



2023 Annual General Meeting

Summary of questions and answers on key themes

The Lloyds Banking Group plc 2023 Annual General Meeting (AGM) was held at the SEC Armadillo, Exhibition Way, Glasgow, G3 8YW on Thursday, 18 May 2023 at 11.00 am.

Please note that this document does not constitute a transcript of the AGM and does not include questions on individual customer matters.

Forward-looking statements

This document contains forward-looking statements. For further details, reference should be made to page 5.

Ethnicity and Diversity

Question: Could the Board please provide an overview of Lloyds' position on taking the next step in ethnicity pay gap reporting in the UK by providing data across quartile bands and bonus proportions as recommended by CIPD, the Chartered Institute of Personnel and Development? And, additionally, would the Board be willing to meet with ShareAction and with the Good Work Investor Coalition to discuss this issue further?

Answer: We were one of the first organisations to comply with the best standards in terms of ethnicity pay gap reporting. Our ethnicity pay gap has reduced this year and we fully intend to continue that trend in future years, which is fundamentally what we're all trying to achieve. We have a very good relationship with ShareAction and we had a recent meeting with you and of course we would be very happy to continue to do so. There are new standards coming in, as you say, in this area and we are absolutely committed to continuing to be at the forefront of compliance with those standards. So, we look forward to discussing that with you and your colleagues over the coming months.

Sustainability / ESG

Question: Will Lloyds commit to publishing a plan to restrict corporate financing for new oil and gas by the end of 2023?

Answer: Our exposure to oil and gas companies is very limited compared to our peer group, less than 1% of our customer balances. And we have set out some very clear objectives in regard to our overall exposure and the financing that we provide to oil and gas companies. We've committed not to directly finance new oil and gas projects. We have also said that we will aim to reduce the amount of emissions that we finance in the industry by 50% by 2030. However, we feel that the right way of going about that is not simply to stop lending to people, because otherwise in reality other people will lend to them. We can use our influence better by ensuring that all our customers in that sector have credible transition plans. We are working with other people to create the best possible standards for those transition plans and that is something that we commit to work through with our customers over the course of the coming year.

Question: Does the company research its ESG partners? Have you been aware of BlackRock's links with rainforest disruption? And if so, is there any dialogue with them?

Answer: It would not be appropriate for us to comment on our partners. We can assure you that we vet our partners very closely. We make sure that they align with our purpose and values.

The Chair handed to the Chair of Scottish Widows to add his thoughts: Our approach is shown in the Scottish Widows Responsible Investing Report, which can be accessed both digitally and through other means. There are three key tenets in that, in the Scottish Widows approach. The first one is that we're intending to invest £20-25 billion in responsible investment climate change strategies by 2025. The second is that we're going to aim to halve our carbon footprint by 2030 and the third thing of course is our overall commitment to net zero by 2050. As you would imagine, within the governance framework of Scottish Widows, we monitor our progress against all those commitments on a regular basis through the appropriate committees and we are pleased with the progress that we're making so far.

Colleagues

Question: Do you recognise that the compressed hours pilot review is a direct attack on working women, parents and carers who work at your bank? (*a testimony from the mother of a colleague was read out at the meeting*). This is not a policy which is in step with a commitment to flexible working. It's just not, and this is the feedback you've had from colleagues. And it is going to exclude a lot of very capable, hard-working people from the labour force in Lloyds. It's going to do nothing to address imbalances in gender inequality, in pay and pension. So, I think you need to think about that.

Answer: We are very sorry to hear the comments from your colleague. At this stage, what we're doing is conducting two pilot projects. We've also asked colleagues to set out their views on flexible working. We as an organisation are very proud that we have led the development of flexible working and we will continue to do that. We want to make sure that, as flexible working evolves, we can do something that is fair for everyone and helps teams become effective. But we would stress that no decisions have been taken. We are focused on listening to colleagues, what they have to say. This will also be particularly around compressed hours. There will be a big focus on individuals and the needs of individuals and any outcome will very much be based on individual discussions between colleagues and their line managers. So, we are very sorry that upset has been caused by this, and we will seek to come to conclusions as soon as we can. But it's really important that, before we do that, we hear the views and we trial different options.

Question: Does Lloyds think that this is fair to ask workers to make a choice of losing several thousand or a thousand pounds because of choices they're making and forcing a pilot on people that don't want it? (*a testimony from a colleague was read out at the meeting*).

