

RFB Conflict Matter Forum Terms of Reference

Background

As most of the business of Lloyds Banking Group sits within Lloyds Bank plc and Bank of Scotland plc (each an RFB and together the RFBs or the Banks and with their Subsidiary Undertakings forming the Ring-Fenced Banks Sub-Group), the interests of the Ring-Fenced Banks Sub-Group and the Group are aligned in most circumstances. To reflect this alignment, the Group has adopted an aligned board model (the **Aligned Board Model**) which practically means that the Board and Board Committee meetings for each of the Banks as well as Lloyds Banking Group plc and HBOS plc are generally held concurrently with the agenda structured to allow decisions to be taken and scrutinised by the appropriate meeting.

The Aligned Board Model includes safeguards in the event that the Group's interests are not aligned with those of the Ring-Fenced Banks Sub-Group including the safeguard prescribed by PRA Direction 00011778 and 00011779 dated 8 May 2026 (the **PRA Direction**) for the Banks to establish an RFB Conflict Matter Forum. The role of the RFB Conflict Matter Forum is particularly important as pursuant to the terms of the PRA Direction, the membership of the Boards of Lloyds Banking Group plc, Lloyds Bank plc, Bank of Scotland plc and HBOS plc (each a **Principal Company** and together the **Principal Companies**) is permitted (but not required) to be composed of a common set of non-executive directors.

In addition to the establishment of the RFB Conflict Matter Forum, other safeguards put in place by the Group to identify and/or manage any RFB Conflict Matter are that:

- the Boards of the Banks include three non-executive directors with prescribed regulatory responsibilities for the RFB (the **RFB-Designated NEDs**). The RFB-Designated NEDs may be (but are not required to be) members of the Boards of Lloyds Banking Group plc (**LBG plc**) and/or HBOS plc;
- the RFB-Designated NEDs act in accordance with the Articles of Association of the RFB as well as the RFB Conflict Matter Forum Terms of Reference and the RFB Conflict Matter Playbook;
- at least one RFB-Designated NED (and for the Audit Committee and Board Risk Committee, at least two RFB-Designated NEDs) as prescribed by the relevant terms of reference will be a member of each Board Committee of the Banks;
- at least one RFB-Designated NED (and for the Audit Committee and Board Risk Committee, at least two RFB-Designated NEDs) as prescribed by the relevant terms of reference will either be a member or observer of each Board Committee of Lloyds Banking Group plc and/or HBOS plc, depending on whether the relevant RFB-Designated NED is also a member of the Boards of Lloyds Banking Group plc and/or HBOS plc;
- the RFB-Designated NEDs will directly oversee and manage any matter for decision where the interests of the RFBs conflict or may conflict with any other member of the ring-fenced body's group (other than a ring-fenced affiliate) in a way that could adversely affect: (1) the financial or non-financial resources of the ring-fenced body in a material way; (2) the sustainability of the ring-fenced body's business model; (3) the continuous provision in the United Kingdom of core services as defined in section 142C of FSMA; or (4) the ability of the ring-fenced body to meet any ring-fencing provision as defined in section 142A(5) of FSMA (each an **RFB Conflict Matter**).

The purpose of the RFB Conflict Matter Forum is to enable the RFB-Designated NEDs and other relevant subject matter experts with relevant experience to engage in the detailed review and challenge of any RFB Conflict Matter or potential RFB Conflict Matter and thereby inform and enhance discussions at meetings of any Principal Company's Board or Board Committees, as relevant.

Direct Board level engagement relating to business of the RFB Conflict Matter Forum will be provided through specific agenda items and deep dives at meetings of the boards of any Principal Company, as required.

1. Members, Attendees and Chair

The membership of the RFB Conflict Matter Forum will include:

- Chair of the Board Risk Committee of Lloyds Banking Group plc;
- Chair of the Board Risk Committees of the Banks;
- at least two RFB-Designated NEDs;
- RFB Chief Risk Officer;
- RFB Risk Officer.

Additional attendees of the RFB Conflict Matter Forum will include:

- Functional Risk Directors, as appropriate;
- Any representative of the Group Internal Audit Function, as appropriate;
- Any representative of the Legal & Secretariat Function, as appropriate;
- Any representatives of the Finance Function, as appropriate;
- Members of management, as appropriate.

