FitchRatings

Banks
Universal Commercial Banks
United Kingdom

Lloyds Banking Group plc

Ratings

Foreign Currency

Long-Term IDR	A+
Short-Term IDR	F1
Viability Rating	a
Support Rating	5
Support Rating Floor	NF

Sovereign Risk

Long-Term Foreign-Currency IDR	AA-
Long-Term Local-Currency IDR	AA-
Country Ceiling	AAA

Outlooks

Long-Term IDR	Negative
Sovereign Long-Term Foreign-Currency IDR	Negative
Sovereign Long-Term Local-Currency IDR	Negative

Key Rating Drivers

Franchise Strength Underpins Ratings: Lloyds Banking Group plc's (LBG) Viability Rating (VR) is underpinned by the group's leading domestic retail franchise and strong market shares in commercial and corporate banking, and insurance. They also reflect its sound financial profile and moderate risk appetite. Activities are diversified but concentrated in the UK.

QJD Drives IDR Notching: LBG's Long-Term Issuer Default Rating (IDR) is notched up once from the VR, due to its large buffer of qualifying junior debt (QJD, 11% of end-2019 risk-weighted assets), which Fitch Ratings considers sustainable and which could be made available to protect senior obligations from default, if LBG fails.

Strong Structural Profitability: LBG's structural profitability is above the sector average, reflecting a higher-margin lending mix than more mortgage-focused peers and tight cost control. It has been supported recently by low loan impairment charges (LICs). The coronavirus crisis and challenging operating environment are expected to result in material increased LICs, lower revenues from reduced volumes, and margin pressure from lower base rates for most of 2020 depending on the length of the lockdown.

Impairments at Cyclical Lows: Underlying asset quality was resilient going into the economic downturn with the reported end-1Q20 Stage 3 ratio a low 1.8%, benefiting from sound underwriting standards and benign economic conditions until the health crisis. Full-year impairments are likely to increase across the board, particularly within its SME and corporate sectors, as well as from its unsecured retail portfolio. While a high number of mortgage payment holidays have been granted, these remain classified as Stage 1.

Sound Capitalisation: LBG's end-1Q20 common equity Tier 1 (CET1) ratio was 14.2%, comfortably above regulatory requirements. We expect capital ratios to be supported during 2020 by the cancellation of dividends and LBG's solid underlying profitability to date, but to come under pressure from possible additional credit risk losses, and higher risk-weighted assets (RWA). The excess over regulatory requirements has improved following the reduction of the countercyclical buffer to 0% at least till March 2022.

Retail Deposits Support Funding: LBG's funding profile is stable, supported by the bank's retail deposit franchise. Liquidity is prudently managed with an average liquidity coverage ratio of 138% in 1Q20 and further supported by access to various Bank of England liquidity facilities.

Rating Sensitivities

Negative Outlook on Coronavirus Disruption: The negative Outlook on LBG's Long-Term IDR indicates that the ratings could be downgraded if the fallout arising from the pandemic drives sustained pressure on earnings and asset quality. Pressure on ratings could also arise if LBG's ability to execute on strategic targets, including growth in the group's targeted segments, SME, insurance and wealth management, are disrupted and damage the bank's revenues.

Upside Potential: In the event that LBG is able to withstand rating pressure arising from the pandemic, an upgrade of the VR would require evidence the group can generate exceptionally strong net profit from recurring earnings without increasing its risk appetite, while maintaining capital ratios in line with current targets. Fitch considers the bank's risk appetite and financial metrics in the context of a highly indebted private sector in the UK.

Applicable Criteria

Bank Rating Criteria (February 2020)

Related Research

Fitch Revises Lloyds Banking Group's Outlook to Negative on Coronavirus Outbreak (March 2020)

Fitch Places Ratings of 67 Developed Market European Banking Groups Under Criteria Observation (March 2020)

Large European Banks Quarterly Credit Tracker–4Q19 (April 2020)

Lloyds Banking Group Full Rating Report (October 2019)

