PRESS RELEASE

WEDNESDAY 29 MARCH 2017

LLOYDS BANK

EMBARGOED UNTIL 00:01 HRS WEDNESDAY 29 MARCH 2017

Consumers' confidence in their personal finances continues to rise

- **Sentiment towards the country's financial situation remains steady**
- **But confidence in the UK housing market plummets**
- **Spending on essentials increases for a sixth successive month**

People's confidence in their own finances grew stronger in February, according to the latest Lloyds Bank Spending Power Report.

As the UK prepares to trigger Article 50, Lloyds Bank's regular consumer survey – conducted in conjunction with Ipsos MORI – found that positivity towards personal finances increased by 5pp to 68% last month. That's marginally higher (+2pp) than at the time of the EU Referendum vote in June 2016.

Confidence is buoyed by improved sentiment towards the country's financial situation, which rose by 3pp to 43%, and increased numbers feeling good about their own job security, up 2pp to 81%. The level reporting disposable income reported remains steady, at 80% just 2pp down from last month.

However, resilient consumer opinion does not extend to bricks and mortar, with confidence in the housing market dropping 9pp to 37%, its lowest level since July 2013. Amongst those surveyed, homeowners registered the biggest decrease, falling 11pp to 42%, while renters are now at 26% compared to 31% in January. The majority of those surveyed also continue to have a negative view of inflation; at 53% this measure deteriorated to its worst level since December 2014.

Lloyds Bank's analysis of its own current account data showed that the year-on-year increase in consumers' essential spending – made up of rent, mortgage and required debt payments, utility bills, council tax, TV licence, food and fuel – edged closer to 2% in February. Driven in part by the highest rate of inflation since 2013, this was a sixth consecutive month of expenditure growth.

Outlay on groceries, which accounts for around 40% of all essential spend, rose by over 1%, a 10th consecutive month of growth. Meanwhile spend on petrol and diesel surged by around 12% year-on-year – the highest growth rate since essential spending records began in early 2013, and considerably higher than the rate of around 10% seen in January.

MEDIA CONTACTS

Gregor Low
07500 078 879
gregor.low@lloydsbanking.com

Robin Bulloch, Managing Director, Lloyds Bank said: *"Despite a melting pot of economic uncertainty – from the prospect of Brexit to the impact of inflation – UK consumers are demonstrating a remarkable resilience when it comes to their own personal finances. Of course the full effect of these factors will only truly be felt in the long run, and people may already have one eye on this when it comes to confidence in the housing market."*

Notes to editors

The Lloyds Bank Spending Power Report is derived from independent consumer research and current account data of Lloyds Bank, Halifax and Bank of Scotland customers. This provides a robust and representative sample of the entire UK market and its essential spending behaviours.

Essential spending components are made up of rent, mortgage and required debt payments, utility bills, council tax, TV licences, food and fuel, which are identifiable from card spending, direct debits and standing orders from current account data. There are strong calendar effects within essential spending components, some of which will be accounted for using year-on-year growth rates while we attempt to adjust for irregular calendar effects. As a longer history of data becomes available, the adjustment methodology may be altered in future to better correct some of these changes.

Contains public sector information licensed under the Open Government Licence v3.0.

Each month, over 2,000 adult bank account holders are asked about their current and future spending habits and how their commitments affect their spending power. Consumer research is compiled in conjunction with Ipsos MORI: Ipsos MORI interviewed a representative sample of 2070 adults who hold a bank account aged 18-75 across the United Kingdom. Interviews were conducted online during 6th February – 14th February 2017. Survey data were weighted to the known population proportions of this audience. People or people's refers to people surveyed as per Editor's notes.

Research previously conducted by TNS during January 2011 - December 2014 (Feb 2011 Base: 2001). Jan 2015 – February 2017 research conducted by Ipsos MORI.

This information is intended for the sole use of journalists and media professionals.

This document has been prepared by Lloyds Bank plc ("Lloyds Bank/Us/Our/We") for information purposes only. This document is not intended to be investment research and has not been prepared in accordance with legal requirements to promote the independence of investment research and should not necessarily be considered objective or unbiased. Any views, opinions or forecast expressed in this document represent the views or opinions of the author and are not intended to be, and should not be viewed as advice or a recommendation. You should make your own independent evaluation, based on your own knowledge and experience and any professional advice which you may have sought, on the applicability and relevance of the information contained in this document.

The material contained in this document has been prepared on the basis of information believed to be reliable and whilst We have exercised reasonable care in its preparation, no representation or warranty, as to the accuracy, reliability or completeness of the information, express or implied, is given. This document is current at the date of publication and the content is subject to change without notice. We do not accept any obligation to any recipient to update or correct this information. Lloyds Bank, its Directors, officers and employees are not responsible and accept no liability for the impact of any

MEDIA CONTACTS

Gregor Low
07500 078 879
gregor.low@lloydsbanking.com

PRESS RELEASE

LLOYDS BANK

WEDNESDAY 29 MARCH 2017

decisions made based upon the information, views, forecasts or opinion expressed. © Lloyds Bank plc all rights reserved 2017.

This document has been prepared by Lloyds Bank, which is a trading name of Lloyds Bank plc. Lloyds Bank plc. Registered Office: 25 Gresham Street, London EC2V 7HN. Registered in England and Wales no. 2065. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under registration number 119278.

MEDIA CONTACTS

Gregor Low
07500 078 879
gregor.low@lloydsbanking.com