



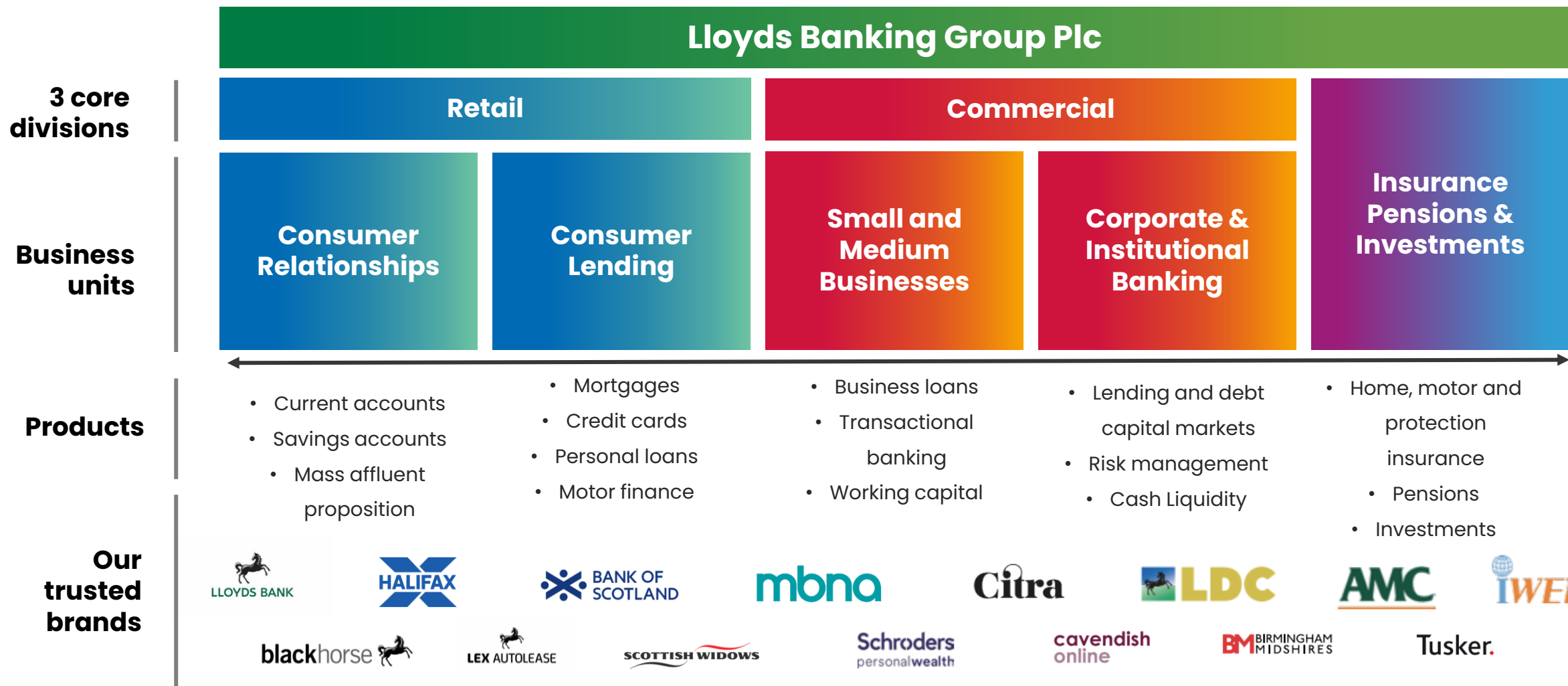
2023 Results Fixed Income Presentation

Lloyds Banking Group
22 February 2024



Business and strategic update

Leading UK digital bank and integrated financial services provider



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 offering¹

#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

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



Illustrative activity in 2023

Proactive support for customers

Communicated with **>15m** customers on savings options and **3.9m** new savings accounts opened
7.5m¹ 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 2022²; £15bn CIB target exceeded, CB target increased to **£45bn by 2026³**
 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 lending⁴

Helping
Britain
Prosper

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.

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 generation¹
post regulatory headwinds

£3.8bn

Total capital distribution

13.7%

Pro forma CET1 ratio²

21.5m

Digitally active users, up
17% from 2021

68.2

Customer NPS, up 0.8 vs
year end 2022³

40.1%

Women in senior roles up
2.4pp vs year end 2021

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 revenues¹

c.£1.2bn gross cost savings

c.13% RoTE

c.175bps capital generation

2026

c.£1.5bn additional revenues¹

>15% RoTE

>200bps capital generation

¹ - From strategic initiatives.

Financial update

Robust financial performance, in line with guidance



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 31bps**
- **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**

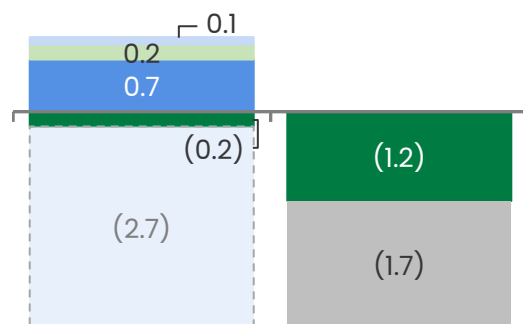
Resilience in customer franchise



Q4 lending change (£bn)

Retail
 (+£0.8bn ex. securitisation)
 -£1.9bn/-1%

Commercial
 -£2.9bn/-3%

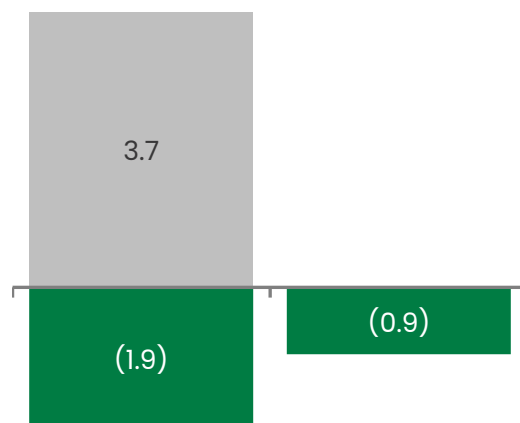


- Mortgages
- Small and Medium Businesses (SMB)
- Credit cards
- Corporate and Institutional Banking (CIB)
- Motor Finance
- Unsecured loans
- Loan securitisation
- Other¹

Q4 deposit change (£bn)

Retail
 +£1.8bn/+1%

Commercial
 -£0.9bn/-1%



- Retail current a/c
- Commercial Banking deposits
- Retail savings²

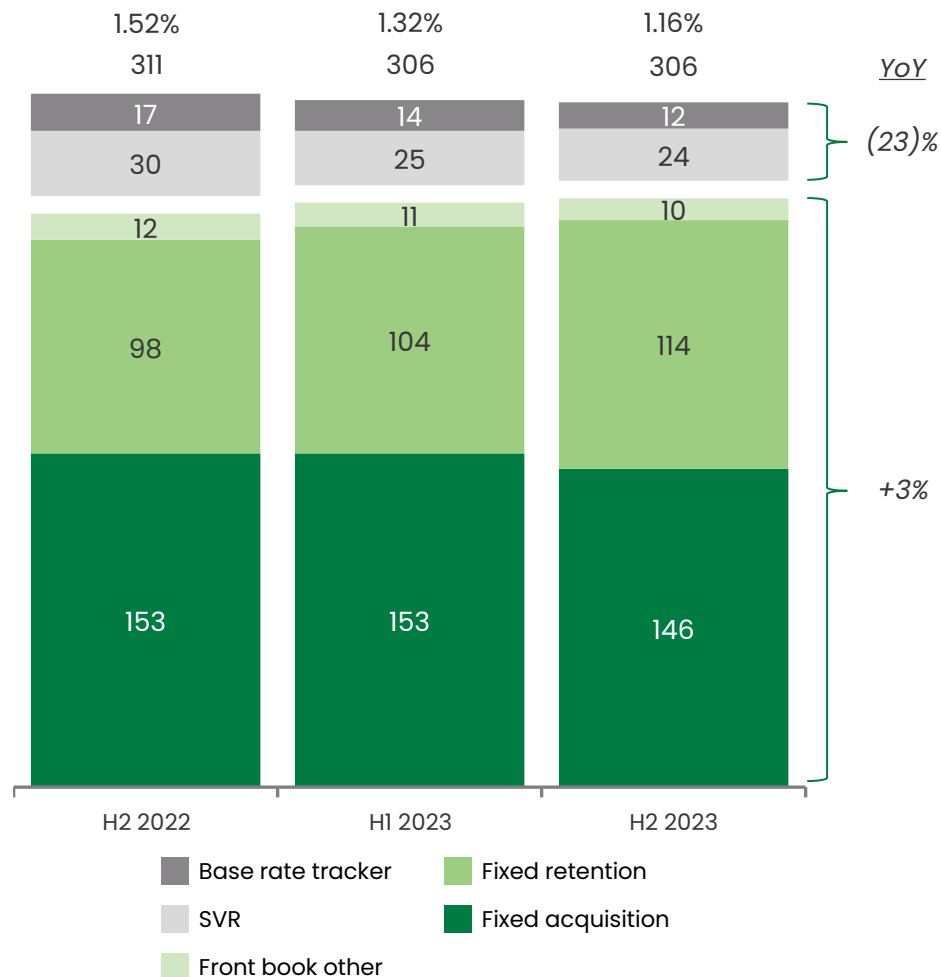
- **Lending £450bn; 2023 down 1%, Q4 down £2bn; flat ex. sale/securitisation activity**
 - Mortgage open book up £0.2bn in Q4, closed book down £0.4bn
 - Modest growth across cards, motor and unsecured loans³ in Q4
 - Commercial down £2.9bn in Q4; SMB repayments include £0.5bn in CBILS/BBLs
- **Total 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 Q4⁴**

