



Q3 2026 interim management statement

Lloyds Banking Group
29 October 2026



Continuing to deliver, confident in our outlook

Purpose

**Helping
Britain
Prosper**

Sustained strength in financial performance

On track to meet our 2026 guidance

Continued strategic delivery laying firm foundations for Accelerate 2030

Sustained strength in financial performance

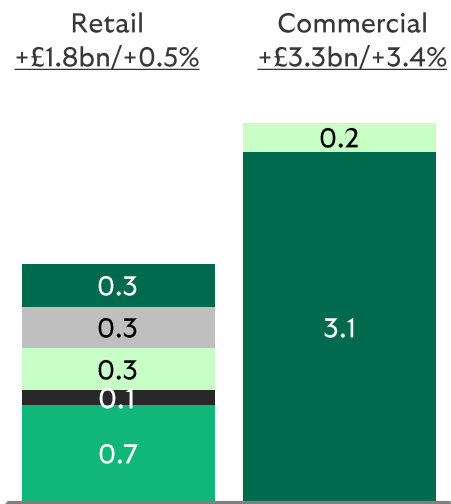
Financial performance¹ (£m)

	Q3 2026 YTD	Q3 2025 YTD	YoY %	Q3 2026	vs Q2 2026 %
Net interest income	11,084	10,106	10	3,806	3
Other income	4,996	4,526	10	1,686	(1)
Operating lease depreciation	(1,261)	(1,075)	(17)	(420)	7
Net income	14,819	13,557	9	5,072	2
Operating costs	(7,246)	(7,176)	(1)	(2,370)	1
Remediation	(61)	(912)	93	(22)	21
Total costs incl. remediation	(7,307)	(8,088)	10	(2,392)	2
Underlying profit before impairment	7,512	5,469	37	2,680	6
Impairment charge	(930)	(618)	(50)	(313)	3
Underlying profit	6,582	4,851	36	2,367	7
Statutory profit after tax	4,835	3,322	46	1,712	9
Net interest margin	3.21%	3.04%	17bp	3.25%	3bp
Cost:income ratio	49.3%	59.7%	(10.4pp)	47.2%	(1.8pp)
Return on tangible equity	17.9%	11.9%	6.0pp	19.5%	2.5pp
TNAV per share	55.4p	55.0p	0.4p	55.4p	(1.6p)
CET1 ratio ²	13.3%	13.8%	(0.5pp)	13.3%	0.2pp

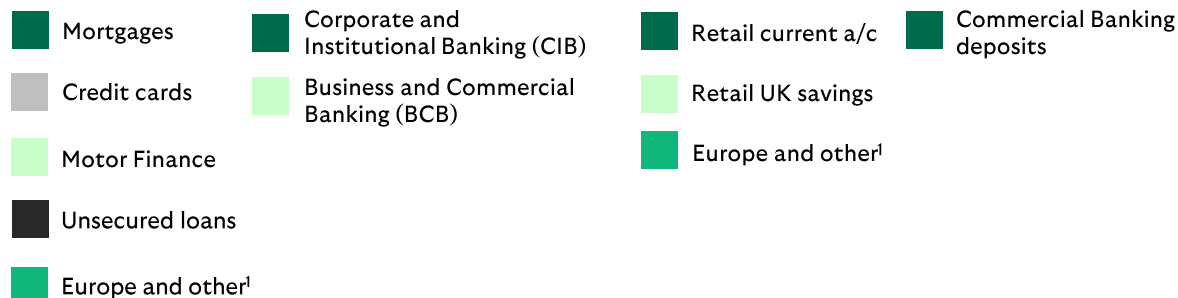
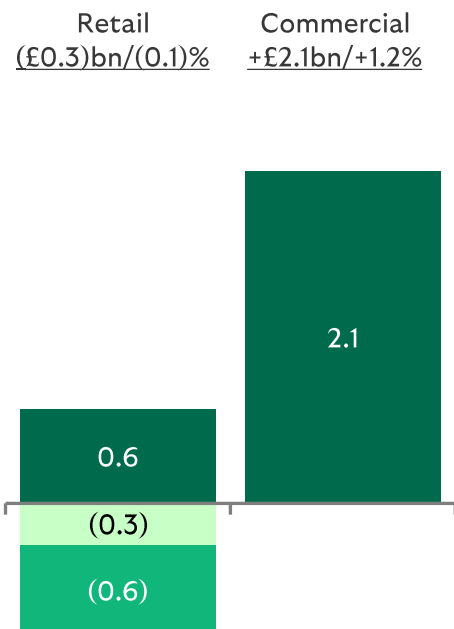
- **Statutory PAT £4.8bn YTD, up 46% YoY**
- **Continued income growth: net income £14.8bn YTD, up 9% YoY; £5.1bn in Q3, up 2% QoQ**
- **Cost discipline: operating costs £7.2bn YTD, up 1% YoY; cost:income ratio 49.3% YTD, 47.2% in Q3**
- **Strong and stable credit performance: impairment £930m YTD; AQR of 25bps**
- **RoTE 17.9% YTD, 19.5% Q3**
- **Strong capital generation 153bps YTD**
- **CET1 ratio 13.3%**

