

LLOYDS
BANKING GROUP



FIXED INCOME INVESTOR PRESENTATION

Q3 2020

Group Overview & Strategy





Encouraging business recovery with return to profitability in Q3

Encouraging business recovery in a challenging operating environment

- **Open mortgage book up £3.5bn in Q3 and 22% share of approvals¹**
- Supporting businesses with **18% share of government support loans²**
- **Deposits up £35bn YTD** with Retail current accounts growing ahead of market
- **Q3 impairment experience benign**, although outlook remains uncertain

Resilient business model with return to profitability in Q3

- **Significant improvement in statutory profit** in Q3, with **RoTE of 7.4%**
- **BAU costs down 5% year on year** with continued focus on efficiency
- **Impairment and RWA guidance enhanced** with other guidance maintained
- **CET1 strengthened, with significant headroom to requirements and target**

Continued focus on strategic execution

- Ongoing investment with GSR3 **strategic investment of £2.6bn** to date
- **Record digital customer engagement and satisfaction scores**
- **Learnings from coronavirus crisis** will inform future strategic thinking

Best bank for customers, colleagues and shareholders





Continuing to build an inclusive and more sustainable future



Proactive response to coronavirus pandemic

- Working with the Government, regulators and other stakeholders to **help Britain recover**
- Proactively **supporting customers, colleagues and communities**; mental health and well-being key areas
- Guaranteed **£25.5m of funding to our charitable Foundations** in 2021 to continue vital work in communities



Diversity

- Announced **Race Action** plan to **drive cultural change, recruitment and progression** across the Group
- Quantified target to **increase Black representation in senior roles** in addition to existing diversity targets
- Moody's note the **Race Action plan is credit positive** given improved diversity and reduced social risk



Sustainability

- Ambitious goal to help **reduce the carbon emissions we finance by >50% by 2030**
- **2030 internal carbon reduction target already met**; developing **new internal carbon, energy and travel targets**
- **5 new green customer propositions**, including home energy saving tool and sustainable agriculture product
- **Committed to invest £2bn in BlackRock's climate transition fund** via Scottish Widows flagship pension fund

See more detail in our [2020 ESG Investor Presentation](#)



Well placed to deliver for shareholders

OUR
PURPOSE

Helping Britain
Prosper

OUR
AIM

Best bank for
customers,
colleagues and
shareholders

OUR
BUSINESS
MODEL

Digitised, simple,
low-risk, customer
focused, UK
financial services
provider



- Return to profitability with Q3 statutory profit after tax £688m and RoTE 7.4%
- Mortgage activity picking up strongly and increase in Retail current accounts ahead of the market; business strength offsetting yield curve pressure
- Continued cost leadership, solid pre-provision profit and enhanced capital strength provide significant loss absorbing capacity
- Significant uncertainties remain and will persist while pandemic continues
- 2020 guidance reflects proactive response to the challenging economic environment; based on current macroeconomic assumptions
 - NIM expected to remain broadly stable around c.240bps in Q4, resulting in a full year margin of c.250bps
 - Operating costs to be below £7.6bn
 - Impairment now expected to be at the lower end of the £4.5bn to £5.5bn range
 - RWAs now expected to be broadly stable at Q3 level
- Well positioned for long-term superior and sustainable returns

Q3 2020 Results





Resilient business model with return to profitability in Q3

	<u>Q3 2020¹</u>	<u>2020 YTD¹</u>
Net income	£3.4bn (2)%	£10.8bn (17)%
Cost:income ratio (incl. remediation)	56.9% +1.7pp	53.8% +7.3pp
Pre-provision operating profit	£1.5bn (6)%	£5.0bn (28)%
Impairment	£301m	£4.1bn
Statutory profit before tax	£1,036m	£434m
Statutory return on tangible equity	7.4% +12.2pp	2.5% (4.3)pp
TNAV	52.2p +0.6p	52.2p +0.2p
CET1 ratio	15.2%	

- Q3 net income £3.4bn, down 2% on Q2; Q3 NIM 2.42%
- Other income of £1.0bn in Q3 impacted by lower customer activity levels and AMMR² charge
- Total costs £5.8bn YTD, down 4%; BAU costs down 5%
- Return to profitability in Q3 with statutory profit before tax of £1.0bn and profit after tax of £0.7bn
- TNAV of 52.2p, increased 0.6p on Q2
- Balance sheet strength maintained and capital enhanced
 - Loan:deposit ratio 98% with asset growth and significant increase in deposits
 - CET1 ratio of 15.2% (14.0% excluding transitionals)



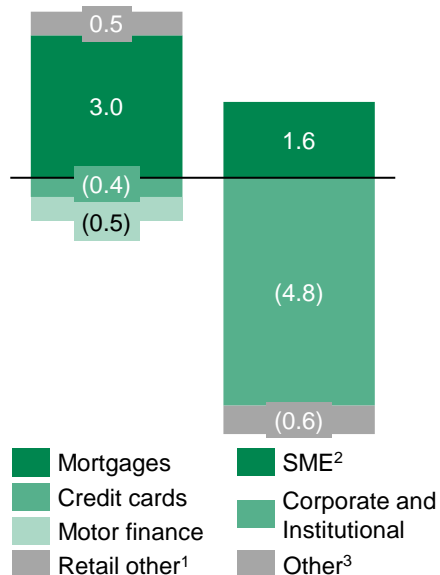
Strength of customer franchise in Q3

Movement in lending in Q3

(£bn)

Retail
+£2.6bn

Commercial
-£3.8bn

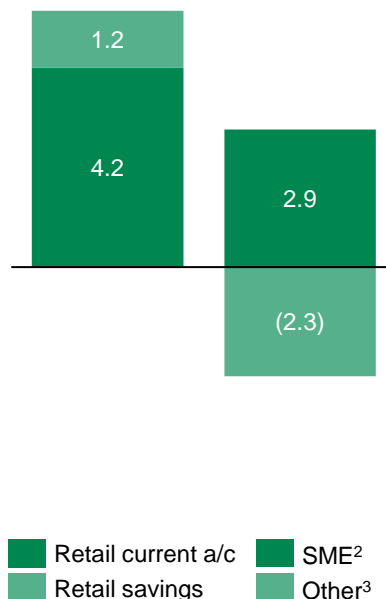


Movement in deposits in Q3

(£bn)

