



Share Soc Webinar

Lloyds Banking Group
September 2025

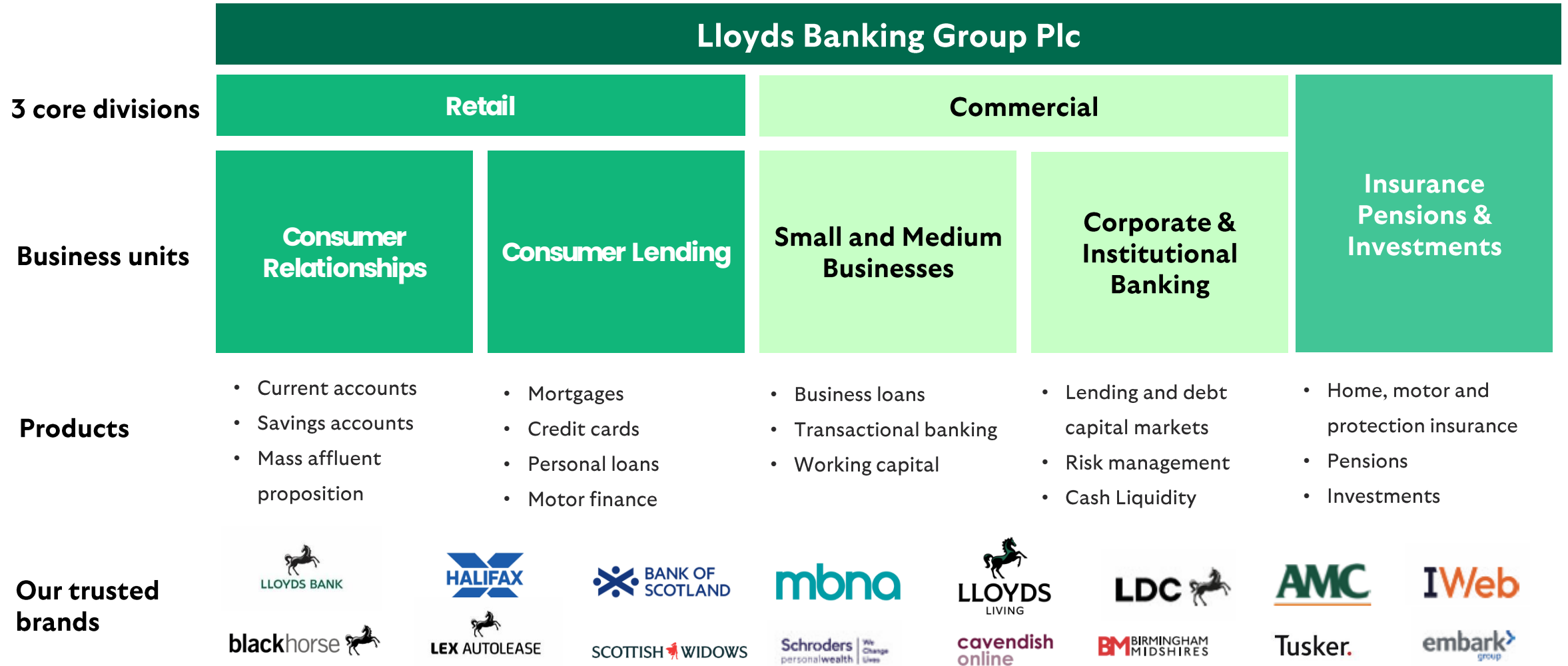
Welcome and introduction to LBG

Douglas Radcliffe, Group Investor Relations Director

Sarah Robson, Senior Manager, Investor Relations



Leading UK digital bank and integrated financial services provider



Our 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.

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 efficient 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

Higher, more sustainable returns and capital generation

Confident in 2026 outlook

Growing and diversifying revenues...



>£1.5bn

Additional revenues from strategic initiatives

50:50

NII:OOI split across strategic revenues

...enhancing cost and capital efficiency...



