LLOYDS BANKING GROUP

2022 Q3 Fixed Income Investor Presentation

Lloyds Banking Group
27 October 2022

Robust performance, confidence in continued delivery

Purpose

Helping Britain Prosper

- Maintaining support for customers
- Continued income growth supported by rate environment and robust business volumes; strong capital generation
- Strong observed asset quality and stable credit trends
- Robust financial performance and revised economic outlook driving updated guidance for 2022
- Supporting low carbon transition with new sector emissions targets
- Strategic delivery and business model position the Group well; significant investment underway, supporting growth strategy

Supporting our customers

Purpose

Helping Britain Prosper

- **Customers demonstrating resilience and adapting to higher cost of living**
- **Support provided where required with increased operational capacity**
  - **Retail**
    - Proactively contacting those most-impacted
    - Suppressed fees for vulnerable customers
    - >100k helped out of persistent debt so far this year
    - Increased use of digital tools to help manage finances
  - **Commercial**
    - Specialist relationship manager support
    - Ongoing outreach targeting clients in most-impacted sectors
    - Suppressed certain fees and charges for SME clients
  - **Insurance**
    - Removed monthly APR charges on home insurance policies
    - 'Be Money Well' hub helping customers manage finances

Financial Update

Robust financial performance

Summary P&L and key metrics

(£m)	Q3 2022 YTD	Q3 2021 YTD	YoY
Net interest income	**9,529**	8,270	*15%*
Other income	**3,811**	3,753	*2%*
Operating lease depreciation	**(295)**	(382)	*23%*
Net income	**13,045**	11,641	*12%*
Operating costs[1]	**(6,436)**	(6,066)	*(6)%*
Remediation	**(89)**	(525)	*83%*
Total costs	**(6,525)**	(6,591)	*1%*
Underlying profit before impairment	**6,520**	5,050	*29%*
Impairment	**(1,045)**	853	
Underlying profit before tax	**5,475**	5,903	*(7)%*
Statutory profit after tax	**4,035**	5,465	*(26)%*
Return on tangible equity	**12.9%**	17.6%	*(4.7)pp*

	Q3 2022	Q4 2021	YTD
Tangible net asset value per share	**49.0p**	57.5p	*(8.5)p*
Pro forma CET1 ratio[2]	**15.0%**	14.0%	*1.0pp*

- Balance sheet franchise growth
- Net income up 12%; NIM 284bps
- Operating costs up 6%; stable BAU costs with higher planned strategic investment
- Higher impairment reflecting revised macroeconomic outlook; continued strong observed asset quality
- TNAV 49.0p, down 8.5p YTD largely driven by rate increases
- Strong capital generation of 191bps[3] YTD; CET1 ratio 15.0%

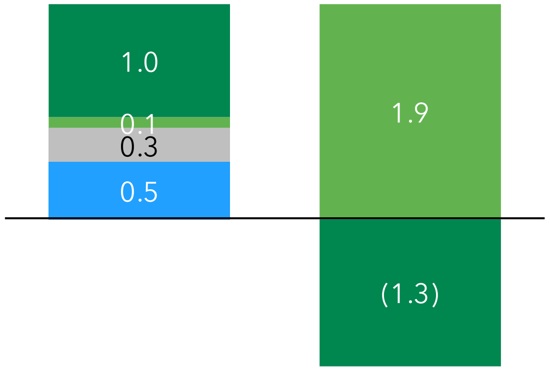
1 – Comparatives have been presented to reflect the new costs basis, consistent with the current period. 2 – Q4 2021 comparative reflects the regulatory changes on 01/01/2022, Insurance dividend and the full impact of the 2022 share buyback. 3 – Excluding regulatory changes on 01/01/2022, variable pension contributions and ordinary dividends.

Ongoing strength in customer franchise

Q3 lending change

(£bn)

Retail	Commercial
+£1.9bn/0.5%	**+£0.6bn/0.6%**

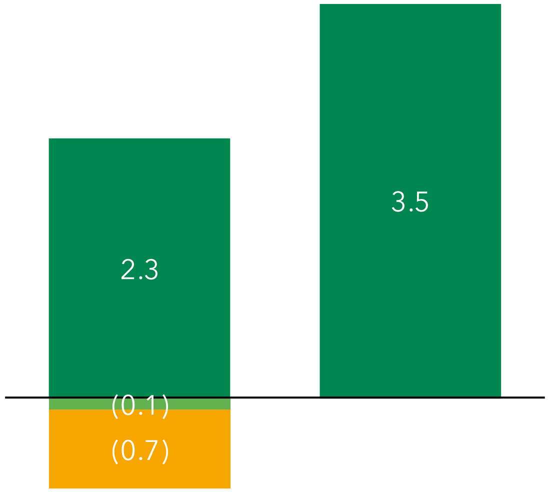


- Mortgages
- Credit cards
- Motor Finance
- Unsecured loans
- Other[1]
- Small and Medium Businesses
- Corporate and Institutional Banking (CIB)

Q3 deposit change

(£bn)

Retail	Commercial
+£1.5bn/0.5%	**+£3.5bn/2.1%**



- Retail current a/c
- Retail relationships
- Retail tactical
- Wealth
- Commercial Banking deposits

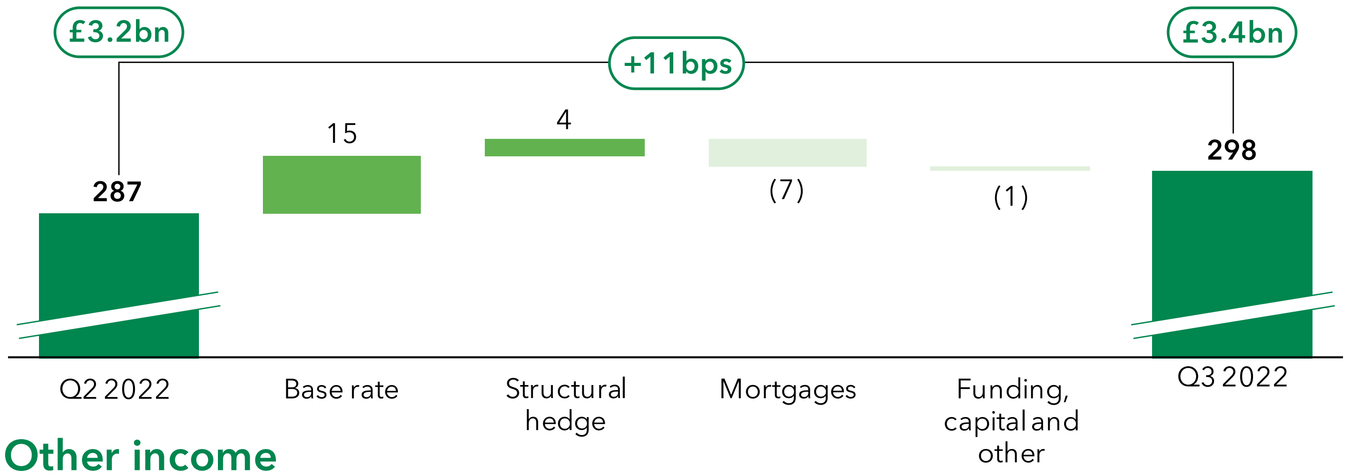
- Mortgage balances up £1.0bn in Q3 at £310.7bn; £1.8bn open book growth
- Credit card balances up £0.1bn in Q3; higher spend largely offset by repayments
- Commercial Banking balances up £0.6bn given CIB growth and FX, offsetting repayment of support scheme balances
- Retail deposits up £1.5bn with £2.3bn increase in current accounts, partly offset by lower savings balances
- Commercial deposits up £3.5bn in Q3
- >£6bn net new money in Insurance YTD

1 – Includes Overdrafts, Europe and Wealth.

Continued income growth

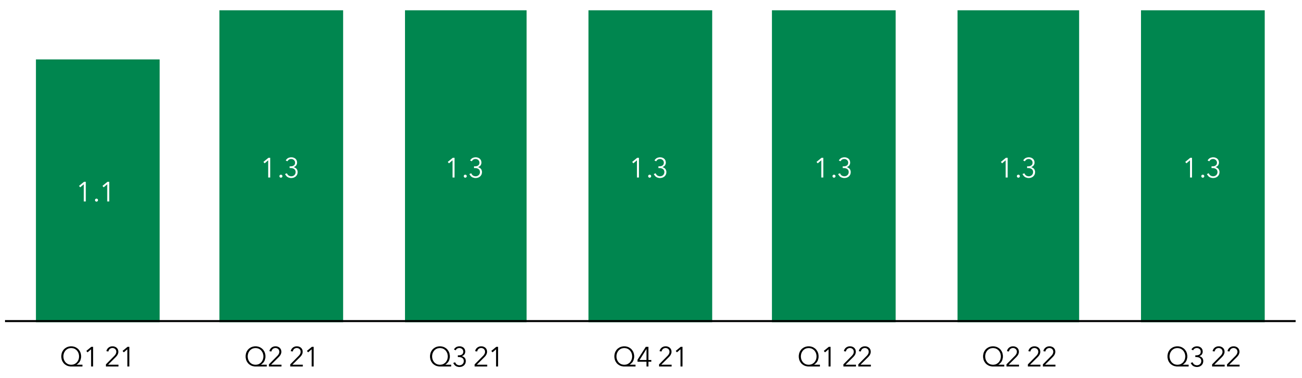
Net interest income (NII) and banking net interest margin (NIM)

