2025 Results

Fixed Income Presentation

Lloyds Banking Group

29 January 2026

Leading UK digital bank and integrated financial services provider

Lloyds Banking Group

Retail

Consumer Relationships

- Current accounts
- Savings accounts
- Mass affluent proposition

Consumer Lending

- Mortgages
- Credit cards
- Personal loans
- Motor finance

Commercial

Business & Commercial Banking

- Business loans
- Transactional banking
- Working capital
- Merchant services

Corporate & Institutional Banking

- Lending & debt capital markets
- Cash liquidity
- Risk management

Insurance, Pensions & Investments

- Home, motor, and pet insurance
- Workplace pensions, direct to consumer pensions, retirement planning
- Ready-Made investments, Sharedealing

Positioned for growth in a supportive operating environment

LLOYDS BANKING GROUP

Constructive UK outlook

Resilient economic growth, with falling interest rates

Forecast average GDP growth of 1.4% per annum 2025-2029

Forecast two 25bps BoE rate cuts in 2026

Strengthening financial health; capacity for spending and investment

Household debt:income ratio down c.20pp since 2016; spending subdued but increasing

Business confidence c.15pp above long-term average; SME borrowing growth rate highest since 2021

Regulatory reforms being implemented

Ongoing prudential and conduct reviews supportive of growth

Reforms to support innovation (e.g. digital assets, investment advice) identified

Government committed to growth in key sectors

Industrial strategy designed to boost UK competitiveness and long-term economic resilience

Clear sector plans e.g. 1.5m new homes, retail investment campaign launching in 2026

Strategic focus on faster growing areas

Housing

- **#1** UK mortgage lender
- **>£22bn** support to social housing since 2018[1]
- One of **UK's largest** private rental landlords

Pensions & Investments

- **#2** Workplace pensions provider
- **>750k** Scottish Widows app users
- Delivering an **end-to-end wealth offering**

Infrastructure & Project Finance

- **>2x** Infra & Project Financing since 2021
- **£35bn** commitment to UK companies in 2026[2]
- **>£70bn** sustainable financing since 2022[3]

Expect to continue growing faster than wider UK economy

1 – Supporting new finance to the social housing sector. 2 – Companies operating and investing in the UK. 3 – Includes sustainable financing for Commercial customers, EPC A/B mortgage lending and new lending to EVs / PHEVs

Leveraging our enablers to accelerate our transformation

Clear strategic priorities…	…with continued strong progress
Enhancing infrastructure and investing in people	**c.50%** reduction in number of data centres since 2021 (2026 target: >60%) **>20%** reduction in technology applications since 2021 (Achieved 2026 target) **c.9k** technology and data hires since 2021, including launch of Lloyds Technology Centre
Delivering improved, digital-first customer outcomes	Delivered **new mobile PCA onboarding** journey with **c.7 minutes** completion time **c.15%** residential refinancing via Home Hub **>15pp** increase in loan conversion rates through Your Credit Score[1]
Innovating and leading across new and emerging technologies	Launched UK's first **in-app financial assistant** Recognised by Microsoft as **leading AI adoption in Financial Services** Completed **UK-first public blockchain tokenised deposits** transaction

Rated 'Outstanding' in Euromoney's 2025 MarketMap of world's best digital banks

1 – Following sharing of income and expenditure data.

Extending our Gen AI leadership position

c.50 live Gen AI use cases in 2025, generating c.£50m P&L benefit

Illustrative revenue and cost use cases and outcomes across domains

Customer interactions	**Use case:** Gen AI powered in-app search function **Outcome:** Awarded 'Best AI use in Finance'
Customer operations	**Use case:** Complaints handling and automation **Outcome:** Classification times reduced to 1 second (from c.5 mins)
Frontline/RM support	**Use case:** Knowledge mgmt. tool rolled out to c.30k colleagues **Outcome:** c.66% average reduction in search times
Colleague assistants	**Use case:** HR assistant rolled out across the Group **Outcome:** c.90% first-time query handling
Engineering support	**Use case:** c.5k Engineers leveraging GitHub Copilot for coding **Outcome:** c.50% time improvement in legacy code conversion

Accelerating progress in 2026

Driving day-to-day productivity gains

Extending Copilot to >35k colleagues

Rolling out AI Academy learning programme

Further scaling of use cases

Realising further benefits from existing use cases

Significantly increasing number of new use cases

Unlocking Agentic opportunities

Prioritising scale Agentic use cases that span full breadth of the Group (e.g. fraud prevention)

Increasing customer roll-out

Targeting full customer roll-out of in-app agent

Expanding agents to other products

>£100m revenue/cost benefits from GenAI in 2026; significant further opportunity beyond

Financial update

Sustained strength in financial performance

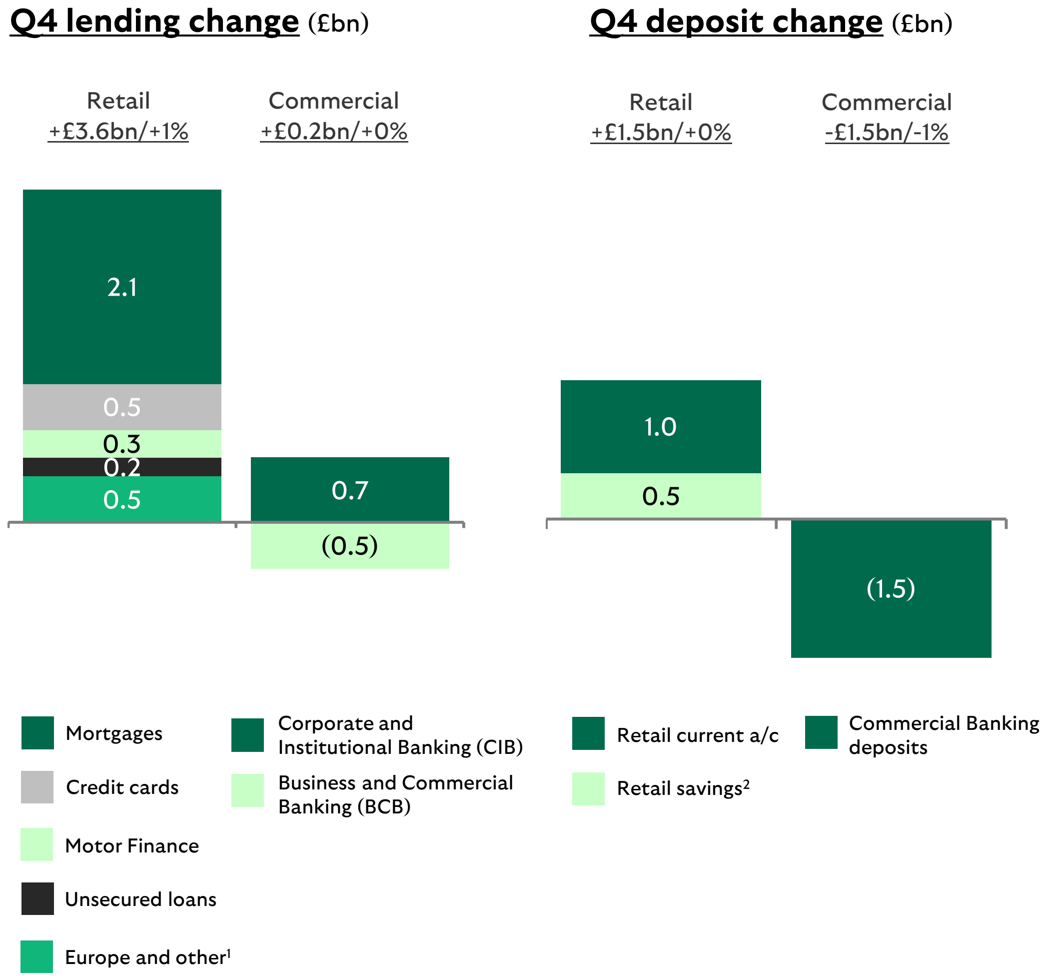
LLOYDS BANKING GROUP

Financial performance (£m)

	FY 2025	FY 2024	*YoY %*	Q4 2025	*vs Q3 2025 %*
Net interest income	13,635	12,845	*6*	3,529	*2*
Other income	6,120	5,597	*9*	1,594	*2*
Operating lease depreciation	(1,454)	(1,325)	*(10)*	(379)	*(4)*
Net income	**18,301**	**17,117**	***7***	**4,744**	***2***
Operating costs	(9,761)	(9,442)	*(3)*	(2,585)	*(12)*
Remediation	(968)	(899)	*(8)*	(56)	*94*
Total costs incl. remediation	**(10,729)**	**(10,341)**	***(4)***	**(2,641)**	***17***
Underlying profit before impairment	**7,572**	**6,776**	***12***	**2,103**	***43***
Impairment charge	(795)	(433)	*(84)*	(177)	*(1)*
Underlying profit	**6,777**	**6,343**	***7***	**1,926**	***49***
Statutory profit after tax	**4,757**	**4,477**	***6***	**1,435**	***84***
Net interest margin	3.06%	2.95%	*11bps*	3.10%	*4bps*
Return on tangible equity	12.9%	12.3%	*0.6pp*	15.7%	*8.2pp*
Earnings per share	7.0p	6.3p	*0.7p*	2.2p	*1.2p*
TNAV per share	57.0p	52.4p	*4.6p*	57.0p	*2.0p*
Pro forma CET1 ratio	13.2%	13.5%	*(0.3)pp*	13.2%	*(0.6)pp*

