



ASSUMPTIONS USED IN YOUR 2014 PENSION STATEMENT

The assumptions detailed 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 2014 pension statement includes an estimate of the future pension(s) you could receive from your Pension Extra/Bonus Sacrifice/transferred-in fund(s) at your normal/target retirement age. You can find your estimated pension(s) on page 3 of your pension statement.

To illustrate your future pension(s) at normal/target retirement age, we use the following assumptions:

- You continue working until your normal/target retirement age. Your normal/target retirement age is shown on page 2 of your pension statement.
- If you make Pension Extra contributions, these will continue at the 5 April 2014 rate until your normal/target retirement age.
- If you have a Bonus Sacrifice fund, no further Bonus Sacrifice contributions will be made.
- Your pay will increase by 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
Emerging Markets Equity Fund	7.5%
Asia Pacific Equity Fund <small>Excluding Japan</small>	7.0%
Continental Europe Equity Fund	7.0%
Global Journey	7.0%
Japan Equity Fund	7.0%
North America Equity Fund	7.0%
UK Equity Fund	7.0%
Property Fund	6.0%
Your Journey Extra	6.0%
Your Journey	5.0%
Corporate Bond Fund	4.0%
Your Destination <small>Level Income</small>	3.5%
Destination Cash	3.0%
Your Destination <small>Increasing Income</small>	2.5%



IMPORTANT NOTE

In last year's pension statement, an assumed growth rate of 7% was used for all funds. However, as some funds, e.g. Destination Cash, are not expected to produce returns of 7% a year over the long term, the assumed growth rates for this year's statement have been reduced to make them more realistic. This may mean that your estimated pension is lower this year than it was last year. Please remember that this is only an estimate and your actual pension will depend on actual investment growth and annuity rates at retirement.

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

Assumptions continued below

- Future price inflation, as measured by the Retail Prices Index (RPI), is 2.5% a year.
- At retirement:
 - You do not take any of your 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 your death.

The pension(s) you will receive on retirement will vary from the estimated amount(s) shown. Your pension(s) will depend on a number of factors, such as:

- the actual performance of your chosen investments;
- the type of pension you choose to buy; and
- how much it costs to buy a pension when you retire.

Your pension statement is for illustration only. It does not represent any promise or guarantee as to the amount of pension that you (or a beneficiary) may receive under the Scheme.