(£bn, bps)



Other income

(£bn)

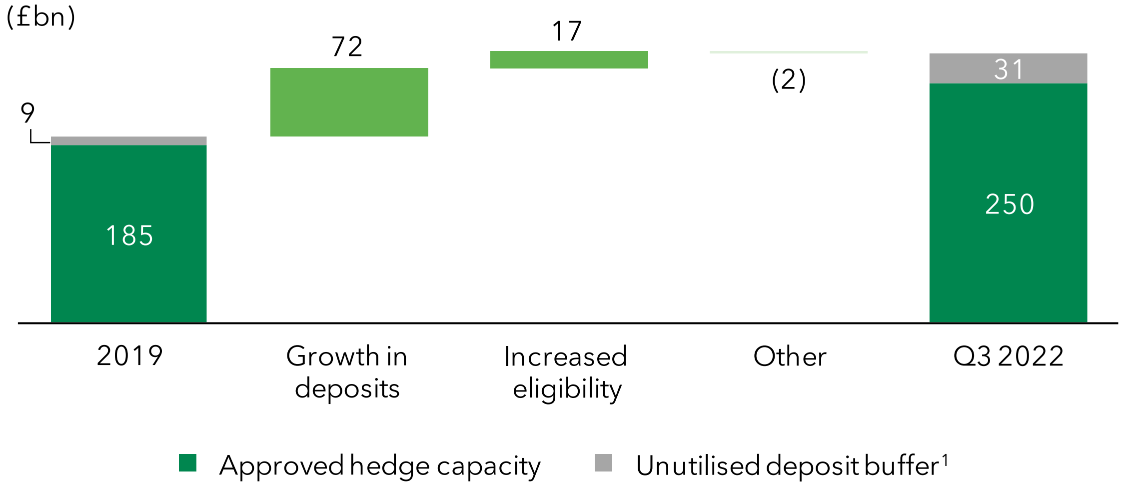


- NII £9.5bn YTD, up 15% on prior year
  - Stronger Q3 NIM 298bps given base rate movements, hedge earnings and robust balance growth
  - Competitive mortgage market and volatile swap rates; Q3 average completion margin c.60bps
  - Fully hedged nominal balance of £250bn with WAL c.3.5 years, £31bn buffer
  - Continue to expect low single-digit percentage growth in AIEAs in 2022
  - Now expect 2022 NIM to be >290bps
- Other income £3.8bn YTD, up 2%; £1.3bn in Q3, in line with prior quarters

1 – Illustrative interest rate sensitivity; based on the assumptions shown in the appendix on slide 12.

Increased hedge earnings with enhanced buffer

Growth in structural hedge capacity and buffer since 2019



Cumulative impact of parallel shifts in interest rate curve[2]

(£m)

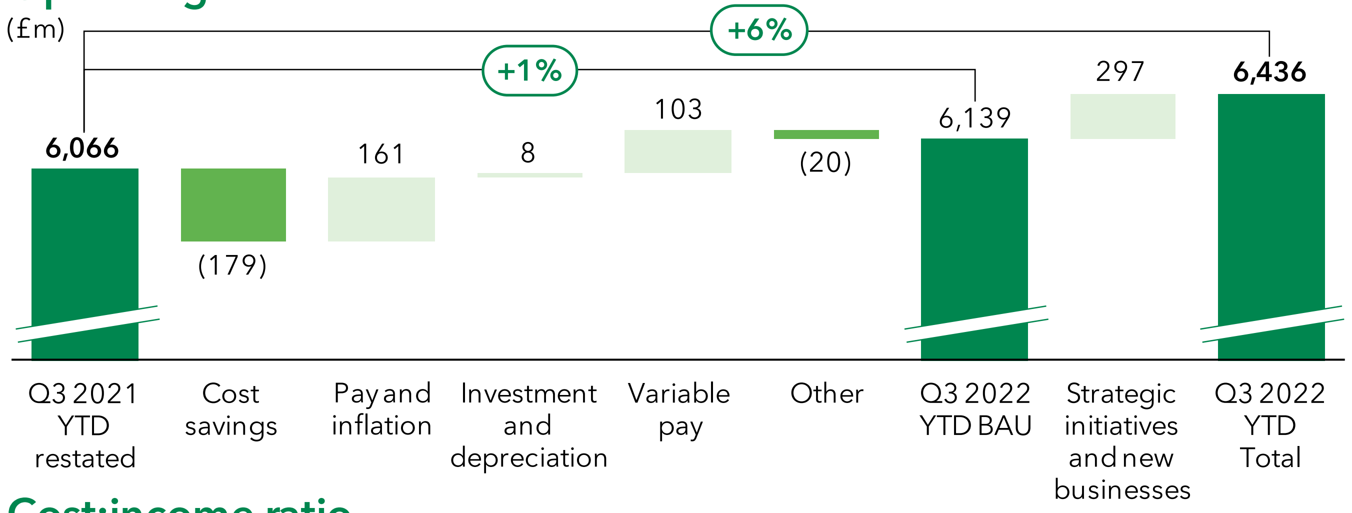
	Year 1	Year 2	Year 3
+100bps	c.625	c.1,025	c.1,450
+50bps	c.300	c.525	c.725
+25bps	c.150	c.250	c.350

- >£70bn growth in deposits since 2019 contributing to increased hedge income
  - Q3 hedge income c.£120m above Q3 21
  - Unutilised deposit buffer increased from £9bn to £31bn
- Rate sensitivity now c.£150m additional NII in year 1 for a 25bps parallel shift
  - Sensitivity reduced from Q2 given maturities now mostly invested
  - Future sensitivity increases given £38bn maturities in 2022/23 and if buffer utilised
  - Assumptions unchanged, including 50% illustrative deposit pass-through[3]
  - c.£50m additional year 1 NII for every 10pp reduction in assumed pass-through on 25bps shift; c.£100m on 50bps shift

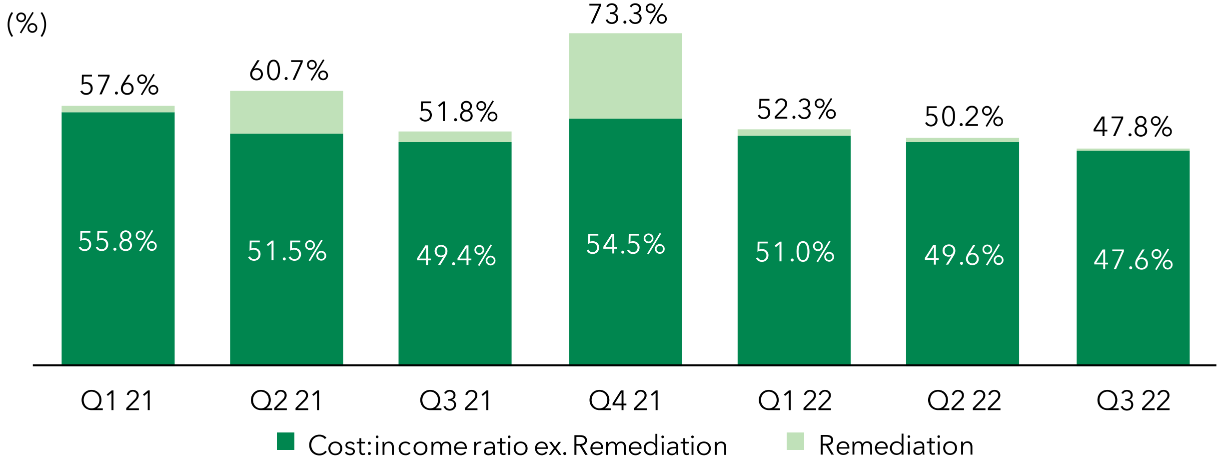
1 – Deposits not yet deemed hedgeable. 2 – Sensitivity based on modelled impact on banking book NII (including the future impact of structural hedge maturities). Year 1 reflects the 12 months from 30/09/2022 balance sheet position. 3 – Assumes instantaneous parallel shift in interest rate curves, including bank base rate; balance sheet remains constant; 100% pass-through on customer lending and analysis does not reflect new business margin implications and/or pricing actions, other than as outlined.

