

2025 Results

Lloyds Banking Group
29 January 2026



Business and strategic update

Charlie Nunn



Continued strategic delivery; sustained strength in performance



Purpose

**Helping
Britain
Prosper**

Strategic delivery accelerating, benefitting customers and wider stakeholders

Sustained strength in financial performance, meeting 2025 guidance

Strong capital generation, enabling 15% dividend growth and £1.75bn buyback

Upgraded guidance for 2026; confident in our outlook beyond 2026

Successfully delivering for all stakeholders in 2025

Clear purpose driving growth

£17bn

Lending to first time buyers

£7.5bn

New tax-free savings supported
through ISA propositions

c.£6.5bn

Gross new term lending to BCB
customers

Healthy franchise momentum

5%

Loan growth; c.26% direct
mortgage gross lending share

3%

Deposit growth; growth in PCA
balance share

15%

Open book AuA growth

Sustained strength in financial performance

6% / 9%

NII / OOI growth

12.9% (14.8%)

Return on tangible equity (excl.
Motor provision)

147bps (178bps)

Capital generation (excl. Motor
provision)

Positioned for growth in a supportive operating environment

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 2018¹

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 2026²

>£70bn sustainable financing since 2022³

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.

Strategic delivery accelerating

Significant transformation since 2021...

Grow

c.20%

Net income growth¹

>30%

OOI growth¹

Focus

c.45%

Distribution productivity improvement²

£24bn

Gross RWA optimisation

Change

>50%

Applications on cloud

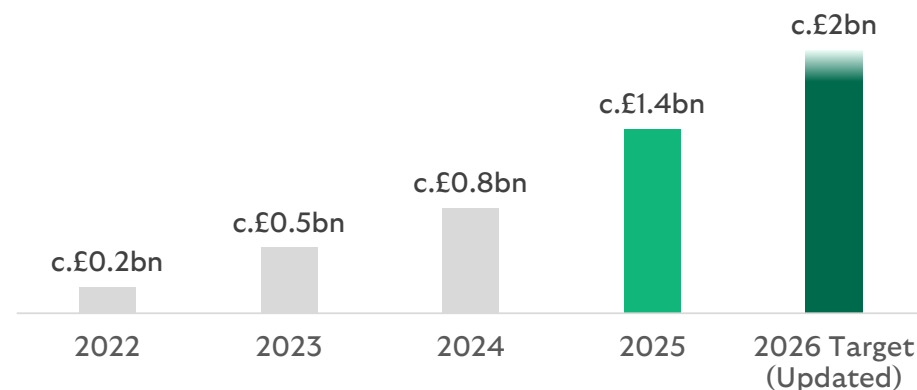
>50%

Annual mobile app logon growth

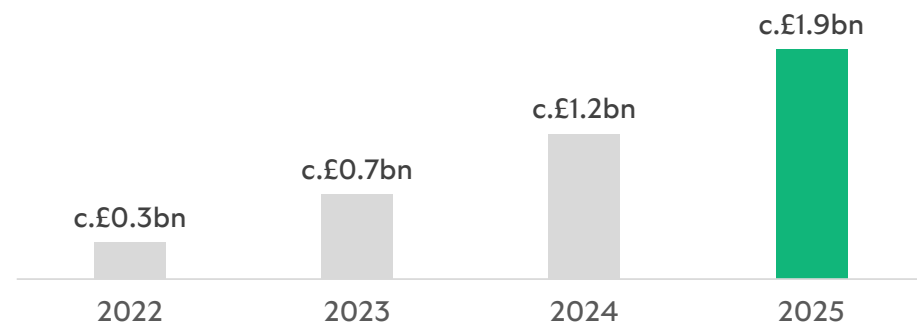
c.£15bn shareholder distributions since 2021

...with growing momentum over 2025 and 2026

Strategic initiative revenues



Gross cost savings since 2021



Strong growth momentum across the Group

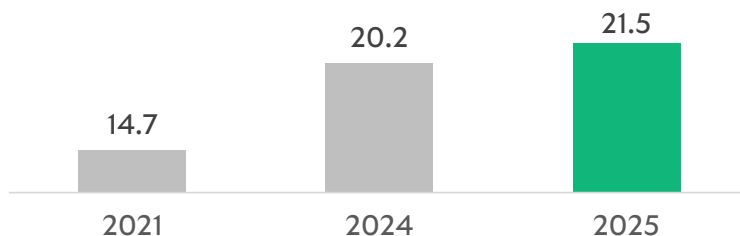
Retail

#1 PCAs, #1 Mortgages, #1 Cards, #1 Loans, #1 Motor¹

Launched **Lloyds Premier** – c.2x higher depth of relationship
 Expanded unsecured offering with **Ultra** and **Advance** credit cards
 Announced **Curve** acquisition², enhancing digital wallet capabilities

PCA balance share growth (+c.2pp since 2021 to **c.24%**)
c.25% growth in mortgage balances retained through Homes ecosystem
c.30% increase in digital D2C motor lending – mobile largest channel

Mobile app users (m)



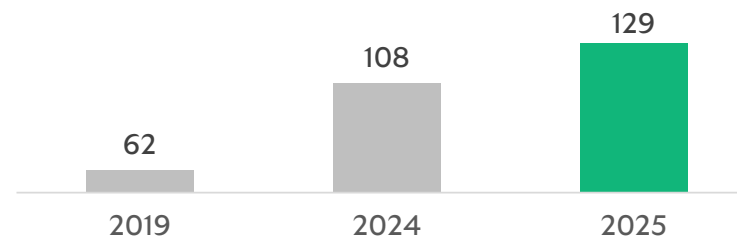
IP&I

#2 Workplace, #2 Home Insurance, #2 Individual Annuities

Launched new **IFA** protection proposition
 Acquired **SPW** and announced rebrand to **Lloyds Wealth**
 Announced third party **Motor** and **Health** insurance partnerships

>**750k** Scottish Widows app users (up >75% YoY), c.60% active
 Protection share **+c.2pp**; IFA new bus. applications **more than doubled**
 Digital take up of home insurance journeys up to **c.45%**, +13pp YoY

Workplace AuA (£bn)



Enhancing
customer
experiences



Driving
growth

(2025, unless
stated)



