

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED) (“U.S. PERSON”) OR TO ANY PERSON LOCATED OR RESIDENT IN THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS (INCLUDING PUERTO RICO, THE U.S. VIRGIN ISLANDS, GUAM, AMERICAN SAMOA, WAKE ISLAND AND THE NORTHERN MARIANA ISLANDS), ANY STATE OF THE UNITED STATES OR THE DISTRICT OF COLUMBIA (TOGETHER, THE “UNITED STATES”) OR INTO ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DISTRIBUTE THIS DOCUMENT.

IMPORTANT: You must read the following before continuing. The following disclaimer applies to the attached Exchange Offer Memorandum (the “**Exchange Offer Memorandum**”) and you are therefore required to read it carefully before reading or making any other use of the Exchange Offer Memorandum. By accepting the email to which this disclaimer and the Exchange Offer Memorandum were attached and by accessing the Exchange Offer Memorandum, you shall be deemed (in addition to giving the representations below) to agree to be bound by all of the following terms and conditions, including any modifications to them from time to time, each time you receive any information from Lloyds Banking Group plc (the “**Offeror**”), Bank of Scotland plc (formerly known as The Governor and Company of the Bank of Scotland), HBOS Sterling Finance (Jersey) L.P. (formerly known as Halifax Group Sterling Finance (Jersey) L.P.) and Lloyds Bank plc (formerly known as Lloyds TSB Bank plc) (together, the “**Issuers**”), Lloyds Bank Corporate Markets plc (the “**Global Co-ordinator & Joint Dealer Manager**”), Goldman Sachs International and Merrill Lynch International (together with the Global Co-ordinator & Joint Dealer Manager, and where the context so requires, with their respective affiliates, the “**Joint Dealer Managers**” and each a “**Joint Dealer Manager**”) and/or Lucid Issuer Services Limited (the “**Exchange Agent**”) as a result of such acceptance and access. Capitalised terms used but not otherwise defined in this disclaimer shall have the meanings given to them in the Exchange Offer Memorandum.

Confirmation of your representation: The Exchange Offer Memorandum contains invitations by the Offeror to the holders of certain sterling denominated notes (the “**Existing Notes**”) issued by the Issuers as further described in “Certain Details of the Existing Notes” in the Exchange Offer Memorandum to make offers to exchange their outstanding Existing Notes for new sterling denominated dated subordinated Notes (the “**New Tier 2 Notes**”) to be issued by the Offeror (the “**Exchange Offers**”) and, where applicable, a Cash Consideration Amount (as defined herein). The Exchange Offer Memorandum was sent at your request and, by accepting the email to which the Exchange Offer Memorandum was attached and accessing the Exchange Offer Memorandum, you shall be deemed (in addition to the above) to have represented to the Offeror, the Joint Dealer Managers and the Exchange Agent that:

- (i) you are a holder or a beneficial owner of the Existing Notes;
- (ii) you are, and (if you are acting as an intermediary) each person for whom you are acting as intermediary and who is making an investment decision in respect of the New Tier 2 Notes is, an Eligible Person (as defined below);
- (iii) the electronic mail address which you have given to us and to which the Exchange Offer Memorandum has been delivered is not located in the United States;
- (iv) neither you nor any beneficial owner of the Existing Notes nor any other person on whose behalf you are acting, either directly or indirectly, is located or resident in the United States or is a U.S. person;
- (v) you are not a Sanctions Restricted Person (as defined in the attached Exchange Offer Memorandum) and you are otherwise a person to whom it is lawful to send the Exchange Offer Memorandum or for the Offeror to make an invitation pursuant to the Exchange Offer under applicable laws and regulations; and
- (vi) you consent to the delivery of the Exchange Offer Memorandum to you by electronic transmission.

The representation set out at (v) above shall not apply at any time after such representation is first given if and to the extent that it is or would be unenforceable by reason of breach of (i) any provision of Council Regulation (EC) No 2271/1996 of 22 November 1996 (or any law or regulation implementing such Regulation in any

member state of the European Union or the United Kingdom) or (ii) any similar blocking or anti-boycott law in the United Kingdom.

An “**Eligible Person**” is a person that, if such person were receiving services in the course of a firm carrying on a regulated activity, would be a client who is either a ‘professional client’ or an ‘eligible counterparty’ under MiFID II (as defined below).

You are otherwise reminded that the Exchange Offer Memorandum has been delivered to you on the basis that you are a person into whose possession the Exchange Offer Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located or resident. If you have recently sold or otherwise transferred your entire holding of Existing Notes, you should immediately inform the Exchange Agent. The Exchange Offer Memorandum should not be forwarded or distributed to any other person and should not be reproduced in any manner whatsoever.

Any materials relating to the Exchange Offers do not constitute, and may not be used in connection with, any form of offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the Exchange Offers be made by a licensed broker or dealer and any of the Joint Dealer Managers or any of their affiliates is such a licensed broker or dealer in that jurisdiction, the Exchange Offers shall be deemed to be made by such Joint Dealer Manager or such affiliate, as the case may be, on behalf of the Offeror in such jurisdiction.

The Exchange Offer Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Offeror, the Issuers, the Joint Dealer Managers or the Exchange Agent nor any person who controls any of them nor any of their respective directors, officers, employees, agents or affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Exchange Offer Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Exchange Agent.

Restrictions

If the Exchange Offer Memorandum is communicated to persons in the United Kingdom, it may only be so communicated in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

Nothing in the Exchange Offer Memorandum constitutes an offer of securities for sale in: (a) the United States; (b) Belgium (other than (i) to “qualified investors” in the sense of Article 10 of the Belgian Prospectus Law, acting on their own account; or (ii) in any other circumstances set out in Article 6, §4 of the Belgian Takeover Law and Article 3, §4 of the Belgian Prospectus Law); (c) France (other than to qualified investors (*investisseurs qualifiés*) as defined in Article (2)(e) of Regulation (EU) 2017/1129; (d) Italy (other than in circumstances where an express exemption from compliance with the restrictions on public purchases or exchange offers applies pursuant to the Financial Services Act or the CONSOB (as defined in the attached Exchange Offer Memorandum) regulations), (e) the United Kingdom (other than to (i) an existing member or creditor of a Group Company or (ii) a person otherwise within Article 43(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or (iii) any other person to whom the documents and/or materials may lawfully be communicated) or (f) any other jurisdiction in which such offer would be unlawful.

MiFID II product governance / professional investors and ECPs only target market – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the New Tier 2 Notes described in the attached Exchange Offer Memorandum has led to the conclusion that: (i) the target market of the New Tier 2 Notes is ‘eligible counterparties’ and ‘professional clients’ only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for the distribution of the New Tier 2 Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the New Tier 2 Notes (a “**distributor**”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the New Tier 2 Notes (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

PRIIPs Regulation / prohibition of sales to EEA and UK retail investors – The New Tier 2 Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”) or in the United Kingdom (the “UK”). For these purposes, a “**retail investor**” means a person who is one (or more) of: (i) a ‘retail client’ as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97, as amended or superseded, where that customer would not qualify as a ‘professional client’ as defined in point (10) of Article 4(1) of MiFID II. No key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling securities falling within scope of the PRIIPs Regulation or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the New Tier 2 Notes or otherwise making them available to any retail investor in the EEA or in the UK may, if the New Tier 2 Notes were to be determined to fall within the scope of the PRIIPs Regulation, be unlawful under the PRIIPs Regulation.

The Exchange Offer Memorandum contains and incorporates by reference important information which should be read carefully before any decision is made with respect to the Exchange Offers. If any holder or a beneficial owner of Existing Notes is in any doubt as to the action it should take, it is recommended to seek its own financial and legal advice, including as to any tax consequences, from its stockbroker, bank manager, solicitor, accountant or other independent financial adviser or legal adviser. Any individual or company whose Existing Notes are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee must contact such entity if it wishes to Offer to Exchange Existing Notes in the Exchange Offers.

Exchange Offer Memorandum dated 16 November 2020

Not for distribution to any U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended) (“U.S. Person”) or in or into the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States or the District of Columbia (together, the “United States”).

The Exchange Offers are not being made to, and any Offers to Exchange Existing Notes will not be accepted from, or from any person acting on behalf of, Holders (as defined herein) in any jurisdiction in which the making of the Exchange Offers would not be in compliance with the laws or regulations of such jurisdiction. See “Offer Restrictions” below.

This Exchange Offer Memorandum and the Base Prospectus (as defined herein) contain and incorporate by reference important information which should be read carefully before any decision is made to participate in the Exchange Offers. If you are in any doubt as to the action you should take, you are recommended to seek your own financial and legal advice, including in respect of any tax consequences, immediately from your stockbroker, bank manager, accountant or other independent financial adviser or legal adviser.

Any individual or company whose Existing Notes are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee must contact such entity if they wish to participate in the Exchange Offers. None of Lloyds Bank Corporate Markets plc (the “Global Co-ordinator & Joint Dealer Manager”), Goldman Sachs International and Merrill Lynch International (together with the Global Co-ordinator & Joint Dealer Manager, and where the context so requires, with their respective affiliates, the “Joint Dealer Managers” and each a “Joint Dealer Manager”), Lloyds Banking Group plc (the “Offeror”), Bank of Scotland plc (formerly known as The Governor and Company of the Bank of Scotland), HBOS Sterling Finance (Jersey) L.P. (formerly known as Halifax Group Sterling Finance (Jersey) L.P.) or Lloyds Bank plc (formerly known as Lloyds TSB Bank plc) (together, the “Issuers”) or Lucid Issuer Services Limited (the “Exchange Agent”) (or their respective directors, employees or affiliates) makes any recommendation as to whether or not Holders should offer the Existing Notes for exchange.

Unless otherwise defined herein or the context otherwise requires, capitalised expressions used in this Exchange Offer Memorandum shall have the meanings set out under “Definitions” below.



**INVITATIONS BY
LLOYDS BANKING GROUP PLC (THE “OFFEROR”)
TO THE HOLDERS OF THE STERLING DENOMINATED SUBORDINATED SECURITIES LISTED BELOW
(THE “EXISTING NOTES”)
TO OFFER TO EXCHANGE THEIR EXISTING NOTES
(EACH AN EXCHANGE OFFER AND TOGETHER THE “EXCHANGE OFFERS”)
FOR A COMBINATION OF (i) A SINGLE SERIES OF NEW STERLING DENOMINATED SUBORDINATED
NOTES (THE “NEW TIER 2 NOTES”) TO BE ISSUED BY THE OFFEROR AND (ii) ANY APPLICABLE CASH
CONSIDERATION AMOUNT (THE “CASH CONSIDERATION AMOUNT”) AND, TOGETHER WITH THE NEW
TIER 2 NOTES, THE “EXCHANGE CONSIDERATION”)**

ISIN	Issuer	Current Coupon (%)	Amount Outstanding	Maturity Date	First Call Date	Reference Benchmark	Exchange Spread	Exchange Consideration (%)*	New Tier 2 Notes Consideration Amount (per £1,000 in principal amount of Existing Notes)	Cash Consideration Amount (per £1,000 in principal amount of Existing Notes)	Amount Subject to the Exchange Offers
EXISTING TIER 1 NOTES											
XS0125686229	Bank of Scotland plc	7.281	£150,000,000	Perpetual	31 May 2026	Not Applicable	Not Applicable	121.75	£885.12	£332.38	Any and all
XS0408620721	Lloyds Bank plc	13.000	£590,841,000	Perpetual	22 January 2029	Not Applicable	Not Applicable	181.75	£1,428.55	£388.95	
GB0058327924	HBOS Sterling Finance (Jersey) L.P.	7.881	£245,000,000	Perpetual	9 December 2031	Not Applicable	Not Applicable	166.00	£1,660.00	£0.00	
EXISTING TIER 2 NOTES											
XS0043098127	Lloyds Bank plc	9.625	£300,000,000	6 April 2023	Not Applicable	0.750% Treasury Gilt due 22 July 2023 (GB00BF0HZ991) Bloomberg Page PXUK	85bps	To be announced on the Results Announcement Date	An amount reflecting the Exchange Consideration minus the relevant Cash Consideration Amount	£500.00	The amount which can be exchanged for the portion of the Maximum New Issue Size remaining after acceptance of Existing Tier 1 Notes
XS0503834821	Lloyds Bank plc	7.625	£750,000,000	22 April 2025	Not Applicable	0.625% Treasury Gilt due 7 June 2025 (GB00BK5CVX03) Bloomberg Page PXUK	100bps			£229.33	

* Including both the consideration in the form of New Tier 2 Notes and the Cash Consideration Amount (where applicable).

NEW TIER 2 NOTES										
Issuer of the New Tier 2 Notes	Capital Type	Currency	Reference Gilt	Reference Gilt Rate	New Tier 2 Notes Spread	New Tier 2 Notes Issue Price	Optional Redemption Date	Maturity Date	Minimum New Issue Size	Maximum New Issue Size*
Lloyds Banking Group plc	Tier 2	GBP	4.75% Treasury Gilt due 7 December 2030 (GB00B24FF097) Bloomberg Page PXUK	To be determined as set out herein and announced on the Results Announcement Date	240bps	100%	3 December 2030	3 December 2035	£350,000,000	£1,250,000,000

* Offers to Exchange Existing Tier 1 Notes shall be made on an any and all basis; if submissions of Existing Tier 1 Notes would result in a greater new issue size than the Maximum New Issue Size, then the final issue amount of the New Tier 2 Notes may be greater than the Maximum New Issue Size. In this case, no Existing Tier 2 Notes are expected to be accepted for exchange.

Subject as set out under “Offer Restrictions” below, the Offeror hereby separately invites the Holders (as defined herein) who are Eligible Persons (as defined herein) to Offer to Exchange, on the terms and subject to the conditions set out in this Exchange Offer Memorandum, their outstanding Existing Notes for the Exchange Consideration as set out herein (the “Exchange Offers”).

The aggregate principal amount of the New Tier 2 Notes and, where applicable, the Cash Consideration Amount offered in exchange for each £1,000 in outstanding principal amount of the Existing Notes accepted for exchange will be determined based on the relevant Exchange Consideration (as defined herein) in the manner described herein.

Holders of Existing Notes shall only be entitled to Offer to Exchange such Existing Notes for the Exchange Consideration as specified herein.

The Exchange Offers are conditional upon receiving valid Offers to Exchange that, if and when accepted, would result in the Offeror issuing New Tier 2 Notes in an aggregate principal amount which satisfies the Minimum New Issue Size Condition (as specified in the column entitled “Minimum New Issue Size” of the table set out under “Certain Details of the New Tier 2 Notes” on page 9 below). The Maximum New Issue Size (as defined herein) for the New Tier 2 Notes to be issued pursuant to the Exchange Offers is specified in the column entitled “Maximum New Issue Size” of the table set out under “Certain Details of the New Tier 2 Notes” on page 9 below, provided that if the Offeror accepts Existing Tier 1 Notes of any Series for exchange it will accept any and all Existing Tier 1 Notes of that Series for exchange and the Maximum New Issue Size will not apply to New Tier 2 Notes issued in exchange for Existing Tier 1 Notes.

Upon expiration of the Exchange Offer Period (as defined herein), the Offeror may (but has no obligation to Holders to) accept valid Offers to Exchange, in which case such Offers to Exchange will be accepted at the Offeror’s sole discretion (as set out below).

If the Offeror decides, in its sole and absolute discretion, to accept any valid Offers to Exchange in respect of a Series of Existing Tier 1 Notes pursuant to the relevant Exchange Offer, it will accept for exchange all Existing Tier 1 Notes of that Series in respect of which valid Offers to Exchange have been received and without pro-rata. Valid Offers to Exchange in respect of Existing Tier 1 Notes will be accepted in full before any Existing Tier 2 Notes are accepted for exchange, subject to the right of the Offeror to withdraw or terminate any Exchange Offer.

If the Offeror decides, in its sole and absolute discretion, to accept any valid Offers to Exchange in respect of the Existing Tier 2 Notes, it intends to accept for exchange one or both Series of Existing Tier 2 Notes up to the Tier 2 Notes Acceptance Amount. The Tier 2 Notes Acceptance Amount shall be equal to the maximum principal amount of Existing Tier 2 Notes that may be accepted for exchange without the aggregate New Tier 2 Notes Consideration Amount exceeding the Maximum New Issue Size, after taking into account the principal amount of New Tier 2 Notes that will be issued in exchange for Existing Tier 1 Notes, and may be subject to increase or decrease in the Offeror’s sole discretion. The Tier 2 Notes Acceptance Amount will be announced on the Results Announcement Date and indicative acceptance levels will be announced prior to the Price Determination Time. See further “Terms of the Exchange Offers – 8. Acceptance; Tier 2 Notes Acceptance Amount” below.

The Offeror will determine the allocation of the Tier 2 Notes Acceptance Amount among each Series of Existing Tier 2 Notes in its sole and absolute discretion, and reserves the right to accept significantly more or less (or none) of the Existing Tier 2 Notes of one Series as compared to the other Series of Existing Tier 2 Notes. The aggregate principal amount of each Series of Existing Tier 2 Notes accepted for exchange by the Offeror in the Exchange Offers (if any) will be referred to as the “Series Acceptance Amount” and will be announced on the Results Announcement Date and indicative acceptance levels will be announced prior to the Price Determination Time.

If the Offeror accepts any Existing Tier 2 Notes validly offered and eligible for exchange and the aggregate principal amount of such Series of Existing Tier 2 Notes Offered for Exchange is greater than the relevant Series Acceptance Amount, the Offeror intends to accept any Existing Tier 2 Notes of such Series for exchange on a *pro-rata* basis in the manner set out under “Terms of the Exchange Offers – 9. Series Acceptance Amount and Scaling – Existing Tier 2 Notes” below, such that the aggregate principal amount of such Series of Existing Tier 2 Notes accepted for exchange by the Offeror in the Exchange Offers (if any) is no greater than the relevant Series Acceptance Amount.

THE EXCHANGE OFFERS WILL EXPIRE AT 4.00 P.M., LONDON TIME, ON 24 NOVEMBER 2020, UNLESS THE EXCHANGE OFFERS ARE EXTENDED OR RE-OPENED AS PROVIDED IN THIS EXCHANGE OFFER MEMORANDUM.

On the Results Announcement Date, the Offeror is expected to announce (i) the Reference Gilt Rate in respect of the New Tier 2 Notes, (ii) the New Tier 2 Notes Yield and the New Tier 2 Notes Initial Coupon, (iii) the relevant Exchange Yield and the relevant Exchange Consideration for each Series of Existing Tier 2 Notes, (iv) the New Tier 2 Notes Consideration Amount for each Series of Existing Tier 2 Notes, (v) whether valid Offers to Exchange pursuant to the Exchange Offers are accepted by the Offeror, (vi) the principal amount of each Series of the Existing Tier 1 Notes accepted for exchange, (vii) the Tier 2 Notes Acceptance Amount, (viii) in relation to each Series of Existing Tier 2 Notes, the Series Acceptance Amount and any Pro-rata Factor(s), (ix) the satisfaction or otherwise of the Minimum New Issue Size Condition for the New Tier 2 Notes and (x) the New Issue Amount for the New Tier 2 Notes.

The Offeror will pay, or procure payment to, Holders of Existing Notes accepted for exchange an Accrued Interest Payment, a Cash Rounding Amount (if applicable) and a Cash Consideration Amount (if applicable) on the Settlement Date. **Holders whose Existing Notes Offered for Exchange are not accepted, or who do not participate in the Exchange Offers, will not be eligible to receive New Tier 2 Notes in exchange for such Existing Notes, will not be entitled to receive any Cash Consideration Amount and will continue to hold such Existing Notes subject to their terms and conditions.**

Notwithstanding any other provision of this Exchange Offer Memorandum, whether the Offeror accepts Offers to Exchange from Holders is at its sole and absolute discretion and the Offeror may decide not to accept Offers to Exchange for any reason. No Offer to Exchange Existing Notes of a Series will be accepted by the Offeror unless such Offer to Exchange (and, in the case of Offers to Exchange in respect of Existing Tier 2 Notes, after the application of the relevant Series Acceptance Amount and any *pro-rata* of Offers to Exchange) relates to an aggregate principal amount of Existing Notes of that Series such that, after the application of the relevant New Tier 2 Notes Consideration Amount, a Holder of such Existing Notes is eligible to receive a principal amount of New Tier 2 Notes of at least £100,000 (the “Minimum Offer Amount”). In order to be eligible to receive New Tier 2 Notes in the Exchange Offers, a Holder that holds Existing Notes of a Series having an aggregate principal amount less than the relevant Minimum Offer Amount must first acquire such further Existing Notes of that Series as is necessary for that Holder to be able to offer for exchange the relevant Minimum Offer Amount by the Expiration Time. Where a Holder submits an Exchange Instruction in respect of a principal amount of Existing Notes of a Series of less than the relevant Minimum Offer

Amount, such Holder's Exchange Instruction will be rejected. Exchange Instructions must also be submitted in an aggregate principal amount of at least the relevant minimum denomination for the relevant Series of Existing Notes.

