S&P Global
Ratings

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Limbo State Lingers For U.K. Banks

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PRIMARY CREDIT ANALYST

John Wright
London
john.wright
@spglobal.com

SECONDARY CONTACTS

Richard Barnes
London
(44) 20-7176-7227
richard.barnes
@spglobal.com

Nigel Greenwood
London
(44) 20-7176-1066
nigel.greenwood
@spglobal.com

Osman Sattar, FCA
London
(44) 20-7176-7198
osman.sattar
@spglobal.com

Key Takeaways

- U.K. bank creditworthiness continues to reflect the well-positioned balance sheet profiles and the broadly benign macroeconomic environment to date.
- Three themes constrain banks' profitability: sustained price competition in the mortgage market, weakening loan demand, and exceptionally low, inverting yield curves as growth prospects slow down.
- We expect management will pursue relentless cost control and modest credit risk extension.
- Most large banking groups have progressed well with 2019 funding plans and maintained end-state capital levels.

Despite the prolonged state of political and economic limbo in the U.K., S&P Global Ratings believes that banks remain broadly resilient in the run up to Brexit. Recent half-year results from the major U.K. banks show robust asset quality metrics, stable capital, and healthy liquidity and funding. Together, these strengths provide a stable foundation from which to weather uncertainties arising from the outcome of Brexit, or other factors such as trade tensions threatening a global economic slowdown.

Having achieved end-state capital levels in prior years, many banks met our expectations and increased capital distributions. We think that our current view of stable ratings remains appropriate, albeit with a heightened awareness of the more nuanced operating environment anticipated for the remainder of the year.

Bank management has referenced more risk-averse behaviour by large corporates, with higher deposits and moderating loan growth--symptoms of delayed investment decisions. While we see potential for a rebound in 2020 activity should a Brexit agreement materialize, we also anticipate an uncertain period dominated by a potential no confidence vote, snap election, and/or no-deal Brexit. Moreover, management tone suggests a general bias toward countering margin pressure with aggressive cost control, rather than increasing risk appetite.

Relentless competition in the U.K. mortgage market has squeezed net interest margin (NIM) for many quarters and we expect this could intensify as additional headwinds have emerged. Exceptionally low and inverting yield curves, and higher standard variable rate attrition, have accelerated the pace of NIM erosion beyond that induced by deployment of trapped liquidity by ring-fenced banks. U.K. GDP in the second quarter fell by 0.2%, led by declines in manufacturing--the first fall since 2012--albeit influenced by first-quarter stockpiling activity. With further political uncertainty and an elevated risk of deteriorating global growth likely in the second half of 2019, there are numerous earnings headwinds to overcome.

Our base-case economic forecast assumes that the U.K. will not leave the EU without a deal, and we expect U.K. bank ratings will remain broadly stable under this scenario. That said, our current ratings or outlooks are unlikely to be consistent with a disruptive Brexit. Banks are ultimately a function of the economy that they serve. For investment-grade ratings, we take a long-term view of an entity's creditworthiness and expect that a highly rated bank can withstand a typical recession, perhaps with only a one-notch downgrade during the period, absent bank-specific problems. Our generally supportive view of U.K. bank capitalization, asset quality, and funding and liquidity profiles supports this expectation.

A no-deal Brexit scenario resulting in severe macroeconomic weakness could lead to rising personal and corporate U.K. insolvencies and weaker collateral values. In time, this would likely play through to bank asset quality and activity, undermining earnings and, possibly, capitalization to a modest degree. In that kind of no-deal scenario, we see outlook revisions as more likely than downgrades in the near term and, in our view, these factors would be relatively greater for smaller lenders given their business focus on U.K. retail banking or property-related lending.

Benign, But Softening Domestic Economy Ahead Of Brexit Endgame

While U.K. macroeconomic data remains benign with very low unemployment and, more recently, upticks in real wage growth, the increased probability of a no-deal Brexit is coinciding with the emergence of weakening global economic indicators (see table 1 and chart 1).

Table 1

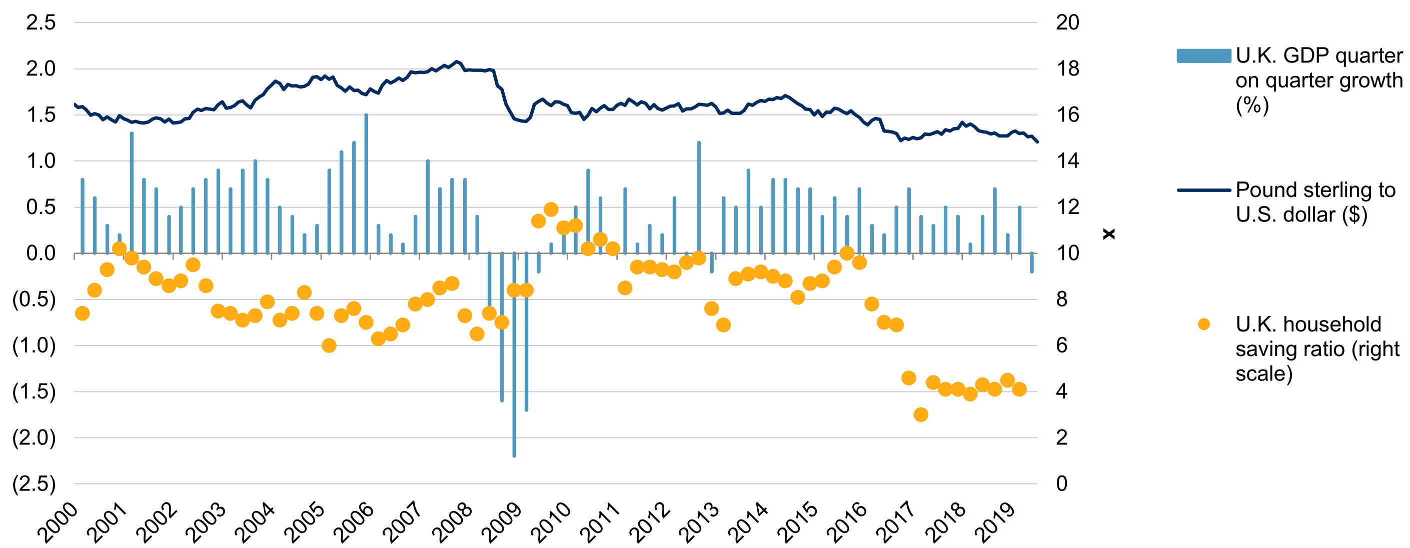
Moderate Growth Outlook Assuming Orderly Brexit Transition

%	2016	2017	2018	2019f	2020f	2021f
Real GDP growth	1.8	1.8	1.4	1.2	1.4	1.3
Real private consumption growth	3.2	2.2	1.8	1.8	1.7	1.7
Real fixed investment growth	2.3	3.5	0.2	0.9	3.0	4.5
Real government consumption growth	0.8	(0.2)	0.4	2.5	1.1	1.5
Real export growth	1.0	5.6	0.1	2.5	1.8	0.6
Real import growth	3.3	3.5	0.7	6.7	0.7	2.3
CPI inflation	0.6	2.7	2.5	1.8	1.7	2.4
Unemployment rate	4.9	4.4	4.1	3.8	4.2	4.5
Short-term interest rate	0.4	0.3	0.6	0.8	0.9	1.2
Long-term interest rate	1.3	1.2	1.5	1.2	1.6	1.9

f--Forecast. Source: S&P Global Ratings July 2019 European Economic Snapshots.

Chart 1

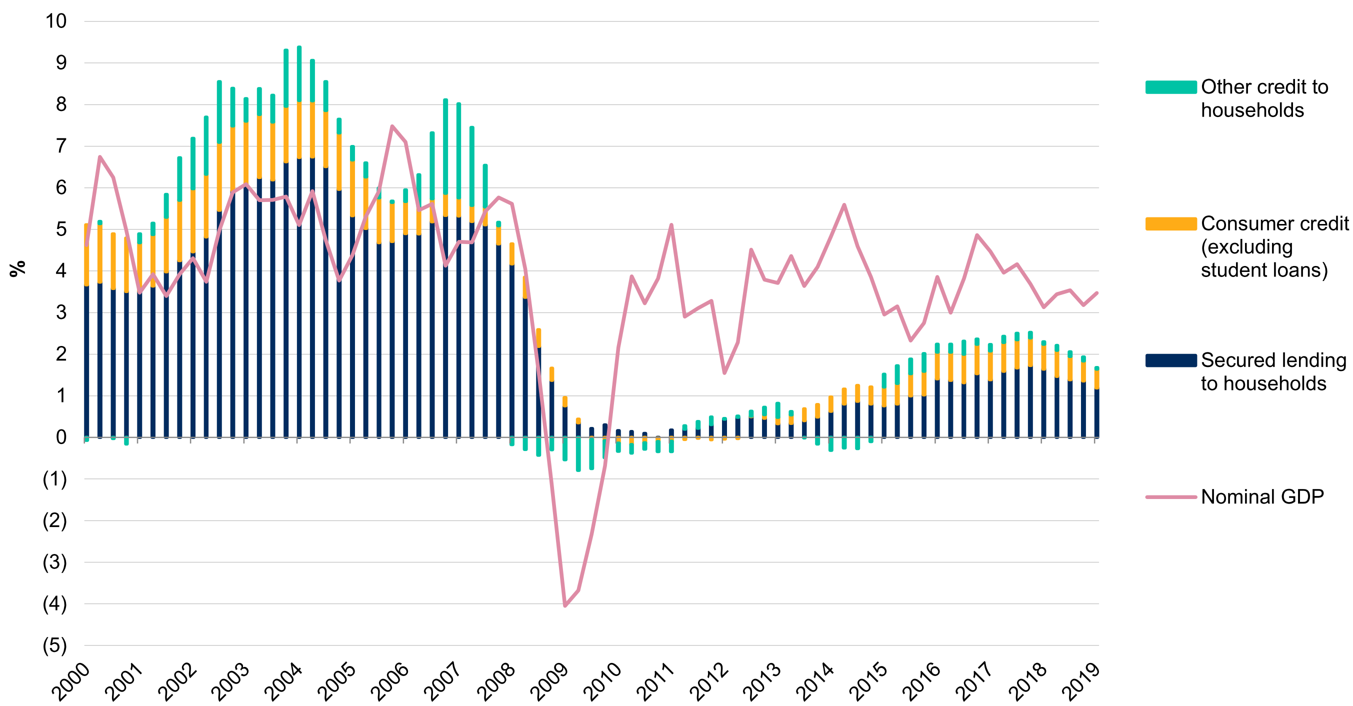
Softening Bias To GDP, Household Savings Ratio, And Pound Sterling And U.S. Dollar



Deadline is Aug. 29, 2019. Source: Bloomberg, Office for Budget Responsibility, Office for National Statistics.

