# Q1 2025 Results

## Fixed Income Presentation

Lloyds Banking Group

1 May 2025

# Leading UK digital bank and integrated financial services provider

## Lloyds Banking Group

### Retail

#### Consumer Relationships

- Current accounts
- Savings accounts
- Mass affluent proposition

#### Consumer Lending

- Mortgages
- Credit cards
- Personal loans
- Motor finance

### Commercial

#### Business & Commercial Banking

- Business loans
- Transactional banking
- Working capital
- Merchant services

#### Corporate & Institutional Banking

- Lending & debt capital markets
- Cash liquidity
- Risk management

### Insurance, Pensions & Investments

- Home, motor, and pet protection
- Workplace pensions, direct to consumer pensions, retirement
- Ready-Made investments, Sharedealing

# Confident in our outlook

**Purpose**

**Helping Britain Prosper**

Purpose driven strategy delivering for customers and wider stakeholders

Sustained strength in financial performance

Confident in 2025 and 2026 guidance

# Financial Update

# Sustained strength in financial performance

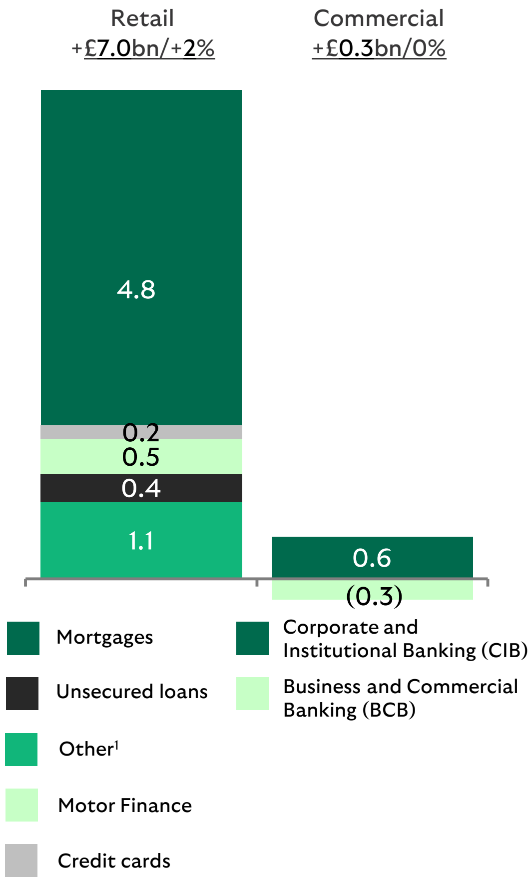
**Financial performance** (£m)

| | Q1 2025 | Q4 2024 | *QoQ %* | Q1 2024 | *YoY %* |
|---|---|---|---|---|---|
| Net interest income | 3,294 | 3,276 | *1* | 3,184 | *3* |
| Other income | 1,452 | 1,433 | *1* | 1,340 | *8* |
| Operating lease depreciation | (355) | (331) | *(7)* | (283) | *(25)* |
| **Net income** | **4,391** | **4,378** | **-** | **4,241** | ***4*** |
| Operating costs | (2,550) | (2,450) | *(4)* | (2,402) | *(6)* |
| Remediation | - | (775) | | (25) | |
| **Total costs incl. remediation** | **(2,550)** | **(3,225)** | ***21*** | **(2,427)** | *(5)* |
| **Underlying profit before impairment** | **1,841** | **1,153** | ***60*** | **1,814** | *1* |
| Impairment charge | (309) | (160) | *(93)* | (57) | |
| **Underlying profit** | **1,532** | **993** | ***54*** | **1,757** | *(13)* |
| **Statutory profit after tax** | **1,134** | **700** | ***62*** | **1,215** | *(7)* |
| Net interest margin | 3.03% | 2.97% | *6bps* | 2.95% | *8bps* |
| Return on tangible equity | 12.6% | 7.1% | *5.5pp* | 13.3% | *(0.7)pp* |
| Earnings per share | 1.7p | 1.0p | *0.7p* | 1.7p | |
| TNAV per share | 54.4p | 52.4p | *2.0p* | 51.2p | *3.2p* |
| Pro forma CET1 ratio | 13.5% | 13.5% | - | 13.9% | *(0.4)pp* |

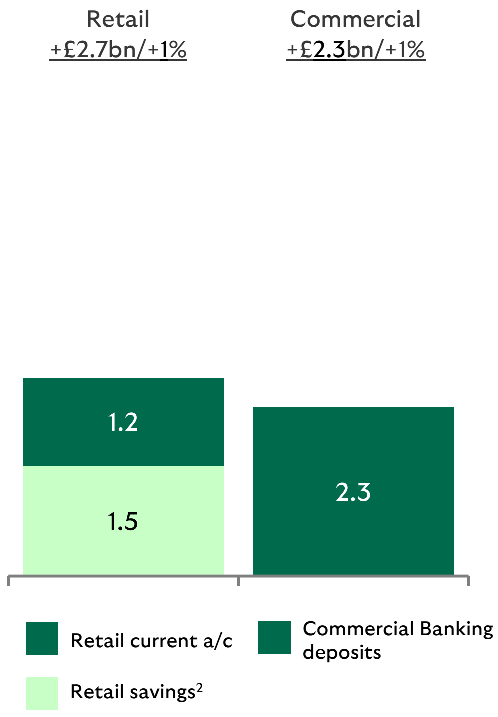
- **Statutory PAT £1.1bn; RoTE 12.6%**
- **Income momentum: Net income £4.4bn, up 4% YoY**
- **Costs tracking as planned: Operating costs £2.6bn, up 6% YoY due to in year timing of severance**
- **Resilient asset quality: £309m impairment, 27bps AQR**
- **Growth in TNAV per share to 54.4p, up 2.0p vs. Q4**
- **Capital generation of 27bps, strong underlying build impacted by severance and temporary RWA increase**
- **CET1 ratio 13.5%**

