

Bank of Scotland plc

2024 Half-Year

Pillar 3 Disclosures

16 August 2024

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Basis of preparation

This report presents the half-year Pillar 3 disclosures of Bank of Scotland plc (‘the Bank’) as at 30 June 2024 and should be read in conjunction with the Bank’s 2024 Half-Year Results.

The disclosures have been prepared in accordance with the Disclosure section of the PRA Rulebook. Pillar 3 templates required to be disclosed on a semi-annual basis that have not been included in this report are listed in the table below along with the reason for exclusion.

PRA reference	Template name	Reason for exclusion
CR2a	Changes in the stock of non-performing loans and advances and related net accumulated recoveries	Excluded on materiality basis
CQ2	Quality of forbearance	Excluded on materiality basis
CQ7	Collateral obtained by taking possession and execution processes	No collateral taken into possession is recognised on the balance sheet
CR7	IRB – Effect on the RWAs of credit derivatives used as CRM techniques	Excluded on materiality basis
CR10.3	Specialised lending – Object finance (Slotting approach)	Not applicable to the Bank
CR10.4	Specialised lending: Commodities finance (Slotting approach)	Not applicable to the Bank
CR10.5	Equity exposures subject to the simple risk weight method	Not applicable to the Bank
CCR7	RWA flow statements of CCR exposures under the IMM	Not applicable to the Bank
LIQ1	Quantitative information of LCR	Liquidity is managed at a DoLSub level, refer to the Lloyds Bank plc Q1 2024 Pillar 3 disclosures for further information.
LIQ2	Quantitative information of NSFR	
LIQB	Qualitative information on LCR, which complements template LIQ1	

The information presented in this Pillar 3 report is not required to be, and has not been, subject to external audit.

A description of the main features of common equity tier 1 (CET1), additional tier 1 (AT1) and tier 2 (T2) capital instruments issued by Lloyds Banking Group plc (the ultimate parent company) and its large subsidiaries (including Bank of Scotland plc) are included in a separate document on the Lloyds Banking Group website located at www.lloydsbankinggroup.com/investors/financial-downloads. In addition, the report identifies and provides a description of the main features of debt instruments that are recognised as eligible liabilities in accordance with the Bank of England’s MREL framework. Template TLAC 2 is included within the half-year Pillar 3 disclosures for Lloyds Banking Group plc and details the creditor hierarchy and nominal values of instruments issued by Bank of Scotland plc. The Lloyds Banking Group plc 2024 Half-Year Pillar 3 Disclosures can be found on the Lloyds Banking Group plc website.

Key metric and overview of risk weighted exposure amounts

KMI: Key metrics¹

KMI	LR2		30 Jun 2024	31 Dec 2023	30 Jun 2023
Ref	Ref	Available own funds (amounts)			
1		Common Equity Tier 1 (CET1) capital (£m)	10,859	11,966	11,276
2		Tier 1 capital (£m)	13,409	14,516	13,826
3		Total capital (£m)	15,182	16,410	15,696
Risk-weighted exposure amounts					
4		Total risk-weighted exposure amount (£m)	80,928	80,254	77,592
Capital ratios (as a percentage of risk-weighted exposure amount)					
5		Common Equity Tier 1 ratio (%)	13.4%	14.9%	14.5%
6		Tier 1 ratio (%)	16.6%	18.1%	17.8%
7		Total capital ratio (%)	18.8%	20.4%	20.2%
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a		Additional CET1 SREP requirements (%)	1.5%	1.5%	1.1%
UK 7b		Additional AT1 SREP requirements (%)	0.5%	0.5%	0.3%
UK 7c		Additional T2 SREP requirements (%)	0.6%	0.6%	0.5%
UK 7d		Total SREP own funds requirements (%)	10.6%	10.6%	9.9%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8		Capital conservation buffer (%)	2.5%	2.5%	2.5%
9		Institution specific countercyclical capital buffer (%)	2.0%	2.0%	1.0%
11		Combined buffer requirement (%)	4.5%	4.5%	3.5%
UK 11a		Overall capital requirements (%)	15.1%	15.1%	13.4%
12		CET1 available after meeting minimum SREP own funds requirements (%) ²	7.4%	8.9%	8.9%
Leverage ratio					
13	UK-24b	Total exposure measure excluding claims on central banks (£m)	305,010	303,647	302,175
14	25	Leverage ratio excluding claims on central banks (%)	4.4%	4.8%	4.6%
Additional leverage ratio disclosure requirements					
UK 14a	UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.4%	4.8%	4.6%
UK 14b	UK-25c	Leverage ratio including claims on central banks (%)	4.4%	4.7%	4.5%
UK 14c	UK-34	Average leverage ratio excluding claims on central banks (%) ³	4.5%	4.6%	4.6%
UK 14d	UK-33	Average leverage ratio including claims on central banks (%) ³	4.5%	4.5%	4.6%
UK 14e	UK-27b	Countercyclical leverage ratio buffer (%)	0.7%	0.7%	0.3%

¹ Where available, the Bank applies dynamic relief in accordance with the IFRS 9 transitional arrangements for capital as set out under CRR Article 473a (revised). In addition the Bank applies a 100 per cent risk weight to the consequential Standardised credit risk exposure add-back as permitted under paragraph 7a of the arrangements. At 30 June 2024, no dynamic relief has been recognised (31 December 2023: £nil).

² Represents, as a percentage, the level of CET1 capital left available to meet buffer requirements after subtracting the minimum amount of CET1 capital required to meet total Pillar 1 plus Pillar 2A capital requirements, also referred to as total SREP own funds requirements. The minimum CET1 requirement is equivalent to 4.5 per cent (Pillar 1) plus the additional CET1 SREP requirement (56.25 per cent of Pillar 2A).

³ The average leverage ratio is based on the average of the month end tier 1 capital position and average exposure measure over the quarter. The average leverage exposure measure (excluding claims on central banks) for the period from 1 April 2024 to 30 June 2024 amounted to £303,257 million. The average leverage exposure measure (including claims on central banks) for the period from 1 April 2024 to 30 June 2024 amounted to £305,435 million.

Key metric and overview of risk weighted exposure amounts continued**IFRS 9-FL: Capital**

Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs.