Retail
+£5.4bn

Commercial
+£0.6bn



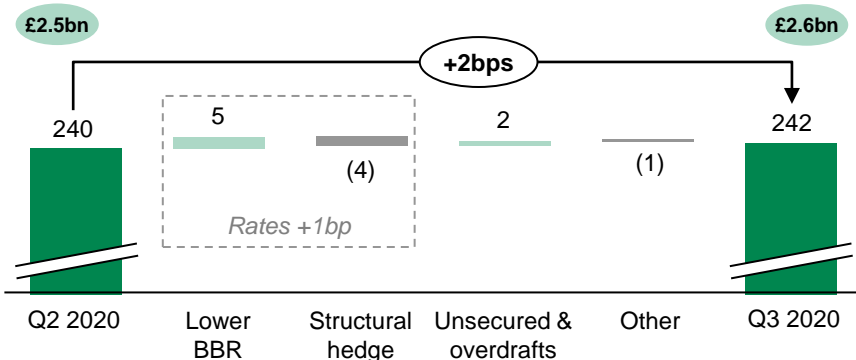
- **£3bn net growth in mortgages in Q3 with £3.5bn increase in open mortgage book; 22% market share of approvals⁴ and strong pipeline**
- **Consumer finance balances 2% below Q2⁵**
- **SME borrowing largely through government-backed schemes; estimated c.50% remain on deposit**
 - c.£11bn⁶ of government support scheme lending with market share of 18%⁷
 - Reduction in corporate and institutional balances includes repayment of RCFs and other facilities
- **AIEAs slightly higher in Q3 and expected to benefit in Q4 from increased mortgage lending**
- **Deposits up £35bn YTD with Retail current accounts up ahead of the market in Q3 given inflows to our trusted brands**
 - Retail deposits up c.£19bn, Commercial up c.£16bn



Emerging margin stability with stronger volume growth

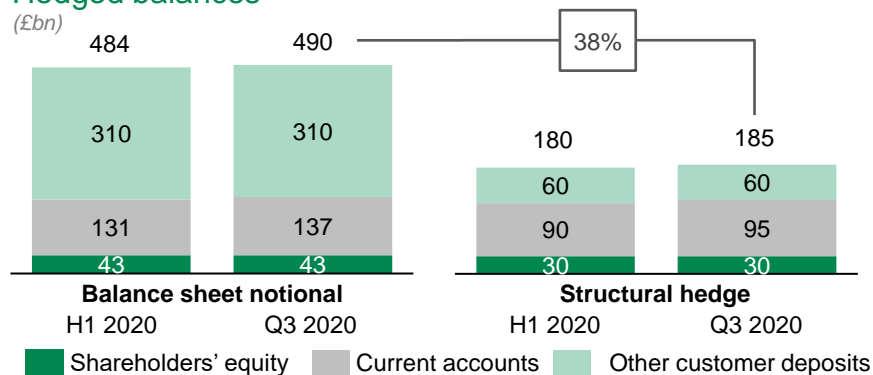
Net interest income and banking net interest margin

(£, bps)



Hedged balances¹

(£bn)



- **NII of £8.1bn YTD, £2.6bn in Q3**

- Q3 NIM of 242bps, consistent with guidance; strong lending performance will support Q4 NII, offsetting yield curve pressure
- Growth in high quality mortgages with new business margins above front book maturities
- AIEAs slightly higher at £436bn in Q3 with growth in mortgages and support scheme lending, offset by lower retail unsecured and corporate and institutional balances

- **Structural hedge of £185bn; c.2 years weighted average life and YTD hedge earnings 0.8% or £1.1bn over average LIBOR**

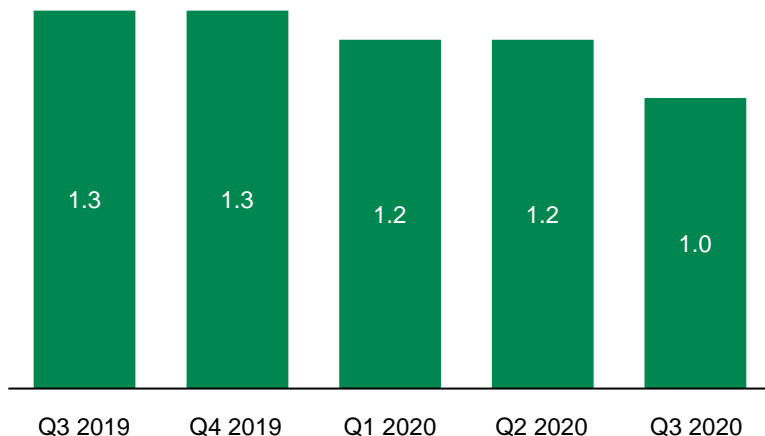
- **NIM expected to remain broadly stable around c.240bps in Q4, resulting in a full year margin of c.250bps**

1 – The external sterling structural hedge notional is managed as a portfolio, split shown is indicative.



Low level of customer activity continues to impact other income

Other income (£bn)

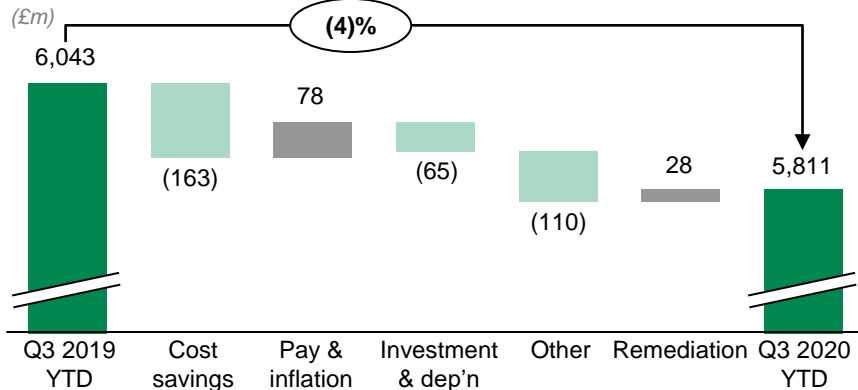


- **Other income of £3.4bn YTD with £1.0bn in Q3**
- **Q3 impacted by lower activity and c.£80m one-off charge relating to Asset Management Market Review (AMMR)**
 - Resilient Q3 in Retail supported by increased card spend
 - Lower markets and modest transaction banking volumes in Commercial
 - Insurance impacted by reduced levels of new business, AMMR charge and positive one-off methodology change in H1 2020
- **Expected to remain muted in Q4 given activity levels and potential persistency assumption changes**
- **Ongoing investment to build the business and increase diversification, with activity expected to recover in 2021**



