HY 2020 FREQUENTLY ASKED INVESTOR QUESTIONS

How was the Group's financial performance in HY?

- The effects of the coronavirus outbreak are reflected in our financial performance. The trading surplus for the first six months of the year of £3.5 billion was 26 per cent down on the prior year, with lower interest rates and activity levels having an impact on the top line.
- Net income of £7.4 billion was down 16 per cent. The lower net interest margin of 2.59 per cent reflected lower rates, actions taken to support customers and changes in asset mix; average interest earning assets were broadly stable. Other income of £2.5 billion was impacted by slowdown across key markets in the first half.
- Due to our continued focus on efficiency, total costs reduced by 4 per cent, with a 6 per cent reduction in business as usual costs, enabling continued investment in digital projects and enhanced support for customers during the pandemic.
- The most significant impact of Coronavirus is seen in the impairment charge. The first half impairment charge of £3.8 billion includes an additional £2.4 billion taken in the second quarter, mainly reflecting the significant deterioration in the economic outlook during the quarter. Loan books, based on actual defaults to date, continue to perform well, with the additional provisions building balance sheet resilience.
- Statutory loss before tax of £602 million and statutory profit after tax of £19 million were both impacted by income developments and the increased impairment charge. Tangible net asset value per share was 51.6 pence.
- Loans and advances at £440 billion were stable compared to the year end but reduced by £3 billion in the second quarter with expected reductions in the mortgage book, lower unsecured balances and repayment of lending facilities by Corporate & Institutional clients. This was partially offset by new SME lending through government support schemes.
- Customer deposits increased by £29 billion in the half and £13 billion in the second quarter as a result of reduced consumer spending and inflows to the Group's trusted brands in an uncertain environment, with growth in Retail deposits ahead of the market. Commercial deposits benefited from clients' increased liquidity due to increased government support scheme borrowing.

How do you expect the Group to perform going forward?

- Over the last two years we have made significant progress against our ambitious strategy, while continuing to support our core purpose of Helping Britain Prosper. It is this purpose which helps to inform our response to Coronavirus.
- We are using our multi-brand, multi-channel distribution model with the UK's largest branch network and digital bank along with the strategic capabilities developed to continue to support our customers through this challenging period.
- There have been early signs of recovery in the Group's core markets, mainly in consumer spending and the housing market, but the outlook remains highly uncertain and the impact of lower rates and economic fragility will continue for at least the rest of the year. The Group's updated 2020 guidance reflects a proactive response to the challenging economic environment and is based on the Group's recently revised current economic assumptions, which have deteriorated since the first quarter:
  - Net interest margin expected to remain broadly stable on the second quarter level at c.240 basis points for the rest of the year resulting in a full year margin of c.250 basis points
  - Operating costs to be below £7.6 billion
  - Impairment expected to be between £4.5 billion and £5.5 billion
  - Risk-weighted assets expected to be flat to modestly up compared to the first half of 2020
- Although the economic outlook remains uncertain, the Group's financial strength and business model will ensure that it can continue to support its customers and help Britain recover. This is fully aligned with the Group's long term strategic objectives, the position of the franchise and the interests of our shareholders.

Are you seeing any credit deterioration given the current challenging external environment?

- Observed credit quality remains robust with arrears and defaults remaining low. The Group recognises that this is likely to be influenced by the temporary support provided, including payment holidays and furlough arrangements. The expected credit loss (ECL) allowances of £7.2 billion as at 30 June 2020 assumes additional losses will emerge as the support subsides.
- Assuming current economic assumptions, the impairment charge is expected to be between £4.5 billion and £5.5 billion for the full year 2020, reflecting additional charges in the second half of 2020 for provisions taken on new assets, future losses on stage 1 assets as the 12 month provision window rolls forward and experience variance.
- Overall the Group's loan portfolio continues to be well positioned, reflecting a prudent, through the cycle approach to credit risk and high levels of security. The Retail portfolio is heavily weighted to high quality mortgage lending where improved loan to values provide security against potential risks. The prime consumer finance portfolio also benefits from high quality growth and the Group's prudent risk appetite.
- On entering the Coronavirus pandemic, the credit quality of the Retail portfolio was robust and well positioned. Risk management has strengthened since the financial crisis of 2008 to 2009, with strong affordability and indebtedness controls for both existing and new lending and a prudent approach to risk appetite. This is evident in the significant improvement in credit quality and low arrears rates. However, customers have been significantly impacted by the pandemic and credit performance is expected to be impacted.
- The commercial portfolio reflects a diverse client base with limited exposure to the most vulnerable sectors affected by the coronavirus outbreak. Within Commercial, the Group's management of concentration risk includes single name and country limits as well as controls over the overall exposure to certain higher risk and vulnerable sectors and asset classes.

