

Lloyds Bank Corporate Markets PLC

December 23, 2025

This report does not constitute a rating action.

Credit Highlights

Overview

Key strengths	Key risks
Highly strategic subsidiary of ultimate parent Lloyds Banking Group PLC.	Sluggish U.K. economic activity.
Important role in the parent's commercial banking franchise.	Business activity weighted toward corporate and institutional clients, bringing cyclical and complexity.
Satisfactory capitalization and robust liquidity.	

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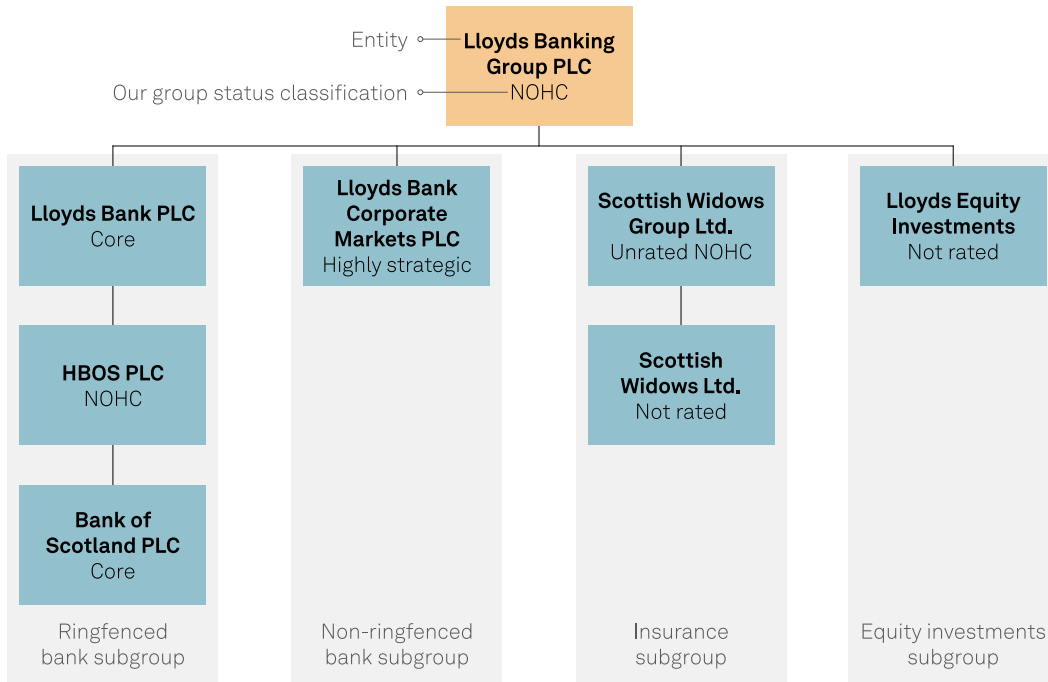
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S&P Global Ratings views Lloyds Bank Corporate Markets PLC (LBCM) as a highly strategic subsidiary of Lloyds Banking Group PLC (LBG). This classification factors in LBCM's materiality, important role in LBG's commercial banking franchise, and close link to the group's brand and reputation. We see LBCM as highly strategic rather than core--which is a stronger assessment--because we think it has a higher risk profile and weaker earnings than the overall group. LBCM's highly strategic status means our long-term issuer credit rating on LBCM, which includes a one-notch uplift for additional loss-absorbing capacity (ALAC), is one notch below the 'a+' group credit profile. We do not assess LBCM's stand-alone credit profile (SACP). Peers include other U.K. banking groups' non-ring-fenced entities, principally NatWest Markets PLC and Santander Financial Services PLC, which we also view as highly strategic subsidiaries. We also compare our ratings on LBCM with the larger non-ring-fenced banks of Barclays and HSBC, which we assess as core.

LBCM is LBG's primary non-ring-fenced bank subsidiary. It was established after the U.K. ring-fencing rules took effect in 2019. The objective of ring-fencing is to protect critical banking functions, and we expect that the likelihood of parental support to non-ring-fenced entities could therefore be lower than for ring-fenced equivalents. LBCM is part of LBG's commercial banking franchise and provides capital markets services other than those permitted within the ring-fenced subgroup headed by sister entity [Lloyds Bank PLC](#) (A+/Stable/A-1). LBCM focuses on Sterling markets and select international activities aimed at supporting its U.K. corporate and institutional clients. In addition, it offers retail and commercial banking services in the U.K. crown dependencies.