<50%

Cost:Income ratio

c.13.0%

CET1 ratio

...to deliver higher, more sustainable returns and capital generation



>15%

Return on Tangible Equity

>200bps

Capital generation

Successfully delivering for all stakeholders

Clear purpose driving growth

>£8bn

Lending to first time buyers in H1

>£1bn

Funding support to Social
Housing sector in H1

c.£9bn

Group sustainable financing in H1

Positive business momentum

14%

Increase in gross new mortgage
lending YoY

20%

Protection take-up rate for
Mortgage customers (+7pp YoY)

>4pp

Increase in GBP Interest Rate
Swap share YoY¹

Sustained strength in financial performance

3% / 2%

Loan / deposit growth in H1 YTD

6%

H1 YoY net income growth

86bps

H1 capital generation²

Financial update



Sustained strength in financial performance

Financial performance (£m)

	H1 2025	H1 2024	YoY %
Net interest income	6,655	6,338	5
Other income	2,969	2,734	9
Operating lease depreciation	(710)	(679)	(5)
Net income	8,914	8,393	6
Operating costs	(4,874)	(4,700)	(4)
Remediation	(37)	(95)	61
Total costs inc. remediation	(4,911)	(4,795)	(2)
Underlying profit pre impairment	4,003	3,598	11
Impairment charge	(442)	(101)	
Underlying profit	3,561	3,497	2
Statutory profit after tax	2,544	2,444	4
Net interest margin	3.04%	2.94%	10bp
Return on tangible equity	14.1%	13.5%	0.6pp
Earnings per share	3.8p	3.4p	0.4p
TNAV per share	54.5p	49.6p	4.9p
Pro forma CET1 ratio	13.8%	14.1%	(0.3)pp

- **Statutory PAT of £2.5bn in H1; RoTE 14.1%**
- **Income momentum: Net income £8.9bn, up 6% YoY, with strong growth across NII and OOI**
- **Disciplined cost management: Operating costs £4.9bn, up 4% YoY, or c.2% ex. front-loaded Q1 severance**
- **Robust asset quality: £442m impairment, 19bps AQR**
- **Strong capital generation of 86bps**

Strong growth in lending and deposits

Q2 lending change (£bn)

