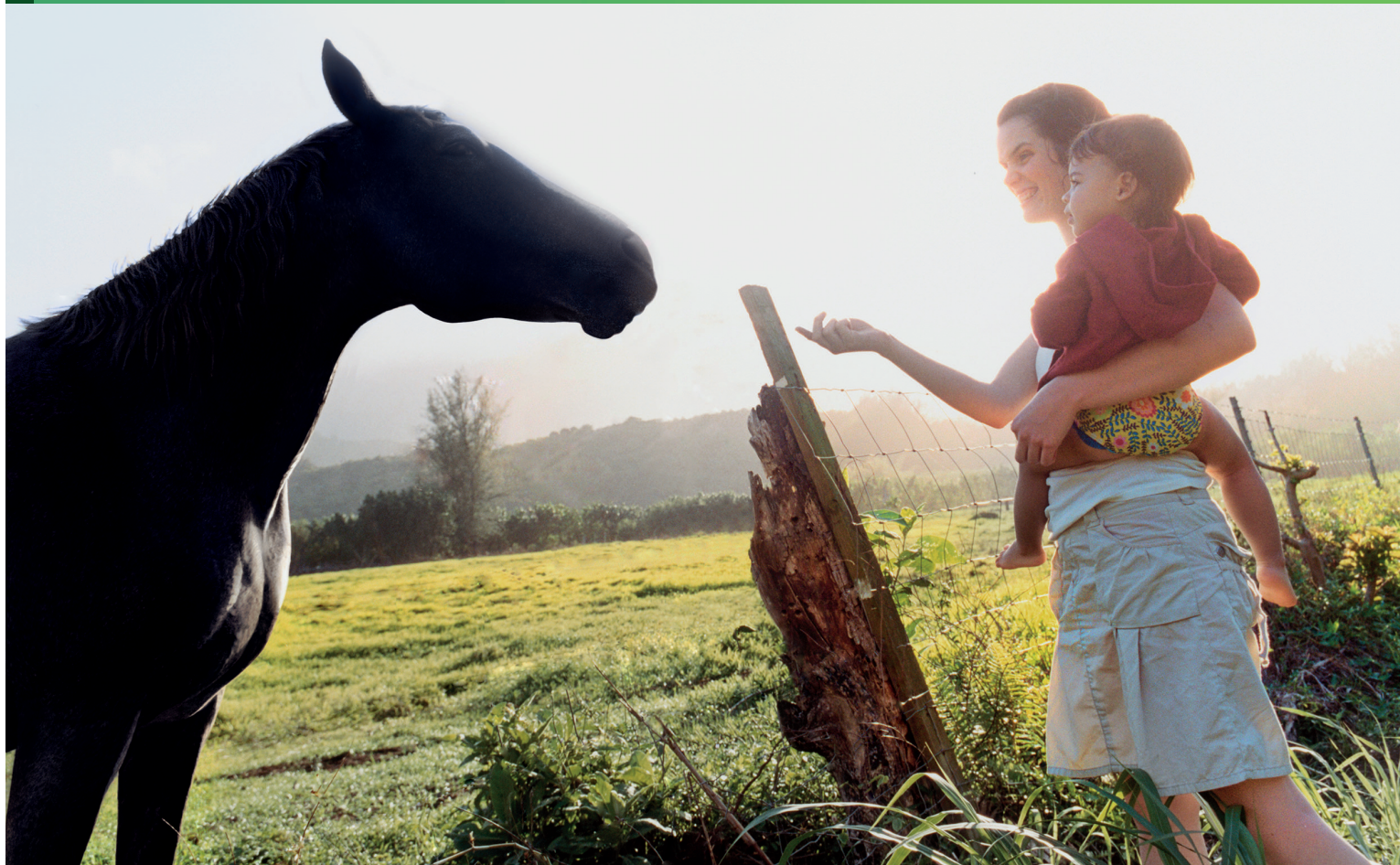
LLOYDS  
BANKING  
GROUP



# BECOMING THE BEST BANK FOR CUSTOMERS

Lloyds Banking Group plc  
Notice of Annual General Meeting

**2015**



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If you would like a paper copy of this notice, or a version in large print, Braille or on audio CD, please contact the Company's registrar, Equiniti Limited, on 0871 384 2990 or textphone 0871 384 2255 (from inside the UK) or +44 121 415 7066 (from outside the UK).

Requests may also be made in writing to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

Calls cost 8p per minute plus network extras. Calls to +44 121 415 7066 from outside the UK are charged at applicable international rates.

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# This document is important and requires your immediate attention.

## LETTER FROM THE CHAIRMAN OF LLOYDS BANKING GROUP PLC

If you have any doubt about the action you should take, it is recommended that you consult your stockbroker, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all your ordinary shares in Lloyds Banking Group plc, please give this and the accompanying documents to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was made.



26 March 2015

### Dear Shareholder

#### Annual general meeting

I am pleased to invite you to the annual general meeting (the '**AGM**') of Lloyds Banking Group plc (the '**Company**') which will be held at the Edinburgh International Conference Centre, The Exchange, Edinburgh EH3 8EE on Thursday 14 May 2015 at 11.00 am.

The notice of AGM is set out on pages 4 to 6 of this document.

A copy of the Annual Report and Accounts or Annual Review for the year ended 31 December 2014 is enclosed together with a proxy or voting form to enable you to exercise your voting rights. Members of the Lloyds Banking Group Shareholder Account will also find an annual statement of their shareholding enclosed.

The AGM is an opportunity for shareholders to express their views directly with the Board and I hope you will take the opportunity to do so.

If you cannot attend, I strongly encourage you to exercise your right to vote by appointing a proxy to vote at the AGM on your behalf. To appoint a proxy, please complete the enclosed form and send it to the Company's registrar, Equiniti Limited ('**Equiniti**'), in the envelope provided. Alternatively, you can appoint a proxy online at [www.sharevote.co.uk](http://www.sharevote.co.uk). Instructions are provided on the reverse of the enclosed form.

Proxy appointments must be received by Equiniti no later than 11.00 am on Tuesday 12 May 2015.

#### Your Dividend - Your Choice

The Board is recommending for approval at the AGM a dividend payment of 0.75 pence per ordinary share in respect of the full financial year ended 31 December 2014. The Company will be offering shareholders a choice of a share alternative to a cash dividend through the re-launch of its Dividend Reinvestment Plan ('**DRIP**').

Attached to the proxy or voting form you will find information about your dividend payment method together with forms for completion if you choose to make a change.

A guide entitled 'Your Dividend - Your Choice' is enclosed, which will help signpost the action required dependent upon your choice.

An invitation letter for the DRIP and the DRIP Terms and Conditions are also enclosed. These should be read in conjunction with the Frequently Asked Questions located on the reverse of the guide, 'Your Dividend - Your Choice', before you make your choice as to how you wish to receive your dividend payment.

We recommend that you review the dividend payment method and, if applicable, ensure that any bank/building society details provided are correct.

If you are intending to make a change or join/withdraw from the DRIP, the appropriate forms must be received by Equiniti by 5.00 pm on 21 April 2015 to ensure the dividend is paid in accordance with your instructions.

#### Recommendation

The Board considers that all of the resolutions in the notice of AGM are in the best interests of the Company and its shareholders as a whole and recommends unanimously that you vote in favour of them. Your directors intend to vote in favour of all of the resolutions, in respect of their own holdings. Biographical details of each Director seeking election or re-election are set out on pages 12 and 13 of this document.

Yours faithfully

Lord Blackwell  
Chairman

# Frequently asked questions

## Why are you holding the AGM in Scotland?

The Company's articles of association require the Company to hold its annual general meeting in Scotland.

## How do I get to the Edinburgh International Conference Centre?

The reverse of the attendance card sets out some useful travel information.