# Strong growth in lending and deposits

**Q1 lending change** (£bn)




**Q1 deposit change** (£bn)

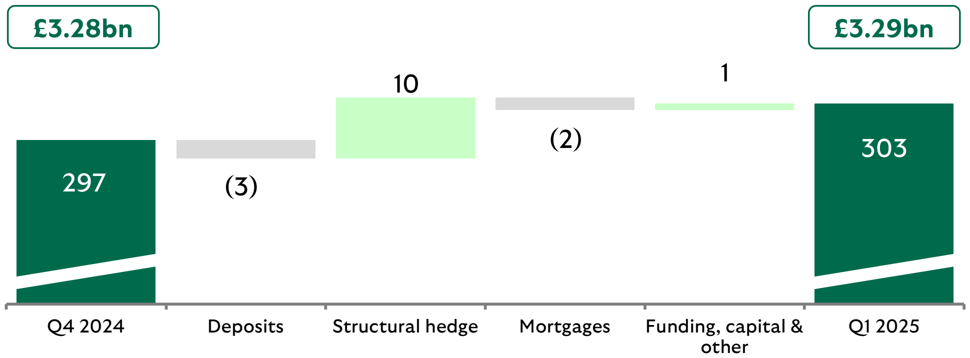



- **Lending £466.2bn, up £7.1bn or 2% in Q1; up 4% YoY**
  - Mortgages up £4.8bn QoQ, with significant demand ahead of stamp duty change
  - Growth in Cards, Loans, Motor and European Retail
  - Commercial up £0.3bn, net of £0.5bn CBILS/BBLS repayments
- **Deposits £487.7bn, up £5.0bn or 1% in Q1; up 4% YoY**
  - Retail up £2.7bn QoQ, after seasonal tax payments, with growth in both PCA and Savings
  - Commercial up £2.3bn, including short-term deposits
- **£0.8bn IP&I open book net new money AuA**

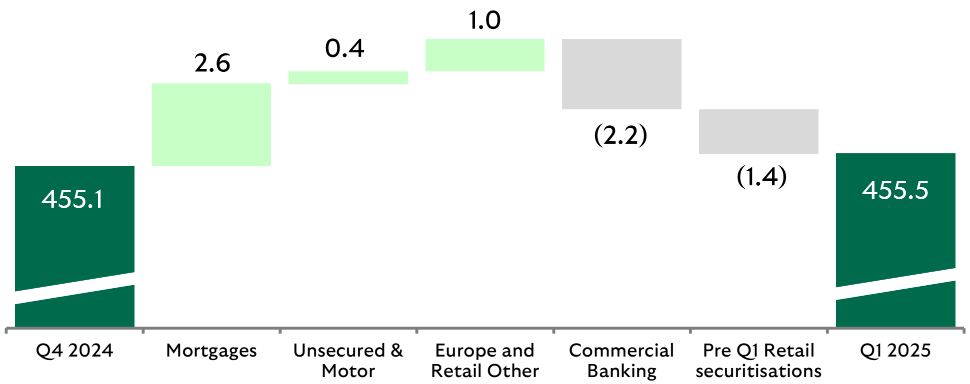
1 – Includes Overdrafts, Europe and Wealth. 2 – Includes Retail savings and Wealth.

# Continued NII growth

**Net interest income and banking net interest margin** (£bn, bps)



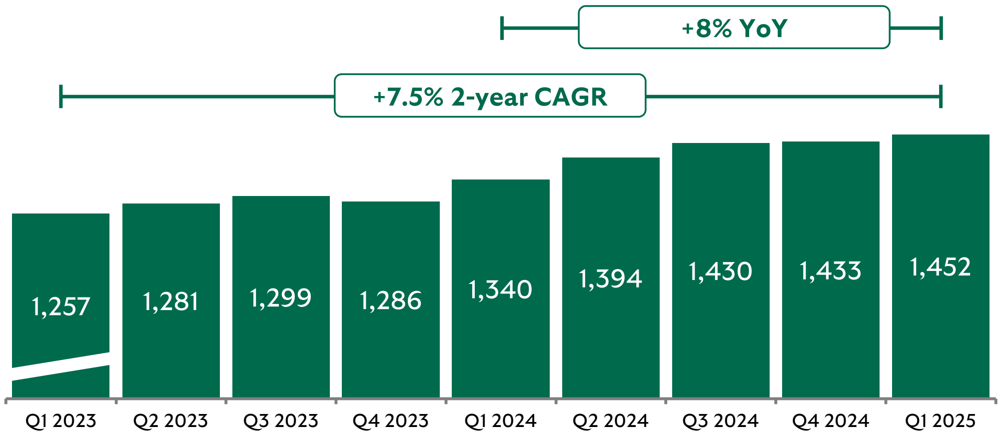

**Average interest earning assets** (£bn)




- **NII £3.3bn, up 1% QoQ and 3% YoY**
  - NIM 303bps, up 6bps QoQ, with strong hedge tailwind more than offsetting mortgage and deposit headwinds
  - Hedge income of £1.2bn; notional unchanged
  - Non-banking NII charge £112m
- **AIEAs £455.5bn, lending back-end loaded in Q1 and reduced lending to banks**
- **Continue to expect 2025 NII of c.£13.5bn**