Rigorous cost discipline alongside planned investment increase

Operating costs



Cost:income ratio



- Operating costs £6.4bn YTD, up 6% given planned investment alongside stable BAU
- Sustained cost discipline with BAU cost management offsetting inflation pressure
- Continue to expect 2022 operating costs of c.£8.8bn
- Remediation £89m YTD, principally relating to pre-existing programmes
- Market-leading efficiency position; YTD cost:income ratio 50.0%, 47.8% in Q3
- Focused on managing efficiency in context of inflationary pressures

Strong observed asset quality; updated economic scenarios

Impairment[1]

(£m)

	Q3 2022 YTD	Q3 2022
Charge/(credit) pre-updated MES[2]	**532**	**250**
Retail	**520**	**235**
Commercial Banking	**1**	**8**
Other	**11**	**7**
Updated economic outlook	**513**	**418**
Retail	**541**	**370**
Commercial Banking	**372**	**248**
Other (COVID central adjustment)	**(400)**	**(200)**
Total impairment charge/(credit)	**1,045**	**668**

Gross lending and coverage levels[3]

(%)

		Stage 1	Stage 2	Stage 3	Total
Q3 2022	Gross loans and advances	£386bn	£64bn	£11bn	**£461bn**
	Coverage	0.2%	3.1%	21.7%	**1.1%**
Q2 2022	Gross loans and advances	£399bn	£49bn	£11bn	**£460bn**
	Coverage	0.2%	3.0%	20.1%	**1.0%**

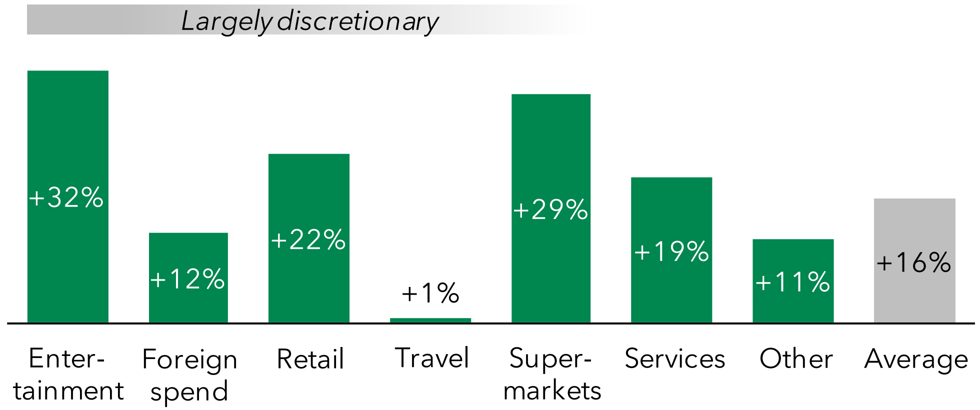
- Q3 net impairment charge of £668m
  - Updated net MES charge of £418m; £618m for updated scenarios alongside £200m central COVID adjustment release
  - Observed charge pre-updated MES of £250m, equivalent to AQR 21bps (15bps YTD): strong observed asset quality
  - Above prior periods largely from absence of debt sales and model adjustments
- £1,045m net impairment charge YTD; AQR 30bps
- Stage 3 balances flat on Q1 and Q2
- Stock of ECL £5.0bn, up £0.5bn YTD given updated economic outlook
- Now expect 2022 AQR c.30bps

1 – Impairment charges for Retail, Commercial Banking and Other reflect the new organisation structure; comparatives have been presented on a consistent basis. 2 – Impairment charges absent the impact from updated economic outlook, thus reflecting only observed movements in credit quality. Coronavirus impacted restructuring cases, previously disclosed separately, are now reported within charges pre-updated MES (multiple economic scenarios). 3 – Underlying basis. Table uses rounded inputs. Stage 3 balances increased on 01/01/2022 given CRD IV changes.

Resilient customer behaviour

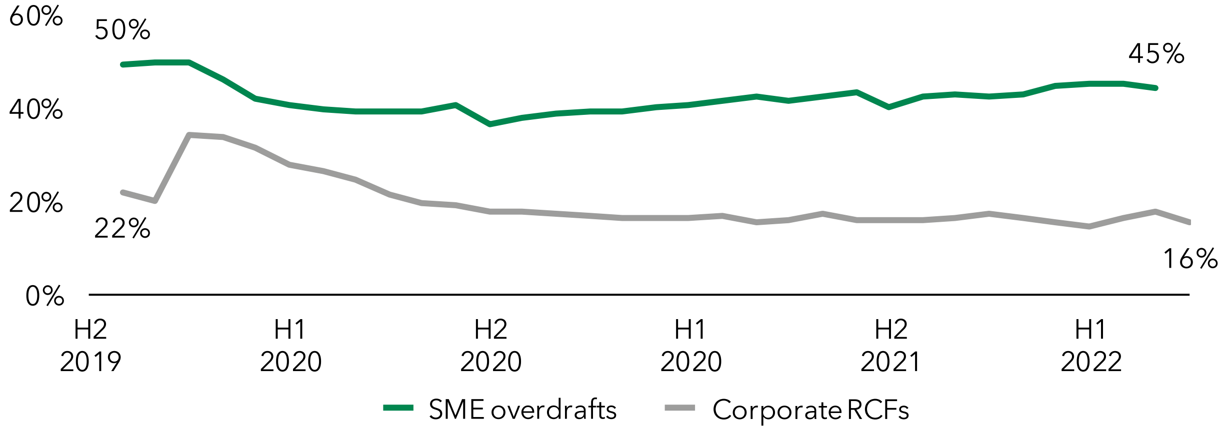
Increased credit card spend in discretionary categories

(% change, September 2022 vs September 2019)



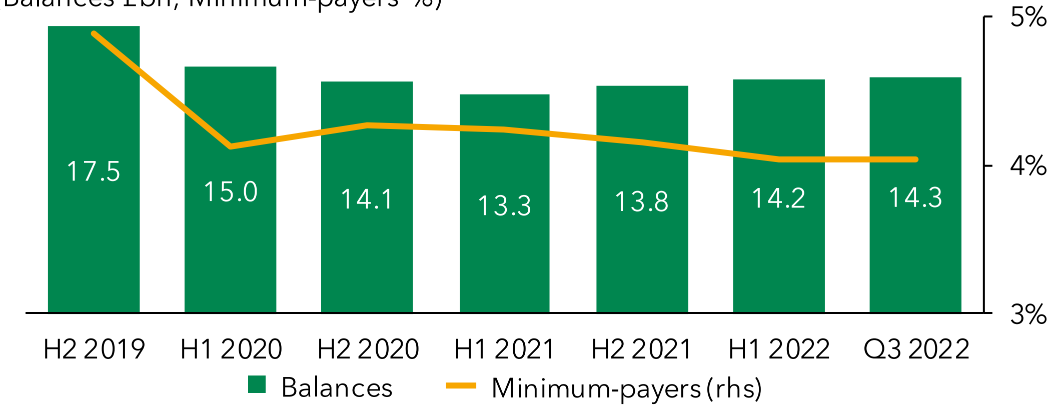
SME overdraft and corporate RCF[2] utilisation stable

(%)

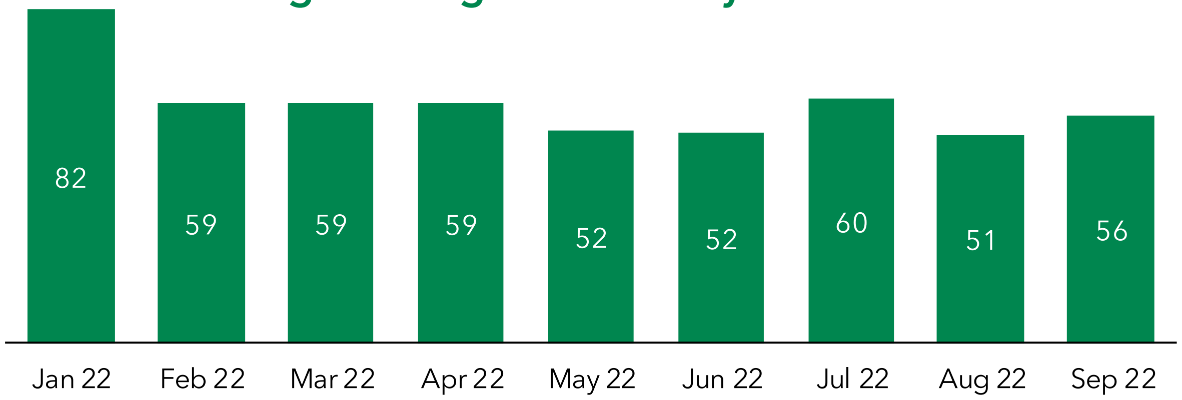


Credit card regular minimum-payers stable[1]

(Balances £bn, Minimum-payers %)



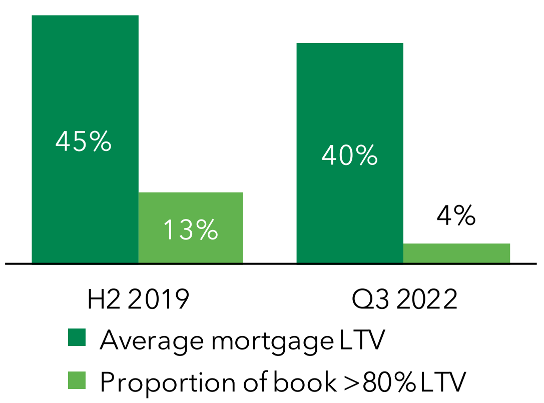
Invoice financing – average debtor days[3] stable



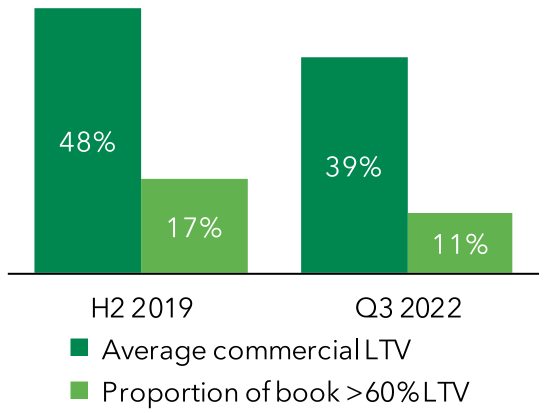
1 – Prior periods restated to reflect the new organisation structure. 2 – Revolving credit facilities. 3 – Debtor days calculated as a daily average at an active facility level across factoring and invoice discounting products; excludes syndicated deals.

