LLOYDS BANKING GROUP

2024 Half Year Results

Lloyds Banking Group
25 July 2024

Business and strategic update

Consistent strategic delivery, robust financial performance

LLOYDS BANKING GROUP

Purpose

Helping Britain Prosper

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

Delivering on purpose driven growth strategy for all stakeholders

LLOYDS BANKING GROUP

Purpose

Helping Britain Prosper

Supporting customers

19% share[1] of Cash ISA flows, helping customers save an additional **£6bn** tax free

Helped **>50k** small businesses and charities start a new banking relationship[2] with us

Supported **8.4k** customers in securing a guaranteed income, with **c.£800m** of life annuities

Building an inclusive and sustainable future

Delivered **c.£38bn**[3] of cumulative sustainable finance since 2022; on track to meet 2024 targets

Lent **>£7bn** to first time buyers; supported **c.£1.2bn** new social housing funding

Issued **€1bn** green bonds following publication of the Group's sustainable bond framework

Well placed to support UK economic growth

Increasing macro and political stability conducive to **investment** and **growth**

As a **leading UK finance provider**, well placed to support key focus areas such as sustainable infrastructure, housing and financial planning

1 – April YTD. **2** – Business current account. **3** – From January 2022 to June 2024 - £21.7bn sustainable finance for Commercial Banking customers (£5.9bn in 2024), £9.1bn EPC A/B mortgage lending (up to March 2024) and £7.6bn financing for EVs and PHEVs. In addition, Scottish Widows has invested c.£24bn in climate-aware strategies and climate solutions from January 2020 to June 2024.

Robust financial performance, in line with expectations

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Resilient Q2 net interest margin **293bps**	Momentum in Q2 OOI; YoY growth **9%**	Q2 costs[1] in line with FY expectations **£2.3bn**
Strong Q2 asset quality **5bps**	Growth in Q2 lending[2] **c.£5bn**	Growth in Q2 deposits **c.£6bn**
Robust profitability; H1 RoTE **13.5%**	Strong H1 capital generation **87bps**	Interim dividend up 15% YoY **1.06p**

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

Building momentum in strategic initiatives

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Building on strengths

27m Customer relationships

22m Digitally active users

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

Investing in the business

c.£3bn Incremental strategic investment 2022-2024

Growing business momentum

Grow

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

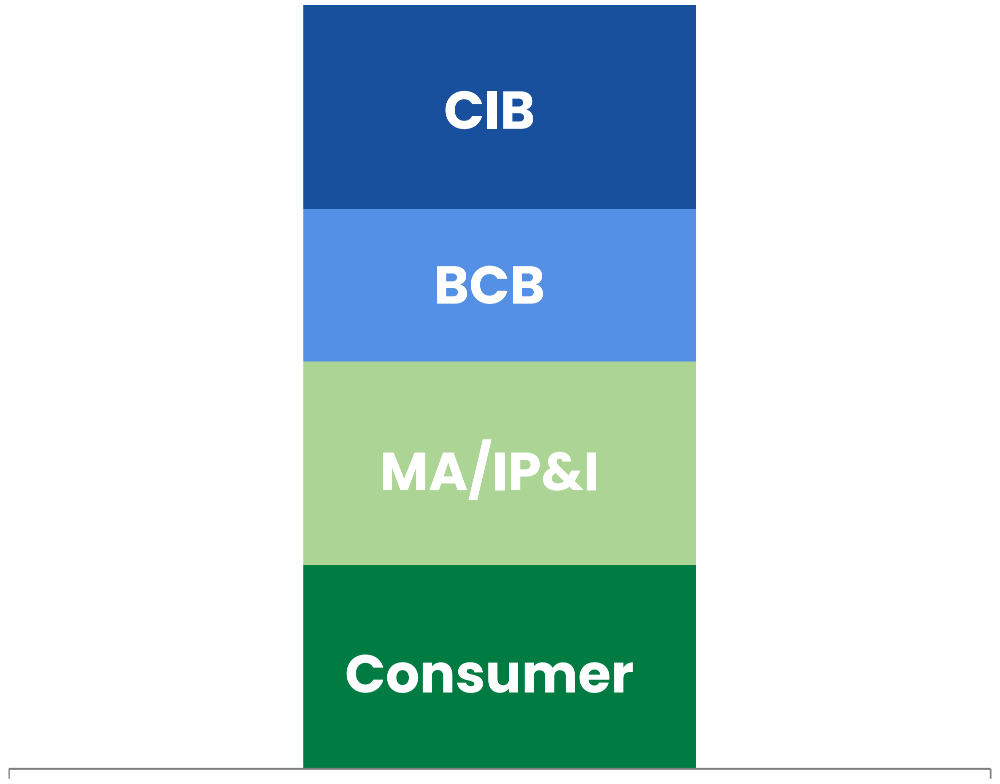
Focus

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

Change

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

Driving value



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

c.£1.2bn gross cost savings by 2024

On track to meet strategic objectives and financial targets

1 – Reflects latest available time period.

Delivering growth

Strengthening relationships

Delivering redesign of **Consumer mobile app**

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

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

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

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

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

Growing in high value areas

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

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

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

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

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

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

Increasing Group connectivity

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

Meeting **workplace pension** needs for CIB clients

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

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

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

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

Investing in enablers to drive operating leverage

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Strengthening cost and capital efficiency

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

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

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

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

>20% Reduction in office footprint since 2021

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

Maximising the potential of people, technology & data

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

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

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

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

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

>4k Technology and data hires since 2021

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

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

Strong financial delivery

On track to deliver in 2024	
c.£0.7bn	Additional revenues from strategic initiatives
c.£1.2bn	Gross cost savings
c.13%	RoTE
c.175bps	Capital generation

Confident in 2026	
c.£1.5bn	Additional revenues from strategic initiatives
<50%	Cost:income ratio
>15%	RoTE
>200bps	Capital generation

Financial update

Robust financial performance

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Financial performance (£m)

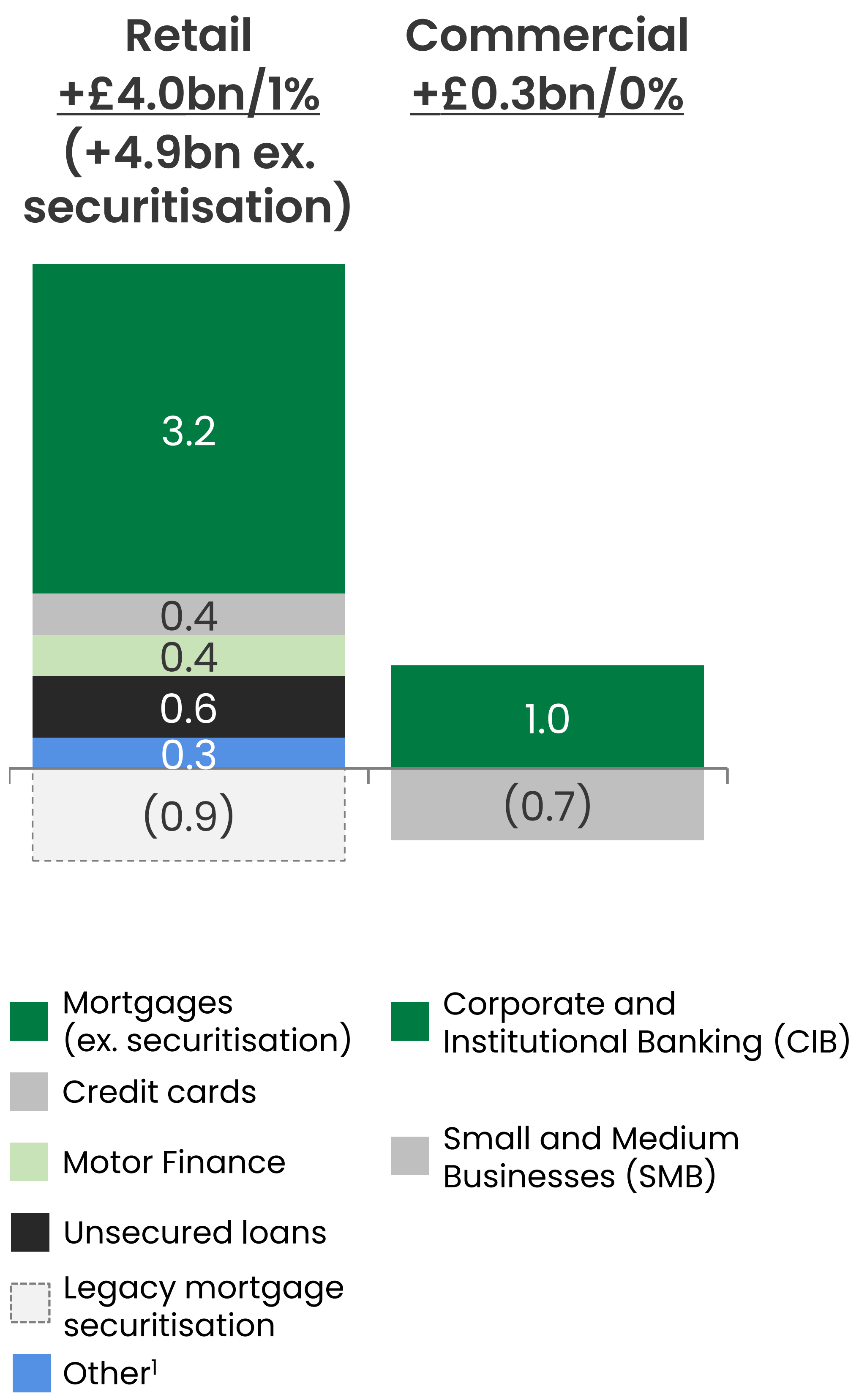
	H1 2024	H1 2023	YoY %	Q2 2024	Q1 2024	QoQ %
Net interest income	**6,338**	7,004	*(10)*	**3,154**	3,184	*(1)*
Other income	**2,734**	2,538	*8*	**1,394**	1,340	*4*
Operating lease depreciation	**(679)**	(356)	*(91)*	**(396)**	(283)	*(40)*
Net income	**8,393**	9,186	*(9)*	**4,152**	4,241	*(2)*
Operating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