# Broad based momentum in OOI

**Other Income** (£m)



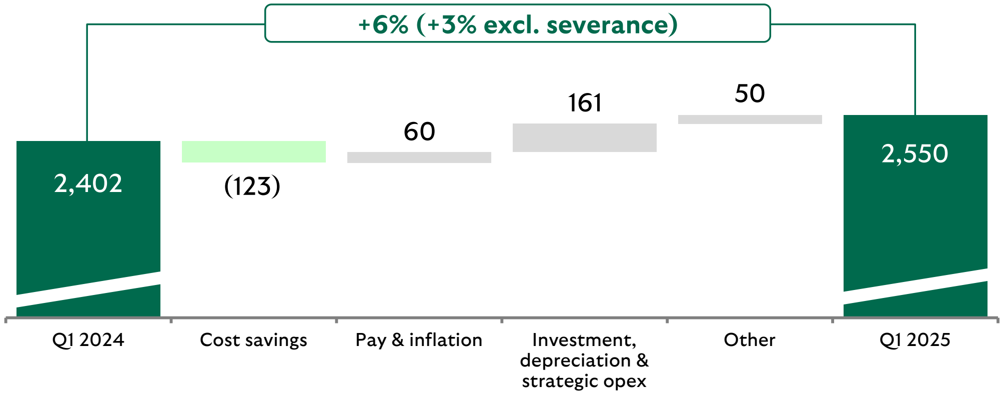

**Illustrative OOI progression**

| | Recent developments | Upcoming plans |
|---|---|---|
| **Consumer** | Rolling out BlackHorse Flex Pay | Launching new 'Lloyds Premier' Mass Affluent account |
| **Commercial** | Scaling Lloyds Bank Connected (digital services platform for small businesses) | Increasing electronic trading capabilities in Markets |
| **IP&I** | Launched Intermediary income protection | Scaling Scottish Widows app to the open market |
| **Lloyds Equity Investments** | Extending Lloyds Living, exchanged on c.5,500 homes since launch | Accelerating growth in Pathways Shared Ownership scheme |

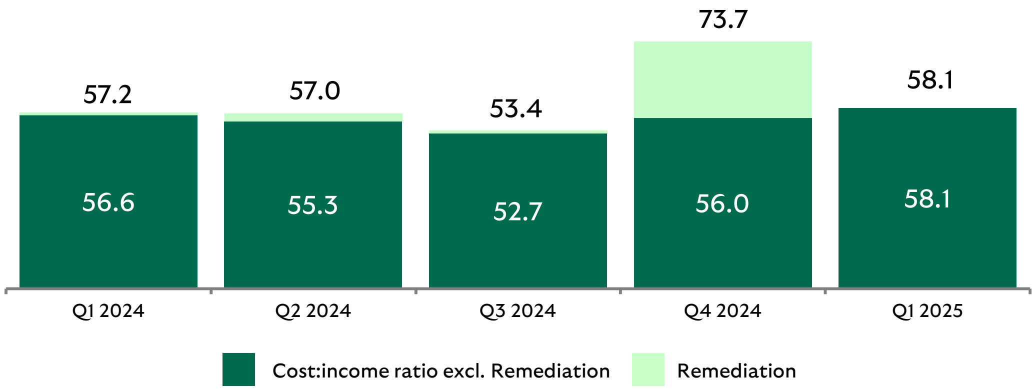
- **Other income £1.5bn, up 8% YoY; broad based momentum**
  - Strength YoY in Motor and General Insurance and QoQ in CIB
- **Continued strategic progress, including roll out of new propositions supporting OOI growth**
- **Op. lease depreciation £355m, higher QoQ given volume growth, higher value vehicles and lower gains on disposal**

# Costs tracking as planned

**Operating costs** (£bn)




**Cost:income ratio** (%)



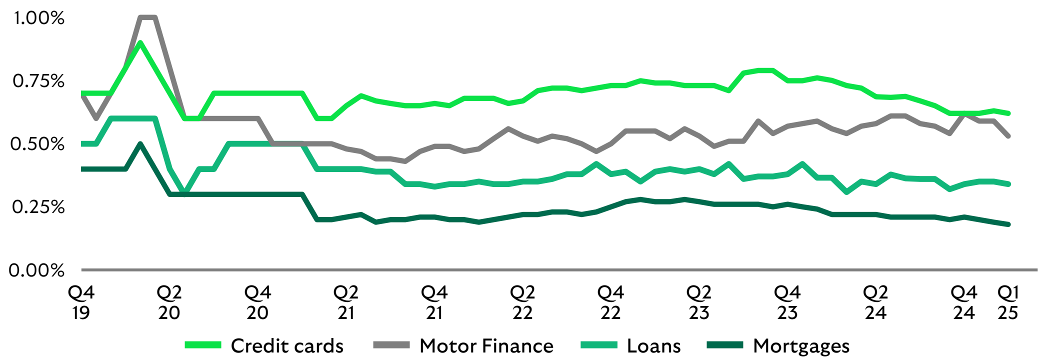

- **Operating costs £2.6bn, up 6% or 3% excl. severance**
  - Severance front-loaded (up c.£80m YoY) as planned
  - BAU costs flat, investment costs higher
  - Q1 includes annual BoE charge of c.£0.1bn
- **Continue to expect 2025 operating costs c.£9.7bn**
- **No net Q1 remediation charge**

# Resilient asset quality

**Impairment** (£m)

| | Q1 2025 | Q4 2024 | *QoQ £m* | Q1 2024 | *YoY £m* |
|---|---|---|---|---|---|
| Charge (credit) pre updated MES[1] | **274** | **230** | ***44*** | **249** | ***25*** |
| *Retail* | 204 | 197 | *7* | *303* | *(99)* |
| *Commercial Banking* | 71 | 32 | *39* | *(49)* | *120* |
| *Other* | (1) | 1 | *(2)* | *(5)* | *4* |
| Updated economic outlook | **35** | **(70)** | ***105*** | **(192)** | ***227*** |
| *Retail* | (90) | (63) | *(27)* | *(196)* | *106* |
| *Commercial Banking* | 25 | (7) | *32* | *4* | *21* |
| *Central adjustment* | 100 | - | *100* | *-* | *100* |
| Total impairment charge/(credit) | **309** | **160** | ***149*** | **57** | ***252*** |

**Retail new to arrears** (3 month rolling average, %)




- **Resilient asset quality, reflecting prudent lending and healthy customer behaviours**
  - Arrears low and stable across our portfolios
- **Q1 impairment charge £309m, AQR 27bps**
  - Pre-MES[1] AQR 24bps; with stable underlying charge
  - £35m net MES charge including £100m central adjustment for potential tariff related risks, partly offset by HPI & wage growth benefits
- **Stock of ECL £3.7bn, c.£450m above base case**
- **Continue to expect 2025 AQR c.25bps**

1 – Impairment charges absent the impact from updated economic outlook, thus reflecting only observed movements in credit quality.

