



3 April 2020

IMPORTANT UPDATE TO CHAIRMAN'S LETTER: DIVIDEND WITHDRAWAL AND AGM ARRANGEMENTS

Dear Shareholder,

This letter contains some important updates to the Chairman's letter in the Notice of AGM to reflect material changes since the time of publication.

Dividend payments

As you may have seen in the press, on 31 March 2020 we announced that, in order to help us to serve the needs of businesses and households through the extraordinary challenges presented by the COVID-19 pandemic, your Board decided that until the end of 2020 we will undertake no quarterly or interim dividend payments, accrual of dividends, or share buybacks on ordinary shares. Your Board will decide on any dividend policy and amounts at year-end 2020.

In addition, in response to a request from our regulator, the Prudential Regulation Authority ("PRA"), and to preserve additional capital for use in serving our customers, your Board agreed to cancel payment of the final 2019 dividend in relation to ordinary shares. Accordingly, Resolution 17 contained in the Notice of Annual General Meeting ("AGM") in relation to the declaration of that dividend will be withdrawn from the AGM, scheduled to take place on 21 May 2020.

As set out in our annual report, the Group ended 2019 with a strong capital position. These decisions requested by the PRA were agreed in common with other UK banks as an additional precautionary measure to preserve capital within the UK banking system. The accompanying statement from the PRA noted:

"In the assessment of the Financial Policy Committee and the Prudential Regulation Committee, the banks enter this period with strong capital positions, more than sufficient to accommodate the combined simultaneous impact of severe UK and global recessions and a financial markets shock - as demonstrated through their performance in our recent stress tests. Although the decisions taken today will result in shareholders not receiving dividends, they are a sensible precautionary step given the unique role that banks need to play in supporting the wider economy through a period of economic disruption, alongside the extraordinary measures being taken by the authorities. We do not expect the capital preserved to be needed by the banks in order to maintain adequate capital positions, but the extra headroom should help the banks support the economy through 2020."

While the Board understands the cancellation of this dividend will be disappointing to shareholders, we believe it was appropriate to agree to this in the current exceptional circumstances. While we expect that the months ahead will be exceptionally challenging for businesses and households across the UK, we remain focused on our purpose of Helping Britain Prosper. We are supporting our customers with a raft of measures to help minimise the financial impact of the global pandemic on households, businesses and communities. Further details of these measures are available on the Group's website at www.lloydsbankinggroup.com/Media/coronavirus/.

Important changes to our AGM

Your Board continues to closely monitor developments in relation to the COVID-19 pandemic and the health and wellbeing of the Company's shareholders, customers and employees continue to remain of paramount importance.

Since our Notice of AGM was published on 19 March 2020, the UK Government passed into law further mandatory measures in order to reduce the transmission of COVID-19. These mandatory measures prohibit, amongst other things, individuals engaging in non-essential travel and public gatherings of more than two people, save where the gathering is essential for work purposes (the "Stay at Home Measures").

Whilst we remain legally required to hold our AGM, the Stay at Home Measures, if still in place at the time of the AGM, will significantly restrict our ability to follow our usual AGM format. In order to ensure shareholders can comply with the Stay at Home Measures, if these measures are still in place at the time of the AGM, your Board has concluded that **shareholders should not plan to attend the AGM in person**. It is currently intended that the AGM will be held with only the minimum number of shareholders present as required to form a quorum under the Company's articles of association, and who are essential for the business of the AGM to be conducted. These attendees will be officers or employees of the Group. The results of the votes on the proposed resolutions will be announced in the normal way as soon as practicable after the conclusion of the AGM.

Having regard to their own safety and that of others, shareholders are respectfully asked to comply with the Stay at Home Measures and not make plans to attend the AGM. To ensure the safety of the limited number of people whose attendance is essential, **we will not be able to allow other shareholders to gain access to the AGM on the day**.

In order to ensure that shareholders' votes are counted, your Board strongly encourages shareholders to exercise their right to vote by appointing the chairman of the AGM as their proxy to exercise their right to vote at the AGM in accordance with their instructions. Shareholders can do this by submitting their proxy form or voting instruction and are encouraged to do so online. Simply go to www.sharevote.co.uk and follow the instructions. Alternatively, shareholders can do so using the proxy or voting instruction form that is enclosed with this letter. Proxy appointments or voting instructions should be provided as soon as possible and must be received by Equiniti no later than **11.00 am on Tuesday 19 May 2020 in order to be valid**.

Despite these necessary changes to the format of the AGM, your Board remains very mindful of ensuring that shareholders have an opportunity to engage with them. Questions submitted by shareholders which are of common interest are addressed through the Shareholder Information section of the Group's website. Shareholders are encouraged to submit questions in advance of the AGM, or raise matters of concern as a shareholder, by emailing ShareholderQuestions@lloydsbanking.com with the subject line "AGM 2020".

Documentation

A number of documents, listed below, have been issued to shareholders and contain references to the final 2019 dividend, which are no longer applicable. For your convenience, we have noted these below with a brief explanation of the changes:

- **Notice of AGM:** The Notice of AGM, under Resolution 17, refers to the Board's recommendation for the final 2019 dividend. Your Board no longer recommends the final 2019 dividend and that resolution will be withdrawn from consideration at the AGM.
- **Proxy or Voting Form:** Resolution 17 in the Notice of AGM proposes the final 2019 dividend for approval by shareholders. As this Resolution will be withdrawn, there is no need to vote on this Resolution. As noted above, you are strongly encouraged to submit your proxy form or voting instruction form on the other Resolutions.
- **DRIP Application Form and transfer form:** These forms relate to the Company's Dividend Re-investment Plan and can be discarded.
- **Financial Reports and Performance Summary:** References to the final 2019 dividend in these documents no longer apply.

Further updates on our website

Given the rapidly evolving situation, we will keep shareholders informed of any further developments relating to our AGM and other matters on our website at www.lloydsbankinggroup.com/Investors/shareholder-info/shareholder-meetings/.

I would encourage all shareholders to keep up to date by referring to this site for further information. Thank you for your understanding as we all work together to keep our families safe and support our customers, colleagues and you, our shareholders.

Yours faithfully



Lord Blackwell
Chairman