Continued strength in customer franchise

Q3 lending change (£bn)



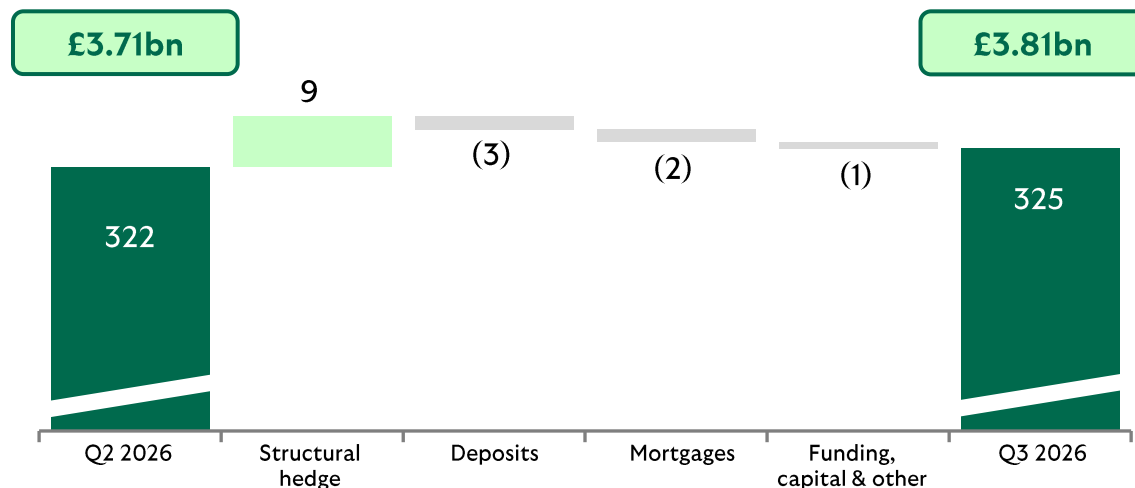
Q3 deposit change (£bn)



- **Lending £495.5bn, up £4.0bn in Q3; up £14.4bn / 3% YTD**
 - o Mortgages up £0.3bn QoQ
 - o Cards, Loans, Motor and Europe up £1.5bn QoQ
 - o Commercial up £3.3bn QoQ with £3.1bn growth in CIB and £0.2bn in BCB; up £9.2bn / 10% YTD
- **Deposits £502.8bn, up £1.9bn in Q3**
 - o Retail broadly stable QoQ; UK deposits up £0.2bn with PCA growth partly offset by lower savings, Europe down in a competitive market
 - o Commercial up £2.1bn; growth in targeted sectors
- **IP&I open book AuA £247bn**

Continued growth in net interest income

Net interest income and banking net interest margin (£bn, bps)



