2022 Results
Fixed Income Presentation

Lloyds Banking Group
22 February 2023

Lloyds Banking Group – 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

Largest UK bank

Differentiated business model

Deep customer insights

UK's only integrated financial services provider

>5bn customer logins, up 15% vs 2021

75% employee engagement, up 3pp vs 2021

19.8m digitally active customers, up 8% YoY

Business and strategic update

Purpose driven business; delivering for our stakeholders

LLOYDS BANKING GROUP

Purpose

Helping Britain Prosper

Proactive support for customers and colleagues

>200k mortgage customers offered support given rising rates

>550k businesses offered financial resilience support if required

Ongoing support for colleagues, including early certainty on 2023 pay

Building an inclusive society

Supported >£2bn funding to social housing sector and lent >£14bn to first time buyers in 2022

c.185k small businesses supported to boost digital capability

Delivered race education training to our workforce

Supporting the transition to a low carbon economy

>£13bn green and sustainable financing[1] and c.£12bn discretionary investment in climate aware strategies

Created home retrofit partnership with Octopus Energy

Launched first Group climate transition plan[2]

1 – Includes c.£8bn sustainable finance for Corporate and Institutional customers and c.£2bn financing for electric vehicles andplug-in hybrid electric vehicles; also includes £3.5bn green mortgage lending to 30/09/2022. 2 – Published in the 'Environmental Sustainability Report 2022' here.

Robust financial performance; continued business momentum

£18.0bn
Net income,
up 14% vs 2021

50.4%
Cost:income ratio,
down 10.6pp vs 2021

13.5%
Return on tangible equity,
down 0.3pp vs 2021

245bps
Pro forma capital
generation in 2022[1]

14.1%
Pro forma CET1 ratio[2]

£3.6bn
Total capital distribution

>5bn
Customer logins,
up 15% vs 2021

75%
Employee engagement,
up 3pp vs 2021

39.4%
Women in senior roles,
up 1.7pp vs year end 2021

1 – Excluding regulatory changes on 01/01/2022, ordinary dividends, variable pension contributions and the impact of the announced ordinary share buyback programme. Inclusive of the dividend received from the Insurance business in February 2023. 2 – Includes the dividend received from Insurance in February 2023 and the full impact of the announced share buyback.

Delivering our strategy is our focus

Purpose driven strategy...

Grow — Drive revenue growth and diversification

Focus — Strengthen cost and capital efficiency

Change — Maximise the potential of people, technology and data

...to deliver sustainable growth across our businesses

- Deepen and innovate in Consumer
- Create a new mass affluent offering
- Digitise and diversify our SME business
- Target our Corporate and Institutional offering

Driving revenue growth and diversification: Consumer

Grow

Deepen and innovate in Consumer

Progress in 2022

19.8m digitally active customers, **up 8%**

c.1pp growth in Protection share[1]

£6bn net workplace pension flows, **16%** AuA share

£3.5bn green mortgage lending[1] and **£2.1bn** financing and leasing for battery electric and plug-in hybrid vehicles

2023 implementation

Launch **intermediary Protection proposition**

Scale **HomeHub ecosystem** with improved retention

Market leading **digital vehicle leasing** offer

Acquisition and integration of **Tusker**

Create a new mass affluent offering

Progress in 2022

>5% increase in mass affluent banking balances[2]

Tailored **banking products** (e.g. PBA, credit card)

Enhanced **D2C investments** through Embark

2023 implementation

Launch **differentiated digital first model**

Expand **banking offering** with tiered savings, flexible lending options and bespoke benefits

Launch of **ready made** and **D2C investment** options

1 – Latest data, 9 months to 30/09/2022. 2 – Banking balances calculated as the absolute total of Retail customers, excluding Motor.

Driving revenue growth and diversification: Commercial

Grow

Digitise and diversify our SME business

Progress in 2022

>20% growth in new merchant services clients and proven new digital onboarding capability

c.5% income growth in SME transaction banking[1]

Strategic **fintech partnership** for invoice financing

2023 implementation

Digitised merchant services onboarding journeys with straight through processing

Deliver **mobile first onboarding** proposition

Launch of E2E **digital origination** for asset finance

Target our Corporate & Institutional offering

Progress in 2022

c.£8bn green and sustainable financing delivered[2], >50% of 2024 target

Investment in FX capability driving **c.20%** growth in FX trading percentage share of wallet

Strengthened **originate to distribute** capabilities, including first strategic co-investment partnership

2023 implementation

Further penetration of **key growth industries**

Improve **capabilities** across DCM, FX and FI[3]

Scale **originate to distribute** to serve more clients

1 – Mid-sized SME transaction banking and working capital. 2 – Includes the clean growth finance initiative, Commercial Real Estate green lending, renewable energy financing, sustainability linked loans and green and social bond facilitation. 3 – Debt capital markets, foreign exchange and financial institutions.

Investing in enablers to improve delivery

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Focus

Strengthen cost and capital efficiency

Progress in 2022

Refining service model with **c.200** branch closures and digital investment

c.12% reduction in office footprint

£4bn reduction in RWAs, driven by optimisation

Securitised sale of **c.£2.5bn** legacy Retail mortgages[1]

2023 implementation

Deliver further improvements in self service capabilities and end to end journey digitisation

Focus on small, **modernised** office footprint

RWA optimisation and recycling to offset loan growth

Expected agreement of pension triennial valuation with **improved funding position**

Change

Maximise the potential of people, technology and data

Progress in 2022

New leadership team with **flattened structure** and significant capabilities in strategic and digital delivery

New operating model rolled out to **>20k** employees

5% of legacy applications decommissioned

10% reduction in data centres

c.56m customer data records ingested to cloud

2023 implementation

Continued progress against **leading diversity targets**

Reduce 3rd party reliance in strategic workforce

10% of legacy applications decommissioned

c.10% gross reduction in run and change tech costs

Continue migration to **public cloud**

1 – Transaction completed in January 2023.

Enhancing our financial guidance

Purpose driven strategy...

Grow — Drive revenue growth and diversification

Focus — Strengthen cost and capital efficiency

Change — Maximise the potential of people, technology and data

...that will create higher, more sustainable, returns

2024

c.13% return on tangible equity

c.175bps capital generation

2026

>15% return on tangible equity

>200bps capital generation

Financial update

Robust financial performance

LLOYDS BANKING GROUP

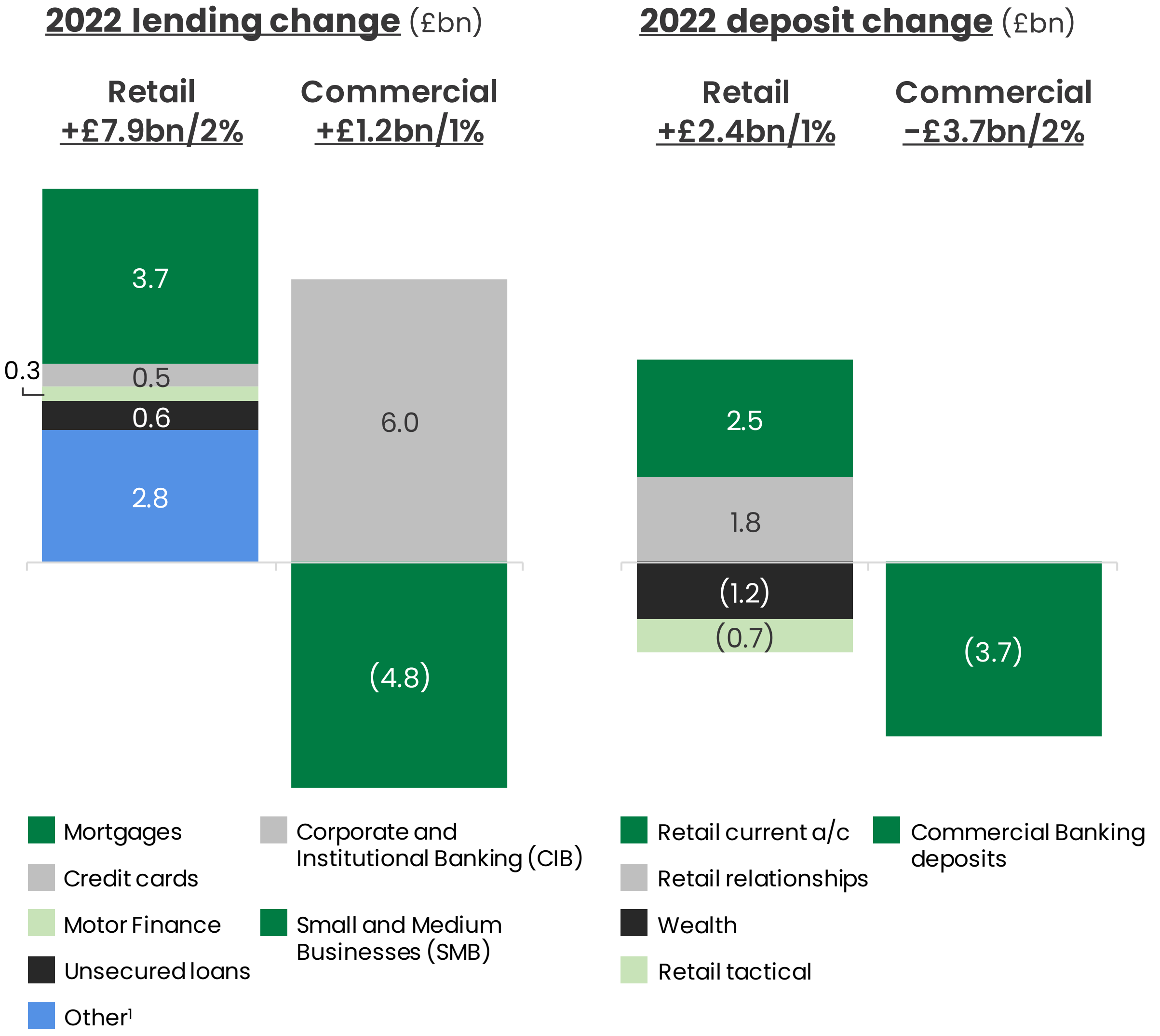
Financial performance (£m)

	2022	2021	YoY
Net interest income	**13,172**	11,163	*18%*
Other income	**5,249**	5,060	*4%*
Operating lease depreciation	**(373)**	(460)	*19%*
Net income	**18,048**	15,763	*14%*
Operating costs[1]	**(8,835)**	(8,312)	*(6)%*
Remediation	**(255)**	(1,300)	*80%*
Total costs	**(9,090)**	(9,612)	*5%*
Underlying profit before impairment	**8,958**	6,151	*46%*
Impairment (charge) credit	**(1,510)**	1,385	
Underlying profit	**7,448**	7,536	*(1)%*
Statutory profit before tax	**6,928**	6,902	
Statutory profit after tax	**5,555**	5,885	*(6)%*
Net interest margin	**2.94%**	2.54%	*40bp*
Return on tangible equity	**13.5%**	13.8%	*(0.3)pp*
Earnings per share	**7.3p**	7.5p	*(0.2)p*
Tangible net asset value per share	**51.9p**	57.5p	*(5.6)p*
Pro forma CET1 ratio[2]	**14.1%**	16.3%	*(2.2)pp*

- Customer led franchise growth
- Net income up 14%; NIM 294bps
- Operating costs up 6%; stable BAU costs with higher planned strategic investment
- Strong observed asset quality; higher impairment reflects revised economic outlook
- TNAV per share 51.9p, down 5.6p in 2022, largely driven by cashflow hedge reserve
- Strong capital generation of 245bps[3] in 2022; pro forma CET1 ratio 14.1%

1 – Comparatives presented to reflect new costs basis, consistent with current period. 2 – 2022 includes dividend received from Insurance in February 2023 and full impact of announced share buyback. 2021 includes dividend received from Insurance in February 2022 and full impact of share buyback in respect of 2021 that completed in 2022, but excludes impact of regulatory changes that came into effect on 01/01/2022. 3 – Excluding regulatory changes on 01/01/2022, ordinary dividends, variable pension contributions and impact of announced share buyback programme. Inclusive of dividend received from Insurance business in February 2023.

