

Q1 2026 FREQUENTLY ASKED INVESTOR QUESTIONS**How was the Group's financial performance in Q1 2026?**

- Statutory profit before tax of £2.0bn (Q1 2025: £1.5bn). This includes net income of £4.8bn, up 9% compared to Q1 2025, continued cost discipline and strong asset quality.
- Net interest income of £3.6bn, up 8% compared to Q1 2025, supported by hedge and lending growth. Net interest income was supported by a net interest margin of 3.17% (up 7 basis points QoQ and 14 basis points YoY).
- Other income of £1.6bn, 11 per cent higher than Q1 2025, driven by broad based other income momentum with continued strength in Transport and Equity Investments as well as a full quarter of strong Lloyds Wealth performance, partly offset by slower CIB activity.
- Operating lease depreciation of £389m, up £10m QoQ. Q1 increase largely reflects fleet growth and higher value vehicles.
- Operating costs of £2.5bn, down 3 per cent versus Q1 2025, reflecting continued efficiency savings as well as a lower severance charge vs Q1 2025.
- Remediation costs of £11m, with no change to Motor Finance provision following announcement of final rules of redress programme.
- Impairment charge of £295m, reflecting strong and stable credit performance and an asset quality ratio of 25 basis points. This includes a £101m net charge for updated Multiple Economic Scenarios (MES).
- Loans and advances to customers increased by £5.1bn in the quarter to £486.2bn, with growth across all lending lines. Retail grew £3.5bn and Commercial grew £2.8bn.
- Customer deposits decreased slightly by £0.6bn to £495.9bn, with Retail UK savings down £3.1bn driven by participation decisions in fixed term deposit market, PCAs up £0.6bn supported by the strength of the Group's franchise and propositions and Commercial up £2.3bn.
- Strong capital generation of 41 basis points. The Group's CET1 capital ratio at 31 March 2026 was 13.4%.
- Tangible net assets per share of 57.9 pence, up 0.9 pence in Q1, after the impact of higher rates on the cash flow hedge reserve.
- Return on tangible equity for the first quarter was 17.0%

How do you expect the Group to perform going forward?

Based on our current macroeconomic assumptions, for 2026 the Group reiterates its guidance:

- Net interest income now expected to be >£14.9bn.
- Cost:income ratio of less than 50% (including operating costs of less than £9.9bn).
- Asset quality ratio to be c.25 basis points.
- Return on tangible equity to be greater than 16%.
- Capital generation to be greater than 200 basis points.¹
- To pay down to a CET1 ratio of c.13.0%

¹ Excludes capital distributions.

Why are you confident in your <50% Cost:income ratio guidance for 2026?

- In Q1 we delivered a cost:income ratio of 51.9%.
- We expect to deliver improvements in net income in 2026. Whilst headwinds will persist, these will be more than offset by an additional >£1.5bn of structural hedge earnings and continued growth within the core franchise.
- We continue to generate gross cost savings, as of FY25 we have delivered circa £1.9bn of gross cost savings since 2021. This has been supported by the ongoing shift to mobile-first and consequent refinement of our physical footprint, as well as actions taken to reduce both the size and complexity of our legacy technology estate.
- Income growth, combined with flattening costs, will further improve operating leverage and underpin the delivery of a cost:income ratio below 50% in 2026.

What are the drivers behind your strong RoTE performance in Q1 2026 performance?

- Based upon strong business performance the group delivered a return on tangible equity of 17.0% for the quarter. This was on the back of continued growth in income, ongoing cost discipline and strong asset quality.
- We also had positive below the line movements, with volatility and other items positive at £38m, largely due to insurance related gains.
- We continue to expect RoTE of more than 16% in 2026.

Why are you taking a charge for Multiple Economic Scenarios (MES)?

- The implications of the conflict in the Middle East lead us to revise our economic outlook. We see a higher inflationary environment leading to higher rates, slower GDP and HPI growth and slightly higher unemployment.
- Reflecting the updated macro outlook we have taken a £101 million net MES charge in the first quarter, including £151m for updated economic outlook, partly offset by a £50m tariff PMA release.
- Our business model is well placed to withstand macro challenges.

