

LLOYDS
BANKING GROUP



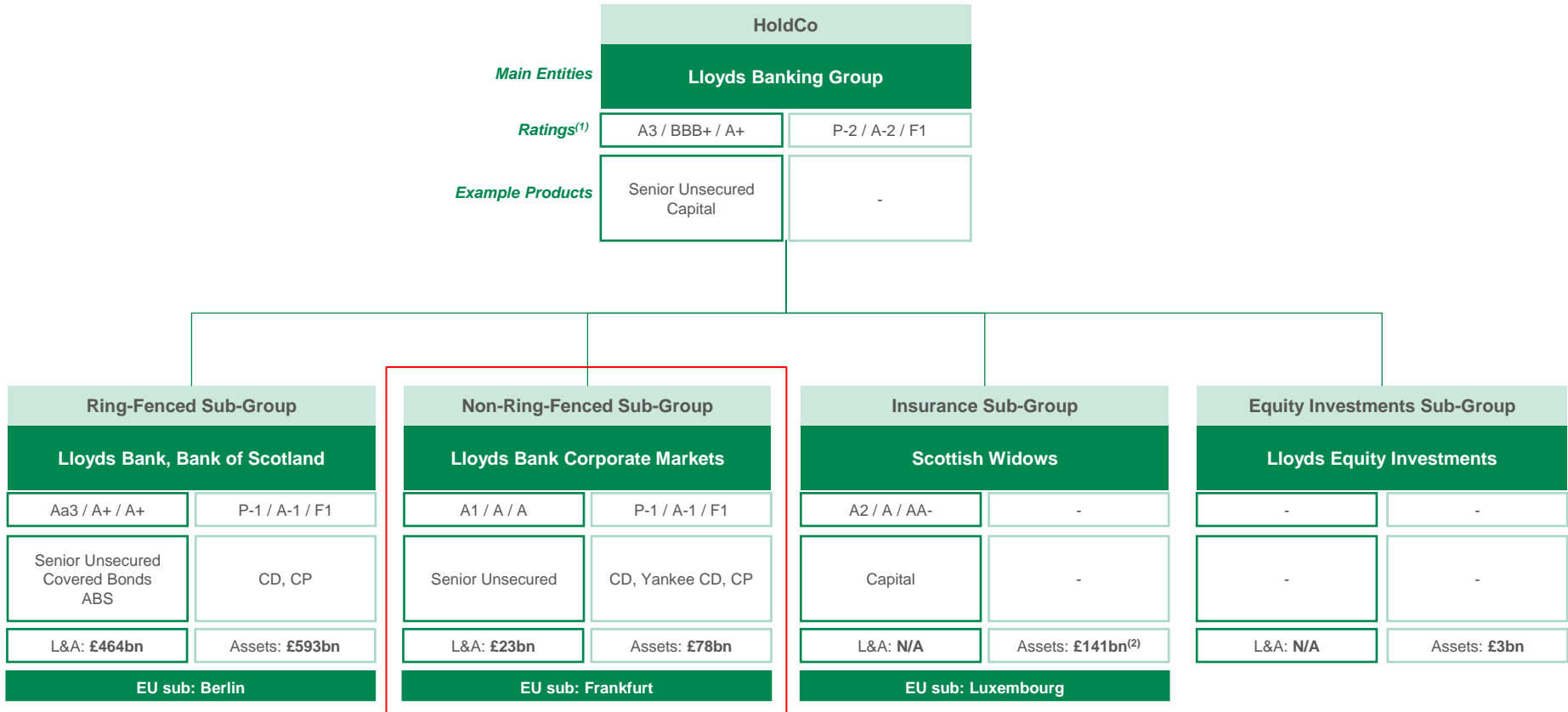
LLOYDS BANK CORPORATE MARKETS

JULY 2019

Structure

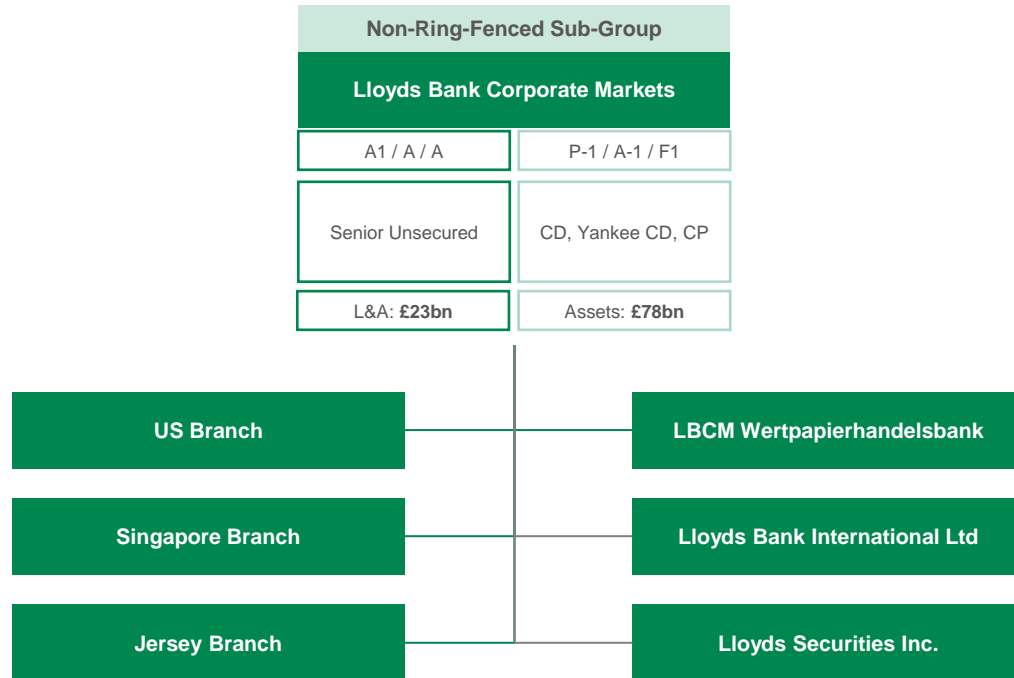


Simple group structure with multiple issuance points



1 - Ratings shown as Moody's/S&P/Fitch. 2 - Includes Wealth. 3 - "L&A" refers to Loans & Advances to Customers. 4 - L&A and Total Assets as at FY 18

LBCM structure reflects its non-EEA businesses



LBCM



LBCM facilitates the continued provision of products and services to Group clients



Businesses

Example Products

Commercial Lending

- Fixed rate loans
- Variable loans
- Revolving credit facilities
- Business Mortgages