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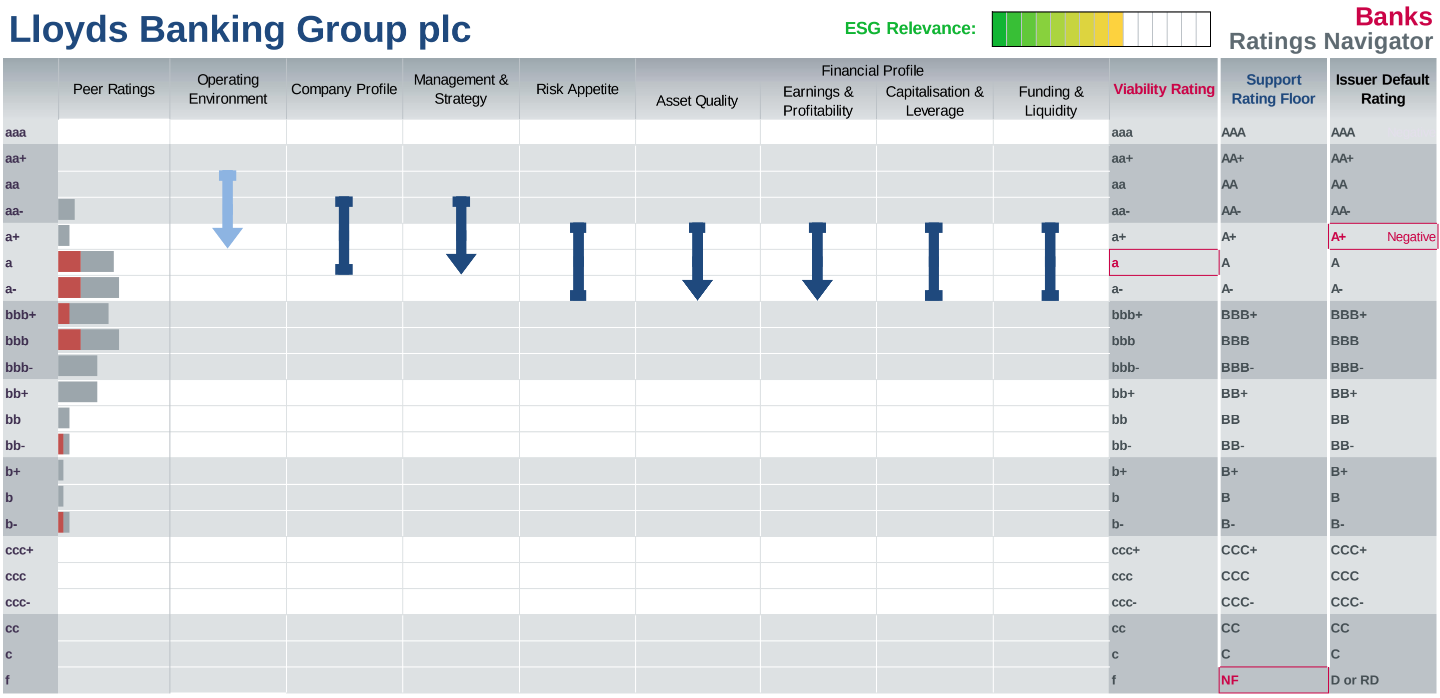


Significant Changes

Outlook to Negative on Expected Coronavirus Impact

On 31 March 2020 Fitch changed the outlook on LBG's Long-Term IDR to Negative from Stable based on the expected impact of the coronavirus pandemic on the UK economy. The rating action reflected our expectation of a sharp contraction in the UK economy in 2020 (by around 6% based on the latest forecasts), driven by lockdown measures taken to reduce the spread of COVID-19. These measures will also likely result in a materially higher unemployment rate, which Fitch forecasts to increase to 6.6% in 2020 and 6.3% in 2021, up from 3.8% for 2019.

In the immediate future, house prices will also be under downward pressure as the economy contracts as a result of the coronavirus pandemic. Transaction volumes will contract sharply due to government intervention in the property market. The full impact of the pandemic on house prices will only become visible after these restrictions are lifted.

We expect measures taken by the UK government and the Bank of England to support LBG's and other UK lenders' asset quality and to provide the banks with access to liquidity and low-cost funding.

Government support measures include a reduction in the base rate by 65bp to 0.1% and the introduction of a new Term Funding Scheme with additional incentives for SME lending (TFSME) by the Bank of England. Banks have also been given increased access to liquidity through a new contingent term repo facility in addition to the Bank of England's regular sterling market operations.

Access to foreign-currency liquidity, particularly in the US dollar, has been supported by coordinated action by central banks, including the Bank of England, through a standing US dollar liquidity swap line arrangement. The reduction in the UK countercyclical capital buffer to 0% until at least March 2022, down from the previous path towards 2% by December 2020, will help support LBG's CET1 capital to remain above requirements. The buffers will also be supported by the setting of Pillar 2a requirements as a nominal amount, as opposed to a percentage of RWA.

