

Lloyds Bank plc

2025 Year-End

Pillar 3 Disclosures

26 February 2026

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INTRODUCTION AND BASIS OF PREPARATION

This document presents the consolidated Pillar 3 disclosures of Lloyds Bank plc ('the Group') 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').

The Group has embedded policies and frameworks to support compliance with these requirements, with an overarching Financial Reporting & Tax Risk policy supported by a Prudential Regulatory Reporting Framework and Capital Requirements Regulation (CRR) Interpretation & Compliance Framework.

Where indicated, certain qualitative disclosure requirements have been met by cross reference to the equivalent disclosures located in the Lloyds Bank plc Annual Report and Accounts 2025 or Lloyds Banking Group plc Annual Report and Accounts 2025 (the 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).

A number of significant differences exist between accounting disclosures published in accordance with International Financial Reporting Standards (IFRS) and Pillar 3 disclosures published in accordance with capital regulations, which prevent direct comparison in a number of areas. These include differences in relation to the scope of consolidation, the definition of credit risk exposure and the recognition, classification and valuation of capital instruments.

Details on the scope of consolidation applied to the disclosures presented within this document are provided within the Scope of Consolidation section.

Pursuant to the disclosure requirements under the PRA's Group Financial Support Instrument, and in accordance with the general principles set out in Articles 431 to 434, Lloyds Bank plc has not entered into any group financial support agreement.

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.

The Group will continue to make available its full consolidated Pillar 3 disclosures annually.

Additionally, the Group publishes limited Pillar 3 disclosures at the interim quarter ends and at half-year in accordance with the requirements on the frequency of disclosure.

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

Presentation of Credit Risk Exposures

To ensure compliance with the disclosure requirements, credit risk exposures are presented on different bases throughout the document. Information on the exposure basis is given either in column headings or supporting narrative within the Credit Risk section (pages 29 to 76).

Counterparty credit risk exposures are presented on a post CRM basis, unless otherwise stated.

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 Group'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, within the published CR6 tables, Defaulted Exposure, Exposure at Default and weighted average risk metrics are disclosed on a pre CRD IV basis (including a 180 day backstop) whilst 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.

While acknowledging the significant value of these temporary post model adjustments to allow for an appropriate level of capital (aligned to new modelling requirements under CRD IV), PD back testing shows that the incumbent PD models are generally working effectively and prudently against pre CRD IV default definitions

Standardised approach exposures already use a 90 day default backstop and this is reflected in the CR4 and CR5 tables. Tables CQ1, CQ4 and CQ5 are based on accounting definitions, and therefore also use the current 90 days past due definition.

Large Subsidiary Disclosures

Additional disclosures surrounding the capital resources, leverage exposures and capital requirements of Bank of Scotland plc will be published separately in conjunction with the Annual Report and Accounts for this subsidiary.

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 Lloyds Bank plc and 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 Lloyds Bank plc and 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.

INTRODUCTION AND BASIS OF PREPARATION (Continued)**Internal Control**

The Group's approach to risk management including risk policies, risk appetite, measurement bases and sensitivities is aligned to those of Lloyds Banking Group plc, the Bank's ultimate parent. The Group has adopted the risk management framework (RMF) of Lloyds Banking Group, supplemented with additional tailored practices to address ring-fencing requirements. An overview of the application of the RMF by Lloyds Bank is set out on pages 5 to 11 of the Lloyds Bank plc Annual Report and Accounts 2025. The effectiveness of the RMF and internal control framework is reviewed at least annually by the Lloyds Banking Group Board, the Board Risk Committee and the Audit Committee, which also receives reports of reviews undertaken by the Risk Function and Group Audit. A statement is included within the Internal Control section of the Lloyds Banking Group plc Annual Report and Accounts 2025 (page 84) confirming that the Lloyds Banking Group Board in conjunction with the Audit Committee and the Board Risk Committee concluded that Lloyds Banking Group's risk management arrangements throughout 2025 were adequate overall. Further detail on the Lloyds Banking Group Board's responsibility, the control effectiveness review and reviews by the Board are set out in the Internal Control section of the Lloyds Banking Group plc Annual Report and Accounts 2025. The associated responsibilities of the Lloyds Bank Board are set out under Principle Three and Principle Four of the Corporate Governance Statement on page 13 of the Lloyds Bank plc Annual Report and Accounts 2025.

Attestation Summary

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

As set out under the Corporate Governance Statement of the Lloyds Bank plc Annual Report and Accounts 2025, the Board is responsible for, and monitors, the Group's risk management framework and internal control framework. These are designed to facilitate effective and efficient operations and to ensure the quality and integrity of internal and external reporting and compliance with applicable laws and regulations, including compliance with the Disclosure (CRR) section of the PRA Rulebook.

We confirm that the quantitative and qualitative disclosures presented within this document have been prepared in accordance with relevant policies, frameworks, internal processes, systems and controls and have subsequently been verified and approved through internal governance procedures.



William Chalmers
Chief Financial Officer



Stephen Shelley
Chief Risk Officer

The directors approved this document on 26 February 2026.

KEY METRICS AND OVERVIEW OF RISK WEIGHTED EXPOSURE AMOUNTS

KM1: Key metrics¹

KM1	LR2		31 Dec 2025	30 Sep 2025	30 Jun 2025	31 Mar 2025	31 Dec 2024
Ref	Ref	Available own funds (amounts)					
1		Common Equity Tier 1 (CET1) capital (£m)	26,468	25,926	26,094	26,052	25,610
2		Tier 1 capital (£m)	31,835	30,532	31,852	32,497	31,305
3		Total capital (£m)	38,995	37,739	38,926	38,044	37,214
		Risk-weighted exposure amounts					
4		Total risk-weighted exposure amount (£m)	194,300	190,570	191,291	190,951	186,996
		Capital ratios (as a percentage of risk-weighted exposure amount)					
5		Common Equity Tier 1 ratio (%)	13.6%	13.6%	13.6%	13.6%	13.7%
6		Tier 1 ratio (%)	16.4%	16.0%	16.7%	17.0%	16.7%
7		Total capital ratio (%)	20.1%	19.8%	20.3%	19.9%	19.9%
		Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a		Additional CET1 SREP requirements (%)	1.6%	1.6%	1.7%	1.7%	1.7%
UK 7b		Additional AT1 SREP requirements (%)	0.6%	0.6%	0.6%	0.6%	0.6%
UK 7c		Additional T2 SREP requirements (%)	0.8%	0.7%	0.7%	0.7%	0.7%
UK 7d		Total SREP own funds requirements (%)	10.9%	10.9%	11.0%	11.0%	11.0%
		Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8		Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9		Institution specific countercyclical capital buffer (%)	1.9%	1.9%	1.9%	1.9%	1.9%
UK 10a		Other Systemically Important Institution buffer (%) ²	2.0%	2.0%	2.0%	2.0%	2.0%
11		Combined buffer requirement (%)	6.4%	6.4%	6.4%	6.4%	6.4%
UK 11a		Overall capital requirements (%)	17.3%	17.3%	17.4%	17.4%	17.4%
12		CET1 available after meeting minimum SREP own funds requirements (%) ³	7.5%	7.5%	7.5%	7.5%	7.5%
		Leverage ratio					
13	UK-24b	Total exposure measure excluding claims on central banks (£m)	612,730	606,659	593,908	588,776	582,332
14	25	Leverage ratio excluding claims on central banks (%)	5.2%	5.0%	5.4%	5.5%	5.4%
		Additional leverage ratio disclosure requirements					
UK 14a	UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks(%)	5.2%	5.0%	5.4%	5.5%	5.4%
UK 14b	UK-25c	Leverage ratio including claims on central banks (%)	4.9%	4.7%	5.0%	5.2%	5.0%
UK 14c	UK-34	Average leverage ratio excluding claims on central banks (%) ⁴	5.1%	5.2%	5.4%	5.5%	5.3%
UK 14d	UK-33	Average leverage ratio including claims on central banks (%) ⁴	4.8%	4.9%	5.1%	5.1%	4.9%
	UK-31	Average total exposure measure including claims on central banks ⁴	661,217	649,419	641,835	632,506	638,358
	UK-32	Average total exposure measure excluding claims on central banks ⁴	620,362	608,457	599,483	590,752	597,279
	27	Leverage ratio buffer (%)	1.4%	1.4%	1.4%	1.4%	1.4%
	UK-27a	Of which: G-SII or O-SII additional leverage ratio buffer (%)	0.7%	0.7%	0.7%	0.7%	0.7%
UK 14e	UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.7%	0.7%	0.7%	0.7%	0.7%

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

² The Group is subject to an Other Systemically Important Institution (OSII) Buffer of 2.0% of risk-weighted exposure amounts which is designed to hold systemically important banks to higher capital standards so that they can withstand a greater level of stress before requiring resolution.

³ 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). The Group's Pillar 2A capital requirement is around 2.9% of risk-weighted assets, of which around 1.6% is to be met with CET1 capital.

⁴ The average leverage ratio is based on the average of the month end tier 1 capital position and average exposure measure over the quarter.

KEY METRICS AND OVERVIEW OF RISK WEIGHTED EXPOSURE AMOUNTS (Continued)**KM1: Key metrics** continued

KM1	LR2		31 Dec 2025	30 Sep 2025	30 Jun 2025	31 Mar 2025	31 Dec 2024
Ref	Ref	Average Liquidity Coverage Ratio (weighted) (LCR) ⁵					
15		Total high-quality liquid assets (HQLA)(Weighted value - average) (£m)	104,542	105,580	105,466	106,882	107,531
UK 16a		Cash outflows - Total weighted value - average (£m)	83,177	82,976	83,074	83,866	84,399
UK 16b		Cash inflows - Total weighted value - average (£m)	5,744	5,316	5,402	5,588	5,738
16		Total net cash outflows (adjusted value - average) (£m)	77,433	77,660	77,672	78,278	78,661
17		Average liquidity coverage ratio (%)	135%	136%	136%	137%	137%
		Average Net Stable Funding Ratio⁶					
18		Total available stable funding (Weighted value - average) (£m)	478,176	476,334	477,876	480,628	481,973
19		Total required stable funding (Weighted value - average) (£m)	400,607	395,084	391,916	390,040	390,213
20		Average NSFR ratio (%)	119%	121%	122%	123%	124%

⁵ The liquidity balances are calculated as the simple average of month end observations over the previous 12 months.

⁶ The net stable funding balances are calculated as the simple average of month end observations over the previous 4 quarter ends.

Common Equity Tier 1

The Group's common equity tier 1 (CET1) capital ratio decreased to 13.6% at 31 December 2025 from 13.7% at 31 December 2024. Profit for the year, after the charge for motor finance commission arrangements, was more than offset by the payment of ordinary dividends, the accrual for foreseeable ordinary dividends, distributions on other equity instruments and an increase in risk-weighted assets.

Total Capital

The Group's total capital ratio increased to 20.1% at 31 December 2025 from 19.9% at 31 December 2024 reflecting the increase in CET1 capital and the issuance of new AT1 and tier 2 capital instruments during the year. This was partly offset by AT1 and tier 2 instrument calls, other tier 2 movements and the increase in risk-weighted assets.

Risk-Weighted Assets

Risk-weighted assets increased by £7,304 million to £194,300 million at 31 December 2025 from £186,996 million at 31 December 2024. This includes the impact of lending growth and Retail secured CRD IV increases, partly offset by continued optimisation activity.

Leverage

The Group's UK leverage ratio reduced to 5.2% at 31 December 2025 from 5.4% at 31 December 2024, reflecting an increase in the leverage exposure measure following increases across loans and advances and other assets, largely due to lending growth, and an increase in off-balance sheet items. This was partly offset by an increase in the total tier 1 capital position. The average leverage ratio reflected the issuance of a new AT1 capital instrument during the last quarter of 2025.

Liquidity

The Group's liquidity coverage ratio (LCR) reduced to 135% (based on a simple average over the previous 12 months) at 31 December 2025 from 137% at 31 December 2024. The decrease of 2 percentage point was primarily due to a reduction in liquid assets from growth in lending and TFSME repayments, partially offset by an increase in customer deposits. Net cash outflows also decreased, primarily from a reduction in outflows related to derivative exposures arising from historic market volatility. The Group's net stable funding ratio (NSFR) reduced to 119% (based on a simple average over the previous 4 quarters) at 31 December 2025 from 124% at 31 December 2024. The 5 percentage points decrease was primarily due to growth in lending and TFSME repayments, partially offset by an increase in customer deposits.

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)	158,922	151,614	12,714
2	Of which the standardised approach	23,603	19,380	1,889
3	Of which the foundation IRB (FIRB) approach	28,622	26,518	2,290
4	Of which slotting approach	9,405	8,841	752
5	Of which the advanced IRB (AIRB) approach	90,339	90,548	7,227
	Of which: non-credit obligation assets ¹	6,953	6,327	556
6	Counterparty credit risk (CCR)	1,386	1,363	111
7	Of which the standardised approach	494	523	39
UK 8a	Of which exposures to a CCP	158	139	13
UK 8b	Of which credit valuation adjustment (CVA)	260	244	21
9	Of which other CCR	474	457	38
16	Securitisation exposures in the non-trading book (after the cap)	7,777	7,648	622
17	Of which SEC-IRBA approach	3,402	3,820	272
18	Of which SEC-ERBA approach (including IAA)	1,503	1,212	120
19	Of which SEC-SA approach	2,872	2,616	230
20	Position, foreign exchange and commodities risks (Market risk)	177	292	14
21	Of which the standardised approach	177	292	14
23	Operational risk	26,038	26,079	2,083
UK 23b	Of which standardised approach	26,038	26,079	2,083
24	Memo: Amounts below the thresholds for deduction (subject to 250% risk weight)	747	1,211	60
29	Total	194,300	186,996	15,544
	Pillar 2A capital requirement ²			5,593
	Total capital requirement			21,137

¹ Non-credit obligation assets (IRB approach) predominately relate to other balance sheet assets that have no associated credit risk, including the residual value of operating leases.

² Following a PRA update in the third quarter, the Group's Pillar 2A capital requirement has reduced to around 2.9% of risk-weighted assets, of which around 1.6% is to be met with CET1 capital.

Risk-weighted assets increased by £7,304 million to £194,300 million at 31 December 2025 from £186,996 million at 31 December 2024. This predominantly reflected:

Credit Risk: RWAs increased by £7,308 million to £158,922 million due to lending growth in Retail and Commercial Banking, Retail Secured CRD IV increases and other movements, 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	124,615	125,907
2 Asset size (+/-)	1,931	8,533
3 Asset quality (+/-)	(34)	(713)
4 Model updates (+/-)	(21)	(4,719)
5 Methodology and policy (+/-)	1,898	502
7 Foreign exchange movements (+/-)	(23)	(114)
8 Other (+/-)	—	(1,030)
9 Risk weighted exposure amount at the end of the reporting period	128,366	128,366

Key movements 30 September 2025 to 31 December 2025:

- **Asset size** increase largely driven by Commercial Banking and Retail lending growth.
- **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 Commercial Banking and 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.
- **Other** reductions in risk-weighted assets relate to optimisation, including capital efficient securitisation activity in Commercial Banking.

RISK MANAGEMENT APPROACH (OVA)

Risk management is essential to our business model and strategy, helping us to embrace opportunities responsibly and drive sustainable growth for the Group. Our strong risk management culture, underpinned by Lloyds Banking Group's enhanced risk management framework (RMF), is vital in safeguarding the Group, colleagues and customers against both existing and emerging risks.

During 2025, the Group has continued to make progress in its risk transformation journey, allowing us to further evolve our risk management approach to deliver good outcomes for our customers. This has included the consistent implementation of the RMF requirements for all of Lloyds Banking Group's legal entities including Lloyds Bank plc, business units and functions.

The RMF ensures processes are in place to facilitate robust risk management and effective decision making.

Lloyds Banking Group's risk policies are supported by risk toolkits, which set out clear guidance and minimum standards for proactive identification and effective risk management, fostering a strong risk management culture across the Group. Further information about the RMF can be found on pages 17 to 18 in the Lloyds Bank plc Annual Report and Accounts 2025.

Disclosure of the concise risk statement approved by the management body

Detail can be found in the Lloyds Bank plc Annual Report and Accounts 2025, pages 5 to 10, 'Risk overview'.

Information on the risk governance structure for each type of risk

Detail can be found in the Lloyds Bank plc Annual Report and Accounts 2025, pages 17 to 21, 'Risk management', pages 22 to 62, 'Full analysis of principal risk categories', and page 5 'Risk management framework - Risk governance'.

The declaration approved by the management body on the adequacy of the risk management arrangements

Detail can be found in the Lloyds Bank plc Annual Report and Accounts 2025, page 17, 'Risk management framework', and page 20, 'Financial reporting and tax risk management systems and internal controls'. Refer also to the section on Internal Control on page 5 of this document.

Disclosure on the scope and nature of risk disclosure and/or measurement systems, along with information on the main features of risk disclosure and measurement systems

Detail can be found in the Lloyds Bank plc Annual Report and Accounts 2025, page 20, 'Risk decision making and reporting' and the risk and control cycle diagram, pages 22 to 62 'Full analysis of principal risk categories', and page 6, 'Principal risks'.

Strategies and processes to manage risks for each separate category of risk

Detail can be found in the Lloyds Bank plc Annual Report and Accounts 2025, pages 6 to 8, 'Risk overview', 'Principal risks', 'Mitigating actions', and pages 22 to 62, 'Full analysis of principal risk categories'.

Information on the strategies and processes to manage, hedge and mitigate risks, as well as on the monitoring of the effectiveness of hedges and mitigants

Detail can be found in the Lloyds Bank Group plc Annual Report and Accounts 2025, pages 22 to 62, 'Full analysis of principal risk categories', 'Management and mitigation' and 'Monitoring' sections for each principal risk.

Risk Profile Disclosure

In accordance with Pillar 3 disclosure requirements, the Group is required to assess whether its external disclosures taken as a whole (including the Group's Annual Report and Accounts and Pillar 3 disclosures) comprehensively portray its risk profile.

The Group's Pillar 3 disclosures focus primarily on the following risk categories: capital, credit and counterparty credit, liquidity, market and operational. Comprehensive qualitative and quantitative disclosures are provided in respect of each category within these disclosures and within the Lloyds Bank plc Annual Report and Accounts 2025.

The Lloyds Bank plc Annual Report and Accounts 2025 provides an in depth analysis of the wider range of principal, emerging and topical risks to which the Group is exposed:

- Risk overview, pages 5 to 10;
- Emerging and topical risks, pages 9 to 10;
- Full analysis of principal risk categories, pages 22 to 62.

THE REGULATORY CAPITAL FRAMEWORK

The Group assesses both its regulatory capital requirements and the quantity and quality of capital resources it holds to meet those requirements in accordance with the relevant provisions of the Capital Requirements Directive (CRD V) and Capital Requirements Regulation (UK CRR). This is supplemented through additional regulation set out under the PRA Rulebook and through associated statements of policy, supervisory statements and other regulatory guidance.

The regulatory capital framework consists of various classifications of capital resources – Common Equity Tier 1 (CET1), Additional Tier 1 (AT1) and Tier 2 (T2) – which are held to meet a stack of regulatory capital requirements and buffers.

Regulatory Capital Resources

The Group's capital resources are classified depending on the degree of permanency and loss absorbency exhibited.

Common equity tier 1 capital: This represents the strongest form of capital consisting of shareholders' equity (ordinary share capital and reserves) after a number of regulatory adjustments and deductions have been applied. These include the elimination of the cash flow hedging reserve and deductions for goodwill and other intangible assets, the majority of deferred tax assets, defined benefit pension scheme surpluses and excess regulatory expected losses. In addition reserves are adjusted to reflect accruals for foreseeable dividends.

Additional tier 1 capital: AT1 capital instruments are non-cumulative perpetual securities containing a specific provision to write down the security or convert it to equity should the CET1 ratio fall to a defined trigger limit. The Group's current AT1 securities contain a trigger limit of 7 per cent. CET1 and AT1 together form Tier 1 Capital (T1).

Tier 2 capital: T2 capital comprises certain other subordinated debt securities that do not qualify as AT1. They must have an original term of at least 5 years, cannot normally be redeemed within their first 5 years and are phased out as T2 regulatory capital in the final 5 years before maturity through the application of regulatory amortisation. Any excess of IFRS 9 expected credit losses over regulatory expected losses in respect of the Group's IRB portfolios is added to T2 capital ('eligible provisions'), subject to a percentage cap based on IRB risk-weighted assets. T1 and T2 together form Total Capital.

Regulatory Capital Requirements and Buffers

Prudential requirements under the Basel framework are categorised under three pillars: Pillar 1 – Minimum Capital Requirements; Pillar 2 – Supervisory Review Process; and Pillar 3 – Market Discipline.

Pillar 1 – Minimum Capital Requirements

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 Group'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. Group 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 Group has applied temporary post model adjustments to risk-weighted assets and expected loss amounts. A brief summary of the different approaches for the different risk types and their application by the Group as at 31 December 2025 is disclosed on pages 12 and 13, with further detail provided in each of the sections as indicated.

THE REGULATORY CAPITAL FRAMEWORK (Continued)

Pillar 1 Capital Requirements

Risk type	Approaches	Application within the Group
Credit risk	<p>Credit risk risk-weighted assets represent a measure of on and off-balance sheet exposures weighted according to risk as specified under the rules. There are two approaches available:</p> <p>Standardised Approach (STA) A simple approach which relies on the application of a prescribed set of risk weights to credit risk exposures, dependent on a number of factors including the applicable asset class and underlying credit quality.</p> <p>The Standardised Approach takes account of credit risk mitigation and specific credit risk adjustments (SCRAs) that the Group has applied against an exposure, before the relevant risk weight is applied to the adjusted exposure amount. Unlike exposures modelled under the IRB approaches, there is no distinction made between expected and unexpected losses for exposures on the Standardised Approach.</p> <p>Under this approach banks can utilise risk assessments from External Credit Assessment Institutions (ECAIs) for a number of exposure classes that cover rated counterparties, including corporates, central governments or central banks, and institutions.</p> <p>The Standardised Approach is also applied to exposures in the form of units or shares in a Collective Investment Undertaking (CIU).</p> <p>IRB Approach (IRB) There are two main variations for commercial exposures – Foundation IRB (FIRB) and Advanced IRB (AIRB). For retail exposures, Retail IRB (RIRB) is available (a variation of AIRB). In each case a prescribed regulatory formula is used to calculate risk-weighted assets which incorporates probability of default (PD), loss given default (LGD) and exposure at default (EAD) in addition to other variables such as maturity and correlation. Regulatory expected losses (EL) under the FIRB, AIRB and RIRB approaches are calculated by multiplying regulatory EAD by PD and LGD, with the exception of defaulted exposures on the AIRB and RIRB where the best estimate of expected loss (BEEL) is used.</p> <p>Scaling factors are applied to the calculation of risk-weighted assets with an uplift applied for Financial Institutions Interconnectedness (FII) and a reduction for exposures to SMEs.</p> <p>The FIRB Approach uses internal assessments of a counterparty's PD (subject to certain floors) together with regulatory prescribed values for LGD and EAD.</p> <p>The AIRB Approach uses internal assessments of PD, EAD and LGD (subject to certain floors).</p> <p>The Retail IRB Approach is a version of the AIRB Approach tailored to retail exposures.</p> <p>For specialised lending exposures there is also a Supervisory Slotting Approach which assigns regulatory prescribed risk weights and expected loss amounts to assets based on the characteristics of each exposure.</p> <p>A number of alternative methodologies exist for other exposures such as equity exposures and securitisation positions.</p>	<p>The Group applies the Standardised Approach to the majority of its central government and central bank exposures, its multilateral development bank exposures, the MBNA credit card portfolio, certain corporate and residential mortgage portfolios (including the sub portfolio of (closed) mortgages transferred from IRB in 2025 as they fall outside the scope of the CRD IV Secured model) and a number of other smaller exposure classes.</p> <p>The Group makes limited use of ECAI ratings published by Standard & Poor's, Moody's and Fitch to determine risk-weights for rated counterparties under this approach.</p> <p>The FIRB Approach is used for the majority of the Group's commercial exposures.</p> <p>The Group has permission to utilise the RIRB Approach for retail portfolios and applies this with a few exceptions (e.g. MBNA which is on the Group's roll-out plan).</p> <p>Certain portfolios are permanently exempt from the IRB approaches, being subject to the Standardised Approach instead, including certain non UK incorporated Corporate assets and the acquired closed book of Tesco Bank residential mortgages. Other portfolios (including MBNA) are currently awaiting roll out under the Group's IRB model roll-out plan.</p> <p>For more information on IRB models refer to pages 44 to 49.</p> <p>The Group applies the Supervisory Slotting Approach to corporate specialised lending exposures that comprise mainly of real estate portfolios and project finance.</p> <p>Securitisation positions are risk weighted under the Securitisation External Ratings Based Approach (SEC-ERBA), the Securitisation Internal Ratings Based Approach (SEC-IRBA) or the Securitisation Standardised Approach (SEC-SA).</p>

THE REGULATORY CAPITAL FRAMEWORK (Continued)

Pillar 1 Capital Requirements continued

Risk type	Approaches	Application within the Group
Counterparty credit risk	<p>There are several approaches for measuring exposures to counterparty credit risk, as set out below. The resultant exposures are risk-weighted under either the Standardised Approach or the relevant IRB Approach, as appropriate, to determine the capital requirement.</p> <p>Standardised Approach (SA-CCR): The exposure value is calculated by applying a multiplier (alpha) to a combination of the market value and potential future exposure (PFE). The calculation includes collateral haircuts, mapping of trades to 'hedging sets' and application of any margin received and posted.</p> <p>Simplified Standardised Approach (Simplified SA-CCR): The exposure value is calculated by applying a multiplier (alpha) to a combination of the market value and PFE. However, replacement cost and PFE are calculated in a simplified way.</p> <p>Original Exposure Method: The exposure value is calculated by applying a multiplier (alpha) to a combination of the market value and PFE. However, PFE is calculated by multiplying the notional amount of the instrument by set percentages prescribed depending on maturity.</p> <p>SFT Comprehensive Approach: Volatility adjustments are applied to the market value of collateral to take account of price volatility.</p> <p>Internal Models Method (IMM): The fair value on the balance sheet is replaced by an exposure value calculated using internal models.</p> <p>Exposures to central counterparties (CCPs), comprising trades, default fund contributions and initial margin are subject to specific measurement and risk weight requirements.</p> <p>Credit valuation adjustment (CVA) risk can be calculated under either the Advanced Method (via the use of internal models) or the Standardised Method.</p>	<p>The Group's derivative and securities financing transaction (SFT) counterparty credit risk exposures are measured under the Standardised Approach (SA-CCR) and SFT Comprehensive Approach respectively, prior to being risk weighted under the Standardised Approach, FIRB Approach or Supervisory Slotting Approach as appropriate.</p> <p>The Group applies the Standardised Method for calculating CVA risk.</p>
Market risk	<p>The two key approaches for Market Risks are as follows.</p> <p>Standardised Approach (SA): This requires the calculation of position risk requirements (PRR) for each type of market risk in the trading book.</p> <p>Internal Models Approach (IMA): Involves the use of internal Value at Risk (VaR) and other models to determine appropriate capital requirements based on the market risks in the trading book.</p>	<p>The Group uses the Standardised approach for calculating Market risk.</p>
Operational risk	<p>There are three approaches for Operational Risk as set out below.</p> <p>Basic Indicator Approach (BIA): A low risk sensitivity approach which calculates the capital requirement as a percentage of average net interest and non-interest income.</p> <p>Standardised Approach (TSA): A medium risk sensitivity approach where the capital requirement is derived from regulatory prescribed factors applied to the three year average income from various business lines.</p> <p>Advanced Measurement Approach (AMA): A high risk sensitivity approach, the capital requirement is determined through the use of an internal operational risk measurement model.</p>	<p>The Group measures its operational risk requirement using the Standardised Approach.</p>

THE REGULATORY CAPITAL FRAMEWORK (Continued)

Pillar 2 - Supervisory Review Process

Minimum Pillar 1 requirements are supplemented by an Individual Capital Requirement (ICR) under Pillar 2A of the regulatory capital framework, the aggregate of which is referred to as the Group's Total Capital Requirement (TCR), and a number of regulatory capital buffers which are further described below.

Individual Capital Requirement (OVC)

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, residual value 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.

The Group's Pillar 2A capital requirement at 31 December 2025 is the equivalent of around 2.9% of risk-weighted assets, of which around 1.6% of risk-weighted assets must be met by CET1 capital. The Group is not permitted by the PRA to disclose any details on the individual components of its Pillar 2A capital requirement.

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 as part of its Internal Capital Adequacy Assessment Process (ICAAP).

Some of the key risks assessed within the Pillar 2A assessment part of the Group'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.
- Residual value risk – the risk of potential loss on vehicle returns where market valuation is lower than anticipated.
- Pension obligation risk – the potential for losses that the Group would incur in the event of a significant deterioration in the funding position of the Group'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.

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

Regulatory Capital Buffers

The Group is also required to meet a number of regulatory capital buffers with CET1 capital.

Systemic buffers: Systemic buffers are designed to hold systemically important banks to higher capital standards, so that they can withstand a greater level of stress before requiring resolution. The Group is not classified as a global systemically important institution (G-SII) but has been classified as an 'other' systemically important institution (O-SII) by the PRA. The Group in its capacity as the RFB sub-group is subject to an O-SII buffer of 2.0 per cent of risk-weighted assets.

Capital conservation buffer: The capital conservation buffer (CCB) is a standard buffer of 2.5% of risk-weighted assets designed to provide for losses in the event of stress.

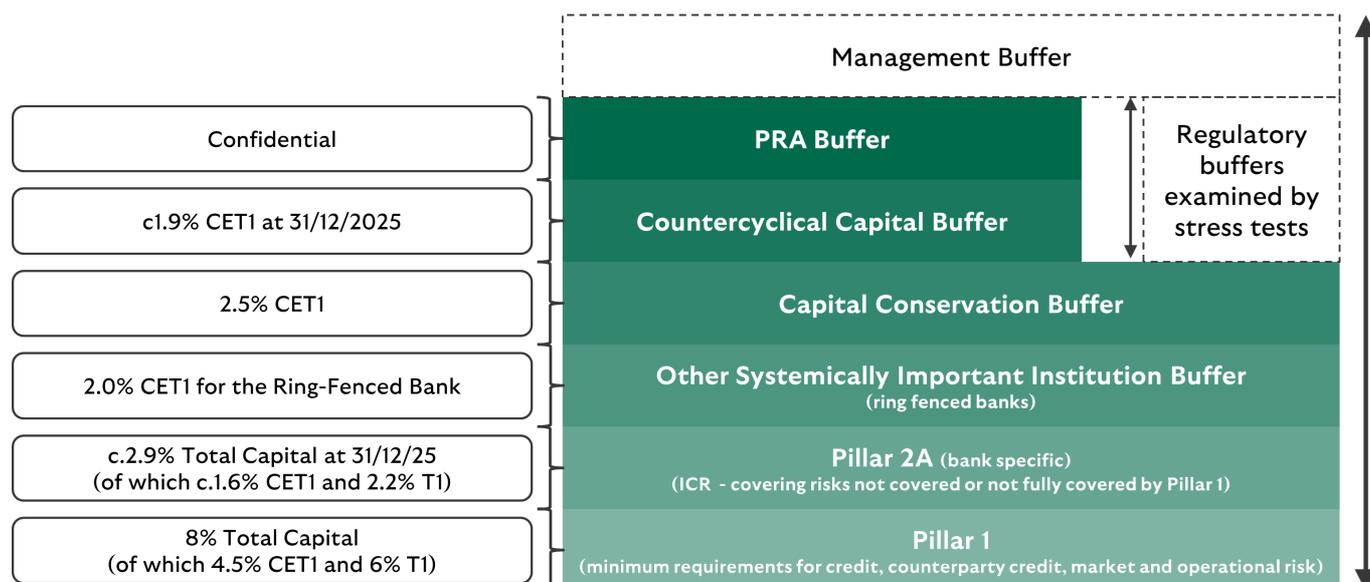
Countercyclical capital buffer: The countercyclical capital buffer (CCyB) is time-varying and is designed to require banks to hold additional capital to remove or reduce the build-up of systemic risk in times of credit boom, providing additional loss-absorbing capacity and acting as an incentive for banks to constrain further credit growth. The amount of the buffer is determined by reference to published buffer rates for the individual countries where the Group has relevant credit exposures. The FPC sets the UK CCyB rate, which as at 31 December 2025 is set at 2%. The FPC judges that the neutral rate for the UK CCyB is around 2%. Given the Group's UK-focused business model, the Group's CCyB at 31 December 2025 was around 1.9% of risk-weighted assets.

PRA buffer: As part of the Group's capital planning process, forecast capital positions are subjected to stress testing to determine the adequacy of the Group's capital resources against minimum requirements, including the Pillar 2A requirement. The PRA considers outputs from both the Group's internal stress tests and Bank of England (BoE) stress tests, in conjunction with other information, as part of the process for informing the setting of a bank-specific capital buffer for the Group, known as the PRA Buffer. The PRA requires this buffer to remain confidential.

All buffers: All buffers are required to be met with CET1 capital. Usage of the PRA Buffer would trigger a dialogue between the Group and the PRA to agree what action is required whereas a breach of the combined buffer (all other regulatory buffers, as referenced above) would give rise to mandatory restrictions upon any discretionary capital distributions. The PRA has previously communicated its expectation that banks' capital and liquidity buffers can be drawn down as necessary to support the real economy through a shock and that sufficient time would be made available to restore buffers in a gradual manner.

Sectoral capital requirements: The FPC can also set sectoral capital requirements which are temporary increases to banks' capital requirements on exposures to specific sectors, if the FPC judges that exuberant lending to those sectors poses risks to financial stability. No sectoral capital requirements currently apply to the Group.

THE REGULATORY CAPITAL FRAMEWORK (Continued)



Pillar 3 - Market Discipline

The third pillar addresses the external publication of disclosures surrounding a firm’s risk management practices, its approach to capital management, its capital resources and Pillar 1 capital requirements and a detailed analysis of its risk exposures.

The Group’s Pillar 3 disclosures comply with the requirements of the Disclosure (CRR) Part of the PRA Rulebook.

Leverage Framework

In addition to the risk-based capital framework outlined above, the Group is also subject to minimum capital requirements under the UK Leverage Ratio Framework. The leverage ratio is calculated by dividing tier 1 capital resources by the leverage exposure which is a defined measure of on-balance sheet assets and off-balance sheet items.

The minimum tier 1 leverage ratio requirement under the UK Leverage Ratio Framework is 3.25%. This is supplemented by a time-varying countercyclical leverage buffer (CCLB) requirement which is determined by multiplying the Group’s CCyB rate by 35%, with the result rounded to the nearest tenth of a percentage. As at 31 December 2025 the CCLB for the Group was 0.7%. An additional leverage ratio buffer (ALRB) requirement of 0.7% applies to the Group and is determined by multiplying the O-SII buffer by 35%.

At least 75% of the 3.25% minimum leverage ratio requirement as well as the full amount of regulatory leverage buffers must be met by CET1 capital.

As at 31 December 2025 the leverage ratio framework did not give rise to higher regulatory capital requirements for the Group than the risk-based capital framework.

Minimum requirement for own funds and eligible liabilities (MREL)

Global systemically important banks (G-SIBs) are subject to an international standard on total loss absorbing capacity (TLAC). The standard is designed to enhance the resilience of the global financial system by ensuring that failing G-SIBs have sufficient capital to absorb losses and recapitalise under resolution, whilst continuing to provide critical banking services.

In the UK, the Bank of England has implemented the requirements of the international TLAC standard through the establishment of a framework which sets out MREL. The purpose of MREL is to require firms to maintain sufficient own funds and eligible liabilities that are capable of credibly bearing losses or recapitalising a bank whilst in resolution. MREL can be satisfied by a combination of regulatory capital and certain unsecured liabilities (which must be subordinate to a firm’s operating liabilities).

The Bank of England’s MREL statement of policy (MREL SoP) sets out its approach to setting external MREL and the distribution of MREL resources internally within groups. Internal MREL resources are intended to enable a material subsidiary to be recapitalised as part of a group resolution strategy without the need for the Bank of England to apply its resolution powers directly to the subsidiary itself.

The Group’s parent, Lloyds Banking Group plc, is subject to the Bank of England’s MREL SoP and must therefore maintain a minimum level of external MREL resources. Lloyds Banking Group plc operates a single point of entry (SPE) resolution strategy, with Lloyds Banking Group plc as the designated resolution entity. Under this strategy, the Group has been identified as a material subsidiary of Lloyds Banking Group plc and must therefore maintain a minimum level of internal MREL resources. As at 31 December 2025, the Group’s internal MREL resources exceeded the minimum required.

