LLOYDS BANKING GROUP

2021 HALF YEAR RESULTS

Presentation to analysts and investors | 29 July 2021

Introduction and business update

Well positioned to continue delivering for all stakeholders

OUR PURPOSE — **Helping Britain Prosper**

OUR FOCUS IN 2021 — **Helping Britain Recover**

- **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

Helping Britain Recover

Customer ambitions

Enhanced capabilities

Focused where we can make a difference

H1 progress vs. 2021 targets[1]

Expand availability of affordable and quality homes

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

Support businesses to recover, adapt and grow

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

Help rebuild households' financial health and wellbeing

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

Accelerate the transition to a low carbon economy

- c.£9bn of total green finance[2] 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

Build an inclusive society and organisation

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

1 – More detail is available in our ESG Investor Presentation, available here: https://www.lloydsbankinggroup.com/investors/financial-downloads.html. 2 – Includes Clean Growth Finance Initiative, Commercial Real Estate Green Finance, Renewable Energy Financing and Green/ESG Bond facilitation.

Strategic Review 2021: Progress against our customer ambitions

Helping Britain Recover

Customer ambitions

Enhanced capabilities

Preferred financial partner for personal customers

71

Record all channel NPS, **up 3 pts**

Target: Maintain in 2021 (68)

>£12bn

Strong net growth in **open book mortgages**

Best bank for business

+3pts

Increase in **SME digital NPS**

Target: 5 point increase by 2023

6th

Improved GBP rates ranking (FY20: 10th)[1]

Strategic actions taken to enhance wealth offering

Mass market digital offering	Mass affluent	HNW/UHNW
Lloyds Bank, Halifax, embark group	Schroders personalwealth	Cazenove Capital
<£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

+£4bn Net new money in Insurance & Wealth in H1 2021, c.7% annualised growth

c.£40bn Increased 2023 net new money target *(previously £25bn)*

1 – Combined Tradeweb and Bloomberg GBP IRS (Rates) ranking.

Strategic Review 2021: Progress in enhancing our capabilities

Helping Britain Recover

Customer ambitions

Enhanced capabilities

Modernised technology architecture

c.175% Mobile app releases in H1 as % of HY20

Target: Double number of releases in 2021

c.120k Customer accounts safely migrated to pilot of new bank architecture

Target: c.400k accounts migrated in 2021

Integrated payments

c.2x Increase in clients onboarded to cash management & payments platform

Target: 3x increase in 2021

#1 Leading card spend market share

Target: Maintain spend share in 2021

Data-driven organisation

20k Franchise customers with faster mortgage approvals due to automated income verification analysis

45m Customer records migrated to cloud as part of proof of concept

Reimagined ways of working

c.80% Colleagues to be working in a hybrid manner as part of future ways of working model

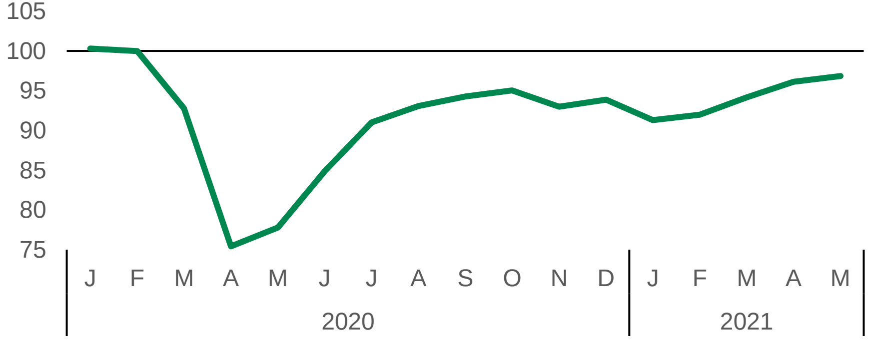
c.3% Reduction in office space in H1

Target: 8% reduction in 2021

Continuing economic recovery, although uncertainties remain

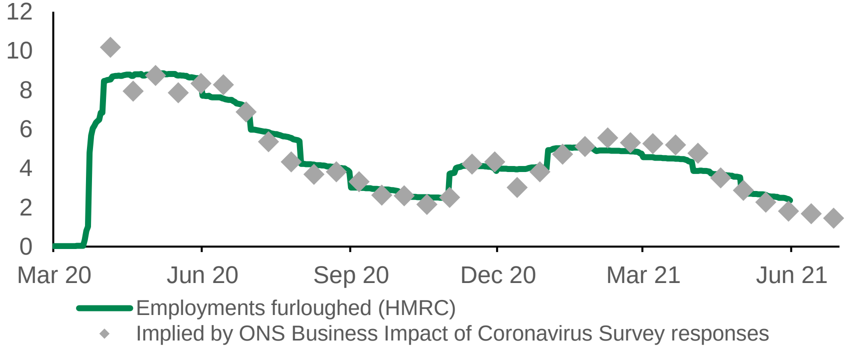
UK GDP[1]

(Indexed to February 2020 = 100)



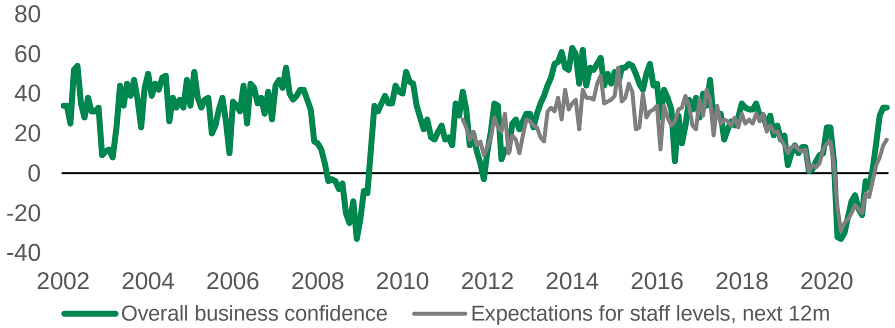
Employments furloughed per day[2]

(Millions)



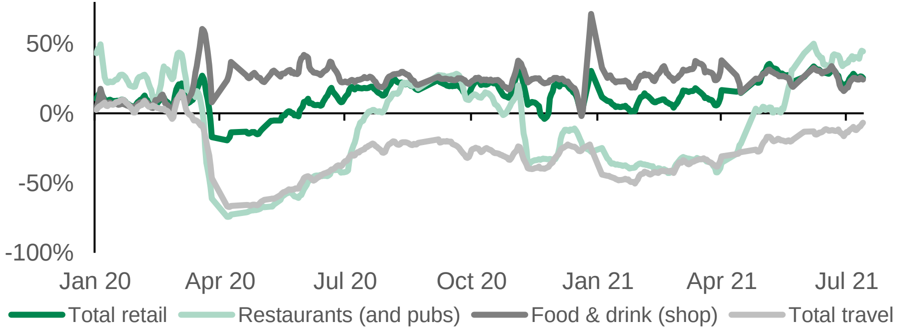
Business confidence and expectations for staff numbers[3]

