

A black horse is running across a grassy field in the foreground, its mane and tail flowing. The background features a serene landscape with a calm lake reflecting the warm, golden light of a sunset. The sky is filled with soft, colorful clouds in shades of orange, pink, and purple. In the distance, rolling hills and mountains are visible under the twilight sky.

2023 Half Year Results

Fixed Income

Presentation

Lloyds Banking Group
26 July 2023



Business and strategic update

Changing external environment, consistent delivery



Purpose

**Helping
Britain
Prosper**

- Fully focused on **proactively supporting customers**
- **Group performing well** and as expected
- **Continuing to deliver on strategic ambitions**; committed to 2024 and 2026 strategic benefits
- **Well positioned to deliver for all stakeholders**

Increased focus on supporting customers



Proactive support for customers and colleagues

- Contacted >10m savings customers¹ and >200k mortgage customers²
- Committed to Mortgage Charter, including payment arrangements and product switching
- Higher rates with an expanded savings offering and awareness; 1.9m savings accounts opened¹
- Continued contact with >550k business customers with guidance on building financial resilience
- Enhanced tools and resources to support colleagues with their finances



Building an inclusive society

- Lent £5.6bn to first-time buyers; supported c.£1bn new funding to social housing sector in H1
- Market leading Black Business Hub users up c.3x year on year
- New goal to double representation of colleagues in senior roles with a disability by 2025



Supporting the transition to a low carbon economy

- c.£20bn green and sustainable financing³; >£20bn discretionary climate aware investment⁴
- Partnering with Green Finance Institute to develop property linked retrofit finance
- Acquisition of Tusker, delivering salary sacrifice schemes for zero/low emission vehicles

Robust delivery consistent with expected trends



Q2 NIM step down

314bps

Q2 net interest margin

Resilience, anticipated mix shift

£470bn

Total deposits

Costs in line

£2.2bn

Q2 operating costs

Asset quality remains resilient

29bps

Q2 pre-MES asset quality ratio

Group performing well

13.6%

Q2 return on tangible equity

Increasing returns to shareholders

0.92p

Interim ordinary dividend

Progressing our strategic transformation



A clear strategic vision...

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

...driving a 5-year transformation...

2022

Laying the foundations, early benefits delivery

2023

Building momentum across strategic initiatives

2024

Building on benefits

2025/26

Higher, more sustainable, returns & capital generation

...seeing ongoing progress in H1 2023

Investment on track

£1.4bn strategic investment to date, of which £0.6bn in H1 2023

Adapting to the environment

Managing competitive dynamics across core markets

Building business momentum

Signs of initial progress across growth priorities

Delivering financial benefits

On track to deliver targeted outcomes

Strategic priorities delivered in H1



Illustrative examples



Grow

Drive revenue growth and diversification

20.6m digitally active customers, up c.13% vs. FY21

Growing mass affluent customers, alongside proposition developments, e.g. ready-made investments

Launched **mobile first onboarding** for sole traders, incorporating point-of-sale card payments solution

c.15% Corporate & Institutional OOI growth¹ supported by investment in DCM, FX & cash management



Focus

Strengthen cost and capital efficiency

c.20% reduction in office footprint to date

Customer journey enhancements, e.g. reduced sole trader account opening time up to **15x**

c.50% of 2024 gross cost savings target realised



Change

Maximise the potential of people, technology and data

c.290 legacy applications decommissioned to date

1,000 new hires in technology and data roles

15% reduction in data centres to date

Strategic delivery in H2



Grow

Drive revenue growth and diversification



Focus

Strengthen cost and capital efficiency



Change

Maximise the potential of people, technology and data

Launch of **dedicated mass affluent proposition**

Scale **'HomeHub'** ecosystem to deliver seamless customer journey

End-to-end digital origination for asset finance and **extend mobile-first onboarding journey** for limited companies

Improve **Markets proposition** across DCM, FX and FI and extend **originate to distribute** capabilities

Continue to deliver on cost initiatives including **increasing change efficiency** and **footprint rationalisation**

Ongoing **modernisation of technology and data capabilities**



Financial update

Robust financial performance



Financial performance (£m)

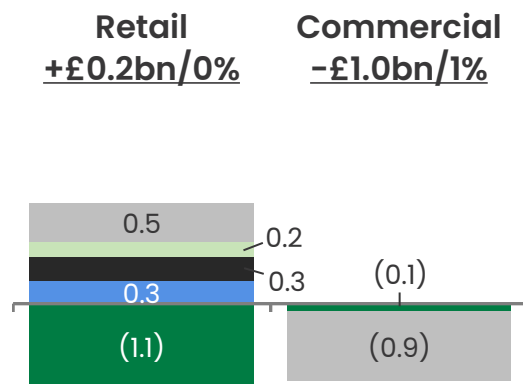
	HI 2023	HI 2022	YoY
Net interest income	7,004	6,135	14%
Other income	2,538	2,367	7%
Operating lease depreciation	(356)	(213)	(67)%
Net income	9,186	8,289	11%
Total costs inc. Remediation	(4,483)	(4,250)	(5)%
Underlying profit before impairment	4,703	4,039	16%
Impairment charge	(662)	(377)	(76)%
Underlying profit	4,041	3,662	10%
Statutory profit after tax	2,864	2,447	17%
Net interest margin	3.18%	2.77%	41bp
Return on tangible equity	16.6%	11.8%	4.8pp
Earnings per share	3.9p	3.1p	0.8p
Tangible net asset value per share	45.7p	51.4p	(5.7)p
CET1 ratio	14.2%	14.7%	(0.5)pp

- Statutory PAT £2.9bn up 17%; H1 RoTE 16.6%
- Strong net income, up 11% with NIM 318bps; Q2 margin 314bps, down 8bps vs Q1
- Costs up 5% given investment and inflation
- Resilient asset quality; £662m impairment charge; pre-MES Q2 stable on Q1
- TNAV 45.7p, down 0.8p in H1 and 3.9p in Q2, driven by impact of rates on cash flow hedge reserve
- Strong H1 capital generation 111bps; 75bps after regulatory headwinds; CET1 ratio 14.2%

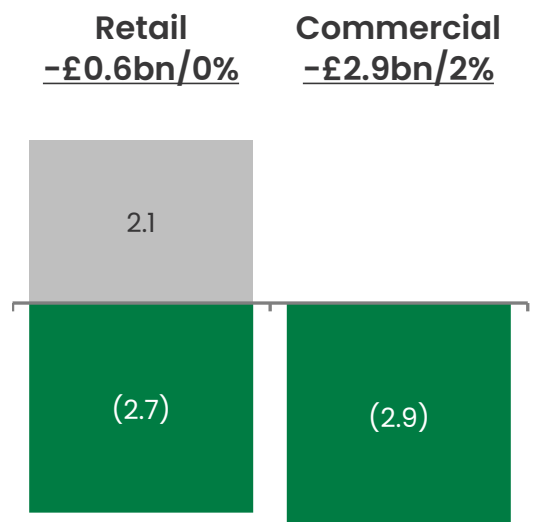
Resilience in customer franchise



Q2 lending change (£bn)



Q2 deposit change (£bn)



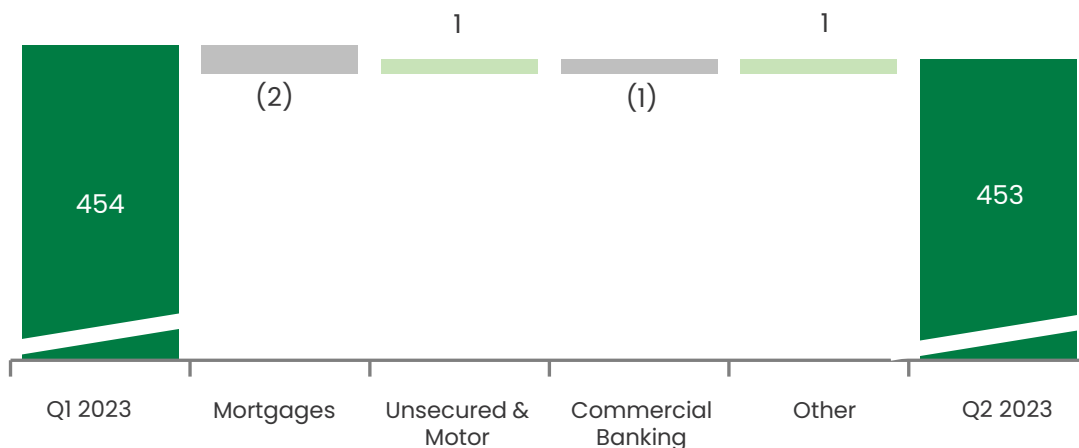
- Mortgages
- Credit cards
- Motor Finance
- Unsecured loans
- Other¹
- Corporate and Institutional Banking (CIB)
- Small and Medium Businesses (SMB)
- Retail current a/c
- Retail savings²
- Commercial Banking deposits

- **Total lending £450.7bn, down £1.6bn or 0.4% in Q2; down 0.9% in H1**
 - Retail flat in Q2; mortgages down £1.1bn vs growth in cards, motor and loans
 - Commercial down £1.0bn in Q2; SMB repayments include CBILS/BBLs
- **Total deposits £469.8bn, down £3.3bn in Q2; down 1.2% in H1**
 - Retail down £0.6bn in Q2; up £2.1bn in savings, down £2.7bn in current accounts
 - Commercial down £2.9bn in Q2, including expected reversal of short-term balances
- **£3.7bn net new money in IP&I in H1; £1.4bn in Q2³**

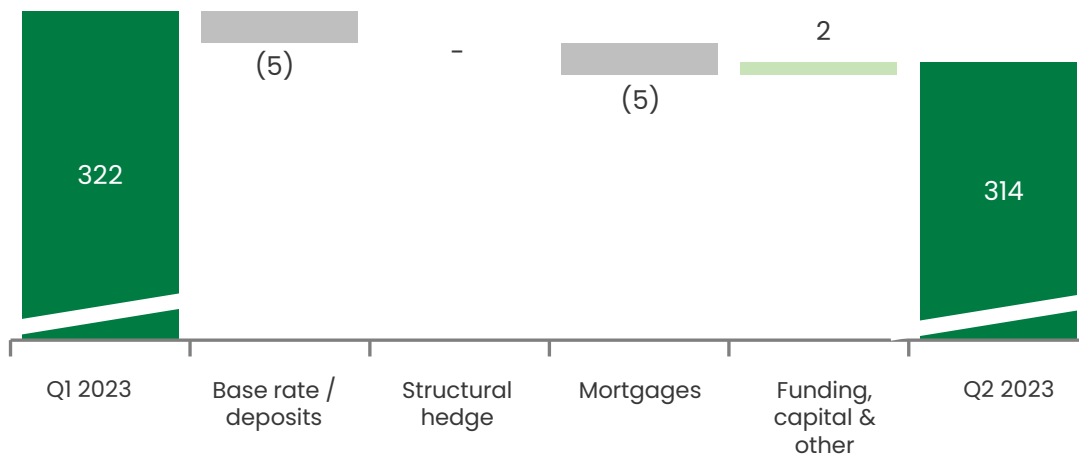
Strong net interest income performance



Average interest earning assets (£bn)