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)



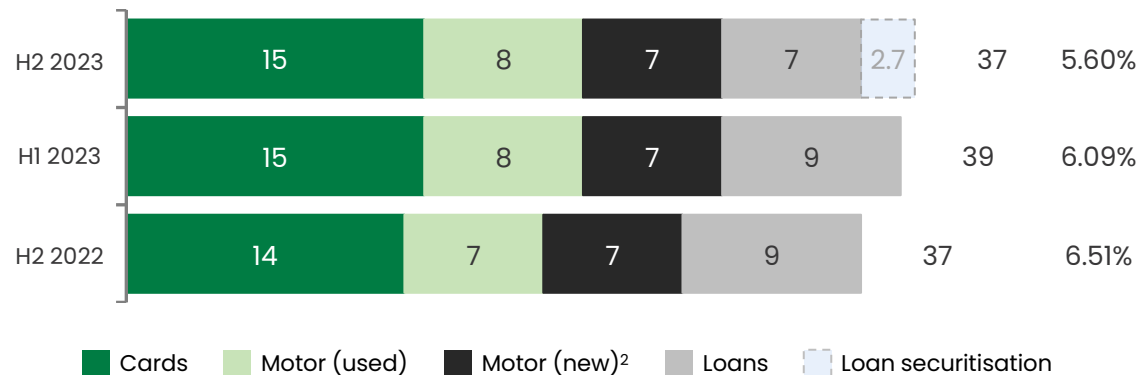
- **Mortgage balances £306bn**
 - Open book £298.5bn, down £1.1bn; Q4 up £0.2bn
 - £2.5bn legacy portfolio exit in Q1 2023
- **Group NIM continues to be impacted by maturities of high yielding 2020-21 business**
 - Completion margins average c.60bps in Q4²
 - Refinancing margin pressure abating in 2024
- **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.

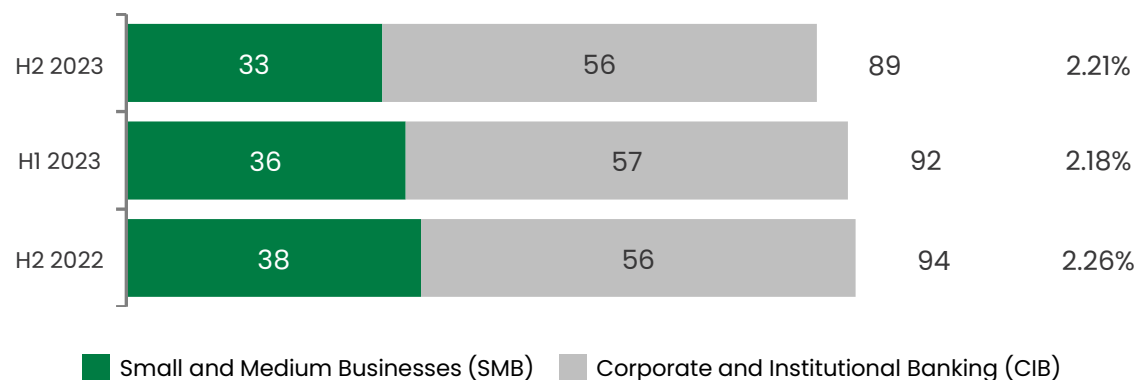
Solid performance in other lending portfolios



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



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



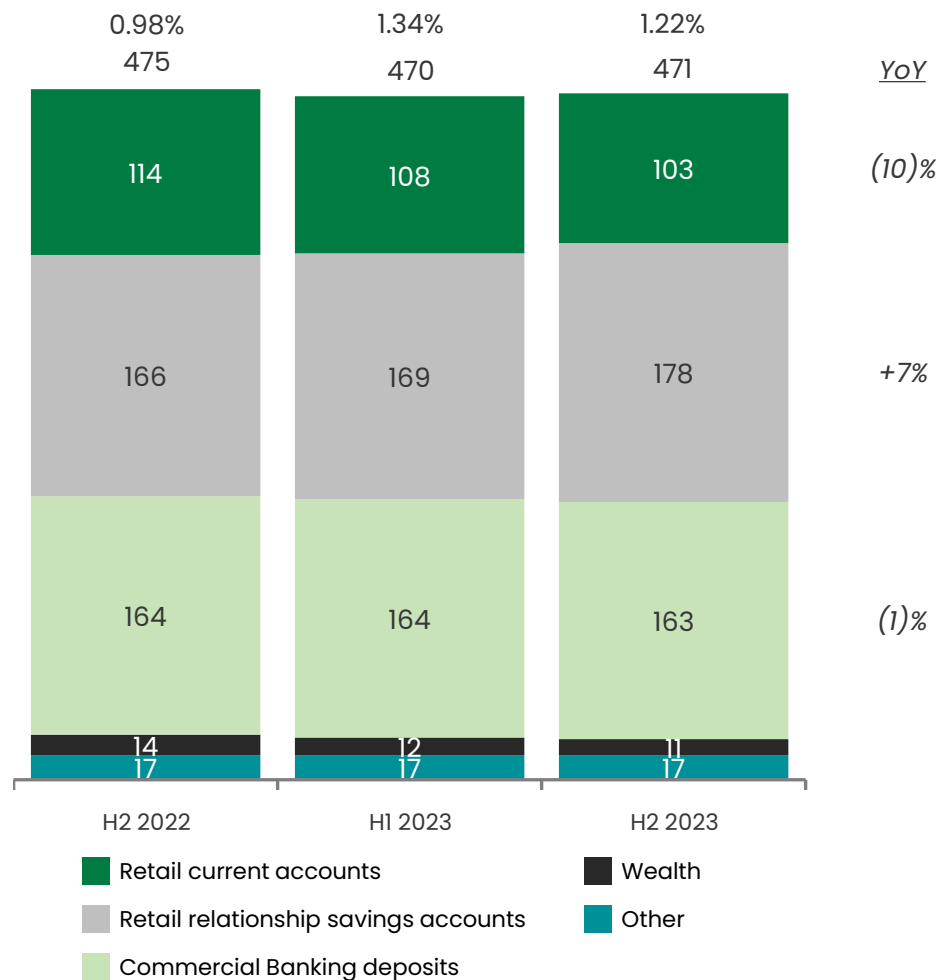
- **UK Cards, Loans & Motor flat in 2023; up £2.7bn ex. loan securitisation**
 - Credit cards flat in Q4
 - UK Motor Finance up £0.2bn in Q4
 - Unsecured loans down £2.6bn in Q4, up £0.1bn ex. securitisation
- **Commercial Banking loans down £5.1bn in 2023**
 - SMB balances down £1.2bn in Q4, including £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)



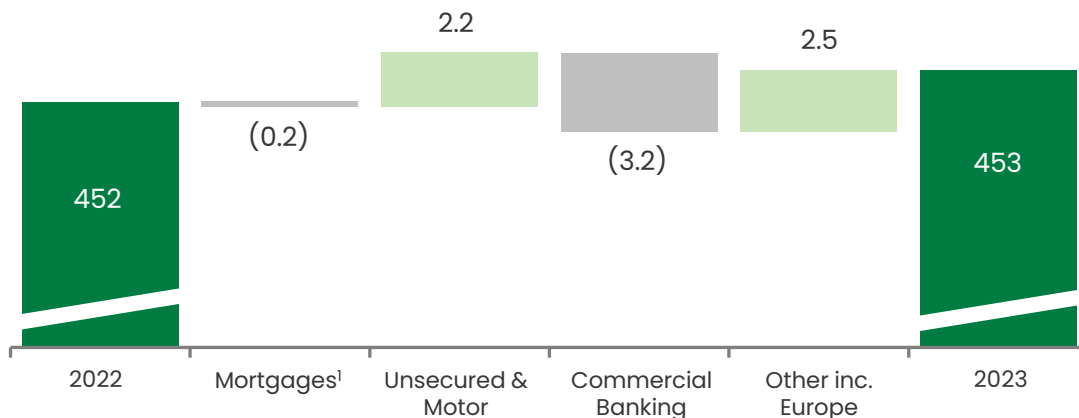
- Total deposits £471bn, down £4bn in 2023; up £1bn in Q4
- Retail deposits down £2bn in 2023; up £2bn in Q4
 - Retail current accounts down £11bn in 2023, easing in Q4 at £2bn
 - Retail savings accounts² up £12bn in 2023, inc. £4bn in Q4
- Commercial deposits down £1bn in 2023 and Q4
 - Reductions in 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