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

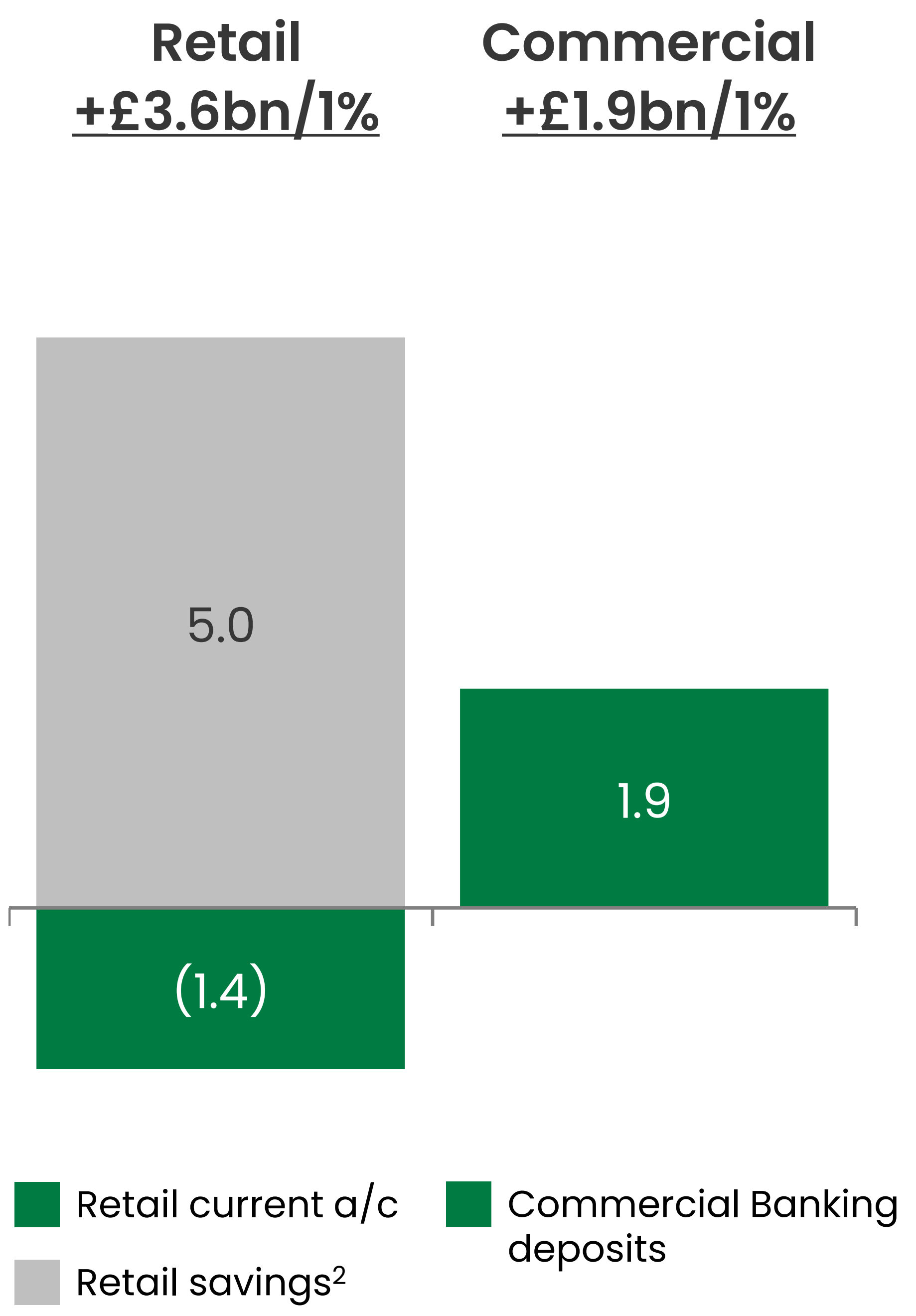
Classification: Public

Growth across lending and deposits

Q2 lending change (£bn)



Q2 deposit change (£bn)

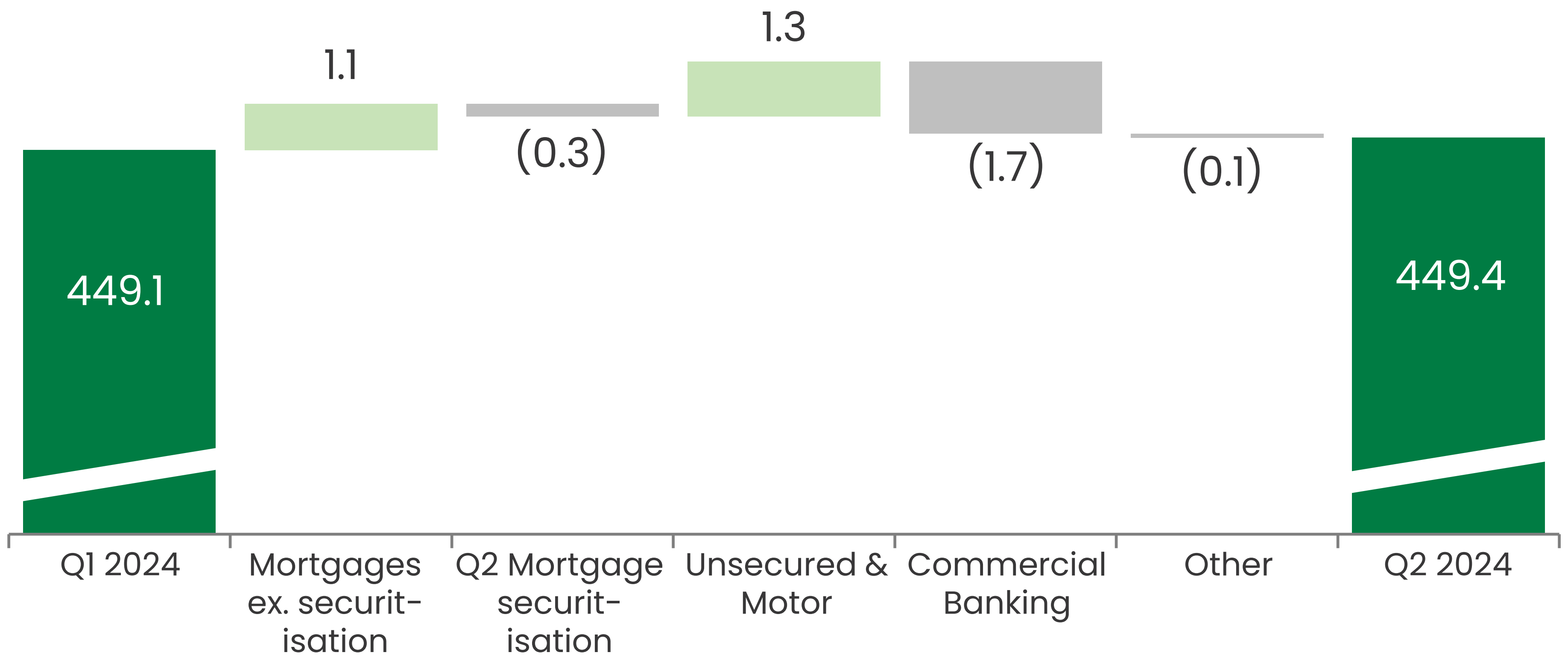


- **Group lending £452bn, up £3.9bn or 1% in Q2, up £4.8bn ex. securitisation activity; up £2.7bn in H1**
  - Retail up £4.9bn in Q2 ex. securitisation
  - Mortgages up £3.2bn ex. securitisation
  - Growth in Credit cards, Motor Finance and Unsecured loans
  - Commercial up £0.3bn in Q2; SMB performance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

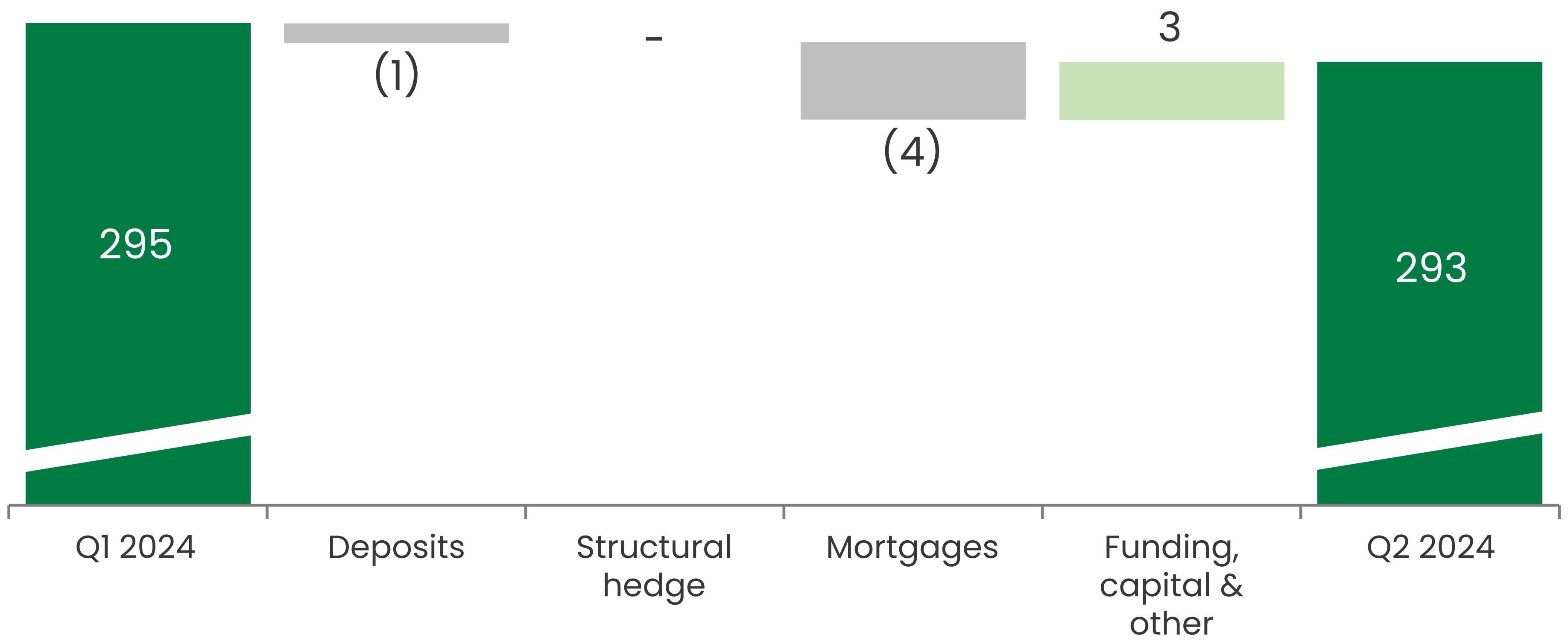
1 – Includes Overdrafts, Europe and Wealth. 2 – Includes Retail savings and Wealth.