Chart 2

Total Credit Growth Rate Easing In Line With GDP

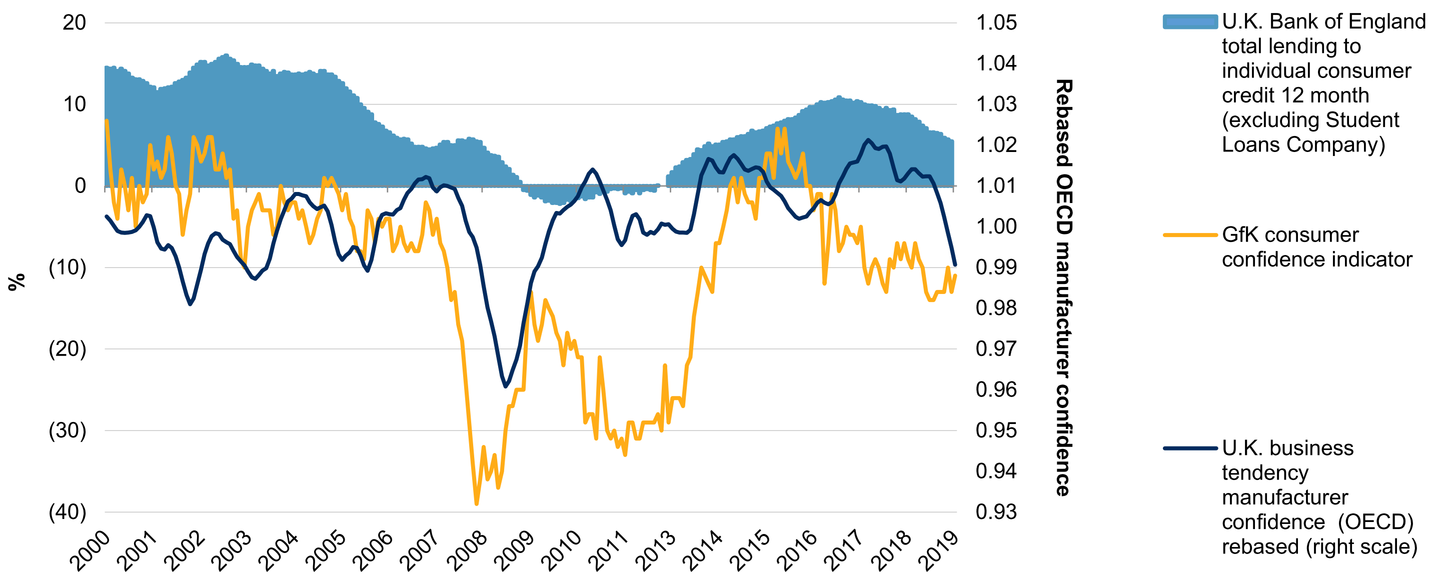


Source: Bank of England.

Business and consumer confidence has reached five-year lows and loan growth rates have moderated (see charts 2 and 3). While negative second-quarter GDP primarily reflects an unwinding of stockpiling in the first quarter, recent weakness in manufacturing PMIs (Purchasing Managers' Index), commercial real estate investment, insolvencies, and household savings highlight increasing pressure at the margins of the economy. We expect these themes will continue to weigh on earnings in the near term, although we believe that banks will be able to absorb higher loan loss rates and slowing loan growth.

Chart 3

Falling Consumer Credit Lending And Consumer And Business Confidence

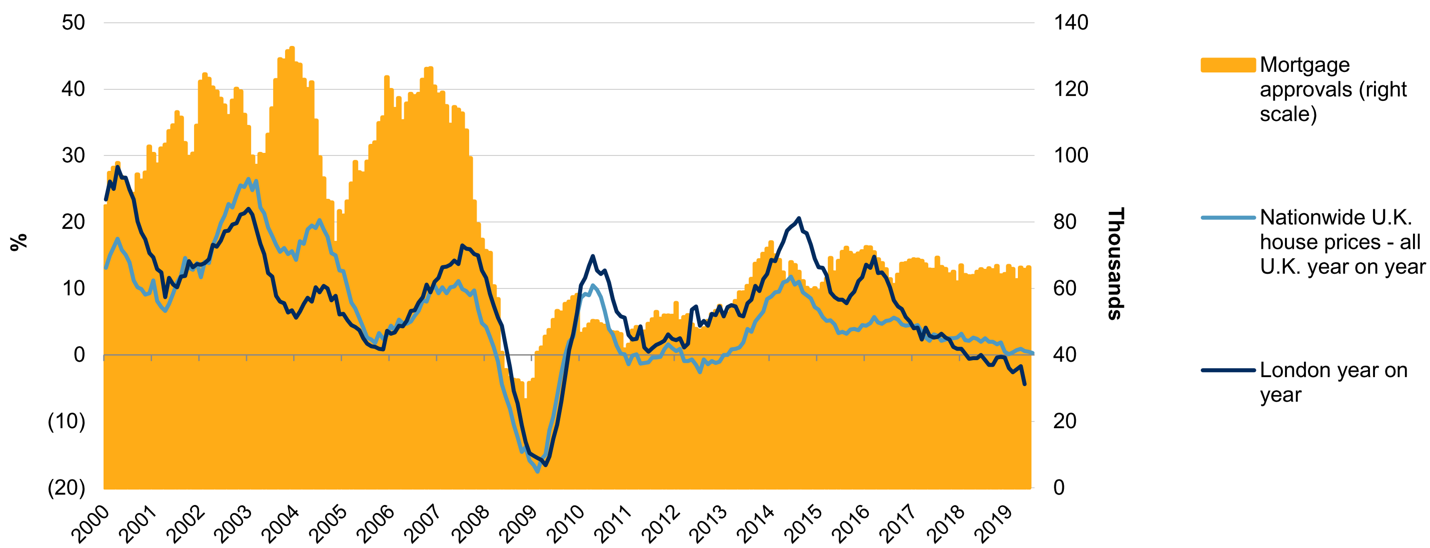


OECD--Organisation for Economic Co-operation and Development. Source: Bank of England, OECD, GfK.

In contrast to the 16 consecutive months of house price declines in London, the rest of the U.K. has only experienced an easing to 0.9% annual U.K. house price growth in the year to June 2019. The consistent volume of mortgage approvals to date reflects the stable household debt service ratio afforded by very low interest rates, low unemployment, and real wage growth (see chart 4).

Chart 4

U.K. House Price Growth Slow Down
London house price declines moderate



Source: Nationwide, Land Registry.

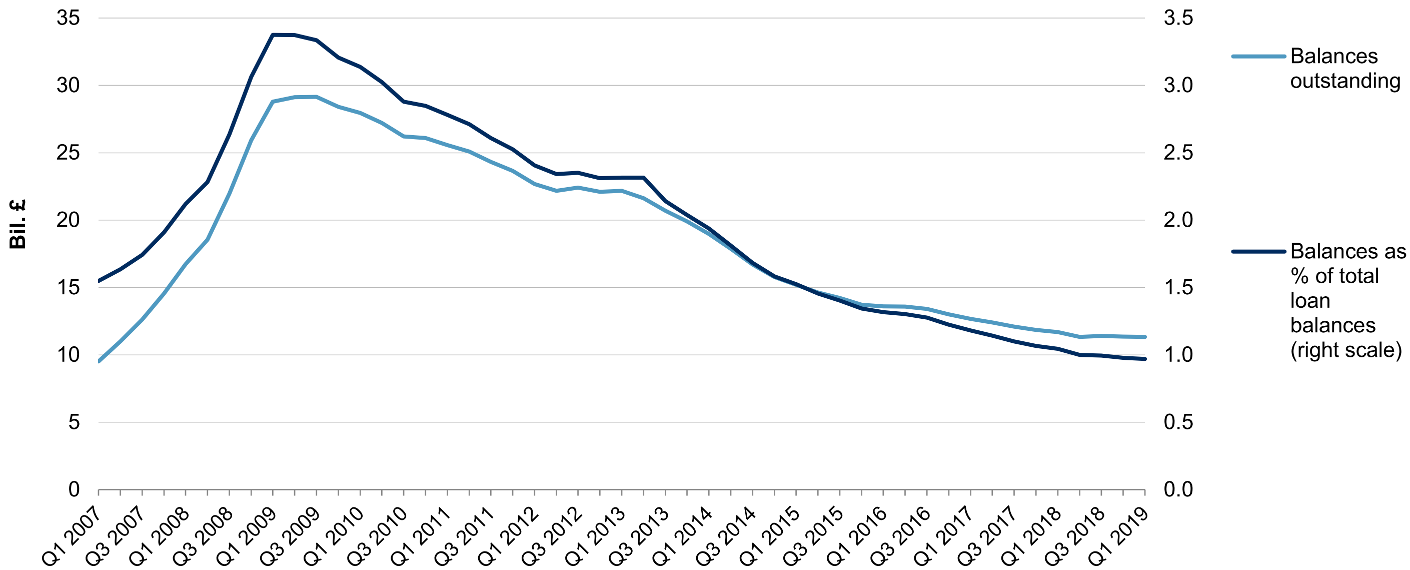
The availability of unsecured credit continues to fall (somewhat driven by Bank of England policy), coinciding with small increases in credit card and other unsecured household loan defaults (see chart 14).

