2021 Results Presentation
Lloyds Banking Group
## Agenda

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<th>Charlie Nunn, Group Chief Executive</th>
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</tr>
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</table>
Introduction
2021 strategic and financial progress
Solid financial performance in 2021

- **£15.8bn**
  - Net income up 9%
  - vs 2020

- **13.8%**
  - RoTE up 11.5pp
  - vs 2020

- **£3.4bn**
  - Total capital returns

- **56.7%**
  - Cost:income ratio up
  - 1.4pp vs 2020

- **57.5p**
  - TNAV up 5.2p vs 2020

- **16.3%**
  - Pro forma CET1 ratio
  - up 0.1pp vs 2020

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- Solid net income, up 9%, NIM 254bps
- Maintained focus on operating costs, 1% higher YoY including variable pay
- Strong asset quality, £1.2bn net impairment credit
- Statutory profit after tax of £5.9bn
- Continued franchise balance sheet growth
- Strong capital build of 210bps, pro forma CET1 ratio 16.3%¹
- Shareholder returns £3.4bn, equivalent to c.10% of market capitalisation²
  - Total ordinary dividend 2p per share
  - Share buyback £2bn

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¹ The pro forma CET1 ratio as at 31/12/2021 reflects both the insurance dividend paid in Q1 2022 and the impact of the announced ordinary share buyback programme. Does not include the impact of capital headwinds on 01/01/2022.

² Market capitalisation as at close of business on 31/12/2021.
Helping Britain Recover

Performance against commitments for 2021\(^1\)

- **>93k**
  
  Start-ups and small businesses supported vs target 75k\(^2\)

- **>£16bn**
  
  Lent to first-time homebuyers vs target £10bn

- **>£3bn**
  
  New funding to social housing vs target £1.5bn

- **c.£5bn**
  
  Discounted green finance delivered; funding available expanded from £3bn to £5bn\(^3\)

- **8.8%**
  
  Senior roles held by Black, Asian and minority ethnic colleagues; 2025 target 13%

- **37.7%**
  
  Senior roles held by female colleagues; 2025 target 50%

Group’s focus areas for 2021

- Recovery and growth of businesses
- Financial health of households
- Affordable and quality homes
- Transition to a low carbon economy
- Inclusive society and organisation

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1 - See the 2021 ESG Report for a full list of 2021 commitments and performance.  
2 - Provided to customers through online support, business advice and business banking accounts; not-for-profit enterprises comprise approximately 10% of this figure.  
3 - c.£5bn includes Clean Growth Finance Initiative and Commercial Real Estate Green Lending since 2016; expansion of funding available took place in 2021.
## Progress against Strategic Review 2021

### Our customer ambitions

<table>
<thead>
<tr>
<th>Metric</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>+69</td>
<td>Maintained record all-channel NPS (FY21)</td>
</tr>
<tr>
<td>£16bn</td>
<td>Net growth in open mortgage book in 2021</td>
</tr>
<tr>
<td>&gt;£7bn</td>
<td>Net new open book AuA in Insurance &amp; Wealth</td>
</tr>
<tr>
<td>c.60%</td>
<td>Growth in SME products originated via a digital source (target 50%)</td>
</tr>
</tbody>
</table>

### Enhanced capabilities

<table>
<thead>
<tr>
<th>Metric</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.8x</td>
<td>Mobile app releases in 2021 vs 2020 (target 2x)</td>
</tr>
<tr>
<td>3x</td>
<td>Corporate clients onboarded to new cash management &amp; payments platform (target 3x)</td>
</tr>
<tr>
<td>c.120k</td>
<td>Customer accounts safely migrated to pilot of new bank architecture</td>
</tr>
<tr>
<td>c.9%</td>
<td>Reduction in office space in 2021 (target 8%)</td>
</tr>
</tbody>
</table>

Execution in 2021 provides a strong foundation for our new strategy.
Solid net interest income performance

Average interest-earning assets (AIEAs) (£bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Mortgages</th>
<th>Unsecured &amp; Motor</th>
<th>Commercial Banking¹</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>435</td>
<td>(3)</td>
<td>(3)</td>
<td>1</td>
<td>445</td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Net interest income (NII) and banking net interest margin (NIM) (£bn, bps)

<table>
<thead>
<tr>
<th>Year</th>
<th>Structural hedge</th>
<th>Retail lending</th>
<th>Commercial lending¹</th>
<th>Customer deposits</th>
<th>Funding &amp; capital</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>(5)</td>
<td>(4)</td>
<td>2</td>
<td>5</td>
<td>4</td>
<td>252</td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>254</td>
</tr>
</tbody>
</table>

- NII £11.2bn, up 4% on 2020, benefitting from increased AIEAs and stronger NIM
  - 2021 AIEAs £445bn, up £10bn on 2020
  - Full year NIM 254bps, 257bps in Q4, up 2bps on Q3
- Positive impact from rising rates despite ongoing mortgage pricing pressure
- Illustrative c.£200m additional NII in year 1 for a 25bps parallel increase in rates²
- Low single-digit percentage growth in AIEAs expected in 2022
- 2022 NIM expected to be above 260bps

1 - Retail Business Banking included within Commercial for reporting purposes. 2 - Illustrative interest rate sensitivity; based on the assumptions shown in the appendix on slide 57.
Strong mortgage growth with tighter new business margins

Mortgage book
(Book size £bn, Gross margin %)

- Mortgage balances up £13.7bn to £307.5bn, open book growth £16bn
- Back book c.£64bn, Q4 YoY attrition c.16%
- 2021 new business\(^2\) c.£90bn
  - 2021 front book maturities at c.150bps
  - Average completion margin c.160bps (2020: c.170bps), c.115bps in Q4\(^3\)
- 2022-24 Group NIM impacted by maturities of high-yielding 2020-21 business
- Mortgage lending remains attractive from a returns and economic value perspective

1 - Gross margin is gross customer receivables, less short-term funding costs; references SONIA. Chart uses rounded inputs.  
2 - Includes retention of existing customers on new deals.  
3 - Total completion margins include new business and product transfers and is the difference between the customer rate and the relevant funding rate.
**Other lending balances stabilised in H2 with robust margins**

### UK consumer finance

(Book size £bn, Gross margin %)

<table>
<thead>
<tr>
<th></th>
<th>H2 2021</th>
<th>H1 2021</th>
<th>H2 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cards</td>
<td>14</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Loans</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Motor (used)</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Motor (new)</td>
<td>8</td>
<td>36</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>36</td>
<td>36</td>
<td>37</td>
</tr>
<tr>
<td>Gross margin %</td>
<td>6.59%</td>
<td>6.70%</td>
<td>6.72%</td>
</tr>
</tbody>
</table>

### Commercial Banking

(Book size £bn, Gross margin %)

<table>
<thead>
<tr>
<th></th>
<th>H2 2021</th>
<th>H1 2021</th>
<th>H2 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>SME</td>
<td>39</td>
<td>40</td>
<td>41</td>
</tr>
<tr>
<td>Mid corporates</td>
<td>3</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>C&amp;I</td>
<td>46</td>
<td>45</td>
<td>46</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>92</td>
<td>93</td>
<td>95</td>
</tr>
<tr>
<td>Gross margin %</td>
<td>2.35%</td>
<td>2.34%</td>
<td>2.24%</td>
</tr>
</tbody>
</table>

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

- UK consumer finance £0.8bn lower in year but stabilising in H2
  - Credit card balances reduced £0.2bn in 2021, up £0.5bn in H2
  - UK Motor Finance down £0.7bn in 2021 driven by industrywide supply constraints
- Commercial Banking £2.8bn lower in 2021, margin supported by pricing actions
  - Government-backed lending scheme balances down £1.2bn
  - Underlying business reduced £1.6bn given higher levels of liquidity, likely persisting into 2022
Continued significant deposit franchise growth

Increase in customer deposits\(^1,2\)
(Book size £bn, Gross margin %)

<table>
<thead>
<tr>
<th>Relationship</th>
<th>H2 2020</th>
<th>H1 2021</th>
<th>H2 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail current accounts</td>
<td>48</td>
<td>107</td>
<td>112</td>
</tr>
<tr>
<td>Retail relationships</td>
<td>154</td>
<td>161</td>
<td>165</td>
</tr>
<tr>
<td>Commercial current accounts</td>
<td>123</td>
<td>125</td>
<td>116</td>
</tr>
<tr>
<td>Commercial deposits</td>
<td>15</td>
<td>15</td>
<td>16</td>
</tr>
</tbody>
</table>

