



# UK Banks

2Q 2025 Earnings Panorama

## UK Banks - 2Q 2025 Earnings Summary

### Key Moving Parts-

- Despite varied financial outcomes and sector-specific challenges, UK banks' strong capital positions supported enhanced shareholder returns through higher dividends and share buybacks.
- Like U.S. banks, UK banks benefited from robust contributions from investment banking and market-making activities, which bolstered overall income in Q2 2025. However, this momentum is expected to moderate as market volatility subsides, shifting strategic focus toward loan growth and net interest margin (NIM) expansion to sustain revenue.
- HSBC and Barclays exhibited a higher cost of risk compared to peers, reflecting greater exposure to volatile asset classes and FVA.
- The UK Supreme Court's August 2025 ruling on motor finance mis-selling significantly reduced the anticipated compensation bill compared to earlier concerns. Lloyds, among the most exposed, continues to face obligations under the FCA's forthcoming redress scheme, expected to commence in 2026. HSBC and NatWest have no significant exposure to motor finance.
- Q/Q pressure on net interest margins led to weaker net interest income for UK banks in Q2 2025. Persistent inflationary pressures and the Bank of England's recent rate cut are likely to constrain NIM growth, posing risks to future income unless offset by loan expansion or operational efficiencies.

*(Detailed numbers are provided on page 2)*

**HSBC** reported y/y declines in profit and total income, driven by restructuring costs and USD2.1 bn in dilution and impairment losses from its Bank of Communications stake. Expected credit loss provisions rose significantly due to challenges in Hong Kong's CRE sector. The wealth management business remained a key strength, supported by strong fee income. Operating expenses increased markedly y/y and q/q, outpacing peers and pushing the cost-to-income ratio higher. Despite the underperformance, HSBC announced a USD3 bn share buyback, reflecting confidence in its capital strength.

**Barclays** reported a profit beat, driven by robust y/y growth in both interest and non-interest income, boosting total income by 13.6%. However, q/q, total income and net profit declined due to pressures on non-interest income. Despite this, Barclays maintains the most balanced portfolio among UK banks, with diversified income streams across retail, corporate, and investment

banking. Shareholder returns strengthened, with both dividends and the share buyback program increased y/y, the latter rising from GBP750 mn to GBP1 bn. Fair value gains further supported earnings, though partially offset by losses in certain lending positions.

**Lloyds** delivered a modest outperformance in profit and total income, driven by its retail-focused business model, with interest income making up about 75% of revenue. However, non-interest income lagged more diversified peers due to limited exposure to investment banking and trading activities. Elevated credit provisions resulted from challenges in the fiber broadband sector, indicating sector-specific risks. Despite these provisions, Lloyds' exposure to motor finance mis-selling risks, mainly through its Black Horse division, seems well-managed after additional reserves and the favorable Supreme Court ruling on motor finance in August 2025. The bank also showed improved cost discipline, with operating expenses effectively controlled both y/y and q/q, boosting operational efficiency relative to peers.

**NatWest Group** beat on EPS but slightly missed revenue expectations. The bank increased its dividend by 58% and sustained its share buyback program, reflecting strong capital confidence. Upgraded 2025 guidance projects a return on tangible equity of >16.5%, income surpassing GBP16 bn, and operating costs at GBP8.1 bn, showcasing cost discipline and one of the lowest C/I among UK peers. Returning to full private ownership after 17 years, NatWest remains retail-focused but demonstrated diversification through a 22% profit beat in private banking, highlighting its growing emphasis on wealth management.

**Standard Chartered** reported a strong outperformance in net profit and total income, surpassing analyst expectations. The revenue increase was mainly driven by solid y/y growth in non-interest income, which made up about 74% of total income, supported by Wealth Solutions (up 20% in ccy), Global Markets (+47%), and Global Banking (+12%), along with a one-time USD238 mn gain from Solv India. The bank announced a USD1.3 bn share buyback and a 37% dividend increase, showing confidence in its capital position. Guidance projects a 5–7% CAGR for operating income from 2023 to 2026, aiming for USD23.6 bn from the current USD20.7 bn rate. The bank expects a nearly neutral Basel 3.1 day-1 risk-weighted asset impact and plans to return at least USD8 bn to shareholders from 2024 to 2026.

