HALF YEAR 2026 FREQUENTLY ASKED INVESTOR QUESTIONS

How was the Group's financial performance in the first half?

- Lloyds Banking Group again demonstrated sustained strength in financial performance during the first half.
- Statutory profit after tax of £3.1bn is up 23% compared to H1 2025, including net income of £9.7bn, up 9% YoY.
- Net interest income of £7.3bn, up 9% compared to H1 2025, supported by lending and deposit growth, with a net interest margin of 3.19% (up 5 basis points QoQ and 15 basis points YoY).
- Other income of £3.3bn, 11% higher than H1 2025, supported by broad-based momentum across the business with continued benefit from investment in strategic initiatives.
- Operating lease depreciation of £841m, up £131m YoY, driven by increasing fleet size and a £41m revaluation charge for used car prices in Q2. Going forward, we expect reversion to a normalised run-rate, growing in line with the fleet.
- Operating costs of £4.9bn, flat versus H1 2025, reflecting continued efficiency savings and slightly lower investment in the final year of our plan. Remediation costs of £39m, with no change to the Motor Finance provision.
- Impairment charge of £617m, reflecting strong and stable credit performance. Asset quality ratio of 25 basis points.
- Loans and advances to customers increased by £10.4bn in the first half to £491.5bn, with broad growth across lending lines; Retail grew £5.0bn and Commercial grew £5.9bn.
- Customer deposits increased by £4.4bn in the first half to £500.9bn, with a £3.4bn reduction within Retail (mainly in Q1), primarily due to disciplined pricing decisions over the tax year-end offset by Commercial increasing £7.5bn.
- The Group delivered strong capital generation of 108 basis points in the half.
- Given the Group's performance, robust capital position and earnings outlook, the Board has announced an increased ordinary dividend of 1.58p per share, up 30% YoY, and an interim share buyback of up to £1.0bn.
- The Group's closing pro forma CET1 ratio at 30 June 2026 was 13.1% after taking into account the interim ordinary dividend and interim share buyback.
- Strong return on tangible equity for the first half was 17.1%; tangible net assets per share of 57.0 pence, flat YTD.
- For more on our HY26 results, please see our HY 2026 News Release.

How do you expect the Group to perform for the remainder of 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 bn
- Cost:income ratio of less than 50% (including operating costs of less than £9.9 bn)
- Asset quality ratio of c.25 basis points
- Return on tangible equity of greater than 16%
- Capital generation of greater than 200 basis points
- To pay down to a CET1 ratio of c.13.0%

Is there any further update on your motor finance provisions?

- No, our provision is unchanged and remains our best estimate of the potential cost to the Group at this time. The ultimate outcome may differ dependent upon potential actions by various parties, including legal proceedings and complaints.

Why are you increasing your dividend by 30% year-on-year, this is more than previous years.

- Our 30% increase in interim dividend from 2025 is a significant step-up and reflects the actions taken to derisk the business, our strong capital position and confidence in the future earnings trajectory of the Group.
- We remain committed to our progressive and sustainable dividend policy.

When will your shares be quoted ex-dividend, and when will the final ordinary dividend be paid?

- Our UK shares will be quoted ex-dividend on 6 August 2026 and the interim 2026 dividend is paid on 15 September 2026.
- Important dates for our UK dividend can be found in our financial calendar.

Why are you buying back shares?

- Alongside the Group's 2026 half year results, the Board announced our first interim ordinary share buyback programme of up to £1.0bn.
- 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.

How is the previously announced share buyback progressing?

- On 30 January 2026 the Group commenced a £1.75bn ordinary share buyback programme to purchase outstanding ordinary shares.
- As at 30 June 2026, the Group has purchased c.1.2bn ordinary shares under the programme, for a total consideration of £1.2bn.

How are you progressing against your current strategy?

- We are successfully delivering against our current strategy and have reiterated our 2026 financial guidance.
- Over 2022 to 2026 we transformed the Group, building on our leading scale, breadth and connectivity. We maintained leadership and grew market shares in key products and segments, while unlocking the potential of digital and AI, and driving cost and capital efficiency.
- In Retail, we are the largest UK digital bank, with around 22 million mobile app users and around 7 billion digital logons a year. Over 12 million customers use “Your Credit Score”, with over 500,000 quarterly score improvements.
- Within Commercial Banking we are a leading player in key UK markets such as Debt Capital Markets, Cash Management, and Infrastructure and Project finance, helping grow Corporate and Institutional Banking income by around 70% since 2021 on an annualised basis. Since 2022 we have supported over £10bn of financing to the social housing sector and provided over £35bn new financing to small business customers.
- Our Insurance, Pensions and Investments business has driven unique digital engagement, increased bank customer penetration and grown Workplace assets under administration by more than 70% in the period.
- 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 have maintained a clear focus on cost and capital discipline, with the benefits of investments, we have generated over £2bn of gross cost savings between 2022 to 2026 by improving productivity and efficiency, modernising the technology estate, digitising more interactions and rationalising our office footprint.
- These areas of progress have driven a 4% revenue compound annual growth rate (CAGR) for the Group during the period 2022 to 2026, with strategic initiative revenues in particular expected to reach c.£2bn for 2026 and OOI growing at an 8% CAGR, further diversifying our revenue and increasing the sustainability of our shareholder returns.

