2023 Half Year Results

Lloyds Banking Group
26 July 2023

Business and strategic update

Changing external environment, consistent delivery

LLOYDS BANKING GROUP

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 customers[1] and >200k mortgage customers[2]
- Committed to Mortgage Charter, including payment arrangements and product switching
- Higher rates with an expanded savings offering and awareness; 1.9m savings accounts opened[1]
- 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 financing[3]; >£20bn discretionary climate aware investment[4]
- Partnering with Green Finance Institute to develop property linked retrofit finance
- Acquisition of Tusker, delivering salary sacrifice schemes for zero/low emission vehicles

1 – In H1 2023. 2 – SVR mortgage customers contacted annually. 3 – £6bn green mortgage lending (at March 2023), £4bn financing for electric vehicles and plug-in hybrid electric vehicles, £11bn sustainable finance for corporate and institutional clients (at June 2023). Rounded numbers; cumulative from January 2022. 4 – Discretionary investment in climate aware strategies through Scottish Widows. Cumulative from January 2021.

Robust delivery consistent with expected trends

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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

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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 growth**[1] 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

1 – H1 2023 vs H1 2021.

Strategic delivery in H2

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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**

Regular updates on strategic progress

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Our strategic vision

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

Upcoming progress updates

- **Oct 2023:** Investor seminar: ‘Deepen and Innovate in Consumer’
- **Nov/Dec 2023:** Investor seminar: ‘Target our Corporate and Institutional offering’
- **Feb 2024:** FY 2023 results
- **Mar/Jun 2024:** Investor seminars: ‘Create a new mass affluent offering’ and ‘Digitise and diversify in SME’

Financial update

Robust financial performance

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Financial performance (£m)

	H1 2023	H1 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

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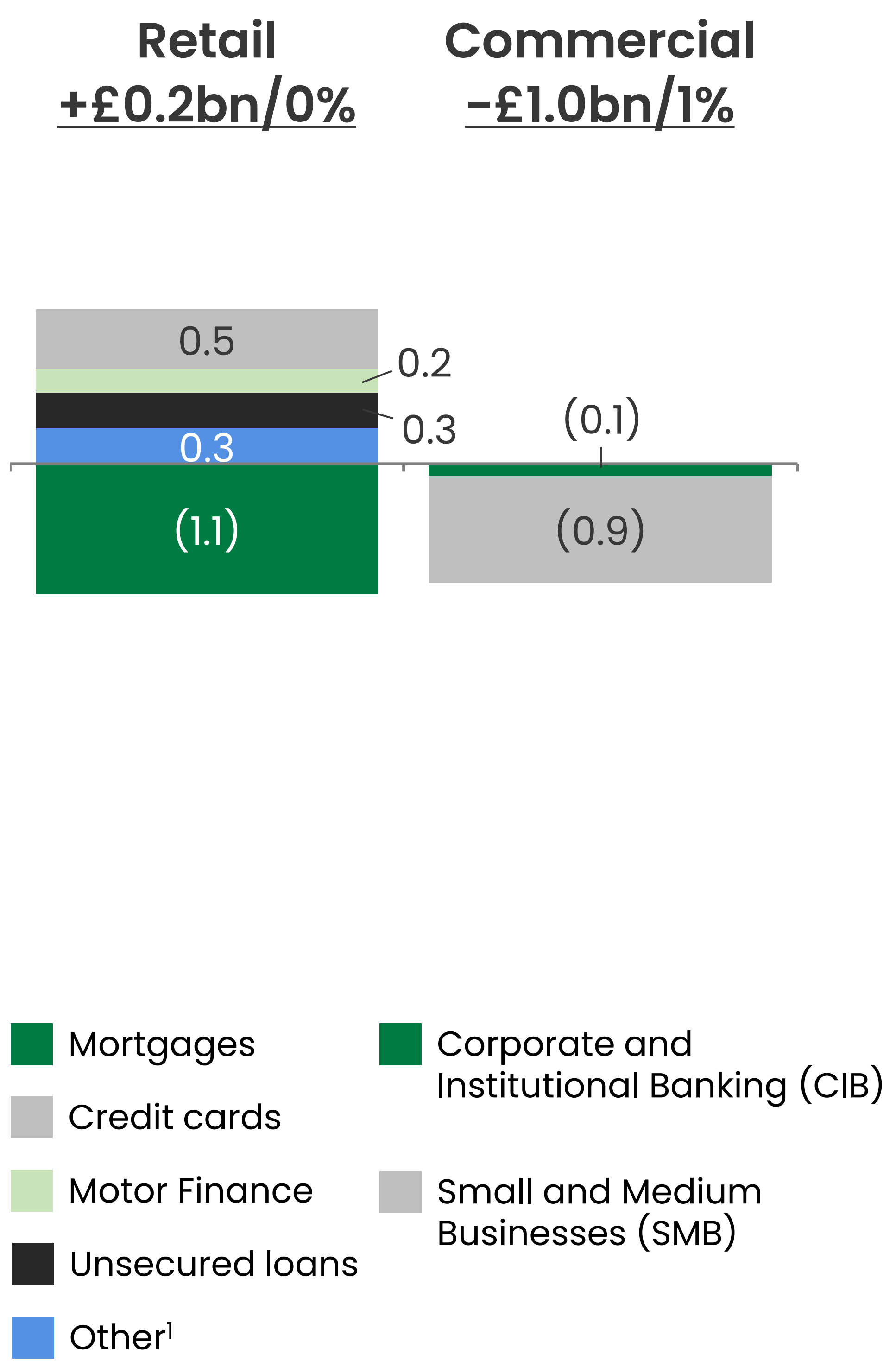
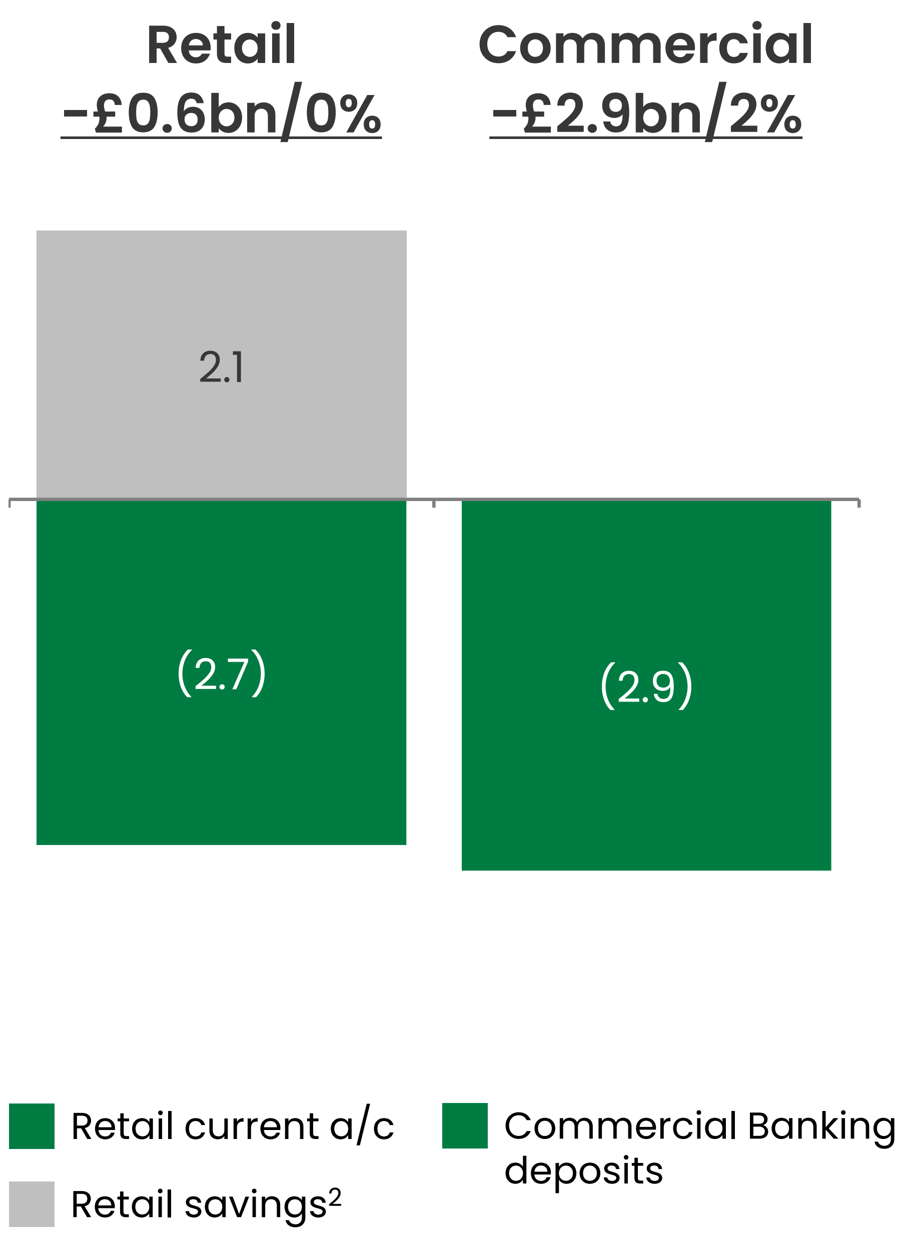
Q2 lending change (£bn)



Q2 deposit change (£bn)