Resilient net interest income performance

Average interest earning assets (£bn)



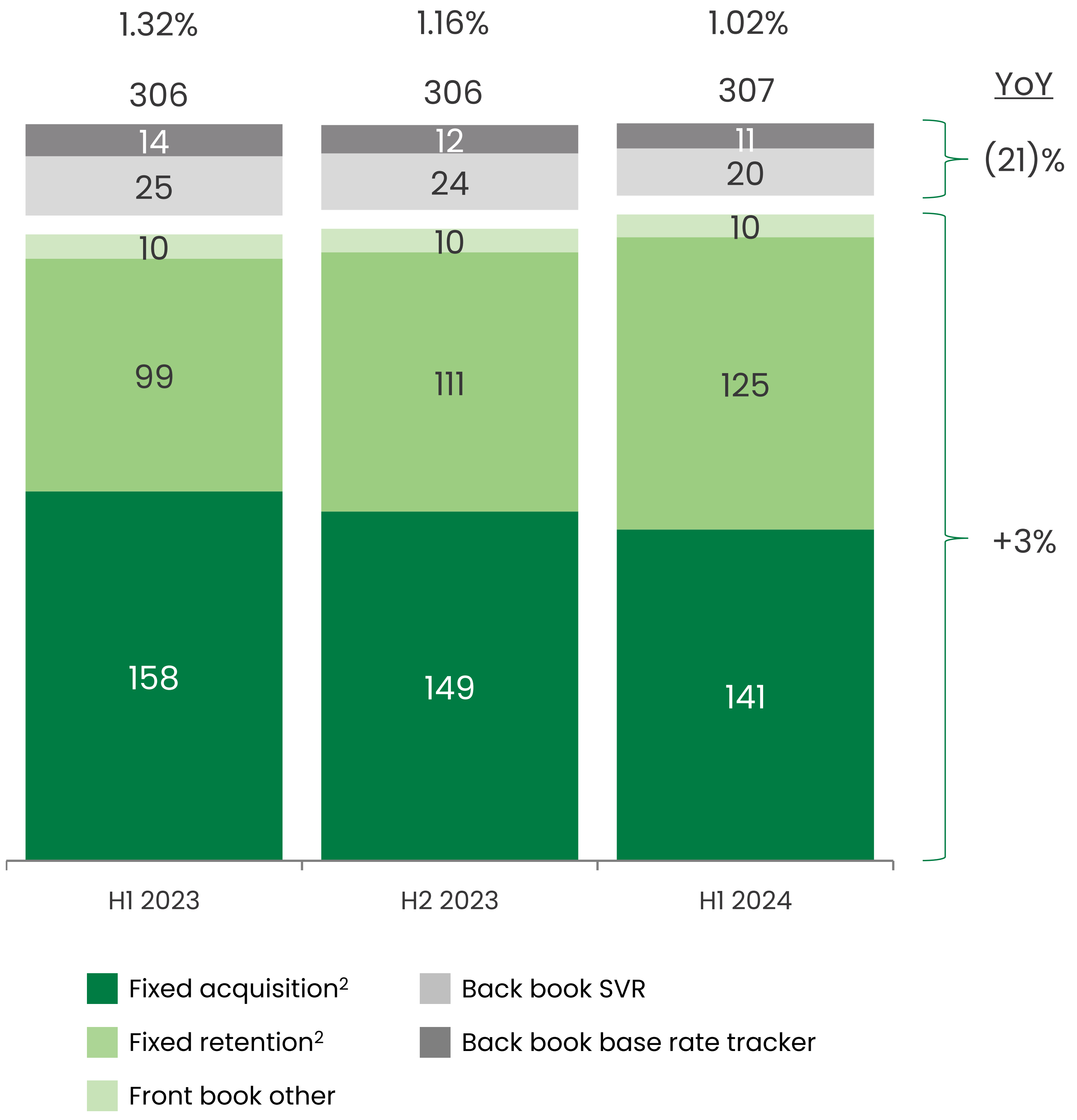
Banking net interest margin (bps)



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

Growth in mortgages

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



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

1 – Gross margin is gross customer receivables, less short term funding costs; references SONIA. Chart uses rounded inputs. **2** - Front book balance splits restated between acquisition and retention, reflecting enhanced granularity in product level reporting. **3** – Total completion margins include new business and product transfers and is equal to customer rate, plus net customer fees, less the relevant funding rate.

Solid performance in other lending portfolios

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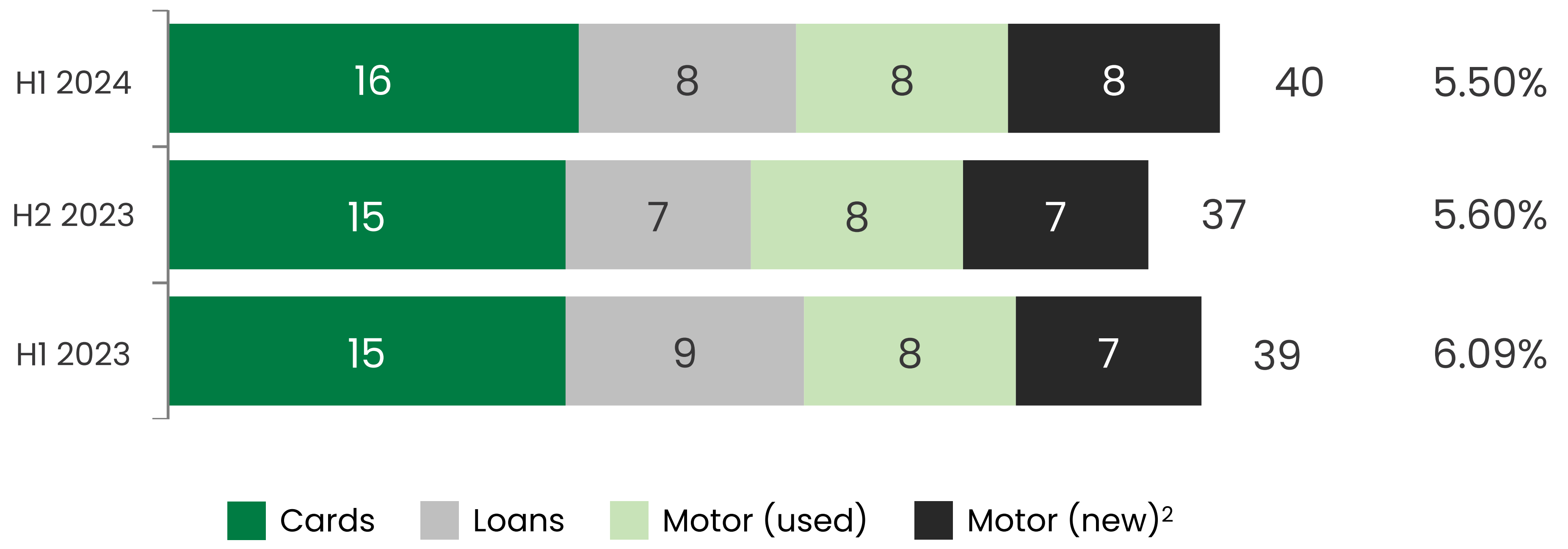
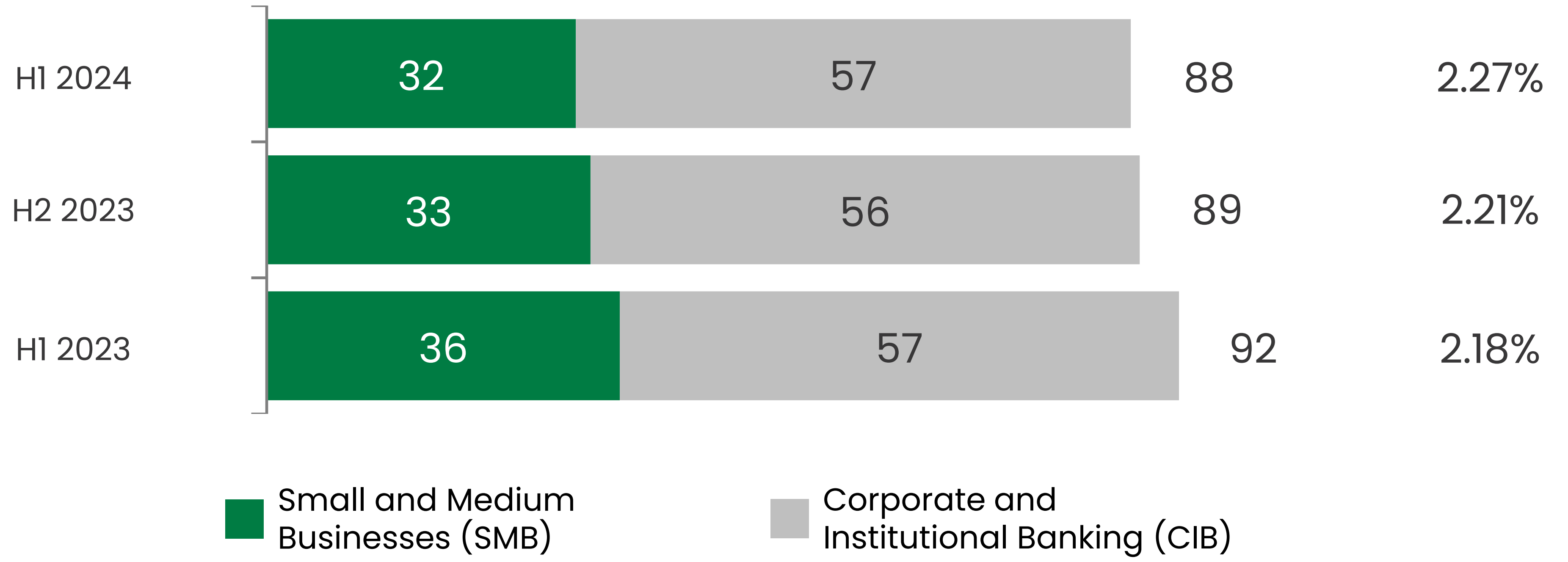
UK Cards, Loans & Motor (Book size £bn, Gross margin %[1])