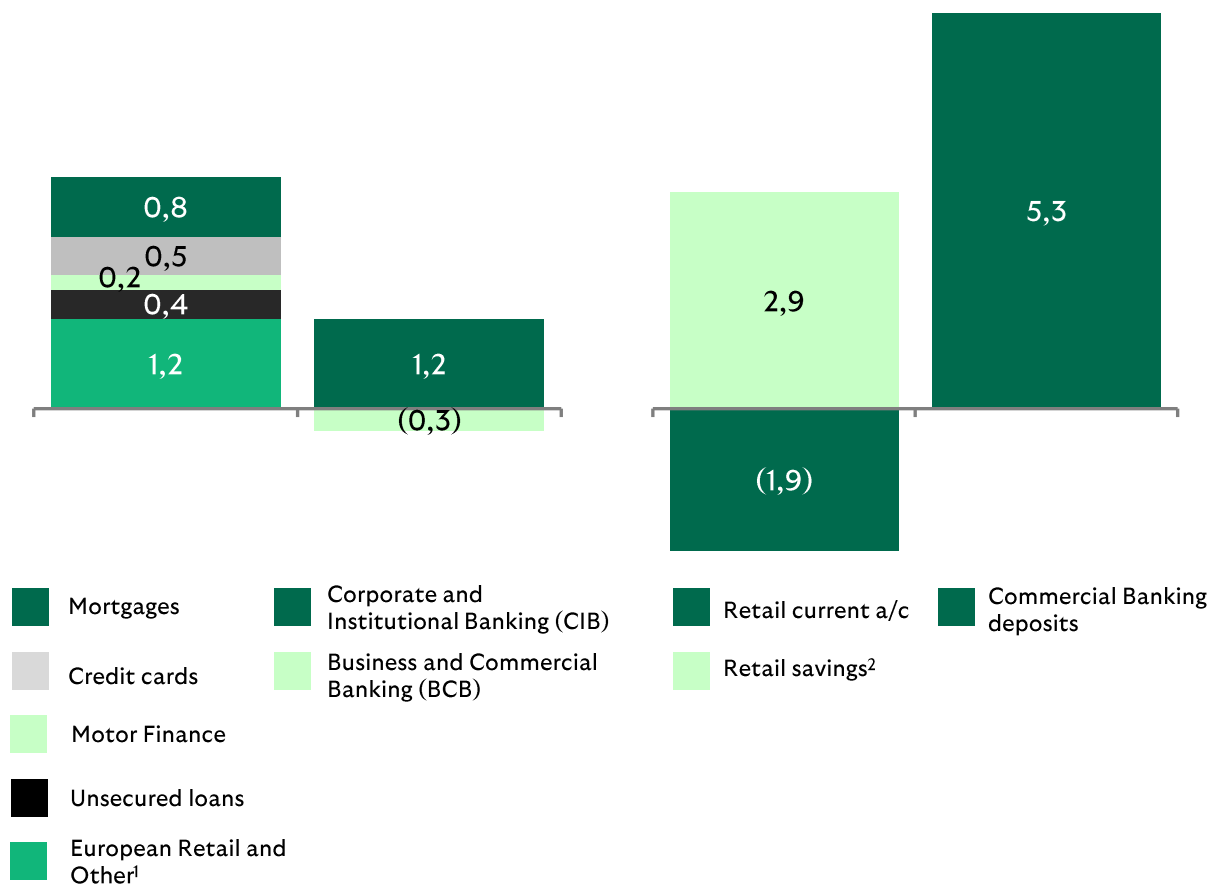
Retail
+£3.1bn/+1%

Commercial
+£0.9bn/+1%

Q2 deposit change (£bn)

