

Bank of Scotland plc

2025 Half-Year

Pillar 3 Disclosures

18 August 2025

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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 2025 and should be read in conjunction with the Bank of Scotland plc 2025 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	Threshold for disclosure not met
CQ2	Quality of forbearance	Threshold for disclosure not met
CQ6	Collateral valuation – loans and advances	Threshold for disclosure not met
CQ7	Collateral obtained by taking possession and execution processes	No collateral taken into possession is recognised on the balance sheet
CQ8	Collateral obtained by taking possession and execution processes – vintage breakdown	No collateral taken into possession is recognised on the balance sheet and threshold for disclosure is not met
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
MR2-B	RWA flow statements of market risk exposures under the IMA	Not applicable to the Bank
LIQ1	Liquidity coverage ratio (LCR)	Liquidity is managed at a DoLSub level, refer to the Lloyds Bank plc 2025 Half-Year Pillar 3 Disclosures for further information.
LIQ2	Net stable funding ratio	
LIQB	Qualitative information on LCR	

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 2025 Half-Year Pillar 3 Disclosures can be found on the Lloyds Banking Group plc website.

IRB Disclosures

Changes to the regulations applicable to internal ratings based (IRB) models were implemented by the PRA on 1 January 2022. The Bank's models to meet these requirements remain subject to further development and final approval by the PRA. As directed by PRA Supervisory Statement SS 11/13, the Bank has applied temporary model adjustments to risk-weighted asset and expected loss amounts reflecting the new modelling requirements.

Under the revised IRB regulations, Residential Mortgage exposures are subject to a 90 day default backstop. The Bank's incumbent (pre CRD IV) UK Mortgage models at the reporting date use a 180 day default backstop. However, the reported risk-weighted assets and expected loss amounts include the impact of significant temporary model adjustments which reflect 90 day default backstop and other new modelling requirements. Less material definitional differences also exist for other IRB asset classes where similar temporary model adjustments have been applied.

Standardised approach exposures already use a 90 day default backstop and this is reflected in table CR4. Tables CQ1, CQ4 and CQ5 are based on accounting definitions, and therefore also use the current 90 days past due definition.

KEY METRICS AND OVERVIEW OF RISK WEIGHTED EXPOSURE AMOUNTS

KM1: Key metrics¹

KM1	LR2		30 Jun 2025	31 Dec 2024	30 Jun 2024
Ref	Ref	Available own funds (amounts)			
1		Common Equity Tier 1 (CET1) capital (£m)	10,855	11,028	10,859
2		Tier 1 capital (£m)	13,455	13,628	13,409
3		Total capital (£m)	15,121	15,402	15,182
		Risk-weighted exposure amounts			
4		Total risk-weighted exposure amount (£m)	81,830	81,493	80,928
		Capital ratios (as a percentage of risk-weighted exposure amount)			
5		Common Equity Tier 1 ratio (%)	13.3%	13.5%	13.4%
6		Tier 1 ratio (%)	16.4%	16.7%	16.6%
7		Total capital ratio (%)	18.5%	18.9%	18.8%
		Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)			
UK 7a		Additional CET1 SREP requirements (%)	1.1%	1.1%	1.5%
UK 7b		Additional AT1 SREP requirements (%)	0.4%	0.4%	0.5%
UK 7c		Additional T2 SREP requirements (%)	0.5%	0.5%	0.6%
UK 7d		Total SREP own funds requirements (%)	10.0%	10.0%	10.6%
		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%	2.0%
11		Combined buffer requirement (%)	4.5%	4.5%	4.5%
UK 11a		Overall capital requirements (%)	14.5%	14.5%	15.1%
12		CET1 available after meeting minimum SREP own funds requirements (%) ²	7.6%	7.9%	7.4%
		Leverage ratio			
13	UK-24b	Total exposure measure excluding claims on central banks (£m)	315,906	310,190	305,010
14	25	Leverage ratio excluding claims on central banks (%)	4.3%	4.4%	4.4%
		Additional leverage ratio disclosure requirements			
UK 14a	UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.3%	4.4%	4.4%
UK 14b	UK-25c	Leverage ratio including claims on central banks (%)	4.2%	4.4%	4.4%
UK 14c	UK-34	Average leverage ratio excluding claims on central banks (%) ³	4.4%	4.4%	4.5%
UK 14d	UK-33	Average leverage ratio including claims on central banks (%) ³	4.3%	4.4%	4.5%
	UK-31	Average total exposure measure including claims on central banks ³	317,263	313,040	305,435
	UK-32	Average total exposure measure excluding claims on central banks ³	314,549	310,277	303,257
	27	Leverage ratio buffer (%) ⁴	0.7%	0.7%	0.7%
UK 14e	UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.7%	0.7%	0.7%

¹ Includes extracts of LR2 (Leverage ratio common disclosure) that are required to be disclosed on a quarterly basis.

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% (Pillar 1) plus the additional CET1 SREP requirement (56.25% 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.

⁴ The additional leverage ratio buffer (ALRB) does not apply for the Bank.

