Group Overview
Simple group structure with multiple issuance points

<table>
<thead>
<tr>
<th>Main Entities</th>
<th>HoldCo</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lloyds Banking Group</strong></td>
<td></td>
</tr>
<tr>
<td>Ratings¹</td>
<td>A2 / BBB+ / A</td>
</tr>
<tr>
<td>Example Products</td>
<td>Senior Unsecured Capital</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ring-Fenced Sub-Group</th>
<th>Non-Ring-Fenced Sub-Group</th>
<th>Insurance Sub-Group</th>
<th>Equity Investments Sub-Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lloyds Bank, Bank of Scotland</strong></td>
<td><strong>Lloyds Bank Corporate Markets</strong></td>
<td><strong>Scottish Widows</strong></td>
<td><strong>Lloyds Equity Investments</strong></td>
</tr>
<tr>
<td>A1 / A+ / A+ Sta / Sta / Sta</td>
<td>A1 / A / A+ Sta / Sta / Sta</td>
<td>A2 / - / A+² Sta / - / Sta</td>
<td>-</td>
</tr>
<tr>
<td>P-1 / A-1 / F1</td>
<td>P-1 / A-1 / F1</td>
<td>- / - / F-1</td>
<td>-</td>
</tr>
<tr>
<td>Senior Unsecured Covered Bonds ABS</td>
<td>Senior Unsecured</td>
<td>CD, Yankee CD, CP</td>
<td>Capital</td>
</tr>
<tr>
<td>L&amp;A: £481bn⁴,⁵</td>
<td>L&amp;A: £24bn⁴,⁵</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Assets: £610bn⁵</td>
<td>Assets: £92bn⁵</td>
<td>L&amp;A: N/A</td>
<td>L&amp;A: N/A</td>
</tr>
<tr>
<td>EU sub: Berlin</td>
<td>EU sub: Frankfurt</td>
<td>EU sub: Luxembourg</td>
<td>EU sub: Luxembourg</td>
</tr>
</tbody>
</table>

1 - Ratings shown are senior unsecured, Moody’s / S&P / Fitch. 2 – Ratings shown are for Scottish Widows Ltd Insurance Financial Strength Rating. 3 – Insurance assets includes Wealth. 4 – “L&A” refers to Loans & Advances to customers and banks. 5 – L&A & Total Assets as at H1 2021 except for LBCM and LEIL which are as at FY 2020.
Well positioned to continue delivering for all stakeholders

• Ongoing support for customers whilst Helping Britain Recover
• Good progress on Strategic Review 2021 priorities
• Solid financial performance and business momentum
• Continued balance sheet growth, including £12.6bn in the open mortgage book
• Strong capital position, underpinned by strong capital build
• Interim ordinary dividend of 0.67p per share
• 2021 guidance enhanced
  – Net interest margin expected to be around 250bps
  – Operating costs expected to be c.£7.6bn
  – Net asset quality ratio expected to be below 10bps
  – RoTE expected to be c.10%, excluding the c.2.5pp benefit from tax changes
  – RWAs expected to be below £200bn
Strategic Review 2021: Progress on Helping Britain Recover

Focused where we can make a difference

- **Expand availability of affordable and quality homes**
- **Support businesses to recover, adapt and grow**
- **Help rebuild households’ financial health and wellbeing**
- **Accelerate the transition to a low carbon economy**
- **Build an inclusive society and organisation**

H1 progress vs. 2021 targets

- **c.£9bn lent to first time buyers**; almost reaching FY target of £10bn
- **£2bn of social housing sector** funding, exceeding FY target

- Supported **>48k businesses in start up** as part of 75k commitment
- Helped **75k small businesses boost their digital capabilities**

- Directed customers to free independent **debt advice** for **>130k accounts**
- **>6,500 colleagues** trained and supporting customers in building financial resilience

- **c.£9bn of total green finance** since 2016, with funding available under discounted green finance initiatives expanded from **£3bn to £5bn** in 2021
- On track to achieve own operations emissions target, ranking **6th** in FT’s inaugural listing of Europe’s Climate Leaders

- Progress towards **diversity goals** of 50% women, 13% Black, Asian, Minority Ethnic and 3% Black colleagues in senior roles by 2025

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Strategic Review 2021: Progress against our customer ambitions