THE REGULATORY CAPITAL FRAMEWORK (Continued)

Final Basel III reforms

The Basel Committee published its final reforms on Basel III in December 2017. The stated purpose of the reforms is to restore credibility in the calculation of risk-weighted assets through greater robustness and risk-sensitivity in the Standardised approaches, constraints on the use of internal models, and restricting the RWA benefits that internal models can provide. The aim is to improve comparability between banks' capital ratios through the following measures:

- improving the granularity and risk sensitivity of the standardised credit risk framework;
- addressing shortcomings related to the use of the IRB credit risk framework, including excessive complexity, lack of comparability and lack of robustness in modelling certain asset classes;
- removing the option to apply the Advanced IRB Approach for low default portfolios;
- adopting input floors for PDs, LGDs and EADs to ensure a degree of conservatism is maintained in modelled outputs and providing greater specification of parameter estimation practices to reduce variability in risk-weighted assets;
- replacing the existing approaches under the operational risk framework with a single risk sensitive standardised approach that combines a measure of a bank's income with a measure of its historic operational risk losses;
- revisions to the credit valuation adjustment (CVA) risk framework designed to enhance its risk sensitivity, strengthen its robustness and improve its consistency;
- replacing the current Basel II capital floors (output) requirement with a new version based on the revised Basel III standardised approaches to ensure that total RWAs for banks using internal models and subject to the floor cannot fall below 72.5% of RWAs derived under the standardised approaches, to be phased in over five years.

The Basel III reforms are being implemented in the UK through the Basel 3.1 standards. The PRA published policy statement PS 1/26 on 20 January 2026, setting out the final rules for implementation. This included only minor changes from the near-final standards published previously in PS 17/23 (December 2023) and PS 9/24 (September 2024).

Overall, the final rules closely align with the Basel III framework with certain specific adjustments tailored to the UK market including:

- application of the Output Floor at UK group consolidated level and sub-consolidated level for ring-fenced banks;
- Standardised credit risk framework adjustments including: residential real estate valuations being based at origination or updated when an obligor refinances their mortgage at the end of a fixed period; a 100% risk weight floor for commercial real estate exposures that are materially dependent on cash flows of the property; and an alternative risk-sensitive approach for unrated corporates;
- A 20% conversion factor for transaction-related contingent items and a 50% conversion factor for UK residential mortgage commitments. In line with the Basel III framework a conversion factor of 40% applies to all other commitments;
- A 0.1% PD floor for UK retail residential mortgage exposures;
- Removal of the IRB approach for central government and central bank exposures;
- A reduced 'alpha factor' of one in the standardised approach to counterparty credit risk (SA-CCR) framework for calculating exposures to non-financial counterparties and pension funds but with transitional arrangements available to maintain additional Pillar 1 CCR RWA's for legacy trades (alongside a transitioning in of the CVA scope expansion);
- setting the internal loss multiplier (ILM) equal to one under the new Standardised approach for Pillar 1 Operational Risk capital requirements.
- a new firm-specific Pillar 2A adjustment to recognise the removal of the SME support factor under Pillar 1.

While the PRA proposal to increase the CVA framework scope to include exposures to Sovereigns, non-financial counterparties and pension funds is in line with the Basel III framework, the PRA proposals give firms an option to apply a transitional approach for legacy transactions.

The final rules confirm the implementation date as 1 January 2027 for all elements except modelled market risk (FRTB-IMA) which is delayed until 1 January 2028 (not relevant to the Group). The transitional period for reduction of the CCR alpha factor, CVA scope expansion, revised equity exposure risk weights and the phase in of the Output Floor is now three years ensuring full implementation by 1 January 2030. The Output Floor will commence at 60% of RWAs derived under the standardised approaches, increasing to 65% in 2028, 70% in 2029 and 72.5% from 1 January 2030 upon full implementation.

The PRA intends to review the application of the Output Floor at the ring-fenced bank sub-group level, based on evidence and experience of its implementation. The PRA will undertake this review after Basel 3.1 is implemented but prior to the full implementation of the Output Floor in 2030.

Other regulatory reforms

The Financial Policy Committee is undertaking a review of selected areas of the UK capital framework, including (i) buffer usability, (ii) interactions between capital requirements that apply to domestic exposures; (iii) the leverage ratio framework; (iv) automatic regulatory threshold indexation; and (v) internal models for mortgage risk-weight measurement.

SCOPE OF CONSOLIDATION (LIB)

Introduction

The Group is required to calculate consolidated capital requirements and consolidated capital resources in accordance with the relevant CRR provisions on prudential consolidation. The following information sets out the scope of consolidation applied to the disclosures presented within this document.

Regulatory Consolidation

The scope of regulatory consolidation for the purposes of quantifying consolidated capital requirements and consolidated capital resources extends across the banking operations of the Group. All banking related undertakings included within the scope of the accounting consolidation are included within the scope of the regulatory consolidation. There are, however, a number of differences in the methods by which certain undertakings are consolidated or otherwise treated for regulatory capital purposes.

Subsidiary undertakings included within the scope of the regulatory consolidation are fully consolidated.

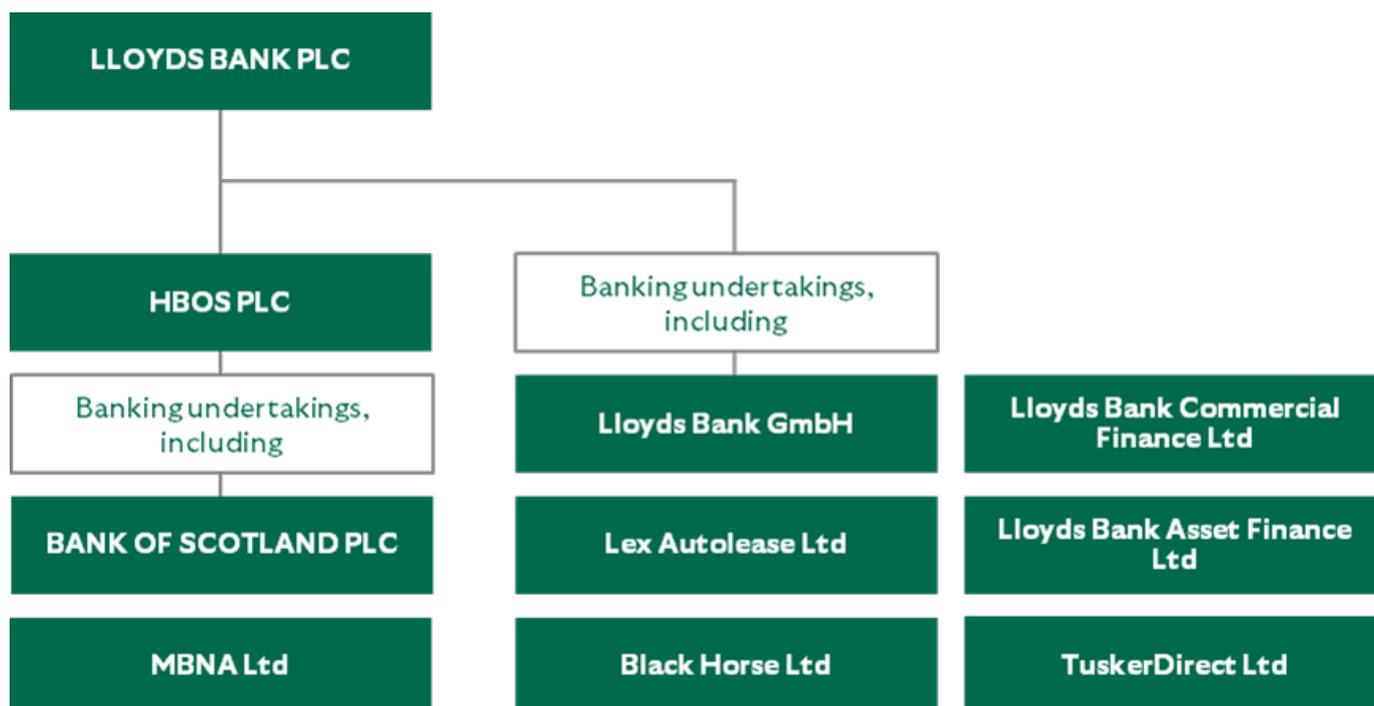
For the instances where the Group’s capital-efficient securitisations are fully consolidated for accounting purposes, the underlying assets of the securitisations are derecognised from the regulatory balance sheet and replaced with the retained securitisation positions, risk-weighted in accordance with the securitisation framework. Conduit vehicles are deconsolidated for regulatory purposes and the corresponding liquidity lines are risk-weighted.

The full list of capital-efficient securitisation and conduit vehicles where the regulatory treatment differs from the accounting treatment is provided in LI3 on page 20.

Management practice and policy ensures that capital adequacy is maintained at all levels of banking within the Group in accordance with the appropriate regulatory requirements.

The current legal and regulatory structure of the Group provides a capability for the transfer of surplus capital resources over and above regulatory and internal risk appetite requirements or repayment of liabilities when due throughout the Group. Any such transfer would be subject to legal and regulatory requirements including those required by ring fencing legislation to ensure the Group remains adequately capitalised and any conflicts independently governed. There are no other material barriers to such transfers or repayments.

A summarised diagrammatical representation as at 31 December 2025 of the regulatory consolidation group upon which the disclosures presented within this document are based is provided below.



SCOPE OF CONSOLIDATION (Continued)

Consolidated Balance Sheet Under the Regulatory Scope of Consolidation

The following table provides a reconciliation of the Group's consolidated balance sheet as at 31 December 2025 on an accounting consolidation basis (as presented on page 75 of the Lloyds Bank plc Annual Report and Accounts 2025) to the Group's consolidated balance sheet under the regulatory scope of consolidation. It also breaks down how carrying values under the scope of regulatory consolidation are allocated to the different risk frameworks laid out in Part Three of the CRR.

L1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

	31 Dec 2025						
	Carrying values as reported in published financial statements	Carrying values under regulatory scope of consolidation	Carrying values of items:				not subject to capital requirements or subject to deduction from capital ¹
			subject to credit risk framework	subject to counterparty credit risk framework	subject to securitisation framework		
£m	£m	£m	£m	£m	£m	£m	
Assets							
Cash and balances at central banks	37,720	37,720	37,720	—	—	—	
Financial assets at fair value through profit or loss	2,279	2,211	2,202	9	—	—	
Derivative financial instruments	3,260	3,267	—	3,267	—	—	
Loans and advances to banks	5,836	5,835	4,570	1,265	—	—	
Loans and advances to customers	461,504	460,118	433,630	423	26,065	—	
Reverse repurchase agreements	43,962	43,962	841	43,121	—	—	
Debt securities	11,983	11,491	3,995	—	7,496	—	
Due from fellow Lloyds Bank Group undertakings	1,182	2,383	1,873	510	—	—	
Financial assets at amortised cost	524,467	523,789	444,909	45,319	33,561	—	
Financial assets at fair value through other comprehensive income	36,257	36,257	36,257	—	—	—	
Goodwill and other intangible assets	5,692	5,692	—	—	—	5,692	
Current tax recoverable	1,263	1,263	1,263	—	—	—	
Deferred tax assets	3,917	3,917	298	—	—	3,619	
Retirement benefit assets	2,695	2,695	—	—	—	2,695	
Other assets	13,785	13,785	13,785	—	—	—	
Total assets	631,335	630,596	536,434	48,595	33,561	12,006	
Liabilities							
Deposits from banks	3,085	3,085	—	300	—	2,785	
Customer deposits	465,207	465,214	—	241	—	464,973	
Repurchase agreements at amortised cost	37,567	37,567	—	37,567	—	—	
Due from fellow Lloyds Bank Group undertakings	3,852	3,852	—	—	—	3,852	
Financial liabilities at fair value through profit or loss	4,243	4,243	—	—	—	4,243	
Derivative financial instruments	4,286	4,286	—	4,286	—	—	
Notes in circulation	2,118	2,118	—	—	—	2,118	
Debt securities in issue	52,132	51,386	—	—	—	51,386	
Other liabilities	5,772	5,770	—	—	—	5,770	
Retirement benefit obligations	120	120	—	—	—	120	
Current tax liabilities	35	35	—	—	—	35	
Deferred tax liabilities	146	146	—	—	—	146	
Other provisions	2,772	2,772	—	—	—	2,772	
Subordinated liabilities	8,020	8,020	—	—	—	8,020	
Total liabilities	589,355	588,614	—	42,394	—	546,220	

¹ Includes items which are not subject to capital requirements, as well as assets that are ultimately deducted from own funds and which are therefore not risk-weighted.

SCOPE OF CONSOLIDATION (Continued)

L12: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

	31 Dec 2025			
	Total	Items subject to		
	£m	Credit risk framework £m	CCR framework £m	Securitisation framework £m
1 Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)	618,590	536,434	48,595	33,561
2 Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1)	42,394	—	42,394	—
3 Total net amount under the regulatory scope of consolidation	576,196	536,434	6,201	33,561
4 Off-balance-sheet amounts	190,268	132,054	52,521	5,693
6 Differences due to different netting rules, other than those already included in row 2	(51,000)	—	(51,000)	—
7 Differences due to consideration of provisions	2,886	2,886	—	—
9 Differences due to credit conversion factors	(57,799)	(57,799)	—	—
11 Other differences	15,431	13,695	1,832	(96)
12 Exposure amounts considered for regulatory purposes	675,982	627,270	9,554	39,158

LIA: Explanations of differences between accounting and regulatory exposure amounts

Differences between accounting and regulatory scopes of consolidation in table LI1

The differences in scope are set out on page 17, being principally in relation to the regulatory treatment of certain capital-efficient securitisation and conduit vehicles.

Main sources of differences between the accounting and regulatory scope of consolidation in table LI2

Off balance sheet items are stated before the application of credit conversion factors (CCF). Under the credit risk framework, these balances principally consist of undrawn credit facilities. The impact of credit conversion factors is subsequently displayed in row 9.

The off balance sheet amounts included under the CCR framework relate to securities financing transactions. The related collateral is reported in row 6 which also includes the impact of derivative netting not already included in row 2.

Differences due to consideration of provisions relate to the grossing up of provisions related to IRB exposures.

Other differences includes add ons for modelled exposures in the RIRB portfolio, exposures relating to threshold risk-weighted assets, adjustments for potential future exposure and the SA-CCR alpha factor within the derivative portfolio.

SCOPE OF CONSOLIDATION (Continued)

LI3: Outline of the differences between the accounting and regulatory scopes of consolidation^{1,3}

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Deducted	Description of entity
		Full consolidation	Proportional consolidation	Equity Method	Neither consolidated nor deducted		
Securitisation SPEs²							
CANCARA ASSET SECURITISATION LTD	Full Consolidation				x		Special Purpose Entity
FONTWELL II SECURITIES 2020 DAC	Full Consolidation				x		Special Purpose Entity
FONTWELL SECURITIES 2016 LIMITED	Full Consolidation				x		Special Purpose Entity
GRESHAM RECEIVABLES (NO. 10) LTD	Full Consolidation				x		Special Purpose Entity
GRESHAM RECEIVABLES (NO. 13) UK LTD	Full Consolidation				x		Special Purpose Entity
GRESHAM RECEIVABLES (NO. 20) LTD	Full Consolidation				x		Special Purpose Entity
GRESHAM RECEIVABLES (NO. 24) LTD	Full Consolidation				x		Special Purpose Entity
GRESHAM RECEIVABLES (NO. 27) UK LTD	Full Consolidation				x		Special Purpose Entity
GRESHAM RECEIVABLES (NO. 32) UK LTD	Full Consolidation				x		Special Purpose Entity
GRESHAM RECEIVABLES (NO. 34) UK LTD	Full Consolidation				x		Special Purpose Entity
GRESHAM RECEIVABLES (NO. 35) LTD	Full Consolidation				x		Special Purpose Entity
GRESHAM RECEIVABLES (NO. 36) UK LTD	Full Consolidation				x		Special Purpose Entity
GRESHAM RECEIVABLES (NO. 37) UK LTD	Full Consolidation				x		Special Purpose Entity
GRESHAM RECEIVABLES (NO. 38) UK LTD	Full Consolidation				x		Special Purpose Entity
GRESHAM RECEIVABLES (NO. 39) UK LTD	Full Consolidation				x		Special Purpose Entity
GRESHAM RECEIVABLES (NO. 40) UK LTD	Full Consolidation				x		Special Purpose Entity
GRESHAM RECEIVABLES (NO. 41) UK LTD	Full Consolidation				x		Special Purpose Entity
GRESHAM RECEIVABLES (NO. 44) UK LTD	Full Consolidation				x		Special Purpose Entity
GRESHAM RECEIVABLES (NO. 45) UK LTD	Full Consolidation				x		Special Purpose Entity
GRESHAM RECEIVABLES (NO. 46) UK LTD	Full Consolidation				x		Special Purpose Entity
GRESHAM RECEIVABLES (NO. 47) UK LTD	Full Consolidation				x		Special Purpose Entity
GRESHAM RECEIVABLES (NO. 48) UK LTD	Full Consolidation				x		Special Purpose Entity
HOUSING ASSOCIATION RISK TRANSFER 2019 DAC	Full Consolidation				x		Special Purpose Entity
SALISBURY SECURITIES 2015 LTD	Full Consolidation				x		Special Purpose Entity
SALISBURY II SECURITIES 2016 LTD	Full Consolidation				x		Special Purpose Entity
SALISBURY II-A SECURITIES 2017 LTD	Full Consolidation				x		Special Purpose Entity
SALISBURY III SECURITIES 2019 DAC	Full Consolidation				x		Special Purpose Entity
WETHERBY III SECURITIES 2019 DAC	Full Consolidation				x		Special Purpose Entity

¹ The regulatory treatment of all entities listed as subsidiaries in the Lloyds Bank plc Annual Report and Accounts 2025, pages 169 to 170, follows the accounting treatment unless otherwise stated in the table above.

² For the instances where the Group's capital-efficient securitisations are fully consolidated for accounting purposes, the underlying assets of the securitisations are derecognised from the regulatory balance sheet and replaced with the retained securitisation positions, risk weighted in accordance with the securitisation framework. Conduit vehicles are deconsolidated for regulatory purposes and the corresponding liquidity lines are risk-weighted, as further described in the Securitisation section, pages 85 to 92.

³ Lloyds Bank plc Niederlassung Berlin is a licensed branch of Lloyds Bank plc and is included in the regulatory scope of consolidation.

OWN FUNDS

CC1: Composition of regulatory own funds

	31 Dec 2025 £m	31 Dec 2024 £m	CC2 Reference
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	2,174	
	of which: called up share capital	1,574	a
	of which: share premium	600	b
2	Retained earnings	36,626	d
3	Accumulated other comprehensive income (and other reserves)	(2,256)	d
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend ¹	(480)	
	of which: foreseeable dividend	(480)	
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	36,064	33,975
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments	(87)	(92)
8	Intangible assets (net of related tax liability)	(5,433)	(5,494)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met)	(3,786)	(4,042)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	2,027	3,568
12	Negative amounts resulting from the calculation of expected loss amounts	(421)	(75)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	72	(18)
15	Defined-benefit pension fund assets	(1,968)	(2,215)
27a	Other regulatory adjustments to CET1 capital	—	3
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(9,596)	(8,365)
29	Common Equity Tier 1 (CET1) capital	26,468	25,610
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	5,367	5,695
31	of which: classified as equity under applicable accounting standards	5,367	5,695
44	Additional Tier 1 (AT1) capital	5,367	5,695
45	Tier 1 capital (T1 = CET1 + AT1)	31,835	31,305
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	7,160	5,826
50	Credit risk adjustments	—	83
51	Tier 2 (T2) capital before regulatory adjustments	7,160	5,909
58	Tier 2 (T2) capital	7,160	5,909
59	Total capital	38,995	37,214
60	Total risk exposure amount	194,300	186,996
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	13.6%	13.7%
62	Tier 1 (as a percentage of total risk exposure amount)	16.4%	16.7%
63	Total capital (as a percentage of total risk exposure amount)	20.1%	19.9%
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	12.5%	12.6%
65	of which: capital conservation buffer requirement	2.5%	2.5%
66	of which: countercyclical buffer requirement	1.9%	1.9%
UK-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	2.0%	2.0%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	7.5%	7.5%
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	152	88
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	299	484
Applicable caps on the inclusion of provisions in Tier 2			
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	—	83
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	817	798

¹ The reported amount for 31 December 2025 through row UK-5a reflects the year end foreseeable dividend accrual only as the externally audited profits for the year to 31 December 2025 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 Group's regulatory balance sheet as at 31 December 2025. The regulatory scope of consolidation is materially aligned to the accounting scope, with minor adjustments for the deconsolidation of certain Group entities. The regulatory scope of consolidation is the basis for the calculation of the Group's regulatory own funds as presented in table CC1.

		Balance sheet under regulatory scope of consolidation at 31 Dec 2025	
Assets		£m	Reference ¹
1	Cash and balances at central banks	37,720	
2	Financial assets at fair value through profit or loss	2,211	
3	Derivative financial instruments	3,267	
4	Loans and advances to banks	5,835	
5	Loans and advances to customers	460,118	
6	Reverse repurchase agreements	43,962	
7	Debt securities	11,491	
8	Due from fellow Lloyds Banking Group undertakings	2,383	
9	Financial assets at amortised cost	523,789	
10	Financial assets at fair value through other comprehensive income	36,257	
11	Goodwill and other intangible assets	5,692	e
12	Current tax recoverable	1,263	
13	Deferred tax assets ²	3,917	f
14	Retirement benefit assets	2,695	g
15	Other assets	13,785	
16	Total assets	630,596	
Liabilities			
1	Deposits from banks	3,085	
2	Customer deposits	465,214	
3	Repurchase agreements at amortised cost	37,567	
4	Due to fellow Lloyds Banking Group undertakings	3,852	
6	Financial liabilities at fair value through profit or loss	4,243	
7	Derivative financial instruments	4,286	
8	Notes in circulation	2,118	
9	Debt securities in issue	51,386	
10	Other liabilities	5,770	
11	Retirement benefit obligations	120	
12	Current tax liabilities	35	
13	Deferred tax liabilities ²	146	f
14	Other provisions	2,772	
15	Subordinated liabilities	8,020	h
16	Total liabilities	588,614	
Shareholders' equity			
1	Called up share capital	2,174	
2	of which: share capital	1,574	a
3	of which: share premium	600	b
4	Other equity instruments	5,367	c
5	Retained earnings, accumulated other comprehensive income and other reserves	34,370	d
6	Total equity excluding non-controlling interests	41,911	
7	Non-controlling interests	71	
8	Total equity	41,982	
9	Total equity and liabilities	630,596	

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)

The table below provides a breakdown of the constituent elements of the Group's Prudent Valuation Adjustments (PVA).

PVI: Prudent valuation adjustment

		31 Dec 2025									
		Risk category					Category level AVA - Valuation uncertainty		Total category level post-diversification		
Category level AVA		Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA		Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Market price uncertainty	2	3	—	24	—	1	—	15	—	15
3	Close-out cost	—	49	—	6	—	1	—	28	—	28
4	Concentrated positions	—	—	—	9	—			9	—	9
5	Early termination	—	—	—	—	—			—	—	—
6	Model risk	—	12	—	23	—	—	—	18	—	18
7	Operational risk	—	2	—	2	—			4	—	4
10	Future administrative costs	—	9	—	4	—			13	—	13
12	Total Additional Valuation Adjustments (AVAs)								87	—	87

		31 Dec 2024									
		Risk category					Category level AVA - Valuation uncertainty		Total category level post-diversification		
Category level AVA		Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA		Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Market price uncertainty	1	6	—	22	—	2	—	16	—	16
3	Close-out cost	—	42	—	8	—	1	—	26	—	26
4	Concentrated positions	—	—	—	14	—			14	—	14
5	Early termination	—	—	—	—	—			—	—	—
6	Model risk	—	11	—	26	—	—	—	19	—	19
7	Operational risk	—	2	—	2	—			4	—	4
10	Future administrative costs	—	9	—	4	—			13	—	13
12	Total Additional Valuation Adjustments (AVAs)								92	—	92

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					Risk-weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book	Total exposure value	Credit risk ^{2,3}	Market risk ²	Securitisation positions in the non-trading book ³	Total			
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%
Breakdown by Country													
United Kingdom	30,267	474,009	—	—	31,333	535,609	11,645	—	519	12,164	152,045	92.26	2.00
Australia	11	402	—	—	—	413	8	—	—	8	95	0.06	1.00
Belgium	20	4	—	—	—	24	—	—	—	—	5	0.00	1.00
Cyprus	95	1	—	—	—	96	7	—	—	7	94	0.06	1.00
Denmark	29	6	—	—	—	35	3	—	—	3	34	0.02	2.50
France	112	461	—	—	264	837	19	—	7	26	330	0.20	1.00
Germany	1,284	527	—	—	1,013	2,824	92	—	10	102	1,267	0.77	0.75
Hong Kong	47	42	—	—	—	89	2	—	—	2	25	0.02	0.50
Ireland	159	228	—	—	39	426	25	—	—	25	317	0.19	1.50
South Korea	3	—	—	—	—	3	—	—	—	—	2	0.00	1.00
Luxembourg	19	209	—	—	—	228	8	—	—	8	100	0.06	0.50
Netherlands	682	20,214	—	—	134	21,030	243	—	1	244	3,051	1.85	2.00
Norway	21	50	—	—	—	71	5	—	—	5	65	0.04	2.50
Spain	7	149	—	—	—	156	7	—	—	7	94	0.06	0.50
Sweden	—	3	—	—	—	3	—	—	—	—	2	0.00	2.00
i) Total¹	32,756	496,305	—	—	32,783	561,844	12,064	—	537	12,601	157,526	95.59	
United States of America	1,507	5,683	—	—	6,204	13,394	288	—	82	370	4,618	2.80	
ii) Total¹	1,507	5,683	—	—	6,204	13,394	288	—	82	370	4,618	2.80	
iii) Rest of the World¹	681	3,605	—	—	171	4,457	210	—	3	213	2,650	1.61	
Total	34,944	505,593	—	—	39,158	579,695	12,562	—	622	13,184	164,794	100.00	

OWN FUNDS (Continued)

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

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	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book	Total exposure value	Credit risk ^{2,3}	Market risk ²	Securitisation positions in the non-trading book ³	Total	Risk-weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%
United Kingdom	20,961	462,997	—	—	30,273	514,231	11,183	—	500	11,683	146,042	93.34%	2.00%
Australia	12	130	—	—	—	142	6	—	—	6	70	0.04%	1.00%
Belgium	—	14	—	—	—	14	—	—	—	—	6	0.00%	1.00%
Cyprus	73	—	—	—	—	73	6	—	—	6	72	0.05%	1.00%
Denmark	10	6	—	—	—	16	1	—	—	1	14	0.01%	2.50%
France	168	121	—	—	251	540	15	—	7	22	271	0.17%	1.00%
Germany	957	277	—	—	443	1,677	66	—	3	69	868	0.55%	0.75%
Hong Kong	55	43	—	—	—	98	2	—	—	2	30	0.02%	0.50%
Ireland	205	263	—	—	79	547	30	—	1	31	390	0.25%	1.50%
South Korea	21	—	—	—	—	21	1	—	—	1	10	0.01%	1.00%
Luxembourg	9	222	—	—	79	310	8	—	1	9	117	0.07%	0.50%
Netherlands	716	17,108	—	—	213	18,037	229	—	2	231	2,888	1.85%	2.00%
Norway	2	64	—	—	—	66	5	—	—	5	59	0.04%	2.50%
Sweden	—	3	—	—	—	3	—	—	—	—	2	0.00%	2.00%
i) Total ¹	23,189	481,248	—	—	31,338	535,775	11,552	—	514	12,066	150,839	96.40%	
United States of America	976	3,468	—	—	7,101	11,545	182	—	96	278	3,477	2.22%	
ii) Total ¹	976	3,468	—	—	7,101	11,545	182	—	96	278	3,477	2.22%	
iii) Rest of the World ¹	512	3,371	—	—	164	4,047	171	—	2	173	2,141	1.38%	
Total	24,677	488,087	—	—	38,603	551,367	11,905	—	612	12,517	156,457	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 Group 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 Group 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.

OWN FUNDS (Continued)**CCyB2: Amount of institution-specific countercyclical capital buffer**

	31 Dec 2025	31 Dec 2024
1 Total risk exposure amount	£194,300m	£186,996m
2 Institution specific countercyclical capital buffer rate	1.90%	1.92%
3 Institution specific countercyclical capital buffer requirement	£3,686m	£3,582m

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	581,428	558,824
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	2,955	2,879
3	Deductions of receivables assets for cash variation margin provided in derivatives transactions	(4,277)	(4,612)
6	Asset amounts deducted in determining tier 1 capital (leverage)	(11,642)	(11,864)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	568,464	545,227
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	594	522
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	1,934	1,797
11	Adjusted effective notional amount of written credit derivatives	31	—
12	Adjusted effective notional offsets and add-on deductions for written credit derivatives	(31)	—
13	Total derivatives exposures	2,528	2,319
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	57,642	55,165
15	Netted amounts of cash payables and cash receivables of gross SFT assets	(13,165)	(11,022)
16	Counterparty credit risk exposure for SFT assets	1,267	1,892
18	Total securities financing transaction exposures	45,744	46,035
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	137,747	130,355
20	Adjustments for conversion to credit equivalent amounts	(104,292)	(99,319)
21	General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures	(163)	(187)
22	Off-balance sheet exposures	33,292	30,849
Capital and total exposure measure			
23	Tier 1 capital (leverage)	31,835	31,305
24	Total exposure measure including claims on central banks	650,028	624,430
UK-24a	(-) Claims on central banks excluded	(37,298)	(42,098)
UK-24b	Total exposure measure excluding claims on central banks	612,730	582,332
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	5.2%	5.4%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.2%	5.4%
UK-25c	Leverage ratio including claims on central banks (%)	4.9%	5.0%
26	Regulatory minimum leverage ratio requirement (%)	3.25%	3.25%
Additional leverage ratio disclosure requirements - leverage ratio buffers			
27	Leverage ratio buffer (%) ²	1.4%	1.4%
UK-27a	Of which: G-SII or O-SII additional 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	53,770	54,236
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	44,477	44,143
UK-31	Average total exposure measure including claims on central banks	661,217	638,358
UK-32	Average total exposure measure excluding claims on central banks	620,362	597,279
UK-33	Average leverage ratio including claims on central banks	4.8%	4.9%
UK-34	Average leverage ratio excluding claims on central banks	5.1%	5.3%

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

² The Group's additional leverage ratio buffer (ALRB) is based upon the O-SII Buffer.

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 published financial statements	631,335	611,213
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	(739)	(988)
4	Adjustment for exemption of exposures to central banks	(37,298)	(42,098)
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	(26)	(558)
8	Adjustment for derivative financial instruments	(2,063)	(3,648)
9	Adjustment for securities financing transactions (SFTs)	1,267	1,892
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures) ¹	33,455	31,036
11	Adjustment for items and specific and general provisions which have reduced tier 1 capital (leverage)	(11,805)	(12,051)
12	Other adjustments ²	(1,396)	(2,466)
13	Total exposure measure	612,730	582,332

¹ Gross of specific provisions. The amount net of specific provisions at 31 December 2025 is £33,292 million (31 December 2024: £30,849 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:	581,428	558,824
UK-2	Trading book exposures	1	1
UK-3	Banking book exposures, of which:	581,427	558,823
UK-4	Covered bonds	3,088	4,334
UK-5	Exposures treated as sovereigns	74,292	69,908
UK-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	3,563	3,769
UK-7	Institutions	5,036	5,526
UK-8	Secured by mortgages of immovable properties	357,882	343,278
UK-9	Retail exposures	46,233	42,481
UK-10	Corporates	44,345	42,887
UK-11	Exposures in default	5,391	5,590
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	41,597	41,050

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 planning processes and stress testing.

Group 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. Leverage is also assessed as part of regular internal and regulatory stress scenarios with outputs presented to senior committees within the Group.

The risks of contingent leverage are appropriately assessed as part of the Group's annual 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 7.

CREDIT RISK

Divisional credit risk exposures and risk-weighted assets¹

Division	Risk Weight approach	31 Dec 2025			31 Dec 2024		
		EAD post CRM post CCF	Risk-weighted assets	Average risk weight	EAD post CRM post CCF	Risk-weighted assets	Average risk weight
		£m	£m	%	£m	£m	%
Retail	IRB	441,273	95,781	22	429,046	95,242	22
	Standardised	27,299	16,727	61	16,781	11,741	70
Commercial Banking	IRB	64,785	36,544	56	61,072	33,698	55
	Standardised	10,520	4,778	45	11,987	5,283	44
Equity Investments & Central Items	IRB	6,699	2,994	45	7,821	3,294	42
	Standardised	76,693	2,098	3	71,926	2,356	3
Total		627,269	158,922	25	598,633	151,614	25
	Total IRB	512,757	135,319	26	497,939	132,234	27
	Total Standardised	114,512	23,603	21	100,694	19,380	19

¹ Excludes securitisation.

CRA: General qualitative information about credit risk

Credit risk is defined as the risk that parties with whom the Group has contracted fail to meet their financial obligations (both on and off-balance sheet).

How the business model translates into the components of the institution's credit risk profile

Detail can be found in the Lloyds Bank plc Annual Report and Accounts 2025 on page 30, 'Credit risk', 'Identification and assessment'.

Strategies and processes to manage credit risk and the policies for hedging and mitigating that risk, the criteria and approach used for defining the credit risk management policy and for setting credit risk limits

Detail can be found in the Lloyds Bank plc Annual Report and Accounts 2025, on pages 30 to 33, 'Credit risk', 'Management and mitigation'.

Structure and organisation of the credit risk management and control function

Detail be found in the Lloyds Bank plc Annual Report and Accounts 2025, on pages 19 to 20, 'Risk governance structure', and page 33, 'Credit risk', 'Monitoring' and 'Reporting'.

The relationships between credit risk management, risk control, compliance and internal audit functions

Detail can be found in the Lloyds Bank plc Annual Report and Accounts 2025, on page 18, 'The Group's risk management framework', 'Three lines of defence', and pages 19 to 20, 'Risk governance structure'.

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 pages 83 to 84, '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 4 ('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 Lloyds Bank plc Annual Report and Accounts 2025, on pages 83 to 84, 'Note 2H: Impairment of financial assets'.