How is the Group being impacted by Coronavirus?

- In the first six months of 2020, the coronavirus pandemic has had an unprecedented impact on the people and economies of the world. In the UK we have witnessed the fastest contraction in economic activity seen in modern times as the country was forced into lockdown in March, alongside the most comprehensive and co-ordinated set of government and central bank support packages ever implemented. Although the economy has now started to re-open and activity in the Group's core markets has somewhat rebounded, it largely remains below pre–crisis levels and the economic outlook remains uncertain.
- Despite this challenging operating environment, the Group's financial strength, business model and successful strategic delivery have enabled us to play a significant role, together with Government, regulators and other authorities, in helping the country manage through this crisis and will continue to ensure that we can support customers and help Britain recover.
- Although the outlook is uncertain, the Group's financial strength and business model allow us to help Britain recover and play our part in returning our country to prosperity. Our customer focused strategic plan remains fully aligned with the Group's long term strategic objectives, the position of our franchise and the interests of shareholders
- Throughout the pandemic, the business has remained fully operational and our technology infrastructure has performed well under significant pressure. Around 90 per cent of branches have remained open throughout the coronavirus outbreak and importantly, our digital banking proposition has performed well in a period of significantly heightened usage while also achieving all time high user feedback scores.
- The economic outlook remains uncertain and largely dependent on how Coronavirus transmission responds as the economy gradually re-opens. The outlook has clearly become more challenging since our first quarter results, with the economic impact of lockdown much larger than expected at that time. With the gradual easing of social distancing measures we have more recently seen consumer spending levels increase, housing market activities reawaken, and the economy return to growth in May and June. However, the negative economic impact remains profound and we have revised our expectations accordingly. With the success of the Group inextricably linked to the health of the UK economy, we remain committed to being part of the national solution and putting the Group's strength to work in support of the wider economy and its recovery over time.

How are you supporting your customers during this time?