Subject to the terms of the RFB Conflict Matter Playbook, the Chair of the RFB Conflict Matter Forum will be the Chair of the Board Risk Committee of Lloyds Banking Group plc who will also be the Chair of the Board Risk Committees of the Banks.

2. Objectives

The objectives of the RFB Conflict Matter Forum are:

- To provide a forum to dedicate time and resource, to better understand and to enable full review and challenge of any RFB Conflict Matter or potential RFB Conflict Matter;
- To seek the advice of the RFB Risk Officer on any potential RFB Conflict Matter that has been considered or any activity that might give rise to a potential RFB Conflict Matter and the action that has been or could be taken to address any residual concerns;
- To review any potential breaches of the RFB Perimeter;
- To review the agenda for any upcoming meeting of a Principal Company Board or Board Committee as considered appropriate by the Forum in respect of coverage of any matters specific to the RFBs, giving an opportunity to ask for additional coverage or information in relation to the RFBs in advance of finalisation of the agenda and papers;
- To review RFB-specific management information and risk reports selectively, where this is relevant to the identification, assessment or management of actual or potential RFB Conflict Matters. Such information may be drawn from, but is not limited to, the RFB and Group level 4 year operating plan, risk appetite, and RFB risk reporting (including Enterprise Wide Risk Management and related analysis);
- To highlight major issues and/or areas of risk for escalation to any Principal Company Board or Board Committee, as appropriate;
- To support the provision by the RFB Chief Risk Officer and RFB Risk Officer, of an annual attestation to the PRA, as required by the PRA Direction, that:
 - the framework for risk management for each of Lloyds Banking Group plc and the RFB are sufficiently aligned so as not to cause an RFB Conflict Matter;
 - the RFB Conflict Matter Forum meets at least four times a year and effectively considers all relevant management information to identify and manage actual and potential conflict matters;
 - the RFB Conflict Matter Forum effectively identifies significant issues relating to the RFB for discussion by the RFB's Board Risk Committee or governing body as appropriate; and
 - the activities of the sub-consolidation group (as defined by the PRA) represent a significant majority of the activities of the UK consolidation (as defined by the PRA) group.

The Forum will not duplicate the governance of other Risk and Audit reporting or action tracking undertaken for the RFB through other forums or committees, but may consider such information where it is material to identifying, assessing or managing an actual or potential RFB Conflict Matter, or may affect the independent decision making of the RFB.

3. Reporting and Meeting Arrangements

The RFB Conflict Matter Forum will, where considered appropriate or necessary, report (for information, consideration and agreement or recommendations, as appropriate) on its deliberations to relevant meetings of the Board Risk Committee of a Principal Company. A summary report will also be tabled at any subsequent relevant Principal Company's Board meeting as appropriate, noting any issues that require Board discussion. Reports may also be provided to any other Principal Company Board Committee meeting, as appropriate.

During meetings of the RFB Conflict Matter Forum, the RFB Chief Risk Officer will leave the meeting for a period of time to allow the RFB Risk Officer to discuss issues where the RFB Chief Risk Officer may have a conflict because of their role as Chief Risk Officer of LBG plc.

4. Resources

The RFB Conflict Matter Forum may draw on the management resources of the Group as required. It will also have access to any additional advice or support that it requires in the discharge of its duties, including access to legal advice provided or procured by the Legal & Secretariat function.

5. Committee Management

The secretary to the RFB Conflict Matter Forum will be the Company Secretary of Lloyds Banking Group plc or their nominee. The secretary shall minute the proceedings of all meetings of the Forum, including recording the names of those present and in attendance. The agenda will be agreed between the Chair of the RFB Conflict Matter Forum and the RFB-Designated NEDs in consultation with the RFB Risk Officer and is expected to focus on discussion topics.

6. Quorum

The quorum will be any three members including two RFB-Designated NEDs.

7. Frequency of Meetings

The RFB Conflict Matter Forum will meet at least four times each year.

These terms of reference became effective as of 21 September 2026.