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

LLOYDS BANKING GROUP

Lloyds Banking Group Plc

3 core divisions	Retail		Commercial		Insurance Pensions & Investments
Business units	Consumer Relationships	Consumer Lending	Small and Medium Businesses	Corporate & Institutional Banking	Insurance Pensions & Investments
Products	• Current accounts • Savings accounts • Mass affluent proposition	• Mortgages • Credit cards • Personal loans • Motor finance	• Business loans • Transactional banking • Working capital	• Lending and debt capital markets • Risk management • Cash Liquidity	• Home, motor and protection insurance • Pensions • Investments

Our trusted brands

LLOYDS BANK, HALIFAX, BANK OF SCOTLAND, mbna, LLOYDS LIVING, LDC, AMC, IWeb

blackhorse, LEX AUTOLEASE, SCOTTISH WIDOWS, Schroders personalwealth, cavendish online, BM BIRMINGHAM MIDSHIRES, Tusker, embark group

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.

Purpose-driven strategy

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…**

…**enhancing cost** and **capital efficiency…**

…to deliver **higher, more sustainable returns** and **capital generation**

>£1.5bn	Additional revenues from strategic initiatives
50:50	NII:OOI split across strategic revenues
<50%	Cost:Income ratio
c.13.0%	CET1 ratio
>15%	Return on Tangible Equity
>200bps	Capital generation

Successfully delivering for all stakeholders

LLOYDS
BANKING GROUP

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 YoY[1]

Sustained strength in financial performance

3% / 2%
Loan / deposit growth in H1 YTD

6%
H1 YoY net income growth

86bps
H1 capital generation[2]

1 – Source: Tradeweb. 2 – Pro forma for insurance dividend.

Financial update

Sustained strength in financial performance

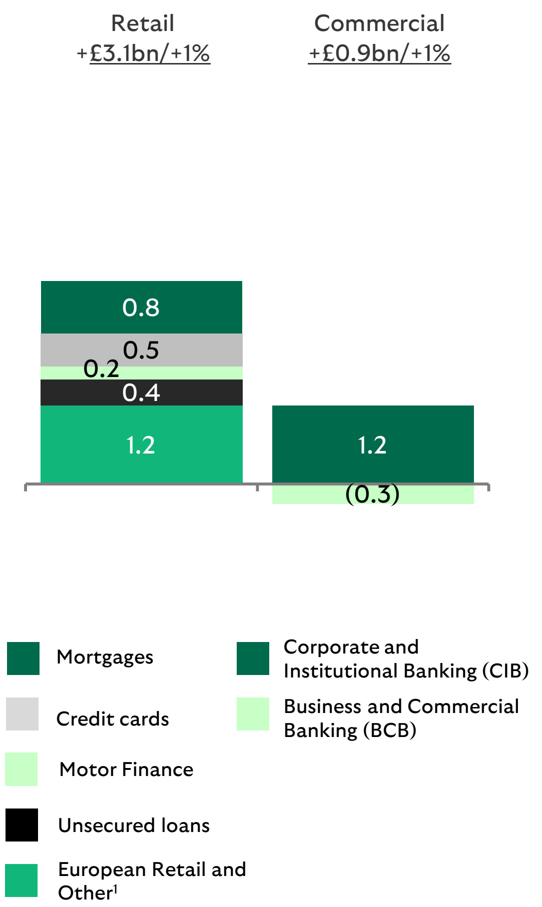
Financial performance (£m)

	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*

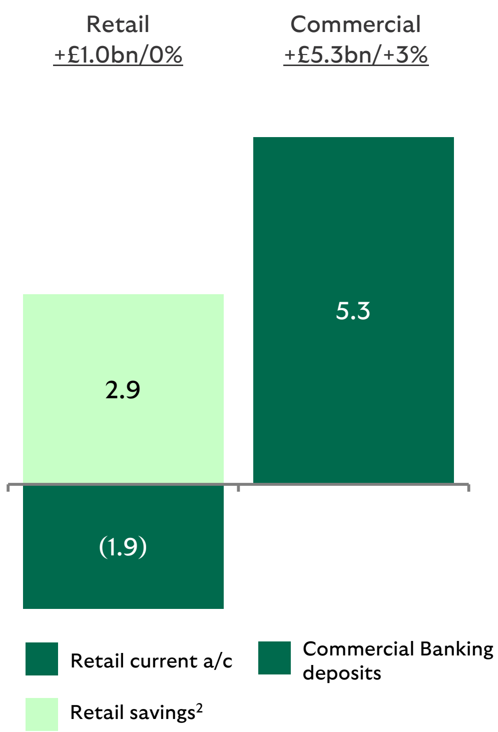
- **Statutory PAT of £2.5bn in H1; RoTE 14.1%**
- **Income momentum: Net income £8.9bn, up 6% YoY, with strong growth across NII and OOI**
- **Disciplined cost management: Operating costs £4.9bn, up 4% YoY, or c.2% ex. front-loaded Q1 severance**
- **Robust asset quality: £442m impairment, 19bps AQR**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

