

Rating Action: Moody's takes rating actions on Barclays, Lloyds, Santander UK, Nationwide and Close Brothers, following update to banks methodology

13 Jul 2021

London, 13 July 2021 -- Moody's Investors Service (Moody's) has today taken rating actions on Barclays, Lloyds, Santander UK and Close Brothers banking groups and on Nationwide Building Society, including the upgrade of the long-term senior ratings of Lloyds Banking Group plc and Close Brothers Group plc. The rating actions were driven by revisions to Moody's Advanced Loss Given Failure (Advanced LGF) framework, which is applied to banks operating in jurisdictions with Operational Resolution Regimes, following the publication of Moody's updated Banks Methodology on 9 July 2021. This methodology is available at this link: https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1269625.

A full list of affected ratings and assessments can be found at the end of this Press Release.

RATINGS RATIONALE

Today's rating actions were driven by revisions to the Advanced Loss Given Failure framework within Moody's updated Banks Methodology: a revised notching guidance table, with thresholds at lower levels of subordination and volume in the liability structure have been applied to the UK banks and Additional Tier 1 (AT1) securities issued by banks domiciled in the UK have been included in the Advanced LGF framework, eliminating the previous analytical distinction between those high trigger instruments that were deemed to provide equity-like absorption of losses before the point of failure and other AT1 securities.

Moody's removal of equity credit for high trigger Additional Tier 1 (AT1) instruments from banks' going concern capital means that affected banks have reduced capacity to absorb unexpected losses before the point of failure, everything else being equal.

For Barclays PLC and Barclays Bank PLC, the rating actions also reflect Moody's view that group-wide resolutions coordinated in a unified manner will be more common following the requirement to issue internal loss absorbing capital (ILAC), leading to a likely transfer of losses from subsidiaries (i.e., Barclays Bank Ireland PLC) to parents at the point of failure.

RATINGS RATIONALE FOR INDIVIDUAL BANKS

- BARCLAYS PLC: Baseline Credit Assessment (BCA) affirmed, subordinate debt ratings upgraded

Moody's upgraded Barclays PLC's (Barclays) subordinate debt ratings to Baa2 from Baa3 and subordinate MTN program and subordinate shelf ratings to (P)Baa2 from (P)Baa3. The upgrade reflects the affirmation of the Barclays' baa2 notional BCA and the rating agency's lower loss-given-failure assumptions for the subordinate bondholders. At the same time, Moody's affirmed the holding company's other ratings and assessments and maintained the stable outlook on its long-term senior ratings.

The ratings upgrade reflects Moody's revised Advanced Loss Given Failure framework. Moody's now expects Barclays' subordinate bondholders to face moderate loss-given-failure (from high), in line with the holding company's senior unsecured bondholders.

The affirmation of Barclays' notional BCA reflects the impact of the exclusion of AT1 from the measure of capital offset by Moody's expectation of improving profitability and lower credit risks over the outlook period.

- BARCLAYS BANK PLC: BCA affirmed, subordinate and junior subordinate debt ratings upgraded

Moody's upgraded Barclays Bank PLC's (Barclays Bank) subordinate debt ratings to Baa2 from Baa3, subordinate MTN program rating to (P)Baa2 from (P)Baa3 and junior subordinate debt ratings to Baa3(hyb) from Ba1(hyb). At the same time, the rating agency affirmed all other ratings and assessments of the bank.

The ratings upgrade reflects Moody's revised Advanced Loss Given Failure framework. Moody's now expects the bank's subordinate and junior subordinate bondholders to face moderate loss-given-failure (from high), in

line with the holding company's senior unsecured bondholders. The agency applies an additional notching for junior subordinated instruments to incorporate coupon features.

The affirmation of Barclays Bank's BCA reflects the impact of the exclusion of AT1 from the measure of capital, offset by Moody's expectation of improving profitability and lower credit risks over the outlook period.

- BARCLAYS BANK UK: BCA and ratings affirmed

Moody's affirmed all ratings and assessments of Barclays Bank UK PLC (Barclays Bank UK). The rating affirmation follows the affirmation of the BCA and Moody's unchanged assumptions of low loss-given-failure for depositors.

The ratings affirmation reflects Moody's revised Advanced Loss Given Failure framework. Moody's continues to expect the bank's depositors to face very low loss-given-failure.

The affirmation of Barclays Bank UK's BCA reflects the impact of the exclusion of AT1 from the measure of capital, Moody's expectation of weaker profitability, lower credit risks and an improved funding profile over the outlook period.

- LLOYDS BANKING GROUP PLC: BCA affirmed, senior unsecured, subordinate, backed junior subordinate debt and other short term ratings upgraded

Moody's upgraded Lloyds Banking Group plc's (LBG) long-term senior unsecured debt ratings to A2 from A3, the long-term subordinate debt ratings to A3 from Baa1, the backed junior subordinate ratings to Baa1(hyb) from Baa2(hyb) and the other short term ratings to (P)P-1 from (P)P-2. The rating agency affirmed the a3 notional BCA, the adjusted BCA and all other ratings of the holding company.

