2023 Results Fixed Income Presentation

Lloyds Banking Group

22 February 2024

Business and strategic update

Leading UK digital bank and integrated financial services provider

LLOYDS BANKING GROUP

Lloyds Banking Group Plc

3 core divisions

- Retail
- Commercial
- Insurance Pensions & Investments

Business units

Retail		Commercial		Insurance Pensions & Investments
Consumer Relationships	Consumer Lending	Small and Medium Businesses	Corporate & Institutional Banking	Insurance Pensions & Investments

Products

Consumer Relationships:
- Current accounts
- Savings accounts
- Mass affluent proposition

Consumer Lending:
- Mortgages
- Credit cards
- Personal loans
- Motor finance

Small and Medium Businesses:
- Business loans
- Transactional banking
- Working capital

Corporate & Institutional Banking:
- Lending and debt capital markets
- Risk management
- Cash Liquidity

Insurance Pensions & Investments:
- Home, motor and protection insurance
- Pensions
- Investments

Our trusted brands

LLOYDS BANK, HALIFAX, BANK OF SCOTLAND, mbna, Citra, LDC, AMC, IWEB, blackhorse, LEX AUTOLEASE, SCOTTISH WIDOWS, Schroders personalwealth, cavendish online, BM BIRMINGHAM MIDSHIRES, Tusker.

Our competitive strengths differentiate our proposition

1. Leading UK customer franchise with deep customer insight
2. Dedicated colleagues with strong values
3. Operating at scale with discipline
4. Focused and capital generative business model
5. Unique customer proposition
6. All-channel distribution focus with digital leadership and trusted brands
7. Financial strength and disciplined risk management

Largest UK bank

£882bn Total assets	**27m** Active customers	**50%** % relationship with UK adults

Broad offering[1]

#1 UK provider of mortgages, cards, loans and transport	**#1** Largest branch network	**#1** UK's only provider of banking, insurance and wealth

Unique data asset

21.5m Digitally active users	**>6bn** Digital logons	**34m** Daily customer transactions

1 – As of close of 22/02/2024

Confidence in delivering higher, more sustainable returns

Purpose

Helping Britain Prosper

- Customer support continuing in a resilient economy
- Purpose-driven strategy, on track to meet strategic outcomes
- Strong business performance, meeting 2023 financial guidance
- Increased shareholder distributions from strong capital generation
- Consistent vision and guidance for 2024 and 2026

Purpose-driven strategy delivers for broader stakeholders

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Helping Britain Prosper

Illustrative activity in 2023

Proactive support for customers	Communicated with **>15m** customers on savings options and **3.9m** new savings accounts opened **7.5m**[1] customers proactively contacted to offer support and enhance financial resilience **c.600k** businesses supported with customer resilience resources
Building an inclusive society	Since 2018 **>£82bn** lending to first time buyers and supported **>£17bn** new funding to social housing Launched a new **partnership with Crisis** to help tackle the shortage of good quality, affordable homes Interests aligned: **c.85%** of colleagues are Group shareholders
Creating a sustainable future	**£29bn** sustainable finance since 2022[2]; £15bn CIB target exceeded, CB target increased to **£45bn by 2026**[3] Tusker acquisition supporting transition to low carbon transport; now finance **1 in 8** ULEVs in the UK 10 NZBA sector emission reduction targets now covering **83%** of bank lending[4]

1 – Since April 2022. 2 - £15.8bn sustainable finance for Corporate & Institutional customers, £7.5bn EPC A/B mortgage lending and £5.7bn financing for EVs and PHEVs from January 2022 to end 2023, EPC A/B mortgage lending up to 30 September 2023. In addition, Scottish Widows has invested £21.7bn in climate-aware strategies and climate solutions from January 2020 to end 2023.
3 – Cumulative 2022-26 target; includes the now met £15bn target for CIB customers, originally set for end 2024 and a new Commercial Banking target of £30bn for 2024-26.
4 – Bank lending in scope of financed emissions calculation in accordance with the Global GHG Accounting and Reporting Standard for the Financial Industry.

Classification: Public

Robust financial performance

£17.9bn
Net income, up 3% vs 2022

£9.1bn
Operating costs, in line with guidance

15.8%
Return on tangible equity, above guidance

173bps
Pro forma capital generation[1] post regulatory headwinds

£3.8bn
Total capital distribution

13.7%
Pro forma CET1 ratio[2]

21.5m
Digitally active users, up 17% from 2021

68.2
Customer NPS, up 0.8 vs year end 2022[3]

40.1%
Women in senior roles up 2.4pp vs year end 2021

1 – Inclusive of the dividend received from the Insurance business in February 2024. 2 – Includes the dividend received from Insurance in February 2024 and the full impact of the announced share buyback.
3 – Restated to reflect structural changes to measurement programme.

Significant strategic progress, on track for 2024 and 2026

Purpose-driven strategy

Grow

Drive revenue growth and diversification

Focus

Strengthen cost and capital efficiency

Change

Maximise the potential of people, technology and data

Significant progress in 2023

£1.3bn strategic investment (£2.2bn to date)

On track to deliver strategic objectives, of which **c.20%** ahead of plan

c.£0.5bn additional revenues from strategic initiatives to date

c.£0.7bn gross cost savings to date

On track for 2024 and 2026

2024

c.£0.7bn additional revenues[1]

c.£1.2bn gross cost savings

c.13% RoTE

c.175bps capital generation

2026

c.£1.5bn additional revenues[1]

>15% RoTE

>200bps capital generation

1 – From strategic initiatives.

Financial update

Robust financial performance, in line with guidance

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Financial performance (£m)

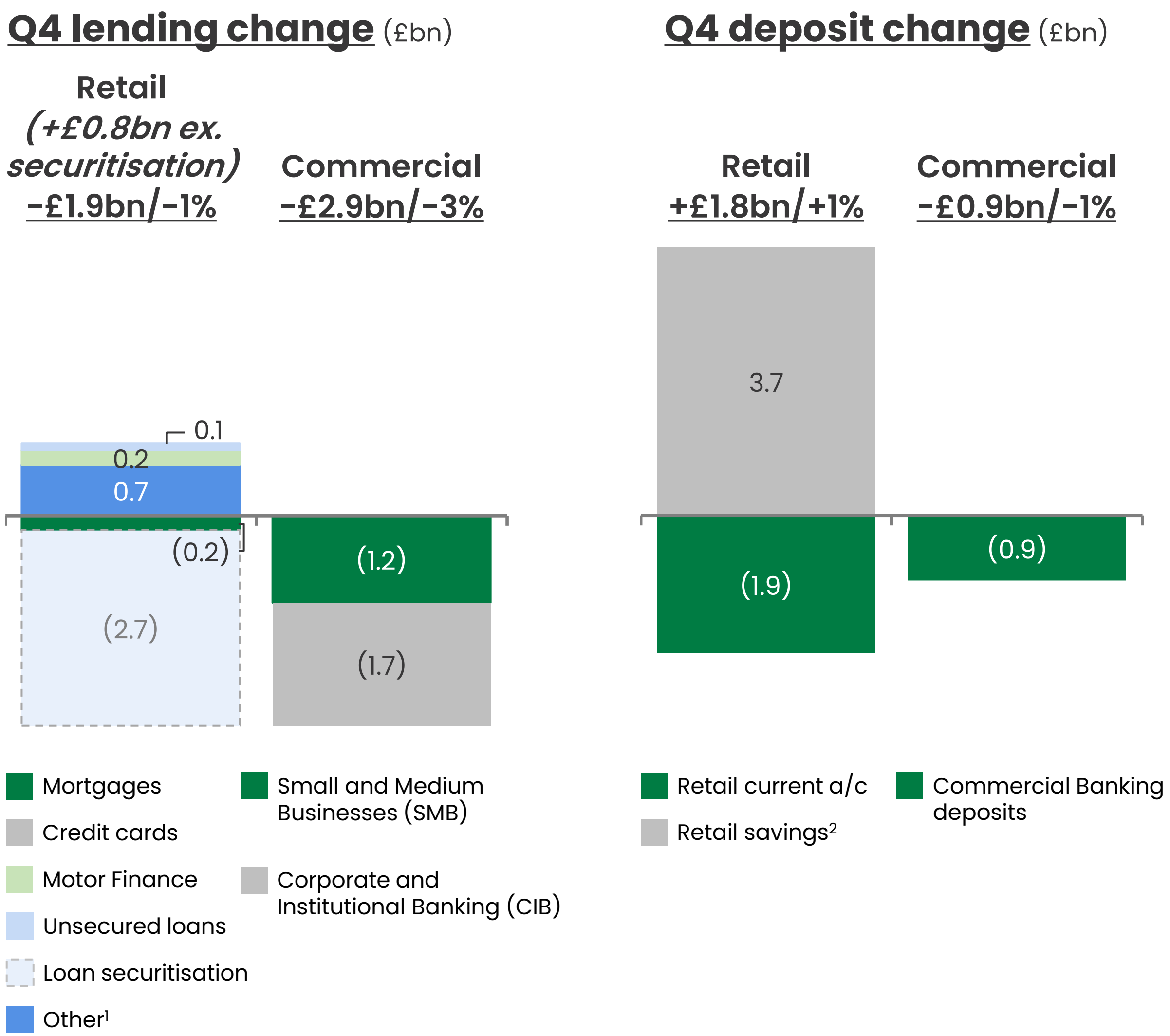
	2023	2022[2]	YoY
Net interest income	**13,765**	13,172	*5%*
Other income	**5,123**	4,666	*10%*
Operating lease depreciation	**(956)**	(373)	
Net income	**17,932**	17,465	*3%*
Operating costs	**(9,140)**	(8,672)	*(5)%*
Remediation	**(675)**	(255)	
Total costs inc. Remediation	**(9,815)**	(8,927)	*(10)%*
Underlying profit before impairment	**8,117**	8,538	*(5)%*
Impairment charge	**(308)**	(1,510)	*80%*
Underlying profit	**7,809**	7,028	*11%*
Statutory profit after tax	**5,518**	3,923	*41%*
Net interest margin	**3.11%**	2.94%	*17bp*
Return on tangible equity	**15.8%**	9.8%	*6.0pp*
Earnings per share	**7.6p**	4.9p	*2.7p*
Tangible net asset value per share	**50.8p**	46.5p	*4.3p*
Pro forma CET1 ratio[1]	**13.7%**	14.1%	*(0.4)pp*

- **Statutory PAT £5.5bn; RoTE 15.8%**
- **Strong net income, up 3%, with NIM 311bps**
- **Operating costs £9.1bn, up 5% (ex. remediation) given investment and inflation**
- **Strong asset quality; AQR 29bps ex. significant write-back and MES release**
- **TNAV 50.8p, up 4.3p in 2023**
- **Strong capital generation, 173bps after headwinds**
- **Capital return £3.8bn; final dividend 1.84p, total 2.76p alongside buyback of up to £2bn**

1 – 2023 includes dividend received from Insurance in February 2024 and full impact of announced share buyback. 2022 includes dividend received from Insurance in February 2023 and full impact of share buyback in respect of 2022 that completed in 2023. 2 – 2022 restated for the implementation of IFRS 17 on 1 January 2023; reported 2022 RoTE was 13.5%.

