

LLOYDS
BANKING
GROUP



BECOMING THE BEST BANK FOR CUSTOMERS

Lloyds Banking Group
Responsible Business Review

2014



CONTENTS

OUR APPROACH	
► Doing business responsibly	2
Lord Blackwell Chairman	4
António Horta-Osório Group Chief Executive	4
	
Sara Weller Independent Director	6



HELPING BRITAIN PROSPER
Read more about our cover case study, Turney Wylde.

MATERIAL ISSUES	
► Treating customers fairly	12
► Being honest and transparent	16
► Responsible lending for all customers	18
► Building a more responsible culture	22
OTHER INFORMATION	
► The issues that matter most to our stakeholders	26
► Where we report about responsible business	27
► Independent assurance statements	28
► Forward-looking statements	29

About this Review

This Review explains how we're addressing some of the issues that most concerned our stakeholders during 2014. It also contains an update on our Helping Britain Prosper Plan, which we launched in March 2014.

Together with the Responsible Business section of www.lloydsbankinggroup.com which addresses many other issues, it forms our full Responsible Business Report for 2014. We've reported about responsible business since 1996.

We also report on responsible business activities in our 2014 Annual Report and Accounts, which is included in the Investors & Performance section of www.lloydsbankinggroup.com.

We explain how we ranked and prioritised the issues that concern our stakeholders and affect our business ambitions, in our Materiality Report; and how we've followed the Global Reporting Initiative's G4 guidelines, in our GRI G4 data index. Both documents are available in the Download centre of www.lloydsbankinggroup.com/RB along with independent assurance statements and our past reports.

Read more and access related documents
www.lloydsbankinggroup.com/RB

About Lloyds Banking Group

We're a leading provider of financial services to around 25 million active individual and business customers in the UK. The Group's main business activities are retail and commercial banking, and long-term savings, protection and investment.

Our services are provided through our iconic high street brands, including Lloyds Bank, Halifax, Bank of Scotland and Scottish Widows, and through a range of distribution channels, including more than 2,200 branches and a comprehensive digital proposition.

See how our reporting aligns with GRI G4
www.lloydsbankinggroup.com/RBDownloads

Introduction

A responsible approach to doing business is integral to everything we do. It underpins our ambition to become the best bank for customers and our purpose to help Britain prosper. It is central to the next phase of the Group strategy that we launched in 2014.

Delivering the key elements of this Group strategy – creating the best customer experience, becoming simpler and more efficient, and delivering sustainable growth – requires us to do business responsibly and address the issues that most concern our stakeholders. They've rightly called on us to become more accessible, inclusive, transparent and above all customer-focused. Our Group strategy mirrors these issues.

► Rebuilding trust

We want to rebuild trust with the people of Britain, including our customers and our colleagues. Our past mistakes have damaged this trust and we know it will take time to rebuild. This Review highlights some of the most important steps we're taking to rebuild trust.

► Helping Britain Prosper

Our Helping Britain Prosper Plan is a direct response to some of the big issues facing people in Britain today, including: the lack of affordable housing, especially for first-time buyers; the challenge of finding a job as a young person; the difficulties involved in escaping the 'poverty premium' that affects many people living on lower incomes; and the health issues arising as many of us live longer.

► Building a responsible business

We aim to build a responsible business by 'living' our Group Values – putting customers first, keeping it simple, making a difference together – and working in line with our Codes of Responsibility. Having the highest standards of responsible behaviour will help us rebuild trust.

► What 'best bank' means for us

Providing the best products and services is just the start. For us, 'best bank' also means doing business honestly and ethically, in ways that inherently benefit our customers, colleagues, local communities, other stakeholders and the environment.



For more on Group strategy see our 2014 Annual Report
www.lloydsbankinggroup.com/investors

Doing business responsibly

We know from experience that doing business responsibly doesn't just happen. It requires continuous effort from every colleague, within a robust, all-encompassing framework.

What we believe in

At the heart of our responsible business approach are our three Group Values – putting customers first, keeping it simple and making a difference together. These Values guide us and inspire us in everything we do. Our Codes of Responsibility define the behaviours required to live up to our Values – as a business, as individual colleagues or suppliers.

Our Values and Codes of Responsibility provide points of reference as we work to become the best bank for customers through our low-risk, efficient, UK focused retail and commercial business model. They also underpin our Helping Britain Prosper Plan – a set of public commitments to help tackle some of the social and economic issues our customers face today.

HOW WE CREATE VALUE

We create value by providing products that customers need and trust, through a distinctive multi-channel, multi-brand service proposition. Responsible business is integral to this, because through our Group Values, Codes of Responsibility and our Policy and Risk Management Frameworks, it defines the way in which we do business and ensures that our focus is on sustainable and responsible value creation for all our stakeholders.

CREATING DISTINCTIVE VALUE FOR CUSTOMERS THROUGH...

UNIQUE AND EFFECTIVE SERVICE PROPOSITION...

SIMPLE, TAILORED PRODUCTS ADDRESSING CUSTOMER NEEDS...

ENABLING SUSTAINABLE VALUE CREATION BY HELPING BRITAIN PROSPER.

Find out 'How we create value' in our 2014 Annual Report www.lloydsbankinggroup.com/investors

How we make responsible business a reality

Our Values and Codes of Personal and Business Responsibility provide inspiration and guidance. We've worked hard to make sure that all colleagues are familiar with them and understand why it's so important to work in line with them. Training based on the Codes is completed by all colleagues.

We also have in place a well-defined, robust Risk Management Framework and a number of Group policies relating to responsible business. These include our Ethics and Responsible Business, Colleague, Health and Safety, Anti-Bribery and Customer Treatment policies.

But this is only half the story, because we also have an effective governance structure in place, providing an environment in which colleagues are encouraged and supported to do the right thing and work responsibly.

This governance structure starts with our Group Board and cascades to every part of our business via our Group Executive Committee, Responsible Business Committee, and many other colleagues across the Group with direct accountability for different aspects of responsible business. In fact, all colleagues are accountable for doing business responsibly, which is now integral to the way we recruit, develop, assess, promote and reward them – from the Chief Executive to the newest branch trainee.

An independent Stakeholder Panel adds extra strength to our governance structure. The Panel plays a key role in defining the issues that are most material to our many different stakeholder groups, assures the materiality of our responsible business reporting and challenges us to continuously improve our performance.

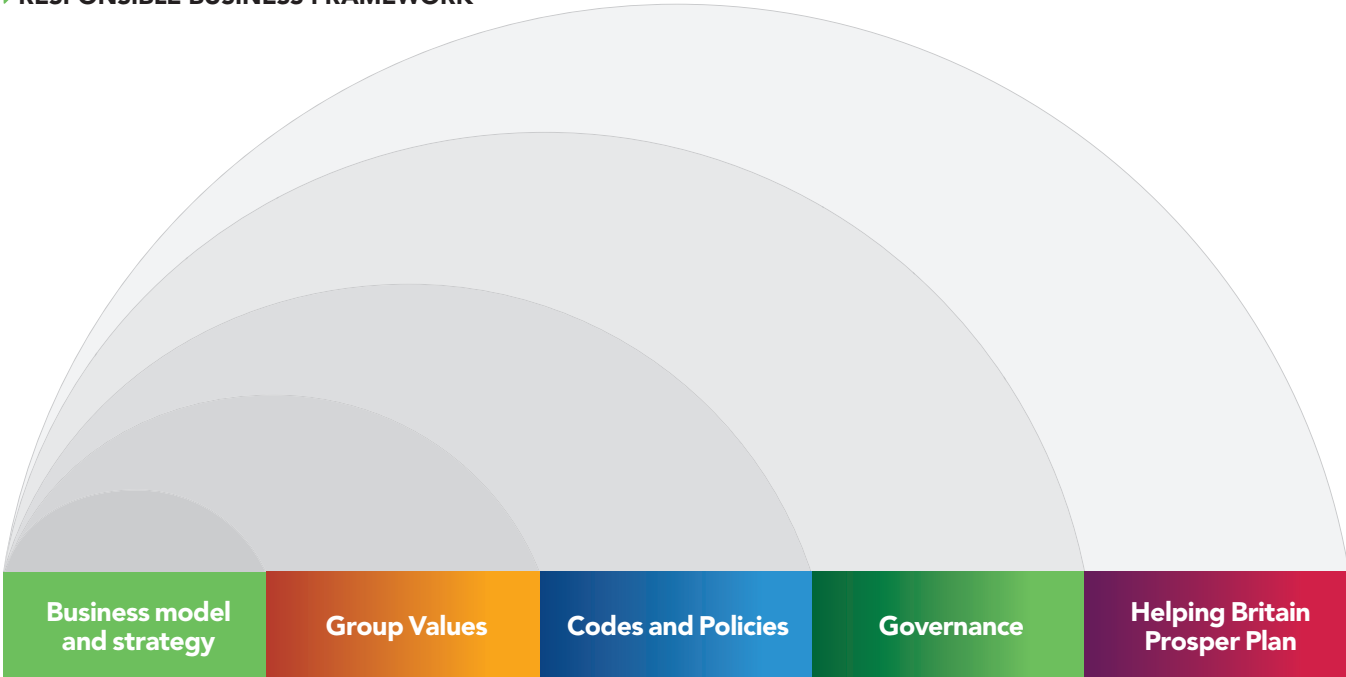
28

You can read the Stakeholder Panel's 2014 Assurance statement on page 28.

How it all fits together

Operating sustainably and responsibly is integral to our business model and strategy. We aim to make it a day-to-day reality by doing business in line with our Group Values, Codes of Responsibility, and Group policies. Together with our 'Boardroom to Branch' governance system, these elements comprise a robust, all-encompassing Responsible Business Framework.

RESPONSIBLE BUSINESS FRAMEWORK



Our business model positions us as a low-cost, low-risk, customer-focused UK retail and commercial bank, with a distinctive multi-brand, multi-channel offer. By putting customers at the heart of everything we do and operating sustainably and responsibly, we believe we will help Britain prosper and create value for our shareholders.

Our strategy sets out the ways in which we can become the best bank for customers. It sets three priorities up to 2017: creating the best customer experience; becoming simpler and more efficient; and delivering sustainable growth.

Our Group Values underpin everything we do. They guide how we work and define the standards we set every day. They are:

- ▶ Putting customers first
- ▶ Making a difference together
- ▶ Keeping it simple

Our Codes of Responsibility ensure that we operate responsibly as a business and as individuals. Our Policies address the primary areas of risk we face and support a consistent approach to behaviour and decision making. As such, they are an important part of our Group Risk Management Framework.

