

## IMPORTANT NOTICE

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN OR INTO OR TO ANY PERSON LOCATED OR RESIDENT IN THE UNITED STATES OF AMERICA, 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 AND THE DISTRICT OF COLUMBIA) (THE “UNITED STATES”) OR TO ANY U.S. PERSON (AS DEFINED BELOW) OR TO ANY OTHER PERSON WHERE OR TO WHOM IT IS UNLAWFUL TO RELEASE, PUBLISH OR DISTRIBUTE THIS DOCUMENT.**

**IMPORTANT: You must read the following disclaimer before continuing.** The following disclaimer applies to the attached tender offer memorandum (the “**Tender Offer Memorandum**”) and you are therefore required to read this disclaimer page carefully before accessing, reading or making any other use of the Tender Offer Memorandum. By accessing, reading or making any other use of the Tender Offer Memorandum, you agree (in addition to giving the representations below) to be bound by 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**”), and/or Credit Suisse International, Lloyds Bank Corporate Markets plc and Merrill Lynch International (together, where the context so requires, with their respective affiliates, the “**Dealer Managers**” and each a “**Dealer Manager**”), Equiniti Limited (the “**Receiving Agent**”) and/or Lucid Issuer Services Limited (the “**Information Agent**”) as a result of such access. Capitalised terms used but not otherwise defined in this disclaimer shall have the meaning given to them in the Tender Offer Memorandum.

**THE TENDER OFFER MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THE TENDER OFFER MEMORANDUM MAY ONLY BE DISTRIBUTED OUTSIDE THE UNITED STATES AND TO PERSONS TO WHOM IT IS OTHERWISE LAWFUL TO SEND THE TENDER OFFER MEMORANDUM AND, IN PARTICULAR, SHOULD NOT BE FORWARDED TO ANY U.S. PERSON OR ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE TENDER OFFER MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THESE REQUIREMENTS MAY RESULT IN A VIOLATION OF APPLICABLE LAWS OF THE UNITED STATES OR OTHER JURISDICTIONS.**

**Confirmation of your representation:** In order to be eligible to view the Tender Offer Memorandum or make an investment decision with respect to the Offers (as defined below), you must be outside the United States and otherwise able to participate lawfully in the invitations by the Offeror to holders of the Preference Shares (as defined below) to tender their Preference Shares for purchase by the Offeror for cash (the “**Offers**”) on the terms and subject to the conditions set out in the Tender Offer Memorandum, including the Offer and Distribution Restrictions set out on pages 52 to 54 thereof. The Tender Offer Memorandum was sent at your request and by accessing the Tender Offer Memorandum you shall be deemed to have represented to the Offeror, the Dealer Managers, the Receiving Agent and the Information Agent that:

- (i) you are a holder or a beneficial owner of any of the (i) £198,065,600 6.475% Non-Cumulative Preference Shares (ISIN GB00B3KSB568); (ii) £300,000,000 9.25% Non-Cumulative Irredeemable Preference Shares (ISIN GB00B3KS9W93); and/or (iii) the £100,000,000 9.75% Non-Cumulative Irredeemable Preference Shares (ISIN GB00B3KSB238), each issued by the Offeror (the “**Preference Shares**”);
- (ii) the electronic mail address that you have given to us and to which the Tender Offer Memorandum has been delivered is not located in the United States;

- (iii) you are a person to whom it is lawful to send the Tender Offer Memorandum and to make an invitation pursuant to the Offers under all applicable laws, including the Offer and Distribution Restrictions referred to above;
- (iv) you are not, and you are not acting for the account or benefit of, a U.S. Person (as defined in Regulation S of the United States Securities Act of 1933, as amended);
- (v) you are not a Sanctions Restricted Person (as defined in the Tender Offer Memorandum); and
- (vi) you consent to delivery of the Tender Offer Memorandum to you by electronic transmission.

The representation set out at (v) above shall, when deemed to be repeated on the relevant Expiration Deadline and on the relevant Settlement Date, not apply 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), (ii) Council Regulation (EC) No. 2271/1996 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended, the “EUWA”) or (iii) any similar blocking or anti-boycott law in the European Union or the United Kingdom.

The Tender Offer Memorandum has been provided to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Offeror, the Dealer Managers, the Receiving Agent, the Information Agent or any person who controls, or any director, officer, employee, agent or affiliate of, any such person accepts any liability or responsibility whatsoever in respect of any difference between the Tender Offer Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Receiving Agent.

You are otherwise reminded that the Tender Offer Memorandum has been provided to you on the basis that you are a person into whose possession the Tender Offer Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located or resident and you may not, nor are you authorised to, deliver the Tender Offer Memorandum to any other person.

If you have recently sold or otherwise transferred some or all of your holding of Preference Shares, you should immediately inform the Receiving Agent, the contact details for whom are on the last page of the Tender Offer Memorandum.

Any materials relating to the 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 an Offer be made by a licensed broker or dealer and any of the Dealer Managers or, where the context so requires, any of their affiliates is such a licensed broker or dealer in that jurisdiction, such Offer shall be deemed to be made by such Dealer Manager or such affiliate, as the case may be, on behalf of the Offeror in such jurisdiction.

**Restrictions:** Nothing in this electronic transmission constitutes an offer to buy or the solicitation of an offer to sell securities in the United States or in any other jurisdiction in which such offer or solicitation would be unlawful.

**The distribution of the Tender Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession the Tender Offer Memorandum comes are required by the Offeror, the Dealer Managers, the Receiving Agent and the Information Agent to inform themselves about, and to observe, any such restrictions.**

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN OR INTO OR TO ANY PERSON LOCATED OR RESIDENT IN THE UNITED STATES OF AMERICA, 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 OF AMERICA OR THE DISTRICT OF COLUMBIA) OR INTO ANY OTHER JURISDICTION OR TO ANY OTHER PERSON WHERE OR TO WHOM IT IS UNLAWFUL TO RELEASE, PUBLISH OR DISTRIBUTE THIS DOCUMENT.**

*This Tender Offer Memorandum does not constitute an invitation to participate in the Offers in or from any jurisdiction in or from which, or to or from any person to or from whom, it is unlawful to make such offer under applicable securities laws or otherwise. The distribution of this document in certain jurisdictions (in particular, the United States, the United Kingdom, Belgium, France and Italy) may be restricted by law. See “Offer and Distribution Restrictions” below. Persons into whose possession this document comes are required by the Dealer Managers and the Offeror to inform themselves about, and to observe, any such restrictions. No action that would permit a public offer has been or will be taken in any jurisdiction by the Dealer Managers or by the Offeror.*

**TENDER OFFER MEMORANDUM DATED 10 NOVEMBER 2021**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES IMMEDIATE ATTENTION**

**INVITATIONS BY**



## **LLOYDS BANKING GROUP PLC**

**(the “Offeror”)**

to the holders of the following Preference Shares (each a “Series” and together the “Preference Shares”) to tender any and all of such Preference Shares for purchase by the Offeror for cash (each such invitation an “Offer” and, together, the “Offers”)

<b>Description of Preference Shares</b>	<b>ISIN</b>	<b>Aggregate Liquidation Preference Outstanding</b>	<b>Purchase Price (including accrued and unpaid dividends)<sup>1</sup></b>	<b>Amount subject to the Offer</b>
£198,065,600 6.475% Non-Cumulative Preference Shares <sup>2</sup> (the “6.475% Preference Shares”)	GB00B3KSB568	£56,472,211	112.050%	Any and all
£300,000,000 9.25% Non-Cumulative Irredeemable Preference Shares (the “9.25% Preference Shares”)	GB00B3KS9W93	£299,987,729	167.250%	Any and all

Description of Preference Shares	ISIN	Aggregate Liquidation Preference Outstanding	Purchase Price (including accrued and unpaid dividends) <sup>1</sup>	Amount subject to the Offer
£100,000,000 9.75% Non-Cumulative Irredeemable Preference Shares (the "9.75% Preference Shares")	GB00B3KSB238	£55,740,886	174.200%	Any and all

<sup>1</sup> If the General Settlement Date is not a dividend payment date in respect of the relevant Series of Preference Shares, the Purchase Price in respect of that Series of Preference Shares includes an amount equal to accrued and unpaid dividends on the relevant Preference Shares from, and including, the dividend payment date for the relevant Preference Shares immediately preceding the General Settlement Date up to, but excluding, the General Settlement Date. Accordingly, the Purchase Price for the 6.475% Preference Shares includes an amount equal to accrued and unpaid dividends on the relevant Preference Shares from, and including, the dividend payment date for the relevant Preference Shares immediately preceding the General Settlement Date up to, but excluding, the General Settlement Date. The next dividend payment date pursuant to the terms of the 9.25% Preference Shares and the 9.75% Preference Shares is 30 November 2021 (for which purposes the record date for each Series was 5 November 2021 (the "Record Date")). Holders of such Preference Shares as at the Record Date will be entitled to the dividend payment due on 30 November 2021 pursuant to the terms of each Series. Such payment will be in addition (but separate) to any payment of the Purchase Price and any Incremental Accrued Dividend Payment by the Offeror pursuant to the terms of the relevant Offer. Accordingly, the amount equal to accrued and unpaid dividends which is included in the respective Purchase Price for each of the 9.25% Preference Shares and the 9.75% Preference Shares is zero.

For Preference Shares accepted for purchase by the Offeror for settlement on the General Settlement Date, there shall be no additional payment by the Offeror after the General Settlement Date in respect of any accrued and unpaid dividends.

In respect of any Preference Shares which are accepted for purchase from Retail Holders for which the respective validly submitted Tender Instructions are received by the Receiving Agent after the General Expiration Deadline and prior to the Retail-Only Expiration Deadline, the Offeror will also pay on the Retail-Only Settlement Date an amount equal to any accrued and unpaid dividends on the relevant Preference Shares from, and including, the General Settlement Date up to, but excluding, the Retail-Only Settlement Date (the "Incremental Accrued Dividend Payment").

For Preference Shares accepted for purchase by the Offeror for settlement on the Retail-Only Settlement Date, there shall be no additional payment by the Offeror after the Retail-Only Settlement Date in respect of any accrued and unpaid dividends.

The amount (if any) included in the Purchase Price equal to accrued and unpaid dividends and, if applicable, the Incremental Accrued Dividend Payment are payments pursuant to the terms of the relevant Offer and are not, for the avoidance of doubt, payments pursuant to the terms of the relevant Preference Shares.

<sup>2</sup> Redeemable, at the option of the Offeror, on 15 September 2024 or any dividend payment date falling on each fifth anniversary of such date thereafter, at their liquidation preference amount.

**THE OFFERS COMMENCE ON 10 NOVEMBER 2021 AND WILL EXPIRE AT 1.00 P.M. (LONDON TIME) ON 19 NOVEMBER 2021 FOR INSTITUTIONAL HOLDERS (AS DEFINED BELOW) ("THE GENERAL EXPIRATION DEADLINE") OR AT 1.00 P.M. (LONDON TIME) ON 9 DECEMBER 2021 FOR RETAIL HOLDERS (AS DEFINED BELOW) (THE "RETAIL-ONLY EXPIRATION DEADLINE" AND TOGETHER WITH THE GENERAL EXPIRATION DEADLINE, THE "EXPIRATION DEADLINES"), UNLESS AMENDED, EXTENDED, RE-OPENED, WITHDRAWN OR TERMINATED AT THE SOLE AND ABSOLUTE DISCRETION OF THE OFFEROR. TENDER INSTRUCTIONS, ONCE SUBMITTED, MAY, IN PRINCIPLE, NOT BE WITHDRAWN EXCEPT IN THE LIMITED CIRCUMSTANCES OUTLINED IN THIS TENDER OFFER MEMORANDUM UNDER THE HEADING "AMENDMENT AND TERMINATION" BELOW.**

**Participants holding 6.475% Preference Shares in the Lloyds Banking Group Shareholder Account, operated on the Offeror's behalf by Equiniti Financial Services Limited (the "LBGSA Nominee"), should refer to the separate communications provided by the LBGSA Nominee in respect of the Offer in respect of the 6.475%**

**Preference Shares, and should note the earlier deadline of 6 December 2021 for receipt by the LBGSA Nominee of LBGSA Forms of Instruction (as defined below).**

**Unless otherwise determined by the Offeror in its sole and absolute discretion, any Tender Instructions received by the Receiving Agent from Institutional Holders after the General Expiration Deadline will not be accepted. For technical reasons, however, any such Tender Instructions will only be released from escrow by the Receiving Agent following the Retail-Only Expiration Deadline.**

**Custodians and CREST will have deadlines for receiving instructions prior to the relevant Expiration Deadline and holders should contact any intermediary through which they hold their Preference Shares as soon as possible to ensure proper and timely delivery of instructions.**

*Dealer Managers*

**BofA Securities**

**Credit Suisse**

**Lloyds Bank Corporate Markets**

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## IMPORTANT NOTICES

**This Tender Offer Memorandum contains important information which should be read carefully before any decision is made with respect to the Offers. If any Shareholder is in any doubt as to the action it should take or is unsure of the impact of the Offers, 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 or legal adviser. Any individual or company whose Preference Shares are held on its behalf by a custodian, broker, dealer, commercial bank, trust company or other nominee or intermediary must contact such entity if it wishes to tender Preference Shares in the relevant Offer. None of the Offeror, the Dealer Managers, the Receiving Agent or the Information Agent (or any of their respective directors, officers, employees, agents or affiliates) is providing Shareholders with any legal, business, tax or other advice in this Tender Offer Memorandum. Shareholders 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 tender their Preference Shares for cash.**

The Offeror accepts responsibility for the information contained in this Tender Offer Memorandum. To the best of the knowledge and belief of the Offeror, the information contained in this Tender Offer Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each Shareholder, including each participant who holds 6.475% Preference Shares through the LBGSA Nominee, is solely responsible for making its own independent appraisal of all matters as such Shareholder deems appropriate (including those relating to the relevant Offer and this Tender Offer Memorandum) and each Shareholder must make its own decision as to whether to tender any or all of its Preference Shares for purchase pursuant to the relevant Offer(s). Accordingly, each person receiving this Tender Offer Memorandum acknowledges that such person has not relied upon the Offeror, the Dealer Managers, the Receiving Agent, the LBGSA Nominee or the Information Agent (or any of their respective directors, officers, employees, agents or affiliates) in connection with its decision as to whether to participate in the relevant Offer(s). Each such person must make its own analysis and investigations regarding the relevant Offer(s), 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 relevant Offer(s) and/or the action it should take, including in respect of any tax consequences it should consult its professional advisers.

None of the Dealer Managers, the Offeror, the Receiving Agent, the LBGSA Nominee, the Information Agent or any of their respective directors, officers, employees, agents or affiliates makes any recommendation whatsoever regarding this Tender Offer Memorandum or the Offers and none of the Offeror, the Dealer Managers, the Receiving Agent, the Information Agent or their respective directors, officers, employees, agents or affiliates makes any recommendation as to whether Shareholders should tender Preference Shares for purchase pursuant to the Offers. The Information Agent is the agent of the Offeror and owes no duty to any Shareholder.

None of the Dealer Managers, the Receiving Agent, the LBGSA Nominee or the Information Agent (or any of their respective directors, officers, employees, agents or affiliates) have authorised the whole or any part of this Tender Offer Memorandum and none of them makes any representation or warranty or accepts any responsibility for the accuracy or completeness of the information concerning the Offers or the Offeror contained in this Tender Offer Memorandum or for any failure by the Offeror or any third party to disclose events that may have occurred and may affect the significance or accuracy of the information in this Tender Offer Memorandum or accepts any responsibility for any acts or omissions by the Offeror or any third party in connection with the Offers.

No person has been authorised to give any information or to make any representation other than those contained in this Tender Offer Memorandum in connection with the Offers and, if given or made, such information or

representation must not be relied upon as having been authorised by any of the Offeror, the Dealer Managers, the Receiving Agent, the LBGSA Nominee or the Information Agent (or any of their respective directors, officers, employees, agents or affiliates). Neither the delivery of this Tender Offer Memorandum nor any purchase of Preference Shares pursuant to the Offers shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Offeror since the date of this Tender Offer Memorandum or that the information contained in this Tender Offer Memorandum is correct as of any time subsequent to the date of this Tender Offer Memorandum.

The Offeror is making the Offers only in those jurisdictions where it is legal to do so. See “*Offer and Distribution Restrictions*”. This document does not constitute a “prospectus” for the purposes of Regulation (EU) 2017/1129 (as amended), as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended, “EUWA”) (as amended, the “**UK Prospectus Regulation**”).

Preference Shares can only be tendered in the Offers in accordance with the procedures described in “*Procedures for Participating in the Offers*”.

Any Preference Shares purchased by the Offeror pursuant to the Offers will be cancelled and will not be re-issued or re-sold. Shareholders who do not participate in the Offers, or whose Preference Shares are not accepted for purchase by the Offeror, will continue to hold their Preference Shares subject to the terms and conditions of the relevant Preference Shares.

The failure of any person to receive a copy of this Tender Offer Memorandum or any notice issued by the Offeror in connection with the Offers shall not invalidate any aspect of the Offers. No acknowledgement of receipt of any Tender Instruction and/or other documents will be given by the Offeror, the Receiving Agent or the Information Agent and no acknowledgement of receipt of any LBGSA Forms of Instruction and/or other documents will be given by the LBGSA Nominee or any other party.

Shareholders must comply with all laws that apply to them in any place in which they possess this Tender Offer Memorandum. Shareholders must also obtain any consents or approvals that they need in order to tender their Preference Shares. None of the Offeror, the Dealer Managers, the Receiving Agent or the Information Agent (or any of their respective directors, officers, employees, agents or affiliates) is responsible for Shareholders’ compliance with these legal requirements. See “*Offer and Distribution Restrictions*.” The applicable provisions of the Financial Services and Markets Act 2000 must be complied with in respect of anything done in relation to the Offers in, from or otherwise involving the United Kingdom.

For the avoidance of doubt, each invitation by the Offeror to Shareholders contained in this Tender Offer Memorandum is an invitation to treat by the Offeror and any references to the Offers or invitations being made by the Offeror, under or in respect of the Offers shall be construed accordingly.

Capitalised terms used in this Tender Offer Memorandum have the meaning given in “*Definitions and Interpretation*” below and any other definitions of such terms are for ease of reference only and shall not affect their interpretation.



