LLOYDS BANKING GROUP BOARD GOVERNANCE EVENT – PRESENTATION TRANSCRIPT
(amended in places to improve readability only)

Monday 2 December 2024 – 2.30pm

Sir Robin Budenberg, Chair, Chair of the Nomination and Governance Committee
Cathy Turner, Senior Independent Director, Chair of the Remuneration Committee
Sarah Legg, Independent Director, Chair of the Audit Committee
Catherine Woods, Independent Director, Chair of the Board Risk Committee
Amanda Mackenzie, Independent Director, Chair of the Responsible Business Committee
Nigel Hinshelwood, Ring Fenced Bank Senior Independent Director, Chair of the IT and Cyber Advisory Forum
Douglas Radcliffe, Group Director Investor Relations (Moderator)

Sir Robin Budenberg
Good afternoon. I'm Robin Budenberg and I'd like to welcome you to this governance event. Thank you very much for joining us today. Rather than just trotting out corporate governance theory, we really wanted to give you this afternoon a feel for how our board works in practice. So we're adopting what we hope will be a more engaged approach this year. Douglas will moderate three panels. The first will cover how the board works in practice, the second, how the board oversees risk, and the third will cover stakeholder and sustainability topics. This approach has been designed to allow you to ask questions of each panel, and we've allowed plenty of time to do so. So I'd really encourage you to ask some really difficult questions, particularly for my colleagues.

Joining me on these panels will be Cathy Turner, who's our Senior Independent Director and Chair of the Remuneration Committee. Sarah Legg, Chair of the Audit Committee. Catherine Woods, Chair of the Risk Committee. Amanda Mackenzie, Chair of the Responsible Business Committee. And Nigel Hinshelwood, who is Senior Independent Director of our Ring Fenced Bank and also Chair of our IT and Cyber Advisory Forum. We have eight non-execs on the Group board and three on the Ring Fenced Bank boards. As the vast majority of our business is in the Ring Fenced Bank, Ring Fenced Bank directors attend all Board meetings.

You'll see that nearly all of our Group board directors are either chairs of committees or of key statutory operating subsidiaries. So our non-execs are really heavily engaged in the business. We're now three years into the strategy that Charlie set out in February 2022. We will, of course, update formally in February, but the board is really pleased with progress. Our key financial and strategic objectives are all on track. But strategy does not stay still, so the board remains focused on both the evolution and the implementation of strategy. Banks are increasingly becoming technology companies. And when I started in this role, I said to a number of you that the board had concerns about the state of our technology infrastructure. But we now feel that the team has really got this under control. There's masses still to do, but real progress is being made.

So perhaps the board's greater focus now is on culture, making the organisation quicker on its feet and becoming even more accountable. This is absolutely essential if we're to make the most of our technology and data transformation. Adapting culture takes time and constant effort, so this will be an ongoing process. On the other ongoing focus areas, I'd just highlight purpose. The board firmly believes that we need a clear and consistent purpose as an organisation, and that Helping Britain Prosper continues to stand us in excellent stead.

A few words before we begin on motor finance. As most of you will know, in January the FCA announced a review into the use of discretionary commissions in the motor finance industry. Following which we took a £450 million provision against the potential operational and remediation costs. Four weeks ago, the Court of Appeal announced the decision which also related to motor commissions. But this went beyond the issues being considered by the FCA in its review of discretionary commissions and focused on the question of disclosure and consent of commissions more generally. Do dealers owe customers a fiduciary duty in relation to the provision of finance? And what are the implications of this for commissions?

We continue to believe that we complied with FCA and regulatory guidance and previous legal authorities, but this decision now sets a higher bar. We continue to assess the potential impact of this decision as well as any broader implications, and there remains significant uncertainty. As you can imagine as a board, we remain highly focused on this issue. This is an important business for us, for our customers, and for Britain. I'm afraid there's not much more that I can say on this topic, but of course I'd be happy to do my best with any questions later on. So now over to you Douglas.

Douglas Radcliffe
Thank you, Robin. As you have heard, we will have three short panel discussions today. After each panel, there'll be an opportunity for you to ask questions. If you're joining us by phone, please press star one if you would like to ask a question. For those joining via the webcast, please follow the prompt to register a written question. The registration of questions is now open. We will address

the questions in the relevant sections. Given the chair is in the first and last panels, it may be beneficial to ask motor finance related questions at that point. The panels should cover the key areas of interest to you. I will look to ask some challenging questions, but clearly you'll be the judge to that.

So let's start. Our first panel is “Ensuring appropriate governance and diverse challenge across the business”. I'd like to welcome Robin, Cathy and Sarah. Welcome. So my first question is initially for Robin. In your initial remarks, you talked about the board and its composition. What makes you think you have a good board at Lloyds and are there areas that you would want to enhance?

Sir Robin Budenberg
Thank you, Douglas. And of course that's a subjective question and it won't surprise you to hear that I do believe we have a good board. For me, the fundamentals of whether a board works or doesn't work is the relationship between the board and the executive, and particularly the transparency of the executive with the board. And with both Charlie and William, we have two champions of transparency. I don't think there's anything we've ever heard that hasn't come from them first. And the board has enormous confidence that what we're hearing is really what's happening in the business. So that gives the board great confidence and the board then becomes a safe space where we can discuss any issues that come up.

I think the second thing I have to highlight, as I said earlier, is very much how engaged our non-execs are. As you all know, being a non-exec of a bank is quite a busy affair, shall we say. And the amounts that we load onto our non-execs only adds to that burden. But I think it means that all members of the board really understand what's going on in the business. In terms of areas to improve, I would challenge any chair to say that their board has the perfect balance of challenge and support of the executive, and I think that's something a board continuously needs to work at. I think we do pretty well, but we can always improve.

And actually Cathy arranged a session last week for us where we all sat down with an outside party to talk about where we all come from as individuals, how we go about that challenge process. So I think that's one area. I think the other area is we need to allow our members to see the wheat from the chaff, and for that we've constantly got to keep monitoring the level of our board papers. But Cathy, you are senior independent director and therefore you have told me to account on these things. Do you have anything to add?

Cathy Turner
I think I can always add a few more items to account Robin, but thank you very much and good afternoon everybody. It is great to be with you. I think our effectiveness of our board is something we do have to continually evaluate. I've been lucky enough to be serving on boards for over a decade now, and effectiveness varies over time. And it's quite difficult to specify exactly what it is that makes an effective board. You sort of know it and feel it when you're on an effective board. But let me just give you two elements that I think are important, and I definitely witnessed those on the Lloyds board. The first one is what I call the tangible stuff. You've got to take governance seriously. You need to have resources to put in place good organisation, proper meetings, minutes, overview, metrics, et cetera, et cetera. And Lloyds takes that aspect of governance and board management very seriously.

