SHAREHOLDER FACTSHEET

Lloyds Banking Group
Q3 2020

Our Group

We are the largest UK retail and commercial financial services provider with around 26 million customers and a presence in nearly every community given our leading branch network and leading digital proposition. The Group's main business activities are retail and commercial banking, general insurance and long-term savings, provided through well recognised brands including Lloyds Bank, Halifax, Bank of Scotland and Scottish Widows.

Given our customer focused strategy, ambitious transformation programme and digital strength, the Group remains well placed to continue to support its customers, Help Britain Prosper and deliver long-term sustainable success.

The impact of the coronavirus pandemic in the first nine months of 2020 has been profound on the way we live our lives and on the global economy. We remain fully focused on helping our customers and the UK economy recover, in collaboration with Government and our regulators.

Our purpose

Helping Britain Prosper
Given our focus on the UK, our success is interwoven with the UK's prosperity. We aim to Help Britain Prosper through creating a responsible business that focuses on customers' needs, and delivering long-term sustainable success for shareholders.

Our Helping Britain Prosper Plan areas of focus:

- Helping the transition to a sustainable, low carbon economy
- Helping Britain get a home
- Helping people save for the future
- Supporting businesses to start up and grow
- Tackling social disadvantage across Britain
- Building capability and digital skills
- Championing Britain's diversity

Our culture

Our core values underpin our purpose to Help Britain Prosper
Ensuring we create the right environment for our colleagues to deliver our aim to become the best bank for customers, colleagues and shareholders

- Putting customers first
- Keeping it simple
- Making a difference together

Our aim

Best bank for customers, colleagues and shareholders
Doing the right thing for our customers, colleagues and shareholders by meeting their financial needs, helping them succeed, improving our service proposition and creating value for them, is fundamental to our business model and the long-term sustainability of the business.

How we create value, and what sets us apart

We are a simple, low-risk, customer focused UK financial services provider with distinctive and sustainable competitive strengths.

Multi-brand, multi-channel proposition with data driven customer experience Operating in an integrated way through a range of distribution channels and brands such as, Lloyds Bank, Bank of Scotland, Halifax and Scottish Widows, ensures our customers can interact with us when and how they want and enables us to address the needs of different customer segments more effectively.

Comprehensive product range with all financial needs served in one place Our product range is driven by customer needs and is informed through comprehensive customer analysis and insight.

UK's largest digital bank, branch network and customer franchise with leading integrated propositions Our scale and reach across the UK means that our franchise extends to around 26 million customers, with 17.1 million digitally active. We are uniquely positioned to deal with customers' banking and investment needs.

Market leading efficiency through tech-enabled productivity improvements Our simpler operating model and focus on efficiency provide a cost advantage, enabling us to invest more to the benefit of both customers and shareholders.

Prudent, low risk participation choices with strong capital position Being low risk is fundamental to our business model. Our low risk appetite is reflected through the quality of our loan portfolio and underwriting criteria. Our financial strength has been transformed in recent years and our capital position is strong.

Rigorous execution and management discipline focusing on key skills of the future Experience of delivering change in recent years provides benefit as we further transform the business.

Our strategy

We identified four strategic priorities to transform the Group for success in a digital world, focused on the financial needs and behaviours of the customer of the future; Leading customer experience, Digitising the Group, Maximising Group capabilities and Transforming ways of working.

Creating competitive advantages

We believe that these capabilities provide competitive advantage and enable us to continue to deliver for customers whilst also delivering sustainable and superior returns over the longer term.