Classification: Public

Resilience in customer franchise

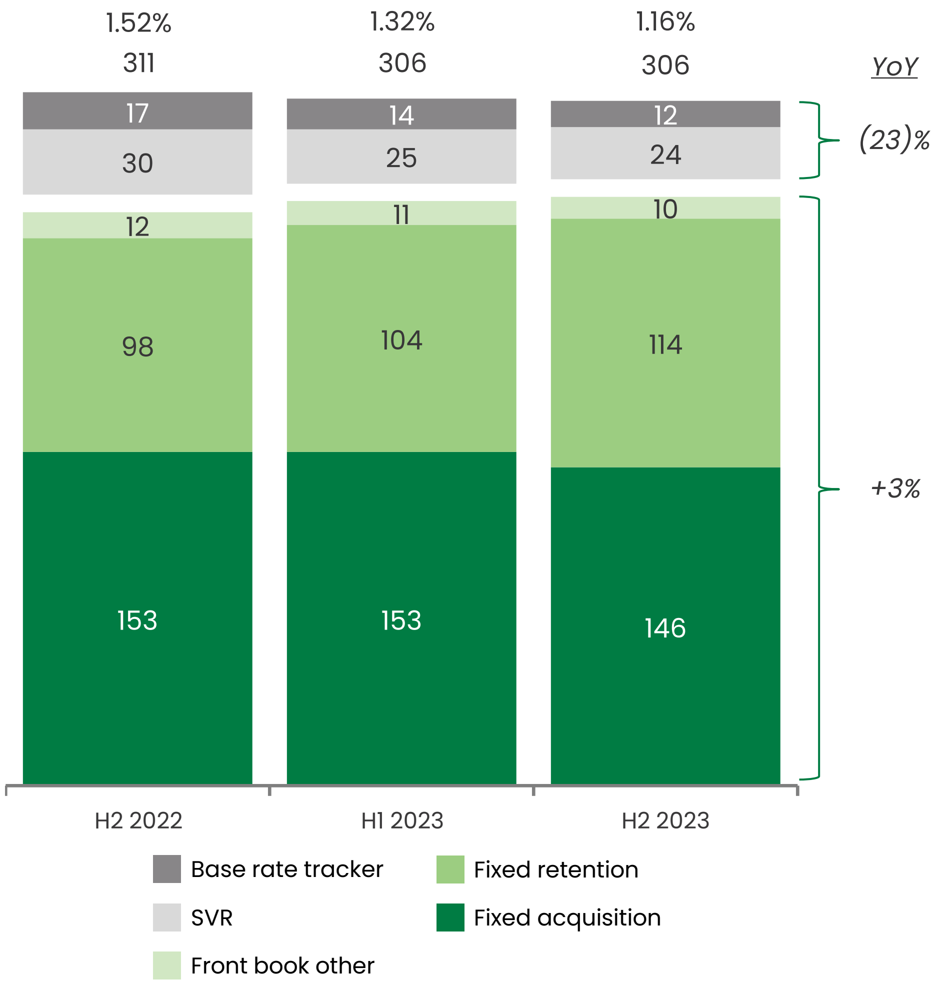


- **Lending £450bn; 2023 down 1%, Q4 down £2bn; flat ex. sale/securitisation activity**
  - Mortgage open book up £0.2bn in Q4, closed book down £0.4bn
  - Modest growth across cards, motor and unsecured loans[3] in Q4
  - Commercial down £2.9bn in Q4; SMB repayments include £0.5bn in CBILS/BBLS
- **Total deposits £471bn; 2023 down 1%, Q4 up £1bn with reducing churn**
  - Retail up £1.8bn in Q4; savings up £3.7bn, PCAs down £1.9bn
  - Commercial down £0.9bn in Q4
- **8% growth in IP&I open book AuA in Q4[4]**

1 – Includes Overdrafts, Europe and Wealth. 2 – Includes Retail relationship savings, Retail tactical savings and Wealth. 3 – Unsecured loans up £0.1bn in Q4 excluding the securitisation of £2.7bn. 4 – Open book assets under administration.

Mortgage book resilience

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

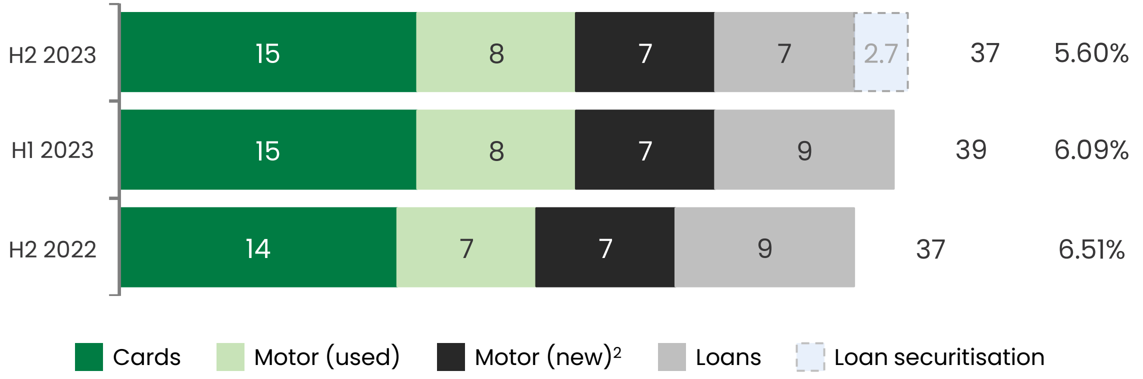


- **Mortgage balances £306bn**
  - Open book £298.5bn, down £1.1bn; Q4 up £0.2bn
  - £2.5bn legacy portfolio exit in Q1 2023
- **Group NIM continues to be impacted by maturities of high yielding 2020-21 business**
  - Completion margins average c.60bps in Q4[2]
  - Refinancing margin pressure abating in 2024
- **New mortgage lending remains attractive from a returns and economic value perspective**

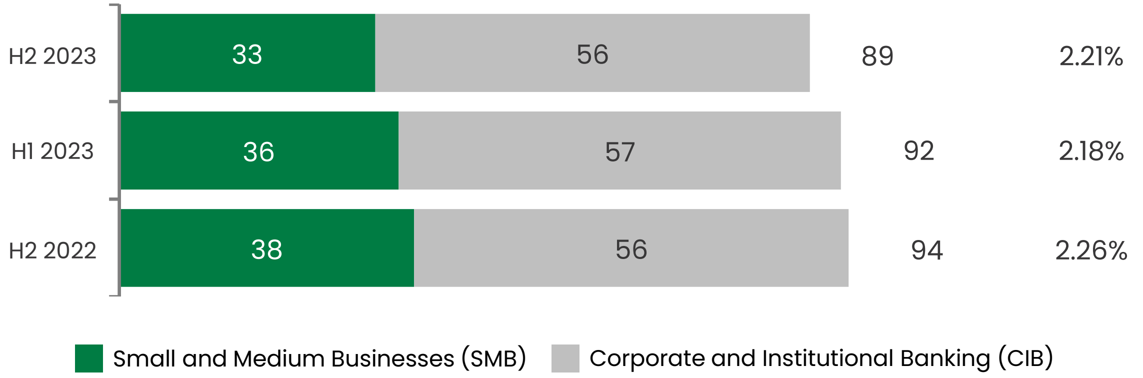
1 – Gross margin is gross customer receivables, less short term funding costs; references SONIA. Chart uses rounded inputs. 2 – Total completion margins include new business and product transfers and is equal to customer rate, plus net customer fees, less the relevant funding rate.

Solid performance in other lending portfolios

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



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

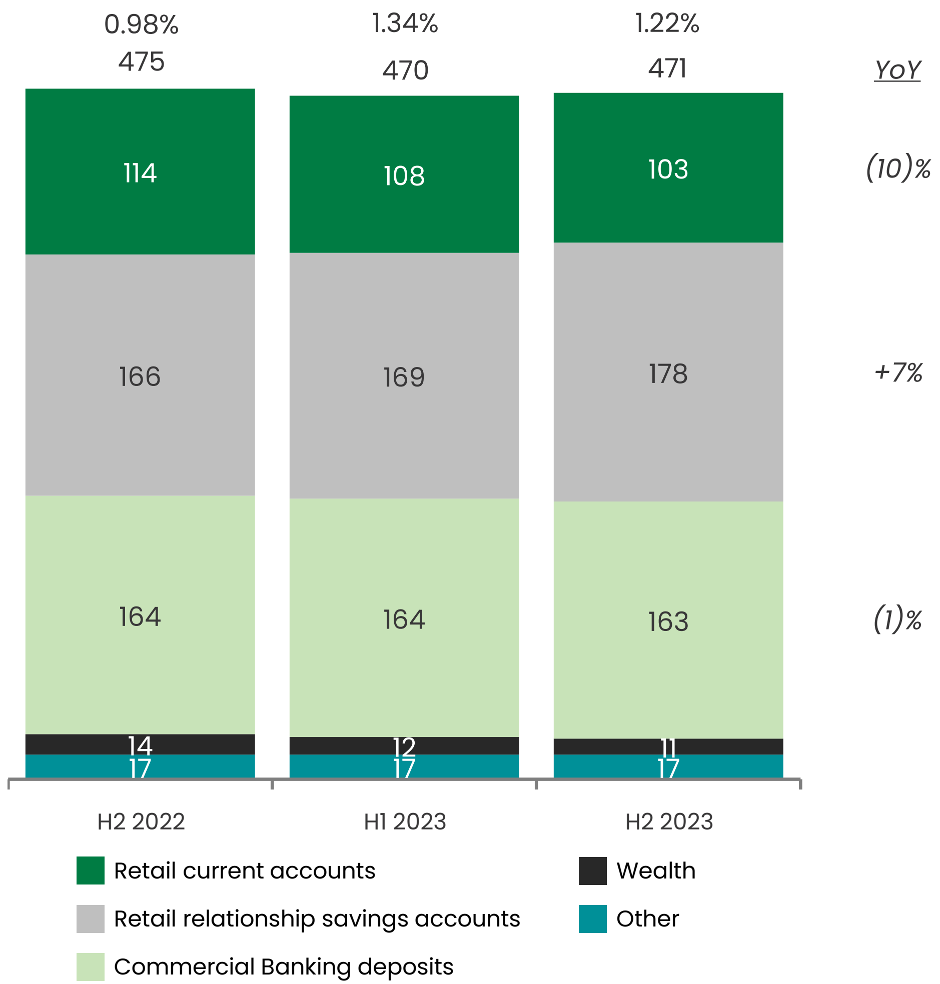


- **UK Cards, Loans & Motor flat in 2023; up £2.7bn ex. loan securitisation**
  - Credit cards flat in Q4
  - UK Motor Finance up £0.2bn in Q4
  - Unsecured loans down £2.6bn in Q4, up £0.1bn ex. securitisation
- **Commercial Banking loans down £5.1bn in 2023**
  - SMB balances down £1.2bn in Q4, including £0.5bn repayments of CBILS/BBLS
  - CIB lending down £1.7bn in Q4, disciplined balance sheet with other income growth

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

Robust deposit franchise performance

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



- **Total deposits £471bn, down £4bn in 2023; up £1bn in Q4**
- **Retail deposits down £2bn in 2023; up £2bn in Q4**
  - Retail current accounts down £11bn in 2023, easing in Q4 at £2bn
  - Retail savings accounts[2] up £12bn in 2023, inc. £4bn in Q4
- **Commercial deposits down £1bn in 2023 and Q4**
  - Reductions in SMB partly offset by targeted growth in CIB
- **Mix shift within deposits slowing gradually**

1 – Gross margin is short term funding costs less gross customer payables; references SONIA and includes structural hedge income. Chart uses rounded inputs. 2 – Includes Retail relationship and tactical savings.