- Statutory PAT £4.8bn; RoTE 12.9% (14.8% excl. motor provision)
- Robust net income: £18.3bn, up 7% YoY; NIM 306bps
- Continued cost discipline: Operating costs £9.76bn, up 3% given investment, business growth and inflation
- Remediation £968m (incl. £800m for motor provision)
- Strong credit performance: £795m impairment charge; AQR 17bps
- TNAV 57.0p, up 4.6p in 2025
- Strong capital generation: 147bps (178bps excl. motor provision); Pro forma CET1 ratio 13.2%

Strong lending and deposit growth

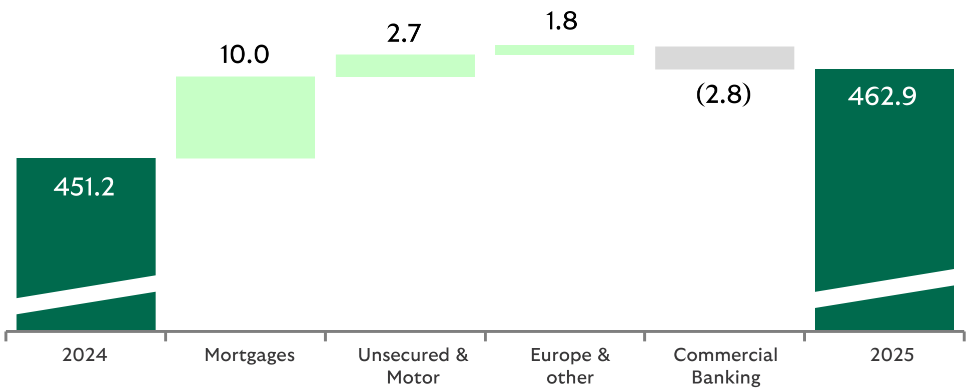


- **Lending £481.1bn, up 5% in 2025, Q4 up £4.0bn**
  - Q4 Mortgages up £2.1bn, growth in Cards, Loans, Motor and European Retail
  - Q4 Commercial up £0.2bn, after £0.3bn CBILS / BBLS repayments
- **Total deposits £496.5bn up 3% in 2025, Q4 down £0.2bn**
  - Q4 Retail up £1.5bn; savings £0.5bn, PCAs £1.0bn
  - Q4 Commercial down £1.5bn
- **£7.9bn IP&I open book AuA net new money in 2025; £4.2bn in Q4**

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

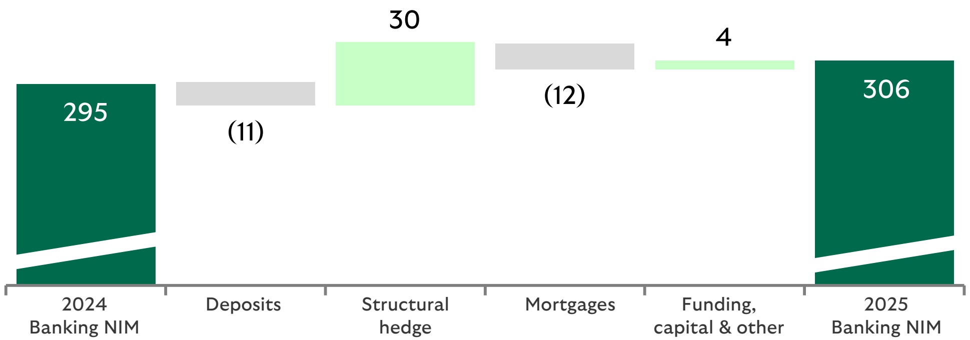
Sustained growth in net interest income

Average interest earning assets (£bn)



Banking net interest margin (bps)

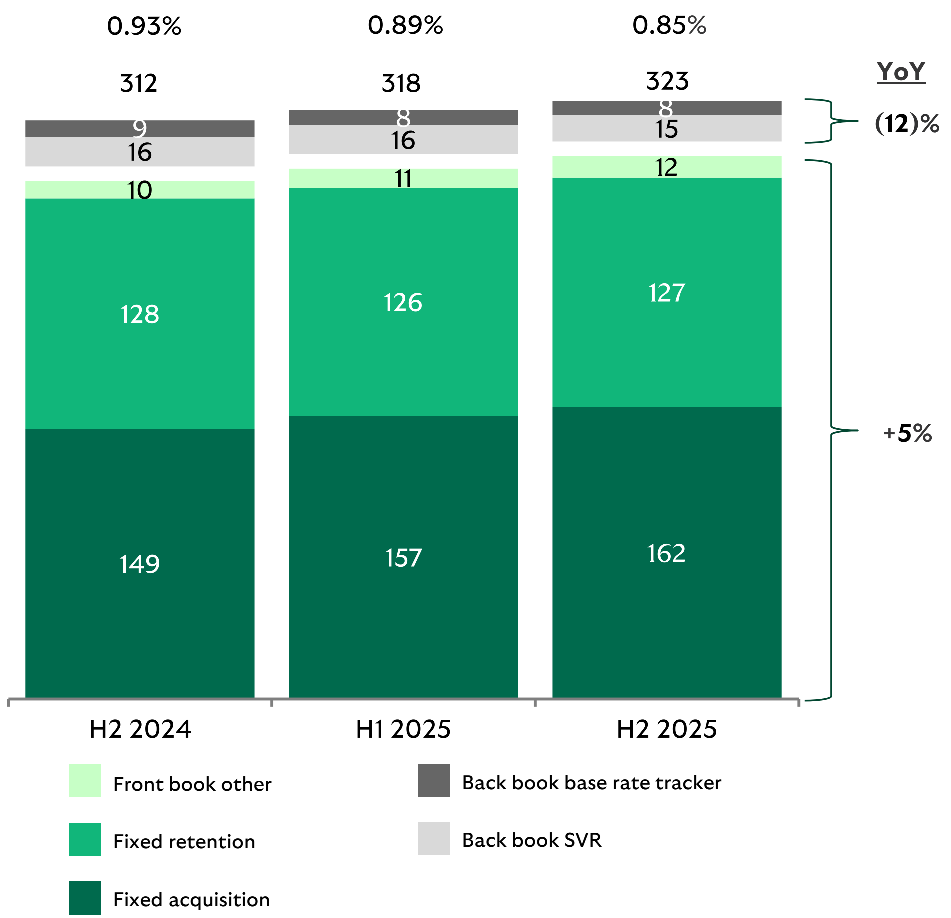
Q3 '25 – Q4 '25	306	(2)	12	(3)	(3)	310



- **2025 NII £13.6bn, up 6% YoY, Q4 up 2%**
  - Strong hedge and lending growth partially offset by mortgage repricing and deposit churn headwinds
- **2025 AIEAs £462.9bn, up 3% YoY; Q4 AIEAs £470.3bn, up £4.8bn**
  - Driven by strong lending growth through the year
- **2025 NIM 306bps, up 11bps YoY; Q4 NIM 310bps, up 4bps vs. Q3**
- **2025 non-banking NII charge £515m, £143m in Q4**
- **2026 NII expected to be c.£14.9bn:**
  - Franchise volume growth plus stronger hedge income
  - Partially offset by mortgage and deposit headwinds alongside non-banking NII

Growth in mortgages

Mortgage book (Book size £bn, Gross margin %[1])

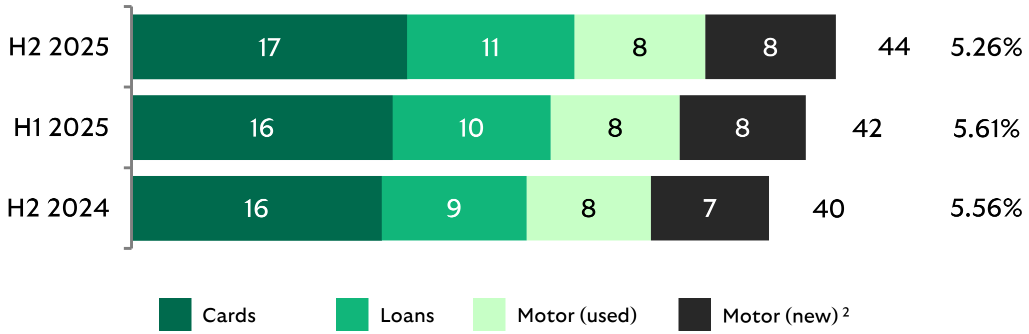


- **Mortgage balances £323.1bn, up £10.8bn YoY, Q4 up £2.1bn**
  - 2025 flow market share c.19%
  - 'Direct to bank' market share c.26%, up 3pp YoY
- **Completion margins[2] c.70bps in Q4**
- **Enhancing customer proposition solutions in protection and home insurance around mortgage journey**
  - 5pp increase in protection take-up rates to c.20%

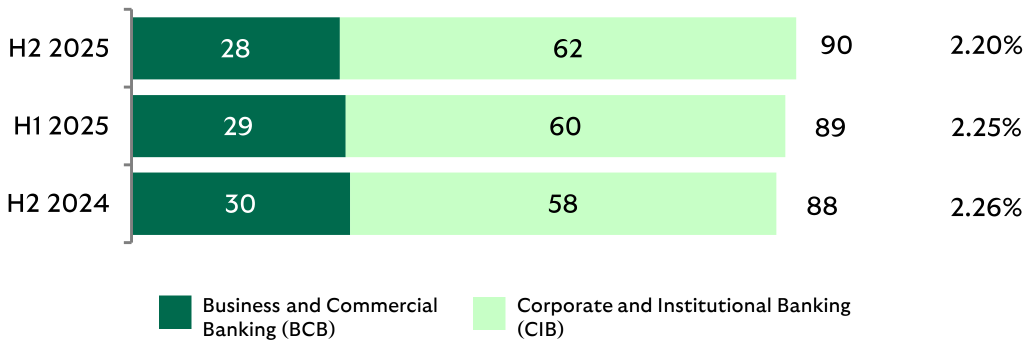
1 – Gross margin is gross customer receivables, less short term funding costs; references SONIA. Chart uses rounded inputs. 2 – Total completion margins include new business and product transfers and is equal to customer rate, plus net customer fees, less the relevant funding rate.

