

A black horse is shown in profile on the left side of the image, looking towards the right. The background is a lush green field with rolling hills and a blue sky with white clouds. The text "Q3 2025 Interim Management Statement" is overlaid on the right side of the image in a large, white, sans-serif font.

Q3 2025 Interim Management Statement

Lloyds Banking Group
23 October 2025

Continuing to deliver; confident in our outlook



Purpose

**Helping
Britain
Prosper**

Continued strategic delivery for customers and wider stakeholders

Robust financial performance, with strong capital generation

2025 guidance improved excluding Q3 motor finance charge; confident in 2026

Continued strategic progress

Full acquisition of Schroders Personal Wealth

-  **Comprehensive offering:** c.£17bn AuA, >300 advisors, 60k clients
-  **Compelling rationale:** Differentiated, integrated banking and investment proposition
-  **Re-branding to Lloyds Wealth and scaling:** To >3m mass affluent and >4m workplace clients

Leading in digital assets



July 2025: Partnership with Aberdeen delivered **industry-first tokenised assets** use case



Co-chair of UK Finance project delivering **GB Tokenised Deposits** (GBTD)

Further updates to follow in our Technology, Digital and AI investor seminar on 6 November

Continued strategic execution reinforces competitive advantage and supports value creation

Robust financial performance

Financial performance (£m)

	Q3 2025 YTD	Q3 2024 YTD	YoY %	Q3 2025	vs Q2 2025 %
Net interest income	10,106	9,569	6	3,451	3
Other income	4,526	4,164	9	1,557	3
Operating lease depreciation	(1,075)	(994)	(8)	(365)	(3)
Net income	13,557	12,739	6	4,643	3
Operating costs	(7,176)	(6,992)	(3)	(2,302)	1
Remediation	(912)	(124)		(875)	
Total costs incl. remediation	(8,088)	(7,116)	(14)	(3,177)	(35)
Underlying profit before impairment	5,469	5,623	(3)	1,466	(32)
Impairment charge	(618)	(273)		(176)	(32)
Underlying profit	4,851	5,350	(9)	1,290	(36)
Statutory profit after tax	3,322	3,777	(12)	778	(45)
Net interest margin	3.04%	2.94%	10bp	3.06%	2bp
Return on tangible equity	11.9%	14.0%	(2.1)pp	7.5%	(8.0)pp
Earnings per share	4.8p	5.3p	(0.5)p	1.0p	(1.1)p
TNAV per share	55.0p	52.5p	2.5p	55.0p	0.5p
CET1 ratio	13.8%	14.3%	(0.5)pp	13.8%	0pp

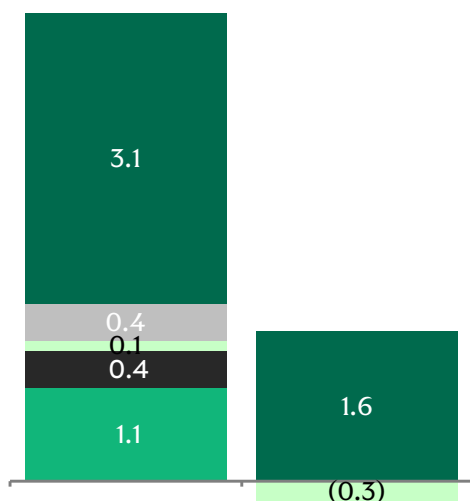
- YTD stat PAT £3.3bn; RoTE 11.9% (14.6% excl. motor provision)
- Income momentum: YTD net income £13.6bn up 6% YoY; Q3 £4.6bn, up 3% QoQ
- Cost discipline: YTD operating costs £7.2bn, up 3% YoY
- Remediation £912m (incl. £800m for motor provision)
- Strong asset quality: YTD impairment £618m, 18bps AQR
- Growth in TNAV per share to 55.0p, up 2.6p YTD, up 0.5p in Q3
- Strong YTD capital generation 110bps (141 bps excl. motor)
- CET1 ratio 13.8%

Continued strength in customer franchise

Q3 lending change (£bn)