- Customers remain a priority throughout this crisis and beyond. Working closely with the UK Government and our regulators, we have continued to support our retail, small business and commercial customers through a comprehensive and unprecedented range of flexible measures.
- Given our purpose of Helping Britain Prosper, we are here to support our customers through this time and have announced a range of supportive measures for customers who need it:
  - Flexible and sensitive treatment of retail customers; >1.1m payment holidays granted, £500 interest-free overdraft automatically available to >9m customers
  - Focus on vulnerable customers and key workers with dedicated telephone services and priority branch access
  - Around 90% of UK's largest branch network remained open in lockdown and ATM availability exceeded 95%
  - >120m proactive letters, emails and SMS messages sent to customers outlining available coronavirus support
  - > £9bn lending to businesses through government backed schemes, including BBL, CBIL, CLBIL 1
  - c .33,000 capital repayment holidays and c.20,000 fee-free overdrafts granted as part of the £2bn COVID-19 fund to support clients with turnover of up to £100m
  - Increased interactions with our clients most impacted by COVID-19 to provide support
  - Flexible, proactive approach for customers with investment and insurance needs, including payment holidays
  - Simplified claims process with accelerated claims payments on life and critical illness policies
  - Supported the NHS by providing free additional insurance cover to its workers and alleviating pressure on GPs by reducing requirements for medical evidence
- More information on help available to customers can be found here.
- Since the start of the crisis we have provided over 1.1 million payment holidays in respect of mortgages, loans, cards and motor finance to our retail customers. We also continue to support our customers with access to a £500 interest free overdraft facility, with no fees for missed payments and access to fixed term savings accounts without charge. We have offered a dedicated phone line for elderly customers and ensure that NHS staff calls are answered as a priority.
- Similarly, we are providing significant support for our small business and commercial customers. We have approved over £9 billion in loans to businesses under the different Government schemes, including Bounce Back Loans (BBL), Coronavirus Business Interruption Loan Scheme (CBILS) and Coronavirus Large Business Interruption Loan Scheme (CLBILS). We have also supported customers through the Group's own £2 billion Coronavirus fund which includes fee-free lending for new overdrafts or overdraft limit increases as well as new or increased invoice discounting and finance facilities and, in certain circumstances, capital repayment holidays. For our SME customers, we are offering a mentoring service to help navigate a path beyond the pandemic.
- To support our Insurance and Wealth customers during the pandemic, we have offered payment holidays on insurance premiums and accelerated claims payments on life and critical illness policies. We have also supported the NHS by providing free additional insurance cover to its workers and by alleviating pressure on GPs with a reduction in medical evidence required for customers' claims.
- Beyond providing financial support, we have stood by our customers and communities, offering a range of expert support and guidance, to help alleviate the pressure of the current crisis. For example, we have helped our customers to stay digitally connected during the lockdown and have partnered with 'We Are Digital', a leading expert in supporting people with digital skills and financial inclusion, to deliver up to 2,000 tablet devices free of charge to over-70s to help them keep connected. Our Lloyds Bank Academy, which offers free digital skills training, has supported c.32,000 individuals, charities and small businesses in the first half of the year with online webinars and training courses. Through additional funding from the Group, our long-term charity partner Mental Health UK has been able to extend their mental health services at a time when social distancing and self-isolation can put significant pressure on many people.
- We are, of course, aware that the support we are providing to our personal and business customers to help them through the current crisis will have a cost to the Group. We believe this is the right thing to do, as supporting our customers directly aids the recovery of the economy from which we benefit. We view this as an investment in the business, which is fully aligned with our purpose of Helping Britain Prosper and the long-term success of the Group, and therefore in the interests of our shareholders.

Can you explain how the various Government schemes work?

- The Government have introduced various schemes to ensure that businesses are supported and that banks can continue to help support customers. Details of the various schemes are outlined below:

The Bounce Back Loan Scheme

- The Bounce Back Loan Scheme was launched on 4 May for small businesses who wish to apply for a loan between £2,000 and £50,000 (up to a maximum of 25% annual turnover), for 6 years which is a 100 per cent government backed.
- No repayments required for the first 12 months, with no early repayment charges and an interest rate fixed at 2.5%
- As at 24th July, £7.3bn Bounce Back Loans in SME

Coronavirus Business Interruption Loan Scheme (CBILS)

- The scheme is designed to support lending to SMEs who are experiencing lost or deferred revenues, leading to disruptions to their cashflow. The Government will provide lenders with a guarantee of 80 per cent on each loan in the event a loan is not repaid by the borrower.
- The borrower can access up to £5 million and the Government will cover payments to banks for interest and initial fees levied by the lender (e.g. arrangement, security fees) for the first 12 months.
- The scheme is aimed at companies that make a material contribution to the UK economy, can evidence a borrowing proposal that the lender would consider viable, if not for the coronavirus pandemic, and are expected to continue trading with the support of additional finance.
- Given our purpose of Helping Britain Prosper, lending to SMEs is a key target area of the Group and is aligned to our commitment of lending up to £18 billion to UK businesses in 2020.
- As at 24th July, £1.8bn CBILs in SME

Coronavirus Large Business Interruption Scheme (CLIBLS)

- The CLIBLS was launched on the 20th April and the scheme is designed to support businesses with an annual turnover of over £45 million.
- The Government will provide lenders with a guarantee of 80 per cent on each loan in the event a loan is not repaid by the borrower and will enable banks to make loans of up to £200 million.
- Businesses can be in any sector (excluding banks, building societies, insurers, re-insurers, public sector funded organisations, membership organisations or trade unions), but must be able to evidence a borrowing proposal that the lender would consider viable, if not for the coronavirus pandemic.

Covid Corporate Financing Facility (CCFF)

- The CCFF will provide funding to larger businesses and corporates in order to support their liquidity and working capital issues by helping them to pay wages and suppliers through the purchase of short-term debt in the form of Commercial Paper.
- The Bank of England will buy Commercial Paper on behalf of HM Treasury with a maximum maturity of one year and the minimum issue size is £1 million.
- The scheme will operate for at least 12 months, and for as long as steps are needed to relieve cash flow pressures on firms that make a material contribution to the UK economy.
- We are now an approved dealer to offer services as a Commercial Paper dealer under the CCFF scheme specifically.