	30 Jun 2024	31 Dec 2023	30 Jun 2023
Available own funds (amounts)			
1 Common Equity Tier 1 (CET1) capital (£m)	10,859	11,966	11,276
2 CET1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	10,859	11,966	11,205
3 Tier 1 capital (£m)	13,409	14,516	13,826
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	13,409	14,516	13,755
5 Total capital (£m)	15,182	16,410	15,696
6 Total capital as if IFRS 9 transitional arrangements had not been applied (£m)	15,182	16,410	15,625
Risk-weighted exposure amounts			
7 Total risk-weighted exposure amount (£m)	80,928	80,254	77,592
8 Total risk-weighted exposure amount as if IFRS 9 transitional arrangements had not been applied (£m)	80,928	80,254	77,576
Capital ratios (as a percentage of risk-weighted exposure amount)			
9 Common Equity Tier 1 ratio (%)	13.4%	14.9%	14.5%
10 CET1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	13.4%	14.9%	14.4%
11 Tier 1 ratio (%)	16.6%	18.1%	17.8%
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	16.6%	18.1%	17.7%
13 Total capital ratio (%)	18.8%	20.4%	20.2%
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied (%)	18.8%	20.4%	20.1%
Leverage ratio			
15 Total exposure measure excluding claims on central banks (£m)	305,010	303,647	302,175
16 Leverage ratio excluding claims on central banks (%)	4.4%	4.8%	4.6%
17 Leverage ratio excluding claims on central banks as if IFRS 9 transitional arrangements had not been applied (%)	4.4%	4.8%	4.6%

Common Equity Tier 1

The Bank's common equity tier 1 (CET1) capital ratio reduced from 14.9 per cent at 31 December 2023 to 13.4 per cent at 30 June 2024. This largely reflected profits for the period offset by the dividend payment in the second quarter of the year, the accrual for foreseeable ordinary dividends and an increase in risk-weighted assets.

Total Capital

The total capital ratio reduced to 18.8 per cent (31 December 2023: 20.4 per cent) reflecting the reduction in CET1 capital, the increase in risk-weighted assets and the reduction in eligible provisions recognised through tier 2 in the period.

Risk-Weighted Assets

Risk-weighted assets increased by £674 million to £80,928 million at 30 June 2024 (31 December 2023: £80,254 million), largely reflecting impact of lending growth. This was partly offset by optimisation, including capital efficient securitisation activity within the balance sheet.

Leverage

The Bank's UK leverage ratio of 4.4 per cent at 30 June 2024 has reduced from 4.8 per cent at 31 December 2023, reflecting the reduction in total tier 1 capital and an increase in the exposure measure.

OVI: Overview of risk-weighted assets

	Total RWA		Total own funds requirements
	30 Jun 2024	31 Dec 2023	30 Jun 2024
	£m	£m	£m
1 Credit risk (excluding CCR)	73,113	71,822	5,849
2 Of which the standardised approach	3,280	3,457	262
3 Of which the foundation IRB (FIRB) approach	1,382	1,563	111
4 Of which slotting approach	801	929	64
UK 4a Of which equities under the simple risk weighted approach	2,732	2,920	219
5 Of which the advanced IRB (AIRB) approach	63,940	61,956	5,115
Of which: non-credit obligation assets ¹	978	997	78
6 Counterparty credit risk (CCR)	167	234	13
7 Of which the standardised approach	118	162	9
UK 8b Of which credit valuation adjustment (CVA)	49	72	4
16 Securitisation exposures in the non-trading book (after the cap)	841	931	68
17 Of which SEC-IRBA approach	409	494	33
18 Of which SEC-ERBA approach (including IAA)	432	437	35
20 Position, foreign exchange and commodities risks (Market risk)	67	468	5
21 Of which the standardised approach	67	468	5
23 Operational risk	6,740	6,799	539
UK 23b Of which standardised approach	6,740	6,799	539
24 Memo: Amounts below the thresholds for deduction (subject to 250% risk weight)	2,927	3,205	234
29 Total	80,928	80,254	6,474
Pillar 2A capital requirement ²			2,117
Total capital requirement			8,591

¹ Non-credit obligation assets (IRB approach) predominately relate to other balance sheet assets that have no associated credit risk.

² As at 30 June 2024, the Pillar 2A capital requirement was around 2.6 per cent of risk-weighted assets, of which around 1.5 per cent was to be met with CET1 capital.

Risk-weighted assets have increased by £674 million during the year to £80,928 million at 30 June 2024 (31 December 2023: £80,254 million). This largely reflects:

- Credit Risk: RWAs (including amounts below the thresholds for deduction) increased by £1,291 million, including AIRB RWAs which increased by £1,984 million primarily reflecting growth in lending within UK mortgages, partially offset by the securitisation of legacy mortgages.
- Market Risk: RWAs decreased by £401 million primarily due to foreign exchange exposure falling below the de-minimis levels against which capital is required.

Credit risk

The table below summarises the movements of risk-weighted assets for credit risk exposures under the Internal Ratings Based (IRB) Approach. The table excludes counterparty credit risk exposures, securitisation exposures, other non-credit obligation assets and equity exposures.

CR8: Risk-weighted assets flow statements of credit risk exposures

	Total RWA quarter to 30 Jun 2024	Total RWA YTD 30 Jun 2024
	£m	£m
1 Risk weighted exposure amount as at the end of previous reporting period	65,645	64,448
2 Asset size (+/-)	843	1,562
3 Asset quality (+/-)	552	724
5 Methodology and policy (+/-)	(441)	(133)
6 Acquisitions and disposals (+/-)	(474)	(474)
7 Foreign exchange movements (+/-)	(2)	(4)
9 Risk weighted exposure amount at the end of the reporting period	66,123	66,123

Key movements 31 March 2024 to 30 June 2024

- Asset size movement largely driven by growth in UK Mortgages.
- Asset quality movement predominantly driven by a modest uplift in Retail portfolios.
- Methodology and policy movement primarily driven by optimisation activity, partially offset by further CRD IV model updates in the quarter.
- Acquisitions and Disposals reflect the securitisation of legacy Retail mortgages.

Own funds

CC1: Composition of regulatory own funds

The capital positions presented below reflect the application of the transitional arrangements for IFRS 9.

