

Lloyds beats expectations with third quarter profit

Lloyds Banking Group has posted a pre-tax profit of £2bn in the third financial quarter, a significant improvement on the same time last year.

The bank – Britain's largest mortgage lender – reported a profit before tax of £5.9bn for the first nine months of the financial year.

Like its rivals Barclays and HSBC, Lloyds had its results boosted by the release of cash that had been set aside for bad loans last year when the coronavirus pandemic clouded the economic outlook.

In Lloyds' case, the amount was £84m over the past three months, meaning that a total £740m of the £1.2bn held during the pandemic has now been added back to the balance sheet.

Mortgage lending was up £2.7bn in the quarter and deposits also rose.

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The bank said that, due to its strong performance and the improved economic outlook, it was improving its guidance for the year.

Loan impairments are expected to be a net credit for the year, while return on tangible equity – an important measure of profitability – is forecast to be over 10%.

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Chief Executive Charlie Nunn, who recently moved over from HSBC, said: "Building on the strengths of the group and its achievements in recent years, there are clearly significant opportunities for Lloyds Banking Group to further develop its platforms and capabilities and grow through disciplined investment, empowering colleagues, enhancing collaboration and increasing agility across the group."

Mr Nunn said he will be unveiling a new strategic review, but he gave no further details.

Earlier this month, the bank axed 48 branches in England and Wales in response to growing use of online banking.