



Q1 2025 Interim Management Statement

Lloyds Banking Group
1 May 2025

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

Sustained strength in financial performance

Financial performance (£m)

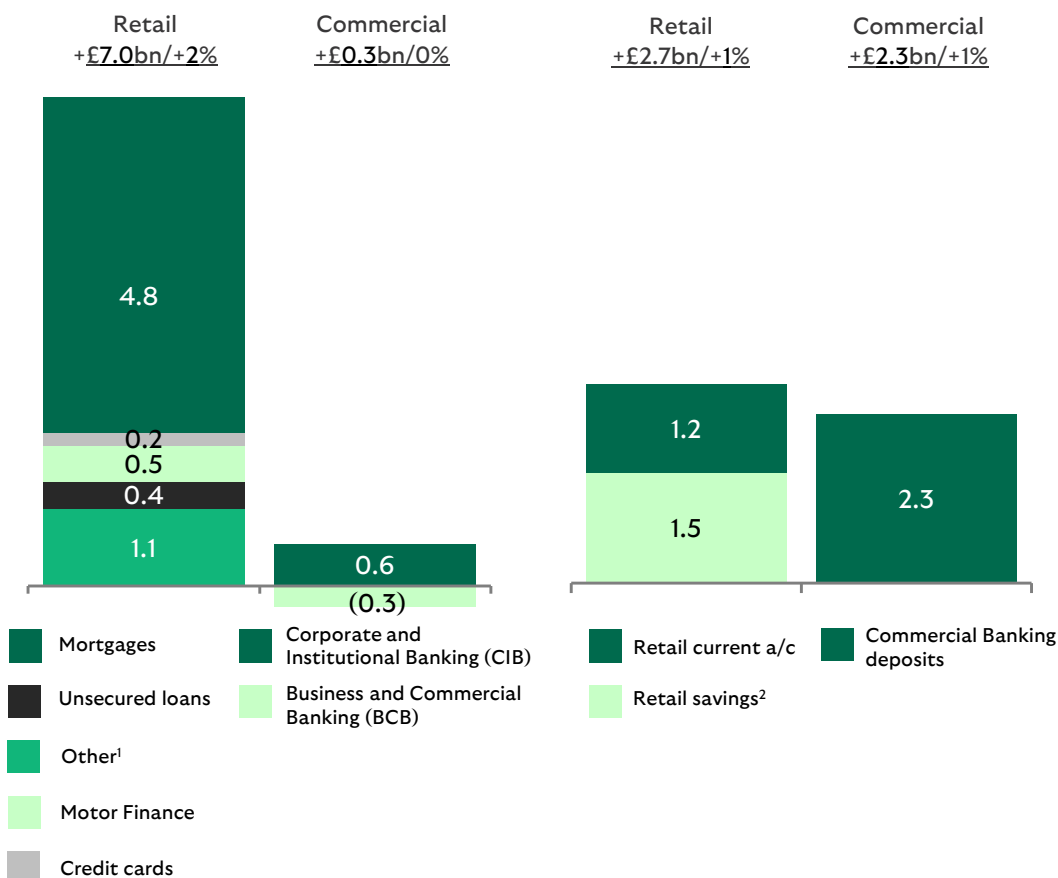
	Q1 2025	Q4 2024	QoQ %	Q1 2024	YoY %
Net interest income	3,294	3,276	1	3,184	3
Other income	1,452	1,433	1	1,340	8
Operating lease depreciation	(355)	(331)	(7)	(283)	(25)
Net income	4,391	4,378	-	4,241	4
Operating costs	(2,550)	(2,450)	(4)	(2,402)	(6)
Remediation	-	(775)		(25)	
Total costs incl. remediation	(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)

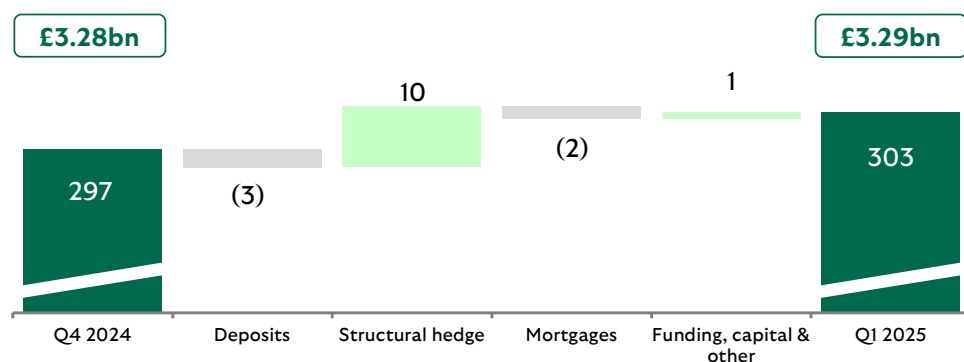


1 – Includes Overdrafts, Europe and Wealth. 2 – Includes Retail savings and Wealth.

