Transforming the Group for success in a digital world

António Horta-Osório
Group Chief Executive
Solid foundations underpinning our customer centric business model

Distinctive competitive strengths

- Differentiated multi-brand, multi-channel customer propositions
- Market leading efficiency
- Largest digital bank, branch reach and customer franchise
- Prudent, low risk participation choices with strong capital position
- Rigorous execution and management discipline

Best-in-class customer experience
Customer NPS

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2017</th>
</tr>
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<tbody>
<tr>
<td></td>
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Highly efficient
Cost:income Ratio\(^1\), FY2017\(^2\)

<table>
<thead>
<tr>
<th></th>
<th>Peer Avg.</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>2011</td>
<td>56%</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>47%</td>
<td></td>
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</tbody>
</table>

Strong profitability
Statutory RoTE, FY2017\(^2\)

<table>
<thead>
<tr>
<th></th>
<th>Peer Avg.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>6.3%</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>8.9%</td>
<td></td>
</tr>
</tbody>
</table>

Capital generative
Cumulative capital generation\(^3\)
2015 – 2017\(^2\)

<table>
<thead>
<tr>
<th></th>
<th>Peer Avg.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>c.400 bps</td>
<td>56%</td>
</tr>
<tr>
<td></td>
<td>c.545 bps</td>
<td>47%</td>
</tr>
</tbody>
</table>

1 – As stated by major UK banking peers. 2 – Lloyds Banking Group figures as of Dec 2017 and peer group as at 9M 2017. 3 – Pre-dividend capital generation, excluding acquisitions (peers annualised).
Largest digital bank in the UK, delivering market leading experience

Customer needs met via digital, %

- Dec-13: 32%
- Dec-14: 40%
- Dec-15: 54%
- Dec-16: 61%
- Dec-17: 68%

- £1bn investment in digital announced

Forrester mobile banking app score (2017)

- LBG: 76
- UK average: 65
- Global average: 62

>13m digitally active customers
209m digital visits per month

#1 rated UK mobile app since 2015

- “Excels at usability”: easy enrolment/login, seamless navigation, context-sensitive help function
- “Outstanding marketing and sales functionality”: tailored product offers, comparison tools, third-party offers
- “Wide range of touchpoints”: mobile-optimised website, SMS interactions, Facebook Messenger
- “Excellent cross-channel guidance”: branch appointment scheduling function

£1bn investment in digital announced

Customer needs met via digital, %

- Dec-13: 32%
- Dec-14: 40%
- Dec-15: 54%
- Dec-16: 61%
- Dec-17: 68%

Increasing personalisation

Connected, seamless experience

Safety and security

Convenience and ease

Simpler products with greater transparency

Evolving customer needs and expectations...

• Richer interactions, better understanding of customer needs

• Deeper customer engagement

• More personalised propositions

• New channels to serve customers and guide to propositions that serve their needs

• Harnessing value from data

• Safe, secure and trusted online environment

• Increased productivity and process automation

...require a proactive response

Changing customer behaviour and expectations create opportunities
Building on our **solid foundations** to future proof our business

### Strategic priorities

- **Digitise**
- **Maximise**
- **Transform**
- **Leading customer experience**

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### Developing new sources of competitive advantage

- Differentiated multi-brand, multi-channel customer propositions with **data-driven customer experience**
- Market leading efficiency through **tech-enabled productivity improvements**
- Largest digital bank, branch reach and customer franchise with **leading integrated propositions**
- Prudent, low risk participation choices with strong capital position
- Rigorous execution and management discipline focusing on key **skills of the future**
More than £3bn strategic investment to deliver a significant transformation

LEADING CUSTOMER EXPERIENCE
- #1 UK digital bank, with Open Banking functionality
- #1 Branch network, serving complex needs
- Data-driven and personalised customer propositions

MAXIMISING GROUP CAPABILITIES
- £6bn loan growth in start-ups, SME and Mid Market businesses
- Sole integrated UK banking and insurance provider targeting >1m new pensions customers and £50bn AuA growth

DIGITISING THE GROUP
- End to end transformation covering more than 70% of our cost base
- Simplification and progressive modernisation of IT and data architecture

TRANSFORMING WAYS OF WORKING
- More than half of transformation delivered through Agile methodology
- Biggest ever investment in our People with 50% increase in colleague training and development to 4.4m hours p.a.
Continuing to deliver **greater value for shareholders**

<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>Increased investment</strong></td>
<td><strong>&lt;£3.0bn</strong> strategic investment</td>
</tr>
<tr>
<td>c.£1bn investment in digital</td>
<td></td>
</tr>
<tr>
<td><strong>Market leading efficiency</strong></td>
<td><strong>&lt;£8.0bn</strong> operating costs in 2020, including increased strategic investment**</td>
</tr>
<tr>
<td>£1.4bn simplification run-rate savings</td>
<td><strong>Low 40s CIR</strong> exiting 2020, including remediation</td>
</tr>
<tr>
<td>&lt;45% underlying CIR exiting 2019</td>
<td></td>
</tr>
<tr>
<td><strong>Sustainable and low risk growth</strong></td>
<td>**Growth in <strong>key targeted segments</strong></td>
</tr>
<tr>
<td>Growth in under represented areas and maintain market leadership in key retail areas</td>
<td></td>
</tr>
<tr>
<td>c.40bps AQR through-the-cycle</td>
<td>c.35bps AQR through-the-cycle and &lt;30bps in plan period</td>
</tr>
<tr>
<td><strong>Superior returns and lower cost of equity</strong></td>
<td><strong>14.0%-15.0%</strong> statutory RoTE from 2019</td>
</tr>
<tr>
<td>13.5%-15.0% statutory RoTE in 2019</td>
<td>Strong growth in <strong>statutory profit</strong></td>
</tr>
<tr>
<td>c.12% CET1, plus c.1% management buffer</td>
<td>c.13% CET1, plus around 1% management buffer</td>
</tr>
<tr>
<td><strong>Strong capital generation and attractive capital return policy</strong></td>
<td><strong>170-200bps</strong> pre-dividend CET1 capital generation per annum**</td>
</tr>
<tr>
<td><strong>Progressive</strong> and <strong>sustainable</strong> ordinary dividend</td>
<td>Flexibility to <strong>return surplus capital</strong></td>
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Committed to Helping Britain Prosper