## OVERVIEW OF OFFERS

*Words and expressions defined in “Definitions and Interpretation” below or elsewhere in this Tender Offer Memorandum have the same meanings in this Overview.*

### **Amount subject to the Offers**

If, in respect of any Series, the Offeror decides to accept any Preference Shares of such Series validly tendered for purchase pursuant to the relevant Offer, the Offeror intends to accept all validly tendered Preference Shares of such Series for purchase in full with no *pro rata* scaling. The Offeror is not under any obligation to accept for purchase any Preference Shares tendered pursuant to any Offer. The acceptance for purchase by the Offeror of Preference Shares tendered pursuant to each Offer is at the sole and absolute discretion of the Offeror and tenders may be rejected by the Offeror for any reason.

### **Purchase Price and Accrued Dividends**

The price payable in respect of the Preference Shares of each Series accepted for purchase (the “**Purchase Price**”) is set out in the table on the cover page of this Tender Offer Memorandum, and is expressed as a percentage of the liquidation preference of the relevant Series of Preference Shares.

If the General Settlement Date is not a dividend payment date in respect of the relevant Series of Preference Shares, the Purchase Price in respect of that Series of Preference Shares includes an amount equal to any accrued and unpaid dividends on the relevant Preference Shares from, and including, the dividend payment date for the relevant Preference Shares immediately preceding the General Settlement Date up to, but excluding, the General Settlement Date.

Accordingly, the Purchase Price for the 6.475% Preference Shares includes an amount equal to accrued and unpaid dividends on the relevant Preference Shares from, and including, the dividend payment date for the relevant Preference Shares immediately preceding the General Settlement Date up to, but excluding, the General Settlement Date.

The next dividend payment date pursuant to the terms of the 9.25% Preference Shares and the 9.75% Preference Shares is 30 November 2021 (for which purposes the Record Date for each Series was 5 November 2021). Holders of such Preference Shares as at the Record Date will be entitled to the dividend payment due on 30 November 2021 pursuant to the terms of each Series. Such payment will be in addition (but separate) to any payment of the Purchase Price and any Incremental Accrued Dividend Payment by the Offeror pursuant to the terms of the relevant Offer.

Accordingly, the amount equal to accrued and unpaid dividends which is included in the respective Purchase Price for each of the 9.25% Preference Shares and the 9.75% Preference Shares is zero.

For Preference Shares accepted for purchase by the Offeror for settlement on the General Settlement Date, there shall be no additional payment by the Offeror after the General Settlement Date in respect of any accrued and unpaid dividends.

In respect of any Preference Shares which are accepted for purchase from Retail Holders for which the respective validly submitted Tender Instructions are received by the Receiving Agent after the General Expiration Deadline and prior to the Retail-Only Expiration Deadline, the Offeror will also pay on the Retail-Only Settlement Date an amount equal to any accrued and unpaid dividends on the relevant Preference Shares from, and including, the General Settlement Date up to, but excluding, the Retail-Only Settlement Date (the “**Incremental Accrued Dividend Payment**”).

For Preference Shares accepted for purchase by the Offeror for settlement on the Retail-Only Settlement Date, there shall be no additional payment by the Offeror after the Retail-Only Settlement Date in respect of any accrued and unpaid dividends.

The amount (if any) included in the Purchase Price equal to accrued and unpaid dividends and the Incremental Accrued Dividend Payment are payments pursuant to the terms of the relevant Offer and are not, for the avoidance of doubt, payments pursuant to the terms of the relevant Preference Shares.

For illustration purposes and assuming that the General Settlement Date and Retail-Only Settlement Date are not subsequently amended from those set out in this Tender Offer Memorandum, the cash amount of the Purchase Consideration in respect of a single Preference Share of each Series, and the Incremental Accrued Dividend Payment (which is payable only in respect of Preference Shares which are accepted for purchase from Retail Holders for which the respective validly submitted Tender Instructions are received by the Receiving Agent after the General Expiration Deadline and prior to the Retail-Only Expiration Deadline) in respect of a single Preference Share of each Series is expected to be as follows:

<b>Series</b>	<b>Purchase Consideration*</b>	<b>Incremental Accrued Dividend Payment*</b>
6.475% Preference Shares	£1.12050	0.26610p
9.25% Preference Shares	£1.67250	0.38118p
9.75% Preference Shares	£1.74200	0.40179p

\* Shown to 5 decimal places for illustrative purposes.

See further the section entitled “*Terms and Conditions of the Offers – Total Consideration*” below.

The Settlement Date for Institutional Holders and for Retail Holders whose respective validly submitted Tender Instructions are received by the Receiving Agent prior to the General Expiration Deadline is expected to be 30 November 2021.

The Settlement Date for Retail Holders whose respective validly submitted Tender Instructions are received by the Receiving Agent after the General Expiration Deadline and prior to the Retail-Only Expiration Deadline is expected to be 15 December 2021.

Preference Shares repurchased by the Offeror pursuant to the Offers will be immediately cancelled and will not be re-issued or re-sold. Preference Shares which have not been validly tendered and accepted for purchase pursuant to the Offers will remain outstanding after the relevant Settlement Date.

### **Amendment and Termination**

The Offeror reserves the right, in its sole and absolute discretion, to extend, re-open, withdraw or terminate any of the Offers and to amend or waive any of the terms and conditions of any of the Offers at any time following the announcement of the Offers, as described herein under the heading “*Amendment and Termination*”. Details of any such extension, re-opening, withdrawal, termination, amendment or waiver will be notified to the Shareholders as soon as possible after such decision.

## **Participation in the Offers**

A tender of Preference Shares for purchase may only be made by the submission of a valid Tender Instruction and (in the case of Preference Shares not held in CREST (as defined below)) delivery of the certificate or certificates for the relevant Preference Shares or (in the case of 6.475% Preference Shares held through the LBGSA Nominee) by delivery to the LBGSA Nominee of a valid LBGSA Form of Instruction, in each case in accordance with the detailed procedures specified in this Tender Offer Memorandum. Different procedures apply for participation in the Offers in respect of (a) Preference Shares held in CREST, (b) Preference Shares held in certificated form and (c) 6.475% Preference Shares held through the LBGSA Nominee.

## **Offer and Distribution Restrictions**

The Offeror is making the Offers only in those jurisdictions where it is legal to do so. See “*Offer and Distribution Restrictions*”. This document does not constitute a “prospectus” for the purposes of the UK Prospectus Regulation.

## **Deadlines**

**THE OFFERS COMMENCE ON 10 NOVEMBER 2021 AND WILL EXPIRE AT 1.00 P.M. (LONDON TIME) ON 19 NOVEMBER 2021 FOR INSTITUTIONAL HOLDERS (“THE GENERAL EXPIRATION DEADLINE”) OR AT 1.00 P.M. (LONDON TIME) ON 9 DECEMBER 2021 FOR RETAIL HOLDERS (THE “RETAIL-ONLY EXPIRATION DEADLINE” AND, TOGETHER WITH THE GENERAL EXPIRATION DEADLINE, THE “EXPIRATION DEADLINES”), UNLESS AMENDED, EXTENDED, RE-OPENED, WITHDRAWN OR TERMINATED AT THE SOLE AND ABSOLUTE DISCRETION OF THE OFFEROR. TENDER INSTRUCTIONS, ONCE SUBMITTED, MAY NOT BE WITHDRAWN EXCEPT IN THE LIMITED CIRCUMSTANCES OUTLINED IN THIS TENDER OFFER MEMORANDUM UNDER THE HEADING “AMENDMENT AND TERMINATION” BELOW.**

**Participants holding 6.475% Preference Shares in the Lloyds Banking Group Shareholder Account, operated on the Offeror’s behalf by the LBGSA Nominee, should refer to the separate communications provided by the LBGSA Nominee in respect of the Offer in respect of the 6.475% Preference Shares, and should note the earlier deadline of 6 December 2021 for receipt by the LBGSA Nominee of LBGSA Forms of Instruction.**

**Unless otherwise determined by the Offeror in its sole and absolute discretion, any Tender Instructions received by the Receiving Agent from Institutional Holders after the General Expiration Deadline will not be accepted. For technical reasons, however, any such Tender Instructions will only be released from escrow by the Receiving Agent following the Retail-Only Expiration Deadline.**

**Custodians and CREST will have deadlines for receiving instructions prior to the relevant Expiration Deadline and Shareholders should contact any intermediary through which they hold their Preference Shares as soon as possible to ensure proper and timely delivery of instructions. Holders of Preference Shares not held in CREST are also advised to ensure that, where any documents are posted to the Receiving Agent, they allow sufficient time to ensure receipt of such documents by the Receiving Agent by the relevant deadline. All documentation sent to or from a Shareholder is sent at such Shareholder’s own risk.**

An “**Institutional Holder**” means a Shareholder (a) who holds £100,000 or more in aggregate liquidation preference of the Preference Shares of the relevant Series (b) whose ordinary activities involve that person buying, selling, subscribing for or underwriting instruments such as the Preference Shares for the purposes of

a business carried on by that person and/or (c) who it is reasonable to expect will carry on the activities described in (b) above for the purposes of a business carried on by that person.

A “**Retail Holder**” means a Shareholder (a) who holds less than £100,000 in aggregate liquidation preference of the Preference Shares of the relevant Series (b) whose ordinary activities do not involve that person buying, selling, subscribing for or underwriting instruments such as the Preference Shares for the purposes of a business carried on by that person and (c) who it is reasonable to expect will not carry on the activities described in (b) above for the purposes of a business carried on by that person.

### **Further Information**

Any questions or requests for assistance in connection with this Tender Offer Memorandum may be directed to the Dealer Managers, and any questions or requests for assistance in connection with the delivery of Tender Instructions, or requests for additional copies of this Tender Offer Memorandum or related documents, which may be obtained free of charge, may be directed to the Receiving Agent, at the telephone number or e-mail address provided on the back cover of this Tender Offer Memorandum.

**Before making a decision with respect to the Offers, Shareholders should carefully consider all of the information in this Tender Offer Memorandum and, in particular, the risk factors described in the section entitled “*Risk Factors and Other Considerations*”.**

## DEFINITIONS AND INTERPRETATION

In this Tender Offer Memorandum the following expressions have the following meanings:

<b>Business Day</b>	A day other than a Saturday or a Sunday or a public holiday on which commercial banks and foreign exchange markets are open for business in London.
<b>CREST</b>	The CREST System operated by EUI.
<b>CREST Manual</b>	The document entitled “CREST Manual” issued by EUI.
<b>CREST System</b>	Has the meaning given to it in the CREST Manual.
<b>Dealer Managers</b>	Credit Suisse International, Lloyds Bank Corporate Markets plc and Merrill Lynch International.
<b>EUI</b>	Euroclear UK & Ireland Limited.
<b>Expiration Deadline</b>	The General Expiration Deadline or the Retail-Only Expiration Deadline, as applicable.
<b>Financial Promotion Order</b>	The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.
<b>General Expiration Deadline</b>	<p>1.00 p.m. (London time) on 19 November 2021 (subject to the right of the Offeror to extend, re-open and/or terminate any of the Offers as applicable).</p> <p>The General Expiration Deadline is the final deadline for Institutional Holders.</p> <p>Retail Holders may also choose to participate prior to the General Expiration Deadline if they wish, in order to be eligible to receive payment on the General Settlement Date in respect of Preference Shares which are accepted for purchase by the Offeror.</p>
<b>General Settlement Date</b>	<p>Expected to be 30 November 2021.</p> <p>Applicable to Institutional Holders, and to Retail Holders whose respective validly submitted Tender Instructions are received by the Receiving Agent prior to the General Expiration Deadline.</p> <p>For the avoidance of doubt, for Retail Holders whose respective validly submitted Tender Instructions are received by the Receiving Agent after the General Expiration Deadline and prior to the Retail-Only Expiration Deadline, the relevant settlement date will be the Retail-Only Settlement Date.</p>
<b>Group</b>	The Offeror and its subsidiary and associated undertakings.
<b>Incremental Accrued Dividend Payment</b>	In respect of any Preference Share or Preference Shares accepted for purchase from Retail Holders for which the respective validly submitted Tender Instructions are received by the Receiving Agent after the General Expiration Deadline and prior to the Retail-Only Expiration Deadline, an amount in cash (rounded to the nearest £0.01 with half a penny rounded upwards) to be paid on the Retail-Only Settlement Date equal to the dividend accrued on the relevant Preference Share or Preference Shares from, and

including, the General Settlement Date to, but excluding, the Retail-Only Settlement Date.

The Incremental Accrued Dividend Payment is a payment pursuant to the terms of the relevant Offer and is not, for the avoidance of doubt, a payment pursuant to the terms of the relevant Preference Shares.

For the avoidance of doubt, the Incremental Accrued Dividend Payment will be calculated in accordance with the terms of the relevant Preference Shares for the calculation of accrued dividends in respect of periods other than complete semi-annual dividend periods, by using the Actual/365 day-count method in respect of the 6.475% Preference Shares and by using the Actual/Actual (ICMA) day-count method in respect of the 9.25% Preference Shares and the 9.75% Preference Shares.

Assuming that the General Settlement Date and Retail-Only Settlement Date are not amended, the Incremental Accrued Dividend Payment in respect of Preference Shares of each Series is expected to be as follows:

<b>Series</b>	<b>Incremental Dividend Payment*</b>	<b>Accrued</b>
6.475% Preference Shares	0.26610%	
9.25% Preference Shares	0.38118%	
9.75% Preference Shares	0.40179%	

\* Rounded to 5 decimal places for illustrative purposes.

For illustration purposes, and assuming that the General Settlement Date and Retail-Only Settlement Date are not subsequently amended from those set out in this Tender Offer Memorandum, the cash amount of the Incremental Accrued Dividend Payment in respect of a single Preference Share of each Series is expected to be as follows:

<b>Series</b>	<b>Incremental Dividend Payment*</b>	<b>Accrued</b>
6.475% Preference Shares	0.26610p	
9.25% Preference Shares	0.38118p	
9.75% Preference Shares	0.40179p	

\* Shown to 5 decimal places for illustrative purposes.

**Information Agent**

**Institutional Holder**

Lucid Issuer Services Limited.

A Shareholder (a) who holds £100,000 or more in aggregate liquidation preference of the Preference Shares of the relevant Series, (b) whose ordinary activities involve that person buying, selling, subscribing for or underwriting instruments such as the Preference Shares for the purposes of a business carried on by that person, and/or (c) who it is reasonable to expect will carry

on the activities described in (b) above for the purposes of a business carried on by that person.

<b>LBGSA Forms of Instruction</b>	The form of instruction which has been provided by the LBGSA Nominee to participants holding 6.475% Preference Shares through the LBGSA Nominee and which is to be completed by such participants if they wish to participate in the Offer in respect of the 6.475% Preference Shares by instructing the LBGSA Nominee to tender such 6.475% Preference Shares for purchase pursuant to Offer in respect of the 6.475% Preference Shares.
<b>LBGSA Nominee</b>	Equiniti Financial Services Limited, the regulated entity providing nominee services to the Offeror in relation to the Lloyds Banking Group Shareholder Account, and holding shares on behalf of participants through its subsidiary, Equiniti Corporate Nominees Limited. The registered address of the LBGSA Nominee is Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom. The LBGSA Nominee is authorised and regulated by the Financial Conduct Authority.
<b>LBGSA Tender Deadline</b>	In the case of participants holding 6.475% Preference Shares through the LBGSA Nominee, 1.00 p.m. (London time) on 6 December 2021 (subject to the right of the Offeror to extend, re-open and/or terminate the Offer in respect of the 6.475% Preference Shares).
<b>Lloyds Banking Group Shareholder Account</b>	The corporate sponsored nominee shareholder account in CREST through which account participants hold beneficial interests in the 6.475% Preference Shares held by the LBGSA Nominee on behalf of such participants.
<b>Notifying News Service</b>	A recognised financial news service or services (e.g. Reuters/Bloomberg) as selected by the Offeror in its sole discretion.
<b>Offer</b>	In respect of each Series, the invitation on the terms and subject to the conditions contained in this Tender Offer Memorandum by the Offeror to Shareholders of that Series (subject to the Offer and Distribution Restrictions) to tender their Preference Shares for purchase by the Offeror for cash, on the terms and subject to the conditions set out in this Tender Offer Memorandum. The invitation in respect of each Series of Preference Shares constitutes a separate Offer.
<b>Offer and Distribution Restrictions</b>	The offer restrictions referred to in “ <i>Offer and Distribution Restrictions</i> ”.
<b>Offeror</b>	Lloyds Banking Group plc.
<b>Preference Shares</b>	The (i) £198,065,600 6.475% Non-Cumulative Preference Shares (ISIN GB00B3KSB568) (the “ <b>6.475% Preference Shares</b> ”) (£56,472,211 currently outstanding); (ii) £300,000,000 9.25% Non-Cumulative Irredeemable Preference Shares (ISIN

GB00B3KS9W93) (the “9.25% Preference Shares”) (£299,987,729 currently outstanding); and (iii) the £100,000,000 9.75% Non-Cumulative Irredeemable Preference Shares (ISIN GB00B3KSB238) (the “9.75% Preference Shares”) (£55,740,886 currently outstanding), each issued by the Offeror and each a “Series”.

**Purchase Consideration**

In respect of any Preference Shares, an amount in cash (rounded to the nearest £0.01 with half a penny rounded upwards) calculated by applying the relevant Purchase Price to the aggregate liquidation preference of such Preference Shares accepted for purchase.

For illustration purposes and assuming that the General Settlement Date and Retail-Only Settlement Date are not subsequently amended from those set out in this Tender Offer Memorandum, the cash amount of the Purchase Consideration in respect of a single Preference Share of each Series is expected to be as follows:

<b>Series</b>	<b>Purchase Consideration*</b>
6.475% Preference Shares	£1.12050
9.25% Preference Shares	£1.67250
9.75% Preference Shares	£1.74200

\* Shown to 5 decimal places for illustrative purposes.

See further the section entitled “*Terms and Conditions of the Offers – Total Consideration*” below.

**Purchase Price**

In respect of each Series, the price payable by the Offeror for Preference Shares of that Series validly tendered in the relevant Offer and accepted for purchase by the Offeror, as set out in the table on the cover page of this Tender Offer Memorandum.

If the General Settlement Date is not a dividend payment date in respect of the relevant Series of Preference Shares, the Purchase Price in respect of that Series of Preference Shares includes an amount equal to accrued and unpaid dividends on the relevant Preference Shares from, and including, the dividend payment date for the relevant Preference Shares immediately preceding the General Settlement Date up to, but excluding, the General Settlement Date. Accordingly, the Purchase Price for the 6.475% Preference Shares includes an amount equal to accrued and unpaid dividends on the relevant Preference Shares from, and including, the dividend payment date for the relevant Preference Shares immediately preceding the General Settlement Date up to, but excluding, the General Settlement Date.