## Why should I vote?

Every shareholder is encouraged to vote. Your opinion counts and is very important in informing the Board on shareholder views. We urge you to use this opportunity to vote.

## How do I return the proxy or voting form?

Please use the enclosed envelope. Postage for UK residents has already been paid. Likewise the enclosed envelope can be used if you are mailing your proxy or voting form from overseas; you should not need to pay any further local postage costs.

## Can I lodge my proxy and voting instructions online?

Yes. Please see the reverse side of the proxy or voting form for details on how to do this.

## What is a proxy and who can be one?

A proxy is someone appointed by you to attend the meeting and vote on your behalf. This can be a person of your choosing or the Chairman of the meeting. A proxy does not need to be a shareholder in the Company but must attend the meeting if your votes are to be cast.

## I have shares in the Lloyds Banking Group Shareholder Account ('LBGSA'). The voting form does not provide an option to appoint a proxy, why is this?

In accordance with the terms and conditions of the LBGSA, only Halifax Share Dealing Limited can carry out your instructions in relation to these shares.

## Can I receive a paper copy of the Annual Report and Accounts?

Yes. Please contact the Company's registrar, Equiniti. Their contact details are provided below.

## Is it possible to receive a large print, audio or Braille version of the annual reports or AGM communications?

Yes. Please contact Equiniti for assistance.

## How can I contact Equiniti?

By post:

Equiniti Limited  
Aspect House  
Spencer Road  
Lancing  
West Sussex BN99 6DA

By telephone:

From UK: 0871 384 2990  
Outside UK: +44 121 415 7066  
Textphone: 0871 384 2255

Lines are open 8.30 am to 5.30 pm Monday to Friday.

Please have the enclosed proxy or voting form to hand as you may be asked to quote your Shareholder reference.

Calls cost 8p per minute plus network extras.

Calls to +44 121 415 7066 from outside the UK are charged at applicable international rates.

## Where can I learn more about the terms used in this notice of meeting?

The glossary on page 14, at the back of this document, sets out a brief explanation of some of the terms used in this notice of AGM and the Annual Report and Accounts and terms which may commonly be used during the course of the AGM.

A glossary covering the terms and definitions used by Lloyds Banking Group is on our website at [www.lloydsbankinggroup.com/investors](http://www.lloydsbankinggroup.com/investors)



# Annual general meeting arrangements and facilities

## The day of the AGM

The following times are indicative only and may change:

### 9.30 am

Doors open for shareholder registration  
Refreshments available  
Questions can be pre-registered  
Shareholder and customer enquiry desks open

### From 10.30 am

Shareholders invited to take seats in auditorium

### 11.00 am

Chairman opens the meeting  
Webcast opens

### 11.05 am

Presentations by the Chairman and the Group Chief Executive

### 11.30 am

Shareholders invited to ask questions

### 1.00 pm

Shareholders invited to vote on resolutions  
Preliminary results of each resolution are displayed after vote taken

### 1.30 pm

Chairman closes the meeting  
Refreshments available

### 2.30 pm

Venue closes and shareholders invited to depart

## Entrance

Doors will open at 9.30 am and all attendees will be asked to register at the shareholder registration desks on arrival.

## Venue accessibility

The Edinburgh International Conference Centre is fully accessible for people with disabilities, including wheelchair access and induction loop fitting. A sign language interpreter will be provided during the AGM.

## Security

Attendees may be subjected to bag searches and should leave large bags in the cloakroom provided. No photographic or recording equipment is permitted. Attendees will be asked to ensure that mobile telephones and other communication devices are switched off for the duration of the AGM.

## Question registration

A question registration desk will be available for those shareholders who wish to ask a question about the proposed resolutions. Shareholders may also register their question in advance by email to [AGMquestions@lloydsbanking.com](mailto:AGMquestions@lloydsbanking.com)

## AGM duration and question handling

The AGM may last for up to three hours. Shareholders will hear from the Chairman and Group Chief Executive and will be provided with an opportunity to ask questions prior to voting on the proposed resolutions. Shareholders are asked to be concise to ensure that others who wish to ask a question are able to do so.

## Voting

Voting at the AGM will be by poll using electronic voting handsets. This is a fair and democratic way to ensure that votes validly lodged by shareholders, regardless of whether they are able to attend the meeting, are included within the voting results.

## Webcast

The AGM is available via live webcast, at [www.lloydsbankinggroupagm.com](http://www.lloydsbankinggroupagm.com). Shareholders attending the AGM may be broadcast and by attending, will be deemed to have consented to being broadcast.

## Refreshments

Tea, coffee and biscuits will be served both before and after the AGM.



Our award-winning Museum on the Mound will be attending our AGM. Shareholders are invited to browse a variety of exhibits which include charting the history of Scottish Widows that marked its 200th anniversary earlier this year, and of Lloyds Bank that marks its 250th anniversary in June. Shareholders will be able to view original historical artefacts and the 250th anniversary book entitled "Helping Britain Prosper, 1765-2015". This was written by award winning Historian, Ruth Goodman, and depicts the history of Britain over the last 250 years and the role Lloyds Bank played in shaping and supporting Britain throughout this period.

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# Notice of annual general meeting

The annual general meeting of Lloyds Banking Group plc (the 'Company' and unless set out to the contrary, the 'Group') will be held at the Edinburgh International Conference Centre, The Exchange, Edinburgh EH3 8EE on Thursday 14 May 2015 at 11.00 am to transact the business set out in the resolutions below.

**Resolutions 1. to 21. (inclusive) are proposed as ordinary resolutions. For each of these to be passed, more than half of the votes cast must be in favour of the resolution.**

**Resolutions 22. to 28. (inclusive) are proposed as special resolutions. For each of these to be passed, at least three-quarters of the votes cast must be in favour of the resolution.**

**The Board recommends that you vote in favour of all resolutions.**

## **Resolution 1. Report and accounts**

To receive the Company's accounts and the reports of the Directors and of the auditor for the year ended 31 December 2014.

**Resolution 2.** To elect Mr A P Dickinson as a Director of the Company.

**Resolution 3.** To elect Mr S P Henry as a Director of the Company.

**Resolution 4.** To elect Mr N E T Prettejohn as a Director of the Company.

**Resolution 5.** To re-elect Lord Blackwell as a Director of the Company.

**Resolution 6.** To re-elect Mr J Colombás as a Director of the Company.

**Resolution 7.** To re-elect Mr M G Culmer as a Director of the Company.

**Resolution 8.** To re-elect Ms C J Fairbairn as a Director of the Company.

**Resolution 9.** To re-elect Ms A M Frew as a Director of the Company.

**Resolution 10.** To re-elect Mr A Horta-Osório as a Director of the Company.

**Resolution 11.** To re-elect Mr D D J John as a Director of the Company.

**Resolution 12.** To re-elect Mr N L Luff as a Director of the Company.

**Resolution 13.** To re-elect Mr A Watson as a Director of the Company.

**Resolution 14.** To re-elect Ms S V Weller as a Director of the Company.

## **Resolution 15. Dividend**

To declare a dividend of 0.75 pence per ordinary share in respect of the full financial year ended 31 December 2014, payable on 19 May 2015 to ordinary shareholders whose names appear in the register of members at the close of business on 7 April 2015.

## **Resolution 16. Re-appointment of the auditor**

To re-appoint PricewaterhouseCoopers LLP as auditor of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

## **Resolution 17. Auditor's remuneration**

To authorise the Audit Committee to set the remuneration of the Company's auditor.

## **Resolution 18. Implementation report section of the Directors' remuneration report**

To approve the implementation report section of the Directors' remuneration report set out on pages 82 to 83 and pages 88 to 103 of the Annual Report and Accounts for the year ended 31 December 2014.