Q3 2020 key messages

Business transformation and franchise strength position the Group well

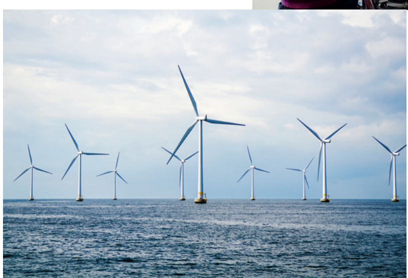
- Multi-channel distribution model, including the UK's largest branch network and UK's leading digital bank with 17.1 million digitally active users and 12.1 million active mobile app users, up 700,000 and 1.4 million respectively over the last nine months
- Digital activity and engagement continues to increase, with an average of 25 logons per customer, per month. 85 per cent of products are now originated digitally, with an 18 per cent increase over the last nine months, and record levels of customer satisfaction with the digital net promoter score at 69, up 8 per cent in the nine months.
- Actively supporting customers through a range of flexible propositions, including around 1.2 million payment holidays and c.£11 billion of lending through Government schemes, with an 18 per cent market share of support scheme lending, including a 21 per cent share of Bounce Back Loans
- Continued commitment to cost efficiency, creating capacity to invest in the business and enabling a rapid response to the challenges presented by the coronavirus pandemic
- Accelerating our transformation as we respond to the crisis by further enhancing and adapting our strategy, customer propositions and working practices

Resilient business model with return to profitability in the third quarter

- Net income of £10.8 billion, down 17 per cent, with £3.4 billion in the third quarter, reflecting lower interest rates and lower other income. Lower net interest margin of 2.54 per cent, reflecting lower rates, actions taken to support customers and changes in asset mix. Net interest margin of 2.42 per cent in the third quarter, up 2 basis points and average interest-earning assets slightly higher in the quarter, both supported by strong volume growth
- Other income decreased by 23 per cent to £3.4 billion, with £1.0 billion in the third quarter, reflecting lower levels of customer activity across the Group's main business lines and the impact of the Asset Management Market Review
- Total costs of £5.8 billion, 4 per cent lower, with business as usual costs down 5 per cent, enabling continued investment in digital projects and enhanced support for customers during the pandemic
- Trading surplus of £5.0 billion, including £1.5 billion in the quarter, providing significant capacity to absorb impairment impacts of the coronavirus crisis
- Impairment experience benign in third quarter with a charge of £0.3 billion, in line with pre-crisis levels and reflecting no significant change in economic outlook; £4.1 billion charge in the nine months primarily reflecting deterioration in economic outlook recognised in the first half of 2020
- Return to profitability in the third quarter with statutory profit before tax of £1.0 billion and profit after tax of £0.7 billion; return on tangible equity of 7.4 per cent in the quarter

Strong balance sheet and capital position, well positioned to absorb future coronavirus impacts

- Activity levels picked up in the third quarter of 2020 after contraction in the first six months, particularly mortgage applications and consumer spending
- Loans and advances at £439 billion were flat on year end with increased SME lending driven by Government support schemes, offset by expected reductions in the closed mortgage book and lower credit card, motor finance and other Commercial Banking balances
- Open mortgage book up £3.5 billion since June 2020; 22 per cent market share of approvals with a strong pipeline
- Retail current accounts continued to increase ahead of the market in the third quarter, with Group deposits up £35 billion, or 9 per cent, over the first nine months of 2020 as a result of inflows to the Group's trusted brands
- Loan to deposit ratio of 98 per cent, providing a strong liquidity position and significant potential to lend into recovery
- CET1 ratio of 15.2 per cent, 14.0 per cent pre IFRS 9 transitional relief, gives significant headroom above ongoing target of around 12.5 per cent plus a management buffer of around 1 per cent and regulatory requirements of c.11 per cent



Find out more
About our ESG approach www.lloydsbankinggroup.com/globalassets/documents/investors/2020/2020_lbg_hy_esg_approach.pdf

Continuing to build an inclusive and more sustainable future

We embrace our responsibility to help address the social, economic and environmental challenges that the UK faces by operating as a responsible, sustainable and inclusive Group. This is fully aligned with the interests of our shareholders. Much of this is embedded through our Helping Britain Prosper plan.

We have taken significant action in 2020

COVID-19 pandemic

- Co-operating with the Government, regulators and other stakeholders to help Britain recover
- Proactively supporting customers, colleagues and communities
- Providing the same £25.5m of funding in 2021 to our four independent charitable Foundations as they have received in 2020, to help continue vital work in communities

Diversity

- Launched our 'Race Action' plan in July, with a number of measures to increase diversity, including a specific goal to increase Black representation in senior roles to Diversity at least 3% by 2025, aligning with the UK labour market

Sustainability

- Announced in January an ambitious goal to work with customers, Government and the market to help reduce the carbon emissions we finance by >50% by 2030 Sustainability
- Provided >£6bn in green finance since 2016 through our sustainable finance initiatives

