



“The Group is continuing to deliver in line with expectations in the first quarter of 2024, with solid net income, cost discipline and strong asset quality. Our performance provides us with further confidence around our strategic ambitions and 2024 and 2026 guidance.”

Charlie Nunn, Group Chief Executive

£1.2bn

Statutory profit after tax

£4.2bn

Net income

£2.4bn

Operating costs

13.3%

Return on tangible equity

51.2p

Tangible net asset value per share

13.9%

CET1 ratio

Key messages

- Continuing to deliver against strategic outcomes
- Robust financial performance in line with expectations
- Confidence in 2024 and 2026 guidance

Financial performance in line with expectations

- Statutory profit after tax of £1.2bn with return on tangible equity (RoTE) of 13.3%
- Net interest income of £3.2bn, down 10% YoY, with net interest margin 3bps lower vs Q4 (quarterly decline slowing as expected) and average interest-earning banking assets of £449bn (still expecting >£450bn for FY24)
- Other operating income of £1.3bn, up 7%, reflecting continued recovery of customer and market activity as well as benefits of strategic initiatives
- Operating costs of £2.4bn, up 11%, inc. c.£0.1bn relating to sector-wide change in charging approach for the BoE levy (excl. BoE levy up 6%) and elevated severance charges (£0.1 billion higher YTD)
- The BoE levy will have a broadly neutral impact on profit in 2024 with an offsetting benefit recognised through NII over the course of the year
- Impairment of £57m and asset quality ratio (AQR) of 6bps after release of £192m for improving economic outlook; AQR of 23bps excl. MES
- Loans and advances down to £448.5bn, primarily due to reductions in mortgages (down £1.6bn vs Dec 23) given the refinancing of higher maturities in 4Q23
- Deposits of £469.2bn, down £2.2bn in Q1; £1.3bn growth in Retail deposits (including bank holiday timing benefit, but mix change stabilising as expected), offset by a reduction in Commercial Banking of £3.5bn
- Strong capital generation of 40bps, after regulatory headwinds of 6bps, in line with expectations; CET1 ratio of 13.9%
- Risk-weighted assets of £222.8bn, up £3.7bn, including a c.£1.5bn temporary increase expected to reverse in Q2
- Tangible net asset value per share (TNAV) of 51.2p, up from 50.8p on 4Q23, driven by accumulated profit partly offset by rates impacts on cash flow hedge reserve and pension surplus

2024 guidance

- NIM >290bps
- Operating costs c.£9.3bn plus c.£0.1bn BoE levy
- AQR <30bps
- RoTE c.13%
- RWAs £220–£225bn
- Capital generation c.175bps¹
- Expect to pay down to a CET1 ratio of c.13.5%

2026 guidance

- Cost:income <50%
- RoTE >15%
- Capital generation >200bps¹
- Expect to pay down to a CET1 ratio of c.13.0%

Key financials

Profit & loss

	Three months ended 31 Mar 2024 £m	Three months ended 31 Mar 2023 £m	Change %	Three months ended 31 Dec 2023 £m	Change %
Underlying net interest income	3,184	3,535	(10)	3,317	(4)
Underlying other income	1,340	1,257	7	1,286	4
Underlying operating lease depreciation	(283)	(140)		(371)	24
Net income	4,241	4,652	(9)	4,232	
Operating costs	(2,402)	(2,170)	(11)	(2,486)	3
Remediation	(25)	(19)	(32)	(541)	95
Total costs	(2,427)	(2,189)	(11)	(3,027)	20
Underlying profit before impairment	1,814	2,463	(26)	1,205	51
Underlying impairment charge	(57)	(243)	77	541	
Underlying profit	1,757	2,220	(21)	1,746	1
Below the line items	(129)	40		29	
Statutory profit before tax	1,628	2,260	(28)	1,775	(8)
Statutory profit after tax	1,215	1,641	(26)	1,234	(2)
Banking net interest margin ¹	2.95%	3.22%	(27)bp	2.98%	(3)bp
Average interest-earning banking assets ¹	£449.1bn	£454.2bn	(1)	£452.8bn	(1)
Cost:income ratio ¹	57.2%	47.1%	10.1pp	71.5%	(14.3)pp
Asset quality ratio ¹	0.06%	0.22%	(16)bp	(0.47)%	
Return on tangible equity ¹	13.3%	19.1%	(5.8)pp	13.9%	(0.6)pp
Tangible net assets per share ¹	51.2p	49.6p	1.6p	50.8p	0.4p