## **Resolution 19. Authority for the Company and its subsidiaries to make political donations or incur political expenditure**

(a) That the Company and those companies which are subsidiaries of the Company at any time during the period for which this resolution has effect be authorised for the purposes of Part 14 of the Companies Act 2006:

- (i) to make political donations to political parties, and/or independent election candidates not exceeding £100,000 in total;
- (ii) to make political donations to political organisations other than political parties not exceeding £100,000 in total; and
- (iii) to incur political expenditure not exceeding £100,000 in total,

in each case during the period from the date of the passing of this resolution and ending on the date of the next general meeting or on 30 June 2016, whichever is the earlier;

- (b) that all existing authorisations and approvals relating to political donations or expenditure under Part 14 of the Companies Act 2006 are hereby revoked without prejudice to any donation made or expenditure incurred prior to the date hereof pursuant to such authorisation or approval; and
- (c) that words and expressions defined for the purpose of the Companies Act 2006 shall have the same meaning in this resolution.

## **Resolution 20. Directors' authority to allot shares**

That the directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company:

- (i) up to an aggregate nominal amount of £2,381,821,880; and
- (ii) comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to a further nominal amount of £4,763,643,760 (such amount to be reduced by the aggregate nominal amount of shares allotted or rights to subscribe for or to convert any security into shares in the Company granted under paragraph (i) above) in connection with an offer by way of a rights issue,

such authorities to apply in substitution for all previous authorities pursuant to section 551 of the Companies Act 2006 and to expire at the conclusion of the next annual general meeting or on 30 June 2016, whichever is the earlier but, in each case, so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to subscribe for or convert other securities into shares to be granted after the authority ends.

### Resolution 21. Directors' authority to allot shares in relation to the issue of Regulatory Capital Convertible Instruments

That the directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or convert any security into ordinary shares in the Company:

- (i) up to an aggregate nominal amount of £1,250,000,000 in relation to the issue of Regulatory Capital Convertible Instruments; and
- (ii) subject to applicable law and regulation, at such conversion prices (or such maximum or minimum conversion prices or conversion price methodologies) as may be determined by the directors of the Company from time to time,

such authority to apply in addition to all other authorities pursuant to section 551 of the Companies Act 2006 and to expire at the conclusion of the next annual general meeting or on 30 June 2016, whichever is the earlier, but in each case so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into ordinary shares to be granted after the authority ends.

### Resolution 22. Limited disapplication of pre-emption rights

That, subject to the passing of Resolution 20, the Directors be empowered to allot equity securities (as defined in section 560(1) of the Companies Act 2006) wholly for cash:

- (i) pursuant to the authority given by paragraph (i) of Resolution 20 or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Companies Act 2006 in each case;
  - (a) in connection with a pre-emptive offer; and
  - (b) otherwise than in connection with a pre-emptive offer, up to an aggregate nominal amount of £714,546,564; and
- (ii) pursuant to the authority given by paragraph (ii) of Resolution 20 in connection with a rights issue, as if section 561(1) of the Companies Act 2006 did not apply to any such allotment,

such power to expire at the conclusion of the next annual general meeting or on 30 June 2016, whichever is the earlier, but so that the Company may make offers and enter into agreements during this period which would, or might, require equity securities to be allotted after the power ends and the directors may allot equity securities under any such offer or agreement as if the power had not ended.

### Resolution 23. Limited disapplication of pre-emption rights in relation to the issue of Regulatory Capital Convertible Instruments

That, subject to the passing of Resolution 21, and without prejudice to any existing authority, the directors be empowered to allot equity securities (as defined in section 560(1) of the Companies Act 2006) wholly for cash:

- (i) pursuant to the authority given by Resolution 21 up to an aggregate nominal amount of £1,250,000,000; and
- (ii) in relation to the issue of such Regulatory Capital Convertible Instruments, as if section 561(1) of the Companies Act 2006 did not apply to any such allotment,

such power to expire at the conclusion of the next annual general meeting or on 30 June 2016, whichever is the earlier, but in each case so that the Company may make offers and enter into agreements during this period which would, or might, require equity securities to be allotted after the power ends and the directors may allot equity securities under any such offer or agreement as if the power had not ended.

### Resolution 24. Authority to purchase ordinary shares

That the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693 of the Companies Act 2006) of ordinary shares of 10 pence each in the capital of the Company and where such shares are held in treasury, the Company may use them for the purposes of its employees' share plans, provided that:

- (a) the maximum aggregate number of ordinary shares authorised to be purchased shall be 7,145,465,640;
- (b) the minimum price which may be paid for each ordinary share shall be 10 pence;
- (c) the maximum price, exclusive of expenses, which may be paid for each ordinary share shall be an amount equal to the higher of (i) 105 per cent. of the average of the closing price of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five London business days immediately preceding the day on which such share is contracted to be purchased or (ii) the higher of the price of the last independent trade and the highest current bid as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy-back programmes and stabilisation of financial instruments (No 2273/2003);
- (d) this authority shall expire at the conclusion of the next annual general meeting or on 30 June 2016, whichever is the earlier, unless such authority is renewed before then; and
- (e) the Company may make a contract to purchase its ordinary shares under this authority before its expiry which would or might be executed wholly or partly after such expiry, and may make a purchase of its ordinary shares under that contract.

### Resolution 25. Authority to purchase preference shares

That the Company be and is hereby generally and unconditionally authorised for the purpose of section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693 of the Companies Act 2006) of the following issuances of securities:

- (a) £299,987,729 9.25 per cent. non-cumulative irredeemable preference shares;
- (b) £99,999,942 9.75 per cent. non-cumulative irredeemable preference shares;
- (c) £186,190,532 6.475 per cent. non-cumulative preference shares;
- (d) £745,431,000 6.0884 per cent. non-cumulative fixed to floating rate preference shares;
- (e) £334,951,000 6.3673 per cent. non-cumulative fixed to floating rate preference shares;
- (f) US\$750,000,000 6.413 per cent. non-cumulative fixed to floating rate preference shares;
- (g) US\$750,000,000 5.92 per cent. non-cumulative fixed to floating rate preference shares;
- (h) US\$750,000,000 6.657 per cent. non-cumulative fixed to floating rate preference shares; and
- (i) US\$1,000,000,000 6.267 per cent. fixed to floating rate non-cumulative callable dollar preference shares,

# Notice of annual general meeting continued

(together, the '**Preference Shares**'), provided that:

- (i) the maximum number of Preference Shares which may be purchased is all such Preference Shares in issue;
- (ii) the minimum price which may be paid for each Preference Share is the nominal value of the relevant Preference Share;
- (iii) the maximum price which may be paid for each Preference Share is an amount equal to 140 per cent. of the liquidation preference of the relevant Preference Share;
- (iv) this authority shall expire at the conclusion of the next annual general meeting or on 30 June 2016, whichever is the earlier, unless such authority is renewed before then; and
- (v) the Company may make a contract to purchase the Preference Shares under this authority before its expiry which would or might be executed wholly or partly after the expiry, and may make a purchase of the Preference Shares under that contract.

## **Resolution 26. Amendments to the articles of association - limited voting shares**

That the articles of association of the Company be amended by deleting article 62.1 and renumbering existing articles 62.2 and 62.3 as articles 62.1 and 62.2 respectively.

## **Resolution 27. Amendments to the articles of association - deferred shares**

That the articles of association of the Company be amended by:

- (i) deleting the definition of 'deferred shares' in article 2.1;
- (ii) re-naming article 3 'Limited voting shares and preference shares'; and
- (iii) deleting article 3.3 in its entirety.

## **Resolution 28. Notice period for general meetings**

That a general meeting of the Company, other than an annual general meeting, may be called on not less than 14 clear days' notice, such authority to expire at the conclusion of the next annual general meeting unless such authority is renewed at a general meeting of the Company before then.

A member entitled to attend and vote at the annual general meeting can appoint a proxy or proxies to attend, speak and vote instead of that member.

