

**LLOYDS**  
BANKING GROUP



# HELPING BRITAIN PROSPER

Lloyds Banking Group plc  
Notice of Annual General Meeting 2019

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

## FORWARD LOOKING STATEMENTS

This document contains certain forward looking statements with respect to the business, strategy, plans and/or results of Lloyds Banking Group (the 'Group') and its current goals and expectations relating to its future financial condition and performance. Statements that are not historical facts, including statements about the Group's or its directors' and/or management's beliefs and expectations, are forward looking statements. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future. Factors that could cause actual business, strategy, plans and/or results (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; the ability to achieve strategic objectives; changing customer behaviour including consumer spending, saving and borrowing habits; changes to borrower or counterparty credit quality; concentration of financial exposure; management and monitoring of conduct risk; instability in the global financial markets, including Eurozone instability, instability as a result of uncertainty surrounding the exit by the UK from the European Union (EU) and as a result of such exit 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; risks related to climate change; changes in laws, regulations, practices and 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 transition from IBORs to alternative reference rates; 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 and risks 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 the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this document to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. 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.

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 0371 384 2990\* or textphone 0371 384 2255 (from inside the UK) or +44 121 415 7066 (from outside the UK).

\*Lines are open 8.30 am to 5.30 pm (UK time) excluding English and Welsh public holidays.

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

Calls to 03 numbers will cost no more than a national rate call to an 01 or 02 number.

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



# This document is important and requires your immediate attention.

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 are resident in the United Kingdom, or, if you reside elsewhere, another appropriately authorised financial adviser.

If you have sold or transferred all of your ordinary shares in Lloyds Banking Group plc, please give this document 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 for transmission to the purchaser or transferee.

## LETTER FROM THE CHAIRMAN OF LLOYDS BANKING GROUP PLC



19 March 2019

### Dear Shareholder

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 16 May 2019 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 2018 is enclosed together with a proxy form to enable you to exercise your voting rights.

The Group once again delivered strong financial performance in 2018 while making major strides in executing our strategic transformation. While external factors affecting UK investments are outside of our control, the Board are determined to continue building value for shareholders by maintaining our focus on delivering continued improvement in our results whilst simultaneously investing in the transformation required to serve our customers and operate effectively in a digital world.

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. However, if you cannot attend, we would still like to hear about any matters of concern for you as a shareholder. Please send any such comments to [ShareholderQuestions@lloydsbanking.com](mailto:ShareholderQuestions@lloydsbanking.com) with the subject line "AGM 2019".

### Your Vote

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. You can appoint a proxy online, which is a quick and easy way of doing this. Simply go to [www.sharevote.co.uk](http://www.sharevote.co.uk) and follow the instructions. Alternatively you can appoint a proxy using the enclosed proxy form. A completed form should be sent to the Company's registrar, Equiniti Limited ('Equiniti'), in the envelope provided.

For more information on appointing a proxy, please refer to the proxy form.

Proxy appointments must be received by Equiniti no later than 11.00 am on Tuesday 14 May 2019.

### Your Dividend

In line with our progressive and sustainable ordinary dividend policy, the Board is recommending for approval at the AGM a final ordinary dividend payment of 2.14 pence per ordinary share in respect of the financial year ended 31 December 2018, taking the total ordinary dividend for the financial year ended 31 December 2018 to 3.21 pence per ordinary share.

The Company will again be offering shareholders a choice of a share alternative to a cash dividend through its Dividend Reinvestment Plan ('DRIP'). Shareholders can find out more about the DRIP on page 7 of this document.

### Share Buy-Back Programme

In addition to the ordinary dividend the Board has announced that it will return surplus capital through a share buy-back programme of up to £1.75 billion, which is expected to be completed by 31 December 2019 ('Buy-Back Programme'). This is expected to benefit shareholders through the opportunity for an enhanced dividend per share on the remaining shares. The Buy-Back Programme will be carried out by the Company using the authority to purchase its own ordinary shares approved by shareholders at the last AGM. The Company intends to cancel the shares it repurchases through the Buy-Back Programme.

### Your Board of Directors

There have been a number of changes to your Board of Directors since the last AGM.

Amanda Mackenzie was appointed to the Board as an Independent Non-Executive Director in October 2018. For more information on Amanda's appointment, please refer to the Explanatory Notes on page 7 of this document.

Deborah McWhinney stepped down from the Board at the end of December 2018. Deborah provided valuable insight to the Board during her tenure and she left with our thanks and best wishes for the future.

In line with Board succession planning, Stuart Sinclair succeeded Anita Frew as the Chairman of the Remuneration Committee.

Biographical details of each Director seeking re-election, or (in the case of Amanda Mackenzie) election, are set out in the Appendix on pages 14 and 15 of this document.

### 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.

Yours faithfully

Lord Blackwell  
Chairman

Lloyds Banking Group plc is registered in Scotland, No. 95000.  
Registered office: The Mound Edinburgh EH1 1YZ

# 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 16 May 2019 at 11.00 am to conduct the business set out in the resolutions below.

**Resolutions 1 to 20 (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 21 to 26 (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 2018.

