

Investor Factbook: Q1 2025 Results

“In the first quarter of 2025, the Group delivered **sustained strength in financial performance**. In particular, net income continues to grow, following the upward trajectory established in the second half of last year. We maintained our cost discipline and asset quality remains resilient.

We continue to make **good progress on our strategic transformation** and deliver innovative ways for our customers to manage their financial needs and achieve their financial aspirations, in line with **our purpose of Helping Britain Prosper**. This supports our ambition of higher, more sustainable returns that will underpin delivery for all of our stakeholders. Our **differentiated business model** stands out in the context of recent market volatility and economic uncertainty and helps support UK households and businesses as they further strengthen their financial resilience. Underpinned by our financial performance, strategic execution and franchise strength, we remain **confident in the outlook for Lloyds Banking Group and in our 2025 and 2026 guidance.**”

Charlie Nunn, Group Chief Executive

Financial performance

Statutory profit after tax £1.1bn; Return on tangible equity 12.6%

Strong growth in lending and deposits

Lending £466.2bn, up £7.1bn or 2% in Q1

Deposits £487.7bn, up £5.0bn or 1% in Q1

Income momentum: Net income £4.4bn, up 4% year on year

Costs tracking as planned: Operating costs £2.6bn

Resilient asset quality: £309m impairment, 27bps asset quality ratio

Growth in tangible net asset value per share to 54.4p, up 2.0p vs. Q4

Capital generation of 27bps, strong underlying build impacted by severance and temporary risk-weighted assets increase

CET1 ratio 13.5%

Guidance

2025

2026

Income

c.£13.5bn net interest income

Costs

c.£9.7bn operating costs

<50% cost:income ratio

Asset quality ratio

c.25bps

RoTE

c.13.5%

>15%

Capital generation

c.175bps

>200bps

CET1 ratio target

Expect to pay down to c.13.0%

Capital distribution

Progressive and sustainable dividend

Delivering on our purpose for all stakeholders

Our purpose

Helping Britain Prosper.

We do this by creating a more sustainable and inclusive future for people and businesses, shaping finance as a force for good.

Our vision

To be the UK customer-focused digital leader and integrated financial services provider, capitalising on new opportunities, at scale.

UK financial services provider with three core divisions

Retail

Consumer lending

- Mortgages
- Credit cards
- Personal loans
- Motor finance

Consumer relationships

- Current accounts
- Savings accounts
- Mass affluent

Insurance, Pensions and Investments

Insurance

- Home, motor, pet
- Protection

Pensions and retirement

- Workplace pensions
- Direct to consumer pensions
- Retirement

Investments

- Ready-Made investments
- Sharedealing

Commercial Banking

Business and commercial banking

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

Corporate and institutional banking

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

Distinct competitive advantages

Leading UK customer franchise with deep customer insight

28 million customers with extensive reach across the UK. Customer data and analysis ensures we can meet the needs of these customers more effectively.

All-channel distribution focus with digital leadership and trusted brands

Operating through a range of brands and distribution channels, including the UK's largest digital bank.

Unique customer proposition

Serving all our customers' banking, investment and insurance needs through a comprehensive product range.

Operating at scale with cost discipline

Our scale and efficiency enable us to operate and invest more effectively.

Focused and capital generative business model

Allowing significant investment while generating an attractive capital return for shareholders.

Innovation through modern technology

Continued investment in our technology platform, apps and change function enables us to innovate to anticipate and meet customers' needs.

Financial strength and robust risk management

Strong capital position. Continue to take a robust approach to risk, as reflected through the quality of our portfolio and underwriting criteria.

Dedicated colleagues with strong values

Highly engaged, skilled, customer focused, diverse workforce with significant expertise and experience.

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 effective 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

Sustained financial performance

Income statement (underlying basis)^A and key balance sheet metrics

	Three months ended 31 Mar 2025 £m	Three months ended 31 Mar 2024 £m	Change %	Three months ended 31 Dec 2024 £m	Change %
Underlying net interest income	3,294	3,184	3	3,276	1
Underlying other income	1,452	1,340	8	1,433	1
Operating lease depreciation	(355)	(283)	(25)	(331)	(7)
Net income	4,391	4,241	4	4,378	
Operating costs	(2,550)	(2,402)	(6)	(2,450)	(4)
Remediation	–	(25)		(775)	
Total costs	(2,550)	(2,427)	(5)	(3,225)	21
Underlying profit before impairment	1,841	1,814	1	1,153	60
Underlying impairment charge	(309)	(57)		(160)	(93)
Underlying profit	1,532	1,757	(13)	993	54
Restructuring	(4)	(12)	67	(19)	79
Volatility and other items	(11)	(117)	91	(150)	93
Statutory profit before tax	1,517	1,628	(7)	824	84
Tax expense	(383)	(413)	7	(124)	
Statutory profit after tax	1,134	1,215	(7)	700	62
Earnings per share	1.7p	1.7p		1.0p	0.7p
Banking net interest margin ^A	3.03%	2.95%	8bp	2.97%	6bp
Average interest-earning banking assets ^A	£455.5bn	£449.1bn	1	£455.1bn	
Cost:income ratio ^A	58.1%	57.2%	0.9pp	73.7%	(15.6)pp
Asset quality ratio ^A	0.27%	0.06%	21bp	0.14%	13bp
Return on tangible equity ^A	12.6%	13.3%	(0.7)pp	7.1%	5.5pp
	At 31 Mar 2025	At 31 Mar 2024	Change %	At 31 Dec 2024	Change %
Underlying loans and advances to customers ^A	£466.2bn	£448.5bn	4	£459.1bn	2
Customer deposits	£487.7bn	£469.2bn	4	£482.7bn	1
Loan to deposit ratio ^A	96%	96%		95%	1pp
CET1 ratio	13.5%	13.9%	(0.4)pp	14.2%	(0.7)pp
Pro forma CET1 ratio ^{A,1}	13.5%	13.9%	(0.4)pp	13.5%	
Total capital ratio	18.4%	19.0%	(0.6)pp	19.0%	(0.6)pp
MREL ratio	30.4%	32.0%	(1.6)pp	32.2%	(1.8)pp
UK leverage ratio	5.5%	5.6%	(0.1)pp	5.5%	
Risk-weighted assets	£230.1bn	£222.8bn	3	£224.6bn	2
Wholesale funding	£89.4bn	£99.9bn	(11)	£92.5bn	(3)
Liquidity coverage ratio ²	145%	143%	2pp	146%	(1)pp
Net stable funding ratio ³	128%	130%	(2)pp	129%	(1)pp
Tangible net assets per share ^A	54.4p	51.2p	3.2p	52.4p	2.0p

A See page [13] of the Q1 Interim Management Statement.

1 31 December 2024 reflects both the full impact of the share buyback announced in respect of 2024 and the ordinary dividend received from the Insurance business in February 2025.

2 The liquidity coverage ratio is calculated as a simple average of month-end observations over the previous 12 months.

3 The net stable funding ratio is calculated as a simple average of month-end observations over the previous four quarter-ends.

Contacts

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Our reporting

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

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