Lloyds Bank Corporate Markets plc

2024 Half-Year Results

Non-ring-fenced bank

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LBCM's purpose is Helping Britain Prosper

By connecting the UK and Lloyds Banking Group with the world

RESULTS FOR THE HALF-YEAR

- Strong financial performance from a growing business that's delivering for our customers. Continued business momentum resulted in total income of £529 million (half-year to 30 June 2023: £433 million) and profit before tax of £293 million (half-year to 30 June 2023: £213 million), generating a solid increase in return on tangible equity to 13.3 per cent (year to 31 December 2023: 9.2 per cent)
- Successful markets performance has continued in 2024, with the financial markets business ending the half-year in the top three for GBP interest rate swaps and increasing the volume of foreign exchange transactions traded as we digitise our capabilities and deepen client relationships. In capital markets, Euro and US Dollar debt capital markets issuance volumes increased by 61 per cent versus the first half of 2023, significantly above the market increase of 27 per cent[1]. We continue to deepen our footprint within North America including through increased activity on originate to distribute transactions
- We provide price certainty via product choice to both our corporate and personal customers. Ongoing significant investment in systems, including the launch of our 'Lloyds Bank International' mobile application within the Crown Dependencies, enables us to support our customers across more of their needs in a resilient manner. We also launched the 'Lloyds Bank Market Insights' publications which brings together economics and markets expertise to provide topical and timely thought leadership to clients
- We remain mindful of our role in building a more sustainable and inclusive future and have had a thriving first half in sustainability issuance which has helped Commercial Banking progress towards its £30 billion sustainable financing target by the end of 2026. In the first half of 2024, LBCM ranked first in ESG-labelled bond issuances for both UK issuers and for all issuers raising funds in Sterling[2]. We also supported Lloyds Banking Group's (LBG) return to the Euro primary market by issuing a €1bn fixed rate bond green transaction and in Germany acted as joint bookrunner on a €2bn triple-tranche green bond

Our strategic aim is to provide a first-class banking, financing and risk management proposition, underpinned by excellent customer service. This is aligned to the Corporate & Institutional Banking strategy, of which Lloyds Bank Corporate Markets is a core part, to deepen client relationships, expand institutional coverage and drive LBG collaboration opportunities including the introduction of our clients to additional LBG products and services.

Our purpose driven business model supports our customers (large corporates, financial institutions and commercial and retail customers in the Crown Dependencies) with a range of products including risk management, commercial lending, community banking, international private banking, bonds and structured finance, trade and working capital management and sustainability-linked financing. All served via hubs in the UK, Jersey, Guernsey, Isle of Man, New York USA and Frankfurt Germany.

[1] Refinitiv Eikon - All International Bonds in EUR and USD, excluding Sovereign, Supranational and Agency issuance.
[2] Bondradar as of 1st July 2024 for H1 2024. All UK issuers, excludes SSAs & all issuers excluding SSAs for GBP issuance.

REVIEW OF PERFORMANCE

Income statement

For the six months to 30 June 2024, total income was £529 million comprising net trading income of £322 million, net fee and commission income of £153 million and net interest income of £56 million.

Our capital and financial markets businesses have delivered a strong performance in 2024 with significant growth versus the comparative period resulting in a £122 million increase in **net trading income**.

Net fee and commission income has increased £16 million in the period driven by the strong markets, in particular performance on bond issuances.

Net interest income is down versus the first half of 2023 driven by changes in customer behaviours, increased cost of deposits and a one off gain recognised in 2023.

Income statement	**Half-year to 30 Jun 2024 £m**	Half-year to 30 Jun 2023 £m	***Mvmt £m***
Net interest income	**56**	96	***(40)***
Net fee and commission income	**153**	137	***16***
Net trading income	**322**	200	***122***
Other operating income	**(2)**	–	***(2)***
Total income	**529**	433	***96***
Operating expenses	**(250)**	(238)	***(12)***
Impairment	**14**	18	***(4)***
Profit before tax	**293**	213	***80***
Tax expense	**(62)**	(46)	***(16)***
Profit for the period	**231**	167	***64***

Operating expenses for the period were £250 million and predominantly consist of management charges relating to the intra-group agreement with Lloyds Bank plc and staff costs. LBCM has maintained a strong cost discipline while impacted by a sector wide change in the charging approach for the Bank of England Levy in the first quarter of 2024. An offsetting benefit will be recognised through net interest income over the remainder of the year which will reduce the impact of the new levy charge.

The **impairment** credit of £14 million recognised in the period reflects continued strong underlying performance and an improvement in the economic outlook. A **tax expense** of £62 million was recorded which is £16 million up versus the comparative period as a result of the increased profits in the period. The other comprehensive income of £17 million mainly relates to the movements on the cash flow hedging reserve.

Balance sheet assets

Balance sheet assets	**At 30 Jun 2024 £m**	At 31 Dec 2023 £m	***Mvmt £m***
Cash and balances at central banks	**17,654**	20,201	***(2,547)***
Financial assets at fair value through profit or loss	**25,231**	21,989	***3,242***
Derivative financial instruments	**20,053**	22,606	***(2,553)***
Financial assets at amortised cost	**26,083**	24,891	***1,192***
Other assets	**2,120**	640	***1,480***
Total assets	**91,141**	90,327	***814***

Total assets were £91,141 million at 30 June 2024, an increase of £814 million since 31 December 2023.

Overall total asset growth is driven by the increase in **financial assets at fair value through profit or loss** and **financial assets at amortised cost,** predominantly due to the planned business growth in reverse repurchase agreements.

This is offset by a reduction in our **derivative financial instruments** due to changes in fair value, and a reduction in our **cash and balances at central banks** due to changes in the liquidity requirements in the period.

Financial assets at amortised cost includes loans and advances to banks of £1,183 million, loans and advances to customers of £16,875 million and reverse repurchase agreements of £7,131 million. The increase in **other assets** relates to forward settlement balances.

REVIEW OF PERFORMANCE (continued)

Balance sheet liabilities

Total liabilities were £87,507 million at 30 June 2024, compared to £86,451 million at 31 December 2023.

Total deposits has reduced slightly year on year by £812 million, due to market movements.

Financial liabilities at fair value through profit or loss increased due to planned business growth in repurchase agreements while **derivative financial instruments** reduced due to movements in fair value.

Debt securities in issue at amortised cost include commercial paper, certificates of deposit and Euro Medium Term Notes. The movement in **other liabilities** relates to forward settlement balances.

Balance sheet liabilities	**At 30 Jun 2024 £m**	At 31 Dec 2023 £m	***Mvmt £m***
Total deposits	**30,705**	31,517	***(812)***
Due to fellow LBG undertakings	**1,175**	1,213	***(38)***
Financial liabilities at fair value through profit or loss	**22,647**	19,686	***2,961***
Derivative financial instruments	**14,223**	17,576	***(3,353)***
Debt securities in issue at amortised cost	**16,015**	15,378	***637***
Other liabilities	**1,996**	326	***1,670***
Subordinated liabilities	**746**	755	***(9)***
Total liabilities	**87,507**	86,451	***1,056***

Balance sheet equity

Equity	**At 30 Jun 2024 £m**	At 31 Dec 2023 £m	***Mvmt £m***
Share capital	**370**	370	***–***
Other reserves	**(296)**	(313)	***17***
Retained profits	**2,752**	3,011	***(259)***
Ordinary shareholders' equity	**2,826**	3,068	***(242)***
Other equity instruments	**808**	808	***–***
Total equity	**3,634**	3,876	***(242)***

Total equity at 30 June 2024 was £3,634 million (31 December 2023: £3,876 million) with the movement in **retained profits** representing profit in the period offset by the return of £450 million capital via dividend to our parent company Lloyds Banking Group plc.

The movement in **other reserves** relates to the to the cash flow hedge reserve representing fair value movements on the structural hedge.

Regulatory capital

The capital position of Lloyds Bank Corporate Markets plc is presented on an unconsolidated basis.

The Bank's **common equity tier 1** (CET1) capital ratio increased to 13.7 per cent (31 December 2023: 13.3 per cent). **Risk-weighted assets (RWAs)** increased by £712 million to £21,204 million reflecting an increase in RWAs relating to counterparty credit risk and market risk. The Bank's **UK leverage ratio** remained at 4.7 per cent as profits for the year have been offset by increases in the exposure measure, as a result of the balance sheet growth since year end. Post half-year, movements in internal credit ratings resulted in a proforma 30 June 2024 increase to RWAs of £619 million and associated regulatory expected loss of £56 million.