Banking net interest margin (bps)

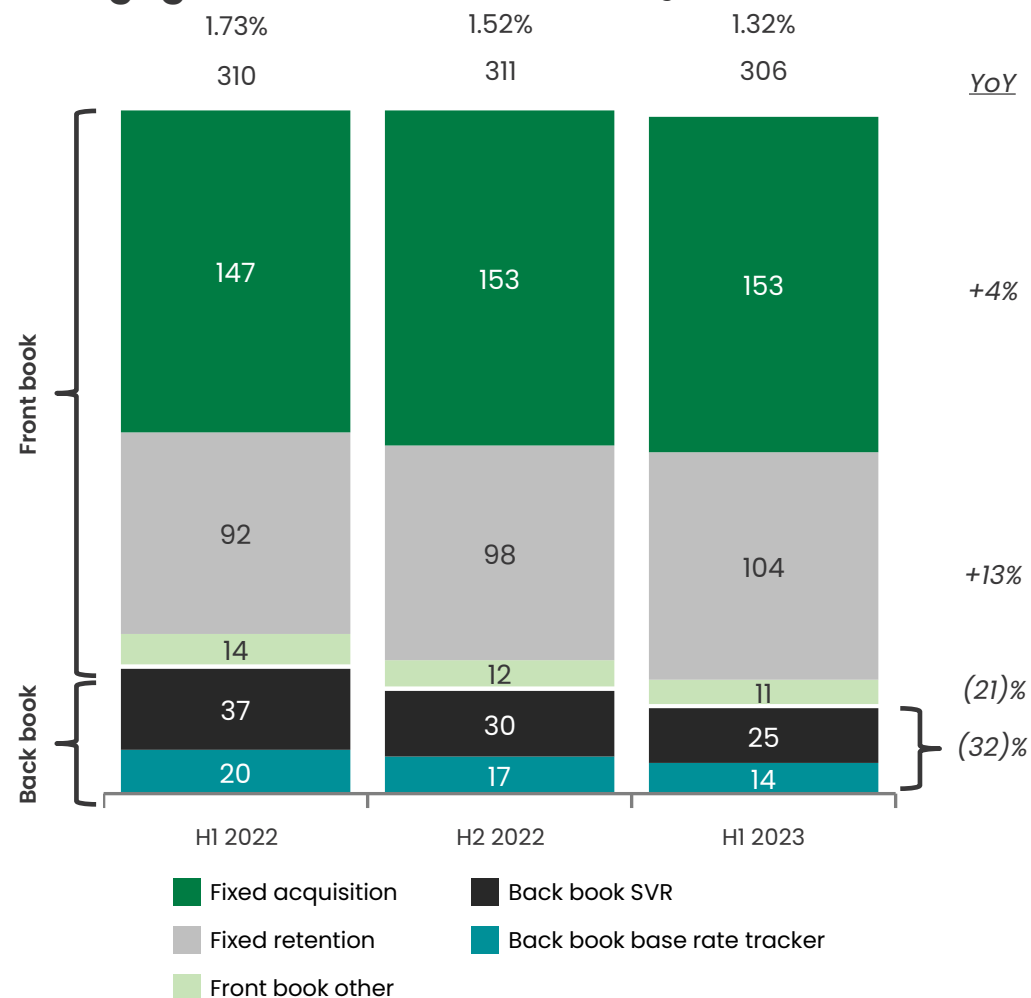


- **NII £7.0bn, up 14% on H1 2022, down 2% in Q2**
 - H1 AIEAs £454bn; Q2 broadly stable vs Q1
 - H1 NIM 318bps including 314bps in Q2, down 8bps vs Q1 given expected headwinds
- **Expect 2023 AIEAs down slightly vs Q4 2022**
 - Unsecured growth offset by lower mortgage balances (including asset sales) and repayment of CBILS/BBLs
- **Now expect 2023 NIM >310bps**
 - YTD base rate impacts, deposit flows better than expectations
 - H2 stronger hedge income, offset by mortgage margin pressure and deposit churn
- **Non-banking NII expected slightly higher in H2**

Mortgage balances showing underlying resilience



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



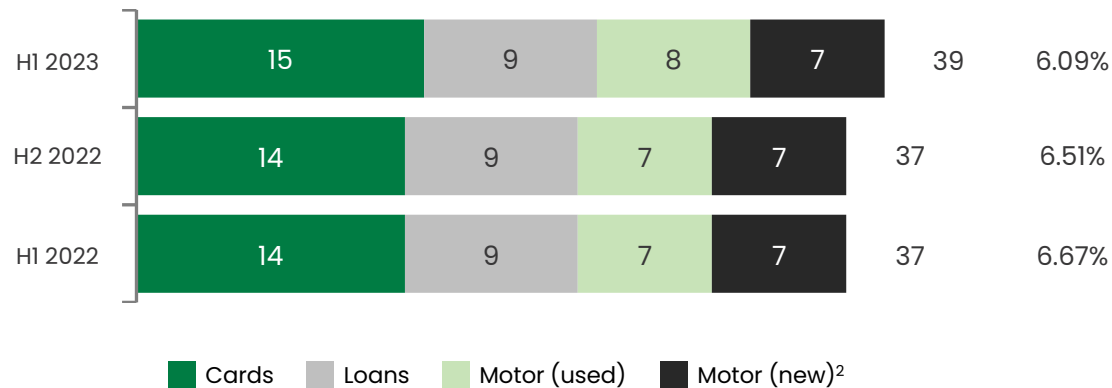
- **Mortgage balances £306bn**
 - Open book down £1.7bn, including £0.7bn in Q2
 - Back book c.£39bn, down £2.4bn in Q2
 - £2.5bn legacy portfolio exit in Q1 2023
- **Group NIM continues to be impacted by maturities of high yielding 2020-21 business**
 - Front book maturities at c.180bps margin in Q2
 - Completion margin average c.50bps in Q2²
- **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 the difference between the customer rate and the relevant funding rate.

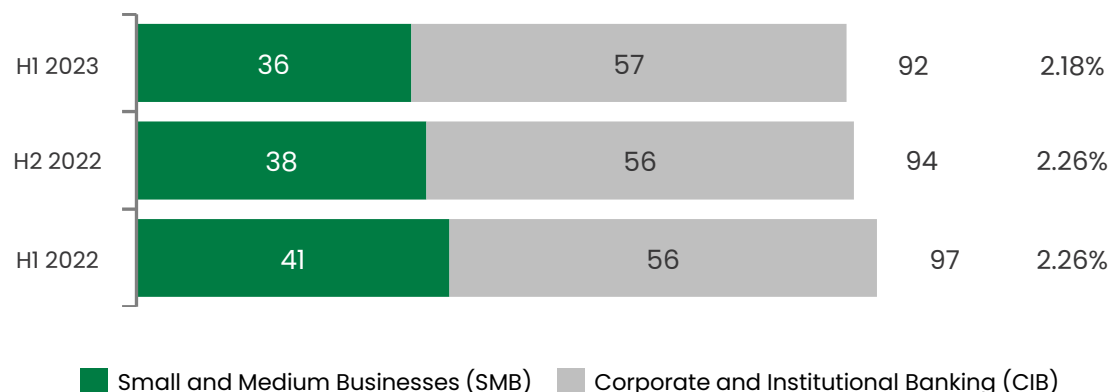
Growth in consumer businesses and CIB



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



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



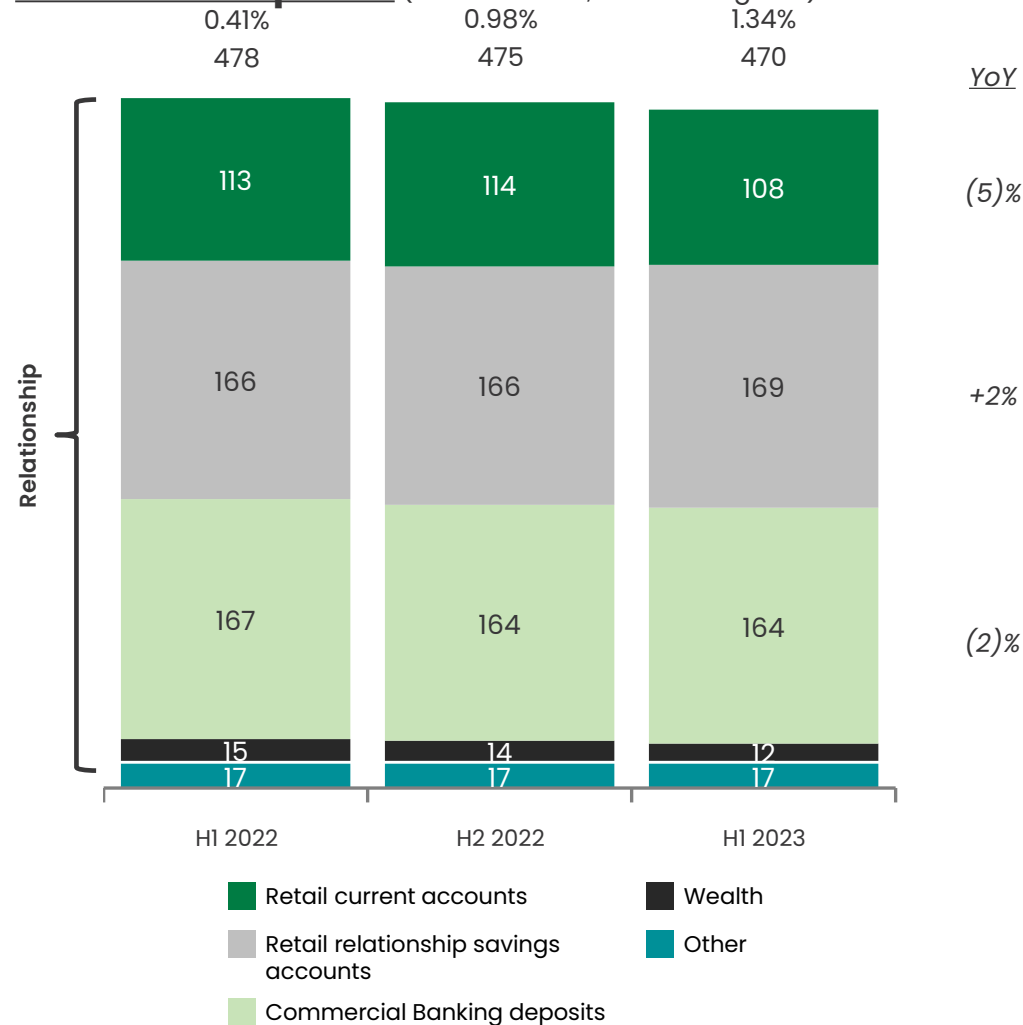
- **UK Cards, Loans & Motor up £1.8bn in H1, including £1.0bn in Q2**
 - Credit cards up £0.6bn in H1 with higher customer spend offset by repayments
 - Loans up £0.6bn in H1 given product innovation and demand
 - UK Motor Finance up £0.6bn in H1 as industry supply constraints continue to ease