Financial performance

Income statement

	Nine months ended 30 Sep 2020 £m	Nine months ended 30 Sep 2019 £m	Change %	Three months ended 30 Sep 2020 £m	Three months ended 30 Sep 2019 £m	Change %
Net income	**10,811**	13,009	**(17)**	**3,398**	4,187	**(19)**
Total costs	**(5,811)**	(6,043)	**4**	**(1,935)**	(1,994)	**3**
Trading surplus	**5,000**	6,966	**(28)**	**1,463**	2,193	**(33)**
Impairment	**(4,119)**	(950)		**(301)**	(371)	**19**
Underlying profit	**881**	6,016	**(85)**	**1,162**	1,822	**(36)**
Statutory profit before tax	**434**	2,947	**(85)**	**1,036**	50	
Statutory profit / (loss) after tax	**707**	1,987	**(64)**	**688**	(238)	
Banking net interest margin	**2.54%**	2.89%	**(35)bp**	**2.42%**	2.88 %	**(46)**
Cost:income ratio	**53.8%**	46.5%	**7.3pp**	**56.9%**	47.6%	**9.3pp**
Asset quality ratio	**1.24%**	0.29%	**95bp**	**0.27%**	0.33%	**(6)**
Return on tangible equity	**2.5%**	6.8 %	**(4.3)pp**	**7.4%**	(2.8)%	**10.2pp**

Key balance sheet metrics

	at 30 Sep 2020	at 30 Jun 2020	Change %	at 31 Dec 2019	Change %
Loans and advances to customers[1]	**£439bn**	£440bn	**–**	£440bn	**–**
Customer deposits[2]	**£447bn**	£441bn	**1**	£412bn	**9**
CET1 ratio[3,4]	**15.2%**	14.6%	**0.6pp**	13.8%	**1.4pp**
Risk-weighted assets[3]	**£205bn**	£207bn	**(1)**	£203bn	**1**
Tangible net assets per share	**52.2p**	51.6p	**0.6p**	50.8p	**1.4p**

1 Excludes reverse repos of £60.0 billion (30 June 2020: £61.1 billion; 31 December 2019: £54.6 billion).

2 Excludes repos of £12.1 billion (30 June 2020: £12.3 billion; 31 December 2019: £9.5 billion).

3 The CET1, MREL and leverage ratios and risk-weighted assets at 31 December 2019 are reported on a pro forma basis, reflecting the dividend paid up by the Insurance business in the subsequent reporting period. CET1 ratio pre IFRS 9 transitional relief reflects the full impact of IFRS 9, prior to the application of transitional arrangements for capital that provide relief for the impact of IFRS 9.

4 Incorporating profits for the period that remain subject to formal verification in accordance with the Capital Requirements Regulation.

Outlook

- The outlook remains highly uncertain given the second wave of coronavirus, Government response including social distancing measures and the end of the furlough scheme, together with the ongoing Brexit negotiations
- Mortgage activity picking up strongly and increase in Retail current accounts ahead of the market; mortgage business strength offsetting yield curve pressure
- Solid pre-provision profit and enhanced capital strength provide significant loss absorbing capacity, building on our cost leadership position
- The Group's 2020 guidance reflects a proactive response to the challenging economic environment and is based on the Group's current macroeconomic assumptions
  - Net interest margin expected to remain broadly stable around c.240 basis points in the fourth quarter, resulting in a full year margin of c.250 basis points
  - Operating costs to be below £7.6 billion
  - Impairment charge for the full year now expected to be at the lower end of the £4.5 billion to £5.5 billion range
  - Risk-weighted assets now expected to be broadly stable compared to 30 September 2020
- Although the economic outlook remains uncertain, the Group remains well positioned for long-term superior and sustainable returns, supported by its leading efficiency position and prudent balance sheet. This together with the Group's capital position and business model enables it to continue to support its customers and help Britain recover

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Statements to note
This 2020 third quarter update should be read in conjunction with Lloyds Banking Group's 2020 Q3 interim management statement. This third quarter update is provided for information purposes only, and is not intended to be a substitute for reading the 2020 Q3 interim management statement.