

LLOYDS
BANKING GROUP



ShareSoc webinar

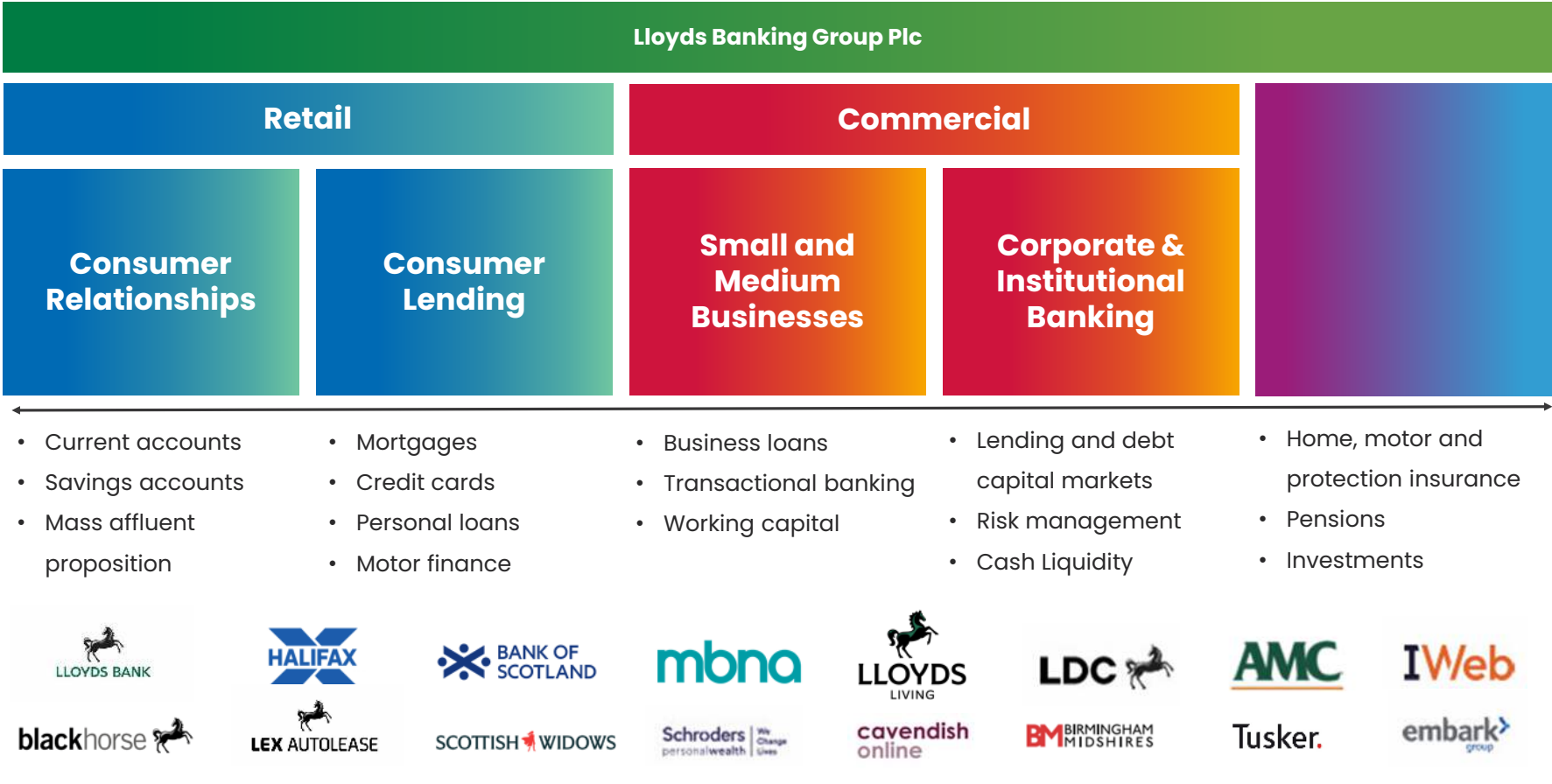
Lloyds Banking Group
03 December 2024

Welcome and introduction to LBG

Douglas Radcliffe, Group Investor Relations Director

Tom Grantham, Senior Manager, Investor Relations

Leading UK digital bank and integrated financial services provider



Our competitive strengths differentiate our proposition



- 1 **Leading UK customer franchise with deep customer insight**
- 2 **Dedicated colleagues with strong values**
- 3 **Operating at scale with discipline**
- 4 **Focused and capital generative business model**
- 5 **Unique customer proposition**
- 6 **All-channel distribution focus with digital leadership and trusted brands**
- 7 **Financial strength and disciplined risk management**