Delivering on our purpose

- **>700,000** individuals, businesses and charities trained in digital skills during 2017
- **>440,000** start-up businesses supported since 2014
- **£47bn** of lending to first time buyers since 2014
- **15%** increase in SME net lending since the start of 2014, compared to a market that has grown by 1%
- **Largest corporate tax payer in the UK in 2015 and 2016**

Increasing our support going forward

<table>
<thead>
<tr>
<th>People</th>
<th>Businesses</th>
<th>Communities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending to first time buyers</td>
<td>Growth in net lending to start-up, SME and Mid Market businesses</td>
<td>Charities supported by our £100m commitment to the Group’s independent charitable Foundations</td>
</tr>
<tr>
<td>Individuals, businesses and charities trained in digital skills</td>
<td>Growth in assets managed in retirement and investment products</td>
<td>Percentage of senior roles held by women</td>
</tr>
<tr>
<td><strong>£10bn</strong></td>
<td><strong>£2bn</strong></td>
<td><strong>2,500</strong></td>
</tr>
<tr>
<td><strong>700k</strong></td>
<td><strong>£50bn</strong></td>
<td><strong>36%</strong></td>
</tr>
<tr>
<td><strong>1.8m</strong></td>
<td><strong>£8bn</strong></td>
<td><strong>40%</strong></td>
</tr>
<tr>
<td><strong>£30bn</strong></td>
<td><strong>£6bn</strong></td>
<td><strong>7,500</strong></td>
</tr>
</tbody>
</table>

- **>440,000** start-up businesses supported since 2014
- **>£47bn** of lending to first time buyers since 2014
- **£72m** donated to the Group’s independent charitable Foundations since 2014
- **Charities supported by our £100m commitment to the Group’s independent charitable Foundations**
- **2,500**
- **7,500**
- **£72m**
- **£50bn**
- **£6bn**
- **£10bn**
- **£6bn**
- **£8bn**
- **36%**
- **40%**
- **8.9%**
- **10%**

1 – Year end target. 2 – Cumulative from 2018. 3 – Growth in assets under administration in our open books.
Evolving our business model and transforming the Group for success in a digital world

Our purpose
Helping Britain Prosper

Our aim
Best bank for customers, colleagues and shareholders

Our business model
Digitised, simple, low risk, customer focused, UK financial services provider

Our strategic priorities

Transforming ways of working
Digitising the Group
Maximising Group capabilities

Our ambition
Transforming the Group for success in a digital world
Delivering our transformation

Juan Colombás
Chief Operating Officer
Delivery model leveraging our structural advantages

Our structural advantages…

- **Single** geography
- **Simple** operating model
- **Centralised** management
- **Transformation** expertise

…are enhanced by our recent organisational changes…

- **All critical components** of transformation under one umbrella…
  - **Transformation**
  - **Channels**
  - **People**
  - **IT & Ops**

…for better coordination and **end-to-end accountability**

…and our delivery model

- **Investment management** is now organised around customer journeys with priorities frequently reviewed
- **Faster delivery** of change for customers through Agile approach
- **Cross-functional, co-located** teams focused on transformation agenda
- **Focus on outcomes not initiatives**
Larger transformation programme with **significantly increased strategic investment**

Focus on efficiency enabling increased investment

Total strategic investment, £bn

- **GSR1** 2011-14: £8.7bn
- **GSR2** 2015-17: £8.2bn
- **GSR3** 2018-20: >£3.0bn

Operating cost base

- **GSR1** 2011-14: 2011-14
- **GSR2** 2015-17: 2015-17
- **GSR3** 2018-20: 2018-20

And delivering a leading customer experience

**>£3bn** strategic investment

- Maximising Group capabilities
- Digitising the Group
- Transforming ways of working

1 – Operating cost at period-end; 2014 for GSR1, 2017 for GSR2 and 2020 for GSR3.
Business and Transformation leads

Leading personal customer experience

& Digitising the Group
Transforming ways of working

Maximising Group capabilities

Vim Maru
Group Director, Retail

Jakob Pfaudler
Group Director, Community Banking

Zaka Mian
Group Director, Transformation

Jen Tippin
Group People & Productivity Director

Antonio Lorenzo
Chief Executive, Scottish Widows and Group Director, Insurance & Wealth

David Oldfield
Group Director, Commercial Banking
Leading personal customer experience

Vim Maru  
Group Director, Retail

Jakob Pfaudler  
Group Director, Community Banking
Leading personal customer experience

GSR3 priorities

- Build on our market leading digital financial services experience
- Tailor and leverage multi-channel model in line with evolving customer needs and behaviours
- Use enhanced capabilities to meet customers’ expectations for increasingly personalised propositions

Key outcomes (2020)

- #1 UK digital bank, with Open Banking functionality
- #1 Branch network, serving complex needs
- £30-40bn Market opportunity in under represented customer segments
Leading brands and customer franchise that differentiate us in a competitive market

Differentiated brand proposition

**Iconic brands** serving **over 27m** retail customers

Efficiently delivering **market leading awareness levels** in the UK

Extensive customer engagement

72% of customers used **two or more channels** in 2017

- **209m** digital visits per month
- **320m** debit card transactions per month
- **18m** branch visits per month
- **6m** calls answered per month

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1 – Unique active Lloyds, Halifax, and BoS customers plus primary active MBNA customers.  
3 – 72% based on active PCA customers. Monthly statistics based on Q4 2017 average.
A track record of delivering increasing customer satisfaction

Simpler product range

- PCA: Reduction in new business range 40%
- Savings: Reduction in products 80%
- Overdraft variants: 30 to 1

Improved customer journeys

- Rated mobile account opening journey #1
- Reduction in customer effort in digital PCA opening journey since 2011 40%
- For mortgage agreement in principle through digital channels <15 mins

Higher customer satisfaction

- Customer NPS:
  - 2011: 43
  - 2014: 59
  - 2017: 62

- Total incoming retail complaints:
  - 2011: -70%

1 – 2014-17. 2 – eBenchmarkers, 2017. 3 – Day to day usage across channels. 4 – Absolute incoming retail complaints excluding PPI and CMC.
Significant competitive advantage from multi-channel model