A member may appoint more than one proxy in relation to the annual general meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the member.

A proxy need not be a member of the Company.

Further information relating to voting and proxy appointments can be found on pages 10 and 11 of this document.

By order of the Board



**Malcolm Wood**  
**Company Secretary**

26 March 2015

Registered office:  
The Mound  
Edinburgh  
EH1 1YZ

Registered in Scotland, No. 95000



# Explanatory notes on resolutions

## Resolution 1. Report and accounts

The Directors are required to present the Company's accounts and the reports of the directors and of the auditor for the year ended 31 December 2014 at the annual general meeting.

## Resolutions 2 to 14. Election and re-election of Directors

Alan Dickinson, Simon Henry and Nick Prettejohn have been appointed to the Board since the annual general meeting held in 2014 and stand for election in accordance with the Company's articles of association (Resolutions 2, 3 and 4).

The Board considers that these directors should be elected to maintain the appropriate balance of skills, knowledge and experience on the Board.

In accordance with the provisions of the UK Corporate Governance Code (the 'Code'), all of the other directors will retire and those willing to serve again will submit themselves for re-election at the annual general meeting (Resolutions 5 to 14).

Evaluation of the Board is externally facilitated at least every three years, the last time in 2012. This year's evaluation was conducted internally between December 2014 and January 2015 by the Company Secretary, led by the Chairman and overseen by the Nomination & Governance Committee.

By the time of the 2015 AGM, Anthony Watson will have been on the Board for more than six years. Therefore, in compliance with the Code, the review of his performance was particularly rigorous. The evaluation of the Chairman was led by the Senior Independent Director.

The reviews concluded that the performance of the Board, its Committees, the Chairman and each of the Directors continues to be effective. All Directors demonstrated commitment to their roles.

Further information on the Board, including the roles and performance effectiveness of the Directors, can be found in the corporate governance report on pages 62 to 81 of the Annual Report and Accounts.

All Non-Executive Directors are independent in accordance with the criteria set out in the Code. The Chairman was independent on appointment.

A summary of the skills and experience of each Director proposed for election or re-election can be found on pages 12 and 13 of this document.

## Resolution 15. Dividend

Shareholders are being asked to approve a dividend of 0.75 pence per ordinary share in respect of the full financial year ended 31 December 2014. If the recommended dividend is approved, it will be paid on 19 May 2015 to all ordinary shareholders whose names appear in the register of members at the close of business on 7 April 2015.

The Company will be offering a share alternative to a cash dividend through the re-launch of its Dividend Reinvestment Plan ('DRIP') which was suspended in 2014. Shareholders can find further information about choosing how to receive their dividend entitlements, including how to join or cancel their participation in the DRIP, enclosed within the 2015 AGM mailing.

Shareholders receiving communications from the Company via our website, [www.lloydsbankinggroup.com](http://www.lloydsbankinggroup.com), can read the Chairman's letter, the 'Your Dividend - Your Choice' guide and the DRIP Terms and Conditions online from 27 March 2015. Shareholders receiving communications in hard copy have been sent these documents with the 2015 AGM mailing. Each of these documents should be read by shareholders before making any decision regarding the DRIP.

For shareholders who wish to join, or cancel their participation in, the DRIP before payment of the recommended dividend, Equiniti must receive the appropriate completed form by no later than 5.00 pm on 21 April 2015. Subject to shareholder approval of the recommended dividend, an entitlement notice in respect of the recommended dividend will be dispatched by Equiniti to shareholders participating in the DRIP by 28 May 2015.

## Resolutions 16 and 17. Auditor

Resolution 16 renews the appointment of PricewaterhouseCoopers LLP ('PwC') as auditor of the Company which terminates at the conclusion of the annual general meeting. The Company's Audit Committee recommends the re-appointment of PwC.

Resolution 17 follows best corporate governance practice in authorising the Audit Committee to set the auditor's remuneration. During 2014 the Audit Committee undertook a tender exercise for the external audit services to the Group and invited three firms to participate in this exercise.

After careful consideration of the strength of each proposal, the Board accepted the recommendation from the Audit Committee to retain the services of PwC.

Accordingly, subject to shareholders' approval, PwC will be reappointed as auditor with effect from 1 January 2016. There will be a mandatory rotation of the auditor for the 2021 year-end audit. Further details of the tender are set out as a case study on page 70 of the Annual Report and Accounts for the year ended 31 December 2014.

## Resolution 18. Implementation report section of the Directors' remuneration report

The Company is required to ask shareholders to approve by ordinary resolution the implementation of the Directors' remuneration policy. The implementation report is set out in the Directors' remuneration report and can be found on pages 82 to 83 and pages 88 to 103 of the Annual Report and Accounts for the year ended 31 December 2014.

In accordance with remuneration reporting rules, the vote on the implementation report is an advisory vote. This means that the Company can still act according to the implementation report as proposed if the resolution is not approved. However, if the resolution were not to be approved, the Company would take this into account when considering future implementation reports.

## Resolution 19. Authority for the Company and its subsidiaries to make political donations or incur political expenditure

This resolution will renew the authority to incur expenditure which would otherwise be prohibited under Part 14 of the Companies Act 2006.

In accordance with Group policy, the Company does not make any political donations or incur political expenditure in the UK or the rest of the EU within the ordinary meaning of those words.

However, the definitions of political donations, political organisations and political expenditure used in the Companies Act 2006 are very wide and the penalties for breaching the legislation, even if inadvertent, are severe. As a result, such definitions may cover activities that form part of relationships that are an accepted part of engaging with our stakeholders.

The activities referred to above are not designed to support any political party nor to influence public support for any political party. The authority the Company is requesting is a precautionary measure to ensure that the Company can continue to support the community and put forward its views without inadvertently breaching the Companies Act 2006.

While shareholders are permitted to grant authority for up to four years, the directors will seek shareholder authority each year in accordance with best practice.

## Resolution 20. Directors' authority to allot shares

This resolution (as in previous years) renews the Directors' authority to allot shares.

It gives directors the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities as they arise.

The Directors consider it desirable to have this flexibility.

Paragraph (i) gives the Directors the authority to issue new shares equal to approximately one third of the whole of the issued ordinary share capital of the Company (including the limited voting shares of 10 pence each - 'limited voting shares').

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# Explanatory notes on resolutions continued

Paragraph (ii) authorises the Directors to allot up to a further one-third for use only in connection with a fully pre-emptive rights issue. The aggregate of the amounts in paragraphs (i) and (ii) of Resolution 20 represents a total of approximately two-thirds of the whole of the issued ordinary share capital of the Company (including the limited voting shares). Information on the issued share capital can be found on page 10 of this document. No shares are held in treasury.

This authority will expire at the conclusion of the next annual general meeting or on 30 June 2016, whichever is the earlier.

There are no present plans to undertake a rights issue or to allot new shares save that the Directors may, as part of capital management planning, authorise new issuances of ordinary shares in an amount that is not material in relation to the Company's capital.

For the purposes of this resolution 'rights issue' means an offer to:

- (a) ordinary shareholders in proportion (or as near as may be practicable) to their existing holdings; and
- (b) people who are holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities,

to subscribe for further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, but subject in both cases to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or jurisdiction.

## **Resolution 21. Directors' authority to allot shares in relation to the issue of Regulatory Capital Convertible Instruments**

This resolution renews the Directors' authority to allot shares or grant rights to subscribe for or convert any security into ordinary shares, in accordance with section 551 of the Companies Act 2006 up to an aggregate nominal amount of £1,250,000,000 in connection with the issue of Regulatory Capital Convertible Instruments.

The Board believes it is in the best interests of the Company to have the flexibility to issue Regulatory Capital Convertible Instruments at any time and from time to time. The authority sought in this resolution will be utilised as considered desirable to comply with or maintain compliance with such regulatory capital requirements or targets applicable to the Group.

