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

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

Relationship with c.50% of UK adults

Record all-channel NPS; 7pt growth over last 5 years
Solid performance in Q1, well positioned looking forward

• Solid business and financial performance in Q1
  – Strong revenue growth supported by increased NIM, continued recovery in customer activity and focus on costs
  – Asset quality remains strong and well positioned for a period of uncertainty
  – Strong capital position allowing for significant accelerated pension contributions in Q1
• Uncertainties persist around the macroeconomic environment and its impact on consumers, although business model and strategy position the Group well
• The Group’s confidence is reflected in enhanced 2022 guidance
  – NIM now expected to be >270bps
  – RoTE now expected to be >11%
  – All other guidance for 2022 and the longer-term is reiterated
• New strategy, supported by new business structure, enabling higher, more sustainable returns and capital generation
Solid business and financial performance

Summary P&L and key metrics (£m)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2022</th>
<th>Q1 2021</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>2,945</td>
<td>2,677</td>
<td>10%</td>
</tr>
<tr>
<td>Other income</td>
<td>1,261</td>
<td>1,135</td>
<td>11%</td>
</tr>
<tr>
<td>Operating lease depreciation</td>
<td>(94)</td>
<td>(148)</td>
<td>36%</td>
</tr>
<tr>
<td>Net income</td>
<td>4,112</td>
<td>3,664</td>
<td>12%</td>
</tr>
<tr>
<td>Operating costs¹</td>
<td>(2,098)</td>
<td>(2,045)</td>
<td>(3)%</td>
</tr>
<tr>
<td>Remediation</td>
<td>(52)</td>
<td>(65)</td>
<td>20%</td>
</tr>
<tr>
<td>Total costs</td>
<td>(2,150)</td>
<td>(2,110)</td>
<td>(2)%</td>
</tr>
<tr>
<td>Impairment</td>
<td>(177)</td>
<td>360</td>
<td></td>
</tr>
<tr>
<td>Underlying profit</td>
<td>1,785</td>
<td>1,914</td>
<td>(7)%</td>
</tr>
<tr>
<td>Statutory profit after tax</td>
<td>1,204</td>
<td>1,397</td>
<td>(14)%</td>
</tr>
<tr>
<td>Return on tangible equity</td>
<td>10.8%</td>
<td>13.9%</td>
<td>(3.1)pp</td>
</tr>
</tbody>
</table>

Q1 2022 Q4 2021 QoQ

| Tangible net asset value per share | 56.5p | 57.5p | (1.0)p |
| CET1 ratio²           | 14.2%  | 16.3% | (2.1)pp |
| Risk-weighted assets  | £210bn | £196bn | £14bn |

- Strong net income, up 12%; NIM 268bps
- Operating costs¹ 3% higher reflecting planned investment with stable BAU costs; on target for c.£8.8bn for 2022
- Continued strong asset quality; £177m net impairment charge
- Statutory profit after tax of £1.2bn
- Continued balance sheet franchise growth
- 50bps capital build³ with CET1 ratio 14.2%
  - Full £800m fixed pension contributions and £500m variable contributions in Q1
- RWAs £210bn, post regulatory inflation of £16bn on 1 January 2022

¹ - All costs previously reported within restructuring, apart from merger, acquisition and integration costs, are now included within operating costs. Non lending-related fraud costs, previously reported within underlying impairment, are also now included within operating costs. Comparatives have been presented on a consistent basis.
² - Q4 2021 ratio reported on a pro forma basis.
³ - Excluding headwinds on 1 January 2022, variable pension contributions and dividend accrual.
Continued recovery in customer activity and franchise growth

Q1 lending change (£bn)
- Retail: +£2.0bn / 0.6%
- Commercial: +£2.6bn / 2.8%

Q1 deposit change (£bn)
- Retail: +£2.5bn / 0.9%
- Commercial: +£2.8bn / 1.7%

- Total mortgage balances up £1.2bn in Q1 to £308.7bn, driven by £1.7bn increase in open book
- Credit card balances flat in Q1 despite seasonal repayments
- Commercial Banking balances up £2.6bn in Q1 given growth of £2.9bn in C&I
- Q1 AIEAs £448bn, down £1.4bn on Q4, up £8.6bn on prior year
- Continue to expect low single-digit percentage AIEA growth in 2022
- Retail deposits up £2.5bn in Q1 reflecting resilient inflows
- Commercial deposits up £2.8bn, driven by inflow of SME and C&I balances
Strong revenue performance