Retail
+£1.0bn/0%

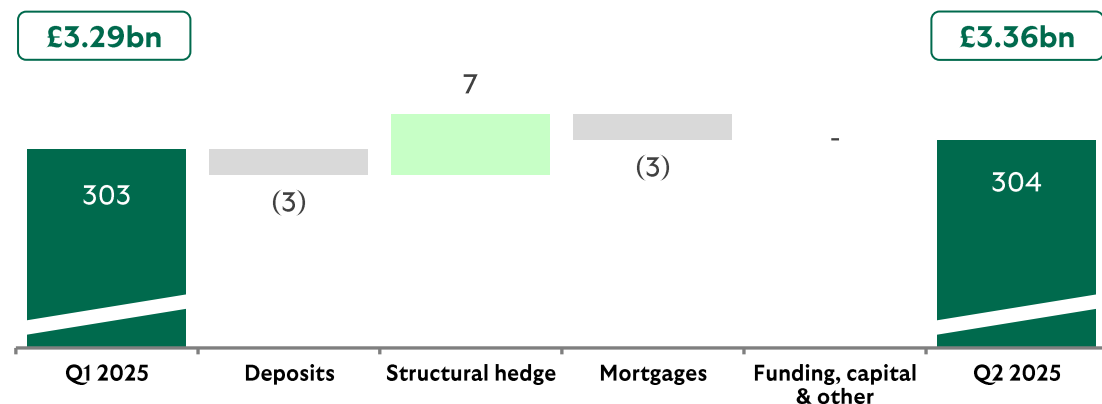
Commercial
+£5.3bn/+3%



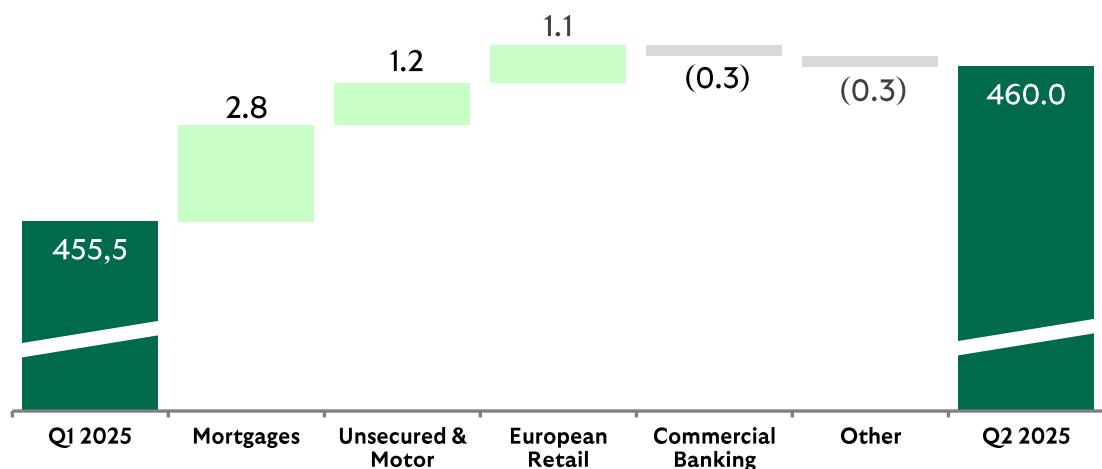
- **Lending £471.0bn, up £4.8bn or 1% in Q2; up 3% YTD**
 - Mortgages up £0.8bn QoQ
 - Good growth across Cards, Loans and Motor
 - Commercial up £0.9bn
- **Deposits £493.9bn, up £6.2bn or 1% in Q2; up 2% YTD**
 - Retail up £1.0bn QoQ, with significant savings growth given strong ISA season
 - Commercial up £5.3bn, driven by growth in targeted sectors

Continued growth in net interest income

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



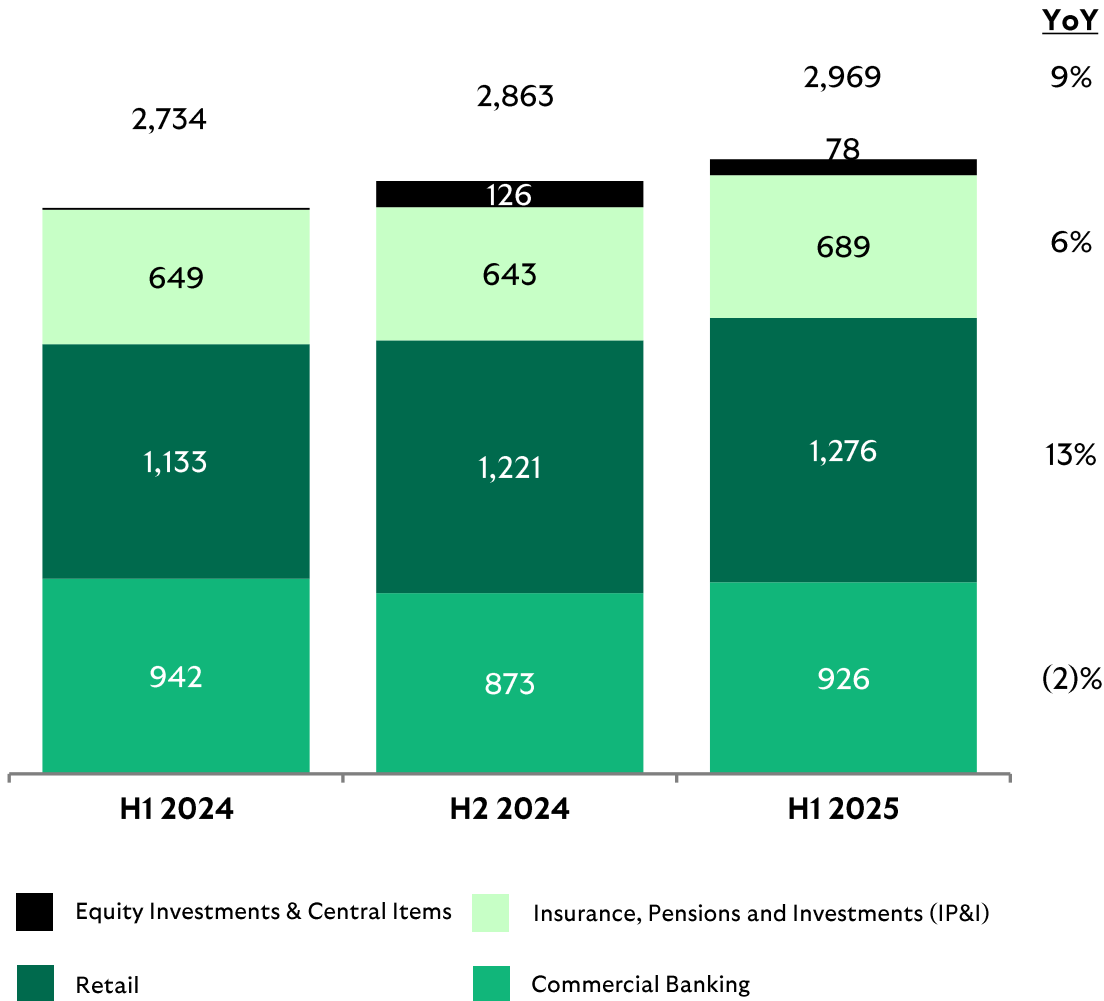
Average interest earning assets (£bn)