Bar Chart Legend

Vertical bars – VR range of Rating Factor
Bar Colors – Influence on final VR
Higher influence
Moderate influence
Lower influence
Bar Arrows – Rating Factor Outlook
⇧ Positive ⇩ Negative
⇳ Evolving ▫ Stable
⇳ Evolving ▫ Stable

Borrowers are supported by further government measures including a corporate commercial paper financing facility, the provision of guarantees on loans to SMEs and a large proportion of lost income being covered by grants to furloughed employees and the self-employed. Loan relief programmes for owner-occupied and buy-to-let mortgages should enable loans temporarily in arrears to avoid being classified as impaired (Stage 2 or 3) if lenders believe that they can return to performing status fairly quickly after lockdown measures are eased. Foreclosures are being discouraged and bankruptcy laws are being amended.

Sovereign Rating Downgraded

At the same time, these measures mean that the UK's public finances are set to deteriorate sharply, which also contributed to the downgrade of the UK sovereign to 'AA-/Negative' in March 2020.

The Negative Outlook on the UK sovereign rating reflects our view that reversing the deterioration in the fiscal metrics beyond 2020 will not be a political priority for the UK government. Moreover, uncertainty around the future UK-EU trade relationship, and its effect on the UK's economy and public finances, weighs on the rating.

Good Execution Track Record; Challenges Ahead

LBG's management has a good execution record although, because of the pandemic, financial targets for 2020, which included a return on tangible equity of 12-13% (1Q20: 5.0%), have been withdrawn. We see pressure on LBG's ability to achieve targeted growth in SME lending, insurance and wealth management, given significantly weaker prospects for economic growth although there will be some earnings relief due to lower conduct costs, given the passing of the PPI deadline in August 2019.

We view LBG's risk appetite as moderate and we do not expect that it will loosen its underwriting standards in the current environment.

Strong Asset Quality

Asset quality is strong going into the crisis, supported by a focus on mortgages (65% of end-1Q20 customer lending), with the end-2019 Stage 3 ratio (including purchased or credit-impaired loans) a low 2% of loans under Fitch calculations. The bank-reported a Stage 3 ratio of 1.8% at end-1Q20, stable on year-end, indicating limited non-performance cases to date due to the health crisis. We see, however, a heightened risk of increased impairment costs and asset quality deterioration in the coming quarters. This is particularly the case in more vulnerable asset classes such as credit cards, retail unsecured lending and motor finance (together around 9% of end-1Q20 customer lending), as well as SME lending (7%). A material and sustained deterioration in asset quality would likely drive a downgrade in our assessment of asset quality.

Asset quality will be partly supported by UK government private sector support measures and LBG's conservative underwriting, although loan performance is vulnerable to the depth and duration of the coronavirus shock to the UK economy.

Solid Profitability

Earnings before the pandemic were solid but under pressure from strong competition. We expect continued margin pressure in 2020, driven by reduced base rates, and a slowdown in demand for new business volumes. We also expect increased impairment charges due to asset quality deterioration, which will further constrain earnings. We would likely downgrade our assessment of LBG's earnings and profitability if revenue and impairments pressure drive a significantly weakened profitability over a sustained period.

LBG's 1Q20 pre-tax profit was down 95% year-on-year at GBP74 million, reflecting a material increase in LICs as well as revenue pressure from lower rates and a slowdown in new business volumes. Reported pre-provision operating profit of GBP2.0 billion was down 19% on 1Q19.

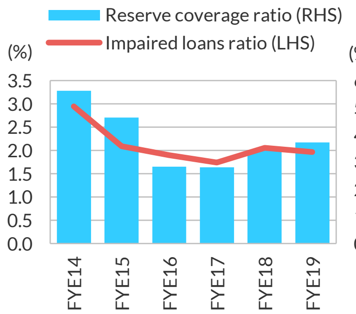
Loan impairment charges (LICs) of GBP1.4 billion were up by GBP1.2 billion compared to 1Q19, and mainly reflect charges due to the bank's updated economic outlook. The bank estimates that, under its severe base case, impairment allowances could rise to GBP7.0 billion (compared to GBP5.2 billion at end-1Q20) although this is highly sensitive to changes in the bank's economic forecasting.

Earnings pressure was mitigated by further cost reductions in line with the bank's cost efficiency focus - LBG has been undertaking a number of cost efficiency measures, which together with reduced restructuring costs have been supporting profitability. In line with this, operating costs of GBP1.9 billion were down 4% on 1Q19. The bank has deferred redundancy programmes following the onset of the pandemic but has said it will continue to focus on underlying cost efficiency in 2020.