The next dividend payment date pursuant to the terms of the 9.25% Preference Shares and the 9.75% Preference Shares is 30 November 2021 (for which purposes the Record Date for each



Series was 5 November 2021). Holders of such Preference Shares as at the Record Date will be entitled to the dividend payment due on 30 November 2021 pursuant to the terms of each Series. Such payment will be in addition (but separate) to any payment of the Purchase Price and any Incremental Accrued Dividend Payment by the Offeror pursuant to the terms of the relevant Offer. Accordingly, the amount equal to accrued and unpaid dividends which is included in the respective Purchase Price for each of the 9.25% Preference Shares and the 9.75% Preference Shares is zero.

The Incremental Accrued Dividend Payment is payable in respect of validly submitted Tender Instructions received by the Receiving Agent from Retail Holders after the General Expiration Deadline and prior to the Retail-Only Expiration Deadline whose Preference Shares are accepted for purchase by the Offeror.

The amount (if any) included in the Purchase Price equal to accrued and unpaid dividends and the Incremental Accrued Dividend Payment are payments pursuant to the terms of the relevant Offer and are not, for the avoidance of doubt, payments pursuant to the terms of the relevant Preference Shares.

**Registered Owner**

In respect of any Preference Shares held in CREST or in certificated form, the person entered as the owner of a particular liquidation preference of the Preference Shares in the records of CREST or on the register maintained by the Receiving Agent, respectively.

**Receiving Agent**

Equiniti Limited.

**Retail Holder**

A Shareholder (a) who holds less than £100,000 in aggregate liquidation preference of the Preference Shares of the relevant Series, (b) whose ordinary activities do not involve that person buying, selling, subscribing for or underwriting instruments such as the Preference Shares for the purposes of a business carried on by that person, and (c) who it is reasonable to expect will not carry on the activities described in (b) above for the purposes of a business carried on by that person.

**Retail-Only Expiration Deadline**

1.00 p.m. (London time) on 9 December 2021 (subject to the right of the Offeror to extend, re-open and/or terminate any of the Offers, as applicable).

**Retail-Only Settlement Date**

Expected to be 15 December 2021. Applicable to Retail Holders whose respective validly submitted Tender Instructions are received by the Receiving Agent after the General Expiration Deadline and prior to the Retail-Only Expiration Deadline.

**RNS**

The Regulatory News Service of the London Stock Exchange.

**Sanctions Authority**

Each of:

- (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; or

the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the United States Department of State, the United States Department of Commerce and Her Majesty's Treasury.

### **Sanctions Restricted Person**

An individual or an entity (a “**Person**”):

- (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 of 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: <https://data.europa.eu/euodp/en/data/dataset/consolidated-list-of-persons-groups-and-entities-subject-to-eu-financial-sanctions>); 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](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.

### **Settlement Date**

The General Settlement Date or the Retail-Only Settlement Date (as applicable).

For the avoidance of doubt, in respect of Tender Instructions which are received prior to the General Expiration Deadline, the General Settlement Date will apply to all such Tender Instructions irrespective of whether such Tender Instructions have been submitted by, or on behalf of, an Institutional Holder or a Retail Holder.

<b>Shareholders</b>	Holders of any of the Preference Shares, including participants holding 6.475% Preference Shares through the LBGSA Nominee (including as further described below).
<b>Tender Instruction</b>	In the case of (i) Preference Shares held in CREST, the TTE Instruction as further described in this Tender Offer Memorandum, (ii) Preference Shares held in certificated form, the form of instruction posted to holders of such Preference Shares and to be completed by each holder of such Preference Shares and delivered to the Receiving Agent by (a) in the case of a Shareholder who is a Retail Holder, the Retail-Only Expiration Deadline or (b) in the case of a Shareholder who is an Institutional Holder, the General Expiration Deadline, in either case in order for such Shareholder to participate in the relevant Offer.
<b>TTE Instruction</b>	Has the meaning given to it in “ <i>Procedures for Participating in the Offer</i> ”.

Unless the context otherwise requires, all references in this Tender Offer Memorandum to:

- (a) a “**Shareholder**” or “**holder of Preference Shares**” include:
- (i) each person who is shown in the records of CREST as a holder of Preference Shares or each person who is registered as a holder of Preference Shares in registered form; and
  - (ii) each beneficial owner of Preference Shares holding such Preference Shares, directly or indirectly, in accounts in the name of a Registered Owner (including a securities broker or other intermediary and, in the case of the 6.475% Preference Shares, the LBGSA Nominee) acting on the beneficial owner’s behalf,
- except that for the purposes of any payment to a Shareholder pursuant to an Offer of the relevant Purchase Consideration and, if applicable, the Incremental Accrued Dividend Payment, such payment will only be made by the Receiving Agent to the Registered Owner and the making of such payment to the Receiving Agent by or on behalf of the Offeror will satisfy the obligations of the Offeror in respect of the purchase of such Preference Shares; and
- (b) “**GBP**” or “**£**” are all references to pounds sterling.

In this Tender Offer Memorandum headings and sub-headings are for ease of reference and shall not affect the construction or interpretation of any provision of this Tender Offer Memorandum.

## INDICATIVE TIMETABLE

*This is an indicative timetable showing one possible outcome for the timing of the Offers based on the dates in this Tender Offer Memorandum. This timetable is subject to change and dates and times may be extended or amended by the Offeror in accordance with the terms of the Offers as described in this Tender Offer Memorandum. Accordingly, the actual timetable may differ from the timetable below.*

<b>Date and Time</b>	<b>Action</b>	<b>Applicability to Institutional and/or Retail Holders</b>
10 November 2021	<p><b><i>Commencement of the Offers</i></b></p> <p>Offers announced by way of announcements on the relevant Notifying News Service(s) and via RNS.</p> <p>Tender Offer Memorandum available from the Information Agent and the Receiving Agent.</p>	Institutional and Retail
19 November 2021 1.00 p.m., London time	<p><b><i>General Expiration Deadline</i></b></p> <p>Final deadline for receipt by the Receiving Agent of all Tender Instructions in order for Institutional Holders to be able to participate in the Offers.</p> <p>Deadline for receipt by the Receiving Agent of any Tender Instructions from Retail Holders if such Retail Holders wish to be eligible to receive payment on the General Settlement Date in respect of Preference Shares accepted for purchase by the Offeror.</p>	Institutional  Retail*
22 November 2021	<p><b><i>Announcement of Results following the General Expiration Deadline</i></b></p> <p>Announcement of the Offeror's decision whether to accept valid tenders of Preference Shares received prior to the General Expiration Deadline pursuant to the Offers.</p> <p>Details of:</p> <p>(i) the final aggregate liquidation preference of the Preference Shares of each Series validly tendered pursuant to the Offers prior to the General Expiration Deadline; and</p> <p>(ii) the aggregate liquidation preference of Preference Shares of each Series that will remain outstanding after the General Settlement Date,</p> <p>distributed by way of announcements on the relevant Notifying News Service(s) and via RNS.</p>	Institutional and Retail*
30 November 2021	<p><b><i>General Settlement Date</i></b></p> <p>Expected General Settlement Date for the Offers to Institutional Holders and for Retail Holders whose respective validly submitted Tender Instructions are</p>	Institutional and Retail*

received by the Receiving Agent prior to the General Expiration Deadline.

Payment of Purchase Consideration to Institutional Holders and, if applicable, Retail Holders in respect of the Offers.

6 December 2021 1.00 p.m., London time	<b><i>LBGSA Tender Deadline</i></b> Deadline for receipt by the LBGSA Nominee of LBGSA Forms of Instruction in order for participants holding 6.475% Preference Shares through the LBGSA Nominee to be able to participate in the Offer in respect of the 6.475% Preference Shares.	Retail Only
9 December 2021 1.00 p.m., London time	<b><i>Retail-Only Expiration Deadline</i></b> Final deadline for receipt by the Receiving Agent of all Tender Instructions in order for Retail Holders to be able to participate in the Offers.	Retail Only
10 December 2021	<b><i>Announcement of Results following the Retail-Only Expiration Deadline</i></b> Announcement of the Offeror's decision whether to accept valid tenders of Preference Shares for purchase pursuant to the Offers to Retail Holders whose respective validly submitted Tender Instructions are received by the Receiving Agent after the General Expiration Deadline and prior to the Retail-Only Expiration Deadline. Details of: (i) the final aggregate liquidation preference of the Preference Shares of each Series validly tendered by Retail Holders whose respective validly submitted Tender Instructions are received by the Receiving Agent after the General Expiration Deadline and prior to the Retail-Only Expiration Deadline pursuant to the Offers; (ii) the total amount of Preference Shares purchased pursuant to the Offers ( <i>being the aggregate liquidation preference of the Preference Shares purchased on each of the Settlement Dates</i> ); and (iii) the final aggregate liquidation preference of Preference Shares of each Series that will remain outstanding after the Retail-Only Settlement Date, distributed by way of announcements on the relevant Notifying News Service(s) and via RNS.	Retail Only
15 December 2021	<b><i>Retail-Only Settlement Date</i></b> Expected Retail-Only Settlement Date for the Offers in respect of Retail Holders whose respective validly submitted Tender Instructions are received by the Receiving Agent after the General Expiration Deadline and prior to the	Retail Only

Retail-Only Expiration Deadline. Payment of Purchase Consideration and Incremental Accrued Dividend Payment to Retail Holders in respect of the Offers.

As detailed in the section “*Terms and Conditions of the Offers – Payment*” below, pursuant to the relevant Offer, payments in respect of Preference Shares held in certificated form may be made by cheque, and such cheque is expected to be issued 6 business days after the Retail-Only Settlement Date. Furthermore, pursuant to the relevant Offer, all payments of the Incremental Accrued Dividend Payment will be made outside of the CREST system and are therefore expected to be issued 6 business days after the Retail-Only Settlement Date.

\* Retail Holders may choose to participate in the Offers prior to either the General Expiration Deadline or the Retail-Only Expiration Deadline.

Unless stated otherwise, announcements in connection with the Offers will be made via RNS (<http://www.londonstockexchange.com/exchange/news/market-news/market-newshome.html>). Such announcements may also be made by (i) the issue of a press release to a Notifying News Service and (ii) the posting of such notices to the registered address of holders of the Preference Shares. Copies of all such announcements, press releases and notices can also be obtained from the Information Agent or the Receiving Agent, the contact details for whom are on the last page of this Tender Offer Memorandum. Significant delays may be experienced where notices are sent by post and Shareholders are urged to contact the Information Agent or the Receiving Agent, as applicable, for the relevant announcements relating to the Offers.

**Unless otherwise determined by the Offeror in its sole and absolute discretion, any Tender Instructions received by the Receiving Agent from Institutional Holders after the General Expiration Deadline will not be accepted. For technical reasons, however, any such Tender Instructions will only be released from escrow by the Receiving Agent following the Retail-Only Expiration Deadline.**

**Shareholders are advised to check with any bank, securities broker or other intermediary through which they hold Preference Shares whether such intermediary would require to receive instructions from a Shareholder in order for that Shareholder to be able to participate in, or (in the limited circumstances in which revocation is permitted) revoke their instruction to participate in, the Offers before the deadlines specified above. The deadlines set by any such intermediary and CREST for the submission of Tender Instructions will be earlier than the relevant deadlines specified above. Shareholders are also advised to ensure that, where any documents are posted to the Receiving Agent, they allow sufficient time to ensure receipt of such documents by the Receiving Agent by the relevant deadline. All documentation sent to or from a Shareholder is sent at such Shareholder’s own risk.**

## **RISK FACTORS AND OTHER CONSIDERATIONS**

*Before making a decision with respect to the Offers, Shareholders should carefully consider, in addition to the other information contained in this Tender Offer Memorandum, the following:*

### ***Uncertainty as to the Trading Market for Preference Shares not Purchased***

Preference Shares purchased by the Offeror pursuant to the Offers will be cancelled and will not be re-issued or re-sold. Although the Preference Shares that are not validly tendered or not accepted for purchase by Shareholders will continue to be admitted to the Official List of the Financial Conduct Authority and to trading on the Main Market of the London Stock Exchange plc, to the extent tenders of Preference Shares for purchase in an Offer are accepted by the Offeror and such Offer is completed, the trading market for the relevant Preference Shares that remain outstanding following the completion of such Offer may be significantly more limited. If a significant portion of the outstanding Preference Shares of any given Series are purchased pursuant to the Offers, it would have a negative impact on the liquidity of the Preference Shares that remain outstanding following completion of the relevant Offer.

Any such remaining Preference Shares may command a lower market price than a comparable issue of securities with greater market liquidity. A reduced market value and liquidity may also make the trading price of such remaining Preference Shares more volatile. Accordingly, the market price for such Preference Shares that remain outstanding after the completion of such Offers may be adversely affected as a result of such Offers. None of the Offeror, the Dealer Managers, the Receiving Agent or the Information Agent has any duty to make a market in any such remaining Preference Shares. It will not be possible to ascertain the aggregate liquidation preference of the Preference Shares to be accepted for purchase prior to the Retail-Only Expiration Deadline.

### ***Restrictions on Transfers of Preference Shares***

When considering whether to tender Preference Shares in an Offer, Shareholders should take into account that restrictions on the transfer of the relevant Preference Shares will apply from the time of such tender.

In the case of Preference Shares held in CREST, the relevant procedures for submission of a valid Tender Instruction comprise the submission of a TTE Instruction, after which holders will not be able to access or transfer the relevant Preference Shares until the earlier of (i) the time of settlement on the relevant Settlement Date and (ii) the date of any termination of the relevant Offer (including where such Preference Shares are not accepted for purchase) or on which the Tender Instruction is revoked, in the limited circumstances in which such revocation is permitted (see “*Amendment and Termination – Revocation Rights*”).

In the case of Preference Shares that are not held in CREST, these procedures include the delivery to the Receiving Agent of the certificate or certificates for the Preference Shares which are the subject of the relevant Tender Instruction together with such Tender Instruction, and the making of certain agreements and acknowledgements, and the giving of certain representations, warranties and undertakings, the effect of which is that the relevant holder of such Preference Shares will not be able to subsequently transfer the Preference Shares which are the subject of such Tender Instruction until the earlier of (i) the time of settlement on the relevant Settlement Date and (ii) the date of any termination of the relevant Offer (including where such Preference Shares are not accepted for purchase) or on which the Tender Instruction is revoked, in the limited circumstances in which such revocation is permitted (see “*Amendment and Termination – Revocation Rights*”).

### ***No Obligation to Accept any Preference Shares for Purchase***

The Offeror is not under any obligation to accept, and shall have no liability to any person for non-acceptance of, any Preference Shares tendered for purchase pursuant to an Offer. Tenders of Preference Shares may be rejected in the sole and absolute discretion of the Offeror for any reason and the Offeror is not under any obligation to Shareholders to furnish any reason or justification for refusing to accept for purchase a tender of

Preference Shares. For example, tenders of Preference Shares may be rejected if the relevant Offer is withdrawn or terminated, if such Offer does not comply with the relevant requirements of a particular jurisdiction or for any other reason, in all cases at the sole discretion of the Offeror.

***Payment of Incremental Accrued Dividend Payment to Retail Holders***

In respect of any Preference Shares which are accepted for purchase from Retail Holders for which the respective validly submitted Tender Instructions are received by the Receiving Agent after the General Expiration Deadline and prior to the Retail-Only Expiration Deadline, the Offeror will pay on the Retail-Only Settlement Date an amount equal to any accrued and unpaid dividends on the relevant Preference Shares from, and including, the General Settlement Date up to, but excluding, the Retail-Only Settlement Date (being the Incremental Accrued Dividend Payment). The Incremental Accrued Dividend Payment is in addition to payment by the Offeror of the Purchase Price pursuant to the terms of the relevant Offer.

Retail Holders who choose to submit their respective Tender Instructions prior to the General Expiration Deadline, in order to be eligible to receive payment on the General Settlement Date in respect of Preference Shares which are accepted for purchase by the Offeror for settlement on the General Settlement Date, will not be entitled to the payment of any Incremental Accrued Dividend Payment.

***Payments of Purchase Price and/or Incremental Accrued Dividend Payment in respect of Preference Shares accepted for purchase pursuant to the Offers***

Under no circumstances will any additional amount, whether in respect of interest or dividends or otherwise, be payable in respect of any period after the relevant Settlement Date.

Provided the Offeror makes or has made on its behalf full payment of the Purchase Consideration and, if applicable, the Incremental Accrued Dividend Payment in respect of such Preference Shares accepted for purchase pursuant to the Offers to the Receiving Agent on or before the relevant Settlement Date (subject to any postponement of the relevant Settlement Date as described above), under no circumstances will any additional amount of or relating to interest or dividends be payable because of any delay in the transmission of funds from the Receiving Agent or any other intermediary with respect to such Preference Shares or because of any delay in receipt by any Shareholder of the relevant funds or any cheque relating thereto.

Please see the section entitled "*Terms and Conditions of the Offer – Payment*" on page 30 for further details on payments in respect of the Offers.

***No assurance the Offers will be completed***

Until the Offeror announces it has accepted tenders of Preference Shares for purchase in the Offers, no assurance can be given that any of the Offers will be completed. The consummation of the Offers is subject to the satisfaction or waiver of the conditions of the Offers. See "*Terms and Conditions of the Offers – General Conditions of the Offers*". In addition, subject to applicable law and as provided in this Tender Offer Memorandum, the Offeror may, in its sole and absolute discretion, extend, re-open, amend and/or terminate any Offer at any time before such announcement and may, in its sole and absolute discretion, waive any of the conditions to any Offer either before or after such announcement.

***Responsibility for Complying with the Procedures of the Offers***

Shareholders are responsible for complying with all of the procedures for submitting a Tender Instruction (including (in the case of Preference Shares held in CREST) submission of a TTE Instruction or (in the case of Preference Shares not held in CREST) delivery of the certificate or certificates for the relevant Preference Shares). None of the Offeror, the Dealer Managers, the Receiving Agent or the Information Agent assumes any responsibility for informing Shareholders of irregularities with respect to any Tender Instruction, TTE



Instruction, delivery of any certificate(s) or otherwise in connection with such Shareholder's participation in the Offers or for notifying any Shareholder of any failure to follow the proper procedures.