- H1 NII £6.7bn, up 5% YoY, Q2 up 2% QoQ
- H1 NIM 304bps; Q2 NIM 304bps up 1bp QoQ
 - Strong hedge tailwind continuing to offset mortgage and deposit headwinds
- H1 AIEAs £457.8bn; Q2 AIEAs £460bn benefitting from strong Q1 lending
- Continue to expect 2025 NII of c.£13.5bn

Momentum in other income

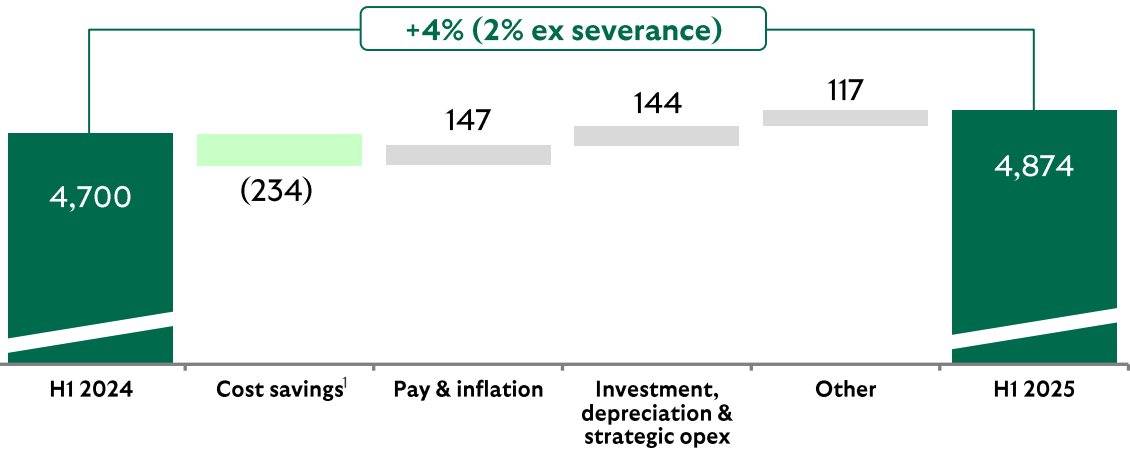
Divisional other income (£m)