Largest UK bank

£900bn Total assets	27m Active customers	50% % relationship with UK adults
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Broad offering¹

#1 UK provider of mortgages, cards, loans and transport	#1 Largest branch network	#1 UK's only provider of banking, insurance and wealth
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Unique data asset

21.5m Digitally active users	>6bn Digital logons	34m Daily customer transactions
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1 – As of close of 22/02/2024



Delivering our strategy is our focus

Purpose driven strategy...

...to deliver sustainable growth across our businesses



Drive revenue growth and diversification

Grow



Strengthen cost and capital efficiency

Focus



Maximise the potential of people, technology and data

Change

Deepen and innovate in Consumer

Create a new mass affluent offering



Digitise and diversify our SME business

Target our Corporate and Institutional offering

On track to deliver interim targets



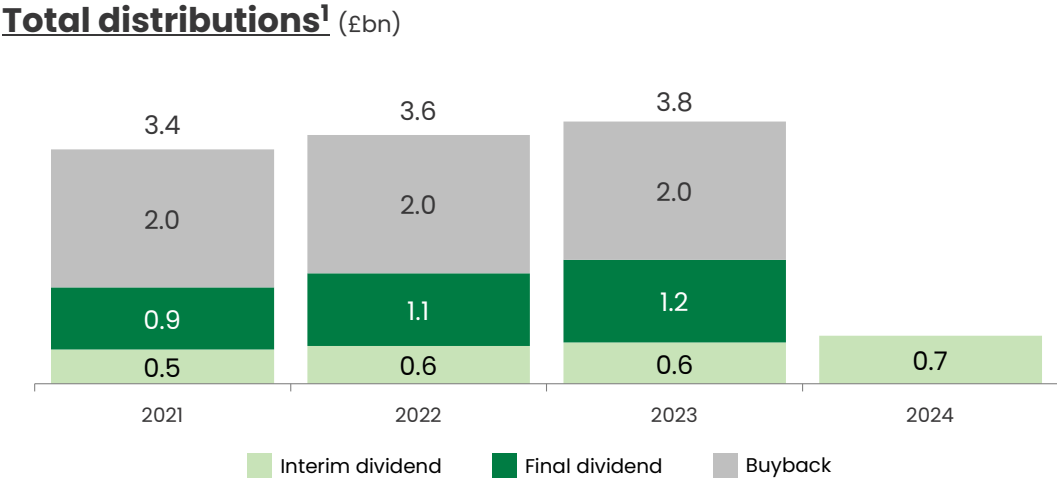
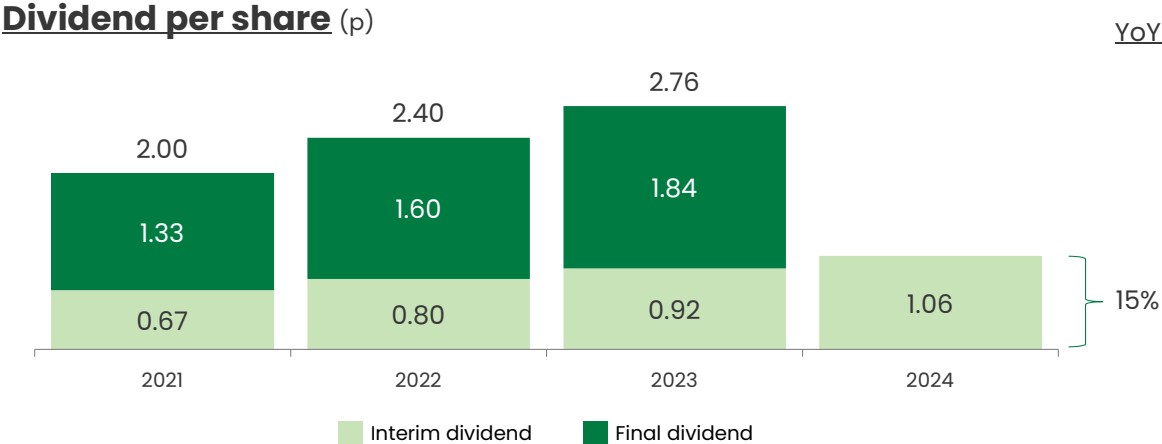
On track to deliver in 2024