- **Commercial Banking loans down £1.6bn in H1**
 - CIB lending up £0.6bn, including client growth and FX impacts
 - Government backed lending balances down c.£1.3bn in H1, impacting net SMB performance

Deposit franchise supporting customer needs



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



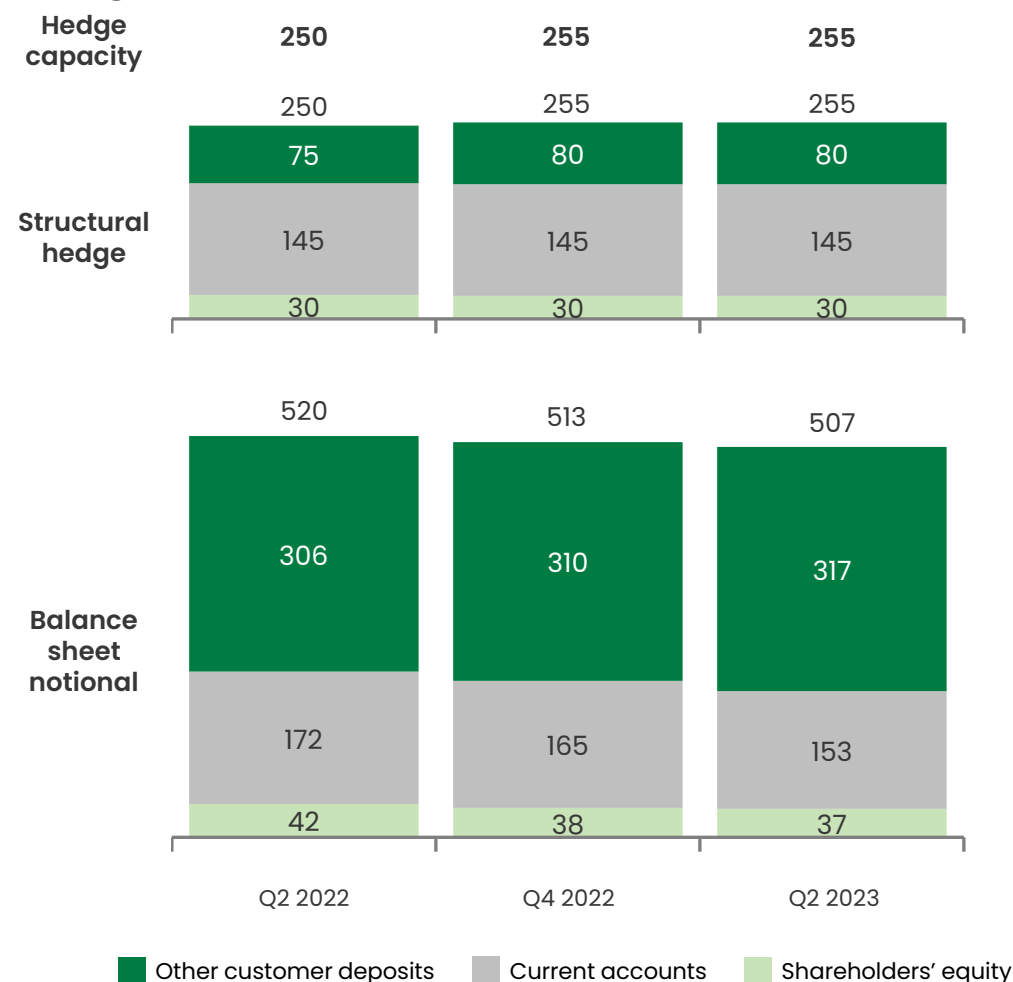
- **Total deposits £469.8bn, down £5.5bn in H1; down £3.3bn in Q2**
- **Retail deposits down £4.9bn in H1, including £0.6bn in Q2**
 - Retail current accounts down £6.2bn / 5.4% in H1 including £2.7bn in Q2; c.£4bn of H1 current account outflows retained within savings
 - Retail relationship savings accounts up £3.1bn in H1, up £2.7bn in Q2
- **Commercial deposits down £0.2bn in H1, including £2.9bn in Q2**
 - SMB flat in Q2 with CIB down, significantly outflows of short term placements
- **Expect continued mix shift in H2**

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

Structural hedge a significant tailwind



Hedged balances¹ (£bn)



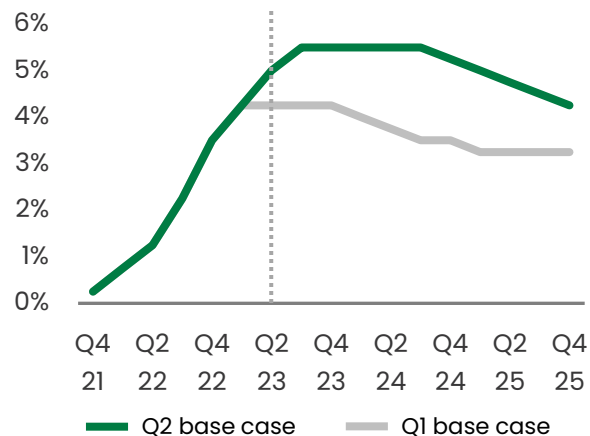
- **Structural hedge approved capacity unchanged at £255bn; c.3.5 year weighted average duration**
- **Prudent management of structural hedge**
 - Expect modest reduction in notional balance in H2 given deposit mix changes
 - c.£20bn maturities in H2 and c.£40bn in 2024
 - Higher rates provide offsetting income tailwinds
- **£1.6bn hedge income in H1**
- **2023 hedge income still expected to be c.£0.8bn higher than 2022, with a similar increase in 2024**

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. 2022 shareholders' equity figures restated for IFRS 17.

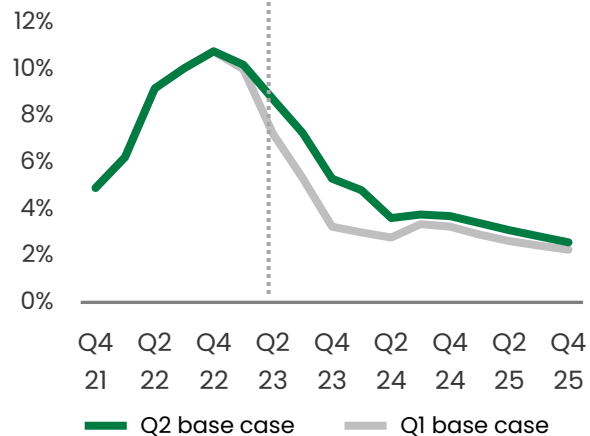
Updated macroeconomic outlook



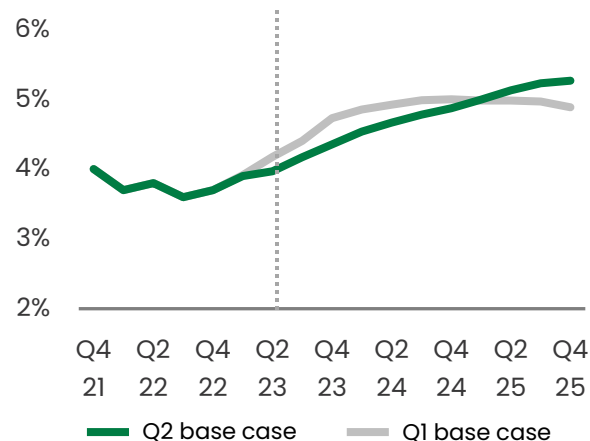
UK bank rate



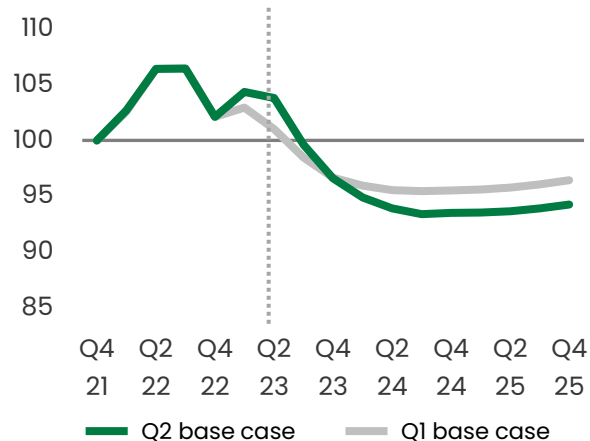
CPI inflation



Unemployment



Indexed house prices



- Recent growth and inflation resilient, but expect higher base rate to dampen 2024 GDP recovery
 - GDP expected to rise 0.2% in 2023, versus 0.6% fall assumed at Q1
 - Base rate forecast to peak at 5.5% in Q3 2023
 - Inflation forecast to reduce more slowly, still >5% in Q4 2023
 - 5.3% peak unemployment forecast in 2025
 - After strong house price growth in 2022, expect a fall of c.5% in 2023; peak to trough fall c.12%

Resilient observed asset quality



Impairment¹ (£m)

	Q2	H1 2023	H1 2022	YoY
Charge (credit) pre updated MES²	335	657	282	375
<i>Retail</i>	280	551	285	266
<i>Commercial Banking</i>	55	108	(7)	115
<i>Other</i>	–	(2)	4	(6)
Updated economic outlook	84	5	95	(90)
<i>Retail</i>	107	41	171	(130)
<i>Commercial Banking</i>	(23)	(36)	124	(160)
<i>Other (COVID central adjustment)</i>	–	–	(200)	200
Total impairment charge	419	662	377	285

Gross lending and coverage level³ (£bn, %)

		Stage 1	Stage 2	Stage 3	Total
H1 2023	Loans and advances	£379bn	£66bn	£11bn	£456bn
	Coverage	0.2%	3.2%	23.7%	1.2%
H2 2022	Loans and advances	£383bn	£66bn	£11bn	£460bn
	Coverage	0.2%	3.2%	22.6%	1.1%

