LLOYDS BANKING GROUP PLC– 2025 HALF YEAR RESULTS – PRESENTATION TRANSCRIPT
(amended in places to improve readability only)

Thursday 24 July 2025 – 9.30am

LBG:
Charlie Nunn, Group Chief Executive
William Chalmers, Chief Financial Officer

Charlie Nunn

Good morning everyone and thank you for joining our 2025 half year results presentation.

I will begin today with an overview of our financial and strategic performance, where we have continued to make strong progress having moved into the second phase of our transformation at the beginning of the year.

I will then hand over to William who will run through the financials in detail before we take your questions.

Let me begin on slide 3.

SLIDE 3 – STRATEGY DELIVERING SUSTAINED STRENGTH IN FINANCIAL PERFORMANCE

I would like to start by highlighting the following key messages:

Firstly, we are continuing to deliver strong outcomes for all stakeholders. Our strategy is providing our customers with leading propositions and supporting the real economy, creating attractive growth opportunities and improved operating leverage across the Group. We are on track to meet our 2026 targeted strategic outcomes.

Secondly, we continue to demonstrate broad-based and sustained strength in financial performance. This has enabled continued improvement in shareholder distributions, with the ordinary dividend up 15% at the interim stage.

And finally, we remain confident of delivering higher, more sustainable returns. We are reaffirming our guidance for 2025 and remain confident in our 2026 commitments.

On slide 4, I will provide a few examples of how we are successfully delivering for all stakeholders.

SLIDE 4 – SUCCESSFULLY DELIVERING FOR ALL STAKEHOLDERS

We continue to build a highly differentiated franchise. Our purpose is embedded throughout our business and is driving sustainable and profitable growth. For example, we have continued to take a leading role in supporting the critically important housing sector, lending more than £8 billion to first time buyers and supporting over £1 billion of funding to the social housing sector in the first half.

At the same time, we are delivering growth through our strategic initiatives in a number of areas. This includes significantly increasing our penetration of protection products for mortgage customers and gaining share in sterling interest rate swaps.

This business momentum is underpinning our sustained strength in financial performance. We delivered growth across both sides of the balance sheet and a 6% increase in net income, including ongoing OOI strength, up 9% in the first half. This supported a return on tangible equity of 14.1% for the half and 86 basis points of capital generation. Our highly capital generative business model is a key enabler to increasing shareholder distributions.

Before covering our strategic progress in the first half in more detail, I will briefly highlight on slide 5 why we believe the external environment provides a supportive backdrop to our plans over the coming years.

SLIDE 5 – CONSTRUCTIVE OPERATING ENVIRONMENT (273 words)

Our current forecast for the UK remains one of a resilient but slower growth economy. William will provide more detail on our latest estimates shortly.

The economic environment and uncertainty remains difficult for some of our customers. However, the underlying fundamentals continue to strengthen, and alongside new policy measures we see the opportunity for the economy to move to a higher growth trajectory than is forecast today over the medium term.

To elaborate on this, I would highlight the following key points:

Firstly, the underlying health of the economy remains robust. Household and business finances have further strengthened in the first half and business confidence remains above the long-term average. There is scope for increased activity as confidence further improves and rates fall.

Secondly, the Government has placed a clear focus on growth. The recently launched industrial strategy will provide significant investment into faster-growing and high potential sectors, and we welcome the ambition of the announced financial services reforms. We are well positioned to be an important partner to both sets of plans.

And finally, despite significant geopolitical uncertainty in recent months, the UK is well placed to navigate any headwinds relative to other economies and remains an attractive destination for foreign direct investment.

Taken together, we are constructive on the outlook for the UK economy, with our strategy focused on faster growth areas such as housing, transition finance, infrastructure and pensions. As such, we see the potential for the Group to continue to grow faster than the wider economy over the coming years.

Let me now cover some examples of the growth we are driving through our strategic initiatives on slide 6.

SLIDE 6 – DELIVERING ON OUR 2025-26 PRIORITIES FOR GROWTH

In February we provided more details on how we are accelerating our transformation in the second phase over 2025 and 2026.

We have delivered strong progress in the first half of the year and are on track to achieve our 2026 targeted strategic outcomes.

We are delivering on our growth priorities with meaningful contributions from all divisions and increasing synergies between them:

In Retail, we are winning market share in lending, deepening relationships and growing in high value areas, such as through our new Lloyds Premier offering following a successful launch in May.

In Commercial Banking, we are digitising and driving OOI accretive diversification, gaining share in priority areas.

And in IP&I, we are transforming engagement and increasing Group connectivity. We now have more than half a million users of our Scottish Widows app and are expanding our product set for Retail customers, proving our bancassurance model.

We continue to expect to deliver more than £1.5 billion of additional revenues from strategic initiatives by 2026, with over £1 billion delivered to date on an annualised basis.

Now turning to cost and capital efficiency on slide 7.

SLIDE 7 – DRIVING OPERATING LEVERAGE THROUGH COST AND CAPITAL EFFICIENCY

Alongside growing revenues, our commitment to efficiency is paramount to driving sustained operating leverage.

We continue to focus on increasing productivity as our customers shift to mobile-first, as well as decreasing costs associated with our reducing legacy technology estate. Having surpassed our original target in the first phase, we realised another £300 million of gross cost savings in the first half, taking the total to circa £1.5 billion since 2021.

At the same time, we are continuing to improve capital efficiency through growth in fee generating, capital lite areas and further scaling of SRTs and new origination capabilities. This supported more than £2 billion of additional RWA optimisation in the first half, taking the total to circa £20 billion since 2021.

Our continued strong progress in these areas underpins our confidence in delivering a cost:income ratio of below 50% and more than 200 basis points of capital generation in 2026.

Moving on to our enablers on slide 8.

SLIDE 8 – LEVERAGING OUR ENABLERS TO DRIVE COMPETITIVE STRENGTH

Our track record of digital, AI and data investment is unlocking a competitive advantage, with leadership in this area being critical to long-term success.

Significantly rationalising and modernising our estate in the first phase of our plan has created the capacity to increasingly shift our focus to driving revenue growth and further efficiency savings across three areas:

Firstly, we are delivering leading experiences to our nearly 21 million mobile app users to drive increased engagement and build deeper relationships.

Secondly, we are broadening our addressable revenue base by growing beyond financial services, such as through Home and Travel Ecosystems and our Market Intelligence data proposition.

And thirdly, we are digitising front-to-back through improved journeys and increased automation, reducing unit costs and the cost of change.

Looking ahead, our multi-year investment in leading engineering talent is helping us to increase adoption of new technologies that will drive the next stage of our transformation.

To this end, we are building upon our existing AI leadership position, with more than 800 AI models live today, by developing and scaling a significant number of exciting Generative and Agentic AI use cases across the Group. For example, over 10,000 front line colleagues are currently using our GenAI knowledge management tool to help them support customers better and more effectively.

We will share more details on these and our broader technology and data strategy in an investor seminar later this year.

Let me now close on slide 9.

SLIDE 9 – HIGHER, MORE SUSTAINABLE RETURNS AND CAPITAL GENERATION

We continue to successfully execute against our strategy and are on track to deliver our 2026 targeted outcomes.

This reinforces our confidence in meeting our 2026 financial commitments, with significant operating leverage supporting a Return on Tangible Equity of greater than 15% and greater than 200 basis points of capital generation.

Thank you for listening, I will now hand over to William to talk through the financials in more detail.

William Chalmers

Thank you, Charlie. Good morning everyone and thanks again for joining. As usual, let me start with an overview of the financials on slide 11.

SLIDE 11 – SUSTAINED STRENGTH IN FINANCIAL PERFORMANCE

Lloyds Banking Group demonstrated sustained strength in financial performance during the first six months of the year. Statutory profit after tax in the first half was £2.5 billion, with a return on tangible equity of 14.1%.

Net income of £8.9 billion was 6% higher than the prior year. This was driven by continued momentum in net interest income, alongside 9% year-on-year growth in other operating income.

We remain committed to efficiency. H1 operating costs of £4.9 billion were up 4% year on year, in line with our expectations for this stage. Asset quality meanwhile remains robust. The H1 impairment charge of £442 million equates to an asset quality ratio of 19 basis points.

Our performance resulted in strong capital generation of 86 basis points in the first half. This supports our 15% increase in the interim dividend, alongside our closing pro forma CET1 ratio of 13.8%.

I will now turn to slide 12 to look at developments in our customer franchise.

SLIDE 12 – STRONG GROWTH IN LENDING AND DEPOSITS

Our customer balances showed good growth in the first six months, across both the lending and the deposit franchise.

Focusing on Q2, Group lending balances of £471 billion were up £4.8 billion, or 1% versus Q1. We saw broad-based growth across all of our lending activities.

Within Retail, loans and advances were up £3.1 billion. The mortgage book is up £0.8 billion since March, reflecting accelerated growth in the first quarter driven by stamp duty changes. In this context it's good to see volumes picking up again in June.

Elsewhere in the Retail business, we saw continued and broad-based growth across each of our cards, loans and motor businesses, as well as European Retail.

Commercial lending balances were also up in Q2, by £0.9 billion. Within this, we saw growth in CIB, particularly infrastructure and SPG lending. In BCB, net repayments were driven by government backed lending balances. Excluding these, it is good to see the private lending business growing in the first six months, including in Q2.

Turning to the liability franchise. Again, we saw a good performance in deposits, up £6.2 billion, or 1% in Q2, now standing at £494 billion.

Retail increased by £1.0 billion. Notably, Savings accounts were up £2.9 billion following significant inflows to ISA products in what was a very strong season, offset by current accounts down £1.9 billion, largely reflecting the same flows. Post tax year end, ISA driven migration is now of course slowing.