Ongoing strength in customer franchise

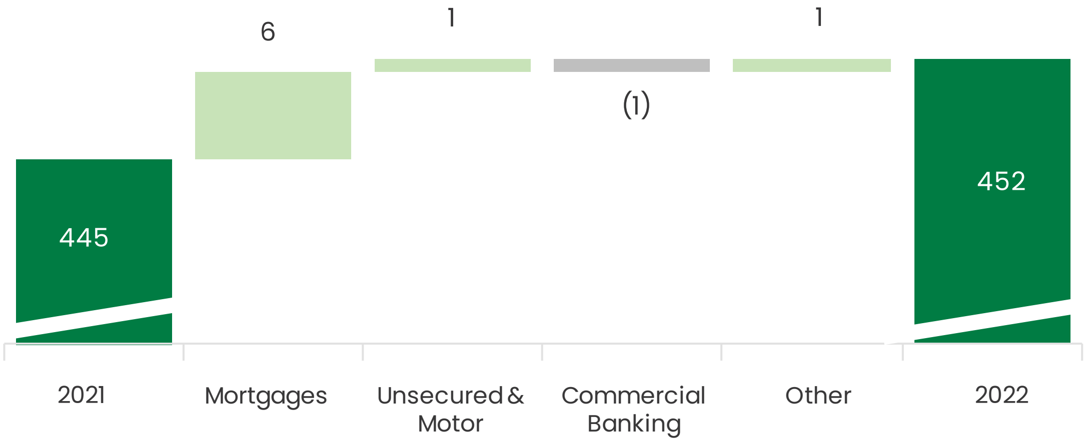


- Mortgage balances up £3.7bn in 2022, including £1.2bn open book growth in Q4
- Credit cards up £0.5bn in 2022, flat in Q4; higher spend offset by repayments
- Commercial lending up £1.2bn in 2022; CIB growth more than offsetting repayments of Government-backed lending
- Retail deposits up £2.4bn in 2022 with current accounts up £2.5bn YoY, down £1.7bn in Q4
- Commercial deposits down £3.7bn in 2022; £6.4bn lower in Q4 from short term placements reversing, pricing actions and seasonality
- >£8bn net new money in Insurance[2]

1 – Includes Overdrafts, Europe and Wealth. 2 – Open book assets under administration. Excludes market movements and Embark assets transferred on acquisition; includes post acquisition Embark net flows.

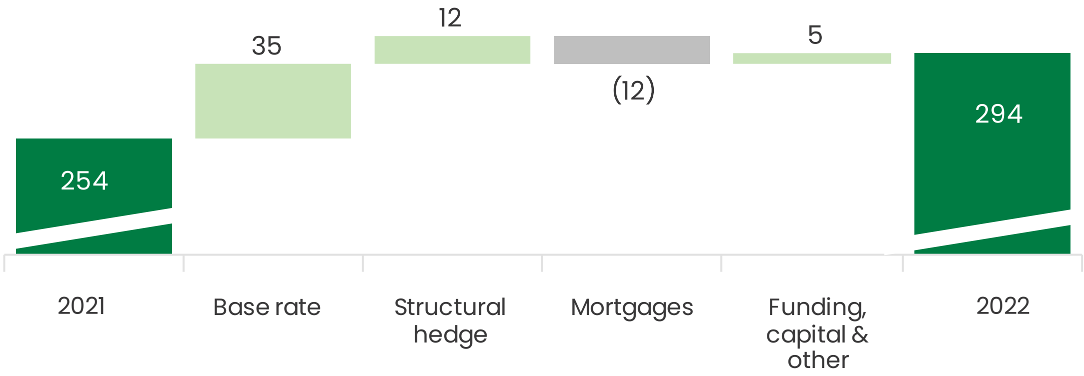
Strong net interest income performance

Average interest earning assets (£bn)



Banking net interest margin (bps)

Q3 2022 to Q4 2022	**298**	24	8	(8)	-	**322**



- **NII £13.2bn, up 18% on 2021, benefitting from increased AIEAs and stronger NIM**
  - 2022 AIEAs £452bn, up 2% on 2021
  - Full year NIM 294bps, up 40bps on 2021
  - Q4 NIM 322bps, benefitting from rising rates and temporary pricing lags
- **AIEAs expected to be broadly stable in 2023**
  - Modest mortgage and unsecured loan growth versus continued repayment of Government backed lending and management actions
- **2023 NIM expected to be >305bps**
  - 2023 NIM below Q4 given expected headwinds from mortgages, deposit pricing and funding costs, partly offset by increased hedge income

Illustrative interest rate sensitivity

Cumulative impact of parallel shifts in interest rate curve – illustrative 50% deposit pass through[1] (£m)

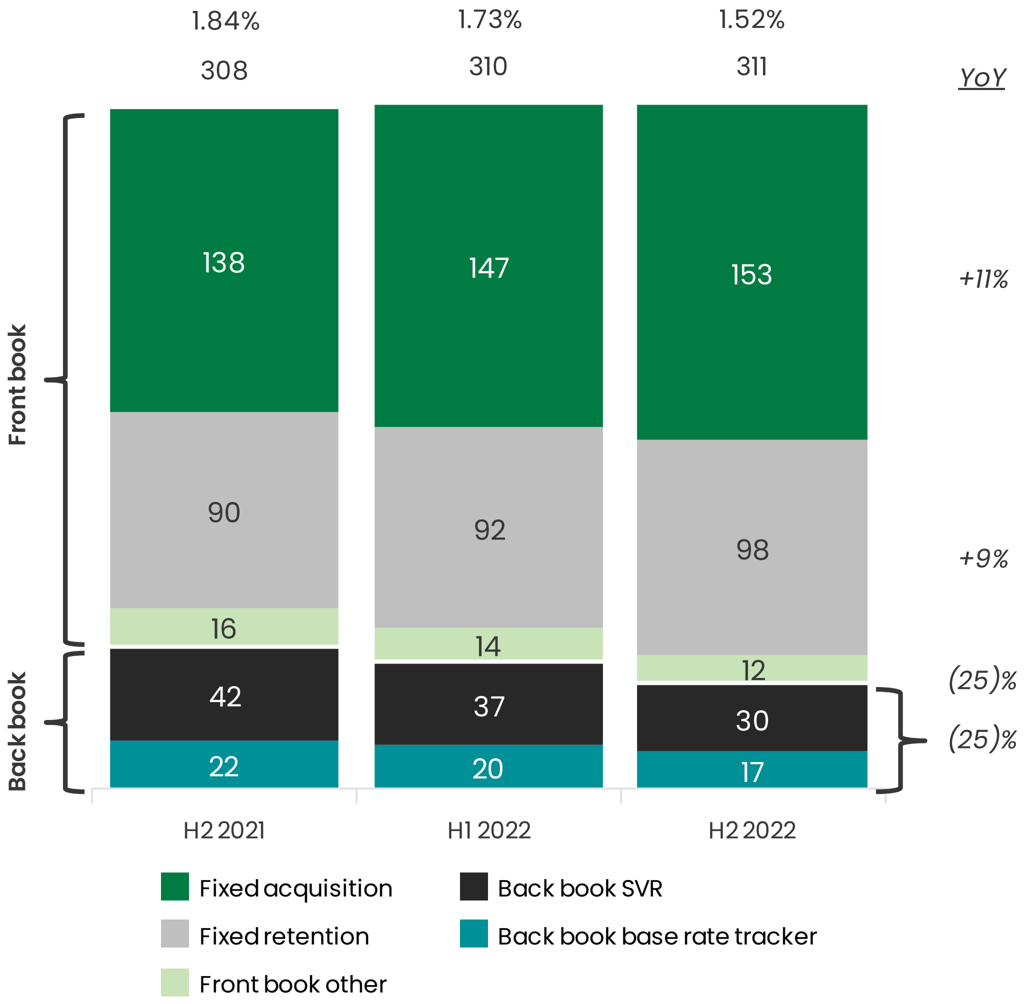
	Year 1	Year 2	Year 3
+50bps	c.300	c.525	c.750
+25bps	c.150	c.250	c.375
-25bps	c.(175)	c.(250)	c.(375)

- **Positively exposed to rising rates**
- **Rate sensitivity remains c.£150m additional NII in year 1 for a 25bps parallel shift in rates**
  - c.£35bn hedge maturities in 2023, weighted towards H2
- **Assumptions unchanged, including 50% illustrative through the cycle pass through[2]**
  - c.£50m additional year 1 NII per 10pp lower than assumed pass through on 25bps shift

1 – Sensitivity based on modelled impact on banking book NII (including the future impact of structural hedge maturities). Year 1 reflects the 12 months from 31/12/2022 balance sheet position. 2 – Assumes instantaneous parallel shift in interest rate curves, including bank base rate; balance sheet remains constant; 100% pass through on customer lending and analysis does not reflect new business margin implications and/or pricing actions, other than as outlined.

Mortgage balance growth

Mortgage book (Book size £bn, Gross margin %[1])

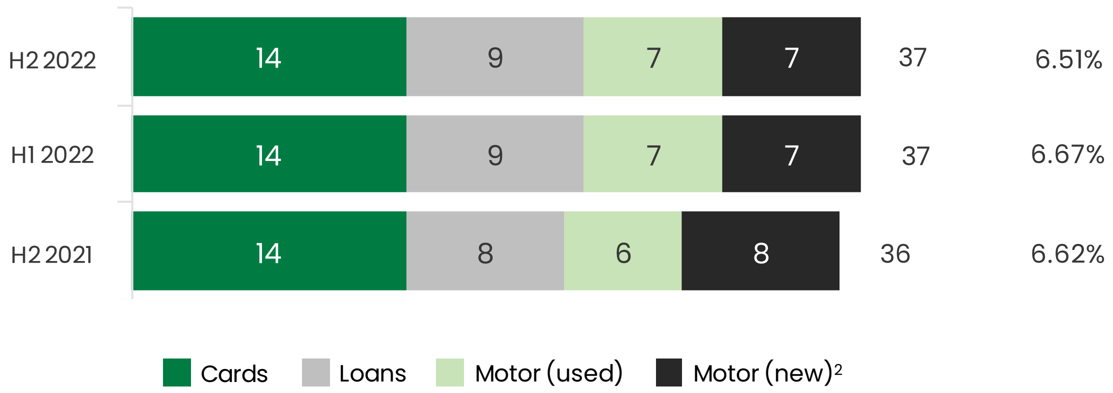


- **Mortgage balances £311bn, up £3.7bn in 2022**
  - Open book growth £6.3bn with £1.2bn in Q4
  - Back book c.£47bn, Q4 YoY attrition c.25%
- **2022 new business[2] c.£90bn**
  - Front book maturities at c.165bps margin in H2
  - Completion margin averaged c.50bps in Q4[3]
- **Modest growth expected in 2023**
  - £2.5bn legacy book exit in January
- **Group NIM impacted by maturities of high yielding 2020-21 business**
- **Mortgage lending remains attractive from a returns and economic value perspective**

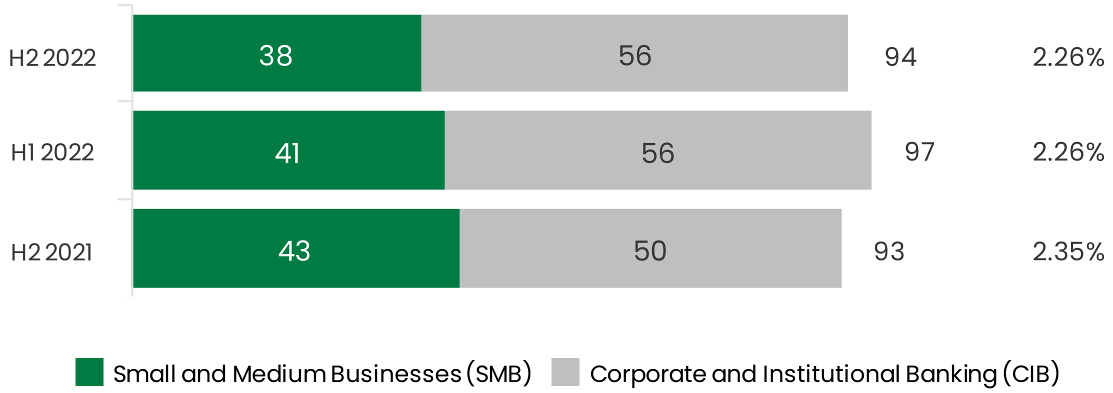
1 – Gross margin is gross customer receivables, less short term funding costs; references SONIA. Chart uses rounded inputs. 2 – Includes retention of existing customers on new deals. 3 – Total completion margins include new business and product transfers and is the difference between the customer rate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

Modest growth in other lending portfolios in 2022

UK Cards, Loans & Motor (Book size £bn, Gross margin %[1])



Commercial Banking (Book size £bn, Gross margin %[1])

