



Investor meet Webinar

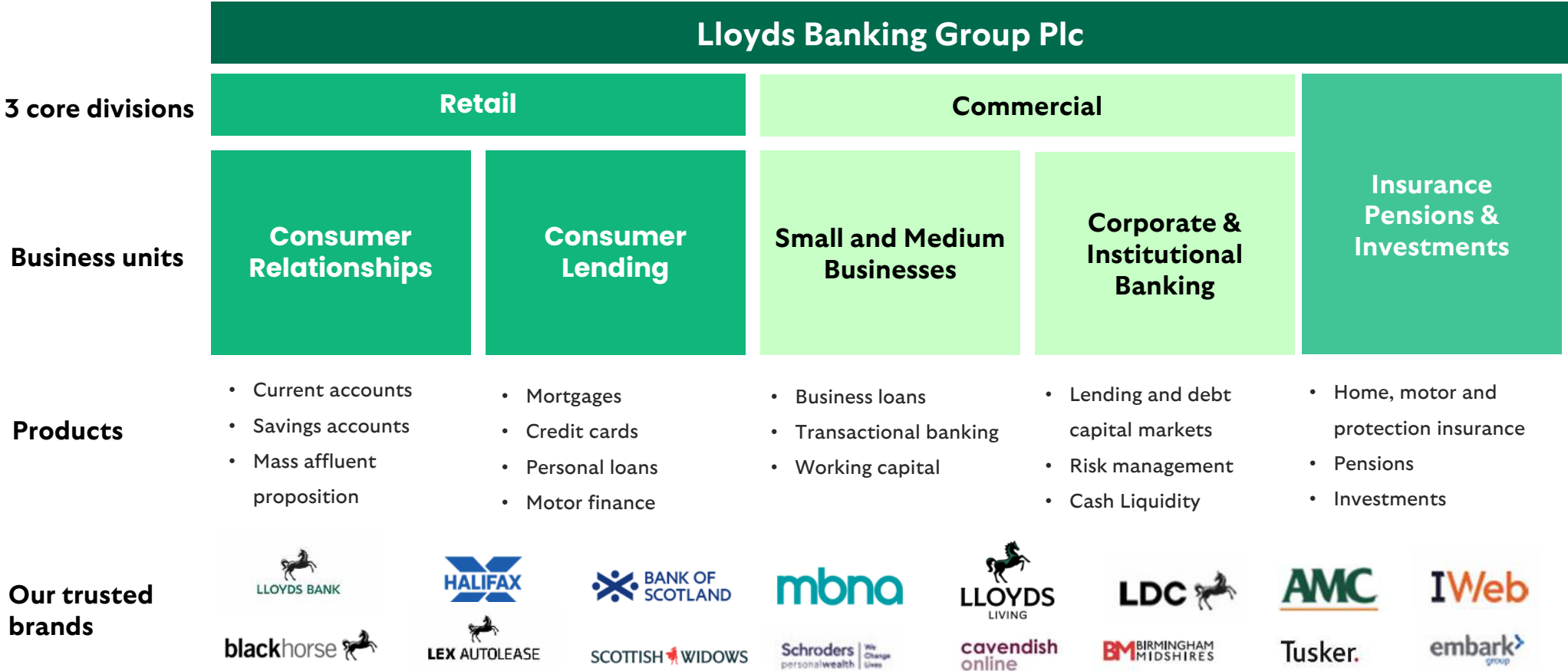
Lloyds Banking Group
27 March 2025



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



Purpose-driven strategy

Helping Britain Prosper

...supported by a clear strategic plan...

Grow

Drive revenue growth and diversification

Focus

Strengthen cost and capital efficiency

Change

Maximise the potential of people, tech and data

...driving competitive advantage...

Market leader

#1 provider in key markets;
Integrated financial services provider

Proven cost leader

Strong track record of cost delivery;
Highly efficient business model

Digital and technology leader

Largest UK digital bank - 22.7m active users;
New technologies driving structural advantage

...and strong shareholder outcomes

Strong income growth
trajectory

Significant operating
leverage

Higher, more sustainable
returns and capital
generation

Increasing shareholder
distributions

Successfully delivered 2022-2024 strategic outcomes

Significant financial benefits...

