

Lloyds Bank Corporate Markets plc
2025 Half-Year Results



LLOYDS

Non-ring-fenced bank

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Definitions

Lloyds Bank Corporate Markets plc (the Bank) and its subsidiary undertakings (together the Group). References within this document to LBCM refer to the Group as defined here. Lloyds and Lloyds Bank are trading names of Lloyds Bank Corporate Markets plc. Lloyds Banking Group plc is the ultimate parent company of LBCM and is also referred to as LBG in this document.

Connecting the UK and Lloyds Banking Group with the world

LBCM's purpose is Helping Britain Prosper

HALF-YEAR STRATEGIC PROGRESS

In the first 6 months of 2025, Lloyds Bank Corporate Markets group (LBCM) has delivered a solid financial performance from a business that's delivering for our customers. This is pleasing when set against the backdrop of a volatile macroeconomic and geopolitical environment and demonstrates continued business momentum and growth enabled by our strategic investment.

Total income was £513 million in the period (half-year to 30 June 2024: £529 million) and profit before tax was £266 million (half-year to 30 June 2024: £293 million). This includes the one-off charge relating to our capital restructure and is a key milestone in the growth plan of LBCM which unlocks capacity for further growth opportunities.

Our Strategy

Guided by our purpose of Helping Britain Prosper, LBCM has a well-defined strategy of investing in both our markets and international businesses which is driving sustainable income growth and returns. Core to this strategy is deepening client relationships, expanding our institutional coverage and driving collaboration opportunities across LBG.

Global Markets

We are expanding our global financial markets client proposition and scaling our global capital markets franchise.

These businesses continued to expand their client offerings in 2025, with a market share increase of 8 percentage points year-on-year in Structured Finance and 3 percentage points in UK issuer Debt Capital markets issuance.¹ This is supported by good performance in USD and EUR debt issuances. In financial markets we achieved our strategic objective of continuing to be ranked in the top 5 for sterling interest rate swaps.

We have launched a market-leading foreign exchange algorithmic execution service, further enhancing our client toolkit. LBCM also executed the first tokenised collateral transfer on a public blockchain, paving the way for the use of digital technology in the industry.

¹ LSEG Workspace; Structured Finance (excluding collateralised debt obligations) – sterling, All Investment Grade bonds (excluding Sovereign, supranational and agency) - UK issuers (sterling only)

International

We are strengthening our presence in North America and Europe, and digitising and growing our Crown Dependencies business.

In 2025 we have developed our core franchise and support to global clients through our international hubs in the Crown Dependencies, New York and Frankfurt. Ongoing multi-year investment into our technology in the Crown Dependencies business has improved the client offering and operational efficiencies, with good momentum in our new cash management and payments platform.

In North America we are executing our strategic growth objectives, with increased activity across sponsors lending and project finance whilst growing our trading capabilities to support coverage expansion and rates proposition build out. In Frankfurt we continue to support our markets ambition in further expanding our EUR denominated issuances.



Delivering more for our clients

In June 2025, LBCM restructured its regulatory capital mix increasing the amount of additional tier 1 capital (refer to page 4 for more details). This was a key milestone in the growth plan of LBCM which unlocks capacity for further growth opportunities, enables the expansion of our client offering and our overall contribution to the Corporate & Institutional Banking (CIB) business unit of which LBCM is part.

Investment in colleagues has continued including key hires to enable growth. LBCM and its clients are also benefitting from centralisation of support activity into centres of excellence and from the ongoing significant investment into our systems which has further improved core system resilience and stability.

In supporting LBG's sustainability goals, LBCM helped facilitate a €1.75bn dual-tranche green bond in the period. We also continue to work across CIB on the voluntary carbon and nature markets along with the adoption of LBG's clean growth financing initiative – enabling our clients in the Crown Dependencies to access discounted financing for eligible green transactions.

LBCM at a glance

LBCM provides a first-class banking, financing and risk management proposition, underpinned by excellent customer service.

LBCM's diversified business model supports our purpose through connecting customers (large corporates, financial institutions and commercial and retail customers in the Crown Dependencies) with a wide 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.

REVIEW OF PERFORMANCE

Income statement

For the six months to 30 June 2025, total income was £513 million, down £16 million versus the first six months of 2024. An increase in net interest income was offset by reductions in net fee and commission income and net trading income. Overall, this is a good result when set against the backdrop of a volatile macroeconomic and geopolitical environment.

Net interest income is up £105 million, or 188%, versus the first half of 2024 driven by growth in our financial sponsors lending business combined with a reduction in funding costs for our global markets business. In addition we have seen benefits from our structural hedge as maturing balances are reinvested in a higher rate environment.

Income statement	Half-year to 30 Jun		
	2025 £m	2024 £m	Movement £m
Net interest income	161	56	105
Net fee and commission income	138	153	(15)
Net trading income	256	322	(66)
Other operating losses	(42)	(2)	(40)
Total income	513	529	(16)
Operating expenses	(246)	(250)	4
Impairment (charge)/credit	(1)	14	(15)
Profit before tax	266	293	(27)
Tax expense	(56)	(62)	6
Profit for the period	210	231	(21)

Net trading income from our global markets businesses has been resilient in 2025 against the backdrop of volatile international markets resulting in net trading income of £256 million as at 30 June 2025. The overall underlying business performance has remained good, noting that banking volatility/foreign exchange charges were higher in 2025 versus 2024; plus there was a one-off gain recognised in 2024 not repeated in 2025.