Commercial deposits were up in Q2, by £5.3 billion. This was driven by growth in targeted sectors across both CIB and BCB.

Alongside deposit developments in banking, we continue to see steady AUM growth in Insurance, Pensions and Investments, with circa £2 billion of net new money in Q2.

Turning to net interest income on slide 13.

SLIDE 13 – CONTINUED GROWTH IN NET INTEREST INCOME

Net interest income grew 5 % in the first half to £6.7 billion. This included £3.4 billion in Q2, growth of 2% versus the prior quarter.

Income growth continues to be supported by positive momentum in the net interest margin, with the Q2 margin of 304 basis points up slightly on Q1. The mortgage refinancing and deposit churn headwinds continue to be more than offset by a growing structural hedge contribution.

NII was further supported by AIEAs of £460 billion in Q2, up £4.5 billion versus Q1. The increase was driven by the impact of strong mortgage growth towards the end of the first quarter.

The Q2 non-banking NII charge was £124m, slightly up quarter-on-quarter, in line with our expectations for an upward trajectory across the year. As usual, this is driven by business growth in OOI and associated funding repricing.

Looking ahead, we continue to expect net interest income for 2025 to be circa £13.5 billion. H2 growth will be driven by gradual margin improvements and AIEA growth from franchise expansion.

Let's turn to the mortgage portfolio on slide 14.

SLIDE 14 – SIGNIFICANT GROWTH IN MORTGAGES

The mortgage book now stands at £318 billion. This is up £5.6 billion in H1 and £0.8 billion in Q2.

Increased mortgage balances are a result of healthy underlying market demand, as well as our strategic initiatives in this area, helping to support a 19% market share of net new lending in the first half.

In Q2, completion margins averaged around 70 basis points, slightly tighter than the prior quarter. Maturities in the book meanwhile remain higher, at just over 90 basis points.

Based on current applications, we expect the market to remain competitive and completion margins to be at or around Q2 levels in the second half. Needless to say this will depend on swap rate volatility, competitive dynamics and no doubt, product margins elsewhere.

As Charlie mentioned, we continue to enhance our depth of customer relationships in mortgages including across business areas. 20% of new mortgage customers now take up protection insurance, an increase of 7 percentage points versus last year. We also recently launched a new digital remortgage journey, delivering an increased share of direct to bank applications, up 4 percentage points to 25% in H1. Together, these initiatives help offset margin pressure.

Now looking at the other lending books on slide 15

SLIDE 15 – GOOD PERFORMANCE IN CONSUMER AND COMMERCIAL LENDING

Consumer lending balances are performing well. Within both Cards and Loans, our strategic investment in tools such as 'Your Credit Score', used by 4.8 million customers in the last 3 months alone, is enabling us to drive growth by leveraging data to enhance decision-making and personalisation.

Accompanied by an improved risk scorecard, this has supported growth in our personal loans business, with balances up £0.8 billion since year end. Alongside, Cards balances were up £0.7 billion and motor finance lending by the same.

In the Commercial book, lending balances increased by £1.2 billion in the first half. This was driven by growth of £1.8 billion in the CIB business, particularly institutional balances, alongside securitised products.
In BCB, balances were down £0.6 billion, but as said earlier, up £0.2 billion when adding back government-backed lending repayments. Delivery of the initiatives highlighted in Charlie's section earlier, such as mobile onboarding for SME clients, is having an impact here.

Moving on to deposits on slide 16.

SLIDE 16 – GROWING CUSTOMER DEPOSIT FRANCHISE

Our deposit franchise grew strongly in the first half of the year. Total deposits are up by £11.2 billion or 2% to £494 billion.

Within this, Retail deposits increased by £3.7 billion. Continued growth in savings balances more than offset current account reductions. Retail Savings were up £4.9 billion, supported by net new money inflows and strong retention activity. This included a strong performance throughout what was a busy ISA season, up 30% on last year. Notably our existing and new ISA customers are valuable to us with average product holdings of almost two times the Group average.

Current account balances fell slightly in the first half, by £0.7 billion. Flows were driven by switches to Savings, including ISAs, whilst wage growth and spend remained broadly stable.

Pleasingly, Commercial deposits increased in H1 by £7.6 billion, driven by growth in targeted sectors across both CIB and BCB. As you are aware, our deposit franchise supports the structural hedge, which I will now update on.

SLIDE 17 – STRENGTHENING TAILWIND FROM THE STRUCTURAL HEDGE

Our structural hedge continues to provide a significant and growing tailwind to income.

The hedge notional currently stands at £244 billion, up £2 billion in Q2. This follows strong deposit performance in the first half.

In H1, we saw gross hedge income of £2.6 billion, around £0.7 billion higher than last year. The average earnings rate on the hedge was circa 2.2% in Q2. The reinvestment rate for maturities continues to be significantly higher than this.

At around three and a half years, the weighted average life of the hedge provides strong support for income going forward.

Looking ahead, we continue to expect 2025 hedge income to be around £1.2 billion higher versus 2024. We also continue to expect 2026 hedge income to be around £1.5 billion higher than 2025.

Moving onto other income on slide 18

SLIDE 18 – MOMENTUM IN OTHER INCOME

We continue to build momentum in other income across the franchise.

Other income of £3.0 billion in the first half was up 9% on H1 last year. This included £1.5 billion in the second quarter, also 9% higher year-on-year. Pleasingly, this growth is driven by broad-based momentum across the business, linked to our strategic initiatives as well as BAU growth.

Within Retail, 13% growth versus the prior year was supported by higher income from personal current accounts and continued strength in our motor leasing business.

In Commercial, year-on-year strength in transaction banking income was offset by lower loan markets activity. Having said that, more recently we have seen a healthy rebound in client activity levels.

Insurance, Pensions and Investments delivered a strong performance in the first half, up 6% year-on-year. General Insurance did particularly well, with income net of claims up 35%. Member contributions in Workplace Pensions meanwhile also saw good momentum.

In Equity Investments, Lloyds Living is developing well, with income up 19% year-on-year, alongside LDC growth. Looking forward, we continue to expect strategic investment and BAU activity to drive ongoing growth in other income.

Turning to operating lease depreciation. The first half charge of £710 million included £355 million in Q2, flat on Q1. This is a good result in the context of further adverse movements in used car prices, particularly electric vehicles, over the second quarter.

As mentioned at Q1, we implemented a number of significant strategic actions, which have improved business performance and helped offset the impact of both asset growth and car price movements. These include enhanced used car leasing, remarketing agreements and risk sharing with OEMs. Together these should meaningfully reduce volatility in operating lease depreciation going forward.

Moving to costs on slide 19

SLIDE 19 – CONTINUED DISCIPLINE ON COSTS

The Group continues to maintain strong cost discipline. H1 operating costs were £4.9 billion, up 4% on the prior year, or 2% excluding the previously disclosed front-loaded severance charges in Q1.

Second quarter costs of £2.3 billion are down on quarter one, partly helped by investment timing, including lower severance charges.

Overall, operating costs are tracking in line with full year expectations, with business growth and inflationary impacts, including National Insurance, partially mitigated by savings driven by our strategic investment.

The continued pace of these investment-driven savings, including reduced costs of change as Charlie highlighted, alongside income growth, gives us confidence in operational leverage and our medium-term cost to income ambitions.

Looking ahead, we continue to expect operating costs of circa £9.7 billion for the full year. Remediation remains low at £37 million in the quarter. There was no further charge for motor finance.

Let me move to asset quality on slide 20

SLIDE 20 – ROBUST ASSET QUALITY

Asset quality remains robust. Credit quality was stable in the period, with either stable or improving new to arrears, seen across our portfolios.

Similarly, Early Warning Indicators remain low and stable. For example, minimum repayment levels in Cards remain modest, as do RCF utilisation levels in Commercial.

The first half impairment charge was £442 million, equating to an asset quality ratio of 19 basis points. Indeed, the second quarter continued the benign trends of the first, with a pre-MES asset quality ratio of 15 basis points.

In Q2 there was an MES release of £44 million. This consisted of the removal and integration of the Q1 £100 million charge to cover tariff risks into our base case assumptions. Alongside, we saw a benefit from improvements to the HPI outlook in Retail.

Together the observed performance and MES outcome resulted in a low Q2 impairment charge of £133 million, or an asset quality ratio of 11 basis points. Our stock of ECLs on the balance sheet is now £3.5 billion, remaining circa £400 million above our base case. We are very confident in the balance sheet, given our prime customer base and a prudent approach to risk. We continue to expect the asset quality ratio to be circa 25 basis points for the full year.

Let me briefly update on our latest economic assumptions

SLIDE 21 – UPDATED MACROECONOMIC OUTLOOK

We have made minor changes to our macroeconomic forecast since Q1.

We now expect 1% growth in GDP in 2025 and a similar level in 2026, slightly lower than previously forecast.

We now expect unemployment to rise a little further, peaking at 5% in 2026. Given this context, we now assume two further rate cuts in 2025 and one in '26, to a terminal rate of 3.5%.

Our assumptions for house prices meanwhile have improved, largely reflecting FCA affordability changes.

Let me now address returns and TNAV on slide 22

SLIDE 22 – STRONG RETURN ON TANGIBLE EQUITY

The return on tangible equity of 14.1% in the first half is a strong performance, including 15.5% in Q2.

Within the H1 performance, the volatility and other items charge of £48 million was driven by negative insurance volatility and the usual fair value unwind, partly offset by gains on sale of our bulk annuities business, completing in the second quarter.

