

## CREDIT OPINION

28 July 2022

### Update



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### 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

Laurie Mayers +44.20.7772.5582  
Associate Managing Director  
laurie.mayers@moody's.com

Alessandro Roccati +44.20.7772.1603  
Senior Vice President  
alessandro.rocatti@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 rating action

#### Summary

We assign ratings of A3/P-2 to the senior unsecured debt of [Lloyds Banking Group plc](#) (LBG).

On 19 July 2022, we downgraded by one notch LBG's senior unsecured debt ratings to A3 from A2, maintaining the stable outlook, its other short term rating to (P)P-2 from (P)P-1 and its subordinated debt ratings to Baa1 from A3 and its backed junior subordinated debt ratings to Baa2(hyb) from Baa1(hyb). The action only focused on the results from our Advanced Loss Given Failure (LGF) analysis.

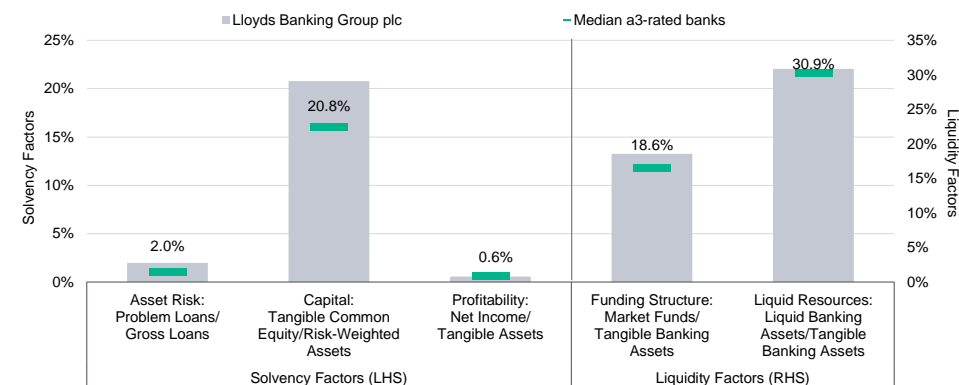
The A3 long term senior unsecured debt rating of (LBG) reflects (1) the group's standalone creditworthiness, expressed in an a3 Baseline Credit Assessment (BCA); (2) moderate loss-given-failure, which results in no uplift under our Advanced Loss Given Failure (LGF) analysis; and (3) our assessment of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

LBG's a3 BCA takes into account: 1) strong levels of capital; 2) stable retail funding and ample liquidity; 3) improving profitability supported by low cost of credit and higher lending margins.

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

Exhibit 1

#### Rating Scorecard - Key financial ratios



Source: Moody's Investors Service

## Credit strengths

- » Low asset risk
- » Strong capital
- » Stable retail funding and ample liquidity

## Credit challenges

- » Profitability will improve on the back of increases in volumes and margins, while the cost of risk remains low; however, inflationary pressures, if they persist, will constrain household incomes and debt servicing capacity and impact business and consumer confidence, weakening credit demand

## Outlook

The outlook on LBG's senior ratings is stable. The outlook reflects our view that the solvency and liquidity metrics will on a forward-looking basis remain in line with our current assessment, as asset quality remains contained and profitability stabilizes, following the pandemic-induced deterioration in 2020, and taking into account tail winds from rising interest rates and headwinds from current macroeconomic pressures.

## 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 higher capital levels, increased profitability, or lower problem loans. LBG's senior unsecured debt ratings could also be upgraded following an increase in the stock of holding company senior unsecured debt or a significant increase in the stock of subordinated 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 capital and asset risk metrics. The ratings of LBG could also be downgraded following a significant 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]