Regulatory capital	**At 30 Jun 2024 £m**	At 31 Dec 2023 £m	***Mvmt £m***
Common equity tier 1 capital	**2,908**	2,725	***183***
Total tier 1 capital	**3,691**	3,508	***183***
Total capital resources	**4,283**	4,109	***174***
Risk-weighted assets	**21,204**	20,492	***712***
CET1 ratio	**13.7%**	13.3%	***0.4pp***
UK leverage ratio	**4.7%**	4.7%	***–***

REVIEW OF PERFORMANCE (continued)

Capital position

The Bank's capital position as at 30 June 2024, after applying IFRS 9 transitional arrangements, is set out below:

	At 30 Jun 2024 £m	At 31 Dec 2023 £m
Common equity tier 1		
Shareholders' equity per balance sheet	**2,837**	3,091
Adjustment to retained earnings for foreseeable dividends	**–**	(450)
Cash flow hedging reserve	**275**	289
Debit valuation adjustment	**(27)**	(22)
	3,085	2,908
less: deductions from common equity tier 1		
Prudent valuation adjustment	**(125)**	(142)
Excess of expected losses over impairment provisions and value adjustments	**(52)**	(41)
Common equity tier 1 capital	**2,908**	2,725
Additional tier 1		
Additional tier 1 instruments	**783**	783
Total tier 1 capital	**3,691**	3,508
Tier 2		
Tier 2 instruments	**691**	699
Other adjustments	**(99)**	(98)
Total tier 2 capital	**592**	601
Total capital resources	**4,283**	4,109
Risk-weighted assets	**21,204**	20,492
Capital and leverage ratios		
Common equity tier 1 capital ratio	**13.7%**	13.3%
Tier 1 capital ratio	**17.4%**	17.1%
Total capital ratio	**20.2%**	20.1%
UK leverage ratio	**4.7%**	4.7%

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks that could impact LBCM's ability to deliver its long-term strategic objectives and the approach to managing each risk are reviewed and reported to the Board Risk Committee regularly in alignment with the risk management framework.

Our enterprise risk management framework

The Lloyds Banking Group enterprise risk management framework (ERMF) applies to all LBG undertakings and is the foundation for the delivery of effective and consistent risk control, providing proactive identification, active management and monitoring of LBCM's risks. Since the LBCM 2023 annual accounts, LBG has reviewed the three lines of defence model to evolve accountabilities with enhanced focus on controls and expertise. This is to increase the pace of decision making and support strategic ambition.

LBCM continues to adopt the ERMF, supplemented with additional tailored practices set out to address LBCM-specific requirements. The ERMF and the LBCM Risk Management Framework apply to LBCM business across all legal entities and locations.

LBCM's risk appetite, principles, policies, procedures, controls and reporting are regularly reviewed and updated to ensure they remain in line with regulation, law, corporate governance and industry good practice.

Risk appetite is defined within LBCM as the amount and type of risk that it is prepared to seek, accept or tolerate in delivering its strategy. As a separate legal group with its own Board, LBCM maintains its own risk appetite which is aligned to the LBG approach but is adjusted to reflect the specific characteristics of LBCM's balance sheet and portfolio, including its international presence. The LBCM Board (Board) is responsible for the annual approval of LBCM's risk appetite.

Regular close monitoring and comprehensive reporting to management and the Board ensures risk appetite limits are maintained and subject to stress analysis at a risk type and portfolio level, as appropriate.

Governance is maintained through delegation of authority from the Board. Senior executives are supported by a committee-based structure which is designed to ensure open challenge and enable effective Board engagement and decision-making.

The Board and senior management play a vital role in shaping and embedding a supportive risk culture. Senior leaders set a clear tone from the top and lead by example reflecting LBG values, encouraging a culture of intellectual curiosity, innovation and proactive risk management amongst all colleagues.

Current thematic and emerging risks

The significant risks encountered by LBCM are detailed below. The external risks faced by LBCM may also impact the success of delivering against LBCM's long-term strategic objectives. They include, but are not limited to, the uncertainties linked to the macroeconomic and geopolitical environment, such as the conflicts in the Ukraine and Middle East, inflation, interest rates, and cost of living pressures. These could also affect the financial condition of LBCM's customers, clients and counterparties, particularly in vulnerable sectors.

In addition, LBCM continues to monitor and address current thematic risks that could have an adverse impact on business model, financial conditions, operations and its ability to achieve financial targets. These are interconnected with potential outcomes that should one risk materialise, it could have an impact on other risks. They include, but are not limited to:

- The extent and pace of regulatory changes and increased oversight, which could increase costs and prudential resource requirements for LBCM and result in changes to LBCM's legal and operating structure and create risks from non-compliance that include censure, fines and removal of business permissions to operate. Divergence of UK regulation from other jurisdictions remains a risk of additional complexity for LBCM and operations in international jurisdictions
- The pace of technological advances, including failure to adopt and utilise new technology effectively, evolution of cyber threats, and system, process and third party disruption
- The evolution of data management and adoption of AI or generative AI, and the associated risks from a data ethics and data privacy perspective
- The ability to create an agile, high performing workforce with high quality talent in the right locations. Including timely retention of key skills in LBCM aligned to the evolving industry need
- The effectiveness of proprietary models which are at risk of being insufficiently predictive due to the limitations of historical data, extreme market volatility, and the risk of ineffectiveness in parameterisation, implementation, oversight and monitoring

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Principal risks

The LBCM definition of risks have been updated since the disclosure in LBCM's 2023 annual report and accounts. There has been a detailed review of risk categories and an event-based risk management framework implemented. This has resulted in a reduction in the number of principal risk types and the simplification of secondary risk categories. This change better aligns to the Basel Committee on Banking Supervisions' event categories which will benefit LBCM for scenario activities and regulatory reporting. LBCM's principal risk and uncertainties are regularly reviewed and reported to the Board.

Capital risk – The risk that an insufficient quantity or quality of capital is held to meet regulatory requirements or to support business strategy, an inefficient level of capital is held or that capital is inefficiently deployed across LBCM.

Climate risk – The risk that LBCM experiences losses and/or reputational damage as a result of climate change, either directly or through its customers. LBCM is aligned with LBG, its parent company, with the goal of reducing emissions financing by more than 50 per cent by 2030 and achieving net zero financed emissions by 2025 (refer LBG 2024 Half-Year Results and the LBG 2023 sustainability report).

Compliance risk – The risk of financial penalties, regulatory censure, criminal or civil enforcement action or customer detriment as a result of failure to identify, assess, correctly interpret, comply with, or manage regulatory and/or legal requirements.

Conduct risk – The risk of LBCM activities, behaviours, strategy or business planning, having an adverse impact on outcomes for customers, undermining the integrity of the market or distorting competition, which could lead to regulatory censure, reputational damage or financial loss.

The introduction of Consumer Duty has increased regulatory expectations in relation to customer outcomes for consumers in the UK.

Credit risk – The risk that parties with whom LBCM has contracted fail to meet their financial obligations (on and off-balance sheet).

Economic crime risk – The risk that LBCM implements ineffective policies, systems, processes and controls to prevent, detect and respond to the risk of fraud and/or financial crime resulting in increased losses, regulatory censure/fines and/or adverse publicity in the UK or other jurisdictions in which LBCM operates.

Liquidity risk – The risk that LBCM does not have sufficient financial resources to meet its commitments when they fall due or can only secure them at excessive cost.

Market risk – The risk that LBCM's capital or earnings profile are adversely affected by changes in market rates or prices, including but not limited to interest rates, foreign exchange, equity prices and credit spreads.

Model risk – The potential for adverse consequences from model errors or the inappropriate use of modelled outputs to inform business decisions. Adverse consequences could lead to a deterioration in the prudential position, non-compliance with applicable laws and/or regulations, or damage to LBCM's reputation. Model risk can also lead to financial loss, as well as qualitative limitations such as the imposition of restrictions on business activities.

Operational risk – The risk of actual or potential impact to LBCM (financial and/or non-financial) resulting from inadequate or failed internal processes, people, and systems or from external events. Resilience is core to the management of operational risk within LBCM to ensure that business processes (including those that are outsourced) can withstand operational risks and can respond to and meet customer and stakeholder needs when continuity of operations is compromised.

This includes the provision of services to LBCM (including people, systems and processes) outsourced to Lloyds Bank plc via a shared service provision model or by external providers via Lloyds Bank plc. The Shared Service Model creates internal service provision risk and may be elevated in situations where LBCM's priorities are not wholly aligned with those of the wider Lloyds Banking Group.

