



Broaden our Mass Affluent and IP&I offering

Lloyds Banking Group
20 March 2024

Welcome and introduction



Today's presenters



Charlie Nunn
Group Chief Executive



Jo Harris
CEO, Mass Affluent



Chira Barua
CEO, Insurance, Pensions & Investments (IP&I)

Agenda

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Introduction

2

Business update:
Mass Affluent

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Business update: Insurance,
Pensions & Investments

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Summary

Delivering on our priorities to grow and diversify revenues



Purpose

Helping
Britain
Prosper

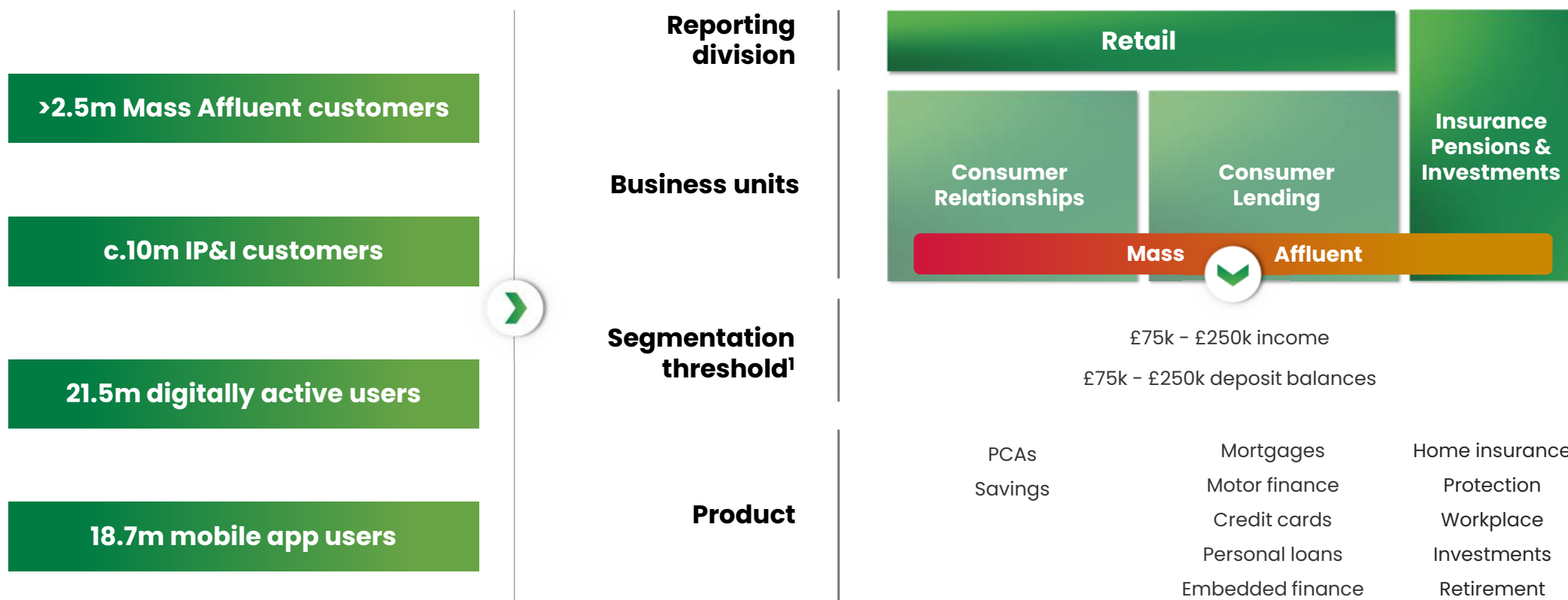
- Broadening offering to build **deeper, more valuable** relationships
- Well-positioned to succeed, **leveraging Group strengths** and **more supportive regulatory environment**
- **Strong growth potential**, diversifying revenues, delivering c.£0.4bn of Group's targeted c.£1.5bn additional revenues¹ with further upside
- **Accretive** to Group returns

¹ – From strategic initiatives.

A connected model to meet all consumer financial needs



Deepening customer relationships and driving value



¹ - For Mass Affluent customers.

Unique opportunities, confident in execution



Mass Affluent

Insurance, Pensions & Investments

Unique opportunities

Delivering an **enhanced proposition** for an **underserved, high-value** customer segment

Optimising benefits of an **in-house insurer**

Creating **innovative propositions** and **maximising value** through multi-channel approach

Confident in execution

Building upon **customer franchise** and **strong, trusted relationships**

Growing demand from customers, with **more supportive regulatory environment**

Leveraging scale and engagement from **digital leadership** position

Benefitting from **technology and data investment** to deliver **greater personalisation**

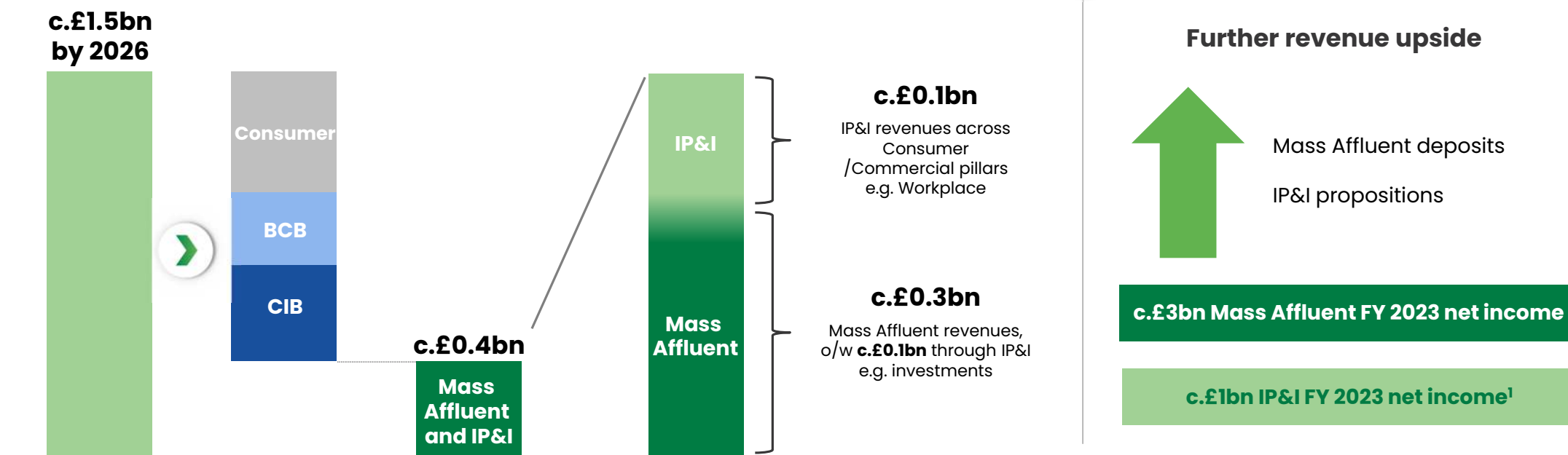
Strong growth potential



Significant contribution to additional revenues from strategic initiatives



Core franchise growth upside



Contributing **>25% (c.£0.4bn)** to Group's targeted **c.£1.5bn** additional revenues per annum by 2026
 Focused on delivering **capital-lite, other income opportunities**, improving efficiency and diversification
Further revenue upside from core franchise growth

¹ – Excluding Bulk Annuities.

Business update

Jo Harris

CEO, Mass Affluent

Mass Affluent overview



Strong foundations

Scale	<p>>2.5m</p> <p>Mass Affluent customers, up c.30% since FY 2021¹</p>	<p>>40%</p> <p>UK mass affluent population have at least one product with LBG</p>
Franchise strength	<p>c.£190bn</p> <p>Banking balances from Mass Affluent customers²</p>	<p>2x</p> <p>Product needs vs mass market</p>
Value creation	<p>c.£3bn</p> <p>Contribution to Group Net Income (FY 2023)</p>	<p>c.25%</p> <p>Cost:Income Ratio (FY 2023)</p>

Presentation focus areas

Expanding in an attractive market

Building on strong banking offering

Delivering personalised investments

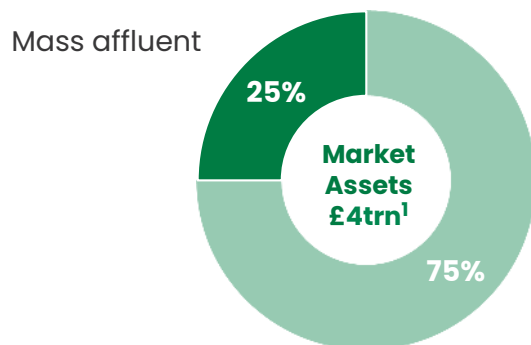
Providing a digital-first experience

1 - Based on customers with an active PCA. Includes existing customers who have recently attained the >£75k threshold. 2 - Balances include lending and deposits.