Y-o-Y:
- Retail current accounts: +14%
- Retail relationships: +7%
- Commercial current accounts: +8%
- Commercial deposits: +11%

- Significant £25.6bn increase in deposits in 2021, down £2.8bn in Q4
- Continued inflows to the Group’s trusted brands, up c.£65bn since 2019
- Commercial deposits lower given portfolio optimisation, particularly in Q4
Continued franchise growth building hedge sustainability

Hedged balances\(^1\)

<table>
<thead>
<tr>
<th>(£bn)</th>
<th>H1 2020</th>
<th>H2 2020</th>
<th>H1 2021</th>
<th>H2 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural hedge</td>
<td>180</td>
<td>186</td>
<td>215</td>
<td>240</td>
</tr>
<tr>
<td>Balance sheet notional</td>
<td>484</td>
<td>494</td>
<td>521</td>
<td>523</td>
</tr>
</tbody>
</table>

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

- Structural hedge approved capacity of £240bn, up £30bn in 2021
- Prudent management of structural hedge
  - c. £65bn deposit growth since year end 2019 vs £55bn increase in capacity
  - c. £30bn maturities in 2022 give flexibility
- Nominal balance of £240bn with c. 3.5 year weighted-average duration
- Expect 2022 hedge income ahead of 2021 and a modest increase in 2023 and 2024
Other income showing signs of recovery

Other income
(£bn)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q1 20</th>
<th>Q2 20</th>
<th>Q3 20</th>
<th>Q4 20</th>
<th>Q1 21</th>
<th>Q2 21</th>
<th>Q3 21</th>
<th>Q4 21</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.2</td>
<td>1.2</td>
<td>1.0</td>
<td>1.1</td>
<td>1.1</td>
<td>1.3</td>
<td>1.3</td>
<td>1.3</td>
</tr>
</tbody>
</table>

Divisional other income
(£m)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>H2 2020</th>
<th>H1 2021</th>
<th>H2 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>924</td>
<td>812</td>
<td>814</td>
</tr>
<tr>
<td></td>
<td>600</td>
<td>677</td>
<td>634</td>
</tr>
<tr>
<td></td>
<td>772</td>
<td>660</td>
<td>397</td>
</tr>
<tr>
<td></td>
<td>347</td>
<td>268</td>
<td>209</td>
</tr>
<tr>
<td></td>
<td>2,643</td>
<td>2,417</td>
<td>2,054</td>
</tr>
</tbody>
</table>

- Other income of £5.1bn in 2021, with £1.3bn in Q4
- Retail seeing recovering customer activity levels, offset by reduced Lex fleet
- Broadly stable performance overall in Commercial Banking year on year
- Increased activity across life, pensions and investments excluding bulk annuities
- Q4 benefits from c.£80m insurance assumption and methodology changes
- Equity Investments, including LDC, c.£100m above typical run rate in 2021

- Continued recovery expected, dependent on customer activity, supported by ongoing and new investments
Maintained focus on efficiency

Operating costs

<table>
<thead>
<tr>
<th>(£m)</th>
<th>2020</th>
<th>Cost savings</th>
<th>Pay &amp; inflation</th>
<th>Investment &amp; depr’n</th>
<th>Variable pay</th>
<th>Other</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7,585</td>
<td>(264)</td>
<td>92</td>
<td>(12)</td>
<td>253</td>
<td>(24)</td>
<td>7,630</td>
</tr>
</tbody>
</table>

2021 operating costs - revised basis

<table>
<thead>
<tr>
<th>(£m)</th>
<th>2021 current basis</th>
<th>Below to above the line switch</th>
<th>Non-lending fraud charges and other</th>
<th>2021 revised basis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7,630</td>
<td>504</td>
<td>c.180</td>
<td>c.8,300</td>
</tr>
</tbody>
</table>

- Sustained cost discipline; cost:income ratio of 56.7% and operating costs of c.£7.6bn
- Remediation of £1.3bn includes £790m for HBOS Reading, £600m in Q4 reflecting estimated future cost
- From Q1, restructuring costs, except M&A-related costs, to be shown above the line
  - Equivalent to £504m in 2021
  - Fraud charges also to be reported in operating costs (previously impairment)
- 2022 operating costs expected to be c.£8.8bn on new basis (2021: c.£8.3bn)
  - Stable before increased investment and new Embark and Citra businesses
Strong asset quality and low new to arrears

<table>
<thead>
<tr>
<th>Impairment (£m)</th>
<th>2021</th>
<th>Q4 2021</th>
<th>2020</th>
<th>YoY change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charges pre-updated MES(^1)</td>
<td>557</td>
<td>146</td>
<td>1,610</td>
<td>(1,053)</td>
</tr>
<tr>
<td>Retail</td>
<td>887</td>
<td>154</td>
<td>1,359</td>
<td>(472)</td>
</tr>
<tr>
<td>Commercial Banking</td>
<td>(324)</td>
<td>(6)</td>
<td>252</td>
<td>(576)</td>
</tr>
<tr>
<td>Other</td>
<td>(6)</td>
<td>(2)</td>
<td>(1)</td>
<td>(5)</td>
</tr>
<tr>
<td>Coronavirus impacted restructuring cases(^2)</td>
<td>(65)</td>
<td>(12)</td>
<td>403</td>
<td>(468)</td>
</tr>
<tr>
<td>Updated economic outlook</td>
<td>(1,699)</td>
<td>(601)</td>
<td>2,234</td>
<td>(3,933)</td>
</tr>
<tr>
<td>Retail</td>
<td>(1,172)</td>
<td>(482)</td>
<td>1,025</td>
<td>(2,197)</td>
</tr>
<tr>
<td>Commercial Banking</td>
<td>(527)</td>
<td>(119)</td>
<td>809</td>
<td>(1,336)</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>400</td>
<td>(400)</td>
</tr>
<tr>
<td>Total impairment (credit) / charge</td>
<td>(1,207)</td>
<td>(467)</td>
<td>4,247</td>
<td>(5,454)</td>
</tr>
</tbody>
</table>

- £1.2bn net impairment credit for 2021, £467m credit in Q4, both given improved macroeconomic outlook
- Sustained low levels of new to arrears and underlying charges below pre-Covid levels
- Stock of ECL reduced to £4.5bn, c.£0.3bn higher than year end 2019
- Covid management judgements c.£0.8bn, including £0.4bn central adjustment\(^3\)
- 2022 asset quality ratio expected to be c.20bps

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1 - Multiple economic scenarios. 2 - Further (credits) / charges on existing material cases in restructuring at the end of 2019 where coronavirus has directly hampered the recovery strategy. 3 - £400m central adjustment held for Covid-related risks to the Group’s base case assumptions.
Statutory profit after tax of £5.9bn

<table>
<thead>
<tr>
<th>(£m)</th>
<th>2021</th>
<th>Q4</th>
<th>2020</th>
<th>%Y change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying profit</td>
<td>8,040</td>
<td>1,785</td>
<td>2,193</td>
<td></td>
</tr>
<tr>
<td>Restructuring costs</td>
<td>(956)</td>
<td>(570)</td>
<td>(521)</td>
<td>(83)%</td>
</tr>
<tr>
<td>Severance costs</td>
<td>(109)</td>
<td>(18)</td>
<td>(156)</td>
<td>30%</td>
</tr>
<tr>
<td>Property transformation</td>
<td>(123)</td>
<td>(51)</td>
<td>(146)</td>
<td>16%</td>
</tr>
<tr>
<td>Technology R&amp;D</td>
<td>(155)</td>
<td>(51)</td>
<td>(61)</td>
<td></td>
</tr>
<tr>
<td>Regulatory programmes</td>
<td>(60)</td>
<td>(14)</td>
<td>(42)</td>
<td>(43)%</td>
</tr>
<tr>
<td>Other</td>
<td>(57)</td>
<td>(18)</td>
<td>(46)</td>
<td>(24)%</td>
</tr>
<tr>
<td>M&amp;A/Integration/Write-off</td>
<td>(452)</td>
<td>(418)</td>
<td>(70)</td>
<td></td>
</tr>
<tr>
<td>Volatility and other items</td>
<td>(182)</td>
<td>(247)</td>
<td>(361)</td>
<td>50%</td>
</tr>
<tr>
<td>PPI</td>
<td>-</td>
<td>-</td>
<td>(85)</td>
<td></td>
</tr>
<tr>
<td>Statutory profit before tax</td>
<td>6,902</td>
<td>968</td>
<td>1,226</td>
<td></td>
</tr>
<tr>
<td>Tax (expense) / credit</td>
<td>(1,017)</td>
<td>(548)</td>
<td>161</td>
<td></td>
</tr>
<tr>
<td>Statutory profit after tax</td>
<td>5,885</td>
<td>420</td>
<td>1,387</td>
<td></td>
</tr>
<tr>
<td>Return on tangible equity</td>
<td>13.8%</td>
<td>2.9%</td>
<td>2.3%</td>
<td>11.5pp</td>
</tr>
</tbody>
</table>