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

Detail can be found in the Lloyds Bank plc Annual Report and Accounts 2025, on pages 83 to 84, '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 Group 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 Group'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	£m
005	Cash balances at central banks and other demand deposits	34,825	34,825	—	—	—	—	—	—	—	—	—	—	—	—	—	—
010	Loans and advances	509,673	462,700	41,753	9,031	735	6,518	(1,768)	(731)	(1,029)	(1,234)	(48)	(1,036)	(443)	383,454	6,194	
020	Central banks	1,745	1,745	—	—	—	—	—	—	—	—	—	—	—	—	—	
030	General governments	972	947	12	—	—	—	(1)	—	(1)	—	—	—	—	798	—	
040	Credit institutions	14,630	14,626	4	—	—	—	(1)	(1)	—	—	—	—	—	—	—	
050	Other financial corporations	49,230	47,751	35	27	1	26	(10)	(7)	(3)	(17)	—	(17)	—	218	1	
060	Non-financial corporations	60,599	55,377	4,915	1,971	243	1,728	(439)	(164)	(276)	(372)	—	(372)	(443)	30,831	474	
070	Of which SMEs	25,175	22,378	2,797	1,048	179	869	(138)	(45)	(93)	(77)	—	(77)	—	14,842	331	
080	Households	382,497	342,254	36,787	7,033	491	4,764	(1,317)	(559)	(749)	(845)	(48)	(647)	—	351,607	5,719	
090	Debt securities	47,757	47,754	—	1	—	1	(5)	(5)	—	(1)	—	(1)	—	—	—	
100	Central banks	142	142	—	—	—	—	—	—	—	—	—	—	—	—	—	
110	General governments	31,747	31,747	—	—	—	—	(1)	(1)	—	—	—	—	—	—	—	
120	Credit institutions	7,720	7,720	—	—	—	—	—	—	—	—	—	—	—	—	—	
130	Other financial corporations	8,144	8,141	—	—	—	—	(4)	(4)	—	—	—	—	—	—	—	
140	Non-financial corporations	4	4	—	1	—	1	—	—	—	(1)	—	(1)	—	—	—	
150	Off-balance-sheet exposures	135,939	132,370	3,549	552	491	61	(188)	(111)	(77)	(6)	(5)	(1)		4,572	3	
170	General governments	497	431	66	—	—	—	(4)	—	(4)	—	—	—		68	—	
180	Credit institutions	9	9	—	—	—	—	—	—	—	—	—	—		—	—	
190	Other financial corporations	11,189	11,148	41	—	—	—	(1)	(1)	—	—	—	—		136	—	
200	Non-financial corporations	39,348	38,300	1,048	363	354	9	(43)	(26)	(17)	(1)	—	(1)		4,368	3	
210	Households	84,896	82,482	2,394	189	137	52	(140)	(84)	(56)	(5)	(5)	—		—	—	
220	Total	728,194	677,649	45,302	9,584	1,226	6,580	(1,961)	(847)	(1,106)	(1,241)	(53)	(1,038)	(443)	388,026	6,197	

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	£m
005	Cash balances at central banks and other demand deposits	39,550	39,550	—	—	—	—	—	—	—	—	—	—	—	—	—
010	Loans and advances	489,399	439,903	43,981	9,615	683	6,707	(1,845)	(729)	(1,106)	(1,339)	(54)	(1,108)	(358)	369,436	6,949
020	Central banks	1,751	1,751	—	—	—	—	—	—	—	—	—	—	—	—	—
030	General governments	1,053	1,032	7	—	—	—	(1)	—	—	—	—	—	—	868	—
040	Credit institutions	12,796	12,796	—	6	6	—	(1)	(1)	—	—	—	—	—	31	—
050	Other financial corporations	50,652	49,309	131	31	2	30	(12)	(6)	(6)	(19)	—	(19)	—	178	2
060	Non-financial corporations	60,140	55,271	4,746	1,994	178	1,816	(455)	(199)	(257)	(409)	—	(409)	(358)	33,211	690
070	Of which SMEs	26,996	24,376	2,620	1,202	178	1,025	(180)	(65)	(115)	(108)	—	(108)	—	16,936	491
080	Households	363,007	319,744	39,097	7,584	497	4,861	(1,376)	(523)	(843)	(911)	(54)	(680)	—	335,148	6,257
090	Debt securities	41,796	41,793	—	1	—	1	(6)	(6)	—	(1)	—	(1)	—	—	—
100	Central banks	65	65	—	—	—	—	—	—	—	—	—	—	—	—	—
110	General governments	23,432	23,432	—	—	—	—	(1)	(1)	—	—	—	—	—	—	—
120	Credit institutions	8,738	8,738	—	—	—	—	—	—	—	—	—	—	—	—	—
130	Other financial corporations	9,511	9,508	—	—	—	—	(5)	(5)	—	—	—	—	—	—	—
140	Non-financial corporations	50	50	—	1	—	1	—	—	—	(1)	—	(1)	—	—	—
150	Off-balance-sheet exposures	129,827	125,492	4,297	304	208	96	(258)	(139)	(119)	(8)	(6)	(2)		3,544	23
170	General governments	513	513	—	—	—	—	—	—	—	—	—	—		139	—
180	Credit institutions	25	25	—	—	—	—	—	—	—	—	—	—		—	—
190	Other financial corporations	10,650	10,593	57	11	11	—	(4)	(3)	(1)	—	—	—		212	—
200	Non-financial corporations	35,619	34,097	1,522	78	53	25	(97)	(47)	(50)	(2)	—	(2)		3,193	23
210	Households	83,020	80,264	2,718	215	144	71	(157)	(89)	(68)	(6)	(6)	—		—	—
220	Total	700,572	646,738	48,278	9,920	891	6,804	(2,109)	(874)	(1,225)	(1,348)	(60)	(1,111)	(358)	372,980	6,972

¹ Staging analysis will exclude those assets and provisions that cannot 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	22,983	60,860	89,036	342,457	367	515,703
2	Debt securities	—	4,320	19,991	23,438	2	47,751
3	Total	22,983	65,180	109,027	365,895	369	563,454

		31 Dec 2024					
		£m	£m	£m	£m	£m	£m
1	Loans and advances	21,227	60,895	82,368	331,155	184	495,829
2	Debt securities	—	2,844	20,218	18,728	—	41,790
3	Total	21,227	63,739	102,586	349,883	184	537,619

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	9,615
020	Inflows to non-performing portfolios	3,585
030	Outflows from non-performing portfolios	(4,169)
040	Outflows due to write-offs	(1,303)
050	Outflow due to other situations	(2,866)
060	Final stock of non-performing loans and advances at 31 December 2025	9,031

CREDIT RISK (Continued)

CQ1: Credit quality of forborne 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 forborne exposures	
		Non-performing forborne				On performing forborne exposures	On non-performing forborne exposures	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures	
		Performing forborne	Of which defaulted		Of which impaired				
		£m	£m	£m	£m	£m	£m	£m	£m
010	Loans and advances	1,616	4,616	4,239	4,239	(26)	(659)	3,536	2,526
040	Credit institutions	—	—	—	—	—	—	—	—
050	Other financial corporations	53	26	26	26	—	(18)	6	—
060	Non-financial corporations	543	1,830	1,728	1,728	(2)	(354)	500	360
070	Households	1,020	2,760	2,485	2,485	(24)	(287)	3,030	2,166
080	Debt Securities	—	—	—	—	—	—	—	—
090	Loan commitments given	153	462	54	54	(3)	(3)	—	—
100	Total	1,769	5,078	4,293	4,293	(29)	(662)	3,536	2,526
		31 Dec 2024							
		£m	£m	£m	£m	£m	£m	£m	£m
010	Loans and advances	1,318	4,527	4,217	4,216	(30)	(719)	3,528	2,607
040	Credit institutions	—	6	—	—	—	—	—	—
050	Other financial corporations	11	30	29	29	—	(19)	2	1
060	Non-financial corporations	348	1,790	1,716	1,716	(4)	(388)	621	504
070	Households	959	2,701	2,472	2,471	(26)	(312)	2,905	2,102
080	Debt Securities	—	—	—	—	—	—	—	—
090	Loan commitments given	152	180	73	73	(3)	(5)	—	—
100	Total	1,470	4,707	4,290	4,289	(33)	(724)	3,528	2,607

CREDIT RISK (Continued)

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

		31 Dec 2025											
		Gross carrying amount/nominal amount											
		Performing exposures			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	£m	£m
005	Cash balances at central banks and other demand deposits	34,825	34,825	—	—	—	—	—	—	—	—	—	—
010	Loans and advances	509,673	508,428	1,245	9,031	3,295	1,913	1,199	973	1,268	221	162	8,237
020	Central banks	1,745	1,745	—	—	—	—	—	—	—	—	—	—
030	General governments	972	972	—	—	—	—	—	—	—	—	—	—
040	Credit institutions	14,630	14,630	—	—	—	—	—	—	—	—	—	—
050	Other financial corporations	49,230	49,230	—	27	1	1	20	2	—	—	2	26
060	Non-financial corporations	60,599	60,551	48	1,971	357	712	320	154	309	87	32	1,728
070	Of which SMEs	25,175	25,127	48	1,048	231	320	199	97	148	36	17	869
080	Households	382,497	381,300	1,197	7,033	2,937	1,200	878	799	957	134	128	6,483
090	Debt securities	47,757	47,757	—	1	—	—	—	—	—	—	1	1
100	Central banks	142	142	—	—	—	—	—	—	—	—	—	—
110	General governments	31,747	31,747	—	—	—	—	—	—	—	—	—	—
120	Credit institutions	7,720	7,720	—	—	—	—	—	—	—	—	—	—
130	Other financial corporations	8,144	8,144	—	—	—	—	—	—	—	—	—	—
140	Non-financial corporations	4	4	—	1	—	—	—	—	—	—	1	1
150	Off-balance-sheet exposures	135,939			552								61
170	General governments	497			—								—
180	Credit institutions	9			—								—
190	Other financial corporations	11,189			—								—
200	Non-financial corporations	39,348			363								9
210	Households	84,896			189								52
220	Total	728,194	591,010	1,245	9,584	3,295	1,913	1,199	973	1,268	221	163	8,299

CREDIT RISK (Continued)

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

		31 Dec 2024											
		Gross carrying amount/nominal amount											
		Performing exposures			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	£m	
005	Cash balances at central banks and other demand deposits	39,550	39,550	—	—	—	—	—	—	—	—	—	
010	Loans and advances	489,399	488,022	1,377	9,615	3,517	1,651	1,548	1,732	843	177	147	8,876
020	Central banks	1,751	1,751	—	—	—	—	—	—	—	—	—	—
030	General governments	1,053	1,053	—	—	—	—	—	—	—	—	—	—
040	Credit institutions	12,796	12,796	—	6	—	5	—	—	—	1	—	—
050	Other financial corporations	50,652	50,652	—	31	2	1	22	2	2	2	—	29
060	Non-financial corporations	60,140	60,070	70	1,994	396	377	408	552	151	86	24	1,817
070	Of which SMEs	26,996	26,932	64	1,202	321	229	224	302	79	36	11	1,025
080	Households	363,007	361,700	1,307	7,584	3,119	1,268	1,118	1,178	690	88	123	7,030
090	Debt securities	41,796	41,796	—	1	—	—	—	—	—	—	1	1
100	Central banks	65	65	—	—	—	—	—	—	—	—	—	—
110	General governments	23,432	23,432	—	—	—	—	—	—	—	—	—	—
120	Credit institutions	8,738	8,738	—	—	—	—	—	—	—	—	—	—
130	Other financial corporations	9,511	9,511	—	—	—	—	—	—	—	—	—	—
140	Non-financial corporations	50	50	—	1	—	—	—	—	—	—	1	1
150	Off-balance-sheet exposures	129,827			304								96
170	General governments	513			—								—
180	Credit institutions	25			—								—
190	Other financial corporations	10,650			11								—
200	Non-financial corporations	35,619			78								25
210	Households	83,020			215								71
220	Total	700,572	569,368	1,377	9,920	3,517	1,651	1,548	1,732	843	177	148	8,973

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	566,462	8,238	(3,008)		—
030	Netherlands	19,883	22	(19)		—
040	United Kingdom	497,490	8,064	(2,871)		—
050	United States	14,518	—	(25)		—
070	Other countries	34,571	152	(93)		—
080	Off-balance-sheet exposures	136,491	61		(194)	
100	Netherlands	2,252	—		(1)	
110	United Kingdom	124,792	53		(184)	
120	United States	4,922	7		(6)	
140	Other countries	4,525	1		(3)	
150	Total	702,953	8,299	(3,008)	(194)	—

		31 Dec 2024				
		£m	£m	£m	£m	£m
010	On-balance-sheet exposures	540,811	8,877	(3,191)		—
030	Netherlands	17,246	16	(22)		—
040	United Kingdom	476,266	8,749	(3,065)		—
050	United States	14,421	—	(17)		—
070	Other countries	32,878	112	(87)		—
080	Off-balance-sheet exposures	130,131	96		(266)	
100	Netherlands	1,937	16		(2)	
110	United Kingdom	119,594	79		(249)	
120	United States	4,946	—		(8)	
140	Other countries	3,654	1		(7)	
150	Total	670,942	8,973	(3,191)	(266)	—

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	5,864	230	(50)	—
020	Mining and quarrying	314	8	(17)	—
030	Manufacturing	4,923	101	(44)	—
040	Electricity, gas, steam and air conditioning supply	4,930	2	(20)	—
050	Water supply	479	2	(7)	—
060	Construction	3,187	164	(93)	—
070	Wholesale and retail trade	6,102	158	(74)	—
080	Transport and storage	2,198	23	(20)	—
090	Accommodation and food service activities	1,943	77	(36)	—
100	Information and communication	3,072	399	(150)	—
110	Financial and insurance activities				
120	Real estate activities	18,774	296	(176)	—
130	Professional, scientific and technical activities	2,450	50	(42)	—
140	Administrative and support service activities	2,628	56	(16)	—
150	Public administration and defence, compulsory social security	10	—	—	—
160	Education	1,010	17	(18)	—
170	Human health services and social work activities	3,369	50	(27)	—
180	Arts, entertainment and recreation	320	31	(7)	—
190	Other services	997	64	(14)	—
200	Total	62,570	1,728	(811)	—

		31 Dec 2024			
		£m	£m	£m	£m
010	Agriculture, forestry and fishing	6,423	298	(56)	—
020	Mining and quarrying	205	1	(2)	—
030	Manufacturing	4,336	91	(47)	—
040	Electricity, gas, steam and air conditioning supply	4,183	78	(25)	—
050	Water supply	508	2	(13)	—
060	Construction	3,411	258	(170)	—
070	Wholesale and retail trade	6,493	233	(100)	—
080	Transport and storage	1,969	32	(22)	—
090	Accommodation and food service activities	2,002	114	(44)	—
100	Information and communication	3,081	75	(20)	—
110	Financial and insurance activities				
120	Real estate activities	18,921	327	(216)	—
130	Professional, scientific and technical activities	2,498	102	(42)	—
140	Administrative and support service activities	2,547	52	(23)	—
150	Public administration and defence, compulsory social security	18	—	—	—
160	Education	1,106	10	(14)	—
170	Human health services and social work activities	3,309	92	(49)	—
180	Arts, entertainment and recreation	351	22	(9)	—
190	Other services	773	30	(12)	—
200	Total	62,134	1,817	(864)	—

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', on page 83, 'Note 2G: Offset', and on pages 105 to 106, 'Note 15: 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 Group 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 Group largely applies other eligible collateral to the IRB Corporate and Retail asset classes.

The Group'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 Group 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 Group 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 Group 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 Group 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	126,054	389,648	385,707	3,942	—
Debt securities	47,752	—	—	—	—
Total	173,806	389,648	385,707	3,942	—
Of which non-performing exposures	1,603	6,194	6,047	147	—
Of which defaulted	1,106	5,897	—	—	—
	31 Dec 2024				
	£m	£m	£m	£m	£m
Loans and advances	119,445	376,385	370,713	5,672	—
Debt securities	41,790	—	—	—	—
Total	161,235	376,385	370,713	5,672	—
Of which non-performing exposures	1,327	6,949	6,710	239	—
Of which defaulted	914	6,623	—	—	—

CREDIT RISK (Continued)

Credit Risk Exposures

The table below gives an overview of credit risk exposure at default and risk-weighted assets. The amounts include securitisation and threshold risk-weighted assets and related exposures.

Exposure classes	31 Dec 2025			31 Dec 2024		
	EAD post CRM and post CCF £m	Risk-weighted assets £m	Average risk weight %	EAD post CRM and post CCF £m	Risk-weighted assets £m	Average risk weight %
Central governments or central banks	948	32	3.3	1,451	74	5.1
Institutions	7,936	1,219	15.4	9,432	1,582	16.8
Corporates	58,647	36,777	62.7	53,805	33,703	62.6
of which: Specialised lending	14,328	9,405	65.6	13,110	8,841	67.4
of which: SMEs	8,214	5,406	65.8	7,002	4,681	66.9
Retail	434,543	90,339	20.8	423,296	90,548	21.4
Secured by real estate property	368,230	61,893	16.8	361,800	62,455	17.3
SMEs	3,025	667	22.1	3,083	685	22.2
Non-SMEs	365,205	61,226	16.8	358,717	61,770	17.2
Qualifying revolving	44,432	13,178	29.7	41,117	13,434	32.7
Other retail	21,881	15,267	69.8	20,379	14,659	71.9
SMEs	1,775	1,245	70.1	1,398	1,019	72.9
Non-SMEs	20,106	14,023	69.7	18,981	13,640	71.9
Non-credit obligation assets	10,683	6,953	65.1	9,956	6,327	63.5
Total IRB approach	512,757	135,319	26.4	497,939	132,234	26.6
Central governments or central banks	67,497	747	1.1	62,656	1,211	1.9
Regional governments or local authorities	708	14	1.9	679	15	2.2
Public sector entities	2,855	181	6.3	3,090	—	—
Multilateral development banks	7,290	—	—	8,159	—	—
International organisations	796	—	—	652	—	—
Institutions	435	155	35.6	808	307	38.0
Corporates	6,211	5,139	82.7	6,422	5,357	83.4
of which: SMEs	992	802	80.9	2,730	2,180	79.9
Retail	12,904	9,410	72.9	11,648	8,425	72.3
of which: SMEs	1,505	860	57.2	1,681	947	56.3
Secured by mortgages on immovable property	11,358	3,996	35.2	3,352	1,283	38.3
of which: SMEs	266	110	41.3	266	203	76.3
Exposures in default	1,394	1,558	111.7	586	718	122.4
Claims on institutions and corporates with a short-term credit assessment	—	—	—	80	40	50.0
Collective investments undertakings	281	57	20.2	—	—	—
Other exposures	2,783	2,348	84.4	2,559	2,024	79.1
Total standardised approach	114,512	23,603	20.6	100,693	19,380	19.2
Subtotal	627,269	158,922	25.3	598,632	151,614	25.3
Securitisations	39,158	7,778	19.9	38,603	7,648	19.8
Total including Securitisations	666,427	166,700	25.0	637,235	159,262	25.0

The increase in Standardised 'Secured by mortgages on immovable property' mainly reflects the transfer of a small sub-portfolio of (closed) mortgages that fall outside the Retail Secured CRD IV model and are now reported under the Standardised Approach, having previously been reported under Retail IRB 'Secured by real estate property'. The overall impact on capital from this move was immaterial. This transfer offsets the impact on Retail IRB 'Secured by real estate property' RWAs following the Secured CRD IV model updates. The model remains subject to review and approval by the PRA.

CREDIT RISK (Continued)**CRD: Qualitative disclosure requirements related to standardised model****Names of the external credit assessment institutions (ECAIs) nominated by the institution**

Where the Group uses the Standardised Approach, it makes use of ratings published by Standard & Poor's, Moody's and Fitch (the Group's nominated ECAIs) to determine risk-weights for rated counterparties.

The exposure classes for which each ECAI is used

The ratings are used for exposures across a number of exposure classes including:

- Central governments and central banks
- Regional governments and local authorities
- Public sector entities
- Corporates
- Institutions
- Short-term claims on institutions and corporates (based on short term ratings)

For Securitisations refer to page 88.

Description of the process used to transfer the issuer and issue credit ratings onto comparable assets items not included in the trading book

External ratings issued by the Group's nominated ECAIs are mapped to credit quality steps in accordance with the UK CRR and related PRA technical standards in force at 31 December 2025. Risk-weighted assets are then determined based on the prescribed combination of credit quality step, exposure class and maturity, consistent with PRA requirements for the Standardised Approach.

Where no eligible external rating exists, exposures are assigned a risk weight in accordance with the Standardised Approach rules for unrated exposures for the relevant exposure class.

The association of the external rating of each nominated ECAI with the risk weights that correspond with the credit quality steps as set out in Chapter 2 of Title II of Part Three CRR

Allocation of the long-term credit assessments of ratings agencies to credit quality steps for the purpose of assigning Standardised Approach risk weights is outlined in the table below for non-securitised exposures.

Credit Quality Step	Fitch	Moody's	S&P's
Step 1	AAA to AA-	Aaa to Aa3	AAA to AA-
Step 2	A+ to A-	A1 to A3	A+ to A-
Step 3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-
Step 4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-
Step 5	B+ to B-	B1 to B3	B+ to B-
Step 6	CCC+ and below	Caa1 and below	CCC+ and below

Credit quality steps and risk weights assigned under the Standardised Approach are outlined in table below.

Credit Quality Step	Institutions (includes banks)						
	Credit assessment method						
	Corporate	Public sector entities	Sovereign method	Maturity > three months	Maturity three months or less	Central governments or central banks	
Step 1	20 %	20 %	20 %	20 %	20 %	0 %	
Step 2	50 %	50 %	50 %	50 %	20 %	20 %	
Step 3	100 %	100 %	100 %	50 %	20 %	50 %	
Step 4	100 %	100 %	100 %	100 %	50 %	100 %	
Step 5	150 %	100 %	100 %	100 %	50 %	100 %	
Step 6	150 %	150 %	150 %	150 %	150 %	150 %	

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	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density
		£m	£m	£m	£m	£m	%
1	Central governments or central banks	63,473	177	66,661	836	747	1
2	Regional government or local authorities	708	—	708	—	14	2
3	Public sector entities	2,855	—	2,855	—	180	6
4	Multilateral development banks	7,290	—	7,290	—	—	—
5	International organisations	796	—	796	—	—	—
6	Institutions	292	363	312	123	155	36
7	Corporates	4,180	4,661	4,339	1,872	5,139	83
8	Retail	12,974	19,368	12,840	64	9,409	73
9	Secured by mortgages on immovable property	10,844	820	10,843	515	3,996	35
10	Exposures in default	1,400	270	1,370	24	1,558	112
13	Institutions and corporates with a short-term credit assessment	—	—	—	—	—	—
14	Collective investment undertakings	281	—	281	—	57	20
16	Other items	2,783	—	2,783	—	2,348	84
17	Total	107,876	25,659	111,078	3,434	23,603	21

Exposure classes		31 Dec 2024						
		£m		£m		£m		%
		£m	£m	£m	£m	£m	%	
1	Central governments or central banks	57,753	575	62,112	544	1,211	2	
2	Regional government or local authorities	679	—	679	—	15	2	
3	Public sector entities	3,090	—	3,090	—	—	—	
4	Multilateral development banks	8,159	—	8,159	—	—	—	
5	International organisations	652	—	652	—	—	—	
6	Institutions	549	510	559	249	307	38	
7	Corporates	5,154	4,891	4,770	1,652	5,357	83	
8	Retail	11,831	20,437	11,566	82	8,425	72	
9	Secured by mortgages on immovable property	3,338	65	3,337	15	1,283	38	
10	Exposures in default	613	35	577	9	718	122	
13	Institutions and corporates with a short-term credit assessment	—	—	80	—	40	50	
14	Collective investment undertakings	—	—	—	—	—	—	
16	Other items	2,559	—	2,559	—	2,024	79	
17	Total	94,378	26,513	98,141	2,551	19,380	19	

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

CREDIT RISK (Continued)

CR5: Standardised approach – Credit risk exposure and risk weights (post CCF and post CRM)

		31 Dec 2025																
		Risk weight																
Exposure classes		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Total	Of which
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Central governments or central banks	67,198	—	—	—	—	—	—	—	—	—	—	299	—	—	—	67,497	—
2	Regional government or local authorities	639	—	—	—	69	—	—	—	—	—	—	—	—	—	—	708	—
3	Public sector entities	1,951	—	—	—	904	—	—	—	—	—	—	—	—	—	—	2,855	—
4	Multilateral development banks	7,290	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7,290	—
5	International organisations	796	—	—	—	—	—	—	—	—	—	—	—	—	—	—	796	—
6	Institutions	—	—	90	—	121	—	194	—	—	30	—	—	—	—	—	435	30
7	Corporates	—	—	—	—	346	—	1,247	—	—	4,582	36	—	—	—	—	6,211	4,464
8	Retail exposures	—	—	—	—	—	—	—	12,904	—	—	—	—	—	—	—	12,904	12,904
9	Exposures secured by mortgages on immovable property	—	—	—	—	—	11,273	—	—	33	51	—	—	—	—	—	11,358	11,358
10	Exposures in default	—	—	—	—	—	—	—	—	—	1,067	327	—	—	—	—	1,394	1,394
13	Exposures to institutions and corporates with a short-term credit assessment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
14	Units or shares in collective investment undertakings	8	—	—	—	266	—	7	—	—	—	—	—	—	—	—	281	8
16	Other items	171	—	—	—	330	—	—	—	—	2,282	—	—	—	—	—	2,783	2,783
17	Total	78,053	—	90	—	2,036	11,273	1,448	—	12,937	8,012	363	299	—	—	—	114,512	32,941
		31 Dec 2024																
1	Central governments or central banks	62,172	—	—	—	—	—	—	—	—	—	—	484	—	—	—	62,656	—
2	Regional government or local authorities	606	—	—	—	74	—	—	—	—	—	—	—	—	—	—	679	—
3	Public sector entities	3,090	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3,090	—
4	Multilateral development banks	8,159	—	—	—	—	—	—	—	—	—	—	—	—	—	—	8,159	—
5	International organisations	652	—	—	—	—	—	—	—	—	—	—	—	—	—	—	652	—
6	Institutions	—	—	76	—	254	—	449	—	—	29	—	—	—	—	—	808	29
7	Corporates	—	—	—	—	20	—	1,043	—	—	5,339	19	—	—	1	—	6,422	5,191
8	Retail exposures	—	—	—	—	—	—	—	—	11,648	—	—	—	—	—	—	11,648	11,648
9	Exposures secured by mortgages on immovable property	—	—	—	—	—	3,097	—	—	33	222	—	—	—	—	—	3,352	3,352
10	Exposures in default	—	—	—	—	—	—	—	—	—	323	263	—	—	—	—	586	586
13	Exposures to institutions and corporates with a short-term credit assessment	—	—	—	—	—	—	80	—	—	—	—	—	—	—	—	80	—
14	Units or shares in collective investment undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
16	Other items	201	—	—	—	418	—	—	—	—	1,940	—	—	—	—	—	2,559	2,559
17	Total	74,879	—	76	—	766	3,097	1,572	—	11,682	7,853	282	484	—	1	—	100,693	23,365

CREDIT RISK (Continued)**CRE: Qualitative disclosure requirements related to IRB Approach**

Scope of IRB permission and disclosure of the internal rating systems by exposure class

Distribution of exposures by approach

To illustrate the degree to which capital models are used within the group, the following table shows the EAD split between RIRB, FIRB, Other IRB (including supervisory slotting) and Standardised (non-modelled) approaches across the different exposure classes. Securitisation exposure values are excluded. Exposures reported in the table below are presented in line with tables CR4 and CR6 on a post-CRM basis and include off-balance sheet exposures on a post-CCF basis.

Exposure class ¹	RIRB	FIRB	Other IRB	Standardised
	£m	£m	£m	£m
Central governments or central banks	—	948	—	67,497
Regional governments or local authorities	—	—	—	708
Public sector entities	—	—	—	2,855
Multilateral development banks	—	—	—	7,290
International organisations	—	—	—	796
Institutions	—	7,936	—	435
Corporates ²	—	44,319	14,328	6,211
Retail – Secured by property	368,230	—	—	11,358
Retail – Qualifying revolving	44,432	—	—	12,904
Retail – Other	21,881	—	—	—
Other ³	—	—	10,683	4,458
Total Exposure	434,543	53,203	25,011	114,512
% coverage	69%	8%	4%	18%

¹ Includes threshold exposures.

² Corporate 'Other IRB' exposures represent exposures risk-weighted under the Supervisory Slotting Approach.

³ Other includes (i) Other IRB: non-credit obligation assets; (ii) Standardised: exposures in default, collective investment undertakings and other exposures.

Scope of the IRB permission

The Group has regulatory approval to use its internal models in the calculation of the majority of its credit risk capital requirements. The Group currently has permission to use both the FIRB Approach (used for corporate exposures, institutions and central governments or central banks) and the RIRB Approach (for retail exposures).

The Group has permanent exemption to use the Standardised Approach for a number of portfolios, including;

- Entities outside UK jurisdiction - Corporate Assets
- Sub portfolio of closed mortgages and sub-prime mortgages
- Certain asset types under UK Motor Finance

A number of other portfolios, currently under the Standardised Approach, are on the IRB Roll-Out plan. Most prominent among these are:

- MBNA Unsecured
- BoS Commercial (BDCS)

The Group applies the Supervisory Slotting Approach to certain corporate specialised lending exposures (including the Group's income-producing real estate exposures), hence no models are used for these portfolios. Capital requirements in relation to securitisation positions are determined under the SEC-IRBA, the SEC-SA and the SEC-ERBA approaches.

Exposures advanced through government loan schemes (BBLs, CBILs, CLBILs and RLS) are reported predominantly under the Standardised Approach. The impact of a guarantee on government lending schemes leads to substitution of exposure primarily from IRB to the Standardised Approach. These exposures continue to reduce and are mainly in the Retail SME asset class and substituted to Standardised Central Governments and Central Banks.

Further details on other areas such as the Supervisory Slotting Approach for Corporate Specialised Lending exposures and various approaches for Securitisations can be found in the relevant sections of this document (see CR10 and SEC tables).

Under the Group's IRB permission, the list on the following page comprises the rating systems that are significant at a Group level, each having risk-weighted assets in excess of £2.5 billion (as at end September 2025). The IRB models listed are incumbent (pre CRD IV) models and are the same as those used in the PD back-testing analysis (later in this section) with the following exceptions:

- The PELF rating system is excluded due to the low level of defaults; and
- The BoS Netherlands mortgages, HBOS Other Mortgages, Lloyds Near Prime Mortgages and Lloyds Buy-to-Let mortgages rating systems are collectively material, and therefore included in the PD back-testing table despite being individually below the £2.5 billion RWA threshold.

The rating systems included in the PD back-testing analysis represent the overwhelming majority of obligors across the Group that are assessed under either the RIRB or FIRB approaches. Other rating systems with risk-weighted assets less than £2.5 billion generally have low volumes of obligors, and their absence from the PD back-testing tables has a low impact.

With one exception, the rating systems listed all use 10 or more years of data in their development / calibration process. The exception is UK Motor Finance (Non-Retail) which uses less than five years of data.

Those rating systems with EAD and LGD components are reported under the Retail IRB approach, the remainder are reported under the FIRB approach.

All RWAs are inclusive of temporary post model adjustments and as at end September 2025.

CREDIT RISK (Continued)

Significant IRB credit risk rating systems: selected features

Rating System	RWAs (£m)	Component Model Type	Exposure Class	IRB Model Segmentation	Model Characteristics
Halifax and Lloyds Bank Mainstream Mortgages ¹	43,753	PD	Retail – Secured by real estate (non-SME)	Separate PD and LGD model calibration for Halifax and Lloyds branded mortgages.	Calibration of the internal mortgage application and behavioural scores. Variable Scalar approach (segmented by origination Loan to Value and Loan to Income) used to determine Regulatory PD.
		EAD			Based predominantly on current balance
		LGD			Statistical models to predict probability of possession given default (key driver: LTV) and loss given repossession (key drivers: LTV and property type).
HBOS Buy-to-Let Mortgages	11,787	PD	Retail – Secured by real estate (non-SME)	Single model	Calibration of the internal mortgage application and behavioural scores. Point in Time plus buffer approach used to determine Regulatory PD.
		EAD			Based predominantly on current balance.
		LGD			Statistical models to predict probability of possession given default (key driver: LTV) and loss given repossession (key drivers: LTV and property type).
HBOS and Lloyds Bank Unsecured Personal Loans ¹	8,708	PD	Retail - Other (non-SME)	Separate PD and LGD model calibration for Halifax and Lloyds branded Loans.	Calibration of the application and customer scores. Point in Time plus buffer approach used to determine Regulatory PD.
		EAD			Based predominantly on current balance.
		LGD			Statistical models to predict customer propensity to repay and estimate resultant recovery cashflows (key drivers: default status and exposure at default).
Unquoted	10,420	PD	Corporate Other, Corporate SME	Single model used to rate UK incorporated corporate customers not listed on a stock exchange, with segments based on turnover, heritage and leverage.	Default predictor approach using a blend of financial and qualitative factors to produce model score. Final model score converted to PD using logistic transform which is mapped to an internal risk grade.
HBOS and Lloyds Bank Credit Cards ¹²	9,499	PD	Retail - Qualifying Revolving	Separate PD, EAD and LGD model calibration for Halifax and Lloyds branded Cards.	Calibration of the application and customer scores. Point in Time plus buffer approach used to determine Regulatory PD.
		EAD			Statistical models used to estimate EAD as a function of current balance and remaining limit.
		LGD			Statistical models to predict customer propensity to repay and estimate resultant recovery cashflows (key drivers: default status and exposure at default).
Publicly Quoted	5,285	PD	Corporate Other	Single model used to rate publicly quoted companies (apart from listed Banks and Insurance companies, which are rated through separate models).	Rating replicator approach using a blend of financial and qualitative factors to produce an internally derived rating closely approximating ECAI ratings from the major rating agencies (Moody's, Fitch and S&P). The model rating is then converted to a PD using a logistic transformation, which is mapped to an internal risk grade.
UK Motor Finance (Retail)	5,187	PD	Retail - Other (non-SME)	Single model.	Calibration of the internal application and behaviour scores.
		EAD			Based predominantly on current balance.
		LGD			Differentiated loss estimates based on underlying asset type.

CREDIT RISK (Continued)

Significant IRB credit risk rating systems: selected features continued

Rating System	RWAs (£m)	Component Model Type	Exposure Class	IRB Model Segmentation	Model Characteristics
HBOS and Lloyds Bank Overdrafts ¹	3,746	PD	Retail - Qualifying revolving		Calibration of the application and customer scores. Point in Time plus buffer approach used to determine regulatory PD
		EAD			Statistical models used to estimate EAD as a function of current balance and remaining limit.
		LGD			Statistical models to predict customer propensity to repay and estimate resultant recovery cashflows (key drivers: default status and exposure at default).
BDCS	3,644	PD	Corporate SME, Retail SME and Retail Mortgages (SME)	Separate PD models for Business Banking and SME clients, with industry sector segmentations within SME.	Account behavioural models calibrated with a Point in Time bias.
		EAD			Statistical models used to estimate EAD as a function of current balance and remaining limit.
		LGD			Common EAD and LGD models for Retail exposures.
UK Motor Finance (Non-Retail)	3,211	PD	Corporate Other	Separate PD models rating corporate motor finance customers submitting Full or Abridged Accounts to Companies House.	Logistic regression models targeting 12-month default rates. Key drivers in both the Full and Abridged models are liquidity and payment performance. Model score converted to PD using logistic transform which is mapped to an internal risk grade.

¹ For these products, separate rating systems exist for Lloyds Bank and HBOS (Halifax). However, as the risk profiles are sufficiently similar, they are grouped together in this table.

² The Group applies the Standardised Approach to the MBNA credit card portfolio.

CREDIT RISK (Continued)**Further details of Group rating systems****PD rating philosophy**

PD ratings from the Group's incumbent (pre-CRD IV) models generally adhere to either 'Point-in-time' (PIT) or 'Through-the-cycle' (TTC) rating approaches.

- For Qualifying Revolving Retail Exposures (QRRE) and Retail – Other (non-SME), PD ratings are primarily constructed on a PIT basis with a PD 'buffer' added to the PIT PD to cover potential underestimation of default risk between regular calibrations
- Retail - Secured by real estate uses a TTC approach where this is available (the majority of Lloyds Bank and Halifax Mainstream mortgages) and a PIT approach with a PD buffer otherwise.
- Corporate PD models are largely calibrated to the long-run default experience, meaning the PD predictions are more TTC in nature. The material exception to this being BDCS, which is more PIT in nature.

Models currently use a definition of default based on a 90 days-past-due backstop with the exception of the Halifax Mainstream, Lloyds Bank Mainstream and HBOS Buy-to-Let Mortgages UK retail mortgage portfolios, which use a 180 days-past-due backstop (this will change to 90 days-past-due when the CRD IV Secured model is approved for use, but until that definition is implemented a temporary Post Model Adjustment is being held per Article 146 of CRR). Additionally, Unlikelihood To Pay triggers are included in the definition of default and vary by portfolio, using criteria such as bankruptcy/IVAs, repossessions and forbearance treatments.

In December 2025, the PRA approved the proposed changes to the definition of default to ensure compliance with EBA GL 2016/07 for Commercial portfolios. These changes will largely be implemented in January 2026

The PD models are based on a number of counterparty-specific or account-specific factors. In retail portfolios, the assigned PDs are calibrations of the obligor's associated application or behavioural scores. These are statistical models which are in turn based on a mix of internal behavioural and external (credit bureau) data. For corporate portfolios the PD models include counterparty quantitative (e.g. financial) and qualitative (e.g. assessment of management) factors.

EAD and LGD modelling approach

EAD models are used to determine the Group's exposure to a counterparty in the event of them defaulting. LGD models determine the loss experienced in the event of that default.

Corporate exposures are rated using the FIRB approach, so have no LGD or EAD models for capital purposes.

Retail exposures use EAD models, where the general approach is to estimate the proportion of the unused credit facility that will be further drawn down prior to default and add this to the current balance. This is material for revolving credit facilities, but generally not material for term products. The EAD calculated to determine risk-weighted assets is based on an economic downturn.

Retail LGD models are built using statistical models based on key drivers of loss. The LGD calculated to determine risk-weighted assets is based on an economic downturn. For portfolios with security (residential property, non-residential property and vehicles), components include probability of repossession and loss severity; for portfolios of an unsecured nature, components include probability of paying back a proportion of the debt and loss severity.

Model development, validation and review

IRB models, and subsequent changes to those models, are generally developed by a centralised modelling team within the Risk Division on behalf of the business. The models are challenged, both technically and from a business usage perspective, by an independent unit (Model Risk Office) which reports through an independent reporting line within the Risk Division.

Within independent model reviews for both the initial model development and subsequent annual validation, Documentation Reviews (focusing on documentation relating to the model and its performance) and Code Assessment will be supplemented by Independent Quantitative Testing (IQT) to the extent required by the model's risk tiering, determined based on model materiality and complexity. IQT may include statistical analysis of the model, data quality assessment, independent recoding, and use of challenger approaches. Reviews are more in-depth for the higher tiered IRB rating systems. All IRB models are reviewed annually in line with regulatory requirements.

GRC (whose membership includes the Chief Financial Officer and the Chief Risk Officer, as well as representation from each division of the Group) approves the Group's most material IRB models, and their performance is reported monthly to BRC.

Lower tier IRB models are approved and monitored by the Model Governance Committee (MGC) and/or by the Model Risk Office in line with Group Model Risk Management policy. The chair of MGC has delegated approval responsibility from GRC. MGC attendees include senior risk and business model owners responsible for the model under consideration. All new IRB models and all material model changes are subject to governance in line with regulatory guidance.

Once a model has been approved, it is subject to ongoing monitoring and periodic validation requirements and is subject to the same model risk policy as a new model build.

Where material changes to rating systems are necessary, pre-notification to the PRA is required and their approval obtained before the change can be implemented. During 2025, a pre-notification was approved by the PRA with reference to a small sub portfolio of closed mortgage portfolios including The Mortgage Business, Intelligent Finance and certain mortgages within Birmingham Midlands. The removal of these exposures from IRB will be reflected in CR9 back-testing tables from 2026 onwards. There have been no other material model changes impacting the CR9 back-testing tables.

A pre-notification was approved by the PRA in 2022 with reference to the reversion to Standardised from IRB of the Retirement Home Plan and the Scottish Widows Bank BTL portfolios. This amendment will come into effect alongside changes to be made to the Retail Mortgage rating systems in relation to CRD IV regulations.

