

Bank of Scotland plc

2025 Year-End

Pillar 3 Disclosures

26 February 2026

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INTRODUCTION AND BASIS OF PREPARATION

This document presents the Pillar 3 disclosures of Bank of Scotland plc ('the Bank') as at 31 December 2025.

Pillar 3 disclosure requirements are designed to promote market discipline through the provision of key information around capital, risk exposures and risk management.

Basis of Preparation

The disclosures have been prepared in accordance with the requirements of the Disclosure (CRR) section of the PRA Rulebook. Where specific 'Articles' are referenced these refer to the applicable requirement within the PRA Rulebook or the UK Capital Requirements Regulation ('UK CRR').

Where indicated, certain qualitative disclosure requirements have been met by cross reference to the equivalent disclosures located in the Bank of Scotland plc Annual Report and Accounts 2025 or Lloyds Bank plc Annual Report and Accounts 2025 (the intermediate parent company). This document should therefore be read in conjunction with the Annual Reports. The documents are located in the Financial Downloads section of the Lloyds Banking Group plc website (www.lloydsbankinggroup.com/investors/financial-downloads).

Article 432 on non-material, proprietary or confidential information permits institutions to omit one or more disclosures if the information provided by such a disclosure is not regarded as material. Appendix 1 includes a list of excluded templates and the reason for exclusion.

Where relevant, de minimis monetary amounts (<£0.5 million) are rounded down for reporting purposes and disclosed as a dash ('-') in the table.

The disclosures presented within this document are not required to be, and have not been, subjected to an external audit.

Capital Instruments And Eligible Liabilities - Main Features Report (CRR Article 437(b))

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 plc 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 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 Year-End 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 Group's models to meet CRDIV requirements are subject to review and approval by the PRA. As directed by PRA Supervisory Statement SS 11/13, the Group has applied temporary post 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 and a hybrid-philosophy Probability of Default (PD) model. The Bank's incumbent (pre CRD IV) UK Mortgage models at the reporting date use a 180 day default backstop and a less cyclical PD model. As a result, the reported risk-weighted assets and expected loss amounts include the impact of significant temporary post 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 post model adjustments have been applied.

Standardised approach exposures already use a 90 day default backstop and this is reflected in the CR4 tables. 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		31 Dec 2025	30 Jun 2025	31 Dec 2024
Ref	Ref	Available own funds (amounts)			
1		Common Equity Tier 1 (CET1) capital (£m)	11,083	10,855	11,028
2		Tier 1 capital (£m)	13,683	13,455	13,628
3		Total capital (£m)	15,183	15,121	15,402
		Risk-weighted exposure amounts			
4		Total risk-weighted exposure amount (£m)	82,357	81,830	81,493
		Capital ratios (as a percentage of risk-weighted exposure amount)			
5		Common Equity Tier 1 ratio (%)	13.5%	13.3%	13.5%
6		Tier 1 ratio (%)	16.6%	16.4%	16.7%
7		Total capital ratio (%)	18.4%	18.5%	18.9%
		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%	1.1%
UK 7b		Additional AT1 SREP requirements (%)	0.3%	0.4%	0.4%
UK 7c		Additional T2 SREP requirements (%)	0.5%	0.5%	0.5%
UK 7d		Total SREP own funds requirements (%)	9.9%	10.0%	10.0%
		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 (%)	14.4%	14.5%	14.5%
12		CET1 available after meeting minimum SREP own funds requirements (%) ²	7.9%	7.6%	7.9%
		Leverage ratio			
13	UK-24b	Total exposure measure excluding claims on central banks (£m)	320,952	315,906	310,190
14	25	Leverage ratio excluding claims on central banks (%)	4.3%	4.3%	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%	4.3%	4.4%
UK 14b	UK-25c	Leverage ratio including claims on central banks (%)	4.2%	4.2%	4.4%
UK 14c	UK-34	Average leverage ratio excluding claims on central banks (%) ³	4.3%	4.4%	4.4%
UK 14d	UK-33	Average leverage ratio including claims on central banks (%) ³	4.3%	4.3%	4.4%
	UK-31	Average total exposure measure including claims on central banks ³	322,402	317,263	313,040
	UK-32	Average total exposure measure excluding claims on central banks ³	319,700	314,549	310,277
	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 quarterly.

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 remained at 13.5% (31 December 2024: 13.5%). Profit for the year, including dividends received from subsidiaries, was offset by the payment of interim ordinary dividends, the accrual for foreseeable ordinary dividends and an increase in risk-weighted assets.

Total Capital

The total capital ratio reduced to 18.4% at 31 December 2025 (31 December 2024: 18.9%), reflecting the increase in risk-weighted assets and the reduction in eligible provisions recognised through tier 2 capital.

Risk-Weighted Assets

Risk-weighted assets increased by £864 million to £82,357 million at 31 December 2025 (31 December 2024: £81,493 million). This largely reflects the impact of lending growth and Retail secured CRD IV increases, partially offset by continued optimisation activity.

Leverage

The Bank's UK leverage ratio decreased to 4.3% at 31 December 2025 (31 December 2024: 4.4%), reflecting an increase in the leverage exposure measure following lending growth.