Payment holidays

- If a customer has been financially affected by the coronavirus outbreak, they can apply for a payment holiday. A payment holiday is subject to approval, but if accepted the customer won't need to make the usual loan payments for up to 3 months, with extensions available of up to three months should customers request them.
- The interest payments are then accrued and added to the balance owed by the customer.
- As at 24 July 2020, over 1.1 million retail payment holidays have been granted to help alleviate temporary financial pressure on customers during the crisis, of which around 750,000 are still in force. Payment holidays of up to three months have been granted across a range of retail products including mortgages, personal loans, credit cards and motor finance.

How are you supporting your colleagues?

- The Group remains focused on supporting our customers, whilst protecting our colleagues. As a result of the coronavirus pandemic, around 50,000 colleagues are now working from home, up from the previous level of around 15,000. Further support measures are outlined below:
  - c.50,000 colleagues working from home; c.22,000 laptops distributed during the pandemic
  - Pay and job security for all colleagues since March; a range of awards for frontline colleagues for contribution during the pandemic
  - Increased frequency of engagement, including explanation of expectations around working from home and gradual opening of LBG sites
  - Increased support in health and wellbeing by launching Wellbeing desks in London, Bristol, Edinburgh, Halifax and Manchester
  - Phased post COVID-19 transition plans and risk assessments undertaken across all our head offices and branches
  - Gathered colleague feedback on wellbeing and working from home through Pulse employee survey – words “caring”, “humour/fun” and “human” selected as top words to describe the organisation

What is the Group’s strategy?

- The Group is a digitised, simple, low-risk, customer focused, UK financial services provider with distinctive and sustainable competitive strengths. As the bank with the largest retail and commercial presence throughout the UK, we have the largest digital bank and the largest branch network in the UK.
- In 2017 we successfully completed the second phase of our strategic plan, achieving our priorities of enhancing customer experience, becoming simpler and more efficient and delivering sustainable growth. In the period of the second phase of the strategic plan the Group also resumed paying dividends (2014 results) and returned to full private ownership (May 2017).
- In February 2018 we launched the third phase of our strategic plan, which covers the period 2018 to 2020 and is based around four strategic priorities focused on the financial needs and behaviours of the customer of the future: further enhancing our leading customer experience; further digitising the Group; maximising Group capabilities; and transforming ways of working. Further detail on these priorities is outlined below.
- Over the last two years we have made significant progress against our ambitious strategy, while continuing to support our core purpose of Helping Britain Prosper. It is this purpose which helps to inform our response to coronavirus. We are using our multi-brand, multi-channel distribution model with the UK’s largest branch network and digital bank along with the strategic capabilities developed to continue to support our customers through this challenging period.
- The coronavirus pandemic has accelerated many trends around ways of working, digital adoption, societal expectations of companies, and our external environment and sustainability. Our third Group strategic review was and remains focused on many of these areas but we now expect to even further accelerate our transformation, and enhance and adapt customer propositions and colleague working practices as the Group is learning from the crisis.
- In 2020 we have begun to consider the next phase of our journey. This work will take into account a wide range of factors, including the evolving external environment, emerging changes across society and changing expectations of how companies should respond to such challenges and will be announced in 2021.

Leading customer experience

In order to be the best bank for customers, we recognise that we must continue to adapt to changes in customer behaviour, technology-driven competition and regulation. Our propositions must be reflective of heightened customer expectations for ease of access, personalisation and relevance, as well as the needs created by changing life patterns. This will include:

- Remain largest UK digital bank with 17 million active digital users and Open Banking functionality
- Unrivalled reach with UK’s largest branch network, serving complex needs
- Data-driven and personalised customer propositions.
- A new responsible investment and stewardship framework to enhance sustainability practices

Digitising the Group

Our market leading cost position and customer franchise are sources of competitive advantage. However, we must not be complacent and must further digitise the Group to drive additional operational efficiencies, improve the experience of our customers and colleagues and allow us to invest more for the future. In addition, we must continue to simplify and progressively transform our IT architecture in order to use data more efficiently, enhance our multi-channel customer engagement and create a scalable and resilient infrastructure. This will include:

- Deeper end-to-end transformation targeting 70 per cent of our cost base, with 55 per cent achieved by end of 2019
- Simplification and progressive modernisation of our data and IT infrastructure
- Technology enabled productivity improvements across the business

Maximising Group capabilities

To better address our customers' banking and insurance needs as an integrated financial services provider and improve their overall experience, we will make better use of our competitive strengths and unique business model. This will include:

- Our unique Single Customer View capability, which enables customers to view all of the pension and long-term savings that they hold with the Group alongside their banking products, which added another 1 million customers in the first half of the year
- Exceeded the Group's target to provide £6 billion of additional net lending to start-up, SME and Mid Market clients by year end 2020 and on track to meet the committed £18 billion gross new lending to UK businesses for 2020

Transforming ways of working

Our colleagues are crucial to the success of our business. In order to deliver our transformation during the current strategic plan and beyond, our colleagues will require new skills and capabilities to reflect the changing needs of the business as it adapts to the evolving operating environment. At the same time, colleagues' expectations of their employers are changing. As a result, we are making our biggest ever investment in colleagues to ensure that we continue to attract, develop and retain these skills and capabilities, while fostering a culture that supports a way of working that is agile, trust based and reinforces the Group's values. This will include:

- 50 per cent increase in training and development to 4.4 million hours, with 3.2 million cumulative future skills training hours delivered
- Up to 30 per cent change efficiency improvement
- As a result of the coronavirus pandemic, around 50,000 colleagues are now working from home, up from the previous level of around 15,000
- A new strategic collaboration with Google Cloud that will build on our multi-cloud strategy, accelerating our ambition to deploy smarter technology and bring new services to our customers quickly and at scale

How do you ensure a smooth transition to the new CEO and Chairman's successors?

- The Board ensures that appropriate and effective succession planning arrangements are in place
- In October 2019, the Group announced Lord Blackwell will have served 9 years on the Group Board in 2021, and in line with the UK Corporate Governance Code 2018, plans to retire as Group Chairman at or before the AGM in 2021
- In early 2020, the Nomination and Governance Committee initiated a search process for a new Chairman to allow time to identify Lord Blackwell's successor and enable an orderly handover
- In July 2020, the Group announced Robin Budenberg will join the Group Board on October 1st 2020 and take over as Chair in early 2021 when Lord Blackwell steps down
- At the same time, it was also announced that, with the Chair succession now in place, António Horta-Osório informed the Board of his intention to step down as Chief Executive in 2021 after having delivered three strategic plans and completed 10 years in the role next year. António has agreed to time his stepping down as Group CEO to support a smooth transition, with a target date at end of June next year, at which point he will retire
- The Board has initiated the search for António's successor. Until then he will continue to be completely focused with the executive team on delivering the remainder of the current strategic plan (GSR3), as well as the plans put in place to address the COVID-19 pandemic effects and support our customers during these difficult times

What are your aspirations for the Schroders joint venture?

- We are working hard to help people save for the future and in 2019 in partnership with Schroders, we launched Schroders Personal Wealth. Our joint venture with Schroders has harnessed the unique strengths of two of the UK's strongest financial services businesses to create a market-leading wealth proposition with the expertise and broad spectrum of investment and retirement products to optimise customers' entire financial lives.
- For the Group, the partnership is in line with the strategic objectives outlined in its latest strategic review and will accelerate the development of its financial planning and retirement business, and deliver significant additional growth.
- The transition of customers to the new Schroders Personal Wealth platform on track. We remain committed to becoming a top three financial planning business by the end of 2023
- The strategic partnership includes two major initiatives: Financial Planning and High Net Worth Wealth Management.

Financial Planning

- The Group and Schroders have established a new financial planning joint venture company (JV) for affluent customers, Schroders Personal Wealth in the first half of 2019. We have launched the JV to the market, operating a restricted model with a wide product set.
- The Group and Schroders see significant growth opportunities in the financial planning and retirement market and the JV will aim to become a top three UK financial planning business by end of 2023.
- The Group owns 50.1 per cent of the share capital and Schroders the remaining 49.9 per cent. The JV will address the growing gap in the advice market through a personalised, advice-led proposition, backed by world-class investment expertise and best in class technology.
- The Group has transferred approximately £77 billion of assets and associated advisers from its existing Wealth Management business to the JV and there is a referral agreement in place to enable the Group's customers to benefit from this enhanced proposition.