Net fee and commission income has remained strong in a competitive environment, generating £138 million in the period driven mainly by debt and bond issuances and fee income from our lending portfolio. Other operating losses in 2025 relate to a one off charge from the regulatory capital restructure.

LBCM has continued to demonstrate strong cost management discipline resulting in a small year on year reduction in operating expenses of £4 million to £246 million in the first 6 months. The impairment charge of £1 million reflects minor movements in our stages 1 and 2, as improving macroeconomic conditions offset the impact of growth in the lending portfolio.

A tax expense of £56 million was recorded which is analysed in note 5.

Balance sheet assets

Total assets were £97,457 million at 30 June 2025, an increase of £2,485 million since 31 December 2024.

Balance sheet assets	As at		
	30 Jun 2025 £m	31 Dec 2024 £m	Movement £m
Cash and balances at central banks	19,122	20,308	(1,186)
Financial assets at fair value through profit or loss	27,192	25,765	1,427
Derivative financial instruments	21,901	22,416	(515)
Financial assets at amortised cost	27,180	25,056	2,124
Other assets	2,062	1,427	635
Total assets	97,457	94,972	2,485

Total asset growth is driven by an increase in financial assets at fair value through profit or loss (growth in our gilts business) plus an increase in financial assets at amortised cost as we have grown our financial sponsors lending portfolio. Financial assets at amortised cost includes loans and advances to banks of £1,625 million, loans and advances to customers of £18,747 million and reverse repurchase agreements of £6,100 million.

This is offset by a small reduction in our derivative financial instruments due to changes in the fair value of foreign exchange and interest rate contracts, and a reduction in cash and balances at central banks (being balances on deposit at the Bank of England and US Federal Reserve) reflecting evolution of our liquid asset portfolio. The increase in other assets relates to trading settlement balances falling due over the half year.

REVIEW OF PERFORMANCE (continued)**Balance sheet liabilities**

Total liabilities were £90,056 million at 30 June 2025, compared to £91,143 million at 31 December 2024.

Total deposits have increased by £373 million in line with LBCM's strategy to grow deposits.

Financial liabilities at fair value through profit or loss increased due to an increase in repurchase agreements while derivative financial instruments reduced, due to movements in fair value.

Debt securities in issue at amortised cost reduced by £2,711 million due to repayment in full of all senior MREL funding of £2,725 million, as part of the regulatory capital restructure which took place in the period. The remaining balance in this line relates to commercial paper, certificates of deposit and Euro Medium Term Notes.

Balance sheet liabilities	As at		
	30 Jun 2025 £m	31 Dec 2024 £m	Movement £m
Total deposits	33,963	33,590	373
Due to fellow LBG undertakings	1,199	1,512	(313)
Financial liabilities at fair value through profit or loss	24,896	22,981	1,915
Derivative financial instruments	15,641	16,588	(947)
Debt securities in issue at amortised cost	12,379	15,090	(2,711)
Other liabilities	1,978	636	1,342
Subordinated liabilities	–	746	(746)
Total liabilities	90,056	91,143	(1,087)

Subordinated liabilities was the Bank's tier 2 capital which has been repaid in full in the period as part of the regulatory capital restructure. The movement in other liabilities relates to trading settlement balances falling due over the half year.

Balance sheet equity

Total equity at 30 June 2025 was £7,401 million (31 December 2024: £3,829 million).

Equity	As at		
	30 Jun 2025 £m	31 Dec 2024 £m	Movement £m
Share capital	370	370	–
Other reserves	(180)	(236)	56
Retained profits	3,066	2,887	179
Ordinary shareholders' equity	3,256	3,021	235
Other equity instruments	4,145	808	3,337
Total equity	7,401	3,829	3,572

Total equity in the period increased by £3,572 million. In addition to profits in the period increasing retained profits, there was a £3,337 million increase in other equity instruments as a result of the issuance of new additional tier 1 capital as part of the regulatory capital restructure.

The movement in other reserves relates 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 reduced to 13.3% (31 December 2024: 13.6%), with profit for the period more than offset by the increase in risk-weighted assets (RWAs).

RWAs increased by £1,814 million to £22,419 million largely reflecting lending growth and increases in counterparty credit risk partially offset by a reduction in market risk.

The Bank's UK leverage ratio increased to 8.2% due to profit for the period and the increase in additional tier 1 capital, offset by an increase in the total exposure measure.

Regulatory capital	As at		
	30 Jun 2025 £m	31 Dec 2024 £m	Movement £m
Common equity tier 1 capital	2,971	2,797	174
Total tier 1 capital	6,950	3,580	3,370
Total capital resources	6,950	4,171	2,779
Risk-weighted assets	22,419	20,605	1,814
CET1 ratio	13.3%	13.6%	(0.3)pp
UK leverage ratio	8.2%	4.5%	3.7pp

REVIEW OF PERFORMANCE (continued)**Capital position**

The Bank's capital position as at 30 June 2025 is presented in the table below.

