2024 Results

Lloyds Banking Group

20 February 2025

Introduction

Charlie Nunn

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

Delivering on our purpose to drive benefits for all stakeholders

Purpose drives value

Driving positive change at scale

Increasing access to quality and affordable housing	**c.£97bn** lending to first time buyers since 2018 **c.£20bn** of funding support to social housing sector since 2018
Enabling financial empowerment	**>780k** credit score improvements in 2024 through Your Credit Score **3.9m** new savings accounts opened in 2024
Supporting regional development	**100%** university cash-management tender win-rate in 2024 Supported **>£90bn** infrastructure financing since 2020
Leading on diversity and inclusion	Supporting growth for **Black, female** and **disabled entrepreneurs** **c.7%** YoY reduction in active Workplace book gender pension gap
Supporting the net zero transition	**c.£47bn** sustainable financing provided from 2022 **More than doubled** Tusker fleet size since acquisition

Well positioned to meet commitments across key societal challenges

Successfully creating a platform for growth and higher returns

	2021	2024
Building a differentiated franchise	**c.15m** mobile app users **>2m** Mass Affluent customers **c.10%** share of BCB products originated and fulfilled digitally Negligible Cloud adoption	**>20m** mobile app users **>3m** Mass Affluent customers[1] **>50%** share of BCB products originated and fulfilled digitally **c.50%** of applications on Cloud
Unlocking higher, more sustainable returns	**c.£15bn** net income[2] **Negative** 3-year OOI CAGR **c.8%** 3-year average RoTE **c.£7bn** pension deficit **c.£5bn** 3-year capital distribution	**c.£17bn** net income **c.7%** 3-year OOI CAGR **c.13%** 3-year average RoTE **Addressed** pension deficit **>£11bn** 3-year capital distribution

1 - Includes existing customers who have recently attained the >£75k threshold. 2 - Adjusted for IFRS17.

Robust financial performance in 2024

Positive business momentum

Largest UK digital bank
22.7m (+6%)
FY24 digitally active users

NIM turnaround
+2bps
4Q24 QoQ

OOI growth
9%
FY24 YoY

Disciplined costs
£9.4bn
FY24 operating costs

Loan[1] / deposit growth
3% / 2%
FY24

Open book AUA growth
13%
FY24

Meeting strategic guidance

£0.8bn
Additional revenues from strategic initiatives

£1.2bn
Gross cost savings

12.3% (14.0%)
Return on Tangible Equity (excl. Motor provision)

148bps (177bps)
Capital generation (excl. Motor provision)

£3.6 billion shareholder distributions

1 - Lending excl. securitisations.

Financial update

William Chalmers

Robust financial performance

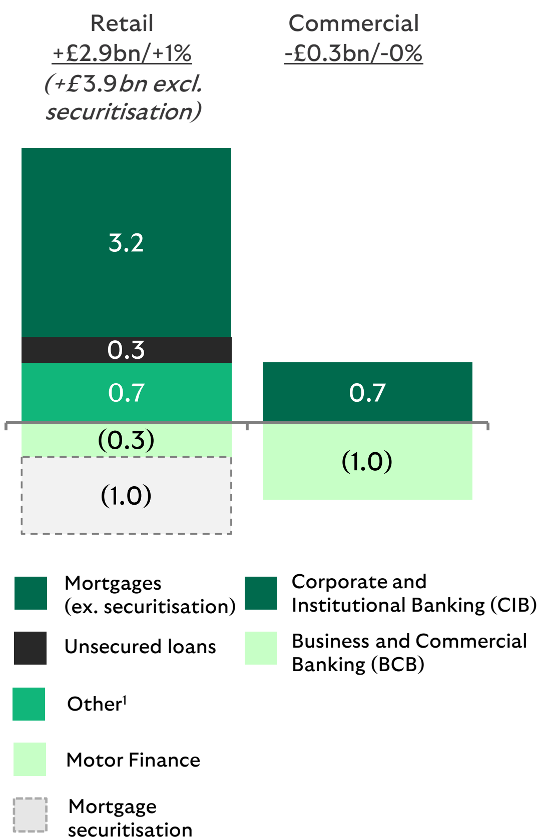
Financial performance (£m)

	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*

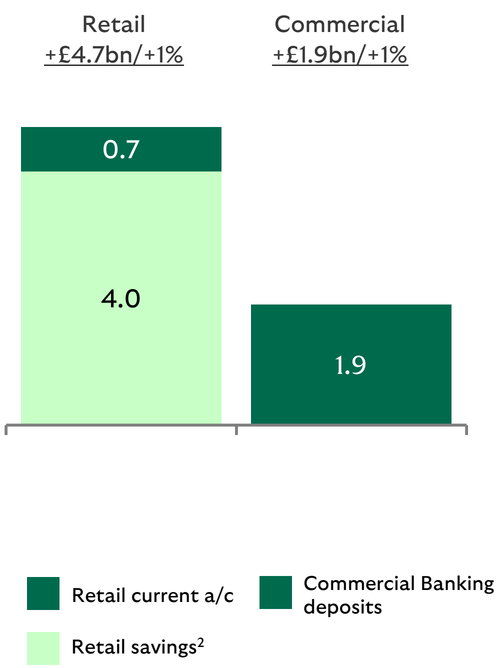
- **Statutory PAT £4.5bn; RoTE 12.3%; 14.0% excl. motor provision**
- **Robust net income: £17.1bn with NIM 295bps; Q4 297bps, up 2bps vs. Q3**
- **Continued cost discipline: Operating costs £9.4bn, up 3% given investment, inflation, new BoE charge**
- **Remediation £899m (inc. £700m for motor provision)**
- **Strong asset quality: £433m impairment charge; pre-MES AQR 19bps**
- **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)

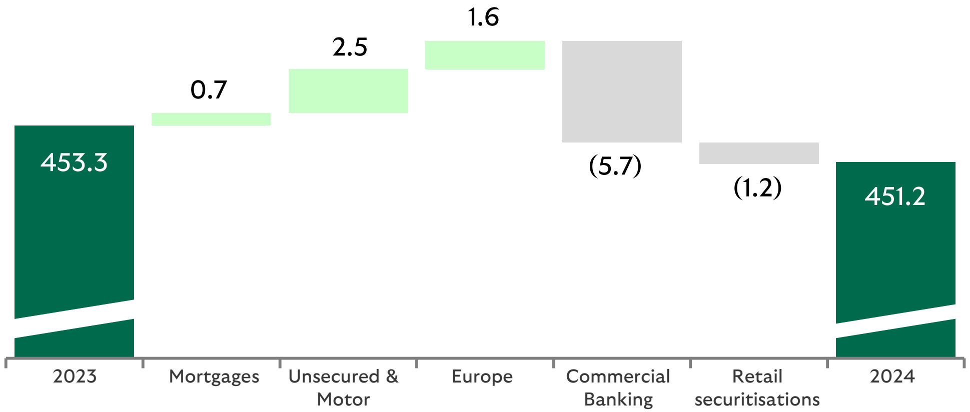


- **Lending £459.1bn, up 2% in 2024, Q4 up £2.1bn**
  - Q4 mortgages up £2.2bn, £3.2bn excl. securitisation
  - Q4 unsecured loans up £0.3bn
  - Q4 Commercial down £0.3bn; includes £0.4bn CBILS/BBLS repayments
- **Total deposits £482.7bn up 2% in 2024, Q4 up £7.0bn**
  - Q4 Retail up £4.7bn; savings £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**

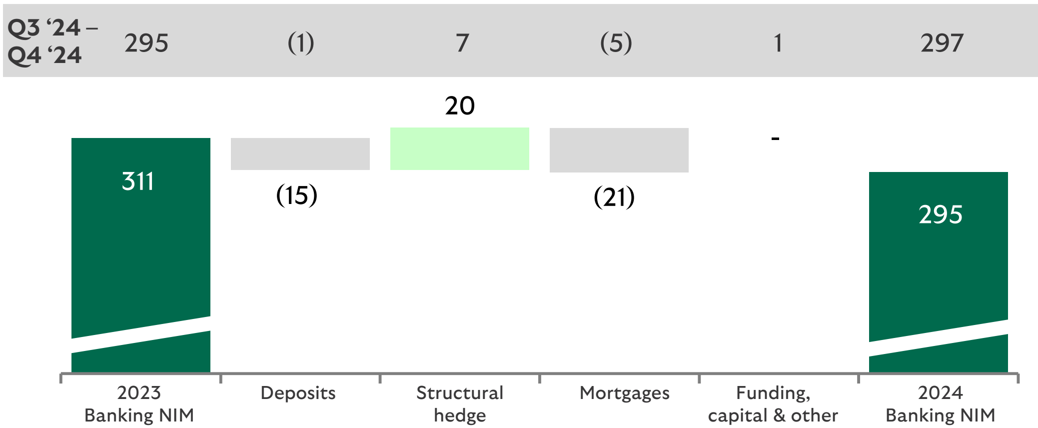
1 - Includes Overdrafts, Europe and Wealth. 2 - Includes Retail savings and Wealth.

Resilient net interest income performance

Average interest earning assets[1] (£bn)



Banking net interest margin (bps)

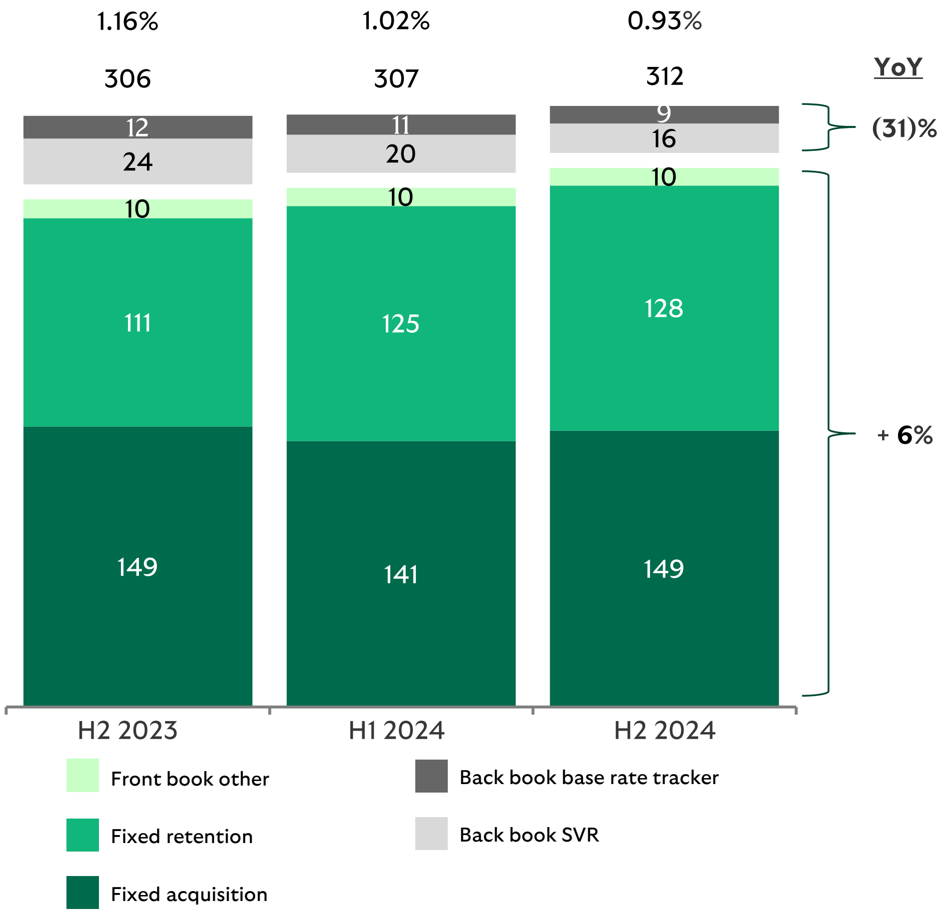


- **2024 NII £12.8bn, down 7% YoY, Q4 up 1%**
  - Growth in NII and NIM in H2; Q4 NII up after Q3 upturn
- **2024 AIEAs £451.2bn; Q4 AIEAs £455.1bn**
- **2024 NIM 295bps; Q4 NIM 297bps, up 2bps vs. Q3**
- **2024 non-banking NII charge £469m, £122m in Q4**
- **New NII guidance for 2025 of c.£13.5bn, c.£0.7bn higher than 2024:**
  - Franchise volume growth plus stronger hedge income
  - Partially offset by mortgage and deposit headwinds and non-banking NII
  - 2025 NII consistent with a NIM of c.305bps

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.