Our pillars of responsible business:

- ▶ Putting customers at the heart of our business
- ▶ Working responsibly with our external stakeholders
- ▶ Aiming to be a great company to work for
- ▶ Investing in communities to help them prosper and grow
- ▶ Working continually to reduce environmental impacts

Our Governance framework enables strategic, accountable and responsible decision-making by all colleagues.

The Group Board, Group Executive Committee and Responsible Business Committee play key roles in ensuring good governance and defining our responsible business objectives. Our Responsible Business team supports colleagues across the Group in fulfilling our responsible business agenda.

The Helping Britain Prosper Plan sets out public commitments to help Britain's households, businesses and communities. It focuses on:

- ▶ Helping home buyers
- ▶ Helping people plan for later life
- ▶ Championing financial inclusion
- ▶ Lending to businesses
- ▶ Providing expert training and mentoring for businesses and individuals
- ▶ Investing in communities to help them thrive
- ▶ Celebrating diversity

Lord Blackwell Chairman



We are returning to the qualities that made our bank a pillar of local communities.

Lord Blackwell
Chairman

Rebuilding trust with Britain

Doing business fairly and responsibly is the best way to rebuild trust with Britain’s households, businesses and communities. It also rebuilds our colleagues’ pride in our Group.

Our business model puts customers at the heart of everything we do; based on traditional attributes such as prudence and a long-term view, whilst making the most of emerging digital channels. The best of the past combined with the best of the present and the future.

I see increasing evidence that we are returning to the qualities that made our bank a pillar of local communities and applying these qualities to meet the changing demands of our customers.

This is vitally important, because trust is not a ‘nice to have’ – it’s a ‘must have’. It provides the foundations on which we can build sustainable success as a responsible business dedicated to meeting our customers’ needs.

Lord Blackwell
Chairman

Find out how this section aligns with GRI G4
www.lloydsbankinggroup.com/RBDownloads



António Horta-Osório Group Chief Executive



We have changed our business, both culturally and structurally, to put our customers first in every decision we make and action we take.

António Horta-Osório
Group Chief Executive

Responsible business is integral to everything we do. It underpins our ambition to be the best bank for customers and our Helping Britain Prosper Plan. It is central to the next phase of the Group strategy that we launched in 2014.

Our first responsibility is always to do the right thing for customers: to provide them with products and services they can trust to be relevant, low-risk and priced fairly.

Our Group strategy puts customers at the heart of everything we do, but also recognises the vital role that colleagues play in its implementation. This is why it also focuses on ‘building the best team’ for customers, by engaging, inspiring and supporting colleagues to fulfil their full potential.

We also have a clear responsibility to return value to our shareholders and to UK taxpayers. The improvement in share price that we have achieved over the past three years demonstrates our strategy is understood and has been implemented successfully. It compares positively with all other banks across Europe and is a direct consequence of the changes we have made to become a more responsible business.

Rebuilding trust

It takes most businesses many years to build a positive reputation, but as many banks have found out, customers’ trust can be lost almost overnight. We recognise this and know that the only way we can rebuild trust with our customers and other stakeholders is to do the right thing consistently for them, year in and year out. We see that this has become business as usual for colleagues, but it will take longer for those outside the bank to recognise this.

The legacy issues that we are continuing to deal with across the Group are a case in point. Despite our prompt, and in some cases, industry-leading, responses to these issues over the past few years, they are still very much current concerns for some customers and reported as such in the media.

The appropriate and right strategy is to continue resolving these issues as swiftly, fairly and effectively as we can, whilst at the same time changing the way we work to prevent similar issues arising in future. We are doing both of these things.

Our Helping Britain Prosper Plan

The Helping Britain Prosper Plan makes best sense for our Group, because of our scale and presence in communities across Britain, with a singular focus on the domestic market, where 95% of our business is now concentrated. As a result, we believe no other bank is better placed than Lloyds Banking Group to help Britain prosper.

The Plan brings together activities that have been ongoing for some time with additional commitments, and it is delivering real successes. The Group now accounts for one-in-four of all new mortgages for first-time buyers. Our lending to SMEs has increased every year for the past four years, despite a downward trend across our industry. Our support for the mid-sized company sector is also growing, helping to support employment and exports.



Read more about diversity and inclusion on page 25.

Other commitments in the Plan, those focused on improving diversity and inclusion across our Group, are also producing tangible improvements. Two good examples are the increase in the number of women holding senior management roles and our re-accreditation in 2014 as a disability confident business by the Business Disability Forum with the highest ever corporate score. These achievements are not directly focused on customers, but in the long term they will help us build a bank that reflects and so better understands the diverse Britain it serves.

Sending a positive message to stakeholders

We have changed our business, both culturally and structurally, to put them first in every decision we make and action we take. The Voice of the Customer is at the heart of everything we do, from designing products to how we serve their needs.

Our colleagues, following the changes made in our recruitment, training, assessment and reward processes, are building a more responsible business, a bank we can all feel pride in working for.

Our best is yet to come

We have made tangible progress towards becoming a bank that always puts customers at its heart. The fundamentals of this more responsible approach are now in place and the benefits are accruing, as this Review shows. However, there is no excuse for complacency, because it is clear that we still have further to go than we have come. This, of course, means that there is a lot more hard work ahead, but also confirms that the best of our Group is yet to come.

António Horta-Osório
Group Chief Executive



Read more about the Helping Britain Prosper Plan on page 8.

Sara Weller Independent Director



Rebuilding trust, not only with customers but also with the wider public, politicians, shareholders and colleagues is probably the biggest challenge facing all banks right now.

Sara Weller
Chair, Responsible Business Committee

Sara Weller discusses our responsible business performance during 2014 and explains the evolving role of the Responsible Business Committee. As an Independent Director, with a background in retail and financial services, Sara is a strong advocate for customers and new technology.

Q. What are the current challenges facing the Group?

Rebuilding trust, not only with customers but also with the wider public, politicians, shareholders and colleagues, is probably the biggest challenge facing all banks right now. And for us, being a more responsible business is critical to this re-connection: it goes to the very heart of why stakeholders would trust us again and it has to become the only way we do business if we're to fulfil our purpose of helping Britain prosper.



Read more about materiality on page 26.

It's also vitally important that we understand the issues that most concern our stakeholders, including those that our materiality research identifies as most pressing: the concept of 'fairness' for customers; the importance of transparency when reporting on the way we're dealing with issues from the past, and on remuneration and taxation; the need for a responsible approach to lending; and the steps we're taking to build a more customer-centric working culture. These four issues form the heart of this Review.

Q. How far has the Group come on its responsible business journey?

This has been a journey of two parts, inside the Group and outside. Reflecting on our internal journey to put things right inside the bank, I'm confident that we've made enormous progress over the past three years, pursuing a strategy that embraces responsible business principles and has now entered its second three-year cycle. We've locked responsible business into our governance and management processes, and we've made big strides in embedding it into our working culture.

Viewed from the outside, I suspect that these achievements may not have 'landed' with many stakeholders; because what we call 'legacy' issues, that predate our strategy, still remain in the public mind. This is why I stress so often that we must continue to deal with these issues fairly and transparently at all times. Of course, this doesn't preclude us from doing more to promote the positive changes inside our organisation.

Q. Where does the Helping Britain Prosper Plan fit in?

The Helping Britain Prosper Plan is integral to our responsible business aspirations, not an extra. It reinforces a general truth about banks – that our products and services support economic and social prosperity – but sharpens this into a set of tangible public commitments, unique to our Group. In simple terms, it enables and invites stakeholders to judge for themselves whether or not we're 'walking the talk' on responsible banking.

The Plan is galvanising the Group; setting us stretching targets, some of which we'll struggle to meet without improving on our present capability – and this is a good thing. We've also learnt this year that the Plan cannot be a static entity, fixed in time. It needs to be dynamic, to evolve over time in response to changing circumstances.

The Plan also gives us a great platform to engage with stakeholders who aren't experiencing the positive changes we're making as directly as our customers are. This includes shareholders. We need to engage them in our responsible business proposition and explain the benefits of investing in a UK focused, stable retail and commercial banking group.



Read more about our Helping Britain Prosper Plan on page 8.

Find out how this section aligns with GRI G4
www.lloydsbankinggroup.com/RBDownloads



Q. What role does the Responsible Business Committee play in all this?

The Responsible Business Committee (RBC) wears several hats. We're the eyes and ears for the Group on responsible business issues, reaching out to external stakeholders to understand their perspective then bringing this understanding back into the Group to share with colleagues. But we're also champions for decisive action – setting the agenda for responsible change, identifying and removing barriers to progress and overseeing delivery against our responsible business targets, by holding 'feet to the fire' on occasion if necessary.

One thing I'm certain of is that the RBC's role will evolve over the next year or so, as we broaden and deepen our connections throughout the business – involving more Board members in responsible business matters at one extreme, reaching out to more colleagues in branches at the other.

Q. What were your responsible business highlights in 2014?

I see the Helping Britain Prosper Plan launch and roll-out as an achievement and a landmark for the Group; the first time we've set public commitments on responsible business and provided metrics for measuring our performance.

I also believe that our hard work to resolve legacy issues fairly and transparently is an important achievement; whilst our work to extend financial inclusion gives me particular satisfaction, because of my involvement in this area. Finally, I'm delighted with the progress

we've made in embedding our Group Values and Codes of Responsibility with colleagues.

Q. What's on your 'to do' list for 2015?

In a phrase – 'more of more of the same'. We really need to stick to the course we've chosen and do the things we're already doing even better, including the Helping Britain Prosper Plan. And I would like to see evidence in our year end results that our efforts to rebuild trust are working.

I'd also like to think that by the end of 2015, every colleague across the Group will understand that responsible business isn't just about supporting 'good causes' (important though those are) but is also an integral part of the day job for every one of us working for a business that helps Britain prosper through the products and services it provides.

Sara Weller
Independent Director

Treating customers fairly

- ▶ If we want to rebuild customers' trust in our bank, then we must treat them fairly, putting their well-being at the heart of every decision we make and every action we take.



Being honest and transparent

- ▶ We must do the right thing for customers when it comes to dealing with, and learning from, the mistakes of the past.



Responsible lending for all customers

- ▶ We are focused on lending responsibly to all customers, including Britain's home buyers and businesses.



Building a more responsible culture

- ▶ We are continuing to change our culture to make sure that all colleagues are empowered, inspired and incentivised to do the right thing for customers.