Tangible net assets per share at 54.5 pence are up 2.1 pence since year end. The increase was driven by profit build and unwind of the cash flow hedge reserve, offset by shareholder distributions, including the full year ordinary dividend payment in April.

As usual at this time, TNAV is also temporarily suppressed by an accrual for the share buyback over the H1 closed period, with no corresponding share count reduction. This is worth 1.0 pence per share and will mechanically reverse in Q3.

Looking ahead, we continue to expect further material TNAV per share growth this year and indeed over the medium term.

Alongside, we continue to expect the return on tangible equity for 2025 to be around 13.5%

Turning now to capital generation on slide 23

SLIDE 23 – STRONG CAPITAL GENERATION

Capital generation was strong in the first half of the year, including in the second quarter.

Within this, total RWAs ended the first half at £231 billion, up £6.8 billion in H1 and up £1.3 billion in Q2. The increase was driven by lending growth, partly offset by optimisation activities and credit calibrations.

Q2 also saw a partial reversal of the £2.5 billion temporary RWAs that we mentioned at Q1. The remaining balance of around £1.2 billion will reverse in the third quarter.

Note that no additions for CRDIV secured risk weightings were taken in the first half. We will revisit the position later this year.

Given healthy banking profitability and the interim insurance dividend, capital generation of 86 basis points in the first half was, as said, a strong result.

Looking ahead, we continue to expect Full Year 2025 capital generation to be circa 175 basis points.
Capital ratios are strong. The closing pro forma CET1 ratio after 50 basis points of ordinary dividend accrual is 13.8%.

I'll now move on to capital distributions on slide 24

SLIDE 24 – GROWING CAPITAL DISTRIBUTIONS

The Group's strong capital generation continues to support sustained growth in shareholder distributions.

Today the Board announces an increased interim dividend of 1.22 pence per share, 15% growth on last year. As usual, we will consider further capital distributions at year end.

Dividends per share have grown consistently over our strategic plan, now up more than 80% versus 2021. Alongside this, we have undertaken consecutive and significant share buyback programmes. These have reduced the Group's share count by circa 16% since the end of 2021, supporting growth in value for our shareholders.

By executing on our strategy for the benefit of all stakeholders, we expect this growth in distributions to continue, returning material excess capital to our shareholders. As before, we remain committed to paying down to a circa 13% CET1 ratio in 2026, with the end of 2025 being a staging post towards that target.

Let me now wrap up the financials on slide 25

SLIDE 25 – SUSTAINED STRENGTH AND REAFFIRMED GUIDANCE

To summarise, the Group is showing sustained strength and delivering in line with expectations.

In the first six months of the year, we saw continued growth in net income, cost discipline and robust asset quality, driving strong capital generation and an increased interim dividend.

Looking forward, and based on this sustained strength, we feel very comfortable with our 2025 guidance and remain confident in our 2026 commitments. Both are set out in full on the slide.

Finally, as you may have seen in the RNS, building on our transformation and consistent with our ambition to move at pace into next year, we intend to move to preliminary reporting at this year-end. Accordingly, we will announce our Full Year 2025 results on 29 January 2026, with our full annual report and accounts following on 18 February.

That concludes my comments for this morning. Thank you for listening. I will now hand back to Charlie for closing remarks.

SLIDE 27 – STRATEGY DELIVERING SUSTAINED STRENGTH IN FINANCIAL PERFORMANCE

Thank you, William. So, to briefly summarise, I am very pleased by our strong progress in the first half of the year.

We are delivering significant strategic change in the second phase of our transformation and remain on track to meet our 2026 targeted outcomes. This underpins broad based and sustained strength in financial performance, with our highly capital generative business model supporting increasing shareholder distributions.

The Group remains on a clear path to delivering higher, more sustainable returns – we are reaffirming our 2025 guidance and remain confident in our 2026 commitments.

Thank you for listening this morning. That concludes our presentation, and we are now very happy to take your questions.

QUESTION AND ANSWER SESSION

Question 1 – Guy Stebbings, Exane BNP
Hi. Morning, Charlie. Morning, William. Two questions. The first one was on mortgage spreads. You talked to 70 basis points completion spreads in Q2 has come in a little bit but very much consistent with wider industry data. If we stay at that sort of level suggested, I mean, how should we be thinking about back to front book mortgage spread churn from here? Perhaps you could frame it against that 3 basis points Q-on-Q headwinds in terms of how that could moderate into future periods or perhaps you could give us the average back book spread. Now, I presume that's come in much closer to the front book now, than was the case a few quarters ago so even with those slightly tighter front book spreads, the back to front book churn should be easing from here.

And then the second question was just on deposits. Some negative mix effects in the quarter, as you've talked to before and again we've seen that in industry data. Given the new tax season impact clearly played a role on ISA flows. Are you able to confirm if those PCA outflows landed largely in April or maybe the start of May and perhaps eased as we got to the end of the quarter? Were you still seeing some PCA outflows in the month of June, for instance? Thank you.

William Chalmers:
Thanks for those questions, Guy. I'll take them in turn. First of all, in relation to mortgage spreads. As mentioned in my script, we saw mortgage spreads in the course of quarter two at around 70 basis points. That was probably a couple of basis points tighter than what we had seen during quarter one. Not much more than that but a couple of basis points tighter.

When we look at the applications that we are now seeing, which will, of course, be completions in quarter three, we're looking at spreads that are basically similar. So, we're expecting more or less the quarter two patterns in terms of mortgage spreads to continue into quarter three and then we'll see how we fare during the remainder of the year, but that's the pattern today.

You asked about the differential between that and the maturity margins on the book. The maturity margins, just to give you some idea, they're coming out at around 90 to 95 basis points in that zone during the course of quarter two. That is going to taper a little bit in the second half of this year, but to be clear both the second half of this year and next year is not totally linear in terms of maturity margins, and therefore the mortgage headwind within any given period might vary with that non-linearity.

Having said that, we do expect the mortgage headwind, as we've discussed before, to play out during the course of 2026. We've talked in the past about the mid-year being about that time zone. We'd be roughly in the same space now. Clearly if you get a slight weakness in mortgage margins, it might take a month or two longer, thereabouts, but overall the picture is much the same as we've described to you before with that give and take.

Your second question in respect to deposits, Guy, a couple of points to make. First point is the picture on deposits, as you know, has been actually very favourable during the course of the half. We've seen deposits up £11.3 billion during H1, we've seen deposits up £6.3 billion during the course of Q2, so some really good deposits performance, which of course we're pleased to see. It's balanced across both the retail business, £3.7 billion in the half, and the commercial business, £7.6 billion in the half, overall up 2%. Good to see the deposits franchise working.

Now, within that there are clearly some moving pieces during Q2. Most notably, you highlighted there the PCA movement. The PCA movement in Q2 overall down by about £1.9 billion. I think it's right to see it, Guy, in the context of the half as a whole. I would look at the £0.7 billion down in the half as a whole simply because within any given quarter, you are going to get different month end effects that's going to affect the numbers. But £0.7 billion down over the course of the half.

Alongside of that, we've had a strong ISA season, as I mentioned in my comments earlier on. To be fair, we are very pleased to participate in that strong ISA season. The overall quantum of ISAs is up 30% year-on-year. Our market share of that strong ISA season is at around 20%. We're pleased to see it, because these are valuable, often relatively affluent customers, and we want them to be part of our customer base. Indeed, many of them are existing Lloyds customers and already are and we're very pleased to attract some new customers into it by virtue of the ISA product offering. In addition to that, ISA customers tend to have broader product holdings with the group, deeper product holdings with the group. I mentioned in my comments just now that that was around twice the group average.

You asked about the timing of the flows in that context, Guy. And just to give you some idea, ISAs inevitably, of course, are connected with the tax year-end, so we saw particularly heavy flows in March, likewise going into April. But to give you some idea, the flows that we saw in April were then more or less cut in half by the time we got to May and the flows that we saw in June were, again, one-third lower than they have been in May. You can see the tapering off of the ISA flows during that time period, which gives you some idea that deposit flows are starting to kind of return to normality, if you like, the longer the quarter goes on.

Now having said that, we are in a declining base rate environment and you would naturally expect customers to continue to migrate in that declining base rate environment, at least those that want to secure fixed-term deposits. We're very happy to be part of that, Guy. It's a part and parcel of our business. It's pretty much as expected in terms of our expectations and forecasts for the duration of this year, and, as I said, that's a profitable, attractive customer base. Hopefully, that gives you some insight into the dynamics of the deposit base, Guy.

Question 2 – **Benjamin Toms, RBC**
Good morning, both. Thank you for taking my questions. The first one's on the structural hedge. I think, by illustrating your guidance, the implied half two structural hedge contribution is £2.8 billion. I get that rounding makes a bit of a difference here, but that number's a bit lower than what I was expecting if I assume that the notional continues to grow a bit. Maybe you could give us your latest thoughts on where you expect the notional might go to this year and next.

And then secondly, you are showing on the slides that the FCA affordability changes materially impacted your house price expectations? Does it materially change your mortgage volume expectations into the medium term? I would've thought it was just a bit helpful around the edges. What's the mortgage pipeline looking like into half two, please? Thank you.

William Chalmers:
I'll take the first. I'll start on the second and Charlie will add on the second too, Ben. First of all, in terms of the structural hedge, the structural hedge is developing pretty much exactly as we had expected it to over the course of the first half, and we expect it to continue to do so over the course of the second. If anything, rates have maybe been a touch stronger than we had expected, so maybe there's a little bit of upside building into that, but I wouldn't want to overstate that. It's pretty much according to plan.