The second element I'd point to is much more behavioural and cultural. Robin mentioned the relationship with the executive directors. I think the main pillar, the foundation of a good board, is to look at the relationship also between the chair and the CEO. That dynamic, supportive, holding challenge, looking to the future, dealing with business performance today and how the rhythm of that relationship works is very important. We have a great setup with Robin and with Charlie in that regard. It's also important though behaviourally, how the rest of the board interact in and out of the boardroom.

It's a better board, I think, when you've got mutual respect and that respect means that you listen to other people, you listen to a diverse range of views, but you can also inject challenge. Robin just mentioned the external development that we've done and the organisation supporting us described us as a rare board in terms of our diversity, which I'm taking as a positive use of the word rare. Thank you.

Douglas Radcliffe
Excellent. Thank you. Cathy, you talked about the dynamics between the board and the executives. That internal dynamic is clearly critical to the way that any effective business runs. Robin, from your side, how do you ensure that that working relationship retains a healthy tension?

Sir Robin Budenberg
Look, tension is something that people speak about. I can think it can be very damaging. I think if you go through a decision-making process and end up with something where the board and the executive are at odds, I don't think that's very helpful to anyone. I think what we try and do is very much take an iterative process. So we take it bits at a time.

And an example of that was actually the original strategy, where we started with purpose, we then went on to vision, we then went on to what we needed to do to change, and then an operational plan and then a financial plan. And at each stage of that iteration, the board was able to influence the way the management was thinking. The management was able to understand how the board was thinking. So we didn't get this sudden great, big, perfect storm at the end where something perfect was put on the table, which the board hadn't seen or understood before. And I think that's the best way for a board to have an impact, to allow challenge through the process, but without any grandstanding on either part.

Douglas Radcliffe
Thank you, Robin. And Sarah, a number of committees have already been referenced. How do you ensure that those committees actually collaborate effectively?

Sarah Legg
Thank you, Douglas. Well, firstly, we've got to make sure that within the committees, which we take very seriously, that we avoid duplication between each of the committees. And we do that because we've got really clear terms of reference and clear accountabilities and responsibilities in each of those committees. We've got to have the right skills and experience and diverse voices coming through at each of those committees. And that helps through the cross membership that we have where we each sit on a number of committees and use that to join the dots between the topics across those committees and ensure that we are challenging management and the exec and holding them accountable in a consistent fashion.

To bring that to life, I'll give you an example. And that's been the area of sustainability reporting, which has been maturing over the last few years. And that's required really close collaboration between the Responsible Business Committee, the Risk Committee, and the Audit Committee. And I have the benefit of sitting on all three of those committees. And therefore we need to work as this area matures to make sure that the Audit Committee is focusing on the things that are consistent with its terms of reference. So that's going to be the areas of disclosure, narrative disclosure and reporting, the areas of assurance and whether we're getting that internally or increasingly from external sources. And then overall, looking at the maturing control environment in this area. It's not the same as financial reporting that's been very well established over many, many, many decades. This is an area where we hear from our financial control colleagues, from internal audit and external audit in terms of how that control environment is maturing over time.

Sir Robin Budenberg
Can I just add something on committees? I think it's really important that you have clear definition of the responsibility of committees versus the board, particularly on a bank where board discussions could get swallowed up with subjects that are better equipped actually to be taken by committees. And we have a very clear delineation of responsibilities and we absolutely give those committees genuine responsibility to take decisions which then get recommended to the board when appropriate. But that frees up time on the board for the things that a board really should be thinking about, which is strategic rather than overly focusing on governance issues.

Douglas Radcliffe
Thank you, Robin. It's really helpful to actually understand how you work together and indeed how you share responsibilities. Before we go to the last question on the last topic of this first panel, I'd like to remind everyone that you can now register and submit your questions over the phone or via the messaging function.

So let's change the direction a little and discuss the board's strategic influence. The Group is now more than halfway through its strategic transformation. The management team provides regular strategy updates to the market with the next one due to go with the full year results in February. So given the management are in charge of implementing the strategy, what could you as a board do to ensure effective delivery and progress? Perhaps Robin, this comes to you first of all.

Sir Robin Budenberg
Sure. Look, to begin with, as I said earlier, we focus both on implementation of strategy and the evolution of strategy. And they're very distinct things. On the implementation, we have a much greater range of board metrics that we review than the external metrics that are available to the market. And they all feed together into the external outcomes that we've talked about. And we spend a lot of time making sure that everything works together rather than working over each other. And that we really understand if metrics fall behind, why they've fallen behind and how that might impact the broader outcomes. Obviously on strategy evolution, we look from the outside in, we have two strategy meetings every year, which are two-day meetings. And often enough we will talk in June about broad themes and then in November about how we think those themes will impact our business in a more detailed way and how we actually impact implementation of strategy. I think a lot of it comes down to the experience of different board members, and getting that balance right between different priorities.

So an example I think was a year or so ago, the management team were very focused on financial outcomes and perhaps less focused on market share outcomes. And the board actively encouraged them to focus on the market share outcomes, which would have longer term impacts than short-term pricing differentials. So I think very much it's an experience-led influence that the management can listen to and sometimes they will agree and sometimes quite reasonably they will disagree. And then we have a good debate.

Douglas Radcliffe
And Sarah, from an audit and risk perspective, are you happy with the progress on strategy?

Sarah Legg
I'm really pleased with the progress that we're making, particularly in some of the infrastructure areas that Robin referred to previously. And I thought I'd just bring that to life with an example from an Audit Committee perspective. We've been overseeing certainly over the last year, multi-year implementation of the finance transformation program. So this is replacing our legacy ledgers, data warehouses, processors, and also focusing on the culture looking forward. They're expecting around continuous improvement in the reporting functions, and I think this is where the experience of non-executive directors, which we have across our board that have done this in their executive lives, really helps to provide supportive challenge, constructive challenge as we move through this really important program of work.

Cathy Turner
Can I just add to that and just build on what Sarah was saying? Strategy is pretty dynamic, so it's something that lives with us day by day, and that oversight is part of the regular board agenda. One of the things we do is there's review, there's checks, there's balances, there's metrics. But one of the things that might surprise you is part of our role is to give confidence to the executives. Implementing strategy is messy. Some things go right, some things don't go right, some things have to revise. That can be quite painful. So sometimes our role is to encourage them to continue to be bold, to be brave. You've heard from colleagues on this panel how much transformation's taking place. So that's a key element where I think we've also had an impact.

Douglas Radcliffe
Thank you. We'll now open for questions from the audience. As you know, we'll have two more panels that will focus on overseeing risks and balancing stakeholder expectations and sustainability respectively. If there are questions related to these topics, could I ask you to kindly hold onto these questions and ask them after each of the next two panels? So let's take our first question. Interestingly, actually, the first question does relate to the third panel as well, but I think given the overarching governance, it probably makes sense to still take it here. The first question is from Federated Hermes and it says, "How does the board evaluate its competencies in managing climate related risks and opportunities, including biodiversity? Does the board receive adequate training?"