Growth in mortgages

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

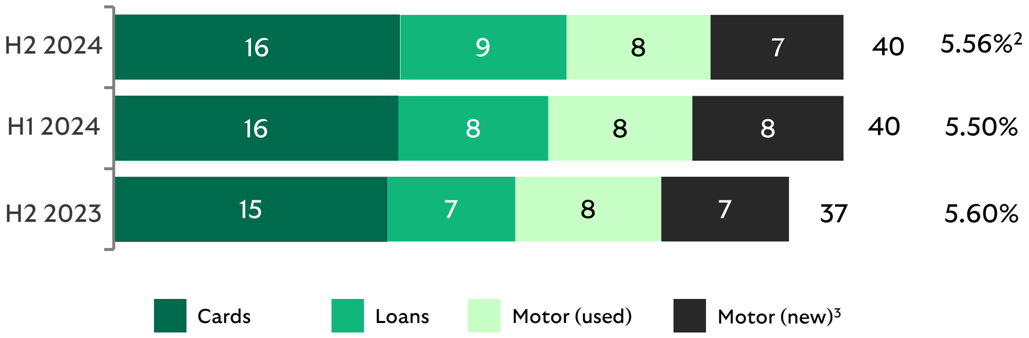


- **Mortgage balances £312.3bn, up £6.1bn in 2024, up £8.0bn excl. securitisations**
  - 2024 flow market share c.20%, above stock share c.19%
- **Completion margins[2] c.75bps in Q4**
- **Enhancing customer proposition solutions in protection and home insurance around mortgage journey**
  - 6pp increase in protection take-up rates to c.15%

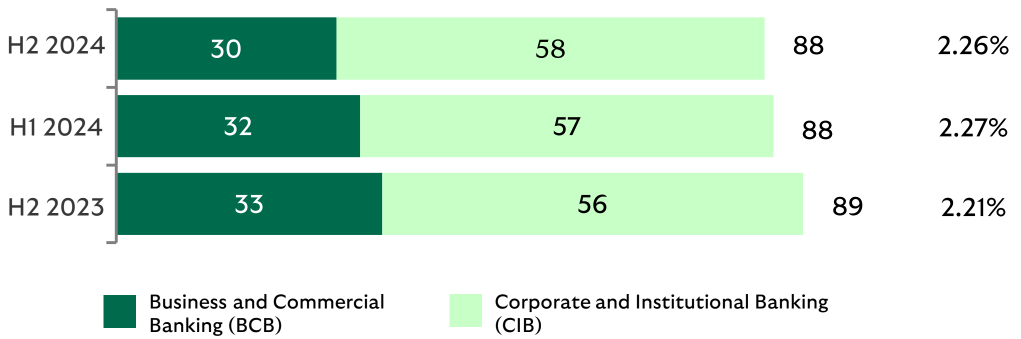
1 - Gross margin is gross customer receivables, less short term funding costs; references SONIA. Chart uses rounded inputs. 2 - Total completion margins include new business and product transfers and is equal to customer rate, plus net customer fees, less the relevant funding rate.

Solid performance in consumer and commercial lending

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



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

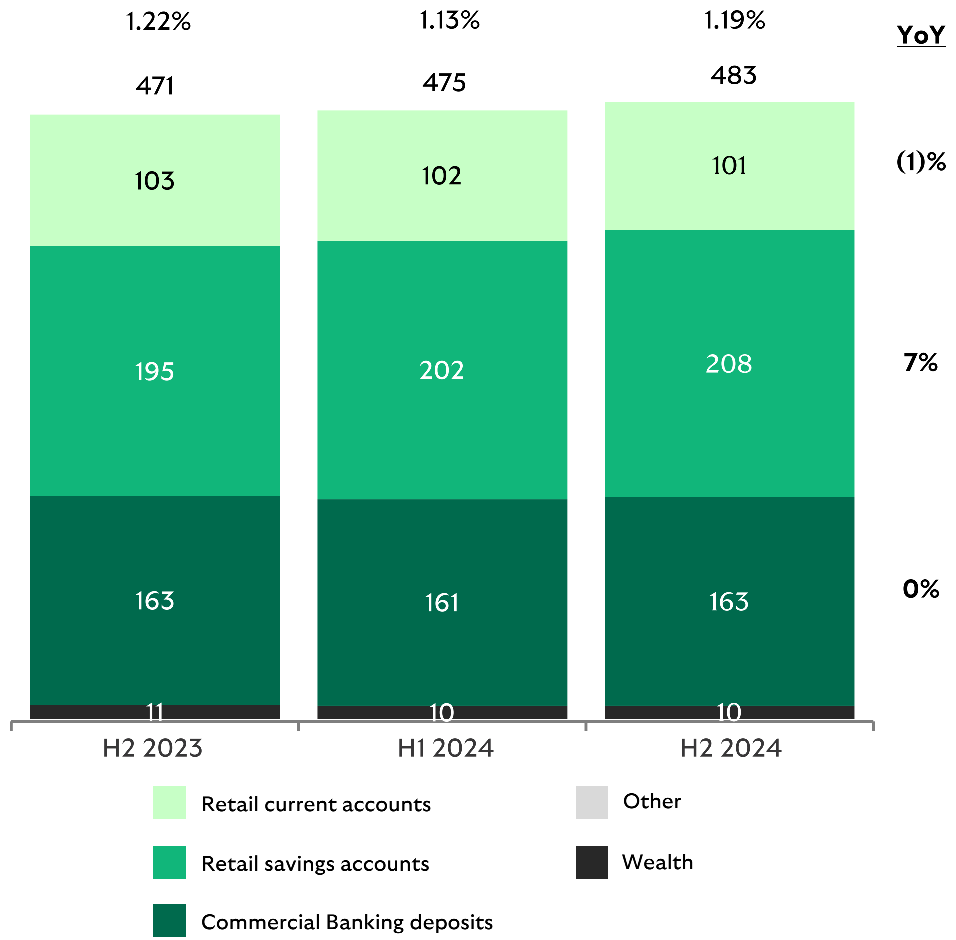


- **Cards, Loans & Motor up £2.8bn in 2024**
  - Unsecured loans up £2.2bn
  - Credit cards up £0.6bn
  - Motor finance stable in Black Horse
- **Commercial Banking down £1.0bn in 2024, up £0.6bn excl. government lending repayments**
  - BCB balances down £3.3bn, including £1.6bn repayments of CBILS/BBLS
  - CIB lending up £2.3bn, with strategic growth in infrastructure

1 - Gross margin is gross customer receivables, less short term funding costs; references SONIA. Chart uses rounded inputs. 2 - H2 2024 includes impact of a cost of funds methodology change, without which the gross margin would be broadly stable on H1 2024. 3 - Includes Black Horse Retail, Fleet and Stocking, as well as Lex finance leases.

Growing customer deposit franchise

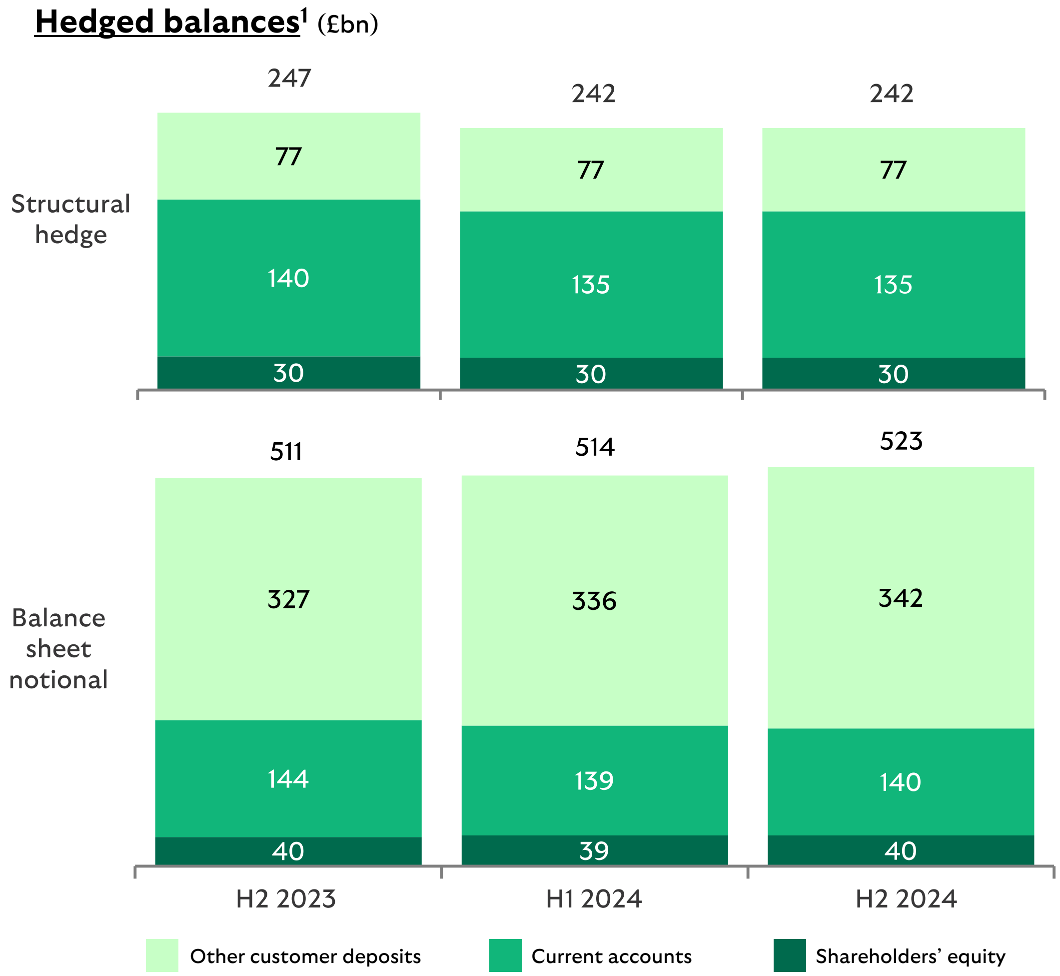
Customer deposits (Book size £bn, Gross margin %[1])



- **Total deposits £482.7bn, up £11.3bn / 2% in 2024**
- **Retail deposits up £11.3bn in 2024**
  - Retail current accounts down £1.4bn / 1% in 2024; growing balance share during the year
  - Retail savings accounts up £13.4bn / 7% in 2024
- **Commercial deposits stable in 2024**
  - BCB up due to targeted growth in Mid-Corporates, offset by an expected Q3 outflow 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.

Strengthening tailwind from the structural hedge

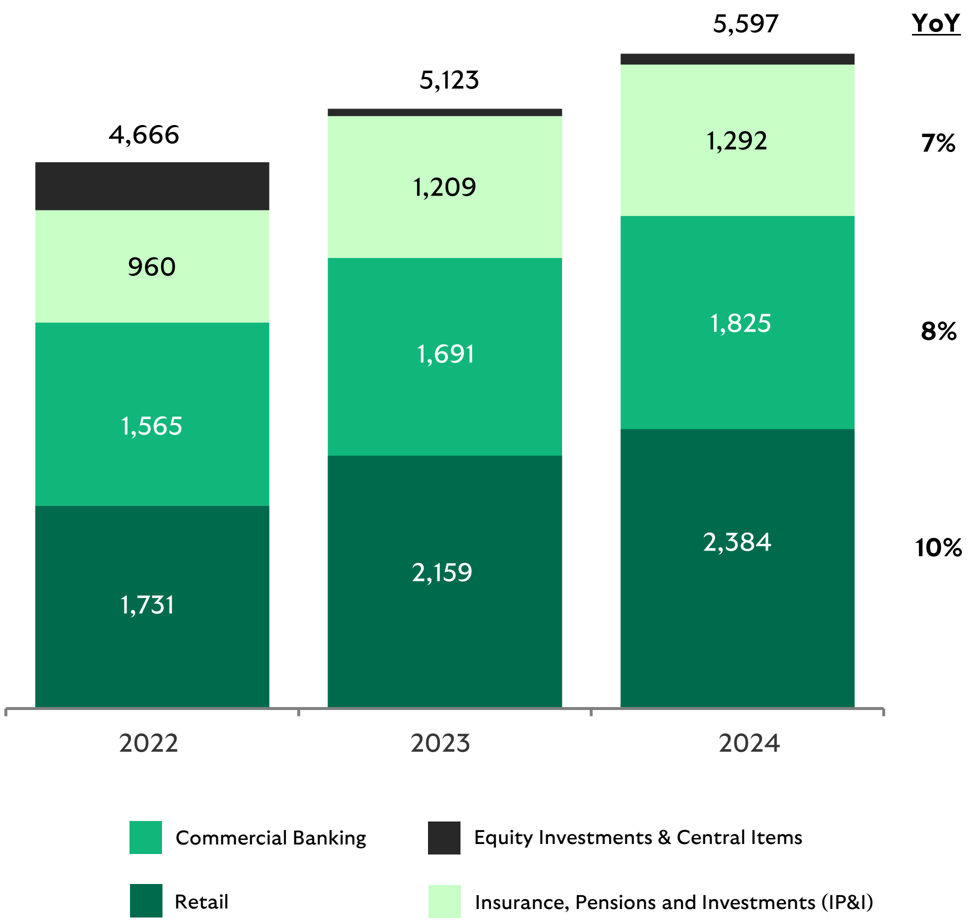


- **Structural hedge notional £242bn, stable in H2**
  - Benefitting from stable current account performance, strong savings growth and easing churn
- **2024 structural hedge earnings of £4.2bn**
- **Stable c.3.5 year weighted average duration**
- **Strong tailwind over 2025-2026**
  - Expect 2025 hedge income c.£1.2bn higher than 2024
  - Expect 2026 hedge income c.£1.5bn higher than 2025

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.