High Net Worth Wealth Management

- In connection with the transfer of the £13 billion of assets to the JV and Schroders taking 49.9 per cent of the JV, the Group received a 19.9 per cent financial investment in the holding company of Schroders' UK wealth management business; providing the Group's high net worth customers with access to Cazenove Capital's leading wealth management propositions.
- The partnership provides the Group the opportunity to offer the specialist investment management services of Cazenove Capital to charities and family offices, with which the Group has strong relationships via its Commercial Banking business.

Where do you expect growth in the business?

- The Group has leading market shares in many of its retail banking business lines, including mortgages, credit cards and current account balances. The Group's average market share is around 18 per cent. Slide 40 of the 2019 FY Results presentation (here) gives a clear representation of this.
- At HY, average interest-earning banking assets were broadly stable year-on-year at £433 billion with growth due to government backed lending to support corporate clients through the coronavirus crisis, partly offset by lower balances in the closed mortgage book and in credit cards, as well as balance sheet optimisation within Commercial Banking in the second half of 2019.
- Customer deposits increased by £13 billion in the quarter to 30 June 2020 with a 10 per cent increase in Retail current accounts as a result of reduced consumer spending during the coronavirus lockdown period and reflecting the strength of the Group's trusted brands, and a 28 per cent increase in Commercial current accounts partly due to SME clients placing government lending balances onto deposits. This was partly offset by a reduction in Commercial deposits as corporate clients repaid revolving credit facilities and moved term deposits to more liquid current accounts.
- We exceeded the Group's target to provide £6 billion of additional net lending to start-up, SME and Mid Market clients by year end 2020 and on track to meet the committed £18 billion gross new lending to UK businesses for 2020.
- We expect unsecured lending to continue to reduce in the second half of the year although at a slower rate than we have seen in H1. We also expect the open mortgage book to grow modestly, in line with market growth. Commercial Banking will continue to focus on SME lending, while we expect Large Corporate lending to fall as clients are now accessing capital markets. The net of all of this is that we expect average interest-earning assets to be broadly stable on H1's level, through the second half.
- Going forward we aim to continue to grow our market share in targeted and under-represented segments such as SMEs, Motor Finance, Insurance and Wealth Management.

How do you expect to continue reducing costs going forward?

- Market-leading efficiency continues to provide competitive advantage and the focus on cost discipline will continue. The Group will also ensure strategic investment is targeted appropriately to reflect the new operating environment.
- Operating costs of £3,699 million were 5 per cent lower, despite continued investment in the Group's digital proposition and coronavirus related costs.
- Business as usual costs reduced 6 per cent on the prior year driven by continued cost discipline, efficiencies gained through digitalisation and other process improvements, and lower bonus accruals.
- Total investment spend in the first half of 2020 amounted to £1.1 billion, down 15 per cent on the prior year, with £0.5 billion relating to strategic investment, taking the cumulative strategic investment since the start of GSR3 to £2.4 billion.
- Although the investment spend was carefully managed down in the first half of the year in response to the current operating environment, the Group has continued to prioritise technology and digital projects and will continue to invest through the cycle in the strength of the business.
- Operating costs expected to be below £7.6 billion in 2020.

Did the Group take any additional charges for PPI in Q1?

- No further provision has been taken for PPI in the first half of 2020.
- Good progress has been made with the review of PPI information requests received and the conversion rate remains low and consistent with the provision assumption of around 10 per cent, albeit operations have been impacted by the coronavirus pandemic in the second quarter.
- The unutilised provision at 30 June 2020 was £745 million.

What is your dividend policy?

