Lloyds Banking Group plc

Q1 2023
Pillar 3 Disclosures

31 March 2023

TABLE OF CONTENTS

BASIS OF PREPARATION

This report presents the interim Pillar 3 disclosures of Lloyds Banking Group plc ('the Group') as at 31 March 2023 and should be read in conjunction with the Group's Q1 2023 Interim Management Statement.

The disclosures have been prepared in accordance with the Disclosure Part of the PRA Rulebook.

Specific Pillar 3 templates are required to be disclosed on a quarterly basis and these are included within this report with the following exceptions:

Abbreviation	Template name	Reason for exclusion
CCR7	RWA flow statements of CCR exposures under the IMM	Not applicable to the Group

The information presented in this Pillar 3 report is not required to be, and has not been, subject to external audit.

Interim Pillar 3 disclosures for the Group's ring-fenced banking group (Lloyds Bank plc) will be published separately on the Group's website, located at www.lloydsbankinggroup.com/investors/financial-downloads.

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 Banking Group plc together with its subsidiaries (the Group) and its current goals and expectations. Statements that are not historical or current facts, including statements about the Group's or its directors' and/or management's beliefs and expectations, are forward looking statements. Words such as, without limitation, 'believes', 'achieves', 'anticipates', 'estimates', 'expects', 'targets', 'should', 'intends', 'aims', 'projects', 'plans', 'potential', 'will', 'would', 'could', 'considered', 'likely', 'may', 'seek', 'estimate', 'probability', 'goal', 'objective', 'deliver', 'endeavour', 'prospects', 'optimistic' and similar expressions or variations on these expressions are intended to identify forward looking statements. These statements concern or may affect future matters, including but not limited to: projections or expectations of the Group's future financial position, including profit attributable to shareholders, provisions, economic profit, dividends, capital structure, portfolios, net interest margin, capital ratios, liquidity, risk-weighted assets (RWAs), expenditures or any other financial items or ratios; litigation, regulatory and governmental investigations; the Group's future financial performance; the level and extent of future impairments and write-downs; the Group's ESG targets and/or commitments; statements of plans, objectives or goals of the Group or its management and other statements that are not historical fact; expectations about the impact of COVID-19; 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, 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; political instability including as a result of any UK general election and any further possible referendum on Scottish independence; acts of hostility or terrorism and responses to those acts, or other such events; geopolitical unpredictability; the war between Russia and Ukraine; the tensions between China and Taiwan; market related risks, trends and developments; exposure to counterparty risk; instability in the global financial markets, including within the Eurozone, and as a result of the exit by the UK from the European Union (EU) and the effects of the EU-UK Trade and Cooperation Agreement; the ability to access sufficient sources of capital, liquidity and funding when required; changes to the Group's credit ratings; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; volatility in credit markets; volatility in the price of the Group's securities; tightening of monetary policy in jurisdictions in which the Group operates; natural pandemic (including but not limited to the COVID-19 pandemic) and other disasters; risks concerning borrower and counterparty credit quality; risks affecting insurance business and defined benefit pension schemes; risks related to the uncertainty surrounding the integrity and continued existence of reference rates; changes in laws, regulations, practices and accounting standards or taxation; changes to regulatory capital or liquidity requirements and similar contingencies; the policies and actions of governmental or regulatory authorities or courts together with any resulting impact on the future structure of the Group; risks associated with the Group's compliance with a wide range of laws and regulations; assessment related to resolution planning requirements; risks related to regulatory actions which may be taken in the event of a bank or Group failure; exposure to legal, regulatory or competition proceedings, investigations or complaints; failure to comply with anti-money laundering, counter terrorist financing, anti-bribery and sanctions regulations; failure to prevent or detect any illegal or improper activities; operational risks; conduct risk; technological changes and risks to the security of IT and operational infrastructure, systems, data and information resulting from increased threat of cyber and other attacks; technological failure; inadequate or failed internal or external processes or systems; risks relating to ESG matters, such as climate change (and achieving climate change ambitions), including the Group's ability along with the government and other stakeholders to measure, manage and mitigate the impacts of climate change effectively, and human rights issues; the impact of competitive conditions; failure to attract, retain and develop high calibre talent; the ability to achieve strategic objectives; the ability to derive cost savings and other benefits including, but without limitation, as a result of any acquisitions, disposals and other strategic transactions; inability to capture accurately the expected value from acquisitions; assumptions and estimates that form the basis of the Group's financial statements; and potential changes in dividend policy. A number of these influences and factors are beyond the Group's control. Please refer to the latest Annual Report on Form 20-F filed by Lloyds Banking Group plc with the US Securities and Exchange Commission (the SEC), which is available on the SEC's website at www.sec.gov, for a discussion of certain factors and risks. Lloyds Banking Group plc may also make or disclose written and/or oral forward-looking statements in other written materials and in oral statements made by the directors, officers or employees of Lloyds Banking Group plc to third parties, including financial analysts. Except as required by any applicable law or regulation, the forward-looking statements contained in this document are made as of today's date, and the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this document whether as a result of new information, future events or otherwise. 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.