Momentum in other income

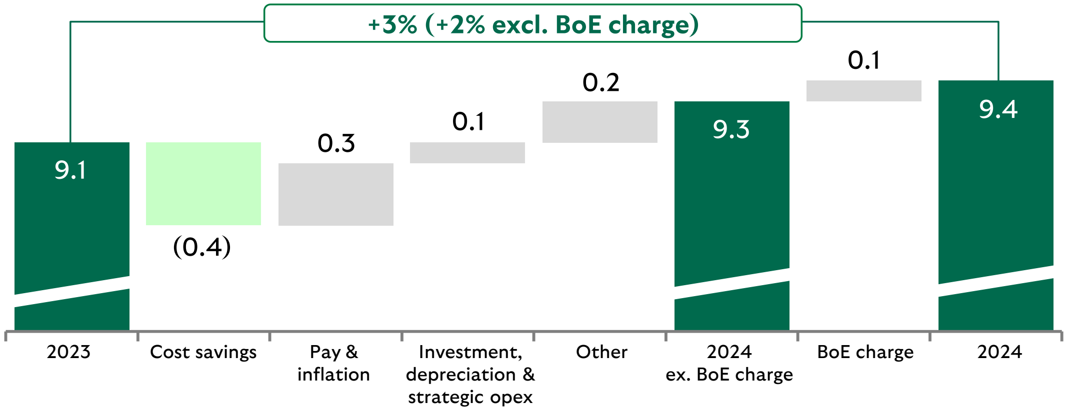
Divisional other income (£m)



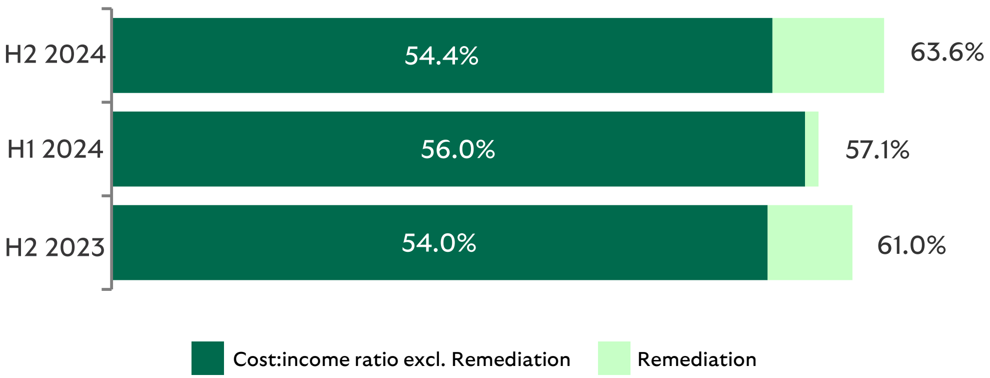
- **OOI £5.6bn in 2024, up 9% YoY; Q4 flat QoQ**
- **Broad based other income momentum in 2024**
  - Retail: Growing Motor and resilient banking income
  - Commercial: Strong Markets performance
  - IP&I: Strong performance in General Insurance, Workplace Pensions and Individual Annuities
  - Equity Investments: Growth in Lloyds Living and LDC
- **Operating lease depreciation £1,325m; Q4 £331m**
  - H2 vehicle prices in line with H1 revaluation expectations
  - 2025 charge to reflect fleet growth and higher value vehicles

Continued discipline on costs

Operating costs (£bn)



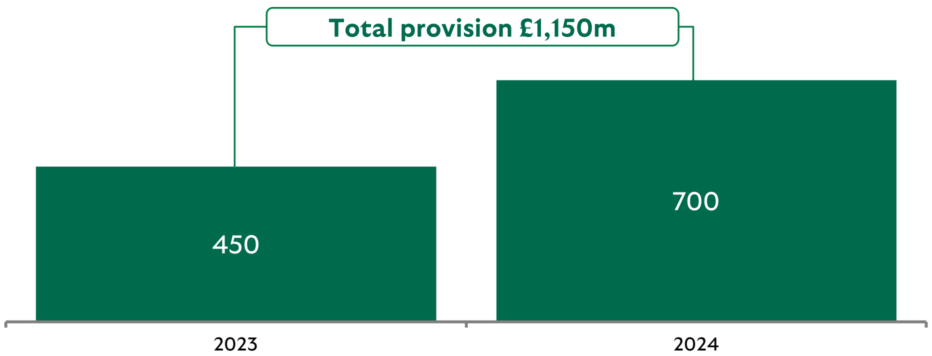
Cost:income ratio (%)



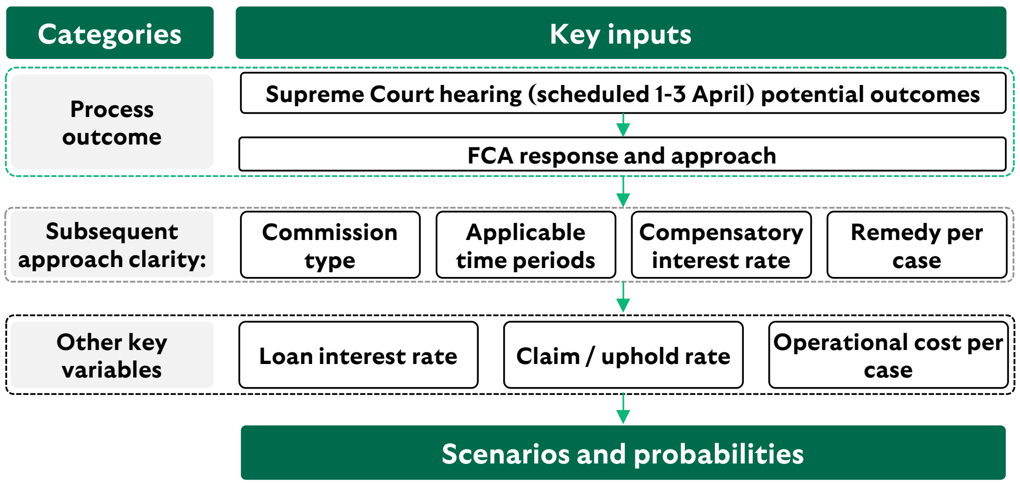
- **2024 operating costs £9.4bn, delivered guidance; reflects BoE charge, strategic investment, inflation and cost saves**
  - Q4 £2.5bn, inc. Bank Levy
- **2024 cost:income 60.4%; 55.2% excl. remediation**
- **Expect 2025 operating costs c.£9.7bn**
  - Includes impact of higher NIC of c.£0.1bn per annum
  - 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**

Motor finance commissions update

Motor finance commissions provision (£m)



Methodology and key assumptions for provision scenarios



- £700m provision in Q4 2024 in relation to potential impact of motor finance commissions
- Reflects Court of Appeal judgment that goes beyond scope of FCA review
- Total motor finance provision now £1,150m, including £450m taken Q4 2023
- Provision includes estimate for operational costs and potential redress, based on multiple scenarios
- Significant uncertainty in relation to final financial impact

Strong asset quality

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Impairment (£m)

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

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

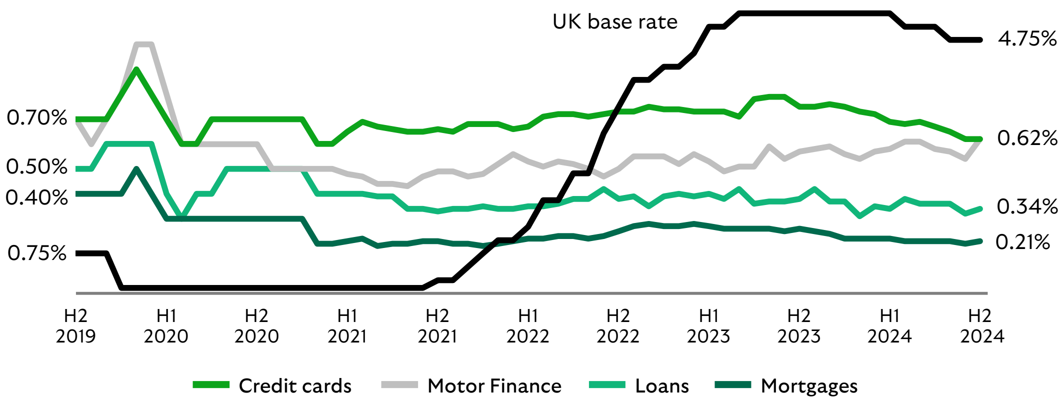
		Stage 1	Stage 2	Stage 3	Total
Dec 2024	Loans and advances	405bn	48bn	9bn	**462bn**
	Coverage	0.2%	2.8%	16.4%	**0.8%**
Dec 2023	Loans and advances	387bn	57bn	10bn	**454bn**
	Coverage	0.3%	3.0%	15.8%	**0.9%**

- **Strong asset quality, with improved credit performance**
  - Arrears either stable or improving
- **2024 impairment charge £433m, AQR 10bps**
  - £827m pre-MES, AQR 19bps; low underlying charge plus release of inflationary judgements
  - £394m total MES release; economic outlook improvements plus revised severe downside scenario
- **Q4 impairment charge £160m, AQR 14bps**
  - £70m MES credit; pre-MES charge £230m / 20bps
- **Stock of ECL £3.7bn, c.£0.4bn above base case**
- **Expect 2025 AQR c.25bps**

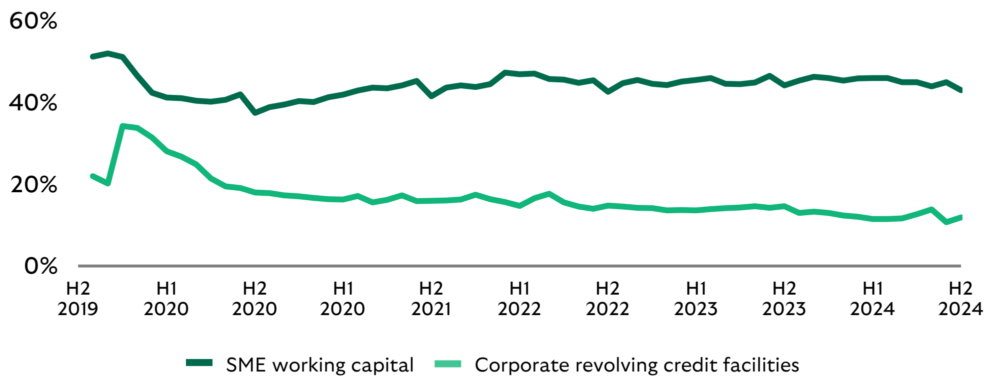
1 - Impairment charges absent the impact from updated economic outlook, thus reflecting only observed movements in credit quality. 2 - Underlying basis. Table uses rounded inputs.