	12-21 <sup>2</sup>	12-20 <sup>2</sup>	12-19 <sup>2</sup>	12-18 <sup>2</sup>	12-17 <sup>2</sup>	CAGR/Avg. <sup>3</sup>
Total Assets (GBP Billion)	863.3	837.2	790.2	754.6	771.5	2.9 <sup>4</sup>
Total Assets (USD Billion)	1,165.1	1,144.4	1,046.8	961.1	1,043.6	2.8 <sup>4</sup>
Tangible Common Equity (GBP Billion)	40.7	35.1	39.8	42.5	41.7	(0.6) <sup>4</sup>
Tangible Common Equity (USD Billion)	55.0	48.0	52.7	54.2	56.4	(0.6) <sup>4</sup>
Problem Loans / Gross Loans (%)	1.9	2.0	2.0	2.1	1.7	1.9 <sup>5</sup>
Tangible Common Equity / Risk Weighted Assets (%)	20.8	17.3	19.6	20.6	19.8	19.6 <sup>6</sup>
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	19.5	22.2	20.3	20.2	17.9	20.0 <sup>5</sup>
Net Interest Margin (%)	1.1	1.3	1.3	1.7	1.4	1.4 <sup>5</sup>
PPI / Average RWA (%)	2.6	2.4	2.7	3.5	2.8	2.8 <sup>6</sup>
Net Income / Tangible Assets (%)	0.6	0.7	0.8	0.5	0.6	0.6 <sup>5</sup>
Cost / Income Ratio (%)	67.8	66.0	69.7	61.0	67.7	66.5 <sup>5</sup>
Market Funds / Tangible Banking Assets (%)	18.6	20.4	22.1	20.7	21.6	20.7 <sup>5</sup>
Liquid Banking Assets / Tangible Banking Assets (%)	30.9	31.0	26.4	26.2	26.0	28.1 <sup>5</sup>
Gross Loans / Due to Customers (%)	94.1	97.2	105.0	104.1	107.6	101.6 <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 Investors Service and company filings

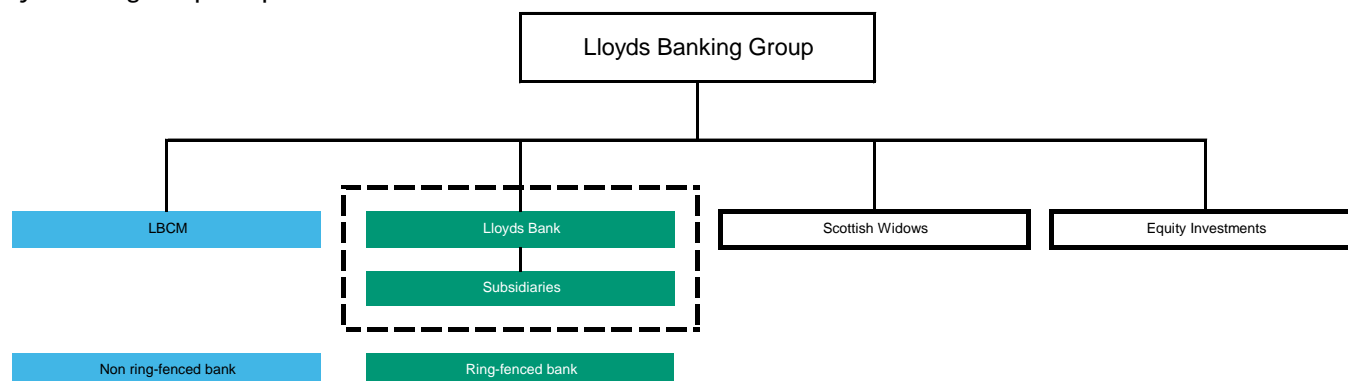
## Profile

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.

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 Lloyds Bank. In 2018, capital markets activities, business outside of the European Economic Area and lending to financial institutions were transferred to a non-ring-fenced entity, Lloyds Bank Corporate Markets plc (LBCM), which accounted for around 4% of the group's loans and about 9% of risk-weighted assets (RWAs) at end-2021.

Under the current structure, LBG owns directly 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 Investors Service, LBG

**Detailed credit considerations**

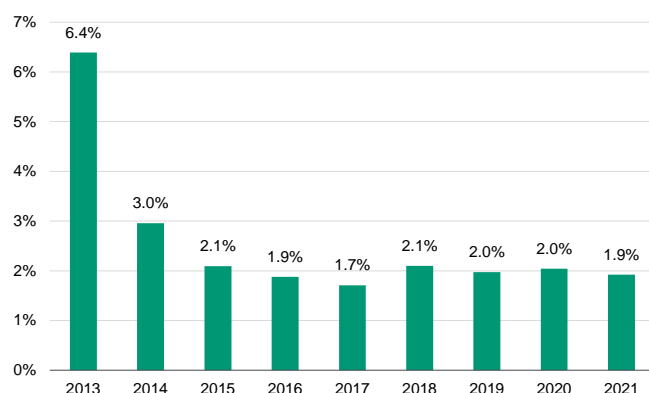
The financial data in the following sections are sourced from LBG's consolidated financial statements, unless otherwise stated.