Can you summarise the core elements of your new strategy?

- Accelerate 2030 remains rooted in our purpose of Helping Britain Prosper, the participation choices that make our current strategy successful, and our driving ambition to “make finance simpler, smarter and more connected for every moment that matters” to our customers.
- It is built around reimagined customer experiences, increased Group connectivity, and a productivity step-change, all enabled by pioneering technology.
- We have three pillars in support of Accelerate 2030:
  - **Grow the core** by scaling our market leading businesses, accelerating in faster growing areas within our core and reimagining the customer experience including leveraging AI.
  - **Innovate to deepen & diversify** by increasing cross-Group connectivity, extending into higher-value fee generating adjacencies and broadening our reach across third party and AI channels.
  - **Simplify to outperform** by building future ready skills and infrastructure, delivering a digital and AI-enabled productivity step-change and maximising capital efficiency.
- Together, these three pillars support a clear set of financial outcomes: continued income growth, improving operating leverage, stronger sustainable returns, and growing capital generation.
- Our 2030 purpose ambitions are also bold, for example targeting >£40bn of financing to First Time Buyers, >£45bn of new finance to small business customers, >£100bn of sustainable and transition financing and empowering 1 million people to invest.

Can you give me some examples of key customer initiatives for Accelerate 2030?

- **Retail:** A new, unique Group-wide rewards offering with unrivalled customer value, a transformed Homes experience with new propositions and IP&I connectivity, and the UK's first integrated transport ecosystem.
- **Commercial:** Deepen BCB relationships with an enhanced, digital and AI-enabled offering. Enhance CIB capabilities and presence, to broaden and deepen client relationships, with focused international expansion into the US and EU.
- **IP&I:** Further integrate our bancassurance offering with simpler, innovative products e.g. Ready Made and Micro Protection. Build a unique end-to-end lifetime wealth proposition through Lloyds Wealth, from execution only D2C investments to, Invest AI (a new AI enabled service to bring simple advice to all), and full-advice financial planning.
- **Equity Investments:** Consolidate LDC's mid-market leadership, and scale Lloyds Living by doubling the homes portfolio to greater than 20,000.
- **Cross-Group connectivity:** Connected Commerce connecting our 28m Retail customers with c. 1m business clients through target merchant campaigns and cashback offers. Lloyds Smart Wallet enhancing payments experience with expanded flexibility for Retail customers and point of sale financing options for Commercial merchants.

What financial performance do you expect from Accelerate 2030?

- Accelerate 2030 is built upon a robust financial framework that will generate long-term, sustainable value for our shareholders, built on the financial foundations of investment discipline, efficiency focus and risk management.
- These enable continued income growth, improved operating leverage and stronger returns and capital generation. These financial outcomes build further capacity for investment and growing, sustainable shareholder distributions.

Based on our current macroeconomic assumptions, from 2027 to 2030 the Group expects:

- Mid-single-digit net income CAGR and high-single-digit underlying other operating income CAGR
- Cost:income ratio of less than 45% in 2030, with year-on-year reductions
- Asset quality ratio of between 25 basis points and 30 basis points through the plan period
- Return on tangible equity of around 20% in 2030 and greater than 18% in 2028
- Capital generation of greater than 225 basis points in 2030 and a pro forma CET1 ratio of around 13.0%

How are you supporting the transition to net zero?

- We're working with customers, government and the market to reduce the carbon emissions we finance by more than 50% and halve the carbon footprint of our investments by 2030.
- Our purpose allows us to play a key role in supporting the transition of the UK to a low carbon economy, and our focus is on financing the transition to build a more sustainable future. Through our current strategy we have provided over £80bn of sustainable finance to our customers since January 2022 up to H1 2026.
- As part of our new strategy, we have now introduced a new Sustainable and Transition Finance ambition of more than £100bn between 2027 and 2030 to support credible transition in the real economy where clients need capital to modernise, decarbonise and remain competitive.
- This ambition is underpinned by the Group's new Sustainable & Transition Financing Framework (available here: Sustainability policies and information - Lloyds Banking Group plc) and expands the Group's financing ambition to include eligible transition finance activities alongside sustainable finance.
- Scottish Widows' climate-aware investments have now reached over £90bn, 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.
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, 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.