If Preference Shares are held through a custodian, broker, dealer, commercial bank, trust company or other nominee or intermediary, such entity may require the relevant Shareholder to take action with respect to the relevant Offer a number of days before the relevant Expiration Deadline in order for such entity to tender for purchase the relevant Preference Shares on the relevant Shareholder's behalf on or prior to the relevant Expiration Deadline.

#### ***Responsibility to Consult Advisers***

Shareholders should consult their own tax, accounting, financial, legal and/or other advisers regarding the consequences (tax, accounting or otherwise) of participating in an Offer.

None of the Dealer Managers, the Information Agent, the Receiving Agent, the Offeror, or any director, officer, employee, agent or affiliate of any such person, is acting for any Shareholder, or will be responsible to any Shareholder for providing any protections which would be afforded to its clients or for providing advice in relation to the Offers, and accordingly none of the Dealer Managers, the Information Agent, the Offeror, or any director, officer, employee, agent or affiliate of, any such person makes any recommendation whether Shareholders should tender Preference Shares in the Offers.

#### ***Tender Instructions Irrevocable***

Tender Instructions will be irrevocable except in the limited circumstances described in "*Amendment and Termination – Revocation Rights*".

#### ***Completion, Termination and Amendment***

Until the Offeror announces whether it has decided to accept valid tenders of Preference Shares pursuant to any of the Offers, no assurance can be given that any Offer will be completed. In addition, subject to applicable law and as provided in this Tender Offer Memorandum, the Offeror may, in its sole and absolute discretion, extend, re-open, withdraw or terminate the Offers and amend or waive any of the terms and conditions of the Offers at any time before such announcement and may, in its sole and absolute discretion, waive any of the conditions to any Offer either before or after such announcement.

#### ***Compliance with Offer and Distribution Restrictions***

Shareholders are referred to the offer and distribution restrictions in "*Offer and Distribution Restrictions*" and the acknowledgements, representations, warranties and undertakings in "*Procedures for Participating in the Offers*", which Shareholders will be deemed to make on tendering Preference Shares in an Offer. Non-compliance with these could result in, among other things, the unwinding of trades and/or heavy penalties.

#### ***Other Purchases or Redemption of Preference Shares***

Whether or not the purchase of any Preference Shares pursuant to the Offers is completed, the Offeror, the Dealer Managers, the Receiving Agent and the Information Agent and/or any of their respective affiliates may, to the extent permitted by applicable law, acquire (from time to time both during and after the Offers) Preference Shares other than pursuant to the Offers, including through open market purchases, privately negotiated transactions, tender offers, exchange offers or otherwise. Such purchases may be on such terms and at such prices as the Offeror, the Dealer Managers, the Receiving Agent and the Information Agent or the relevant affiliate may determine, which may be more or less than the prices to be paid pursuant to the Offers and could be for cash or other consideration or otherwise on terms more or less favourable than those contemplated by the Offers. In the case of the 6.475% Preference Shares, the Offeror may also exercise any applicable redemption rights under the terms and conditions of the Preference Shares. Such right can only be exercised at

the option of the Offeror, on 15 September 2024 or any dividend payment date falling on each fifth anniversary of such date thereafter.

***Tenders of Preference Shares by Sanctions Restricted Persons***

A Shareholder who is, or believed by the Offeror to be, a Sanctions Restricted Person (as defined herein) may not participate in the Offers. No steps taken by a Sanctions Restricted Person to tender any or all of its Preference Shares for purchase pursuant to this Tender Offer Memorandum will be accepted by the Offeror and such Sanctions Restricted Person will not be eligible to receive the relevant Purchase Consideration or, if applicable, any Incremental Accrued Dividend Payment in any circumstances. The Offeror reserves the absolute right to reject any Tender Instruction when the Offeror in its sole and absolute discretion is of the view that such Tender Instruction has been submitted by or on behalf of a Sanctions Restricted Person.

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), (ii) Council Regulation (EC) No. 2271/1996 as it forms part of domestic law of the United Kingdom by virtue of the “EUWA” or (iii) any similar blocking or anti-boycott law in the European Union or the United Kingdom.

***Non-tendering Shareholders***

Shareholders who do not participate in the Offers, or whose Preference Shares are not accepted for purchase by the Offeror pursuant to the Offers, will continue to hold their Preference Shares subject to the terms and conditions of the relevant Preference Shares.

## TERMS AND CONDITIONS OF THE OFFERS

### Introduction

On the terms and subject to the conditions contained in this Tender Offer Memorandum, the Offeror invites Shareholders (subject to the Offer and Distribution Restrictions contained herein) to tender their Preference Shares for purchase by the Offeror at the relevant Purchase Price together with, in respect of Preference Shares accepted for purchase by the Offeror from Retail Holders, whose respective validly submitted Tender Instructions are received by the Receiving Agent after the General Expiration Deadline and prior to the Retail-Only Expiration Deadline only, an Incremental Accrued Dividend Payment.

The Offeror reserves the right, in its sole and absolute discretion, not to accept any Tender Instructions, not to purchase Preference Shares or to extend, re-open, withdraw or terminate the Offers and to amend or waive any of the terms and conditions of the Offers in any manner, subject to applicable laws and regulations.

Preference Shares repurchased by the Offeror pursuant to the Offers will be cancelled and will not be re-issued or resold.

### Background and Rationale for the Offers

From 1 January 2022, the Offeror will update the regulatory classification of its preference shares to classify any remaining outstanding preference shares as ineligible for regulatory capital purposes. The legal ranking of the Preference Shares will remain unchanged.

This update to the future regulatory classification follows the ‘Dear CFO’ letter sent by the Prudential Regulation Authority to all major UK deposit takers dated 16 November 2020 requesting all firms to take steps to remediate the prudential treatment of legacy instruments. The Group’s updated capital instruments report as at 31 December 2021 will be published in February 2022 together with the Group’s full year results for 2021. The Group reserves the right to review such classification in the future, to the extent permitted by applicable law and regulation.

The Offeror is also undertaking the Offers to provide Shareholders with an opportunity to liquidate their holding at the relevant Purchase Price. The voluntary Offers are part of the Group’s continuous review and management of its outstanding capital base, maintaining a prudent approach to the management of the Group’s capital position. Preference Shares which are not validly tendered and accepted for purchase pursuant to the Offers will remain outstanding after the completion of the Offers and shall remain subject to their existing terms and conditions.

The Offeror has launched, contemporaneously with the launch of the Offers, a liability management exercise in respect of two series of U.S. dollar preference shares issued by the Offeror and represented by American Depositary Shares.

### Purchase Price and Accrued Dividends

The price payable in respect of the Preference Shares of each Series accepted for purchase (the “**Purchase Price**”) is set out in the table on the cover page of this Tender Offer Memorandum, and is expressed as a percentage of the liquidation preference of the relevant Series of Preference Shares. If the General Settlement Date is not a dividend payment date in respect of the relevant Series of Preference Shares, the Purchase Price in respect of that Series of Preference Shares includes an amount equal to any accrued and unpaid dividends on

the relevant Preference Shares from, and including, the dividend payment date for the relevant Preference Shares immediately preceding General Settlement Date up to, but excluding, the General Settlement Date. Accordingly, the Purchase Price for the 6.475% Preference Shares includes an amount equal to accrued and unpaid dividends on the relevant Preference Shares from, and including, the dividend payment date for the relevant Preference Shares immediately preceding the General Settlement Date up to, but excluding, the General Settlement Date.

The next dividend payment date pursuant to the terms of the 9.25% Preference Shares and the 9.75% Preference Shares is 30 November 2021 (for which purposes the Record Date for each Series was 5 November 2021). Holders of such Preference Shares as at the Record Date will be entitled to the dividend payment due on 30 November 2021 pursuant to the terms of each Series. Such payment will be in addition (but separate) to any payment of the Purchase Price and any Incremental Accrued Dividend Payment by the Offeror pursuant to the terms of the relevant Offer. Accordingly, the amount equal to accrued and unpaid dividends which is included in the respective Purchase Price for each of the 9.25% Preference Shares and the 9.75% Preference Shares is zero.

For Preference Shares accepted for purchase by the Offeror for settlement on the General Settlement Date, there shall be no additional payment by the Offeror after the General Settlement Date in respect of any accrued and unpaid dividends.

In respect of any Preference Shares which are accepted for purchase from Retail Holders whose respective validly submitted Tender Instructions are received by the Receiving Agent after the General Expiration Deadline and prior to the Retail-Only Expiration Deadline, the Offeror will also pay on the Retail-Only Settlement Date an amount equal to any accrued and unpaid dividends on the relevant Preference Shares from, and including, the General Settlement Date up to, but excluding, the Retail-Only Settlement Date (being the Incremental Accrued Dividend Payment).

For Preference Shares accepted for purchase by the Offeror for settlement on the Retail-Only Settlement Date, there shall be no additional payment by the Offeror after the Retail-Only Settlement Date in respect of any accrued and unpaid dividends.

The amount included (if any) in the Purchase Price equal to accrued and unpaid dividends and the Incremental Accrued Dividend Payment are payments pursuant to the terms of the relevant Offer and are not, for the avoidance of doubt, payment pursuant to the terms of the relevant Preference Shares.

For illustration purposes and assuming that the General Settlement Date and Retail-Only Settlement Date are not subsequently amended from those set out in this Tender Offer Memorandum, the cash amount of the Purchase Consideration in respect of a single Preference Share of each Series, and the Incremental Accrued Dividend Payment (which is payable only in respect of Preference Shares which are accepted for purchase from Retail Holders for which the respective validly submitted Tender Instructions are received by the Receiving Agent after the General Expiration Deadline and prior to the Retail-Only Expiration Deadline) in respect of a single Preference Share of each Series is expected to be as follows:

<b>Series</b>	<b>Purchase Consideration*</b>	<b>Incremental Accrued Dividend Payment*</b>
6.475% Preference Shares	£1.12050	0.26610p
9.25% Preference Shares	£1.67250	0.38118p
9.75% Preference Shares	£1.74200	0.40179p

\* Shown to 5 decimal places for illustrative purposes.

See further the paragraph entitled “*Total Consideration*” below.

The Settlement Date for Institutional Holders and for Retail Holders whose respective validly submitted Tender Instructions are received by the Receiving Agent prior to the General Expiration Deadline is expected to be 30 November 2021.

The Settlement Date for Retail Holders whose respective validly submitted Tender Instructions are received by the Receiving Agent after the General Expiration Deadline and prior to the Retail-Only Expiration Deadline is expected to be 15 December 2021.

Preference Shares repurchased by the Offeror pursuant to the Offers will be immediately cancelled. Preference Shares which have not been validly tendered and accepted for purchase pursuant to the Offers will remain outstanding after the relevant Settlement Date.

### **Tender Offer Period**

The Offers commence on 10 November 2021 and will end at 1.00 p.m. (London time) on 19 November 2021 for Institutional Holders (the “**General Expiration Deadline**”) or at 1.00 p.m. (London time) on 9 December 2021 for Retail Holders (the “**Retail-Only Expiration Deadline**”) and together with the General Expiration Deadline, the “**Expiration Deadlines**”) unless amended, extended, re-opened, withdrawn or terminated at the sole and absolute discretion of the Offeror, in which case notification to that effect will be given by or on behalf of the Offeror by way of announcements on the relevant Notifying News Service(s) and via RNS.

**Participants holding 6.475% Preference Shares in the Lloyds Banking Group Shareholder Account, operated on the Offeror’s behalf by the LBGSA Nominee, should refer to the separate communications provided by the LBGSA Nominee in respect of the Offer, and should note the earlier deadline of 6 December 2021 for receipt by the LBGSA Nominee of LBGSA Forms of Instruction (as defined below).**

**Unless otherwise determined by the Offeror in its sole and absolute discretion, any Tender Instructions received by the Receiving Agent from Institutional Holders after the General Expiration Deadline will not be accepted. For technical reasons, however, any such Tender Instructions will only be released from escrow by the Receiving Agent following the Retail-Only Expiration Deadline.**

### **Total Consideration**

The total consideration payable to each Shareholder in respect of Preference Shares validly submitted for tender and accepted for purchase by the Offeror will be an amount in cash equal to (i) the Purchase Price for the relevant Preference Shares multiplied by the aggregate liquidation preference of Preference Shares validly tendered and delivered by such Shareholder and accepted by the Offeror for purchase (rounded to the nearest £0.01, with £0.005 being rounded upwards) and (ii) in the case of Preference Shares accepted for purchase from Retail Holders whose respective validly submitted Tender Instructions are received by the Receiving Agent after the General Expiration Deadline and prior to the Retail-Only Expiration Deadline only, the Incremental Accrued Dividend Payment in respect of such Preference Shares.

### **Results**

The results of the Offers as of the General Expiration Deadline are expected to be announced on 22 November 2021 and the final results of the Offers as of the Retail-Only Expiration Deadline are expected to be announced

on 10 December 2021. The Offeror will announce the aggregate liquidation preference of Preference Shares of each Series validly tendered and accepted for purchase. Such information will be notified to Shareholders by way of announcements on the relevant Notifying News Service(s) and via RNS and shall, absent manifest error, be final and binding on the Offeror and the Shareholders.

Once the Offeror has announced the final results in accordance with applicable law, the Offeror's acceptance of Tender Instructions in accordance with the terms of the Offers will be irrevocable. Tender Instructions which are so accepted will constitute binding obligations of the submitting Shareholders and the Offeror to settle the Offers.

## **Payment**

If the Preference Shares validly tendered pursuant to an Offer are accepted for purchase by the Offeror, the Purchase Consideration and, in the case of Preference Shares accepted for purchase from Retail Holders whose respective validly submitted Tender Instructions are received by the Receiving Agent after the General Expiration Deadline and prior to the Retail-Only Expiration Deadline only, the Incremental Accrued Dividend Payment in respect of such Preference Shares accepted for purchase pursuant to such Offer will in each case be paid on the relevant Settlement Date (subject to the right of the Offeror to delay the acceptance of Tender Instructions as set out in this Tender Offer Memorandum) in immediately available funds to the Receiving Agent for onward payment to the relevant Shareholders by the Receiving Agent on the relevant Settlement Date in accordance with the usual procedures of the Receiving Agent for payments to the relevant Shareholder in respect of the relevant Preference Shares.

Payments in respect of the relevant Preference Shares may be made by cheque, through the CREST system and by other electronic means and, as such, the relevant Shareholders may experience a delay in receiving payments. Payments in respect of Preference Shares held in certificated form may be made by cheque, and such cheque is expected to be issued 6 business days after the Retail-Only Settlement Date.

In the case of Preference Shares accepted for purchase by the Offeror for settlement on the General Settlement Date, such cheque is expected to be issued on the General Settlement Date.

In the case of Preference Shares accepted for purchase by the Offeror for settlement on the Retail-Only Settlement Date, such cheque is expected to be issued 6 business days after the Retail-Only Settlement Date. Payments in respect of Preference Shares held in CREST will be made by means of an assured payment obligation through the CREST system, may also be made by electronic means such as BACS, and may be received in Shareholders' accounts up to 2 business days after the relevant Settlement Date. Where there is no bank mandate in place in relation to Preference Shares held in CREST, payment may be made by cheque. All payments of the Incremental Accrued Dividend Payment will be made outside of the CREST system and are therefore expected to be issued 6 business days after the Retail-Only Settlement Date.

Under no circumstances will any additional amount, whether in respect of interest or dividends or otherwise, be payable in respect of any period after the relevant Settlement Date.

Provided the Offeror makes or has made on its behalf full payment of the Purchase Consideration and, if applicable, the Incremental Accrued Dividend Payment in respect of such Preference Shares accepted for purchase pursuant to the Offers to the Receiving Agent on or before the relevant Settlement Date (subject to any postponement of the relevant Settlement Date as described above), under no circumstances will any additional amount of or relating to interest or dividends be payable because of any delay in the transmission of funds from the Receiving Agent or any other intermediary with respect to such Preference Shares or because of any delay in receipt by any Shareholder of the relevant funds or any cheque relating thereto.

## **Extension, Termination and Amendment**

Subject to applicable law, the Offeror reserves the right to extend, re-open, withdraw or terminate the Offers and to amend or waive any of the terms and conditions of the Offers, at any time after the announcement of the Offers as described below under “*Amendment and Termination*”, including with respect to any Tender Instructions already submitted as of the time of any such extension, re-opening, withdrawal, termination, amendment or waiver.

If the Offeror withdraws or terminates any Offer, any relevant Preference Shares tendered for purchase pursuant to such Offer will not be purchased.

The Offeror also reserves the right at any time or from time to time during or following completion or cancellation of the Offers, to purchase or exchange or offer to purchase or exchange Preference Shares or to issue an invitation to submit offers to sell Preference Shares (including, without limitation, those tendered pursuant to the Offers but not accepted for purchase), in each case on terms that may be more or less favourable than those contemplated by the Offers.

The making of such new offer and the issuance of any new invitation will depend on various factors, including interest rates prevailing at such time and the aggregate nominal amount of Preference Shares purchased pursuant to the Offers.

The Offeror reserves the right, subject to applicable law, to amend the terms of the Offers without giving Holders additional withdrawal rights. See “*Withdrawal Rights*” and “*Amendment and Termination*” hereunder.

Preference Shares that are not successfully tendered for purchase pursuant to the Offers will remain outstanding and will remain subject to the terms and conditions of such Preference Shares.

## **Costs and Expenses**

Any charges, costs and expenses charged to the Shareholders by any intermediary shall be borne by such Shareholder. No brokerage costs are being levied by the Dealer Managers, the Receiving Agent or the Information Agent. Shareholders should check whether their brokers or custodians will assess fees.

## **General Conditions of the Offers**

The acceptance by the Offeror of Preference Shares for purchase will be subject to there not having been threatened, instituted or pending any action or proceeding before any court or governmental, regulatory or administrative body that: (1) makes or seeks to make illegal the payment for, or acceptance of payment for, any of the Preference Shares pursuant to the terms and conditions contained in this Tender Offer Memorandum; (2) would or might result in a delay in, or restrict, the ability of the Offeror to purchase any of the Preference Shares; or (3) imposes or seeks to impose limitations on the ability of the Offeror to purchase the Preference Shares.

