CREDIT OPINION

20 December 2024

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

Farooq Khan +44.20.7772.1638
VP-Senior Analyst - Financial Institutions
farooq.khan@moodys.com

Simon James Robin Ainsworth +44 207 772 5347
Associate Managing Director
simon.ainsworth@moodys.com

Christopher Tucker +44.20.7772.1357
Sr Ratings Associate
christopher.tucker@moodys.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 to credit analysis

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.

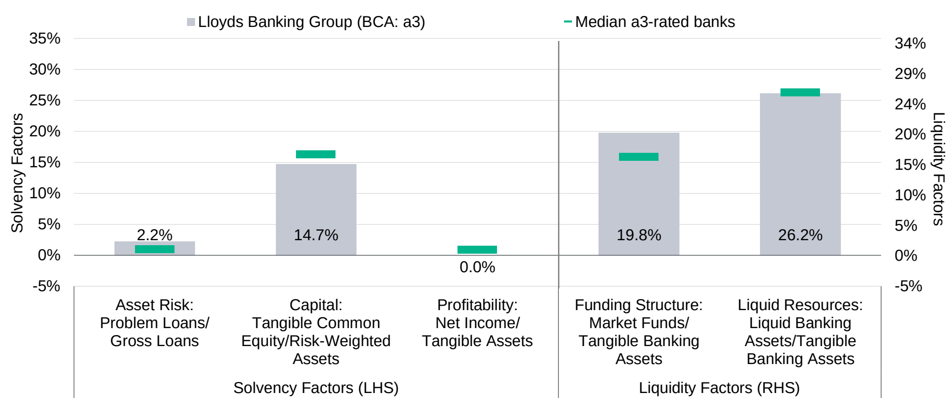
LBG's a3 BCA reflects the group's strong capital position, solid profitability, low asset risk and a stable and diversified funding profile.

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[1]), and the non-ring-fenced bank Lloyds Bank Corporate Markets plc (LBCM, A1 stable/A1 stable, baa3[2]).

Exhibit 1

Rating Scorecard — Key financial ratios

As of June 2024



Source: Moody's Ratings

Credit strengths

» Low asset risk given secured prime mortgage lending focus

» Strong capital levels provide a buffer against any deterioration in asset quality as well as a platform for loan growth

» Stable retail funding and ample liquidity

» Solid profitability, albeit below the 2023 peak

Credit challenges

» Higher interest rates than in recent years negatively affecting credit demand and households' debt servicing capacity

Outlook

The stable outlook on LBG's ratings reflects our view that the combined solvency and liquidity metrics will remain in line with our current assessment of moderate asset risk, solid profitability, high capitalisation and 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 higher capital levels, increased profitability and lower problem loans. In particular, delivery of the 2026 business plan — targeting around £1.5 billion additional revenue from strategic initiatives, leading to Return on Tangible Equity of above 15% in 2026 – would support higher and more stable profitability. 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 capital and asset risk metrics. The ratings of LBG could also be downgraded following a reduction in its stock of externally issued unsecured debt.

Key indicators

Exhibit 2

Lloyds Banking Group plc (Consolidated Financials) [1]

	06-24[2]	12-23[2]	12-22[2]	12-21[2]	12-20[2]	CAGR/Avg.[3]
Total Assets (GBP Billion)	876.1	861.1	849.9	863.3	837.2	1.3[4]
Total Assets (USD Billion)	1,107.5	1,097.7	1,022.3	1,165.1	1,144.4	(0.9)[4]
Tangible Common Equity (GBP Billion)	32.7	34.1	33.0	40.7	35.1	(2.0)[4]
Tangible Common Equity (USD Billion)	41.4	43.4	39.7	55.0	48.0	(4.2)[4]
Problem Loans / Gross Loans (%)	2.2	2.2	2.3	1.9	2.0	2.2[5]
Tangible Common Equity / Risk Weighted Assets (%)	14.7	15.5	15.6	20.8	17.3	16.8[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	28.3	26.8	28.7	19.5	22.2	25.1[5]
Net Interest Margin (%)	1.4	1.5	1.5	1.1	1.3	1.4[5]
PPI / Average RWA (%)	3.5	3.8	2.3	2.6	2.4	2.9[6]
Net Income / Tangible Assets (%)	0.4	0.6	-1.5	0.6	0.7	0.1[5]
Cost / Income Ratio (%)	58.6	57.2	66.1	67.8	66.0	63.2[5]
Market Funds / Tangible Banking Assets (%)	19.8	19.8	20.6	18.2	20.4	19.8[5]
Liquid Banking Assets / Tangible Banking Assets (%)	25.0	26.2	28.9	30.3	31.0	28.3[5]
Gross Loans / Due to Customers (%)	94.6	94.6	95.2	94.1	97.2	95.1[5]