The ratings upgrade reflects Moody's revised Advanced Loss Given Failure framework. Moody's now expects the holding company's senior unsecured bondholders to face low loss-given failure (from moderate) and the subordinate and junior subordinate bondholders to face moderate loss-given-failure (from high). The agency applies an additional notching for junior subordinated instruments to incorporate coupon features.

The affirmation of LBG's notional BCA reflects the impact of the exclusion of AT1 from the measure of capital and Moody's expectation that improved profitability of the banking business will mitigate weaker contribution from the insurance business over the outlook period.

- LLOYDS BANK PLC and subsidiaries: BCA affirmed, subordinate and junior subordinate debt ratings upgraded

Moody's upgraded Lloyds Bank plc (LB) and its subsidiaries' long-term subordinate debt ratings to A3 from Baa1, subordinate MTN program ratings to (P)A3 from (P)Baa1 and the junior subordinate ratings of LB and its subsidiaries to Baa1(hyb) from Baa2(hyb). The BCA, Adjusted BCA and other ratings and assessments of the bank were affirmed.

The ratings upgrade reflects Moody's revised Advanced Loss Given Failure framework. Moody's now expects the bank's subordinate and junior subordinate bondholders to face moderate loss-given-failure (from high). The agency applies an additional notching for junior subordinated instruments to incorporate coupon features.

The affirmation of the BCA reflects the impact of the exclusion of AT1 from the measure of capital and Moody's expectation of improved profitability of the bank.

- LLOYDS BANK CORPORATE MARKETS plc and subsidiary: BCA and ratings affirmed

Moody's affirmed the baa3 BCA, the baa1 adjusted BCA and all the ratings and assessments of Lloyds Bank Corporate Markets plc (LBCM) and its subsidiary.

The ratings affirmation reflects Moody's revised Advanced Loss Given Failure framework. Moody's continues to expect the bank's depositors and senior unsecured bondholders to face extremely low loss-given-failure.

The affirmation of the BCA reflects the impact of the exclusion of AT1 from the measure of capital, which led the financial profile of the bank to worsen, but also a more transparent and durable business model, reflected in more stable earnings.

- SANTANDER UK PLC: BCA downgraded; junior subordinate debt ratings, preference stock cumulative and

non-cumulative ratings downgraded

Moody's downgraded the BCA and the Adjusted BCA of Santander UK plc (Santander UK, the ring-fenced bank) and Santander Financial Services plc (SFS, the non-ring fenced bank) to baa1 from a3. The agency also downgraded Santander UK's junior subordinate debt ratings to Baa3(hyb) from Baa2(hyb), its preference stock cumulative ratings to Baa3(hyb) from Baa2(hyb) and its preference stock non-cumulative ratings to Ba1(hyb) from Baa3(hyb). The other ratings and assessments were affirmed.

The downgrade of Santander UK's BCA reflects Moody's assessment of modest levels of business diversification: its mortgage business represents around four fifths of the loan book and of revenue; it also reflects expected pressures on profitability over the outlook period due to competition in the UK mortgage market, and an expectation of maintenance of good asset quality.

The downgrade of Santander UK's junior subordinate, cumulative and non-cumulative preference shares reflects the downgrade of the bank's BCA and adjusted BCA, Moody's revised Advanced Loss Given Failure framework and Moody's unchanged view of high low loss-given-failure. The agency applies an additional notching for junior subordinated instruments to incorporate coupon features.

The affirmation of the Santander UK's deposit and senior unsecured debt ratings reflects the downgrade of the BCA and Adjusted BCA, Moody's revised Advanced Loss Given Failure framework and Moody's expectation of very low loss-given-failure and moderate government support, which provides one additional notch.

Moody's also said that the ratings of the Santander Financial Services plc (SFS) are aligned to those of Santander UK. According to the rating agency, there is a high level of operational integration between Santander UK and SFS. For these reasons, Moody's classified SFS as a Highly Integrated Entity (HIE) of Santander UK; the BCA of SFS thus remains aligned to that of Santander UK. Moody's believes that, in case of failure, Santander UK and SFS would be resolved together; the rating agency therefore maintains the same loss-given-failure and government support assumptions for the depositors and bondholders of Santander UK and SFS, leading to ratings that are aligned for the two banks.

- SANTANDER UK GROUP HOLDINGS PLC: BCA downgraded; ratings affirmed.

Moody's downgraded the notional BCA and the Adjusted notional BCA of Santander UK Group Holdings plc (Santander UK Group, the holding company) to baa1 from a3 and affirmed all its ratings.

The affirmation of Santander UK Group's ratings reflects the downgrade of the notional BCA, and Moody's revised Advanced Loss Given Failure framework. Moody's expects the holding company's senior and subordinate bondholders and the bank's subordinate bondholders to face moderate loss-given-failure (from high).

- NATIONWIDE BUILDING SOCIETY: BCA affirmed, junior senior unsecured debt rating upgraded

Moody's upgraded Nationwide Building Society's (Nationwide) long-term junior senior unsecured debt rating to Baa1 from Baa2 and long-term junior senior unsecured MTN program ratings to (P)Baa1 from (P)Baa2. The upgrade reflects the affirmation of the society's baa1 standalone BCA and the rating agency's lower loss-given-failure assumptions for the junior senior bondholders. The agency affirmed the other ratings and assessments of the society.