Significant market opportunity



Meaningful opportunity



Growing market

8% Forecast market CAGR (2022 – 2026)²

Valuable segment

5x Higher income per customer³

Opportunity to improve customer offering



c.£1trn financial assets held by UK mass affluent



Diverse, complex and evolving needs across banking, investment and retirement



Fragmented market



Opportunity to address **advice** and **guidance gap**

Offering is complementary to broader wealth business



Clear Mass Affluent strategy



Tailored banking proposition



Enhanced investments



Digitally-led integrated proposition



Increasing focus where we have strong presence

Customer relationships (#)

Offering

Advice level

Mass Affluent



>2.5m

Digitally-led banking & investment offering

D2C / Digital advice

Private Banking

Schroders
personalwealth

Cazenove
Capital

c.0.2m

Banking, investment & wealth management

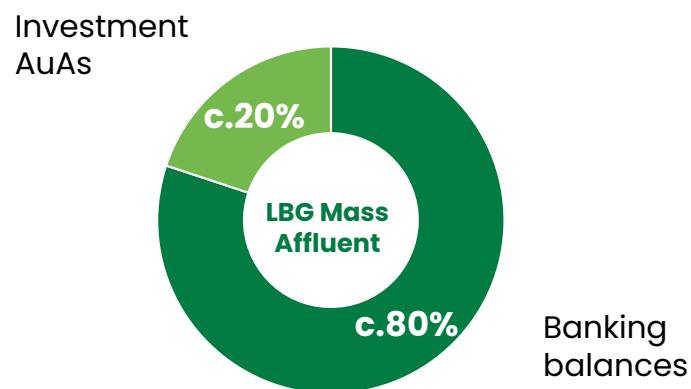
Advised / Relationship Manager support

Well-positioned to deepen relationships and deliver value



Strong existing franchise, with scope for growth

Split of LBG Mass Affluent business¹



c.30% of LBG Mass Affluent customers have a mortgage with another provider

c.90% of Mass Affluent customers with banking products have no investments with LBG

Delivering across a multi-year strategy

2022 Test & Learn

- Defined clear view on operationalising Mass Affluent
- Built team (>500 FTE), developed foundational capability
- Detailed customer research

2023 Build & Launch

- Launched propositions
- Soft launched Lloyds Bank 360

2024+ Evolve & Personalise

- Evolve and scale proposition
- Broaden investments offering
- Personalise digital experiences

¹ – Investment AuAs reflects Investments & Pensions propositions targeted at Mass Affluent customers; banking balances include lending and deposits.

Growing at pace, already delivering value



Scaling business...

Mass Affluent initiatives launched in 2023

Packaged Bank Account fee discount



Live Jan 23

Tiered Savings



Live Feb 23

Ready-Made Investments (RMI)



Live Feb 23

Mastercard World Elite Card



Live Sep 23

Lloyds Bank 360 soft launch



Live Sep 23

Save & Invest tab scaled



Live Oct 23

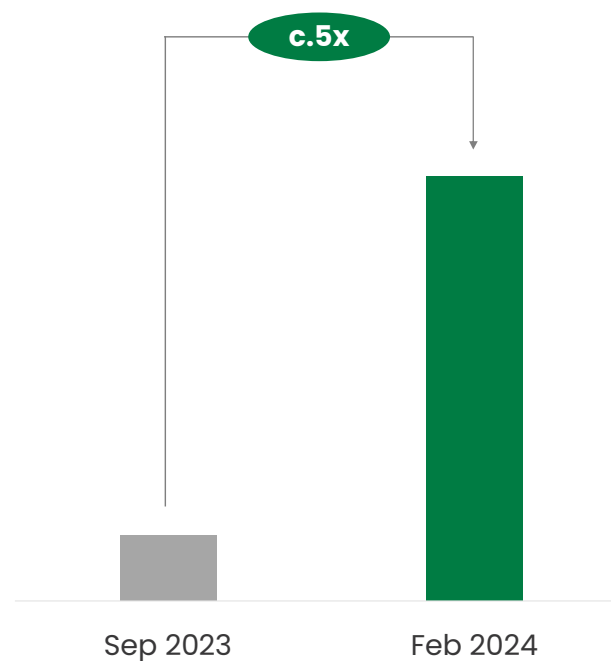
Digital Advice (desktop journey)



Live Dec 23

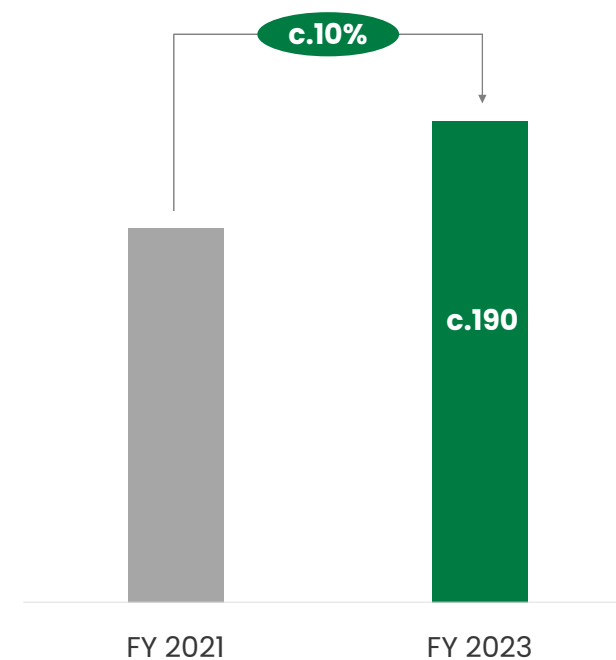
...with increasing engagement...

Monthly RMI accounts opened since 'Save & Invest' scaled



...delivering value

Mass Affluent banking balances¹, £bn



On track to deliver c.£0.3bn of additional revenues from strategic initiatives by 2026

¹ – Includes existing customers who have recently attained the >£75k threshold.

Building upon our strong banking offering



Significant growth opportunity

Monthly revenue per customer



3pp Lower avg. market share vs mass market¹

Leveraging core banking strengths to support lifecycle needs

Deposits

Building upon **significant current account franchise** to deepen banking relationships

Tailoring well-established product suite to meet diverse customer needs

Targeted pricing to attract and retain price-sensitive customers, rewarding higher balances

Lending

Building new products around unique customer needs

Evolving approach to credit to provide more lending to Mass Affluent, given stronger credit performance vs mass market

Opportunity

**Building deeper relationships with existing customer base
and creating compelling propositions to attract new customers**

Compelling new propositions for Mass Affluent customers



Examples of product development: digital, personalised, value for money

Deposits

Tiered rates on variable savings; rewarding balances with **bespoke pricing**

Silver Packaged Bank Account and **Account Fee Discounts**

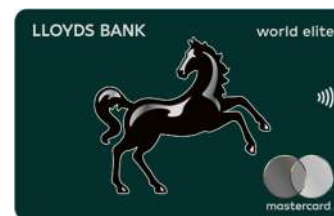
Targeted **switcher offers across Savings & PCAs** to attract and retain balances

Lending

Launched **Mastercard World Elite** rewards credit card

Credit policy enhancements; **bespoke lending criteria**

Tailored mortgage pricing and new **remortgage product**



Delivering value

c.10%

Growth in Mass Affluent banking balances¹

c.140k

Silver accounts opened since re-launch

£1bn

Additional mortgage lending driven by bespoke product and pricing changes

¹ – Since FY 2021. Includes existing customers who have recently attained the >£75k threshold.