A hierarchy of model monitoring exists for all IRB models – regular and detailed model monitoring (including rank ordering and predictive accuracy) is used to prioritise both model changes and corrective action for model underperformance. This includes providing BRC with an annual update on model performance and wider modelling issues. IRB model monitoring is also provided to the PRA at their request. As with model development and annual validation, the independent validation function uses the same overarching methods of testing to verify the suitability and effectiveness of the model monitoring framework.

CREDIT RISK (Continued)

Where required, typically where there is a data or model weakness, an appropriate degree of conservatism is included in the estimated risk parameters to ensure capital adequacy. If a model or data weakness is identified that indicates understatement of capital, the capital requirements are adjusted immediately and temporarily via Post Model Adjustments (PMAs) until the issue is remediated.

Model Risk Office maintains an inventory of all models within the scope of the Group Model Risk Management Policy, including IRB models. This serves to assist the wider model governance process. More specifically, the inventory enables the following: a schedule of models under development or awaiting periodic validation to be maintained, a means of tracking the resolution of corrective actions set by Model Risk Office, individual accountability for models to be defined and the collation of documentation relating to all models. Accountability for model development and maintenance is assigned at an individual level. Similarly, accountability for the wider control environment for the model is also assigned at an individual level.

The Chief Model Risk Officer is the owner of the Group Model Risk Management Policy, which defines the principles and framework by which models must be developed and maintained. Responsibilities of the Chief Model Risk Officer include: Independent validation of models, maintaining a relationship with regulators, chairing of MGC, reviewing risk appetite performance, and where appropriate, escalating material model issues to the GRC and Board.

The governance framework, supported by comprehensive model risk management information, provides the Group with confidence that, in respect of IRB models, its Pillar 1 credit risk capital requirements adequately reflect the Group's credit risk exposure.

Further information on model risk, including details on identification and assessment, management and mitigation, and monitoring can be found in the Risk Management section of the 2025 Lloyds Bank plc Annual Report and Accounts (pages 59 to 60).

Relationships between risk management function and internal audit function

Group Audit undertake a program of internal audits to check that appropriate controls and processes are in place and operating effectively across all aspects of IRB models. Group Audit is independent from the model development and validation teams, reporting to the Chief Internal Auditor.

Other applications of IRB model outputs

In addition to the regulatory capital calculation process, IRB models are used for other purposes within the Group, for example:

Credit approval: IRB models are strongly linked to the credit approval process, though the precise nature of this differs between business areas. For retail exposures, operational, application and behavioural scorecards (primarily used to make retail credit approval and account management decisions) are typically used as inputs to PD models. For corporate exposures, the PD model ascribes a credit risk grade to each customer, and is a key consideration in credit underwriting.

Credit portfolio reporting and risk appetite: IRB parameters are embedded into management information at both Group and Divisional levels and are used to inform the setting of risk appetite.

Pricing: IRB outputs are used within various business' pricing tools to enable risk-based pricing.

Calculating impairment: IRB component models are typically used as an input into the impairment process, within the wider IFRS 9 reporting framework; this may be through direct use of the PDs, or through shared use of inputs (typically the use of scorecards as an input to both capital and impairment models). The calculation of provision levels within each portfolio is subject to rigorous challenge and oversight from both Finance and Risk.

Stress Testing: IRB model outputs are used in the various internal and regulatory stress testing exercises. Additionally, the IRB models themselves will be replicated (using approximations where necessary) over the forecasting period.

Model Performance

PD Back-testing tables

The following PD back-testing tables (CR9) compare assigned PDs from incumbent (pre CRDIV) models with observed default rates over both a 1-year and a 5-year period. When making this comparison, care needs to be taken with the interpretation as the result is partially dependent on the choice of PD approach (PIT or TTC).

The introduction of CRD IV regulations has led to a significant increase in the level of temporary PMAs for both RWA and EL, primarily in Retail Mortgages due to modelling changes. While acknowledging the significant value of these PMAs (which have been made to ensure capital levels reflect the new modelling requirements), PD back-testing needs to be assessed using the currently implemented definition of default. The back-testing shows that the incumbent PD models are generally working effectively and prudently against the pre CRD IV default definitions. The introduction of approved rating systems for CRD IV will see the removal of most PMAs.

For Corporate exposure classes, a September to September window is used. For Retail the window is November to November except for BDCS which is September to September.

The proportion of total IRB RWA covered within each exposure class is as follows:

- Corporate Other: 82%
- Corporate SME: 67%
- Retail - Secured by real estate (SME): 100%
- Retail SME: 100%
- Retail Other (non-SME): 100%
- QRRE: 100%
- Retail - Secured by real estate (non-SME) 98%

The lower coverage figures for Corporate SME and Corporate Other reflect the absence of rating systems with high value and low volume. Such rating systems would have little impact on the PD back-testing tables whose patterns and results are driven by volume only.

The Corporate SME proportion has decreased year-on-year (2024: 77%) reflecting a reclassification of exposures from Corporate Other to Corporate SME within the Commercial HP & Leasing Portfolio and the corresponding relative materiality to the respective asset classes.

Two additional back-testing tables are presented, showing aggregate figures for Corporates (Corporate SME and Corporate Other) and Retail (all other tables). Given the absence of any in-scope rating systems, no tables are presented for the Institutions and Central Government and Central Banks exposure classes.

CREDIT RISK (Continued)

In line with reporting requirements, a separate Corporate Other exposure class table is shown (CR9.1) for obligors rated under the Publicly Quoted rating system as it meets the criteria specified in point f Article 180(1) of the CRR in relation to the use of External Credit Assessment Institution (ECAI) ratings.

All tables follow the same format and adopt the following definitions:

- The PD ranges are as prescribed in Annex XXI of the Disclosure (CRR) Part of the PRA Rulebook.
- The Observed Average Default Rate is calculated as the number of defaults in the 12-month period divided by the number of obligors at the start of the period.
- The weighted average PD is calculated using the regulatory PD weighted by the EAD at the start of the period.
- The arithmetic average PD is calculated using the regulatory PD at the start of the period. This PD is volume weighted.
- The allocation to a risk grade is based on the PIT PD at the start of the period for Retail (non-SME) exposure classes and regulatory PD at the start of the period for other exposure classes.
- Various definitions of obligor operate within the bank, reflecting how the exposures are managed within each area. This translates as follows:
 - Cards, Loans and Overdrafts aggregate at customer level within brand and product.
 - Retail Mortgages (excluding BDCS) and UK Motor Finance (Retail) treat each account as an obligor. Hence, a customer with two accounts would be represented as two obligors with distinct PD estimates.
 - The definition for models in the Corporate and Retail SME exposure classes is legal entity by source system (obligors reside on different source systems according to the nature of the lending). This means that one legal entity might be represented by one or more obligors in the data if that entity has borrowing across one or more businesses (source systems).
 - Obligors that are ‘connected’ may share the same PD subject to certain conditions (these are known as Obligor Risk Groups, or ORGs). These cases are aggregated and reported as single obligors within a single exposure class.
- For Table 9.1 (Corporates Other), the external rating equivalent is based on the S&P rating scale.

For all IRB asset classes except Corporate Other and Corporate SME, the Group exposures shown in the following tables are the same as those presented in the Lloyds Banking Group plc 2025 Year-End Pillar 3 Disclosures. The other two tables are based solely on Lloyds Bank plc.

The table below summarises the rating systems in scope for each exposure class within the PD back-testing analysis. All rating systems reported here cover UK exposures only, with the exception of Publicly Quoted which is a global rating system and the BoS Netherlands Mortgages rating system.

Exposure Class	Rating Systems Included
Corporate Other	Publicly Quoted, Unquoted, UK Motor Finance (Non-Retail)
Corporate SME	Unquoted, Publicly Quoted, BDCS
Retail - Secured by real estate (non-SME)	Halifax and Lloyds Bank Mainstream Mortgages, HBOS Buy-to-Let Mortgages, HBOS Other Mortgages, Lloyds Near Prime Mortgages, Lloyds Buy to Let Mortgages, BoS Netherlands Mortgages.
Retail - Secured by real estate (SME)	BDCS
Retail SME	BDCS
Retail – Qualifying revolving	HBOS and Lloyds Bank Credit Cards, HBOS and Lloyds Bank Overdrafts
Retail – Other (non-SME)	HBOS and Lloyds Bank Unsecured Personal Loans and UK Motor Finance (Retail)

CREDIT RISK (Continued)

CR9: Back-testing of PD per portfolio – Corporate Other

PD range	31 Dec 2025					
	Number of obligors in the end of previous year		Observed average default rate	Exposure weighted average PD	Average PD	Average historical annual default rate
	No.	Of which number of obligors which defaulted in the year				
0.00 to <0.15	209	1	0.48	0.08	0.09	0.10
0.00 to <0.10	82	1	1.22	0.05	0.05	0.24
0.10 to <0.15	127	—	—	0.11	0.11	—
0.15 to <0.25	804	—	—	0.18	0.19	0.03
0.25 to <0.50	1,824	8	0.44	0.35	0.39	0.24
0.50 to <0.75	1,816	8	0.44	0.60	0.57	0.36
0.75 to <2.50	4,530	28	0.62	1.19	1.15	0.77
0.75 to <1.75	4,008	17	0.42	1.18	1.05	0.59
1.75 to <2.50	522	11	2.11	1.90	1.90	2.28
2.50 to <10.00	1,484	40	2.70	3.60	3.84	2.23
2.50 to <5.00	1,359	33	2.43	3.05	3.56	1.90
5.00 to <10.00	125	7	5.60	6.41	6.85	5.30
10.00 to <100.00	99	12	12.12	20.12	24.35	13.21
10.00 to <20.00	25	4	16.00	12.00	12.56	13.23
20.00 to <30.00	26	—	—	20.00	20.00	3.33
30.00 to <100.00	48	8	16.67	31.03	32.85	16.51
100.00 (Default)	207	N/A	N/A	100.00	100.00	N/A

PD range	31 Dec 2024					
	No.	No.	%	%	%	%
	0.00 to <0.15	211	—	—	0.08	0.08
0.00 to <0.10	87	—	—	0.05	0.05	—
0.10 to <0.15	124	—	—	0.11	0.11	0.09
0.15 to <0.25	789	—	—	0.18	0.19	0.10
0.25 to <0.50	1,944	8	0.41	0.34	0.37	0.23
0.50 to <0.75	1,917	10	0.52	0.61	0.57	0.37
0.75 to <2.50	4,480	46	1.03	1.13	1.11	0.88
0.75 to <1.75	4,002	30	0.75	1.12	1.01	0.71
1.75 to <2.50	478	16	3.35	1.90	1.90	2.33
2.50 to <10.00	1,424	35	2.46	3.78	3.84	2.57
2.50 to <5.00	1,309	25	1.91	3.18	3.56	2.12
5.00 to <10.00	115	10	8.70	7.41	6.98	6.01
10.00 to <100.00	80	13	16.25	16.19	21.54	13.99
10.00 to <20.00	30	6	20.00	12.00	12.37	12.98
20.00 to <30.00	17	—	—	20.00	20.00	3.33
30.00 to <100.00	33	7	21.21	30.90	30.67	17.08
100.00 (Default)	221	N/A	N/A	100.00	100.00	N/A

Key observations

- Over 80 per cent of obligors reported in this exposure class are on the UK Motor Finance (Commercial) portfolio, with the remainder being on the Publicly Quoted and Unquoted rating systems.
- Low default volumes lead to year-on-year volatility in 1-year default rates within a given PD range. At an overall level, 1-year default rates remain low and continue to track below or broadly in line with average PD.
- The average historical (5-year) default rate remains either within or below the respective PD band.
- A regulatory default reporting error exists within the UK Motor Finance (Commercial) rating system, whereby certain 90 days-past-due defaults have been under-reported. This is mitigated through a Post Model Adjustment.
- While the average PD in the exposure class has increased, there has been a slight reduction in the observed default rate. As a result, the observed default rate continues to track below average PD at both an overall and PD range level. The only exception to this is in the historical default rate on the 0.00 to <0.15 range where a single historical default drives the elevated observed default rate.

CREDIT RISK (Continued)

CR9: Back-testing of PD per portfolio – Corporate SME

PD range	31 Dec 2025					
	Number of obligors in the end of previous year		Observed average default rate	Exposure weighted average PD	Average PD	Average historical annual default rate
	No.	Of which number of obligors which defaulted in the year				
	No.	No.	%	%	%	%
0.00 to <0.15	20	—	0.00	0.06	0.06	0.48
0.00 to <0.10	15	—	0.00	0.06	0.04	0.63
0.10 to <0.15	5	—	0.00	0.11	0.11	0.00
0.15 to <0.25	46	—	0.00	0.18	0.18	0.00
0.25 to <0.50	1,005	2	0.20	0.38	0.39	0.13
0.50 to <0.75	16,775	20	0.12	0.56	0.54	0.25
0.75 to <2.50	12,067	88	0.73	1.23	1.13	0.88
0.75 to <1.75	12,067	88	0.73	1.23	1.13	0.88
2.50 to <10.00	4,996	130	2.60	3.93	4.21	3.19
2.5 to <5.00	2,795	45	1.61	3.10	2.81	1.64
5.00 to <10.00	2,201	85	3.86	6.21	6.00	5.28
10.00 to <100.00	1,648	79	4.79	22.06	19.34	8.46
10.00 to <20.00	668	32	4.79	12.54	12.45	6.95
20.00 to <30.00	767	9	1.17	21.70	20.01	0.78
30.00 to <100.00	213	38	17.84	36.51	38.50	19.94
100.00 (Default)	583	—	N/A	100.00	100.00	N/A

PD range	31 Dec 2024					
	No.	No.	%	%	%	%
	0.00 to <0.15	28	—	0.00	0.09	0.07
0.00 to <0.10	19	—	0.00	0.06	0.04	0.63
0.10 to <0.15	9	—	0.00	0.11	0.11	0.00
0.15 to <0.25	36	—	0.00	0.18	0.18	0.00
0.25 to <0.50	1,050	1	0.10	0.39	0.39	0.17
0.50 to <0.75	17,385	36	0.21	0.57	0.54	0.27
0.75 to <2.50	11,228	89	0.79	1.24	1.12	0.91
0.75 to <1.75	11,228	89	0.79	1.24	1.12	0.91
2.50 to <10.00	4,199	150	3.57	4.17	4.26	3.31
2.50 to <5.00	2,359	36	1.53	2.94	2.83	1.62
5.00 to <10.00	1,840	114	6.20	6.36	6.10	5.59
10.00 to <100.00	1,141	78	6.84	23.44	20.22	9.18
10.00 to <20.00	499	26	5.21	12.34	12.43	7.84
20.00 to <30.00	431	2	0.46	20.52	20.04	0.94
30.00 to <100.00	211	50	23.70	38.42	39.00	18.97
100.00 (Default)	497	N/A	N/A	100.00	100.00	N/A

Key observations

- This exposure class reports obligors on the BDCS, Unquoted and Publicly Quoted rating systems, with the majority (>85% by volume) being BDCS.
- Overall obligor volumes have seen an increase since last year. The highest proportion of increase is observed in the higher PD Bands, leading to a slight increase in PD this year.

CREDIT RISK (Continued)

CR9: Back-testing of PD per portfolio – Retail SME

PD range	31 Dec 2025					
	Number of obligors in the end of previous year		Observed average default rate	Exposure weighted average PD	Average PD	Average historical annual default rate
	No.	Of which number of obligors which defaulted in the year				
0.50 to <0.75	28,279	147	0.52	0.54	0.54	0.50
0.75 to <2.50	27,481	583	2.12	1.14	1.16	1.94
0.75 to <1.75	27,481	583	2.12	1.14	1.16	1.94
2.50 to <10.00	14,173	875	6.17	4.21	4.23	6.57
2.50 to <5.00	6,763	273	4.04	2.62	2.62	4.58
5.00 to <10.00	7,410	602	8.12	5.75	5.70	8.48
10.00 to <100.00	15,057	5,039	33.47	28.52	25.25	34.25
10.00 to <20.00	4,787	857	17.90	13.13	13.15	17.57
20.00 to <30.00	7,403	2,678	36.17	20.00	20.00	37.54
30.00 to <100.00	2,867	1,504	52.46	57.30	58.99	50.76
100.00 (Default)	46,088	N/A	N/A	100.00	100.00	N/A

PD range	31 Dec 2024					
	No.	No.	%	%	%	%
0.50 to <0.75	30,192	173	0.57	0.54	0.54	0.43
0.75 to <2.50	27,600	624	2.26	1.14	1.15	1.68
0.75 to <1.75	27,600	624	2.26	1.14	1.15	1.68
2.50 to <10.00	13,279	1,063	8.01	4.17	4.17	5.96
2.50 to <5.00	6,545	395	6.04	2.62	2.62	4.22
5.00 to <10.00	6,734	668	9.92	5.80	5.68	7.62
10.00 to <100.00	15,867	7,085	44.65	29.14	24.30	28.91
10.00 to <20.00	4,471	913	20.42	13.27	13.14	15.76
20.00 to <30.00	8,809	4,591	52.12	20.00	20.00	30.61
30.00 to <100.00	2,587	1,581	61.11	57.23	58.23	44.88
100.00 (Default)	42,663	N/A	N/A	100.00	100.00	N/A

Key observations

- This table relates solely to obligors rated on the Group's BDCS rating system.
- Obligor volumes in this asset class have seen reductions across most PD ranges. Observed default rates have decreased in 2025 across all ranges, whilst PDs have remained generally unchanged.
- Despite the reduction in observed default rates, the default rates continue to exceed the average PD in all ranges. Mitigating action continues to be taken to ensure a capital buffer is applied at the BDCS rating system level recognising the approach agreed with the Regulator. Due to weaker performance within the agriculture sector a recalibration was implemented in November 2025 to remediate the discrepancy between PD and observed default rate reducing the capital buffer level.

CREDIT RISK (Continued)

CR9: Back-testing of PD per portfolio – Retail - Other (non-SME)

PD range	31 Dec 2025					
	Number of obligors in the end of previous year		Observed average default rate	Exposure weighted average PD	Average PD	Average historical annual default rate
	No.	Of which number of obligors which defaulted in the year				
	No.	No.	%	%	%	%
0.00 to <0.15	24,995	35	0.14	0.08	0.09	0.13
0.00 to <0.10	22,494	25	0.11	0.08	0.08	0.11
0.10 to <0.15	2,501	10	0.40	0.14	0.13	0.36
0.15 to <0.25	15,921	50	0.31	0.21	0.21	0.43
0.25 to <0.50	360,913	5,788	1.60	0.37	0.37	0.77
0.50 to <0.75	235,842	3,942	1.67	0.72	0.70	0.89
0.75 to <2.50	557,509	7,753	1.39	1.56	1.54	1.12
0.75 to <1.75	427,084	6,036	1.41	1.42	1.36	1.03
1.75 to <2.50	130,425	1,717	1.32	2.11	2.11	1.40
2.50 to <10.00	362,588	16,417	4.53	4.47	4.61	4.49
2.50 to <5.00	237,503	7,678	3.23	3.41	3.46	3.14
5.00 to <10.00	125,085	8,739	6.99	6.63	6.78	7.16
10.00 to <100.00	73,723	16,620	22.54	26.90	26.87	23.46
10.00 to <20.00	33,359	4,244	12.72	12.29	12.78	13.67
20.00 to <30.00	15,263	2,266	14.85	21.44	21.88	14.94
30.00 to <100.00	25,101	10,110	40.28	45.42	48.43	42.06
100.00 (Default)	37,485	N/A	N/A	100.00	100.00	N/A

PD range	31 Dec 2024					
	No.	No.	%	%	%	%
	0.00 to <0.15	27,602	49	0.18	0.08	0.08
0.00 to <0.10	25,499	42	0.16	0.08	0.08	0.16
0.10 to <0.15	2,103	7	0.33	0.14	0.14	0.39
0.15 to <0.25	13,597	51	0.38	0.21	0.21	0.45
0.25 to <0.50	366,703	3,312	0.90	0.37	0.37	0.71
0.50 to <0.75	226,022	2,336	1.03	0.72	0.70	0.85
0.75 to <2.50	479,227	5,244	1.09	1.57	1.54	1.20
0.75 to <1.75	379,069	4,036	1.06	1.45	1.39	1.09
1.75 to <2.50	100,158	1,208	1.21	2.11	2.11	1.54
2.50 to <10.00	332,382	12,707	3.82	4.51	4.65	4.85
2.50 to <5.00	216,234	5,788	2.68	3.40	3.45	3.43
5.00 to <10.00	116,148	6,919	5.96	6.67	6.86	7.71
10.00 to <100.00	80,191	16,566	20.66	26.79	26.85	25.15
10.00 to <20.00	37,554	4,366	11.63	12.35	12.85	14.24
20.00 to <30.00	16,597	2,157	13.00	21.49	22.02	16.27
30.00 to <100.00	26,040	10,043	38.57	46.30	49.87	44.24
100.00 (Default)	51,748	N/A	N/A	100.00	100.00	N/A

Key observations

- This table relates to Unsecured Personal Loans & UK Motor Finance (Retail) rating systems.
- Overall, the average historical annual default rate has decreased in 2025.
- Where the average historical default rates are under-predicted, these are primarily driven by the definition of default which includes a number of non-credit related termination events. The PD models are not optimised to predict these events, contributing to the under-prediction which would not exist if these cases were removed.

CREDIT RISK (Continued)

CR9: Back-testing of PD per portfolio – Retail QRRE

PD range	31 Dec 2025					
	Number of obligors in the end of previous year		Observed average default rate	Exposure weighted average PD	Average PD	Average historical annual default rate
	No.	Of which number of obligors which defaulted in the year				
0.00 to <0.15	8,525,511	2,222	0.03	0.10	0.09	0.03
0.00 to <0.10	5,516,303	1,099	0.02	0.08	0.07	0.02
0.10 to <0.15	3,009,208	1,123	0.04	0.15	0.13	0.04
0.15 to <0.25	4,072,993	2,706	0.07	0.24	0.20	0.07
0.25 to <0.50	5,957,052	9,377	0.16	0.42	0.37	0.17
0.50 to <0.75	3,433,400	11,761	0.34	0.72	0.62	0.37
0.75 to <2.50	7,655,784	76,584	1.00	1.58	1.29	1.14
0.75 to <1.75	6,183,725	48,138	0.78	1.32	1.10	0.89
1.75 to <2.50	1,472,059	28,446	1.93	2.43	2.07	2.21
2.50 to <10.00	2,473,590	117,905	4.77	5.23	4.48	5.26
2.50 to <5.00	1,745,191	61,748	3.54	3.98	3.49	3.99
5.00 to <10.00	728,399	56,157	7.71	7.83	6.86	8.37
10.00 to <100.00	698,076	156,734	22.45	35.03	29.01	22.71
10.00 to <20.00	317,203	41,220	12.99	15.87	13.81	13.29
20.00 to <30.00	117,805	22,821	19.37	30.54	24.53	19.41
30.00 to <100.00	263,068	92,693	35.24	70.42	49.36	35.04
100.00 (Default)	246,114	N/A	N/A	122.11	100.00	N/A

PD range	31 Dec 2024					
	No.	No.	%	%	%	%
	0.00 to <0.15	8,125,148	2,259	0.03	0.09	0.09
0.00 to <0.10	5,114,005	1,083	0.02	0.07	0.07	0.02
0.10 to <0.15	3,011,143	1,176	0.04	0.13	0.13	0.04
0.15 to <0.25	4,089,527	2,817	0.07	0.20	0.20	0.07
0.25 to <0.50	5,854,113	9,218	0.16	0.36	0.36	0.18
0.50 to <0.75	3,369,383	11,945	0.35	0.62	0.62	0.39
0.75 to <2.50	7,455,075	77,747	1.04	1.37	1.30	1.22
0.75 to <1.75	6,003,400	48,990	0.82	1.15	1.11	0.96
1.75 to <2.50	1,451,675	28,757	1.98	2.09	2.09	2.32
2.50 to <10.00	2,375,364	114,806	4.83	4.65	4.52	5.37
2.50 to <5.00	1,681,838	60,729	3.61	3.54	3.53	4.14
5.00 to <10.00	693,526	54,077	7.80	6.90	6.91	8.41
10.00 to <100.00	712,671	155,409	21.81	27.68	27.37	22.81
10.00 to <20.00	331,725	42,416	12.79	13.60	13.95	13.23
20.00 to <30.00	135,935	26,862	19.76	24.48	24.63	19.39
30.00 to <100.00	245,011	86,131	35.15	51.30	47.08	35.08
100.00 (Default)	285,636	N/A	N/A	100.00	100.00	N/A

Key observations

- This table relates to Credit Cards and Overdrafts Rating Systems.
- Overall, the average historical annual default rate remains broadly stable.
- As a result of the calibration methodology there is a degree of under-prediction in some mid-range PD bands; these account for around 8% of obligors. At an overall level, the PDs remain above the default rates due to the presence of a PD buffer.

CREDIT RISK (Continued)

CR9: Back-testing of PD per portfolio – Retail - Secured by real estate - non-SME

PD range	31 Dec 2025					
	Number of obligors in the end of previous year		Observed average default rate	Exposure weighted average PD	Average PD	Average historical annual default rate
	No.	Of which number of obligors which defaulted in the year				
	No.	No.	%	%	%	%
0.00 to <0.15	1,547,564	540	0.03	0.27	0.25	0.05
0.00 to <0.10	1,197,700	269	0.02	0.23	0.21	0.04
0.10 to <0.15	349,864	271	0.08	0.45	0.38	0.15
0.15 to <0.25	339,717	371	0.11	0.66	0.62	0.22
0.25 to <0.50	193,956	514	0.27	1.19	1.09	0.48
0.50 to <0.75	78,310	395	0.50	1.61	1.52	0.91
0.75 to <2.50	60,226	593	0.98	3.43	3.43	1.78
0.75 to <1.75	51,817	456	0.88	3.06	3.03	1.65
1.75 to <2.50	8,409	137	1.63	5.81	5.96	2.15
2.50 to <10.00	25,528	863	3.38	16.66	16.02	6.13
2.50 to <5.00	12,021	319	2.65	13.80	12.66	4.50
5.00 to <10.00	13,507	544	4.03	19.22	19.00	8.63
10.00 to <100.00	26,716	6,064	22.70	49.70	49.20	31.08
10.00 to <20.00	10,634	963	9.06	31.13	30.45	15.23
20.00 to <30.00	4,687	640	13.65	42.89	42.49	24.86
30.00 to <100.00	11,395	4,461	39.15	69.76	69.46	49.74
100.00 (Default)	19,409	N/A	N/A	100.00	100.00	N/A

PD range	31 Dec 2024					
	No.	No.	%	%	%	%
	0.00 to <0.15	1,986,857	1,389	0.07	0.36	0.32
0.00 to <0.10	1,804,459	969	0.05	0.32	0.28	0.04
0.10 to <0.15	182,398	420	0.23	0.69	0.65	0.16
0.15 to <0.25	131,177	407	0.31	1.04	0.99	0.24
0.25 to <0.50	84,663	612	0.72	2.08	1.96	0.49
0.50 to <0.75	19,061	231	1.21	3.45	3.37	0.97
0.75 to <2.50	28,664	707	2.47	8.00	7.50	1.87
0.75 to <1.75	17,030	402	2.36	5.77	5.68	1.73
1.75 to <2.50	11,634	305	2.62	10.81	10.17	2.21
2.50 to <10.00	20,352	1,758	8.64	21.76	21.00	6.47
2.50 to <5.00	12,263	787	6.42	17.70	17.05	4.61
5.00 to <10.00	8,089	971	12.00	27.46	26.98	9.44
10.00 to <100.00	20,199	8,242	40.80	57.45	57.44	32.82
10.00 to <20.00	7,680	1,551	20.20	39.86	39.97	16.64
20.00 to <30.00	3,424	1,122	32.77	52.99	52.69	28.02
30.00 to <100.00	9,095	5,569	61.23	73.13	73.98	52.65
100.00 (Default)	18,839	N/A	N/A	100.00	100.00	N/A

Key observations

- This table represents UK mortgages, the values reflect the live system 180 days past due definition of default. Material temporary post model adjustments are in place to reflect the impact of new CRD IV models including a 90-day definition of default.
- Upon receipt of PRA approval and subsequent implementation of the revised models, the PD profile is anticipated to increase, reflecting higher PD estimates driven by the application of regulatory estimates under the hybrid methodology, compared to the existing Point-in-Time (PiT) allocation framework. This will align weighted and average PDs to the Risk Bandings reported. In addition, the revised DoD will result in a significant increase in the volume of defaulted exposures.
- Obligors are allocated to grades using PIT PDs, so the weighted and arithmetic average PDs are above the range due to the use of more conservative TTC PDs.
- Most obligors are rated on a TTC basis, which is conservative relative to average historic default rates.
- In 2025, 1-year default rates have fallen.
- The Netherlands mortgage book has been included from 2023 onwards. Default rates for prior years have not been revised.

CREDIT RISK (Continued)

CR9: Back-testing of PD per portfolio – Retail - Mortgages SME

PD range	31 Dec 2025					
	Number of obligors in the end of previous year		Observed average default rate	Exposure weighted average PD	Average PD	Average historical annual default rate
	No.	Of which number of obligors which defaulted in the year				
0.50 to <0.75	14,130	30	0.21	0.54	0.54	0.30
0.75 to <2.50	10,396	92	0.88	1.13	1.13	0.89
0.75 to <1.75	10,396	92	0.88	1.13	1.13	0.89
2.50 to <10.00	3,396	158	4.65	4.11	4.12	4.05
2.50 to <5.00	1,737	36	2.07	2.62	2.62	2.15
5.00 to <10.00	1,659	122	7.35	5.70	5.68	6.06
10.00 to <100.00	1,276	234	18.34	23.09	21.82	15.15
10.00 to <20.00	772	97	12.56	13.28	12.86	10.81
20.00 to <30.00	195	20	10.26	20.00	20.00	6.71
30.00 to <100.00	309	117	37.86	45.00	45.37	31.97
100.00 (Default)	688	N/A	N/A	100.00	100.00	N/A

PD range	31 Dec 2024					
	No.	No.	%	%	%	%
0.50 to <0.75	16,253	62	0.38	0.54	0.54	0.30
0.75 to <2.50	11,201	118	1.05	1.14	1.13	0.86
0.75 to <1.75	11,201	118	1.05	1.14	1.13	0.86
2.50 to <10.00	3,702	187	5.05	4.11	4.14	3.79
2.50 to <5.00	1,871	56	2.99	2.62	2.62	2.06
5.00 to <10.00	1,831	131	7.15	5.71	5.70	5.60
10.00 to <100.00	1,564	279	17.84	21.40	21.90	13.71
10.00 to <20.00	1,004	128	12.75	12.91	12.96	9.88
20.00 to <30.00	204	12	5.88	20.00	20.00	4.93
30.00 to <100.00	356	139	39.04	47.86	48.22	29.16
100.00 (Default)	724	N/A	N/A	100.00	100.00	N/A

Key observations

- This table relates solely to the BDCS rating system.
- Obligor volumes have slightly reduced across all PD ranges in 2025 continuing the trend of a reducing portfolio size within this asset class.
- The observed default rates in each segment are now below the average PD's, except for the 5 to <10 range. This is one of only 2 PD ranges which have seen an increase in observed default rate this year (the other being the 20 to <30 range where the population volumes are lowest). This is a result of decreasing observed default rates in the better quality grades and slightly higher PDs in lower quality grades rising in line with observed default rate trend. Average PD's have generally remained consistent with 2024.

CREDIT RISK (Continued)

CR9: Back-testing of PD per portfolio – Retail Total

PD range	31 Dec 2025					
	Number of obligors in the end of previous year		Observed average default rate	Exposure weighted average PD	Average PD	Average historical annual default rate
	No.	Of which number of obligors which defaulted in the year				
	No.	No.	%	%	%	%
0.00 to <0.15	10,098,070	2,797	0.03	0.26	0.11	0.03
0.00 to <0.10	6,736,497	1,393	0.02	0.22	0.09	0.03
0.10 to <0.15	3,361,573	1,404	0.04	0.43	0.16	0.05
0.15 to <0.25	4,428,631	3,127	0.07	0.62	0.23	0.08
0.25 to <0.50	6,511,921	15,679	0.24	0.95	0.39	0.22
0.50 to <0.75	3,789,961	16,275	0.43	1.17	0.64	0.41
0.75 to <2.50	8,311,396	85,605	1.03	2.13	1.32	1.14
0.75 to <1.75	6,700,503	55,305	0.83	1.91	1.14	0.91
1.75 to <2.50	1,610,893	30,300	1.88	3.16	2.10	2.12
2.50 to <10.00	2,879,275	136,218	4.73	8.16	4.60	5.13
2.50 to <5.00	2,003,215	70,054	3.50	5.88	3.53	3.85
5.00 to <10.00	876,060	66,164	7.55	11.69	7.03	8.11
10.00 to <100.00	814,848	184,691	22.67	43.58	29.40	23.17
10.00 to <20.00	366,755	47,381	12.92	24.90	14.19	13.37
20.00 to <30.00	145,353	28,425	19.56	37.34	24.59	20.13
30.00 to <100.00	302,740	108,885	35.97	66.37	50.12	36.30
100.00 (Default)	349,784	N/A	N/A	100.00	100.00	N/A

PD range	31 Dec 2024					
	No.	No.	%	%	%	%
	0.00 to <0.15	10,139,607	3,697	0.04	0.35	0.14
0.00 to <0.10	6,943,963	2,094	0.03	0.32	0.13	0.03
0.10 to <0.15	3,195,644	1,603	0.05	0.62	0.16	0.05
0.15 to <0.25	4,234,301	3,275	0.08	0.86	0.22	0.08
0.25 to <0.50	6,305,479	13,142	0.21	1.16	0.39	0.22
0.50 to <0.75	3,660,911	14,747	0.40	1.15	0.64	0.42
0.75 to <2.50	8,001,767	84,440	1.06	2.57	1.34	1.22
0.75 to <1.75	6,438,300	54,170	0.84	1.83	1.14	0.98
1.75 to <2.50	1,563,467	30,270	1.94	5.11	2.15	2.23
2.50 to <10.00	2,745,079	130,521	4.75	8.63	4.66	5.28
2.50 to <5.00	1,918,751	67,755	3.53	6.53	3.61	4.01
5.00 to <10.00	826,328	62,766	7.60	12.30	7.09	8.23
10.00 to <100.00	830,492	187,581	22.59	44.25	27.99	23.34
10.00 to <20.00	382,434	49,374	12.91	26.39	14.35	13.40
20.00 to <30.00	164,969	34,744	21.06	39.86	24.69	19.74
30.00 to <100.00	283,089	103,463	36.55	64.74	48.30	36.70
100.00 (Default)	399,610	N/A	N/A	100.00	100.00	N/A

CREDIT RISK (Continued)

CR9: Back-testing of PD per portfolio – Corporate Total

PD range	31 Dec 2025					
	Number of obligors in the end of previous year		Observed average default rate	Exposure weighted average PD	Average PD	Average historical annual default rate
	No.	Of which number of obligors which defaulted in the year				
	No.	No.	%	%	%	%
0.00 to <0.15	229	1	0.44	0.08	0.08	0.17
0.00 to <0.10	97	1	1.03	0.05	0.05	0.38
0.10 to <0.15	132	—	0.00	0.11	0.11	—
0.15 to <0.25	850	—	0.00	0.18	0.19	0.03
0.25 to <0.50	2,829	10	0.35	0.35	0.39	0.20
0.50 to <0.75	18,591	28	0.15	0.59	0.55	0.25
0.75 to <2.50	16,597	116	0.70	1.20	1.14	0.82
0.75 to <1.75	16,075	105	0.65	1.20	1.11	0.77
1.75 to <2.50	522	11	2.11	1.90	1.90	2.28
2.50 to <10.00	6,480	170	2.62	3.71	4.13	2.86
2.50 to <5.00	4,154	78	1.88	3.06	3.05	1.72
5.00 to <10.00	2,326	92	3.96	6.32	6.05	5.24
10.00 to <100.00	1,747	91	5.21	20.83	19.62	8.77
10.00 to <20.00	693	36	5.19	12.21	12.45	7.35
20.00 to <30.00	793	9	1.13	20.33	20.01	0.74
30.00 to <100.00	261	46	17.62	32.96	37.46	19.01
100.00 (Default)	790	N/A	N/A	100.00	100.00	N/A

PD range	31 Dec 2024					
	No.	No.	%	%	%	%
	0.00 to <0.15	239	—	0.00	0.08	0.08
0.00 to <0.10	106	—	0.00	0.05	0.05	0.17
0.10 to <0.15	133	—	0.00	0.11	0.11	0.08
0.15 to <0.25	825	—	0.00	0.18	0.19	0.10
0.25 to <0.50	2,994	9	0.30	0.34	0.38	0.21
0.50 to <0.75	19,302	46	0.24	0.60	0.55	0.29
0.75 to <2.50	15,708	135	0.86	1.16	1.12	0.89
0.75 to <1.75	15,230	119	0.78	1.16	1.09	0.83
1.75 to <2.50	478	16	3.35	1.90	1.90	2.33
2.50 to <10.00	5,623	185	3.29	3.90	4.15	3.11
2.50 to <5.00	3,668	61	1.66	3.12	3.09	1.92
5.00 to <10.00	1,955	124	6.34	6.85	6.15	5.71
10.00 to <100.00	1,221	91	7.45	19.97	20.30	9.79
10.00 to <20.00	529	32	6.05	12.15	12.42	8.36
20.00 to <30.00	448	2	0.45	20.29	20.04	0.83
30.00 to <100.00	244	57	23.36	36.00	37.88	18.48
100.00 (Default)	718	N/A	N/A	100.00	100.00	N/A

CREDIT RISK (Continued)

CR9.1: Back-testing of PD per exposure class – Corporates Other

31 Dec 2025						
PD range	External rating equivalent	Number of obligors at the end of previous year		Observed average default rate %	Average PD %	Average historical annual default rate %
		No.	Of which number of obligors which defaulted in the year			
0.015 - 0.025%	AAA to AA	—	—	—	0.00	—
0.025 - 0.035%	AA-	1	—	—	0.03	—
0.035 - 0.050%	A+	4	—	—	0.04	—
0.050 - 0.080%	A	9	—	—	0.06	—
0.080 - 0.140%	A-	23	—	—	0.11	—
0.140 - 0.220%	BBB+	26	—	—	0.18	—
0.220 - 0.340%	BBB	40	—	—	0.28	—
0.340 - 0.500%	BBB-	35	—	—	0.42	—
0.500 - 0.760%	BB+	16	1	6.25	0.63	1.25
0.760 - 1.240%	BB	27	—	—	1.00	—
1.240 - 2.000%	BB-	14	—	—	1.62	—
2.000 - 3.200%	B+	4	—	—	2.60	5.44
3.200 - 5.200%	B+	10	—	—	4.20	—
5.200 - 7.200%	B	2	—	—	6.20	10.00
7.200 - 10.200%	B-	—	—	—	—	5.00
10.200 - 13.800%	B-	1	—	—	12.00	20.00
13.800 - 99.999%	CCC to C	—	—	—	—	19.44
100.000 (Default)		3	N/A	N/A	100.00	N/A

31 Dec 2024						
PD range	External rating equivalent	No.	No.	%	%	%
0.015 - 0.025%	AAA to AA	—	—	—	—	—
0.025 - 0.035%	AA-	2	—	—	0.03	—
0.035 - 0.050%	A+	1	—	—	0.04	—
0.050 - 0.080%	A	9	—	—	0.06	—
0.080 - 0.140%	A-	22	—	—	0.11	—
0.140 - 0.220%	BBB+	21	—	—	0.18	0.61
0.220 - 0.340%	BBB	45	—	—	0.28	—
0.340 - 0.500%	BBB-	30	—	—	0.42	0.50
0.500 - 0.760%	BB+	20	—	—	0.63	0.64
0.760 - 1.240%	BB	23	—	—	1.00	0.54
1.240 - 2.000%	BB-	12	—	—	1.62	—
2.000 - 3.200%	B+	11	—	—	2.60	6.80
3.200 - 5.200%	B+	5	—	—	4.20	—
5.200 - 7.200%	B	3	—	—	6.20	12.50
7.200 - 10.200%	B-	3	—	—	8.70	5.00
10.200 - 13.800%	B-	1	1	100.00	12.00	15.00
13.800 - 99.999%	CCC to C	—	—	—	—	14.58
100.000 (Default)		5	N/A	N/A	100.00	N/A

Key observations

- This table reports on the Publicly Quoted rating system only. It is the Group's most material rating system which meets the criteria specified in point f Article 180(1) of CRR in relation to the use of External Credit Assessment Institution (ECAI) ratings.
- Default volumes are low. Only one default was observed in the most recent 12-month outcome period, where the customer was rated as sub-investment at the point of default.
- Low volumes of customers and defaults can lead to a significant degree of volatility in the annual historical annual default rate.

