

A black horse is running through a lake, splashing water. The background features a valley with green hills and mountains under a blue sky with white clouds.

# Q1 2026 Interim Management Statement

Lloyds Banking Group

29 April 2026

# Building business momentum with higher, sustainable returns



Purpose

**Helping  
Britain  
Prosper**

Focused strategic execution in final year of current plan

Sustained strength in financial performance with resilient business model

Reiterating guidance for 2026; strategic update at half year

# Sustained strength in financial performance

## Financial performance<sup>1</sup> (£m)

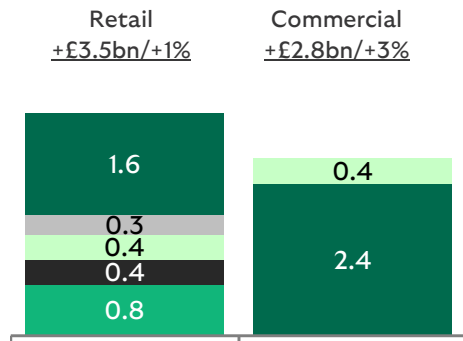
	Q1 2026	Q4 2025	QoQ %	Q1 2025	YoY %
Net interest income	3,569	3,529	1	3,294	8
Other income	1,605	1,594	1	1,452	11
Operating lease depreciation	(389)	(379)	(3)	(355)	(10)
<b>Net income</b>	<b>4,785</b>	<b>4,744</b>	<b>1</b>	<b>4,391</b>	<b>9</b>
Operating costs	(2,474)	(2,585)	4	(2,550)	3
Remediation	(11)	(56)	80	-	
<b>Total costs incl. remediation</b>	<b>(2,485)</b>	<b>(2,641)</b>	<b>6</b>	<b>(2,550)</b>	<b>3</b>
<b>Underlying profit pre impairment</b>	<b>2,300</b>	<b>2,103</b>	<b>9</b>	<b>1,841</b>	<b>25</b>
Impairment charge	(295)	(177)	(67)	(309)	5
<b>Underlying profit</b>	<b>2,005</b>	<b>1,926</b>	<b>4</b>	<b>1,532</b>	<b>31</b>
<b>Statutory profit after tax</b>	<b>1,555</b>	<b>1,435</b>	<b>8</b>	<b>1,134</b>	<b>37</b>
Net interest margin	3.17%	3.10%	7bps	3.03%	14bps
Return on tangible equity	17.0%	15.7%	1.3pp	12.6%	4.4pp
Cost:income ratio	51.9%	55.7%	(3.8)pp	58.1%	(6.2)pp
TNAV per share	57.9p	57.0p	0.9p	54.4p	3.5p
Pro forma CET1 ratio	13.4%	13.2%	0.2pp	13.5%	(0.1pp)

1 – Underlying basis. Unless otherwise stated, numbers quoted in this presentation are on an underlying basis.

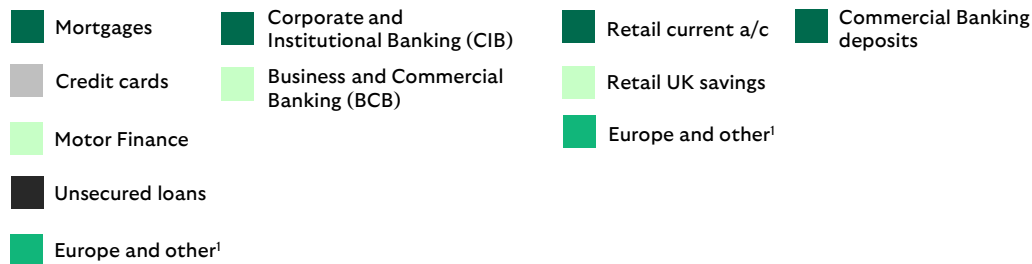
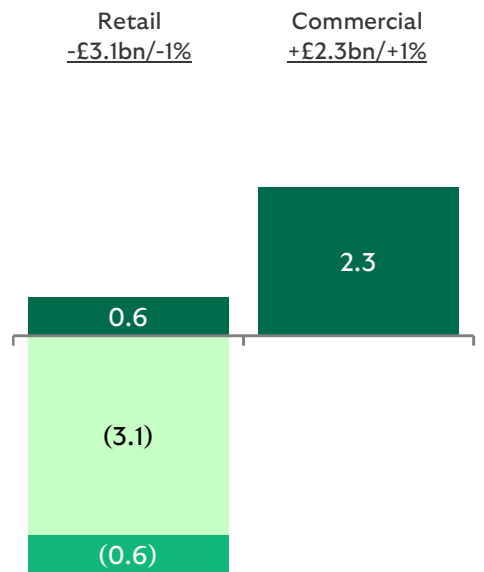
- **Statutory PAT £1.6bn; RoTE 17.0%**
- **Net income growth: £4.8bn, up 9% YoY and 1% QoQ; NIM 317bps, up 7bps QoQ**
- **Continued cost discipline: Operating costs £2.5bn, down 3% YoY, partly due to lower severance costs**
- **Strong and stable credit performance: £295m impairment charge; pre-MES AQR 16bps, post-MES AQR 25bps**
- **TNAV 57.9p, up 0.9p QoQ, despite impact of higher rates**
- **Strong capital generation: 41bps; CET1 ratio 13.4%**

