



30 November 2020

LLOYDS BANKING GROUP: APPOINTMENT OF CHARLIE NUNN AS GROUP CHIEF EXECUTIVE

Lloyds Banking Group plc is pleased to announce that, subject to regulatory approval, Charlie Nunn is to be appointed to the role of Group Chief Executive Officer and Executive Director.

Mr. Nunn is currently global Chief Executive, Wealth and Personal Banking at HSBC. Since joining HSBC in 2011, Mr. Nunn has held a range of leadership positions including Global Chief Operating Officer of Retail Banking and Wealth Management, Group Head of Wealth Management and Digital, and Chief Executive of Retail Banking and Wealth Management, assuming his current role in February 2018. He began his career at Accenture where he worked for 13 years in the US, France, Switzerland and the UK and became a Partner. He then moved to McKinsey & Co. as a senior Partner for 5 years.

Robin Budenberg, Non-Executive Director and incoming Chairman from 1 January 2021, said “I am excited about Charlie’s vision for Lloyds Banking Group, as well as his passion for and commitment to our purpose of helping Britain prosper. Given his career track record, he will bring world class operational, technology and strategic expertise to build on the strengths of the existing management team. I look forward to welcoming him to the Group.”

Charlie said “I feel particularly lucky to be joining Lloyds Banking Group at this important time. Lloyds’ history, exceptional people and leading position in the UK means it is uniquely placed to define the future of exceptional customer service in UK financial services. I look forward to building on the work of António and the team and their commitment to helping Britain prosper.”

Lord Blackwell, Chairman of Lloyds Banking Group, said “I am delighted that we have now completed the leadership succession by appointing Charlie as CEO to work alongside Robin Budenberg as the incoming Chairman. I am confident that together they will provide the strong leadership required to carry forward the strategic transformation that will enable Lloyds Banking Group to succeed as the UK’s leading retail and commercial bank.”

António Horta-Osório, Group Chief Executive Officer, said “Charlie will find a warm welcome at Lloyds Banking Group and a deep commitment from all of our people to deliver on our purpose and to help Britain recover. I am sure that he will find his time here as fulfilling and fascinating as I have done and I wish him the very best.”

The appointment follows a rigorous selection process managed by Robin Budenberg, Lord Blackwell and Alan Dickinson, Deputy Chairman and Senior Independent Director.

The date at which Mr Nunn takes up his role will be subject to agreement with his current employer where his contract of employment contains a six month notice period and up to six months’ post termination restrictions.

In the event that Mr Horta-Osório steps down ahead of Mr Nunn's appointment, it is envisaged, subject to regulatory approval, that William Chalmers, Group Chief Financial Officer, would take on the additional role of Acting Group CEO for the interim period. In this role he would be closely supported by Robin Budenberg and Alan Dickinson in their roles as Chairman and Deputy Chairman. Mr Chalmers would continue to maintain ongoing responsibility as Group CFO, but arrangements would be made to support him in this role and manage his wider responsibilities appropriately.

This announcement contains information that qualified or may have qualified as inside information and is disclosed in accordance with the Market Abuse Regulation (EU) 596/2014 ("MAR"). For the purposes of MAR, this announcement is made by Kate Cheetham, Group General Counsel & Company Secretary.

There are no other matters to be disclosed under listing rule 9.6.13R in relation to Charlie's appointment.

Remuneration Arrangements

Mr Nunn's remuneration arrangements have been set in accordance with the Directors' Remuneration Policy approved by shareholders at the AGM on 21 May 2020. This will include a basic salary of £1,125,000 per annum and a Fixed Share Award of £1,050,000 per annum, and flexible benefit funding of 4% of basic salary.

Pension funding has been set at 15% of salary, in accordance with the level set in the Directors' Remuneration Policy that aligns with arrangements for the majority of the workforce.

Mr Nunn will be eligible for a maximum Group Performance Share award of 140% of basic salary. Mr Nunn has agreed to limit the maximum award under the Long Term Share Plan to 150%, lower than the maximum allowable for executive directors under the Directors' Remuneration Policy. In aggregate, the changes to salary and maximum Long Term Share Plan award will result in a maximum remuneration level that is c.20% lower than that of the current Group Chief Executive. The incoming Chairman, Robin Budenberg, has requested that his own remuneration package also be reduced by 20 per cent.

On appointment, Mr Nunn will be granted deferred cash and share awards to replace, like for like, unvested HSBC awards that are forfeited as a result of him joining Lloyds Banking Group. The awards to be granted match the vesting and retention period attached to the awards being forfeited.