Executive Summary

Common Equity Tier 1

The Group's common equity tier 1 (CET1) capital ratio has reduced from 15.1 per cent at 31 December 2022 to 14.1 per cent at 31 March 2023. Banking business profits for the first three months of the year, the dividend received from the Group's Insurance business and other movements were offset by the recognition of the full impact of the announced ordinary share buyback programme, accelerated pension deficit contributions made to the Group's three main defined benefit pension schemes, phased reductions in IFRS 9 transitional relief, the acquisition of Hamsard 3352 Limited ("Tusker") and the accrual for foreseeable ordinary dividends.

Total Capital and MREL

The Group's total capital ratio increased to 19.9 per cent (31 December 2022: 19.7 per cent) and the minimum requirement for own funds and eligible liabilities (MREL) increased to 32.1 per cent (31 December 2022: 31.7 per cent) primarily reflecting the issuance of new AT1 and Tier 2 instruments, partially offset by the reduction in CET1 capital. The MREL ratio further benefitted from the issuance of new senior unsecured debt instruments, partially offset by sterling appreciation and the derecognition of both a called instrument and an instrument with less than one year to maturity.

Risk-Weighted Assets

Risk-weighted assets have remained flat during the first quarter at £211 billion at 31 March 2023. This largely reflected capital efficient securitisation activity and other optimisation, in addition to a reduction in threshold risk-weighted assets, offset by the growth in Retail unsecured lending and other movements. CRD IV model changes reflecting the revised regulatory standards introduced in 2022 remain subject to approval by the PRA with the resultant risk-weighted asset outcome dependent upon this.

Leverage

The Group's UK leverage ratio remained at 5.6 per cent (31 December 2022: 5.6 per cent) with the reduction in total tier 1 capital offset by the reduction in the leverage exposure measure.

Liquidity

The Group's liquidity coverage ratio (LCR) was 143 per cent (based on a monthly rolling average over the previous 12 months) as at 31 March 2023 (31 December 2022: 144 per cent). The 1% decrease from 144% for the prior quarter is due to a decrease in liquid assets, primarily from an increase in lending and a decrease in customer deposits. Net cash outflows also decreased, primarily from outflows related to derivative exposures from market volatility at the onset of COVID no longer being included in the LCR's Historical Look-Back approach (HLBA) as well as the decrease in customer deposits outflow.

Executive Summary (continued)

KM1: Key Metrics[1]