Resilient portfolios

Average mortgage LTV

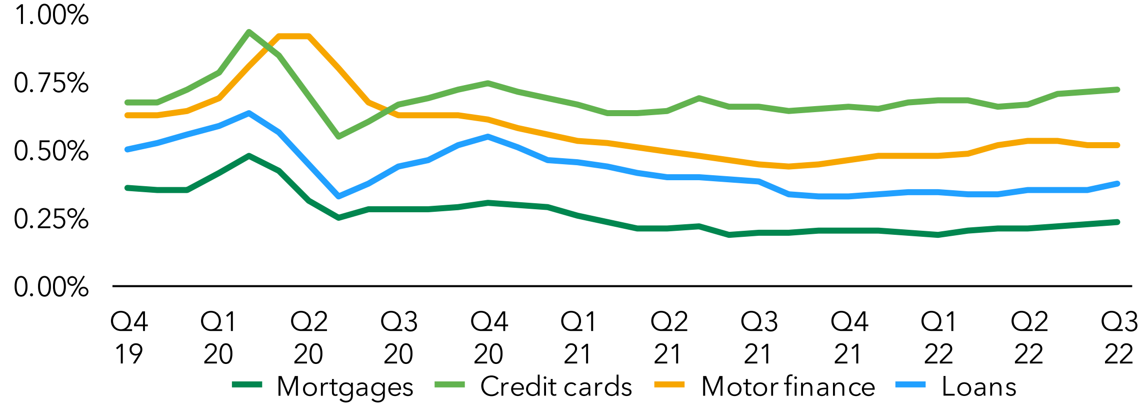


Commercial Banking UK direct real estate LTV[1]



New to arrears as a proportion of total balances

(3-month rolling average, %)

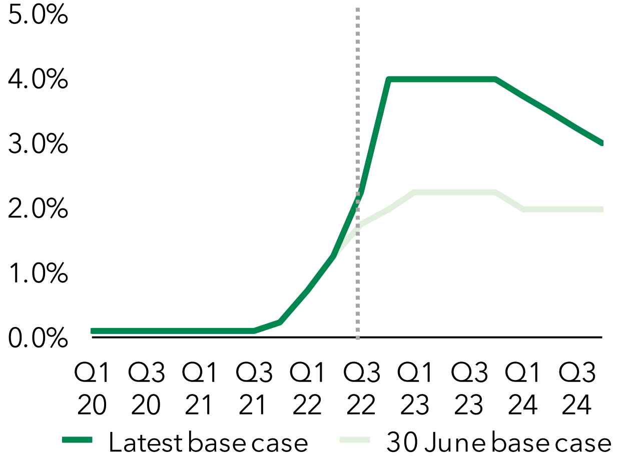


- Average mortgage LTV 40.3% with 96% of book below 80% LTV
  - Average household income for mortgages c.£75k p.a.[2]
- Net CRE exposure £10.9bn; average LTV 39% and c.89% with LTV <60%
  - Average interest cover ratio 4.4x
- >70% of Commercial exposure[3] at investment grade and c.90% of SME lending secured
- New to arrears remain low, at or below historical averages

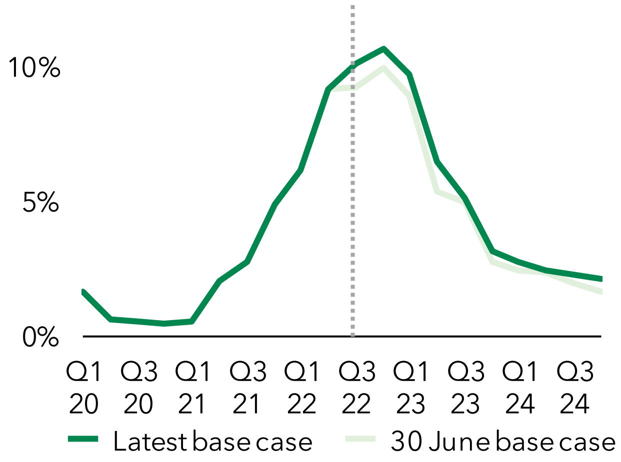
1 – H2 2019 excludes CRE exposures <£1m; Q3 2022 includes all CRE exposures. Difference is not expected to materially impact trends. 2 – Relates to mortgage completions in 2022.
3 – Commercial Banking excluding SME and Business Banking.

Updated macroeconomic outlook

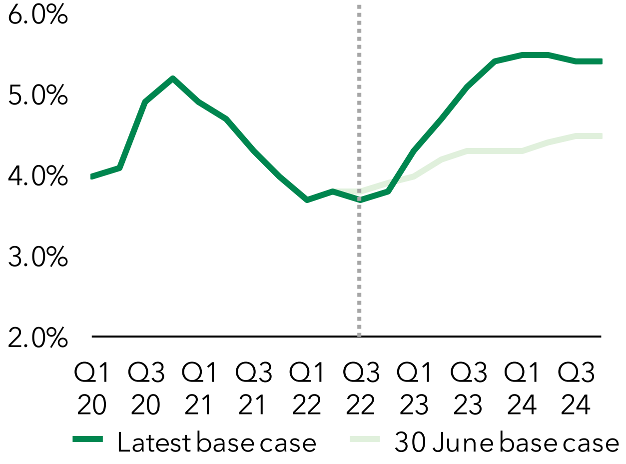
UK bank rate



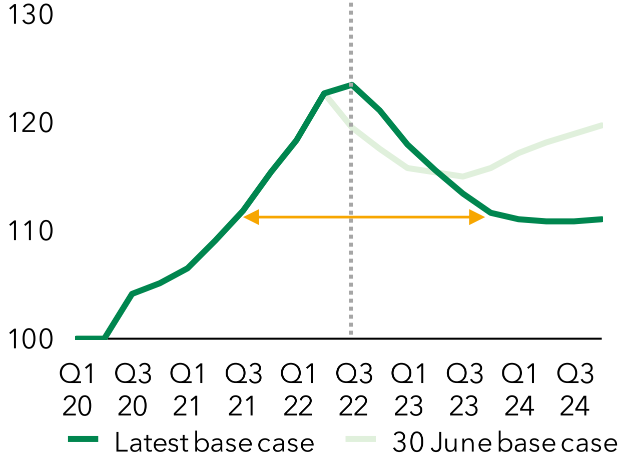
CPI inflation



Unemployment



Indexed house prices



- Latest macroeconomic base case reflects some deterioration in outlook
  - Base rate forecast to peak at 4.00% at year end 2022
  - Inflation forecast to peak at 10.7% in Q4
  - Peak unemployment forecast to be 5.5% in Q1 2024
  - After recent strong house price growth, expect a fall of c.8% in 2023; peak-to-trough fall c.10%
- Uncertainty remains

Classification: Public

Statutory profit after tax £4.0bn YTD

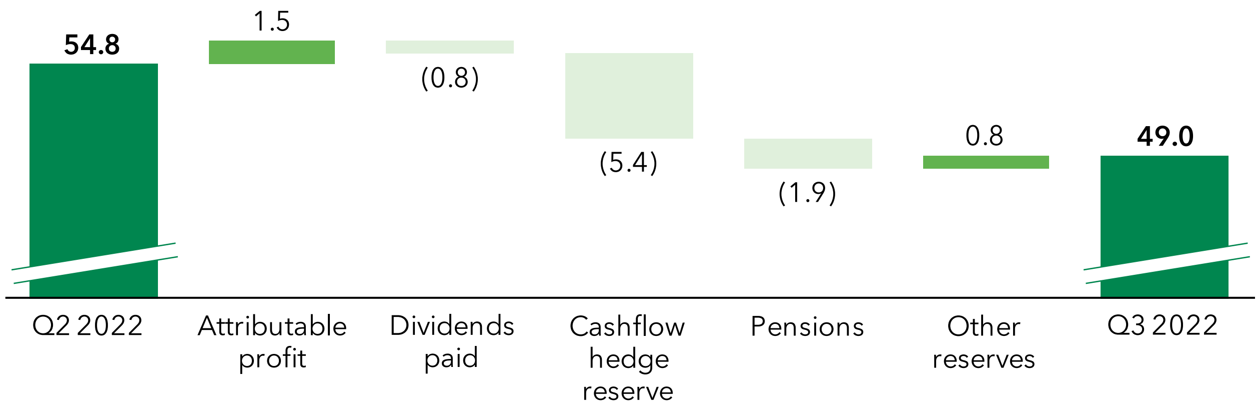
Statutory profit

(£m)

	Q3 2022 YTD	Q3 2021 YTD	YoY
Underlying profit	**5,475**	5,903	*(7)%*
Restructuring costs	**(69)**	(34)	
Volatility and other items	**(237)**	65	
Statutory profit before tax	**5,169**	5,934	*(13)%*
Tax expense	**(1,134)**	(469)	
Statutory profit after tax	**4,035**	5,465	*(26)%*
Return on tangible equity	**12.9%**	17.6%	*(4.7)pp*

Tangible net asset value per share

(pence)



- Underlying and statutory profit converging following year end 2021 reporting changes
- Restructuring costs £69m, including Embark integration costs
- Negative market volatility impacts in Q3 alongside usual fair value unwind
- RoTE 12.9%; continue to expect 2022 RoTE to be c.13%
- TNAV 49.0p, down 5.8p in Q3, largely due to cash flow hedge reserve and pension surplus movements

