

Annual General Meeting
Sir Robin Budenberg, Chair, Lloyds Banking Group
Thursday 16th May 2024

Good morning everyone, and welcome to the Lloyds Banking Group 2024 Annual General Meeting. I'm Robin Budenberg, Chair of the Group.

I'm really pleased to be back here in the great City of Glasgow. We have deep and cherished roots in Scotland – not least through Bank of Scotland. From Glasgow's industrial past, to its dynamic future – we are proud to support business and communities in Glasgow, and right across the UK.

As ever, our AGM is an important moment to discuss what that support looks like, with our shareholders. I'm glad to see so many of you here in person, and also to welcome the large number who are watching via the webcast. With over 2.2 million shareholders, we have more individual investors than almost any other UK business. Many of those shareholders are among our 27 million customers – which gives a sense of the scale of the role we play in UK financial services.

In a short while, there will be a Question & Answer session – providing an opportunity for you to raise questions of interest to you. After that, we will conduct the formal part of the meeting – including voting on the proposed resolutions.

Before then, I'd like to share some thoughts on our performance in the last year....followed by updates from Charlie Nunn, our Group Chief Executive, and Amanda Mackenzie, Chair of our Responsible Business Committee – who have helpful reflections on financial performance, and on our targeted support for customers, as part of our overriding commitment to Helping Britain Prosper.

I'd like to begin by outlining a few changes to our Board over the last 12 months.

Alan Dickinson, having served over nine years as a Non-Executive Director, will be stepping down as Deputy Chair and a Non-Executive Director of the Group. In September, we announced that Cathy Turner had succeeded Alan as Senior Independent Director and as Chair of the Remuneration Committee.

Alongside Alan, Lord Lupton will also be stepping down as a Non-Executive Director of the Group, and as Chair of Lloyds Bank Corporate Markets, following seven years on the Board.

In February, we were pleased to announce the appointment of Nathan Bostock as a Non-Executive Director of the Group and, subject to regulatory approval, Chair of Lloyds Bank Corporate Markets, from 1st August 2024. Nathan was formerly Chief Executive of Santander UK, and brings valuable experience and deep knowledge of the UK banking market.

On behalf of the Board, may I say a huge thank you to Alan and James for the important contribution that they have made over many years. May I also thank all our Board members for the time and expertise with which they support the leadership team – playing an essential role in the strong governance, foresight and stability of our organization.

Now, moving to the Group's robust financial performance last year – a year in which we made good progress on our ambitious strategy; completing the second year of our five-year transformation.

We met the guidance for financial performance we had set out for 2023, and reported a statutory profit after tax for the full year of £5.5 billion, up significantly on 2022.

Our strategy is critical in continuing to generate strong earnings and drive a better share price performance. We are committed to achieving higher, more sustainable returns for you, our shareholders, and were pleased to announce a total ordinary dividend of 2.76 pence per share for 2023 – an increase of 15 per cent on 2022, in line with our progressive and sustainable dividend policy.

We also announced our intention to implement an ordinary share buyback of up to £2 billion during 2024. Alongside these returns, we were pleased to maintain our guidance on the strategic targets we have set ourselves for 2026 – further strengthening confidence in our ongoing transformation in the service of our customers.

The Core Tier 1 capital ratio is 13.7 per cent, as of year end 2023. As previously stated, we intend to pay down to 13.5 per cent by the end of 2024, and we are now planning to move to 13 per cent by the end of 2026, based on the continuing strength of the business.

As I said before in the annual report, I did not believe that our share price at the time fully represented the financial strength, earnings power and outlook for the Group. We bear the responsibility of demonstrating this and, through sustained performance and clear communication to the market, to help ensure the share price continues to better reflect these fundamentals.

We believe a strong economy requires strong banks with strong support from their shareholders. We will continue working hard to deliver on our strategy and on our guidance. At the same time, we will engage with our stakeholders in order to seek a supportive operating environment which enables financial services to best support, protect and grow the potential of individuals and businesses in the UK.

Our strategy is focussed on our purpose of Helping Britain Prosper. During 2023, we sought to address the everyday issues which are affecting the health and prosperity of our customers and communities. Good quality and genuinely affordable housing is at the heart of this and, as the UK's biggest supporter of social housing, Lloyds Banking Group has an important role to play.

We're uniquely-placed to drive positive change, from our support for first time buyers, to the financing required for retrofit and the creation of energy efficient homes. Also with our commercial banking partnership with Housing Associations, housebuilders and developers in every region of the UK.

I'm particularly proud of our partnership with the charity Crisis – with whom we have called for one million more genuinely affordable homes, within the next decade. This is critical to creating an inclusive and sustainable future for all, and I know Charlie will also touch on this in a moment.

Before that, I'd also like to make clear that a healthy culture and good working practices within our own organization, are integral to our ambitions for a fair, resilient and supportive workplace environment – which is, in turn, essential if we are to focus on the evolving needs of our customers and communities. We continue to receive strong and positive feedback from colleagues, that the Group is a safe, inclusive and respectful place to work.

However, we are of course mindful of the drop across some of our employee engagement metrics in 2023 – relating to some inevitable internal change, as part of our overall transformation.

Our leadership team has spent considerable time at line manager, divisional and all-colleague level, building greater understanding of the need to evolve in our ways of working, in order to enable us to serve our customers better. As well as engaging colleagues in the changes, we need to harness their knowledge – particularly those who are closest to customers – in designing products and systems which will endure long into the future.

I'm proud of the levels of inclusivity and diverse representation across our organization. We were the first FTSE 100 company to set targets to increase both gender and ethnic diversity at senior levels – and these are deliberately stretching targets. We announced an additional target last year, to double the representation of senior colleagues with any form of disability or particular area of need.

It is the first public commitment of its kind by a UK bank, and reflects our firm belief that a more diverse business – increasing access to untapped pools of talent – is a stronger business.

To conclude, I'd like to reiterate the robustness of the Group's performance over 2023. We are making good progress on our strategy, delivering strong returns for our shareholders, proactively supporting a large and diverse pool of customers, and providing timely support, guidance and encouragement to those who aspire to grow.

With huge thanks to our colleagues for what they have achieved, I am confident that the Group's purpose and strategic transformation in the ongoing service of our customers, will generate higher and more sustainable returns for our shareholders, and be of huge benefit to all our stakeholders in communities and across the UK.

Thank you, and I will now hand over to Charlie.

(1360 words)