

Bank of Scotland plc

Q3 2025

Pillar 3 Disclosures

23 October 2025

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BASIS OF PREPARATION

This report presents the interim Pillar 3 disclosures of Bank of Scotland plc ('the Bank') as at 30 September 2025.

The disclosures have been prepared in accordance with the Disclosure section of the PRA Rulebook. Pillar 3 templates required to be disclosed on a quarterly 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
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 Lloyds Bank Liquidity Sub-Group level. Refer to the Lloyds Bank plc Q3 2025 Pillar 3 Disclosures for further information.
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.

LEVERAGE AND OVERVIEW OF RISK WEIGHTED EXPOSURE AMOUNTS**LR2: Leverage ratio common disclosure¹**

LR2		30 Sep 2025	30 Jun 2025	31 Mar 2025	31 Dec 2024
Ref	Leverage ratio				
UK-24b	Total exposure measure excluding claims on central banks	318,465	315,906	314,240	310,190
25	Leverage ratio excluding claims on central banks (%)	4.2%	4.3%	4.4%	4.4%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.2%	4.3%	4.4%	4.4%
UK 25c	Leverage ratio including claims on central banks (%)	4.2%	4.2%	4.3%	4.4%
Additional leverage ratio disclosure requirements - leverage ratio buffers					
27	Leverage ratio buffer (%) ²	0.7%	0.7%	0.7%	0.7%
UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.7%	0.7%	0.7%	0.7%
Additional leverage ratio disclosure requirements - disclosure of mean values					
UK-31	Average total exposure measure including claims on central banks ³	319,950	317,263	315,001	313,040
UK-32	Average total exposure measure excluding claims on central banks ³	317,239	314,549	312,262	310,277
UK-33	Average leverage ratio including claims on central banks (%) ³	4.3%	4.3%	4.4%	4.4%
UK-34	Average leverage ratio excluding claims on central banks (%) ³	4.3%	4.4%	4.4%	4.4%

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

² The additional leverage ratio buffer (ALRB) does not apply for the Bank.

³ The average UK leverage ratio is based on the average of the month end tier 1 capital position and average exposure measure over the quarter.

The Bank's UK leverage ratio reduced to 4.2% at 30 September 2025 (31 December 2024: 4.4%) reflecting a reduction in total tier 1 capital and an increase in the leverage exposure measure following lending growth.

LEVERAGE AND OVERVIEW OF RISK WEIGHTED EXPOSURE AMOUNTS (Continued)**OV1: Overview of risk weighted exposure amounts**

		Total RWA		Total own funds requirements
		30 Sep 2025	31 Dec 2024	30 Sep 2025
		£m	£m	£m
1	Credit risk (excluding CCR)	74,593	74,629	5,967
2	Of which the standardised approach	6,454	3,136	516
3	Of which the foundation IRB (FIRB) approach	1,347	1,446	108
4	Of which slotting approach	611	713	49
UK 4a	Of which equities under the simple risk weighted approach	2,727	2,770	218
5	Of which the advanced IRB (AIRB) approach	62,450	65,594	4,996
	Of which: non-credit obligation assets ¹	1,004	970	80
6	Counterparty credit risk (CCR)	171	187	14
7	Of which the standardised approach	120	136	10
UK 8b	Of which credit valuation adjustment (CVA)	51	51	4
16	Securitisation exposures in the non-trading book (after the cap)	749	707	59
17	Of which SEC-IRBA approach	–	298	–
18	Of which SEC-ERBA approach (including IAA)	731	409	58
19	Of which SEC-SA approach	18	–	1
20	Position, foreign exchange and commodities risks (Market risk)	52	61	4
21	Of which the standardised approach	52	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)	2,754	2,926	220
29	Total	81,474	81,493	6,517
	Pillar 2A capital requirement ²			1,550
	Total capital requirement			8,067

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

² Following a PRA update in the third quarter, the Bank's Pillar 2A capital requirement has reduced to around 1.9% of risk-weighted assets, of which around 1.1% is to be met with CET1 capital.

LEVERAGE 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 Sep 2025 £m	Total RWA YTD 30 Sep 2025 £m
1 Risk weighted exposure amount as at the end of previous reporting period	68,222	67,753
2 Asset size (+/-)	390	1,455
3 Asset quality (+/-)	335	260
4 Model updates (+/-)	(4,440)	(4,440)
5 Methodology and policy (+/-)	(100)	(624)
7 Foreign exchange movements (+/-)	1	4
9 Risk weighted exposure amount at the end of the reporting period	64,408	64,408

Key movements 30 June 2025 to 30 September 2025:

- Model updates reduction is predominately driven by the move of a small sub-portfolio of (closed) mortgages that fall outside of the CRD IV Secured model and are now reported under the standardised approach. The overall impact to capital from this move was immaterial.

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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