**Resolution 2.** To elect Ms A F Mackenzie as a Director of the Company.

**Resolution 3.** To re-elect Lord Blackwell as a Director of the Company.

**Resolution 4.** To re-elect Mr J Colombás as a Director of the Company.

**Resolution 5.** To re-elect Mr M G Culmer as a Director of the Company.

**Resolution 6.** To re-elect Mr A P Dickinson as a Director of the Company.

**Resolution 7.** To re-elect Ms A M Frew as a Director of the Company.

**Resolution 8.** To re-elect Mr S P Henry as a Director of the Company.

**Resolution 9.** To re-elect Mr A Horta-Osório as a Director of the Company.

**Resolution 10.** To re-elect Lord Lupton as a Director of the Company.

**Resolution 11.** To re-elect Mr N E T Prettejohn as a Director of the Company.

**Resolution 12.** To re-elect Mr S W Sinclair as a Director of the Company.

**Resolution 13.** To re-elect Ms S V Weller as a Director of the Company.

## Resolution 14. Annual report on remuneration section of the Directors' remuneration report

To approve the annual report on remuneration section of the Directors' remuneration report set out on pages 82 and 83 and 93 (Implementation of the policy in 2019) to 99 of the Annual Report and Accounts for the year ended 31 December 2018.

## Resolution 15. Dividend

To declare and pay a final ordinary dividend of 2.14 pence per ordinary share in respect of the financial year ended 31 December 2018, payable on 21 May 2019 to ordinary shareholders whose names appear in the register of members at the close of business on 5 April 2019.

## 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. 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 annual general meeting or at the close of business on 30 June 2020, 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 19. 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:

- (a) up to an aggregate nominal amount of £2,374,742,961; and
- (b) comprising equity securities (as defined in Section 560(1) of the Companies Act 2006) up to a further nominal amount of £4,749,485,923 (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 (a) 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 at the close of business on 30 June 2020, whichever is the earlier, but, in each case, so that the Company may, before such expiry, 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 given by this resolution has expired.

### Resolution 20. 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:

- (a) up to an aggregate nominal amount of £1,250,000,000 in relation to the issue of Regulatory Capital Convertible Instruments; and
- (b) 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 of the Company or at the close of business on 30 June 2020, whichever is the earlier, but, in each case, so that the Company may, before such expiry, 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 given by this resolution has expired.

### Resolution 21. Limited disapplication of pre-emption rights

That, subject to the passing of Resolution 19, the Directors be authorised to allot equity securities (as defined in Section 560(1) of the Companies Act 2006) wholly for cash:

- (a) pursuant to the authority given by paragraph (a) of Resolution 19 or where the allotment constitutes an allotment of equity securities by virtue of Section 560(3) of the Companies Act 2006 in each case:
  - (i) in connection with a pre-emptive offer; and
  - (ii) otherwise than in connection with a pre-emptive offer, up to an aggregate nominal amount of £356,211,444; and
- (b) pursuant to the authority given by paragraph (b) of Resolution 19 in connection with a pre-emptive rights issue,

as if Section 561(1) of the Companies Act 2006 did not apply to any such allotment;

such authority to expire at the conclusion of the next annual general meeting of the Company or at the close of business on 30 June 2020, whichever is the earlier, but so that the Company may, before such expiry, make offers and enter into agreements which would, or might, require equity securities to be allotted and treasury shares to be sold after the authority given by this resolution has expired and the Directors may allot equity securities and sell treasury shares under any such offer or agreement as if the authority had not expired.

### Resolution 22. Limited disapplication of pre-emption rights in the event of financing an acquisition transaction or other capital investment

That, subject to the passing of Resolution 19 and in addition to any authority granted under Resolution 21, the Directors be authorised to allot equity securities (as defined in Section 560(1) of the Companies Act 2006) wholly for cash pursuant to the authority given by Resolution 19 or where the allotment constitutes an allotment of equity securities by virtue of Section 560(3) of the Companies Act 2006 as if Section 561(1) of the Companies Act 2006 did not apply to any such allotment, such authority to be:

- (a) limited to the allotment of equity securities or sale of treasury shares up to an aggregate nominal amount of £356,211,444; and
- (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of Directors of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-emption Rights most recently published by the Pre-emption Group prior to the date of this notice of meeting,

such authority to expire at the conclusion of the next annual general meeting of the Company or at the close of business on 30 June 2020, whichever is the earlier, but so that the Company may, before

such expiry, make offers and enter into agreements which would, or might, require equity securities to be allotted and treasury shares to be sold after the authority given by this resolution has expired and the Directors may allot equity securities and sell treasury shares under any such offer or agreement as if the authority had not expired.

### 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 20, 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:

- (a) pursuant to the authority given by Resolution 20, up to an aggregate nominal amount of £1,250,000,000; and
- (b) 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 of the Company or at the close of business on 30 June 2020, 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 given by this resolution has expired.

### 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 7,124,228,884;
- (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 independent bid for an ordinary share in the capital of the Company on the trading venues where the market purchase by the Company pursuant to the authority conferred by this Resolution 24 will be carried out;
- (d) this authority shall expire at the conclusion of the next annual general meeting or at the close of business on 30 June 2020, 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) £334,951,000 6.3673 per cent. non-cumulative fixed to floating rate preference shares;
- (e) US\$750,000,000 6.413 per cent. non-cumulative fixed to floating rate preference shares; and

## Notice of annual general meeting continued

- (f) US\$750,000,000 6.657 per cent. non-cumulative fixed to floating rate preference shares,
- (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 at the close of business on 30 June 2020, 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. 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 11 and 12 of this document.