Preferred financial partner for personal customers
- Record all channel NPS, up 3 pts
  - Target: Maintain in 2021 (68)
- Strong net growth in open book mortgages

Best bank for business
- Increase in SME digital NPS
  - Target: 5 point increase by 2023
- Improved GBP rates ranking (FY20: 10th)
  - 6th

Strategic actions taken to enhance wealth offering
- Mass market digital offering
- Mass affluent
- HNW/UHNW
  - <£100k investable assets or income, self-directed
  - >£100k investable assets or income, seeking advice
  - >£1m investable assets, with more complex needs

Supporting progress on SR21 aims
- Net new money in Insurance & Wealth in H1 2021, c.7% annualised growth
  - +£4bn
- Increased 2023 net new money target (previously £25bn)
  - c.£40bn

1 – Combined Tradeweb and Bloomberg GBP IRS (Rates) ranking.
**Strategic Review 2021: Progress in enhancing our capabilities**

### Modernised technology architecture
- **Mobile app releases in H1 as % of HY20**
  - c.175%
  - Target: Double number of releases in 2021
- **Customer accounts safely migrated to pilot of new bank architecture**
  - c.120k
  - Target: c.400k accounts migrated in 2021

### Integrated payments
- **Increase in clients onboarded to cash management & payments platform**
  - c.2x
  - Target: 3x increase in 2021
- **Leading card spend market share**
  - #1
  - Target: Maintain spend share in 2021

### Data-driven organisation
- **Franchise customers with faster mortgage approvals due to automated income verification analysis**
  - 20k
- **Customer records migrated to cloud as part of proof of concept**
  - 45m

### Reimagined ways of working
- **Colleagues to be working in a hybrid manner as part of future ways of working model**
  - c.80%
- **Reduction in office space in H1**
  - c.3%
  - Target: 8% reduction in 2021
Significant progress across our ESG ambitions in the past 12 months

**Environmental**
- Announced ambitious goals to reach net zero emissions in our lending and investment portfolios by 2050 or sooner, with intermediate goals to
  - Help reduce carbon emissions we finance by >50% by 2030
  - Halve the carbon footprint of Scottish Widows investments by 2030
- Developed three new operational climate pledges including net zero carbon operations by 2030
- Calculated initial estimate of our 2018 financed emissions baseline covering c.70% of Group’s balance sheet
- Joined Net-Zero Banking Alliance as a founding member in April 2021
- Scottish Widows divesting c.£1.4bn from companies not meeting ESG standards

**Social**
- Announced new gender and ethnic diversity aspirations for colleagues in senior roles by 2025
- Marked 1st anniversary of our Race Action Plan, driving change across our culture, recruitment and progression, and supporting Black communities externally
- The first FTSE100 company to set a public goal for senior roles held by Black colleagues (3% by 2025)
- >£51m total community investment, including £25.5m for our four independent charitable Foundations

**Governance**
- Successful transition to new Chair with ongoing CEO leadership succession; new CEO starting in August
- Comprehensive shareholder engagement including Board Governance Event and retail investor briefings
- Employee engagement remains strong reflecting support to colleagues through pandemic
- New ESG Report (FY2020), including enhanced TCFD disclosures and new SASB index

1 – Excluding Insurance & Wealth
Long-term ESG focus supported by memberships, awards and ratings

- **Memberships**
  - Net-Zero Banking Alliance (NZBA)
  - Task Force on Nature-Related Financial Disclosures
  - Institutional Investors Group on Climate Change
  - UNEP FI Principles for Sustainable Insurance
  - UNEP FI Principles for Responsible Banking
  - Task Force on Climate-Related Financial Disclosures
  - UN Principles for Responsible Investment
  - The Equator Principles

- **Recent awards and recognition**
  - Ranked 6th in FT’s inaugural listing of Europe’s Climate Leaders
  - FTSE4Good
  - Bloomberg Gender-Equality Index
  - ETHNICITY AWARDS

- **Latest ESG index scores**
  - MSCI: AA
  - Sustainalytics: 23.3
  - ISS ESG Corporate rating: C (Prime)
  - CDP: A-
  - Workforce Disclosure Initiative: 85%
Continuing economic recovery, although uncertainties remain