Sir Robin Budenberg
Yes, I think training, I think we will ask Amanda to address that in the last panel, but on the subject of training, we have regular training sessions, and this year alone we've had training sessions on nature and on how we calibrate our path to net zero. I think we make sure that, actually, I think we also, Sarah, had a discussion on the disclosure requirements around net zero as well.

Sarah Legg
We did. We did. And we had a joint session in Audit and Risk where we specifically looked at some of the data requirements and the context of that and had a very wide-ranging discussion with NEDs from our subsidiaries as well.

Sir Robin Budenberg
Yes, I think that's the other thing. We do have subsidiaries who are an important part of making sure that the governance of the Group works as a whole, and Sarah and Catherine are great at making sure that the Audit and Risk Committees from those get together on a regular basis to discuss things of common interest. But I might ask Amanda later on, if you could address that question specifically to Amanda, because she is the Chair of that committee.

Douglas Radcliffe
Absolutely.

Robin Budenberg
Thank you.

Douglas Radcliffe
Okay. Another question that's been submitted online, actually it's another question that's not really related to the three topics that you've actually discussed but is very relevant to governance. “One of your key decisions each year is capital return. How are you

going to look at that given the recent motor finance issues and the Court of Appeals decision?" I suspect this is for you again, Robin.

Sir Robin Budenberg
Yeah, look, I think that's a really important question and it's going to be something that we will focus a lot of attention on over the next few weeks and months. I think the first point to make is we generate significant amounts of capital every year, over £4 billion historically, and that gives us a great place to start from. We've always said that our primary focus is on a growing and progressive dividend, and we will then distribute cash to the extent that we don't need that cash for our future needs. And I believe that our track record is very strong in that regard and that will very much be the basis on which we will be making those decisions.

Douglas Radcliffe
Excellent, thank you. Final question that we've actually received online, which is quite an open question, but "What do you see as the most exciting opportunity for the Group at the moment?"

Sir Robin Budenberg
Thank you for that question wherever that came from. Look, I think we have got a fantastic opportunity in our core business. We have an amazing stat which says we get 6 trillion logons to our mobile app every year, 6 trillion. And that gives us an enormous amount of trust from our customers. And I believe that there are a wide range of services that our customers need from us, which they're not currently getting from us. And I think that creates a great opportunity for our broader core business. Now we have other areas where, as you know, we're growing and the team in the Commercial Banking business has done a great job over the last three years. We're making great progress on the Insurance side and Mass Affluent is of course something that we see greater opportunities in. So I think there's lots of very positive things out there for us to capitalize upon, and I think we are in a great position. I think our growing technology and data transformation will get us into the right place to enable us to do that.

Douglas Radcliffe
Thank you. That actually concludes all the questions for this section, so it probably makes sense to move on to the next panel.

Our second panel is "Overseeing risks in a dynamic environment" and comprises Catherine, Nigel and Sarah. We will initially focus on three risk types, conduct, technology and cyber risks as these are some of the areas where we often get questions from investors. Just like for the first panel, you will have an opportunity to ask further questions at the end. So let's begin. I'd like to delve a bit deeper into conduct risks and consumer duty. How does the board oversee conduct risks, particularly in the light of motor finance, which has already been referenced? Catherine as Chair of the Risk Committee, I assume you are best placed to answer this.

Catherine Woods
Yeah, thanks, Douglas. And first of all, just to say delighted to be here with you all. So I think as we consider conduct risk and how we approach it, it very much goes to the heart of our culture. The board, I believe, has been very clear that our culture should be one that is customer focused and customer-centric and operating to the highest standards. So what does that really mean in practice? I would say that it means we want to make sure that we have good customer outcomes, but we also want to minimize customer harm. And it's something that we take very seriously. We really want to bring the voice of the customer into the boardroom and into all of the committees and indeed all of the interactions that we have throughout the organisation.

From a BRC (Board Risk Committee) perspective, conduct risk would be a principal risk. We did revise our risk taxonomy this year and we have retained conduct risk as a principal risk, but what we have done is actually increase the granularity in terms of how we look at conduct risk. So we now have three levels, so we look at it from a customer, colleague and a market perspective.

We also have asked the second line to come in at least on an annual basis and do an assessment of conduct risk and how we're performing throughout the organisation. And this year the Board Risk Committee asked second line to think about it from the perspective of future societal expectations and customer demands and so on. So we had a really good conversation actually, Douglas, just last month on this. And what I would highlight is, for example, we talked about aging demographics in the UK and what does that mean in terms of our customer financial needs and our customer planning. So a really, really good discussion.

You mentioned consumer duty as well, so we welcome that and invested quite heavily in terms of making sure we comply with that. It's actually been the Responsible Business Committee that has led out in that. And actually, Sarah, is a member there, so I might ask Sarah, perhaps you might talk to that. But from the BRC perspective, Consumer Duty, conduct risk is always something that is at the forefront of our mind. So what we've asked there is that the customer impact is actually referenced in every single paper that now comes to the BRC and that's working quite well. So, Sarah.

Sarah Legg
I'm very happy to speak to that. Thanks, Catherine, because of course the leadership of Consumer Duty comes through the Responsible Business Committee and that's where we've been overseeing the plan for implementation and looking at the reporting in terms of the MI and the outcomes. And we've been considering issues of customer vulnerability and thinking about the cultural development with our colleagues to make sure that consumers and the duties, we are central to that. And we also have the benefit within Responsible Business Committee of having second and third line at those committees so they can bring their views to the benefit of the committee.

Douglas Radcliffe
Thank you. And Catherine, what's really improved the most over the last decade, over the last 10 years in the whole way conduct is treated within the organisation?

Catherine Woods
Sure. So I've been on the Risk Committee now nearly five years, so I think there's been quite a few changes during that time, but also prior to that. So I suppose if we look at it in two ways, really. So perhaps performance measurement and also then frameworks. So first of all, in terms of performance measurement, there's a risk performance review undertaken of all of our senior leadership team members and all of our material risk-takers. So the outcome of that comes to the Risk Committee. Now, the change that we've implemented in the Risk Committee is that at the BRC's request the executive has reviewed that, refreshed that approach, and actually quite serious changes took place to that about three years ago. So that's working well.

But in addition to that, Cathy as Chair of the Remuneration Committee and myself, we looked at this last year and now what we've done is we've implemented that risk performance review as part of the core management performance appraisal process. So again, that's working very well. The Risk Committee recommends the output of that report and assessment to the Remuneration Committee, and that then is taken into consideration in terms of any adjustments that need to be made.

We also look now at the most material risk matters that have happened in the last six months because we do this on a semi-annual basis. So again, as Robin mentioned, we're very keen to make sure that there's clear accountability so we look at any individual adjustments we might have to make because of those most material risk matters.

Before my time in 2017, we got rid of all the sales incentives and sales commissions that were in individuals' remuneration. However, we do have 40 colleagues where there is a particular incentivization scheme as a result of a recent acquisition we made. I also sit on the Remuneration Committee. So we spent quite some time there really undertaking quite a rigorous analysis of how that's working in practice and making sure we were comfortable with the controls that are in place for that scheme for those 40 people.