Delivering
targeted
outcomes



Strong growth momentum across the Group

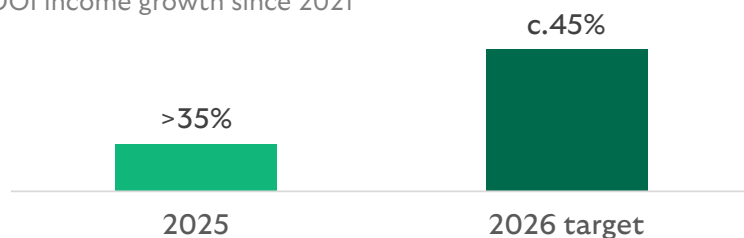
Commercial Banking

c.21% deposit share¹, #1 GBP Structured Finance, #2 GBP DCM

Delivered new and enhanced **mobile journeys** (lending, term deposits)
 Launched **market-leading** FX solution
 Awarded landmark **UK Government** banking services contract

c.4% growth in BCB deposits
 c.15% growth in BCB gross new term lending
 c.21% growth in FX volumes

CIB OOI income growth since 2021



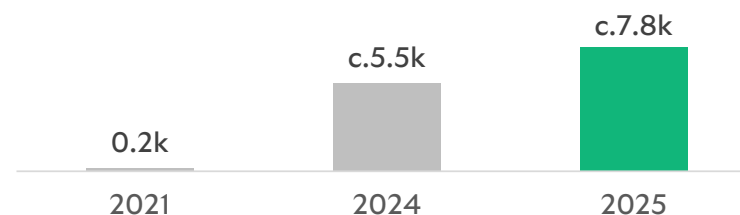
Equity Investments

Top-5 single family housing owner², High-returning UK PE business

Strong Lloyds Living demand, with **95%** completed scheme occupancy
 Piloted '**zero bills**' homes with Octopus Energy
 LDC now supporting **>£2bn** portfolio, employing >25k people

c.150% increase in Lloyds Living OOI
 c.£250m new LDC investments
 >£600m of LDC exit proceeds generated (3.3x avg money multiple return)

Lloyds Living homes invested in (completed and under development)



Enhancing
customer
experiences



Driving
growth

(2025, unless
stated)



Delivering
targeted
outcomes



Grow

Focus

Change

Strong OOI diversification across the Group



Retail

c.13% CAGR since 2021

Illustrative drivers

>3x

Motor:

Tusker fleet size growth since acquisition (2023)

c.2pp

Credit cards:

Spend share growth since 2021

Commercial Banking

c.6% CAGR since 2021

Illustrative drivers

c.10pp

Capital markets:

GBP Structured Finance share growth since 2021

>20%

Traded products:

Transactional FX OOI growth since 2021

IP&I

c.11% CAGR since 2021¹

Illustrative drivers

>5pp

Individual annuities:

New business share growth since 2021

>5pp

Home insurance:

New policies share growth since 2022

Equity Investments

c.2% CAGR since 2021²

Illustrative drivers

c.7.8k

Lloyds Living:

Homes invested in since launch in 2021

>£2bn

LDC:

Exit proceeds generated since 2021

Driving cross-Group collaboration

20%

Mortgage protection:

Take-up rate, up c.13pp since 2022 (+5pp YoY)

>15%

SME motor sales:

YoY growth in Lex/Tusker sales

c.80%

Workplace pensions:

New scheme wins with Commercial support

85%

Lloyds Living homes:

New homes with Commercial clients

9% YoY OOI growth in 2025, continuing momentum

1 – Adjusted for IFRS17. 2 – Lloyds Living and LDC only. 2021 includes outsized LDC gains.

Enhancing cost and capital efficiency

Building operating leverage through productivity gains

c.45%

Increase in active customers served per distribution FTE since 2021
(2026 target: c.50%)

>50%

Proportion of key servicing interactions digitised in BCB (Achieved 2026 target)

c.30%

Gross reduction in run and change tech costs since 2021 (2026 target: 35%)

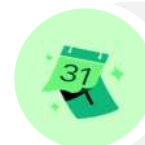
Improving capital efficiency through growth & optimisation

>5%

FY25 CIB income / average RWA, +c.2pp vs 2021
(2026 target: >5.25%)

£24bn

Cumulative gross RWA optimisation since 2021
(>£5bn in 2025)



Will review excess capital distributions every half year going forward

Delivering <50% cost:income ratio and >200bps capital generation in 2026

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 Score¹

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)



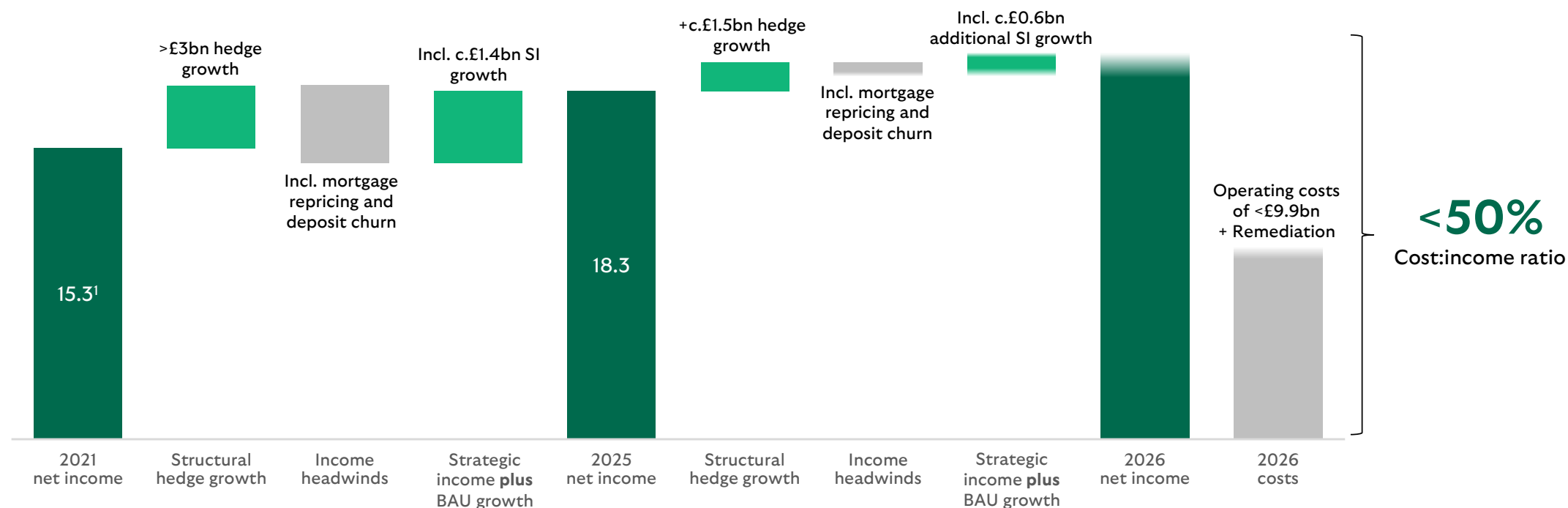
Increasing customer roll-out

Targeting full customer roll-out of in-app agent
 Expanding agents to other products