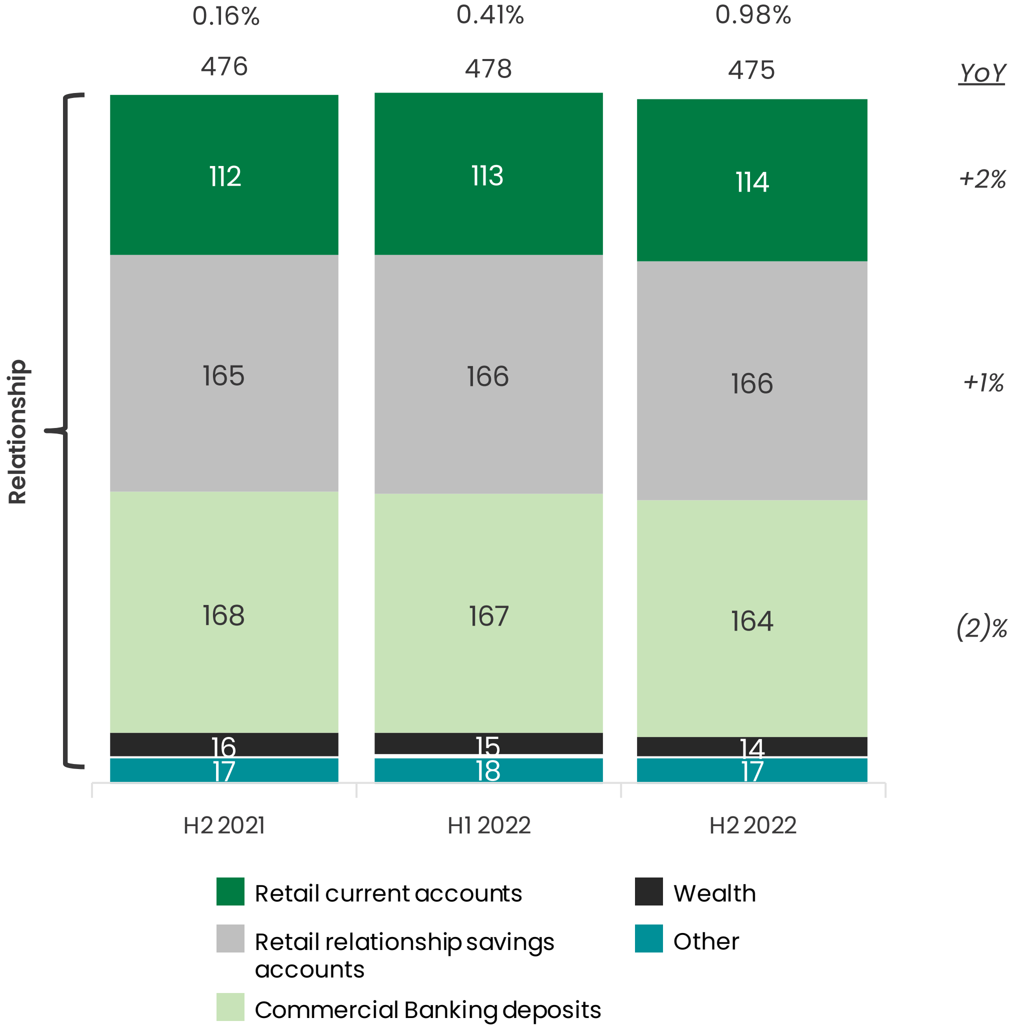


- **UK Cards, Loans & Motor up £1.4bn in 2022, flat in Q4**
  - Credit cards up £0.5bn in 2022, flat in Q4; higher spend offset by repayments
  - UK Motor Finance broadly stable; continued impact of industrywide supply constraints
- **Commercial Banking loans up £1.2bn in 2022**
  - CIB lending up £6.0bn, including client growth and FX impacts
  - Government backed lending balances down c.£3bn in 2022, impacting SMB

1 – Gross margin is gross customer receivables, less short term funding costs; references SONIA. Chart uses rounded inputs. 2 – Includes Fleet, Stocking and Lex Finance.

Continued deposit franchise strength

Customer deposits (Book size £bn, Gross margin %[1])

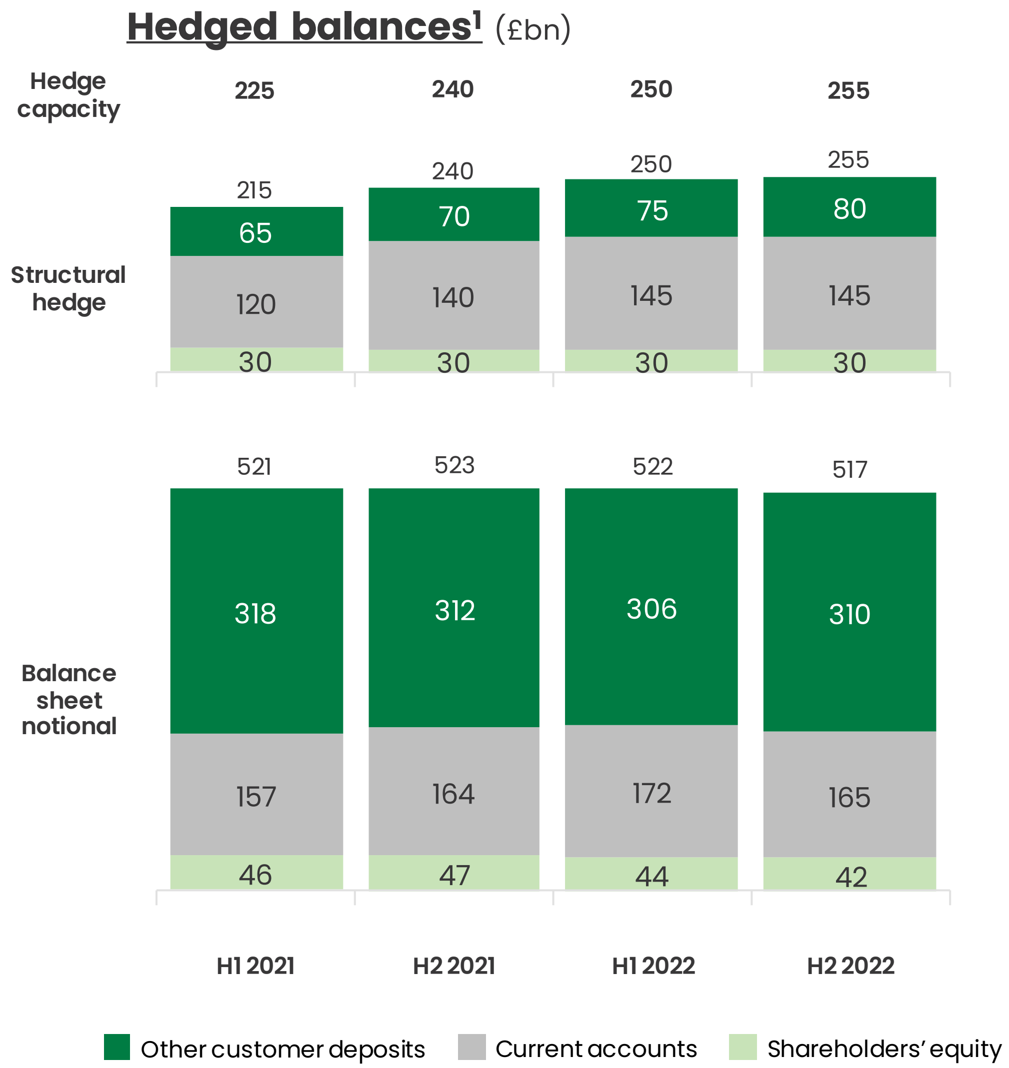


- **Customer deposits £475bn, down £1.0bn in 2022, given lower Commercial balances**
- **Retail current account balances up £2.5bn, 2% in 2022; Q4 down £1.7bn**
  - In year Retail current account growth supports structural hedge capacity
- **Retail relationship savings accounts up £1.8bn; Q4 up £0.6bn**
- **Commercial Banking deposits down £3.7bn**
  - Q4 down £6.4bn given expected reversal of short term client placements in CIB, seasonality and management actions
- **Group deposits up c.£65bn since 2019**

1 – Gross margin is short term funding costs less gross customer payables; references SONIA and includes structural hedge income. Chart uses rounded inputs.

Classification: Public

Continued franchise growth building hedge sustainability



- **Structural hedge approved capacity of £255bn, up £5bn in Q4**
- **Nominal balance of £255bn; c.3.5 year weighted average duration**
- **Prudent management of structural hedge**
  - Deposits up c.£65bn since year end 2019
  - £70bn hedge capacity increase in same period, of which c.£45bn from deposit growth and c.£25bn from existing deposit eligibility
- **Gross hedge income in 2022 of £2.6bn**
- **Based on forecast rates, gross hedge income expected to be c.£0.8bn higher in 2023 with a similar increase again in 2024**

1 – The external sterling structural hedge nominal is managed as a portfolio, split shown is indicative. Commercial Banking current accounts primarily comprise non interest bearing current accounts; other Commercial Banking customer deposits primarily comprise interest bearing accounts.

Building confidence in other income

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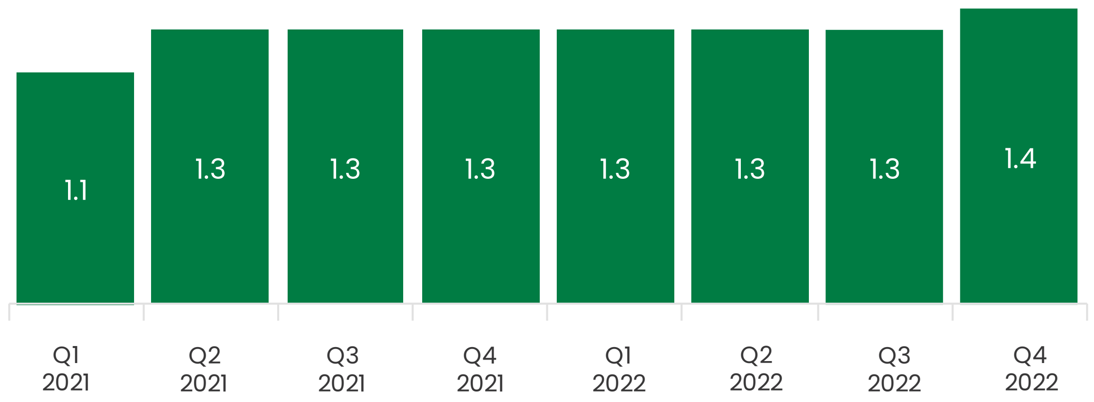
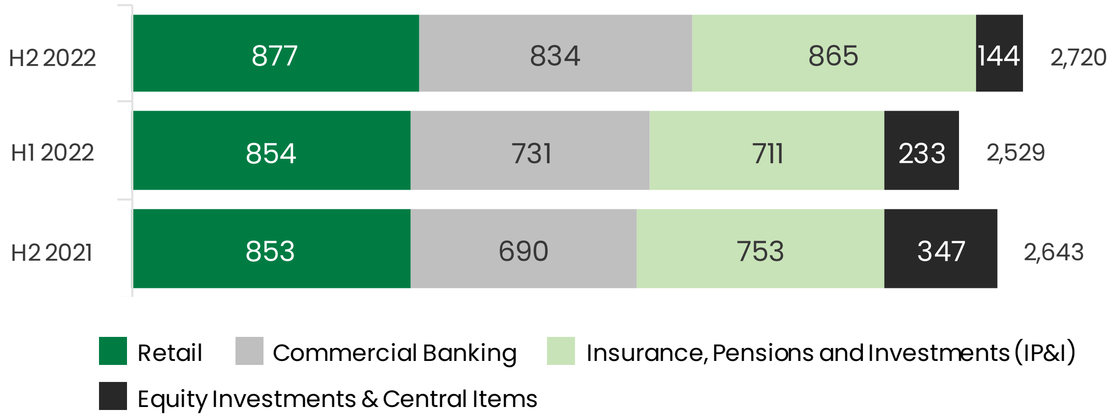
Other income (£bn)



Divisional other income (£m)