Retail
+£5.1bn/+1%

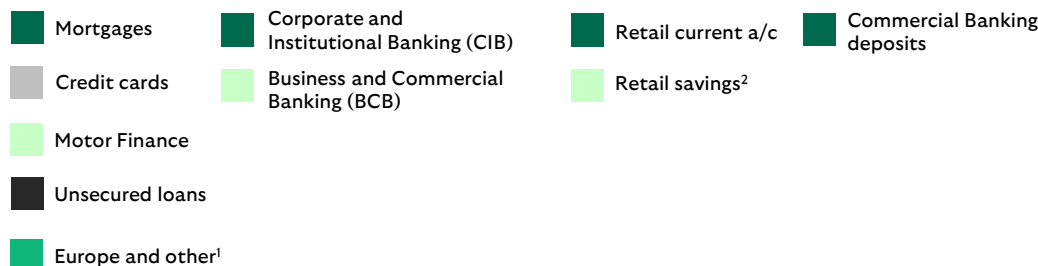
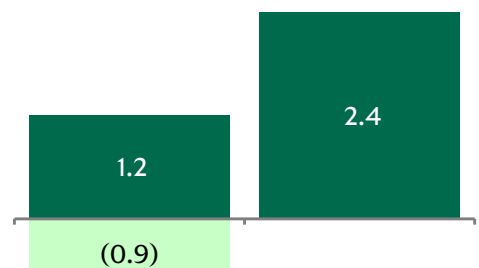
Commercial
+£1.3bn/+1%



Q3 deposit change (£bn)

Retail
+£0.3bn/+0%

Commercial
+£2.4bn/+1%

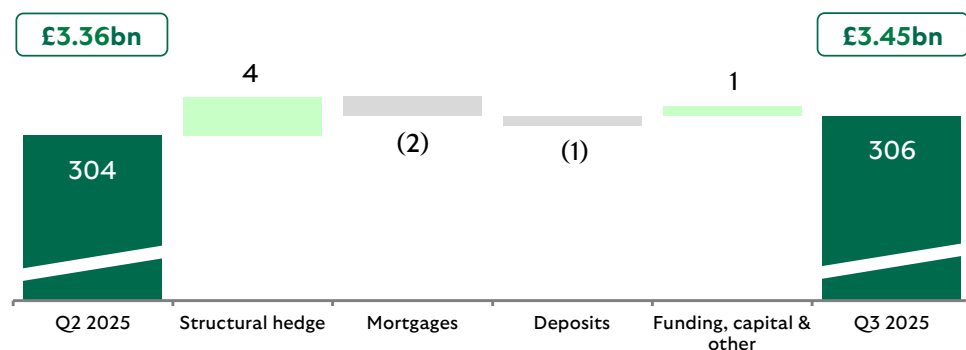


- **Lending £477.1bn, up £6.1bn in Q3; up £18bn / 4% YTD**
 - Mortgages up £3.1bn QoQ
 - Continued growth in Cards, Loans, Motor, and Europe
 - Commercial up £1.3bn, net of £0.3bn CBILS/BBLS repayments
- **Deposits £496.7bn, up £2.8bn in Q3; up £14bn / 3% YTD**
 - Retail up £0.3bn QoQ with PCA growth vs fixed savings outflows, reflecting post ISA season pricing decisions
 - Commercial up £2.4bn; growth in CIB and BCB
- **IP&I open book AuA £204bn; £3.3bn net new money YTD**

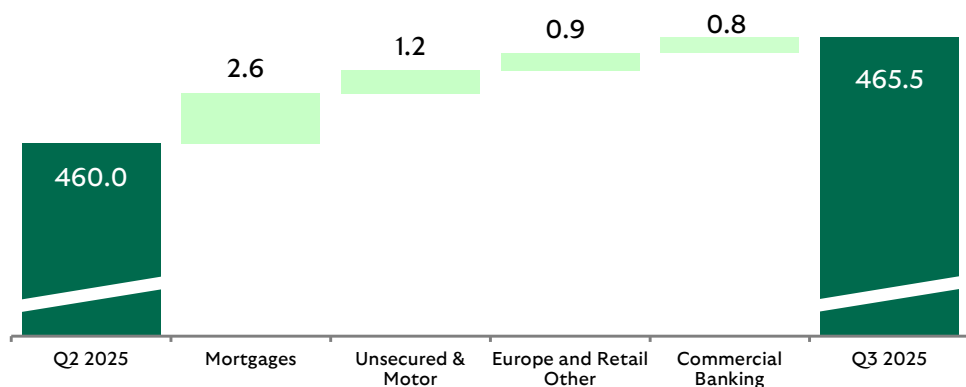
1 – Includes Europe, Overdrafts and Wealth. 2 – Includes Retail savings and Wealth.