Helping Britain Prosper Plan

People in Britain are facing some big issues today. We're using our scale, influence and expertise to help them tackle these issues through our Helping Britain Prosper Plan.

These issues include: the lack of affordable housing, especially for first-time buyers; the challenge of finding a job as a young person; the difficulties involved in escaping the 'poverty premium' that affects many people living on lower incomes; and the health issues arising as many of us live longer.

These are not issues that can be resolved easily or instantly, which is why our Helping Britain Prosper Plan sets year-on-year targets taking us to 2020.

Why we launched our Helping Britain Prosper Plan

Playing an active role in helping people address some of the big social and economic issues they face today sows the seeds of a better future for us all. We recognise that when the customers and communities we serve prosper, then we do too.

The Helping Britain Prosper Plan complements our ambition to become the best bank for households, businesses and communities. It is fundamental in rebuilding trust with those we serve and also in making Lloyds Banking Group a business that colleagues are proud to work for.

The Helping Britain Prosper Plan makes sense for Britain, so it makes sense for us too.

How we created our Helping Britain Prosper Plan

We call it 'our' Helping Britain Prosper Plan, but in fact it's a Plan shaped by the concerns that our customers and other stakeholders raised time and time again during research carried out by independent advisers on our behalf. Of course, this research highlighted other issues, but we've focused on those we're best placed as a financial services business to address.

The Helping Britain Prosper Plan isn't driven by short-term financial imperatives. It demonstrates our commitment to sustainable success. The Plan prioritises social and economic investments which can create the conditions on which we can build strong financial returns for shareholders, in a more positive and prosperous Britain.

The Helping Britain Prosper Plan in action

Turney Wylde, a construction and maintenance business operating across the North East of England, is just one of many SME businesses we're helping across Britain. What's more, our help for the company, which employs around 90 local people, including several apprentices, also indirectly helps home buyers and local communities, because Turney Wylde is actively involved in social housing, education and local government construction and renovation projects.

"We're a regional company with family values and traditions – we care passionately about the shortage of social housing in the North East and want to play our part in helping local home buyers."

Ken Parkin, Managing Director, Turney Wylde



More than
89,000
first-time buyers supported.

More than
£1bn
of new net lending to SMEs.

How the Helping Britain Prosper Plan works in practice

We've developed robust reporting and measurement methods to help us regularly monitor the Plan, and our progress against our commitments. Each metric has an assigned owner in the business who provides quarterly updates on progress. Data is checked, collated and shared with senior decision-makers across the Group, including the Responsible Business Committee, Group Executive Committee (GEC) and Board.

Reactions to the Helping Britain Prosper Plan

The Plan has received positive feedback from stakeholders since its launch. The UK media ran mainly favourable features on a number of our Commitments, particularly those relating to the percentage of women in senior management roles with the Group, our lending to SMEs and support for credit unions. Overall, investors responded favourably too. We must acknowledge that a number of opinion formers welcomed the Plan but felt it covered some areas that should already be business as usual for a bank. We understand this point of view but believe that the Plan is distinctive because it sets long-term targets for our day-to-day business activities, setting us apart from many of our peers.

Evolving the Helping Britain Prosper Plan

We have updated the Plan for 2015 to keep it relevant to our business and our stakeholders. It now includes 28 metrics (with updated targets for 2015 and beyond) including new metrics focused on:

- ▶ Supporting smaller house-building businesses to help stimulate housing supply in Britain.
- ▶ Helping individuals and SMEs gain digital skills to communicate, transact, manage information, problem solve and create online content safely – working together with Go ON UK.
- ▶ By helping British businesses access international markets we can help Britain prosper globally and positively influence economic growth and employment.
- ▶ Strengthening Britain's infrastructure and helping to shape our future economy and society, by supporting the government in building effective networks, binding together regions, boosting productivity, supporting business growth and deepening labour markets.

Read more on this story
www.lloydsbankinggroup.com/ProsperPlan

Read our Helping Britain Prosper Plan update
www.lloydsbankinggroup.com/ProsperPlan

Helping Britain Prosper Plan continued

2014 overview

Reviewing the Plan as a whole, it's clear that it has achieved a first for the Group and for the UK banking sector. It provides a framework that we can use to demonstrate to colleagues and external stakeholders the positive impact that our operations have across our seven commitments to helping Britain prosper.

We set some challenging targets in the Plan to push ourselves, so it's no surprise that we need to work harder to meet some commitments in future. The areas we need to focus on are:

Paying suppliers on time (Metric 4.5)

Slow payment to suppliers is unacceptable, which is why we measured the proportion of supplier invoices we paid within 30 and 60 days in 2014. Although we met our 30-day target, we know we have more to do. We've invested significantly in our supplier payment system and made several changes designed to speed up our payment process and enable us to meet our target in the future.

Apprenticeships (Metric 5.2)

As the result of changing commercial requirements, we fell 10 per cent short of our 2014 cumulative target for creating apprenticeships, but with more than 2,200 opportunities already created we're one of the leading apprentice employers in financial services and remain on track to achieve our target of 5,000 apprenticeships by 2017.

Diversity and Inclusion (Metric 7.2, 7.3 and 7.4)

Our Employee Engagement Index score for ethnic minority, disabled, and lesbian, gay, bisexual and transgender (LGBT) colleagues decreased this year compared with 2013. This was partly due to an overall decrease in engagement scores across the Group, but also reflects a notably low score amongst colleagues who identify as lesbian, gay, bisexual or transgender. We're currently developing action plans at a Group and divisional level to better understand the experiences of ethnic minority, disabled and LGBT colleagues, and engage all colleagues more effectively.

KEY

ACHIEVED

PARTIALLY ACHIEVED

NOT ACHIEVED

The Helping Britain Prosper Plan 2014 metrics have been considered for independent assurance by the professional services organisation PwC. The final assured metrics and reporting criteria, together with PwC's limited assurance report, can be found online at www.lloydsbankinggroup.com/RBdownloads.

¹ Through Money for Life's Teach Others and Money Mentors programmes

² Includes Commitment; Know-how; Adjustments; Recruitment; Retention; Products & Services; Suppliers and Partners; Communication; Premises; Information and Communication Technology

³ Reporting against this metric will commence in 2015 when the Apprenticeship recruitment strategy and measurement approach, which were devised in 2014, are fully embedded.

⁴ This % is based on the number of Scholars who are actively seeking employment each year (out of the cumulative 720 who will have been supported by 2017)

⁵ Senior roles refers to top 8,000 individuals

HELPING BRITAIN PROSPER PLAN		METRICS	2014 PERFORMANCE	2014 TARGET	INDICATOR
1	▶ We'll help more customers get on the housing ladder – and more customers climb up it	1.1 Number of first-time buyers supported through delivering the most comprehensive mortgage proposition in the UK mortgage market	>89,000	>80,000	●
		1.2 Share proportion of new-build mortgages provided (for first-time buyers, second steppers and private rented)	1 in 4	1 in 4	●
2	▶ We'll help our customers plan and save for later life	2.1 Number of customers we help to plan for later life through company pension schemes	1.41m (cumulative)	1.1m (cumulative)	●
		2.2 Number of customers we help post-retirement through providing a continuing annuity income	596,172 (cumulative)	0.55m (cumulative)	●
3	▶ We'll take a lead in financial inclusion to enable all individuals to access, and benefit from, the products and services they need to make the most of their money	3.1 Amount of additional funding provided to support Credit Unions per year	£1m	£1m	●
		3.2 Share of social banking accounts we will support	29%	1 in 4	●
		3.3 Number of community support workers accredited to deliver financial education on the front line ¹	2,035 (cumulative)	1,830 (cumulative)	●
		3.4 Maintain a category gold award with the Business Disability Forum (BDF) by achieving a high score across the ten areas ² that lead to a disability confident organisation	98%	>90% score	●
4	▶ We'll help businesses to start up and scale up, and we will procure responsibly	4.1 Increased amount of net lending to SMEs on an annual basis (total cumulative)	£1.27bn (>£31bn)	£1bn (>£31bn)	●
		4.2 Number of start-up businesses we will help to get off the ground	99,133 (107k including TSB)	>100k	●
		4.3 Increased amount of new lending provided to support UK manufacturing businesses per year	£1bn	£1bn	●
		4.4 Number of entrepreneurs supported through Lloyds Bank and Bank of Scotland Social Entrepreneurs programmes	756 (cumulative)	>750 (cumulative)	●
		4.5 % of supplier invoices paid within 30 days (% payment within 60 days)	95% (30 days) 98% (60 days)	95% (100%)	○
5	▶ We'll help businesses and individuals succeed with expert mentoring and training	5.1 Number of colleagues trained to mentor SMEs and social entrepreneurs through the Business Finance Taskforce accredited scheme and the Lloyds Bank and Bank of Scotland Social Entrepreneurs programme	1,340 (cumulative)	1,000 (cumulative)	●
		5.2 Number of new Lloyds Banking Group Apprenticeship positions created with permanent employment	2,210 (cumulative)	2,450 (cumulative)	○
		5.3 % of Lloyds Banking Group Apprenticeships taken up by external candidates from the UK's most disadvantaged areas ³	N/A	N/A	N/A
		5.4 Undergraduates from low income families supported by the Lloyds Scholars programme	360 (cumulative)	360 (cumulative)	●
		5.5 % of Lloyds Scholars (from low income families) who have secured a job within six months of graduating from University ⁴	100%	90%	●
6	▶ We'll be the banking group that brings communities closer together to help them thrive	6.1 Number of paid volunteer hours used by colleagues to support community projects	949,600 (cumulative)	800,000 (cumulative)	●
		6.2 Number of community organisations supported by our volunteers or funding	8,690	6,500	●
		6.3 £ donated to the Bank's Foundations to help tackle disadvantage	£16.5m	£16.5m	●
		6.4 £ raised by colleagues for our Charity of the Year (including Matched Giving) to support those in need in our communities	£3.9m	£1.7m	●
7	▶ We'll better represent the diversity of our customer base and our communities at all levels of the Group	7.1 % of senior roles ⁵ to be held by women	29%	29%	●
		7.2 We will consistently increase the engagement levels of ethnic minority colleagues in all roles	64 (Colleague Survey Score)	66 (Colleague Survey Score)	○
		7.3 We will consistently increase the engagement levels of disabled colleagues in all roles	52 (Colleague Survey Score)	55 (Colleague Survey Score)	○
		7.4 We will consistently increase the engagement levels of LGBT colleagues in all roles	52 (Colleague Survey Score)	60 (Colleague Survey Score)	○

Treating customers fairly

If we want to rebuild customers’ trust in our bank, then we must treat them fairly, putting their well-being at the heart of every decision we make and every action we take. Our customers rightly expect this, whatever their circumstances, whilst colleagues are trained, incentivised and supported to make fairness a priority.