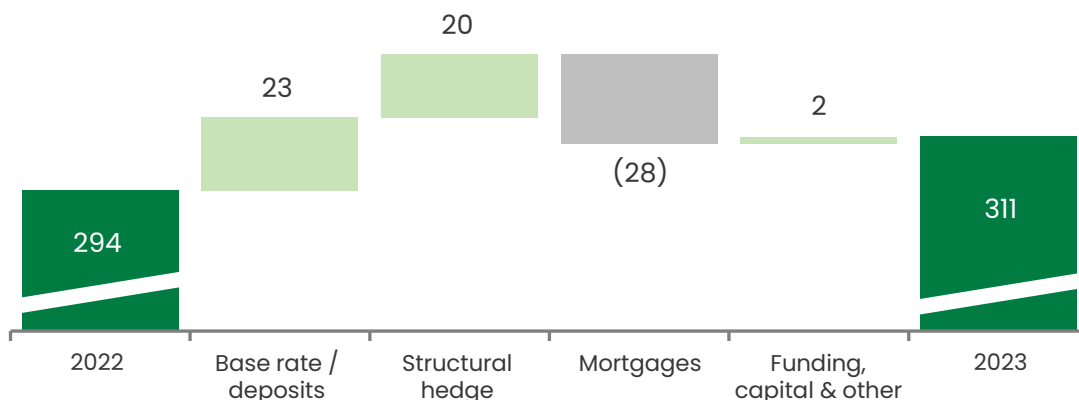


Average interest earning assets (£bn)



Banking net interest margin (bps)

Q3 '23 – Q4 '23	308	(8)	7	(7)	(2)	298
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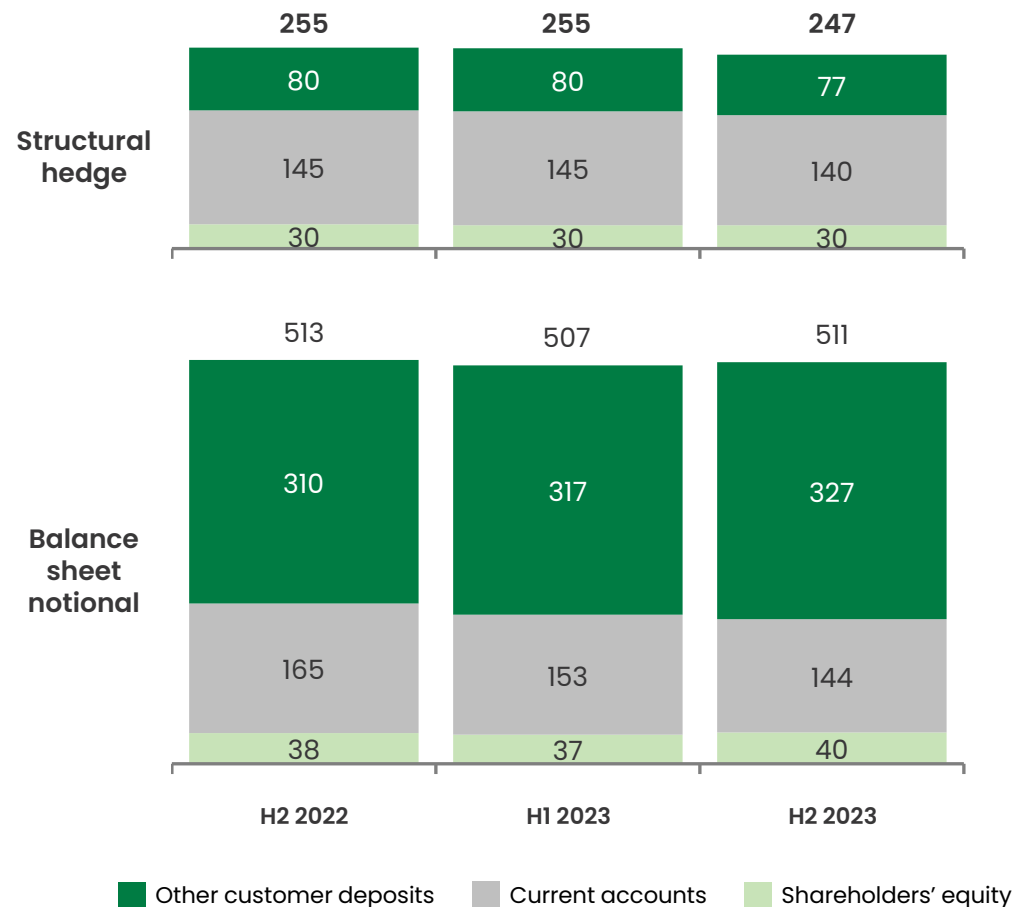
1 – Includes £1.8bn relating to the securitisation of legacy Retail mortgages in Q1 2023.

- **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

Structural hedge a significant tailwind



Hedged balances¹ (£bn)



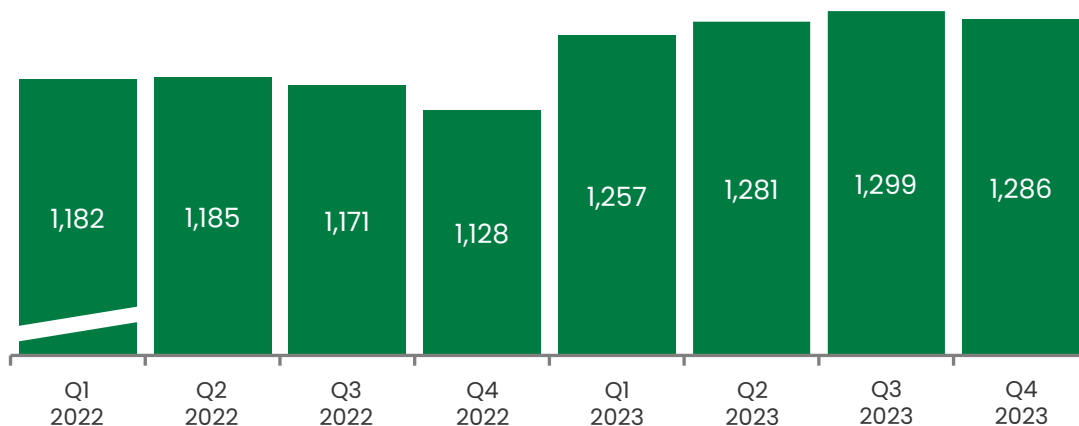
- Structural hedge notional £247bn, down £8bn in 2023, inc. £4bn in Q4
- c.3.5 year weighted average duration
- Prudent management of structural hedge
 - Modest notional balance reduction expected in 2024
 - c.£40bn of maturities in 2024
- 2023 hedge income £3.4bn, up c.£0.8bn vs 2022
 - Expect hedge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

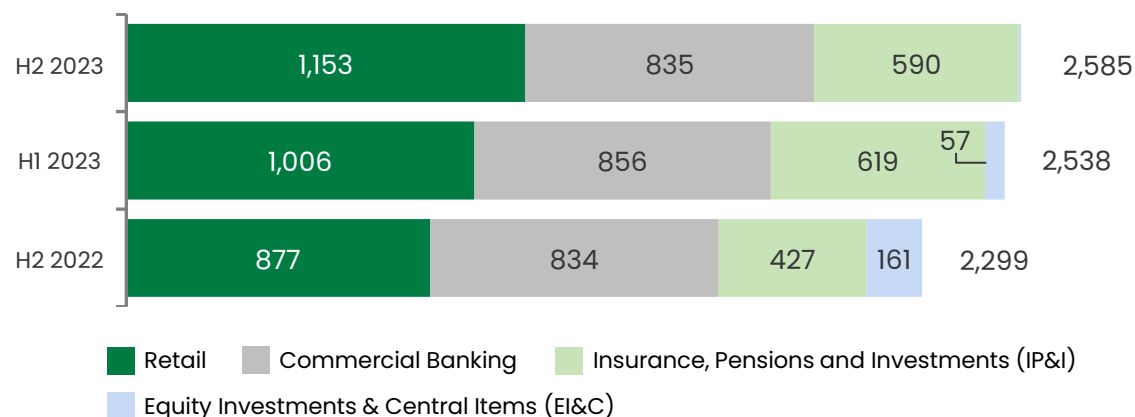
Building confidence in other income



Other income (£m)