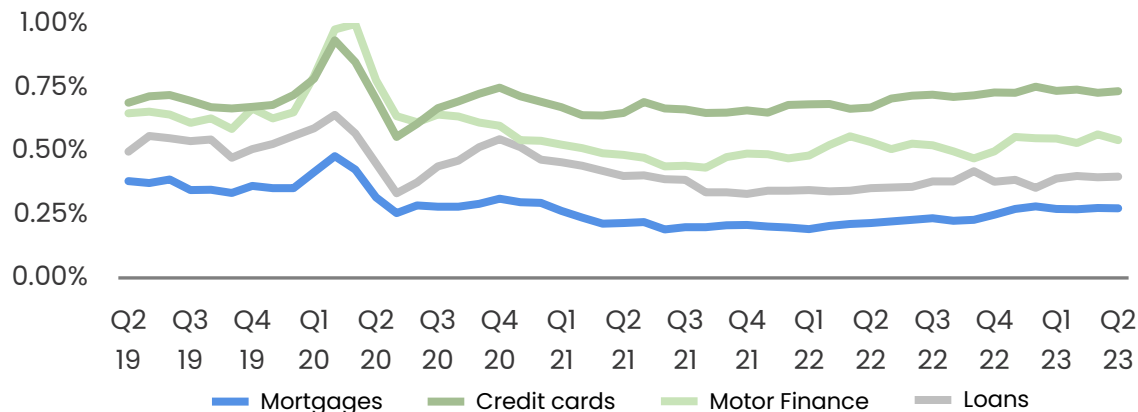
- **H1 impairment charge £662m, AQR 29bps**
 - H1 pre MES charge £657m includes roll-forward impact of Stage 1 and impact of base rate on recoveries
 - £5m MES charge in H1 reflecting updated outlook
- **£419m charge in Q2, including £84m for MES**
 - Q2 pre MES £335m; AQR 29bps, stable vs Q1
- **Stock of ECL £5.4bn, marginally higher in H1**
- **Stage 3 broadly stable in H1 and Q2**
- **Continue to expect 2023 AQR c.30bps**

Consistently reassuring performance across portfolios

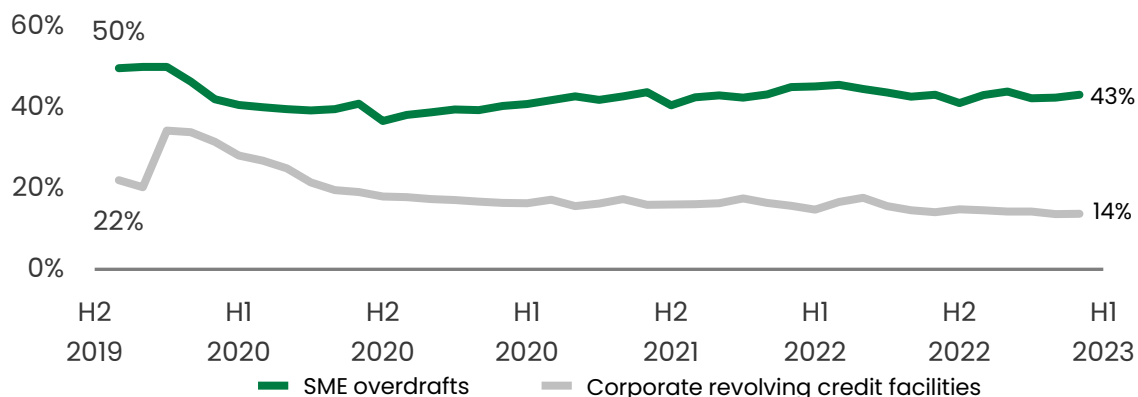


New to arrears as a proportion of total balances

(3 month rolling average, %)



SME overdraft and corporate RCF¹ utilisation² (%)



- Modest increase in new to arrears from a low base; broadly similar or lower than pre-pandemic
- Stable SME overdraft utilisation trends; RCF utilisation >30% below pre-pandemic
- c.90% of SME lending³ secured; >75% of Commercial exposure⁴ at investment grade
- Net CRE exposure c.£11bn⁵, remains robust
 - Average interest cover ratio⁵ 4.0x, with 80% >2x
 - Average LTV⁵ 44%; c.91% with LTV <70%
 - c.15% office, c.12% retail and c.11% industrial; c.41% residential investment

1 – Revolving credit facility. 2 – May 2023. 3 – SME excluding Business Banking; lending fully or partially secured. 4 – Commercial Banking excluding SME and Business Banking. 5 – May 2023; excludes Business Banking, development, CBILS and BBLS.

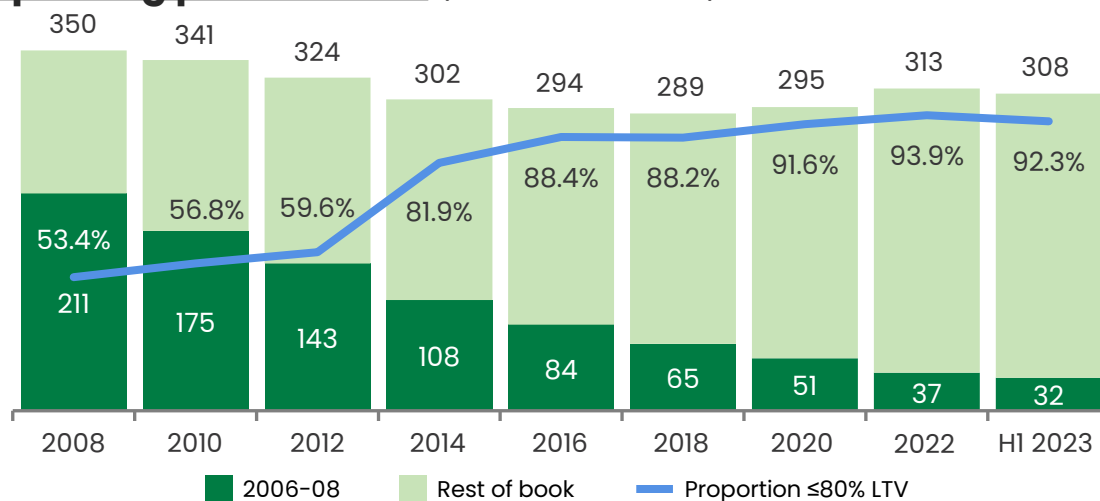
Mortgage portfolio demonstrating resilience



Gross lending, LTV and new to arrears

	Gross lending, £bn	Loan to value	New to arrears ¹	
			H1 2019	H1 2023
2006-08	32	34%	0.7%	0.9%
Rest of book	276	43%	0.3%	0.2%
Total	308	42%	0.4%	0.3%

Improving portfolio mix (Balances £bn, LTV %)



- Mortgage book resilient; arrears below 2019 levels
 - Modest increase in arrears from legacy variable rate book; 2006-08 average LTV 34%, loan £106k
 - >2/3 of 2006-08 book on tracker or variable rate
- Portfolio well positioned for higher rates
 - Average household income >£75k²
 - Monthly payments up average £185 for customers refinancing since October
 - H2 / 2024 maturities may see c.£390 increase³
 - 2023 maturities⁴ tested to ≥6.5% pay rate
- Total book average LTV 42%; 92% of book ≤80%

1 – 3 month rolling average. 2 – Relates to mortgage completions in 2023. 3 – Assumes pay rate of c.2% moving to 6.5%. 4 – Residential mortgages originated since 2015.

Robust business performance supporting enhanced 2023 guidance



Purpose

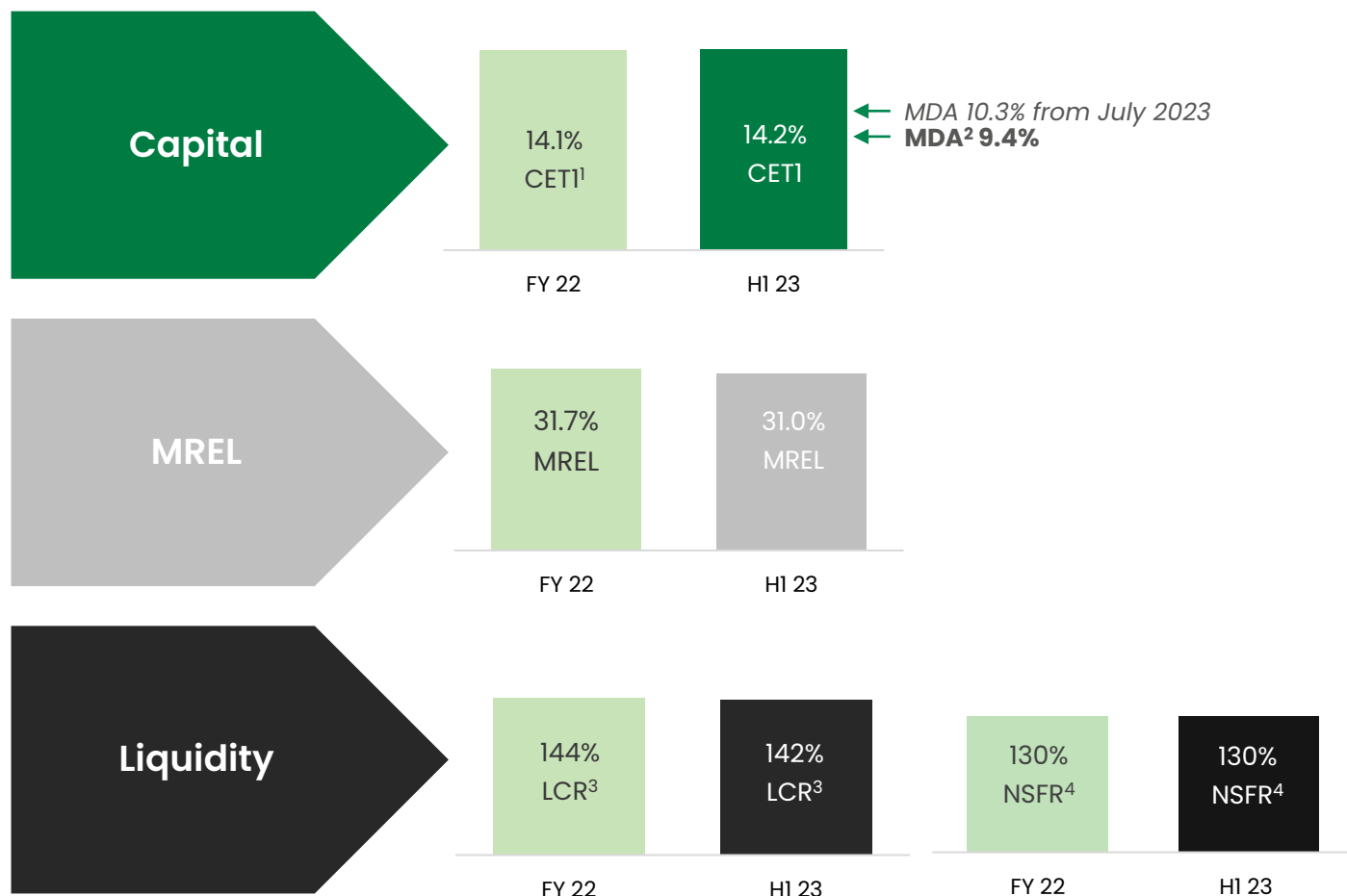
**Helping
Britain
Prosper**

- **Robust financial performance**
- **Higher interim dividend**
- **Enhancing guidance for 2023**, delivering higher, more sustainable returns
 - NIM now expected to be >310bps
 - Operating costs expected to be c.£9.1bn
 - AQR expected to c.30bps
 - RoTE now expected to be >14%
 - Capital generation expected to be c.175bps



