

### CREDIT OPINION

30 May 2025

Update



Send Your Feedback

#### RATINGS

##### Lloyds Banking Group plc

Domicile	London, United Kingdom
Long Term CRR	Not Assigned
Long Term Debt	A3
Type	Senior Unsecured - Fgn Curr
Outlook	Stable
Long Term Deposit	Not Assigned

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

#### Contacts

**Farooq Khan** +44.20.7772.1638  
VP - Senior Analyst - Financial Institutions  
farooq.khan@moody's.com

**Simon James Robin Ainsworth** +44 207 772 5347  
Associate Managing Director  
simon.ainsworth@moody's.com

**Christopher Tucker** +44.20.7772.1357  
Sr Ratings Associate  
christopher.tucker@moody's.com

#### CLIENT SERVICES

**Americas** 1-212-553-1653  
**Asia Pacific** 852-3551-3077  
**Japan** 81-3-5408-4100  
**EMEA** 44-20-7772-5454

## Lloyds Banking Group plc

Update following ratings affirmation

### Summary

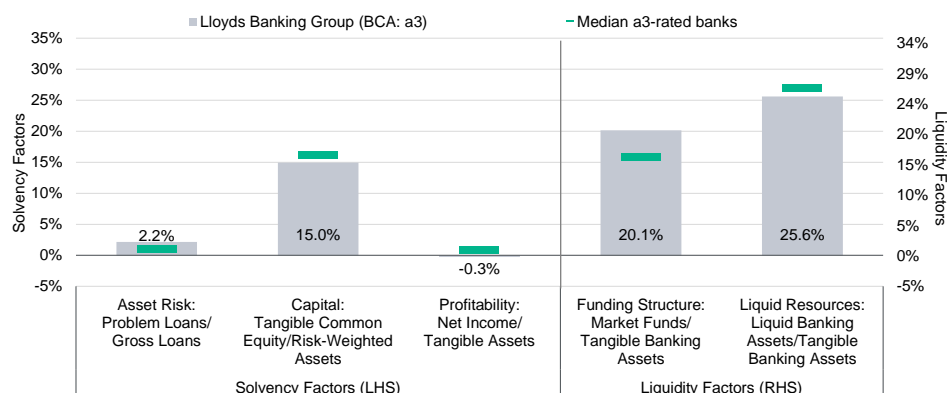
The A3 long term senior unsecured debt rating assigned to [Lloyds Banking Group plc](#) (LBG) reflects (1) the group's standalone creditworthiness, expressed in an a3 notional Baseline Credit Assessment (BCA); (2) moderate loss-given-failure, which results in no uplift under our Advanced Loss Given Failure (LGF) analysis; and (3) our assessment of a low probability of support from the [Government of United Kingdom](#) (Aa3 stable), which results in no uplift.

LBG's a3 BCA reflects the group's strong asset quality, improving outlook for profitability and capital generation, adequate, yet declining capital ratios and its leading deposit funding franchise in the United Kingdom.

LBG's insurance and wealth activities, which includes the subsidiary [Scottish Widows Limited](#) (Scottish Widows, IFRS A2 positive) provide earnings diversification to the group's banking activities carried out by the ring-fenced bank [Lloyds Bank plc](#) (LB, A1 stable/A1 stable, a3<sup>1</sup>), and the non-ring-fenced bank [Lloyds Bank Corporate Markets plc](#) (LBCM, A1 stable/A1 stable, baa3<sup>2</sup>).

Exhibit 1

#### Rating Scorecard — Key financial ratios As of December 2024



Source: Moody's Ratings

## Credit strengths

- » Low asset risk given secured prime mortgage lending focus
- » Adequate capital levels that provide a buffer against any deterioration in asset quality as well as a platform for loan growth
- » Stable retail funding and ample liquidity
- » Strong profitability from a diverse range of activities

## Credit challenges

- » Ensuring asset quality in a higher than historical interest rate environment
- » Maintaining leading mortgage and deposit market share in a competitive environment

## Outlook

The stable outlook on LBG's senior unsecured ratings reflects our view that the combined solvency and liquidity metrics will remain in line with our current assessment of strong asset quality, improving profitability, adequate capitalisation, and ample liquidity, which moderates wholesale funding exposures.

## Factors that could lead to an upgrade of the ratings

LBG's long-term ratings could be upgraded following an upgrade of its notional BCA supported by a combination of consistently lower problem loans, maintaining higher capital than the bank's current capital distribution targets to shareholders would imply and delivering a greater than expected increase in profitability underpinned by structural efficiency gains. A successful execution of its 2026 strategy, including ongoing digitalization and technological advancements to improve efficiency and product distribution, thereby diversifying income streams and supporting profitability and capital generation could also result in positive ratings pressure on LBG's ratings.

LBG's senior unsecured debt ratings could also be upgraded following a significant increase in the stock of subordinated or senior unsecured debt issued by LBG.