# Confident in our outlook

Purpose

# Helping Britain Prosper

Purpose driven strategy delivering for customers and wider stakeholders

Sustained strength in financial performance

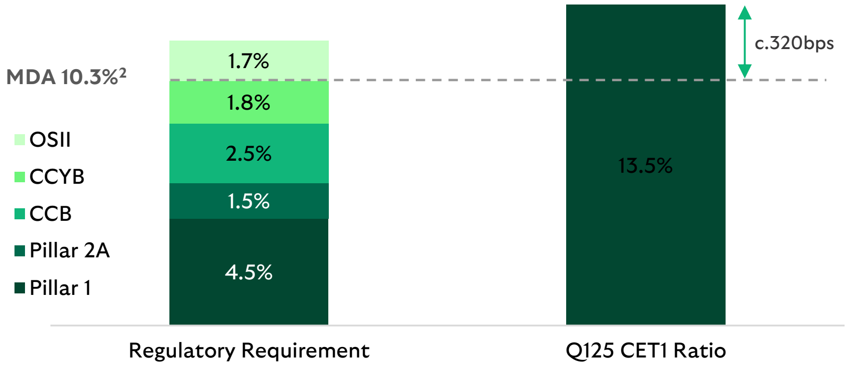
Confident in 2025 and 2026 guidance:

| | 2025 | 2026 |
|---|---|---|
| Net interest income | c.£13.5bn | |
| Operating costs | c.£9.7bn | <50% CIR |
| Asset quality | c.25bps | |
| RoTE | c.13.5% | >15% |
| Capital generation | c.175bps | >200bps |
| CET1 ratio target | | Pay down to c.13.0% |
| Capital distribution | Progressive and sustainable ordinary dividend | |

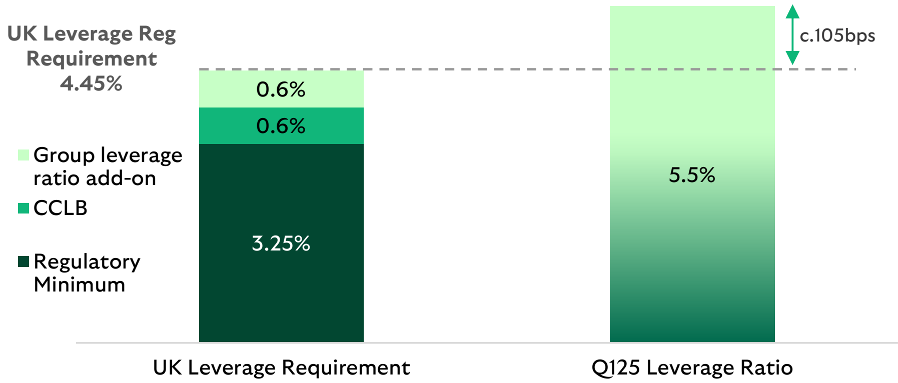
# Capital, Funding & Liquidity

# Prudent Capital Ratios

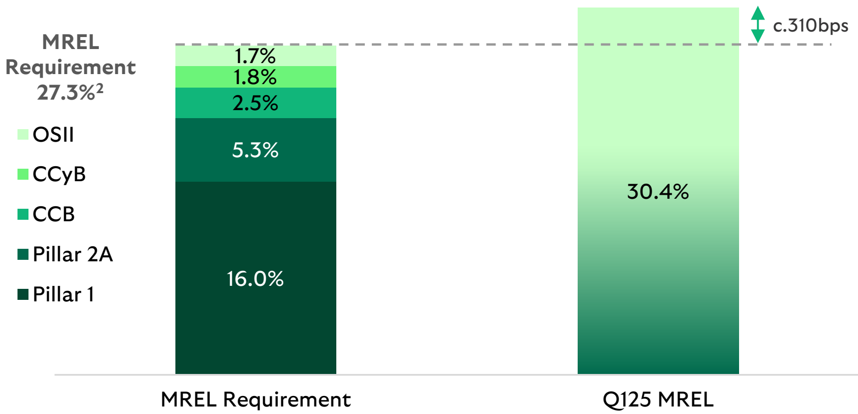
## 13.5% CET1 remains ahead of 10.3% MDA[1] and current target of c.13.0%