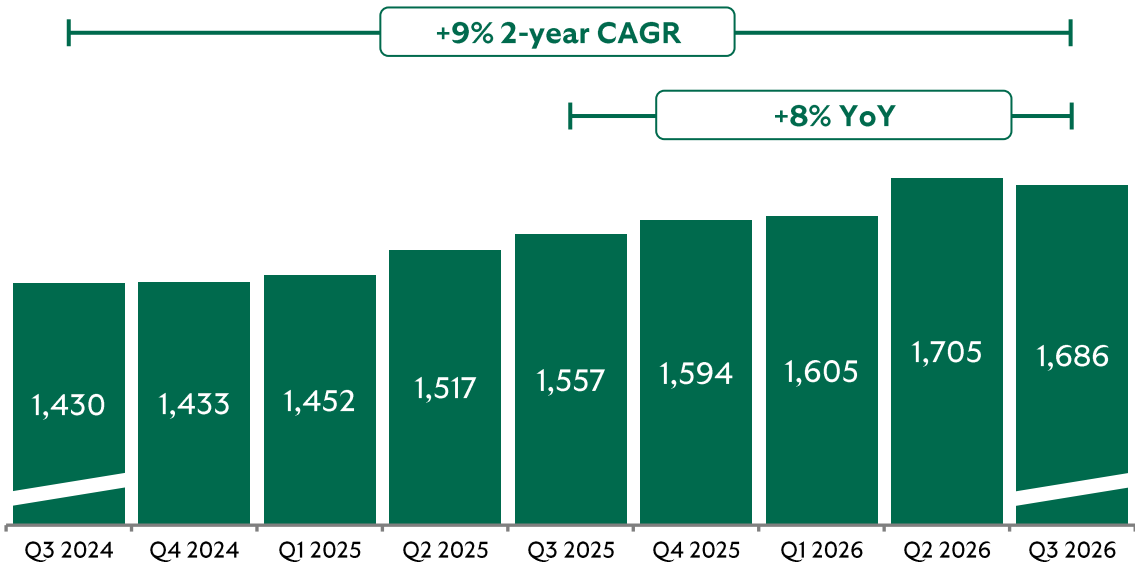
Average interest earning assets (£bn)



- YTD NII £11.1bn, up 10% YoY
- Q3 NII £3.8bn, up 10% YoY, up 3% QoQ
 - NIM 325bps, up 3bps QoQ driven by hedge tailwind, partially offset by mortgage and deposit headwinds
 - Hedge income of £1.9bn; notional unchanged
- YTD Non-banking NII charge of £386m, Q3 £135m
- Q3 AIEAs £481bn, up 1% QoQ and 3% YoY
- Continue to expect 2026 NII to be >£14.9bn

Broad based momentum in other income

Other income (£m)



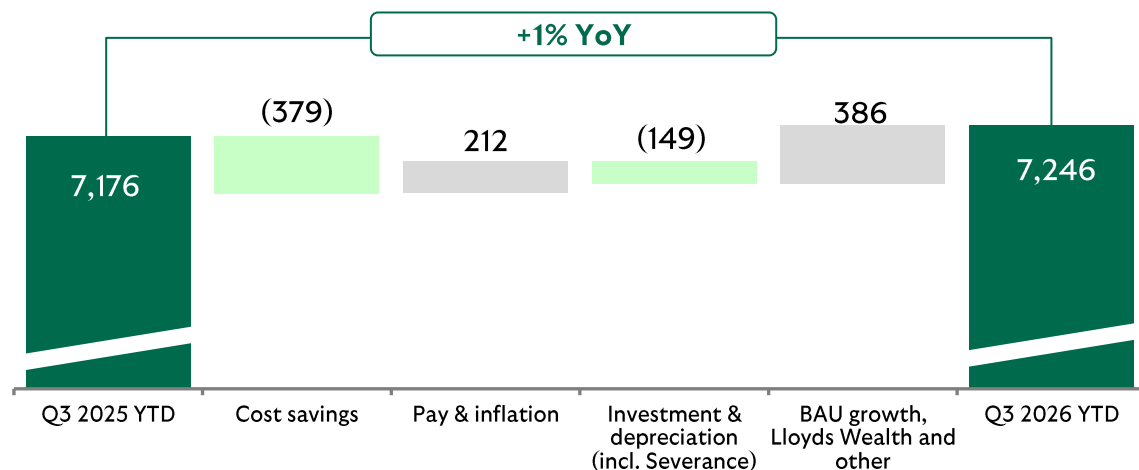
Illustrative strategic OOI progress

	Recent developments	Upcoming plans
Retail	Tusker fleet >100k vehicles	Expanding new Transport ecosystem for simpler & smarter vehicle management
Commercial	Launched Lloyds Accept	Launching digital assets capabilities
IP&I	Automating home insurance claims enabling customers to self-serve	End to end wealth proposition; integrating UK Private Banking into IP&I
Equity Investments	LDC: Strong YTD performance for new business and exits	Lloyds Living on track to invest in >10k homes by year end