Trade & Working Capital Management

- Trade services
- Supply chain finance
- Trade finance
- Asset finance

Bonds & Structured Finance

- Structured lending
- Syndication
- Underwriting
- Asset securitisation

Risk Management

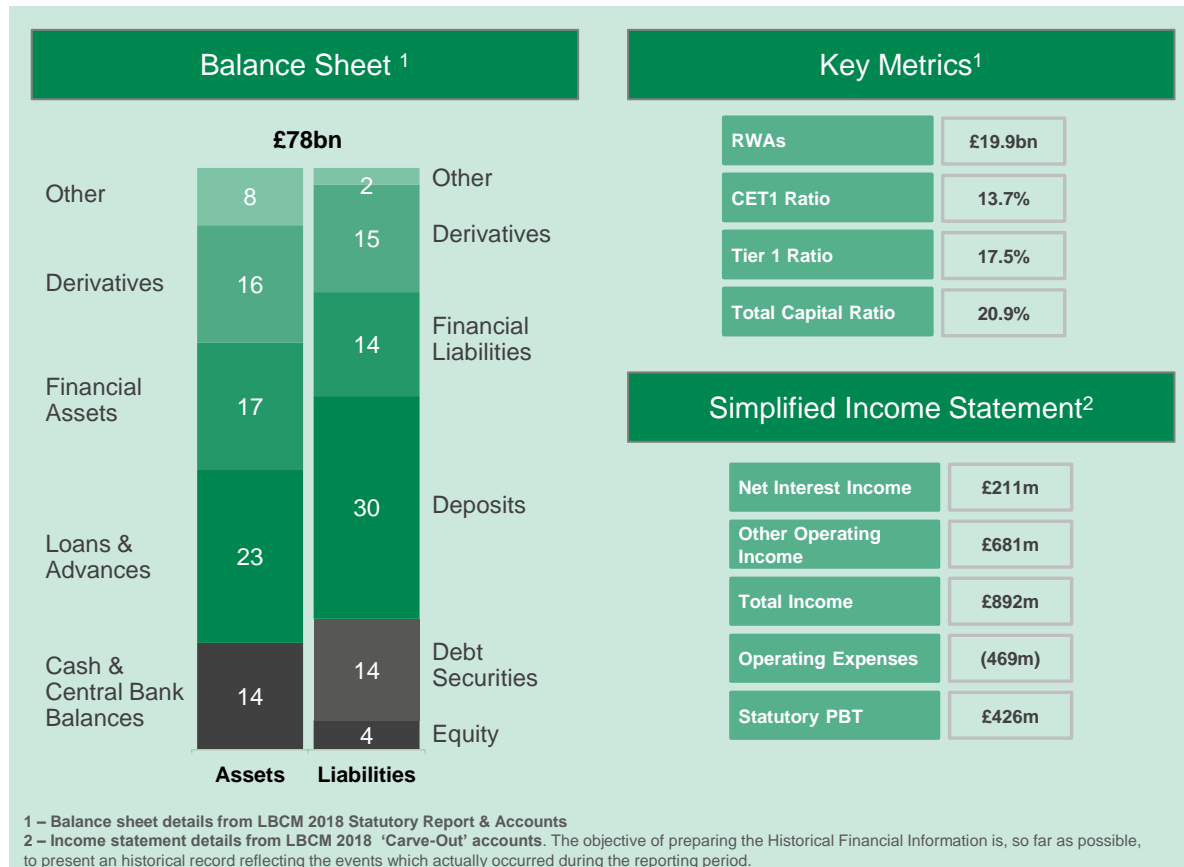
- FX
- Commodities
- Rates
- Liabilities management
- Credit

Retail (Crown Dependencies)

- Mortgages
- Investment Services
- Current accounts
- Motor finance
- Personal loans