...through delivery of strategic outcomes

Grow

c.£2bn

Net income growth

11%

OOI CAGR across 3 main divisions

c.25%

Growth in digitally active users
Target: >10%

+1.5pp

Increase in credit card spend share
Target: Grow

Focus

c.£1.2bn

Gross cost saves

£18bn

3-year gross RWA optimisation

>30%

Increase in active customers served per distribution FTE
Target: >10%

>30%

Reduction in office footprint
Target: >30%

Change

>75%

Product openings through app

7bn

Digital log-ons from our customers

>70%

Business Banking and SME new lending decisions automated
Target: 60%

c.50%

Applications on Cloud
Target: 50%



Financial Update

Significant strategic progress, building momentum

Purpose

**Helping
Britain
Prosper**

Purpose-led strategy delivering for customers and wider stakeholders

First strategic chapter successfully completed, building broad momentum

Robust financial performance in line with guidance

Strong capital generation, enabling increased dividend and £1.7 billion buyback

New guidance for 2025, with targets reaffirmed for 2026

Robust financial performance

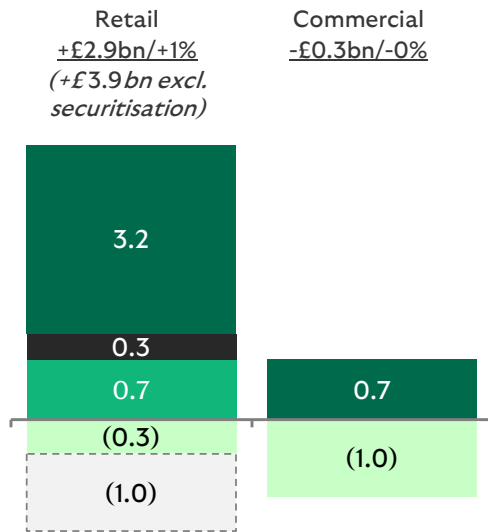
Financial performance (£m)

	FY 2024	FY 2023	YoY %	Q4 2024	Q3 2024	QoQ %
Net interest income	12,845	13,765	(7)	3,276	3,231	1
Other income	5,597	5,123	9	1,433	1,430	-
Operating lease depreciation	(1,325)	(956)	(39)	(331)	(315)	(5)
Net income	17,117	17,932	(5)	4,378	4,346	1
Operating costs	(9,442)	(9,140)	(3)	(2,450)	(2,292)	(7)
Remediation	(899)	(675)	(33)	(775)	(29)	-
Total costs inc. remediation	(10,341)	(9,815)	(5)	(3,225)	(2,321)	(39)
Underlying profit before impairment	6,776	8,117	(17)	1,153	2,025	(43)
Impairment charge	(433)	(308)	(41)	(160)	(172)	7
Underlying profit	6,343	7,809	(19)	993	1,853	(46)
Statutory profit after tax	4,477	5,518	(19)	700	1,333	(47)
Net interest margin	2.95%	3.11%	(16)bps	2.97%	2.95%	2bps
Return on tangible equity	12.3%	15.8%	(3.5)pp	7.1%	15.2%	(8.1)pp
Earnings per share	6.3p	7.6p	(1.3)p	1.0p	1.9p	(0.9)p
TNAV per share	52.4p	50.8p	1.6p	52.4p	52.5p	(0.1)p
Pro forma CET1 ratio	13.5%	13.7%	(0.2)pp	13.5%	14.3%	(0.8)pp