## Factors that could lead to a downgrade of the ratings

LBG's ratings could be downgraded following a downgrade of the notional BCA driven by higher problem loans, or a material deterioration in the group's asset risk metrics, leading to significant impairment charges and lower capital generation and capital levels. Delays in achieving strategic initiative targets could also lead to downwards rating pressure. The ratings of LBG could also be downgraded following a reduction in its stock of externally issued unsecured debt.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

## Key indicators

Exhibit 2

### Lloyds Banking Group plc (Consolidated Financials) [1]

	12-24 <sup>2</sup>	12-23 <sup>2</sup>	12-22 <sup>2</sup>	12-21 <sup>2</sup>	12-20 <sup>2</sup>	CAGR/Avg. <sup>3</sup>
Total Assets (GBP Billion)	882.5	861.1	849.9	863.3	837.2	1.3 <sup>4</sup>
Total Assets (USD Billion)	1,105.2	1,097.7	1,022.3	1,165.1	1,144.4	(0.9) <sup>4</sup>
Tangible Common Equity (GBP Billion)	33.6	34.1	33.0	40.7	35.1	(1.1) <sup>4</sup>
Tangible Common Equity (USD Billion)	42.1	43.4	39.7	55.0	48.0	(3.3) <sup>4</sup>
Problem Loans / Gross Loans (%)	1.9	2.2	2.3	1.9	2.0	2.1 <sup>5</sup>
Tangible Common Equity / Risk Weighted Assets (%)	14.9	15.5	15.6	20.8	17.3	16.9 <sup>6</sup>
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	24.5	26.8	28.7	19.5	22.2	24.3 <sup>5</sup>
Net Interest Margin (%)	1.4	1.5	1.5	1.1	1.3	1.4 <sup>5</sup>
PPI / Average RWA (%)	3.1	3.8	2.3	2.6	2.4	2.8 <sup>6</sup>
Net Income / Tangible Assets (%)	0.1	0.6	-1.5	0.6	0.7	0.1 <sup>5</sup>
Cost / Income Ratio (%)	63.0	57.2	66.1	67.8	66.0	64.0 <sup>5</sup>
Market Funds / Tangible Banking Assets (%)	20.1	19.8	20.6	18.2	20.4	19.8 <sup>5</sup>
Liquid Banking Assets / Tangible Banking Assets (%)	25.6	26.2	28.9	30.3	31.0	28.4 <sup>5</sup>
Gross Loans / Due to Customers (%)	94.8	94.6	95.2	94.1	97.2	95.2 <sup>5</sup>

[.] Further to the publication of our revised methodology in July 2021, only ratios from annual 2020 onwards included in this report reflect the change in analytical treatment of the "high-trigger" Additional Tier 1 instruments. [1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Sources: Moody's Ratings and company filings

## Profile

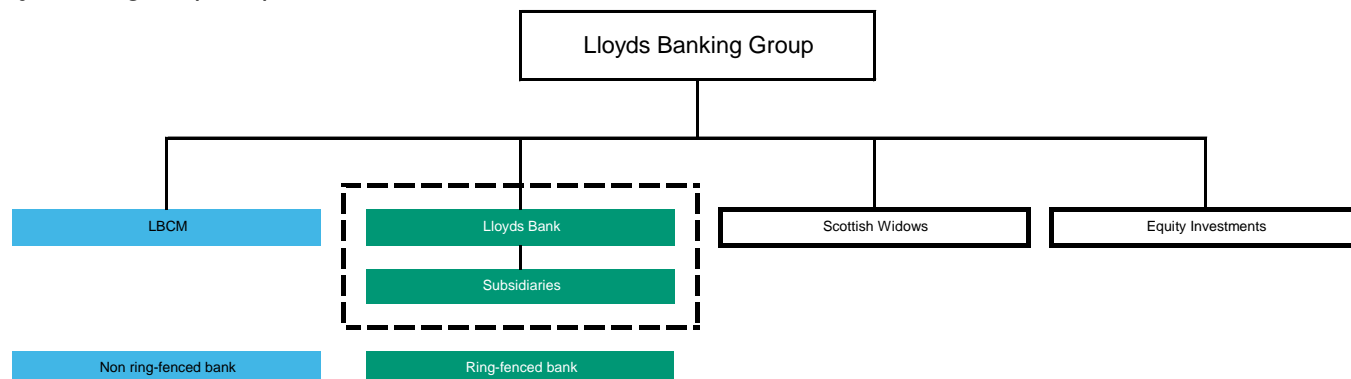
LBG is the holding company of a leading UK-based financial services group providing a wide range of banking and financial services, focused on personal and commercial customers. The group's main business activities are retail and commercial banking, as well as general insurance and life, pensions and investment provision carried out by Scottish Widows and its subsidiaries. The group operates the largest retail banking network of the UK via different brands (mainly Lloyds Bank, Halifax, Bank of Scotland), and has a large and diversified customer base.

LBG is organised along four business divisions: Retail, Commercial Banking, Insurance and Wealth, and Equity Investments and Central Items. Following the implementation of the UK's structural reform (so-called ring-fencing) most of LBG's banking activities, including more than 95% of the loan portfolio and most of the retail, small and medium-sized enterprise business, and corporate deposits, remained in the ring-fenced LB. LBCM, the non-ring-fenced entity which includes capital markets activities, business outside of the European Economic Area and lending to financial institutions accounted for around 4% of the group's loans and around 9% of risk-weighted assets (RWAs) at end-2024.

Under the current structure, LBG directly owns Lloyds Bank, Scottish Widows and LBCM and has a strategic partnership with Schroders plc, which includes a joint-venture for affluent clients and a 19.9% stake in Cazenove Capital.