Common Equity Tier 1

The Bank's common equity tier 1 (CET1) capital ratio reduced from 13.5% at 31 December 2024 to 13.3% at 30 June 2025. The profits for the period were more than offset by the accrual for the foreseeable ordinary dividend and an increase in risk-weighted assets.

Total Capital

The total capital ratio decreased to 18.5% (31 December 2024: 18.9%) reflecting the increase in risk-weighted assets and the reduction in total capital, including the reduction in eligible provisions recognised through tier 2.

Risk-Weighted Assets

Risk-weighted assets increased by £337 million from £81,493 million at 31 December 2024 to £81,830 million at 30 June 2025, largely reflecting impact of lending growth.

Leverage

The Bank's UK leverage ratio of 4.3% at 30 June 2025 has decreased from 4.4% at 31 December 2024, reflecting the reduction in total tier 1 capital and an increase in the exposure measure. The increase in the leverage exposure measure reflects lending growth in the balance sheet.

KEY METRICS AND OVERVIEW OF RISK WEIGHTED EXPOSURE AMOUNTS (Continued)

OV1: Overview of risk weighted exposure amounts

		Total RWA		Total own funds requirements
		30 Jun 2025	31 Dec 2024	30 Jun 2025
		£m	£m	£m
1	Credit risk (excluding CCR)	75,045	74,629	6,222
2	Of which the standardised approach	3,099	3,136	248
3	Of which the foundation IRB (FIRB) approach	1,458	1,446	117
4	Of which slotting approach	616	713	49
UK 4a	Of which equities under the simple risk weighted approach	2,730	2,770	437
5	Of which the advanced IRB (AIRB) approach	66,148	65,594	5,292
	Of which: non-credit obligation assets ¹	994	970	79
6	Counterparty credit risk (CCR)	209	187	17
7	Of which the standardised approach	139	136	11
UK 8b	Of which credit valuation adjustment (CVA)	70	51	6
16	Securitisation exposures in the non-trading book (after the cap)	612	707	48
17	Of which SEC-IRBA approach	200	298	15
18	Of which SEC-ERBA approach (including IAA)	412	409	33
20	Position, foreign exchange and commodities risks (Market risk)	55	61	4
21	Of which the standardised approach	55	61	4
23	Operational risk	5,909	5,909	473
UK 23b	Of which standardised approach	5,909	5,909	473
24	Memo: Amounts below the thresholds for deduction (subject to 250% risk weight)	2,780	2,926	222
29	Total	81,830	81,493	6,764
	Pillar 2A capital requirement ²			1,638
	Total capital requirement			8,402

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

² As at 30 June 2025, the Pillar 2A capital requirement was around 2.0% of risk-weighted assets, of which around 1.1% was to be met with CET1 capital.

Risk-weighted assets increased by £337 million from £81,493 million at 31 December 2024 to £81,830 million at 30 June 2025. This largely reflected:

Credit Risk: RWAs increased by £416 million to £75,045 million, including AIRB RWAs which increased by £554 million, predominantly reflecting Retail lending growth.

KEY METRICS AND OVERVIEW OF RISK WEIGHTED EXPOSURE AMOUNTS (Continued)**CR8: RWA flow statements of credit risk exposures under the IRB approach**

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.

	Total RWA quarter to 30 Jun 2025	Total RWA YTD 30 Jun 2025
	£m	£m
1 Risk weighted exposure amount as at the end of previous reporting period	68,039	67,753
2 Asset size (+/-)	399	1,065
3 Asset quality (+/-)	306	(75)
4 Model updates (+/-)	–	–
5 Methodology and policy (+/-)	(524)	(524)
6 Acquisitions and disposals (+/-)	–	–
7 Foreign exchange movements (+/-)	2	3
9 Risk weighted exposure amount at the end of the reporting period	68,222	68,222

Key movements 31 March 2025 to 30 June 2025:

- Asset size increase largely driven by Retail Secured lending growth.
- Asset quality increase mainly driven by a small change in risk mix within the Retail Secured portfolio.
- Methodology and policy decrease driven by optimisation activity and refinements to CRD IV model outcomes for Retail Unsecured.