What our stakeholders told us

When we consulted our stakeholders to identify the issues that they considered most material in 2014, the need to treat customers fairly was highlighted by investors, colleagues, our Stakeholder Panel, the Responsible Business Committee, trade unions, charitable organisations, trade associations and opinion formers.

How this fits with our Group strategy

Our Group strategy focuses on offering the best customer experience – for all customers. So, stakeholders’ concerns that we treat all customers fairly by improving accessibility and raising service and security standards are at its heart.

Fairer products

To ensure we treat all customers fairly, we have introduced processes to test our new and existing products against wide-ranging criteria, including risk, responsible business and the over-riding principle of ‘doing the right thing’. We assess products from concept to launch and beyond. If any do not match our high standards, we take immediate action. For example, redesigning a new product concept or even removing an existing product from our portfolio.

This approach will help us avoid any repetition of past mistakes, including mis-selling, because it puts customers at the heart of every decision we make and every action we take. In Retail Business Banking, we have gone further, inviting customers to co-create the products they need with us; and this customer-first approach has also driven the launch by our Consumer Cards business of a low-rate credit card for customers who prefer these to introductory offers.

For customers who rely on our basic bank accounts, we’ve introduced a number of product improvements, including free ATM use and the facility to open accounts online. Our Savings team has trialled a number of initiatives designed to help customers manage their finances more effectively and make informed decisions.

CUSTOMER SATISFACTION
NET PROMOTER SCORE

Lloyds Banking Group	59.2
Lloyds Bank	59.1
Halifax	58.8
Bank of Scotland	61.4



DIGITAL

We provide more online banking services to more customers than any other bank in the UK.

£750m

invested in digital over the last 3 years.

We continue to invest in digital channels.

£1bn

will be invested over the next 3 years to create seamless customer experience.

We’re set to train an additional 300 colleagues across our Product teams next year to ensure we design products that are easier for customers to understand, choose and use.

We want to do the right thing in every single customer interaction: in our branches, on the telephone, on our brand websites and mobile apps. This means always focusing on what’s best for customers, not what’s best for us.

Developing our digital channels

More than 10 million customers now use our digital banking services. We are the biggest ‘mobile bank’ in the UK with more than 5 million customers using their mobile phone or tablet to bank with Halifax, Lloyds Bank and Bank of Scotland. We expect these figures to increase in 2015. We want to make digital banking easier and more personal for all our customers.

During 2014, we launched new mobile apps for customers. We have also made it possible for digital banking customers to open accounts, swap mortgage products, move their savings and calculate the benefits of making overpayments on mortgages and loans online.

Connecting with our customers via social media

We are making better use of social media channels, including Facebook and Twitter, to reach our customers, with our Facebook and Twitter followers up 37 per cent and 36 per cent year on year in 2014, with our Twitter response rates 30 per cent above the industry benchmark. In 2014 the digital growth agency Greenlight ranked Lloyds Bank and Halifax as the top two financial services brands in this space.

We are using social media in three ways: to respond quickly to customer comments and questions; to share news and provide guidance; to learn from customers using information that they have been happy to share. We are also using YouTube to share advice and guidance with customers and Lloyds Bank also features on the popular MoneySavingExpert forum.

Improving access for customers with disabilities or in ill-health

This year we have made several important improvements for customers with disabilities or in ill-health, including those with dementia. We have launched a new branch disability toolkit across all our brands, advising colleagues on best practice. It includes many practical elements, for example walking stick holders, easy grip pens and quick reference details of the Disability Services Support Team to support colleagues dealing with disability queries. The toolkit is a great tribute to colleagues’ concern and creativity, because it’s based on one of around 300 great ideas they submitted through the Accessibility Innovation Challenge we ran recently.

We’ve installed more Talking ATMs in our branches for customers who are visually impaired, many of whom already use the Sign Language Video Service we launched in 2012. This innovative service was awarded a Disability SMART Award by the Business Disability Forum in 2014.

In 2013 we worked with the Alzheimer’s Society to create the Dementia-Friendly Financial Services Charter – a landmark guide for banks and insurers, designed to help them recognise, understand and respond to the needs of customers living with dementia and their carers. In 2014, we have worked to make sure we meet all elements of the Charter, including training for colleagues across the Group. A large number of colleagues have also now trained as Dementia Friends.

We’re making sure this happens in many different ways. We’ve made more than 200 different improvements for customers. These include a fundamental change to the way we incentivise colleagues working in Retail Banking – whose performance will no longer be assessed on the basis of sales targets from 2015 onwards. We’ve also made many product-specific enhancements, such as enhanced user tools on our digital services and greater flexibility for customers to switch between loan and saving products in search of the best option. You can read more about the improvements we are making for customers online.

We use tried, tested and trusted ways to measure customer satisfaction, including the Net Promoter Score (which rates customers’ likelihood to recommend us). This year, we have introduced customer dashboards, through which we share monthly data concerning customer experiences and reactions to our brands with colleagues and also the Board and Group Executive Committee. The dashboard metrics relate to customer trust, consideration, sentiment, engagement, satisfaction and complaints – providing a more accurate starting point for our work to put customers at the heart of our organisation than we’ve had in the past.

Improving accessibility

We are working hard to make continuous improvements to our evolving multi-channel offer for all customers, focusing on our branch, telephone and digital services.

Branch and telephone services

During 2014, we have made a number of improvements to our branch and telephone banking services, including wider use of product and service videos in branches and user-friendly self-service technology to cut queuing times. We have also cut average telephone waiting times and call times by simplifying the self-selection choices we offer customers. To help branch and telephone colleagues do better for customers, we have also rolled out a major simplification programme, which gives them easier access to many time-saving digital processes.



Treating customers fairly continued

Customer complaints

Providing an excellent service and getting it right for customers first time is the best way to prevent complaints. This is our goal.

Excluding legacy complaints relating to PPI, the overall number of customer complaints we receive has fallen by 12 per cent when compared with 2013 volumes. We also received fewer banking complaints per 1,000 accounts than our peers during 2014. We're determined to reduce complaint volumes even further in future by learning from and acting on customers' feedback.

Our FCA reportable complaints, excluding those relating to legacy issues, increased from 99,151 in H2 2013 to 122,109 in H2 2014. This increase was driven by a change in the mix of complaints we received, with increases in complaints relating to mortgages (following the industry implementation of the Mortgage Market Reform) to operational issues arising from the introduction of auto-enrolment for corporate pension schemes, and in those driven by claims management companies.

Although our reportable complaints increased in 2014, we are still committed to becoming the best bank for customers. We have already addressed some of industry level issues that had a negative impact on our performance and are continuing to improve our

internal processes for our customers. We've done this by building our capacity and improving our operational efficiency. Relative to the number of customers we serve, we still receive fewer complaints than any other major bank.

In 2014, the Group achieved 1.5 banking complaints per 1,000 accounts (Halifax: 1.1, Lloyds Bank: 1.9 and Bank of Scotland: 1.2). We aim to build on this and further reduce our complaints per 1,000 accounts figure, by learning from our mistakes and ensuring that we consistently rectify problems for our customers.

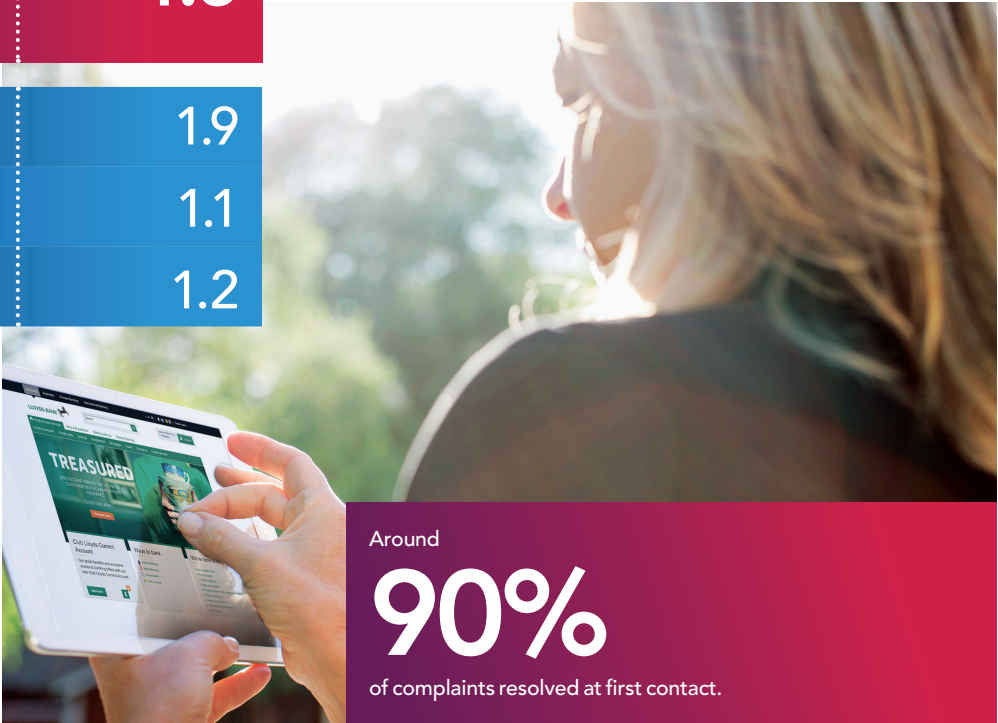
We consider the quality of our complaint handling to be industry leading. To ensure that we continue to reduce our overall complaint volumes and improve the service we offer our customers, our Root Cause Analysis team has carried out extensive analysis of the reasons why customers complain. The team has worked with colleagues across the Group to understand what drives complaints and to fix these issues for our customers.

Learning from our customers' complaints

An excellent example of how we are improving our service for customers is our changes to guarantee interest rates for customers whose fixed-rate savings accounts are reaching maturity. Previously, when customers received their fixed account maturity letters – up to

CUSTOMER BANKING COMPLAINTS PER 1,000 ACCOUNTS

Lloyds Banking Group	1.5
Lloyds Bank	1.9
Halifax	1.1
Bank of Scotland	1.2



Around
90%
of complaints resolved at first contact.