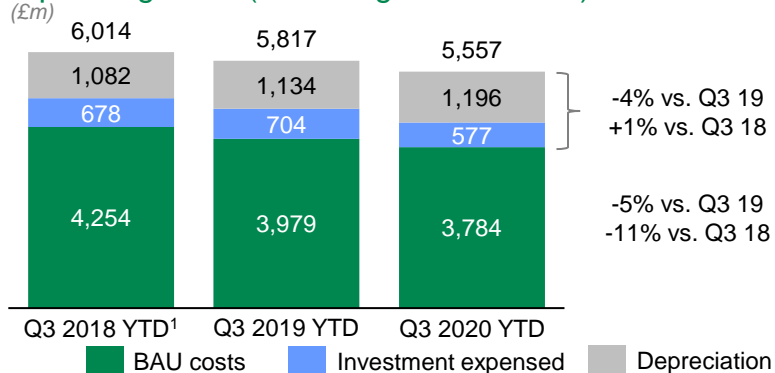
Continued progress in efficiency enabling ongoing strategic investment

Total costs



- **Total costs of £5.8bn down 4% with operating costs down 4%**
 - 5% lower BAU costs enables continued investment and enhanced customer support, whilst partly offsetting revenue pressures
 - £28m additional remediation charges relating to existing programmes
- **Investment spend of £1.6bn adapted to the pandemic situation; 16% lower than prior year**
 - Continued investment in the Group's long-term development; £2.6bn GSR 3 strategic spend to date
- **Operating costs expected to be below £7.6bn in 2020**

Operating costs (excluding Remediation)



Strong underlying credit performance in Q3, although uncertainty remains

Impairment charges (£m)	Q3 YTD	Q3 20	H1 20	PY YTD	Incr.
Charges pre-updated MES	1,192	404	788	950	242
Retail	976	398 ¹	578	816	160
Commercial Banking	211	5	206	194	17
Other	5	1	4	(60)	65
Coronavirus impacted restructuring cases²	434	2	432	–	434
Updated economic outlook	2,493	(105)	2,598	–	2,493
Retail	1,442	(75)	1,517	–	1,442
Commercial Banking	851	(30)	881	–	851
Severe scenario overlay	200	–	200	–	200
Total impairment charge	4,119	301	3,818	950	3,169

Expected credit loss	Prob. -weighted	Base case	Upside	Downside	Severe downside
<i>Weighting</i>		30%	30%	30%	10%
Balance sheet ECL	£7,136m	£6,627m	£6,011m	£7,416m	£11,202m

- **Impairment experience in Q3 relatively benign, benefitting from government support schemes**
- **Q3 charge includes additional £205m management overlay in Retail to offset model releases based on Q3 performance, given temporary support programmes**
- **£105m release reflects minor changes to economic assumptions, largely HPI-related**
- **Stock of ECL³ broadly stable at £7.1bn**
 - Base case now includes peak unemployment of 9% in Q1 2021; 2020 GDP (10)% and HPI 2%
 - Severe scenario, weighted at 10%, generates £11.2bn ECL; peak unemployment 12.5% in Q2 21
- **Based on current macroeconomic assumptions, 2020 impairment now expected to be at the lower end of the £4.5bn to £5.5bn range**

Maintained prudent reserving across business lines

(£m)	ECL Q3 2020	Net ECL increase	P&L charge	Write- offs	ECL 2019
Retail	4,289	1,493	2,418	(925)	2,796
Secured	1,772	556	624	(68)	1,216
Cards	1,039	433	792	(359)	606
Motor	557	170	268	(98)	387
Other	921	334	734	(400)	587
Commercial	2,590	1,275	1,496	(221)	1,315
Other	257	207	205	2	50
Total	7,136	2,975	4,119	(1,144)	4,161

	Drawn (£bn) ¹	ECL (£m) ¹	Coverage (excl. Recoveries)			
			Stage 1	Stage 2	Stage 3	Total
Retail	348.6	4,289	0.3%	4.5%	21.7%	1.2%
Secured	289.4	1,772	0.0%	2.2%	16.4%	0.6%
Cards	15.6	1,039	2.2%	19.6%	44.1%	6.7%
Motor	15.4	557	1.6%	7.6%	61.0%	3.6%
Other	28.2	921	1.3%	21.0%	48.2%	3.3%
Commercial	93.5	2,565	0.5%	5.1%	40.4%	2.7%
Other ²	63.6	230	0.3%	7.7%	23.8%	0.4%
Total	505.7	7,084	0.3%	4.6%	29.0%	1.4%

- YTD impairment charge of £4.1bn contributing to £3bn ECL increase, largely in Q2
- Write-offs remain at pre-crisis levels (FY 2019 £1.6bn) although provisions reflect anticipated increase
- Stock of ECL provisions £7.1bn, providing significant balance sheet resilience, consistent with economic forecasts
- Overall coverage remains strong at 1.4% of total lending and 29.0% on Stage 3 assets
- 87% of Retail Stage 2 up to date, 97% in Commercial
- Coverage on Cards portfolio of 6.7%, up 0.4pp in Q3, with proactive charge off policy at 4 months in arrears
 - Stage 2 balances prudently increased from £2.1bn to £3.4bn in Q3
 - With additional 12 month charge off policy, Cards Stage 3 coverage would increase to 69%, overall to 9.1%³

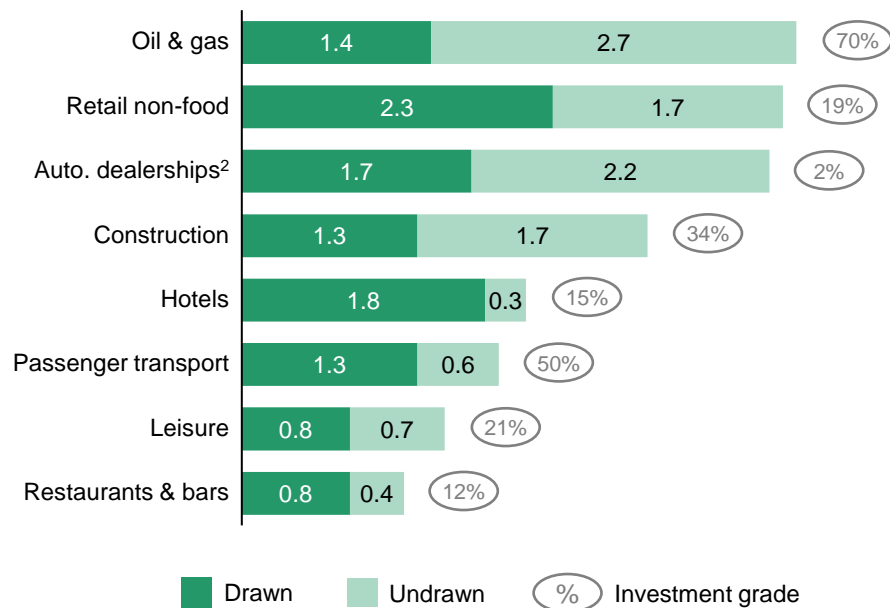
1 – Loans and advances to customers only; excludes £52m of ECL on other assets at 30/09/2020 (£19m at 31/12/2019). 2 – Includes reverse repos of £60.0bn which dilutes reported Group coverage by 0.2pp.