Low risk portfolio, resilient through the cycle

New to arrears and UK Bank Base Rate (3 month rolling average, %)



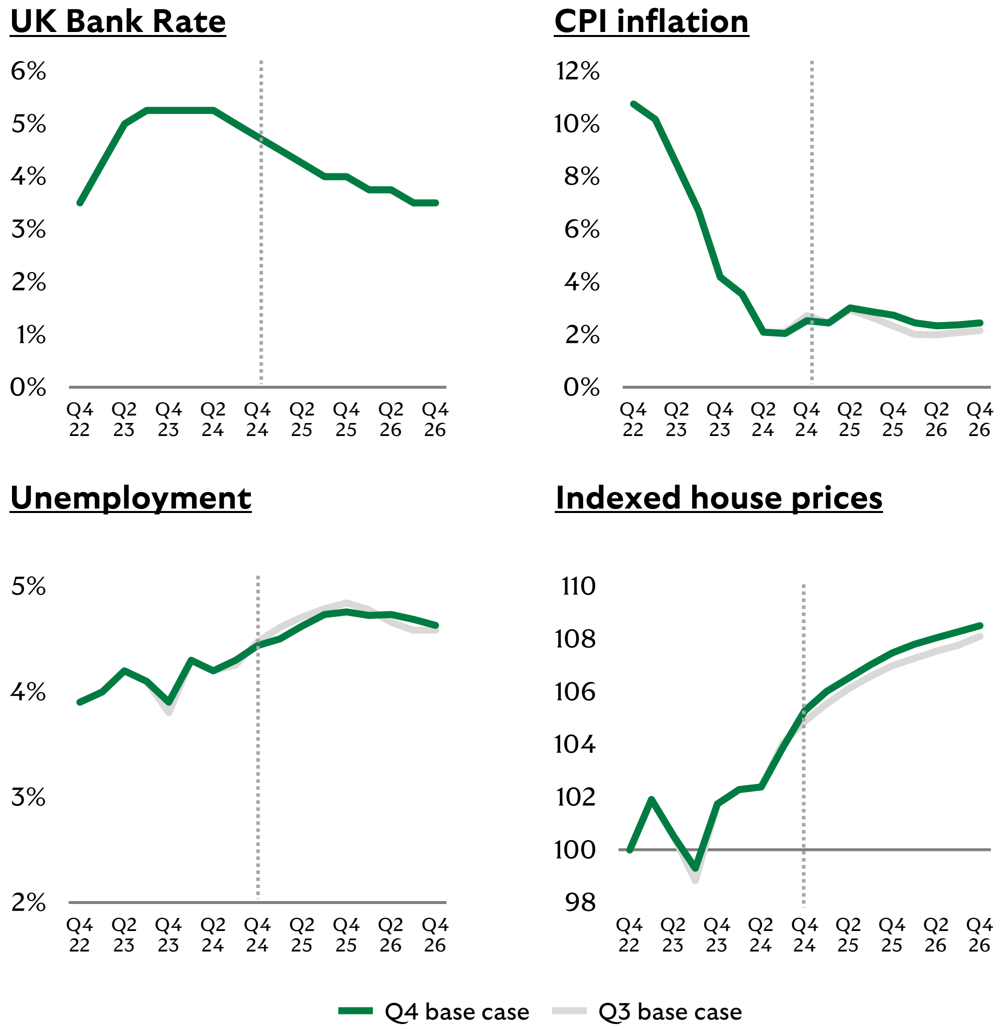
SME working capital[1] and corporate RCF[2] utilisation (%)



- **Very low and improving mortgage book new to arrears and default rates in 2024**
  - Over two thirds of fixed book now on pay rate >3%, with the portfolio tested to much higher rates
  - Average LTV 43.7%
  - Unsecured new to arrears continue to decline
- **Resilient performance in commercial portfolios**
  - Stable SME[1] working capital utilisation; RCF utilisation 10pp below pre-pandemic
- **Significant de-risking across the portfolio**
  - 2006-08 legacy mortgages (£24bn) halved since 2020
  - Net CRE exposure[3] £9.3bn, remains robust; reduced by one third since 2020

1 - Encompasses Overdrafts and Corporate Cards, excludes Business Banking. 2 - Revolving credit facility. 3 - Includes Business Banking.

Updated macroeconomic outlook



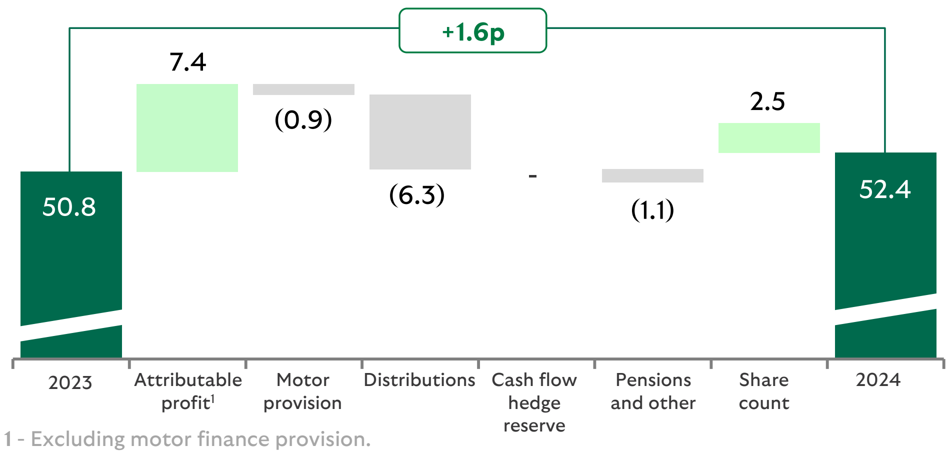
- **Stable economic outlook with minor forecast changes since Q3:**
  - Slightly weaker GDP growth in 2025, forecast at 1.0% (vs. 1.3% previously)
  - Three 25bps cuts in UK Bank Rate in 2025, two cuts in 2026
  - Modest increase in unemployment: average 4.7% in both 2025 and 2026
  - House price growth forecast at c.2% in 2025

Robust return on tangible equity

Statutory profit (£m)

	2024	2023	YoY
Underlying profit	**6,343**	**7,809**	***(19)%***
Restructuring	(40)	(154)	*74%*
Volatility and other items	(332)	(152)	-
Statutory profit before tax	**5,971**	**7,503**	***(20)%***
Tax expense	(1,494)	(1,985)	*25%*
Statutory profit after tax	**4,477**	**5,518**	***(19)%***
Return on tangible equity	12.3%	15.8%	(3.5)pp
Return on tangible equity excluding motor provision	14.0%	16.9%	(2.9)pp

Tangible net asset value per share (pence)

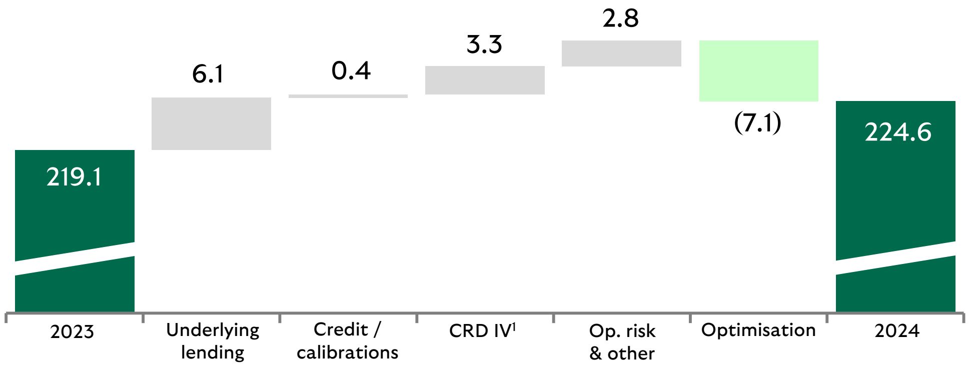


1 - Excluding motor finance provision.

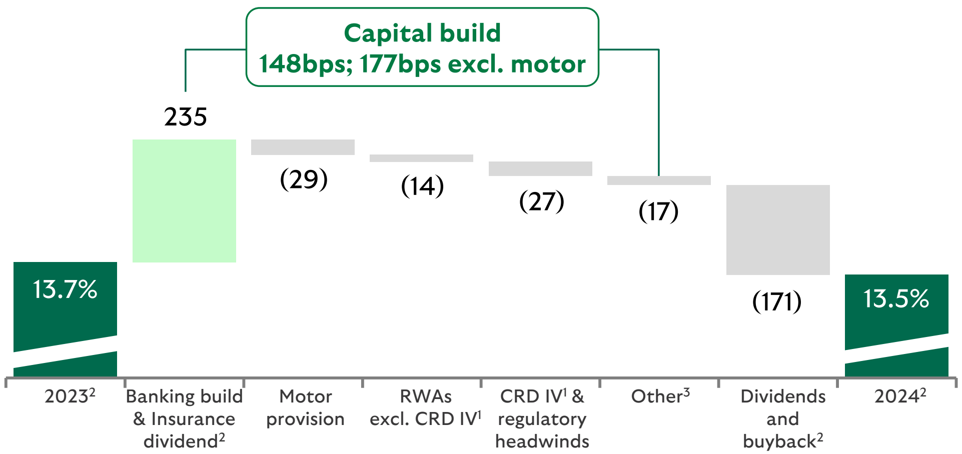
- **2024 RoTE 12.3%; 14.0% excl. motor provision**
- **2024 restructuring charge £40m**
- **Volatility charge £332m; includes rates-driven negative insurance volatility and usual fair value unwind**
- **TNAV 52.4p, up 1.6p in 2024**
  - Profits and reduced share count, offset by distributions
  - Q4 rates impact on CFHR and pension surplus
- **Expect material TNAV per share growth from profits, cash flow hedge reserve unwind and share count reduction**
- **Expect RoTE to be c.13.5% in 2025**

Strong capital generation

Risk weighted assets (£bn)



Common equity tier 1 ratio (%, bps)

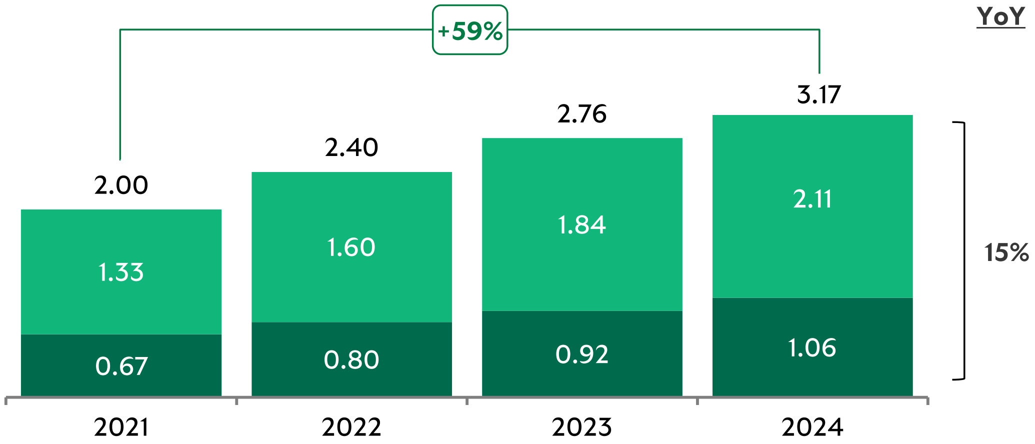


- **RWAs £224.6bn, in line with guidance; up £5.5bn, inc. £1.3bn in Q4**
  - CRD IV: Now expect modestly >£5bn[1] uplift, inc. £3.3bn taken in 2024 (£2.6bn in Q4), subject to PRA review
  - Continued optimisation to offset CRD IV pressures
  - Basel 3.1 moderately positive, but now delayed to 2027
- **Strong 148bps capital generation; 177bps excl. motor provision**
- **Pro forma CET1 ratio 13.5%, in line with guidance**
- **Expect 2025 capital generation to be c.175bps**

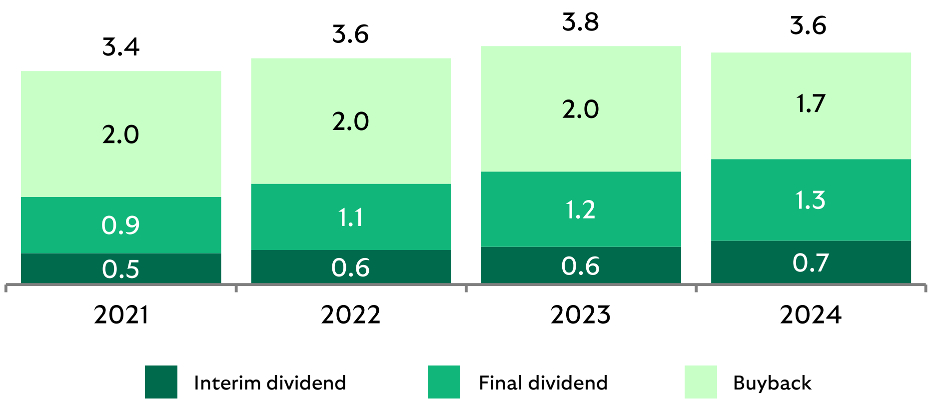
1 - Retail secured CRD IV increases, performing exposures. 2 - Shown on a pro forma basis. 3 - Other includes share-based payments and an FX loss on the USD AT1 redemption.