Digital-first, personalised investment solutions



Attractive opportunity

8%

Share of stocks and shares ISAs (stock)¹; c.10pp differential vs avg. banking share

>50k

Annual Schroders Personal Wealth (SPW) referrals

+30%

Expected market D2C AuA growth by 2026²

Increasing the reach of our investment offering

Widening product range

Working with IP&I and Embark to **build D2C** propositions; customers able to **manage investments and pensions** independently

Wider range of pension solutions, catering for different life stages

Broadening proposition via external partnerships e.g. BlackRock

Tailoring support

Digital advice for customers who seek guidance on investments

Digital tools combined with human-led **financial coaching**

Actively engaging with FCA on the future of advice and guidance

Delivering tailored investments to increase market share



Increasing the reach of our investment offering



Compelling D2C Propositions

Ready-Made Investments (RMI); strong traction with younger customers

Sharedealing incentive campaigns, driving investment portfolio transfers

Digital-first offerings with IP&I, including **Ready-Made Pensions**

Digital Advice & Engagement

Launched **digital advice** proposition

Additional support starting with **Investment Needs Finder**

Continued focus on SPW, helping with **holistic financial planning**

Delivering value

c.45%

RMI customers aged <35, with c.50% regular contributors

4x

Higher value portfolios for customers acquired through incentive campaigns¹

#1

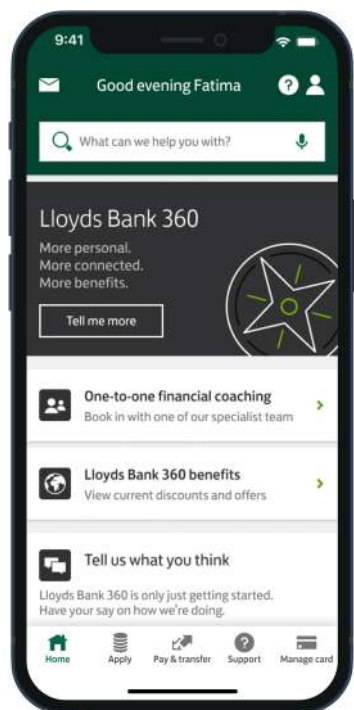
Provider of new stocks and shares ISAs, c.28% share (from c.2% in 2021)²

Positive trajectory with 5% growth in net AuA flows since FY 2021

Driving engagement through a digital-first experience



Integrating banking, investment and retirement in leading digital proposition



Lloyds Bank 360

New proposition soft launched to **50k** customers

Bespoke features and benefits, and products from across the bank

Digital-first personalised experience

'Save & Invest' tab provides single view of finances

Financial coaching service, 24/7 secure messaging

Solutions personalised to life stage and risk appetite

Future developments

Platform enhancements, including 'financial goals' and nudges

Enhanced customer insights, advice & guidance

Delivering value

c.20%

Higher RMI portfolio size for Lloyds Bank 360 customers

c.5x

Increase in monthly RMI accounts opened since 'Save & Invest' scaled

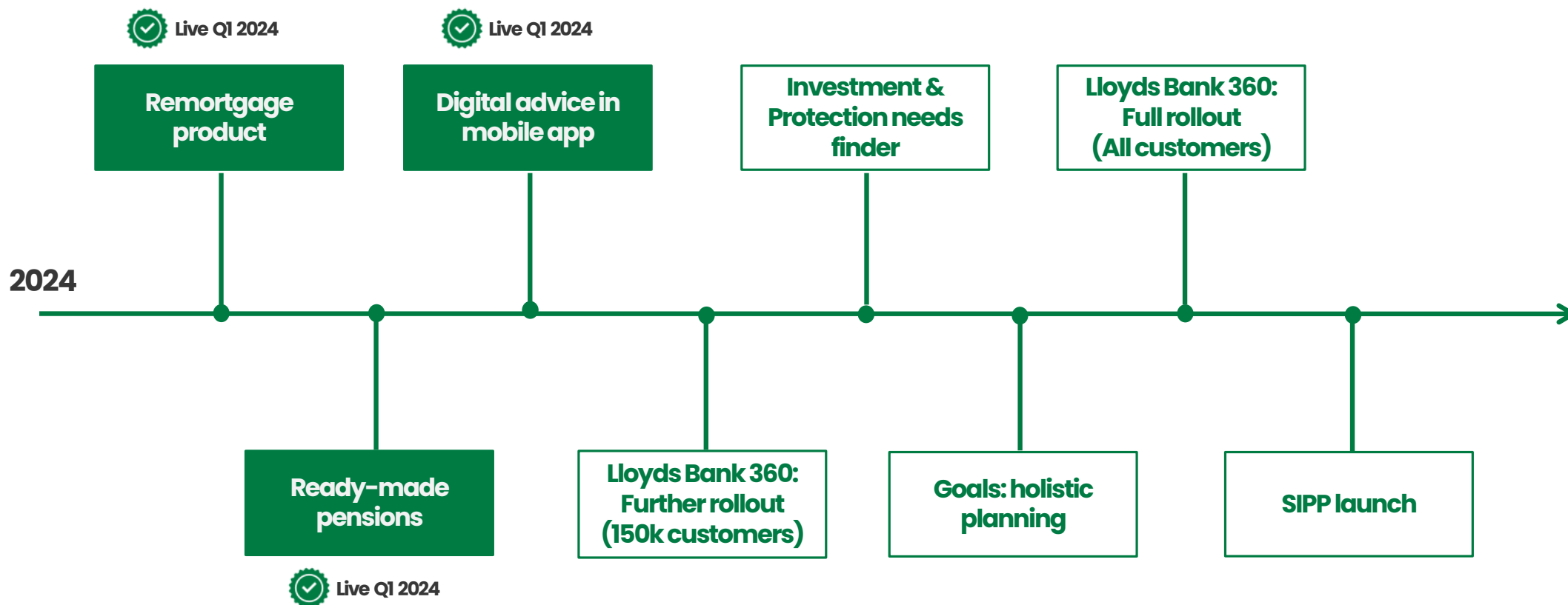
30%

Savings account conversion following Financial Coaching sessions¹

On track to deliver a leading Mass Affluent proposition



2024 delivery plan



Building momentum, on track to deliver leading proposition

Confident in delivery of financial benefits



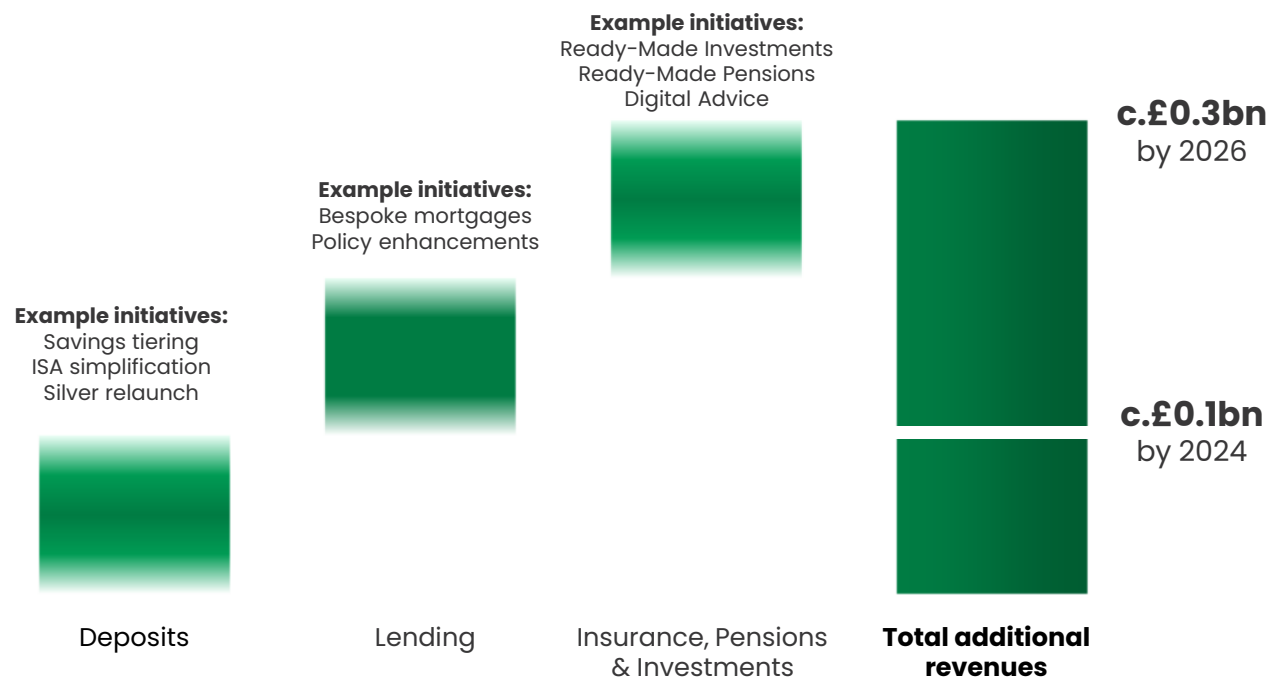
<10% of 2022-2024 Group strategic investment spend

Contributing c.20% towards targeted c.£1.5bn additional revenues by 2026
c.£0.1bn by 2024, c.£0.3bn by 2026



Additional core franchise growth upside

Additional revenues from Mass Affluent strategic initiatives, 2026¹



¹ – Chart not to scale.