Simple needs migrating to digital channels

Customer channel interactions
Indexed to 2014

Simple product needs met
Volume, %

Digital

Telephony

Branch

2014 2015 2016 2017

200
150
100
50
0

2014
2017

42
70

4
70

53
28

3

Digital

Telephony

Branch

Multi-channel model critical

Value of multi-channel customers relative to single channel

1.4x

Customers preferring a F2F interaction for first banking relationship

>75%

Customers preferring branch for their first mortgage

60%

LBG market share of mortgage needs met through branches

21%

1 – Digital: Visits to desktop site or mobile app; Telephony: Calls via IVR or human agent; Branch: Visits excludes self-service. 2 – Excludes MBNA, Mortgages, Insurance and direct mail. 3 – BoE, CML, eBenchmarkers, GfK and internal reporting. Simple products market share based on PCA, Savings, Cards and Loans, excludes MBNA. 4 – GfK’s Financial Research Survey, Dec 2017, respondents who opened their first current account in the previous 12 months, 1,210 respondents. 5 – GfK’s Financial Research Survey, Dec 2017 638 respondents likely to take their first mortgage in the next 12 months.
Opportunity to tailor and leverage multi-channel model in line with evolving customer needs and behaviours

**Branch network**
- F2F for complex customer needs
- Differentiated formats

**Telephony**
- Focused on trouble shooting and support
- Powered by AI and machine learning

**Alternative channels**
- Next generation mobile branches
- Extended Post Office offer

**Digital bank**
- Integrated with branch and telephony
- Secure and convenient top rated mobile app

**Remote advice**
- Home and branch
- Click-to-call
- Mortgages, Insurance and Businesses

Compelling strategic agenda

- Tailored channels to customer needs
- Ability to integrate across channels
- Ambitious vision for role of branches
- Optimised cost to serve
Physical distribution optimised for purpose, efficiency and reach

Focusing on complex needs
Customer-facing time on complex needs¹

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2017</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>34%</td>
<td>45%</td>
<td>c.60%</td>
<td></td>
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</table>

Optimising cost to serve
Branch and telephony costs per customer indexed²

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2017</th>
<th>2020</th>
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<tbody>
<tr>
<td>100</td>
<td>81</td>
<td>&lt;70</td>
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</table>

Maintaining reach
Branch market share

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2017</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>20%</td>
<td>21%</td>
<td>21%</td>
<td></td>
</tr>
</tbody>
</table>

¹ – Branch colleagues customer facing time - Kiran (2014), Finalta (2017) observation studies; complex needs include mortgage appointments, moments of truth and other enquiries/appointments that customers find complex. ² – Direct and Property costs per primary active customer. ³ – CACI.
Well placed for future evolution of **Open Banking**

**Customers** can begin sharing their data for included products

- **Customer impact**
  - Jan 2018
  - Jun 2018
  - Dec 2018
  - Jun 2019
  - Dec 2019

**Open Banking launched**
- Includes transactional data and payment APIs
- Only large UK bank ready

**PSD2 becomes law**
- Transactional data
- Payment initiation

**GDPR becomes law**
- Customers benefit from **enhanced online security**
- Greater protections for customers’ data

**Strong Customer Authentication**
- PSD2 technical standard expected to apply

**Customers benefit**
- Enhanced online security
- More customer control
- New innovations in products and services
- A focus on responsible data use and security

**Regulatory change**

Remain #1 UK digital bank with Open Banking functionality

LBG’s leading position

1. Largest digital financial services provider with multi-brand, multi-channel offering and strong customer relationships
2. Leading digital functionality and continuing innovation
3. Secure and trusted by customers vs. third parties¹
4. Customer convenience: they want account aggregation from their main bank²

Making Open Banking work for our customers

Everything in one place
- Aggregated view of customer’s financial holdings from across the market place

New propositions
- Exploring 3rd party networks and journeys

Innovative tools
- Enhanced servicing (e.g. nudges and card controls)
- Personalised insights
- Everyday controls (real-time notifications)

Security a shared priority
- APIs will ensure the highest levels of security

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Use enhanced capabilities to meet customers’ expectations for increasingly personalised services

Demand for personalisation

We have a diverse customer base with varying needs:

• 57% own or mortgage home vs 43% rent²
• More than 60% digitally active
• 15% over 70 years old
• 11% don’t use cash

Customers have increasing expectations for personalised and relevant experiences

Enhanced capabilities

GSR3 capabilities will allow us to respond, from one-size-fits-all to a tailored service which better meets the individual needs

- Digitised customer journeys
- Enhanced data capabilities
- Leading digital servicing

Opportunity

• Enhanced customer experience for all customers

• We will deliver growth through data-driven and personalised propositions

• Micro-segmentation of our customer base identified 10m customers where we are under represented with a market share of 17%, below our natural market share

• Opportunity of c.£30-40bn additional customer balances from under represented personal customer segments
Leading personal customer experience

GSR3 priorities

Build on our market leading **digital financial services experience**

Tailor and leverage multi-channel model in line with evolving **customer needs and behaviours**

Use **enhanced capabilities** to meet customers’ expectations for increasingly **personalised propositions**

Key outcomes (2020)

#1 UK digital bank, with Open Banking functionality

#1 Branch network, serving complex needs

£30-40bn Market opportunity in under represented customer segments
Digitising the Group & Transforming ways of working

Zaka Mian
Group Director, Transformation

Jen Tippin
Group People & Productivity Director
Digitising the Group & Transforming ways of working

**GSR3 priorities**

- **Digitise more customer journeys end-to-end** and scale up transformation to include our Central Functions
- Simplification and **progressive modernisation** through targeted investment in technology, data, and innovation
- **More agile ways of working** and continued focus on technology-enabled productivity improvement
- Build key **skills of the future** and greater in-house capabilities

**Key outcomes (2020)**

- >70% of cost base covered by journey transformation
- **Up to 30%** change resource efficiency improvement
- **50%** increase in training and development to 4.4m hours p.a.
Scaling up our transformation to **digitise the Group end-to-end and transform our ways of working**

**Creating the largest UK digital bank**
Enhancing digital capabilities and undertaking Customer Journey Transformation 1.0 to improve experience and business efficiency