- 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

Growing distributions, with increased interim dividend



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

Business and Financial update

Purpose driven strategy benefitting all stakeholders



Purpose

**Helping
Britain
Prosper**

- Strategic transformation building momentum, delivering for customers
- Robust financial performance
- Reaffirming 2024 guidance; confident in 2026

Robust financial performance



Financial summary (£m)

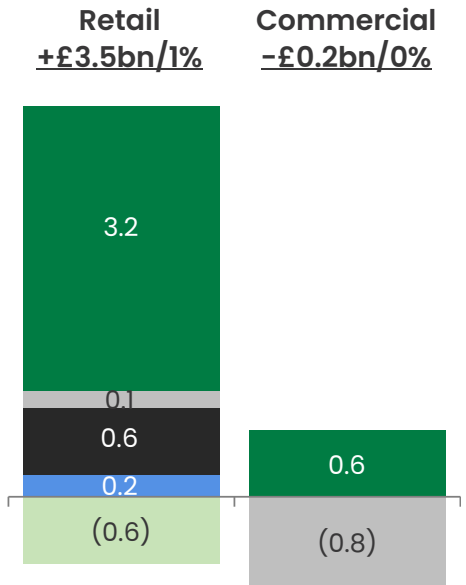
	Q3 2024 YTD	Q3 2023 YTD	YoY %	Q3 2024	Q2 2024	QoQ %
Net interest income	9,569	10,448	(8)	3,231	3,154	2
Other income	4,164	3,837	9	1,430	1,394	3
Operating lease depreciation	(994)	(585)	(70)	(315)	(396)	20
Net income	12,739	13,700	(7)	4,346	4,152	5
Operating costs	(6,992)	(6,654)	(5)	(2,292)	(2,298)	-
Remediation	(124)	(134)	7	(29)	(70)	59
Total costs inc. remediation	(7,116)	(6,788)	(5)	(2,321)	(2,368)	2
Underlying profit pre impairment	5,623	6,912	(19)	2,025	1,784	14
Impairment charge	(273)	(849)	68	(172)	(44)	
Underlying profit	5,350	6,063	(12)	1,853	1,740	6
Statutory profit after tax	3,777	4,284	(12)	1,333	1,229	8
Net interest margin	2.94%	3.15%	(21)bp	2.95%	2.93%	2bp
Return on tangible equity	14.0%	16.6%	(2.6)pp	15.2%	13.6%	1.6pp
Earnings per share	5.3p	5.9p	(0.6)p	1.9p	1.7p	0.2p
TNAV per share	52.5p	47.2p	5.3p	52.5p	49.6p	2.9p
CET1 ratio	14.3%	14.6%	(0.3)pp	14.3%	14.1%	0.2pp

- NIM and NII inflection in Q3; NIM 295bps; up 2bps QoQ
- YTD other income up 9% YoY
- Continued cost discipline and strong asset quality
- TNAV per share 52.5p, up 1.7p YTD, up 2.9p in Q3
- Capital generation of 132bps YTD; CET1 ratio 14.3%