**UK GDP**
(Indexed to February 2020 = 100)


**Business confidence and expectations for staff numbers**
(Expectations for coming 12 months)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>-20</td>
<td>-40</td>
<td>-60</td>
<td>-80</td>
<td>-40</td>
<td>0</td>
<td>20</td>
<td>40</td>
<td>60</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Overall business confidence</th>
<th>Expectations for staff levels, next 12m</th>
</tr>
</thead>
</table>

**Employments furloughed per day**
(Millions)

<table>
<thead>
<tr>
<th>Mar 20</th>
<th>Jun 20</th>
<th>Sep 20</th>
<th>Dec 20</th>
<th>Mar 21</th>
<th>Jun 21</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>9</td>
<td>8</td>
<td>7</td>
<td>6</td>
<td>5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Implied by ONS Business Impact of Coronavirus Survey responses</th>
</tr>
</thead>
</table>

**LBG customer card spend**
(104 week percentage change, 7d moving average, excluding public holidays)

<table>
<thead>
<tr>
<th>Jan 20</th>
<th>Apr 20</th>
<th>Jul 20</th>
<th>Oct 20</th>
<th>Jan 21</th>
<th>Apr 21</th>
<th>Jul 21</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>-5%</td>
<td>-10%</td>
<td>-15%</td>
<td>-20%</td>
<td>-25%</td>
<td>-30%</td>
</tr>
</tbody>
</table>

1 – ONS. 2 – HMRC / ONS. 3 – Lloyds Bank Business Barometer. 4 – LBG total debit and credit card spend.
Financial Update
Solid financial performance, continued business momentum

### H1 2021

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>£7.6bn</td>
</tr>
<tr>
<td>Cost:income ratio (incl. remediation)</td>
<td>54.9%</td>
</tr>
<tr>
<td>Pre-provision operating profit</td>
<td>£3.4bn</td>
</tr>
<tr>
<td>Impairment credit</td>
<td>£656m</td>
</tr>
<tr>
<td>Statutory profit before tax</td>
<td>£3.9bn</td>
</tr>
<tr>
<td>Return on tangible equity</td>
<td>19.2%</td>
</tr>
<tr>
<td>TNAV</td>
<td>55.6p</td>
</tr>
<tr>
<td>CET1 ratio</td>
<td>16.7%</td>
</tr>
</tbody>
</table>

- **Net income recovering, 2% ahead of H1 2020, 8% ahead of H2 2020**
  - NII £5.4bn with AIEAs £441bn and H1 NIM 250bps
  - Other income of £2.4bn; operating lease depreciation of £271m
- **Operating costs slightly up on prior year**
- **Higher remediation charge, relating to legacy programmes**
- **Underlying asset quality strong with net impairment credit**
- **Statutory profit before tax of £3.9bn**
- **Strong balance sheet and capital build in H1**
  - Open mortgage book growth of £12.6bn
  - Deposit growth of £23.7bn
  - TNAV of 55.6p, up 3.3p in H1
  - CET1 ratio of 16.7% post-dividend accrual, with capital build of 93bps
- **2021 guidance enhanced**
Strong balance sheet and resilient net interest income

- H1 AIEAs at £441bn up c.£4bn versus H2 2020
- NII of £5.4bn, down 1% on H1 2020 impacted by lower rates; up 2% on H2
- H1 NIM of 250bps, with Q2 margin of 251bps
- Continue to expect low single-digit percentage growth in AIEAs in 2021
  - Solid mortgage pipeline for Q3
  - Modest recovery in unsecured balances expected in H2
- 2021 NIM now expected to be around 250bps
  - H2 mortgage margin pressure mitigated by increased hedge income and lower funding costs

### Average interest earning assets (£bn)

- H2 2020: 437
- H1 2021: 441
- mortgage: 10
- unsecured & motor: 2
- commercial banking: 5
- other: 1

### Net interest margin (bps)

- H2 2020: 244
- H1 2021: 250
- structural hedge: 2
- retail lending: 3
- commercial lending: 3
- customer deposits: 3
- funding & capital: 1
Continued lending growth in mortgages; robust asset margins

• Total mortgage book up £11.4bn in H1 driven by strong open book growth
• Mortgage new business margins declining but remain above front book maturities
• SVR attrition c.15% given strong home mover market
• Consumer finance balances down £1bn, predominantly in cards; balances stable in Q2
• Commercial Banking balances down £2bn with margin supported by mix and ongoing pricing actions