Capital position	At 30 Jun 2025 £m	At 31 Dec 2024 £m
Common equity tier 1		
Shareholders' equity per unconsolidated balance sheet	3,244	3,019
Cash flow hedging reserve	124	219
Debit valuation adjustment	(34)	(28)
	3,334	3,210
less: deductions from common equity tier 1		
Prudent valuation adjustment	(126)	(130)
Excess of expected losses over impairment provisions and value adjustments	(234)	(279)
Goodwill and other intangible assets	(3)	(4)
Common equity tier 1 capital	2,971	2,797
Additional tier 1¹		
Additional tier 1 instruments	4,120	783
Other adjustments	(141)	–
Total Tier 1 capital	6,950	3,580
Tier 2¹		
Tier 2 instruments	–	691
Other adjustments	–	(100)
Total tier 2 capital	–	591
Total capital resources	6,950	4,171
Risk-weighted assets	22,419	20,605
Capital and leverage ratios		
Common equity tier 1 capital ratio	13.3%	13.6%
Tier 1 capital ratio ¹	31.0%	17.4%
Total capital ratio ¹	31.0%	20.2%
UK Leverage ratio ¹	8.2%	4.5%

¹ A regulatory capital restructuring exercise was undertaken during the period to 30 June 2025. Further detail can be found in the review of 'Balance sheet liabilities' and 'Balance sheet equity' on page 4.

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 risk management framework

Lloyds Banking Group (LBG) is transforming its approach to risk management to support its strategic ambition and purpose of Helping Britain Prosper. A detailed review of the three lines of defence model was completed in 2024 to strengthen accountabilities and accelerate decision-making. Since the publication of the LBCM 2024 annual accounts this risk transformation has continued with the delivery of an enhanced risk management framework which defines a proportionate and materiality-based approach to risk management. The LBG risk management framework (RMF) applies to all LBG undertakings and has been adopted by LBCM. The RMF is the foundation for the delivery of effective and consistent risk control, providing proactive identification, active management and monitoring of LBCM's risks.

The RMF is supplemented with an LBCM Addendum set out to address LBCM-specific risk governance. The RMF and the LBCM Addendum applies to the 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.

The enhanced RMF includes an evolved methodology for setting consistent board-level risk appetite metrics, providing greater clarity and visibility of risk appetite. It also enables simplification and efficiency to support LBG and LBCM in achieving their strategic objectives. Risk appetite is defined as the type and aggregate level of risk LBCM is willing to take or accept in pursuit of its strategic objectives and business plan. 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 (the Board) is responsible for the annual approval of LBCM's risk appetite.

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. Guided by the Board, the senior management articulates and role models the core risk values to which LBCM aspires.

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, tariffs and barriers to trade, 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 its 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 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 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 and operations in international jurisdictions remain a risk of additional complexity for LBCM
- 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**

LBCM has adopted the LBG event-based risk taxonomy as part of the risk management framework. There are 10 principal risks which are reviewed and reported regularly to the Board in alignment with the risk management framework.

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 from the impacts of climate change and the transition to net zero ('inbound risk'), or a result of LBCM's response to tackling climate change and supporting the transition to net zero ('outbound risk'). 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 2050 (refer LBG 2025 Half-Year Results and the LBG 2024 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 distort competition, which could lead to regulatory censure, reputational damage or financial loss.

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

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 has insufficient financial resources to meet its commitments as they fall due or can only secure them at excessive cost. Funding risk is part of liquidity risk and is defined as the risk that LBCM does not have sufficiently stable and diverse sources of funding, or the funding structure is inefficient.

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 risk of adverse consequences from model errors or the inappropriate use of modelled outputs to inform business decisions.

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.

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CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Note	Half-year to 30 Jun 2025 £m	Half-year to 30 Jun 2024 £m
Interest income		1,208	1,392
Interest expense		(1,047)	(1,336)
Net interest income		161	56
Fee and commission income		165	174
Fee and commission expense		(27)	(21)
Net fee and commission income		138	153
Net trading income		256	322
Other operating losses	10	(42)	(2)
Other income		352	473
Total income		513	529
Operating expenses	3	(246)	(250)
Impairment (charge) / credit	4	(1)	14
Profit before tax		266	293
Tax expense	5	(56)	(62)
Profit for the period		210	231
Profit attributable to ordinary shareholders		175	191
Profit attributable to other equity holders		35	40
Profit for the period		210	231

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Half-year to 30 Jun 2025 £m	Half-year to 30 Jun 2024 £m
Profit for the period	210	231
Other comprehensive income		
Items that may subsequently be reclassified to profit or loss:		
Movements in cash flow hedging reserve:		
Effective portion of changes in fair value taken to other comprehensive income	67	(171)
Net income statement transfers	65	190
Tax	(37)	(5)
	95	14
Movements in foreign currency translation reserve, net of tax		
Currency translation differences (tax: £nil)	(39)	3
Total other comprehensive income for the period, net of tax	56	17
Total comprehensive income for the period	266	248
Total comprehensive income attributable to ordinary shareholders	231	208
Total comprehensive income attributable to other equity holders	35	40
Total comprehensive income for the period	266	248

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

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

	Note	At 30 Jun 2025 £m	At 31 Dec 2024 £m
Assets			
Cash and balances at central banks		19,122	20,308
Financial assets at fair value through profit or loss	6	27,192	25,765
Derivative financial instruments	6	21,901	22,416
Loans and advances to banks		1,625	1,255
Loans and advances to customers		18,747	17,800
Reverse repurchase agreements		6,100	5,332
Debt securities		347	336
Due from fellow Lloyds Banking Group undertakings		361	333
Financial assets at amortised cost		27,180	25,056
Current tax recoverable		5	5
Deferred tax assets		43	80
Other assets		2,014	1,342
Total assets		97,457	94,972
Liabilities			
Deposits from banks		1,806	2,645
Customer deposits		32,157	30,945
Due to fellow Lloyds Banking Group undertakings		1,199	1,512
Financial liabilities at fair value through profit or loss	6	24,896	22,981
Derivative financial instruments	6	15,641	16,588
Debt securities in issue at amortised cost	8	12,379	15,090
Other liabilities		1,922	613
Current tax liabilities		42	12
Provisions		14	11
Subordinated liabilities		–	746
Total liabilities		90,056	91,143
Equity			
Share capital		370	370
Other reserves		(180)	(236)
Retained profits		3,066	2,887
Ordinary shareholders' equity		3,256	3,021
Other equity instruments		4,145	808
Total equity		7,401	3,829
Total equity and liabilities		97,457	94,972