Why are you buying back shares?

- Alongside the Group's FY 2025 results, the Board announced an ordinary share buyback programme of up to £1.75bn. As at Q1 2026 we have now bought back 597.9m shares for £0.6bn.
- In the course of our buyback programme, you would generally expect the Group's share count to reduce. Share buybacks can be an effective use of excess capital. It is expected that shareholders who retain their shares in the company will benefit from the share buyback programme as they will own an increased proportion of the total shares in the company and should therefore see an increase in the dividend per share going forward given the reduced number of shares in issue.

Is there any further update on your motor provisions?

- The FCA published the announcement of the final scheme rules at the end of March 2026. The Group undertook an assessment of the implications and impact of the final rules. Further to this analysis the Group does not currently believe any change to the provision for this issue is required.
- Note that the provision continues to be a scenario-based approach, meaning that while it is our best estimate, there remain a number of uncertainties, including response rates, operational costs, and any litigation. The ultimate outcome may also differ dependent upon potential actions by various parties, including legal proceedings and complaints.

How are you progressing against your strategy? When will you announce a new strategy and what should we expect?

- In 2026, we entered the final year of our five year strategic plan, continuing to scale the core business, driving growth in high value areas, deepening customer relationships and strengthening cross-Group collaboration.
- Strong strategic momentum means we now expect to generate c.£2bn of additional revenues from strategic initiatives by the end of 2026, exceeding our initial £1.5bn target.
- As the UK's largest digital bank, we continued to accelerate the shift to mobile-first, including via our recently announced intention to acquire Curve. As at FY25, we had c.21.5m customers using our app, up c.45% since 2021.
- We continue to grow our Retail franchise through innovative new propositions and enhanced capabilities.
- In Insurance, Pensions and Investments (IP&I), we are reinforcing our competitive position in areas of strategic focus.
- In Commercial Banking, we are building a digitally-led relationship bank and driving income diversification through capital efficient growth.
- Finally, within Equity Investments, alongside strong LDC performance, our Lloyds Living business continues to be a significant growth driver, aiming for investment in >10k homes by the end of this year (from c.8k at FY25).
- We are also focused on improving operating leverage through cost efficiency through both business-as-usual management as well as more transformational initiatives enabled by strategic investment.
- Alongside, we have driven >£24bn of risk-weighted asset optimisation through enhanced capabilities, data improvements and risk reduction transactions.
- We look forward to presenting our new strategy alongside the half-year results in July. The focus will be on continuing income growth, improving operating leverage, and delivering strong, sustainable returns.

How are you transforming in light of emerging technologies and growing fintechs?

- As highlighted in our Digital and AI seminar in November 2025, our investment in technology, data and people underpins our ambitions to grow the business with innovation and sustained operating leverage.
- Advances in our infrastructure and capabilities allow us to deliver on our strategic priorities, such as enabling a seven minute mobile current account opening process, in line with the sector best
- Digital investments have also supported simplification of our technology estate and helped improve productivity, with an increase of c.45% in active customers served per distribution FTE since 2021. Finally, we are extending our leadership across new and emerging technologies, including Gen AI and digital assets, and are well-placed to succeed in a period of potentially transformational change for the industry.
- Our c.50 major live Gen AI use cases delivered c.£50m of value in 2025, as we build the foundations of our capabilities. We are targeting over £100m of incremental value from AI in 2026, as we start to scale the foundations.

How are you progressing on your transition to net zero?

- Our purpose allows us to play a key role in promoting UK prosperity, aligning our strategy to support UK economic growth sectors.
- To support transition to a low carbon economy we have provided over £70bn of sustainable finance since Jan 2022. Climate-aware investments increased by £55.4bn in 2025 driven by the launch of Scottish Widows Lifetime Investment, bringing overall investments to £81.3bn, with the original target met at the end of 2024.

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.

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.

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