The Offeror may, in its sole discretion, extend, re-open, amend, waive any condition of, terminate and/or withdraw any one or more or all of the Exchange Offers at any time (subject to applicable law and as provided in this Exchange Offer Memorandum). Details of any such extension, re-opening, amendment, waiver (if permitted), termination and/or withdrawal will be announced wherever applicable as provided in this Exchange Offer Memorandum as soon as reasonably practicable after the relevant decision is made.

Questions and requests for assistance in connection with (i) the Exchange Offers may be directed to the Joint Dealer Managers and (ii) the delivery of Exchange Instructions may be directed to the Exchange Agent, the contact details for each of which are on the last page of this Exchange Offer Memorandum.

The New Tier 2 Notes may not be a suitable investment for all investors. As a result, an investment in the New Tier 2 Notes will involve certain risks. Any Holder who is in any doubt as to the suitability of the New Tier 2 Notes as an investment should take professional advice.

Holders should be aware that an investment in the New Tier 2 Notes involves a degree of risk and that, if one or more of the risks described in this Exchange Offer Memorandum were to occur, investors may find that their investment is materially adversely affected.

The terms of the New Tier 2 Notes will be different from those of the Existing Notes. In addition to differences in financial terms which include, *inter alia*, the Issuer, the coupon and payment dates, the terms of the New Tier 2 Notes differ in respect of maturity, the possible redemption dates and ranking. Investors should carefully consider these differences in deciding whether to tender Existing Notes for exchange in connection with the Exchange Offers.

Before making any decisions in respect of the Exchange Offers, Holders should carefully consider all of the information contained and incorporated by reference in this Exchange Offer Memorandum and, in particular, the risk factors set out under "Risk Factors" below and in the Base Prospectus (as defined herein).

Exchange Instructions received by the Exchange Agent cannot be revoked except in the limited circumstances described in "Terms of the Exchange Offers – 15. Revocation Rights" below.

The Exchange Offers are not being made, and will not be made, directly or indirectly, in or into, or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce of, or of any facilities of a national securities exchange of, the United States or to, or for the account or benefit of, U.S. persons. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone and the internet. Accordingly, copies of this Exchange Offer Memorandum and any other documents or materials relating to the Exchange Offers are not being, and must not be, directly or indirectly, mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to, or for the account or benefit of, U.S. persons. Any purported Offers to Exchange Existing Notes pursuant to the Exchange Offers resulting directly or indirectly from a violation of these restrictions will be invalid and Offers to Exchange made by a resident of the United States or from U.S. persons or any agent, fiduciary or other intermediary (as defined herein) acting on a non-discretionary basis for a principal giving instructions from within the United States or for U.S. persons will not be accepted.

The Exchange Offers and the distribution of this Exchange Offer Memorandum in any other jurisdiction (including, without limitation, Belgium, France, Italy and the United Kingdom) are restricted by the laws of those jurisdictions. No action has been or will be taken in any jurisdiction in relation to the Exchange Offers that would permit a public offering of securities.

This Exchange Offer Memorandum is an advertisement and does not comprise a prospectus for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). No prospectus is required to be published under the Prospectus Regulation in connection with the issue and offer of the New Tier 2 Notes. The definitive terms of the New Tier 2 Notes will be described in the New Tier 2 Notes Final Terms, when read in conjunction with the New Tier 2 Notes Conditions as set out in the Base Prospectus and in Schedule 2, Part C to the Trust Deed (as defined herein) and the section entitled "Summary of Provisions Relating to the Notes while in Global Form" in the Base Prospectus.

The Exchange Offers are only available to holders of Existing Notes who are Eligible Persons. An "**Eligible Person**" is a person that, if such person were receiving services in the course of a firm carrying on a regulated activity, would be a client who is either a 'professional client' or an 'eligible counterparty' under MiFID II (as defined below).

MiFID II product governance / professional investors and ECPs only target market – the target market of the New Tier 2 Notes is 'eligible counterparties' and 'professional clients' only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**").

PRIIPs Regulation / prohibition of sales to EEA and UK retail investors – no sales to retail investors in the European Economic Area ("**EEA**") or the United Kingdom (the "**UK**"). No key information document under Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") has been prepared. Offering or selling the New Tier 2 Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

Global Co-ordinator & Joint Dealer Manager

Lloyds Bank Corporate Markets

Joint Dealer Managers

BofA Securities

Goldman Sachs International

The Offeror accepts responsibility for the information contained and incorporated by reference in this Exchange Offer Memorandum. To the best of the knowledge and belief of the Offeror (which has taken all reasonable care to ensure that such is the case), the information contained and incorporated by reference in this Exchange Offer Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

None of the Offeror, the Issuers, the Joint Dealer Managers or the Exchange Agent (or any of their respective directors, employees or affiliates) is providing Holders with any legal, business, tax or other advice in this Exchange Offer Memorandum. Holders should consult with their own advisers as needed to assist them in making an investment decision and to advise them whether they are legally permitted to exchange Existing Notes for New Tier 2 Notes.

Each Holder is solely responsible for making its own independent appraisal of all matters (including those relating to the Exchange Offers, the Offeror and the New Tier 2 Notes) as such Holder deems appropriate, and each Holder must make its own decision as to whether to Offer to Exchange Existing Notes and, if so, the aggregate principal amount of Existing Notes to Offer to Exchange. Accordingly, each person receiving this Exchange Offer Memorandum acknowledges that such person has not relied upon the Offeror, the Issuers, the Joint Dealer Managers or the Exchange Agent (or any of their respective directors, employees or affiliates) in connection with its decision as to whether to participate in the Exchange Offers. Each such person must make its own analysis and investigations regarding the Exchange Offers, with particular reference to its own investment objectives and experience, and any other factors, which may be relevant to it. If such person is in any doubt about any aspect of the Exchange Offers and/or the action it should take, including in respect of any tax consequences it should consult its professional advisers.

The Exchange Agent is an agent of the Offeror and owes no duty to any Holder. None of the Issuers, the Joint Dealer Managers, the Exchange Agent or the Trustees (or their respective directors, employees or affiliates) makes any representation or recommendation whatsoever regarding this Exchange Offer Memorandum or the Exchange Offers, or any recommendation as to whether Holders of Existing Notes should participate in the Exchange Offers.

The Trustees have neither reviewed nor approved this Exchange Offer Memorandum or the terms of the Exchange Offers.

No person has been authorised to give any information or to make any representation about the Offeror, the Group or the Exchange Offers other than as contained or incorporated by reference in this Exchange Offer Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Offeror, the Issuers, the Joint Dealer Managers, the Trustees, the Exchange Agent or any of their respective agents.

Neither the delivery of this Exchange Offer Memorandum nor any acceptance of an Offer to Exchange by a Holder or any acquisition of New Tier 2 Notes shall, under any circumstances, create any implication that the information contained and incorporated by reference herein is current as at any time subsequent to the date of such information or that there has been no change in the information set out in it or in the affairs of the Offeror and its subsidiaries taken as a whole, since the date of this Exchange Offer Memorandum. None of the Issuers, the Joint Dealer Managers or the Exchange Agent accepts any responsibility for the contents of this Exchange Offer Memorandum or any information incorporated by reference herein.

In this Exchange Offer Memorandum, unless otherwise specified or the context otherwise requires references to “£”, “GBP”, “pounds” and “Sterling” are to pounds sterling.

Holders must comply with all laws that apply to them in any place in which they possess this Exchange Offer Memorandum. Holders must also obtain any consents or approvals that they need in order to exchange their Existing Notes. None of the Offeror, the Issuers, the Joint Dealer Managers or the Exchange Agent (or any of their respective directors, employees or affiliates) is responsible for Holders'

compliance with these legal requirements. See “Offer Restrictions” below. The applicable provisions of the Financial Services and Markets Act 2000, as amended (the “FSMA”) must be complied with in respect of anything done in relation to the Exchange Offers in, from or otherwise involving the United Kingdom.

Holders may contact the Joint Dealer Managers or the Exchange Agent for assistance in answering questions concerning the terms of the Exchange Offers at the respective addresses set out on the last page of this Exchange Offer Memorandum.

Questions relating to the procedures for exchange, including, if applicable, the blocking of Existing Notes within Euroclear Bank SA/NV (“Euroclear”) or Clearstream Banking, S.A. (“Clearstream, Luxembourg”) should be addressed exclusively to the Exchange Agent.

The Exchange Offers are available only to Holders of Existing Notes who are Eligible Persons. No offer is being made, and any instructions relating to the Exchange Offers will not be accepted from, or on behalf of, Holders who are not Eligible Persons or who are located or resident in any jurisdiction in which the making of the Exchange Offers would not be in compliance with the laws or regulations of such jurisdictions. See “Offer Restrictions” below.

The Joint Dealer Managers are authorised by the Prudential Regulation Authority (the “PRA”) and regulated by the PRA and the Financial Conduct Authority (the “FCA”). The Joint Dealer Managers are acting solely and exclusively for the Offeror in respect of the Exchange Offers and the issue of the New Tier 2 Notes and are not acting for or on behalf of holders of the Existing Notes, prospective investors in any securities or any other person, and will not regard any person (including any recipient or reader of this Exchange Offer Memorandum, any holder of any Existing Notes or any actual or prospective investor in any of the New Tier 2 Notes) as their “client” in relation to the Exchange Offers or the issue of the New Tier 2 Notes or for any other purpose in connection therewith, and will not be responsible to any person for providing the sorts of protections afforded to persons who receive investment services or advice under the FSMA, MiFID II or any other regulatory regime in a capacity as a client.

All procedures relating to the Exchange Offers may be conducted through, and all information relating to the Exchange Offers and the Existing Notes (including copies of this Exchange Offer Memorandum) may, subject as set out under “Offer Restrictions” below, be obtained from, the Exchange Agent, the contact details of which are set out on the last page of this Exchange Offer Memorandum.

Unless the context otherwise requires, all references in this Exchange Offer Memorandum to Holders include, where relevant:

- (a) each Direct Participant in respect of such Existing Notes; and
- (b) each Beneficial Owner of the Existing Notes holding such Existing Notes, directly or indirectly, in an account in the name of a Direct Participant acting on such Beneficial Owner’s behalf,

except that for the purposes of the exchange of Existing Notes for New Tier 2 Notes and the payment of the Accrued Interest Payment, any Cash Rounding Amount (if applicable) and any Cash Consideration Amount (if applicable), to the extent the Beneficial Owner of the relevant Existing Notes is not a Direct Participant, the New Tier 2 Notes, Accrued Interest Payment, Cash Rounding Amount (if applicable) and Cash Consideration Amount (if applicable) will only be delivered or paid to the relevant Direct Participant and the delivery or payment, as applicable, of such New Tier 2 Notes, Accrued Interest Payment, Cash Rounding Amount (if applicable) and Cash Consideration Amount (if applicable) to such Direct Participant will satisfy any obligations of the Offeror, the Exchange Agent and the relevant Clearing System in respect of the exchange of such Existing Notes.

The Offeror has entered into a dealer manager agreement with the Joint Dealer Managers which contains certain provisions regarding payment of fees, expense reimbursement and indemnity arrangements relating to the Exchange Offers.

The Joint Dealer Managers and their affiliates have provided in the past, are currently providing and may provide in the future, other investment banking, commercial banking and financial advisory services to the Offeror and its affiliates for customary fees and expenses in the ordinary course of business.

At any given time, the Joint Dealer Managers or affiliates of the Joint Dealer Managers may trade the Existing Notes, the New Tier 2 Notes, and other securities issued by the Offeror or its subsidiaries for their own accounts, or for the accounts of their customers, and accordingly may hold a long or short position in the Existing Notes, the New Tier 2 Notes or other such securities. The Joint Dealer Managers are not obliged to make a market in the New Tier 2 Notes.

The Joint Dealer Managers are entitled to hold positions in the Existing Notes and the New Tier 2 Notes. The Joint Dealer Managers are entitled to continue to own or dispose of, in any manner they may elect, any Existing Notes they may beneficially own as at the date of this Exchange Offer Memorandum or, from such date, to acquire further Existing Notes, subject to applicable law. The Joint Dealer Managers have no obligation to the Offeror to Offer to Exchange or refrain from Offering to Exchange Existing Notes beneficially owned by them in connection with the Exchange Offers.

For the avoidance of doubt, any references in this Exchange Offer Memorandum to the Exchange Offers being made to Holders of Existing Notes, and related references, shall be deemed to be references to the Exchange Offers being made to those Holders who comply with the restrictions set out under “Offer Restrictions” below.

Each invitation by the Offeror to Holders contained within this Exchange Offer Memorandum is an invitation to treat by the Offeror, and any references to any offer or invitation being made by the Offeror under or in respect of the Exchange Offers shall be construed accordingly.

CERTAIN DETAILS OF THE EXISTING NOTES

The table below identifies the Series of Existing Notes which are subject to the Exchange Offers.

In respect of their Existing Notes which are accepted for exchange, Holders will receive the relevant Exchange Consideration, which comprises the New Tier 2 Notes Consideration Amount and, where applicable, a Cash Consideration Amount. In addition, the Offeror will pay, or procure payment to, Holders, in respect of their Existing Notes which are accepted for exchange, an Accrued Interest Payment and a Cash Rounding Amount (if applicable) on the Settlement Date.

The Tier 2 Notes Acceptance Amount shall be equal to the maximum principal amount of Existing Tier 2 Notes that may be accepted without the aggregate New Tier 2 Notes Consideration Amount exceeding the Maximum New Issue Size, after taking into account the principal amount of New Tier 2 Notes that will be issued in exchange for Existing Tier 1 Notes, and may be subject to increase or decrease in the Offeror's sole discretion.

The Maximum New Issue Size for the New Tier 2 Notes to be issued pursuant to the Exchange Offers is specified in the column entitled "Maximum New Issue Size" of the table set out under "Certain Details of the New Tier 2 Notes" below, provided that if the Offeror accepts Existing Tier 1 Notes of any Series for exchange it will accept any and all Existing Tier 1 Notes of that Series for exchange and such Maximum New Issue Size will not apply to New Tier 2 Notes issued in exchange for Existing Tier 1 Notes.

The Series Acceptance Amount in respect of each Series of the Existing Tier 2 Notes will be determined by the Offeror in its sole and absolute discretion, and the Offeror reserves the right to accept significantly more or less (or none) of the Existing Tier 2 Notes of one Series as compared to the other Series of Existing Tier 2 Notes. The relevant Series Acceptance Amount will be announced on the Results Announcement Date and indicative acceptance levels will be announced prior to the Price Determination Time.

A full description, and the terms and conditions, of the Exchange Offers are set out in the section entitled "Terms of the Exchange Offers" of this Exchange Offer Memorandum.

This summary offering table identifies each Series of Existing Notes which is subject to the Exchange Offers. Holders of the Existing Notes set out in the table immediately below may Offer to Exchange such Existing Notes for the New Tier 2 Notes, the terms and conditions for which are set out in the Base Prospectus and in Schedule 2, Part C of the Trust Deed, as completed by the New Tier 2 Notes Final Terms, the form of which is set out in the Annex to this Exchange Offer Memorandum.

ISIN	Issuer	Current Coupon (%)	Amount Outstanding	Maturity Date	First Call Date	Reference Benchmark	Exchange Spread	Exchange Consideration* (%)	New Tier 2 Notes Consideration Amount (per £1,000 in principal amount of Existing Notes)	Cash Consideration Amount (per £1,000 in principal amount of Existing Notes)	Amount Subject to the Offers
EXISTING TIER 1 NOTES											
XS0125686229	Bank of Scotland plc	7.281 ¹	£150,000,000	Perpetual	31 May 2026	Not Applicable	Not Applicable	121.75	£885.12	£332.38	Any and all
XS0408620721	Lloyds Bank plc	13.000 ²	£590,841,000	Perpetual	22 January 2029	Not Applicable	Not Applicable	181.75 ³	£1,428.55	£388.95	
GB0058327924	HBOS Sterling Finance (Jersey) L.P.	7.881 ⁴	£245,000,000	Perpetual	9 December 2031	Not Applicable	Not Applicable	166.00	£1,660.00	£0.00	
EXISTING TIER 2 NOTES											
XS0043098127	Lloyds Bank plc	9.625	£300,000,000	6 April 2023	Not Applicable	0.750% Treasury Gilt due 22 July 2023 (GB00BF0HZ991) Bloomberg Page PXUK	85bps	To be determined as set out herein and announced on the Results Announcement Date	An amount reflecting the Exchange Consideration minus the relevant Cash Consideration Amount	£500.00	Expected to be an amount that would not cause the Maximum New Issue Size to be exceeded, after taking into account the principal amount of New Tier 2 Notes that will be issued in exchange for Existing Tier 1 Notes; the relative acceptance amount for each Existing Tier 2 Notes shall be determined in the Offeror's sole discretion
XS0503834821	Lloyds Bank plc	7.625	£750,000,000	22 April 2025	Not Applicable	0.625% Treasury Gilt due 7 June 2025 (GB00BK5CVX03) Bloomberg Page PXUK	100bps			£229.33	

* Including both the consideration in the form of New Tier 2 Notes and the Cash Consideration Amount (where applicable).

¹ Resets on 31 May 2026 to the aggregate of 4.095 per cent. per annum and the Five Year Benchmark Gilt Rate.

² Resets on 22 January 2029 to the aggregate of 13.40 per cent. per annum and the Five Year Benchmark Gilt Rate.

³ The Exchange Consideration in respect of this Series shall be deemed to include consideration for the deferred and unpaid coupons on the Existing Notes of this Series which are accepted for exchange.

⁴ Resets on 9 December 2031 to the aggregate of 4.40 per cent. per annum and the Five Year Benchmark Gilt Rate.

CERTAIN DETAILS OF THE NEW TIER 2 NOTES

The table below identifies certain key characteristics of the New Tier 2 Notes to be issued by the Offeror pursuant to the Exchange Offers, including the Minimum New Issue Size.

The New Tier 2 Notes Conditions are set out in the Base Prospectus and Schedule 2, Part C of the Trust Deed, as completed by the New Tier 2 Notes Final Terms, the form of which is set out in the Annex to this Exchange Offer Memorandum.

The Reference Gilt Rate, the New Tier 2 Notes Yield, the New Tier 2 Notes Initial Coupon, the New Issue Amount and the New Tier 2 Notes Consideration Amount for each Series of Existing Notes will be announced by the Offeror in its capacity as issuer of the New Tier 2 Notes as soon as reasonably practicable after the Price Determination Time on the Price Determination Date. For avoidance of doubt, the New Tier 2 Notes Yield shall be equal to the New Tier 2 Notes Initial Coupon. The Margin shall be equal to the New Tier 2 Notes Spread.

See also the sections entitled “Risk Factors” below and in the Base Prospectus for details of certain risk factors in relation to the New Tier 2 Notes.

Issuer of the New Tier 2 Notes	Capital Type	Currency	Reference Gilt	Reference Gilt Rate	New Tier 2 Notes Spread	New Tier 2 Notes Issue Price	Optional Redemption Date	Maturity Date	Minimum New Issue Size	Maximum New Issue Size*
Lloyds Banking Group plc	Tier 2	GBP	4.75% Treasury Gilt due 7 December 2030 (GB00B24FF097) Bloomberg Page PXUK	To be determined as set out herein and announced on the Results Announcement Date	240bps	100%	3 December 2030	3 December 2035	£350,000,000	£1,250,000,000

* Offers to Exchange Existing Tier 1 Notes shall be made on an any and all basis; if submissions of Existing Tier 1 Notes would result in a greater new issue size than the Maximum New Issue Size, then the final issue amount of the New Tier 2 Notes may be greater than the Maximum New Issue Size. In this case, no Existing Tier 2 Notes are expected to be accepted for exchange.