I also mentioned frameworks in addition to performance management. So in terms of frameworks, we've overhauled the product governance frameworks. We've enhanced and simplified those. What we really want to make sure is that the products are fit for purpose across the whole life cycle, but also that we're delivering fair value to our customers. So we've really spent quite some time that as well.

Douglas Radcliffe
Excellent, thank you. Let's turn to transformation and technology. Another area that I suspect demands proactive focus and oversight from the board. So how does the board ensure effective technology transformation and that the Group's significant investment in technology is being spent appropriately? Perhaps, Nigel, you could start on this one.

Nigel Hinshelwood
Thanks, Douglas. Well, in conjunction with the strategic plan three years ago we also developed a technology plan at quite a detailed level and that covers our architecture, our applications, and also our workforce planning. And as Robin referenced in his introduction, we felt there was room for improvement, particularly in our current infrastructure. And so the themes around this plan are particularly around operational resilience and then functionality that has been built for our colleagues to serve our customers and also functionality for our customers to self-serve. And we monitor and review this at three levels.

At the ITCAF, which I chair, we really look at and create a detailed reporting and board level metrics with management. So as we could review actively the progress we are making on those three elements, resilience, functionality and self-serve, and also the dependencies between each of the work streams and the prioritization. We're a large, reasonably complex organisation with a lot of legacy. Some of our systems are quite old, and so the plan had to balance ensuring they were operational on a day-to-day basis with our ability to transform them and implement new technology. And at the ITCAF's the committee level where we really test with management the outcomes and the progress. And we're also lucky that we have input from the second and third line through that.

And then at the BRC we look at the risks around technology. We do thematic dives on risks, but we also look very much at emerging risks and what we have to think about as the world develops. And then at the board level, we do deep dives on the functionality in particular that we're developing into market, but also the operational resilience and the commitments we've made to our regulators around being resilient and being able to recover. And as Robin referenced, twice a year we do a strategic review looking forward as to what we need to do in the plan in the ensuing months and quarters, but also looking backwards, have we actually delivered or has management actually delivered what we had in plan? And as part of that, we did that two weeks ago in Birmingham actually, and we did a detailed session with our teams on the new digital capabilities that we're deploying in market. And it is fascinating, again, as Robin says, how we have over 20 million active users in our digital platforms and they're today being rated as pretty leading in the UK. So we have to continue to do that.

I also reference skills because I think that's one of the key elements for us. So we're very lucky that Ron joined us as our COO, and as part of that work, we looked at, do we have the right skills in-house today for today's elements, but also for the future. And we've done a lot of work on retraining a number of our colleagues, but also bringing new skills into the organisation. And in fact, last week I was at our offshore development centre where we now have over 2,000 colleagues, and it was hugely impressive the capability and talent that we're managing to onboard to Lloyds and also what they're developing into market.

And then you asked about how do we review and measure that and the value created. So it'd be no surprise that we have detailed reporting that we've created in conjunction with management, and it's sort of across three core lenses against our plan. How are we achieving the cost reductions that are expected in the plan? How are we achieving and are we achieving the revenue creation opportunities that the new technology is enabling for us? And for me, very importantly, are we actually simplifying Lloyds Banking Group, both in terms of our architecture, our technology, but also the ability for our colleagues to serve our customers. And we're on plan for '24 and we're on track for the commitments we've made for '26.

Douglas Radcliffe
Excellent. Well, it is great to hear on plans, clearly that's something that we've been communicating to the market as well, but do you think we're actually investing enough? Are we moving fast enough? And what about AI as an enabler? Is that a focus for you?

Nigel Hinshelwood
So are we moving fast enough? Well, I think as I referenced before, we are a reasonably complex organisation and compared to many other organisations that I've had the privilege of being with or reviewing, I think we are actually moving at pace in the environment that we have. Progress, again, I said I think we are meeting all the projected steps that we have and we've put in around it, the multiple around that are things like we're now implementing our new cloud-based core banking application that's based on Thought Machine, some of you may know, which will be our future platform going forward.

In relation to AI, you wouldn't be surprised that the Group is actually a large user of AI. We use AI, we use robotics, we use machine learning algorithmics, and we have a very good setup around our data office that governs the use of that and the use of our data, but also we created a data ethics office that looks at responsible use, particularly as we're now exploring generative AI. And so through the data office, we are looking at generative AI.

And earlier in the year, myself and a number of the ITCAF members, Sarah, Catherine, Amanda, we visited the West Coast, we went to see Apple, Amazon, Google, Microsoft and Adobe as well. And our pure focus was, and the brief we gave them was, demonstrate to us where you are developing in generative AI and the usage of that, not just for our in-house for our colleagues, but also for our customers. And I think that's enabled the discussion that we have with our executive management to be really fruitful as we're testing the boundaries and challenging them to think really actively around gen AI. But I mean, Sarah, you were there. Any comments you want to make.

Sarah Legg
Yeah, well look, it was a marvellous opportunity to also for our own learning and to be able to ask really broad questions of experts in the field and to also look at related areas. So we spent some time just learning a little bit about quantum computing, where that's developing to, we could sort of noodle and think about what the risks, the opportunities might be sometime down the line. So it's thought provoking, we get real insight, we build those connections. I think it really helps to bring that insight back into the boardroom and through the committees as well to be able to ask from a more informed but open-minded perspective.

Nigel Hinshelwood
And it's clear that generative AI is here and will continue to be deployed across every organisation.

Douglas Radcliffe
Excellent. It's a topic that is raised very frequently with investors. So we stay with technology, but we change tack very slightly. Managing risks related to cyber security is naturally essential for a bank like Lloyds. With growing and increasingly sophisticated cyber threats what steps are the board taking to enhance cyber security and what expertise does the board have in this area?

Nigel Hinshelwood
Well, it wouldn't surprise you that the C in ITCAF stands for cyber. And so we have a very, very active agenda on cyber looking at current threats, emerging threats, and our capability to defend against them. And one of the things that the board actually in its entirety as we're going through the strategic plan, we're very firm that we need to balance our investments on our existing infrastructure and the resilience of that infrastructure with new developments. And we invest tens and tens of millions of pounds every year on the continuing development of our cyber defences. We're very lucky, I referenced Ron before, but also our chief security officer, Matt Rowe, both of them onboarded to the organisation in the last few years and they brought real insight from their previous executive life that has enhanced our whole progress on cyber and our thinking around cyber. And ITCAF, every quarter, we're challenging our spend on cyber. We're challenging management around our ability to defend in the new world. We talked about generative AI a minute ago. Bad actors are using generative AI every day to try and break into organisations such as ours. And we're a large institution here in the UK and we do get attacked on a regular basis, whether that be denial of service attacks or anybody else.