Sustained growth in NII

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



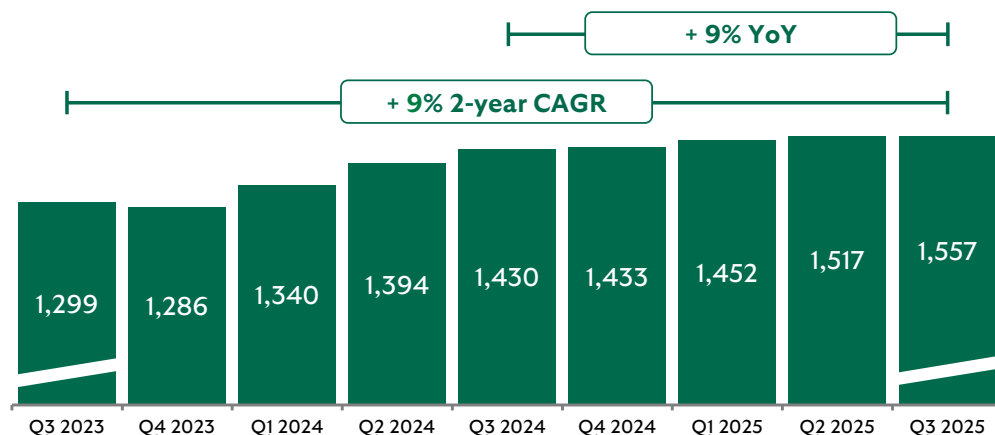
Average interest earning assets (£bn)



- YTD NII £10.1bn, up 6% YoY
- Q3 NII £3.5bn, up 7% YoY, up 3% QoQ
 - NIM 306bps, up 2bps QoQ, driven by hedge tailwind
 - Hedge income of £1.4bn; notional unchanged
 - Non-banking NII charge £136m
- Q3 AIEAs £465.5bn, up £5.5bn QoQ given growth in Retail lending
- Now expect 2025 NII to be c.£13.6bn

Broad based momentum in OOI

Other income (£m)



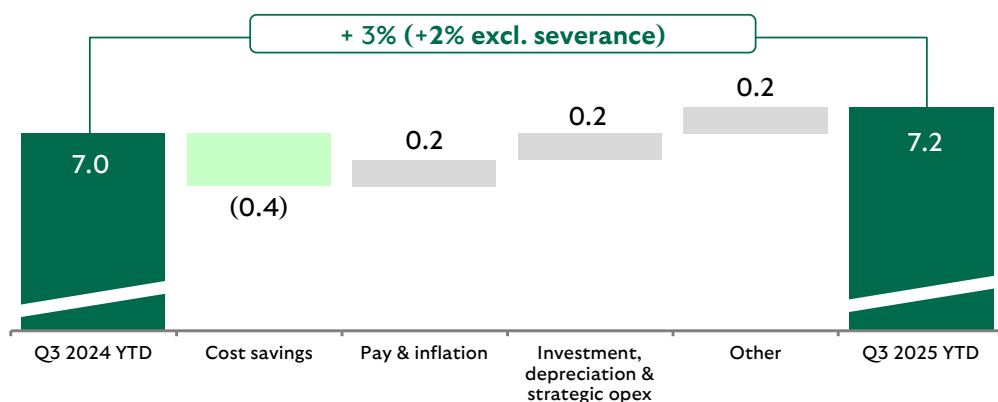
Illustrative strategic OOI progress

	Recent developments	Upcoming plans
Retail	Launched Lloyds Ultra credit card	Expand used leasing offering in Tusker
Commercial	Improved breadth of Markets capabilities	Scaling cash management and payments proposition
IP&I	Expanded Ready-Made Investments to wider market	Growing wealth offering following SPW acquisition
LBG Equity Investments	>4k rented homes in Lloyds Living	Pipeline to c.7.5k homes exchanged by end 2025