Highly simplified overview of Lloyds' legal entity structure



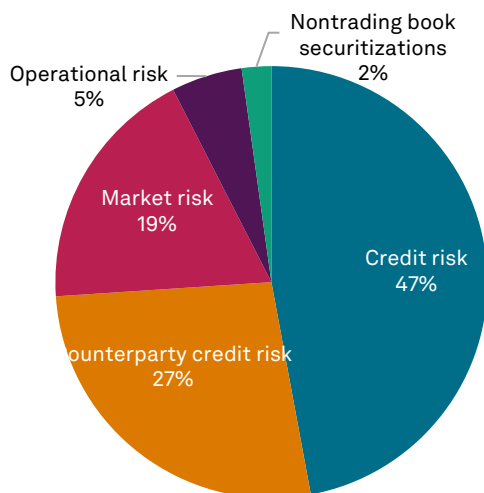
NOHC--Nonoperating holding company. Sources: Lloyds, S&P Global Ratings.
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LBCM's balance sheet reflects a focus on capital markets. Its £23.4 billion of consolidated regulatory risk-weighted assets (RWAs) at Sept. 30, 2025 accounted for 10.1% of LBG's RWAs. The composition of LBCM's RWAs reflect a focus on commercial lending and capital markets activities.

Its gross stage 2 and 3 customer loans were only 0.6% and 0.04%, respectively, of its portfolio as of year-end 2024. We expect these to remain broadly stable given the stable credit environment in the U.K. and sound underwriting standards that underpin LBCM's lending. Its level 3 fair valued assets were 15% of our total adjusted capital ratio on June 30, 2025, which indicates manageable exposure to less liquid securities.

LBCM has sizable exposures to counterparty and market risks

Breakdown of regulatory risk-weighted assets as of June 30, 2025



Data as of September 2025. Source: S&P Global Ratings.

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A solid and efficient banking footprint is translating into robust earnings, in our view. LBCM's £266 million consolidated pre-tax earnings in the first half of 2025 represented 7.6% of LBG's total earnings. The subsidiary's revenue declined by 3% compared to the first half of 2024. The division saw a £66 million decrease in net trading income year over year to £256 million, amid a volatile macroeconomic and geopolitical backdrop. Though a reduction year over year, underlying performance was broadly comparable with the first half of 2024 when accounting for one off gains in 2024 and some foreign exchange movements through the first half of 2025. Fee and commission income decreased to £138 million in the same period, a £15 million fall from the first half of 2024, reflecting competitive market dynamics amid strong volumes of debt and bond issuances.

We think the capital position is satisfactory. LBCM's 13.3% common equity Tier 1 ratio as of June 30, 2025 was broadly in line with LBG's 13.8% ratio and comfortably exceeded the 10.7% minimum regulatory requirement. Its leverage ratio, which excluded central bank claims, was 8.2%.

We view LBCM's funding and liquidity profiles as robust. It held £32.1 billion of customer deposits as of June 30, 2025, of which a material proportion came from the crown dependencies. LBCM is also an active borrower in wholesale medium-term notes, certificates of deposit, and commercial paper. It held £26.8 billion of high-quality liquid assets as of Sept. 30, 2025, and reported a healthy 168% average liquidity coverage ratio.

LBG has downstreamed material loss-absorbing debt to LBCM. We think this buffer benefits LBCM's senior creditors and therefore reflect a one-notch uplift for ALAC in our issuer credit rating. Its debt securities as of June 30, 2025 amounted to £12.4 billion.

Outlook

The stable outlook mirrors that on the ultimate parent LBG. The stable outlook on LBG reflects our view that the company's strong capitalization and competitive position provide a cushion for

the rating amid inflation and slow economic growth. We expect that higher revenue from gradually improving margins will continue supporting robust capital buffers, while its stock of provisions will provide a cushion against any potential deterioration in asset quality.

Our ratings on LBCM will move in tandem with those on LBG as long as we continue to view LBCM as a highly strategic subsidiary of the group.

Downside scenario

We could lower our ratings on LBG and LBCM if economic and geopolitical challenges triggered significantly higher credit losses than we previously assumed and adversely affected the group's earnings and capitalization.

We could lower our ratings on LBCM independently of a rating action on LBG if we saw LBCM becoming less important to the group's strategy and franchise, which is not likely.

Upside scenario

We could consider equalizing our ratings on LBCM with those on the sister ring-fenced banks if we saw it as a more integral part of the group, with a risk profile and earnings metrics closer to LBG's consolidated position.

Key Statistics

Lloyds Bank Corporate Markets PLC--Key figures

Mil. GBP	2025*	2024	2023	2022	2021
Adjusted assets	97,457	94,968	90,327	86,659	88,699
Customer loans (gross)	18,747	17,808	16,466	19,166	17,442
Adjusted common equity	3,398	3,208	2,885	3,100	2,521
Operating revenue	513	984	908	967	641
Noninterest expenses	246	499	509	444	414
Core earnings	210	404	338	380	238

*2025 data is for the 6 months to end-June. GBP--pound sterling.

Lloyds Bank Corporate Markets PLC--Business position

(%)	2025*	2024	2023	2022	2021
Return on average common equity	13.4	13.3	11.9	14.3	8.6

*2025 data is for the 6 months to end-June. N.M.--Not meaningful.