Table of Contents

	Page
CERTAIN DETAILS OF THE EXISTING NOTES	7
CERTAIN DETAILS OF THE NEW TIER 2 NOTES	9
DOCUMENTS INCORPORATED BY REFERENCE	11
OFFER RESTRICTIONS.....	12
OVERVIEW OF THE EXCHANGE OFFERS.....	16
OVERVIEW OF THE KEY FEATURES OF THE NEW TIER 2 NOTES	23
EXPECTED TIMETABLE	27
DEFINITIONS.....	29
RISK FACTORS	37
TAXATION.....	42
TERMS OF THE EXCHANGE OFFERS	43
GENERAL INFORMATION.....	56
ANNEX FORM OF NEW TIER 2 NOTES FINAL TERMS	57

DOCUMENTS INCORPORATED BY REFERENCE

This Exchange Offer Memorandum should be read and construed in conjunction with the following documents:

- (i) the base prospectus dated 18 May 2020 (as supplemented, the “**Base Prospectus**”) relating to the £25,000,000,000 Euro Medium Term Note Programme of Lloyds Banking Group plc (the “**EMTN Programme**”);
- (ii) the supplementary prospectuses dated 30 July 2020 and 29 October 2020 relating to the EMTN Programme and being supplemental to the Base Prospectus;
- (iii) any additional supplementary prospectuses, which are supplemental to the Base Prospectus, and which are published after the date of this Exchange Offer Memorandum and prior to the Expiration Date;
- (iv) all documents which are incorporated by reference into the Base Prospectus, including as set out in the supplementary prospectuses dated 30 July 2020 and 29 October 2020 and in any additional supplementary prospectuses which are published after the date of this Exchange Offer Memorandum and prior to the Expiration Date; and
- (v) any announcement made by the Offeror on or after the date of this Exchange Offer Memorandum in relation to the Exchange Offers,

all of which shall be deemed to be incorporated in, and form part of, this Exchange Offer Memorandum, save that any statements contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Exchange Offer Memorandum to the extent that a statement contained, or incorporated by reference, herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Exchange Offer Memorandum.

Any publication of an additional supplementary prospectus pursuant to subparagraph (iii) above and any announcement pursuant to subparagraph (v) above shall be effected through RNS. Holders shall be deemed to have notice thereof by virtue of such publication.

The Exchange Agent will provide, without charge, to each person to whom a copy of this Exchange Offer Memorandum has been delivered, upon the oral or written request of such person, an electronic copy of any or all of the documents which are incorporated in whole or in part by reference herein.

Written or oral requests for such documents should be directed to the attention of the Exchange Agent using the details on the back cover of this Exchange Offer Memorandum. Such documents will also be made available on the website of the Offeror at <http://www.lloydsbankinggroup.com/investors>.

Neither the content of the Offeror’s website nor any other website nor the content of any website accessible from hyperlinks on the Offeror’s website nor any other website is incorporated into, or forms part of, this Exchange Offer Memorandum.

OFFER RESTRICTIONS

This Exchange Offer Memorandum does not constitute an offer or an invitation to participate in the Exchange Offers in any jurisdiction in or from which, or to any person to whom, it is unlawful to make the offer or invitation under applicable laws. The distribution of this Exchange Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this Exchange Offer Memorandum comes are required by each of the Offeror, the Joint Dealer Managers and the Exchange Agent to inform themselves about, and to observe, any such restrictions.

No action has been or will be taken in any jurisdiction by the Offeror, the Joint Dealer Managers or the Exchange Agent that would constitute a public offering of the New Tier 2 Notes.

Eligibility of Holders and availability of the Offers

The Exchange Offers and the New Tier 2 Notes are only being made available to Eligible Persons. Accordingly, only a person who is an Eligible Person is entitled to make an investment decision with respect to the Exchange Offers.

An “**Eligible Person**” is a person that, if such person were receiving services in the course of a firm carrying on a regulated activity, would be a client who is either a ‘professional client’ or an ‘eligible counterparty’ under MiFID II (as defined below).

MiFID II product governance / professional investors and ECPs only target market – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the New Tier 2 Notes described in this Exchange Offer Memorandum has led to the conclusion that: (i) the target market of the New Tier 2 Notes is ‘eligible counterparties’ and ‘professional clients’ only, each as defined in MiFID II; and (ii) all channels for the distribution of the New Tier 2 Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the New Tier 2 Notes (a “**distributor**”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the New Tier 2 Notes (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

PRIIPs Regulation / prohibition of sales to EEA and UK retail investors – The New Tier 2 Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the UK. For these purposes, a “**retail investor**” means a person who is one (or more) of: (i) a ‘retail client’ as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a ‘professional client’ as defined in point (10) of Article 4(1) of MiFID II. No key information document required by the PRIIPs Regulation for offering or selling securities falling within scope of the PRIIPs Regulation or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the New Tier 2 Notes or otherwise making them available to any retail investor in the EEA or in the UK may, if the New Tier 2 Notes were to be determined to fall within the scope of the PRIIPs Regulation, be unlawful under the PRIIPs Regulation.

United States

The Exchange Offers are not being made, and will not be made, directly or indirectly, in or into, or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce of, or of any facilities of, a national securities exchange of, the United States. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone and the internet and other forms of electronic communication. The Existing Notes may not be Offered for Exchange by any such use, means,

instrumentality or facility from or within the United States or by persons located or resident in the United States as defined in Regulation S of the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) or to U.S. persons as defined in Regulation S of the Securities Act (each a “**U.S. person**”). Accordingly, copies of this Exchange Offer Memorandum and any other documents or materials relating to the Exchange Offers are not being, and must not be, directly or indirectly, mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to U.S. persons. Any purported Offer to Exchange Existing Notes resulting directly or indirectly from a violation of these restrictions will be invalid, and any purported Offer to Exchange made by a person located in the United States or any agent, fiduciary or other Intermediary (as defined herein) acting on a non-discretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted.

This Exchange Offer Memorandum is not an offer of securities for sale in the United States or to U.S. persons. Securities may not be offered or sold in the United States absent registration under, or an exemption from the registration requirements of, the Securities Act. The Existing Notes, the guarantees in respect thereof (where applicable) and the New Tier 2 Notes have not been, and will not be, registered under the Securities Act or the securities laws of any state or jurisdiction of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons. The purpose of this Exchange Offer Memorandum is limited to the Exchange Offers, and this Exchange Offer Memorandum may not be sent or given to a person in the United States or otherwise to any person other than in an offshore transaction in accordance with Regulation S under the Securities Act.

Each Holder of Existing Notes participating in the Exchange Offers will be deemed to represent that it is not a U.S. person and it is not located in the United States and is not participating in the Exchange Offers from the United States or it is acting on a non-discretionary basis for a principal located outside the United States that is not giving an order to participate in the Exchange Offers from the United States. For the purposes of this and the above paragraph, “**United States**” means United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.

Belgium

Neither this Exchange Offer Memorandum nor any other documents or materials relating to the Exchange Offers have been submitted to or will be submitted for approval or recognition to the Financial Services and Markets Authority (*Autorité des services et marchés financiers / Autoriteit financiële diensten en markten*) and, accordingly, the Exchange Offers may not be made in Belgium by way of a public offering, as defined in Articles 3 and 6 of the Belgian Law of 1 April 2007 on public takeover bids (the “**Belgian Takeover Law**”) or as defined in Article 3 of the Belgian Law of 16 June 2006 on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets (the “**Belgian Prospectus Law**”), both as amended or replaced from time to time. Accordingly, the Exchange Offers may not be advertised and the Exchange Offers will not be extended, and neither this Exchange Offer Memorandum nor any other documents or materials relating to the Exchange Offers (including any memorandum, information circular, brochure or any similar documents) has been or shall be distributed or made available, directly or indirectly, to any person in Belgium other than (i) to “qualified investors” in the sense of Article 10 of the Belgian Prospectus Law, acting on their own account; or (ii) in any other circumstances set out in Article 6, §4 of the Belgian Takeover Law and Article 3, §2-4 of the Belgian Prospectus Law. This Exchange Offer Memorandum has been issued only for the personal use of the above qualified investors and exclusively for the purpose of the Exchange Offers. Accordingly, the information contained in this Exchange Offer Memorandum may not be used for any other purpose or disclosed to any other person in Belgium.

France

This Exchange Offer Memorandum and any other documents or offering materials relating to the Exchange Offers may not be distributed in the Republic of France except to qualified investors (*investisseurs qualifiés*) as defined in Article 2(e) of the Prospectus Regulation. This Exchange Offer Memorandum has not been and will not be submitted for clearance to the *Autorité des marchés financiers*.

Republic of Italy

Neither this Exchange Offer Memorandum nor any other documents or materials relating to the Exchange Offers have been or will be submitted to the clearance procedure of the *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”) pursuant to Italian laws and regulations.

The Exchange Offers are being carried out in the Republic of Italy as an exempted offer pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”) and article 35-bis, paragraph 4 of CONSOB Regulation No. 11971 of 14 May 1999, as amended (the “**Issuers' Regulation**”). The Exchange Offers are also being carried out in compliance with article 35-bis, paragraph 7 of the Issuers' Regulation.

A holder of Existing Notes located in the Republic of Italy can offer to exchange the Existing Notes through authorised persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018, as amended from time to time, and Legislative Decree No. 385 of September 1, 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.

Each intermediary must comply with the applicable laws and regulations concerning information duties vis-à-vis its clients in connection with the Existing Notes or the Exchange Offers.

United Kingdom

The communication of this Exchange Offer Memorandum and any other documents or materials relating to the Exchange Offers is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the FSMA. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials is exempt from the restriction on financial promotions under section 21 of the FSMA on the basis that it is only directed at and may be communicated to (1) those persons who are existing members or creditors of the Group or other persons otherwise within Article 43(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, and (2) any other persons to whom these documents and/or materials may lawfully be communicated.

Switzerland

The offering of the New Tier 2 Notes in Switzerland is exempt from requirement to prepare and publish a prospectus under the Swiss Financial Services Act (“**FinSA**”) because the New Tier 2 Notes have a minimum denomination of CHF 100,000 (or equivalent in another currency) or more and the New Tier 2 Notes will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This Exchange Offer Memorandum does not constitute a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the New Tier 2 Notes.

General

The Issuers, the Joint Dealer Managers, the Trustees and the Exchange Agent (and their respective directors, employees or affiliates) make no representations or recommendations whatsoever regarding this Exchange Offer Memorandum or the Exchange Offers. The Exchange Agent is the agent of the Offeror and owes no duty to any Holder. None of the Offeror, the Issuers, the Joint Dealer Managers, the Trustees or the Exchange Agent makes any recommendation as to whether or not Holders should participate in the Exchange Offers.

In addition to the representations referred to above in respect of the United States, each Holder participating in the Exchange Offers will also be deemed to give certain representations in respect of the other jurisdictions referred to above and generally as set out in “Terms of the Exchange Offers – 11. Procedures for Offering to Exchange Existing Notes” below. Offers of Existing Notes for Exchange from a Holder that is unable to make these representations may be rejected. Each of the Offeror, the Joint Dealer Managers and the Exchange Agent reserves the right, in their sole and absolute discretion, to investigate, in relation to any offer of Existing Notes for exchange pursuant to the Exchange Offers, whether any such representation given by a Holder is correct and, if such investigation is undertaken and as a result the Offeror determines (for any reason) that such representation is not correct, such instruction may be rejected.

The Exchange Offers do not constitute an offer to buy or the solicitation of an offer to sell the Existing Notes and/or the New Tier 2 Notes in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities or other laws require the Exchange Offers to be made by a licensed broker or dealer and any of the Joint Dealer Managers or, where the context so requires, any of their respective affiliates is such a licensed broker or dealer in that jurisdiction, the Exchange Offers shall be deemed to be made on behalf of the Offeror by such Joint Dealer Manager or affiliate (as the case may be) in such jurisdiction.

OVERVIEW OF THE EXCHANGE OFFERS

The following does not purport to be complete and is qualified in its entirety by the more detailed information provided elsewhere in this Exchange Offer Memorandum. Capitalised terms shall, unless the context otherwise requires, have the meanings set out under “Definitions” below.

Exchange Offers

The Exchange Offers are being made upon the terms and subject to the conditions set out in this Exchange Offer Memorandum.

The Exchange Offers will commence on 16 November 2020 and will expire at the Expiration Time, unless the Exchange Offer Period is extended by the Offeror, as described herein.

The Offeror invites all Holders (subject to certain offer restrictions set out in “Offer Restrictions” above) of their Existing Notes set out under “Certain Details of the Existing Notes” on page 8 above to Offer to Exchange such Existing Notes, which are outstanding, for New Tier 2 Notes and payment of the relevant Accrued Interest Payment, Cash Rounding Amount (if applicable) and Cash Consideration Amount (if applicable), as detailed below.

Purpose of the Exchange Offers

The Offeror is undertaking the Exchange Offers in order to provide the Holders of the Existing Notes with an opportunity to exchange their Existing Notes for New Tier 2 Notes and, where applicable, a Cash Consideration Amount.

The Exchange Offers are part of the Group’s continuous review and management of its outstanding capital issuance, maintaining a prudent approach to the management of the Group’s capital position.

Acceptance of Offers to Exchange

Upon expiration of the Exchange Offer Period (as defined herein), the Offeror may (but has no obligation to Holders to) accept Offers to Exchange, in which case such Offers to Exchange will be accepted at the Offeror’s sole discretion.

Offers to Exchange in respect of Existing Tier 1 Notes

If the Offeror decides, in its sole and absolute discretion, to accept any valid Offers to Exchange in respect of a Series of Existing Tier 1 Notes pursuant to the relevant Exchange Offer, it will accept for exchange all Existing Tier 1 Notes of that Series in respect of which valid Offers to Exchange have been received without pro-rata. Existing Tier 1 Notes will be accepted for exchange in priority to any Existing Tier 2 Notes, subject to the right of the Offeror to withdraw or terminate any Exchange Offer.

Offers to Exchange in respect of Existing Tier 2 Notes

If the Offeror decides, in its sole and absolute discretion, to accept any valid Offers to Exchange in respect of the Existing Tier 2 Notes, it intends to accept for exchange one or both Series of Existing Tier 2 Notes up to the Tier 2 Notes Acceptance Amount. The Tier 2 Notes Acceptance Amount shall be equal to the maximum principal amount of Existing Tier 2 Notes that

may be accepted without the aggregate New Tier 2 Notes Consideration Amount exceeding the Maximum New Issue Size, after taking into account the principal amount of New Tier 2 Notes that will be issued in exchange for Existing Tier 1 Notes, and may be subject to increase or decrease in the Offeror's sole discretion

The Maximum New Issue Size for the New Tier 2 Notes to be issued pursuant to the Exchange Offers is specified in the column entitled "Maximum New Issue Size" of the table set out under "Certain Details of the New Tier 2 Notes" above, provided that if the Offeror accepts Existing Tier 1 Notes of any Series for exchange it will accept any and all Existing Tier 1 Notes of that Series for exchange and such Maximum New Issue Size will not apply to New Tier 2 Notes issued in exchange for Existing Tier 1 Notes.

The Offeror will determine the allocation of the Tier 2 Notes Acceptance Amount among each Series of Existing Tier 2 Notes in its sole and absolute discretion, and reserves the right to accept significantly more or less (or none) of the Existing Tier 2 Notes of one Series as compared to the other Series of Existing Tier 2 Notes. The aggregate principal amount of each Series of Existing Tier 2 Notes accepted for exchange by the Offeror in the Exchange Offers (if any) will be referred to as the "**Series Acceptance Amount**" and will be announced on the Results Announcement Date and indicative acceptance levels will be announced prior to the Price Determination Time.

If the Offeror accepts any Existing Tier 2 Notes validly offered and eligible for exchange and the aggregate principal amount of such Series of Existing Tier 2 Notes offered for exchange is greater than the relevant Series Acceptance Amount, the Offeror intends to accept any Existing Tier 2 Notes of such Series for exchange on a *pro-rata* basis in the manner set out under "Terms of the Exchange Offers – 9. Series Acceptance Amount and Scaling – Existing Tier 2 Notes" below, such that the aggregate principal amount of such Series of Existing Tier 2 Notes accepted for exchange by the Offeror in the applicable Exchange Offer (if any) is no greater than the Series Acceptance Amount for that Exchange Offer.

A separate Exchange Instruction must be submitted on behalf of each Beneficial Owner of Existing Notes.

The principal amount of the New Tier 2 Notes to be issued by the Offeror and delivered in exchange for the relevant Existing Notes pursuant to the Exchange Offers, which will be determined following the expiration of the Exchange Offer Period, is intended to be announced by the Offeror as soon as reasonably practicable after the Expiration Date.

- The Exchange Offers are conditional upon receiving valid Offers to Exchange that, if and when accepted, would result

New Issue Amount, Minimum New Issue Size Condition and Maximum New Issue Size

in the Offeror issuing New Tier 2 Notes in an aggregate principal amount which satisfies the Minimum New Issue Size Condition (as specified in the column entitled “Minimum New Issue Size” of the table set out under “Certain Details of the New Tier 2 Notes” on page 9 above).

- The Maximum New Issue Size for the New Tier 2 Notes to be issued pursuant to the Exchange Offers is specified in the column entitled “Maximum New Issue Size” of the table set out under “Certain Details of the New Tier 2 Notes” on page 9 above, provided that if the Offeror accepts Existing Tier 1 Notes of any Series for exchange it will accept any and all Existing Tier 1 Notes of that Series for exchange and such Maximum New Issue Size will not apply to New Tier 2 Notes issued in exchange for Existing Tier 1 Notes.
- The Offeror reserves the right (in its sole discretion) to increase, decrease or waive the Maximum New Issue Size.

Exchange Consideration, Accrued Interest Payments, Cash Rounding Amounts and Cash Consideration Amounts

The Exchange Consideration comprises the New Tier 2 Notes Consideration Amount and, where applicable, a Cash Consideration Amount.

Holders who validly Offer to Exchange their Existing Notes at or prior to the Expiration Time and whose Offers to Exchange are accepted will receive New Tier 2 Notes in an amount (rounded down to the nearest £1,000) based upon the aggregate principal amount of such Existing Notes accepted for exchange and the relevant New Tier 2 Notes Consideration Amount, subject to the requirement for each Holder to exchange at least the relevant Minimum Offer Amount.

If, as a result of the application of the relevant New Tier 2 Notes Consideration Amount (and, in the case of Offers to Exchange in respect of Existing Tier 2 Notes, after the application of the relevant Series Acceptance Amount and any *pro-rata* of Offers to Exchange), a Holder would be entitled to receive an aggregate principal amount of New Tier 2 Notes that is not an integral multiple of £1,000, the Offeror will pay, or procure that there is paid, in cash in sterling to that Holder on the Settlement Date, a Cash Rounding Amount, which is the amount equal to the fractional portion of such aggregate principal amount that is not such an integral multiple (rounded to the nearest £0.01, with half a penny being rounded upwards).

Where applicable, Holders who validly Offer to Exchange their Existing Notes at or prior to the Expiration Time and whose Offers to Exchange are accepted will also be entitled to receive, in respect of each £1,000 in principal amount of the Existing Notes so accepted for exchange, the Cash Consideration Amount (if any) specified in respect of the relevant Series of Existing Notes in the column entitled “Cash Consideration Amount” of the table set out above under “Certain Details of the Existing Notes” on page 8 above. For avoidance of doubt, the sum of the New Tier 2 Notes Consideration Amount, the Cash Consideration Amount (if any) and the Cash Rounding Amount (if any) shall be equal to the Exchange Consideration when expressed as an amount per £1,000 in principal amount of the Existing Notes accepted for exchange.

Each such Holder will also be entitled to receive any applicable Accrued Interest Payments in respect of their Existing Notes so accepted for exchange. Accordingly, given that the Accrued Interest Payments will be paid pursuant to the relevant Exchange Offer, Holders whose Existing Notes are accepted for exchange pursuant to the Exchange Offers will not be entitled to receive any further payment pursuant to the terms of such Existing Notes in respect of accrued and unpaid interest.

Furthermore, Holders of any Lloyds Bank Perpetual Securities which are accepted for exchange will not be entitled to receive any further payment, shares or other compensation in respect of

any deferred and unpaid coupons in respect of such Lloyds Bank Perpetual Securities; consideration for deferred and unpaid coupons is deemed to be included in the applicable Exchange Consideration.

Minimum Offer Amount

No Offer to Exchange Existing Notes of a Series will be accepted by the Offeror unless such Offer to Exchange (in the case of Offers to Exchange in respect of Existing Tier 2 Notes, after the application of the relevant Series Acceptance Amount and any *pro-ration* of Offers to Exchange) relates to an aggregate principal amount of Existing Notes of that Series such that, after the application of the New Tier 2 Notes Consideration Amount for such Series, a Holder of such Existing Notes is eligible to receive a principal amount of New Tier 2 Notes of at least £100,000 (the “**Minimum Offer Amount**”). Where a Holder submits an Exchange Instruction in respect of a principal amount of Existing Notes of less than the relevant Minimum Offer Amount, such Holder’s Exchange Instruction will be rejected. Exchange Instructions must also be submitted in an aggregate principal amount of at least the relevant minimum denomination for the relevant Series of Existing Notes.