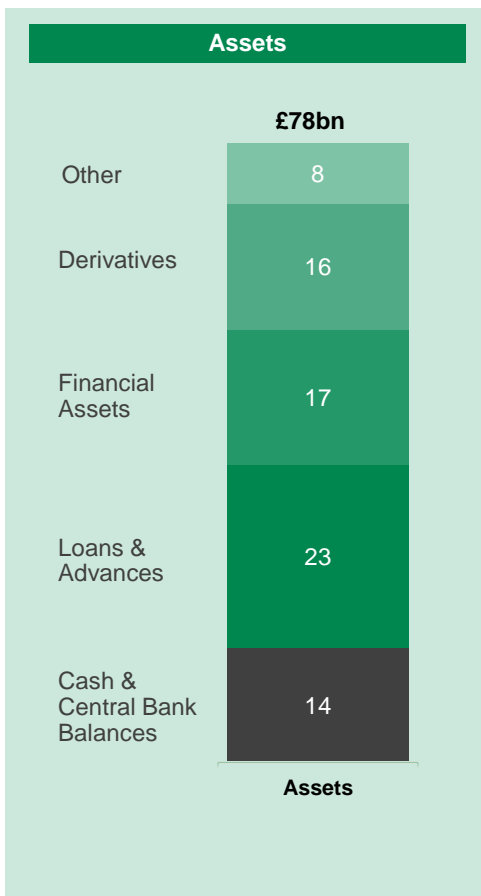
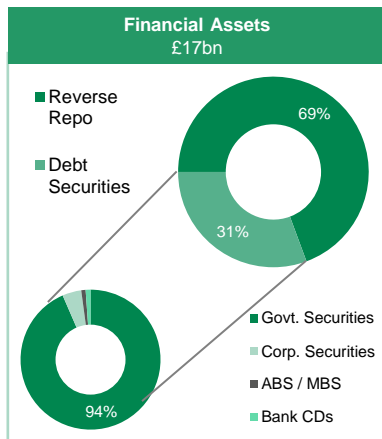
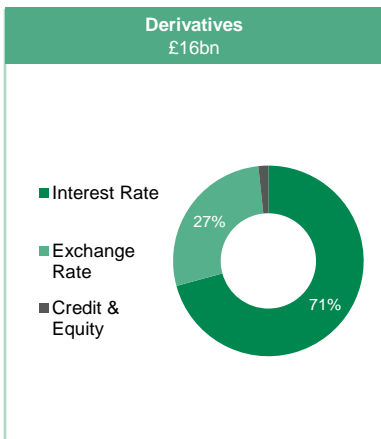
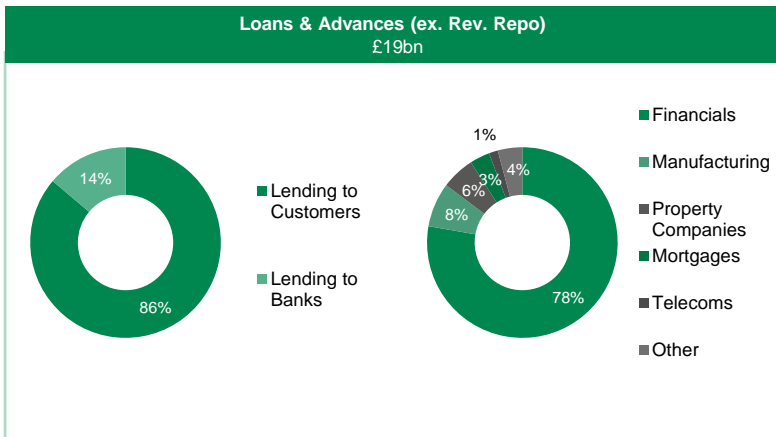
- Lloyds Bank Corporate Markets (“LBCM”) operates as the **non ring-fenced subsidiary of Lloyds Banking Group plc (“LBG”)**
- Strategically aligned with the wider Group in **Helping Britain Prosper**
- The creation of LBCM allows the Group to continue to **service clients with more complex needs and those outside the EEA**

Stable balance sheet & revenue profile with strong capital & liquidity



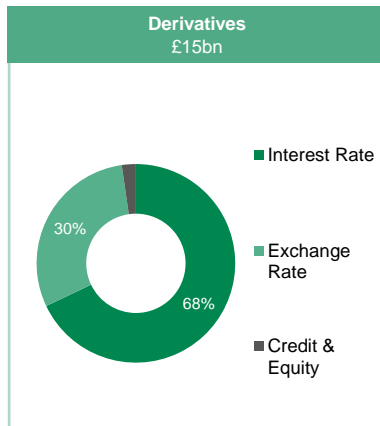
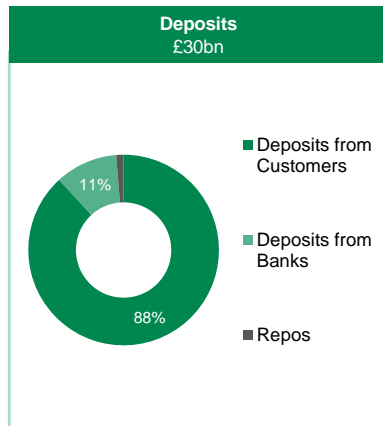
- **Conservative initial approach to liquidity;** Strong LCR
- **Prudent approach to lending** means impaired Customer Loans and Advances are low at 1.5%
- **Stable income from a low risk business model**
- **Initial C/I ratio of c.60%**, expected to reduce over time
- **Loan-to-deposit ratio of 65%** with deposits representing c.40% of liabilities