(Expectations for coming 12 months)



LBG customer card spend[4]

(104 week percentage change, 7d moving average, excluding public holidays)



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

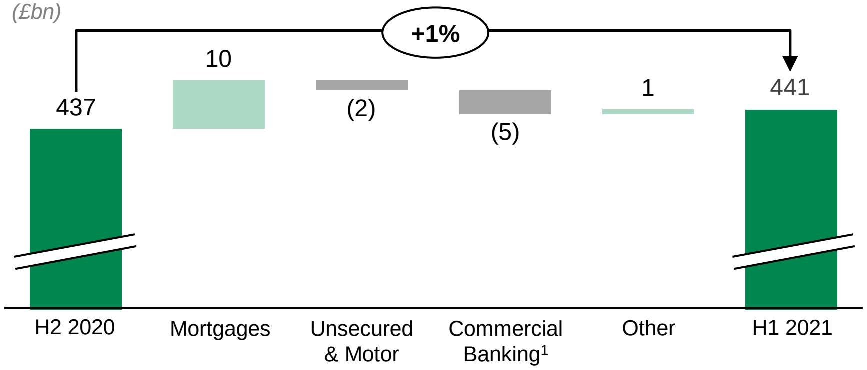
	H1 2021
Net income	£7.6bn
Cost:income ratio (incl. remediation)	54.9%
Pre-provision operating profit	£3.4bn
Impairment credit	£656m
Statutory profit before tax	£3.9bn
Return on tangible equity	19.2%
TNAV	55.6p
CET1 ratio	16.7%

- **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**

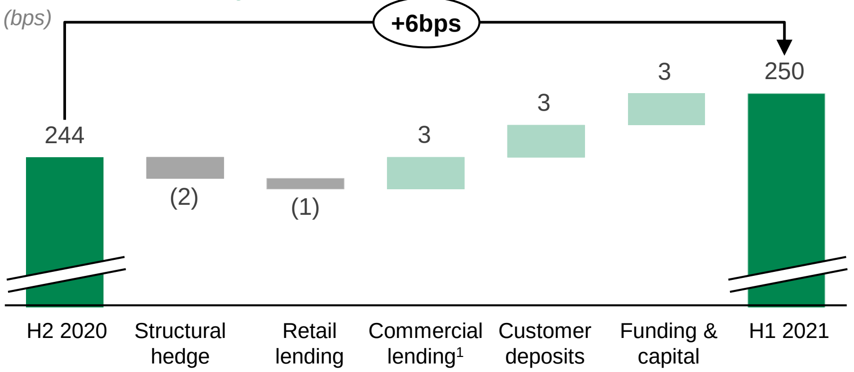
Classification: Public

Strong balance sheet and resilient net interest income

Average interest earning assets



Net interest margin



- **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

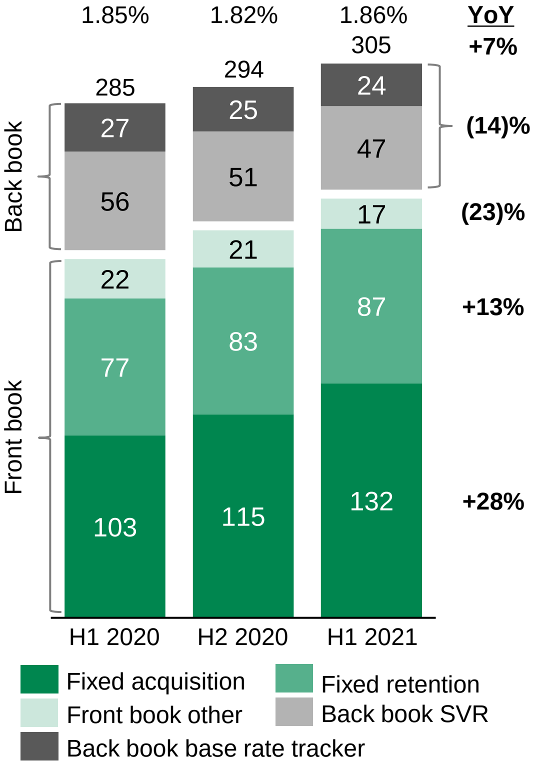
1 – Retail Business Banking shown in Commercial.

Continued lending growth in mortgages; robust asset margins

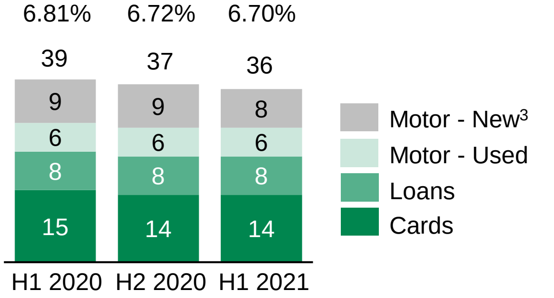
Changing asset mix

(Book size £bn, Gross margin %[1])

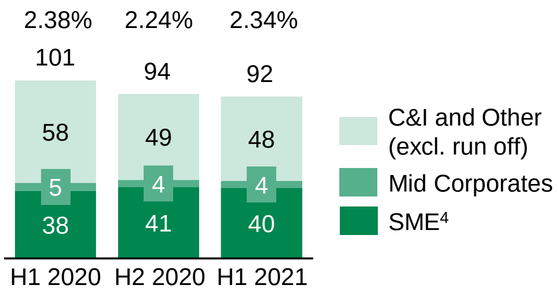
Mortgage book



UK consumer finance[2]