OWN FUNDS

CC1: Composition of regulatory own funds

	30 Jun 2025 £m	31 Dec 2024 £m	CC2 reference
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1 Capital instruments and the related share premium accounts	5,847	5,847	
of which: called up share capital	5,847	5,847	a
2 Retained earnings	4,747	4,987	c
3 Accumulated other comprehensive income (and other reserves)	3,232	3,253	c
UK-5a Independently reviewed interim profits net of any foreseeable charge or dividend ¹	(162)	(250)	
of which: foreseeable dividend	(400)	(250)	
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	13,664	13,837	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7 Additional value adjustments	(40)	(39)	
8 Intangible assets (net of related tax liability)	(675)	(709)	d
10 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met)	(1,791)	(1,812)	e
11 Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	89	78	
12 Negative amounts resulting from the calculation of expected loss amounts	(293)	(238)	
14 Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(1)	(1)	
15 Defined-benefit pension fund assets	(32)	(38)	f
19 Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	(66)	(50)	g
28 Total regulatory adjustments to Common Equity Tier 1 (CET1)	(2,809)	(2,809)	
29 Common Equity Tier 1 (CET1) capital	10,855	11,028	
Additional Tier 1 (AT1) capital: instruments			
30 Capital instruments and the related share premium accounts	2,600	2,600	b
31 of which: classified as equity under applicable accounting standards	2,600	2,600	
44 Additional Tier 1 (AT1) capital	2,600	2,600	
45 Tier 1 capital (T1 = CET1 + AT1)	13,455	13,628	
Tier 2 (T2) capital: instruments			
46 Capital instruments and the related share premium accounts	1,500	1,500	h
50 Credit risk adjustments	166	274	
51 Tier 2 (T2) capital before regulatory adjustments	1,666	1,774	
Tier 2 (T2) capital: regulatory adjustments			
58 Tier 2 (T2) capital	1,666	1,774	
59 Total capital (TC = T1 + T2)	15,121	15,402	
60 Total risk exposure amount	81,830	81,493	
Capital ratios and buffer			
61 Common Equity Tier 1 (as a percentage of total risk exposure amount)	13.3%	13.5%	
62 Tier 1 (as a percentage of total risk exposure amount)	16.4%	16.7%	
63 Total capital (as a percentage of total risk exposure amount)	18.5%	18.9%	
Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	10.1%	10.1%	
64 of which: capital conservation buffer requirement	2.5%	2.5%	
66 of which: countercyclical buffer requirement	2.0%	2.0%	
68 Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	7.6%	7.9%	
Amounts below the thresholds for deduction (before risk weighting)			
73 Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	1,092	1,108	
75 Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	20	63	
Applicable caps on the inclusion of provisions in Tier 2			
78 Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	166	274	
79 Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	416	413	

¹ The reported amount for 30 June 2025 through row UK-5a reflects the independently reviewed interim profits of the Bank attributable to ordinary shareholders, net of the foreseeable dividend accrual. The reported amount for 31 December 2024 reflects the year end foreseeable dividend accrual only as the externally audited profits for the year to 31 December 2024 are included in row 2 (Retained earnings).

OWN FUNDS (Continued)**CC2: Reconciliation of regulatory own funds to the balance sheet in the financial statements**

The following table presents the Bank's accounting balance sheet as at 30 June 2025 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 25	Reference ¹
	£m	
Assets		
1 Cash and balances at central banks	2,689	
2 Financial assets at fair value through profit or loss	119	
3 Derivative financial instruments	2,338	
4 Loans and advances to banks	112	
5 Loans and advances to customers	301,358	
6 Debt securities	1,204	
7 Due from fellow Lloyds Bank Group undertakings	21,592	
8 Financial assets at amortised cost	324,266	
9 Investment in subsidiary undertakings	1,284	d, g
10 Goodwill and other intangible assets	325	d
11 Current tax recoverable	285	
12 Deferred tax assets ²	1,831	e
13 Retirement benefit assets	45	f
14 Other assets	1,559	
15 Total assets	334,741	
Liabilities		
1 Deposits from banks	103	
2 Customer deposits	167,633	
3 Repurchase agreements at amortised cost	23,157	
4 Due to fellow Lloyds Bank Group undertakings	110,354	
5 Derivative financial instruments	3,534	
6 Notes in circulation	2,119	
7 Debt securities in issue	7,907	
8 Other liabilities	1,324	
11 Other provisions	414	
12 Subordinated liabilities	1,532	h
13 Total liabilities	318,077	
Shareholders' equity		
1 Called up share capital	5,847	
2 of which: share capital	5,847	a
3 Other equity instruments	2,600	b
4 Retained earnings, accumulated other comprehensive income and other reserves	8,217	c
5 Total equity excluding non-controlling interests	16,664	
6 Non-controlling interests	—	
7 Total equity	16,664	
8 Total equity and liabilities	334,741	

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.

OWN FUNDS (Continued)

CCyB1: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

30 Jun 2025													
	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
Breakdown by Country	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%
United Kingdom	7,198	345,967	–	–	1,617	354,782	5,778	–	26	5,804	72,552	99.46 %	2.00 %
Denmark	–	6	–	–	–	6	–	–	–	–	5	0.01 %	2.50 %
France	–	–	–	–	61	61	–	–	3	3	34	0.05 %	1.00 %
Germany	–	32	–	–	229	261	3	–	2	5	60	0.08 %	0.75 %
Hong Kong	–	2	–	–	–	2	–	–	–	–	1	0.00 %	0.50 %
Ireland	–	7	–	–	–	7	–	–	–	–	5	0.01 %	1.50 %
Luxembourg	–	46	–	–	–	46	–	–	–	–	–	0.00 %	0.50 %
Netherlands	–	–	–	–	66	66	–	–	1	1	7	0.01 %	2.00 %
i) Total¹	7,198	346,060	–	–	1,973	355,231	5,781	–	32	5,813	72,664	99.62 %	
ii) Total¹	–	–	–	–	–	–	–	–	–	–	–	–	
iii) Rest of the World¹	53	64	–	–	1,284	1,401	6	–	17	23	285	0.38 %	
Total	7,251	346,124	–	–	3,257	356,632	5,787	–	49	5,836	72,949	100.00 %	