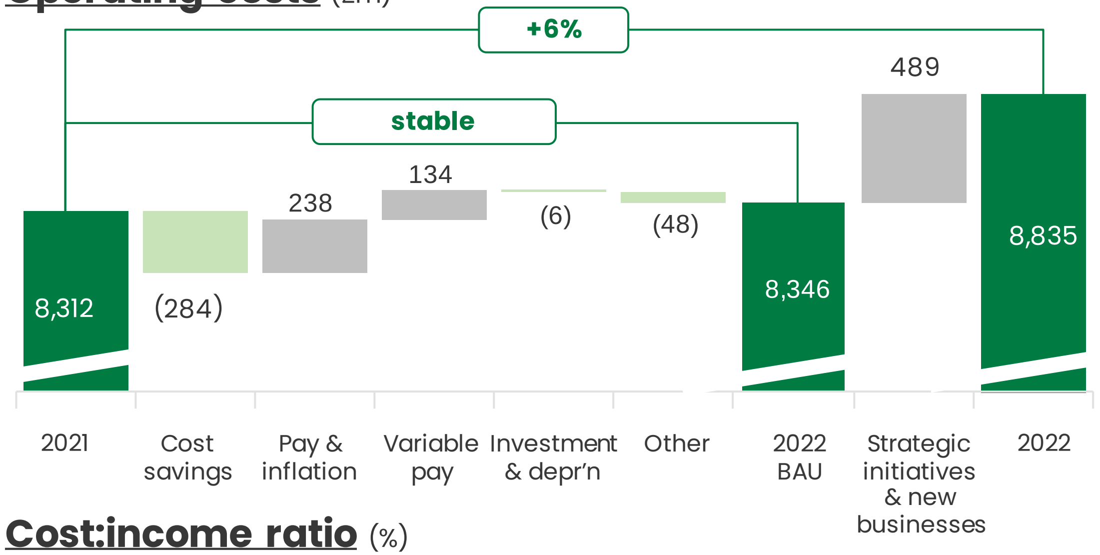


- **Other income of £5.2bn in 2022; Q4 £1.4bn**
- **Building confidence in growth potential**
  - Retail: improved current account and credit card performance
  - Commercial: improving transaction banking and financial markets activity
  - IP&I: growth in workplace pensions, bulk annuities and protection; robust existing business, partly offset by lower GI[1] income
  - Q4 benefits from c.£230m insurance assumption and methodology changes
- **Continued progress expected, dependent on customer activity, supported by investment**
- **IFRS 17 impact from 1 January 2023**

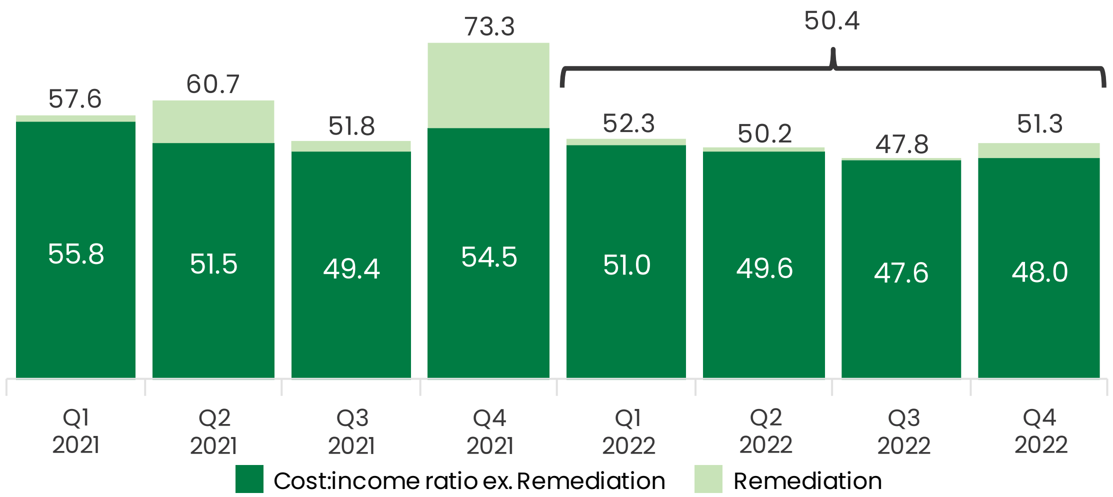
1 – General insurance.

Stable BAU costs; increased investment as planned

Operating costs (£m)



Cost:income ratio (%)



- **Operating costs £8.8bn, up 6% given planned investment and new businesses**
  - BAU costs stable and overall costs in line with expectations, delivered by ongoing discipline in context of inflationary pressure
- **Remediation £255m; £166m in Q4**
- **YTD cost:income ratio 50.4%, 51.3% in Q4**
- **Efficiency targets in BAU and strategic initiatives enhanced**
- **2023 operating costs expected to be c.£9.1bn**
  - Inflationary pressures in 2023 partially mitigated by increasing savings

Strong observed asset quality; updated economic scenarios

Impairment[1] (£m)

	Q4	2022	2021	YoY
Charge (credit) pre updated MES[2]	**383**	**915**	**314**	***601***
Retail	253	773	672	*101*
Commercial Banking	121	122	(357)	*479*
Other	9	20	(1)	*21*
Updated economic outlook	**82**	**595**	**(1,699)**	***2,294***
Retail	59	600	(1,120)	*1,720*
Commercial Banking	23	395	(579)	*974*
Other (COVID central adjustment)	-	(400)	-	*(400)*
Total impairment charge (credit)	**465**	**1,510**	**(1,385)**	***2,895***

Gross lending and coverage level[3] (£bn, %)

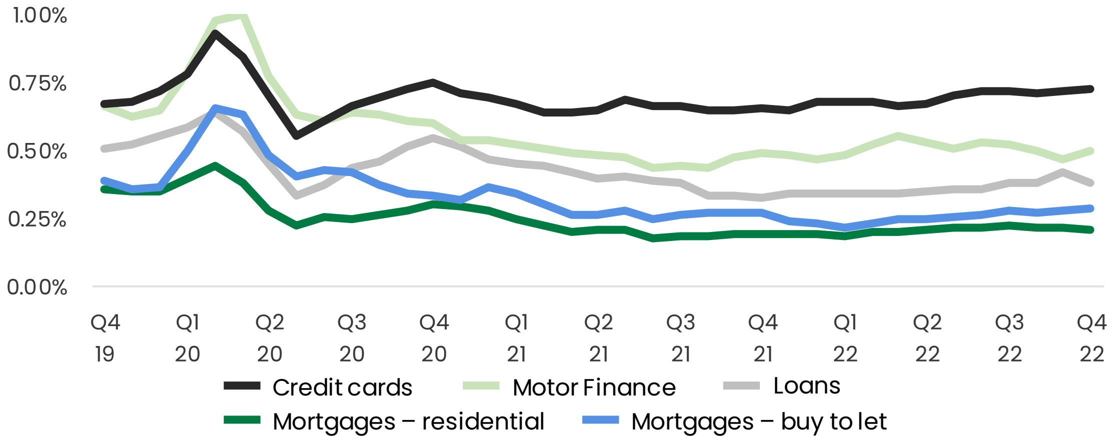
		Stage 1	Stage 2	Stage 3	Total
H2 2022	Loans and advances	£383bn	£66bn	£11bn	£460bn
	Coverage	0.2%	3.2%	22.6%	1.1%
H1 2022	Loans and advances	£399bn	£49bn	£11bn	£460bn
	Coverage	0.2%	3.0%	20.1%	1.0%

- **Asset quality remains strong**
- **Impairment charge £1,510m, AQR of 32bps**
  - Full year pre updated MES charge £915m, equivalent to AQR of 20bps
  - £595m MES charge given updated outlook, reflecting higher inflation and interest rates, partly offset by release of COVID judgements
- **Q4 charge £465m with £82m for updated MES**
  - Q4 pre MES charge of £383m, AQR 33bps; 26bps before single name charge, but includes IFRS 9 Stage 1 roll-forward
- **Stock of ECL £5.3bn, up £0.8bn in 2022**
- **2023 AQR expected to be c.30bps**

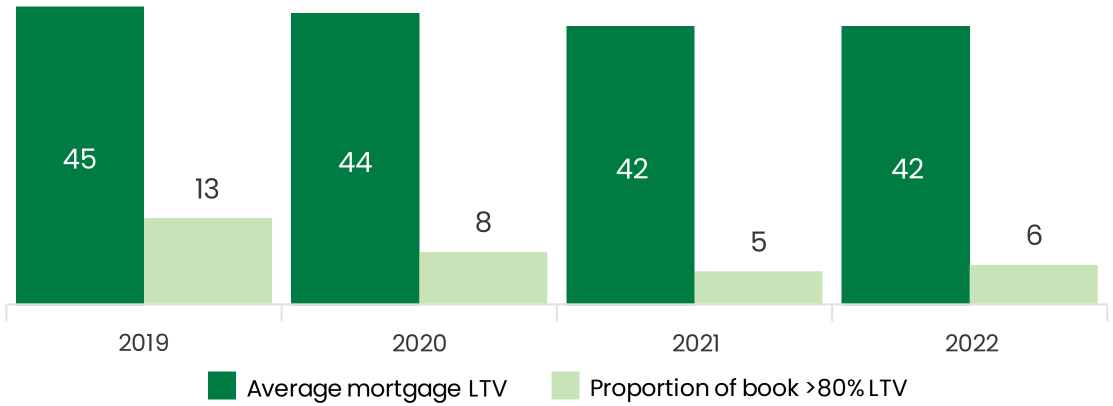
1 – Impairment charges for Retail, Commercial Banking and Other reflect the new organisation structure; comparatives have been presented on a consistent basis. 2 – Impairment charges absent the impact from updated economic outlook, thus reflecting only observed movements in credit quality. 3 – Underlying basis. Table uses rounded inputs. Stage 3 balances increased on 01/01/2022 given CRD IV changes.

Resilient Retail portfolio performance

New to arrears as a proportion of total balances
(3 month rolling average, %)



Average mortgage LTV (%)

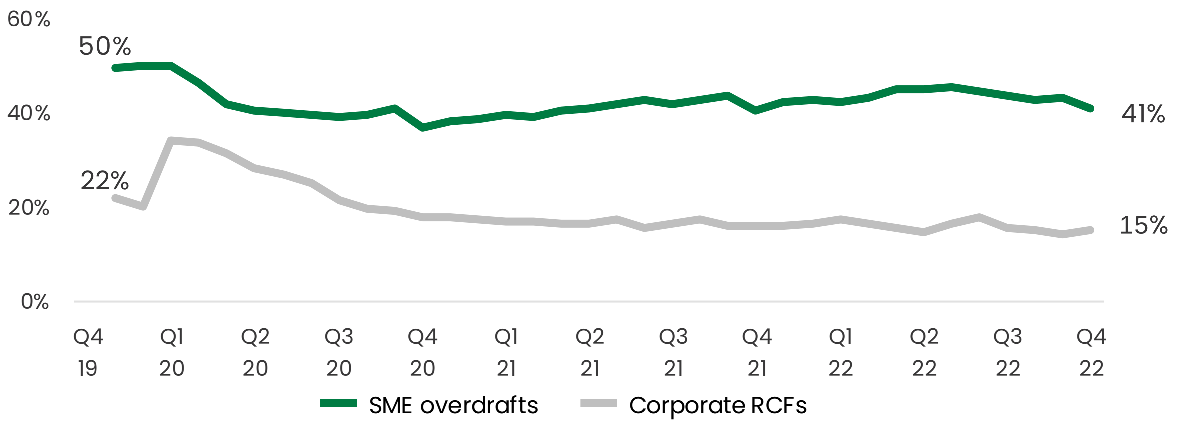


- **Customers showing resilience across asset classes, with sustained low levels of new to arrears**
- **Cards charge offs remain low and below historical average**
  - >90% of cards and loans balance growth from customers with low or medium indebtedness[1]
  - Charge off at 4-6 months in arrears; c.7% book coverage assuming additional 12 months[2]
- **Average mortgage LTV 42%; 94% of book ≤80%**
  - Average mortgage household income c.£75k[3]
- **>85% of 2023 mortgage fixed rate maturities[4] tested to ≥6.6% pay rate whilst c.1% on LTV >85%**

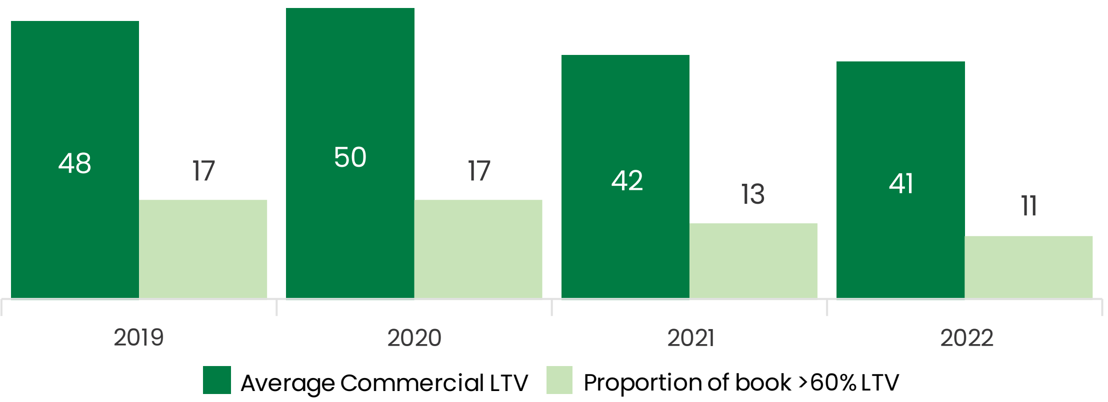
1 – Relates to balance growth in 2022. 2 – Estimated based on last 12 months' charge offs retained in Stage 3 at appropriate coverage. 3 – Relates to mortgage completions in 2022. 4 – Residential mortgages originated since 2015.