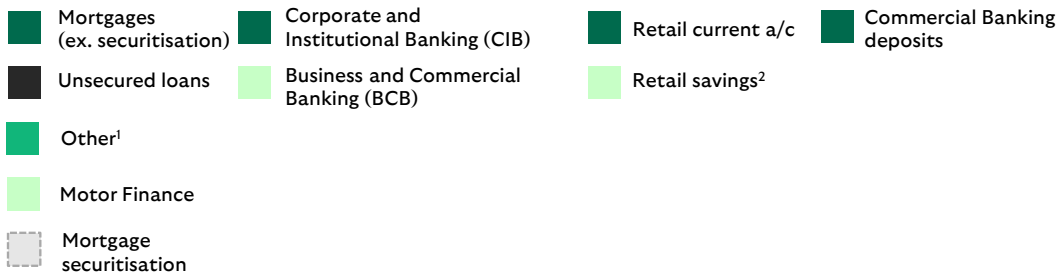
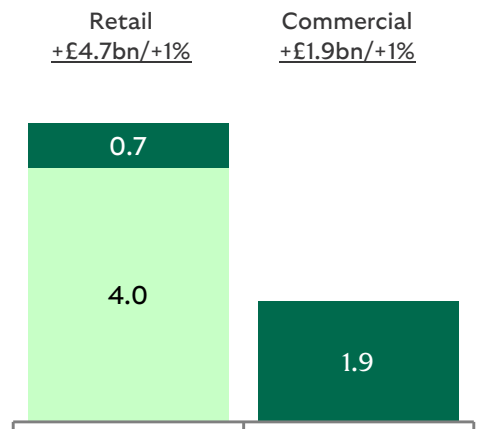
- Statutory PAT £4.5bn; RoTE 12.3%; 14.0% excl. motor
- Robust net income: £17.1bn with NIM 295bps; Q4 297bps, up 2bps vs. Q3
- Continued cost discipline: Operating costs £9.4bn, up 3%
- Remediation £899m (inc. £700m for motor provision)
- Strong asset quality: £433m impairment charge
- TNAV 52.4p, up 1.6p in 2024
- Strong capital generation: 148bps (177bps excl. motor provision); CET1 ratio 13.5%

Growth in lending and deposits

Q4 lending change (£bn)



Q4 deposit change (£bn)

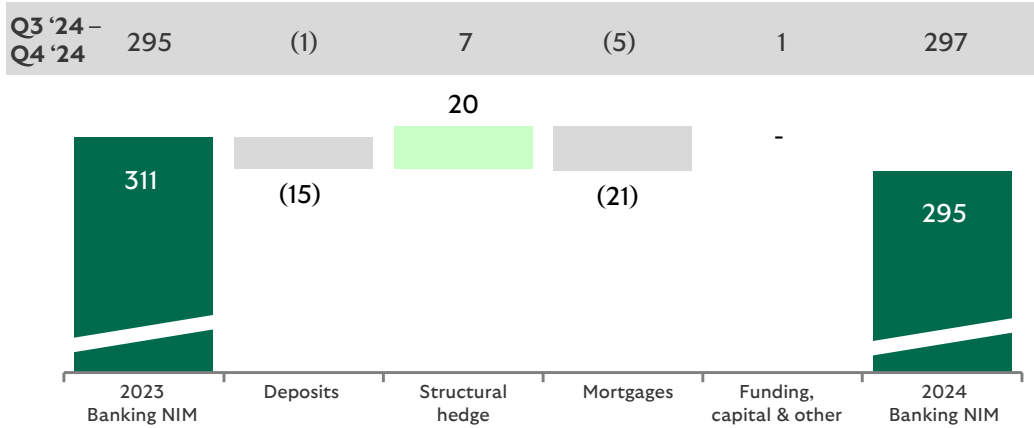


- Lending £459.1bn, up 2% in 2024, Q4 up £2.1bn
 - Q4 mortgages up £2.2bn, £3.2bn excl. securitisation
 - Q4 Commercial down £0.3bn; includes £0.4bn government backed lending repayments
- Total deposits £482.7bn up 2% in 2024, Q4 up £7.0bn
 - Q4 Retail up £4.7bn; savings £4.0bn, PCAs £0.7bn
 - Q4 Commercial up £1.9bn with targeted growth and FX impacts
- £5.3bn IP&I open book AuA net new money in 2024; £1.8bn in Q4