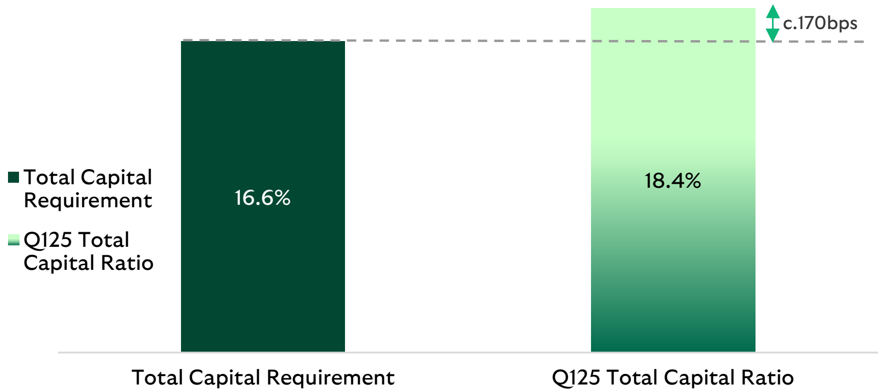

## UK leverage ratio above requirement of 4.45%




## MREL remains strong and above regulatory requirement of 27.3%



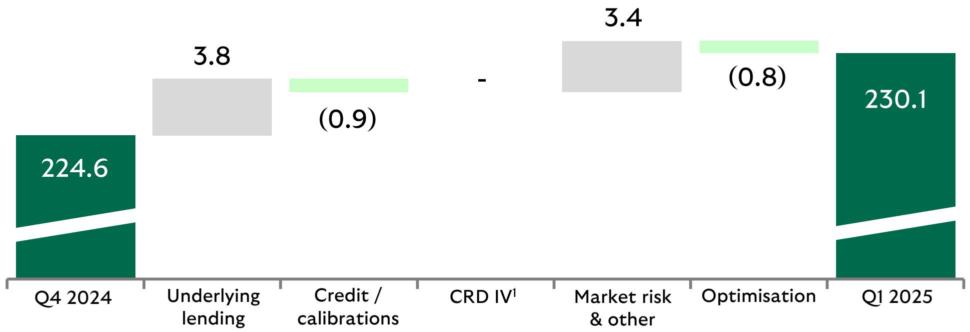

## Total capital ratio of 18.4% ahead of 16.6% requirement



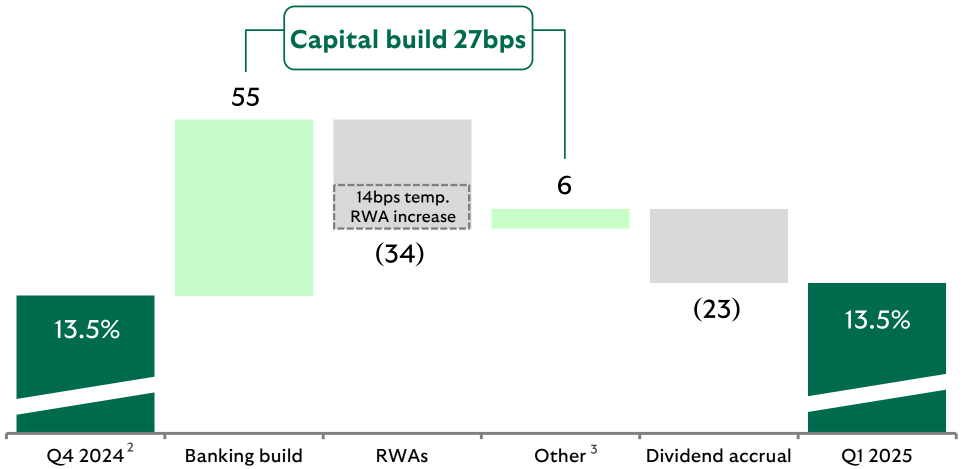

1 – The Group's total regulatory requirement is c.12%. The MDA threshold is based on the combined buffer requirement, which excludes the equivalent of the Ring-Fenced Bank's O-SII. 2 - MDA and MREL equals 10.3% and 27.3% respectively when using unrounded regulatory requirements.

# Strong underlying capital generation

**Risk weighted assets** (£bn)




**Common equity tier 1 ratio** (%, bps)

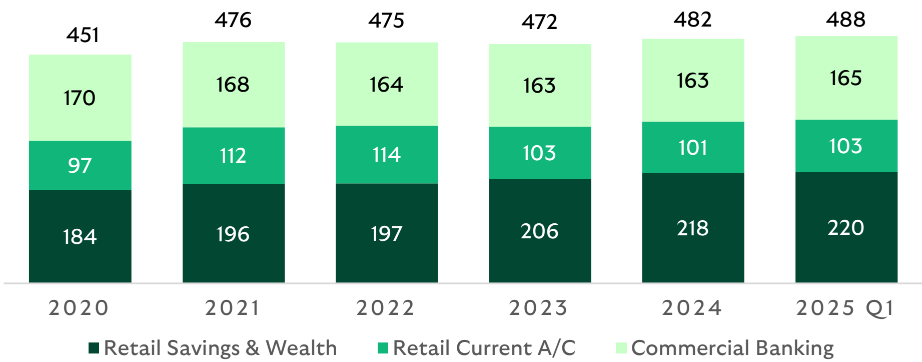



- **RWAs £230.1bn, up £5.5bn**
  - Strong lending growth plus c.£2.5bn temporary RWA increase which is expected to reverse by end Q3
- **Capital generation of 27bps**
  - Strong underlying build impacted by severance timing and temporary RWA increase
- **Continue to expect 2025 capital generation to be c.175bps**
- **CET1 ratio 13.5%**
  - Continue to expect to pay down to c.13% by end 2026

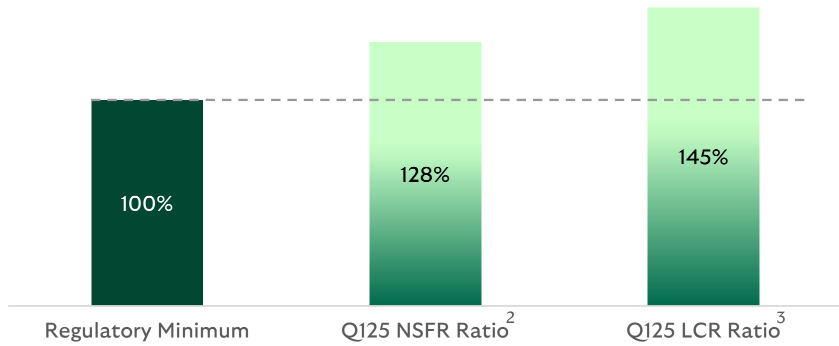
1 – Retail secured CRD IV increases, performing exposures. 2 – Shown on a pro forma basis. 3 – Other includes share-based payments.