STATUTORY INFORMATION

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CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Note	**Half-year to 30 Jun 2024 £m**	Half-year to 30 Jun 2023 £m
Interest income		**1,392**	1,219
Interest expense		**(1,336)**	(1,123)
Net interest income		**56**	96
Fee and commission income		**174**	154
Fee and commission expense		**(21)**	(17)
Net fee and commission income		**153**	137
Net trading income		**322**	200
Other operating income		**(2)**	–
Other income		**473**	337
Total income		**529**	433
Operating expenses	3	**(250)**	(238)
Impairment	4	**14**	18
Profit before tax		**293**	213
Tax expense	5	**(62)**	(46)
Profit for the period		**231**	167
Profit attributable to ordinary shareholders		**191**	132
Profit attributable to other equity holders		**40**	35
Profit for the period		**231**	167

The accompanying notes are an integral part of the condensed consolidated half-year financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME[1] (UNAUDITED)

	Half-year to 30 Jun 2024 £m	Half-year to 30 Jun 2023 £m
Profit for the period	**231**	167
Other comprehensive income		
Items that may subsequently be reclassified to profit or loss:		
Movements in cash flow hedging reserve, net of tax		
Effective portion of changes in fair value taken to other comprehensive income	**(171)**	(241)
Net income statement transfers	**190**	177
Tax	**(5)**	18
	14	(46)
Movements in foreign currency translation reserve, net of tax		
Currency translation differences (tax: £nil)	**3**	(5)
Transfers to income statement (tax: £nil)	**–**	–
	3	(5)
Total other comprehensive income (loss) for the period, net of tax	**17**	(51)
Total comprehensive income for the period	**248**	116
Total comprehensive income attributable to ordinary shareholders	**208**	81
Total comprehensive income attributable to other equity holders	**40**	35
Total comprehensive income for the period	**248**	116

[1] See note 1 regarding changes to presentation.

The accompanying notes are an integral part of the condensed consolidated half-year financial statements.

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

	Note	At 30 Jun 2024 £m	At 31 Dec 2023 £m
Assets			
Cash and balances at central banks		**17,654**	20,201
Financial assets at fair value through profit or loss	6	**25,231**	21,989
Derivative financial instruments	6	**20,053**	22,606
Loans and advances to banks		**1,183**	1,753
Loans and advances to customers	7	**16,875**	16,447
Reverse repurchase agreements		**7,131**	6,020
Debt securities		**356**	374
Due from fellow Lloyds Banking Group undertakings		**538**	297
Financial assets at amortised cost		**26,083**	24,891
Current tax recoverable		**3**	14
Deferred tax assets		**102**	108
Other assets[1]		**2,015**	518
Total assets		**91,141**	90,327
Liabilities			
Deposits from banks		**2,182**	2,078
Customer deposits		**28,523**	29,439
Repurchase agreements at amortised cost		**66**	1
Due to fellow Lloyds Banking Group undertakings		**1,175**	1,213
Financial liabilities at fair value through profit or loss	6	**22,647**	19,686
Derivative financial instruments	6	**14,223**	17,576
Debt securities in issue at amortised cost	9	**16,015**	15,378
Other liabilities		**1,884**	297
Current tax liabilities		**32**	12
Provisions		**14**	16
Subordinated liabilities		**746**	755
Total liabilities		**87,507**	86,451
Equity			
Share capital		**370**	370
Other reserves		**(296)**	(313)
Retained profits		**2,752**	3,011
Ordinary shareholders' equity		**2,826**	3,068
Other equity instruments		**808**	808
Total equity		**3,634**	3,876
Total equity and liabilities		**91,141**	90,327

[1] See note 1 regarding changes to presentation.

The accompanying notes are an integral part of the condensed consolidated half-year financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to ordinary shareholders					
	Share capital £m	Other reserves £m	Retained profits £m	Total £m	Other equity instruments £m	Total £m
At 1 January 2024	**370**	**(313)**	**3,011**	**3,068**	**808**	**3,876**
Comprehensive income						
Profit for the period	–	–	191	191	40	231
Other comprehensive income						
Movements in cash flow hedging reserve, net of tax	–	14	–	14	–	14
Movements in foreign currency translation reserve, net of tax	–	3	–	3	–	3
Total other comprehensive income	–	17	–	17	–	17
Total comprehensive income[1]	–	17	191	208	40	248
Transactions with owners						
Dividends	–	–	(450)	(450)	–	(450)
Distributions on other equity instruments	–	–	–	–	(40)	(40)
Total transactions with owners	–	–	(450)	(450)	(40)	(490)
At 30 June 2024[2]	**370**	**(296)**	**2,752**	**2,826**	**808**	**3,634**

1 Total comprehensive income attributable to owners of the parent was £248 million.

2 Total equity attributable to owners of the parent was £3,634 million.

The accompanying notes are an integral part of the condensed consolidated half-year financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (continued)

	Attributable to ordinary shareholders					
	Share capital £m	Other reserves £m	Retained profits £m	Total £m	Other equity instruments £m	Total £m
At 1 January 2023	370	(525)	2,768	2,613	782	3,395
Comprehensive income						
Profit for the period	–	–	132	132	35	167
Other comprehensive income						
Movements in cash flow hedging reserve, net of tax	–	(46)	–	(46)	–	(46)
Movements in foreign currency translation reserve, net of tax	–	(5)	–	(5)	–	(5)
Total other comprehensive loss	–	(51)	–	(51)	–	(51)
Total comprehensive (loss) income	–	(51)	132	81	35	116
Transactions with owners						
Distributions on other equity instruments	–	–	–	–	(35)	(35)
Total transactions with owners	–	–	–	–	(35)	(35)
At 30 June 2023	370	(576)	2,900	2,694	782	3,476
Comprehensive income						
Profit for the period	–	–	126	126	45	171
Other comprehensive income						
Movements in revaluation reserve in respect of debt securities held at fair value through other comprehensive income, net of tax	–	2	–	2		2
Movements in cash flow hedging reserve, net of tax	–	276	–	276	–	276
Movements in foreign currency translation reserve, net of tax	–	(15)	–	(15)	–	(15)
Total other comprehensive income	–	263	–	263	–	263
Total comprehensive income	–	263	126	389	45	434
Transactions with owners						
Distributions on other equity instruments	–	–	–	–	(45)	(45)
Net issuance of other equity instruments	–	–	–	–	26	26
Loss on repayment of other equity instruments	–	–	(15)	(15)	–	(15)
Total transactions with owners	–	–	(15)	(15)	(19)	(34)
At 31 December 2023	370	(313)	3,011	3,068	808	3,876

[1] Total comprehensive income attributable to owners of the parent for the half-year to 30 June 2023 was £116 million (half-year to 31 December 2023: £434 million).

[2] Total equity attributable to owners of the parent at 30 June 2023 was £3,476 million (31 December 2023: £3,876 million).

The accompanying notes are an integral part of the condensed consolidated half-year financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

	Half-year to 30 Jun 2024 £m	Half-year to 30 Jun 2023 £m
Cash flows from operating activities		
Profit before tax	**293**	213
Adjustments for:		
Change in operating assets[1]	**(2,924)**	(6,859)
Change in operating liabilities	**1,001**	7,982
Non-cash and other items	**155**	508
Net tax paid	**(32)**	(52)
Net cash (used in) provided by operating activities[1]	**(1,507)**	1,792
Cash flows from investing activities		
Proceeds from sale and maturity of financial assets	**–**	3
Purchase of fixed assets	**(6)**	(1)
Proceeds from sale of fixed assets	**1**	–
Net cash (used in) provided by investing activities	**(5)**	2
Cash flows from financing activities		
Dividends paid to ordinary shareholders	**(450)**	–
Distributions on other equity instruments	**(40)**	(35)
Interest paid on subordinated liabilities	**(27)**	(31)
Interest paid on finance leases	**(2)**	(4)
Proceeds from issue of subordinated liabilities	**–**	299
Repayment of subordinated liabilities	**–**	(284)
Net cash used in financing activities	**(519)**	(55)
Effect of exchange rate changes on cash and cash equivalents	**54**	(447)
Change in cash and cash equivalents[1]	**(1,977)**	1,292
Cash and cash equivalents at beginning of period[1]	**21,770**	19,524
Cash and cash equivalents at end of period[1]	**19,793**	20,816

[1] See note 1.

The accompanying notes are an integral part of the condensed consolidated half-year financial statements.

Cash and cash equivalents comprise cash and non-mandatory balances with central banks and amounts due from banks with an original maturity of less than three months.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS (UNAUDITED)

Note 1: Basis of preparation and accounting policies

These condensed consolidated half-year financial statements as at and for the period to 30 June 2024 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority (FCA) and with International Accounting Standard 34 (IAS 34), *Interim Financial Reporting* as adopted by the United Kingdom and comprise the results of Lloyds Bank Corporate Markets plc (the Bank) together with its subsidiaries (the Group). References within this document to LBCM refer to the Group as defined here. Lloyds Banking Group plc is the ultimate parent company of LBCM and is also referred to as LBG in this document. These statements do not include all of the information required for full annual financial statements and should be read in conjunction with LBCM's consolidated financial statements as at and for the year ended 31 December 2023 which complied with international accounting standards in conformity with the requirements of the Companies Act 2006 and were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Copies of the 2023 annual report and accounts are available at www.lloydsbankinggroup.com and are also available upon request from Investor Relations, Lloyds Banking Group plc, 25 Gresham Street, London EC2V 7HN.

The directors consider that it is appropriate to continue to adopt the going concern basis in preparing these condensed consolidated half-year financial statements. In reaching this assessment, the directors have taken into account the uncertainties affecting the UK economy and their potential effects upon LBCM's performance and projected funding and capital position; the impact of further stress scenarios has also been considered. On this basis, the directors are satisfied that LBCM will maintain adequate levels of funding and capital for the foreseeable future.