Results Announcement

On the Results Announcement Date (as defined herein), the Offeror is expected to announce (i) the Reference Gilt Rate in respect of the New Tier 2 Notes, (ii) the New Tier 2 Notes Yield and the New Tier 2 Notes Initial Coupon, (iii) the relevant Exchange Yield and the relevant Exchange Consideration for each Series of Existing Tier 2 Notes, (iv) the New Tier 2 Notes Consideration Amount for each Series of Existing Tier 2 Notes, (v) whether valid Offers to Exchange pursuant to the Exchange Offers are accepted by the Offeror, (vi) the principal amount of each Series of the Existing Tier 1 Notes accepted for exchange, (vii) the Tier 2 Notes Acceptance Amount in respect of the Existing Tier 2 Notes, (viii) in relation to each Series of Existing Tier 2 Notes, the Series Acceptance Amount and any Pro-ration Factor(s), (ix) the satisfaction or otherwise of the Minimum New Issue Size Condition and (x) the New Issue Amount.

Existing Notes

Certain details of the Existing Notes are set out in the table entitled “Certain Details of the Existing Notes” on page 8 above.

New Tier 2 Notes

The New Tier 2 Notes will comprise dated subordinated unsecured sterling denominated securities to be issued by Lloyds Banking Group plc.

Certain details of the New Tier 2 Notes are set out in the table entitled “Certain Details of the New Tier 2 Notes” on page 9 above and further details are set out in (i) “Overview of the Key Features of the New Tier 2 Notes” below and (ii) the New Tier 2 Notes Conditions which are set out in the Base Prospectus and in Schedule 2, Part C of the Trust Deed, as completed by the form of New Tier 2 Notes Final Terms set out in the Annex to this Exchange Offer Memorandum.

The New Tier 2 Notes will be issued pursuant to the EMTN Programme – see the form of the New Tier 2 Notes Final Terms set out in the Annex to this Exchange Offer Memorandum. The New Tier 2 Notes Conditions, and other information relating to the New Tier 2 Notes, are set out in the Base Prospectus and in Schedule 2, Part C of the Trust Deed, and should be read in conjunction with the New Tier 2 Notes Final Terms and the section entitled “Summary of Provisions Relating to the Notes while in Global Form” in the Base Prospectus.

The New Tier 2 Notes Conditions remain subject to the Offeror’s general discretion to amend the terms of the Exchange Offers, as further described in “Terms of the Exchange Offers – 14. Amendment and Termination” below.

Conditions to the Exchange Offers

Notwithstanding any other provision of this Exchange Offer Memorandum, whether the Offeror accepts any Offers to Exchange from Holders is at its sole and absolute discretion and it may decide not to accept any of the Offers to Exchange for any reason.

See also “Acceptance of Offers to Exchange”, “New Issue Amount, Minimum New Issue Size Condition and Maximum New Issue Size” and “Minimum Offer Amount” above.

Amendment to Terms of the Exchange Offers; Termination

Subject as provided herein, the Offeror may, in its sole discretion, extend, re-open, amend, waive any condition of, terminate and/or withdraw the Exchange Offer in respect of any one or more or all Series of Existing Notes (including, without limitation, amending the New Tier 2 Notes Conditions, any Exchange Consideration, the Minimum New Issue Size or the Maximum New Issue Size) at any time up to and including when the Offeror announces whether it accepts valid Offers to Exchange pursuant to the Exchange Offers, which the Offeror expects to do on the Results Announcement Date in relation to each relevant Series of Existing Notes.

Notice will be given to Holders of the relevant Series of Existing Notes if the terms and conditions or timing of the Exchange Offers are amended.

If any amendment to the terms of the Exchange Offers is made by the Offeror as set out above, or any supplement to the Base Prospectus is published after the date of this Exchange Offer Memorandum and before the time of settlement of the Exchange Offers and, in the Offeror’s opinion (in consultation with the Joint Dealer Managers), such amendment or the content of such supplement is materially prejudicial to Holders of the relevant Existing Notes subject to the Exchange Offers that have already submitted Offers to Exchange before the announcement of such amendment or supplement (in which regards the Offeror will publish an announcement including a statement that, in the Offeror’s opinion, such amendment or the content of such supplement is materially prejudicial to such Holders), such

Holders that have already submitted Offers to Exchange in the relevant Series will have the right to withdraw their Offers to Exchange for a period of two Business Days from the date of such announcement (for the avoidance of doubt, this right to withdraw shall not be triggered by any increase in, or waiver of, the Maximum New Issue Size or any extension of the Exchange Offer Period).

Revocation

Exchange Instructions cannot be revoked, except in the limited circumstances described in “Terms of the Exchange Offers – 15. Revocation Rights” below.

Procedures for Offering to Exchange Existing Notes

Holders wishing to participate in the Exchange Offers must submit, or arrange to have submitted on their behalf, not later than the Expiration Time and, in any event, before such earlier deadline as may be imposed by the relevant Clearing System a duly completed Exchange Instruction in the form specified in the relevant Clearing System Notice.

Holders should check with any bank, securities broker or other Intermediary (as defined herein) through which they hold their Existing Notes whether such Intermediary will apply different deadlines for participation to those set out in this Exchange Offer Memorandum and, if so, should factor in additional time, as necessary, to follow those deadlines.

The receipt of such Exchange Instruction by the relevant Clearing System will be acknowledged by such Clearing System and will result in the blocking of the relevant Existing Notes. Beneficial Owners of Existing Notes must take the appropriate steps through the relevant Clearing System to ensure that no transfers may be effected in relation to such blocked Existing Notes at any time after such date, in accordance with the requirements of the relevant Clearing System and the deadlines required by such Clearing System. By blocking such Existing Notes in the relevant Clearing System, each Holder or Direct Participant will be deemed to consent to have the relevant Clearing System provide details concerning such Holder’s and/or Direct Participant’s identity to, amongst others, the Exchange Agent.

See “Terms of the Exchange Offers — 11. Procedures for Offering to Exchange Existing Notes” below for more detailed instructions on how to offer Existing Notes.

Representations and Warranties of Holders

By Offering to Exchange Existing Notes in the Exchange Offers, Holders will be deemed to make a series of representations and warranties, which are set out in full below - see “Terms of the Exchange Offers — 12. Acknowledgements, Representations, Warranties and Undertakings” below.

OVERVIEW OF THE KEY FEATURES OF THE NEW TIER 2 NOTES

The following does not purport to be complete and is qualified in its entirety by the more detailed information provided elsewhere in this Exchange Offer Memorandum. Capitalised terms shall, unless the context otherwise requires, have the meanings set out under “Definitions” or in the New Tier 2 Notes Conditions below.

The terms and conditions of the New Tier 2 Notes remain subject to the general discretion of the Offeror to amend the terms of the Exchange Offers, as further described in “Amendment to Terms of the Exchange Offer; Termination” above.

Issuer

Lloyds Banking Group plc.

Status of the New Tier 2 Notes

The New Tier 2 Notes will constitute unsecured obligations of the Offeror and will rank *pari passu* and without any preference among themselves. The rights and claims of Holders in respect of, or arising under, the New Tier 2 Notes will be subordinated as described in the New Tier 2 Notes Conditions.

Subordination of the New Tier 2 Notes in a winding-up or administration

In the event of:

- a) an order being made, or an effective resolution being passed, for the winding-up of the Offeror (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Offeror or the substitution in place of the Offeror of a successor in business (as defined in the Trust Deed) of the Offeror, the terms of which reorganisation, reconstruction, amalgamation or substitution (x) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (y) do not provide that the New Tier 2 Notes shall thereby become redeemable or repayable in accordance with the New Tier 2 Notes Conditions); or
- b) an administrator of the Offeror being appointed and such administrator declaring, or giving notice that it intends to declare and distribute, a dividend,

the rights and claims of the Holders of the New Tier 2 Notes against the Offeror in respect of or arising under the New Tier 2 Notes, the Coupons relating to them and the Trust Deed shall be for an amount equal to the principal amount of the New Tier 2 Notes (in the case of the relevant Holders of the New Tier 2 Notes) together with any accrued but unpaid interest thereon (in the case of the relevant Holders of the New Tier 2 Notes or Couponholders (as defined in the New Tier 2 Notes Conditions)), provided however that such rights and claims will be subordinated, in the manner provided in the New Tier 2 Notes Conditions and in the Trust Deed, to the claims of all Senior Creditors of the Offeror but shall rank (a) at least *pari passu* with the claims of holders of all obligations of the Offeror which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital of the Offeror and in priority to (1) the claims of holders of all obligations of the Offeror which constitute Tier 1 Capital of the Offeror, (2) the claims of holders of

all undated or perpetual subordinated obligations of the Offeror and (3) the claims of holders of all share capital of the Offeror.

“**Relevant Regulator**” means the Bank of England acting as the Prudential Regulation Authority through its Prudential Regulation Committee or such other governmental authority in the United Kingdom (or if the Offeror becomes domiciled in a jurisdiction other than the United Kingdom, in such other jurisdiction) having primary supervisory authority with respect to the Offeror and/or the Group.

“**Senior Creditors**” means in respect of the Offeror (a) creditors of the Offeror whose claims are admitted to proof in the winding-up or administration of the Offeror and who are unsubordinated creditors of the Offeror and (b) creditors of the Offeror whose claims are or are expressed to be subordinated to the claims of other creditors of the Offeror (other than those whose claims relate to obligations which constitute, or would, but for any applicable limitation on the amount of such capital, constitute Tier 1 Capital or Tier 2 Capital of the Offeror, or whose claims rank or are expressed to rank *pari passu* with, or junior to, the claims of holders of the New Tier 2 Notes).

“**Tier 1 Capital**” has the meaning given to it by the Relevant Regulator from time to time.

“**Tier 2 Capital**” has the meaning given to it by the Relevant Regulator from time to time.

No set-off

Subject to applicable law, no Holder of New Tier 2 Notes may exercise or claim any right of set-off, compensation or retention in respect of any amount owed to it by the Offeror arising under or in connection with the New Tier 2 Notes and each Holder of New Tier 2 Notes shall, by virtue of its holding of any New Tier 2 Notes, be deemed to have waived all such rights of set-off, compensation or retention, both before and during any winding-up, liquidation or administration of the Offeror.

Interest Rates

From and including the Issue Date up to but excluding the First Reset Date, the New Tier 2 Notes will bear interest at a fixed rate per annum equal to the New Tier 2 Notes Initial Coupon, in accordance with the New Tier 2 Notes Conditions as set out in the Annex to this Exchange Offer Memorandum.

From and including the First Reset Date to but excluding the Maturity Date, the New Tier 2 Notes will bear interest at a fixed rate per annum equal to the sum of the relevant Benchmark Gilt Rate and the Margin, in accordance with the New Tier 2 Notes Conditions as set out in the Annex to this Exchange Offer Memorandum.

Margin

As indicated in the New Tier 2 Notes Conditions set out in the Annex to this Exchange Offer Memorandum.

Interest Payment Dates / Business Day Conventions

As indicated in the New Tier 2 Notes Conditions set out in the Annex to this Exchange Offer Memorandum.

Maturity Date

As indicated in the New Tier 2 Notes Conditions set out in the Annex to this Exchange Offer Memorandum.

Optional Redemption Date	As indicated in the New Tier 2 Notes Conditions set out in the Annex to this Exchange Offer Memorandum.
Purchase	Subject to certain conditions, the Offeror may at any time purchase or procure others to purchase beneficially for its account New Tier 2 Notes in any manner and at any price.
Early Redemption due to a Tax Event or Capital Disqualification Event	Subject to certain conditions, if at any time a Tax Event or a Capital Disqualification Event (each as defined in the New Tier 2 Notes Conditions) has occurred, then the Offeror may redeem all, but not some only, of the New Tier 2 Notes at their principal amount, together with any accrued and unpaid interest to (but excluding) the date fixed for redemption.
Limited Remedies for Non-Payment	The New Tier 2 Notes do not provide for acceleration following non-payment of interest or principal on the New Tier 2 Notes other than in a winding-up of the Offeror. Further, the sole remedy against the Offeror available to Holders of the New Tier 2 Notes for recovery of amounts owing in respect of any payment of principal or interest in respect of any New Tier 2 Notes will be the institution of proceedings for, and proving in, the winding-up of the Offeror.
Conditions to Redemption or Purchase	Any optional redemption or purchase by the Offeror of the New Tier 2 Notes is subject to (1) the prior permission of the Relevant Regulator, (2) for any redemption of the New Tier 2 Notes prior to the fifth anniversary of the Settlement Date, if and to the extent then required under the relevant Regulatory Capital Requirements (as defined in the New Tier 2 Notes Conditions), (a) in the case of redemption following the occurrence of a Tax Event, the Offeror having demonstrated to the satisfaction of the Relevant Regulator that the relevant change or event is material and was not reasonably foreseeable by the Offeror as at the Settlement Date or (b) in the case of redemption following the occurrence of a Capital Disqualification Event, the Offeror having demonstrated to the satisfaction of the Relevant Regulator that the relevant change was not reasonably foreseeable by the Offeror as at the Settlement Date; (3) (a) if and to the extent then required under the relevant Regulatory Capital Requirements, the Offeror replacing the New Tier 2 Notes with instruments qualifying as own funds of equal or higher quality on terms that are sustainable for the income capacity of the Offeror or (b) the Offeror demonstrating to the satisfaction of the Relevant Regulator that its Tier 1 Capital and Tier 2 Capital would, following such redemption, exceed its minimum capital requirements by a margin that the Relevant Regulator may consider necessary at such time based on the Regulatory Capital Requirements; and (4) for any purchase of the New Tier 2 Notes prior to the fifth anniversary of the Settlement Date, either (a) the Offeror having replaced the New Tier 2 Notes with instruments qualifying as own funds of equal or higher quality on terms sustainable for the income capacity of the Offeror and the Relevant Regulator having permitted such action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances or (b) the

	<p>New Tier 2 Notes being purchased for market-making purposes in accordance with applicable Regulatory Capital Requirements.</p> <p>In addition, the Offeror will comply with any alternative or additional pre-conditions to redemption or purchase, as applicable, set out in the relevant Regulatory Capital Requirements.</p>						
Form	Bearer form.						
Denominations	The New Tier 2 Notes will be in bearer form in denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000, and will initially be issued in global form.						
Additional Amounts	Payments in respect of the New Tier 2 Notes shall be made free and clear of, and without withholding or deduction for or on account of United Kingdom taxes, unless the withholding or deduction is required by law, in which event there shall be a gross up in respect of any payment of interest only (but not principal), subject to customary exceptions.						
Trustee	The Law Debenture Trust Corporation p.l.c.						
Principal Paying Agent	Citibank, N.A., London Branch						
Governing Law	The New Tier 2 Notes and any non-contractual obligations arising out of or in connection with them will be governed by, and shall be construed in accordance with, English law, save that the set-off and subordination provisions of the New Tier 2 Notes shall be governed by, and construed in accordance with, Scots law.						
Agreement with respect to the exercise of the UK Bail-in Power	Each Holder of the New Tier 2 Notes will acknowledge and accept that the Amounts Due arising under the New Tier 2 Notes may be subject to the exercise of the UK Bail-in Power by the Resolution Authority.						
Expected ratings	<p>The New Tier 2 Notes to be issued pursuant to the Exchange Offers are expected by the Offeror to be rated:</p> <table border="0"> <tr> <td>Moody's:</td> <td>Baa1</td> </tr> <tr> <td>S&P:</td> <td>BBB-</td> </tr> <tr> <td>Fitch:</td> <td>A-</td> </tr> </table> <p>Moody's, Fitch and S&P (each as defined herein) are established in the United Kingdom and registered under Regulation (EC) No 1060/2009.</p>	Moody's:	Baa1	S&P:	BBB-	Fitch:	A-
Moody's:	Baa1						
S&P:	BBB-						
Fitch:	A-						
Listing	Applications are intended to be made to the FCA under Part VI of the Financial Services and Markets Act 2000, as amended, for the New Tier 2 Notes to be admitted to the Official List of the FCA and to the London Stock Exchange plc (the " London Stock Exchange ") for the New Tier 2 Notes to be admitted to trading on the London Stock Exchange's regulated market. The London Stock Exchange's regulated market is a regulated market for the purposes of MiFID II.						
Clearing	The New Tier 2 Notes are expected to be accepted for clearing by Euroclear and Clearstream, Luxembourg.						

EXPECTED TIMETABLE

The times and dates below are indicative only. The below times and dates are subject, where applicable, to the right of the Offeror to extend, re-open, amend, waive any condition of, terminate and/or withdraw any one or more or all of the Exchange Offers (subject to applicable law and as provided in this Exchange Offer Memorandum).

Accordingly, the actual timetable for the Exchange Offers may differ significantly from the expected timetable set out below.

Events	Dates and Times
Commencement of the Exchange Offer Period	
Exchange Offers announced and notice of the Exchange Offers submitted to the Clearing Systems and published via RNS. Exchange Offer Memorandum available from the Exchange Agent.	16 November 2020
Expiration Time and Date	
Deadline for receipt of all Exchange Instructions.	4.00 p.m. London time on 24 November 2020
End of the Exchange Offer Period.	
Announcement of Indicative Results	
Announcement by the Offeror of a non-binding indication of whether it intends to accept valid Offers to Exchange Existing Notes pursuant to the Exchange Offers and, if so, (i) a non-binding indication of the principal amount of each Series of the Existing Tier 1 Notes to be accepted for exchange, (ii) a non-binding indication of the Tier 2 Notes Acceptance Amount and (iii) a non-binding indication of the Series Acceptance Amount and the Pro-ration Factor(s), if applicable, in relation to each Series of Existing Tier 2 Notes.	Prior to the Price Determination Time on 25 November 2020 (or the Business Day following such date and time to which the Expiration Date, as applicable, has been so extended or the Exchange Offers re-opened)
Price Determination Time and Date	
The time and date on which the Offeror will determine (i) the Reference Gilt Rate in respect of the New Tier 2 Notes, (ii) the New Tier 2 Notes Yield and the New Tier 2 Notes Initial Coupon, (iii) the relevant Exchange Yield and the relevant Exchange Consideration for each Series of Existing Tier 2 Notes and (iv) the New Tier 2 Notes Consideration Amount for each Series of Existing Tier 2 Notes.	Expected to be at or around 11.00 a.m. London time on 25 November 2020 (or the Business Day following such date and time to which the Expiration Date, as applicable, has been so extended or the Exchange Offers re-opened)
Results Announcement Date	
On the Results Announcement Date (as defined herein), the Offeror is expected to announce (i) the Reference Gilt Rate in respect of the New Tier 2 Notes, (ii) the New Tier 2 Notes Yield and the New Tier 2 Notes Initial Coupon, (iii) the relevant Exchange Yield and the relevant Exchange Consideration for each Series of Existing Tier 2 Notes, (iv)	As soon as reasonably practicable after the Price Determination Time on the Price Determination Date

Events

Dates and Times

the New Tier 2 Notes Consideration Amount for each Series of Existing Tier 2 Notes, (v) whether valid Offers to Exchange pursuant to the Exchange Offers are accepted by the Offeror, (vi) the principal amount of each Series of the Existing Tier 1 Notes accepted for exchange, (vii) the Tier 2 Notes Acceptance Amount in respect of the Existing Tier 2 Notes, (viii) in relation to each Series of Existing Tier 2 Notes, the Series Acceptance Amount and any Pro-ration Factor(s), (ix) the satisfaction or otherwise of the Minimum New Issue Size Condition and (x) the New Issue Amount.

Settlement Date

Settlement Date for the Exchange Offers, including (i) delivery of the New Tier 2 Notes in exchange for Existing Notes validly Offered for Exchange and accepted and (ii) payment of Accrued Interest Payments, Cash Rounding Amounts (if any) and Cash Consideration Amounts (if any).

Expected to be on or around 3 December 2020

Holders are advised to check with any bank, securities broker, Clearing Systems or other Intermediary (as defined herein) through which they hold their Existing Notes whether such Intermediary applies different deadlines for any of the events specified above, and then to allow for such deadlines if the deadlines set by such persons are prior to the deadlines set out above.

Unless stated otherwise, announcements will be made by the Offeror (i) by the delivery of notices to the relevant Clearing Systems for communication to Direct Participants and (ii) through RNS. Announcements may also be issued by way of press release to a Notifying News Service and found on the relevant Reuters International Insider Screen. Copies of all such announcements, press releases and notices can also be obtained from the Exchange Agent, the contact details for which are on the last page of this Exchange Offer Memorandum. In addition, Holders of Existing Notes may contact the Joint Dealer Managers for information using the contact details on the last page of this Exchange Offer Memorandum.