Net interest income (NII) and banking net interest margin (NIM)

- NII £2.9bn, up 10% on Q1 2021
  - Stronger NIM 268bps, given base rate changes, deposit growth, hedge benefits and continued capital base optimisation
  - Competitive mortgage market; Q1 average completion margin c.85bps
  - Hedge nominal balance now £245bn; capacity increased by £10bn to £250bn
  - Illustrative c.£175m additional NII in year 1 for a 25bps parallel increase in rates
- Now expect 2022 NIM >270bps
- Other income £1.3bn in Q1, up 11% YoY
  - Solid Retail fee income and LP&I new business; improving Commercial markets activity levels QoQ

Other income

Illustrative interest rate sensitivity; based on the assumptions shown on slide 7.
Illustrative NII sensitivity

Cumulative impact of parallel shifts in interest rate curve¹ (£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.350</td>
<td>c.525</td>
<td>c.800</td>
</tr>
<tr>
<td>+25bps</td>
<td>c.175</td>
<td>c.275</td>
<td>c.400</td>
</tr>
<tr>
<td>-25bps</td>
<td>c.(400)</td>
<td>c.(525)</td>
<td>c.(650)</td>
</tr>
</tbody>
</table>

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 31/03/2022 balance sheet position.

• Reflects shifts in forward rate curve
• Marginal reduction in Year 1 sensitivity since year end driven by higher structural hedge balance
• 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
Maintained focus on efficiency

- Cost:income ratio of 52.3% and operating costs of £2.1bn, up 3% given planned investment and new businesses costs
- Sustained cost discipline with stable BAU costs, offsetting inflationary pressures
- Remediation of £52m, reflecting modest charges from pre-existing programmes
  - No charge in Q1 for HBOS Reading
- As previously indicated, most restructuring and fraud costs now in operating costs
- Continue to expect 2022 operating costs to be c.£8.8bn on new basis (2021: c.£8.3bn)
  - Stable BAU before further increased investment and new businesses costs
## Impairment

<table>
<thead>
<tr>
<th></th>
<th>Q1 2022</th>
<th>Q1 2021</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charges pre-updated MES</td>
<td>150</td>
<td>99</td>
<td>51</td>
</tr>
<tr>
<td>Retail</td>
<td>165</td>
<td>286</td>
<td>(121)</td>
</tr>
<tr>
<td>Commercial Banking</td>
<td>(15)</td>
<td>(186)</td>
<td>171</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>(1)</td>
<td>1</td>
</tr>
<tr>
<td>Updated economic outlook</td>
<td>27</td>
<td>(459)</td>
<td>486</td>
</tr>
<tr>
<td>Retail</td>
<td>(12)</td>
<td>(240)</td>
<td>228</td>
</tr>
<tr>
<td>Commercial Banking</td>
<td>39</td>
<td>(219)</td>
<td>258</td>
</tr>
<tr>
<td>Total impairment charge / (credit)</td>
<td>177</td>
<td>(360)</td>
<td>537</td>
</tr>
</tbody>
</table>

1 - Charges based on economic assumptions as at 31/12/2019. Coronavirus impacted restructuring cases, previously disclosed separately, are now reported within charges pre-updated MES (multiple economic scenarios). Non lending-related fraud costs, previously reported within underlying impairment, are now included within operating costs. Comparatives have been presented on a consistent basis.
2 - £400m central adjustment held for COVID-related risks to the Group's base case assumptions.

### Strong asset quality and sustained low new to arrears

- **£177m net charge, AQR 16bps**
- Sustained low levels of new to arrears; underlying charges below pre-COVID level
- Updated economic outlook: stronger HPI and unemployment with higher inflation
  - Limited exposure to customer segments most exposed to cost of living rise
- No direct exposure to Russia or Ukraine; indirect exposures monitored carefully
- Stock of ECL stable at £4.5bn
  - COVID judgements c.£0.8bn, including £0.4bn central adjustment retained
  - Further judgements capture potential affordability risks
- Continue to expect 2022 AQR c.20bps
UK economy resilient but pace of recovery expected to slow