By order of the Board



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

19 March 2019

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 2018 at the annual general meeting.

## Resolutions 2 to 13. Election of Amanda Mackenzie and re-election of Directors

The Company's articles of association provide that any new Director appointed by the Board during the year may hold office only until the next AGM, when that Director must retire but shall be eligible for election as a Director by the shareholders at that meeting. Amanda Mackenzie has joined the Board since the last AGM and is accordingly seeking appointment by shareholders.

Amanda has extensive commercial experience and considerable customer engagement experience, including in financial services, having been Chief Marketing and Communications Officer and a member of the Executive Committee at Aviva plc. Amanda is Chief Executive of Business in the Community and brings extensive experience in responsible business.

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 AGM.

In line with Board succession planning, Stuart Sinclair succeeded Anita Frew as the Chairman of the Remuneration Committee. Anita will continue to be a member of the Remuneration Committee alongside her role as Senior Independent Director and Deputy Chairman.

Following the announcement in October 2018 that George Culmer would be retiring from the Group in the third quarter of 2019, the Nomination and Governance Committee conducted a rigorous search process for his successor. This led to the announcement in February 2019 that, subject to customary regulatory approvals, William Chalmers would join the Group in June 2019, becoming an Executive Director and Chief Financial Officer when George steps down.

The Chairman of the Board leads the annual review of the Board's effectiveness, and that of its Committees and individual Directors, with the support of the Nomination and Governance Committee, which he also chairs. The annual evaluation of the Board is facilitated externally at least once every three years.

The annual review of the Board's performance in 2018 was facilitated externally by Egon Zehnder, an external board review specialist, between August 2018 and January 2019. The review was commissioned by the Chairman, assisted by the Company Secretary and overseen by the Nomination and Governance Committee.

The review of the Chairman's performance was carried out by the Non-Executive Directors, led by the Senior Independent Director, taking into account the views of the Executive Directors.

At the time of the 2019 AGM, Anita Frew, Sara Weller and Lord Blackwell will have been on the Board for more than eight years, seven years and six years respectively. Therefore, in compliance with the Code, their reviews were particularly rigorous.

The annual review for 2018 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, the evaluation findings, including the roles and performance effectiveness of the Directors, can be found in the corporate governance report on pages 62 and 63 of the Annual Report and Accounts for the year ended 31 December 2018.

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, experience and contribution of each Director proposed for election and re-election, which in the Board's view illustrates why each Director's contribution is, and continues to be, important to the Company's long term sustainable success, can be found in the Appendix on pages 14 and 15 of this document.

## Resolution 14. Annual report on remuneration 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 as detailed in the annual report on remuneration. The annual report on remuneration is set out in the Directors' remuneration report and can be found on pages 82 and 83 and 93 (Implementation of the policy in 2019) to 99 of the Annual Report and Accounts for the year ended 31 December 2018.

The Group places high importance on the opinions of shareholders and other stakeholders when considering its remuneration policy and its implementation. The Group has listened carefully to its shareholders and other key stakeholders and has made a number of changes to simplify the determination of bonus awards for Executive Directors and has enhanced its disclosures. The Group continues to align its remuneration principles to the Group's strategic objectives to ensure it pays for performance and ensures its approach to remuneration is aligned to the interests of its shareholders.

Prior to the publication of the Group's Annual Report and Accounts for the financial year ended 31 December 2018, the Group consulted with a number of shareholders to confirm that the remuneration policy implementation and potential outcomes were aligned to policy and shareholder interests.

In accordance with remuneration reporting rules, the vote on the annual report on remuneration is an advisory vote. This means that the Company can still act according to the annual report on remuneration as proposed if the resolution is not approved.

## Resolution 15. Dividend

Shareholders are being asked to approve a final ordinary dividend of 2.14 pence per ordinary share in respect of the financial year ended 31 December 2018.

An interim ordinary dividend for 2018 of 1.07 pence per ordinary share was paid on 26 September 2018, making a total ordinary dividend of 3.21 pence per ordinary share in respect of the financial year ended 31 December 2018. If the recommended final ordinary dividend is approved, it will be paid on 21 May 2019 to all ordinary shareholders whose names appear in the register of members at the close of business on 5 April 2019.

The Company will continue to offer a share alternative to a cash dividend through its Dividend Reinvestment Plan ('DRIP'). Shareholders who wish to join or cancel their participation in the DRIP before payment of the recommended final ordinary dividend must provide their instruction to Equiniti for receipt no later than 5.00 pm on 29 April 2019. Shareholders can find further information about the DRIP on the Company's website at the following address: [www.lloydsbankinggroup.com/investors/shareholder-info/dividends](http://www.lloydsbankinggroup.com/investors/shareholder-info/dividends).

Subject to shareholder approval of the recommended final dividend, an entitlement notice in respect of the dividend paid and used to purchase shares under the DRIP will be dispatched by Equiniti to shareholders participating in the DRIP by 24 May 2019.