Solid Capitalisation and Funding

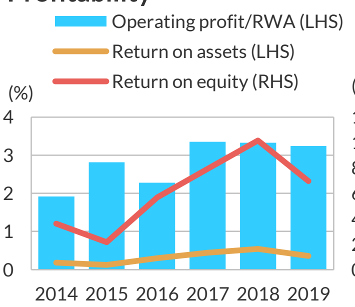
LBG's capitalisation (end-2019 CET1 ratio of 13.6%, pre-insurance dividend) was healthy going into the crisis and the end-1Q20 CET1 ratio strengthened further to 14.2% after the cancellation of the 2019 final dividend. The reduction of the countercyclical buffer (which would have reduced the end-2019 CET1 requirement to 11.3%), and the bank's decision to undertake no further dividend payments until end-2020 in line with other major UK banks, provides a significant cushion to absorb losses and the inflation of risk-weighted assets.

Asset Quality



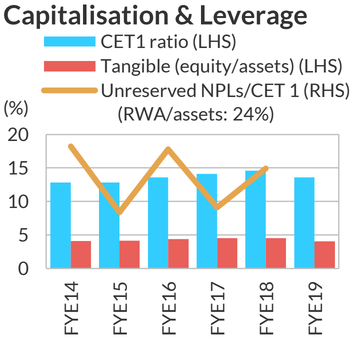
Source: Fitch Ratings, LBG

Profitability



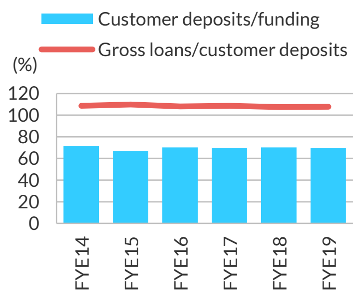
Source: Fitch Ratings, LBG

Capitalisation & Leverage



Source: Fitch Ratings, LBG

Funding Profile



Source: Fitch Ratings, LBG

LBG's funding remains strong, supported by the group's large and stable retail deposit base (end-1Q20 loan-deposit ratio: 103%) and demonstrated wholesale funding access, as well as by Bank of England funding facilities. Liquidity also remains robust (end-1Q20 LCR: 138%).

Subsidiary Ratings

Ratings of Main Legal Entities

Rating level	LBG	Lloyds Bank plc	Bank of Scotland plc	HBOS plc	LBCM	LBCMW
Long-Term IDR/Outlook	A+/Negative	A+/Negative	A+/Negative	A+/Negative	**A+**/Negative	**A+**/Negative
Short-Term IDR	F1	F1	F1	F1	F1	F1
Viability Rating	a	a	a	-	-	-
Support Rating	5	5	5	1	1	1
Support Rating Floor	NF	NF	NF	-	-	-
Derivative Counterparty Rating	A+(dcr)	A+(dcr)	A+(dcr)	-	**A+(dcr)**	-

Ratings highlighted in bold red were upgraded due to recent criteria changes
Source: Fitch Ratings

Criteria Change Drives Non-Ring-Fenced Bank IDR Upgrade

The Long-Term IDRs of Lloyds Bank Corporate Markets plc (LBCM) and Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH (LBCMW), which are non-ring-fenced bank operating subsidiaries of LBG, have been upgraded to 'A+', removed from Under Criteria Observation (UCO), as a result of a change in our criteria. Their Outlook has been change to Negative from Stable, in line with the parent's.

We have also upgraded the Derivative Counterparty Rating (DCR) of LBCM to 'A+(dcr)' from 'A', in line with the IDR. The DCRs are at the same level as the relevant entity's Long-Term IDR because, under UK legislation, derivative counterparties have no preferential status over other senior obligations in a resolution scenario.

Fitch assigns a common VR to Lloyds Bank plc (LB) and Bank of Scotland plc (BOS). Fitch assesses the group on a consolidated basis as it is managed as a group, and it is highly integrated. LBG acts as the holding company for the group, and its VR is equalised with that of the main operating subsidiaries, reflecting LBG's role in the group and moderate holding company double leverage, which remains comfortably below 120%.

The Support Ratings and IDRs of HBOS plc, LBCM and LBCMW are based on our view that institutional support from LBG is extremely likely. We expect LBG will be the ultimate source of support for LBCMW in the event that LBCM is unable to support it on its own. We equalise the IDRs of these entities with that of LBG. This is because we expect external senior creditors will benefit from resolution funds ultimately raised by LBG, and which are designed to protect these subsidiaries' senior creditors in a group failure.