Exhibit 3

## Lloyds Banking Group's simplified structure



Sources: Moody's Ratings, LBG

As part of its strategy, LBG aims to drive revenue growth and diversification both in its consumer and commercial businesses: in the Consumer business, it targets to deepen and innovate in consumer banking and create a new mass affluent offering; in the Commercial business, it targets to digitise and diversify its Business & Commercial Banking (BCB) business and to increase its Corporate & Institutional Banking (CIB) offering and cross-selling. These initiatives should help the firm grow revenue, with additional revenues being realised in 2024, and further benefits expected as the group progresses through the second phase of their strategy as revenue benefits outweigh net costs.

### Detailed credit considerations

The financial data in the following sections are sourced from LBG's consolidated financial statements, unless otherwise stated.

#### Low asset risk driven by secured lending portfolio

We assign an a3 Asset Risk score, one notch below the initial score, taking into account LBG's good credit quality, derived from its predominantly secured lending book as well as considering its higher than certain peers exposure to buy-to-let mortgages and unsecured consumer credit products.

The group's lending book is focused on prime UK residential mortgages that accounts for around two thirds of its lending with average loan-to-value (LTV) of 44% as of December 2024. Within UK residential mortgages, 15% are buy-to-let loans which are of higher risk but also secured in nature. LBG also has a large presence in unsecured consumer finance (following the acquisition of credit card provider MBNA Ltd. in 2017). Commercial lending is split between BCB and CIB, representing around 6% and 13% respectively, of the lending portfolio as of year-end 2024. The BCB book (£30.2 billion) is primarily SME lending, including Commercial Real Estate (CRE) exposures which amounted to £9.3 billion<sup>3</sup> as of end-2024.

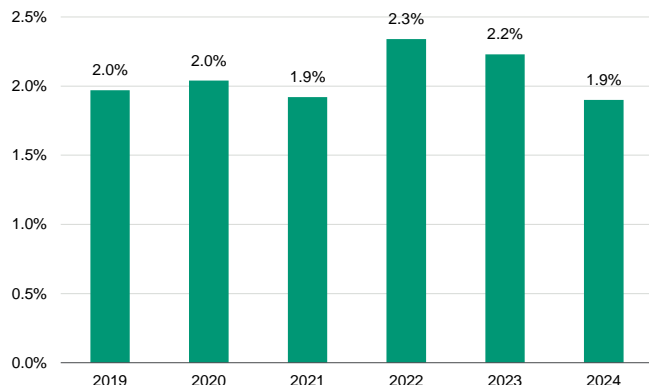
The CIB book (£58.3 billion) is largely lending to investment grade borrowers and is diversified amongst sectors. LBG has only limited exposure to sectors with significant US exports (around 1% of the loan book), and the exposure they do have is with highly rated corporates.

In terms of problem loans, IFRS9 Stage 3 loans were 1.9% of gross loans at end-December 2024, a continued improvement from the 2.2% at year-end 2023 and 2.3% in 2022. This highlights the low risk nature of LBG's loan book - a credit strength. Stage 2 loans were also a low 10% of loans at end-December 2024, down from 12.5% at year-end 2023. Within the retail portfolio, 1.9% of loans were classified as Stage 3 a decrease from 2.2% in 2023, due to improved credit performance in UK mortgages, credit cards, unsecured personal loans and SRT transactions. Credit quality in the Commercial portfolio has also shown resilience, with Stage 3 loans in the portfolio decreasing to 2.1%, down from 2.3% in 2023 as lower Stage 3 loans in the BCB portfolio down 0.6 percentage point (pp) to 4.0%) was only slightly offset by a small 0.1pp increase in CIB Stage 3 to 1.1%. Asset quality in the BCB portfolio has been resilient, in part to prudent underwriting in the book, with c. 91% of CRE investment exposure have an LTV of less than 70%, with an average LTV of 45%. New SME lending is also limited to c. 55% LTV.

We expect LBG's problem loan ratio to broadly remain at current levels over the next 12-18 months as receding inflationary pressures and interest rates are likely to decrease pressure on both household and corporate finances.

Exhibit 4

#### LBG has a low level of problem loans Problem loans as a percentage of gross loans

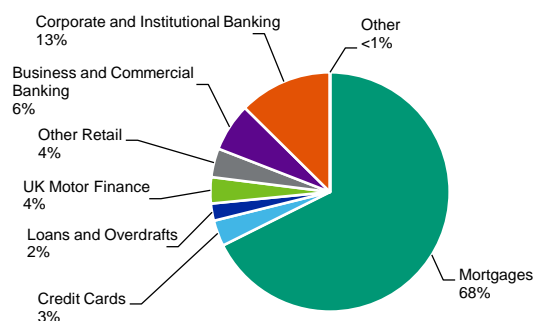


Within problem loans, we include the purchased or originated credit-impaired (POCI) that LBG classifies under Stage 3.

Source: LBG's financial reports and Moody's Ratings

Exhibit 5

#### LBG's loan book has a high level of retail secured loans Loan book composition, year-end 2024



Business and Commercial Banking (previously SMB)

Source: LBG's financial reports

In line with its business model, LBG's market risk is limited, with market risk representing just 1.7% of total RWA at end-December 2024. Value at risk (VaR) is low: the average one-day VaR with a 95% confidence level was £2.4 million in 2024.