## Resolutions 16 and 17. Auditor

Resolution 16 proposes the re-appointment of PricewaterhouseCoopers LLP ('PwC') as auditor of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company. PwC was re-appointed as auditor with effect from 1 January 2016 following a competitive tender process. There will be a mandatory rotation for the 2021 audit and, following the conclusion of the formal audit review process led by the Group's Audit Committee, the Board has approved the appointment of Deloitte LLP ('Deloitte') as auditor with effect from the year ending December 2021. The appointment of Deloitte will be recommended to shareholders for approval at the 2021 AGM. PwC will continue to audit the Group until the year ended 31 December 2020, subject to reappointment by shareholders at the respective annual general meetings and, on completion of the audit for the 2020 financial year, PwC will stand down as required by the Companies Act 2006. The Company's Audit Committee recommends the re-appointment of PwC.

## Explanatory notes on resolutions continued

Resolution 17 follows best corporate governance practice in authorising the Audit Committee to set the auditor's remuneration.

The Audit Committee oversees the relationship with the external auditor. During the year, the Audit Committee considered the auditor's terms of engagement (including remuneration), as well as their independence and objectivity. The Audit Committee also considered the effectiveness and performance of the auditor and the audit process, and concluded that it was satisfied with the auditor's performance.

Further details of the work carried out by the Audit Committee are set out on pages 70 to 73 of the Annual Report and Accounts for the year ended 31 December 2018.

### **Resolution 18. 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 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 19. 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 (a) gives the Directors the authority to issue new shares and grant rights to subscribe for, or convert other securities into, shares up to a nominal value of £2,374,742,961, equivalent to one third of the whole of the issued ordinary share capital of the Company, exclusive of treasury shares, as at the close of business on 18 March 2019, being the latest practicable date prior to publication of this notice of AGM.

Paragraph (b) authorises the Directors to allot shares and grant rights to subscribe for, or convert other securities into, shares in connection with a rights issue up to a further one-third. The aggregate of the amounts in paragraphs (a) and (b) of Resolution 19 represents a total of approximately two-thirds of the whole of the issued ordinary share capital of the Company, exclusive of treasury shares, as at the close of business on 18 March 2019, being the latest practicable date prior to publication of this notice of AGM. Information on the issued share capital can be found on page 11 of this document.

No shares are held in treasury at this time.

The authority being sought is in line with The Investment Association's Share Capital Management Guidelines issued in July 2016.

This authority will expire at the conclusion of the next annual general meeting or at the close of business on 30 June 2020, 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 (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 20. Directors' authority to allot shares in relation to the issue of Regulatory Capital Convertible Instruments**

This resolution, as in previous years, 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 authority sought in this resolution will be utilised as considered desirable to comply with or maintain compliance with 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 17.55 per cent. of the issued ordinary share capital of the Company, as at the close of business on 18 March 2019, being the last practicable date before the publication of this notice of AGM.

No ordinary shares are held in treasury.

Resolutions 20 and 23 provide the Directors with the authority to issue 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 authority is separate and distinct from the authority sought in Resolution 19 which is the usual authority sought on an annual basis in line with the Share Capital Management Guidelines issued by The Investment Association.

Conditional upon the passing of Resolutions 20 and 23, the Directors would not expect to make use of Resolutions 19, 21 or 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.

Regulatory Capital Convertible Instruments include additional tier 1 ('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:



- (a) convertible into or exchangeable for ordinary shares of the Company; or
- (b) 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.

### Resolutions 21 and 22. Limited disapplication of pre-emption rights

If the Directors wish to allot new shares and other equity securities, or sell treasury shares, for cash (other than in connection with an employee share scheme), company law requires that these shares are offered first to shareholders in proportion to their existing holdings (known as pre-emption rights).

It is usual practice for the Company to seek a renewal of this authority on an annual basis. As was the case in previous years, there are two separate resolutions permitting the disapplication of pre-emption rights in limited circumstances.

Sections (a)(i) and (b) of Resolution 21 seek shareholder approval to allot a limited number of ordinary shares or other equity securities, or sell treasury shares, for cash on a pre-emptive basis but subject to such exclusions or arrangements as the Directors may deem appropriate to deal with certain legal, regulatory or practical difficulties. For example, in a pre-emptive rights issue, there may be difficulties in relation to fractional entitlements or the issue of new shares to certain shareholders, particularly those resident in certain overseas jurisdictions. The Board has no current intention of exercising such authority, but considers the authority to be appropriate in order to allow the Company to have the flexibility to finance business opportunities or to conduct a pre-emptive offer or pre-emptive rights issue having made appropriate exclusions or arrangements to address such difficulties.

In addition, there may be circumstances when the Directors consider it in the best interests of the Company to allot a limited number of ordinary shares or other equity securities, or sell treasury shares for cash on a non pre-emptive basis. The Pre-Emption Group's Statement of Principles, as updated in March 2015, supports the annual disapplication of pre-emption rights in respect of allotments of shares and other equity securities and sales of treasury shares for cash representing no more than five per cent. of issued ordinary share capital (exclusive of treasury shares), without restriction as to the use of proceeds of those allotments.