Strong growth in lending and deposits

Q2 lending change (£bn)



Q2 deposit change (£bn)

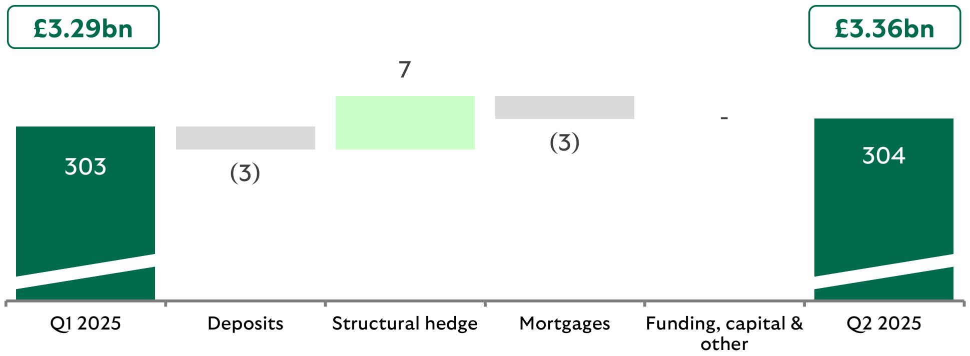


- **Lending £471.0bn, up £4.8bn or 1% in Q2; up 3% YTD**
  - Mortgages up £0.8bn QoQ
  - Good growth across Cards, Loans and Motor
  - Commercial up £0.9bn
- **Deposits £493.9bn, up £6.2bn or 1% in Q2; up 2% YTD**
  - Retail up £1.0bn QoQ, with significant savings growth given strong ISA season
  - Commercial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

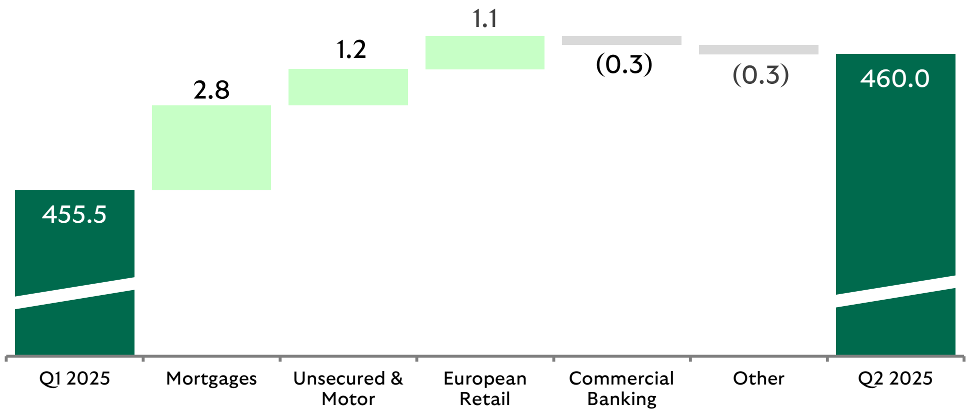
1 – Includes Overdrafts and Wealth. 2 – Includes Retail savings and Wealth.