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				Other equity instruments £m	Total £m
	Share capital £m	Other reserves £m	Retained profits £m	Total £m		
At 1 January 2025	370	(236)	2,887	3,021	808	3,829
Comprehensive income						
Profit for the period	–	–	175	175	35	210
Other comprehensive income						
Movements in cash flow hedging reserve, net of tax	–	95	–	95	–	95
Movements in foreign currency translation reserve, net of tax	–	(39)	–	(39)	–	(39)
Total other comprehensive income	–	56	–	56	–	56
Total comprehensive income¹	–	56	175	231	35	266
Transactions with owners						
Distributions on other equity instruments	–	–	–	–	(35)	(35)
Net issuance of other equity instruments	–	–	–	–	3,337	3,337
Gain on other equity instruments	–	–	4	4	–	4
Total transactions with owners	–	–	4	4	3,302	3,306
At 30 June 2025²	370	(180)	3,066	3,256	4,145	7,401

¹ Total comprehensive income attributable to owners of the parent was £266 million.

² Total equity attributable to owners of the parent was £7,401 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				Other equity instruments £m	Total £m
	Share capital £m	Other reserves £m	Retained profits £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
Comprehensive income						
Profit for the period	–	–	135	135	38	173
Other comprehensive income						
Movements in cash flow hedging reserve, net of tax	–	56	–	56	–	56
Movements in foreign currency translation reserve, net of tax	–	4	–	4	–	4
Total other comprehensive income	–	60	–	60	–	60
Total comprehensive income ¹	–	60	135	195	38	233
Transactions with owners						
Distributions on other equity instruments	–	–	–	–	(38)	(38)
Total transactions with owners	–	–	–	–	(38)	(38)
At 31 December 2024 ²	370	(236)	2,887	3,021	808	3,829

¹ Total comprehensive income attributable to owners of the parent for the half-year to 30 June 2024 was £248 million (half-year to 31 December 2024: £233 million).

² Total equity attributable to owners of the parent at 30 June 2024 was £3,634 million (31 December 2024: £3,829 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 2025 £m	Half-year to 30 Jun 2024 £m
Cash flows from operating activities		
Profit before tax	266	293
Adjustments for:		
Change in operating assets	(3,635)	(2,924)
Change in operating liabilities	255	1,001
Non-cash and other items	774	155
Net tax paid	(28)	(32)
Net cash used in operating activities	<u>(2,368)</u>	<u>(1,507)</u>
Cash flows from investing activities		
Purchase of fixed assets	–	(6)
Proceeds from sale of fixed assets	–	1
Net cash used in investing activities	<u>–</u>	<u>(5)</u>
Cash flows from financing activities		
Dividends paid to ordinary shareholders	–	(450)
Distributions on other equity instruments	(35)	(40)
Interest paid on subordinated liabilities	(24)	(27)
Interest paid on finance leases	(4)	(2)
Proceeds from issue of other equity instruments	3,637	–
Gain on repayment of other equity instruments	4	–
Repayment of subordinated liabilities	(730)	–
Repurchases and redemptions of other equity instruments	(300)	–
Net cash generated from (used in) financing activities	<u>2,548</u>	<u>(519)</u>
Effect of exchange rate changes on cash and cash equivalents	(788)	54
Change in cash and cash equivalents	(608)	(1,977)
Cash and cash equivalents at beginning of period	<u>20,664</u>	<u>21,770</u>
Cash and cash equivalents at end of period	<u>20,056</u>	<u>19,793</u>

Interest received was £1,191 million (half year to 30 June 2024: £1,150 million) and interest paid was £971 million (half year to 30 June 2024: £1,153 million).

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 2025 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. Lloyds and Lloyds Bank are trading names of Lloyds Bank Corporate Markets plc.

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 2024 which complied with international accounting standards in conformity with the requirements of the Companies Act 2006 and were prepared in accordance with IFRS[®] Accounting Standards as issued by the International Accounting Standards Board (IASB). Copies of the 2024 annual report and accounts are available at www.lloydsbankinggroup.com and are also available upon request from Investor Relations, Lloyds Banking Group plc, 33 Old Broad Street, London EC2N 1HZ.

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's accounting policies are consistent with those applied by LBCM in its financial statements for the year ended 31 December 2024 and there have been no changes in LBCM's methods of computation.

The IASB has issued an amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates, effective 1 January 2025. This amendment has not had a significant impact on LBCM.

Future accounting developments

There are a number of new accounting pronouncements issued by the IASB with an effective date of 1 January 2027. This includes IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation of Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures. The impact of these standards is being assessed and they have not yet been endorsed for use in the UK.

The IASB has issued its annual improvements and a number of amendments to the IFRS Accounting Standards effective 1 January 2026, including Amendments to IFRS 9 Financial Instruments and Amendments to IFRS 7 Financial Instruments Disclosure. These improvements and amendments are not expected to have a significant impact on LBCM.

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 2024 and copies may be obtained from Investor Relations, Lloyds Banking Group, 33 Old Broad Street, London EC2N 1HZ and are 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 2024 were approved by the directors on 26 February 2025 and were delivered to the Registrar of Companies on 10 March 2025. The independent 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.