One of the good things I think we have in place, and actively supported by ITCAF and the Risk Committee, is that we try and break our own defences on a regular basis. So we have third parties and regulators who do active programs on our infrastructure, both day-to-day infrastructure, but also on our data. And to date, I'm very pleased to say that we've proven to be able to defend these types of attacks, but we're very conscious that the world changes every day. And that's why the investment is very, very important for us.

But it's the whole underlying theme of operational resilience. And if you look at the investments we've made over the last three years, and particularly through this strategic plan, we can see that it's now working for us. Our system availability is as high as it's ever been. We have fewer incidents in our infrastructure and applications than we've ever had, but more importantly when we do, because we do have instances every now and then, our ability to recover is as quick as it's ever been. And that's something that I say is testament to that investment we're making day to day, but we'll continue to invest on cyber across its myriad of areas. And I think, Sarah, you've got some bits on privileged access and others that we look at.

Sarah Legg
We spent a lot of time ensuring that we've got a good program of work to really embed both the systems aspect and the procedures and the culture around identity and access management around our systems. These are really basic pieces that constantly have to be kept under review and ensuring that they're working and operating effectively. And it's another area where working together across the committees, we'll be monitoring the progress in terms of the goals that we've set ourselves system by system. We'll be monitoring that through ITCAF, through the Risk Committee, through the Audit Committee, where we will get input from internal audit and external audit around some of the areas we might be weaker and where we need to make more progress.

Douglas Radcliffe
Great. Thank you. We are now again opening for audience questions before we move to our third panel. I've received a number of questions, but actually a few of them actually relate to the third panel. One of them however is quite relevant here. So let's look at this. “Clearly as a bank, credit risk is fundamentally important. The credit environment seems remarkably benign. As a board, are there any areas you are particularly concerned with?”

Catherine Woods
Yeah, shall I take that one?

Douglas Radcliffe
Yeah, that makes sense, Catherine.

Catherine Woods
Yeah, so as you can imagine, credit risk is one of the principle risks that we would look at and spend quite some time at actually at the Board Risk Committee. I think we have a very mature, well-established framework to oversee credit risk in general. It's supported by a number of deep dives that we in the Risk Committee choose to have on the credit portfolio on a rotating basis. And clearly we have a number of stress tests that we undergo, both externally given to us but also internally as well. So if I look now at the credit environment, as you say, the external environment, it is quite benign, but I think our asset quality has actually been very resilient as well through that. We recognize that it has been tough at times for our borrowers. Obviously the financing conditions are tough really with higher interest rates and high inflation that has been somewhat persistent.

But we do constantly look at our early warning indicators. We also look at our risk appetite metrics and see where we need to enhance those. If I look at where we're spending quite some time and areas that we're paying close attention to at the moment, I would say it would be those sectors that are exposed to consumer spending. Agriculture has been on our radar screen for a while, but clearly the inheritance tax changes in the budget are something as well that we've paid close attention to. CRE has been there and I particularly reference the office portfolio, but actually that's something that we looked at quite carefully during COVID-19 and repositioned ourselves at that point in time. Utilities is clearly on the agenda as well. But I would say we are looking at it quite carefully and at the moment we're comfortable with the current performance.

Douglas Radcliffe
Okay, good. Another question that's actually been submitted online from Federated Hermes again. “How is the use of AI within the company governed by board, especially around its associated risks?”

Catherine Woods
Yeah, okay. Well shall I start on that one?

Catherine Woods
Sure. So in general, model risk management is something that we do spend a lot of time on. We obviously want to make sure that we have a fully compliant operating system and the right risk appetite type metrics, the right oversight. At the moment, our model risk management framework does cover AI and ML actually in general. So generally speaking we are covered. But we have asked the second line to create a specific policy for gen AI, which will be implemented by the year-end. And clearly we obviously have the first line already has guardrails in there, and in fact we had first line present to us on their most recent AI proposal on how that's going to be governed as well. So it is something that we pay very close attention to.

Nigel Hinshelwood
As I said, the management set up the data ethics unit and data ethics committee that looks at particularly the use of generative AI. And so we'll continue to measure and monitor that as we explore that.

Douglas Radcliffe
Great. Thank you. That actually concludes the second panel, so thank you very much. It's now time for our final panel of the day: “Balancing the needs of shareholders and other stakeholders”. I hope to explore how the board navigates the complexities of stakeholder needs, long-term sustainability goals and the Group's culture. I welcome Robin and Cathy back and they'll be joined by Amanda. So let's start with stakeholder engagement and expectations. How can you evidence to me today that you truly understand your customers and regulators and other key stakeholder needs? Robin, it probably makes sense for you to lead on that one.

Sir Robin Budenberg
Thank you. Stakeholders are obviously a very important focus for the board, and one set of stakeholders that you missed out, Douglas, are our shareholders. And this is the sort of event we very much want to be leaders in to make sure that we can genuinely fulfil the expectations of our shareholders in addition to the very regular updates that they get from Charlie, from William, from Douglas, and less frequently from me as well, but still regular.

So shareholders. Customers. As I think Catherine said earlier, we very much want to see the voice, or hear I should say the voice of the customer in our boardroom. And we do that through a number of ways. We have listening sessions with individual groups of customers that the board listens to throughout the year. We have sessions particularly with our corporate customers in different regions around the UK. Every time we go somewhere for a board meeting, we have a session in the evening with our corporate customers.

We all spend quite a bit of time visiting our branches, talking to our customers and our staff in branches to get a feel. So we get a good sense of what the customer is doing, and we also get a more formal sense in that we have dashboards that show us detailed views of our ranking, how our customers see us, our strengths, our weaknesses, and that very much funnels up into the performance metrics by which we measure management.

Colleagues is obviously also a really important aspect for us. And again, we spend a lot of time talking with colleagues whenever we go around the country. We have breakfasts with literally about 100 colleagues and we all sit on a table, one per table, to listen to what they have to say. So we get a very regular input from our colleagues, and again, dashboards that show exactly how our colleagues are feeling based on what we have as very regular reviews from them directly as to how they're feeling about different aspects.

And then more broadly, obviously with regulators and policy makers, that is something that we all spend a lot of time with. I think every member of the board has a one-on-one with a regulator every year. I obviously, and Charlie obviously spends a lot of time with a broad range of that type of stakeholder to try and get our messages across to them, which I think broadly actually have been successful over the course of the last year, and I think some of the initiatives that were announced in the Mansion House speech were very welcome from that point of view. So we feel we've made good progress on that, whereas perhaps some time ago we felt that banks were not properly appreciated for what they could do for the economy and the ways in which regulators can either hold banks back from doing that or encourage them to do it. So there's been really good engagement over the course of the last 12 months.

Douglas Radcliffe
Thanks Robin. In the response there, you talked about a number of different stakeholders, but as a board, how do you manage the competing expectations of those different stakeholders and get the right balance?

Sir Robin Budenberg
Amanda, why don't you talk about that?

