2024 Half Year Results Fixed Income Presentation

Lloyds Banking Group
25 July 2024

Business and strategic update

Leading UK digital bank and integrated financial services provider

LLOYDS BANKING GROUP

Lloyds Banking Group Plc

	Retail		Commercial		
3 core divisions	Retail		Commercial		Insurance Pensions & Investments
Business units	Consumer Relationships	Consumer Lending	Small and Medium Businesses	Corporate & Institutional Banking	Insurance Pensions & Investments
Products	• Current accounts • Savings accounts • Mass affluent proposition	• Mortgages • Credit cards • Personal loans • Motor finance	• Business loans • Transactional banking • Working capital	• Lending and debt capital markets • Risk management • Cash Liquidity	• 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, embark group

Consistent strategic delivery, robust financial performance

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Purpose

Helping Britain Prosper

- Supporting customers to meet a broad range of financial needs
- Delivering on purpose driven strategy, benefitting all stakeholders
- Robust financial performance in line with expectations
- Strong capital generation enabling increased interim dividend
- Reaffirming 2024 guidance; confident in 2026

Robust financial performance, in line with expectations

Resilient Q2 net interest margin	Momentum in Q2 OOI; YoY growth	Q2 costs[1] in line with FY expectations
293bps	**9%**	**£2.3bn**

Strong Q2 asset quality	Growth in Q2 lending[2]	Growth in Q2 deposits
5bps	**c.£5bn**	**c.£6bn**

Robust profitability; H1 RoTE	Strong H1 capital generation	Interim dividend up 15% YoY
13.5%	**87bps**	**1.06p**

1 – Excluding remediation. **2** – Excluding £0.9bn legacy mortgage book securitisation activity.

Building momentum in strategic initiatives

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Building on strengths

27m Customer relationships

22m Digitally active users

c.18% Group average market share across core product areas[1]

Investing in the business

c.£3bn Incremental strategic investment 2022-2024

Growing business momentum

Grow

- Strengthening customer **relationships**
- Growing in **high value** areas
- Increasing **Group connectivity**

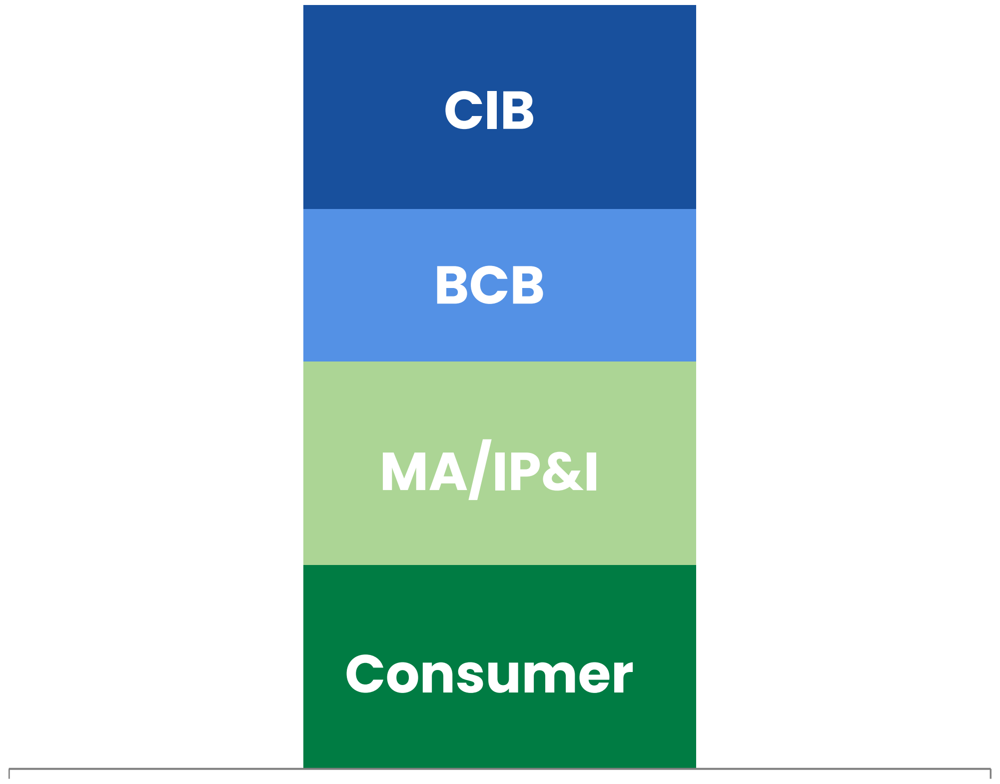
Focus

- Strengthening **cost** and **capital efficiency**

Change

- Maximising the potential of **people, technology** and **data**

Driving value



c.£1.5bn additional revenues by 2026 (**c.£0.7bn** by 2024)

c.£1.2bn gross cost savings by 2024

On track to meet strategic objectives and financial targets

1 – Reflects latest available time period.

Delivering growth

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Strengthening relationships

Delivering redesign of **Consumer mobile app**

Launched **Invest Wise** and **Ready-Made Pensions** propositions

Increasing **FX share of wallet** (up c.40% vs. H1 2021)

19.4m Consumer mobile app active users, up >30% since 2021

c.2x YoY increase in 18-25 year old investment customers

c.30% Increase in CIB OOI H1 2024 vs. H1 2021

Growing in high value areas

Lloyds Bank 360 scaled to **c.500k mass affluent customers**

Meeting more insurance needs for higher value segments **e.g. retirement**

Increasing focus on BCB sectors with **higher average product holdings**

c.2.9m Mass affluent customers; banking balances up >10% since 2021[1]

+6pp Increase in individual annuities market share since 2021[2]

c.15% Uplift in merchant services conversion after integrating in new BCA journey[3]

Increasing Group connectivity

Increasing **Home/Protection penetration** in mortgage journeys

Meeting **workplace pension** needs for CIB clients

>90% YoY increase in new Home Insurance policies (#1 share)[4]

10% Growth in workplace pensions AuA in H1 to >£100bn

On track to deliver c.£0.7bn additional revenues from strategic initiatives by FY 2024 (FY 2023: c.£0.5bn)

1 – Customer numbers based on customers with an active PCA, includes existing customers who have recently attained the >£75k threshold. Balances include lending and deposits, excluding Motor. **2** – New business APE.
3 - Based on comparable sole trader cohorts through new and existing digital journeys. **4** – Q1 2024 vs. Q1 2023.

Investing in enablers to drive operating leverage

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Strengthening cost and capital efficiency

Digitising BCB customer servicing journeys; **c.45%** covered to date

Reducing office footprint while **enhancing office space** with leading sustainability credentials

c.£3.7bn RWA optimisation in H1, supported by capital efficient securitisation activity

c.60% Lower unit costs from BCB servicing case study[1]

>20% Reduction in office footprint since 2021

c.£15bn Gross RWA reduction from optimisation since 2021

Maximising the potential of people, technology & data

Leveraging data to increase **personalisation,** with **>19m** consumers registered for marketing

c.20% increase in legacy apps decommissioned to date in H1

Building capability with **c.1.5k** H1 technology and data hires

c.5x BCB product conversion rate increase[2]

>10% Reduction in run and change technology costs since 2021

>4k Technology and data hires since 2021

On track to deliver c.£1.2bn gross cost savings by FY 2024 (H1 2024 to date: c.£0.9bn)

1 – Change of Business Address servicing journey. **2** – Observed when customer received personalised engagement. January 2024 vs. January 2023.

Strong financial delivery

On track to deliver in 2024

c.£0.7bn	Additional revenues from strategic initiatives
c.£1.2bn	Gross cost savings
c.13%	RoTE
c.175bps	Capital generation

Confident in 2026

c.£1.5bn	Additional revenues from strategic initiatives
<50%	Cost:income ratio
>15%	RoTE
>200bps	Capital generation

Financial update

Robust financial performance

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Financial performance (£m)

	H1 2024	H1 2023	YoY %	Q2 2024	Q1 2024	QoQ %
Net interest income	**6,338**	7,004	*(10)*	**3,154**	3,184	*(1)*
Other income	**2,734**	2,538	*8*	**1,394**	1,340	*4*
Operating lease depreciation	**(679)**	(356)	*(91)*	**(396)**	(283)	*(40)*
Net income	**8,393**	9,186	*(9)*	**4,152**	4,241	*(2)*
Operating costs	**(4,700)**	(4,413)	*(7)*	**(2,298)**	(2,402)	*4*
Remediation	**(95)**	(70)	*(36)*	**(70)**	(25)	*(180)*
Total costs inc. remediation	**(4,795)**	(4,483)	*(7)*	**(2,368)**	(2,427)	*2*
Underlying profit pre impairment	**3,598**	4,703	*(23)*	**1,784**	1,814	*(2)*
Impairment (charge) / credit	**(101)**	(662)	*85*	**(44)**	(57)	*23*
Underlying profit	**3,497**	4,041	*(13)*	**1,740**	1,757	*(1)*
Statutory profit after tax	**2,444**	2,864	*(15)*	**1,229**	1,215	*1*
Net interest margin	**2.94%**	3.18%	*(24)bp*	**2.93%**	2.95%	*(2)bp*
Return on tangible equity	**13.5%**	16.6%	*(3.1)pp*	**13.6%**	13.3%	*0.3pp*
Earnings per share	**3.4p**	3.9p	*(0.5)p*	**1.7p**	1.7p	-
TNAV per share	**49.6p**	45.7p	*3.9p*	**49.6p**	51.2p	*(1.6)p*
CET1 ratio	**14.1%**	14.2%	*(0.1)pp*	**14.1%**	13.9%	*0.2pp*

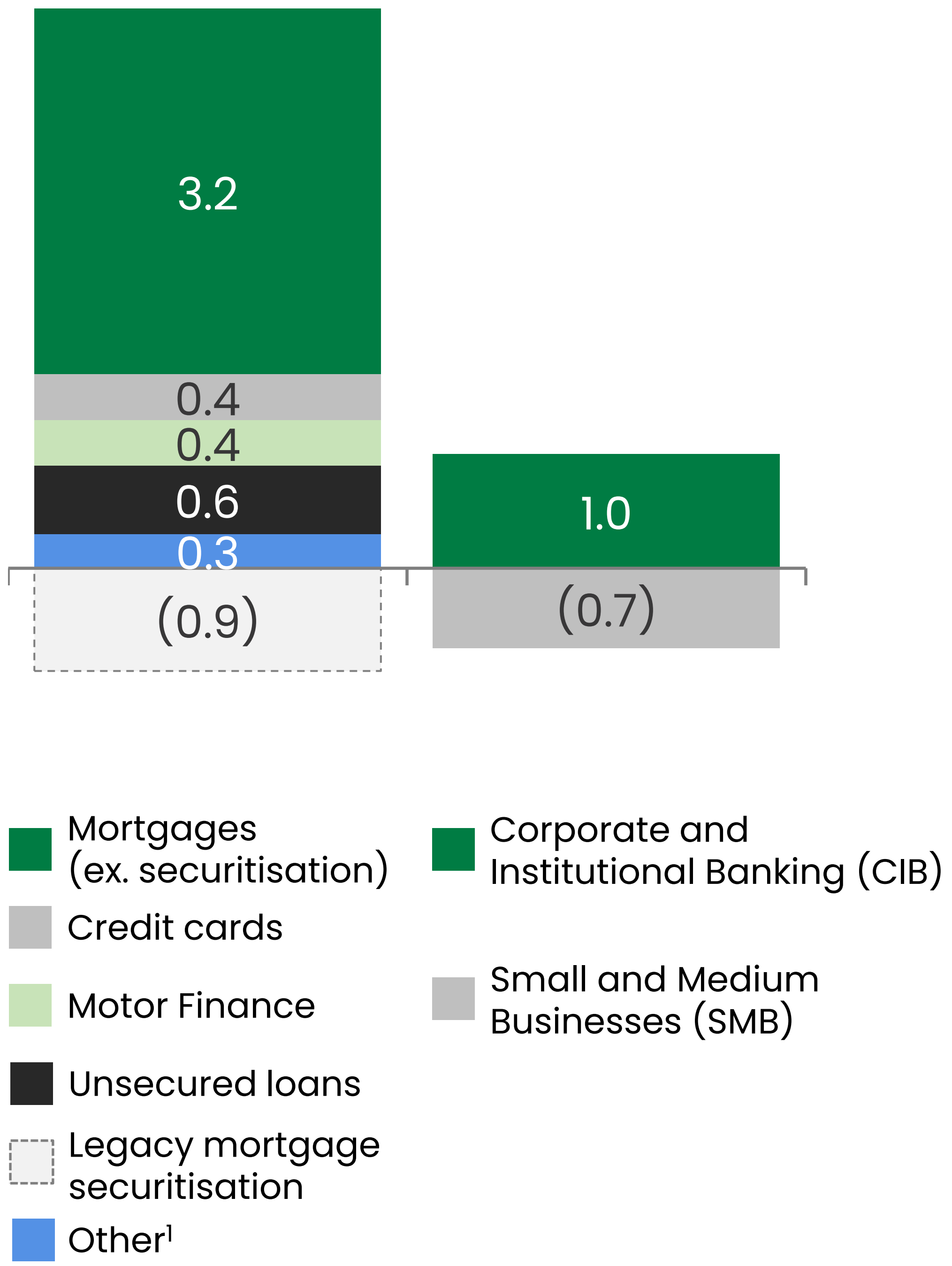
- **Statutory profit after tax £2.4bn; H1 RoTE 13.5%**
- **Net income, down 9% YoY; H1 NIM 294bps; Q2 NIM 293bps, down 2bps vs. Q1**
- **Operating costs up 7% YoY; up 4% ex. BoE levy**
- **Strong asset quality; £101m impairment charge; pre-MES charge £425m, equivalent to 19bps AQR**
- **TNAV per share 49.6p, down 1.2p in H1 and 1.6p in Q2, after impact of shareholder distributions**
- **Strong H1 capital generation of 87bps**

Growth across lending and deposits

Q2 lending change (£bn)

Retail **+£4.0bn/1%** (+4.9bn ex. securitisation)

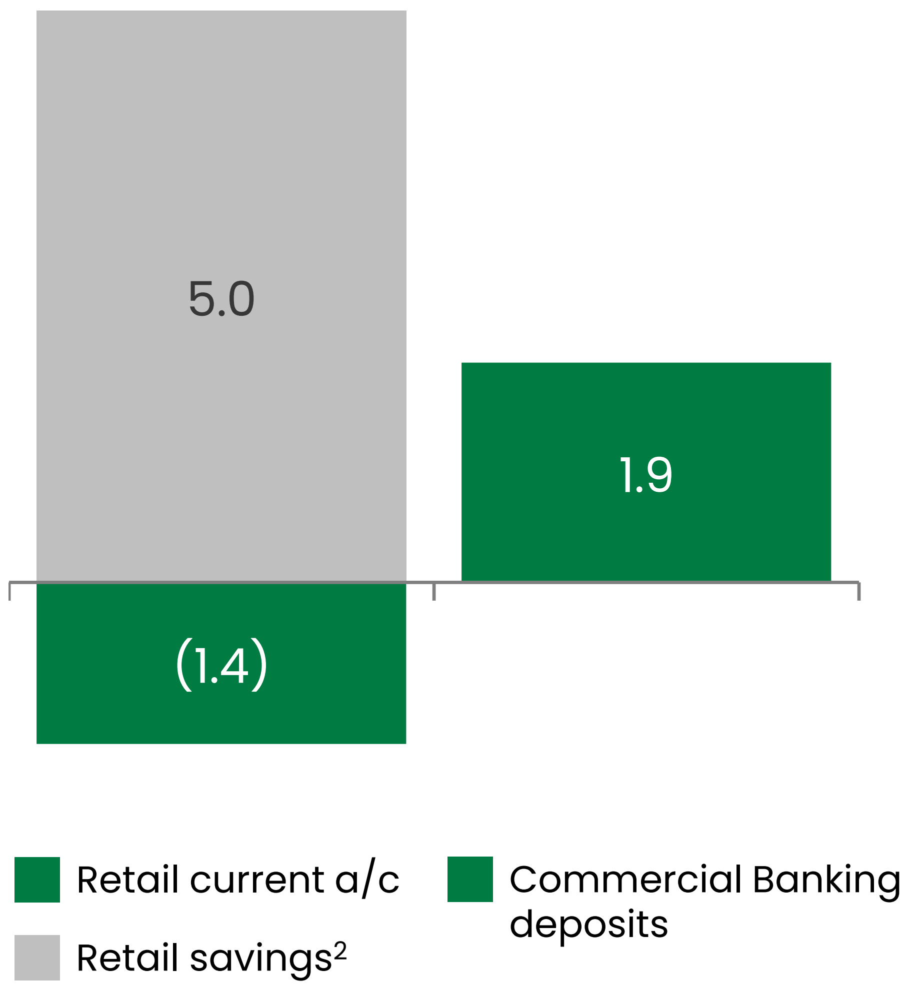
Commercial **+£0.3bn/0%**



Q2 deposit change (£bn)