Now, interestingly, what is going on there is, as said, the expectation for earnings from the structural hedge is going to be £1.2 billion higher in '25 than it was in '24. Exactly as we said to you at the beginning of the year. Our expectation for 2026, again, £1.5 billion higher in 2026 than it was in 2025. We are getting increasingly confident of that. As said, potentially a little bit of rates upside, but let's see how the rest of the rate cycle fares over the next 18 months or so.

Specifically, what do I mean by the confidence? I'm obviously referring to the amount of the hedge that we have locked in. We now have 2025 done, essentially 97%, 98% in that zone. We have more than 4/5 of 2026 locked in as well. And of course as the days go by, that number is creeping up. As a result, the confidence in the hedge is increasing off the back of increasingly locked in volumes both in respect to 2025 and in respect to 2026.

In any given period, having said that, Ben, you are going to see the structural hedge contribution ebb and flow a little bit. You saw a strong contribution to the margin from the structural hedge in quarter one. I think it was about 10 basis points. You saw a slightly weaker but still strong contribution from the structural hedge in quarter two. I think it's about 7 basis points.

Looking at quarter three, because of maturity dynamics, it's going to ebb away a little bit from that, but that's fine. That's pretty much exactly as we planned and then it will strengthen significantly going into the fourth quarter. I realise I'm giving you probably more detail than maybe even you want, Ben, but nonetheless, hopefully it's helpful in terms of giving you the picture as to how we expect the structural hedge to mature. As said, very much consistent with our expectations.

One further point to make before I leave that topic. By the time we get to the end of 2026, as I think came up at our year-end results, we are still seeing a yield on the structural hedge that is below the yield that we currently see in the swap markets for term offerings. That means that the structural hedge will continue to give us support into the years thereafter, consistent with the weighted average life of the hedge of around three and a half years. We're seeing, therefore, the structural hedge play out in, as I said, pretty much exactly the way we expected.

I'll add one further point, having said what I said a second ago. The confidence in the hedge is good to see, manifested in the context of the notional balances, which we put up by a couple of billion during the course of this year. Just referring back to Guy's second question a second ago, the fact that we have put the hedge up by a couple of billion over the course of this year shows you the belief that we have and the stability of the deposits behaviour that we've seen over H1 as a whole.

That's an insight, I suppose, on the structural hedge but hopefully also gives a bit of insight into what we've seen in the deposit book as a whole. I'll kick off on the second of your questions, Ben, on FCA, HPI improvements, and the like, and then hand over to Charlie. It is fair to say that we see the FCA affordability changes as helpful to the overall prospects for the housing market. We think it's going to inspire more first time buyers, we think it's going to inspire more movement and therefore strength in HPI. That's what's behind 3%, actually 2.6%, up this year and about 3% up next year as expected.

Mortgage volumes. If you take quarter one and quarter two together, you've got £5.6 billion up on mortgages over the course of the first half of this year. That's a good performance. Looking forward with that HPI strength in mind, we do expect continued mortgage growth over the course of the second half. I'm not going to put a number on it. It may be a touch lower than £5.6 billion. Again, that's a pretty pacey performance in the first half, but we certainly expect healthy mortgage performance and indeed we do expect it to be boosted at the margin by that FCA HPI contribution, Ben. Thank you.

Charlie Nunn:
Yeah. Only thing I'd add, Ben, is, I think you characterised it well, it does allow us to compete and it will around the margin allows us to do that. We did share last week in the press that the latest Mansion House changes would enable us to support an extra £4 billion, for example, on a like for like basis of lending. Now, we did £8 billion of first time buyer lending in the first half already, 34,000 customers, 64,000 last year. This is a good source of profitable growth for us and it will allow us to compete around the margin.

I think some of the comments William made around the mortgage business in his comments up front though are probably the most important part. As you know, mortgages is a highly competitive and quite differentiated, depending on which part of the market you are playing in. The fact that we're continuing to win share and then maintain share is through some, quite exciting for me in my role, innovation we're doing around the mortgage hub, some of our journeys, how we're engaging the broker market. We're increasing our share of the direct channel, which enables us to really bring value to our core customers. The cross sales, William said, of our protection product.

There's a lot of changes in innovation we're doing and actually affordability in the journeys for how you support customers really help us to compete. We think it'll help, but I think the way you characterised it is just around the margins of what we're doing already. Thanks.

Question 3 – **Amit Goel, Mediobanca**
Hi, thank you. Two questions for me. One was just on the non-banking NII headwind. I think previously you might have commented to expect an uptick this year in the £100 million order of magnitude, which seems to be well above the current run rate. I just wanted to check whether you still see an uptick there. And if not, also just curious, does that have any implications for the growth in other operating income?

And then secondly, just on the commercial deposit growth, I think in the slides it comments about growth in targeted sectors, but in the report it talks about some growth related to just corporate uncertainty about the broader environment. Just want to get a sense of do you expect some of that to reverse in the coming periods or is that sticky? Thank you.

William Chalmers:
Yeah, thanks for those questions, Amit. I'll kick off on the first and the second. Charlie may want to add on the second in particular. But let me just address, first of all, your non-banking net interest income point. Non-banking net interest income in Q2, as you obviously know, £124 million. That is on top of £112 million in Q1, so together £239 million. We don't guide to non-banking net interest income. As you know, we guide to the totality of net interest income at circa 13.5 billion. But at the same time, we gave some insights at the beginning of the year as to how we expected it to develop over the course of the year.

Two points that I would make in respect of that, Amit, which hopefully address your concerns. One is that when we look at it, it is going to be driven by both volume-related issues, which in turn inspire other operating income growth as well as rates trends.

And so within that mix, we're going to not necessarily see any disturbance to other income growth simply because rates at any given moment may be slightly lower than we'd previously thought and therefore lend themselves to slightly stronger non-banking net interest income performance.

Alongside of that, it isn't going to be linear during the course of the year. That is to say it's going to accelerate and decelerate over periods during the year in line effectively with the refinancing obligations that come up for certain tranches of activity, e.g., within Motor. Final point there is that the nature of non-banking net interest income is going to depend upon the nature of Commercial Banking income and, in particular, CIB income. And therefore if CIB is growing in some areas but not others, that is going to affect the trend within non-banking net interest income, because it will drive the extent to which we need to finance parts of that CIB activity.

So, as a result, there's nothing alarming at all that we are seeing in the non-banking net interest income trends. Indeed, as you can see via our other operating income trends, up 9% year-on-year in half one and also up 9% year-on-year in Q2. There's a lot of strength in there and it's being driven by a broad set of diverse income streams. So, looking forward, final point on non-banking net interest income. At the moment, Amit, we're not really changing our expectations around non-banking net interest income. It is likely a bit of the pace that wasn't taken up during half one will be picked up during the course of half two. Overall, we're staying, roughly speaking, where we are, but it will ebb and flow bearing in mind the points that I've just made.

Second question, Amit in relation to deposits within the Commercial Banking business in particular. As said, that was certainly across certain targeted sectors within the franchise, both within CIB and BCB. Two points that I would make. One is in respect of the volatility point. What we have seen is a little bit of wealth managers parking their cash in the context of relatively volatile markets. That was particularly evident around the April part of this quarter.

Will it be transitory? Will any of it leave? It's hard to say, to be honest, Amit. That is to say we've been predicting some of this stuff might leave for a couple of quarters now and actually it's been remarkably sticky and stayed with us, which is obviously a good thing, both from a franchise point of view and an earnings point of view. So, you know, if we see markets that are more benign, if wealth managers start to take maybe more market bets, that could influence at the edge some aspect of those CB deposits. I don't think it would necessarily be terribly much.

The second point, which I think is also worth making here, Amit, is what's good to see is that we've seen stability, indeed a little bit of growth actually, in the non-interest bearing balances within BCB in particular. So we are seeing the benefits of basically business current accounts and the like within the BCB franchise strengthen through the course of the second quarter, which is great to see in terms of the relationships that we have with clients and obviously great to see in terms of the performance of the business.

Charlie Nunn:
Yeah. Look, the only thing I'd add is, obviously, on the large Commercial deposits and some of those wealth deposits, the margin tends to be lower, so it's less of material whether it's switching in or out. We obviously work on that basis. The core point that William just made around SMEs or BCB, as we call it, BCA or business

current accounts and deposits, is we've continued over the last three years to grow market share. We see that really importantly, as you know, the SME segment's a hugely important segment for the economy. It's a very profitable business for Lloyds Banking Group and it's a very liability-driven business. It's typically only a 30% - ish loan-to-deposit ratio, so winning market share there is really important. We continue to see that we either win or maintain our position, which is really important.

William Chalmers:
Thanks, Amit.

Question 3 – Ben Caven-Roberts, Goldman Sachs
Morning, both. Thank you for the presentation and taking the questions. So, just two from me, please. First on cost of risk. You had an MES release in the quarter and reiterated the 25bp guidance for the year, but I do note you took up your unemployment base case a bit and took down GDP assumptions. How are you thinking around the underlying asset quality of the loan book at the moment, given it does sound like you're not expecting any meaningful change in the trends from here, given the relatively constructive backdrop you're seeing for the UK economy?

And then secondly on equity investments, how do you see the opportunity set there, particularly given this was a focus of the recent Mansion House speech? Thank you.

William Chalmers:
Okay I'll go first you go second Charlie. Thanks for the question, Ben. First of all, maybe just to give a bit of context in terms of impairments during the course of the half and the quarter. Half one impairment, £442 million, as you know, that's 19 basis points comfortably inside of our circa 25 guidance for the year. In the half as a whole, ex-MES, ex-multiple economic scenarios, the impairment performances is around the same level. That is to say 19 basis points. It's true pre and post multiple economic scenarios.