Strong net interest income, in line with guidance

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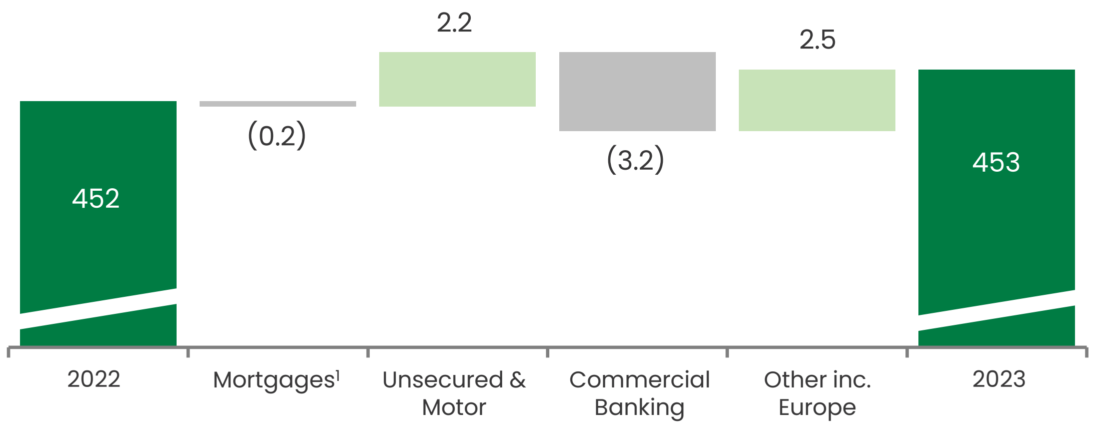
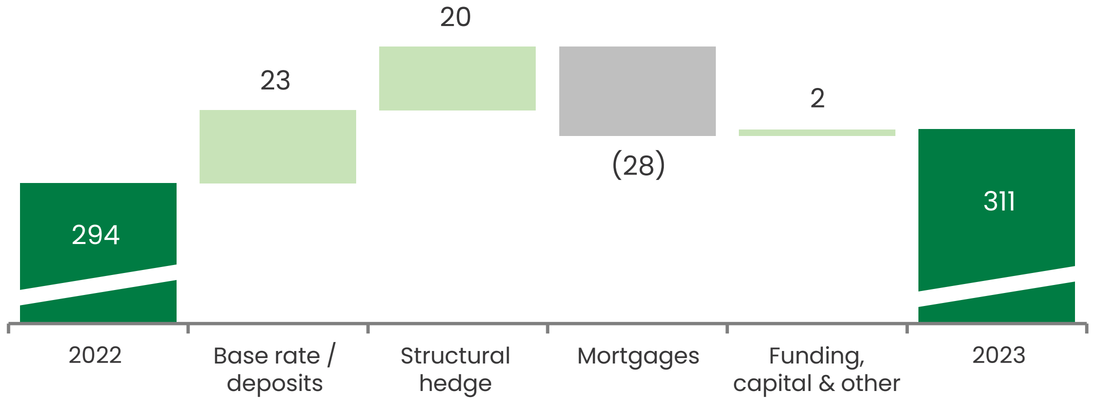
Average interest earning assets (£bn)



Banking net interest margin (bps)

Q3 '23 – Q4 '23	**308**	(8)	7	(7)	(2)	**298**



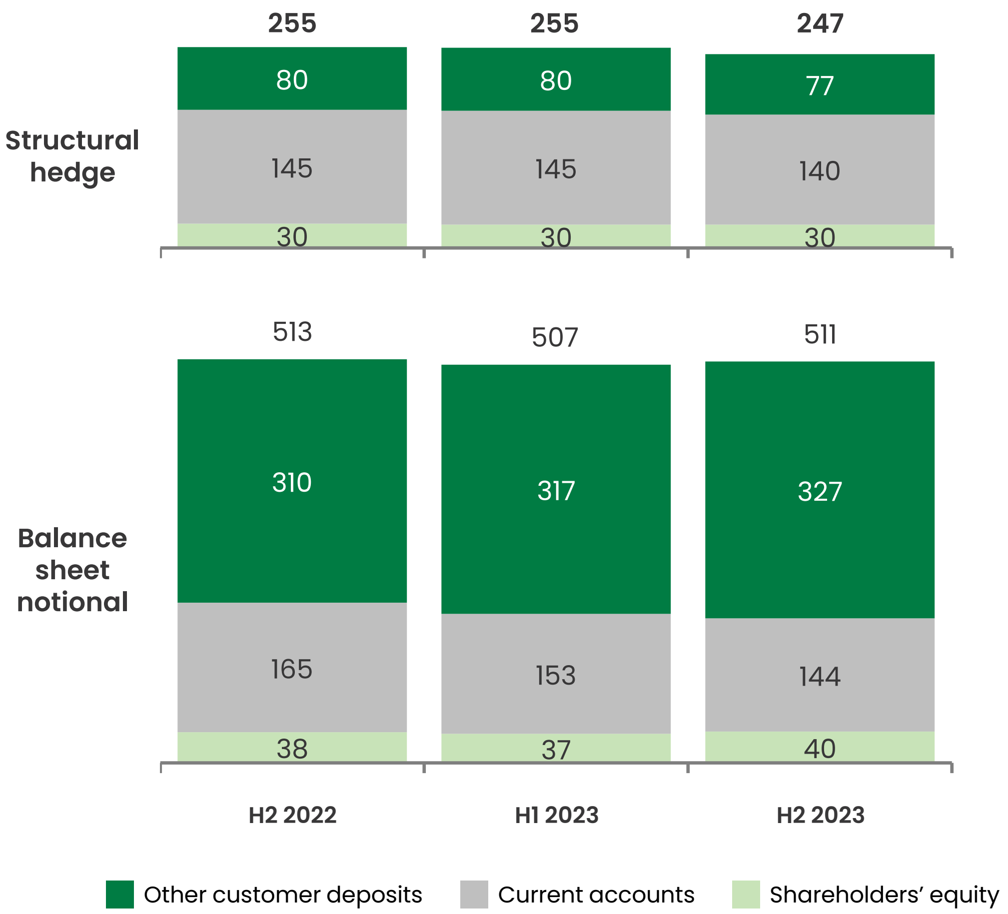
1 – Includes £1.8bn relating to the securitisation of legacy Retail mortgages in Q1 2023.

- **2023 NII £13.8bn, up 5% YoY, Q4 down 4% vs Q3**
  - 2023 AIEAs £453bn; Q4 broadly flat vs Q3
  - Full year NIM 311bps; 298bps in Q4, down 10bps vs Q3 from deposit and mortgage pressure
  - 2023 non-banking NII £311m; £80m in Q4
- **Now expect 2024 AIEAs >£450bn**
  - Franchise growth offset by mortgage closed book and CBILS/BBLS repayments
- **Now expect 2024 NIM to be >290bps**
  - Stronger hedge income offset by slowing deposit churn, mortgage refinancing pressure and impact of rate cuts

Classification: Public

Structural hedge a significant tailwind

Hedged balances[1] (£bn)



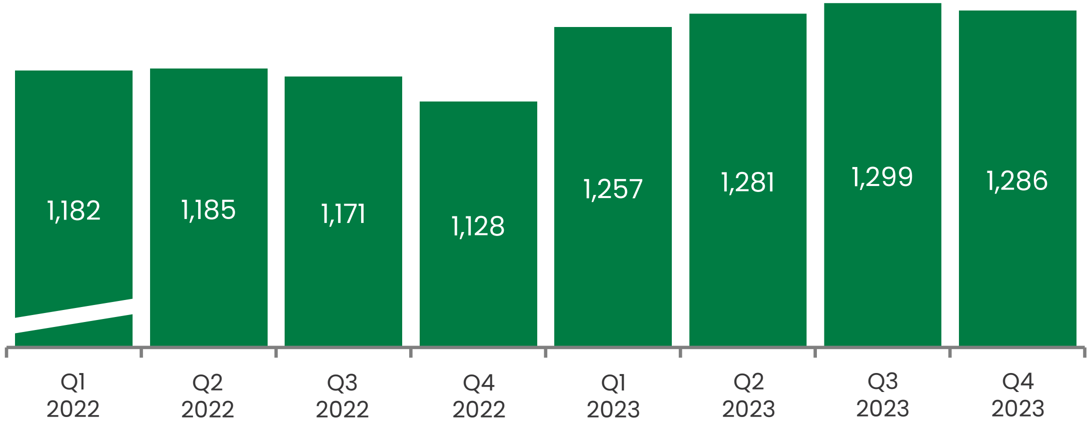
- **Structural hedge notional £247bn, down £8bn in 2023, inc. £4bn in Q4**
- **c.3.5 year weighted average duration**
- **Prudent management of structural hedge**
  - Modest notional balance reduction expected in 2024
  - c.£40bn of maturities in 2024
- **2023 hedge income £3.4bn, up c.£0.8bn vs 2022**
  - Expect hedge earnings to be c.£0.7bn higher in 2024 than 2023

1 – The external sterling structural hedge nominal is managed as a portfolio, split shown is indicative. Current account balances include Retail PCA and Commercial Banking current accounts which primarily comprise non-interest bearing current accounts; other Commercial Banking customer deposits primarily comprise interest bearing accounts. 2022 shareholders' equity figures restated for IFRS 17. Structural hedge balances represent Sterling structural hedge.

