

LLOYDS
BANKING
GROUP



HELPING BRITAIN PROSPER PLAN

2015/2016 update



Challenges

Britain is on the road to prosperity in 2016, but still faces some serious social and economic challenges. We're using our scale, reach and influence to help tackle them.

➤ More affordable homes

The UK Government has committed to building more homes. We're helping to achieve this by supporting the construction industry, providing funding for social housing and offering affordable mortgages for more first time buyers.

➤ Supporting enterprise

The UK's five million SMEs are the bedrock of the UK economy. We're helping them to start up and grow by providing finance, support and mentoring.

➤ Becoming more digital

The Group's Consumer Digital Index tells us that 3.2 million people in the UK have low digital and financial capability. We're helping individuals, businesses and charities to improve their digital capability.

➤ Tackling disadvantage

Too many people still find themselves trapped in a cycle of disadvantage. Directly and through our Foundations, we're helping them change their lives and their communities for the better.

➤ Saving for the future

The pension market is evolving and life expectancy is rising. It's never been more important to save for the future, yet almost one in five people are saving nothing for their retirement. We're helping by providing much needed financial education and advice.



"The Helping Britain Prosper Plan contributes to rebuilding trust in our Group and our sector, strengthening colleague pride in our support for the UK economy and society."

António Horta-Osório,
Group Chief Executive

HELPING BRITAIN PROSPER PLAN

Focusing on prosperity

We support millions of people across Britain – in branches, online, and by funding the UK's largest corporate foundations, to which we donated £17 million in 2015 to help address disadvantage. We help people in lots of different ways, depending on their personal circumstances and the needs of the local communities in which they live and work.

We believe we're in a unique position to help Britain prosper. We already do so through our core products and services, but we want to do even more. Why? Because 250 years' banking experience has taught us that a successful society and successful banks go hand in hand. When Britain prospers so do we.

To read more about the Helping Britain Prosper Plan visit
www.lloydsbankinggroup.com/ProsperPlan



Background

We started by consulting our stakeholders about the social and economic issues that most concerned them. We used their insights and worked with senior leaders and external partners, including our Independent Stakeholder Panel and our Foundations, which are closely connected to communities across the UK, to shape a way of responding effectively.

The result was the Helping Britain Prosper Plan, launched in 2014 and focusing on the social and economic issues that we believe we're best placed to help people in Britain address.

As a bank, we believe we can lead the way in making Britain's economy more productive, agile and sustainable. This has been a core part of our commercial remit and our related social purpose, since our foundation during the industrial revolution.

Performance

In 2015 we achieved 27 of 28 targets – including our target to help 1 in 4 first time buyers, build a more inclusive and diverse business, and support 1 in 5 start-up businesses.

We missed our target to help 100,000 customers save through company pension schemes. During the year, 145,000 new customers started contributing to a corporate pension scheme managed by Scottish Widows. However, 139,000 customers stopped contributions with their existing employer, mainly because they started a new job with a different employer. Consequently, net growth in customer numbers was only 6,000. We've therefore developed a new metric for 2016 to better reflect changing market conditions and our goal to help more customers save for the long term.



Helping Britain prosper performance 2015

		NUMBER OF METRICS	ACHIEVED	NOT ACHIEVED
1	We'll help more customers get on the housing ladder – and more customers climb up it	3	●	
2	We'll help our customers plan and save for later life	1		●
3	We'll take a lead in financial inclusion to enable all individuals to access and benefit from the products and services they need to make the most of their money	4	●	
4	We'll help UK business to start up, scale up, and trade internationally to support the long term strength of the UK economy	6	●	
5	We'll help businesses and individuals to succeed with expert mentoring and training	5	●	
6	We'll be the banking Group that brings communities closer together to help them thrive	4	●	
7	We'll better represent the diversity of our customer base and our communities at all levels of the Group	5	●	

Helping Britain Prosper Plan 2016

Simpler

Simpler and even more focused – on recognising and doing the things we do best for Britain, even better.

More ambitious

Taking us beyond business as usual – demonstrating how we put Britain's prosperity first, by setting stretching and measurable targets.

Focused on outcomes

Measuring our progress based on the positive difference the Plan really makes for people, businesses and communities.

We're continually evolving the Plan to reflect changing social and economic needs and make it more relevant for people, businesses and communities in 21st century Britain. Many different stakeholders – including customers, colleagues, community partners and opinion formers – have directly or indirectly contributed to this evolution and we continue to engage with them and listen to their views.

To read more about our 2014 and 2015 performance online visit www.lloydsbankinggroup.com/ProsperPlan



“The Plan sets out the ways in which we can fulfil our role in society: to help 21st century Britain prosper.”

Sara Weller CBE, Independent Director & Chair,
Responsible Business Committee



Targets

Our targets fall naturally into three categories, reflecting our desire to help people, businesses and communities across Britain.

Measuring outcomes, not inputs

We want to quantify our contribution by measuring the difference we’ve made. Up to now, we’ve focused on the inputs of the Plan and its reach. Now, we’re measuring the outcomes of many of our actions. There’s more work to do, but our ambition is to measure and audit the whole Plan this way, by 2017.