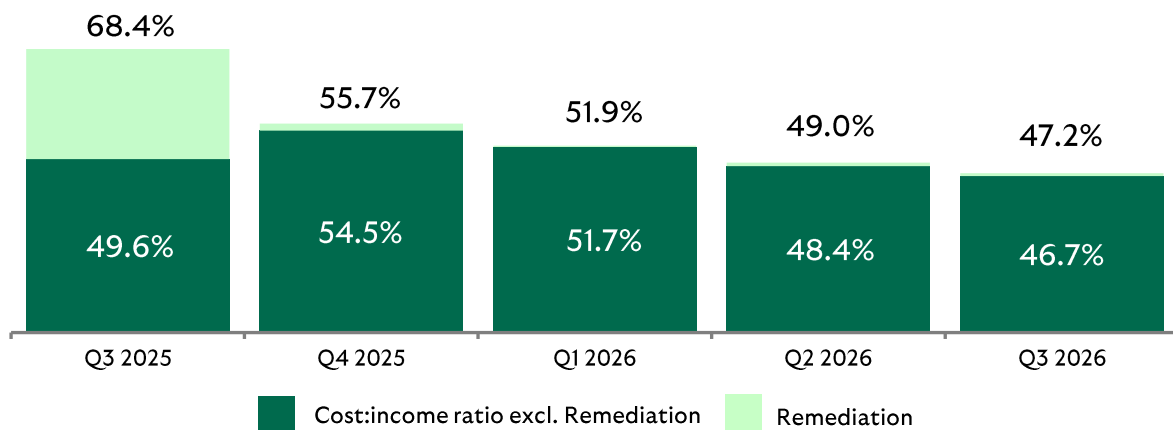
- YTD OOI £5.0bn, up 10%
- Q3 OOI £1.7bn, up 8% YoY, down 1% QoQ
 - Strength in Retail and Lloyds Living offset by higher subsidence claims, lower markets income and non-repeat of Q2 securitisation gains and LDC exit timing
- Q3 operating lease depreciation £420m, down 7% QoQ
 - Q3 decrease following non-repeat of the additional Q2 revaluation charge partly offset by quarterly run-rate in line with fleet growth

Ongoing cost discipline

Operating costs (£m)



Cost:income ratio (%)



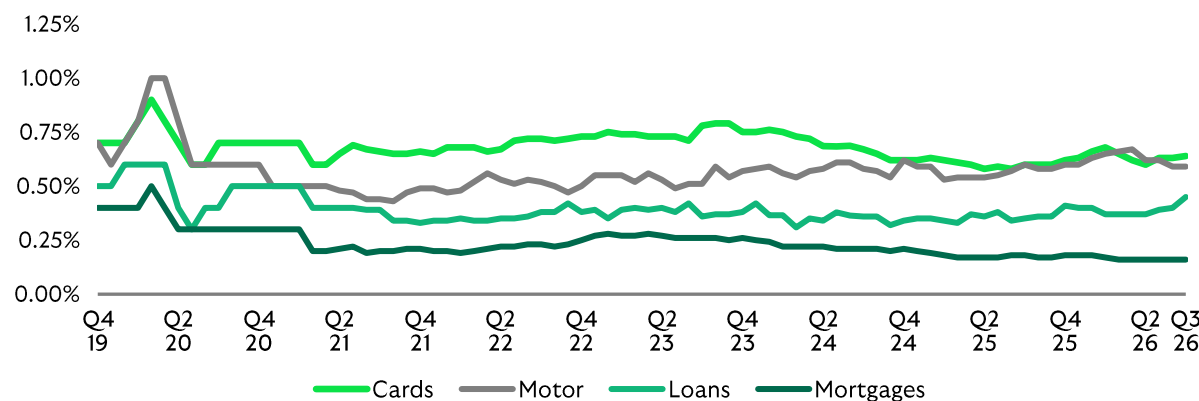
- **YTD operating costs £7.2bn, up 1% YoY**
 - Reflects continued cost savings and lower investment (including severance) at this stage in strategic cycle
- **Q3 operating costs £2.4bn, down 1% QoQ**
- **YTD remediation charge £61m; Q3 £22m**
- **YTD cost:income ratio 49.3%; Q3 47.2%**
- **Costs expected to be higher in Q4 given Bank Levy and investment spend timing**
- **Continue to expect cost:income ratio <50% in 2026 (operating costs <£9.9bn)**

Strong and stable credit performance

Impairment (£m)