Divisional other income (£m)

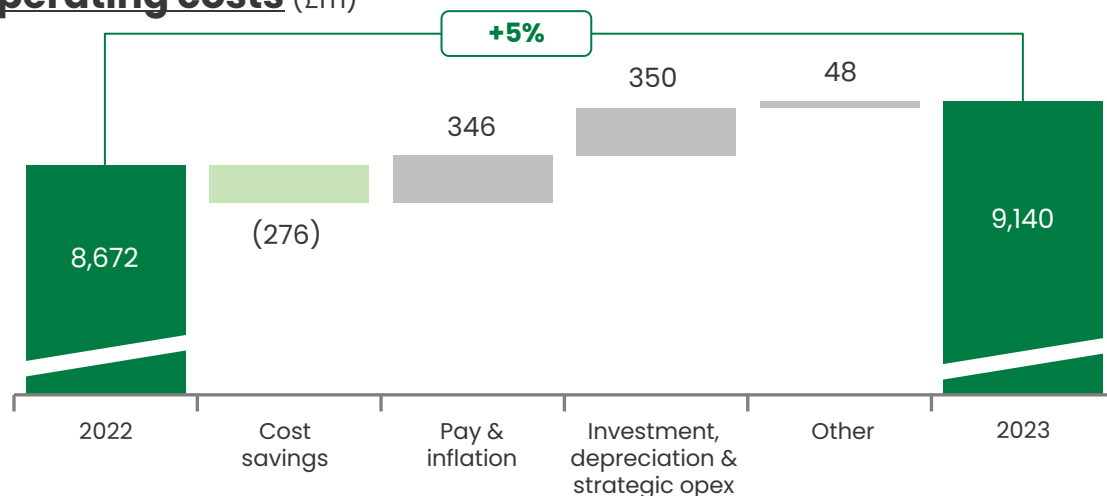


- OOI £5.1bn in 2023, up 10% YoY; £1.3bn in Q4
- Growth based on activity levels and investment
 - Retail: improved PCA and credit card performance, growing motor contribution
 - Commercial: improved markets and strong bond franchise
 - IP&I: improved GI trading and higher deferred profit release from 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

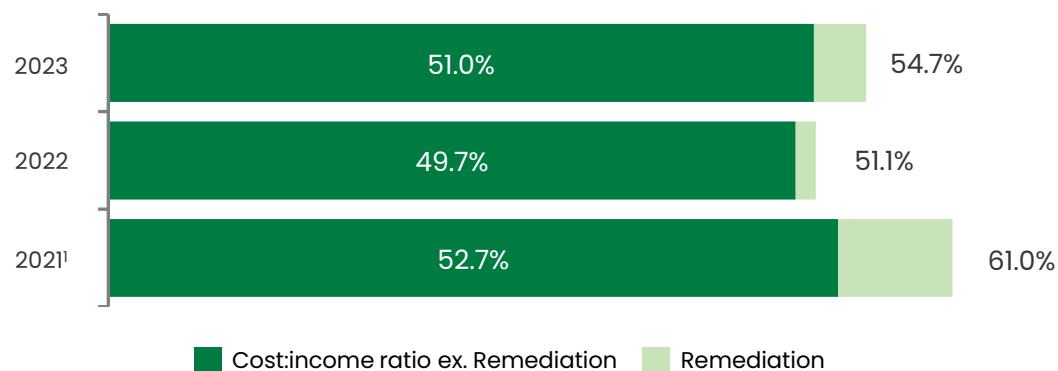
Disciplined operating costs, in line with guidance



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.

Strong asset quality, in line with guidance



Impairment (£m)

	Q4	2023	2022	YoY
Charge (credit) pre updated MES¹	(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 level² (£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%

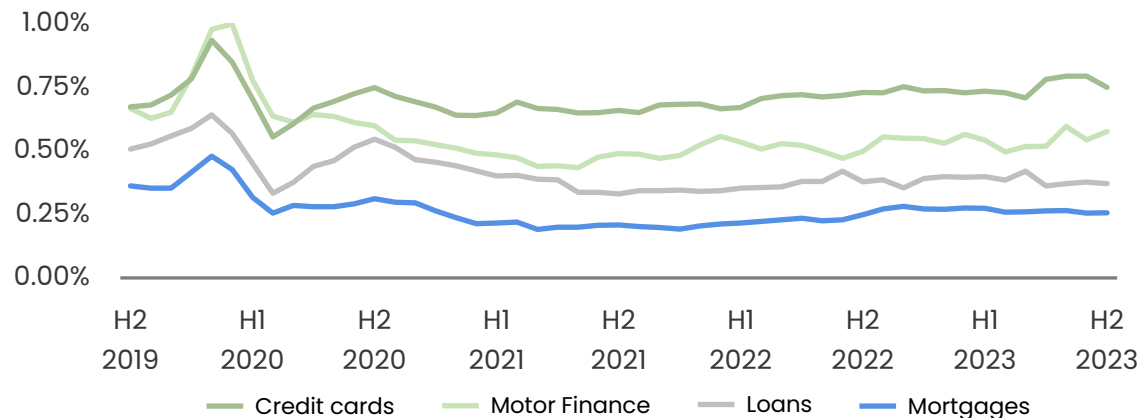
- **2023 impairment charge £308m**
 - Pre-MES charge £565m reflects continued resilience and significant write-back in Q4
 - 2023 AQR 29bps ex. significant write-back and MES updates
 - £257m net MES release reflects improved outlook, including stronger HPI in 2023-24
- **Q4 net credit £541m, £188m from 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**

Stable credit performance across portfolios

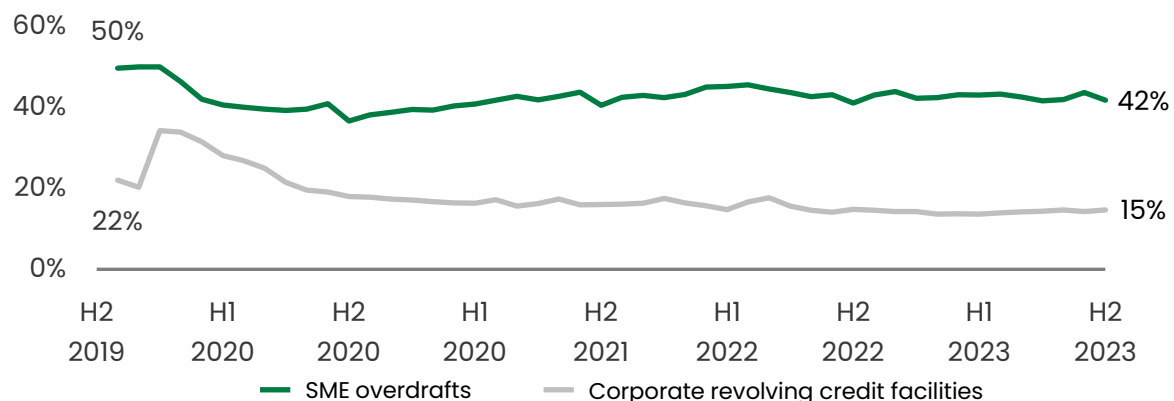


New to arrears as a proportion of total balances

(3 month rolling average, %)



SME overdraft and corporate RCF utilisation (%)



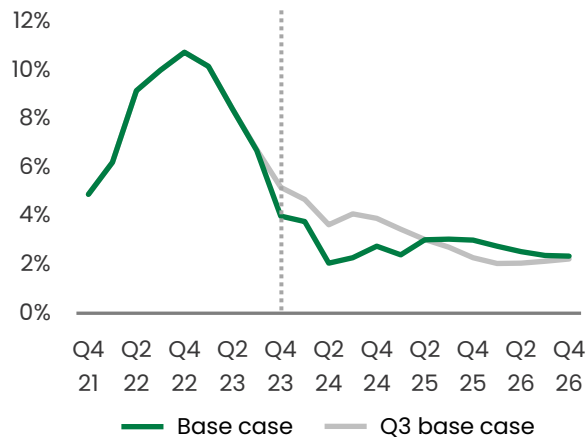
- Mortgage book resilient with new to arrears stable and below 2019; average LTV 43.6%
- Consumer finance trends stable; new to arrears broadly at, or lower than, pre-pandemic
- Stable SME overdraft utilisation trends; corporate RCF¹ utilisation >30% below pre-pandemic
- c.90% of SME lending² secured; >80% of CIB exposure at investment grade
- Net CRE exposure c.£10bn³, remains robust
 - Average interest cover ratio⁴ 3.3x, with 78% >2x
 - Ave. indexed LTV⁴ 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.