	30 Jun 2024	31 Dec 2023	
	£m	£m	CC2 reference
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	5,847	5,847	
	5,847	5,847	a
2	4,749	5,389	c
3	3,247	3,249	c
UK-5a	(265)	—	
6	13,578	14,485	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	(41)	(45)	
8	(71)	(703)	d
10	(1,800)	(1,810)	e
11	76	76	
12	(138)	—	
14	(1)	(1)	
15	(34)	(36)	f
19	(70)	—	g
27a	—	—	
28	(2,719)	(2,519)	
29	10,859	11,966	
Additional Tier 1 (AT1) capital: instruments			
30	2,550	2,550	b
31	2,550	2,550	
44	2,550	2,550	
45	13,409	14,516	
Tier 2 (T2) capital: instruments			
46	1,500	1,500	h
50	273	394	
51	1,773	1,894	
Tier 2 (T2) capital: regulatory adjustments			
58	1,773	1,894	
59	15,182	16,410	
60	80,928	80,254	
Capital ratios and buffer			
61	13.4%	14.9%	
62	16.6%	18.1%	
63	18.8%	20.4%	
64	10.5%	10.5%	
65	2.5%	2.5%	
66	2.0%	2.0%	
68	7.4%	8.9%	
Amounts below the thresholds for deduction (before risk weighting)			
73	1,093	1,168	
75	78	114	
Applicable caps on the inclusion of provisions in Tier 2			
78	273	414	
79	403	394	

1 The reported amount for 30 June 2024 through row UK-5a reflects the independently reviewed interim profits of the Bank attributable to ordinary shareholders, net of the foreseeable dividend accrual.

Own funds continued

CC2: Reconciliation of regulatory own funds to balance sheet in the financial statements

The following table presents the Bank's accounting balance sheet as at 30 June 2024 which forms the basis for the calculation of the Bank's regulatory own funds as presented in table CC1. There is no difference between the Bank's accounting and regulatory balance sheets.

		Balance sheet at 30 Jun 2024	
		£m	Reference ¹
Assets			
1	Cash and balances at central banks	2,383	
2	Financial assets at fair value through profit or loss	132	
3	Derivative financial instruments	2,804	
4	Loans and advances to banks	79	
5	Loans and advances to customers	288,283	
6	Debt securities	1,539	
7	Due from fellow Lloyds Bank Group undertakings	24,257	
8	Financial assets at amortised cost	314,158	
9	Investment in subsidiary undertakings	1,288	d, g
10	Goodwill and other intangible assets	325	d
11	Current tax recoverable	1,321	
12	Deferred tax assets ²	1,889	e
13	Retirement benefit assets	48	f
14	Other assets	1,652	
15	Total assets	326,000	
Liabilities			
1	Deposits from banks	122	
2	Customer deposits	163,302	
3	Repurchase agreements at amortised cost	30,393	
4	Due to fellow Lloyds Bank Group undertakings	97,884	
5	Derivative financial instruments	3,951	
6	Notes in circulation	1,766	
7	Debt securities in issue	8,510	
8	Other liabilities	1,505	
9	Current tax liabilities	—	
10	Deferred tax liabilities	—	
11	Other provisions	507	
12	Subordinated liabilities	1,532	h
13	Total liabilities	309,472	
Shareholders' equity			
1	Called up share capital	5,847	
2	of which: share capital	5,847	a
3	Other equity instruments	2,550	b
4	Retained earnings, accumulated other comprehensive income and other reserves ³	8,131	c
5	Total equity excluding non-controlling interests	16,528	
6	Non-controlling interests	—	
7	Total equity	16,528	
8	Total equity and liabilities	326,000	

1 The references (a) to (h) identify regulatory balance sheet components that link initially to items disclosed in table CC1, prior to the application of regulatory definitions and adjustments per the rules for calculating own funds.

2 Deferred tax assets that rely on future profitability may be reduced by associated deferred tax liabilities where the conditions specified in Article 38 of the CRR are met. The resultant net deferred tax asset positions are deducted from CET1 capital, except in the case of deferred tax assets that arise from temporary differences which may be risk weighted instead of deducted from capital for the portion of the balance that does not exceed a threshold limit. Deferred tax assets are also adjusted to reflect the application of the IFRS 9 transitional arrangements.

3 The regulatory definition of eligible items for inclusion in retained earnings differs from the accounting definition. The aggregate of retained earnings and accumulated other comprehensive income and other reserves is comparable on both bases but the allocation between categories differ.

Own funds continued

CCyBI: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

30 Jun 2024														
Breakdown by Country	General credit exposures ^{2,3}		Relevant credit exposures - Market risk ²		Securitisation exposures ³	Own fund requirements - relevant credit exposures								
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book	Total exposure value	Credit risk ^{2,3}	Market risk ²	Securitisation positions in the non-trading book ³	Total	Risk-weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%	
United Kingdom	7,488	332,178	-	-	2,116	341,782	5,611	-	43	5,654	70,675	99.38%	2.00%	
Denmark	-	6	-	-	-	6	-	-	-	-	5	0.01%	2.50%	
France	-	-	-	-	70	70	-	-	3	3	38	0.05%	1.00%	
Germany	-	32	-	-	226	258	3	-	2	5	59	0.08%	0.75%	
Hong Kong	-	2	-	-	-	2	-	-	-	-	1	-	1.00%	
Ireland	-	13	-	-	-	13	1	-	-	1	10	0.01%	1.50%	
Luxembourg	-	70	-	-	-	70	1	-	-	1	16	0.02%	0.50%	
Netherlands	-	-	-	-	65	65	-	-	1	1	6	0.01%	2.00%	
i) Total¹	7,488	332,301	-	-	2,477	342,266	5,616	-	49	5,665	70,810	99.56%		
ii) Total¹	-	-	-	-	-	-	-	-	-	-	-	-		
iii) Rest of the World¹	31	114	-	-	1,369	1,514	6	-	18	24	302	0.44%		
Total	7,519	332,415	-	-	3,846	343,780	5,622	-	67	5,689	71,112	100.00%		

CCyBI: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer continued

31 Dec 2023														
Breakdown by Country	General credit exposures ^{2,3}		Relevant credit exposures - Market risk ²		Securitisation exposures ³	Own fund requirements - relevant credit exposures						Counter-cyclical buffer rate		
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book	Total exposure value	Credit risk ^{2,3}	Market risk ²	Securitisation positions in the non-trading book ³	Total	Risk-weighted exposure amounts		Own fund requirements weights	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%	
United Kingdom	7,765	322,352	—	—	2,346	332,463	5,485	—	51	5,536	69,208	99.91 %	2.00 %	
Denmark	—	6	—	—	—	6	1	—	—	1	7	0.01 %	2.50 %	
France	—	—	—	—	57	57	—	—	3	3	32	0.05 %	0.50 %	
Germany	—	36	—	—	232	268	3	—	2	5	55	0.08 %	0.75 %	
Ireland	—	47	—	—	—	47	4	—	—	4	49	0.07 %	1.00 %	
Luxembourg	—	48	—	—	—	48	3	—	—	3	34	0.05 %	0.50 %	
Netherlands	—	—	—	—	58	58	—	—	—	—	6	0.01 %	1.00 %	
i) Total ¹	7,765	322,489	—	—	2,693	332,947	5,496	—	56	5,552	69,391	99.58 %		
ii) Total ¹	—	—	—	—	—	—	—	—	—	—	—	—		
iii) Rest of the World ¹	2	125	—	—	1,318	1,445	5	—	18	23	297	0.42 %		
Total ¹	7,767	322,614	—	—	4,011	334,392	5,501	—	74	5,575	69,688	100.00 %		