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

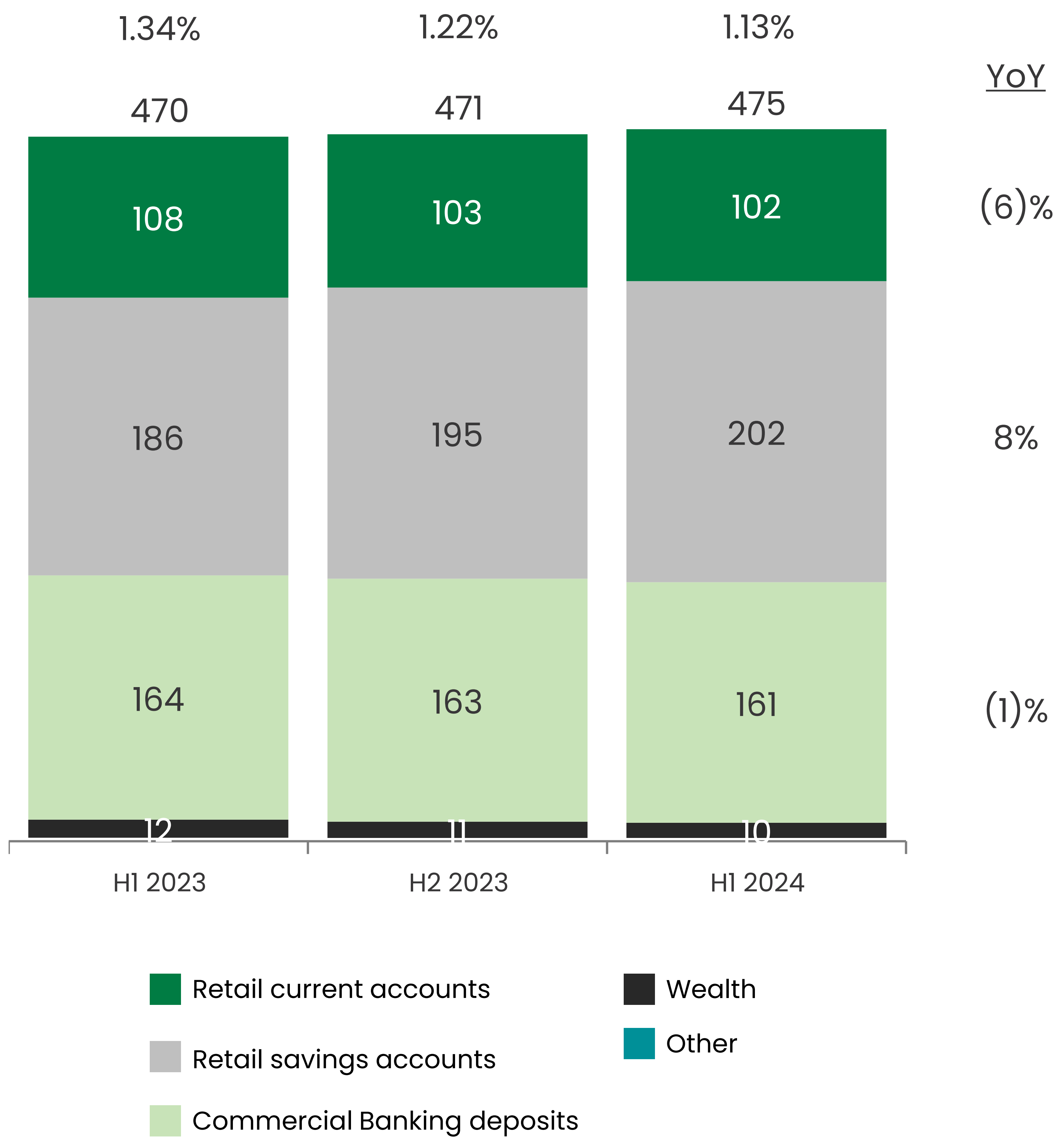


- **UK Cards, Loans & Motor up £2.7bn in H1, including £1.4bn in Q2**
  - Credit cards up £0.5bn in H1
  - Loans up £1.3bn in H1
  - UK Motor Finance up £0.9bn in H1
- **Commercial Banking loans down £0.5bn in H1; up £0.3bn in Q2**
  - CIB lending up £1.0bn in H1, including growth in targeted strategic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

1 – Gross margin is gross customer receivables, less short term funding costs; references SONIA. Chart uses rounded inputs. **2** – Includes Blackhorse Retail, Fleet and Stocking, as well as Lex finance leases.

Growing customer deposit franchise

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

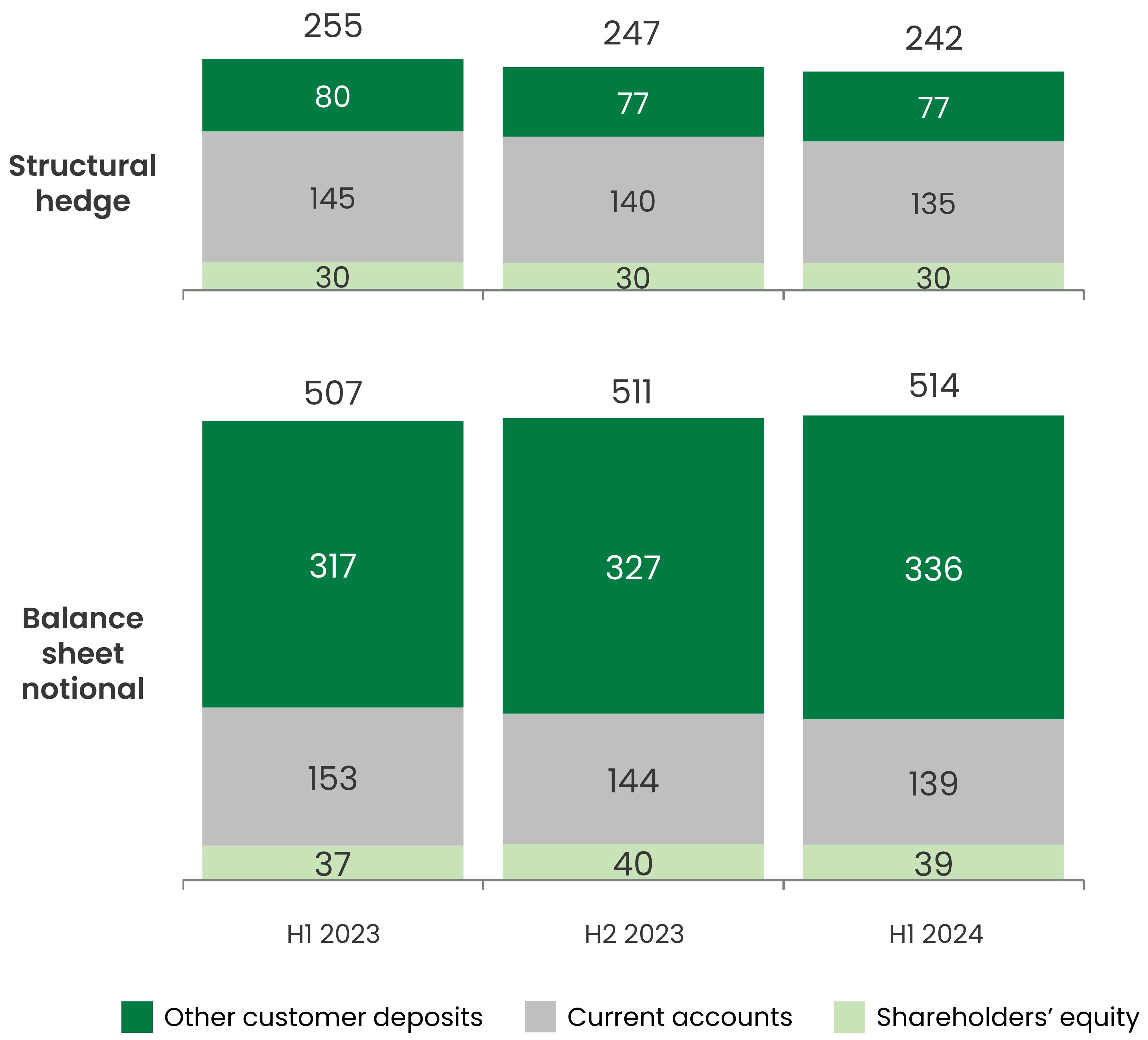


- **Total deposits £475bn, up £3.3bn or 1% in H1; up £5.5bn in Q2**
- **Retail deposits up £4.9bn in H1; up £3.6bn in Q2**
  - Retail current accounts down £1.0bn or 1% in H1;
  - Retail savings accounts up £6.7bn or 3% in H1; slowing movement into fixed, strength in limited withdrawal product
- **Commercial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

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

Continuing tailwind from the structural hedge

Hedged balances[1] (£bn)



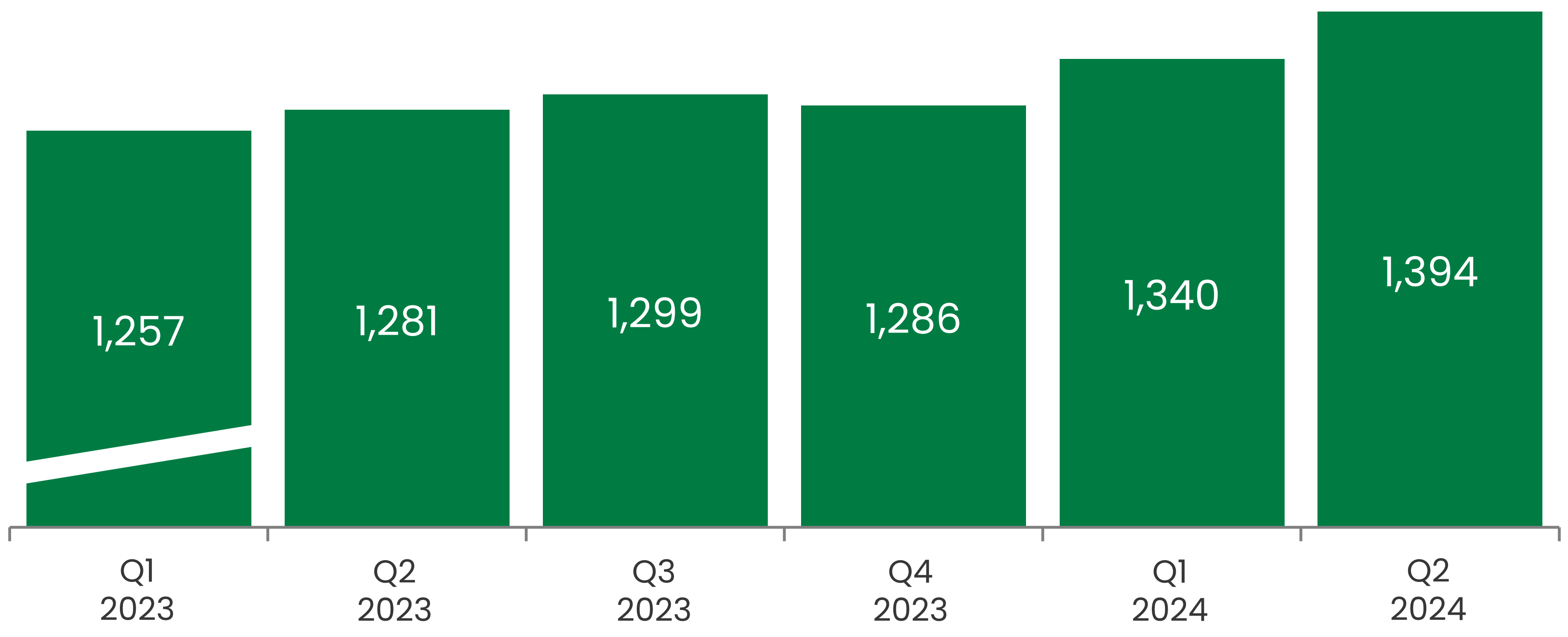
- **Structural hedge notional £242bn, down £5bn in H1, including £2bn in Q2**
- **Stable c.3.5 year weighted average duration**
- **Prudent management of structural hedge**
  - H1 in line with modest notional balance reduction expected in 2024
- **2024 hedge income now expected to be slightly over £0.7bn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