CCyB1: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer continued

31 Dec 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 £m	Exposure value under the IRB approach £m	Sum of long and short positions of trading book exposures for SA £m	Value of trading book exposures for internal models £m	Exposure value for non-trading book £m	Total exposure value £m	Credit risk ^{2,3} £m	Market risk ² £m	Securitisation positions in the non-trading book ³ £m	Total £m	Risk-weighted exposure amounts £m	Own fund requirements weights %	Countercyclical buffer rate %
United Kingdom	7,251	337,279	—	—	1,844	346,374	5,734	—	32	5,766	72,071	99.42 %	2.00 %
Denmark	—	6	—	—	—	6	—	—	—	—	5	0.01 %	2.50 %
France	—	—	—	—	59	59	—	—	3	3	31	0.04 %	1.00 %
Germany	—	32	—	—	222	254	3	—	2	5	59	0.08 %	0.75 %
Hong Kong	—	2	—	—	—	2	—	—	—	—	1	— %	0.50 %
Ireland	—	12	—	—	—	12	1	—	—	1	9	0.01 %	1.50 %
Luxembourg	—	47	—	—	—	47	—	—	—	—	—	— %	0.50 %
Netherlands	—	—	—	—	63	63	—	—	1	1	6	0.01 %	2.00 %
i) Total ⁱ	7,251	337,378	—	—	2,188	346,817	5,738	—	38	5,776	72,182	99.57 %	
ii) Total ⁱ	—	—	—	—	—	—	—	—	—	—	—	—	
iii) Rest of the World ⁱ	32	105	—	—	1,388	1,525	5	—	18	23	310	0.43 %	
Total ⁱ	7,283	337,483	—	—	3,576	348,342	5,743	—	56	5,799	72,492	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 2025	31 Dec 2024
1 Total risk exposure amount	£81,830m	£81,493m
2 Institution specific countercyclical capital buffer rate	1.99%	1.99%
3 Institution specific countercyclical capital buffer requirement	£1,629m	£1,622m

LEVERAGE

LR2: Leverage ratio common disclosure

		30 Jun 2025	31 Dec 2024
		£m	£m
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral) ¹	332,194	324,262
3	Deductions of receivables assets for cash variation margin provided in derivatives transactions	(72)	(121)
6	Asset amounts deducted in determining tier 1 capital (leverage)	(2,865)	(2,854)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	329,257	321,287
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	110	115
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	395	220
11	Adjusted effective notional amount of written credit derivatives	100	49
12	Adjusted effective notional offsets and add-on deductions for written credit derivatives	(100)	(49)
13	Total derivatives exposures	505	335
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	46,817	44,495
20	Adjustments for conversion to credit equivalent amounts	(38,355)	(36,554)
21	General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures	(66)	(70)
22	Off-balance sheet exposures	8,396	7,871
Excluded exposures			
UK-22a	Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR	(19,568)	(16,455)
UK-22k	Total exempted exposures	(19,568)	(16,455)
Capital and total exposure measure			
23	Tier 1 capital (leverage)	13,455	13,628
24	Total exposure measure including claims on central banks	318,595	313,043
UK-24a	(-) Claims on central banks excluded	(2,689)	(2,853)
UK-24b	Total exposure measure excluding claims on central banks	315,906	310,190
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	4.3%	4.4%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.3%	4.4%
UK-25c	Leverage ratio including claims on central banks (%)	4.2%	4.4%
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	317,263	313,040
UK-32	Average total exposure measure excluding claims on central banks	314,549	310,277
UK-33	Average leverage ratio including claims on central banks	4.3%	4.4%
UK-34	Average leverage ratio excluding claims on central banks	4.4%	4.4%

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)**LR1: Summary reconciliation of accounting assets and leverage ratio exposures**

		30 Jun 2025	31 Dec 2024
		£m	£m
1	Total assets as per financial statements	334,741	327,868
4	Adjustment for exemption of exposures to central banks	(2,689)	(2,853)
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	—	1
8	Adjustment for derivative financial instruments	91	(247)
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures) ¹	8,462	7,941
11	Adjustment for items and specific and general provisions which have reduced tier 1 capital (leverage)	(2,931)	(2,924)
UK-11a	Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR	(21,564)	(19,331)
12	Other adjustments ²	(204)	(265)
13	Total exposure measure	315,906	310,190

¹ Gross of specific provisions. The amount net of specific provisions at 30 June 2025 is £8,396 million (31 December 2024: £7,871 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 2025	31 Dec 2024
		£m	£m
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	312,893	307,886
UK-2	Trading book exposures	—	—
UK-3	Banking book exposures, of which:	312,893	307,886
UK-5	Exposures treated as sovereigns	2,001	3,232
UK-7	Institutions	28	56
UK-8	Secured by mortgages of immovable properties	283,332	276,753
UK-9	Retail exposures	11,355	11,343
UK-10	Corporates	3,572	3,773
UK-11	Exposures in default	3,061	3,284
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	9,544	9,445

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.