**Low asset risk**

We assign an a3 Asset Risk score, two notches below the Macro-Adjusted score, taking into account LBG's good credit quality and higher than some peers exposure to buy-to-let mortgages and unsecured consumer credit products.

We calculate IFRS9 Stage 3 loans of 1.9% of total loans at end-2021, 10bps lower than end-2020. Stage 2 loans decreased to 9% of loans from 14% during the same period.<sup>2</sup>

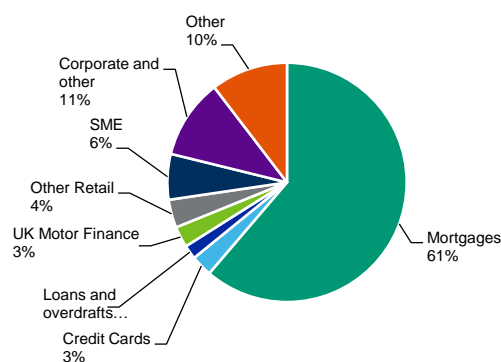
Exhibit 4

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

Problem loan data from 2018 are classified under IFRS9; previous figures were reported under IAS39. Amongst problem loans we also include the purchased or originated credit-impaired that LBG classifies under Stage 3.

Source: LBG's financial reports

Exhibit 5

**LBG's loan book has a high level of retail secured loans**  
Loan book composition, end- 2021

Other includes Central Items and Insurance and Wealth

Source: LBG's financial reports

The group's lending book is focused on prime UK residential mortgages, a low-risk segment. Within UK residential mortgages, 17% are buy-to-let loans, which represents a higher proportion than for some of LBG's peers. LBG has increased its presence in unsecured consumer finance, following the acquisition of credit card provider MBNA Ltd in 2017.

We expect LBG's problem loan ratio to normalise in the next 12-18 months as a result of an improved macroeconomic outlook, low levels of unemployment, and high households' savings.

In line with its business model, LBG's market risk is limited, with market risk representing just 2% of total RWA at end-2021. Value at risk (VaR) is low: the average one-day VaR with a 95% confidence level was £1 million in 2021.

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 2.5-3x of adjusted equity. 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.

### Strong capital

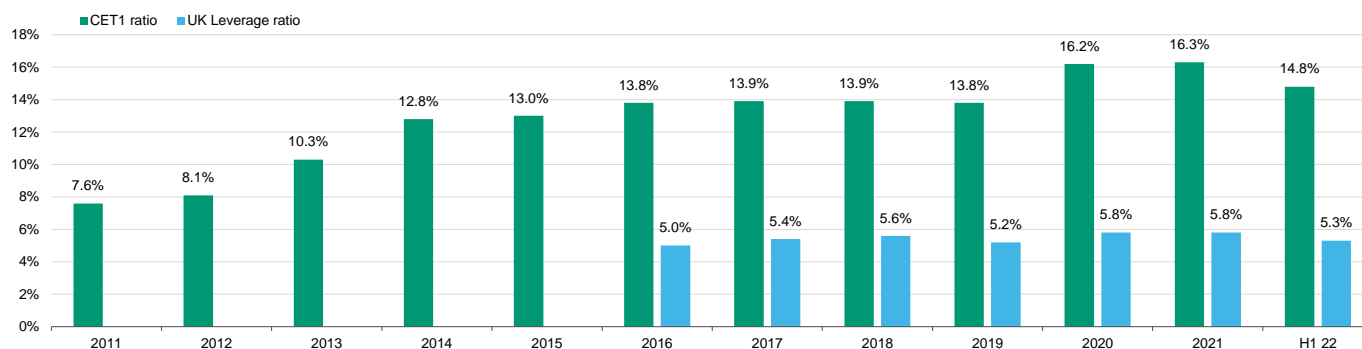
LBG's capitalisation is a key strength. Our assigned Capital score is aa3, two notches lower than the group's Macro-Adjusted score, reflecting our expectation of a decrease in capital ratios during the outlook period.

LBG reported a Common Equity Tier 1 (CET1) capital ratio of 16.3% at end-2021. The Group's CET1 capital ratio reduced to 14.8% at end-June 2022, reflecting 139 basis points of capital build in the semester, offset by 230 basis points reduction related to regulatory changes (including an increase in risk-weighted assets and other related modelled impacts, the reinstatement of the full deduction for intangible software assets and phased reductions in IFRS 9 transitional relief).