Changing asset mix
(Book size £bn, Gross margin %)
Franchise strength further building hedge sustainability

- Structural hedge capacity of £225bn, up £15bn in H1 and £40bn since year end 2019, largely driven by continued strong deposit growth
  - Prudent increase in capacity given c.£63bn deposit growth since year end 2019
- Structural hedge notional balance of £215bn
  - c.3.5 year weighted average life (c.2.5 years at year end)
- c.£30bn of maturities in H2 and £10bn unhedged capacity provide flexibility
- £1.1bn income from structural hedge balances in H1
  - Structural hedge income expected to be c.£250m lower in 2021 than in 2020

---

1 – The external sterling structural hedge notional is managed as a portfolio, split shown is indicative.
Resilient other income, some early signs of recovery

- Other income of £2.4bn YTD with £1.3bn in Q2
  - Q2 benefits from strong contribution from Equity Investments business and positive assumption changes in Insurance
- Divisional performance beginning to recover with early signs of increasing activity and new business
  - Modest Q2 uplift in Retail and Insurance
  - Stable performance in Commercial Banking, consistent with H1 2020
- Continued recovery dependent on activity supported by ongoing investment
Strong asset quality and improved economic outlook

- Asset quality remains strong with low new to arrears and underlying charges below pre-Covid levels
  - Retail and Commercial credit experience remains benign
  - Commercial benefits from better restructuring outcomes
- H1 net impairment credit of £656m bolstered by economic outlook release of £837m
- Stock of ECL reduced to £5.6bn, c.£1.4bn higher than year end 2019
  - Covid management judgements retained, now c.£1.2bn, including £400m central overlay
- Based on current economic assumptions, FY 2021 net AQR now expected to be below 10bps

<table>
<thead>
<tr>
<th>Impairment (£m)</th>
<th>H1 2021</th>
<th>Q2 2021</th>
<th>H1 2020</th>
<th>YoY change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charges pre-updated MES¹</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>527</td>
<td>206</td>
<td>578</td>
<td>(51)</td>
</tr>
<tr>
<td>Commercial Banking</td>
<td>(272)</td>
<td>(161)</td>
<td>206</td>
<td>(478)</td>
</tr>
<tr>
<td>Other</td>
<td>(3)</td>
<td>(2)</td>
<td>4</td>
<td>(7)</td>
</tr>
<tr>
<td>Coronavirus impacted restructuring cases²</td>
<td>(71)</td>
<td>2</td>
<td>432</td>
<td>(503)</td>
</tr>
<tr>
<td>Updated economic outlook</td>
<td>(837)</td>
<td>(378)</td>
<td>2,598</td>
<td>(3,435)</td>
</tr>
<tr>
<td>Retail</td>
<td>(544)</td>
<td>(304)</td>
<td>1,517</td>
<td>(2,061)</td>
</tr>
<tr>
<td>Commercial Banking</td>
<td>(293)</td>
<td>(74)</td>
<td>881</td>
<td>(1,174)</td>
</tr>
<tr>
<td>Severe scenario overlay</td>
<td>–</td>
<td>–</td>
<td>200</td>
<td>(200)</td>
</tr>
<tr>
<td>Total impairment (credit) / charge</td>
<td>(656)</td>
<td>(333)</td>
<td>3,818</td>
<td>(4,474)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ECL³</th>
<th>Upside (30%)</th>
<th>Base Case (30%)</th>
<th>Downside (30%)</th>
<th>Severe downside (10%)</th>
<th>Prob.-weighted</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2021</td>
<td>£4,807m</td>
<td>£5,194m</td>
<td>£6,025m</td>
<td>£7,737m</td>
<td>£5,582m</td>
</tr>
<tr>
<td>H2 2020</td>
<td>£5,766m</td>
<td>£6,354m</td>
<td>£7,468m</td>
<td>£9,838m</td>
<td>£6,860m</td>
</tr>
</tbody>
</table>

1 – Multiple economic scenarios. 2 – Further (releases) / charges on existing material cases in restructuring at the end of 2019 where coronavirus has directly hampered the recovery strategy. 3 – Expected credit loss.
Capital, Funding & Liquidity
Capital, Funding & Liquidity summary