Amanda Mackenzie
Thank you. So I think the long hand of Helping Britain Prosper is the fact that we're aiming to build an inclusive and sustainable future for people and businesses. And so you have to take a view that inherent in that is long-term value creation and it's just really thinking across all those stakeholder groups. And by the way... just jumping in on one of the things you say, our people dashboard is called “So What?” And I think that says a lot about actually just driving, let's take that learning, take that insight and make it tangible and do something with it. So I think that's almost a philosophy that we apply across the board and really think that through. And so don't just take it as read.

Sir Robin Budenberg
And I would say that nothing that we do that has a long-term beneficial impact on our broad range of stakeholders can be bad for our long-term future. And actually it's a discussion that the board had with management about a year ago, wasn't it? It's really important that we can demonstrate, particularly to our shareholders, that whatever we're doing with other stakeholders will have a long-term beneficial impact for the value of the business and the sustainability of the business.

Douglas Radcliffe
Excellent, thank you. My next question is actually related to sustainability. There are diverse views on sustainability. Indeed, there is some talk in the investor community, particularly in the US, about companies stepping back from their sustainability targets. How committed are you as an organisation to sustainability?

Amanda Mackenzie
Well, the short answer is very, but I'll add a bit more. Just the stat alone, which is quite breathtaking, the cost, is estimated at £50 billion to get the nation to net zero every year by 2030. So just inherent in that is a business opportunity for us. Alongside that is us thinking about how we're going to manage the risk, be it of climate events or stranded assets. But the sheer potential we have leveraging our scale to think about social housing or resilient businesses is huge. And the numbers are huge to go with it, but we're doing plenty against that. Just, what was it, £38 billion in terms of sustainable finance in the past three years.

Against everyone, I can give you a big number basically, which is I guess what is useful to know. But the one I'm particularly loving at the moment is we're looking at, well we're building, we're helping finance a wind farm up in East Ayrshire, and that will create energy enough for 1.6 million homes. So that is all of Leeds and all of Manchester together. So that's a huge benefit for the consumer. That's a great business opportunity for us and that's clearly a bit of a big benefit for the planet too. So yes, we're committed. And the other thing I think to say is we've got a really strong wholehearted expert team at this, not on the board, within the management. And the other thing, that I always observe, is when you have a chief executive who's really committed to it, it makes all the difference and that's happening too.

Douglas Radcliffe
Excellent. Okay. And now to our final question before we actually open up for audience questions. And this one's going to be for you, Cathy. You'll be pleased to get involved in this session as well. Robin mentioned earlier about the Group's ongoing cultural change. He mentioned it in his initial remarks. Where do you think the culture of the organisation is today?

Cathy Turner
Thank you, Douglas. So we've heard a lot about transformation this afternoon on all of the panels and one of the key stakeholder groups is our employees. And we ask a lot of them. We ask a lot of them in terms of how they show up and serve our clients and our customers, and we're currently asking a lot of them in terms of coming on the journey of transformation. And within that, our

guiding principle is we want Lloyds to be a great place to work and we want it to be attractive to people to spend some of their career or indeed all of their career with us. How do we at the board look at that and monitor it? We do the formal stuff. We have employee survey indexes, which are considered throughout the year and embedded in performance management, but we also do the soft stuff.

What does it feel like? How do we know what it feels like for an employee? How do we know that employees are being able to remove barriers to enable them to do their job? How do we know what it feels like on the ground each day? And we do some other listening in that. One of the most recent ones I did was to listen in to a discussion on our platform leads. You heard from Nigel earlier about what we're doing in the tech area, and our platform leads were discussing how easy it is for them to deliver their agenda, to get progress and traction on the mobile first strategy that Charlie is leading through the organisation. And we as board members get invited to a series of those colleagues sessions that we can listen in and engage and hear directly from staff. We're very conscious that the transformation and the pace of transformation, it puts some burdens and some requests on our employees to make changes. And none of us at the end of the day like change. We do recognize that, but Lloyds is a great place to work.

And I guess the final thing I would say there, Douglas, is if you look at what we're asking of our employees and hopefully supporting them in is a line-up behind our purpose. Amanda talked about it. Our purpose is to help Britain prosper and we want to be able to serve our customers in a way that suits them and helps them in their lives. So all our activity around the types of jobs and how we do the jobs and what skills we need in the organisation, I think is positioned in the right place behind purpose and behind our customers. So I do think Lloyds is a great place to work and I honestly believe it'll be a great place to work into the future.

Douglas Radcliffe
Excellent. Good. Very pleased to hear that.

Cathy Turner
Well, thank you for the question, Douglas.

Douglas Radcliffe
So we're now going to move to our final audience questions. And this will be either relating to this panel or indeed a number of other outstanding questions that have come through throughout the sessions. So if we look, it probably makes sense to go back to the first question that we had earlier to provide a little bit more detail. So this was from Federated Hermes, and it was talking about how does the board evaluate its competencies in managing climate related risks and opportunities including biodiversity? And the second part of the question was, does the board receive adequate training? And I know that you covered some of that in your earlier response, Robin, but Amanda probably.

Amanda Mackenzie
Yeah, this always feels like how long's a piece of string? Because it is a subject that is evolving by the day. So you could almost argue that the training we had yesterday is out of date already, but we certainly have ramped up how much we're doing this past year alone. We've done a couple of sessions. I think Sarah referenced the double materiality session we had just last month. And in fact, to my knowledge, I think we were absolutely one of the first boards that were actually talking about biodiversity training and really reflecting on what it means. And as you know, we're really heading into TNFD and how we can really look at that too.

Douglas Radcliffe
Thank you. Another related question, which comes from Northern Trust. “The establishment of three new sector decarbonization targets in 2024 was a positive development. What plans do you have for further coverage here, e.g. introducing targets for sectors such as steel, cement, shipping or aluminium?”

Amanda Mackenzie
Shall I? All right. So as the person who's asked the question, thank you very much, knows that we're very thoughtful around any of these sectors before we give a target. The sector targets we've given so far probably cover a significant percentage of our coverage and we'll then look to see what's the market norm, what's our baseline and what are our peers doing before we'll then create a new target. But we're ever mindful, ever thoughtful about how we're going to take those forward.

Douglas Radcliffe
Excellent. Good. We have another sustainability and climate related question, you'll be pleased to know, Amanda. “I don't think your emissions reduction targets have been verified by SBTi. Are you looking for an external verification of your targets?”

Amanda Mackenzie
The short answer is yes. The reason in terms of SBTi that we haven't gone down that route is, as you will know, they're more global in terms of their pathways, and given our business is predominantly UK, we have to take a UK pathway, Paris aligned, etc. So that's absolutely where we're headed. And there'll be more details of that in the report and accounts, but we're confident it will absolutely satisfy all of that. It's chunky and thoughtful, but it just doesn't happen to be SBTi because in large part they've changed their method these past few years as well to make it more global.

Douglas Radcliffe
Thank you. We're now moving, you'll be pleased to know, to a slightly different topic, to remuneration. Cathy, it's your turn. "With some of your peers having their remuneration policies up for shareholder approval at their next AGMs, the removal of the bankers' bonus cap and the IA's updated remuneration principles, what does the RemCo think about executive director pay going forward, and indeed, any further changes you're looking to make?"