Commercial Banking incl. Retail Business Banking



- **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**

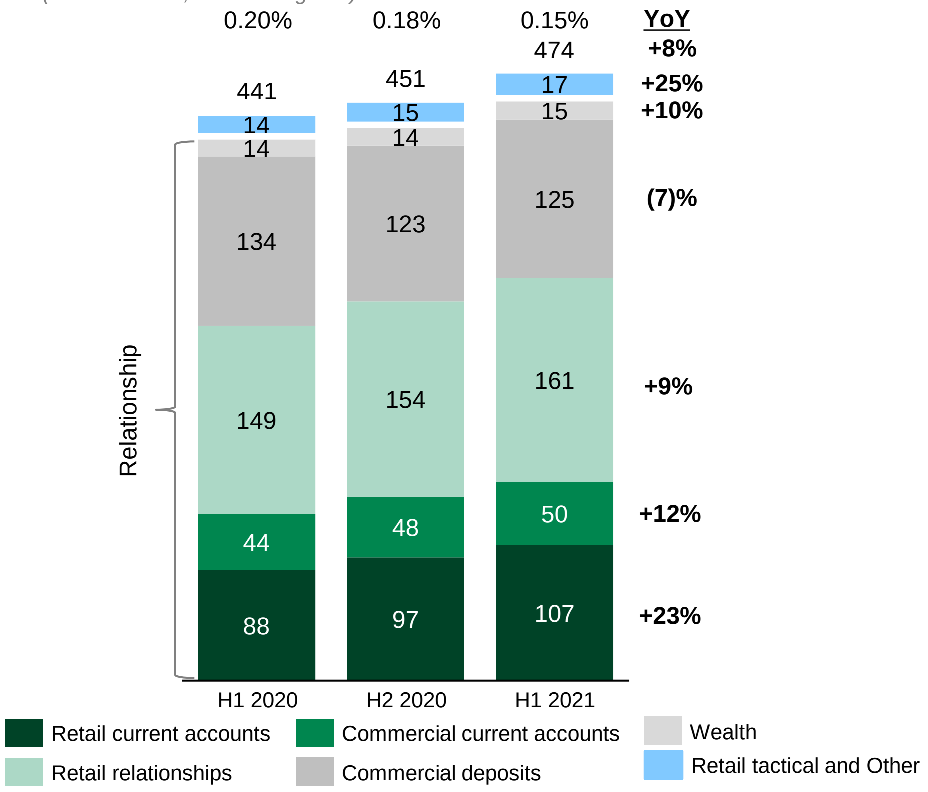
1 – Gross margin is gross customer receivables or payables, less short-term funding costs; references SONIA. Chart uses rounded inputs. 2 – Excluding overdrafts. 3 – Includes Fleet, Stocking and Lex Finance. 4 – Includes Retail Business Banking.

Classification: Public

Continued significant deposit growth reflecting franchise strength

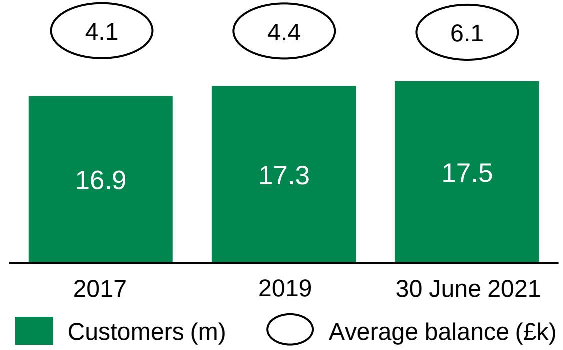
Increase in customer deposits[1,2]

(Book size £bn, Gross margin %)



Retail current account customers and average balances

(#m, £k)

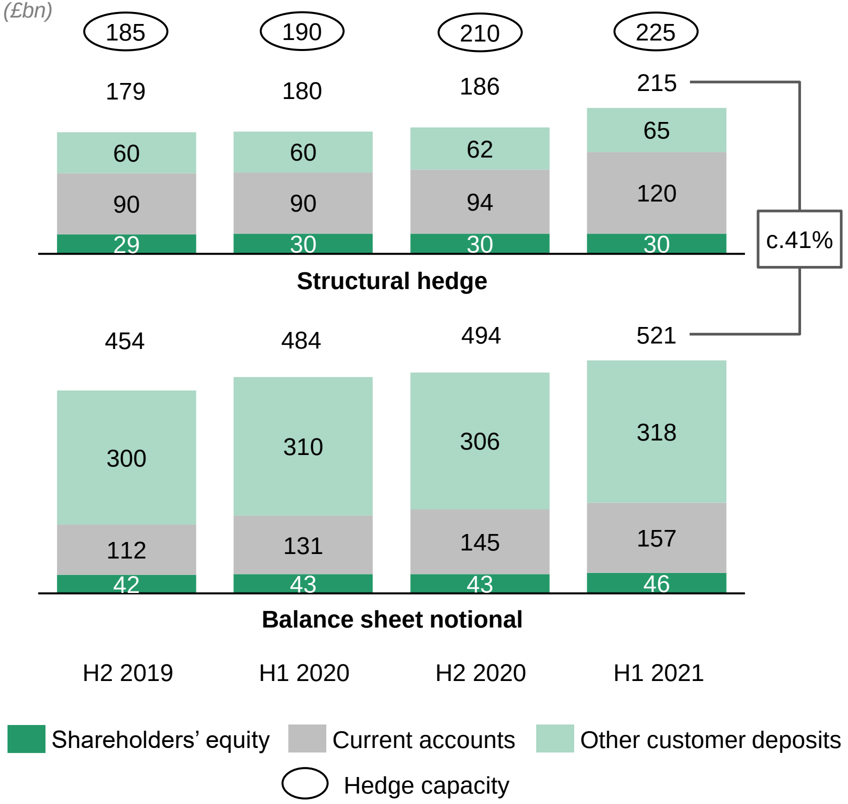


- **Significant £23.7bn increase in deposits in H1 with £12.0bn in Q2**
  - Continued inflows to trusted brands in an uncertain environment, ahead of the market
  - Total deposits up c.£63bn since year end 2019
- **Strong performance in savings presents opportunities to further serve customer needs and build the structural hedge**

1 – Retail Business Banking shown in Commercial. 2 – Gross margin is gross customer receivables or payables, less short-term funding costs; references SONIA and includes structural hedge income.