Resilient Commercial portfolio performance

SME[1] overdraft and corporate RCF[2] utilisation (%)



Commercial Banking UK direct real estate LTV[3] (%)



- Stable SME overdraft utilisation trends
- RCF utilisation >30% below pre-pandemic levels
- Average invoice financing debtor days below historical trends
- c.90% of SME lending[1] secured; c.75% of Commercial exposure at investment grade
- Watchlist and BSU below 2022 start levels
- Net CRE exposure £11.0bn, significantly de-risked and secured
  - Average LTV 41% and c.89% with LTV <60%

1 – SME excluding Business Banking; lending fully or partially secured. 2 – Revolving credit facilities. 3 – H2 2019 to H2 2021 exclude CRE exposures <£1m; H1 2022 includes all CRE exposures. Difference is not expected to materially impact trends.

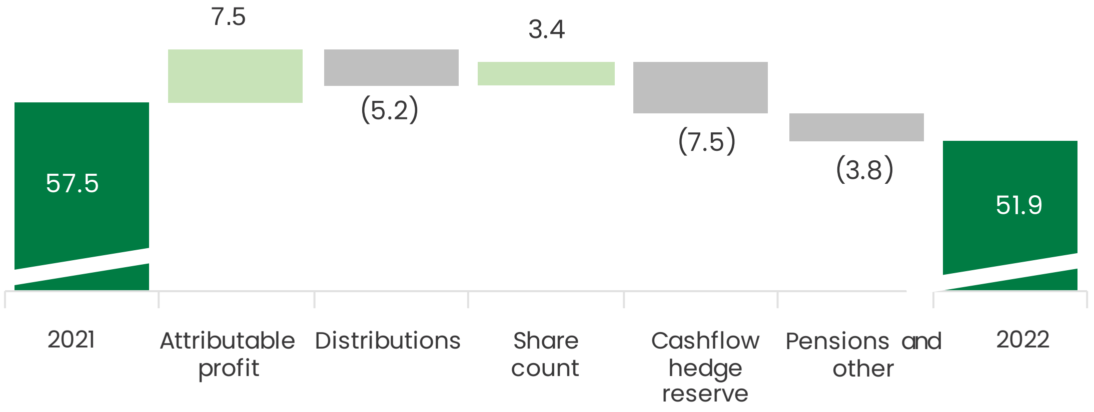
Classification: Public

Statutory profit after tax £5.6bn

Statutory profit (£m)

	2022	2021	YoY
Underlying profit	**7,448**	7,536	*(1)%*
Restructuring	**(80)**	(452)	*82%*
Volatility and other items	**(440)**	(182)	
Statutory profit before tax	**6,928**	6,902	
Tax expense	**(1,373)**	(1,017)	*(35)%*
Statutory profit after tax	**5,555**	5,885	*(6)%*
Return on tangible equity	**13.5%**	13.8%	*(0.3)pp*

Tangible net asset value per share (pence)



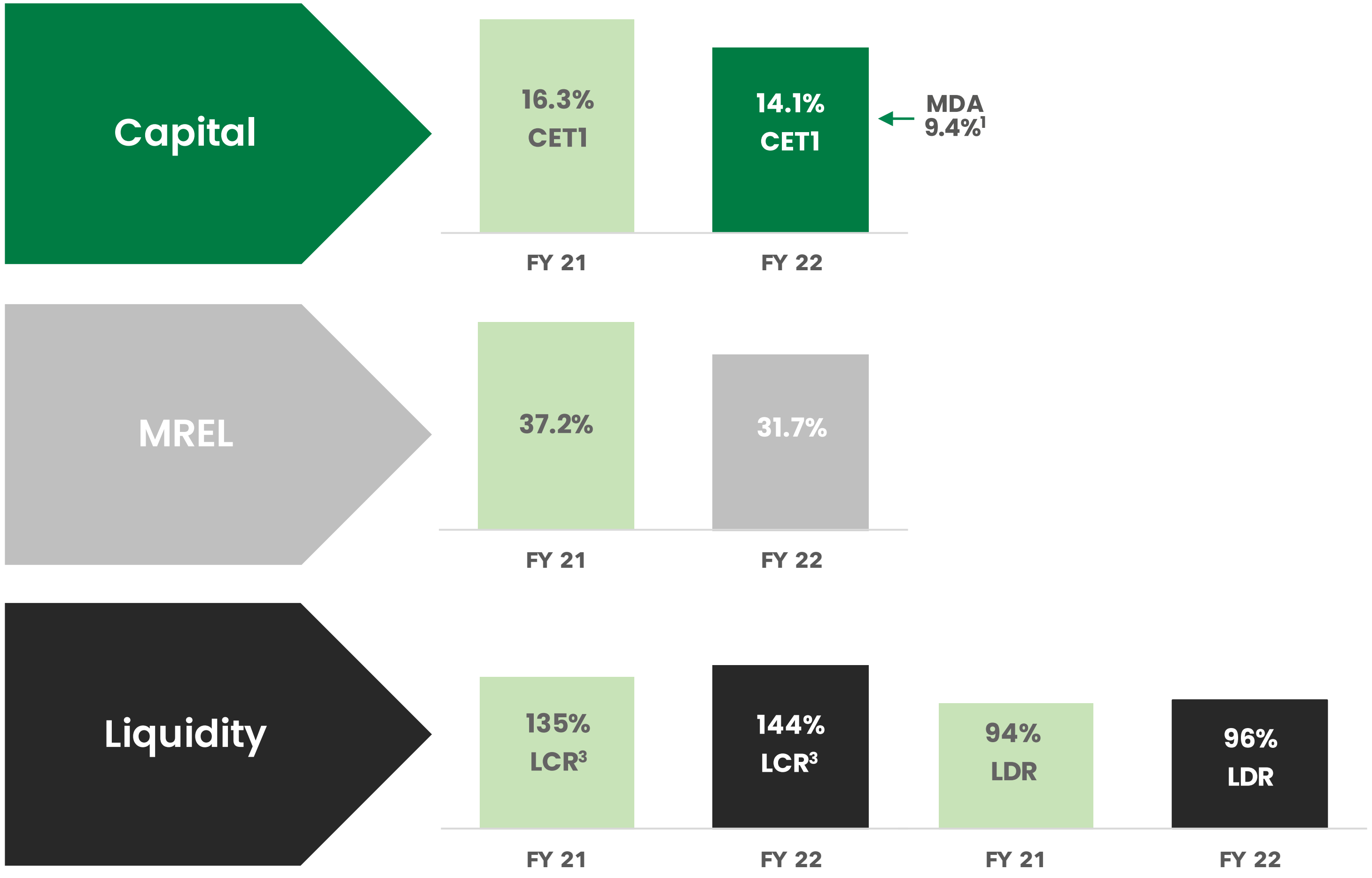
- **Underlying and statutory profit converging**
- **Restructuring costs £80m, including Embark integration costs**
- **Negative market volatility impact, alongside usual fair value unwind**
- **RoTE 13.5%; expect c.13% RoTE in 2023**
- **TNAV 51.9p, down 5.6p in 2022, largely driven by cashflow hedge reserve; up 2.9p in Q4**
- **After 1 Jan 2023 IFRS 17 impact, TNAV expected to benefit from unwind of 2022 headwinds**
  - Cashflow hedge reserve and pension surplus to build into TNAV in near to medium term
  - Buyback lowers share count, building TNAV per share

Enhanced guidance highlighting higher, more sustainable, returns

	2023	2024	2026
Income	**NEW:** NIM **>305bps**		
Costs	**NEW: c.£9.1bn** operating costs	**NEW: c.£9.2bn** operating costs	**<50%** cost:income ratio
Asset quality ratio	**NEW: c.30bps**	**NEW: c.30bps**	
Return on tangible equity	**NEW: c.13%**	**NEW: c.13%**	**NEW: >15%**
Risk weighted assets		**£220bn - £225bn**	
Capital generation	**NEW: c.175bps** per annum		**NEW: >200bps**
Capital distribution	**Progressive and sustainable** ordinary dividend Expect to **pay down to target CET1 ratio** by end of 2024		

Capital, funding & liquidity

Capital, MREL and liquidity summary



CET1 remains ahead of regulatory minimum and ongoing Group target of c.12.5% + c.1% management buffer

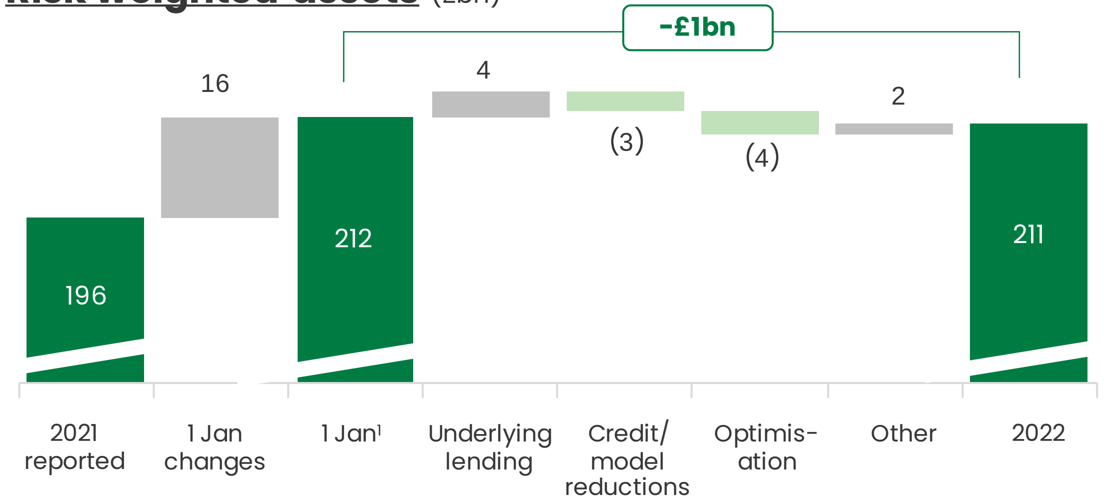
MREL remains strong, and in excess of regulatory requirements of 26.5%[2]

Strong liquidity metrics

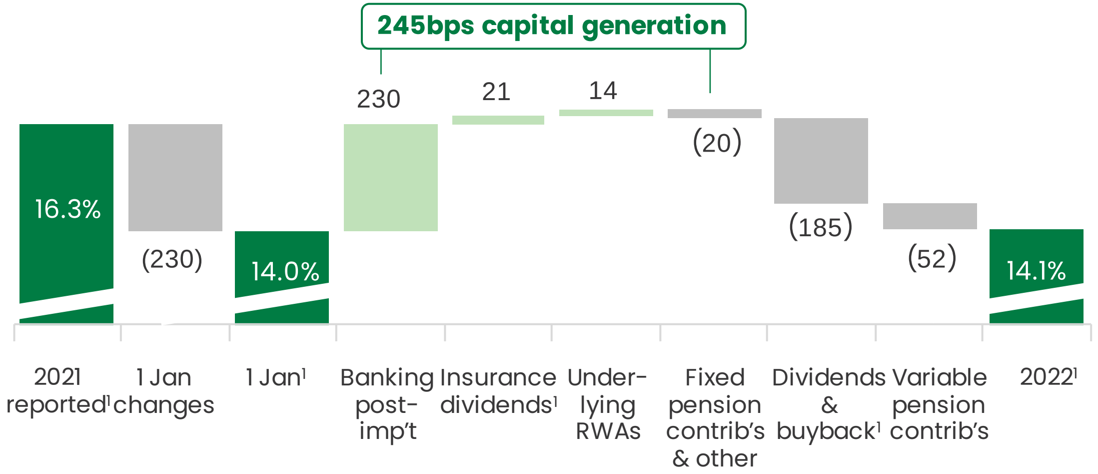
1 – The Group's MDA threshold is based off the combined buffer requirement, which excludes the equivalent of the Ring-Fenced Bank's O-SII. 2 - MREL reduction from FY21 reflects 1 Jan 22 reg change impact: (i) reduction in CET1 capital; (ii) legacy AT1 / T2 no longer count as capital; (iii) end state MREL rules now apply; (iv) increase in RWAs. 3 – Calculated as a simple average of month end observations over the previous 12 months.