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

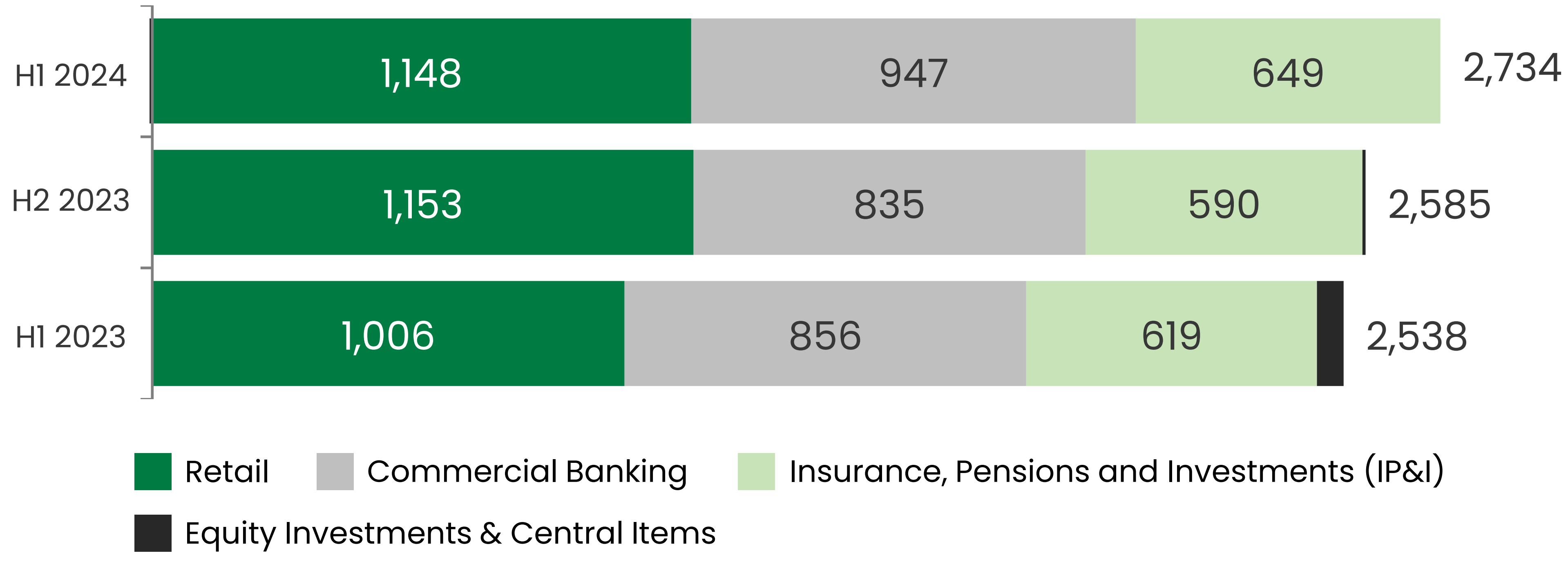
Classification: Public

Building momentum in other income

Other income (£m)



Divisional other income (£m)

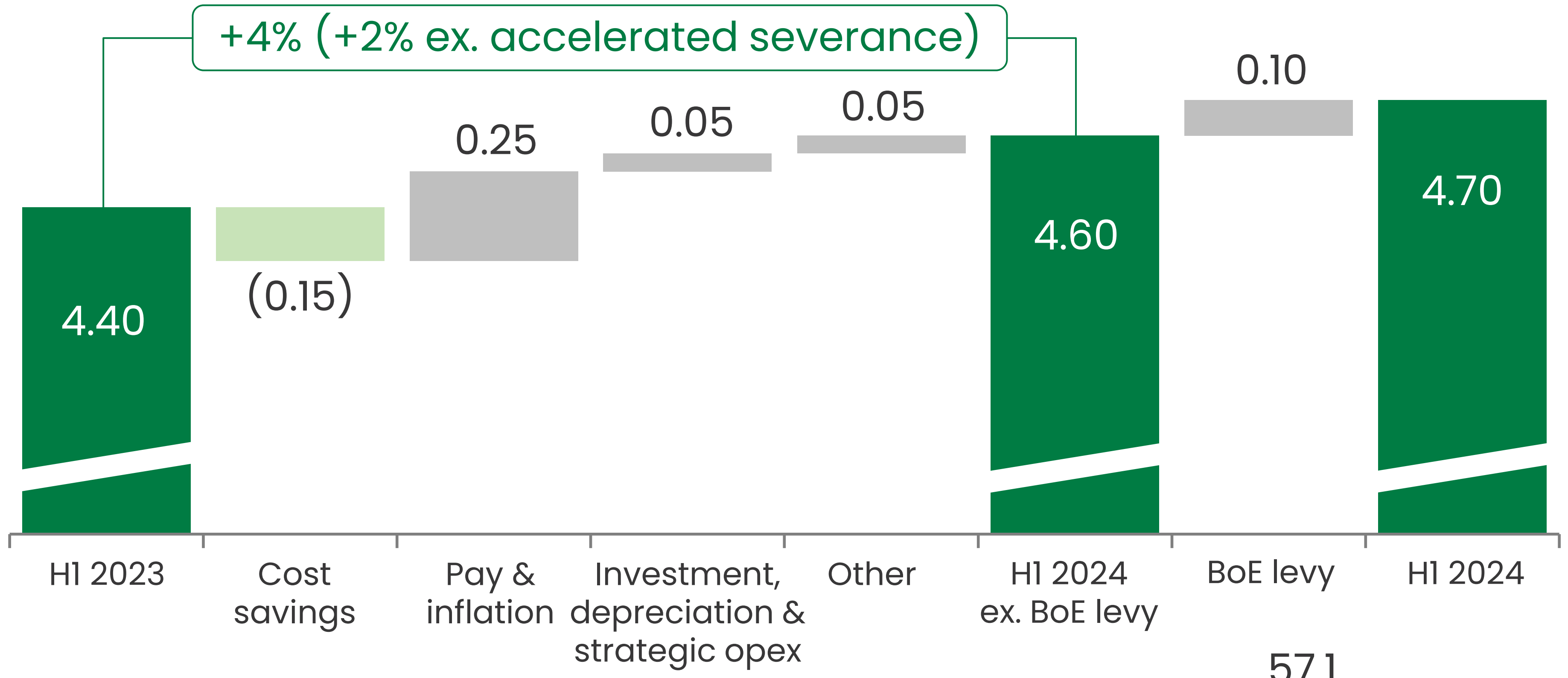


- **Q2 other income £1.4bn up 9% YoY; H1 up 8% YoY**
  - Retail: Growing Motor contribution, driven by a larger fleet and higher rental value
  - Commercial: Strong Markets performance from strategic investment and higher client activity
  - IP&I: Strong trading performance, including General Insurance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

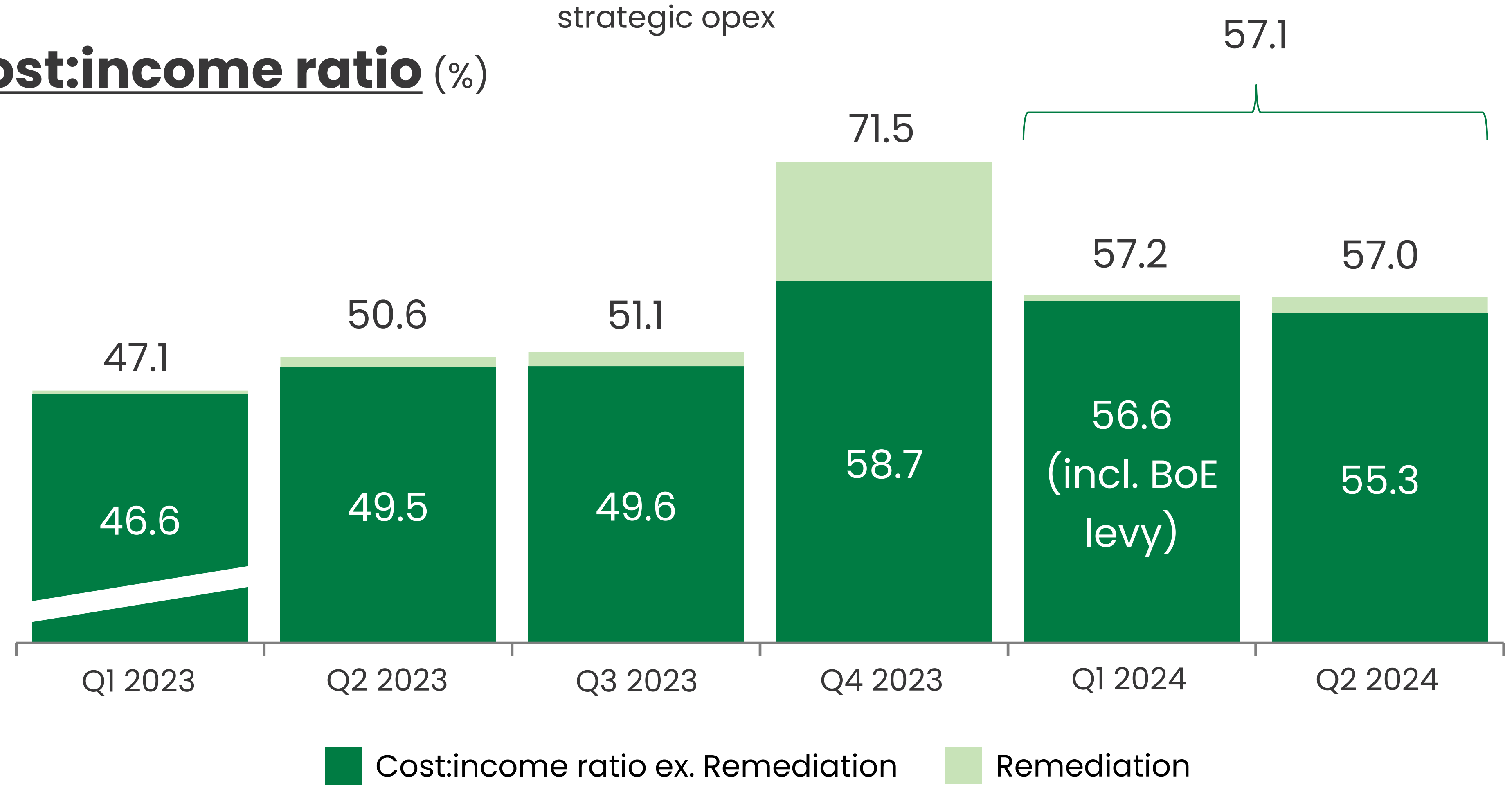
Classification: Public

Continued discipline on costs

Operating costs (£bn)



Cost:income ratio (%)



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

Strong asset quality

Impairment (£m)

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

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

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

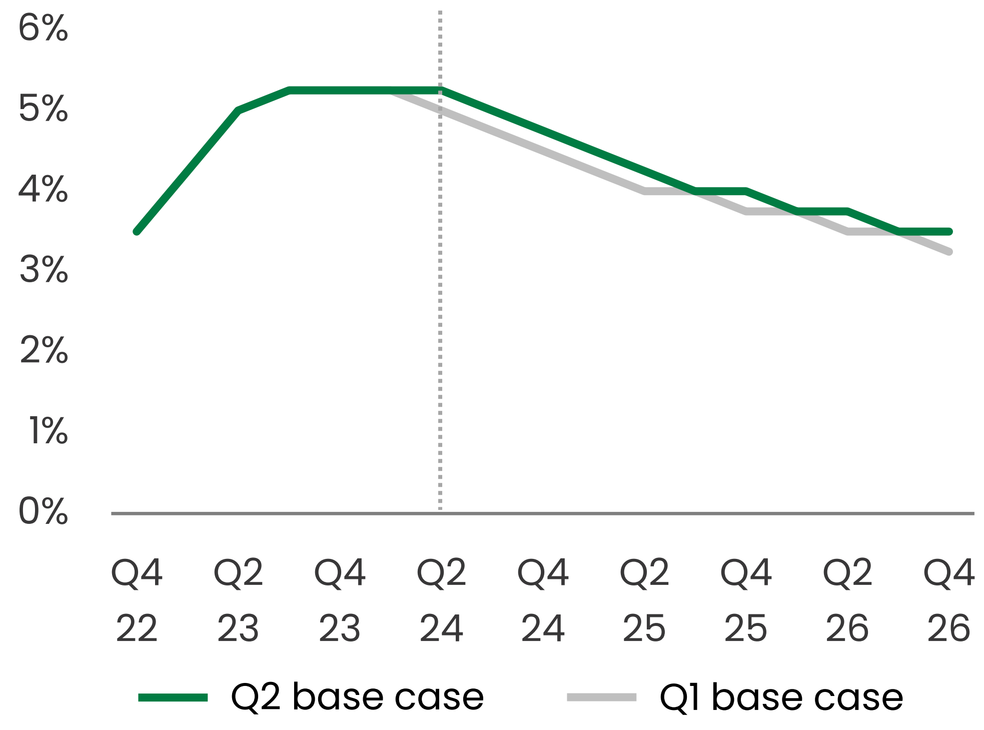
- **Strong asset quality, reflected in resilient Group credit performance**
  - Portfolios either stable or improving
- **Q2 impairment charge £44m, AQR 5bps**
  - £176m pre-MES, AQR 16bps; low underlying charge and release of inflationary judgements
  - £132m MES release largely from revised approach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

1 – Impairment charges absent the impact from updated economic outlook, thus reflecting only observed movements in credit quality. 2 – Underlying basis. Table uses rounded inputs.