1 The breakdown by country is disclosed on the following basis:

i) those countries for which a countercyclical capital buffer rate has been set and the Bank holds applicable exposures.

ii) those countries for which a countercyclical capital buffer rate has not been set and have an own funds requirement weighting of greater than or equal to one per cent, the threshold having been determined by the Bank in accordance with guidelines on materiality for Pillar 3.

iii) the aggregate of all remaining countries for which a countercyclical buffer rate has not been set and individually have an own funds requirement weighting of less than one per cent.

2 For the purposes of the calculation of the countercyclical capital buffer, general credit risk and trading book exposures exclude exposures to central governments, central banks, regional governments, local authorities, public sector entities, multilateral development banks, international organisations and institutions. In addition, trading book exposures are limited to those that are subject to the own funds requirement for specific risk or incremental default and migration risk.

3 General credit and securitisation exposures include counterparty credit risk and are stated on a post CRM basis.

CCyB2: Amount of institution-specific countercyclical capital buffer

	30 Jun 2024	31 Dec 2023
1 Total risk exposure amount	£80,928m	£80,254m
2 Institution specific countercyclical capital buffer rate	1.99%	1.99%
3 Institution specific countercyclical capital buffer requirement	£1,610m	£1,595m

Leverage

LR2: Leverage ratio common disclosure

		30 Jun 2024	31 Dec 2023
		£m	£m
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral) ¹	322,787	317,839
3	Deductions of receivables assets for cash variation margin provided in derivatives transactions	(141)	(161)
6	Asset amounts deducted in determining tier 1 capital (leverage)	(2,760)	(2,556)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	319,886	315,122
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	97	223
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	228	240
13	Total derivatives exposures	325	463
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	5	5
18	Total securities financing transaction exposures	5	5
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	46,475	40,770
20	Adjustments for conversion to credit equivalent amounts	(38,258)	(33,625)
21	General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures	(71)	(74)
22	Off-balance sheet exposures	8,146	7,071
Excluded exposures			
UK-22a	Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR	(20,969)	(16,005)
UK-22k	Total exempted exposures	(20,969)	(16,005)
Capital and total exposure measure			
23	Tier 1 capital (leverage)	13,409	14,516
24	Total exposure measure including claims on central banks	307,393	306,656
UK-24a	(-) Claims on central banks excluded	(2,383)	(3,009)
UK-24b	Total exposure measure excluding claims on central banks	305,010	303,647
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	4.4%	4.8%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.4%	4.8%
UK-25c	Leverage ratio including claims on central banks (%)	4.4%	4.7%
26	Regulatory minimum leverage ratio requirement (%)	3.25%	3.25%
Additional leverage ratio disclosure requirements - leverage ratio buffers			
27	Leverage ratio buffer (%)	0.7%	0.7%
UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.7%	0.7%
Additional leverage ratio disclosure requirements - disclosure of mean values			
28	Mean of daily values of gross SFT assets (over the quarter), after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable ²	—	—
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables ²	—	—
UK-31	Average total exposure measure including claims on central banks	305,435	305,666
UK-32	Average total exposure measure excluding claims on central banks	303,257	302,695
UK-33	Average leverage ratio including claims on central banks	4.5%	4.5%
UK-34	Average leverage ratio excluding claims on central banks	4.5%	4.6%

1 Includes an adjustment to exclude lending under the UK Government's Bounce Back Loan Scheme (BBLs).

2 Excludes intragroup SFT assets amounting to £5 million, exempted in accordance with point (c) of Article 429a(1) of the CRR.

Leverage continued**LRI: Summary reconciliation of accounting assets and leverage ratio exposures**

		30 Jun 2024	31 Dec 2023
		£m	£m
1	Total assets as per financial statements	326,000	321,109
4	Adjustment for exemption of exposures to central banks	(2,383)	(3,009)
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	(68)	(2)
8	Adjustment for derivative financial instruments	(168)	(223)
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	8,217	7,145
11	Adjustment for items and specific and general provisions which have reduced tier 1 capital (leverage)	(2,831)	(2,630)
UK-11a	Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR	(23,422)	(18,330)
12	Other adjustments ²	(335)	(413)
13	Total exposure measure	305,010	303,647

1 Gross of specific provisions. The amount net of specific provisions at 30 June 2024 is £8,146 million (31 December 2023: £7,071 million).

2 Includes an adjustment to exclude lending under the UK Government's Bounce Back Loan Scheme (BBLs).

LR3: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		30 Jun 2024	31 Dec 2023
		£m	£m
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	301,896	301,913
UK-2	Trading book exposures	—	—
UK-3	Banking book exposures, of which:	301,896	301,913
UK-5	Exposures treated as sovereigns	2,968	3,671
UK-7	Institutions	73	64
UK-8	Secured by mortgages of immovable properties	270,007	267,551
UK-9	Retail exposures	11,406	11,086
UK-10	Corporates	3,538	3,920
UK-11	Exposures in default	3,622	3,400
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	10,282	12,221

Credit risk

The tables in this section reflect FINREP categories and definitions. The reported values for defaulted exposure reflect a definition of default backstop of 90 days.

