

# UK Financial Investments Ltd

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## Press Release

6 May 2010

### UKFI statement re: Lloyds Annual General Meeting voting

London, 6 May, 2010. UK Financial Investments Limited (UKFI), which manages the Government's stake in the Lloyds Banking Group (Lloyds) has lodged votes in favour of the resolutions on which it is eligible to vote at the bank's Annual General Meeting on 6 May.

#### Remuneration

UKFI sees reforms to remuneration practices as vital to Lloyds' recovery following the recent financial crisis, and to UKFI's objective of protecting and creating value for the taxpayer as shareholder in the bank. UKFI has therefore engaged extensively with the Board of Lloyds on remuneration issues over the last year and will continue to focus on this area as a shareholder.

Lloyds has made very significant reforms to remuneration practices at the bank over the last year, including the introduction of stringent deferral and clawback terms for bonuses. UKFI has closely scrutinised the Lloyds Long-Term Incentive Plan (LTIP). UKFI considers that the LTIP will align the interests of management with those of shareholders including the taxpayer by encouraging the creation of long-term, sustainable value in the business without incentivising excessively risky behaviour. We support the inclusion of an absolute share price measure to ensure that awards to management are directly linked to value for the taxpayer, but only as one element of the plan alongside other measures, and we consider that the vesting schedule for the absolute measure represents adequate stretch. Accordingly, UKFI has voted in favour of the Directors' Remuneration Report.

#### Board appointments

UKFI has monitored the performance of the Lloyds Board and its members over the last year. We have supported the appointment of new members to the Board including the new Chairman, and have noted the significant progress made in the bank's recovery and the integration of Lloyds TSB and HBOS. We have therefore voted in favour of resolutions proposing the appointment or re-appointment of members of the Lloyds Board at this year's AGM.

#### Other resolutions

UKFI has also voted in favour of the other resolutions presented at the Annual General Meeting, as being in line with our remit to protect and create value in the taxpayer's investment in Lloyds.

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**Notes to editors**

UKFI was set up on 3 November 2008 to manage the Government's investments in financial institutions. Its overarching objective is to develop and execute a strategy for disposing of the investments in the context of protecting and creating value for the taxpayer as shareholder and as provider of financial support, paying due regard to the maintenance of financial stability and acting in a way that promotes competition.