Solid performance in consumer and commercial lending

Cards, Loans & Motor (Book size £bn, Gross margin %[1])



Commercial Banking (Book size £bn, Gross margin %[1])

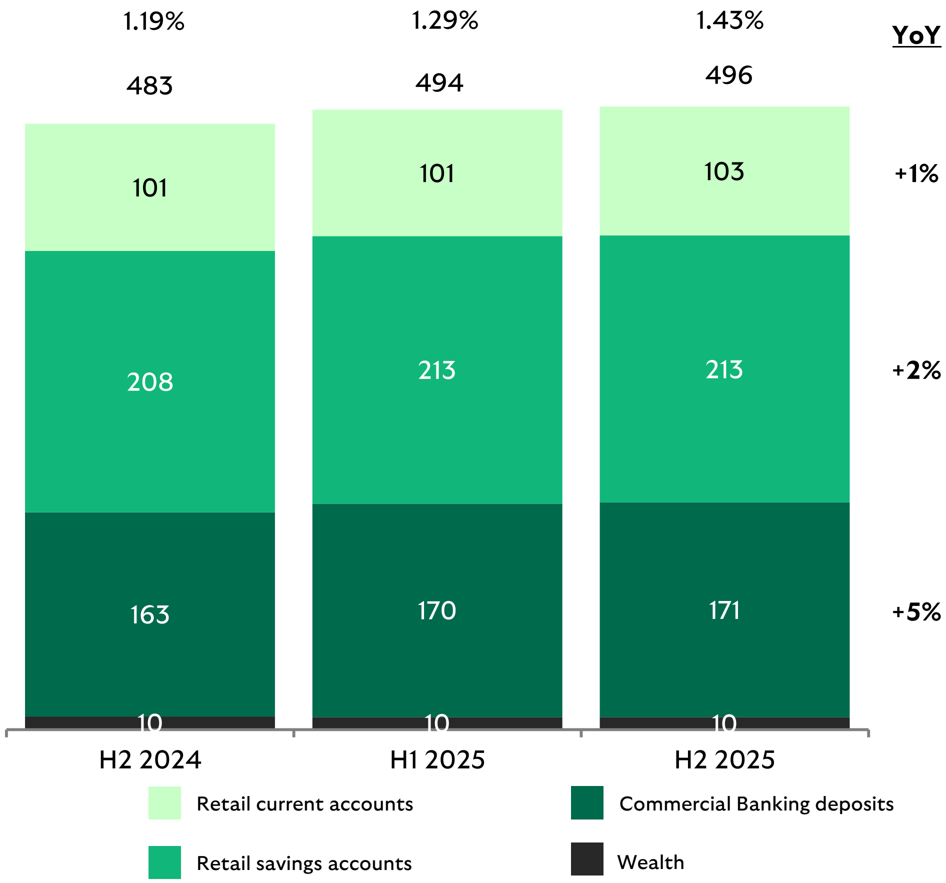


- **Growth in consumer lending from leveraging data, enhanced decisioning and personalised experiences**
  - Unsecured loans up £1.4bn
  - Credit cards up £1.6bn
  - Motor finance up £1.1bn in Black Horse
- **Commercial Banking up £2.7bn in 2025, up £4.1bn excl. government lending repayments**
  - CIB lending up £4.1bn, with growth in strategic sectors, including institutional and corporate infrastructure
  - BCB balances down £1.4bn, underlying flat after £1.4bn CBILS / BBLS repayments

1 – Gross margin is gross customer receivables, less short term funding costs; references SONIA. Chart uses rounded inputs. 2 – Includes Black Horse Retail, Fleet and Stocking, as well as Lex finance leases.

Growing customer deposit franchise

Customer deposits (Book size £bn, Gross margin %[1])

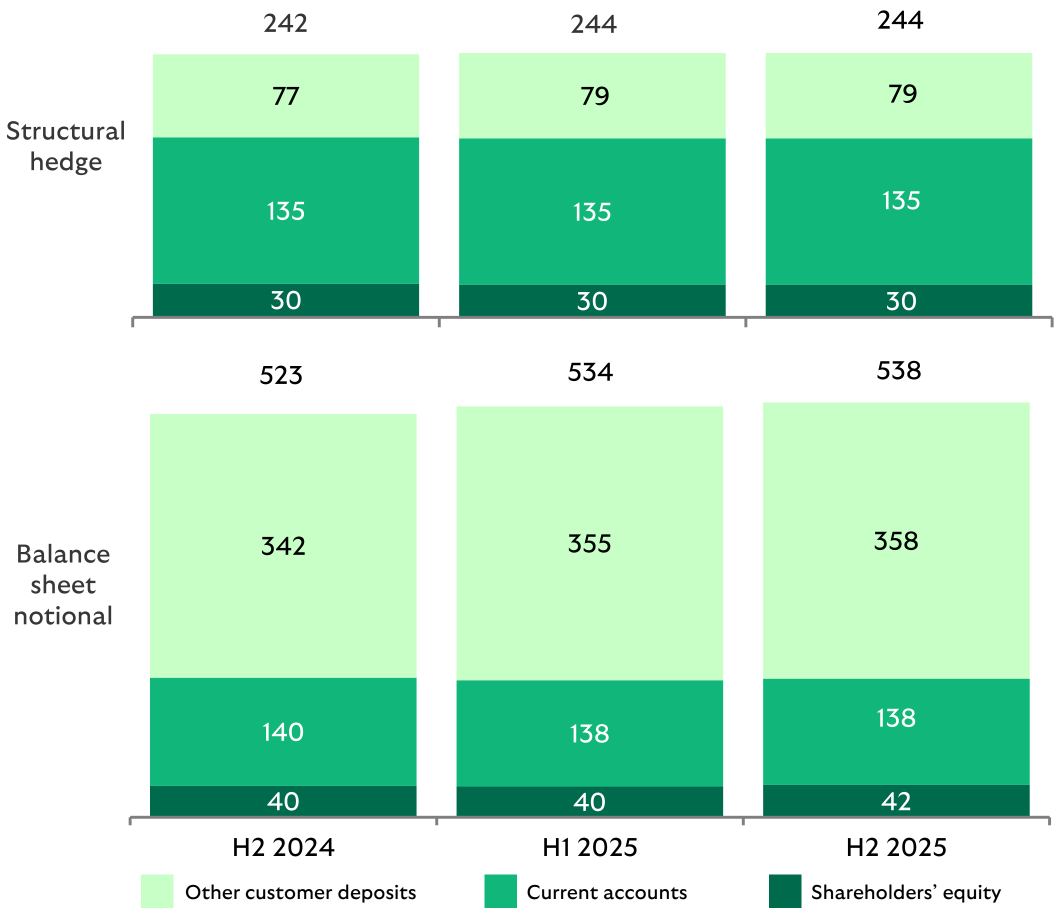


- **Total deposits £496.5bn, up £13.8bn / 3% in 2025**
- **Retail deposits up £5.5bn / 2% in 2025**
  - Retail current accounts up £1.5bn / 1% in 2025
  - Retail savings accounts up £4.3bn / 2% in 2025
- **Commercial deposits up £8.5bn / 5% in 2025**
  - Growth in targeted sectors across BCB and CIB

1 – Gross margin is short term funding costs less gross customer payables; references SONIA and includes structural hedge income. Chart uses rounded inputs.

Strengthening tailwind from the structural hedge

Hedged balances[1] (£bn)