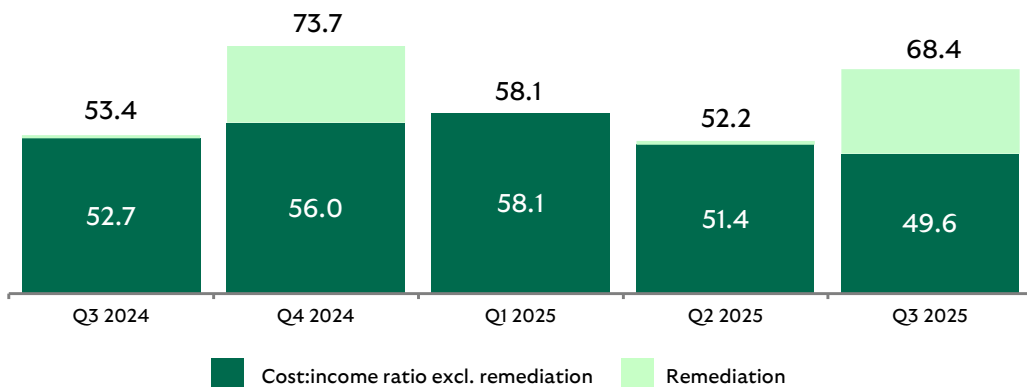
- YTD OOI £4.5bn, up 9% YoY
- Q3 OOI £1.6bn, up 9% YoY, up 3% QoQ; broad based momentum
 - Strength in Motor, General Insurance and LBG Equity Investments
- Continued strategic progress, including build and scaling of new customer propositions, supporting OOI
- Full acquisition of SPW to support OOI growth going forward
- Q3 operating lease depreciation £365m, up in line with fleet growth

Ongoing cost discipline

Operating costs (£bn)



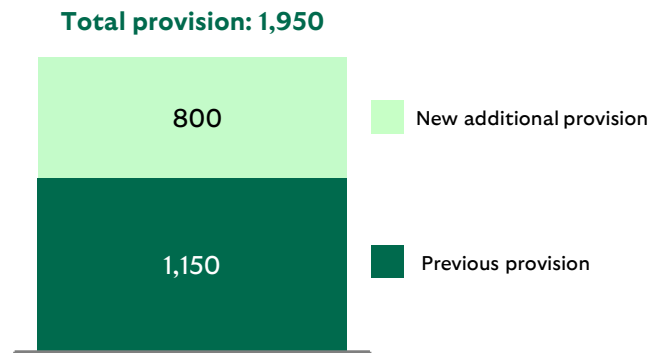
Cost:income ratio (%)



- **YTD operating costs £7.2bn, up 3% YoY**
 - Excluding increased severance taken YTD, up 2% YoY
 - Includes impact of NIC changes, equivalent to c.£0.1bn per annum pro-rated
- **Q3 operating costs of £2.3bn, down 1% QoQ**
- **Q3 cost:income 68.4%; 49.6% excl. remediation**
- **Continue to expect 2025 operating costs of c.£9.7bn, excluding Q4 impact of SPW**
- **Remediation charge £875m in Q3, including £800m for motor finance**

Motor finance commissions update

Motor finance provision (£m)



FCA timeline

7 Oct 2025

FCA announcement and consultation paper on industry-wide redress scheme for motor finance