LBCM's significant judgements, estimates and assumptions are unchanged compared to those disclosed in note 3 of LBCM's 2024 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 7.

Note 3: Operating expenses

	Half-year to 30 Jun 2025 £m	Half-year to 30 Jun 2024 £m
Staff costs	(107)	(109)
Amounts payable to fellow Lloyds Banking Group undertakings	(101)	(101)
Other	(38)	(40)
Total operating expenses	(246)	(250)

Note 4: Impairment

	Half-year to 30 Jun 2025 £m	Half-year to 30 Jun 2024 £m
Loans and advances to banks	–	1
Loans and advances to customers	(2)	9
Debt securities	–	2
Financial assets at amortised cost	(2)	12
Loan commitments and financial guarantees	1	2
Total impairment (charge) / credit	(1)	14

Note 5: Tax

In accordance with IAS 34, LBCM's income tax expense for the half-year to 30 June 2025 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 2025 £m	Half-year to 30 Jun 2024 £m
Profit before tax	266	293
UK corporation tax thereon at 25.0% (2024: 25.0%)	(66)	(73)
Impact of surcharge on banking profits	(2)	(3)
Non-deductible costs	(4)	(1)
Non-taxable income	3	–
Tax relief on coupons on other equity instruments	8	10
Differences in overseas tax rates	4	5
Other adjustments in respect of prior years	1	(1)
Other	–	1
Tax expense	(56)	(62)

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 12 to LBCM's financial statements for the year ended 31 December 2024 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.

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.

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets				
At 30 June 2025				
Financial assets at fair value through profit or loss:				
Loans and advances to customers	–	793	2	795
Reverse repurchase agreements	–	20,656	–	20,656
Debt securities	4,635	981	124	5,740
Treasury and other bills	1	–	–	1
Total financial assets at fair value through profit or loss	4,636	22,430	126	27,192
Derivative financial instruments	14	21,340	547	21,901
Total financial assets carried at fair value	4,650	43,770	673	49,093
At 31 December 2024				
Financial assets at fair value through profit or loss:				
Loans and advances to customers	–	621	2	623
Reverse repurchase agreements	–	20,465	–	20,465
Debt securities	3,473	1,040	132	4,645
Treasury and other bills	32	–	–	32
Total financial assets at fair value through profit or loss	3,505	22,126	134	25,765
Derivative financial instruments	16	21,651	749	22,416
Total financial assets carried at fair value	3,521	43,777	883	48,181
Financial liabilities				
At 30 June 2025				
Financial liabilities at fair value through profit or loss:				
Liabilities in respect of securities sold under repurchase agreements	–	22,554	–	22,554
Short positions in securities	2,326	15	–	2,341
Other	–	1	–	1
Total financial liabilities at fair value through profit or loss	2,326	22,570	–	24,896
Derivative financial instruments	29	15,430	182	15,641
Total financial liabilities carried at fair value	2,355	38,000	182	40,537
At 31 December 2024				
Financial liabilities at fair value through profit or loss:				
Liabilities in respect of securities sold under repurchase agreements	–	20,564	–	20,564
Short positions in securities	2,400	17	–	2,417
Total financial liabilities at fair value through profit or loss	2,400	20,581	–	22,981
Derivative financial instruments	20	16,263	305	16,588
Total financial liabilities carried at fair value	2,420	36,844	305	39,569

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 2024 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	Derivative assets £m	Total financial assets carried at fair value £m
At 1 January 2025	134	749	883
Exchange and other adjustments	–	10	10
Losses recognised in the income statement within other income	(4)	(153)	(157)
Purchases/increases	–	8	8
Sales/repayments	(4)	(4)	(8)
Transfers into the level 3 portfolio	–	2	2
Transfers out of the level 3 portfolio	–	(65)	(65)
At 30 June 2025	126	547	673
Losses recognised in the income statement, within other income, relating to the change in fair value of those assets held at 30 June 2025	(4)	(124)	(128)
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)

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 2025	305
Exchange and other adjustments	12
Gains recognised in the income statement within other income	(140)
Purchases/increases	9
Sales/repayments	(4)
At 30 June 2025	182
Gains recognised in the income statement, within other income, relating to the change in fair value of those liabilities held at 30 June 2025	(110)
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)

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 2025	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 (+/- 13bps)	124	16	(16)
			<u>126</u>		
Derivative financial assets					
Interest rate options	Option pricing model	Interest rate volatility (12%/171%)	271	6	(4)
Interest rate derivatives	Discounted cash flows	(+/- 8%) uncertainty of recovery rates	276	22	(22)
			<u>547</u>		
Level 3 financial assets carried at fair value			<u>673</u>		
Derivative financial liabilities					
Interest rate derivatives	Option pricing model	Interest rate volatility (12%/171%)	182	10	(12)
Level 3 financial liabilities carried at fair value			<u>182</u>		

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.

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

At 31 December 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 (+/- 16bps)	2	-	-
Debt securities	Discounted cash flows	Credit spreads (discount factor) and inflation volatility (+/- 17bps)	132	21	(21)
			<u>134</u>		
Derivative financial assets					
Interest rate options	Option pricing model	Interest rate volatility (11%/183%)	402	5	(6)
Interest rate derivatives	Discounted cash flows	(+/-8%) uncertainty of recovery rates	347	21	(21)
			<u>749</u>		
Level 3 financial assets carried at fair value			<u>883</u>		
Derivative financial liabilities					
Interest rate derivatives	Option pricing model	Interest rate volatility (11%/183%)	305	12	(10)
Level 3 financial liabilities carried at fair value			<u>305</u>		

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 LBCM's financial statements for the year ended 31 December 2024.