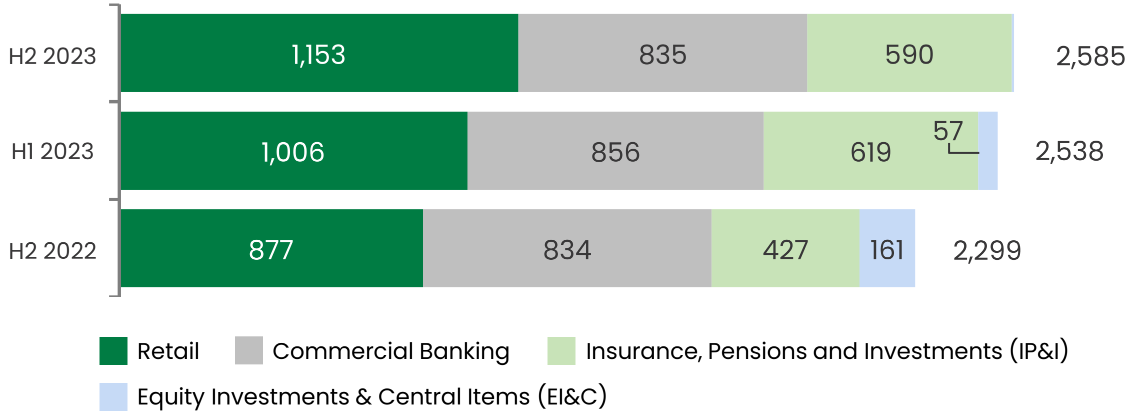
Classification: Public

Building confidence in other income

Other income (£m)



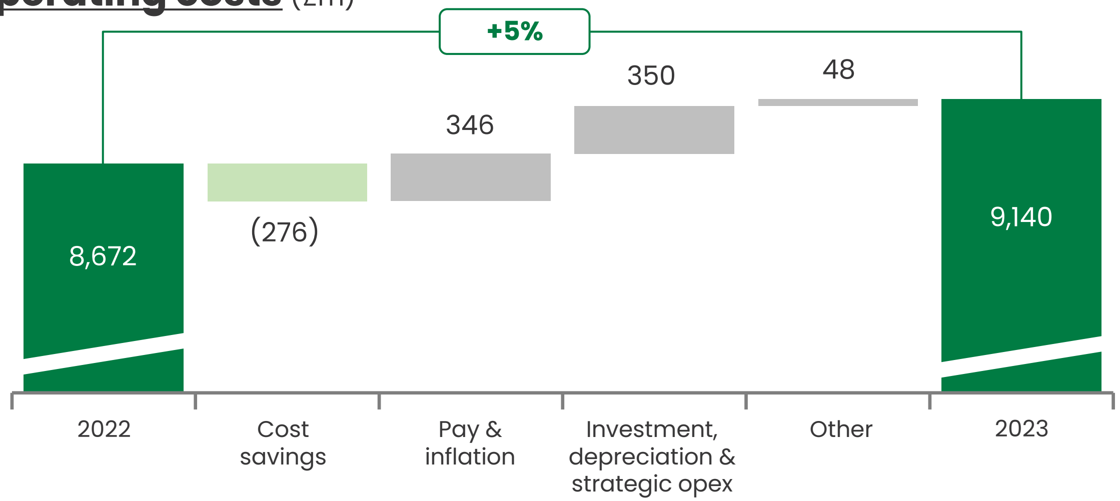
Divisional other income (£m)



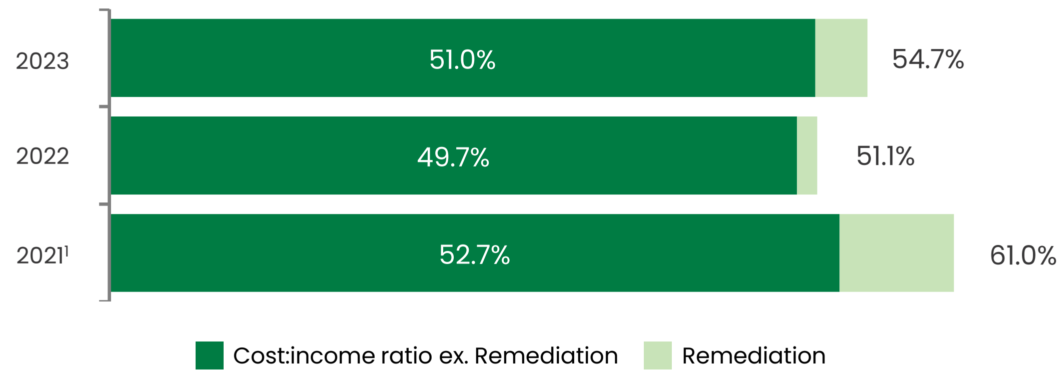
- **OOI £5.1bn in 2023, up 10% YoY; £1.3bn in Q4**
- **Growth based on activity levels and investment**
  - Retail: improved PCA and credit card performance, growing motor contribution
  - Commercial: improved markets and strong bond franchise
  - IP&I: improved GI trading and higher deferred profit release from new and existing business
  - EI&C: subdued market conditions impacting valuations alongside higher funding costs
- **Gradual progress expected, reflecting activity and benefits of strategic initiatives**
- **£956m operating lease depreciation charge**
  - Q4 £371m reflecting lower used car prices and elevated by c.£100m, rebuilding RV provision

Disciplined operating costs, in line with guidance

Operating costs (£m)



Cost:income ratio (%)



- **2023 operating costs £9.1bn, up 5%; planned strategic investment, new business and inflation**
  - Q4 £2.5bn, inc. investment and bank levy
- **Cost:income 54.7%; 51.0% ex. Remediation vs 49.7% in 2022**
- **Now expect 2024 operating costs c.£9.3bn**
  - Active cost management in the context of inflationary pressure and increased severance
- **Remediation charge of £675m, including £450m for FCA review into historical motor commissions**
  - Provision for operational costs and estimated potential redress
  - Significant uncertainty remains

1 – 2021 not restated for implementation of IFRS 17.

Classification: Public

Strong asset quality, in line with guidance

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Impairment (£m)

	Q4	2023	2022	YoY
Charge (credit) pre updated MES[1]	**(353)**	**565**	**915**	**(350)**
Retail	*277*	*1,064*	*773*	*291*
Commercial Banking	*(626)*	*(487)*	*122*	*(609)*
Other	*(4)*	*(12)*	*20*	*(32)*
Updated economic outlook	**(188)**	**(257)**	**595**	**(852)**
Retail	*(203)*	*(233)*	*600*	*(833)*
Commercial Banking	*15*	*(24)*	*395*	*(419)*
Other (COVID central adjustment)	*–*	*–*	*(400)*	*400*
Total impairment charge/(credit)	**(541)**	**308**	**1,510**	**(1,202)**

Gross lending and coverage level[2] (£bn, %)

		Stage 1	Stage 2	Stage 3	Total
H2 2023	Loans and advances	£387bn	£57bn	£10bn	£454bn
	Coverage	0.3%	3.0%	15.8%	0.9%
H1 2023	Loans and advances	£379bn	£66bn	£11bn	£456bn
	Coverage	0.2%	3.2%	23.7%	1.2%

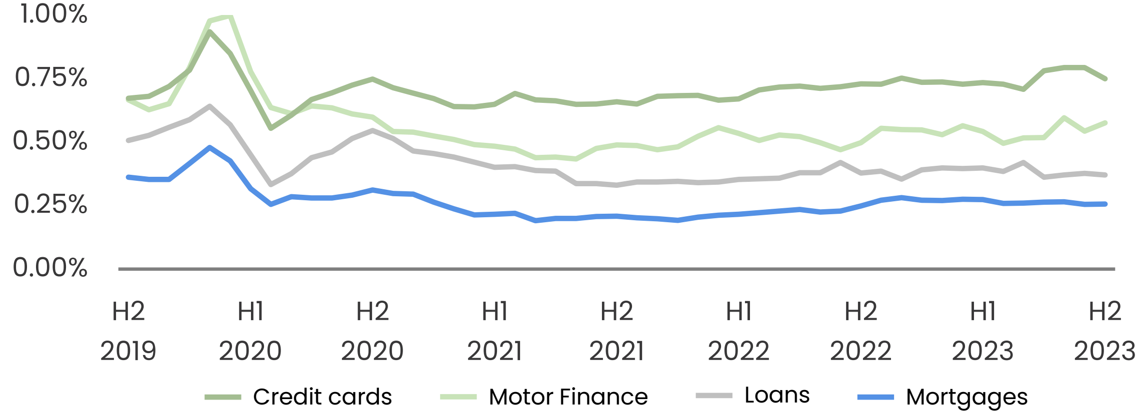
- **2023 impairment charge £308m**
  - Pre-MES charge £565m reflects continued resilience and significant write-back in Q4
  - 2023 AQR 29bps ex. significant write-back and MES updates
  - £257m net MES release reflects improved outlook, including stronger HPI in 2023-24
- **Q4 net credit £541m, £188m from MES update**
  - Stable charge vs Q3 ex. significant write-back and MES updates
- **Stock of ECL reduced to £4.3bn**
  - Significant write-back, lowering Stage 3 coverage
  - Still elevated level reflecting economic outlook
- **Now expect 2024 AQR <30bps**

1 – Impairment charges absent the impact from updated economic outlook, thus reflecting only observed movements in credit quality. 2 – Underlying basis; table uses rounded inputs.

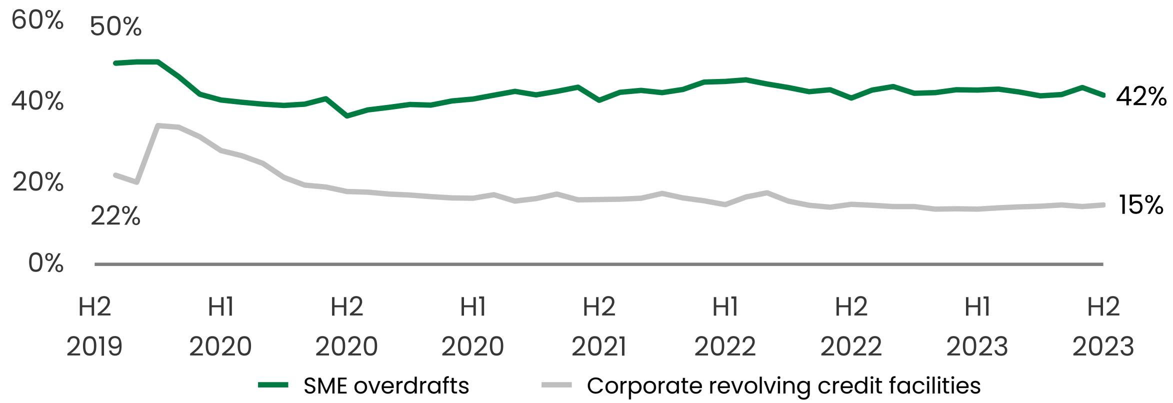
Stable credit performance across portfolios

New to arrears as a proportion of total balances

(3 month rolling average, %)



SME overdraft and corporate RCF utilisation (%)