Simple, high-quality asset base

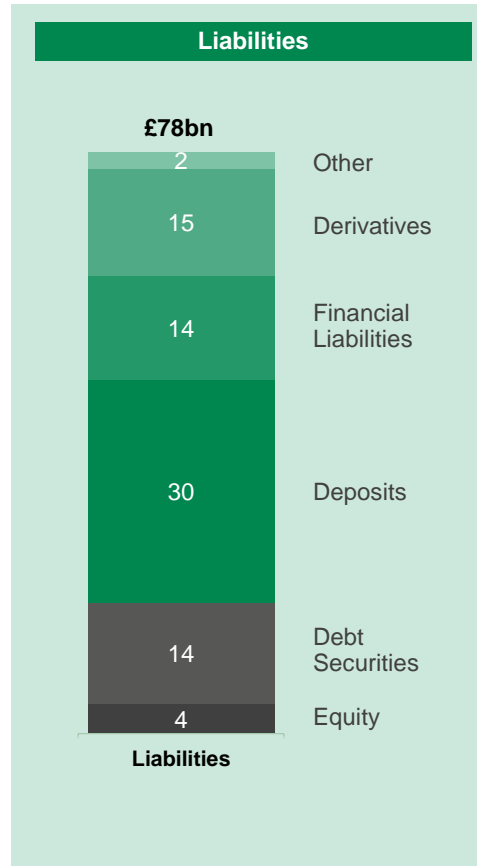
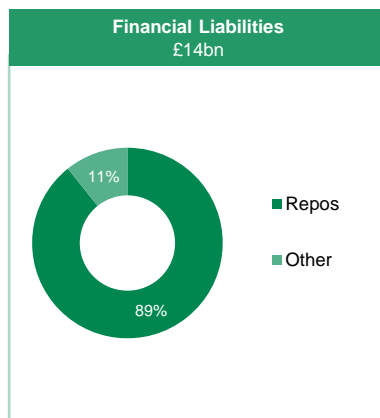


- Well diversified balance sheet; clear focus on **providing core distribution & financing solutions** to clients
- Large proportion of balance sheet is **secured**; **Repo franchise** operates as a matched funded business
- High quality investment grade loan book – 99% Stage 1
- 95% of derivative exposures are investment grade (incl. Lloyds)
- Large cash balances with additional Government securities demonstrate prudent approach to liquidity