Robust performance, confidence in continued delivery

Helping Britain Prosper

- Maintaining support for customers
- Strong observed asset quality and stable credit trends
- Robust financial performance and revised economic outlook driving updated guidance for 2022

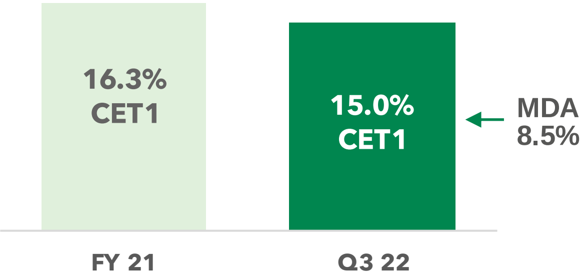
Updated guidance for 2022

- NIM now expected to be >290bps
- Operating costs expected to be c.£8.8bn
- AQR now expected to be c.30bps
- RoTE expected to be c.13%
- RWAs expected to be c.£210bn at year end
- Capital generation now expected to be 225-250bps

Capital, Funding & Liquidity

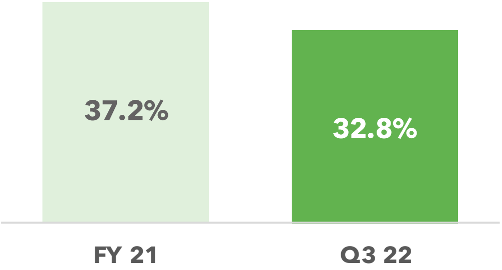
Capital, MREL and Liquidity summary

Capital



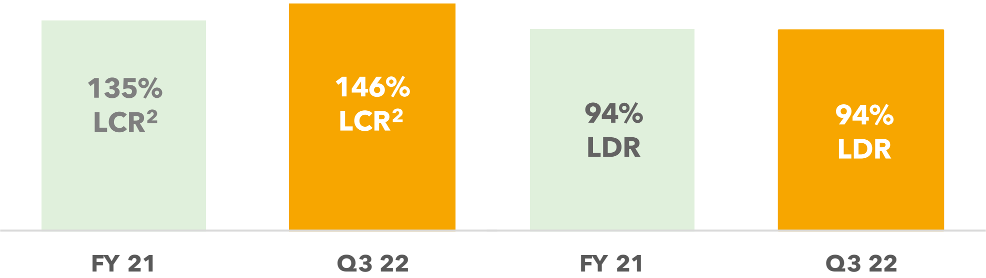
CET1 remains ahead of regulatory minimum and ongoing Group target of c.12.5% + c.1% management buffer

MREL



MREL remains comfortably in excess of ongoing requirement of 25.6%[1] following 1 Jan 2022 regulatory changes

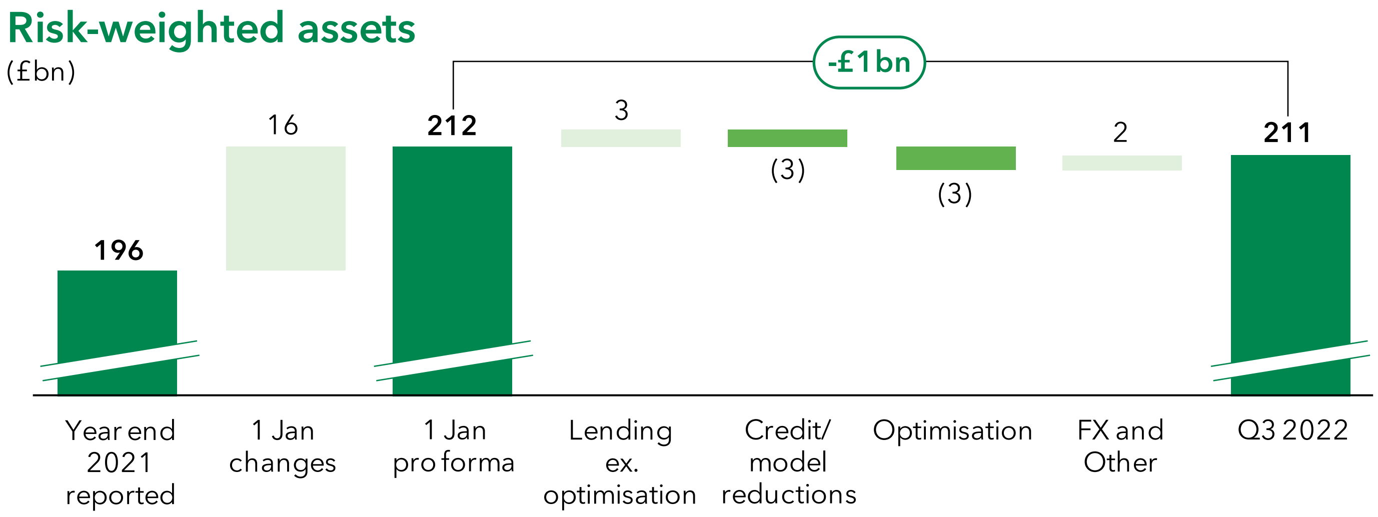
Liquidity

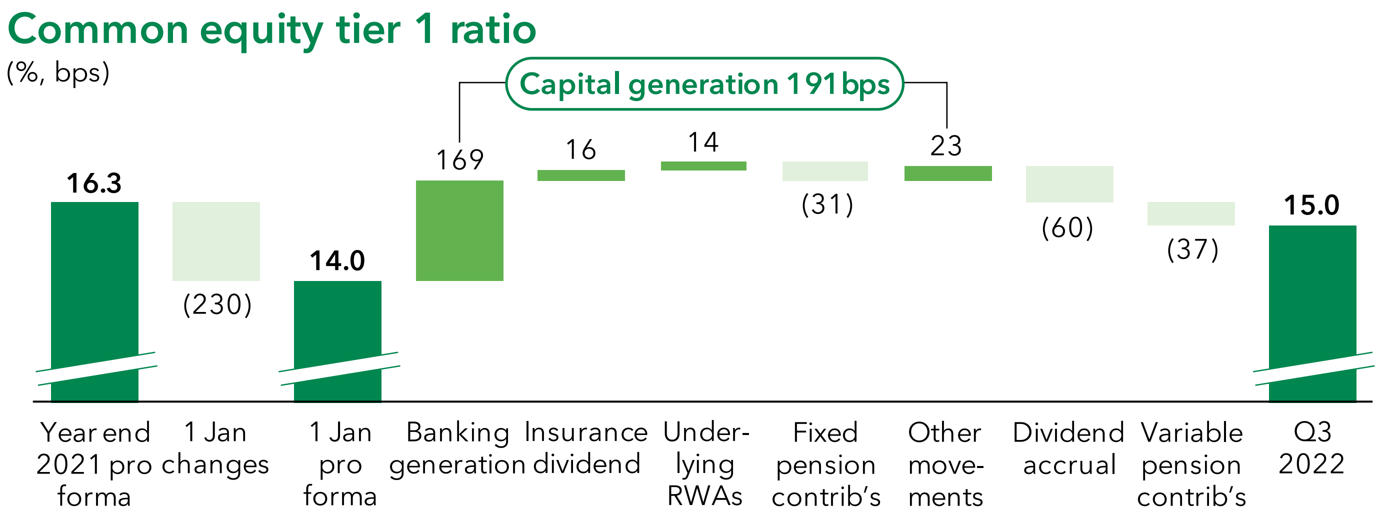


Strong liquidity metrics given recent deposit growth

1 – Reflects revised Pillar 2A component following the PRA's reduction of the Group's Pillar 2A capital requirement in October 2022. MREL requirement shown excludes any other PRA buffer requirement which we are not permitted to disclose. 2 – Calculated as a simple average of month end observations over the previous 12 months.