Existing Notes are currently held in or through a number of Clearing Systems, including Euroclear and Clearstream, Luxembourg. The applicable procedures vary according to the operating procedures of the relevant Clearing System in which Existing Notes are held, and Holders should note the appropriate procedures set out “Terms of the Exchange Offers – 11. Procedures for Offering to Exchange Existing Notes” below.

DEFINITIONS

Capitalised terms used but not defined in this Exchange Offer Memorandum shall, unless the context otherwise requires, have the meanings set out in the New Tier 2 Notes Conditions.

2023 Notes	The £300,000,000 9.625 per cent. Subordinated Bonds Due 6 April 2023 (XS0043098127) issued by Lloyds Bank plc.
Accrued Interest Amount	In respect of each Series of Existing Notes, the amount of accrued and unpaid interest (if any), in respect of the Existing Notes of such Series, which have been accepted for exchange pursuant to the relevant Exchange Offer, from (and including) the immediately preceding interest payment date in respect of such Existing Notes to (but excluding) the Settlement Date, calculated in accordance with the relevant Existing Notes Conditions.
Accrued Interest Payment	An amount in cash (rounded to the nearest £0.01, with half a penny being rounded upwards) payable by or on behalf of the Offeror to a Holder on the Settlement Date as part of the consideration under the relevant Exchange Offer and not, for the avoidance of doubt, a payment pursuant to the terms of the relevant Existing Notes, equal to the relevant Accrued Interest Amount on the applicable Series of Existing Notes validly Offered for Exchange by a Holder and accepted by the Offeror.
Agency Agreement	The amended and restated agency agreement dated 9 April 2019 between the Offeror, the Trustee and the Agents named therein, relating to the EMTN Programme as amended and/or supplemented as at the Settlement Date.
Base Prospectus	The base prospectus dated 18 May 2020, as supplemented by supplementary prospectuses dated 30 July 2020 and 29 October 2020 together with any further supplementary prospectuses published after the date of this Exchange Offer Memorandum, in each case relating to the EMTN Programme.
Beneficial Owner	A person who is the beneficial owner of (and not an Intermediary in respect of) an interest in a particular principal amount of the Existing Notes, as shown in the records of Euroclear, Clearstream, Luxembourg or their respective Direct Participants.
Business Day	A day other than a Saturday or Sunday or a public holiday on which commercial banks and foreign exchange markets are open for business in London.
Cash Consideration Amount	The amount (if any) in cash in sterling (rounded to the nearest £0.01, with half a penny being rounded upwards) to be paid, or procured to be paid, by the Offeror to a Holder on the Settlement Date in respect of each £1,000 in principal amount of the Existing Notes so accepted for exchange specified in respect of the relevant Series of Existing Notes in the column entitled “Cash Consideration Amount” of the table set out above under “Certain Details of the Existing Notes” on page 8 above.
Cash Rounding Amount	The amount in cash in sterling (rounded to the nearest £0.01, with half a penny being rounded upwards) to be paid, or procured to be paid, by the Offeror to a Holder on the Settlement Date equal to any fractional portion (that is not an integral multiple of £1,000) of aggregate principal amount of New Tier 2 Notes that such Holder would otherwise be entitled to receive as a result of the application of the relevant New Tier 2 Notes Consideration Amount (and, in the case of Offers to Exchange in respect of Existing Tier 2 Notes, after the application of the relevant Series Acceptance Amount and any <i>pro-rata</i> of Offers to

Exchange), as further described in paragraph 5 of “Terms of the Exchange Offers”.

Clearing System Notice	The notice to be sent to Direct Participants by each of the Clearing Systems on or about the date of this Exchange Offer Memorandum informing Direct Participants, <i>inter alia</i> , of the procedures to be followed in order to participate in the Exchange Offers.
Clearing Systems	Euroclear and Clearstream, Luxembourg.
Clearstream, Luxembourg	Clearstream Banking, S.A.
Direct Participant	Each person who is shown in the records of a Clearing System as a holder of an interest in the Existing Notes.
Eligible Person	A person that, if such person were receiving services in the course of a firm carrying on a regulated activity, would be a client who is either a ‘professional client’ or an ‘eligible counterparty’ under MiFID II.
EMTN Conditions	The Conditions set out in Schedule 2, Part C of the Trust Deed as replicated on pages 65 to 110 of the Base Prospectus.
EMTN Programme	The £25,000,000,000 Euro Medium Term Note Programme of the Offeror.
Euroclear	Euroclear Bank SA/NV.
Exchange Agent	Lucid Issuer Services Limited.
Exchange Consideration	<p>In relation to each Series of the Existing Tier 1 Notes, the Exchange Consideration for that Series as set out in the column entitled “Exchange Consideration” as set out in the table under “Certain Details of the Existing Notes” on page 8 above, which includes both the New Tier 2 Notes Consideration Amount and the Cash Consideration Amount (if applicable).</p> <p>In relation to each Series of the Existing Tier 2 Notes, the Exchange Consideration (which includes both the New Tier 2 Notes Consideration Amount and the Cash Consideration Amount (if applicable)) will be the price (expressed as a percentage and rounded to the nearest 0.001 per cent. (with 0.0005 per cent. being rounded upwards)) at which Existing Notes of the relevant Series will be accepted for Exchange by the Offeror, determined at the Price Determination Time on the Price Determination Date as described below in accordance with market convention, and is intended to reflect a yield to maturity of each Series of Existing Tier 2 Notes on the Settlement Date equal to the relevant Exchange Yield (being the sum, which will be annualised in the case of the 2023 Notes, of the relevant (a) Exchange Spread and (b) Existing Tier 2 Notes Reference Benchmark Yield). Specifically, the Exchange Consideration for each Series of Existing Tier 2 Notes will equal (a) the value of all remaining payments of principal and interest on each such Series up to and including the relevant maturity date of such Series of Existing Tier 2 Notes, discounted to the Settlement Date at a discount rate equal to the relevant Exchange Yield, minus (b) the relevant Accrued Interest Amount.</p> <p>The determination of the Exchange Consideration in relation to each Series of the Existing Tier 2 Notes will be made by the Offeror in its sole and absolute discretion and such calculations will be final and binding on the relevant Holders, absent manifest error.</p>

Exchange Instruction	The electronic exchange and blocking instruction in the form specified in the relevant Clearing System Notice (to the effect set out in “Terms of the Exchange Offers — 11. Procedures for Offering to Exchange Existing Notes” below), which must be submitted by Holders, Direct Participants or Beneficial Owners in accordance with the requirements of the relevant Clearing System.
Exchange Offer Memorandum	This Exchange Offer Memorandum dated 16 November 2020.
Exchange Offer Period	From the commencement of the Exchange Offers on 16 November 2020 until the Expiration Time, unless such period is extended, in relation to any Series, as described herein.
Exchange Offers	Each of the invitations by the Offeror to Holders who are Eligible Persons to Offer to Exchange Existing Notes for New Tier 2 Notes.
Exchange Spread	The relevant spread to be added to the relevant Existing Tier 2 Notes Reference Benchmark Yield to determine the relevant Exchange Yield in respect of each Series of Existing Tier 2 Notes, as specified in the column entitled “Exchange Spread” set out in the table under “Certain Details of the Existing Notes” on page 8 above.
Exchange Yield	The sum of the relevant Exchange Spread and the relevant Existing Tier 2 Notes Reference Benchmark Yield. Such sum will be annualised in respect of the 2023 Notes to match the coupon frequency of the 2023 Notes.
Existing Notes	The Existing Tier 1 Notes and the Existing Tier 2 Notes.
Existing Notes Conditions	The terms and conditions of the relevant Series of Existing Notes.
Existing Tier 1 Notes	<p>The £150,000,000 7.281 per cent. Series B Perpetual Regulatory Tier One Securities (XS0125686229) issued by Bank of Scotland plc, the £700,022,000 13 per cent. Step-Up Perpetual Capital Securities Callable 2029 (XS0408620721) issued by Lloyds Bank plc (the “Lloyds Bank Perpetual Securities”) (of which £590,841,000 are outstanding), the £245,000,000 7.881 per cent. Guaranteed Non-Voting Non-Cumulative Preferred Securities (GB0058327924) issued by HBOS Sterling Finance (Jersey) L.P. (the “Preferred Securities”).</p> <p>References in this Exchange Offer Memorandum to the principal amount of an Existing Note shall, in the case of the Preferred Securities, be construed as references to the liquidation preference of such Preferred Security.</p>
Existing Tier 2 Notes	The 2023 Notes and the £750,000,000 7.625 per cent. Dated Subordinated Notes due 22 April 2025 (XS0503834821) issued by Lloyds Bank plc.
Existing Tier 2 Notes Reference Benchmark	The relevant Existing Tier 2 Notes Reference Benchmark, as specified in the column entitled “Reference Benchmark” of the table set out under “Certain Details of the Existing Notes” on page 8 above.
Existing Tier 2 Notes Reference Benchmark Yield	The arithmetic mean of the bid and ask yield to maturity of the applicable Existing Tier 2 Notes Reference Benchmark (rounded to the nearest 0.001 per cent. with 0.0005 per cent. being rounded upwards) directly quoted on Bloomberg Page “PXUK” at the Price Determination Time.

Expiration Date	24 November 2020, or such later date as notified by the Exchange Agent to the Holders and subject to the right of the Offeror to extend, re-open, amend, waive any condition of, terminate and/or withdraw any one or more or all of the Exchange Offers pursuant to the provisions set out herein.
Expiration Time	4.00 p.m., London time, on the Expiration Date.
Fitch	Fitch Ratings Limited.
FSMA	The Financial Services and Markets Act 2000, as amended.
Global Co-ordinator & Joint Dealer Manager	Lloyds Bank Corporate Markets plc.
Group	The Offeror and its subsidiary and associated undertakings.
Group Company	Any subsidiary of the Offeror.
Holder	A holder of Existing Notes and/or New Tier 2 Notes, as applicable.
Intermediary	Any broker, dealer, commercial bank, trust company or other nominee or custodian who holds Existing Notes or an interest in Existing Notes on behalf of another person.
Joint Dealer Managers	Goldman Sachs International, Lloyds Bank Corporate Markets plc and Merrill Lynch International (together, where the context so requires, with their respective affiliates).
Lloyds Bank Perpetual Securities	The £700,022,000 13 per cent. Step-Up Perpetual Capital Securities Callable 2029 (XS0408620721) issued by Lloyds Bank plc, of which £590,841,000 are outstanding.
London Stock Exchange	The London Stock Exchange plc.
Maximum New Issue Size	The maximum principal amount of the New Tier 2 Notes to be issued pursuant to the Exchange Offers as set out in the column entitled “Maximum New Issue Size” of the table set out under “Certain Details of the New Tier 2 Notes”, provided that if the Offeror accepts Existing Tier 1 Notes of any Series for exchange it will accept any and all Existing Tier 1 Notes of that Series for exchange and such Maximum New Issue Size will not apply to New Tier 2 Notes issued in exchange for Existing Tier 1 Notes.
MiFID II	Directive 2014/65/EU (as amended).
Minimum New Issue Size	The minimum principal amount of the New Tier 2 Notes that may be issued pursuant to the Exchange Offers as set out in the column entitled “Minimum New Issue Size” of the table set out under “Certain Details of the New Tier 2 Notes” on page 9 above.
Minimum New Issue Size Condition	The condition to the acceptance for exchange of the New Tier 2 Notes that the Minimum New Issue Size is met.
Minimum Offer Amount	An aggregate principal amount of Existing Notes of a Series such that after the application of the relevant New Tier 2 Notes Consideration Amount (and, in the case of Offers to Exchange in respect of Existing Tier 2 Notes, after the application of the relevant Series Acceptance Amount and any pro-ration of Offers to Exchange), a Holder of such Existing Notes is eligible to receive a principal amount of New Tier 2 Notes of at least £100,000.

Moody's	Moody's Investors Service Ltd.
New Issue Amount	The amount to be determined by the Offeror following the expiration of the Exchange Offer Period, as the aggregate principal amount of New Tier 2 Notes to be issued by the Offeror and delivered in exchange for the relevant Existing Notes pursuant to the Exchange Offers. The New Issue Amount will be determined by the Offeror in its sole and absolute discretion, and, in each case, is intended to be announced by the Offeror in the Results Announcement.
New Tier 2 Notes	Sterling denominated fixed rate reset callable subordinated notes due 2035 (as described in the sections entitled "Certain Details of the New Tier 2 Notes" and "Overview of the Key Features of the New Tier 2 Notes" above).
New Tier 2 Notes Conditions	The full terms and conditions of the New Tier 2 Notes are set out in the New Tier 2 Notes Final Terms (the form of which, subject to modification, are appended as the Annex to this Exchange Offer Memorandum, which should be read together with the Results Announcement) in conjunction with the EMTN Conditions contained in Schedule 2, Part C of the Trust Deed and the section entitled "Summary of Provisions Relating to the Notes while in Global Form" in the Base Prospectus.
New Tier 2 Notes Consideration Amount	<p>In relation to the Existing Tier 1 Notes, the New Tier 2 Notes Consideration Amount set out in the column entitled "New Tier 2 Notes Consideration" as set out in the table under "Certain Details of the Existing Notes" on page 8 above.</p> <p>In relation to the Existing Tier 2 Notes, the New Tier 2 Notes Consideration will be equal to the relevant Exchange Consideration (expressed as an amount per £1,000 of Existing Notes) minus the relevant Cash Consideration Amount (if applicable) as set out in the table under "Certain Details of the Existing Notes" on page 8 above.</p> <p>The relevant New Tier 2 Notes Consideration Amount will be used to determine the aggregate principal amount of the New Tier 2 Notes that each Holder whose Existing Notes are accepted for exchange pursuant to the Exchange Offers will receive on the Settlement Date.</p>
New Tier 2 Notes Initial Coupon	The rate of interest applicable to the New Tier 2 Notes from and including the Settlement Date to but excluding the Optional Redemption Date, which will be equal to the New Tier 2 Notes Yield.
New Tier 2 Notes Issue Price	100%.
New Tier 2 Notes Spread	The spread to be added to the Reference Gilt Rate to determine the New Tier 2 Notes Yield in respect of the New Tier 2 Notes is specified in the column entitled "New Tier 2 Notes Spread" of the table set out under "Certain Details of the New Tier 2 Notes" on page 9 above.
New Tier 2 Notes Yield	<p>The sum of the New Tier 2 Notes Spread and the Reference Gilt Rate.</p> <p>The determination of the New Tier 2 Notes Yield will be made by the Offeror in its sole and absolute discretion and such calculations will be final and binding on the relevant Holders, absent manifest error.</p>
Notifying News Service	A recognised financial news service or services as selected by the Offeror (e.g. Reuters/Bloomberg).

Offer to Exchange	An offer validly made to the Offeror by a Holder of Existing Notes to exchange such Existing Notes for the relevant Exchange Consideration, in accordance with and pursuant to the terms of the Exchange Offers, and “Offers to Exchange”, “Offered for Exchange” and “Offering to Exchange” shall be construed accordingly.
Offeror	Lloyds Banking Group plc.
Preferred Securities	The £245,000,000 7.881 per cent. Guaranteed Non-Voting Non-Cumulative Preferred Securities (GB0058327924) issued by HBOS Sterling Finance (Jersey) L.P.
Price Determination Time and Date	The time and date on which the Offeror will determine (i) the Reference Gilt Rate in respect of the New Tier 2 Notes, (ii) the New Tier 2 Notes Yield and the New Tier 2 Notes Initial Coupon, (iii) the relevant Exchange Yield and the relevant Exchange Consideration for each Series of Existing Tier 2 Notes and (iv) the New Tier 2 Notes Consideration Amount for each Series of Existing Tier 2 Notes.
Reference Gilt Rate	The arithmetic mean of the bid and ask yield to maturity of the Reference Gilt (rounded to the nearest 0.001 per cent. with 0.0005 per cent. being rounded upwards) directly quoted on Bloomberg Page “PXUK” at the Price Determination Time.
Results Announcement Date	The date on which the Results Announcement is made by the Offeror which is expected to be as soon as reasonably practicable after the Price Determination Time.
Results Announcements	The announcement by the Offeror on the Results Announcement Date of (i) the Reference Gilt Rate in respect of the New Tier 2 Notes, (ii) the New Tier 2 Notes Yield and the New Tier 2 Notes Initial Coupon, (iii) the relevant Exchange Yield and the relevant Exchange Consideration for each Series of Existing Tier 2 Notes, (iv) the New Tier 2 Notes Consideration Amount for each Series of Existing Tier 2 Notes, (v) whether valid Offers to Exchange pursuant to the Exchange Offers are accepted by the Offeror, (vi) the principal amount of each Series of the Existing Tier 1 Notes accepted for exchange, (vii) the Tier 2 Notes Acceptance Amount in respect of the Existing Tier 2 Notes, (viii) in relation to each Series of Existing Tier 2 Notes, the Series Acceptance Amount and any Pro-ration Factor(s), (ix) the satisfaction or otherwise of the Minimum New Issue Size Condition and (x) the New Issue Amount.
RNS	Regulatory News Service provided by the London Stock Exchange (being a Regulated Information Service on the list of Regulatory Information Services maintained by the Financial Conduct Authority).

Sanctions Authority	<p>Each of:</p> <ul style="list-style-type: none"> (a) the United States government; (b) the United Nations; (c) the European Union (or any of its member states); (d) the United Kingdom; and (e) any other relevant governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; <p>or the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the US Department of the Treasury, the United States Department of State, the United States Department of Commerce and Her Majesty's Treasury.</p>
Sanctions Restricted Person	<p>An individual or an entity (a "Person"): </p> <ul style="list-style-type: none"> (a) that is, or is owned or controlled by a Person that is, described or designated in (i) the most current "Specially Designated Nationals and Blocked Persons" list (which as of the date hereof can be found at: https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx), (ii) the Foreign Sanctions Evaders List (which as at the date hereof can be found at http://www.treasury.gov/ofac/downloads/fse/fselist.pdf) or (iii) the most current "Consolidated list of persons, groups and entities subject to EU financial sanctions" (which as of the date hereof can be found at: http://eeas.europa.eu/cfsp/sanctions/consol-list/index_en.htm); or (b) that is otherwise the subject of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of their inclusion in: (i) the most current "Sectoral Sanctions Identifications" list (which as of the date hereof can be found at: http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/ssi_list.aspx) (the "SSI List"), (ii) Annexes III, IV, V and VI of Council Regulation No.833/2014, as amended by Council Regulations No.960/2014, 2015/1797 and 2017/2212 (the "EU Annexes"), or (iii) any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes.
S&P	S&P Global Ratings Europe Limited, UK Branch.
Securities Act	The United States Securities Act of 1933, as amended.
Series	A series of the Existing Notes, each as further described in the table entitled "Certain Details of the Existing Notes" on page 8 above and in the relevant Existing Notes Conditions.
Series Acceptance Amount	The aggregate principal amount (if any) of the relevant Series of Existing Tier 2 Notes which have been validly offered and accepted for exchange pursuant to the Exchange Offers.

Settlement Date	The date on which the Offeror will in respect of the relevant Existing Notes Offered for Exchange by such Holder and accepted for exchange pursuant to the Exchange Offers (if any) (i) deliver, or procure the delivery of, of, through the Clearing Systems to each relevant Holder, the New Tier 2 Notes and (ii) pay, or procure the payment of, the Accrued Interest Payments, Cash Rounding Amounts (if any) and Cash Consideration Amounts (if any), which is expected to be on or around 3 December 2020.
Tier 2 Notes Acceptance Amount	An amount equal to the maximum principal amount of Existing Tier 2 Notes that may be accepted for exchange without the aggregate New Tier 2 Notes Consideration Amount exceeding the Maximum New Issue Size, after taking into account the principal amount of New Tier 2 Notes that will be issued in exchange for Existing Tier 1 Notes, and may be subject to increase or decrease in the Offeror's sole discretion.
Trust Deed	The amended and restated trust deed dated 18 May 2020 between the Offeror and The Law Debenture Trust Corporation p.l.c., relating to the EMTN Programme as amended and/or supplemented as at the Settlement Date.
Trustees	<p>In respect of the £150,000,000 7.281 per cent. Series B Perpetual Regulatory Tier One Securities (XS0125686229) issued by Bank of Scotland plc, The Bank of New York Mellon acting as trustee for the Holders of such Existing Notes.</p> <p>In respect of the £700,022,000 13 per cent. Step-Up Perpetual Capital Securities Callable 2029 (XS0408620721) issued by Lloyds Bank plc and the Existing Tier 2 Notes, The Law Debenture Trust Corporation p.l.c. acting as trustee for the Holders of each such Series of Existing Notes.</p> <p>There is no Trustee in respect of the Preferred Securities.</p> <p>In respect of the New Tier 2 Notes, The Law Debenture Trust Corporation p.l.c. acting as trustee for the Holders of the New Tier 2 Notes.</p>
United Kingdom or UK	United Kingdom of Great Britain and Northern Ireland.
United States or U.S.	The United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.