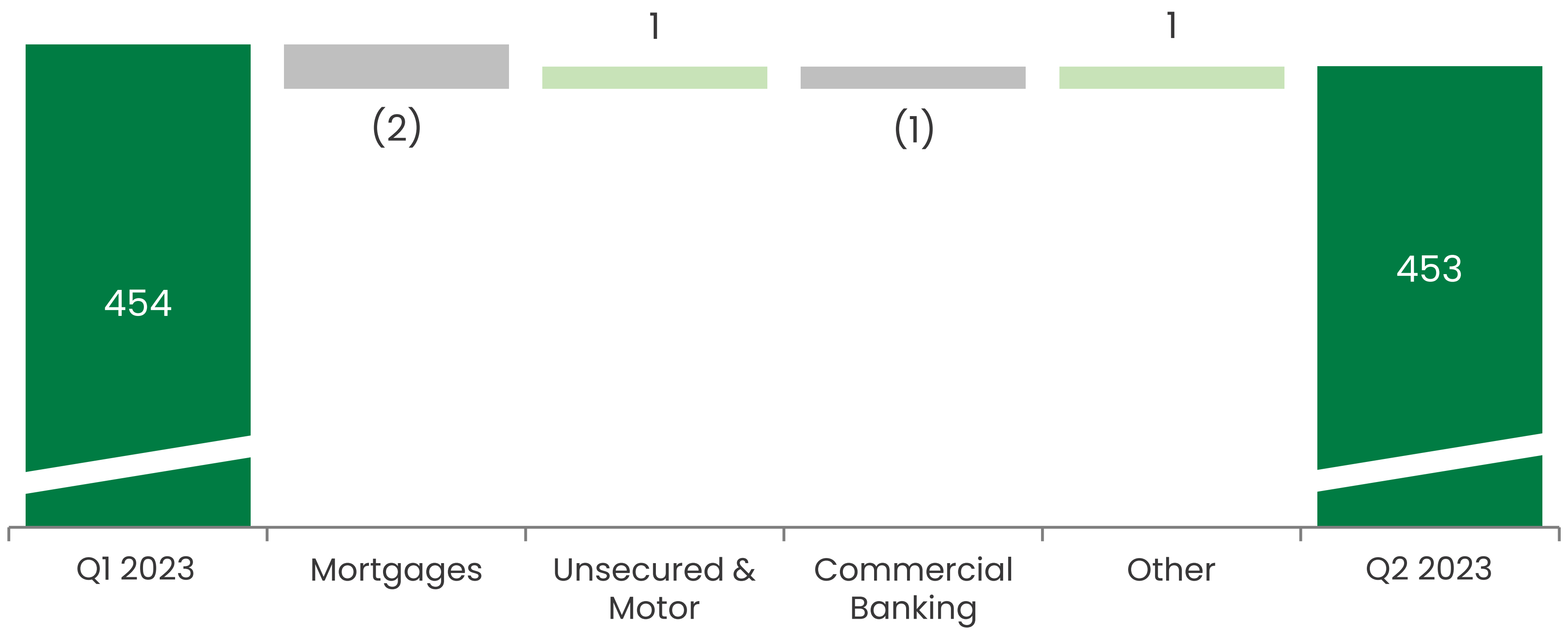


- **Total lending £450.7bn, down £1.6bn or 0.4% in Q2; down 0.9% in H1**
  - Retail flat in Q2; mortgages down £1.1bn vs growth in cards, motor and loans
  - Commercial down £1.0bn in Q2; SMB repayments include CBILS/BBLS
- **Total deposits £469.8bn, down £3.3bn in Q2; down 1.2% in H1**
  - Retail down £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 Q2[3]**

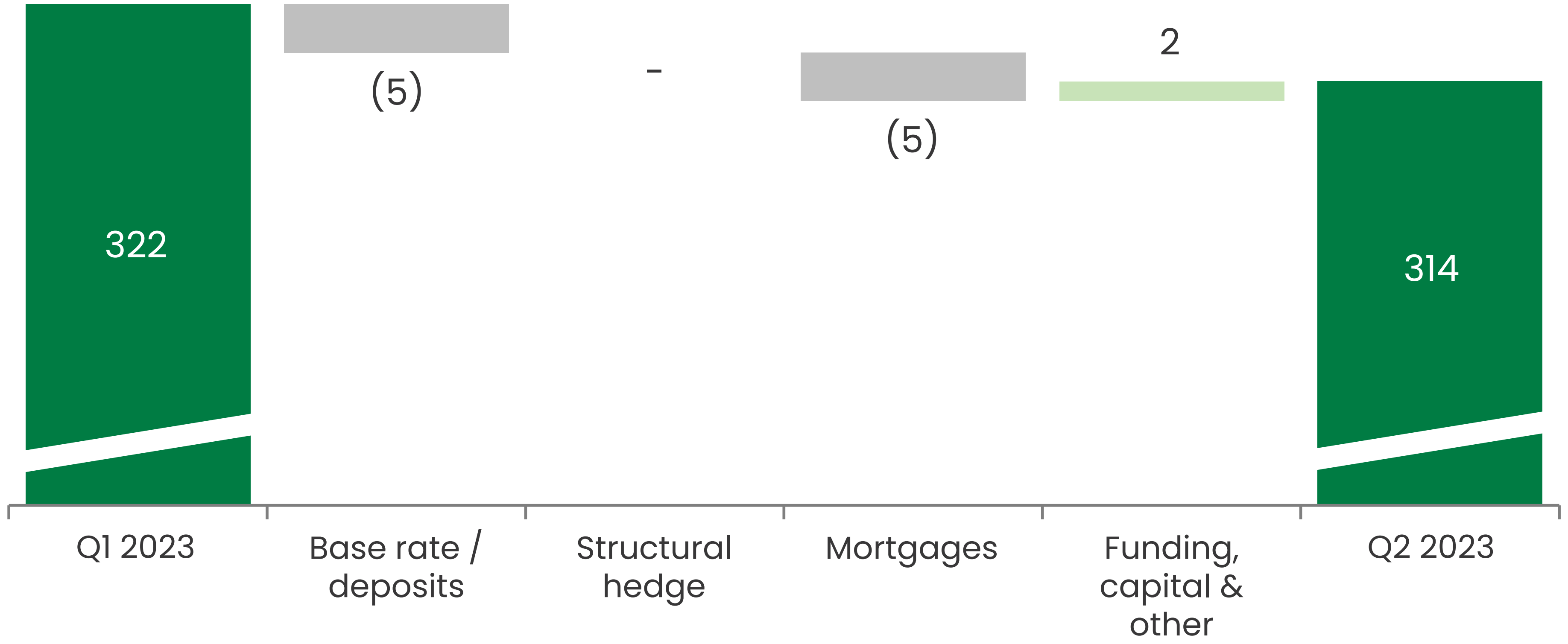
1 – Includes Overdrafts, Europe and Wealth. 2 – Includes Retail relationship savings, Retail tactical savings and Wealth. 3 – Open book assets under administration; excludes market movements.

Strong net interest income performance

Average interest earning assets (£bn)



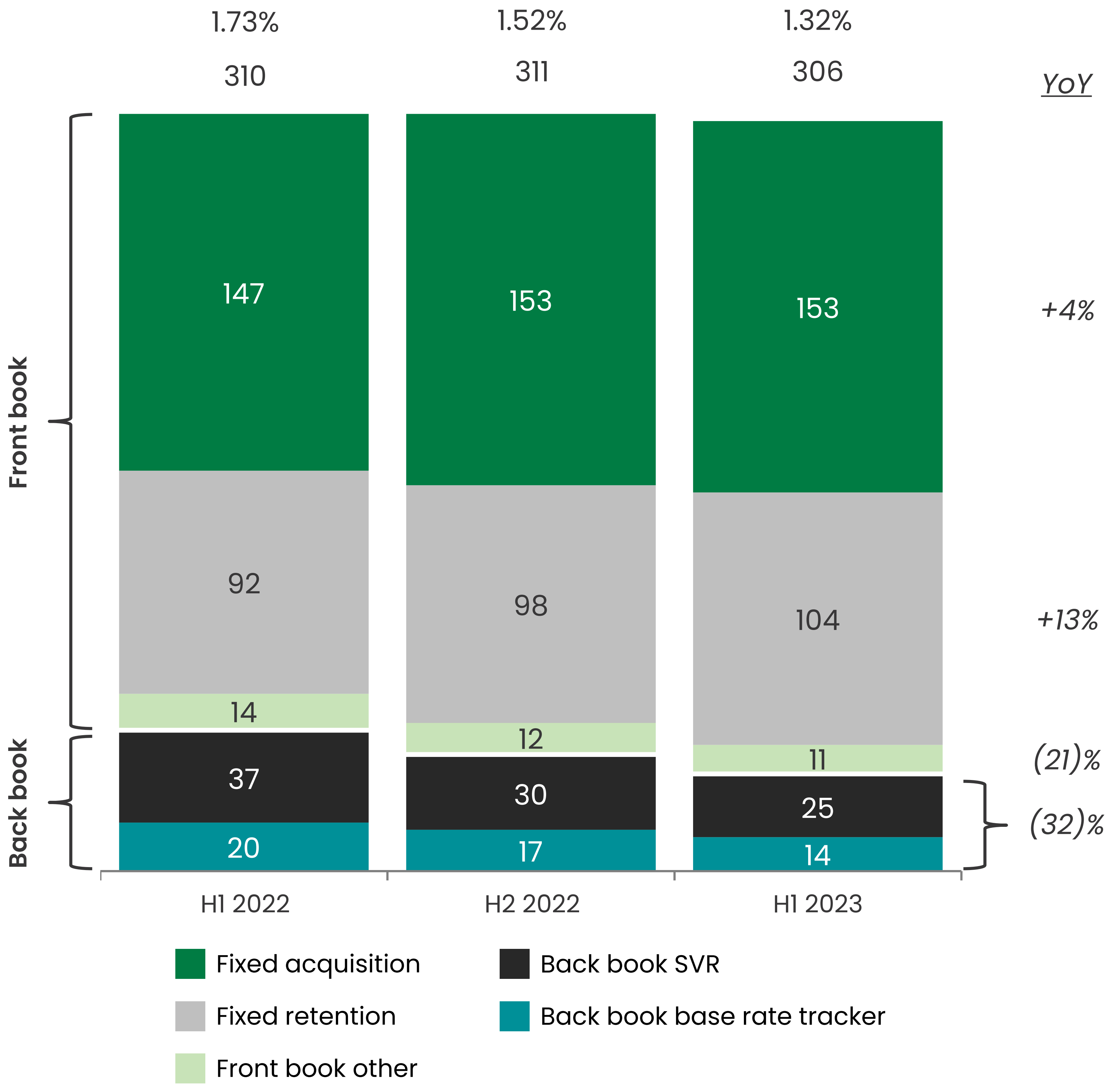
Banking net interest margin (bps)



- **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])