CR1: Performing and non-performing exposures and related provisions

		30 Jun 2025														
		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	5,092	5,092	—	—	—	—	—	—	—	—	—	—	—	—	—
010	Loans and advances	314,415	284,061	30,237	5,967	388	5,579	(589)	(163)	(426)	(705)	(23)	(682)	(147)	282,648	4,961
020	Central banks	1,656	1,656	—	—	—	—	—	—	—	—	—	—	—	—	—
030	General governments	17	3	—	—	—	—	—	—	—	—	—	—	—	3	—
040	Credit institutions	12,232	12,232	—	—	—	—	—	—	—	—	—	—	—	—	—
050	Other financial corporations	3,798	3,797	1	11	—	11	—	—	—	(10)	—	(10)	—	4	—
060	Non-financial corporations	4,978	4,403	496	268	62	206	(53)	(16)	(37)	(59)	—	(59)	(147)	1,659	61
070	Of which SMEs	2,022	1,866	156	141	51	90	(17)	(6)	(11)	(11)	—	(11)	—	479	18
080	Households	291,734	261,970	29,740	5,688	326	5,362	(536)	(147)	(389)	(636)	(23)	(613)	—	280,982	4,900
090	Debt securities	1,861	1,859	—	1	—	1	—	—	—	(1)	—	(1)	—	—	—
110	General governments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
120	Credit institutions	133	133	—	—	—	—	—	—	—	—	—	—	—	—	—
130	Other financial corporations	1,728	1,726	—	—	—	—	—	—	—	—	—	—	—	—	—
140	Non-financial corporations	—	—	—	1	—	1	—	—	—	(1)	—	(1)	—	—	—
150	Off-balance-sheet exposures	46,768	45,089	1,679	74	54	20	(66)	(34)	(32)	(3)	(3)	—		140	—
170	General governments	2	2	—	—	—	—	—	—	—	—	—	—		—	—
180	Credit institutions	15	15	—	—	—	—	—	—	—	—	—	—		—	—
190	Other financial corporations	2,565	2,565	—	—	—	—	—	—	—	—	—	—		—	—
200	Non-financial corporations	1,747	1,578	169	5	5	—	(4)	(2)	(2)	—	—	—		140	—
210	Households	42,439	40,929	1,510	69	49	20	(62)	(32)	(30)	(3)	(3)	—		—	—
220	Total	368,136	336,101	31,916	6,042	442	5,600	(655)	(197)	(458)	(709)	(26)	(683)	(147)	282,788	4,961

CR1: Performing and non-performing exposures and related provisions continued

		31 Dec 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	828	828	—	—	—	—	(2)	(2)	—	—	—	—	—	—	—
010	Loans and advances	309,393	278,222	31,056	6,270	350	5,920	(665)	(176)	(489)	(904)	(25)	(879)	(62)	276,055	5,093
020	Central banks	1,751	1,751	—	—	—	—	—	—	—	—	—	—	—	—	—
030	General governments	33	19	—	—	—	—	—	—	—	—	—	—	—	12	—
040	Credit institutions	13,425	13,425	—	—	—	—	—	—	—	—	—	—	—	—	—
050	Other financial corporations	4,110	4,109	1	35	—	35	(1)	(1)	—	(35)	—	(35)	—	18	—
060	Non-financial corporations	5,446	4,812	556	349	8	341	(52)	(18)	(34)	(150)	—	(150)	(62)	1,797	84
070	Of which SMEs	2,129	1,879	250	108	8	100	(18)	(7)	(11)	(12)	—	(12)	—	562	23
080	Households	284,628	254,106	30,499	5,886	342	5,544	(612)	(157)	(455)	(719)	(25)	(694)	—	274,228	5,009
090	Debt securities	2,057	2,055	—	1	—	1	(2)	(2)	—	(1)	—	(1)	—	—	—
110	General governments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
120	Credit institutions	141	141	—	—	—	—	—	—	—	—	—	—	—	—	—
130	Other financial corporations	1,916	1,914	—	—	—	—	(2)	(2)	—	—	—	—	—	—	—
140	Non-financial corporations	—	—	—	1	—	1	—	—	—	(1)	—	(1)	—	—	—
150	Off-balance-sheet exposures	44,633	42,875	1,758	98	53	45	(78)	(37)	(41)	(3)	(3)	—		142	—
170	General governments	2	2	—	—	—	—	—	—	—	—	—	—		—	—
180	Credit institutions	22	22	—	—	—	—	—	—	—	—	—	—		—	—
190	Other financial corporations	2,481	2,481	—	—	—	—	—	—	—	—	—	—		—	—
200	Non-financial corporations	1,764	1,582	182	5	4	1	(12)	(3)	(9)	—	—	—		142	—
210	Households	40,364	38,788	1,576	93	49	44	(66)	(34)	(32)	(3)	(3)	—		—	—
220	Total	356,911	323,980	32,814	6,369	403	5,966	(747)	(217)	(530)	(908)	(28)	(880)	(62)	276,197	5,093

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)**CR1-A: Maturity of exposures**