The insurance division has elevated investment risk. Risk assets according to our definition, which includes real estate, equities and non-investment grade debt, are high, accounting for 3.5-4x of adjusted equity (including 50% of the contractual service margin). This level is however in line with Scottish Widows' peers and partially mitigated by the insurer's liability profile. The with-profit design enables the company to share part of the decline in asset values with policyholders (subject to minimum guarantees and smoothing costs), and the hedge programme protects against the impact of declines in equities in the non-profit and the with-profit fund. The group's real estate and other illiquid asset classes are used to back the insurers' long-term illiquid annuity liabilities, minimising reinvestment risks. At the subsidiary level this is achieved through formal risk transfers between LB and Scottish Widows.

#### Capital levels to decline in line with target, but will remain adequate

Our assigned Capital score of a2, one notch below the initial score, reflects our expectation of a decrease in capital ratios in the next 12-18 months as the group remains committed to returning excess capital to pay down to their target CET1 ratio of c. 13% by 2026. LBG reported a pro forma Common Equity Tier 1 (CET1) capital ratio of 13.5% at end-December 2024, down from 13.7% at year-end 2023 driven by 148 bps of capital generation which will be more than offset by shareholder distributions of c. £3.6 billion. Management expects 2025 capital generation, post CRD IV and regulatory headwinds, to be c. 175bps, building to greater than 200bps in 2026.

Our tangible common equity (TCE) ratio<sup>4</sup> of 15.0% at end-December 2024 incorporates the entire equity of Scottish Widows. There are, however, limitations to capital fungibility within the group, specifically capital that is effectively trapped within the insurance subsidiary and the dividend policy of Scottish Widows is subject to its own independent board, and it requires supervisory approval. Both of which constrains our view of the group's capital strength.

LBG's pro forma leverage ratio, as calculated under the current UK framework was 5.5% at end-December 2024 (5.8% at year-end 2023) and Moody's calculated leverage stood at 4.9% at the same time and is expected to remain broadly stable (year-end 2023: 5.0%).

The insurance subsidiaries' capital is managed under LBG's broader strategy. Scottish Widows has paid significant dividends to the group while maintaining a buffer above solvency requirements, even under a one-in-ten-year stress. As of December 2024, its Solvency II ratio was 158% pre-dividend (154% post-dividend), which, though low among UK peers, is supported by strong risk management and a clear risk appetite.

### Improving outlook for profitability

We assign a baa2 Profitability score to reflect our expectation that the group's net income will improve in 2025. Net interest income will be supported by structural hedge income, which along with growth in fee income and income from key strategic initiatives, will serve to offset margin pressure in mortgage lending. Cost saving initiatives will also moderate operating expenses and we expect cost of risk to remain low at around the bank's target of 25 bps.

In 2024, LBG reported statutory profit after tax of £4.5 billion (£5.5 billion in 2023), equal to a Return on Tangible Equity (RoTE) of 12.3%. Revenues<sup>5</sup> decreased 5% compared with the prior year, driven by lower net interest margin (NIM) as competitive pressures squeezed deposit and mortgage margins, and an uptick in operating lease depreciation, primarily from a larger and more expensive fleet. These pressures were only partially offset by structural hedge income which is expected to provide a substantial tail wind over the next couple of years and support management's NII target of £13.5 billion in 2025, up around £700 million from 2024. Income from the hedge is expected to be around £5.4 billion in 2025 (c. £1.2 billion higher than in 2024) and £6.9 billion in 2026. The weighted average duration of Lloyds' structural hedge is around 3.5 years, longer than that of its closest peers, and so recent hedges made in the higher rate environment will take longer to roll over into lower rates, thus providing a more prolonged NII benefit to the group.

Operating costs increased 3%<sup>6</sup> due to ongoing strategic investments, new business costs and continued inflationary pressures, which have been partially offset with gross cost savings of £1.2 billion over the last two years. Remediation costs of £899 jumped 33% as LBG took a £700 million provision in the fourth quarter for remediation costs relating to the potential impact of motor finance commission arrangements, bringing total provisions taken by the Group to £1,150 million<sup>7</sup>. Impairment charges were £433 million, up from £308 million in 2023.

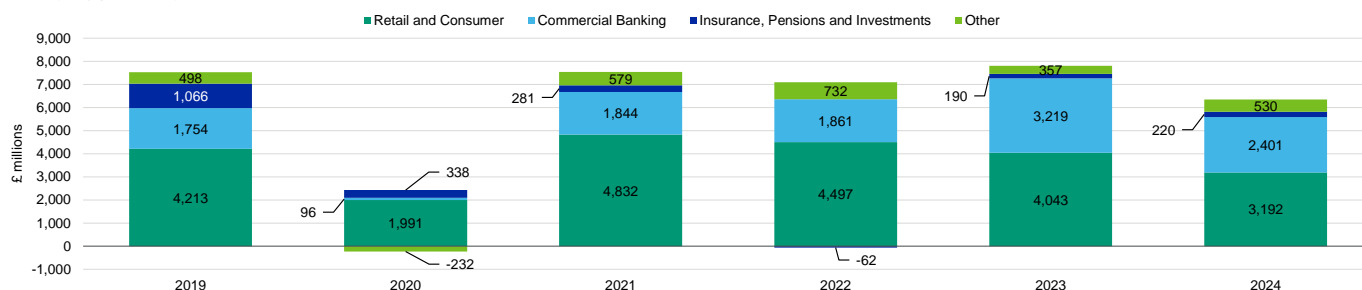
In Q1 2025, LBG reported a 7% YoY drop in profits to £1.1 billion, with a RoTE of 12.6%, as higher operating costs and impairment charges offset gains in NII and other income. Despite these pressures, NIM improved to 3.03% and capital generation remained solid at 27bps (41bps excluding a temporary RWA balance), though cost of risk rose above the full-year target but the group remain confident that they will meet their 2025 target as temporary increases in RWAs reverse in the coming quarters.