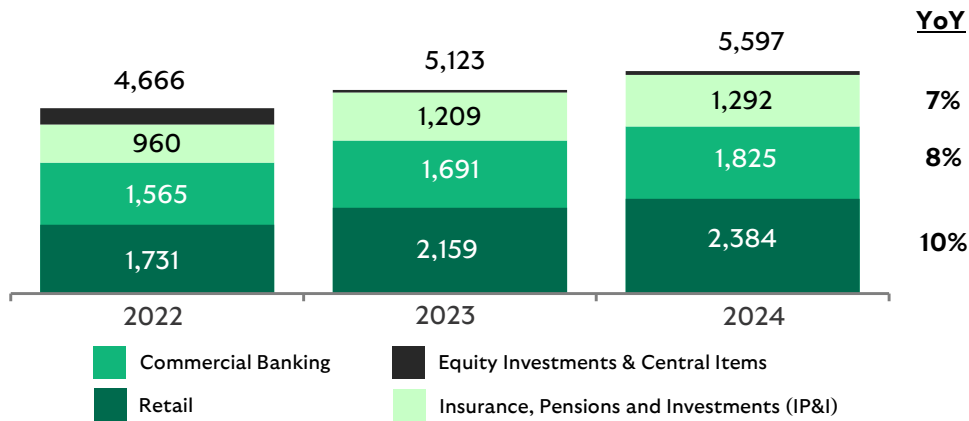
1 - Includes Overdrafts, Europe and Wealth. 2 - Includes Retail savings and Wealth.

Resilient income performance

Banking net interest margin (bps)



Divisional other income (£m)

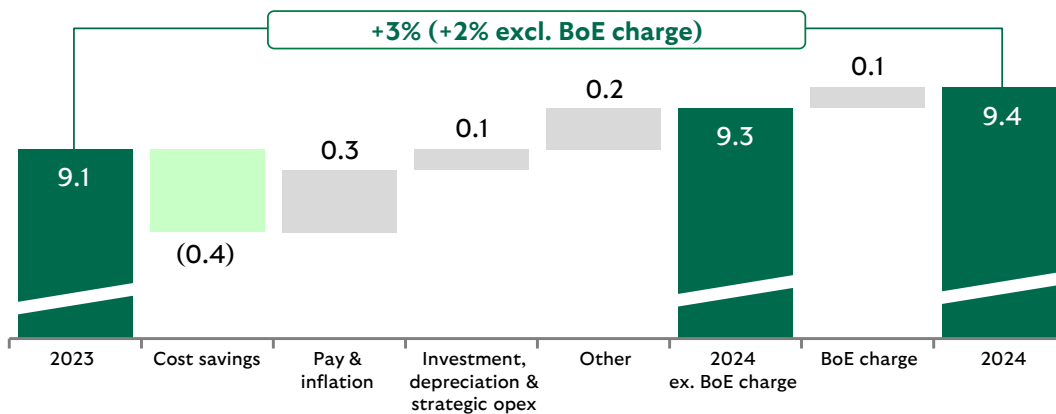


- 2024 NII £12.8bn, down 7% YoY, Q4 up 1%
 - Growth in NII and NIM in H2; Q4 NII up after Q3 upturn
- New NII guidance for 2025 of c.£13.5bn, c.£0.7bn higher than 2024
 - 2025 NII consistent with a NIM of c.305bps
- OOI £5.6bn in 2024, up 9% YoY
- Broad based other income momentum in 2024
- Operating lease depreciation £1,325m; Q4 £331m