- We announced the cancellation of the final 2019 dividend on 31 March. Our decision on the outstanding 2019 dividend was taken by the Group's Board at the specific request of our regulator, the Prudential Regulation Authority (PRA) and was in line with all other major UK listed banks.
- At that time, the Board also decided, again in line with all other major UK listed banks, that until the end of 2020 we will undertake no quarterly or interim dividend payments, accrual of dividends, or share buybacks on ordinary shares in order to improve further our capacity to serve the needs of businesses and households through the extraordinary challenges presented by the coronavirus pandemic.
- These are difficult decisions and, while we recognise the disappointment and frustration this causes our shareholders, in particular those relying on dividends for income, we agreed that this was a prudent and appropriate response to what were and are exceptional circumstances.
- The Board will decide on any dividend distributions or buybacks on ordinary shares in respect of 2020 at year end, in line with the approved dividend policy.
- In conjunction with this decision and in solidarity with the communities in which we operate, the whole of the Group Executive Committee have asked not to be considered for their Group Performance Share for 2020, meaning that they will give up all of their bonus entitlement for 2020. In addition, no cash bonuses are payable to senior staff for the rest of 2020.

How are you performing on your Helping Britain Prosper Targets?

- We are committed to the long-term success of the UK with our purpose of Helping Britain Prosper. This is why we launched our Helping Britain Prosper Plan in 2014 which also underpins our environmental, social and governance efforts. For 2019 we met 20 out of 22 objectives of the Plan, and some key achievements are outlined below:
  - In 2019 we lent £13.8 billion to first-time buyers, and introduced the Lend a Hand and Family Boost mortgage propositions, which make it easier for those with little or no savings to buy their first home. We have supported renewable energy projects that power the equivalent of 5.1 million homes;
  - The Group was the first FTSE100 company to establish targets for championing diversity within its business and we now have 36.8 per cent of senior roles held by women, up almost 8 percentage points since 2014 and we continue to aim to meet our target of 40 per cent by the end of 2020. With 10.2 per cent of roles across the Group held by Black, Asian and Minority Ethnic (BAME) colleagues, we have exceeded our 2020 target of 10 per cent;
  - We have also helped over 700,000 individuals, small businesses and charities to develop digital skills in 2019 and we are on track for our target of 1.8 million by 2020. Our Digital Knowhow workshops have also helped thousands of organisations learn how to avoid fraud and take advantage of digital marketing techniques; and
  - In 2019, the Foundations received £25.9 million, enabling them to support 2,929 charities.

How are you supporting communities?

- We continue to Help Britain Prosper throughout the UK during this time. Some examples are listed below:
  - Made a guarantee to provide £25.5m of funding to our four Foundations in 2021 to provide certainty to the charities we support
  - Launched an innovative partnership with 'We Are Digital', to deliver up to 2,000 tablet devices free to over-70s to help keep them connected
  - Additional funding to our long-term charity partner Mental Health UK, enabling them to extend the Mental Health and Money Advice Service
  - Supporting The Silver Line (Age UK) to offer a 24/7 helpline/friendship service to those aged 55+ who may be feeling lonely or isolated
  - Free digital skills training through Lloyds Bank Academy; supported c.32,000 individuals, charities and small businesses in H1'20

What action have you taken in response to Black Lives Matter?