[-] 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

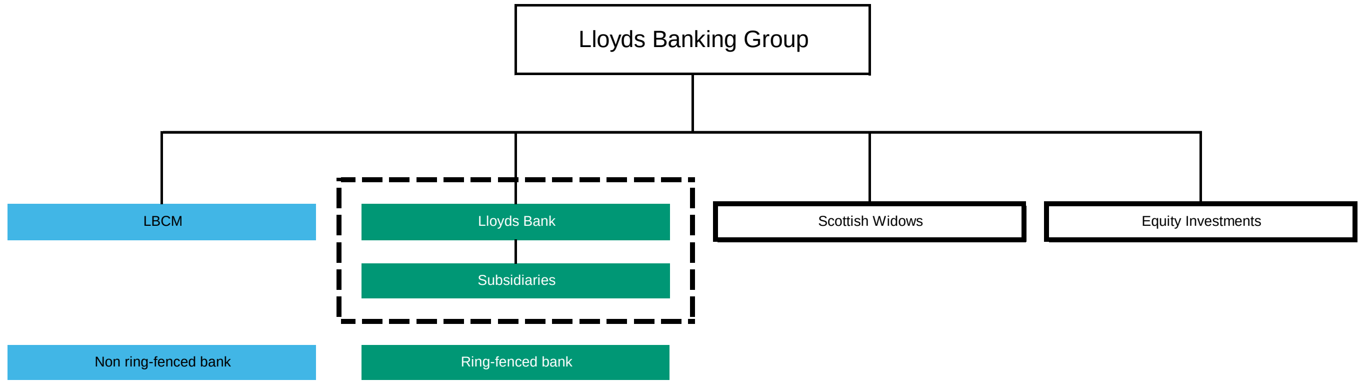
LBG is the holding company of a leading UK-based financial services group providing a wide range of banking and financial services, focused on personal and commercial customers. The group's main business activities are retail and commercial banking, as well as general insurance and life, pensions and 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. 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, LBCM, which accounted for around 4% of the group's loans and about 9% of risk-weighted assets (RWAs) at end-2023.

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 SME business and to increase its Corporate & Institutional offering and cross-selling. These initiatives should help the firm to grow revenue, with an expected overall impact expected to benefit profits from 2024 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.

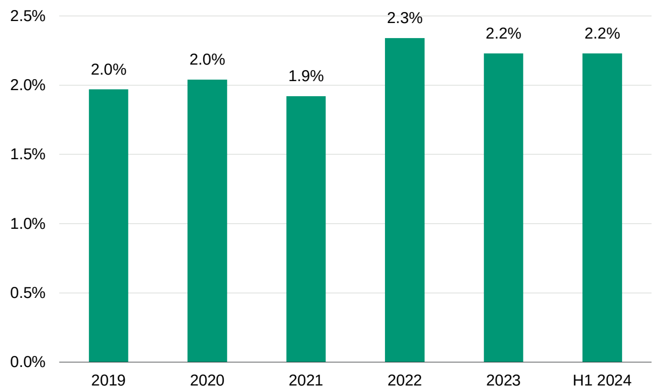
Low asset risk

We assign an a3 Asset Risk score, one notch below the initial score, taking into account LBG's good credit quality, derived form 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, a low-risk segment that accounts for around two thirds of its lending with average loan-to-value of 43% as of September 2024. Within UK residential mortgages, 16% 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). In terms of problem loans, IFRS9 Stage 3 loans were 2.2% of total loans at end-June 2024, in line with year-end 2023 and down from the 2.3% at year-end 2022. Stage 2 loans were 10% of loans at end-June 2024, down from 12.5% at year-end 2023.