But in Q2, we're seeing, as I mentioned in my script earlier on, a similarly benign pattern, 11 basis points, but of course benefiting in the quarter at least from an MES relief. But if you look beneath that, you'll still see within Q2 observed impairments, 15 basis points in terms of the impairment level, which again gives you an idea as to the relatively benign trends that we're seeing. That is across both the Retail franchise, particularly benign, but also true within Commercial Banking where, really, the only types of impairments that we have seen during the course of the quarter have been idiosyncratic in relation to particular sectors which have run into some issues e.g., the fibre sector in Q2, has been an example of that. So very benign performance across the piece within Retail, within Commercial. How does that fit with our MES adjustments, our forecast adjustments? I would make the observation that the changes to forecasts that we've undertaken between quarter one to quarter two have been really at the margin. They are relatively minor overall macro adjustments. GDP, we expect to grow 1%, '25, 1%, '26. That takes '25 up a little bit because of a strong first quarter. It takes '26 down a little bit. And then shading up of unemployment, but only by about 20 basis points or so from about 4.8% peak to about 5% peak. And then alongside of that, the HPI changes that we mentioned earlier on.

In that context, it allows, we think, the Bank of England to accelerate one of the bank base rate changes. It was previously going to be '26 in our estimates into '25. You know, you add all of that together, Ben, and the changes in whole are not terribly significant. As we look at the performance of the client base right now, again, both on the Retail, and also on the Commercial side, everything that we're seeing is constructive in terms of that overall macro backdrop. So early warning indicators, for example, new to arrears, minimum repayments within cards, utilisation of RCFs, or liquidity levels within Commercial, they're all pretty supportive of a strongly performing customer base, obviously, off the back of prudent risk underwriting standards, but also off the back of that relatively stable macro forecast that we're putting out, Ben.

Charlie Nunn:
Great. And thanks, Ben. And then your second question on Mansion House and the focus on enabling retail investors more broadly in the UK to invest more in equities and the UK, look, we really welcome this. And, in fact, our strategy in '22 assumed this would be a bigger part of the economy going forward, and we are positioned to really take advantage of it. I suppose there's two lenses where there's been regulatory reform focus. One is through the pensions business. Obviously, pensions is actually the biggest way in which people take equity risk. As you know, DC schemes, which is where our workplace pension business focuses, is about a trillion pounds in the UK with a strong bias towards equities and investments. So we see that there's an

ongoing opportunity for us to grow that business. We're launching an LTAF, a long-term asset fund. It's announced now. It's coming later this year. That'll provide more choice to pension customers.

And then the consultation they're doing, which my expectation is it'll be a few years out or come over the next few years, to increase contribution rates, would, again, just provide the kind of growth engine, that consistent growth engine we have through that business, an opportunity to continue to grow even faster than it is already. And then the second part is around bringing advice and guidance and helping, more broadly, the UK population invest in equities and other risk-taking assets. And as you know, the RDR regulation that was launched in 2014, came into effect around 2016, basically limited the ability to provide advice to people who had less than 75 to 100,000 pounds worth of money to invest, and yet those are the customers that most need support. And so the real focus of some of the Mansion House reforms, and then the FCA's focus around this in their advice and guidance, to introduce something called targeted advice really leans into that.

Well, now what do you need to do that? Well, you need the range of products that Lloyds Banking Group has. Investments, a self-directed platform, which we have. And we have well, the advice platform that we have, obviously, through Schroder's Personal Wealth. But as you'll recall, we launched something called Ready-Made Investments about two years ago, a digital journey, and we took our equity ISA share from less than 10% to significantly over 20%, even though we are a bank. So most equity advisor equity investments happen through non-bank platforms. We think that's really important. We see it as a big growth opportunity for us.

And then bluntly, we'll talk about this later in the year, I'm sure. The opportunities with AI and generative AI, particularly to really innovate in this space, and we are already doing stuff in a regulatory sandbox with the FCA, is going to enable us to really support customers in a different way. Now, that's not going to grow the income line quickly. It takes time to engage customers, to build their assets, for them to invest over months, quarters, years, and for that to drive the top line, but it is going to be a really good enabler of our strategy, and it'll give us very sustainable revenue growth and, obviously, OOI biased growth going forward, and be core to our higher value customer segment proposition as well. So very supportive around what they're doing, and I think it just gives us more support around our strategy.

Question 4 – Aman Rakkar, Barclays
Good morning, Charlie. Good morning, William. I had two questions, please. It's ominous by its absence so far on the call, so I don't know what you can really say on it, but interested if there's any colour that you could add on motor finance. Obviously, you haven't taken a charge in the quarter, but there have been some developments, particularly around the interest rate that the FOS is looking to apply to new cases that come in. I'm not sure if that's going to apply to any potential remediation scheme by the FCA, but there have been some developments. I know we're awfully close to the Supreme Court ruling, hopefully, so it might not be the easiest thing to talk about. But yeah, any colour that you can give on your expectations, that would be really helpful.

And then the second question was on the protection penetration rate, which I guess is a data point that you've been throwing out there for a few quarters now. Two-part question. So how high do you think this can get? So what proportion of mortgage customers do you think could ultimately take a protection product from you? And I'm interested in what it means for your ability to compete in the mortgage market from here. Is this something that allows you to see superior unit economics? And should we think about this enabling you to just take market share as a long-term pivot from what we're used to seeing in the mortgage market at Lloyds? Thank you so much.

William Chalmers:
Thanks, Aman, for both of the questions. The motor finance question is entirely legitimate, so we'll certainly do our best to answer it, even though it will, needless to say, be incomplete. The motor finance position is, like you, we await to see what the Supreme Court is going to hand down. Without having any insight on the point, we do expect it to come during the course of the next couple of weeks, before the court shuts down for the summer period. So we'll see, but that's our expectation too in terms of timing. I'll address, first of all, the specific interest rate point that you made. There was, as you say, the news out of the FOS of bank base rate plus 1% being the relevant interest rate to apply going forward. It is, as you also say, Aman, unclear as to what that applies to, whether it is cases, such as the motor case that are in play right now, or whether it is only forward looking. And I think we have to see how that is clarified. The one point that I would make is that we are hopeful that it would apply to both on the basis that it would seem a little odd for it to be, if you like, an

accident of timing as to which interest rate you get. So let's see how that plays out, but we are hopeful that it should, in theory at least, apply to both, but we do not have clarity on it, to be clear, right now.

Should that be the case, in terms of the financial impact on it, as you know, our provision is built up on a variety of scenarios from a legal perspective, from an FCA perspective, and from a customer response perspective. And those scenarios have variables that are playing out in different ways within them. Some of them have lower rate scenarios, some of them have higher rate scenarios in terms of the rate that will be applied. And that is what it is important to bear in mind in the context of figuring out what the difference of that bank base rate plus 1% will make.

It does make a positive difference to our provision, to be clear. It does make a positive difference, but it isn't simply swapping in that interest rate for what was previously, let's say the 8% rate used in other FCA inquiries, because of that scenario-based approach that we have employed to figuring out what the provision is. In relation to the motor finance and where we are in terms of how we might look at the provision over the course of the coming weeks, to be clear, as said, we have a variety of scenarios built into the provision. Those look at or envisage different Supreme Court outcomes. They also envisage different FCA outcomes, and they also envisage different customer response outcomes.

And so therefore, there is a base case of outcomes, whereby the Supreme Court comes out with a judgement and we don't actually make any change to provision because we want to see what the FCA does before we make a determination as to what the provision impact might be. Now, clearly, there are outlying Supreme Court scenarios whereby the Supreme Court says something that is at either end of the distribution of probabilities, either very good or alternatively very bad, and we would have to look at that and figure out what the financial implications of that might be in the moment that the judgment gets handed down.

To be clear, that is not our base case, but we obviously have to see what the judgment says at the time that it says it.

So that hopefully gives you some insight on motor finance. And like you, Aman, we look forward to moving expeditiously with this and getting it behind us. Protection penetration, I'll make some comments. Charlie may wish to add. But first of all, as you say, we are really pleased to see protection penetration in the context of our mortgage offering going up in a fairly consistent way. I think when we spoke at the year end, it was around the 15% mark we're now speaking at around a 20% mark, and that's really good progress. To give you some idea of what is behind that, the mechanics of it, what used to be a very cumbersome two-part customer journey is now a fused together much more straightforward singular customer journey. And it is predominantly that that has made a difference in terms of our ability to offer a more value added customer proposition in a kind of timeframe that the customer is willing to listen.

It is also behind that, a value added product, to be clear at the same time. And so we think we're giving really good value to the customer, as well as, obviously, securing a good outcome for the group as a whole. And that's what's helping us build the penetration going forward. Our aspiration, to be clear, Aman, is to do better than that. We would like to succeed and go beyond the 20% that we're at right now. We believe that best practise out in the market is at least another 50% on top of what we've seen to date. And so we would aspire to be that. In fact, as a bank assurer, we'd aspire to do better than that, to be clear, Aman, but we'll take it one step at a time.

Does that affect our competitive position in the market? I think inevitably, if we have a more profitable customer relationship, we are going to look at the nature of that customer relationship in terms of what we can offer, and to who, and to when. And so therefore, it is an added, I suppose, lever to pull in the context of building what we hope will be sensible and advantageous customer relationships, first and foremost, from the perspective of the customer, and then secondarily, by implication from our own Group perspective. I hope over time, that contributes to strengthening market share, but so far at least, we're taking it one step at a time. And I think progress has been so far so good, and we'll look for more going forward.