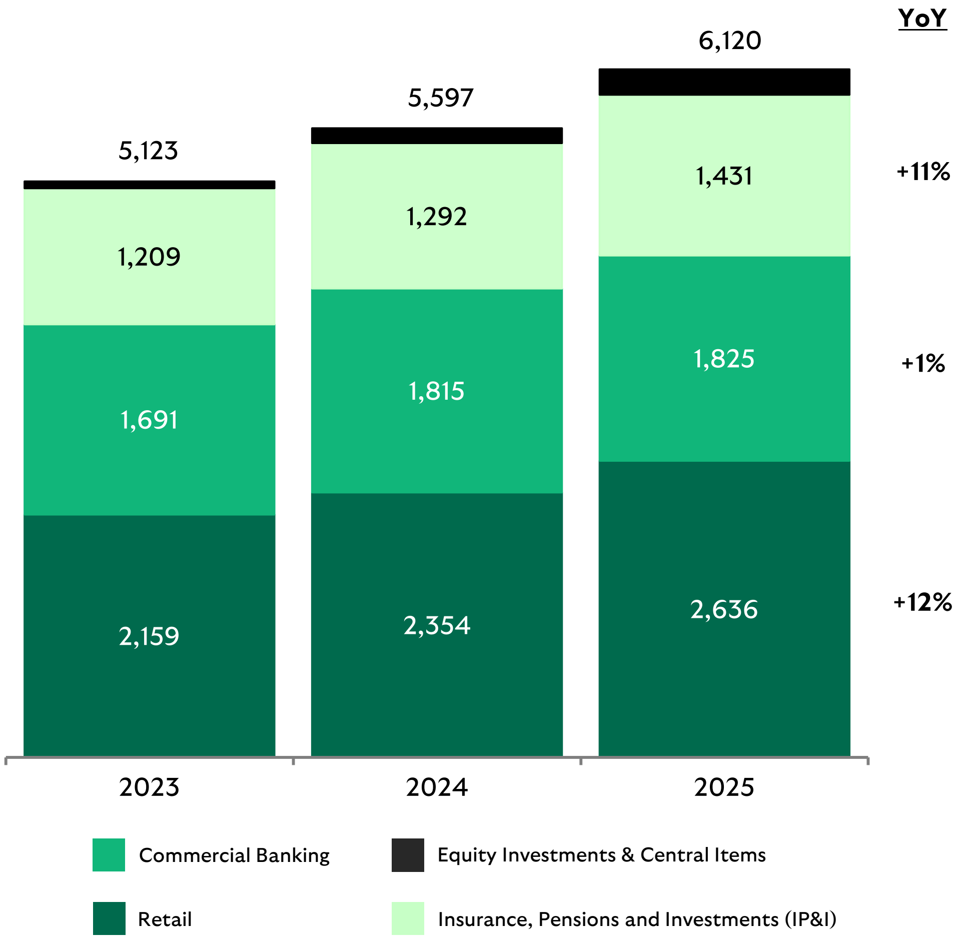


- **Structural hedge notional £244bn, stable over H2**
  - Benefitting from positive current account performance, strong savings growth and easing churn
- **2025 structural hedge earnings of £5.5bn, up £1.3bn YoY**
- **Weighted average life extended to c.3.75 years, given deposit performance**
- **Tailwind over 2026, 2027 and beyond**
  - Expect 2026 hedge income of c.£7.0bn
  - Expect 2027 hedge income of c.£8.0bn

1 – The external sterling structural hedge nominal is managed as a portfolio, split shown is indicative.

Momentum in other income

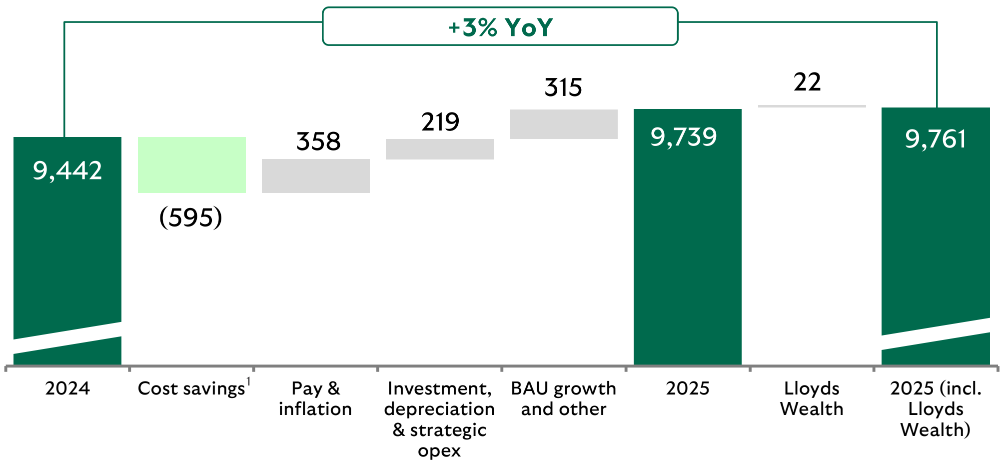
Divisional other income (£m)



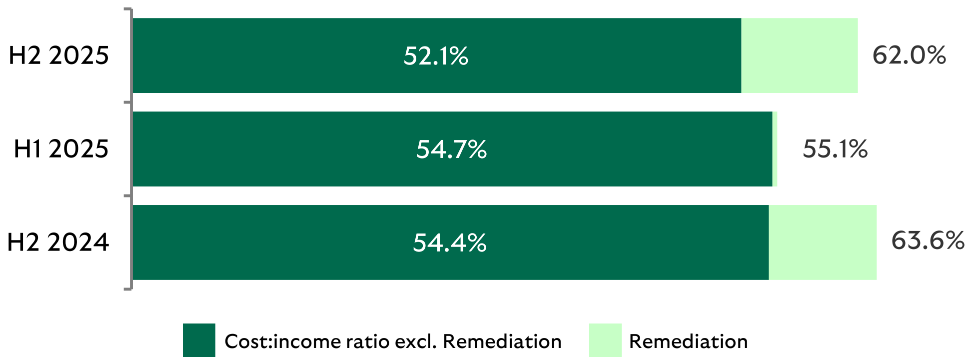
- **OOI £6.1bn in 2025, up 9% YoY; Q4 up £37m / 2%**
- **Broad based other income momentum in 2025**
  - Retail up 12%: Growing Motor, strength in Cards and banking income
  - Commercial up 1%: Solid Markets and Transaction Banking income, offset by lower Loan Markets activity
  - IP&I up 11%: Strong performance in General Insurance, Workplace Pensions, addition of Lloyds Wealth
  - Equity Investments up 15%: Driven by Lloyds Living
- **Lloyds Wealth to support OOI growth in 2026**
- **Operating lease depreciation £1,454m; Q4 £379m**
  - 2025 increase largely reflects fleet growth and higher value vehicles

Continued discipline on costs

Operating costs (£m)



Cost:income ratio (%)



- **2025 operating costs £9,761m; £9,739m excl. impact from Lloyds Wealth; up 3% YoY**
  - Reflects investment, business growth, inflation net of cost savings
  - Q4 £2.6bn, incl. Bank Levy
- **2025 cost:income ratio 58.6%; 53.3% excl. remediation**
- **Continue to expect cost:income ratio <50% in 2026 (operating costs <£9.9bn)**
  - Ongoing efficiency savings partially offsetting full year impact of Lloyds Wealth and inflation
- **Remediation charge £968m, including £800m for motor finance in Q3**

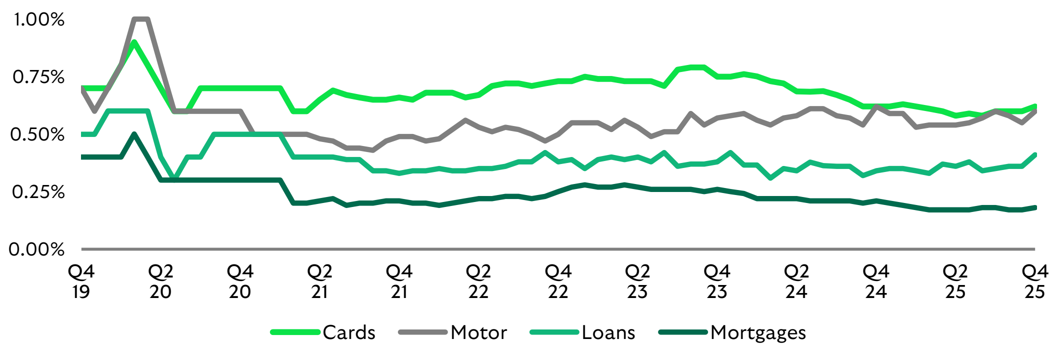
1 – Does not include change savings.

Strong and stable credit performance

Impairment (£m)

	FY 2025	FY 2024	YoY £m	Q4 2025	QoQ £m
Charge (credit) pre updated MES[1]	**721**	**827**	***(106)***	**130**	***(10)***
Retail	734	789	*(55)*	**107**	*(94)*
Commercial Banking	(14)	48	*(62)*	**22**	*83*
Other	1	(10)	*11*	**1**	*1*
Updated economic outlook	**74**	**(394)**	***468***	**47**	***11***
Retail	-	(332)	*332*	**42**	-
Commercial Banking	74	(62)	*136*	**5**	*11*
Total impairment charge/(credit)	**795**	**433**	***362***	**177**	***1***

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



- **Strong and stable credit performance, reflecting prudent lending and healthy customer behaviours**
  - Arrears low and stable across portfolios
  - Stable early warning indicators
- **Low 2025 impairment charge £795m, AQR 17bps**
  - Includes benefits from model calibrations and refinements
- **Q4 impairment charge £177m, AQR 14bps, includes MES charge of £47m**
  - Pre-MES[1] AQR 11bps; benefits from model refinements and stable underlying charge
- **Stock of ECL £3.4bn, c.£0.4bn above base case**
- **Expect 2026 AQR to be c.25bps**

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

Updated macroeconomic outlook

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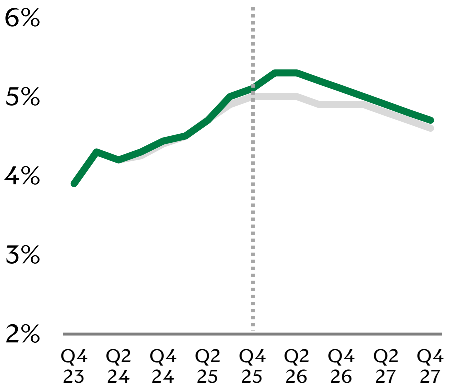
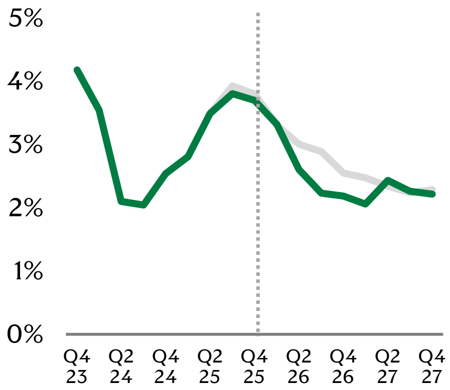
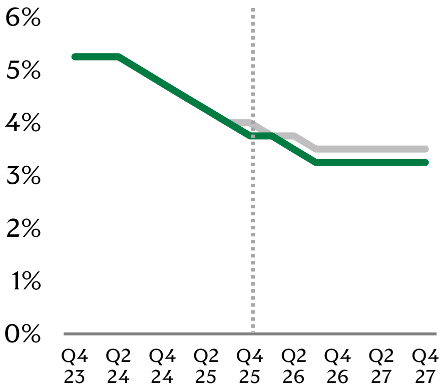
Unemployment



