LLOYDS BANKING GROUP

Investor factbook: 2026 half year results

"**Lloyds Banking Group continues to deliver** for customers, colleagues, communities and shareholders. Our purpose of Helping Britain Prosper has never been more important. As the UK's largest financial services provider, **our purpose drives our strategy and creates opportunity for people and businesses**, shaping finance as a force for good.

In the first half of 2026, we **delivered sustained strength in financial performance**, with continued income growth, improving operating leverage, strong credit performance, **growing capital generation and increasing shareholder returns.**

We are **successfully completing our 2022 to 2026 strategy**, focusing on customer experience, pivoting the Group to growth and **laying the foundations for our exciting new strategy**. We have strengthened our market leadership, built our digital and AI capabilities, and enhanced our cost and capital leadership, while remaining **on track to deliver our 2026 financial targets.**

This ensures the Group is well placed to launch **our new strategy, Accelerate 2030**, from a position of strength. Building on our leadership position we will accelerate through **reimagined customer experiences**, increased **Group connectivity**, and a **productivity step-change**, all enabled by **pioneering technology**. Our strategy will allow us to unlock the next phase of growth and sustainable **value creation for our shareholders.**"

Charlie Nunn, Group Chief Executive

Sustained strength in financial performance

£3.1bn
Statutory profit after tax

17.1%
Return on tangible equity

£9.7bn
Net income, up 9% YoY

319bps
Net interest margin, up 15bps YoY

£4.9bn
Operating costs, flat YoY

25bps
Asset quality ratio

57.0p
Tangible net asset value, flat YTD

13.1%
Pro forma CET1 ratio

108bps
Strong capital generation

Reiterating guidance for 2026

Based on the sustained strength in our financial performance and our current macroeconomic assumptions, for 2026 the Group reiterates its guidance:

- Underlying net interest income of greater than £14.9 billion
- Cost:income ratio of less than 50% (including operating costs of less than £9.9 billion)
- Asset quality ratio of c.25 basis points
- Return on tangible equity of greater than 16%
- Capital generation of greater than 200 basis points[1]
- To pay down to a CET1 ratio of c.13.0%

1 Excludes capital distributions.

Our 2022 to 2026 strategy

We are successfully completing our strategy which will enable us to deliver our vision of being the UK customer-focused digital leader and integrated financial services provider, capitalising on new opportunities, at scale.

Grow

Strategic progress

- 4% revenue compound annual growth rate (CAGR) for the Group
- c.70% growth in Corporate and Institutional income
- Grown Workplace assets under administration by more than 70%
- Expect to reach c.£2 billion in strategic initiative revenues

Focus

Strategic progress

- Over £2 billion gross cost saving
- More than 45% improvement in the number of Retail customers served per FTE
- c.£28 billion of cumulative RWA optimisation

Change

Strategic progress

- Reduced data centres by more than 50%
- Migrated more than 60% of applications to the cloud
- Hired around 11,000 technology and data specialists to drive digital and AI leadership
- GenAI is expected to deliver more than £100 million of benefit in 2026

Our 2027 to 2030 strategy

Accelerate 2030 is the new ambitious strategy for Lloyds Banking Group.

The strategy aligns with our Purpose of Helping Britain Prosper and our customer promise of 'making finance simpler, smarter and more connected for every moment that matters'.

Accelerate 2030

Strategy

Accelerate through reimagined customer experiences, increased Group connectivity, and a productivity step-change, enabled by pioneering technology

Strategic pillars

Grow the core	Innovate to deepen & diversify	Simplify to outperform

Financial outcomes

Continued income growth	Improving operating leverage	Stronger, sustainable returns	Growing capital generation
Mid-single-digit CAGR	<45% CIR in 2030	c.20% RoTE in 2030	>225bps in 2030