**GDP has recovered to pre-pandemic levels**
Monthly UK GDP - Index, February 2020 = 100

**Higher inflation in 2022 before normalizing in 2023**
CPI Inflation and Bank of England projected forecast

**Unemployment remains low**
UK unemployment rate, %

**HPI growth despite withdrawal of government support**
Halifax UK House Price Index – monthly percentage change

---
1 - Source: ONS and Lloyds Banking Group.  2 - Source: ONS.  3 - ONS and Bank of England February 2022 Monetary Policy Report. February remains latest BoE forecast but March MPC minutes did point to higher inflation expectations in 2022.  4 - Source: IHS Markit and Lloyds Banking Group.
Strategic Overview
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
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
Our new strategy is guided by our purpose

A clear strategic vision…

…with a transformation plan…

…creating higher and more sustainable value

Purpose

Helping Britain Prosper

Strategic vision

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

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

Note: for more detail please refer to the Lloyds Banking Group 2021 Annual Report & Accounts.
Our purpose underpins our business and approach to ESG

Helping Britain Prosper

...by creating a more sustainable and inclusive future for people and businesses, shaping finance as a force for good

Our purpose of Helping Britain Prosper is fundamental to the business

Strong alignment between purpose and value creation

Integrated with strategy to profitably deliver to all of our stakeholders

Stakeholder outcomes embedded across business priorities

ESG performance measures included in Group balanced scorecard

Support the UN Sustainable Development Goals

Transparent reporting (e.g. TCFD, SASB, GRI and UN PRB)

Effectively managed leadership transition
• Reduce carbon emissions we finance by >50% by 2030, on the path to net zero by 2050 or sooner
• Net zero for our own operations by 2030
• Sustainability embedded across business priorities

• 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

• 3 ESG performance measures in the Group Balanced Scorecard
• Transparency through ESG reporting: 2021 ESG Report and 2021 Climate Report
• Stakeholder outcomes incorporated in the Group’s new strategy
• Effectively managed leadership transition

Strong ESG ratings supported by clear deliverables

MSCI

<table>
<thead>
<tr>
<th>Year</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>BBB</td>
</tr>
<tr>
<td>2020</td>
<td>AA</td>
</tr>
<tr>
<td>2021</td>
<td>AA</td>
</tr>
</tbody>
</table>

Sustainalytics

<table>
<thead>
<tr>
<th>Year</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>24.4</td>
</tr>
<tr>
<td>2020</td>
<td>23.3</td>
</tr>
<tr>
<td>2021</td>
<td>20.6</td>
</tr>
</tbody>
</table>

S&P CSA

<table>
<thead>
<tr>
<th>Year</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>49</td>
</tr>
</tbody>
</table>
Capital, Funding & Liquidity
Capital, MREL & Liquidity summary

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

MREL comfortably in excess of ongoing requirement of 27.2%

Strong liquidity metrics with deposits remaining elevated

---

1. CET1 ratio at 31 December 2021 is proforma which reflects the dividend received from Insurance in February 2022 and the full impact of the share buyback. 2. Capital ratios for Q1 2022 incorporate profits for the quarter that remain subject to formal verification. 3. Pillar 2A reviewed annually by the PRA. Current P2A component based upon notional requirement as at 31 December 2021 and RWAs as at 31 March 2022. MREL requirements shown exclude any other PRA buffer requirement which we are not permitted to disclose. 4. Calculated as a simple average of month end observations over the previous 12 months.
Capital strength maintained

Common equity tier 1 ratio

- Q1 CET1 ratio 14.2% reflects strong capital build of 50bps during quarter after regulatory headwinds of 230bps on 1 January 2022
- UK CCyB rate set to increase to 1% in December 2022, which represents an equivalent increase in the Group’s CCyB to 0.9%
- Given increasing uncertainty around the economic outlook, the FPC have announced they stand ready to increase or decrease the CCyB depending on circumstances
- O-SII buffer maintained at 1.7% until reassessment in December 2023; earliest implementation of any change January 2025. FPC and PRA consultation ongoing