Strong capital generation; enhanced guidance

Risk weighted assets (£bn)



Common equity tier 1 ratio (%, bps)

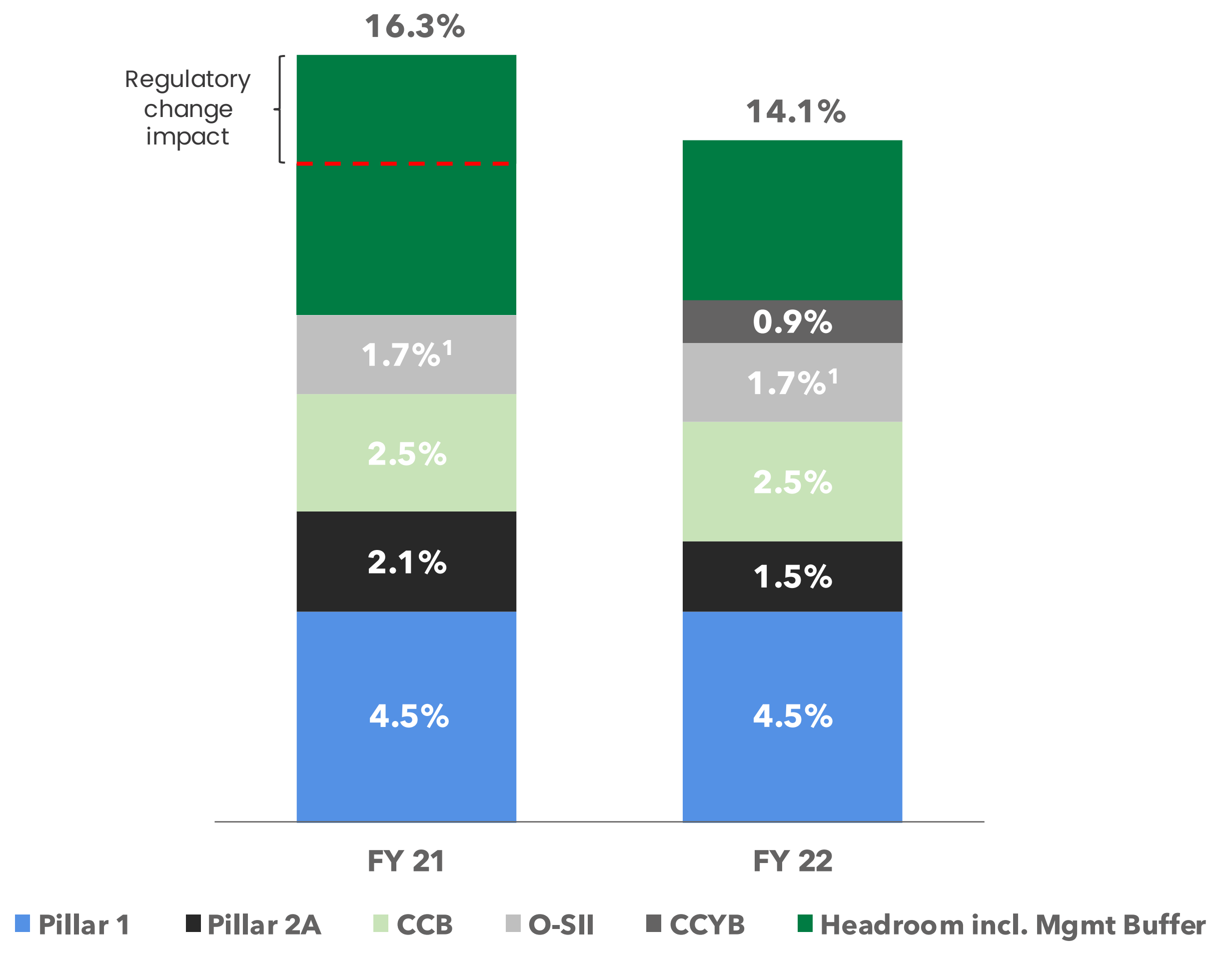


- **RWAs down £1bn since 1 Jan 2022, given optimisation and credit/model reductions**
- **CET1 14.1%[1], after additional £400m variable pension contribution in Q4**
- **Strong 245bps capital generation[1], including £400m insurance dividends[2]**
- **Total capital returns equivalent of up to £3.6bn, >10% of market capitalisation value[3]**
  - Final dividend 1.6p; total 2.4p, up 20% on 2021, alongside share buyback of up to £2bn
- **Remain ahead of ongoing target of c.12.5% plus a c.1% management buffer**
- **Expect capital generation c.175bps p.a. across 2023 and 2024**

1 – Shown on a pro forma basis. 2022 excludes unwind of IFRS 9 transitional relief of 15 bps on 01/01/2023. 2 – Insurance dividends relating to 2022 profits. 3 – Market capitalisation at close of business 17/02/2023.

Capital strength maintained

Common equity tier 1 ratio (%, bps)



- CET1 ratio of 14.1% reflects strong capital build of 245bps post regulatory headwinds of 230bps on 1 January 2022
- UK CCyB rate 1% since December 2022 and set to increase to 2% in July 2023, representing an equivalent increase in the Group's CCyB from 0.9% to 1.8%
- O-SII buffer maintained at 1.7% until reassessment in December 2023; earliest implementation of any change January 2025
- P2A CET1 requirement reduced from to 1.5% following recent update from PRA

1 – O-SII buffer of 2% is applicable to the RFB sub-group, equating to 1.7% at Group level.

Funding requirements returning to more normalised levels over strategic plan period

	2023[1]	Issuance principles
HoldCo Senior	<£5bn	Refinancing of maturities
Tier 2	£2-4bn across AT1 and T2	Ongoing refinancing to c.2.5% target
AT1	£2-4bn across AT1 and T2	Ongoing refinancing to c.2.0% target
OpCo	£5-10bn; mainly secured funding at the RFB; senior unsecured at the NFRB	Refinancing of maturities and government borrowing

- **FY 2022 total issuance of £9.3bn across products and issuing entities**
- **Expecting c.£15bn issuance in 2023 given more normalised OpCo funding needs vs c.£13bn redemptions in 2023**
- **YTD[2] issued c.£2.5bn across products: Senior HoldCo (£850m), AT1 (£750m), Covered Bond (£900m)**
- **Expect £15-20bn per annum of wholesale funding needs in 2024 and beyond**

1 – Includes 2023 YTD issuance. 2 – As of 22/02/2023

Appendix

Simple group structure with multiple issuance points

LLOYDS BANKING GROUP

HoldCo

Lloyds Banking Group

BBB+ / A3 / A Sta / Sta / Sta	A-2 / P-2 / F1
Senior Unsecured Capital	-

	Ring-Fenced Sub-Group		Non-Ring-Fenced Sub-Group		Insurance Sub-Group		Equity Investments Sub-Group	
Entity	**Lloyds Bank, Bank of Scotland**		**Lloyds Bank Corporate Markets**		**Scottish Widows[2]**		**Lloyds Equity Investments**	
Ratings	A+ / A1 / A+ Sta / Neg / Sta	A-1 / P-1 / F1	A / A1 / A+ Sta / Sta / Sta	A-1 / P-1 / F1	- / A2 / A+ - / Sta / Sta	- / - / F1	-	-
Issuance	Senior Unsecured Covered Bonds ABS	CD, CP	Senior Unsecured	CD, Yankee CD, CP	Capital	-	-	-
Size	L&A: £436bn[3]	Assets: £617bn[4]	L&A: £19bn[3]	Assets: £87bn[4]	L&A: N/A	AuA: £177bn[4]	L&A: N/A	Assets: £4bn[4]
EU Sub	**EU Sub: Berlin**		**EU Sub: Frankfurt**		**EU Sub: Luxembourg**			

1 - Ratings shown are senior unsecured in the order of S&P / Moody's / Fitch. 2 – Ratings shown for Scottish Widows are Insurance Financial Strength Ratings. 3 – "L&A" refers to Loans & Advances to customers. Lloyds Bank L&A and LBCM L&A are shown as at FY22. 4 – Lloyds Bank Total Assets, LBCM, Scottish Widows AuA and LEIL Total Assets as at FY22.

Strong credit ratings across the Group

		HoldCo	Ring-Fenced Bank	Non-Ring-Fenced Bank	Insurance Sub-Group
	UK Sovereign	**Lloyds Banking Group**	**Lloyds Bank, Bank of Scotland**	**Lloyds Bank Corporate Markets**	**Scottish Widows[1]**
S&P	**AA** Negative	**BBB+** Stable **A-2**	**A+** Stable **A-1**	**A** Stable **A-1**	-
Moody's	**Aa3** Negative	**A3** Stable **P-2**	**A1[2]** Negative **P-1**	**A1** Stable **P-1**	**A2** Stable –
Fitch	**AA-** Negative	**A** Stable **F1**	**A+** Stable **F1**	**A+** Stable **F1**	**A+** Stable **F1**

1 – Ratings shown for Scottish Widows are Insurance Financial Strength. 2 – Deposits rating is A1/Stable

Strong ESG ratings supported by clear deliverables

We have identified 4 focus areas where we are best placed to provide significant positive change, enabling us to create a more inclusive society and sustainable future

Enabling regional development

- Focus on opportunities to support housing and physical regeneration
- Increase regional productivity and create high-quality jobs
- Encourage inclusive growth by broadening economic opportunity across the community
- Enable a just transition to net zero

Improving access to quality housing

- Increase access to the benefits of home ownership, including shared ownership
- Support a quality rental and social housing sector
- Increase the availability of specialist housing

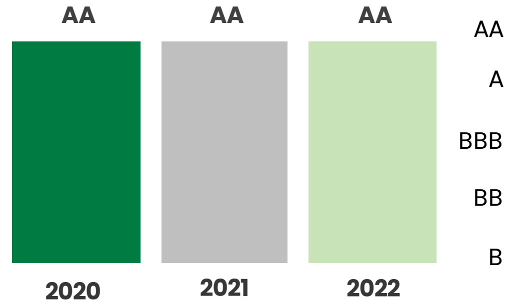
Greening the built environment

- Build on our financing to the social housing and commercial sector
- Broaden the finance and partnerships available to our mortgage customers
- Work on city-scale retrofit in the UK regions

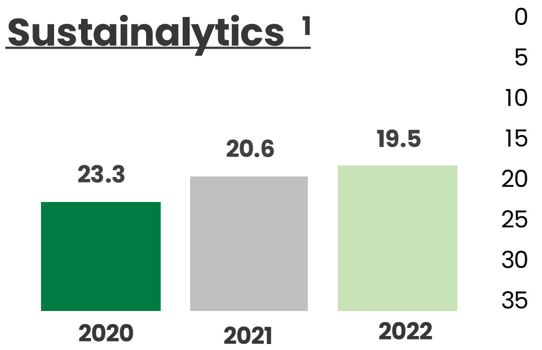
Creating a more inclusive future

- Support the financial needs of all groups of customers, through our services or strategic partnerships
- Provide further support through the increased cost of living
- Make our products, processes and services accessible and inclusive by design
- Create a fully inclusive organisation that is representative of modern-day Britain

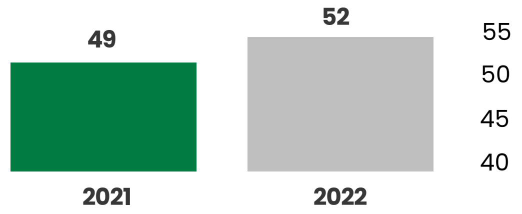
MSCI [1]



Sustainalytics [1]



S&P CSA [1 2]



1 – Ratings shown are all end of year scores. 2 – S&P only shows a score for 2021 and 2022 as LBG did not participate in the CSA process in earlier years.