The Company intends to seek to renew authority for the issuance of such Regulatory Capital Convertible Instruments on an annual basis.

The amount of this authority is, in aggregate, equivalent to approximately 17.49 per cent. of the issued ordinary share capital of the Company (including the limited voting shares) as at 25 March 2015, being the last practicable date before the publication of this document. No ordinary shares are held in treasury.

Resolutions 21 and 23 are intended to provide the Directors with the flexibility to authorise the issue of Regulatory Capital Convertible Instruments which contain contractual debt to equity conversion features. The resolutions are not intended to provide authority for any bail-in or conversion of capital or senior debt obligations pursuant to the Banking Act 2009, as amended, or otherwise.

This is separate and distinct from the authority sought in Resolution 20 which is the usual authority sought on an annual basis in line with the share capital management guidelines issued by The Investment Association. Following the merger of the Investment Affairs division of the Association of British Insurers with the Investment Management Association in June 2014, the Investment Association has assumed responsibility for guidance previously issued by the Association of British Insurers.

Conditional upon the passing of Resolutions 21 and 23, the Directors would not expect to make use of Resolutions 20 and 22 to issue Regulatory Capital Convertible Instruments, although these resolutions may be used for other purposes and, if so used, would have the effect of diluting the interests of ordinary shareholders. Current prudential regulatory requirements provide that banks in the European Union must hold at least 6.0 per cent. of risk weighted

assets ('RWAs') plus prescribed buffers in the form of tier 1 capital. Of the 6.0 per cent., 1.5 per cent. of RWAs can be met by additional tier 1 ('AT1') instruments.

Regulatory Capital Convertible Instruments are AT1 instruments which convert into ordinary shares of the Company should the Company's common equity tier 1 ratio fall below a contractually defined trigger point.

For the purpose of this resolution:

'Regulatory Capital Convertible Instruments' means any securities to be issued by the Company or any member of the Group, or by a company outside of the Group with the consent of the Company or a member of the Group and which are intended on issue to form all or part of a type or class of securities the terms of which are eligible to meet any Regulatory Capital Requirements and which are:

- (i) convertible into or exchangeable for ordinary shares of the Company; or
- (ii) issued together with share warrants relating to ordinary shares of the Company,

and in each case, which grant to, or require, the holder of such security and/or its nominee a right or obligation (as applicable) to subscribe for such ordinary shares following a specified event relating to an actual or prospective adverse change in the capital position or viability of the Company, any member of the Group or the Group as a whole or any other event specified in the Regulatory Capital Requirements as defined below and otherwise on such terms as may be determined by the directors of the Company or a committee thereof upon issue;

'Regulatory Capital Requirements' means any applicable requirements specified by the Prudential Regulation Authority or other such authority having primary supervisory authority with respect to the Company from time to time in relation to the margin of solvency, capital resources, capital, contingent capital or buffer capital of the Company, a member of the Group or the Group taken as a whole; and

'Group' means the Company, its subsidiaries and its subsidiary undertakings from time to time.

## **Resolution 22. Limited disapplication of pre-emption rights**

The Companies Act 2006 requires that the allotment of new shares or other equity securities are first offered to shareholders in proportion to their existing holdings.

The passing of this resolution would (as in previous years) allow Directors in limited circumstances the flexibility to finance business opportunities by allotting shares or other securities without first offering them to existing holders in proportion to their existing holdings.

The purpose of paragraph (i) of Resolution 22 is to authorise the Directors to allot new shares pursuant to the authority given by paragraph (i) of Resolution 20, or sell treasury shares (if the Company were to hold shares in treasury), for cash in connection with a pre-emptive offer or rights issue or otherwise up to a nominal value of £714,546,564, equivalent to 10 per cent of the total issued ordinary share capital of the Company excluding treasury shares, as at 25 March 2015, in each case without the shares first being offered to existing shareholders in proportion to their existing holdings. For the purposes of calculating this percentage, there are no shares held in treasury.

The purpose of paragraph (ii) of Resolution 22 is to authorise the Directors to allot new shares pursuant to the authority given by paragraph (ii) of Resolution 20, or sell treasury shares (if the Company were to hold shares in treasury), for cash in connection with a rights issue without the shares first being offered to existing shareholders in proportion to their existing holdings. This is in line with the Investment Association's Share Capital Management Guidelines issued in July 2014.

In applying the powers to be granted by virtue of this resolution, the Company intends also to adhere to the Pre-Emption Group's Statement of Principles (as updated in March 2015), and not allot shares for cash on a non pre-emptive basis:

- (a) in excess of an amount equal to 5 per cent. of the total issued ordinary share capital of the Company (including limited voting rights but excluding treasury share); or

- (b) in excess of an amount equal to 7.5 per cent. of the total issued ordinary share capital of the Company (excluding treasury shares) within a rolling three-year period, without prior consultation with shareholders,
- in each case other than in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.
- For the purposes of this resolution:
- (a) 'rights issue' has the same meaning as in the Explanatory Note to Resolution 20;
  - (b) 'pre-emptive offer' means an offer of equity securities open for acceptance for a period fixed by the Directors to (i) holders of ordinary shares (other than the Company) in the register of members on a record date fixed by the Directors in proportion to their respective holdings and (ii) other persons so entitled by virtue of the rights attaching to any other equity securities held by them, but subject in both cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or jurisdiction;
  - (c) references to an allotment of equity securities shall include a sale of treasury shares; and
  - (d) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

### Resolution 23. Limited disapplication of pre-emption rights in relation to the issue of Regulatory Capital Convertible Instruments

This resolution proposes that, without prejudice to any existing power including that contained in Resolution 22, the Directors be empowered to allot equity securities (as defined in section 560(1) of the Companies Act 2006) up to an aggregate nominal amount of £1,250,000,000 in relation to the issue of Regulatory Capital Convertible Instruments, wholly for cash or otherwise as if section 561 of the Companies Act 2006, to the extent applicable, did not apply to any such allotment. This is equivalent to approximately 17.49 per cent. of the issued ordinary share capital of the Company (including the limited voting shares) as at 25 March 2015, being the last practicable date before the publication of this document.

Renewing this resolution will permit the Company the flexibility necessary to allot equity securities pursuant to any proposal to issue Regulatory Capital Convertible Instruments and, by virtue of such disapplication, without the need to comply with the pre-emption requirements of the UK statutory regime.

For the purposes of this resolution, Regulatory Capital Convertible Instruments has the same meanings as in Resolution 21.

### Resolutions 24 and 25. Authority to purchase ordinary shares and preference shares

These resolutions renew the authority of the Company to purchase its own ordinary shares and certain of its preference shares (as specified in the resolution wording) in the market.

The authority for the Company to purchase its ordinary shares in the market is limited to 7,145,465,640 ordinary shares, equivalent to 10 per cent. of the issued ordinary share capital of the Company (including the limited voting shares) as at 25 March 2015, being the last practicable date before the publication of this document.

Any ordinary shares purchased in this way may be cancelled or held in treasury for eventual sale for cash, transfer in connection with an employees' share plan or cancellation. The resolution explicitly authorises the Company to use any shares purchased and held in treasury for the purposes of its employees' share plans.

If any shares were used in this way, the Company would take them into account when calculating the share issuing limits in the share plans, to the extent required under the share capital management guidelines issued by The Investment Association. There is no limit on the number or value of preference shares that can be purchased. 1,195,215,879 ordinary shares, equivalent to 1.673 per cent. of the issued ordinary share capital as at 25 March 2015, may be issued on the exercise of outstanding awards and options. If the Company were to purchase and cancel shares up to the maximum permitted by this resolution, that percentage would increase to 1.859 per cent. The directors would exercise the authority only if they felt that to do so would be in the best interests of the Company and would result in an increase in earnings per ordinary share.