Sustained strength in financial performance

	Half-year to 30 Jun 2026 £m	Half-year to 30 Jun 2025 £m	**Change %**	Half-year to 31 Dec 2025 £m	**Change %**
Underlying net interest income	**7,278**	6,655	**9**	6,980	**4**
Underlying other income	**3,310**	2,969	**11**	3,151	**5**
Operating lease depreciation	**(841)**	(710)	**(18)**	(744)	**(13)**
Net income	**9,747**	8,914	**9**	9,387	**4**
Operating costs	**(4,876)**	(4,874)		(4,887)	
Remediation	**(39)**	(37)	**(5)**	(931)	**96**
Total costs	**(4,915)**	(4,911)		(5,818)	**16**
Underlying profit before impairment	**4,832**	4,003	**21**	3,569	**35**
Underlying impairment charge	**(617)**	(442)	**(40)**	(353)	**(75)**
Underlying profit	**4,215**	3,561	**18**	3,216	**31**
Restructuring	**(34)**	(9)		(37)	**8**
Volatility and other items	**112**	(48)		(22)	
Statutory profit before tax	**4,293**	3,504	**23**	3,157	**36**
Tax expense	**(1,170)**	(960)	**(22)**	(944)	**(24)**
Statutory profit after tax	**3,123**	2,544	**23**	2,213	**41**
Earnings per share	**4.8p**	3.8p	**1.0p**	3.2p	**1.6p**
Dividends per share – ordinary	**1.58p**	1.22p	**30**	2.43p	
Share buyback value	**£1.0bn**	–		£1.75bn	
Banking net interest margin[A]	**3.19%**	3.04%	**15bp**	3.08%	**11bp**
Average interest-earning banking assets[A] (£bn)	**475.7**	457.8	**4**	467.9	**2**
Cost:income ratio[A]	**50.4%**	55.1%	**(4.7)pp**	62.0%	**(11.6)pp**
Asset quality ratio[A]	**0.25%**	0.19%	**6bp**	0.15%	**10bp**
Return on tangible equity[A]	**17.1%**	14.1%	**3.0pp**	11.6%	**5.5pp**

	At 30 Jun 2026	At 31 Mar 2026	**Change %**	At 31 Dec 2025	**Change %**
Underlying loans and advances to customers[A,1] (£bn)	**491.5**	486.2	**1**	481.1	**2**
Customer deposits (£bn)	**500.9**	495.9	**1**	496.5	**1**
Loan to deposit ratio[A]	**98%**	98%		97%	**1pp**
CET1 ratio	**13.6%**	13.4%	**0.2pp**	14.0%	**(0.4)pp**
Pro forma CET1 ratio[A,2,3]	**13.1%**	13.4%	**(0.3)pp**	13.2%	**(0.1)pp**
UK leverage ratio	**5.1%**	5.1%		5.4%	**(0.3)pp**
Risk-weighted assets (£bn)	**241.8**	240.8		235.5	**3**
Wholesale funding[4] (£bn)	**107.8**	108.6	**(1)**	95.6	**13**
Liquidity coverage ratio[5]	**144%**	144%		145%	**(1)pp**
Net stable funding ratio[6]	**123%**	123%		124%	**(1)pp**
Tangible net assets per share[A]	**57.0p**	57.9p	**(0.9)p**	57.0p	

[A] See page 94 of the 2026 half year results.

[1] The increase between 31 March 2026 and 30 June 2026 is net of the impact of the securitisation of £1.8 billion of primarily legacy Retail mortgages in April 2026.

[2] 30 June 2026 pro forma CET1 ratio reflects the full impact of the share buyback in respect of the first half of 2026, announced in July 2026.

[3] 31 December 2025 pro forma CET1 ratio reflects the full impact of the share buyback in respect of 2025, announced in January 2026.

[4] The Group has revised its definition of wholesale funding to comprise debt securities in issue and subordinated liabilities only. Deposits from banks are no longer included, reflecting the behavioural liquidity characteristics of bank depositors. Comparatives have been represented on a consistent basis.

[5] The liquidity coverage ratio is calculated as an average of month-end observations over the last 12 months.

[6] The net stable funding ratio is calculated as an average of the last four quarter-ends observations.

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