RISK FACTORS

The Group's operating results, financial condition and prospects could be materially and adversely affected by any of the risks referred to below. In that event, the value of the New Tier 2 Notes could decline and investors could lose all or part of their investment in the New Tier 2 Notes.

This section describes the risk factors which are considered by the Offeror to be material in relation to the Offeror and the Group, the Exchange Offers and the New Tier 2 Notes to be issued pursuant to the Exchange Offers.

These risks should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. Additional risks and uncertainties that are not presently known to the Offeror, or which it currently deems immaterial, may also have an adverse effect on the Offeror's or the Group's operating results, financial condition and prospects. The information given is as at the date of this document and, except as required by applicable law or regulation, will not be updated. Any forward-looking statements are made subject to the reservations specified under "Forward-Looking Statements" in the Base Prospectus.

You should consider carefully the risks and uncertainties described below, together with all other information contained in this document and the information incorporated by reference herein, before making any investment decision.

RISKS RELATING TO THE OFFEROR AND THE GROUP

For a description of the risks associated with the Offeror and the Group, see the section entitled "Risk Factors" of the Base Prospectus which is incorporated by reference herein.

RISKS RELATING TO THE EXCHANGE OFFERS

The following section does not describe all of the risks for Holders of either participating or not participating in the Exchange Offers. Prior to making a decision as to whether to participate, Holders should consider carefully, in light of their own financial circumstances and investment objectives, all the information set out in this Exchange Offer Memorandum and, in particular, the following risk factors.

Differences between the Existing Notes and the New Tier 2 Notes.

The New Tier 2 Notes Conditions are set out in the New Tier 2 Notes Final Terms (the form of which, subject to modification, is appended as the Annex to this Exchange Offer Memorandum, which should be read together with the Results Announcement) in conjunction with Schedule 2, Part C of the Trust Deed and the section entitled "Summary of Provisions Relating to the Notes while in Global Form" in the Base Prospectus.

This Exchange Offer Memorandum does not set out a full summary of the differences between the Existing Notes and the New Tier 2 Notes. Holders who are in any doubt as to the terms of their Existing Notes and the differences to the terms of the New Tier 2 Notes are recommended to inform themselves about the terms of their Existing Notes and seek financial and legal advice from their professional advisers prior to participating in the Exchange Offers as they deem appropriate.

The terms and conditions of the Existing Notes are different from those of the New Tier 2 Notes. Holders should carefully consider the differences (which include, *inter alia*, the issuer, the coupon, the payment dates, the possible redemption dates, maturity, minimum denomination and obligations with respect to payment of interest payments and ranking).

Holders should also consider whether they may be subject to tax liabilities in respect of a holding of New Tier 2 Notes which may be different from, or higher than, tax liabilities they would have had if they retained their Existing Notes.

In addition, Holders should also be aware that any credit ratings assigned to the New Tier 2 Notes by any rating agency may be higher or lower than those currently assigned by any rating agencies to the Existing Notes.

The Offeror has not obtained a third-party determination that the Exchange Offers are fair to the Holders.

None of the Offeror, the Issuers, the Joint Dealer Managers or the Exchange Agent is making a recommendation as to whether Holders should exchange Existing Notes in the Exchange Offers. The Offeror has not retained, and does not intend to retain, any unaffiliated representative to act on behalf of the Holders for the purposes of negotiating the Exchange Offers or preparing a report concerning the fairness of the Exchange Offers. Holders must make their own independent decision regarding participation in the Exchange Offers.

Uncertainty as to the trading market for Existing Notes which remain outstanding.

The trading markets for the Existing Notes may be more active during the period between the date of this Exchange Offer Memorandum and the Expiration Time than they were prior to the start of such period and the prices for the Existing Notes in such period may be higher than the corresponding Exchange Consideration. Although the Existing Notes which are not Offered for Exchange and accepted will continue to be listed, to the extent that Existing Notes are exchanged for New Tier 2 Notes, the trading market for the Existing Notes which remain outstanding following the completion of the Exchange Offers may be significantly more limited. Such outstanding Existing Notes may command a lower price than a comparable issue of securities with greater market liquidity. A reduced market value may also make the trading price of the remaining Existing Notes more volatile. As a result, the market price for the Existing Notes that remain outstanding after the completion of the Exchange Offers may be adversely affected as a result of the Exchange Offers.

Future actions in respect of the Existing Notes.

Whether or not any Offer to Exchange is accepted, each of the Joint Dealer Managers, the Offeror, the Issuers and their respective affiliates may (in the case of the Issuers) exercise or refrain from exercising any redemption or other rights which they may have in respect of the Existing Notes and (in all cases, to the extent permitted by applicable law), they may continue to acquire, from time to time during or after the Exchange Offers, Existing Notes other than pursuant to the Exchange Offers, including through open market purchases, privately negotiated transactions, tender offers, exchange offers or otherwise, upon such terms and at such prices as they may determine, which may be more or less than the prices to be paid pursuant to the Exchange Offers and could be for cash or other consideration or otherwise on terms more or less favourable than those contemplated in the Exchange Offers.

No right to receive future payments in respect of the Existing Notes.

Holders whose Existing Notes are accepted for exchange pursuant to the Exchange Offers will not be entitled to receive any further payment pursuant to the terms of such Existing Notes in respect of accrued and unpaid interest.

In the case of the Lloyds Bank Perpetual Securities, the relevant Exchange Consideration has been set at a level to reflect, and is deemed to include, consideration for the deferred and unpaid coupons on the Lloyds Bank Perpetual Securities. Accordingly, Holders whose Lloyds Bank Perpetual Securities are

accepted for exchange will not be entitled to receive any further payment, any shares or any other compensation in respect of any deferred and unpaid coupons in respect of such Lloyds Bank Perpetual Securities, even if Lloyds Bank plc or any other Group Company elects in the future to make any such payment or to deliver any shares or other compensation in respect of any such deferred and unpaid coupons.

No obligation to accept Offers to Exchange; Scaling.

The Offeror is under no obligation to accept Offers to Exchange. Offers to Exchange may be rejected in the sole discretion of the Offeror for any reason and the Offeror is under no obligation to Holders to furnish any reason or justification for refusing to accept an Offer to Exchange and in any event Holders of a Series of Existing Tier 2 Notes who Offer to Exchange such Existing Tier 2 Notes may not receive New Tier 2 Notes if the Tier 2 Notes Acceptance Amount and/or relevant Series Acceptance Amount have been reached. Further, Existing Notes Offered for Exchange may be rejected if the Exchange Offers are terminated, if the Exchange Offers do not comply with the relevant requirements of a particular jurisdiction, if the Holder is not an Eligible Person, if the Minimum New Issue Condition is not satisfied, if such Existing Notes are offered for Exchange by any Sanctions Restricted Person or for other reasons.

Further, each of the Tier 2 Notes Acceptance Amount and any Series Acceptance Amount will be determined in the sole and absolute discretion of the Offeror. If the aggregate principal amount of any Series of Existing Tier 2 Notes validly offered and eligible for exchange exceeds the relevant Series Acceptance Amount, the Offeror intends to accept Existing Tier 2 Notes validly tendered at the relevant Exchange Consideration on a *pro-rata* basis.

Requirement to Offer to Exchange the relevant Minimum Offer Amount.

Holders may only participate in the Exchange Offers if they Offer to Exchange at least the relevant Minimum Offer Amount. Offers to Exchange relating to a principal amount of less than the relevant Minimum Offer Amount (including, in the case of Offers to Exchange in respect of Existing Tier 2 Notes, as a result of any pro rata scaling of Exchange Instructions) will not be accepted by the Offeror.

Responsibility for complying with the procedures of the Exchange Offers.

Holders are responsible for complying with all of the procedures for exchanging the Existing Notes pursuant to the terms of this Exchange Offer Memorandum. None of the Offeror, the Issuers, the Joint Dealer Managers or the Exchange Agent assumes any responsibility for informing Holders of irregularities with respect to Offers to Exchange from the Holders.

HOLDERS ARE ADVISED TO CHECK WITH ANY BANK, SECURITIES BROKER, CLEARING SYSTEM OR OTHER INTERMEDIARY THROUGH WHICH THEY HOLD THEIR EXISTING NOTES WHETHER SUCH INTERMEDIARY APPLIES DIFFERENT DEADLINES FOR ANY OF THE EVENTS SPECIFIED IN THIS EXCHANGE OFFER MEMORANDUM, AND THEN TO ALLOW FOR SUCH DEADLINES IF DEADLINES SET BY SUCH PERSONS ARE PRIOR TO THE DEADLINES SET OUT IN THIS EXCHANGE OFFER MEMORANDUM.

Completion, termination and amendment.

No assurance can be given that the Exchange Offers will be completed. Completion of the Exchange Offers is conditional upon the satisfaction or waiver (if permitted) of the conditions to the Exchange Offers set out herein. In addition, subject as provided herein, the Offeror may, in its sole discretion, extend, re-open, amend, waive any condition of, terminate and/ or withdraw the Exchange Offer in respect of any one or more or all Series of Existing Notes (including, without limitation, amending the terms and conditions of the New Tier 2 Notes, the Minimum New Issue Size or the Maximum New Issue Size) at any time prior to its announcement of whether the Offeror accepts valid Offers to Exchange

pursuant to the Exchange Offers, which the Offeror expects to make as soon as reasonably practicable after the Expiration Date, and may, in its sole discretion, waive conditions to the Exchange Offers after this date.

Revocation of Exchange Instructions.

Exchange Instructions received by the Exchange Agent cannot be revoked, except in the limited circumstances set out in “Terms of the Exchange Offers — 15. Revocation Rights” below. Any such revocation will only be accepted if validly submitted such that it is received by the Exchange Agent by 4.00 p.m., London time, on the second Business Day following the announcement of the relevant amendment or supplement (or any earlier deadlines set by any Clearing System or other Intermediary).

Blocking of Existing Notes.

When considering whether to participate in the Exchange Offers, Holders should take into account that restrictions on the transfer of Existing Notes by Holders will apply from the time of submission of Exchange Instructions. A Holder will, on submitting an Exchange Instruction agree that its Existing Notes will be blocked in the relevant account in the relevant Clearing System from the date the relevant Exchange Instruction is submitted until the earlier of (i) the time of settlement on the Settlement Date and (ii) the date of any termination of the Exchange Offers (including where such Existing Notes are not accepted for exchange) or on which the Exchange Instruction is validly revoked (in the limited circumstances in which it is permitted to do so).

Compliance with Offer Restrictions.

Holders are referred to the offer restrictions on pages 12 to 15 and the deemed representations and warranties on pages 49 to 52 of this Exchange Offer Memorandum. Non-compliance with the offer restrictions by a Holder could result in, among other things, an inability to validly Offer to Exchange Existing Notes, the unwinding of trades and/or heavy penalties.

Responsibility to consult advisers.

Holders should consult their own tax, accounting, financial and legal advisers regarding the suitability to themselves of the tax or accounting consequences of participating or declining to participate in the Exchange Offers and an investment in the New Tier 2 Notes.

The issue price may not reflect the market value of the New Tier 2 Notes.

To the extent that the New Tier 2 Notes are traded on any stock or securities exchange, prices of the New Tier 2 Notes will fluctuate greatly, depending on the trading volume and the balance between buy and sell orders. Holders can contact their brokers if they wish to obtain the information as to the potential market price of the New Tier 2 Notes and for advice concerning the effect of the applicable Exchange Consideration.

Offers to Exchange from Sanctions Restricted Persons will not be accepted.

A Holder or a Beneficial Owner of Existing Notes who is a Sanctions Restricted Person (as defined herein) may not participate in the Exchange Offers. The Offeror reserves the absolute right to reject any Offer to Exchange when the Offeror in its sole and absolute discretion is of the view that such Offer to Exchange has been submitted by or on behalf of a Sanctions Restricted Person and a Holder or a Beneficial Owner of Existing Notes will not be eligible to receive New Tier 2 Notes or an Accrued Interest Payment, Cash Rounding Amount or Cash Consideration Amount in any circumstances. The

restrictions described in this paragraph shall not apply if and to the extent that they are or would be unenforceable by reason of breach of (i) any provision of Council Regulation (EC) No 2271/1996 of 22 November 1996 (or any law or regulation implementing such Regulation in any member state of the European Union or the United Kingdom) or (ii) any similar blocking or anti-boycott law in the United Kingdom.

RISKS RELATING TO THE NEW TIER 2 NOTES

For a description of the risks relating to the New Tier 2 Notes, see the section entitled “Risk Factors” of the Base Prospectus which is incorporated by reference herein.

TAXATION

In view of the number of different jurisdictions where tax laws may apply to a Holder, this Exchange Offer Memorandum does not discuss the tax consequences for Holders arising from the exchange of Existing Notes in the Exchange Offers for the New Tier 2 Notes, or in relation to the holding of the Existing Notes or acquisition or holding of the New Tier 2 Notes. Holders are strongly advised to consult their own professional advisers regarding these possible tax consequences under the laws of the jurisdictions that apply to them or to the exchange of their Existing Notes and the receipt pursuant to the Exchange Offers of New Tier 2 Notes, the Accrued Interest Payment, any Cash Rounding Amount (if applicable) and any Cash Consideration Amount (if applicable). Holders are liable for their own taxes and have no recourse to the Offeror, the Issuers, any other Group Company, the Joint Dealer Managers or the Exchange Agent with respect to taxes arising in connection with the Exchange Offers.

TERMS OF THE EXCHANGE OFFERS

Capitalised terms used but not defined herein have the meanings assigned to such terms in “Definitions” above.

1 Background to the Exchange Offers

The Offeror is undertaking the Exchange Offers in order to provide the Holders of the Existing Notes with an opportunity to exchange their Existing Notes for New Tier 2 Notes and, where applicable, a Cash Consideration Amount.

The Exchange Offers are part of the Group’s continuous review and management of its outstanding capital issuance, maintaining a prudent approach to the management of the Group’s capital position.

2 Exchange Offers

- (a) The Offeror invites all Holders (subject to certain offer restrictions set out in “Offer Restrictions” above) to Offer to Exchange their Existing Notes that are outstanding for New Tier 2 Notes upon the terms and subject to the conditions of the Exchange Offers as further described below.
- (b) Holders who validly Offer to Exchange their Existing Notes at or prior to the Expiration Time will, if their Offer to Exchange is accepted by the Offeror, receive the Exchange Consideration, which comprises the New Tier 2 Notes Consideration and, where applicable, the Cash Consideration Amount. The New Tier 2 Notes will be issued in a principal amount (rounded down to the nearest £1,000) calculated based on (i) the aggregate principal amount of such Existing Notes accepted for exchange and (ii) the New Tier 2 Notes Consideration Amount for such Existing Notes, subject to the requirement that any such exchange relates to Existing Notes of a Series with a principal amount at least equal to the relevant Minimum Offer Amount. Such Holders will also receive any Accrued Interest Payments, Cash Rounding Amounts (if applicable) and Cash Consideration Amounts (if applicable).
- (c) Holders of the Existing Notes set out under “Certain Details of the Existing Notes” on page 8 above shall only be entitled to Offer to Exchange such Existing Notes for the relevant Exchange Consideration.
- (d) The Exchange Offer Period will start on 16 November 2020 and end at the Expiration Time, unless extended by the Offeror. Subject thereto, Holders are invited to Offer to Exchange their Existing Notes that are outstanding from 16 November 2020 up to 4.00 p.m., London time, on 24 November 2020, subject to any earlier deadlines set by the Clearing Systems or other Intermediaries.
- (e) An Offer to Exchange will only be considered eligible for acceptance by the Offeror if it relates to Existing Notes of a Series with a principal amount at least equal to the relevant Minimum Offer Amount.
- (f) Notwithstanding any other provision of this Exchange Offer Memorandum, whether the Offeror accepts Offers to Exchange from Holders is at its sole and absolute discretion and the Offeror may decide not to accept Offers to Exchange for any reason.
- (g) The Offeror intends to announce, *inter alia*, whether it accept Offers to Exchange as soon as reasonably practicable after the Expiration Date.
- (h) Holders whose Existing Notes Offered for Exchange are not accepted, or who do not participate in the Exchange Offers, will not be eligible to receive New Tier 2 Notes in exchange for such Existing Notes and shall continue to hold such Existing Notes subject to their terms and conditions.

- (i) On the Settlement Date, subject to the satisfaction or waiver (if permitted) of the conditions to the Exchange Offers, the Offeror will procure that the New Tier 2 Notes will be issued and delivered by the Offeror to the Holders in respect of the Existing Notes of such Holders validly Offered for Exchange under the Exchange Offers pursuant to the terms set out in this Exchange Offer Memorandum and accepted for exchange by the Offeror. In addition, on the Settlement Date, the Offeror will pay, or procure that there is paid, to Holders in respect of the Existing Notes of such Holders validly Offered for Exchange and accepted by the Offeror any (i) Accrued Interest Payment in respect of Existing Notes, (ii) Cash Rounding Amounts, if applicable, and (iii) Cash Consideration Amounts, if applicable.
- (j) The New Tier 2 Notes will be issued in denominations of £100,000 and integral multiples of £1,000 in excess thereof. Applications are intended to be made to the FCA for the New Tier 2 Notes to be admitted to the Official List of the FCA and to the London Stock Exchange for the New Tier 2 Notes to be admitted to trading on the London Stock Exchange's regulated market with such admission expected to occur on the Settlement Date.
- (k) Participating Holders whose Exchange Instructions are received by the Exchange Agent prior to the Expiration Time may only revoke their Offers to Exchange in the limited circumstances set out under "Terms of the Exchange Offers – 15. Revocation Rights" below.
- (l) None of the Offeror, the Issuers, the Joint Dealer Managers, the Trustees or the Exchange Agent (or their respective directors, employees or affiliates) makes any recommendation as to whether or not Holders should Offer to Exchange their Existing Notes.

3 Pricing of the Exchange Offers and the New Tier 2 Notes

Exchange Consideration

The Exchange Consideration comprises the New Tier 2 Notes Consideration Amount and, where applicable, a Cash Consideration Amount.

In relation to the Existing Tier 1 Notes, the New Tier 2 Notes Consideration Amount is set out in the column entitled "New Tier 2 Notes Consideration Amount" and the Cash Consideration Amount, where applicable, is set out in the column entitled "Cash Consideration Amount", each as set out in the table under "Certain Details of the Existing Notes" on page 8 above.

In relation to the Existing Tier 2 Notes, the Exchange Consideration will be the price (expressed as a percentage and rounded to the nearest 0.001 per cent., with 0.0005 per cent. being rounded upwards) at which Existing Notes of the relevant Series will be accepted for exchange by the Offeror, determined at the Price Determination Time on the Price Determination Date as described in accordance with market convention, and is intended to reflect a yield to maturity of the relevant Series of Existing Tier 2 Notes on the Settlement Date equal to the relevant Exchange Yield (being the sum, which will be annualised in the case of the 2023 Notes, of the relevant (a) Exchange Spread and (b) Existing Tier 2 Notes Reference Benchmark Yield). Specifically, the Exchange Consideration for each Series of Existing Tier 2 Notes will equal (a) the value of all remaining payments of principal and interest on each such Series up to and including the relevant maturity date of such Series of Existing Tier 2 Notes, discounted to the Settlement Date at a discount rate equal to the relevant Exchange Yield, minus (b) the relevant Accrued Interest Amount.

In relation to the Existing Tier 2 Notes, the Cash Consideration Amount, where applicable, is set out in the column entitled "Cash Consideration Amount" in the table under "Certain Details of the Existing Notes" on page 8 above. The New Tier 2 Notes Consideration Amount will be equal to the Exchange Consideration, expressed as an amount per £1,000 Existing Notes, minus any applicable Cash Consideration Amount.

A Holder who validly Offers to Exchange its Existing Notes at or prior to the Expiration Time and whose Offer to Exchange is accepted will receive New Tier 2 Notes in an amount (rounded down to the nearest £1,000) based upon the aggregate principal amount of such Existing Notes accepted for exchange and the relevant New Tier 2 Notes Consideration Amount.

For avoidance of doubt, the sum of the New Tier 2 Notes Consideration Amount, the Cash Consideration Amount (if any) and the Cash Rounding Amount (if any) shall be equal to the Exchange Consideration when expressed as an amount per £1,000 in principal amount of the Existing Notes accepted for exchange.