3 – Estimated based on last 12 months charge-offs retained in Stage 3 at appropriate coverage.

Diversified commercial portfolio with limited exposure to most impacted sectors

Lending in key coronavirus-impacted sectors¹

(£bn)



- **Small reduction in balances in coronavirus-impacted sectors since half year**
- **c.2% of Group lending and c.12% of Commercial to key impacted sectors**
- **De-risking of core loan book over the last 10 years**
 - c.70% of total exposure³ at investment grade and significant risk transfer transactions in recent years
 - c.90% of SME lending secured
- **Continued optimisation of corporate and institutional book with revolving credit facilities and other facilities at pre-March levels**
- **CRE portfolio of c.£14.3bn⁴, down £0.4bn in Q3**
 - Average CRE LTV 49% and c.70% with LTV <60%^{4,5}



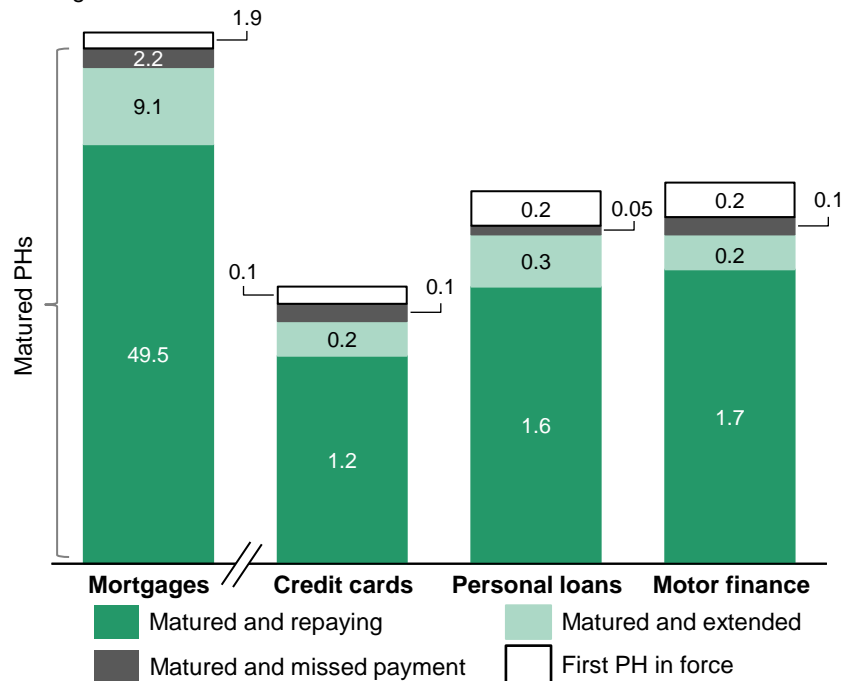
Majority of first payment holidays matured with high proportion repaying

Current status of Retail payment holidays and balances¹

(£bn)

PHs granted 62.7 1.6 2.1 2.2

Outstanding² 13.2 0.4 0.5 0.5



- **Payment holidays granted on £69bn of lending, with <£15bn now outstanding²**
 - 96% of first payment holidays (PHs) have matured, of which 82% of mortgage customers have resumed payment, 80% cards, 82% loans, 84% motor
 - Missed payments on £2.2bn mortgage balances, £91m cards, £47m loans, £138m motor
 - c.30% of extended mortgage PHs now expired with 90% resuming payment
- **c.35% of outstanding PHs in Stage 2³; moving all Stage 1 PHs to Stage 2 would drive <£100m further ECL**
 - Only £300m of credit card balances extended or missed payment, including £91m in early arrears
- **33k SME CRHs⁴, equivalent to £5.9bn and >90% secured; low levels of maturities to date**

1 – Mortgages, credit cards and personal loans at 24/10/2020; motor finance at 23/10/2020. Analysis of mortgage PHs excludes SJP, IF and Tesco portfolios; motor finance PHs exclude Lex Autolease.

2 – Includes matured and extended, matured and missed payment, first PH in force. 3 – At 28/09/2020. 4 – Capital repayment holidays, including Retail Business Banking; at 23/10/2020.

Capital, Funding & Liquidity

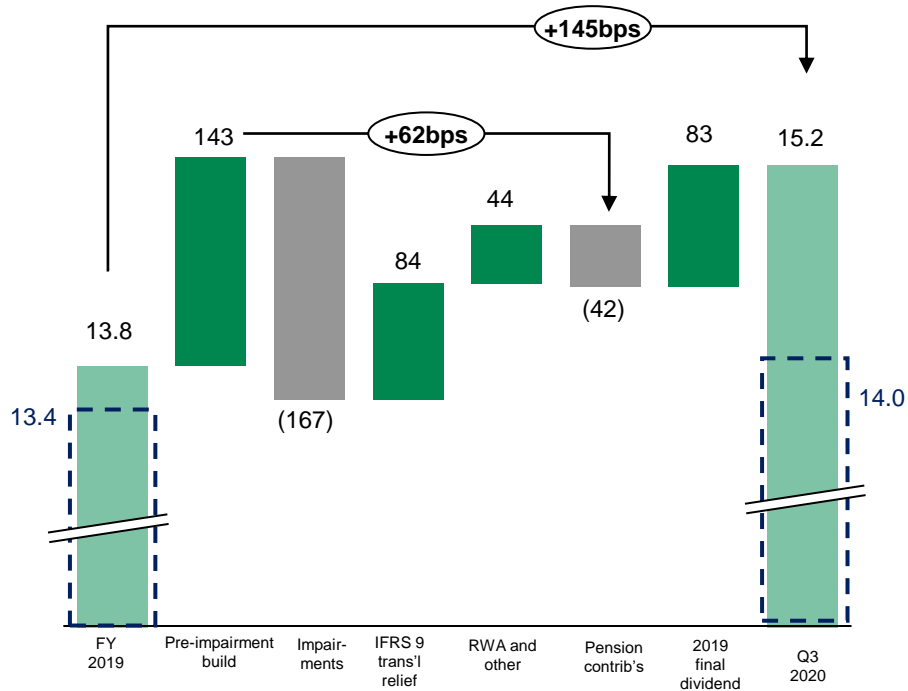


Improved CET1 position with significant resources to support customers



Common equity tier 1 ratio

(%, bps)