Key balance sheet metrics

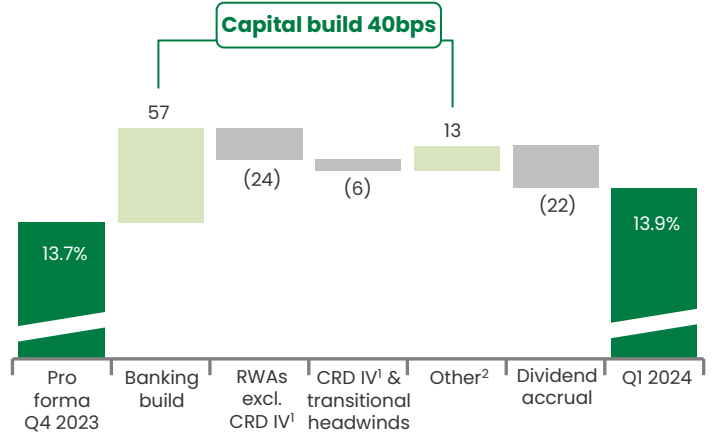
	As at 31 Mar 2024 £bn	As at 31 Mar 2023 £bn	Change %	As at 31 Dec 2023 £bn	Change %
UK mortgages ²	304.6	307.5	(1)	306.2	(1)
Credit cards	15.2	14.4	6	15.1	1
UK Retail unsecured loans ³	7.6	9.0	(16)	6.9	10
UK Motor Finance	15.8	14.7	7	15.3	3
Overdrafts	1.0	1.0		1.1	(9)
Retail other ^{2,4}	16.9	15.1	12	16.6	2
Small and Medium Businesses	32.2	36.4	(12)	33.0	(2)
Corporate and Institutional Banking	55.6	56.7	(2)	55.6	
Central items ⁵	(0.4)	(2.5)	84	(0.1)	
Loans and advances to customers	448.5	452.3	(1)	449.7	
Retail current accounts	103.1	110.5	(7)	102.7	
Retail savings accounts ⁶	196.4	183.1	7	194.8	1
Wealth	10.2	12.9	(21)	10.9	(6)
Commercial Banking deposits	159.3	166.5	(4)	162.8	(2)
Central items	0.2	0.1		0.2	
Total customer deposits	469.2	473.1	(1)	471.4	

1 – The Group uses a number of alternative performance measures, including underlying profit, in the description of its business performance and financial position.
 2 – Open mortgage book and closed mortgage book, previously presented separately, are now reported together as UK mortgages; Wealth, previously reported separately, is now included within Retail other. Comparatives have been presented on a consistent basis. 3 – The reduction between 31 March 2023 and 31 December 2023 reflects the impact of the securitisation of £2.7 billion of UK Retail unsecured loans in the fourth quarter of 2023. 4 – Retail other includes the European and Wealth businesses. 5 – Central Items includes central fair value hedge accounting adjustments. 6 – Retail relationship savings accounts and Retail tactical savings accounts, previously reported separately, are now reported together as Retail savings accounts. Comparatives have been presented on a consistent basis. 7 – Excluding capital distributions. Inclusive of ordinary dividends received from the Insurance business in February of the following year.

Strong capital generation

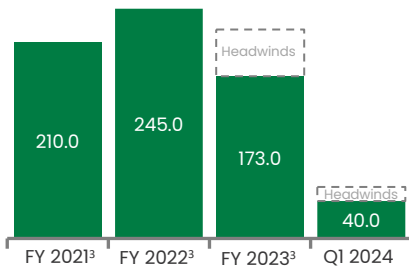
- Strong 40bps capital generation, after regulatory headwinds; in line with expectations
- CETI ratio 13.9%
- Continue to expect to pay down to c.13.5% by end 2024 and c.13% by end 2026