Cathy Turner
Okay. Well, thank you for the question. I would've been really upset if we'd had a whole afternoon on governance and got not one question on remuneration. I know a lot of the listeners are expert in this subject, but let me just make a few comments. I think we're at a inflection point in terms of structure of banking pay, which has been triggered by the reversal of the bonus cap, the two times limit, and I know about three of our peers are going to need to put their policy forward at their AGMs in 2025, and I'm expecting that they will take advantage of restructuring their pay packages or the structure of their pay packages to remove it.

For those that haven't enjoyed every single chapter of executive pay and bankers' pay, what happened when the bonus cap came in is it didn't change the price of human capital, none of us can control that, but what it did do was shift pay largely from performance-based into fixed pay, and things such as role-based allowances, fixed share rewards that we have, came into existence. What I'm expecting, Douglas, as we go into 2025, is that those organisations, those banks that put their policy forward, will actually reverse out of that fixed element and will move it into performance pay. I think, directionally, that is good. I think top of the house ought to be held to account and paid when we get results and success, and pay ought not to be forthcoming when you don't get the results. So I think that move that we'll see in the market is going to be good as an overall direction for the sector.

Specific to us, we don't have our policy review, or necessitate a policy review, until 2026. The committee has decided that we're not going to bring that policy forward. We will look at how the market develops next year. I just have to say as an aside, and I know those listeners will know much more about what's going on than me in detail, but I do hope that boards are responsible in terms of the conversion of fixed pay into variable pay. You mentioned the IA guidelines, we've also seen it with ISS, I'm hoping a move from comply to a bit more comply or explain, I hope that flexibility is going to be respected by boards across the UK and used responsibly, because I think that's a good development to give that flexibility in this complex area.

So we will not be out doing a policy review next year, we will stick to our 2026 plan, but I am hoping that, in a responsible way, we will see more performance pay in the overall package, and that's a direction I think we would as a committee next year discuss whether there's merits in that, but we'll track the market. My only concern, I've been a year as chair of RemCo, I think pay is managed very responsibly and thoroughly at Lloyds, like every other area that we've discussed, I just think we're a little bit light on our very top roles in terms of comparison with the market, and that actually worries me commercially in terms of us retaining the right talent and delivering the shareholder value that we want to from it.

Douglas Radcliffe
Excellent, thank you. A couple more questions we've received online, one of them is actually from Artemis, Robin, which actually relates to the capital return response that you provided earlier, "Following up on the share buyback, given the motor issues, would you consider moving to a more half-yearly or more frequent cadence, but smaller, just until more certainty was restored?".

Sir Robin Budenberg
I think we have to look at all issues, and this is going to be a challenging decision for us. Flexibility may be helpful, and that sort of suggestion would add flexibility, so it's definitely something we would consider.

Douglas Radcliffe
Okay, thank you. Another question, this actually relates to stakeholder management across the piece, it's actually from UBS. "How does the board balance a need to protect public confidence in the bank balance sheet, brand, and reputation, against the need to sometimes say, "We got this wrong," or in other areas, "This could be a material risk to the firm" for example? How do you ensure that the public has confidence in the board to stand for them as well?"

Sir Robin Budenberg
Can you just repeat that, Douglas?

Douglas Radcliffe
Yeah, absolutely. “So how does the board balance a need to protect public confidence in the bank balance sheet, brand, and reputation, against a need sometimes to say, "We got this wrong," or in other areas, "This could be a material risk to the firm," for example? How do you also ensure that the public has confidence in the board to stand for them?”

Sir Robin Budenberg
Yeah. I think it's a really, really good question, and it's a difficult one to answer because it involves a mix of public confidence and stakeholder confidence, particularly shareholder confidence, and we have to balance those two things. But as I said before, I think mainly, the two do go hand-in-hand. Confidence is what a bank is all about, and sometimes you have to be honest at the risk of perhaps not always saying good and positive things. And I think particularly around this motor finance issue, I think our record speaks for itself. We've both spoken publicly, when perhaps the last announcement, there was no technical reason why we did so, but we felt it was the right thing to give everyone a sense of what we were feeling about and how the Court of Appeal decision had moved the FCA review into a slightly different phase. And again, I think our disclosures around the rationale for the £450 million provision that we took earlier this year is a good example.

I think you have to be open, and by being open, even if that sometimes can cause negativity, it earns you trust, and trust stands you in good stead, particularly as a bank. And I would like to think that as a board and as an organisation, and particularly as an executive management team with Charlie and William at its head, we do everything that we can to earn that trust, even if it sometimes means that we don't always give good news.

Douglas Radcliffe
Thank you. A couple more questions. Firstly, coming back to sustainability. “Nature is an emerging theme, and I can see that you have started to include some disclosures on nature in your sustainability reporting. How does the board approach nature topics?” Amanda?

Amanda Mackenzie
Thank you. Well, it's not dissimilar to the question from Hermes. Again, familiarizing ourselves with the issues, having some training, looking at what's very innovative in the market, actually thinking about the trade-offs. If take agriculture, for instance, which is one of the systems, we've moved to a system approach versus as a sectoral approach, we're looking at all of these things, especially in order to make sure that the whole thinking around nature is also included, because if you just focus on net zero, you're then get to miss out on nature. So it's actually thinking about the whole system, and then as a board and a Responsible Business Committee, we've been reviewing those systems and we take each one systematically across each committee. So really thinking about how it's integrated, how it's embedded, and obviously ensuring that we're up to speed with it.

Douglas Radcliffe
Excellent. Robin, another question, you did touch upon bits of this earlier, but “Do you see the government's focus areas and growth plans as supportive to the growth strategy? In what areas do you particularly see opportunities?”

Sir Robin Budenberg
I do. I believe that a number of the eight growth areas that have been outlined for the new industrial strategy are absolutely in line with what we believe we could support, and I would say particularly around areas that have regional importance, particularly around, as Cathy said earlier, housing and social housing, where we see great opportunities for us, particularly around research and innovation and universities, where we have a strong platform to grow from. So yeah, I think we would like to feel that we can contribute to the growth ambitions of the government, and I think the government clearly understands that we are willing and able to do that, and I think that's very much something that government and the banking industry have come closer together on over the last six to 12 months.

Amanda Mackenzie
£17 billion we have committed on social housing, which is phenomenal, but we can do that because of our scale.

Douglas Radcliffe
Excellent, good. We have two more questions online at the moment, so please do continue to submit your questions. There's another one, Robin, on capital return. “How do you balance, as a board, the need to ensure that management are making adequate provision for unknown liabilities, with the knowledge that taking a large provision will be treated as a signal for what you may actually then have to pay?”

Sir Robin Budenberg
I think that what we have to focus on is the interests of the bank and our shareholders, and we mustn't damage ourselves deliberately in that regard, but I think that should be our first obligation. We have to make the best estimate of the provision based on the information that we have available at that time, and that is a very clear responsibility on us and that's what we have to focus on.