Accordingly, the purpose of section (a)(ii) of Resolution 21 is to authorise the Directors to allot new shares and other equity securities pursuant to the allotment authority given by Resolution 19, or sell treasury shares, for cash up to a nominal value of £356,211,444, equivalent to five per cent. of the total issued ordinary share capital of the Company excluding treasury shares, as at the close of business on 18 March 2019, without the shares first being offered to existing shareholders in proportion to their existing holdings. As at the close of business on 18 March 2019, the Company did not hold any shares in treasury.

The Pre-Emption Group's Statement of Principles also supports the annual disapplication of pre-emption rights in respect of allotments of shares and other equity securities and sales of treasury shares for cash representing no more than an additional five per cent. of issued ordinary share capital (exclusive of treasury shares), to be used only in connection with an acquisition or specified capital investment. The Pre-Emption Group's Statement of Principles defines "specified capital investment" as meaning one or more specific capital investment related uses for the proceeds of an issuance of equity securities, in respect of which sufficient information regarding the effect of the transaction on the Company, the assets, the subject of the transaction and (where appropriate) the profits attributable to them is made available to shareholders to enable them to reach an assessment of the potential return.

Accordingly, and in line with the template resolutions published by the Pre-Emption Group in May 2016, the purpose of Resolution 22 is to authorise the Directors to allot new shares and other equity securities pursuant to the allotment authority given by Resolution 19, or sell treasury shares, for cash up to a further nominal amount of £356,211,444, equivalent to five per cent. of the total issued ordinary share capital of the Company as at the close of business on 18 March 2019, exclusive of treasury shares, only 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 issue. If the authority given in Resolution 22 is used, the Company will publish details of the placing in its next annual report.

The Board intends to adhere to the provisions in the Pre-Emption Group's Statement of Principles and not allot shares or other equity securities or sell treasury shares for cash on a non pre-emptive basis pursuant to the authority in Resolution 21 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, other than:

- (a) with prior consultation with shareholders; or
- (b) 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.

The Board considers the authorities in Resolutions 21 and 22 to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue without the need to comply with the strict requirements of the statutory pre-emption provisions.

If the resolutions are passed, the authority will expire on the earlier of the conclusion of the next AGM or at the close of business on 30 June 2020.

For the purposes of this resolution:

- (i) **'rights issue'** has the same meaning as in the Explanatory note to Resolution 19;
- (ii) **'pre-emptive offer'** means an offer of equity securities open for acceptance for a period fixed by the Directors to:
  - (a) holders (other than the Company) on the register on a record date fixed by the Directors of ordinary shares in proportion to their respective holdings; and (b) 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 or legal, regulatory or practical problems in, or under the laws of, any territory or jurisdiction;
- (iii) references to an allotment of equity securities shall include a sale of treasury shares; and
- (iv) 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.

# Explanatory notes on resolutions continued

## **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 Resolutions 21 and 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 17.55 per cent. of the issued ordinary share capital of the Company as at the close of business on 18 March 2019, being the last practicable date before the publication of this notice of AGM.

Renewing this resolution will permit the Company 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 meaning as in the Explanatory notes to Resolution 20.

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

On 1 March 2019, the Company announced that it was launching a share buy-back programme to repurchase up to £1.75 billion of its own ordinary shares which is expected to be completed by 31 December 2019 ('**Buy-Back Programme**') by way of on-market purchases. Share purchases by the Company pursuant to the Buy-Back Programme will be carried out using the authority to purchase its own shares approved by shareholders at the last AGM as opposed to the authority being sought in Resolution 24. The Company intends to cancel the shares it repurchases through the Buy-Back Programme.

Resolutions 24 and 25 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 7,124,228,884 ordinary shares, equivalent to 10 per cent. of the issued ordinary share capital of the Company as at the close of business on 18 March 2019, being the last practicable date before the publication of this notice of AGM.

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 in July 2016.

There is no limit on the number or value of preference shares that can be purchased.

As at the close of business on 18 March 2019, there were outstanding options and awards over 1,332,391,569 ordinary shares, which represented 1.87 per cent. of the Company's issued ordinary share capital as at that date. If the Company were to purchase and cancel shares up to the maximum amount permitted by this resolution, then these options and awards would represent 2.08 per cent. of the Company's issued ordinary share capital as at that date as the Company would have fewer ordinary shares in issue. If the Company were to purchase and cancel shares up to the maximum amount permitted under the remaining existing authority granted at the 2018 AGM and under this resolution, then these options and awards would represent 2.34 per cent. of the Company's issued ordinary share capital as at that date as the Company would have fewer ordinary shares in issue.

The Directors would exercise this authority to buy back shares only if they believe that to do so would be in the best interests of shareholders taken as a whole 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.

During 2018, the Company bought back 1,577,908,423 shares for an aggregate consideration of £1 billion. All shares purchased have been cancelled.

## **Resolution 26. Notice period for general meetings**

Under the Companies Act 2006, the notice period required for all general meetings of the Company is 21 clear days unless shareholders approve a shorter notice period of not less than 14 clear days for general meetings other than annual general meetings.

Accordingly, this resolution seeks to obtain shareholder approval for a notice period for general meetings (other than annual general meetings) of 14 clear days as required by the Companies Act 2006.

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 Company would aspire to provide shareholders with as much notice as possible and will, should it be necessary to use this authority, provide shareholders with a clear explanation as to why a shorter notice period is necessary.