To the extent that any such shares were held in treasury, earnings per share would only be increased on a temporary basis, until the shares were sold or transferred out of treasury. Also, if the directors were to decide to use the authority, they would, at that time, determine whether it would be in the best interests of shareholders as a whole for the shares purchased to be cancelled or held in treasury.

### Resolution 26 and 27. Amendments to the articles of association

Resolution 26 proposes amendments to the Company's articles of association in relation to the rights of the limited voting shares to align them with changes to the UK Listing Authority ('UKLA') Listing Rules, specifically Rule 9.2.21 which states that in certain circumstances where a shareholder vote is required by the Listing Rules (including on significant transactions), that vote must be decided by a resolution of the holders of the Company's shares which are admitted to premium listing.

Limited voting shares are not admitted to premium listing but the holders of limited voting shares are currently entitled to vote on resolutions in relation to significant transactions pursuant to article 62.1. Written consent to the variation of the rights attaching to the limited voting shares has been provided by the holders of the limited voting shares in accordance with the provisions of article 32.1 of the Company's articles of association. The holders of the limited voting shares are entitled to vote on Resolution 26.

Resolution 27 proposes the deletion of references within the articles of association to deferred shares. On 5 November 2010, the Company cancelled all of the deferred shares in the capital of the Company.

The articles of association, including all the proposed changes, are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the head office of the Company at 25 Gresham Street, London EC2V 7HN and at the registered office of the Company at The Mound, Edinburgh EH1 1YZ up to and including the date of the AGM. These documents will also be made available for inspection at the Edinburgh International Conference Centre, The Exchange, Edinburgh EH3 8EE from 10.00 am on Thursday 14 May 2015 until the end of the AGM.

### Resolution 28. Notice period

Under the Companies Act 2006, the notice period required for all general meetings of the Company is 21 clear days. However, shareholders can approve a shorter notice period of not less than 14 clear days for general meetings other than annual general meetings. It is the Company's intention only to use this authority in circumstances when it would disadvantage the Company to delay shareholder approval for an urgent matter concerning, for instance, the issue or alteration of share capital. It is not intended to use this authority for routine Company business.

The resolution shall be valid until the conclusion of the next annual general meeting (unless the authority granted by the resolution is renewed at a general meeting of the Company before then) and it is the Company's intention to renew the authority at each annual general meeting.

Annual general meetings will continue to be held on at least 21 clear days' notice.

# Important notes

## Issued capital and voting rights

As at 25 March 2015 (being the last practicable date prior to the publication of this document) the total number of shares, including shares represented by American Depositary Receipts, issued by Lloyds Banking Group plc was 71,454,656,408 ordinary shares of 10 pence each. At this date, no shares were held in treasury.

80,921,051 limited voting shares of 10 pence each are in issue and held by the Lloyds Bank Foundations. These shares do not entitle the holders to vote at general meetings except in certain limited circumstances. The holders of the limited voting shares are permitted to vote in relation to Resolution 26.

Each ordinary share of 10 pence carries one vote. Therefore the total number of voting rights is 71,373,735,357.

## Directors

A summary of the skills and experience of each Director proposed for election or re-election can be found on pages 12 and 13 of this document. Additional details relating to the Directors can be found on pages 58 and 59 of the Annual Report and Accounts.

## Attendance requirements

To be entitled to attend, speak and vote at the meeting, a shareholder's details must be entered in the register of members by 6.00 pm on Tuesday 12 May 2015.

Only shareholders, appointed proxies or corporate representatives are entitled to attend, speak and vote at the meeting.

If the meeting is adjourned, shareholders who wish to attend and vote must have their names entered in the Company's register of members by 6.00 pm on the day falling two days prior to the date fixed for the adjourned meeting.

## Voting in advance by proxy

**By post:** Complete the proxy/voting form and return it to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

The enclosed envelope is postage paid if mailed in the UK and also if it is mailed from overseas. You should not need to pay any additional local postal charges.

**Online:** Register your instruction at [www.sharevote.co.uk](http://www.sharevote.co.uk) using the Voting ID, Task ID and Shareholder reference number noted on the enclosed proxy/voting form.

**CREST:** Participants can provide instructions using the CREST electronic proxy appointment service through Equiniti Limited (ID RA19) following the procedures described in the CREST manual available at [www.euroclear.com/CREST](http://www.euroclear.com/CREST)

## Voting deadline

Instructions, together with any supporting authority, e.g. a certified copy of a power of attorney, must be received by Equiniti no later than 11.00 am on Tuesday 12 May 2015.

For instructions submitted in CREST, the time of receipt by Equiniti will be deemed to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which Equiniti is able to retrieve the message by enquiry of Euroclear in the manner prescribed by Euroclear. Equiniti may treat as invalid a CREST instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

## Appointing a proxy

You can appoint one or more people to attend the meeting on your behalf (your proxy). To appoint a proxy, please add the name of the person in the relevant box on the proxy card/online.

A proxy need not be a shareholder of the Company but must attend the meeting to represent a shareholder.

## Appoint more than one proxy

If you wish to appoint more than one proxy, you can obtain additional proxy cards by contacting Equiniti on 0871 384 2990 or +44 121 415 7066 from outside the UK. You should indicate the number of shares for which each proxy is entitled to vote next to their name.

## Revoking a proxy

Proxy appointments may be revoked or amended by written notice to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA; CREST participants may also give these instructions by CREST message. To be valid, such instructions must be received by 10.00 am on Thursday 14 May 2015.

## Joint shareholders

The signature of any one holder will suffice when completing the proxy/voting form. If multiple instructions are received, the instructions of the most senior joint holder will be accepted in priority to other instructions. Seniority will be determined by the order in which the names stand in the register of members for the joint holding.

## Webcast

The AGM will be available to view online by webcast at [www.lloydsbankinggroupagm.com](http://www.lloydsbankinggroupagm.com). Shareholders attending the AGM may be broadcast and will be deemed to have consented to this. Shareholders choosing to view the AGM using the webcast will not be able to participate in proceedings at the AGM. It is recommended that shareholders choosing to use this service allow good time in advance of the meeting to visit the website to check system connectivity.

## Indirect investors

The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146(2) of the Companies Act 2006 ('Nominated Persons'). Nominated Persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if Nominated Persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

## Attending the meeting

Information relating to the arrangements and facilities for the meeting can be found on page 3.



### Questions at the AGM

Shareholders, their appointed proxies and authorised corporate representatives have the right to ask questions at the AGM relating to the business of the meeting. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if:

- (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
- (b) the answer has already been given on a website in the form of an answer to a question; or
- (c) it is undesirable in the interests of the Company or good order of the meeting that the question be answered.

If you intend to come to the AGM and would like to ask a question about the business of the meeting, you may register it in advance by sending it by email to [AGMquestions@lloydsbanking.com](mailto:AGMquestions@lloydsbanking.com). This should not be used to raise personal enquiries. If your question is not a matter for the AGM it may be referred to an appropriate team to respond. If you choose not to attend the meeting your question will not be raised at the AGM on your behalf. Shareholders are asked to be concise to ensure others who wish to ask a question are able to do so.

You may not use any electronic address provided either in this notice of AGM or any related documents to communicate with the Company for any purpose other than those expressly stated. Any electronic communication sent by a shareholder to the Company or Equiniti that is found to contain a computer virus will not be accepted.

Electronic communication facilities are available to all shareholders and those who use them will not be disadvantaged. Shareholders who decide to use them will receive an electronic mail message sent to the electronic address registered. This will give details of the location on the Company's website [www.lloydsbankinggroup.com](http://www.lloydsbankinggroup.com) where this notice, together with other relevant documents and information may be viewed. The Company will not regard itself as responsible for any failure in transmission beyond its control. There is no particular software needed, other than that which is described and is available on the Company's website.