Our Group Climate Transition Plan

We have set several net zero ambitions across our Group to support the decarbonisation of our business in line with limiting global warming to 1.5°C. Our climate transition plan provides the plan and pathway to how we will achieve our Group ambitions and targets

2021

- No new direct financing of new greenfield oil and gas developments
- Maintain travel emissions below 50% of pre pandemic levels

2022

- First round of Net Zero Banking Alliance sector targets published
- Supply Chain net zero ambition published

2023

- Support oil and gas clients to establish credible transition plans
- 10% biodiversity net gain for Citra schemes started in 2023
- Develop Agriculture and Commercial real estate targets
- Deliver education and training on nature
- Citra: Develop operational and supply chain baseline and Citra sustainability strategy
- Full exit from UK thermal coal power by end 2023

2024

- £10bn green mortgage lending by 2024
- £8bn electric vehicle financing by 2024
- £15bn sustainable financing by 2024
- 50% Citra homes started in 2024 developed to Future Homes Standard
- Publish Agriculture and Commercial Real estate sector targets

2025

- £20-25bn SW investment in climate-aware strategies by 2025
- Auto (OEM) and Aviation clients to have set science-aligned targets
- 100% Citra homes started in 2025 developed to Future Homes Standard
- Explore achieving 20% biodiversity net gain for Citra schemes started in 2025
- All new Citra homes with parking to have EV charge point
- Reduce operational waste by 80%

2030

- 50% reduction in bank financed emissions
- 50% reduction in operational energy use
- SW half carbon footprint of all investments
- **Net Zero own operations**
- Full exit from all entities operating thermal coal facilities
- Net Zero Banking Alliance 2030 targets
- 50% reduction in supply chain emissions

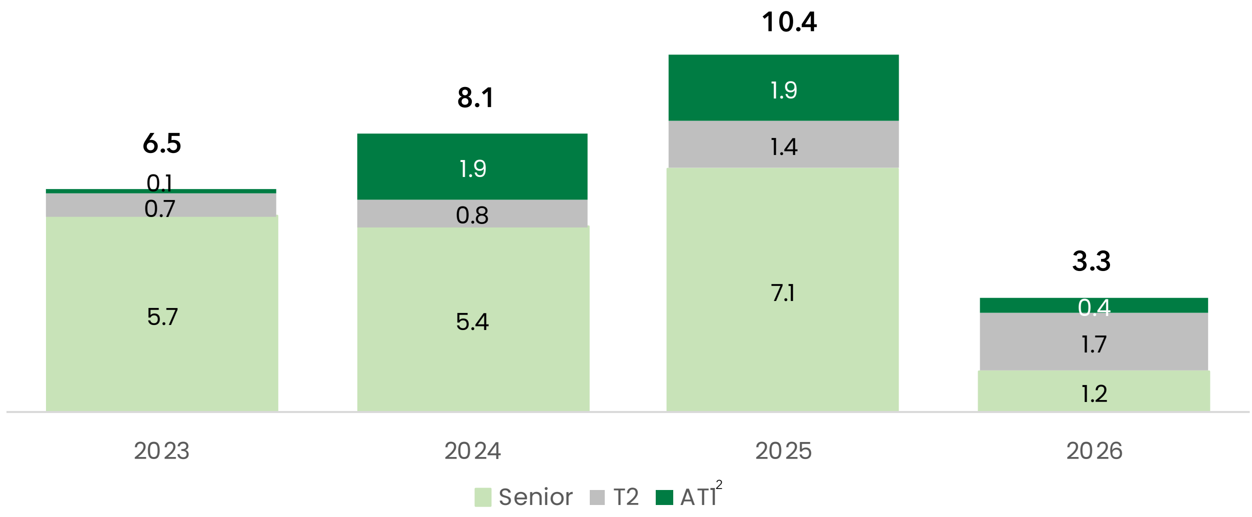
2050

- **Net Zero by 2050 or sooner**

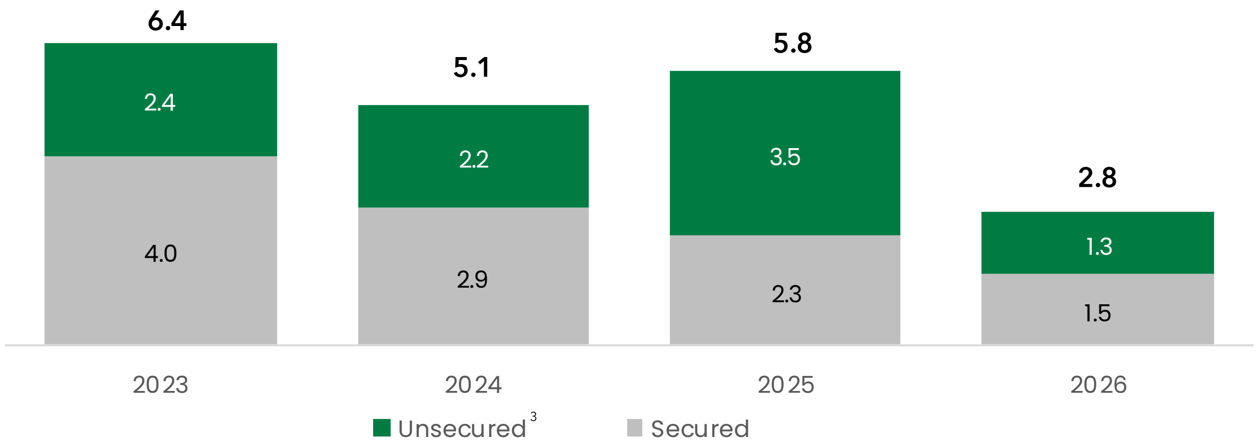
Net Zero Ambitions
Other Net Zero Targets and Goals
Sustainable Finance Targets
Nature and Biodiversity

Wholesale funding requirements supported by redemption profile

HoldCo redemption profile (£bn)[1]



OpCo redemption profile (£bn)[1]

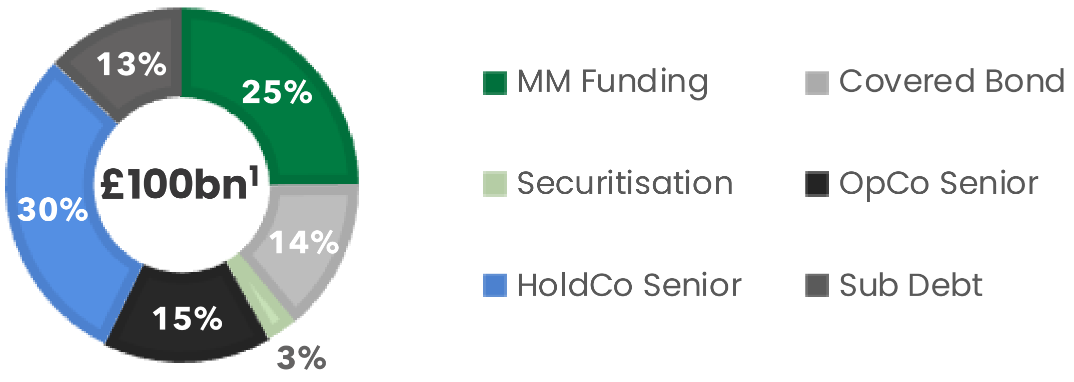


- Redemption profile supports increased future issuance, with net supply increasing moderately
- The Group has access to a diverse range of funding programmes, products and markets

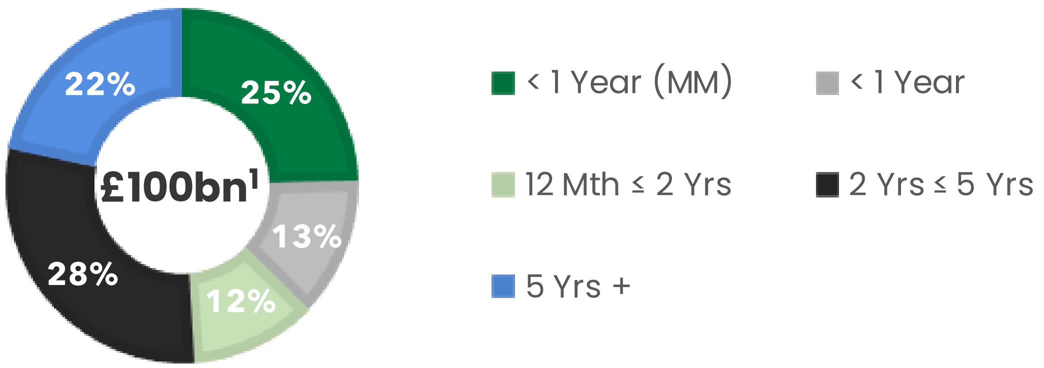
1 – Based on notional value outstanding as at 31/12/2022, redemption profiles reflect first call dates which remain subject to issuer call decision. 2 – Includes reduction in notional outstanding from tender offer results announced on 11/10/2022. 3- Includes subordinated debt issued by LBG subsidiaries.

Diverse funding portfolio as at FY 2022

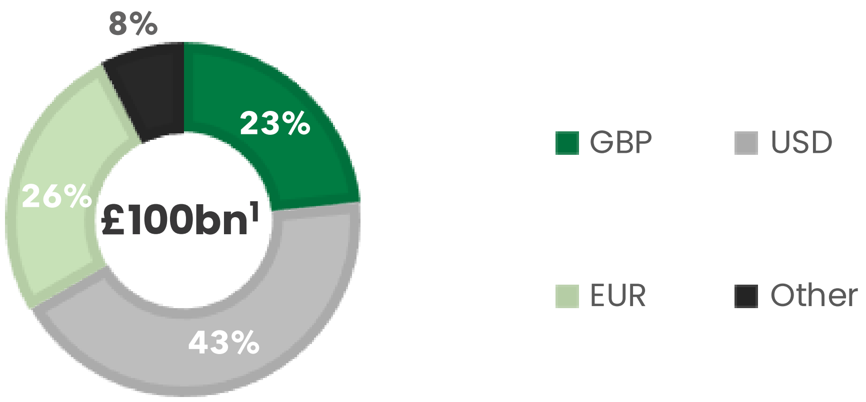
Wholesale funding portfolio by type



Wholesale funding portfolio by maturity



Wholesale funding portfolio by currency



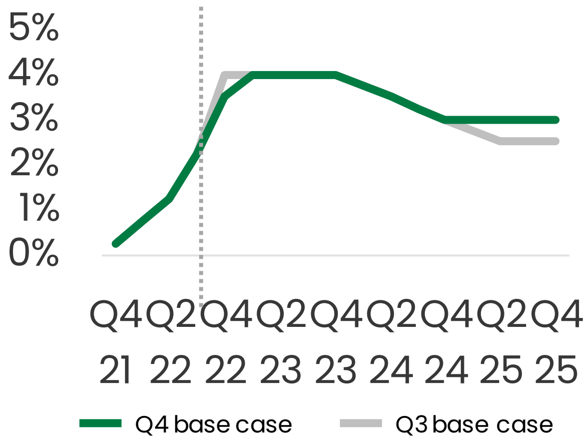
1 - Overall total wholesale funding has increased to £100bn at Dec-22 vs £93bn at Dec-21 as a result of short term funding which has increased towards more normalised levels and maintains the Group's access to diverse sources and tenors of funding.