LBCM has reassessed which items are included in cash and cash equivalents against IAS 7 *Statement of Cash Flows* in the current period and as a result has included reverse repurchase agreements due from banks with an original maturity of less than three months within cash and cash equivalents in the cash flow statement. The 2023 comparative cash flow statement has been restated. The adjustment has no impact on the balance sheet or the income statement but the following impact on the underlying lines within the cash flow statement for LBCM: change in operating assets, net cash provided by operating activities and change in cash and cash equivalents have increased by £1,054 million, cash and cash equivalents at 1 January 2023 has increased by £75 million and cash and cash equivalents at 30 June 2023 has increased by £1,129 million. Cash and cash equivalents at 1 January 2024 has increased by £1,574 million.

Except for the change to which items are included in cash and cash equivalents there has been no change in the basis of accounting for any of the underlying transactions. Comparatives have been presented on a consistent basis.

Presentational changes

The following change has been made to the presentation of LBCM's financial statements, to allow for more relevant analysis of its financial performance and position:

- property, plant and equipment of £44 million (31 December 2023: £48 million) is reported within other assets rather than separately on the face of the balance sheet; and
- other comprehensive income is now presented gross of tax, with the tax impact separately identified, rather than being presented net of tax

There has been no change in the basis of accounting for any of the underlying transactions. Comparatives have been presented on a consistent basis.

The IASB has issued a number of minor amendments to IFRSs that are relevant to LBCM effective 1 January 2024, including IFRS 16 *Lease Liability in a Sale and Leaseback*, IAS 1 *Non-current Liabilities with Covenants*, and IAS 1 *Classification of Liabilities as Current or Non-current*. These amendments have not had a significant impact on LBCM.

Future accounting developments

The IASB has issued *Amendments to the Classification and Measurement of Financial Instruments* (IFRS 9 and IFRS 7) which is effective 1 January 2026 and IFRS 19 *Subsidiaries without Public Accountability: Disclosures* which is effective 1 January 2027. Neither the amendment nor IFRS 19 are expected to have a significant impact on LBCM. The IASB has also issued IFRS 18 *Primary Financial Statements* which is effective 1 January 2027. The standard includes no measurement changes, and LBCM is currently assessing the impact of this standard on its income statement presentation.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS (UNAUDITED) (continued)

Note 1: Basis of preparation and accounting policies (continued)

The Bank's ultimate parent undertaking and controlling party is Lloyds Banking Group plc which is incorporated in Scotland. Lloyds Banking Group plc has published consolidated accounts for the year to 31 December 2023 and copies may be obtained from Investor Relations, Lloyds Banking Group, 25 Gresham Street, London EC2V 7HN and available for download from www.lloydsbankinggroup.com.

The financial information contained in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 (the Act). The statutory accounts for the year ended 31 December 2023 were approved by the directors on 19 March 2024 and were delivered to the Registrar of Companies on 26 March 2024. The auditors' report on those accounts was unqualified and did not include a statement under sections 498(2) (accounting records or returns inadequate or accounts not agreeing with records and returns) or 498(3) (failure to obtain necessary information and explanations) of the Act.

Note 2: Critical accounting judgements and key sources of estimation uncertainty

The preparation of LBCM's financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from these estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In preparing the financial statements, LBCM has considered the impact of climate-related risks on its financial position and performance. While the effects of climate change represent a source of uncertainty, LBCM does not consider there to be a material impact on its judgements and estimates from the physical, transition and other climate-related risks in the short-term.

LBCM's significant judgements, estimates and assumptions are unchanged compared to those disclosed in note 3 of LBCM's 2023 financial statements. Further information on the critical accounting judgements and key sources of estimation uncertainty for the allowance for expected credit losses is set out in note 8.

Note 3: Operating expenses

	Half-year to 30 Jun 2024 £m	Half-year to 30 Jun 2023 £m
Staff costs	**109**	102
Amounts payable to fellow Lloyds Banking Group undertakings	**101**	102
Other	**40**	34
Total operating expenses	**250**	238

Note 4: Impairment

	Half-year to 30 Jun 2024 £m	Half-year to 30 Jun 2023 £m
Loans and advances to banks	**(1)**	(2)
Loans and advances to customers	**(9)**	(12)
Debt securities	**(2)**	3
Financial assets at amortised cost	**(12)**	(11)
Loan commitments and financial guarantees	**(2)**	(7)
Total impairment credit	**(14)**	(18)

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS (UNAUDITED) (continued)

Note 5: Tax

In accordance with IAS 34, LBCM's income tax expense for the half-year to 30 June 2024 is based on the best estimate of the weighted-average annual income tax rate expected for the full financial year. The tax effects of one-off items are not included in the weighted-average annual income tax rate, but are recognised in the relevant period.

An explanation of the relationship between tax expense and accounting profit is set out below:

	Half-year to 30 Jun 2024 £m	Half-year to 30 Jun 2023 £m
Profit before tax	**293**	213
UK corporation tax thereon at 25.0 per cent (2023: 23.5 per cent)	**73**	50
Impact of surcharge on banking profits	**3**	2
Non-deductible costs	**1**	10
Tax relief on coupons on other equity instruments	**(10)**	(8)
Differences in overseas tax rates	**(5)**	(7)
Other adjustments in respect of prior years	**1**	–
Other	**(1)**	(1)
Tax expense	**62**	46

Note 6: Fair values of financial assets and liabilities

The valuations of financial instruments have been classified into three levels according to the quality and reliability of information used to determine those fair values. Note 31 to LBCM's financial statements for the year ended 31 December 2023 details the definitions of the three levels in the fair value hierarchy.

Financial instruments classified as financial assets at fair value through profit or loss, derivative financial instruments, financial assets at fair value through other comprehensive income and financial liabilities at fair value through profit or loss are recognised at fair value.

LBCM manages valuation adjustments for its derivative exposures on a net basis; LBCM determines their fair values on the basis of their net exposures. In all other cases, fair values of financial assets and liabilities measured at fair value are determined on the basis of their gross exposures.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS (UNAUDITED) (continued)

Note 6: Fair values of financial assets and liabilities (continued)

The following tables provide an analysis of the financial assets and liabilities of LBCM that are carried at fair value in LBCM's consolidated balance sheet, grouped into levels 1 to 3 based on the degree to which the fair value is observable. There were no significant transfers between level 1 and level 2 during the period.

Financial assets	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
At 30 June 2024				
Financial assets at fair value through profit or loss:				
Loans and advances to customers	**–**	**687**	**2**	**689**
Reverse repurchase agreements	**–**	**19,815**	**–**	**19,815**
Debt securities	**3,685**	**888**	**142**	**4,715**
Treasury and other bills	**12**	**–**	**–**	**12**
Total financial assets at fair value through profit or loss	**3,697**	**21,390**	**144**	**25,231**
Derivative financial instruments	**7**	**19,686**	**360**	**20,053**
Total financial assets carried at fair value	**3,704**	**41,076**	**504**	**45,284**
At 31 December 2023				
Financial assets at fair value through profit or loss:				
Loans and advances to customers	–	23	2	25
Reverse repurchase agreements	–	17,414	–	17,414
Debt securities	3,596	750	153	4,499
Treasury and other bills	51	–	–	51
Total financial assets at fair value through profit or loss	3,647	18,187	155	21,989
Derivative financial instruments	13	22,160	433	22,606
Total financial assets carried at fair value	3,660	40,347	588	44,595

Financial liabilities	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
At 30 June 2024				
Financial liabilities at fair value through profit or loss:				
Liabilities in respect of securities sold under repurchase agreements	**–**	**20,667**	**–**	**20,667**
Short positions in securities	**1,920**	**9**	**–**	**1,929**
Other	**–**	**51**	**–**	**51**
Total financial liabilities at fair value through profit or loss	**1,920**	**20,727**	**–**	**22,647**
Derivative financial instruments	**9**	**13,959**	**255**	**14,223**
Total financial liabilities carried at fair value	**1,929**	**34,686**	**255**	**36,870**
At 31 December 2023				
Financial liabilities at fair value through profit or loss:				
Liabilities in respect of securities sold under repurchase agreements	–	18,101	–	18,101
Short positions in securities	1,569	5	–	1,574
Other	–	11	–	11
Total financial liabilities at fair value through profit or loss	1,569	18,117	–	19,686
Derivative financial instruments	10	17,213	353	17,576
Total financial liabilities carried at fair value	1,579	35,330	353	37,262

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS (UNAUDITED) (continued)

Note 6: Fair values of financial assets and liabilities (continued)

Valuation control framework

Key elements of the valuation control framework include model validation (incorporating pre-trade and post-trade testing), product implementation review and independent price verification. The framework covers processes for all 3 levels in the fair value hierarchy. Formal committees meet quarterly to discuss and approve valuations in more judgemental areas.

Transfers into and out of level 3 portfolios

Transfers out of level 3 portfolios arise when inputs that could have a significant impact on the instrument's valuation become market observable; conversely, transfers into the portfolios arise when sources of data cease to be observable.