CRI: Performing and non-performing exposures and related provisions

		30 Jun 2024														
		Gross carrying amount/nominal amount ¹						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions ¹						Collateral and financial guarantees received		
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	On performing exposures	On non-performing exposures
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3				
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
005	Cash balances at central banks and other demand deposits	3,841	3,841	–	–	–	–	–	–	(2)	(2)	–	–	–	–	–
010	Loans and advances	304,147	274,149	29,869	7,300	430	6,870	(775)	(203)	(572)	(971)	(25)	(946)	(62)	268,582	5,976
020	Central banks	1,471	1,471	–	–	–	–	–	–	–	–	–	–	–	–	–
030	General governments	19	5	–	–	–	–	–	–	–	–	–	–	–	4	–
040	Credit institutions	14,988	14,988	–	–	–	–	–	–	–	–	–	–	–	–	–
050	Other financial corporations	4,937	4,933	4	35	–	35	(1)	(1)	–	(35)	–	(35)	–	11	–
060	Non-financial corporations	5,607	4,756	760	449	22	427	(59)	(19)	(40)	(149)	–	(149)	(62)	1,888	125
070	Of which SMEs	2,293	1,946	347	130	22	108	(21)	(7)	(14)	(11)	–	(11)	–	716	58
080	Households	277,125	247,996	29,105	6,816	408	6,408	(715)	(183)	(532)	(787)	(25)	(762)	–	266,679	5,851
090	Debt securities	2,223	2,220	–	1	–	1	(2)	(2)	–	(1)	–	(1)	–	–	–
100	Central banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
110	General governments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
120	Credit institutions	124	124	–	–	–	–	–	–	–	–	–	–	–	–	–
130	Other financial corporations	2,099	2,096	–	–	–	–	(2)	(2)	–	–	–	–	–	–	–
140	Non-financial corporations	–	–	–	1	–	1	–	–	–	(1)	–	(1)	–	–	–
150	Off-balance-sheet exposures	45,921	44,399	1,523	103	53	50	(77)	(39)	(38)	(3)	(3)	–		203	–
160	Central banks	–	–	–	–	–	–	–	–	–	–	–	–		–	–
170	General governments	2	2	–	–	–	–	–	–	–	–	–	–		–	–
180	Credit institutions	18	18	–	–	–	–	–	–	–	–	–	–		–	–
190	Other financial corporations	2,536	2,536	–	–	–	–	–	–	–	–	–	–		–	–
200	Non-financial corporations	1,564	1,416	148	3	2	1	(9)	(4)	(5)	–	–	–		203	–
210	Households	41,801	40,427	1,375	100	51	49	(68)	(35)	(33)	(3)	(3)	–		–	–
220	Total	356,132	324,609	31,392	7,404	483	6,921	(856)	(246)	(610)	(975)	(28)	(947)	(62)	268,785	5,976

Credit risk continued

CRI: Performing and non-performing exposures and related provisions continued

	31 Dec 2023															
	Gross carrying amount/nominal amount ¹						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions ¹						Collateral and financial guarantees received			
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	On performing exposures	On non-performing exposures	
	Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3					
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		
005	Cash balances at central banks and other demand deposits	11,089	11,089	–	–	–	–	–	–	–	–	–	–	–	–	–
010	Loans and advances	292,759	254,194	38,454	7,237	492	6,745	(984)	(301)	(683)	(1,029)	(27)	(1,001)	(62)	265,826	5,850
020	Central banks	1,421	1,421	–	–	–	–	–	–	–	–	–	–	–	–	–
030	General governments	28	12	–	–	–	–	–	–	–	–	–	–	–	12	–
040	Credit institutions	3,825	3,825	–	–	–	–	–	–	–	–	–	–	–	–	–
050	Other financial corporations	6,532	6,527	4	36	–	36	(3)	(3)	–	(36)	–	(36)	–	13	–
060	Non-financial corporations	5,975	4,978	923	460	88	372	(82)	(19)	(63)	(172)	–	(172)	(62)	2,235	104
070	Of which SMEs	2,393	2,003	390	166	36	130	(21)	(7)	(14)	(14)	–	(14)	–	859	64
080	Households	274,978	237,431	37,527	6,741	404	6,337	(899)	(279)	(620)	(821)	(27)	(793)	–	263,566	5,746
090	Debt securities	2,374	2,374	–	1	–	1	(5)	(5)	–	(1)	–	(1)	–	–	–
110	General governments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
120	Credit institutions	97	97	–	–	–	–	–	–	–	–	–	–	–	–	–
130	Other financial corporations	2,277	2,277	–	–	–	–	(5)	(5)	–	–	–	–	–	–	–
140	Non-financial corporations	–	–	–	1	–	1	–	–	–	(1)	–	(1)	–	–	–
150	Off-balance-sheet exposures	39,379	37,521	1,858	108	50	57	(84)	(40)	(44)	(3)	(2)	(1)		311	–
170	General governments	2	2	–	–	–	–	–	–	–	–	–	–		–	–
180	Credit institutions	–	–	–	–	–	–	–	–	–	–	–	–		–	–
190	Other financial corporations	1,663	1,663	–	–	–	–	–	–	–	–	–	–		–	–
200	Non-financial corporations	1,796	1,498	298	2	1	1	(12)	(4)	(8)	(1)	–	(1)		311	–
210	Households	35,918	34,358	1,560	106	49	56	(72)	(36)	(36)	(2)	(2)	–		–	–
220	Total	345,601	305,178	40,312	7,346	542	6,803	(1,078)	(351)	(727)	(1,033)	(29)	(1,003)	(62)	266,137	5,850

¹ Staging analysis will exclude those assets and provisions that can not be allocated to a stage such as those classified as 'purchased or originated credit impaired' (POCI) and those measured at fair value.

Credit risk continued**CRI-A: Maturity of exposures**

		30 Jun 2024					
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
		£m	£m	£m	£m	£m	£m
1	Loans and advances	18,838	7,037	20,589	263,214	23	309,701
2	Debt securities	122	97	1,762	240	—	2,221
3	Total	18,960	7,134	22,351	263,454	23	311,922

		31 Dec 2023					
		£m	£m	£m	£m	£m	£m
1	Loans and advances	7,649	6,456	23,879	259,979	21	297,984
2	Debt securities	93	19	1,986	272	—	2,370
3	Total	7,742	6,475	25,865	260,251	21	300,354

CR2: Changes in the stock of non-performing loans and advances

		Gross carrying amount
		£m
010	Initial stock of non-performing loans and advances at 31 December 2023	7,237
020	Inflows to non-performing portfolios	1,742
030	Outflows from non-performing portfolios	(1,678)
040	Outflows due to write-offs	(238)
050	Outflow due to other situations	(1,440)
060	Final stock of non-performing loans and advances at 30 June 2024	7,301