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

Grow, Focus, Change: Building operating leverage in 2026

Net income and costs outlook (£bn)



Accelerating income growth and flattening costs deliver <50% CIR in 2026

Well positioned for 2026 and beyond

Reinforcing competitive advantage...

Market leader

#1 in key markets, enhancing growth as an integrated financial services provider

Cost and capital leader

Efficient scale model, building operating leverage
De-risked and optimised balance sheet

Digital and AI leader

Largest UK digital bank, leading across emerging technologies, reinforcing revenue & cost opportunity

...delivering strong shareholder outcomes 2026 guidance

<50%

Cost:income ratio

>16%

Return on Tangible equity

>200bps

Capital generation

Continued momentum beyond 2026



Further **strengthening** and **growing** the core franchise



Unlocking **new growth opportunities** and **diversification**



Driving continued improvements in **productivity**



Innovating and **leading** across **new & emerging technologies**

Strategy update:
July 2026

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

Financial update

William Chalmers



Sustained strength in financial performance

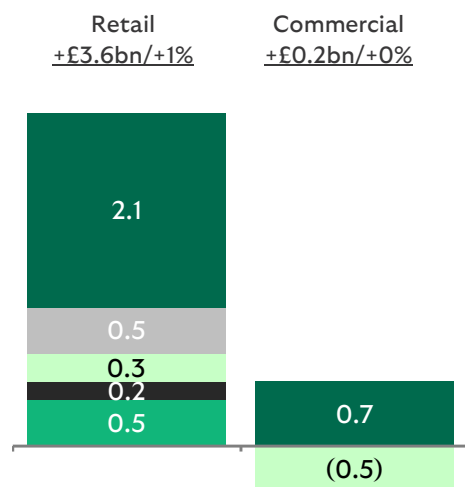
Financial performance (£m)

	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

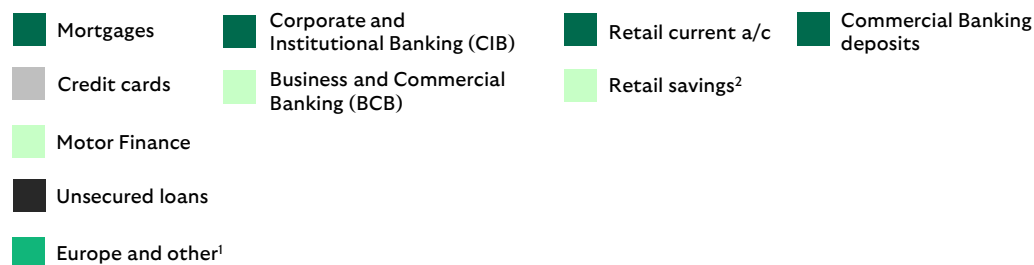
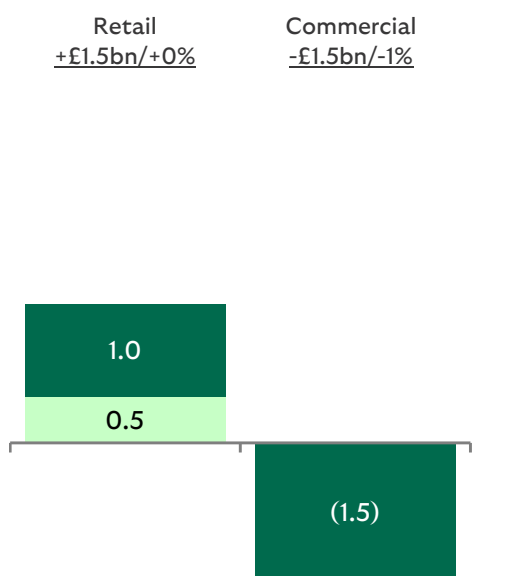
- **Statutory PAT £4.8bn; RoTE 12.9% (14.8% excl. motor provision)**
- **Robust net income: £18.3bn, up 7% YoY; NIM 306bps**
- **Continued cost discipline: Operating costs £9.76bn, up 3% given investment, business growth and inflation**
- **Remediation £968m (incl. £800m for motor provision)**
- **Strong 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

Q4 lending change (£bn)



Q4 deposit change (£bn)

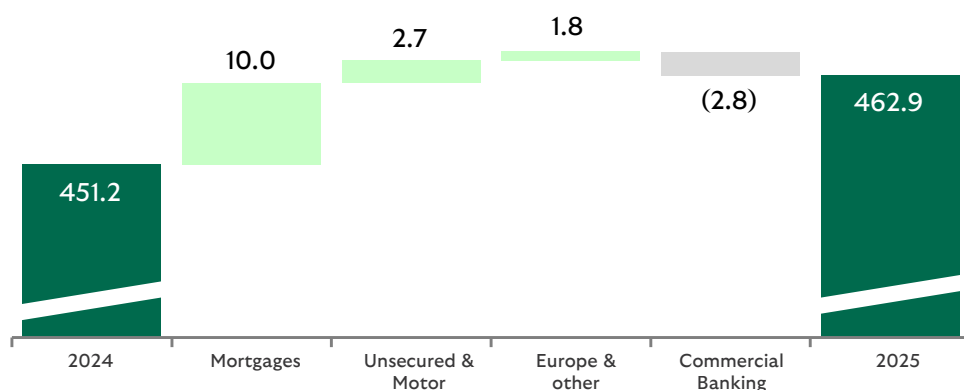


1 - Includes Overdrafts, Europe and Wealth. 2 - Includes Retail savings and Wealth.