Franchise strength further building hedge sustainability

Hedged balances[1]



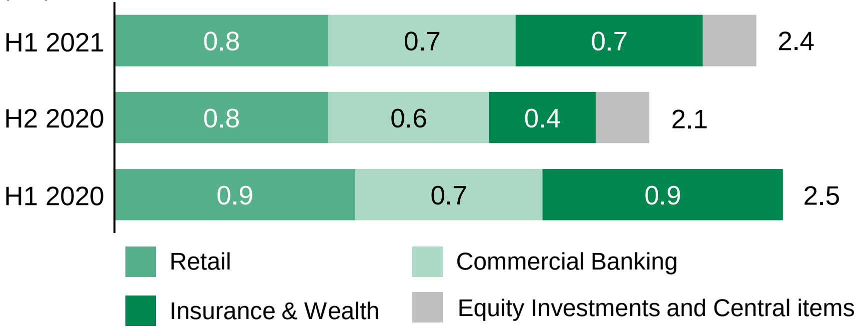
- **Structural hedge capacity of £225bn, up £15bn in H1 and £40bn since year end 2019, largely driven by continued strong deposit growth**
  - Prudent increase in capacity given c.£63bn deposit growth since year end 2019
- **Structural hedge notional balance of £215bn**
  - c.3.5 year weighted average 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

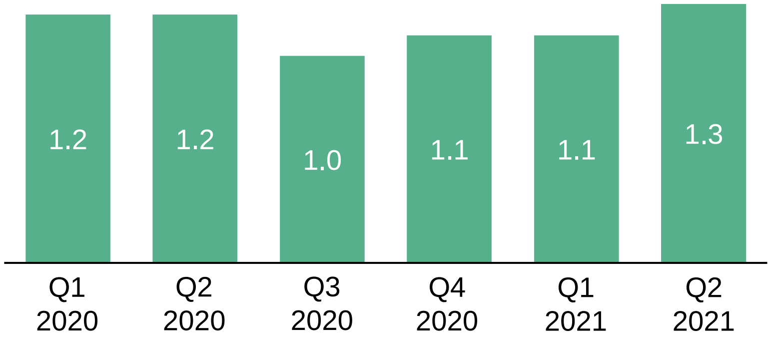
Divisional other income

(£bn)



Other income

(£bn)



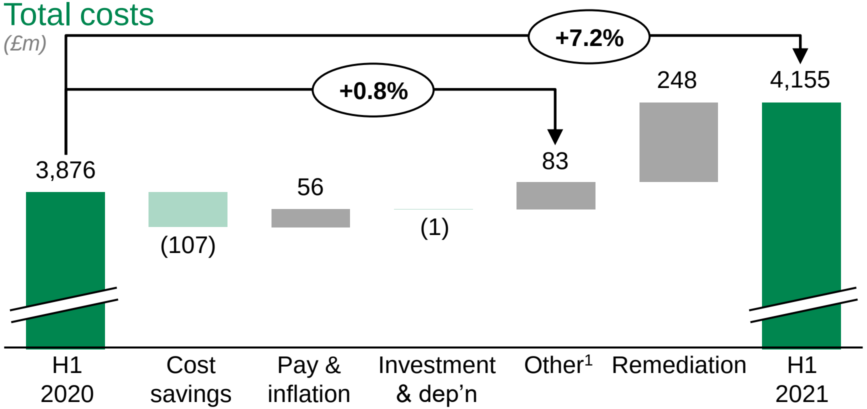
- **Other income of £2.4bn YTD with £1.3bn in Q2**
  - Q2 benefits from strong contribution from Equity Investments business and positive assumption changes in Insurance
- **Divisional performance beginning to recover with early signs of increasing activity and new business**
  - Modest Q2 uplift in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

Classification: Public

Continued focus on efficiency

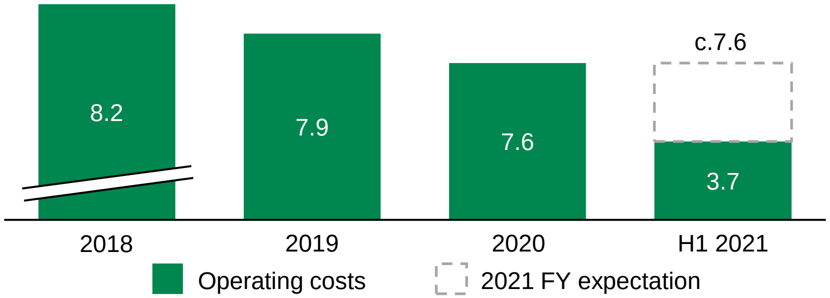
Total costs

(£m)



Operating costs

(£bn)



- **Sustained cost discipline with market-leading cost:income ratio of 54.9%**
  - Rebuild of variable pay in the context of stronger than expected financial performance
  - On track for c.£0.9bn strategic investment in 2021
- **2021 operating costs now expected to be c.£7.6bn**
  - On plan excluding accelerated rebuild of variable pay
- **Remediation of £425m**
  - £91m regulatory fine for historical insurance renewals
  - £150m redress and operational costs for HBOS Reading; could experience significant further charges in 2021/22
  - Other ongoing legacy programmes

1 – Includes 6 months of variable pay.

Strong asset quality and improved economic outlook

Impairment (£m)	H1 2021	Q2 2021	H1 2020	*YoY change*
Charges pre-updated MES[1]	**252**	**43**	788	*(536)*
Retail	**527**	**206**	578	*(51)*
Commercial Banking	**(272)**	**(161)**	206	*(478)*
Other	**(3)**	**(2)**	4	*(7)*
Coronavirus impacted restructuring cases[2]	**(71)**	**2**	432	*(503)*
Updated economic outlook	**(837)**	**(378)**	2,598	*(3,435)*
Retail	**(544)**	**(304)**	1,517	*(2,061)*
Commercial Banking	**(293)**	**(74)**	881	*(1,174)*
Severe scenario overlay	**–**	**–**	200	*(200)*
Total impairment (credit) / charge	**(656)**	**(333)**	3,818	*(4,474)*

ECL[3]	Upside (30%)	Base Case (30%)	Downside (30%)	Severe downside (10%)	Prob. -weighted
H1 2021	**£4,807m**	**£5,194m**	**£6,025m**	**£7,737m**	**£5,582m**
H2 2020	£5,766m	£6,354m	£7,468m	£9,838m	£6,860m

- **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**

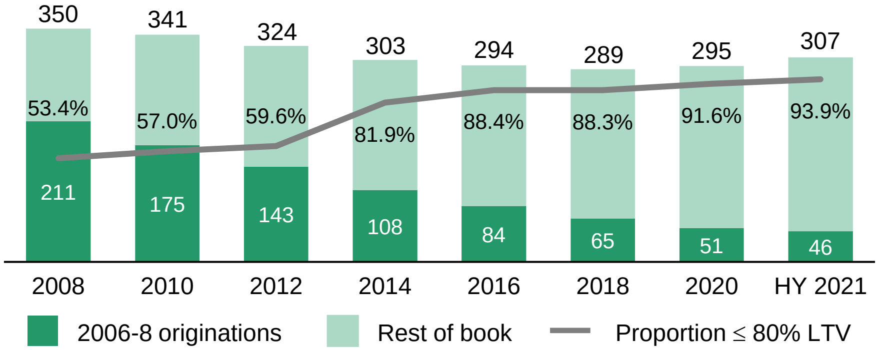
1 – Multiple economic scenarios. 2 – Further (releases) / charges on existing material cases in restructuring at the end of 2019 where coronavirus has directly hampered the recovery strategy. 3 – Expected credit loss.