Issue Ratings

Debt Class Ratings

Rating level	LBG	Lloyds Bank plc	Bank of Scotland plc	HBOS plc	LBCM	LBCMW
Senior unsecured dent	A+/F1	A+/F1	A+/F1	A+/F1	**A+**/F1	**A+**/F1
Tier 2 subordinated debt	A-	**BBB+**	**BBB+**	**BBB+**	-	-
Additional Tier 1 debt	**BBB-**	**BBB-**	-	-	-	-
Legacy upper Tier 2	BBB	BBB	BBB	BBB	-	-
Legacy innovative Tier 1 / preference stock	BBB-	BBB-	BBB-	BBB-	-	-

Ratings highlighted in bold red/blue were upgraded/downgraded due to recent criteria changes.
Source: Fitch Ratings

Subordinated Debt Rating Actions Following Criteria Update

The banks' senior unsecured debt ratings are equalised with their IDRs. With the exception of HBOS, whose debt ratings are notched from LBG's VR, the ratings of subordinated debt and hybrid securities are notched down from the banks' respective VRs. This reflects a combination of Fitch's assessment of their incremental non-performance risk relative to the VR (up to three notches), and assumptions around loss severity (one to two notches).

In March 2020 Fitch downgraded the Tier 2 debt of BOS, HBOS plc, and LB by one notch to 'BBB+' and removed it from UCO to reflect the change in baseline notching for loss-severity to two notches (from one previously) from LBG's VR since these banks do not meet the specific conditions under our criteria for applying one notch.

We continue to notch down LBG's Tier 2 debt rating only once from its VR because we believe the loss severity of this note is mitigated at LBG level by large junior debt buffers (11% at end-2019). This approach also reflects LBG's holding company status as we expect that subordinated debt in the operating subsidiaries will see losses before holding company subordinated debt is impacted.

Fitch has upgraded LBG's and LB’s AT1 debt by one notch to 'BBB-' and removed it from UCO to reflect a change in baseline notching to four notches (from the previous five) from LBG's VR, reflecting a reduction in incremental non-performance risk relative to our previous assumptions. Our assessment is based on the group operating with a CET1 ratio comfortably above maximum distributable amount thresholds and we expect this will continue.

Legacy upper Tier 2 subordinated debt is notched down three times. Legacy Tier 1 and preferred stock is notched down four times, twice for loss severity and twice for incremental non-performance risk.

Summary Financials and Key Ratios

	31 Dec 19		31 Dec 18	31 Dec 17	31 Dec 16
	Year end	Year end	Year end	Year end	Year end
	(USDm)	(GBPm)	(GBPm)	(GBPm)	(GBPm)
	Audited - unqualified	Audited - unqualified	Audited - unqualified	Audited - unqualified	Audited - unqualified
Summary income statement					
Net interest and dividend income	13,358	10,180.0	13,396.0	10,912.0	9,274.0
Net fees and commissions	1,845	1,406.0	1,462.0	1,583.0	1,689.0
Other operating income	8,567	6,529.0	3,924.0	6,308.0	5,974.0
Total operating income	23,770	18,115.0	18,782.0	18,803.0	16,937.0
Operating costs	13,417	10,225.0	10,980.0	11,046.0	11,277.0
Pre-impairment operating profit	10,353	7,890.0	7,802.0	7,757.0	5,660.0
Loan and other impairment charges	1,694	1,291.0	936.0	688.0	752.0
Operating profit	8,659	6,599.0	6,866.0	7,069.0	4,908.0
Other non-operating items (net)	-2,895	-2,206.0	-906.0	-1,794.0	-670.0
Tax	-1,820	-1,387.0	-1,560.0	-1,728.0	-1,724.0
Net income	3,944	3,006.0	4,400.0	3,547.0	2,514.0
Other comprehensive income	-1,477	-1,126.0	-113.0	-395.0	1,574.0
Fitch comprehensive income	2,467	1,880.0	4,287.0	3,152.0	4,088.0
Summary balance sheet					
Assets					
Gross loans	582,130	443,647.0	447,525.0	450,813.0	446,159.0
- Of which impaired	11,487	8,754.0	9,215.0	7,841.0	8,495.0
Loan loss allowances	4,276	3,259.0	3,150.0	2,201.0	2,412.0
Net loans	577,854	440,388.0	444,375.0	448,612.0	443,747.0
Interbank	10,786	8,220.0	5,781.0	3,503.0	4,681.0
Derivatives	34,600	26,369.0	21,632.0	23,486.0	33,664.0
Other securities and earning assets	367,351	279,962.0	240,153.0	246,564.0	259,904.0
Total earning assets	990,591	754,939.0	711,941.0	722,165.0	741,996.0
Cash and due from banks	72,339	55,130.0	54,663.0	58,521.0	47,452.0
Other assets	31,261	23,824.0	30,994.0	31,423.0	28,345.0
Total assets	1,094,190	833,893.0	797,598.0	812,109.0	817,793.0
Liabilities					
Customer deposits	540,329	411,790.0	416,248.0	415,486.0	412,998.0
Interbank and other short-term funding	89,286	68,046.0	73,791.0	87,060.0	85,121.0
Other long-term funding	119,934	91,403.0	84,758.0	72,629.0	66,939.0
Trading liabilities and derivatives	47,522	36,217.0	30,325.0	35,623.0	47,361.0
Total funding	797,071	607,456.0	605,122.0	610,798.0	612,419.0
Other liabilities	228,975	174,504.0	138,269.0	147,665.0	151,561.0
Preference shares and hybrid capital	13,165	10,033.0	10,499.0	9,858.0	10,353.0
Total equity	54,979	41,900.0	43,708.0	43,788.0	43,460.0
Total liabilities and equity	1,094,190	833,893.0	797,598.0	812,109.0	817,793.0
Exchange rate		USD1 = GBP0.76211	USD1 = GBP0.78768	USD1 = GBP0.74011	USD1 = GBP0.8129