Valuation methodology

For level 2 and level 3 portfolios, there is no significant change to the valuation methodology (techniques and inputs) disclosed in LBCM's financial statements for the year ended 31 December 2023 applied to these portfolios.

Movements in level 3 portfolio

The tables below analyse movements in the level 3 financial assets portfolio.

	Financial assets at fair value through profit or loss £m	Financial assets at fair value through other comprehensive income £m	Derivative assets £m	Total financial assets carried at fair value £m
At 1 January 2024	**155**	**–**	**433**	**588**
Exchange and other adjustments	**–**	**–**	**2**	**2**
Losses recognised in the income statement within other income	**(15)**	**–**	**(60)**	**(75)**
Purchases/increases	**4**	**–**	**7**	**11**
Sales/repayments	**–**	**–**	**(22)**	**(22)**
Transfers into the level 3 portfolio	**–**	**–**	**–**	**–**
Transfers out of the level 3 portfolio	**–**	**–**	**–**	**–**
At 30 June 2024	**144**	**–**	**360**	**504**
Losses recognised in the income statement, within other income, relating to the change in fair value of those assets held at 30 June 2024	**(15)**	**–**	**(41)**	**(56)**
At 1 January 2023	158	6	565	729
Exchange and other adjustments	(8)	–	(12)	(20)
Losses recognised in the income statement within other income	(8)	–	(55)	(63)
Purchases/increases	8	–	40	48
Sales/repayments	–	(2)	(20)	(22)
Transfers into the level 3 portfolio	–	–	–	–
Transfers out of the level 3 portfolio	–	–	(3)	(3)
At 30 June 2023	150	4	515	669
Losses recognised in the income statement, within other income, relating to the change in fair value of those assets held at 30 June 2023	(8)	–	(58)	(66)

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS (UNAUDITED) (continued)

Note 6: Fair values of financial assets and liabilities (continued)

The tables below analyse movements in the level 3 financial liabilities portfolio.

	Derivative liabilities £m
At 1 January 2024	**353**
Exchange and other adjustments	**16**
Gains recognised in the income statement within other income	**(97)**
Purchases/increases	**5**
Sales/repayments	**(22)**
At 30 June 2024	**255**
Gains recognised in the income statement, within other income, relating to the change in fair value of those liabilities held at 30 June 2024	**(52)**
At 1 January 2023	494
Exchange and other adjustments	(8)
Gains recognised in the income statement within other income	(71)
Purchases/increases	31
Sales/repayments	(29)
At 30 June 2023	417
Gains recognised in the income statement, within other income, relating to the change in fair value of those liabilities held at 30 June 2023	(74)

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS (UNAUDITED) (continued)

Note 6: Fair values of financial assets and liabilities (continued)

Sensitivity of level 3 valuations

The tables below set out the effects of reasonably possible alternative assumptions for categories of level 3 financial assets and financial liabilities.

At 30 June 2024	Valuation techniques	Significant unobservable inputs[2]	Carrying value £m	Effect of reasonably possible alternative assumptions[1] Favourable changes £m	Unfavourable changes £m
Financial assets at fair value through profit or loss					
Loans and advances to customers	Discounted cash flows	Spread (+/- 17bps)	**2**	**–**	**–**
Debt securities	Discounted cash flows	Credit spreads (discount factor) and inflation volatility (+/- 17bps)	**142**	**24**	**(24)**
			144		
Derivative financial assets					
Interest rate derivatives	Option pricing model	Interest rate volatility (13-200bps)	**360**	**6**	**(4)**
Level 3 financial assets carried at fair value			**504**		
Derivative financial liabilities					
Interest rate derivatives	Option pricing model	Interest rate volatility (13-200bps)	**255**	**14**	**(16)**
Level 3 financial liabilities carried at fair value			**255**		

1 Where the exposure to an unobservable input is managed on a net basis, only the net impact is shown in the table.

2 Ranges are shown where appropriate and represent the highest and lowest inputs used in the level 3 valuations.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS (UNAUDITED) (continued)

Note 6: Fair values of financial assets and liabilities (continued)

At 31 December 2023	Valuation techniques	Significant unobservable inputs[2]	Carrying value £m	Effect of reasonably possible alternative assumptions[1] Favourable changes £m	Unfavourable changes £m
Financial assets at fair value through profit or loss					
Loans and advances to customers	Discounted cash flows	Spread (+/- 20bps)	2	–	–
Debt securities	Discounted cash flows	Credit spreads (discount factor) and inflation volatility (+/- 6bps)	153	30	(30)
			155		
Derivative financial assets					
Interest rate derivatives	Option pricing model	Interest rate volatility (17.1-104.9bps)	433	6	(3)
Level 3 financial assets carried at fair value			588		
Derivative financial liabilities					
Interest rate derivatives	Option pricing model	Interest rate volatility (17.1-104.9bps)	353	14	(15)
Level 3 financial liabilities carried at fair value			353		

1 Where the exposure to an unobservable input is managed on a net basis, only the net impact is shown in the table.

2 Ranges are shown where appropriate and represent the highest and lowest inputs used in the level 3 valuations.

Unobservable inputs

Significant unobservable inputs affecting the valuation of debt securities and derivatives are unchanged from those described in the Group's financial statements for the year ended 31 December 2023.

Reasonably possible alternative assumptions

Valuation techniques applied to many of LBCM's level 3 instruments often involve the use of two or more inputs whose relationship is interdependent. The calculation of the effect of reasonably possible alternative assumptions included in the table above reflects such relationships and is unchanged from that described in LBCM's financial statements for the year ended 31 December 2023.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS (UNAUDITED) (continued)

Note 6: Fair values of financial assets and liabilities (continued)

The table below summarises the carrying values of financial assets and liabilities measured at amortised cost in LBCM's consolidated balance sheet. The fair values presented in the table are at a specific date and may be significantly different from the amounts which will actually be paid or received on the maturity or settlement date.

	At 30 June 2024		At 31 December 2023	
	Carrying value £m	**Fair value £m**	Carrying value £m	Fair value £m
Financial assets				
Loans and advances to banks	**1,183**	**1,183**	1,753	1,753
Loans and advances to customers	**16,875**	**16,856**	16,447	16,376
Reverse repurchase agreements	**7,131**	**7,131**	6,020	6,020
Debt securities	**356**	**348**	374	368
Due from fellow Lloyds Banking Group undertakings	**538**	**538**	297	297
Financial assets at amortised cost	**26,083**	**26,056**	24,891	24,814
Financial liabilities				
Deposits from banks	**2,182**	**2,182**	2,078	2,078
Customer deposits	**28,523**	**28,551**	29,439	29,462
Repurchase agreements at amortised cost	**66**	**66**	1	1
Due to fellow Lloyds Banking Group undertakings	**1,175**	**1,175**	1,213	1,213
Debt securities in issue at amortised cost	**16,015**	**15,981**	15,378	15,273
Subordinated liabilities	**746**	**746**	755	755

The carrying amount of the following financial instruments is a reasonable approximation of fair value: cash and balances at central banks, items in the course of collection from banks and items in course of transmission to banks.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS (UNAUDITED) (continued)

Note 7: Loans and advances to customers

Half-year to 30 June 2024

	Gross carrying amount				Allowance for expected credit losses			
	Stage 1 £m	**Stage 2 £m**	**Stage 3 £m**	**Total £m**	**Stage 1 £m**	**Stage 2 £m**	**Stage 3 £m**	**Total £m**
At 1 January 2024	**16,264**	**193**	**9**	**16,466**	**14**	**5**	**–**	**19**
Exchange and other adjustments	**(158)**	**–**	**–**	**(158)**	**–**	**–**	**–**	**–**
Transfers to Stage 1	**25**	**(25)**	**–**	**–**	**–**	**–**	**–**	**–**
Transfers to Stage 2	**(13)**	**13**	**–**	**–**	**–**	**–**	**–**	**–**
Transfers to Stage 3	**(1)**	**(18)**	**19**	**–**	**–**	**(1)**	**1**	**–**
Net change in ECL due to transfers					**–**	**–**	**–**	**–**
					–	**(1)**	**1**	**–**
Impact of transfers between stages	**11**	**(30)**	**19**	**–**				
Other changes in credit quality					**(4)**	**(1)**	**–**	**(5)**
Additions and repayments	**622**	**(28)**	**(17)**	**577**	**(3)**	**(1)**	**–**	**(4)**
(Credit) charge to the income statement					**(7)**	**(3)**	**1**	**(9)**
Advances written off			**(1)**	**(1)**			**(1)**	**(1)**
Recoveries of advances written off in previous years			**–**	**–**			**–**	**–**
At 30 June 2024	**16,739**	**135**	**10**	**16,884**	**7**	**2**	**–**	**9**
Allowance for ECL	**(7)**	**(2)**	**–**	**(9)**				
Net carrying amount	**16,732**	**133**	**10**	**16,875**				
Drawn ECL coverage[1] (%)	**–**	**1.5**	**–**	**0.1**				