<table>
<thead>
<tr>
<th>Year</th>
<th>Mobile account opening journey¹</th>
<th>#1</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>1m</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>3.3</td>
<td>#1</td>
</tr>
<tr>
<td>2017</td>
<td>5m</td>
<td>9m</td>
</tr>
<tr>
<td>2020+</td>
<td>1.5bn</td>
<td>3.0bn</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Mobile users</th>
<th>Digital only complaints per ‘000 users</th>
<th>1.4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2014</td>
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<td></td>
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<tr>
<td>2017</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>2020+</td>
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</table>

**Building digital foundations**
Creating a scalable digital platform providing choice and convenience for customers

<table>
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<tr>
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<td>2017</td>
<td>5m</td>
</tr>
<tr>
<td>2020+</td>
<td>1.5bn</td>
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**Digitising the Group & Transforming ways of working**

- Broader and deeper digital transformation
- Simplification and **progressive modernisation** of our IT and data architecture
- More agile and more efficient ways of working
- Investing to build **key skills of the future** with greater in-house capabilities

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1 – eBenchmarkers. 2 - Includes all logons to LBG secure-sites.
Broader and deeper digital transformation, leveraging improved technology and data capabilities

Broader and deeper transformation...

End-to-end transformation

End-to-end digitisation, including more activities along the value chain (e.g. control functions and operations)

More customer journeys covered

~20 additional customer journeys, including:
- Financial planning and retirement
- Home insurance claims

Central functions digitised

~15 enterprise journeys, with manual processes re-engineered across central functions

...leveraging improved capabilities

Enhanced channel technology

Upgraded data and applied sciences

Simplified IT infrastructure

Accelerated innovation

GSR2

+40%

Strategic investment

>£3bn

Journeys transformed¹

16

~50

GSR3

>70%

Cost base transformed²

~12%

~15 enterprise journeys

1 – Includes customer and enterprise journeys.  2 – Operating cost base covered by journey transformation.
Making continuous improvements to everyday banking by leveraging emerging technologies

Using applied sciences to transform both customer experience and operational effectiveness

**Customer**
- **~45 seconds**
  - less time spent per call for authentication
  - Instant authentication via voice biometrics, click-to-call
- **20 - 40%**
  - increase in customer satisfaction
  - Greater convenience through in-app messaging
- **~20%**
  - reduction in errors
  - Use of intelligent automation to streamline delivery of customer outcomes

**Bank**
- **1/3rd**
  - more colleague capacity created
  - Automated voice and chat-bots matching customer need with agent skill
- **~10%**
  - increase in first resolution rates
  - Coaching prompts for colleagues using speech and text analytics on “next best resolution” during call
- **~20%**
  - reduction in manual compliance effort
  - Greater efficiency in compliance activities using automated speech to text and analytics
Targeted simplification and "at scale" exploitation of new tech-enabled opportunities

**Channel technology**
- Cyber defences
- Branch
- Telephony
- Digital
- API

**Insight and data**
- Multi-brand, omni-channel customer servicing platform
- Cognitive and machine learning
- Enterprise data hub
- Core Systems: e.g. Banking, Mortgage, Pensions, etc.
- Single Customer View

**Infrastructure**
- Software as a Service
- Cloud hosting
- In-house hosting

- New capabilities
- Enhancement
- Simplification

- API enabled channel to leverage FinTech and exploit Open Banking
- Insight powered customer experiences
- Selectively upgrade core systems but avoid "big-bang" solution
- Transformed software development processes with greater automation
- Cost and agility improvements by leveraging hybrid cloud and software as a service
More agile and more efficient ways of working

Moving from waterfall...

1. Sequential approach with fixed requirements defined at outset
2. Limited user feedback prior to end product testing
3. Temporary teams from specialist areas
4. Initiative focused with management accountable

…to Agile in more than half of our change activity

- Iterative approach with short development sprints
- Continuous customer feedback through test and learn
- Cross-functional, co-located and enduring teams
- Outcome focused with Agile teams fully accountable

- Up to 30% change resource efficiency improvement
- >50% change delivered through Agile
- Increase in Agile coaches

>9 months average delivery time

<6 month delivery with monthly releases

More agile and more efficient ways of working
Upskill and retrain

Attract top talent and specialist resource

Biggest ever investment in our People to build key skills of the future

Investing in People to create lasting competitive advantage

**Academies** to develop skills for **specialist roles**

**Leadership** programmes to **role model** ways of working

**Clearer career progression** routes

Enhanced **workforce analytics**

Targeted **recruitment campaigns**

Faster **recruitment and on-boarding** process

Simpler structure fostering **individual development**

Aligned **graduate** and **apprenticeship programmes**

- Increase in training and development to 4.4m hours p.a. (50%)
- Reduction in external resources in Change (30%)
- Increase in digital experience designers and robotics/AI engineers (2x)
Long-term enhancements to our business and competitive position

Structural upgrade to our business

Improved capabilities

- Upgraded data architecture
- Enhanced channel technology
- E2E journey transformation
- Applied sciences
- Single customer view
- Scalable infrastructure
- Agile change
- Upskilled workforce

Strengthening our competitive advantages

- Data-driven customer experience
- Tech-enabled productivity improvements
- Leading integrated propositions
- Key skills of the future

Strong position to compete

<table>
<thead>
<tr>
<th>Cost:income ratio¹, %</th>
<th>Disruptor aspiration</th>
<th>Low 40s</th>
<th>UK banks</th>
<th>EU banks</th>
<th>Global banks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>c.35%</td>
<td></td>
<td>c.55%</td>
<td>c.55%</td>
<td>c.70%</td>
</tr>
</tbody>
</table>

¹ – Cost:income ratios as reported (latest disclosure). Disruptor aspiration: based on marketplace lenders; UK: RBS, Santander UK, Barclays, HSBC; EU: BBVA, Santander Group, UniCredit, Intesa, Nordea, Swedbank, ING, KBC, Caixabank, Sabadell, Societe Generale, Credit Agricole; Global: Citigroup, JP Morgan, Bank of America, Morgan Stanley, Goldman Sachs, Credit Suisse, UBS, Deutsche Bank, BNP Paribas.
Digitising the Group & Transforming ways of working

**GSR3 priorities**

- **Digitise more customer journeys end-to-end** and scale up transformation to include our Central Functions
- Simplification and **progressive modernisation** through targeted investment in technology, data, and innovation
- **More agile ways of working** and continued focus on technology-enabled productivity improvement
- Build key **skills of the future** and greater in-house capabilities