- **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**

Sustained growth in net interest income

Average interest earning assets (£bn)



Banking net interest margin (bps)

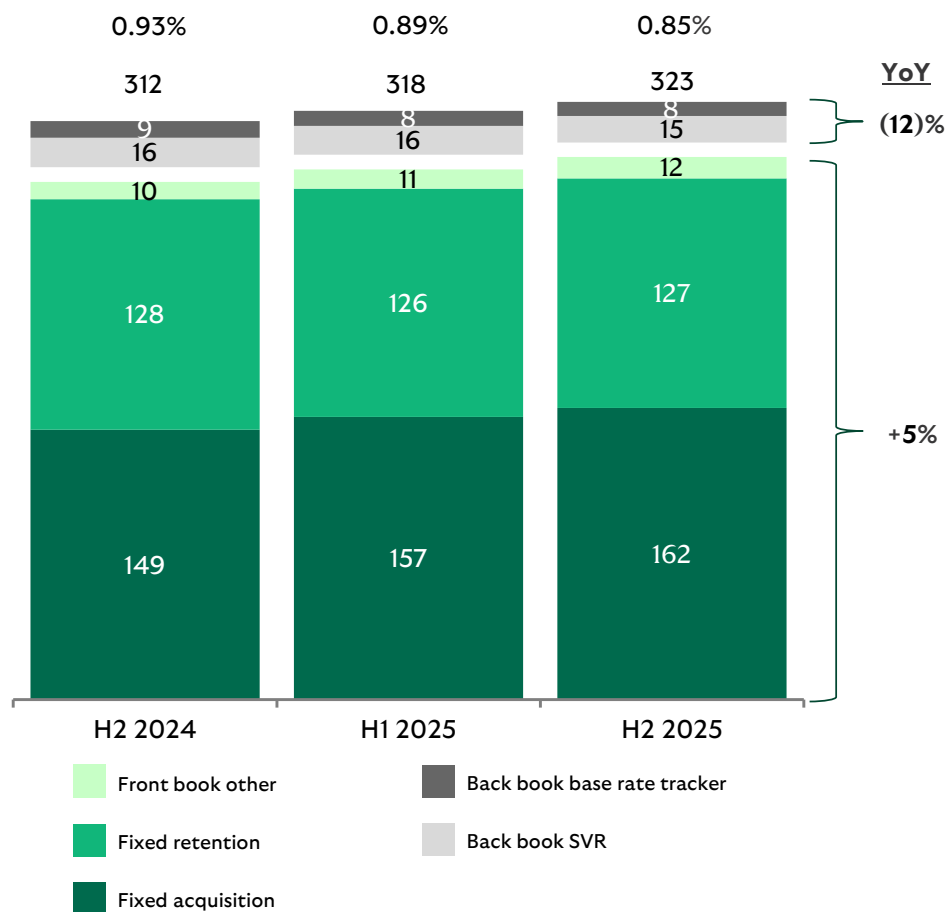
Q3 '25 – Q4 '25	306	(2)	12	(3)	(3)	310
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- **2025 NII £13.6bn, up 6% YoY, Q4 up 2%**
 - Strong hedge and lending growth partially offset by mortgage repricing and deposit churn headwinds
- **2025 AIEAs £462.9bn, up 3% YoY; Q4 AIEAs £470.3bn, up £4.8bn**
 - 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)

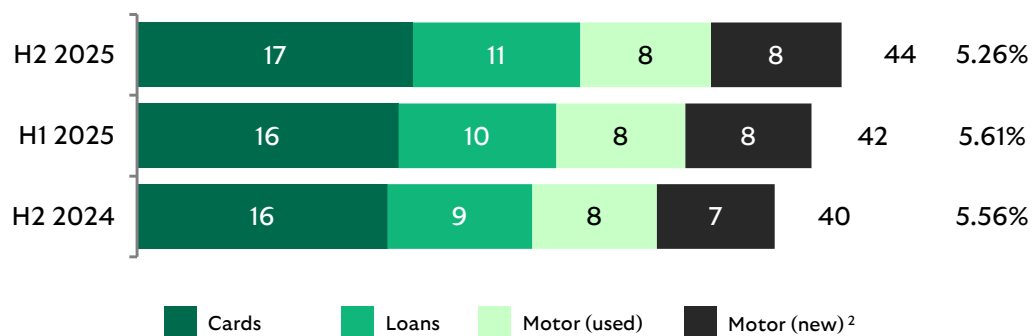


- Mortgage balances £323.1bn, up £10.8bn YoY, Q4 up £2.1bn
 - 2025 flow market share c.19%
 - ‘Direct to bank’ market share c.26%, up 3pp YoY
- Completion margins² c.70bps in Q4
- Enhancing customer proposition solutions in protection and home insurance around mortgage journey
 - 5pp increase in protection take-up rates to c.20%

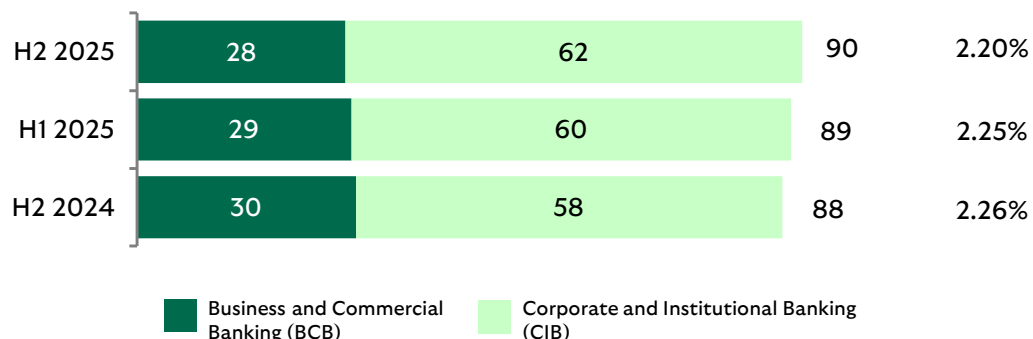
¹ – Gross margin is gross customer receivables, less short term funding costs; references SONIA. Chart uses rounded inputs. ² – Total completion margins include new business and product transfers and is equal to customer rate, plus net customer fees, less the relevant funding rate.