Quarterly P&L and key ratios

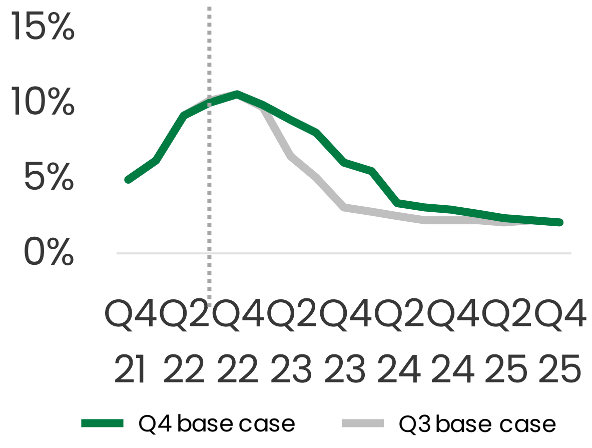
(£m)	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Underlying net interest income	**3,643**	3,394	3,190	2,945	2,893	2,852	2,741	2,677
Underlying other income	**1,438**	1,282	1,268	1,261	1,307	1,336	1,282	1,135
Operating lease depreciation	**(78)**	(82)	(119)	(94)	(78)	(111)	(123)	(148)
Net income	**5,003**	4,594	4,339	4,112	4,122	4,077	3,900	3,664
Operating costs	**(2,399)**	(2,187)	(2,151)	(2,098)	(2,246)	(2,013)	(2,008)	(2,045)
Remediation	**(166)**	(10)	(27)	(52)	(775)	(100)	(360)	(65)
Total costs	**(2,565)**	(2,197)	(2,178)	(2,150)	(3,021)	(2,113)	(2,368)	(2,110)
Underlying profit before impairment	**2,438**	2,397	2,161	1,962	1,101	1,964	1,532	1,554
Underlying impairment (charge) credit	**(465)**	(668)	(200)	(177)	532	119	374	360
Underlying profit	**1,973**	1,729	1,961	1,785	1,633	2,083	1,906	1,914
Restructuring	**(11)**	(22)	(23)	(24)	(418)	(24)	6	(16)
Volatility and other items	**(203)**	(199)	100	(138)	(247)	(30)	95	–
Statutory profit before tax	**1,759**	1,508	2,038	1,623	968	2,029	2,007	1,898
Statutory profit after tax	**1,520**	1,209	1,622	1,204	420	1,600	2,468	1,397
Net interest margin	**3.22%**	2.98%	2.87%	2.68%	2.57%	2.55%	2.51%	2.49%
Average interest earning assets	**£454bn**	£455bn	£451bn	£448bn	£449bn	£447bn	£442bn	£439bn
Cost: income ratio	**51.3%**	47.8%	50.2%	52.3%	73.3%	51.8%	60.7%	57.6%
Asset quality ratio	**0.38%**	0.57%	0.17%	0.16%	(0.46)%	(0.10)%	(0.33)%	(0.33)%
Return on tangible equity	**16.3%**	11.9%	15.6%	10.8%	2.9%	14.5%	24.4%	13.9%
Tangible net asset value per share	**51.9p**	49.0p	54.8p	56.5p	57.5p	56.6p	55.6p	52.4p

Updated macroeconomic outlook

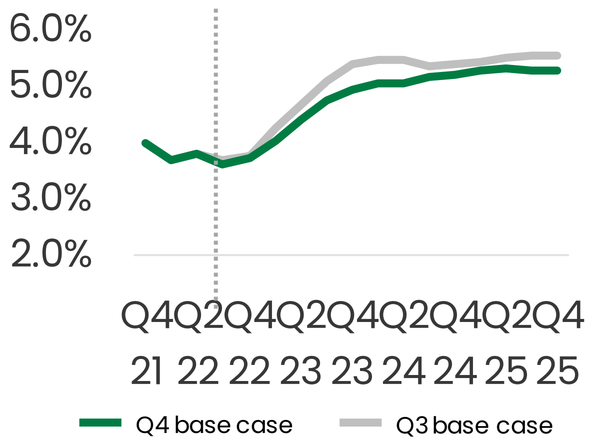
UK bank rate



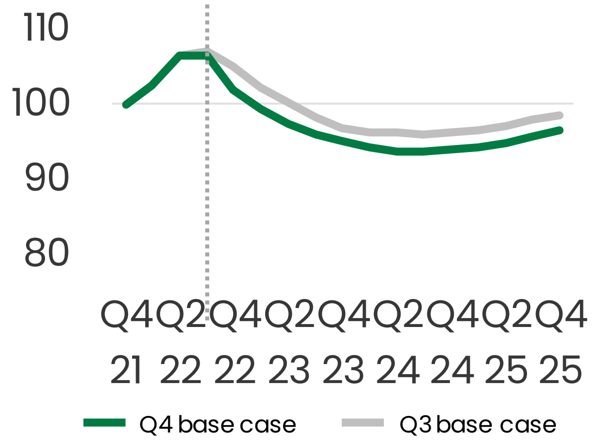
CPI inflation



Unemployment



Indexed house prices



- **Q4 macroeconomic base case broadly in line with Q3**
  - Base rate forecast to have peaked at 4% in Q1 2023
  - Inflation forecast to reduce from peak of 10.7% in Q4 2022
  - 5.3% peak unemployment forecast in 2025
  - After recent strong house price growth, expect a fall of c.7% in 2023; peak to trough fall c.12%
  - GDP expected to fall 1.2% in 2023, versus 1.0% fall assumed at Q3

Updated economic scenarios

Scenario	ECL (£m)	Measure (%)	2022	vs Q3 2022	2023	2024	2025	2026	Ave. 22-26
Upside (30%)	3,903	GDP	4.1	*0.5*	0.1	1.1	1.7	2.1	*1.8*
		Interest rate	1.94	*(0.22)*	4.95	4.98	4.63	4.58	*4.22*
		Unemployment rate	3.5	*0.2*	2.8	3.0	3.3	3.4	*3.2*
		HPI growth	2.4	*(3.7)*	(2.8)	6.5	9.0	8.0	*4.5*
		CRE price growth	(9.4)	*(18.1)*	8.5	3.5	2.6	2.3	*1.3*
		CPI inflation	9.0	*0.0*	8.3	4.2	3.3	3.0	*5.5*
Base case (30%)	4,593	GDP	4.0	*0.6*	(1.2)	0.5	1.6	2.1	*1.4*
		Interest rate	1.94	*(0.12)*	4.00	3.38	3.00	3.00	*3.06*
		Unemployment rate	3.7	*0.0*	4.5	5.1	5.3	5.1	*4.8*
		HPI growth	2.0	*(3.0)*	(6.9)	(1.2)	2.9	4.4	*0.2*
		CRE price growth	(11.8)	*(14.6)*	(3.3)	0.9	2.8	3.1	*(1.8)*
		CPI inflation	9.0	*(0.1)*	8.3	3.7	2.3	1.7	*5.0*
Downside (30%)	5,773	GDP	3.9	*0.7*	(3.0)	(0.5)	1.4	2.1	*0.8*
		Interest rate	1.94	*(0.06)*	2.93	1.39	0.98	1.04	*1.65*
		Unemployment rate	3.8	*(0.3)*	6.3	7.5	7.6	7.2	*6.5*
		HPI growth	1.6	*(2.3)*	(11.1)	(9.8)	(5.6)	(1.5)	*(5.4)*
		CRE price growth	(13.9)	*(12.5)*	(15.0)	(3.7)	0.4	1.4	*(6.4)*
		CPI inflation	9.0	*0.0*	8.2	3.3	1.3	0.3	*4.4*
Severe downside (10%)	10,032	GDP	3.7	*1.3*	(5.2)	(1.0)	1.3	2.1	*0.1*
		Interest rate – adj.	2.44	*0.0*	7.00	4.88	3.31	3.25	*4.18*
		Unemployment rate	4.1	*(0.8)*	9.0	10.7	10.4	9.7	*8.8*
		HPI growth	1.1	*(1.3)*	(14.8)	(18.0)	(11.5)	(4.2)	*(9.8)*
		CRE price growth	(17.3)	*(8.1)*	(28.8)	(9.9)	(1.3)	3.2	*(11.6)*
		CPI inflation – adj.	9.7	*(0.2)*	14.3	9.0	(4.1)	1.6	*7.7*
Probability weighted	**5,284**								

Updated coverage after revised economic outlook

(£m, unless stated otherwise)[1]	Gross customer L&A (£bn)	Coverage (ex. Recoveries)[2] Stage 1	Stage 2	Stage 3	Total	Total coverage Q4 2021[1]	ECL Q4 2021	*Write offs & Other*	*P&L charge/ (credit)*	Net ECL incr./ (decr.)	ECL Q4 2022	Write offs & Other FY 2021[3]
Retail	367.4	0.2%	3.0%	16.4%	0.9%	0.7%	2,640	*(644)*	*1,373*	729	3,369	(795)
UK Mortgages	*312.7*	*0.0%*	*1.5%*	*12.5%*	*0.5%*	*0.4%*	*1,284*	*11*	*295*	*306*	*1,590*	*(48)*
Cards[4]	*15.0*	*1.5%*	*14.5%*	*50.9%*	*5.1%*	*3.7%*	*531*	*(339)*	*571*	*232*	*763*	*(375)*
Loans & Overdrafts	*10.3*	*2.2%*	*21.4%*	*64.6%*	*6.6%*	*4.7%*	*445*	*(266)*	*499*	*233*	*678*	*(309)*
Motor	*14.6*	*0.8%*	*3.4%*	*52.6%*	*1.7%*	*2.1%*	*298*	*(44)*	*(2)*	*(46)*	*252*	*(52)*
Other	*14.8*	*0.1%*	*2.8%*	*33.1%*	*0.6%*	*0.7%*	*82*	*(6)*	*10*	*4*	*86*	*(11)*
Commercial	95.4	0.3%	4.4%	38.9%	2.0%	1.5%	1,433	*(81)*	*517*	436	1,869	(182)
Other[5]	(3.0)	0.0%	0.0%	66.7%	(0.1)%	4.0%	426	-	*(380)*	(380)	46	1
Total	**459.8**	**0.2%**	**3.2%**	**22.6%**	**1.1%**	**1.0%**	**4,499**	***(725)***	***1,510***	**785**	**5,284**	**(976)**

1 – Figures for Retail, Commercial Banking and Other reflect the new organisation structure; comparatives have been presented on a consistent basis. 2 – Underlying basis. Loans and advances to customers only; excludes £62m of ECL on other assets at 31/12/2022 (£22m at 31/12/2021). 3 – Excludes £178m of non lending related fraud costs now included within operating costs. 4 – Coverage levels reflective of Group write off policy at 4-6 months in arrears. 5 – 31/12/2021 coverage calculation for Other excludes £400m ECL central adjustment (nil at 31/12/2022).

Low mortgage LTVs

	December 2022[1]				2021[1]	2010[1]
	Mainstream	Buy to let	Specialist	Total	Total	Total
Average LTVs	40.9%	46.8%	35.0%	**41.6%**	42.1%	55.6%
New business LTVs	62.3%	58.1%	N/A	**61.7%**	63.3%	60.9%
≤80% LTV	92.6%	99.6%	96.4%	**93.9%**	95.4%	57.0%
>80–90% LTV	5.7%	0.2%	1.2%	**4.7%**	4.1%	16.2%
>90–100% LTV	1.6%	0.1%	1.0%	**1.3%**	0.3%	13.6%
>100% LTV	0.1%	0.1%	1.4%	**0.1%**	0.2%	13.2%
Value >80% LTV	£18.7bn	£0.2bn	£0.2bn	**£19.1bn**	£14.3bn	£146.6bn
Value >100% LTV	£0.2bn	£0.0bn	£0.1bn	**£0.3bn**	£0.5bn	£44.9bn
Gross lending	£253.5bn	£51.6bn	£7.6bn	**£312.7bn**	£308.8bn	£341.1bn

1 – 2021-22 LTVs use Markit's 2019 Halifax HPI; 2010 LTVs use Markit's pre 2019 Halifax HPI and include TSB. Table uses rounded inputs.

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Forward looking statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and section 27A of the US Securities Act of 1933, as amended, with respect to the business, strategy, plans and/or results of Lloyds Banking Group plc together with its subsidiaries (the Group) and its current goals and expectations. 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; political instability including as a result of any UK general election and any further possible referendum on Scottish independence; acts of hostility or terrorism and responses to those acts, or other such events; geopolitical unpredictability; the war between Russia and Ukraine; the tensions between China and Taiwan; market related risks, trends and developments; exposure to counterparty risk; instability in the global financial markets, including within the Eurozone, and as a result of the exit by the UK from the European Union (EU) and the effects of the EU-UK Trade and Cooperation Agreement; the ability to access sufficient sources of capital, liquidity and funding when required; changes to the Group's credit ratings; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; volatility in credit markets; volatility in the price of the Group's securities; tightening of monetary policy in jurisdictions in which the Group operates; natural pandemic (including but not limited to the COVID-19 pandemic) and other disasters; risks concerning borrower and counterparty credit quality; risks affecting insurance business and defined benefit pension schemes; risks related to the uncertainty surrounding the integrity and continued existence of reference rates; changes in laws, regulations, practices and accounting standards or taxation; changes to regulatory capital or liquidity requirements and similar contingencies; the policies and actions of governmental or regulatory authorities or courts together with any resulting impact on the future structure of the Group; risks associated with the Group's compliance with a wide range of laws and regulations; assessment related to resolution planning requirements; risks related to regulatory actions which may be taken in the event of a bank or Group failure; exposure to legal, regulatory or competition proceedings, investigations or complaints; 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; 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; technological failure; inadequate or failed internal or external processes or systems; risks relating to ESG matters, such as climate change (and achieving climate change ambitions), including the Group's ability along with the government and other stakeholders to measure, manage and mitigate the impacts of climate change effectively, and human rights issues; the impact of competitive conditions; failure to attract, retain and develop high calibre talent; the ability to achieve strategic objectives; 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; assumptions and estimates that form the basis of the Group's financial statements; and potential changes in dividend policy. 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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