Credit risk continued

CQ1: Credit quality of forborne exposures

30 Jun 2024									
Gross carrying amount/nominal amount of exposures with forbearance measures					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures		
Non-performing forborne					On performing forborne exposures	On non-performing forborne exposures	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures		
Performing forborne	Of which defaulted		Of which impaired				£m	£m	£m
	£m	£m	£m	£m	£m	£m	£m	£m	£m
010 Loans and advances	884	2,781	2,643	2,643	(24)	(454)	2,821	2,027	
050 Other financial corporations	1	35	35	35	–	(35)	–	–	
060 Non-financial corporations	19	422	401	401	–	(148)	101	97	
070 Households	864	2,324	2,207	2,207	(24)	(271)	2,720	1,930	
080 Debt Securities	–	–	–	–	–	–	–	–	
090 Loan commitments given	50	53	25	25	(1)	(2)	–	–	
100 Total	934	2,834	2,668	2,668	(25)	(456)	2,821	2,027	
31 Dec 2023									
	£m	£m	£m	£m	£m	£m	£m	£m	£m
010 Loans and advances	945	2,704	2,542	2,542	(26)	(481)	2,758	1,919	
050 Other financial corporations	1	36	36	36	–	(36)	–	–	
060 Non-financial corporations	35	428	356	356	–	(171)	81	73	
070 Households	909	2,240	2,150	2,150	(26)	(274)	2,677	1,846	
080 Debt Securities	–	–	–	–	–	–	–	–	
090 Loan commitments given	58	53	26	26	(1)	(2)	–	–	
100 Total	1,003	2,757	2,568	2,568	(27)	(483)	2,758	1,919	

Credit risk continued

CQ4: Quality of non-performing exposures by geography

		30 Jun 2024				
		Gross carrying/nominal amount		Accumulated impairment	Provisions on off- balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non- performing exposures
		Total performing and non- performing	Of which defaulted			
		£m	£m			
010	On-balance-sheet exposures	313,671	6,871	(1,749)		—
040	United Kingdom	313,386	6,870	(1,747)		—
070	Other countries	285	1	(2)		—
080	Off-balance-sheet exposures	46,024	47		(80)	
110	United Kingdom	46,000	47		(80)	
140	Other countries	24	—		—	
150	Total	359,695	6,918	(1,749)	(80)	—

		31 Dec 2023				
		£m	£m	£m	£m	£m
010	On-balance-sheet exposures	302,372	6,745	(2,018)		—
040	United Kingdom	302,051	6,745	(2,013)		—
070	Other countries	321	—	(5)		—
080	Off-balance-sheet exposures	39,487	57		(87)	
110	United Kingdom	39,404	57		(88)	
140	Other countries	83	—		1	
150	Total	341,859	6,802	(2,018)	(87)	—

Credit risk continued

CQ5: Quality of loans and advances to non-financial corporations by industry

		30 Jun 2024			
		Gross carrying amount		Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		£m	Of which defaulted £m	£m	£m
010	Agriculture, forestry and fishing	462	20	(9)	—
020	Mining and quarrying	4	—	—	—
030	Manufacturing	109	2	(1)	—
040	Electricity, gas, steam and air conditioning supply	17	—	—	—
050	Water supply	10	—	—	—
060	Construction	708	160	(110)	—
070	Wholesale and retail trade	435	24	(9)	—
080	Transport and storage	221	2	(6)	—
090	Accommodation and food service activities	472	18	(5)	—
100	Information and communication	82	1	(1)	—
110	Financial and insurance activities				
120	Real estate activities	3,001	161	(54)	—
130	Professional, scientific and technical activities	148	3	(1)	—
140	Administrative and support service activities	66	5	(1)	—
150	Public administration and defence, compulsory social security	—	—	—	—
160	Education	51	1	(1)	—
170	Human health services and social work activities	194	20	(3)	—
180	Arts, entertainment and recreation	41	8	(5)	—
190	Other services	35	2	(2)	—
200	Total	6,056	427	(208)	—

		31 Dec 2023			
		£m	£m	£m	£m
010	Agriculture, forestry and fishing	567	30	(11)	—
020	Mining and quarrying	16	—	(5)	—
030	Manufacturing	147	5	(2)	—
040	Electricity, gas, steam and air conditioning supply	20	—	—	—
050	Water supply	12	—	—	—
060	Construction	729	166	(140)	—
070	Wholesale and retail trade	399	8	(10)	—
080	Transport and storage	329	3	(6)	—
090	Accommodation and food service activities	411	22	(8)	—
100	Information and communication	72	2	(1)	—
110	Financial and insurance activities				
120	Real estate activities	3,102	91	(56)	—
130	Professional, scientific and technical activities	169	4	(1)	—
140	Administrative and support service activities	99	5	(1)	—
150	Public administration and defence, compulsory social security	1	—	—	—
160	Education	46	1	(1)	—
170	Human health services and social work activities	210	20	(4)	—
180	Arts, entertainment and recreation	54	13	(6)	—
190	Other services	52	2	(2)	—
200	Total	6,435	372	(254)	—

Credit risk continued

CR3: CRM techniques – Overview

	30 Jun 2024				
	Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
	£m	£m	£m	£m	£m
Loans and advances	35,144	274,557	274,081	476	–
Debt securities	2,221	–	–	–	–
Total	37,365	274,557	274,081	476	–
Of which non-performing exposures	353	5,976	5,943	33	–
Of which defaulted	219	5,679	–	–	–

	31 Dec 2023				
	£m	£m	£m	£m	£m
	Loans and advances	26,308	271,675	271,077	598
Debt securities	2,369	–	–	–	–
Total	28,677	271,675	271,077	598	–
Of which non-performing exposures	359	5,850	5,811	39	–
Of which defaulted	153	5,563	–	–	–

CR4: Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects

Exposure classes	30 Jun 2024					
	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density ¹	
	On-balance sheet exposures	Off-balance sheet exposures	On-balance sheet exposures	Off-balance sheet exposures	RWAs	RWAs density
	£m	£m	£m	£m	£m	%
1 Central governments or central banks	2,874	–	3,304	1	195	6%
6 Institutions	18,755	45	18,755	9	10	–%
7 Corporates	2,837	948	2,821	175	700	23%
8 Retail	1,556	295	1,217	9	815	66%
9 Secured by mortgages on immovable property	2,690	15	2,689	2	971	36%
10 Exposures in default	392	4	350	–	389	111%
16 Other items	238	–	239	–	200	84%
17 Total	29,342	1,307	29,375	196	3,280	11%

Exposure classes	31 Dec 2023					
	£m	£m	£m	£m	£m	%
1 Central governments or central banks	3,512	–	4,041	–	285	7%
6 Institutions	13,322	30	13,323	6	5	–%
7 Corporates	2,951	884	2,929	160	751	24%
8 Retail	1,641	331	1,221	11	815	66%
9 Secured by mortgages on immovable property	2,847	13	2,846	1	1,025	36%
10 Exposures in default	393	5	345	–	386	112%
16 Other items	238	–	238	–	190	80%
17 Total	24,904	1,263	24,943	178	3,457	14%