The ratings upgrade reflects the affirmation of Nationwide's BCA and Moody's revised Advanced Loss Given Failure framework. Moody's now expects the society's junior senior bondholders to face moderate loss-given-failure (from high).

The affirmation of Nationwide's BCA reflects the bank's very low stock of problem loans, very high risk-weighted capital ratios and ample stock of liquid assets, including pre-positioned assets with the Bank of England, but also weak profitability and concentration of revenue and risks in UK residential mortgages.

- CLOSE BROTHERS GROUP PLC: Close Brothers Limited's BCA affirmed, senior unsecured debt rating upgraded

Moody's upgraded Close Brothers Group plc's (Close Brothers Group, the holding company) issuer rating to A2/P-1 from A3/P-2 and the long term senior unsecured debt rating to A2 from A3. At the same time, the rating agency affirmed all other ratings and assessments of Close Brothers Group, Close Brothers Limited and Close Brothers Finance plc.

The holding company's senior unsecured debt rating upgrade reflects the affirmation of Close Brothers Limited's a2 BCA, Moody's revised Advanced Loss Given Failure framework and low probability of government support, which does not result in any uplift. Moody's now expects the holding company's senior bondholders to face moderate loss-given-failure (from high).

The affirmation of Close Brothers Limited's BCA reflects the bank's solid track record over economic cycles, strong capital and leverage and historically high profitability.

OUTLOOKS

Moody's changed the outlook to stable from negative on the deposits ratings of one bank (Barclays Bank UK) and senior ratings of two holding companies (Lloyds Banking Group and Santander UK Group). The rating agency maintained the stable outlook on the ratings of Nationwide and maintained the negative outlook on the ratings of Close Brothers Group and its rated subsidiaries.

The stable outlooks reflect Moody's view that the combined solvency and liquidity metrics will on a forward-looking basis remain in line with the affected banks' current standalone assessment, as their asset quality and profitability stabilizes, following the pandemic-induced deterioration in 2020.

The negative outlook on Close Brothers Group, Close Brothers Limited, and Close Brothers Finance plc reflects the negative pressures arising from lower levels of revenue and profitability than in recent years and high lending exposures to small and medium corporates, negatively impacted by the coronavirus pandemic.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

BARCLAYS PLC

Barclays' ratings could be upgraded following a sustained improvement in its asset risk, capital, profitability, and funding profiles translating into an upgrade of its baa2 notional BCA or an improvement of the standalone credit profile of its main subsidiary, Barclays Bank. Barclays' ratings could also be upgraded if the group were to issue a substantially higher stock of bail-in-able liabilities, affording greater protection to its creditors.

Barclays' ratings could be downgraded following a deterioration of the standalone credit profiles of its two main subsidiaries Barclays Bank and Barclays Bank UK, beyond our current expectations and leading to a downgrade of its baa2 notional BCA. Barclays' ratings could also be downgraded if the group were to retain a lower stock of bail-in-able liabilities.

BARCLAYS BANK PLC

Barclays Bank's ratings could be upgraded if the bank were to increase profitability to a higher level on a sustainable basis, decrease exposure to capital markets earnings or increase earnings diversification, improve its asset risk profile or lower its reliance on confidence-sensitive wholesale funding. However, a one notch upgrade of the BCA would not lead to a ratings upgrade, due to the loss of one notch of affiliate support (unless the BCA of Barclays, the holding company, was also upgraded).

Barclays Bank's ratings could be downgraded in case of a deterioration in asset risk beyond our current expectations; a material deterioration in the bank's capital and liquidity positions; and an increase in risk appetite or leverage or a material risk management failure. However, a one notch downgrade of the bank's BCA would not result in a ratings downgrade (unless the notional BCA of Barclays, the holding company, was also downgraded). Barclays Bank's ratings could also be downgraded following a downgrade of the notional BCA of Barclays, resulting in a reduction of parental support notching to zero. The ratings for Barclays Bank could finally be downgraded in the case of a lower degree of protection for its creditors from the stock of bail-in-able debt, which we assess through its Advanced LGF analysis.

BARCLAYS BANK UK PLC

Barclays Bank UK's ratings could be upgraded following an upgrade to the BCA supported by a potential improvement of the UK's operating environment and/or an increase in profitability and liquidity. An upgrade of Barclays Bank UK's long-term deposit rating could also result from a higher stock of bail-in-able liabilities that would provide higher protection for the bank's junior depositors.

Barclays Bank UK's ratings could be downgraded following a downgrade of the BCA driven by a deterioration of the UK operating environment, which would lead to a deterioration in asset quality, weaker profitability, lower

capitalisation or a deterioration in liquidity. A downgrade of the BCA would likely lead to a rating downgrade. The rating could also be downgraded due to a reduction in the stock of bail-in-able liabilities that would reduce the degree of protection for junior depositors.

LLOYDS BANKING GROUP PLC

LBG's long-term ratings could be upgraded following an upgrade of the notional BCA of LBG supported by higher capital buffers, increased profitability, or lower problem loans. LBG's senior unsecured debt rating could also be upgraded following a significant increase in the stock of subordinated debt issued by LBG or externally by Lloyds Bank.

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.

LLOYDS BANK PLC

Lloyds Bank's long-term ratings could be upgraded following an upgrade of its BCA benefiting from lower problem loans, higher profitability and liquidity buffers increase.