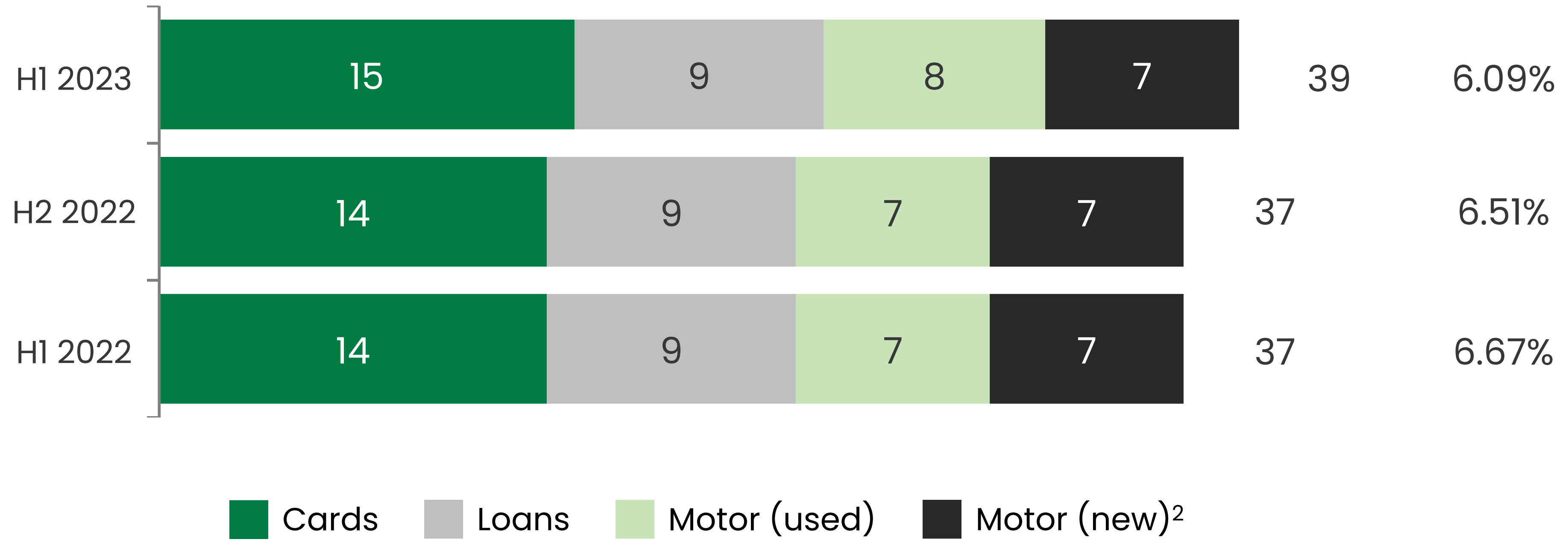


- **Mortgage balances £306bn**
  - Open book down £1.7bn, including £0.7bn in Q2
  - Back book c.£39bn, down £2.4bn in Q2
  - £2.5bn legacy portfolio exit in Q1 2023
- **Group NIM continues to be impacted by maturities of high yielding 2020-21 business**
  - Front book maturities at c.180bps margin in Q2
  - Completion margin average c.50bps in Q2[2]
- **Mortgage lending remains attractive from a returns and economic value perspective**

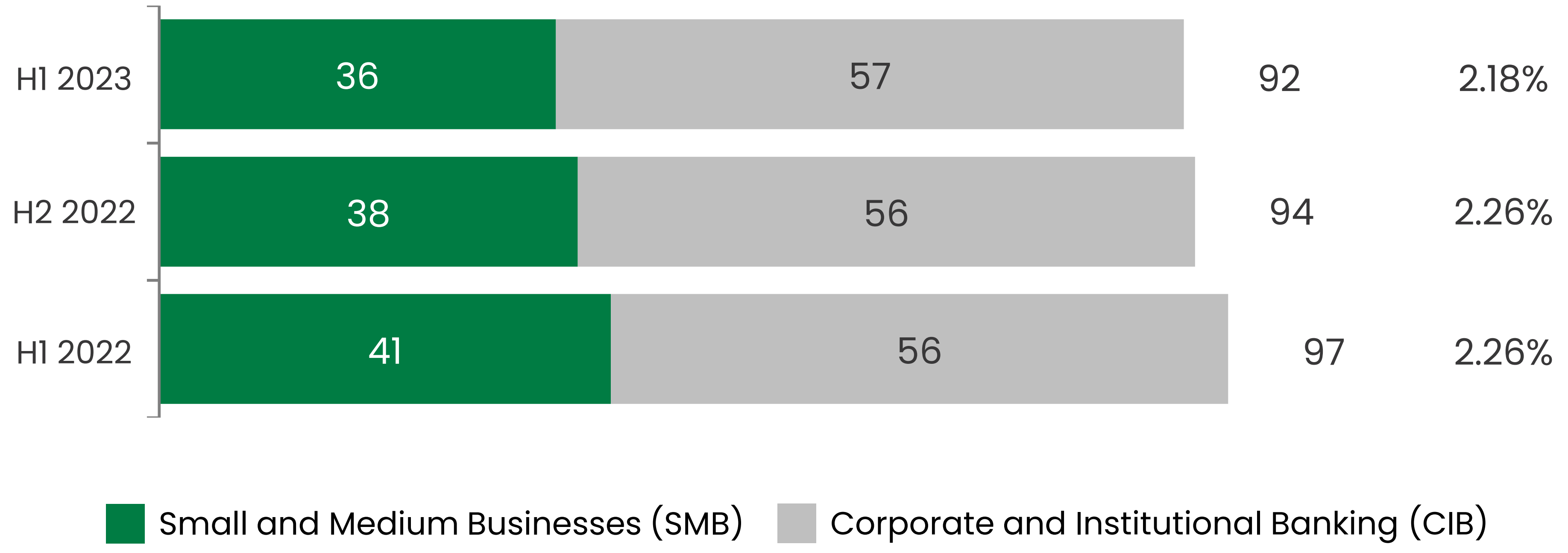
1 – Gross margin is gross customer receivables, less short term funding costs; references SONIA. Chart uses rounded inputs. 2 – Total completion margins include new business and product transfers and is the difference between the customer rate and the relevant funding rate.

Growth in consumer businesses and CIB

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



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

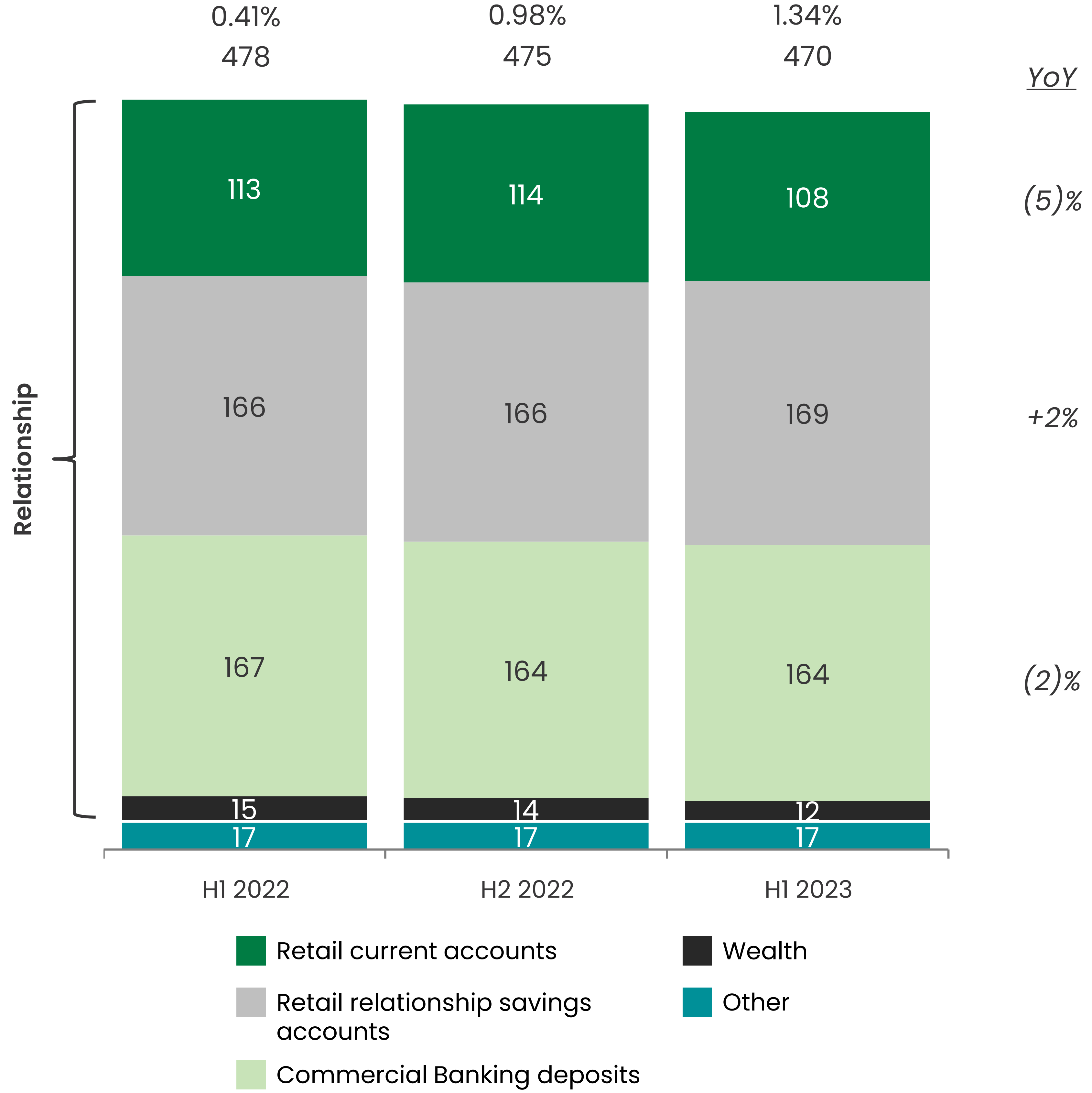


- **UK Cards, Loans & Motor up £1.8bn in H1, including £1.0bn in Q2**
  - Credit cards up £0.6bn in H1 with higher customer spend offset by repayments
  - Loans up £0.6bn in H1 given product innovation and demand
  - UK Motor Finance up £0.6bn in H1 as industry supply constraints continue to ease
- **Commercial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