	Q3 2026 YTD	Q3 2025 YTD	YoY £m	Q3 2026	QoQ £m
Charge (credit) pre updated MES ¹	842	591	(251)	305	38
<i>Retail</i>	760	627	(133)	272	(8)
<i>Commercial Banking</i>	81	(36)	(117)	33	45
<i>Other</i>	1	-	(1)	-	-
Updated economic outlook	88	27	(61)	8	(29)
<i>Retail</i>	84	(42)	(126)	7	(25)
<i>Commercial Banking</i>	4	69	65	1	(4)
Total impairment charge / (credit)	930	618	(312)	313	9

Retail new to arrears (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
- YTD impairment charge £930m, AQR 25bps
 - Pre-MES increase reflecting Retail model updates in both '25 and '26, a more normalised impairment level in '26, alongside lower one-off releases in Commercial
- Q3 impairment charge £313m, AQR 25bps
 - Pre-MES AQR of 25bps from a stable underlying charge and model updates in Commercial
 - Updated economic outlook resulted in small Q3 MES charge from higher unsecured interest rates
- Continue to expect 2026 AQR to be c.25bps

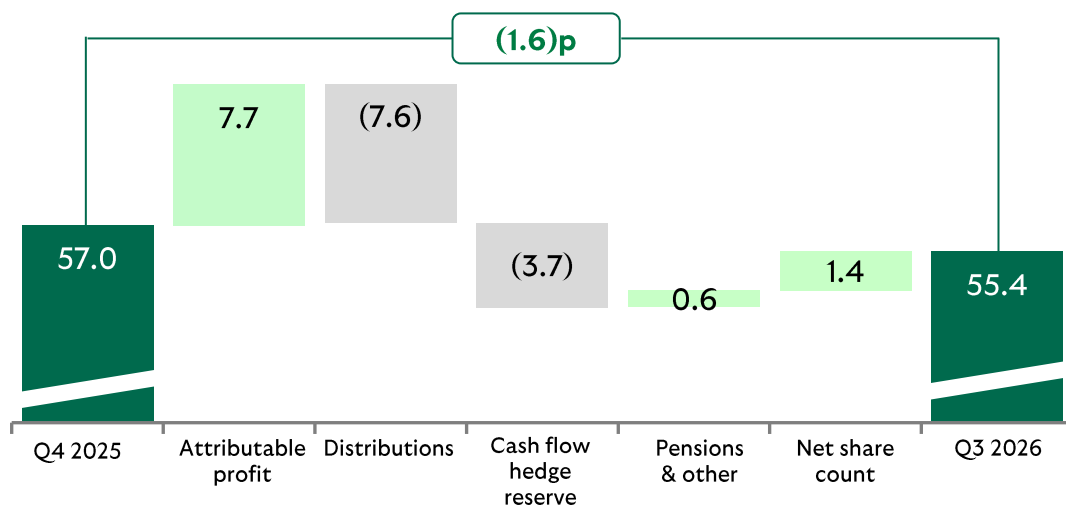
¹ – Impairment charges absent the impact from updated economic outlook, thus reflecting only observed movements in credit quality.

Strong return on tangible equity

Statutory profit (£m)

	Q3 2026 YTD	Q3 2025 YTD	YoY %	Q3 2026	QoQ %
Underlying profit	6,582	4,851	36	2,367	7
Restructuring	(51)	(16)		(17)	
Volatility and other items	94	(157)		(18)	
Statutory profit before tax	6,625	4,678	42	2,332	3
Tax expense	(1,790)	(1,356)	(32)	(620)	11
Statutory profit after tax	4,835	3,322	46	1,712	9
Return on tangible equity	17.9%	11.9%	6.0pp	19.5%	2.5pp

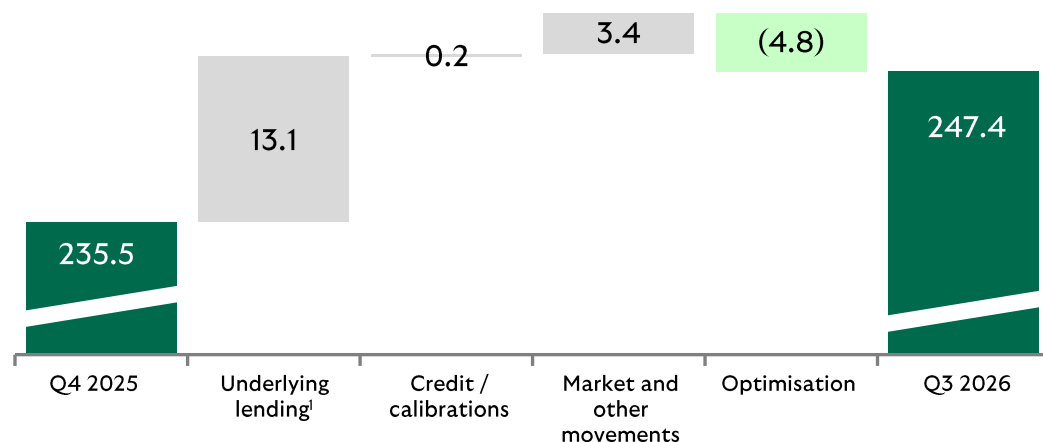
Tangible net asset value per share (pence)