27 days before their account matured – they would also get details of the interest rates then on offer. If rates decreased after customers gave us their maturity instructions, it meant they would receive the lower rate and not the rate in the letter. This was causing customer dissatisfaction as they were disappointed to miss out on the higher rate. Now, providing the customer gives us their instructions before their account matures, they will receive at least the rate in the letter. If the rate increases then customers will get the higher rate, meaning they will not lose out on interest.

We've worked hard to improve the way we deal with customer complaints. We've invested in our successful phone-a-friend service, which provides 40,000 branch and call centre colleagues with instant access to specialist advisers who can help them achieve a positive outcome for customers. And we've led the way in our industry as the first bank to introduce an externally accredited complaint handling qualification for colleagues who handle complaints. We now resolve around 90 per cent of all complaints at first contact and faster than ever before thanks to our 24-hour, 7-days-a-week complaints handling service.

Tackling financial crime

Ensuring that customers' money and personal details are safe with us is a basic requisite for rebuilding trust with them. We currently have more than 25 million active customers, and more than 10 million now bank digitally, so this is no easy challenge.

We can ensure optimum security levels for customers because we consistently invest in the best technologies, processes and training for colleagues. We've invested £157 million since 2011 to improve IT security, with a focus on state-of-the-art control and protection technologies. A lot of this investment provides covert protection – invisible to customers and cyber-criminals. Every month almost 23 million credit card transactions are monitored for potential fraud – close to ten every second. We also invest in ongoing security training for all colleagues, with updates easily available so they can stay up to speed. They can also find a wealth of useful information about security issues on our group-wide Prevent and Protect hub.

The biggest cyber threat to our customers right now is 'phishing' online and 'vishing' on the telephone. This form of social engineering generally involves criminals tricking customers by faking emails or websites and making telephone calls to try and get their bank details or encourage them to download malicious software – all of which they can use to commit fraud. Typically, criminals don't try to beat our security systems through the use of new technology but rely on their interpersonal skills to trick customers.

The key to combating fraud of this kind is education and awareness raising, so we provide customers with clear guidance about how to stay safe online and on the phone. We also make it absolutely clear how we will and will not contact them, so they can identify an illegitimate contact.

We work in partnership with others too. Through our collaboration with Crimestoppers we closed down more than 3,838 fraudulent websites in 2014 and together with the UK government we sponsor 'Get Safe Online' – a service that provides lots of practical advice for customers. We also share information and best practice with other businesses, including our competitors, as well as regulatory bodies and government intelligence services.

Tackling money laundering and reporting concerns

We take steps to make sure our products are not used for criminal purposes, such as money laundering, working closely with legislators and regulators to combat this together. We monitor unusual activity on all customer accounts and use state-of-the-art technology to detect potential criminal activity. If we spot anything suspicious we take immediate and appropriate action.

In 2014 we updated our Anti-Money Laundering Policy and provided specialist training to help colleagues understand what is required from them. We also provide a confidential whistleblowing service through which all colleagues can anonymously report any concerns they have about possible security breaches.

In 2014, the whistleblowing service recorded 435 new contacts, compared with 443 in 2013 and 532 in 2012. Around 55 per cent of these contacts were reviewed, investigated and resolved. Guidance was given to the remaining 45 per cent of colleagues on how to raise their concerns through other routes. We continue to raise colleague awareness of the whistleblowing service and educate colleagues on appropriate usage. The new regulatory framework for individuals and the forthcoming FCA consultation paper will set out changes to strengthen whistleblowing arrangements across the financial services sector. We are working closely with the independent charity Public Concern at Work to ensure that our approach and systems continue to work effectively, and an industry benchmarking exercise is in plan for 2015.

Tackling bribery and corruption

We comply rigorously and consistently with all anti-bribery legislation and regulation wherever we operate, by adopting appropriate procedures and controls to counter the risk of bribery. Our Anti-Bribery Policy applies to all Directors and employees. Anyone else acting on the Group's behalf is also required to comply with its principles. The Policy prohibits the payment, offer, acceptance or request of anything which could be construed as a bribe. All colleagues complete annual anti-bribery training and are encouraged to report instances of suspected bribery via the whistleblowing service. During 2014, the Group was invited to apply, and subsequently approved, for membership of Transparency International UK's Business Integrity Forum, which is a network of major international companies openly committed to high anti-corruption and ethical standards in business practices.

Being honest and transparent

We must do the right thing for customers when it comes to dealing with, and learning from, the mistakes of the past. We must also respond fairly, honestly and transparently to any concerns our stakeholders may have about our plans for the future.

What our stakeholders told us

Our materiality process for 2014 highlighted that this issue is of great concern outside and inside our Group. External stakeholders, including customers, investors, trade unions, charitable organisations, trade organisations and opinion formers all believe it is fundamental to our efforts to rebuild trust with Britain. At the same time, many colleagues also take pride and find a moral connection in working for a business that stands up for honesty and transparency. Colleagues' views were reinforced by input from the Stakeholder Panel and Responsible Business Committee, with both highlighting that past mistakes are still present concerns for many customers.

How this fits with our Group strategy

Our Group strategy focuses on becoming simpler and more efficient. To do this we must learn from past mistakes and become more transparent, as many of stakeholders have demanded.

Addressing past mistakes and learning from them

We have publicly acknowledged our past mistakes, many of which were endemic to our industry, and committed to resolve them. In 2011 we proactively made the decision to become the first UK bank to offer customers Payment Protection Insurance (PPI) mis-selling compensation – we still firmly believe this was the right thing to do for our customers. We have also agreed settlements totalling £218m to resolve the UK and US federal authorities' legacy issues connected to the manipulation of LIBOR and Sterling Repo Rates, which took place in 2008-09. Colleagues involved in these activities have either left the Group, been suspended or are subject to disciplinary hearings.

António Horta-Osório, our Chief Executive, has stated that: 'The behaviours identified by these investigations are totally unacceptable. The Board and the Group's management team have taken vigorous actions over the past three years to prevent this kind of behaviour, through closing or reducing our legacy investment banking activities. In addition, we have implemented a customer-focused, UK-centric strategy, changed our culture and values, improved systems and processes, and implemented more effective controls.'

It is important to rectify our past mistakes, but essential that we take effective action to avoid them in future. We are doing this on several different fronts, including:

- ▶ Making radical changes across our product life-cycles to ensure that we consider all the potential risks for customers.
- ▶ Changing our working culture to ensure we always do the right thing for customers, with colleagues now recruited, developed, promoted, managed, assessed, incentivised and remunerated on the basis of their responsible business contributions.
- ▶ Supporting a number of industry-wide initiatives along with government and regulatory action, to improve UK retail banking standards.

Branch access

In October 2014 we published our strategy update. This made it clear that customers remain at the heart of everything we do and that one of the three pillars of our strategy up to 2017 is to create the best customer experience. The update explained that we will build our multi-channel offer to provide customers with greater choice, convenience and reliability. It also explained that we will continue to respond to increased use of our digital banking services and in-branch self-service technology.

We confirmed that branches will continue to play an important role in our multi-channel strategy, and to ensure we reflect customers' changing behaviours, we will invest £1 billion in new digital channels and reduce our total branch network by 150 branches over the next three years.

We know this announcement has been a cause for concern for some stakeholders, who believe it may reduce access to our services. In response, we have explained that more than 90 per cent of all Lloyds Bank and Bank of Scotland customers will still have a branch within five miles of home, while we will maintain Halifax branch coverage. We have also made clear that we anticipate closing fewer branches than our competitors, and consequently expect to grow our market share of branches and retain the biggest branch network in the UK.



Find out how this section aligns with GRI G4
www.lloydsbankinggroup.com/RBDownloads



We also know that closures will affect colleagues. We will share more detailed proposals with them as these are evolved, involving the unions who represent their interests at every stage of the process.

Tax contributions

We are one of the largest contributors to UK tax revenues. We were the highest UK taxpayer in the latest 100 Group PwC Total Tax Contribution Survey which looked at 2013 tax payments. We paid a similar amount of tax in 2014.

Consequently, it is important that we explain our approach to tax clearly to reassure our stakeholders, including UK taxpayers, customers, colleagues and others, that we comply fully with the law and have a consistent approach to managing risk.

We do not interpret tax laws in ways that we believe are contrary to their intention; and we do not promote tax avoidance products to our customers. We comply with the HMRC Code of Practice on Taxation for Banks and the Confederation of British Industry's Statement of tax principles. The tax system covering our activities is complex and wide ranging. As a result, any decisions and actions we take regarding tax are based on a considered assessment of long-term costs and risks, including their impact on our relationship with stakeholders and our reputation with our customers.

The Group's approach to tax is governed by a Group Board-approved tax policy and strategy, which has been discussed with HMRC. Our Group Tax Team makes sure that our tax policies, procedures and controls are appropriate and implemented in full. The team liaises closely with HMRC regarding all significant transactions to understand their view. As with any large group, we

may occasionally have a different view to HMRC. These differences of opinion are discussed, with the intention of resolving them in a transparent, honest and professional manner.

Helping to transform banking

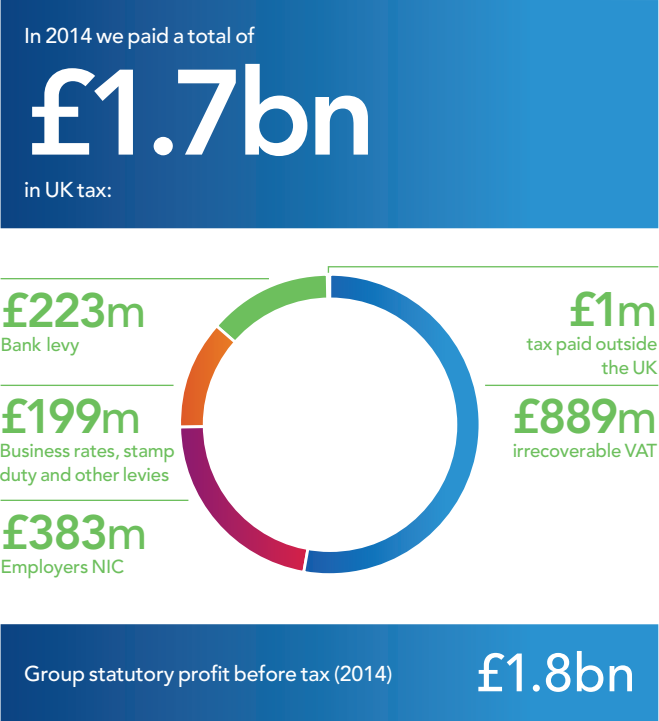
We're working directly with the UK government, Members of Parliament and other stakeholders to improve ethical and quality standards in the banking industry. To help rebuild trust in banking, we must do, and be seen to be doing, the right thing – helping Britain prosper through our business activities in line with our strategy to become the best bank for customers. When we believe it is in our customers' and stakeholders' interest to do so, we are ready to lead our industry.