Retail **+£3.6bn/1%**

Commercial **+£1.9bn/1%**

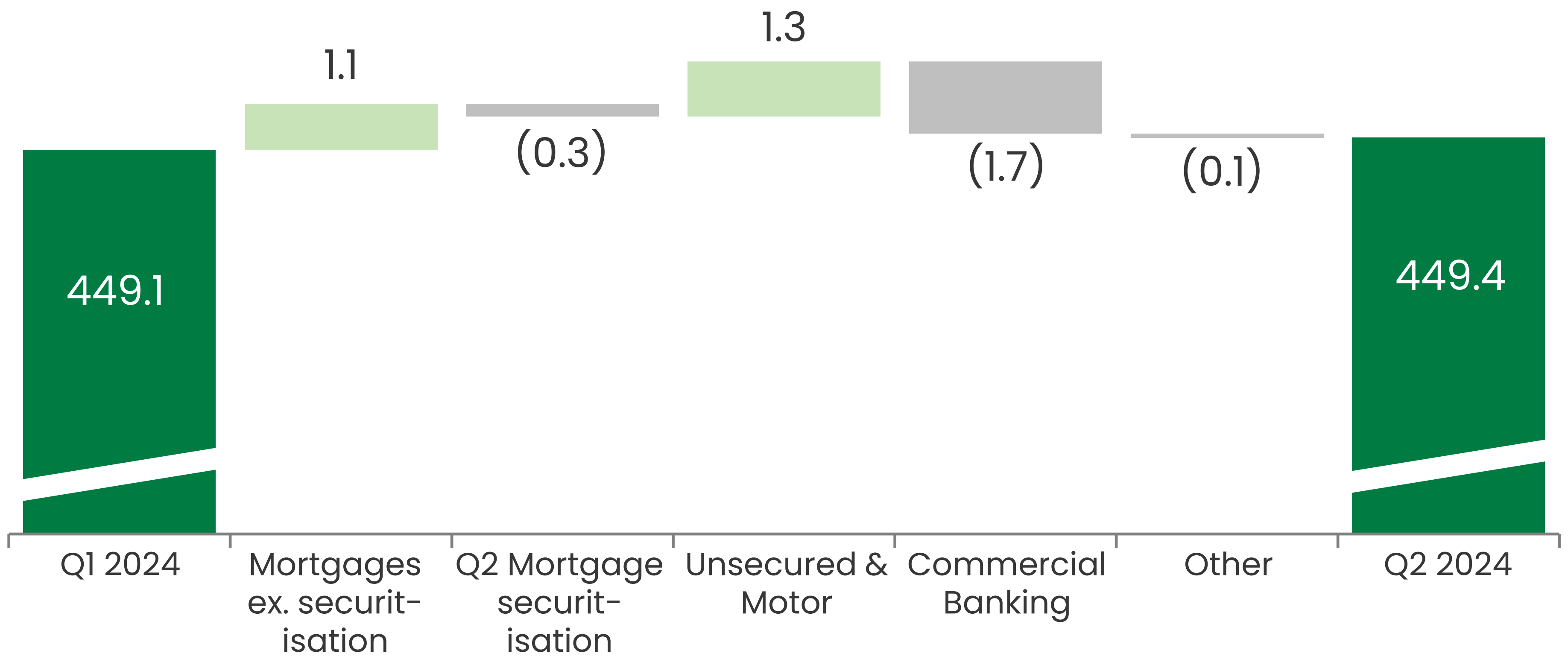


- **Group lending £452bn, up £3.9bn or 1% in Q2, up £4.8bn ex. securitisation activity; up £2.7bn in H1**
  - Retail up £4.9bn in Q2 ex. securitisation
  - Mortgages up £3.2bn ex. securitisation
  - Growth in Credit cards, Motor Finance and Unsecured loans
  - Commercial up £0.3bn in Q2; SMB performance includes repayments of CBILS/BBLS
- **Group deposits £475bn, up £5.5bn or 1% in Q2; up £3.3bn in H1**
  - Retail up £3.6bn in Q2; current accounts down £1.4bn, incl. reversal of Q1 bank holiday impact
  - Commercial up £1.9bn in Q2
- **£2.7bn net new money in IP&I open book AuA in H1**

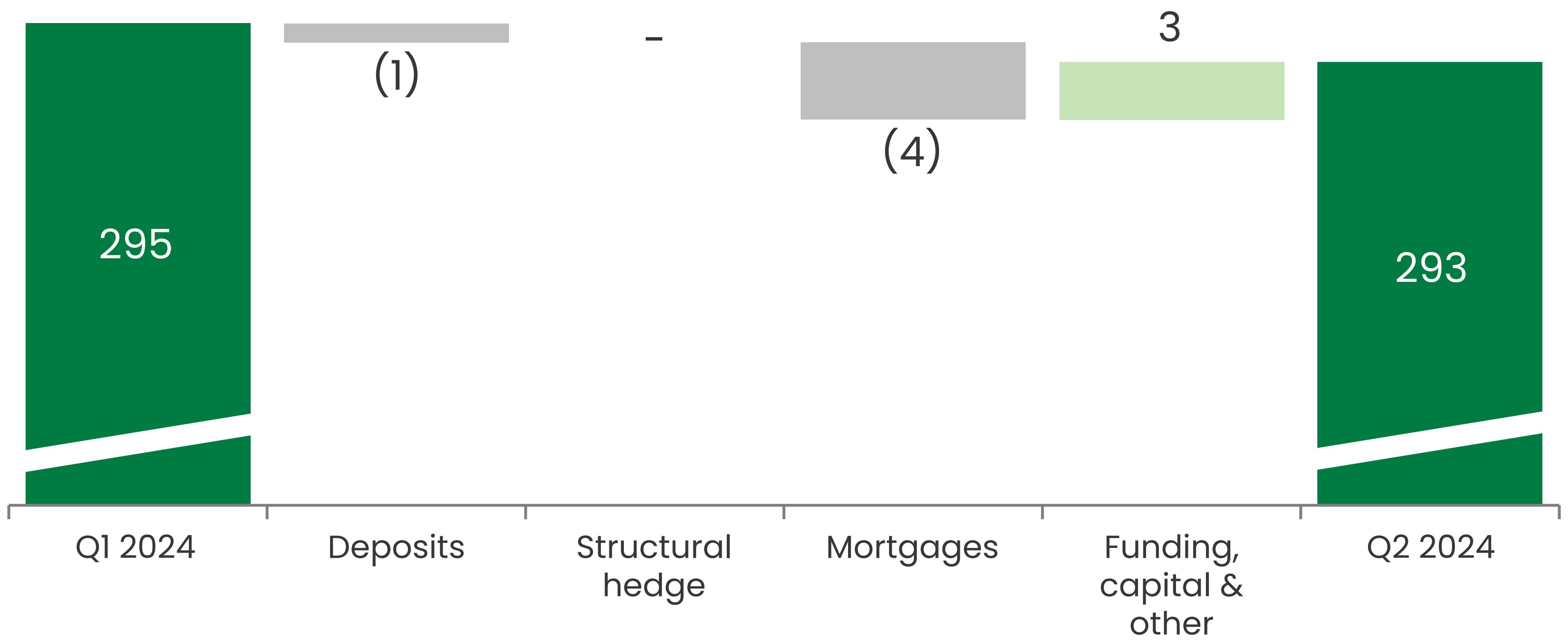
1 – Includes Overdrafts, Europe and Wealth. 2 – Includes Retail savings and Wealth.

Resilient net interest income performance

Average interest earning assets (£bn)



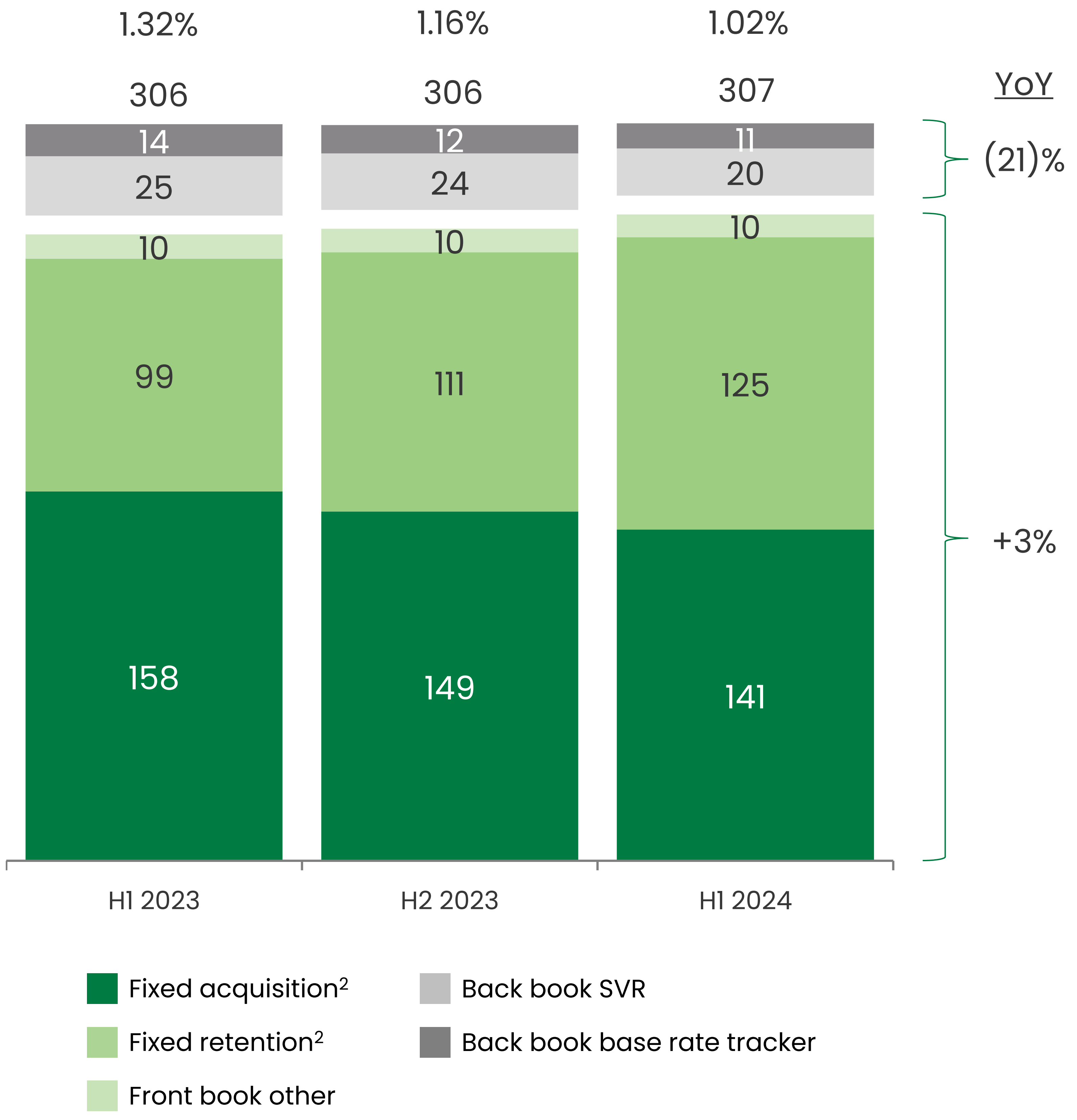
Banking net interest margin (bps)



- **Q2 NII £3.2bn, down 1% QoQ**
  - Q2 AIEAs £449bn, stable vs. Q1
  - Q2 NIM 293bps, down 2bps vs. Q1; 294bps in H1
  - Q2 non-banking NII charge of £124m; H1 £229m
- **Continue to expect 2024 AIEAs to be >£450bn**
  - Further lending growth expected in H2
- **Continue to expect 2024 NIM >290bps**
  - Mortgage and deposit pressures evolving as expected
  - Hedge income expected to be stronger in H2
- **Non-banking NII in line with £450-£500m guidance for 2024**

Growth in mortgages

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



- **Mortgage balances £307bn, up £0.7bn in H1, up £1.6bn ex. securitisation**
  - Mortgages up £2.3bn or 1% in Q2, (£3.2bn ex. securitisation)
- **Refinancing impact evolving in line with expectations**
  - Completion margin average c.70bps in Q2[3]
- **Enhanced integration of protection insurance into mortgage journey driving 3pp increase in take-up**
- **New mortgage lending remains attractive from a strategic and economic value perspective**

1 – Gross margin is gross customer receivables, less short term funding costs; references SONIA. Chart uses rounded inputs. **2** - Front book balance splits restated between acquisition and retention, reflecting enhanced granularity in product level reporting. **3** – 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