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

OV1: Overview of risk weighted exposure amounts

		Total RWA		Total own funds requirements
		31 Dec 2025	31 Dec 2024	31 Dec 2025
		£m	£m	£m
1	Credit risk (excluding CCR)	75,342	74,629	6,027
2	Of which the standardised approach	6,196	3,136	496
3	Of which the foundation IRB (FIRB) approach	1,400	1,446	112
4	Of which slotting approach	542	713	43
UK 4a	Of which equities under the simple risk weighted approach	2,782	2,770	223
5	Of which the advanced IRB (AIRB) approach	63,418	65,594	5,073
	Of which: non-credit obligation assets ¹	1,004	970	80
6	Counterparty credit risk (CCR)	188	187	15
7	Of which the standardised approach	125	136	10
UK 8b	Of which credit valuation adjustment (CVA)	63	51	5
16	Securitisation exposures in the non-trading book (after the cap)	722	707	58
17	Of which SEC-IRBA approach	–	298	–
18	Of which SEC-ERBA approach (including IAA)	705	409	57
19	Of which SEC-SA approach	17	–	1
20	Position, foreign exchange and commodities risks (Market risk)	54	61	4
21	Of which the standardised approach	54	61	4
23	Operational risk	6,051	5,909	485
UK 23b	Of which standardised approach	6,051	5,909	485
24	Memo: Amounts below the thresholds for deduction (subject to 250% risk weight)	2,806	2,926	224
29	Total	82,357	81,493	6,589
	Pillar 2A capital requirement ²			1,567
	Total capital requirement			8,156

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.

Risk-weighted assets increased by £864 million to £82,357 million at 31 December 2025 (31 December 2024: £81,493 million). This largely reflected:

Credit Risk: RWAs increased by £713 million to £75,342 million, principally due to Retail lending and Retail Secured CRD IV increases, partially offset by optimisation activity. The increase in Standardised RWAs mainly reflects the transfer of a small sub-portfolio of (closed) mortgages that fall outside the Secured CRD IV model and are now reported under the Standardised Approach, having previously been reported as A-IRB. Taking into account the reduction in A-IRB the overall impact on capital from this move was immaterial. This transfer offsets the impact on A-IRB RWAs from the Secured CRDIV model updates. The model remains subject to review and approval by the PRA.

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 31 Dec 2025	Total RWA YTD 31 Dec 2025
	£m	£m
1 Risk weighted exposure amount as at the end of previous reporting period	64,408	67,753
2 Asset size (+/-)	117	1,572
3 Asset quality (+/-)	(365)	(105)
4 Model updates (+/-)	(11)	(4,451)
5 Methodology and policy (+/-)	1,211	587
7 Foreign exchange movements (+/-)	—	4
9 Risk weighted exposure amount at the end of the reporting period	65,360	65,360

Key movements 30 September 2025 to 31 December 2025:

- **Methodology and policy** increase principally driven by Retail Secured CRD IV model updates. This model remains subject to review and approval by the PRA.

Key movements 31 December 2024 to 31 December 2025:

- **Asset size** increase largely driven by Retail lending growth.
- **Model updates** decrease predominantly driven by the transfer of a small sub-portfolio of (closed) mortgages that fall outside the Secured CRD IV model and are now reported under the Standardised Approach.

INDIVIDUAL CAPITAL REQUIREMENT (OVC)

Pillar 1 of the regulatory framework focuses on the determination of risk weighted assets and expected losses in respect of the firm's exposure to credit, counterparty credit, market and operational risks.

The minimum amount of total capital, under Pillar 1 of the regulatory capital framework, is set at 8% of total risk-weighted assets. At least 4.5% of risk-weighted assets are required to be met with CET1 capital and at least 6% of risk-weighted assets are required to be met with tier 1 capital.

A range of approaches, varying in sophistication, are available under the regulatory framework to use in measuring risk-weighted assets and expected loss amounts, thereby determining the minimum level of capital required under Pillar 1. The Bank's risk-weighted assets are predominantly calculated using internal models that are prudently calibrated based on loss experience and are subject to a number of internal controls and external approval from the PRA. Bank models designed to meet revised CRD IV regulations implemented by the PRA on 1 January 2022 remain subject to review and approval by the PRA. As a result the Bank has applied temporary post model adjustments to risk-weighted assets and expected loss amounts.

The PRA sets an additional minimum capital requirement under Pillar 2A. This reflects a point in time estimate of the amount of capital required to cover risks that are not fully covered by Pillar 1, such as concentration risk and operational risk, and those risks not covered at all by Pillar 1, such as pension obligation risk and interest rate risk in the banking book (IRRBB).

Pillar 2A capital requirements consist of a variable amount (being a set percentage of risk-weighted assets), with fixed add-ons for certain risk types.

A key input into the PRA's Pillar 2A setting process is a bank's own assessment of the minimum amount of capital it needs to cover risks that are not covered or not fully covered by Pillar 1; the Bank's own assessment forms part of the consolidated Lloyds Bank plc Internal Capital Adequacy Assessment Process (ICAAP).

Some of the key risks assessed within the Pillar 2A assessment part of the Bank's ICAAP include:

- Concentration risk – greater loss volatility arising from a higher level of loan default correlation than is assumed by the Pillar 1 assessment. Such correlation includes geographic, industry sector and single name concentrations.
- Underestimation risk – where it is considered that the Pillar 1 capital assessments for credit, market, credit valuation adjustment (CVA) or operational risk underestimate the risk, including as a result of climate change related considerations. The operational risk assessment includes consideration of conduct risk.
- Pension obligation risk – the potential for losses that the Bank would incur in the event of a significant deterioration in the funding position of the Bank's defined benefit pension schemes.
- Interest rate risk in the banking book – the potential losses in the non-trading book resulting from interest rate changes or changes in spreads between different rates.

The detailed ICAAP document is subject to a robust review process, approved by the Board Risk Committee and submitted to the PRA annually for their consideration ahead of setting the Bank's P2A requirement.

The Bank is not permitted by the PRA to disclose any details on the individual components of its Pillar 2A capital requirement.