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 the close of business on 18 March 2019 (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 71,242,288,849 ordinary shares of 10 pence each. At this date, no shares were held in treasury.

Each ordinary share of 10 pence carries one vote. Therefore the total number of voting rights is 71,242,288,849.

## Directors

A summary of the skills, experience and contribution of each Director proposed for election and re-election, which in the Board's view illustrates why each Director's contribution is, and continues to be, important to the Company's long term sustainable success, can be found in the Appendix on pages 14 and 15 of this document. Additional details relating to the Directors and the work of the Board and its Committees can be found on pages 52 to 99 of the Annual Report and Accounts for the year ended 31 December 2018.

## 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 6.30 pm on Tuesday 14 May 2019.

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 6.30 pm on the day falling two working 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](http://www.euroclear.com).

## 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 14 May 2019.

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, speak and vote at the meeting on your behalf (your proxy). To appoint a proxy, please add the name of the person in the relevant box provided on the proxy card or as displayed on screen if you are appointing a proxy through the online service.

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 using the telephone or textphone numbers set out on page 2 of this document. 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. To be valid, such instructions must be received by 10.00 am on Thursday 16 May 2019.

CREST participants may also give instructions to revoke or amend proxy appointments by CREST message up until 11.00 am on Tuesday 14 May 2019, after which time any revocation or amendment should be notified in writing to Equiniti at the address, and by the deadline, set out in the previous paragraph.

## 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 13 of this document.

Shareholders who intend to come to the AGM are asked to bring the attendance card with them. This can be located adjacent to the proxy card, and can be detached. This helps to speed up registration on arrival and reduces the length of time that shareholders may have to spend queuing.



## Important notes continued

### 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 matters or customer issues. 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 who satisfy the threshold requirements in those sections have the right to require the Company:

- (a) 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
- (b) 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 be received by the Company not later than 3 April 2019, 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 who satisfy 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:

- (a) 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 2018; or
- (b) 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 at The Mound, Edinburgh EH1 1YZ, will also be available for inspection at the Edinburgh International Conference Centre from 10.00 am on Thursday 16 May 2019 until the end of the meeting:

- (a) the Company's Annual Report and Accounts for the year ended 31 December 2018;
- (b) copies of the Executive Directors' service contracts;
- (c) copies of the Non-Executive Directors' letters of appointment; and
- (d) a copy of the articles of association of the Company.

### Shareholder information

A copy of this notice of AGM and other information required by Section 311A of the Companies Act 2006 can be found at [www.lloydsbankinggroup.com/investors/shareholder-info/shareholder-meetings](http://www.lloydsbankinggroup.com/investors/shareholder-info/shareholder-meetings).

### Glossary

A glossary setting out 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 is on the Company's website at [www.lloydsbankinggroup.com/investors](http://www.lloydsbankinggroup.com/investors).

That 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.

A list of abbreviations of the terms used within the Annual Report and Accounts or which may commonly also be used during the course of the AGM appears at page 288 of the Annual Report and Accounts for the year ended 31 December 2018.

# 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 (tea, coffee and biscuits)  
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

Chairman opens voting on resolutions  
Shareholders invited to ask questions

### 1.30 pm

Chairman closes voting on resolutions  
Preliminary results of each resolution are displayed  
Chairman closes the meeting  
Refreshments available (tea, coffee and biscuits)

### 2.30 pm

Venue closes and shareholders invited to depart

## 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.

## Frequently asked questions

### What is an AGM or Annual General Meeting ('AGM')?

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

### Why are you holding the AGM in Scotland?

The Company's articles of association require the Company to hold its AGM in Scotland.

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

The reverse of the attendance card sets out some useful travel information including a QR code which, when scanned, will take you to the website of the Edinburgh International Conference Centre for further information.

### Why should I vote?

It is your right as a shareholder to vote on matters put to the AGM and 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.

### 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.

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

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

### 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.

## Entrance

Doors will open at 9.30 am. 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). Shareholder questions are an opportunity for shareholders to raise matters of general concern relating to the business of the meeting, but please note that this is not the appropriate forum to raise personal matters or customer issues. Staff will be on hand outside of the meeting in the registration hall to help with any such matters.

## 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. Shareholders are asked to be concise to ensure that others who wish to ask a question are able to do so.

## Voting

Voting on Resolutions 1 to 26 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. The Chairman will open electronic voting on the resolutions at the start of shareholder questions and voting will remain open throughout the questions session. When the questions session has concluded, the Chairman will close electronic voting.

## 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 Equiniti Financial Services Limited can carry out your instructions in relation to these shares.

## Can I receive a paper copy or a large print, audio or Braille version of the Annual Report and Accounts or AGM communications?

Yes. Please contact the Company's registrar, Equiniti, using the contact details for Equiniti on the contents page of this notice of AGM.

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

A glossary setting out 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 is on the Company's website at [www.lloydsbankinggroup.com/investors](http://www.lloydsbankinggroup.com/investors).

## What is a share buy-back and how might I benefit?

A share buy-back (also known as a share repurchase) is a form of returning surplus capital held by a company to shareholders involving the purchase by a company of its own shares. The effect of a buy-back is to reduce the total number of shares in issue. It is expected that shareholders who retain their shares in the Company will benefit from the share buy-back programme as they will own an increased proportion of the total shares in the Company and should therefore see an enhanced dividend per share going forward given the reduced number of shares in the Company in issue.