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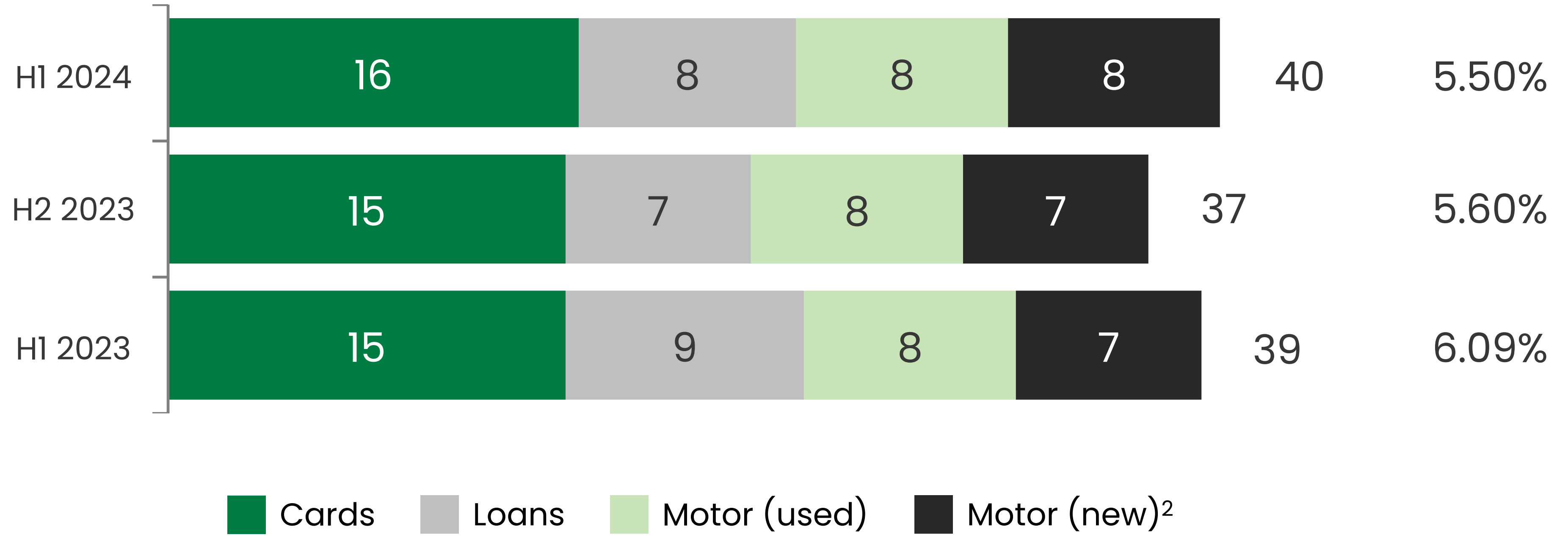
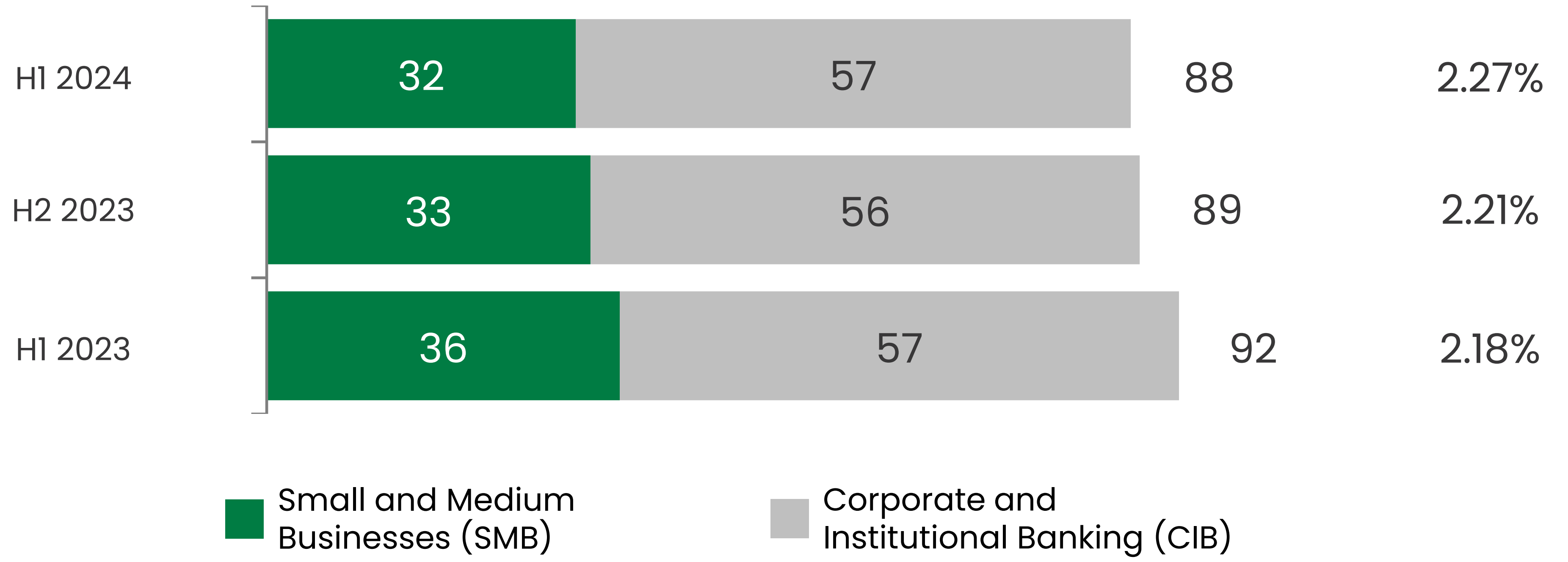
UK Cards, Loans & Motor (Book size £bn, Gross margin %[1])



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

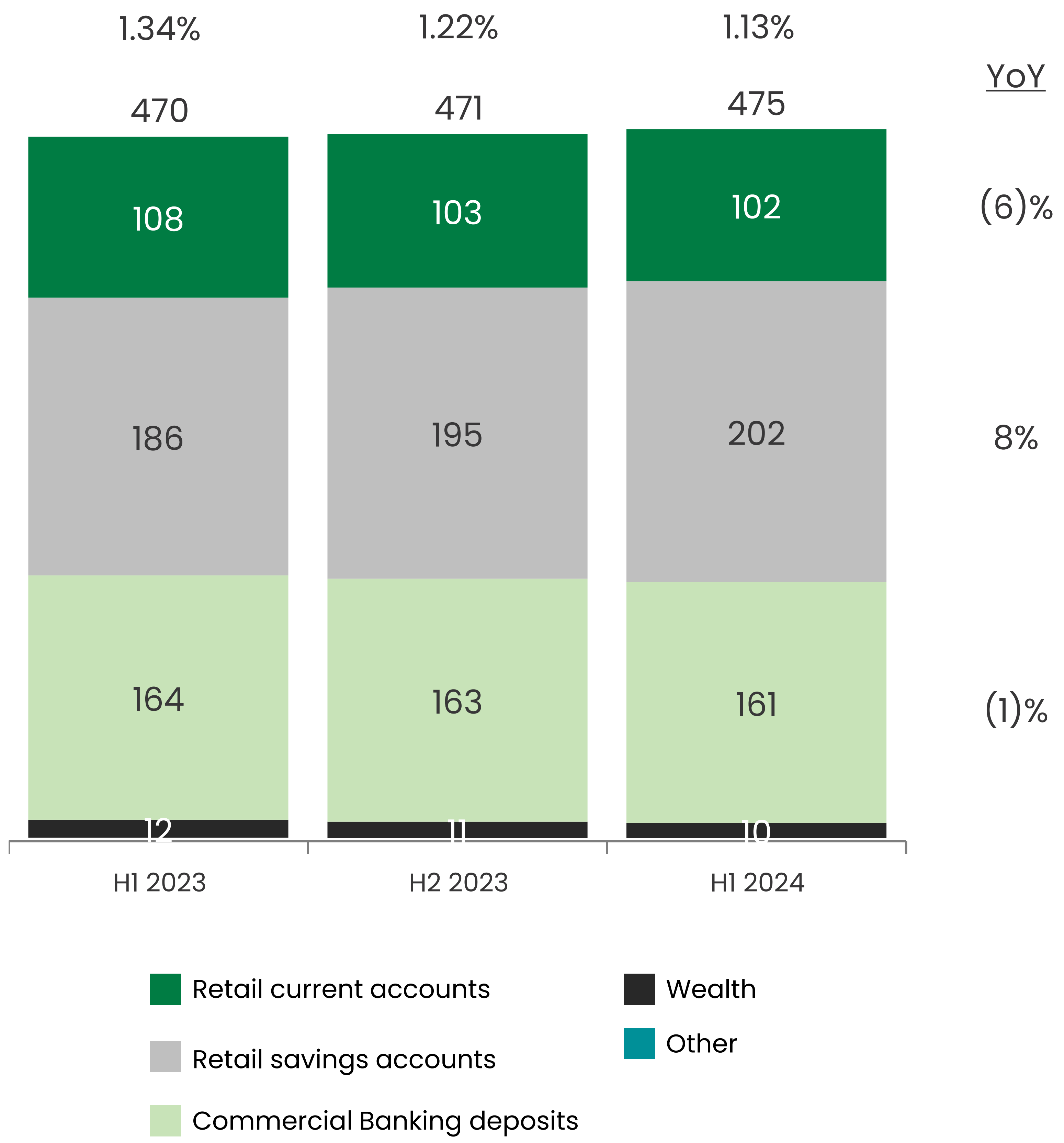


- **UK Cards, Loans & Motor up £2.7bn in H1, including £1.4bn in Q2**
  - Credit cards up £0.5bn in H1
  - Loans up £1.3bn in H1
  - UK Motor Finance up £0.9bn in H1
- **Commercial Banking loans down £0.5bn in H1; up £0.3bn in Q2**
  - CIB lending up £1.0bn in H1, including growth in targeted strategic areas
  - SMB lending down £1.5bn; including £0.8bn of Government backed lending repayments

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.

Growing customer deposit franchise

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

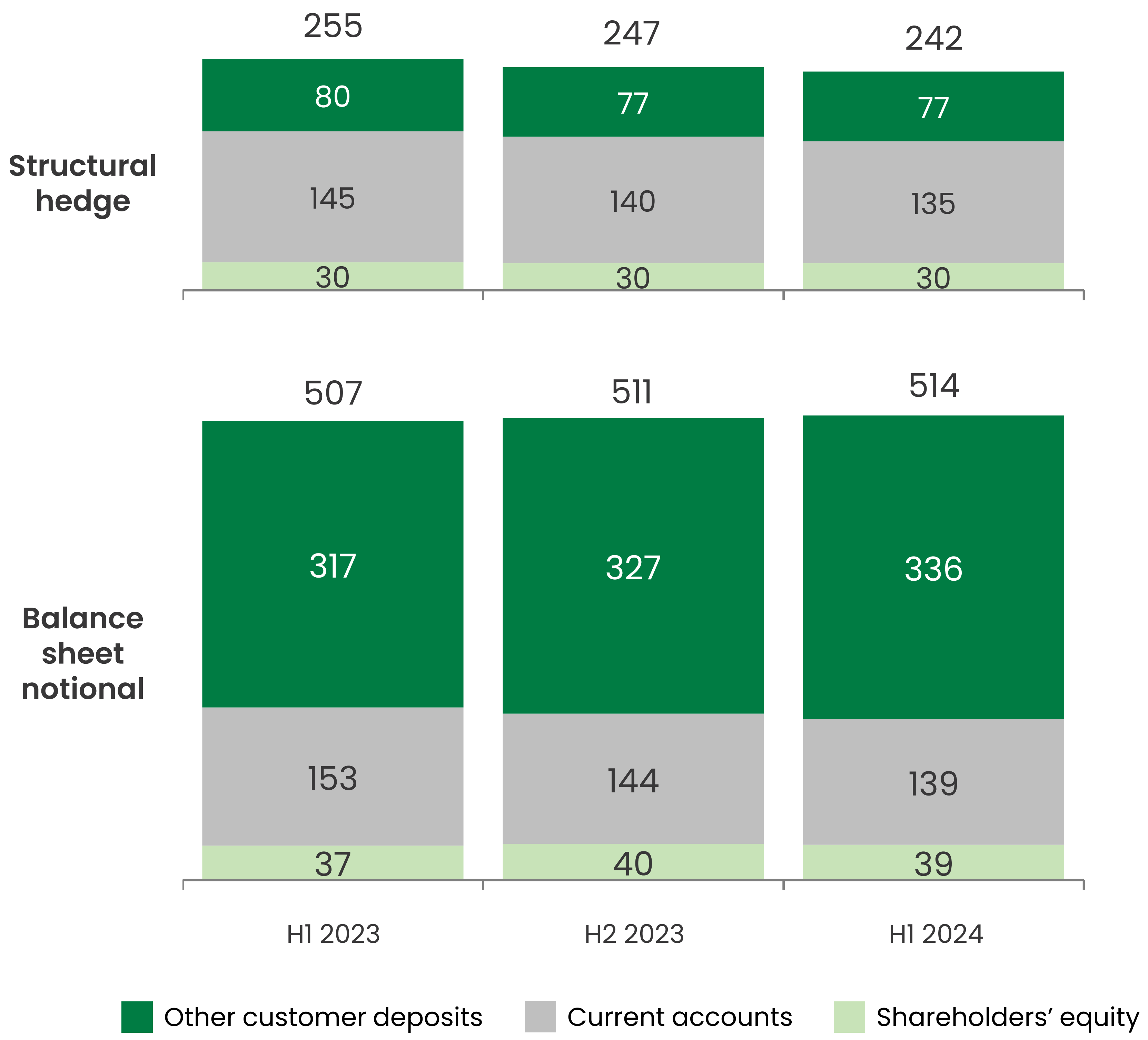


- **Total deposits £475bn, up £3.3bn or 1% in H1; up £5.5bn in Q2**
- **Retail deposits up £4.9bn in H1; up £3.6bn in Q2**
  - Retail current accounts down £1.0bn or 1% in H1;
  - Retail savings accounts up £6.7bn or 3% in H1; slowing movement into fixed, strength in limited withdrawal product
- **Commercial deposits down £1.6bn in H1; up £1.9bn in Q2**
  - SMB up due to growth in targeted sectors, particularly in Q2, more than offset by fall in CIB

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

Continuing tailwind from the structural hedge

Hedged balances[1] (£bn)

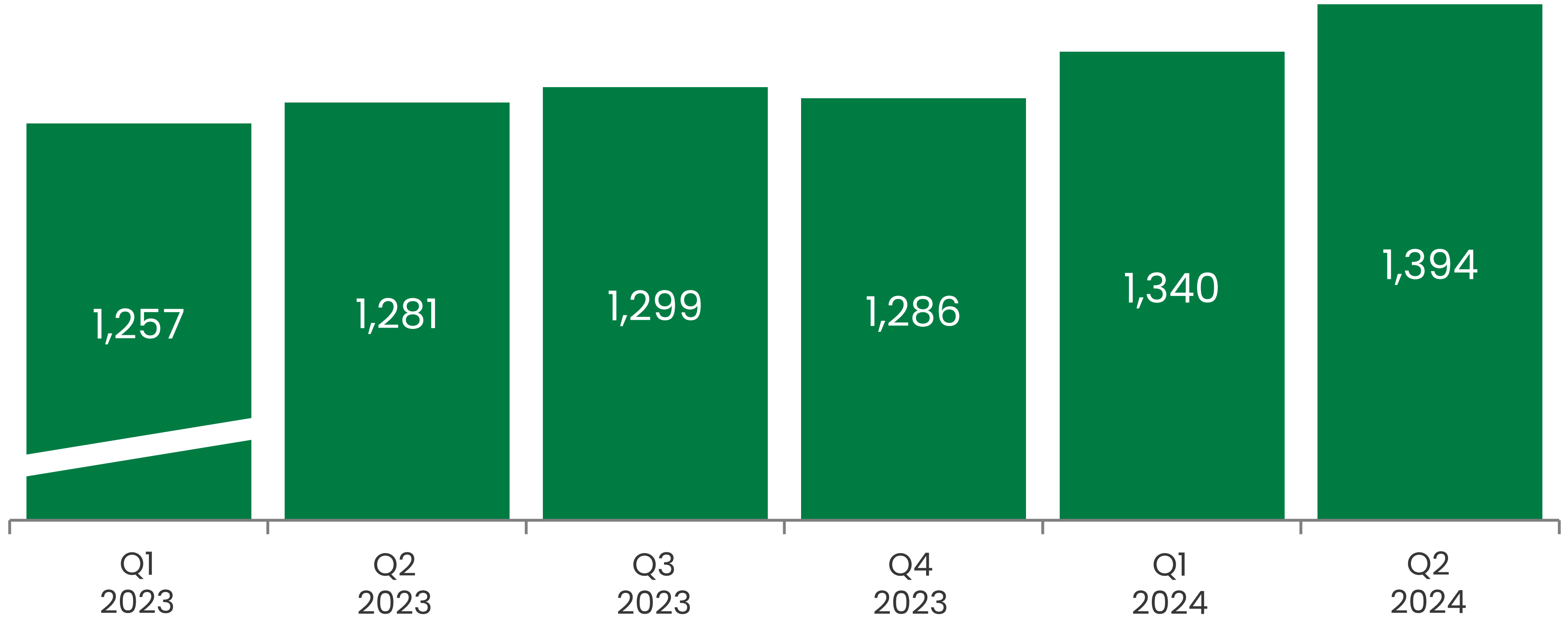


- **Structural hedge notional £242bn, down £5bn in H1, including £2bn in Q2**
- **Stable c.3.5 year weighted average duration**
- **Prudent management of structural hedge**
  - H1 in line with modest notional balance reduction expected in 2024
- **2024 hedge income now expected to be slightly over £0.7bn higher than 2023**