Business update

Chira Barua

CEO, IP&I

Insurance, Pensions & Investments overview



A leading provider

£213bn

Assets under
Administration (AUA)

c.£1.5bn

Dividends paid to Group
since 2019

£4.7bn

Deferred profits
(at 31 Dec 2023)¹

Compelling investment case

Growth business,
underpinned by
deferred profit

Transitioning
towards **capital-lite**

Material dividend
contributor

Presentation focus areas

Unlocking our opportunity

Strengthening accumulation

Reinventing decumulation

Increasing protection

Delivering to the Group

¹ – Excluding Bulk Annuities.

Broad, capital generative business delivering diverse growth across a range of financial services products



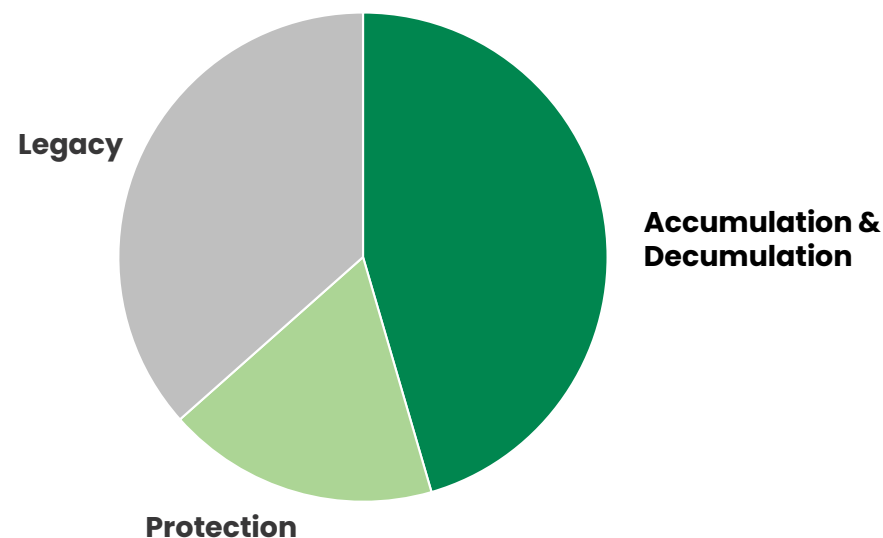
Multi-product, multi-channel offering...

Open book			Closed book
Product	Accumulation	Decumulation	Protection
	Workplace Investments	Individual annuities	General insurance
	Individual pensions and drawdown		Protection
			Legacy
Channel	Intermediary		
	Bancassurance		
	Direct		



...generating a balanced income profile

Split of IP&I income, FY 2023²



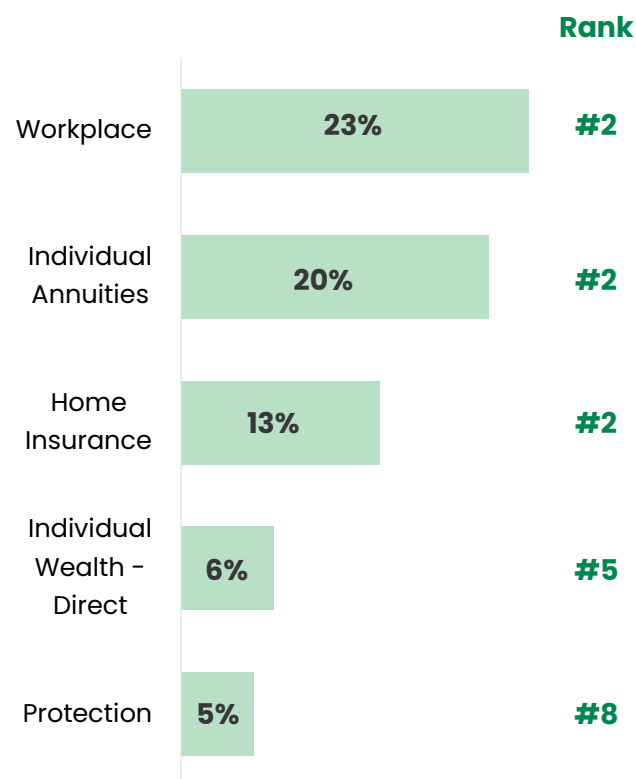
¹ – Scottish Widows Europe. Contains legacy European products that were transferred into SWE entity following the UK's exit from the EU. ² – Excluding Bulk Annuities.

IP&I has brilliant foundations to build from



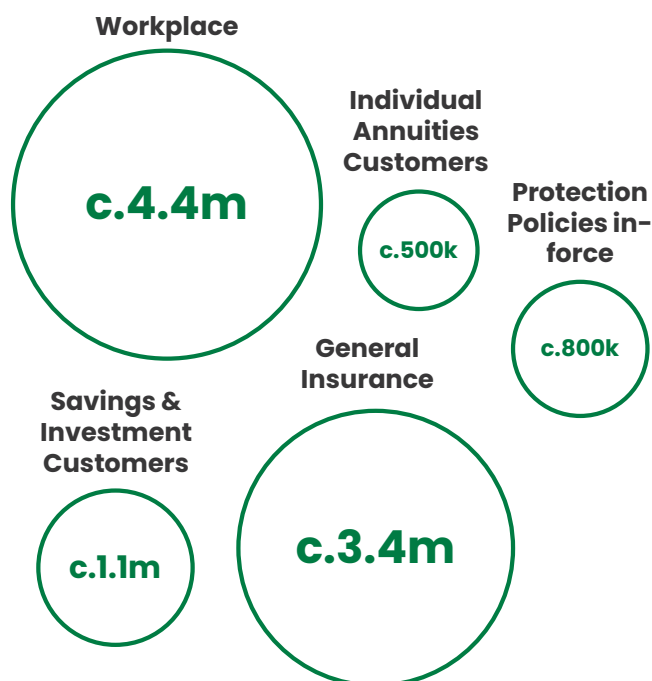
Strong market presence

IP&I market shares, Q1 – Q3 2023¹



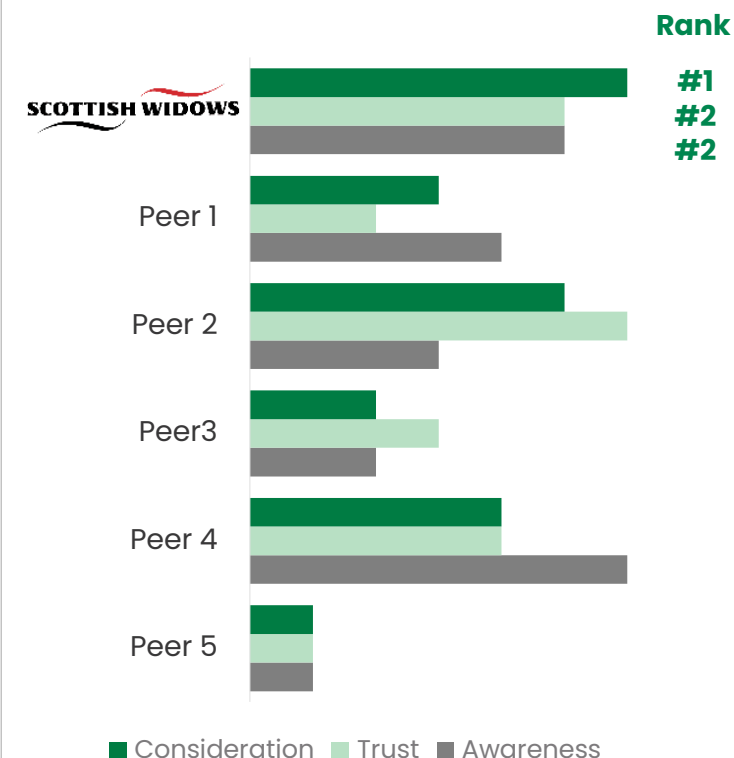
Broad customer base

IP&I policy count by business, FY 2023



Clear brand recognition

Market brand recognition, FY 2023²



1 – Source: Workplace – AuM (ABI-providers only); Individual Annuities, Protection – New Business (APE); Home Insurance – New Policies; Individual Wealth – Direct AuM (Platform-only). 2 – Source: Brand tracking data from IPSOS, as at December 2023.