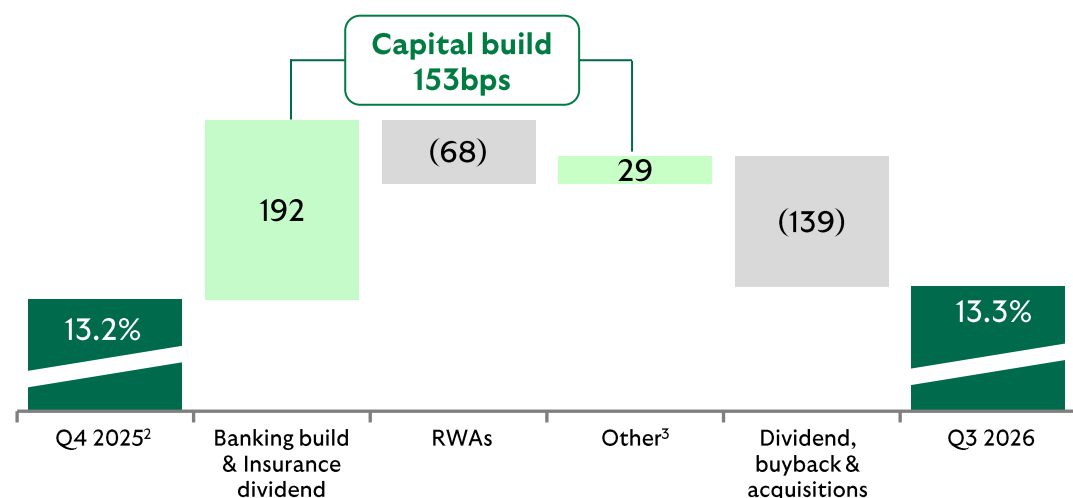
- YTD RoTE 17.9%; Q3 RoTE 19.5%
- Q3 restructuring charge £17m, volatility charge £18m
- TNAV per share 55.4p, down 1.6p YTD and in Q3
 - Profits and lower share count offset by distributions and impact of higher rates on cash flow hedge reserve
- Continue to expect material TNAV per share growth over the medium-term
- Continue to expect RoTE of >16% in 2026

Strong capital generation

Risk weighted assets (£bn)



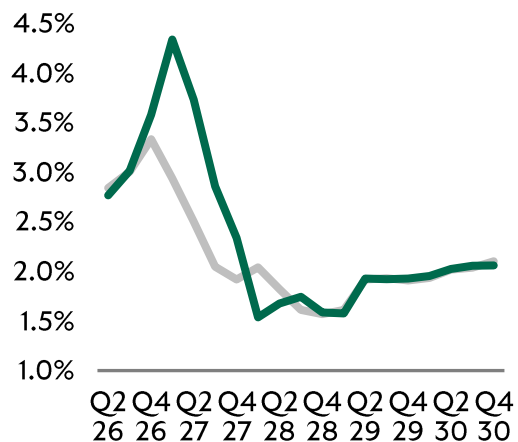
Common equity tier 1 ratio (% , bps)