New Tier 2 Notes Pricing

The New Tier 2 Notes Issue Price shall be equal to 100 per cent. The New Tier 2 Notes Yield and the New Tier 2 Notes Initial Coupon for the New Tier 2 Notes will be announced on the Results Announcement Date. For avoidance of doubt, the New Tier 2 Notes Yield shall be equal to the New Tier 2 Notes Initial Coupon. The Margin shall be equal to the New Tier 2 Notes Spread.

4 Accrued Interest Payment

On the Settlement Date, the Offeror will pay or procure that there is paid to the relevant Holders in respect of their Existing Notes which the Offeror has accepted for exchange, any applicable Accrued Interest Payment.

Provided that the Offeror has deposited, or procured the deposit of, the New Tier 2 Notes and the relevant funds with the Clearing Systems on or before the Settlement Date, no further amount (calculated by reference to interest or otherwise) will be payable for the period of any delay in respect of the receipt by the Holder of the New Tier 2 Notes, any Accrued Interest Payment, any Cash Rounding Amount (where applicable) or any Cash Consideration Amount (where applicable).

5 Cash Rounding Amount

If, as a result of the application of the relevant New Tier 2 Notes Consideration Amount (and, in the case of Offers to Exchange in respect of Existing Tier 2 Notes, after the application of the relevant Series Acceptance Amount and any pro-ratio of Offers to Exchange), a Holder would be entitled to receive an aggregate principal amount of New Tier 2 Notes that is not an integral multiple of £1,000, the Offeror will pay, or procure that there is paid, in cash in sterling to that Holder on the Settlement Date, a Cash Rounding Amount, which is the amount equal to the fractional portion of such aggregate principal amount that is not such an integral multiple (rounded to the nearest £0.01, with half a penny being rounded upwards).

6 Minimum New Issue Size Condition

The Exchange Offers are conditional upon receiving valid Offers to Exchange that, if and when accepted, would result in the Offeror issuing New Tier 2 Notes in an aggregate principal amount which satisfies the Minimum New Issue Size Condition (as specified in the column entitled “Minimum New Issue Size” of the table set out under “Certain Details of the New Tier 2 Notes” on page 9 above).

The announcement of the satisfaction or otherwise of the Minimum New Issue Size Condition is expected to take place as soon as reasonably practicable after the Expiration Date.

7 **Maximum New Issue Size**

The Maximum New Issue Size for the New Tier 2 Notes to be issued pursuant to the Exchange Offers is specified in the column entitled “Maximum New Issue Size” of the table set out under “Certain Details of the New Tier 2 Notes” above, provided that if the Offeror accepts Existing Tier 1 Notes of any Series for exchange it will accept any and all Existing Tier 1 Notes of that Series for exchange and such Maximum New Issue Size will not apply to New Tier 2 Notes issued in exchange for Existing Tier 1 Notes.

8 **Acceptance; Tier 2 Notes Acceptance Amount**

Upon expiration of the Exchange Offer Period (as defined herein), the Offeror may (but has no obligation to Holders to) accept valid Offers to Exchange, in which case such Offers to Exchange will be accepted at the Offeror’s sole discretion (as set out below).

Existing Tier 1 Notes

If the Offeror decides in its sole and absolute discretion to accept any valid Offers to Exchange in respect of a Series of Existing Tier 1 Notes pursuant to the relevant Exchange Offer, it will accept for exchange all Existing Tier 1 Notes of that Series in respect of which valid Offers to Exchange have been received. Offers to Exchange Existing Tier 1 Notes will be accepted in priority to Offers to Exchange any Existing Tier 2 Notes, subject to the right of the Offeror to withdraw or terminate any Exchange Offer.

Existing Tier 2 Notes

If the Offeror decides, in its sole and absolute discretion, to accept any valid Offers to Exchange in respect of the Existing Tier 2 Notes, it intends to accept for exchange one or both Series of Existing Tier 2 Notes up to the Tier 2 Notes Acceptance Amount. The Tier 2 Notes Acceptance Amount shall be equal to the maximum principal amount of Existing Tier 2 Notes that may be accepted without exceeding the Maximum New Issue Size, after taking into account the principal amount of New Tier 2 Notes that will be issued in exchange for Existing Tier 1 Notes, and may be subject to increase or decrease in the Offeror’s sole discretion.

The Offeror will determine the allocation of the Tier 2 Notes Acceptance Amount among each Series of Existing Tier 2 Notes in its sole and absolute discretion, and reserves the right to accept significantly more or less (or none) of the Existing Tier 2 Notes of one Series as compared to the other Series of Existing Tier 2 Notes.

If the aggregate principal amount of Existing Tier 2 Notes of a Series validly Offered for Exchange is greater than the Series Acceptance Amount for such Series, the Offeror intends to accept Existing Tier 2 Notes of such Series on a *pro-rata* basis as set out below.

9 **Series Acceptance Amount and Scaling – Existing Tier 2 Notes**

Series Acceptance Amounts

If the Offeror accepts any Offers to Exchange Existing Tier 2 Notes of a Series pursuant to the Exchange Offers and the aggregate principal amount of such Series validly offered for exchange is greater than the final aggregate principal amount of such Series accepted for exchange (the “**Series Acceptance Amount**” in respect of such Series), the Offeror intends to accept Offers to Exchange Existing Tier 2 Notes of such Series on a *pro-rata* basis in the manner set out under “Scaling” below, such that the aggregate principal amount of such Series accepted pursuant to the relevant Exchange Offer is no greater than the relevant Series Acceptance Amount.

Scaling

In the circumstances in which valid Offers to Exchange Existing Tier 2 Notes in the Exchange Offers are to be accepted, at the sole and absolute discretion of the Offeror, on a *pro-rata* basis, each such Offer to Exchange Existing Tier 2 Notes of the relevant Series will be scaled by a factor (each a “**Pro-ration Factor**”) derived from (i) the relevant Series Acceptance Amount divided by (ii) the aggregate principal amount of Existing Tier 2 Notes of such Series that have been validly offered for Exchange pursuant to the relevant Exchange Offer, subject to any adjustments following the rounding as described below.

A separate Exchange Instruction must be submitted on behalf of each Beneficial Owner of Existing Notes.

Each Exchange Instruction that is scaled in this manner will be rounded down to the nearest £1,000, provided that the Offeror will only accept valid Exchange Instructions to the extent any such *pro-ration* would not result in the relevant Holder transferring Existing Tier 2 Notes of the relevant Series in an aggregate principal amount which is less than the relevant Minimum Offer Amount.

Pursuant to applicable laws, any Offer to Exchange which (once scaled) results in an Offer to Exchange of less than the relevant Minimum Offer Amount will not be accepted for exchange.

Any Existing Tier 2 Notes not accepted for exchange due to the application of any Series Acceptance Amount or *pro-ration* resulting therefrom will be unblocked in the relevant Clearing System promptly following the expiration or termination of the Exchange Offers.

10 Announcements

The Offeror will announce prior to the Price Determination Time a non-binding indication of whether it intends to accept valid Offers to Exchange Existing Notes pursuant to the Exchange Offers and, if so, (i) a non-binding indication of the Tier 2 Notes Acceptance Amount in respect of the Existing Tier 2 Notes and (ii) a non-binding indication of the Series Acceptance Amount and the Pro-ration Factor(s), if applicable, in relation to each Series of Existing Tier 2 Notes.

As soon as reasonably practicable following the Price Determination Time, the Offeror is expected to announce (i) the Reference Gilt Rate in respect of the New Tier 2 Notes, (ii) the New Tier 2 Notes Yield and the New Tier 2 Notes Initial Coupon, (iii) the relevant Exchange Yield and the relevant Exchange Consideration for each Series of Existing Tier 2 Notes, (iv) the New Tier 2 Notes Consideration Amount for each Series of Existing Tier 2 Notes, (v) whether valid Offers to Exchange pursuant to the Exchange Offers are accepted by the Offeror, (vi) the principal amount of each Series of the Existing Tier 1 Notes accepted for exchange, (vii) the Tier 2 Notes Acceptance Amount in respect of the Existing Tier 2 Notes, (viii) in relation to each Series of Existing Tier 2 Notes, the Series Acceptance Amount and any Pro-ration Factor(s), (ix) the satisfaction or otherwise of the Minimum New Issue Size Condition and (x) the New Issue Amount.

Unless stated otherwise, announcements will be made by the Offeror (i) by the delivery of notices to the relevant Clearing Systems for communication to Direct Participants and (ii) through RNS. Announcements may also be issued by way of a press release to a Notifying News Service and found on the relevant Reuters International Insider Screen. Holders are hereby informed that significant delays may be experienced in publishing notices through the Clearing Systems. Holders are urged to contact the Joint Dealer Managers or the Exchange Agent at the telephone numbers specified on the last page of this Exchange Offer Memorandum for the relevant announcements during the Exchange Offer Period. All announcements will be made available upon release at the offices of the Exchange Agent. None of the Offeror, the Joint Dealer Managers or the Exchange Agent shall be responsible for any delay or failure

of the relevant Notifying News Service, the Clearing Systems or RNS to publish any announcement upon request.

11 Procedures for Offering to Exchange Existing Notes

Set out below are certain procedures relevant to Offering to Exchange Existing Notes.

- (a) Only Holders who are eligible to participate in the Exchange Offers in accordance with the Offer Restrictions may Offer to Exchange Existing Notes. Holders are reminded that only Eligible Persons who are located outside the United States may participate in the Exchange Offers.
- (b) A Holder, Direct Participant or Beneficial Owner wishing to participate in the Exchange Offers must submit, or arrange to have submitted on its behalf, at or before the Expiration Time and, in any event, before the deadlines set by each Clearing System, a duly completed Exchange Instruction to the relevant Clearing System in accordance with the requirements of the relevant Clearing System and in the manner specified herein. Holders and Beneficial Owners should check with the bank, securities broker or any other Intermediary through which they hold their Existing Notes whether such Intermediary will apply different deadlines for participation to those set out in this Exchange Offer Memorandum and, if so, should follow those deadlines.
- (c) The offer of Existing Notes for exchange by a Holder or a Direct Participant will be deemed to have occurred upon receipt by the Exchange Agent of a valid Exchange Instruction in accordance with the requirements of the relevant Clearing System.
- (d) A separate Exchange Instruction must be submitted on behalf of each Beneficial Owner of Existing Notes.
- (e) The receipt of an Exchange Instruction by the relevant Clearing System will be acknowledged in accordance with the standard practices of such Clearing System and will result in the blocking of the relevant Existing Notes in the Holder's (or its Direct Participant's) account with the relevant Clearing System.
- (f) Holders and Direct Participants must take the appropriate steps through the relevant Clearing System to ensure that no transfers may be effected in relation to such blocked Existing Notes at any time after such date, in accordance with the requirements of the relevant Clearing System and the deadlines required by such Clearing System. By blocking its Existing Notes in the relevant Clearing System, each Holder and Direct Participant will be deemed to consent to the relevant Clearing System providing details concerning such Holder's and/or Direct Participant's identity to the Exchange Agent.
- (g) Only Direct Participants may submit Exchange Instructions. If a Holder is not a Direct Participant, it must arrange for the Direct Participant through which it holds Existing Notes to submit an Exchange Instruction on its behalf to the relevant Clearing System prior to the deadline specified by the relevant Clearing System.
- (h) Holders of Existing Notes that are held in the name of an Intermediary should contact such entity sufficiently in advance of the Expiration Date if they wish to participate in the Exchange Offers and procure that an Exchange Instruction is submitted on its behalf and that their Existing Notes are blocked in accordance with the normal procedures of the relevant Clearing System and the deadlines imposed by such Clearing System.
- (i) Exchange Instructions may only be revoked in the limited circumstances set out in "Terms of the Exchange Offers – 15. Revocation Rights" below by submitting an electronic withdrawal instruction to the relevant Clearing System in accordance with the procedures of such Clearing System.

12 Acknowledgements, Representations, Warranties and Undertakings

By submitting an Exchange Instruction, each Holder and the relevant Direct Participant (on behalf of the relevant Beneficial Owner) represents, warrants and undertakes on the date of submission of such Exchange Instruction, on the Results Announcement Date and on the Settlement Date that:

- (a) It has received, reviewed and accepts the terms of this Exchange Offer Memorandum and any documents incorporated by reference herein.
- (b) It is, and (if acting as an intermediary) each person for whom it is acting as intermediary and who is making an investment decision in respect of the Existing Notes is, an Eligible Person.
- (c) It is assuming all the risks inherent in participating in the Exchange Offers and has undertaken all the appropriate analysis of the implications of the Exchange Offers without reliance on the Offeror, the Issuers, any other Group Company, the Joint Dealer Managers or the Exchange Agent.
- (d) By blocking Existing Notes in the relevant Clearing System, it will be deemed to consent to the relevant Clearing System providing details concerning its identity to the Offeror, the Issuers, the Joint Dealer Managers, the Exchange Agent and their respective legal advisers.
- (e) Upon the terms and subject to the conditions of the Exchange Offers, it thereby Offers to Exchange the principal amount of Existing Notes which are the subject of such Exchange Instruction blocked in its account in the relevant Clearing System for the relevant number of New Tier 2 Notes and relevant Cash Consideration Amount (if any).
- (f) If the Existing Notes are accepted for exchange, it acknowledges that (i) the Accrued Interest Payment, if any, will be paid in sterling, (ii) the Cash Rounding Amount, if any, will be paid in sterling, (iii) the Cash Consideration Amount, if any, will be paid in sterling, (iv) Accrued Interest Payments, any Cash Rounding Amounts and any Cash Consideration Amounts in respect of Existing Notes accepted for exchange will be deposited by or on behalf of the Offeror with the relevant Clearing Systems on the Settlement Date, (v) the Clearing Systems thereafter will make payments promptly to the relevant accounts in the Clearing Systems of the relevant Holders and (vi) Holders whose Existing Notes are accepted for exchange will not be entitled to receive any further payment pursuant to the terms of such Existing Notes in respect of accrued and unpaid interest (and, in the case of any Lloyds Bank Perpetual Securities which are accepted for exchange, will not be entitled to receive any further payment, shares or other compensation in respect of any deferred and unpaid coupons in respect of such Lloyds Bank Perpetual Securities). The Offeror will not be required to make any additional payment to any person if onward delivery of any amount by the relevant Clearing System is delayed for any reason.
- (g) It agrees to ratify and confirm each and every act or thing that may be done or effected by the Offeror, any of their directors or any person nominated by the Offeror in the proper exercise of his or her powers and/or authority hereunder.
- (h) It agrees to do all such acts and things and execute any additional documents deemed by the Offeror to be necessary or desirable, in each case to complete the transfer of its Existing Notes to the Offeror or its nominee(s) in exchange for New Tier 2 Notes and Cash Consideration Amount (if any) and/or to perfect any of the authorities expressed to be given hereunder.
- (i) It has observed the laws of all relevant jurisdictions, obtained all requisite governmental exchange control or other required consents, complied with all requisite formalities and paid any issue, transfer or other taxes or requisite payments due from it in each respect in connection with any offer or acceptance in any jurisdiction and it has not taken or omitted to take any action in breach of the terms of the Exchange Offers or which will or may result in the Offeror, the Issuers, the

Joint Dealer Managers, the Exchange Agent or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Exchange Offers or invitation for Holders to Offer to Exchange Existing Notes in connection therewith.

- (j) All authority conferred or agreed to be conferred pursuant to its representations, warranties and undertakings and all of its obligations shall be binding upon its successors, assigns, heirs, executors, trustees in bankruptcy and legal representatives and shall not be affected by, and shall survive, its death or incapacity.
- (k) None of the Offeror, the Issuers, the Joint Dealer Managers or the Exchange Agent (or any of their respective directors, employees or affiliates) has given it any information with respect to the Exchange Offers save as expressly set out in this Exchange Offer Memorandum nor has any of them made any recommendation to it as to whether it should offer to exchange Existing Notes in the Exchange Offers and it has made its own decision with regard to offering to exchange Existing Notes in the Exchange Offers based on any legal, tax or financial advice it has deemed necessary to seek and it is able to bear the economic risks of participating in the Exchange Offers.
- (l) Except as expressly set out in this Exchange Offer Memorandum, no information has been provided to it by the Offeror, the Issuers, the Joint Dealer Managers, the Trustees or the Exchange Agent with regard to the tax consequences to Holders, Beneficial Owners or Direct Participants arising from the exchange of Existing Notes in the Exchange Offers or the receipt of New Tier 2 Notes, any applicable Accrued Interest Payments, the Cash Rounding Amount (if applicable) and the Cash Consideration Amount (if applicable). It hereby acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction as a result of its participation in the Exchange Offers and agrees that it will not and does not have any right of recourse (whether by way of reimbursement, indemnity or otherwise) against the Offeror, the Issuers, the Joint Dealer Managers, the Exchange Agent or any other person in respect of such taxes and payments.
- (m) It is not a Sanctions Restricted Person or a person to whom it is unlawful to make an invitation under the Exchange Offers under applicable laws.
- (n) The New Tier 2 Notes are being offered and sold in transactions not involving a public offering in the United States within the meaning of the Securities Act, and the New Tier 2 Notes have not been and will not be registered under the Securities Act or any other applicable U.S. state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (terms used in this and the following paragraph that are defined in Regulation S under the Securities Act are used as defined in Regulation S).
- (o) It (i) has not received or been sent copies of this Exchange Offer Memorandum or any related documents in, into or from the United States, (ii) is participating in the Exchange Offers in an offshore transaction in accordance with Regulation S under the Securities Act, (iii) is not located or resident in the United States, (iv) is not an agent, fiduciary or other Intermediary acting on a non-discretionary basis for a principal who has given instructions with respect to the Exchange Offers from within the United States or for a U.S. person, (v) has not otherwise utilised in connection with the Exchange Offers, directly or indirectly, the mails, or any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, email and other forms of electronic transmission) of interstate or foreign commerce, or of any facilities of a national securities exchange, of the United States and (vi) is participating in the Exchange Offers from outside the United States and is not a U.S. person.
- (p) It is outside Belgium or, if it is located in Belgium, (i) it is a person which is a “qualified investor” in the sense of Article 10 of the Belgian Prospectus Law, acting on its own account or (ii) there

are other circumstances set out in Article 6, §4 of the Belgian Takeover Law and Article 3, §2-4 of the Belgian Prospectus Law which provide an exemption from the public offer requirements set out in the Belgian Takeover Law and the Belgian Prospectus Law.

- (q) It is not located or resident in France or, if it is located or resident in France, it is a qualified investor (*investisseur qualifié*) as defined in Article 2(e) of the Prospectus Regulation.
- (r) It is not located or resident in Italy, or, if it is located in Italy, it is an authorised person or is offering to exchange Existing Notes through an authorised person and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.
- (s) It is outside the United Kingdom or, if it is located within the United Kingdom, it is an existing member or creditor of a Group Company or a person otherwise within Article 43(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or any other person to whom these documents and/or materials may lawfully be communicated.
- (t) It has full power and authority to submit for exchange and transfer the Existing Notes hereby submitted for exchange and if such Existing Notes are accepted for exchange, such Existing Notes will be transferred to, or to the order of, the Offeror with full title free from all liens, charges and encumbrances, not subject to any adverse claim and together with all rights attached thereto.
- (u) It holds and will hold, until the time of settlement on the Settlement Date, the Existing Notes submitted for exchange blocked in the relevant Clearing System and, in accordance with the requirements of the relevant Clearing System and by the deadline required by the relevant Clearing System, it has submitted, or has caused to be submitted, an Exchange Instruction to the relevant Clearing System to authorise the blocking of the submitted Existing Notes with effect on and from the date thereof so that, at any time pending the transfer of such Existing Notes on the Settlement Date to the Offeror or on its behalf, no transfers of such Existing Notes may be effected.
- (v) The terms of the Exchange Offers shall be deemed to be incorporated in, and form a part of, the Exchange Instruction which shall be read and construed accordingly, and the information given by or on behalf of such existing Holder in the Exchange Instruction is true and will be true in all respects at the time of the exchange.
- (w) It accepts that the Offeror is under no obligation to accept Offers to Exchange, and that, accordingly, Offers to Exchange may be accepted or rejected by the Offeror in its sole discretion and for any reason; and it has reviewed and accepts that the Offeror may not be able to accept an Offer to Exchange for a variety of reasons, including because of the relevant Minimum Offer Amount requirement or that an Offer to Exchange Existing Tier 2 Notes may be scaled on a *pro-rata* basis if the Tier 2 Notes Acceptance Amount and/or relevant Series Acceptance Amount would otherwise be exceeded. Furthermore, it accepts that, whether or not any Offer to Exchange is accepted, the Joint Dealer Managers, the Issuers and the Offeror and their respective affiliates may, to the extent permitted by applicable law, continue to acquire, from time to time during or after the Exchange Offers, Existing Notes other than pursuant to the Exchange Offers, including through open market purchases, privately negotiated transactions, tender offers, exchange offers or otherwise, upon such terms and at such prices as they may determine, which may be more or less than the prices to be paid pursuant to the Exchange Offers and could be for cash or other consideration or otherwise on terms more or less favourable than those contemplated in the Exchange Offers.
- (x) In respect of its Existing Notes which it offers for exchange and which are accepted and exchanged on the terms of the Exchange Offers, it (a) releases, to the fullest extent permitted by law, the

Offeror, the Issuers, the Group, the Joint Dealer Managers, the Exchange Agent, the Trustees and their respective financial and legal advisers (together in each case with their respective directors, members, employees and representatives) from any liabilities in relation to or arising in connection with the preparation, negotiation or implementation of the Exchange Offers or any part thereof; (b) waives, to the fullest extent permitted by law, all rights and entitlement it may otherwise have or acquire to bring, participate in or enforce legal proceedings of any nature against the Offeror, the Issuers, the Group, the Joint Dealer Managers, the Exchange Agent, the Trustees and/or their respective financial and legal advisers (together in each case with their respective directors, members and representatives) in connection with the Exchange Offers and/or its Existing Notes; (c) waives, to the fullest extent permitted by law, all its rights, title and interest to and claims in respect of such Existing Notes; and (d) it acknowledges that the Contracts (Rights of Third Parties) Act 1999 applies to the foregoing acknowledgements, representations, warranties and undertakings.