Strong distributions, with increased final dividend

Dividend per share (p)



Total distributions[1] (£bn)



- **Strong capital generation enables growth in shareholder distributions**
- **Capital return of up to £3.6bn, c.9% market cap[2]**
  - 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.

Confidence in delivering higher, more sustainable returns

	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	

Business and strategic update

Charlie Nunn

Purpose-driven strategy delivering

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

Strategy designed to drive long-term competitive advantage

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	Address strategic opportunities (FY21)	Deliver 2026+ differentiation
Grow	Unlock **balance sheet growth** potential, growing share **Mitigate revenue headwinds** (e.g. reducing SVR book, low yielding structural hedge) **Diversify revenues**, reducing NII reliance	**Market leadership positions** **Growing, diversified revenue sources**
Focus	Reinforce **cost leadership** Mitigate regulatory headwinds through **RWA optimisation** **Reduce claims on capital,** addressing pension deficit	**Sector leading efficiency and capital generation** **De-risked business, enabling strong and growing distributions**
Change	Build future capabilities through **engineering talent** **Modernise technology** to support digital scale Respond to demand for **personalised experiences**	**Digital and technology leader** **Innovation at scale**

Successfully delivered 2022-2024 strategic outcomes

c.80% of 2022-2024 strategic outcomes delivered...

Example progress against targeted outcomes

Grow

c.25%
Growth in digitally active users
Target: >10%

+1.5pp
Increase in credit card spend share
Target: Grow

Focus

>30%
Increase in active customers served per distribution FTE
Target: >10%

>30%
Reduction in office footprint
Target: >30%

Change

>70%
Business Banking and SME new lending decisions automated
Target: 60%

c.50%
Applications on Cloud
Target: 50%[1]

..with clear benefits

£0.8bn
Additional revenues from strategic initiatives

£1.2bn
Gross cost savings

c.£7bn
Pension deficit addressed

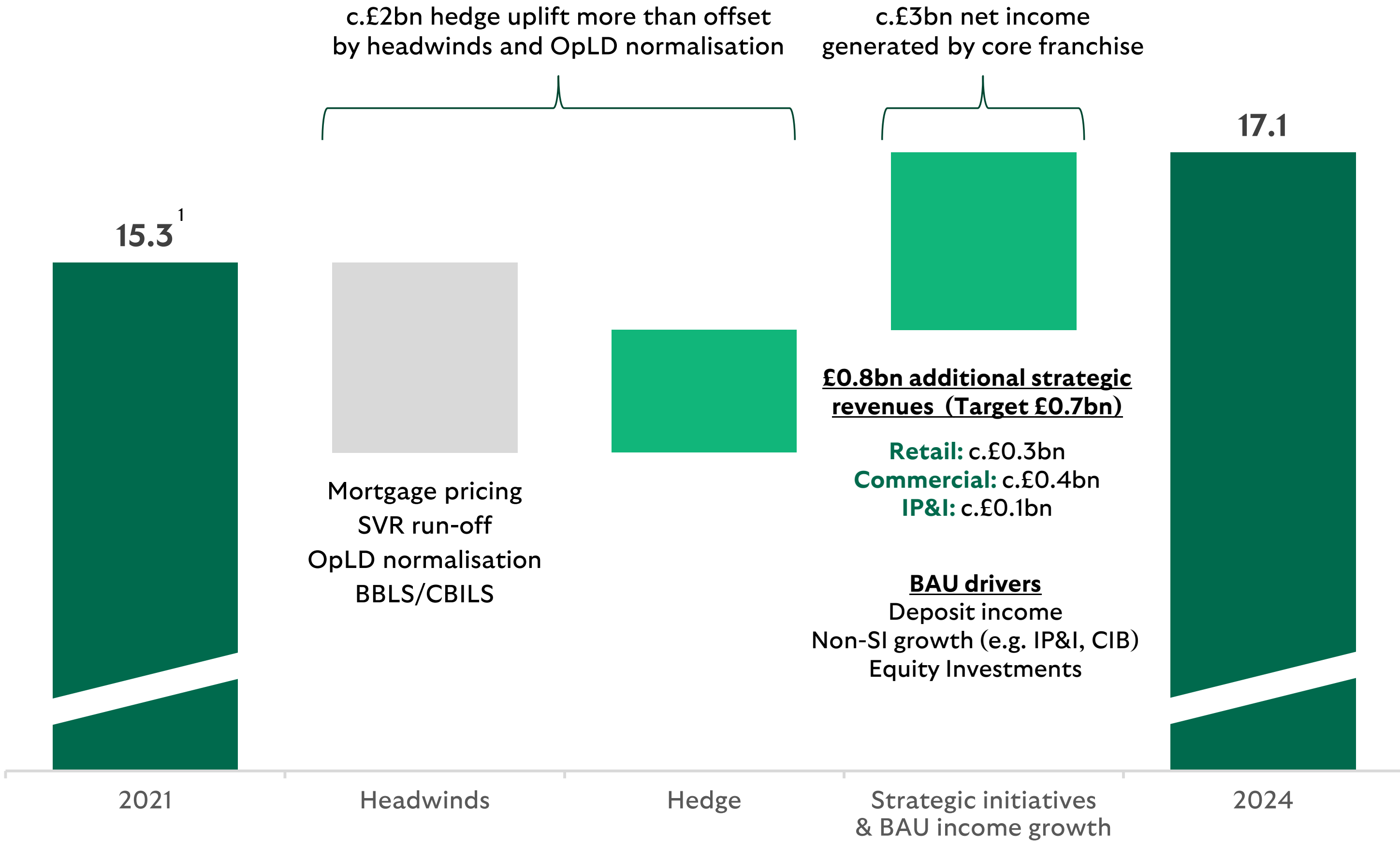
£18bn
3-year gross RWA optimisation

1 - Target increased to 50% from 20% to reflect an expansion of hosting solutions classified as Cloud.

Building momentum across the business

c.£2bn net income growth 2021-24

Net income (£bn)



Diversifying income

11%
3-year OOI CAGR across three main divisions[1]

Retail
14%
3-year OOI CAGR

Commercial Banking
8%
3-year OOI CAGR

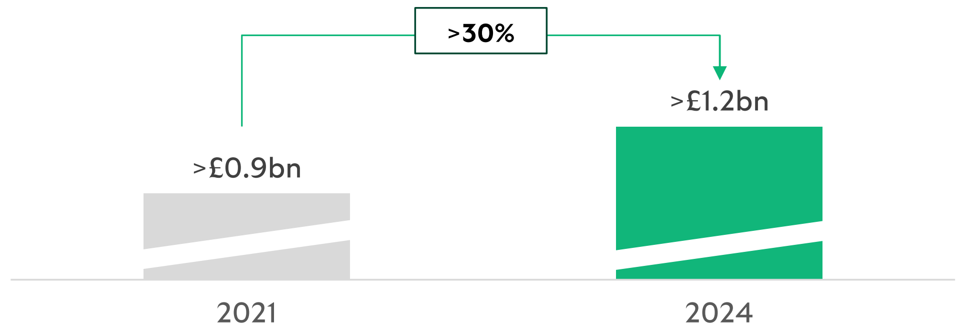
IP&I
11%
3-year OOI CAGR[1]

1 - Adjusted for IFRS17.

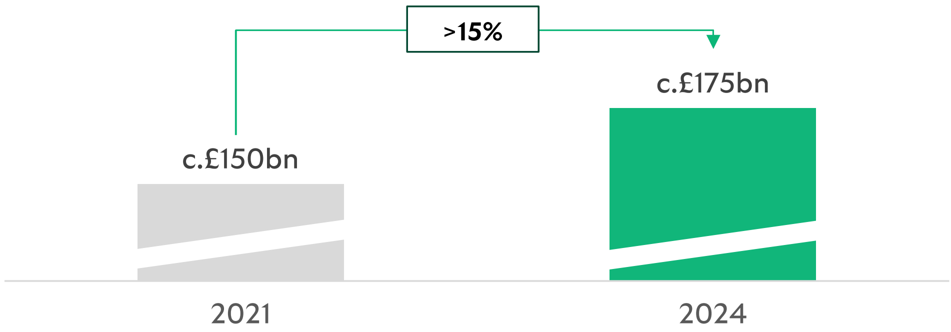
Multiple levers driving revenue growth

Growing the core franchise
Gross mortgage lending market share

Deepening relationships
CIB OOI



Growing in high value areas
Mass Affluent banking balances[1] held by primary active PCA customers



Driving cross-Group collaboration
Protection take-up rate for mortgage customers

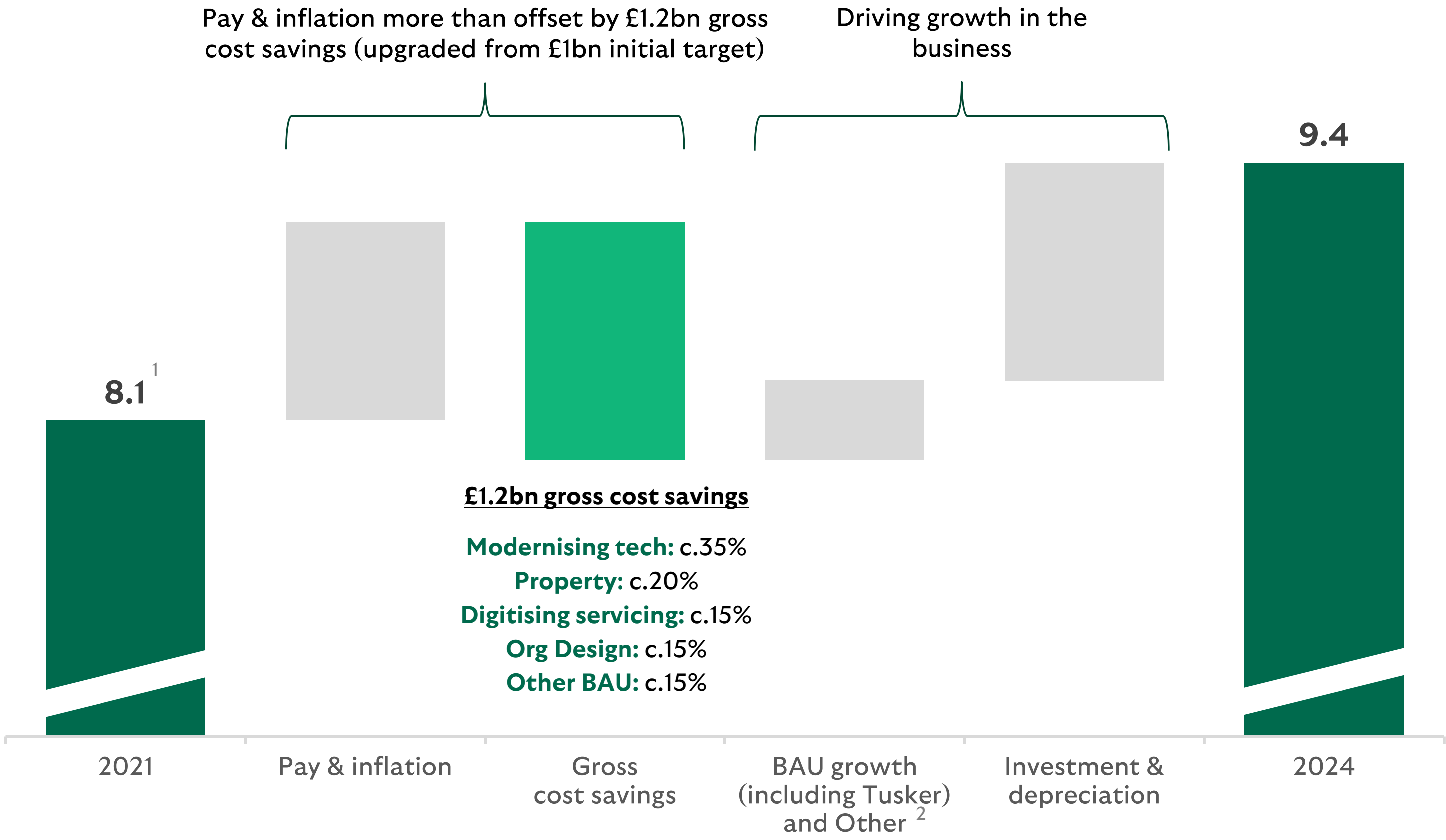
1 - Balances including lending and deposits. Growth includes existing customers who have recently attained the >£75k threshold.

