



ASSUMPTIONS USED IN YOUR 2016 PENSION STATEMENT

The assumptions outlined below apply to the following schemes (which are referred to as 'the Scheme' throughout this document):

- Lloyds Bank Pension Scheme No.1, Defined Benefit section
- Lloyds Bank Pension Scheme No.1 (C&G Division), Defined Benefit section
- Lloyds Bank Pension Scheme No.1 (Factors Sub Section), Defined Benefit section
- Lloyds Bank Pension Scheme No.2, Defined Benefit section
- Lloyds Bank Pension Scheme No.2 (Hill Samuel Division)
- Lloyds Bank Offshore Pension Scheme, Defined Benefit section.

Your 2016 pension statement includes an estimate of the future pension you could buy from the value of your Pension Extra fund at your normal/target retirement age. For the first time, your statement also includes an estimate of what the value of your Pension Extra fund might be at your normal/target retirement age. You can find details of your estimated pension and projected fund value in your pension statement.

Your estimated projected fund value and pension are shown in today's prices and are based on the following assumptions:

- You continue working until your normal/target retirement age. Your normal/target retirement age is shown in your pension statement.
- If you make Pension Extra contributions, these will continue at your 5 April 2016 rate until your normal/target retirement age.
- Your pay will increase by 2.5% a year.
- Future price inflation, as measured by the Retail Prices Index (RPI), is 2.5% a year.
- You continue to invest in your current investment funds until your normal/target retirement age.
- The funds that you are invested in grow at the following rates:

Investment fund	Assumed growth rate a year
Asia Pacific Equity Fund <small>Excluding Japan</small>	6.5%
Continental Europe Equity Fund	6.5%
Corporate Bond Fund	3.0%
Destination Cash	2.5%
Emerging Markets Equity Fund	6.5%
Global Journey	6.5%
Japan Equity Fund	6.5%
North America Equity Fund	6.5%
Property Fund	5.0%
UK Equity Fund	6.0%
Your Journey	4.0%
Your Journey Extra	4.5%
Your Destination <small>Increasing Income</small>	2.5%
Your Destination <small>Level Income</small>	2.5%



Need to know

The assumed growth rates of the investment funds are reviewed every year. For this year's statement, we've used lower investment return assumptions to better reflect how investment markets may perform in the future. The annuity rate assumptions that we have to use are also lower this year. This means that some members will see a lower pension estimate from their Pension Extra fund than they have in the past. Remember, this is only an estimate, which may change again in the future.

These are assumptions only and may not correspond with the actual performance of the funds.

Assumptions continued below

Additionally, to estimate your future pension at normal/target retirement age, we have used the following assumptions:

- You do not take any of your Pension Extra fund as a tax-free cash lump sum.
- You buy a pension that increases each year with RPI. Please note, if you are a member of the Lloyds Bank Offshore Pension Scheme, the RPI increase will be relevant to your island's jurisdiction.
- You buy a pension that includes provision for a spouse's pension of 50% of your pension, which is payable after you die.

You can choose different options to this at retirement.



Important note

The projected fund value and pension shown in your pension statement are estimates only. They are based on one set of assumptions, which means your actual benefits on retirement are likely to be very different.

The value of your Pension Extra fund at retirement will be based on the actual performance of your investments. The value of your pension on retirement depends on actual investment growth, but also the type of pension you choose to buy and how much it costs to buy a pension when you retire.

The information provided in your pension statement does not represent any promise or guarantee as to the benefits that you (or a beneficiary) may receive under the Scheme.