Executing on three fundamental pivots:

1 Delivering a modern operating model



Transforming our estate and operating model...



...to deliver enhanced experience and productivity

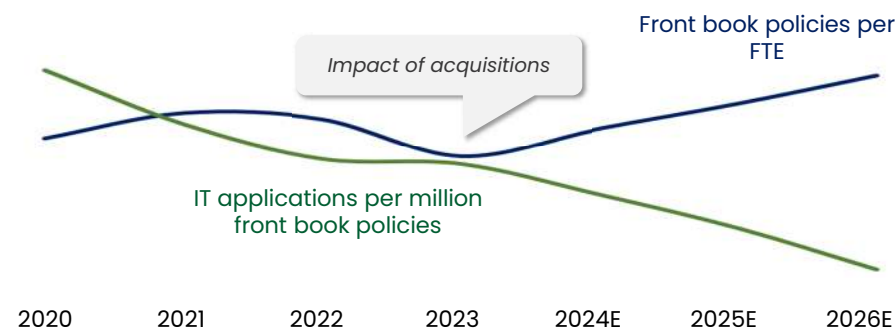
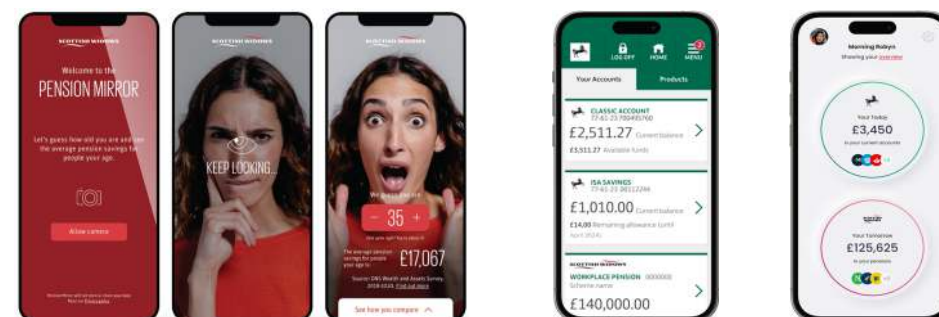
New digital customer interfaces and **integrated customer view**

Simplified legacy policy management – 2.7m legacy policies migrated from 10 legacy systems to 1 modern system

Integrated **3 newly acquired businesses**

40% of systems migrated to target solution; **100%** by 2026

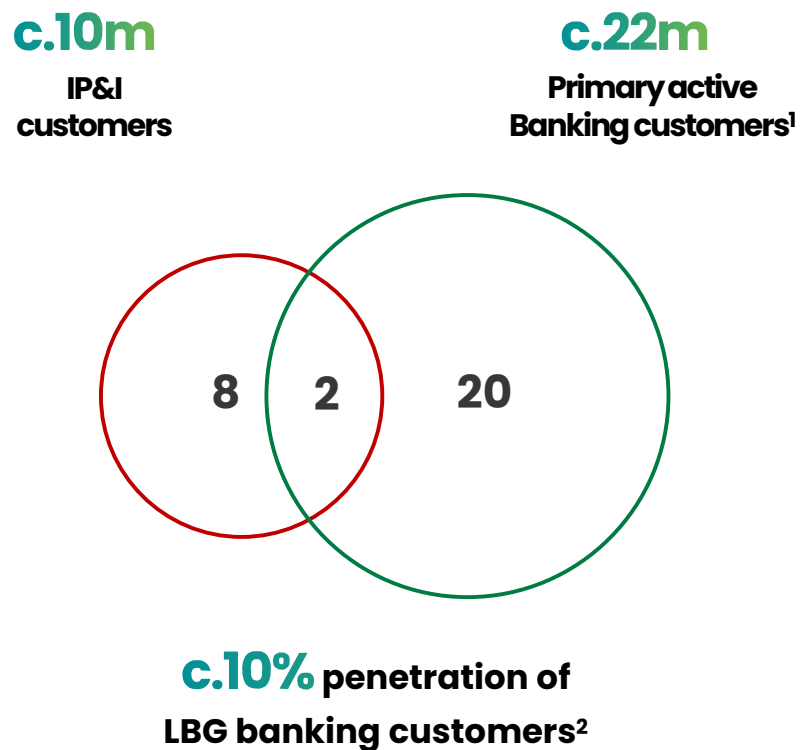
30% reduction in number of technical applications



2 Deepening customer relationships

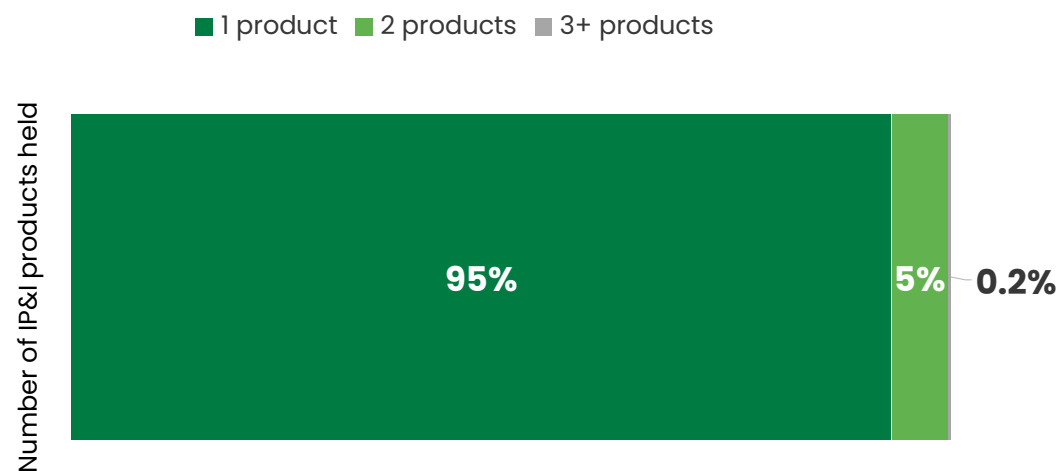


Deepening relationships with Group customers...



...and increasing IP&I products within the business

Cross-holdings of IP&I products as at FY 2023



¹ - LBG primary active – hold at least 1 of 5 core banking products across Lloyds, BoS, Halifax. ² - Excludes P4L, Workplace, Embark (excl. RMI), iWeb, Longstanding, Home Insurance through corporate partners, GI – other, International, and Bulk Annuities.

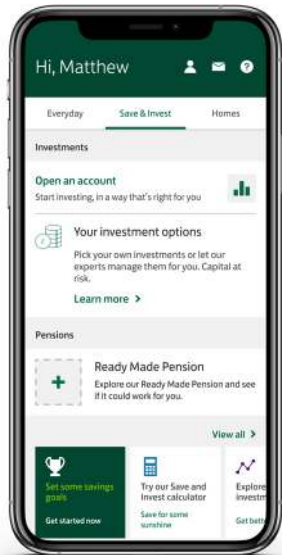
3 From a product factory to a proposition provider



Embedding IP&I products into 'customer spaces' in the banking app...



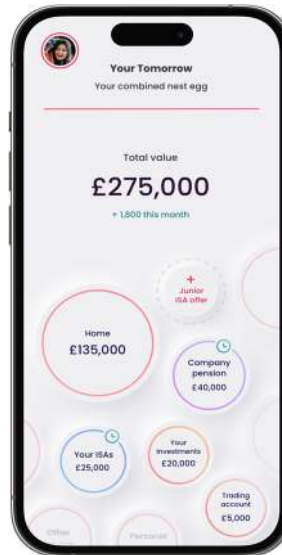
...and leveraging the same architecture for a Scottish Widows 'Your Tomorrow' app for Workplace and the open market



Launched **Save and Invest** space via Mass Affluent...