**Key outcomes (2020)**

- More than **70%** of cost base covered by journey transformation
- **Up to 30%** Change resource efficiency improvement
- 50% increase in training and development to 4.4m hours p.a.
Maximising Group capabilities

Antonio Lorenzo
Chief Executive, Scottish Widows
Group Director, Insurance & Wealth

David Oldfield
Group Director, Commercial Banking
Maximising Group capabilities – Insurance & Wealth

Antonio Lorenzo
Chief Executive, Scottish Widows
Group Director, Insurance & Wealth
Maximising Group capabilities: Insurance & Wealth

GSR3 priorities

Capture the **Corporate Pensions** opportunity, leveraging the Zurich acquisition and Group strengths

Offer customers a **single home for their banking and insurance needs**

Drive growth across intermediary and **relationship channels** through a strong distribution model

Key outcomes (2020)

>1m New pension customers

£50bn Financial Planning & Retirement open book AuA growth

1 – Includes Wealth, excludes longstanding products.
Insurance & Wealth business with diversity and scale

Unique business model

Iconic Group brands

Strength across our core markets

Scale player\(^1\)

Unrivalled multi-channel distribution

GSR2 selected achievements

Integral part of Lloyds Banking Group

- Underlying profit in 2017 (12% of Group)
- Cumulative dividends paid to Group since 2011
- Underlying return on tangible equity in 2017

<table>
<thead>
<tr>
<th>Iconic Group brands</th>
<th>Retirement &amp; Investment</th>
<th>General Insurance</th>
<th>Protection</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCOTTISH WIDOWS</td>
<td>&gt;9m Customers</td>
<td>£145bn AuA</td>
<td>(16%)</td>
</tr>
</tbody>
</table>

- Franchise
- Direct
- Intermediary

1 Scale player includes General Insurance, Protection, and Retirement & Investment.

- Successful re-platforming of our Home Insurance business
- £2.5bn bulk annuity deals since launch
- 5 star Financial Adviser service rating

1 – Figures exclude Zurich acquisition.
Meeting customers’ Financial Planning & Retirement needs in a growing market

Significant market opportunity…
Market AuA, Financial Planning & Retirement products, £tn\(^1\)

...which we will start to capture during GSR3

Double-digit new business income growth across Financial Planning & Retirement

Grow income in General Insurance and Protection

These increases will more than offset reductions in longstanding products

---

1 – Provider results, ABI, Compeer, Fundscape, HMRC, Investment Association, Money Management and Spence Johnson. 2 – Investments includes stocks & shares ISAs, unwrapped funds and direct equities. Markets shown where LBG participates.
Capturing the Corporate Pensions opportunity, leveraging the Zurich acquisition and Group-wide capabilities

Market opportunity

Corporate Pension AuA projected to grow at 11% CAGR between 2017-2025¹

Key initiatives and outcomes

Integrating Zurich platform to increase scale, enhance capabilities and reach into new, growing segments

Leveraging our corporate client relationships to provide retirement solutions

Digitising employer and employee journeys to enhance customer experience

Auto-enrolment and higher contributions²

Customer preference for digitised services increases customer interaction

Increase in pensions customers

Corporate Pensions new business market share by 2020¹ (10% in 2017)

1 – Internal projections based on provider results and data from the ABI and Spence Johnson. 2 – Total minimum contributions levels, including employer and staff contributions: up to 05/04/2018: 2%; 06/04/2018 – 05/04/2019: 5%; 06/04/2019 onwards: 8%
Offering customers a **single home for their banking and insurance needs**

Our Single Customer View…

…brings our Insurance proposition to Retail digital customers

**Unrivalled level of engagement with customers**

- **>13m** Digitally active users
- **16** Average visits per month
- **#1** rated UK mobile app since 2015

Significantly higher than standalone insurers

**Deeper understanding of our customers’ insurance needs**

- Offer **data-driven, bespoke** Financial Planning & Retirement, General Insurance and Protection **propositions** with **seamless service**

- Provide **greater convenience for customers** through our leading distribution network and multi-channel approach

---

Strong distribution model to **drive growth across Intermediary and Relationship channels**

We are investing in each channel to grow our business

**Intermediary**
- **Launch Open Market Option (OMO) annuity**, allowing customers of any pension provider to buy a Scottish Widows annuity
- **Enter the on-platform pension and investment market**, providing access to a fast growing customer segment
- **Enhance digital journeys** for intermediaries

**Relationship (Franchise and Direct)**
- Connect franchise holdings via **Single Customer View**
- Provide a comprehensive range of **advice and guidance solutions** for pensions & investments
- Embed **Home and Life insurance solutions** in the Franchise customer journey

---

1 – Market share of new business, based on internal projections and ABI data.  
2 – Needs met originating in branch and via Connect mortgages, based on internal projections
Maximising Group capabilities: Insurance & Wealth

GSR3 priorities

- Capture the **Corporate Pensions** opportunity, leveraging the Zurich acquisition and Group strengths

- Offer customers a **single home for their banking and insurance needs**

- Drive growth across intermediary and relationship **channels** through a strong distribution model

---

Key outcomes (2020)

- >1m New pension customers

- £50bn Financial Planning & Retirement open book AuA growth\(^1\)

---

1 – Includes Wealth, excludes longstanding products.
Maximising Group capabilities - Commercial Banking

David Oldfield
Group Director, Commercial Banking
Maximising Group capabilities – Commercial Banking

GSR3 priorities

- Digitise propositions and support lending needs to drive growth in SME and Mid Markets
- Upgrade propositions to **deepen relationships** with Global Corporates and Financial Institutions
- Increase the productivity of our Relationship Managers through investment in data and analytics

Key outcomes (2020)

- **£6bn** Growth in net lending to Start-ups, SMEs and Mid Markets
- **>70%** Products digitised
- Maintain market leading RoRWA – 2.8% in 2017
Solid foundations and simple model delivering best-in-class returns

Simple, low risk, relationship-led and UK-focused model

Strong track record of delivery (GSR2)

Targeted growth

+£4bn SME and Mid Market net lending

Investment in digital

>12k Active clients on CB Online

Simplification

>16k Accounts opened through the new digital onboarding process

Capital discipline

£17bn RWA reduction

Simple segmentation

- Retail
- Commercial Banking
- Business Banking
- SMEs
- Mid Markets
- Global Corporates
- Financial Institutions

Disciplined participation

- Lending
- Transaction Banking
- Markets

Comprehensive coverage

- Digital Self-serve
- Relationship Management

Delivering best-in-class returns (FY2017)\(^1\)

RoRWA

Peer Avg.\(^2\)

Cost:income ratio

- Peer Avg. 1.2%
- 2.8%
- 46%
- 65%

---

1 – LBG figures for FY17 and peer average for 9M17
2 – Peer average refers to RBS (Commercial and NatWest Markets), Barclays (Corporate & IB) and Santander UK (Commercial and Global Corporate Banking)
Transforming our propositions to meet our clients’ evolving needs

Wide ranging client needs….