Douglas Radcliffe
Thank you. Another question that's come in line from Allianz. “Given finite time and resources, how does the board balance, manage, the myriad of financial, operational, social, and environmental topics and risks they face? Is this something where the subcommittees are leveraged in line with the delineated responsibility mentioned already?”

Sir Robin Budenberg
Yeah. I think, as I said earlier, this is absolutely key to making a bank board work. If you flood the bank board itself with all the details that you've heard today that are dealt with by the committees, you would never have time for a proper strategic discussion at the board. And we are totally rigorous, we trust the committees, the committees give us very clear reports on the issues that they feel the board needs to be briefed on, but ultimately, we have to make sure that we delegate properly to those committees to free up time at the board. So it's a really important discipline that we have really started very hard to focus on, well, really when I began, and it's something I feel, as you can tell, I feel very strongly about.

And we are very lucky, in the committee Chairs that you've heard from today, that they manage those complex agendas very well and make sure that the board does consider what it needs to consider, because there are certain things where all directors have a valid interest in outcomes, and we make sure that no director feels that they've not been able to contribute to an important debate.

Douglas Radcliffe
Thank you. At this moment, we've just got one final question, which actually almost takes us back to the start of the discussion, Robin. “How does the board approach succession planning for both board members and senior executives to ensure continuity and the infusion of fresh perspectives?”

Sir Robin Budenberg
Thank you. Well, if we start from the board members’ perspective, twice a year, we review the composition of the board, the succession plans on the board, the composition and succession plans for individual committees. We then look at the matrix of skills on the board, and we look to see where we feel we need to develop the board further. I strongly believe that board succession is not something where you say, "Oh, we need somebody that can do this." We have to do it on an ongoing basis. So that's, if I'm honest, the easy bit. The difficult bit is trying to work out what the right person is to add to the diversity of the board, and also who is the right person to contribute to the deliberations of the board, and I very much rely on my colleagues on the nomination committee, who all take a very active role in interviewing new board members.

As to the executive side, I think it's very easy to say, "Oh, this is too difficult a subject, it's too sensitive." I think it's much better to get it on the table very early, and Charlie fundamentally agrees with that. So again, we have regular discussions, both about the executive directors, because who knows what might happen, we very much hope both of our executive directors will stay with us for the long run, but anyway, I won't talk about buses or anything like that, and we have a very strong executive team. And I think the best definition of success for any organisation is if other organisations want to recruit those people, and that means that we need to have very active succession strategies, both internally and externally, and we do that, again, on a regular basis, twice a year, NomCo focuses on one aspect of that or the other.

Douglas Radcliffe
Thank you, Robin. That actually concludes all the questions that we've received online, so I think it probably makes sense just to hand back to yourself for final remarks.

Sir Robin Budenberg
Great. Look, again, thank you very much for the time you've spent with us this afternoon. We hope you found this slightly different and slightly interesting. Well, more than slightly interesting. And we'd really appreciate feedback to Douglas, because we want to make sure that this event is relevant for you and that we're not just telling you things that you don't find of interest, so we'd really value that feedback. But again, thank you for being, first of all, for being our shareholders, we really appreciate the faith you put in us, and thank you for the time you've spent this afternoon. Thank you.

END

FORWARD LOOKING STATEMENTS

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and section 27A of the US Securities Act of 1933, as amended, with respect to the business, strategy, plans and/or results of Lloyds Banking Group plc together with its subsidiaries (the Group) and its current goals and expectations. Statements that are not historical or current facts, including statements about the Group's or its directors' and/or management's beliefs and expectations, are forward-looking statements. Words such as, without limitation, 'believes', 'achieves', 'anticipates', 'estimates', 'expects', 'targets', 'should', 'intends', 'aims', 'projects', 'plans', 'potential', 'will', 'would', 'could', 'considered', 'likely', 'may', 'seek', 'estimate', 'probability', 'goal', 'objective', 'deliver', 'endeavour', 'prospects', 'optimistic' and similar expressions or variations on these expressions are intended to identify forward-looking statements. 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Factors that could cause actual business, strategy, targets, plans and/or results (including but not limited to the payment of dividends) to differ materially from forward-looking statements include, but are not limited to: general economic and business conditions in the UK and internationally; acts of hostility or terrorism and responses to those acts, or other such events; geopolitical unpredictability; the war between Russia and Ukraine; the conflicts in the Middle East; the tensions between China and Taiwan; political instability including as a result of any UK general election; market related risks, trends and developments; changes in client and consumer behaviour and demand; exposure to counterparty risk; the ability to access sufficient sources of capital, liquidity and funding when required; changes to the Group's credit ratings; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; volatility in credit markets; volatility in the price of the Group's securities; tightening of monetary policy in jurisdictions in which the Group operates; natural pandemic and other disasters; risks concerning borrower and counterparty credit quality; risks affecting insurance business and defined benefit pension schemes; changes in laws, regulations, practices and accounting standards or taxation; changes to regulatory capital or liquidity requirements and similar contingencies; the policies and actions of governmental or regulatory authorities or courts together with any resulting impact on the future structure of the Group; risks associated with the Group's compliance with a wide range of laws and regulations; assessment related to resolution planning requirements; risks related to regulatory actions which may be taken in the event of a bank or Group failure; exposure to legal, regulatory or competition proceedings, investigations or complaints; failure to comply with anti-money laundering, counter terrorist financing, anti-bribery and sanctions regulations; failure to prevent or detect any illegal or improper activities; operational risks including risks as a result of the failure of third party suppliers; conduct risk; technological changes and risks to the security of IT and operational infrastructure, systems, data and information resulting from increased threat of cyber and other attacks; technological failure; inadequate or failed internal or external processes or systems; risks relating to ESG matters, such as climate change (and achieving climate change ambitions) and decarbonisation, including the Group's ability along with the government and other stakeholders to measure, manage and mitigate the impacts of climate change effectively, and human rights issues; the impact of competitive conditions; failure to attract, retain and develop high calibre talent; the ability to achieve strategic objectives; the ability to derive cost savings and other benefits including, but without limitation, as a result of any acquisitions, disposals and other strategic transactions; inability to capture accurately the expected value from acquisitions; assumptions and estimates that form the basis of the Group's financial statements; and potential changes in dividend policy. A number of these influences and factors are beyond the Group's control. Please refer to the latest Annual Report on Form 20-F filed by Lloyds Banking Group plc with the US Securities and Exchange Commission (the SEC), which is available on the SEC's website at www.sec.gov, for a discussion of certain factors and risks. Lloyds Banking Group plc may also make or disclose written and/or oral forward-looking statements in other written materials and in oral statements made by the directors, officers or employees of Lloyds Banking Group plc to third parties, including financial analysts. Except as required by any applicable law or regulation, the forward-looking statements contained in this document are made as of today's date, and the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document whether as a result of new information, future events or otherwise. 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