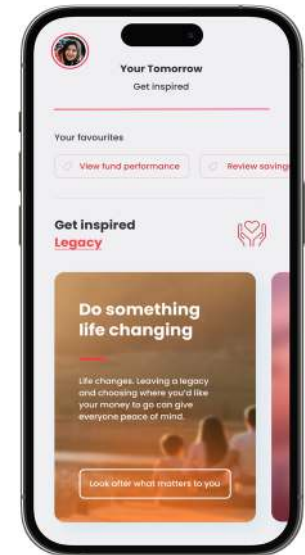
...with a **Protection** space in our imminent backlog



Single views to help **'Grow your wealth'**



Protection ecosystem to see how assets are protected

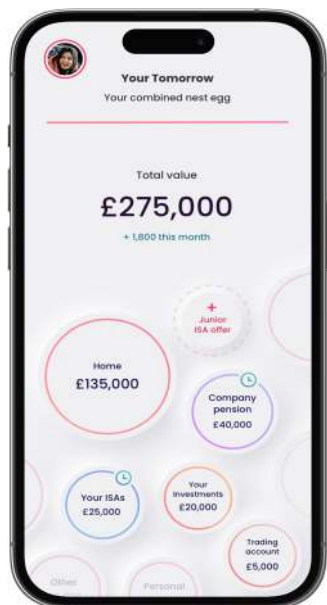


Gaming tools to educate and guide financial choices

Accumulation: Leading with our Workplace platform...



Banking on strong CIB relationships...



c.13%

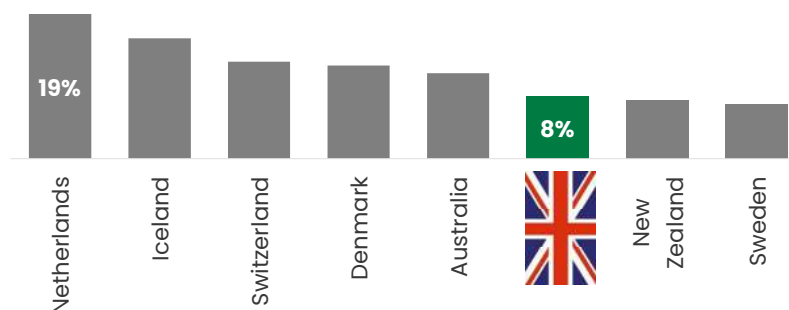
Penetration of key banking client relationships¹



Increasing penetration from enhanced client coverage

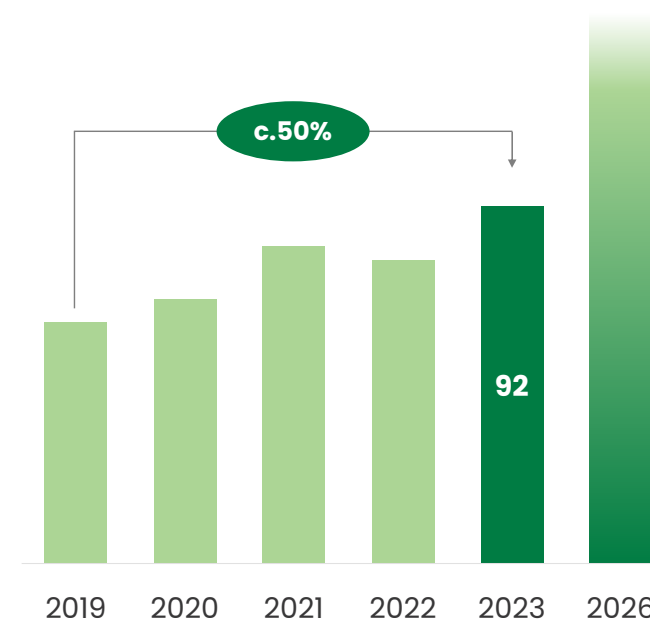
...with potential auto-enrolment tailwinds

Mandatory and quasi-mandatory contribution rates for auto-enrolment style plans



...to drive strong AuA growth

Workplace AuA, £bn

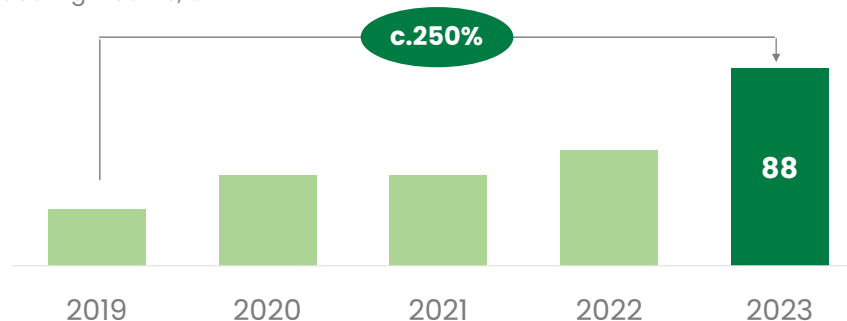


...and building a holistic investment solution



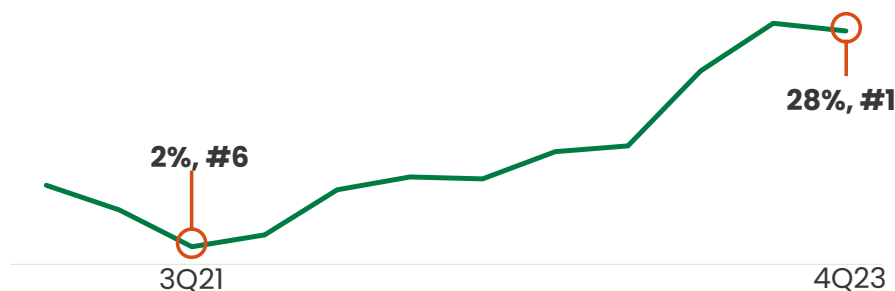
Building momentum

Sharedealing income, £m



Growing market share

Stocks and shares ISA new business market share¹



Leveraging intermediary strength

% of Individual Wealth market new business written by intermediaries

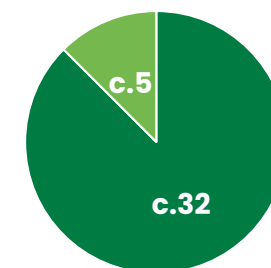
85%
2022



82%
2026E

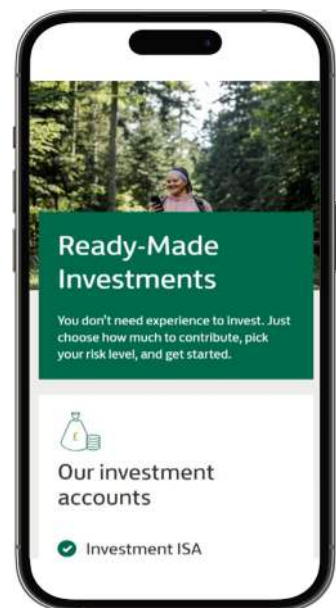
Split of Embark AuA, FY 2023, £bn

■ Embark - advised ■ Embark - white label



c.5%

Embark - advised market share²

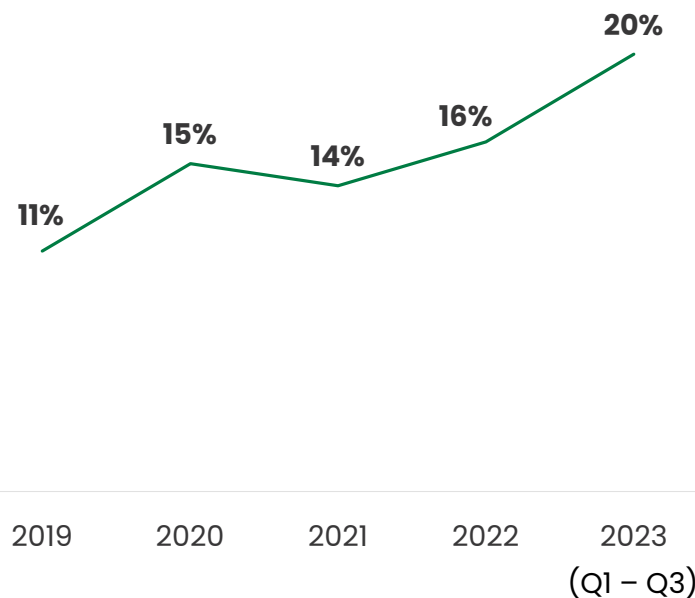
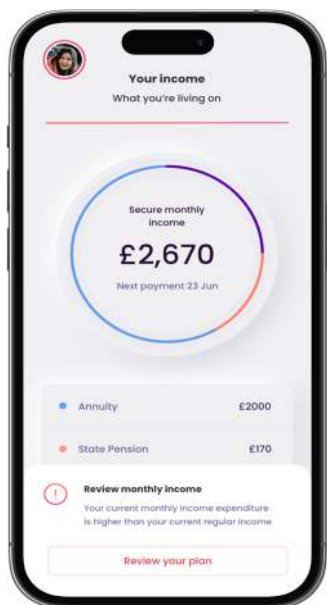