We reflect our view of the macroeconomic environment in our bank ratings through our Banking Industry Country Risk Assessment (BICRA). Our '4' economic risk assessment for the U.K. is weaker than many comparable developed markets, partly due to our conservative approach since the 2016 referendum result. The stable economic risk trend reflects our assumption of an orderly EU withdrawal and banks' increased resilience after managing down higher risk legacy assets.

Should a disruptive Brexit become more likely, we could revise down the economic risk score in our BICRA, or revise the trend to negative from stable. We would also review our industry risk assessment, looking in particular at funding conditions (see “Credit FAQ: Explaining Our Banking Industry Country Risk Assessment For The U.K.” published on Nov. 15 2017). All else being equal, a downward revision in the BICRA economic risk score to '5' would result in a lowering of the anchor for domestically focused U.K. banks to 'bbb' from 'bbb+', and, in turn, could lower U.K. bank ratings by one notch.

Chart 5

Household Loan Arrears (Secured And Unsecured) Remain Low And Stable



Source: Bank of England.

Margin Pressure Is Driving Lower Profitability

U.K. banks have generally delivered stable earnings in the first half, although lower profitability could result from pressure on net interest margins and slowing loan demand (see table 2). Capital distributions have increased in most cases as banks look to prioritize investor returns during a broadly benign period in which common equity Tier 1 (CET1) ratios have either increased or end-state targets have been maintained (see table 4). Barclays and Lloyds have announced dividend increases with Lloyds and HSBC also executing buybacks. RBS has also announced its second large special dividend. Falling restructuring, litigation, and conduct costs--as well as one-off items, such as gains for RBS and HSBC from the merger of Alawwal Bank and Saudi British Bank----have helped sponsor these distributions and boost return on equity (RoE) to around 10% for many (see table 4).

We note that narrowing net interest margins have led banks to report lower operating revenue growth. Even where loan growth has been brisk--as with many of the building societies--net income has still fallen and may reflect the risk of more acute earnings pressure should growth rates ultimately ease.

Lloyds reduced its 2019 full-year statutory return on tangible equity (RoTE) forecast to about 12% from 14%-15% owing to a £500 million PPI charge in the second quarter and a generally weaker operating environment. Similarly, RBS acknowledged that delivering the 12.5% target RoTE by the end of 2020 was now very unlikely owing to difficult conditions. Despite achieving 6.8% year-on-year adjusted profit before tax growth and 11.2% RoTE, HSBC replaced its CEO seemingly in order to prioritize more aggressive strategic execution--much of which appears to focus on cost control.

U.K. banks with more limited international diversification have tended to experience larger revenue declines. Santander U.K. and RBS both saw pronounced falls in operating revenues of around 8% in first-half 2019 compared with first-half 2018. Though we expect an accommodative monetary policy would support asset quality through a period of persistent net interest margin pressure and/or a disorderly Brexit, access to diversified revenue streams may provide incremental ratings support.

First-Half 2019 Results For Major U.K. Banks

Table 2

Headline H1 2019 Results for Major U.K. Banks

Mil. £	Barclays	HSBC*	Lloyds	RBS	Santander UK
Total assets	1,232,822	2,751,273	822,248	729,869	290,272
% change versus H1 2018	7.24	5.52	(0.91)	(2.47)	(8.32)
Operating revenues	10,790	29,869	9,562	6,111	2,117
% change versus H1 2018	(1.32)	4.36	(1.50)	(7.81)	(8.43)
Noninterest expenses	6,758	16,163	4,680	3,381	1,267
% change versus H1 2018	1.26	0.25	(1.70)	(4.84)	(1.40)
Preprovision operating income	4,032	13,706	4,882	2,730	850
Pretax profit	3,014	12,407	2,897	2,694	575
Return on average common equity (%)	9.0	10.3	10.1	8.9	4.5
Net interest income/average earning assets (%)	1.37	1.54	1.63	1.72	1.32
Noninterest expenses/operating revenues (%)	62.63	54.11	48.94	55.33	59.85
New loan loss provisions/average customer loans (%)	0.56	0.23	0.26	0.19	0.07
Gross NPL/total loans (%)	2.5	1.5	2.2	2.3	1.8
Stage 3 ECL allowance/gross NPLs (%)	39.1	32.9	22.3	30.2	9.9
Customer loans (net)/customer deposits (%)	82.89	74.02	105.57	86.40	115.30

*HSBC Holdings reports in U.S. dollars. ECL--Expected credit losses. H1--First half. NPL--Nonperforming loan. Source: S&P Global Ratings database and ratio definitions.

Table 3

The Increased Confidence Of Bank Boards' Is Reflected In Their Shareholder Distributions

	--Dividend per share (pence)--				
	2016	2017	2018 (H1 2018)	H1 2019	Recent announcements
Barclays	3.0	3.0	6.5 (2.5)	3.0	Reiterating capital returns policy, incorporating a progressive ordinary dividend, supplemented by share buybacks as and when appropriate. Barclays will continue to pay dividends semi-annually.

Table 3

The Increased Confidence Of Bank Boards' Is Reflected In Their Shareholder Distributions (cont.)

	--Dividend per share (pence)--				
	2016	2017	2018 (H1 2018)	H1 2019	Recent announcements
HSBC*	51	51	51 (20)	20	Following a $2 billion buyback during 2018, HSBC intends to initiate a share buyback of up to $1 billion, which it expects to commence shortly.
Lloyds	1.70	2.05	2.14 (1.07)	1.12	About half of the £1.75 billion buyback completed in 2019 (1.4 billion shares), following a £1 billion buyback during 2018.
RBS	0.0	0.0	5.5 (2.0)	2.0	A 12p per share special dividend (versus 2018 7.5p per share special dividend).

H1--First half. *Data for HSBC in dollars and cents.

Major Banks Have Made Further Progress In Capital Distribution

Table 4

Selected U.K. Banks' ROE Trending Toward 10%+

Return on average common equity (%)	2015	2016	2017	2018	H1 2019
Aldermore Bank PLC*	20.5	18.5	N/A*	15.0	N/A
Barclays PLC	(0.7)	3.7	(2.3)	4.0	9.0
Coventry Building Society	14.6	13.6	12.3	9.5	N/A
CYBG PLC§	(8.8)	(5.7)	6.4	(5.1)	1.7
HSBC Holdings PLC	7.2	0.8	6.0	7.7	10.3
Lloyds Banking Group PLC	2.0	5.7	8.0	9.9	10.1
Metro Bank PLC	(11.3)	(2.8)	1.1	2.2	0.2
Nationwide Building Society	10.5	7.5	6.9	5.2	N/A
OneSavings Bank PLC	32.0	34.9	28.4	25.6	23.0
Paragon Banking Group PLC§	11.2	12.0	11.8	13.9	10.7
Santander UK Group Holdings PLC	5.9	8.1	7.5	6.5	4.5
Standard Chartered PLC	(5.2)	(0.8)	2.5	2.2	6.5
The Royal Bank of Scotland Group plc	(5.3)	(15.6)	1.8	2.8	8.9
Yorkshire Building Society	6.8	5.3	5.4	6.1	N/A