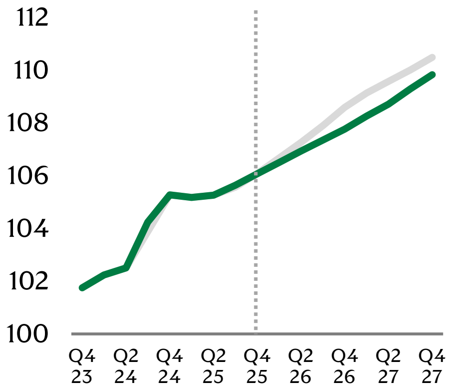
CPI inflation



UK Bank Rate



Indexed house prices



Q4 base case   Q3 base case

- **Minor forecast changes since Q3:**
  - Slightly stronger GDP expectations in 2026 and beyond, forecast at 1.2% (vs. 1.0% previously)
  - Modest increase in unemployment, peaking at 5.3% in H1 2026
  - Assume two 25bps cuts in UK Bank Rate in 2026; continue to assume long-term rate of 3.5% by 2028
  - House price growth forecast stable at c.2% in 2026 and 2027

Sustained strength in performance and upgraded guidance

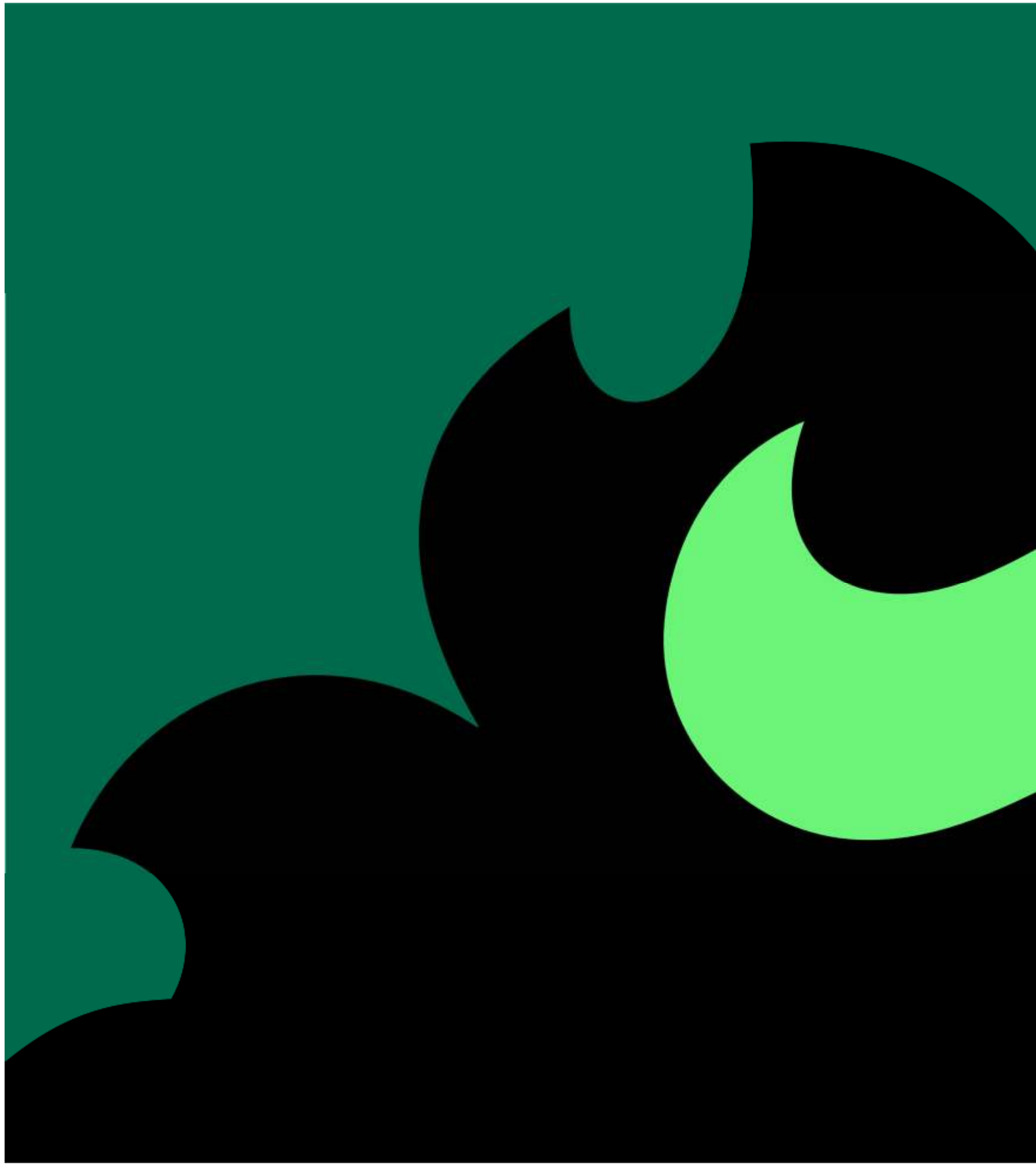
Purpose

Helping Britain Prosper

	2026
Net interest income	NEW: c.£14.9bn
Cost:income	<50% CIR (NEW: Operating costs <£9.9bn)
Asset quality	NEW: c.25bps
RoTE	NEW: >16%
Capital generation	>200bps
CET1 ratio target	Pay down to c.13.0%
Capital distribution	Progressive and sustainable ordinary dividend

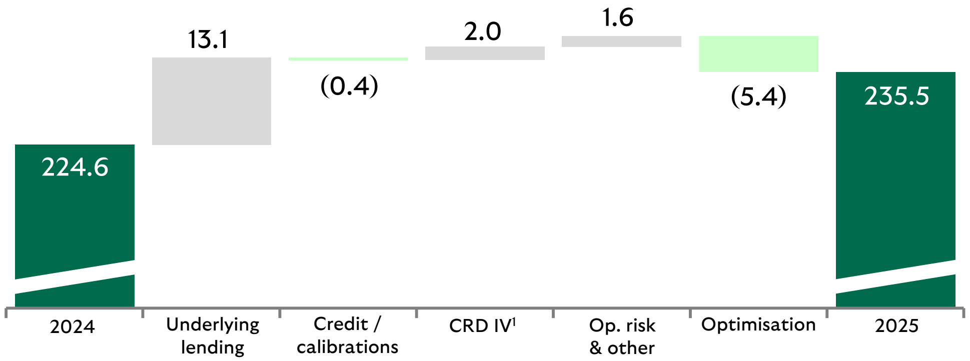
Committed to continuing income growth, improving operating leverage and stronger, sustainable returns

Capital, Funding & Liquidity

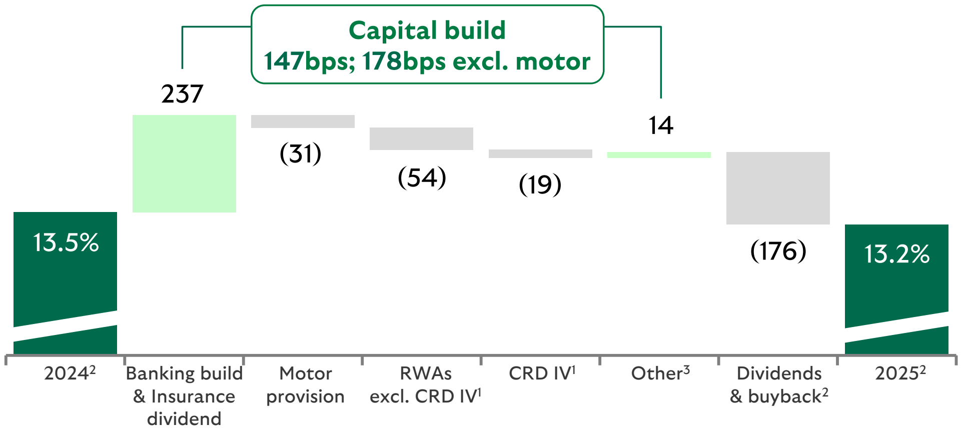


Strong capital generation

Risk weighted assets (£bn)



Common equity tier 1 ratio (%, bps)

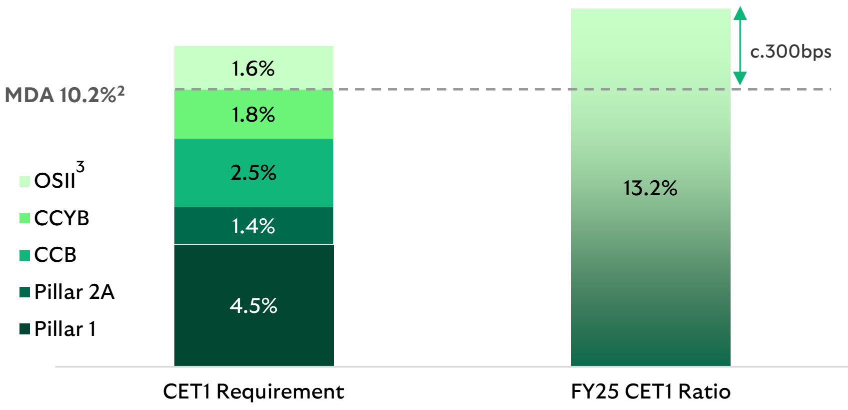


- **RWAs £235.5bn, up £10.9bn, inc £3.2bn in Q4**
  - Includes £2.0bn for CRDIV in Q4, reflecting model outcomes subject to PRA approval
  - Basel 3.1 implementation on 1 Jan 2027 expected to result in a Day 1 RWA reduction of c.£6bn-£8bn
- **Strong 147bps capital generation; 178bps excl. motor provision**
- **Pro forma CET1 ratio 13.2%**
- **Expect 2026 capital generation to be >200bps**