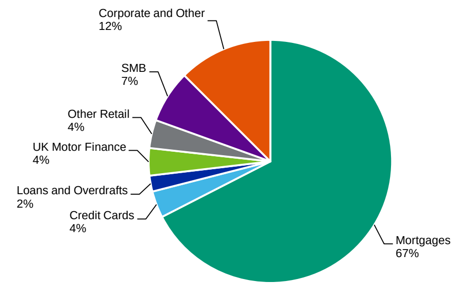
We expect LBG's problem loan ratio to broadly remain at current levels over the next 12-18 months as receding inflationary pressures and interest rates are likely to decrease pressure on both household and corporate finances.

Exhibit 4
LBG has a low level of problem loans
Problem loans as a percentage of gross loans



Problem loan data from 2018 are classified under IFRS9; previous figures were reported under IAS39. Among problem loans we also include the purchased or originated credit-impaired 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, end June 2024



SMB (previously SME)
Source: LBG's financial reports

In line with its business model, LBG's market risk is limited, with market risk representing just 2.1% of total RWA at end-June 2024. Value at risk (VaR) is low: the average one-day VaR with a 95% confidence level was £2.3 million in 2023.

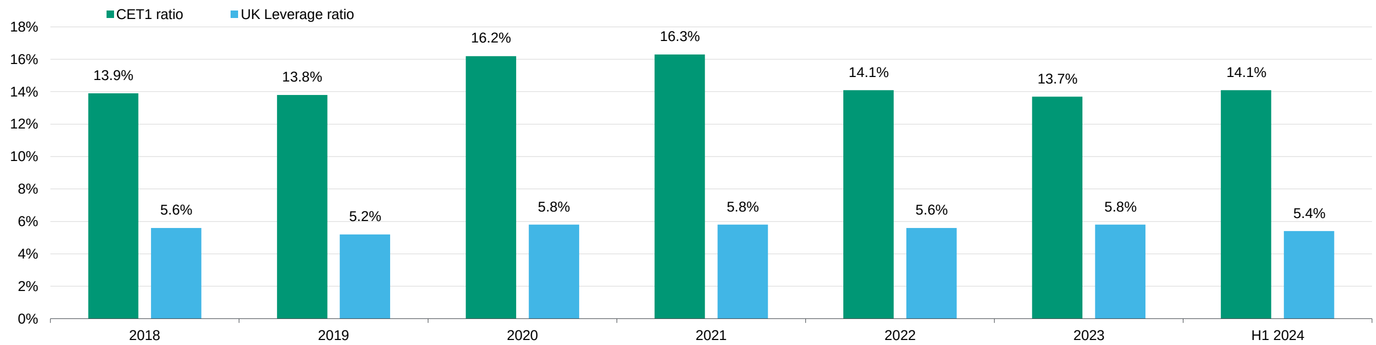
The insurance division has elevated investment risk. Risk assets according to our definition, which includes real estate, equities and non-investment grade debt, are high, accounting for 3.5-4x of adjusted equity (including 50% of the contractual service margin). This level is however in line with Scottish 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.

Strong capital

LBG's capitalisation is a key strength. Our assigned Capital score of a1, in line with the initial score, reflects our expectation of a moderate decrease in capital ratios in the next 12-18 months. LBG reported a Common Equity Tier 1 (CET1) capital ratio of 14.1% at end-September 2024 and up from 13.7% at year-end 2023 driven by 132 bps of capital generation. Management expects 2024 capital generation, post CRD IV and regulatory headwinds, to be c. 175 bps.

LBG's pro forma leverage ratio, as calculated under the current UK framework was 5.4% at end-June 2024 (5.8% at year-end 2023) calculated leverage stood at 4.8% at the same time and is expected to remain broadly stable (year-end 2023: 5.0%).

Exhibit 6
Capital ratio decreased due to dividends and share buybacks
LBG's CET1 and UK leverage ratios



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 2024, the insurance division reported a pre-dividend Solvency II ratio of 177% (169% after the interim dividend paid to LBG in February 2024). 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 ratio[3] of 14.7% at end-June 2024 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 could also dispose of its insurance subsidiary, providing capital benefit.