Business diversification is a key strength for LBG: the group benefits from the revenue diversification provided by its commercial lending book and its life and non-life insurance subsidiaries. In 2024, retail revenue accounted for 50% of underlying group profits, commercial banking for 38%, and insurance, pensions and investments revenue accounted for 3%. At the same time, NII represented 70% of underlying group revenue<sup>8</sup> and other income 30%.

Exhibit 6

#### Profits are derived from diverse sources and business segments

##### Underlying profits by division



2019, 2021 and 2022 figures were as restated by Lloyds' in their 2020, 2022 and 2023 accounts, respectively. "Other" includes Equity Investments and Central Items  
Source: LBG's financial reports

The beginning of 2025 saw the start of LBG's second phase of a five year strategic transformation, aiming to build and accelerate on the strategic initiatives implemented in the first phase. Since the start of the transformation, LBG have generated c. £0.8 billion of additional strategic revenues through their Retail (£0.3 billion), Commercial (£0.4 billion) and IP&I<sup>9</sup> (£0.1 billion) divisions and are targeting more than £0.7 billion over the next two years. The group are looking to grow in areas considered high-value, such as mass affluent (targeting 10% growth in balances) as well as to broaden their CIB offerings, leveraging particular strength areas<sup>10</sup> in cash-debt-risk offerings to help drive growth in other operating income (OOI), targeting c. 45% growth over the five year transformation

period ending 2026. LBG have also been investing in technology and GenAI capabilities to drive cost savings and efficiency across the business, in order to realise strong operating leverage and a target cost to income ratio of below 50% by 2026. As of year-end 2024, the cost to income ratio was 60.4% (55.2% excluding remediation costs).

For 2025, management guides to a RoTE of c. 13.5% (up from the c. 13% RoTE guidance for 2024), operating cost of c. £9.7 billion (up from the c. £9.3 billion guidance for 2024) and credit impairments of c. 25bps of customer loans (down from the less than 30bps guidance for 2024).

### Leading deposit franchise with moderate market funding and ample liquidity

We assign an a3 Combined Liquidity score, reflecting an a3 Funding Structure score, one notch above the initial score and an a3 Liquid Resources score, in line with the initial score.

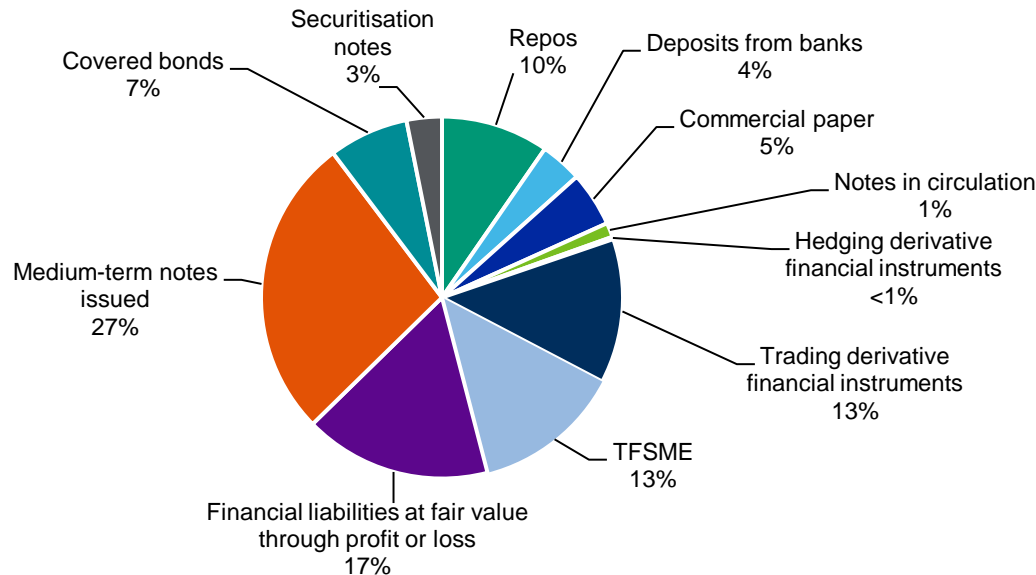
LBG benefits from its stable and granular retail deposit base and has a market share for personal current accounts that is the highest in the country. Moody's calculated loan-to-deposit ratio for LBG, which includes certificates of deposits and term deposits, stood at 95% at end -December 2024.

LBG's reliance on wholesale funding is moderate, representing 20.1% of tangible banking assets at end-December 2024 and lower than its main UK peers. LBG's market funding composition is well-diversified; however, market funding maturing within one year<sup>11</sup> is 38% of total market funds. LBG's MREL ratio was 32.2% at end-December 2024, 490bps above their MREL requirement of 27.3%.