We're helping to transform banking through our engagement with several government and Parliamentary bodies:

- ▶ The Treasury Select Committee – on SME lending and the treatment of financial services consumers
- ▶ HM Treasury – on basic bank accounts
- ▶ Financial Inclusion Commission – on our support for credit unions and vulnerable customers
- ▶ The European Commission – on the proposed Capital Markets Union legislation; Bank Structural Reform; Multilateral Interchange Fees; and the Payments Services Directive II.

Competition and Markets Authority

On 6 November 2014, the Competition and Markets Authority (CMA) announced its decision to launch an in-depth investigation into the markets for personal current accounts and SME banking. We welcome this investigation and believe it will help to restore customers' and stakeholders' full confidence in the operation of these important markets. We will work constructively with the CMA to help ensure that these markets function well for consumers.



Read more about our engagement with government and regulators
www.lloydsbankinggroup.com/RBStakeholders



Responsible lending for all customers

Many stakeholders are concerned that in the past, irresponsible lending by banks has fuelled unsustainable house-price booms and levels of customer debt. We need to provide reassurance that we are focused on lending responsibly to all customers, including Britain's home buyers and businesses.

What our stakeholders told us

This emerged as an issue that concerned many different stakeholder groups during our materiality process for 2014. These included external stakeholder groups such as investors, trade unions, charitable organisations, trade associations and opinion formers along with colleagues, the Responsible Business Committee and our Stakeholder Panel. Our response focuses on responsible lending for home buyers and businesses – the two customer groups highlighted by stakeholders – but also summarises our work to promote financial inclusion, which is integral to the Group's notion of responsible business.

How this fits with our Group strategy

Delivering sustainable growth is a key driver in our Group strategy. This growth will be achieved in great part by doing more for all our customers, including homebuyers, businesses and those excluded from mainstream financial services – just as our stakeholders have requested.

Help for home buyers

Buying a property is the biggest financial commitment that many people ever make. We want to help home buyers and widen the opportunity to buy, so more people can get on to and move up the housing ladder.

We made public commitments to lend £10 billion to 80,000 first-time buyers in 2014.

We fulfilled both in November 2014, ahead of schedule. In total, we advanced £11.9 billion in new mortgage lending to more than 89,000 first-time buyers this year – a 23 per cent and 12 per cent improvement, respectively, on 2013. We provided one in four of all new first-time buyers mortgage loans completed in the UK in 2014.

Find out how this section aligns with GRI G4
www.lloydsbankinggroup.com/RBDdownloads



More than
20,000
 of our customers acquired a property under the Help to Buy scheme in 2014.

We advanced more than
£25bn
 of new lending to house purchase customers, including first-time buyers and customers moving home.



We provided
1 in 4
 of all new first-time buyer loans in the UK.

Across all our customer brands, our gross new mortgage lending totalled £40 billion in 2014, and support for home buyers represented almost two-thirds of this lending. In total, we advanced more than £25 billion of new lending to house purchase customers, including first-time buyers and customers moving home, an increase of 18 per cent compared to 2013.

We are a leading supporter of the UK government's Help to Buy scheme. Lloyds Banking Group was the first lender to launch mortgage products on 1 April 2013 in support of the equity loan element of the scheme. We were the first lender to commit publicly to the mortgage guarantee element of the scheme. Our Halifax, Lloyds and Bank of Scotland brands all offer Help to Buy products to our customers, allowing first-time buyers and home-movers to access a mortgage with a five per cent deposit. More than 20,000 customers acquired a property under both elements of the Help to Buy scheme in 2014 with a mortgage provided by Lloyds Banking



107,000
 SME start-ups supported in 2014.

Group. We have accounted for one in three customers under the mortgage guarantee element of the scheme, since it was launched in the second half of 2013.

Help for businesses

According to government figures, local businesses – the vast majority of them SMEs – are the lifeblood of the UK economy.

We currently serve more than one million SME customers (as well as many mid-size and large businesses too). Our SME customer base includes a wide range of different businesses – the kind that we all rely on day to day, including retailers, taxi drivers, lawyers, accountants, digital businesses and other familiar product and service providers.

For the third consecutive year since 2012, we have increased our net lending to SMEs by more than £1 billion per year. Our net lending to SMEs in 2014 increased by five per cent compared with 2013 while across the industry there was a net reduction of two per cent.

Our SME Charter

In 2010, we launched our SME Charter, setting ambitious lending targets for the next three years. Following our success in meeting these targets, we updated the Charter in 2013 and again in 2014, not only to set tougher targets but to keep it in line with our broader responsible business agenda. For instance, in 2014, reflecting our focus on local access and advice, we doubled the amount our most senior managers can lend for loan renewals at a local level to £1 million and to £500,000 for new lending. We have also focused more attention on start-up businesses, with a 2014 Charter commitment to help 100,000 start-ups this year. We are pleased to say that we beat this target, helping 107,000 start-ups by the end of the year.

We have improved the benefits we offer start-ups, by introducing 18-month free day-to-day banking as standard and fixing simple, transparent Monthly PricePlans that make it easier for SMEs to choose the right support level for them once they do start paying. We also facilitate lending to SMEs through a number of joint schemes, including the Enterprise Finance Guarantee Scheme, Regional Growth Fund, Scottish Investment Bank and Big Society Capital. You can read more about these schemes and others online.

Extra help for SMEs

22,000 of our SME customers are in low-income areas. We're determined to provide them with extra help if they need it, so we've increased our total loan facilities for these customers from £633 million to £730 million this year. Through our Business Support Unit, we also help companies who run into financial difficulties. In 2014, the Unit helped 1,600 businesses get back on a sounder footing, averting the loss of an estimated 56,000 jobs in the process. Most of the businesses helped were SMEs.

Read more about help for homebuyers
www.lloydsbankinggroup.com/RBCustomers



Responsible lending for all customers continued



More than
400
colleagues trained as Business Finance Taskforce mentors.

Doing more for all SMEs

As well as access to finance, we offer useful business advice for SMEs, including mentoring from a specially trained colleague. We are leading the Business Finance Task Force mentoring initiative and now have more than 400 colleagues trained as mentors – more than any other UK retail and commercial bank. In addition, the online service ‘Mentor Me’, run by the Business Finance Task Force (of which we are a member), helps customers find the mentor they need from a range of sources, while many of our own mentors work free of charge to help social enterprises and charities.

This year we have reorganised our services to improve the way we help SMEs. We have moved many smaller businesses out of our SME Banking business (part of our Commercial Bank) and into Retail Business Banking (part of our Retail Bank), where they can access products and services specially tailored to their requirements. This means longer opening hours for business customers, easier access to small business advisers on the telephone and connection to our mobile business banking app from the moment they start banking with us.

Digital and sustainability support for SMEs

The Group has been selected to drive a government-led initiative to increase the digital capacity of SMEs and charities across the UK, through the Digital Inclusion Delivery Board. Through this we will work with a number of other partners, including the digital skills charity GoON UK to help SMEs gain more from digital technology.

We’re also doing more to help SMEs understand the risks and opportunities presented by the sustainability agenda and the move towards a low-carbon economy. We have a free online tool to help SMEs create a personalised sustainability action plan and guidance on producing an environmental policy so they can demonstrate their commitments. Both the policy and the plan can help when tendering for contracts that require an environmental policy as part of the process.

We also work with several partners, including the Energy Saving Trust, who produced posters which can be downloaded from our website and displayed in the business premises to help their employees focus on saving energy costs. In 2015 we will be working with teams in Mid Markets (businesses with a turnover between £25 million and £750 million) and Key Sector teams to ensure sustainability is built into the support we give customers in specific sectors.

This year and in previous years, we’ve increased lending to agricultural businesses, primarily SMEs, above the national average. Our total lending increased 10 per cent in 2014 to £3.14 billion, and we provided new loans worth a total of £426 million, including £33 million to support small-scale energy projects.

Financial inclusion and education

To make sure we do the best we can for customers who are in any way financially excluded or at risk of becoming so, we created our Financial Inclusion Steering Group in 2013, bringing together colleagues from across the Group to focus on this issue. During 2014, our Board agreed our Financial Inclusion strategy (building on independent research) and we made a commitment within our Helping Britain Prosper Plan.

Basic bank accounts

For many customers, helping them to open a basic bank account is the first step away from financial exclusion and into better money management. In 2014, we provided 269,000 new basic bank accounts and also helped 126,000 customers upgrade from basic to more mainstream products.

Helping ex-offenders

This year we’ve helped around 700 ex-offenders and prisoners preparing for release, by working in partnership with the National Offender Management Service. Providing banking facilities helps these customers to get payments, pay bills and re-assimilate more easily into society.

Helping customers in financial difficulty

When our retail customers fall into financial difficulty, we offer them support, guidance and practical solutions to get their finances back on track through our Credit Operations team. This team contains more than 2,200 colleagues, all dedicated to helping customers in financial difficulties. In 2014, they completed 4.4 million customer conversations, achieving a positive outcome for 85 per cent of those with whom they spoke.

Financial education

We can help our current and future customers to avoid financial difficulties by providing them with a better understanding of money matters. This is the particularly the case for young people who may not have received adequate money management tuition at school or at home.

We’re helping these young people through our Money for Life education programme, focusing on those in further education, work or community-based learning. Money for Life provides them with the core skills they need to manage their finances more effectively. More broadly, we work closely with many community organisations to train front-line workers to better inform their clients about effective money management. We’ve invested £10 million in the programme since its launch in 2009, including £2 million in 2014. To support the programme, we also run train-the-trainer courses to widen its reach, with more than 881 new trainers qualifying in 2014. Through our Money for Life Challenge, we also recognise young people who come up with innovative community-based money management schemes.

Doing more to champion financial inclusion

As a bank that’s committed to helping Britain prosper, we want to do more to champion financial inclusion, by focusing on five themes: accessible products and services that meet customers’ needs; improving people’s capability and confidence; working in partnership; investing in financial education; and supporting customers in financial difficulty who might be excluded from financial services. We’ve also set up a dedicated Financial Inclusion team to focus our work on this key topic.

We’ve initiated six-monthly meetings with external stakeholders, bringing together charities, government and others concerned with this issue to help us identify what more we should be doing. These have already helped us identify a number of key issues that we need to address. In January 2015 we sponsored a Financial Inclusion Conference – a landmark event attended by businesses, government, charities, regulators and others, all of whom share a commitment to tackle financial exclusion in partnership.