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

Deposit franchise supporting customer needs

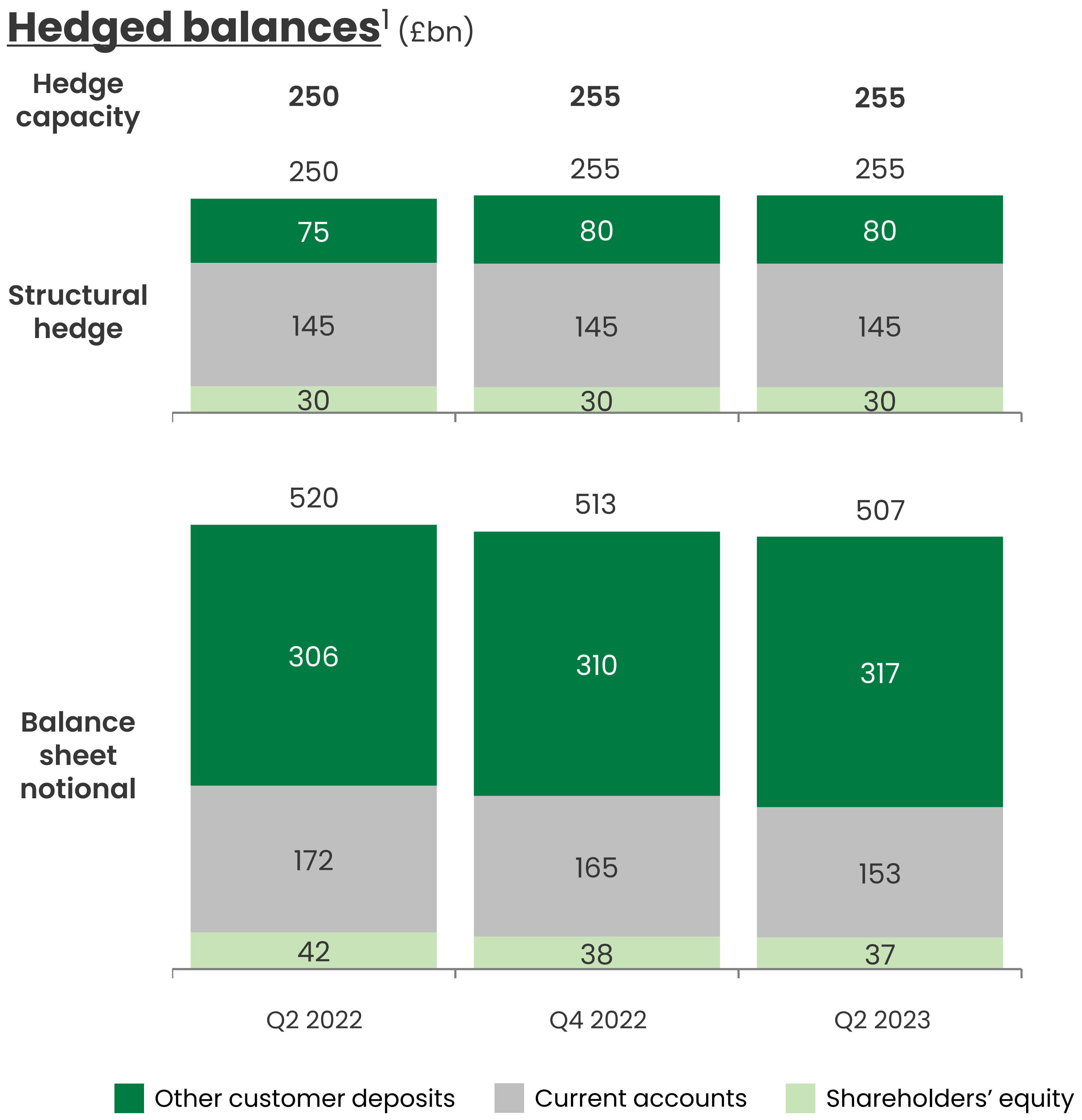
Customer deposits (Book size £bn, Gross margin %[1])



- **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



- **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.

Building confidence in other income

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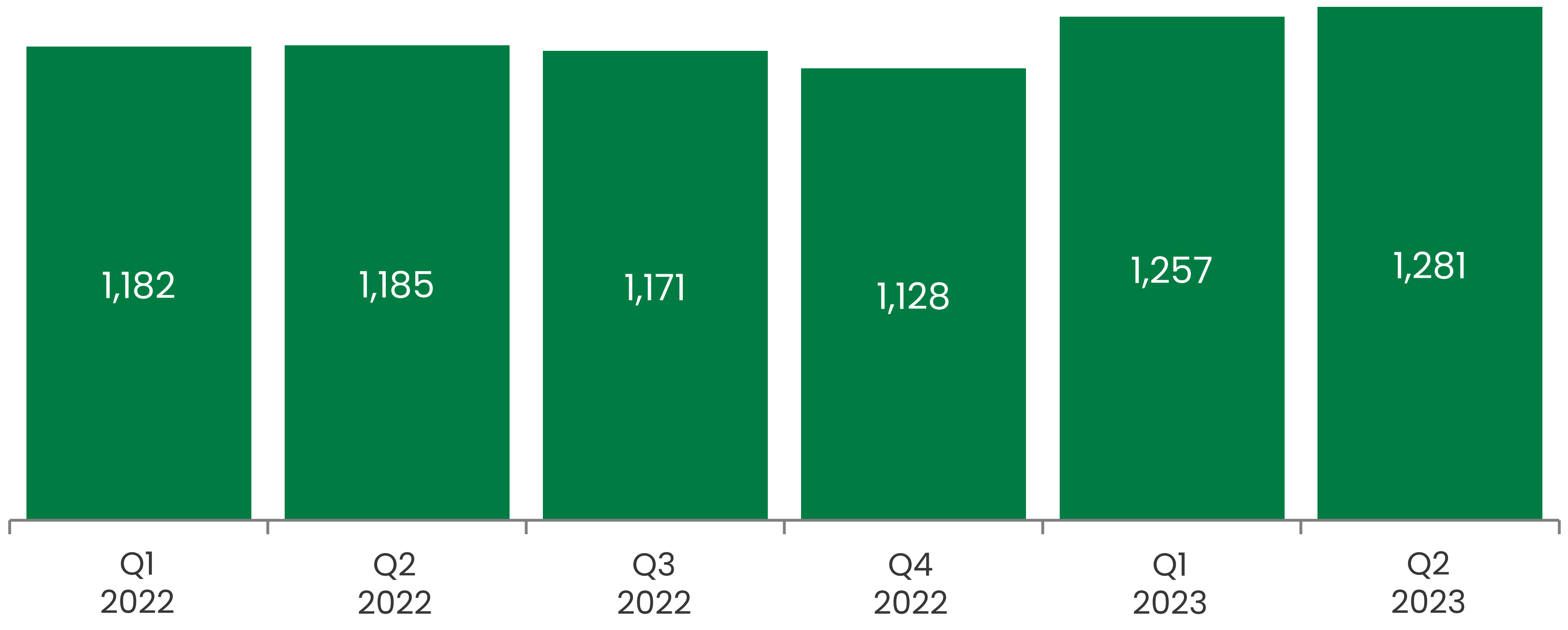
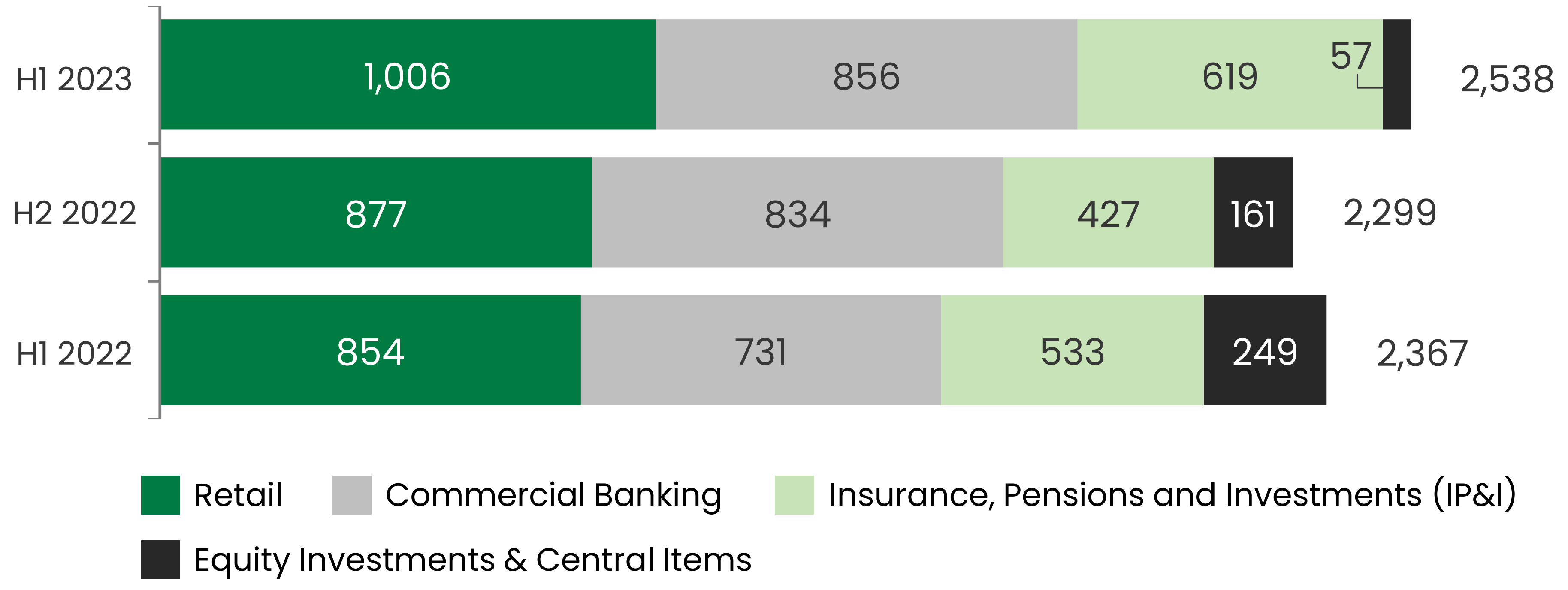
Other income (£m)



Divisional other income (£m)



- **Other income of £2.5bn in H1; £1.3bn in Q2**
  - Retail: improved current account and credit card performance, growing motor contribution
  - Commercial: improved markets and strong bond franchise
  - IP&I: higher deferred profit release from new and existing business and improving GI
- **£356m operating lease depreciation in H1**
  - Q2 normalising with higher value vehicles, lower gains on sale, Tusker book and adjustment for EV[1] price declines
- **Strategic initiatives will support other income across businesses, dependent on activity levels**

1 – Electric vehicles.