Decumulation: Leading with Individual Annuities to build a distinctive retirement proposition



Growing market share

IP&I share of Individual Annuities new business¹



Addressing 'At Retirement' options gap

Current 'At Retirement' Options

Drawdown

Annuity

Future 'At Retirement' Options

Guided Retirement

Flexible Access

Annuity

ESG Optionality

Home Equity Release

Cash

Opportunity

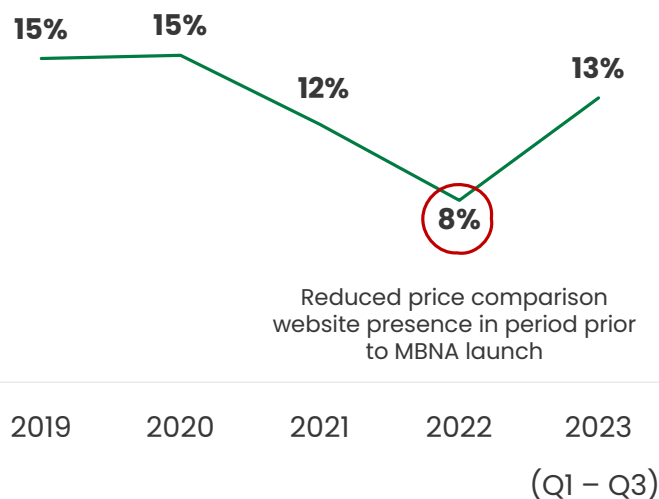
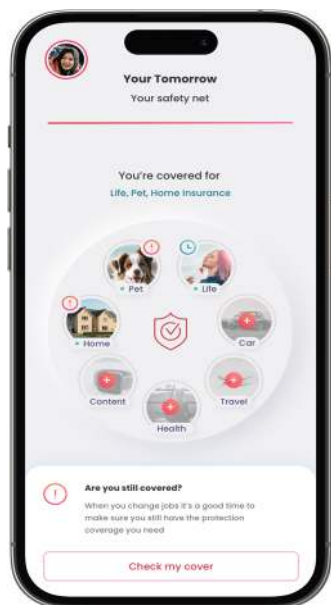
Delivering new, innovative solutions to meet changing preferences

Protection: Leading with Home Insurance, with Life Insurance a significant upside