# Lending growth with discipline in deposits

## Q1 lending change (£bn)



## Q1 deposit change (£bn)

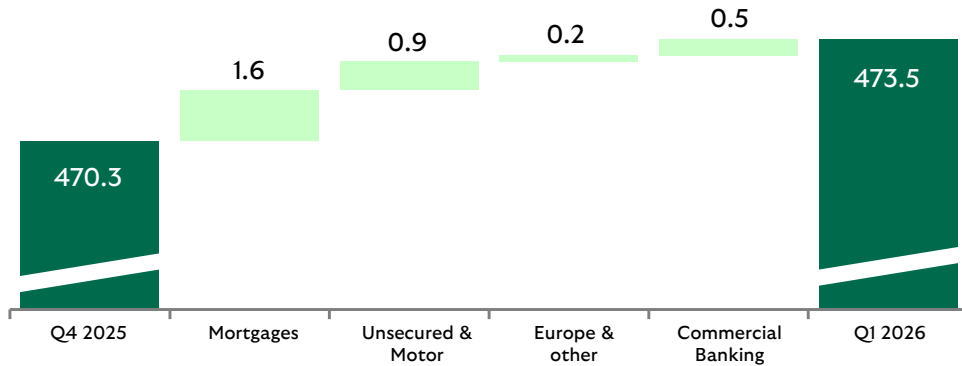


1 - Includes Europe and UK private bank. Lending also includes Overdrafts.

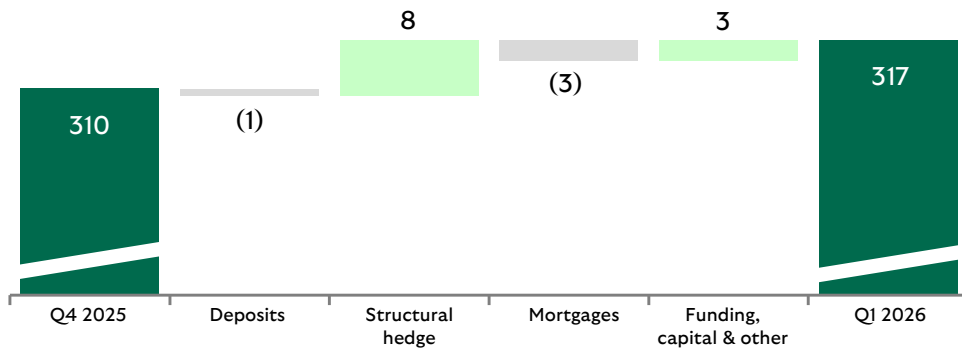
- **Lending £486.2bn, up £5.1bn or 1% in Q1 with growth across all business lines; up 4% YoY**
  - Mortgages up £1.6bn QoQ and growth across all other Retail lending products
  - Commercial up £2.8bn QoQ, with CIB up £2.4bn and BCB up £0.4bn, after £0.3bn CBILS / BBLs repayments
- **Deposits £495.9bn, down £0.6bn in Q1; up 2% YoY**
  - Retail UK savings down £3.1bn QoQ driven by participation decisions in fixed term deposit market
  - PCAs up £0.6bn, after impact of seasonal tax payments
  - Commercial up £2.3bn
- **£2.2bn IP&I open book AuA net new money in Q1**