Classification: Public

Retail – high quality and improving mortgage book; new to arrears remain low

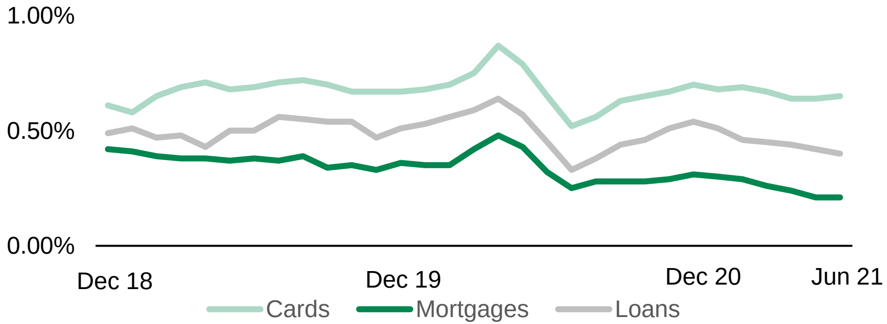
Mortgage book quality[1,2]

(£bn,%)



New to arrears

(3 month rolling average, %)



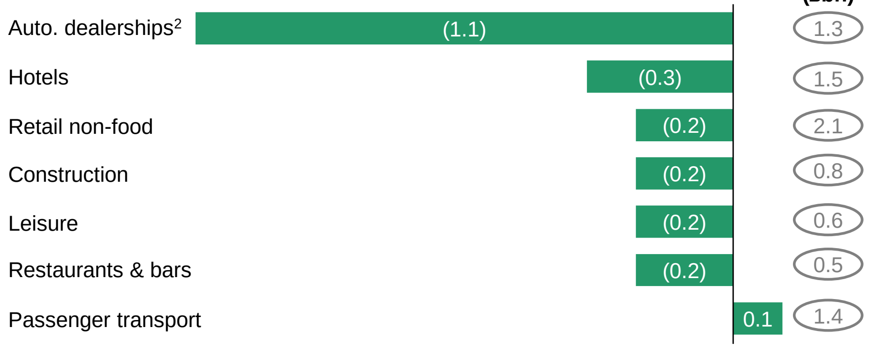
- **High quality UK mortgages account for over 60% of total Group lending**
  - Net growth of £11.4bn in H1 2021; average LTV of new lending c.63%
  - Total portfolio average LTV 43.1% and 94% of book has LTV ≤80%
  - 2006-08 book has average LTV 39.2% with c.96% ≤80% LTV; continues to perform well while declining c.11% per year
- **New to arrears remain low across retail portfolios, at or below pre-pandemic levels, despite expiry of over 99% of payment holidays**
  - Forecast to increase later in 2021 consistent with economic outlook, but Group remains well provisioned

1 – Gross lending; pre-2013 not restated for sale of TSB. 2 – 2008-13 use HPI1 and 2014-21 LTVs use Markit's 2019 Halifax HPI.

Commercial – diversified portfolio with limited exposure to most impacted sectors

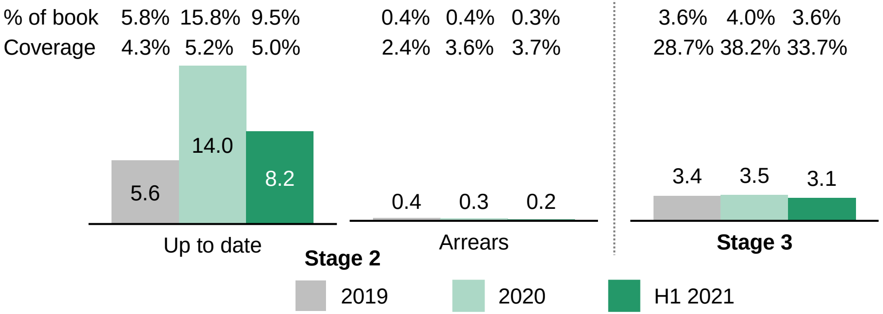
Key coronavirus-impacted sectors net lending utilisation change since H1 2020[1]

(£bn)



Stage 2 and 3 balances and coverage

(£bn,%)



- **c.70% of Commercial exposure[3] at investment grade**
- **New to Business Support Unit levels below pre-Covid**
- **Diverse client base and selectively managing lending in key coronavirus-impacted sectors**
  - Exposure to key impacted sectors remains modest at c.2% of Group lending and c.10% of Commercial
  - Net reduction of c.£2.0bn[1,4] in lending utilisation in key impacted sectors since H1 2020
- **£5.9bn reduction in Stage 2 balances from almost entirely up to date assets, driven by improved economic outlook**
- **CRE portfolio significantly de-risked and secured; further risk mitigation through significant risk transfers**

1 – Lending classified using ONS SIC codes at legal entity level. Net lending utilisation change from H1 2020 to H1 2021. Balances exclude c.£1.0bn of BBLs/CBILS lending.
2 – Automotive dealerships includes Black Horse Motor Wholesale lending (in Retail). 3 – Commercial Banking excluding SME. 4 – Balances exclude Oil & Gas.

Strong recovery in statutory profit after tax to £3.9bn

(£m)	H1 2021	H1 2020
Underlying profit / (loss)	**4,065**	(281)
Restructuring costs	**(255)**	(133)
Severance costs	***(69)***	*(28)*
Property transformation	***(42)***	*(37)*
Technology R&D	***(81)***	*(19)*
Regulatory programmes	***(32)***	*(19)*
M&A/Integration/Other	***(31)***	*(30)*
Volatility and other items	**95**	(188)
PPI	–	–
Statutory profit / (loss) before tax	**3,905**	(602)
Tax (expense) / credit	**(40)**	621
Statutory profit after tax	**3,865**	19
Return on tangible equity[1]	**19.2%**	(1.3)%

- **Restructuring costs of £255m, reflecting an increase in technology R&D and severance**
- **Volatility and other items benefitting from positive banking and insurance volatility**
- **Statutory profit before tax £3.9bn with profit after tax £3.9bn, both significantly ahead of prior year**
- **c.£1.0bn tax credit from change in tax rate in Q2**
- **RoTE of 19.2%, or 14.2% excluding annualised benefit of tax credit**
- **2021 RoTE now expected to be c.10%, excluding the c.2.5pp benefit from tax rate changes**