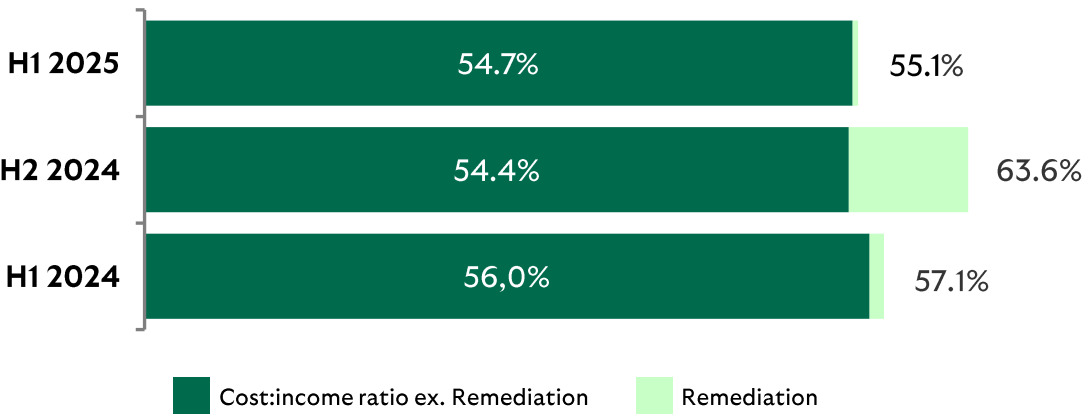
- **OOI £3.0bn in H1, £1.5bn in Q2; both up 9% YoY**
- **Broad based other income momentum in H1**
 - Retail: Motor leasing strength and current account fees
 - Commercial: Growth in transaction banking offset by lower loan markets activity
 - IP&I: Strong performance in General Insurance and Workplace Pensions
 - Equity Investments: Growth in Lloyds Living and LDC
- **H1 operating lease depreciation £710m; Q2 flat on Q1**
 - Continued fleet growth and higher value vehicles
 - Strategic initiatives mitigating used car price weakness

Continued discipline on costs

Operating costs (£m)



Cost:income ratio (%)

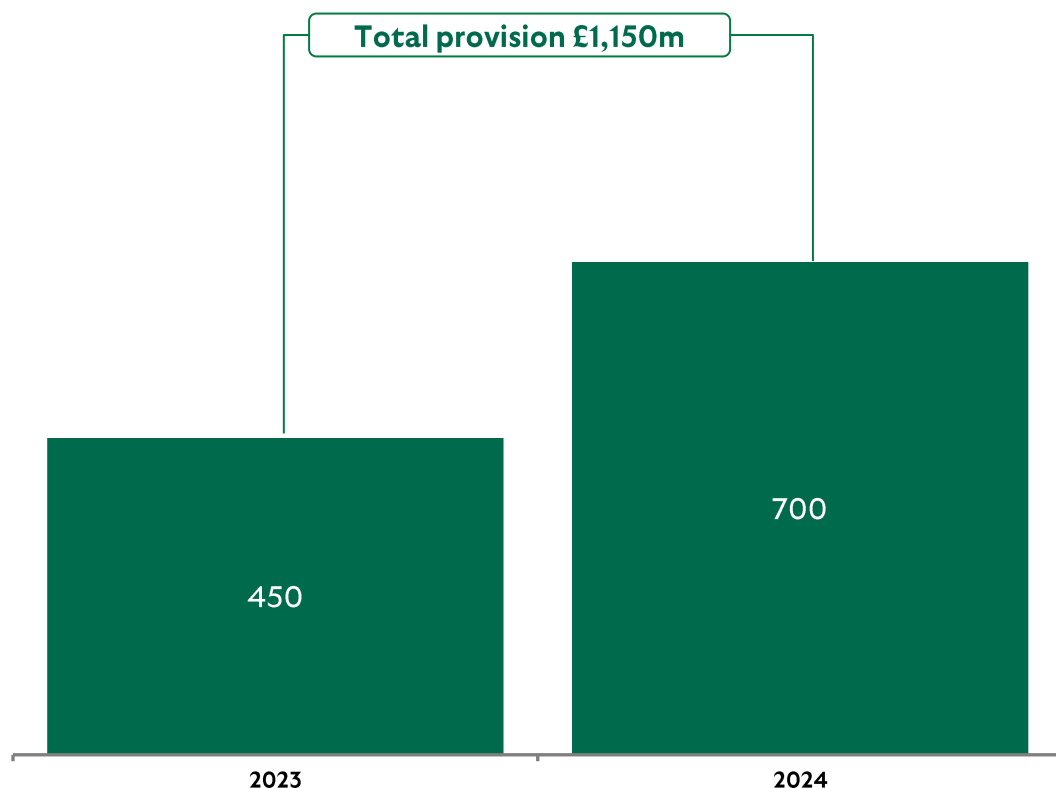


- H1 operating costs £4.9bn, up 4% YoY or 2% ex. severance, in line with FY guidance
- Q2 operating costs £2.3bn, down 9% QoQ
 - Severance of c.£20m after Q1 front-loading
 - Includes impact of NIC changes, equivalent to c.£0.1bn per annum pro-rated
- H1 cost:income 55.1%; 54.7% ex. remediation
- Expect 2025 operating costs to be c.£9.7bn

¹ – Does not include change savings.