# Growth in net interest income

Average interest earning assets (£bn)



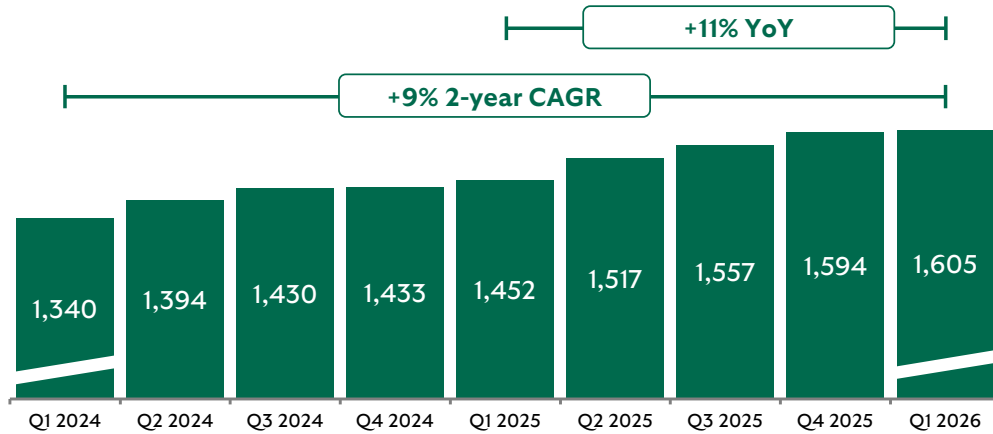
Banking net interest margin (bps)



- **NII £3.6bn, up 1% QoQ and 8% YoY**
  - Hedge and lending growth partially offset by competitive mortgage market
- **AIEAs £473.5bn, up 1% QoQ and 4% YoY, driven by strong lending growth**
- **NIM 317bps, up 7bps QoQ and 14bps YoY**
- **Q1 non-banking NII charge £129m**
- **Now expect 2026 NII to be >£14.9bn**
  - Given higher rate expectations, now expect structural hedge income to grow by >£1.5bn to >£7bn in 2026
  - Now expect hedge income to rise to >£8bn in 2027
  - Hedge notional now £246bn (from £244bn)

# Momentum in other income

**Other income** (£m)



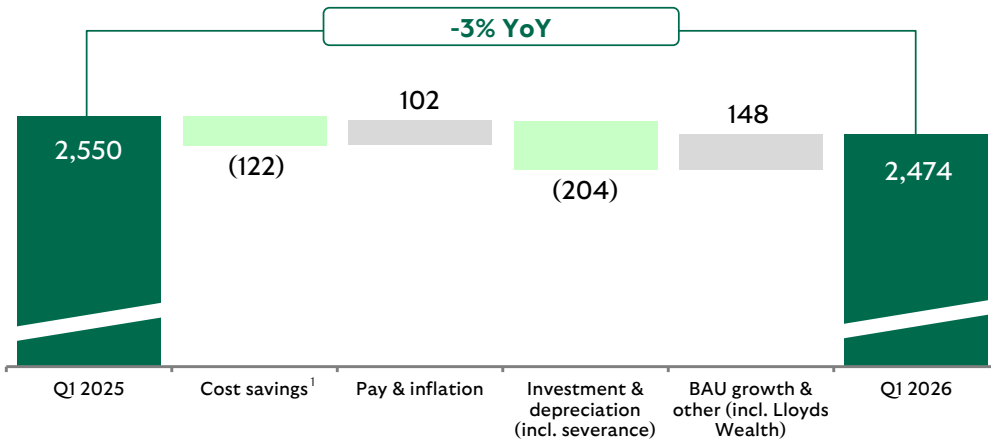
	Recent developments	Upcoming plans
<b>Retail</b>	Strong demand for new Ultra Card	Launching new Transport ecosystem for simpler & smarter vehicle mgmt
<b>Commercial</b>	Scaled cash mgmt. proposition, receiving industry recognition <sup>1</sup>	Expanding international payments proposition
<b>IP&amp;I</b>	SW app registrations +180% YoY & launch of SW share dealing account	Launch of Invest AI agent; SPW to Lloyds Wealth rebranding
<b>Equity Investments</b>	LDC: Strong quarter for new business and exits	Lloyds Living on track to have invested in >10k homes by year end