Profits will moderate in 2024 and 2025

We assign a baa2 Profitability score to reflect our expectation that the group's net income will stabilise around £5.0 billion in 2024 and 2025 from £5.5 billion in 2023, due to a reduction in net interest income driven by lower margins, an increase in operating costs and a moderate increase in the cost of risk from a low base. For 2024, management guides to a RoTE of c. 13%, banking net interest margin of greater than 290 bps points, operating cost of c.£9.4 billion[4] and credit impairments less than 20 bps of customer loans.

In 2023, LBG reported a net income of £5.5 billion (£3.9 billion in 2022), equal to a return on tangible equity (RoTE) of 15.8%. Revenue[5] increased 20% compared with the same period last year, driven by a stronger net interest margin and an increase in other income, partially offset by an increase in lease depreciations. Operating costs increased 17% due to higher planned strategic investments, new business costs and continued inflationary pressures. Impairment charges were £303 million (£1.5 billion in 2022), driven by a £565 million specific charges and a £257 million write-back reflecting the assessment of an improved macroeconomic outlook.

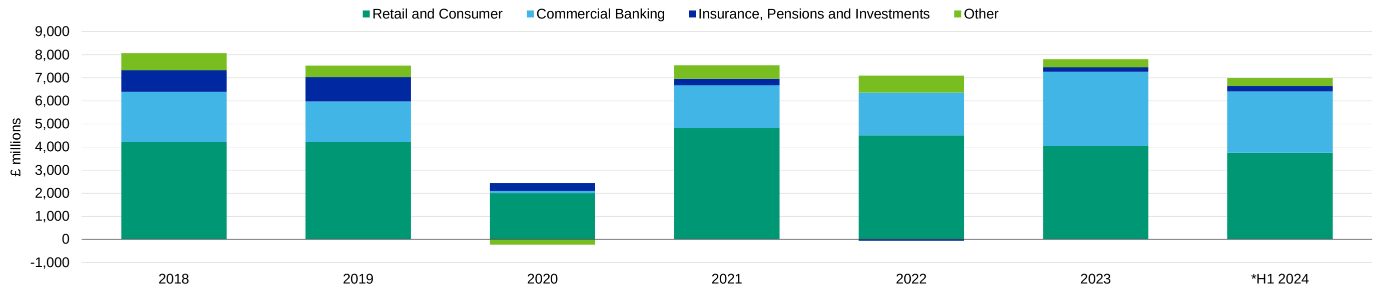
LBG also took a £450 million provision in 2023 for the potential impact from the Financial Conduct Authority (FCA)'s investigation into the potential harm to consumers of motor finance through the use of discretionary commission arrangements (DCAs), a practice banned in 2021. Although there remains much 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-June 2024), would likely be able to absorb redress costs.

Profitability fell in 2024, in line with our expectations but was still at high levels. In the first nine months of 2024, LBG reported net income to £3.8 billion, a 12% yoy decrease compared with the same period last year and equal to a RoTE of 14%. Net interest income decreased 10% due to headwinds from deposit movements and margin compression, primarily in the mortgage book, reducing net interest margin to 2.94%, from 3.15% in 2023. Operating costs increased 10% yoy, driven by expected higher severance charges and the new sectorwide Bank of England levy[6] of £0.1 billion. Impairment charge was £571 million lower than in the first nine months of 2023, at £272 million as a result of an improved economic outlook.

Exhibit 7

Growth in Commercial Banking offset contraction in Retail and Consumer

Underlying profits by division



2019, 2021 and 2022 figures were as restated by Lloyds' in their 2020, 2022 and 2023 accounts, respectively. *H1 2024 is annualised
Source: LBG's financial reports

Business diversification is also 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 the six months ending June 2024, retail revenue accounted for 54% of underlying group net income, commercial banking for 38%, and insurance, pensions and investments revenue accounted for 3%. At the same time, net interest income represented 70% of underlying group revenue[7] and other income 30%.