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UK Banks	Crncy	Net Interest income						Non-interest Income						Total Income						Operating Expenses						
				2Q-2025		2Q-2025				2Q-2025		2Q-2025				2Q-2025		2Q-2025				2Q-2025		2Q-2025		
	Fx	2Q-2025	1Q-2025	2Q-2024	Δ q/q	Δ y/y	2Q-2025	1Q-2025	2Q-2024	Δ q/q	Δ y/y	2Q-2025	1Q-2025	2Q-2024	Δ q/q	Δ y/y	2Q-2025	1Q-2025	2Q-2024	Δ q/q	Δ y/y	2Q-2025	1Q-2025	2Q-2024	Δ q/q	Δ y/y
HSBA	USD mn	8,519	8,302	8,258	2.6%	3.2%	7,954	9,347	8,282	-14.9%	-4.0%	16,473	17,649	16,540	-6.7%	-0.4%	8,920	8,102	8,145	10.1%	9.5%					
BARC	GBP mn	3,505	3,517	3,056	-0.3%	14.7%	3,682	4,192	3,268	-12.2%	12.7%	7,187	7,709	6,324	-6.8%	13.6%	4,149	4,258	3,999	-2.6%	3.8%					
LLOY	GBP mn	3,361	3,294	3,154	2.0%	6.6%	1,162	1,097	998	5.9%	16.4%	4,523	4,391	4,152	3.0%	8.9%	2,361	2,550	2,368	-7.4%	-0.3%					
NWG	GBP mn	3,094	3,026	2,757	2.2%	12.2%	911	954	902	-4.5%	1.0%	4,005	3,980	3,659	0.6%	9.5%	2,039	1,979	2,005	3.0%	1.7%					
STAN	USD mn	1,463	1,581	1,603	-7.5%	-8.7%	4,064	3,798	3,058	7.0%	32.9%	5,527	5,379	4,661	2.8%	18.6%	3,201	3,046	3,059	5.1%	4.6%					
UK Banks	Crncy	Pre-Provision Income						Provision for Credit Losses						Group PAT						NIM						
				2Q-2025		2Q-2025				2Q-2025		2Q-2025				2Q-2025		2Q-2025				2Q-2025		2Q-2025		
	Fx	2Q-2025	1Q-2025	2Q-2024	Δ q/q	Δ y/y	2Q-2025	1Q-2025	2Q-2024	Δ q/q	Δ y/y	2Q-2025	1Q-2025	2Q-2024	Δ q/q	Δ y/y	2Q-2025	1Q-2025	2Q-2024	Δ q/q	Δ y/y	2Q-2025	1Q-2025	2Q-2024	Δ q/q	Δ y/y
HSBA	USD mn	7,553	9,547	8,395	-20.9%	-10.0%	1,065	876	346	21.6%	207.8%	4,733	7,324	6,528	-35.4%	-27.5%	1.56%	1.59%	1.62%	0.0%	-0.1%					
BARC	GBP mn	3,038	3,355	2,325	9.4%	30.7%	469	643	384	-27.1%	22.1%	1,911	2,096	1,488	-8.8%	28.4%	4.48%	4.51%	4.20%	0.0%	0.3%					
LLOY	GBP mn	2,162	1,841	1,784	17.4%	21.2%	133	309	44	-57.0%	202.3%	1,410	1,134	1,229	24.3%	14.7%	3.04%	3.03%	2.93%	0.0%	0.1%					
NWG	GBP mn	1,966	2,001	1,654	-1.7%	18.9%	193	189	(45)	2.1%	428.9%	1,332	1,342	1,250	-0.7%	6.6%	2.28%	2.27%	2.10%	0.0%	0.2%					
STAN	USD mn	2,322	2,318	1,515	0.2%	53.3%	119	217	75	-45.2%	58.7%	1,719	1,590	975	8.1%	76.3%	1.98%	2.12%	2.03%	-0.1%	0.0%					
UK Banks	Crncy	Gross Customer Loans						NPL Ratio						NPL Coverage						Deposits						
				2Q-2025		2Q-2025				2Q-2025		2Q-2025				2Q-2025		2Q-2025				2Q-2025		2Q-2025		
	Fx	2Q-2025	1Q-2025	2Q-2024	Δ q/q	Δ y/y	2Q-2025	1Q-2025	2Q-2024	Δ q/q	Δ y/y	2Q-2025	1Q-2025	2Q-2024	Δ q/q	Δ y/y	2Q-2025	1Q-2025	2Q-2024	Δ q/q	Δ y/y	2Q-2025	1Q-2025	2Q-2024	Δ q/q	Δ y/y
HSBA	USD mn	991,557	954,501	948,767	3.9%	4.5%	2.38%	2.43%	2.40%	-0.06%	-0.02%	45%	46%	46%	-0.4%	-0.5%	1,718,604	1,666,485	1,593,834	3.1%	7.8%					