OWN FUNDS

CC1: Composition of regulatory own funds

	31 Dec 2025	31 Dec 2024	CC2 reference
	£m	£m	
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	5,847	5,847	
	5,847	5,847	a
2	5,290	4,987	c
3	3,226	3,253	c
UK-5a	(480)	(250)	
	(480)	(250)	
6	13,883	13,837	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	(39)	(39)	
8	(746)	(709)	d
10	(1,736)	(1,812)	e
11	90	78	
12	(295)	(238)	
14	(1)	(1)	
15	(28)	(38)	f
19	(45)	(50)	g
28	(2,800)	(2,809)	
29	11,083	11,028	
Additional Tier 1 (AT1) capital: instruments			
30	2,600	2,600	b
31	2,600	2,600	
44	2,600	2,600	
45	13,683	13,628	
Tier 2 (T2) capital: instruments			
46	1,500	1,500	h
50	—	274	
51	1,500	1,774	
Tier 2 (T2) capital: regulatory adjustments			
58	1,500	1,774	
59	15,183	15,402	
60	82,357	81,493	
Capital ratios and buffer			
61	13.5%	13.5%	
62	16.6%	16.7%	
63	18.4%	18.9%	
64	10.1%	10.1%	
65	2.5%	2.5%	
66	2.0%	2.0%	
68	7.9%	7.9%	
Amounts below the thresholds for deduction (before risk weighting)			
73	1,113	1,108	
75	9	63	
Applicable caps on the inclusion of provisions in Tier 2			
78	—	274	
79	399	413	

¹ The reported amounts for 31 December 2025 and 31 December 2024 reflect the year end foreseeable dividend accrual only as the externally audited profits for each year 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 31 December 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 31 Dec 25	
	£m	Reference ¹
Assets		
1 Cash and balances at central banks	2,767	
2 Financial assets at fair value through profit or loss	123	
3 Derivative financial instruments	2,214	
4 Loans and advances to banks	97	
5 Loans and advances to customers	306,405	
6 Debt securities	1,041	
7 Due from fellow Lloyds Bank Group undertakings	18,038	
8 Financial assets at amortised cost	325,581	
9 Investment in subsidiary undertakings	1,284	d, g
10 Goodwill and other intangible assets	325	d
11 Current tax recoverable	450	
12 Deferred tax assets ²	1,768	e
13 Retirement benefit assets	39	f
14 Other assets	1,566	
15 Total assets	336,117	
Liabilities		
1 Deposits from banks	99	
2 Customer deposits	167,586	
3 Repurchase agreements at amortised cost	10,443	
4 Due to fellow Lloyds Bank Group undertakings	124,753	
5 Derivative financial instruments	2,905	
6 Notes in circulation	2,118	
7 Debt securities in issue	8,342	
8 Other liabilities	1,008	
11 Other provisions	368	
12 Subordinated liabilities	1,532	h
13 Total liabilities	319,154	
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	8,516	c
5 Total equity excluding non-controlling interests	16,963	
6 Non-controlling interests	—	
7 Total equity	16,963	
8 Total equity and liabilities	336,117	

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

	31 Dec 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
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%
Breakdown by Country													
United Kingdom	14,998	341,037	—	—	1,462	357,497	5,799	—	35	5,834	72,919	99.45	2.00
Denmark	—	6	—	—	—	6	—	—	—	—	4	0.01	2.50
France	—	—	—	—	62	62	—	—	3	3	34	0.05	1.00
Germany	—	30	—	—	233	263	3	—	2	5	58	0.08	0.75
Hong Kong	—	3	—	—	—	3	—	—	—	—	2	—	0.50
Ireland	—	6	—	—	—	6	—	—	—	—	5	0.01	1.50
Luxembourg	—	47	—	—	—	47	—	—	—	—	—	—	0.50
Netherlands	—	—	—	—	67	67	—	—	1	1	7	0.01	2.00
i) Total¹	14,998	341,129	—	—	1,824	357,951	5,802	—	41	5,843	73,029	99.61	
ii) Total¹	—	—	—	—	—	—	—	—	—	—	—	—	
iii) Rest of the World¹	73	37	—	—	1,282	1,392	6	—	17	23	292	0.39	
Total	15,071	341,166	—	—	3,106	359,343	5,808	—	58	5,866	73,321	100.00	

OWN FUNDS (Continued)

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 ¹	7,251	337,378	—	—	2,188	346,817	5,738	—	38	5,776	72,182	99.57		
ii) Total ¹	—	—	—	—	—	—	—	—	—	—	—	—		
iii) Rest of the World ¹	32	105	—	—	1,388	1,525	5	—	18	23	310	0.43		
Total ¹	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 (IRC).

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

	31 Dec 2025	31 Dec 2024
1 Total risk exposure amount	£82,357m	£81,493m
2 Institution specific countercyclical capital buffer rate	1.99%	1.99%
3 Institution specific countercyclical capital buffer requirement	£1,639m	£1,622m

LEVERAGE

LR2: Leverage ratio common disclosure

		31 Dec 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	333,752	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)	(2,856)	(2,854)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	330,824	321,287
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	86	115
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	475	220
11	Adjusted effective notional amount of written credit derivatives	—	49
12	Adjusted effective notional offsets and add-on deductions for written credit derivatives	—	(49)
13	Total derivatives exposures	561	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	45,236	44,495
20	Adjustments for conversion to credit equivalent amounts	(37,049)	(36,554)
21	General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures	(63)	(70)
22	Off-balance sheet exposures	8,124	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	(15,847)	(16,455)
UK-22k	Total exempted exposures	(15,847)	(16,455)
Capital and total exposure measure			
23	Tier 1 capital (leverage)	13,683	13,628
24	Total exposure measure including claims on central banks	323,667	313,043
UK-24a	(-) Claims on central banks excluded	(2,715)	(2,853)
UK-24b	Total exposure measure excluding claims on central banks	320,952	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	322,402	313,040
UK-32	Average total exposure measure excluding claims on central banks	319,700	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	4.3%	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**

	31 Dec 2025	31 Dec 2024
	£m	£m
1 Total assets as per financial statements	336,117	327,868
4 Adjustment for exemption of exposures to central banks	(2,715)	(2,853)
6 Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	(1)	1
8 Adjustment for derivative financial instruments	148	(247)
10 Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures) ¹	8,187	7,941
11 Adjustment for items and specific and general provisions which have reduced tier 1 capital (leverage)	(2,919)	(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	(17,719)	(19,331)
12 Other adjustments ²	(146)	(265)
13 Total exposure measure	320,952	310,190