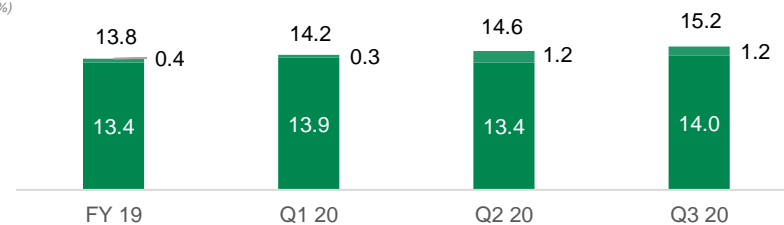


CET1 ratio excluding transitional relief

- Enhanced capital strength with CET1 ratio of 15.2% (14.0% excl. transitionals)
- Q3 capital build of 64bps, including benefit from RWA reductions
- Potential c.50bps benefit from software intangible change in Q4, subject to regulatory approval¹
- Ongoing CET1 target c.12.5% plus a management buffer c.1%
- Better overall RWA performance and delay in expected credit migration; now expect 2020 broadly stable at Q3 level
- Strong CET1 ratio excl. Transitionals; RWA headwinds and IFRS 9 transitional unwind now expected in 2021

Common equity tier 1 ratio

(%)



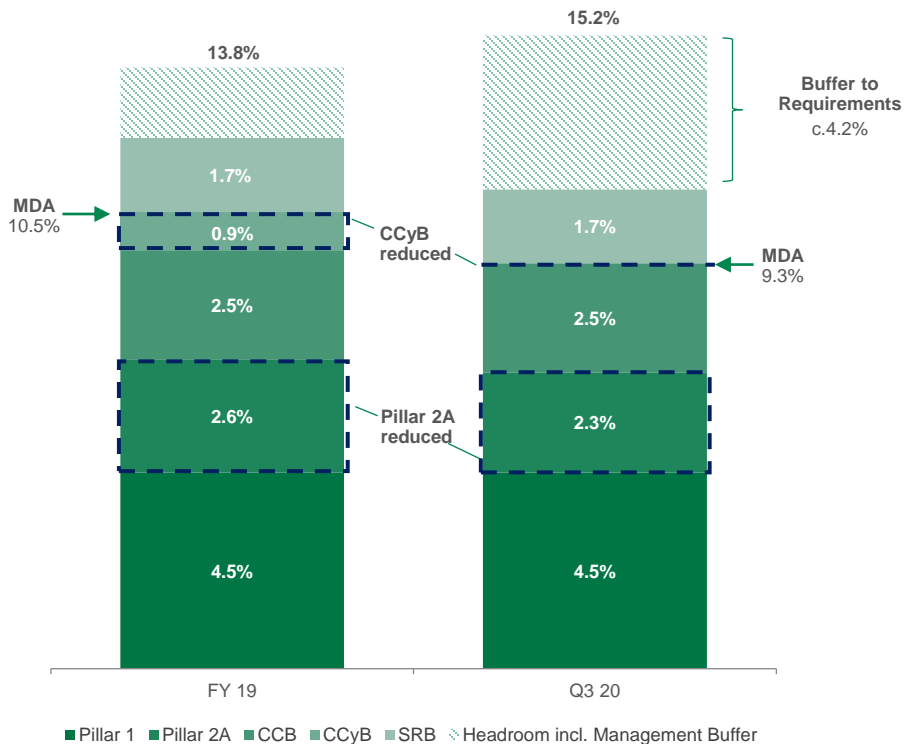
■ Excluding IFRS9 Transitional Relief ■ Transitional Relief

1 – Based on 3 year regulatory amortisation profile as outlined in the recent EBA Regulatory Technical Standard; the PRA is assessing the impact of the change in treatment which could result in further changes to the Pillar 2 requirement

Increased headroom over capital requirements



Common equity tier 1 ratio

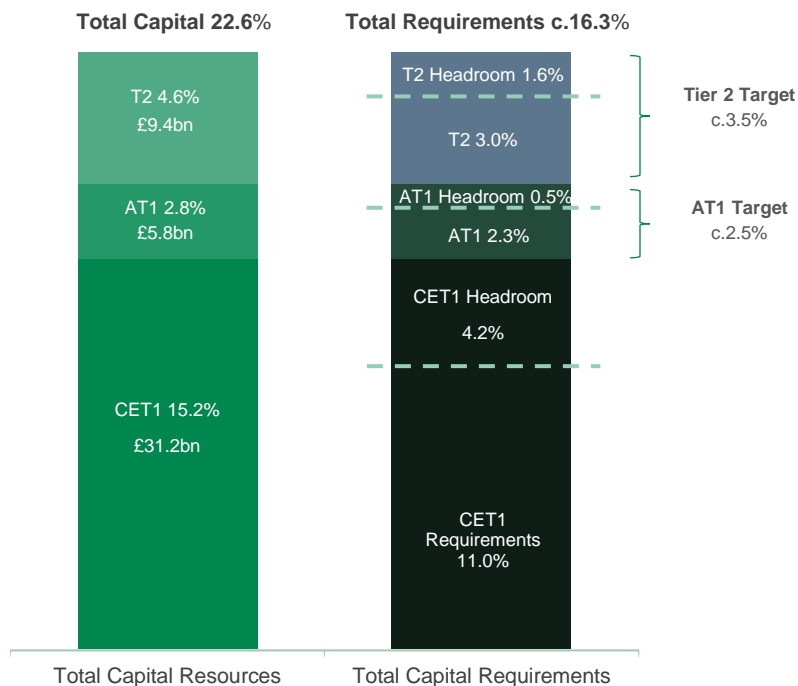


- UK CCyB – reduced to 0% in March; earliest implementation date for any increase is March 2022
- Systemic Risk Buffer (O-SII buffer) – reaffirmed in April 2020; next assessment in Dec 2021
- Group Pillar 2A – reduced to 2.3% in 2020 and now set in nominal terms providing stability of requirements should RWAs increase in stress
- Pillar 2A expected to reduce by 0.3% by year end 2020 although, based on PRA policy statements, it is expected to be offset by other regulatory capital requirements