Capital, funding & liquidity

Capital, MREL and liquidity summary



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

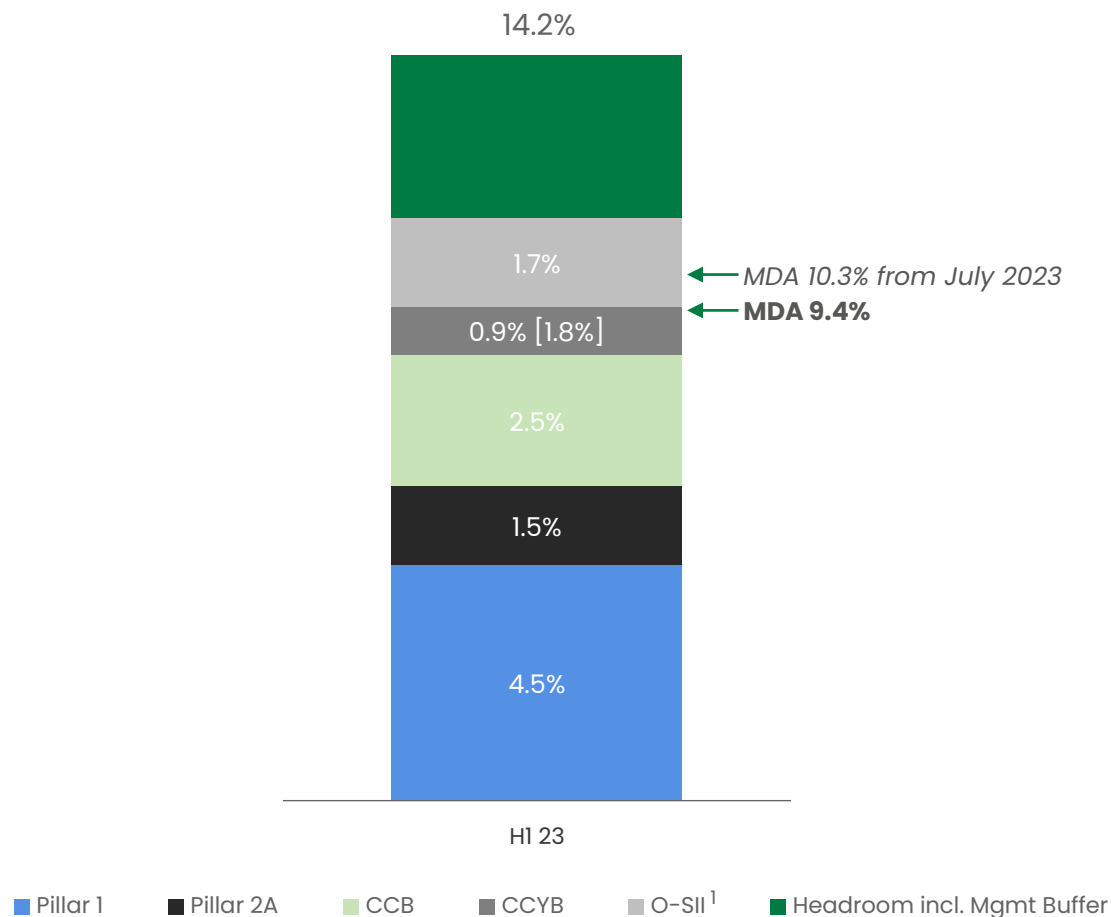
MREL remains strong, and in excess of regulatory requirements of 26.5%

Stable and high-quality liquidity metrics

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

Capital strength maintained

Common equity tier 1 ratio (% , bps)



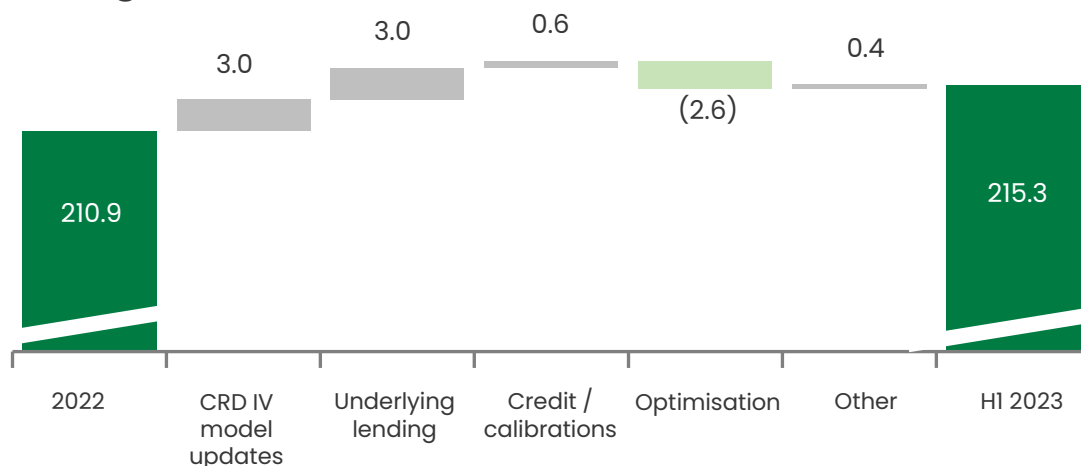
- CET1 ratio of 14.2%; H1 capital build of 111bps
- UK CCyB rate increased from 1% to 2% in July 2023, representing an equivalent increase in the Group's CCyB from 0.9% to 1.8%
- P2A CET1 requirement reduced from 2.0% to 1.5% in October 2022 following update from PRA
- O-SII buffer maintained at 1.7% until reassessment in December 2023; implementation of any change in January 2025
- Leverage ratio of 5.8% well ahead of regulatory requirements of 4.2%²
- Resilient balance sheet; LBG comfortably passed the 2023 BoE stress test, with a low point of 11.6% versus a hurdle rate of 6.6%

¹ – O-SII buffer of 2% is applicable to the RFB sub-group, equating to 1.7% at Group level. ² – At close 30.06.23, leverage ratio regulatory requirement increased to 4.5% on 05.07.23.

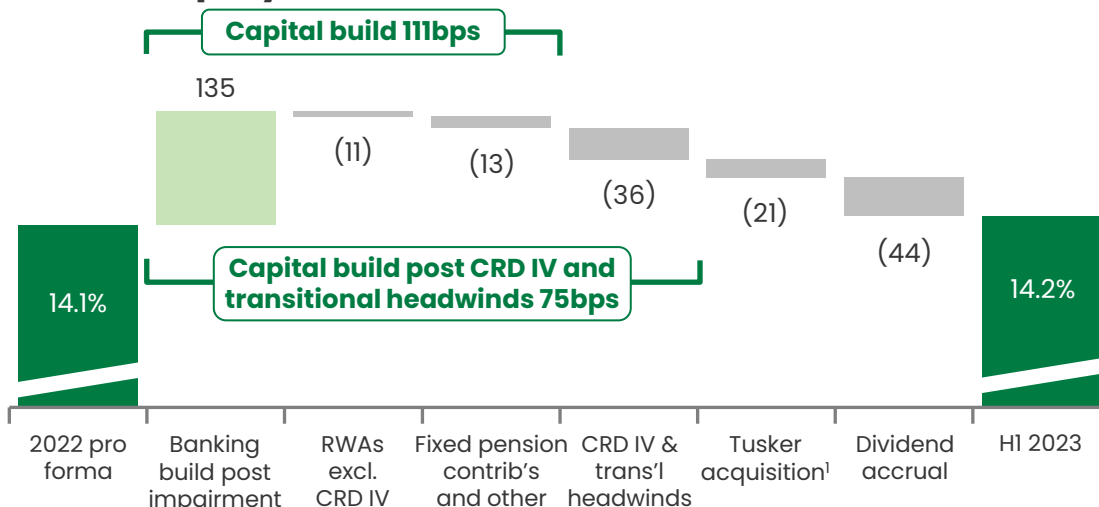
Strong capital generation



Risk weighted assets (£bn)



Common equity tier 1 ratio (% bps)



- RWAs £215.3bn, up £4.4bn in H1 including £3.0bn adjustment for anticipated CRD IV model impact
- Strong 111bps capital generation after 30bps full fixed pension deficit contributions
- CET1 ratio 14.2%; ahead of ongoing CET1 target of c.12.5% plus a c.1% management buffer
- Dividend accrual 44bps and interim ordinary dividend 0.92p per share, up 15%
- Continue to expect 2023 capital generation, post CRD IV and transitional headwinds, to be c.175bps

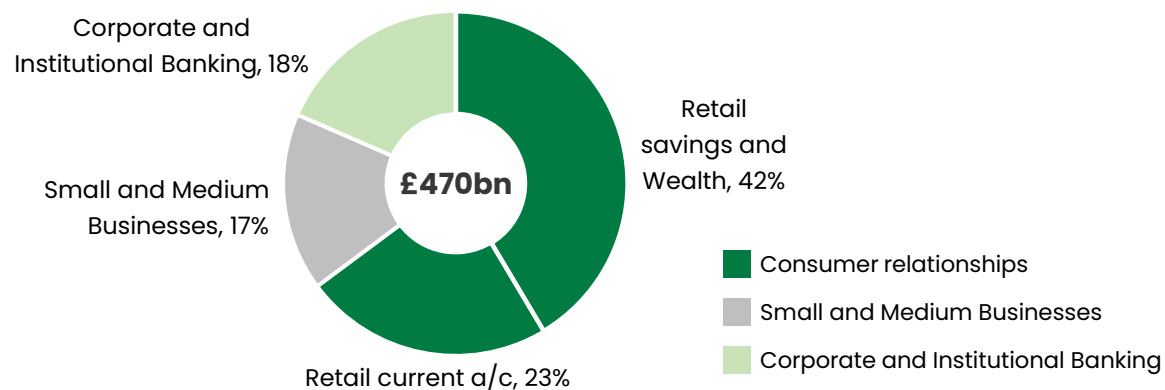
¹ – Subject to finalisation of fair value of assets and liabilities, including associated identifiable intangible assets and goodwill.