¹ Gross of specific provisions. The amount net of specific provisions at 31 December 2025 is £8,124 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)

	31 Dec 2025	31 Dec 2024
	£m	£m
UK-1 Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	318,258	307,886
UK-2 Trading book exposures	—	—
UK-3 Banking book exposures, of which:	318,258	307,886
UK-5 Exposures treated as sovereigns	2,244	3,232
UK-7 Institutions	29	56
UK-8 Secured by mortgages of immovable properties	288,402	276,753
UK-9 Retail exposures	11,226	11,343
UK-10 Corporates	3,417	3,773
UK-11 Exposures in default	2,892	3,284
UK-12 Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	10,048	9,445

LRA: Disclosure of LR qualitative information**Description of the processes used to manage the risk of excessive leverage**

Capital is actively managed and regulatory ratios, including leverage requirements, are a key consideration in the setting of risk appetite and planning processes.

Bank capital plans include an assessment of capital adequacy in respect of both risk based capital and leverage requirements against regulatory requirements and internal risk appetite.

The risks of contingent leverage are appropriately assessed as part of the consolidated Lloyds Bank plc Internal Capital Adequacy Assessment Process (ICAAP).

Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers

Further details on the factors that had an impact on the leverage ratio during the period are discussed on page 4.

CREDIT RISK

CRB: Additional disclosure related to the credit quality of assets

The scope and definitions of 'past-due' and 'impaired' exposures used for accounting purposes and the differences between the definitions of past due and default for accounting and regulatory purposes on the application of the definition of default (Article 178 CRR)

Detail on the accounting scope and definitions can be found in the Lloyds Bank plc Annual Report and Accounts 2025, on page 35, 'Credit risk', 'Group loans and advances to customers', and in the Bank of Scotland plc Annual Report and Accounts 2025, on page 31, 'Note 2H: Impairment of financial assets'.

Differences between accounting and regulatory definitions of default applied in the preparation of these disclosures, specifically in relation to IRB Residential Mortgage disclosures, are outlined on page 3 ('IRB Disclosures'). Unless otherwise stated, the regulatory definition of default follows the accounting definition of default of 90 days past due.

The extent of past-due exposures (more than 90 days) that are not considered to be impaired

Detail can be found in the Bank of Scotland plc Annual Report and Accounts 2025, on page 31, 'Note 2H: Impairment of financial assets'.

Description of methods used for determining general and specific credit risk adjustments

Detail can be found in the Bank of Scotland plc Annual Report and Accounts 2025, on page 31, 'Note 2H: Impairment of financial assets'.

All expected credit losses determined in accordance with IFRS 9 are considered to be specific credit risk adjustments. The Bank does not recognise any general credit risk adjustments.

The institution's own definition of a restructured exposure (CRR Articles 178(3)(d) and 47b)

The Bank's definition of a distressed restructured exposure aligns to CRR Article 178(3)(d) and Article 47b.

CREDIT RISK (Continued)

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

		31 Dec 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	1,728	1,728	—	—	—	—	—	—	—	—	—	—	—	—	—
010	Loans and advances	319,572	290,159	29,292	5,722	343	5,379	(558)	(153)	(405)	(686)	(21)	(665)	(147)	287,943	4,728
020	Central banks	1,745	1,745	—	—	—	—	—	—	—	—	—	—	—	—	—
030	General governments	23	10	—	—	—	—	—	—	—	—	—	—	—	10	—
040	Credit institutions	11,779	11,779	—	—	—	—	—	—	—	—	—	—	—	—	—
050	Other financial corporations	4,063	4,063	—	2	—	2	—	—	—	(2)	—	(2)	—	12	—
060	Non-financial corporations	4,995	4,226	689	245	15	230	(54)	(11)	(43)	(60)	—	(60)	(147)	1,608	56
070	Of which SMEs	1,950	1,590	360	106	15	91	(14)	(4)	(10)	(9)	—	(9)	—	418	13
080	Households	296,967	268,336	28,603	5,475	328	5,147	(504)	(142)	(362)	(624)	(21)	(603)	—	286,313	4,672
090	Debt securities	1,672	1,669	—	1	—	1	—	—	—	(1)	—	(1)	—	—	—
110	General governments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
120	Credit institutions	40	40	—	—	—	—	—	—	—	—	—	—	—	—	—
130	Other financial corporations	1,632	1,629	—	—	—	—	—	—	—	—	—	—	—	—	—
140	Non-financial corporations	—	—	—	1	—	1	—	—	—	(1)	—	(1)	—	—	—
150	Off-balance-sheet exposures	45,073	43,528	1,544	72	52	20	(61)	(31)	(30)	(2)	(2)	—		228	—
170	General governments	5	5	—	—	—	—	—	—	—	—	—	—		—	—
180	Credit institutions	—	—	—	—	—	—	—	—	—	—	—	—		—	—
190	Other financial corporations	2,508	2,508	—	—	—	—	—	—	—	—	—	—		1	—
200	Non-financial corporations	1,908	1,773	134	3	2	1	(3)	(1)	(2)	—	—	—		227	—
210	Households	40,652	39,242	1,410	69	50	19	(58)	(30)	(28)	(2)	(2)	—		—	—
220	Total	368,045	337,084	30,836	5,795	395	5,400	(619)	(184)	(435)	(689)	(23)	(666)	(147)	288,171	4,728

CREDIT RISK (Continued)

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
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**

		31 Dec 2025					
		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	7,114	7,113	19,584	290,198	40	324,049
2	Debt securities	40	967	270	395	—	1,672
3	Total	7,154	8,080	19,854	290,593	40	325,721