1 - CET1 ratio at 31 December 2021 is proforma which reflects the dividend received from Insurance in February 2022 and the full impact of the share buyback. 2 - Pillar 2A reviewed annually by the PRA. FY 21 P2A component based upon notional requirement and RWAs as at 31 December 2021. Q1 22 P2A component based upon notional requirement as at 31 December 2021 and RWAs as at 31 March 2022. 3 - O-SII buffer of 2% is applicable to the RFB sub-group, equating to 1.7% at Group level.
Strong capital position enabling significant accelerated pension contributions

- RWA regulatory inflation of £16bn on 1 January
- RWAs down £2bn since 1 January supported by continued optimisation; limited credit impacts given book quality
- 50bps capital build after full £800m fixed pension deficit contributions in Q1, equivalent to 31bps
- CET1 ratio 14.2% after £500m variable pension contributions
- Continue to expect 2022 closing RWAs c.£210bn
- Expect continued strong capital build in 2022
MREL comfortably in excess of ongoing requirements

- Total capital ratio of 18.9% and MREL ratio of 31.6% remain strongly positioned
  - Reduction in MREL ratio a result of post 1 Jan 2022 regulatory changes impacting CET 1 and RWAs and completion of transition to end-point eligibility rules for regulatory capital and MREL
- The Group continues to operate prudent buffers over regulatory MREL requirements

1 - All capital ratios include profits for the quarter which remain subject to formal verification. 2 - O-SII Buffer of 2% is applicable to the RFB sub-group, equating to 1.7% at Group level. 3 - Pillar 2A reviewed annually by the PRA. Current P2A component based upon notional requirement as at 31 December 2021 and RWAs as at 31 March 2022. MREL requirements shown exclude any other PRA buffer requirement which we are not permitted to disclose.
Continued focus on legacy securities with significant reduction since Q3 2021

- Legacy capital securities now constitute only c.£1.2bn, a reduction of c.£2.3bn since Q3 2021 following LME and redemptions
- Outstanding amount immaterial when compared to c.£66bn of regulatory loss-absorbing capacity:
  - £0.4bn preference shares issued from the resolution entity
  - £0.5bn securities with maturity or redemption options pre-June 2025
  - £0.2bn securities without maturity or redemption options pre-June 2025
Guiding to increased funding requirements over strategic plan period

- c.£2.2bn equivalent issued YTD, out of planned c.£5-6bn
- 2023-24 likely to be closer to “steady state” volumes of c.£15-20bn a year as the Group considers TFSME refinancing options
- The Group continues to have access to a diverse range of funding programmes, products and markets
- No planned capital or OpCo funding needs for 2022 but we will retain flexibility for opportunistic issuance activity
## Strong credit ratings across the Group

<table>
<thead>
<tr>
<th>UK Sovereign</th>
<th>Lloyds Banking Group</th>
<th>Lloyds Bank, Bank of Scotland</th>
<th>Lloyds Bank Corporate Markets</th>
<th>Scottish Widows</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P</td>
<td>HoldCo</td>
<td>Ring-Fenced Bank</td>
<td>Non-Ring-Fenced Bank</td>
<td>Insurance Sub-Group</td>
</tr>
<tr>
<td>S&amp;P</td>
<td>AA Stable</td>
<td>BBB+ Stable</td>
<td>A+ Stable</td>
<td>A Stable</td>
</tr>
<tr>
<td>Moody’s</td>
<td></td>
<td></td>
<td>A-1 Stable</td>
<td>A-1 Stable</td>
</tr>
<tr>
<td>Moody’s</td>
<td>Aa3 Stable</td>
<td>A2 Stable</td>
<td>A1 Stable</td>
<td>A1 Stable</td>
</tr>
<tr>
<td>Fitch</td>
<td></td>
<td></td>
<td>A Stable</td>
<td>A+ Stable</td>
</tr>
<tr>
<td>Fitch</td>
<td>AA- Stable</td>
<td>A Stable</td>
<td>A+ Stable</td>
<td>A+ Stable</td>
</tr>
<tr>
<td>Fitch</td>
<td></td>
<td></td>
<td>F1</td>
<td>F1</td>
</tr>
</tbody>
</table>

1 - Ratings shown for Scottish Widows are Insurance Financial Strength.
Appendix
Simple group structure with multiple issuance points