The Offeror expressly reserves the right, in its sole and absolute discretion, to refuse or delay acceptance of Preference Shares for purchase pursuant to an Offer in order to comply with applicable laws. In all cases, the purchase for cash of Preference Shares pursuant to an Offer will only be made after the submission of a valid Tender Instruction in accordance with the procedures described in “*Procedures for Participating in the Offers*” (including (in the case of Preference Shares held in CREST) submission of a TTE Instruction or (in the case of Preference Shares not held in CREST) delivery of the certificate or certificates for the relevant Preference Shares). These procedures include restrictions on transfers of the Preference Shares as described in “*Risk Factors and Other Considerations – Restrictions on Transfer of Preference Shares*”.

The Offeror may reject tenders of Preference Shares for any reason or if it considers in its sole and absolute discretion that tenders have not been validly tendered in the relevant Offer and the Offeror is under no obligation to any relevant Shareholder to furnish any reason or justification for refusing to accept such tenders. **For example, tenders of Preference Shares may be rejected and not accepted and may be treated as not having been validly tendered in the relevant Offer if any such tender does not comply with the requirements of a particular jurisdiction.**

The Offeror will at any time have the sole and absolute discretion to accept for purchase any Preference Shares tendered in an Offer, the tender of which would otherwise be invalid or, in the sole opinion of the Offeror, may otherwise be invalid.

Shareholders are advised that the Offeror may, in its sole and absolute discretion, accept tenders of Preference Shares for purchase pursuant to an Offer on more than one date if such Offer is extended or re-opened (subject to applicable laws) as described herein under the heading "*Terms and Conditions of the Offers - Extension, Termination and Amendment*".

The failure of any eligible Shareholder to receive, or any delay in any person's receipt of, a copy of this Tender Offer Memorandum or any announcement made or notice issued by the Offeror in connection with the Offers shall not invalidate any aspect of the Offers. No acknowledgement of receipt of any Tender Instruction and/or other documents will be given by the Offeror, the Receiving Agent or the Information Agent and no acknowledgement of receipt of any LBGSA Forms of Instruction and/or other documents will be given by the LBGSA Nominee or any other party.

Subject only as aforesaid, the acceptance of Preference Shares validly tendered in accordance with the terms of the Offers by the Offeror will be irrevocable and once accepted the Offers will constitute binding obligations of the submitting Holders and the Offeror to settle the relevant Offer(s).

The above terms and conditions are for the sole benefit of the Offeror and may be waived by the Offeror, in whole or in part, at any time and from time to time, in its sole and absolute discretion. Any determination by the Offeror concerning the terms and conditions set forth above (including whether or not any condition has been satisfied or waived) will be final and binding upon all parties.

## **Announcements**

Unless stated otherwise, announcements in connection with the Offers will be made by publication through RNS (<http://www.londonstockexchange.com/exchange/news/market-news/market-newshome.html>). Announcements may also be (i) made by the issue of a press release to a Notifying News Service and (ii) made by the posting of such notices to the registered addresses of holders of Preference Shares. Copies of all announcements, notices and press releases can also be obtained from the Information Agent or the Receiving Agent, the contact details for whom are on the last page of this Tender Offer Memorandum. Significant delays may be experienced where notices are sent by post and Shareholders are urged to contact the Information Agent or the Receiving Agent, as applicable, for the relevant announcements during the course of the Offers. In addition, Institutional Holders may contact the Dealer Managers for information using the contact details on the last page of this Tender Offer Memorandum.

## **Governing Law**

This Tender Offer Memorandum, the Offers, each Tender Instruction, any purchase of Preference Shares pursuant to the Offers and any non-contractual obligations arising out of or in connection with the relevant Offer shall be governed by English law. By submitting a Tender Instruction, the relevant Shareholder will irrevocably and unconditionally agree for the benefit of the Offeror, the Dealer Managers, the Receiving Agent



and the Information Agent that the courts of England are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the relevant Offer, or such Tender Instruction and that, accordingly, any suit, action or proceedings arising out of or in connection with the foregoing may be brought in such courts.

## PROCEDURES FOR PARTICIPATING IN THE OFFERS

*Shareholders that need assistance with respect to the procedures for participating in the Offers should contact the Information Agent or the Receiving Agent, the contact details for whom are on the last page of this Tender Offer Memorandum.*

### *Tender Instructions*

To tender Preference Shares for purchase pursuant to an Offer, a holder of Preference Shares should:

- (a) where such Preference Shares are held in CREST, not later than the relevant Expiration Deadline, send (or, in the case of CREST sponsored members, procure that their CREST sponsor sends) a TTE Instruction to EUI, which must be properly authenticated in accordance with EUI's specifications, containing the relevant information set out in "*Preference Shares held in CREST*" below;
- (b) where such Preference Shares are not held in CREST, complete and deliver, or arrange to have delivered on its behalf, a Tender Instruction (in the form posted to the holder of Preference Shares and available from the Receiving Agent on request), using the reply paid envelope provided, for receipt by the Receiving Agent by the relevant Expiration Deadline and, at the same time, deliver to the Receiving Agent the certificate or certificates for the Preference Shares which are the subject of such Tender Instruction together with the Tender Instruction; and
- (c) where such Preference Shares are held in the LBGSA Nominee, complete and deliver to the LBGSA Nominee a LBGSA Form of Instruction using the reply paid envelope provided for receipt by the LBGSA Tender Deadline.

Shareholders are advised to check with any bank, securities broker or other intermediary through which they hold Preference Shares when such intermediary needs to receive instructions from a Shareholder before the deadlines specified in this Tender Offer Memorandum in order for that Shareholder to be able to participate in, or (in the limited circumstances in which revocation is permitted) revoke their instruction to participate in, the Offers. The deadlines set by any intermediary and (where applicable) CREST for the submission and withdrawal of Tender Instructions and (where applicable) TTE Instructions will also be earlier than the relevant deadlines specified in this Tender Offer Memorandum.

**Holders of Preference Shares are advised to ensure that, where any documents are posted to the Receiving Agent, they allow sufficient time to ensure receipt of such documents by the Receiving Agent by the relevant deadline. All documentation sent to or from a Shareholder is sent at such Shareholder's own risk.**

### *Preference Shares held in CREST*

By completing a valid TTE Instruction, holders of Preference Shares held in CREST will be deemed to agree to, acknowledge, represent, warrant and undertake to the Offeror, the Dealer Managers, the Receiving Agent and the Information Agent the following on (i) the date of the submission of the TTE Instruction, (ii) the relevant Expiration Deadline and (iii) on the relevant Settlement Date (if the holder of such Preference Shares is unable to give these acknowledgements, agreements, representations, warranties and undertakings, such holder should contact the Receiving Agent or the Information Agent immediately):

- (a) *Non-reliance:* (i) it has received this Tender Offer Memorandum, and has reviewed and accepts the Offer and Distribution Restrictions, terms, conditions, risk factors and other considerations of the Offers, all as described in this Tender Offer Memorandum and (ii) it understands and is assuming all the risks inherent in participating in the relevant Offer and has undertaken an appropriate analysis of the

implications of the relevant Offer(s) without reliance on the Offeror, the Dealer Managers, the Information Agent or the Receiving Agent (or any of their respective directors, officers, employees, agents or affiliates);

- (b) *Identity*: by blocking the relevant Preference Shares in CREST, it will be deemed to consent to have CREST provide details concerning its identity to the Receiving Agent and the Information Agent (and for the Receiving Agent and the Information Agent to provide such details to the Offeror and the Dealer Managers, and their respective legal advisers and for such details to be provided to the London Stock Exchange plc);
- (c) *Renunciation of title and claims*: upon the terms and subject to the conditions of the relevant Offer, it tenders for purchase in such Offer the aggregate liquidation preference of Preference Shares in its account blocked in CREST or delivered to the Receiving Agent (as applicable) and, subject to and effective upon the purchase by the Offeror of such Preference Shares, it renounces all right, title and interest in and to all such Preference Shares purchased by or at the direction of the Offeror pursuant to such Offer and waives and releases any rights or claims it may have against the Offeror with respect to any such Preference Shares or such Offer, as the case may be, and it unconditionally and irrevocably releases, discharges and waives all claims (including all claims for dividends, interest, costs and orders for costs), actions and causes of action, present or future and however arising, whether or not presently known or unknown (including those which arise hereafter upon a change in the relevant law) whether arising in equity or under common law or statute or by reason of breach of contract or in respect of any tortious act or omission or otherwise (whether or not damage has yet been suffered) it has, may have or had against the Offeror and each of its present or former officers, directors, employees, agents or affiliates which arise out of or relate to, or are in any way connected with the Preference Shares, or non-contractual obligations arising out of or in connection with the Preference Shares. Further, it undertakes and covenants not to, and shall procure that any entity controlled, directly or indirectly, by it, or that controls, directly or indirectly, it, shall not, make, pursue, litigate, commence or prosecute any proceedings in relation to the Preference Shares, or non-contractual obligations arising out of or in connection with the Preference Shares, against the Offeror or any of its present or former officers, directors, employees, agents or affiliates;
- (d) *Ratification*: it agrees to ratify and confirm each and every act or thing that may be done or effected by the Offeror, any of its directors or any person nominated by the Offeror in the proper exercise of his or her powers and/or authority hereunder;
- (e) *Further acts*: it agrees to do all such acts and things as shall be necessary and execute any additional documents deemed by the Offeror to be desirable, in each case to complete the transfer of the relevant Preference Shares to the Offeror or its nominee against payment to it of the relevant Purchase Consideration and, if applicable, the Incremental Accrued Dividend Payment in respect of such Preference Shares and/or to perfect any of the authorities expressed to be given hereunder;
- (f) *Compliance with applicable laws*: 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, tender or acceptance in any jurisdiction and it has not taken or omitted to take any action in breach of the terms of the relevant Offer or which will or may result in the Offeror, the Dealer Managers, the Receiving Agent, the Information Agent or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offers;
- (g) *Successors and assigns*: all authority conferred or agreed to be conferred pursuant to its acknowledgements, agreements, 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;

- (h) *Information or recommendation:* none of the Offeror, the Dealer Managers, the Receiving Agent or the Information Agent (or any of their respective directors, officers, employees, agents or affiliates) has given it any information with respect to the Offers save as expressly set out in this Tender Offer Memorandum nor has any of them made any recommendation to it as to whether it should tender Preference Shares in the Offers and it has made its own decision with regard to tendering Preference Shares in the 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 relevant Offer;
- (i) *Tax consequences:* no information has been provided to it by the Offeror, the Dealer Managers, the Information Agent or the Receiving Agent (or any of their respective directors, officers, employees, agents or affiliates) with regard to the tax consequences for holders of Preference Shares arising from the tender of Preference Shares in the Offers and the receipt of the relevant Purchase Consideration and, if applicable, the Incremental Accrued Dividend Payment, and it acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction in connection with the Offers (including the receipt pursuant to the Offers of the relevant Purchase Consideration and, if applicable, the Incremental Accrued Dividend Payment) 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 Dealer Managers, the Information Agent or the Receiving Agent, or any of their respective directors, officers, employees, agents or affiliates or any other person in respect of such taxes and payments;
- (j) *No unlawful invitation:* it is not a person to whom it is unlawful to make an invitation pursuant to the Offers under applicable securities laws, it has not distributed or forwarded this Tender Offer Memorandum or any other documents or materials relating to the Offers to any such person(s) and it has (before submitting, or arranging for the submission on its behalf, as the case may be, of the Tender Instruction in respect of the Preference Shares it is tendering for purchase) complied with all laws and regulations applicable to it for the purposes of its participation in the relevant Offer;
- (k) *United States:* either (a) (i) it is the beneficial owner of the Preference Shares being tendered in the relevant Offer and (ii) it is not a U.S. Person, it is located and resident outside the United States and is participating in the relevant Offer from outside the United States or (b) (i) it is acting on behalf of the beneficial owner of the Preference Shares being tendered in the relevant Offer on a non-discretionary basis and has been duly authorised to so act and (ii) such beneficial owner has confirmed to it that it is not a U.S. Person, it is located and resident outside the United States and is participating in the relevant Offer from outside the United States;
- (l) *United Kingdom:* it is not located or resident in the United Kingdom or, if it is located or resident in the United Kingdom, it is a person falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Promotion Order) or within Article 43(2) of the Financial Promotion Order, or to whom this Tender Offer Memorandum and any other documents or materials relating to the Offers may otherwise lawfully be communicated in accordance the Financial Promotion Order;
- (m) *Italy:* it is not located or resident in Italy or, if it is located in Italy, it is an authorised person or is tendering the relevant Preference Shares through an authorised person (such as an investment firm, bank or financial Intermediary permitted to conduct such activities in Italy in accordance with the Legislative Decree No. 58 of 24 February 1998, as amended, CONSOB Regulation No. 20307 of 15 February 2018, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended) and

in compliance with applicable laws and regulations or with requirements imposed by *Commissione Nazionale per le Società e la Borsa* (the “CONSOB”) or any other Italian authority;

- (n) *France*: it is not located or resident in the Republic of France or, if it is located or resident in the Republic of France, it is a qualified investor (*investisseur qualifié*) as defined in Article 2(e) of Regulation (EU) 2017/1129 (as amended, the “**EU Prospectus Regulation**”);
- (o) *Belgium*: it is not located or resident in Belgium or, if it is located or resident in Belgium, it is a qualified investor, within the meaning of Article 2(e) of the EU Prospectus Regulation;
- (p) *Sanctions*: it is not a Sanctions Restricted Person;
- (q) *Power and authority*: it has full power and authority to tender, sell, assign and transfer the Preference Shares it has tendered in the relevant Offer pursuant to the Tender Instruction and, if such Preference Shares are accepted for purchase by the Offeror pursuant to the relevant Offer, such Preference Shares 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, and it will, upon request, execute and deliver any additional documents and/or do such other things deemed by the Offeror to be necessary or desirable to complete the transfer and cancellation of such Preference Shares or to evidence such power and authority;
- (r) *Release and waiver*: in respect of its Preference Shares which it has tendered in the Offers and which are accepted on the terms of the Offers, it (a) releases, to the fullest extent permitted by law, the Offeror, the Dealer Managers, the Information Agent and their respective financial and legal advisers (together in each case with their respective members, representatives, directors, officers, employees, agents or affiliates) from any liabilities in relation to or arising in connection with the preparation, negotiation or implementation of the 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 Dealer Managers, the Information Agent and/or their respective financial and legal advisers (together in each case with their respective members, representatives, directors, officers, employees, agents or affiliates) in connection with the Offers and/or its Preference Shares, (c) waives, to the fullest extent permitted by law, all its rights, title and interest to and claims in respect of such Preference Shares, (d) waives, to the fullest extent permitted by law, any rights it may have, whether pursuant to Rule 5000 of the Rules and Regulations of the London Stock Exchange or otherwise, to make any claim against Lloyds Bank Corporate Markets plc for or in respect of the payment of the Purchase Consideration and, if applicable, the Incremental Accrued Dividend Payment in respect of the Preference Shares tendered by it and accepted for purchase and (e) it acknowledges that the Contracts (Rights of Third Parties) Act 1999 applies to the foregoing acknowledgements, representations, warranties and undertakings;
- (s) *Compliance with CREST requirements*: it holds and will hold, until the time of settlement on the relevant Settlement Date, the relevant Preference Shares blocked in CREST and, in accordance with the requirements of, and by the deadline required by, CREST, it has submitted, or has caused to be submitted, the Tender Instruction to CREST to authorise the blocking of the tendered Preference Shares with effect on and from the date of such submission so that, at any time pending the transfer of such Preference Shares on the relevant Settlement Date to the Offeror or to its agent on its behalf, no transfers of such Preference Shares may be effected;
- (t) *Incorporation of terms*: the terms and conditions of the relevant Offer(s) shall be deemed to be incorporated in, and form a part of, its Tender Instruction which shall be read and construed accordingly, and that the information given by or on behalf of such Shareholder in its Tender Instruction is true and will be true in all respects at the time of purchase on the relevant Settlement Date;

- (u) *No obligation*: it acknowledges and accepts that the Offeror is under no obligation to accept for purchase Preference Shares tendered pursuant to the relevant Offer, and accordingly such tender may be accepted or rejected by the Offeror in its sole and absolute discretion and for any reason;
- (v) *Constitution of binding agreement*: it understands that the Offeror's acceptance for purchase of any Preference Shares tendered pursuant to any of the procedures described in this Tender Offer Memorandum will constitute a binding agreement between such Shareholder and the Offeror in accordance with the terms and subject to the conditions of the relevant Offer;
- (w) *Withdrawal or termination*: it understands that, in the event of a withdrawal or termination of the relevant Offer, the Tender Instructions with respect to the relevant Preference Shares will be deemed to be withdrawn, and the relevant Preference Shares will be unblocked in the relevant CREST account as soon as reasonably practicable following the withdrawal or termination;
- (x) *Acceptance*: it understands that validly tendered Preference Shares (or defectively tendered Preference Shares 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 Information Agent or the Receiving Agent;
- (y) *Accuracy of information*: the information given by or on behalf of such Shareholder in the Tender Instruction is in all respects true, accurate and not misleading and will in all respects be true, accurate and not misleading at the time of the purchase of the Preference Shares on the relevant Settlement Date;
- (z) *Payments*: if the Preference Shares tendered for purchase are accepted by the Offeror, it acknowledges that (i) the applicable Purchase Consideration and, if applicable, the Incremental Accrued Dividend Payment will be paid in pounds sterling and will be paid on the relevant Settlement Date to the Receiving Agent for onward payment to the relevant Shareholder in accordance with the usual procedures of the Receiving Agent for payments to the relevant Shareholder in respect of the relevant Preference Shares, (ii) payment of such cash amounts to or to the order of the Receiving Agent will discharge the obligation of the Offeror to such Shareholder in respect of the payment of the relevant Purchase Consideration and, if applicable, the Incremental Accrued Dividend Payment, and no additional amounts shall be payable to the Shareholder in the event of a delay in the transmission of funds by the Receiving Agent or any other intermediary to the relevant Shareholder or because of any delay in receipt by any Shareholder of the relevant funds or any cheque relating thereto, and (iii) it will not be entitled to receive any further payments pursuant to the terms of the Preference Shares in respect of dividends or otherwise;
- (aa) *Indemnity*: it acknowledges that the Offeror, the Dealer Managers, the Receiving Agent and the Information Agent (and their respective directors, officers, employees, agents and affiliates) will rely on the truth and accuracy of the foregoing acknowledgements, agreements, representations, warranties and undertakings and it shall indemnify the Offeror, the Dealer Managers, the Receiving Agent and the Information Agent against all and any losses, costs, claims, liabilities, expenses, charges, actions or demands which any of them may incur or which may be made against any of them as a result of any breach of any of the terms of, or any of the agreements, representations, warranties and/or undertakings given in connection with any Offer (including any acceptance thereof) by any such Shareholder; and
- (bb) *Retail Holder*: by submitting a Tender Instruction on behalf of a Retail Holder or by submitting any Tender Instruction on or after the General Expiration Deadline, the relevant direct participant confirms that the relevant beneficial owner is a Retail Holder.