		31 Dec 2024					
		£m	£m	£m	£m	£m	£m
1	Loans and advances	7,632	7,389	18,618	280,432	23	314,094
2	Debt securities	139	231	1,479	264	—	2,113
3	Total	7,771	7,620	20,097	280,696	23	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	1,958
030	Outflows from non-performing portfolios	(2,506)
040	Outflows due to write-offs	(533)
050	Outflow due to other situations	(1,973)
060	Final stock of non-performing loans and advances at 31 December 2025	5,722

CREDIT RISK (Continued)

CQ1: Credit quality of forbore exposures

31 Dec 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 forbore exposures	
	Performing forbore	Non-performing forbore			On performing forbore exposures	On non-performing forbore exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures	
		£m	£m	£m				£m	£m
010 Loans and advances	838	2,370	2,182	2,182	(16)	(289)	2,559	1,833	
050 Other financial corporations	1	2	2	2	—	(2)	—	—	
060 Non-financial corporations	46	232	195	195	—	(58)	50	48	
070 Households	791	2,136	1,985	1,985	(16)	(229)	2,509	1,785	
080 Debt Securities	—	—	—	—	—	—	—	—	
090 Loan commitments given	46	46	19	19	(1)	(1)	—	—	
100 Total	884	2,416	2,201	2,201	(17)	(290)	2,559	1,833	
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)

CQ3: Credit quality of performing and non-performing exposures by past due days

		31 Dec 2025											
		Performing exposures			Gross carrying amount/nominal amount								
					Non-performing exposures								
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted		
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		
005	Cash balances at central banks and other demand deposits	1,728	1,728	—	—	—	—	—	—	—	—		
010	Loans and advances	319,572	318,598	974	5,722	2,110	975	796	666	883	156	136	5,377
020	Central banks	1,745	1,745	—	—	—	—	—	—	—	—	—	—
030	General governments	23	23	—	—	—	—	—	—	—	—	—	—
040	Credit institutions	11,779	11,779	—	—	—	—	—	—	—	—	—	—
050	Other financial corporations	4,063	4,063	—	2	—	—	—	2	—	—	—	2
060	Non-financial corporations	4,995	4,990	5	245	26	29	104	11	38	32	5	230
070	Of which SMEs	1,950	1,946	5	106	26	27	19	9	21	2	2	91
080	Households	296,967	295,998	969	5,475	2,084	946	692	655	843	124	131	5,145
090	Debt securities	1,672	1,672	—	1	—	—	—	—	—	—	1	1
110	General governments	—	—	—	—	—	—	—	—	—	—	—	—
120	Credit institutions	40	40	—	—	—	—	—	—	—	—	—	—
130	Other financial corporations	1,632	1,632	—	—	—	—	—	—	—	—	—	—
140	Non-financial corporations	—	—	—	1	—	—	—	—	—	—	1	1
150	Off-balance-sheet exposures	45,073			72								20
170	General governments	5			—								—
180	Credit institutions	—			—								—
190	Other financial corporations	2,508			—								—
200	Non-financial corporations	1,908			3								1
210	Households	40,652			69								19
220	Total	368,045	321,998	974	5,795	2,110	975	796	666	883	156	137	5,398

CREDIT RISK (Continued)

CQ3: Credit quality of performing and non-performing exposures by past due days continued

		31 Dec 2024																		
		Performing exposures			Gross carrying amount/nominal amount															
					Non-performing exposures															
					Unlikely to pay that are not past due or are past due ≤ 90 days															
		Not past due or past due ≤ 30 days			Past due > 30 days ≤ 90 days		Past due > 90 days ≤ 180 days		Past due > 180 days ≤ 1 year		Past due > 1 year ≤ 2 years		Past due > 2 years ≤ 5 years		Past due > 5 years ≤ 7 years		Past due > 7 years		Of which defaulted	
		£m	£m	£m	£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 ¹	828	828	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
010	Loans and advances ¹	309,393	308,340	1,053	6,270	2,231	1,004	961	1,154	676	115	129	5,887							
020	Central banks	1,751	1,751	—	—	—	—	—	—	—	—	—	—							
030	General governments	33	33	—	—	—	—	—	—	—	—	—	—							
040	Credit institutions ¹	13,425	13,425	—	—	—	—	—	—	—	—	—	—							
050	Other financial corporations	4,110	4,110	—	35	—	—	—	—	31	—	4	2							
060	Non-financial corporations	5,446	5,440	6	349	34	26	80	155	19	32	3	341							
070	Of which SMEs	2,129	2,123	6	108	26	19	11	39	10	2	1	100							
080	Households	284,628	283,581	1,047	5,886	2,197	978	881	999	626	83	122	5,544							
090	Debt securities	2,057	2,057	—	1	—	—	—	—	—	—	1	1							
110	General governments	—	—	—	—	—	—	—	—	—	—	—	—							
120	Credit institutions	141	141	—	—	—	—	—	—	—	—	—	—							
130	Other financial corporations	1,916	1,916	—	—	—	—	—	—	—	—	—	—							
140	Non-financial corporations	—	—	—	1	—	—	—	—	—	—	1	1							
150	Off-balance-sheet exposures	44,633			98								43							
170	General governments	2			—								—							
180	Credit institutions	22			—								—							
190	Other financial corporations	2,481			—								—							
200	Non-financial corporations	1,764			5								1							
210	Households	40,364			93								42							
220	Total	356,911	311,225	1,053	6,369	2,231	1,004	961	1,154	676	115	130	5,931							

CREDIT RISK (Continued)

CQ4: Quality of non-performing exposures by geography

		31 Dec 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	326,967	5,378	(1,245)		—
040	United Kingdom	326,756	5,378	(1,242)		—
070	Other countries	211	—	(3)		—
080	Off-balance-sheet exposures	45,145	20		(63)	
110	United Kingdom	45,111	20		(63)	
140	Other countries	34	—		—	
150	Total	372,112	5,398	(1,245)	(63)	—
		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