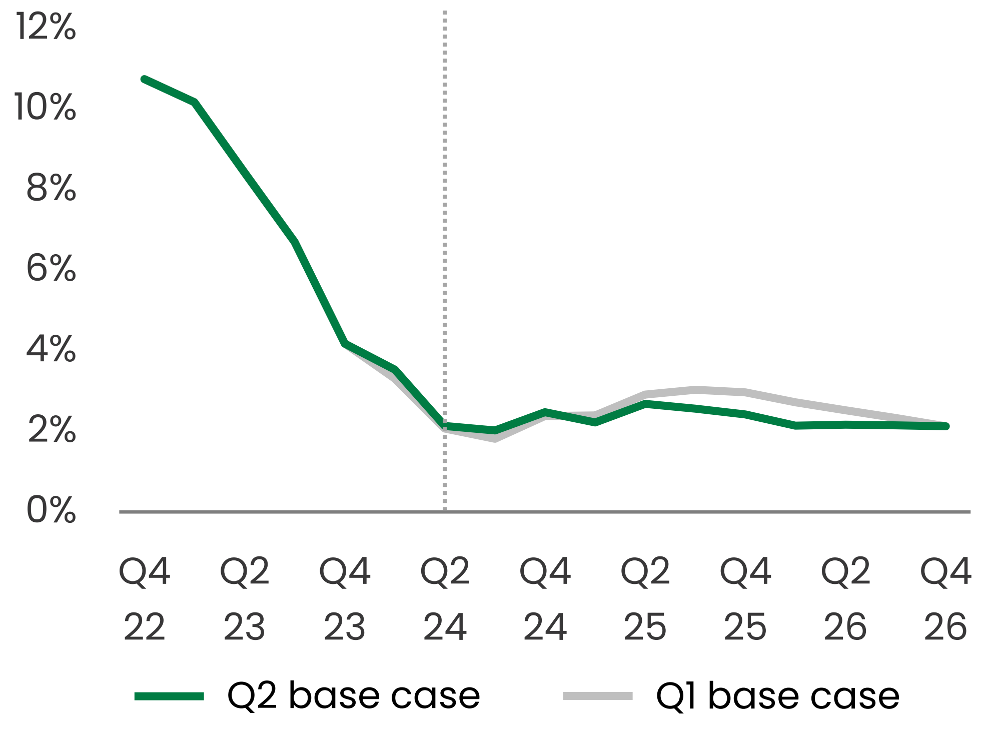
Classification: Public

Updated macroeconomic outlook

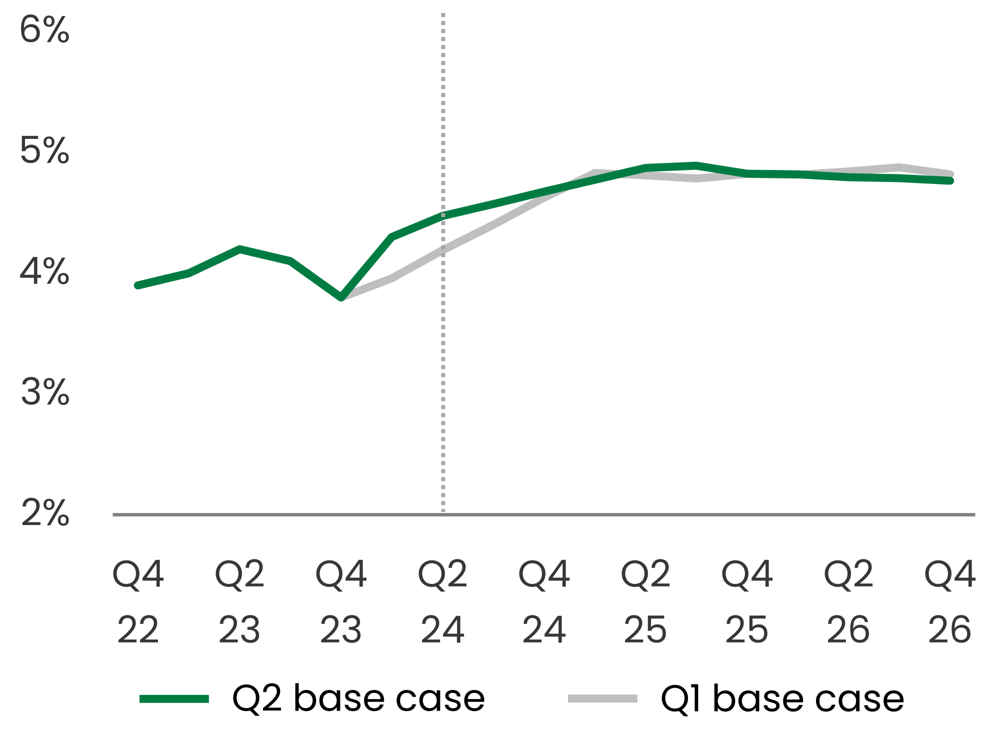
UK bank rate



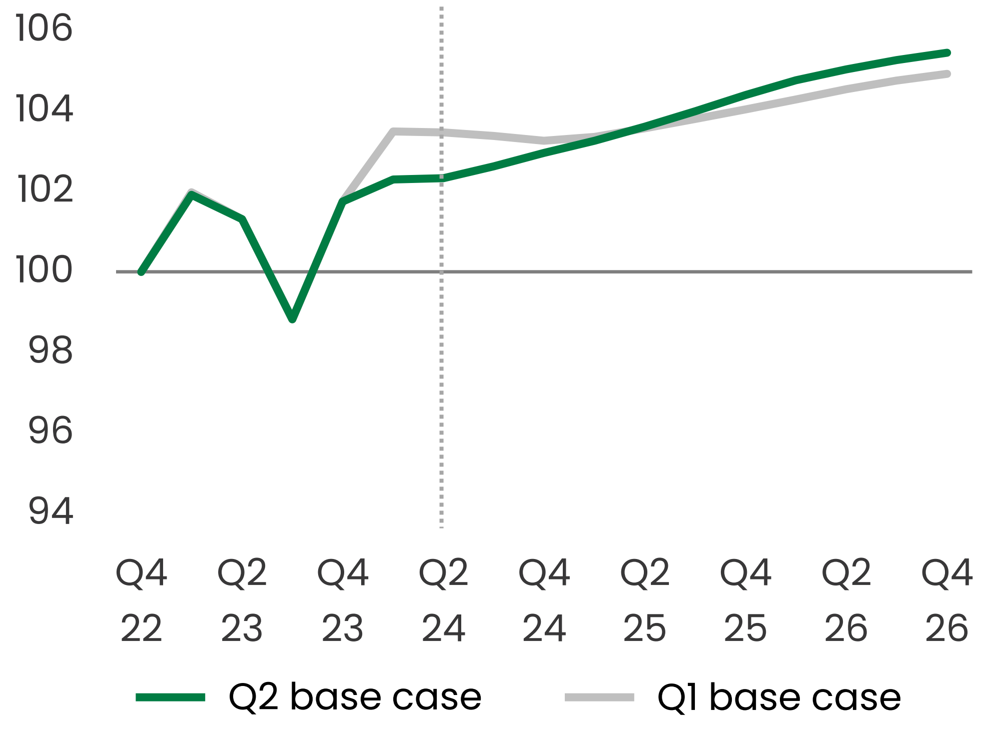
CPI inflation



Unemployment



Indexed house prices



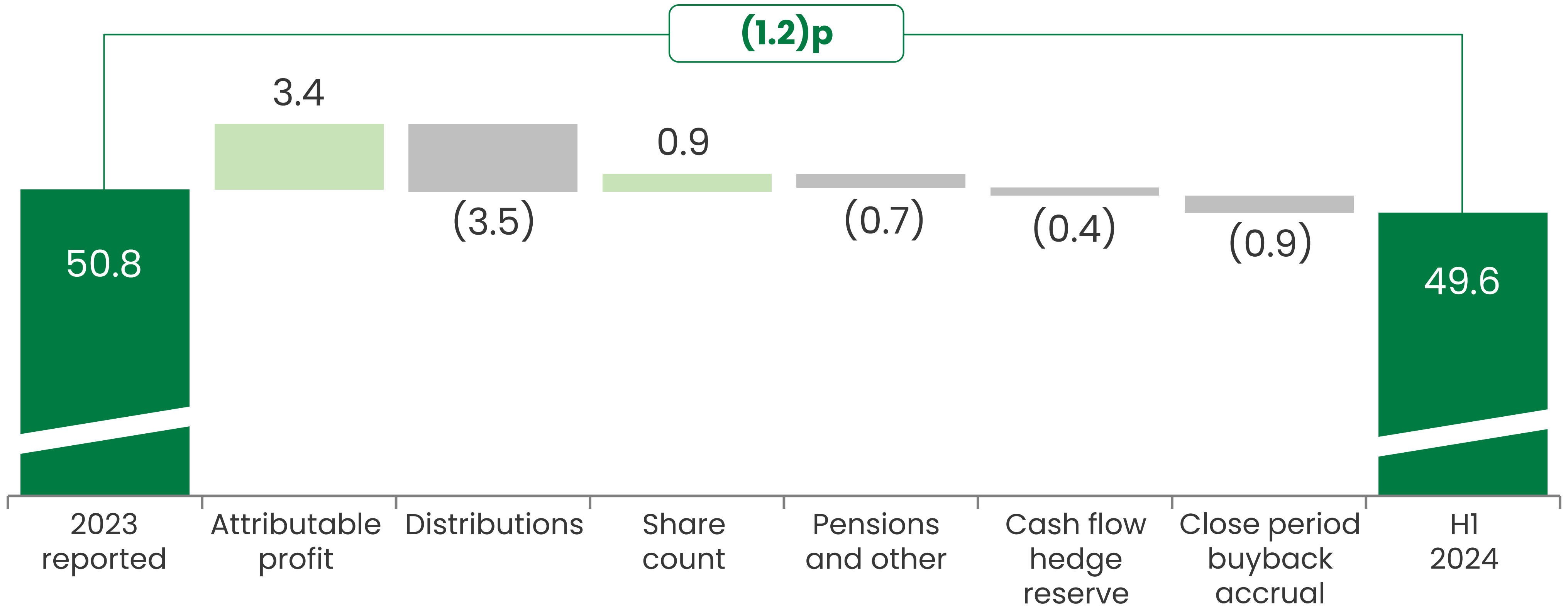
- **Latest economics**
  - Modest forecast changes since Q1
  - GDP growth strengthening, expect to grow 0.8% in 2024 (previously 0.4%)
  - Now expect two base rate cuts in 2024
  - Inflation to remain between 2-3% over forecast
  - Unemployment now expected to peak slightly earlier at 4.9% in 2025
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