- Restructuring costs £956m; £570m in Q4
  - c.£400m software write-off in Q4 given new technology investment
  - M&A-related costs and volatility continue to be reported below the line from Q1
- Positive insurance and banking volatility, more than offset by fair value unwind
- Tax expense £1,017m including c.£1.0bn credit from change in tax rate in Q2
- 2021 RoTE 13.8%, or 11.4% ex. tax benefit, benefitting from net impairment credit
- 2022 RoTE expected to be c.10%
Effective RWA management

- RWAs down £6.7bn in 2021, down £4.7bn in Q4, driven by Commercial optimisation
- Limited credit migration to date, supported by high quality book and house prices
- 1 January 2022 pro forma RWAs £212bn, given net regulatory inflation of c.£16bn
- Continue to expect 2022 closing RWAs c.£210bn

Risk-weighted assets (£bn)

<table>
<thead>
<tr>
<th>Year end 2020</th>
<th>Underlying lending</th>
<th>Credit migration / calibrations / other</th>
<th>Commercial Banking optimisation</th>
<th>Year end 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>202.7</td>
<td>1.8</td>
<td>(0.4)</td>
<td>(8.1)</td>
<td>196.0</td>
</tr>
</tbody>
</table>

£(6.7)bn

• RWAs down £6.7bn in 2021, down £4.7bn in Q4, driven by Commercial optimisation
• Limited credit migration to date, supported by high quality book and house prices
• 1 January 2022 pro forma RWAs £212bn, given net regulatory inflation of c.£16bn
• Continue to expect 2022 closing RWAs c.£210bn
Strong capital build enabling total distribution of £3.4bn

- Total capital return equivalent to £3.4bn, c.10% of market cap
  - Final ordinary dividend of 1.33p per share; total ordinary dividend of 2p
  - Share buyback of £2bn
- Pro forma CET 1 ratio 16.3% reflecting strong capital build of 210bps, including £300m insurance dividend
- Headwinds of c.230bps on 1 January 2022 given regulatory changes
  - 14% pro forma CET1, post-headwinds
  - Remain ahead of ongoing target of c.12.5% plus a c.1% management buffer
- Expect resilient capital build in 2022, excluding headwinds

Common equity tier 1 ratio (% bps)

<table>
<thead>
<tr>
<th>Year end 2020 reported</th>
<th>Banking build pre-impairment credit</th>
<th>Insurance dividend pro forma</th>
<th>Impairment net of trans. relief release</th>
<th>Underlying RWAs</th>
<th>Fixed pension contrib's and other¹</th>
<th>Distributions</th>
<th>In-year variable pension contrib's</th>
<th>Year end 2021 pro forma²</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.2</td>
<td>210</td>
<td>16</td>
<td>(19)</td>
<td>58</td>
<td>(185)</td>
<td>(10)</td>
<td>16.3</td>
<td>(55)</td>
</tr>
</tbody>
</table>

1 - Includes 41bps in respect of the Group's fixed contributions to its defined benefit pension schemes. Also includes the capital impact of funding the acquisition of Embark, net of other small movements.
2 - Year end 2021 pro forma CET1 ratio reflects both the insurance dividend paid in Q1 2022 and the impact of the announced ordinary share buyback programme (neither of which impacted 2020). Does not include the impact of capital headwinds on 01/01/2022.
Strategy update
Key messages

**Transformation plan**

**Higher, more diversified, revenues**
c.£0.7bn additional revenues from strategic initiatives in 2024; c.£1.5bn with a 50:50 NII/OOI split by 2026

**Maintaining strong focus on cost discipline**
Flat costs in 2024 vs. 2022, with savings offsetting cost pressures; cost:income ratio <50% by 2026

**Enabling our strategy through our people, technology and data**
Destination employer with purpose of Helping Britain Prosper; investing in end-to-end efficiency and upgrading data and technology capabilities

**Delivering a step change in profitability**

**Higher, more sustainable, returns**
>10% RoTE by 2024, with a step-change to >12% RoTE by 2026 as full investment benefits are realised

**Higher, more sustainable, capital generation**
Average capital generation of c.150bps per annum 2022-2024, sustainably improving to 175-200bps by 2026; committed to returning excess capital and paying down to target CET1 ratio by 2024
Building on our strong foundations

Our strong foundations...

Leading UK customer franchise with trusted brands

Largest UK digital bank

Operating at scale with strong cost discipline

Financial strength and disciplined risk management

Dedicated colleagues with strong values

...have created distinct competitive strengths

- Maintained leading market shares; 19% since 2017
- >1m business client relationships
- Relationship with c.50% of UK adults
- UK’s only integrated financial services provider
- Deep customer insights
- Significant data asset; 1bn monthly transactions
- 18.3m digitally active customers; 45% growth over last 5 years
- Record all-channel NPS; 7pt growth over last 5 years

Significant data asset; 1bn monthly transactions
Classification: Public

Changing environment, opportunity to do more

Key challenges

- High NII dependency in a low rate environment
- Customer behaviour and competition driving disintermediation
- Accelerated shift to digital
- Need to enhance and simplify technology infrastructure
- Heightened societal, environmental and colleague expectations

Key opportunities

- Grow and diversify revenue base
- Create more valuable relationships as integrated provider
- Drive end-to-end efficiency through digitisation
- Modernise technology to drive efficiency
- Align purpose to value for all our stakeholders
Our strategy serves our purpose and builds upon our participation choices

Purpose

Helping Britain Prosper

Strategic participation choices

Customer focus
UK consumers and UK-linked businesses and corporates

Product focus
Meeting all consumer and business financial needs in one place

Distribution focus
All-channel distribution, digital leadership, and trusted brands

Financial focus
Strong balance sheet efficiency and disciplined risk approach

Strategic vision

UK customer-focused digital leader and integrated financial services provider, capitalising on new opportunities, at scale
Transforming to create higher and more sustainable value

A clear strategic vision…

…with a transformation plan…

…creating higher and more sustainable value

UK customer-focused digital leader and integrated financial services provider, capitalising on new opportunities, at scale

Grow

Drive revenue growth and diversification

Focus

Strengthen cost and capital efficiency

Change

Maximise the potential of people, technology and data

Higher, more sustainable, returns and capital generation
Delivering for our stakeholders, profitably

Purpose drives value

- Clear purpose and mission
- Strategic direction
- Stronger financial position
- Long-term value creation

Delivering for our stakeholders

Building an inclusive society

- Improving access to quality housing
- Promoting financial inclusion and education
- Enabling regional development
- 50% female, 13% Black, Asian and minority ethnic with 3% Black heritage colleagues in senior roles by 2025

Supporting the transition to a low carbon economy

- Reduce carbon emissions we finance by >50% by 2030, on the path to net zero by 2050 or sooner
- Net zero own operations by 2030
- Sustainability outcomes embedded across business priorities
Higher, more sustainable, returns and capital generation

Drive revenue growth and diversification

Focus

Maximise the potential of people, technology and data

>10% RoTE by 2024
- c.£0.7bn additional revenues from strategic initiatives
- c.£8.8bn operating costs, flat on 2022
- c.150bps capital generation per annum

>12% RoTE by 2026
- c.£1.5bn additional revenues from strategic initiatives
- <50% cost:income ratio
- 175-200bps capital generation per annum

C.£3bn incremental strategic investment by 2024…

…will create higher, more sustainable, returns
Our strategic priorities
Drive revenue growth and diversification

Key outcomes from strategic initiatives

**c.£1.5bn per annum**
Additional revenues in 2026 (c.£0.7bn in 2024)

**50:50**
NII/OOI split from strategic initiatives by 2026

**>2pp RoTE**
Contributes to 2024-2026 RoTE uplift

1. Deepen and innovate in Consumer
2. Create a new mass affluent offering
3. Digitise and diversify our SME business
4. Target our Corporate and Institutional offering
Deepend and innovate in Consumer