Grow | **Focus** | Change

Strong focus on efficiency, reinforcing cost advantage

£1.2bn gross cost savings mitigating inflation and enabling investment

Operating costs (£bn)



Clear execution

>30%

Increase in active customers served per distribution FTE

>30%

Reduction in data centres

c.20%

Gross reduction in run and change technology costs

>30%

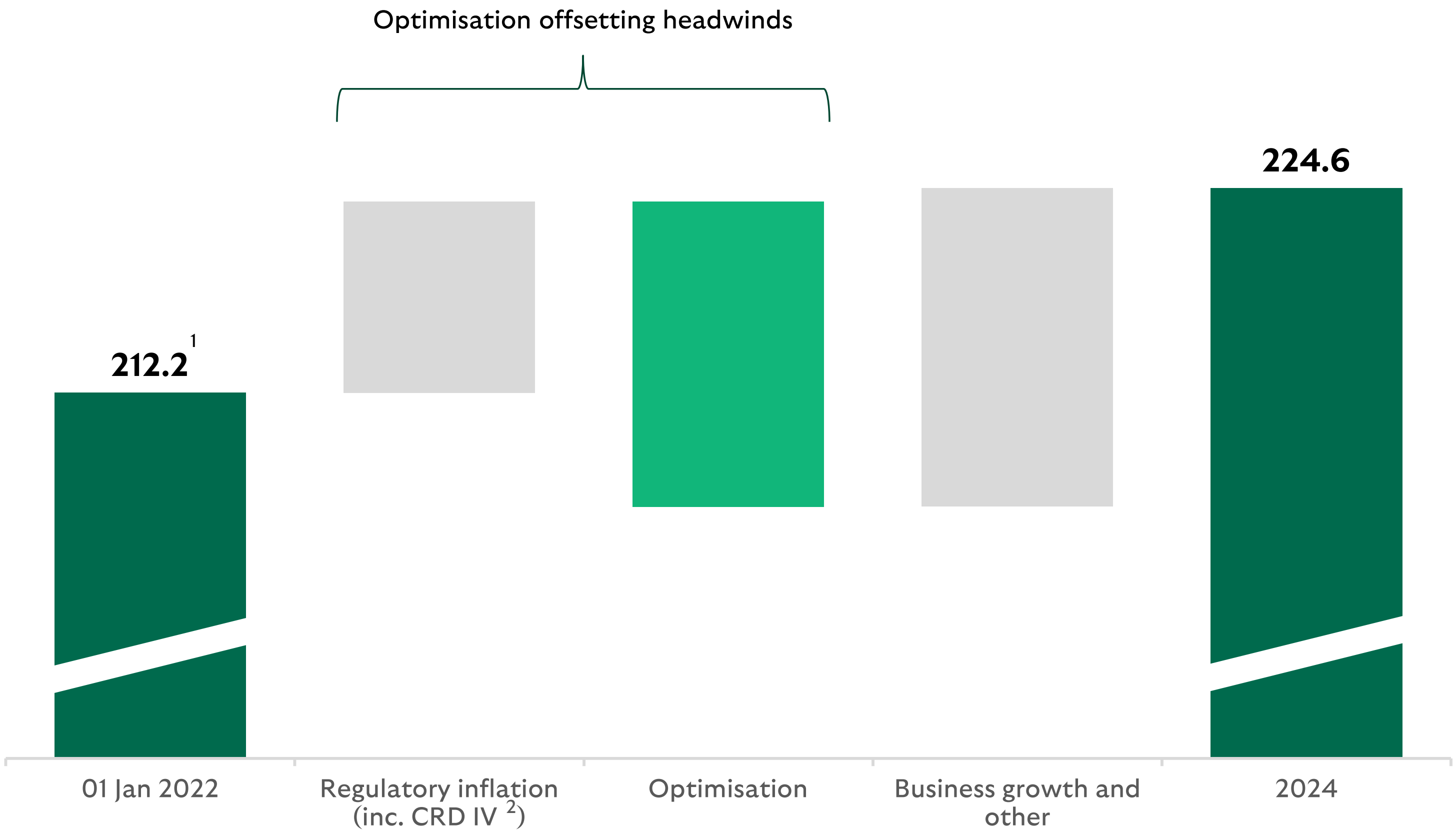
Reduction in office footprint

1 - Adjusted for IFRS17. 2 - Includes BoE Levy and pensions.

Clear approach to capital management

£18bn RWA optimisation offsetting headwinds

RWAs (£bn)



1 - Pro forma for £16bn regulatory inflation. 2 - Retail secured CRD IV increases, performing exposures.

Disciplined approach

£4bn / £7bn / £7bn

2022/23/24 gross RWA optimisation

>1.5pp

Improvement in CIB Income / average RWA

13

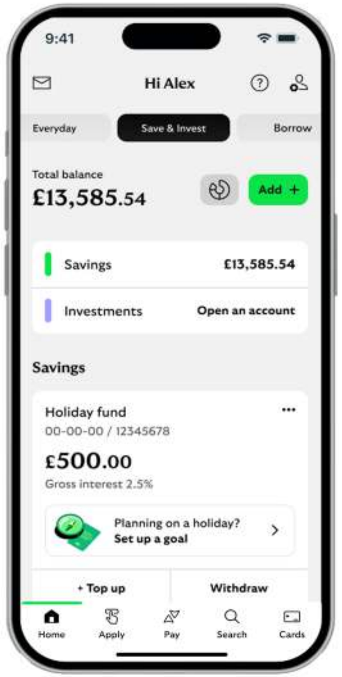
SRT transactions undertaken, from 2022-2024

Extending digital leadership across the Group

Delivering best-in-class digital experiences to drive engagement in all businesses

Consumer

Refreshed mobile app rolled out H2 2024



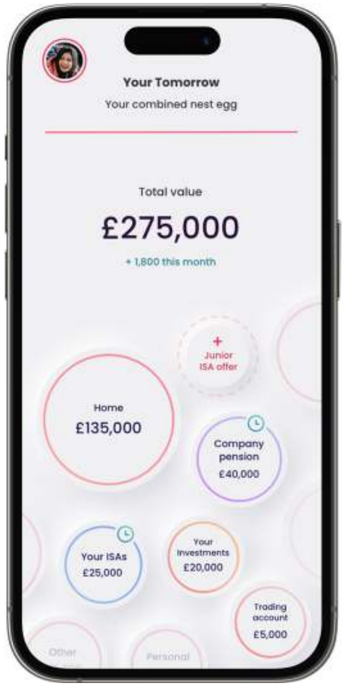
20.2m users; up **c.40%** vs. 2021

>6bn annual logons; up **c.50%** vs. 2021

>75% of product openings; **+20pp** vs. 2021

IP&I

Refreshed Scottish Widows app rolled out H1 2024



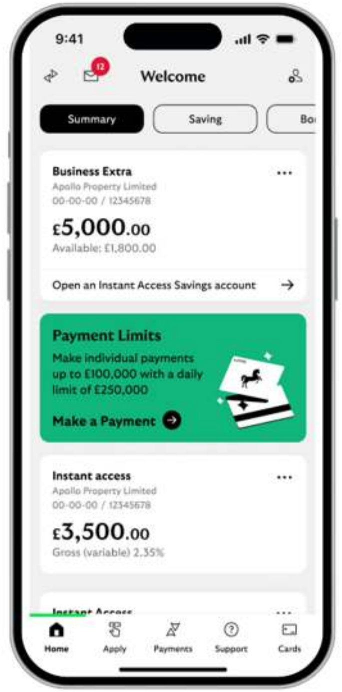
>400k app users to date

c.8m logons to date

c.60% interacting regularly

BCB

Refreshed mobile app rolled out H2 2024



>550k mobile active businesses

App log-ons up **>50%** since 2021

>50% growth in digital product openings[1]

1 - By existing clients. 2024 YoY.

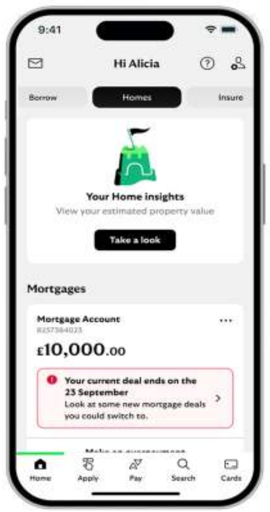
Investment in enablers supporting increased innovation

Delivering innovative propositions across the Group

2022 → 2024

Your Credit Score	Home Hub ecosystem	Tusker acquired	Ready-Made Investments	BCA digital origination	Lloyds Bank Market Intelligence	Ready-Made Pensions	Scottish Widows app	Refreshed consumer app	CIB digital FX	Whole of market SIPP

Leveraging technology and data to drive improved customer outcomes



Home Hub ecosystem

c.4m total visits in 2024; **c.320k** per month

c.10pp higher Product Transfer engagement

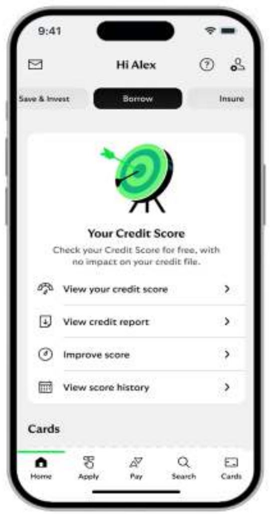
c.15% residential refinancing through Home Hub; **£6bn** balances retained in 2024

Ready-Made Investments

c.45k accounts opened to date

c.40% customers <35; **c.40%** contributing regularly

c.4x increase in AuA in 2024



Your Credit Score

>**11m** users

>**780k** credit score improvements in 2024

+**15pp** loans conversion rate increase[1]

>**£700m** direct mortgage applications

BCA digital origination

c.30k customers onboarded to date

Up to 15x reduction in BCA opening times

c.60% reduction in unit costs[2]

1 - Increase in loans conversion following sharing of income and expenditure data. 2 - From new BCA origination journey case study – April 2024.

Second phase of strategy will accelerate our transformation

LLOYDS BANKING GROUP

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

Deepening consumer relationships

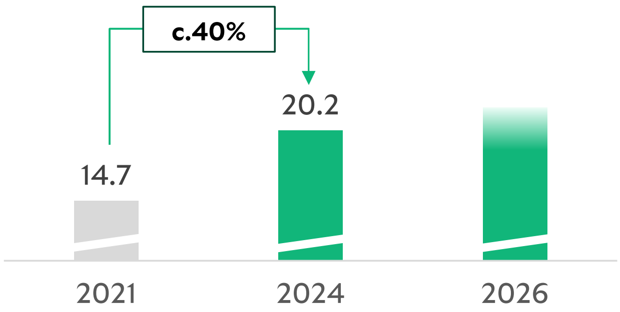
Building on strengths…

28m	£320bn	#1	#1
Customers	Customer deposits	Largest UK digital bank – 22.7m digitally active users	PCA balance share

…to deepen relationships through market-leading, mobile-first and personalised experiences

Driving digital engagement

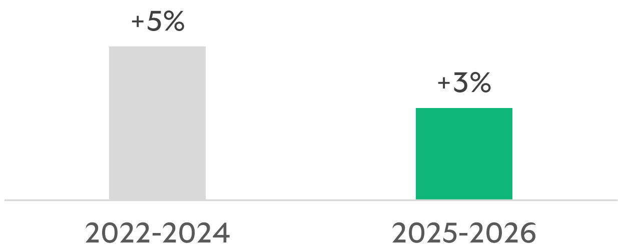
Mobile app users (m)



Leveraging digital leadership position with **mobile-first shift**, increasing active customers served per distribution FTE by **c.50%** in 2026 vs. 2021

Deepening customer relationships

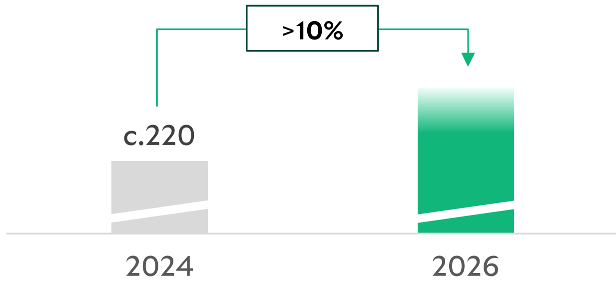
Increase in depth of relationship[1]



Building on strong deposit franchise as foundation for **deepening relationships**, supported by personalised propositions

Growing in high-value areas

Mass Affluent total relationship balances (£bn)[2]



Enhancing **Mass Affluent** proposition with new **PCA** offering and exploring unique GenAI money management tools

1 - Customers retained from beginning of the respective periods. Relates to product holdings, for franchise customers with active relationship. 2 – Banking balances and investment AUA (across Retail and IP&I) based on >£75k mass affluent threshold.