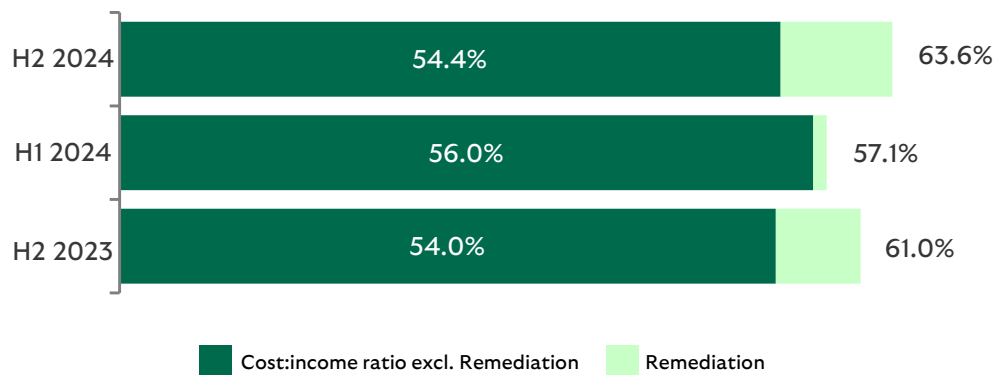
1 - Retail customer balances derecognised through securitisations in 2023-24 are added back to products, with derecognition shown in 'Retail securitisations', net of retained notes.

Continued discipline on costs

Operating costs (£bn)



Cost:income ratio (%)



- 2024 operating costs £9.4bn, delivered guidance; reflects BoE charge, strategic investment, inflation and cost saves
- 2024 cost:income 60.4%; 55.2% excl. remediation
- Expect 2025 operating costs c.£9.7bn
 - Includes impact of higher NIC of c.£0.1bn per annum
 - Ongoing investment, increased severance and inflation, partly offset by further efficiency savings
- Continue to expect cost:income <50% in 2026
- Remediation charge £899m, including £700m for motor finance in Q4

Strong asset quality

Impairment (£m)

	Q4	2024	2023	YoY
Charge (credit) pre updated MES ¹	230	827	565	(46)%
<i>Retail</i>	197	789	1064	26%
<i>Commercial Banking</i>	32	48	(487)	-
<i>Other</i>	1	(10)	(12)	(17)%
Updated economic outlook	(70)	(394)	(257)	53%
<i>Retail</i>	(63)	(332)	(233)	42%
<i>Commercial Banking</i>	(7)	(62)	(24)	-
Total impairment charge/(credit)	160	433	308	(41)%

Gross lending and coverage level² (£bn, %)

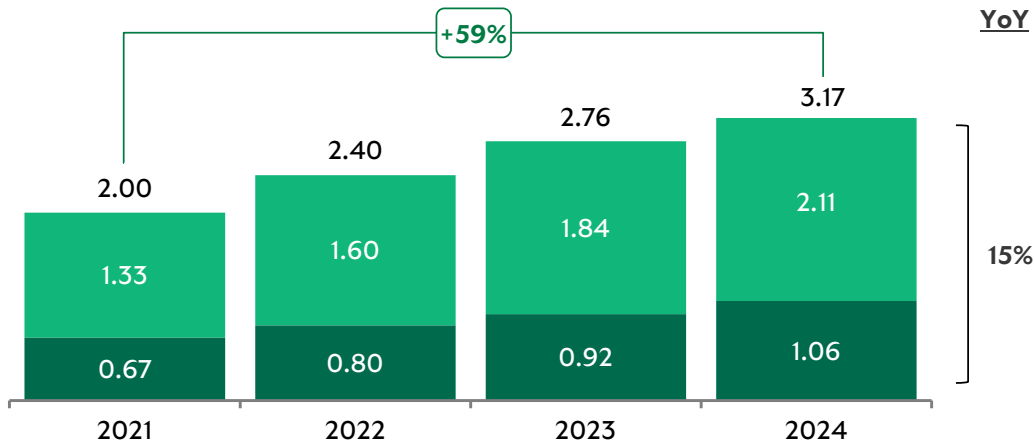
		Stage 1	Stage 2	Stage 3	Total
Dec 2024	Loans and advances	405bn	48bn	9bn	462bn
	Coverage	0.2%	2.8%	16.4%	0.8%
Dec 2023	Loans and advances	387bn	57bn	10bn	454bn
	Coverage	0.3%	3.0%	15.8%	0.9%