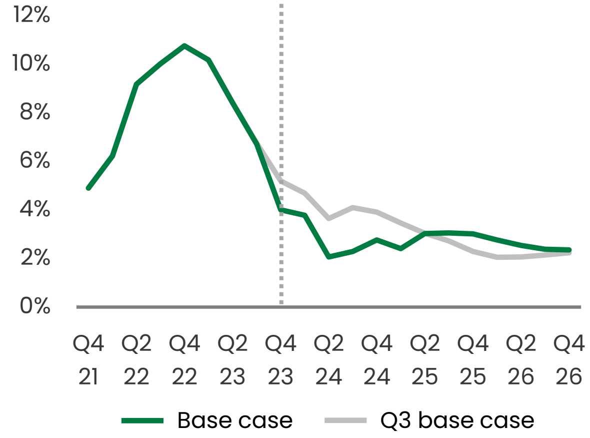


- **Mortgage book resilient with new to arrears stable and below 2019; average LTV 43.6%**
- **Consumer finance trends stable; new to arrears broadly at, or lower than, pre-pandemic**
- **Stable SME overdraft utilisation trends; corporate RCF[1] utilisation >30% below pre-pandemic**
- **c.90% of SME lending[2] secured; >80% of CIB exposure at investment grade**
- **Net CRE exposure c.£10bn[3], remains robust**
    - Average interest cover ratio[4] 3.3x, with 78% >2x
    - Ave. indexed LTV[4] 46%; c.90% with LTV <70%
    - Diversified: c.14% office, c.10% retail and c.12% industrial; c.49% residential investment

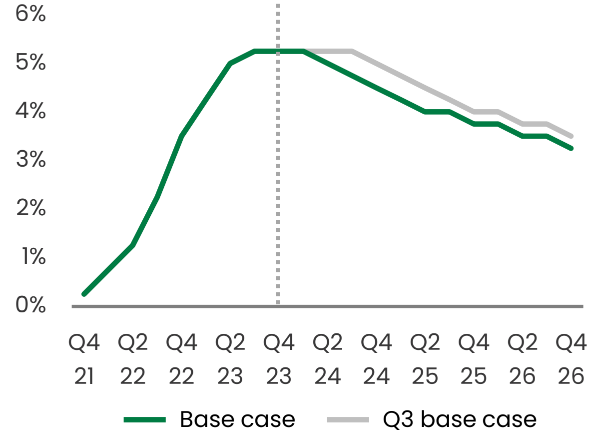
1 – Revolving credit facility. 2 – SME excluding Business Banking; lending fully or partially secured. 3 – Includes Business Banking; post Significant Risk Transfer securitisations.
4 – Excludes Business Banking, development, CBILS and BBLS.

Updated macroeconomic outlook

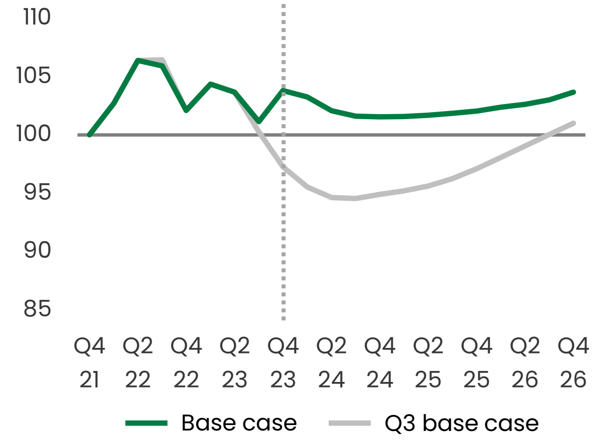
CPI inflation



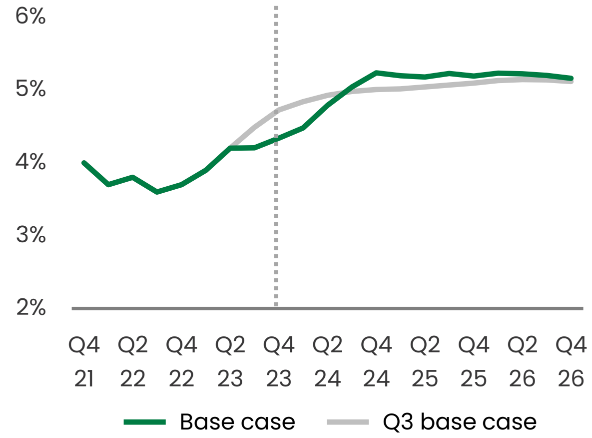
UK bank rate



Indexed house prices



Unemployment



- **GDP growth to remain subdued in 2024; sharply declining inflation expected to benefit HPI[1]**
  - GDP expected to rise 0.5% in 2024
  - Recent decline in inflation expected to continue into 2024
  - Three 25bps cuts in UK bank rate expected in 2024 from 5.25% peak, starting Q2
  - HPI now assumed to fall 2% in 2024
  - Peak unemployment 5.2% forecast in Q4 2024

1 – Forecasts as used for 31 December 2023 accounts.

Consistent guidance; confidence in delivering higher, more sustainable returns

	2024	2026
Income	**NEW:** NIM **>290bps**	
Costs	**NEW: c.£9.3bn** operating costs	**<50%** cost:income ratio
Asset quality ratio	**NEW: <30bps**	
Return on tangible equity	**c.13%**	**>15%**
Risk weighted assets	**£220bn - £225bn**	
Capital generation	**c.175bps**	**>200bps**
Capital target	Expect to **pay down to c.13.5%**	**NEW:** Expect to **pay down to c.13.0%**
Capital distribution	**Progressive and sustainable** ordinary dividend	

Capital, funding & liquidity

Key Credit Metrics

13.7%
Pro forma CET1 ratio[1]

19.8%
Total Capital ratio

31.9%
MREL ratio

173bps
Pro forma capital generation[2] post regulatory headwinds

29bps
Asset Quality Ratio[3]

5.8%
Leverage ratio

43.6%
Average Mortgage LTV

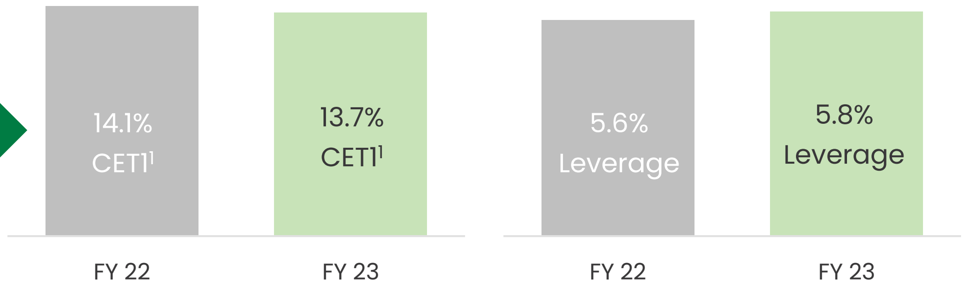
130%
Net Stable Funding Ratio

142%
Liquidity Coverage Ratio

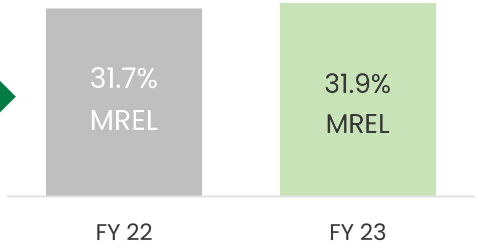
1 – Includes the dividend received from Insurance in February 2024 and the full impact of the announced share buyback. 2 – Inclusive of the dividend received from the Insurance business in February 2024. 3 – AQR of 29bps excludes significant write-back and MES release

Strong Capital, MREL and Liquidity Ratios

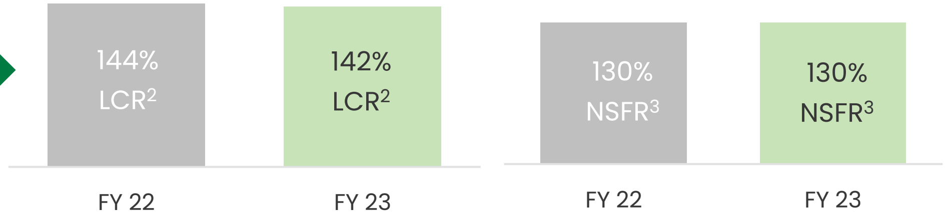
Capital



MREL



Liquidity



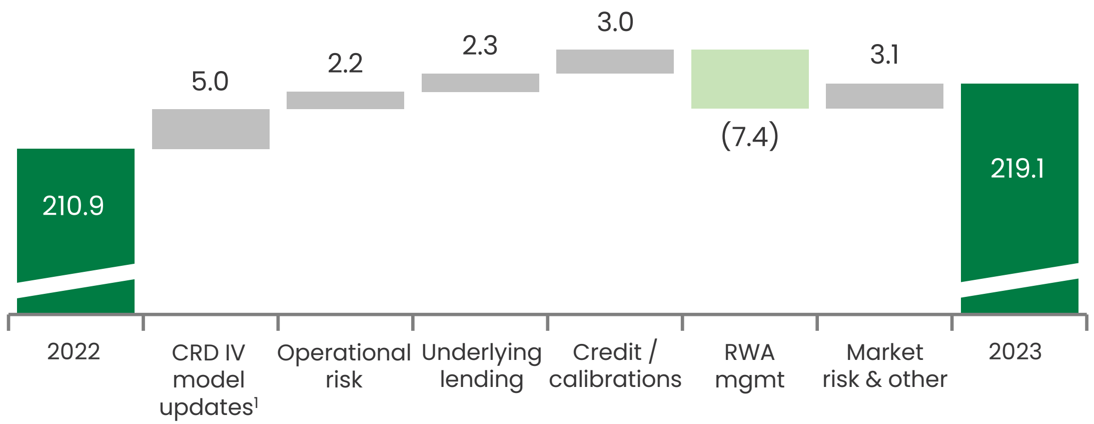
- **CET1 remains ahead of 10.3% MDA[4] and the Group target of 13.5% by 2024, 13% by 2026**
- **MREL remains strong and in excess of regulatory requirements of 27.3%**
- **Stable and high-quality liquidity metrics**

1 – Proforma CET1 ratio. 2 – Calculated as an average of month-end observations over the previous 12 months. 3 - Calculated as an average of the four previous quarters. 4 – The Group's MDA threshold is based on the combined buffer requirement, which excludes the equivalent of the Ring-Fenced Bank's O-SII.