Charlie Nunn:
Yeah. Look, the best practise in the world, it's kind of 30%. That's looking in the rear view mirror around how people have run customer mortgage journeys. When we look at the innovation we're doing and how we're engaging customers, let's see if we get there first and whether we can go further. I kind of made a nice bold

one-way assertion at the start of this that our bank assurance model is working. We provide home insurance, and we do that very successfully. William highlighted that our revenues there have grown 35% year on year, but we took a lot of market share in the last 18, 24 months. It's been a very competitive market this year, but that really feeds into this. How we're using our home hub and our digital engagement, I talked about that earlier, to support people through their home ownership journey into renewals and product transfers. How we start to think going forward about the biggest asset in the UK, isn't investments or cash, it's actually the 7 to 8 trillion pounds worth of un-mortgaged retail real estate.

And we're obviously a leader in being able to support customers and think about how that asset could be used going forward. So we see lots of opportunity to leverage our unique position with customers and across our businesses to continue to grow and be relevant to mortgages. I suppose the one other thing of caution, William and I have always said there may be quarters where mortgage margins and / or the attractiveness of the market isn't where we want it to be, and we're not going to chase market share for the sake of it. We're very focused on how do we build the through cycle profitable business around mortgages, and then the associated products. And we feel like we're continuing to extend our ability to do just that.

William Chalmers:
Thanks, Aman.

Question 5 – Jonathan Pierce, Jefferies
Hello, both. I've got a couple of questions on the structural hedge, please. But before that, can I just quickly clarify these preliminary results? Thanks for moving them out of the half term week in February. Will they look like the normal set of preliminary results? So they'll be as detailed as what we normally get in February?

William Chalmers:
Yeah. Would you like me to take that first off, Jonathan, then come to your second question? First of all, thank you for raising the question. It has been an ambition of ours, for some time actually, to accelerate the results.

The principal reason for it is, of course, we all have kids in half term, but actually, the principal reason for it is to look forward into the next year, in this case, '26 is an important year for us, and to move forward at pace and spend less of the year kind of looking backwards, if you like. Prelims will enable us to do that. They'll also bring us into line, as you know, with our European and U.S. peers who follow a similar practise.

So we're really pleased to make that move today. We do think it will allow us to move with pace into 2026. Unfortunately, my kids are now too old for me to benefit from the half-term break, but I'm sure a lot of others will do. And as said, prelim is a very welcome development for us.

Jonathan, does that answer your question in terms of the detail... sorry... in terms of the detail of the print? The prelim results will be substantially all the material that you need in order to make a financial assessment of the company. We have an accounting obligation, before we can publish prelims, to be substantially complete effectively as to the numbers that we put forward at that time. That essentially tells us that we need to deliver to you, and obviously to ourselves, confirmation of all of the key numbers that we would expect to put forward. From a presentational format, they will look something a bit like the half-year results. There may be some added notes, there may be some added details on top of that, to be clear, but presentation at least, will look somewhat similar with a chunky RNS document upfront, which will give you, I hope, more than enough analysis numbers, financial insight in order to assess the performance of the business. Jonathan, does that answer your question on prelims?

Jonathan Pierce - Jefferies:
Yeah, it does. And let's hope the other banks follow suit. Thank you for that. On the hedge question, I suppose one of the things investors, particularly those who don't own Lloyds at the moment and are waiting for the motor judgement, things they're thinking about in particular, the confidence in the 2026 ROTE, and then how it may develop thereafter. So on the hedge, can you tell us how much of the maturities that are coming through next year have already been pre-positioned? I know you've said over 80% of the income is locked in, but how much of the maturities are pre-hedged? And then the post-2026 piece, as you say, your guidance is pointing to about a 2.7% yield on the hedge on average next year. There's still probably an under-earn versus the current curve of four percentage points of ROTE. Could you give us a little bit of a flavour as to when that will come through? Is it pretty linear, in '27 and '28? Is that how we should think about it? Thank you.

William Chalmers:
Thanks, Jonathan. In respect of the maturities, we don't really disclose the precise maturity schedule within the hedge. As I mentioned earlier on, in terms of value coming off of the hedge, so the ultimately £6.9 billion in respect to '26, we have, as said, over four-fifths of that locked in, and that is growing. That, in turn, hopefully gives you what need from the numbers perspective. In terms of maturities, there are maturities coming up during the course of '26. Equally, some of those maturities are effectively pre-hedged so that we can avoid undue concentration risks in terms of those maturities during the year. That's probably about as far as I'll go in terms of the overall expectation around maturities, mainly for fear of just, giving you information that doesn't lead to a helpful result, to be honest with you, Jonathan.

In terms of your yield analysis, we're probably a touch above your 2.7% by the time we get to 2026, not by much, but by a little bit. But having said that, clearly still materially below where swap rates are, and I think consistent with the disclosures that we gave at year end, still below 3%, to be clear, at that point in time. In respect of your question for '27 and '28, it plays out during the course of '27, a little bit during the course of '28, and then if swap rates stay the same. You've then got a steady contribution from the hedge in the years thereafter, by definition. Now, that is all built upon our 3.5% terminal rate assumption, and the swap rates that we expect consistent with that.

Jonathan Pierce - Jefferies:
This is a very helpful answer. Thank you. Most of the additional structural hedge catch-up then will come through in 2027.

William Chalmers:
It's '27, and I would include two-thirds, three-quarters in '28, something like that in that calculation, Jonathan. So it's not solely concentrated in '27; continues to play out in '28. But by the time you're at the end of '28, you've got most of it.

Jonathan Pierce - Jefferies:
Brilliant. Thank you very much.

Question 6 – **Ed Firth, KBW**
Morning, everybody. Thanks for the questions. I just had two questions actually.

One was just clarifying the answer, the question on motor finance, not about the liability really, but just to get my understanding of the timetable right, because I think you said, in answer to the earlier question, that you still expected something in the next two weeks. But if I read the website right, I don't think they're due to give you a judgement next week, and then we're closed for the summer, I thought. So could I just clarify, am I missing something on that? Because I guess you'll have much better advice than I do on exactly how the Supreme Court works. So that's my first question.

And then the second one was, could I just ask you about your capital generation target for next year, the 200 basis points? Because everybody's talking a lot about growth, and a lot of the clients are asking about growth and volume growth. But if I take a 15% plus ROTE, and then square that away with 200 basis points of capital generation, that doesn't sound like an awful lot of growth. And I suppose my first question is, is that right? Am I missing something in the capital generation? And then secondly, if there is more growth, why are you bound to this 200 basis points? Because it seems to me that if you could get more growth, why would you not take it and sacrifice capital generation? Thanks very much.

William Chalmers:
Yeah. Thanks. I'll kick off on the first one. I'll add some comments on the second one, but then hand over to Charlie to complete the answer on the second there, Ed.

First of all, we do not have any insight on the motor timing or the nature of the judgement that is anything in addition to what you have, to be clear. So we await it in just the same way as you do. We do not know what the content is going to be in the Supreme Court judgement, just as you don't. So that's just for, say clarity. In respect of the timetable, you may be watching the website more closely at this moment in time than I am, but as we understand it, we may or may not get notification during the course of today that it will come next week. If it doesn't come next week, there is still an opportunity for a notification next week that it'll come the week after. And all of that is consistent with the court then closing down for the summer.

So that's as much as we can say on the timing. There is, of course, I guess, a scenario that this actually goes over into the autumn, into September. But having heard what the judges have said, both in independent statements, but also in front of, I think Parliament at some stage, the expectation that we have I think is the same as everybody else's, that it is going to come this side of the summer. And then, as said, we will calibrate what our reaction needs to be at that time. One point to add, which may be helpful, Ed, is consistent with my earlier comments. We do then expect the FCA to come out. It's said that it will come out within six weeks. We expect what it comes out with at that point in time will be inconclusive. It seems likely to us that it will come out, at that point, in time with some perspectives on whether or not a redress scheme is appropriate, and if it is, broadly speaking at least, what the parameters of it might be.

But we expect that to be subject to further consultation and discussion thereafter, which might mean that you get a period of continued, uncertainty, for want of a better word, about what exactly any FCA scheme might be like even after it has come out with that initial opinion, after a six-week period. So just worth bearing that in mind. Moving on, in respect to capital generation, greater than 200 basis points and greater than 15% ROTE, Ed, is absolutely our expectation for next year. And as said in both Charlie and my commentary, we remain very confident in those outcomes.

I'll speak to the ROTE, and by extension, the capital generation. That is off the back of increased operational leverage in the business, which comes from strengthening NII plus OOI, and comes from a flattening cost base, not a flat cost base, but a flattening cost base, alongside a continued stable macro consistent with our assumptions right here, which, in turn, deliver the ROTE growth, which, in turn, deliver the capital generation benefits.

Now, what I would say before handing over to Charlie, is that based upon our analysis of our own metrics and our expectations as to how markets will develop, we are still seeing pretty material AIEA growth, into 2026. And that is a reflection of continued performance on the asset side supported by continued strength in the deposit offering, not unlike what we've seen during the course of the first half of this year. So I really don't think that we are making a profit versus growth trade-off here, Ed. In fact, I think we're seeing both play out at the same time during the course of '26, which is very consistent with the strategic investment that we have made alongside, again, a stable macro.

Charlie Nunn:
Yeah. No, I think that's the key point, right? Ed, we see growing the balance sheet profitably, let's be clear, profitably as a very good investment, given the returns of the business and what we're doing. And the plan for this year... You've seen the first half's performance. You've felt our confidence, I hope, around we'll continue to see asset growth. You can never judge the market, but we'll continue to see asset growth in the second half, and we're absolutely assuming that we'll continue to grow the balance sheet next year.