HoldCo

Lloyds Banking Group

BBB+/A2/A
Sta/Sta/Sta

A-2/P-1/F1

Senior Unsecured Capital

Non-Ring-Fenced Sub-Group

Lloyds Bank, Bank of Scotland

A+/A1/A+
Sta/Sta/Sta

A-1/P-1/F1

Senior Unsecured Covered Bonds
ABS

CD, CP

L&A: £431bn

Assets: £603bn

EU Sub: Berlin

Non-Ring-Fenced Sub-Group

Lloyds Bank Corporate Markets

A/A1/A+
Sta/Sta/Sta

A-1/P-1/F1

Senior Unsecured

CD, Yankee CD, CP

L&A: £17bn

Assets: £89bn

EU Sub: Frankfurt

Insurance Sub-Group

Scottish Widows ²

-/A2/A+
-/Sta/Sta

-/P-1/F1

Capital

L&A: N/A

AuA: £193bn

EU Sub: Luxembourg

Equity Investments Sub-Group

Lloyds Equity Investments

-/A2/A+
-/Sta/Sta

-/P-1/F1

Capital

L&A: N/A

Assets: £3bn

EU Sub: Luxembourg

1 - Ratings shown are senior unsecured in the order of S&P / Moody's / Fitch. 2 - Ratings shown are for Scottish Widows are Insurance Financial Strength Ratings. 3 - Insurance assets includes Wealth but excludes the contribution of Embark. 4 - “L&A” refers to Loans & Advances to customers and all are shown as at FY21. 5 - Total Assets as at FY21, Scottish Widows AuA as at FY21.
# Prudent economic scenarios