KM1		31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022
Ref	**Available own funds (amounts)**					
1	Common Equity Tier 1 (CET1) capital (£m)	**29,740**	31,865	31,571	30,743	29,816
2	Tier 1 capital (£m)	**35,688**	36,036	35,607	35,101	34,174
3	Total capital (£m)	**42,035**	41,580	40,885	40,502	39,735
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount (£m)	**210,906**	210,859	210,822	209,619	210,220
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	**14.1%**	15.1%	15.0%	14.7%	14.2%
6	Tier 1 ratio (%)	**16.9%**	17.1%	16.9%	16.7%	16.3%
7	Total capital ratio (%)	**19.9%**	19.7%	19.4%	19.3%	18.9%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a	Additional CET1 SREP requirements (%)	**1.5%**	1.5%	2.0%	2.0%	2.0%
UK 7b	Additional AT1 SREP requirements (%)	**0.5%**	0.5%	0.7%	0.7%	0.7%
UK 7c	Additional T2 SREP requirements (%)	**0.7%**	0.7%	0.9%	0.9%	0.9%
UK 7d	Total SREP own funds requirements (%)	**10.7%**	10.7%	11.5%	11.5%	11.5%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	**2.500%**	2.500%	2.500%	2.500%	2.500%
9	Institution specific countercyclical capital buffer (%)	**0.898%**	0.895%	0.007%	0.008%	0.005%
10a	Other Systemically Important Institution buffer (%)[2]	**—**	—	—	—	—
11	Combined buffer requirement (%)	**3.398%**	3.395%	2.507%	2.508%	2.505%
UK 11a	Overall capital requirements (%)	**14.1%**	14.1%	14.0%	14.0%	14.0%
12	CET1 available after meeting minimum SREP own funds requirements (%)[3]	**8.1%**	9.1%	8.5%	8.2%	7.7%
	Leverage ratio					
13	Total exposure measure excluding claims on central banks (£m)	**637,502**	638,815	665,993	656,459	663,025
14	Leverage ratio excluding claims on central banks (%)	**5.6%**	5.6%	5.3%	5.3%	5.2%
	Additional leverage ratio disclosure requirements					
UK 14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.6%**	5.6%	5.3%	5.3%	5.1%
UK 14b	Leverage ratio including claims on central banks (%)	**4.8%**	4.9%	4.8%	4.7%	4.5%
UK 14c	Average leverage ratio excluding claims on central banks (%)[4]	**5.5%**	5.5%	5.4%	5.3%	5.3%
UK 14d	Average leverage ratio including claims on central banks (%)	**4.8%**	4.9%	4.8%	4.6%	4.7%
UK 14e	Countercyclical leverage ratio buffer (%)[5]	**0.3%**	0.3%	0.0%	0.0%	0.0%
	Average Liquidity Coverage Ratio (weighted) (LCR)[6]					
15	Total high-quality liquid assets (HQLA) (Weighted value -average) (£m)	**140,468**	144,682	148,545	145,894	144,247
UK 16a	Cash outflows - Total weighted value - average (£m)	**113,693**	114,557	114,539	115,298	115,635
UK 16b	Cash inflows - Total weighted value - average (£m)	**15,761**	14,275	12,796	12,387	11,288
16	Total net cash outflows (adjusted value - average) (£m)	**97,931**	100,282	101,743	102,911	104,347
17	Average liquidity coverage ratio (%)	**143%**	144%	146%	142%	138%
	Net Stable Funding Ratio					
18	Total available stable funding (£m)	**531,276**	533,472			
19	Total required stable funding (£m)	**411,214**	410,851			
20	NSFR ratio (%)	**129%**	130%			

1 The Group applies the full extent of the IFRS9 transitional arrangements for capital as set out under CRR Article 473a (revised). Specifically, the Group has opted to apply both paragraphs 2 and 4 of CRR Article 473a (static and dynamic relief) and in addition to apply a 100% risk weight to the consequential Standardised credit risk exposure add-back as permitted under paragraph 7a of the revisions. The transitional arrangements for static relief ended on 1 January 2023 and therefore no static relief exists at 31 March 2023 (31 December 2022: £232 million). Dynamic relief under the transitional arrangements amounted to £246 million (31 December 2022: £358 million) through CET1 capital.

2 Although the Group does not have an Other Systemically Important Institution (O-SII) buffer, it is required to hold additional CET1 capital to meet its Ring-Fenced Bank's O-SII buffer of 2.0 per cent, which equates to 1.7 per cent of the Group's total risk-weighted exposure amount.

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 per cent (Pillar 1) plus the additional CET1 SREP requirement (56.25 per cent of Pillar 2A). The Group's Pillar 2A capital requirement is around 2.7 per cent of risk-weighted assets, of which around 1.5 per cent is to be met with CET1 capital.

4 The average leverage exposure measure (excluding claims on central banks) for the period from 1 January 2023 to 31 March 2023 amounted to £648,860 million.

5 The countercyclical leverage ratio buffer (CCLB) is required to be rounded to the nearest tenth of a percentage. The Group's total leverage ratio buffer at 31 March 2023 was 0.9 per cent (31 December 2022: 0.9 per cent), of which 0.6 per cent equates to the additional leverage ratio buffer (ALRB) of 0.7 per cent applied to the Ring-Fenced Bank.

6 The liquidity balances are calculated as the simple averages of month end observations over the 12 months preceding the end of each quarter.

Executive Summary (continued)

Capital - IFRS 9 - FL

Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs.