The total outstanding drawings from the Term Funding Scheme with additional incentives for SMEs (TFSME) decreased to £21.9 billion at end-December 2024, from £30 billion at end of 2023. We expect LBG to repay TFSME maturities in coming years via a combination of wholesale debt, securitisations and additional deposits.

Exhibit 7

#### Market funds composition



Values are as reported by LBG at 31 December 2024  
Source: LBG's financial reports

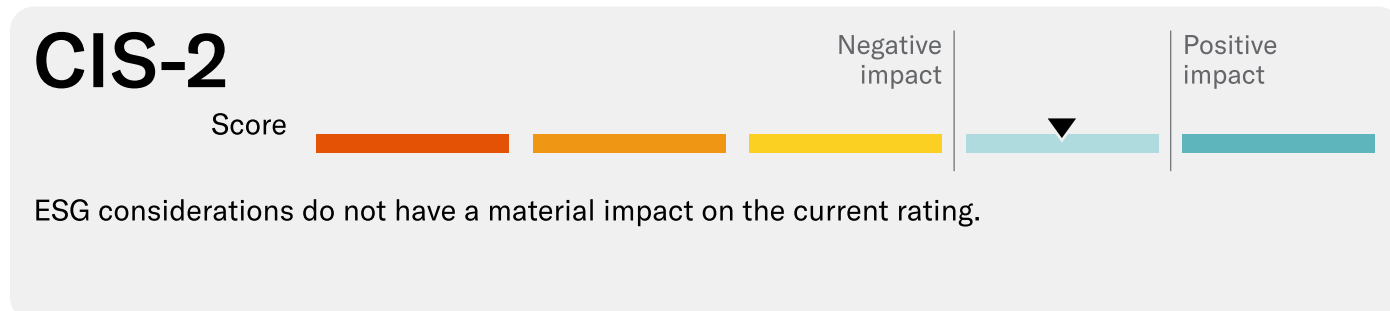
LBG's liquidity mitigates its moderate reliance on wholesale funding; material amounts of pre-positioned contingent liquidity with the Bank of England, further mitigating short term funding risk: the group's eligible assets to be included in the 146% liquidity coverage ratio (LCR) at end-December 2024 (142% at end of 2023) were around 2.5x greater than wholesale maturities in the next 12 months. We expect LBG's liquid assets to remain broadly stable.

## ESG considerations

Lloyds Banking Group plc's ESG credit impact score is CIS-2

Exhibit 8

### ESG credit impact score

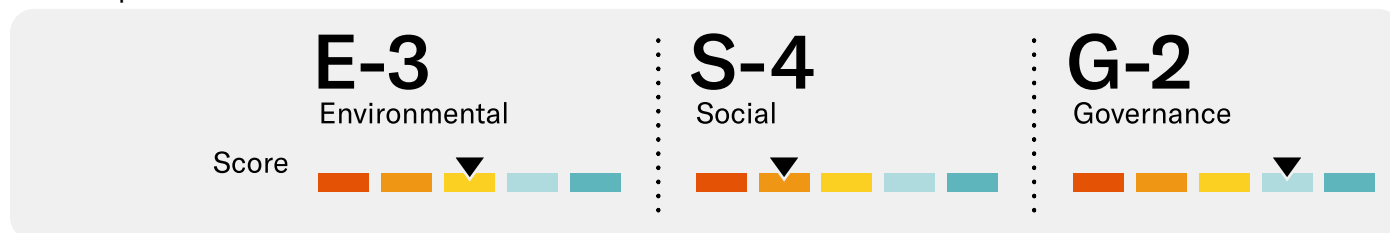


Source: Moody's Ratings

Lloyds Banking Group' **CIS-2** indicates that ESG considerations do not have a material impact on the rating to date. In particular, governance risks are low, and take into consideration the group's stable and credible management along with sound capital, liquidity and risk management.

Exhibit 9

### ESG issuer profile scores



Source: Moody's Ratings

### Environmental

Lloyds Banking Group faces moderate environmental risks mainly because of its portfolio exposure to carbon transition risk as a diversified, universal banking group. In line with peers, the bank is facing mounting business risks and stakeholder pressure to meet broader carbon transition goals. In response, Lloyds Banking Group is actively engaging in optimizing its loan portfolio longer-term toward less carbon intensive assets.

### Social

Lloyds Banking Group faces high social risks from customer relations, because of considerable focus on consumer protection in the UK, exposing banks to potential fines from regulators and litigation from customers as well as cyber risk and the financial and reputational implications of data breaches. The group's developed policies and procedures help manage associated credit risks. The group also faces moderate social risks related to potential competition from technology firms and other disruptors.

### Governance

Lloyds Banking Group's governance risk is low. The bank has sound board structure, risk management, and capital and liquidity management. Management has a strong track record of simplification and efficiency. The group's organizational structure is straight forward, with Lloyds Bank containing the ring-fenced business and representing more than 90% of assets and revenue. The board structure and composition is in line with industry best practice.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moody's.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.



## Support and structural considerations

### Loss Given Failure (LGF) analysis

We apply our advanced LGF analysis to LBG because the bank is incorporated in the UK, which we consider to be an operational resolution regime.