Significant CET1 headroom to regulatory minimum and Group target

- C.12.5% + mgt buffer: c.1%
- 1.7%
- 2.5%
- 2.2%
- 4.5%

Strong liquidity metrics through the pandemic

- 136% LCR
- 131% LDR
- 98% LDR
- 94% LDR

2022 RWA regulatory headwinds, although uncertainties remain (£bn)

- CRD IV model changes
- SA-CCR
- Balance sheet growth
- Optimisation

- 2020
- 2021
- <200
- 12-15
- 3-5
- c.210

- 1st January 2022 headwinds
- £15-20bn

MREL strongly positioned - c.840bps above expected requirement

- 36.3%
- 27.9%

Stabilised rating outlooks

- Lloyds Banking Group
  - A2 / BBB+ / A
  - Sta / Sta / Sta

- Lloyds Bank
  - Bank of Scotland

- Lloyds Bank Corporate Markets
- Scottish Widows
  - A1 / A+ / A
  - Sta / Sta / Sta

Ratings shown as Moody’s/S&P/Fitch
Enhanced capital strength with significant headroom over target and requirements

Common equity tier 1 ratio

• CET 1 ratio 16.7% underpinned by strong capital build with 93bps in H1

• CET 1 ratio 15.5% excluding software benefit and IFRS 9 transitional relief
  – Ongoing target of c.12.5% plus a management buffer of c.1%
  – Significant headroom over c.11% regulatory requirement

• Group Pillar 2A reduced over 2020 and set in nominal terms for 2021, providing stability of requirements should RWAs increase in stress

• CCyB confirmed at 0% until at least Dec 2021; earliest implementation of any change now Dec 2022

• O-SII buffer (formerly Systemic Risk Buffer) maintained at current rate prior to reassessment in Dec 2022; earliest implementation of any change now January 2024

1 – CET1 requirements shown exclude any other PRA buffer requirement which we are not permitted to disclose. 2 – Pillar 2A reviewed annually by the PRA. Expected final P2A component based on June 2021 notional requirement and RWAs. 3 – O-SII buffer of 2% is applicable to the RFB sub-group, equating to 1.7% at Group level.
• RWAs down £1.8bn in H1 to £201bn, driven by Commercial Banking optimisation

• Limited credit migration seen to date, supported by high quality book and HPI

• 2021 RWAs now expected to be below £200bn

• Regulatory headwinds expected to increase RWAs in January 2022
  - Impact estimated at £15-20bn, subject to economic conditions and model finalisation
  - Active RWA management to continue, providing some offset

• 2023 Basel 3.1 impacts expected to be broadly neutral with reductions from F-IRB² changes offsetting other increases

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1 – Standardised Approach for Counterparty Credit Risk.  2 – Foundation internal ratings-based approach.
Well positioned for end-state MREL requirements

- Strongly positioned with total capital ratio of 23.1% and MREL ratio of 36.3%; c.£1.4bn of MREL eligible senior unsecured and £500m Tier 2 issued over 2021
- July BoE consultation paper proposed no changes to end-state requirements that will apply from 1 Jan 2022
- 2021 HoldCo issuance focused on meeting requirements and funding needs, including prudent buffers, at each legal entity level

---

1 – O-SII 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 June 2021 notional requirement and RWAs.
Legacy capital securities constitute only £3.5bn, of which:

- £1bn preference shares issued from the resolution entity
- £1.5bn with regulatory call options, currently grandfathered Tier 1 until end-2021
- £0.7bn securities with maturity or redemption options pre-June 2025
- £0.3bn securities without maturity or redemption options pre-June 2025
Prudent funding and liquidity position with limited funding requirements

- Average LCR remains comfortably above regulatory minimum at 131%
- Loan to deposit ratio reduced further to 94% due to continued deposit inflows
- c.£2.0bn equivalent issued YTD as a result of deposit inflows and TFSME
- Limited requirements over rest of 2021 given current funding position and maturities
- TFSME outstanding of £8.7bn following c.£5bn repayment in Q1
Rating outlooks improved to stable