Leading UK consumer franchise

- **26m**
  Consumer relationships through our iconic and trusted brands

- **26**
  Average mobile app customer logins per month

- **40%**
  Consumer income generated through intermediary channel

Opportunity to deepen relationships and innovate intermediary propositions

- **£200m run-rate revenues for every 5% increase in needs met**

<table>
<thead>
<tr>
<th>Customer financial needs(^1)</th>
<th>Total across all providers (Avg UK consumer)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>c.7</td>
</tr>
</tbody>
</table>

| Met by LBG (Avg LBG customer) | 2.4 |

<table>
<thead>
<tr>
<th>LBG intermediary market share</th>
<th>Intermediary share of the market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgages</td>
<td>19%</td>
</tr>
<tr>
<td>Workplace pensions</td>
<td>19%</td>
</tr>
<tr>
<td>Motor finance</td>
<td>14%</td>
</tr>
<tr>
<td>Home insurance</td>
<td>9%</td>
</tr>
<tr>
<td>Protection</td>
<td>5%</td>
</tr>
<tr>
<td>Individual pensions</td>
<td>3%</td>
</tr>
</tbody>
</table>

|                                 | c.80%       |
|                                 | c.90%       |
|                                 | c.85%       |
|                                 | c.60%       |
|                                 | c.80%       |
|                                 | c.70%       |

Note: Consumer business represents Retail (excluding Business Banking) and Insurance & Wealth divisions. 1 - Customer financial needs defined by average product holdings.
**Deepen and innovate in Consumer relationships**

**Business priorities:** £600m incremental strategic investment over 3 years

- **Protect and grow**
  - Maintain leading market share in core product areas through service and digital solutions
  - Enhance and optimise unsecured lending proposition to capture spend normalisation and drive balance growth

- **Deepen and build valuable relationships**
  - Personalise pricing and credit risk decisions
  - Develop home ecosystem with integrated mortgages, green retrofit and insurance products

- **Drive stronger customer engagement**
  - Enrich customer touchpoints with payments insights, digital solutions and seamless self-service
  - Extend digital channels to include new direct to consumer leasing and financing solutions for EV charge points

**2024 outcomes:**

- **>5%**
  - Increase in depth of relationship\(^1\) through meeting more needs of existing customers

- **>10%**
  - Increase in digitally active customers to >20m

- **£10bn**
  - Green mortgage lending\(^2\)

**Grow**

- Credit card spend market share

---

1 - Depth of relationship relates to product holdings across brands for franchise customers with active relationship.
2 - New mortgage lending on new and existing residential property that meets an Energy Performance Certificate (EPC) rating of B or higher. Measure is cumulative to 2024.
Innovate and broaden our intermediary propositions

Business priorities: £400m incremental strategic investment over 3 years

- Protect and grow
  - Maintain value maximising approach in mortgages with our specialist brands and partnerships with major distributors
  - Strengthen workplace pensions and intermediary insurance offering to capture share

- Deliver new platforms and propositions
  - Embrace embedded finance propositions
  - Create next-gen digital platform for investment and retirement to better support IFAs

- Differentiate offering to capture value
  - Enhance transport offering with more flexible finance solutions, expanded manufacturer partnerships and services
  - Scale Citra private rental housing business

2024 outcomes:

- >£55bn new AuA
  - Investment and retirement open book net flows

- Top 3
  - Protection provider by 2025

- £20bn-25bn
  - Invested in climate-aware strategies through Scottish Widows by 2025

- £8bn
  - Financing and leasing for Electric Vehicles and Plug-in Hybrid Electric Vehicles

1 - Includes long-term savings and excludes Embark day-1 contribution of c.£37bn, longstanding, unbundled investment only pensions, Cazenove, and legacy Private Banking Trusts. Note that future flows into Embark are included. 2 - Climate-aware strategies are a set of pre-defined funds that have an in-built bias or tilt towards companies that are transitioning their business models to be less carbon-intensive and/or developing climate solutions. 3 - Includes new lending advances for Black Horse and operating leases for Lex Autolease (gross); includes cars and vans. Measure is cumulative to 2024.
Create a new mass affluent offering

Strong platform for growth

>2m
Eligible mass affluent customers across Lloyds Banking Group

50k
Introductions to Schroders Personal Wealth in 2021

UK’s only
Integrated financial services provider

Opportunity to expand in growing mass affluent market

Significant scope for a targeted LBG mass affluent offering...

LBG customers eligible for mass affluent, affluent and HNW propositions

...and a rapidly growing market

Total market investments and individual pensions AuA (£bn)

Note: Segmentation reflects income or deposit balances (balance thresholds shown). 1 - Based on PCA and/or savings holdings with the Group. 2 - Internal estimate based on ABI, Investment Association, Fundscape, HMRC, Compeer, Platform, and Company Results. 3 - Includes c.£50bn AuA through intermediary channels (Embark and Scottish Widows) and c.£30bn through direct channels (predominantly HSDL and SPW). Excludes Longstanding AuA.
Create a new mass affluent offering

**Business priorities:** £300m incremental strategic investment over 3 years

- **Tailored banking proposition**
  - Enhanced propositions including high quality current accounts, mortgages and complex lending
  - Unique digital and data-led service offering

- **Enhanced investments, platforms and digital-first advice**
  - Direct-to-consumer investments through Embark, with prompts and goals-based planning
  - Compelling service model with data-driven, human support on a digital platform

- **Greater integration across the Group**
  - Connecting banking, insurance, lending, payments and investments into integrated propositions at low cost to serve

**2024 outcomes:**

- >£5bn
  - Incremental total banking balances for mass affluent increasing to £10bn - 15bn by 2026

- >£7bn
  - Incremental net flows into investment proposition increasing to £25bn by 2026

**Grow**

Number of mass affluent PCA customers
Digitise and diversify our SME business

Well positioned to succeed

**Top 3**
Across key purpose aligned sectors\(^1\)

**20\%**
Primary relationship market share\(^2\)

**>1,000**
Sector and relationship specialists across the UK

Opportunity to meet more client needs with a digital-first model

Non lending income as a % of total income

Scope to grow ancillary revenues

<table>
<thead>
<tr>
<th>LBG(^2)</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>c.8pp</td>
<td></td>
</tr>
</tbody>
</table>

Opportunities for growth in transactional products and digitisation

- **c.5\%** Market share in merchant acquiring
- **c.10\%** Share of products originated and fulfilled digitally today

---

1 - Including agriculture, real estate, healthcare. 2 - Excludes Retail Business Banking.
**Digitise and diversify our SME business**

**Business priorities: £500m incremental strategic investment over 3 years**

<table>
<thead>
<tr>
<th><strong>Broaden relationships with improved returns</strong></th>
<th>Provide extensive support to UK businesses, improve service, support net zero transition, and optimise returns</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deliver digital customer offering</strong></td>
<td>Data enriched, digitised service channels with RMs focused on complex needs</td>
</tr>
<tr>
<td><strong>Diversify income</strong></td>
<td>Digitised products and processes with automated risk controls and auto credit decisioning</td>
</tr>
<tr>
<td></td>
<td>Broader support for trading sectors and working capital needs, including merchant services, trade, cashflow lending, and value-added services</td>
</tr>
</tbody>
</table>

**2024 outcomes:**

- >50% Share of products originated and fulfilled digitally
- >15% Income growth in mid-sized SME transaction banking and working capital
- 20% per annum Growth in new merchant services clients
Target our Corporate and Institutional offering

Our differentiated position

**Leading provider**
- Largest UK bank
- UK Gilts, GBP DCM, project finance, sustainable financing

**65%**
- FTSE 350 clients with active Group relationship

**£0.5bn**
- Relationship income generated for wider Group

Opportunity to strengthen a core business with focus on UK-linked clients

**Scope to diversify earnings**
- Corporate and Institutional OOI as a % of total income
  - LBG: 18pp
  - Peer top quartile

**Growing need for green transition financing**
- Annual UK requirement for sustainability-related investments (£bn)
  - 2020: <10
  - 2025: <20%
  - 2030: 50

Corporate and Institutional OOI as a % of total income

---

1 - UK Climate Change Committee (CCC) recommendations for the UK’s Sixth Carbon Budget.
Target our Corporate and Institutional offering

**Business priorities:** £200m incremental strategic investment over 3 years

- **Strengthen cash-debt-risk management offering**
  - Product enhancements in core capabilities - transaction banking, debt financing, and targeted markets investment
  - Increased balance sheet velocity

- **Disciplined sector focus**
  - Focus on clients aligned to our purpose and capabilities
  - Specialist sector-specific support including ESG advisory

- **What we will NOT do**
  - Expand internationally where we do not have sufficient scale, capability or a clear UK-link
  - Extend beyond cash-debt-risk management offering