		30 Jun 2025				
		Net exposure value				Total £m
		On demand £m	<= 1 year £m	> 1 year <= 5 years £m	> 5 years £m	
1	Loans and advances	7,510	5,527	19,642	286,372	319,088
2	Debt securities	133	1,119	175	434	1,861
3	Total	7,643	6,646	19,817	286,806	320,949

		31 Dec 2024				
		£m	£m	£m	£m	£m
1	Loans and advances	7,632	7,389	18,618	280,432	314,094
2	Debt securities	139	231	1,479	264	2,113
3	Total	7,771	7,620	20,097	280,696	316,207

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 2024	6,270
020	Inflows to non-performing portfolios	1,307
030	Outflows from non-performing portfolios	(1,610)
040	Outflows due to write-offs	(292)
050	Outflow due to other situations	(1,318)
060	Final stock of non-performing loans and advances at 30 June 2025	5,967

CREDIT RISK (Continued)**CQ1: Credit quality of forborne exposures**

30 Jun 2025								
	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	
	Performing forborne	Non-performing forborne		Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
		Of which defaulted						
	£m	£m	£m	£m	£m	£m	£m	£m
010 Loans and advances	783	2,323	2,150	2,150	(15)	(287)	2,461	1,780
050 Other financial corporations	1	2	2	2	—	(2)	—	—
060 Non-financial corporations	38	256	207	207	—	(58)	56	52
070 Households	744	2,065	1,941	1,941	(15)	(227)	2,405	1,728
080 Debt Securities	—	—	—	—	—	—	—	—
090 Loan commitments given	45	47	20	20	(1)	(2)	—	—
100 Total	828	2,370	2,170	2,170	(16)	(289)	2,461	1,780
31 Dec 2024								
	£m	£m	£m	£m	£m	£m	£m	£m
010 Loans and advances	788	2,399	2,280	2,280	(17)	(406)	2,445	1,766
050 Other financial corporations	—	2	2	2	—	(2)	—	—
060 Non-financial corporations	44	334	332	332	(1)	(149)	77	72
070 Households	744	2,063	1,946	1,946	(16)	(255)	2,368	1,694
080 Debt Securities	—	—	—	—	—	—	—	—
090 Loan commitments given	48	56	29	29	(1)	(2)	—	—
100 Total	836	2,455	2,309	2,309	(18)	(408)	2,445	1,766

CREDIT RISK (Continued)

CQ4: Quality of non-performing exposures by geography

		30 Jun 2025				
		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	£m	£m	£m
010	On-balance-sheet exposures	322,244	5,571	(1,294)		—
040	United Kingdom	322,021	5,571	(1,292)		—
070	Other countries	223	—	(2)		—
080	Off-balance-sheet exposures	46,842	20		(69)	
110	United Kingdom	46,780	20		(69)	
140	Other countries	62	—		—	
150	Total	369,086	5,591	(1,294)	(69)	—

		31 Dec 2024				
		£m	£m	£m	£m	£m
010	On-balance-sheet exposures	317,721	5,888	(1,572)		—
040	United Kingdom	317,436	5,887	(1,569)		—
070	Other countries	285	1	(3)		—
080	Off-balance-sheet exposures	44,731	43		(81)	
110	United Kingdom	44,696	43		(81)	
140	Other countries	35	—		—	
150	Total	362,452	5,931	(1,572)	(81)	—

CREDIT RISK (Continued)**CQ5: Credit quality of loans and advances to non-financial corporations by industry**

		30 Jun 2025			
		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	533	20	(7)	—
020	Mining and quarrying	4	—	—	—
030	Manufacturing	174	1	(2)	—
040	Electricity, gas, steam and air conditioning supply	11	—	—	—
050	Water supply	9	—	—	—
060	Construction	485	34	(25)	—
070	Wholesale and retail trade	391	25	(8)	—
080	Transport and storage	277	1	(7)	—
090	Accommodation and food service activities	352	9	(4)	—
100	Information and communication	21	1	—	—
110	Financial and insurance activities				
120	Real estate activities	2,506	77	(43)	—
130	Professional, scientific and technical activities	124	3	(6)	—
140	Administrative and support service activities	56	1	(1)	—
150	Public administration and defence, compulsory social security	—	—	—	—
160	Education	47	—	(1)	—
170	Human health services and social work activities	171	29	(2)	—
180	Arts, entertainment and recreation	33	5	(5)	—
190	Other services	52	1	(1)	—
200	Total	5,246	207	(112)	—

		31 Dec 2024			
		£m	£m	£m	£m
010	Agriculture, forestry and fishing	509	22	(8)	—
020	Mining and quarrying	5	—	—	—
030	Manufacturing	173	2	(2)	—
040	Electricity, gas, steam and air conditioning supply	15	—	—	—
050	Water supply	9	—	—	—
060	Construction	648	140	(110)	—
070	Wholesale and retail trade	413	21	(7)	—
080	Transport and storage	290	2	(8)	—
090	Accommodation and food service activities	381	16	(5)	—
100	Information and communication	28	1	—	—
110	Financial and insurance activities				
120	Real estate activities	2,819	110	(49)	—
130	Professional, scientific and technical activities	142	4	(3)	—
140	Administrative and support service activities	56	3	(1)	—
150	Public administration and defence, compulsory social security	—	—	—	—
160	Education	47	1	(1)	—
170	Human health services and social work activities	175	11	(2)	—
180	Arts, entertainment and recreation	36	7	(5)	—
190	Other services	49	1	(1)	—
200	Total	5,795	341	(202)	—