- Strong asset quality, with improved credit performance
- 2024 impairment charge £433m, AQR 10bps
 - Low underlying charge and favourable one offs: release of inflationary judgements and economic outlook improvements
- Q4 impairment charge £160m, AQR 14bps
- Stock of ECL £3.7bn, c.£0.4bn above base case
- Expect 2025 AQR c.25bps

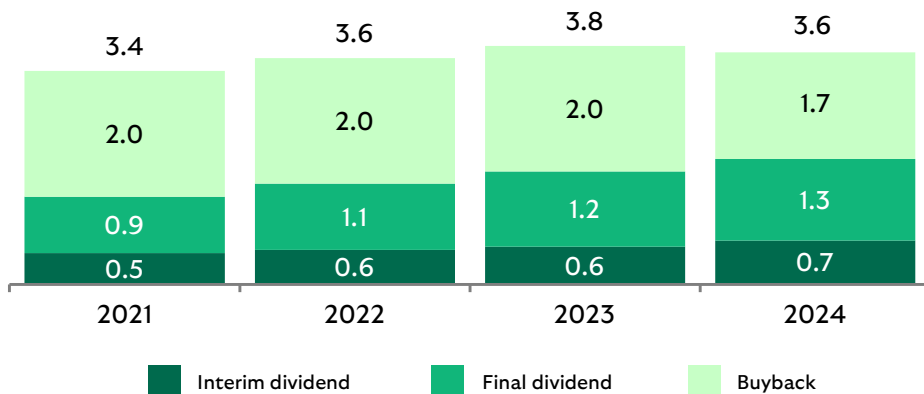
1 - Impairment charges absent the impact from updated economic outlook, thus reflecting only observed movements in credit quality. 2 - Underlying basis. Table uses rounded inputs.

Strong distributions, with increased final dividend

Dividend per share (p)



Total distributions¹ (£bn)



- Strong capital generation enables growth in shareholder distributions
- Capital return of up to £3.6bn, c.9% market cap²
 - Final dividend 2.11p; total 3.17p, up c.15% YoY
 - Share buyback of up to £1.7bn
- Dividends have grown consistently over strategic plan, FY 2024 up 59% vs. FY 2021
- Consecutive buyback programmes have reduced share count by >15% to date since end 2021
- Committed to returning excess capital and paying down to c.13.0% by end 2026

1 - Announced in year. Chart uses rounded inputs. 2 - Market capitalisation at close of business 14 February 2025.



Strategy Update

Second phase of strategy will accelerate our transformation

Building on clear competitive advantages...

Market leader

#1 in key markets
Integrated financial services provider

Proven cost leader

Strong track record of delivery
Highly efficient business model

Digital and technology leader

Largest UK digital bank
New technologies driving structural advantage

...with momentum across 2022-24...

Returned to growth

Growing core franchise
Deepening relationships

De-risked & optimised

Delivering gross cost savings
Reducing claims on capital

Transformed capabilities

Improving organisational agility and talent
Creating platform for next phase

...accelerating transformation across 2025-26

Differentiated growth

Growing in high-value areas
Scaling unique propositions

Accelerating efficiency

Unlocking operating leverage advantage
Mitigating headwinds

Innovating at scale

Extending GenAI use cases
Driving best-in-class customer outcomes

Unlocking higher, more sustainable returns

Ambitious targets across the business

Retail

28m

Customers

#1

Mortgages

#1

Personal current accounts

Deepening relationships through market-leading digital journeys, expanded propositions and personalised experiences

Commercial

>1m

Customers

c.20%

SME rel'ship share

#1

Infrastructure & project finance

Building the best digitally-led relationship bank, meeting more customer needs with increasing balance sheet discipline