**2024 outcomes:**

- **£15bn**
  - Sustainable financing\(^1\)

- **Top 5**
  - GBP interest rate swaps ranking; deepen FX share of wallet
  - >20%
  - Growth in OOI

- **<£3bn**
  - Net RWA growth

---

1 - Includes Clean Growth Finance Initiative, Commercial Real Estate Green Lending, Renewable Energy Financing, Sustainability Linked Loans and Green, ESG and Social Bond facilitation. Measure reflects cumulative new financing to 2024.
Strengthen cost efficiency

Key priorities: c.£1bn incremental strategic investment over 3 years

**Lower cost of technology**
- Simplify our technology estate through decommissioning or migration to more efficient infrastructure

**Lower cost of change**
- Modernise technology applications and infrastructure, reducing cost of ownership and driving greater agility

**Lower cost to serve**
- Enhance self-service capabilities across distribution and customer operations
- Deliver further end-to-end digitisation of customer journeys

**Central functions and offices**
- Improve productivity through automation and simplification
- Optimise office portfolio in line with hybrid ways of working

2024 outcomes:

- >15%
  Reduction in legacy applications
- 15%
  Gross reduction in run and change technology costs
- >10%
  Increase in customers served per distribution FTE
- >30%
  Reduction in office footprint

2024 outcomes:

- >15%
  Reduction in legacy applications
- 15%
  Gross reduction in run and change technology costs
- >10%
  Increase in customers served per distribution FTE
- >30%
  Reduction in office footprint
Strengthen capital efficiency

Strong balance sheet with a clear approach to capital management

**Clear growth focus:**
Growth in capital-lite, fee generating OOI businesses

**Portfolio management:**
Continued RWA optimisation and recycling into higher returning businesses

**Capital management approach**

**Discipline:**
Rigid discipline on pricing and returns

**Building new capabilities:**
Originate to distribute capabilities for Corporate and Institutional clients
Maximise the potential of people, technology and data

**People**
Transforming ways of working, recruiting and developing new skills; building an inclusive organisation

**Technology**
Further embedding an agile technology model, driving scale, efficiency and business value

**Data**
Leveraging data-driven insights to create value for customers from our information flows

**2024 outcomes:**

**Improve**
Employee Engagement Index

- Improve
- Applications on cloud (private and public)

- 20%
- Business new lending decisions automated

- 60%
Strategic execution creates clear outcomes

Deepen and innovate in Consumer
- Meeting more needs of existing customers
- Increased digitally active customers
- Higher market shares with intermediaries

Create a new mass affluent offering
- New offering for underserved mass affluent segment
- Higher banking balances and net flows

Digitise and diversify our SME offering
- Digitised SME bank
- Greater proportion of OOI with non-lending products

Target our Corporate and Institutional offering
- Disciplined cash-debt-risk management offering
- Higher returns with increased OOI

Strengthen cost and capital efficiency
- Lower cost of technology
- Lower cost of change
- Lower cost to serve

Maximise the potential of people, technology and data
- Financial services’ employer of choice
- Greater adoption of modern technology, data and analytics
- Driving business opportunity
Higher, more sustainable, returns and capital generation
Clear financial framework

1. Grow and diversify revenues
2. Strong focus on cost discipline
3. Higher, more sustainable, returns
4. Higher, more sustainable, capital generation

Disciplined return hurdles and clear execution outcomes
Plan based on prudent economic assumptions

Assumptions reflect ongoing Covid recovery

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP growth (YoY)</td>
<td>3.7%</td>
<td>1.5%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Bank Rate (year average)</td>
<td>0.81%</td>
<td>1.00%</td>
<td>1.06%</td>
</tr>
<tr>
<td>CPI inflation (year average)</td>
<td>5.9%</td>
<td>3.0%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>4.3%</td>
<td>4.4%</td>
<td>4.4%</td>
</tr>
<tr>
<td>HPI growth (YoY)</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

Positive exposure to rate rises, although not primary driver of returns

<table>
<thead>
<tr>
<th>£m</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>+50bps</td>
<td>c.375</td>
<td>c.525</td>
<td>c.800</td>
</tr>
<tr>
<td>+25bps</td>
<td>c.200</td>
<td>c.275</td>
<td>c.400</td>
</tr>
<tr>
<td>-25bps</td>
<td>c.(425)</td>
<td>c.(525)</td>
<td>c.(650)</td>
</tr>
</tbody>
</table>

1 – Illustrative interest rate sensitivity; based on the assumptions shown in the appendix on slide 57.
Strategy enhances long-term revenue potential

**Net income** (Illustrative, £bn)

- **2021**: 15.8
- **Headwinds**
  - Existing franchise and rates
  - Strategic initiatives: c.0.7
- **2024**: c.£1.5bn
  - Existing franchise and rates
  - Strategic initiatives: c.0.8
- **2026 onwards**

**Business plan assumptions**

**Headwinds**
- Ongoing mortgage margin pressure
- IFRS17 impact in 2023, with recovery thereafter
- Normalisation of equity investment contribution and OLD\(^1\)
- Positive impact from rising rates including increased hedge income in 2022; modest increase in 2023/24

**Existing franchise and rates**
- Higher unsecured balances and card spend as economy recovers
- OOI growth in Insurance & Wealth
- Building markets activity levels

**Strategic initiatives**
- c.£0.7bn additional revenues in 2024
- c.£1.5bn additional revenues in 2026

1 - Operating Lease Depreciation.
A clear approach to BAU cost management

1. **Transparency: Adopting a new basis of reporting**

   Representation of 2021 operating costs, (£m)

   - 2021 operating costs: current basis
     - Below to above the line switch
     - Non-lending fraud charges and other
     - From impairment

   - 2021 BAU costs: revised basis
     - Includes ongoing investment

   - 7,630
   - +£685m
   - 504
   - c.180
   - c.8,300

   Improvement transparency

2. **Stable BAU costs: c.£600m savings by 2024 to offset headwinds**

   - **£0.2bn savings**
     - Modernised technology reducing run costs

   - **£0.3bn savings**
     - Improved productivity through digitisation and automation

   - **£0.1bn savings**
     - Optimisation of office estate

   - Stable BAU costs: c.£600m savings by 2024 to offset headwinds
Increased investment in the business

3 New Opex: Savings to offset new initiatives

- **c.£350m by 2024**
  - Gross savings from strategic initiatives: *technology, data and lowering cost to serve*

- **c.25%**
  - Run-rate marginal cost:income ratio of new growth initiatives

4 Incremental strategic investment

- **Incremental strategic investment**
  - c.£3bn over three years
  - c.£4bn over five years

- **Ongoing BAU investment**
  - *Continuation of prior investment to maintain competitive position*

- **c.60% capitalisation rate**
Maintaining cost discipline through a period of investment

Operating costs (£bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Headwinds</th>
<th>Savings</th>
<th>Stable BAU costs</th>
<th>New Opex</th>
<th>New Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td></td>
<td></td>
<td>8.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td></td>
<td></td>
<td>c.8.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2024</td>
<td></td>
<td></td>
<td>c.8.8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Key outcomes

**Stable BAU costs**
Throughout the plan

**c.£8.8bn**
Operating costs in 2024, flat on 2022; reducing beyond 2024

**c.£1bn**
Gross cost savings by 2024 (BAU and strategic)

<50%
Cost:income ratio by 2026\(^1\)

---

1 - Calculated as total costs (operating costs plus remediation) divided by net income.
Higher, more sustainable, returns

Return on tangible equity (%)

- 2021 excl. DTA
- Existing franchise income
- BAU costs
- Remediation & other
- Normalising impairments
- Higher investment
- Strategic initiatives
- Equity
- 2024 Strategic initiatives
- 2026

Key outcomes

>10% RoTE by 2024 and >12% by 2026 as full investment benefits are realised

Disciplined RWA growth beyond 2022 as business growth and regulatory changes are partly offset by optimisation and recycling

£220bn - £225bn RWAs in 2024

Note: IFRS 17 included within other; as previously disclosed, modestly positive RoTE impact expected.
Clear capital return policy

Capital return in 2021
c.10% of market capitalisation

Progressive and sustainable ordinary dividend

C.12.5% target CET1 ratio plus management buffer of c.1%

Expect to pay down to target CET1 ratio by end of 2024

Capital generation creates capacity for shareholder distributions

Robust capital generation despite higher investment and RWA growth

Step change as benefits of investment realised and new investment reduces

175-200bps

c.150bps

c.140bps

3-year average (2019-2021) 2022-2024 average 2026 +

Capital generation
(Pre-variable pension contributions)