Motor finance commissions update

Motor finance commissions provision (£m)



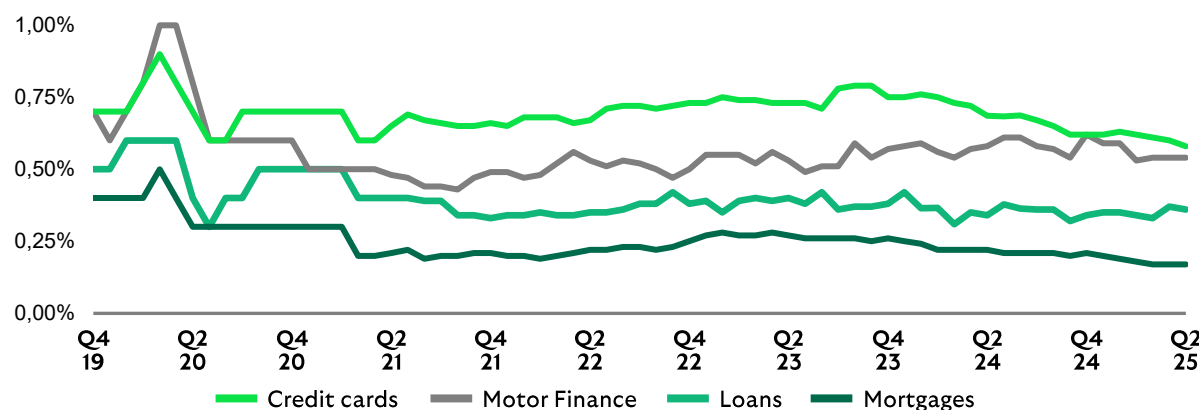
- Total motor finance provision £1,150m
- Provision includes estimate for operational costs and potential redress, based on multiple scenarios
- Post Supreme Court ruling 1st Aug 25, currently believe that if there is any provision change, it is unlikely to be material in the context of the Group
- Continue to review the provision for any further information, including FCA redress scheme (consultation expected Oct '25)

Robust asset quality

Impairment (£m)

	H1 2025	H1 2024	YoY £m
Charge (credit) pre updated MES ¹	451	425	26
<i>Retail</i>	426	463	(37)
<i>Commercial Banking</i>	25	(28)	53
<i>Other</i>	-	(10)	10
Updated economic outlook	(9)	(324)	315
<i>Retail</i>	(84)	(269)	185
<i>Commercial Banking</i>	75	(55)	130
<i>Central adjustment</i>	-	-	-
Total impairment charge/(credit)	442	101	341