CREDIT RISK (Continued)**CR3: CRM techniques overview: Disclosure of the use of credit risk mitigation techniques**

	30 Jun 2025				
	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	31,479	287,609	287,331	277	—
Debt securities	1,861	—	—	—	—
Total	33,340	287,609	287,331	277	—
Of which non-performing exposures	301	4,961	4,949	12	—
Of which defaulted	131	4,734	—	—	—

	31 Dec 2024				
	£m	£m	£m	£m	£m
	£m	£m	£m	£m	£m
Loans and advances	32,946	281,148	280,777	371	—
Debt securities	2,055	—	—	—	—
Total	35,001	281,148	280,777	371	—
Of which non-performing exposures	273	5,093	5,076	17	—
Of which defaulted	120	4,863	—	—	—

CR4: Standardised approach – Credit risk exposure and CRM effects

Exposure classes	30 Jun 2025					
	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	1,961	—	2,205	—	50	2%
6 Institutions	17,096	51	17,095	10	15	—
7 Corporates	2,871	958	2,862	218	827	27%
8 Retail	1,447	281	1,252	34	863	67%
9 Secured by mortgages on immovable property	2,286	11	2,286	5	827	36%
10 Exposures in default	296	3	271	1	311	114%
16 Other items	311	—	311	—	206	66%
17 Total	26,268	1,304	26,282	268	3,099	12%

Exposure classes	31 Dec 2024					
	£m	£m	£m	£m	£m	%
	£m	£m	£m	£m	£m	%
1 Central governments or central banks	3,168	—	3,499	—	156	4%
6 Institutions	15,182	50	15,182	10	12	—
7 Corporates	2,946	972	2,935	199	784	25%
8 Retail	1,474	330	1,211	39	835	67%
9 Secured by mortgages on immovable property	2,386	14	2,386	5	857	36%
10 Exposures in default	305	3	271	1	305	112%
16 Other items	224	—	224	—	187	83%
17 Total	25,685	1,369	25,708	254	3,136	12%

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

CREDIT RISK (Continued)

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

30 Jun 2025														Credit risk mitigation methods in the calculation of RWAs
Credit risk mitigation techniques														
Funded Credit Protection (FCP)											Unfunded Credit Protection (UFCP) ²			
		Total exposure at default £m	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) £m
A-IRB														
4	Retail	340,721	—	92.34%	92.34%	—	—	—	—	—	—	—	—	66,148
4.1	Of which Retail – Immovable property SMEs	—	—	—	—	—	—	—	—	—	—	—	—	—
4.2	Of which Retail – Immovable property non-SMEs	314,958	—	99.90%	99.90%	—	—	—	—	—	—	—	—	55,210
4.3	Of which Retail – Qualifying revolving	21,273	—	—	—	—	—	—	—	—	—	—	—	6,287
4.4	Of which Retail – Other SMEs	—	—	—	—	—	—	—	—	—	—	—	—	—
4.5	Of which Retail – Other non-SMEs	4,490	—	—	—	—	—	—	—	—	—	—	—	4,651
5	Total	340,721	—	92.34%	92.34%	—	—	—	—	—	—	—	—	66,148
F-IRB														
1	Central governments and central banks	—	—	—	—	—	—	—				—	—	—
2	Institutions	41	17.55%	—	—	—	—	—				—	—	15
3	Corporates	2,286	15.69%	42.84%	42.82%	0.02%	—	—				1.64%	—	1,443
3.1	Of which Corporates – SMEs	522	1.21%	23.81%	23.73%	0.08%	—	—				2.40%	—	327
3.3	Of which Corporates – Other	1,764	19.97%	48.46%	48.46%	—	—	—				1.42%	—	1,116
4	Total	2,327	15.72%	42.08%	42.07%	0.02%	—	—				1.61%	—	1,458
Other IRB														
	Specialised lending under the slotting approach ³	962	—	—	—	—	—	—				—	—	616
	Total	962	—	—	—	—	—	—				—	—	616