18 Nov 2025

Deadline for comments on FCA's redress scheme proposals

Early 2026

FCA policy statement and final scheme rules expected

Later in 2026

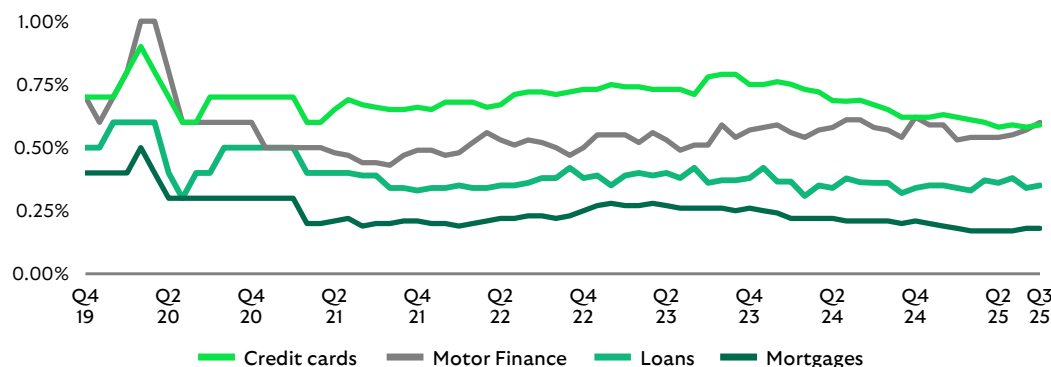
Consumers start to receive compensation

- **£800m provision in Q3 2025 reflects FCA consultation proposals announced 7 October**
 - Proposals represent adverse end of previously modelled scenarios
 - More cases eligible for redress than expected reflecting broader unfairness presumption and 2007 time bar
 - Likelihood of a higher level of redress than anticipated given proposed redress calculation methodology
- **Total motor finance provision now £1,950m, including estimate for operational costs and potential redress**
- **Group intends to contribute to consultation on FCA's proposals, including approach to unfairness and redress methodology**

Strong asset quality

Impairment (£m)	Q3 2025 YTD	Q3 2024 YTD	YoY £m	Q3 2025	QoQ £m
Charge (credit) pre updated MES ¹	591	597	6	140	37
<i>Retail</i>	627	592	(35)	201	21
<i>Commercial Banking</i>	(36)	16	52	(61)	15
<i>Other</i>	-	(11)	(11)	-	1
Updated economic outlook	27	(324)	(351)	36	(80)
<i>Retail</i>	(42)	(269)	(227)	42	(36)
<i>Commercial Banking</i>	69	(55)	(124)	(6)	56
<i>Central adjustment</i>	-	-	-	-	(100)
Total impairment charge/(credit)	618	273	(345)	176	(43)

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



1 – Charges before the impact of changes to the economic outlook.

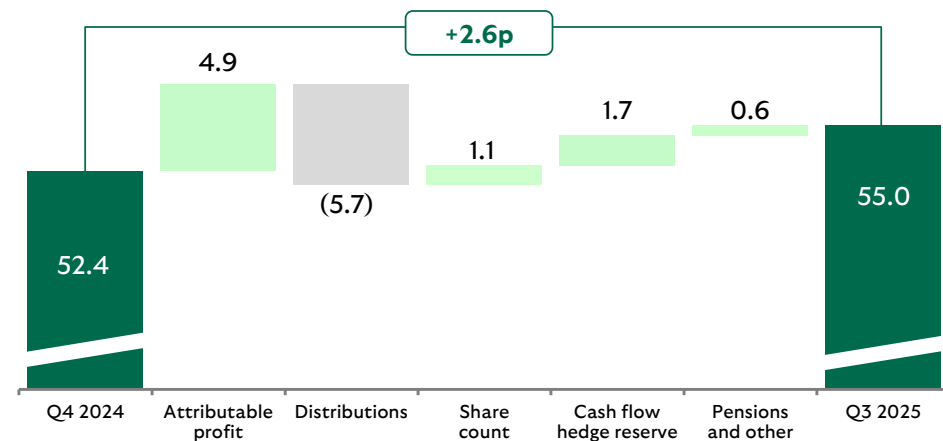
- **Strong asset quality, reflecting prudent lending and healthy customer behaviours**
 - Arrears remain low and stable across our portfolios
- **YTD impairment charge £618m, AQR 18bps**
- **Q3 impairment charge £176m, AQR 15bps**
 - Pre-MES AQR 12bps, including some one-off benefits primarily from model calibrations
 - £36m MES charge given lower HPI assumptions
- **Stock of ECL £3.5bn, c.£0.4bn above base case**
- **Now expect FY 2025 AQR c.20bps**

Strengthening RoTE excl. motor, alongside TNAV growth

Statutory profit (£m)

	Q3 2025 YTD	Q3 2024 YTD	YoY %	Q3 2025	QoQ %
Underlying profit	4,851	5,350	(9)	1,290	(36)
Restructuring	(16)	(21)	24	(7)	(40)
Volatility and other items	(157)	(182)	14	(109)	(195)
Statutory profit before tax	4,678	5,147	(9)	1,174	(41)
Tax expense	(1,356)	(1,370)	1	(396)	(31)
Statutory profit after tax	3,322	3,777	(12)	778	(45)
Return on tangible equity	11.9%	14.0%	(2.1)pp	7.5%	(8.0)pp