Robust return on tangible equity

Statutory profit (£m)

	H1 2024	H1 2023	YoY %	Q2 2024	Q1 2024	QoQ %
Underlying profit	**3,497**	4,041	*(13)*	**1,740**	1,757	*(1)*
Restructuring	**(15)**	(25)	*40*	**(3)**	(12)	*75*
Volatility and other items	**(158)**	(146)	*(8)*	**(41)**	(117)	*65*
Statutory profit before tax	**3,324**	3,870	*(14)*	**1,696**	1,628	*4*
Tax expense	**(880)**	(1,006)	*13*	**(467)**	(413)	*(13)*
Statutory profit after tax	**2,444**	2,864	*(15)*	**1,229**	1,215	*1*
Return on tangible equity	**13.5%**	16.6%	*(3.1)pp*	**13.6%**	13.3%	*0.3pp*

Tangible net asset value per share (pence)



- **Q2 RoTE 13.6%, H1 13.5%**
- **Q2 restructuring £3m, H1 £15m**
- **Negative market volatility impact, mainly insurance, alongside usual fair value unwind**
- **TNAV 49.6p, down 1.6p in Q2 and 1.2p in H1, driven by shareholder distributions and rate moves**
  - Incl. 0.9p reduction from close period buyback accrual; no corresponding share count fall
- **Continue to expect TNAV to benefit from growth and unwind of headwinds**
  - Cash flow hedge reserve to build into TNAV
  - Reduced share count from buyback supports TNAV per share

Strong capital generation

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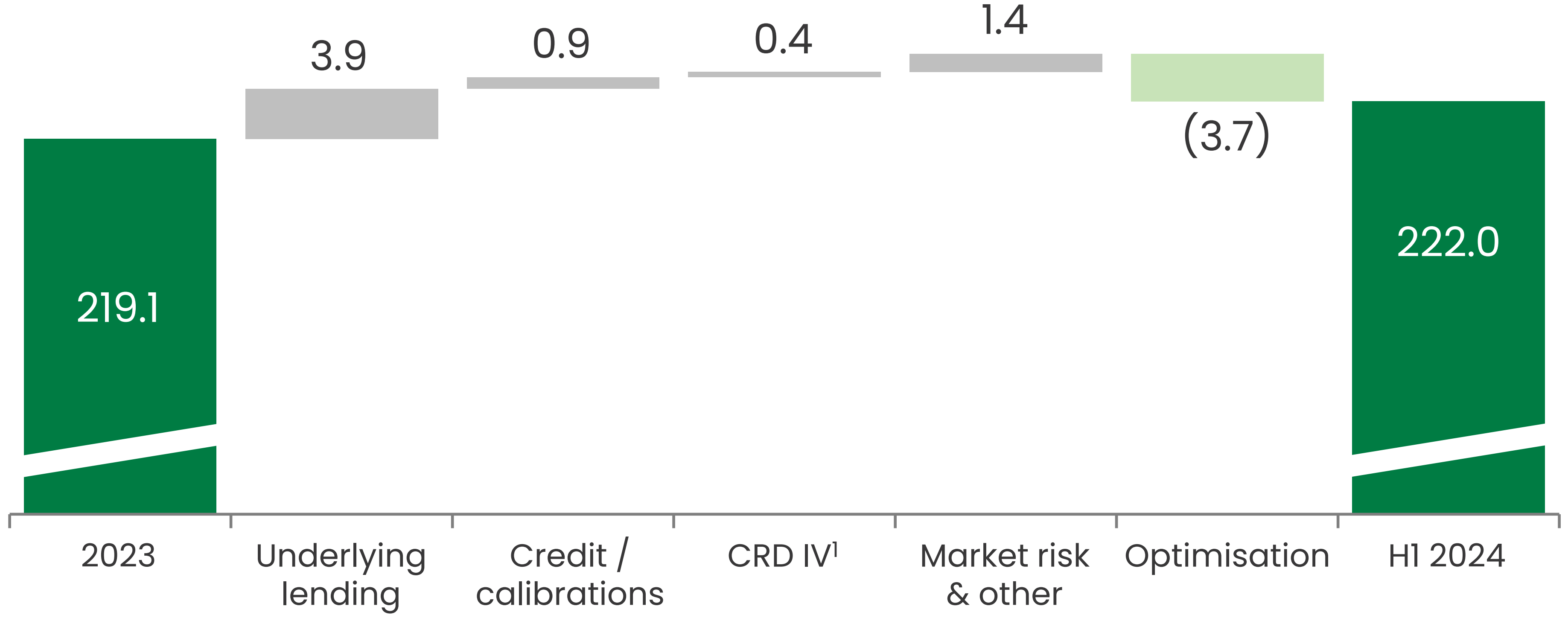
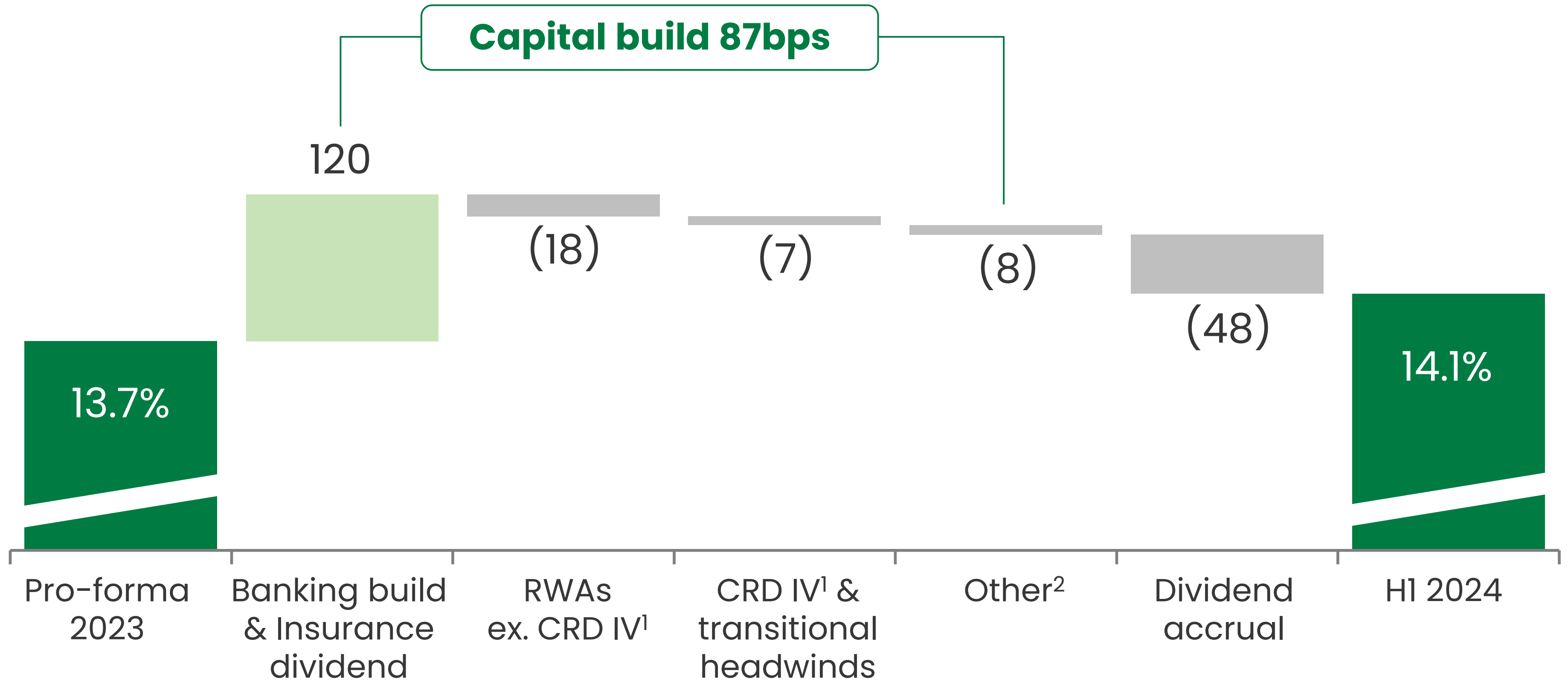
Risk weighted assets (£bn)



Common equity tier 1 ratio (%, bps)

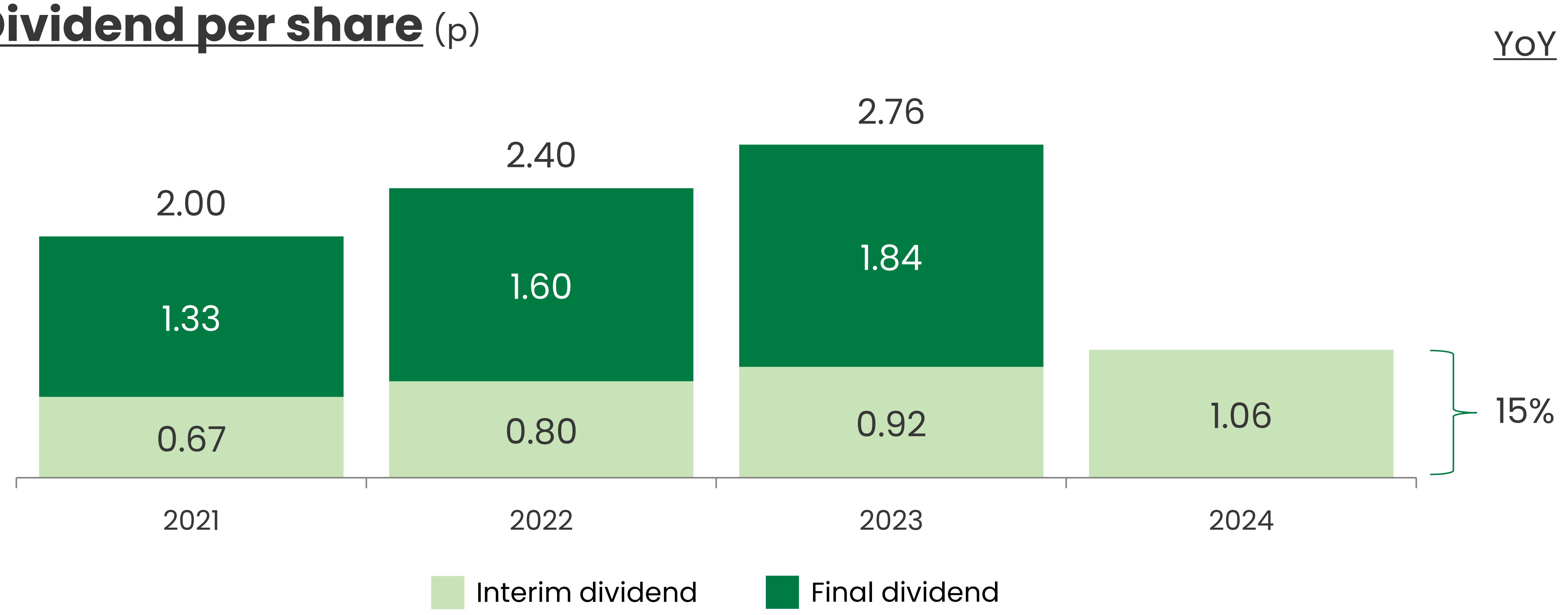


- **RWAs £222.0bn, Q2 down £0.8bn due to reversal of temporary Q1 RWA increase and optimisation**
  - H1 up £2.9bn driven by underlying lending and other movements, partly offset by optimisation
- **Strong Q2 capital generation of 47bps, H1 87bps**
- **CET1 ratio 14.1%**
- **Continue to expect 2024 RWAs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