Operating costs in line with expectations

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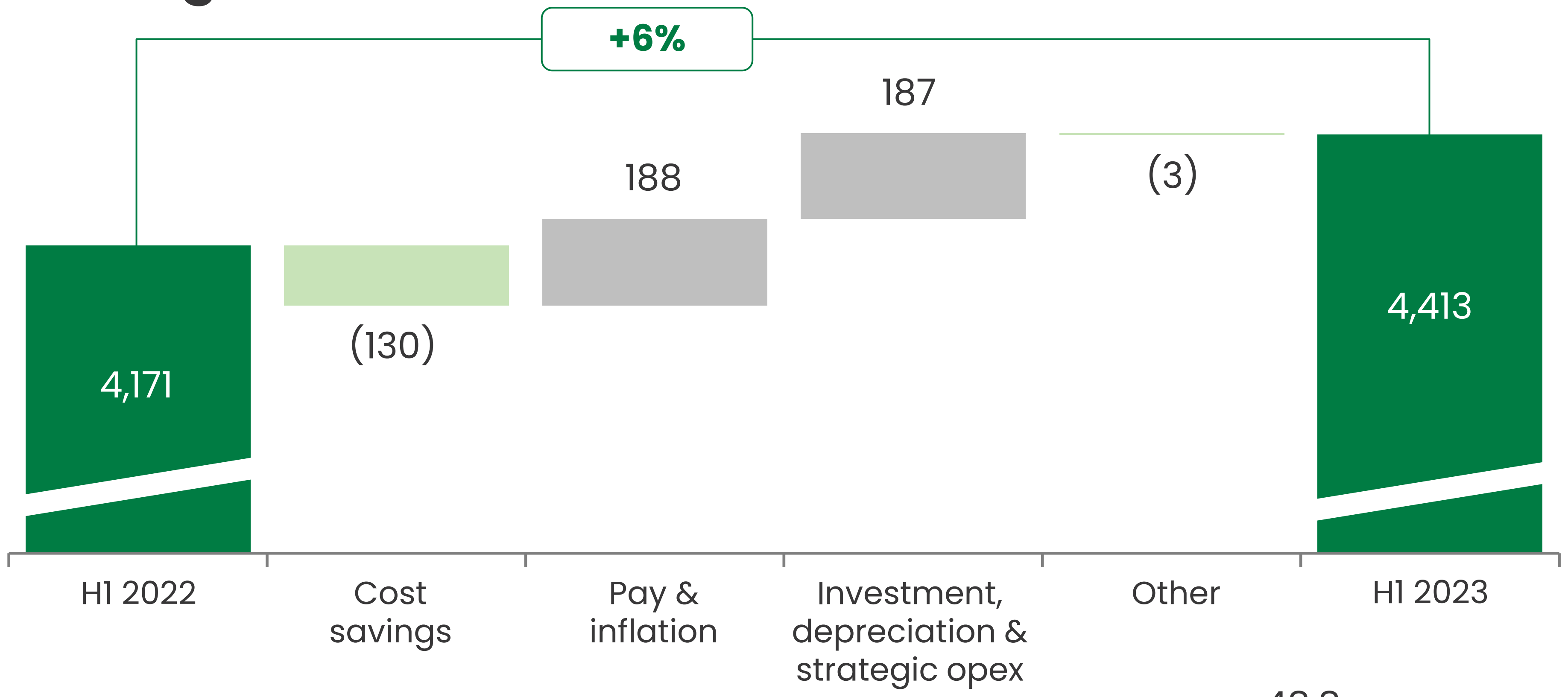
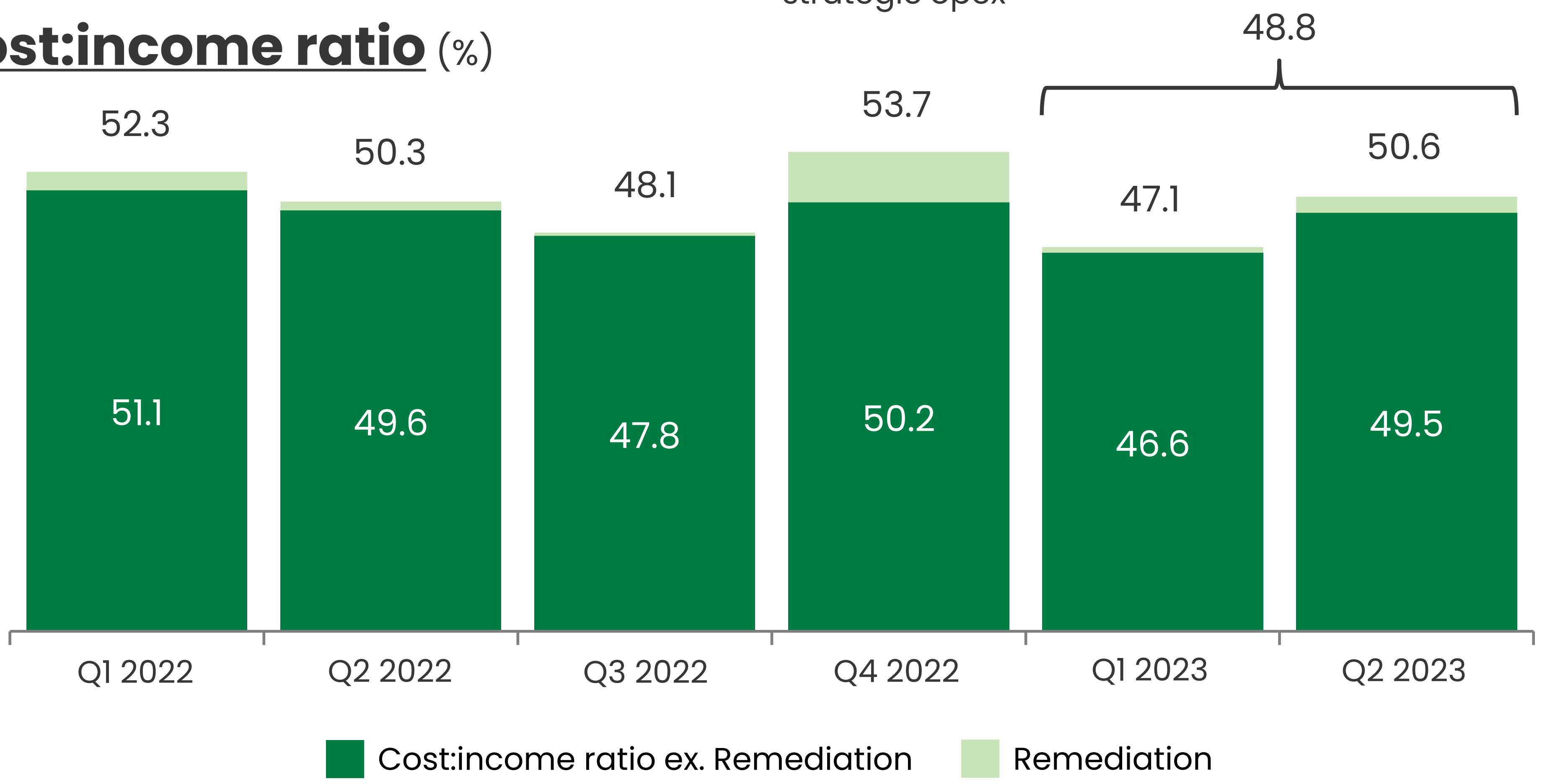
Operating costs (£m)



Cost:income ratio (%)



- **H1 operating costs £4.4bn, up 6% given planned strategic investment, new business and inflation**
- **H1 cost:income 48.8%; 48.0% ex. remediation**
- **Ongoing discipline in the context of continued inflationary pressure**
- **Continue to expect 2023 operating costs c.£9.1bn**
- **Low remediation charge of £70m in H1**

Resilient observed asset quality

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Impairment[1] (£m)

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

Gross lending and coverage level[3] (£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**

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. 3 – Underlying basis. Table uses rounded inputs.

