

# The UK Shareholders Association (UKSA)

## Lloyds Bank Shareholder Meeting

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UKSA\_Lloyds\_Bank\_London.ppt (Revised 28-Oct-09)

UKSA

## What UKSA Does

- Promotes your rights as a shareholder.
- Promotes good standards of corporate governance.
- Campaigns for a fair market and fair tax treatment for private investors.
- Provides education and other benefits to members.

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## Promotes Shareholder Rights

- To the Government and Institutions (eg. new Companies Act, Share Transfer Dematerialisation and Nominee Enfranchisement). See “News” and “Policies” section of web site for examples.
- To Companies. For example Venture Capital Trusts, Northern Rock, Lloyds Bank.

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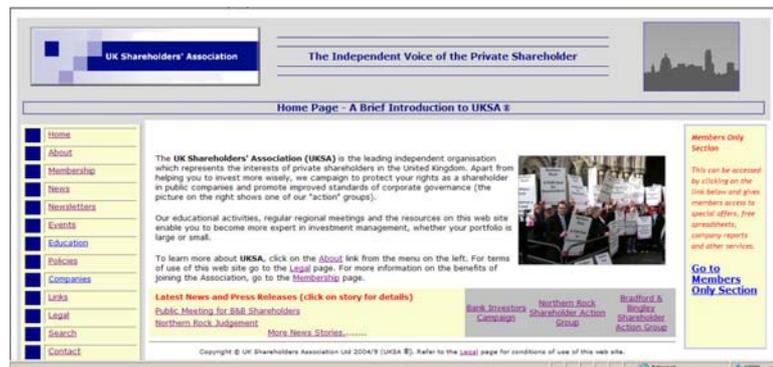
## Education Provision

- Regional & Local Meetings
- “Analyst” Style Company Visits
- National Conference
- Web Site

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## Web Site

- Go to [www.uksa.org.uk](http://www.uksa.org.uk)



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## UKSA Organisation

- UKSA is a non-profit making organisation owned by its members (a company limited by guarantee).
- Governed by an unpaid board of directors, and supported by a regional network.
- The Lloyds Bank Shareholders Action Group is effectively a sub-group within UKSA led by a committee of Lloyds Bank shareholders, and supporters don't have to join UKSA.

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## Some Background

- In his speech to the Labour Party conference, Prime Minister Gordon Brown said "*not one British saver has lost a single penny*" when referring to the Banking Crisis. How wrong can you be?
- Starting with Northern Rock, following by HBOS, Bradford & Bingley, and Royal Bank of Scotland, UK banks have been affected by the sub-prime crisis and the lack of liquidity in the money markets. Those banks that relied to some extent on money markets to fund their mortgage lending (Northern Rock, B&B and HBOS) have all come a cropper.
- In essence HBOS was in such dire difficulties as a result of imprudent commercial property lending, the difficulties in the housing market, and reliance on money market funding that it would likely have had to be nationalised if a "friendly" takeover by Lloyds TSB had not been arranged.

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## Some Background -2

- HBOS was big enough that letting it go bust was difficult, but nationalisation would have meant shareholders losing all, which is why institutions (and some other shareholders) were keen on the merger because they frequently held both HBOS and Lloyds TSB shares.
- Hence the Government encouragement of the merger in a number of ways including a waiver of competition issues, which has subsequently been undermined by European Commission objections. They were partly bullied into it by threats of the imposition of government "recapitalisation" funding regardless of whether they needed the money.
- Lloyds TSB directors proceeded with the merger despite many objections from Lloyds TSB shareholders (e.g. UKSA members). This included many people with good knowledge of the property sector who told them that they were simply buying a lot of trouble.

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## Other comments

- In general, the Government have paid no heed to the interests of shareholders in banks, even though these are mostly “savers”. Their interest in promoting “financial stability” and taking control of the banking sector has taken precedence over protecting the interests of shareholders which have been totally ignored. The Lloyds Bank debacle is simply one example of this.
- The original Lloyds TSB shareholders have lost an enormous amount of their capital and dividends have been lost. There is not likely to be a quick recovery from the company’s poor financial position and the dilution of shareholders interests by the Government stake (soon to be compounded further by the APS) will mean a permanent reduction in the original shareholders equity stake and dividends.

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## Lloyds Before/After the Merger

### Before

- Conservative risk averse well run Bank
- High Dividend
- Stable share price
- Favorite share for people seeking retirement income

### After

- 45% state owned
- No dividend
- Shareholder dilution
- Collapse in share price
- Asset protection scheme/rights Issues

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## Lloyds Bank Campaign so far

- There are about 3 million shareholders in total (but only about 1 million on the register with more than 200 shares). Many shareholders got their shares for free in various demutualisations and are therefore very small holders.
- So far we have written to about 115,000 shareholders with response rates as high as 18% - this process is continuing. We are concentrating on the larger holders.
- We have made a number of representations to the company and issued press releases on key issues. We encouraged Sir Victor Blank to depart for example. And we are looking at the legal issues associated with the merger – some of these issues are given on this page of our web site: [www.uksa.org.uk/Lloyds\\_Key\\_Issues.htm](http://www.uksa.org.uk/Lloyds_Key_Issues.htm)  
Nick Shaw will discuss further.

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## What You Can Do

- Support our campaign financially and register your interest.
- Our objective is to see Lloyds Bank restored to a healthy financial situation, free from Government interference and control, and shareholders recompensed for the losses they have unnecessarily suffered.

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**Nick Shaw**

**Lloyds Shareholder Action Group  
Committee Chairman**

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- **Who are the Lloyds Shareholder Action Group?**
- **What is its purpose?**

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- **Why go after the directors?**
- **What is the nature of the legal research being undertaken?**
- **When is it expected the legal research will be completed?**

- **Can I take part?**
- **How long do I have to make up my mind?**

## Questions