Year ended 31 December 2023

	Gross carrying amount				Allowance for expected credit losses			
	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
At 1 January 2023	18,084	1,060	22	19,166	23	15	1	39
Exchange and other adjustments	(603)	(15)	–	(618)	–	–	(1)	(1)
Transfers to Stage 1	636	(636)	–	–	8	(8)	–	–
Transfers to Stage 2	(47)	47	–	–	–	–	–	–
Transfers to Stage 3	(2)	–	2	–	–	–	–	–
Net change in ECL due to transfers					(6)	1	–	(5)
					2	(7)	–	(5)
Impact of transfers between stages	587	(589)	2	–				
Other changes in credit quality					(1)	–	2	1
Additions and repayments	(1,804)	(263)	(14)	(2,081)	(10)	(3)	(1)	(14)
(Credit) charge to the income statement					(9)	(10)	1	(18)
Advances written off			(2)	(2)			(2)	(2)
Recoveries of advances written off in previous years			1	1			1	1
At 31 December 2023	16,264	193	9	16,466	14	5	–	19
Allowance for ECL	(14)	(5)	–	(19)				
Net carrying amount	16,250	188	9	16,447				
Drawn ECL coverage[1] (%)	0.1	2.6	–	0.1				

1 Allowance for expected credit losses on loans and advances to customers as a percentage of gross loans and advances to customers.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS (UNAUDITED) (continued)

Note 7: Loans and advances to customers (continued)

The movement tables are compiled by comparing the position at the end of the period to that at the beginning of the year. Transfers between stages are deemed to have taken place at the start of the reporting period, with all other movements shown in the stage in which the asset is held at the end of the period.

Additions and repayments comprise new loans originated and repayments of outstanding balances throughout the reporting period.

LBCM's impairment charge comprises impact of transfers between stages, other changes in credit quality and additions and repayments.

Advances written off have first been transferred to Stage 3 and then acquired a full allowance through other changes in credit quality. Recoveries of advances written off in previous years are shown at the full recovered value, with a corresponding entry in repayments and release of allowance through other changes in credit quality.

Note 8: Allowance for expected credit losses

The calculation of LBCM's allowance for expected credit loss allowances requires LBCM to make a number of judgements, assumptions and estimates. These are set out in detail in LBCM's 2023 annual report and accounts, with the most significant set out below.

The table below analyses total ECL allowance, separately identifying the amounts that have been modelled, those that have been individually assessed and those arising through the application of judgemental adjustment.

	Modelled ECL £m	Other judgemental adjustments £m	Total ECL £m
At 30 June 2024	**22**	**(7)**	**15**
At 31 December 2023	34	(3)	31

Other judgemental adjustments

Other judgemental adjustments include corporate insolvency rates of £(7) million (31 December 2023: £(5) million)

The volume of UK corporate insolvencies has continued to remain well above December 2019 levels, revealing a marked misalignment between observed UK corporate insolvencies and LBCM's credit performance which has been better than this. This dislocation gives rise to uncertainty over the drivers of observed trends and the appropriateness of LBCM's Commercial Banking model response which uses observed UK corporate insolvencies data to anchor future loss estimates to. Given LBCM's asset quality remains strong with low new defaults, a negative adjustment is applied by using the long-term average rate. The slightly greater negative adjustment in the period reflects the widening gap between the increasing industry level and the long-term average rate used.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS (UNAUDITED) (continued)

Note 8: Allowance for expected credit losses (continued)

Base case and MES economic assumptions

LBCM's base case economic scenario as at 30 June 2024 has been updated to reflect ongoing geopolitical and economic developments, as the slow reduction of inflationary pressures brings into view a shift to less restrictive monetary policies globally. LBCM's updated base case scenario has three conditioning assumptions: first, the wars in Ukraine and the Middle East remain geographically contained; second, the UK's post-election economic policies retain the framework of the inflation target and fiscal rules, while allowing for an increase in both current and capital public spending; and third, the outcome of the US election broadly maintains economic policy continuity, including an unchanged position for the Federal Reserve.

Based on these assumptions and incorporating the economic data published in the second quarter of 2024, LBCM's base case scenario is for a gradual expansion of economic activity and a slight rise in the unemployment rate, alongside modest changes in residential and commercial property prices. Following a gradual reduction in inflationary pressures, UK Bank Rate is expected to be lowered twice during 2024. Risks around this base case economic view lie in both directions and are largely captured by the generation of alternative economic scenarios.

LBCM has taken into account the latest available information at the reporting date in defining its base case scenario and generating alternative economic scenarios. The scenarios include forecasts for key variables in the second quarter of 2024, for which actuals may have since emerged prior to publication. LBCM's base case economic scenario predated the results of the UK General Election and, as such, information that has become available since the election has not been included.

LBCM's approach to generating alternative economic scenarios is set out in detail in note 14 to the financial statements for the year ended 31 December 2023. LBCM has taken into account the latest available information at the reporting date in defining its base case scenario and generating alternative economic scenarios. A small refinement was made to LBCM's approach during the first half of 2024, with alternative economic scenarios now dispersing from the base case after the balance sheet date. This is one quarter later than previously adopted reflecting the use of a base case that is now set closer to the reporting date than at the onset of IFRS 9. As a result, all scenarios include the same forecasted level for key variables in the second quarter of 2024, for which actuals may have since emerged prior to publication.

For June 2024, LBCM continues to judge it appropriate to include a non-modelled severe downside scenario for LBCM ECL calculations. The scenario is now generated as a simple average of a fully modelled severe scenario, better representing shocks to demand, and a scenario with higher paths for UK Bank Rate and CPI inflation, as a representation of shocks to supply. The combined 'adjusted' scenario used in ECL modelling is considered to better reflect the risks around LBCM's base case view in an economic environment where demand and supply shocks are more balanced.

Scenarios by year

The key UK economic assumptions made by LBCM are shown in the following tables across a number of measures explained below.

Annual assumptions

UK and US Gross domestic product (GDP) growth is presented as an annual change and UK Commercial real estate price growth is presented as the growth in the index over each year. UK and US unemployment rates and UK Bank Rate are averages over the year.

Five-year average

The five-year average reflects the average annual growth rate, or level, over the five-year period. It includes movements within the current reporting year, such that the position as of 30 June 2024 covers the five years 2024 to 2028. The inclusion of the reporting year within the five-year period reflects the need to predict variables which remain unpublished at the reporting date and recognises that credit models utilise both level and annual changes. The use of calendar years maintains a comparability between the annual assumptions presented.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS (UNAUDITED) (continued)

Note 8: Allowance for expected credit losses (continued)

At 30 June 2024	2024 %	2025 %	2026 %	2027 %	2028 %	2024 to 2028 average %
Upside						
UK Gross domestic product growth	**1.1**	**2.3**	**1.7**	**1.5**	**1.4**	**1.6**
UK Unemployment rate	**4.1**	**3.2**	**3.0**	**2.9**	**2.9**	**3.2**
UK Commercial real estate price growth	**2.2**	**8.7**	**2.4**	**2.8**	**1.2**	**3.4**
UK Bank Rate	**5.17**	**5.30**	**5.17**	**5.33**	**5.55**	**5.31**
US Gross domestic product growth	**2.6**	**3.6**	**2.8**	**1.2**	**0.6**	**1.9**
US Unemployment rate	**3.9**	**3.6**	**3.0**	**3.1**	**3.6**	**3.4**
Base case						
UK Gross domestic product growth	**0.8**	**1.2**	**1.6**	**1.6**	**1.6**	**1.3**
UK Unemployment rate	**4.5**	**4.8**	**4.8**	**4.6**	**4.6**	**4.7**
UK Commercial real estate price growth	**(1.6)**	**1.2**	**0.0**	**1.9**	**1.0**	**0.5**
UK Bank Rate	**5.06**	**4.19**	**3.63**	**3.50**	**3.50**	**3.98**
US Gross domestic product growth	**2.0**	**1.5**	**2.0**	**1.8**	**1.7**	**1.6**
US Unemployment rate	**4.1**	**4.4**	**4.3**	**4.3**	**4.2**	**4.3**
Downside						
UK Gross domestic product growth	**0.6**	**(0.5)**	**0.8**	**1.5**	**1.6**	**0.8**
UK Unemployment rate	**4.9**	**6.9**	**7.5**	**7.4**	**7.2**	**6.7**
UK Commercial real estate price growth	**(4.7)**	**(6.7)**	**(4.1)**	**(0.8)**	**(1.3)**	**(3.5)**
UK Bank Rate	**4.97**	**2.77**	**1.38**	**0.89**	**0.63**	**2.13**
US Gross domestic product growth	**1.5**	**(0.6)**	**0.6**	**1.9**	**2.4**	**1.0**
US Unemployment rate	**4.2**	**5.5**	**6.4**	**6.5**	**6.2**	**5.8**
Severe downside						
UK Gross domestic product growth	**0.1**	**(2.2)**	**0.4**	**1.2**	**1.5**	**0.2**
UK Unemployment rate	**5.5**	**9.4**	**10.2**	**10.1**	**9.8**	**9.0**
UK Commercial real estate price growth	**(9.1)**	**(15.1)**	**(8.6)**	**(5.3)**	**(4.7)**	**(8.6)**
UK Bank Rate – modelled	**4.81**	**1.12**	**0.16**	**0.05**	**0.02**	**1.23**
UK Bank Rate – adjusted[1]	**5.09**	**3.22**	**2.33**	**2.02**	**1.79**	**2.89**
US Gross domestic product growth	**0.9**	**(3.1)**	**(1.2)**	**1.8**	**3.3**	**0.3**
US Unemployment rate	**4.4**	**6.9**	**8.9**	**9.2**	**8.6**	**7.6**
Probability-weighted						
UK Gross domestic product growth	**0.8**	**0.7**	**1.3**	**1.5**	**1.5**	**1.2**
UK Unemployment rate	**4.6**	**5.4**	**5.6**	**5.5**	**5.4**	**5.3**
UK Commercial real estate price growth	**(2.1)**	**(0.5)**	**(1.3)**	**0.6**	**(0.2)**	**(0.7)**
UK Bank Rate – modelled	**5.04**	**3.79**	**3.07**	**2.92**	**2.90**	**3.55**
UK Bank Rate – adjusted[1]	**5.07**	**4.00**	**3.29**	**3.12**	**3.08**	**3.71**
US Gross domestic product growth	**1.9**	**1.0**	**1.5**	**1.6**	**1.7**	**1.4**
US Unemployment rate	**4.1**	**4.7**	**5.0**	**5.1**	**5.1**	**4.8**