Updated macroeconomic outlook

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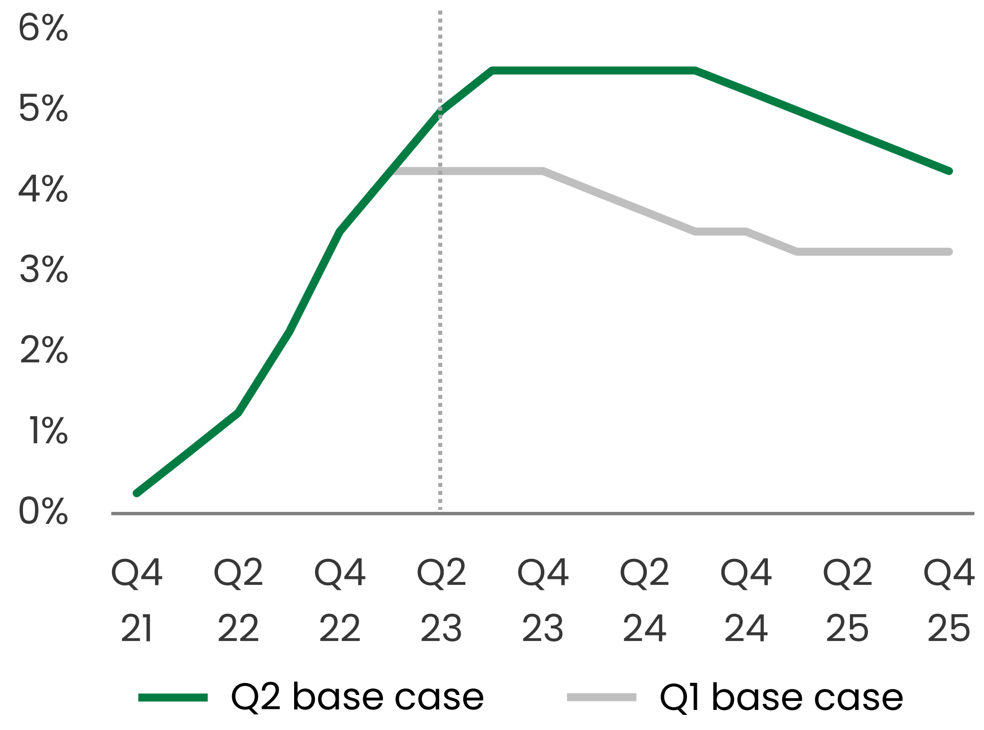
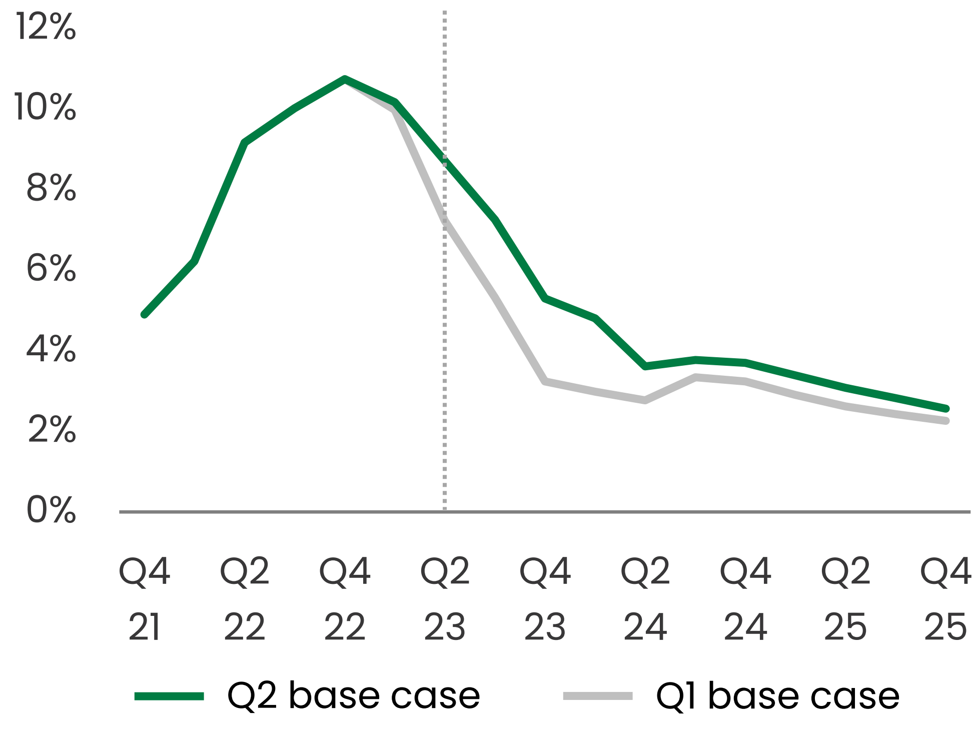
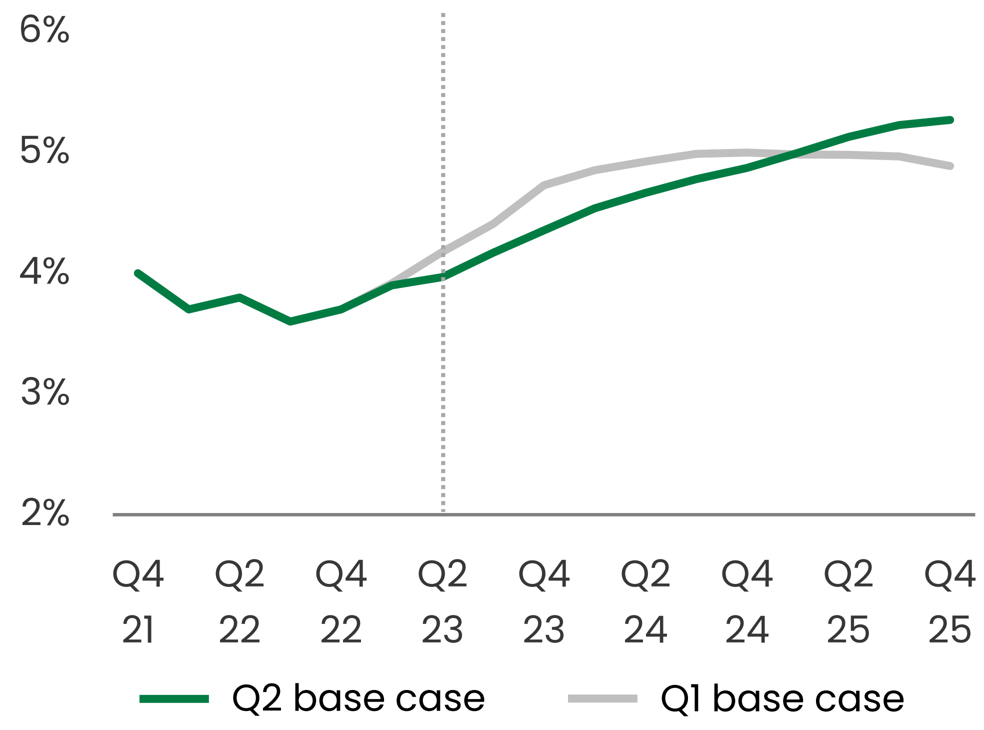
UK bank rate



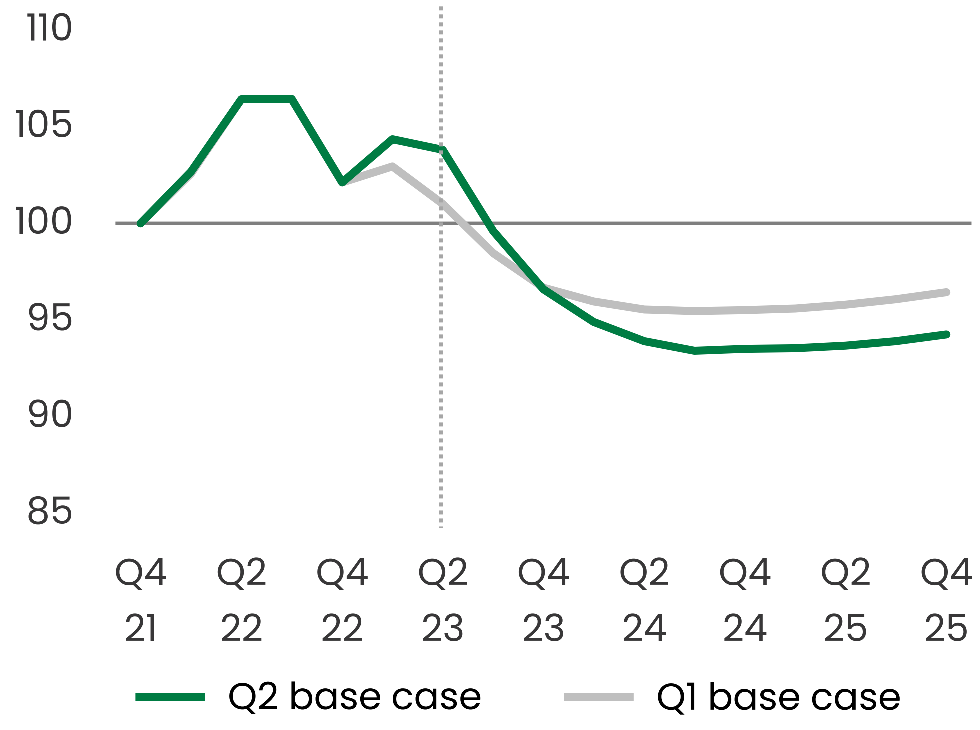
CPI inflation



Unemployment



Indexed house prices

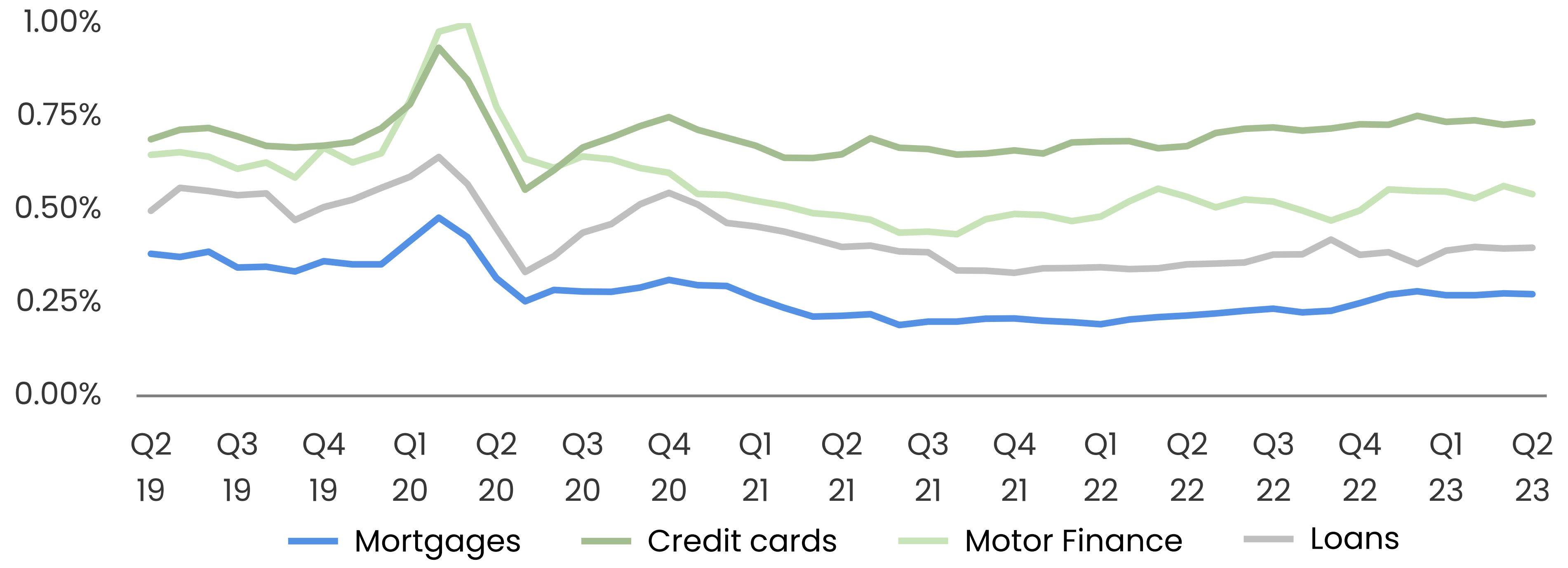


- **Recent growth and inflation resilient, but expect higher base rate to dampen 2024 GDP recovery**
  - GDP expected to rise 0.2% in 2023, versus 0.6% fall assumed at Q1
  - Base rate forecast to peak at 5.5% in Q3 2023
  - Inflation forecast to reduce more slowly, still >5% in Q4 2023
  - 5.3% peak 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%