CREDIT RISK (Continued)**CR6: IRB approach - Credit risk exposures by portfolio and PD range**

Most of the Group's CRD IV models remain subject to further development and final approval by the PRA. In disclosing the CR6 tables the Group has followed PRA guidance from Supervisory Statement 11/13, with the below factors being particularly relevant:

- The Group has prudently applied temporary post model adjustments to risk-weighted asset and expected loss amounts at a portfolio (i.e rating system) level (SS 11/13 19.17(a));
- Incumbent pre CRD IV models have not been recalibrated or changed to reflect the desired capital outcome (SS 11/13 19.17(b)); and
- Total risk-weighted asset and expected loss amounts for each PD grade has been increased proportionately (SS 11/13 19.18). Exposure at Default is not adjusted.

This means that whilst risk-weighted assets and expected losses disclosed in these tables reflect the revised CRD IV modelling requirements, the exposure distribution across PD grades and the reported average weighted PDs and LGDs reflect our incumbent models which are not CRD IV compliant.

Where relevant, further information on how this impacts particular asset classes has been included as footnotes to the tables.

CREDIT RISK (Continued)

CR6: IRB approach - Credit risk exposures by portfolio and PD range - Central Governments and Central Banks

PD range	31 Dec 2025											
	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
	£m	£m	%	£m	%		%	£m	%	£m	£m	
0.00 to <0.15	1,246	50	—	948	0.01	6	45.0	1.0	32	3.3	—	—
0.00 to <0.10	1,246	50	—	948	0.01	6	45.0	1.0	32	3.3	—	—
0.25 to <0.50	—	—	—	—	0.42	1	45.0	5.0	—	97.8	—	—
0.75 to <2.50	—	—	—	—	—	0	—	—	—	—	—	—
0.75 to <1.75	—	—	—	—	—	0	—	—	—	—	—	—
2.50 to <10.00	17	73	—	—	—	2	—	—	—	—	—	—
2.50 to <5.00	17	73	—	—	—	2	—	—	—	—	—	—
5.00 to <10.00	—	—	—	—	—	0	—	—	—	—	—	—
10.00 to <100.00	66	101	—	—	—	1	—	—	—	—	—	—
10.00 to <20.00	66	101	—	—	—	1	—	—	—	—	—	—
Subtotal (Exposure Class)	1,329	224	—	948	0.01	10	45.0	1.0	32	3.3	—	—
	31 Dec 2024											
	£m	£m	%	£m	%		%		£m	%	£m	£m
0.00 to <0.15	1,812	3	—	1,451	0.01	10	45.0	1.6	74	5.1	—	—
0.00 to <0.10	1,812	3	—	1,451	0.01	10	45.0	1.6	74	5.1	—	—
0.25 to <0.50	—	—	—	—	0.42	1	45.0	5.0	—	97.8	—	—
0.75 to <2.50	—	75	—	—	—	1	—	—	—	—	—	—
0.75 to <1.75	—	75	—	—	—	1	—	—	—	—	—	—
2.50 to <10.00	36	63	75.0	—	8.70	4	45.0	1.0	—	175.7	—	—
2.50 to <5.00	12	63	—	—	—	2	—	—	—	—	—	—
5.00 to <10.00	24	—	75.0	—	8.70	2	45.0	1.0	—	175.7	—	—
10.00 to <100.00	39	—	—	—	—	1	—	—	—	—	—	—
10.00 to <20.00	39	—	—	—	—	1	—	—	—	—	—	—
Subtotal (Exposure Class)	1,887	141	27.2	1,451	0.01	17	45.0	1.6	74	5.1	—	—

CR6: IRB approach - Credit risk exposures by portfolio and PD range - Institutions

PD range	31 Dec 2025											
	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
	£m	£m	%	£m	%		%		£m	%	£m	£m
0.00 to <0.15	7,310	265	27.6	7,468	0.06	723	32.9	1.2	966	12.9	2	—
0.00 to <0.10	5,988	236	28.2	6,140	0.05	592	33.6	1.2	711	11.6	1	—
0.10 to <0.15	1,322	29	20.2	1,328	0.11	131	29.7	1.4	255	19.2	1	—
0.15 to <0.25	318	9	28.7	320	0.18	50	27.6	1.6	92	28.7	—	—
0.25 to <0.50	3	12	13.6	5	0.36	78	44.6	1.6	4	76.8	—	—
0.50 to <0.75	2	8	10.2	3	0.58	30	41.4	1.3	2	85.3	—	—
0.75 to <2.50	161	31	0.3	124	1.05	85	40.5	0.7	124	100.1	1	1
0.75 to <1.75	161	31	0.3	124	1.04	77	40.5	0.7	124	100.1	1	1
1.75 to <2.50	—	—	—	—	1.90	8	41.7	1.4	—	120.8	—	—
2.50 to <10.00	16	1	—	16	3.35	30	44.9	2.0	30	185.2	—	—
2.50 to <5.00	16	1	—	16	3.34	26	44.9	2.1	30	185.0	—	—
5.00 to <10.00	—	—	—	—	8.12	4	45.0	1.1	—	235.2	—	—
10.00 to <100.00	—	—	—	—	29.90	4	45.0	1.0	—	333.4	—	—
10.00 to <20.00	—	—	—	—	12.00	2	45.0	1.0	—	281.5	—	—
30.00 to <100.00	—	—	—	—	31.00	2	45.0	1.0	—	336.6	—	—
Subtotal (Exposure Class)	7,810	326	25.2	7,936	0.09	1,000	32.8	1.2	1,218	15.4	3	1
31 Dec 2024												
	£m	£m	%	£m	%		%		£m	%	£m	£m
0.00 to <0.15	8,595	285	28.3	9,201	0.05	743	35.9	1.5	1,440	15.7	3	—
0.00 to <0.10	7,462	198	30.5	8,051	0.05	621	36.5	1.5	1,223	15.2	2	—
0.10 to <0.15	1,133	87	19.7	1,150	0.11	123	31.3	1.4	217	18.9	1	—
0.15 to <0.25	91	1	5.3	104	0.18	35	24.3	1.9	26	25.0	—	—
0.25 to <0.50	5	10	31.5	9	0.35	56	44.8	1.0	5	62.1	—	—
0.50 to <0.75	60	38	2.1	61	0.63	41	43.7	1.1	60	99.1	—	—
0.75 to <2.50	147	1	66.8	56	1.25	68	27.0	3.1	50	89.0	—	1
0.75 to <1.75	147	1	66.8	56	1.25	61	26.9	3.1	50	88.9	—	1
1.75 to <2.50	—	—	—	—	1.90	7	43.8	1.3	—	125.2	—	—
2.50 to <10.00	1	—	—	1	3.39	24	44.8	1.1	1	151.3	—	—
2.50 to <5.00	1	—	—	1	2.79	16	44.7	1.1	1	144.5	—	—
5.00 to <10.00	—	—	—	—	6.20	9	45.0	1.1	—	183.0	—	—
10.00 to <100.00	—	—	—	—	31.00	4	45.0	1.0	—	314.9	—	—
10.00 to <20.00	—	—	—	—	—	—	—	—	—	—	—	—
30.00 to <100.00	—	—	—	—	31.00	4	45.0	1.0	—	314.9	—	—
Subtotal (Exposure Class)	8,899	335	26.6	9,432	0.07	971	35.7	1.5	1,582	16.8	3	1

CR6: IRB approach - Credit risk exposures by portfolio and PD range - Corporate SME

PD range	31 Dec 2025											
	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors ¹	Exposure weighted average LGD	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
	£m	£m	%	£m	%		%		£m	%	£m	£m
0.00 to <0.15	469	380	26.8	570	0.07	207	40.4	3.6	167	29.3	—	—
0.00 to <0.10	357	316	25.9	438	0.05	153	40.0	3.4	112	25.6	—	—
0.10 to <0.15	112	64	31.5	132	0.11	54	41.6	4.2	55	41.5	—	—
0.15 to <0.25	444	25	44.7	455	0.20	1,439	44.8	2.1	155	34.0	1	—
0.25 to <0.50	563	153	10.1	574	0.40	2,342	44.1	2.5	285	49.7	1	—
0.50 to <0.75	1,569	221	17.2	1,591	0.58	6,250	40.4	3.0	859	53.9	4	2
0.75 to <2.50	2,551	550	11.6	2,550	1.27	8,639	40.7	2.9	1,756	68.9	15	7
0.75 to <1.75	2,505	550	11.6	2,504	1.25	8,048	40.7	2.9	1,718	68.6	14	7
1.75 to <2.50	46	—	—	46	2.00	591	45.0	1.5	38	82.9	1	—
2.50 to <10.00	1,968	338	15.1	1,992	4.34	5,362	40.1	2.8	1,850	92.9	37	35
2.50 to <5.00	1,155	232	12.9	1,167	2.99	3,214	40.7	2.8	1,019	87.3	15	14
5.00 to <10.00	813	106	19.8	825	6.25	2,148	39.3	2.9	831	100.8	22	21
10.00 to <100.00	237	24	13.1	233	18.98	903	39.6	2.4	334	143.3	19	14
10.00 to <20.00	157	11	3.9	155	12.49	684	38.1	2.4	185	119.4	8	5
30.00 to <100.00	80	13	22.0	78	31.73	219	42.5	2.4	149	190.2	11	9
100.00 (Default)	267	16	5.3	249	100.00	614	41.4	2.0	—	—	103	61
Subtotal (Exposure Class)	8,068	1,707	16.7	8,214	5.17	25,756	40.9	2.8	5,406	65.8	180	119

PD range	31 Dec 2024											
	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors ¹	Exposure weighted average LGD	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
	£m	£m	%	£m	%		%		£m	%	£m	£m
0.00 to <0.15	569	354	26.0	661	0.06	218	39.8	3.5	178	26.9	—	—
0.00 to <0.10	488	254	31.1	567	0.05	158	39.6	3.4	135	23.8	—	—
0.10 to <0.15	81	100	13.1	94	0.11	60	40.6	4.4	43	46.1	—	—
0.15 to <0.25	121	24	27.8	126	0.19	212	44.7	2.8	49	38.8	—	—
0.25 to <0.50	448	248	24.9	489	0.39	1,214	43.4	3.1	267	54.7	1	1
0.50 to <0.75	914	378	22.7	960	0.57	17,432	39.4	3.1	489	50.9	2	3
0.75 to <2.50	2,468	894	32.6	2,648	1.22	14,082	40.3	3.0	1,950	73.6	16	12
0.75 to <1.75	2,460	894	32.6	2,640	1.22	14,040	40.3	3.0	1,944	73.6	16	12
1.75 to <2.50	8	—	—	8	2.00	42	44.7	1.4	6	77.7	—	—
2.50 to <10.00	1,474	508	32.1	1,570	3.96	7,047	40.3	2.7	1,482	94.4	29	33
2.50 to <5.00	1,023	427	32.0	1,109	3.01	3,885	40.8	2.8	1,009	91.0	15	19
5.00 to <10.00	451	81	32.9	461	6.23	3,163	39.1	2.5	473	102.5	14	14
10.00 to <100.00	186	33	20.3	178	21.07	2,452	39.4	2.1	266	149.4	17	10
10.00 to <20.00	107	14	30.4	107	12.81	2,101	37.7	2.0	135	125.9	6	3
30.00 to <100.00	79	19	12.6	71	33.60	351	42.1	2.4	131	185.2	11	7
100.00 (Default)	388	28	38.8	370	99.95	984	39.7	2.1	—	—	147	71
Subtotal (Exposure Class)	6,568	2,467	29.1	7,002	7.28	43,640	40.4	2.9	4,681	66.9	212	130

¹ The decrease in obligors during the period to 31 December 2025 reflects a reclassification of exposures to Retail Other SME.

CR6: IRB approach - Credit risk exposures by portfolio and PD range - Corporate Main

PD range	31 Dec 2025											
	On-balance sheet exposures	Off-balance sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors ¹	Exposure weighted average LGD	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
	£m	£m	%	£m	%		%		£m	%	£m	£m
0.00 to <0.15	6,454	13,810	50.6	13,541	0.08	438	42.2	3.0	4,388	32.4	6	14
0.00 to <0.10	3,461	8,089	45.6	7,311	0.05	243	42.0	2.9	1,837	25.1	2	5
0.10 to <0.15	2,993	5,721	58.1	6,230	0.11	195	42.5	3.0	2,551	41.0	4	9
0.15 to <0.25	2,771	5,561	57.7	5,899	0.18	1,743	40.4	2.8	2,780	47.1	5	10
0.25 to <0.50	4,360	5,540	38.0	6,117	0.35	3,298	38.6	2.3	3,496	57.1	10	18
0.50 to <0.75	2,504	2,721	28.0	2,980	0.62	3,015	42.0	2.1	2,387	80.1	10	13
0.75 to <2.50	3,718	2,176	38.5	4,334	1.22	5,401	39.6	2.3	4,313	99.5	25	57
0.75 to <1.75	3,642	2,162	38.8	4,258	1.21	4,621	39.6	2.3	4,232	99.4	24	57
1.75 to <2.50	76	14	—	76	1.93	780	43.8	1.4	81	106.8	1	—
2.50 to <10.00	1,803	2,268	48.3	2,725	3.58	2,137	42.6	2.5	4,007	147.0	47	47
2.50 to <5.00	1,489	1,976	46.9	2,257	2.94	1,662	42.9	2.7	3,244	143.7	33	24
5.00 to <10.00	314	292	58.4	468	6.69	475	41.1	1.7	763	163.0	14	23
10.00 to <100.00	238	81	22.1	256	17.82	241	41.9	2.5	595	232.7	21	41
10.00 to <20.00	164	73	19.5	179	12.04	167	42.2	2.9	403	225.9	10	23
20.00 to <30.00	—	—	—	—	30.00	11	43.7	1.1	1	288.8	—	—
30.00 to <100.00	74	8	44.3	77	31.05	63	40.9	1.5	191	247.0	11	18
100.00 (Default)	240	27	51.3	253	100.00	856	43.2	1.3	—	—	111	89
Subtotal (Exposure Class)	22,088	32,184	47.0	36,105	1.41	17,129	41.0	2.6	21,966	60.8	235	289
31 Dec 2024												
	£m	£m	%	£m	%		%		£m	%	£m	£m
0.00 to <0.15	6,672	11,515	47.4	12,523	0.08	417	41.5	3.0	4,042	32.3	5	22
0.00 to <0.10	3,525	6,853	43.2	6,773	0.05	237	42.3	2.8	1,696	25.0	2	9
0.10 to <0.15	3,147	4,662	53.7	5,750	0.11	181	40.5	3.3	2,346	40.8	3	13
0.15 to <0.25	2,587	4,110	57.8	5,137	0.18	2,569	41.5	2.5	2,288	44.5	4	14
0.25 to <0.50	4,132	5,129	36.0	5,619	0.37	4,261	38.6	2.2	3,154	56.1	9	24
0.50 to <0.75	2,181	1,563	22.1	2,427	0.62	5,203	42.4	1.9	1,849	76.2	8	17
0.75 to <2.50	4,002	3,137	33.3	4,802	1.22	7,877	39.2	1.9	4,498	93.7	27	57
0.75 to <1.75	3,892	3,119	33.6	4,692	1.21	6,443	39.1	2.0	4,377	93.3	26	57
1.75 to <2.50	110	18	—	110	1.95	1,435	44.1	1.4	121	110.0	1	—
2.50 to <10.00	2,217	1,850	48.1	2,529	3.77	3,072	43.2	2.5	3,786	149.7	46	56
2.50 to <5.00	1,862	1,650	46.6	2,061	3.05	2,474	43.3	2.7	2,973	144.3	31	34
5.00 to <10.00	355	200	59.4	468	6.94	598	43.0	1.8	813	173.7	15	22
10.00 to <100.00	183	128	31.7	223	22.97	226	41.4	2.4	564	252.6	22	25
10.00 to <20.00	91	72	6.8	96	12.17	137	40.5	2.9	232	241.5	5	9
20.00 to <30.00	—	2	—	—	30.00	26	42.9	1.2	1	288.2	—	—
30.00 to <100.00	92	54	65.6	127	31.12	63	42.0	2.1	331	260.2	17	16
100.00 (Default)	372	92	65.8	434	100.00	566	43.9	1.3	—	—	192	154
Subtotal (Exposure Class)	22,346	27,524	44.2	33,694	2.06	24,191	40.9	2.5	20,181	59.9	313	369

¹ The decrease in obligors during the period to 31 December 2025 reflects a reclassification of exposures to Corporate SME.

CR6: IRB approach - Credit risk exposures by portfolio and PD range - Residential Mortgages (SME)

PD range	31 Dec 2025										
	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
	£m	£m	%	£m	%		%	£m	%	£m	£m
0.50 to <0.75	1,179	168	96.5	1,333	0.54	12,043	18.5	168	12.6	1	32
0.75 to <2.50	817	110	97.2	920	1.16	6,636	18.3	199	21.6	2	9
0.75 to <1.75	817	110	97.2	920	1.16	6,636	18.3	199	21.6	2	9
2.50 to <10.00	497	58	98.4	553	4.05	2,791	14.7	202	36.6	4	8
2.50 to <5.00	265	34	98.4	298	2.62	1,502	14.3	84	28.3	1	4
5.00 to <10.00	232	24	98.3	255	5.72	1,289	15.3	118	46.3	3	4
10.00 to <100.00	100	6	95.5	105	20.13	926	17.5	80	76.5	5	5
10.00 to <20.00	79	6	95.9	84	12.82	750	16.9	62	74.6	3	4
30.00 to <100.00	21	—	88.9	21	48.95	176	19.9	18	83.3	2	1
100.00 (Default)	108	7	98.2	114	100.00	498	17.3	19	16.3	20	22
Subtotal (Exposure Class)	2,701	349	97.1	3,025	5.81	22,894	17.7	668	22.1	32	76

PD range	31 Dec 2024										
	£m	£m	%	£m	%		%	£m	%	£m	£m
	0.50 to <0.75	1,293	171	96.7	1,441	0.54	12,530	17.6	169	11.7	2
0.75 to <2.50	976	127	97.8	1,089	1.12	7,909	16.4	230	21.1	3	13
0.75 to <1.75	976	127	97.8	1,089	1.12	7,909	16.4	230	21.1	3	13
2.50 to <10.00	310	23	99.1	330	4.20	2,492	17.9	168	50.9	4	8
2.50 to <5.00	150	12	97.7	161	2.62	1,269	17.5	63	39.1	1	4
5.00 to <10.00	160	11	100.6	169	5.70	1,223	18.3	105	62.0	3	4
10.00 to <100.00	90	5	97.5	95	21.89	931	20.7	92	96.5	6	6
10.00 to <20.00	66	5	97.8	70	12.65	740	20.6	69	97.7	3	4
30.00 to <100.00	24	—	93.6	25	48.38	191	20.9	23	91.8	3	2
100.00 (Default)	123	6	98.3	128	100.00	431	17.7	26	20.7	23	31
Subtotal (Exposure Class)	2,792	332	97.3	3,083	5.92	24,293	17.3	685	22.2	38	93

CR6: IRB approach - Credit risk exposures by portfolio and PD range - Residential Mortgages (non-SME)^{1, 2}

PD range	31 Dec 2025											
	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD ¹	Number of obligors ¹	Exposure weighted average LGD	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions	
	£m	£m	%	£m	%		%	£m	%	£m	£m	
0.00 to <0.15	263,028	17,513	104.3	292,551	0.33	1,640,688	11.5	31,847	10.9	142	111	
0.00 to <0.10	206,821	17,168	104.4	233,906	0.29	1,266,949	11.2	22,528	9.6	97	69	
0.10 to <0.15	56,207	345	100.3	58,645	0.47	373,739	12.7	9,319	15.9	45	42	
0.15 to <0.25	32,030	1,181	44.1	33,948	0.96	232,640	10.8	7,953	23.4	47	27	
0.25 to <0.50	20,695	38	92.8	21,657	1.52	158,060	10.3	7,235	33.4	52	29	
0.50 to <0.75	4,971	4	77.1	5,195	2.58	42,404	8.2	1,889	36.4	16	12	
0.75 to <2.50	4,489	2	67.4	4,691	4.66	37,830	8.9	2,625	56.0	30	16	
0.75 to <1.75	3,900	2	71.9	4,076	4.08	32,469	9.0	2,187	53.7	23	13	
1.75 to <2.50	589	—	52.5	615	8.51	5,361	8.9	438	71.2	7	3	
2.50 to <10.00	2,717	2	86.3	2,835	19.72	21,640	8.2	2,368	83.5	63	37	
2.50 to <5.00	1,494	2	93.6	1,561	15.28	11,664	8.4	1,267	81.2	28	19	
5.00 to <10.00	1,223	—	60.5	1,274	25.17	9,976	7.9	1,101	86.4	35	18	
10.00 to <100.00	2,344	—	85.8	2,410	57.67	18,365	8.1	1,757	72.9	173	26	
10.00 to <20.00	974	—	99.5	1,009	40.64	7,808	8.4	907	89.9	47	12	
20.00 to <30.00	342	—	100.0	352	53.13	2,767	7.6	313	88.8	23	4	
30.00 to <100.00	1,028	—	52.4	1,049	75.58	7,790	7.9	537	51.2	103	10	
100.00 (Default)³	1,918	—	17.9	1,918	100.00	13,236	10.0	5,552	289.5	391	403	
Subtotal (Exposure Class)	332,192	18,740	100.5	365,205	1.60	2,164,863	11.2	61,226	16.8	914	661	

¹ The Group's Secured CRD IV models remain subject to review and approval by the PRA. A significant level of temporary post model adjustments have been applied separately to the not in-default and default populations, reflecting the revised CRD IV modelling requirements. These adjustments include a 90-days past due default backstop and other modelling requirements for this asset class. Risk-weighted asset and expected loss for each range within the not in default population has been increased proportionately, in line with PRA guidance (Supervisory Statement 11/13).

² Balance sheet exposures and Exposure post CCF/CRM are not adjusted for CRD IV and are allocated to ranges based on the underlying PiT PD from incumbent (pre CRD IV) models. Weighted and arithmetic average PDs quoted are above the ranges due to the use of more conservative TTC PDs, also from incumbent models. This includes the use of a 180 days past due default backstop within the definition of default. Under CRD IV rules the Group would expect the distribution of exposures to PD ranges, including the level of defaulted exposures, to be significantly different given the stricter definitions. Subject to review and approval by the PRA and subsequent implementation of the revised models, aggregate metrics, RWA, EL and risk weights are expected to remain broadly aligned with the currently reported adjusted values. The PD profile is anticipated to increase, reflecting higher PD estimates driven by the application of regulatory estimates under the hybrid methodology, as compared to the existing Point-in-Time (PiT) allocation framework. This will align weighted and average PDs to the Risk Bandings reported. In addition, the revised DoD is projected to result in a significant increase in both the volume and value of defaulted exposures. The in-default risk weight is expected to decrease by approximately 50%, primarily due to an enlarged default stock which is expected to double.

³ Reduction in defaulted exposures 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.

CR6: IRB approach - Credit risk exposures by portfolio and PD range - Residential Mortgages (non-SME)^{1,2} continued

PD range	31 Dec 2024											
	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD ¹	Number of obligors ¹	Exposure weighted average LGD	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions	
	£m	£m	%	£m	%		%	£m	%	£m	£m	
0.00 to <0.15	241,028	16,455	103.9	268,802	0.28	1,641,893	10.5	27,179	10.1	127	141	
0.00 to <0.10	195,238	16,057	104.4	220,658	0.23	1,283,291	10.7	19,408	8.8	85	91	
0.10 to <0.15	45,790	398	85.9	48,144	0.50	358,602	10.0	7,771	16.1	42	50	
0.15 to <0.25	39,717	1,252	88.2	42,307	0.68	300,868	12.1	8,185	19.3	49	45	
0.25 to <0.50	23,995	229	65.4	25,178	1.16	191,221	10.0	7,224	28.7	54	52	
0.50 to <0.75	6,538	76	54.7	6,870	2.05	58,159	7.8	2,132	31.0	19	23	
0.75 to <2.50	5,830	63	56.5	6,126	3.68	49,730	8.2	2,940	48.0	34	30	
0.75 to <1.75	5,081	62	56.6	5,343	3.24	42,860	8.2	2,477	46.4	27	25	
1.75 to <2.5	749	1	51.4	783	6.72	6,870	8.0	463	59.2	7	5	
2.50 to <10.00	3,074	6	64.8	3,211	17.05	25,176	7.8	2,633	82.0	71	45	
2.5 to <5	1,594	2	90.7	1,666	13.58	12,862	8.2	1,361	81.7	31	22	
5 to <10	1,480	4	54.3	1,545	20.79	12,314	7.5	1,272	82.4	40	23	
10.00 to <100.00	3,151	2	59.1	3,241	51.92	24,132	7.8	2,518	77.7	250	37	
10 to <20	1,255	2	63.8	1,302	33.89	9,863	8.1	1,196	91.8	60	18	
20 to <30	501	—	—	517	45.30	3,840	7.5	479	92.6	33	7	
30.00 to <100.00	1,395	—	46.0	1,422	70.87	10,429	7.7	843	59.3	157	12	
100.00 (Default)	2,982	—	55.5	2,981	100.00	19,013	10.0	8,960	300.5	308	618	
Subtotal (Exposure Class)	326,315	18,083	101.9	358,717	1.93	2,310,192	10.5	61,770	17.2	912	991	

¹ The Group's Secured CRD IV models remain subject to review and approval by the PRA. A significant level of temporary post model adjustments have been applied separately to the not in-default and default populations, reflecting the revised CRD IV modelling requirements. These adjustments include a 90-days past due default backstop and other modelling requirements for this asset class. Risk-weighted asset and expected loss for each range within the not in default population has been increased proportionately, in line with PRA guidance (Supervisory Statement 11/13).

² Balance sheet exposures and Exposure post CCF/CRM are not adjusted for CRD IV and are allocated to ranges based on the underlying PiT PD from incumbent (pre CRD IV) models. Weighted and arithmetic average PDs quoted are above the ranges due to the use of more conservative TTC PDs, also from incumbent models. This includes the use of a 180 days past due default backstop within the definition of default. Under CRD IV rules the Group would expect the distribution of exposures to PD ranges, including the level of defaulted exposures, to be significantly different given the stricter definitions. Subject to review and approval by the PRA and subsequent implementation of the revised models, aggregate metrics, RWA, EL and risk weights are expected to remain broadly aligned with the currently reported adjusted values. The PD profile is anticipated to increase, reflecting higher PD estimates driven by the application of regulatory estimates under the hybrid methodology, as compared to the existing Point-in-Time (PiT) allocation framework. This will align weighted and average PDs to the Risk Bandings reported. In addition, the revised DoD is projected to result in a significant increase in both the volume and value of defaulted exposures. The in-default risk weight is expected to decrease by approximately 50%, primarily due to an enlarged default stock which is expected to double.

CR6: IRB approach - Credit risk exposures by portfolio and PD range - Qualifying revolving retail exposures

PD range	31 Dec 2025											
	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions	
	£m	£m	%	£m	%		£m	%	£m	%	£m	£m
0.00 to <0.15	1,208	17,045	66.1	12,470	0.08	9,344,914	56.8	405	3.3	8	47	
0.00 to <0.10	769	11,814	65.9	8,551	0.06	6,233,546	56.0	219	2.6	4	33	
0.10 to <0.15	439	5,231	66.5	3,919	0.13	3,111,368	58.6	186	4.7	4	14	
0.15 to <0.25	655	6,587	67.8	5,122	0.20	4,185,489	60.2	361	7.0	7	18	
0.25 to <0.50	1,469	9,555	65.9	7,763	0.36	5,954,647	63.1	920	11.9	21	29	
0.50 to <0.75	1,124	4,334	68.6	4,096	0.62	3,735,696	69.6	822	20.1	21	20	
0.75 to <2.50	4,230	7,285	68.7	9,234	1.38	7,153,096	74.8	3,640	39.4	115	97	
0.75 to <1.75	2,912	5,885	69.0	6,973	1.15	5,733,044	74.2	2,394	34.3	72	60	
1.75 to <2.50	1,318	1,400	67.3	2,261	2.09	1,420,052	76.3	1,246	55.1	43	37	
2.50 to <10.00	3,195	1,739	71.1	4,431	4.59	2,438,660	78.1	4,246	95.8	190	157	
2.50 to <5.00	2,086	1,411	69.8	3,071	3.59	1,727,799	77.5	2,504	81.5	102	84	
5.00 to <10.00	1,109	328	76.7	1,360	6.87	710,861	79.3	1,742	128.1	88	73	
10.00 to <100.00	921	146	88.3	1,067	28.62	744,944	78.0	2,225	208.5	278	119	
10.00 to <20.00	470	84	89.5	546	13.50	330,748	79.0	1,024	187.6	69	49	
20.00 to <30.00	123	24	90.8	147	24.44	129,638	77.1	349	237.8	32	19	
30.00 to <100.00	328	38	84.2	374	52.33	284,558	77.0	852	227.6	177	51	
100.00 (Default)	249	44	—	249	100.00	244,105	73.8	559	224.0	142	124	
Subtotal (Exposure Class)	13,051	46,735	67.1	44,432	2.16	33,801,551	65.9	13,178	29.7	782	611	
	31 Dec 2024											
	£m	£m	%	£m	%		%	£m	%	£m	£m	
0.00 to <0.15	1,026	15,730	64.6	11,194	0.09	8,761,967	56.5	395	3.5	6	52	
0.00 to <0.10	631	10,721	64.8	7,581	0.07	5,858,020	55.7	212	2.8	3	36	
0.10 to <0.15	395	5,009	64.2	3,613	0.13	2,903,947	58.1	183	5.1	3	16	
0.15 to <0.25	606	6,648	66.2	5,004	0.20	4,150,232	59.5	377	7.5	7	21	
0.25 to <0.50	1,304	9,291	65.3	7,369	0.36	5,941,124	62.5	941	12.8	19	32	
0.50 to <0.75	931	3,902	67.9	3,580	0.62	3,417,468	69.0	773	21.6	17	20	
0.75 to <2.50	3,720	6,665	70.6	8,429	1.37	7,590,419	75.2	3,600	42.7	99	104	
0.75 to <1.75	2,588	5,442	71.0	6,453	1.15	6,164,026	74.8	2,418	37.5	63	65	
1.75 to <2.50	1,132	1,223	68.9	1,976	2.09	1,426,393	76.4	1,182	59.8	36	39	
2.50 to <10.00	3,077	1,623	71.9	4,246	4.62	2,509,902	77.9	4,406	103.8	174	183	
2.50 to <5.00	1,969	1,291	70.6	2,883	3.54	1,764,676	77.5	2,526	87.6	90	96	
5.00 to <10.00	1,108	332	76.9	1,363	6.88	745,226	78.8	1,880	137.9	84	87	
10.00 to <100.00	911	145	89.1	1,059	29.14	752,307	77.6	2,398	226.3	274	140	
10.00 to <20.00	449	85	88.6	525	13.60	325,796	78.7	1,066	203.2	64	56	
20.00 to <30.00	122	23	91.7	146	24.36	128,953	76.9	374	256.5	31	21	
30.00 to <100.00	340	37	88.8	388	52.05	297,558	76.5	958	247.0	179	63	
100.00 (Default)	237	39	0.1	236	100.00	248,607	73.2	544	229.9	146	136	
Subtotal (Exposure Class)	11,812	44,043	66.5	41,117	2.25	33,372,026	65.7	13,434	32.7	742	688	

CR6: IRB approach - Credit risk exposures by portfolio and PD range - Retail Other SME

PD range	31 Dec 2025										
	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors ¹	Exposure weighted average LGD	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount ²	Value adjustments and provisions ²
	£m	£m	%	£m	%		%	£m	%	£m	£m
0.50 to <0.75	619	420	91.1	576	0.54	69,987	81.9	286	49.6	2	11
0.75 to <2.50	715	281	94.5	560	1.16	63,598	80.7	442	78.9	8	7
0.75 to <1.75	715	281	94.5	560	1.16	63,598	80.7	442	78.9	8	7
2.50 to <10.00	362	99	96.1	263	4.32	34,568	80.4	283	107.6	14	3
2.50 to <5.00	164	53	95.3	123	2.62	16,045	82.1	129	104.8	4	3
5.00 to <10.00	198	46	97.1	140	5.81	18,523	78.9	154	110.0	10	—
10.00 to <100.00	133	19	94.9	87	24.86	38,385	85.8	132	152.4	25	3
10.00 to <20.00	94	16	95.4	63	13.05	34,481	85.5	94	148.8	11	2
30.00 to <100.00	39	3	91.7	24	56.66	3,904	86.8	38	162.3	14	1
100.00 (Default)	481	3	92.4	289	100.00	98,608	90.1	102	35.2	252	256
Subtotal (Exposure Class)	2,310	822	93.0	1,775	18.67	305,146	82.8	1,245	70.1	301	280

PD range	31 Dec 2024										
	£m	£m	%	£m	%		%	£m	%	£m	£m
	0.50 to <0.75	966	303	88.8	433	0.54	55,327	80.1	210	48.6	2
0.75 to <2.50	1,006	221	93.3	423	1.15	61,144	80.1	358	84.6	7	8
0.75 to <1.75	1,006	221	93.3	423	1.15	61,144	80.1	358	84.6	7	8
2.50 to <10.00	492	66	94.7	196	4.22	35,700	81.3	229	116.7	13	4
2.50 to <5.00	242	37	94.5	98	2.62	16,619	81.2	109	111.3	4	4
5.00 to <10.00	250	29	94.8	98	5.81	19,081	81.5	120	122.1	9	—
10.00 to <100.00	192	13	92.0	76	27.21	43,787	85.6	122	160.9	26	3
10.00 to <20.00	130	10	92.1	52	12.71	38,751	84.1	82	156.0	11	2
30.00 to <100.00	62	3	91.8	24	57.34	5,036	85.3	40	164.7	15	1
100.00 (Default)	509	3	89.9	271	100.00	83,889	6.0	100	37.0	16	21
Subtotal (Exposure Class)	3,165	606	91.1	1,399	21.91	279,846	66.2	1,019	72.9	64	48

¹ The increase in obligors during the year to 31 December 2025 reflects a reclassification of exposures from Corporate SME.