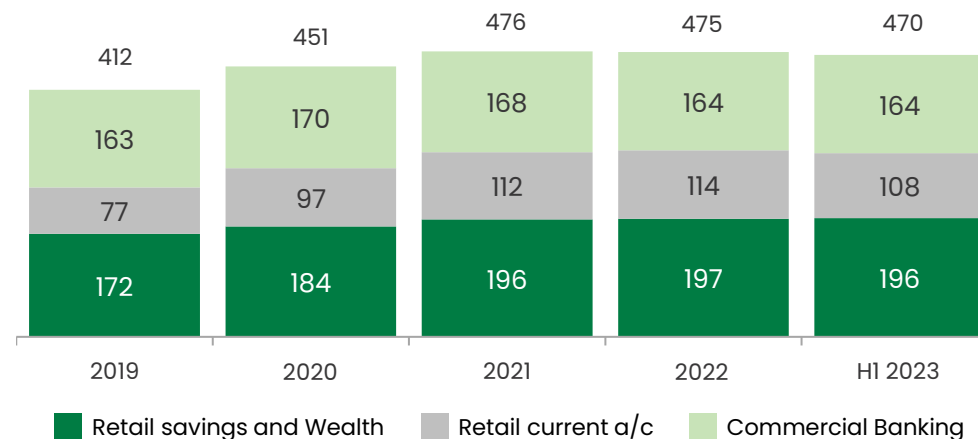
Diversified deposit base; strong liquidity position

Loan to deposit ratio 96%, Net stable funding ratio 130%, Liquidity coverage ratio 142%

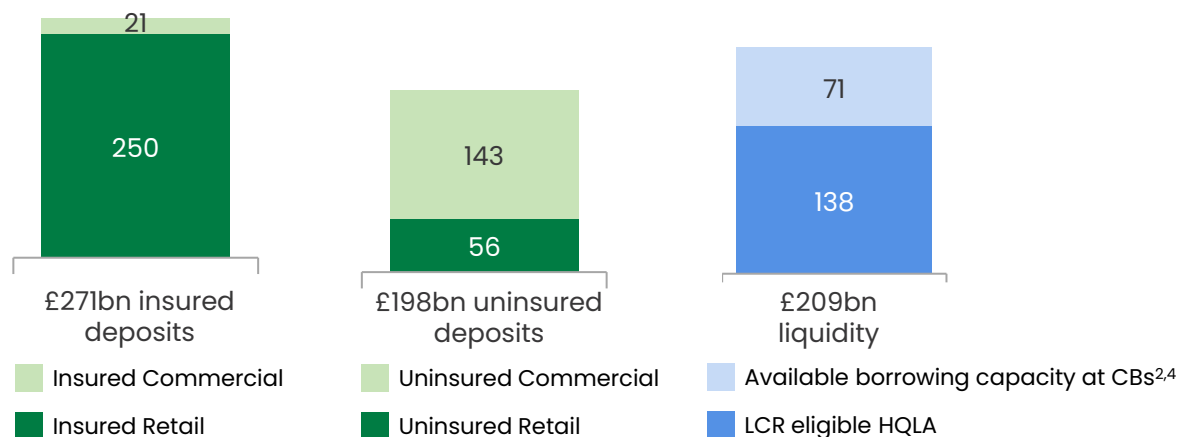
c.65% of deposits in Retail; diversified Commercial balances (£bn)



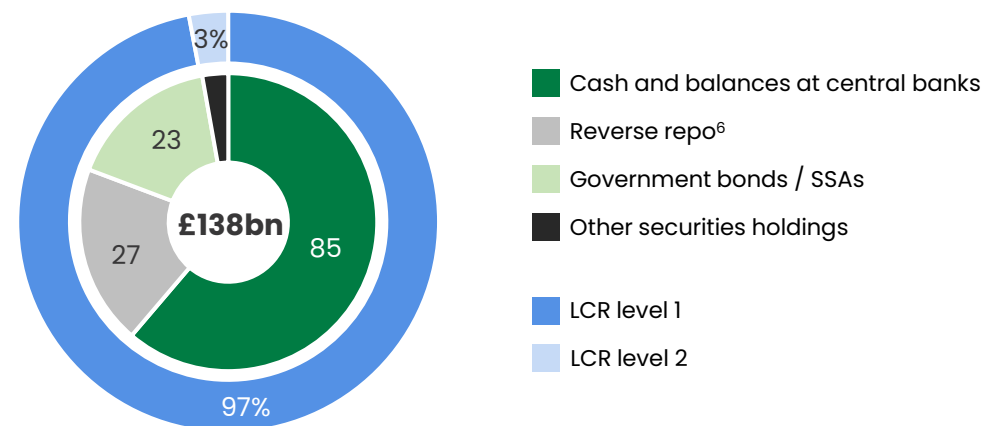
>90% of deposit growth since 2019 in diversified Retail³ (£bn)



>80% of Retail and 58% of total deposits¹ insured (£bn)



Liquidity portfolio⁴ fully hedged for interest rate risk⁵ (£bn)



1 - Calculated on a spot basis; charts use rounded inputs. 2 - Central banks. 3 - Chart uses rounded inputs. 4 - Calculated on a 12 month average basis. 5 - Including c.3% of securities held at amortised cost. 6 - Primarily UK Government bonds; netted balance includes reverse repo and other balancing items.

Wholesale funding requirements returning to more normalised levels over strategic plan period



	2023	Issuance principles
HoldCo Senior	<£5bn	Refinancing of maturities
Tier 2	£2-4bn across AT1 and T2	Ongoing refinancing to c.2.5% target
AT1	£2-4bn across AT1 and T2	Ongoing refinancing to c.2.0% target
OpCo	£5-10bn; mainly secured funding at the RFB; senior unsecured at the NRFB	Refinancing of maturities and government borrowing

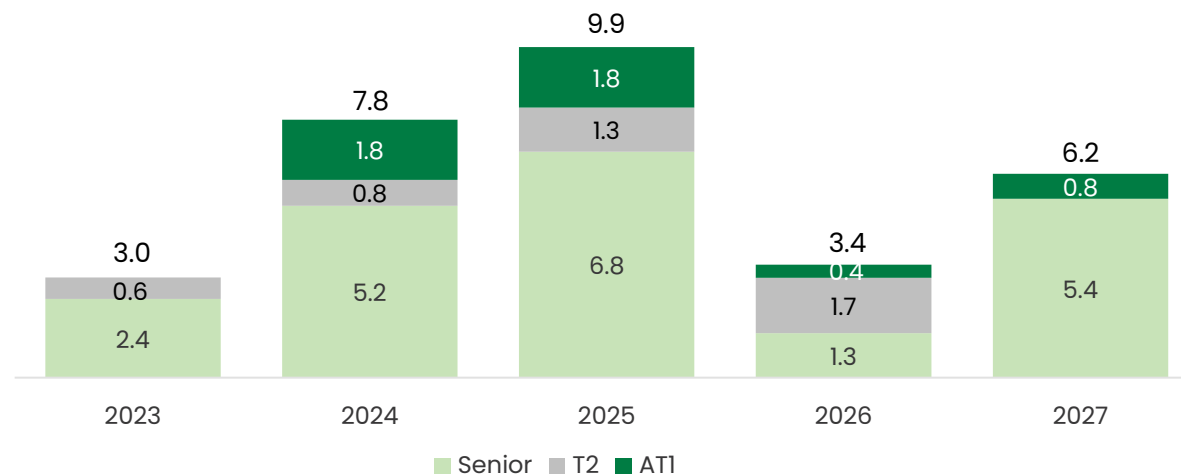
- **c.£4bn remaining of the 2023 issuance plan**
 - Issued Senior HoldCo (£2.6bn), Tier 2 (£750m), AT1 (£1.8bn), Senior OpCo (£650m), Covered Bond (£1.1bn), Securitisation (£1.75bn)
 - Expect further issuance in Senior HoldCo, T2 and Covered Bonds in 2023
 - Not expecting further AT1 issuance this year
- **Expect £15-20bn per annum of wholesale funding needs in 2024 and beyond**

Appendix

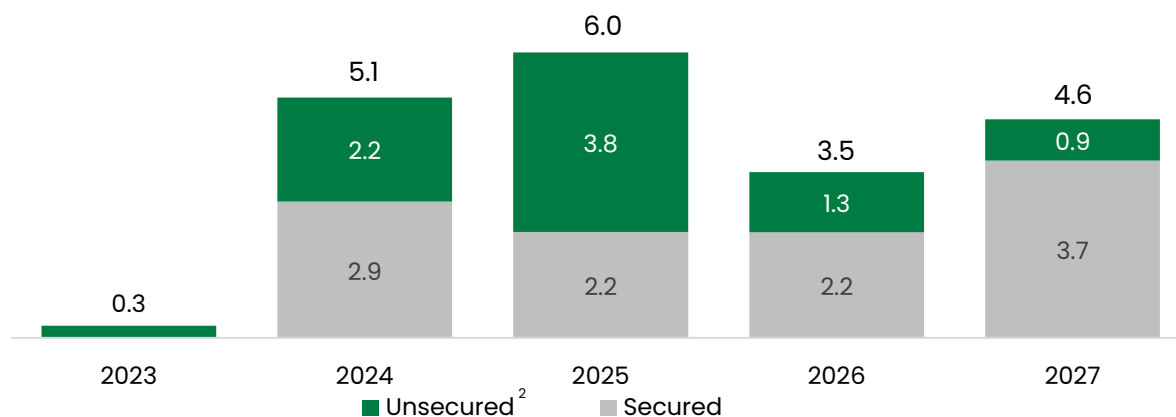
Wholesale funding requirements supported by redemption profile