# Appendix – Biographies of Directors

Comprising Directors with the right mix of skills and experience, the Board is collectively responsible for overseeing delivery of the Group's strategy.



**A** Member of Audit Committee

**RB** Member of Responsible Business Committee

**NG** Member of Nomination and Governance Committee

**Re** Member of Remuneration Committee

**Ri** Member of Board Risk Committee

**●** Committee Chairman

## 1. Lord Blackwell Chairman

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

### Skills, experience and contribution:

Deep financial services knowledge including insurance and banking

Significant experience with strategic planning and implementation

Regulatory and public policy experience gained from senior positions in Downing Street, Regulators and a wide range of industries

Credibility with key stakeholders

Strong leadership qualities

Lord Blackwell is an experienced Chairman and Non-Executive Director within the financial services sector having previously been Chairman of Scottish Widows Group. He was previously Senior Independent Director and Chairman of the UK Board for Standard Life and Director of Group Development at NatWest Group. His past Board roles have also included Chairman of Interserve plc, and Non-Executive Director of Halma plc, Dixons Group, SEGRO and Ofcom. He was Head of the Prime Minister's Policy Unit from 1995 to 1997 and was appointed a Life Peer in 1997.

**External appointments:** Governor of the Yehudi Menuhin School and a member of the Governing Body of the Royal Academy of Music.

## 2. Anita Frew Deputy Chairman and Senior Independent Director

**Appointed:** December 2010 (Board), May 2014 (Deputy Chairman), May 2017 (Senior Independent Director)

### Skills, experience and contribution:

Significant board, financial and general management experience

Experience across a range of sectors, including banking, asset and investment management, manufacturing and utilities  
Extensive experience as chairman in a range of industries

Strong board governance experience, including investor relations and remuneration  
Anita was previously Chairman of Victrex plc, the Senior Independent Director of Aberdeen Asset Management and IMI plc, an Executive Director of Abbott Mead Vickers, a Non-Executive Director of Northumbrian Water and has held various investment and marketing roles at Scottish Provident and the Royal Bank of Scotland.

**External appointments:** Chairman of Croda International Plc and a Non-Executive Director of BHP Billiton.

## 3. Alan Dickinson Independent Director

**Appointed:** September 2014

### Skills, experience and contribution:

Highly regarded retail and commercial banker

Strong strategic, risk and core banking experience

Regulatory and public policy experience

Alan has 37 years' experience with the Royal Bank of Scotland, most notably as Chief Executive of RBS UK. More recently, Alan was a Non-Executive Director of Willis Limited and Chairman of its Risk Committee.

He was formerly Chairman of Brown, Shipley & Co. Limited, a Non-Executive Director of Nationwide Building Society where he was Chairman of its Risk Committee and a Governor of Motability.

**External appointments:** Chairman of Urban&Civic plc.

## 4. Simon Henry Independent Director

**Appointed:** June 2014

### Skills, experience and contribution:

Deep international experience in board level strategy and execution

Extensive knowledge of financial markets, treasury and risk management

Qualification as an Audit Committee Financial Expert

Strong board governance experience, including investor relations and remuneration

Simon was formerly Chief Financial Officer and Executive Director of Royal Dutch Shell plc. He was also previously Chair of the European Round Table CFO Taskforce and a Member of the Main Committee of the 100 Group of UK FTSE CFOs.

**External appointments:** Non-Executive Director of Rio Tinto plc and Rio Tinto Limited, Independent Director of PetroChina Company Limited, Member of the Defence Board and Chair of the Defence Audit Committee, UK Government, Member of the Advisory Panel of CIMA and of the Advisory Board of the Centre for European Reform.



### 5. Lord Lupton CBE Independent Director and Chairman of Lloyds Bank Corporate Markets plc

Appointed: June 2017

#### Skills, experience and contribution:

Extensive international corporate experience, especially in financial markets

Strong board governance experience, including investor relations and remuneration

Regulatory and public policy experience

Significant experience in strategic planning and implementation

Lord Lupton was Deputy Chairman of Baring Brothers, co-founded the London office of Greenhill & Co., and was Chairman of Greenhill Europe. He was previously Chairman of Trustees of Dulwich Picture Gallery, a Trustee of the British Museum, Governor of Downe House School and a member of the International Advisory Board of Global Leadership Foundation. He became a Life Peer in October 2015 and is a former Treasurer of the Conservative Party. He served on the House of Lords Select Committee on Charities.

**External appointments:** Senior Advisor to Greenhill Europe and Chairman of the Trustees of the Lovington Foundation.

### 6. Amanda Mackenzie OBE, Independent Director

Appointed: October 2018

#### Skills, experience and contribution:

Extensive experience in responsible business  
Considerable customer engagement experience

Strong digital technology experience

Significant marketing and brand background

Amanda was a member of Aviva's Group Executive for seven years and Chief Marketing and Communications Officer. Prior to her current role, Amanda was seconded from Aviva as Executive Adviser to Project Everyone, to help launch the United Nations Sustainable Development Goals. She has over 25 years' of commercial business practice, including director roles at British Airways AirMiles, BT, Hewlett Packard Inc, British Gas and Mothercare plc.