Source: Fitch Ratings, Fitch Solutions, Bank

Summary Financials and Key Ratios

	31 Dec 19	31 Dec 18	31 Dec 17	31 Dec 16
Ratios (annualised as appropriate)				
Profitability				
Operating profit/risk-weighted assets	3.2	3.3	3.4	2.3
Net interest income/average earning assets	1.7	2.1	1.5	1.3
Non-interest expense/gross revenue	56.5	58.5	58.8	66.6
Net income/average equity	7.0	10.2	7.9	5.7
Asset quality				
Impaired loans ratio	2.0	2.1	1.7	1.9
Growth in gross loans	-0.9	-0.7	1.0	-2.9
Loan loss allowances/impaired loans	37.2	34.2	28.1	28.4
Loan impairment charges/average gross loans	0.3	0.2	0.2	0.1
Capitalisation				
Common equity Tier 1 ratio	13.6	14.6	14.1	13.6
Fully loaded common equity Tier 1 ratio	13.6	14.6	14.1	n.a.
Tangible common equity/tangible assets	4.0	4.5	4.5	4.4
Basel leverage ratio	4.8	5.1	4.9	4.9
Net impaired loans/common equity Tier 1	19.8	20.1	19.0	20.8
Funding and liquidity				
Loans/customer deposits	107.7	107.5	108.5	108.0
Liquidity coverage ratio[a]	137.0	128.0	127.0	n.a.
Customer deposits/funding	69.6	70.1	69.9	70.3
Net stable funding ratio	n.a.	n.a.	n.a.	n.a.

[a] Liquidity coverage ratios for 2018 and 2019 are calculated as a simple average of month end observations over the previous 12 months
Source: Fitch Ratings, Fitch Solutions, Bank

Environmental, Social and Governance Considerations

FitchRatings **Lloyds Banking Group plc**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

Lloyds Banking Group plc has 5 ESG potential rating drivers

- Lloyds Banking Group plc has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG Scale
key driver	0	issues	5
driver	0	issues	4
potential driver	5	issues	3
not a rating driver	4	issues	2
	5	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Company Profile; Management & Strategy; Risk Appetite; Asset Quality	1

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities: SME and community development programs; financial literacy programs	Company Profile; Management & Strategy; Risk Appetite	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Company Profile; Management & Strategy; Risk Appetite	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile; Management & Strategy	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Company Profile; Financial Profile	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Management Strategy	3	Operational implementation of strategy	Management & Strategy	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Management & Strategy; Earnings & Profitability; Capitalisation & Leverage	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile	3
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Management & Strategy	2
				1

How to Read This Page
ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Priniciples for Responsible Investing (PRI) and the Sustainability Accounting Standards Board(SASB).

Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. ESG issues are credit neutral or have only a minimal credit impact on LBG, either due to their nature or the way in which they are being managed by LBG. For more information on our ESG Relevance Scores, visit www.fitchratings.com/esg.

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.