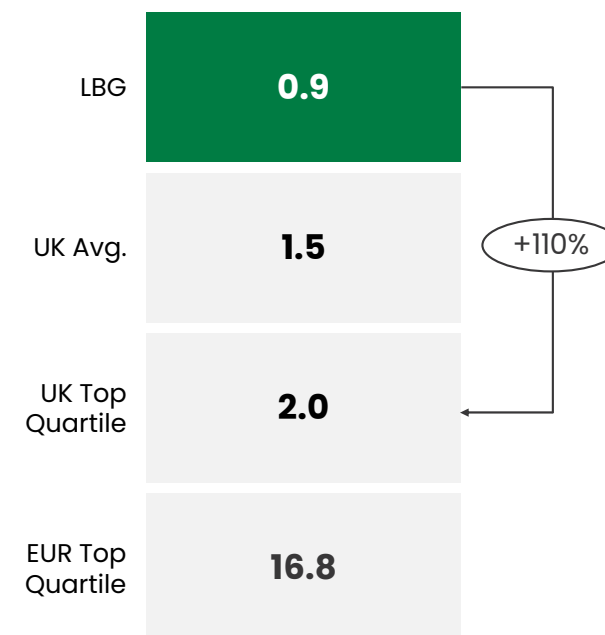
Recapturing Home Insurance share

IP&I share of Home Insurance new business¹



Increasing Life Insurance penetration

Annual Life Insurance branch sales per branch FTE²

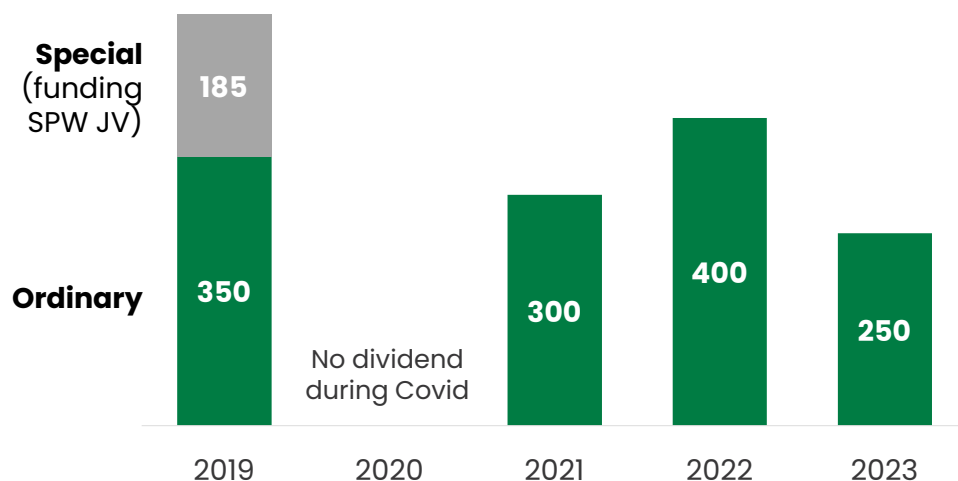


IP&I has been a strong contributor to Group financials



Regular dividend upstreaming

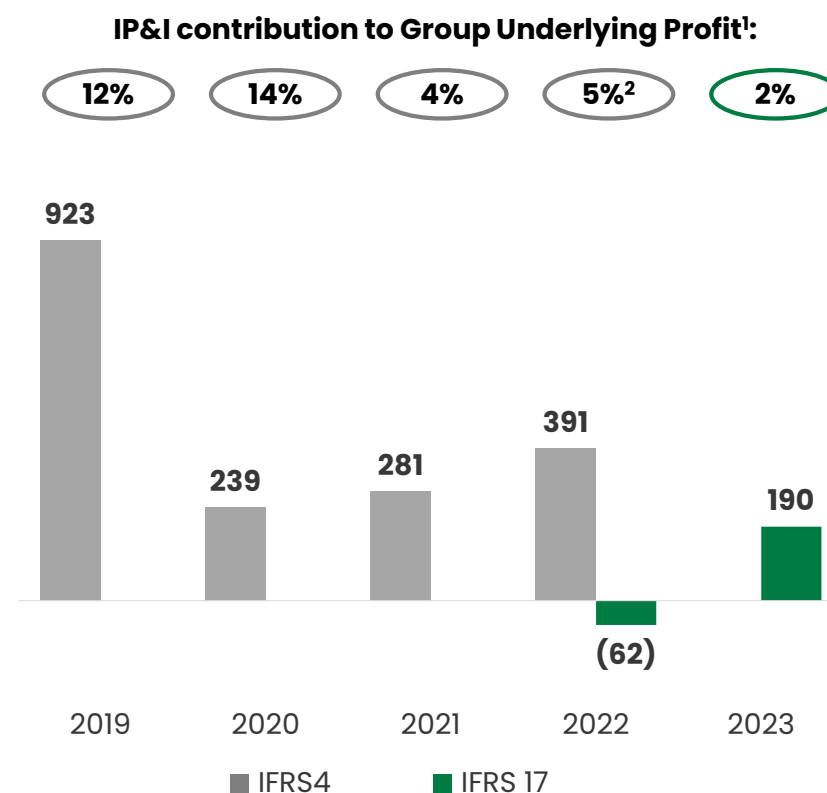
Insurance dividends paid to Group, £m



c.£1.5bn Dividends paid to Group since 2019

Rebuilding profit contribution

IP&I underlying profit, £m¹



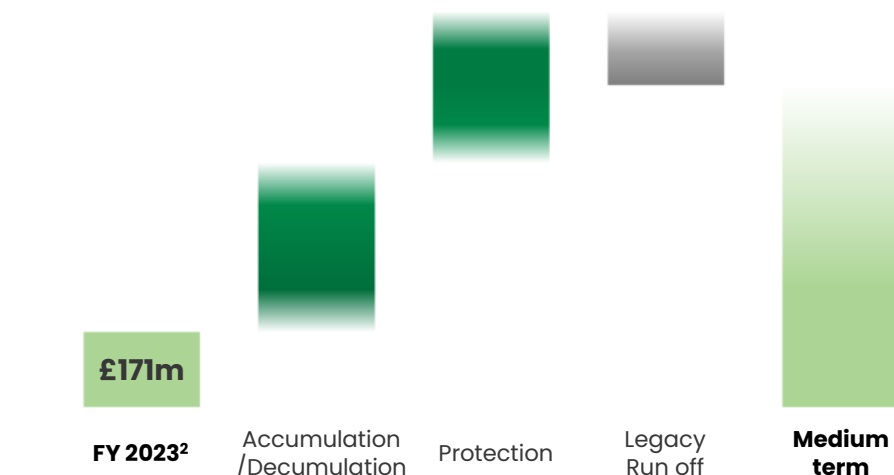
¹ – 2019 as reported, with IP&I adjusted to remove Wealth contribution. 2020–2021 restated to reflect new costs basis adopted in 2022. ² – 2022 % of Group underlying profit on an IFRS4 basis.

Well-positioned for medium-term earnings growth



Realising value from growth initiatives

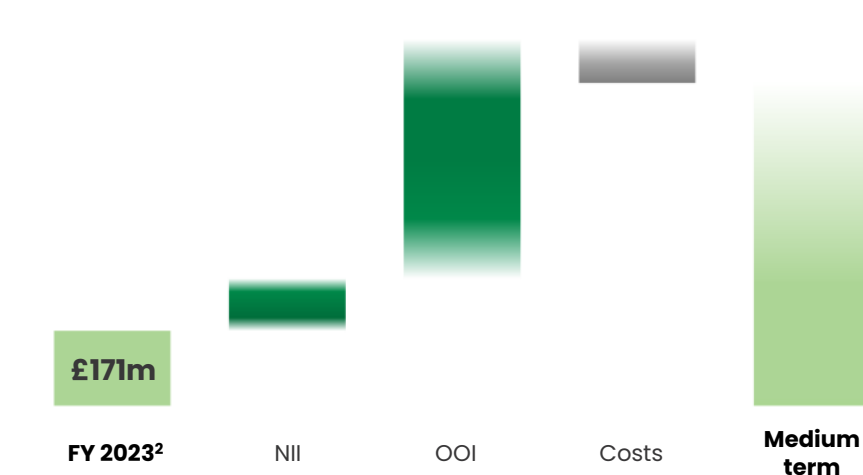
IP&I underlying profit profile by proposition¹



Adding c.£0.1–0.2bn p.a. to £4.7bn stock of deferred profits

Supporting Group income diversification

IP&I underlying profit profile by P&L category¹



Release of deferred profits equivalent to >30% of OOI

Delivering Group RoTE accretive returns

¹ – Chart not to scale. Includes benefits from strategic initiatives and core franchise growth. ² – Excluding Bulk Annuities.

Summary

Delivering on our priorities to grow and diversify revenues



Purpose

Helping
Britain
Prosper

- Broadening offering to build **deeper, more valuable** relationships
- Well-positioned to succeed, **leveraging Group strengths** and **more supportive regulatory environment**
- **Strong growth potential**, diversifying revenues, delivering c.£0.4bn of Group's targeted c.£1.5bn additional revenues¹ with further upside
- **Accretive** to Group returns

¹ – From strategic initiatives.

Q&A

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Words such as, without limitation, ‘believes’, ‘achieves’, ‘anticipates’, ‘estimates’, ‘expects’, ‘targets’, ‘should’, ‘intends’, ‘aims’, ‘projects’, ‘plans’, ‘potential’, ‘will’, ‘would’, ‘could’, ‘considered’, ‘likely’, ‘may’, ‘seek’, ‘estimate’, ‘probability’, ‘goal’, ‘objective’, ‘deliver’, ‘endeavour’, ‘prospects’, ‘optimistic’ and similar expressions or variations on these expressions are intended to identify forward looking statements. These statements concern or may affect future matters, including but not limited to: projections or expectations of the Group’s future financial position, including profit attributable to shareholders, provisions, economic profit, dividends, capital structure, portfolios, net interest margin, capital ratios, liquidity, risk-weighted assets (RWAs), expenditures or any other financial items or ratios; litigation, regulatory and governmental investigations; the Group’s future financial performance; the level and extent of future impairments and write-downs; the Group’s ESG targets and/or commitments; statements of plans, objectives or goals of the Group or its management and other statements that are not historical fact and statements of assumptions underlying such statements. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future. Factors that could cause actual business, strategy, plans and/or results (including but not limited to the payment of dividends) to differ materially from forward looking statements include, but are not limited to: general economic and business conditions in the UK and internationally; acts of hostility or terrorism and responses to those acts, or other such events; geopolitical unpredictability; the war between Russia and Ukraine; the conflicts in the Middle East; the tensions between China and Taiwan; political instability including as a result of any UK general election; market related risks, trends and developments; exposure to counterparty risk; the ability to access sufficient sources of capital, liquidity and funding when required; changes to the Group’s credit ratings; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; volatility in credit markets; volatility in the price of the Group’s securities; tightening of monetary policy in jurisdictions in which the Group operates; risks concerning borrower and counterparty credit quality; risks affecting insurance business and defined benefit pension schemes; changes in laws, regulations, practices and accounting standards or taxation; changes to regulatory capital or liquidity requirements and similar contingencies; the policies and actions of governmental or regulatory authorities or courts together with any resulting impact on the future structure of the Group; risks associated with the Group’s compliance with a wide range of laws and regulations; assessment related to resolution planning requirements; risks related to regulatory actions which may be taken in the event of a bank or Group failure; exposure to legal, regulatory or competition proceedings, investigations or complaints; failure to comply with anti-money laundering, counter terrorist financing, anti-bribery and sanctions regulations; failure to prevent or detect any illegal or improper activities; operational risks including risks as a result of the failure of third party suppliers; conduct risk; technological changes and risks to the security of IT and operational infrastructure, systems, data and information resulting from increased threat of cyber and other attacks; technological failure; inadequate or failed internal or external processes or systems; risks relating to ESG matters, such as climate change (and achieving climate change ambitions), including the Group’s ability along with the government and other stakeholders to measure, manage and mitigate the impacts of climate change effectively, and human rights issues; the impact of competitive conditions; failure to attract, retain and develop high calibre talent; the ability to achieve strategic objectives; the ability to derive cost savings and other benefits including, but without limitation, as a result of any acquisitions, disposals and other strategic transactions; inability to capture accurately the expected value from acquisitions; assumptions and estimates that form the basis of the Group’s financial statements; and potential changes in dividend policy. A number of these influences and factors are beyond the Group’s control. Please refer to the latest Annual Report on Form 20-F filed by Lloyds Banking Group plc with the US Securities and Exchange Commission (the SEC), which is available on the SEC’s website at www.sec.gov, for a discussion of certain factors and risks. Lloyds Banking Group plc may also make or disclose written and/or oral forward-looking statements in other written materials and in oral statements made by the directors, officers or employees of Lloyds Banking Group plc to third parties, including financial analysts. Except as required by any applicable law or regulation, the forward-looking statements contained in this document are made as of today’s date, and the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this document whether as a result of new information, future events or otherwise. The information, statements and opinions contained in this document do not constitute a public offer under any applicable law or an offer to sell any securities or financial instruments or any advice or recommendation with respect to such securities or financial instruments.