[1] The adjustment to UK Bank Rate and CPI inflation in the severe downside is considered to better reflect the risks to LBCM's base case view in an economic environment where the risks of supply and demand shocks are seen as more balanced.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS (UNAUDITED) (continued)

Note 8: Allowance for expected credit losses (continued)

At 31 December 2023	2023 %	2024 %	2025 %	2026 %	2027 %	2023 to 2027 average %
Upside						
UK Gross domestic product growth	0.3	1.5	1.7	1.7	1.9	1.4
UK Unemployment rate	4.0	3.3	3.1	3.1	3.1	3.3
UK Commercial real estate price growth	(3.9)	9.0	3.8	1.3	1.3	2.2
UK Bank Rate	4.94	5.72	5.61	5.38	5.18	5.37
US Gross domestic product growth	2.5	2.7	3.1	1.7	0.5	2.0
US Unemployment rate	3.6	3.9	3.3	3.0	3.4	3.4
Base case						
UK Gross domestic product growth	0.3	0.5	1.2	1.7	1.9	1.1
UK Unemployment rate	4.2	4.9	5.2	5.2	5.0	4.9
UK Commercial real estate price growth	(5.1)	(0.2)	0.1	0.0	0.8	(0.9)
UK Bank Rate	4.94	4.88	4.00	3.50	3.06	4.08
US Gross domestic product growth	2.4	1.0	1.4	1.7	1.6	1.6
US Unemployment rate	3.6	4.3	4.5	4.4	4.3	4.2
Downside						
UK Gross domestic product growth	0.2	(1.0)	(0.1)	1.5	2.0	0.5
UK Unemployment rate	4.3	6.5	7.8	7.9	7.6	6.8
UK Commercial real estate price growth	(6.0)	(8.7)	(4.0)	(2.1)	(1.2)	(4.4)
UK Bank Rate	4.94	3.95	1.96	1.13	0.55	2.51
US Gross domestic product growth	2.3	(0.4)	(0.6)	1.0	2.1	0.9
US Unemployment rate	3.7	4.8	6.1	6.6	6.4	5.5
Severe downside						
UK Gross domestic product growth	0.1	(2.3)	(0.5)	1.3	1.8	0.1
UK Unemployment rate	4.5	8.7	10.4	10.5	10.1	8.8
UK Commercial real estate price growth	(7.7)	(19.5)	(10.6)	(7.7)	(5.2)	(10.3)
UK Bank Rate – modelled	4.94	2.75	0.49	0.13	0.03	1.67
UK Bank Rate – adjusted[1]	4.94	6.56	4.56	3.63	3.13	4.56
US Gross domestic product growth	2.2	(2.2)	(3.0)	0.1	2.5	0.0
US Unemployment rate	3.7	5.5	8.2	9.3	9.0	7.1
Probability-weighted						
UK Gross domestic product growth	0.3	0.1	0.8	1.6	1.9	0.9
UK Unemployment rate	4.2	5.3	5.9	5.9	5.7	5.4
UK Commercial real estate price growth	(5.3)	(1.9)	(1.1)	(1.0)	(0.2)	(1.9)
UK Bank Rate – modelled	4.94	4.64	3.52	3.02	2.64	3.75
UK Bank Rate – adjusted[1]	4.94	5.02	3.93	3.37	2.95	4.04
US Gross domestic product growth	2.4	0.8	0.8	1.3	1.5	1.3
US Unemployment rate	3.7	4.5	5.0	5.1	5.2	4.7

[1] The adjustment to UK Bank Rate and CPI inflation in the severe downside was considered to better reflect the risks to LBCM's base case view in an economic environment where supply shocks were the principal concern.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS (UNAUDITED) (continued)

Note 8: Allowance for expected credit losses (continued)

Base case scenario by quarter

Gross domestic product growth is presented quarter-on-quarter. Commercial real estate price growth is presented year-on-year, i.e. from the equivalent quarter in the previous year. Unemployment rate and UK Bank Rate are presented as at the end of each quarter.

At 30 June 2024	**First quarter 2024 %**	**Second quarter 2024 %**	**Third quarter 2024 %**	**Fourth quarter 2024 %**	**First quarter 2025 %**	**Second quarter 2025 %**	**Third quarter 2025 %**	**Fourth quarter 2025 %**
UK Gross domestic product growth	**0.6**	**0.4**	**0.3**	**0.2**	**0.3**	**0.3**	**0.4**	**0.4**
UK Unemployment rate	**4.3**	**4.5**	**4.6**	**4.7**	**4.8**	**4.9**	**4.9**	**4.8**
UK Commercial real estate price growth	**(5.3)**	**(5.3)**	**(3.5)**	**(1.6)**	**(0.9)**	**0.2**	**(0.2)**	**1.2**
UK Bank Rate	**5.25**	**5.25**	**5.00**	**4.75**	**4.50**	**4.25**	**4.00**	**4.00**
US Gross domestic product growth	**0.3**	**0.3**	**0.1**	**0.2**	**0.4**	**0.5**	**0.5**	**0.5**
US Unemployment rate	**3.8**	**4.0**	**4.1**	**4.3**	**4.4**	**4.4**	**4.4**	**4.4**

At 31 December 2023	First quarter 2023 %	Second quarter 2023 %	Third quarter 2023 %	Fourth quarter 2023 %	First quarter 2024 %	Second quarter 2024 %	Third quarter 2024 %	Fourth quarter 2024 %
UK Gross domestic product growth	0.3	0.0	(0.1)	0.0	0.1	0.2	0.3	0.3
UK Unemployment rate	3.9	4.2	4.2	4.3	4.5	4.8	5.0	5.2
UK Commercial real estate price growth	(18.8)	(21.2)	(18.2)	(5.1)	(4.1)	(3.8)	(2.2)	(0.2)
UK Bank Rate	4.25	5.00	5.25	5.25	5.25	5.00	4.75	4.50
US Gross domestic product growth	0.6	0.5	1.3	0.0	0.0	0.1	0.2	0.3
US Unemployment rate	3.5	3.5	3.7	3.9	4.1	4.3	4.4	4.5

ECL sensitivity to economic assumptions

The table below shows LBCM's ECL for the probability-weighted, upside, base case, downside and severe downside scenarios. The stage allocation for an asset is based on the overall scenario probability-weighted PD and hence the staging of assets is typically constant across all the scenarios. ECL for post-model adjustments have been apportioned relative to their sensitivity in each scenario. Judgements applied through changes to inputs are reflected in the scenario sensitivities.

	Probability-weighted £m	**Upside £m**	**Base case £m**	**Downside £m**	**Severe downside £m**
At 30 June 2024	**15**	**8**	**12**	**19**	**32**
At 31 December 2023	31	17	24	38	68

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS (UNAUDITED) (continued)

Note 9: Debt securities in issue

	At 30 Jun 2024	At 31 Dec 2023
Senior unsecured notes issued[1]	**6,630**	6,557
Certificates of deposit issued	**5,738**	4,963
Commercial paper	**3,647**	3,858
Total debt securities in issue	**16,015**	15,378

[1] At 30 June 2024 includes £2,716 million (31 December 2023: £2,720 million) which was previously disclosed as 'Amounts due to fellow Group undertakings'.