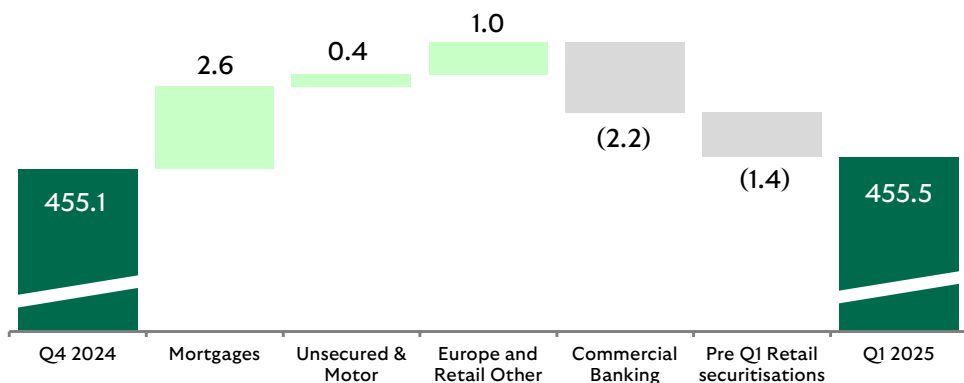
- **Lending £466.2bn, up £7.1bn or 2% in Q1; up 4% YoY**
 - Mortgages up £4.8bn QoQ, with significant demand ahead of stamp duty change
 - Growth in Cards, Loans, Motor and European Retail
 - Commercial up £0.3bn, net of £0.5bn CBILS/BBLs repayments
- **Deposits £487.7bn, up £5.0bn or 1% in Q1; up 4% 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**

Continued NII growth

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



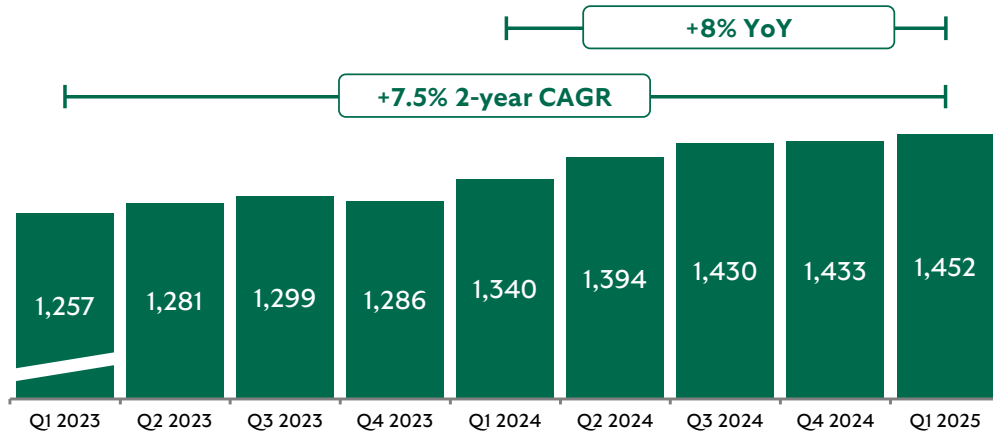
Average interest earning assets (£bn)



- **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)



