

press release

5 August 2009

Lloyds point the finger at HBOS for £4bn loss

- Lloyds blame 80% of its debts on HBOS bad loans
- The Share Centre lists Lloyds as a weak hold

This morning, Lloyds Banking Group, 43% owned by the taxpayer, reported an underlying loss of £4bn in the first half of the year. Nick Raynor, investment adviser at The Share Centre, comments on today's results and what they mean for investors.

"Lloyds Banking Group has blamed its losses on bad debts accrued by HBOS, which it controversially rescued last year. Lloyds took charge of £13.4bn, mainly for bad loans, 80 per cent of which came from HBOS.

"In fact, HBOS' reckless lending cancelled out the £6bn pre-tax profit Lloyds Banking Group made in the first part of the year. Although the HBOS takeover may present Lloyds with a significant opportunity to cement its future place on the high street, HBOS' skeletons in the closet continue to haunt the Group.

"The good news for Lloyds Banking Group shareholders is that most of these poor quality loans are now insured by the government, therefore by us the taxpayers. This means any future losses will be a problem for us not the banks.

"Despite the bank's losses its share price jumped 7 per cent in early morning trading. However, investors hoping to profit from day trading in the banks should be wary as we foresee further bad debts and rights issues within the sector. As Lloyds now has the biggest exposure to UK consumer debt we are listing the bank as a tentative weak hold."

-- Ends --

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The bases and levels of taxation relating to ISAs, CTFs and SIPP's are subject to change and the value of these tax allowances may depend upon the circumstances of the individual.

About The Share Centre:

The Share Centre was established in 1990 to provide value-for-money share services for private investors. Its range of services includes buying and selling shares (by Internet, telephone and post) and a comprehensive share administration and safe custody service. Tax-efficient investment 'wrappers' including ISAs, CTFs and SIPP's are also available.

The Share Centre's Advice team provides comment on market sectors, individual shares and funds on www.share.com. Access is available to customers and registered users of the site. Registration is free. To understand how our Advice team arrive at their views please read our [Investment Research Policy](#)

In addition, account customers can receive individual telephone advice on UK-listed shares and on funds traded via the CoFunds trading platform.

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