For simple needs they want

- Seamless multi-channel engagement
- Fully digital self-serve
- Flawless servicing
- Digital integration with accounting systems

For complex needs they want

- Relationship Manager support
- Customised propositions
- Real-time relevant sector insight
- Digital integration with enterprise systems

…supported through our key GSR3 themes

**Invest and grow**
In SME and Mid Markets
- Digitise client experience
- Increase self-serve
- Improve product range

**Deepen**
Relationships in GC and FI
- Enhance payment and cash management
- Upgrade liquidity and working capital propositions
- Maintain returns discipline

**Increase Productivity**
Of Relationship Managers
- Focus on high value client interactions
- Deliver valuable insight
Invest and grow in SME and Mid Markets

In GSR3 we will...

**Digitise client experience**
- Digital origination of simple loans, with online servicing
- Faster time to loan sanction and cash draw down
- Enhance digital offering in FX, Rates and deposits
- Transform transaction and banking journeys end-to-end

**Improve product range**
- Upgrade trade and working capital propositions
- Leverage Open Banking to broaden client reach
- Expand loan product range with flexible funding options

**Simplify onboarding and servicing**
- Straight-through-processing and automation
- Transform onboarding for corporate clients across the Group

<table>
<thead>
<tr>
<th>Loans serviceable online</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>SME conversion rate in Markets products from online channels</td>
<td>2x</td>
</tr>
<tr>
<td>Decision time for simple lending</td>
<td>&lt;2hrs</td>
</tr>
</tbody>
</table>
## Deepen relationships in Global Corporates and Financial Institutions

In GSR3 we will...

<table>
<thead>
<tr>
<th>Broaden Payments &amp; Cash Management</th>
<th>Improve Markets products</th>
<th>Create seamless client experience</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Modernisation of capabilities</strong> to expand client offering</td>
<td><strong>Integrate bulk FX payment</strong> capability</td>
<td><strong>Have the Relationship Manager</strong> at the heart of our model</td>
</tr>
<tr>
<td>Address more <strong>liquidity needs</strong> and provide more <strong>financing solutions</strong></td>
<td><strong>Improve electronic Rates and Repo capabilities</strong></td>
<td>A <strong>client coverage led model</strong> supported by product and delivery teams</td>
</tr>
<tr>
<td>Continue to invest in <strong>trade</strong> and <strong>asset finance platforms</strong></td>
<td><strong>Simplify operations</strong> and <strong>systems</strong> to drive efficiency gains</td>
<td></td>
</tr>
</tbody>
</table>

1 in 3 Cash management mandates won (from 1 in 8)

>90% Straight-through-processing of international payments

25% Increase in e-traded volumes (FX and Rates)

---

In GSR3 we will...

- **Modernisation of capabilities** to expand client offering
- Address more **liquidity needs** and provide more **financing solutions**
- Continue to invest in **trade** and **asset finance platforms**
- **Integrate bulk FX payment** capability
- **Improve electronic Rates and Repo capabilities**
- **Simplify operations** and **systems** to drive efficiency gains
- **Have the Relationship Manager** at the heart of our model
- A **client coverage led model** supported by product and delivery teams
Make the Relationship Manager role more productive with more time spent on value adding activity

Clients want …

**Frictionless multi-channel engagement and flawless servicing**

**Customised propositions**

**Timely, relevant insight** adding tangible value

Through our Relationship Managers we will deliver…

A trusted partner providing **valuable insight** and creating **strategic conversations**

**Proactive** client interaction offering **customised propositions**

50% increase in RM time spent on more complex, value adding activity

Underpinned by…

**Automated** processes and **self-serve capability**

**Connected cross-Group and external data**

Group **API architecture**

**Applied sciences** for sophisticated analytics
We can work across the Group to bring joined up solutions

Strong cross-divisional collaboration will drive deeper relationships with Commercial clients

Retail & Community Bank

Insurance & Wealth

Commercial Banking

Focus going forward

Maximising Group capabilities to target profitable growth

Diversifying further our sources of income

Extracting further synergies through deeper relationships

Franchise distribution
General Insurance
Protection
Financial Planning & Retirement
Wealth leads

Branch servicing
Commercial cards
Merchant acquiring
Motor finance
Contract hire
International payments
Business Banking

Corporate pensions
Bulk annuities
ALM / Securitisation
Longer term lending
Maximising Group capabilities – Commercial Banking

GSR3 priorities

Digitise propositions and support lending needs to drive growth in SME and Mid Markets

Upgrade propositions to deepen relationships with Global Corporates and Financial Institutions

Increase the productivity of our Relationship Managers through investment in data and analytics

Key outcomes (2020)

Growth in net lending to Start-ups, SMEs and Mid Markets

£6bn

>70% Products digitised

Maintain market leading RoRWA – 2.8% in 2017
Financial projections and targets

George Culmer
Chief Financial Officer
Clear strategy that will underpin the delivery of **superior returns** and create greater value for shareholders.