In addition, to acknowledge that Mr Nunn will lose his expected bonus awards from HSBC for the 2020 performance year, a 'lost opportunity' bonus award will be made on hire or as soon as reasonably practicable thereafter. The value of this award will be calculated by reference to Mr Nunn's 2019 bonus, adjusted as appropriate by reference to HSBC's total Group bonus pool as disclosed in their 2020 Annual Report

and Accounts. The awards granted will be delivered in a mixture of cash and shares in accordance with the rules generally applicable to Lloyds Banking Group awards.

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For further information:

Investor Relations

Douglas Radcliffe

+44 (0) 20 7356 1571

Group Investor Relations Director

douglas.radcliffe@lloydsbanking.com

Corporate Affairs

Matt Smith

+44 (0) 20 7356 3522

Head of Media Relations

matt.smith@lloydsbanking.com

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 relating to its future financial condition and performance. Statements that are not historical facts, including statements about the Group's or its directors' and/or management's beliefs and expectations, are forward looking statements. Words such as 'believes', 'anticipates', 'estimates', 'expects', 'intends', 'aims', 'potential', 'will', 'would', 'could', 'considered', 'likely', 'estimate' and variations of these words and similar future or conditional expressions are intended to identify forward looking statements but are not the exclusive means of identifying such statements. Examples of such forward looking statements include, but are not limited to: projections or expectations of the Group's future financial position including profit attributable to shareholders, provisions, economic profit, dividends, capital structure, portfolios, net interest margin, capital ratios, liquidity, risk-weighted assets (RWAs), expenditures or any other financial items or ratios; litigation, regulatory and governmental investigations; the Group's future financial performance; the level and extent of future impairments and write-downs; statements of plans, objectives or goals of the Group or its management including in respect of statements about the future business and economic environments in the UK and elsewhere including, but not limited to, future trends in interest rates, foreign exchange rates, credit and equity market levels and demographic developments; statements about competition, regulation, disposals and consolidation or technological developments in the financial services industry; and statements of assumptions underlying such statements. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future. Factors that could cause actual business, strategy, plans and/or results (including but not limited to the payment of dividends) to differ materially from forward looking statements made by the Group or on its behalf include, but are not limited to: general economic and business conditions in the UK and internationally; market related trends and developments; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; any impact of the transition from IBORs to alternative reference rates; the ability to access sufficient sources of capital, liquidity and funding when required; changes to the Group's credit ratings; the ability to derive cost savings and other benefits including, but without limitation as a result of any acquisitions, disposals and other strategic transactions; the ability to achieve strategic objectives; changing customer behaviour including consumer spending, saving and borrowing habits; changes to borrower or counterparty credit quality; concentration of financial exposure; management and monitoring of conduct risk; instability in the global financial markets, including Eurozone instability, instability as a result of uncertainty surrounding the exit by the UK from the European Union (EU) and as a result of such exit and the potential for other countries to exit the EU or the Eurozone and the impact of any sovereign credit rating downgrade or other sovereign financial issues; political instability including as a result of any UK general election; 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; natural, pandemic (including but not limited to the coronavirus disease (COVID-19) outbreak) and other disasters, adverse weather and similar contingencies outside the Group's control; inadequate or failed internal or external processes or systems; acts of war, other acts of hostility, terrorist acts and responses to those acts, geopolitical, pandemic or other such events; risks relating to climate change; changes in laws, regulations, practices and accounting standards or taxation, including as a result of the exit by the UK from the EU, or a further possible referendum on Scottish independence; changes to regulatory capital or liquidity requirements and similar contingencies outside the Group's control; the policies, decisions and actions of governmental or regulatory authorities or courts in the UK, the EU, the US or elsewhere including the implementation and interpretation of key legislation and regulation together with any resulting impact on the future structure of the Group; the ability to attract and retain senior management and other employees and meet its diversity objectives; actions or omissions by the Group's directors, management or employees including industrial action; changes to the Group's post-retirement defined benefit scheme obligations; the extent of any future impairment charges or write-downs caused by, but not limited to, depressed asset valuations, market disruptions and illiquid markets; the value and effectiveness of any credit protection purchased by the Group; the inability to hedge certain risks economically; the adequacy of loss reserves; the actions of competitors, including non-bank financial services, lending companies and digital innovators and disruptive technologies; and exposure to regulatory or competition scrutiny, legal, regulatory or competition proceedings, investigations or complaints. Please refer to the latest Annual Report on Form 20-F filed by Lloyds Banking Group plc with the US Securities and Exchange Commission for a discussion of certain factors and risks together with examples of forward looking statements. Lloyds Banking Group may also make or disclose written and/or oral forward looking statements in reports filed with or furnished to the US Securities and Exchange Commission, Lloyds Banking Group annual reviews, half-year announcements, proxy statements, offering circulars, prospectuses, press releases and other written materials and in oral statements made by the directors, officers or employees of Lloyds Banking Group to third parties, including financial analysts. Except as required by any applicable law or regulation, the forward looking statements contained in this document

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