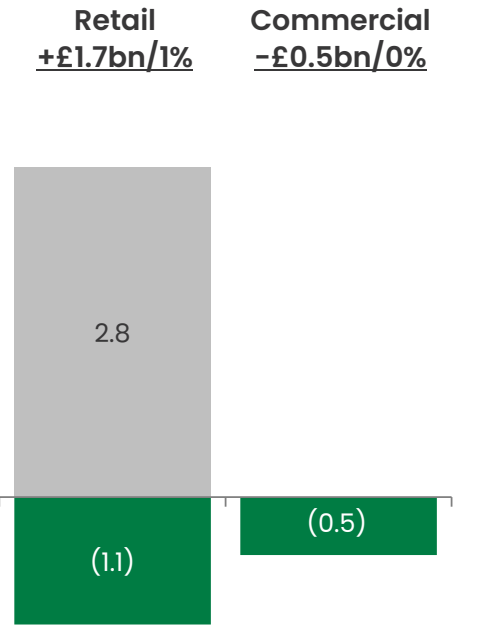
Continued growth in customer franchise

Q3 lending increase (£bn)



- Mortgages
- Credit cards
- Motor Finance
- Unsecured loans
- Other¹
- Corporate and Institutional Banking (CIB)
- Small and Medium Businesses (SMB)

Q3 deposit increase (£bn)



- Retail current a/c
- Commercial Banking deposits
- Retail savings²

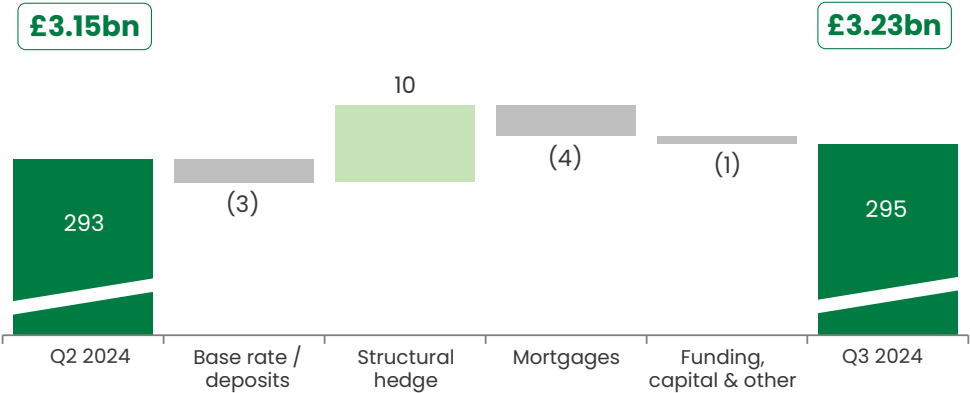
- **Group lending £457.0bn, up £4.6bn in Q3**
 - Mortgages up £3.2bn in Q3
 - Growth in Credit Cards and Unsecured Loans
 - Commercial down £0.2bn, inc. government-backed lending repayments
- **Group deposits £475.7bn, up £1bn in Q3**
 - Retail up £1.7bn in Q3; savings up £2.8bn, current accounts down £1.1bn
 - Commercial down £0.5bn in Q3 driven by an expected outflow in CIB
- **£3.5bn net new money in Insurance, Pensions & Investment YTD**

¹ – Includes Overdrafts, Europe and Wealth. ² – Includes Retail savings and Wealth. ³ – Open book assets under administration.

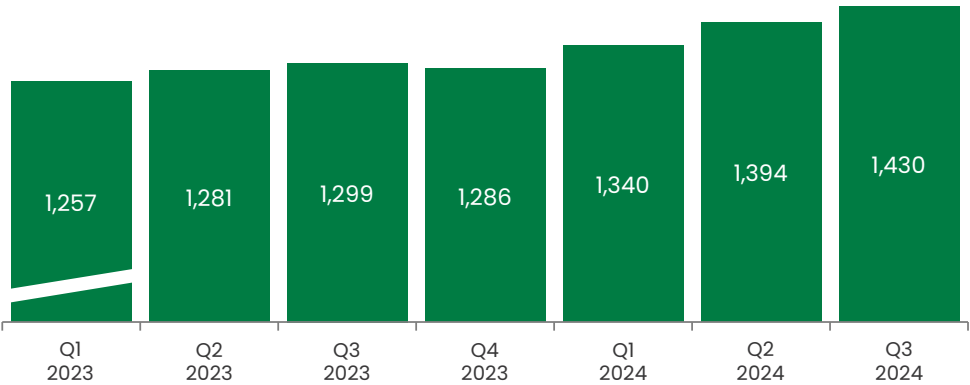


Income growth across NII and OOI

Net interest income and banking margin (bps)