- (y) It understands that the Offeror's acceptance of Existing Notes for exchange pursuant to the procedures described in this Exchange Offer Memorandum will constitute a binding agreement between such Holder and the Offeror in accordance with the terms and subject to the conditions of the Exchange Offers.
- (z) It understands that, in the event of a withdrawal or termination of the Exchange Offers in respect of one or more or all Series of Existing Notes, the Exchange Instructions with respect to the relevant Existing Notes will be deemed to be withdrawn, and the relevant Existing Notes will be unblocked in the Direct Participant's Clearing System account.
- (aa) It understands that validly submitted Existing Notes (or defectively submitted Existing Notes with respect to which the Offeror has waived, or has caused to be waived, such defect) will be deemed to have been accepted by the Offeror if, as and when the Offeror gives oral or written notice thereof to the Exchange Agent.

The representation set out at (m) above shall not apply at any time after such representation is first given if and to the extent that it is or would be unenforceable by reason of breach of (i) any provision of Council Regulation (EC) No 2271/1996 of 22 November 1996 (or any law or regulation implementing such Regulation in any member state of the European Union or the United Kingdom) or (ii) any similar blocking or anti-boycott law.

The receipt from a Holder or from a Direct Participant on behalf of a Beneficial Owner of an Exchange Instruction by the relevant Clearing System will constitute instructions to debit the securities in such Holder's or Direct Participant's account on the Settlement Date in respect of all of the Existing Notes that such Holder or Direct Participant has Offered for Exchange and which have been accepted, upon receipt by the relevant Clearing System of an instruction from the Exchange Agent to receive those Existing Notes for the account of the Offeror and against credit of the New Tier 2 Notes and payment by, or on behalf of, the Offeror of any Accrued Interest Payments, any Cash Rounding Amounts and any Cash Consideration Amounts, subject to the automatic withdrawal of those instructions in the event that the Exchange Offers are terminated by the Offeror or the withdrawal of such Exchange Instruction (in the limited circumstances in which such withdrawal is permitted), in accordance with the procedure set out in this Exchange Offer Memorandum.

13 Responsibility for Delivery of Exchange Instructions

- (a) None of the Offeror, the Issuers, the Joint Dealer Managers or the Exchange Agent will be responsible for the communication of Offers to Exchange and corresponding Exchange Instructions by:

- (i) Beneficial Owners to the Direct Participant through which they hold Existing Notes; or
 - (ii) the Direct Participant to the relevant Clearing System.
- (b) If a Beneficial Owner holds its Existing Notes through a Direct Participant, such Beneficial Owner should contact (through any relevant Intermediary, if applicable) that Direct Participant to discuss the manner in which Offers to Exchange and transmission of the corresponding Exchange Instruction may be made on its behalf.
 - (c) In the event that the Direct Participant through which a Beneficial Owner holds its Existing Notes is unable to submit an Exchange Instruction on its behalf, such Beneficial Owner should telephone the Exchange Agent for assistance on the number which appears on the last page of this Exchange Offer Memorandum.
 - (d) Holders, Direct Participants and Beneficial Owners are solely responsible for arranging the timely delivery of their Exchange Instructions.
 - (e) If a Beneficial Owner offers its Existing Notes through any Intermediary and/or a Direct Participant, such Beneficial Owner should consult with that Intermediary and/or Direct Participant as to whether it will charge any service fees in connection with the participation in the Exchange Offers.

14 Amendment and Termination

Notwithstanding any other provision of this Exchange Offer Memorandum, the Offeror may, subject to applicable laws, at its option and in its sole discretion at any time before the Offeror announces whether it accepts valid Offers to Exchange pursuant to the Exchange Offers, which it expects to do as soon as reasonably practicable after the Expiration Date:

- (a) extend the Expiration Date or re-open the Exchange Offer in respect of any one or more or all Series of Existing Notes (in which case, in respect of the relevant Series of Existing Notes, all references in this Exchange Offer Memorandum to “Expiration Date” and “Expiration Time” shall, unless the context otherwise requires, be to the latest date and time to which the Expiration Date has been so extended or the Exchange Offers re-opened);
- (b) otherwise extend, re-open or amend the Exchange Offer in any respect in respect of any one or more or all Series of Existing Notes (including, but not limited to, any extension, re-opening, increase, decrease or other amendment, as applicable, in relation to the Expiration Date, the Settlement Date, the Tier 2 Notes Acceptance Amount in respect of the Existing Tier 2 Notes, any Series Acceptance Amount in respect of either Series of Existing Tier 2 Notes, the Minimum New Issue Size, the Maximum New Issue Size and/or the terms and conditions of the New Tier 2 Notes);
- (c) delay acceptance or, subject to applicable law, exchange of Existing Notes of any one or more or all Series of Existing Notes validly submitted for exchange in the Exchange Offers until satisfaction or waiver (if permitted) of the conditions to the Exchange Offers, even if the Exchange Offers have expired;
- (d) terminate the Exchange Offer in respect of any one or more or all Series of Existing Notes included in that Exchange Offer, including (without limitation) with respect to Exchange Instructions submitted before the time of such termination; or
- (e) in respect of any one or more or all Series of Existing Notes, choose not to accept all valid Offers to Exchange received by the Exchange Agent prior to the Expiration Time.

The Offeror also reserves the right at any time to waive any or all of the conditions of the Exchange Offer in respect of any one or more or all Series of Existing Notes as set out in this Exchange Offer Memorandum.

The Offeror will ensure that Holders of the Existing Notes subject to the Exchange Offers are notified of any such extension, re-opening, amendment, waiver, termination and/or withdrawal as soon as is reasonably practicable after the relevant decision is made (i) by the delivery of notices to the Clearing Systems for communication to Direct Participants and (ii) through RNS. Announcements may also be issued by way of press release to a Notifying News Service and found on the relevant Reuters International Insider Screen.

15 Revocation Rights

Save as set out below, all Exchange Instructions once delivered or settled (as the case may be), are irrevocable.

If any amendment to the terms of the Exchange Offers is made by the Offeror as set out in “Terms of the Exchange Offers – 14. Amendment and Termination” above or (save as set out herein) any supplement to the Base Prospectus is published after the date of this Exchange Offer Memorandum and before the time of settlement of the Exchange Offers on the Settlement Date and, in the Offeror’s opinion (in consultation with the Joint Dealer Managers), such amendment or the content of such supplement is materially prejudicial to Holders that have already submitted Exchange Instructions in relation to the Exchange Offers before the announcement of such amendment or supplement (in which regard the Offeror will publish an announcement including a statement that in the Offeror’s opinion such amendment, or the content of such supplement, is materially prejudicial to such Holders), then such Exchange Instructions may be revoked at any time from the date and time of such announcement until 4.00 p.m., London time, on the second Business Day following such announcement (subject to the earlier deadlines required by the Clearing Systems or any Intermediary through which Holders hold their Existing Notes). For the avoidance of doubt, and without prejudice to the generality of the foregoing, this revocation right shall not be triggered by any increase in, or waiver of, the Maximum New Issue Size or any extension of the Exchange Offer Period.

Holders wishing to exercise any such right of revocation should do so by submitting an electronic withdrawal notice in accordance with the procedures of the relevant Clearing System (with a copy also sent to the Joint Dealer Managers). Beneficial owners of Existing Notes that are held through an Intermediary are advised to check with such entity when it would require to receive instructions to revoke an Exchange Instruction in order to meet the above deadline. For the avoidance of doubt any Holder who does not exercise any such right of revocation in the circumstances and in the manner and timeframe specified above shall be deemed to have waived such right of revocation and its original Exchange Instruction will remain effective.

16 Irregularities

All questions as to the validity, form and eligibility (including the time of receipt) of any Exchange Instruction, Offer to Exchange Existing Notes, or a revocation or revision thereof or delivery of Existing Notes will be determined by the Offeror in its sole discretion, which determination will be final and binding. The Offeror reserves the absolute right to reject any and all Exchange Instructions not in proper form or for which any corresponding agreement by the Offeror to exchange would, in the opinion of the Offeror, be unlawful. The Offeror also reserves the absolute right to waive any of the conditions of the Exchange Offers or defects in Exchange Instructions with regard to any Existing Notes. None of the Offeror, the Issuers, the Joint Dealer Managers or the Exchange Agent shall be under any duty to give notice to Holders, Direct Participants or Beneficial Owners of any irregularities in Exchange Instructions; nor shall any of them incur any liability for failure to give direct notification of any material amendments

to the terms of the Exchange Offers which have been announced by the Offeror in accordance with paragraph 9 above.

17 Participation by the Joint Dealer Managers

Each of the Joint Dealer Managers may submit Exchange Instructions for its own account and, subject to offer restrictions, on behalf of other Holders.

18 Governing Law and Submission to Jurisdiction

The terms of the Exchange Offers, including, without limitation, each Exchange Instruction and any non-contractual obligations arising out of or in connection with the Exchange Offers shall be governed by, and construed in accordance with, English law. By submitting an Exchange Instruction, a Holder or Direct Participant irrevocably and unconditionally agrees for the benefit of the Offeror, the Joint Dealer Managers and the Exchange Agent that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Exchange Offers or any of the documents referred to above and that, accordingly, any suit, action or proceedings arising out of or in connection with the foregoing may be brought in such courts.

19 Miscellaneous

Holders who need assistance with respect to the procedure relating to making an Offer to Exchange should contact the Exchange Agent, the contact details for whom appear on the last page of this Exchange Offer Memorandum.

GENERAL INFORMATION

- (1) For information on the Offeror in its capacity as Issuer of the New Tier 2 Notes, please refer to the Base Prospectus (in particular, the section of the Base Prospectus entitled “Lloyds Banking Group”).
- (2) Copies of this Exchange Offer Memorandum are available (subject to applicable laws and the offer and distribution restrictions set out in “Offer Restrictions” above) on request, free of charge, from the Exchange Agent, the contact details for which appear on the last page of this Exchange Offer Memorandum. In addition, copies of the Base Prospectus, the Offeror’s financial statements and all other documents incorporated by reference into this Exchange Offer Memorandum, together with copies of the Trust Deed and Agency Agreement (both as amended or supplemented from time to time) may also be obtained from the places indicated in “Documents Incorporated by Reference” above.

ANNEX
FORM OF NEW TIER 2 NOTES FINAL TERMS

MiFID II product governance / Professional investors and ECPs only target market: Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS: The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

Singapore Securities and Futures Act Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and are Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products.).

FINAL TERMS

Final Terms dated 25 November 2020

Lloyds Banking Group plc

Legal Entity Identifier (LEI): 549300PPXHEU2JF0AM85

Issue of £[●] Dated Subordinated Fixed Rate Reset Notes due 2035
under the £25,000,000,000

Euro Medium Term Note Programme

PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") contained in the Trust Deed dated 18 May 2020 and set forth in the Prospectus dated 18 May 2020 and the supplemental Prospectuses dated 30 July 2020 and 29 October 2020 which together constitute a base prospectus for the purposes of the Prospectus Regulation (Regulation (EU) 2017/1129) (the "**Prospectus Regulation**"). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with such Prospectus as so supplemented in order to obtain all the relevant information. The Prospectus and the supplemental

Prospectuses are published on the Company's website at <https://www.lloydsbankinggroup.com/investors/fixed-income-investors/unsecured-funding/#>.

1	Issuer:	Lloyds Banking Group plc (the “ Company ”)
2	(i) Series Number:	LBG[●]
	(ii) Tranche Number:	1
3	Specified Currency:	Pound Sterling (“ GBP ”)
4	Aggregate Nominal Amount:	
	(i) Series:	GBP[●]
	(ii) Tranche:	GBP[●]
5	Issue Price:	100 per cent. of the Aggregate Nominal Amount
6	(i) Specified Denominations:	GBP100,000 and integral multiples of GBP1,000 in excess thereof up to and including GBP199,000. No Notes in definitive form will be issued with a denomination above GBP199,000
	(ii) Calculation Amount:	GBP1,000
7	(i) Issue Date:	3 December 2020
	(ii) Interest Commencement Date:	Issue Date
8	Maturity Date:	3 December 2035
9	Interest Basis:	[●] per cent., to be reset on 3 December 2030 Fixed Rate Reset
10	Redemption Basis:	Redemption at par
11	Change of Interest or Redemption/Payment Basis:	Not Applicable
12	Alternative Currency Equivalent:	Not Applicable
13	Put/Call Options:	Call Option (further particulars specified below)
14	Status of the Notes:	Dated Subordinated
15	Senior Notes Waiver of Set-off:	Not Applicable
16	Senior Notes Restricted Events of Default:	Not Applicable
PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE		
17	Fixed Rate Note Provisions	Not Applicable
18	Fixed Rate Reset Note Provisions	Applicable
	(i) Initial Rate of Interest:	[●] per cent. per annum payable semi-annually in arrear

(ii) Interest Payment Date(s):	3 June and 3 December in each year from and including 3 June 2021 until and including 3 December 2035
(iii) First Reset Date:	3 December 2030
(iv) Second Reset Date:	Not Applicable
(v) Anniversary Date(s):	Not Applicable
(vi) Reset Determination Dates:	3 December 2030
(vii) Reset Rate:	Benchmark Gilt Rate
(viii) Swap Rate Period:	Not Applicable
(ix) CMT Designated Maturity:	Not Applicable
(x) Screen Page:	Not Applicable
(xi) Fixed Leg:	Not Applicable
(xii) Floating Leg:	Not Applicable
(xiii) Margin:	+2.40 per cent. per annum
(xiv) Fixed Coupon Amount to (but excluding) the First Reset Date:	GBP[●] per Calculation Amount
(xv) Broken Amount:	Not Applicable
(xvi) Day Count Fraction:	Actual/Actual ICMA
(xvii) Determination Dates:	Not Applicable
(xviii) Calculation Agent:	Citibank, N.A., London Branch
(xix) Benchmark Determination Agent:	To be appointed by the Company prior to the Reset Determination Date
(xx) Business Day Convention:	Following Business Day Convention (Unadjusted). See Condition 6(h).
(xxi) First Reset Period Fallback:	[●] per cent.
19 Floating Rate Note Provisions	Not Applicable
20 Zero Coupon Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

21 Call Option	Applicable
(i) Optional Redemption Date(s):	3 December 2030
(ii) Optional Redemption Amount(s):	GBP1,000 per Calculation Amount
(iii) If redeemable in part:	
(a) Minimum Redemption Amount:	Not Applicable

	(b) Maximum Redemption Amount:	Not Applicable
	(iv) Notice period:	Not less than 15 nor more than 30 days
22	Put Option	Not Applicable
23	Capital Disqualification Event Call	Applicable
24	Loss Absorption Disqualification Event Call	Not Applicable
25	Final Redemption Amount	GBP1,000 per Calculation Amount
26	Early Redemption Amount	
	Early Redemption Amount(s) payable on redemption for taxation reasons, following a Capital Disqualification Event or on event of default or other early redemption:	GBP1,000 per Calculation Amount
27	Capital Disqualification Event Substitution and Variation	Applicable

GENERAL PROVISIONS APPLICABLE TO THE NOTES

28	Form of Notes:	Bearer Notes:
		Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note
29	New Global Note:	No
30	Additional Financial Centre(s) or other special provisions relating to payment dates:	London
31	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	No

THIRD PARTY INFORMATION

The rating definitions provided in Part B, Item 2 of these Final Terms have been extracted from the websites of S & P, Moody's and Fitch. The Company confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by S & P, Moody's and Fitch (as applicable), no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of the Company:

By:
Duly authorised

PART B – OTHER INFORMATION

1 LISTING

- (i) Listing: London
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market with effect from 3 December 2020.
- (iii) Estimate of total expenses related to admission to trading: GBP[●] plus VAT

2 RATINGS

- Ratings:
- The Notes to be issued have been rated:
S & P: BBB-
- An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments on the obligation. The minus (-) sign shows relative standing within the rating categories.
- Source: S&P,
https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352
- Moody's: Baa 1
- An obligation rated 'Baa' is judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category.
- Source: Moody's,
<https://www.moodys.com/ratings-process/Ratings-Definitions/002002>
- Fitch: A-
- An obligation rated 'A' denotes an expectation of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the

case for higher ratings. The modifier '-' denotes relative status within major rating categories.

Source: Fitch,

<https://www.fitchratings.com/products/rating-definitions>

3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save as discussed in "Subscription and Sale", so far as the Company is aware, no person involved in the issue of the Notes has an interest material to the issue.

4 REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

(i) Reasons for the offer: The offer is part of the Group's continuous review and management of its outstanding capital issuance, maintaining a prudent approach to the management of the Group's capital position.

(ii) Estimate net proceeds: Not Applicable.

5 YIELD

Indication of yield: For the period from (and including) the Issue Date to (but excluding) 3 December 2030, [●] per cent. per annum.
The yield is calculated as at the Issue Date and on the basis of the Issue Price. It is not an indication of future yield.

6 OPERATIONAL INFORMATION

ISIN: XS[●]
Common Code: [●]
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): Not Applicable.
Delivery: Delivery free of payment
Names and addresses of additional Paying Agent(s) (if any): Not Applicable
Name and address of Calculation Agent: Citibank, N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Intended to be held in a manner which would allow Eurosystem eligibility: No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be

amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

Relevant Benchmarks:

Not Applicable

8 DISTRIBUTION

U.S. Selling Restrictions:

Reg S Category 2; TEFRA D

OFFEROR

Lloyds Banking Group plc

The Mound
Edinburgh EH1 1YZ
United Kingdom

LEGAL ADVISERS

*To the Offeror
as to English Law*

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

*To the Offeror
as to Scots Law*

CMS Cameron McKenna Nabarro Olswang LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EN
United Kingdom

To the Joint Dealer Managers as to English Law

Clifford Chance LLP

10 Upper Bank Street
Canary Wharf
London E14 5JJ
United Kingdom

Any questions or requests for assistance or additional copies of this Exchange Offer Memorandum may be directed to the Exchange Agent and any questions regarding the terms of the Exchange Offers may be directed to any of the Joint Dealer Managers listed below.

EXCHANGE AGENT

Lucid Issuer Services Limited

Tankerton Works
12 Argyle Walk
London
WC1H 8HA
United Kingdom

Tel: +44 20 7704 0880
Attention: Arlind Bytyqi
Email: lloydsbank@lucid-is.com

GLOBAL CO-ORDINATOR & JOINT DEALER MANAGER

Lloyds Bank Corporate Markets plc

10 Gresham Street
London EC2V 7AE
United Kingdom

Telephone: +44 20 7158 1719/1726
Attention: Liability Management Group
email: liability.management@lloydsbanking.com

JOINT DEALER MANAGERS

Goldman Sachs International

Plumtree Court
25 Shoe Lane
London EC4A 4AU
United Kingdom

Telephone: +44 20 7552 6157
Attention: Liability Management Group
email: liabilitymanagement.eu@gs.com

Merrill Lynch International

2 King Edward Street
London EC1A 1HQ
United Kingdom

Telephone: +44 20 7996 5420
Attention: Liability Management Group
email: DG.LM-EMEA@bofa.com