Answer: These discussions will be very much had on individual bases. We clearly need to create a flexible work pattern that is fair for everybody, that allows teams to work effectively together. But to emphasise again that we are listening and that is the point of these pilots and the questionnaire that has gone out to colleagues. But, again, we are very sorry to hear about the concerns expressed by our colleague.

Question: Is Lloyds OK with leading a policy which is going to discriminate against parents with children who have disabilities and additional needs? (*a testimony from a colleague was read out at the meeting*).

Answer: These will be individual discussions around compressed hours, and we will be particularly focused on any form of vulnerability as part of those discussions.

Community and Customers

Question: What is Lloyds' plan to provide economic support in the Northeast?

Answer: What happens in the regions and nations around the UK is absolutely fundamental to the health of banks like Lloyds Banking Group and we keep a very close focus on that. We have regional ambassadors in every region. The vast majority of our people work outside of London. For example, over a fifth of our people work and live in Scotland. We are very focused on continuing to support all the regions including Teesside. We have to focus on what we can control and that is the relationship with the customers that we have in every area around the UK and also helping them to invest in their own future.

Question: Why does the bank not want new customers? Have the short-term savings in not having branch managers and closing branches, having driven customers away, has that been used to increase remuneration to any employee other than Board members?

Answer: We have not increased executive pay for our extremely able executive directors this year.

It's been a very significant trend over the last 10, 15 years towards people wanting to interact with us digitally. We recognise that we need to keep other channels open, and we do as a Group have the largest branch network in the UK of any of the banking groups. But we now find that people really do want to interface with us digitally. What we're doing essentially, to the extent that we are reducing our branch side, we're re-investing that in direct lines of communication with our customers in contact centres. We allocated 4,500 people to our contact centres to help people through the cost of living issue that we are facing at the moment and that sort of expertise is simply not possible to have in every single branch. So, we are re-investing money that comes from a rationalisation of the branch network into broader services that help provide the customer service that we think our customers want.

Question: What's wrong with Southern Ireland for banking?

Answer: First of all, as far as we are aware, there's nothing the matter with Southern Ireland from a banking perspective. But we are focused on where we are and on making our business in the UK better and longer-term and more sustainable. And we don't want to distract ourselves from that but will keep this under consideration.

Question: The land registry in England is currently highlighting the importance of property owners being protected against the risk of fraud. Would you confirm that you also would wish to see your mortgage customers being informed and/or encouraged to safeguard themselves against property losses including from fraud?

Answer: Yes, that would be what we would wish.

Shareholders

Question: Would the Board please consider holding the AGM in future as a hybrid? I know there's a webcast, but webcast is not interactive. A hybrid meeting would be.

Answer: It is a very good question. It's something that we have considered. The issue is that, with two million shareholders, we need to be very sure about the technology, because we could create real issues and actually undermine the validity of the shareholder meeting. But it is something that we will continue to bear in mind.

Question: Does the Board ever consider how much money the Lloyds shareholders lost with the HBOS takeover and do we really know the full story?

Answer: This is something that this Board and its predecessors think about on a very regular basis and one of the things we want to make sure is that we don't undertake things that create the same loss in future for shareholders. We very much focus on doing things that we hope will be for the benefit of shareholders and for our broader communities, which is essential for the long-term sustainability of this bank. And our focus as a Board is to take the bank as we see it today and as we have it today forward in the best possible way for you as shareholders.

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. These statements concern or may affect future matters, including but 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, riskweighted 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; the Group's ESG targets and/or commitments; statements of plans, objectives or goals of the Group or its management and other statements that are not historical fact; expectations about the impact of COVID-19; 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 include, but are not limited to: general economic and business conditions in the UK and internationally; political instability including as a result of any UK general election and any further possible referendum on Scottish independence; acts of hostility or terrorism and responses to those acts, or other such events; geopolitical unpredictability; the war between Russia and Ukraine; the tensions between China and Taiwan; market related risks, trends and developments; exposure to counterparty risk; instability in the global financial markets, including within the Eurozone, and as a result of the exit by the UK from the European Union (EU) and the effects of the EU-UK Trade and Cooperation Agreement; 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 (including but not limited to the COVID-19 pandemic) and other disasters; risks concerning borrower and counterparty credit quality; risks affecting insurance business and defined benefit pension schemes; risks related to the uncertainty surrounding the integrity and continued existence of reference rates; 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; 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), 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 forwardlooking 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. The information, statements and opinions contained in this document do not constitute a public offer under any applicable law or an offer to sell any securities or financial instruments or any advice or recommendation with respect to such securities or financial instruments.