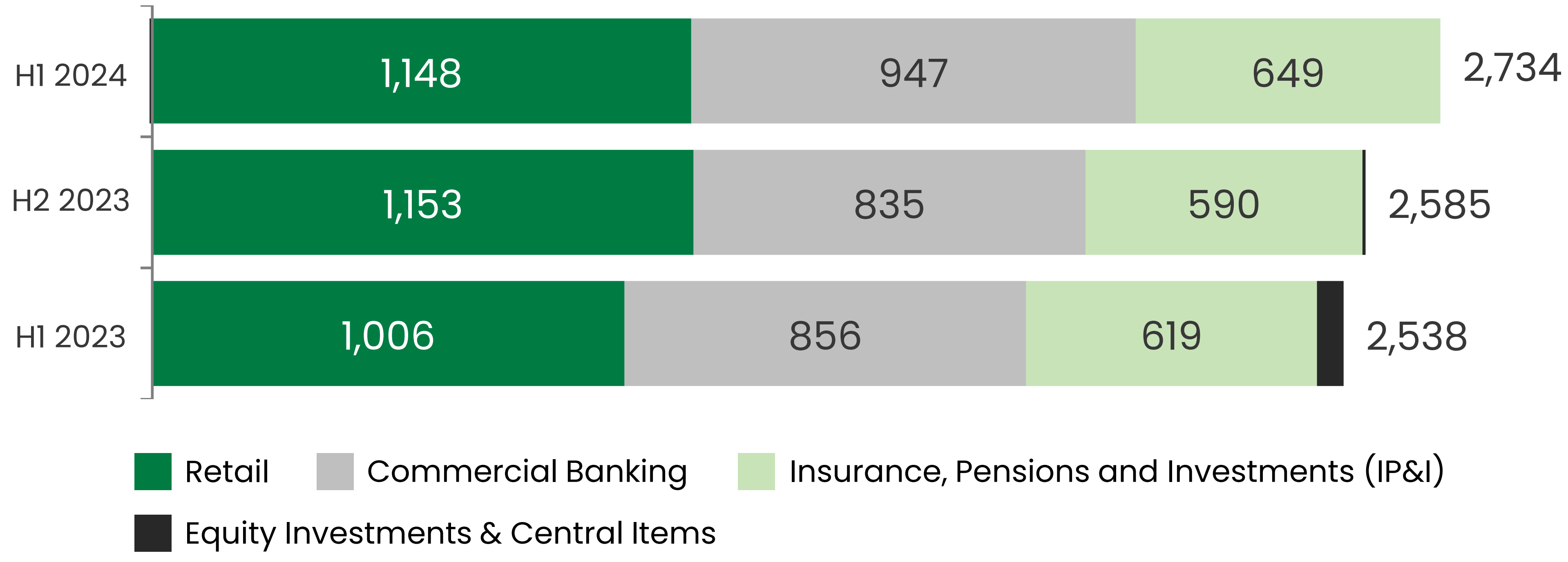
1 – The external sterling structural hedge nominal is managed as a portfolio, split shown is indicative. Commercial Banking current accounts primarily comprise non interest bearing current accounts; other Commercial Banking customer deposits primarily comprise interest bearing accounts.

Building momentum in other income

Other income (£m)



Divisional other income (£m)



- **Q2 other income £1.4bn up 9% YoY; H1 up 8% YoY**
  - Retail: Growing Motor contribution, driven by a larger fleet and higher rental value
  - Commercial: Strong Markets performance from strategic investment and higher client activity
  - IP&I: Strong trading performance, including General Insurance and Workplace Pensions
- **Strategic initiatives continue to deliver other income growth**
- **£396m operating lease depreciation in Q2, with £679m in H1**
  - Q2 incl. c.£100m additional charge given lower used electric car prices
  - H2 quarterly run-rate expected to be modestly higher than Q1 charge

Continued discipline on costs

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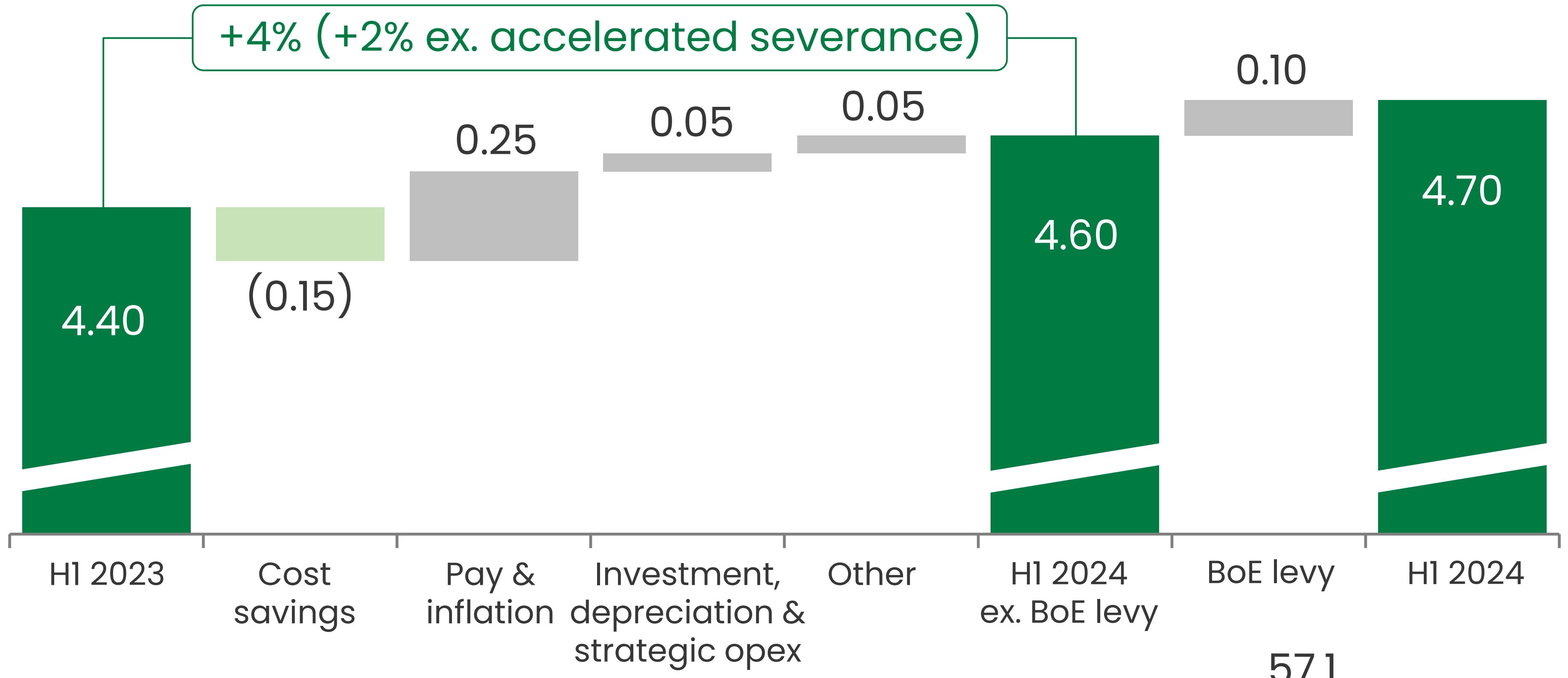
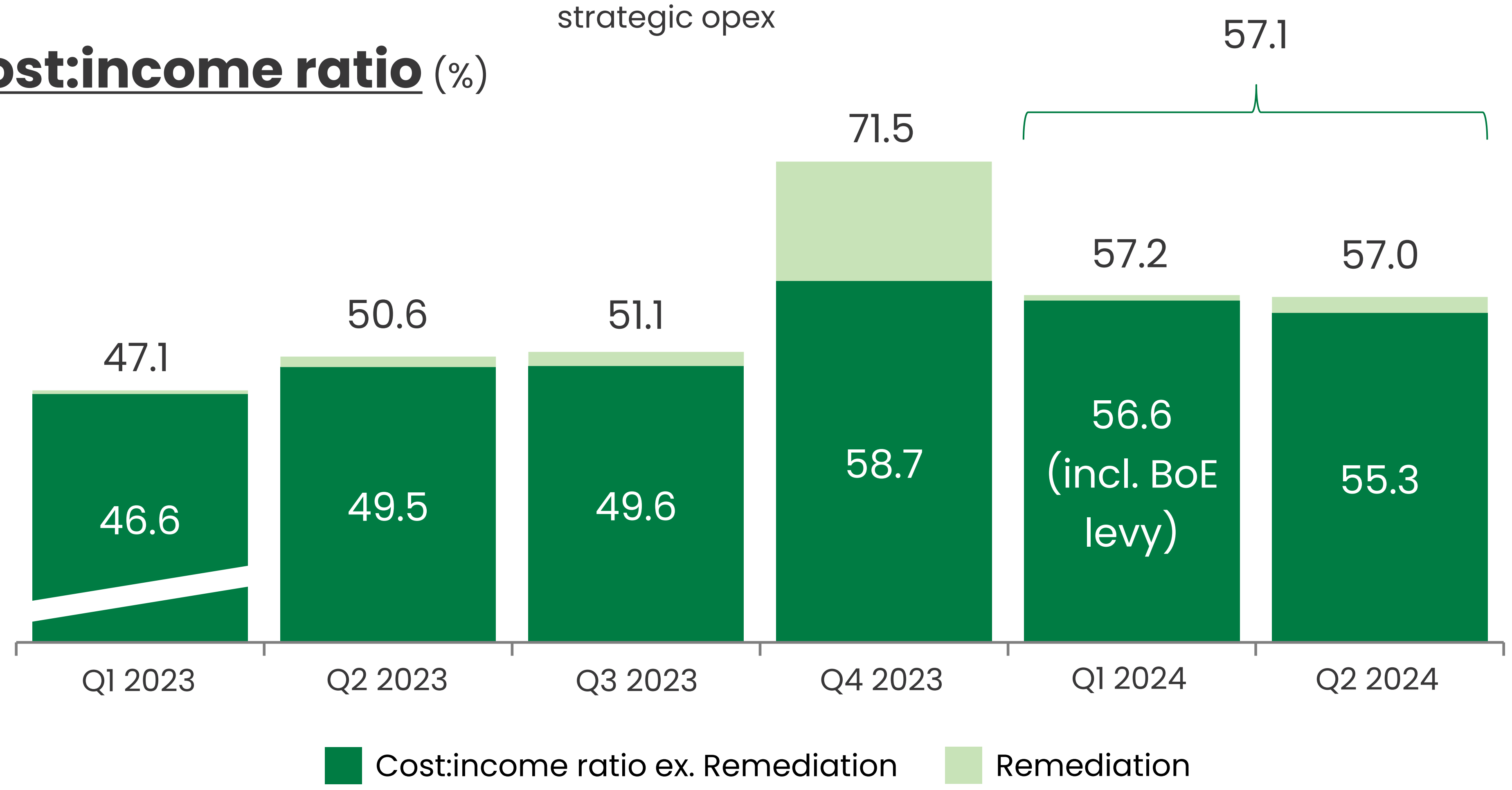
Operating costs (£bn)



Cost:income ratio (%)



- **Q2 operating costs £2.3bn, stable QoQ excluding £0.1bn BoE levy**
- **H1 operating costs £4.7bn, up 7% YoY or up 4% excluding BoE levy**
  - Includes elevated severance charge taken in H1
- **H1 cost:income 57%; 56% ex. remediation**
- **Ongoing cost management mitigating inflationary pressures**
- **Continue to expect 2024 operating costs c.£9.4bn including c.£0.1bn BoE levy**
- **Remediation charge of £95m in H1**

Strong asset quality

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Impairment (£m)

	H1 2024	H1 2023	YoY £m	Q2 2024	Q1 2024	QoQ £m
Charge (credit) pre updated MES[1]	**425**	**657**	***(232)***	**176**	**249**	***(73)***
Retail	*463*	*551*	*(88)*	*160*	*303*	*(143)*
Commercial Banking	*(28)*	*108*	*(136)*	*21*	*(49)*	*70*
Other	*(10)*	*(2)*	*(8)*	*(5)*	*(5)*	*-*
Updated economic outlook	**(324)**	**5**	***(329)***	**(132)**	**(192)**	***60***
Retail	*(269)*	*41*	*(310)*	*(73)*	*(196)*	*123*
Commercial Banking	*(55)*	*(36)*	*(19)*	*(59)*	*4*	*(63)*
Total impairment charge	**101**	**662**	***(561)***	**44**	**57**	***(13)***

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

		Stage 1	Stage 2	Stage 3	Total
H1 2024	Loans and advances	£400bn	£46bn	£10bn	£456bn
	Coverage	0.2%	3.1%	14.9%	0.8%
H2 2023	Loans and advances	£387bn	£57bn	£10bn	£454bn
	Coverage	0.3%	3.0%	15.8%	0.9%

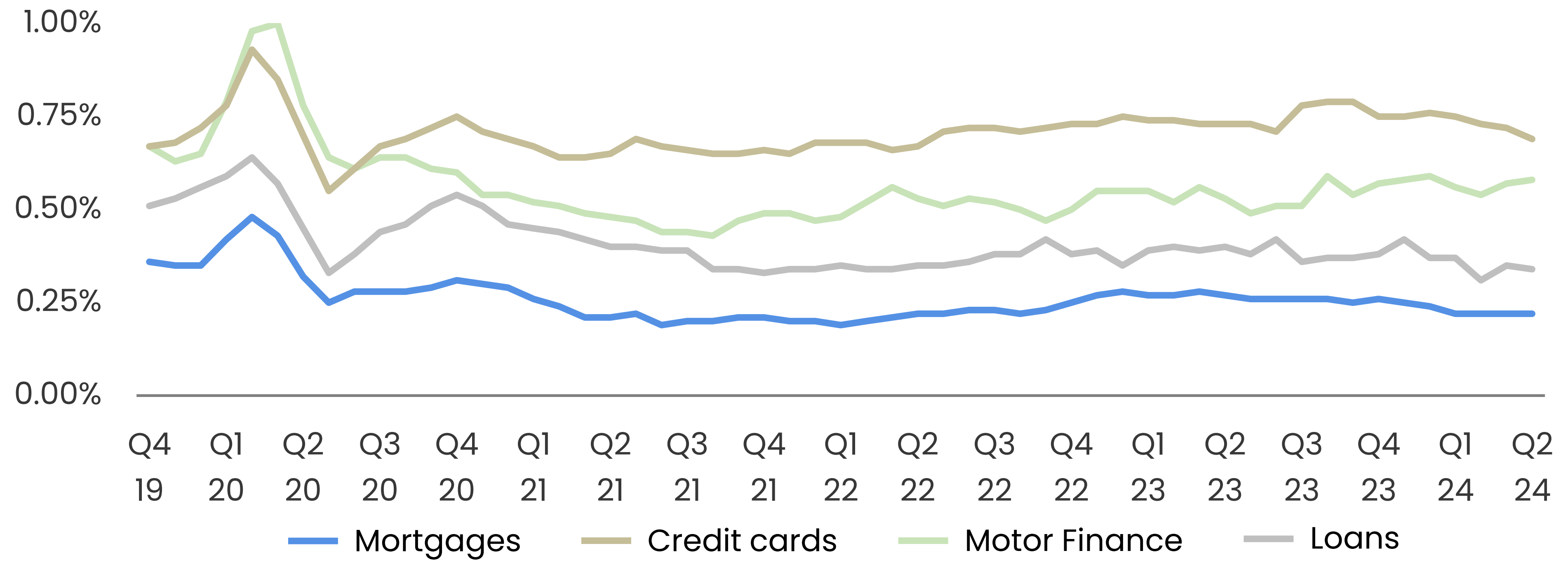
- **Strong asset quality, reflected in resilient Group credit performance**
  - Portfolios either stable or improving
- **Q2 impairment charge £44m, AQR 5bps**
  - £176m pre-MES, AQR 16bps; low underlying charge and release of inflationary judgements
  - £132m MES release largely from revised approach to severe downside reflecting current environment
- **H1 impairment charge £101m, including £324m credit for MES**
  - H1 pre-MES £425m; AQR 19bps
- **Stock of ECL £3.8bn, c.£500m above base case**
- **Now expect 2024 AQR <20bps**

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.