HoldCo redemption profile (£bn)¹



OpCo redemption profile (£bn)¹

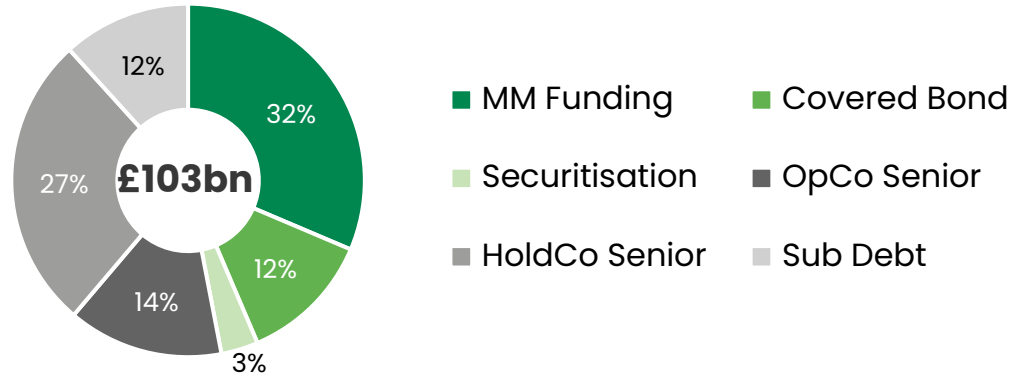


- Redemption profile supports increased issuance, with net supply increasing moderately
- The Group has access to a diverse range of funding programmes, products and markets
- Updated and restarted Permanent RMBS issuance programme

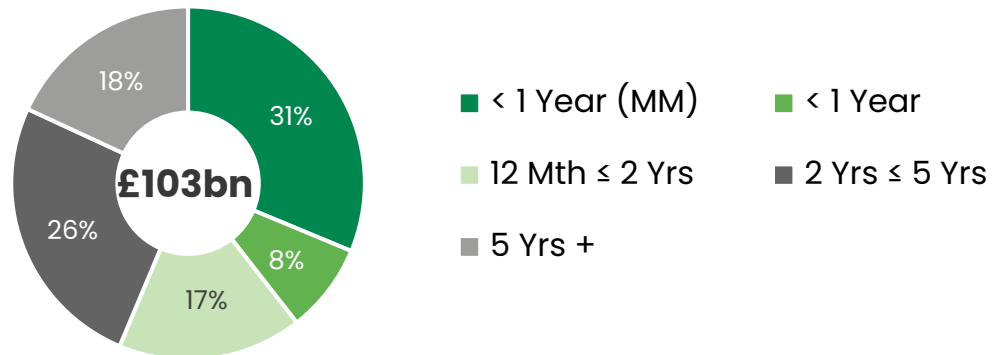
¹ – Based on notional value outstanding and FX rate as at close 30.06.2023, redemption profiles reflect first call dates which remain subject to issuer call decision. ²- Includes subordinated debt issued by LBG subsidiaries.

Diverse funding portfolio as at H1 2023

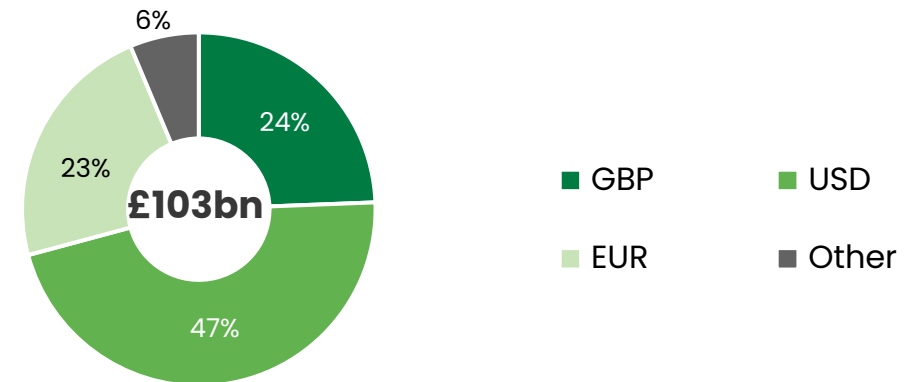
Wholesale funding portfolio by type



Wholesale funding portfolio by maturity

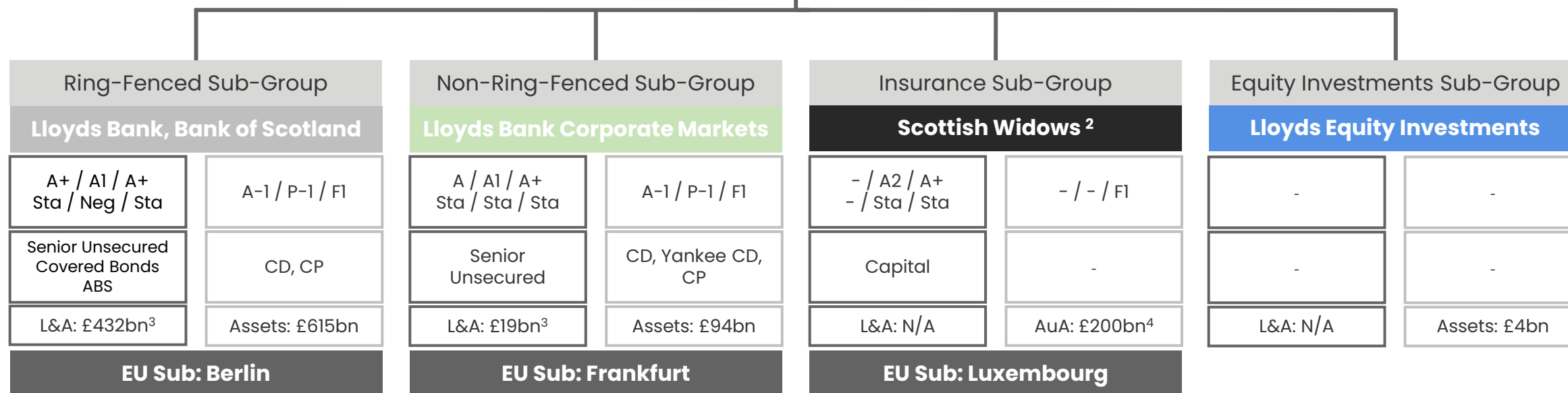
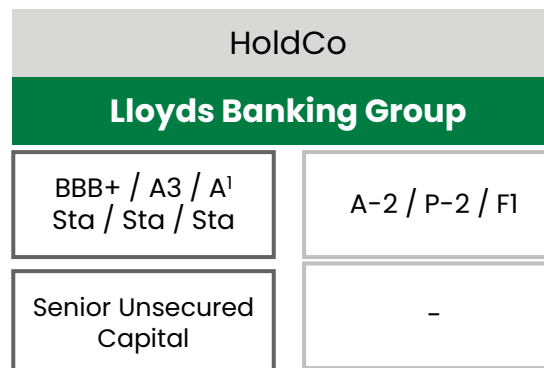


Wholesale funding portfolio by currency





Simple group structure with multiple issuance points



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



Strong credit ratings¹ across the Group

	UK Sovereign	HoldCo Lloyds Banking Group	Ring-Fenced Bank Lloyds Bank, Bank of Scotland	Non-Ring-Fenced Bank Lloyds Bank Corporate Markets	Insurance Sub-Group Scottish Widows ²
S&P	AA Stable	BBB+ Stable A-2	A+ Stable A-1	A Stable A-1	–
Moody's	Aa3 Negative	A3 Stable P-2	A1³ 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 – At close 30.06.23. 2 – Ratings shown for Scottish Widows are Insurance Financial Strength. 3 – Deposits rating is A1/Stable.

Strong ESG ratings supported by clear deliverables



We have identified 4 focus areas where we are best placed to provide significant positive change, enabling us to create a more inclusive society and sustainable future

Enabling regional development

- Focus on opportunities to support housing and physical regeneration
- Increase regional productivity and create high-quality jobs
- Encourage inclusive growth by broadening economic opportunity across the community
- Enable a just transition to net zero

Improving access to quality housing

- Increase access to the benefits of home ownership, including shared ownership
- Support a quality rental and social housing sector
- Increase the availability of specialist housing

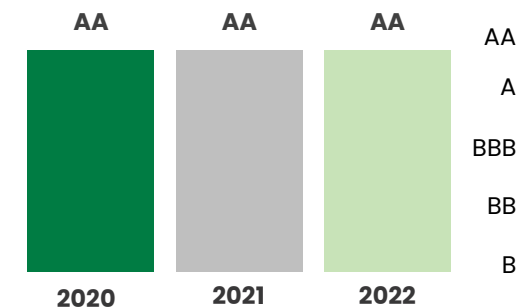
Greening the built environment

- Build on our financing to the social housing and commercial sector
- Broaden the finance and partnerships available to our mortgage customers
- Work on city-scale retrofit in the UK regions

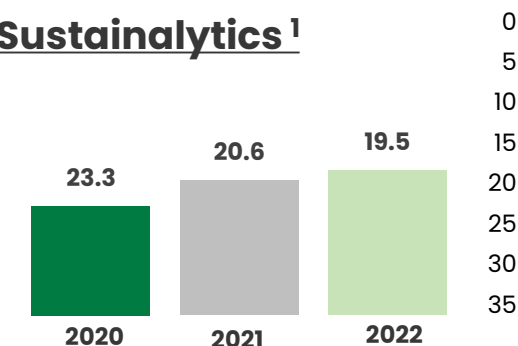
Creating a more inclusive future

- Support the financial needs of all groups of customers, through our services or strategic partnerships
- Provide further support through the increased cost of living
- Make our products, processes and services accessible and inclusive by design
- Create a fully inclusive organisation that is representative of modern-day Britain