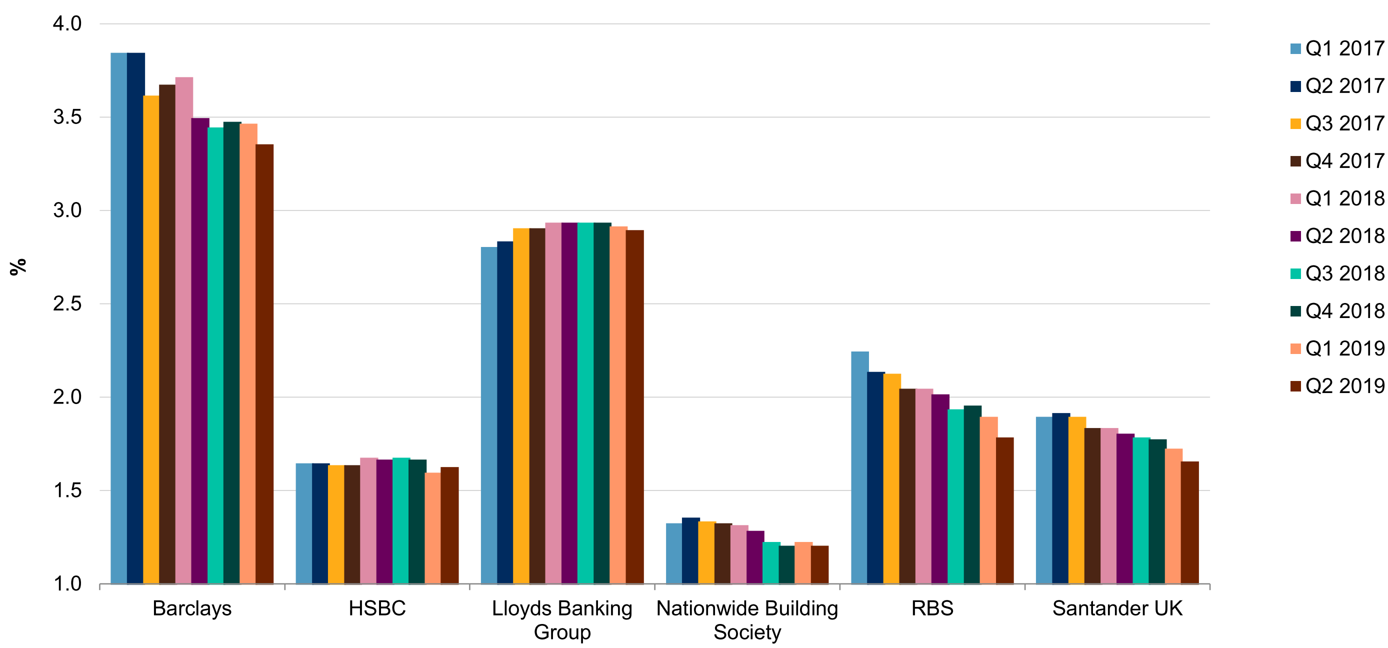
*Aldermore Bank changed its reporting period from December to June in 2018, when it published financials for 18 months. §Year-end Sept. 30. N/A--Not applicable. ROE--Return on equity. Source: S&P Global Ratings database and ratio definitions.

Mortgage Spreads Are Stabilizing, NIM Continues To Erode

While new mortgage spreads are stabilizing, NIM continued to erode over the first half as banks typically experienced rising SVR (standard variable rate) attrition, falling and inverting yield curves, and relentless pricing competition. Most banks experienced NIM erosion of around 5-15 basis points (bps) in the first half, with Barclays, RBS, and Santander UK reporting declines of 13, 17, and 11bps respectively. HSBC and Lloyds have outperformed and delivered more resilient NIM, similar to recent years (see chart 6).

Chart 6

Net Interest Margin Pressure Has Intensified For Most U.K. Banks In H1 2019



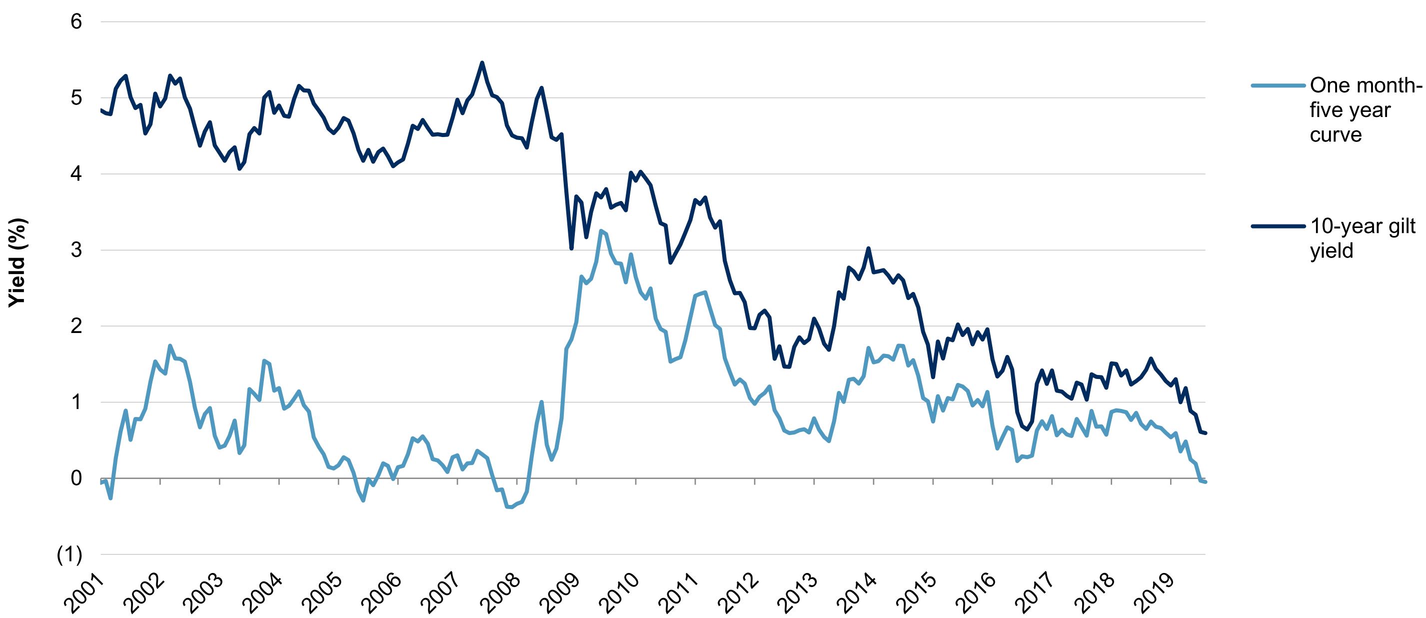
NIM--Net interest margin. NIM definitions differ between banks. Barclays and Santander UK: Net interest income to average interest-earning customer assets. HSBC and RBS: Net interest income to average interest-earning assets. Lloyds: Banking net interest income to average interest-earning banking assets. Barclays NIM is total for Barclays UK plus Barclays International. Source: Banks' reported financials.

Aggressive redeployment of deposits into the mortgage market owing to ring-fencing policy has exacerbated the "lower for longer" global rates theme in the U.K. Increased participation from non-traditional players such as equity release and other fintech are also compounding competition. We expect political and economic uncertainty to delay any potential Bank of England rate hike and with that relief in margin pressure.

Chart 7

Yield Curve Inversion Accompanying Absolute Rate Rally

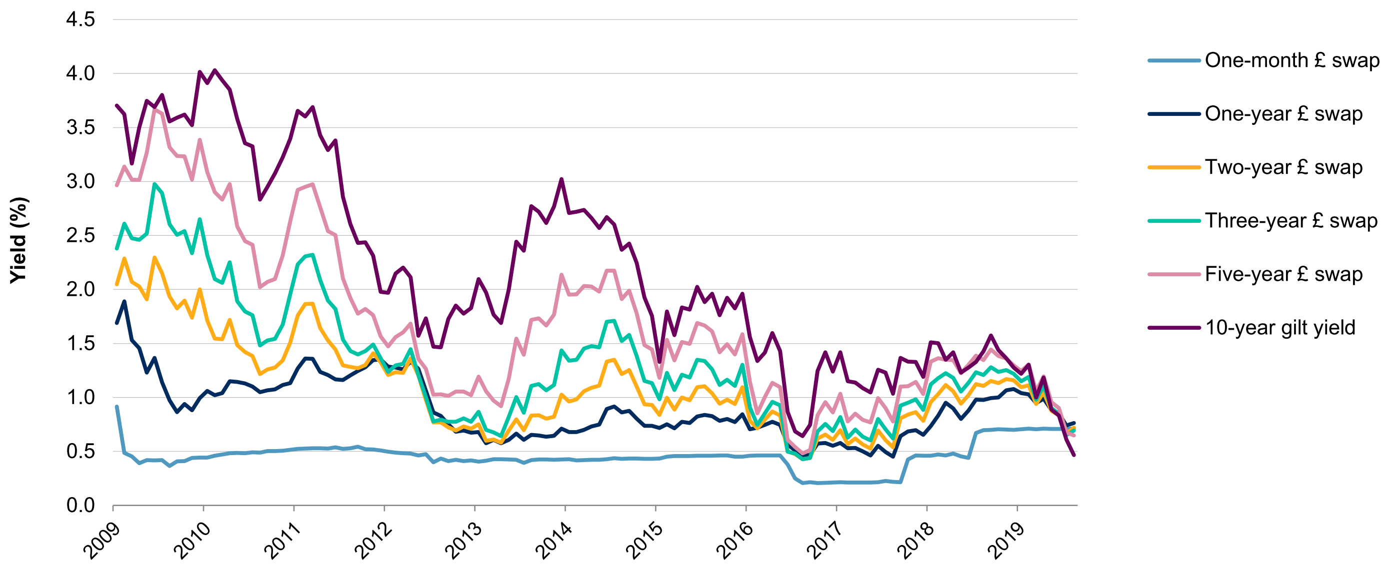
Net interest margin pressure is likely to worsen should Brexit uncertainty and global macro weakness persist



Source: Bloomberg.

Chart 8

Most Significant Curve Inversion For More Than A Decade
Increasing pressure on profitability may motivate more radical management action



Source: Bloomberg.