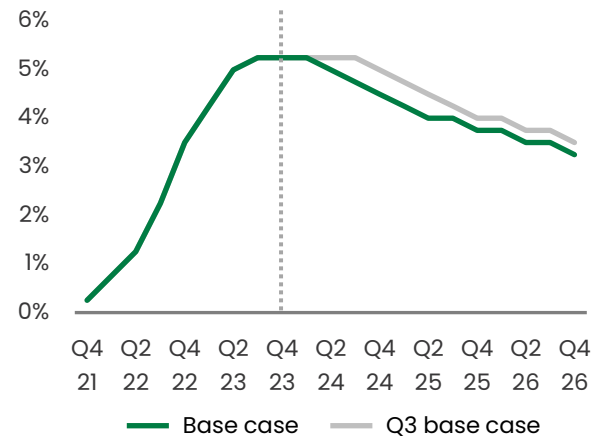
Updated macroeconomic outlook



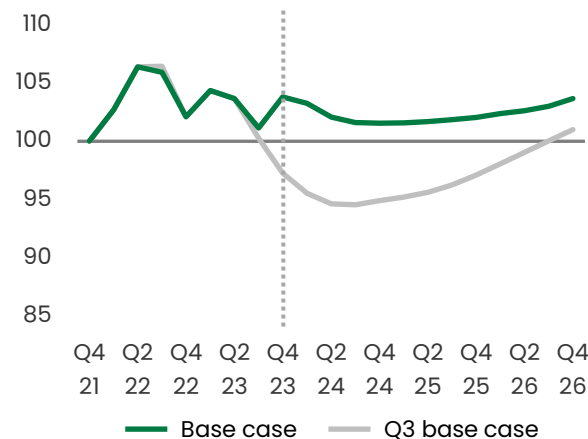
CPI inflation



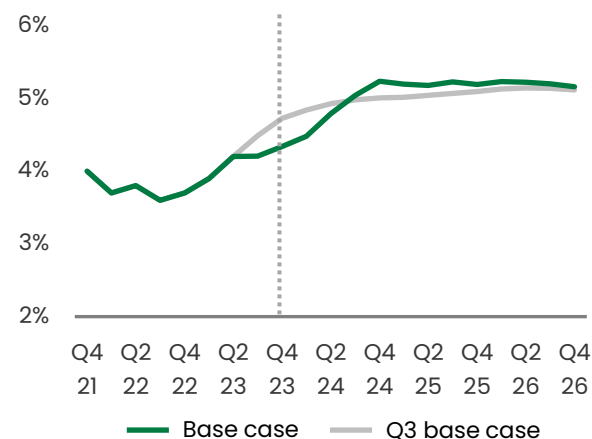
UK bank rate



Indexed house prices



Unemployment



- **GDP growth to remain subdued in 2024; sharply declining inflation expected to benefit HPI¹**
 - 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

	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 ratio¹

19.8%

Total Capital ratio

31.9%

MREL ratio

173bps

Pro forma capital generation²
post regulatory headwinds

29bps

Asset Quality Ratio³

5.8%

Leverage ratio

43.6%

Average Mortgage LTV

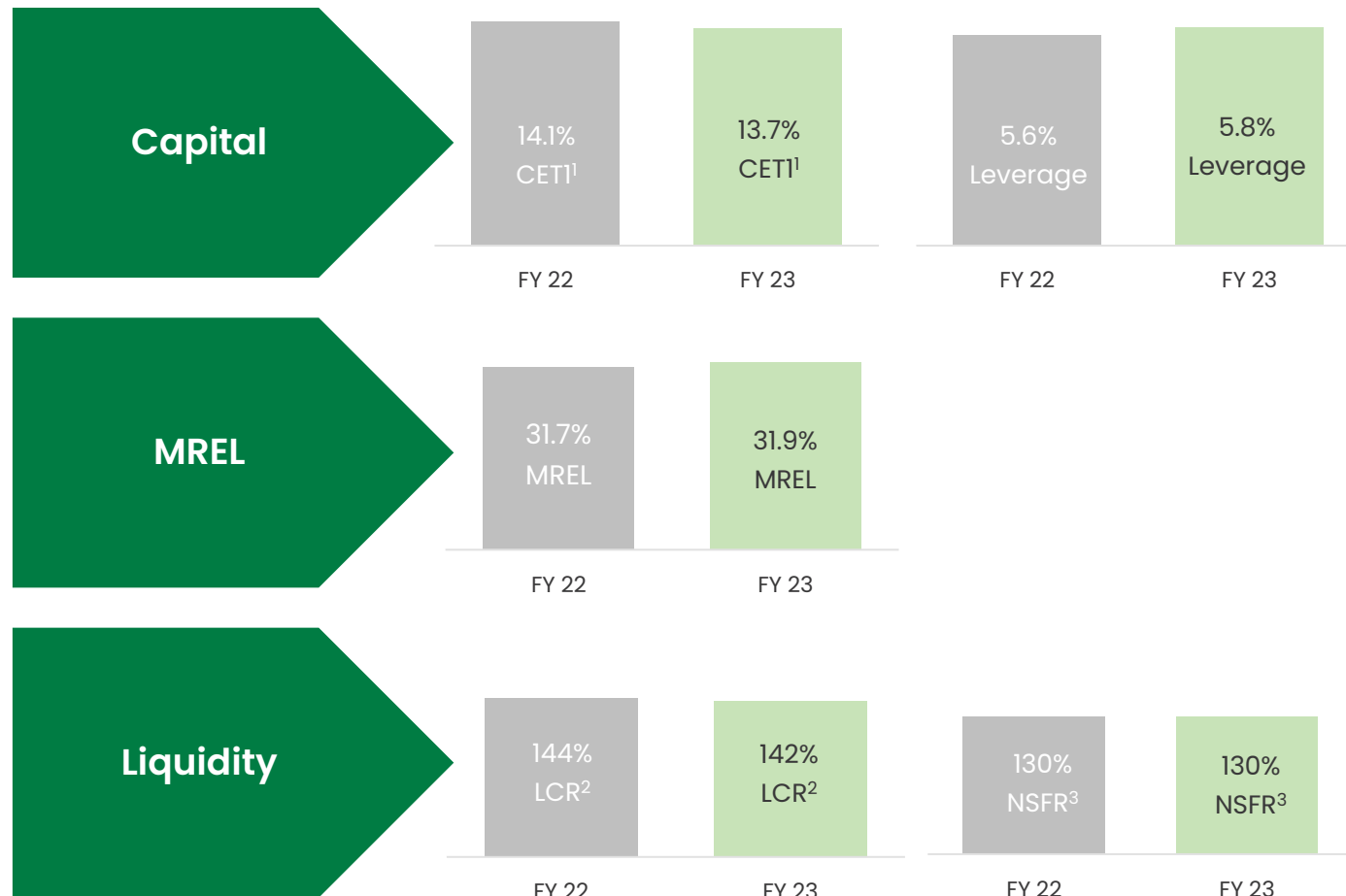
130%

Net Stable Funding Ratio

142%

Liquidity Coverage Ratio

Strong Capital, MREL and Liquidity Ratios



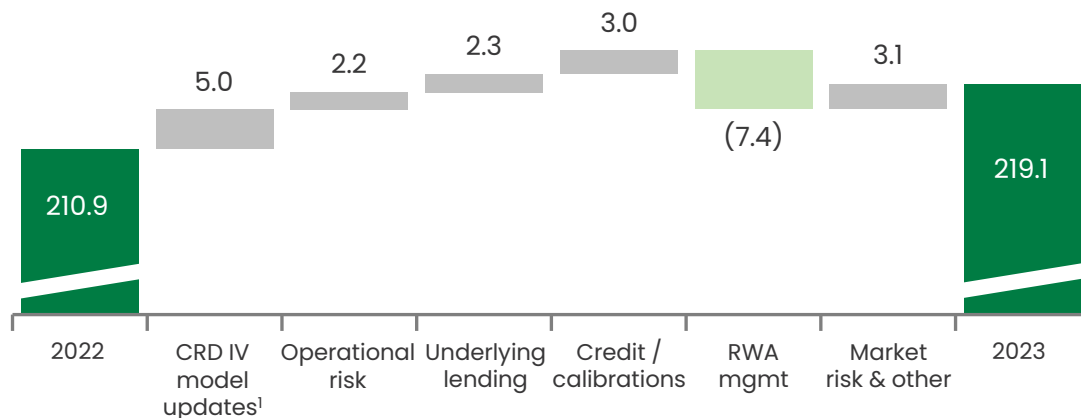
- **CET1 remains ahead of 10.3% MDA⁴ and the Group target of 13.5% by 2024, 13% by 2026**
- **MREL remains strong and in excess of regulatory requirements of 27.3%**
- **Stable and high-quality liquidity metrics**

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.