		31 Dec 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	499	21	(10)	—
020	Mining and quarrying	4	—	—	—
030	Manufacturing	150	38	(1)	—
040	Electricity, gas, steam and air conditioning supply	11	—	—	—
050	Water supply	7	—	—	—
060	Construction	469	36	(25)	—
070	Wholesale and retail trade	359	6	(4)	—
080	Transport and storage	390	2	(8)	—
090	Accommodation and food service activities	304	10	(4)	—
100	Information and communication	30	3	(1)	—
110	Financial and insurance activities				
120	Real estate activities	2,526	92	(44)	—
130	Professional, scientific and technical activities	135	4	(8)	—
140	Administrative and support service activities	59	6	(1)	—
150	Public administration and defence, compulsory social security	—	—	—	—
160	Education	37	—	(1)	—
170	Human health services and social work activities	166	5	(1)	—
180	Arts, entertainment and recreation	33	6	(5)	—
190	Other services	61	1	(1)	—
200	Total	5,240	230	(114)	—

		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)**CRC: Qualitative disclosure requirements related to CRM techniques****Description of the core policies and processes for on- and off-balance sheet netting and an indication of the extent to which institutions make use of balance sheet netting**

Detail can be found in the Lloyds Bank plc Annual Report and Accounts 2025, on page 33, 'Credit risk', 'Management and mitigation', 'Master netting agreements', and in the Bank of Scotland plc Annual Report and Accounts 2025, on page 31, 'Note 2G: Offset', and on pages 43 to 44, 'Note 13: Measurement basis of financial assets and liabilities', 'Offsetting of financial assets and liabilities'.

The core features of policies and processes for eligible collateral evaluation and management

Detail can be found in the Lloyds Bank plc Annual Report and Accounts 2025, on pages 31, 'Credit risk', 'Management and mitigation', 'Collateral', page 46, 'Collateral held as security for Retail loans and advances to customers', page 48, 'Collateral held as security for Commercial Banking loans and advances to customers' and page 49, 'Collateral held as security for other financial assets'.

Description of the main types of collateral taken by the institution to mitigate credit risk

Detail can be found in the Lloyds Bank plc Annual Report and Accounts 2025, on pages 31, 'Credit risk', 'Management and mitigation', 'Collateral', page 46, 'Collateral held as security for Retail loans and advances to customers', page 48, 'Collateral held as security for Commercial Banking loans and advances to customers' and page 49, 'Collateral held as security for other financial assets'.

The principal types of acceptable collateral include: residential and commercial properties; charges over business assets such as inventory and accounts receivable; financial instruments such as debt securities; vehicles; cash; and guarantees received from third parties.

Where collateral is held, the eligible collateral for loans and advances and contingent liabilities is classified as either financial collateral or other collateral, as outlined below:

- Eligible financial collateral includes cash on deposit with the bank, gold, rated debt securities (subject to certain restrictions), equities or convertible bonds included in a main index and units in certain collective investment undertakings or mutual funds.
- The Bank predominantly applies eligible financial collateral to its Corporate (IRB and Standardised) and Institutions (IRB) exposures.
- Real estate collateral includes charges over residential and commercial properties.
- Other eligible collateral includes short term financial receivables, credit insurance, life policies and other physical collateral for example, vehicles, providing the criteria for eligibility are met.
- The Bank largely applies other eligible collateral to the IRB Corporate and Retail asset classes.

The Bank's application of different types of credit risk mitigation from a regulatory capital perspective is outlined below:

	Standardised		IRB		
	EAD	Other	EAD	LGD	PD
Eligible financial collateral					
trading book	✓		✓		
non-trading book	✓			✓	
Other eligible collateral					
real estate collateral ¹		✓		✓	✓
other physical collateral				✓	✓
credit insurance ²		✓			✓
receivables	✓			✓	
life policies	✓			✓	
Credit derivatives ²		✓			✓
Collateralised guarantees		✓		✓	
Non collateralised guarantees ²		✓			✓

¹ Real estate collateral determines the exposure class under the Standardised Approach as explained below.

² As per application under the Substitution Approach, as explained below.

Application under the Standardised Approach

Where a credit risk exposure subject to the Standardised Approach is covered by a form of eligible financial collateral, the EAD value is adjusted accordingly under the Financial Collateral Comprehensive Method (FCCM) applying adjustments for volatility and currency mismatch, in addition to maturity mismatches for all collateral types and appropriate value discounts as needed.

For unfunded credit protection, where both the protection provider and the original obligor are reported under the Standardised Approach, for example where certain guarantees or credit derivatives apply, the exposure class and therefore risk weight applied to the portion of the exposure covered by the protection provider is based on the exposure class of the provider, referred to as the Substitution Approach. The covered portion is determined after the application of 'haircuts' for currency and maturity mismatch applied to the protection provided. The risk weight applied to the uncovered portion of the exposure is not impacted.

Real estate collateral does not impact EAD directly under the Standardised Approach, however, it instead determines the exposure class and directly impacts the risk-weight applied to the exposure.

Collateral may also be used as an input for modelling SCRA against exposures, which will also indirectly reduce the EAD for exposures subject to the Standardised Approach.

Application under the IRB Approach

In recognising eligible financial collateral under the FIRB Approach, the Bank adjusts the relevant LGD value in accordance with the application of the FCCM, applying adjustments for volatility and currency mismatch, in addition to maturity mismatches for all collateral types and appropriate value discounts as needed.

Other eligible collateral, collateralised guarantees and real estate collateral applied under the FIRB Approach will typically result in an adjustment to the regulatory LGD value, subject to floors as prescribed in the CRR. The adjustment applied is dependent on the value and type of collateral used.

CREDIT RISK (Continued)

Where appropriate guarantees or credit derivatives apply and both the protection provider and the original obligor are reported under the FIRB approach, the PD applied to the portion of the exposure covered by the protection provider is based on the PD of the provider, referred to as the PD substitution approach. The covered portion is determined after the application of 'haircuts' for currency and maturity mismatch applied to the protection provided. The PD applied to the uncovered portion of the exposure is not impacted.