**OUR PURPOSE**

Helping Britain Prosper

**OUR AIM**

Best bank for customers, colleagues and shareholders

**OUR BUSINESS MODEL**

Digitised, simple, low risk, customer focused, UK financial services provider

**Transforming the Group for success in a digital world**

- Sustainable and low risk growth
- Market leading efficiency
- Superior returns and lower cost of equity
- Strong capital generation and attractive capital return policy

**£3bn** strategic investment
Sustainable and low risk growth – Opportunities for growth in targeted key segments

Strong franchise across key channels and products

Channels market share
- Digital new business volumes: 22%
- Branches market share: 21%

Product market share
- Consumer credit card balances: 25%
- Current account volumes: 25%
- Mortgage balances (open book): 20%
- Retail deposit balances: 19%
- SME and small business balances: 19%
- Mid Market main bank relationships: 17%
- Consumer loan balances: 15%
- Black Horse car finance balances: 14%
- Home insurance GWP: 12%
- Corporate pensions (flow): 10%
- Commercial payment volumes (flow): 7%
- Individual pensions & drawdown (flow): 3%

Further growth opportunities

- **Organic growth in targeted key segments:**
  - Financial Planning & Retirement: open book assets under administration
  - Start-up, SME and Mid Market: lending
  - Targeted growth in consumer lending segments
  - Will continue to balance volume and margin considerations in mortgages

- **Inorganic growth:**
  - Consider ‘bolt-on’ acquisitions in segments and/or capabilities where appropriate
  - Innovation growth opportunities through strategic partnerships and FinTech engagement

- No change to prudent risk appetite
Sustainable and low risk growth – Cost of risk expected to remain low, with through the cycle guidance improved

Cost of risk to remain low

Asset quality ratio (net), bps

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>GSR2 guidance</td>
<td>14</td>
<td>15</td>
<td>18</td>
<td>&lt;30</td>
</tr>
<tr>
<td>New guidance</td>
<td>c.40</td>
<td>c.35</td>
<td>&lt;5bps</td>
<td>&lt;30</td>
</tr>
</tbody>
</table>

Reflecting our low risk business model

- Low risk business model underpinned by prudent participation choices and portfolio de-risking
  - Over 95% of assets in UK (AA rated)
  - Secured assets represent over 2/3 of portfolio; average mortgage LTV of 43.6%
  - Unsecured consumer portfolio c.6% of loans, compared to c.4% in 2014
  - Stringent underwriting criteria with targeted balance growth in recent years
  - Run off assets now c.£9bn, down 95% from peak, and just c.2% of loans
  - Limited exposure to high volatility business lines

- Asset quality ratio of c.35bps (prev. c.40bps) through the cycle and <30bps in the plan period, with lower releases and write backs than FY17
Market leading efficiency – Targeting further absolute cost reductions, creating capacity for strategic investment

Further absolute cost reductions
Operating cost trajectory, £bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>10.0</td>
</tr>
<tr>
<td>2014</td>
<td>8.7</td>
</tr>
<tr>
<td>2017</td>
<td>8.2</td>
</tr>
<tr>
<td>2020</td>
<td>&lt;8.0</td>
</tr>
</tbody>
</table>

Outlook

- **Proven track record** of delivering cost reductions; cost base reduced by **c.£2bn since 2011**
- Targeting **operating costs of <£8.0bn in 2020**, more than offsetting inflation
- Focus on efficiency allows for increased investment; **>£3bn strategic investment** over next three years
  - >40% increase compared to the prior plan period
- Cost:income ratio will now include remediation, as well as operating costs with **increased investment**
  - Remediation costs expected to reduce significantly below 2017 levels
- Targeting further improvements in **cost:income ratio**
  - Low 40s exiting 2020, compared with 51.8% in 2017, with reductions every year

Further cost:income ratio improvements
Cost:income ratio, %

<table>
<thead>
<tr>
<th>Year</th>
<th>Reported Cost:Income Ratio</th>
<th>Incl. Remediation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>46.8</td>
<td>51.8</td>
</tr>
<tr>
<td>2020</td>
<td>Low 40s exiting 2020</td>
<td></td>
</tr>
</tbody>
</table>

1 – Operating costs exclude operating lease depreciation. Includes TSB (2011 and 2014) and MBNA (2017). 2 – Calculated as (operating costs + remediation costs) / net income. Remediation previously referred to as other conduct.
Superior returns and lower cost of equity – Targeting strong statutory profit growth

Continued strong statutory profit progression
Statutory profit before tax, £bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Statutory PBT</th>
<th>PPI &amp; remediation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>3.4</td>
<td>3.8</td>
</tr>
<tr>
<td>2012</td>
<td>4.2</td>
<td>0.6</td>
</tr>
<tr>
<td>2013</td>
<td>3.5</td>
<td>-0.4</td>
</tr>
<tr>
<td>2014</td>
<td>1.8</td>
<td>3.1</td>
</tr>
<tr>
<td>2015</td>
<td>1.6</td>
<td>4.7</td>
</tr>
<tr>
<td>2016</td>
<td>2.1</td>
<td>4.2</td>
</tr>
<tr>
<td>2017</td>
<td>2.5</td>
<td>5.3</td>
</tr>
</tbody>
</table>

Closing the gap to underlying PBT

- Statutory PBT has increased significantly since 2011 and now accounts for 62% of underlying PBT
- Targeting further strong statutory profit growth, driven by targeted growth, resilient NIM, low risk business model, and lower operating and remediation costs
- Below the line items to reduce significantly
  - PPI costs to cease in August 2019 due to industry deadline
  - Post this deadline, only volatility, restructuring, amortisation of purchased intangibles and fair value unwind will remain below the line
- Expect an effective tax rate of around 25% in 2020
Superior returns and lower cost of equity – Targeting improved returns on a higher capital base

Higher capital base
Post-capital return CET1 ratio

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CET1</td>
<td>7.1</td>
<td>7.6</td>
<td>8.1</td>
<td>10.3</td>
<td>12.8</td>
<td>13.0</td>
<td>13.0</td>
<td>13.9</td>
</tr>
</tbody>
</table>

Target 13.9

Impact of higher capital base fully absorbed
Return on tangible equity, %

Existig guidance: 13.5 – 15.0%
Higher capital base: Up to 90bps
2018-19 uplift: >90bps
New guidance: 14.0 – 15.0%

Improved returns on a higher capital base

• Targeting improved statutory RoTE of 14.0% - 15.0% from 2019 on a higher capital base

• Targeting higher CET1 ratio of c.13%, plus a management buffer of around 1%

• Excluding the impact of higher capital requirements, RoTE would be up to 90bps higher

1 – Pro-forma for insurance dividend. 2016 post-MBNA (0.8%). 2017 post announced share buy back.
Superior returns and lower cost of equity – Delivering superior shareholder returns