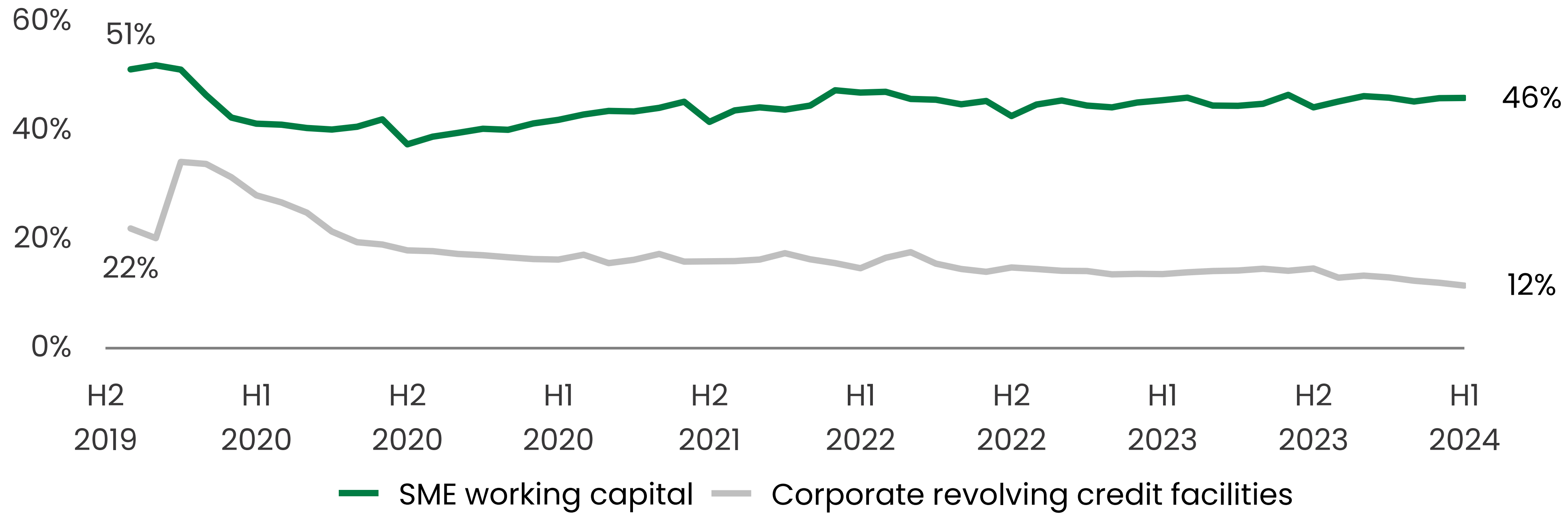
Classification: Public

Consistently reassuring performance across portfolios

New to arrears (3 month rolling average, %)



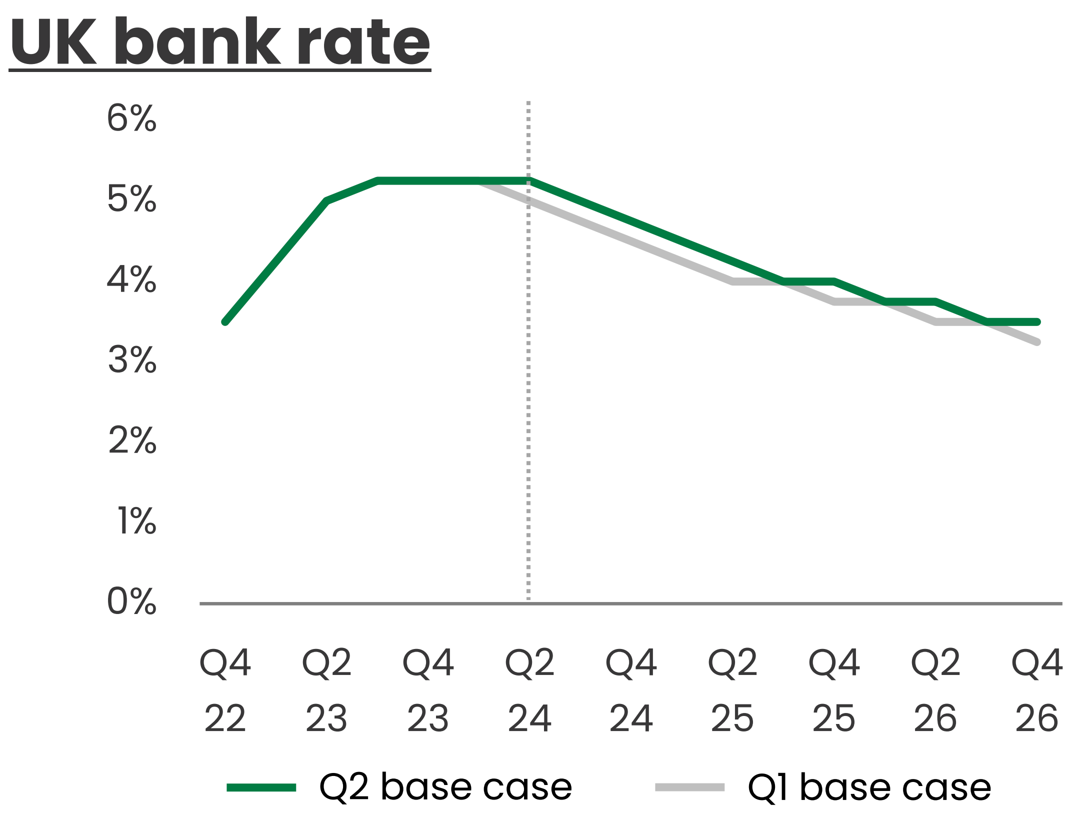
SME working capital[1] and corporate RCF[2] utilisation (%)

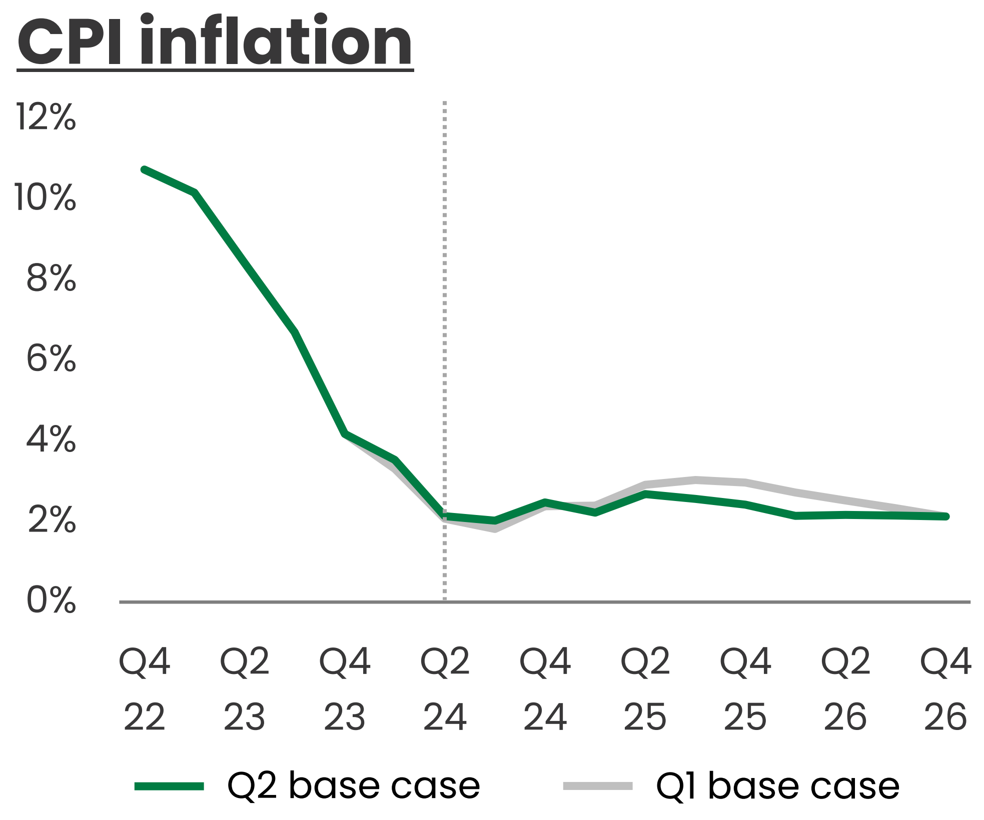


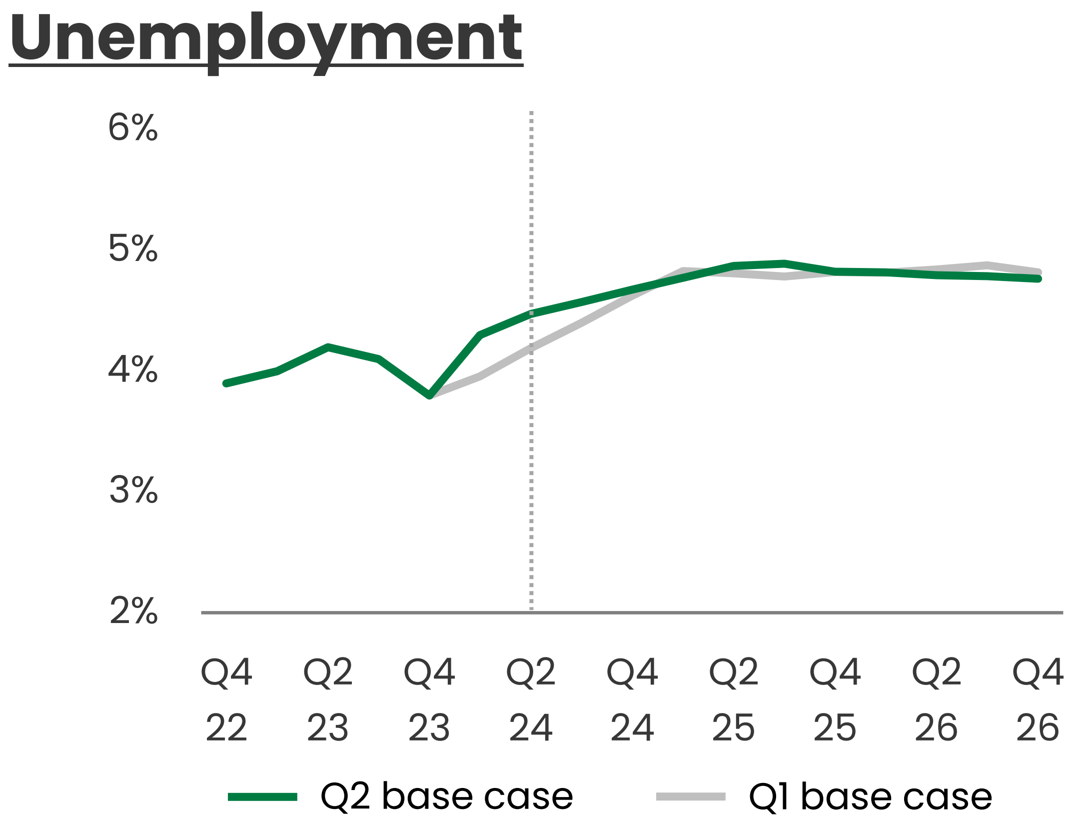
- **Improvement in Mortgages new to arrears and default rates in H1 and Q2; average LTV 43%**
- **Resilient performance in other portfolios**
- **Stable SME working capital utilisation trends; RCF utilisation 10pp below pre-pandemic**
- **c.90% of SME lending[3] secured; >80% of CIB exposure at investment grade**
- **Net CRE exposure c.£9.7bn[4], remains robust**
  - Average interest cover ratio[5] 3.2x, with 74% >2x
  - Average LTV[5] 46%; c.90% with LTV <70%
  - c.13% office, c.12% retail and c.12% industrial; c.49% residential

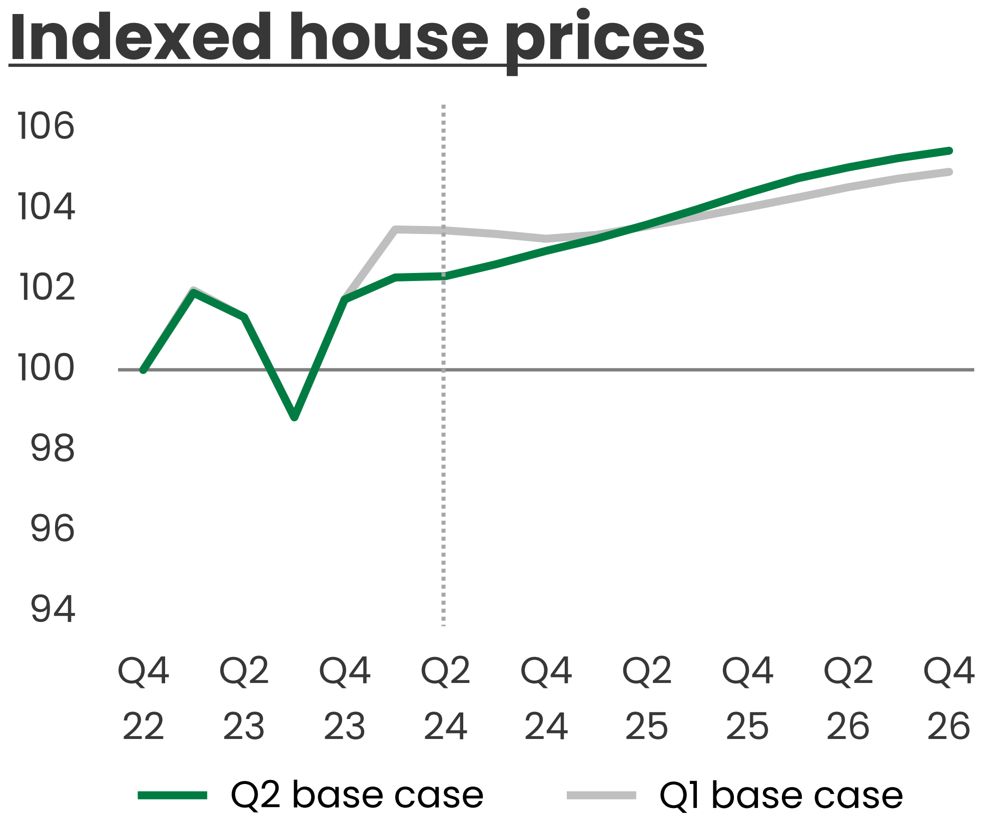
1 – Encompasses overdrafts and corporate cards. 2 – Revolving credit facility. 3 – SME excluding Business Banking; lending fully or partially secured. 4 – May 2024; includes Business Banking, post Significant Risk Transfer securitisations. 5 – May 2024; excludes Business Banking, development, CBILS and BBLS.