### Right to include a resolution at the AGM

Under sections 338 and 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company:

- (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or
- (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business.

A resolution may properly be moved or a matter may properly be included in the business unless:

- (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise);
- (b) it is defamatory of any person; or
- (c) it is frivolous or vexatious.

Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must have been received by the Company not later than 1 April 2015, being the date six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

### Right to publish a statement about the auditor

Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:

- (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the annual general meeting for the financial year ended 31 December 2014; or
- (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which an Annual Report and Accounts were laid.

The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 (requirements as to website availability) of the Companies Act 2006.

Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor no later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM for the relevant financial year includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

### Documents available for inspection

The following documents, which are available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) at the head office of the Company at 25 Gresham Street, London EC2V 7HN and at the Company's registered office, The Mound, Edinburgh EH1 1YZ, will also be available for inspection at the Edinburgh International Conference Centre from 10.00 am on Thursday 14 May 2015 until the end of the meeting:

- (i) the Company's Annual Report and Accounts for the year ended 31 December 2014;
- (ii) copies of the Executive Directors' service contracts;
- (iii) copies of the Non-Executive Directors' letters of appointment; and
- (iv) a copy of the articles of association together with a copy of the articles of association which include the alterations proposed by Resolutions 26 and 27.

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# Biographies of Directors

## ► RESOLUTIONS 2 to 14: ELECTION AND RE-ELECTION OF DIRECTORS

**Alan Dickinson**  
Independent Director



A Ri

**Appointed:** September 2014

**Skills and experience:** Highly regarded retail and commercial banker having spent 37 years with the Royal Bank of Scotland.

**External appointments:** Non-Executive Director of Willis Limited and Chairman of its Risk Committee, Chairman of Brown, Shipley & Co Limited (until 31 March 2015), Senior Independent Director of Urban & Civic plc and a Governor of Motability.

**Former appointments:** Chief Executive of RBS UK, Non-Executive Director of Nationwide Building Society and Chairman of its Risk Committee, Non-Executive Director of Carpetright plc.

**Simon Henry**  
Independent Director



A Ri

**Appointed:** June 2014

**Skills and experience:** International experience in board level strategy and execution. His extensive knowledge of financial markets, treasury and risk management and his qualification as an Audit Committee Financial Expert is of particular value in our Board Risk and Audit Committees. He was Shell's Chief Financial Officer for Exploration & Production, Head of Group Investor Relations and held various finance posts within Shell prior to these appointments.

**External appointments:** Chief Financial Officer and an Executive Director of Royal Dutch Shell plc, member of the Main Committee of the 100 Group of UK FTSE CFOs and Chair of the European Round Table CFO Taskforce. Also a member of the Advisory Panel of CIMA, the Multi Practitioner Panel Steering Committee - UK Fair and Effective Markets Review and of the Advisory Board of the Centre for European Reform.

**Nick Prettejohn**  
Independent Director  
and Chairman of  
Scottish Widows Group



A Ri

**Appointed:** June 2014

**Skills and experience:** Significant financial services experience, particularly in insurance.

**External appointments:** Member of the BBC Trust, Chairman of the Britten-Pears Foundation and Chairman of the Royal Northern College of Music.

**Former appointments:** Non-Executive Director of the Prudential Regulation Authority, Chairman of Brit Insurance, Non-Executive Director of Legal and General Plc, Chief Executive of Prudential UK and Europe, Director of the Prudential plc Board, Chairman of the Financial Services Practitioner Panel, Chief Executive of Lloyd's of London and a member of the Lloyd's Council.

**Lord Blackwell**  
Chairman



NG Ri Re

**Appointed:** June 2012 (Board), April 2014 (Chairman)

**Skills and experience:** Extensive insurance, banking, regulatory and public policy experience gained from senior positions in a wide range of industries. He was appointed a Life Peer in 1997.

**External appointments:** Chairman of Interserve plc.

**Former appointments:** Chairman of Scottish Widows Group, Non-Executive Director of Ofcom, Halma plc, Dixons Group and SEGRO. Senior Independent Director of Standard Life and chaired its UK Life and Pensions Board. Member of the Board of the Centre for Policy Studies, Non-Executive Member of the Office of Fair Trading, Partner of McKinsey & Co. and a Director of Group Development at NatWest Group. Head of the Prime Minister's Policy Unit.

**Juan Colombás**  
Executive Director and  
Chief Risk Officer



**Appointed:** January 2011 (Chief Risk Officer), November 2013 (Board)

**Skills and experience:** Significant banking and risk management experience, having spent 29 years working in these fields both internationally and in the UK. He held a number of senior risk, control and business management roles across the Corporate, Investment, Retail and Risk Divisions of the Santander Group.

**External appointments:** Member of the International Financial Risk Institute Executive Committee.

**Former appointments:** Chief Risk Officer and Executive Director of Santander's UK business.

**George Culmer**  
Executive Director and  
Chief Financial Officer



**Appointed:** May 2012 (Board)

**Skills and experience:** Deep operational and financial expertise including strategic and financial planning and control. He has worked in financial services in the UK and overseas for over 20 years. With a strong background in insurance and shareholder advocacy, his skills and experience enhance the Board and strengthen further the senior management team.

**External appointments:** None.

**Former appointments:** Executive Director and Chief Financial Officer of RSA Insurance Group and Chief Financial Officer of Zurich Financial Services UK.

**Carolyn Fairbairn**  
Independent Director



A Re

**Appointed:** June 2012

**Skills and experience:** Extensive digital and online, government and regulatory experience gained across a range of sectors including media and financial services. Her career began as an Economist at the World Bank.

**External appointments:** Non-Executive Director of Capita and The Vitec Group and Chairman of their Remuneration Committees. Trustee of Marie Curie, Non-Executive Director of the Competition and Markets Authority and of the UK Statistics Authority.

**Former appointments:** Non-Executive Director of the Financial Services Authority and Chair of its Risk Committee. Director of Group Development and Strategy at ITV plc and Director of Strategy and a member of the Executive Board at the BBC. Partner of McKinsey & Co. and a policy adviser in the Prime Minister's Policy Unit.

**Anita Frew**  
Deputy Chairman  
and Independent  
Director



NG A Ri Re

**Appointed:** December 2010 (Board), May 2014 (Deputy Chairman)

**Skills and experience:** Extensive board, financial and general management experience across a range of sectors, including banking, asset management, manufacturing and utilities.

**External appointments:** Non-Executive Director and Chairman Designate of Croda International Plc and Senior Independent Director of IML plc.

**Former appointments:** Chairman of Victrex plc, Senior Independent Director of Aberdeen Asset Management, Executive Director of Abbott Mead Vickers, Director of Corporate Development at WPP Group and Non-Executive Director of Northumbrian Water. In addition, Anita has held various investment and marketing roles at Scottish Provident and the Royal Bank of Scotland.

**António Horta-Osório**  
Executive Director and  
Group Chief Executive



**Appointed:** January 2011 (Board), March 2011 (Group Chief Executive)

**Skills and experience:** Extensive experience in both retail and commercial banking built over a period of more than 25 years, working both internationally and in the UK. In 1993, he joined Grupo Santander having previously worked for Goldman Sachs and for Citibank, and held various senior management positions before becoming Executive Vice President of Grupo Santander and a member of its Management Committee.

**External appointments:** Non-Executive Director of Fundação Champalimaud and of Sociedade Francisco Manuel dos Santos in Portugal, a member of the Board of Stichting INPAR, a Governor of the London Business School and Chairman of the Wallace Collection.

**Former appointments:** Non-Executive Director and Chief Executive of Santander UK. Non-Executive Director of the Court of the Bank of England.

**Dyfrig John CBE**  
Independent Director



**Appointed:** January 2014

**Skills and experience:** A international career in banking, principally at HSBC where he worked for 37 years. During that time he held a number of senior management and Board positions in the UK and overseas. He gained a wealth of experience in most areas of the business including the day-to-day running of the bank with specific responsibility for employees, IT, finance and the branch network.