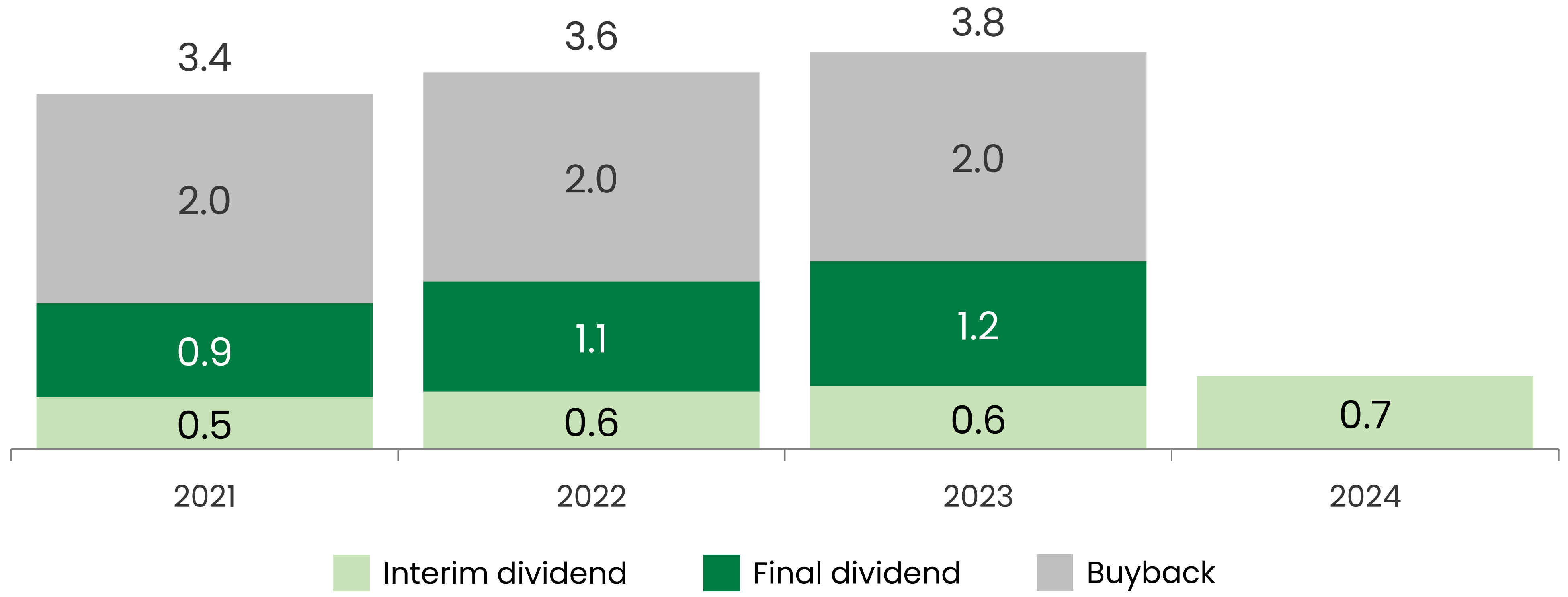
1 – Retail secured CRD IV models. 2 – Other includes share-based payments, market volatility and an FX loss on the USD AT1 redemption.

Growing distributions, with increased interim dividend

Dividend per share (p)



Total distributions[1] (£bn)



1 – Announced in year. Chart uses rounded inputs.

- **Strong capital generation enables growth in shareholder distributions**
- **Interim dividend of 1.06p, 15% higher YoY**
- **Interim and final DPS have grown consistently over strategic plan, H1 2024 up c.60% vs. H1 2021**
  - In line with guidance for a progressive and sustainable dividend
- **Consecutive buyback programmes have reduced share count by 12% since end of 2021**
- **Committed to returning excess capital and paying down to c.13.5% by end of 2024 and c.13% by end of 2026**

Delivering in line with expectations

LLOYDS BANKING GROUP

Purpose

Helping Britain Prosper

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

Closing remarks

Consistent strategic delivery, robust financial performance

LLOYDS BANKING GROUP

Purpose

Helping Britain Prosper

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

Q&A

Appendix

Quarterly P&L and key ratios

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

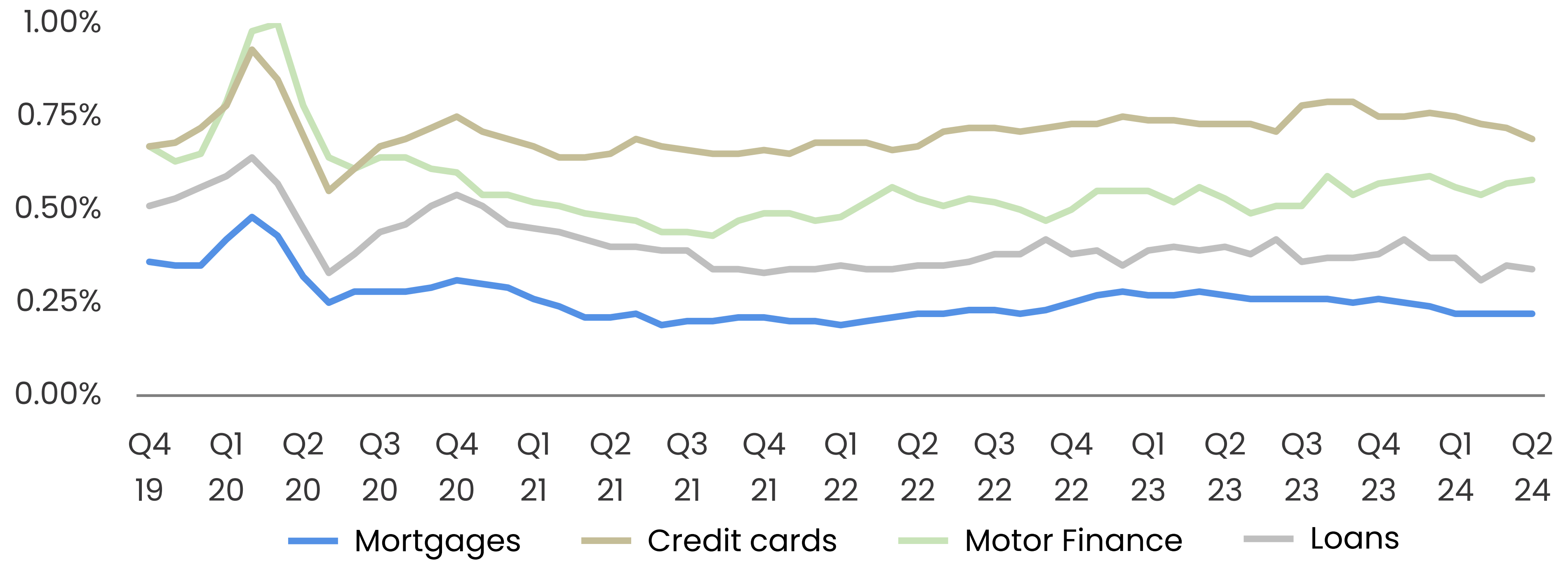
Updated economic scenarios

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

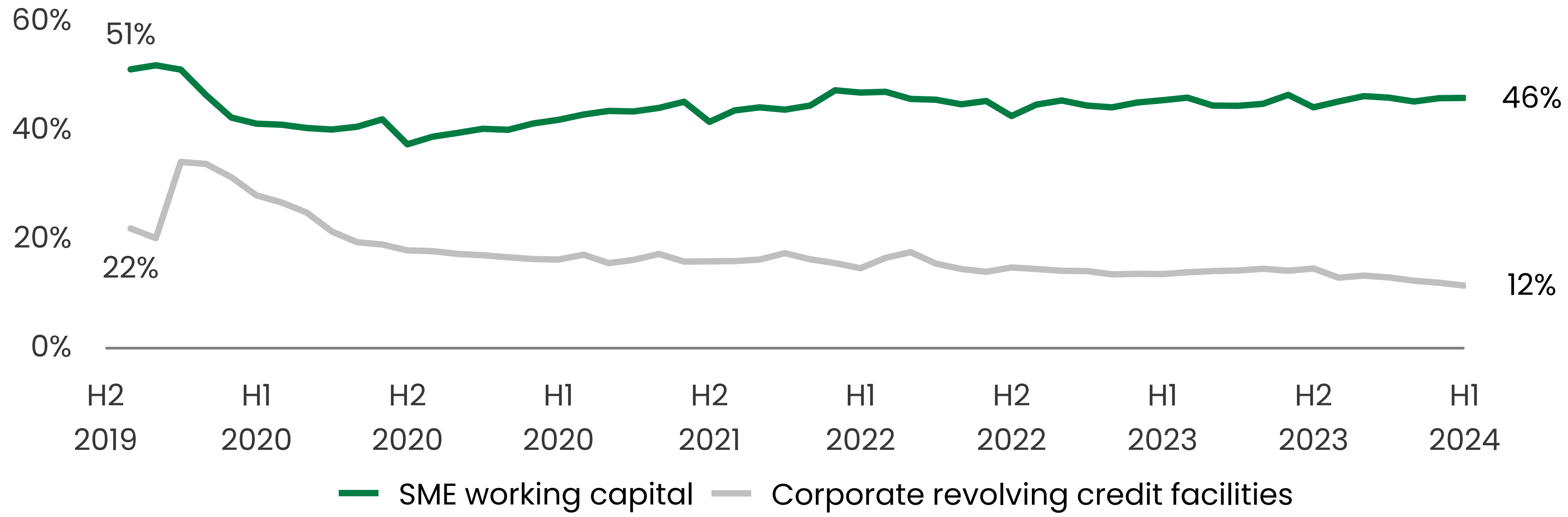
Consistently reassuring performance across portfolios

LLOYDS BANKING GROUP

New to arrears (3 month rolling average, %)



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



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

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

Low mortgage LTVs

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

1 – 2023-24 LTVs use Markit's 2019 Halifax HPI; 2010 LTVs use Markit's pre 2019 Halifax HPI and include TSB. Table uses rounded inputs.

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