Capital strength through the capital stack, with headroom above regulatory requirements



Q3 20 Total Capital Stack



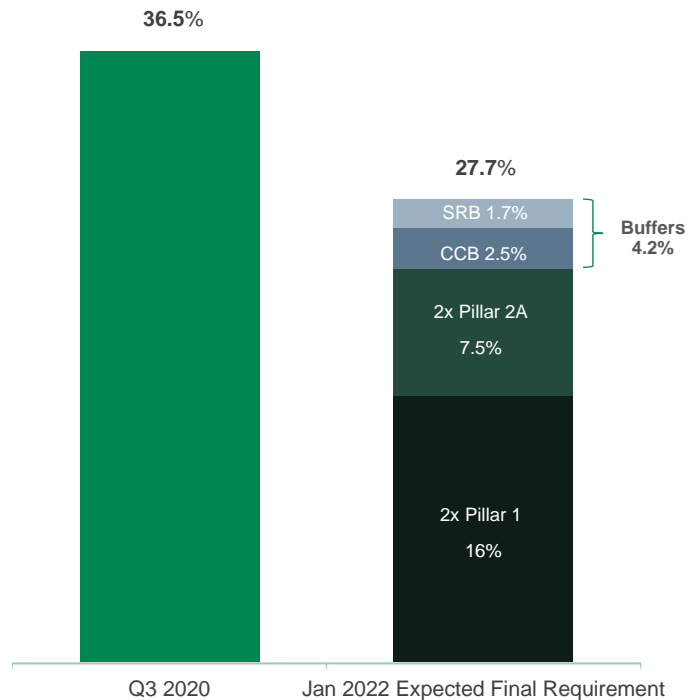
- Total capital stack shows prudent headroom to regulatory requirements and target capital levels:
 - CET1 target c.12.5%+ c.1%
 - AT1 target c.2.5%
 - Tier 2 target c.3.5%
- Continue to manage the Group and legal entity capital position in an efficient and optimised manner for transitional run-off, amortisation and variations through FX etc

1 – CET1 requirements excludes any PRA buffer requirements not permitted to disclose

Well positioned for end-state MREL requirements



Transitional MREL Ratio



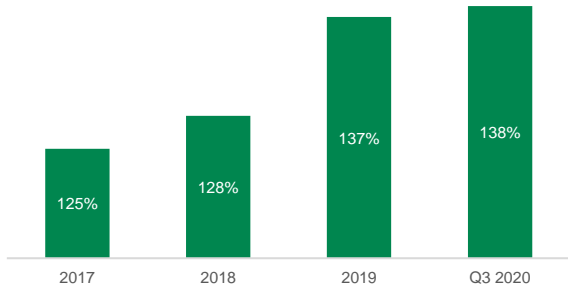
- BOE Resolvability timeline unchanged at 1 Jan 2022; final requirement to be confirmed in Q4
- PRA reduced Group Pillar 2A to 4.2% from 4.6% in 2020
- Strongly positioned with transitional MREL ratio of 36.5%; c£5bn MREL eligible debt issued YTD
- Future HoldCo Capital and MREL issuance focused on meeting requirements and funding needs, including prudent buffers, at each legal entity level

1 - Systemic Risk Buffer of 2% is applicable to the RFB sub-group, equating to 1.7% at Group level. 2 – Pillar 2A reviewed annually by the PRA. Expected Final P2A component based on September 2020 notional requirement and RWAs

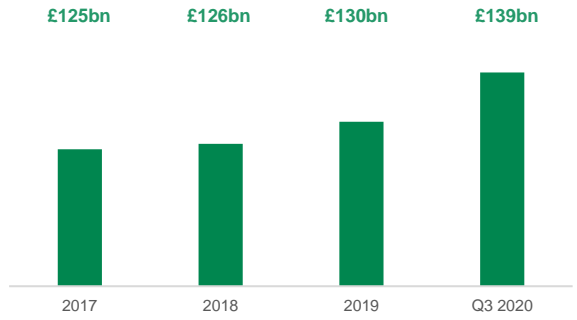
Strong liquidity position maintained



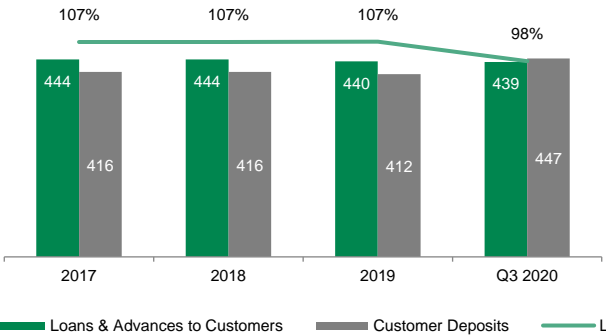
LCR well above regulatory minimum¹



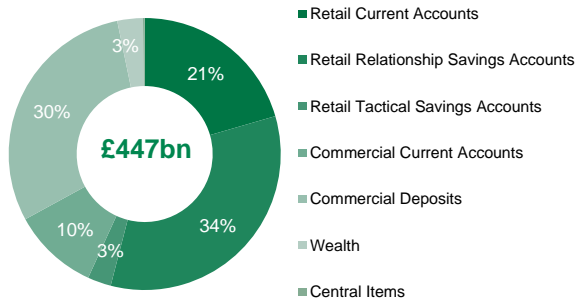
High Quality Liquidity Pool²



Loan to deposit ratio reduced to 98%



High quality deposit base



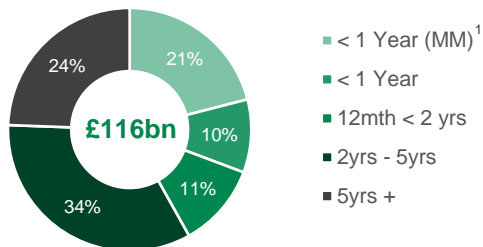
- Average LCR % remains comfortably above regulatory minimum at 138%
- Liquidity pool increased to £139bn in Q3 and is predominantly made up of cash and high quality bonds
- c.£13.7bn of TFSME drawn and access to c.£40bn
- Loan to deposit ratio reduced to 98% due to continued deposit inflows to the Group's trusted brands in an uncertain environment
- Retail deposits comprise c.60% of total customer deposits

¹ - The Liquidity Coverage Ratio is calculated as a simple average of month end observations over the previous 12 months. ² - Eligible assets are calculated as a simple average of month end observations over the previous 12 months.