Solid performance in consumer and commercial lending

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



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

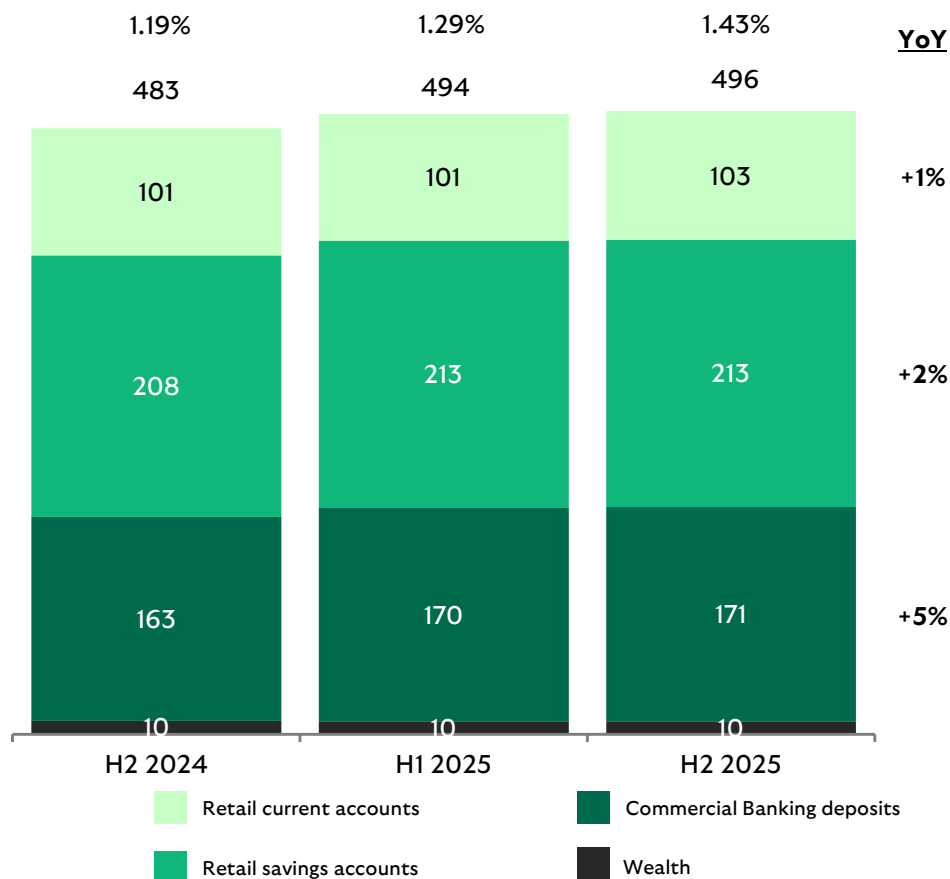


- **Growth in consumer lending from leveraging data, enhanced decisioning and personalised experiences**
 - Unsecured loans up £1.4bn
 - Credit cards up £1.6bn
 - Motor finance up £1.1bn in Black Horse
- **Commercial Banking up £2.7bn in 2025, up £4.1bn excl. government lending repayments**
 - CIB lending 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 balances¹ (£bn)

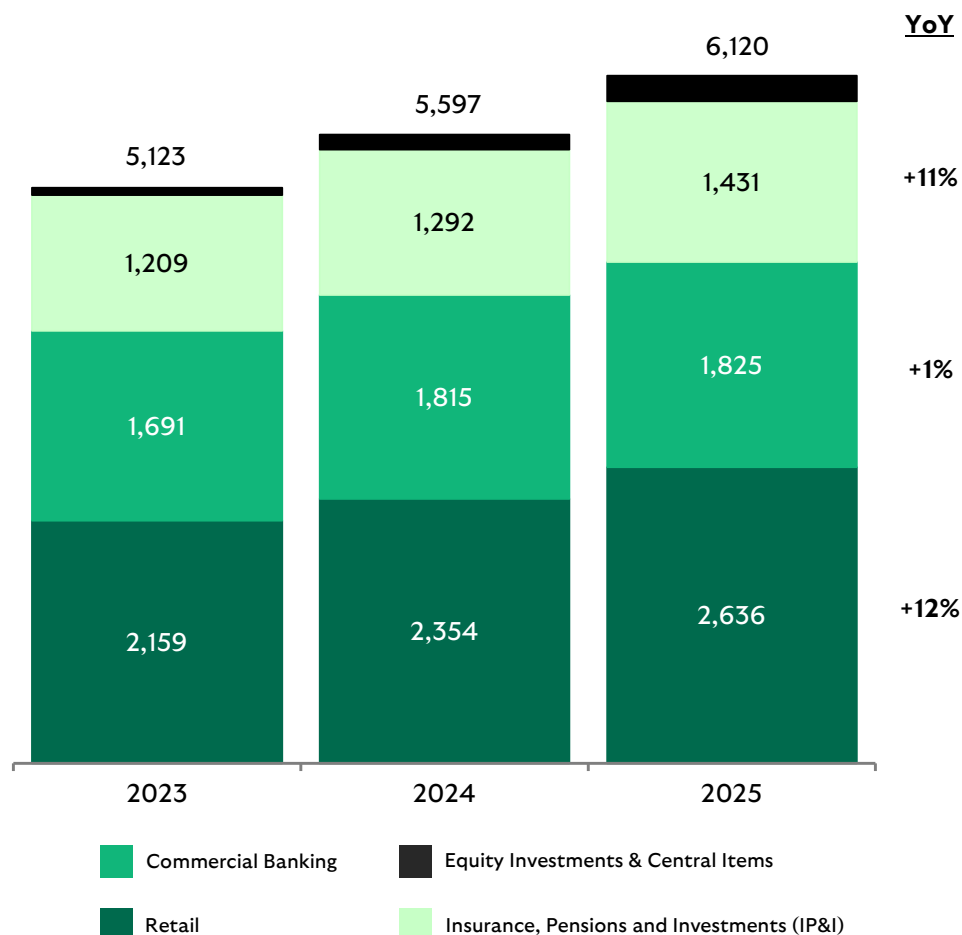


- **Structural hedge notional £244bn, stable over H2**
 - Benefitting from positive current account performance, strong savings growth and easing churn
- **2025 structural hedge earnings of £5.5bn, up £1.3bn YoY**
- **Weighted average life extended to c.3.75 years, given deposit performance**
- **Tailwind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