The representation set out at paragraph (p) above shall, when deemed to be repeated on the relevant Expiration Deadline and on the relevant Settlement Date, not be sought or 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, (ii) Council Regulation (EC) No. 2271/1996 as it forms part of domestic law of the United Kingdom by virtue of the EUWA or (iii) any similar blocking or anti-boycott law in the European Union or the United Kingdom.

The procedures for a holder of Preference Shares in CREST that must be completed in order for that holder to be able to participate in an Offer involve sending (or, for CREST sponsored members, procuring that their CREST sponsor sends) a transfer to escrow instruction (“**TTE Instruction**”) in respect of such holder’s Preference Shares being tendered for purchase specifying the Receiving Agent (in its capacity as a CREST participant under its participant ID referred to below) as the escrow agent to whom such Preference Shares should be transferred so that the transfer to escrow settles by not later than the relevant Expiration Deadline. The TTE Instruction must be properly authenticated in accordance with EUI’s specifications.

Unless otherwise determined by the Offeror in its sole and absolute discretion, any Tender Instructions received by the Receiving Agent from Institutional Holders after the General Expiration Deadline will not be accepted. For technical reasons, however, any such Tender Instructions will only be released from escrow by the Receiving Agent following the Retail-Only Expiration Deadline.

The TTE Instruction must contain, in addition to the other information which is required for a TTE Instruction to settle in CREST, the following details:

- (a) the liquidation preference of Preference Shares to be transferred to an escrow balance;
- (b) the member account ID of the holder of the Preference Shares;
- (c) the participant ID of the holder of the Preference Shares;
- (d) the relevant corporate action ISIN number, participant ID and member account ID of the Receiving Agent in its capacity as a CREST receiving agent, which are as set out below:

**Institutional Holders**

<b>Preference Shares</b>	<b>ISIN Number</b>	<b>Participant ID</b>	<b>Member Account ID</b>
£198,065,600 6.475% Non-Cumulative Preference Shares	GB00B3KSB568	5RA29	INST6475
£300,000,000 9.25% Non-Cumulative Irredeemable Preference Shares	GB00B3KS9W93	5RA65	INST0925
£100,000,000 9.75% Non-Cumulative Irredeemable Preference Shares	GB00B3KSB238	6RA83	INST0975

**Retail Holders**

<b>Preference Shares</b>	<b>ISIN Number</b>	<b>Participant ID</b>	<b>Member Account ID</b>
£198,065,600 6.475% Non-Cumulative Preference Shares	GB00B3KSB568	5RA29	RETA6475
£300,000,000 9.25% Non-Cumulative	GB00B3KS9W93	5RA65	RETA0925

Irredeemable Preference Shares				
£100,000,000	9.75%	GB00B3KSB238	6RA83	RETA0975
Non-Cumulative Irredeemable Preference Shares				

- (e) the intended settlement date. This should be as soon as possible and in any event not later than the relevant Expiration Deadline;
- (f) the corporate action number for the Offer. This is allocated by EUI and can be found by viewing the relevant corporate action details in CREST; and
- (g) the standard TTE instruction of priority of at least 80.

After settlement of the TTE instruction, the relevant holder of Preference Shares will not be able to access such Preference Shares held in CREST for any transaction or charging purposes (subject to the limited revocation rights outlined in “*Amendment and Termination — Revocation Rights*” of this Tender Offer Memorandum) unless the relevant Offer is terminated or (if such Preference Shares are not accepted by the Offeror for purchase) concluded. If the Offeror announces it has decided to accept valid tenders of Preference Shares for purchase pursuant to the relevant Offer, the Receiving Agent (in its capacity as escrow agent) will transfer such Preference Shares to itself or as directed by the Offeror.

Holders of Preference Shares in CREST are recommended to refer to the CREST Manual for further information on the CREST procedures outlined above.

Holders of the Preference Shares in CREST should note that normal system timings and limitations will apply in connection with a TTE Instruction given in respect of the relevant Offer. Holders of Preference Shares held in CREST are referred to the sections of the CREST Manual concerning practical limitations of the CREST System and timings.

A TTE Instruction may only be revoked by a Shareholder, in the limited circumstances described in “*Amendment and Termination – Revocation Rights*”, by sending (or arranging for the relevant CREST sponsor to send) a valid electronic “ESA Instruction”, which ESA Instruction must, to be valid, specify the Preference Shares to which the original TTE Instruction related, the Shareholder’s member account ID, the Shareholder’s participant ID, the intended settlement date, the corporate action number for the relevant Offer, input with standard delivery instruction priority of at least 80, and specify any other information required by CREST and/or the Receiving Agent.

*Preference Shares not held in CREST*

In addition to completing and delivering, or arranging to have delivered on its behalf, a Tender Instruction for receipt by the Receiving Agent by the relevant Expiration Deadline, holders of Preference Shares not held in CREST must also deliver to the Receiving Agent, together with their Tender Instruction, the certificate or certificates for the Preference Shares which are the subject of such Tender Instruction. Such holders will also be required to provide certain additional information, all as set out in the Tender Instruction.

Holders of Preference Shares not held in CREST who have lost their certificate(s) should complete the Declaration and Indemnity that forms part of the Tender Instruction and return the completed Tender Instruction (including the completed Declaration and Indemnity) to the Receiving Agent by not later than the relevant Expiration Deadline. Indemnities will only be accepted in lieu of certificates at the discretion of the Offeror. A Tender Instruction for Preference Shares not held in CREST will not be valid unless or until the certificate(s)



in respect of Preference Shares to which such Tender Instruction relates has/have been received by the Receiving Agent or a duly completed Declaration and Indemnity has been received by the Receiving Agent and accepted by the Offeror. Administration and counter-indemnity fees are payable in respect of any Declaration and Indemnity which relates to Preference Shares which are accepted for purchase by the Offeror. The Offeror has made arrangements to pay such administration and counter-indemnity fees in respect of any Declaration and Indemnity which relates, in aggregate, to no more than 3,000 Preference Shares (i.e. to Preference Shares with a liquidation preference of no more than £3,000). The Offeror reserves the right to reject any Tender Instructions which include a completed Declaration and Indemnity in respect of Preference Shares in excess of that amount. Any holder of Preference Shares not held in CREST who has lost their certificate(s) and who wishes to submit a Tender Instruction in relation to more than 3,000 Preference Shares (i.e. with an aggregate liquidation preference of more than £3,000), should contact the Receiving Agent at the helpline number provided below, to request a Declaration and Indemnity. The holder of Preference Shares will be required to complete and submit a Declaration and Indemnity along with the completed Tender Instruction and to pay the relevant administration and counter-indemnity fee.

Any holder of Preference Shares who has executed a power of attorney authorising an attorney to sign the Tender Instruction must submit the original power of attorney (or a duly certified copy of the power or attorney as provided by the Powers of Attorney Act 1971) along with the duly completed Tender Instruction. The Receiving Agent will note the power of attorney and return it as directed.

If court confirmation, probate or letters of administration has/have been registered with the Receiving Agent, the Tender Instruction must be executed by the personal representative(s) of the deceased in the presence of a witness and lodged with the Receiving Agent. If court confirmation, probate or letters of administration has/have been granted but have not been registered with the Receiving Agent, the personal representative(s) should submit such probate or letters of administration with the Tender Instruction. The personal representative(s) of the holder of Preference Shares cannot execute the Tender Instruction unless a copy of the court confirmation, probate or letters of administration has/have been received by the Receiving Agent by no later than 1.00 p.m. (London time) on the applicable Expiration Deadline.

By completing a valid Tender Instruction, holders of Preference Shares held outside of CREST will be deemed to agree to, represent, warrant and undertake to the Offeror, the Dealer Managers, the Receiving Agent and the Information Agent the following on (i) the date of the submission of the Tender Instruction, (ii) the relevant Expiration Deadline and (iii) on the relevant Settlement Date (if the holder of such Preference Shares is unable to give these acknowledgements, agreements, representations, warranties and undertakings, such holder should contact the Receiving Agent immediately):

- (a) *Non-reliance*: (i) the holder of Preference Shares has received this Tender Offer Memorandum, and has reviewed and accepts the Offer and Distribution Restrictions, terms, conditions, risk factors and other considerations of the Offers, all as described in this Tender Offer Memorandum and (ii) the holder of Preference Shares understands and is assuming all the risks inherent in participating in the relevant Offer and has undertaken an appropriate analysis of the implications of the relevant Offer(s) without reliance on the Offeror, the Dealer Managers, the Information Agent or the Receiving Agent (or any of their respective directors, officers, employees, agents or affiliates);
- (b) *Identity*: the holder of Preference Shares will be deemed to consent to the Receiving Agent providing details concerning its identity to the Offeror and the Dealer Managers, and their respective legal advisers and for such details to be provided to the London Stock Exchange plc;
- (c) *Renunciation of title and claims*: upon the terms and subject to the conditions of the relevant Offer, the holder of Preference Shares tenders for purchase in such Offer the aggregate liquidation preference of Preference Shares specified in its Tender Instruction and, subject to and effective upon the purchase by

the Offeror of such Preference Shares, the holder of Preference Shares renounces all right, title and interest in and to all such Preference Shares purchased by or at the direction of the Offeror pursuant to such Offer and waives and releases any rights or claims the holder of Preference Shares may have against the Offeror with respect to any such Preference Shares or such Offer, as the case may be, and the holder of Preference Shares unconditionally and irrevocably releases, discharges and waives all claims (including all claims for dividends, interest, costs and orders for costs), actions and causes of action, present or future and however arising, whether or not presently known or unknown (including those which arise hereafter upon a change in the relevant law) whether arising in equity or under common law or statute or by reason of breach of contract or in respect of any tortious act or omission or otherwise (whether or not damage has yet been suffered) it has, may have or had against the Offeror and each of its present or former officers, directors, employees, agents or affiliates which arise out of or relate to, or are in any way connected with the Preference Shares, or non-contractual obligations arising out of or in connection with the Preference Shares. Further, the holder of Preference Shares undertakes and covenants not to, and shall procure that any entity controlled, directly or indirectly, by it, or that controls, directly or indirectly, it, shall not, make, pursue, litigate, commence or prosecute any proceedings in relation to the Preference Shares, or non-contractual obligations arising out of or in connection with the Preference Shares, against the Offeror or any of its present or former officers, directors, employees, agents or affiliates;

- (d) *Ratification:* the holder of Preference Shares agrees to ratify and confirm each and every act or thing that may be done or effected by the Offeror, any of its directors or any person nominated by the Offeror in the proper exercise of his or her powers and/or authority hereunder;
- (e) *Further acts:* the holder of Preference Shares agrees to do all such acts and things as shall be necessary and execute any additional documents deemed by the Offeror to be desirable, in each case to complete the transfer of the Preference Shares specified in its Tender Instruction to the Offeror or its nominee pursuant to the relevant Offer and/or to perfect any of the authorities expressed to be given hereunder;
- (f) *Compliance with applicable laws:* the holder of Preference Shares 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, tender or acceptance in any jurisdiction and the holder of Preference Shares has not taken or omitted to take any action in breach of the terms of the relevant Offer or which will or may result in the Offeror, the Dealer Managers, the Receiving Agent, the Information Agent or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offers;
- (g) *Successors and assigns:* all authority conferred or agreed to be conferred pursuant to the holder of Preference Shares' acknowledgements, agreements, representations, warranties and undertakings, and all of the holder of Preference Shares' 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;
- (h) *Information or recommendation:* none of the Offeror, the Dealer Managers, the Receiving Agent or the Information Agent (or any of their respective directors, officers, employees, agents or affiliates) has given the holder of Preference Shares any information with respect to the Offers save as expressly set out in this Tender Offer Memorandum nor has any of them made any recommendation to the holder of Preference Shares as to whether it should tender Preference Shares in the Offers and the holder of Preference Shares has made its own decision with regard to tendering Preference Shares in the Offers based on any legal, tax or financial advice it has deemed necessary to seek and the holder of Preference Shares is able to bear the economic risks of participating in the relevant Offer;

- (i) *Tax consequences*: no information has been provided to the holder of Preference Shares by the Offeror, the Dealer Managers, the Information Agent or the Receiving Agent (or any of their respective directors, officers, employees, agents or affiliates) with regard to the tax consequences for holders of Preference Shares arising from the tender of Preference Shares in the Offers and the receipt of the relevant Purchase Consideration and, if applicable, the Incremental Accrued Dividend Payment, and the holder of Preference Shares acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction in connection with the Offers (including the receipt pursuant to the Offers of the relevant Purchase Consideration and, if applicable, the Incremental Accrued Dividend Payment) 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 Dealer Managers, the Information Agent or the Receiving Agent, or any of their respective directors, officers, employees, agents or affiliates or any other person in respect of such taxes and payments;
- (j) *No unlawful invitation*: the holder of Preference Shares is not a person to whom it is unlawful to make an invitation pursuant to the Offers under applicable securities laws, it has not distributed or forwarded this Tender Offer Memorandum or any other documents or materials relating to the Offers to any such person(s) and the holder of Preference Shares has (before submitting, or arranging for the submission on its behalf, as the case may be, of the Tender Instruction in respect of the Preference Shares it is tendering for purchase) complied with all laws and regulations applicable to it for the purposes of its participation in the relevant Offer;
- (k) *United States*: either (a) (i) the holder of Preference Shares is the beneficial owner of the Preference Shares being tendered in the relevant Offer and (ii) it is not a U.S. Person, it is located and resident outside the United States and is participating in the relevant Offer from outside the United States or (b) (i) the holder of Preference Shares is acting on behalf of the beneficial owner of the Preference Shares being tendered in the relevant Offer on a non-discretionary basis and has been duly authorised to so act and (ii) such beneficial owner has confirmed to it that it is not a U.S. Person, it is located and resident outside the United States and is participating in the relevant Offer from outside the United States;
- (l) *United Kingdom*: the holder of Preference Shares is not located or resident in the United Kingdom or, if it is located or resident in the United Kingdom, it is a person falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Promotion Order) or within Article 43(2) of the Financial Promotion Order, or to whom this Tender Offer Memorandum and any other documents or materials relating to the Offers may otherwise lawfully be communicated in accordance the Financial Promotion Order;
- (m) *Italy*: the holder of Preference Shares is not located or resident in Italy or, if it is located in Italy, it is an authorised person or is tendering the relevant Preference Shares through an authorised person (such as an investment firm, bank or financial Intermediary permitted to conduct such activities in Italy in accordance with the Legislative Decree No. 58 of 24 February 1998, as amended, CONSOB Regulation No. 20307 of 15 February 2018, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by *Commissione Nazionale per le Società e la Borsa* (the “**CONSOB**”) or any other Italian authority;
- (n) *France*: the holder of Preference Shares is not located or resident in the Republic of France or, if it is located or resident in the Republic of France, it is a qualified investor (*investisseur qualifié*) as defined in Article 2(e) of Regulation (EU) 2017/1129 (the “**EU Prospectus Regulation**”);

- (o) *Belgium*: the holder of Preference Shares is not located or resident in Belgium or, if it is located or resident in Belgium, it is a qualified investor, within the meaning of Article 2(e) of Regulation (EU) 2017/1129;
- (p) *Sanctions*: the holder of Preference Shares is not a Sanctions Restricted Person;
- (q) *Power and authority*: the holder of Preference Shares has full power and authority to tender, sell, assign and transfer the Preference Shares it has tendered in the relevant Offer pursuant to the Tender Instruction and, if such Preference Shares are accepted for purchase by the Offeror pursuant to the relevant Offer, such Preference Shares 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, and it will, upon request, execute and deliver any additional documents and/or do such other things deemed by the Offeror to be necessary or desirable to complete the transfer and cancellation of such Preference Shares or to evidence such power and authority;
- (r) *Release and waiver*: in respect of its Preference Shares which it has tendered in the Offers and which are accepted on the terms of the Offers, the holder of Preference Shares (a) releases, to the fullest extent permitted by law, the Offeror, the Dealer Managers, the Information Agent and their respective financial and legal advisers (together in each case with their respective members, representatives, directors, officers, employees, agents or affiliates) from any liabilities in relation to or arising in connection with the preparation, negotiation or implementation of the 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 Dealer Managers, the Information Agent and/or their respective financial and legal advisers (together in each case with their respective members, representatives, directors, officers, employees, agents or affiliates) in connection with the Offers and/or its Preference Shares, (c) waives, to the fullest extent permitted by law, all its rights, title and interest to and claims in respect of such Preference Shares, (d) waives, to the fullest extent permitted by law, any rights it may have, whether pursuant to Rule 5000 of the Rules and Regulations of the London Stock Exchange or otherwise, to make any claim against any of the Dealer Managers for or in respect of the payment of the Purchase Consideration and, if applicable, the Incremental Accrued Dividend Payment in respect of the Preference Shares tendered by it and accepted for purchase and (e) acknowledges that the Contracts (Rights of Third Parties) Act 1999 applies to the foregoing acknowledgements, representations, warranties and undertakings;
- (s) *Compliance with the Receiving Agent's requirements*: the holder of Preference Shares understands that the procedures in respect of Preference Shares that are not held in CREST include the delivery to the Receiving Agent of the certificate or certificates for the Preference Shares which are the subject of the relevant Tender Instruction together with such Tender Instruction, and the making of certain agreements and acknowledgements, and the giving of certain representations, warranties and undertakings, the effect of which is that the holder of such Preference Shares will not be able to subsequently transfer the Preference Shares which are the subject of such Tender Instruction until the earlier of (i) the time of settlement on the relevant Settlement Date and (ii) the date of any termination of the relevant Offer (including where such Preference Shares are not accepted for purchase) or on which the Tender Instruction is revoked, in the limited circumstances in which such revocation is permitted;
- (t) *Incorporation of terms*: the terms and conditions of the relevant Offer(s) shall be deemed to be incorporated in, and form a part of, the holder of Preference Shares' Tender Instruction which shall be read and construed accordingly, and that the information given by or on behalf of such the holder of Preference Shares in its Tender Instruction is true and will be true in all respects at the time of purchase on the relevant Settlement Date;