Our analysis assumes residual tangible common equity of 3% and post-failure losses of 8% of tangible banking assets, in line with our standard assumptions. Our advanced LGF analysis indicates that LBG's senior unsecured debt is likely to face low loss-given-failure because of the loss absorption provided by the inclusion of Additional Tier 1 (AT1) instruments, the subordinated debt issued by LBG and by its subsidiaries and the volume of LBG's senior debt itself; this results in one notch uplift from the BCA. However, we assign zero notch uplift, taking into consideration the group's future funding plans.

### Government support considerations

We incorporate a low probability of support for the debt issued by LBG's holding company, which does not result in any uplift.

### About Moody's Bank scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

## Rating methodology and scorecard factors

Exhibit 10

### Rating Factors

Macro Factors						
Weighted Macro Profile		Strong +	100%			
Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2
Solvency						
Asset Risk						
Problem Loans / Gross Loans	2.2%	a2	↔	a3	Sector concentration	
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	14.9%	a1	↓	a2	Capital fungibility	Expected trend
Profitability						
Net Income / Tangible Assets	-0.3%	caa1	↑↑	baa2	Earnings quality	
Combined Solvency Score		baa1		a3		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	20.1%	baa1	↔	a3	Market funding quality	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	25.6%	a3	↔	a3	Stock of liquid assets	
Combined Liquidity Score		baa1		a3		
Financial Profile		baa1		a3		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				Aa3		
BCA Scorecard-indicated Outcome - Range				a2 - baa1		
Assigned BCA				a3		
Affiliate Support notching				0		
Adjusted BCA				a3		
Balance Sheet						
		in-scope (GBP Million)	% in-scope	at-failure (GBP Million)	% at-failure	
Other liabilities		611,664	89.6%	611,664	89.6%	
Deposits		0	0.0%	0	0.0%	
Preferred deposits		0	0.0%	0	0.0%	
Junior deposits		0	0.0%	0	0.0%	
Dated subordinated bank debt		879	0.1%	879	0.1%	
Junior subordinated bank debt		138	0.0%	138	0.0%	
Senior unsecured holding company debt		32,856	4.8%	32,856	4.8%	
Dated subordinated holding company debt		10,129	1.5%	10,129	1.5%	
Junior subordinated holding company debt		10	0.0%	10	0.0%	
Preference shares(holding company)		6,627	1.0%	6,627	1.0%	
Equity		20,484	3.0%	20,484	3.0%	
Total Tangible Banking Assets		682,787	100.0%	682,787	100.0%	

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF	Assigned	Additional	Preliminary
	Instrument	Sub-	Instrument	Sub-	De Jure	De Facto	Notching	LGF	Notching	Rating
	volume +	ordination	volume +	ordination			Guidance	notching		Assessment
	subordination		subordination				vs.			
							Adjusted			
							BCA			
Senior unsecured holding company debt	10.4%	5.6%	10.4%	5.6%	1	1	1	0	0	a3
Dated subordinated holding company debt	5.6%	4.0%	5.6%	4.0%	-1	-1	-1	-1	0	baa1
Holding company non-cumulative preference shares	4.0%	3.0%	4.0%	3.0%	-1	-1	-1	-1	-2	baa3

Instrument Class	Loss Given		Additional	Preliminary Rating	Government	Local Currency	Foreign
	Failure	notching					
			notching	Assessment	Support	Rating	Currency
					notching		Rating
Senior unsecured holding company debt	0		0	a3	0	A3	A3
Dated subordinated holding company debt	-1		0	baa1	0	Baa1	Baa1
Holding company non-cumulative preference shares	-1		-2	baa3	0	Baa3 (hyb)	Baa3 (hyb)

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.

Source: Moody's Ratings

## Ratings

Exhibit 11

Category	Moody's Rating
<b>LLOYDS BANKING GROUP PLC</b>	
Outlook	Stable
Baseline Credit Assessment	a3
Adjusted Baseline Credit Assessment	a3
Senior Unsecured	A3
Subordinate	Baa1
Bkd Jr Subordinate -Dom Curr	Baa2 (hyb)
Pref. Stock Non-cumulative	Baa3 (hyb)
Pref. Shelf Non-cumulative	(P)Baa3
Other Short Term -Dom Curr	(P)P-2
<b>LLOYDS BANK PLC</b>	
Outlook	Stable
Counterparty Risk Rating	Aa3/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	a3
Adjusted Baseline Credit Assessment	a3
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Senior Unsecured	A1
Subordinate MTN	(P)Baa1
Commercial Paper	P-1
Other Short Term -Dom Curr	(P)P-1
<b>LLOYDS BANK CORPORATE MARKETS PLC</b>	
Outlook	Stable
Counterparty Risk Rating	A1/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	baa3
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Issuer Rating	A1
Senior Unsecured	A1
Commercial Paper	P-1
Other Short Term	(P)P-1

**LLOYDS BANK CORPORATE MARKETS PLC, NY****BRANCH**

Counterparty Risk Rating	A1/P-1
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Commercial Paper	P-1

**SCOTTISH WIDOWS LIMITED**

Outlook	Stable
Insurance Financial Strength	A2
Subordinate -Dom Curr	Baa1

**HBOS PLC**

Outlook	Stable
Counterparty Risk Rating	Aa3/P-1
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Issuer Rating	A1
Subordinate	Baa1
Jr Subordinate -Dom Curr	Baa2 (hyb)
ST Issuer Rating	P-1