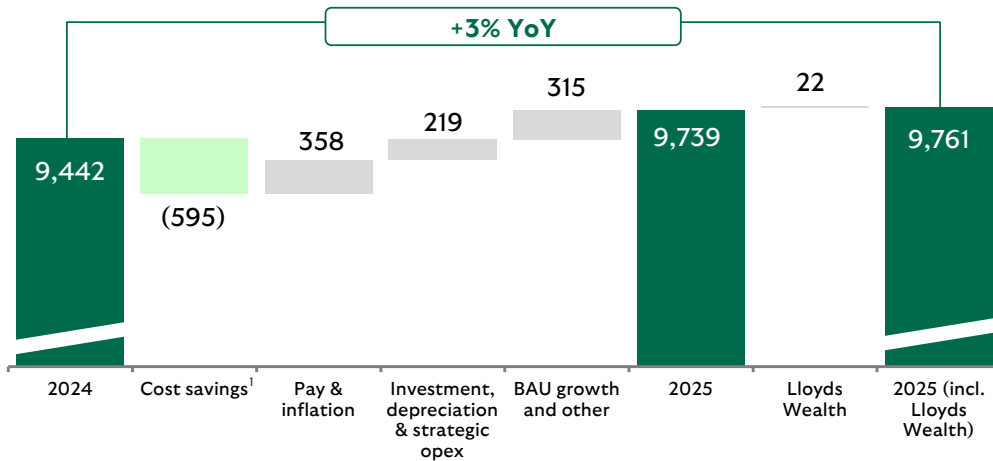
Divisional other income (£m)



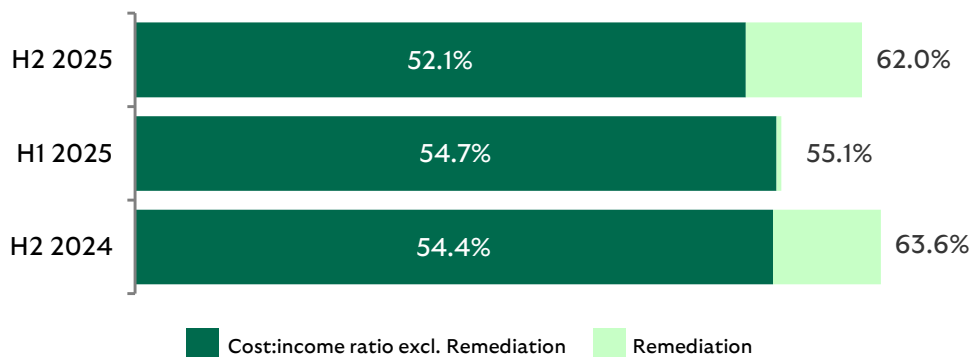
- **OOI £6.1bn in 2025, up 9% YoY; Q4 up £37m / 2%**
- **Broad based other income momentum in 2025**
 - Retail up 12%: Growing Motor, strength in Cards and banking income
 - Commercial up 1%: Solid Markets and Transaction Banking income, offset by lower Loan Markets activity
 - IP&I up 11%: Strong performance 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 (%)



1 – Does not include change savings.

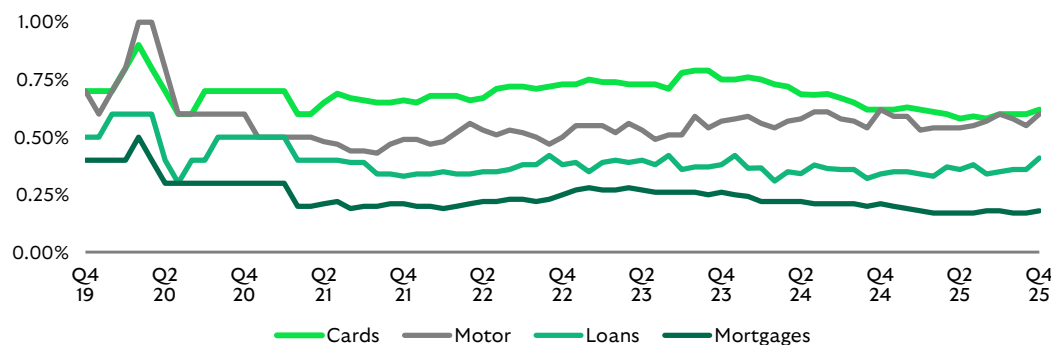
- **2025 operating costs £9,761m; £9,739m excl. impact from Lloyds Wealth; up 3% YoY**
 - Reflects investment, business growth, inflation net of cost savings
 - Q4 £2.6bn, incl. Bank Levy
- **2025 cost:income ratio 58.6%; 53.3% excl. remediation**
- **Continue to expect cost:income ratio <50% in 2026 (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**

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)
<i>Retail</i>	734	789	(55)	107	(94)
<i>Commercial Banking</i>	(14)	48	(62)	22	83
<i>Other</i>	1	(10)	11	1	1
Updated economic outlook	74	(394)	468	47	11
<i>Retail</i>	-	(332)	332	42	-
<i>Commercial Banking</i>	74	(62)	136	5	11
Total impairment charge/(credit)	795	433	362	177	1

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

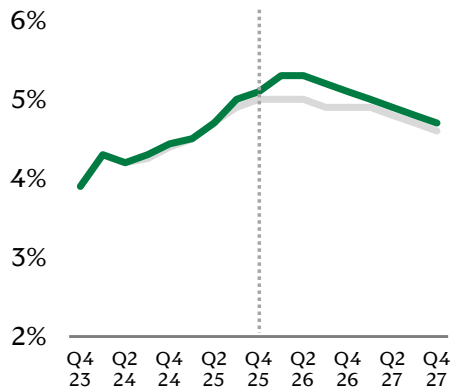


- **Strong and stable credit performance, reflecting prudent lending and healthy customer behaviours**
 - Arrears low and stable across portfolios
 - Stable early warning indicators
- **Low 2025 impairment charge £795m, AQR 17bps**
 - Includes benefits from model calibrations and refinements
- **Q4 impairment charge £177m, AQR 14bps, includes MES charge of £47m**
 - Pre-MES¹ 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**

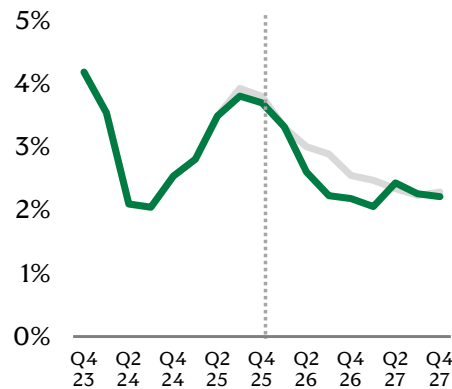
1 - Impairment charges absent the impact from updated economic outlook, thus reflecting only observed movements in credit quality.

