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Press Release

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UKFI Management Changes

UKFI today announces that Sir David Cooksey is retiring as Chairman. Robin Budenberg will become Chairman in his place and Jim O'Neil (currently responsible for UKFI's investments in Lloyds and RBS) will become Chief Executive.

Sir David said: "Now is the right time for me to hand over the reins. The last two and a half years have been extremely challenging for UKFI and for the banks in which it has investments. UKFI now has strong working relationships with its stakeholders and has successfully achieved the restructuring of the Wholly Owned portfolio."

"Disposal of the investments in Lloyds and RBS will inevitably take longer than originally expected, given the challenging economic and banking industry environments both in the UK and globally. I am therefore delighted that both Robin and Jim will continue at UKFI in their new roles."

Jim will assume the role of Chief Executive on 2 April 2012 and Robin will act as Executive Chairman until that point. As announced in December, Keith Morgan will be leaving UKFI during the first half of 2012 following the restructuring of the Wholly Owned portfolio and the return of Northern Rock to the private sector and will continue to report to Robin until then. Both Jim and Keith will join the UKFI Board.

The UKFI Board has carefully considered the implications of appointing the current Chief Executive to the role of Chairman and considers that it is in the best interests of UKFI and its stakeholders, given the size of the company and the benefits of continuity.

Robin said: "I would like to thank David for his strong leadership and sage advice through some difficult issues. I look forward to continuing to play an active role in supporting Jim in his new position."

Jim said: "I am honoured to have been asked to lead the excellent team here at UKFI and will continue UKFI's role as an active and engaged steward of the Government's investments in Lloyds, RBS and UK Asset Resolution in the best interests of taxpayers."

Ends

Notes to editors:

UKFI is responsible for managing the Government's shareholdings in The Royal Bank of Scotland Group plc and Lloyds Banking Group plc and the Government's 100% shareholding and loans in UK Asset Resolution Ltd ("UKAR"). UKAR was formed during 2010 to integrate the activities of Northern Rock (Asset Management) plc and Bradford & Bingley plc. UKFI managed the Government's 100% shareholding in Northern Rock plc from Northern Rock plc's formation on 1 January 2010 and up to its sale to Virgin Money on 1 January 2012.

UKFI's overarching objective is to manage these shareholdings commercially to create and protect value for the taxpayer as shareholder and to devise and execute a strategy for realising value for the Government's investments in an orderly and active way over time within the context of protecting and creating value for the taxpayer as shareholder and where applicable, as provider of financial support, paying due regard to the maintenance of financial stability and acting in a way that promotes competition.

Robin Budenberg joined UKFI on 1 January, 2010 from UBS where he was responsible for senior UK client relationships. He was involved in the Government Bank Recapitalisation Scheme in October 2008. He qualified as a Chartered Accountant with Price Waterhouse before joining SG Warburg in 1984. He subsequently worked at the successor firms – SBC Warburg, UBS Warburg and latterly UBS. He carried out various management roles and he also advised a number of the UK's largest companies on major projects.

Jim joined UKFI on 4 October 2010 as Head of Market Investments from Bank of America Merrill Lynch where he spent 17 years. He has extensive experience of both the capital markets and the banking sector and has worked on many of the highest profile capital markets transactions for European financial institutions in recent years. He joined Merrill Lynch in 1993 in New York and relocated to London in 1999. Most recently he was Head of International Corporate Finance. He holds a BSc from the University of Virginia and an MBA from the University of Chicago Graduate School of Business.