**External appointments:** Chief Executive of Business in the Community - The Prince's Responsible Business Network, a Life Fellow of the Royal Society of Arts and Fellow of the Marketing Society.

### 7. Nick Prettejohn Independent Director and Chairman of Scottish Widows Group

Appointed: June 2014

#### Skills, experience and contribution:

Deep financial services experience, particularly in insurance

In-depth regulatory knowledge and experience

Governance experience and strong leadership qualities

Significant experience in strategic planning and implementation

Nick has served as Chief Executive of Lloyd's of London, Prudential UK and Europe and Chairman of Brit Insurance. He is a former Non-Executive Director of the Prudential Regulation Authority and of Legal & General Group Plc as well as Chairman of the Financial Services Practitioner Panel and the Financial Conduct Authority's Financial Advice Working Group. He was previously a Member of the BBC Trust and Chairman of the Britten-Pears Foundation.

**External appointments:** Chairman of Reach plc (formerly Trinity Mirror plc) and of their Nomination Committee. He is also Chairman of the Royal Northern College of Music and a member of the Board of Opera Ventures.

### 8. Stuart Sinclair Independent Director

Appointed: January 2016

#### Skills, experience and contribution:

Extensive experience in retail banking, insurance and consumer finance

Governance and regulatory experience

Significant experience in strategic planning and implementation

Experience in consumer analysis, marketing and distribution

Stuart is a former Non-Executive Director of TSB Banking Group plc, TSB Bank plc, LV Group, Virgin Direct and Vitality Health (formerly Prudential Health). Until recently he was the Interim Chairman of Provident Financial plc. He was also a former Senior Independent Director of Swinton Group Limited. In his executive career, he was President and Chief Operating Officer of Aspen Insurance after spending nine years with General Electric as Chief Executive Officer of the UK Consumer Finance business then President of GE Capital China. Before that he was Chief Executive Officer of Tesco Personal Finance and Director of UK Retail Banking at the Royal Bank of Scotland. He was a Council member of The Royal Institute for International Affairs (Chatham House).

**External appointments:** Senior Independent Director and Chair of the Risk & Capital Committee at QBE UK Limited (formerly QBE Insurance (Europe) Limited).

### 9. Sara Weller CBE Independent Director

Appointed: February 2012

#### Skills, experience and contribution:

Background in retail and associated sectors, including financial services

Strong board governance experience, including investor relations and remuneration

Passionate advocate of customers, the community, financial inclusion and the development of digital skills

Considerable experience of boards at both executive and non-executive level

Sara's previous appointments include Managing Director of Argos, various senior positions at J Sainsbury including Deputy Managing Director, Chairman of the Planning Inspectorate, Lead Non-Executive Director at the Department of Communities and Local Government, a Board member at the Higher Education Funding Council, a Non-Executive Director of Mitchells & Butlers as well as a number of senior management roles for Abbey National and Mars Confectionery.

**External appointments:** Non-Executive Director of United Utilities Group and Chair of their Remuneration Committee and a member of their Nomination Committee, Lead Non-Executive Director at the Department for Work and Pensions, a Governing Council Member of Cambridge University and Trustee of Lloyds Bank Foundation for England and Wales.

### 10. António Horta-Osório Executive Director and Group Chief Executive

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

#### Skills, experience and contribution:

Extensive experience in, and understanding of, both retail and commercial banking built over a period of more than 30 years, working both internationally and in the UK

Drive, enthusiasm and commitment to customers

Proven ability to build and lead strong management teams

António previously worked for Citibank, Goldman Sachs and held various senior management positions at Grupo Santander before becoming its Executive Vice President and member of the Group's Management Committee. He was a Non-Executive Director of Santander UK and subsequently its Chief Executive. He is also a former Non-Executive Director of the Court of the Bank of England.

**External appointments:** Non-Executive Director of EXOR N.V., Fundação Champilmaud and Sociedade Francisco Manuel dos Santos in Portugal, a member of the Board of Stichting INPAR Management/Enable and Chairman of the Wallace Collection.

### 11. George Culmer Executive Director and Chief Financial Officer

Appointed: May 2012 (Board)

#### Skills, experience and contribution:

Extensive operational and financial expertise including strategic and financial planning and control

Worked in financial services in the UK and overseas for over 25 years

George was an Executive Director and Chief Financial Officer of RSA Insurance Group, the former Head of Capital Management of Zurich Financial Services and Chief Financial Officer of its UK operations as well as holding various senior management positions at Prudential. He is a Non-Executive Director of Scottish Widows.

**External appointments:** None.

### 12. Juan Colombás Executive Director and Chief Operating Officer

Appointed: November 2013 (Board), January 2011 - September 2017 (Chief Risk Officer), September 2017 (Chief Operating Officer)

#### Skills, experience and contribution:

Significant banking and risk management experience

International business and management experience

Juan is responsible for leading a number of critical Group functions and driving the transformation activities across the Group in order to build the Bank of the Future. He was previously the Chief Risk Officer and an Executive Director of Santander's UK business. Prior to this, he held a number of senior risk, control and business management roles across the Corporate, Investment, Retail and Risk Divisions of the Santander Group. He was previously the Vice Chairman of the International Financial Risk Institute.

**External appointments:** None.

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