Updated macroeconomic outlook









- **Latest economics**
  - Modest forecast changes since Q1
  - GDP growth strengthening, expect to grow 0.8% in 2024 (previously 0.4%)
  - Now expect two base rate cuts in 2024
  - Inflation to remain between 2-3% over forecast
  - Unemployment now expected to peak slightly earlier at 4.9% in 2025
  - 2024 and 2025 HPI broadly unchanged from Q1

Delivering in line with expectations

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Purpose

Helping Britain Prosper

- **Robust financial performance**
- **15% higher interim dividend**
- **Reaffirming guidance for 2024**
  - NIM >290bps
  - Operating costs c.£9.4bn including c.£0.1bn BoE levy
  - AQR now expected to be <20bps
  - RoTE c.13%
  - RWAs £220-£225bn
  - Capital generation c.175bps
  - Expect to pay down to a CET1 ratio of c.13.5%

Capital, funding & liquidity

Key Credit Metrics

14.1%
CET1 ratio

18.7%
Total Capital ratio

87bps
Capital generation post regulatory headwinds[1]

31.7%
MREL ratio

5.4%
Leverage ratio

144%
Liquidity Coverage Ratio

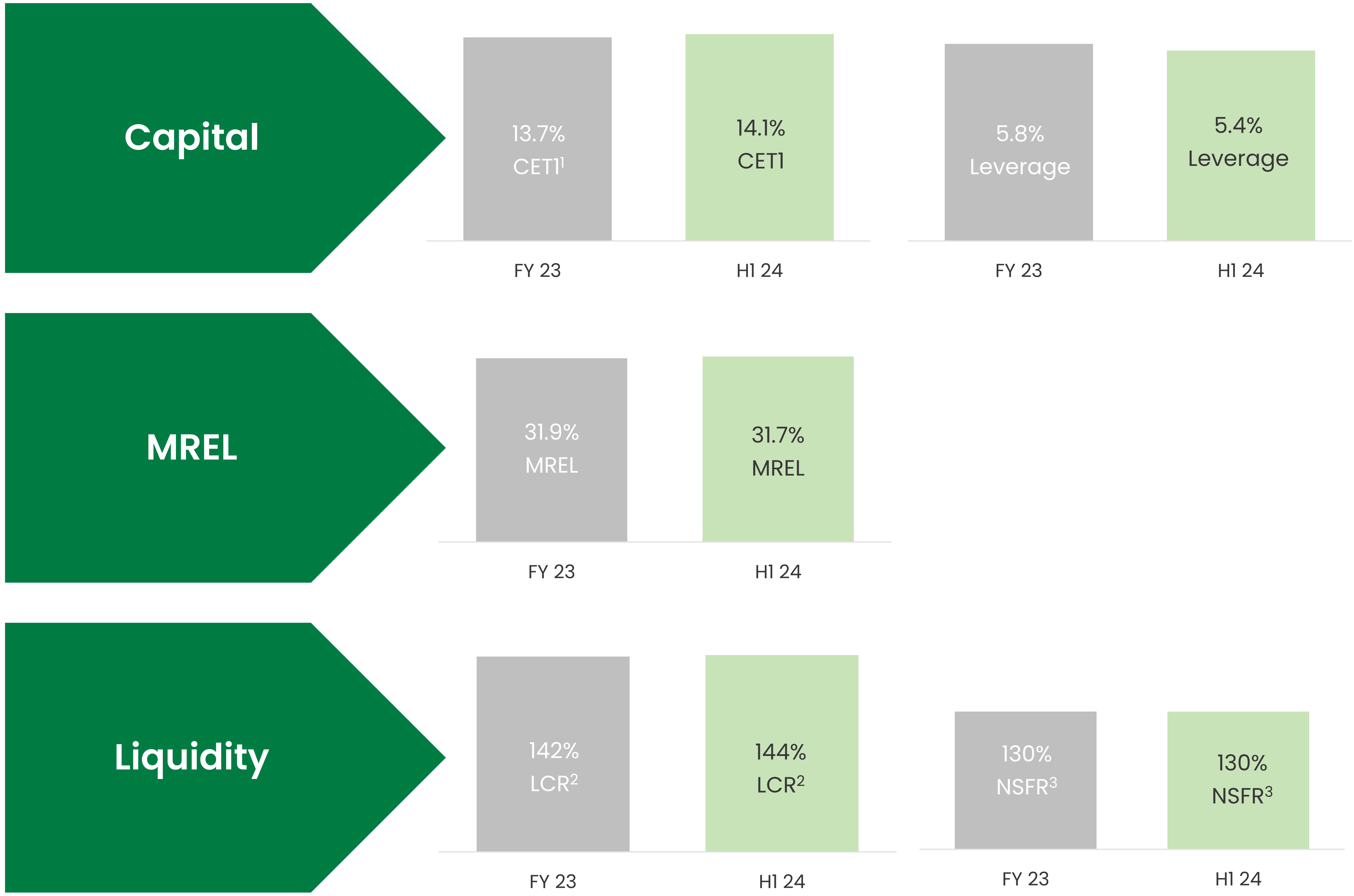
130%
Net Stable Funding Ratio

5bps
Asset Quality Ratio[2]

43%
Average Mortgage LTV

1 – Capital generation of 87 bps as at H1 2 – Q2 AQR of 5bps includes MES release.

Strong Capital, MREL and Liquidity Ratios

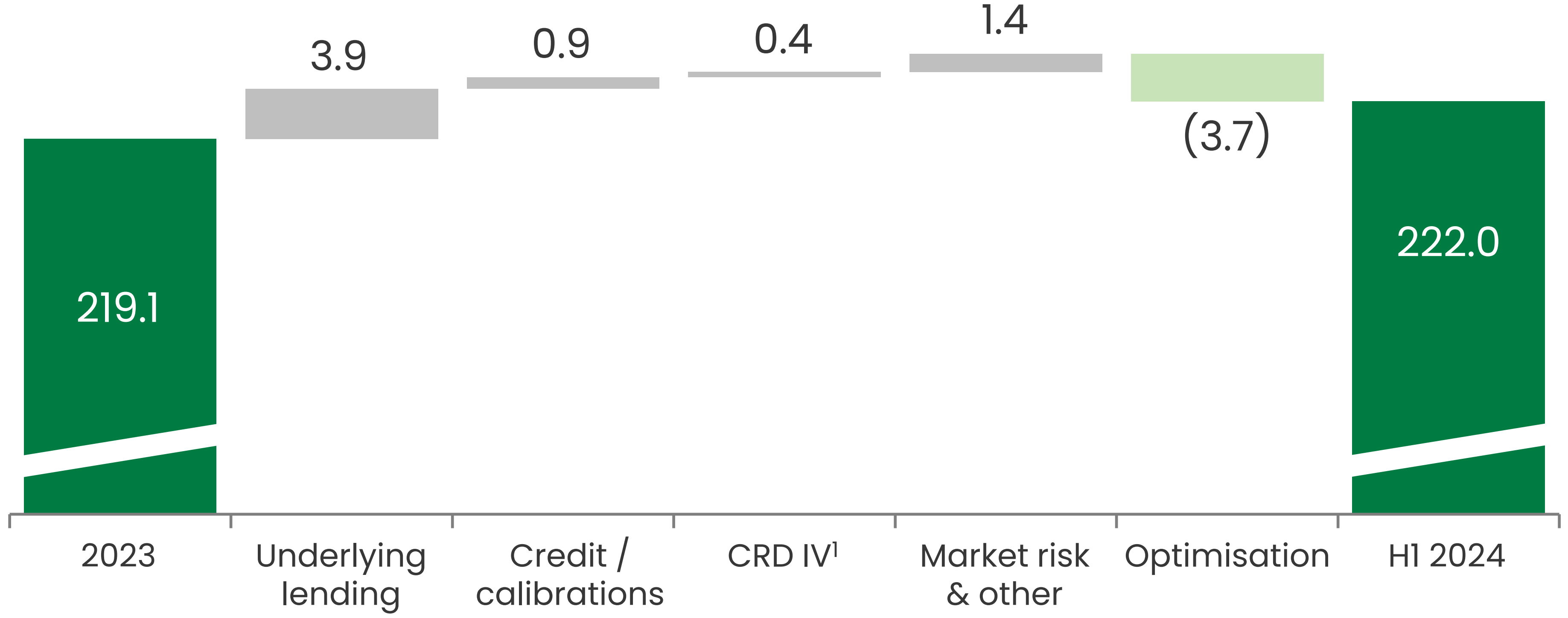


- **CET1 of 14.1% remains ahead of 10.3% MDA[4]**
- **Current Group CET1 target of c.13.5% reducing to c.13% by end 2026**
- **Leverage ratio reduction largely due to AT1 redemption in H1**
- **MREL remains strong and in excess of regulatory requirements of 27.3%**
- **Stable and robust liquidity metrics**

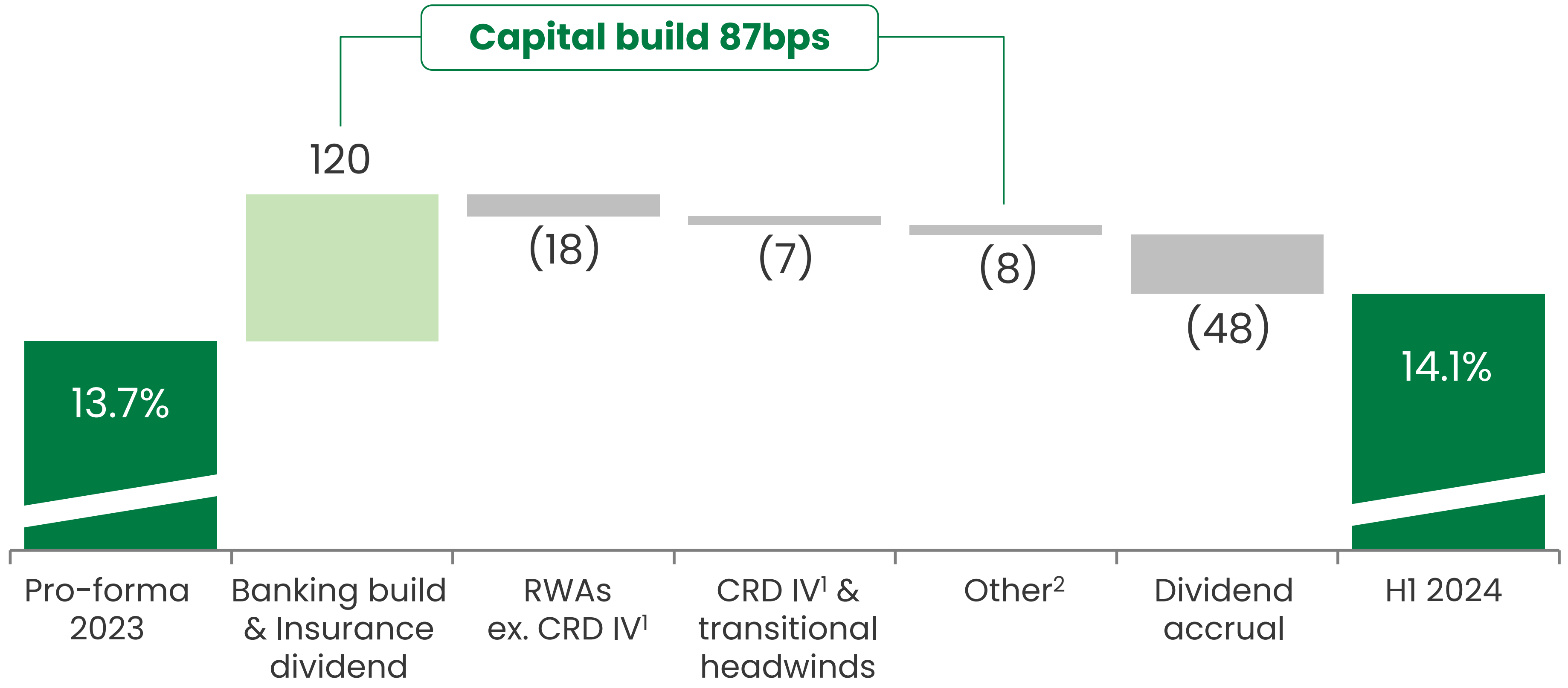
1 – Proforma CET1 ratio. 2 – Calculated as an average of month-end observations over the previous 12 months. 3 - Calculated as an average of the four previous quarters. 4 – The Group's MDA threshold is based on the combined buffer requirement, which excludes the equivalent of the Ring-Fenced Bank's O-SII.

Strong capital generation

Risk weighted assets (£bn)



Common equity tier 1 ratio (%, bps)



- **RWAs £222.0bn, Q2 down £0.8bn due to reversal of temporary Q1 RWA increase and optimisation**
  - H1 up £2.9bn driven by underlying lending and other movements, partly offset by optimisation
- **Strong Q2 capital generation of 47bps, H1 87bps**
- **CET1 ratio 14.1%**
- **Continue to expect 2024 RWAs £220-225bn and capital generation to be c.175bps**

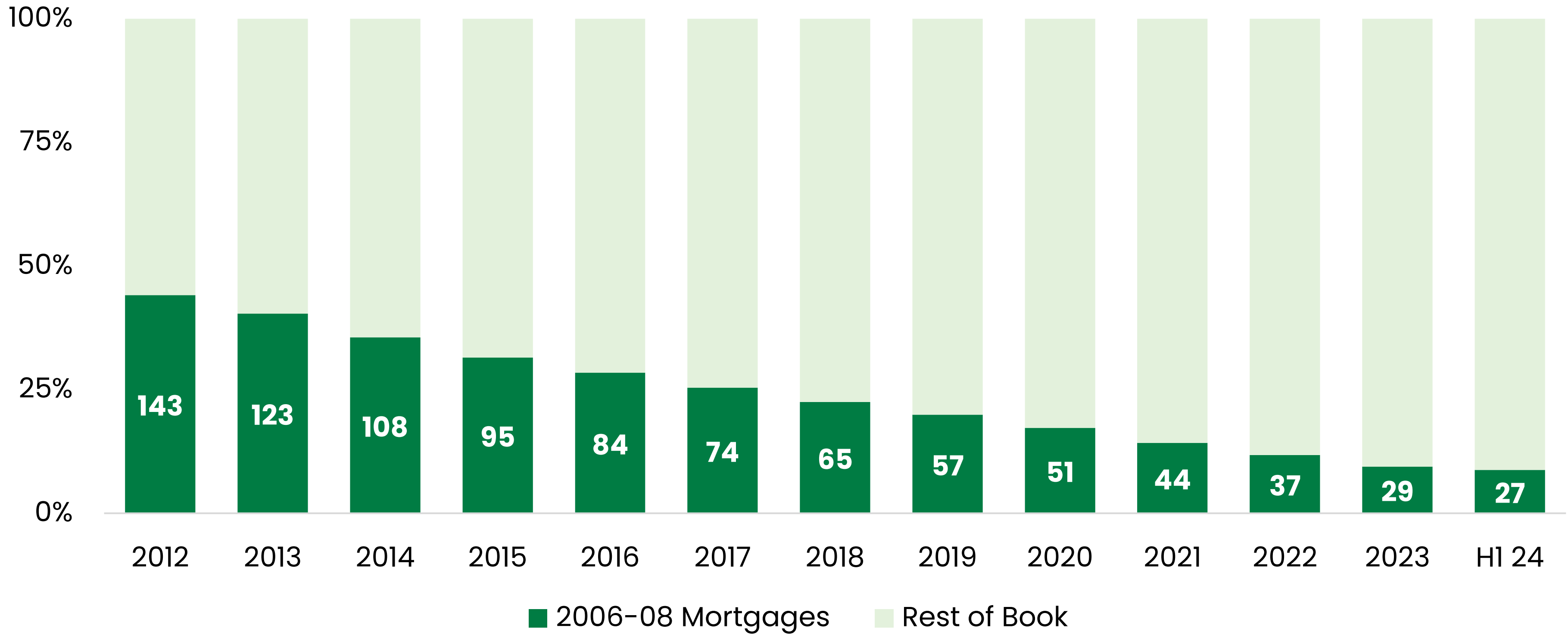
1 – Retail secured CRD IV models. **2** – Other includes share-based payments, market volatility and an FX loss on the USD AT1 redemption.