Stable retail funding

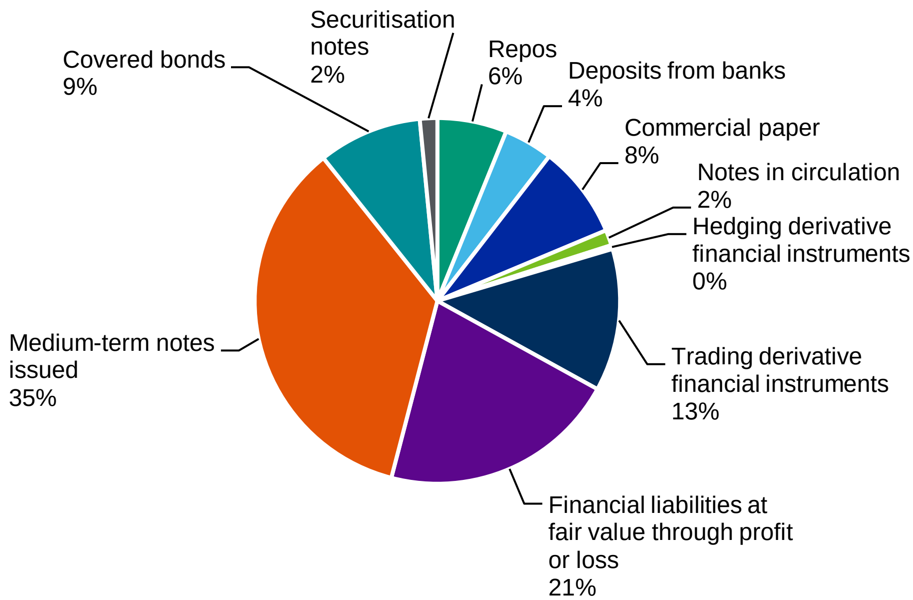
We assign an a3 Combined Liquidity score, reflecting an a3 Funding Structure score and an a3 Liquid Resources score, in line with the respective initial scores.

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 -June 2024.

LBG's reliance on wholesale funding is moderate, representing 19.9% of tangible banking assets at end-June 2024 and lower than its main UK peers. LBG's market funding composition is well-diversified; however, market funding maturing within one year is 33% of total market funds. LBG's MREL ratio was 32.2% at end-September 2024, 490 bps above their MREL requirement of 27.3%.

The total outstanding drawings from the Term Funding Scheme with additional incentives for SMEs (TFSME) was stable at £30.0 billion at end-September 2024 (end of 2023: £30.0 billion), with £21 billion contractual maturities in 2025 and £9 billion 2027. We expect LBG to repay TFSME maturities in coming years via a combination of wholesale debt, securitisations and additional deposits.

Exhibit 8
Market funds composition



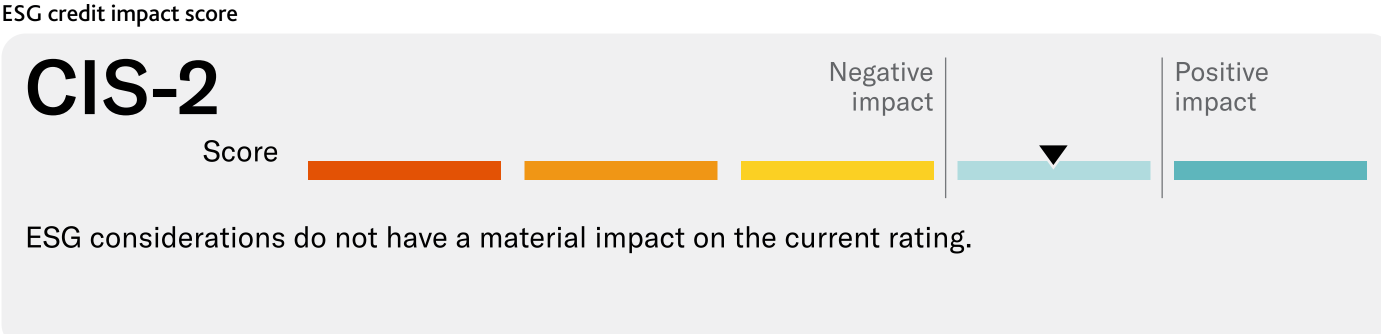
Values are as reported by LBG at 30 June 2024
Source: LBG's financial reports