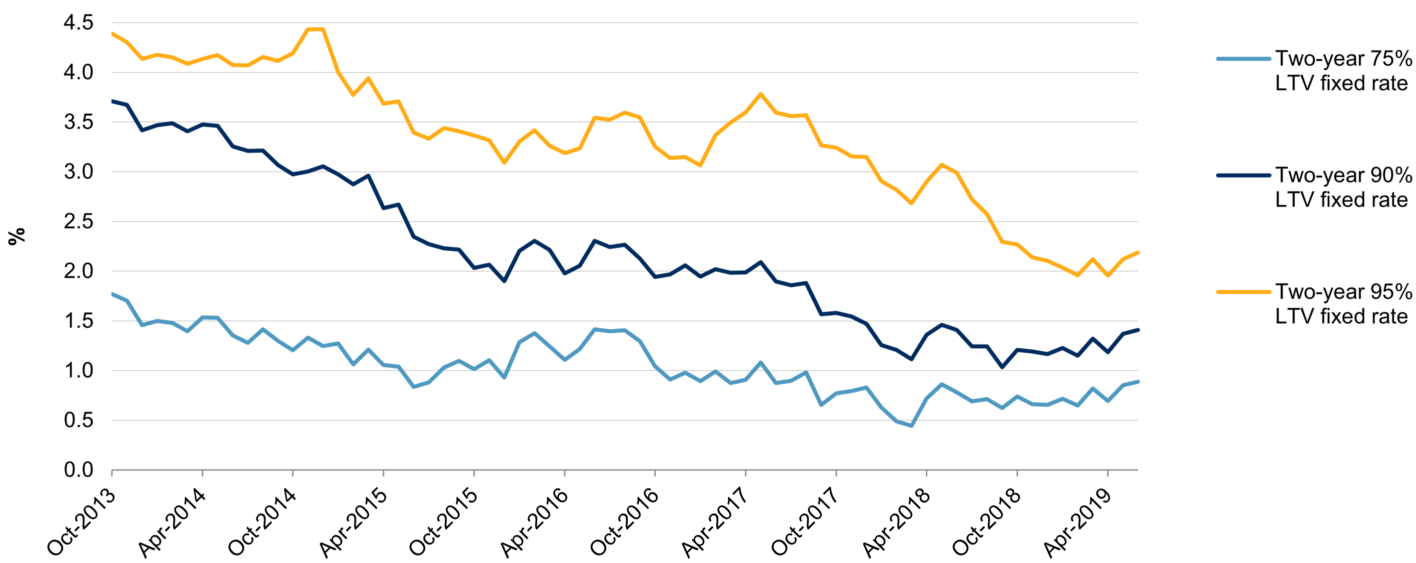
The recent softening in global economic data has led to a meaningful rally in international bond markets. This has also played out in the sterling swap rate market where yields have been driven to recent lows and to curve inversion (see charts 7 and 8). These conditions, if sustained, will further strain NIM going forward.

The competitive environment is incentivising some lenders to increase exposure to higher margin mortgage products such as higher loan to value (LTV), loan to income (LTI), over 50s, and longer fixed rates. Premiums in all products are being compressed, although we see little evidence of material declines in lending standards in aggregate (see chart 9). Long-term mortgages (over 30 years) have been more commonly used to aid affordability. These themes represent an aggregate increase in risk that could heighten banks' vulnerability to exogenous shocks, particularly given the relatively high levels of household debt (despite U.K. mortgage arrears remaining exceptionally low--see charts 5, 10, and 11).

Notwithstanding these trends, we expect most management teams to prioritize aggressive cost cutting to combat margin pressure given the uncertain macroeconomic environment. Recent digitalization and technology investments will ultimately enable incremental headcount reductions and drive permanent efficiency gains.

Chart 9

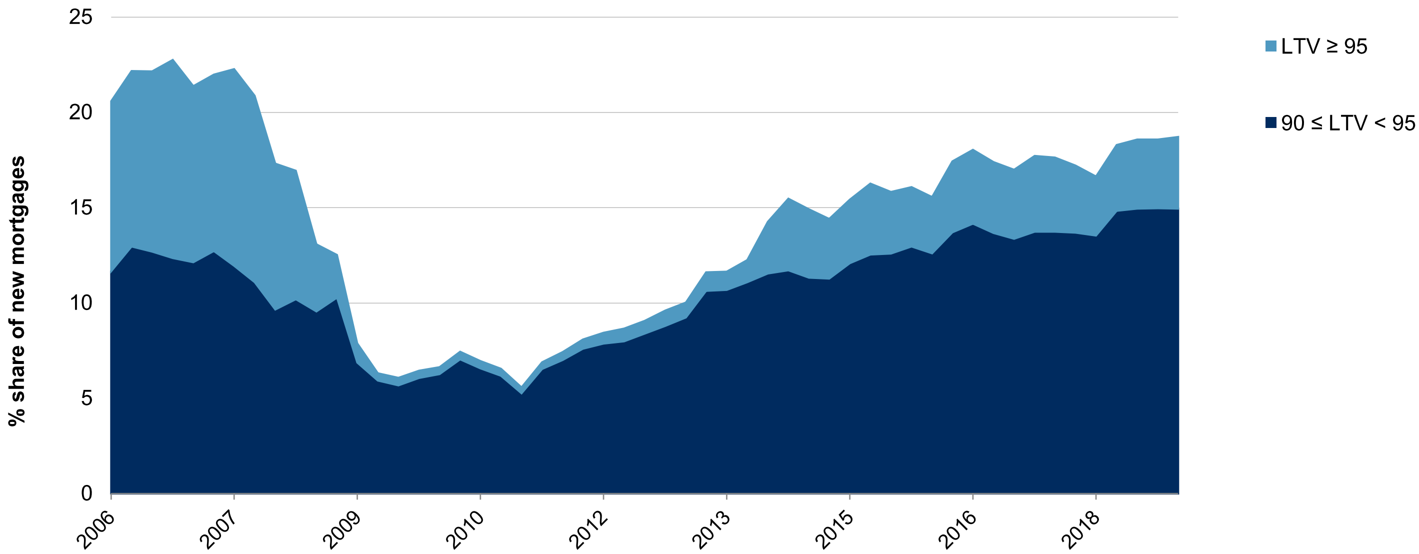
New Mortgage Spreads Remain Tight But Showing Signs Of Stabilization
Spread of two-year fixed rate over the two-year swap rate



LTV--Loan to value. Source: Bank of England.

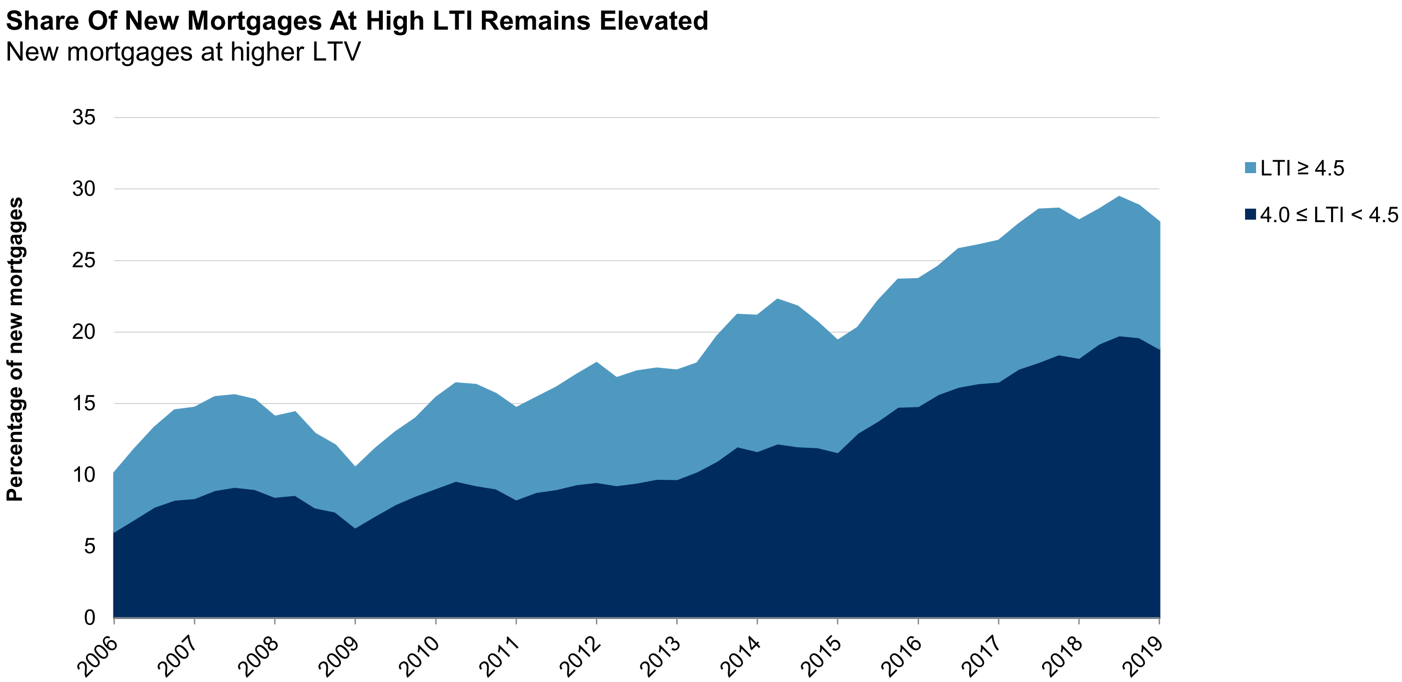
Chart 10

Gradual Increasing Share Of New Mortgages At High LTV
Approaching pre-crisis levels



LTV--Loan to value. Source: Bank of England.