Other income (£m)

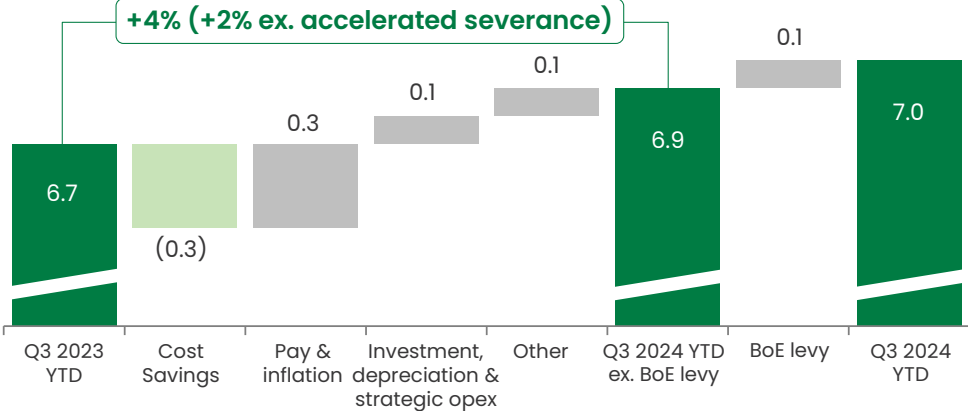


- Q3 NII £3.2bn, up 2% QoQ
 - NIM 295bps, up 2bps QoQ
 - Q3 AIEAs £451.1bn, up £1.7bn QoQ
 - Q3 non-banking NII charge £118m, stable vs. Q2
- Structural hedge notional £242bn, unchanged QoQ
- Continue to expect 2024 AIEAs >£450bn
- Continue to expect 2024 NIM to be >290bps
- Other income £4.2bn YTD, up 9% YoY; Q3 £1.4bn
 - Continued growth driven by strategic progress
- Operating lease depreciation £315m in Q3, in line with expectations

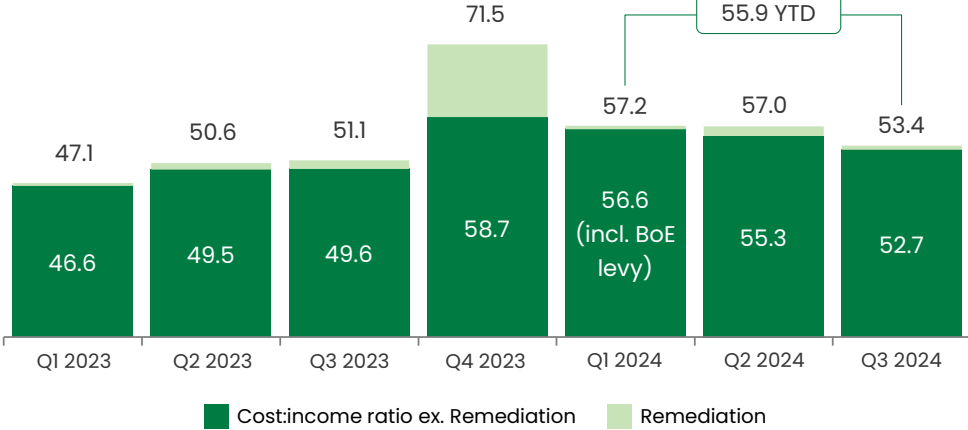
Continued cost discipline



Operating costs (£bn)



Cost:income ratio (%)