² The increase in expected loss and provisions within the defaulted line is due to an update in treatment of write-downs for the exposures held in the recoveries portfolio.

CR6: IRB approach - Credit risk exposures by portfolio and PD range - Retail Other non-SME

PD range	31 Dec 2025											
	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions	
	£m	£m	%	£m	%		%	£m	%	£m	£m	
0.00 to <0.15	468	1	30.0	469	0.08	25,488	37.1	48	10.3	—	1	
0.00 to <0.10	452	—	30.0	452	0.08	21,246	35.7	44	9.8	—	1	
0.10 to <0.15	16	1	30.0	17	0.14	4,242	74.0	4	24.2	—	—	
0.15 to <0.25	105	3	30.0	109	0.21	21,545	76.3	37	34.2	—	1	
0.25 to <0.50	4,748	10	30.0	4,759	0.37	377,793	39.8	1,439	30.2	7	88	
0.50 to <0.75	3,549	9	30.0	3,558	0.72	251,023	44.8	1,679	47.2	11	56	
0.75 to <2.50	6,583	39	30.0	6,622	1.54	596,521	64.7	5,580	84.3	65	121	
0.75 to <1.75	5,284	26	30.0	5,310	1.40	459,022	60.4	4,095	77.1	42	96	
1.75 to <2.50	1,299	13	30.0	1,312	2.10	137,499	82.1	1,485	113.1	23	25	
2.50 to <10.00	3,670	27	30.0	3,697	4.42	374,176	67.8	4,017	108.7	110	104	
2.50 to <5.00	2,520	17	30.0	2,537	3.40	253,913	69.4	2,738	107.9	60	63	
5.00 to <10.00	1,150	10	30.0	1,160	6.65	120,263	64.4	1,279	110.3	50	41	
10.00 to <100.00	657	6	30.0	662	27.86	71,402	55.6	911	137.6	103	60	
10.00 to <20.00	239	3	30.0	242	12.26	31,706	67.6	330	136.5	21	11	
20.00 to <30.00	156	1	30.0	157	21.46	14,177	44.8	200	127.6	16	16	
30.00 to <100.00	262	2	30.0	263	46.01	25,519	51.0	381	144.5	66	33	
100.00 (Default)	230	—	—	230	100.00	34,885	55.7	312	135.5	122	130	
Subtotal (Exposure Class)	20,010	95	30.0	20,106	3.60	1,752,833	54.9	14,023	69.7	418	561	
	31 Dec 2024											
	£m	£m	%	£m	%		%	£m	%	£m	£m	
0.00 to <0.15	346	—	30.0	346	0.08	19,284	37.1	35	10.2	—	1	
0.00 to <0.10	337	—	30.0	337	0.08	16,742	36.1	33	9.8	—	1	
0.10 to <0.15	9	—	30.0	9	0.14	2,542	73.2	2	25.1	—	—	
0.15 to <0.25	71	2	30.0	74	0.21	16,003	75.7	26	35.1	—	—	
0.25 to <0.50	4,453	7	30.0	4,461	0.37	360,316	38.8	1,314	29.5	6	60	
0.50 to <0.75	3,364	7	30.0	3,372	0.72	235,194	43.3	1,556	46.1	10	49	
0.75 to <2.50	6,072	30	30.0	6,107	1.56	552,961	63.8	5,264	86.2	62	112	
0.75 to <1.75	4,840	20	30.0	4,863	1.42	423,642	59.1	3,793	78.0	39	86	
1.75 to <2.50	1,232	10	30.0	1,244	2.11	129,319	82.0	1,471	118.3	23	26	
2.50 to <10.00	3,683	22	30.0	3,708	4.51	370,642	67.6	4,156	112.1	118	99	
2.50 to <5.00	2,455	14	30.0	2,471	3.42	243,785	69.3	2,753	111.4	62	59	
5.00 to <10.00	1,228	8	30.0	1,237	6.70	126,857	64.3	1,403	113.4	56	40	
10.00 to <100.00	689	5	30.0	696	26.96	75,829	55.6	972	139.7	106	56	
10.00 to <20.00	260	3	30.0	264	12.39	35,124	68.6	378	143.2	25	11	
20.00 to <30.00	168	1	30.0	169	21.47	15,521	45.3	217	128.5	17	15	
30.00 to <100.00	261	1	30.0	263	45.22	25,184	49.4	377	143.8	64	30	
100.00 (Default)	218	—	—	218	100.00	36,211	55.6	317	146.2	119	119	
Subtotal (Exposure Class)	18,896	73	30.0	18,981	3.74	1,666,440	54.2	13,640	71.9	421	496	

CREDIT RISK (Continued)

CR6-A: Scope of the use of IRB and SA approaches

The exposure values in the table below are presented on a different basis. Column (a) IRB exposures are presented on a pre CRM post CCF basis in accordance with rules for calculating exposures under the IRB approach. Retail IRB exposures reported in column (a) use EAD models. For column (b), both standardised and IRB exposure values reported are calculated in accordance with CRR Article 429(4) relating to leverage exposure methodology. This is gross exposure, net of credit risk adjustments, and after application of CCFs as set out in CRR Article 429. For the majority of the Retail asset classes due to the use of the lower Article 429 CCFs in column (b) versus the use higher modelled EAD in column (a), the reported value for Retail exposures in column (b) is less than that reported in column (a).

		31 Dec 2025				
		Exposure value as defined in Article 166 CRR for exposures subject to IRB approach (a)	Total exposure value for exposures subject to the Standardised approach and to the IRB approach (b) ¹	Percentage of total exposure value subject to the permanent partial use of the SA	Percentage of total exposure value subject to IRB Approach	Percentage of total exposure value subject to a roll-out plan
		£m	£m	%	%	%
1	Central governments or central banks	1,441	72,786	98.0	2.0	—
2	Institutions	7,882	11,905	33.8	66.2	—
3	Corporates	61,033	62,613	4.3	89.9	5.8
3.2	Of which Corporates - Specialised lending under slotting approach		14,492	—	100.0	—
4	Retail	435,856	404,056	3.3	93.3	3.4
4.1	of which Retail – Secured by real estate SMEs		2,948	2.7	90.0	7.3
4.2	of which Retail – Secured by real estate non-SMEs		346,214	3.1	96.8	0.1
4.3	of which Retail – Qualifying revolving		25,452	0.7	67.6	31.7
4.4	of which Retail – Other SMEs		3,798	27.3	55.6	17.1
4.5	of which Retail – Other non-SMEs		24,508	2.1	79.4	18.5
6	Other non-credit obligation assets	10,683	13,368	20.8	79.2	—
7	Total	516,895	565,010	16.7	80.2	3.1
		31 Dec 2024				
		£m	£m	%	%	%
1	Central governments or central banks	1,958	68,647	97.1	2.9	—
2	Institutions	8,940	13,461	33.5	66.5	—
3	Corporates	55,718	59,005	7.6	88.0	4.4
3.2	Of which Corporates - Specialised lending under slotting approach		13,095	—	100.0	—
4	Retail ²	425,648	386,773	2.1	95.4	2.4
4.1	of which Retail – Secured by real estate SMEs		3,159	0.9	91.5	7.6
4.2	of which Retail – Secured by real estate non-SMEs		332,032	0.9	99.1	—
4.3	of which Retail – Qualifying revolving		23,533	0.8	66.4	32.8
4.4	of which Retail – Other SMEs		5,207	23.2	61.8	15.0
4.5	of which Retail – Other non-SMEs		22,473	14.8	82.0	3.2
6	Other non-credit obligation assets	9,956	12,415	20.6	79.4	—
7	Total	502,220	540,300	16.0	81.8	2.2

¹ Standardised exposures have been allocated to IRB exposure classes as defined under the IRB Approach. Standardised regional governments, local authorities and public sector entities exposures have been allocated to the Institutions exposure class per CRR Article 147.

² 31 December 2024: £1.8 billion of exposures have been reclassified from Retail - Qualifying revolving to Retail - Other non-SMEs.

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 the RWEAs
		Credit risk mitigation techniques										Unfunded Credit Protection (UFCP) ²		
		Funded Credit Protection (FCP)						Of which				Part of exposures covered by Guarantees	Part of exposures covered by Credit Derivatives	
		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				
	Total exposures at default	£m	%	%	%	%	%	%	%	%	%	%	%	RWEA with substitution effects (both reduction and substitution effects)
														£m
A-IRB														
4 Retail	434,543		—	87.3	84.6	—	2.7	—	—	—	—	—	—	90,339
4.1	Of which Retail – Immovable property SMEs	3,025	—	93.2	93.2	—	—	—	—	—	—	—	—	667
4.2	Of which Retail – Immovable property non-SMEs	365,205	—	99.8	99.8	—	—	—	—	—	—	—	—	61,226
4.3	Of which Retail – Qualifying revolving	44,432	—	—	—	—	—	—	—	—	—	—	—	13,178
4.4	Of which Retail – Other SMEs	1,775	0.1	0.2	—	—	0.2	—	—	—	—	—	—	1,245
4.5	Of which Retail – Other non-SMEs	20,106	—	58.4	—	—	58.4	—	—	—	—	—	—	14,023
5 Total	434,543		—	87.3	84.6	—	2.7	—	—	—	—	—	—	90,339
F-IRB														
1 Central governments and central banks	948		—	—	—	—	—	—	—	—	—	—	—	32
2 Institutions	7,936	43.9	1.5	—	—	—	1.5	—	—	—	—	—	—	1,218
3 Corporates	44,319	4.6	29.7	23.6	3.0	3.0	—	—	—	—	—	—	—	27,372
3.1	Of which Corporates – SMEs	8,214	0.3	54.7	44.9	9.8	—	—	—	—	—	—	—	5,406
3.3	Of which Corporates – Other	36,105	5.6	24.0	18.8	1.5	3.7	—	—	—	—	—	—	21,966
4 Total	53,203	10.4	24.9	19.7	2.5	2.7	—	—	—	—	—	—	—	28,622
Other IRB														
	Specialised lending under the slotting approach ³	14,328	—	—	—	—	—	—	—	—	—	—	—	9,405
Total	14,328		—	—	—	—	—	—	—	—	—	—	—	9,405

CREDIT RISK (Continued)

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

		31 Dec 2024											Credit risk mitigation methods in the calculation of RWEAs
		Credit risk mitigation techniques											
		Funded Credit Protection (FCP)					Unfunded Credit Protection (UFCP) ²						
		Of which					Of which						
	Total exposures at default	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	RWEA with substitution effects (both reduction and substitution effects)
	£m	%	%	%	%	%	%	%	%	%	%	%	£m
A-IRB													
4	Retail	423,296	—	87.9	85.3	—	2.7	—	—	—	—	—	90,548
4.1	Of which Retail – Immovable property SMEs	3,083	—	94.3	94.3	—	—	—	—	—	—	—	685
4.2	Of which Retail – Immovable property non-SMEs	358,717	—	99.8	99.8	—	—	—	—	—	—	—	61,770
4.3	Of which Retail – Qualifying revolving	41,117	—	—	—	—	—	—	—	—	—	—	13,434
4.4	Of which Retail – Other SMEs	1,398	0.1	0.3	—	—	0.3	—	—	—	—	—	1,019
4.5	Of which Retail – Other non-SMEs ⁴	18,981	—	59.9	—	—	59.9	—	—	—	—	—	13,640
5	Total	423,296	—	87.9	85.3	—	2.7	—	—	—	—	—	90,548
F-IRB													
1	Central governments and central banks	1,451	—	—	—	—	—	—	—	—	39.8	—	74
2	Institutions	9,432	42.0	1.5	—	—	1.5	—	—	—	1.3	—	1,582
3	Corporates	40,695	3.7	23.2	18.0	2.6	2.5	—	—	—	4.6	0.2	24,862
3.1	Of which Corporates – SMEs	7,001	0.6	60.6	47.0	13.5	—	—	—	—	4.1	—	4,681
3.3	Of which Corporates – Other	33,694	5.8	24.4	19.0	1.3	4.1	—	—	—	6.5	0.3	20,181
4	Total	51,578	9.2	19.5	15.0	2.1	2.3	—	—	—	4.9	0.1	26,518
Other IRB													
	Specialised lending under the slotting approach ³	13,110	—	—	—	—	—	—	—	—	—	—	8,841
	Total	13,110	—	—	—	—	—	—	—	—	—	—	8,841

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.

⁴ Proportion of exposures covered by other physical collateral has been restated.

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	917	797	50	1,407	697	—
	Equal to or more than 2.5 years	2,406	1,921	70	3,895	2,651	15
2) Good	Less than 2.5 years	59	134	70	181	126	1
	Equal to or more than 2.5 years	376	189	90	519	459	4
3) Satisfactory	Less than 2.5 years	5	—	115	6	5	—
	Equal to or more than 2.5 years	78	76	115	135	155	4
4) Weak	Less than 2.5 years	13	—	250	13	32	1
	Equal to or more than 2.5 years	8	7	250	13	32	1
5) Default	Less than 2.5 years	113	20		126	—	63
	Equal to or more than 2.5 years	305	54		345	—	173
Total	Less than 2.5 years	1,107	951		1,733	860	65
	Equal to or more than 2.5 years	3,173	2,247		4,907	3,297	197

		31 Dec 2024					
Regulatory categories	Remaining maturity	£m	£m	%	£m	£m	£m
1) Strong	Less than 2.5 years	874	771	50	1,407	701	—
	Equal to or more than 2.5 years	2,125	1,378	70	3,170	2,126	13
2) Good	Less than 2.5 years	48	145	70	176	124	1
	Equal to or more than 2.5 years	265	133	90	367	330	3
3) Satisfactory	Less than 2.5 years	48	4	115	50	57	1
	Equal to or more than 2.5 years	310	12	115	319	367	9
4) Weak	Less than 2.5 years	—	—	250	—	—	—
	Equal to or more than 2.5 years	35	35	250	62	154	5
5) Default	Less than 2.5 years	83	6		88	—	44
	Equal to or more than 2.5 years	69	6		74	—	36
Total	Less than 2.5 years	1,053	926		1,721	882	46
	Equal to or more than 2.5 years	2,804	1,564		3,992	2,977	66

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	2,060	413	50	2,217	1,085	—
	Equal to or more than 2.5 years	1,055	60	70	1,057	719	4
2) Good	Less than 2.5 years	1,248	103	70	1,307	893	5
	Equal to or more than 2.5 years	2,341	42	90	2,365	2,023	19
3) Satisfactory	Less than 2.5 years	97	3	115	99	105	3
	Equal to or more than 2.5 years	302	13	115	311	353	9
4) Weak	Less than 2.5 years	6	—	250	6	13	0
	Equal to or more than 2.5 years	5	—	250	5	12	0
5) Default	Less than 2.5 years	260	9		265	—	133
	Equal to or more than 2.5 years	6	—		6	—	3
Total	Less than 2.5 years	3,671	528		3,894	2,096	141
	Equal to or more than 2.5 years	3,709	115		3,744	3,107	35

		31 Dec 2024					
Regulatory categories	Remaining maturity	£m	£m	%	£m	£m	£m
1) Strong	Less than 2.5 years	2,174	181	50	2,234	1,089	—
	Equal to or more than 2.5 years	982	141	70	1,000	674	4
2) Good	Less than 2.5 years	1,312	82	70	1,369	940	5
	Equal to or more than 2.5 years	2,089	139	90	2,186	1,904	18
3) Satisfactory	Less than 2.5 years	65	1	115	66	73	2
	Equal to or more than 2.5 years	154	1	115	154	174	4
4) Weak	Less than 2.5 years	17	—	250	17	41	1
	Equal to or more than 2.5 years	13	—	250	13	30	1
5) Default	Less than 2.5 years	283	3		284	—	143
	Equal to or more than 2.5 years	9	—		10	—	5
Total	Less than 2.5 years	3,851	267		3,970	2,143	151
	Equal to or more than 2.5 years	3,247	281		3,363	2,782	32

CREDIT RISK (Continued)

CR10.3: IRB – Specialised lending - Object 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
2) Good	Less than 2.5 years	—	—	70	—	—	—
	Equal to or more than 2.5 years	50	—	90	50	45	—
Total	Less than 2.5 years	—	—		—	—	—
	Equal to or more than 2.5 years	50	—		50	45	—
		31 Dec 2024					
Regulatory categories	Remaining maturity	£m	£m		£m	£m	£m
2) Good	Less than 2.5 years	—	—	70	—	—	—
	Equal to or more than 2.5 years	64	—	90	64	58	1
Total	Less than 2.5 years	—	—		—	—	—
	Equal to or more than 2.5 years	64	—		64	58	1

COUNTERPARTY CREDIT RISK

CCRA: Qualitative disclosure related to CCR

Counterparty credit risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. Such transactions relate to contracts for financial instruments, derivatives and SFT contracts.

Methodology used to assign internal capital and credit limits for counterparty credit exposures

Detail can be found in the Lloyds Bank plc Annual Report and Accounts 2025, on page 30, 'Credit risk', 'Identification and assessment', and pages 30 to 33, 'Credit risk', 'Management and mitigation', including 'Counterparty credit limits' on page 32.

Policies related to guarantees and other credit risk mitigants, such as the policies for securing collateral and establishing credit reserves

Detail can be found in the Lloyds Bank plc Annual Report and Accounts 2025, on pages 31, 'Credit risk', 'Management and mitigation', 'Collateral', and on pages 32 to 33, 'Credit risk', 'Additional mitigation for Commercial Banking customers' and 'Master netting agreements'.

Policies with respect to Wrong-Way risk

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

Other risk management objectives and relevant policies related to CCR

Detail can be found in the Lloyds Bank plc Annual Report and Accounts 2025, on pages 30 to 33, 'Credit risk', 'Management and mitigation', and on pages 32 to 33, 'Credit risk', 'Additional mitigation for Commercial Banking customers'.

Collateral requirements in the event of a downgrade in credit rating

The Group has a number of rating dependent contracts that would trigger cash and collateral outflows in the event of a credit rating downgrade.

As at 31 December 2025 a simultaneous one-notch downgrade in the long-term and associated short-term credit ratings of all rated entities in the Group would result in liquidity outflows of £1.1 billion before any mitigating management actions.

The Group manages the impact of such an eventuality by holding sufficient levels of liquidity for these outflows through both its liquidity coverage ratio and internal liquidity stress tests, with sufficient headroom above the regulatory minima and internal risk appetite.

COUNTERPARTY CREDIT RISK (Continued)

CCR1: Analysis of CCR exposure by approach

		31 Dec 2025							
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWA
		£m	£m	£m		£m	£m	£m	£m
1	SA-CCR (for derivatives)	140	655	—	1.4	2,356	1,113	1,105	494
4	Financial collateral comprehensive method (for SFTs)					102,659	7,165	7,165	474
6	Total					105,015	8,278	8,270	968

		31 Dec 2024							
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWA
		£m	£m	£m		£m	£m	£m	£m
1	SA-CCR (for derivatives)	159	688	—	1.4	2,811	1,187	1,175	523
4	Financial collateral comprehensive method (for SFTs)					114,054	19,733	19,733	457
6	Total					116,865	20,920	20,908	980

CCR2: Transactions subject to own funds requirements for CVA risk

		31 Dec 2025		31 Dec 2024	
		Exposure value	RWA	Exposure value	RWA
		£m	£m	£m	£m
4	Transactions subject to the Standardised method	861	260	1,108	244
5	Total transactions subject to own funds requirements for CVA risk	861	260	1,108	244

COUNTERPARTY CREDIT RISK (Continued)

CCR3: Standardised approach – CCR exposures by regulatory exposure class and risk weights

		31 Dec 2025										
		Risk weight										Total exposure value
Exposure classes	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	£m
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Central governments or central banks	3,270	—	—	—	41	—	—	—	—	—	3,312
4	Multilateral development banks	158	—	—	—	—	—	—	—	—	—	158
5	International organisations	—	—	—	—	—	—	—	—	—	—	—
6	Institutions	—	1,061	6	—	—	130	—	—	—	—	1,197
7	Corporates	—	—	—	—	—	13	—	—	—	—	13
11	Total exposure value	3,428	1,061	6	—	41	143	—	—	—	—	4,680

		31 Dec 2024										
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Central governments or central banks	16,256	—	—	—	44	—	—	—	—	—	16,301
4	Multilateral development banks	120	—	—	—	—	—	—	—	—	—	120
5	International organisations	—	—	—	—	—	—	—	—	—	—	—
6	Institutions	—	743	19	—	—	214	—	—	—	—	976
7	Corporates	—	—	—	—	—	15	—	14	—	—	29
11	Total exposure value	16,376	743	19	—	44	230	—	14	—	—	17,426

COUNTERPARTY CREDIT RISK (Continued)

CCR4: IRB approach – CCR exposure by portfolio and PD scale

CCR exposures by exposure class and PD scale - Corporate

31 Dec 2025								
PD scale	Exposure value	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	RWA	Density of risk weighted exposure amounts	
Corporate	£m	%	No.	%	No.	£m	%	
1	0.00 to <0.15	1,028	0.04%	103	45.0	0.3	68	7.0%
2	0.15 to <0.25	71	0.18%	41	45.0	0.4	17	23.0%
3	0.25 to <0.50	216	0.33%	143	45.0	0.1	70	33.0%
4	0.50 to <0.75	4	0.61%	81	45.0	1.1	2	54.0%
5	0.75 to <2.50	18	1.28%	129	45.0	2.0	16	91.0%
6	2.50 to <10.00	10	2.88%	52	45.0	1.5	11	109.0%
7	10.00 to <100.00	—	30.89%	7	45.0	2.0	—	232.0%
8	100.00 (Default)	4	100.00%	5	45.0	5.0	—	—
Sub-total	1,351	0.45%	561	45.0	0.3	184	14.0%	

31 Dec 2024								
PD scale	£m	%	No.	%	No.	£m	%	
1	0.00 to <0.15	448	0.06%	85	45.0	0.4	47	11.0%
2	0.15 to <0.25	71	0.18%	38	45.0	0.4	17	24.0%
3	0.25 to <0.50	116	0.29%	179	45.0	0.1	35	30.0%
4	0.50 to <0.75	7	0.62%	89	45.0	1.0	4	52.0%
5	0.75 to <2.50	15	1.44%	123	45.0	1.9	13	92.0%
6	2.50 to <10.00	2	3.47%	56	45.0	1.7	2	99.0%
7	10.00 to <100.00	—	11.65%	6	45.0	1.2	—	118.0%
8	100.00 (Default)	2	100.00%	6	45.0	1.0	—	—
Sub-total	660	0.40%	581	45.0	0.4	119	18.0%	

COUNTERPARTY CREDIT RISK (Continued)

CCR4: IRB approach – CCR exposures by portfolio and PD scale (Continued)

CCR exposures by exposure class and PD scale - Central governments or central banks

31 Dec 2025								
PD scale	Exposure value	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	RWA	Density of risk weighted exposure amounts	
Central governments or central banks	£m	%	No.	%	No.	£m	%	
1	0.00 to <0.15	433	0.04%	2	45.0	0.0	20	4.6%
	Sub-total	433	0.04%	2	45.0	0.0	20	4.6%
31 Dec 2024								
PD scale	£m	%	No.	%	No.	£m	%	
1	0.00 to <0.15	455	0.04%	1	45.0	0.0	21	4.6%
	Sub-total	455	0.04%	1	45.0	0.0	21	4.6%

CR exposures by exposure class and PD scale - Institutions

31 Dec 2025								
PD scale	Exposure value	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	RWA	Density of risk weighted exposure amounts	
Institutions	£m	%	No.	%	No.	£m	%	
1	0.00 to <0.15	2,652	0.05%	55	45.0	1.6	543	20.5%
2	0.15 to <0.25	68	0.18%	3	45.0	0.7	24	34.9%
3	0.25 to <0.50	2	0.42%	3	45.0	2.2	2	85.3%
4	0.50 to <0.75	—	—	—	—	0.0	—	—
5	0.75 to <2.50	—	—	—	—	0.0	—	—
	Sub-total	2,722	0.05%	61	45.0	1.6	569	20.9%
31 Dec 2024								
PD scale	£m	%	No.	%	No.	£m	%	
1	0.00 to <0.15	2,930	0.05%	52	45.0	1.5	569	19.4%
2	0.15 to <0.25	42	0.18%	4	45.0	0.5	13	31.5%
3	0.25 to <0.50	1	0.30%	3	45.0	2.1	1	69.8%
4	0.50 to <0.75	—	—	—	—	0.0	—	—
5	0.75 to <2.50	—	1.00%	1	45.0	0.0	—	64.3%
	Sub-total	2,973	0.05%	60	45.0	1.5	583	19.6%

COUNTERPARTY CREDIT RISK (Continued)

CCR Corporate exposures subject to supervisory slotting

		31 Dec 2025						
Regulatory categories	Remaining maturity	On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount	
		£m	£m	%	£m	£m	£m	
1) Strong	Less than 2.5 years	3	—	50	3	1	—	
	Equal to or more than 2.5 years	132	—	70	127	89	1	
2) Good	Less than 2.5 years	1	—	70	1	1	—	
	Equal to or more than 2.5 years	10	—	90	10	9	—	
3) Satisfactory	Less than 2.5 years	—	—	115	—	—	—	
	Equal to or more than 2.5 years	10	—	115	10	11	—	
4) Weak	Less than 2.5 years	—	—	250	—	—	—	
	Equal to or more than 2.5 years	1	—	250	1	3	—	
5) Default	Less than 2.5 years	—	—		—	—	—	
	Equal to or more than 2.5 years	—	—		—	—	—	
Total	Less than 2.5 years	4	—		4	2	—	
	Equal to or more than 2.5 years	153	—		148	112	1	

		31 Dec 2024						
Regulatory categories	Remaining maturity	£m	£m	%	£m	£m	£m	
		1) Strong	Less than 2.5 years	3	—	50	3	2
Equal to or more than 2.5 years	137		—	70	129	91	1	
2) Good	Less than 2.5 years	—	—	70	—	—	—	
	Equal to or more than 2.5 years	2	—	90	2	2	—	
3) Satisfactory	Less than 2.5 years	—	—	115	—	—	—	
	Equal to or more than 2.5 years	20	—	115	19	22	1	
4) Weak	Less than 2.5 years	—	—	250	—	—	—	
	Equal to or more than 2.5 years	2	—	250	1	3	—	
5) Default	Less than 2.5 years	—	—		—	—	—	
	Equal to or more than 2.5 years	1	—		—	—	—	
Total	Less than 2.5 years	4	—		4	2	—	
	Equal to or more than 2.5 years	162	—		152	118	1	

COUNTERPARTY CREDIT RISK (Continued)

CCR5: Composition of collateral for CCR exposures

		31 Dec 2025					
		Collateral used in derivatives transactions				Collateral used in securities financing transactions (SFTs)	
		Fair value of collateral received		Fair value of collateral posted		Fair value of collateral received	Fair value of collateral posted
Collateral type		Segregated	Unsegregated	Segregated	Unsegregated		
		£m	£m	£m	£m	£m	£m
1	Cash	60	1,216	60	4,375	50,336	56,911
2	Debt	215	138	1,616	235	60,621	39,153
3	Equity						
4	Other	164	—	390	—	480	23,334
5	Total	439	1,354	2,066	4,610	111,437	119,398

		31 Dec 2024					
		Collateral used in derivatives transactions				Collateral used in securities financing transactions (SFTs)	
		Fair value of collateral received		Fair value of collateral posted		Fair value of collateral received	Fair value of collateral posted
Collateral type		Segregated	Unsegregated	Segregated	Unsegregated		
		£m	£m	£m	£m	£m	£m
1	Cash	60	842	60	4,727	48,642	54,327
2	Debt	264	505	2,362	254	60,719	29,722
3	Equity	—	—	—	—	—	—
4	Other	140	—	469	—	482	44,619
5	Total	464	1,347	2,891	4,981	109,843	128,668

COUNTERPARTY CREDIT RISK (Continued)

CCR6: Credit derivatives exposures

		31 Dec 2025		31 Dec 2024	
		Protection bought	Protection sold	Protection bought	Protection sold
Notionals		£m	£m	£m	£m
1	Single-name credit default swaps	653	—	599	—
2	Index credit default swaps	169	—	302	—
3	Total return swaps	860	—	567	—
4	Credit options	—	—	—	—
5	Other credit derivatives	—	—	—	—
6	Total notionals	1,682	—	1,468	—
Fair values					
7	Positive fair value (asset)	25	—	353	—
8	Negative fair value (liability)	(26)	—	(19)	—

CCR8: Exposures to CCPs

		31 Dec 2025		31 Dec 2024	
		Exposure value	RWA	Exposure value	RWA
		£m	£m	£m	£m
1	Exposures to QCCPs (total)		158		139
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	1,067	21	759	16
3	(i) OTC derivatives	985	19	639	13
4	(ii) Exchange-traded derivatives	6	—	16	1
5	(iii) SFTs	76	2	104	2
8	Non-segregated initial margin	—	—	3	—
9	Prefunded default fund contributions	217	137	214	123
11	Exposures to non-QCCPs (total)		—		—

SECURITISATION

SECA: Qualitative disclosure requirements related to securitisation exposures

The Group is an active participant in the securitisation market, operating as an originator, a sponsor of an asset-backed commercial paper conduit and as an arranger of, and an investor in, third party securitisations. The Group provides liquidity and funding facilities to sponsored securitisations as well as to third parties.

Banking book securitisation strategy and roles

The Group's objectives in relation to banking book securitisations are to manage risk concentrations in its balance sheet, to support relationships with customers and to manage its funding and liquidity requirements and capital position. It undertakes the following roles to meet these objectives:

As an originator the Group uses securitisation as a means of balance sheet management to generate funding, liquidity, capital efficiencies and to reduce risk concentrations.

Traditional securitisation transactions typically involve the sale of a portfolio of ring-fenced loans to a securitisation special purpose entity (SSPE). A SSPE is a purposely created company within a group of companies where the ultimate holding company of the group is unrelated to the originator and is usually held by a trust. This means the Group does not legally own the SSPE. The originating group company receives fees from the SSPE for continuing to service the loans and undertaking certain cash management activities on behalf of the SSPE.

Traditional securitisations may be funding-driven transactions where only the most senior tranche is transferred outside of the group with all other tranches being retained meaning there is no transfer of credit risk away from the Group. Alternatively they may be structured to sell the junior tranches to achieve capital efficiencies.

Synthetic securitisations typically work in a similar way to the traditional securitisations except that no sale of assets takes place, and the most junior tranche(s) relating to the portfolio of assets are transferred outside the group, with the group retaining only the senior tranche(s).

In 2021 the Group established the Lloyds Bank Synthetic Securitisation Note Programme. Whilst the rationale remains the same i.e. capital efficiency and reduction of risk concentration, no SSPE structure is used and Credit Linked Notes are issued directly by Lloyds Bank plc.

Where capital efficiency is sought, a test of significant risk transfer (SRT) may be required. Passing the test allows the capital required on the underlying portfolio to be replaced by the lower capital requirements of the retained positions in the securitisation.

Origination activities have mainly extended to the Group's retail and commercial lending portfolios.

As a sponsor, the Group manages and supports, through the provision of liquidity facilities, Cancara Asset Securitisation Limited (Cancara). Liquidity facilities provided to Cancara are risk-weighted using the internal assessment approach (IAA). The Group also holds some commercial paper (CP) issued by Cancara.

Structure and liquidity facilities

Cancara is an Asset Backed Commercial Paper (ABCP) conduit that funds assets originated by clients of the Group. The conduit funds the purchase of the assets primarily by issuing ABCP. Assets purchased relate to pools of third party receivables. Cancara Asset Securitisation LLC is a separate bankruptcy remote, special purpose limited liability company established to co-issue US Dollar domestic CP with Cancara.

A number of intermediary special purpose entities within the conduit structure are used to purchase the assets. Each purchasing company enters into a commissioning agreement with the issuer, which then advances funds to the purchasing company to buy the assets. The purchasing company issues a purchaser demand note to the issuer which benefits from security over the assets.

For each new asset purchase, the relevant intermediary entity enters into a liquidity facility with the Group, to cover the repayment of the ABCP notes. In the absence of market disruption the conduit will usually look to fund through issuing ABCP. Certain liquidity facilities supporting the program are drawn to provide funding alongside the proceeds of ABCP issuance.

As an investor the Group invests directly in third party ABS and notes and provides liquidity facilities to other third party securitisations.

Risk retained in own-originated transactions

Where the Group acts as originator, its securitisation programmes primarily include residential mortgage portfolios, credit card portfolios, auto-loan portfolios, commercial loan portfolios and personal loan portfolios. In each case credit risk is the primary risk driver attached to the underlying asset portfolio, although in the case of auto-loan portfolios, the residual value risk inherent in the underlying vehicles may be an additional driver.

The performance of the securitised assets is largely dependent on prevailing economic conditions, and in the case of residential mortgage assets, the health of the UK housing market. The likelihood of defaults in the underlying asset portfolio and the amounts that may be recovered in the event of default are related to a number of factors and may vary according to characteristics, product type, security, collateral and customer support initiatives. Significant changes in the national or international economic climate, regional economic or housing conditions, tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies or in the health of a particular geographic zone that represents a concentration in the securitised assets, could also affect the cashflows from the underlying asset portfolio.

Liquidity risk arises where insufficient funds are received by the SSPE to service payments to the noteholders as they fall due. The receipt of funds is in part dependent on the level of repayment on the underlying asset portfolio and applicable liquidity risk mechanisms in the programme documentation. In general, where such a situation arises noteholders may not be paid in full and amounts may be deferred to subsequent periods. Such deferred amounts will be due but not payable until funds become available in accordance with the relevant priority of payments as set out in the documentation relating to the transaction. Variations in the rate of prepayment of principal on the underlying portfolio may affect each series and class of notes differently.

In addition, both the notes in issue and the underlying asset portfolio are exposed to interest rate risk and, in certain cases, may be subject to foreign exchange risk.

SECURITISATION (Continued)

SECA: Qualitative disclosure requirements related to securitisation exposures continued

Monitoring changes in the credit risk of securitised exposures

The Group employs a range of measures to monitor changes in the credit risk of securitised assets. These include monitoring, on a monthly basis, the behaviour of current exposures in the underlying portfolio (including credit events, default history and disposals), together with collateral cover levels and loan repayments, which are assessed against the original levels and amounts advanced.

Risk incurred in relation to transactions originated by third parties

Where the Group holds notes in a securitisation it is exposed to, the credit performance of the underlying asset portfolio, the impact of interest rates and, in some cases, foreign exchange volatility on the value of the notes, and to the seniority of the notes held, the latter of which determines the extent to which the Group would suffer any loss as a result of a shortfall in funds received by the SSPE. In the case of auto loan portfolios, inherent residual value may also be taken in account.

Monitoring changes in the credit risk of ABS portfolios

Credit reviews are produced at least annually for a particular name, sector or for a specific bond (or all) as well as for third party ABS liquidity facilities.

A credit review process will also be triggered where an ECAI applies a significant downgrade to a bond or where the investor report suggests a trigger or other breach.

The relevant Credit teams provide an independent risk oversight for ABS credit reviews. Credit limits are sanctioned locally.

Furthermore, additional monitoring measures are applied including stress testing of portfolios.

ORIGINATED SECURITISATIONS

Regulatory treatment

In deriving credit risk exposures associated with originated securitisations, the Group takes into account that certain securitised assets, whilst held on the balance sheet for accounting purposes, are deemed to have met the prudential SRT tests when securitised. Meeting these tests allows the risk-weighted assets on the exposures underlying the securitisation to be removed and the retained positions in the securitisations to be included within regulatory calculations. Where the minimum requirements for recognition of SRT are not met, the underlying exposures remain part of the relevant exposure class and are risk-weighted accordingly.

Capital requirements in relation to originated securitisation positions are determined under the SEC-IRBA, the SEC-SA and the SEC-ERBA approaches, and in some cases capped in line with CRR Articles 267 and 268. For synthetic securitisations any maturity mismatch between the credit protection and securitised exposures is treated in line with CRR Article 252. In addition, for any synthetic securitisations with a currency mismatch, this is treated in line with CRR Articles 218, 223 and 224.

Originated securitisations subject to the Securitisation Internal Ratings Based Approach (SEC-IRBA)

Under the SEC-IRBA the risk weight is determined by the capital requirement for the underlying assets, as calculated under the IRB approach, tranche attachment and detachment points and maturity, the number of loans securitised and their loss given default.

Originated Securitisations subject to the Securitisation Standardised Approach (SEC-SA)

The risk weight for SEC-SA is based on a supervisory formula and the capital requirement for the underlying assets as calculated under the standardised approach for credit risk, tranche attachment and detachment points and the ratio of delinquent to total exposures.

Originated Securitisations subject to the Securitisation External Ratings Based Approach (SEC-ERBA)

The SEC-ERBA approach calculates a risk weight with reference to the external rating of the securitisation, seniority of the tranche, tranche thickness and tranche maturity.