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 2024.

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 2025		At 31 December 2024	
	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Financial assets				
Loans and advances to banks	1,625	1,624	1,255	1,251
Loans and advances to customers	18,747	18,756	17,800	17,809
Reverse repurchase agreements	6,100	6,100	5,332	5,332
Debt securities	347	344	336	330
Due from fellow Lloyds Banking Group undertakings	361	361	333	333
Financial liabilities				
Deposits from banks	1,806	1,806	2,645	2,645
Customer deposits	32,157	32,177	30,945	30,956
Due to fellow Lloyds Banking Group undertakings	1,199	1,199	1,512	1,512
Debt securities in issue at amortised cost	12,379	12,410	15,090	15,097
Subordinated liabilities	–	–	746	747

The carrying amount of cash and balances at central banks is a reasonable approximation of its fair value.

Note 7: 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 2024 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	Judgemental adjustments £m	Total ECL £m
At 30 June 2025	14	(1)	13
At 31 December 2024	16	(4)	12

Judgemental adjustments

Judgemental adjustments include corporate insolvency rates of £(2) million (31 December 2024: £(6) million)

The volume of UK corporate insolvencies continues to exhibit an elevated trend beyond December 2019 levels, revealing a marked misalignment between observed UK corporate insolvencies and LBCM's equivalent credit performance. This dislocation gives rise to uncertainty over the drivers of the observed trends in the metric 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 robust with low defaults, a negative adjustment is applied by reverting judgementally to the long-term average of the insolvency rate. The scale of the negative adjustment reduced in the period reflecting both the reduction in observed actual UK corporate insolvencies rates, narrowing the gap of the misalignment, as well from a one-off change due to the interaction with the implementation of loss rate model enhancements in the period.

Note 7: Allowance for expected credit losses (continued)**Base case and MES economic assumptions**

LBCM's base case economic scenario has been updated to reflect ongoing geopolitical developments and changes in domestic economic policy. LBCM's updated base case scenario has three conditioning assumptions. First, global conflicts do not lead to major discontinuities in commodity prices or global trade. Second, the US will impose tariffs on countries with a bilateral trade deficit after the Liberation Day 90 day pause expires, resulting in an increased effective tariff rate relative to prior assumptions. Third, the UK Industrial Strategy and Spending Review are not assumed to substantially change the UK fiscal outlook.

Based on these assumptions and incorporating the economic data published in the second quarter of 2025, LBCM's base case scenario is for a slow expansion in gross domestic product (GDP) and a further rise in the unemployment rate alongside small gains in residential and commercial property prices. With underlying inflationary pressures are expected to recede, gradual cuts in UK Bank Rate are expected to continue during 2025, reaching a 'neutral' policy stance in 2026. 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 as at the second quarter of 2025. Actuals for this period, or restatements of past data, may have since emerged prior to publication and have not been included.

LBCM's approach to generating alternative economic scenarios is set out in detail in note 16 to the financial statements for the year ended 31 December 2024. For June 2025, 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

Gross domestic product (GDP) growth and Consumer Price Index (CPI) inflation are presented as an annual change, house price growth and commercial real estate price growth are presented as the growth in the respective indices over each year. Unemployment rate 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 2025 covers the five years 2025 to 2029. 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.

Note 7: Allowance for expected credit losses (continued)

At 30 June 2025	2025 %	2026 %	2027 %	2028 %	2029 %	2025 to 2029 average %
Upside						
UK Gross domestic product growth	1.2	2.0	1.8	1.4	1.4	1.6
UK Unemployment rate	4.4	3.5	3.1	3.1	3.2	3.5
UK Commercial real estate price growth	5.1	8.1	3.8	1.1	0.4	3.6
UK Bank Rate	4.21	4.50	4.84	5.05	5.21	4.76
US Gross domestic product	1.6	3.2	2.2	0.6	0.6	1.5
US Unemployment rate	4.1	3.1	2.6	3.2	4.0	3.4
Base case						
UK Gross domestic product growth	1.0	1.0	1.5	1.5	1.5	1.3
UK Unemployment rate	4.8	5.0	4.7	4.5	4.5	4.7
UK Commercial real estate price growth	1.6	1.1	1.3	0.3	0.0	0.9
UK Bank Rate	4.13	3.56	3.50	3.50	3.50	3.64
US Gross domestic product	1.2	1.0	1.7	1.8	1.9	1.5
US Unemployment rate	4.3	4.6	4.6	4.5	4.4	4.5
Downside						
UK Gross domestic product growth	0.6	(1.2)	0.6	1.3	1.5	0.5
UK Unemployment rate	5.2	7.2	7.5	7.2	7.0	6.8
UK Commercial real estate price growth	(1.6)	(6.8)	(1.6)	(2.3)	(2.7)	(3.0)
UK Bank Rate	4.02	1.90	0.99	0.68	0.46	1.61
US Gross domestic product	0.9	(0.8)	1.0	2.8	3.1	1.4
US Unemployment rate	4.5	5.9	6.4	5.7	4.8	5.5
Severe downside						
UK Gross domestic product growth	0.1	(3.0)	0.0	1.2	1.4	(0.1)
UK Unemployment rate	5.8	9.7	10.2	9.8	9.4	9.0
UK Commercial real estate price growth	(6.5)	(16.0)	(7.4)	(6.7)	(5.7)	(8.6)
UK Bank Rate – modelled	3.88	0.68	0.11	0.03	0.01	0.94
UK Bank Rate – adjusted ¹	4.34	3.09	2.80	2.77	2.76	3.15
US Gross domestic product	0.4	(3.8)	0.4	4.6	4.9	1.3
US Unemployment rate	4.8	8.2	9.2	7.5	5.4	7.0
Probability-weighted						
UK Gross domestic product growth	0.9	0.2	1.1	1.4	1.4	1.0
UK Unemployment rate	4.9	5.7	5.6	5.4	5.4	5.4
UK Commercial real estate price growth	0.9	(0.9)	0.3	(1.0)	(1.2)	(0.4)
UK Bank Rate – modelled	4.09	3.06	2.81	2.77	2.75	3.10
UK Bank Rate – adjusted ¹	4.14	3.30	3.08	3.04	3.03	3.32
US Gross domestic product	1.2	0.6	1.5	2.0	2.1	1.4
US Unemployment rate	4.4	4.9	5.0	4.8	4.5	4.7