Note 10: Dividends on ordinary shares

The Bank paid a dividend of £450 million on 25 March 2024 (no dividend was paid during the half-year to 30 June 2023).

Note 11: Related party transactions

Balances and transactions with fellow Lloyds Banking Group undertakings

The Bank and its subsidiaries have balances due to and from the Bank's ultimate parent company, Lloyds Banking Group plc, and fellow Lloyds Banking Group undertakings. These are included on the balance sheet as follows:

	At 30 Jun 2024 £m	At 31 Dec 2023 £m
Assets, included within:		
Financial assets at fair value through profit or loss	**75**	54
Derivative financial instruments	**3,182**	3,173
Financial assets at amortised cost: due from fellow Lloyds Banking Group undertakings	**538**	297
Liabilities, included within:		
Due to fellow Lloyds Banking Group undertakings	**1,175**	1,213
Financial liabilities at fair value through profit or loss	**500**	45
Derivative financial instruments	**1,942**	2,291
Debt securities in issue at amortised cost	**2,716**	2,720
Subordinated liabilities	**748**	748
Other equity instruments:		
Additional tier 1 instruments	**808**	808

During the half-year to 30 June 2024 LBCM earned £5 million (half-year to 30 June 2023: £4 million) of interest income and incurred £132 million (half-year to 30 June 2023: £110 million) of interest expense on balances and transactions with Lloyds Banking Group plc and fellow Group undertakings.

Other related party transactions

Other related party transactions for the half-year to 30 June 2024 are similar in nature to those for the year ended 31 December 2023.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS (UNAUDITED) (continued)

Note 12: Contingent liabilities, commitments and guarantees

Contingent liabilities, commitments and guarantees arising from the banking business

At 30 June 2024 contingent liabilities, such as performance bonds and letters of credit, arising from the banking business were £89 million (31 December 2023: £94 million).

The contingent liabilities of LBCM arise in the normal course of its banking business and it is not practicable to quantify their future financial effect. Total commitments and guarantees were £20,761 million (31 December 2023: £21,627 million), of which in respect of undrawn formal standby facilities, credit lines and other commitments to lend, £20,276 million (31 December 2023: £21,157 million) was irrevocable.

Legal actions and regulatory matters

In addition, in the course of its business LBCM is subject to other complaints and threatened or actual legal proceedings (including class or group action claims) brought by or on behalf of current or former employees, customers (including their appointed representatives), investors or other third parties, as well as legal and regulatory reviews, enquiries and examinations, requests for information, audits, challenges, investigations and enforcement actions, which could relate to a number of issues. This includes matters in relation to compliance with applicable laws and regulations, such as those relating to prudential regulation, consumer protection, investment advice, business conduct, systems and controls, environmental, competition/anti-trust, tax, anti-bribery, anti-money laundering and sanctions, some of which may be beyond LBCM's control, both in the UK and overseas. Where material, such matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of LBCM incurring a liability. LBCM does not currently expect the final outcome of any such case to have a material adverse effect on its financial position, operations or cash flows.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors listed below (being all the directors of Lloyds Bank Corporate Markets plc) confirm that to the best of their knowledge these condensed consolidated half-year financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, *Interim Financial Reporting*, and that the half-year management report herein includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the six months ended 30 June 2024 and their impact on the condensed consolidated half-year financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the six months ended 30 June 2024 and any material changes in the related party transactions described in the last annual report.

Signed on behalf of the Board by

Carla Antunes da Silva

Chief Executive Officer

30 July 2024

Lloyds Bank Corporate Markets plc Board of directors:

Executive directors

Carla Antunes da Silva *(Chief Executive Officer)*

Julienne Daglish *(Chief Financial Officer)*

Non-executive directors

Mark Basten

Eve Henrikson

Cecile Hillary

Andrew McIntyre

John Owen (*Interim Chair*)

Changes to the composition of the Board since 1 January 2024 up to the date of this report are shown below:

Lord Lupton CBE *(resigned 16 May 2024)*

Rose St Louis *(resigned 17 May 2024)*

Nathan Bostock *(to be appointed as Non-executive director and Chair on 1 August 2024)*

INDEPENDENT REVIEW REPORT TO LLOYDS BANK CORPORATE MARKETS PLC

Conclusion

We have been engaged by Lloyds Bank Corporate Markets plc and its subsidiaries (the Group) to review the condensed consolidated set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 12.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"* issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the Group will be prepared in accordance with United Kingdom adopted international accounting standards. The condensed consolidated set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "*Interim Financial Reporting*".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE (UK) 2410, however future events or conditions may cause the Group to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the Group a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the basis for conclusion paragraph of this report.

INDEPENDENT REVIEW REPORT TO LLOYDS BANK CORPORATE MARKETS PLC (continued)

Use of our report

This report is made solely to the Group in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the Bank those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP

Deloitte LLP

Statutory Auditor

London, England

30 July 2024

FORWARD LOOKING STATEMENTS

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and section 27A of the US Securities Act of 1933, as amended, with respect to the business, strategy, plans and/or results of Lloyds Bank Corporate Markets plc together with its subsidiaries (the Group) and its current goals and expectations. Statements that are not historical or current facts, including statements about the Group's or its directors' and/or management's beliefs and expectations, are forward-looking statements.

Words such as, without limitation, 'believes', 'achieves', 'anticipates', 'estimates', 'expects', 'targets', 'should', 'intends', 'aims', 'projects', 'plans', 'potential', 'will', 'would', 'could', 'considered', 'likely', 'may', 'seek', 'estimate', 'probability', 'goal', 'objective', 'deliver', 'endeavour', 'prospects', 'optimistic' and similar expressions or variations on these expressions are intended to identify forward-looking statements.

These statements concern or may affect future matters, including but not limited to: projections or expectations of the Group's future financial position, including profit attributable to shareholders, provisions, economic profit, dividends, capital structure, portfolios, net interest margin, capital ratios, liquidity, risk-weighted assets (RWAs), expenditures or any other financial items or ratios; litigation, regulatory and governmental investigations; the Group's future financial performance; the level and extent of future impairments and write-downs; the Group's ESG targets and/or commitments; statements of plans, objectives or goals of the Group or its management and other statements that are not historical fact and statements of assumptions underlying such 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, targets, plans and/or results (including but not limited to the payment of dividends) to differ materially from forward-looking statements include, but are not limited to: general economic and business conditions in the UK and internationally; acts of hostility or terrorism and responses to those acts, or other such events; geopolitical unpredictability; the war between Russia and Ukraine; the conflicts in the Middle East; the tensions between China and Taiwan; political instability including as a result of any UK general election; market-related risks, trends and developments; exposure to counterparty risk; the impact of any regulatory and/or legislative divergence between the UK and EU as a result of the exit by the UK from the European Union (EU) and the effects of the EU-UK Trade and Cooperation Agreement; the ability to access sufficient sources of capital, liquidity and funding when required; changes to the Group's credit ratings; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; volatility in credit markets; volatility in the price of the Group's securities; tightening of monetary policy in jurisdictions in which the Group operates; natural pandemic and other disasters; risks concerning borrower and counterparty credit quality; changes in laws, regulations, practices and accounting standards or taxation; changes to regulatory capital or liquidity requirements and similar contingencies; the policies and actions of governmental or regulatory authorities or courts together with any resulting impact on the future structure of the Group; risks associated with the Group's compliance with a wide range of laws and regulations; assessment related to resolution-planning requirements; risks related to regulatory actions which may be taken in the event of a bank or Group failure; exposure to legal, regulatory or competition proceedings, investigations or complaints; failure to comply with anti-money laundering, counter-terrorist financing, anti-bribery and sanctions regulations; failure to prevent or detect any illegal or improper activities; operational risks including risks as a result of the failure of third-party suppliers; conduct risk; 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; technological failure; inadequate or failed internal or external processes or systems; risks relating to ESG matters, such as climate change (and achieving climate change ambitions) and decarbonisation, including the Group's ability along with the government and other stakeholders to measure, manage and mitigate the impacts of climate change effectively, and human rights issues; the impact of competitive conditions; failure to attract, retain and develop high-calibre talent; the ability to achieve strategic objectives; the ability to derive cost savings and other benefits including, but without limitation, as a result of any acquisitions, disposals and other strategic transactions; inability to capture accurately the expected value from acquisitions; assumptions and estimates that form the basis of the Group's financial statements; and potential changes in dividend policy. A number of these influences and factors are beyond the control of the Group or Lloyds Banking Group plc. Please refer to the Base Prospectus for the Group's Euro Medium-Term Note Programme and the latest Annual Report on Form 20-F filed by Lloyds Banking Group plc with the US Securities and Exchange Commission (the SEC), which is available on the SEC's website at www.sec.gov, for a discussion of certain factors and risks. Lloyds Banking Group plc may also make or disclose written and/or oral forward-looking statements in other written materials and in oral statements made by the directors, officers or employees of Lloyds Banking Group plc to third parties, including financial analysts.

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 whether as a result of new information, future events or otherwise. 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.

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