Chart 11



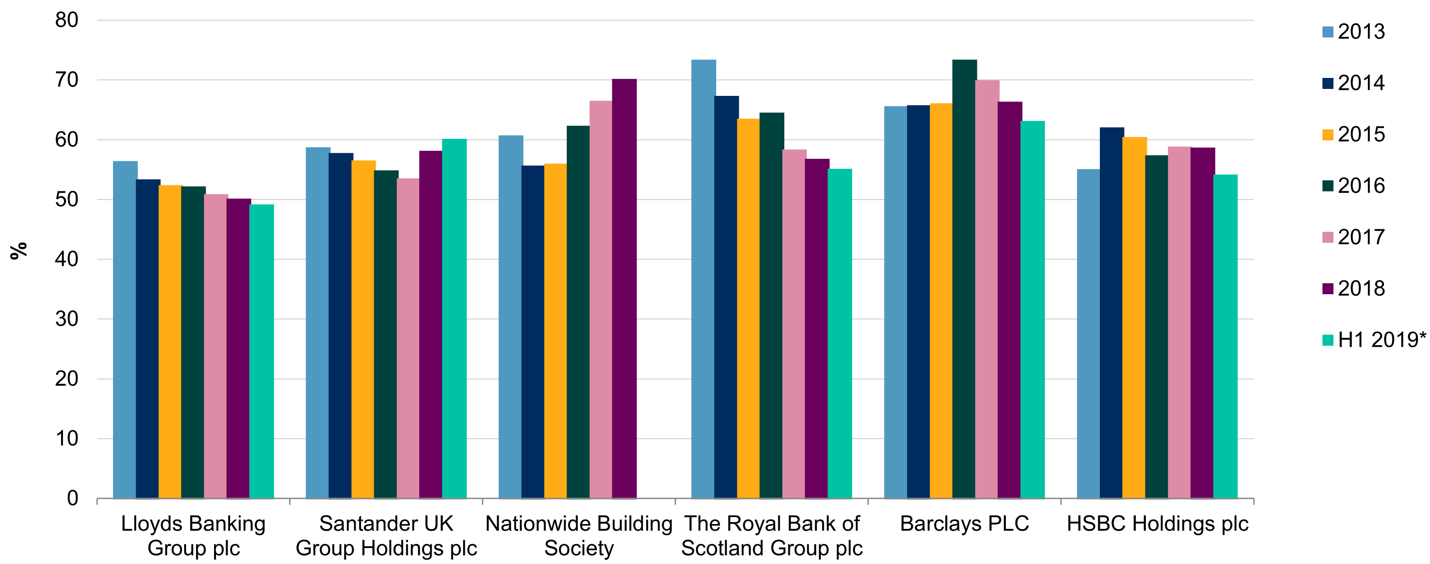
LTI--Loan to income. LTV--Loan to value. Source: Bank of England.

Banks' Sizable Technology Investment Clouds Cost Cutting

Cost-to-income ratios have tended to drift higher so far in 2019 as banks have prioritized technology investment and are failing to deliver income growth (see chart 12). The lower profitability outlook will only intensify the focus on delivering efficiency gains. Institutions that have insufficient margins to sustain critical investment risk being left behind in what is an increasingly competitive market place.

Chart 12

Cost-To-Income Ratios: Sizable Technology Investment And Margin Pressure Obscure Cost Cutting Initiatives



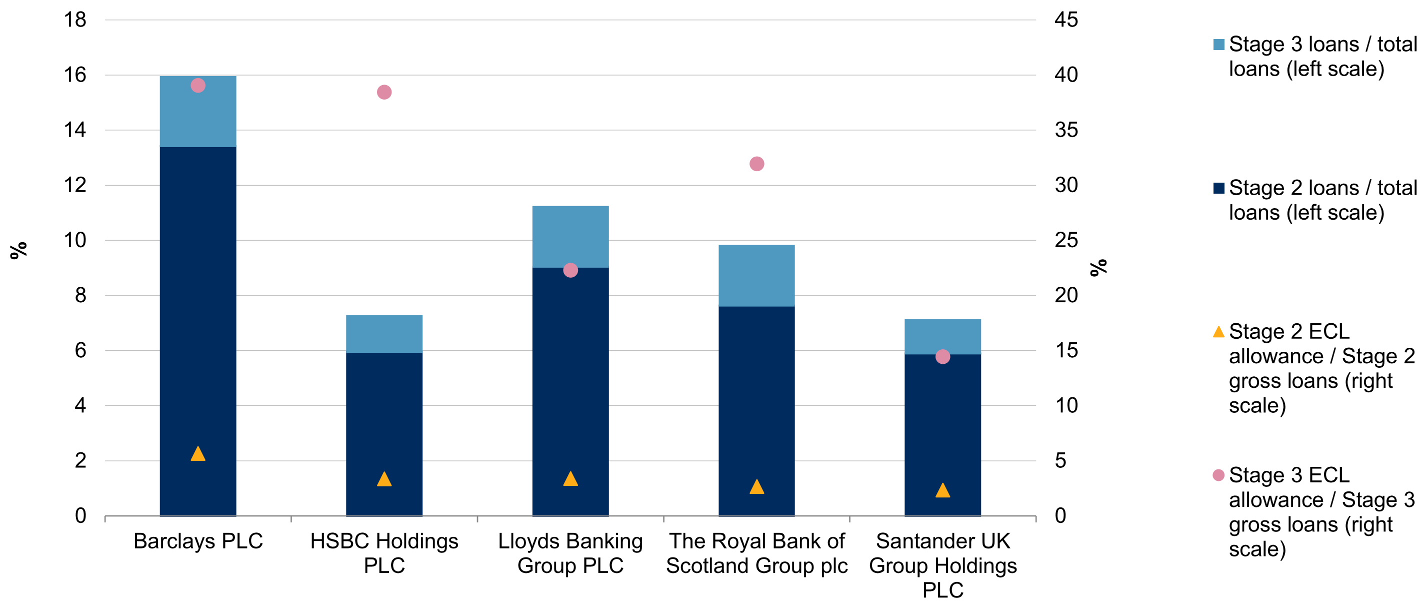
H1--First half. *Nationwide H1 data not available. Source: Non-interest expenses/operating revenue, S&P Global Ratings noninterest expenses/operating revenue.

Normalization In Credit Losses From Lows

Banks' credit losses remained benign in the first half with specific corporate situations driving small increases in impairments (see chart 13). There is growing evidence of gradual weakening in corporate credit quality, albeit from a very low base. Our base-case expectation is for further normalization in impairment rates, assuming an orderly Brexit. Under a no-deal scenario, we would anticipate a more meaningful increase in credit losses, particularly given the forward-looking recognition of IFRS 9 that will result in more volatile provisioning should economic forecasts require abrupt adjustment.

Chart 13

IFRS 9 Expected Credit Losses



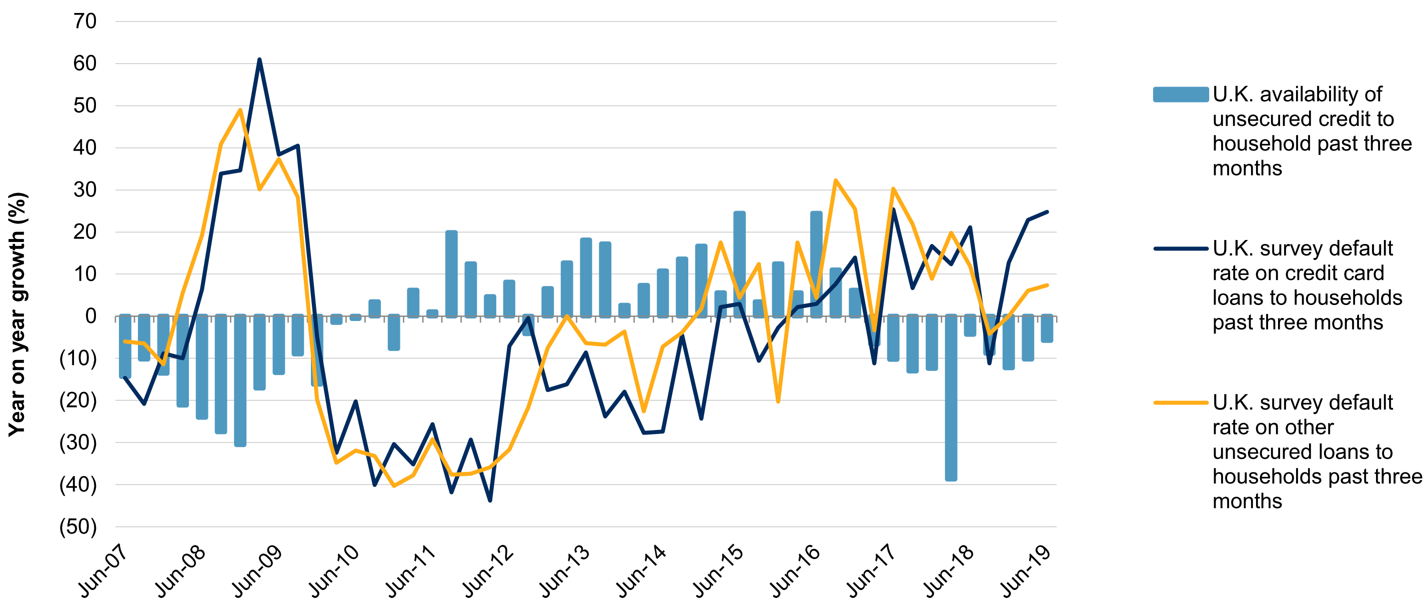
Data based on customer loans and advances. ECL--Expected credit loss. IFRS--International Financial Reporting Standard.
Source: S&P Global Ratings.