Strong liability base underpinned by customer deposits

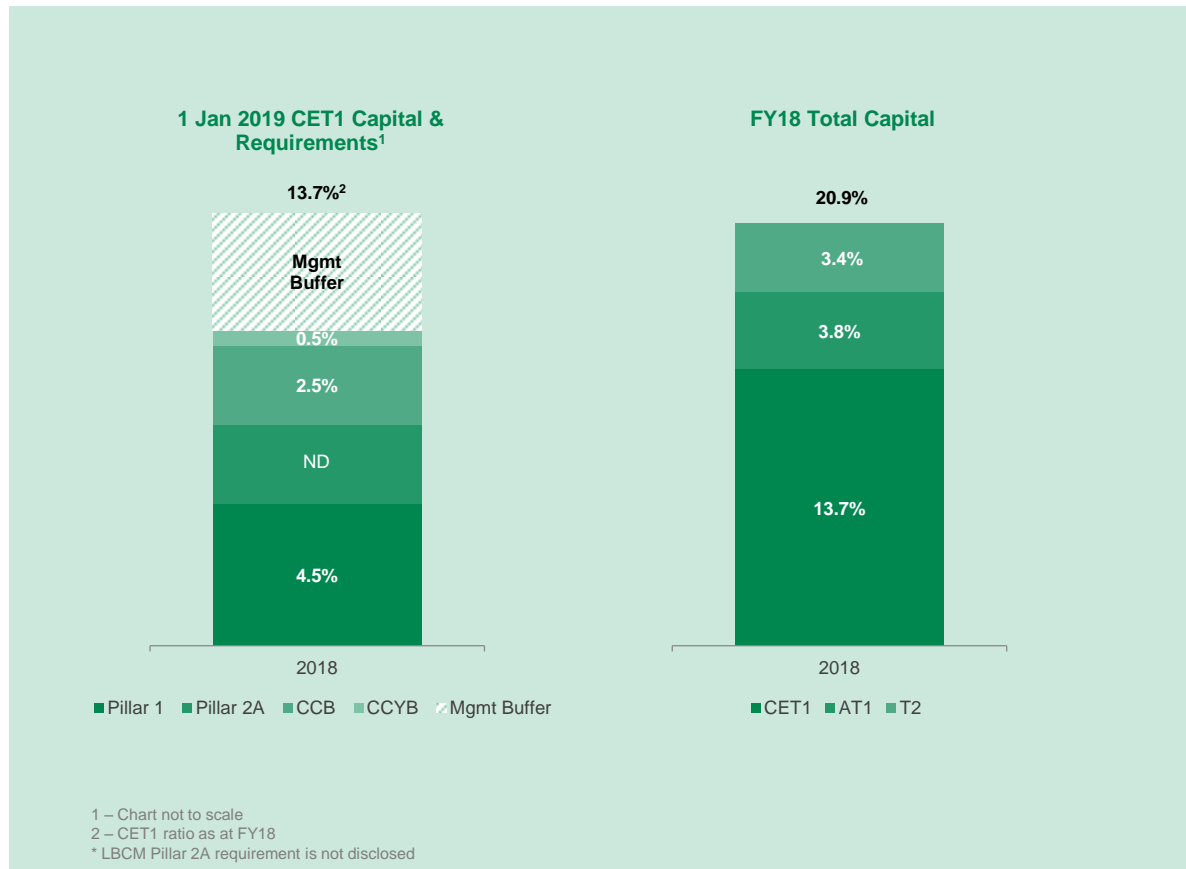


Equity £4bn	Debt £14bn
<ul style="list-style-type: none"> - All capital and MREL downstreamed from LBG - £0.8bn of AT1 & £0.7bn of Tier 2 issued to LBG - No legacy debt - £6.4bn of loss-absorbing HoldCo Snr at FY18 - Excess LBG funding to be repaid whilst maintaining strong MREL position 	



- Commercial and non-EEA (mainly Crown Dependency) deposit base
- Derivatives business provides hedging solutions to customers – **no proprietary trading**
- EMTN programme established - expect **c.£2bn in 2019, 2-5y maturity, focus on G3 currencies**

Strong capital position and well advanced towards internal MREL



- Strong FY18 **CET1 of 13.7%**. All capital downstreamed from Group
- **No systemic risk buffer** as only applies to ring-fenced entities
- CCB increased to 2.5% from 1.875% on 1 Jan 2019
- LBCM **will maintain a management buffer** similar in principle to that at Group and RFB level
- **LBCM will be compliant with Internal MREL** requirements by 1 Jan 2020 deadline

