



PRESS RELEASE

Friday 7th April 2017

FOR IMMEDIATE USE

UPDATE ON HBOS READING ISSUES FOLLOWING THE CONCLUSION OF THE CRIMINAL TRIAL

Customer Compensation

Following the conclusion of the criminal trial, LBG will now provide fair, swift and appropriate compensation for the victims of the HBOS Reading fraud. LBG has already announced it is assessing customer cases afresh, with Professor Russel Griggs OBE appointed as the Independent Customer Reviewer in consultation with the Financial Conduct Authority (FCA). LBG is working at pace with Professor Griggs to ensure appropriate redress is provided to impacted customers.

Although the customer review is in its initial stages, to provide additional help to those impacted customers, LBG will:

- Provide interim payments on a case-by-case basis to assist victims in financial difficulty with day-to-day living costs;
- Cover reasonable fees for professional advice whilst in the Professor Griggs' review to enable customers to access appropriate legal and financial advice;
- Write off customers' remaining relevant business and personal debts currently owed to LBG, where they were victims of the criminal conduct, and not pursue them for any repayment.

LBG has already suffered losses and/ or provided for at least £250 million of credit losses in relation to those impacted cases at HBOS Reading in previous financial periods. LBG currently anticipates that compensation for economic losses, distress and inconvenience will be in the region of £100 million and a provision will be included in our Q1 Information Management Statement on 27 April 2017.



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Lloyds Banking Group Chief Executive António Horta-Osório said: “As I have stated before, we would like to express our deep regret and apologies to any customers directly affected by the criminal behaviour of these individuals. We are absolutely determined that victims of the crimes committed at HBOS Reading are fairly, swiftly and appropriately compensated. We take responsibility for putting right the wrongs that were committed at HBOS Reading at the time. That is why today we are providing an additional package of measures to ensure that customers have all the help they need as we resolve their cases as quickly as possible.”

Independent Legal Assessment

LBG is also announcing it will appoint a senior independent lawyer to consider whether the issues relating to HBOS Reading were investigated and appropriately reported to authorities at the time by LBG, following its acquisition of HBOS. LBG’s independent legal assessment will cover the period following HBOS’s acquisition by LBG, in January 2009, through to the conclusion of the criminal trial.

The FCA has announced that, following the conclusion of the criminal trial, it is investigating events surrounding the discovery of misconduct within HBOS Reading’s Impaired Assets team. LBG will fully cooperate with this investigation.

Lord Blackwell, Lloyds Banking Group Chairman, said: “We deeply regret the criminal actions which have caused such distress for a number of HBOS business customers. Our first priority after the trial has been to focus upon getting customers compensation. To reassure our customers, stakeholders and shareholders, it is incumbent upon us to confirm we have acted appropriately. As such, it is the right thing to do to consider the Group’s actions during this period taking account of evidence that came to light in the trial.”

Ends

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Notes for editors

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