<table>
<thead>
<tr>
<th>Rating Category</th>
<th>Lloyds Banking Group¹</th>
<th>Lloyds Bank, Bank of Scotland¹</th>
<th>Lloyds Bank Corporate Markets¹</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Standard and Poor’s</strong></td>
<td><strong>AA / Sta</strong></td>
<td><strong>BBB+ / A-2 / Sta</strong></td>
<td><strong>A+ / A-1 / Sta</strong></td>
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<tr>
<td><strong>Moody’s</strong></td>
<td><strong>Aa3 / Sta</strong></td>
<td><strong>A2 / P-1 / Sta</strong></td>
<td><strong>A1 / P-1 / Sta</strong></td>
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<tr>
<td><strong>Fitch</strong></td>
<td><strong>AA- / Sta</strong></td>
<td><strong>A / F1 / Sta</strong></td>
<td><strong>A+ / F1 / Sta</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>• In June, S&amp;P returned the Group’s Rating Outlooks to Stable from Negative. This was driven by a revision to the BICRA economic risk trend, which also moved to Stable from Negative, as well as what S&amp;P view as the Group’s prudent provisioning and ability to navigate any potential tail risks from the pandemic.</td>
</tr>
<tr>
<td>• Following the implementation of their new methodology in July, Moody’s upgraded LBG to A2 from A3. Moody’s also revised LBG’s Rating Outlook back to Stable, from Negative, reflecting an updated view of the UK and stabilisation of asset quality and profitability metrics across the Group.</td>
</tr>
<tr>
<td>• In May Fitch downgraded LBG by one notch to A - a methodological downgrade triggered by a fall in Qualifying Junior Debt.</td>
</tr>
<tr>
<td>• In July, Fitch returned the Group’s Rating Outlooks to Stable from Negative. This followed a return to Stable for the UK Sovereign in June.</td>
</tr>
</tbody>
</table>
Appendix
### Prudent economic scenarios