IP&I

10m

Customers

#1

Home insurance

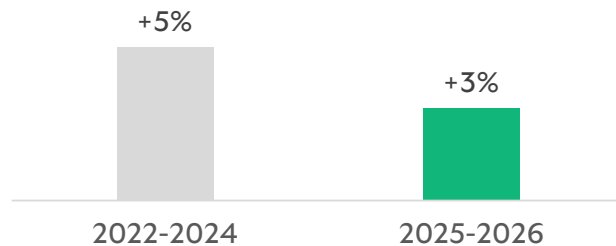
#2

Workplace and individ'l annuities

Delivering innovative digital solutions and expanding propositions, driving deeper Group relationships

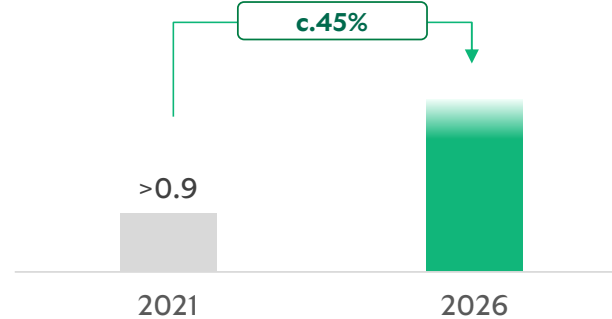
Deepening customer relationships

Increase in depth of relationship¹

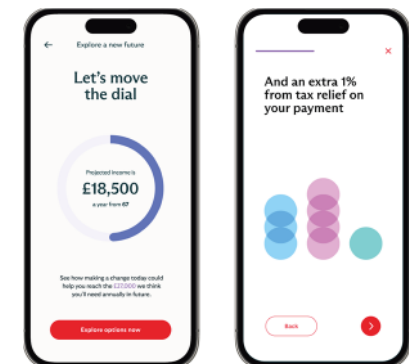


Driving OOI momentum

CIB OOI (£bn)



Building unique digital engagement



Progressing towards a technology step change

Addressing technology debt...

Decommissioning legacy applications

20% reduction in legacy technology applications by 2026 (vs. 2021)

Simplifying data estate

>60% reduction in data centres by 2026 (vs. 2021)

Improving efficiency

35% gross reduction in run and change technology costs by 2026 (vs. 2021)



...and investing for the future

Increasing new technology adoption

>30% of applications on modern technology by 2026

Unlocking GenAI

Centre of excellence established with c.200 data scientists and engineers; >10k colleagues using GenAI knowledge tool to date