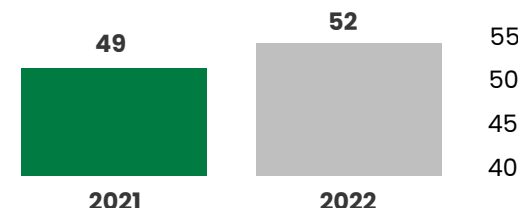
MSCI ¹



Sustainalytics ¹



S&P CSA ^{1,2}

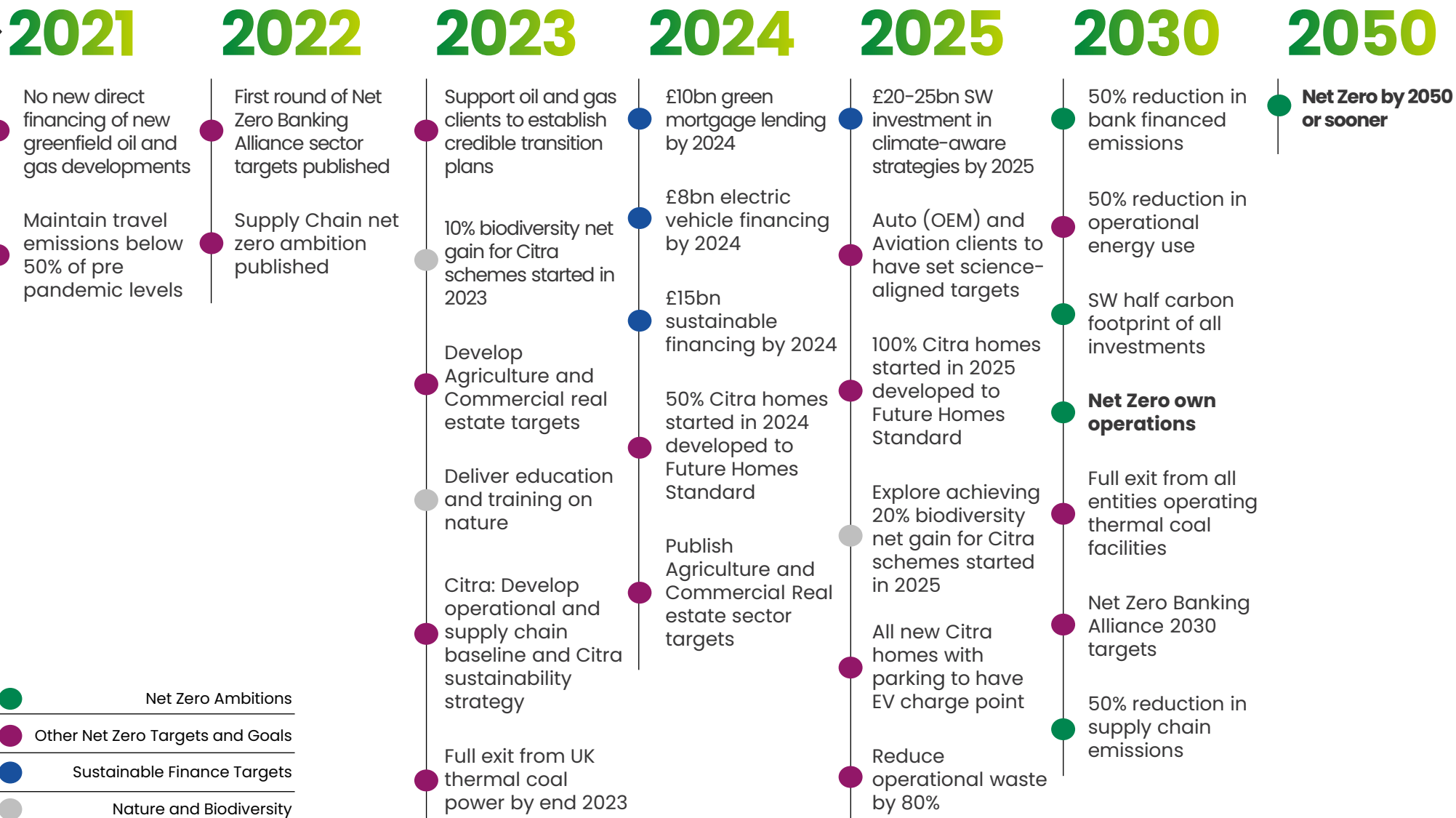


1 – Ratings shown are all end of year scores and are as of 30/06/2023. 2 – S&P only shows a score for 2021 and 2022 as LBG did not participate in the CSA process in earlier years.



Our Group Climate Transition Plan

We have set several net zero ambitions across our Group to support the decarbonisation of our business in line with limiting global warming to 1.5°C. Our climate transition plan provides the plan and pathway to how we will achieve our Group ambitions and targets



Quarterly P&L and key ratios



(£m)	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Net interest income	3,469	3,535	3,643	3,394	3,190	2,945
Other income	1,281	1,257	1,128	1,171	1,185	1,182
Operating lease depreciation	(216)	(140)	(78)	(82)	(119)	(94)
Net income	4,534	4,652	4,693	4,483	4,256	4,033
Operating costs	(2,243)	(2,170)	(2,356)	(2,145)	(2,112)	(2,059)
Remediation	(51)	(19)	(166)	(10)	(27)	(52)
Total costs	(2,294)	(2,189)	(2,522)	(2,155)	(2,139)	(2,111)
Underlying profit before impairment	2,240	2,463	2,171	2,328	2,117	1,922
Impairment charge	(419)	(243)	(465)	(668)	(200)	(177)
Underlying profit	1,821	2,220	1,706	1,660	1,917	1,745
Restructuring	(13)	(12)	(11)	(22)	(23)	(24)
Volatility and other items	(198)	52	(638)	(1,062)	(289)	(177)
Statutory profit before tax	1,610	2,260	1,057	576	1,605	1,544
Statutory profit after tax	1,223	1,641	982	494	1,302	1,145
Net interest margin	3.14%	3.22%	3.22%	2.98%	2.87%	2.68%
Average interest earning assets	£453bn	£454bn	£454bn	£455bn	£451bn	£448bn
Cost:income ratio	50.6%	47.1%	53.7%	48.1%	50.3%	52.3%
Asset quality ratio	0.36%	0.22%	0.38%	0.57%	0.17%	0.16%
Return on tangible equity	13.6%	19.1%	11.0%	4.2%	13.0%	10.7%
Tangible net asset value per share	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%)	3,991	GDP	0.8	0.7	1.6	0.9	1.5	2.0	1.3
		Unemployment rate	3.3	0.5	2.7	3.0	3.4	3.3	3.1
		HPI growth	(3.3)	(0.5)	2.4	7.8	7.5	7.3	4.3
		CRE price growth	2.3	(6.2)	6.5	1.8	2.4	3.8	3.4
		UK Bank Rate	5.39	0.44	7.00	6.57	5.76	5.63	6.07
		CPI inflation	7.9	(0.4)	4.2	3.7	3.3	3.3	4.5
Base case (30%)	4,727	GDP	0.2	1.4	0.3	0.7	1.5	2.1	0.9
		Unemployment rate	4.1	(0.4)	4.7	5.2	5.3	5.0	4.9
		HPI growth	(5.4)	1.5	(3.2)	0.8	2.8	4.8	(0.1)
		CRE price growth	(3.9)	(0.6)	(0.2)	(0.3)	1.2	3.8	0.1
		UK Bank Rate	5.06	1.06	5.44	4.63	3.69	3.50	4.46
		CPI inflation	7.9	(0.4)	4.0	3.0	2.2	2.0	3.8
Downside (30%)	5,889	GDP	(0.6)	2.4	(1.5)	0.4	1.4	2.1	0.4
		Unemployment rate	4.9	(1.4)	7.1	7.7	7.6	7.1	6.9
		HPI growth	(6.9)	4.2	(8.2)	(6.3)	(2.5)	2.2	(4.4)
		CRE price growth	(9.2)	5.8	(7.0)	(3.7)	(1.4)	2.2	(3.9)
		UK Bank Rate	4.73	1.80	3.67	2.37	1.30	1.04	2.62
		CPI inflation	7.9	(0.3)	3.8	2.3	0.9	0.4	3.1
Severe downside (10%)	10,372	GDP	(1.5)	3.7	(2.8)	0.3	1.2	1.8	(0.2)
		Unemployment rate	6.1	(2.9)	9.8	10.4	10.1	9.5	9.2
		HPI growth	(9.3)	5.5	(14.6)	(14.3)	(9.1)	(1.8)	(9.9)
		CRE price growth	(17.5)	11.3	(16.5)	(9.0)	(6.1)	(0.4)	(10.1)
		UK Bank Rate – adj.	5.69	(1.31)	7.00	4.94	3.88	3.50	5.00
		CPI inflation – adj.	9.8	(4.5)	7.4	5.5	4.2	3.9	6.2
Probability weighted	5,419								

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 Q2 2023	Write offs & Other HI 2022
		Stage 1	Stage 2	Stage 3	Total							
Retail	365.2	0.2%	2.8%	16.4%	0.9%	0.9%	3,369	(529)	592	63	3,432	(326)
UK Mortgages	308.1	0.0%	1.4%	12.6%	0.5%	0.5%	1,590	(148)	191	43	1,633	11
Cards	15.6	1.5%	15.0%	52.3%	5.0%	5.1%	763	(191)	197	6	769	(174)
Loans & Overdrafts	10.9	2.3%	23.3%	66.0%	6.4%	6.6%	678	(147)	160	13	691	(144)
Motor	15.2	0.9%	3.2%	49.2%	1.7%	1.7%	252	(44)	43	(1)	251	(15)
Other	15.5	0.1%	3.2%	38.9%	0.6%	0.6%	86	1	1	2	88	(4)
Commercial	93.9	0.3%	5.0%	43.3%	2.1%	2.0%	1,869	2	72	74	1,943	(35)
Other	(3.3)		0.0%	66.7%			46	0	(2)	(2)	44	(1)
Total	455.8	0.2%	3.2%	23.7%	1.2%	1.1%	5,284	(527)	662	135	5,419	(362)

¹ – UK Mortgages includes £126m relating to the £2.5bn legacy portfolio exit in Q1 2023.

Low mortgage LTVs



	June 2023 ¹				2022 ¹	2010 ¹
	Mainstream	Buy to let	Specialist	Total	Total	Total
Average LTVs	41.6%	47.1%	34.7%	42.3%	41.6%	55.6%
New business LTVs	60.9%	53.0%	N/A	60.2%	61.7%	60.9%
≤80% LTV	90.7%	99.8%	96.5%	92.3%	93.9%	57.0%
>80–90% LTV	7.2%	0.1%	1.1%	6.0%	4.7%	16.2%
>90–100% LTV	2.0%	0.0%	1.1%	1.6%	1.3%	13.6%
>100% LTV	0.1%	0.1%	1.3%	0.1%	0.1%	13.2%
Value >80% LTV	£23.5bn	£0.1bn	£0.2bn	£23.8bn	£19.1bn	£146.6bn
Value >100% LTV	£0.2bn	£0.0bn	£0.1bn	£0.3bn	£0.3bn	£44.9bn
Gross lending	£253.3bn	£48.9bn	£5.9bn	£308.1bn	£312.7bn	£341.1bn

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A number of these influences and factors are beyond the Group’s control. Please refer to the latest Annual Report on Form 20-F filed by Lloyds Banking Group plc with the US Securities and Exchange Commission (the SEC), which is available on the SEC’s website at www.sec.gov, for a discussion of certain factors and risks. Lloyds Banking Group plc may also make or disclose written and/or oral forward-looking statements in other written materials and in oral statements made by the directors, officers or employees of Lloyds Banking Group plc to third parties, including financial analysts. Except as required by any applicable law or regulation, the forward-looking statements contained in this document are made as of today’s date, and the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this document whether as a result of new information, future events or otherwise. 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Contacts

Group Corporate Treasury

Richard Shrimpton
Deputy Treasurer
Richard.Shrimpton@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

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

Victoria Barnden
Associate Director, Debt Investor Relations
Victoria.Barnden@Lloydsbanking.com

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

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

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