Lloyds Bank Corporate Markets plc

Q1 2025

Pillar 3 Disclosures

8 May 2025

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BASIS OF PREPARATION

This report presents the interim Pillar 3 disclosures of Lloyds Bank Corporate Markets plc ('the Bank') as at 31 March 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

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 disclosure[1]

Ref		31 Mar 2025[2]	31 Dec 2024	30 Sep 2024[2]	30 Jun 2024
Ref	**Leverage ratio**				
UK-24b	Total exposure measure excluding claims on central banks	81,263	79,612	79,004	78,930
25	Leverage ratio excluding claims on central banks (%)	4.4%	4.5%	4.4%	4.7%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.4%	4.5%	4.4%	4.7%
UK-25c	Leverage ratio including claims on central banks (%)	3.5%	3.6%	3.5%	3.8%
	Additional leverage ratio disclosure requirements - leverage ratio buffers				
27	Leverage ratio buffer (%)[3]	0.3%	0.3%	0.4%	0.3%
UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.3%	0.3%	0.4%	0.3%
	Additional leverage ratio disclosure requirements - disclosure of mean values				
UK-31	Average total exposure measure including claims on central banks[4]	102,838	101,559	99,500	96,536
UK-32	Average total exposure measure excluding claims on central banks[4]	83,045	81,359	81,353	79,029
UK-33	Average leverage ratio including claims on central banks[4]	3.4%	3.5%	3.6%	3.8%
UK-34	Average leverage ratio excluding claims on central banks[4]	4.3%	4.4%	4.4%	4.6%

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

2 Excludes profits for the preceding quarter from the total tier 1 capital positions at 31 March 2025 and 30 September 2024 (numerator of the leverage ratio) that remained subject to formal verification in accordance with capital regulations.

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

4 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 4.4% (31 December 2024: 4.5%), reflecting the increase in the leverage exposure measure following increases in drawn lending, securities financing transactions and off-balance sheet items, partially offset through a reduction in the measure for settlement balances.

LEVERAGE AND OVERVIEW OF RISK WEIGHTED EXPOSURE AMOUNTS (Continued)

OV1: Overview of risk weighted exposure amounts

		Total RWA		Total own funds requirements
		31 Mar 2025	31 Dec 2024	31 Mar 2025
		£m	£m	£m
1	**Credit risk (excluding CCR)**	10,366	9,582	830
2	Of which the standardised approach	1,175	1,190	94
3	Of which the foundation IRB (FIRB) approach	8,302	7,610	664
4	Of which slotting approach	382	272	31
UK 4a	Of which equities under the simple risk weighted approach	419	419	34
	Of which: non-credit obligation assets[1]	88	91	7
6	**Counterparty credit risk (CCR)**	5,840	5,828	467
7	Of which the standardised approach	5,267	5,189	421
UK 8a	Of which exposures to a CCP	88	72	7
UK 8b	Of which credit valuation adjustment (CVA)	177	243	14
9	Of which other CCR	308	324	25
16	**Securitisation exposures in the non-trading book (after the cap)**	524	531	42
18	Of which SEC-ERBA approach (including IAA)	153	149	12
19	Of which SEC-SA approach	371	382	30
20	**Position, foreign exchange and commodities risks (Market risk)**	3,803	3,422	304
21	Of which the standardised approach	506	416	40
22	Of which IMA	3,297	3,006	264
23	**Operational risk**	1,242	1,242	99
UK 23b	Of which standardised approach	1,242	1,242	99
24	Memo: Amounts below the thresholds for deduction (subject to 250% risk weight)	456	458	36
29	**Total**	21,775	20,605	1,742
	Pillar 2A capital requirement[2]			921
	Total capital requirement			2,663

[1] Non-credit obligation assets (IRB approach) includes other balance sheet assets that have no associated credit risk.

[2] As at 31 March 2025, the Pillar 2A capital requirement was around 4.2% of risk-weighted assets, of which around 2.4% was to be met with CET1 capital.

CREDIT RISK

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 and other non-credit obligation assets.

		Total RWA quarter to 31 Mar 2025
		£m
1	Risk weighted exposure amount as at the end of previous reporting period	7,882
2	Asset size (+/-)	1,007
3	Asset quality (+/-)	(55)
5	Methodology and policy (+/-)	—
7	Foreign exchange movements (+/-)	(150)
9	**Risk weighted exposure amount as at the end of the reporting period**	**8,684**

Key movements 31 December 2024 to 31 March 2025:

– Asset size increase largely driven by lending growth.

MARKET RISK

MR2-B: RWA flow statements of market risk exposures under the Internal Model Approach

The table below summarises the movements of risk-weighted assets for market risk exposures under the Internal Model Approach (IMA).