Leveraging NextGen core banking engine

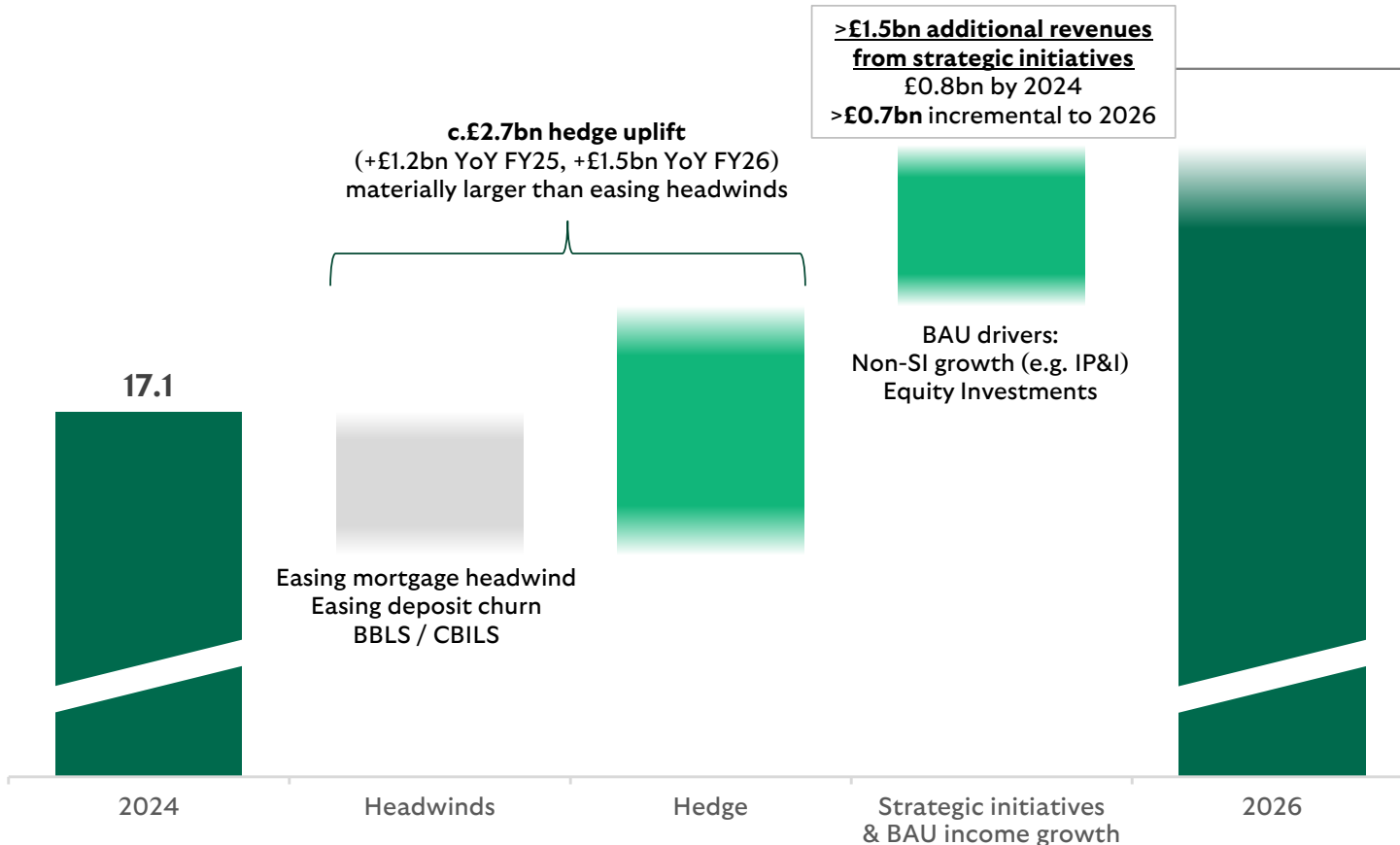
Savings and loans to be initiated on new platform, increasing speed to market and lowering cost to serve

Creating structural advantage to drive long-term revenue and efficiency benefits

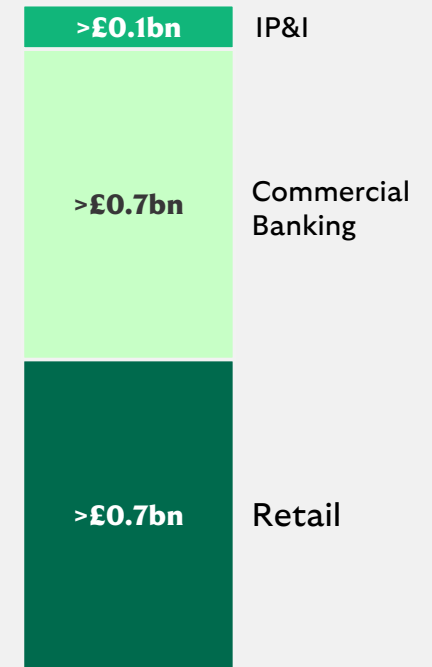
Significant revenue upside to 2026

Delivering net income growth to 2026...

Net income (£bn)



...supported by strategic revenues



>£1.5bn additional revenues from strategic initiatives (50:50 NII/OOI)

Confidence in delivering higher, more sustainable returns

2025

2026

	2025	2026
Income	NEW: NII c.£13.5bn	
Costs	NEW: c.£9.7bn operating costs	<50% cost:income ratio
Asset quality ratio	NEW: c.25bps	
Return on tangible equity	NEW: c.13.5%	>15%
Capital generation	NEW: c.175bps	>200bps
CET1 ratio target		Expect to pay down to c.13.0%
Capital distribution	Progressive and sustainable ordinary dividend	



Q&A

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