Lloyds Bank's junior ratings could be downgraded following a downgrade of its BCA as a result of a material decline in the group's capital metrics, higher problem loans or lower profitability. A one notch downgrade of the bank's BCA would not lead to a downgrade of its senior ratings, as government support would increase by one notch, neutralising the BCA decrease.

LLOYDS BANK CORPORATE MARKETS PLC

LBCM's long-term deposit and issuer ratings could be upgraded following an upgrade of the bank's BCA, or an upgrade of LBG's notional BCA. LBCM's BCA could be upgraded following a strong track record of stable earnings as an independent entity, or a more limited reliance on market funding.

LBCM's deposit and issuer ratings could be downgraded following a material reduction of its stock of bail-in-able debt, a downgrade of LBG's notional BCA, or a downgrade of LBCM's BCA. LBCM's BCA could be downgraded following a material deterioration of the bank's profitability, a more aggressive risk appetite in its lending book or capital markets franchise, or a material reduction of capital or liquid assets.

SANTANDER UK HOLDINGS GROUP PLC, SANTANDER UK PLC, SANTANDER FINANCIAL SERVICES PLC

Santander UK's and Santander UK Holdings Group's ratings could be upgraded following an upgrade of Santander UK's BCA, supported by improved profitability, lower level of problem loans and reduced reliance on its moderate market funding. The BCA could also be upgraded if the bank were able to increase the level of diversification of its business.

Santander UK's ratings could be downgraded following a downgrade of Santander UK's BCA driven by a significant deterioration in the bank's asset-quality metrics, a material weakening in profitability or a deterioration in the bank's funding and liquidity position, including a further reduction in the quantity or quality of its liquidity buffer. Santander UK Group's senior holdco debt rating could be downgraded following a downgrade of Santander UK's BCA or following a material reduction in the volume of bail-in-able debt.

NATIONWIDE BUILDING SOCIETY

Nationwide's long-term ratings could be upgraded following an upgrade of the society's BCA. The BCA could be upgraded if profitability improves and the stock of high-quality liquid assets increases.

Nationwide's long-term ratings could be downgraded following a downgrade of the BCA. A downgrade of the BCA could be driven by a sharp deterioration in the society's stock of problem loans, leverage or profitability.

The senior debt rating would be downgraded if the society issues less debt than envisaged under its current funding plan, or assets grow more than currently planned.

CLOSE BROTHERS

Moody's believes that a rating upgrade is unlikely given the bank's and the group's above-system lending

growth, exposure to certain cyclical sectors and the risk inherent in the group's securities business. However, the group's and the bank's ratings could be upgraded following an upgrade of the BCA supported by improved asset quality metrics and increased customer deposit funding.

The group's and the bank's ratings could be downgraded, following a downgrade of its BCA due to continued above-system-average loan book growth, combined with asset quality deterioration, lower levels of capitalization or a weakening of the currently sound risk management framework and processes. The deposit and senior unsecured debt ratings could also be downgraded because of a reduction in the volume of bail-in-able wholesale and institutional deposits and senior debt, which would increase loss-given-failure.

LIST OF AFFECTED RATINGS

..Issuer: Lloyds Banking Group plc

Upgrades:

...BACKED Junior Subordinated Regular Bond/Debenture, Upgraded to Baa1 (hyb) from Baa2 (hyb)

...Subordinate Medium-Term Note Program, Upgraded to (P)A3 from (P)Baa1

...Senior Unsecured Regular Bond/Debenture, Upgraded to A2 from A3, Outlook Changed to Stable From Negative

...Subordinate Regular Bond/Debenture, Upgraded to A3 from Baa1

...Senior Unsecured Medium-Term Note Program, Upgraded to (P)A2 from (P)A3

...Other Short Term, Upgraded to (P)P-1 from (P)P-2

...Senior Unsec. Shelf, Upgraded to (P)A2 from (P)A3

...Subordinate Shelf, Upgraded to (P)A3 from (P)Baa1

Affirmations:

...Adjusted Baseline Credit Assessment, Affirmed a3

...Baseline Credit Assessment, Affirmed a3

...Preference Shelf, Affirmed (P)Baa3

...Pref. Stock Non-cumulative, Affirmed Baa3 (hyb)

Outlook Action:

...Outlook, Changed To Stable From Negative

..Issuer: Lloyds Bank Corporate Markets plc

Affirmations:

...Adjusted Baseline Credit Assessment, Affirmed baa1

...Baseline Credit Assessment, Affirmed baa3

...Long-term Counterparty Risk Assessment, Affirmed A1(cr)

...Short-term Counterparty Risk Assessment, Affirmed P-1(cr)

...Long-term Counterparty Risk Ratings, Affirmed A1

...Short-term Counterparty Risk Ratings, Affirmed P-1

...Long-term Issuer Ratings, Affirmed A1, Outlook Remains Stable

...Short-term Bank Deposit Ratings, Affirmed P-1

...Long-term Bank Deposit Ratings, Affirmed A1, Outlook Remains Stable

...Commercial Paper, Affirmed P-1

...Senior Unsecured Medium-Term Note Program, Affirmed (P)A1

...Other Short Term, Affirmed (P)P-1

...Senior Unsecured Regular Bond/Debenture, Affirmed A1, Outlook Remains Stable

...ST Deposit Note/CD Program, Affirmed P-1

Outlook Action:

...Outlook, Remains Stable

..Issuer: Lloyds Bank Corporate Markets plc, NY Branch

Affirmation:

...Commercial Paper, Affirmed P-1

Assignments:

...Long-term Counterparty Risk Assessment, Assigned A1(cr)

...Short-term Counterparty Risk Assessment, Assigned P-1(cr)

...Long-term Counterparty Risk Ratings, Assigned A1

...Short-term Counterparty Risk Ratings, Assigned P-1

Outlook Action:

...No Outlook

..Issuer: Lloyds Bank plc

Upgrades:

...Junior Subordinated Regular Bond/Debenture, Upgraded to Baa1 (hyb) from Baa2 (hyb)

...Subordinate Regular Bond/Debenture, Upgraded to A3 from Baa1

...Subordinate Medium-Term Note Program, Upgraded to (P)A3 from (P)Baa1

Affirmations:

...Commercial Paper, Affirmed P-1

...Short-term Bank Deposit Ratings, Affirmed P-1

...Long-term Bank Deposit Ratings, Affirmed A1, Outlook Remains Stable

...Pref. Stock, Affirmed Baa3 (hyb)

...Senior Unsecured Regular Bond/Debenture, Affirmed A1, Outlook Remains Stable

...BACKED Senior Unsecured Regular Bond/Debenture, Affirmed A1, Outlook Remains Stable

...Senior Unsec. Shelf , Affirmed (P)A1

...Senior Unsecured Medium-Term Note Program , Affirmed (P)A1

...Other Short Term, Affirmed (P)P-1

...Adjusted Baseline Credit Assessment, Affirmed a3

...Baseline Credit Assessment, Affirmed a3

...Long-term Counterparty Risk Assessment, Affirmed Aa3(cr)

...Short-term Counterparty Risk Assessment, Affirmed P-1(cr)

...Long-term Counterparty Risk Ratings, Affirmed Aa3

...Short-term Counterparty Risk Ratings, Affirmed P-1

Outlook Action:

...Outlook, Remains Stable

..Issuer: Cheltenham & Gloucester plc

Upgrade:

...BACKED Junior Subordinated Regular Bond/Debenture, Upgraded to Baa1 (hyb) from Baa2 (hyb)
(assumed by Lloyds Bank plc)

Outlook Action:

...No Outlook

..Issuer: HBOS plc

Upgrades:

...Junior Subordinated Regular Bond/Debenture, Upgraded to Baa1 (hyb) from Baa2 (hyb)

...Subordinate Regular Bond/Debenture, Upgraded to A3 from Baa1

Affirmations:

...Long-term Counterparty Risk Assessment, Affirmed Aa3(cr)

...Short-term Counterparty Risk Assessment, Affirmed P-1(cr)

...Long-term Counterparty Risk Ratings, Affirmed Aa3

...Short-term Counterparty Risk Ratings, Affirmed P-1

...Long-term Issuer Rating, Affirmed A1, Outlook Remains Stable

...Short-term Issuer Rating, Affirmed P-1

Outlook Action:

...Outlook, Remains Stable

..Issuer: Bank of Scotland plc

Upgrade:

...Junior Subordinated Regular Bond/Debenture, Upgraded to Baa1 (hyb) from Baa2 (hyb)

Affirmations:

...Adjusted Baseline Credit Assessment, Affirmed a3

...Baseline Credit Assessment, Affirmed a3

...Long-term Counterparty Risk Assessment, Affirmed Aa3(cr)

...Short-term Counterparty Risk Assessment, Affirmed P-1(cr)

...Long-term Counterparty Risk Ratings, Affirmed Aa3

...Short-term Counterparty Risk Ratings, Affirmed P-1

...Long-term Issuer Rating, Affirmed A1, Outlook Remains Stable

...Short-term Bank Deposit Ratings, Affirmed P-1

...Long-term Bank Deposit Ratings, Affirmed A1, Outlook Remains Stable

...BACKED Senior Unsecured Regular Bond/Debenture, Affirmed A1, Outlook Remains Stable

...Pref. Stock Non-cumulative, Affirmed Baa3 (hyb)

Outlook Action:

...Outlook, Remains Stable

..Issuer: Bank of Scotland Capital Funding L.P.

Affirmation:

...BACKED Pref. Stock Non-cumulative, Affirmed Baa3 (hyb)

Outlook Action:

...No Outlook

..Issuer: HBOS Treasury Services Ltd

Affirmation:

...BACKED Senior Unsecured Regular Bond/Debenture, Affirmed A1, Outlook Remains Stable (assumed by Bank of Scotland plc)

Outlook Action:

...Outlook, Remains Stable

..Issuer: HBOS Capital Funding No. 1 LP

Affirmation:

...BACKED Pref. Stock Non-cumulative, Affirmed Baa3 (hyb)

Outlook Action:

...No Outlook

..Issuer: Halifax Ltd

Affirmation:

...BACKED Junior Subordinated Regular Bond/Debenture, Affirmed Baa3 (hyb) (assumed by Bank of Scotland plc)