		Total RWA quarter to 31 Mar 2025					
		VaR	SVaR	IRC	Other	Total RWA	Total own funds requirements
		£m	£m	£m	£m	£m	£m
1	**RWAs at 31 December 2024**	572	1,077	426	931	3,006	240
1a	Regulatory adjustment	(264)	(777)	(140)	—	(1,181)	(94)
1b	RWAs at the previous quarter-end (end of the day)[1]	308	300	286	931	1,825	146
2	Movement in risk levels	(187)	15	175	(108)	(104)	(8)
3	Model updates/changes	—	—	—	—	—	—
7	Other	—	—	—	37	37	3
8a	RWAs at end of the disclosure period (end of the day)[1]	121	315	461	860	1,758	141
8b	Regulatory adjustment	468	1,071	—	—	1,539	123
8	**RWAs at 31 March 2025**	589	1,386	461	860	3,297	264

[1] End of day represents spot position

Key movements 31 December 2024 to 31 March 2025:

– Increase in SVaR RWA driven by portfolio evolution.

LIQUIDITY

The table below presents the breakdown of the Bank's cash outflows and cash inflows, as well as its available high quality liquid assets, calculated as the simple averages of month end observations over the 12 months preceding the end of each quarter.

LIQ1: Liquidity Coverage Ratio (LCR)

		Total unweighted value (average)				Total weighted value (average)			
		31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 2024
	Number of data points used in calculation of averages	12	12	12	12	12	12	12	12
High-quality liquid assets (£m)									
1	Total high-quality liquid assets (HQLA)					26,227	26,839	27,054	27,569
Cash - outflows (£m)									
2	Retail deposits and deposits from small business customers, of which:	7,786	7,764	7,696	7,599	1,022	1,016	1,002	984
4	Less stable deposits	7,786	7,764	7,696	7,599	1,022	1,016	1,002	984
5	Unsecured wholesale funding	8,445	8,058	7,841	7,916	5,446	5,258	5,195	5,210
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	100	76	47	23	25	19	12	6
7	Non-operational deposits (all counterparties)	7,296	6,997	6,811	6,828	4,372	4,254	4,200	4,139
8	Unsecured debt	1,049	985	983	1,065	1,049	985	983	1,065
9	Secured wholesale funding					258	146	149	166
10	Additional requirements	24,880	26,185	26,924	27,181	17,382	18,808	19,567	19,694
11	Outflows related to derivative exposures and other collateral requirements	11,634	13,089	13,765	13,824	11,634	13,089	13,765	13,824
13	Credit and liquidity facilities	13,246	13,096	13,159	13,357	5,748	5,719	5,802	5,870
14	Other contractual funding obligations	2,621	1,771	1,158	633	640	600	707	594
15	Other contingent funding obligations	6,747	6,822	6,788	6,763	207	223	230	231
16	Total cash outflows					24,955	26,051	26,850	26,879
Cash - inflows (£m)									
17	Secured lending (e.g. reverse repos)	20,930	21,130	21,650	20,600	131	122	119	138
18	Inflows from fully performing exposures	933	880	879	918	872	816	817	855
19	Other cash inflows	8,140	9,104	9,511	9,411	8,140	9,104	9,511	9,410
20	Total cash inflows	30,003	31,114	32,040	30,929	9,143	10,042	10,447	10,403
UK-20c	Inflows subject to 75% cap	28,427	29,422	30,345	29,262	9,143	10,042	10,447	10,403
Total adjusted value									
UK-21	Liquidity buffer (£m)					26,227	26,839	27,054	27,569
22	Total net cash outflows (£m)					15,812	16,009	16,403	16,476
23	Liquidity coverage ratio (%)					166%	168%	165%	168%

LIQUIDITY (continued)

LIQB: Qualitative information on LCR

The Bank's LCR disclosure (based on a simple average over the previous 12 months) was 166% as of 31 March 2025. The decrease of 2 percentage points from the prior quarter was driven by a reduction in liquid assets, primarily from an increase in lending.

The Bank manages and monitors funding and liquidity risks in accordance with internal risk appetite, strategy and regulatory requirements, including maintaining diversified funding sources. The Bank's funding sources include a range of wholesale unsecured funding, across a diverse range of products and counterparties. Funding concentration by counterparty, currency and tenor is monitored on an ongoing basis and where concentrations do exist, these are managed as part of the planning process and limited by the internal funding and liquidity risk monitoring framework, with analysis regularly provided to senior management.

The liquidity buffer consists almost entirely of Level 1 items. The majority of Level 1 assets are held as central bank reserves, with the remaining balance of Level 1 assets primarily held as government bonds.

The Bank's outflows related to derivative exposures and other collateral requirements include outflows for potential deterioration in credit rating and for the impact of an adverse market scenario on derivatives transactions. Also included are outflows on derivative contracts that have offsetting inflows recorded in 'other cash inflows'.

The Bank's liquidity risk management framework covers currency liquidity risk and ensures the currency denomination of LCR liquid assets is consistent with the distribution of net currency liquidity outflows. Granular LCR risk appetites by significant currency are set and monitored across tenors at Bank committee level.

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 Lloyds Bank Corporate Markets 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 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 impact of any regulatory and/or legislative divergence between the UK and EU as a result of the exit by the UK from the European Union (EU) and the effects of the EU-UK Trade and Cooperation Agreement; 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 Base Prospectus for the Group's Euro Medium-Term Note Programme and 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. 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