<u>LLOYDS' STRONG NINE MONTH RESULTS – BANK OVERDUE TO CLEAN UP ITS ACT</u>

Yesterday, Lloyds Banking Group announced strong third quarter figures, with Q3 revenues +20% y.o.y. and pre-tax profits +96% y.o.y. Pre-tax profits for the nine month period reached £5.9bn. The Financial Times commented that Lloyds has over £4bn in excess capital, given its tier one ratio of 17.2%, which the paper described as "far above its regulatory requirements". Banking analysts have been predicting share buybacks across the sector because banks are experiencing stronger conditions than many industries and an excess of capital over demand for loans. Consequently, Lloyds is expected to announce a share buyback of £2bn next February.

The turnaround in impairment charges was equivalent to almost 90% of the improvement in Lloyds' pre-tax profits for the nine month period. In addition to pandemic-related loan losses being lower than anticipated, Lloyds is continuing to deny compensation to victims of its frauds and is receiving comprehensive support to do so from the FCA, NCA, BBRS and regional police authorities including Avon & Somerset. Lloyds, HM Treasury and the regulators consider that this is still somehow acceptable but investors know better and will not re-rate the shares until the bank cleans up its act.

Estimated share buy-backs (value bn)

	Lloyds	Barclays	NatWest	HSBC
2021	£2.0	£2.5	£0.8	$2.0*
2022	1.5	2.5	1.3	3.0
2023	1.0	2.0	1.3	3.0

Source: Jefferies; * announced

We will not stray into the territory of banking sector analysts but instead focus on what we have spent nearly a decade researching – widespread and serious wrongdoing by Lloyds Banking Group, its officers and professional agents and its ongoing cover up by every arm of state.

The areas of concern, which are described below, remain broadly unchanged and unaddressed:

HBoS Reading: Up to June 2021, Lloyds had spent £585mn on dealing with Reading, which is widely believed to have been a £1bn fraud. However, an estimated 70% of this expense had been outlaid on lawyers and a series of sham reviews, notably those by Griggs and Cranston and only £175mn was estimated to have been provided in compensation for victims of the fraud. In Q3, the bank added just £40mn to its Reading provision, so we estimate that less than 20% of the bank's liability has been admitted. Then, if a bank fears adverse news from a review it has commissioned, it can always kick the can down the road, as Lloyds has done with the Dobbs review - the third postponement of which took place in July.

National Crime Agency (NCA) & banks' forged signatures: Since July 2019, the NCA has received 703 separate crime reports and 26 folders of evidence of signature forgery and the use by banks of invalid legal documentation, including in court. Leading banks accused of these criminal offences are Lloyds and RBS. However, the NCA Director-General Lynne Owens has steadfastly refused to investigate and in July this year, an NCA spokesman confirmed that the agency still had “no active investigation”. During the summer, Lynne Owens stepped down quietly and was replaced by Graeme Biggar, the head of the in-house National Economic Crime Centre (NECC), who can absolutely be relied upon not to investigate and to maintain the cover up of all wrongdoing.

Business Banking Resolution Service (BBRS) – a national scandal: The BBRS was set up following the Walker Review in November 2018, with the mandate from Chancellor Philip Hammond “to resolve as many historic banking complaints as possible”. However, it was only launched in February this year after interminable and unresolved discussions about eligibility. Despite an estimated five hundred applicants to the scheme, SME Alliance, a small business victims’ group and the All Party Parliamentary Group (APPG) for fair business banking, chaired by Rt. Hon Kevin Hollinrake MP, are unaware of any cases which have even been accepted as eligible for the BBRS, let alone been resolved. A sum expected to be approaching £30mn has been spent on the scheme, which can now be revealed as a complete and deliberate sham, sponsored by the seven leading banks and championed by the Economic Secretary to HM Treasury and City Minister, Rt. Hon John Glen MP. In retrospect, the BBRS was clearly never intended to deliver justice and compensation to victims of serious banking misconduct and fraud.

Avon & Somerset Police – turned blind eye to serious criminal fraud: The regional Police authority has spent over a decade refusing to investigate overwhelming evidence of wrongdoing associated with Lloyds Bank Bristol and its two associated secondary lenders. There is strong and verifiable linkage between HBoS Reading and the Lloyds Bristol and related frauds, with networks of corrupt bank officers and their professional agents on a scale, which the UK may never have seen before. Avon & Somerset Police’s refusal to investigate has become nationally notorious as a prime example of high-level police malfeasance. As in the case of the NCA, if you do not investigate, there can never be any finding of wrongdoing. It is as simple, as it is deeply corrupt.

With its strong return to profitability, Lloyds Banking Group has the opportunity to address these matters comprehensively and put its past wrongdoing firmly behind it. However, if the bank proceeds in coming months to buy back shares using its £4bn of excess capital, while simultaneously continuing to deny compensation to victims of its criminal frauds, the bank’s reputation will rightly remain depressed, along with its share price which remains at historically low levels. More importantly, the City of London’s international reputation for integrity in banking and financial services will continue to suffer badly as a consequence.