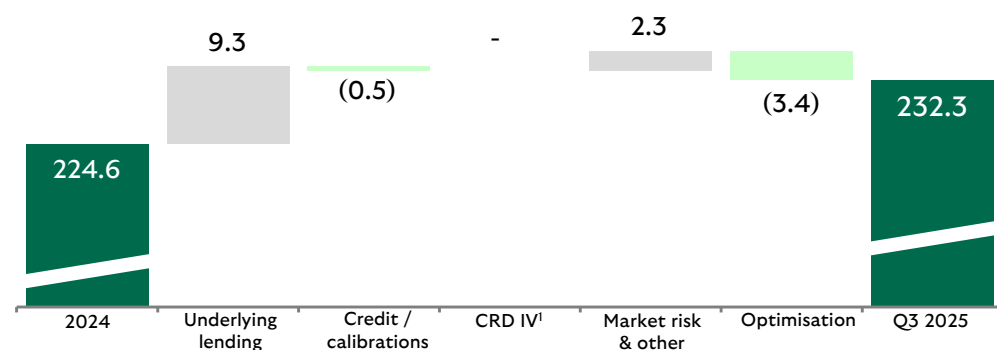
Tangible net asset value per share (pence)



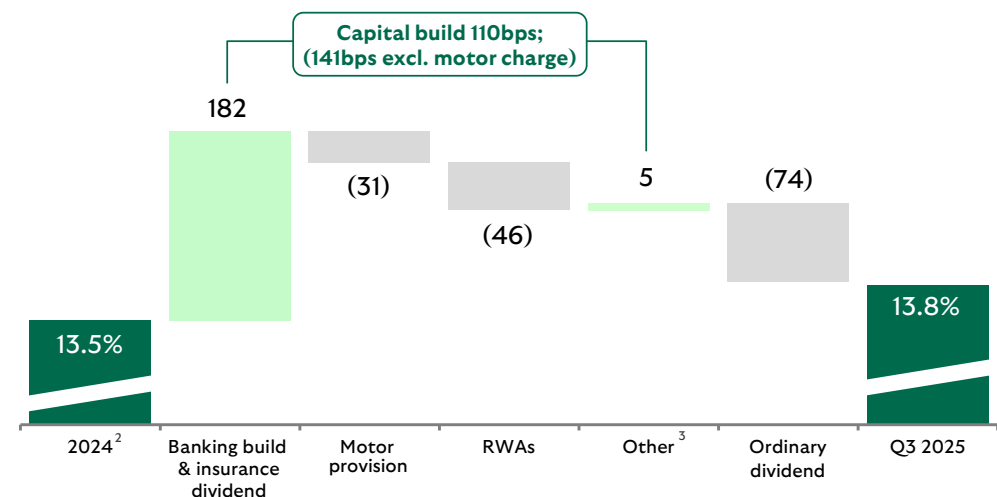
- YTD RoTE 11.9% (14.6% excl. motor provision); Q3 7.5% (15.5% excl. motor provision)
- Q3 volatility charge £109m; negative insurance volatility impact, alongside usual fair value unwind
- TNAV per share 55.0p, up 0.5p in Q3 (up 1.6p excl. motor provision)
 - Growth driven by profits, share count and cash flow hedge reserve
- Expect material TNAV per share growth from profits, cash flow hedge reserve unwind and share count reduction
- Now expect FY 2025 RoTE to be c.12% (c.14% excl. motor provision)

Strong capital generation

Risk weighted assets (£bn)



Common equity tier 1 ratio (% , bps)



- **RWAs £232.3bn, up £7.7bn YTD, up £0.9bn QoQ**
 - Strength in lending partly offset by optimisation
- **Strong YTD capital generation: 110bps (141bps excl. motor)**
 - 24bps in Q3 (55bps excl. motor), from banking build, optimisation and reversal of £1.2bn temporary RWAs
- **Now expect FY 2025 capital generation of c.145bps (c.175bps excl. motor provision)**
- **CET1 ratio 13.8%**
 - Continue to expect to pay down to c.13% by end 2026

1 – Retail secured CRD IV increases, performing exposures. 2 – Shown on a pro forma basis. 3 – Other includes share-based payments and market volatility.