Simple, differentiated business model

**UK focus**

Re-shaped and de-risked business

Market leading efficiency

Strengthened capital base

Scale of transformation

Clear participation choices with low complexity

Lower impairments, lower volatility and lower cost of funding

Positive operating leverage allowing for higher investment capacity

Prudent and stronger bank

Enhanced customer experience

**Lower cost of equity**

**Higher RoTE**

**Superior shareholder returns**
Strong capital generation and attractive capital return policy – Capital generative business model with clear framework for capital return

Consistent capital generation

Pre-dividend capital generation per annum, bps¹

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>Pre-dividend capital generation per annum, bps¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-2017</td>
<td></td>
<td>c.180</td>
</tr>
<tr>
<td>GSR3 target</td>
<td></td>
<td>170-200</td>
</tr>
<tr>
<td>Peer average (2015-2017)</td>
<td></td>
<td>c.130</td>
</tr>
</tbody>
</table>

Enabling superior shareholder returns

- Business model remains strongly capital generative
  - Continue to target 170-200bps per annum, pre-dividend
- Improved profitability provides capacity for growth and ability to absorb capital headwinds while still delivering consistent capital generation
- Clear framework for capital return to shareholders:
  - Progressive and sustainable ordinary dividend
  - Will continue to return surplus capital by an appropriate means, with current preference for share buy-backs

¹ – Excluding acquisitions. Annualised average for peers
Closing comments

António Horta-Osório
Group Chief Executive
Transforming the Group for success in a digital world

Our purpose
Helping Britain Prosper

Our aim
Best bank for customers, colleagues and shareholders

Our business model
Digitised, simple, low risk, customer focused, UK financial services provider

Our strategic priorities
Digitising the Group
Maximising Group capabilities
Transforming ways of working

Our ambition
Transforming the Group for success in a digital world
Appendix
Speakers’ biographies

**Vim Maru**
Group Director, Retail

Vim was appointed Group Director, Retail in September 2017.

He joined the Group in June 2011 as Managing Director, Customer Products and was appointed to the Group Executive Committee in August 2013. Vim is also a UK Finance Board member, leading on Retail Banking.

Previously Vim worked for over 12 years at Santander, in a range of roles in Corporate Strategy, Mergers & Acquisitions, the Life Division and most recently held the position of Director, Retail Products.

Vim holds an Economics degree from the London School of economics and is a member of the Institute of Chartered Accountants.

**Jakob Pfaudler**
Group Director, Community Banking

Jakob was appointed Group Director, Community Banking in September 2017.

From 2015 to 2017 he was Chief Operating Officer for the Retail Bank and prior to this he was Managing Director of Asset Finance. Other previous roles include Chief Operating Officer for Wealth & International, Managing Director International Retail and International Banking and Wholesale Banking Operations Director.


He has a PhD in Theoretical Physics from Oxford University.

**Zaka Mian**
Group Director, Transformation

Zak joined the Group in 1989 as a Business Analyst in IT and has carried out multiple roles involving Retail CIO, Head of IT Architecture and leading the Digital Transformation programme.

He was appointed Group Director, Digital and Transformation in 2016 and his responsibilities increased in September 2017 as the Group Director, Transformation. He is responsible for the digital transformation of the Group, including all IT and business change, and ensuring we are ready to meet the future expectations of our customers.

Zak has a Computer Science degree from York University.
Speakers’ biographies

**Jennifer Tippin**  
Group People and Productivity Director

Jen was appointed as Group People and Productivity Director in July 2017 and is responsible for leading the people function and managing the Group’s cost base. Prior to her current role, Jen held the roles of Group Customer Services Director and Managing Director, Retail Business Banking. Graduating from Oxford University, Jen enjoyed a career spanning multiple industries, including banking, engineering and the airline sector. Jen is a non-executive director on the board of Lloyds Bank Corporate Markets and the Kent Community NHS Foundation Trust.

**Antonio Lorenzo**  
Chief Executive, Scottish Widows and Group Director, Insurance and Wealth

Antonio was appointed Chief Executive, Scottish Widows and Group Director, Insurance at the end of 2015 and during 2017 he also assumed responsibility for the Wealth Division. Antonio joined the Group in 2011 from Santander to lead the Group’s strategic review and subsequent programme of reducing non-core assets and exiting international locations. He subsequently held the role of Group Director, Consumer Finance & Group Corporate Development, leading the division’s growth strategy whilst completing the sale of TSB. He is Group Executive Sponsor for Emerging Talent.

**David Oldfield**  
Group Director, Commercial Banking

David was appointed as Group Director, Commercial Banking in September 2017 responsible for supporting corporate clients from SMEs through Mid Markets to Global Corporates and Financial Institutions. David started his career with Lloyds Bank 31 years ago on the graduate programme and has held a number of key leadership roles across all Divisions of the Group. Immediately prior to his current role he was Group Director Retail and Consumer Finance, responsible for the Lex Autolease and Black Horse Brands, Retail branch networks, Telephone Banking, and Retail Business Banking and UK Wealth businesses. David is a Fellow of the Chartered Institute of Bankers. He is also Group Executive Sponsor for Disability.
Forward looking statement

This document contains certain forward looking statements with respect to the business, strategy, plans and/or results 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 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 (including but not limited to the payment of dividends) to differ materially from 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 interest rates, inflation, 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 and other benefits including, but without limitation as a result of any acquisitions, disposals and other strategic transactions; 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, instability as a result of the exit by the UK from the European Union (EU) and the potential for other countries to exit the EU or the Eurozone and the impact of any sovereign credit rating downgrade or other sovereign financial issues; technological changes and risks to the security of IT and operational infrastructure, systems, data and information resulting from increased threat of cyber and other attacks; natural, pandemic 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 the exit by the UK from the EU, or a further possible referendum on Scottish independence; 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 or courts in the UK, the EU, the US or elsewhere including the implementation and interpretation of key legislation and regulation together with any resulting impact on the future structure of the Group; the ability to attract and retain senior management and other employees and meet its diversity objectives; 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 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, lending companies and digital innovators and disruptive technologies; and exposure to regulatory or competition scrutiny, legal, regulatory or competition proceedings, 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. The information, statements and opinions contained in this document do not constitute a public offer under any applicable law or an offer to sell any securities or financial instruments or any advice or recommendation with respect to such securities or financial instruments.

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