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.

Note 7: Allowance for expected credit losses (continued)

At 31 December 2024	2024 %	2025 %	2026 %	2027 %	2028 %	2024 to 2028 average %
Upside						
UK Gross domestic product growth	0.8	1.9	2.2	1.5	1.4	1.6
UK Unemployment rate	4.3	3.5	2.8	2.7	2.8	3.2
UK Commercial real estate price growth	0.7	7.8	6.7	3.2	0.5	3.7
UK Bank Rate	5.06	4.71	5.02	5.19	5.42	5.08
US Gross domestic product	2.8	3.5	3.5	1.4	0.6	2.1
US Unemployment rate	4.0	3.6	2.6	2.7	3.5	3.3
Base case						
UK Gross domestic product growth	0.8	1.0	1.4	1.5	1.5	1.2
UK Unemployment rate	4.3	4.7	4.7	4.5	4.5	4.5
UK Commercial real estate price growth	0.7	0.3	2.5	1.9	0.0	1.1
UK Bank Rate	5.06	4.19	3.63	3.50	3.50	3.98
US Gross domestic product	2.8	2.0	1.8	1.9	1.9	2.0
US Unemployment rate	4.0	4.3	4.4	4.4	4.3	4.3
Downside						
UK Gross domestic product growth	0.8	(0.5)	(0.4)	1.0	1.5	0.5
UK Unemployment rate	4.3	6.0	7.4	7.4	7.1	6.4
UK Commercial real estate price growth	0.7	(7.8)	(3.1)	(0.9)	(2.3)	(2.7)
UK Bank Rate	5.06	3.53	1.56	0.96	0.68	2.36
US Gross domestic product	2.8	0.8	0.2	2.2	3.1	1.8
US Unemployment rate	4.0	5.0	6.2	6.1	5.2	5.3
Severe downside						
UK Gross domestic product growth	0.8	(1.9)	(1.5)	0.7	1.3	(0.1)
UK Unemployment rate	4.3	7.7	10.0	10.0	9.7	8.4
UK Commercial real estate price growth	0.7	(17.4)	(8.5)	(5.5)	(5.7)	(7.5)
UK Bank Rate – modelled	5.06	2.68	0.28	0.08	0.02	1.62
UK Bank Rate – adjusted ¹	5.06	4.03	2.70	2.23	1.95	3.19
US Gross domestic product	2.8	(1.2)	(2.1)	2.9	5.1	1.6
US Unemployment rate	4.0	6.2	9.1	8.6	6.5	6.9
Probability-weighted						
UK Gross domestic product growth	0.8	0.5	0.8	1.2	1.4	1.0
UK Unemployment rate	4.3	5.0	5.5	5.4	5.3	5.1
UK Commercial real estate price growth	0.7	(1.7)	1.0	0.7	(1.1)	(0.1)
UK Bank Rate – modelled	5.06	4.00	3.09	2.90	2.88	3.59
UK Bank Rate – adjusted ¹	5.06	4.13	3.33	3.12	3.08	3.74
US Gross domestic product	2.8	1.8	1.5	1.9	2.2	1.9
US Unemployment rate	4.0	4.5	4.9	4.8	4.5	4.5

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.

Note 7: 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.

	First quarter 2025 %	Second quarter 2025 %	Third quarter 2025 %	Fourth quarter 2025 %	First quarter 2026 %	Second quarter 2026 %	Third quarter 2026 %	Fourth quarter 2026 %
At 30 June 2025								
UK Gross domestic product growth	0.7	0.0	0.1	0.2	0.3	0.3	0.4	0.4
UK Unemployment rate	4.5	4.7	4.9	5.0	5.0	5.0	4.9	4.9
UK Commercial real estate price growth	2.5	2.7	2.6	1.6	1.2	1.0	1.0	1.1
UK Bank Rate	4.50	4.25	4.00	3.75	3.75	3.50	3.50	3.50
US Gross domestic product growth	(0.1)	0.3	0.1	0.1	0.3	0.3	0.4	0.4
US Unemployment rate	4.1	4.3	4.4	4.5	4.6	4.6	4.6	4.6
	First quarter 2024 %	Second quarter 2024 %	Third quarter 2024 %	Fourth quarter 2024 %	First quarter 2025 %	Second quarter 2025 %	Third quarter 2025 %	Fourth quarter 2025 %
At 31 December 2024								
UK Gross domestic product growth	0.7	0.4	0.0	0.1	0.2	0.3	0.3	0.3
UK Unemployment rate	4.3	4.2	4.3	4.4	4.5	4.6	4.7	4.8
UK Commercial real estate price growth	(5.3)	(4.7)	(2.8)	0.7	1.8	1.4	0.9	0.3
UK Bank Rate	5.25	5.25	5.00	4.75	4.50	4.25	4.00	4.00
US Gross domestic product growth	0.4	0.7	0.8	0.5	0.4	0.4	0.4	0.5
US Unemployment rate	3.8	4.0	4.2	4.2	4.2	4.3	4.3	4.4