Higher, more sustainable, capital generation

Capital generation creates capacity for shareholder distributions

£3.4bn

1 - Arrangement in place for next two years to contribute 30% of in-year shareholder payments to pension schemes.
## Guidance overview

<table>
<thead>
<tr>
<th>Year</th>
<th>Income</th>
<th>Costs</th>
<th>AQR</th>
<th>Returns (statutory RoTE)</th>
<th>RWAs</th>
<th>Capital generation</th>
<th>Capital distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>NIM to be above 260bps</td>
<td>Stable BAU costs c.£8.8bn operating costs (2021: £8.3bn)</td>
<td>Net AQR of around 20bps</td>
<td>c.10%</td>
<td>c.£210bn</td>
<td>c.150bps capital generation (average) per annum</td>
<td>Progressive and sustainable ordinary dividend. Expect to pay down to target CET1 ratio by end of 2024.</td>
</tr>
<tr>
<td>2024</td>
<td>Stable BAU costs throughout the plan c.£8.8bn operating costs, flat on 2022</td>
<td>&lt;50% cost:income ratio</td>
<td>Net AQR less than 30bps over plan period</td>
<td>&gt;10%</td>
<td></td>
<td>£220bn - £225bn</td>
<td></td>
</tr>
<tr>
<td>2026</td>
<td></td>
<td></td>
<td></td>
<td>&gt;12%</td>
<td></td>
<td>175 - 200bps capital generation per annum</td>
<td></td>
</tr>
</tbody>
</table>
Closing remarks
Strategic vision delivering higher, more sustainable, returns

A clear strategic vision…

Higher, more diversified, revenues

Strong focus on cost discipline

Enabling our strategy through people, technology and data

Higher, more sustainable, returns

Higher, more sustainable, capital generation

UK customer-focused digital leader and integrated financial services provider, capitalising on new opportunities, at scale
Q&A
Appendix
## Quarterly P&L and key ratios

<table>
<thead>
<tr>
<th>(£m)</th>
<th>Q4 2021</th>
<th>Q3 2021</th>
<th>Q2 2021</th>
<th>Q1 2021</th>
<th>Q4 2020</th>
<th>Q3 2020</th>
<th>Q2 2020</th>
<th>Q1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying net interest income</td>
<td>2,893</td>
<td>2,852</td>
<td>2,741</td>
<td>2,677</td>
<td>2,677</td>
<td>2,618</td>
<td>2,528</td>
<td>2,950</td>
</tr>
<tr>
<td>Underlying other income</td>
<td>1,307</td>
<td>1,336</td>
<td>1,282</td>
<td>1,135</td>
<td>1,066</td>
<td>988</td>
<td>1,235</td>
<td>1,226</td>
</tr>
<tr>
<td>Operating lease depreciation</td>
<td>(78)</td>
<td>(111)</td>
<td>(123)</td>
<td>(148)</td>
<td>(150)</td>
<td>(208)</td>
<td>(302)</td>
<td>(224)</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>4,122</td>
<td>4,077</td>
<td>3,900</td>
<td>3,664</td>
<td>3,593</td>
<td>3,398</td>
<td>3,461</td>
<td>3,952</td>
</tr>
<tr>
<td>Operating costs</td>
<td>(2,029)</td>
<td>(1,871)</td>
<td>(1,879)</td>
<td>(1,851)</td>
<td>(2,028)</td>
<td>(1,858)</td>
<td>(1,822)</td>
<td>(1,877)</td>
</tr>
<tr>
<td>Remediation</td>
<td>(775)</td>
<td>(100)</td>
<td>(360)</td>
<td>(65)</td>
<td>(125)</td>
<td>(77)</td>
<td>(90)</td>
<td>(87)</td>
</tr>
<tr>
<td><strong>Total costs</strong></td>
<td>(2,804)</td>
<td>(1,971)</td>
<td>(2,239)</td>
<td>(1,916)</td>
<td>(2,153)</td>
<td>(1,935)</td>
<td>(1,912)</td>
<td>(1,964)</td>
</tr>
<tr>
<td>Underlying profit before impairment</td>
<td>1,318</td>
<td>2,106</td>
<td>1,661</td>
<td>1,748</td>
<td>1,440</td>
<td>1,463</td>
<td>1,549</td>
<td>1,988</td>
</tr>
<tr>
<td>Underlying impairment (charge) credit</td>
<td>467</td>
<td>84</td>
<td>333</td>
<td>323</td>
<td>(128)</td>
<td>(301)</td>
<td>(2,388)</td>
<td>(1,430)</td>
</tr>
<tr>
<td><strong>Underlying profit (loss)</strong></td>
<td>1,785</td>
<td>2,190</td>
<td>1,994</td>
<td>2,071</td>
<td>1,312</td>
<td>1,162</td>
<td>(839)</td>
<td>558</td>
</tr>
<tr>
<td>PPI</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(85)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other below the line items</td>
<td>(817)</td>
<td>(161)</td>
<td>13</td>
<td>(173)</td>
<td>(435)</td>
<td>(126)</td>
<td>163</td>
<td>(484)</td>
</tr>
<tr>
<td><strong>Statutory profit / (loss) before tax</strong></td>
<td>968</td>
<td>2,029</td>
<td>2,007</td>
<td>1,898</td>
<td>792</td>
<td>1,036</td>
<td>(676)</td>
<td>74</td>
</tr>
<tr>
<td><strong>Statutory profit / (loss) after tax</strong></td>
<td>420</td>
<td>1,600</td>
<td>2,468</td>
<td>1,397</td>
<td>680</td>
<td>688</td>
<td>(461)</td>
<td>480</td>
</tr>
<tr>
<td>Net interest margin</td>
<td>2.57%</td>
<td>2.55%</td>
<td>2.51%</td>
<td>2.49%</td>
<td>2.46%</td>
<td>2.42%</td>
<td>2.40%</td>
<td>2.79%</td>
</tr>
<tr>
<td>Average interest-earning assets</td>
<td>£449bn</td>
<td>£447bn</td>
<td>£442bn</td>
<td>£439bn</td>
<td>£437bn</td>
<td>£436bn</td>
<td>£435bn</td>
<td>£432bn</td>
</tr>
<tr>
<td>Cost:income</td>
<td>68.0%</td>
<td>48.3%</td>
<td>57.4%</td>
<td>52.3%</td>
<td>59.9%</td>
<td>56.9%</td>
<td>55.2%</td>
<td>49.7%</td>
</tr>
<tr>
<td>Asset quality ratio</td>
<td>(0.41)%</td>
<td>(0.07)%</td>
<td>(0.30)%</td>
<td>(0.29)%</td>
<td>0.11%</td>
<td>0.27%</td>
<td>2.16%</td>
<td>1.30%</td>
</tr>
<tr>
<td>Return on tangible equity</td>
<td>2.9%</td>
<td>14.5%</td>
<td>24.4%</td>
<td>13.9%</td>
<td>5.9%</td>
<td>6.0%</td>
<td>(6.1)%</td>
<td>3.7%</td>
</tr>
<tr>
<td>TNAV per share</td>
<td>57.5p</td>
<td>56.6p</td>
<td>55.6p</td>
<td>52.4p</td>
<td>52.3p</td>
<td>52.2p</td>
<td>51.6p</td>
<td>57.4p</td>
</tr>
</tbody>
</table>

**Notes:**
- **Underlying** figures exclude impairment charges.
- **Operating lease depreciation** includes lease termination costs.
- **Net income** includes net impairment (credit).
- **Operating costs** include administration expenses, impairment (credit) charge, and lease termination costs.
- **Remediation** includes legal costs and settlement costs.
- **Total costs** include other costs and taxes.
- **Underlying profit before impairment** includes operating profit.
- **Underlying profit (loss)** includes remediation charge and PPI.
- **Statutory profit / (loss) before tax** includes PPI.
- **Statutory profit / (loss) after tax** includes other below the line items.
### Illustrative NII sensitivity

#### Cumulative impact of parallel shifts in interest rate curve

(£m)

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>+50bps</td>
<td>c.375</td>
<td>c.525</td>
<td>c.800</td>
</tr>
<tr>
<td>+25bps</td>
<td>c.200</td>
<td>c.275</td>
<td>c.400</td>
</tr>
<tr>
<td>-25bps</td>
<td>c.(425)</td>
<td>c.(525)</td>
<td>c.(650)</td>
</tr>
</tbody>
</table>