- **OOI £1.6bn in Q1, up 11% YoY and 1% QoQ**
  - Broad based other income momentum
  - Continued strength in Transport & Equity Investments as well as full quarter of strong Lloyds Wealth performance, partly offset by slower CIB activity
- **Operating lease depreciation £389m, up £10m QoQ**
  - Q1 increase largely reflects fleet growth and higher value vehicles

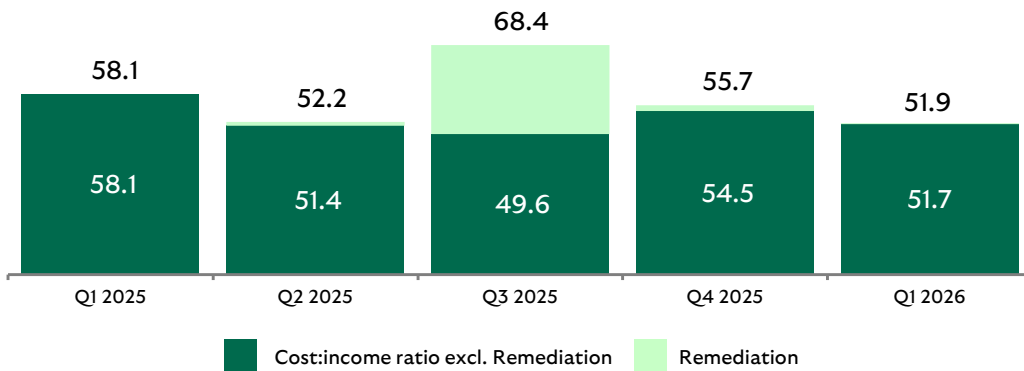
<sup>1</sup> – Trade Treasury Payments Awards: Best Cash, Liquidity and/or Risk Management Provider - Europe.

# Discipline on costs

## Operating costs (£m)



## Cost:income ratio (%)



1 – Does not include change savings.

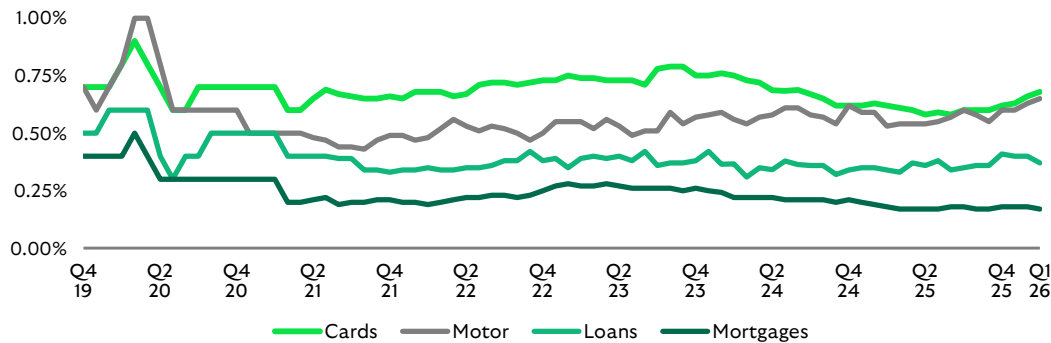
- **Operating costs £2.5bn in Q1, down 3% YoY**
  - Reflects continued efficiency savings as well as lower severance charge vs Q1 2025
- **Remediation charge £11m**
- **No change to Motor Finance provision following announcement of final rules of redress programme**
  - Provision remains scenario-based; uncertainties incl. response, operational costs, challenge and litigation
- **Cost:income ratio 51.9%; 51.7% excl. remediation**
- **Continue to expect cost:income ratio <50% in 2026 (operating costs <£9.9bn)**
  - Ongoing efficiency savings significantly offset full year impact of Lloyds Wealth and inflation