So the ROTE and the capital generation you are seeing, as we've always said, which we think puts us as a very strong performer, assumes that we're growing the balance sheet, and also, from a ROTE perspective, assumes TNAV progression.

And that's the business we're building, a business that, through cycle, is growing, is going to be growing TNAV, is still creating the capacity to grow the balance sheet, and still delivering high ROTEs and capital generation, which we'll revisit with our boards at the end of the year. The one other thing that we are particularly focused on, and I know this all very painfully, is we did commit to diversify into a more diversified business model and grow OOI. Now, that 9% growth quarter on quarter, year on year, we think, is a really differentiating and important part of our business model. We have parts to our business model that no one else has, and that's by design, but that doesn't come without investment.

Sometimes that's in non-banking net interest income or us building the supporting funding underpinning those businesses. Sometimes that's in the technology investment we've done, the additional £4 billion we all asked you for permission for that we think we are investing very successfully for us. Sometimes that's opex. You need people to actually grow those businesses, wealth businesses, transport businesses. So we see that as a really important part of this. It's a bit more complex to get you comfortable that the TNAV is building, because those businesses will tend to have very good capital generation, and then we'll have an opportunity to distribute that if that's the right thing to do.

So we just would ask you to look at the investment we're making in those businesses. And OLD basically is an investment in that OOI growth. And because of the nature of the way cars depreciate, when you are growing the transport fleet, you're going to see OLDs earlier in the life cycle of a three to four-year car duration. So it's a bit like the older insurance business, you saw it pay back over time. Cars are the opposite. When you're growing the franchise, it looks very more dilutive, but actually the profitability is very good and good for the shareholders. So I love the question because it leans into we're trying to do all of those above. Grow the balance sheet, grow the OOI, invest in that growth, and still deliver strong capital generation, available for distribution, and strong ROTE. Sorry Ed, you got a longer answer than you wanted, but you got me excited.

Edward Firth
Well, but I suppose just mathematically, a 15% return is around 210 basis points of capital generation, something like that. So I get it's greater than 15, so it could be 16 or 17, whatever, but it doesn't feel like, if that's the base level, I'm just trying to think what else I might be missing in terms of capital generation. I guess it could be some of the cash flow hedge reserve coming back, but is there some other big chunk of capital that I'm missing in terms of how you're going to support finance that growth?

William Chalmers:
I don't think so, Ed. I would just make the comment, the cash flow hedge reserve is neutral on capital, so that will not be part of the contributory factors at all. I think what you're seeing is continued ROTE performance, which is off a combination of capital intensive and capital light activities. Charlie just talked there about OOI. Many of the OOI activities are actually relatively capital light, and you can see that witnessed in terms of some of the activities going on within the insurance business, for example, right now.

And so you have the potential to drive the ROE not just off the back of the lending businesses, which grow RWAs and therefore the capital need associated with them, but also to drive ROE off the back of, let's say a strengthening wealth business. Types of activities, workplace pensions for example, which are relatively capital light, and therefore consistent with capital generation alongside a decent ROE.

Edward Firth
Thanks very much. Very helpful.

William Chalmers:
Thank you Ed.

Question 7 – Jason Napier, UBS
Good morning. Thank you for taking my questions. The first one, please, for William. I appreciate exactly what Charlie was saying a moment ago about the investment in OLD. Being cognisant of the fact that there was the revaluation of the fleet in the second quarter, and that there may have been some costs associated with that, I just wonder, William. Can you give us a sense as to what the clean number for the quarter might have been, and how you think about growth from here?

It's good to see that the hedging and risk mitigation is working. Just a sense as to how we should think about the evolution in the remaining two quarters of the year. And then I have a question for Charlie secondly, please.

William Chalmers:
Thanks Jason. Just to spend a moment on op lease depreciation, you'll have seen the Q2, as you obviously did, was £355 million, which is stable on Q1, in fact exactly the same number, which is an accident rather than a design, but the fact that it was stable was definitely a design. That was intentional, and the result of reasonably significant management initiatives, which I'll describe in just a second. Now underneath that, what have you got going on within that number? You've got two or three moving pieces. One is you've got growth in the business, which is a function both of increased fleet size, which of course drives other operating income results and growth in that area. Alongside of that, you've got higher value vehicles, which likewise drives other operating income performance, and is behind part at least of the retail growth within OOI. So those are both good to see.

At the same time, you've also got RV prices, and in particular electric vehicles within RV prices, showed a bit of weakness during the course of quarter two, in fact weakness that was beyond our expectations during the course of quarter two. At the same time, the third component of what is going on in that number is a series of management initiatives that we talked about at Q1, which include things like lease extensions, which include things like remarketing, both of which give significant value to the customers, and therefore they are very strong customer propositions, alongside improved deals, if you like, in the context of our auction sales process, which gives us better second-hand car prices. The combination of those initiatives had a beneficial effect on operating lease depreciation not just in Q2, but will have a beneficial effect on operating lease depreciation going forward, so that if you see continued weakness, let's say in electric vehicle prices, if you see that, then we're not immune from it, but on the other hand, we are now much less exposed to it than we were, let's say 12 months ago, six months ago, by virtue of these types of measures.

As a result, what you'll see is an op lease depreciation line, Jason, going forward, which is going to be much more stable than you have seen before. Again, not immune from difficulties in used car pricing, should those arise, but more stable than what you've seen before, and more closely tied in to underlying business growth, which in turn is what drives other operating income. I won't give you a precise number to forecast op lease depreciation with, simply because it's not one of the lines that we give guidance on, but over the course of this year, we do expect that operating lease depreciation line to be, as said, less volatile, more predictable, linked in to the other operating income growth that we see in line with fleet growth, in line with higher value cars growth, which hopefully gives you some idea for predicting and making forecasts in your modelling, Jason.

Jason Napier
Thanks, that's helpful. Yeah, thank you Charlie. The second question was really following on from what you were saying about investment in the business and so on, and my eye was caught by the disclosure on page eight that tech run and change costs are down 20% since 2021, while you've hired 8,000 people and are investing billions in tech and so on. So half of the question is, what do you mean by that disclosure? What are you saying about the composition of the spend then and now? Because aggregate costs are up nearly 20% over that period.

And then secondly, if you think about the investment thesis into next year the way I see it, Lloyds is going to produce something like eight percent jaws, consensus thinks in 2026, and that's pre-remediation, on the back of costs that expand very little, the market thinks, and then sustain good top line growth. And so Charlie, in the way that you chunk the costs of the Group, we would love to have tech as distinct from branches as distinct from risk. How do you think about cost evolution into next year, and in what ways are those chunks evolving differently one year forward than they have one year back?

Charlie Nunn:
Thank you Jason. It's a really important question, I know. Let me just talk about 26, is the way you've asked the question and although we're not giving guidance beyond that, obviously I think the exciting part for the Group is what's achievable in the future, which we'll obviously come back to later in detail, but not for now.

So look, the first thing is, William laid out, I think, the overall cost trajectory. We've got our hard cost target for this year, and I think language you use, William, is when you think about achieving the 50% cost to income ratio for next year, we are expecting good top line revenue growth, and we're expecting a flattening, not a reduction in costs, and that's how we get to our 50% or less than 50% cost to income ratio.

So at the macro level, at the top line that you look at and you hold us accountable for, I think that's still the right way to look at it. Obviously for us and how we manage this, it's very differentiated by different parts of the business, so let me just give you some examples.

I'll start with the one you started with, which is tech and change. Look, the dynamic on run and change for tech, sorry, is there's a need for us to continue to drive significant productivity and gross cost saves, and I'll talk about that on both sides, but at the same time we're investing more in delivering more innovation, so we're reinvesting some of that back into the business. And as we also turn to a more heavy dependence on tech to run the whole bank, as we build productivity elsewhere, we're seeing a higher cost to run. So for example, we've seen significant efficiencies by demising legacy environments, by optimising our relationships with third parties on the run side, by automating the way we drive the infrastructure side of technology, so all of the scripts that we run, all of our daily processes.

However, at the same time, as you know, we're investing in cloud and AI, and those are incremental variable costs that we've created the capacity for. On the change side, we've seen a very significant increase in productivity, and at the same time when we started this phase of the strategic cycle, we had a heavy reliance on third parties for our engineering talent, and we didn't necessarily have the engineering talent that was fit for the new technologies that we're using. So we've been through a really significant restructuring of our ways of working, of the way we do productivity for change, of the sourcing model, and we've attracted a lot of critical talent that is what's delivering the kind of capabilities that are helping us win today, and will be even more important going forward. So that 20, 30 percent productivity change has enabled us to do that refresh of the talent and to continue to invest and drive change.

For what it's worth, and when we do the seminar later in the year, I'm sure Ron, our COO, who is, and I say this with a smile, but I can say it with my last job and this one, really one of the best CIOs and COOs in the world, will talk about how do we think about our productivity in this space? I think about speed and quality. We need change to radically increase the speed and improve the quality, and that enables us to innovate and compete. Now, other parts of the bank's cost base are changing differently. You've seen the really significant and market-leading shift towards digital that we've made in our retail bank, and how we've continued to have a significant increase the productivity of our physical channels. That's a huge cost lever for us.

We still, as we digitise and enable customers to get better quality end-to-end services and more digital services, are seeing significant opportunity to automate back-office processes and build productivity in those areas. And of course, the efficiency we see in decision-making and logic in things like credit decisioning and economic crime are seeing very, very significant increases. At the same time, relationship managers in our SME business are fundamental. We're improving their productivity, but to grow that business, we know we're going to need to support them and the coverage and trading capability we have, and financing capability in our CIB business has been an area we're investing on a marginal basis significantly below our revenue growth, but still as a net growth cost.