Continued growth in net interest income

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



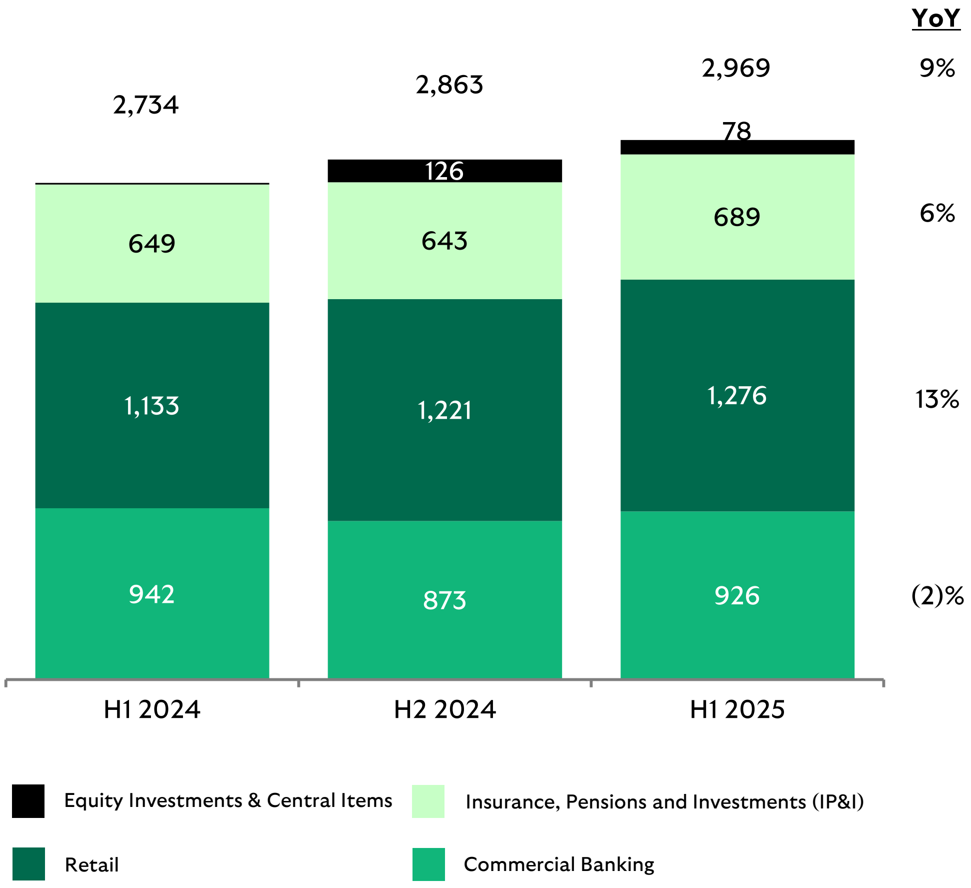
Average interest earning assets (£bn)



- **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

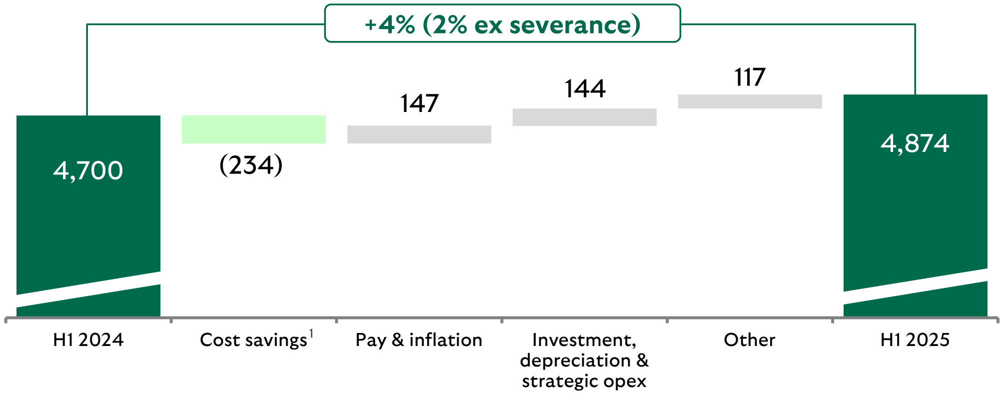
Divisional other income (£m)



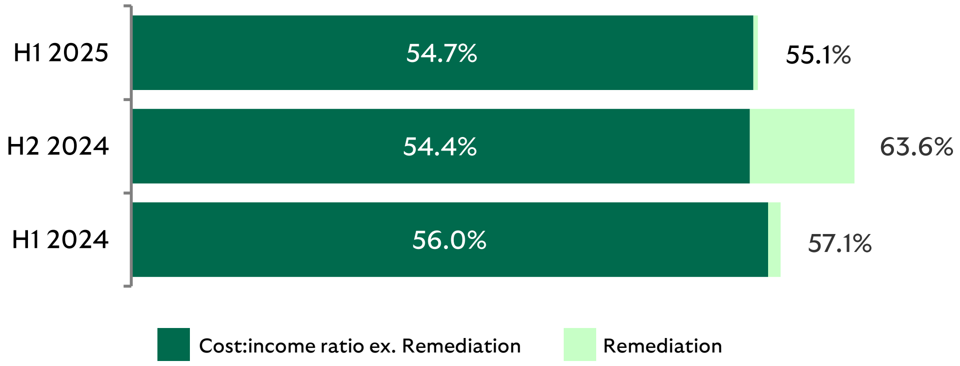
- **OOI £3.0bn in H1, £1.5bn in Q2; both up 9% YoY**
- **Broad based other income momentum in H1**
  - Retail: Motor leasing strength and current account fees
  - Commercial: Growth in transaction banking offset by lower loan markets activity
  - IP&I: Strong performance in General Insurance and Workplace 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 (%)