# Strong and stable credit performance

## Impairment (£m)

	Q1 2026	Q4 2025	QoQ £m	Q1 2025	YoY £m
Charge (credit) pre updated MES <sup>1</sup>	194	130	64	274	(80)
<i>Retail</i>	224	107	117	204	20
<i>Commercial Banking</i>	(30)	22	(52)	71	(101)
<i>Other</i>	-	1	(1)	(1)	1
Updated economic outlook	101	47	54	35	66
<i>Retail</i>	95	42	53	(90)	185
<i>Commercial Banking</i>	6	5	1	25	(19)
<i>Central adjustment</i>	-	-	-	100	(100)
Total impairment charge (credit)	295	177	118	309	(14)

## Retail new to arrears<sup>2</sup> (3 month rolling average, %)

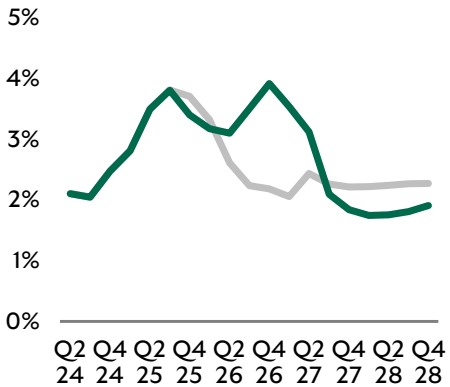


- Strong and stable credit performance reflecting prudent lending and resilient customer base
  - Arrears low and stable across portfolios
  - Stable early warning indicators
- Q1 impairment charge £295m, AQR 25bps
  - Pre-MES AQR of 16bps benefits from stable underlying charge and model calibrations
  - £101m MES charge including £151m for updated economic outlook partly offset by tariff PMA release
- Continue to expect 2026 AQR to be c.25bps

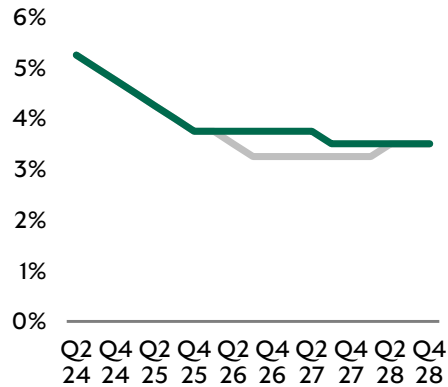
1 – Impairment charges absent the impact from updated economic outlook, thus reflecting only observed movements in credit quality. 2 – Cards and Motor increase reflects operational factors during the quarter; underlying credit performance remains stable.