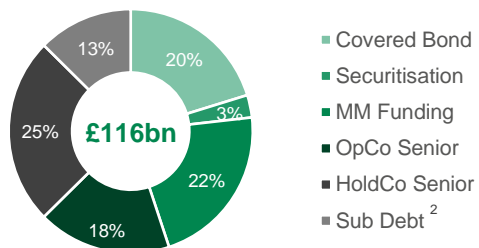
Group funding portfolio strongly positioned, with 2020 issuance plan largely complete



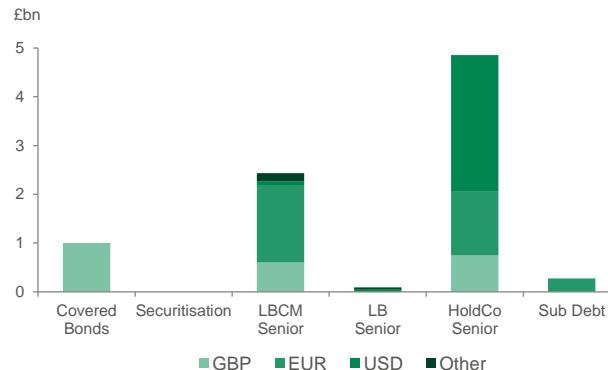
Funding Portfolio by Maturity at Q3 2020



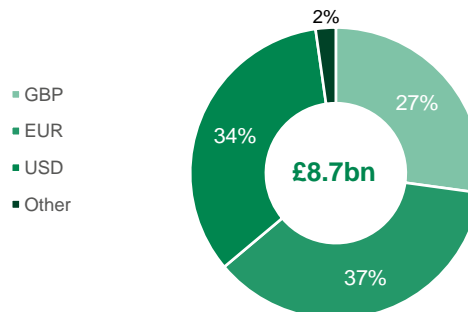
Funding Portfolio by Product at Q3 2020



9M 2020 Funding by Product



9M 2020 Funding by Currency



- **Steady-state requirements remain c.£15-20bn p.a.**
- **£8.7bn equivalent issued YTD against 2020 guidance of £10-£15bn**
- **Access to c.£40bn TFSME and deposit inflows leave limited residual 2020 funding need although remain alive to market opportunities**
- **Several LMEs executed to optimise liability stack and provide liquidity to the market**

Credit ratings remain strong, with negative pressures due to the pandemic



	UK Sovereign	HoldCo Lloyds Banking Group	Ring-Fenced Bank Lloyds Bank, Bank of Scotland	Non-Ring- Fenced Bank Lloyds Bank Corporate Markets	Commentary
Standard and Poor's	AA / <i>Sta</i>	BBB+ / A-2 / <i>Neg</i>	A+ / A-1 / <i>Neg</i>	A / A-1 / <i>Neg</i>	<ul style="list-style-type: none"> Negative outlooks on most UK banks citing the potential earnings, asset quality and capitalisation pressures arising as a result of the pandemic
Moody's	Aa3 / <i>Sta</i>	A3 / P-2 / <i>Neg</i>	A1 / P-1 / <i>Sta</i>	A1 / P-1 / <i>Sta</i>	<ul style="list-style-type: none"> Following the sovereign downgrade in October, LB and BOS ratings downgraded from Aa3/Negative Outlook to A1/Stable Outlook due to the removal of the uplift for government support
Fitch	AA- / <i>Neg</i>	A+ / F1 / <i>Neg</i>	A+ / F1 / <i>Neg</i>	A+ / F1 / <i>Neg</i>	<ul style="list-style-type: none"> Negative outlooks on most UK banks, citing concerns around the impact of the coronavirus pandemic

Appendix



Prudent economic scenarios



Scenario	Probability weighting (%)	Balance sheet ECL (£m)
Base case	30	6,627
Upside	30	6,011
Downside	30	7,416
Severe downside	10	11,202
Probability-weighted ECL		7,136

Economic measure	Current scenario (%)			
	2020	2021	2022	2020-22
GDP	(10.0)	6.0	3.0	(1.7)
Interest rate	0.10	0.10	0.10	0.10
Unemployment rate	5.2	7.8	5.9	6.3
House price growth	2.0	(4.0)	1.0	(1.1)
CRE price growth	(12.0)	(0.6)	4.1	(8.9)
GDP	(9.9)	7.0	3.2	(0.5)
Interest rate	0.13	0.80	1.26	0.73
Unemployment rate	5.2	7.2	5.2	5.8
House price growth	3.2	0.2	6.7	10.4
CRE price growth	(5.8)	10.4	5.2	9.3
GDP	(10.5)	4.8	2.5	(3.8)
Interest rate	0.10	0.11	0.12	0.11
Unemployment rate	5.2	8.3	6.9	6.8
House price growth	1.2	(9.4)	(6.1)	(13.9)
CRE price growth	(15.7)	(8.7)	1.3	(22.0)
GDP	(13.3)	(0.7)	5.2	(9.4)
Interest rate	0.08	0.02	0.02	0.04
Unemployment rate	5.4	11.6	9.2	8.7
House price growth	0.3	(13.4)	(12.9)	(24.3)
CRE price growth	(20.8)	(19.7)	(4.1)	(39.0)