- At Lloyds Banking Group, we stand against discrimination in all its forms. We have been striving for inclusion and equality, but there is much more to do.
- The Black Lives Matter movement has prompted many of us to reflect, learn and think about the active steps we must take to drive positive change.
- Our progress so far:
  - We were one of the original founders of the Race for Opportunity campaign in the 1990s, and we were the first FTSE100 company to set public goals to increase Black, Asian and Minority Ethnic representation at senior levels although there is still much more work to be done here.
  - We have a comprehensive Ethnicity Strategy to help us meet our goals, which focuses on attracting and retaining talented Black, Asian and Minority Ethnic colleagues, building cultural awareness at all levels, and increasing visibility of authentic role models from a wide range of backgrounds.
  - Our Race, Ethnicity and Cultural Heritage (REACH) colleague network has over 4,000 members and holds regular events to support and develop our colleagues from a Black, Asian and Minority Ethnic background. In 2016 we launched our annual Inspire list, celebrating role models across the organisation.
  - Since 2019 we have sponsored the Pathway to Success programme, which aims to progress talented Black, Asian and Minority Ethnic candidates into public office. And in 2014 some of our colleagues established the RISE initiative, providing work experience and apprenticeships to young people from ethnic minority backgrounds at 10 colleges across the country.
- While we have made strides that we can be proud of, we know there is more to do, and we recognise that specific groups face difficult and sometimes nuanced challenges.
- We have spent time listening to many of our Black colleagues to hear their experiences and views on how we can create an inclusive environment for everyone. These conversations have not only helped us to understand the specific issues we must tackle, but also brought home that we simply have not made enough progress for them.
- In 2018 we made a public commitment to increase the ethnic diversity of both our overall and senior workforce. And this commitment still stands. Today 10.3% of all colleagues and 7.3% of our senior management population identify themselves as Black, Asian and Minority Ethnic. This collective target has led to positive changes, but Black colleagues are still significantly under-represented – accounting for 1.5% of our total workforce and 0.6% of senior management.
- We are aiming to address this with a 'Race Action' plan to drive cultural change, recruitment and progression across the Group.
- Our 'Race Action' plan activity will include:
  - Setting a new public goal, complementing our broader 2018 Black, Asian and Minority Ethnic target, to specifically increase Black representation in senior roles from 0.6% at senior grades to at least 3% by 2025, to align with the overall UK labour market.
  - Setting up a new advisory board made up of Black, Asian and Minority Ethnic colleagues to influence and inform our ongoing diversity strategy and ensure we are making the right progress.
  - Working in partnership with external experts to develop a race education programme, and removing issues of bias within the organisation.
  - Undertaking regular listening sessions to gauge our colleague experiences and progress against our goal.
  - Publishing our ethnicity pay gap report in 2020.
  - Ensuring that all recruitment shortlists at senior executive level have a Black, Asian and Minority Ethnic candidate.
  - Nurturing our talented Black colleagues through specific development and sponsorship programmes for both middle management and senior grades, so that we can help break the ceiling for senior role models – including additional secondment opportunities

Can you give an update on your ambitions to support the transition to a sustainable low carbon economy?

- Our goal is to be a leader in supporting the UK to successfully transition to a more sustainable, low carbon economy, which cannot happen overnight and relies on a phased approach
- We have set an ambitious goal to work with customers, Government, and the market to help reduce the carbon emissions we finance by >50% by 2030
- In helping the transition to a sustainable low carbon economy our progress has been recognised:
  - We have provided >£6bn in green finance since 2016 through our sustainable finance initiatives
  - Maintained leadership level in the 2019 CDP Climate Change survey, the only UK bank to score an A rating for a second year running
  - We have supported >40 renewable energy projects, the equivalent of generating power for 5.1m homes, achieving our 2020 target a year early
  - Achieved the rank of "leader" and 2nd in Europe, moving up from last place in 2017, in ShareAction's latest 'Banking on a Low Carbon Future' report

What is the Group doing on climate change?

- Given our unique position at the heart of the UK economy, the successful transition to a more sustainable, lower-carbon economy is of strategic importance to us.
- As we look forward, we want to play our part in tackling climate change by taking responsibility for the carbon generated through the use of our products and services by our different stakeholders.
- In response to the global issue of climate change, the Group reached a new milestone this year with the introduction of a new ambitious goal of working with customers, Government and the market to help reduce emissions we finance by more than 50 per cent by 2030, in line with the UK's Net Zero Goal and the Paris Agreement.
- We are also one of the first organisations in the world to commit to all three of The Climate Group's ambitious sustainability initiatives, which aim to speed up the transition to a low carbon economy by committing to 100 per cent renewable power, smarter energy use and electric transport.
- The UK is committed to the vision of a sustainable, low carbon economy, and has placed clean growth at the heart of its strategy. This will require a radical reinvention of the way people work, live and do business.
- To meet our commitment, we will:
  - Take a strategic approach to identifying new opportunities to support our customers and clients and to finance the UK transition to a sustainable low carbon economy, embedding sustainability into Group strategy across all activities.
  - Identify and manage material sustainability and climate related risks across the Group, disclosing these and their impacts on the Group and its financial planning processes in line with the TCFD recommendations.
  - Use our scale and reach to help drive progress towards a sustainable and resilient UK economy, environment and society through our engagement with industry, Government, investors, suppliers and customers.
  - Embed sustainability into the way we do business and manage our own operations in a more sustainable way.
- Read more on this in our ESG deck (here).