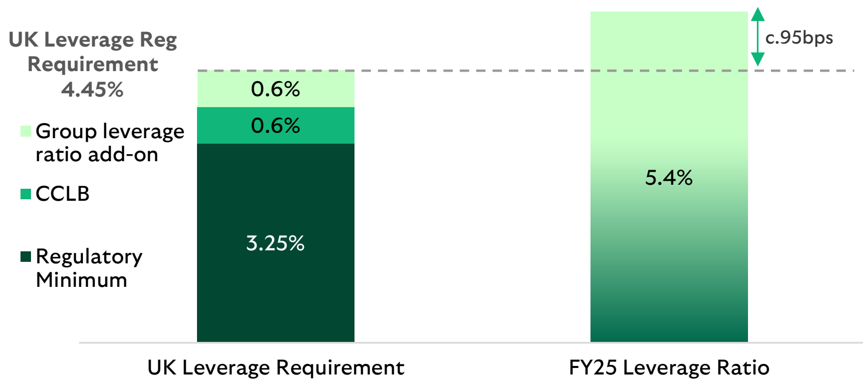
1 – Retail secured CRD IV increases. 2 – Shown on a pro forma basis. 3 – Other includes share-based payments and market volatility.

Prudent capital ratios

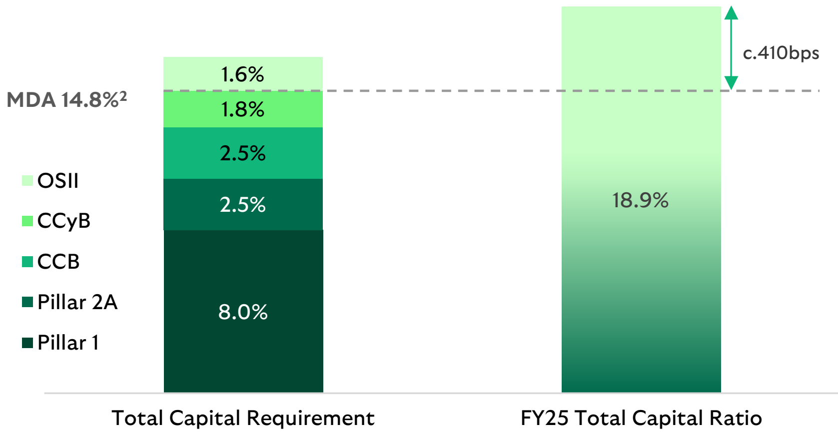
13.2% pro forma CET1 following 147bps[1] of capital generation



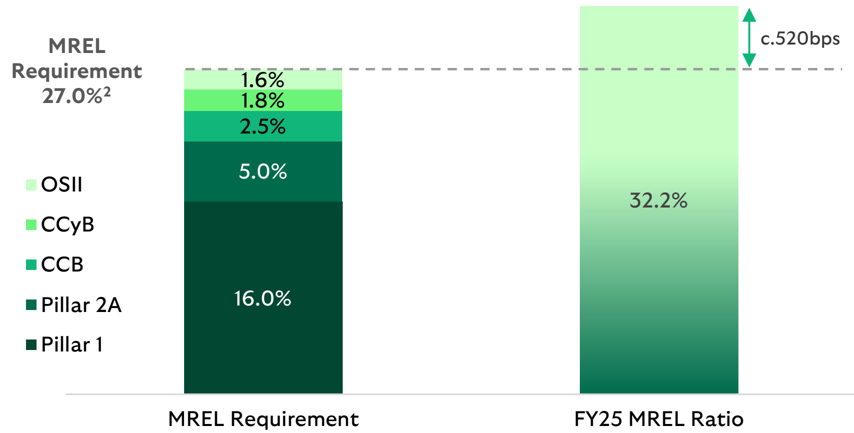
UK leverage ratio[1] not binding for LBG with significant headroom above requirement



Total capital ratio[1] of 18.9% ahead of regulatory requirement



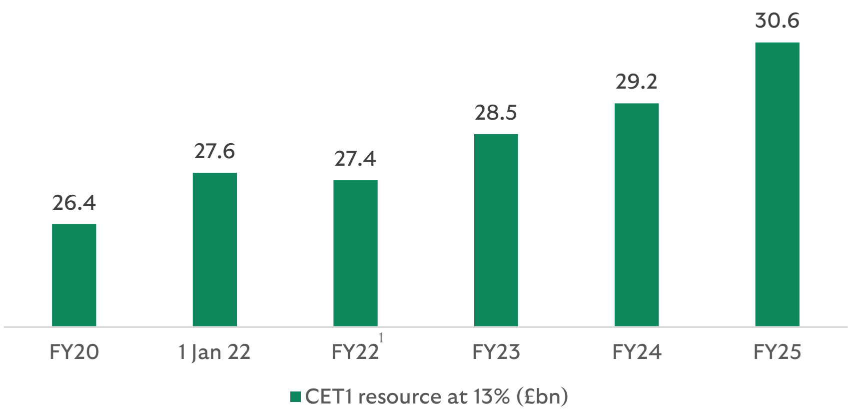
MREL[1] remains strong and above regulatory requirement



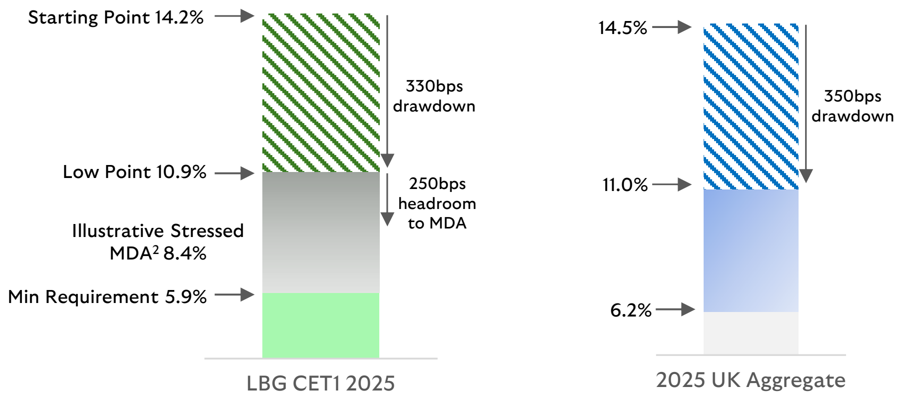
1 – Inclusive of motor provision
2 – The MDA threshold is based on the combined buffer requirement, excluding the equivalent of the Ring-Fenced Bank's O-SII buffer. MDA and MREL thresholds are calculated using unrounded regulatory requirements
3 – The Group's share of the Ring-Fenced Bank's 2% OSII buffer reduced from 1.66% as at Dec'24 to 1.64% as at Dec-25

Significant capital headroom when operating to c.13.0% target

CET1 resources at c.13.0% target (£bn)



Latest Bank Capital Stress Test Results



- **Capital strength, risk profile and regulatory clarity underpins c.13.0% target by end-2026**
  - Track record of sustainable capital growth, and expect capital generation >200bps in 2026
  - Target c.13.0% post-distributions, but operate above that level in-year
  - Improved certainty with respect to regulatory impacts such as CRDIV and Basel 3.1
- **Comfortably passed Bank Capital Stress Test with c.500bps headroom to minimum requirement**
  - 330bps depletion inclusive of Motor Conduct charges, leaving >250bps headroom to MDA
  - Assuming an illustrative CET1 start point of 13.0%, we remain significantly above MDA under the 2025 BCST stress scenario

1 – Group's RWAs increased by £16bn on 1 Jan 2022 (vs FY21) reflecting the UK implementation of CRR2, including new CRDIV model requirements
2 – MDA reduces to 8.4% in an illustrative severe stress scenario as CCyB is reduced to zero

Active capital & risk management

2025 risk transfer transactions

Synthetic SRT

- Investors provide credit protection on the junior tranche of a reference portfolio of assets
- The Group pays investors a coupon for providing the protection for an agreed period
- Assets remain on balance sheet, with no impact on the client relationship or servicing
- Executed 3 transactions in 2025 across a range of asset classes

Infrastructure & Project Finance
c. £0.8bn[1]

Agricultural Mortgages
c. £1.8bn[1]

Commercial Real Estate
c. £0.5bn[1]

Securitised Sale

- Assets are fully derecognised from the balance sheet
- Group continues to service the loans; no impact on customer treatment and retention of relationship
- Executed c.£9bn[2] transactions across Retail since 2023; no transactions in 2025