# Diversified deposit base and robust liquidity portfolio

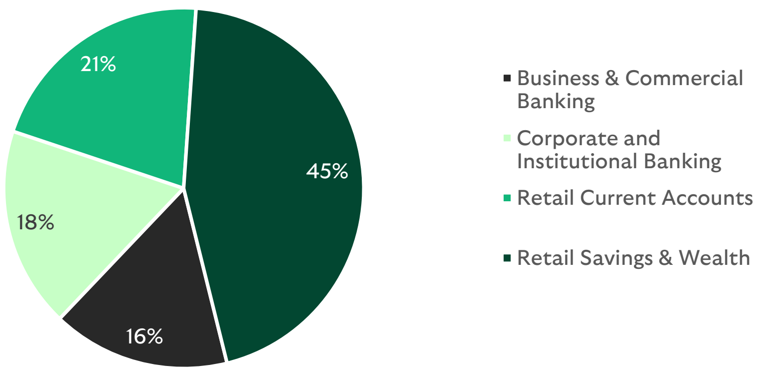
Deposits have steadily increased since 2019 driven primarily by Retail growth and remain stable (£bn)



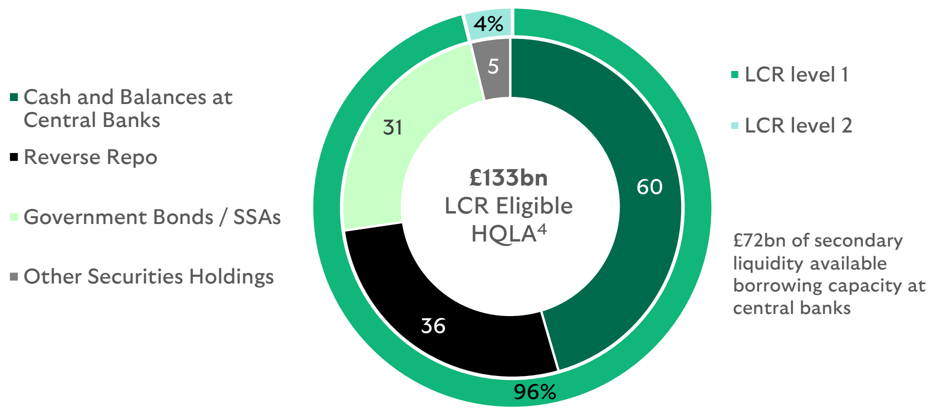

Liquidity ratios remain comfortably above requirements




Diversified deposit base across Retail and Commercial, with c.56% of total deposits insured[1]




£133bn primary liquidity fully hedged for interest rate risk and supported by further immediate drawing capacity of £72bn




1 – Insured being those deposits immediately eligible for deposit protection schemes (principally the FSCS in the UK). 2 – Calculated as an average of the four previous quarters. 3 – Calculated as an average of month-end observations over the previous 12 months. 4 – Calculated on a 12-month average basis.

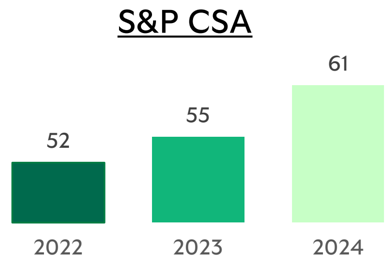
# 2025 Wholesale Issuance

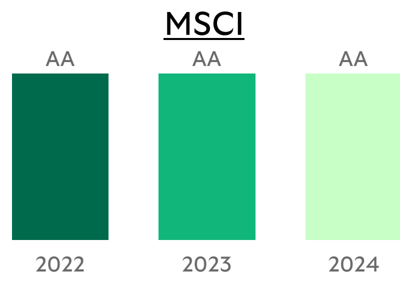
| | | | 2025 Completed YTD | 2025 Guidance |
|---|---|---|---|---|
| **HoldCo Senior** | • Refinancing maturities across core and non-core currencies<br>• Support the Group's balance sheet growth | Mar'25: €1.75bn Dual Tranche Green | ~£1.4bn | **up to £4bn** |
| **Capital** | • Ongoing refinancing to **c.2.0% AT1 target** and **c.2.5% Tier 2 target**<br>• Issuance across core and non-core currencies<br>• Q125 Ratios:<br>o AT1 ratio c.2.7% \| Tier 2 ratio at c.2.2% | Feb'25: £750m AT1 | £750m | **up to £2bn** |
| **OpCo** | • Supporting balance sheet growth in RFB & NRFB entities<br>• Continued deposit strength influences OpCo issuance needs<br>• £22bn TFSME maturities outstanding | Mar'25: €750m LBCM OpCo | ~£650m | **up to £3bn** |

# Strong ratings reaffirmed across the Group

| | | Lloyds Banking Group | | | Ring-fenced bank | Non-ring-fenced bank |
|---|---|---|---|---|---|---|
| Credit Ratings[1] | UK Sovereign | LBG HoldCo[2] | LBG Tier 2 | LBG AT1 | Lloyds Bank, BoS | LBCM |
| S&P | AA Stable | BBB+ Stable A-2 | BBB- Stable | BB- Stable | A+ Stable A-1 | A Stable A-1 |
| Moody's | Aa3 Stable | A3 Stable P-2 | Baa1 Stable | Baa3 Stable | A1 Stable P-1 | A1 Stable P-1 |
| Fitch | AA- Stable | A+ Stable F1 | A- Stable | BBB Stable | AA- Stable F1+ | AA- Stable F1+ |

ESG Ratings[1,3]




1 – Ratings shown as of 31.03.2025 and credit ratings reflect senior unsecured issuer ratings – LT, outlook, ST 2– LBG HoldCo issuer rating equivalent to HoldCo Senior Unsecured rating. 3 – Additional ESG Ratings can be found in our 2024 Sustainability Report