LBG's pro forma leverage ratio, as calculated under the current UK framework was 5.3% at end-June 2022 (5.8% at end-2021).

Exhibit 6

#### LBG's CET1 capital ratio has increased, following dividend suspension



Source: LBG's financial reports

Capital of the insurance subsidiaries is managed as part of the overall LBG strategy. In recent years Scottish Widows upstreamed a material amount of dividends, but it maintained a buffer over solvency capital requirements that is consistent with having a reasonable buffer over solvency capital requirements after a one-in-ten-year stress scenario as calculated by the group. At end-June 2022 the insurance division reported a pre-dividend Solvency II ratio of 172% (161% after the proposed mid-year dividend). While this is at the lower end of the range for UK peers, we believe that this is at least partly offset by a well-defined risk appetite and a risk management framework adequate to the business written.

Our tangible common equity (TCE)/RWA ratio of 20.3% at end-June 2022 incorporates the entire equity of Scottish Widows. There are however limitations to capital fungibility within the group; in particular, the dividend policy of Scottish Widows is subject to its own independent board, and it requires supervisory approval. Nevertheless, we believe that in times of stress within the banking business, LBG will be able to upstream a significant amount of dividends from Scottish Widows; in the event of extreme stress, LBG may also dispose of its insurance subsidiary, providing capital benefit.

### Profitability will significantly improve in 2022; however, long-term trends are uncertain

We assign a baa3 Profitability score to reflect our expectation that the group's net income will stabilize around £4.5 billion in the medium-term, reflecting improved revenue supported by a higher net interest margin in both 2021 and 2022, on the back of rate increases, and an increase in the cost of risk in 2023 from a low base.

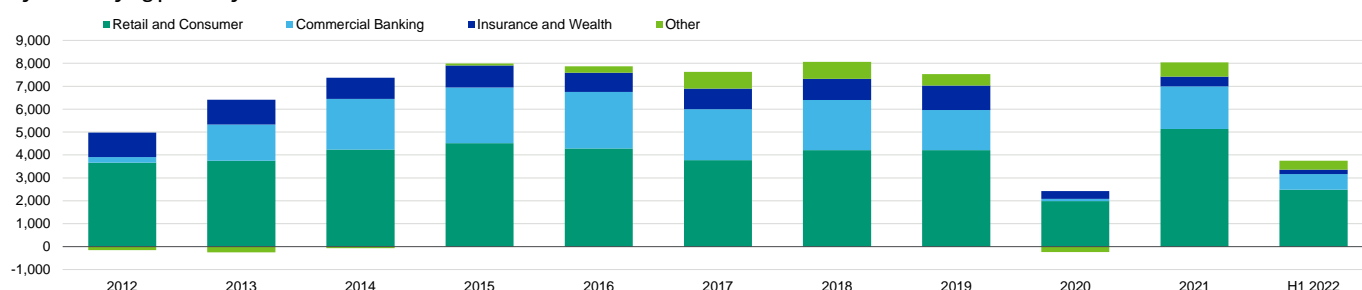
LBG reported a net income of £5.9 billion for 2021 (£1.4 billion in 2020), equal to a return on tangible equity of 13.8%. Revenues increased 9% year-on-year, driven by an increase in average interest-earning assets, higher net interest margin of 2.54%, stronger other income and a reduction in operating lease depreciation. Operating costs were broadly stable. LBG reported a reversal of credit provisions of £1.4 billion versus an impairment charge of £4.2 billion in 2020.

In H1 2022, LBG reported a solid financial performance: net income was £2.8 billion (H1 2021: £3.9 billion), reflecting a 13% higher net interest income supported by wider margins which more than offset a 5% increase in operating costs and £377 million impairment charge (£734 million impairment reversal in H1 2021).

Management enhanced its 2022 guidance of a banking net interest margin above 280 basis points and a return on tangible equity (RoTE) of c.13%. Operating cost guidance for 2022 remained unchanged at c.£8.8 billion.

Exhibit 7

### Growth in insurance and wealth partly offset contraction in retail and commercial banking Lloyds underlying profits by division



2012 and 2013 figures include earnings from former banking subsidiary TSB. Prior to 2017, the Insurance and Wealth division only included insurance. 2019 figures are as restated by Lloyds in its 2020 accounts.