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Measure (%)</th>
<th>2022 vs Q4 21&lt;sup&gt;1&lt;/sup&gt;</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>Ave. 22-26</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2022</td>
<td>2023</td>
<td>2024</td>
<td>2025</td>
<td>2026</td>
<td></td>
</tr>
<tr>
<td><strong>Upside (30%)</strong></td>
<td>GDP</td>
<td>3.6</td>
<td>(0.4)</td>
<td>1.0</td>
<td>1.8</td>
<td>1.6</td>
<td>1.6</td>
</tr>
<tr>
<td></td>
<td>Interest rate</td>
<td>1.39</td>
<td>(0.05)</td>
<td>1.80</td>
<td>2.00</td>
<td>2.02</td>
<td>2.05</td>
</tr>
<tr>
<td></td>
<td>Unemployment rate</td>
<td>3.3</td>
<td>-</td>
<td>3.4</td>
<td>3.6</td>
<td>3.8</td>
<td>3.8</td>
</tr>
<tr>
<td></td>
<td>HPI growth</td>
<td>5.3</td>
<td>2.7</td>
<td>4.8</td>
<td>4.9</td>
<td>3.9</td>
<td>3.8</td>
</tr>
<tr>
<td></td>
<td>CRE price growth</td>
<td>9.1</td>
<td>3.3</td>
<td>3.1</td>
<td>0.5</td>
<td>(2.9)</td>
<td>(0.8)</td>
</tr>
<tr>
<td></td>
<td>CPI inflation&lt;sup&gt;2&lt;/sup&gt;</td>
<td>7.6</td>
<td>1.7</td>
<td>4.5</td>
<td>2.2</td>
<td>2.1</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>Base case (30%)</strong></td>
<td>GDP</td>
<td>3.5</td>
<td>(0.2)</td>
<td>1.2</td>
<td>1.7</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td></td>
<td>Interest rate</td>
<td>1.06</td>
<td>0.25</td>
<td>1.31</td>
<td>1.50</td>
<td>1.50</td>
<td>1.50</td>
</tr>
<tr>
<td></td>
<td>Unemployment rate</td>
<td>4.1</td>
<td>(0.2)</td>
<td>4.3</td>
<td>4.4</td>
<td>4.5</td>
<td>4.5</td>
</tr>
<tr>
<td></td>
<td>HPI growth</td>
<td>3.3</td>
<td>3.3</td>
<td>0.0</td>
<td>0.2</td>
<td>0.7</td>
<td>1.0</td>
</tr>
<tr>
<td></td>
<td>CRE price growth</td>
<td>0.5</td>
<td>2.7</td>
<td>(1.3)</td>
<td>(0.3)</td>
<td>(1.5)</td>
<td>(0.3)</td>
</tr>
<tr>
<td></td>
<td>CPI inflation&lt;sup&gt;2&lt;/sup&gt;</td>
<td>7.5</td>
<td>1.6</td>
<td>4.3</td>
<td>1.6</td>
<td>1.2</td>
<td>1.3</td>
</tr>
<tr>
<td><strong>Downside (30%)</strong></td>
<td>GDP</td>
<td>3.3</td>
<td>(0.1)</td>
<td>0.7</td>
<td>1.6</td>
<td>1.7</td>
<td>1.5</td>
</tr>
<tr>
<td></td>
<td>Interest rate</td>
<td>0.67</td>
<td>0.22</td>
<td>0.47</td>
<td>0.52</td>
<td>0.53</td>
<td>0.53</td>
</tr>
<tr>
<td></td>
<td>Unemployment rate</td>
<td>5.1</td>
<td>(0.5)</td>
<td>6.1</td>
<td>6.1</td>
<td>6.0</td>
<td>5.9</td>
</tr>
<tr>
<td></td>
<td>HPI growth</td>
<td>0.0</td>
<td>4.9</td>
<td>(7.0)</td>
<td>(6.7)</td>
<td>(5.0)</td>
<td>(2.2)</td>
</tr>
<tr>
<td></td>
<td>CRE price growth</td>
<td>6.8</td>
<td>3.3</td>
<td>(6.1)</td>
<td>(3.6)</td>
<td>(3.4)</td>
<td>(0.2)</td>
</tr>
<tr>
<td></td>
<td>CPI inflation&lt;sup&gt;2&lt;/sup&gt;</td>
<td>7.5</td>
<td>1.7</td>
<td>4.1</td>
<td>1.2</td>
<td>1.2</td>
<td>1.4</td>
</tr>
<tr>
<td><strong>Severe downside (10%)</strong></td>
<td>GDP</td>
<td>1.1</td>
<td>0.2</td>
<td>(0.2)</td>
<td>1.6</td>
<td>1.7</td>
<td>1.5</td>
</tr>
<tr>
<td></td>
<td>Interest rate</td>
<td>0.24</td>
<td>0.20</td>
<td>0.03</td>
<td>0.06</td>
<td>0.06</td>
<td>0.06</td>
</tr>
<tr>
<td></td>
<td>Unemployment rate</td>
<td>6.8</td>
<td>(0.9)</td>
<td>8.5</td>
<td>8.5</td>
<td>8.1</td>
<td>7.8</td>
</tr>
<tr>
<td></td>
<td>HPI growth</td>
<td>(1.4)</td>
<td>5.9</td>
<td>(12.1)</td>
<td>(12.3)</td>
<td>(9.4)</td>
<td>(6.1)</td>
</tr>
<tr>
<td></td>
<td>CRE price growth</td>
<td>(17.9)</td>
<td>1.7</td>
<td>(12.8)</td>
<td>(6.5)</td>
<td>(4.3)</td>
<td>(0.8)</td>
</tr>
<tr>
<td></td>
<td>CPI inflation&lt;sup&gt;2&lt;/sup&gt;</td>
<td>7.5</td>
<td>1.7</td>
<td>3.9</td>
<td>0.6</td>
<td>0.4</td>
<td>0.7</td>
</tr>
</tbody>
</table>

1 - Comparison to scenarios modelled at Q4 2021; changes only shown for 2022 measures. 2 - CPI numbers are translations of modelled RPIX estimates, except for the base case view.
Diverse funding portfolio

Wholesale funding portfolio by type

- MM Funding: 12%
- Securitisation: 27%
- Covered Bond: 25%
- OpCo Senior: 16%
- HoldCo Senior: 16%
- Sub Debt: 4%

<table>
<thead>
<tr>
<th>Total</th>
<th>£100bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>MM Funding</td>
<td>12%</td>
</tr>
<tr>
<td>Securitisation</td>
<td>27%</td>
</tr>
<tr>
<td>Covered Bond</td>
<td>25%</td>
</tr>
<tr>
<td>OpCo Senior</td>
<td>16%</td>
</tr>
<tr>
<td>HoldCo Senior</td>
<td>16%</td>
</tr>
<tr>
<td>Sub Debt</td>
<td>4%</td>
</tr>
</tbody>
</table>