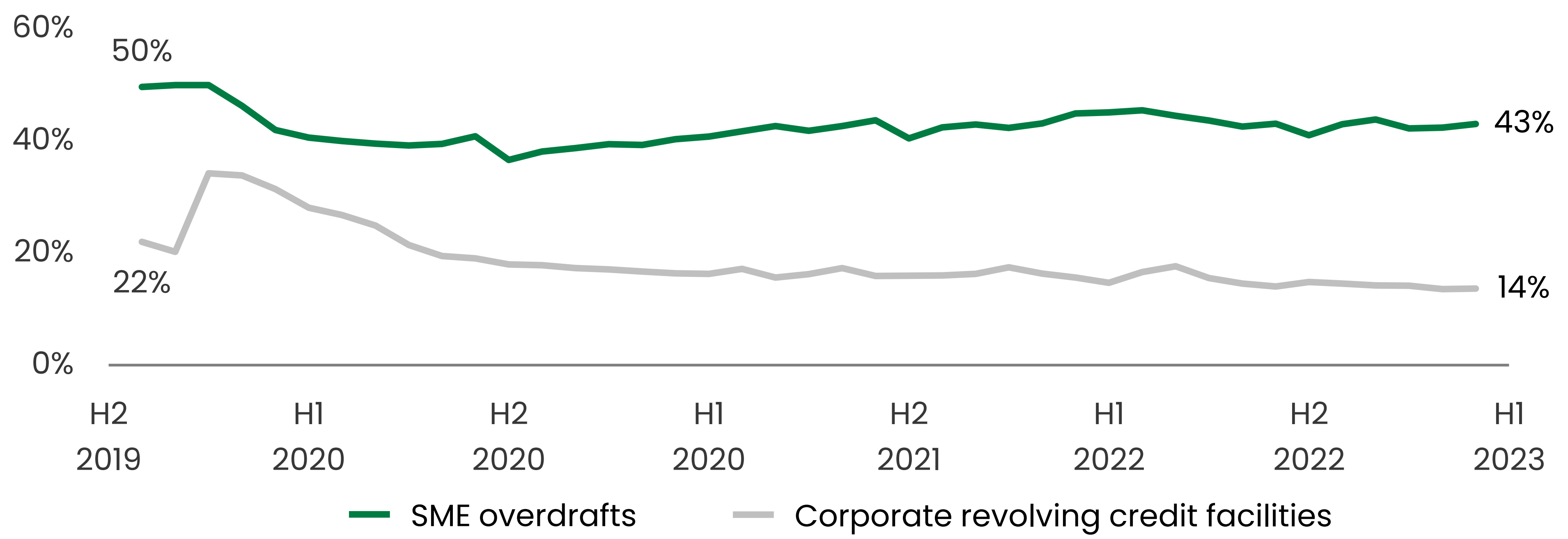
Consistently reassuring performance across portfolios

New to arrears as a proportion of total balances

(3 month rolling average, %)



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



- **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 lending[3] secured; >75% of Commercial exposure[4] at investment grade**
- **Net CRE exposure c.£11bn[5], remains robust**
  - Average interest cover ratio[5] 4.0x, with 80% >2x
  - Average LTV[5] 44%; c.91% with LTV <70%
  - c.15% office, c.12% retail and c.11% industrial; c.41% residential investment

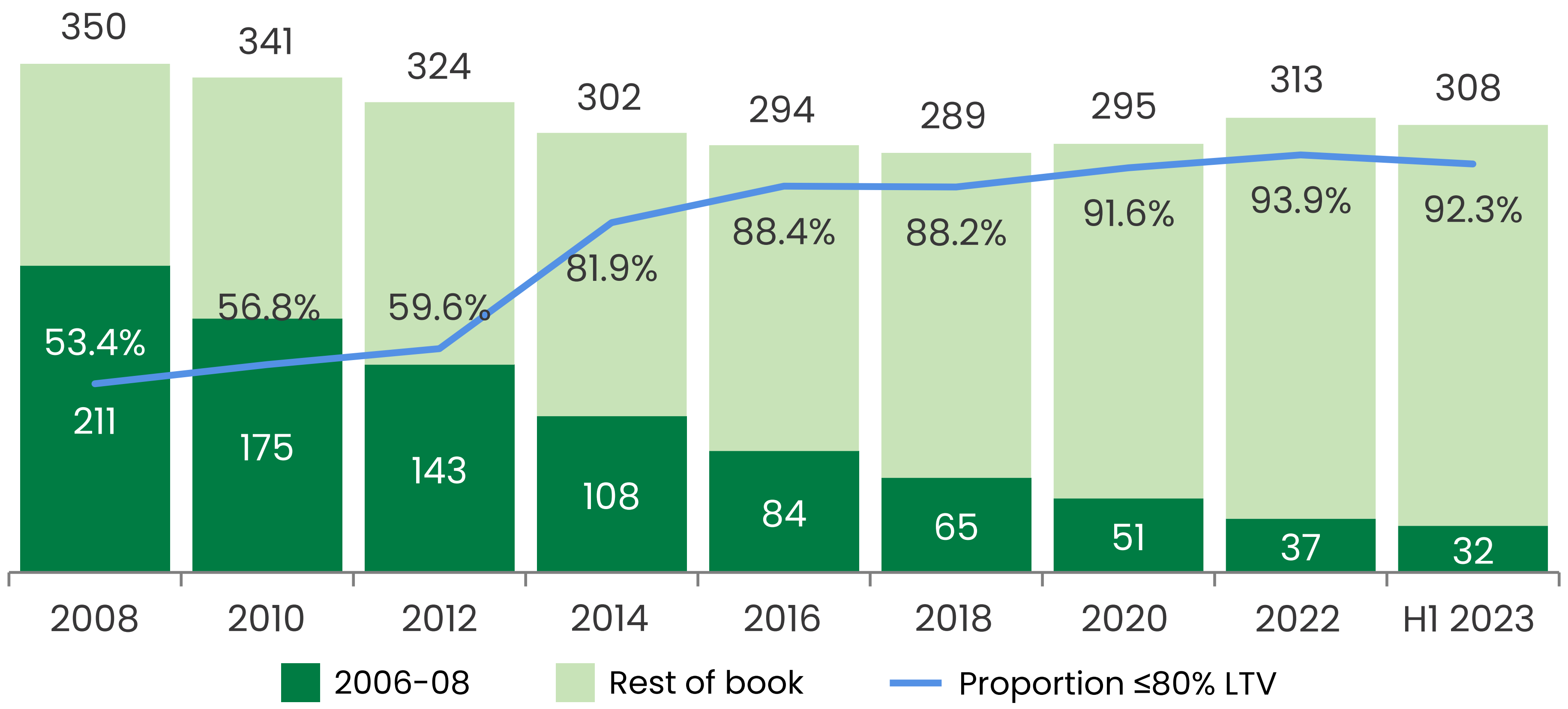
1 – Revolving credit facility. 2 – May 2023. 3 – SME excluding Business Banking; lending fully or partially secured. 4 – Commercial Banking excluding SME and Business Banking. 5 – May 2023; excludes Business Banking, development, CBILS and BBLS.

Mortgage portfolio demonstrating resilience

Gross lending, LTV and new to arrears

	Gross lending, £bn	Loan to value	New to arrears[1] H1 2019	New to arrears[1] 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 >£75k[2]
  - Monthly payments up average £185 for customers refinancing since October
  - H2 / 2024 maturities may see c.£390 increase[3]
  - 2023 maturities[4] tested to ≥6.5% pay rate
- **Total book average LTV 42%; 92% of book ≤80%**

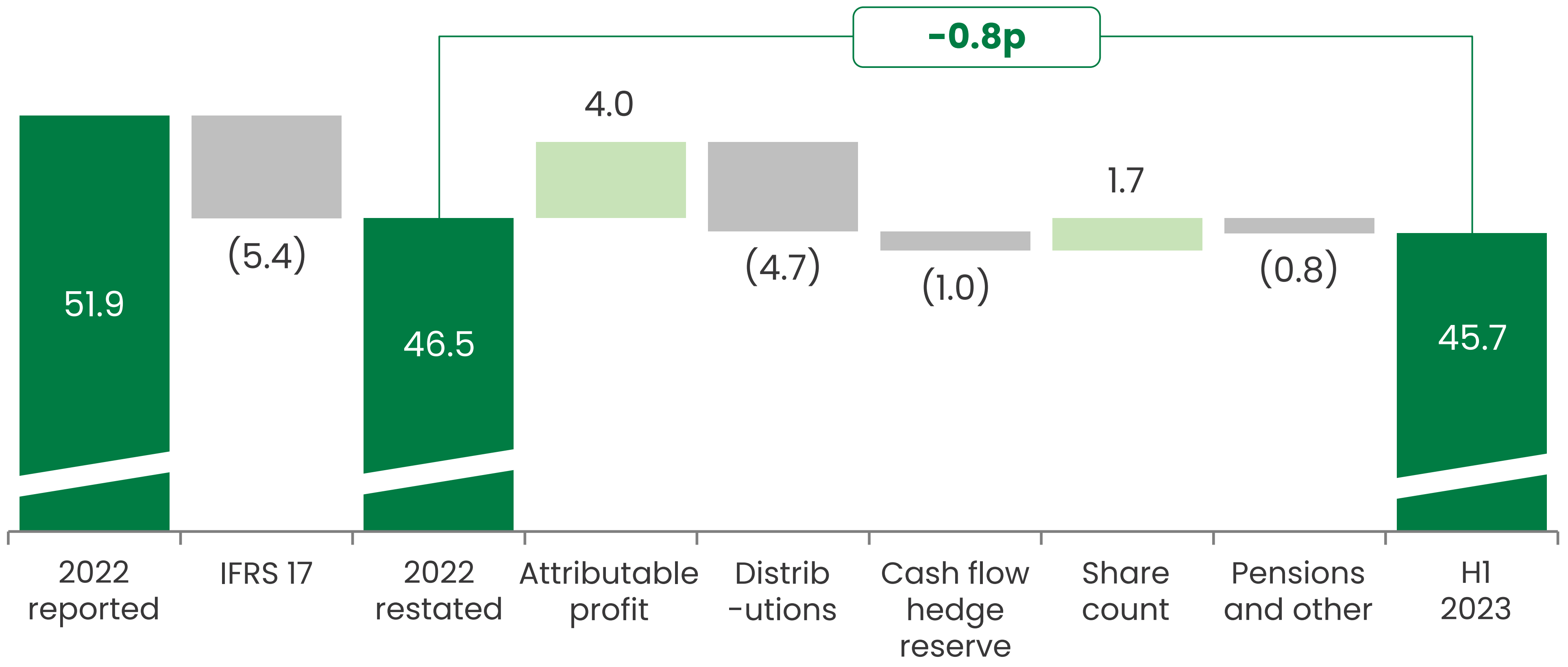
1 – 3 month rolling average. 2 – Relates to mortgage completions in 2023. 3 – Assumes pay rate of c.2% moving to 6.5%. 4 – Residential mortgages originated since 2015.

