

## Investor Factbook: HY 2025 Results

“We have shown **sustained strength in our financial performance** in the first half of 2025, with income growth, cost discipline and robust asset quality, **driving strong capital generation and increased shareholder distributions**, with a 15% increase in the interim ordinary dividend.

We continue to make **great progress in our purpose-driven strategy**, building differentiated customer outcomes and **delivering growth across our business** as we build towards our ambitious targets for 2026.

Our strategic progress and sustained strength in our financial performance allows us to re-affirm our 2025 guidance and gives us **confidence in our 2026 commitments**. It also underpins our **delivery of higher, more sustainable returns for our shareholders.**”

Charlie Nunn, Group Chief Executive

### Sustained strength in financial performance

- Statutory profit after tax £2.5bn; Return on tangible equity 14.1%
- **Income momentum:** Net income £8.9bn, up 6% year on year, with strong growth across net interest income and OOI
- **Disciplined cost management:** Operating costs £4.9bn, up 4% year on year, or c.2% ex. front-loaded Q1 severance
- **Robust asset quality:** £442m impairment, 19bps asset quality ratio
- **Strong growth in lending and deposits:** Lending £471.0bn, up 3% and customer deposits £493.9, up 2% in H1
- **Strong capital generation** of 86bps, supporting pro-forma CET1 ratio 13.8% and 15% increase in interim dividend

### Guidance: reaffirmed for 2025, confident in 2026

	2025	2026
Income	c.£13.5bn net interest income	
Costs	c.£9.7bn operating costs	<50% cost:income ratio
Asset quality ratio	c.25bps	
RoTE	c.13.5%	>15%
Capital generation	c.175bps	>200bps
CET1 ratio target		Pay down to c.13.0%
Capital distribution	Progressive and sustainable dividend	

# Delivering on our purpose-driven strategy for all stakeholders

## Our purpose

### Helping Britain Prosper.

We do this by creating a more sustainable and inclusive future for people and businesses, shaping finance as a force for good.

## Our vision

To be the UK customer-focused digital leader and integrated financial services provider, capitalising on new opportunities, at scale.

### ...supported by a clear strategic plan...

#### Grow

Drive revenue growth and diversification

#### Focus

Strengthen cost and capital efficiency

#### Change

Maximise the potential of people, tech and data

### ...driving competitive advantage...

#### Market leader

#1 provider in key markets;  
Integrated financial services provider

#### Proven cost leader

Strong track record of cost delivery;  
Highly effective business model

#### Digital and technology leader

Largest UK digital bank,  
New technologies driving structural advantage

### ...and strong shareholder outcomes

Strong income growth trajectory

Significant operating leverage

Higher, more sustainable returns and capital generation

Increasing shareholder distributions

## Distinct competitive strengths

### Leading UK customer franchise with deep customer insight

28 million customers with extensive reach across the UK. Customer data and analysis ensures we can meet the needs of these customers more effectively.

### All-channel distribution focus with digital leadership and trusted brands

Operating through a range of brands and distribution channels, including the UK's largest digital bank.

### Unique customer proposition

Serving all our customers' banking, investment and insurance needs through a comprehensive product range.

### Operating at scale with cost discipline

Our scale and efficiency enable us to operate and invest more effectively.

### Focused and capital generative business model

Allowing significant investment while generating an attractive capital return for shareholders.

### Innovation through modern technology

Continued investment in our technology platform, apps and change function enables us to innovate to anticipate and meet customers' needs.

### Financial strength and robust risk management

Strong capital position. Continue to take a robust approach to risk, as reflected through the quality of our portfolio and underwriting criteria.

### Dedicated colleagues with strong values

Highly engaged, skilled, customer focused, diverse workforce with significant expertise and experience.

## Delivering our growth priorities across our business

### Retail

#### Deepening relationships and delivering differentiated propositions

Continued strategic delivery in H1 2025:

- Launched Lloyds Premier
- Mass Affluent mortgage share up 4pp YoY
- New partnerships established with General Motors and Xpeng Motors

### Commercial Banking

#### Building a digitally-led relationship bank and driving CIB growth and diversification

Continued strategic delivery in H1 2025:

- Launched mobile Business Banking loans journey
- Structured Finance market share up 8pp YoY
- FX volumes up 17% YoY; launched market-leading FX client algorithmic solution

### Insurance, Pensions and Investments

#### Transforming engagement and driving deeper Group relationships

Continued strategic delivery in H1 2025:

- >550k Scottish Widows app users, up >90% YoY
- Announced Long-Term Asset Fund
- Expanded product offering with pet and motor insurance

# Sustained strength in financial performance

## Income statement (underlying basis)<sup>A</sup> and key balance sheet metrics

	Half-year to 30 Jun 2025 £m	Half-year to 30 Jun 2024 £m	Change %	Half-year to 31 Dec 2024 £m	Change %
Underlying net interest income	6,655	6,338	5	3,276	2
Underlying other income	2,969	2,734	9	1,433	4
Operating lease depreciation	(710)	(679)	(5)	(331)	(10)
<b>Net income</b>	<b>8,914</b>	<b>8,393</b>	<b>6</b>	<b>4,378</b>	
Operating costs	(4,874)	(4,700)	(4)	(2,450)	(3)
Remediation	(37)	(95)		(775)	
<b>Total costs</b>	<b>(4,911)</b>	<b>(4,795)</b>	<b>(2)</b>	<b>(3,225)</b>	<b>11</b>
<b>Underlying profit before impairment</b>	<b>4,003</b>	<b>3,598</b>	<b>11</b>	<b>1,153</b>	<b>26</b>
Underlying impairment charge	(442)	(101)		(160)	(33)
<b>Underlying profit</b>	<b>3,561</b>	<b>3,497</b>	<b>2</b>	<b>993</b>	<b>25</b>
Restructuring	(9)	(15)	40	(19)	64
Volatility and other items	(48)	(158)	70	(150)	72
<b>Statutory profit before tax</b>	<b>3,504</b>	<b>3,324</b>	<b>5</b>	<b>824</b>	<b>32</b>
Tax expense	(960)	(880)	(9)	(124)	
<b>Statutory profit after tax</b>	<b>2,544</b>	<b>2,444</b>	<b>4</b>	<b>700</b>	<b>25</b>
Earnings per share	3.8p	3.4p		1.0p	0.9p
Banking net interest margin <sup>A</sup>	3.04%	2.94%	10bp	2.97%	8bp
Average interest-earning banking assets <sup>A</sup>	£457.8bn	£449.2bn	2	£455.1bn	
Cost:income ratio <sup>A</sup>	55.1%	57.1%	(2.0)pp	73.7%	(8.5)pp
Asset quality ratio <sup>A</sup>	0.19%	0.05%	14bp	0.14%	4bp
Return on tangible equity <sup>A</sup>	14.1%	13.3%	0.6pp	7.1%	2.9pp

	At 30 Jun 2025	At 31 Mar 2025	Change %	At 31 Dec 2024	Change %
Underlying loans and advances to customers <sup>A</sup>	£471.0bn	£466.2bn	1	£459.1bn	3
Customer deposits	£493.9bn	£487.7bn	1	£482.7bn	2
Loan to deposit ratio <sup>A</sup>	95%	96%	(1pp)	95%	
CET1 ratio	13.8%	13.5%	0.3pp	14.2%	(0.4)pp
Pro forma CET1 ratio <sup>A,1</sup>	13.8%	13.5%	0.3pp	13.5%	0.3pp
UK leverage ratio	5.4%	5.5%	(0.1)pp	5.5%	(0.1)pp
Risk-weighted assets	£231.4bn	£230.1bn	1	£224.6bn	3
Wholesale funding <sup>2</sup>	£92.2bn	£89.4bn	3	£92.5bn	
Liquidity coverage ratio <sup>3</sup>	145%	145%		146%	(1)pp
Net stable funding ratio <sup>4</sup>	127%	128%	(1)pp	129%	(2)pp
Tangible net assets per share <sup>A</sup>	54.5p	54.4p	0.1p	52.4p	2.1p

<sup>A</sup> See page 29 of the HY 2025 Results.

<sup>1</sup> 30 June 2025 reflects the interim ordinary dividend received from the Insurance business in July 2025. 31 December 2024 reflects both the full impact of the share buyback announced in respect of 2024 and the ordinary dividend received from the Insurance business in February 2025.

<sup>2</sup> Excludes balances relating to margins of £1.1 billion (31 December 2024: £2.8 billion, 31 March 2025: £1.4 billion).

<sup>3</sup> The liquidity coverage ratio is calculated as a simple average of month-end observations over the previous 12 months.

<sup>4</sup> The net stable funding ratio is calculated as a simple average of month-end observations over the previous four quarter-ends.

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Our reporting  
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