BARC	GBP mn	352,732	353,110	405,213	-0.1%	-13.0%	2.02%	2.08%	1.77%	-0.06%	0.25%	69%	70%	39%	-0.1%	30.7%	564,535	574,309	557,452	-1.7%	1.3%					
LLOY	GBP mn	474,336	469,661	456,228	1.0%	4.0%	1.89%	1.97%	2.24%	-0.08%	-0.35%	16%	40%	14%	-24.6%	25.9%	493,932	487,700	474,693	1.3%	4.1%					
NWG	GBP mn	410,785	409,469	382,674	0.3%	7.3%	1.42%	1.46%	1.52%	-0.04%	-0.10%	39%	59%	34%	-20.2%	25.3%	436,756	434,617	432,975	0.5%	0.9%					
STAN	USD mn	291,811	286,812	280,893	1.7%	3.9%	2.10%	2.12%	2.36%	-0.02%	-0.26%	66%	83%	63%	-16.4%	20.0%	517,390	490,921	468,157	5.4%	10.5%					
UK Banks	Crncy	Return on Tangible Equity						ROA						CET1 Ratio (Basel 3 Fully Loaded)						Capital Adequacy Ratio						
				2Q-2025		2Q-2025				2Q-2025		2Q-2025				2Q-2025		2Q-2025				2Q-2025		2Q-2025		
	Fx	2Q-2025	1Q-2025	2Q-2024	Δ q/q	Δ y/y	2Q-2025	1Q-2025	2Q-2024	Δ q/q	Δ y/y	2Q-2025	1Q-2025	2Q-2024	Δ q/q	Δ y/y	2Q-2025	1Q-2025	2Q-2024	Δ q/q	Δ y/y	2Q-2025	1Q-2025	2Q-2024	Δ q/q	Δ y/y
HSBA	USD mn	11.5%	17.9%	16.3%	-6.4%	-4.8%	0.6%	1.0%	0.9%	-0.4%	-0.3%	14.6%	14.7%	15.0%	-0.1%	-0.4%	20.1%	19.9%	20.1%	0.2%	0.0%					
BARC	GBP mn	12.3%	14.0%	9.9%	-1.7%	2.4%	0.5%	0.5%	0.4%	-0.1%	0.1%	14.0%	13.9%	13.6%	0.1%	0.5%	20.5%	20.6%	19.9%	-0.1%	0.6%					
LLOY	GBP mn	15.5%	12.6%	13.6%	2.9%	1.9%	0.6%	0.5%	0.6%	0.1%	0.1%	13.8%	13.5%	14.1%	0.2%	-0.3%	19.0%	18.4%	18.7%	0.6%	0.3%					
NWG	GBP mn	17.7%	18.5%	18.5%	-0.8%	0.8%	0.7%	0.8%	0.7%	0.0%	0.0%	13.6%	13.8%	13.6%	-0.2%	0.0%	19.7%	20.6%	19.5%	-0.8%	0.3%					
STAN	USD mn	18.1%	16.4%	12.9%	1.7%	5.2%	0.8%	0.7%	0.5%	0.0%	0.3%	14.3%	13.8%	14.6%	0.5%	-0.3%	20.5%	20.9%	22.1%	-0.4%	-1.6%					
UK Banks	Crncy	Risk Weighted Assets (RWA)						Return on RWA						Cost to Income Ratio						Loan /Deposit Ratio						
				2Q-2025		2Q-2025				2Q-2025		2Q-2025				2Q-2025		2Q-2025				2Q-2025		2Q-2025		
	Fx	2Q-2025	1Q-2025	2Q-2024	Δ q/q	Δ y/y	2Q-2025	1Q-2025	2Q-2024	Δ q/q	Δ y/y	2Q-2025	1Q-2025	2Q-2024	Δ q/q	Δ y/y	2Q-2025	1Q-2025	2Q-2024	Δ q/q	Δ y/y	2Q-2025	1Q-2025	2Q-2024	Δ q/q	Δ y/y
HSBA	USD mn	886,860	853,257	835,118	3.9%	6.2%	2.2%	3.6%	3.3%	-1.3%	-1.0%	54.1%	45.9%	49.2%	8.2%	4.9%	57.1%	56.7%	58.9%	0.4%	-1.7%					
BARC	GBP mn	353,043	351,314	351,433	0.5%	0.5%	2.2%	2.4%	1.7%	-0.2%	0.5%	57.7%	55.2%	63.2%	2.5%	-5.5%	74.0%	73.0%	71.7%	1.0%	2.3%					
LLOY	GBP mn	231,429	230,122	222,019	0.6%	4.2%	2.4%	2.0%	2.2%	0.4%	0.2%	52.2%	58.1%	57.0%	-5.9%	-4.8%	95.5%	95.6%	95.3%	-0.1%	0.2%					
NWG	GBP mn	190,147	187,005	180,768	1.7%	5.2%	2.8%	2.9%	2.7%	-0.1%	0.1%	50.9%	49.7%	54.8%	1.2%	-3.9%	93.2%	91.8%	87.6%	1.5%	5.6%					
STAN	USD mn	259,684	253,596	241,926	2.4%	7.3%	2.7%	2.5%	1.6%	0.2%	1.1%	57.9%	56.6%	65.6%	1.3%	-7.7%	55.4%	57.4%	58.9%	-2.0%	-3.5%					