# Appendix

# Simple group structure with multiple issuance points

**HoldCo**

**Lloyds Banking Group**

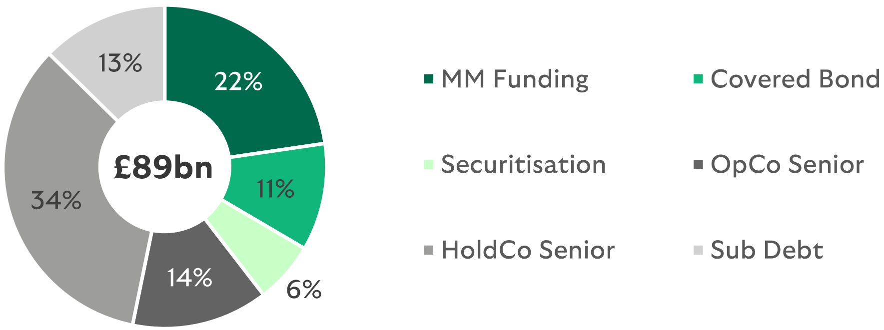
| | |
|---|---|
| BBB+ / A3 / A+[1]<br>Sta / Sta / Sta | A-2 / P-2 / F1 |
| Senior Unsecured<br>Capital | - |

| Ring-fenced Sub-Group | | Non-Ring-fenced Sub-Group | | Insurance Sub-Group | | Equity Investments Sub-Group | |
|---|---|---|---|---|---|---|---|
| **Lloyds Bank, Bank of Scotland** | | **Lloyds Bank Corporate Markets** | | **Scottish Widows[2]** | | **LBG Equity Investments** | |
| A+ / A1 / AA-<br>Sta / Sta / Sta | A-1 / P-1 / F1+ | A / A1 / AA-<br>Sta / Sta / Sta | A-1 / P-1 / F1+ | - / A2 / AA-<br>- / Pos / Sta | - | - | - |
| Senior Unsecured<br>Covered Bonds<br>ABS | CD, CP | Senior Unsecured | CD, Yankee CD, CP | Capital | - | - | - |
| L&A:£447bn[3] | Assets:£616bn | L&A: £19bn[3] | Assets:£95bn | L&A: N/A | AuA: £229bn[4] | L&A: N/A | Assets: £6bn |
| **EU Sub: Berlin[5]** | | **EU Sub: Frankfurt** | | **EU Sub: Luxembourg** | | | |

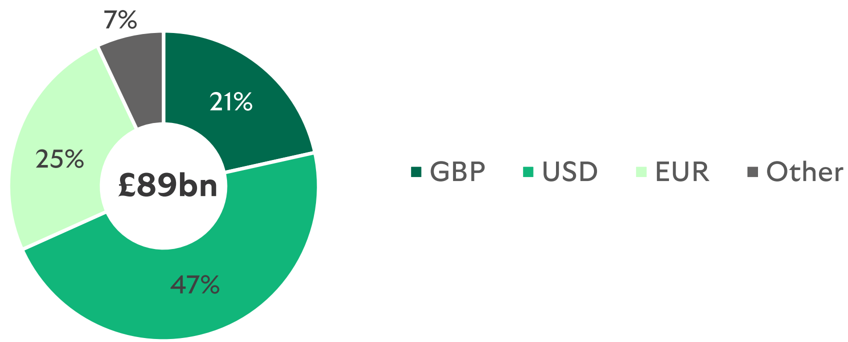
1 – Ratings shown are senior unsecured in the order of S&P / Moody's / Fitch as at 31.03.2025. 2 – Ratings shown for Scottish Widows are Insurer Financial Strength Ratings. 3 – "L&A" refers to Loans & Advances to customers. 4 – Insurance AuA excludes Wealth but includes stockbroking. 5 – GmbH is the Group's German entity and is the issuer of RMBS via the Candide Programmes and Pfandbrief