INVESTED SECURITISATIONS

Capital requirements in relation to invested securitisations are calculated using the SEC-SA or SEC-ERBA. The risk weight for SEC-SA is based on a supervisory formula and the capital requirement for the underlying assets as calculated under the standardised approach for credit risk, tranche thickness and the ratio of delinquent to total exposures. The SEC-ERBA approach calculates a risk weight with reference to the external rating of the securitisation, seniority of the tranche, tranche thickness and tranche maturity.

SPONSORED SECURITISATIONS

Internal Assessment Approach

With regard to sponsored activities, the Group has approval to utilise the IAA for calculating capital requirements for the liquidity facilities provided to the conduit purchasing companies.

The Group's IAA model is a proprietary credit rating system. This model generates a rating equivalent to an external rating. This rating then feeds the SEC-ERBA in order to calculate the capital requirement.

The model consists of a number of scorecards, one for each asset class. Unlike the Group's Foundation and Retail IRB models, the ABCP IAA model does not estimate the PD for the exposure, but instead is used to determine a model rating grade equivalent to an ECAI grade. The internal rating methodology must reflect the ECAI's methodology. Periodically, ECAIs publish updates to their methodologies relating to different asset classes. The Securitised Products Group monitors rating agency updates and undertakes assessment to confirm that all relevant changes to rating methodologies have been reflected in the cashflow modelling.

Stress factor inputs play an important part in determining the rating of a transaction. Depending on the level of credit enhancement, the stress factor contributes towards the final rating a transaction would receive from an ECAI taking into account 'stressed scenarios' on the level of cash-flows generated by the underlying portfolio.

The sponsored receivables facilities are modelled using a stress factor input which reflects the ability of the transaction to withstand a significant deterioration in the asset quality and is a through-the-cycle measure that is applied to a base case default rate. To determine the base case default rate, historic loss data is used.

SECURITISATION (Continued)**SECA: Qualitative disclosure requirements related to securitisation exposures** continued

The model is subject to a robust governance framework. In line with the Group Model Governance Policy, the Group undertakes an Annual Review to ensure that the model remains compliant with the requirements of CRR (Article 265) which establishes the criteria that must be met in order to apply the IAA to exposures relating to programmes such as liquidity facilities.

Simple, transparent and standardised (STS) securitisations

The securitisation framework permits differentiated capital treatment for positions which qualify as STS (CRR Article 242 (10)). As at 31 December 2025 the Group had a number of STS positions in its role as an Investor and Sponsor.

SSPEs which reference exposures originated by The Group:

SSPE	Asset Type
Salisbury Securities 2015 Ltd	SME Commercial Real Estate
Salisbury II Securities 2016 Ltd	SME
Salisbury II-A Securities 2017 Ltd	SME
Salisbury III Securities 2019 DAC	SME
Housing Association Risk Transfer 2019 DAC	Social Housing
Wetherby III Securities 2019 DAC	Large Corporate Commercial Real Estate
Fontwell Securities 2016 Ltd	Agricultural Mortgages
Fontwell II Securities 2020 DAC	Agricultural Mortgages
Bridgegate Funding plc *	Mortgages
Performer Funding plc *	Personal Loans
Barrow Funding plc *	Mortgages
Valley Funding plc *	Mortgages

The above can also be seen on table LI3 (* these SSPEs are not consolidated for accounting purposes and are not therefore referenced in table LI3).

The following are not SSPEs but have been issued under the Lloyds Bank Synthetic Securitisation Notes Programme:

Non-SSPEs	Asset Type
Lloyds Bank plc: SALIS 2021-1 (Salisbury IV)	SME
Lloyds Bank plc: SALIS 2022-1 (Salisbury V)	SME
Lloyds Bank plc: Musselburgh 2023-1 (Musselburgh 1)	Large Corporates
Lloyds Bank plc: Musselburgh 2023-2 (Musselburgh 2)	Large Corporates
Lloyds Bank plc: Epsom 2023-1 (Epsom)	Infrastructure & Project Finance
Lloyds Bank plc: SALIS 2023-1 (Salisbury VI)	SME
Lloyds Bank plc: Musselburgh 2024-1 (Musselburgh 3)	Large Corporates
Lloyds Bank plc: Musselburgh 2024-2 (Musselburgh 4)	Large Corporates
Lloyds Bank plc: SALIS 2024-1 (Salisbury VII)	SME
Lloyds Bank plc: Epsom 2025-1 (Epsom II)	Infrastructure & Project Finance
Lloyds Bank plc: Wetherby 2025-1 (Wetherby IV)	Commercial Real Estate
Lloyds Bank plc: Fontwell 2025-1 (Fontwell III)	Agricultural Mortgages

As noted above, the Group acts as Sponsor for Cancara. Please refer to table LI3 for a list of SSPEs fully consolidated for accounting purposes, where the regulatory treatment differs (as further explained in footnote 2 to table LI3).

The Group may also provide securitisation-related services to the above SSPEs and other related entities, including those listed on page 170 of the Lloyds Bank plc Annual Report and Accounts 2025. Where applicable, the Group may provide these services to third-party securitisations.

The Group does not provide implicit support to any entities under Chapter 5 of Title II of Part Three CRR (Article 449(e) CRR).

The following entities are affiliated with the Group that also invest in securitisations originated by the Group (Article 449(f) CRR):

Entity	Invested In
Lloyds Bank Plc	Yakima Funding No. 1 Ltd

Accounting policies

From an accounting perspective, the treatment of SSPEs is assessed in accordance with IFRS 10 which establishes the principles for when the Group is deemed to control another entity and therefore required to consolidate it through the Group's financial statements.

Under IFRS 10, the Group controls an entity where it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through the exercise of power.

Securitised assets (which may include a fully proportionate share of all or specifically identified cash flows of assets) are only derecognised where the following conditions are met:

- the Group has transferred the contractual rights to receive the cash flows or assumed a contractual obligation to pay the cash flows to a third party; and
- substantially all of the risks and rewards associated with the assets have been transferred in which case they are derecognised in full; or
- a significant proportion but not all of the risks and rewards have been transferred, in which case the assets are either derecognised in full where the transferee has the ability to sell the assets, or continue to be recognised by the Group but only to the extent of its continuing involvement.

Where a securitisation has resulted in derecognition, the Group recognises it as a sale, or a partial sale where there is partial derecognition. The difference between the carrying amount and the consideration received is recorded in the income statement.

SECURITISATION (Continued)**SECA: Qualitative disclosure requirements related to securitisation exposures** continued

Where a transfer of the Group's assets to an SSPE fails the derecognition accounting tests under IFRS 9, the transferred assets remain on the Group's balance sheet for accounting purposes. Where those assets are financial assets under IFRS 9, they are typically measured at amortised cost on the balance sheet. Where the Group controls and therefore consolidates the SSPE, it will recognise notes issued (excluding those held by the Group) as debt securities in issue, measured at amortised cost.

The majority of the Group's securitised residential mortgages and commercial banking loans are not derecognised. In some cases this is because the Group retains substantially all the risks and rewards associated with the underlying portfolios of assets. In the case of synthetic securitisations it is because the Group has not transferred the contractual rights to receive the cash flows or assumed a contractual obligation to pay the cash flows to a third party. The Credit Linked Notes, issued as part of synthetic securitisations, and through which the Group acquires credit protection, are accounted for under the requirements of IFRS 9.

Where internal transactions between the regulatory consolidation group and regulated insurance undertakings achieve accounting derecognition from the underlying banking subsidiary balance sheet, the assets continue to be fully consolidated from a Group perspective but may achieve derecognition under the regulatory scope of consolidation.

All the external assets in Cancara are consolidated for accounting purposes in the Group's financial statements. The total consolidated assets in the conduits are set out in Note 34 (Structured entities), page 132, of the Lloyds Bank plc Annual Report and Accounts 2025.

Liquidity lines provided to conduits are accounted for in accordance with the accounting policies set out in the Lloyds Bank plc Annual Report and Accounts 2025.

The Group's retained and purchased securitisation positions are accounted for in accordance with the Group's accounting policies as outlined in Note 2(E) (Accounting Policies: Financial Assets and Liabilities), pages 81 to 82, of the Lloyds Bank plc Annual Report and Accounts 2025.

The majority of the direct third party ABS and notes investments are accounted for at amortised cost on the balance sheet, with the remainder held at fair value through other comprehensive income or at fair value through profit or loss.

For those positions measured at fair value, further details on the valuation methodologies applied are outlined in Note 16 (Fair values of financial assets and liabilities), pages 106 to 112, of the Lloyds Bank plc Annual Report and Accounts 2025.

The Group works with various ECAIs when utilising external ratings for securitised transactions:

ECAI	Type of exposure rated
Fitch Ratings	Agricultural Mortgages, Auto Floorplans, Auto Leases, Auto Loans, Commercial Property, Consumer Loans, Credit Cards, Equipment Leases, Mortgages
Kroll Bond Rating Agency	Agricultural Mortgages
Moody's	Auto Leases, Auto Floorplans, Auto Loans, Commercial Property, Consumer Loans, Credit Cards, Mortgages, Premium Finance, Trade Receivables
Standard & Poor's	Auto Leases, Auto Floorplans, Auto Loans, Commercial Property, Consumer Loans, Credit Cards, Mortgages, SME Loans, Trade Receivables
DBRS	Auto Leases, Auto Loans, Consumer Loans, Credit Cards, Equipment Leases, Mortgages, Premium Finance

SECURITISATION (Continued)

SEC1: Securitisation exposures in the non-trading book

		31 Dec 2025															
		Institution acts as originator						Institution acts as sponsor				Institution acts as investor					
		Traditional		Synthetic				Traditional				Traditional					
		STS		Non-STS		of which SRT		Sub-total		STS		Non-STS		Synthetic		Sub-total	
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
1	Total exposures	—	—	1,068	—	14,836	14,836	15,904	805	3,403	—	4,208	8,845	10,201	—	19,046	
2	Retail (total)	—	—	1,068	—	—	—	1,068	600	2,861	—	3,461	7,622	7,883	—	15,504	
3	Residential mortgage	—	—	1,002	—	—	—	1,002	—	153	—	153	2,598	3,380	—	5,978	
4	Credit card	—	—	—	—	—	—	—	—	—	—	—	312	680	—	992	
5	Other retail exposures	—	—	66	—	—	—	66	600	2,708	—	3,308	4,712	3,823	—	8,534	
7	Wholesale (total)	—	—	—	—	14,836	14,836	14,836	205	542	—	747	1,223	2,318	—	3,542	
8	Loans to corporates	—	—	—	—	8,352	8,352	8,352	—	—	—	—	83	69	—	153	
9	Commercial mortgage	—	—	—	—	2,564	2,564	2,564	—	—	—	—	—	407	—	407	
10	Lease and receivables	—	—	—	—	—	—	—	205	418	—	623	915	1,430	—	2,345	
11	Other wholesale	—	—	—	—	3,920	3,920	3,920	—	124	—	124	225	412	—	637	
		31 Dec 2024															
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
1	Total exposures	—	—	2,255	—	14,207	14,207	16,462	765	3,680	—	4,445	6,896	10,799	—	17,696	
2	Retail (total)	—	—	2,255	—	—	—	2,255	570	3,095	—	3,665	6,511	7,753	—	14,264	
3	Residential mortgage	—	—	1,353	—	—	—	1,353	—	217	—	217	1,389	3,420	—	4,809	
4	Credit card	—	—	—	—	—	—	—	—	—	—	—	200	219	—	419	
5	Other retail exposures	—	—	902	—	—	—	902	570	2,878	—	3,449	4,922	4,113	—	9,036	
7	Wholesale (total)	—	—	—	—	14,207	14,207	14,207	195	585	—	780	386	3,046	—	3,432	
8	Loans to corporates	—	—	—	—	9,741	9,741	9,741	—	—	—	—	23	92	—	115	
9	Commercial mortgage	—	—	—	—	1,168	1,168	1,168	—	—	—	—	—	407	—	407	
10	Lease and receivables	—	—	—	—	—	—	—	195	467	—	661	188	2,143	—	2,331	
11	Other wholesale	—	—	—	—	3,298	3,298	3,298	—	118	—	118	175	404	—	579	

As a sponsor the Group manages and supports, through the provision of liquidity facilities, Cancara Asset Securitisation Limited, a fully supported ABCP conduit that invests in client assets. The volume of funded ABCP transactions at 31 December 2025 was US\$1,140m (£847m).

SECURITISATION (Continued)

SEC3: Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor

31 Dec 2025																		
	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap				
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions ¹	SEC- IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC- IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC- IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
1 Total exposures	11,710	7,195	1,190	16	—	12,338	5,272	2,502	—	3,402	1,179	678	—	272	94	54	—	
2 Traditional transactions	3,426	1,565	277	6	—	66	5,208	2	—	51	1,121	17	—	4	90	1	—	
3 Securitisation	3,426	1,565	277	6	—	66	5,208	2	—	51	1,121	17	—	4	90	1	—	
4 Retail underlying	3,007	1,361	153	6	—	66	4,461	2	—	51	938	17	—	4	75	1	—	
5 Of which STS	600	—	—	—	—	—	600	—	—	—	60	—	—	—	5	—	—	
6 Wholesale	419	204	124	—	—	—	747	—	—	—	183	—	—	—	15	—	—	
7 Of which STS	205	—	—	—	—	—	205	—	—	—	20	—	—	—	2	—	—	
9 Synthetic transactions	8,284	5,630	913	10	—	12,272	64	2,500	—	3,351	58	661	—	268	4	53	—	
10 Securitisation	8,284	5,630	913	10	—	12,272	64	2,500	—	3,351	58	661	—	268	4	53	—	
12 Wholesale	8,284	5,630	913	10	—	12,272	64	2,500	—	3,351	58	661	—	268	4	53	—	
31 Dec 2024																		
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
1 Total exposures	11,463	7,981	1,370	90	3	15,294	4,509	1,104	—	3,820	906	380	—	306	72	30	—	
2 Traditional transactions	4,420	2,094	163	19	3	2,255	4,445	—	—	550	819	—	—	44	65	—	—	
3 Securitisation	4,420	2,094	163	19	3	2,255	4,445	—	—	550	819	—	—	44	65	—	—	
4 Retail underlying	3,972	1,882	45	19	3	2,255	3,665	—	—	550	641	—	—	44	51	—	—	
5 Of which STS	570	—	—	—	—	—	570	—	—	—	57	—	—	—	5	—	—	
6 Wholesale	449	213	118	—	—	—	780	—	—	—	178	—	—	—	14	—	—	
7 Of which STS	195	—	—	—	—	—	195	—	—	—	19	—	—	—	2	—	—	
9 Synthetic transactions	7,043	5,887	1,206	71	—	13,039	64	1,104	—	3,269	87	380	—	262	7	30	—	
10 Securitisation	7,043	5,887	1,206	71	—	13,039	64	1,104	—	3,269	87	380	—	262	7	30	—	
12 Wholesale	7,043	5,887	1,206	71	—	13,039	64	1,104	—	3,269	87	380	—	262	7	30	—	

¹ Exposure values (by RW bands/deductions) in the 1250% RW/deductions column include exposures risk weighted at 1250% under the SEC-IRBA approach. These exposures are disclosed as SEC-IRBA in the subsequent columns.

SECURITISATION (Continued)

SEC4: Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor

		31 Dec 2025																
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC- IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC- IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC- IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Total exposures	18,632	414	—	—	—	—	2,532	16,514	—	—	324	2,195	—	—	26	176	—
2	Traditional transactions	18,632	414	—	—	—	—	2,532	16,514	—	—	324	2,195	—	—	26	176	—
3	Securitisation	18,632	414	—	—	—	—	2,532	16,514	—	—	324	2,195	—	—	26	176	—
4	Retail underlying	15,417	87	—	—	—	—	2,463	13,042	—	—	310	1,696	—	—	25	136	—
5	Of which STS	7,622	—	—	—	—	—	1,546	6,076	—	—	155	620	—	—	12	50	—
6	Wholesale	3,215	327	—	—	—	—	69	3,472	—	—	14	499	—	—	1	40	—
7	Of which STS	1,224	—	—	—	—	—	—	1,224	—	—	—	122	—	—	—	10	—
9	Synthetic transactions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
		31 Dec 2024																
1	Total exposures	16,411	1,285	—	—	—	—	2,300	15,396	—	—	306	2,237	—	—	24	179	—
2	Traditional transactions	16,411	1,285	—	—	—	—	2,300	15,396	—	—	306	2,237	—	—	24	179	—
3	Securitisation	16,411	1,285	—	—	—	—	2,300	15,396	—	—	306	2,237	—	—	24	179	—
4	Retail underlying	13,792	471	—	—	—	—	2,208	12,056	—	—	288	1,613	—	—	23	129	—
5	Of which STS	6,511	—	—	—	—	—	1,266	5,245	—	—	127	537	—	—	10	43	—
6	Wholesale	2,618	814	—	—	—	—	92	3,340	—	—	18	624	—	—	1	50	—
7	Of which STS	386	—	—	—	—	—	—	386	—	—	—	39	—	—	—	3	—
9	Synthetic transactions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

SECURITISATION (Continued)

SEC5: Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

	31 Dec 2025			31 Dec 2024		
	Exposures securitised by the institution - Institution acts as originator or as sponsor			Exposures securitised by the institution - Institution acts as originator or as sponsor		
	Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period	Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
	Of which exposures in default			Of which exposures in default		
	£m	£m	£m	£m	£m	
1 Total exposures	20,290	833	—	21,229	616	—
2 Retail (total)	3,700	643	—	5,324	512	—
3 Residential mortgage	2,967	630	—	3,796	488	—
4 Credit card	—	—	—	—	—	—
5 Other retail exposures	733	13	—	1,528	24	—
6 Re-securitisation	—	—	—	—	—	—
7 Wholesale (total)	16,590	190	—	15,905	104	—
8 Loans to corporates	9,560	110	—	11,127	72	1
9 Commercial mortgage	2,904	45	—	1,334	32	—
10 Lease and receivables	—	—	—	—	—	—
11 Other wholesale	4,126	35	—	3,444	—	(1)
12 Re-securitisation	—	—	—	—	—	—

MARKET RISK

Market risk is defined as the risk that the Group's capital or earnings profile is adversely affected by changes in market rates or prices, including, but not limited to, interest rates, foreign exchange, equity prices and credit spreads.

MRA: Qualitative disclosure requirements related to market risk

Trading portfolios

The Group's trading activity is small relative to its peers, with most of the trading activity residing within Lloyds Bank Corporate Markets plc, a fellow subsidiary of the Group's parent company (Lloyds Banking Group plc) which sits outside the ring-fence perimeter. The Group's trading activity is undertaken primarily to meet the financial requirements of commercial and retail customers for foreign exchange and interest rate products. These activities support customer flow and market making activities.

All trading activities are performed within the Commercial Banking division. While the trading positions taken are generally small, any extreme moves in the main risk factors and other related risk factors could cause significant losses in the trading book depending on the positions at the time.

Trading market risk measures are applied to all of the Group's regulatory trading books and they include daily VaR, sensitivity-based measures, and stress testing calculations.

A number of processes are in place to identify all the risk factors that the trading portfolio has exposure to and ensure that these are captured and treated as per the regulation.

The identification processes also cover the existing risk factors and can result in the requirement to update their categorisation or treatment.

Banking activities

The Group's banking activities expose it to the risk of adverse movements in market rates or prices, predominantly interest rates, credit spreads, exchange rates and equity prices. The volatility of market rates or prices can be affected by both the transparency of prices and the amount of liquidity in the market for the relevant asset, liability or instrument.

Interest rate risk exposure is monitored monthly using, primarily:

Market value sensitivity: this methodology considers all repricing mismatches (behaviourally adjusted where appropriate) in the current balance sheet and calculates the change in market value that would result from an instantaneous 25, 100 and 200 basis points parallel rise or fall in the yield curve. The market value sensitivities are calculated on a static balance sheet using principal cash flows excluding interest, commercial margins and other spread components and are discounted at the risk-free rate.

Interest income sensitivity: this measures the impact on future net interest income arising from various economic scenarios. These include instantaneous 25, 100 and 200 basis point parallel shifts in all yield curves and the Group economic scenarios. These scenarios are reviewed every year and are designed to replicate severe but plausible economic events, capturing risks that would not be evident through the use of parallel shocks alone such as basis risk and steepening or flattening of the yield curve.

For further information on the key market risks in relation to defined benefit pension schemes refer to page 58 of the Lloyds Bank plc Annual Report and Accounts 2025.

Structure and organisation

Market risk follows the Group's Risk Management Framework. For further information refer to page 10.

The Group Board's responsibilities include approving the Group's Board Risk Appetite, approving the Group's ERMF and monitoring the Group's aggregate risk exposure. The Group Board Risk Committee's (BRC) responsibilities include overseeing and challenging the development and implementation of the Group's overall risk management framework and its risk appetite.

GALCO is responsible for approving and monitoring market risk management techniques, market risk measures and behavioural assumptions. Various mitigation activities are assessed and undertaken across the Group to manage portfolios and seek to ensure they remain within approved limits. The mitigation actions will vary dependent on exposure but will, in general, look to reduce risk in a cost effective manner by offsetting balance sheet exposures and externalising to the financial markets dependent on market liquidity. The market risk policy is owned by Risk and refreshed at least annually. The policy is underpinned by supplementary market risk procedures, which define specific market risk management and oversight requirements.

GALCO and Group Market Risk Committee (GMRC) regularly review high level market risk exposures as part of the wider risk management framework. They also make recommendations to the Board concerning overall market risk appetite and market risk policy. Exposures at lower levels of delegation are monitored at various intervals according to their volatility, from daily in the case of trading portfolios to monthly or quarterly in the case of less volatile portfolios. Levels of exposures compared to approved limits and triggers are monitored by Risk and appropriate escalation procedures are in place.

The Group has an integrated Asset and Liability Management (ALM) system which supports non-traded asset and liability management of the Group.

The Group's policy is to optimise reward while managing its market risk exposures within the risk appetite defined by the Board. The Group market risk policy and procedures outlines the hedging process, and the centralisation of risk from divisions into Group Corporate Treasury (GCT), for example via the transfer pricing framework. GCT is responsible for managing the centralised risk and does this through natural offsets of matching assets and liabilities, and appropriate hedging activity of the residual exposures, subject to the authorisation and mandate of GALCO within the Board risk appetite. The hedges are externalised to the market by derivative desks within GCT and the Commercial Bank.

The Group mitigates income statement volatility through hedge accounting. This reduces the accounting volatility arising from the Group's economic hedging activities and any hedge accounting ineffectiveness is continuously monitored.

MARKET RISK (Continued)**MR1: Market risk under the standardised approach**

	31 Dec 2025	31 Dec 2024
	RWAs	RWAs
	£m	£m
Outright products		
1 Interest rate risk (general and specific)	177	291
2 Equity risk (general and specific)	—	—
3 Foreign exchange risk	—	—
4 Commodity risk	—	—
Options		
5 Simplified approach	—	—
6 Delta-plus approach	—	1
7 Scenario approach	—	—
8 Securitisation (specific risk)	—	—
9 Total	177	292

OPERATIONAL RISK

ORA: Qualitative information on operational risk

Operational risk is defined as the risk of actual or potential impact to the Group (financial and/or non-financial) resulting from inadequate or failed internal processes, people, and systems or from external events.

Resilience is core to the management of operational risk within the Group to ensure that business processes (including those that are outsourced) can withstand operational risks and can respond to and meet customer and stakeholder needs when continuity of operations is compromised.

Disclosure of the risk management objectives and policies

Information relating to objectives and policies can be found in the Lloyds Bank plc Annual Report and Accounts 2025, on page 28 for Compliance risk, on page 29 for Conduct risk, and on pages 60 to 62 for Operational risk.

Approaches for assessment of own funds requirements

The Group measures its operational risk capital requirement using the Standardised Approach.

OR1: Operational risk own funds requirements and risk-weighted exposure amounts

	31 Dec 2025			Own funds requirements £m	Risk weighted exposure amount £m
	Relevant indicator				
	2023 £m	2024 £m	2025 £m		
Banking activities					
2 Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	16,876	15,320	16,127	2,083	26,038
3 Of which: Subject to TSA	16,876	15,320	16,127		

LIQUIDITY

LIQA: Liquidity risk management

Strategies and processes in the management of the liquidity risk

The Group manages and monitors liquidity risks and ensures that liquidity risk management systems and arrangements are adequate with regard to the internal risk appetite, Group strategy and regulatory requirements.

Liquidity policies are owned by the Risk function and related procedures are subject to independent internal oversight by the Risk function. Overseas branches and subsidiaries of the Group may also be required to meet the liquidity requirements of the entity's domestic country.

The Group's funding and liquidity position is underpinned by its significant customer deposit base, and is supported by strong relationships across customer segments.

The Group plans funding requirements over its planning period, combining business as usual and stressed conditions. 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.

Structure and organisation of the liquidity risk management function

The Group's Board develops the Group strategy within the boundaries set by the Group Risk Appetite which is reviewed and approved at least annually. The Group Board Risk Committee is responsible for reviewing the Group Risk Appetite, Group Risk Management Framework (Group RMF) and risk culture. The Group RMF is supplemented with additional tailored practices to address the Group specific requirements.

The Group and Ring-Fenced Banks Asset and Liability Committee (GALCO) is responsible for reviewing and determining the appropriate allocation of capital, funding and liquidity and market risk resources. GALCO is supported by Divisional ALCOs, second line risk committees and Group Corporate Treasury (GCT) in managing liquidity risk. The Group RMF is implemented through a Three Lines of Defence model which defines clear responsibilities and accountabilities ensuring effective independent oversight and assurance of key decisions.

A description of the degree of centralisation of liquidity management and interaction between the group's units

GCT is responsible for the Group's overall day-to-day liquidity risk management. Liquidity is managed on a legal entity basis, with liquidity only being transferable between legal entities upon agreement on an arm's length basis. Each liquidity group has a distinct liquidity risk appetite and will manage liquidity separately, in line with Group policy.

The Group operates a Liquidity Transfer Pricing process which allocates relevant interest expenses from the centre to the Group's banking businesses within the internal management accounts, and helps drive the correct inputs to customer pricing.

Scope and nature of liquidity risk reporting and measurement systems.

Liquidity risk monitoring and reporting is managed through a series of measures, tests and reports that are primarily based on contractual maturities with behavioural overlays as appropriate. The Group undertakes both quantitative and qualitative analysis of the behavioural aspects of its assets and liabilities to reflect their expected behaviour.

The Group's liquidity risk reporting utilises the Group's strategic Liquidity Reporting System, which is used for both external regulatory reporting and a range of other internal liquidity metrics including the internal liquidity stress test.

Daily monitoring and control processes are in place to address both internal and regulatory liquidity reporting and measurement which include key ratios such as LCR, Internal Liquidity Stress Testing and NSFR.

The Group monitors a range of market and internal early warning indicators daily for early signs of liquidity risk in the market or specific to the Group. These are a mixture of quantitative and qualitative measures, including but not limited to, wholesale funding concentration and maturity profiles, change in customer deposits, and widening Credit Default Swap spreads.

Policies for hedging and mitigating the liquidity risk and strategies and processes

The Group manages its liquidity position both with regard to its internal risk appetite, the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as required by the PRA, the Capital Requirements Directive (CRD V) and the Capital Requirements Regulation (CRR) liquidity requirements.

To mitigate liquidity risk, the Group holds a liquidity buffer consisting of central bank reserves and other diversified high quality liquid assets to mitigate potential liquidity outflow risks as indicated under the LCR and internal liquidity stress scenarios. The Group has access to a range of central bank facilities and has pre-positioned a substantial amount of assets at the Bank of England, which can be used to access additional liquidity in a time of stress. The Group considers diversification across geography, currency, markets and tenor when assessing appropriate holding of liquid assets.

An outline of the bank's contingency funding plans

The Group maintains a Liquidity Contingency Framework as part of the wider Recovery Plan which is reviewed and tested regularly and is designed to identify emerging liquidity concerns at an early stage, so that mitigating actions can be taken to avoid a crisis developing. The Liquidity Contingency Framework has a foundation of robust and regular monitoring and reporting of KPIs, EWIs and Risk Appetite by both GCT and the Risk function up to and including Board level. Where movements in any of these metrics and indicator suites point to a potential issue, SME teams and their Directors will escalate this information as appropriate.

An explanation of how stress testing is used

The Group carries out internal stress testing of its liquidity and potential cash flow mismatch position over both short (up to one month) and longer-term horizons against a range of severe but plausible stress scenarios forming an important part of the internal risk appetite.

The scenarios and assumptions are reviewed at least annually to ensure that they continue to be relevant to the nature of the business, including reflecting emerging horizon risks to the Group. These are reviewed and challenged by the Risk function and approved by the Board.

A declaration approved by the management body on the adequacy of liquidity risk management

The Group Board confirm the adequacy of our liquidity risk management arrangements, including compliance with the PRA's Overall Liquidity Adequacy Rule, annually via the Group's Internal Liquidity Adequacy Assessment Process (ILAAP). The ILAAP documents and

LIQUIDITY (Continued)

demonstrates that the Group maintains liquidity resources which are adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due.

A concise liquidity risk statement approved by the management body

The Board approves the Group's Funding and Liquidity management framework, as defined by the Group RMF, and approves the Group's Liquidity Risk Appetite Statement; that liquidity risk appetite is maintained above regulatory minima in a severe but plausible stress for a reasonable time-period, relying on non-franchise damaging management actions.

LIQUIDITY (Continued)

The table below presents the breakdown of the Group'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 Dec 2025	30 Sep 2025	30 Jun 2025	31 Mar 2025	31 Dec 2025	30 Sep 2025	30 Jun 2025	31 Mar 2025
Number of data points used in the calculation of averages		12	12	12	12	12	12	12	12
High-quality liquid assets (£m)									
1	Total high-quality liquid assets (HQLA)					104,542	105,580	105,466	106,882
Cash - outflows (£m)									
2	Retail deposits and deposits from small business customers, of which:	354,850	353,060	350,642	347,354	22,074	22,740	23,118	22,837
3	Stable deposits	254,612	263,154	270,322	268,601	12,731	13,158	13,516	13,430
4	Less stable deposits	77,320	79,853	80,320	78,753	9,343	9,582	9,602	9,407
5	Unsecured wholesale funding	86,789	85,742	84,934	85,360	43,720	42,962	42,330	42,659
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	24,416	24,475	24,111	23,757	6,104	6,119	6,028	5,940
7	Non-operational deposits (all counterparties)	60,550	59,420	59,088	59,690	35,793	34,996	34,567	34,806
8	Unsecured debt	1,823	1,847	1,735	1,913	1,823	1,847	1,735	1,913
9	Secured wholesale funding					80	58	52	40
10	Additional requirements	48,308	47,627	47,287	47,441	12,787	12,833	13,349	14,157
11	Outflows related to derivative exposures and other collateral requirements	5,324	5,414	6,079	6,930	5,324	5,414	6,080	6,930
12	Outflows related to loss of funding on debt products	470	578	582	672	470	578	582	672
13	Credit and liquidity facilities	42,514	41,635	40,626	39,839	6,993	6,841	6,687	6,555
14	Other contractual funding obligations	603	592	578	555	166	161	159	156
15	Other contingent funding obligations	88,197	87,832	87,734	88,062	4,350	4,222	4,066	4,017
16	Total cash outflows					83,177	82,976	83,074	83,866
Cash - inflows (£m)									
17	Secured lending (e.g. reverse repos)	14,219	14,037	13,735	14,262	87	118	157	186
18	Inflows from fully performing exposures	6,137	6,101	6,243	6,233	4,405	4,402	4,514	4,510
19	Other cash inflows	1,303	849	787	951	1,252	796	731	892
20	Total cash inflows	21,659	20,987	20,765	21,446	5,744	5,316	5,402	5,588
UK-20c	Inflows subject to 75% cap	21,642	20,932	20,593	21,275	5,744	5,316	5,402	5,588
Total adjusted value									
UK-21	Liquidity buffer (£m)					104,542	105,580	105,466	106,882
22	Total net cash outflows (£m)					77,433	77,660	77,672	78,278
23	Liquidity coverage ratio (%)					135%	136%	136%	137%

LIQUIDITY (Continued)**LIQB: Qualitative information on LCR**

The Group's LCR disclosure (based on a simple monthly average over the previous 12 months) reduced to 135% at 31 December 2025. The decrease of 1 percentage point from the prior quarter was primarily due to a reduction in liquid assets from growth in lending and TFSME repayments, partially offset by an increase in customer deposits and wholesale funding. The 2 percentage point decrease from 31 December 2024 (137%) is also driven by a reduction in liquid assets, primarily from growth in lending and TFSME repayments, partially offset by an increase in customer deposits. Net cash outflows also decreased, primarily from a reduction in outflows related to derivative exposures arising from historic market volatility.

The Group's funding and liquidity position is underpinned by its significant customer deposit base and is supported by strong relationships across customer segments. Other sources of funding include a range of wholesale unsecured and secured 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 Group's liquidity buffer consists almost entirely of Level 1 assets. Level 1 assets are primarily held as central bank reserves and UK government bonds.

The Group'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.

The Group'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 Group committee level.

LIQUIDITY (Continued)

LIQ2: Net Stable Funding Ratio

		Unweighted value by residual maturity				Weighted value £m
		No maturity £m	< 6 months £m	6 months to < 1yr £m	≥ 1yr £m	
Available stable funding (ASF) Items						
1	Capital items and instruments:	35,305	1,234	834	11,101	46,406
2	Own funds	35,305	1,230	832	10,865	46,170
3	Other capital instruments		4	2	236	236
4	Retail deposits:		343,868	8,026	3,142	333,550
5	Stable deposits		267,040	7,020	2,725	263,083
6	Less stable deposits		76,828	1,006	417	70,467
7	Wholesale funding:		150,279	12,360	44,121	89,390
8	Operational deposits		24,480	—	—	12,240
9	Other wholesale funding		125,799	12,360	44,121	77,150
10	Interdependent liabilities		—	—	—	—
11	Other liabilities:	—	3,332	—	8,829	8,830
12	NSFR derivative liabilities	—				
13	All other liabilities and capital instruments not included in the above categories		3,332	—	8,829	8,830
14	Total available stable funding (ASF)					478,176
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					4,217
UK-15a	Assets encumbered for more than 12m in cover pool		410	357	13,506	12,132
16	Deposits held at other financial institutions for operational purposes		—	—	—	—
17	Performing loans and securities:		50,892	26,917	425,001	339,185
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		25,260	6,487	10,275	13,518
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		5,295	3,499	7,073	9,224
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		10,464	8,844	92,731	89,443
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		—	—	—	—
22	Performing residential mortgages, of which:		6,136	4,955	308,930	218,751
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		5,715	4,565	284,620	197,446
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		3,737	3,132	5,992	8,249
25	Interdependent assets		—	—	—	—
26	Other assets:	10,507	1,149	179	27,948	37,280
27	Physical traded commodities				—	—
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs			3,099		2,634
29	NSFR derivative assets			6,226		6,226
30	NSFR derivative liabilities before deduction of variation margin posted			1,182		59
31	All other assets not included in the above categories		1,149	179	27,948	28,361
32	Off-balance sheet items		132,055	—	—	7,793
33	Total RSF					400,607
34	Net Stable Funding Ratio (%)					119%

ASSET ENCUMBRANCE

AE1: Encumbered and unencumbered assets

The table below provides a median view of encumbered and unencumbered assets over the period 31 December 2024 to 31 December 2025.

		31 Dec 2025							
		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA	
		£m	£m	£m	£m	£m	£m	£m	£m
010	Total Assets	76,618	17,282			547,336	56,634		
030	Equity instruments	—	—	—	—	360	—	360	—
040	Debt securities ¹	12,982	12,040	12,982	12,040	32,192	27,370	32,192	27,370
050	of which: covered bonds	2	2	2	2	3,205	3,178	3,205	3,178
060	of which: securitisations	774	—	774	—	3,697	1,621	3,697	1,621
070	of which: issued by general governments	9,938	9,938	9,938	9,938	18,024	14,838	18,024	14,838
080	of which: issued by financial corporations	2,302	1,779	2,302	1,779	14,331	11,946	14,331	11,946
090	of which: issued by non-financial corporations	4	4	4	4	—	—	—	—
120	Other assets	64,664	5,243			513,949	27,931		

		31 Dec 2024							
		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA	
		£m	£m	£m	£m	£m	£m	£m	£m
010	Total Assets	85,958	12,715			520,785	62,491		
030	Equity instruments	—	—	—	—	212	—	212	—
040	Debt securities ¹	10,694	7,568	10,694	7,568	30,140	25,952	30,140	25,952
050	of which: covered bonds	189	189	189	189	4,226	4,188	4,226	4,188
060	of which: securitisations	1,559	—	1,559	—	1,748	1,390	1,748	1,390
070	of which: issued by general governments	7,510	6,526	7,510	6,526	14,211	12,192	14,211	12,192
080	of which: issued by financial corporations	2,949	1,193	2,949	1,193	17,041	12,777	17,041	12,777
090	of which: issued by non-financial corporations	—	—	—	—	49	13	13	13
120	Other assets	76,428	5,147			489,866	36,485		

¹ Includes debt securities accounted for as financial assets at fair value through profit or loss, financial assets at amortised cost and financial assets at fair value through other comprehensive income.