Outlook Action:

...No Outlook

..Issuer: HBOS Sterling Finance (Jersey) LP

Affirmation:

...BACKED Pref. Stock Non-cumulative, Affirmed Baa3 (hyb)

Outlook Action:

....No Outlook

..Issuer: Leeds Permanent Building Society

Affirmation:

...BACKED Junior Subordinated Regular Bond/Debenture, Affirmed Baa3 (hyb) (assumed by Bank of Scotland plc)

Outlook Action:

....No Outlook

..Issuer: Santander UK Group Holdings plc

Downgrades:

...Adjusted Baseline Credit Assessment, Downgraded to baa1 from a3

...Baseline Credit Assessment, Downgraded to baa1 from a3

Affirmations:

...Long-term Issuer Rating, Affirmed Baa1, Outlook Changed To Stable From Negative

...Other Short Term, Affirmed (P)P-2

...Senior Unsecured Medium-Term Note Program, Affirmed (P)Baa1

...Subordinate Medium-Term Note Program, Affirmed (P)Baa1

...Senior Unsec. Shelf, Affirmed (P)Baa1

...Subordinate Shelf, Affirmed (P)Baa1

...Subordinate Regular Bond/Debenture, Affirmed Baa1

...Senior Unsecured Regular Bond/Debenture, Affirmed Baa1, Outlook Changed To Stable From Negative

...Pref. Stock Non-cumulative, Affirmed Ba1 (hyb)

...Pref. shelf Non-cumulative, Affirmed (P)Ba1

Outlook Action:

....Outlook, Changed To Stable From Negative

..Issuer: Santander UK plc

Downgrades:

...Adjusted Baseline Credit Assessment, Downgraded to baa1 from a3

...Baseline Credit Assessment, Downgraded to baa1 from a3

...Junior Subordinated Regular Bond/Debenture, Downgraded to Baa3 (hyb) from Baa2 (hyb)

...Pref. Stock, Downgraded to Baa3 (hyb) from Baa2 (hyb)

...Pref. Stock Non-cumulative, Downgraded to Ba1 (hyb) from Baa3 (hyb)

Affirmations:

....Long-term Counterparty Risk Assessment, Affirmed Aa3(cr)
....Short-term Counterparty Risk Assessment, Affirmed P-1(cr)
....Long-term Counterparty Risk Ratings, Affirmed Aa3
....Short-term Counterparty Risk Ratings, Affirmed P-1
....Long-term Issuer Rating, Affirmed A1, Outlook Remains Stable
....Short-term Bank Deposit Ratings, Affirmed P-1
....Long-term Bank Deposit Ratings, Affirmed A1, Outlook Remains Stable
....Subordinate Regular Bond/Debenture, Affirmed Baa1
....Commercial Paper, Affirmed P-1
....Senior Unsecured Medium-Term Note Program, Affirmed (P)A1
....Other Short Term, Affirmed (P)P-1
....Senior Unsecured Regular Bond/Debenture, Affirmed A1, Outlook Remains Stable
....Senior Unsecured Shelf, Affirmed (P)A1

Outlook Action:

....Outlook, Remains Stable
..Issuer: Santander Financial Services plc

Downgrades:

....Adjusted Baseline Credit Assessment, Downgraded to baa1 from a3
....Baseline Credit Assessment, Downgraded to baa1 from a3

Affirmations:

....Long-term Counterparty Risk Assessment, Affirmed Aa3(cr)
....Short-term Counterparty Risk Assessment, Affirmed P-1(cr)
....Long-term Counterparty Risk Ratings, Affirmed Aa3
....Short-term Counterparty Risk Ratings, Affirmed P-1
....Long-term Issuer Ratings, Affirmed A1, Outlook Remains Stable
....Short-term Issuer Ratings, Affirmed P-1
....Short-term Bank Deposit Ratings, Affirmed P-1
....Long-term Bank Deposit Ratings, Affirmed A1, Outlook Remains Stable

Outlook Action:

....Outlook, Remains Stable
..Issuer: Close Brothers Group plc

Upgrades:

....Long-term Issuer Rating, Upgraded to A2 from A3, Outlook Remains Negative
....Short-term Issuer Rating, Upgraded to P-1 from P-2

...Senior Unsecured Medium-Term Note Program, Upgraded to (P)A2 from (P)A3

...Senior Unsecured Regular Bond/Debenture, Upgraded to A2 from A3, Outlook Remains Negative

Affirmation:

...Subordinate Regular Bond/Debenture, Affirmed A3

Outlook Action:

...Outlook, Remains Negative

..Issuer: Close Brothers Finance plc

Affirmations:

...BACKED Senior Unsecured Medium-Term Note Program, Affirmed (P)Aa3

...BACKED Other Short Term, Affirmed (P)P-1

...BACKED Senior Unsecured Regular Bond/Debenture, Affirmed Aa3, Outlook Remains Negative

Outlook Action:

...Outlook, Remains Negative

..Issuer: Close Brothers Limited

Affirmations:

...Adjusted Baseline Credit Assessment, Affirmed a2

...Baseline Credit Assessment, Affirmed a2

...Long-term Counterparty Risk Assessment, Affirmed Aa2(cr)

...Short-term Counterparty Risk Assessment, Affirmed P-1(cr)