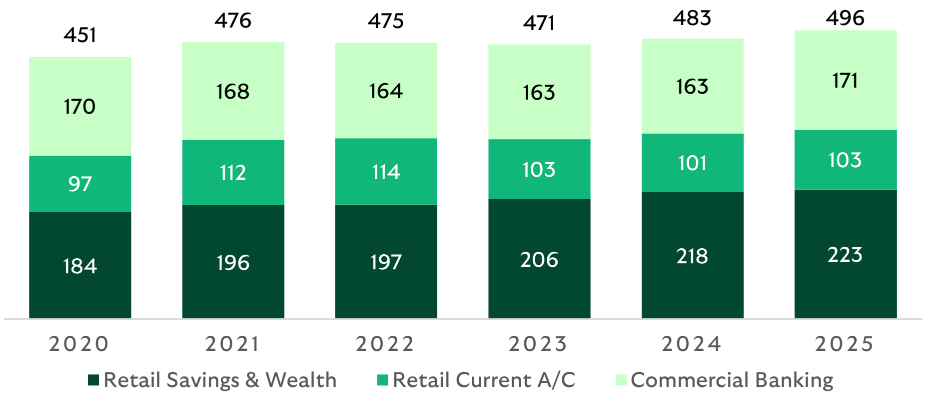
No transactions in 2025

- **The Group engages in risk transfer transactions for capital and risk management purposes amongst other methods for balance sheet optimisation**
- **These transactions are capital accretive, reduce risk and improve the efficiency of capital**
- **Credit risk is transferred to investors, providing LBG the following benefits:**
  - Credit protection
  - Reduction of credit risk on legacy portfolios leads to lower capital requirements and provisions
- **Since 2014, the Group has been active in synthetic SRTs across SME, agriculture mortgages, large corporates, CRE and project finance.**
  - Executed 3 transactions in 2025 across I&PF, Agricultural Mortgages, and Commercial Real Estate
- **Securitised sales extend to retail portfolios, including UK residential mortgages, autos, and unsecured personal loans.**
- **LBG likely to remain active in these transactions in 2026**

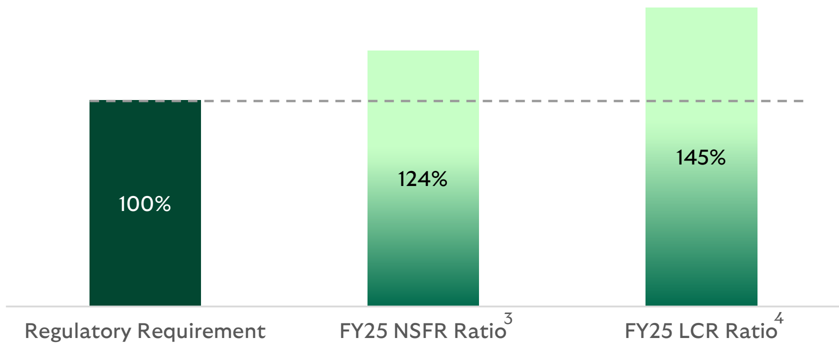
1 – Reference amount 2- Balance Sheet Notional Amount

Diversified deposit base and robust liquidity portfolio

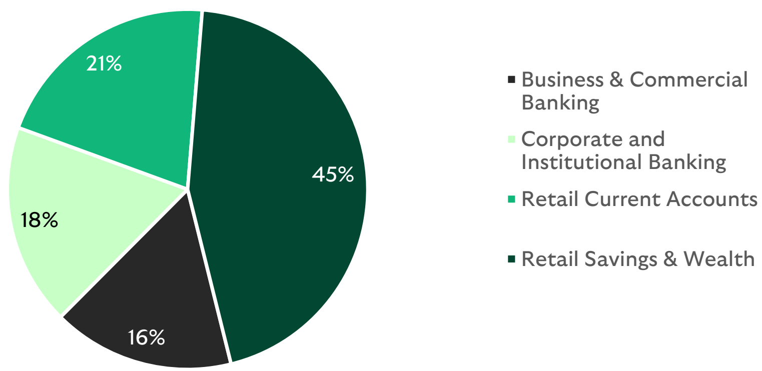
Deposits have steadily increased since 2020 driven primarily by Retail growth (£bn)[1]



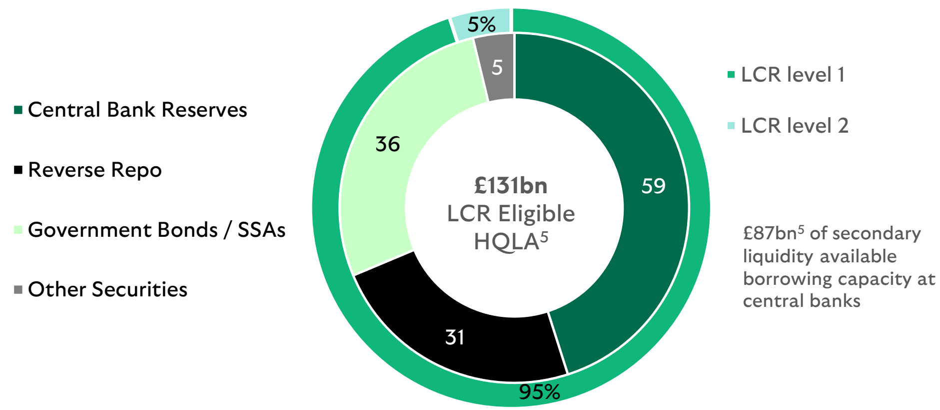
Liquidity ratios remain comfortably above requirements



Diversified deposit base across Retail and Commercial, with just under 60% total deposits insured[2]



£131bn primary liquidity fully hedged for interest rate risk and supported by further immediate drawing capacity of £87bn



1 – Chart uses rounded inputs. 2 – Insured being those deposits immediately eligible for deposit protection schemes (principally the FSCS in the UK). 3 – Calculated as an average of the four previous quarters. 4 – Calculated as an average of month-end observations over the previous 12 months. 5 – Calculated as an average of the previous 12-month ends.

Expect up to £15bn issuance in 2026

	Issuance Rationale	2025 Completed	2026 Guidance
HoldCo Senior	• Refinancing maturities across core and non-core currencies • Support the Group's balance sheet growth • Continued commitment to sustainable format	£6.4bn	**up to £7bn**
Capital	• AT1 pre-funding in November 2025 completes 2026 AT1 requirement – expect 2026 Capital issuance to be Tier 2 • FY25 Ratios: ○ AT1 ratio at **c.2.2%** ○ Tier 2 ratio at **c.2.8%**	£3.3bn	**up to £1bn**
OpCo	• Supporting balance sheet growth and refinancing maturities in both Lloyds Bank and Lloyds Bank Corporate Markets • £13bn TFSME repaid in 2025 with £9bn remaining maturities across 2027 & beyond • Expect further secured issuance out of Lloyds Bank GmbH	£3.8bn[1]	**up to £7bn[1]**

1 – Includes Private Placements

Ratings improvements reflect strong fundamentals

Credit Ratings[1]	UK Sovereign	Lloyds Banking Group: LBG HoldCo[2]	Lloyds Banking Group: LBG Tier 2	Lloyds Banking Group: LBG AT1	Ring-fenced bank: Lloyds Bank, BoS	Non-ring-fenced bank: LBCM
S&P	AA Stable	A- Stable A-2	BBB+ Stable	BBB- Stable	A+ Stable A-1	A Stable A-1
Moody's	Aa3 Stable	A3 Stable P-2	Baa1 Stable	Baa3 Stable	A1 Stable P-1	A1 Stable P-1
Fitch	AA- Stable	A+ Stable F1	A- Stable	BBB Stable	AA- Stable F1+	AA- Stable F1+

S&P HoldCo Senior, Tier 2 and AT1 ratings upgraded in 2025

ESG Ratings[1,3]

S&P CSA

51

YoY reduction driven by potential Motor Finance redress

MSCI

AA

1 – Ratings shown as of 31.12.2025 and credit ratings reflect senior unsecured issuer ratings – LT, outlook, ST. 2 – LBG HoldCo issuer rating equivalent to HoldCo Senior Unsecured rating.
3 – Additional ESG Ratings can be found in our 2025 Sustainability Metrics Data Sheet

Appendix

Simple group structure with multiple issuance points

HoldCo

Lloyds Banking Group

A-/ A3 / A+[1] Sta / Sta / Sta	A-2 / P-2 / F1
Senior Unsecured Capital	-

Ring-fenced Sub-Group

Lloyds Bank, Bank of Scotland

A+ / A1 / AA- Sta / Sta / Sta	A-1 / P-1 / F1+
Senior Unsecured Covered Bonds ABS	CD, CP
L&A: £462bn[4]	Assets: £631bn

Lloyds Bank GmbH (Berlin)[2]

- / A3 / AA- - / Sta /Sta	Pfandbriefe, RMBS (Candide)

Non-Ring-fenced Sub-Group

Lloyds Bank Corporate Markets

A / A1 / AA- Sta / Sta / Sta	A-1 / P-1 / F1+
Senior Unsecured	CD, Yankee CD, CP
L&A: £20bn[4]	Assets: £93bn

LBCMW GmbH (Frankfurt)

Insurance Sub-Group

Scottish Widows[3]

- / A2 / AA- - / Pos / Sta	-
Capital	-
L&A: N/A	AuA: £280bn[5]