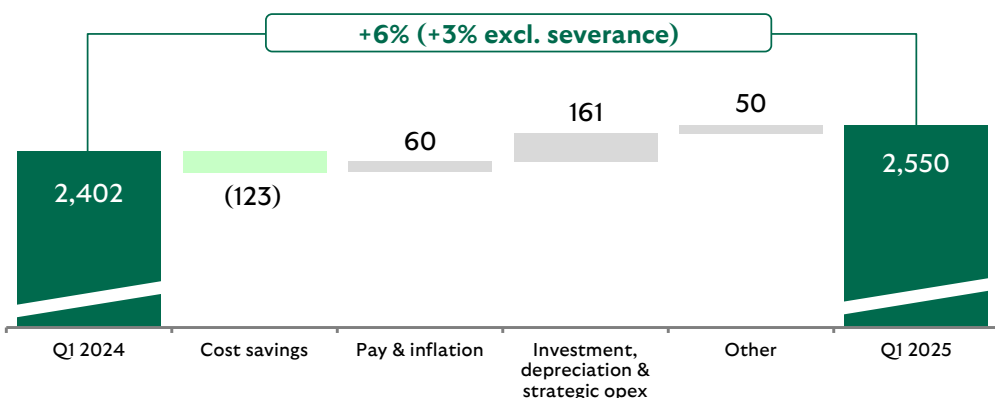
Illustrative OOI progression

	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

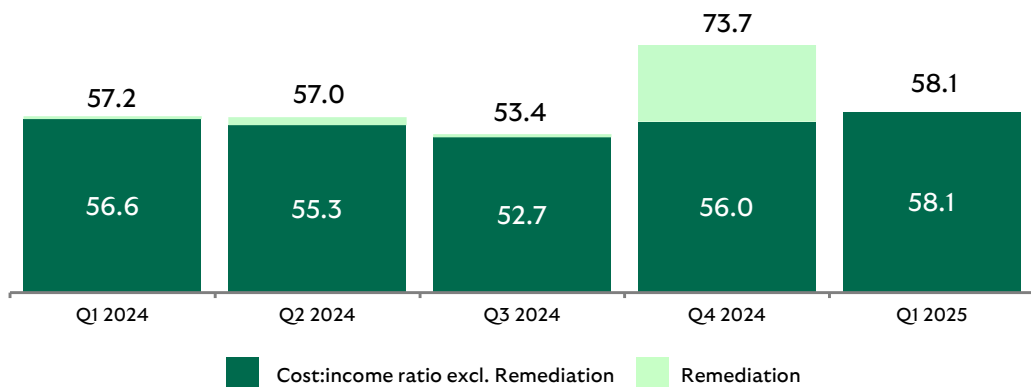
- **Other income £1.5bn, up 8% YoY; broad based momentum**
 - Strength YoY in Motor and General Insurance and QoQ in CIB
- **Continued strategic progress, including roll out of new propositions supporting OOI growth**
- **Op. lease depreciation £355m, higher QoQ given volume growth, higher value vehicles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

Costs tracking as planned

Operating costs (£bn)



Cost:income ratio (%)



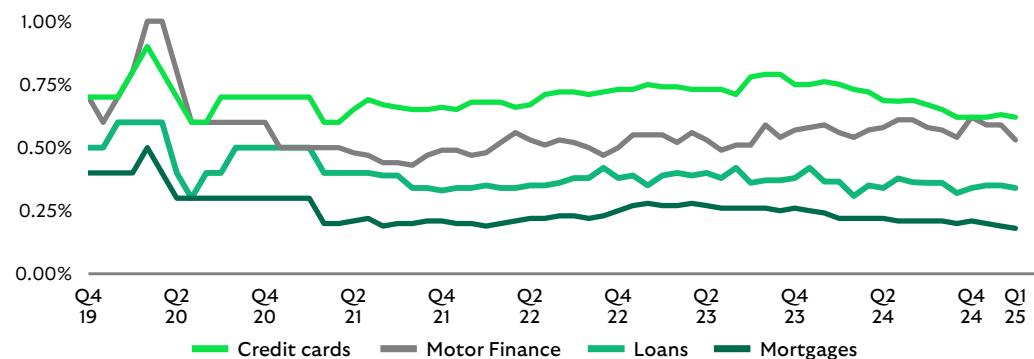
- **Operating costs £2.6bn, up 6% or 3% excl. severance**
 - Severance front-loaded (up c.£80m YoY) as planned
 - BAU costs flat, investment costs higher
 - Q1 includes annual BoE charge of c.£0.1bn
- **Continue to expect 2025 operating costs c.£9.7bn**
- **No net Q1 remediation charge**

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
<i>Retail</i>	204	197	7	303	(99)
<i>Commercial Banking</i>	71	32	39	(49)	120
<i>Other</i>	(1)	1	(2)	(5)	4
Updated economic outlook	35	(70)	105	(192)	227
<i>Retail</i>	(90)	(63)	(27)	(196)	106
<i>Commercial Banking</i>	25	(7)	32	4	21
<i>Central adjustment</i>	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-MES¹ 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