- (u) *No obligation*: the holder of Preference Shares acknowledges and accepts that the Offeror is under no obligation to accept for purchase Preference Shares tendered pursuant to the relevant Offer, and accordingly such tender may be accepted or rejected by the Offeror in its sole and absolute discretion and for any reason;
- (v) *Constitution of binding agreement*: the holder of Preference Shares understands that the Offeror's acceptance for purchase of any Preference Shares tendered pursuant to any of the procedures described in this Tender Offer Memorandum will constitute a binding agreement between such the holder of Preference Shares and the Offeror in accordance with the terms and subject to the conditions of the relevant Offer;
- (w) *Withdrawal or termination*: the holder of Preference Shares understands that, in the event of a withdrawal or termination of the relevant Offer, the Tender Instructions with respect to the relevant Preference Shares will be deemed to be withdrawn, and any certificate(s) relating to the relevant Preference Shares which have been received by the Receiving Agent will be returned by the Receiving Agent to the sender as soon as reasonably practicable following the withdrawal or termination;
- (x) *Acceptance*: the holder of Preference Shares understands that validly tendered Preference Shares (or defectively tendered Preference Shares 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 Information Agent or the Receiving Agent;
- (y) *Accuracy of information*: the information given by or on behalf of such the holder of Preference Shares in the Tender Instruction is in all respects true, accurate and not misleading and will in all respects be true, accurate and not misleading at the time of the purchase of the Preference Shares on the relevant Settlement Date;
- (z) *Payments*: if the Preference Shares tendered for purchase are accepted by the Offeror, the holder of Preference Shares acknowledges that (i) the applicable Purchase Consideration and, if applicable, the Incremental Accrued Dividend Payment will be paid in pounds sterling and will be paid on the relevant Settlement Date to the Receiving Agent for onward payment to the relevant Shareholder in accordance with the usual procedures of the Receiving Agent for payments to the holder of Preference Shares in respect of the relevant Preference Shares, (ii) payment of such cash amounts to or to the order of the Receiving Agent will discharge the obligation of the Offeror to such the holder of Preference Shares in respect of the payment of the relevant Purchase Consideration and, if applicable, the Incremental Accrued Dividend Payment, and no additional amounts shall be payable to the holder of Preference Shares in the event of a delay in the transmission of funds by the Receiving Agent or any other intermediary to the holder of Preference Shares or because of any delay in receipt by any holder of Preference Shares of the relevant funds or any cheque relating thereto, and (iii) the holder of Preference Shares will not be entitled to receive any further payments pursuant to the terms of the Preference Shares in respect of dividends or otherwise;
- (aa) *Indemnity*: the holder of Preference Shares acknowledges that the Offeror, the Dealer Managers, the Receiving Agent and the Information Agent (and their respective directors, officers, employees, agents and affiliates) will rely on the truth and accuracy of the foregoing acknowledgements, agreements, representations, warranties and undertakings and it shall indemnify the Offeror, the Dealer Managers, the Receiving Agent and the Information Agent against all and any losses, costs, claims, liabilities, expenses, charges, actions or demands which any of them may incur or which may be made against any of them as a result of any breach of any of the terms of, or any of the agreements, representations, warranties and/or undertakings given in connection with any Offer (including any acceptance thereof) by any such Shareholder; and

- (bb) *Agency*: the holder of Preference Shares irrevocably undertakes, represents, warrants and agrees to and with the Offeror and the Receiving Agent that the execution of its Tender Instruction and its delivery to the Receiving Agent constitutes, subject to the acceptance by the Offeror of the Preference Shares which are the subject of its Tender Instruction for purchase and to it not having validly revoked this Tender Instruction in the limited circumstances in which such revocation is permitted, the irrevocable separate appointment of the Offeror as its attorney and/or agent (the “**Agent**”) and it irrevocably instructs the Agent to:
- (1) complete and execute all or any form(s) of transfer and/or renunciation and/or other document(s) in the Agent’s discretion in relation to Preference Shares which are the subject of its Tender Instruction in favour of the Offeror or as the Agent may direct;
  - (2) deliver such form(s) of transfer and/or renunciation and/or other document(s) at the Agent’s discretion together with any certificate(s) and/or other document(s) of title relating to such Preference Shares for registration; and
  - (3) do all such other acts and things as may in the opinion of the Agent be necessary or expedient for the purpose of, or in connection with, the acceptance by the Offeror of the tender of such Preference Shares for purchase pursuant to the Offer and to vest in the Offeror or its nominee such Preference Shares as provided above.

The representation set out at paragraph (p) above shall, when deemed to be repeated on the relevant Expiration Deadline and on the relevant Settlement Date, not be sought or 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, (ii) Council Regulation (EC) No. 2271/1996 as it forms part of domestic law of the United Kingdom by virtue of the EUWA or (iii) any similar blocking or anti-boycott law in the European Union or the United Kingdom.

#### *Preference Shares held through the LBGSA Nominee*

Participants in the LBGSA Nominee who wish to tender some or all of their 6.475% Preference Shares for purchase by the Offeror in the relevant Offer must complete and deliver an LBGSA Form of Instruction for receipt by the LBGSA Nominee by the LBGSA Tender Deadline. The LBGSA Nominee will arrange to submit, by the Retail-Only Expiration Date, a Tender Instruction in respect of each validly completed LBGSA Form of Instruction received by the LBGSA Nominee by the LBGSA Tender Deadline.

In completing a LBGSA Form of Instruction, the holders of 6.475% Preference Shares held through the LBGSA Nominee will be required to make similar agreements and acknowledgements, and give similar representations, warranties and undertakings, to the Offeror, the Receiving Agent, the LBGSA Nominee and the Dealer Managers as those set out above in respect of the delivery of a Tender Instruction. Such holders may also be required to provide certain additional information, all as set out in the LBGSA Form of Instruction.

## **General**

*Tenders and instructions other than in accordance with the procedures set out in this section will not be accepted*

The Offeror will only accept tenders of Preference Shares in the Offers by way of the submission of valid Tender Instructions in accordance with the procedures set out in this section “*Procedures for Participating in the Offers*”. It is also each Shareholder’s responsibility to inform itself of, and arrange for timely tender of its Preference Shares in accordance with, the applicable procedures and deadlines.

### *Irrevocability*

The submission of a valid Tender Instruction in accordance with the procedures set out in this section “*Procedures for Participating in the Offers*” will be irrevocable (except in the limited circumstances described in “*Amendment and Termination – Revocation Rights*”).

### *Irregularities*

All questions as to the validity, form and eligibility (including time of receipt) of any Tender Instruction or as to the revocation of any Tender Instruction will be determined by the Offeror, in its sole and absolute discretion, and such determination will be final and binding.

In relation to each Offer, the Offeror reserves the absolute right to: (i) reject any and all Tender Instructions or (in the limited circumstances in which revocation is permitted) revocation instructions not in proper form or in respect of which the acceptance by the Offeror may be unlawful, (ii) waive any defects, irregularities or delay in the submission of any and all Tender Instructions or revocation instructions, and (iii) waive any such defect, irregularity or delay in respect of particular Preference Shares, whether or not the Offeror elects to waive similar defects, irregularities or any delay in respect of other Preference Shares.

Any defect, irregularity or delay must be cured within such time as the Offeror determines, unless waived by it. Tender Instructions will be deemed not to have been made until such defects, irregularities or delays have been cured or waived. None of the Offeror, the Dealer Managers or the Information Agent shall be under any duty to give notice to a Shareholder of any defects, irregularities or delays in the receipt or non-receipt of any Tender Instruction or revocation instruction nor shall any of them incur any liability for failure to give such notice.

## AMENDMENT AND TERMINATION

### Amendment and Termination

Notwithstanding any other provision of the Offers, in relation to any Offer, the Offeror may, subject to applicable laws, at its option and in its sole and absolute discretion, at any time before the Retail-Only Expiration Deadline:

- (a) *Extension or re-opening*: in respect of the relevant Offer, extend the General Expiration Deadline and/or the Retail-Only Expiration Deadline or re-open such Offer, as applicable (in which case all references in this Tender Offer Memorandum to the relevant Expiration Deadline shall, unless the context otherwise requires, be to the latest time and date, as the case may be, to which the relevant Expiration Deadline has been so extended or such Offer re-opened);
- (b) *Amendment of other terms*: otherwise amend the relevant Offer in any respect (including, but not limited to, any amendment to any of the Purchase Price, the relevant Expiration Deadline or the relevant Settlement Date);
- (c) *Delay*: delay acceptance or, subject to applicable law, purchase of Preference Shares tendered in the relevant Offer, even if the Offer has expired; or
- (d) *Termination*: terminate the relevant Offer, including with respect to Tender Instructions submitted before the time of such termination.

In relation to any Offer, the Offeror also reserves the right at any time to waive any or all of the conditions of the Offers as set out in this Tender Offer Memorandum.

The Offeror will ensure an announcement is made of any such extension, re-opening, delayed acceptance, amendment or termination as soon as is reasonably practicable after the relevant decision is made.

To the extent a decision is made to waive any term or condition of an Offer generally (as opposed to in respect of certain tenders of Preference Shares only), such decision will also be announced as soon as is reasonably practicable after such decision is made. See “*Terms and Conditions of the Offers – Announcements*”. The Offeror will ensure an announcement is made in accordance with the procedures described in “*Terms and Conditions of the Offers – Announcements*” in respect of any such extension, re-opening, amendment or termination as soon as is reasonably practicable after the relevant decision is made.

In the event an Offer is terminated, notwithstanding the irrevocability of all Tender Instructions, all Tender Instructions in respect of Preference Shares of the relevant Series will be deemed to be revoked automatically.

### Revocation Rights

If any amendment to an Offer is made in any way (including by way of the making of any announcement, or the issue of any supplement or other form of update to this Tender Offer Memorandum, in which any material development is disclosed) that, in the opinion of the Offeror (in consultation with the Dealer Managers), is materially prejudicial to Shareholders that have already tendered Preference Shares in such Offer before the announcement of such amendment (which announcement shall include a statement that in the Offeror's opinion such amendment is materially prejudicial to such Shareholders), then such tenders of Preference Shares may be revoked at any time from the date and time of such announcement until 1.00 p.m. (London time) on the fourth Business Day following such announcement (subject to the earlier deadlines required by CREST and any intermediary through which Shareholders hold their Preference Shares). For the avoidance of doubt, any extension or re-opening of an Offer (including any amendment in relation to the relevant Expiration Deadline



and/or the relevant Settlement Date) in accordance with the terms of the Offers as described in this section “*Amendment and Termination*” shall not be considered materially prejudicial to Shareholders that have already tendered Preference Shares in the relevant Offer (provided that the final settlement date(s) of such Offer as so extended or re-opened will fall no later than the day falling ten Business Days after the originally scheduled Settlement Date).

Shareholders wishing to exercise any right of revocation as set out above should do so in accordance with the procedures set out in “*Procedures for Participating in the Offers*”. Shareholders who have submitted a Tender Instruction and who wish to revoke their Tender Instruction should contact CREST or the Receiving Agent (as applicable) in good time for further details in connection with the process for submitting their revocation request. Beneficial owners of Preference Shares that are held through an intermediary are advised to check with such entity when it would require receipt of instructions to revoke a tender of Preference Shares in the relevant Offer in order to meet the above deadline. For the avoidance of doubt, any Shareholder who does not exercise any such right of revocation in the circumstances and in the manner specified above shall be deemed to have waived such right of revocation and its original Tender Instruction will remain effective.

**Shareholders are advised to check with any bank, securities broker or other intermediary through which they hold Preference Shares when such intermediary would require to receive revocation instructions from a Shareholder in order for that Shareholder to be able to revoke their instruction to participate in, the Offers before the deadlines specified above. The deadlines set by any such intermediary and CREST for the revocation instructions will be earlier than the relevant deadlines specified above.**

## **TAX CONSEQUENCES**

In view of the number of different jurisdictions where tax laws may apply to a Shareholder, this Tender Offer Memorandum does not discuss the tax consequences to Shareholders of the purchase of Preference Shares by the Offeror pursuant to the Offers. Shareholders are urged to consult their own professional advisers regarding these possible tax consequences under the laws of the jurisdictions that apply to them or to the sale of their Preference Shares and their receipt of the relevant Purchase Consideration and, if applicable, the relevant Incremental Accrued Dividend Payment. Shareholders are liable for their own taxes and similar or related payments imposed on them under the laws of any applicable jurisdiction, and have no recourse to the Offeror, the Dealer Managers, the Receiving Agent or the Information Agent with respect to such taxes arising in connection with the Offers.

## **DEALER MANAGERS, INFORMATION AGENT AND RECEIVING AGENT**

The Offeror has retained Credit Suisse International, Lloyds Bank Corporate Markets plc and Merrill Lynch International to act as Dealer Managers for the Offers, Lucid Issuer Services Limited to act as Information Agent and Equiniti Limited to act as Receiving Agent. The Offeror has entered into a dealer manager agreement with the Dealer Managers, which contains certain provisions regarding payment of fees, expense reimbursement and indemnity arrangements relating to the Offers.

Each Dealer Manager and its affiliates may contact Shareholders regarding the Offers and may request brokerage houses, custodians, nominees, fiduciaries and others to forward this Tender Offer Memorandum and related materials to Shareholders.

Each Dealer Manager and its affiliates have provided and continue to provide certain investment banking services to the Offeror for which they have received and will receive compensation that is customary for services of such nature.

Each Dealer Manager and/or its affiliates may have a holding in, or may from time to time provide advice or other investment services in relation to, or engage in transactions involving, the Preference Shares. Further, each of the Dealer Managers may (subject always to the Offer and Distribution Restrictions): (i) submit Tender Instructions for its own account; and (ii) submit Tender Instructions on behalf of other Shareholders.

None of the Dealer Managers, the Receiving Agent or the Information Agent (or any of their respective directors, officers, employees, agents or affiliates) assumes any responsibility for the accuracy, adequacy or completeness of the information concerning the Offers, the Offeror, any of its respective affiliates or the Preference Shares contained in this Tender Offer Memorandum or for any failure by the Offeror to disclose events that may have occurred and may affect the significance or accuracy of such information.

None of the Dealer Managers, the Receiving Agent or the Information Agent (or any of their respective directors, officers, employees or affiliates) is acting for any Shareholder, or will be responsible to any Shareholder for providing any protections which would be afforded to its clients or for providing advice in relation to the Offers and accordingly, none of them make any representation or recommendation whatsoever regarding the Offers or any recommendation as to whether Shareholders should tender Preference Shares in the Offers or otherwise participate in the Offers.

**The Information Agent and the Receiving Agent are the agents of the Offeror and owe no duty to any Shareholder.**

## OFFER AND DISTRIBUTION RESTRICTIONS

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

### ***United States***

The Offers are not being made and will not be made, directly or indirectly, in or into, or by use of the mails 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 any U.S. Person (as defined in Regulation S of the United States Securities Act of 1933, as amended (each, a “**U.S. Person**”)). This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone, the internet and other forms of electronic communication. Accordingly, copies of this Tender Offer Memorandum and any other documents or materials relating to the 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 a U.S. Person and the Preference Shares cannot be tendered in the Offers by any such use, means, instrumentality or facility or from or within or by persons located or resident in the United States or by any U.S. Person. Any purported tender of Preference Shares in the Offers resulting directly or indirectly from a violation of these restrictions will be invalid and any purported tender of Preference Shares made by a person located in the United States, a U.S. Person, by any person acting for the account or benefit of a U.S. Person, or by any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted.

Each holder of Preference Shares participating in an Offer will represent that it is not a U.S. Person, is not located in the United States and is not participating in such Offer 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 such Offer from the United States and who is not a U.S. Person. For the purposes of this and the above paragraph, “**United States**” means the United States of America, 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 of America and the District of Columbia.

### ***United Kingdom***

The communication of this Tender Offer Memorandum by the Offeror and any other documents or materials relating to the 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 Financial Services and Markets Act 2000 (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 Offeror or other persons within Article 43(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, and (2) to any other persons to whom these documents and/or materials may lawfully be communicated.

### ***France***

This Tender Offer Memorandum and any other documents or offering materials relating to the Offers, may not be distributed (directly or indirectly) in the Republic of France except to qualified investors (*investisseurs qualifiés*) as defined in Article 2(e) of the EU Prospectus Regulation. Neither this Tender Offer Memorandum

nor any other documents or offering materials relating to the Offers have been and will not be submitted for clearance to nor approved by the *Autorité des marchés financiers*.

### **Belgium**

Neither this Tender Offer Memorandum nor any other documents or materials relating to the 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 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”**) as amended or replaced from time to time. Accordingly, the Offers may not be advertised and the Offers will not be extended, and neither this Tender Offer Memorandum nor any other documents or materials relating to the 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 persons which are “qualified investors” in the sense of Article 2 (e) of the EU Prospectus Regulation, acting on their own account; or (ii) in any other circumstances set out in Article 6, §4 of the Belgian Takeover Law . This Tender Offer Memorandum has been issued only for the personal use of the above qualified investors and exclusively for the purpose of the Offers. Accordingly, the information contained in this Tender Offer Memorandum may not be used for any other purpose or disclosed to any other person in Belgium.

### **Italy**

None of the Offers, this Tender Offer Memorandum or any other documents or materials relating to the 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 Offers are being carried out in the Republic of Italy as exempted offers 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”**).

A Shareholder located in the Republic of Italy can tender some or all of its Preference Shares 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 1 September 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 Preference Shares or the Offers.

### **General**

Neither this Tender Offer Memorandum nor the electronic transmission thereof constitutes an offer to buy or the solicitation of an offer to sell Preference Shares (and tenders of Preference Shares for purchase pursuant to the Offers will not be accepted from Shareholders) in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require an Offer to be made by a licensed broker or dealer and any of the Dealer Managers or any of their affiliates is such a licensed broker or dealer in any such jurisdiction, such Offer shall be deemed to be made by such Dealer Manager or such affiliate, as the case may be, on behalf of the Offeror in such jurisdiction.

In addition to the representations referred to above in respect of the United States, the United Kingdom, France, Belgium and Italy, each Shareholder participating in an Offer will be deemed to give certain other representations, warranties and undertakings and make certain agreements as set out in *“Procedures for*

*Participating in the Offers*” will be deemed to give certain representations in respect of the other jurisdictions referred to above and generally as described in “*Procedures for Participating in the Offers*”. Any tender of Preference Shares for purchase pursuant to the Offers from a Shareholder that is unable to make these representations will not be accepted.