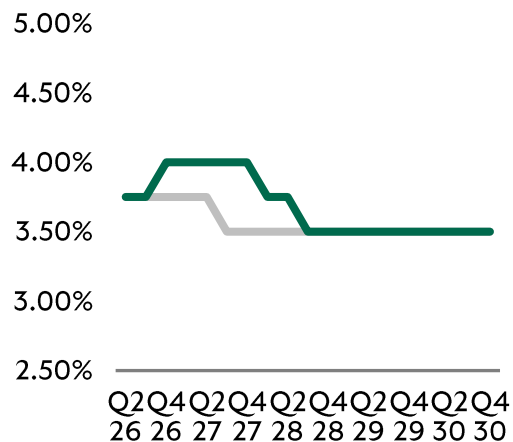
- **RWAs £247.4bn, up £11.9bn YTD, up £5.6bn in Q3**
 - o YTD increase reflects strong lending and market and other movements, partly offset by optimisation
 - o Q3 increase driven by customer and bank lending with limited optimisation
 - o Continue to expect c.£6-8bn positive day 1 impact from Basel 3.1
- **Strong YTD capital generation of 153bps**
 - o 45bps in Q3, reflecting strong banking build
- **CET1 ratio 13.3%**
- **Continue to expect 2026 capital generation to be >200bps and to pay down to c.13.0% CET1 by end 2026**

Updated macroeconomic outlook

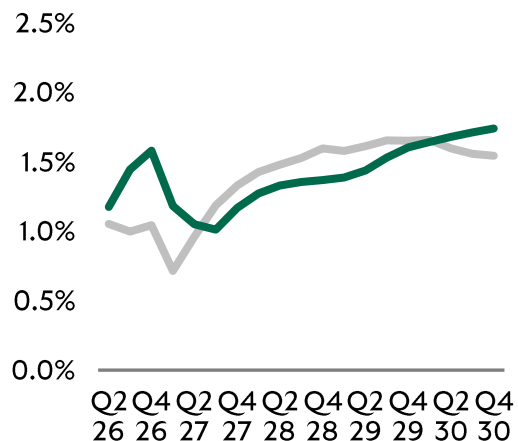
CPI inflation



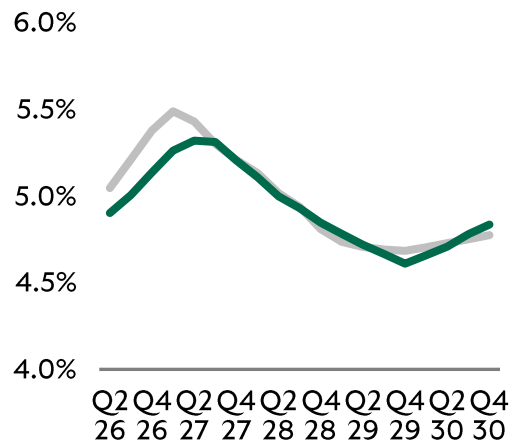
UK Bank Rate



GDP (Real-terms)



Unemployment



— Q2'26 base case — Q3'26 base case

- **Modest economic uplift for the UK**
 - Inflation averaging 3.1% in 2026, peaking in Q1-27
 - Nov-26 BBR increase (no increases previously forecast)
 - GDP growth of 1.3% in 2026, falling to 1.1% in 2027
 - Unemployment peak of 5.3% in mid-27 (was 5.5%)
 - HPI 0.7% in 2026, 1.7% in 2027 (was 1.9%)
- **Terminal rate assumption continues to be 3.50%, by 2028**
- **Resilient Group business model well placed to withstand macro uncertainty**

On track to meet our 2026 guidance

Purpose
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2026 guidance

Net interest income	>£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

Laying firm foundations for Accelerate 2030

Completing the current strategy...

c.£2bn

Strategic initiative
revenues by FY 2026

8%

OOI CAGR vs. 2021
(annualised)

>£2bn

Gross cost savings
realised

...and preparing for the next phase: Accelerate 2030

Accelerate 2030

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

Mobilising the organisation

New business unit established to unlock new, connected growth opportunities
>95% of 2027 strategic investment spend prioritised to support delivery plans

Grow the core

Launched unique **Upfront Interest** fixed deposit product
Increased RM hiring activity as part of refreshed **Mid-Markets** growth strategy

Innovate to deepen & diversify

Lloyds Smart Wallet waitlist open since July, ahead of launch in Q4
Targeted Support in plan to be rolled out within InvestAI in Q4¹

Simplify to outperform

Scaling AI use cases (e.g. income verification, complaint investigation, fraud)
Top-10 Evident AI rankings for Talent, Leadership and Transparency

Committed to continued income growth, improving operating leverage, stronger, sustainable returns and growing capital generation