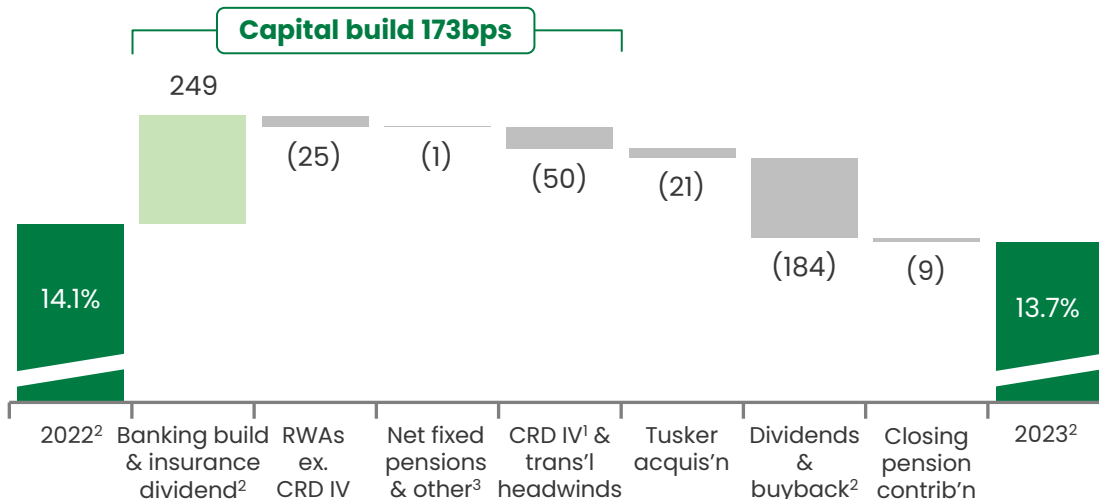
Strong capital generation, in line with guidance



Risk weighted assets (£bn)



Common equity tier 1 ratio (% bps)



- **RWAs £219.1bn, up £8.2bn, inc. £1.4bn in Q4**
 - CRD IV updates¹ £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 generation²**
 - 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.

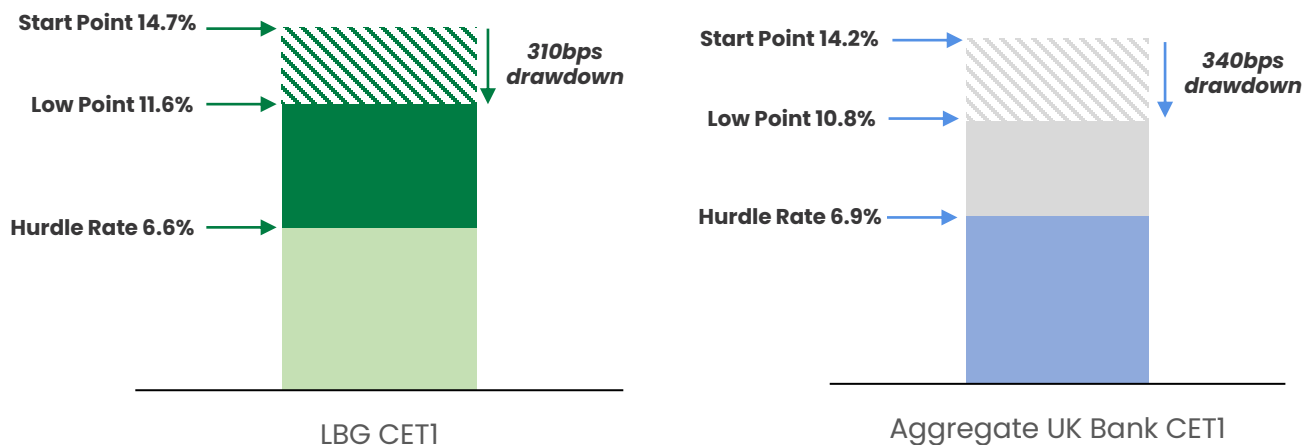
Low risk balance sheet post targeted risk reduction



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



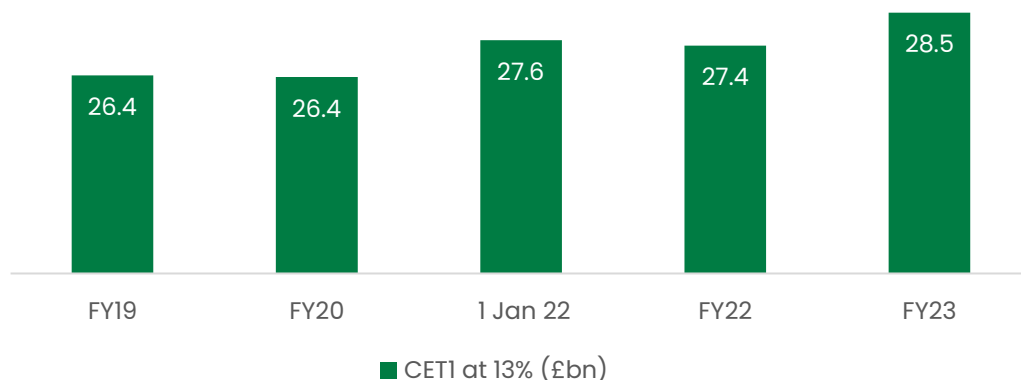
- **De-risking across retail and commercial portfolios**
 - 2006–08 mortgage portfolio halved since 2018 (£31bn vs £65bn), including Bridgegate securitised sale
 - Use of SRTs to optimise balance sheet
 - c.90% of SME lending¹ secured; c.80% of CIB exposure at investment grade
 - CRE c.2% of lending, 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.

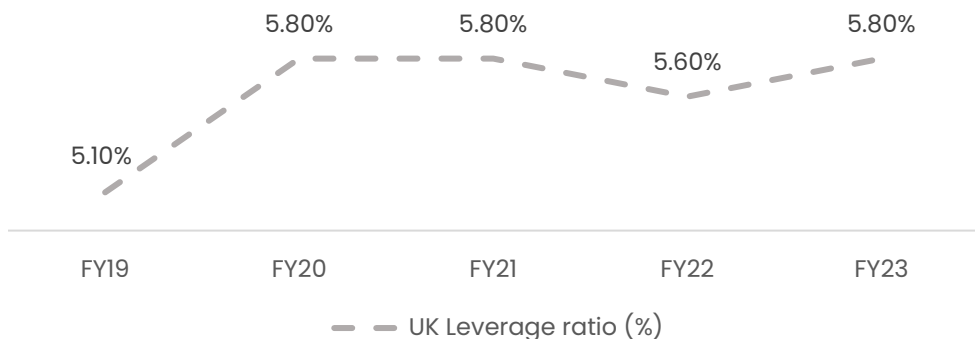
Group is holding more CET1 resources, despite a lower risk balance sheet



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 MDA¹**
 - 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

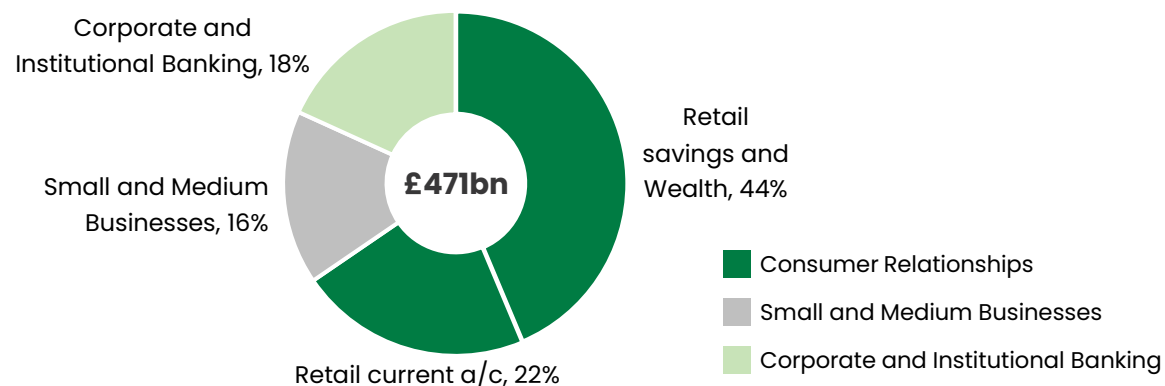
1 – The Group's MDA threshold is based on the combined buffer requirement, which excludes the equivalent of the Ring-Fenced Bank's O-SII.