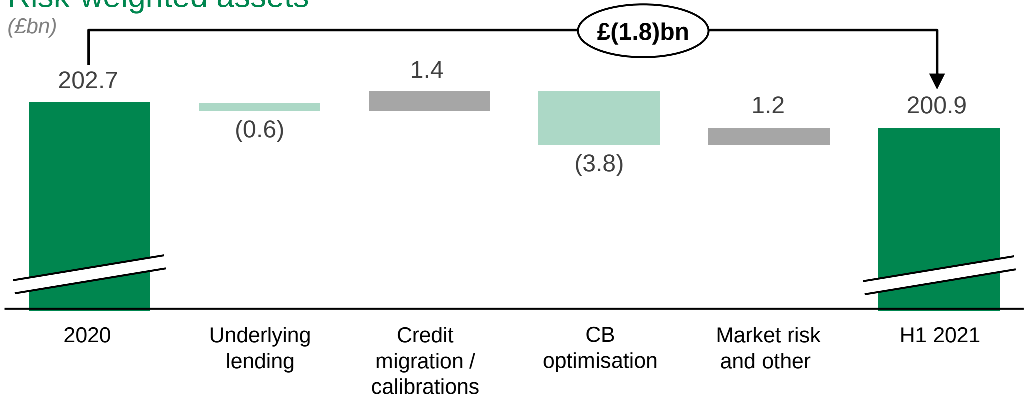
1 – H1 2020 restated for new basis.

Classification: Public

RWAs down £1.8bn in H1; regulatory pressure in 2022

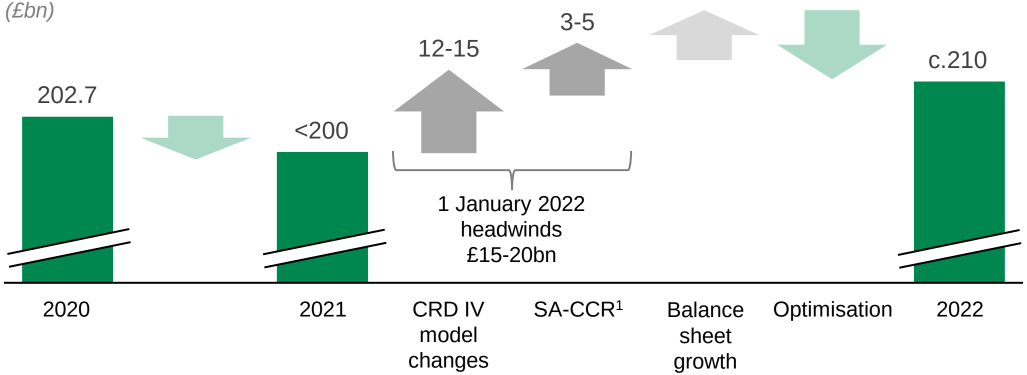
Risk-weighted assets

(£bn)



2022 RWA regulatory headwinds, although uncertainties remain

(£bn)



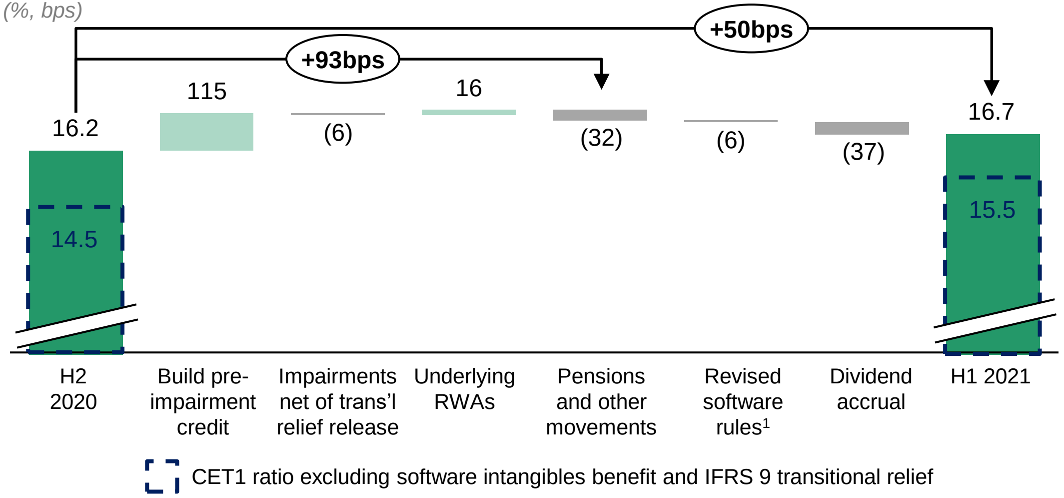
- **RWAs down £1.8bn in H1 to £201bn, driven by Commercial Banking optimisation**
- **Limited credit migration seen to date, supported by high quality book and HPI**
- **2021 RWAs now expected to be below £200bn**
- **Regulatory headwinds expected to increase RWAs in January 2022**
  - Impact estimated 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-IRB[2] changes offsetting other increases**

1 – Standardised Approach for Counterparty Credit Risk. 2 – Foundation internal ratings-based approach.

Enhanced capital strength with significant headroom over target and requirements

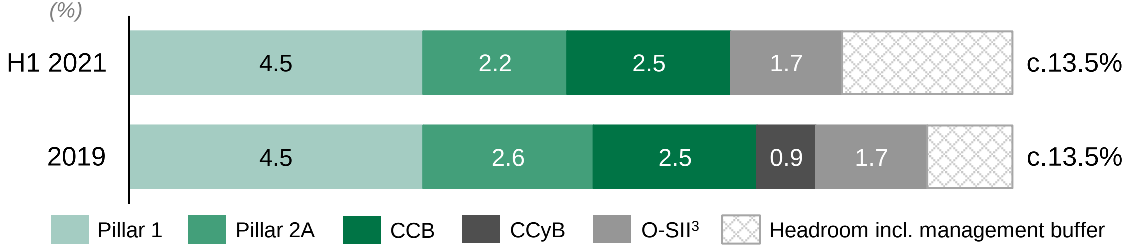
Common equity tier 1 ratio

(%, bps)



Group capital structure[2]

(%)



- **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
- **Dividend accrual 37bps and interim dividend of 0.67p per share**
  - Reintroduced progressive and sustainable ordinary dividend, paid twice yearly
- **Acquisition of Embark to consume c.30bps on completion, expected in Q4**

1 – Reduction in benefit driven by prudential amortisation. 2 – Requirement shown excludes any other PRA buffer requirement which the Group is not permitted to disclose. 3 – Replaces Systemic Risk Buffer.