TNAV impacted by rates; underlying and statutory profit converge

Statutory profit (£m)

	H1 2023	H1 2022	YoY
Underlying profit	**4,041**	3,662	*10%*
Restructuring	**(25)**	(47)	*47%*
Volatility and other items	**(146)**	(466)	*69%*
Statutory profit before tax	**3,870**	3,149	*23%*
Tax expense	**(1,006)**	(702)	*(43)%*
Statutory profit after tax	**2,864**	2,447	*17%*
Return on tangible equity	**16.6%**	11.8%	*4.8pp*

Tangible net asset value per share (pence)



- **H1 restructuring £25m**
- **Negative market volatility impact, mainly insurance, alongside usual fair value unwind**
- **H1 RoTE 16.6%; now expect >14% RoTE in 2023**
- **TNAV 45.7p, down 0.8p in H1 and 3.9p in Q2, driven by impact of rates on cash flow hedge reserve**
- **Continue to expect TNAV to benefit from growth and unwind of headwinds over the medium term**
  - Cash flow hedge reserve to build into TNAV in near to medium term
  - Buyback supports TNAV per share

Strong capital generation

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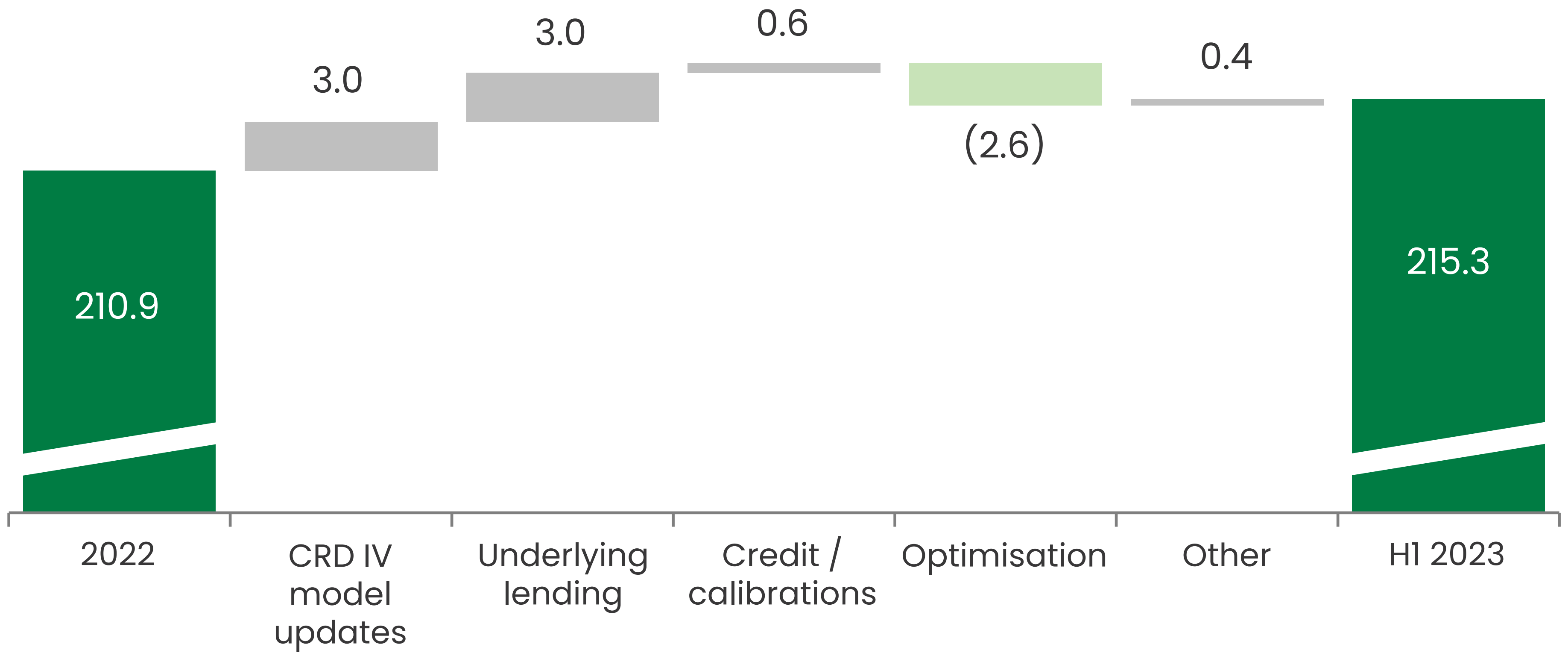
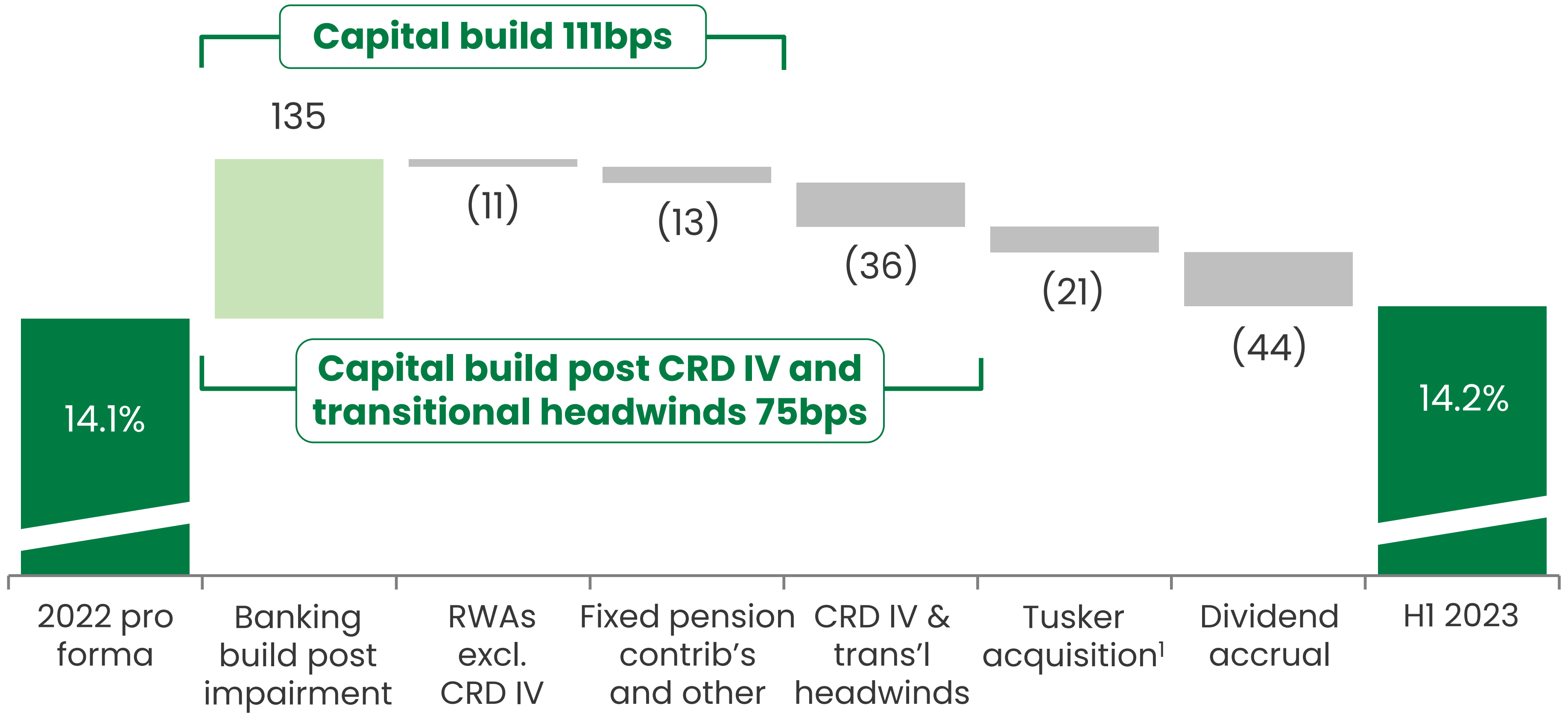
Risk weighted assets (£bn)



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.

Robust business performance supporting enhanced 2023 guidance

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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

Closing remarks

Changing external environment, consistent delivery

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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**

Q&A

Appendix

Quarterly P&L and key ratios

LLOYDS BANKING GROUP

(£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) Stage 1	Stage 2	Stage 3	Total	Total coverage Q4 2022	ECL Q4 2022	*Write offs & Other*[1]	*P&L charge/ (credit)*	Net ECL incr./ (decr.)	ECL Q2 2023	Write offs & Other H1 2022
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.

Classification: Public

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

1 – 2022-23 LTVs use Markit's 2019 Halifax HPI; 2010 LTVs use Markit's pre 2019 Halifax HPI and include TSB. Table uses rounded inputs.

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