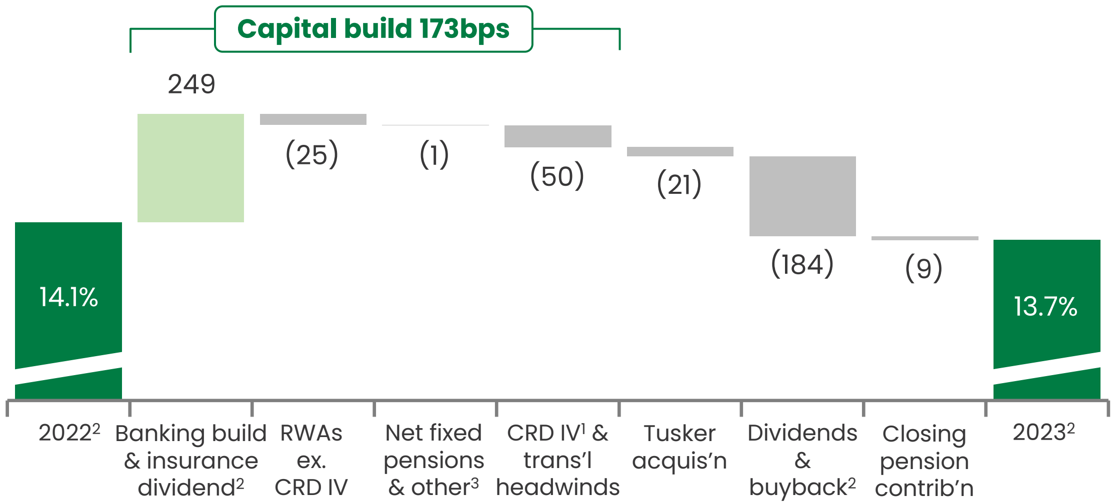
Classification: Public

Strong capital generation, in line with guidance

Risk weighted assets (£bn)



Common equity tier 1 ratio (%, bps)



- **RWAs £219.1bn, up £8.2bn, inc. £1.4bn in Q4**
  - CRD IV updates[1] £5.0bn, inc. £2.0bn in Q4; est. further c.£5bn 2024-26, subject to PRA review
- **Continue to expect 2024 RWAs £220-225bn**
- **Strong 173bps capital generation[2]**
  - Q4 significant write-back offset by remediation
- **Capital return £3.8bn, c.14% market cap.[4]**
  - Final dividend 1.84p; total 2.76p, up 15% vs 2022, share buyback of up to £2bn
- **Closing £250m pension contribution in Q4**
- **Pro forma CET1 ratio 13.7%**
  - Expect to pay down to c.13.5% by end 2024 and c.13% by end 2026
- **Expect 2024 capital generation to be c.175bps**

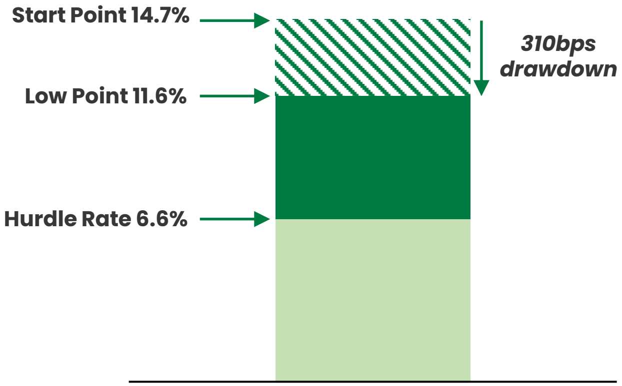
1 – Retail secured CRD IV models. 2 – Shown on a pro forma basis. 3 – Other includes share-based payments and market volatility. 4 – Market capitalisation at close of business 16 February 2024.

Low risk balance sheet post targeted risk reduction

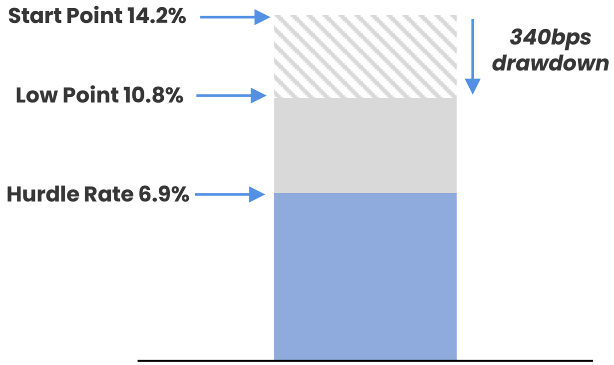
Lower mortgage LTV and CRE exposure

	2012	2023	*Movement*
Mortgages			
Average LTVs	56.4%	43.6%	*(23)pp*
New business LTVs	62.6%	61.7%	*(1)pp*
≤80% LTV	59.6%	89.3%	*50pp*
>80-90% LTV	16.8%	7.8%	*(54)pp*
>90-100% LTV	11.9%	2.8%	*(76)pp*
>100% LTV	11.7%	0.1%	*(99)pp*
Commercial Real Estate (CRE)			
Net Lending	£31.5bn	£9.9bn	*(69)pp*
% of L&A	6.1%	2.2%	*(62)pp*

Latest ACS stress test results



LBG CET1



Aggregate UK Bank CET1

- **De-risking across retail and commercial portfolios**
  - 2006-08 mortgage portfolio halved since 2018 (£31bn vs £65bn), including Bridgegate securitised sale
  - Use of SRTs to optimise balance sheet
  - c.90% of SME lending[1] secured; c.80% of CIB exposure at investment grade
  - CRE c.2% of lending, net position (£9.9bn) continues to decrease post SRT
- **Prudent approach to underwriting and provisioning; high quality lending portfolio**
  - >80% of lending secured
  - Low LTV mortgage portfolio with prudent underwriting
  - £4.3bn ECL held
- **Positive impacts of low risk and de-risked balance sheet as evidenced in ACS stress test**
  - LBG CET1 low point of 11.6% vs hurdle rate of 6.6%
  - Not required to take any capital actions

1 – SME excluding Business Banking; lending fully or partially secured.

Classification: Public

Group is holding more CET1 resources, despite a lower risk balance sheet

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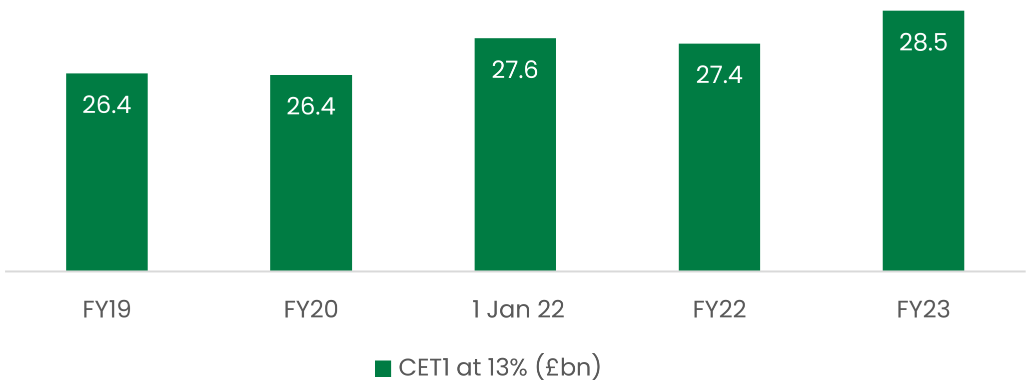
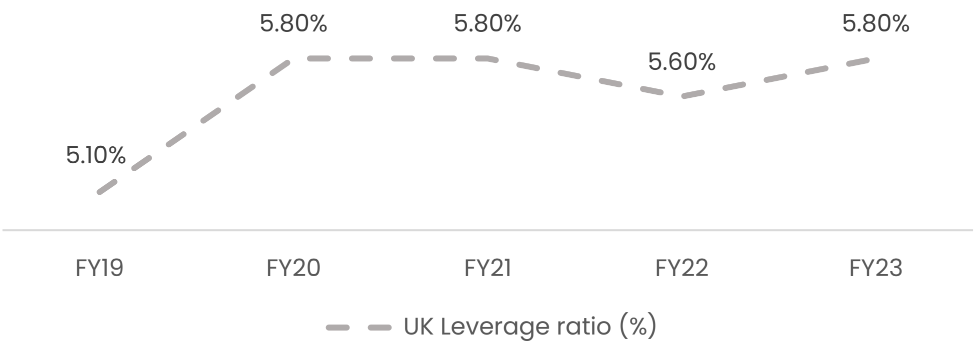
The CET1 equivalent of 13.0% has increased



UK Leverage Ratio has increased



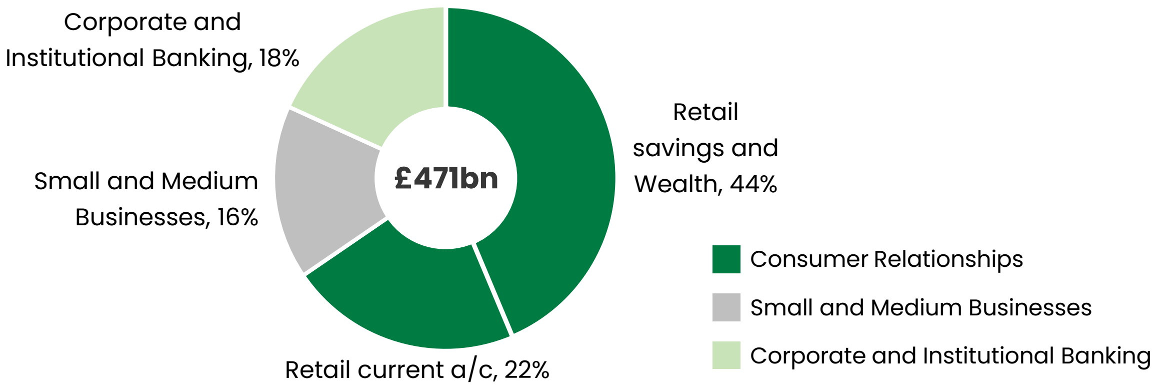
- **Medium-term CET1 target revised by Board taking into account**
  - Improved certainty with respect to regulatory impacts
  - Latest view on capital requirements
  - Business and economic outlook
- **CET1 remains comfortably ahead of regulatory requirement and MDA[1]**
  - c.13% includes a c.1% management buffer over requirements
  - FY23 headroom to MDA (10.3%) of c.340bps (c.£7.4bn)
- **CET1 resources have increased despite risk reduction**
  - RWAs up c.£24bn from regulatory changes since Jan 2022
  - At 13%, CET1 notional increased >£2bn since 2019

1 – The Group's MDA threshold is based on the combined buffer requirement, which excludes the equivalent of the Ring-Fenced Bank's O-SII.