We’re currently making improvements to the service that our basic bank account customers receive and will be rolling out training to our colleagues about financial inclusion. We’re also focusing our expertise and reach to help improve digital capability, which will be one of the most important factors in driving financial inclusion in future.

Supporting credit unions

The credit union sector provides a very important service to many people across Britain. We believe that it can become an even more powerful choice for consumers to turn to, which is why we have been working in partnership with ABCUL (The Association of British Credit Unions Limited) and the credit union Foundation, to deliver a £4 million fund over four years to help credit unions become more sustainable.

£2m
Invested in the Money for Life programme in 2014.



Read more about financial inclusion
www.lloydsbankinggroup.com/RBCustomers



Building a more responsible culture

We continue to change our culture to make sure that all colleagues are empowered, inspired and incentivised to do the right thing for customers. Our Group Values guide colleagues as we work together to build a bank that truly reflects and understands the diverse Britain that it serves.

What our stakeholders told us

Our engagement with various stakeholder groups confirms that this issue, although ‘played out’ internally, has a profound impact on our external reputation. In many ways it drives the changes we are making for customers. Unsurprisingly, it is a major concern for colleagues and our Responsible Business Committee, but also resonates with investors, trade unions, charitable organisations, trade associations and opinion formers. Diversity and inclusion was not highlighted as ‘most material’ but we believe it is fundamental to becoming the best bank for customers because it brings us closer to the diverse Britain that we serve. Consequently, we have included it in the Review.

How this fits with our Group strategy

Our stakeholders want us to become more customer focused and our Group strategy makes this a priority too – highlighting our intention to build the best team within a culture that always puts the customer’s needs first.

Building on our Values

Back in 2011, we put in place our three Group Values – putting customers first, keeping it simple, making a difference together – to inspire and guide us on our responsible business journey and support our ambition to become the best bank for customers. In 2012, we launched our Code of Business Responsibility and Code of Personal Responsibility, setting out behaviours consistent with our Group Values. Since then, we’ve worked hard to embed the Values and Codes across our Group – ensuring that 95 per cent of colleagues completed mandatory training on the Codes in 2014.

We also developed our Supplier Code of Responsibility, setting out the responsible business standards we require from our suppliers. We’ll be rolling this out in 2015 and you can read more about it online.

Read more about colleagues
www.lloydsbankinggroup.com/RBColleagues

42,000

colleagues achieved the Foundation Standard for Professional Bankers in 2014.



Making our Group Values and Codes more meaningful for colleagues

To help colleagues understand what’s expected of them and to empower them to be the best they can be, we’ve introduced a number of specific tools. These include our behavioural frameworks: the Leadership Identity we launched in 2013 and the Colleague Identity launched in 2014. Both provide more detail about how to work in line with our Codes, by giving colleagues across the Group greater clarity about the behaviours that support them.

Integrating responsible business into every colleague’s working life

We’ve now incorporated our Values, Codes and responsible business approach into our recruitment processes, including job descriptions, interview questions and induction activities. The same is true for performance management, which now balances both what colleagues achieve and how they behave in line with the Values and Codes. In 2015, we’re launching our Line Manager Academy, which will help colleagues who manage teams understand better how they can use the Values and Codes to encourage their team members to bring responsible business alive in their day-to-day activities.

We’ve maintained our commitment to the Chartered Banker Professional Standards Board (CB PSB) Foundation Standard and have worked actively with the CB PSB to develop the recently published Leadership Standard. Looking forward, as a founder member of the Banking Standards Review Council (BSRC) we’ve committed to working with the Council as it develops its proposals to raise standards in the Banking industry. Our Codes and Values remain central to how we demonstrate professional standards in our everyday working lives.

Rewarding and remunerating colleagues

It is important that we reward colleagues in ways that are consistent with our Responsible Business approach. Over recent years, a number of initiatives have been launched across the Group which have developed our approach to both performance assessment and remuneration. This has helped us keep pace with a dynamic and challenging regulatory environment and increase our focus on customers, whilst ensuring we have a fair reward package that supports our aims as a responsible business. From 2015 onwards, we have made the decision to remove the last of the sales targets in our customer-facing roles and focus solely on performance metrics based on customers, risk and people. This will help us to do the right thing for customers and rebuild colleagues’ pride in and sense of commitment to our Group.

The Group’s approach to remuneration is set out in our Remuneration Policy (which was approved by shareholders at the AGM in May 2014 and is owned by the Remuneration Committee). The Policy provides a framework to support robust governance in line with the Group’s risk appetite and aligned with the Group’s business strategy, objectives, Values and long-term interests, as well as the consideration of our Codes of Responsibility and the Helping Britain Prosper Plan.

The Remuneration Policy underpins our efforts to drive appropriate behaviour from colleagues in line with our Values, and to avoid practices that could damage our reputation, relationships with customers and regulators, while also supporting the Group’s long-term success. It enables the Group to provide a competitive total reward package, helping us to attract, develop and retain the talented colleagues we need to become the best bank for customers.

All colleagues, including the Group Chief Executive, complete formal performance reviews at least twice a year. They’re assessed in terms of their performance against set objectives and our Values, Codes and required behaviours, using a Balanced Scorecard, which includes risk management. Their remuneration and reward is based on these performance reviews. Specific responsible business targets are built into our Group Chief Executive’s scorecard and these are cascaded to Group Executive Committee members and their leadership teams.



95%

of colleagues completed Codes of Responsibility training.

Find out how this section aligns with GRI G4
www.lloydsbankinggroup.com/RBDownloads



Building a more responsible culture continued

Engaging with colleagues

We run two surveys every year, one called the Colleague Survey and one temperature check which we call the 'Pulse'. Together these provide a wealth of information for line managers and our senior leadership team. You can read more about the Colleague Surveys online. In the 2014 Colleague Survey, we achieved our highest response rate to date, with 85 per cent of colleagues participating compared to 76 per cent in 2013 and 74 per cent in 2012. This regular dialogue with colleagues provides rich data and a clear picture of how they're feeling.

- ▶ Our 2014 Colleague Survey Performance Excellence Index score (which indicates how colleagues rate the Group's ability to deliver for customers) was 75 per cent (down one percentage point compared with 2013); however, we remain 11 percentage points above the UK norm for this.
- ▶ Our Employee Engagement Index score (which gauges colleague motivation) was 60 per cent (down four percentage points from 2013 and two percentage points below the UK norm).
- ▶ Our Line Management Index score (which assesses colleagues' feelings about their line manager) has remained the same as 2013 at 81 per cent (14 percentage points above the UK norm).

We asked colleagues their views on whether they think Lloyds Banking Group is a responsible business, which achieved encouraging results, with 82 per cent of colleagues agreeing that 'the behaviour of the people I work with is consistent with Lloyds Banking Group's Values and Codes of Responsibility' (15 percentage points above the UK norm). 75 per cent of colleagues believe that 'Lloyds Banking Group is genuinely committed to environmental and social responsibility' (nine percentage points above the UK norm). A new question on whistleblowing was added for the first time in 2014: 'I feel comfortable reporting risks or issues if I believe something is wrong – 87 per cent of colleagues agreed or strongly agreed with this statement.

Overall our scores indicate that while Performance Excellence is high, we need to do more to engage our colleagues emotionally. In 2015, we plan to focus on building pride, increasing trust in leadership and ensuring that colleagues feel that they have a promising future at Lloyds Banking Group.

Best Bank for Customers

Building on the first phase of a Group-wide cultural assessment, carried out in 2013, we've now completed a more comprehensive second phase. As part of the 2014 Pulse survey, we included a set of questions specifically on becoming the best bank for customers, to measure the progress colleagues feel we are making on our journey. We have seen some strong results around these customer-centric questions, reflecting colleagues' understanding of, and commitment to, our vision of becoming best bank for customers. For example 76 per cent of colleagues believe 'the customer comes first here' and 72 per cent of colleagues believe 'we deliver on our promises to customers'.

85%

highest participation rate in our Colleague Survey to date.

We will continue to measure these questions on becoming the best bank for customers in 2015, which will enable us to measure changes in colleagues' views since 2014.

In addition to the highest ever response rate to our Colleague Survey, we also received a record number of answers in response to a question that asked colleagues what one thing would they improve about life in Lloyds Banking Group. Their answers have been analysed in detail and will provide further valuable data for our leaders to understand the areas they need to focus on in order to improve engagement. Line managers across the Group are working with their teams to develop action plans that will tackle issues at a local level.

Changing our culture for better

With help from an external partner, McKinsey, we used the outputs of our Best Bank for Customers survey to assess the Group's organisational health. This work confirmed that although we're in the top quartile for organisational health compared with many peer businesses, there are a number of ways in which we can improve.

A key challenge is that far more colleagues who completed the survey believe that the Group is 'Changing for the better for customers' than believe it is 'Changing for the better for colleagues'. We've responded swiftly to this issue by including a colleague and culture element in our new three-year Group Strategic Review, under the theme of 'Building the Best Team'. This will become the focus for our work on culture in 2015, with a priority placed on building colleagues' sense of pride in their personal contributions to the Group.

Diversity and inclusion

Our goal is to become the best bank for customers: one that truly reflects 21st-century Britain in the diversity of its workforce, and consequently understands the needs of an equally diverse customer base. We want our Group to be a genuinely inclusive place to work, with every colleague treated fairly, with dignity and respect.

We've made public commitments and set bold targets on diversity and inclusion in our Helping Britain Prosper Plan, which provides a framework for all our diversity and inclusion activities. These include commitments to: increase the proportion of senior management roles held by women; retain our Gold Standard as a disability-confident organisation; and increase the engagement scores of ethnic minority, disabled and lesbian, gay, bisexual and transgender (LGBT) colleagues, measured via our Colleague Survey.

At the end of 2014, we were on track to achieve our 2020 gender target with 29 per cent of all relevant roles held by women. We also successfully retained our Gold Standard in the Business Disability Forum Benchmark, achieving a score of 98 per cent, the highest ever awarded to a comparable organisation. This year, we have also appointed Group Executive Committee members as sponsors of our key focus areas and created a senior governance forum, chaired by one of our Group Executive Directors, to drive us towards our goals.

We plan to make more diversity and inclusion pledges in the future, as we work to build a culture in which all colleagues can be themselves at work and progress solely on the basis of merit.