1. Risk-weighted assets and density reported in this table are disclosed after application of supporting factors.

Credit risk continued

CR7-A IRB - Disclosure of the extent of the use of CRM techniques

30 Jun 2024

		Credit risk mitigation techniques										Credit risk mitigation methods in the calculation of RWAs	
		Funded Credit Protection (FCP)							Unfunded Credit Protection (UFCP) ²				
		Part of exposures covered by financial collaterals	Part of exposures covered by other eligible collaterals ¹	Part of exposures covered by immovable property collaterals ¹	Part of exposures covered by receivables	Part of exposures covered by other physical collateral	Part of exposures covered by other funded credit protection	Part of exposures covered by cash on deposit	Part of exposures covered by life insurance policies	Part of exposures covered by instruments held by a third party	Part of exposures covered by guarantees	Part of exposures covered by credit derivatives	RWA with substitution effects (both reduction and substitution effects)
A-IRB	Total exposure at default £m	%	%	%	%	%	%	%	%	%	%	%	£m
4	Retail	326,846	-	91.65%	91.65%	-	-	-	-	-	-	-	63,940
4.1	Of which Retail – Immovable property SMEs	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Of which Retail – Immovable property non-SMEs	299,866	-	99.90%	99.90%	-	-	-	-	-	-	-	51,865
4.3	Of which Retail – Qualifying revolving	22,640	-	-	-	-	-	-	-	-	-	-	7,037
4.4	Of which Retail – Other SMEs	-	-	-	-	-	-	-	-	-	-	-	-
4.5	Of which Retail – Other non-SMEs	4,340	-	-	-	-	-	-	-	-	-	-	5,038
5	Total	326,846	-	91.65%	91.65%	-	-	-	-	-	-	-	63,940
F-IRB													
1	Central governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-
2	Institutions	78	17.56%	-	-	-	-	-	-	-	-	-	18
3	Corporates	3,542	9.01%	25.60%	25.58%	0.02%	-	-	-	-	1.36%	-	2,165
3.1	Of which Corporates – SMEs	589	2.80%	37.11%	37.04%	0.07%	-	-	-	-	4.61%	-	335
3.2	Of which Corporates – Specialised lending ³	1,211	-	-	-	-	-	-	-	-	-	-	801
3.3	Of which Corporates – Other	1,742	17.36%	39.50%	39.49%	0.01%	-	-	-	-	1.20%	-	1,030
4	Total	3,620	9.19%	25.05%	25.03%	0.02%	-	-	-	-	1.33%	-	2,183

CR7-A IRB - Disclosure of the extent of the use of CRM techniques continued

31 Dec 2023

	Total exposure at default £m	Credit risk mitigation techniques										Credit risk mitigation methods in the calculation of RWAs		
		Funded Credit Protection (FCP)											Unfunded Credit Protection (UFCP)	
		Part of exposures covered by financial collaterals %	Part of exposures covered by other eligible collaterals %	Part of exposures covered by immovable property collaterals %	Part of exposures covered by receivables %	Part of exposures covered by other physical collateral %	Part of exposures covered by other funded credit protection %	Part of exposures covered by cash on deposit %	Part of exposures covered by life insurance policies %	Part of exposures covered by instruments held by a third party %	Part of exposures covered by guarantees %			Part of exposures covered by credit derivatives %
A-IRB														
4 Retail	316,886	-	91.84%	91.84%	-	-	-	-	-	-	-	-	-	61,956
Of which Retail – Immovable property SMEs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which Retail – Immovable property non-SMEs	291,326	-	99.90%	99.90%	-	-	-	-	-	-	-	-	-	50,103
4.3 Of which Retail – Qualifying revolving	21,369	-	-	-	-	-	-	-	-	-	-	-	-	6,952
4.4 Of which Retail – Other SMEs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.5 Of which Retail – Other non-SMEs	4,192	-	-	-	-	-	-	-	-	-	-	-	-	4,901
5 Total	316,886	-	91.84%	91.84%	-	-	-	-	-	-	-	-	-	61,956
F-IRB														
1 Central governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 Institutions	58	36.86%	-	-	-	-	-	-	-	-	-	-	-	11
3 Corporates	3,852	10.20%	29.73%	29.04%	0.69%	-	-	-	-	-	1.35%	-	-	2,481
3.1 Of which Corporates – SMEs	606	5.00%	34.59%	34.59%	-	-	-	-	-	-	5.97%	-	-	365
Of which Corporates – Specialised lending ³	1,260	-	-	-	-	-	-	-	-	-	-	-	-	929
3.3 Of which Corporates – Other	1,986	18.26%	47.10%	45.77%	1.33%	-	-	-	-	-	0.80%	-	-	1,186
4 Total	3,910	10.60%	29.29%	28.61%	0.68%	-	-	-	-	-	1.33%	-	-	2,492

1. For AIRB the value of eligible collateral has been capped at individual exposure amount. The percentage immovable property collateral for Retail immovable property non-SMEs without capping collateral is 242 per cent. For FIRB, the amount is capped at the value used in determining the LGD.

2. For AIRB, the unfunded credit protection includes only cases where unfunded credit protection is taken into account in own estimates of LGD. For FIRB, it relates to unfunded credit protection which has substitution effect.

3. 100% of the exposures disclosed in the 'Of which Corporates – Specialised lending' row, use the Slotting approach.

Credit risk continued

CR10.1: IRB – Specialised lending – Project Finance (Slotting approach)

		30 Jun 2024					
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
1) Strong	Less than 2.5 years	6	7	50%	7	4	–
	Equal to or more than 2.5 years	146	24	70%	164	115	1
2) Good	Less than 2.5 years	3	–	70%	3	2	–
	Equal to or more than 2.5 years	9	6	90%	15	13	–
3) Satisfactory	Less than 2.5 years	–	–	115%	–	–	–
	Equal to or more than 2.5 years	45	9	115%	52	60	1
4) Weak	Less than 2.5 years	–	–	250%	–	–	–
	Equal to or more than 2.5 years	–	7	250%	5	13	–
5) Default	Less than 2.5 years	59	–		59	–	29
	Equal to or more than 2.5 years	2	2		3	–	2
Total	Less than 2.5 years	68	7		69	6	29
	Equal to or more than 2.5 years	202	48		239	201	4