Continued risk reduction supporting a low-risk balance sheet

Lower mortgage LTV and CRE exposure

	2012	H1 24	Movement
Mortgages			
Average LTVs	56.4%	43.0%	(13.4)pp
New business LTVs	62.6%	62.9%	0.3 pp
≤80% LTV	59.6%	89.7%	30.1pp
>80-90% LTV	16.8%	8.9%	(7.9)pp
>90-100% LTV	11.9%	1.3%	(10.6)pp
>100% LTV	11.7%	0.1%	(11.6)pp
Commercial Real Estate (CRE)			
Net Lending	£31.5bn	£9.7bn	(69)%
% of L&A	6.1%	2.1%	(65)%

De-risking of 2006-08 mortgage portfolio (Balances £bn)



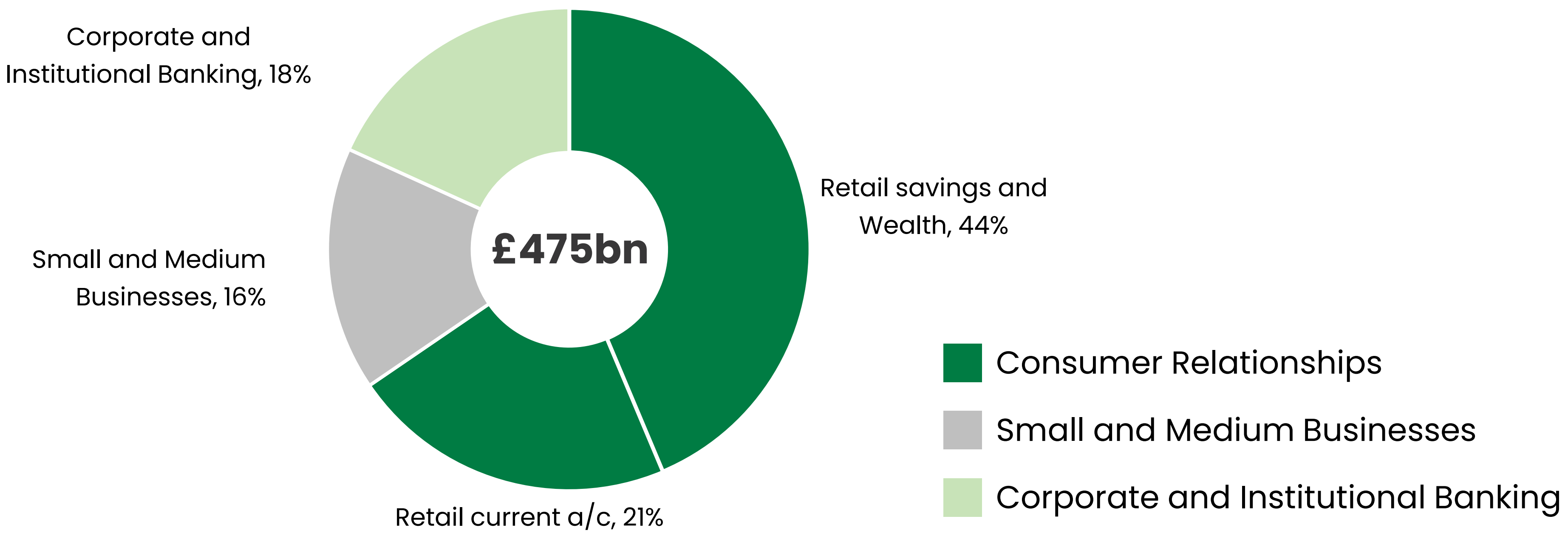
- **De-risking across retail and commercial portfolios**
  - 2006-08 mortgage portfolio halved since 2018 (£27bn vs £65bn),
  - Continued focus on balance sheet optimisation via securitisation and SRTs in H1 24
    - c.£1bn of pre-crisis self-certified mortgages
    - c.£3bn of large corporate loans
  - c.90% of SME lending[1] secured; >80% of CIB exposure at investment grade
  - CRE c.2% of lending, net position now only £9.7bn
- **Prudent approach to underwriting and provisioning; high quality lending portfolio**
  - >80% of lending secured
  - Low LTV mortgage portfolio with prudent underwriting
  - £3.8bn ECL held
- **Positive impact of low risk and de-risked balance sheet evidenced in PRA ACS 2023 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.

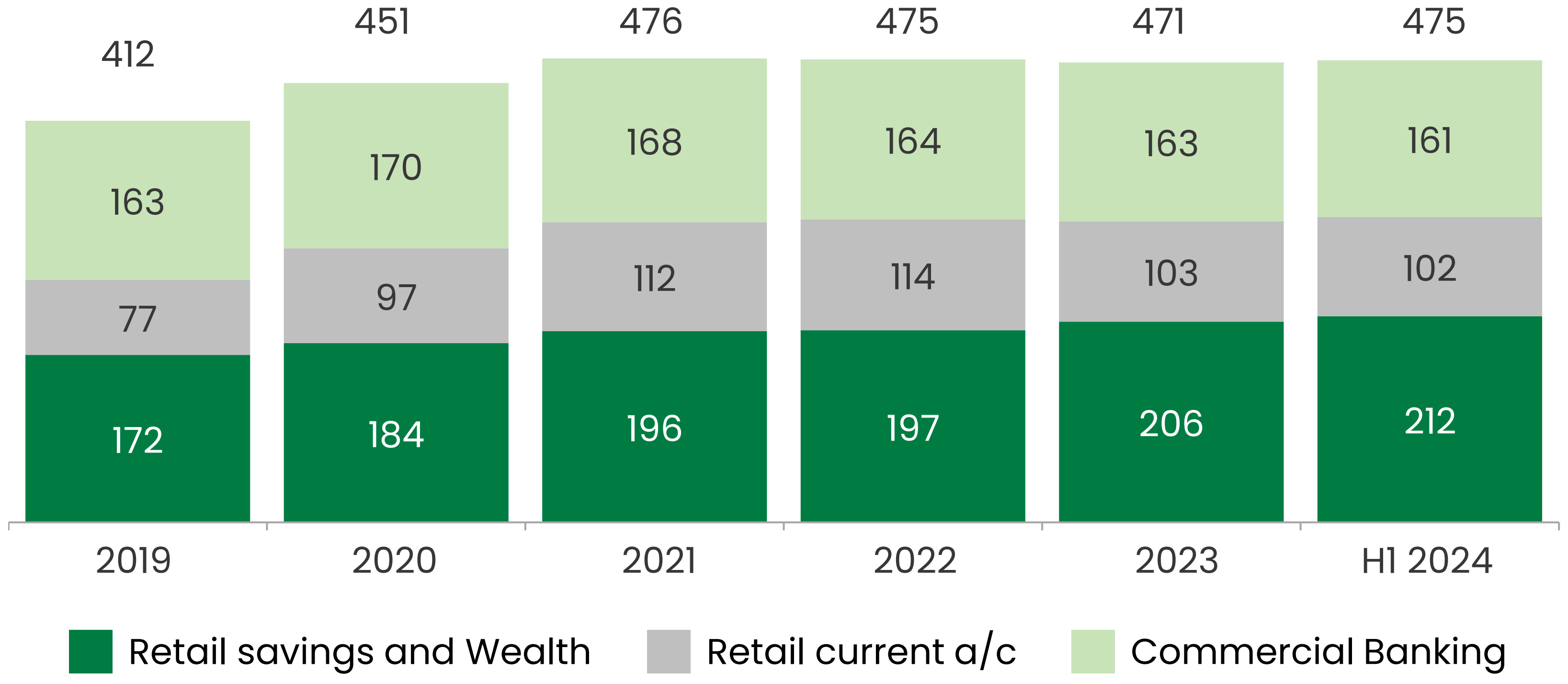
Diversified deposit base; strong liquidity position

Loan to deposit ratio 95%, Net stable funding ratio 130%, Liquidity coverage ratio 144%

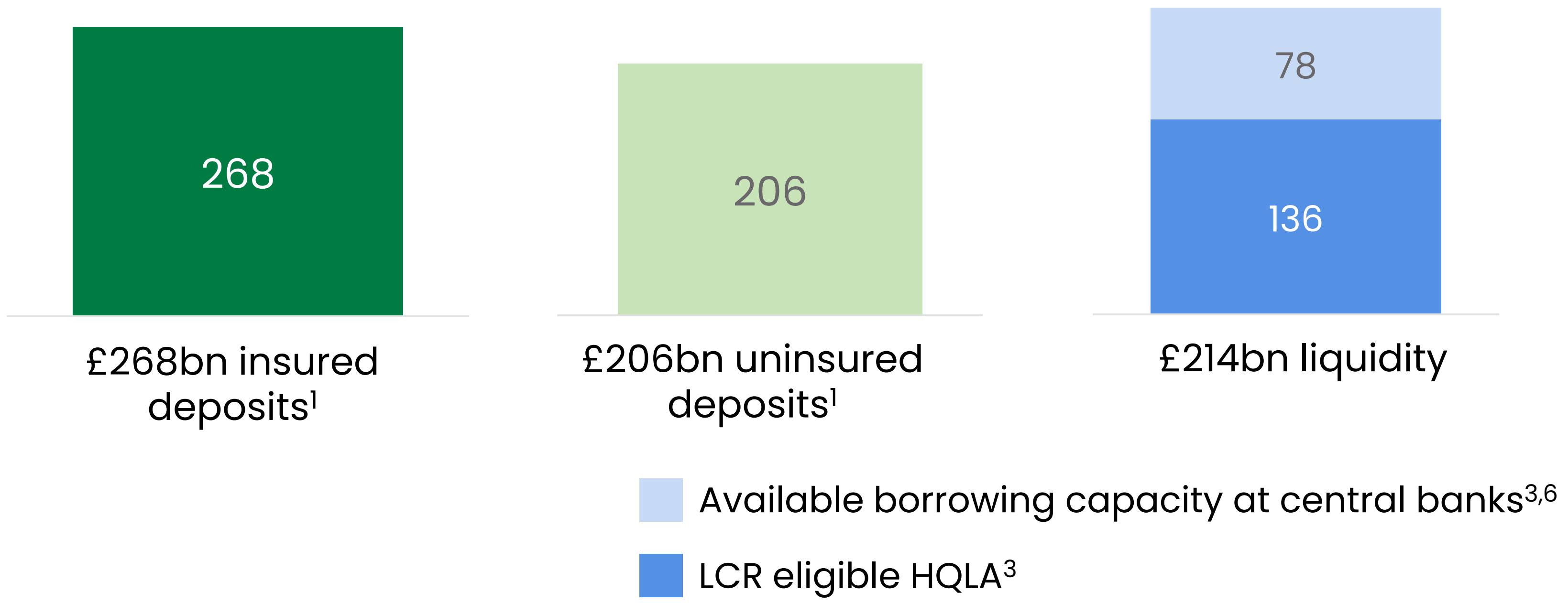
c.66% of deposits in Retail; diversified Commercial balances (£bn)



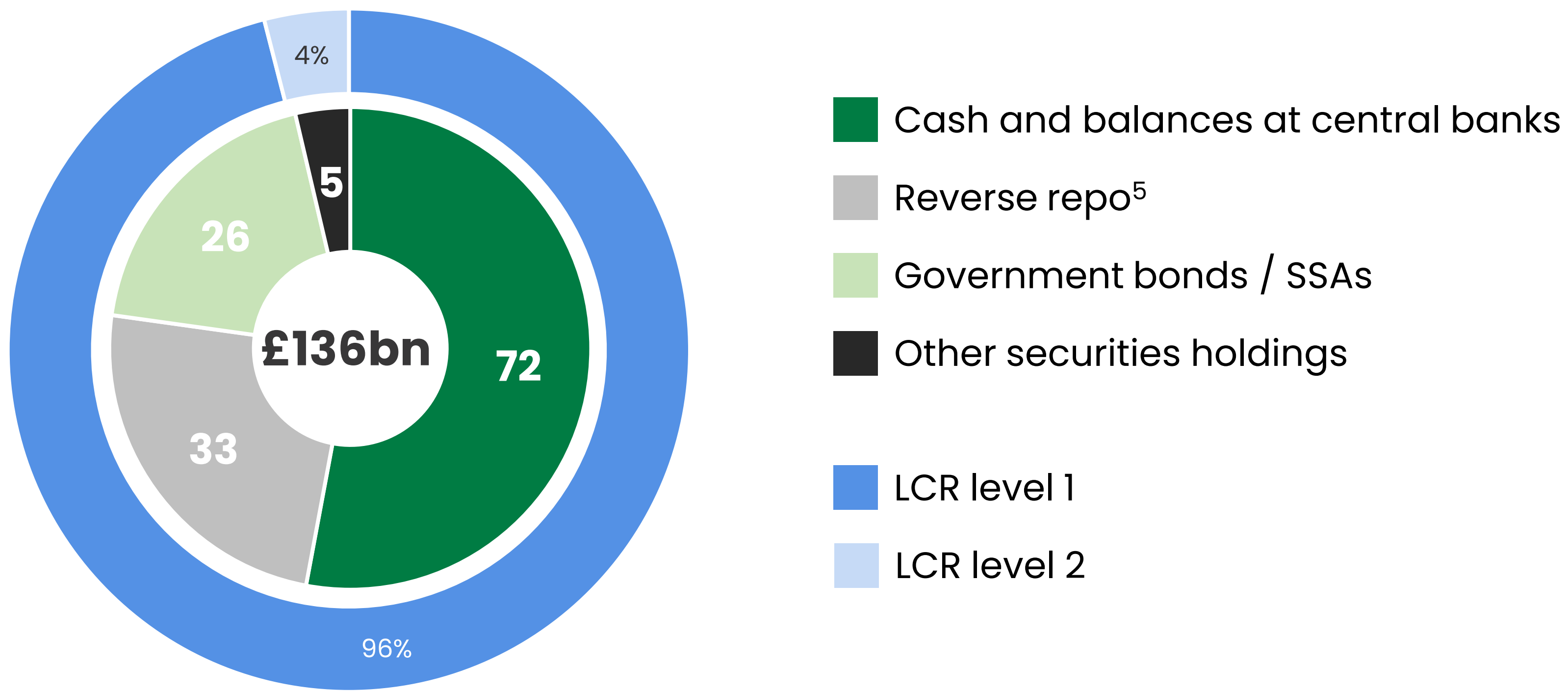
Deposit growth since 2019 led by Retail[2] (£bn)



c.57% 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
Capital	c.£1bn	Ongoing refinancing to c.2.0% AT1 target and c.2.5% Tier 2 target
OpCo	<£5bn across both secured funding from the RFB and senior unsecured from the NRFB	Refinancing of maturities and government borrowing

- **Now expect <£15bn of issuance in 2024 across all entities and products**
  - Deposit strength supporting reduction in OpCo issuance volumes
  - Issued £6.5bn Senior HoldCo, £450m Tier 2 and £700m RMBS in H1
  - Now expect capital issuance to be c.£1bn
- **£30bn TFSME outstanding**
  - Contractual maturities of TFSME; £21bn in 2025 and £9bn in 2027 and beyond
  - Partial refinancing in 2024 included in bond issuance guidance

Sustainable Bond Issuance

Sustainable

Portfolio	ICMA Theme	Example Definitions[1]	% of Eligible Portfolio[2]
Green	Green Buildings	Construction, acquisition or retrofitting of commercial and residential meetings that meet regional, national or internationally recognised standards e.g., EPC B or higher	80%
	Renewable Energy	Mainly onshore/offshore wind energy, solar power and low carbon hydrogen projects	9%
	Energy Efficiency	Development, manufacture, repair, maintenance or installation of energy efficiency technologies, products and systems	0%
	Clean Transportation	Low carbon transport for people and materials, mainly zero direct tailpipe CO_2 emission passenger and commercial vehicles	11%
			100%
Social	Affordable Housing	UK accredited/registered Housing Associations	**100%**

- **Updated framework published in April 2024**
  - Sets out clear eligibility criteria for Green and Social eligible asset portfolios
  - 3-year look-back period
  - Ability to issue secured or unsecured Green or Social bonds from any Lloyds entity across the capital stack
- **First bond issued in May 2024 - €1bn 8NC7 Green HoldCo Senior**
  - Successful first issuance and positive investor feedback
  - Intend to issue regularly off the framework

1 – For full eligibility criteria see Bond Framework document on Lloyds Banking Group website. 2 – Based on YE23 data where available

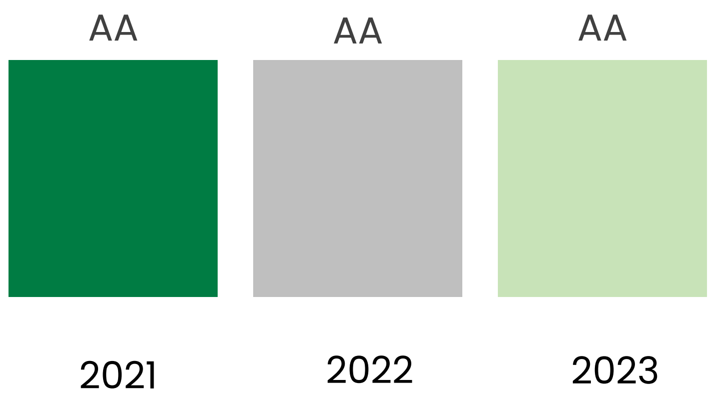
Reaffirming strong ratings across the Group