Corporate insolvencies and credit card arrears have begun to increase through 2018 and first-half 2019 (see charts 14 and 15), although credit quality in the U.K. remains relatively benign with near record low arrears levels. Reports of financial distress/plant closures have been concentrated in certain high-profile manufacturing firms and high street retail, but weakness is also present in property and autos.

Chart 14

Modest Increase In Credit Card And Other Unsecured Household Loan Defaults

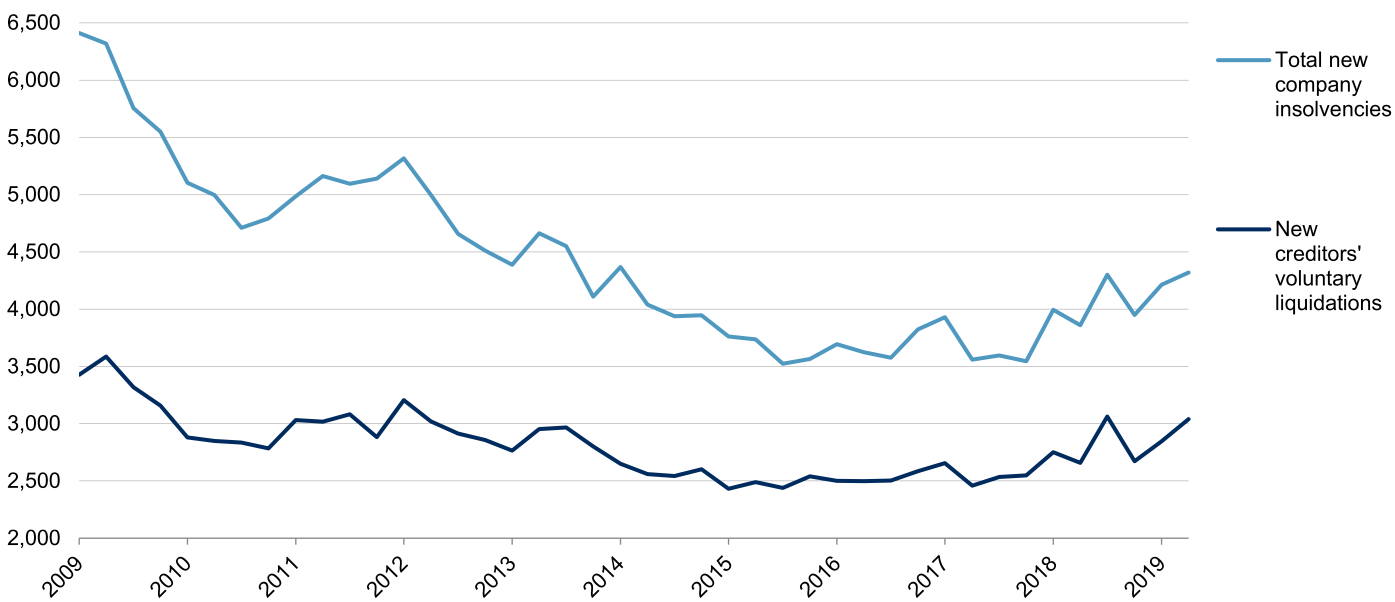
U.K. unsecured credit availability continues to decline



Source: Bank of England.

Chart 15

Uptick In Corporate Insolvencies And Voluntary Liquidations

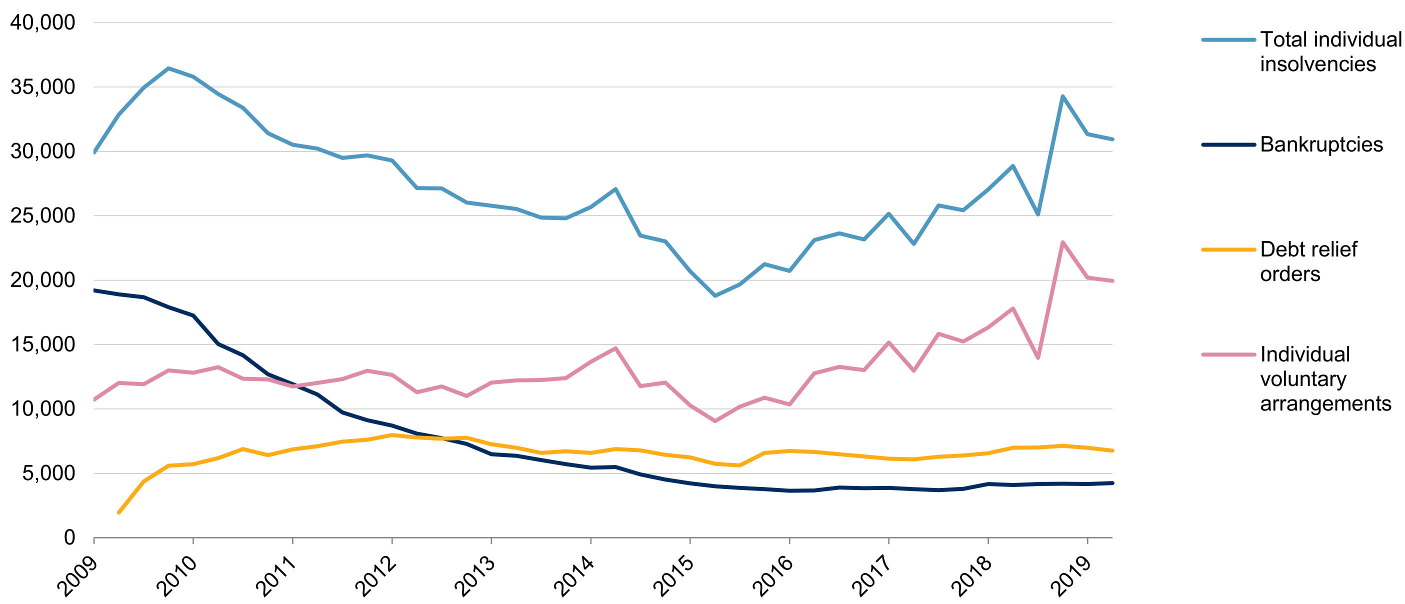


Source: The Insolvency Service.

Household debt levels are returning to pre-2008 levels with expanding student debt accounting for the majority of the increase (see chart 17). Student debt is provided by the government in non-recourse form, but it impacts the banking system indirectly by raising leverage and debt capacity. Individual insolvencies appear to have stabilized around recent elevated levels following the rise in individual voluntary arrangements (see chart 15).

Chart 16

Total Individual Insolvencies Remain Elevated

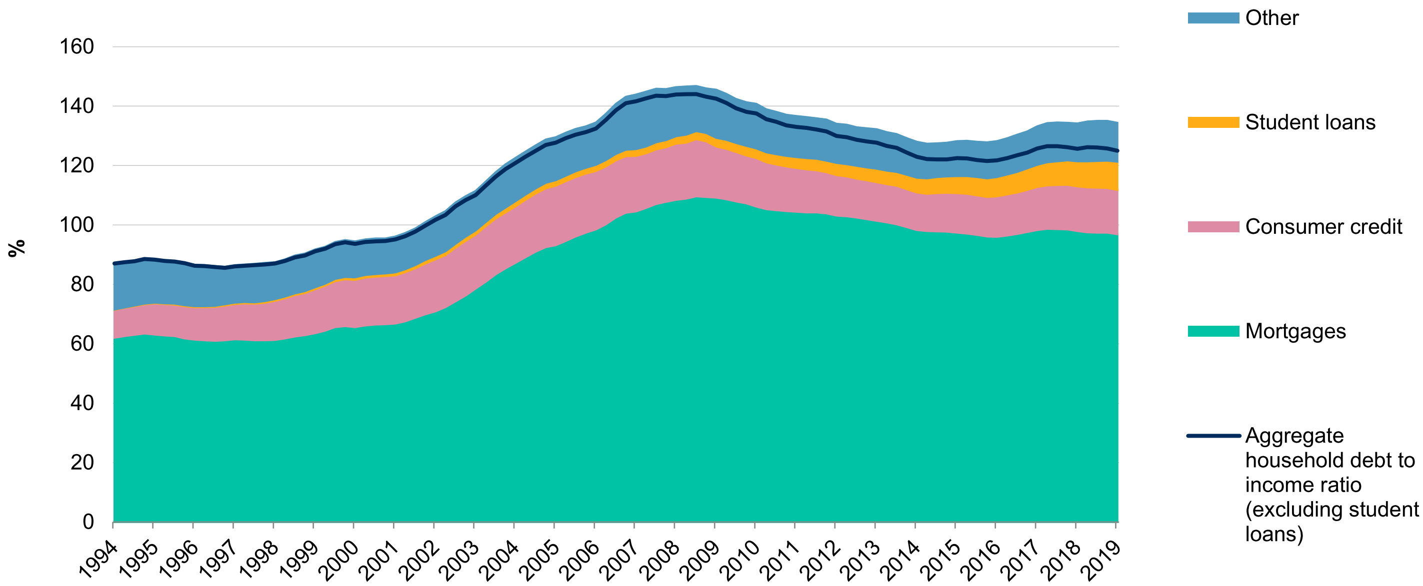


Source: The Insolvency Service.