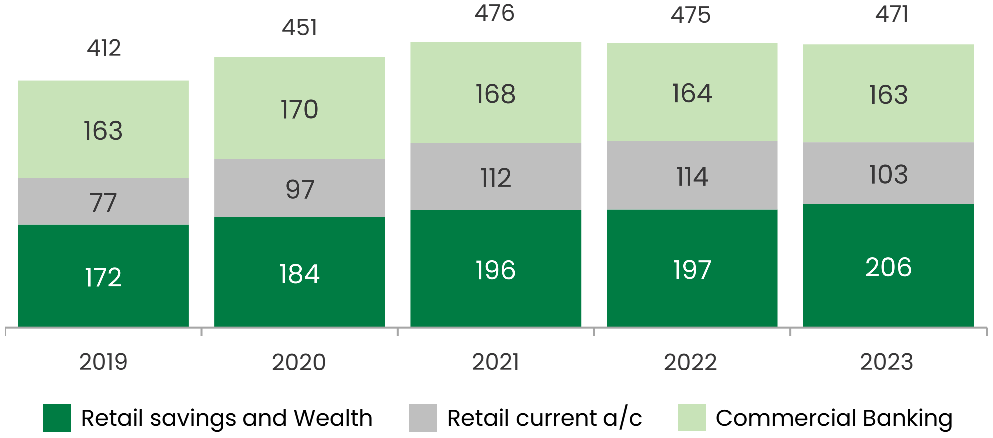
Diversified deposit base; strong liquidity position

Loan to deposit ratio 95%, Net stable funding ratio 130%, Liquidity coverage ratio 142%

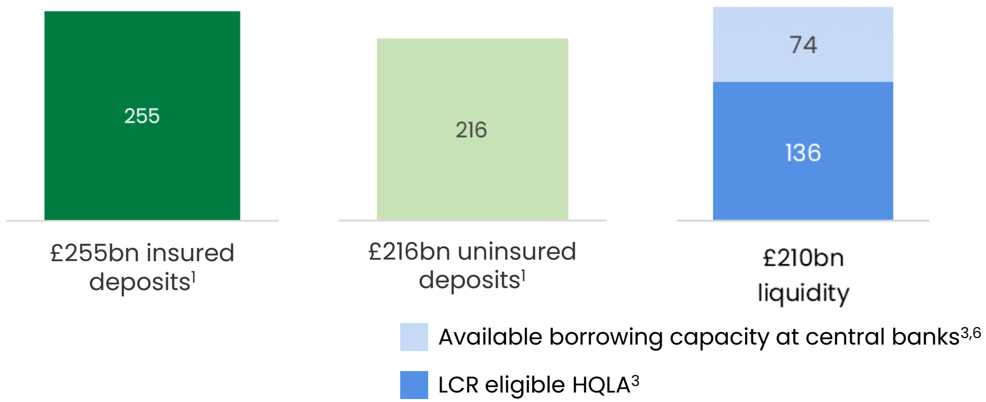
c.65% of deposits in Retail; diversified Commercial balances (£bn)



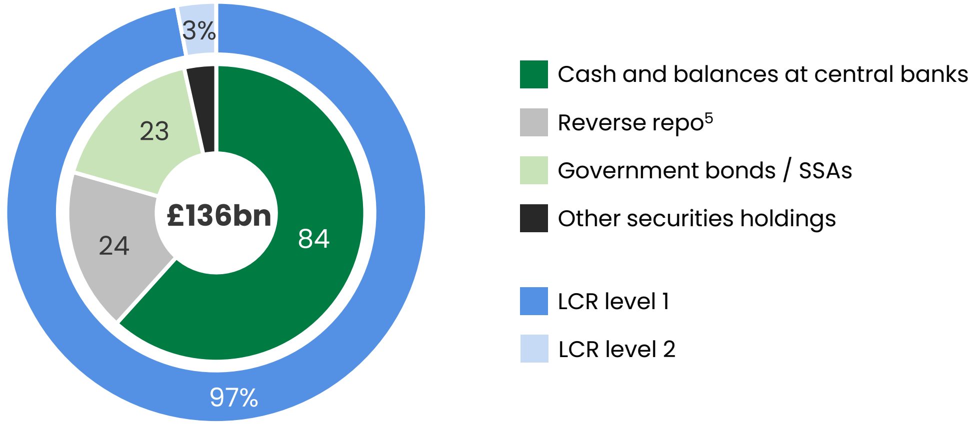
Deposit growth since 2019 led by Retail[2] (£bn)



54% of total deposits insured[1] (£bn)



Liquidity portfolio[3] fully hedged for interest rate risk[4] (£bn)



1 – Insured being those deposits immediately eligible for deposit protection schemes (principally the FSCS in the UK). Numbers are on a spot basis. 2 – Chart uses rounded inputs. 3 – Calculated on a 12-month average basis. 4 – Including c.4% of securities held at amortised cost. 5 – Primarily UK Government bonds; netted balance includes reverse repo and other balancing items. 6 – There is a significant amount of additional assets on the balance sheet that can be used to create liquidity for the Group.

Wholesale issuance outlook

	2024	Issuance principles
HoldCo Senior	£7-8bn	Refinancing of maturities
Tier 2	£1-2bn across AT1 and T2	Ongoing refinancing to c.2.5% target
AT1	£1-2bn across AT1 and T2	Ongoing refinancing to c.2.0% target
OpCo	c.£5bn; largely secured funding at the RFB; senior unsecured at the NRFB	Refinancing of maturities and government borrowing

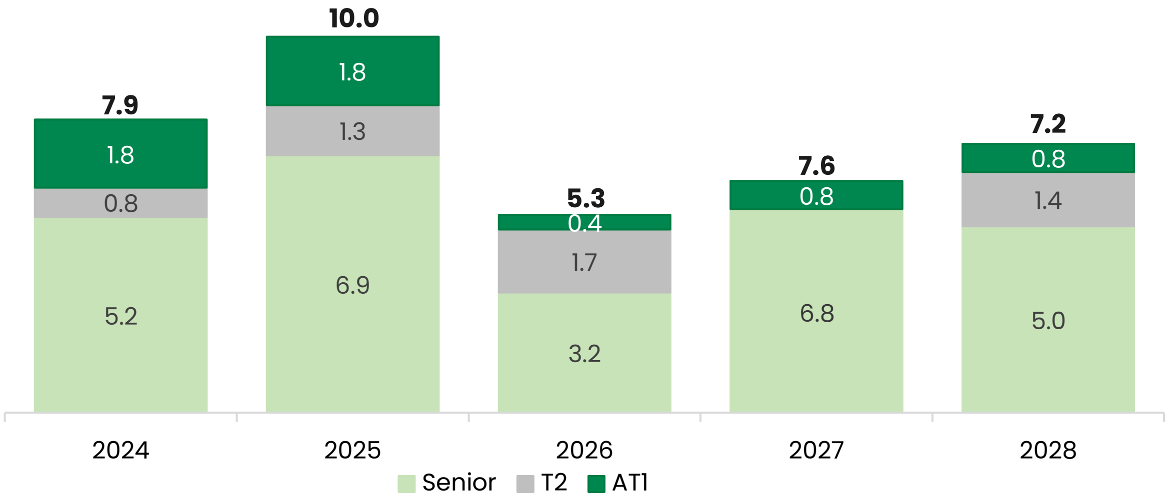
- **Expect c.£15bn of issuance in 2024 across all entities and products**
  - Stable supply vs 2023
  - Reduction vs Q3 guidance (c.£20bn) given strong deposit performance
  - Good progress made YTD, c.30% issuance completed
- **January issuance comprising:**
  - £3.3bn Senior HoldCo, £450m Tier 2 and £700m RMBS
- **£30bn TFSME outstanding**
  - Contractual maturities of TFSME; £21bn in 2025 and £9bn in 2027
  - Modest refinancing in 2024 included in issuance guidance

Appendix

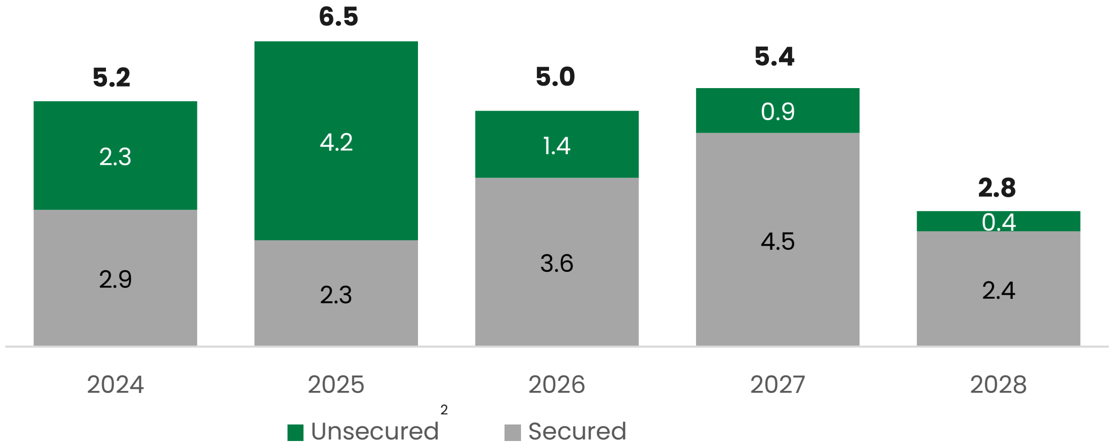
Modest net issuance volumes in 2024

The Group has access to a diverse range of funding programmes, products, and markets

HoldCo redemption profile (£bn)[1]



OpCo redemption profile (£bn)[1]

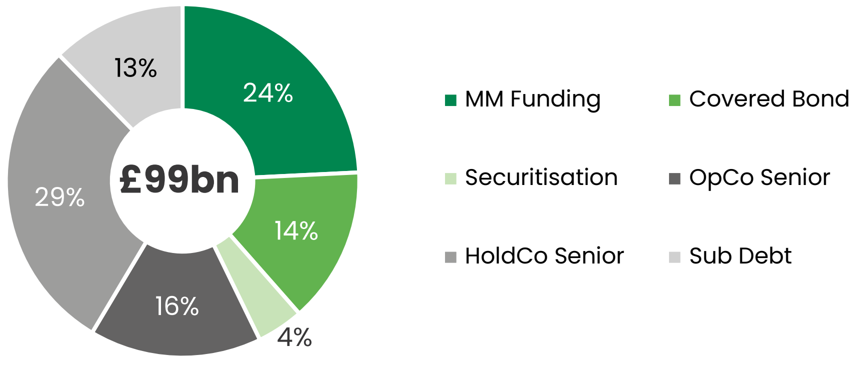


1 – Based on notional value outstanding and FX rate as at close 31.12.2023, redemption profiles reflect first call dates which remain subject to issuer call decision. 2 - Includes subordinated debt issued by LBG subsidiaries.

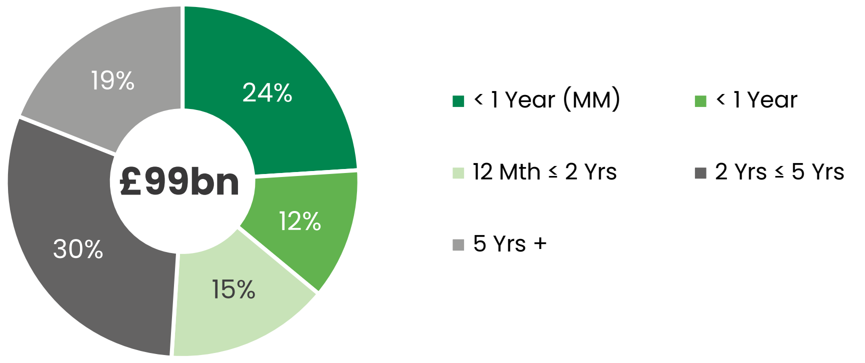
Classification: Public

Diverse funding portfolio as at FY 2023

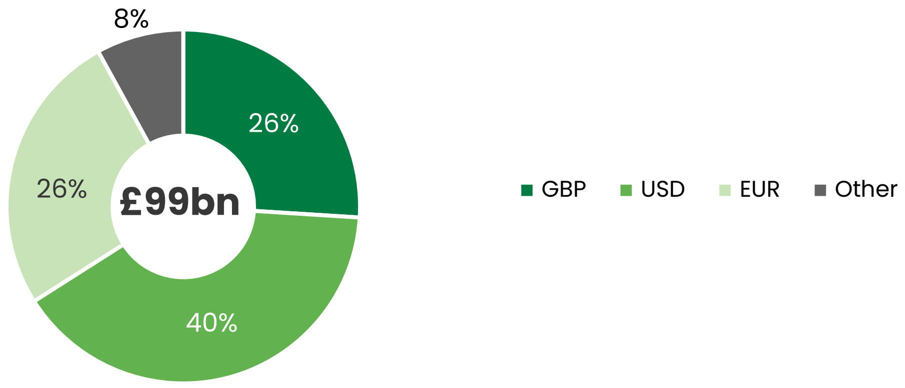
Wholesale funding portfolio by type



Wholesale funding portfolio by maturity



Wholesale funding portfolio by currency



Simple group structure with multiple issuance points

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HoldCo

Lloyds Banking Group

BBB+ / A3 / A[1] Sta / Sta / Sta	A-2 / P-2 / F1
Senior Unsecured Capital	-

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: £432bn[3]	Assets: £605bn

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: £16bn[3]	Assets: £90bn

EU Sub: Frankfurt

Insurance Sub-Group

Scottish Widows [2]

- / A2 / A+ - / Sta / Sta	- / - / F1
Capital	-
L&A: N/A	AuA: £213bn[4]

EU Sub: Luxembourg

Equity Investments Sub-Group

Lloyds Equity Investments

-	-
-	-
L&A: N/A	Assets: £5bn

1 - Ratings shown are senior unsecured in the order of S&P / Moody's / Fitch as at 22.02.24. 2 – Ratings shown for Scottish Widows are Insurance Financial Strength Ratings. 3 – "L&A" refers to Loans & Advances to customers. 4 – Includes stockbroking.

