

Lloyds Banking Group PLC

Lloyds Banking Group is one of the leading retail banking groups in the UK, which was created through the acquisition of HBOS by Lloyds TSB in 2009. It is organised into three major segments (Retail, Commercial Banking and Insurance and Wealth) and operates a number of brands, such as Lloyds, Halifax, Bank of Scotland, Scottish Widows and Birmingham Midshires. Net revenues rose 13% y/y to GBP4.6bn, led by higher NII, partly offset by weak other income (-4% y/y to GBP1.3bn; a 4% beat). NII grew 19% y/y to GBP3.4bn (a 3% beat, +6% q/q), supported by an improved NIM (+43bps y/y, +11bps q/q to 2.98%) on UK bank rate increase, better structural hedge earnings, deposit growth, and capital base optimisation, while loans were flat q/q (+1% y/y, led by mortgages; +GBP1.0bn q/q). Q3 underlying PBT of GBP1.7bn (-17% y/y, RoTE of 11.9%) missed cons. by 18%, primarily led by GBP383m higher-than expected loan losses of GBP668m (vs a provision release of GBP119m in Q3 2021). Loan losses were impacted by a higher reserve build on more conservative UK macro assumptions (e.g., 10% unemployment and a 45% decline in house prices), but observed credit quality in Q3 remained stable. The common equity tier 1 (CET1) ratio improved 30bps q/q to 15.0% (10bps above cons.), comfortably above the 13.5% target. TBVPS was considerably down 11% q/q to Gbp 49.0, given depreciation in bond value. The bank completed its GBP2bn 2022 share buyback programme on 11 October 2022, repurchasing over 4.5bn shares (over 6% of issued share capital). The 2022 guidance for NIM was further upgraded by 10bps to over 290bps, but the bank now expects a loan loss rate of ca 30bps of net loans (vs below 20bps earlier). During its strategy day on 7 April 2022, it guided for RoTE of over 12% for 2026 based on GBP1.5bn in additional revenues (NII: Non-NII split of 50:50 targeted), with a cost-income ratio below 50%. The capital generation target was confirmed at 150bps p.a. for 2022-2024 and sustainably improving to 175bps-200bps p.a. by 2026. It aims to pay progressive and sustainable ordinary dividends and pay down to target CET1 ratio by end of 2024.

Corporate Ratings	Periodicity	Fiscal Quarterly	Currency	Default	Parent/Consolidated	C	Data	Adjusted (if Available)
S&P	BBB+							
Outlook	Stable							
Moody's	-							
Outlook	Stable							
Fitch	A							
Outlook	Stable							

CDS Data	Periodicity	Fiscal Quarterly	Currency	Default	Parent/Consolidated	C	Data	Adjusted (if Available)
5 YR CDS	81.23							
% 3 Months	-0.97							
% 6 Months	33.67							
% 1 Year	76.29							
52 Week Low	41.40							
52 Week High	137.38							

Profitability	Periodicity	Fiscal Quarterly	Currency	Default	Parent/Consolidated	C	Data	Adjusted (if Available)
EBIT	--							
Operating Margin	41.57							
Pretax Margin	41.57							
Return on Assets	0.61							
Return on Common Equity	6.95							
Return on Capital	2.78							
Asset turnover	0.02							

Structure	Periodicity	Fiscal Quarterly	Currency	Default	Parent/Consolidated	C	Data	Adjusted (if Available)
Current Ratio	--							
Quick Ratio	--							
Total Debt to Total Assets	10.87							
Total Debt to Com Equity	128.40							

Growth Potential	Periodicity	Fiscal Quarterly	Currency	Default	Parent/Consolidated	C	Data	Adjusted (if Available)
Sales 1yr Growth	7.84							
Asset 1yr Growth	1.75							
Capital 1yr Growth	-8.04							

Income Statement Summary	03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
Revenue	4,428.3	4,815.5	17,540.0	4,676.0	4,458.0	4,206.0	4,200.0	4,188.0	4,023.0	3,812.0	3,743.0
Operating Income	--	--	7,291.0	1,729.0	1,992.0	1,785.0	1,785.0	2,190.0	1,850.0	2,071.0	1,227.0
Pretax Income	1,906.0	1,941.5	7,291.0	1,729.0	1,992.0	1,785.0	1,785.0	2,190.0	1,850.0	2,071.0	1,227.0
Income bef XO Items	910.7	1,154.0	4,455.0	1,209.0	1,622.0	1,204.0	420.0	1,600.0	2,468.0	1,397.0	680.0
Net Income	1,290.0	1,317.0	5,389.7	1,388.0	1,584.7	1,335.2	1,081.8	1,730.4	2,340.8	1,537.1	1,032.4
Basic EPS Before XO Items	--	--	--	--	--	--	--	--	--	--	--
Basic EPS	--	--	--	--	--	--	--	--	--	--	--
Diluted EPS Before XO Items	--	--	--	--	--	--	--	--	--	--	--
Diluted EPS	--	--	--	--	--	--	--	--	--	--	--
Dividends per Share	--	--	--	--	--	--	--	--	--	--	--
EBITDA	--	--	--	--	--	--	--	--	--	--	--
Return on Common Equity	--	12.6	5.7	10.3	10.8	12.7	11.9	13.7	11.8	--	2.0

Balance Sheet Summary	03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
Total Current Assets	--	--	--	--	--	--	--	--	--	--	--
Total Long-Term Assets	--	--	--	--	--	--	--	--	--	--	--
Total Assets	892,922.0	892,922.0	890,408.0	909,875.0	886,525.0	882,000.0	879,687.0	869,500.0	871,269.0	871,269.0	
Total Current Liabilities	--	--	--	--	--	--	--	--	--	--	--
Total Long-Term Liabilities	--	--	--	--	--	--	--	--	--	--	--
Total Liabilities	846,549.0	846,549.0	840,333.0	857,933.0	833,373.0	829,400.0	827,801.0	820,000.0	821,856.0	821,856.0	
Total Shareholders' Equity	81,965.0	46,373.0	50,075.0	51,942.0	53,152.0	52,600.0	51,886.0	49,500.0	49,413.0	49,413.0	
Shares Outstanding	--	--	--	--	--	--	--	--	--	--	--
Book Value per Share	--	--	--	--	--	--	--	--	--	--	--
Tangible Book Value / Sh	--	--	--	--	--	--	--	--	--	--	--
Shareholder Equity/Total Liab	8.8	5.2	5.6	5.7	6.0	6.0	5.9	5.7	5.7	5.7	

Cash Flow Summary	03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
Net Income	910.7	1,154.0	4,455.0	1,209.0	1,622.0	1,204.0	420.0	1,600.0	2,468.0	1,397.0	680.0
Depreciation and Amortization	--	--	373.0	82.0	119.0	94.0	78.0	111.0	123.0	148.0	150.0
Change in Working Capital	--	--	--	--	--	--	--	--	--	--	--
Cash - Operating Activities	--	--	--	--	--	--	--	--	--	--	--
Capital Expenditures	--	--	--	--	--	--	--	--	--	--	--
Cash - Investing Activities	--	--	--	--	--	--	--	--	--	--	--
Cash - Financing Activities	--	--	--	--	--	--	--	--	--	--	--
Net Changes in Cash	--	--	--	--	--	--	--	--	--	--	--
Free Cash Flow	--	--	--	--	--	--	--	--	--	--	--

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