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 2025	13	7	10	16	29
At 31 December 2024	12	6	10	15	27

Note 7: Allowance for expected credit losses (continued)**Movement in expected credit loss allowance**

	Half-year to 30 June 2025 £m	Half-year to 31 December 2024 £m	Half-year to 30 June 2024 £m
Opening ECL at start of period	12	15	31
Write-offs and other	–	(1)	(2)
Income statement charge (credit)	1	(2)	(14)
Net ECL increase (decrease)	1	(3)	(16)
Closing ECL at end of period	13	12	15

Note 8: Debt securities in issue at amortised cost

	At 30 Jun 2025	At 31 Dec 2024
Senior unsecured notes issued	3,227	6,619
Certificates of deposit issued	4,494	5,179
Commercial paper	4,658	3,292
Total debt securities in issue at amortised cost	12,379	15,090

Note 9: Dividends on ordinary shares

The Bank did not pay a dividend in the period to 30 June 2025 (2024: £450 million).

Note 10: 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 2025 £m	At 31 Dec 2024 £m
Assets, included within:		
Financial assets at fair value through profit or loss	17	37
Derivative financial instruments	2,673	2,490
Financial assets at amortised cost: due from fellow Lloyds Banking Group undertakings	361	333
Liabilities, included within:		
Due to fellow Lloyds Banking Group undertakings	1,199	1,512
Financial liabilities at fair value through profit or loss	504	–
Derivative financial instruments	1,276	1,352
Debt securities in issue at amortised cost	–	3,307
Subordinated liabilities	–	748
Other equity instruments:		
Additional tier 1 instruments	4,145	808

During the half-year to 30 June 2025 LBCM earned £nil (half-year to 30 June 2024: £5 million) of interest income and incurred £122 million (half-year to 30 June 2024: £132 million) of interest expense on balances and transactions with Lloyds Banking Group plc and fellow Group undertakings.

A regulatory capital restructuring exercise was undertaken during the period to 30 June 2025. All senior MREL funding (debt securities at amortised cost above) and tier 2 capital (subordinated liabilities above) were repaid, with the associated charges recognised through other income. New additional tier 1 capital was then issued (other equity instruments above).

Other related party transactions

Other related party transactions for the half-year to 30 June 2025 are similar in nature to those for the year ended 31 December 2024.

Note 11: Contingent liabilities, commitments and guarantees**Contingent liabilities, commitments and guarantees arising from the banking business**

At 30 June 2025 contingent liabilities, such as performance bonds and letters of credit, arising from the banking business were £37 million (31 December 2024: £82 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 £21,320 million (31 December 2024: £20,713 million), of which in respect of undrawn formal standby facilities, credit lines and other commitments to lend is £20,853 million (31 December 2024: £20,216 million) was irrevocable.

LIBOR and other trading rates

Certain Group companies, together with other panel banks, have been named as defendants in ongoing private lawsuits, including purported class action suits, in the US in connection with their roles as panel banks contributing to the setting of US dollar, Japanese yen and Sterling London Interbank Offered Rate.

It is currently not possible to predict the scope and ultimate outcome on the Group of any private lawsuits or ongoing related challenges to the interpretation or validity of any of the Group's contractual arrangements, including their timing and scale. As such, it is not practicable to provide an estimate of any potential financial effect.

Other legal actions and regulatory matters

In the course of its business LBCM is subject to 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 2025 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 2025 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

29 July 2025

Lloyds Bank Corporate Markets plc Board of directors:

Executive directors

Carla Antunes da Silva (Chief Executive Officer)

Julienne Daghish (Chief Financial Officer)

Non-executive directors

Ruth Anderson

Mark Basten

Nathan Bostock (Chair)

Eve Henrikson

Andrew McIntyre

John Owen

Richard Shrimpton

Changes to the composition of the Board since 1 January 2025 up to the date of this report are shown below:

Cecile Hillary (resigned 28 February 2025)

Richard Shrimpton (appointed 1 March 2025)

Ruth Anderson (appointed 1 April 2025)

INDEPENDENT REVIEW REPORT TO LLOYDS BANK CORPORATE MARKETS PLC**Conclusion**

We have been engaged by the 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 2025 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 11.

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 2025 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 set of financial statements included in this half-yearly financial report have 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 consolidated set of financial statement 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 Group 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 Group, for our review work, for this report, or for the conclusions we have formed.

A handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, slightly slanted style.

Deloitte LLP
Statutory Auditor
London, England
29 July 2025

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 (including in relation to tariffs); imposed and threatened tariffs and changes to global trade policies; acts of hostility or terrorism and responses to those acts, or other such events; geopolitical unpredictability; the war between Russia and Ukraine; the escalation of 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; changes in client and consumer behaviour and demand; 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; natural pandemic and other disasters; risks concerning borrower and counterparty credit quality; risks affecting defined benefit pension schemes; 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; and assumptions and estimates that form the basis of the Group's financial statements. A number of these influences and factors are beyond the Group's control. Please refer to 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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