- Q3 operating costs £2.3bn, stable on Q2
- YTD operating costs £7.0bn, up 5% YoY, 4% excluding BoE levy
- Q3 cost:income 53.4%; 52.7% ex. remediation
- Ongoing cost management mitigating inflationary pressures and investment
- Continue to expect 2024 operating costs c.£9.4bn, including c.£0.1bn BoE levy
- Remediation charge of £124m YTD, £29m in Q3

Strong asset quality



Impairment (£m)

	Q3 2024 YTD	Q3 2023 YTD	YoY £m	Q3 2024	Q2 2024	QoQ £m
Charge (credit) pre updated MES¹	597	918	(321)	172	176	(4)
<i>Retail</i>	592	787	(195)	129	160	(31)
<i>Commercial Banking</i>	16	139	(123)	44	21	23
<i>Other</i>	(11)	(8)	(3)	(1)	(5)	4
Updated economic outlook	(324)	(69)	(255)	-	(132)	132
<i>Retail</i>	(269)	(30)	(239)	-	(73)	73
<i>Commercial Banking</i>	(55)	(39)	(16)	-	(59)	59
Total impairment charge	273	849	(576)	172	44	128

Gross lending and coverage level² (£bn, %)

		Stage 1	Stage 2	Stage 3	Total
Q3 2024	Loans and advances	£407bn	£44bn	£10bn	£461bn
	Coverage	0.2%	3.2%	15.5%	0.8%
Q4 2023	Loans and advances	£387bn	£57bn	£10bn	£454bn
	Coverage	0.3%	3.0%	15.8%	0.9%

- Strong asset quality, reflected in continued resilient Group credit performance
- £172m charge in Q3, AQR 15bps
 - Low underlying charge driven by benign credit trends and debt sale of unsecured assets
 - Nil MES release
- YTD impairment charge £273m, AQR 9bps
- Stock of ECL £3.8bn
- Continue to 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.

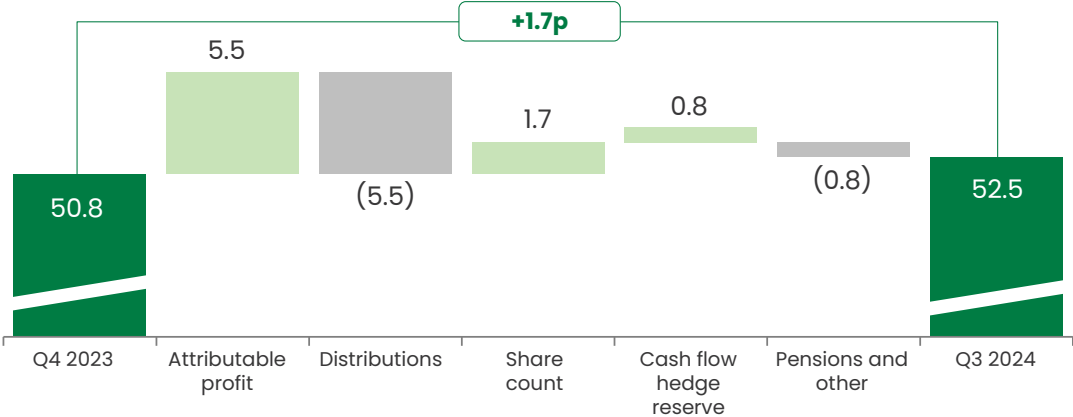
Robust RoTE, TNAV building



Statutory profit (£m)

	Q3 2024 YTD	Q3 2023 YTD	YoY %	Q3 2024	Q2 2024	QoQ %
Underlying profit	5,350	6,063	(12)	1,853	1,740	6
Restructuring	(21)	(69)	70	(6)	(3)	(100)
Volatility and other items	(182)	(266)	32	(24)	(41)	41
Statutory profit before tax	5,147	5,728	(10)	1,823	1,696	7
Tax expense	(1,370)	(1,444)	5	(490)	(467)	(5)
Statutory profit after tax	3,777	4,284	(12)	1,333	1,229	8
Return on tangible equity	14.0%	16.6%	(2.6)pp	15.2%	13.6%	1.6pp

Tangible net asset value per share (pence)