Credit ratings[1]

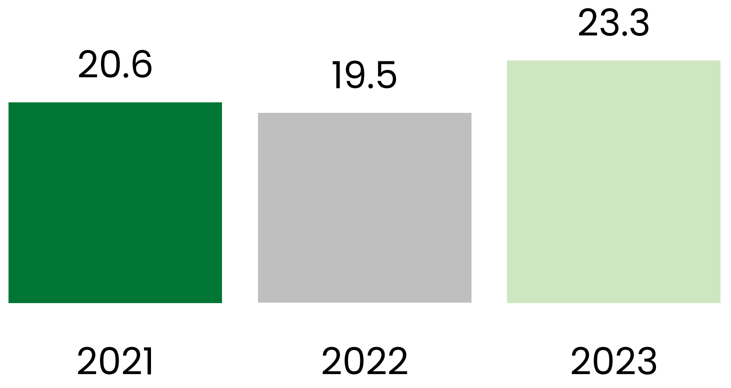
		HoldCo	Ring-Fenced Bank	Non-Ring-Fenced Bank	Insurance Sub-Group
	UK Sovereign	**Lloyds Banking Group**	**Lloyds Bank, Bank of Scotland**	**Lloyds Bank Corporate Markets**	**Scottish Widows[2]**
S&P	**AA** Stable	**BBB+** Stable **A-2**	**A+** Stable **A-1**	**A** Stable **A-1**	**-**
Moody's	**Aa3**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

ESG ratings[1]

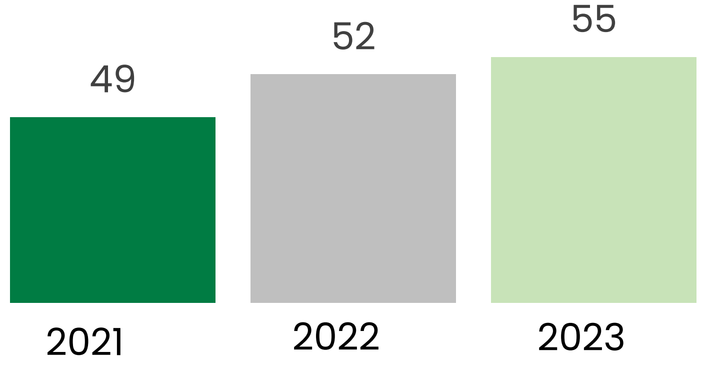
MSCI



Sustainalytics



S&P CSA



1 – Ratings shown as of 24 July 2024 and credit ratings reflect senior unsecured issuer ratings – LT, outlook, ST. 2 –Insurance Financial Strength ratings.

Appendix

Simple group structure with multiple issuance points

HoldCo

Lloyds Banking Group

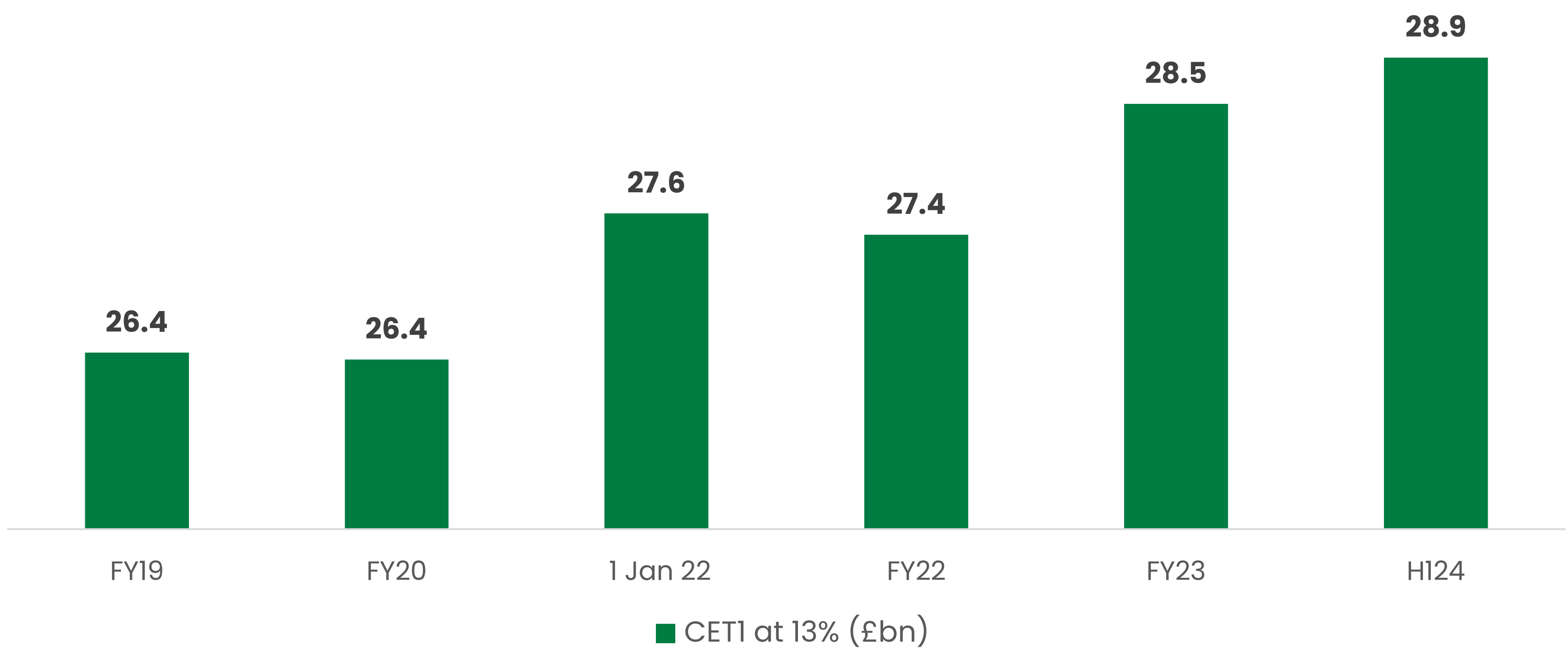
BBB+ / A3 / A[1] Sta / Sta / Sta	A-2 / P-2 / F1
Senior Unsecured Capital	–

	Ring-Fenced Sub-Group		Non-Ring-Fenced Sub-Group		Insurance Sub-Group		Equity Investments Sub-Group	
	Lloyds Bank, Bank of Scotland		**Lloyds Bank Corporate Markets**		**Scottish Widows [2]**		**Lloyds Equity Investments**	
Ratings	A+ / A1 / A+ Sta / Sta / Sta	A-1 / P-1 / F1	A / A1 / A+ Sta / Sta / Sta	A-1 / P-1 / F1	- / A2 / A+ - / Sta / Sta	- / - / F1	-	-
Issuance	Senior Unsecured Covered Bonds ABS	CD, CP	Senior Unsecured	CD, Yankee CD, CP	Capital	-	-	-
Size	L&A: £435bn[3]	Assets: £608bn	L&A: £17bn[3]	Assets: £91bn	L&A: N/A	AuA: £226bn[4]	L&A: N/A	Assets: £5bn
	EU Sub: Berlin		**EU Sub: Frankfurt**		**EU Sub: Luxembourg**			

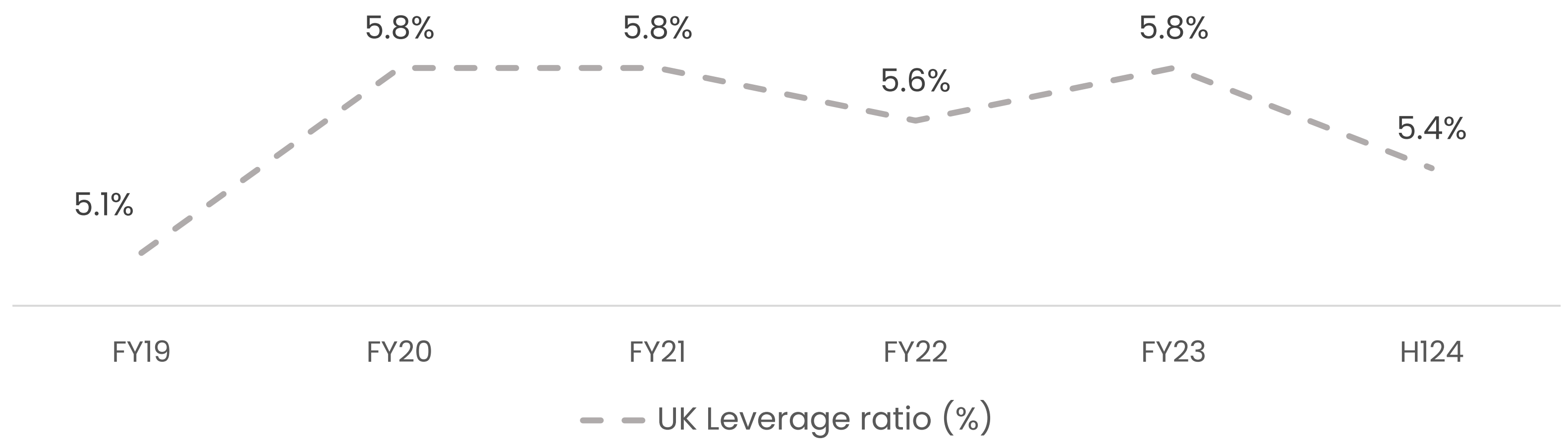
1 - Ratings shown are senior unsecured in the order of S&P / Moody's / Fitch as at 24.07.24. 2 – Ratings shown for Scottish Widows are Insurance Financial Strength Ratings. 3 – "L&A" refers to Loans & Advances to customers. 4 – Insurance AuA excludes Wealth but includes stockbroking.

CET1 resources and target

The CET1 equivalent of 13.0% has increased



UK Leverage Ratio remains elevated



- **Medium-term CET1 target revised by Board at year-end, taking into account**
  - Low risk balance sheet post targeted risk reduction
  - 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
  - H124 headroom to MDA (10.3%) of c.380bps (c.£8.5bn)
- **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.

Quarterly P&L and key ratios

(£m)	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Net interest income	**3,154**	3,184	3,317	3,444	3,469	3,535
Other income	**1,394**	1,340	1,286	1,299	1,281	1,257
Operating lease depreciation	**(396)**	(283)	(371)	(229)	(216)	(140)
Net income	**4,152**	4,241	4,232	4,514	4,534	4,652
Operating costs	**(2,298)**	(2,402)	(2,486)	(2,241)	(2,243)	(2,170)
Remediation	**(70)**	(25)	(541)	(64)	(51)	(19)
Total costs	**(2,368)**	(2,427)	(3,027)	(2,305)	(2,294)	(2,189)
Underlying profit before impairment	**1,784**	1,814	1,205	2,209	2,240	2,463
Impairment (charge) / credit	**(44)**	(57)	541	(187)	(419)	(243)
Underlying profit	**1,740**	1,757	1,746	2,022	1,821	2,220
Restructuring	**(3)**	(12)	(85)	(44)	(13)	(12)
Volatility and other items	**(41)**	(117)	114	(120)	(198)	52
Statutory profit before tax	**1,696**	1,628	1,775	1,858	1,610	2,260
Statutory profit after tax	**1,229**	1,215	1,234	1,420	1,223	1,641
Net interest margin	**2.93%**	2.95%	2.98%	3.08%	3.14%	3.22%
Average interest earning assets	**£449bn**	£449bn	£453bn	£453bn	£453bn	£454bn
Cost:income ratio	**57.0%**	57.2%	71.5%	51.1%	50.6%	47.1%
Asset quality ratio	**0.05%**	0.06%	(0.47)%	0.17%	0.36%	0.22%
Return on tangible equity	**13.6%**	13.3%	13.9%	16.9%	13.6%	19.1%
Tangible net asset value per share	**49.6p**	51.2p	50.8p	47.2p	45.7p	49.6p

Updated economic scenarios

Scenario	ECL (£m)	Measure (%)	2024	*vs. Q1 2024*	2025	2026	2027	2028	*Ave. 24-28*
Upside (30%)	2,804	GDP	1.1	*0.0*	2.3	1.7	1.5	1.4	1.6
		Unemployment rate	4.1	*0.9*	3.2	3.0	2.9	2.9	3.2
		HPI growth	2.2	*(1.5)*	5.0	7.3	6.0	5.2	5.1
		CRE price growth	2.2	*(4.3)*	8.7	2.4	2.8	1.2	3.4
		UK Bank Rate	5.17	*(0.23)*	5.30	5.17	5.33	5.55	5.31
		CPI inflation	2.5	*0.2*	2.5	2.4	2.7	2.9	2.6
Base case (30%)	3,380	GDP	0.8	*0.4*	1.2	1.6	1.6	1.6	1.3
		Unemployment rate	4.5	*0.2*	4.8	4.8	4.6	4.6	4.7
		HPI growth	1.2	*(0.3)*	1.4	1.0	1.4	2.4	1.5
		CRE price growth	(1.6)	*(1.1)*	1.2	0.0	1.9	1.0	0.5
		UK Bank Rate	5.06	*0.18*	4.19	3.63	3.50	3.50	3.98
		CPI inflation	2.5	*0.1*	2.5	2.1	2.1	2.2	2.3
Downside (30%)	4,331	GDP	0.6	*1.4*	(0.5)	0.8	1.5	1.6	0.8
		Unemployment rate	4.9	*(0.6)*	6.9	7.5	7.4	7.2	6.7
		HPI growth	0.6	*0.6*	(1.8)	(6.5)	(5.4)	(2.3)	(3.1)
		CRE price growth	(4.7)	*3.4*	(6.7)	(4.1)	(0.8)	(1.3)	(3.5)
		UK Bank Rate	4.97	*0.68*	2.77	1.38	0.89	0.63	2.13
		CPI inflation	2.5	*0.1*	2.4	1.8	1.4	1.2	1.9
Severe downside (10%)	6,926	GDP	0.1	*1.9*	(2.2)	0.4	1.2	1.5	0.2
		Unemployment rate	5.5	*(1.7)*	9.4	10.2	10.1	9.8	9.0
		HPI growth	(0.7)	*1.5*	(4.8)	(13.9)	(11.8)	(7.6)	(7.9)
		CRE price growth	(9.1)	*8.9*	(15.1)	(8.6)	(5.3)	(4.7)	(8.6)
		UK Bank Rate – adj.	5.09	*(1.10)*	3.22	2.33	2.02	1.79	2.89
		CPI inflation – adj.	2.9	*(4.6)*	3.2	1.6	0.9	1.0	1.9
Probability weighted	**3,847**								

Low mortgage LTVs

	June 2024[1]				2023[1]	2010[1]
	Mainstream	Buy to let	Specialist	Total	Total	Total
Average LTVs	42.5%	47.1%	34.1%	43.0%	43.6%	55.6%
New business LTVs	64.0%	55.4%	N/A	62.9%	61.7%	60.9%
≤80% LTV	87.7%	99.8%	96.6%	89.7%	89.3%	57.0%
>80–90% LTV	10.7%	0.1%	1.2%	8.9%	7.8%	16.2%
>90–100% LTV	1.5%	0.0%	1.0%	1.3%	2.8%	13.6%
>100% LTV	0.1%	0.1%	1.2%	0.1%	0.1%	13.2%
Value >80% LTV	£31.6bn	£0.1bn	£0.1bn	£31.8bn	£33.0bn	£146.6bn
Value >100% LTV	£0.2bn	-	£0.1bn	£0.3bn	£0.3bn	£44.9bn
Gross lending	£255.9bn	£48.0bn	£4.2bn	£308.1bn	£307.6bn	£341.1bn

1 – 2023-24 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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