Under the Retail IRB Approach, own estimates of LGD are used, taking into account eligible collateral, including real estate collateral or other physical collateral, among other factors. As well as impacting LGD, real estate collateral may also influence a counterparty's PD under the Retail IRB approach in certain cases, for example, for residential mortgages.

Application between the IRB and Standardised Approaches

Under the Substitution Approach a non-collateralised guarantee could also result in an exposure moving between regulatory approaches. This occurs where the original obligor would be reported under the IRB approach and the protection provider under the Standardised Approach or where the original exposure was on the Supervisory Slotting approach regardless of the approach used for a direct exposure to the protection provider. This can occur for government, corporate or institutional guarantees (including centrally cleared credit default swap protection). When this situation arises the protected exposure, after taking account of the application of 'haircuts' for any currency and / or maturity mismatches, is substituted from its original approach/exposure class into the Standardised Approach with the relevant exposure class of the protection provider. This results in the exposure moving to the risk weight based on the exposure class of the protection provider. Such substitution is only undertaken if the resultant position benefits from a lower capital requirement than was originally required.

Within the disclosures this is evident as the Gross Exposure (or On- and Off-Balance Sheet Exposure pre-CCF and CRM) shown in a particular table will include the exposure against the original obligor's exposure class as this is typically presented pre-CRM. The EAD for that asset class will not include the same exposure as it is shown post-CRM and therefore reflects that the exposure has substituted into the exposure class of the protection provider. EAD can therefore be higher or lower than the pre-CRM Gross Exposure as a result of this substitution effect.

Guarantees and credit derivatives used as credit protection, the main types of guarantor and credit derivative counterparty and their creditworthiness used for the purposes of reducing capital requirements, excluding those used as part of synthetic securitisation structures

Guarantees from eligible protection providers including governments, institutions and corporates, can provide regulatory capital relief, although there are minimum operational and legal requirements which must be met before reflecting the risk mitigating effect. On the basis that these requirements are met, alternative forms of protection, for example indemnities, may be classified as a guarantee for regulatory capital purposes. Export Credit Agencies can provide risk mitigation in the form of a guarantee (typically up to 85% – 95% of a contract value) providing cover and guarantee of payment in relation to commercial and political risk.

Regulatory capital relief is taken for guarantees provided by appropriate governments, institutions or corporates, as well as for collateralised guarantees from corporates where available.

The Bank undertakes securitisations (including Significant Risk Transfer transactions) or credit derivative based transactions, and purchases of credit default swaps or credit insurance as a means of mitigating or reducing credit risk and/or risk concentration, taking into account the nature of assets and the prevailing market conditions.

The Bank makes limited use of credit derivatives as credit risk mitigation from a capital perspective.

Further detail can be found in the Lloyds Bank plc Annual Report and Accounts 2025, on page 31, 'Credit risk', 'Management and mitigation', 'Collateral'.

Information about market or credit risk concentrations within the credit mitigation taken

Detail can be found in the Lloyds Bank plc Annual Report and Accounts 2025, on page 31, 'Credit risk', 'Management and mitigation', 'Limitations on concentration risk'.

The Bank considers risk concentrations by collateral providers and collateral type with a view to ensuring that any potential undue concentrations of risk are identified and suitably managed by changes to strategy, standards and/or business plans.

CR3: CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

	31 Dec 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	31,378	292,672	292,432	239	—
Debt securities	1,672	—	—	—	—
Total	33,050	292,672	292,432	239	—
Of which non-performing exposures	307	4,728	4,717	11	—
Of which defaulted	189	4,503	—	—	—
	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	—	—	—

CREDIT RISK (Continued)

CR4: Standardised approach – Credit risk exposure and CRM effects

Exposure classes	31 Dec 2025					
	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density ¹	
	On-balance sheet exposures £m	Off-balance sheet exposures £m	On-balance sheet exposures £m	Off-balance sheet exposures £m	RWAs £m	RWAs density %
1 Central governments or central banks	2,204	—	2,388	36	23	1
6 Institutions	13,856	40	13,856	8	11	—
7 Corporates	2,915	955	2,909	209	810	26
8 Retail	1,375	327	1,242	8	845	68
9 Secured by mortgages on immovable property	9,039	761	9,039	501	3,357	35
10 Exposures in default	1,002	4	974	—	999	103
16 Other items	180	—	180	—	151	84
17 Total	30,571	2,087	30,588	762	6,196	20

Exposure classes	31 Dec 2024					
	£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

		31 Dec 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 %	
A-IRB													
4	Retail	335,772	—	92.2	92.2	—	—	—	—	—	—	—	63,418
4.1	Of which Retail – Immovable property SMEs	—	—	—	—	—	—	—	—	—	—	—	—
4.2	Of which Retail – Immovable property non-SMEs	310,007	—	99.9	99.9	—	—	—	—	—	—	—	52,991
4.3	Of which Retail – Qualifying revolving	21,294	—	—	—	—	—	—	—	—	—	—	5,769
4.4	Of which Retail – Other SMEs	—	—	—	—	—	—	—	—	—	—	—	—
4.5	Of which Retail – Other non-SMEs	4,471	—	—	—	—	—	—	—	—	—	—	4,658
5	Total	335,772	—	92.2	92.2	—	—	—	—	—	—	—	63,418
F-IRB													
1	Central governments and central banks	—	—	—	—	—	—	—	—	—	—	—	—
2	Institutions	51	14.0	—	—	—	—	—	—	—	—	—	19
3	Corporates	2,372	20.6	27.3	27.3	—	—	—	—	—	5.5	—	1,381
3.1	Of which Corporates – SMEs	505	1.5	23.1	22.9	0.1	—	—	—	—	1.5	—	366
3.3	Of which Corporates – Other	1,867	25.8	28.4	28.4	—	—	—	—	—	6.5	—	1,015
4	Total	2,423	20.5	26.7	26.7	—	—	—	—	—	5.3	—	1,400
Other IRB													
	Specialised lending under the slotting approach ⁵	820	—	—	—	—	—	—	—	—	—	—	542
	Total	3,243	—	—	—	—	—	—	—	—	—	—	1,942