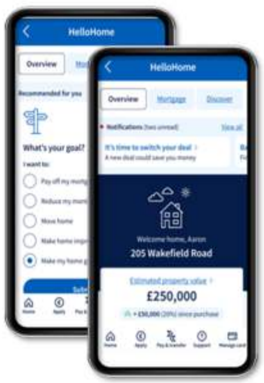
Creating differentiated Retail lending propositions

Building on strengths…

£372bn	**#1**	**#1**	**#1**
Customer loans	Mortgage share	Credit cards and loans share	UK vehicle financing and leasing provider[1]

…to deliver market leading digital journeys, expanded propositions and impactful new ecosystems

Enhancing Homes proposition

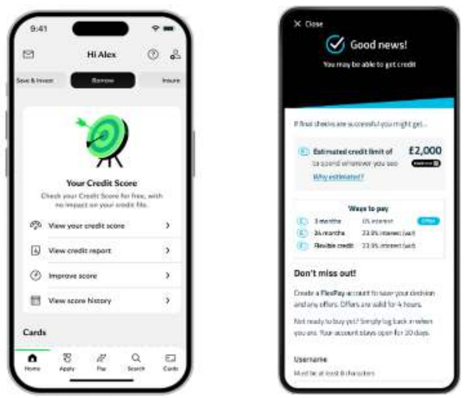


c.£8.5bn mortgage balances retained through Homes ecosystem in 2026

Reinforcing leadership position with improvements across all channels, including **Homes ecosystem**

Growing in **high-value areas** (e.g. Mass Affluent)

Expanding unsecured offering

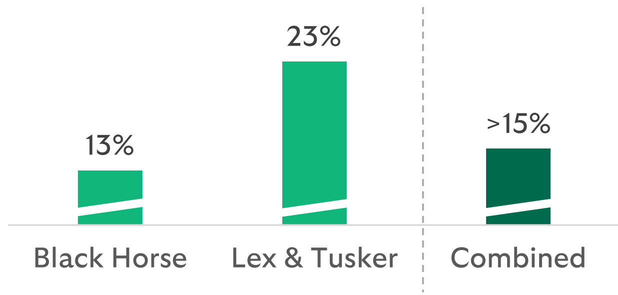


Scaling **innovative, digital-first propositions** (e.g. Black Horse FlexPay, Your Credit Score)

Growing **credit card spend share**

Maintaining transport strength

2024 financing and leasing market shares (flow)[2]



Maintaining **>15%** share, leveraging new capabilities (>2x Tusker fleet growth since acquisition) and **digital ecosystem**

1 - Bank providers. 2 - Source: FLA, SMMT. Flow shares.

Transforming engagement to drive IP&I growth

Building on strengths...

10m
IP&I customers

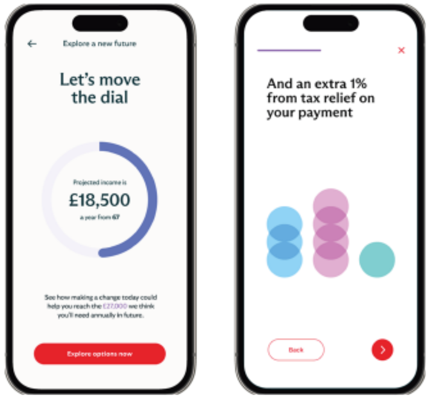
£5.0bn
Deferred profit, with strong value generation

#1
Home Insurance share

#2
Workplace and Individual annuities share

...to deliver innovative digital solutions and expanded propositions, driving deeper Group relationships

Driving unique digital engagement



Scaling **digital waterfront** to **>1.5m** customers, meeting more needs with personalised experiences

Embedding IP&I solutions within **banking app**

Increasing bank customer penetration

Protection market share ranking

2021: #9

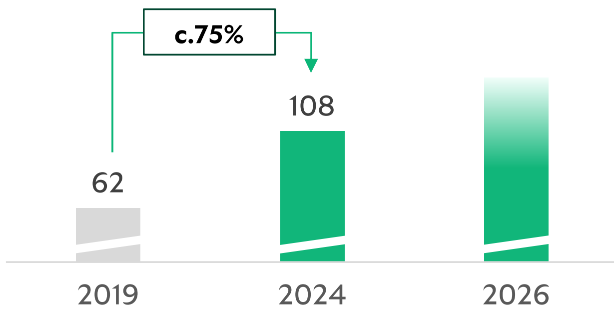
2025: Top-3

Growing share through strong **brand presence** and integrated **customer journeys**

Top-3 protection provider by 2025; **maintain** Home Insurance market share

Growing Workplace franchise

Workplace AUA (£bn)



Increasing **Group connectivity** and delivering **leading customer experience** to unlock growth

Digitising and diversifying in BCB

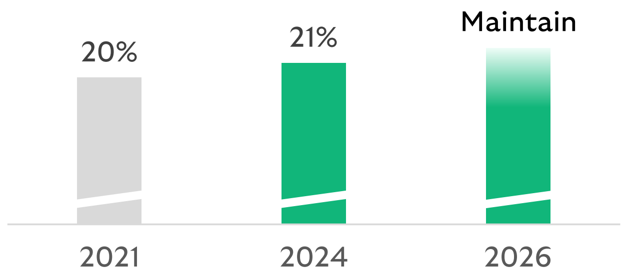
Building on strengths...

>1m	£78bn	c.20%	>20%
Customers	Customer deposits	SME relationship share[1]	3-year average RoTE

...to build the best digitally-led relationship bank, meeting broader customer needs

Retaining deposit strength

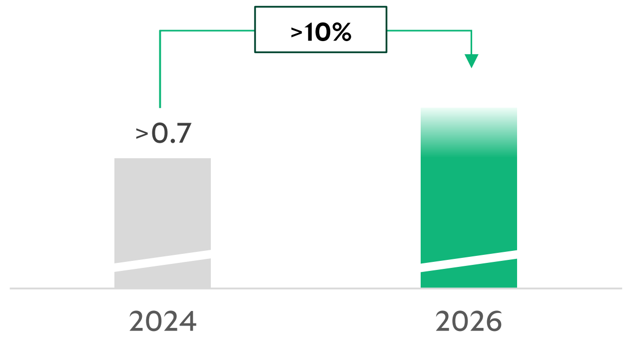
Small business deposit market share[2]



Maintaining deposit share as a relationship anchor, supported by augmented digital/relationship model

Growing in valuable sectors

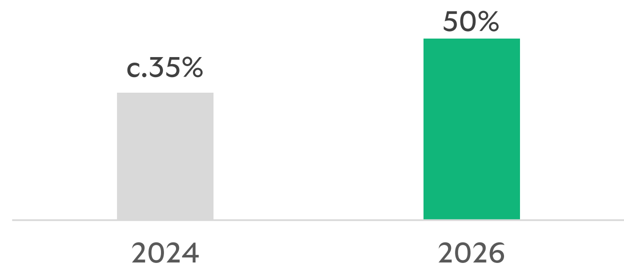
Transaction banking and working capital income (£bn)



Delivering growth in **valuable sectors** that have **broader needs** (e.g. transaction banking, merchant services) through clear focus and targeted solutions

Scaling digital servicing

Proportion of key servicing interactions digitised



Improving experience and **lowering unit costs** through streamlined journeys, including targeted **GenAI** usage

1 - Source: Experian - businesses reporting LBG as main banker, turnover £3m - £25m (excludes Charities, Clubs and Societies). 2 - UK Finance - businesses with <£25m turnover. As at Q3 2024.

25-26 priorities – Commercial Banking

Delivering diversification through growth in CIB

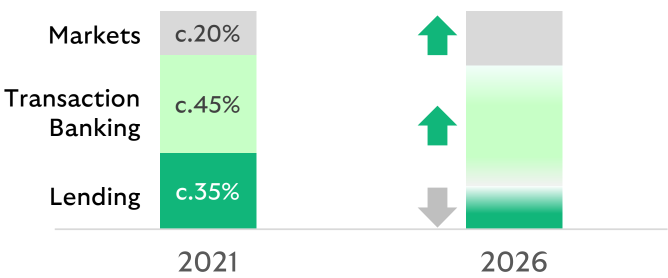
Building on strengths...

#1	#2	Top-3	c.25%
UK Infrastructure and Project Finance provider	GBP Interest Rate Swap ranking (FY24)	Sterling DCM provider	Group OOI contribution

...to deliver the bank of choice for cash-debt-risk solutions, with increased balance sheet discipline

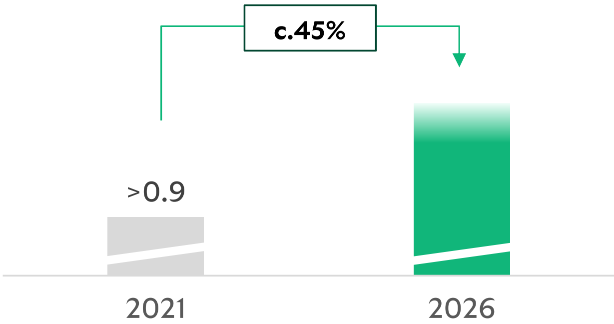
Becoming a broader solution provider

CIB income mix



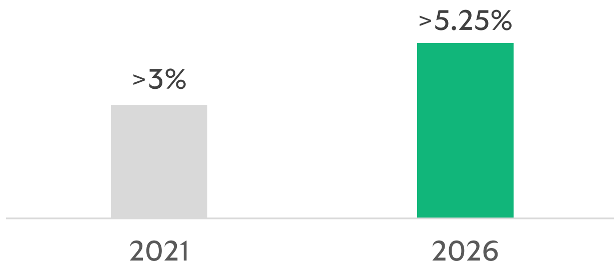
Driving OOI momentum

CIB OOI (£bn)



Retaining capital discipline

CIB income/average RWA



Becoming a broader solution provider within **cash-debt-risk** offering, meeting more **Transaction Banking** and **Markets** needs, both domestically and across US/European footprint

Extending UK **sustainable financing** leadership position, providing **c.£45bn** of funding by 2026[1]

Extending **originate-to-distribute** and expanded **institutional coverage,** enabling improved capital efficiency

1 - Cumulative from 2022.