Strong ratings across the Group

LLOYDS BANKING GROUP

Credit ratings[1]

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

ESG ratings[1]

MSCI

2021	2022	2023
AA	AA	AA

Sustainalytics

2021	2022	2023
20.6	19.5	24.9

S&P CSA

2021	2022	2023
49	52	55

1 – Ratings shown are at close 22/02/2024 and credit ratings reflect senior unsecured issuer ratings – LT, outlook, ST. 2 –Insurance Financial Strength ratings.

Quarterly P&L and key ratios

(£m)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Net interest income	**3,317**	**3,444**	3,469	3,535	3,643	3,394	3,190	2,945
Other income	**1,286**	**1,299**	1,281	1,257	1,128	1,171	1,185	1,182
Operating lease depreciation	**(371)**	**(229)**	(216)	(140)	(78)	(82)	(119)	(94)
Net income	**4,232**	**4,514**	4,534	4,652	4,693	4,483	4,256	4,033
Operating costs	**(2,486)**	**(2,241)**	(2,243)	(2,170)	(2,356)	(2,145)	(2,112)	(2,059)
Remediation	**(541)**	**(64)**	(51)	(19)	(166)	(10)	(27)	(52)
Total costs	**(3,027)**	**(2,305)**	(2,294)	(2,189)	(2,522)	(2,155)	(2,139)	(2,111)
Underlying profit before impairment	**1,205**	**2,209**	2,240	2,463	2,171	2,328	2,117	1,922
Impairment (charge)/credit	**541**	**(187)**	(419)	(243)	(465)	(668)	(200)	(177)
Underlying profit	**1,746**	**2,022**	1,821	2,220	1,706	1,660	1,917	1,745
Restructuring	**(85)**	**(44)**	(13)	(12)	(11)	(22)	(23)	(24)
Volatility and other items	**114**	**(120)**	(198)	52	(638)	(1,062)	(289)	(177)
Statutory profit before tax	**1,775**	**1,858**	1,610	2,260	1,057	576	1,605	1,544
Statutory profit after tax	**1,234**	**1,420**	1,223	1,641	982	494	1,302	1,145
Net interest margin	**2.98%**	**3.08%**	3.14%	3.22%	3.22%	2.98%	2.87%	2.68%
Average interest earning assets	**£453bn**	**£453bn**	£453bn	£454bn	£454bn	£455bn	£451bn	£448bn
Cost:income ratio	**71.5%**	**51.1%**	50.6%	47.1%	53.7%	48.1%	50.3%	52.3%
Asset quality ratio	**(0.47)%**	**0.17%**	0.36%	0.22%	0.38%	0.57%	0.17%	0.16%
Return on tangible equity	**13.9%**	**16.9%**	13.6%	19.1%	11.0%	4.2%	13.0%	10.7%
Tangible net asset value per share	**50.8p**	**47.2p**	45.7p	49.6p	46.5p	44.5p	51.4p	53.7p

Updated economic scenarios

Scenario	ECL (£m)	Measure (%)	2023	*vs Q4 2022*	2024	2025	2026	2027	*Ave. 23-27*
Upside (30%)	2,925	GDP	0.3	*0.2*	1.5	1.7	1.7	1.9	*1.4*
		Unemployment rate	4.0	*1.2*	3.3	3.1	3.1	3.1	*3.3*
		HPI growth	1.9	*4.7*	0.8	6.9	7.2	6.8	*4.7*
		CRE price growth	(3.9)	*(12.4)*	9.0	3.8	1.3	1.3	*2.2*
		UK Bank Rate	4.94	*(0.01)*	5.72	5.61	5.38	5.18	*5.37*
		CPI inflation	7.3	*(1.0)*	2.7	3.1	3.2	3.1	*3.9*
Base case (30%)	3,666	GDP	0.3	*1.5*	0.5	1.2	1.7	1.9	*1.1*
		Unemployment rate	4.2	*(0.3)*	4.9	5.2	5.2	5.0	*4.9*
		HPI growth	1.4	*8.3*	(2.2)	0.5	1.6	3.5	*1.0*
		CRE price growth	(5.1)	*(1.8)*	(0.2)	0.1	-	0.8	*(0.9)*
		UK Bank Rate	4.94	*0.94*	4.88	4.00	3.50	3.06	*4.08*
		CPI inflation	7.3	*(1.0)*	2.7	2.9	2.5	2.2	*3.5*
Downside (30%)	4,714	GDP	0.2	*3.2*	(1.0)	(0.1)	1.5	2.0	*0.5*
		Unemployment rate	4.3	*(2.0)*	6.5	7.8	7.9	7.6	*6.8*
		HPI growth	1.3	*12.4*	(4.5)	(6.0)	(5.6)	(1.7)	*(3.4)*
		CRE price growth	(6.0)	*9.0*	(8.7)	(4.0)	(2.1)	(1.2)	*(4.4)*
		UK Bank Rate	4.94	*2.01*	3.95	1.96	1.13	0.55	*2.51*
		CPI inflation	7.3	*(0.9)*	2.8	2.7	1.8	1.1	*3.2*
Severe downside (10%)	9,455	GDP	0.1	*5.3*	(2.3)	(0.5)	1.3	1.8	*0.1*
		Unemployment rate	4.5	*(4.5)*	8.7	10.4	10.5	10.1	*8.8*
		HPI growth	0.6	*15.4*	(7.6)	(13.3)	(12.7)	(7.5)	*(8.2)*
		CRE price growth	(7.7)	*21.1*	(19.5)	(10.6)	(7.7)	(5.2)	*(10.3)*
		UK Bank Rate – adj.	4.94	*(2.06)*	6.56	4.56	3.63	3.13	*4.56*
		CPI inflation – adj.	7.6	*(6.7)*	7.5	3.5	1.3	1.0	*4.2*
Probability weighted	4,337								

Updated coverage after revised economic outlook

(£m, unless stated otherwise)	Gross customer L&A (£bn)	Coverage (ex. Recoveries) Stage 1	Stage 2	Stage 3	Total	Total coverage Q4 2022	ECL Q4 2022	*Write offs & Other*[1]	*P&L charge/ (credit)*	Net ECL incr./ (decr.)	ECL Q4 2023[2]	Write offs & Other FY 2022
Retail	364	0.2%	2.6%	13.9%	0.9%	0.9%	3,369	*(1,077)*	*831*	(246)	3,123	(644)
UK Mortgages	*308*	*0.1%*	*1.1%*	*10.4%*	*0.4%*	*0.5%*	*1,590*	*(171)*	*(51)*	*(222)*	*1,368*	*11*
Cards	*16*	*1.9%*	*15.3%*	*49.4%*	*5.1%*	*5.1%*	*763*	*(410)*	*457*	*47*	*810*	*(339)*
Loans & Overdrafts	*8*	*2.2%*	*20.6%*	*65.6%*	*6.1%*	*6.6%*	*678*	*(414)*	*251*	*(163)*	*515*	*(266)*
Motor	*16*	*1.4%*	*4.5%*	*56.3%*	*2.2%*	*1.7%*	*252*	*(79)*	*169*	*90*	*342*	*(44)*
Other	*17*	*0.1%*	*4.0%*	*32.6%*	*0.5%*	*0.6%*	*86*	*(3)*	*5*	*2*	*88*	*(6)*
Commercial	90	0.4%	5.6%	24.1%	1.3%	2.0%	1,869	*(176)*	*(511)*	(687)	1,182	(81)
Other	-	-	-	66.7%	-	-	46	*(2)*	*(12)*	(14)	32	-
Total	**454**	**0.3%**	**3.0%**	**15.8%**	**0.9%**	**1.1%**	**5,284**	***(1,255)***	***308***	**(947)**	**4,337**	**(725)**

1 – UK Mortgages includes £126m relating to the £2.5bn securitisation in Q1 2023 and Loans & Overdrafts includes £112m relating to the £2.7bn securitisation in Q4 2023. 2 – Includes non-customer ECL of £45m (2022: £62m).

Low mortgage LTVs

	December 2023[1]				2022[1]	2010[1]
	Mainstream	Buy to let	Specialist	Total	Total	Total
Average LTVs	43.1%	48.1%	35.0%	**43.6%**	41.6%	55.6%
New business LTVs	62.5%	51.6%	N/A	**61.7%**	61.7%	60.9%
≤80% LTV	87.2%	99.5%	96.4%	**89.3%**	93.9%	57.0%
>80–90% LTV	9.4%	0.4%	1.2%	**7.8%**	4.7%	16.2%
>90–100% LTV	3.3%	0.0%	1.1%	**2.8%**	1.3%	13.6%
>100% LTV	0.1%	0.1%	1.3%	**0.1%**	0.1%	13.2%
Value >80% LTV	£32.6bn	£0.2bn	£0.2bn	**£33.0bn**	£19.1bn	£146.6bn
Value >100% LTV	£0.2bn	–	£0.1bn	**£0.3bn**	£0.3bn	£44.9bn
Gross lending	£254.5bn	£47.6bn	£5.5bn	**£307.6bn**	£312.7bn	£341.1bn

1 – 2022-23 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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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 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, targets, 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; acts of hostility or terrorism and responses to those acts, or other such events; geopolitical unpredictability; the war between Russia and Ukraine; the conflicts in the Middle East; the tensions between China and Taiwan; political instability including as a result of any UK general election; market related risks, trends and developments; changes in client and consumer behaviour and demand; exposure to counterparty risk; 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 and other disasters; risks concerning borrower and counterparty credit quality; risks affecting insurance business and defined benefit pension schemes; 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 including risks as a result of the failure of third party suppliers; 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) and decarbonisation, 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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