Well positioned to continue delivering for all stakeholders

OUR PURPOSE

Helping Britain Prosper

OUR FOCUS IN 2021

Helping Britain Recover

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- **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

Questions and Answers

William Chalmers
Interim Group Chief Executive

Jon Burgess
Deputy Group Chief Financial Officer

Classification: Public

Appendix

Quarterly P&L and key ratios

(£m)	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Net interest income	**2,741**	2,677	2,677	2,618	2,528	2,950
Other income	**1,282**	1,135	1,066	988	1,235	1,226
Operating lease depreciation	**(123)**	(148)	(150)	(208)	(302)	(224)
Net income	**3,900**	3,664	3,593	3,398	3,461	3,952
Operating costs	**(1,879)**	(1,851)	(2,028)	(1,858)	(1,822)	(1,877)
Remediation	**(360)**	(65)	(125)	(77)	(90)	(87)
Total costs	**(2,239)**	(1,916)	(2,153)	(1,935)	(1,912)	(1,964)
Underlying profit before impairment	**1,661**	1,748	1,440	1,463	1,549	1,988
Impairment	**333**	323	(128)	(301)	(2,388)	(1,430)
Underlying profit	**1,994**	2,071	1,312	1,162	(839)	558
PPI	**–**	–	(85)	–	–	–
Other below the line items	**13**	(173)	(435)	(126)	163	(484)
Statutory profit / (loss) before tax	**2,007**	1,898	792	1,036	(676)	74
Statutory profit / (loss) after tax	**2,468**	1,397	680	688	(461)	480
Net interest margin	**2.51%**	2.49%	2.46%	2.42%	2.40%	2.79%
Average interest-earning assets	**£442bn**	£439bn	£437bn	£436bn	£435bn	£432bn
Cost:income (incl. remediation)	**57.4%**	52.3%	59.9%	56.9%	55.2%	49.7%
Asset quality ratio	**(0.30)%**	(0.29)%	0.11%	0.27%	2.16%	1.30%
Return on tangible equity[1]	**24.4%**	13.9%	5.9%	6.0%	(6.1)%	3.7%
TNAV per share	**55.6p**	52.4p	52.3p	52.2p	51.6p	57.4p

1 – New basis. Q1 to Q4 2020 restated.

Classification: Public

Prudent economic scenarios

Scenario	ECL (£m)
Upside (30%)	4,807
Base case (30%)	5,194
Downside (30%)	6,025
Severe downside (10%)	7,737
Probability-weighted ECL	**5,582**

Economic measure (%)	2021	*Change since FY 2020*[1]	2022	2023	2024	2025	*2021-25*
GDP	6.1	*2.4*	5.5	1.4	1.4	1.2	3.1
Interest rate	0.52	*(0.62)*	1.27	1.09	1.32	1.58	1.16
Unemployment rate	4.7	*(0.7)*	4.9	4.4	4.2	4.1	4.5
HPI growth	6.8	*8.2*	3.4	4.6	3.9	3.4	4.4
CRE price growth	9.2	*(0.1)*	5.7	2.4	0.3	(0.3)	3.4
GDP	5.5	*2.5*	5.5	1.6	1.4	1.2	3.0
Interest rate	0.10	*0.00*	0.10	0.25	0.50	0.75	0.34
Unemployment rate	5.4	*(1.4)*	6.1	5.4	5.0	4.8	5.4
HPI growth	5.6	*9.4*	0.1	0.1	0.6	1.1	1.5
CRE price growth	0.4	*2.1*	1.0	0.6	0.3	0.5	0.6
GDP	4.8	*3.1*	4.2	1.3	1.4	1.4	2.6
Interest rate	0.09	*0.03*	0.05	0.06	0.11	0.20	0.10
Unemployment rate	6.0	*(1.9)*	7.8	7.1	6.5	6.0	6.7
HPI growth	3.5	*11.9*	(6.2)	(7.5)	(4.9)	(1.8)	(3.5)
CRE price growth	(5.3)	*5.3*	(5.3)	(2.8)	(1.5)	0.2	(3.0)
GDP	4.1	*3.8*	3.5	1.1	1.4	1.4	2.3
Interest rate	0.06	*0.06*	0.00	0.01	0.02	0.03	0.02
Unemployment rate	7.0	*(2.9)*	9.9	9.1	8.3	7.6	8.4
HPI growth	2.4	*13.5*	(11.0)	(13.2)	(9.6)	(5.1)	(7.5)
CRE price growth	(13.5)	*7.9*	(13.5)	(6.9)	(2.3)	0.5	(7.3)

1 – Changes only shown for 2021 measures.

Modest reduction in coverage reflecting updated economic outlook

(£m)	Gross customer L&A (£bn)	Coverage (excl. Recoveries)[1]				Q4 2020 Total Coverage[1]	Total ECL HY 2021	Net ECL increase / (decrease)	*P&L charge / (credit)*	*Write-offs & Other*	ECL Q4 2020	Write-offs & Other H1 2020
		Stage 1	Stage 2	Stage 3	Total							
Retail	***364.7***	0.2%	3.6%	21.0%	**1.0%**	**1.1%**	**3,482**	(526)	(17)	(509)	4,008	(677)
UK Mortgages	**306.6**	0.0%	1.8%	13.7%	**0.5%**	**0.5%**	***1,406***	*(199)*	*(175)*	*(24)*	*1,605*	*(56)*
Cards	**14.2**	1.9%	16.2%	57.5%	**5.8%**	**6.4%**	***825***	*(133)*	*67*	*(200)*	*958*	*(271)*
Loans & Overdrafts	**9.5**	2.3%	19.6%	62.4%	**6.4%**	**7.6%**	***606***	*(109)*	*130*	*(239)*	*715*	*(265)*
Motor	**14.9**	1.2%	5.7%	64.8%	**2.9%**	**3.3%**	***434***	*(67)*	*(40)*	*(27)*	*501*	*(65)*
Other	**19.5**	0.3%	8.7%	41.4%	**1.1%**	**1.2%**	***211***	*(18)*	*1*	*(19)*	*229*	*(20)*
Commercial	**85.7**	0.3%	4.9%	33.7%	**1.9%**	**2.7%**	***1,650***	(752)	(636)	(116)	2,402	(71)
Other[2]	**55.1**	0.7%	2.8%	22.9%	**0.8%**	**0.7%**	***450***	0	(3)	3	450	9
Total	**505.5**	0.3%	3.8%	25.6%	**1.1%**	**1.4%**	**5,582**	**(1,278)**	**(656)**	**(622)**	**6,860**	(739)

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.