Updated macroeconomic outlook

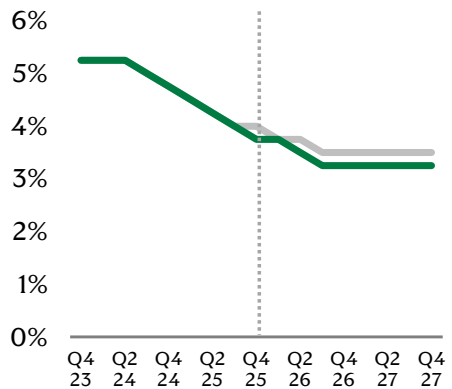
Unemployment



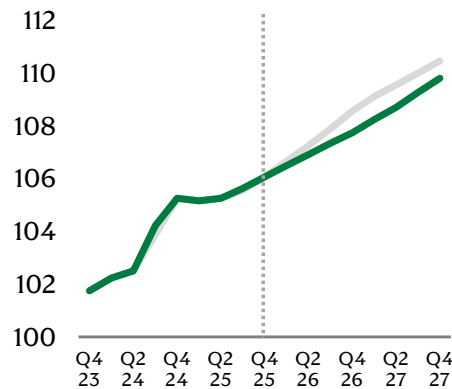
CPI inflation



UK Bank Rate



Indexed house prices



— Q4 base case

— Q3 base case

• Minor forecast changes since Q3:

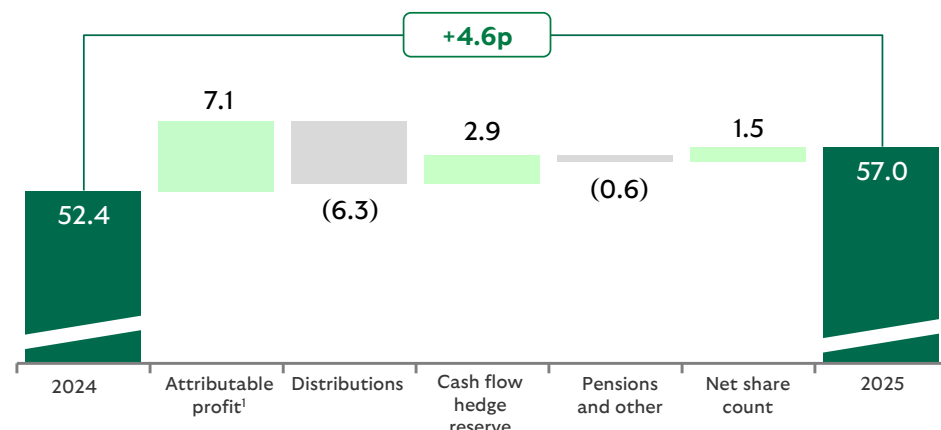
- Slightly stronger GDP expectations in 2026 and beyond, forecast at 1.2% (vs. 1.0% previously)
- Modest increase in unemployment, peaking at 5.3% in H1 2026
- Assume two 25bps cuts in UK Bank Rate in 2026; continue to assume long-term rate of 3.5% by 2028
- House price growth forecast stable at c.2%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

Robust return on tangible equity

Statutory profit (£m)

	2025	2024	YoY %	Q4 2025	QoQ %
Underlying profit	6,777	6,343	7	1,926	49
Restructuring	(46)	(40)	(15)	(30)	
Volatility and other items	(70)	(332)	79	87	
Statutory profit before tax	6,661	5,971	12	1,983	69
Tax expense	(1,904)	(1,494)	(27)	(548)	(38)
Statutory profit after tax	4,757	4,477	6	1,435	84
Return on tangible equity	12.9%	12.3%	0.6pp	15.7%	8.2pp
Return on tangible equity excl. motor provision	14.8%	14.0%	0.8pp		

Tangible net asset value per share (pence)

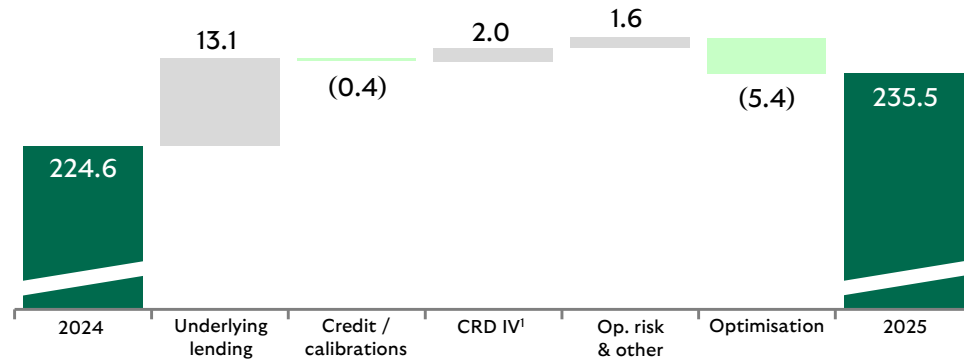


1 - After motor finance provision costing 1.1 pence per share.