# Updated macroeconomic outlook

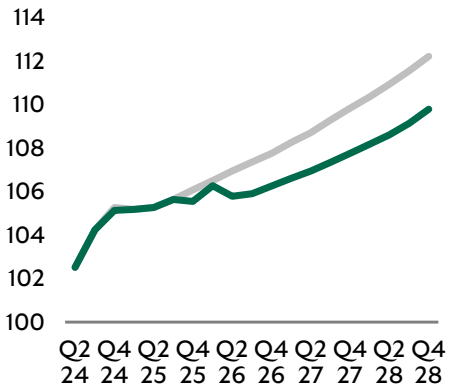
**CPI inflation**



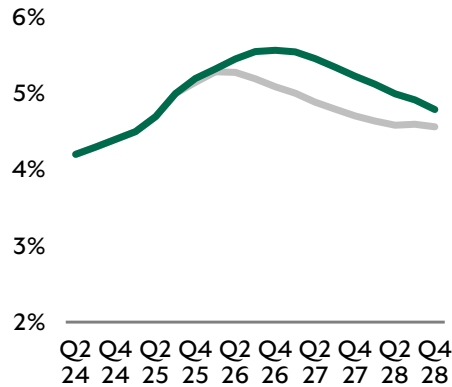
**UK Bank Rate**



**Indexed house prices**



**Unemployment**



— Q4'25 base case — Q1'26 base case

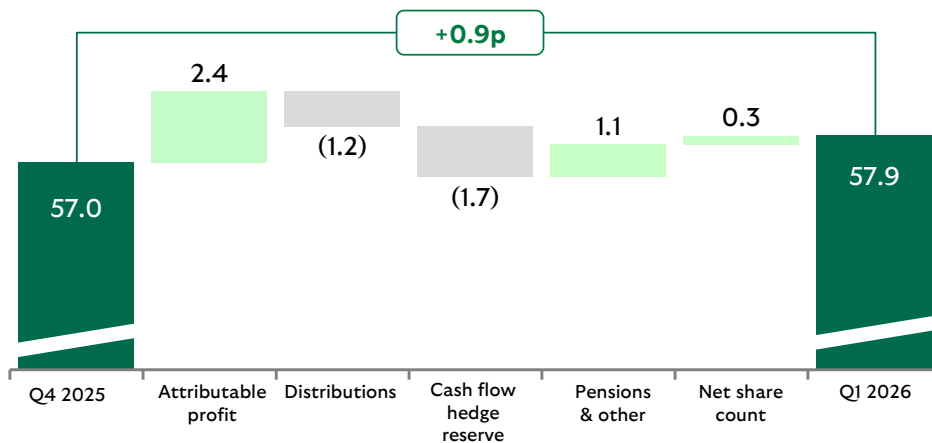
- **More cautious economic outlook reflecting consequences of the Middle East conflict**
  - Inflation 3.4% in 2026 (was 2.6%)
  - No rate cuts in 2026 (was two)
  - GDP growth of 0.5% in 2026 (was 1.2%)
  - HPI c.1% in 2026 (was c.2%)
  - Unemployment peak of 5.6% in Q4 2026 (was 5.3%)
- **Economic assumptions conditioned on gradual easing of disruption over course of 2026**
- **Resilient business model well placed to withstand macro challenges**

# Strong return on tangible equity

## Statutory profit (£m)

	Q1 2026	Q4 2025	QoQ %	Q1 2025	YoY %
Underlying profit	2,005	1,926	4	1,532	31
Restructuring	(18)	(30)	40	(4)	
Volatility and other items	38	87	(56)	(11)	
Statutory profit before tax	2,025	1,983	2	1,517	33
Tax expense	(470)	(548)	14	(383)	(23)
Statutory profit after tax	1,555	1,435	8	1,134	37
Return on tangible equity	17.0%	15.7%	1.3pp	12.6%	4.4pp

## Tangible net asset value per share (pence)

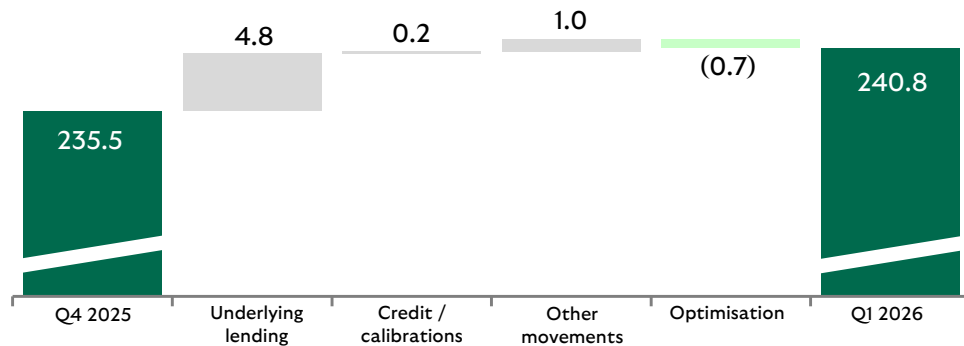


1 – Expected to complete in Q2.