<table>
<thead>
<tr>
<th>Scenario</th>
<th>ECL (£m)</th>
<th>Economic measure</th>
<th>2021</th>
<th>Change since FY 2020</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2021-25</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Upside (30%)</strong></td>
<td></td>
<td>GDP</td>
<td>6.1</td>
<td>2.4</td>
<td>5.5</td>
<td>1.4</td>
<td>1.4</td>
<td>1.2</td>
<td>3.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Interest rate</td>
<td>0.52</td>
<td>(0.62)</td>
<td>1.27</td>
<td>1.09</td>
<td>1.32</td>
<td>1.58</td>
<td>1.16</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unemployment rate</td>
<td>4.7</td>
<td>(0.7)</td>
<td>4.9</td>
<td>4.4</td>
<td>4.2</td>
<td>4.1</td>
<td>4.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>HPI growth</td>
<td>6.8</td>
<td>8.2</td>
<td>3.4</td>
<td>4.6</td>
<td>3.9</td>
<td>3.4</td>
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<tr>
<td></td>
<td></td>
<td>CRE price growth</td>
<td>9.2</td>
<td>(0.1)</td>
<td>5.7</td>
<td>2.4</td>
<td>0.3</td>
<td>(0.3)</td>
<td>3.4</td>
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<td><strong>Base case (30%)</strong></td>
<td></td>
<td>GDP</td>
<td>5.5</td>
<td>2.5</td>
<td>5.5</td>
<td>1.6</td>
<td>1.4</td>
<td>1.2</td>
<td>3.0</td>
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<td></td>
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<td>Interest rate</td>
<td>0.10</td>
<td>0.00</td>
<td>0.10</td>
<td>0.25</td>
<td>0.50</td>
<td>0.75</td>
<td>0.34</td>
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<td></td>
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<td>Unemployment rate</td>
<td>5.4</td>
<td>(1.4)</td>
<td>6.1</td>
<td>5.4</td>
<td>5.0</td>
<td>4.8</td>
<td>5.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>HPI growth</td>
<td>5.6</td>
<td>9.4</td>
<td>0.1</td>
<td>0.1</td>
<td>0.6</td>
<td>1.1</td>
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<td>CRE price growth</td>
<td>0.4</td>
<td>2.1</td>
<td>1.0</td>
<td>0.6</td>
<td>0.3</td>
<td>0.5</td>
<td>0.6</td>
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<tr>
<td><strong>Downside (30%)</strong></td>
<td></td>
<td>GDP</td>
<td>4.8</td>
<td>3.1</td>
<td>4.2</td>
<td>1.3</td>
<td>1.4</td>
<td>1.4</td>
<td>2.6</td>
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<tr>
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<td>Interest rate</td>
<td>0.09</td>
<td>0.03</td>
<td>0.05</td>
<td>0.06</td>
<td>0.11</td>
<td>0.20</td>
<td>0.10</td>
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<td></td>
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<td>Unemployment rate</td>
<td>6.0</td>
<td>(1.9)</td>
<td>7.8</td>
<td>7.1</td>
<td>6.5</td>
<td>6.0</td>
<td>6.7</td>
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<td></td>
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<td>HPI growth</td>
<td>3.5</td>
<td>11.9</td>
<td>(6.2)</td>
<td>(7.5)</td>
<td>(4.9)</td>
<td>(1.8)</td>
<td>(3.5)</td>
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<tr>
<td></td>
<td></td>
<td>CRE price growth</td>
<td>(5.3)</td>
<td>5.3</td>
<td>(5.3)</td>
<td>(2.8)</td>
<td>(1.5)</td>
<td>0.2</td>
<td>(3.0)</td>
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<tr>
<td><strong>Severe downside (10%)</strong></td>
<td></td>
<td>GDP</td>
<td>4.1</td>
<td>3.8</td>
<td>3.5</td>
<td>1.1</td>
<td>1.4</td>
<td>1.4</td>
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</tr>
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<td>Interest rate</td>
<td>0.06</td>
<td>0.06</td>
<td>0.00</td>
<td>0.01</td>
<td>0.02</td>
<td>0.03</td>
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<tr>
<td></td>
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<td>Unemployment rate</td>
<td>7.0</td>
<td>(2.9)</td>
<td>9.9</td>
<td>9.1</td>
<td>8.3</td>
<td>7.6</td>
<td>8.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>HPI growth</td>
<td>2.4</td>
<td>13.5</td>
<td>(11.0)</td>
<td>(13.2)</td>
<td>(9.6)</td>
<td>(5.1)</td>
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<tr>
<td></td>
<td></td>
<td>CRE price growth</td>
<td>(13.5)</td>
<td>7.9</td>
<td>(13.5)</td>
<td>(6.9)</td>
<td>(2.3)</td>
<td>0.5</td>
<td>(7.3)</td>
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<tr>
<td><strong>Probability-weighted ECL</strong></td>
<td>5,582</td>
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<td></td>
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1 – Changes only shown for 2021 measures.
Modest reduction in coverage reflecting updated economic outlook

<table>
<thead>
<tr>
<th>(£m)</th>
<th>Gross customer L&amp;A (£bn)</th>
<th>Coverage (excl. Recoveries)</th>
<th>Q4 2020 Total Coverage¹</th>
<th>Total ECL HY 2021</th>
<th>Net ECL increase / (decrease)</th>
<th>P&amp;L charge / (credit)</th>
<th>Write-offs &amp; Other</th>
<th>ECL Q4 2020</th>
<th>Write-offs &amp; Other H1 2020</th>
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<tbody>
<tr>
<td>Retail</td>
<td>364.7</td>
<td>0.2%</td>
<td>3.6%</td>
<td>21.0%</td>
<td>1.0%</td>
<td>1.1%</td>
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<tr>
<td>UK Mortgages</td>
<td>306.6</td>
<td>0.0%</td>
<td>1.8%</td>
<td>13.7%</td>
<td>0.5%</td>
<td>0.5%</td>
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</tr>
<tr>
<td>Cards</td>
<td>14.2</td>
<td>1.9%</td>
<td>16.2%</td>
<td>57.5%</td>
<td>5.8%</td>
<td>6.4%</td>
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<tr>
<td>Loans &amp; Overdrafts</td>
<td>9.5</td>
<td>2.3%</td>
<td>19.6%</td>
<td>62.4%</td>
<td>6.4%</td>
<td>7.6%</td>
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<td></td>
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<tr>
<td>Motor</td>
<td>14.9</td>
<td>1.2%</td>
<td>5.7%</td>
<td>64.8%</td>
<td>2.9%</td>
<td>3.3%</td>
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<tr>
<td>Other</td>
<td>19.5</td>
<td>0.3%</td>
<td>8.7%</td>
<td>41.4%</td>
<td>1.1%</td>
<td>1.2%</td>
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<tr>
<td>Commercial</td>
<td>85.7</td>
<td>0.3%</td>
<td>4.9%</td>
<td>33.7%</td>
<td>1.9%</td>
<td>2.7%</td>
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<tr>
<td>Other²</td>
<td>55.1</td>
<td>0.7%</td>
<td>2.8%</td>
<td>22.9%</td>
<td>0.8%</td>
<td>0.7%</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Total</td>
<td>505.5</td>
<td>0.3%</td>
<td>3.8%</td>
<td>25.6%</td>
<td>1.1%</td>
<td>1.4%</td>
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</tr>
</tbody>
</table>