Effective RWA management and strong capital generation



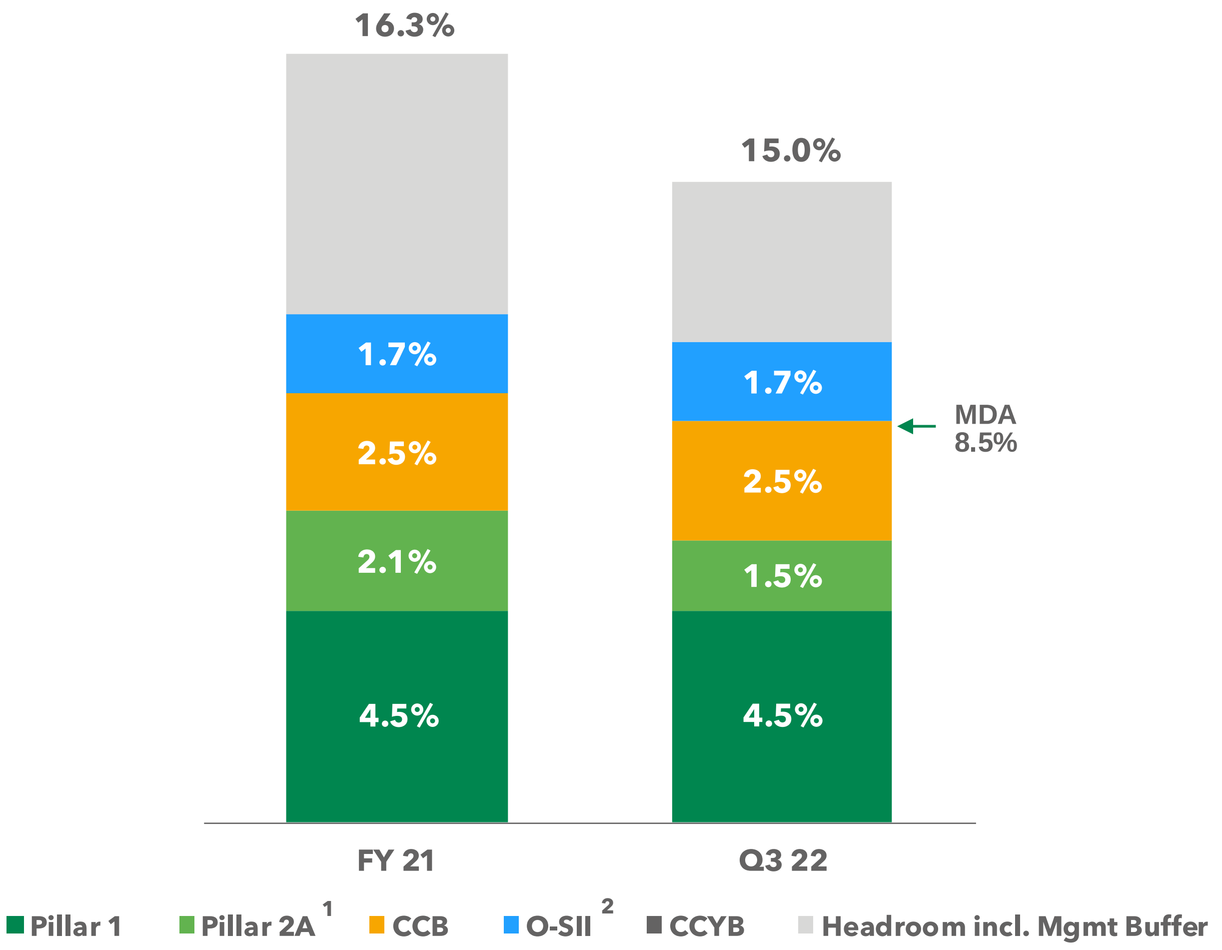


- RWAs down £1bn since 1 January: credit and model reductions and optimisation
- 191bps capital generation after (31)bps for full fixed pension deficit contributions
- CET1 ratio 15.0% after (60)bps dividends and (37)bps variable pension contributions
- Remain well ahead of ongoing target of c.12.5% plus a c.1% management buffer
- Completed £2bn 2022 buyback programme[1]; >4.5bn shares bought, >6% of issued share capital
- Continue to expect 2022 RWAs c.£210bn
- Expect 2022 capital generation 225-250bps

1 – On 11/10/2022.

Capital strength maintained

Common equity tier 1 ratio



- CET1 ratio of 15.0% reflects strong capital build of 191bps YTD pre regulatory headwinds of 230bps on 1 January 2022
- UK CCyB rate set to increase from 0% currently to 1% in December 2022 and 2% in July 2023, representing an equivalent increase in the Group's CCyB to 1.8%
- O-SII buffer maintained at 1.7% until reassessment in December 2023; earliest implementation of any change January 2025
- P2A CET1 requirement reduced from 2% to 1.5% following recent update from PRA. MDA lowered to 8.5%

1 – Q3 22 reflects revised Pillar 2A CET1 requirement following the PRA's reduction of the Group's Pillar 2A capital requirements in October 2022. 2 – O-SII buffer of 2% is applicable to the RFB sub-group, equating to 1.7% at Group level.

Guiding to increased funding requirements over strategic plan period

	2023	Issuance principles
HoldCo Senior	c.£5-10bn	Refinancing of maturities
Tier 2	c.£2bn across T1 and T2	Ongoing refinancing to c.2.5% target
AT1	c.£2bn across T1 and T2	Ongoing refinancing to c.2.0% target
OpCo	c. £5-10bn across RFB (largely secured) and LBCM (unsecured)	Refinancing of maturities and government borrowing

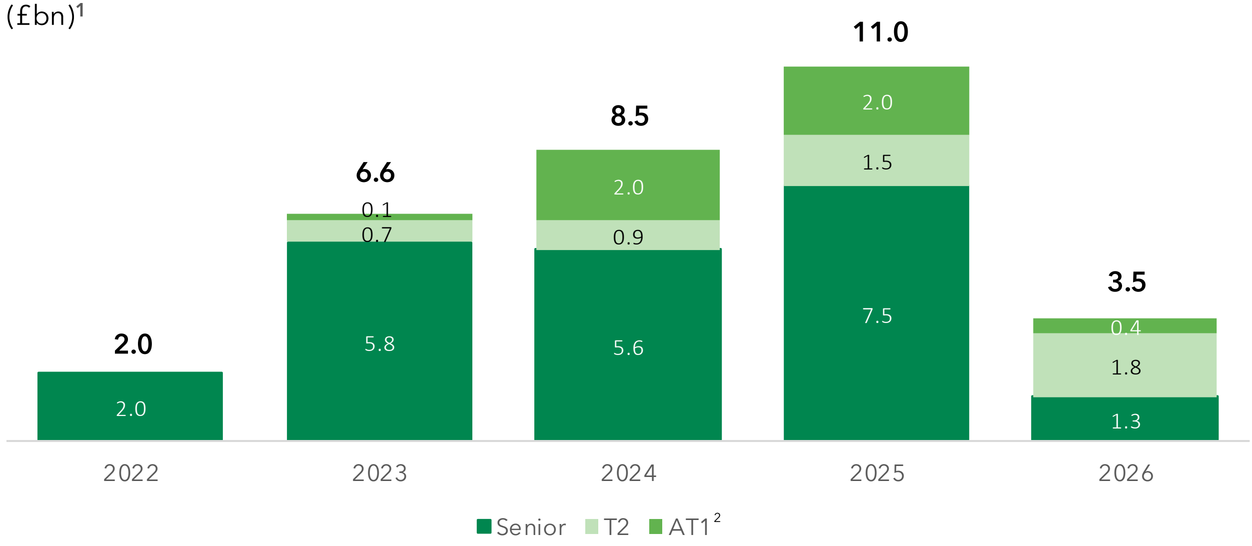
- 2022 funding plan completed with £6.1bn of senior HoldCo issued vs guidance of £5-£6bn
- Total issuance of £7.2bn YTD includes £0.75bn of AT1; subsequent AT1 tender of June 2023 callable trade, with 87% take-up
- Expect £15-20bn per annum of wholesale funding needs in 2023 and beyond
- Will consider 2023 pre-funding opportunities, subject to market conditions

Classification: Public

Term funding maturities

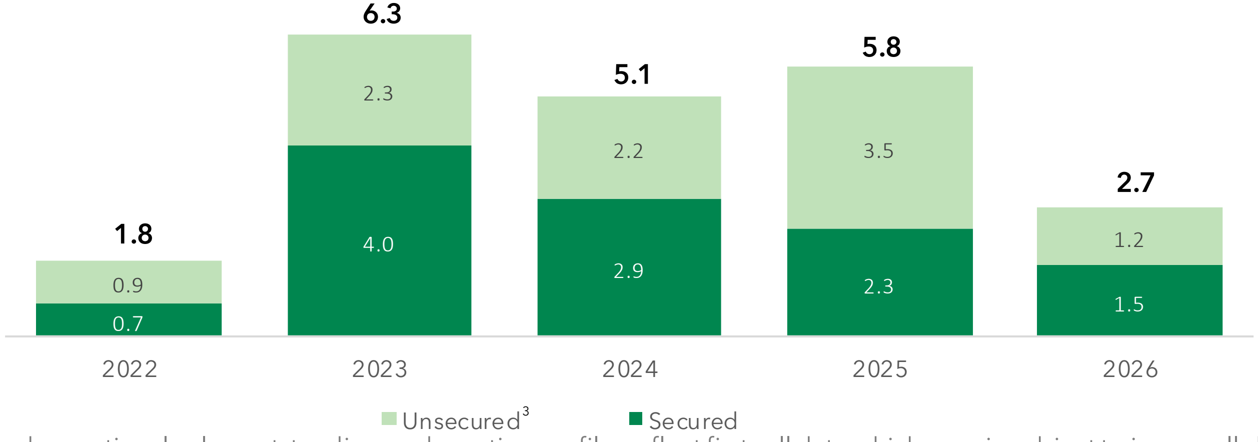
HoldCo redemption profile

(£bn)[1]



OpCo redemption profile

(£bn)[1]



- Strong liquidity position with LCR at 146%
- Issuance in recent years less than maturities
- Redemption profile supports increased future issuance, with net supply increasing moderately
- The Group has access to a diverse range of funding programmes, products and markets

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

Appendix

Classification: Public

Simple group structure with multiple issuance points

HoldCo

Lloyds Banking Group

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

Ring-Fenced Sub-Group		Non-Ring-Fenced Sub-Group		Insurance Sub-Group		Equity Investments Sub-Group	
Lloyds Bank, Bank of Scotland		**Lloyds Bank Corporate Markets**		**Scottish Widows** [2]		**Lloyds Equity Investments**	
A+ / A1 / A+ Sta / Neg / Sta	A-1 / P-1 / F1	A / A1 / A+ Sta / Sta / Sta	A-1 / P-1 / F1	- / A2 / A+ - / Sta / Sta	- / - / F1	-	-
Senior Unsecured Covered Bonds ABS	CD, CP	Senior Unsecured	CD, Yankee CD, CP	Capital	-	-	-
L&A: £436bn[3]	Assets: £625bn[4]	L&A: £21bn[3]	Assets: £100bn[4]	L&A: N/A	AuA: £210bn[4]	L&A: N/A	Assets: £3bn[4]
EU Sub: Berlin		**EU Sub: Frankfurt**		**EU Sub: Luxembourg**			

1 - Ratings shown are senior unsecured in the order of S&P / Moody's / Fitch. 2 – Ratings shown are for Scottish Widows are Insurance Financial Strength Ratings. 3 – "L&A" refers to Loans & Advances to customers. Lloyds Bank L&A and LBCM L&A are shown as at Q322. 4 – Lloyds Bank Total Assets and LBCM Total Assets as at Q322, Scottish Widows AuA as at H122 and LEIL Total Assets as at FY21.