...Long-term Counterparty Risk Ratings, Affirmed Aa2

...Short-term Counterparty Risk Ratings, Affirmed P-1

...Short-term Bank Deposit Ratings, Affirmed P-1

...Long-term Bank Deposit Ratings, Affirmed Aa3, Outlook Remains Negative

Outlook Action:

...Outlook, Remains Negative

..Issuer: Nationwide Building Society

Upgrades:

...Junior Senior Unsecured Regular Bond/Debenture, Upgraded to Baa1 from Baa2

...Junior Senior Unsecured Medium-Term Note Program, Upgraded to (P)Baa1 from (P)Baa2

Affirmations:

...Adjusted Baseline Credit Assessment, Affirmed baa1

...Baseline Credit Assessment, Affirmed baa1

...Long-term Counterparty Risk Assessment, Affirmed Aa3(cr)

...Short-term Counterparty Risk Assessment, Affirmed P-1(cr)
...Long-term Counterparty Risk Ratings, Affirmed Aa3
...Short-term Counterparty Risk Ratings, Affirmed P-1
...Short-term Bank Deposit Ratings, Affirmed P-1
...Long-term Bank Deposit Ratings, Affirmed A1, Outlook Remains Stable
...Senior Unsecured Medium-Term Note Program, Affirmed (P)A1
...Subordinate Medium-Term Note Program, Affirmed (P)Baa2
...Pref. Stock Non-cumulative, Affirmed Ba1 (hyb)
...Subordinate Regular Bond/Debenture, Affirmed Baa2
...Commercial Paper, Affirmed P-1
...LT Deposit Note/CD Program, Affirmed (P)A1
...ST Deposit Note/CD Program, Affirmed (P)P-1
...Senior Unsecured Regular Bond/Debenture, Affirmed A1, Outlook Remains Stable

Outlook Action:

...Outlook, Remains Stable

..Issuer: Barclays PLC

Upgrades:

...Subordinate Shelf, Upgraded to (P)Baa2 from (P)Baa3
...Subordinate Regular Bond/Debenture, Upgraded to Baa2 from Baa3
...Subordinate Medium-Term Note Program, Upgraded to (P)Baa2 from (P)Baa3

Affirmations:

...Adjusted Baseline Credit Assessment, Affirmed baa2
...Baseline Credit Assessment, Affirmed baa2
...Short-term Issuer Rating, Affirmed P-2
...Long-term Issuer Rating, Affirmed Baa2, Outlook Remains Stable
...Other Short Term, Affirmed (P)P-2
...Senior Unsecured Medium-Term Note Program, Affirmed (P)Baa2
...Senior Unsecured Shelf, Affirmed (P)Baa2
...Pref. Stock Non-cumulative, Affirmed Ba2 (hyb)
...Commercial Paper, Affirmed P-2
...Senior Unsecured Regular Bond/Debenture, Affirmed Baa2, Outlook Remains Stable

Outlook Action:

...Outlook, Remains Stable

..Issuer: Barclays Bank PLC

Upgrades:

- ...Junior Subordinated Regular Bond/Debenture, Upgraded to Baa3 (hyb) from Ba1 (hyb)
- ...Subordinate Regular Bond/Debenture, Upgraded to Baa2 from Baa3
- ...Subordinate Medium-Term Note Program, Upgraded to (P)Baa2 from (P)Baa3

Affirmations:

- ...Long-term Issuer Rating, Affirmed A1, Outlook Remains Stable
- ...Short-term Bank Deposit Ratings, Affirmed P-1
- ...Senior Unsecured Medium-Term Note Program, Affirmed (P)A1
- ...Other Short Term, Affirmed (P)P-1
- ...Other Short Term, Affirmed P-1
- ...Pref. Stock, Affirmed Ba1 (hyb)
- ...Pref. Stock Non-cumulative, Affirmed Ba2 (hyb)
- ...Commercial Paper, Affirmed P-1
- ...BACKED Commercial Paper, Affirmed P-1
- ...LT Deposit Note/CD Program, Affirmed (P)A1
- ...Senior Unsecured Regular Bond/Debenture, Affirmed A1, Outlook Remains Stable
- ...Long-term Bank Deposit Ratings, Affirmed A1, Outlook Remains Stable
- ...Adjusted Baseline Credit Assessment, Affirmed baa2
- ...Baseline Credit Assessment, Affirmed baa3
- ...Long-term Counterparty Risk Assessment, Affirmed A1(cr)
- ...Short-term Counterparty Risk Assessment, Affirmed P-1(cr)
- ...Long-term Counterparty Risk Ratings, Affirmed A1
- ...Short-term Counterparty Risk Ratings, Affirmed P-1
- ...Senior Unsec. Shelf, Affirmed (P)A1

Outlook Action:

- ...Outlook, Remains Stable
- ..Issuer: Barclays Bank PLC, Australia Branch

Affirmations:

- ...Long-term Counterparty Risk Assessment, Affirmed A1(cr)
- ...Short-term Counterparty Risk Assessment, Affirmed P-1(cr)
- ...Long-term Counterparty Risk Ratings, Affirmed A1
- ...Short-term Counterparty Risk Ratings, Affirmed P-1
- ...Commercial Paper, Affirmed P-1