Equity Investments Sub-Group

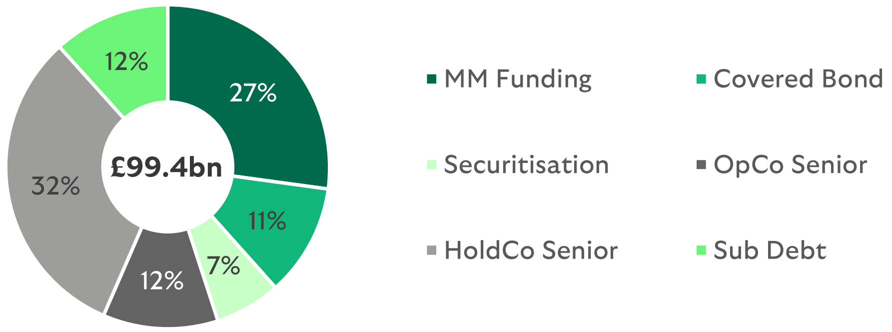
LBG Equity Investments

-	-
-	-
L&A: N/A	Assets: <£7bn

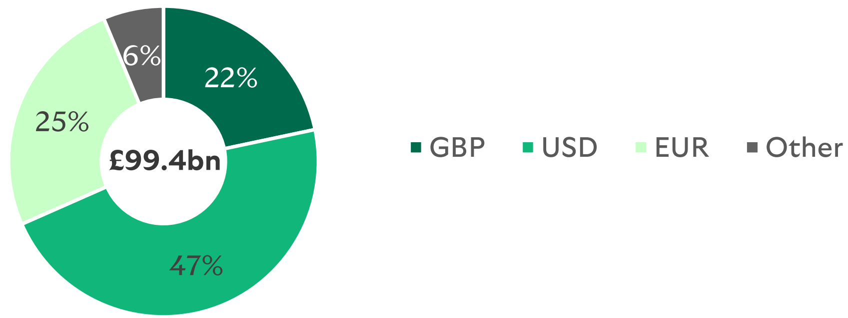
1 – Ratings shown are senior unsecured in the order of S&P / Moody's / Fitch as at 31.12.2025. 2 – GmbH ratings shown are deposit ratings in the order of S&P / Moody's / Fitch as at 31.12.2025.
3 – Ratings shown for Scottish Widows are Insurer Financial Strength Ratings. 4 – "L&A" refers to Loans & Advances to customers. 5 – Insurance AuA includes Sharedealing and SPW

Diverse funding portfolio as at Q425[1]

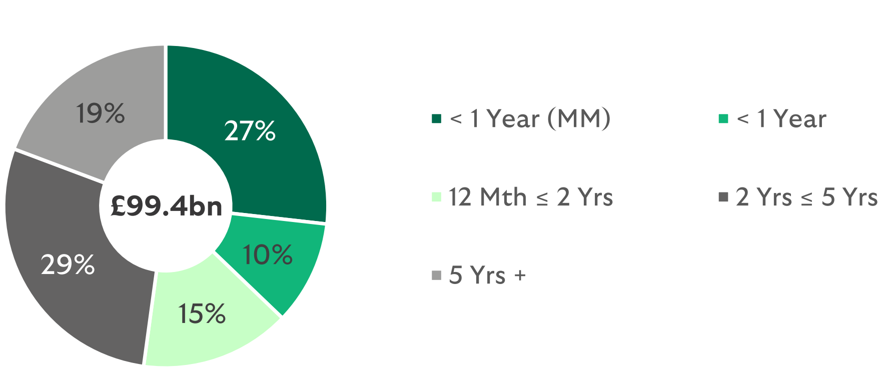
Wholesale funding portfolio by type



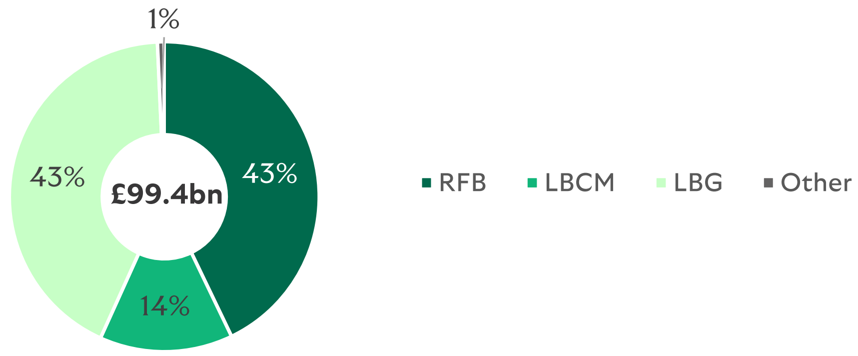
Wholesale funding portfolio by currency



Wholesale funding portfolio by maturity



Wholesale funding portfolio by entity



1 – Charts use rounded inputs

Quarterly P&L and key ratios

(£m)	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Net interest income	3,529	3,451	3,361	3,294	3,276	3,231	3,154	3,184
Other income	1,594	1,557	1,517	1,452	1,433	1,430	1,394	1,340
Operating lease depreciation	(379)	(365)	(355)	(355)	(331)	(315)	(396)	(283)
Net income	4,744	4,643	4,523	4,391	4,378	4,346	4,152	4,241
Operating costs	(2,585)	(2,302)	(2,324)	(2,550)	(2,450)	(2,292)	(2,298)	(2,402)
Remediation	(56)	(875)	(37)	-	(775)	(29)	(70)	(25)
Total costs	(2,641)	(3,177)	(2,361)	(2,550)	(3,225)	(2,321)	(2,368)	(2,427)
Underlying profit before impairment	2,103	1,466	2,162	1,841	1,153	2,025	1,784	1,814
Impairment (charge)/credit	(177)	(176)	(133)	(309)	(160)	(172)	(44)	(57)
Underlying profit	1,926	1,290	2,029	1,532	993	1,853	1,740	1,757
Restructuring	(30)	(7)	(5)	(4)	(19)	(6)	(3)	(12)
Volatility and other items	87	(109)	(37)	(11)	(150)	(24)	(41)	(117)
Statutory profit before tax	1,983	1,174	1,987	1,517	824	1,823	1,696	1,628
Statutory profit after tax	1,435	778	1,410	1,134	700	1,333	1,229	1,215
Net interest margin	3.10%	3.06%	3.04%	3.03%	2.97%	2.95%	2.93%	2.95%
Average interest earning assets	£470bn	£466bn	£460bn	£456bn	£455bn	£451bn	£449bn	£449bn
Cost:income ratio	55.7%	68.4%	52.2%	58.1%	73.7%	53.4%	57.0%	57.2%
Asset quality ratio	0.14%	0.15%	0.11%	0.27%	0.14%	0.15%	0.05%	0.06%
Return on tangible equity	15.7%	7.5%	15.5%	12.6%	7.1%	15.2%	13.6%	13.3%
Tangible net asset value per share	57.0p	55.0p	54.5p	54.4p	52.4p	52.5p	49.6p	51.2p

Updated economic scenarios

Scenario	ECL[1] (£m)	Measure (%)	2025	2026	2027	2028	2029	*Ave. 25-29*
Upside (30%)	2,591	GDP	1.4	2.0	2.3	1.6	1.6	1.8
		Unemployment rate	4.8	4.2	3.2	3.1	3.2	3.7
		HPI growth	0.8	3.5	7.1	6.9	6.0	4.8
		CRE price growth	1.2	7.9	4.9	1.7	0.8	3.2
		UK Bank Rate	4.13	3.94	4.59	5.07	5.33	4.61
		CPI inflation	3.4	2.6	2.4	2.8	3.1	2.9
Base case (30%)	2,987	GDP	1.4	1.2	1.4	1.5	1.6	1.4
		Unemployment rate	4.8	5.2	4.8	4.6	4.5	4.8
		HPI growth	0.8	1.6	1.9	2.2	3.1	1.9
		CRE price growth	1.2	0.6	1.7	0.5	0.2	0.9
		UK Bank Rate	4.13	3.44	3.25	3.44	3.50	3.55
		CPI inflation	3.4	2.6	2.2	2.2	2.3	2.6
Downside (30%)	3,797	GDP	1.4	(0.3)	(0.5)	1.1	1.6	0.7
		Unemployment rate	4.8	6.6	7.5	7.4	7.0	6.7
		HPI growth	0.8	(0.2)	(4.7)	(5.7)	(2.8)	(2.6)
		CRE price growth	1.2	(7.1)	(4.2)	(2.7)	(2.3)	(3.1)
		UK Bank Rate	4.13	2.74	1.09	0.75	0.52	1.85
		CPI inflation	3.4	2.6	2.0	1.4	1.0	2.1
Severe downside (10%)	5,400	GDP	1.4	(1.9)	(1.8)	0.7	1.4	-
		Unemployment rate	4.8	8.3	10.2	9.9	9.4	8.5
		HPI growth	0.8	(1.2)	(11.1)	(12.2)	(7.8)	(6.5)
		CRE price growth	1.2	(17.4)	(9.8)	(7.4)	(5.4)	(8.0)
		UK Bank Rate	4.13	1.91	0.10	0.03	0.01	1.24
		CPI inflation	3.4	2.6	1.7	0.5	(0.4)	1.6
Probability weighted	3,353							

1 – Underlying basis.

Low mortgage LTVs

	December 2025[1]				2024[1]	2010[1]
	Mainstream	Buy to let	Specialist	Total	Total	Total
Average LTVs	44.7%	48.2%	32.0%	45.0%	43.6%	55.6%
New business LTVs	64.7%	58.8%	N/A	64.1%	63.2%	60.9%
≤80% LTV	82.9%	99.9%	98.4%	85.6%	88.5%	57.0%
>80–90% LTV	14.4%	0.1%	0.9%	12.2%	10.0%	16.2%
>90–100% LTV	2.7%	0.0%	0.4%	2.2%	1.5%	13.6%
>100% LTV	0.0%	0.0%	0.3%	0.0%	0.0%	13.2%
Value >80% LTV	£46.8bn	£0.1bn	£0.0bn	£46.8bn	£36.0bn	£146.6bn
Value >100% LTV	£0.1bn	£0.0bn	£0.0bn	£0.0bn	£0.1bn	£44.9bn
Gross lending	£273.1bn	£47.9bn	£2.8bn	£323.8bn	£313.1bn	£341.1bn

1 – Average LTV is calculated as total loans and advances as a percentage of the total indexed collateral of these loans and advances. 2024-25 LTVs use Markit's 2019 Halifax HPI and are now presented on a statutory basis; 2010 LTVs use Markit's pre 2019 Halifax HPI and include TSB. Table uses rounded inputs.

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