Wholesale funding portfolio by currency

- GBP: 8%
- USD: 25%
- EUR: 26%
- Other: 41%

<table>
<thead>
<tr>
<th>Total</th>
<th>£100bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>GBP</td>
<td>8%</td>
</tr>
<tr>
<td>USD</td>
<td>25%</td>
</tr>
<tr>
<td>EUR</td>
<td>26%</td>
</tr>
<tr>
<td>Other</td>
<td>41%</td>
</tr>
</tbody>
</table>

Wholesale funding portfolio by maturity

- < 1 Year (MM): 21%
- 12 Mth ≤ 2 Yrs: 30%
- < 1 Year: 25%
- 2 Yrs ≤ 5 Yrs: 14%
- 5 Yrs+: 10%

<table>
<thead>
<tr>
<th>Total</th>
<th>£100bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 1 Year (MM)</td>
<td>21%</td>
</tr>
<tr>
<td>12 Mth ≤ 2 Yrs</td>
<td>30%</td>
</tr>
<tr>
<td>&lt; 1 Year</td>
<td>25%</td>
</tr>
<tr>
<td>2 Yrs ≤ 5 Yrs</td>
<td>14%</td>
</tr>
<tr>
<td>5 Yrs+</td>
<td>10%</td>
</tr>
</tbody>
</table>
LBCM is well positioned to support the Group’s strategy and ambitions for revenue growth and diversification.

- LBCM has a stable balance sheet and strong capital and liquidity metrics.
- Credit Ratings all have a stable outlook.
Debt investor relations contacts

Group Corporate Treasury

Richard Shrimpton
Deputy Treasurer
+44 (0)20 7158 2843
Richard.Shrimpton@Lloydsbanking.com

Peter Green
Head of Senior Funding & Covered Bonds
+44 (0)20 7158 2145
Peter.Green@Lloydsbanking.com

Liz Padley
Non-Bank Entities Treasurer & Head of Capital and Recovery and Resolution
+44 (0)20 7158 1737
Claire-Elizabeth.Padley@Lloydsbanking.com

Pascale Dorey
Debt Investor Relations
+44 (0)73 8424 30296
Pascale.Dorey@Lloydsbanking.com

Group Investor Relations

Douglas Radcliffe
Group Investor Relations Director
+44 (0)20 7356 1571
Douglas.Radcliffe@Lloydsbanking.com

Edward Sands
Director, Investor Relations
+44 (0)20 7356 1585
Edward.Sands@Lloydsbanking.com

Eileen Khoo
Director, Investor Relations
+44 (0)7385 376 435
Eileen.Khoo@Lloydsbanking.com

Nora Thoden
Director, Investor Relations - ESG
+44 (0)20 7356 2334
Nora.Thoden@Lloydsbanking.com
Disclaimer

Important notice

The information, statements, views and opinions contained in this document and accompanying discussion ("this Presentation") are for informational and reference purposes only. This Presentation has been provided by the Group (defined below).

This Presentation does not purport to be comprehensive nor render any form or type of advice ("Advice"). No responsibility, liability or obligation (whether in tort, contract or otherwise) is accepted by the Group or any of its directors, officers, employees, agents or advisers (each an "Identified Person") as to or in relation to this Presentation (including the fairness, accuracy, completeness or sufficiency thereof) or any other written or oral information made available ("Supplementary Information") or any errors contained therein or omissions therefrom, and any such liability is expressly excluded to the extent permitted by law.

No representations or warranties, express or implied, are given by any Identified Person as to, and no reliance should be placed on, the accuracy or completeness of any information contained in this Presentation and/or any Supplementary Information. For the avoidance of any doubt, this Presentation and/or Supplementary Information is not intended to, nor does it, constitute or form part of any Advice or promotional material for services offered by any Group entity.

No Identified Person undertakes, or is under any obligation, to provide any additional information, update, revise or supplement this Presentation and/or Supplementary Information or to remedy any inaccuracies in or omissions from this Presentation and/or Supplementary Information.

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, exchange rates, dividends, capital structure, 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 rate; 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; cyber-related risks; 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; the war between Russia and Ukraine; 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 measure, manage 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 terrorism financing, anti-bribery and sanctions regulations; failure to prevent or detect any illegal or improper activities; projected employee numbers and key personnel; 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.

The information, statements and opinions contained in this document do not constitute a public offer under any applicable law or an offer to sell any securities or financial instruments or any advice or recommendation with respect to such securities or financial instruments.