Diversified deposit base; strong liquidity position

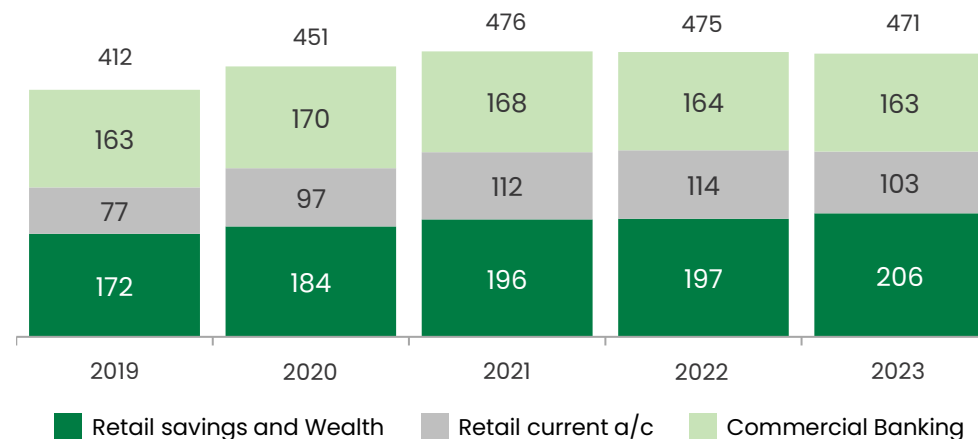
Loan to deposit ratio 95%, Net stable funding ratio 130%, Liquidity coverage ratio 142%



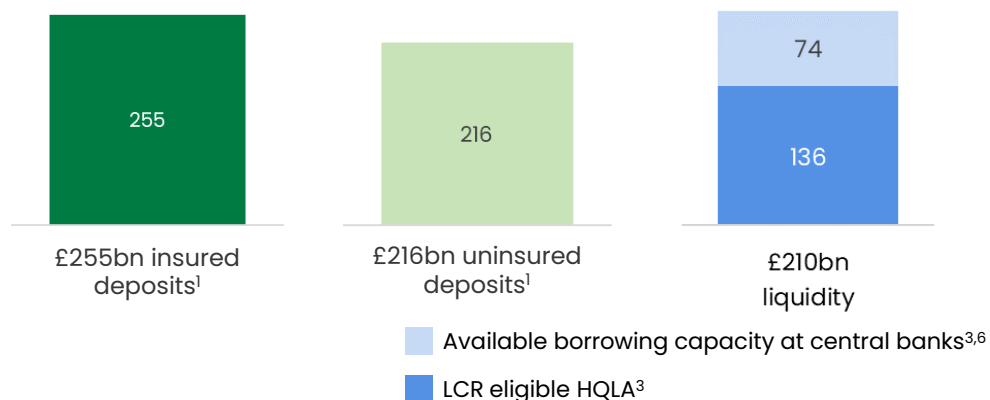
c.65% of deposits in Retail; diversified Commercial balances (£bn)



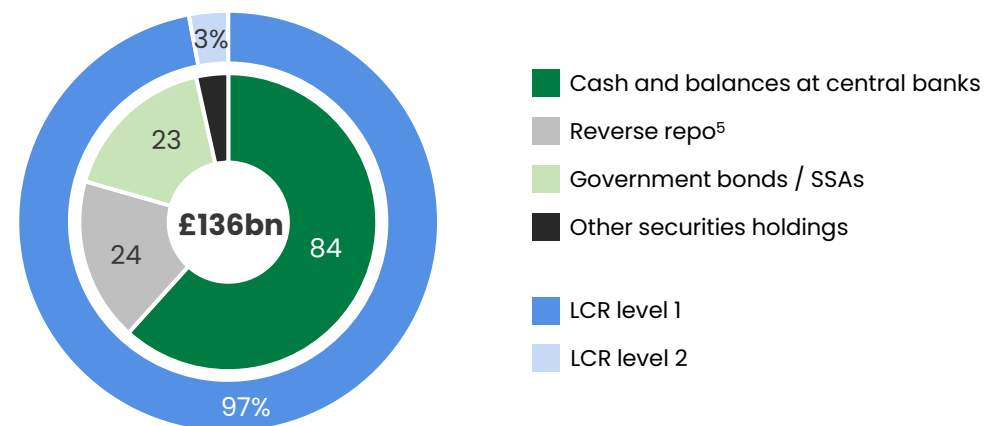
Deposit growth since 2019 led by Retail² (£bn)



54% of total deposits insured¹ (£bn)



Liquidity portfolio³ fully hedged for interest rate risk⁴ (£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

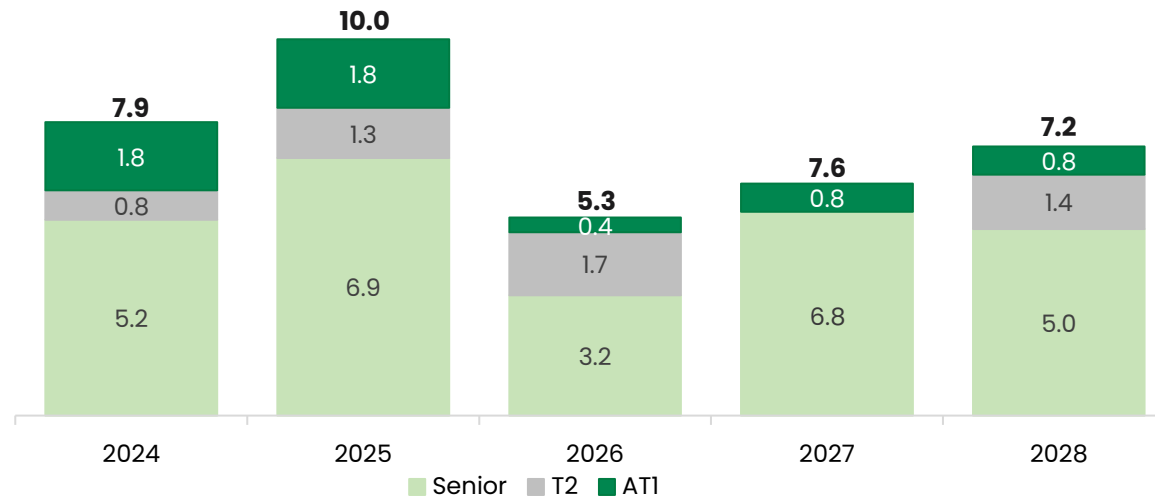
Appendix

Modest net issuance volumes in 2024

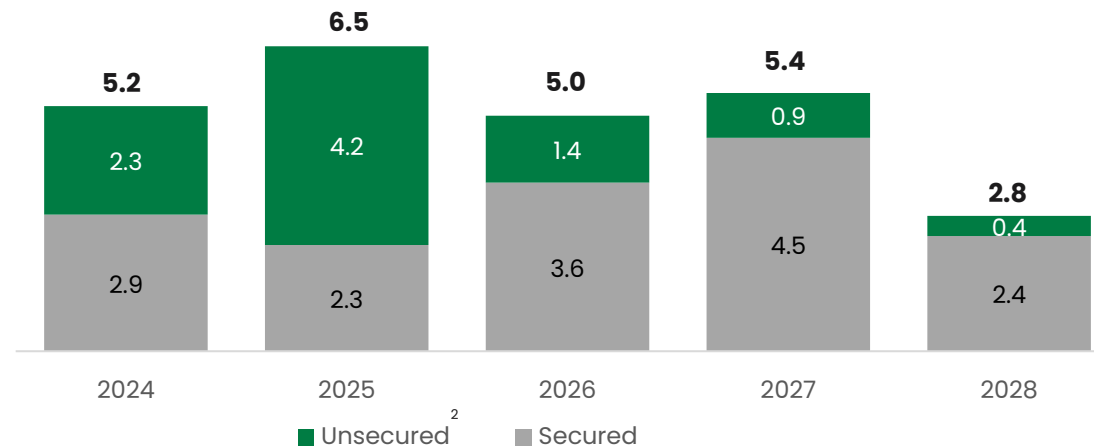
The Group has access to a diverse range of funding programmes, products, and markets



HoldCo redemption profile (£bn)¹



OpCo redemption profile (£bn)¹

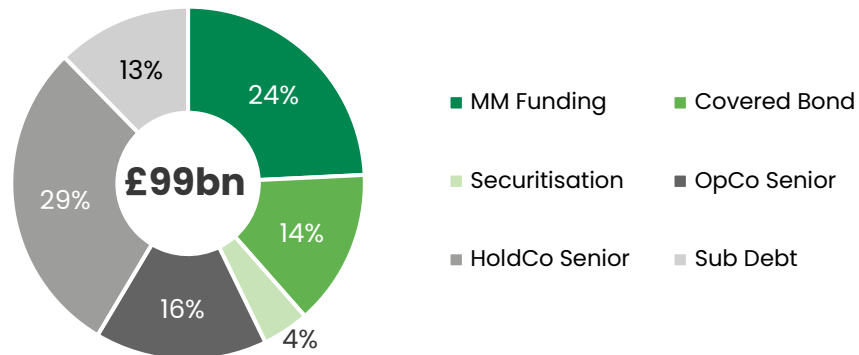


¹ – Based on notional value outstanding and FX rate as at close 31.12.2023, redemption profiles reflect first call dates which remain subject to issuer call decision. ² – Includes subordinated debt issued by LBG subsidiaries.