Lloyds Bank Corporate Markets PLC--Capital and earnings

(%)	2025*	2024	2023	2022	2021
Tier 1 capital ratio	31.0	17.4	17.1	18.3	17.2
Adjusted common equity/total adjusted capital	75.2	79.9	78.1	79.9	76.3
Net interest income/operating revenue	31.4	16.9	21.8	28.4	29.2
Fee income/operating revenue	26.9	27.2	29.1	19.9	34.5
Market-sensitive income/operating revenue	49.9	56.1	48.7	51.2	38.1
Cost to income ratio	48.0	50.7	56.1	45.9	64.6
Provision operating income/average assets	0.6	0.5	0.5	0.6	0.3

Lloyds Bank Corporate Markets PLC

Lloyds Bank Corporate Markets PLC--Capital and earnings

Core earnings/average managed assets	0.4	0.4	0.4	0.4	0.3
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*2025 data is for the 6 months to end-June. N.M.--Not meaningful.

Lloyds Bank Corporate Markets PLC--Risk position

(%)	2025*	2024	2023	2022	2021
Growth in customer loans	10.6	8.2	(14.1)	9.9	21.9
Total managed assets/adjusted common equity (x)	28.7	29.6	31.3	28.0	35.2
New loan loss provisions/average customer loans	0.0	(0.1)	(0.2)	0.2	(0.4)
Net charge-offs/average customer loans	N.M.	0.0	0.0	0.0	0.0
Gross nonperforming assets/customer loans + other real estate owned	0.0	0.0	0.1	0.1	0.2
Loan loss reserves/gross nonperforming assets	N/A	114.3	211.1	177.3	34.5

*2025 data is for the 6 months to end-June. N.M.--Not meaningful.

Lloyds Bank Corporate Markets PLC--Funding and liquidity

(%)	2025*	2024	2023	2022	2021
Core deposits/funding base	44.4	41.9	42.92	46.6	39.0
Customer loans (net)/customer deposits	58.3	57.5	55.9	65.6	64.6
Long-term funding ratio	57.3	55.2	57.5	60.9	60.3
Stable funding ratio	126.5	123.2	109.6	116.5	119.5
Short-term wholesale funding/funding base	47.1	47.1	45.0	41.3	41.7
Regulatory net stable funding ratio	132.0	138.0	145.0	--	--
Broad liquid assets/short-term wholesale funding (x)	1.2	1.1	1.0	1.1	1.2
Broad liquid assets/total assets	41.5	40.8	34.1	32.8	39.2
Broad liquid assets/customer deposits	125.9	125.3	104.7	97.5	129.0
Regulatory liquidity coverage ratio (LCR) (x)	167.0	168.0	166.0	--	--
Short-term wholesale funding/total wholesale funding	76.8	79.6	77.2	75.4	67.0

*2025 data is for the 6 months to end-June.

Related Criteria

- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Oct. 13, 2025
- [Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology](#), April 30, 2024
- [Criteria | Financial Institutions | General: Financial Institutions Rating Methodology](#), Dec. 9, 2021
- [Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions](#), Dec. 9, 2021
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017

- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Ratings On Multiple European Bank Hybrids Raised On Revised Analytical Expectations](#), Nov. 21, 2025
- [Bulletin: Growing Net Interest Income Underpins U.K. Banks' Third-Quarter Earnings](#), Oct. 29, 2025
- [Positive Actions Taken On Lloyds And NatWest On Strong Foundations Of U.K. Financial System](#), Sept. 10, 2025

Ratings Detail (as of December 23, 2025)*

Lloyds Bank Corporate Markets PLC

Issuer Credit Rating	A/Stable/A-1
Resolution Counterparty Rating	A+/-/A-1
Commercial Paper	A-1
Senior Unsecured	A
Short-Term Debt	A-1

Issuer Credit Ratings History

24-Jun-2021	A/Stable/A-1
23-Apr-2020	A/Negative/A-1
08-May-2018	A/Stable/A-1

Sovereign Rating

United Kingdom	AA/Stable/A-1+
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Related Entities

Bank of Scotland PLC

Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA-/-/A-1+
Junior Subordinated	BBB

HBOS PLC

Issuer Credit Rating	A-/Stable/A-2
Junior Subordinated	BBB
Senior Unsecured	A-
Short-Term Debt	A-2

LBG Capital No. 1 PLC

Junior Subordinated	BBB
Subordinated	BBB+

LBG Capital No. 2 PLC

Junior Subordinated	BBB
Subordinated	BBB

Lloyds Bank Corporate Markets PLC (New York Branch)

Commercial Paper	A-1
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Lloyds Banking Group PLC

Issuer Credit Rating	A-/Stable/A-2
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Lloyds Bank Corporate Markets PLC

Ratings Detail (as of December 23, 2025)*

Junior Subordinated	BBB-
Preference Stock	BBB-
Senior Unsecured	A-
Short-Term Debt	A-2
Subordinated	BBB+

Lloyds Bank PLC

Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA--/A-1+
Commercial Paper	A-1
Senior Unsecured	A+
Short-Term Debt	A-1
Subordinated	BBB+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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