Progressing towards a technology step change

LLOYDS BANKING GROUP

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)

Driving technology leadership

...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

Delivering an enhanced financial performance

Unlocking higher, more sustainable returns in second phase

2022-2024

c.£2bn net income growth despite headwinds

£1.2bn gross cost savings, mitigating investment and inflationary pressures

£18bn RWA optimisation, growing SRT capabilities

Growing returns and **distributions**

2025-2026

Significant income upside, with reducing headwinds

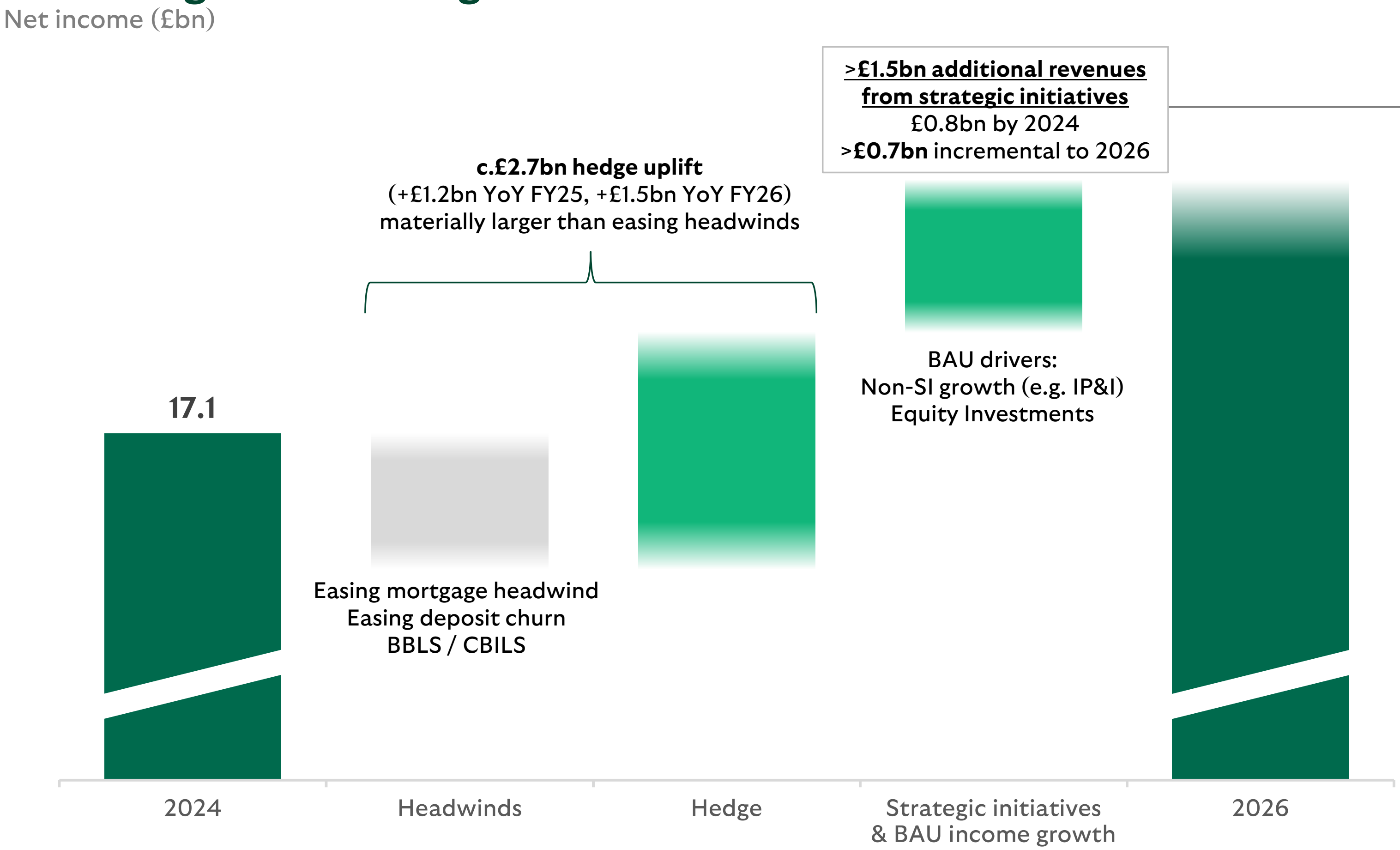
Additional gross cost savings, driving sector leading operating leverage

Increased capital generation, with reduced claims

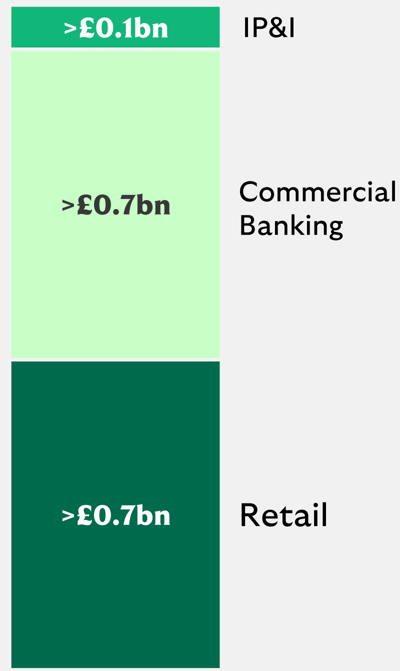
Higher, more sustainable returns and **distributions**

Significant revenue upside in second phase

Delivering net income growth to 2026…



…supported by strategic revenues



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

Higher, more sustainable returns and capital generation

2026 guidance

Growing and **diversifying revenues…**

…**enhancing cost** and **capital efficiency…**

…to deliver **higher, more sustainable returns** and **capital generation**

>£1.5bn	Additional revenues from strategic initiatives
50:50	NII:OOI split across strategic revenues
<50%	Cost:Income ratio
c.13.0%	CET1 ratio
>15%	Return on Tangible Equity
>200bps	Capital generation

Q&A

Appendix

Quarterly P&L and key ratios

(£m)	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Net interest income	3,276	3,231	3,154	3,184	3,317	3,444	3,469	3,535
Other income	1,433	1,430	1,394	1,340	1,286	1,299	1,281	1,257
Operating lease depreciation	(331)	(315)	(396)	(283)	(371)	(229)	(216)	(140)
Net income	4,378	4,346	4,152	4,241	4,232	4,514	4,534	4,652
Operating costs	(2,450)	(2,292)	(2,298)	(2,402)	(2,486)	(2,241)	(2,243)	(2,170)
Remediation	(775)	(29)	(70)	(25)	(541)	(64)	(51)	(19)
Total costs	(3,225)	(2,321)	(2,368)	(2,427)	(3,027)	(2,305)	(2,294)	(2,189)
Underlying profit before impairment	1,153	2,025	1,784	1,814	1,205	2,209	2,240	2,463
Impairment (charge)/credit	(160)	(172)	(44)	(57)	541	(187)	(419)	(243)
Underlying profit	993	1,853	1,740	1,757	1,746	2,022	1,821	2,220
Restructuring	(19)	(6)	(3)	(12)	(85)	(44)	(13)	(12)
Volatility and other items	(150)	(24)	(41)	(117)	114	(120)	(198)	52
Statutory profit before tax	824	1,823	1,696	1,628	1,775	1,858	1,610	2,260
Statutory profit after tax	700	1,333	1,229	1,215	1,234	1,420	1,223	1,641
Net interest margin	2.97%	2.95%	2.93%	2.95%	2.98%	3.08%	3.14%	3.22%
Average interest earning assets	£455bn	£451bn	£449bn	£449bn	£453bn	£453bn	£453bn	£454bn
Cost:income ratio	73.7%	53.4%	57.0%	57.2%	71.5%	51.1%	50.6%	47.1%
Asset quality ratio	0.14%	0.15%	0.05%	0.06%	(0.47)%	0.17%	0.36%	0.22%
Return on tangible equity	7.1%	15.2%	13.6%	13.3%	13.9%	16.9%	13.6%	19.1%
Tangible net asset value per share	52.4p	52.5p	49.6p	51.2p	50.8p	47.2p	45.7p	49.6p

Updated economic scenarios

Scenario	ECL (£m)	Measure (%)	2024	2025	2026	2027	2028	*Ave. 24-28*
Upside (30%)	**2,634**	GDP	0.8	1.9	2.2	1.5	1.4	1.6
		Unemployment rate	4.3	3.5	2.8	2.7	2.8	3.2
		HPI growth	3.4	3.7	6.5	6.6	5.4	5.1
		CRE price growth	0.7	7.8	6.7	3.2	0.5	3.7
		UK Bank Rate	5.06	4.71	5.02	5.19	5.42	5.08
		CPI inflation	2.6	2.8	2.6	2.9	3.0	2.8
Base case (30%)	**3,204**	GDP	0.8	1.0	1.4	1.5	1.5	1.2
		Unemployment rate	4.3	4.7	4.7	4.5	4.5	4.5
		HPI growth	3.4	2.1	1.0	1.4	2.4	2.0
		CRE price growth	0.7	0.3	2.5	1.9	0.0	1.1
		UK Bank Rate	5.06	4.19	3.63	3.5	3.5	3.98
		CPI inflation	2.6	2.8	2.4	2.4	2.2	2.5
Downside (30%)	**4,159**	GDP	0.8	(0.5)	(0.4)	1.0	1.5	0.5
		Unemployment rate	4.3	6.0	7.4	7.4	7.1	6.4
		HPI growth	3.4	0.6	(5.5)	(6.6)	(3.4)	(2.4)
		CRE price growth	0.7	(7.8)	(3.1)	(0.9)	(2.3)	(2.7)
		UK Bank Rate	5.06	3.53	1.56	0.96	0.68	2.36
		CPI inflation	2.6	2.8	2.3	1.8	1.2	2.1
Severe downside (10%)	**6,515**	GDP	0.8	(1.9)	(1.5)	0.7	1.3	(0.1)
		Unemployment rate	4.3	7.7	10.0	10.0	9.7	8.4
		HPI growth	3.4	(0.8)	(12.4)	(13.6)	(8.8)	(6.7)
		CRE price growth	0.7	(17.4)	(8.5)	(5.5)	(5.7)	(7.5)
		UK Bank Rate – adj.	5.06	4.03	2.7	2.23	1.95	3.19
		CPI inflation – adj.	2.6	3.6	2.1	1.4	0.8	2.1
Probability weighted	**3,651**							

Low mortgage LTVs

	December 2024[1]				2023[1]	2010[1]
	Mainstream	Buy to let	Specialist	Total	Total	Total
Average LTVs	43.2%	47.4%	33.2%	43.7%	43.6%	55.6%
New business LTVs	64.1%	56.4%	N/A	63.2%	61.7%	60.9%
≤80% LTV	86.2%	99.7%	96.8%	88.4%	89.3%	57.0%
>80–90% LTV	11.9%	0.1%	1.2%	10.0%	7.8%	16.2%
>90–100% LTV	1.8%	0.1%	0.9%	1.5%	2.8%	13.6%
>100% LTV	0.1%	0.1%	1.1%	0.1%	0.1%	13.2%
Value >80% LTV	£36.1bn	£0.1bn	£0.1bn	£36.3bn	£33.0bn	£146.6bn
Value >100% LTV	£0.2bn	-	-	£0.2bn	£0.3bn	£44.9bn
Gross lending	£261.7bn	£48.0bn	£3.6bn	£313.3bn	£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.

Strong progress on 2022-2024 strategic outcomes (1/2)

All outcomes relate to 2024 vs. 2021 position unless otherwise stated

	Measure	Targeted outcome	Achieved
Retail	Depth of Relationship[1]	>5% increase	✓
	Digitally active customers	>10% increase	✓
	Customers served per distribution FTE	>10% increase	✓
	Credit card spend market share	Grow	✓
	New lending for EPC A/B mortgages	£10bn	✓
	Financing for Electric Vehicles and Plug-in Hybrid Electric Vehicles	£8bn	✓
	Number of Mass Affluent PCA customers	Grow	✓
	Total banking balances for Mass Affluent	>£5bn incremental	✓
	Net flows into Mass Affluent investment propositions	>£7bn incremental	✗
IP&I	Investment & Retirement open book net flows	>£55bn	✗
	Investment in climate aware strategies	£20bn-£25bn	✓

1 - Reflects progress against retained customers from 2021 baseline.

Strong progress on 2022-2024 strategic outcomes (2/2)

All outcomes relate to 2024 vs. 2021 position unless otherwise stated

	Measure	Targeted outcome	Achieved
Commercial Banking	Mid-sized SME Transaction Banking and Working Capital income	>15% growth	✗
	Growth in new Merchant Services clients	20% growth p.a.	✗
	BB & SME share of products originated & fulfilled digitally	>50%	✓
	BB & SME new lending decisions automated	60%	✓
	Increase in CIB OOI	>20%	✓
	GBP interest rate swap ranking; deepen FX share of wallet	Top 5	✓
	CIB net RWA growth	<£3bn	✓
	CIB sustainable financing	£15bn	✓
Group enablers	Gross reduction in run and change technology costs	15%	✓
	Reduction in legacy technology applications	>15%	✓
	Applications on Cloud[1]	50%	✓
	Employee Engagement Index	Improve	✗
	Office footprint reduction	>30%	✓

1 - Target increased to 50% from 20% to reflect an expansion of hosting solutions classified as Cloud.

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