Outlook Action:

...Outlook, Remains Stable

..Issuer: Barclays Bank PLC, Cayman Branch

Affirmation:

...Commercial Paper, Affirmed P-1

Outlook Action:

...No Outlook

..Issuer: Barclays Bank PLC, Hong Kong Branch

Affirmations:

...Long-term Counterparty Risk Assessment, Affirmed A1(cr)

...Short-term Counterparty Risk Assessment, Affirmed P-1(cr)

...Long-term Counterparty Risk Ratings, Affirmed A1

...Short-term Counterparty Risk Ratings Affirmed P-1

Outlook Action:

...No Outlook

..Issuer: Barclays Bank PLC, New York Branch

Affirmations:

...Long-term Counterparty Risk Assessment, Affirmed A1(cr)

...Short-term Counterparty Risk Assessment, Affirmed P-1(cr)

...Long-term Counterparty Risk Ratings, Affirmed A1

...Short-term Counterparty Risk Ratings, Affirmed P-1

...Commercial Paper, Affirmed P-1

Outlook Action:

...Outlook, Remains Stable

..Issuer: Barclays Bank PLC, Paris Branch

Affirmations:

...Long-term Counterparty Risk Assessment, Affirmed A1(cr)

...Short-term Counterparty Risk Assessment, Affirmed P-1(cr)

...Long-term Counterparty Risk Ratings, Affirmed A1

...Short-term Counterparty Risk Ratings, Affirmed P-1

...Short-term Bank Deposit Ratings, Affirmed P-1

...Senior Unsecured Medium-Term Note Program, Affirmed (P)A1

...Long-term Bank Deposit Ratings, Affirmed A1, Outlook Remains Stable

Outlook Action:

....Outlook, Remains Stable

..Issuer: Barclays Bank PLC, Singapore Branch

Affirmations:

....Long-term Counterparty Risk Assessment, Affirmed A1(cr)

....Short-term Counterparty Risk Assessment, Affirmed P-1(cr)

....Long-term Counterparty Risk Ratings, Affirmed A1

....Short-term Counterparty Risk Ratings, Affirmed P-1

Outlook Action:

....No Outlook

..Issuer: Barclays Bank PLC, Tokyo Branch

Affirmations:

....Long-term Counterparty Risk Assessment, Affirmed A1(cr)

....Short-term Counterparty Risk Assessment, Affirmed P-1(cr)

....Long-term Counterparty Risk Ratings, Affirmed A1

....Short-term Counterparty Risk Ratings, Affirmed P-1

Outlook Action:

....No Outlook

..Issuer: Barclays Bank of Canada

Affirmations:

....BACKED Commercial Paper, Affirmed P-1

....Long-term Counterparty Risk Assessment, Affirmed A1(cr)

....Short-term Counterparty Risk Assessment, Affirmed P-1(cr)

Outlook Action:

....No Outlook

..Issuer: Barclays Capital (Cayman) Limited

Affirmations:

....BACKED Senior Unsecured Medium-Term Note Program, Affirmed (P)A1

....BACKED Other Short Term, Affirmed (P)P-1

Upgrade:

....BACKED Subordinate Medium-Term Note Program, Upgraded to (P)Baa2 from (P)Baa3

Outlook Action:

....Outlook, Remains Stable

..Issuer: Barclays Financial LLC

Affirmations:

...BACKED Senior Unsecured Medium-Term Note Program, Affirmed (P)A1

...BACKED Other Short Term, Affirmed (P)P-1

Outlook Action:

...Outlook, Remains Stable

..Issuer: Barclays Overseas Investment Company B.V.

Upgrade:

...BACKED Junior Subordinated Regular Bond/Debenture, Upgraded to Baa3 (hyb) from Ba1 (hyb)

Outlook Action:

...Outlook, Remains Stable

..Issuer: Barclays US CCP Funding LLC

Affirmation:

...Commercial Paper, Affirmed P-1

Outlook Action:

...No Outlook

..Issuer: Woolwich plc

Upgrades:

...BACKED Junior Subordinated Regular Bond/Debenture, Upgraded to Baa3 (hyb) from Ba1 (hyb) (assumed by Barclays Bank PLC)

...BACKED Subordinate Regular Bond/Debenture, Upgraded to Baa2 from Baa3 (assumed by Barclays Bank PLC)

Outlook Action:

...Outlook, Remains Stable

..Issuer: Barclays Bank UK PLC

Affirmation:

...Adjusted Baseline Credit Assessment, Affirmed a3

...Baseline Credit Assessment, Affirmed a3

...Long-term Counterparty Risk Assessment, Affirmed Aa3(cr)

...Short-term Counterparty Risk Assessment, Affirmed P-1(cr)

...Long-term Counterparty Risk Ratings, Affirmed Aa3

...Short-term Counterparty Risk Ratings, Affirmed P-1

...Short-term Bank Deposit Ratings, Affirmed P-1

...Long-term Bank Deposit Ratings, Affirmed A1, Outlook Changed to Stable From Negative

...Commercial Paper, Affirmed P-1

Outlook Action:

...Outlook, Changed To Stable From Negative

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Banks Methodology published in July 2021 and available at https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_1269625 . Alternatively, please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

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