Chart 17

U.K. Household Debt To Income Is Stable But Elevated

Student debt becoming increasing large proportion of household debt



Source: Bank of England.

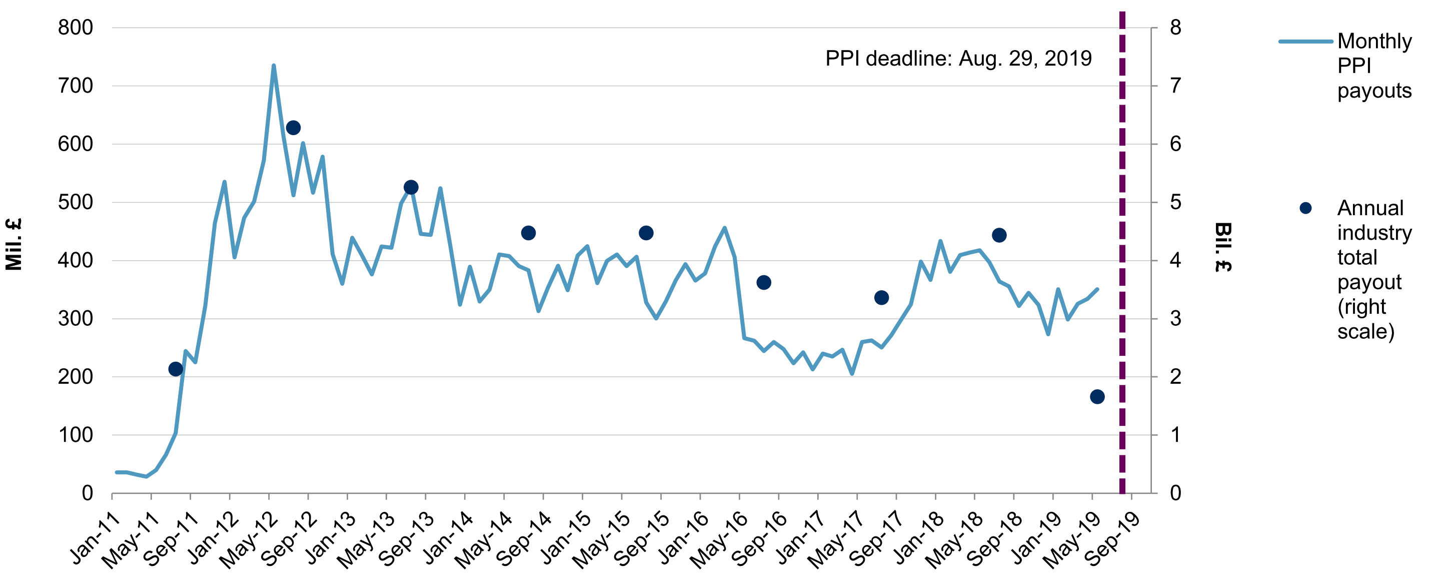
The exceptionally low rate environment, while supporting debt affordability, may also present the need for innovative monetary and/or fiscal policy should an exogenous shock occur before rates are returned to normalized levels. We could see a more sensitive credit loss reaction function to recessionary economic conditions should rate cuts not be passed on to borrowers due to low absolute levels.

PPI Payouts Pick Up As Deadline Looms

Most banks have reported a material increase in PPI claims in recent months as claimants rush to reach the Aug. 29, 2019 deadline. Lloyds and HSBC booked further PPI provisions in the first half (£650 million and $615 million, respectively), while other banks indicated existing provisions had incorporated an elevated third-quarter 2019 payout. Since 2011, PPI payouts by U.K. banks and other lenders has totalled £35.7 billion through June 2019, according to the Financial Conduct Authority. Over the last five years, total PPI refunds have averaged over £4 billion a year and as such will represent relief from a material earnings drag going forward (see chart 18).

Chart 18

PPI Payouts Tick Up As August 2019 Claims Deadline Draws Closer
Annual PPI payout has averaged above £3.5 billion per year over past five years



PPI--Payment protection insurance. Source: Financial Conduct Authority.

Capital And Funding: Prepared For Volatility

The first half has been business as usual from a funding, liquidity, and capital perspective. Most of the top 10 institutions are now at or very close to end-state capital ratios, having completed over 75% of full-year 2019 funding programs. The Bank of England has been clear in its ability to support the financial sector through any period of stress and we expect the term funding scheme would be reopened in the event of market stress. The roughly £300 billion of pre-positioned collateral for Bank of England lending operations is further evidence of credit support (Financial Stability Report, July 2019).

We note that a number of the smaller ("challenger") banks have MREL/TLAC (total loss-absorbing capital) issuance still to execute. In a more disruptive Brexit scenario, the associated cost of accessing markets may well add more earnings pressure.

Ratings and Capital And Earnings Scores For U.K. Banks

Table 5

S&P Global Ratings' Ratings And Capital And Earnings Scores For Rated U.K. Banks

	Group SACP/SACP	Capital and earnings (C&E)	Risk position (RP)	Combined impact of C&E and RP (notches)	RAC ratio (Dec. 31, 2018; %)	Forecast RAC ratio ranges (%)	Banks' CET1 ratio (June 30, 2019; %)
AIB Group (U.K.) PLC	bb+	Strong	Weak	-1	17.2	14.5-15.0	N.A.
Barclays PLC	bbb+	Strong	Moderate	0	10.2	10.0-10.5	13.4
CYBG PLC*	bbb	Adequate	Adequate	0	10.5	9.5-10.0	14.6
FCE Bank PLC	bbb-	Strong	Adequate	+1	15.0	14.25-14.5	14.9
HSBC Holdings PLC	a+	Adequate	Strong	+1	9.4	9.5-10.0	14.3
Lloyds Banking Group PLC	a-	Adequate	Adequate	0	7.9	10.0-10.5	13.9
Nationwide Building Society§	a-	Strong	Adequate	+1	11.1	10.0-10.5	N.A.
The Royal Bank of Scotland Group PLC	bbb+	Adequate	Adequate	0	10.7	9.5-10.0	16.0
Santander UK Group Holdings PLC	bbb+	Adequate	Adequate	0	9.4	9.25-9.75	13.8
Standard Chartered PLC	a-	Strong	Moderate	0	10.3	10.0-10.5	13.5

CET1--Common Equity Tier 1. ICR--Issuer credit rating. N.A.--Not available. RAC--Risk-adjusted capital. SACP--Stand-alone credit profile.
*The RAC ratio for CYBG is as of September 2018. §The RAC and CET1 ratio for Nationwide Building Society are as of April 2018.

Rating Components For Rated U.K. Financial Institutions

Table 6

Rating Components For Rated U.K. Financial Institutions

	Core opco long-term ICR/outlook	Business position	Capital & earnings	Risk position	Funding & liquidity	Group SACP/SACP	Type of support	No. of notches of support	Holdco long-term ICR/ outlook
AIB Group (UK) PLC	BBB/Stable	Weak	Strong	Weak	Avg/Adequate	bb+	Group	2	N/A
Barclays PLC*	A/Stable	Adequate	Strong	Moderate	Avg/Adequate	bbb+	ALAC	2	BBB/Stable
CYBG PLC*	BBB+/Stable	Moderate	Adequate	Adequate	Avg/Adequate	bbb	ALAC	1	BBB-/Stable
FCE Bank plc	BBB/Negative	Weak	Strong	Adequate	Below Avg/Adequate	bbb-	Group	1	N/A
Handelsbanken PLC	AA-/Stable	N/A	N/A	N/A	N/A	N/A	Group	N/A	N/A
HSBC Holdings plc*	AA-/Stable	Very Strong	Adequate	Strong	Above Avg/Adequate	a+	ALAC	1	A/Stable

Table 6

Rating Components For Rated U.K. Financial Institutions (cont.)

	Core opco long-term ICR/outlook	Business position	Capital & earnings	Risk position	Funding & liquidity	Group SACP/SACP	Type of support	No. of notches of support	Holdco long-term ICR/ outlook
Lloyds Banking Group plc*	A+/Stable	Strong	Adequate	Adequate	Avg/Adequate	a-	ALAC	2	BBB+/Stable
Nationwide Building Society	A/Positive	Adequate	Strong	Adequate	Avg/Adequate	a-	ALAC	1	N/A
The Royal Bank of Scotland Group plc*	A/Stable	Adequate	Adequate	Adequate	Avg/Adequate	bbb+	ALAC	2	BBB/Stable
Santander UK Group Holdings plc*	A/Stable	Adequate	Adequate	Adequate	Avg/Adequate	bbb+	ALAC	2	BBB/Stable
Standard Chartered PLC*	A/Stable	Adequate	Strong	Moderate	Above Avg/Strong	a-	ALAC	1	BBB+/Stable

ALAC--Additional loss-absorbing capacity. ICR--Issuer credit rating. N/A--Not applicable. SACP--Stand-alone credit profile. In each case the anchor is 'bbb+'. *These scores reflect the group credit profile construct. Source: S&P Global Ratings.

Related Research

- Comparative Statistics: Top 25 U.K. Banks, June 24, 2019
- U.K. Banks: Looking At The Facts Rather Than Received Wisdom, March 4, 2019
- Countdown to Brexit: Rating Implications Of A No-Deal Brexit, Feb. 6, 2019
- Banking Industry Country Risk Assessment: United Kingdom, Nov. 5, 2018

This report does not constitute a rating action.