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

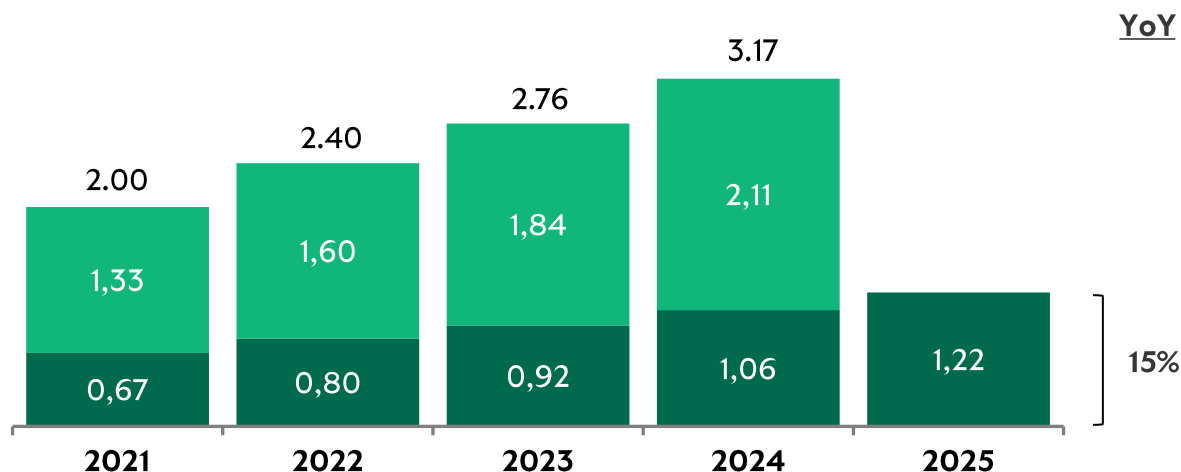


- **Robust asset quality, reflecting prudent lending and healthy customer behaviours**
 - Arrears low and stable / falling across our portfolios
 - Stable early warning indicators
- **H1 impairment charge £442m, AQR 19bps**
- **Q2 impairment charge £133m, AQR 11bps, includes MES release of £44m**
 - Pre-MES¹ AQR 15bps; with stable underlying charge
 - Q1 £100m tariff adjustment replaced in Q2 by a lower MES charge integrated into divisions
 - Retail MES release reflects improved HPI outlook
- **Stock of ECL £3.5bn, c.£400m above base case**
- **Continue to expect 2025 AQR c.25bps**

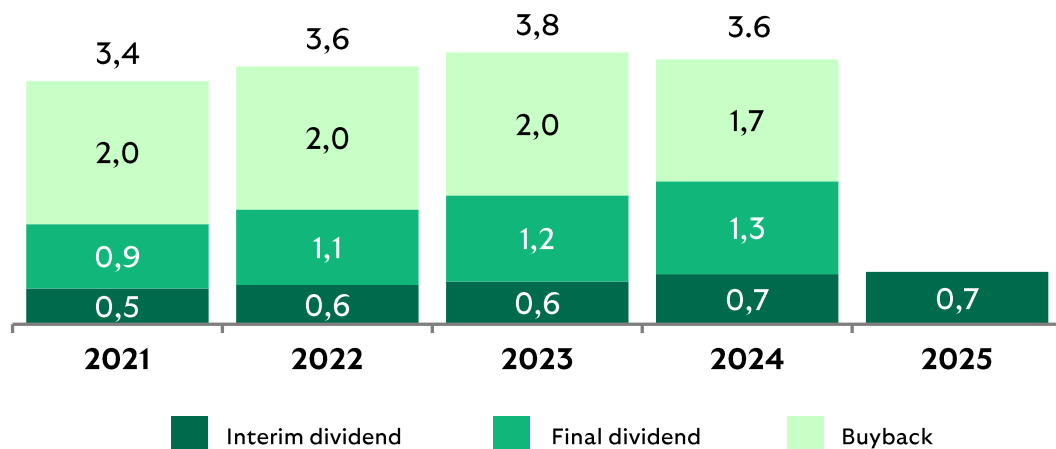
¹ – Impairment charges absent the impact from updated economic outlook, thus reflecting only observed movements in credit quality.

Continued growth in capital distributions

Dividend per share (p)



Total distributions¹ (£bn)



- Strong capital generation enables continued growth in shareholder distributions
- Interim dividend of 1.22p, 15% higher YoY, in line with guidance for a progressive and sustainable dividend
- H1 2025 interim dividend up >80% vs. H1 2021
- Consecutive buyback programmes since end 2021 (£7.7bn announced) have reduced share count by c.16%
- Committed to returning excess capital and paying down to c.13.0% CET1 ratio by end 2026

¹ – Announced in year. Chart uses rounded inputs.

Sustained strength and reaffirmed guidance

Sustained strength in financial performance, supporting higher interim dividend

Reaffirmed 2025 guidance

Confident in 2026 expectations

	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	

Purpose

Helping
Britain
Prosper

Q&A



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