**External appointments:** Member of the Welsh Rugby Union's Audit Committee.

**Former appointments:** Chairman of Principality Building Society, Director of HSBC Bank PLC and subsequently, Chief Executive Officer and Deputy Chairman. Prior to this he held a number of senior roles including Group Managing Director and member of the Group Management Board. Board member of the Wales Millennium Centre.

**Nicholas Luff**  
Independent Director



**Appointed:** March 2013

**Skills and experience:** Significant financial experience in the UK listed environment having served in a number of senior finance positions within a range of sectors. His background and experience enable him to fulfil the role of Audit Committee Chair and, for SEC purposes, the role of Audit Committee Financial Expert.

**External appointments:** Executive Director and Chief Financial Officer of Reed Elsevier.

**Former appointments:** Finance Director of Centrica plc, The Peninsular & Oriental Steam Navigation Company and Chief Financial Officer of P&O Princess Cruises plc. Non-Executive Director and Audit Committee Chair of QinetiQ Group.

**Anthony Watson CBE**  
Senior Independent Director



**Appointed:** April 2009 (Board), May 2012 (Senior Independent Director)

**Skills and experience:** Over 40 years of experience in the investment management industry and related sectors.

**External appointments:** Senior Independent Director of Hammerson and of Witan Investment Trust, Chairman of the Lincoln's Inn Investment Committee and a member of the Norges Bank Investment Management Corporate Governance Advisory Board.

**Former appointments:** Non-Executive Director of Vodafone Group, Chief Executive of Hermes Pensions Management and Chairman of the Asian Infrastructure Fund, MEPC and of the Strategic Investment Board (Northern Ireland). Member of the Financial Reporting Council and the Marks & Spencer Pension Trustees.

**Sara Weller**  
Independent Director



**Appointed:** February 2012

**Skills and experience:** Background in retail and associated sectors, including financial services. Considerable experience of boards at both executive and non-executive level.

**External appointments:** Non-Executive Director of United Utilities Group and Chair of its Remuneration Committee and a Governing Council Member of Cambridge University. Also Chairman of the Planning Inspectorate, Lead Non-Executive Director at the Department of Communities and Local Government and Board member at the Higher Education Funding Council.

**Former appointments:** Managing Director of Argos, various senior positions at J Sainsbury including Deputy Managing Director, Non-Executive Director of Mitchells & Butler and senior management roles for Abbey National and Mars Confectionery.

**KEY**

Member of Nomination & Governance Committee



Member of Audit Committee



Member of Risk Committee



Member of Remuneration Committee



Committee Chairman



Further information relating to the Directors, including the Company's remuneration policy, is given in the Annual Report and Accounts, the annual review and on the Company's website, [www.lloydsbankinggroup.com](http://www.lloydsbankinggroup.com)



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# Glossary of terms

The following is a brief explanation of some of the terms used within this notice of AGM and the Annual Report and Accounts or which may commonly also be used during the course of the AGM.

This glossary of terms is not intended to provide legal guidance or advice. Shareholders are advised to seek independent legal or financial advice with regards to any matters contained in this notice of AGM.

## **Additional Tier 1 capital/instruments ('AT1')**

This relates to capital instruments other than ordinary shares that meet the regulatory requirements for Tier 1 capital. They may include instruments that convert into ordinary shares in certain circumstances.

## **Annual General Meeting**

A public company is required in law to hold a meeting with its shareholders and to table its accounts within six months of the end of its preceding financial year.

## **Basel III**

This is a global regulatory standard on banking, issued by the Basel Committee on Banking Supervision, designed to strengthen capital requirements through increasing liquidity whilst reducing leverage and increasing prudential soundness of banks.

## **Capital**

In its simplest terms, capital relates to the financial resources available for a company's use. The amount of capital available is usually calculated by deducting a company's total liabilities from its total assets.

## **Capital buffers**

This is the amount of capital a bank holds over and above the minimum regulatory requirements. In general the regulators will set capital requirements that they expect the bank to hold, and management will set additional capital buffers to mitigate against the risk of using the regulatory buffers. During periods of economic growth, regulators will set higher capital buffers to minimise the risk of exposure to financial stress during periods when the economy shrinks (recession).

## **Capital Requirements Directive IV ('CRD IV')**

This is the EU implementation of Basel III which introduces a supervisory framework on capital measurement and capital standards. This also includes rules on remuneration.

## **Common Equity Tier 1 Capital ('CET1')**

This is the highest quality form of regulatory capital under CRD IV and comprises common shares issued and related share premium, together with other reserves and earnings and taking into account specified regulatory adjustments.

## **Contingent or Regulatory Capital Convertible Instruments**

These are securities which are designed to absorb losses of Common Equity Tier 1 (CET1) capital in stress. If the capital falls below a contractually agreed level, the security or instrument converts into ordinary shares at an agreed price, thus increasing CET1 capital. These securities must meet a number of requirements to be recognised as regulatory capital instruments.

## **Financial Conduct Authority ('FCA')**

The FCA was formed as one of the successors to the Financial Services Authority. It is responsible for regulating firms providing financial services to consumers, regulating the conduct of retail and wholesale financial services firms, whilst maintaining the integrity of the UK's financial markets.

## **Leverage ratios**

This is the ratio of Tier 1 capital to total exposure to debtors and other obligations and is expressed in percentage terms. This equates to the number of times the exposure exceeds such Tier 1 capital. The leverage ratio can be used to provide insight into a company's ability to absorb losses through capital held. Basel III introduced a standard which is expected to require banks to hold a minimum leverage ratio in excess of 3 per cent. by January 2018.

## **Pre-Emption Group (see The Investment Association)**

This group formed by the Association of British Insurers and the National Association of Pension Funds, together with City and industry representatives, controls and monitors the issue of equity securities by listed public companies.

## **Profit before tax**

Before a company calculates its profits on which tax is payable it is allowed to deduct its expenses including operating expenses and interest payments on debt instruments or loans. The resulting figure is the profit the company has made before it incurs its tax liability.

## **Prudential Regulation Authority ('PRA')**

The PRA was formed as one of the successors to the Financial Services Authority. It is responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms.

## **Risk Weighted Assets ('RWA')**

This relates to the assets of a company, which will include for example cash, debt owed to the company, property and investments. These are assigned risk weightings between 0 per cent. and 1,250 per cent. according to the level of risk associated with that asset with riskier assets having higher weighting. As an example, an unsecured loan is generally likely to be considered riskier (in terms of the ability to receive repayment in full) than a loan secured with collateral such as property. The total of risk weighted assets is used to calculate a company's required capital.

## **The Investment Association**

The Investment Affairs division of the Association of British Insurers merged with the Investment Management Association in June 2014. The newly created body changed its name, in January 2015, to The Investment Association and they have assumed responsibility for all guidance previously issued by the Association of British Insurers.

## **Tier 1 capital**

Tier 1 capital is capital of the Group that meets a number of regulatory requirements designed to demonstrate that it is highly permanent and capable of absorbing losses. It contains only Common Equity Tier 1 capital and other capital instruments that meet these requirements (Additional Tier 1 Capital).

## **UK Listing Authority or UKLA**

The FCA acting as the UKLA focuses is on companies whose shares are admitted to trading in the UK and its Listing Rules set out obligations on listed companies.

## **Underlying profit**

This is used by companies to show what they believe to be an accurate reflection of the profit position of the company. This is not based on the regulatory standards required to be applied to accounting standards and reports and may exclude one off charges or events.

## **Wholesale funding**

This is a common method of fund raising by companies where large sums of capital are borrowed from other institutions. It is often a quick method of obtaining capital as it takes the form of loans rather than the issuance of bonds or shares.