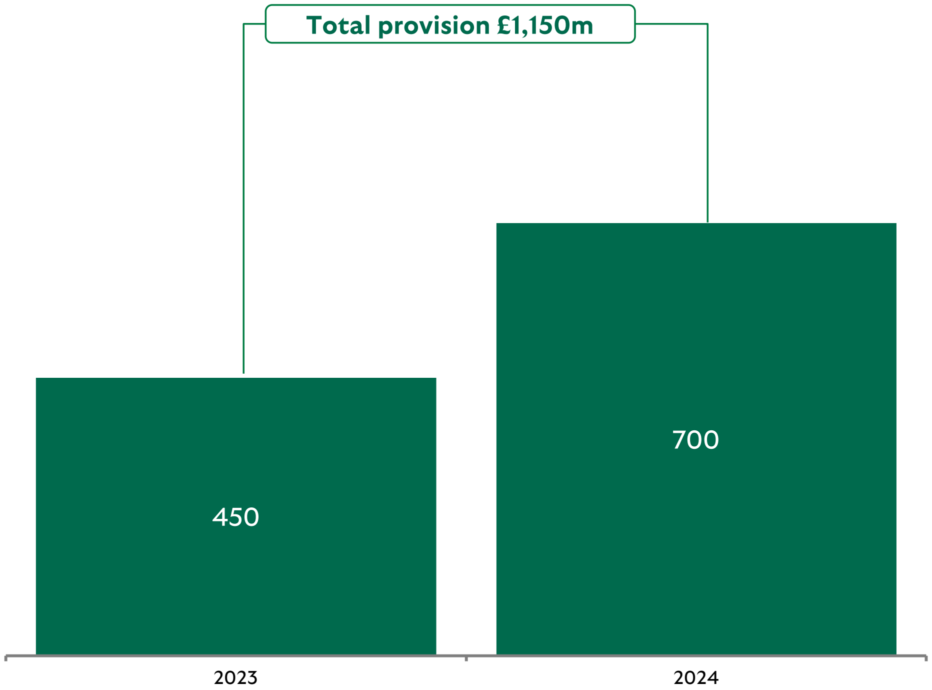


- **H1 operating costs £4.9bn, up 4% YoY or 2% ex. severance, in line with FY guidance**
- **Q2 operating costs £2.3bn, down 9% QoQ**
  - Severance of c.£20m after Q1 front-loading
  - Includes impact of NIC changes, equivalent to c.£0.1bn per annum pro-rated
- **H1 cost:income 55.1%; 54.7% ex. remediation**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

1 – Does not include change savings.

Motor finance commissions update

Motor finance commissions provision (£m)



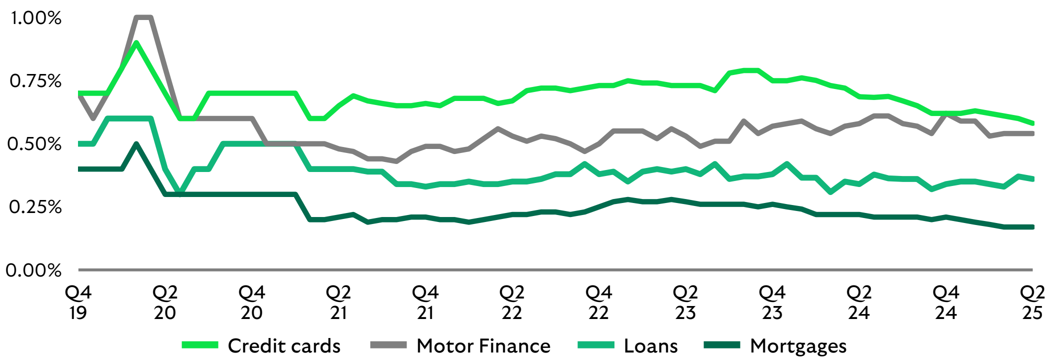
- **Total motor finance provision £1,150m**
- **Provision includes estimate for operational costs and potential redress, based on multiple scenarios**
- **Post Supreme Court ruling 1st Aug 25, currently believe that if there is any provision change, it is unlikely to be material in the context of the 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***
Retail	426	463	*(37)*
Commercial Banking	25	(28)	*53*
Other	-	(10)	*10*
Updated economic outlook	**(9)**	**(324)**	***315***
Retail	(84)	(269)	*185*
Commercial Banking	75	(55)	*130*
Central adjustment	-	-	-
Total impairment charge/(credit)	**442**	**101**	***341***