¹ – Loans and advances to customers only; excludes £27m of ECL on other assets at 30/06/2021 (£28m at 31/12/2020).
² – Includes reverse repos of £52.7bn which dilutes reported Group coverage by 0.1pp.
## Continued low mortgage LTVs

<table>
<thead>
<tr>
<th></th>
<th>2020¹</th>
<th>2010¹</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mainstream</td>
<td>Buy to let</td>
</tr>
<tr>
<td>Average LTVs</td>
<td>42.2%</td>
<td>48.8%</td>
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<tr>
<td>New business LTVs</td>
<td>63.6%</td>
<td>60.2%</td>
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<tr>
<td>≤ 80% LTV</td>
<td>92.8%</td>
<td>99.3%</td>
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<tr>
<td>&gt;80–90% LTV</td>
<td>6.8%</td>
<td>0.4%</td>
</tr>
<tr>
<td>&gt;90–100% LTV</td>
<td>0.2%</td>
<td>0.1%</td>
</tr>
<tr>
<td>&gt;100% LTV</td>
<td>0.2%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Value &gt;80% LTV</td>
<td>£17.5bn</td>
<td>£0.4bn</td>
</tr>
<tr>
<td>Value &gt;100% LTV</td>
<td>£0.4bn</td>
<td>£0.1bn</td>
</tr>
<tr>
<td>Gross lending</td>
<td>£245.3bn</td>
<td>£51.1bn</td>
</tr>
</tbody>
</table>

---

1 – 2020-21 LTVs use Markit’s 2019 Halifax HPI; 2010 LTVs use Markit’s pre-2019 Halifax HPI and include TSB.
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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 or current facts, including statements about the Group's or its directors' and/or management's beliefs and expectations, are forward looking statements.


Examples of such forward looking statements include, but are not limited to, statements or guidance relating to: projections or expectations of the Group’s future financial position including profit attributable to shareholders, provisions, earnings, 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; the Group’s ESG targets and/or commitments; 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; potential changes in dividend policy; the ability to achieve strategic objectives; changing customer behaviour including consumer spending, saving and borrowing habits; changes to borrower or counterparty credit quality impacting the recoverability and value of balance sheet assets; concentration of financial exposure; management and monitoring of conduct risk; exposure to counterparty risk (including but not limited to third parties conducting illegal activities without the Group’s knowledge); instability in the global financial markets, including Eurozone instability, as a result of a variety of factors including the exit by the UK from the European Union (EU) and the EU-UK Trade and Cooperation Agreement, instability as a result of 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 and any further possible referendum on Scottish independence; 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 COVID-19 pandemic) 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, or other such events; geopolitical unpredictability; risks relating to sustainability and climate change, including the Group’s ability along with the government and other stakeholders to manage and mitigate the impacts of climate change effectively; changes in laws, regulations, practices and accounting standards or taxation, including as a result of the UK’s exit from the EU; changes to regulatory capital or liquidity requirements (including regulatory measures to restrict distributions to address potential capital and liquidity stress) 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 laws, 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 industry action; changes in the Group’s ability to develop sustainable finance products and the Group’s capacity to measure the ESG impact from its financing activity, which may affect the Group’s ability to achieve its climate ambition; 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 (the SEC), which is available on the SEC’s website at www.sec.gov, for a discussion of certain factors and risks.

Lloyds Banking Group plc may also disclose written and/or oral forward looking statements in reports filed with or furnished to the SEC, Lloyds Banking Group plc 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 plc to third parties, including financial analysts.

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