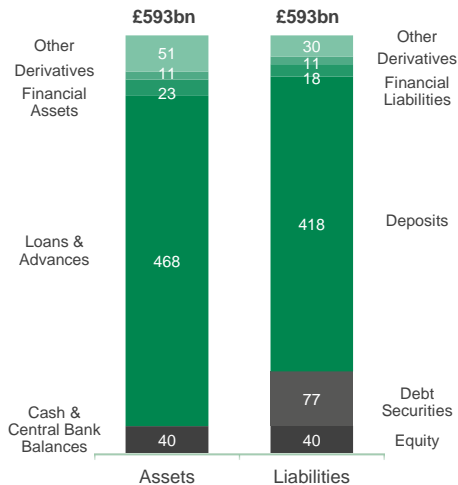
Appendix



FY 2018 | Legal entity balance sheet analysis

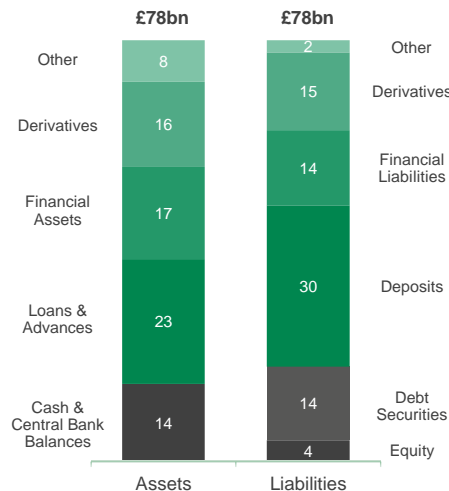


Lloyds Bank Plc (RFB)



RWAs	£174.4bn
CET1 Ratio	14.9%
Tier 1 Ratio	18.3%
Total Capital Ratio	22.4%
CRD IV Leverage	4.7%

Lloyds Bank Corporate Markets Plc (NRFB)



RWAs	£19.9bn
CET1 Ratio	13.7%
Tier 1 Ratio	17.5%
Total Capital Ratio	20.9%

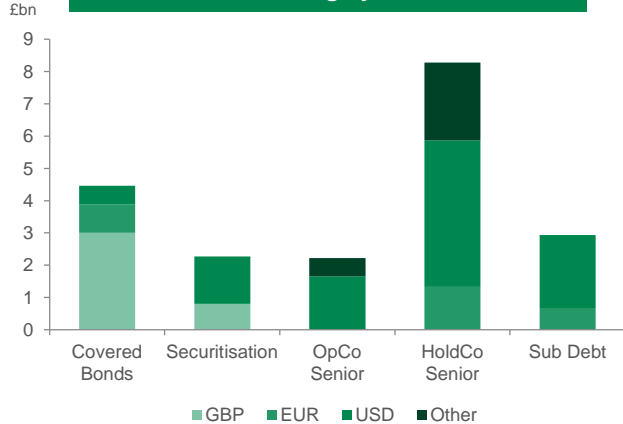
- Over 95% of Group loans & advances remain within the ring-fenced bank
- Majority of Lloyds Bank, Bank of Scotland and Halifax banking activities including current accounts, savings and deposits

- Primary business lines include lending to financial institutions, capital markets and non-EEA activity
- Strong capital position with lower requirements than the RFB

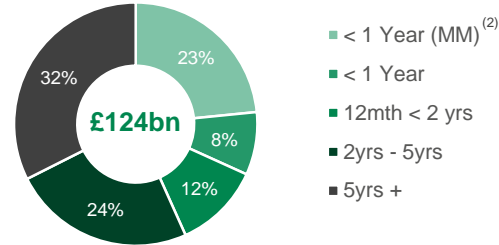
Good progress on Group 2019 funding plan, building on a successful 2018



2018 Funding by Product

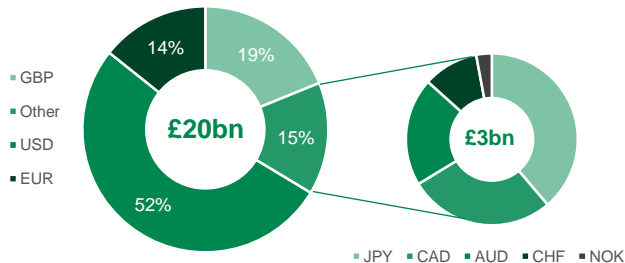


Funding Portfolio by Maturity (at Q1 19)

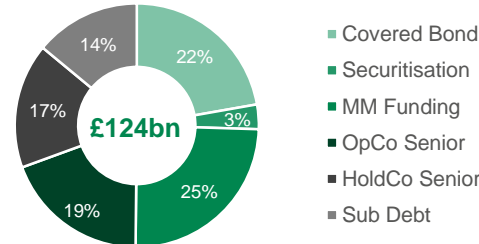


- £21.4bn raised during 2018, inclusive of pre-funding for 2019
- £2.8bn equivalent issued across 3 trades in Q1 2019
- Steady state funding requirement of £15-20bn per annum, diversified across:

2018 Funding by Currency⁽¹⁾



Funding Portfolio by Product (at Q1 19)



- Core markets - USD, EUR and GBP
- Strategic markets - AUD, JPY, CAD, NOK and CHF

1 - Excludes Private Placements & Money Markets. £20.2bn Gross Public Issuance (£21.4bn incl. Private Placements). 2 - Includes margins & settlements

EXPERIENCED SENIOR LEADERSHIP TEAM



Chairman

Lord Lupton, CBE

Investment Banking
LBG Non-Exec Director



Chief Executive Officer

Mark Grant


CEO CB North America
MD International



Chief Financial Officer

Chris Edis

FD Commercial Banking



Treasurer

Phil Rawlins

North America Treasurer
Head of Trading, Asia Pacific

- A wealth of **experience from across the Commercial Banking** business within Lloyds Banking Group
- Operate independent risk governance forums with **executive accountability**

Debt Investor Relations Contacts



Website: www.lloydsbankinggroup.com/investors/fixed-income-investors

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Forward looking statements

This document contains certain forward looking statements with respect to the business, strategy, plans and/or results of the Group and its current goals and expectations relating to its future financial condition and performance. Statements that are not historical facts, including statements about the Group's or its directors' and/or management's beliefs and expectations, are forward looking 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, plans and/or results (including but not limited to the payment of dividends) to differ materially from forward looking statements made by the Group or on its behalf include, but are not limited to: general economic and business conditions in the UK and internationally; market related trends and developments; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; the ability to access sufficient sources of capital, liquidity and funding when required; changes to the Group's credit ratings; the ability to derive cost savings and other benefits including, but without limitation as a result of any acquisitions, disposals and other strategic transactions; the ability to achieve strategic objectives; changing customer behaviour including consumer spending, saving and borrowing habits; changes to borrower or counterparty credit quality; concentration of financial exposure; management and monitoring of conduct risk; instability in the global financial markets, including Eurozone instability, instability as a result of uncertainty surrounding the exit by the UK from the European Union (EU) and as a result of such exit and the potential for other countries to exit the EU or the Eurozone and the impact of any sovereign credit rating downgrade or other sovereign financial issues; 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; natural, pandemic and other disasters, adverse weather and similar contingencies outside the Group's control; inadequate or failed internal or external processes or systems; acts of war, other acts of hostility, terrorist acts and responses to those acts, geopolitical, pandemic or other such events; risks relating to climate change; changes in laws, regulations, practices and accounting standards or taxation, including as a result of the exit by the UK from the EU, or a further possible referendum on Scottish independence; changes to regulatory capital or liquidity requirements and similar contingencies outside the Group's control; the policies, decisions and actions of governmental or regulatory authorities or courts in the UK, the EU, the US or elsewhere including the implementation and interpretation of key legislation and regulation together with any resulting impact on the future structure of the Group; the transition from IBORs to alternative reference rates; the ability to attract and retain senior management and other employees and meet its diversity objectives; actions or omissions by the Group's directors, management or employees including industrial action; changes to the Group's post-retirement defined benefit scheme obligations; the extent of any future impairment charges or write-downs caused by, but not limited to, depressed asset valuations, market disruptions and illiquid markets; the value and effectiveness of any credit protection purchased by the Group; the inability to hedge certain risks economically; the adequacy of loss reserves; the actions of competitors, including non-bank financial services, lending companies and digital innovators and disruptive technologies; and exposure to regulatory or competition scrutiny, legal, regulatory or competition proceedings, investigations or complaints. Please refer to the latest Annual Report on Form 20-F filed with the US Securities and Exchange Commission for a discussion of certain factors and risks together with examples of forward looking statements. 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 to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. 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.

Basis of presentation

The results of the Group and its business are presented in this presentation on an underlying basis. The principles adopted in the preparation of the underlying basis of reporting are set out within the 2019 Q1 Interim Management Statement.

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