Source: LBG's financial reports

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 2021, retail revenue accounted for 64% of underlying group net income, commercial banking for 23%, and insurance revenue accounted for 5%. At the same time, net interest income represented 69% of underlying group net income and other income 31%.

### Stable retail funding

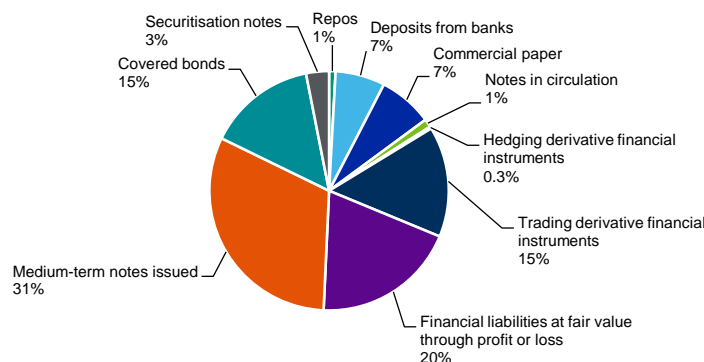
We assign a baa1 Combined Liquidity score, reflecting a baa1 Funding Structure score and an a3 Liquid Resources score.

LBG benefits from its stable and granular retail deposit base. In the UK, its market share for personal current accounts is the highest in the country. LBG's loan-to-deposit ratio, which includes certificates of deposits and interbank deposits, stood at 94% at end-2021.

LBG's reliance on wholesale funding is large, representing 19% of tangible banking assets at end-2021, but lower than its main UK peers. LBG's market funding composition is well-diversified; however, market funding maturing within one year is 31% of total market funds. LBG's pro forma MREL ratio was 37.2% (transitional) at end-2021.

In 2020, LBG replaced all Term Funding Scheme (TFS) balances and Funding for Lending Scheme (FLS) drawings with £13.7 billion borrowings under the Term Funding Scheme with additional incentives for SMEs (TFSME), which allows banks to borrow at an interest close to the Bank Rate for a period of four years. In 2021, LBG made net drawings of £16.3 Billion from TFSME, taking the total outstanding amount to £30 billion as of end- 2021.

Exhibit 8

**Market funds composition**

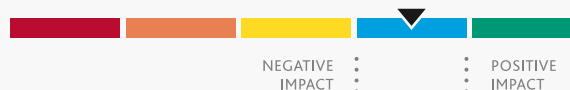
Values are as reported by LBG at end-June 2020

Source: Moody's Investors Service

LBG's liquidity mitigates its high 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 135% liquidity coverage ratio (LCR) at the end of 2021 were more than three times wholesale maturities in the next 12 months. We expect its liquid assets to remain broadly stable.

**ESG considerations****Lloyds Banking Group plc's ESG Credit Impact Score is Neutral-to-Low CIS-2**

Exhibit 9

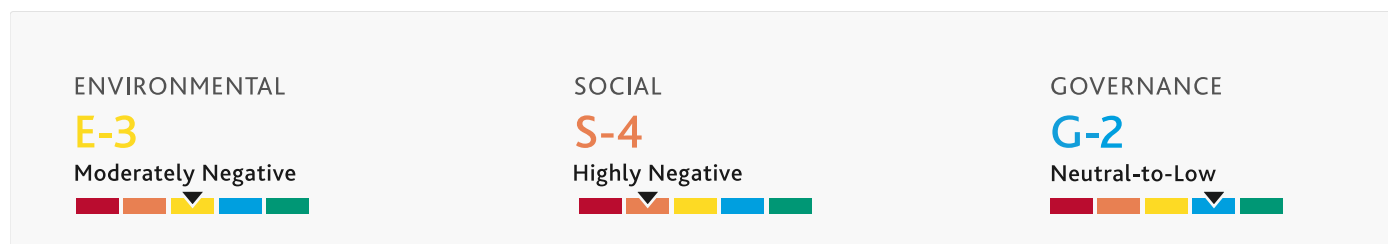
**ESG Credit Impact Score****CIS-2****Neutral-to-Low**

For an issuer scored CIS-2 (Neutral-to-Low), its ESG attributes are overall considered as having a neutral-to-low impact on the current rating; i.e., the overall influence of these attributes on the rating is non-material.