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 144% liquidity coverage ratio (LCR) at end-September 2024 (142% at end of 2023) were more than three times 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

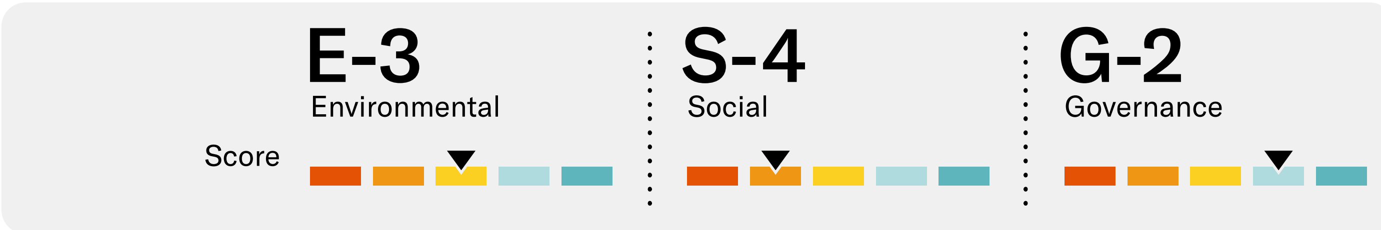
Exhibit 9
ESG credit impact score



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 10
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 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 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 11
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)		14.7%	a1	↔	a1		
Profitability							
Net Income / Tangible Assets		0.0%	caa1	↑↑	baa2	Expected trend	
Combined Solvency Score			baa1		a3		
Liquidity							
Funding Structure							
Market Funds / Tangible Banking Assets		19.8%	a3	↔	a3	Market funding quality	
Liquid Resources							
Liquid Banking Assets / Tangible Banking Assets		26.2%	a3	↔	a3	Expected trend	Stock of liquid assets
Combined Liquidity Score			a3		a3		
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		

Balance Sheet	**in-scope (GBP Million)**	**% in-scope**	**at-failure (GBP Million)**	**% at-failure**
Other liabilities	601,260	89.6%	601,260	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	892	0.1%	892	0.1%
Junior subordinated bank debt	138	0.0%	138	0.0%
Senior unsecured holding company debt	30,767	4.6%	30,767	4.6%
Dated subordinated holding company debt	10,080	1.5%	10,080	1.5%
Junior subordinated holding company debt	10	0.0%	10	0.0%
Preference shares(holding company)	7,679	1.1%	7,679	1.1%
Equity	20,129	3.0%	20,129	3.0%
Total Tangible Banking Assets	670,955	100.0%	670,955	100.0%

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Senior unsecured holding company debt	10.4%	5.8%	10.4%	5.8%	1	1	1	0	0	a3
Dated subordinated holding company debt	5.8%	4.2%	5.8%	4.2%	0	0	0	-1	0	baa1
Holding company non-cumulative preference shares	4.1%	3.0%	4.1%	3.0%	-1	-1	-1	-1	-2	baa3

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

Ratings

Exhibit 12

Category	Moody's Rating
LLOYDS BANKING GROUP PLC	
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
LLOYDS BANK 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)
Senior Unsecured	A1
Subordinate -Dom Curr	Baa1
Commercial Paper	P-1
Other Short Term -Dom Curr	(P)P-1
LLOYDS BANK CORPORATE MARKETS PLC	
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
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)
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 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 Our preferred measure of capital for reasons of global comparability. Tangible common equity (TCE) = (Common shares + retained earnings and related reserves + treasure stock + foreign currency translation) minus (Goodwill and other Intangible Assets) minus (Deferred Tax Assets) plus (Impact of Cap on Deferred Tax Assets).

4 Including the £0.1 billion Bank of England levy

5 After net finance (expense) income in respect of insurance and investment contracts

6 The new sectorwide Bank of England levy replaces the former charging structure and Lloyds expects this to have a broadly neutral impact on profit in 2024 with an offsetting benefit recognised through net interest income over the course of the year

7 Excluding operating lease depreciation

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CLIENT SERVICES

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