ASSET ENCUMBRANCE (Continued)

AE2: Collateral received and own debt securities issued

		31 Dec 2025				31 Dec 2024			
		Fair value of encumbered collateral received or own debt securities issued		Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance		Fair value of encumbered collateral received or own debt securities issued		Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance	
		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA	
		£m	£m	£m	£m	£m	£m	£m	£m
130	Collateral received by the reporting institution	20,280	20,280	36,321	35,007	17,048	15,988	37,041	35,659
160	Debt securities ¹	20,280	20,280	36,321	35,007	17,048	15,988	37,041	35,659
170	of which: covered bonds	8	8	2,413	2,404	308	308	2,199	2,199
180	of which: securitisations	—	—	506	506	32	28	478	486
190	of which: issued by general governments	19,639	19,639	31,058	29,933	15,495	15,165	32,189	30,830
200	of which: issued by financial corporations	644	644	3,355	3,344	1,264	821	3,266	2,868
210	of which: issued by non-financial corporations	112	112	1,754	1,745	80	80	1,604	1,604
241	Own covered bonds and asset-backed securities issued and not yet pledged			5,121	—			8,049	—
250	Total assets, collateral received and own debt securities issued	97,212	40,472			103,959	28,419		

¹ Includes debt securities accounted for as financial assets at fair value through profit or loss, financial assets at amortised cost and financial assets at fair value through other comprehensive income.

AE3: Source of encumbrance

		31 Dec 2025		31 Dec 2024	
		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		£m	£m	£m	£m
010	Carrying amount of selected financial liabilities ¹	77,539	90,829	76,116	94,455

¹ Consists of derivatives, deposits and debt securities issued.

ASSET ENCUMBRANCE (Continued)**AE4: Accompanying narrative information****Information on asset encumbrance**

The reported values represent the median of encumbered and unencumbered assets over the period 31 December 2024 to 31 December 2025.

Encumbered assets and encumbered collateral received have decreased on a median basis in 2025 compared to the prior year. This is largely driven by the Group's Term Funding Scheme with additional incentives for SMEs (TFSME) repayment profile in 2024/25.

Information on the impact of the business model on levels of encumbrance and the importance of encumbrance on the funding model

The Group Asset and Liability Committee monitor and manage balance sheet encumbrance, including via a defined risk appetite. The Group primarily encumbers mortgages and credit card receivables through the issuance of covered bonds and securitisation and by way of its participation in the Bank of England's Sterling Monetary Framework together with tradable securities through securities financing activity via repo and stock lending. The majority of assets encumbered are in the UK banking entities with no significant intragroup encumbrance. In covered bonds and securitisations, the Group will encumber assets in excess of the matching liabilities in line with the requirements of the relevant programmes.

The Group provides collateralised security financing services to its clients, providing them with cash financing or specific securities. Collateralised security financing is also used to manage the Group's own short-term cash and collateral needs. In terms of securities accepted as collateral, mandates are asset class and credit rating driven with appropriate notional limits per rating, asset and individual bond concentration. The majority of collateral the Group uses in repo/reverse repo and stock lending/stock borrowing transactions is investment grade government issued, primarily UK Government debt.

The Group separately identifies unencumbered assets which are available to meet any future possible funding requirements.

INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

IRRBB: IRRBB risk management objectives and policies

Risk control and measurement of IRRBB

The Group generates interest rate risk by virtue of the origination of customer assets and liabilities and any mismatch between these.

Interest rate risk can change the value of the Group's cash flows/income in a number of ways. The main sources of interest rate risk in the banking book are yield curve changes, basis risk, margin risk, rate reset risk, prepayment risk, withdrawal risk, other embedded optionality and pre-hedging risk.

The Board is responsible for approving the Group's Board risk appetite statement annually. Group Board-level metrics are augmented by further sub-Board-level metrics and cascaded into more detailed business appetite metrics and limits. The Group risk appetite is cascaded first to the Group Asset and Liability Committee (GALCO), chaired by the Chief Financial Officer, where risk appetite is approved and monitored by risk type, and then to the Group Market Risk Committee (GMRC) where risk appetite is sub-allocated by division. These metrics are reviewed regularly by senior management to inform effective decision-making.

The 'three lines of defence' model defines clear responsibilities and accountabilities and ensures effective independent oversight and assurance activities take place covering key decisions.

IRRBB management and mitigation strategies

GALCO is responsible for approving and monitoring Group market risks, management techniques, measures and behavioural assumptions. Various mitigation activities are assessed and undertaken across the Group to manage portfolios and seek to ensure they remain within approved limits. The mitigation actions will vary dependent on exposure but will, in general, look to reduce risk in a cost effective manner by offsetting balance sheet exposures and externalising to the financial markets dependent on market liquidity.

The periodicity of the calculation of the institution's IRRBB measures, and a description of the specific risk measures that the institution uses to gauge its sensitivity to IRRBB, including changes to its economic value and earnings

Interest rate risk exposure is monitored monthly using, primarily:

- Market value sensitivity: this methodology considers all repricing mismatches (behaviourally adjusted where appropriate) in the current balance sheet and calculates the change in market value.
- Interest income sensitivity: this measures the impact on future net interest income arising from various economic scenarios.

Supplementary measures such as sensitivity and exposure limits are applied where they provide greater insight into risk positions.

Frequency of reporting supplementary measures varies from daily to quarterly appropriate to each risk type.

A description of the interest rate shock and stress scenarios that the institution uses to estimate changes in its economic value and in earnings

The change in market value is measured as a result from an instantaneous 25, 100 and 200 basis points parallel rise or fall in the yield curve.

For interest income sensitivities, scenarios include instantaneous 25, 100 and 200 basis point parallel shifts in all yield curves along with the Group economic scenarios.

These scenarios are reviewed every year and are designed to replicate severe but plausible economic events, capturing risks that would not be evident through the use of parallel shocks alone such as basis risk and steepening or flattening of the yield curve.

Additionally, the Group monitors the changes in economic value of equity (EVE) and net interest income (NII) against the six scenarios prescribed by the PRA. These included parallel shocks along with steepener, flattener, short rates up and short rates down scenarios. From the six scenarios prescribed by the PRA, net interest income sensitivity is measured against the parallel up and parallel down shocks. Results of which are found in table IRRBB1.

Key modelling and parametric assumptions used in calculating change in economic value of equity (Δ EVE) and change in net interest income (Δ NII) in UK IRRBB1

The Group has applied the rules set out by the regulator in Annex XXXVII of the Disclosure (CRR) requirements of the PRA Rulebook in the calculation of both EVE and NII sensitivity. A high-level description of key modelling and parametric assumptions for each metric is given below:

EVE Sensitivity

- The spot balance sheet as at the reporting date is assumed to run off - cashflows are grouped into the appropriate duration.
- Equity is excluded from the calculation given the purpose of the calculation is to assess the sensitivity of the Group's economic value of equity.
- Dynamic prepayment profiles are applied to the Group's mortgage book for each of the 6 prescribed interest rate shocks. Prepayment and early withdrawal assumptions are also applied to other lending products and fixed term deposits respectively. Material assumptions used in the measurement of market risk are reviewed by Business Units and Risk before approval at the appropriate ALCO at least every 12 months.
- Interest cashflows are included until the next reset date or maturity date (whichever is first).
- Commercial margins have been included and the discount rate used is the risk free rate.
- Non maturing deposits (NMDs) are assumed to reprice overnight unless deemed interest rate insensitive, in which case the Group's own assessment of duration is applied.
- The yield curve at the report date is instantaneously shocked in line with the six prescribed interest rate scenarios.
- There is no correlation assumed between currencies. As prescribed by the regulations, positive economic value changes in any individual currency are weighted at 50% and adverse changes are weighted at 100%.

NII Sensitivity

- Balance sheet volumes and margins are held static for the 12 month calculation period - new business replaces maturing business on a like for like basis.
- Behavioural and pass on assumptions are applied for managed rate products.
- The calculation includes product specific flooring where appropriate.
- The calculation doesn't include the impact of any management actions which may be taken in the prescribed interest rate scenarios.

INTEREST RATE RISK IN THE BANKING BOOK (IRRBB) (Continued)

Significant modelling assumptions used in the institution's internal measurement systems (IMS) for purposes other than disclosure that differ from the modelling assumptions prescribed for the disclosure in UK IRRBB1, including their directional implications and the rationale for those differences

The Group's approach to the internal calculation of value sensitivity includes equity, which is assumed to reprice to an agreed profile, this significantly reduces the value sensitivity in an upward rate shock.

The interest rate pass on assumption used for NII disclosures is an illustrative percentage which differs from the more granular assumptions used internally. In addition, internal models use a forecast of balance sheet and margins rather than the static approach required by the regulation. As a result, internal models show a lower level of risk under the two prescribed scenarios.

A high-level description of how the institution hedges its IRRBB, as well as the associated accounting treatment

The Group's policy is to optimise reward while managing its market risk exposures within the risk appetite defined by the Board. The Group market risk policy and procedures outlines the hedging process, and the centralisation of risk from business units into Group Corporate Treasury (GCT), e.g. via the transfer pricing framework. GCT is responsible for managing the centralised risk and does this through natural offsets of matching assets and liabilities, and appropriate hedging activity of the residual exposures, subject to the authorisation and mandate of GALCO within the Board risk appetite. The hedges are externalised to the market by derivative desks within GCT and the Commercial Bank. The Group mitigates income statement volatility through hedge accounting. This reduces the accounting volatility arising from the Group's economic hedging activities and any hedge accounting ineffectiveness is continuously monitored.

The largest residual risk exposure arises from balances that are deemed to be insensitive to changes in market rates (including current accounts, a portion of variable rate deposits and investable equity), and is managed through the Group's structural hedge. Consistent with the Group's strategy to deliver stable returns, GALCO seeks to minimise large reinvestment risk, and to smooth earnings over a range of investment tenors. The structural hedge consists of longer term fixed rate assets or interest rate swaps and the amount and duration of the hedging activity is reviewed regularly by GALCO.

The Group's exposure to pipeline and prepayment risks are managed through hedging in line with expected customer behaviour. These are appropriately monitored and controlled through divisional Asset and Liability Committees (ALCOs).

Any other information which the institution wishes to disclose regarding its interpretation of the significance and sensitivity of the IRRBB measures disclosed and/or an explanation of any significant variations in the level of the reported IRRBB since previous disclosures

EVE Sensitivity: The Group monitors EVE sensitivity monthly ensuring compliance with the Δ EVE as a percentage of Tier 1 capital regulatory limit of 15%. The most severe outcome for the Group is the parallel up scenario driven by the exclusion of the Group's own equity.

NII Sensitivity: The Group also monitors NII sensitivity against the two prescribed parallel shocks on a quarterly basis. The most severe outcome for the Group is the parallel down scenario, with the main drivers being structural interest rate hedging and margin compression on managed rate deposits. NII sensitivity has increased in 2025 following Bank Rate cuts, resulting in higher deposit margin compression in a parallel down scenario. Product specific floors are based on internal assumptions.

IRRBB1: Quantitative information on IRRBB

The table below shows the Group's exposure to movements in interest rates based on the 6 prescribed scenarios defined by rule 9.7 of the ICAAP part of the PRA Rulebook.

Average repricing maturity assigned to non-maturing deposits (NMDs).

The average repricing maturity of the Group's NMDs is 1.9 years. The calculation includes both profiled balances and those that are assumed to reprice overnight.

Longest repricing maturity assigned to NMDs.

The longest repricing maturity assigned to NMDs is 10 years.

		Δ EVE		Δ NII		Tier 1 capital	
		31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
		£m	£m	£m	£m	£m	£m
010	Parallel shock up	(4,280)	(3,582)	1,050	1,070		
020	Parallel shock down	1,579	1,306	(1,567)	(1,440)		
030	Steeper shock	(971)	(309)				
040	Flattener shock	104	(222)				
050	Short rates shock up	(1,296)	(1,447)				
060	Short rates shock down	290	482				
070	Maximum	(4,280)	(3,582)	(1,567)	(1,440)		
080	Tier 1 capital					31,835	31,305

REMUNERATION

REMA: Remuneration Policy

This section discloses information relating to the Group's remuneration policies, structure and governance. The remuneration principles and practices detailed in the Directors' Remuneration Report (DRR) in the Lloyds Banking Group Annual Report and Accounts 2025 on pages 98 to 133 apply to MRTs and non-MRTs in the same way as to Executive Directors (other than where noted in the DRR).

The Group has applied the Remuneration Part of the PRA's Rulebook, and SYSC 19 of the Financial Conduct Authority's Handbook as well as associated guidance, to determine which colleagues should be identified as MRTs. MRTs are colleagues who are considered to have a material impact on the Group's risk profile, and include, but are not limited to:

- Board Executive Directors, Board Non-Executive Directors and members and attendees of the Group Executive Committee (GEC) and their respective executive level direct reports
- Business and Function Heads and their respective direct reports. Senior Management Function (SMF) holders and certain Certified roles
- Other highly remunerated individuals whose activities could have a material impact on the Group's risk profile

Remuneration Policy

The implementation of the Group's remuneration policy and practices is overseen by the Group Remuneration Committee (Committee). The Committee's Terms of Reference are available on the Lloyds Banking Group plc website, www.lloydsbankinggroup.com/who-we-are/group-overview/corporate-governance.html.

During 2025 the RFB Remuneration Committee comprised five non-executive directors, led by Catherine Turner as Committee Chair, and held six scheduled meetings. Sir Robin Budenberg attends the Committee in his role as Group Chair.

The overarching purpose of the Committee is to oversee the design of, and recommend to the Board an overall remuneration policy for the Group that is aligned with its long-term business strategy, its business objectives, its risk appetite, purpose and values and the long-term interests of the Group, and recognises the interests of relevant stakeholders, including the wider workforce.

The remuneration policy governs all aspects of remuneration and applies in its entirety firm-wide to all colleagues, contractors, seconded and temporary staff, including MRTs, in all entities and subsidiaries in the Group, including wholly owned overseas businesses.

The Committee reviews the policy annually and monitors the level and structure of remuneration for Executive Directors, GEC members and attendees, senior risk and compliance officers, high earners and any other MRTs. No material changes were made to the policy in 2025.

In 2025, the Committee performed a thorough review of the Directors' Remuneration Policy (DRP) to inform changes for 2026, to more closely align variable reward outcomes with the delivery of the Group's strategy. Further details are set out in the DRR. The new DRP will be put forward to shareholders for approval at the AGM in 2026.

Governance and Risk Management

An essential component of the approach to remuneration is the governance process that underpins it. This ensures that the policy is robustly applied and risk is managed appropriately.

In addition to setting the overall remuneration policy and philosophy for the Group, the Committee ensures that colleagues who could have a material impact on the Group's risk profile are not rewarded for excessive risk taking but provided with appropriate incentives that recognise their individual contribution to the success of the Group.

A strong risk governance model is in place which manages against the Group's appetite for risk. The risk types considered are set out in the Risk Management Framework and include for example, conduct risk, operational risk, and regulatory and legal risk.

The Committee ensures that the aggregate variable remuneration for all colleagues is appropriate and balanced with the interests of shareholders and all other stakeholders.

Design and Structure of Remuneration

When establishing the remuneration policy and associated frameworks, the Group is required to consider its size, organisation and the nature, scope and complexity of its activities. For the purpose of remuneration regulation, the Group is treated as a proportionality level 1 firm and therefore subject to the more stringent remuneration rules.

Remuneration is delivered via a combination of fixed and variable remuneration. Fixed remuneration reflects the role, responsibility and experience of a colleague. Variable remuneration is based on an assessment of individual, business area and Group performance. The mix of variable and fixed remuneration is driven by seniority and role. Taking into account the expected value of awards, the performance-related elements of pay make up a considerable proportion of the total remuneration package for MRTs, whilst maintaining an appropriate balance between the fixed and variable elements.

The Group has set a variable to fixed pay ratio for its MRTs of up to 8:1.

Remuneration for control functions is set in relation to benchmark market data to ensure that it is possible to attract and retain staff with the appropriate knowledge, experience and skills. An appropriate balance between fixed and variable compensation supports this approach. Generally, control function staff receive a higher proportion of fixed remuneration than other colleagues. Particular attention is paid to ensure remuneration for control function staff is linked to the performance of their function and independent from the business areas they control.

A summary of the different remuneration elements for Board members, Executive Directors, GEC members, other MRTs and all other employees is included in the DRR. Further information on the Group Performance Share, the Long-Term Incentive Plan, Fixed Share Awards and Role Based Allowances is provided under "Link between Pay and Performance" below.

Link between Pay and Performance

The Group's approach to reward is intended to provide a clear link between remuneration and delivery of the Group's purpose and strategy. To this end, the performance management process has been developed, with input from Group Risk, to ensure there is a clear alignment between award outcomes and individual contribution, performance, behaviours and growth.

Group Performance Share

The Group operates an annual discretionary bonus plan (the Group Performance Share or GPS) designed to reflect specific goals linked to the performance of the Group. These are captured in our balanced scorecard which provides transparency on how our Group performance directly aligns with remuneration outcomes for colleagues, including for executive directors. Further details on performance criteria and metrics are provided in the DRR.

REMUNERATION (Continued)

All MRTs (excluding non-executive directors) participate in the GPS. Individual awards are based upon individual financial and non-financial performance, including risk management performance, as well as the Group's overall results. The Group's total risk-adjusted GPS pool outcome is determined by the Committee annually having considered a range of factors including the Group's financial and non-financial performance, variable reward market positioning, and collective and discretionary adjustments to reflect risk matters and/or other factors.

The Committee receives input from the Chief Risk Officer, approved by the Board Risk Committee, to ensure that the GPS outcome properly reflects risk considerations including whether the proposed GPS outcome and performance assessments adequately reflect the risk appetite and framework of the Group; whether it takes account of current and future risks; and whether any further risk adjustment is recommended.

In addition, the Committee and/or Board Risk Committee may also use Performance adjustment which may result in a reduction of up to 100 per cent of the discretionary annual bonus (GPS) opportunity for the relevant period. It can be applied on a collective or individual basis. When considering collective adjustment, a report is submitted to the Committee regarding any adjustments required to balanced scorecards or the overall GPS and outcome to reflect in-year or prior year risk matters.

Further details on the circumstances in which Performance adjustment are considered are set out in the DRR.

Long Term Incentive Plan

The Long-Term Incentive Plan is designed to deliver alignment with our strategic objectives by supporting a more demanding performance culture and providing the opportunity to directly link vesting outcomes to delivery of the strategy and the realisation of its benefits for shareholders. Only members of the Group Executive Committee, including the executive directors, are eligible to participate in the plan.

Awards are subject to forward looking performance measures over a period of not less than 3 years (as determined by the Committee) based on financial metrics, strategic targets and environmental measures all of which are set out in the annual report on remuneration each year.

The Committee retains full discretion to amend the vesting levels should the outcome not reflect business and/or individual performance including risk and conduct outcomes. The Committee may reduce (including to zero) the level of the award, apply additional conditions to the vesting, or delay the vesting of awards to a specified date or until conditions set by the Committee are satisfied, where it considers it appropriate.

Fixed share award / Role-based allowance

The fixed share award, made annually, delivers Lloyds Banking Group shares over a period of three years. Role based allowances are delivered monthly in cash. The purpose of the fixed share award/ role-based allowance is to ensure that total fixed remuneration is commensurate with the role, responsibilities and experience of the individual; provides a competitive reward package; and is appropriately balanced with variable remuneration, in line with regulatory requirements.

The fixed share award and role-based allowance can be amended or withdrawn in the following circumstances:

- to reflect a change in role;
- to reflect a Group leave policy (e.g. parental leave or sickness absence);
- termination of employment with the Group;
- if the award would be inconsistent with any applicable legal, regulatory or tax requirements or market practice.

Fixed Share awards and Role based allowances are generally only applicable to the Group's most senior colleagues, including those performing a Senior Management Function role.

Deferral, vesting and performance adjustment

For all MRTs, variable remuneration is subject to deferral and post-vesting holding periods in line with the regulatory requirements. At least 40 per cent of MRT variable remuneration is deferred and at least 50 per cent is delivered in Lloyds Banking Group Shares.

Any deferred variable remuneration amount may be subject to performance adjustment (malus) in accordance with the Group's Deferral and Performance Adjustment Policy.

100 per cent of MRTs' variable remuneration can be recovered from colleagues up to seven years after the date of award in the case of a material or severe risk event (clawback). For Senior Management Function holders, this period may be extended to ten years where there is an ongoing internal or regulatory investigation. Clawback may be used alongside other performance adjustment processes.

The application of clawback will generally be considered when:–

- there is reasonable evidence of employee misbehaviour or material error; or
- there is material failure of risk management at a Group, business area, division and/or business unit level.

De Minimis

In 2025, the Ring Fenced Bank relied on the 'de minimis' derogation under Sections 12.2(2) and 15.A1 (3) of the PRA Rulebook (Remuneration Part), and the equivalent provisions of SYSC 19D, in respect of the number of individuals (including non-executive directors) as detailed in the table below, and to each of whom Sections 12.2 and 15.15 to 15.19 of the PRA Rulebook (Remuneration Part) (and the equivalent provisions of SYSC 19D) therefore did not apply.

De-Minimis	Total Fixed Remuneration (£)	Total Variable Remuneration (£)	Total Remuneration (£)
32	7,791,406	632,500	8,423,906

Guaranteed variable remuneration

Guarantees, such as lost opportunity awards made to compensate for bonus awards that have been forfeited upon resignation, may only be offered in exceptional circumstances to new hires for the first year of service and in accordance with regulatory requirements.

Any awards made to new hires in the form of a buyout award to compensate them for unvested variable remuneration they forfeit on leaving their previous employment will be subject to appropriate retention, deferral, performance and clawback arrangements in accordance with applicable regulatory requirements.

Retention awards may be made to existing colleagues in limited circumstances and are subject to prior regulatory approval in line with applicable regulatory requirements.

REMUNERATION (Continued)**Shareholding requirement**

Shareholding requirements apply to Executive Directors as set out in the DRR. GEC members are required to hold a shareholding equivalent to 100% of their base salary and any Role Based Allowance.

Termination payments

It is the Group's policy that for Executive Directors and or members/attendees of the Group Executive Committee where notice pay continues to be payable after termination, it should be paid on a phased basis, mitigated if alternative employment is secured. For other MRTs, termination payments are either paid on a phased basis, mitigated if alternative employment is secured, or paid as a lump sum on termination, dependent on individual contractual terms.

Generally, on termination of employment, unvested Group Performance Share awards, Group Ownership Share awards, Long Term Share Plan awards, Long Term Incentive Plan awards and other rights to payments will lapse except where termination falls within redundancy, retirement/ill health, injury, permanent disability, death, change of control or merger or another reason where the Committee determines that the executive should be treated as a good leaver.

Termination payments comply with the Group's contractual, legal and regulatory requirements and are made in such a way as to ensure they do not reward failure or misconduct and reflect performance over time.

Remuneration information relating to the Group's MRTs is provided in the tables below in line with the requirements of Article 450 (2) of CRR.

REMUNERATION (Continued)

REM1: Remuneration awarded for the financial year

		MB Supervisory function	MB Management function	Other senior management ²	Other identified staff
Fixed remuneration³	Number of identified staff	12	2	12	177
	Total fixed remuneration	£3,465,596	£4,855,165	£13,747,050	£65,605,309
	Of which: cash-based	£3,465,596	£2,252,635	£12,369,652	£57,100,603
	Of which: shares or equivalent ownership interests ¹	—	£2,252,635	—	—
	Of which: share-linked instruments or equivalent non-cash instruments	—	—	—	—
	Of which: other instruments	—	—	—	—
	Of which: other forms	—	£349,895	£1,377,398	£8,504,706
Variable remuneration	Number of identified staff	—	2	12	162
	Total variable remuneration	—	£13,158,278	£21,840,876	£43,227,409
	Of which: cash-based	—	£1,750,298	£5,278,582	£21,053,550
	Of which: deferred	—	—	—	£138,784
	Of which: shares or equivalent ownership interests	—	£11,407,980	£16,562,294	£22,173,859
	Of which: deferred	—	£10,824,548	£16,449,836	£17,115,941
	Of which: share-linked instruments or equivalent non-cash instruments	—	—	—	—
	Of which: deferred	—	—	—	—
	Of which: other instruments	—	—	—	—
	Of which: deferred	—	—	—	—
Of which: other forms	—	—	—	—	
Of which: deferred	—	—	—	—	
Total remuneration		£3,465,596	£18,013,443	£35,587,926	£108,832,718

¹ Released over a three-year period.

² Other Senior Management is defined as Group Executive Committee (GEC) members/attendees (excluding Group Executive Directors and Non-Executive Directors).

³ Fixed Remuneration is calculated using annualised salary.

REMUNERATION (Continued)

REM2: Special payments to staff whose professional activities have a material impact on institutions risk profile (identified staff)

	MB Supervisory function	MB Management function	Other senior management	Other identified staff
Guaranteed variable remuneration awards				
Guaranteed variable remuneration awards - Number of identified staff	—	—	—	—
Guaranteed variable remuneration awards -Total amount	—	—	—	—
Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	—	—	—	—
Severance payments awarded in previous periods, that have been paid out during the financial year				
Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	—	—	—	—
Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	—	—	—	—
Severance payments awarded during the financial year				
Severance payments awarded during the financial year - Number of identified staff	—	—	1	11
Severance payments awarded during the financial year - Total amount	—	—	£11,864	£655,054
Of which paid during the financial year	—	—	—	£531,880
Of which deferred	—	—	—	—
Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	—	—	—	—
Of which highest payment that has been awarded to a single person	—	—	£11,864	£210,519

REMUNERATION (Continued)

REM3: Deferred remuneration

	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
Deferred and retained remuneration								
MB Supervisory function¹								
Cash-based	—	—	—	—	—	—	—	—
Shares or equivalent ownership interests	—	—	—	—	—	—	—	—
Share-linked instruments or equivalent non-cash instruments	—	—	—	—	—	—	—	—
Other instruments	—	—	—	—	—	—	—	—
Other forms	—	—	—	—	—	—	—	—
MB Management function								
Cash-based	£246,970	£186,499	£60,471	—	—	—	£186,499	—
Shares or equivalent ownership interests	£20,737,896	£2,067,060	£18,670,836	—	—	£14,654,435	—	£2,067,060
Share-linked instruments or equivalent non-cash instruments	£1,845,959	£636,724	£1,209,235	—	—	£949,109	£253,025	£383,700
Other instruments	—	—	—	—	—	—	—	—
Other forms	—	—	—	—	—	—	—	—
Other senior management								
Cash-based	£2,033,210	£725,593	£1,307,617	—	—	—	£725,593	—
Shares or equivalent ownership interests	£58,262,886	£5,241,189	£53,021,697	—	—	£41,615,867	£2,638	£5,238,551
Share-linked instruments or equivalent non-cash instruments	£2,326,940	£537,315	£1,789,625	—	—	£1,404,648	£72,705	£464,610
Other instruments	—	—	—	—	—	—	—	—
Other forms	—	—	—	—	—	—	—	—
Other identified staff								
Cash-based	£41,217,527	£7,329,875	£33,887,652	—	—	—	£4,721,769	£2,608,107
Shares or equivalent ownership interests	£55,805,897	£21,520,622	£34,285,275	—	—	£26,909,954	£3,224,787	£18,295,835
Share-linked instruments or equivalent non-cash instruments	£1,082,244	£526,975	£555,269	—	—	£435,821	£407,508	£119,467
Other instruments	—	—	—	—	—	—	—	—
Other forms	—	—	—	—	—	—	—	—
Total amount	£183,559,529	£38,771,852	£144,787,677	—	—	£85,969,834	£9,594,523	£29,177,330

¹ Non-Executive Directors are not eligible to receive variable remuneration.

REMUNERATION (Continued)

REM4: Remuneration of 1 million EUR or more per year^{1,2}

EUR	Identified staff that are high earners as set out in Article 450(i) CRR
1 000 000 to below 1 500 000	16
1 500 000 to below 2 000 000	7
2 000 000 to below 2 500 000	1
2 500 000 to below 3 000 000	—
3 000 000 to below 3 500 000	4
3 500 000 to below 4 000 000	—
4 000 000 to below 4 500 000	1
4 500 000 to below 5 000 000	4
5 000 000 to below 6 000 000	—
6 000 000 to below 7 000 000	—
7 000 000 to below 8 000 000	1
8 000 000 to below 9 000 000	—
9 000 000 to below 10 000 000	—
10 000 000 to below 11 000 000	—
11 000 000 to below 12 000 000	—
12 000 000 to below 13 000 000	1

¹ Converted to Euros using £1: €1.14233 (the exchange rate used by the European Commission for financial programming for December 2025). The exchange rate used for 2024 was £1: €1.20149.

² Total number of Material Risk Takers earning more than €1m has decreased from 39 in 2024 to 35 in 2025.

REM5: Information on remuneration of staff whose professional activities have a material impact on institutions risk profile (identified staff)

	Management body remuneration			Business areas						Total
	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking ¹	Asset management	Corporate functions	Independent internal control functions	All other	
Total number of identified staff										201.45
Of which: members of the MB	12	2	14							
Of which: other senior management				—	5	—	3	2	2	
Of which: other identified staff				1	65	—	52.45	36	21	
Total remuneration of identified staff	£3,465,596	£18,013,443	£21,479,039	£447,923	£52,512,785	—	£41,483,158	£28,170,392	£21,806,386	
Of which: variable remuneration	—	£13,158,278	£13,158,278	£165,000	£22,154,201	—	£19,419,496	£12,496,708	£10,832,880	
Of which: fixed remuneration	£3,465,596	£4,855,165	£8,320,761	£282,923	£30,358,584	—	£22,063,662	£15,673,684	£10,973,506	

¹ Retail Banking includes Consumer Lending, Consumer Relationship, Business & Commercial Banking and Corporate & Institutional Banking.

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 Group
INS2	Financial conglomerates information on own funds and capital adequacy ratio	Not applicable to the Group
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
CR10.4	Specialised lending: Commodities finance (Slotting approach)	Not applicable to the Group
CR10.5	Equity exposures under the simple risk weighted approach	Not applicable to the Group
CCR7	RWA flow statements of CCR exposures under the IMM	Not applicable to the Group
SEC2	Securitisation exposures in the trading book	Excluded on materiality basis
MR2-B	RWA flow statements of market risk exposures under the IMA	
MR2-A	Market risk under the Internal Model Approach (IMA)	
MR3	IMA values for trading portfolios	Not applicable to the Group
MR4	Comparison of VaR estimates with gains/losses	
MRB	Qualitative disclosure requirements for institutions using the internal Market Risk Models	

APPENDIX 2: BOARD OF DIRECTORS (UK OVB)

A list of the current directors of Lloyds Bank plc can be found in the Lloyds Bank plc Annual Report and Accounts 2025, page 16, 'Current directors'. Further detail on the directors can be found in the Lloyds Banking Group plc Annual Report and Accounts 2025, pages 68 to 69, 'Our Board', and page 71, 'Boards of the Ring-Fenced Banks' and as indicated below.

Disclosure of the number of directorships held by members of the management body

Detail can be found in the Lloyds Banking Group plc Annual Report and Accounts 2025, pages 68 to 69, 'Our Board', and page 71, 'Boards of the Ring-Fenced Banks'.

Information regarding the recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise

Detail can be found in the Lloyds Bank plc Annual Report and Accounts 2025, page 12, 'Principle Two - Board Composition'. Further detail can be found in the Lloyds Banking Group plc Annual Report and Accounts 2025, pages 68 to 69, 'Our Board', page 70, 'Our Board composition at a glance', page 71, 'Boards of the Ring-Fenced Banks', and pages 85 to 87, 'Nomination and Governance Committee Report'.

Information on the diversity policy with regard of the members of the management body

Detail can be found in the Lloyds Banking Group plc Annual Report and Accounts 2025, page 87, 'Board Inclusion Policy'. The Group's 'Board Inclusion Policy' is published on the Lloyds Banking Group plc website located at www.lloydsbankinggroup.com/sustainability/people/diversity-and-inclusion/board-diversity-policy.

Information on whether or not the institution has set up a separate risk committee and the frequency of the meetings

Detail can be found in the Lloyds Bank plc Annual Report and Accounts 2025, pages 19 and 20, 'Risk Governance Structure' and in the Lloyds Banking Group plc Annual Report and Accounts 2025, page 72, 'Our governance structure and responsibilities' and pages 92 to 96, 'Board Risk Committee report'.

Description on the information flow on risk to the management body

Detail can be found in the Lloyds Bank plc Annual Report and Accounts 2025, pages 19 and 20, 'Risk Governance Structure' and in the Lloyds Banking Group plc Annual Report and Accounts 2025, page 72, 'Our governance structure and responsibilities', and pages 92 to 96, 'Board Risk Committee report'.

ABBREVIATIONS

Abbreviation	Brief description		
		A	L
ABCP	Asset-backed commercial paper	LCR	Liquidity coverage ratio
ABS	Asset-backed securities	LDP	Low default portfolio
AIRB	Advanced Internal Ratings-Based Approach	LGD	Loss given default
ALRB	Additional Leverage Ratio Buffer	LTV	Loan-to-value
AMA	Advanced Measurement Approach	M	
ARA	Annual Report and Accounts	MGC	Model Governance Committee
AT1	Additional Tier 1 capital	Moody's	Moody's Investors Service
AVA	Additional Valuation Adjustment	MRT	Material Risk Taker
		B	N
BEEL	Best estimate of expected losses	NMD	Non Maturing Deposits
BoE	Bank of England	O	
BRC	Board Risk Committee	OTC	Over-the-counter
		C	P
CCB	Capital Conservation Buffer	PD	Probability of default
CCF	Credit conversion factor	PFE	Potential future exposure
CCLB	Countercyclical Leverage Buffer	PIT	Point-in-time
CCP	Central counterparty	PRA	Prudential Regulation Authority (UK)
CCR	Counterparty credit risk	PRR	Position risk requirement
CCyB	Countercyclical Capital Buffer	PSE	Public Sector Entities
CDS	Credit default swap	PVA	Prudent valuation adjustment
CET1	Common equity tier 1 capital	Q	
CRD IV	Capital Requirements Directive & Regulation	QCCP	Qualifying Central Counterparty
CRM	Credit risk mitigation	QRRE	Qualifying revolving retail exposure
CRR	Capital Requirements Regulation	R	
CSA	Credit support annex	Retail IRB	Retail Internal Ratings Based Approach
CVA	Credit valuation adjustment	RNIV	Risks not in VaR
		D	S
DRR	Director Remuneration Report	S&P	Standard and Poor's
		E	
EAD	Exposure at default	SA-CCR	Standardised Approach or Counterparty Credit Risk
EBA	European Banking Authority	SCRA	Specific credit risk adjustment
ECAI	External Credit Assessment Institutions	SFTs	Securities financing transactions
EHQLA	Extremely high quality liquid assets	SME	Small and medium-sized enterprise
EL	Expected loss	SRT	Significant risk transfer
		F	
FII	Financial Institutions Interconnectedness	SSPE	Securitisation special purpose entity
FIRB	Foundation Internal Ratings-Based Approach	STA	Standardised Approach
Fitch	Fitch Ratings	SVaR	Stressed value-at-risk
		SYSC	Senior Management Arrangements, Systems and Controls
		T	
FPC	Financial Policy Committee (UK)	TFSME	Term Funding Scheme with additional incentive for SMEs
		G	
GALCO	Group Asset and Liability Committee	TTC	Through-the-cycle
GEC	Group Executive Committee	T1	Tier 1 capital
GRC	Group Risk Committee	T2	Tier 2 capital
Group	Lloyds Bank plc together with its subsidiary undertakings on a consolidated basis	U	
G-SIB	Global Systemically Important Bank	UFCP	Unfunded Credit Protection
		H	
HGP	Housing Growth Partnership	UK	United Kingdom
HQLA	High quality liquid assets	V	
		I	
IAA	Internal Assessment Approach	VaR	Value-at-risk
ICAAP	Internal Capital Adequacy Assessment Process		
IFRS	International Financial Reporting Standards		
IMM	Internal Model Method		
IQT	Independent Quantitative Testing		
IRBA	Internal Ratings-Based Approach		
IRRBB	Interest rate risk in the banking book		
IRC	Incremental risk charge		

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 plc together with its subsidiaries (the Lloyds Bank Group) and its current goals and expectations. Statements that are not historical or current facts, including statements about the Lloyds Bank 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 Lloyds Bank 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 Lloyds Bank Group's future financial performance; the level and extent of future impairments and write-downs; the Lloyds Bank Group's ESG targets and/or commitments; statements of plans, objectives or goals of the Lloyds Bank 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 Lloyds Bank Group's or Lloyds Banking Group plc's credit ratings; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; volatility in credit markets; volatility in the price of the Lloyds Bank 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 Lloyds Bank Group; risks associated with the Lloyds Bank 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 Lloyds Bank Group or Lloyds Banking 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 Lloyds Bank Group's or the Lloyds Banking 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 Lloyds Bank Group's financial statements. A number of these influences and factors are beyond the Lloyds Bank Group's control. Please refer to the latest Annual Report on Form 20-F filed by Lloyds Bank plc with the US Securities and Exchange Commission (the SEC), which is available on the SEC's website at www.sec.gov, for a discussion of certain factors and risks. Lloyds Bank 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 Bank 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 Lloyds Bank 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. The information, statements and opinions contained in this document do not constitute a public offer under any applicable law or an offer to sell any securities or financial instruments or any advice or recommendation with respect to such securities or financial instruments.

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