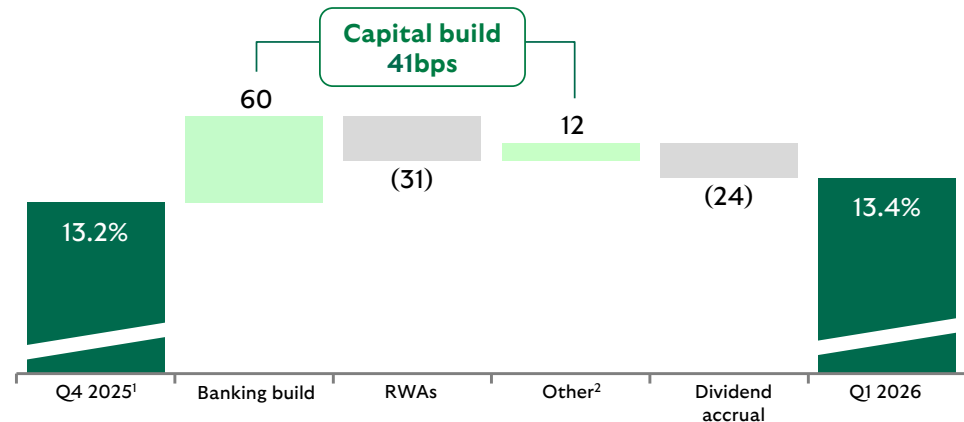
- **Q1 RoTE 17.0%**
- **Q1 restructuring charge £18m, including Curve<sup>1</sup> and Lloyds Wealth integration costs**
- **Positive volatility of £38m in quarter predominantly reflects insurance related gains**
- **TNAV per share 57.9p, up by 0.9p in Q1, after impact of higher rates on the cash flow hedge reserve**
- **Continue to expect material TNAV per share growth over short and medium-term**
- **Continue to expect RoTE of >16% in 2026**

# Strong capital generation

## Risk weighted assets (£bn)



## Common equity tier 1 ratio (% , bps)



- **RWAs £240.8bn, up £5.3bn in Q1**
  - Reflects strong customer lending in quarter
  - Limited planned RWA optimisation in quarter
- **Strong capital generation of 41bps**
  - Expect capital generation to build through the year
- **CET1 ratio 13.4%**
- **Continue to expect 2026 capital generation to be >200bps and to pay down to c.13.0% CET1 by end 2026**

1 – Shown on a pro forma basis. 2 – Other includes share-based payments and market volatility.

# Sustained strength in performance

Purpose  
**Helping  
Britain  
Prosper**

## 2026 guidance

Net interest income	<b>UPDATED:</b> >£14.9bn (from c.£14.9bn)
Cost:income	<50% CIR (Operating costs <£9.9bn)
Asset quality ratio	c.25bps
RoTE	>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**

Q&A



# Appendix



# Quarterly P&L and key ratios

(£m)	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024
Net interest income	3,569	3,529	3,451	3,361	3,294	3,276	3,231	3,154
Other income	1,605	1,594	1,557	1,517	1,452	1,433	1,430	1,394
Operating lease depreciation	(389)	(379)	(365)	(355)	(355)	(331)	(315)	(396)
Net income	4,785	4,744	4,643	4,523	4,391	4,378	4,346	4,152
Operating costs	(2,474)	(2,585)	(2,302)	(2,324)	(2,550)	(2,450)	(2,292)	(2,298)
Remediation	(11)	(56)	(875)	(37)	-	(775)	(29)	(70)
Total costs	(2,485)	(2,641)	(3,177)	(2,361)	(2,550)	(3,225)	(2,321)	(2,368)
Underlying profit before impairment	2,300	2,103	1,466	2,162	1,841	1,153	2,025	1,784
Impairment charge	(295)	(177)	(176)	(133)	(309)	(160)	(172)	(44)
Underlying profit	2,005	1,926	1,290	2,029	1,532	993	1,853	1,740
Restructuring	(18)	(30)	(7)	(5)	(4)	(19)	(6)	(3)
Volatility and other items	38	87	(109)	(37)	(11)	(150)	(24)	(41)
Statutory profit before tax	2,025	1,983	1,174	1,987	1,517	824	1,823	1,696
Statutory profit after tax	1,555	1,435	778	1,410	1,134	700	1,333	1,229
Net interest margin	3.17%	3.10%	3.06%	3.04%	3.03%	2.97%	2.95%	2.93%
Average interest earning assets	£473.5bn	£470.3bn	£465.5bn	£460.0bn	£455.5bn	£455.1bn	£451.1bn	£449.4bn
Cost:income ratio	51.9%	55.7%	68.4%	52.2%	58.1%	73.7%	53.4%	57.0%
Asset quality ratio	0.25%	0.14%	0.15%	0.11%	0.27%	0.14%	0.15%	0.05%
Return on tangible equity	17.0%	15.7%	7.5%	15.5%	12.6%	7.1%	15.2%	13.6%
Tangible net asset value per share	57.9p	57.0p	55.0p	54.5p	54.4p	52.4p	52.5p	49.6p