To ensure the Plan keeps pace with Britain’s changing needs we’ve also developed new targets: to create high value manufacturing apprenticeships as a result of our annual £1 million funding, to increase our contribution to our charity of the year, BBC Children in Need, to help more consumers plan for later life and to provide new funding support for social housing. We’ve removed metrics we consider business as usual, but still report on them internally.

We recognise that a major challenge for the UK economy is its relatively low levels of productivity. Consequently, in 2016, we’re reviewing how we can help Britain to become more productive. We want to ensure that the UK stays globally competitive and we were therefore the first leading bank to sign a Memorandum of Understanding with UK Trade and Investment in 2015.



People

We’ll help individuals and families by giving them more support – whether they’re buying a home or saving for a better future.



METRIC	2016 TARGET	2017 TARGET
1 Number of first time buyers supported in the UK mortgage market	1 in 4	1 in 4
2 Share of new-build mortgages provided	1 in 4	1 in 4
METRIC	2016 TARGET	2020 TARGET
3 Number of undergraduates from lower income households supported through the Lloyds Scholars Programme	120	1,080 (CUMULATIVE)
4 Number of Lloyds Banking Group apprenticeship positions created with permanent employment	1,000	8,000 (CUMULATIVE)
5 Percentage of senior roles to be held by women	33%	40%
6 We will maintain high engagement with Black, Asian and Minority Ethnic (BAME) colleagues in all roles	70%	>70%
7 We will consistently increase the engagement levels of LGBT colleagues in all roles	64%	>70%
8 We will consistently increase the engagement levels of disabled colleagues in all roles	65%	>70%
9 To help consumers plan for later life through use of our Retirement Planning website	250,000	1m (CUMULATIVE)

Businesses



We'll help businesses of all types and sizes to prosper, by offering them the funding, the support and the encouragement they need to grow at home and abroad.



METRIC 2016 TARGET 2017 TARGET

- | | | |
|--|-------|--------------------|
| 10 Increased amount of net lending to SMEs and Mid-market companies | £2bn | £53bn (CUMULATIVE) |
| 11 Increased amount of new funding support provided to UK manufacturing businesses | £1bn | £4bn (CUMULATIVE) |
| 12 Value of UK infrastructure projects supported in the Government's National Infrastructure Plan | £10bn | £30bn (CUMULATIVE) |
| 13 Number of Social Entrepreneurs supported through the Lloyds Bank and Bank of Scotland Social Entrepreneurs programmes | 270 | 1,300 (CUMULATIVE) |

METRIC 2016 TARGET 2020 TARGET

- | | | |
|--|---------|---------------------|
| 14 Number of start-up businesses we will help to get off the ground | 100,000 | 1 in 5 |
| 15 Amount invested by our Housing Growth Partnership* to help address the UK housing shortage | £30m | £100m |
| 16 Number of clients we will help export for the first time (per year)** | 5,000 | 25,000 (CUMULATIVE) |
| 17 Number of high value manufacturing apprenticeships as a result of our £1 million per year funding | 120 | 771 (CUMULATIVE) |

* We have pledged to invest £100m in the Housing Growth Partnership by 2020 to address the UK housing shortage. This will enable small and mid-sized house builders to build 2,000 new homes per year

** As part of Government's (UKTI) ambition to deliver 100,000 new exporters by 2020

Communities



We'll help communities to prosper, by addressing inequality, supporting disadvantaged people and by championing Britain's diversity.



METRIC 2016 TARGET 2017 TARGET

- | | | |
|---|--------|---------------------|
| 18 Number of colleagues helping people and organisations use the internet to improve digital skills and financial capability | 4,000 | 20,000 (CUMULATIVE) |
| 19 Share of social banking accounts we will support | 1 in 4 | 1 in 4 |
| 20 Arrange and provide new funding support for the Social Housing sector | £500m | £1bn (CUMULATIVE) |
| 21 Additional sustainable lending Credit Unions make to their customers across the UK through our annual £1 million commitment to capital funding | £5m | £20m (CUMULATIVE) |

METRIC 2016 TARGET 2020 TARGET

- | | | |
|---|---------|---------------------|
| 22 Number of charities we will support as a result of our £100 million commitment to the Foundations | 2,500 | 10,000 (CUMULATIVE) |
| 23 Number of colleague volunteering hours to support community projects | 240,000 | 2.3m (CUMULATIVE) |
| 24 Amount raised by colleagues and communities for our Charity of the Year (including Matched Giving) | £4m | £22m (CUMULATIVE) |

Helping People

We'll help individuals and families by giving them more support – whether they're buying a home, saving for a better future, or looking for their first job. The targets we've set to help first time buyers and young people seeking employment or transferable skills show that we're determined to make a difference for people of all ages, at key stages in their lives.