- Reflects shifts in forward rate curve
- Impact driven by structural hedge reinvestment and benefit on certain deposits
- Actual impact also depends on regulatory and competitive environment at the time
- Illustrative sensitivity does not reflect new business margin implications and/or pricing actions, other than as outlined
- Assumptions
  - Instantaneous parallel shift in interest rate curves, including bank base rate
  - Balance sheet remains constant
  - Illustrative 50% deposit pass-through, which could be different in practice

---

1 - Sensitivity based on modelled impact on banking book NII (including structural hedge). Annual impacts are presented for illustrative purposes only and are based on a number of assumptions which are subject to change. Year 1 reflects the 12 months from 31/12/2021 balance sheet position.
## Prudent economic scenarios

<table>
<thead>
<tr>
<th>Scenario</th>
<th>ECL (£m)</th>
<th>Economic measure (%)</th>
<th>2021</th>
<th>vs Q3 2021¹</th>
<th>vs FY 2020¹</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>Average 2021-25</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Upside (30%)</strong></td>
<td>4,018</td>
<td>GDP</td>
<td>7.1</td>
<td>0.4</td>
<td>3.4</td>
<td>4.0</td>
<td>1.4</td>
<td>1.3</td>
<td>1.4</td>
<td>3.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Interest rate</td>
<td>0.14</td>
<td>(0.12)</td>
<td>(1.00)</td>
<td>1.44</td>
<td>1.74</td>
<td>1.82</td>
<td>2.03</td>
<td>1.43</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unemployment rate</td>
<td>4.4</td>
<td>(0.2)</td>
<td>(1.0)</td>
<td>3.3</td>
<td>3.4</td>
<td>3.5</td>
<td>3.7</td>
<td>3.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>HPI growth</td>
<td>10.1</td>
<td>4.3</td>
<td>11.5</td>
<td>2.6</td>
<td>4.9</td>
<td>4.7</td>
<td>3.6</td>
<td>5.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CRE price growth</td>
<td>12.4</td>
<td>4.7</td>
<td>3.1</td>
<td>5.8</td>
<td>0.7</td>
<td>1.0</td>
<td>(0.6)</td>
<td>3.7</td>
</tr>
<tr>
<td><strong>Base case (30%)</strong></td>
<td>4,277</td>
<td>GDP</td>
<td>7.1</td>
<td>0.8</td>
<td>4.1</td>
<td>3.7</td>
<td>1.5</td>
<td>1.3</td>
<td>1.3</td>
<td>2.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Interest rate</td>
<td>0.14</td>
<td>0.04</td>
<td>0.04</td>
<td>0.81</td>
<td>1.00</td>
<td>1.06</td>
<td>1.25</td>
<td>0.85</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unemployment rate</td>
<td>4.5</td>
<td>(0.5)</td>
<td>(2.3)</td>
<td>4.3</td>
<td>4.4</td>
<td>4.4</td>
<td>4.5</td>
<td>4.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>HPI growth</td>
<td>9.8</td>
<td>5.0</td>
<td>13.6</td>
<td>0.0</td>
<td>0.0</td>
<td>0.5</td>
<td>0.7</td>
<td>2.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CRE price growth</td>
<td>10.2</td>
<td>8.1</td>
<td>11.9</td>
<td>(2.2)</td>
<td>(1.9)</td>
<td>0.1</td>
<td>0.6</td>
<td>1.2</td>
</tr>
<tr>
<td><strong>Downside (30%)</strong></td>
<td>4,787</td>
<td>GDP</td>
<td>7.1</td>
<td>1.0</td>
<td>5.4</td>
<td>3.4</td>
<td>1.3</td>
<td>1.1</td>
<td>1.2</td>
<td>2.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Interest rate</td>
<td>0.14</td>
<td>0.03</td>
<td>0.08</td>
<td>0.45</td>
<td>0.52</td>
<td>0.55</td>
<td>0.69</td>
<td>0.47</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unemployment rate</td>
<td>4.7</td>
<td>(0.6)</td>
<td>(3.2)</td>
<td>5.6</td>
<td>5.9</td>
<td>5.8</td>
<td>5.7</td>
<td>5.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>HPI growth</td>
<td>9.2</td>
<td>5.6</td>
<td>17.6</td>
<td>(4.9)</td>
<td>(7.8)</td>
<td>(6.6)</td>
<td>(4.7)</td>
<td>(3.1)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CRE price growth</td>
<td>8.6</td>
<td>9.8</td>
<td>19.2</td>
<td>(10.1)</td>
<td>(7.0)</td>
<td>(3.4)</td>
<td>(0.3)</td>
<td>(2.6)</td>
</tr>
<tr>
<td><strong>Severe downside</strong></td>
<td>5,748</td>
<td>GDP</td>
<td>6.8</td>
<td>1.3</td>
<td>6.5</td>
<td>0.9</td>
<td>0.4</td>
<td>1.0</td>
<td>1.4</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>(10%)</strong></td>
<td></td>
<td>Interest rate</td>
<td>0.14</td>
<td>0.06</td>
<td>0.14</td>
<td>0.04</td>
<td>0.06</td>
<td>0.08</td>
<td>0.09</td>
<td>0.08</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unemployment rate</td>
<td>4.9</td>
<td>(1.0)</td>
<td>(5.0)</td>
<td>7.7</td>
<td>8.5</td>
<td>8.1</td>
<td>7.6</td>
<td>7.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>HPI growth</td>
<td>9.1</td>
<td>6.0</td>
<td>20.2</td>
<td>(7.3)</td>
<td>(13.9)</td>
<td>(12.5)</td>
<td>(8.4)</td>
<td>(6.9)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CRE price growth</td>
<td>5.8</td>
<td>13.0</td>
<td>27.2</td>
<td>(19.6)</td>
<td>(12.1)</td>
<td>(5.3)</td>
<td>(0.5)</td>
<td>(6.8)</td>
</tr>
</tbody>
</table>

1 - Comparison to scenarios modelled at Q3 2021 and FY 2020; changes only shown for 2021 measures.
## Updated coverage after updated economic outlook

<table>
<thead>
<tr>
<th>(£m)</th>
<th>Gross customer L&amp;A (£bn)</th>
<th>Coverage (ex. Recoveries)$^1$</th>
<th>Total coverage Q4 2020$^1$</th>
<th>ECL Q4 2020</th>
<th>Write-offs &amp; Other</th>
<th>P&amp;L charge / (credit)</th>
<th>Net ECL increase / (decrease)</th>
<th>ECL Q4 2021</th>
<th>Write-offs &amp; Other FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>366.3</td>
<td>0.1% 3.4% 19.6% 0.7% 1.1%</td>
<td></td>
<td>4,008</td>
<td>(1,000)</td>
<td>(285) (1,285)</td>
<td></td>
<td>2,723</td>
<td>(1,172)</td>
</tr>
<tr>
<td>UK Mortgages</td>
<td>308.8</td>
<td>0.0% 2.3% 13.9% 0.4% 0.5%</td>
<td></td>
<td>1,605</td>
<td>(48)</td>
<td>(273) (321)</td>
<td></td>
<td>1,284</td>
<td>(89)</td>
</tr>
<tr>
<td>Cards</td>
<td>14.5</td>
<td>1.2% 12.2% 58.2% 3.7% 6.4%</td>
<td></td>
<td>958</td>
<td>(378)</td>
<td>(49) (427)</td>
<td></td>
<td>531</td>
<td>(448)</td>
</tr>
<tr>
<td>Loans &amp; Overdrafts</td>
<td>9.6</td>
<td>1.7% 15.4% 67.5% 4.7% 7.6%</td>
<td></td>
<td>715</td>
<td>(479)</td>
<td>209 (270)</td>
<td></td>
<td>445</td>
<td>(485)</td>
</tr>
<tr>
<td>Motor</td>
<td>14.3</td>
<td>0.9% 4.0% 57.7% 2.1% 3.3%</td>
<td></td>
<td>501</td>
<td>(52)</td>
<td>(151) (203)</td>
<td></td>
<td>298</td>
<td>(112)</td>
</tr>
<tr>
<td>Other</td>
<td>19.1</td>
<td>0.3% 3.3% 13.8% 0.9% 1.2%</td>
<td></td>
<td>229</td>
<td>(43)</td>
<td>(21) (64)</td>
<td></td>
<td>165</td>
<td>(38)</td>
</tr>
<tr>
<td>Commercial</td>
<td>85.4</td>
<td>0.2% 4.0% 34.4% 1.6% 2.7%</td>
<td></td>
<td>2,402</td>
<td>(153)</td>
<td>(916) (1,069)</td>
<td></td>
<td>1,333</td>
<td>(377)</td>
</tr>
<tr>
<td>Other$^2$</td>
<td>52.3</td>
<td>0.8% 5.9% 23.2% 0.8% 0.7%</td>
<td></td>
<td>450</td>
<td>(1)</td>
<td>(6) (7)</td>
<td></td>
<td>443</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>504.0</td>
<td>0.2% 3.5% 24.7% 0.9% 1.4%</td>
<td></td>
<td>6,860</td>
<td>(1,154)</td>
<td>(1,207) (2,361)</td>
<td></td>
<td>4,499</td>
<td>(1,548)</td>
</tr>
</tbody>
</table>