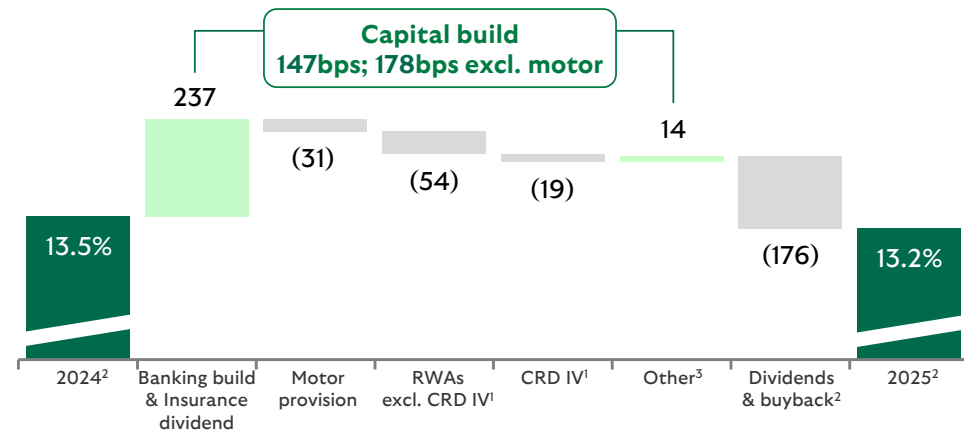
- 2025 RoTE 12.9%; 14.8% excl. Q3 motor provision
 - Q4 RoTE 15.7%
- 2025 restructuring charge £46m (Curve and Lloyds Wealth); volatility charge £70m
- TNAV 57.0p, up 4.6p in 2025
 - Profits, CFHR unwind and reduced share count, offset by distributions
- Expect material TNAV per share growth from profits, cash flow hedge reserve unwind and share count reduction
- Expect RoTE to be >16% in 2026

Strong capital generation

Risk weighted assets (£bn)



Common equity tier 1 ratio (% , bps)

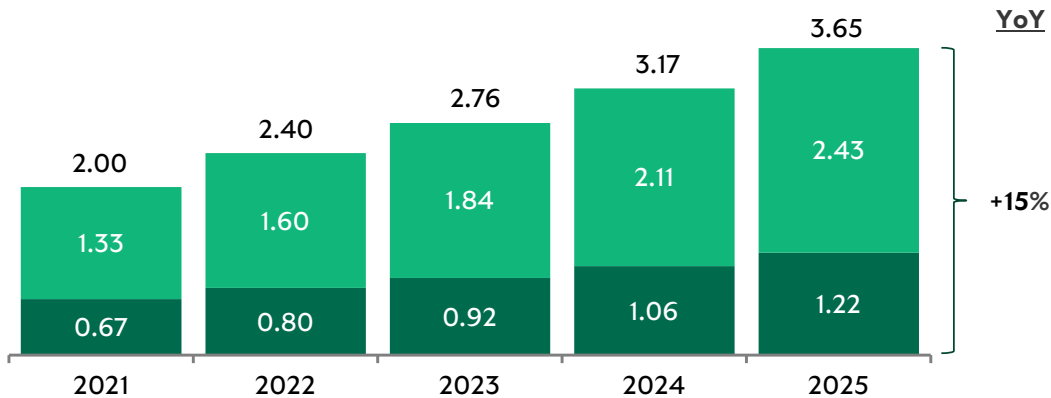


- **RWAs £235.5bn, up £10.9bn, inc £3.2bn in Q4**
 - Includes £2.0bn for CRDIV in Q4, reflecting model outcomes subject to PRA approval
 - Basel 3.1 implementation on 1 Jan 2027 expected to result in a Day 1 RWA reduction of c.£6bn-£8bn
- **Strong 147bps capital generation; 178bps excl. motor provision**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

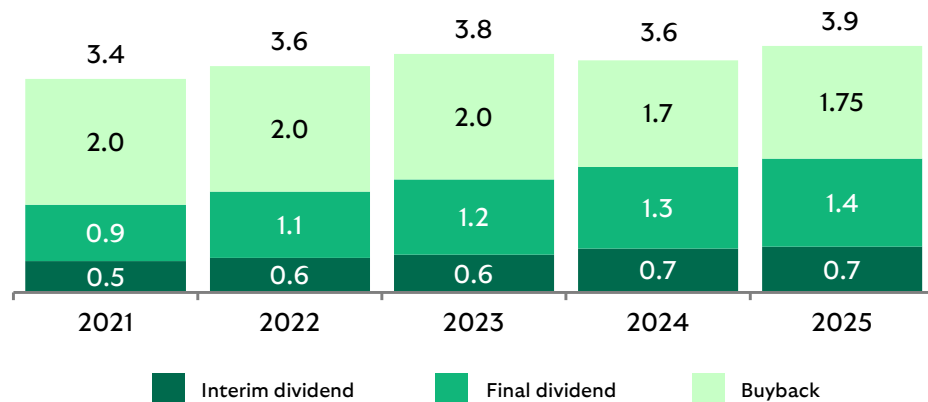
1 – Retail secured CRD IV increases. 2 – Shown on a pro forma basis. 3 – Other includes share-based payments and market volatility.

Continued growth in capital distributions

Dividend per share (pence)



Total distributions¹ (£bn)



1 – Announced in year. Chart uses rounded inputs.

- Strong capital generation enables growth in shareholder distributions
- Capital return of up to c.£3.9bn
 - Final dividend 2.43p; total 3.65p, up c.15% YoY
 - Share buyback of up to £1.75bn
- Dividend growth consistently over strategic plan, FY 2025 up >80% vs. FY 2021
- Consecutive buyback programmes reduced share count by >17% to date since end 2021
- Committed to returning excess capital and paying down to c.13.0% by end 2026
- Will now review excess capital distributions every half year

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

Closing remarks

Charlie Nunn



Continued strategic delivery; sustained strength in performance



Purpose

**Helping
Britain
Prosper**

Strategic delivery accelerating, benefitting customers and wider stakeholders

Sustained strength in financial performance, meeting 2025 guidance

Strong capital generation, enabling 15% dividend growth and £1.75bn buyback

Upgraded guidance for 2026; confident in our outlook beyond 2026

Q&A



Appendix



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.

Investor Relations contacts

**Douglas Radcliffe**

Group Investor Relations Director
+44 (0)20 7356 1571
Douglas.Radcliffe@lloydsbanking.com

**Sarah Robson**

Senior Manager, Investor Relations
+44 (0)7494 513 983
Sarah.Robson2@lloydsbanking.com

**Nora Thoden**

Director, Investor Relations – ESG
+44 (0)20 7356 2334
Nora.Thoden@lloydsbanking.com

**Tom Grantham**

Senior Manager, Investor Relations
+44 (0)7851 440 091
Thomas.Grantham@lloydsbanking.com

**Rohith Chandra-Rajan**

Director, Investor Relations
+44 (0)7353 885 690
Rohith.Chandra-Rajan@lloydsbanking.com

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