		31 Dec 2023					
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
1) Strong	Less than 2.5 years	6	7	50%	9	5	–
	Equal to or more than 2.5 years	144	24	70%	162	113	1
2) Good	Less than 2.5 years	4	–	70%	4	2	–
	Equal to or more than 2.5 years	31	11	90%	40	36	–
3) Satisfactory	Less than 2.5 years	–	–	115%	–	–	–
	Equal to or more than 2.5 years	27	5	115%	31	36	1
4) Weak	Less than 2.5 years	–	–	250%	–	–	–
	Equal to or more than 2.5 years	–	10	250%	8	20	1
5) Default	Less than 2.5 years	58	–		58	–	29
	Equal to or more than 2.5 years	2	1		2	–	1
Total	Less than 2.5 years	68	7		71	7	29
	Equal to or more than 2.5 years	204	51		243	205	4

Credit risk continued

CR10.2: IRB – Specialised lending – Income-producing real estate and high volatility commercial real estate (Slotting approach)

		30 Jun 2024					
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
1) Strong	Less than 2.5 years	165	7	50%	169	84	–
	Equal to or more than 2.5 years	147	34	70%	172	118	1
2) Good	Less than 2.5 years	184	15	70%	195	136	1
	Equal to or more than 2.5 years	156	10	90%	162	145	1
3) Satisfactory	Less than 2.5 years	16	–	115%	15	18	–
	Equal to or more than 2.5 years	58	1	115%	59	68	2
4) Weak	Less than 2.5 years	6	–	250%	6	15	1
	Equal to or more than 2.5 years	4	–	250%	4	10	–
5) Default	Less than 2.5 years	116	1		117	–	58
	Equal to or more than 2.5 years	3	–		3	–	1
Total	Less than 2.5 years	487	23		502	253	60
	Equal to or more than 2.5 years	368	45		400	341	5

		31 Dec 2023					
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
1) Strong	Less than 2.5 years	169	8	50%	173	86	–
	Equal to or more than 2.5 years	127	9	70%	131	89	–
2) Good	Less than 2.5 years	223	21	70%	238	167	1
	Equal to or more than 2.5 years	190	4	90%	192	172	2
3) Satisfactory	Less than 2.5 years	93	7	115%	99	114	3
	Equal to or more than 2.5 years	66	1	115%	66	76	2
4) Weak	Less than 2.5 years	2	–	250%	2	4	–
	Equal to or more than 2.5 years	3	–	250%	3	9	–
5) Default	Less than 2.5 years	39	–		39	–	19
	Equal to or more than 2.5 years	2	–		2	–	1
Total	Less than 2.5 years	526	36		551	371	23
	Equal to or more than 2.5 years	388	14		394	346	5

Forward-looking statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and section 27A of the US Securities Act of 1933, as amended, with respect to the business, strategy, plans and/or results of Bank of Scotland plc together with its subsidiaries (the Group) and its current goals and expectations. Statements that are not historical or current facts, including statements about the Group's or its directors' and/or management's beliefs and expectations, are forward-looking statements. Words such as, without limitation, 'believes', 'achieves', 'anticipates', 'estimates', 'expects', 'targets', 'should', 'intends', 'aims', 'projects', 'plans', 'potential', 'will', 'would', 'could', 'considered', 'likely', 'may', 'seek', 'estimate', 'probability', 'goal', 'objective', 'deliver', 'endeavour', 'prospects', 'optimistic' and similar expressions or variations on these expressions are intended to identify forward-looking statements. These statements concern or may affect future matters, including but not limited to: projections or expectations of the Group's future financial position, including profit attributable to shareholders, provisions, economic profit, dividends, capital structure, portfolios, net interest margin, capital ratios, liquidity, risk-weighted assets (RWAs), expenditures or any other financial items or ratios; litigation, regulatory and governmental investigations; the Group's future financial performance; the level and extent of future impairments and write-downs; the Group's ESG targets and/or commitments; statements of plans, objectives or goals of the Group or its management and other statements that are not historical fact and statements of assumptions underlying such statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future. Factors that could cause actual business, strategy, targets, plans and/or results (including but not limited to the payment of dividends) to differ materially from forward-looking statements include, but are not limited to: general economic and business conditions in the UK and internationally; acts of hostility or terrorism and responses to those acts, or other such events; geopolitical unpredictability; the war between Russia and Ukraine; the conflicts in the Middle East; the tensions between China and Taiwan; political instability including as a result of any UK general election; market related risks, trends and developments; changes in client and consumer behaviour and demand; exposure to counterparty risk; the ability to access sufficient sources of capital, liquidity and funding when required; changes to the Group's credit ratings; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; volatility in credit markets; volatility in the price of the Group's securities; tightening of monetary policy in jurisdictions in which the Group operates; natural pandemic and other disasters; risks concerning borrower and counterparty credit quality; risks defined benefit pension schemes; changes in laws, regulations, practices and accounting standards or taxation; changes to regulatory capital or liquidity requirements and similar contingencies; the policies and actions of governmental or regulatory authorities or courts together with any resulting impact on the future structure of the Group; risks associated with the Group's compliance with a wide range of laws and regulations; assessment related to resolution planning requirements; risks related to regulatory actions which may be taken in the event of a bank or Group failure; exposure to legal, regulatory or competition proceedings, investigations or complaints; failure to comply with anti-money laundering, counter terrorist financing, anti-bribery and sanctions regulations; failure to prevent or detect any illegal or improper activities; operational risks including risks as a result of the failure of third party suppliers; conduct risk; technological changes and risks to the security of IT and operational infrastructure, systems, data and information resulting from increased threat of cyber and other attacks; technological failure; inadequate or failed internal or external processes or systems; risks relating to ESG matters, such as climate change (and achieving climate change ambitions) and decarbonisation, including the Group's ability along with the government and other stakeholders to measure, manage and mitigate the impacts of climate change effectively, and human rights issues; the impact of competitive conditions; failure to attract, retain and develop high calibre talent; the ability to achieve strategic objectives; the ability to derive cost savings and other benefits including, but without limitation, as a result of any acquisitions, disposals and other strategic transactions; inability to capture accurately the expected value from acquisitions; assumptions and estimates that form the basis of the Group's financial statements; and potential changes in dividend policy. A number of these influences and factors are beyond the control of the Group or any of the Group's immediate or ultimate parent entities (if applicable). Please refer to the latest Annual Report on Form 20-F filed by Lloyds Bank plc with the US Securities and Exchange Commission (the SEC), which is available on the SEC's website at www.sec.gov, for a discussion of certain factors and risks. Lloyds Banking Group plc may also make or disclose written and/or oral forward-looking statements in other written materials and in oral statements made by the directors, officers or employees of Lloyds Banking Group plc to third parties, including financial analysts. 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