$^1$ Underlying basis. Loans and advances to customers only; excludes £22m of ECL on other assets at 31/12/2021 (£28m at 31/12/2020).  
$^2$ Includes reverse repos of £51.2bn (£58.6bn at 31/12/2020) which dilutes reported Group coverage by 0.1pp (0.1pp at 31/12/2020).
## Continued low mortgage LTVs

<table>
<thead>
<tr>
<th></th>
<th>Mainstream</th>
<th>December 2021¹</th>
<th>Buy to let</th>
<th>Specialist</th>
<th>Total</th>
<th>2020¹</th>
<th>2010¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average LTVs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>42.1%</td>
<td>43.5%</td>
<td>55.6%</td>
</tr>
<tr>
<td>New business LTVs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>63.3%</td>
<td>63.9%</td>
<td>60.9%</td>
</tr>
<tr>
<td>≤ 80% LTV</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>95.4%</td>
<td>91.6%</td>
<td>57.0%</td>
</tr>
<tr>
<td>&gt;80-90% LTV</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4.1%</td>
<td>7.8%</td>
<td>16.2%</td>
</tr>
<tr>
<td>&gt;90-100% LTV</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.3%</td>
<td>0.3%</td>
<td>13.6%</td>
</tr>
<tr>
<td>&gt;100% LTV</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.2%</td>
<td>0.3%</td>
<td>13.2%</td>
</tr>
<tr>
<td>Value &gt;80% LTV</td>
<td>£13.6bn</td>
<td>£0.3bn</td>
<td>£0.4bn</td>
<td></td>
<td>£14.3bn</td>
<td>£24.9bn</td>
<td>£146.6bn</td>
</tr>
<tr>
<td>Value &gt;100% LTV</td>
<td>£0.2bn</td>
<td>£0.1bn</td>
<td>£0.2bn</td>
<td></td>
<td>£0.5bn</td>
<td>£1.0bn</td>
<td>£44.9bn</td>
</tr>
<tr>
<td>Gross lending</td>
<td>£248.2bn</td>
<td>£51.2bn</td>
<td>£9.4bn</td>
<td></td>
<td>£308.8bn</td>
<td>£295.4bn</td>
<td>£341.1bn</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.
# Glossary and definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Definitions and calculations</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIEA</td>
<td>Average Interest-Earning Banking Assets</td>
</tr>
<tr>
<td>AQR</td>
<td>Asset Quality Ratio: The underlying impairment credit or charge for the period in respect of loans and advances to customers, expressed as a percentage of average gross loans and advances to customers for the period</td>
</tr>
<tr>
<td>Banking balances</td>
<td>Includes both assets and liabilities</td>
</tr>
<tr>
<td>CET1 ratio</td>
<td>Common Equity Tier 1 Capital Ratio: Common Equity Tier 1 Capital over Risk Weighted Assets</td>
</tr>
<tr>
<td>CIR</td>
<td>Cost-to-Income Ratio: Total costs as a percentage of net income calculated on an underlying basis</td>
</tr>
<tr>
<td>Completion margin</td>
<td>Total completion margins include new business and product transfers and is the difference between the customer rate and the relevant funding rate</td>
</tr>
<tr>
<td>Depth of relationships</td>
<td>Products included: PCA, Savings, Mortgage, Loan, Cards, Investments, Home Insurance, Motor Insurance, Protection</td>
</tr>
<tr>
<td>EV / PHEV</td>
<td>Electric Vehicle / Plug-in Hybrid Electric Vehicle</td>
</tr>
<tr>
<td>Green mortgage lending</td>
<td>New mortgage lending on new and existing residential property that meets an Energy Performance Certificate (EPC) rating of B or higher</td>
</tr>
<tr>
<td>Gross margin</td>
<td>Gross customer receivables, less relevant risk free funding costs; references SONIA. Deposit gross margin includes structural hedge income</td>
</tr>
<tr>
<td>LDC</td>
<td>Lloyds Development Capital</td>
</tr>
<tr>
<td>MES</td>
<td>Multiple Economic Scenarios</td>
</tr>
<tr>
<td>Net Income</td>
<td>Underlying net interest income and other income less operating lease depreciation</td>
</tr>
<tr>
<td>NIM</td>
<td>Banking Net Interest Margin: Banking net interest income on customer and product balances in the banking businesses as a percentage of average gross interest-earning banking assets for the period</td>
</tr>
<tr>
<td>OLD</td>
<td>Operating Lease Depreciation</td>
</tr>
<tr>
<td>RoTE</td>
<td>Return on Tangible Equity: Profit attributable to ordinary shareholders, divided by average tangible net assets</td>
</tr>
<tr>
<td>Sustainable financing</td>
<td>Includes Clean Growth Finance Initiative, Commercial Real Estate Green Lending, Renewable Energy Financing, Sustainability linked Loans and Green, ESG and Social Bond facilitation</td>
</tr>
<tr>
<td>TNAV</td>
<td>Tangible Net Asset Value Per Share: Net assets excluding intangible assets such as goodwill and acquisition-related intangibles divided by the number of ordinary shares in issue</td>
</tr>
</tbody>
</table>
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 Lloyds Banking Group plc together with its subsidiaries (the Group) and its current goals and expectations. 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, without limitation, ‘believes’, ‘achieves’, ‘anticipates’, ‘estimates’, ‘expects’, ‘targets’, ‘should’, ‘intends’, ‘aims’, ‘projects’, ‘plans’, ‘potential’, ‘will’, ‘would’, ‘could’, ‘considered’, ‘likely’, ‘may’, ‘seek’, ‘estimate’, ‘probability’, ‘goal’, ‘objective’, ‘deliver’, ‘endeavour’, ‘prospects’, ‘optimistic’ and similar expressions or variations on these expressions are intended to identify forward looking statements. These statements concern or may affect future matters, including but 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; the Group’s ESG targets and/or commitments; statements of plans, objectives or goals of the Group or its management and other statements that are not historical fact; expectations about the impact of COVID-19; 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 include, but are not limited to: general economic and business conditions in the UK and internationally; market related risks, trends and developments; risks concerning borrower and counterparty credit quality; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; volatility in credit markets; volatility in the price of our securities; 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; inability to capture accurately the expected value from acquisitions; potential changes in dividend policy; the ability to achieve strategic objectives; insurance risks; management and monitoring of conduct risk; exposure to counterparty risk; credit rating risk; tightening of monetary policy in jurisdictions in which the Group operates; instability in the global financial markets, including within the Eurozone, and as a result of ongoing uncertainty following the exit by the UK from the European Union (EU) and the effects of the EU-UK Trade and Cooperation Agreement; political instability including as a result of any UK general election and any further possible referendum on Scottish independence; operational risks; conduct risk; 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; inadequate or failed internal or external processes or systems; acts of hostility or terrorism and responses to those acts, or other such events; geopolitical unpredictability; risks relating to sustainability and climate change (and achieving climate change ambitions), including the Group’s ability along with the government and other stakeholders to manage, direct and mitigate the impacts of climate change effectively; changes in laws, regulations, practices and accounting standards or taxation; changes to regulatory capital or liquidity requirements and similar contingencies; assessment related to resolution planning requirements; the policies and actions of governmental or regulatory authorities or courts together with any resulting impact on the future structure of the Group; failure to comply with anti-money laundering, counter terrorist financing, anti-bribery and sanctions regulations; failure to prevent or detect any illegal or improper activities; projected employee numbers and key person risk; increased labour costs; assumptions and estimates that form the basis of our financial statements; the impact of competitive conditions; and exposure to legal, regulatory or competition proceedings, investigations or complaints. A number of these influences and factors are beyond the Group’s control. 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 make or disclose written and/or oral forward-looking statements in 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. Except as required by any applicable law or regulation, the forward-looking statements contained in this document are made as of today’s date, and the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this document whether as a result of new information, future events or otherwise. 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