CREDIT RISK (Continued)

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

		31 Dec 2024												
		Credit risk mitigation techniques											Credit risk mitigation methods in the calculation of RWAs	
		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	—	92.1	92.1	—	—	—	—	—	—	—	—	65,594
4.1	Of which Retail – Immovable property SMEs	—	—	—	—	—	—	—	—	—	—	—	—	—
4.2	Of which Retail – Immovable property non-SMEs	305,701	—	99.9	99.9	—	—	—	—	—	—	—	—	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	—	92.1	92.1	—	—	—	—	—	—	—	—	65,594
F-IRB														
1	Central governments and central banks	—	—	—	—	—	—	—	—	—	—	—	—	—
2	Institutions	57	47.6	—	—	—	—	—	—	—	—	—	—	10
3	Corporates	2,531	12.3	26.5	26.5	—	—	—	—	—	—	1.0	—	1,436
3.1	Of which Corporates – SMEs	649	2.5	27.6	27.5	0.1	—	—	—	—	—	3.2	—	390
3.3	Of which Corporates – Other	1,881	23.0	41.7	41.7	—	—	—	—	—	—	0.9	—	1,046
4	Total	2,587	12.9	26.1	26.1	—	—	—	—	—	—	1.0	—	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)

		31 Dec 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	–	5	50	1	–	–
	Equal to or more than 2.5 years	96	37	70	125	80	1
2) Good	Less than 2.5 years	–	4	70	4	3	–
	Equal to or more than 2.5 years	4	2	90	6	5	–
3) Satisfactory	Less than 2.5 years	–	–	115	–	–	–
	Equal to or more than 2.5 years	19	4	115	22	25	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	30	3		32	–	16
	Equal to or more than 2.5 years	–	1		–	–	–
Total	Less than 2.5 years	30	12		37	3	16
	Equal to or more than 2.5 years	119	51		158	123	2

		31 Dec 2024					
Regulatory categories	Remaining maturity	£m	£m	%	£m	£m	£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)

		31 Dec 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	76	2	50	76	35	—
	Equal to or more than 2.5 years	117	1	70	117	75	—
2) Good	Less than 2.5 years	108	10	70	112	76	1
	Equal to or more than 2.5 years	167	23	90	182	150	1
3) Satisfactory	Less than 2.5 years	11	1	115	12	13	—
	Equal to or more than 2.5 years	58	1	115	59	67	2
4) Weak	Less than 2.5 years	—	—	250	—	—	—
	Equal to or more than 2.5 years	—	—	250	—	—	—
5) Default	Less than 2.5 years	62	4		64	—	32
	Equal to or more than 2.5 years	2	—		2	—	1
Total	Less than 2.5 years	257	17		264	124	33
	Equal to or more than 2.5 years	344	25		360	292	4

		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	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	1
	Equal to or more than 2.5 years	148	3	90	149	123	1
3) Satisfactory	Less than 2.5 years	11	—	115	11	10	—
	Equal to or more than 2.5 years	55	1	115	55	64	2
4) Weak	Less than 2.5 years	8	—	250	8	20	1
	Equal to or more than 2.5 years	2	—	250	2	4	—
5) Default	Less than 2.5 years	79	1		80	—	40
	Equal to or more than 2.5 years	2	—		2	—	1
Total	Less than 2.5 years	453	29		473	239	42
	Equal to or more than 2.5 years	302	12		309	258	4

APPENDIX 1: EXCLUDED TEMPLATES

Pillar 3 templates that are required to be disclosed annually but have not been included in this document are listed in the table below along with the reason for exclusion.

PRA reference	Template name	Reason for exclusion
INS1	Insurance participations	Not applicable to the Bank
INS2	Financial conglomerates information on own funds and capital adequacy ratio	Not applicable to the Bank
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 Internal Model Approach	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 2025 Year-End Pillar 3 Disclosures for further information.
LIQ2	Net stable funding ratio	
LIQA	Liquidity risk management	
LIQB	Qualitative information on LCR	
REMA	Remuneration policy	
REM1	Remuneration awarded for the financial year	
REM2	Special payments to staff whose professional activities have a material impact on institutions risk profile (identified staff)	Excluded as Bank staff are contractually employed by the Bank's parent company HBOS plc.
REM3	Deferred remuneration	
REM4	Remuneration of 1 million EUR or more per year	
REM5	Information on remuneration of staff whose professional activities have a material impact on institutions risk profile (identified staff)	

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; risks related to new and emerging technologies, including artificial intelligence; 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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CONTACTS

For further information please contact:

INVESTORS AND ANALYSTS

Douglas Radcliffe
Group Investor Relations Director
020 7356 1571
douglas.radcliffe@lloydsbanking.com

Rohith Chandra-Rajan
Director of Investor Relations
07353 885 690
rohith.chandra-rajana@lloydsbanking.com

Nora Thoden
Director of Investor Relations – ESG
020 7356 2334
nora.thoden@lloydsbanking.com

Tom Grantham
Investor Relations Senior Manager
07851 440 091
thomas.grantham@lloydsbanking.com

Sarah Robson
Investor Relations Senior Manager
07494 513 983
sarah.robson2@lloydsbanking.com

CORPORATE AFFAIRS

Matt Smith
Head of Media Relations
07788 352 487
matt.smith@lloydsbanking.com

Emma Fairhurst
Media Relations Senior Manager
07814 395 855
emma.fairhurst@lloydsbanking.com