		31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital (£m)	**29,740**	31,865	31,571	30,743	29,816
2	CET1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	**29,494**	31,275	31,101	30,478	29,565
3	Tier 1 capital (£m)	**35,688**	36,036	35,607	35,101	34,174
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	**35,442**	35,446	35,136	34,835	33,922
5	Total capital (£m)	**42,035**	41,580	40,885	40,502	39,735
6	Total capital as if IFRS 9 transitional arrangements had not been applied (£m)	**42,005**	41,480	40,791	40,402	39,629
	Risk-weighted exposure amounts					
7	Total risk-weighted exposure amount (£m)	**210,906**	210,859	210,822	209,619	210,220
8	Total risk-weighted exposure amount as if IFRS 9 transitional arrangements had not been applied (£m)	**210,753**	210,573	210,554	209,451	210,065
	Capital ratios (as a percentage of risk-weighted exposure amount)					
9	Common Equity Tier 1 ratio (%)	**14.1%**	15.1 %	15.0 %	14.7 %	14.2 %
10	CET1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	**14.0%**	14.9%	14.8%	14.6%	14.1%
11	Tier 1 ratio (%)	**16.9%**	17.1%	16.9%	16.7%	16.3%
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	**16.8%**	16.8%	16.7%	16.6%	16.1%
13	Total capital ratio (%)	**19.9%**	19.7%	19.4%	19.3%	18.9%
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied (%)	**19.9%**	19.7%	19.4%	19.3%	18.9%
	Leverage ratio					
15	Total exposure measure excluding claims on central banks (£m)	**637,502**	638,815	665,993	656,459	663,025
16	Leverage ratio excluding claims on central banks (%)	**5.6%**	5.6%	5.3%	5.3%	5.2%
17	Leverage ratio excluding claims on central banks as if IFRS 9 transitional arrangements had not been applied (%)	**5.6%**	5.6%	5.3%	5.3%	5.1%

KM2: Key Metrics – TLAC requirements

		31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022
				Resolution Group [1]		
		£m	£m	£m	£m	£m
1	Total loss absorbing capacity (TLAC) available	**67,681**	66,830	69,068	67,892	66,448
1a	Fully loaded ECL accounting model TLAC available	**67,650**	66,729	68,974	67,792	66,342
2	Total RWA at the level of the resolution group	**210,906**	210,859	210,822	209,619	210,220
3	TLAC as a percentage of RWA	**32.1%**	31.7%	32.8%	32.4%	31.6%
3a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA	**32.1%**	31.7%	32.8%	32.4%	31.6%
4	UK leverage ratio exposure measure at the level of the resolution group	**637,502**	638,815	665,993	656,459	663,025
5	TLAC as a percentage of UK leverage ratio exposure measure	**10.6%**	10.5%	10.4%	10.3%	10.0%
5a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model UK leverage ratio exposure measure	**10.6%**	10.5%	10.4%	10.3%	10.0%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	**No**	No	No	No	No
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	**No**	No	No	No	No
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external TLAC, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external TLAC if no cap was applied (%)	**N/a**	N/a	N/a	N/a	N/a

1 The consolidated position of Lloyds Banking Group plc (the resolution entity).

Executive Summary (continued)

OV1: Overview of risk-weighted assets

		Total RWA		Total own funds requirements
		31 Mar 2023	31 Dec 2022	31 Mar 2023
		£m	£m	£m
1	**Credit risk (excluding CCR)**	**169,311**	170,474	**13,545**
2	Of which the standardised approach	23,504	23,119	1,880
3	Of which the foundation IRB (FIRB) approach	37,297	37,479	2,984
4	Of which slotting approach	9,181	9,021	735
UK 4a	Of which equities under the simple risk weighted approach	13,330	13,672	1,066
5	Of which the advanced IRB (AIRB) approach	80,057	81,091	6,405
	Of which: non-credit obligation assets[1]	5,942	6,092	475
6	**Counterparty credit risk - CCR**	**6,615**	6,532	**529**
7	Of which the standardised approach	5,518	5,488	441
UK 8a	Of which exposures to a CCP	121	96	10
UK 8b	Of which credit valuation adjustment - CVA	613	621	49
9	Of which other CCR	363	327	29
15	**Settlement risk**	**2**	—	**—**
16	**Securitisation exposures in the non-trading book (after the cap)**	**7,448**	6,397	**596**
17	Of which SEC-IRBA approach	3,287	2,176	263
18	Of which SEC-ERBA approach (including IAA)	1,682	1,657	135
19	Of which SEC-SA approach	2,479	2,564	198
20	**Position, foreign exchange and commodities risks (Market risk)**	**3,289**	3,215	**263**
21	Of which the standardised approach	234	204	19
22	Of which IMA	3,055	3,011	244
23	**Operational risk**	**24,241**	24,241	**1,939**
UK 23b	Of which standardised approach	24,241	24,241	1,939
24	**Memo: Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)**	11,152	11,883	892
29	**Total**	**210,906**	210,859	**16,872**
	Pillar 2A capital requirement[2]			5,682
	Total capital requirement			**22,554**

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

2 As at 31 March 2023, the Pillar 2A capital requirement was around 2.7 per cent of risk-weighted assets, of which around 1.5 per cent was to be met with CET1 capital.