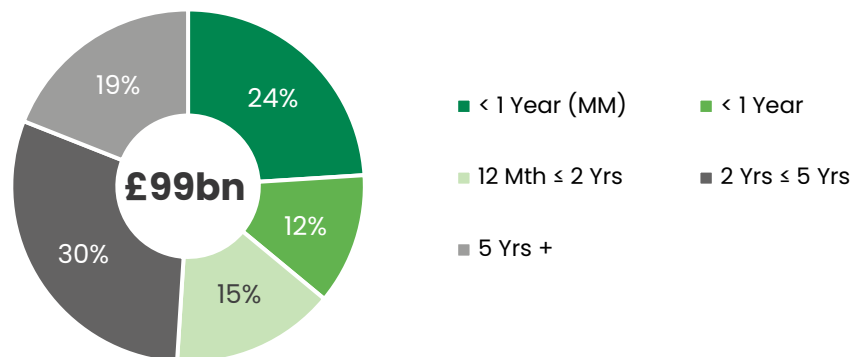
Diverse funding portfolio as at FY 2023



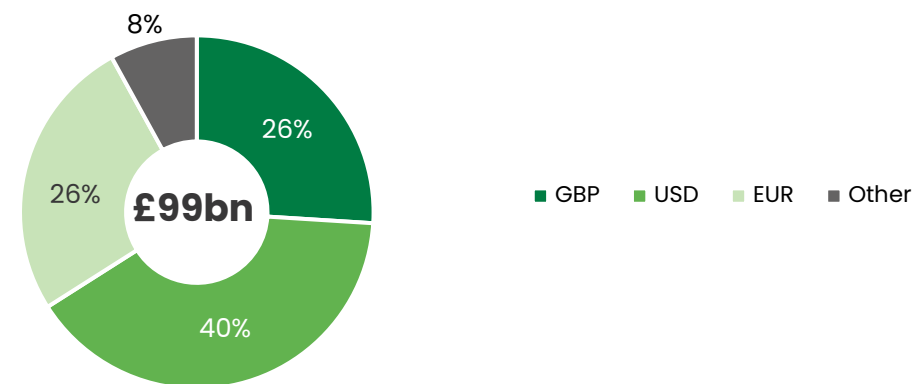
Wholesale funding portfolio by type



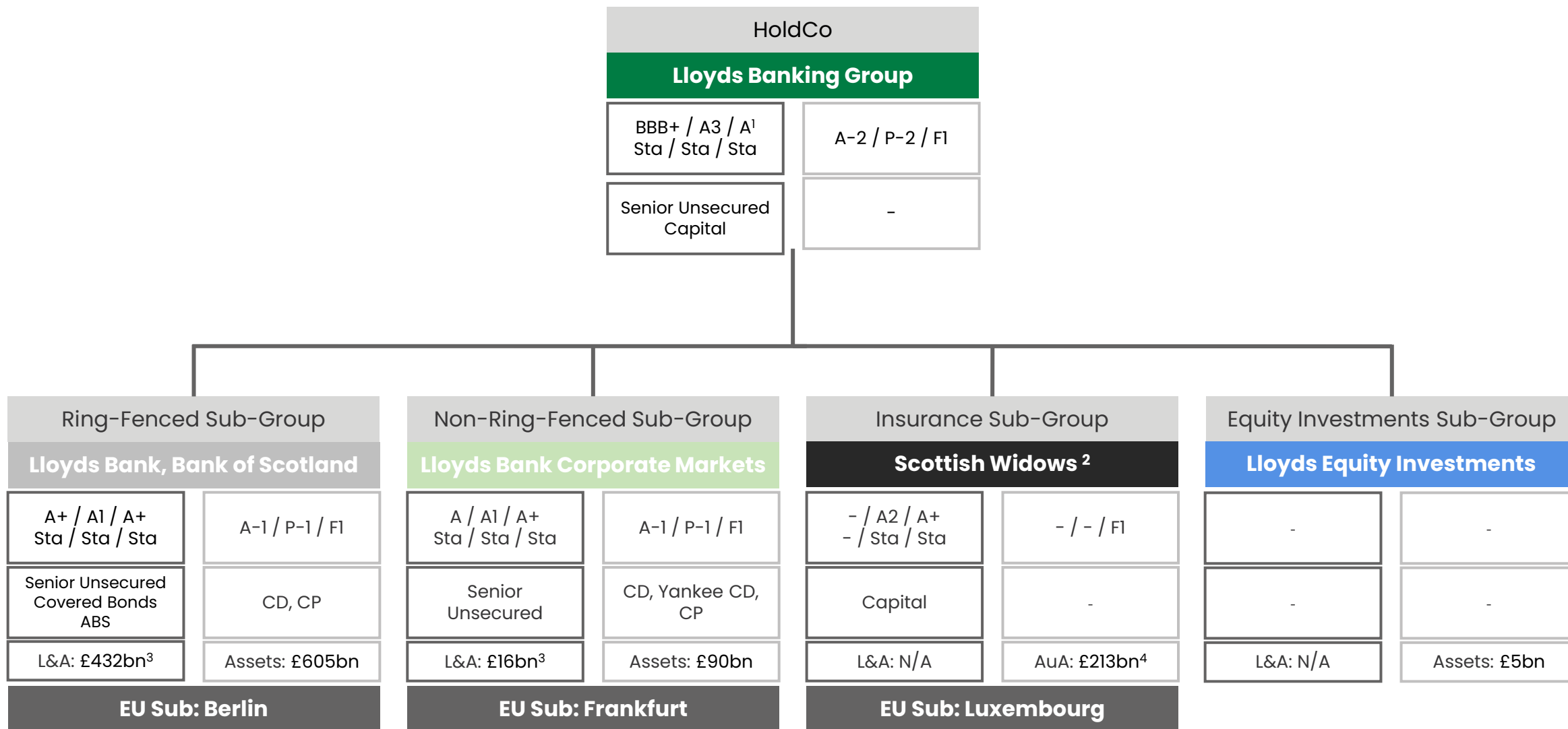
Wholesale funding portfolio by maturity



Wholesale funding portfolio by currency



Simple group structure with multiple issuance points



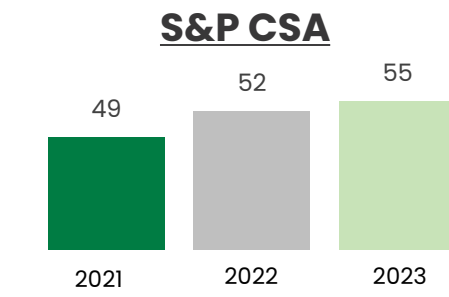
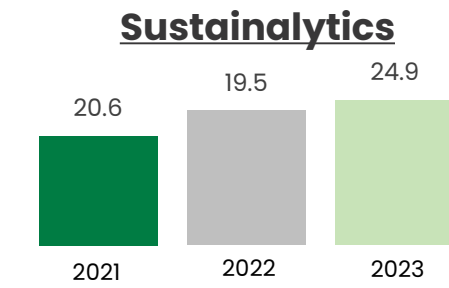
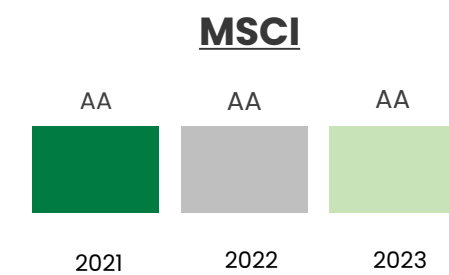
1 - Ratings shown are senior unsecured in the order of S&P / Moody's / Fitch as at 22.02.24. 2 - Ratings shown for Scottish Widows are Insurance Financial Strength Ratings. 3 - "L&A" refers to Loans & Advances to customers. 4 - Includes stockbroking.

Strong ratings across the Group



		Credit ratings ¹			
		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 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 ratings¹



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)				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
		Stage 1	Stage 2	Stage 3	Total							
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)

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

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