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

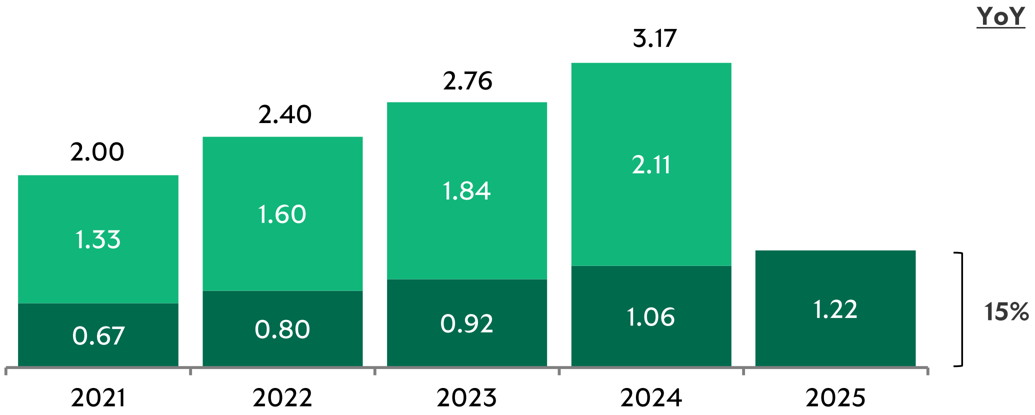


- **Robust asset quality, reflecting prudent lending and healthy customer behaviours**
  - Arrears low and stable / falling across our portfolios
  - Stable early warning indicators
- **H1 impairment charge £442m, AQR 19bps**
- **Q2 impairment charge £133m, AQR 11bps, includes MES release of £44m**
  - Pre-MES[1] 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**

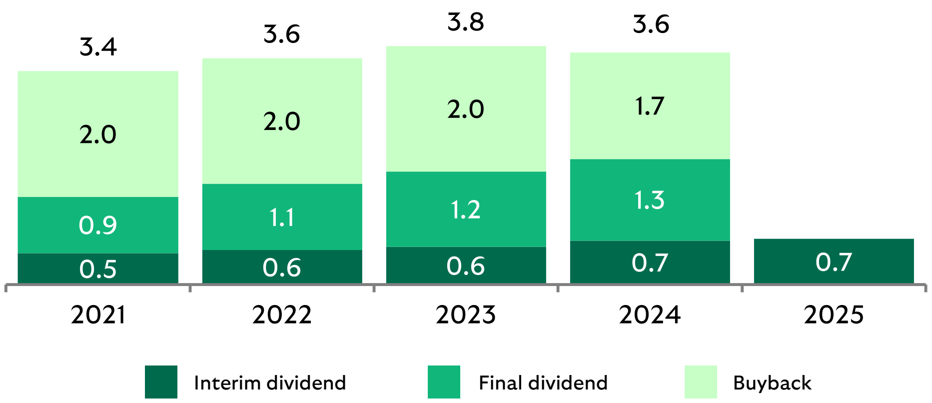
1 – Impairment charges absent the impact from updated economic outlook, thus reflecting only observed movements in credit quality.

Continued growth in capital distributions

Dividend per share (p)



Total distributions[1] (£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

Purpose

Helping Britain Prosper

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	

Q&A

Investor Relations contacts

Douglas Radcliffe
Group Investor Relations Director
+44 (0)20 7356 1571
Douglas.Radcliffe@lloydsbanking.com

Nora Thoden
Director, Investor Relations – ESG
+44 (0)20 7356 2334
Nora.Thoden@lloydsbanking.com

Rohith Chandra-Rajan
Director, Investor Relations
+44 (0)7353 885 690
Rohith.Chandra-Rajan@lloydsbanking.com

Sarah Robson
Senior Manager, Investor Relations
+44 (0)7494 513 983
Sarah.Robson2@lloydsbanking.com

Tom Grantham
Senior Manager, Investor Relations
+44 (0)7851 440 091
Thomas.Grantham@lloydsbanking.com

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