Our target

1 in 4

first time buyers supported in 2016

Our target

40%

of senior roles to be held by women by 2020



HELPING BRITAIN PROSPER IN ACTION



Creating apprenticeships

We aim to create 8,000 new Lloyds Banking Group apprenticeships by 2020, with 3,200 already in place in 2015. 28% of the apprentices who joined the Group this year were recruited from areas defined by the UK Government as disadvantaged. They include Anthony Scanlon, an IT apprentice based in Leeds, who has been promoted twice since joining the Group in 2014, and was a finalist in the British Computer Society IT Apprentice of the Year Awards.

"I earn a good salary and have no university debt. I'm learning on the job and will get a nationally recognised professional qualification as well. That's an amazing combination."

Anthony Scanlon, second year apprentice

Supporting home buyers



In addition to supporting first time buyers we also want to help more people move up the housing ladder. Two of the homebuyers we've helped recently are Simon and Hannah Phillips. Thanks to our New Build Scheme they were able to buy a bigger home with a garden for their growing family, without having to raise the 20% deposit that some banks require.

"The mortgage was affordable and the move process was very straightforward – in fact, we got married the same week that we moved into our new home."

Hannah Phillips

Helping Businesses

We'll help businesses of all types and sizes to prosper, offering them the funding, support and encouragement they need to grow at home and abroad. Through the Plan, we're focusing on helping SMEs and mid-market businesses and supporting the UK manufacturing sector, which needs to stay competitive in the global economy.

Our target

£4bn

in new funding support provided to UK manufacturing businesses by 2017

Our target

25,000

clients helped to export for the first time by 2020



Boosting UK manufacturing skills

It's vitally important to bring new talent and skills into the manufacturing sector to help realise its potential and keep it productive. This is why we've pledged £5 million over five years to support more than 500 skilled apprentices at the Lloyds Banking Advanced Manufacturing Training Centre in Coventry. One of these apprentices is Kerry Smith, a young woman with aspirations to become a research engineer working in advanced automation and robotics.



"I'm working with exciting technologies, learning from skilled engineers and getting hands-on experience to help me follow a career I'm passionate about."

Kerry Smith, second year engineering apprentice



Supporting innovation and exports

We're helping UK businesses succeed through innovation, exports and inward investment. For example, we're helping Fruitapeel Juice to invest in High Pressure Processing that reduces nutrition loss and extends shelf life by up to 50 days. With our support, Fruitapeel is growing its workforce from 55 to 80 people and expects to boost revenues by 80%.

"With support from Lloyds Bank, we're cutting costs, boosting profits and investing in technology that opens the door to export markets for us."

Neil Murgatroyd, Finance Director, Fruitapeel

Helping Communities

We'll help communities to prosper, by addressing inequality, supporting disadvantaged people and championing diversity. We make a difference through our four Foundations – independent bodies that reach disadvantaged people at key moments in their lives. We leverage colleagues' talent and skills, as mentors and fundraisers, to support communities. And we can make our Group an exemplar for inclusion and diversity in the workplace.

Our target

20,000

colleagues helping to build digital skills and financial capability by the end of 2017

Our target

10,000

charities supported through our Foundations by 2020



Reaching disadvantaged people

We want to do more to help disadvantaged people through our four Foundations. Together, they comprise the UK's largest corporate foundation. Since 1985, they've distributed almost £600 million to charities. One of these charities is TwentyTwenty which helps hundreds of disadvantaged 16-24 year olds across the East Midlands to succeed in education and find jobs. With a grant to pay the salary of their Operations Manager for three years and a Lloyds Banking Group Charity Mentor, TwentyTwenty can do even more to support vulnerable young people.



"In 2015 we awarded over £15 million in grants. However we can do so much more by growing the Charity Mentoring Programme. This utilises the skills of Lloyds colleagues to strengthen charities we fund – this is a crucial resource for charities surviving in a very tough climate."

Paul Streets, CEO, Lloyds Bank Foundation for England and Wales

Widening digital skills

We've created the UK's first comprehensive index of consumers' digital skills, in partnership with Go ON UK, Toynbee Hall and Accenture. The Lloyds Bank Consumer Digital Index provides a wealth of useful data from a survey of 1 million consumers to guide our efforts to widen digital skills in the UK. For example, we've identified a 'Digital Dividend' – proof that digital consumers can, on average, save up to £744 a year by transacting online.

Find out more

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Forward-looking and cautionary statements

This Helping Britain Prosper Plan Leaflet (the "Leaflet") contains certain forward-looking statements with respect to the business, strategy and plans of Lloyds Banking Group (the "Group") and its current goals and expectations relating to its future financial condition and performance. Statements that are not historical facts, including about the Group's or its directors and/or management's beliefs and expectations, are forward-looking statements. Forward-looking statements by their nature involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future.

The Group's actual business, strategy, plans and/or results may differ materially from those expressed or implied in this Leaflet as a result of a variety of economic, commercial, legal and regulatory risks, uncertainties and other factors including, without limitation, those set out in the Group's 2015 Annual Report and Accounts. Except as required by any applicable law or regulation, the forward-looking statements contained in this Leaflet are made as at the date of this Leaflet and the Group expressly disclaims any obligation to update or revise any forward-looking statements.



Cover image

Kerry Smith and Jack Shillcock, two second year engineering apprentices at work in the Advanced Manufacturing Training Centre, Coventry.



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