Common equity tier 1 ratio, %, bps

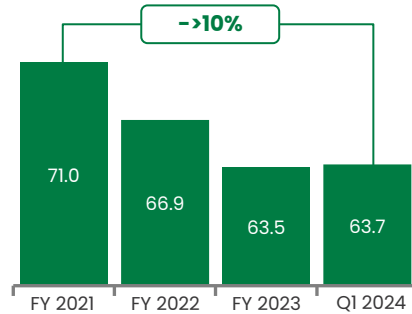


Shareholder distributions

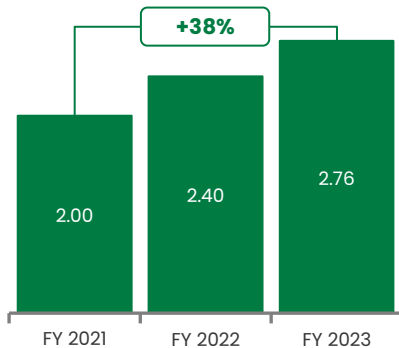
Strong capital generation, bps



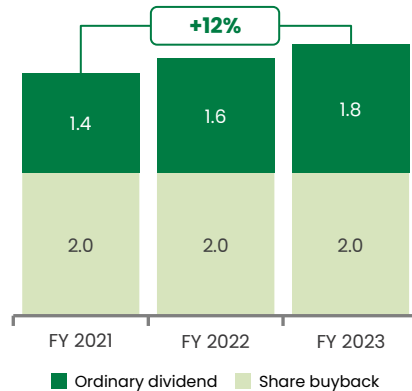
Reducing share count, bn



Progressive and sustainable ordinary dividend, £p/share



Track record of growing shareholder distributions, £bn



The Group has a progressive and sustainable ordinary dividend policy whilst maintaining the flexibility to return further surplus capital through buybacks or special dividends

Expect to pay down to a CET1 ratio of c.13.5% by the end of 2024 and c.13% by the end of 2026

Investor factbook

Q1 2024



Leading UK digital bank and integrated financial services provider

3 core divisions	Retail		Commercial		Insurance			
Business units	Consumer Relationships	Consumer Lending	Small and Medium Businesses	Corporate & Institutional Banking	Pensions & Investments			
Products	Current accounts Savings accounts Mass affluent proposition	Mortgages Credit cards Personal loans Motor finance	Business loans Transactional banking Working capital	Lending & debt capital markets Risk mgmt Cash liquidity	Home, motor and protection insurance Pensions Investments			
Trusted brands	LLOYDS BANK	HALIFAX	BANK OF SCOTLAND	SCOTTISH WIDOWS	magna	Schroders personal wealth The Change Group	blackhorse	LEX AUTOLEASE
	BIRMINGHAM MIDSHIRES	LDC	AMC	embark group	Citra	IWeb	cavendish online	Tusker.

Purpose-driven strategy delivers for broader stakeholders

Strategic priorities



Grow

Drive revenue growth and diversification



Focus

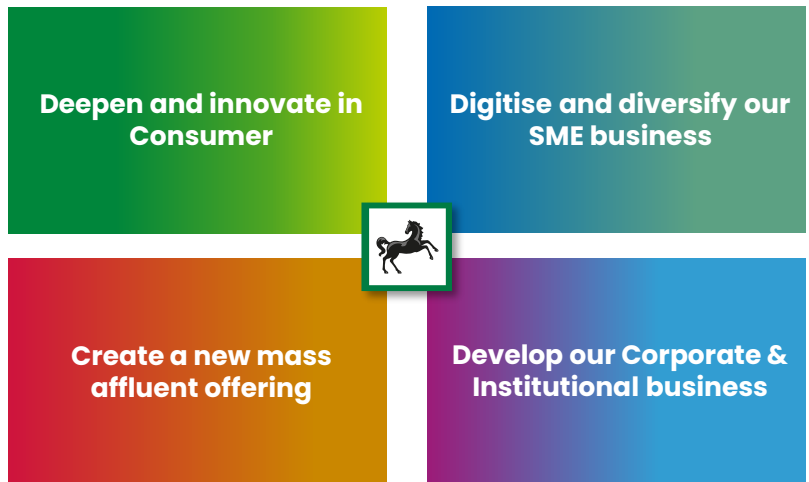
Strengthen cost and capital efficiency



Change

Maximise the potential of people, technology and data

Growth pillars



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Our reporting

Our reporting is designed to facilitate better communication to a range of stakeholders. See our full reporting suite at www.lloydsbankinggroup.com/investors

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