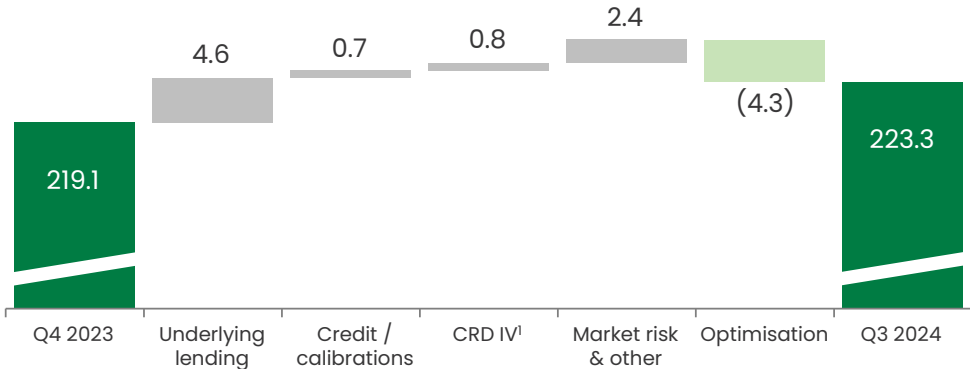


- Q3 RoTE 15.2%; YTD 14.0%
- Q3 volatility £24m, YTD £182m
- TNAV per share 52.5p, up 1.7p YTD, up 2.9p in Q3, driven by profits, share count reduction and cash flow hedge reserve movements
- Continue to expect TNAV to benefit from business growth and unwind of headwinds, net of distributions
- Continue to expect 2024 RoTE of c.13%

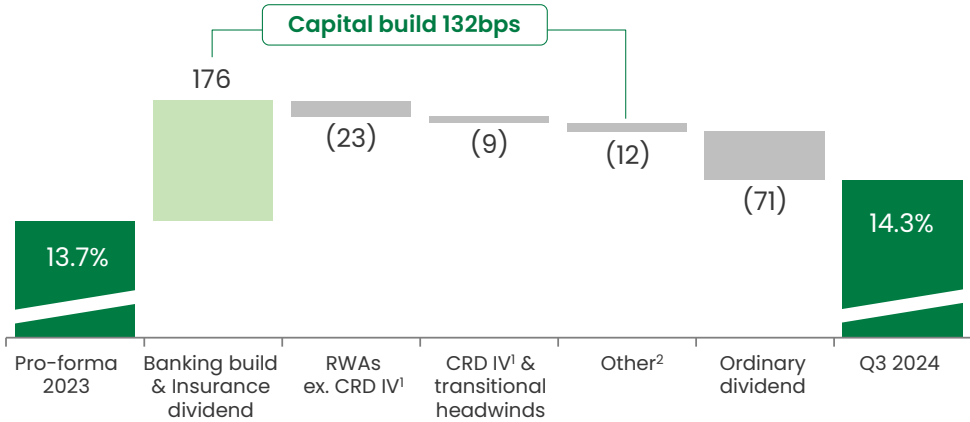
Strong capital generation in line with expectations



Risk weighted assets (£bn)



Common equity tier 1 ratio (% bps)



- Strong YTD capital generation of 132bps
- RWAs £223.3bn, up £4.2bn YTD, incl. £1.3bn in Q3
 - Lending offset by optimisation
- Continue to expect 2024 RWAs £220–225bn and capital generation to be c.175bps
- CET1 ratio 14.3%
- Continue to expect to pay down to c.13.5% CET1 by end of 2024

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

2024 and 2026 guidance



2024

2026

Income

NIM **>290bps**

Costs

c.£9.4bn operating costs **inc c.£0.1bn** BoE levy

<50% cost:income ratio

Asset quality ratio

<20bps

Return on tangible equity

c.13%

>15%

Risk weighted assets

£220bn - £225bn

Capital generation

c.175bps

>200bps

Capital target

Expect to **pay down to c.13.5%**

Expect to **pay down to c.13.0%**

Capital distribution

Progressive and sustainable ordinary dividend

Q&A