Strong credit ratings across the Group

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

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

Classification: Public

Strong ESG ratings supported by clear deliverables

LLOYDS BANKING GROUP

Environmental

- Reduce carbon emissions we finance by >50% by 2030, on the path to net zero by 2050 or sooner
- Net zero for our own operations by 2030 and reduce the emissions from our suppliers by 50% by 2030 on the path to net zero by 2050, or sooner
- 7 sector based 2030 emissions reduction targets and new net zero ambition for our supply chain in our Net Zero Activity Update[3]
- Sustainability embedded across business priorities

Social

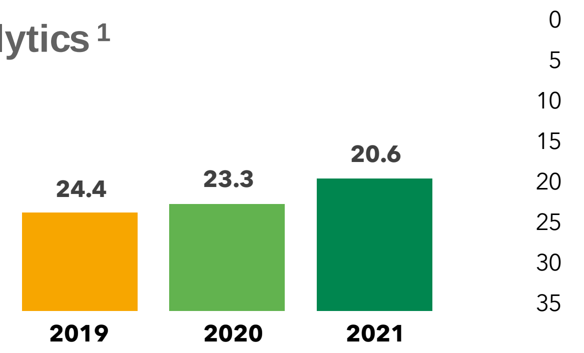
- Improving access to quality housing
- Promoting financial inclusion and education
- Enabling regional development
- Aspire to 50% female, 13% Black, Asian and minority ethnic with 3% Black heritage colleagues in senior roles by 2025

Governance

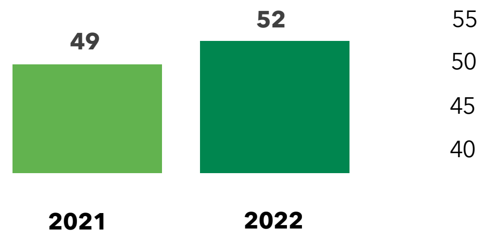
- 3 ESG performance measures in the Group Balanced Scorecard
- Transparency through ESG reporting: 2021 ESG Report and 2021 Climate Report
- Stakeholder outcomes incorporated in the Group's new strategy

MSCI [1]

Sustainalytics [1]



S&P CSA [1 2]



1 – Ratings shown are all end of year scores. 2 – S&P only shows a score for 2021 and 2022 as LBG did not participate in the CSA process in earlier years. 3 - The Net Zero Activity Update can be found at www.lloydsbankinggroup.com/investors/esg-information.html

Quarterly P&L and key ratios

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

Updated economic scenarios

Scenario	ECL (£m)	Measure (%)	2022	*vs Q2 22[1]*	2023	2024	2025	2026	*Ave. 22-26*
Upside (30%)	3,778	GDP	3.6	*0.1*	0.4	1.0	1.5	2.1	*1.7*
		Interest rate	2.16	*0.52*	5.28	5.17	4.30	4.12	*4.20*
		Unemployment rate	3.3	*0.2*	2.8	3.2	3.5	3.8	*3.3*
		HPI growth	6.1	*2.9*	(2.7)	7.2	8.5	6.1	*5.0*
		CRE price growth	8.7	*(0.5)*	(3.6)	0.1	1.0	1.9	*1.6*
		CPI inflation	9.0	*0.4*	6.1	2.9	3.2	2.6	*4.8*
Base case (30%)	4,352	GDP	3.4	*0.1*	(1.0)	0.4	1.4	2.0	*1.2*
		Interest rate	2.06	*0.62*	4.00	3.38	2.56	2.50	*2.90*
		Unemployment rate	3.7	*(0.1)*	4.9	5.4	5.5	5.5	*5.0*
		HPI growth	5.0	*3.2*	(7.9)	(0.5)	2.5	2.3	*0.2*
		CRE price growth	2.8	*1.0*	(14.4)	(2.7)	0.4	1.9	*(2.6)*
		CPI inflation	9.1	*0.5*	6.2	2.5	2.2	1.3	*4.2*
Downside (30%)	5,462	GDP	3.2	*0.2*	(2.3)	(0.2)	1.2	1.9	*0.8*
		Interest rate	2.00	*0.75*	2.93	1.76	1.04	1.07	*1.76*
		Unemployment rate	4.1	*(0.4)*	6.6	7.5	7.3	7.2	*6.5*
		HPI growth	3.9	*4.0*	(12.9)	(8.9)	(5.4)	(3.3)	*(5.5)*
		CRE price growth	(1.4)	*3.0*	(23.0)	(6.5)	(2.5)	(0.2)	*(7.1)*
		CPI inflation	9.0	*0.3*	6.0	1.9	1.1	0.0	*3.6*
Severe downside (10%)	9,397	GDP	2.4	*0.8*	(4.5)	(0.3)	1.0	1.8	*0.0*
		Interest rate – adj.	2.44	*(0.50)*	7.00	4.88	3.00	2.75	*4.01*
		Unemployment rate	4.9	*(0.9)*	9.8	10.5	10.0	9.5	*8.9*
		HPI growth	2.4	*4.0*	(17.9)	(16.6)	(10.3)	(6.0)	*(10.0)*
		CRE price growth	(9.2)	*5.7*	(35.7)	(13.6)	(6.4)	(0.7)	*(14.1)*
		CPI inflation – adj.	9.9	*0.1*	14.3	9.0	4.1	1.3	*7.7*
Probability-weighted	5,017								

1 – Comparison to scenarios modelled at Q2 2022; changes only shown for 2022 measures.

Updated coverage after updated economic outlook

(£m, unless stated otherwise)[1]	Gross customer L&A (£bn)	Coverage (ex. Recoveries)[2]				Total coverage Q4 2021[1]	ECL Q4 2021	*Write-offs & Other*	*P&L charge/ (credit)*	Net ECL incr./ (decr.)	ECL Q3 2022	Write-offs & Other Q3 2021[3]
		Stage 1	Stage 2	Stage 3	Total							
Retail	366.0	0.2%	2.8%	16.6%	0.9%	0.7%	2,640	*(491)*	*1,061*	570	3,210	(635)
UK Mortgages	*312.3*	*0.0%*	*1.5%*	*12.4%*	*0.5%*	*0.4%*	*1,284*	*8*	*284*	*292*	*1,576*	*(36)*
Cards	*14.8*	*1.5%*	*15.1%*	*54.4%*	*4.6%*	*3.7%*	*531*	*(255)*	*406*	*151*	*682*	*(299)*
Loans & Overdrafts	*10.3*	*2.0%*	*20.4%*	*72.6%*	*5.7%*	*4.7%*	*445*	*(208)*	*349*	*141*	*586*	*(254)*
Motor	*14.5*	*0.9%*	*4.4%*	*55.0%*	*2.0%*	*2.1%*	*298*	*(29)*	*16*	*(13)*	*285*	*(40)*
Other	*14.1*	*0.1%*	*2.8%*	*30.4%*	*0.6%*	*0.7%*	*82*	*(7)*	*6*	*(1)*	*81*	*(6)*
Commercial	99.0	0.3%	4.7%	34.9%	1.8%	1.5%	1,433	*(38)*	*373*	335	1,768	(155)
Other[4]	(4.0)	0.0%	0.0%	66.7%	(0.1)%	4.0%	426	*2*	*(389)*	(387)	39	(3)
Total	461.0	0.2%	3.1%	21.7%	1.1%	1.0%	4,499	*(527)*	*1,045*	518	5,017	(787)

1 – Figures for Retail, Commercial Banking and Other reflect the new organisation structure; comparatives have been presented on a consistent basis. 2 – Underlying basis. Loans and advances to customers only; excludes £39m of ECL on other assets at 30/09/2022 (£22m at 31/12/2021). 3 – Excludes £113m of non lending-related fraud costs now included within operating costs. 4 – 31/12/2021 coverage calculation for Other excludes £400m ECL central adjustment (nil at 30/09/2022).