Coverage across business lines



	Drawn balances (£m) ¹				Expected credit loss provisions (£m) ¹				Coverage (excl. Recoveries)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail	292,911	50,119	5,522	348,552	898	2,233	1,158	4,289	0.3%	4.5%	21.7%	1.2%
<i>Secured</i>	<i>243,097</i>	<i>41,822</i>	<i>4,520</i>	289,439	<i>111</i>	<i>918</i>	<i>743</i>	1,772	<i>0.0%</i>	<i>2.2%</i>	<i>16.4%</i>	0.6%
<i>Cards</i>	<i>11,847</i>	<i>3,408</i>	<i>316</i>	15,571	<i>261</i>	<i>669</i>	<i>109</i>	1,039	<i>2.2%</i>	<i>19.6%</i>	<i>44.1%</i>	6.7%
<i>Motor</i>	<i>12,276</i>	<i>2,838</i>	<i>236</i>	15,350	<i>198</i>	<i>215</i>	<i>144</i>	557	<i>1.6%</i>	<i>7.6%</i>	<i>61.0%</i>	3.6%
<i>Other</i>	<i>25,691</i>	<i>2,051</i>	<i>450</i>	28,192	<i>328</i>	<i>431</i>	<i>162</i>	921	<i>1.3%</i>	<i>21.0%</i>	<i>48.2%</i>	3.3%
Commercial	73,845	16,159	3,472	93,476	340	823	1,402	2,565	0.5%	5.1%	40.4%	2.7%
Other ²	63,534	13	80	63,627	210	1	19	230	0.3%	7.7%	23.8%	0.4%
Total	430,290	66,291	9,074	505,655	1,448	3,057	2,579	7,084	0.3%	4.6%	29.0%	1.4%

Continued low mortgage LTVs



	September 2020 ¹				Dec 2019 ¹	Dec 2010 ¹
	Mainstream	Buy to let	Specialist	Total	Total	Total
Average LTVs	42.4%	50.0%	41.5%	43.5%	44.9%	55.6%
New business LTVs	65.2%	57.4%	n/a	63.9%	64.3%	60.9%
≤ 80% LTV	89.4%	98.5%	94.0%	91.2%	87.5%	57.0%
>80–90% LTV	9.8%	1.0%	2.5%	8.0%	10.0%	16.2%
>90–100% LTV	0.6%	0.2%	1.0%	0.5%	2.1%	13.6%
>100% LTV	0.2%	0.3%	2.5%	0.3%	0.4%	13.2%
Value >80% LTV	£24.3bn	£0.7bn	£0.7bn	£25.7bn	£36.2bn	£146.6bn
Value >100% LTV	£0.5bn	£0.1bn	£0.3bn	£0.9bn	£1.2bn	£44.9bn
Gross lending	£229bn	£49bn	£11bn	£289bn	£290bn	£341bn

Notes



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Forward looking statements



This document contains certain forward looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and section 27A of the US Securities Act of 1933, as amended, with respect to the business, strategy, plans and/or results of Lloyds Banking Group plc together with its subsidiaries (the Group) and its current goals and expectations relating to its future financial condition and performance. Statements that are not historical facts, including statements about the Group's or its directors' and/or management's beliefs and expectations, are forward looking statements.

Words such as 'believes', 'anticipates', 'estimates', 'expects', 'intends', 'aims', 'potential', 'will', 'would', 'could', 'considered', 'likely', 'estimate' and variations of these words and similar future or conditional expressions are intended to identify forward looking statements but are not the exclusive means of identifying such statements.

Examples of such forward looking statements include, but are not limited to: projections or expectations of the Group's future financial position including profit attributable to shareholders, provisions, economic profit, dividends, capital structure, portfolios, net interest margin, capital ratios, liquidity, risk-weighted assets (RWAs), expenditures or any other financial items or ratios; litigation, regulatory and governmental investigations; the Group's future financial performance; the level and extent of future impairments and write-downs; statements of plans, objectives or goals of the Group or its management including in respect of statements about the future business and economic environments in the UK and elsewhere including, but not limited to, future trends in interest rates, foreign exchange rates, credit and equity market levels and demographic developments; statements about competition, regulation, disposals and consolidation or technological developments in the financial services industry; and statements of assumptions underlying such statements.

By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future.

Factors that could cause actual business, strategy, plans and/or results (including but not limited to the payment of dividends) to differ materially from forward looking statements made by the Group or on its behalf include, but are not limited to: general economic and business conditions in the UK and internationally; market related trends and developments; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; any impact of the transition from IBORs to alternative reference rates; the ability to access sufficient sources of capital, liquidity and funding when required; changes to the Group's credit ratings; the ability to derive cost savings and other benefits including, but without limitation as a result of any acquisitions, disposals and other strategic transactions; the ability to achieve strategic objectives; changing customer behaviour including consumer spending, saving and borrowing habits; changes to borrower or counterparty credit quality; concentration of financial exposure; management and monitoring of conduct risk; instability in the global financial markets, including Eurozone instability, instability as a result of uncertainty surrounding the exit by the UK from the European Union (EU) and as a result of such exit and the potential for other countries to exit the EU or the Eurozone and the impact of any sovereign credit rating downgrade or other sovereign financial issues; political instability including as a result of any UK general election; technological changes and risks to the security of IT and operational infrastructure, systems, data and information resulting from increased threat of cyber and other attacks; natural, pandemic (including but not limited to the coronavirus disease (COVID-19) outbreak and associated potential and/or actual UK or international lockdowns) and other disasters, adverse weather and similar contingencies outside the Group's control; inadequate or failed internal or external processes or systems; acts of war, other acts of hostility, terrorist acts and responses to those acts, geopolitical, pandemic or other such events; risks relating to climate change; changes in laws, regulations, practices and accounting standards or taxation, including as a result of the exit by the UK from the EU, or a further possible referendum on Scottish independence; changes to regulatory capital or liquidity requirements and similar contingencies outside the Group's control; the policies, decisions and actions of governmental or regulatory authorities or courts in the UK, the EU, the US or elsewhere including the implementation and interpretation of key legislation and regulation together with any resulting impact on the future structure of the Group; the ability to attract and retain senior management and other employees and meet its diversity objectives; actions or omissions by the Group's directors, management or employees including industrial action; changes to the Group's post-retirement defined benefit scheme obligations; the extent of any future impairment charges or write-downs caused by, but not limited to, depressed asset valuations, market disruptions and illiquid markets; the value and effectiveness of any credit protection purchased by the Group; the inability to hedge certain risks economically; the adequacy of loss reserves; the actions of competitors, including non-bank financial services, lending companies and digital innovators and disruptive technologies; and exposure to regulatory or competition scrutiny, legal, regulatory or competition proceedings, investigations or complaints. Please refer to the latest Annual Report on Form 20-F filed by Lloyds Banking Group plc with the US Securities and Exchange Commission for a discussion of certain factors and risks together with examples of forward looking statements.

Lloyds Banking Group may also make or disclose written and/or oral forward looking statements in reports filed with or furnished to the US Securities and Exchange Commission, Lloyds Banking Group annual reviews, half-year announcements, proxy statements, offering circulars, prospectuses, press releases and other written materials and in oral statements made by the directors, officers or employees of Lloyds Banking Group to third parties, including financial analysts.

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