

Annual General Meeting

Charlie Nunn, Group Chief Executive, Lloyds Banking Group

Thursday 15th May 2025

Thank you Robin, and good morning to everyone here.

We're proud to have successfully completed the first phase of our five year strategy – transforming our business to achieve deeper, better-connected and more productive customer relationships...and higher, more sustainable returns for our shareholders.

As you've heard, we delivered a robust financial performance in 2024. Although overall income was down in 2024 relative to 2023, income grew in the second half of the year – supported by lending growth and momentum in other income. In all, the Group increased its underlying lending by £9 billion to £459 billion. We also saw over £11 billion growth in deposits, to over £483 billion. And we have maintained discipline on costs, despite the inflationary backdrop and areas of uncertainty.

Importantly, our strategic initiatives generated £800 million of additional revenues – surpassing our initial target of around £700 million. And we've exceeded our gross cost savings target of £1.2 billion over 3 years. And growth in other operating income will continue to differentiate us from our peers.

As Robin said, we recognise that the Court of Appeal ruling on motor finance has created uncertainty. We've responded by taking a key provision, yet continue to have one of the strongest distributions to shareholders of any of the FTSE 100 companies totalling £3.6 billion for 2024.

We will continue working closely and proactively with Government and regulators, and welcome their renewed commitment to create the right environment for competitiveness and economic growth. A healthy economy needs a healthy financial system, and the UK is a global leader.

Turning to our results for the first quarter of this year, released earlier this month. We demonstrated sustained strength with net income at £4.4 billion – up 4 per cent year on year. As I said, cost discipline remains a key focus for the Group, and total operating costs of £2.6 billion – up 6 per cent year on year – are in line with planning assumptions. We remain on target to hit our full year cost guidance for 2025.

Asset quality remains very resilient across the Group, reflecting healthy customer behaviours and prudent lending. We continue to expect the asset quality ratio to be around 25 basis points for the full year.

Statutory profit after tax was £1.1 billion in Q1, and our robust financial performance has delivered capital generation of 27 basis points year to date, and a strong CET1 capital ratio of 13.5 per cent. Looking ahead, we continue to expect to generate around 175 basis points of capital for the full year.

Our strategy is to Grow, Focus and Change. This means building new capabilities, bringing in new technologies and then driving underlying business and market share growth – which we've done across every single part of the bank.

Having reached over 22 million digitally-active customers (an increase of 25% in 3 years) and 7 billion log-ons in 2024, we've got the biggest digital service by far in the UK. And we have a responsibility to support customers – now and in the future – in the way that they choose to bank.

That is why our strategy is to create the most dynamic environment for the best digital talent – making major investments to overhaul legacy systems, hiring 4,000 tech and data experts, and harnessing new technologies and better use of data to support colleagues and drive innovation. We know that A.I. will revolutionise financial services, and we're proud to have established an industry-leading A.I. and emergent tech team – helping us reimagine customer experience to be more personalised than ever, whilst analysing and applying enduring safeguards.

I'm proud of what we're delivering for our customers – going beyond support for financial resilience, to strengthen financial empowerment.

- In our Consumer business, we've launched 'Your Credit Score' – a free digital tool with over 11 million registered users and over 780,000 customers actively improving their credit health in 2024 alone. And, in collaboration across Consumer as well as Insurance, Pensions and Investments – our Ready Made Investments app is making investing inclusive and easily-achievable for many more potential investors.
- Cross-Group collaboration is driving growth and competitive differentiation – for example, take up of Scottish Widows' protection by our mortgage customers has more than doubled since 2022.
- And our insurance customers are benefitting from new digital capabilities... After Storm Éowyn, 91% of claims were initiated online – accelerating payments, and peace of mind.
- We've also grown our digital service for business banking – from 10% in 2021, to supporting over 50% of our SMEs today. Providing faster, automated lending decisions and immediate access to a wider range of products. While in Commercial Banking, our

increasing depth of relationship has grown our other income in this part of the business by over 30% (versus our original target of 20%).

We have a strategic imperative to join-up across our organisation in support of our customers and new commercial growth opportunities. Where once we lacked dedicated propositions for key customer groups, in just three years we've built a growing base in high-value areas such as 'Mass Affluent' – gaining around £25 billion in banking balances, and increasing our market share of this mortgage segment from 9% to 22%. And from this year, we'll welcome customers from across our brands to access their accounts, products and services at any of our Lloyds, Halifax and Bank of Scotland branches.

Over the past five years, with partners across the private and public sectors, we've supported infrastructure projects worth over £100 billion – fueling regional regeneration and sustainable growth. From financing the UK's largest operational battery storage system....to enabling the North Kyle Windfarm to power 163,000 homes.

But wherever I go in the UK, there is one challenge which is common to all – the need for more good-quality, genuinely-affordable housing. The foundation for strong communities, jobs and productivity.

As the UK's largest mortgage lender, we have provided around £100 billion to first time buyers since 2018 – supporting 65,000 in 2024 and 20,000 in Q1 2025 alone. But we simply need more housing for buyers,

renters and the growing waiting list of people in temporary accommodation. Since 2018, we've delivered £20 billion in financing for social housing – including over £2 billion in 2024, of which 50% was for sustainability-linked builds and retrofit.

Last year, we launched Lloyds Banking Group's pioneering MADE partnership with Homes England and Barratt Redrow – creating a master developer to deliver tens of thousands of new homes. This is cross-sector collaboration at its best, at significant ambition and scale. And we are also challenging ourselves to do things differently – converting our former data centre in Pudsey, Leeds, into around 100 affordable homes.

At Lloyds Banking Group, we are committed to Helping Britain Prosper – fuelling inward investment and inclusive, sustainable growth. The UK is a market leader in innovative, future-critical industries – including technology and clean energy. A strong economy needs strong banks, and we take seriously our role in powering innovation and enabling growth – the growth which creates jobs, raises living standards and funds public services.

In recent years, UK households and businesses have had to show considerable resilience. And UK Finance found that household savings and deposits have, in fact, increased, over the past year. We want to continue building their strength and prosperity – as we do for all the customers, communities and shareholders we serve. And we are

uniquely-equipped to do just that. We have a relationship with around half of all adults in the UK, and are transforming our organisation with relentless customer-focus. Supporting today's needs and designing brilliant, intuitive products and solutions to realise tomorrow's ambitions.

Thank you to my colleagues who are keeping our customers at the heart of everything we do. And thank you to everyone joining us today.

May I now hand over to Amanda MacKenzie, Chair of our Responsible Business Committee.

(1291 words)