I don't know if that helps, how we're seeing the next 18 months. Beneath the surface, there's some very aggressive gross cost saves, productivity saves, and then we're reinvesting in areas that drive differentiation and growth. Net-net, the cost at the top level of the bank, we're seeing will deliver £9.7 billion this year and then flatten into next year. Just one thought for going forward, of course, is we see the opportunity to continue to drive efficiency and productivity as an ongoing opportunity, and then the use of AI and specifically generative AI, we think will give us another ability to drive a step change in that into the future. We'll talk more about that when we talk about our next phase of our strategy, but that's why we're investing heavily in those capabilities. You mentioned the eight percent jaws. That's exactly what we expect.

Jason Napier
Very clear. Thanks very much.

Question 8 – **Chris Cant, Autonomous**
Good morning. Thanks for taking my questions and for the presentation. I just wanted to invite you, Charlie, to comment on Schroder's joint venture in the context of the retail investment opportunity you cited in your earlier remarks. It's obviously something you inherited. Is that something you are happy with the performance of?

And when we think about the retail opportunity going forwards with the advice changes, are you expecting to capture that through the JV, or is it something that you're going to seek to capture more through Lloyds standalone product, for instance that the ready-made investments suite that you mentioned?

Then in terms of your targets for next year, appreciating you're not wanting to guide beyond that, but if I think about your reiteration of the guidance, more than 15% ROTE, Consensus is there. Consensus is some way off the cost income target of sub-50%, and that's the case even if I adjust for the fact it looks like there's a little bit of Motor Finance embedded in consensus for next year as well. It would still be around 51%. So is Consensus missing something in terms of how the targets fit together, or is it really that your focus is on the ROTE and less so the cost income? In the context of flattening, I guess the question boils down to is Consensus right to have a nine eight handle on the cost number for next year? Thank you.

Charlie Nunn:
Thanks Chris. Maybe I'll take the first one, and then I talked a little bit about the other one, but William will give you his view on that.

So again, the punchline on the wealth one is, we're pleased with SPW. It's actually growing well relative to the market. It's not a huge part as you know of our business model in terms of the revenue, but it is very important for those customers that are looking for full service advice. And we've been improving the handoff of customers and then the support for customers from our retail businesses, and actually our BCB businesses into that, and we're going to continue to do that.

However, I think you asked the question exactly right, Chris. When we look at the targeted advice and broadening out of advice wealth to the much broader retail base in the UK, we think that's going to be much more led by digital-first journeys, and by definition actually of the regulation, won't be a full advice journey, because if you were to charge full advice, you couldn't really do the right thing for a customer that's only investing five, ten, fifteen, twenty thousand pounds. And as you know, full advice, still in the industry, costs somewhere circa £1000-2000 pounds depending on the complexity of it.

So we definitely think that's where our ready-made investments journey, the broader digital investments that we've done, a whole bunch of work we've done with the FCA around our regulatory sandbox to support this new kind of guidance and advice work, and then looking even a bit further into the future, our capabilities around generative AI, we think will be very helpful for really helping people get a very personalised, contextual, and relevant set of advice for them in their financial situation to invest safely. So I think that's where we see the growth.

William, I'll let you have another crack at what I tried with Jason.

William Chalmers:
Sure. Thanks Charlie. Thanks for the question, Chris. The start point is that we expect to meet all of our guidance for next year. That is to say we expect to meet the ROTE guidance, we expect to meet the capital guidance, and we expect to meet the cost income ratio guidance. As I think I've said before, we will not meet the cost income ratio guidance by much, this is going to be a fairly close thing, but nonetheless we do expect to meet it, to be very clear, and we will make sure that we meet it. What is going on there? I don't think necessarily the market is missing anything, but maybe just to give you some thoughts from our side. First of all, when you look back at our year-end results from back end of last year, we gave hopefully some useful graphics in the context of explaining how we expect income to grow and how we expect cost to stabilise.

So to elaborate a little on that, first of all we expect a stable macro, something that is roughly consistent with the numbers we put out here today. That of course is an important underpin. But with that, we expect the interest income to grow. We've talked a lot about the structural hedge today and the strength of that. At the same time we know what the headwinds are going to do. The mortgage headwind in particular is very predictable as it plays itself out during the course of '26. The deposit churn, we expect to continue to be clear for the remainder of this year and going into next, but we do expect it to attenuate as base rates come down. So, those big structural factors within the net interest income.

And then alongside of that, through a combination of BAU activity and indeed the benefits of strategic investments, we expect to see volume increases.

AIEAs, we've talked about during this call, but of course there's liability driven volume increases as well, as well as many of the capital light, if you like non-asset intensive volume increases that we see in some of our related businesses, whether that's OOI within CIB or whether that's many of the initiatives within investments, workplace pensions and the like, within insurance. And these initiatives are maturing pretty much as we speak right now. Charlie mentioned that GI income, for example, is up 35% year to date net of claims. That is alongside a series of other initiatives in that area within insurance. These are maturing today, and they continue to step up through the course of '25 and going into '26.

Alongside of that, you've got operational leverage achieved through flatter costs. Again, not flat costs, but flatter costs. I won't confirm or deny the £9.8 billion point that you mentioned in your question there, Chris, but you can tell, I hope, the type of flatter cost based expectation that we are building in. And then final point, that stronger return comes off the back of a higher TNAV, to be clear. We do expect TNAV to grow as part of this, so this is not a question of getting a higher return off of a flat TNAV. In fact, quite different to that, it's a stronger return off of a higher TNAV, which in turn gives us expectations of greater than 15% on a ROTE basis. But also the proceeding points that I made give us confidence that we are going to meet that cost to income ratio target. We'll make sure we do.

Question 9 – **Sheel Shah, JP Morgan**
Great, thanks for the question. It's actually a follow-up to the first question that was asked on the deposit outlook. We've seen some recent policy announcements focusing on the savings gap in the UK, which I think presents a bit of a risk to deposit flows on the front book going forward, but possibly on the back book as well. I know you've previously said that you expect the LDR to rise from current levels of around 95% to above 100%, but I'm just wondering, how are you thinking about the outlook for liabilities and funding going forward? Does this change the outlook for deposit growth that you previously had in your forecast? Thanks.

William Chalmers:
Yeah, thanks for that question, Sheel. I'll kick off and then hand over to Charlie, because it has both a financial and a strategic component to it.

Your question is around the much talked about encouragement towards investment that we saw evidence in the recent Mansion House speech, and how that might affect the funding and deposit flows within the business going forward. So with that in mind, as you can see, we've enjoyed very strong deposit growth during the first half of this year. We expect continued deposit growth during the second part of this year. The loan to deposit ratio within the business right now is 95%, as you can see. That gives us an awful lot of room for continued asset growth going forward, and in support of those AIEA expectations that I mentioned for second half of '25, and indeed going into 2026. The strength of the deposit franchise is really across the piece, from personal current account through internet access and into fixed term.

I think any encouragement that is given to investment deployment, if you like, I do not see it as coming at the expense of the overall deposit base, which I think will continue to stay strong because of the strength of the franchise, because of the strength of the brands, the product offerings, the branch network, the customer base, and so forth. I think that is going to continue to be the case. There is a point, and this is where I'll hand over to Charlie, that if individuals are encouraged to diversify their investments, it is most likely to impact those individuals that are otherwise going into cash fixed term savings.

Those cash fixed term savings are inherently the lower margin part of the deposit base that we have, and when they go into investments, there is a decent chance there's actually some margin pickup from that transfer. And if it does, being a kind of, if you like, bank assurer who has a combined cash and investments offering, which is of course one of our key strategic advantages, is something that we'll be very happy to accommodate. I'll hand over to Charlie for the strategic perspectives.

Charlie Nunn:
Yeah, thanks William. I think you made the key points. Look, there's a few other markets in the world that are pretty mature on this, and what you learn from them is those two things. First of all, you really want to be the provider, whether people are holding their money in cash or in equities, whether they're holding in a pension solution or straight in a self-directed platform, you want to be there for your customers and be able to meet their needs.

And the way you build sustainable through cycle profitability for Lloyds Banking Group will be to be that provider, and what's exciting for us in this context is we're almost unique in the UK in our ability to bring those services and those offerings.

And then the second thing that William said, which is critical, which is if we are successful, we'll typically be taking lower value deposits and putting them into investments or equities. And that's not always the case at different times in the cycle for different customers, but it's exactly where you would start. The third thing that's important... Look, I hope this happens relatively quickly. My experience in other markets is this will take us a few years. I hope we build confidence more broadly in the UK to invest appropriately in risk-based assets. I think it'll be good for all of us, actually, including everyone on this call, and for the UK. But my experience is it doesn't happen overnight. It happens over a few years building confidence, people making decisions.

And then typically what you'll see is customers will try a smaller part of their wealth before they start investing into it. So you really want to build savings habits and have solutions to do that, and that comes back to the discussions earlier in this call about you do that with great digital engagement, great brands, and a very, very simple way of accessing and then pivoting your portfolio. So yeah, really important development. Don't see it having a big impact overnight. We are going to be well-placed to take advantage of it.

William Chalmers:
Think that may be the last question, so just to say thank you to everybody for participating and for your questions this morning. I hope you found it a useful session, and have an enjoyable summer.

Charlie Nunn:
Thanks everyone.

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and section 27A of the US Securities Act of 1933, as amended, with respect to the business, strategy, plans and/or results of Lloyds Banking Group plc together with its subsidiaries (the Group) and its current goals and expectations. Statements that are not historical or current facts, including statements about the Group's or its directors' and/or management's beliefs and expectations, are forward-looking statements. 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