# Updated economic scenarios

Scenario	ECL <sup>1</sup> (£m)	Measure (%)	2026	2027	2028	2029	2030	Ave. 26-30
Upside (30%)	2,588	GDP growth	1.1	2.4	1.7	1.6	1.6	1.7
		Unemployment rate	4.7	3.6	3.2	3.1	3.2	3.6
		HPI growth	2.2	5.9	7.3	6.8	5.8	5.6
		CRE price growth	5.6	5.6	3.2	1.7	0.3	3.2
		UK Bank Rate	4.04	4.97	5.26	5.50	5.65	5.08
		CPI inflation	3.5	2.9	2.4	3.1	3.3	3.0
Base case (30%)	2,982	GDP growth	0.5	1.2	1.5	1.6	1.7	1.3
		Unemployment rate	5.5	5.4	5.0	4.7	4.5	5.0
		HPI growth	0.7	1.4	1.9	3.1	3.6	2.1
		CRE price growth	(0.3)	0.4	1.3	0.7	(0.4)	0.4
		UK Bank Rate	3.75	3.63	3.50	3.50	3.50	3.58
		CPI inflation	3.4	2.6	1.8	2.2	2.3	2.5
Downside (30%)	3,779	GDP growth	(0.3)	(0.9)	0.7	1.4	1.7	0.5
		Unemployment rate	6.3	7.8	7.7	7.2	6.8	7.1
		HPI growth	(0.5)	(3.3)	(5.8)	(3.2)	(0.7)	(2.7)
		CRE price growth	(5.9)	(7.4)	(2.6)	(2.3)	(3.1)	(4.3)
		UK Bank Rate	3.43	1.80	1.00	0.69	0.50	1.48
		CPI inflation	3.4	2.5	1.2	1.0	0.8	1.8
Severe downside (10%)	5,383	GDP growth	(1.3)	(2.8)	0.3	1.3	1.6	(0.2)
		Unemployment rate	7.4	10.5	10.4	9.7	9.0	9.4
		HPI growth	(1.6)	(7.6)	(12.6)	(8.9)	(5.0)	(7.2)
		CRE price growth	(13.4)	(13.7)	(7.0)	(5.7)	(5.9)	(9.2)
		UK Bank Rate	2.96	0.34	0.06	0.02	0.00	0.68
		CPI inflation	3.4	2.3	0.3	(0.3)	(0.7)	1.0
Probability weighted	3,343							

1 – Underlying basis.

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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.

Words such as, without limitation, ‘believes’, ‘achieves’, ‘anticipates’, ‘estimates’, ‘expects’, ‘targets’, ‘should’, ‘intends’, ‘aims’, ‘projects’, ‘plans’, ‘potential’, ‘will’, ‘would’, ‘could’, ‘considered’, ‘likely’, ‘may’, ‘seek’, ‘estimate’, ‘probability’, ‘goal’, ‘objective’, ‘deliver’, ‘endeavour’, ‘prospects’, ‘optimistic’ and similar expressions or variations on these expressions are intended to identify forward-looking statements. These statements concern or may affect future matters, including but not limited to: projections or expectations of the Group’s future financial position, including profit attributable to shareholders, provisions, economic profit, dividends, capital structure, portfolios, net interest margin, capital ratios, liquidity, risk-weighted assets (RWAs), expenditures or any other financial items or ratios; litigation, regulatory and governmental investigations; the Group’s future financial performance; the level and extent of future impairments and write-downs; the Group’s ESG targets and/or commitments; statements of plans, objectives or goals of the Group or its management and other statements that are not historical fact and statements of assumptions underlying such statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future.

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; risks related to new and emerging technologies, including artificial intelligence; 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](http://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. The information, statements and opinions contained in this document do not constitute a public offer under any applicable law or an offer to sell any securities or financial instruments or any advice or recommendation with respect to such securities or financial instruments.