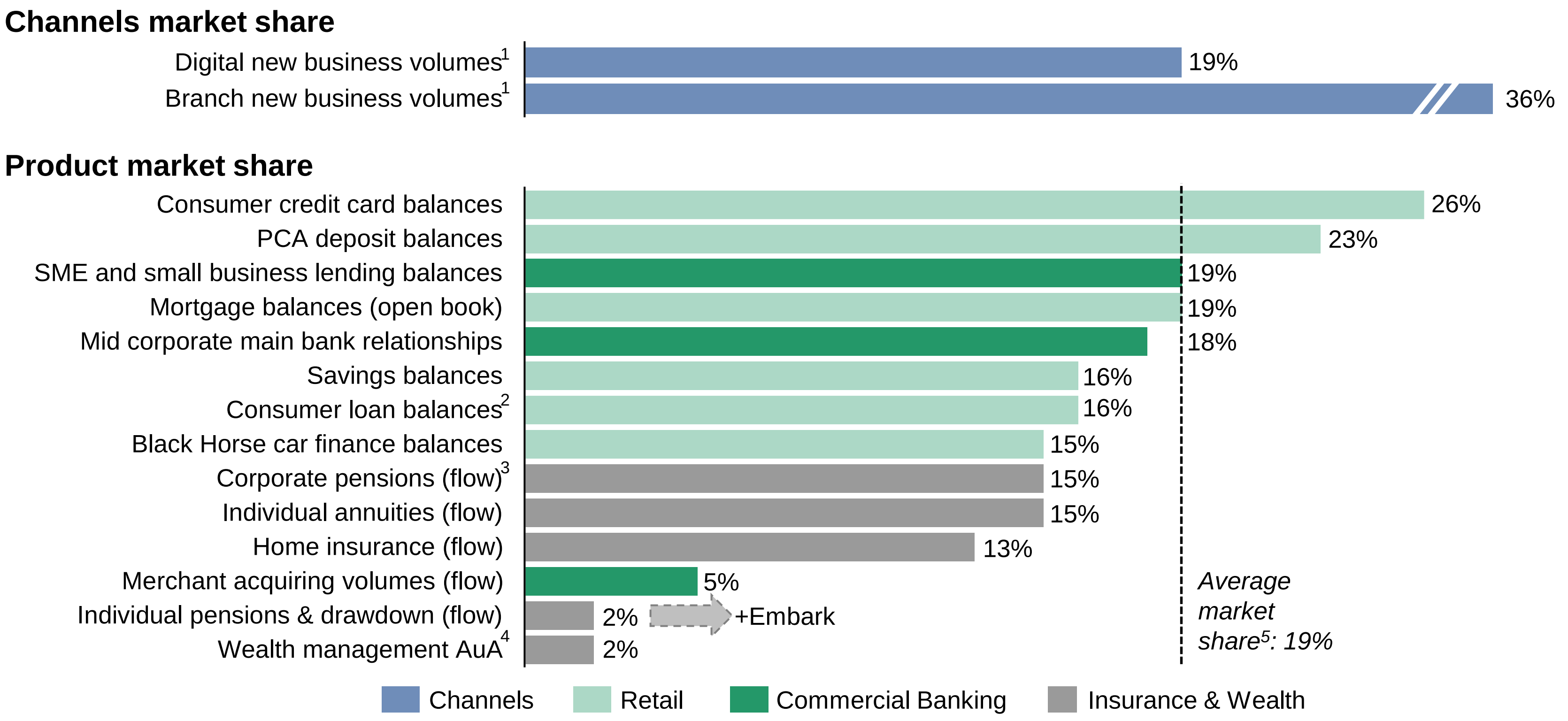
Classification: Public

Continued low mortgage LTVs

	June 2021[1]				2020[1]	2010[1]
	Mainstream	Buy to let	Specialist	Total	Total	Total
Average LTVs	42.2%	48.8%	39.2%	**43.1%**	43.5%	55.6%
New business LTVs	63.6%	60.2%	N/A	**63.1%**	63.9%	60.9%
≤ 80% LTV	92.8%	99.3%	95.4%	**94.0%**	91.6%	57.0%
>80–90% LTV	6.8%	0.4%	1.5%	**5.6%**	7.8%	16.2%
>90–100% LTV	0.2%	0.1%	1.0%	**0.2%**	0.3%	13.6%
>100% LTV	0.2%	0.2%	2.1%	**0.2%**	0.3%	13.2%
Value >80% LTV	£17.5bn	£0.4bn	£0.5bn	**£18.4bn**	£24.9bn	£146.6bn
Value >100% LTV	£0.4bn	£0.1bn	£0.2bn	**£0.7bn**	£1.0bn	£44.9bn
Gross lending	£245.3bn	£51.1bn	£10.2bn	**£306.6bn**	£295.4bn	£341.1bn

1 – 2020-21 LTVs use Markit's 2019 Halifax HPI; 2010 LTVs use Markit's pre-2019 Halifax HPI and include TSB.

Growth in customer franchise, with further opportunities in targeted areas



1 – Average volume share across PCAs, loans, savings, cards and home insurance. 2 – Comprises unsecured personal loans, overdrafts and Black Horse retail lending balances. 3 – Annualised Premium Equivalent new business on an estimated whole of market basis. 4 – Excludes execution-only stockbrokers. 5 – Average market share calculated for core financial services products. Market data sources: ABI, BoE, CACI, Compeer, eBenchmarkers, Experian pH, FLA, Ipsos MORI FRS, Spence Johnson, UK Finance and internal estimates. Note: Market shares as of May-21, with exception of Mid corporate main bank relationships (Jun-21); PCA, Savings and Merchant Acquiring (Apr-21); Individual annuities and Individual pensions & drawdown (Mar-21); Corporate Pensions and Wealth management AuA (Dec-20).

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.

Words such as 'believes', 'achieves', 'anticipates', 'estimates', 'expects', 'targets', 'should', 'intends', 'aims', 'projects', 'plans', 'potential', 'will', 'would', 'could', 'considered', 'likely', 'may', 'seek', 'estimate', 'probability', 'goal', 'objective', 'endeavour', 'prospects', 'optimistic' 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, statements or guidance relating 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; 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, instability as a result of uncertainty surrounding 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 industrial 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.

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