Each of the Offeror, the Dealer Managers and the Information Agent reserves the right, in its sole and absolute discretion (and without prejudice to the relevant Shareholder’s responsibility for the representations made by it), to investigate, in relation to any tender of Preference Shares for purchase pursuant to an Offer, whether any such representation given by a Shareholder 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 tender or submission may be rejected.

## ANNEX

### QUESTIONS AND ANSWERS ABOUT THE OFFERS

**This Annex is addressed only to Shareholders who hold their Preference Shares in certificated form.**

**This Annex is not addressed to Shareholders who hold their Preference Shares in CREST or to participants who hold 6.475% Preference Shares through the LBGSA Nominee. Instead, any such Shareholders or participants should refer to the Tender Offer Memorandum, and participants who hold 6.475% Preference Shares through the LBGSA Nominee should also refer to the separate communications provided to them.**

These questions and answers are not meant to be a substitute for the information contained in the Tender Offer Memorandum, and this information is qualified in its entirety by the more detailed descriptions and explanations contained in the Tender Offer Memorandum. Capitalised terms used herein have the meanings given in the Tender Offer Memorandum. Holders of the Preference Shares are urged to read the Tender Offer Memorandum in its entirety prior to making any decision. Holders of the Preference Shares should consult their own tax, accounting, financial and legal advisers regarding the consequences of participating in the Offers.

#### **1 What is a tender offer?**

A tender offer is an offer by an issuer of debt securities or preference shares (for example, a bank or building society) to the holders of relevant securities to purchase such securities for cash in order to manage its amount of outstanding debts or preference shares.

In this case, the Offeror is offering to purchase for cash any and all of the Preference Shares (as defined above), on the terms and subject to the conditions contained in the Tender Offer Memorandum.

#### **2 Am I obliged to participate in the Offers?**

The Offers are purely voluntary and there is no obligation on Shareholders to participate in the Offers. The Offeror is making the Offers to purchase the Preference Shares for cash should you *wish* to sell them.

#### **3 Why is the Offeror undertaking the Offers?**

The 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. See the section of the Tender Offer Memorandum entitled "*Terms and Conditions of the Offers – Background and Rationale for the Offers*" for further information.

#### **4 How can I participate in the Offers?**

You can participate in the Offers by submitting a valid Tender Instruction or (in the case of Preference Shares held in CREST) a TTE Instruction, in each case in accordance with the detailed procedures set out in the section of the Tender Offer Memorandum entitled "*Procedures for Participating in the Offers*".

#### **5 What will happen to my Preference Shares if I do not participate in the Offers?**

As mentioned above, the Offers are purely voluntary and there is no obligation on Shareholders to participate in the Offers.

If you do not participate in the Offers you will continue to hold the Preference Shares subject to their terms and conditions.

However, please be aware that the Offeror is not obliged to make further tender offers to purchase the Preference Shares in the future.

Additionally, the aggregate outstanding amount of each Series of the Preference Shares will be reduced by the amount of Preference Shares of the relevant Series that are successfully purchased by the Offeror pursuant to the Offers.

## **6 What is the deadline for participating in the Offers?**

There are two deadlines for the Offers:

- (i) For Institutional Holders: the enclosed Tender Instruction must be completed and delivered to the Receiving Agent by 1.00 p.m. (London time) on 19 November 2021.
- (ii) For Retail Holders: the enclosed Tender Instruction must be completed and delivered to the Receiving Agent by 1.00 p.m. (London time) on 9 December 2021. Retail Holders who wish to be eligible to receive payment on or soon after 30 November 2021 must submit their Tender Instruction so that it is received by the Receiving Agent by 1.00 p.m. (London time) on 19 November 2021; the Retail-Only Settlement Date will apply to Tender Instructions received thereafter.

The following summarises the expected key commencement, expiration and settlement dates for the Offers:

Announcement of the Offers:	10 November 2021
General Expiration Deadline:	1.00 p.m. London time on 19 November 2021
Announcement of Results following the General Expiration Deadline:	22 November 2021
General Settlement Date:	30 November 2021
Retail-Only Expiration Deadline:	1.00 p.m. London time on 9 December 2021
Announcement of Results following the Retail-Only Expiration Deadline:	10 December 2021
Retail-Only Settlement Date:	15 December 2021
Cheques issued where applicable in respect of the Purchase Price and the Incremental Accrued Dividend Payment:	On or soon after 23 December 2021

## **7 What payment will I receive for each Preference Share if such Preference Share is accepted for purchase?**

Holders whose Preference Shares are accepted for purchase will receive (i) the relevant Purchase Price and (ii) if applicable, an Incremental Accrued Dividend Payment.

The Purchase Price for 6.475% Preference Shares includes accrued and unpaid dividends from, and including, 15 September 2021 (being the previous dividend payment date) up to, but excluding, 30 November 2021.

5 November 2021 was the Record Date for the dividend payable on the 9.25% Preference Shares and the 9.75% Preference Shares on 30 November 2021. The Purchase Prices for those Preference Shares do not include this dividend payment, which will be paid separately on 30 November 2021 to the holders of record



on the Record Date pursuant to the terms of those Preference Shares, regardless of whether a holder participates in the Offer.

(i) Purchase Price

The Purchase Price for each Series of the Preference Shares is set out in the table in the enclosed letter, and is expressed as a percentage of the liquidation preference of the relevant Preference Shares.

(ii) Incremental Accrued Dividend Payment – Retail-Only Settlement Date Only

On 15 December 2021, the Offeror will pay, to Retail Holders whose Tender Instructions are received after 1.00 p.m. London time on 19 November 2021 and prior to 1.00 p.m. London time on 9 December 2021, an amount equal to any accrued and unpaid dividends on the relevant Preference Shares from, and including, 30 November 2021 up to, but excluding, 15 December 2021. Where payments are to be made by cheque, such cheques are expected to be issued 6 business days after the Retail-Only Settlement Date.

For illustration purposes, and assuming that the General Settlement Date and Retail-Only Settlement Date are not subsequently amended from those set out in the Tender Offer Memorandum, the cash amount of the Purchase Consideration and the Incremental Accrued Dividend Payment (if applicable) are expected to be as follows:

Series	Purchase Consideration per Preference Share*	Incremental Accrued Dividend Payment per Preference Share*
6.475% Preference Shares	£1.12050	0.26610p
9.25% Preference Shares	£1.67250	0.38118p
9.75% Preference Shares	£1.74200	0.40179p

\* Shown to 5 decimal places for illustrative purposes.

**8 What should I do if I have missed the relevant deadline?**

Unfortunately, the Receiving Agent will not be able to process your instructions should it not receive them before the expiration deadline applicable to you.

**9 When will holders of Preference Shares that have been accepted for purchase receive payment?**

Payment to holders of the relevant Preference Shares will be made on the relevant Settlement Date (subject to the right of the Offeror to delay the acceptance of Tender Instructions as set out in the Tender Offer Memorandum).

- (i) For validly submitted Tender Instructions received by the Receiving Agent prior to the General Expiration Deadline, the settlement date is expected to be 30 November 2021.
- (ii) For Retail Holders whose respective validly submitted Tender Instructions are received by the Receiving Agent after the General Expiration Deadline and prior to the Retail-Only Expiration Deadline, the settlement date is expected to be 15 December 2021.

Payments in respect of the relevant Preference Shares may be made by cheque or by electronic means and, as such, the relevant Shareholders may experience a delay in receiving payments. In the case of Preference Shares accepted for purchase by the Offeror for settlement on the General Settlement Date, any cheque

payment is expected to be issued on the General Settlement Date. In the case of Preference Shares accepted for purchase by the Offeror for settlement on the Retail-Only Settlement Date, any cheque payment is expected to be issued 6 business days after the Retail-Only Settlement Date. All payments of the Incremental Accrued Dividend Payment are expected to be issued 6 business days after the Retail-Only Settlement Date.

Under no circumstances will any additional amount, whether in respect of interest or dividends or otherwise, be payable in respect of any period after the relevant Settlement Date.

See the section of the Tender Offer Memorandum entitled "*Payment*" for further information.

## **10 What if I no longer hold the Preference Shares?**

The Offeror is only making the Offers available to eligible Shareholders who are currently holding the Preference Shares.

If you no longer hold the Preference Shares you will be unable to participate in the Offers.

## **11 Am I a Retail Holder?**

A Retail Holder is a Shareholder:

- (a) who holds less than £100,000 in aggregate liquidation preference of the Preference Shares of the relevant Series,
- (b) whose ordinary activities do not involve that person buying, selling, subscribing for or underwriting instruments such as the Preference Shares for the purposes of a business carried on by that person, **and**
- (c) who it is reasonable to expect will not carry on the activities described in (b) above for the purposes of a business carried on by that person.

Any Shareholder that is not a Retail Holder shall qualify as an Institutional Holder.

Any Shareholder that is a company or other organisation and is not sure whether they are a Retail Holder or an Institutional Holder may contact Equiniti Limited, as Receiving Agent for the Preference Shares, for further information:

Telephone: 0371-384-2458 (if calling from the UK) or +44 371-384-2458 from overseas.<sup>1</sup>

## **12 What if I am the personal representative(s) of a previous holder who is now deceased?**

In the event that you are the personal representative(s) of a previous holder who is now deceased and some of these Preference Shares are within the estate of the deceased we wish to notify you of the existence of the Offers to repurchase these Preference Shares from the Offeror. If you have not already notified Equiniti Limited, the Receiving Agent for the Preference Shares, of the passing of the deceased, please contact them if you would like to participate in the Offer or if you would like us to update the details we hold:

Telephone: 0371-384-2458 (if calling from the UK) or +44 371-384-2458 from overseas.<sup>2</sup>

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<sup>1</sup> The Receiving Agent's lines are open from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding public holidays in England and Wales). Calls from within the UK are charged at the standard geographic rate and will vary by provider. Calls to the helplines from outside the UK will be charged at the applicable international rate. Please note that calls may be monitored for security and training purposes. The helplines cannot provide advice on the merits of the Offers or give any financial, legal or tax advice.

<sup>2</sup> See footnote 1 above.

If, as personal representative(s) of the previous holder, you would like to participate in the Offer(s) but are unable to do so in the timeframes described in the enclosed documents, we would still invite you to contact the Receiving Agent to discuss your options and the process for updating the share register with the appropriate name and contact details.

**13 My Preference Shares are not held through CREST. What do I need to do if I can't find my certificate but wish to participate in the Offers?**

Holders should complete the Declaration and Indemnity that forms part of the enclosed Tender Instruction and return the completed Tender Instruction (including the completed Declaration and Indemnity) to the Receiving Agent by no later than the relevant Expiration Deadline. A Tender Instruction for Preference Shares not held in CREST will not be valid unless or until the certificate(s) in respect of Preference Shares to which such Tender Instruction relates has/have been received by the Receiving Agent or a duly completed Declaration and Indemnity has been received by the Receiving Agent and accepted by the Offeror. See the section of the Tender Offer Memorandum entitled "*Procedures for Participating in the Offers – Preference Shares not held in CREST*" for further information.

**14 What will happen to the Preference Shares once they are purchased by the Offeror?**

Preference Shares repurchased by the Offeror pursuant to the Offers will be cancelled and will not be re-issued or re-sold. Preference Shares which have not been validly submitted and accepted for purchase pursuant to the Offers will remain outstanding.

**15 Is the Offeror obliged to purchase tendered Preference Shares?**

The Offeror is not under any obligation to accept for purchase any Preference Shares tendered pursuant to an Offer. Tenders of Preference Shares may be rejected in the sole and absolute discretion of the Offeror for any reason. For example, tenders of Preference Shares may be rejected if the relevant Offer is withdrawn or terminated. Holders of the Preference Shares should read carefully and consider the section headed "*Risk Factors and Other Considerations*" in the Tender Offer Memorandum for further details.

**16 What are the tax implications for me if I participate in the Offers?**

The Offeror has not provided any advice as to the tax consequences to Shareholders if they participate in the Offers. You are urged to consult your own professional advisers regarding any possible tax consequences under the laws of the jurisdictions that apply to you or to the sale of your Preference Shares and your receipt of the relevant Purchase Consideration and, if applicable, the relevant Incremental Accrued Dividend Payment.

Please also bear in mind that you are liable for your own taxes in connection with the Offers.

**17 Should I participate in the Offers and what factors should I consider before taking a decision?**

You are solely responsible for making your own independent assessment of all matters you believe are appropriate (including those relating to the Offers and the Offeror), and you must make your own decision whether to tender any or all of your Preference Shares for purchase pursuant to the Offers.

If you are in any doubt as to the action you should take (including in respect of any tax or legal consequences), you should immediately seek your own financial and/or legal advice from your broker, bank manager, solicitor, accountant, fund manager or other independent financial, tax or legal adviser.

Please note that the Offeror is acting only for itself in relation to the Offers. This means that the Offeror will not be responsible to you or any other person for providing the protections which would be given to customers of the Offeror or for providing advice in relation to any Offer.

Please also bear in mind that:

- (i) if you decide to participate in the Offers, and the Offeror accepts for purchase the Preference Shares that you tender in the Offers, then, after settlement of the Offers, you will no longer hold those Preference Shares and you will no longer be entitled to any dividend payments for those Preference Shares;
- (ii) whether or not the Offers are completed, the Offeror retains the right to seek to purchase, after the Offers, the Preference Shares, at purchase prices which may be more or less than the prices to be paid under the Offers and on terms which may be more or less favourable than those applying to the Offers; and
- (iii) the Offeror will announce on 22 November 2021 whether it will accept tenders of Preference Shares received by the Receiving Agent before the General Expiration Deadline, and the Offeror will announce on 10 December 2021 whether it will accept tenders of Preference Shares received by the Receiving Agent prior to the Retail-only Expiration Deadline but after the General Expiration Deadline and the Offeror will only be obliged to purchase Preference Shares following publication of such announcements.

Before deciding whether you would like to participate in the Offers, please ensure that you carefully read the whole of the Tender Offer Memorandum and in particular, you should read the “*Risk Factors and Other Considerations*” section of the Tender Offer Memorandum.

**18 Will I continue to receive dividend payments if I participate in the Offers?**

Holders whose Preference Shares are purchased pursuant to the Offers will not be eligible for any dividends or payment of any other amount in respect of such Preference Shares following the relevant Settlement Date. See question 7 above for further details of dividend payments with respect to the Offers.

The next dividend payment date pursuant to the terms of the 9.25% Preference Shares and the 9.75% Preference Shares is 30 November 2021 (for which purposes the Record Date for each Series is 5 November 2021). Irrespective of their participation in the relevant Offers, Holders of such Preference Shares as at the Record Date will be entitled to the dividend payment due on 30 November 2021 pursuant to the terms of each Series.

Such payment dividend will be in addition to any payment of the Purchase Price and any Incremental Accrued Dividend Payment by the Offeror pursuant to the terms of the relevant Offer.

**19 Is there any limit to the number of Preference Shares that may be accepted pursuant to the Offers?**

No, the Offers are being made for “any and all” Preference Shares held by the relevant Shareholders. However, the Offeror is under no obligation to accept for purchase Preference Shares tendered pursuant to the relevant Offer, and accordingly any such tender may be accepted or rejected by the Offeror in its sole and absolute discretion and for any reason.

**20 Can I tender other securities issued by the Offeror for purchase?**

The Offers being made pursuant to the Tender Offer Memorandum are only being made in respect of the Preference Shares.

**21 Are the Offers subject to any restrictions?**

Yes. Please see “*Offer and Distribution Restrictions*” in the Tender Offer Memorandum for full details.

**OFFEROR**

**Lloyds Banking Group plc**

The Mound  
Edinburgh EH1 1YZ  
United Kingdom

**DEALER MANAGERS**

**Credit Suisse International**

One Cabot Square  
London E14 4QJ  
United Kingdom

Tel: +44 20 7883 8763

Email: [liability.management@credit-suisse.com](mailto:liability.management@credit-suisse.com)

Attn: Liability Management Group

**Lloyds Bank Corporate Markets plc**

10 Gresham Street  
London EC2V 7AE  
United Kingdom

Tel: +44 20 7158 1719 / 1726

Email: [liability.management@lloydsbanking.com](mailto:liability.management@lloydsbanking.com)

Attn: Liability Management Group

**Merrill Lynch International**

2 King Edward Street  
London, EC1A 1HQ  
United Kingdom

Tel: +44 207 996 5420

Attention: Liability Management Group

Email: [DG.LM-EMEA@bofa.com](mailto:DG.LM-EMEA@bofa.com)

Shareholders who hold their Preference Shares in certificated form may contact:

**RECEIVING AGENT**

**Equiniti Limited**

Corporate Actions  
Aspect House  
Spencer Road  
Lancing  
West Sussex BN99 6DA  
United Kingdom

Shareholders who hold their Preference Shares through the LBGSA Nominee may contact:

**LBGSA NOMINEE**

**Equiniti Financial Services Limited**

Aspect House  
Spencer Road  
Lancing  
West Sussex BN99 6DA  
United Kingdom

[www.shareview.co.uk/clients/lloydsoffer](http://www.shareview.co.uk/clients/lloydsoffer)

Telephone: 0371-384-2458<sup>3</sup>

If calling from outside the UK +44 371-384-2458

Shareholders who hold their Preference Shares in CREST may contact:

**INFORMATION AGENT**

**Lucid Issuer Services Limited**

The Shard  
32 London Bridge Street  
London SE1 9SG  
United Kingdom

Freephone: 0800 048 5511<sup>4</sup>  
If calling from outside the UK +44 800 048 5511  
Attention: David Shilson / Owen Morris  
Email: [lbg@lucid-is.com](mailto:lbg@lucid-is.com)  
Website: <https://deals.lucid-is.com/lbg>

#### LEGAL ADVISERS

*To the Offeror*

**Linklaters LLP**  
One Silk Street  
London EC2Y 8HQ  
United Kingdom

*To the Dealer Managers*

**Clifford Chance LLP**  
10 Upper Bank Street  
London E14 5JJ  
United Kingdom

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<sup>3</sup> Lines are open from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding English and Welsh public holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Please note that calls may be recorded and randomly monitored for security and training purposes. Please note that Equiniti Limited and Equiniti Financial Services Limited cannot provide advice on the merits of the Offers or give financial, tax, investment or legal advice.

<sup>4</sup> Open from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday. Please note that Lucid Issuer Services Limited cannot provide advice on the merits of the Offers or give financial, tax, investment or legal advice.