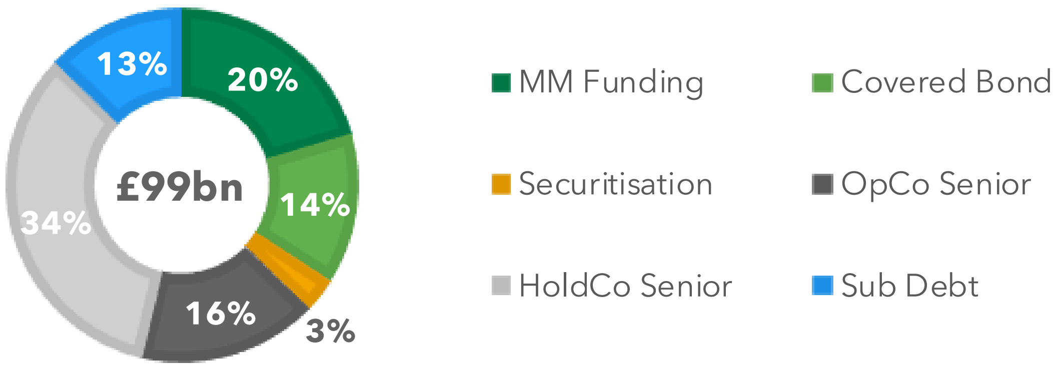
Low mortgage LTVs

	September 2022[1]				2021[1]	2010[1]
	Mainstream	Buy to let	Specialist	Total	Total	Total
Average LTVs	39.6%	45.4%	34.5%	**40.3%**	42.1%	55.6%
New business LTVs	62.4%	58.8%	N/A	**61.9%**	63.3%	60.9%
≤ 80% LTV	95.4%	99.7%	96.6%	**96.1%**	95.4%	57.0%
>80-90% LTV	4.1%	0.1%	1.2%	**3.4%**	4.1%	16.2%
>90-100% LTV	0.4%	0.1%	1.0%	**0.4%**	0.3%	13.6%
>100% LTV	0.1%	0.1%	1.2%	**0.1%**	0.2%	13.2%
Value >80% LTV	£11.6bn	£0.2bn	£0.3bn	**£12.1bn**	£14.3bn	£146.6bn
Value >100% LTV	£0.2bn	£0.1bn	£0.1bn	**£0.3bn**	£0.5bn	£44.9bn
Gross lending	£252.6bn	£51.6bn	£8.1bn	**£312.3bn**	£308.8bn	£341.1bn

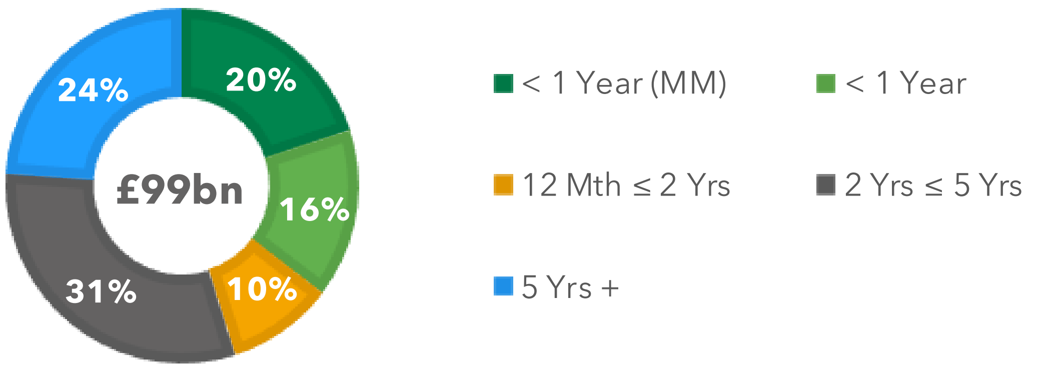
1 – 2021-22 LTVs use Markit's 2019 Halifax HPI; 2010 LTVs use Markit's pre-2019 Halifax HPI and include TSB. Table uses rounded inputs.

Diverse funding portfolio as at Q3 2022

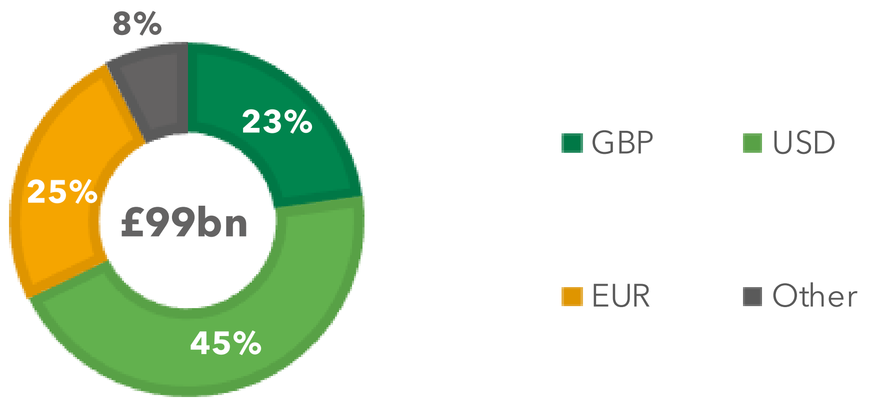
Wholesale funding portfolio by type



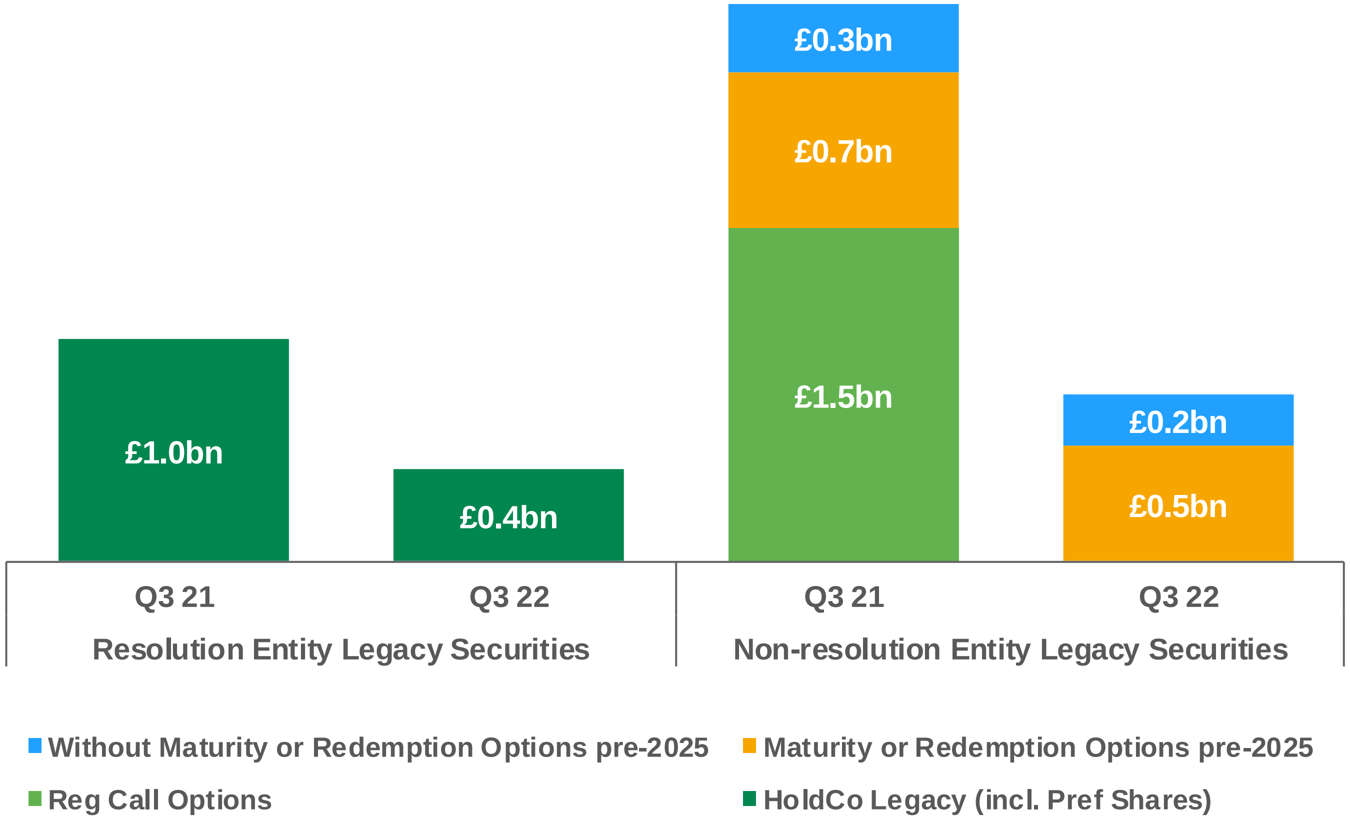
Wholesale funding portfolio by maturity



Wholesale funding portfolio by currency



Continued focus on legacy securities with significant reduction since 2021



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

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Contacts

Group Corporate Treasury

Richard Shrimpton
Deputy Treasurer
Richard.Shrimpton@Lloydsbanking.com

Peter Green
Head of Senior Funding & Covered Bonds
Peter.Green@Lloydsbanking.com

Liz Padley
Non-Bank Entities Treasurer & Head of Capital and Recovery and Resolution
Claire-Elizabeth.Padley@Lloydsbanking.com

Pascale Dorey
Director, Debt Investor Relations
Pascale.Dorey@Lloydsbanking.com

Group Investor Relations

Douglas Radcliffe
Group Investor Relations Director
Douglas.Radcliffe@Lloydsbanking.com

Edward Sands
Director, Investor Relations
Edward.Sands@Lloydsbanking.com

Nora Thoden
Director, Investor Relations – ESG
Nora.Thoden@Lloydsbanking.com