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

		31 Dec 2024											Credit risk mitigation methods in the calculation of RWAs	
		Credit risk mitigation techniques												
		Funded Credit Protection (FCP)										Unfunded Credit Protection (UFCP) ²		
		Total exposure at default £m	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) £m
A-IRB														
4	Retail	331,642	—	92.08%	92.08%	—	—	—	—	—	—	—	—	65,594
4.1	Of which Retail – Immovable property SMEs	—	—	—	—	—	—	—	—	—	—	—	—	—
4.2	Of which Retail – Immovable property non-SMEs	305,701	—	99.90%	99.90%	—	—	—	—	—	—	—	—	54,038
4.3	Of which Retail – Qualifying revolving	21,533	—	—	—	—	—	—	—	—	—	—	—	6,639
4.4	Of which Retail – Other SMEs	—	—	—	—	—	—	—	—	—	—	—	—	—
4.5	Of which Retail – Other non-SMEs	4,408	—	—	—	—	—	—	—	—	—	—	—	4,917
5	Total	331,642	—	92.08%	92.08%	—	—	—	—	—	—	—	—	65,594
F-IRB														
1	Central governments and central banks	—	—	—	—	—	—	—				—	—	—
2	Institutions	57	47.56%	—	—	—	—	—				—	—	10
3	Corporates	2,531	12.34%	26.51%	26.50%	0.01%	—	—				1.02%	—	1,436
3.1	Of which Corporates – SMEs	649	2.45%	27.57%	27.50%	0.07	—	—				3.20%	—	390
3.3	Of which Corporates – Other	1,881	23.00%	41.70%	41.70%	—	—	—				0.86%	—	1,046
4	Total	2,587	12.89%	26.10%	26.09%	0.01%	—	—				1.00%	—	1,446
Other IRB														
	Specialised lending under the slotting approach ³	1,104	—	—	—	—	—	—				—	—	713
	Total	1,104	—	—	—	—	—	—				—	—	713

¹ For AIRB the value of eligible collateral has been capped at the individual exposure amount. 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 The exposures disclosed in the 'Specialised lending under the slotting approach' row are fully secured, however the collateral is not used directly in the calculation of RWA.

CREDIT RISK (Continued)

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

		30 Jun 2025					
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	2	5	50%	3	2	—
	Equal to or more than 2.5 years	100	38	70%	129	84	1
2) Good	Less than 2.5 years	2	4	70%	7	4	—
	Equal to or more than 2.5 years	2	6	90%	7	6	—
3) Satisfactory	Less than 2.5 years	—	—	115%	—	—	—
	Equal to or more than 2.5 years	19	4	115%	23	26	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	60	1		60	—	30
	Equal to or more than 2.5 years	—	1		—	—	—
Total	Less than 2.5 years	64	10		70	6	30
	Equal to or more than 2.5 years	121	56		164	129	2

		31 Dec 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	1	5	50%	2	1	—
	Equal to or more than 2.5 years	166	30	70%	189	132	1
2) Good	Less than 2.5 years	3	—	70%	3	2	—
	Equal to or more than 2.5 years	6	5	90%	11	10	—
3) Satisfactory	Less than 2.5 years	—	—	115%	—	—	—
	Equal to or more than 2.5 years	44	9	115%	51	58	2
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	—	30
	Equal to or more than 2.5 years	1	2		3	—	1
Total	Less than 2.5 years	63	5		64	3	30
	Equal to or more than 2.5 years	217	53		259	213	4

CREDIT RISK (Continued)

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

		30 Jun 2025				
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight	Exposure value £m	Expected loss amount £m
1) Strong	Less than 2.5 years	167	6	50%	169	79
	Equal to or more than 2.5 years	101	6	70%	101	65
2) Good	Less than 2.5 years	138	17	70%	150	102
	Equal to or more than 2.5 years	170	7	90%	171	139
3) Satisfactory	Less than 2.5 years	13	1	115%	14	14
	Equal to or more than 2.5 years	53	1	115%	53	61
4) Weak	Less than 2.5 years	7	—	250%	7	17
	Equal to or more than 2.5 years	1	—	250%	1	4
5) Default	Less than 2.5 years	57	4		60	—
	Equal to or more than 2.5 years	2	—		2	—
Total	Less than 2.5 years	382	28		400	212
	Equal to or more than 2.5 years	327	14		328	269

		31 Dec 2024				
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight	Exposure value £m	Expected loss amount £m
1) Strong	Less than 2.5 years	201	6	50%	204	93
	Equal to or more than 2.5 years	95	8	70%	101	67
2) Good	Less than 2.5 years	154	22	70%	170	116
	Equal to or more than 2.5 years	148	3	90%	149	123
3) Satisfactory	Less than 2.5 years	11	—	115%	11	10
	Equal to or more than 2.5 years	55	1	115%	55	64
4) Weak	Less than 2.5 years	8	—	250%	8	20
	Equal to or more than 2.5 years	2	—	250%	2	4
5) Default	Less than 2.5 years	79	1		80	—
	Equal to or more than 2.5 years	2	—		2	—
Total	Less than 2.5 years	453	29		473	239
	Equal to or more than 2.5 years	302	12		309	258

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 (including in relation to tariffs); imposed and threatened tariffs and changes to global trade policies; acts of hostility or terrorism and responses to those acts, or other such events; geopolitical unpredictability; the war between Russia and Ukraine; the escalation of 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; natural pandemic and other disasters; risks concerning borrower and counterparty credit quality; risks affecting 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; and assumptions and estimates that form the basis of the Group's financial statements. A number of these influences and factors are beyond the Group's control. Please refer to the latest Annual Report on Form 20-F filed by Lloyds Banking Group 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. Except as required by any applicable law or regulation, the forward-looking statements contained in this document are made as of today's date, and the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document whether as a result of new information, future events or otherwise. 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