# Diverse funding portfolio as at Q1 25

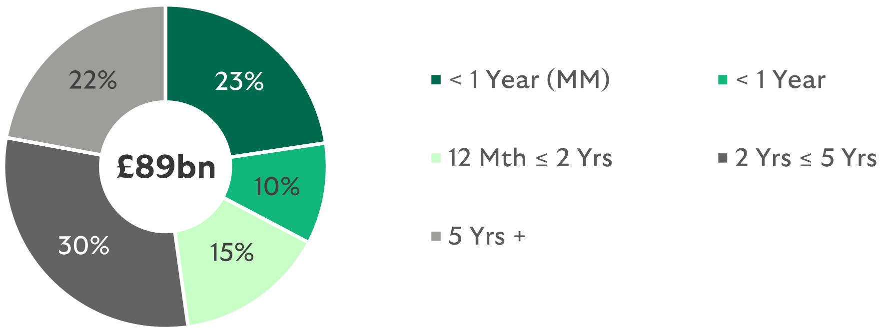
## Wholesale funding portfolio by type



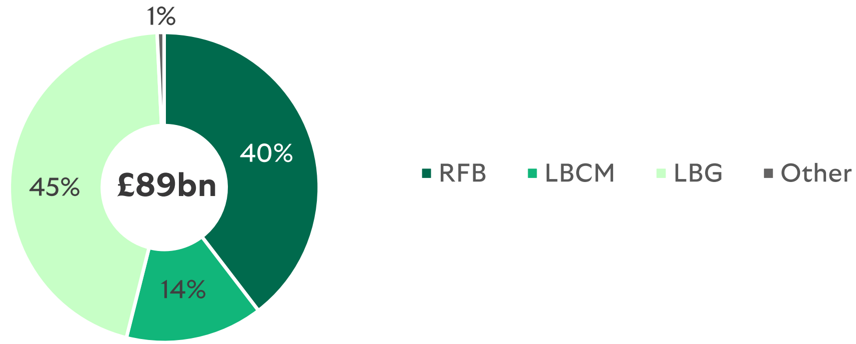

## Wholesale funding portfolio by currency




## Wholesale funding portfolio by maturity




## Wholesale funding portfolio by entity



# Quarterly P&L and key ratios

| (£m) | Q1 2025 | Q4 2024 | Q3 2024 | Q2 2024 | Q1 2024 | Q4 2023 | Q3 2023 | Q2 2023 | Q1 2023 |
|---|---|---|---|---|---|---|---|---|---|
| Net interest income | 3,294 | 3,276 | 3,231 | 3,154 | 3,184 | 3,317 | 3,444 | 3,469 | 3,535 |
| Other income | 1,452 | 1,433 | 1,430 | 1,394 | 1,340 | 1,286 | 1,299 | 1,281 | 1,257 |
| Operating lease depreciation | (355) | (331) | (315) | (396) | (283) | (371) | (229) | (216) | (140) |
| Net income | 4,391 | 4,378 | 4,346 | 4,152 | 4,241 | 4,232 | 4,514 | 4,534 | 4,652 |
| Operating costs | (2,550) | (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 | (2,550) | (3,225) | (2,321) | (2,368) | (2,427) | (3,027) | (2,305) | (2,294) | (2,189) |
| Underlying profit before impairment | 1,841 | 1,153 | 2,025 | 1,784 | 1,814 | 1,205 | 2,209 | 2,240 | 2,463 |
| Impairment (charge)/credit | (309) | (160) | (172) | (44) | (57) | 541 | (187) | (419) | (243) |
| Underlying profit | 1,532 | 993 | 1,853 | 1,740 | 1,757 | 1,746 | 2,022 | 1,821 | 2,220 |
| Restructuring | (4) | (19) | (6) | (3) | (12) | (85) | (44) | (13) | (12) |
| Volatility and other items | (11) | (150) | (24) | (41) | (117) | 114 | (120) | (198) | 52 |
| Statutory profit before tax | 1,517 | 824 | 1,823 | 1,696 | 1,628 | 1,775 | 1,858 | 1,610 | 2,260 |
| Statutory profit after tax | 1,134 | 700 | 1,333 | 1,229 | 1,215 | 1,234 | 1,420 | 1,223 | 1,641 |
| | | | | | | | | | |
| Net interest margin | 3.03% | 2.97% | 2.95% | 2.93% | 2.95% | 2.98% | 3.08% | 3.14% | 3.22% |
| Average interest earning assets | £455.5bn | £455.1bn | £451.1bn | £449.4bn | £449.1bn | £452.8bn | £453.0bn | £453.4bn | £454.2bn |
| Cost:income ratio | 58.1% | 73.7% | 53.4% | 57.0% | 57.2% | 71.5% | 51.1% | 50.6% | 47.1% |
| Asset quality ratio | 0.27% | 0.14% | 0.15% | 0.05% | 0.06% | (0.47)% | 0.17% | 0.36% | 0.22% |
| Return on tangible equity | 12.6% | 7.1% | 15.2% | 13.6% | 13.3% | 13.9% | 16.9% | 13.6% | 19.1% |
| Tangible net asset value per share | 54.4p | 52.4p | 52.5p | 49.6p | 51.2p | 50.8p | 47.2p | 45.7p | 49.6p |

# Updated economics scenarios

| Scenario | ECL (£m) | Measure (%) | 2025 | 2026 | 2027 | 2028 | 2029 | *Ave. 25-29* |
|---|---|---|---|---|---|---|---|---|
| Upside (30%) | 2,869 | GDP | 1.3 | 2.2 | 1.6 | 1.5 | 1.4 | 1.6 |
| | | Unemployment rate | 4.1 | 3.2 | 3.1 | 3.1 | 3.2 | 3.3 |
| | | HPI growth | 2.9 | 5.9 | 6.8 | 5.4 | 4.3 | 5.1 |
| | | CRE price growth | 6.1 | 5.7 | 2.6 | 1.0 | 0.4 | 3.2 |
| | | UK Bank Rate | 4.43 | 4.72 | 4.86 | 5.06 | 5.20 | 4.85 |
| | | CPI inflation | 3.3 | 2.8 | 2.8 | 3.1 | 3.0 | 3.0 |
| Base case (30%) | 3,296 | GDP | 0.8 | 1.4 | 1.6 | 1.6 | 1.5 | 1.3 |
| | | Unemployment rate | 4.7 | 4.8 | 4.6 | 4.5 | 4.5 | 4.6 |
| | | HPI growth | 1.7 | 1.8 | 1.9 | 2.5 | 2.9 | 2.1 |
| | | CRE price growth | 1.3 | 1.1 | 1.2 | 0.6 | 0.3 | 0.9 |
| | | UK Bank Rate | 4.19 | 3.63 | 3.50 | 3.50 | 3.50 | 3.66 |
| | | CPI inflation | 3.4 | 2.8 | 2.5 | 2.5 | 2.4 | 2.7 |
| Downside (30%) | 4,219 | GDP | (0.2) | (0.9) | 0.9 | 1.5 | 1.5 | 0.6 |
| | | Unemployment rate | 5.6 | 7.4 | 7.6 | 7.3 | 7.0 | 7.0 |
| | | HPI growth | 0.5 | (3.4) | (6.7) | (4.2) | (1.1) | (3.0) |
| | | CRE price growth | (4.7) | (5.7) | (1.7) | (2.2) | (2.3) | (3.4) |
| | | UK Bank Rate | 3.83 | 1.67 | 0.96 | 0.65 | 0.42 | 1.51 |
| | | CPI inflation | 3.4 | 2.8 | 2.0 | 1.5 | 1.0 | 2.1 |
| Severe downside (10%) | 6,285 | GDP | (1.1) | (2.3) | 0.7 | 1.4 | 1.5 | - |
| | | Unemployment rate | 6.8 | 10.0 | 10.2 | 9.7 | 9.3 | 9.2 |
| | | HPI growth | (0.6) | (8.4) | (13.8) | (9.6) | (5.0) | (7.6) |
| | | CRE price growth | (12.5) | (13.3) | (7.1) | (5.7) | (4.9) | (8.8) |
| | | UK Bank Rate – adj. | 4.25 | 2.94 | 2.80 | 2.76 | 2.75 | 3.10 |
| | | CPI inflation – adj. | 3.8 | 3.8 | 3.2 | 2.7 | 2.4 | 3.2 |
| Probability weighted | 3,744 | | | | | | | |

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