Continuing to deliver; confident in our outlook



Continued strategic delivery for customers and wider stakeholders

Robust financial performance, with strong capital generation

2025 guidance improved excluding Q3 motor finance charge; confident in 2026

	2025	2025 (excl. motor)	2026
Net interest income	c.£13.6bn (from c.£13.5bn)	c.£13.6bn (from c.£13.5bn)	
Operating costs	c.£9.7bn excl. SPW ¹	c.£9.7bn excl. SPW ¹	<50% CIR
Asset quality	c.20bps (from c.25bps)	c.20bps (from c.25bps)	
RoTE	c.12%	c.14% (from c.13.5%)	>15%
Capital generation	c.145bps	c.175bps	>200bps
CET1 ratio target			Pay down to c.13.0%
Capital distribution	Progressive and sustainable ordinary dividend		

1 – Modestly >£9.7bn given Q4 impact of SPW.

Q&A



Appendix



Quarterly P&L and key ratios

(£m)	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Net interest income	3,451	3,361	3,294	3,276	3,231	3,154	3,184	3,317	3,444
Other income	1,557	1,517	1,452	1,433	1,430	1,394	1,340	1,286	1,299
Operating lease depreciation	(365)	(355)	(355)	(331)	(315)	(396)	(283)	(371)	(229)
Net income	4,643	4,523	4,391	4,378	4,346	4,152	4,241	4,232	4,514
Operating costs	(2,302)	(2,324)	(2,550)	(2,450)	(2,292)	(2,298)	(2,402)	(2,486)	(2,241)
Remediation	(875)	(37)	-	(775)	(29)	(70)	(25)	(541)	(64)
Total costs	(3,177)	(2,361)	(2,550)	(3,225)	(2,321)	(2,368)	(2,427)	(3,027)	(2,305)
Underlying profit before impairment	1,466	2,162	1,841	1,153	2,025	1,784	1,814	1,205	2,209
Impairment (charge)/credit	(176)	(133)	(309)	(160)	(172)	(44)	(57)	541	(187)
Underlying profit	1,290	2,029	1,532	993	1,853	1,740	1,757	1,746	2,022
Restructuring	(7)	(5)	(4)	(19)	(6)	(3)	(12)	(85)	(44)
Volatility and other items	(109)	(37)	(11)	(150)	(24)	(41)	(117)	114	(120)
Statutory profit before tax	1,174	1,987	1,517	824	1,823	1,696	1,628	1,775	1,858
Statutory profit after tax	778	1,410	1,134	700	1,333	1,229	1,215	1,234	1,420
Net interest margin	3.06%	3.04%	3.03%	2.97%	2.95%	2.93%	2.95%	2.98%	3.08%
Average interest earning assets	£465.5bn	£460.0bn	£455.5bn	£455.1bn	£451.1bn	£449.4bn	£449.1bn	£452.8bn	£453.0bn
Cost:income ratio	68.4%	52.2%	58.1%	73.7%	53.4%	57.0%	57.2%	71.5%	51.1%
Asset quality ratio	0.15%	0.11%	0.27%	0.14%	0.15%	0.05%	0.06%	(0.47)%	0.17%
Return on tangible equity	7.5%	15.5%	12.6%	7.1%	15.2%	13.6%	13.3%	13.9%	16.9%
Tangible net asset value per share	55.0p	54.5p	54.4p	52.4p	52.5p	49.6p	51.2p	50.8p	47.2p