We recruit with our diversity and inclusion goals in mind. We always aim to appoint the best person available into any role, but also to attract talented people from diverse backgrounds and to be unbiased in the way we assess and select them.

In 2014 we achieved external recognition for our efforts to become more diverse and inclusive. These included company awards at the Women of the Future Awards, the Breaking the Mould Awards and the Disability SMART awards. We were also named in the Times Top 50 Employers for Women, the Top Employers for Working Families and the Stonewall Top 100.

Our four colleague networks – Breakthrough (for women), Access (for disabled colleagues), GEM (for colleagues from ethnic minorities) and Rainbow (for lesbian, gay, bisexual or transgender colleagues) – have continued to provide valuable support for colleagues by holding networking events, providing mentoring opportunities, and promoting role models.

Read more about diversity and inclusion
www.lloydsbankinggroup.com/RBColleagues



Issues that matter most to stakeholders

We engage with different stakeholder groups throughout the year, gathering their opinions and using them to inform our decision making. Stakeholder engagement also informs our reporting process and helps us decide what information to include in our Responsible Business Review and our online reporting.

Engaging with our stakeholders

We identify our stakeholders through reference to our daily business activities, defining them as: 'Those who affect and are affected by our operations'. We engage with stakeholders regularly, in various ways, including contact during business activities, face-to-face meetings and engagement on specific issues such as regulation.

We engage with sustainability commentators and experts through our independent Stakeholder Panel. You can find out more about the Stakeholder Panel online. A full list of our stakeholders and an overview of our engagement activities over the past year, including the topics discussed, is available online.

Our materiality processes for 2014

To help shape our 2014 reporting, we worked in line with Global Reporting Initiative G4 guidelines. As part of a defined materiality process, we asked internal and external stakeholder groups to rank and prioritise a supplied set of key issues, by completing interviews and questionnaires. Those they identified as most material helped us to structure our reporting documents. For example, stakeholders prioritised the four material issues addressed in this Review.

The set of key issues that we asked stakeholders to refer to has evolved over several years. It takes into account previous engagement and current internal opinion.

You can read a full explanation of our materiality process and findings in our Materiality Report online.

Our four most material issues

The four issues ranked as the most material to our business and stakeholders are reported in depth in this Responsible Business Review.

► Treating customers fairly

If we want to rebuild customers' trust in our bank, then we must treat them fairly, putting their well-being at the heart of every decision we make and every action we take.

Read more on page 12

► Being honest and transparent

We must do the right thing for customers when it comes to dealing with, and learning from, the mistakes of the past.

Read more on page 16

► Responsible lending for all customers

We are focused on lending responsibly to all customers, including Britain's home buyers and businesses.

Read more on page 18

► Building a more responsible culture

We are continuing to change our culture to make sure that all colleagues are empowered, inspired and incentivised to do the right thing for customers.

Read more on page 22

Read our Materiality Report
www.lloydsbankinggroup.com/RBDownloads

Find out how this section aligns with GRI G4
www.lloydsbankinggroup.com/RBDownloads



Other material issues



Our stakeholders highlighted a number of other issues. We respond to these online.

CUSTOMERS

- Financial inclusion
- Financial accessibility
- Serving the needs of SMEs and entrepreneurs

Read more www.lloydsbankinggroup.com/RBCustomers

COMMUNITIES

- Colleague engagement with communities
- Community investment
- Job creation and employability

Read more www.lloydsbankinggroup.com/RBCommunities

ENVIRONMENT

- Investor relations
- Supporting the transition to a low-carbon economy
- Environmental management in our products and services and lending decisions

Read more www.lloydsbankinggroup.com/RBEnvironment

COLLEAGUES

- Engaging colleagues and listening to feedback
- Diversity and Inclusion
- Attracting and retaining talent

Read more www.lloydsbankinggroup.com/RBColleagues

STAKEHOLDERS

- Supplier relations, payment terms and fairness

Read more www.lloydsbankinggroup.com/RBStakeholders

Where we report about responsible business

We want as many stakeholders as possible to read about our responsible business activities and our Helping Britain Prosper Plan. Consequently, we report on both in a number of reporting documents:



Helping Britain Prosper Plan update
2014/2015
www.lloydsbankinggroup.com/ProsperPlan



Responsible Business online
www.lloydsbankinggroup.com/RB



Annual Report and Accounts 2014
www.lloydsbankinggroup.com/investors

Independent assurance

Independent Stakeholder Panel Statement

The objectives and scope of the Panel’s activity

The Panel’s terms of reference were to:

- ▶ review the 2014 Responsible Business (RB) Review and comment upon the extent to which it meets the needs of stakeholder groups;
- ▶ provide confidential opinions on materiality, the nature of reporting and communication of RB approaches;
- ▶ take an independent stakeholders’ approach to question Lloyds Banking Group’s (LBG) performance against issues that concern stakeholders.

In its approach, the Panel considered only the 2014 RB Review content.

The Panel’s conclusions

The Panel appreciated the extensive access given to it by LBG’s senior management and colleagues. The Panel also appreciates LBG’s decision to publicly respond to the Panel’s statement with comments in its website.

The Panel acknowledges LBG’s development of its RB strategy and agenda is an ongoing journey, with significant improvements during the past three years.

The Panel considered the 2014 RB Review in terms of materiality, inclusivity and responsiveness to the interests of stakeholders:

Materiality – the Panel is satisfied that the Review addressed the material issues it felt to be essential for detailed commentary, with other material RB matters addressed in LBG’s website.

- ▶ Inclusivity – the Panel communicated those matters it expected to be included within the Review. These were addressed by LBG’s management within the Review
- ▶ Responsiveness – the Panel found LBG’s management responded proactively and with and open and comprehensive dialogue. This led the Panel to consider the Review had been developed in a responsive manner.

Nevertheless, there are areas where the Panel recommends LBG could usefully focus for further development of the Review.

The Panel feels that commentary should be provided in future RB Reviews on the RB impact of LBG’s strategic review, particularly relating to key themes such as digitalisation.

The Panel continues to welcome the Helping Britain Prosper Plan as a means of communicating LBG’s RB commitments, although it feels that there is a need to further expand upon the links between the Helping Britain Prosper Plan, LBG’s strategic review and LBG’s responsible business approach. Also the plan could be communicated through a wider range of stakeholder channels, and via LBG’s brands.

The Panel feels it would be helpful to explain ‘LBG’s RB journey’. This should include detail about underlying process changes, use of year-on-year data and case studies to illustrate improvements.

The Panel is aware LBG is undergoing ‘cultural change’ and the Review should continue to cover the impact of this culture change on colleagues as well as customers.

The Panel recognises that, for many stakeholders, legacy issues affect levels of trust in LBG and the financial service sector generally. They should continue to be addressed as a management priority in the Review.

The full Panel statement on LBG’s website includes further suggested areas for change.

The Panel confirms that it acted independently and with open access. The Panel considers the Review to be a fair and balanced description of LBG’s RB activities, and its intentions to continue with these programmes.

23 February 2015

Independent Limited Assurance

We are delighted to report our first year’s progress against the Helping Britain Prosper Plan. The metrics within the Plan, together with additional environmental and community investment metrics, have been considered for independent assurance by the sustainability assurance firm PwC.

This year’s Helping Britain Prosper Plan assurance process has been a learning experience for the Group, as it is the first year we have sought to assure these metrics. With the support of PwC it has enabled us to better understand our systems and processes and look to implement appropriate improvements.

The final assured metrics and reporting criteria, together with PwC’s limited assurance report, can be found online at www.lloydsbankinggroup.com/RB.

Forward-looking statements

This report contains certain forward-looking statements with respect to the business, strategy and plans of the Lloyds Banking Group and its current goals and expectations relating to its future performance. Statements that are not historical facts, including statements about the Lloyds Banking Group or its Directors’ and/or management’s beliefs and expectations, are forward-looking statements. Words such as ‘believes’, ‘anticipates’, ‘estimates’, ‘expects’, ‘intends’, ‘aims’, ‘potential’, ‘will’, ‘would’, ‘could’, ‘considered’, ‘likely’, ‘estimate’ and variations of these words and similar future or conditional expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such 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.

Examples of such forward-looking statements include, but are not limited to: projections or expectations of the Group’s future structure, expenditures, statements of plans, objectives or goals of the Group or its management, including in respect of certain targets; statements about the future business and economic environments in the United Kingdom (UK) and elsewhere, including, but not limited to, future trends in demographic developments; statements about competition, regulation, disposals and consolidation or technological developments; and statements of assumptions underlying such statements.

Factors that could cause actual business, strategy, plans and/or results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements made by the Group or on its behalf include, but are not limited to: general economic and business conditions in the UK and internationally; changing demographic developments including mortality and changing customer behaviour, including consumer spending, saving and borrowing habits; changes in customer preferences; changes to borrower or counterparty

credit quality; instability in the global financial markets, including Eurozone instability and the impact of any sovereign credit rating downgrade or other sovereign financial issues; technological changes and risks to cyber security; natural and other disasters, adverse weather and similar contingencies outside the Group’s control; inadequate or failed internal or external processes, people and 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, including as a result of further Scottish devolution; the policies and actions of governmental or regulatory authorities in the UK, the European Union, the USA or elsewhere, including the implementation of key legislation and regulation; the ability to attract and retain senior management and other employees; requirements or limitations imposed on the Group as a result of HM Treasury’s investment in the Group; actions or omissions by the Group’s Directors, management or employees; market-related trends and developments; exposure to regulatory or competition scrutiny, legal proceedings, regulatory or competition investigations or complaints; changes in competition and pricing environments; the actions of competitors, including non-bank financial services and lending companies; and the success of the Group in managing the risks of the foregoing.

The forward-looking statements contained in this report are made as of the date hereof, and Lloyds Banking Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this report to reflect any change in Lloyds Banking Group’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Information sourced from third parties

Some of the information in this report is expressly based on information available to it from third-party sources. No representation or warranty is made by Lloyds Banking Group as to the accuracy or completeness of such information.

10 March 2015

Contact us

We would like to hear from you.
Please get in touch with any
feedback and queries at
the following address:

Responsible Business Group Corporate Affairs

Lloyds Banking Group
25 Gresham Street
London
EC2V 7HN

This Review is available in alternative
formats on request



Designed and produced by MerchantCantos
www.merchantcantos.com

Printed by CPI Colour.

CPI Colour are ISO14001 certified, CarbonNeutral®,
Alcohol Free and FSC® and PEFC Chain of Custody certified.

The inks used are vegetable oil based.

This report is printed on Amadeus Recycled Offset, a 100% recycled sheet.