**BANK OF SCOTLAND PLC**

Outlook	Stable
Counterparty Risk Rating	Aa3/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	a3
Adjusted Baseline Credit Assessment	a3
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Issuer Rating	A1
Bkd Senior Unsecured	A1
Pref. Stock Non-cumulative -Dom Curr	Baa3 (hyb)

Source: Moody's Ratings

## Endnotes

- [1](#) Deposit rating, senior unsecured debt rating and Baseline Credit Assessment
- [2](#) Deposit rating, senior unsecured/issuer rating and Baseline Credit Assessment
- [3](#) Net of £3.1 billion exposures subject to protection through Significant Risk Transfers (SRT)
- [4](#) Our preferred measure of capital for reasons of global comparability. Tangible common equity (TCE) = (Common shares + retained earnings and related reserves + treasury stock + foreign currency translation) minus (Goodwill and other Intangible Assets) minus (Deferred Tax Assets) plus (Impact of Cap on Deferred Tax Assets).
- [5](#) On an underlying basis which removes the effects of market volatility and asset sales, the amortization of purchased intangibles, restructuring, and the fair value of unwind and income and expenses attributable to the policyholders of the Group's long-term assurance funds, investors in the Group's non-participating investment contracts and third party interests in consolidated funds
- [6](#) Includes the £0.1 billion Bank of England levy
- [7](#) LBG also took a £450 million provision in the fourth quarter of 2023. The provisions relate to the Financial Conduct Authority (FCA)'s investigation into the potential harm to consumers of motor finance through the use of discretionary commission arrangements (DCAs), a practice banned in 2021. Although there remains much uncertainty around the investigation and ultimate impact, we believe that Lloyds as a large diversified lender, with relatively low historical exposure to motor lending as a proportion of its total loans (less than 4% of total lending as of end-December 2024), would likely be able to absorb redress costs.
- [8](#) Excluding operating lease depreciation
- [9](#) Insurance, Pensions and Investments
- [10](#) 10% market share in sterling debt capital markets as of year-end 2024
- [11](#) Not including TFSME maturities

© 2025 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED OR OTHERWISE MADE AVAILABLE BY MOODY'S (COLLECTIVELY, "MATERIALS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S MATERIALS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S MATERIALS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES OR OTHERWISE MAKES AVAILABLE ITS MATERIALS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND MATERIALS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR MATERIALS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. FOR CLARITY, NO INFORMATION CONTAINED HEREIN MAY BE USED TO DEVELOP, IMPROVE, TRAIN OR RETRAIN ANY SOFTWARE PROGRAM OR DATABASE, INCLUDING, BUT NOT LIMITED TO, FOR ANY ARTIFICIAL INTELLIGENCE, MACHINE LEARNING OR NATURAL LANGUAGE PROCESSING SOFTWARE, ALGORITHM, METHODOLOGY AND/OR MODEL.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the credit rating process or in preparing its Materials.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it. MCO and all MCO entities that issue ratings under the "Moody's Ratings" brand name ("Moody's Ratings"), also maintain policies and procedures to address the independence of Moody's Ratings' credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service, Inc. and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at [ir.moody.com](http://ir.moody.com) under the heading "Investor Relations — Corporate Governance — Charter and Governance Documents - Director and Shareholder Affiliation Policy."

Moody's SF Japan K.K., Moody's Local AR Agente de Calificación de Riesgo S.A., Moody's Local BR Agência de Classificação de Risco LTDA, Moody's Local MX S.A. de C.V., I.C.V., Moody's Local PE Clasificadora de Riesgo S.A., and Moody's Local PA Clasificadora de Riesgo S.A. (collectively, the "Moody's Non-NRSRO CRAs") are all indirectly wholly-owned credit rating agency subsidiaries of MCO. None of the Moody's Non-NRSRO CRAs is a Nationally Recognized Statistical Rating Organization.

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for India only: Moody's credit ratings, Assessments, other opinions and Materials are not intended to be and shall not be relied upon or used by any users located in India in relation to securities listed or proposed to be listed on Indian stock exchanges.

Additional terms with respect to Second Party Opinions and Net Zero Assessments (as defined in Moody's Ratings Rating Symbols and Definitions): Please note that neither a Second Party Opinion ("SPO") nor a Net Zero Assessment ("NZA") is a "credit rating". The issuance of SPOs and NZAs is not a regulated activity in many jurisdictions, including Singapore. JAPAN: In Japan, development and provision of SPOs and NZAs fall under the category of "Ancillary Businesses", not "Credit Rating Business", and are not subject to the regulations applicable to "Credit Rating Business" under the Financial Instruments and Exchange Act of Japan and its relevant regulation. PRC: Any SPO: (1) does not constitute a PRC Green Bond Assessment as defined under any relevant PRC laws or regulations; (2) cannot be included in any registration statement, offering circular, prospectus or any other documents submitted to the PRC regulatory authorities or otherwise used to satisfy any PRC regulatory disclosure requirement; and (3) cannot be used within the PRC for any regulatory purpose or for any other purpose which is not permitted under relevant PRC laws or regulations. For the purposes of this disclaimer, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.

REPORT NUMBER 1445827

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454