Q&A



Appendix



Quarterly P&L and key ratios

(£m)	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024
Net interest income	3,806	3,709	3,569	3,529	3,451	3,361	3,294	3,276
Other income	1,686	1,705	1,605	1,594	1,557	1,517	1,452	1,433
Operating lease depreciation	(420)	(452)	(389)	(379)	(365)	(355)	(355)	(331)
Net income	5,072	4,962	4,785	4,744	4,643	4,523	4,391	4,378
Operating costs	(2,370)	(2,402)	(2,474)	(2,585)	(2,302)	(2,324)	(2,550)	(2,450)
Remediation	(22)	(28)	(11)	(56)	(875)	(37)	-	(775)
Total costs	(2,392)	(2,430)	(2,485)	(2,641)	(3,177)	(2,361)	(2,550)	(3,225)
Underlying profit before impairment	2,680	2,532	2,300	2,103	1,466	2,162	1,841	1,153
Impairment charge	(313)	(322)	(295)	(177)	(176)	(133)	(309)	(160)
Underlying profit	2,367	2,210	2,005	1,926	1,290	2,029	1,532	993
Restructuring	(17)	(16)	(18)	(30)	(7)	(5)	(4)	(19)
Volatility and other items	(18)	74	38	87	(109)	(37)	(11)	(150)
Statutory profit before tax	2,332	2,268	2,025	1,983	1,174	1,987	1,517	824
Statutory profit after tax	1,712	1,568	1,555	1,435	778	1,410	1,134	700
Net interest margin	3.25%	3.22%	3.17%	3.10%	3.06%	3.04%	3.03%	2.97%
Average interest earning assets	£481.0bn	£477.9bn	£473.5bn	£470.3bn	£465.5bn	£460.0bn	£455.5bn	£455.1bn
Cost:income ratio	47.2%	49.0%	51.9%	55.7%	68.4%	52.2%	58.1%	73.7%
Asset quality ratio	0.25%	0.26%	0.25%	0.14%	0.15%	0.11%	0.27%	0.14%
Return on tangible equity	19.5%	17.0%	17.0%	15.7%	7.5%	15.5%	12.6%	7.1%
Tangible net asset value per share	55.4p	57.0p	57.9p	57.0p	55.0p	54.5p	54.4p	52.4p

Updated economic scenarios

Scenario	ECL ¹ (£m)	Measure (%)	2026	2027	2028	2029	2030	Avg. 26-30
Upside (30%)	2,582	GDP growth	1.4	2.5	1.9	1.6	1.7	1.8
		Unemployment rate	4.9	3.7	3.1	3.0	3.3	3.6
		HPI growth	1.1	4.3	8.1	7.7	6.5	5.5
		CRE price growth	0.7	8.3	4.4	2.7	1.3	3.5
		UK Bank Rate	3.81	4.91	5.21	5.36	5.58	4.98
		CPI inflation	3.1	3.3	1.9	2.6	3.0	2.8
Base case (30%)	2,969	GDP growth	1.3	1.1	1.3	1.5	1.7	1.4
		Unemployment rate	5.0	5.3	5.0	4.7	4.7	4.9
		HPI growth	0.7	1.7	2.2	2.9	3.6	2.2
		CRE price growth	(0.6)	(0.4)	1.0	1.0	0.5	0.3
		UK Bank Rate	3.81	4.00	3.63	3.50	3.50	3.69
		CPI inflation	3.1	3.3	1.6	1.8	2.0	2.4
Downside (30%)	3,617	GDP growth	1.2	(0.8)	0.2	1.3	1.7	0.7
		Unemployment rate	5.1	7.1	7.5	7.0	6.8	6.7
		HPI growth	0.4	(1.3)	(5.1)	(3.8)	(1.0)	(2.2)
		CRE price growth	(2.0)	(10.3)	(4.3)	(2.4)	(2.0)	(4.3)
		UK Bank Rate	3.81	2.92	1.52	1.06	0.80	2.02
		CPI inflation	3.1	3.2	1.2	0.8	0.7	1.8
Severe downside (10%)	5,031	GDP growth	1.0	(3.1)	(0.8)	1.1	1.6	(0.1)
		Unemployment rate	5.4	9.5	10.4	9.7	9.2	8.8
		HPI growth	0.0	(3.2)	(12.4)	(10.8)	(6.4)	(6.7)
		CRE price growth	(4.0)	(20.9)	(10.2)	(7.7)	(5.7)	(9.9)
		UK Bank Rate	3.81	1.53	0.16	0.04	0.01	1.11
		CPI inflation	3.1	3.2	0.7	(0.4)	(0.9)	1.1
Probability weighted	3,254							

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