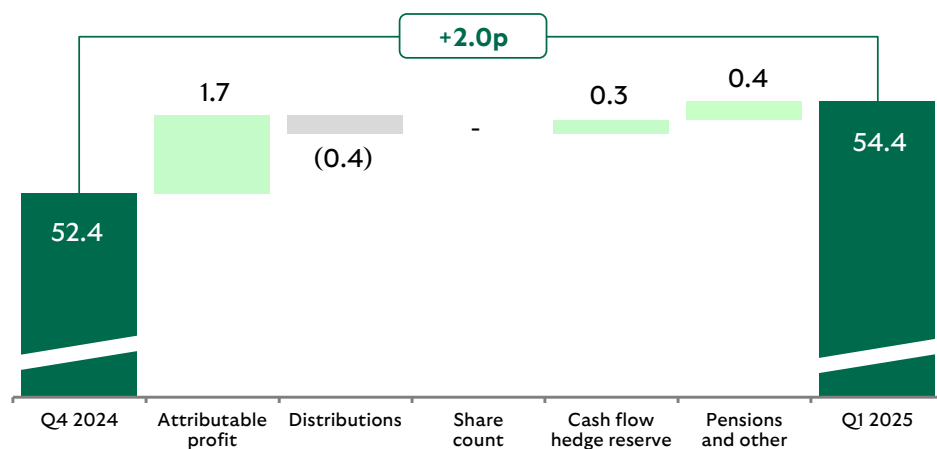
¹ – Impairment charges absent the impact from updated economic outlook, thus reflecting only observed movements in credit quality.

Robust RoTE alongside TNAV growth

Statutory profit (£m)

	Q1 2025	Q4 2024	QoQ %	Q1 2024	YoY %
Underlying profit	1,532	993	54	1,757	(13)
Restructuring	(4)	(19)	79	(12)	67
Volatility and other items	(11)	(150)	93	(117)	91
Statutory profit before tax	1,517	824	84	1,628	(7)
Tax expense	(383)	(124)		(413)	7
Statutory profit after tax	1,134	700	62	1,215	(7)
Return on tangible equity	12.6%	7.1%	5.5pp	13.3%	(0.7)pp

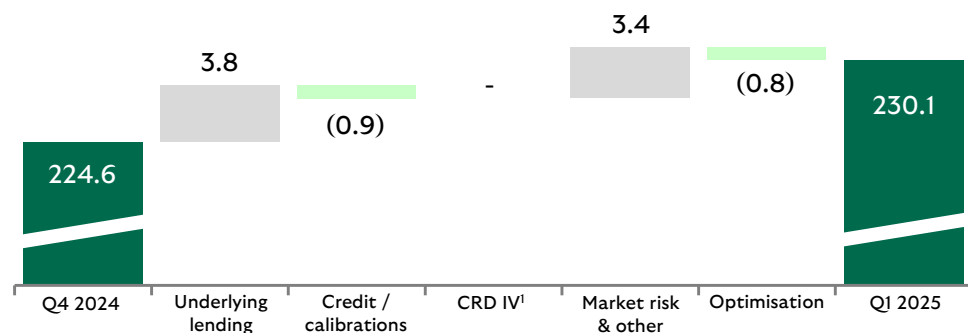
Tangible net asset value per share (pence)



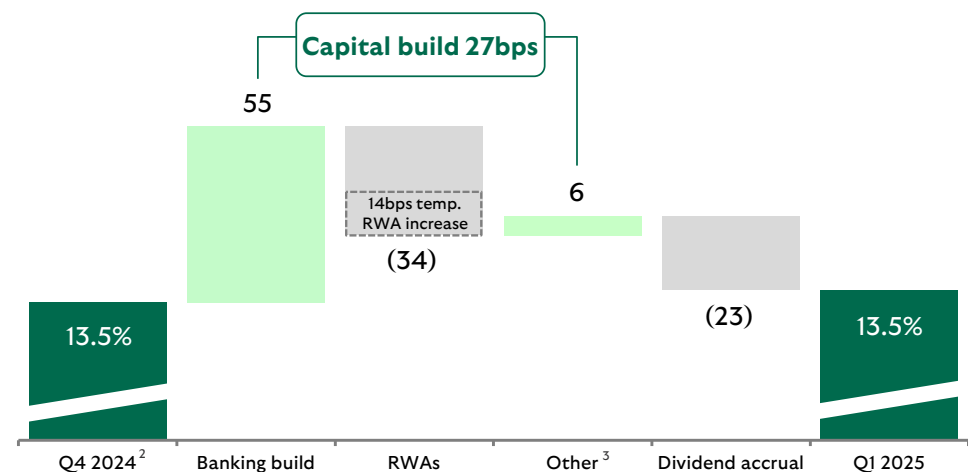
- Q1 RoTE 12.6%; continue to expect c.13.5% RoTE in 2025
- Q1 restructuring charge £4m; volatility charge £11m
- TNAV per share 54.4p, up 2.0p in Q1 driven by profit
- Expect material TNAV per share growth from profits, cash flow hedge reserve unwind and share count reduction

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.

Confident in our outlook

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	

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Helping
Britain
Prosper

Q&A



Appendix



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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