

Supporting UK Businesses

Our Credentials (November 2018)

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- ▶ Group returned to full private ownership at a surplus for the UK taxpayer.
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▶ **1,000,000+**

Businesses served by Lloyds Banking Group ranging from start-ups and SMEs to global corporations nationwide.

▶ **£6.3bn**

Underlying profit of £6.3bn for the first three quarters of 2018.

Bank of Scotland has been dedicated to the customers, businesses and communities of Scotland for over 300 years. We are a simple, low-risk, UK-focused bank, that fully recognises the importance of Commercial Banking in supporting the UK economy.

Lloyds Banking Group is a financial services group that incorporates a number of brands including Bank of Scotland. More information on Lloyds Banking Group can be found at lloydsbankinggroup.com. The Group has a strong nationwide presence; it has the largest network of branches in the UK and serves over 27 million customers.

Unless otherwise stated, the information provided here is as reported in the Group's H1 2018 results.

Best Bank for Customers

For the fourth year running Lloyds Banking Group have been voted 'Business Bank of the Year' by UK finance directors at the FDs' Excellence Awards.



Business Bank of the year

2015-2018

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Figures at a glance

Financial Strength

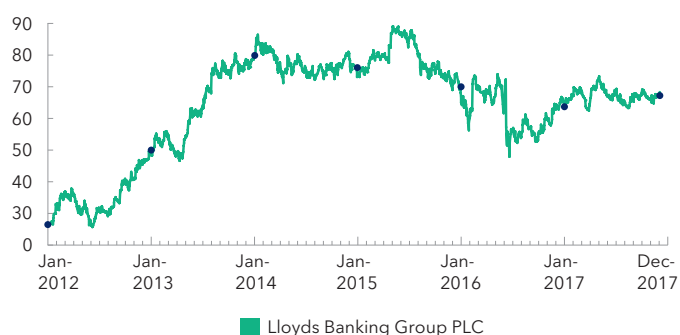
The Group has continued to decrease risk. This is reflected in our robust capital metrics, strong liquidity position and significantly de-risked lending portfolio.

- ▶ Our Group loan to deposit ratio now stands at 105% compared to over 150% in 2010, with the significant improvement in this measure as a result of the growth in customer deposits and the reduction in our overall wholesale funding requirement and non-core assets.
- ▶ Our Group customer deposits now stand at £422 billion.
- ▶ Our balance sheet position remains among the strongest of our major banking peers worldwide – a Common Equity Tier 1 ratio of 15.50%. This positions us well against the backdrop of evolving regulatory requirements for capital and leverage.
- ▶ Group total income at £14.2bn for the first three quarters of 2018.

Helping Britain Prosper

Bank of Scotland continues to support our Helping Britain Prosper commitment by delivering sustainable growth. SME lending is up 2 per cent, once again outperforming the market and providing valuable support to the economy. We have exceeded the £4 billion Helping Britain Prosper funding commitment for manufacturing businesses, for the four years to 2017. The Group has supported c.6,800 clients in 2017 to export for the first time and helped clients break into new markets through the International Trade Portal. Following the launch of the Green Loan Initiative in 2016, the Group has provided in excess of £0.5 billion of green lending, improving the energy efficiency of over 5 million square feet of real estate. The Environment, Social and Governance (ESG) programme – to finance SMEs and healthcare providers in the most economically and disadvantaged areas of the UK – remains a key focus for the Group.

Share Price Movement January 2012 – December 2017



Share price information available at www.lloydsbankinggroup.com/investors/share-price-info

Strongly Capitalised Bank

	Common Equity Tier 1* (%)	Total Capital Ratio %
Lloyds Banking Group PLC	15.50%	21.80%
(Pre 2018 dividend accrual)		
Peer Banks**	14.30%	20.80%

* Common Equity Tier 1 is a key capital ratio used by regulators and the market, to assess a bank's capital strength.

** Peers are (a mean average of) RBS, Santander UK, Barclays and HSBC as reported at Q3 2018.

Credit Rating

(as per November 2018)

Bank of Scotland plc

Agency	Long Term	Short Term
Moody's	Aa3	P-1
Fitch	A+	F1
Standard and Poor's	A+	A-1

Credit Default Swap Spread*** January 2012 – December 2017



Source: Bloomberg 31/12/2017

*** Credit Default Swap Spread in Euros. A credit default swap is a type of credit derivative. It is an arrangement whereby the credit risk of an asset is transferred from the buyer to the seller of protection. The entity selling protection receives premium or interest-related payments in return for contracting to make payments to the protection buyer upon a defined credit event (e.g. bankruptcy or downgrades by a rating agency).

Please contact us if you would like this information in an alternative format such as Braille, large print or audio.

Important information

Bank of Scotland plc. Registered Office: The Mound, Edinburgh EH1 1YZ. Registered in Scotland no. SC327000.

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under Registration Number 169628.

Eligible deposits with us are protected by the Financial Services Compensation Scheme (FSCS). We are covered by the Financial Ombudsman Service (FOS). Please note that due to FSCS and FOS eligibility criteria not all business customers will be covered.

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