Source: Moody's Investors Service

Lloyds' ESG Credit Impact Score is neutral-to-low (**CIS-2**), reflecting limited credit impact from environmental and social factors on the rating to date. Lloyds's governance risk is low, and takes into consideration the group's strong track record of successful streamlining and simplifying the business, stable and credible management along with sound capital, liquidity and risk management.

Exhibit 10

**ESG Issuer Profile Scores**

Source: Moody's Investors Service

**Environmental**

Lloyds faces moderate industrywide 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 is actively engaging in optimizing its loan portfolio longer-term toward less carbon intensive assets.

**Social**

Lloyds faces high industrywide social risks from customer relations: regulatory risk, litigation exposure and high compliance standards, as well as cyber risk and the financial and reputational implications of data breaches. The group also faces industrywide moderate social risks related to potential competition from technological firms and other disruptors.

**Governance**

Lloyds' 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 business model is simple, with Lloyds Bank containing the ring-fenced business and representing more than 90% of assets and revenue. The board structure is in line with industry best practice.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.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 moderate 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 no uplift from the BCA.

**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 11

Lloyds Banking Group plc

<b>Macro Factors</b>							
<b>Weighted Macro Profile</b>	<b>Strong +</b>	<b>100%</b>					
Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2	
Solvency							
Asset Risk							
Problem Loans / Gross Loans	2.0%	a1	↔	a3	Sector concentration		
Capital							
Tangible Common Equity / Risk Weighted Assets (Basel III - fully loaded)	20.8%	aa1	↔	aa3	Expected trend		
Profitability							
Net Income / Tangible Assets	0.6%	baa2	↔	baa3	Expected trend		
Combined Solvency Score		a1		a3			
Liquidity							
Funding Structure							
Market Funds / Tangible Banking Assets	18.6%	a3	↔	baa1	Extent of market funding reliance		
Liquid Resources							
Liquid Banking Assets / Tangible Banking Assets	30.9%	a2	↔	a3	Expected trend	Stock of liquid assets	
Combined Liquidity Score		a3		baa1			
Financial Profile				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			
<b>Balance Sheet</b>		<b>in-scope (GBP Million)</b>	<b>% in-scope</b>	<b>at-failure (GBP Million)</b>	<b>% at-failure</b>		
Other liabilities		590,779	90.2%	590,779	90.2%		
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		1,582	0.2%	1,582	0.2%		
Junior subordinated bank debt		169	0.0%	169	0.0%		
Preference shares (bank)		1,543	0.2%	1,543	0.2%		
Senior unsecured holding company debt		26,727	4.1%	26,727	4.1%		
Dated subordinated holding company debt		8,155	1.2%	8,155	1.2%		
Junior subordinated holding company debt		10	0.0%	10	0.0%		
Preference shares(holding company)		6,509	1.0%	6,509	1.0%		
Equity		19,654	3.0%	19,654	3.0%		
Total Tangible Banking Assets		655,127	100.0%	655,127	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	subordination	subordination			vs.			
							Adjusted			
							BCA			
Senior unsecured holding company debt	9.8%	5.7%	9.8%	5.7%	0	0	0	0	0	a3
Dated subordinated holding company debt	5.7%	4.3%	5.7%	4.3%	0	0	0	-1	0	baa1
Holding company non-cumulative preference shares	4.2%	3.0%	4.2%	3.0%	-1	-1	-1	-1	-2	baa3

Instrument Class	Loss Given	Additional	Preliminary Rating	Government	Local Currency	Foreign
	Failure notching	notching	Assessment	Support notching	Rating	Currency
						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 Investors Service

## Ratings

Exhibit 12

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)
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 -Dom Curr	Baa1
Jr Subordinate -Dom Curr	Baa2 (hyb)
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 (hyb)

**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
Jr Subordinate -Dom Curr	Baa2 (hyb)
Pref. Stock Non-cumulative -Dom Curr	Baa3 (hyb)

**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

Source: Moody's Investors Service

## Endnotes

- [1](#) The bank's ratings shown in this report are the deposit rating, senior unsecured debt/issuer rating, and the BCA.
- [2](#) Our calculation for Stage 3 loans includes those classified by LBG as Stage 3 among the group's portfolio of purchased or originated credit-impaired assets. Similarly, our calculation for Stage 2 loans includes the POCIs that LBG classifies as Stage 2.

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