Updated economics scenarios

Scenario	ECL (£m)	Measure (%)	2025	2026	2027	2028	2029	Ave. 25-29
Upside (30%)	2,656	GDP	1.4	1.9	1.9	1.6	1.5	1.6
		Unemployment rate	4.6	3.7	3.2	3.1	3.1	3.6
		HPI growth	1.1	4.8	7.0	6.3	5.5	4.9
		CRE price growth	2.7	7.5	3.7	2.4	1.4	3.5
		UK Bank Rate	4.19	4.30	4.72	4.95	5.12	4.66
		CPI inflation	3.5	2.9	2.6	2.9	3.0	3.0
Base case (30%)	3,052	GDP	1.3	1.0	1.5	1.5	1.5	1.4
		Unemployment rate	4.8	5.0	4.7	4.5	4.4	4.7
		HPI growth	0.8	2.4	1.7	2.2	3.2	2.1
		CRE price growth	1.5	0.7	1.3	1.2	0.9	1.1
		UK Bank Rate	4.19	3.63	3.50	3.50	3.50	3.66
		CPI inflation	3.5	2.9	2.3	2.3	2.3	2.7
Downside (30%)	3,947	GDP	1.2	(1.2)	-	1.2	1.5	0.6
		Unemployment rate	4.9	6.9	7.7	7.4	7.0	6.8
		HPI growth	0.5	(0.5)	(6.4)	(5.8)	(2.0)	(2.9)
		CRE price growth	0.5	(8.9)	(3.4)	(1.9)	(1.9)	(3.2)
		UK Bank Rate	4.19	2.37	1.03	0.69	0.48	1.75
		CPI inflation	3.5	2.9	2.0	1.4	1.0	2.2
Severe downside (10%)	5,712	GDP	1.0	(3.1)	(0.9)	1.0	1.4	(0.1)
		Unemployment rate	5.1	9.2	10.4	10.0	9.4	8.8
		HPI growth	-	(2.4)	(13.5)	(12.0)	(6.6)	(7.0)
		CRE price growth	(1.8)	(18.8)	(8.7)	(6.2)	(4.9)	(8.3)
		UK Bank Rate	4.19	1.25	0.12	0.04	0.01	1.12
		CPI inflation	3.5	2.9	1.5	0.4	(0.3)	1.6
Probability weighted	3,468							

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Factors that could cause actual business, strategy, targets, plans and/or results (including but not limited to the payment of dividends) to differ materially from forward-looking statements include, but are not limited to: general economic and business conditions in the UK and internationally (including in relation to tariffs); imposed and threatened tariffs and changes to global trade policies; acts of hostility or terrorism and responses to those acts, or other such events; geopolitical unpredictability; the war between Russia and Ukraine; the escalation of conflicts in the Middle East; the tensions between China and Taiwan; political instability including as a result of any UK general election; market related risks, trends and developments; changes in client and consumer behaviour and demand; exposure to counterparty risk; the ability to access sufficient sources of capital, liquidity and funding when required; changes to the Group's credit ratings; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; volatility in credit markets; volatility in the price of the Group's securities; natural pandemic and other disasters; risks concerning borrower and counterparty credit quality; risks affecting insurance business and defined benefit pension schemes; changes in laws, regulations, practices and accounting standards or taxation; changes to regulatory capital or liquidity requirements and similar contingencies; the policies and actions of governmental or regulatory authorities or courts together with any resulting impact on the future structure of the Group; risks associated with the Group's compliance with a wide range of laws and regulations; assessment related to resolution planning requirements; risks related to regulatory actions which may be taken in the event of a bank or Group failure; exposure to legal, regulatory or competition proceedings, investigations or complaints; failure to comply with anti-money laundering, counter terrorist financing, anti-bribery and sanctions regulations; failure to prevent or detect any illegal or improper activities; operational risks including risks as a result of the failure of third party suppliers; conduct risk; technological changes and risks to the security of IT and operational infrastructure, systems, data and information resulting from increased threat of cyber and other attacks; technological failure; inadequate or failed internal or external processes or systems; risks relating to ESG matters, such as climate change (and achieving climate change ambitions) and decarbonisation, including the Group's ability along with the government and other stakeholders to measure, manage and mitigate the impacts of climate change effectively, and human rights issues; the impact of competitive conditions; failure to attract, retain and develop high calibre talent; the ability to achieve strategic objectives; the ability to derive cost savings and other benefits including, but without limitation, as a result of any acquisitions, disposals and other strategic transactions; inability to capture accurately the expected value from acquisitions; assumptions and estimates that form the basis of the Group's financial statements; and potential changes in dividend policy. A number of these influences and factors are beyond the Group's control. Please refer to the latest Annual Report on Form 20-F filed by Lloyds Banking Group plc with the US Securities and Exchange Commission (the SEC), which is available on the SEC's website at www.sec.gov, for a discussion of certain factors and risks. Lloyds Banking Group plc may also make or disclose written and/or oral forward-looking statements in other written materials and in oral statements made by the directors, officers or employees of Lloyds Banking Group plc to third parties, including financial analysts. Except as required by any applicable law or regulation, the forward-looking statements contained in this document are made as of today's date, and the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document whether as a result of new information, future events or otherwise. 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