IRB Approach to Credit Risk

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.

CR8: Risk-weighted assets flow statements of credit risk exposures - 3 months to 31 Mar 2023

		Total RWA £m
1	**Risk weighted exposure amount as at 31 Dec 2022**	**127,591**
2	Asset size (+/-)	1,101
3	Asset quality (+/-)	139
5	Methodology and policy (+/-)	(103)
6	Acquisitions and disposals (+/-)	(1,391)
7	Foreign exchange movements (+/-)	(301)
8	Other (+/-)	(501)
9	**Risk weighted exposure amount at 31 Mar 2023**	**126,535**

Key movements

– Asset size driven by growth in unsecured Retail lending plus other movements.

– Acquisition and disposals reflects the exit of a legacy Retail mortgage portfolio.

– Foreign exchange movements, principally driven by movements in the US Dollar.

– Other reductions in risk-weighted assets are due to securitisation activity.

Market Risk

MR2-B: Risk-weighted assets flow statements of market risk exposures under an IMA

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

		VaR £m	SVaR £m	IRC £m	Other £m	Total RWA £m	Total own funds requirements £m
1	**RWAs at 31 Dec 2022**	**1,033**	**734**	**124**	**1,120**	**3,011**	**241**
1a	Regulatory adjustment	(920)	(565)	(32)	—	**(1,517)**	**(121)**
1b	**RWAs at end of day[1]**	**113**	**169**	**92**	**1,120**	**1,494**	**120**
2	Movement in risk levels	142	(1)	33	(171)	**3**	—
3	Model updates/changes	—	—	—	(44)	**(44)**	(4)
7	Other	—	—	—	500	**500**	40
8a	**RWAs at end of day[1]**	**255**	**168**	**125**	**1,405**	**1,953**	**156**
8b	Regulatory adjustment	557	524	21	—	**1,102**	**88**
8	**RWAs at 31 Mar 2023**	**812**	**692**	**146**	**1,405**	**3,055**	**244**

[1] End of day represents spot position

Key movements

– The market risk for the trading book continues to be low with respect to the size of the Group.

– The decrease in VaR RWAs is driven by reduced average VaR levels in Q1 2023 compared to Q4 2022 given lower market volatility.

– "Other" reflects a RWA add-on introduced to anticipate the capital impact of a planned enhancement to the internal model approach.

Liquidity

LIQ1: Liquidity Coverage Ratio

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.

		Total unweighted value (average)				Total weighted value (average)			
		31 Mar 2023	31 Dec 2022	30 Sept 2022	30 Jun 2022	31 Mar 2023	31 Dec 2022	30 Sept 2022	30 Jun 2022
	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)					**140,468**	144,682	148,545	145,894
CASH - OUTFLOWS (£m)									
2	Retail deposits and deposits from small business customers, of which:	**349,610**	350,186	349,156	346,821	**23,957**	24,004	23,934	23,735
3	Stable deposits	**262,426**	262,815	262,305	261,291	**13,121**	13,141	13,115	13,065
4	Less stable deposits	**87,184**	87,371	86,851	85,530	**10,836**	10,863	10,819	10,670
5	Unsecured wholesale funding	**102,908**	105,347	106,022	105,554	**50,105**	51,218	51,540	51,176
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	**34,626**	36,854	37,013	36,307	**8,656**	9,214	9,253	9,077
7	Non-operational deposits (all counterparties)	**62,889**	62,764	63,577	64,514	**36,056**	36,275	36,854	37,366
8	Unsecured debt	**5,393**	5,729	5,432	4,733	**5,393**	5,729	5,433	4,733
9	Secured wholesale funding					**99**	54	40	63
10	Additional requirements	**73,016**	71,764	70,867	72,383	**33,894**	33,381	33,096	34,572
11	Outflows related to derivative exposures and other collateral	**21,781**	21,838	21,795	23,544	**21,781**	21,837	21,793	23,538
12	Outflows related to loss of funding on debt products	**1,295**	1,076	1,049	954	**1,295**	1,076	1,049	954
13	Credit and liquidity facilities	**49,940**	48,850	48,023	47,885	**10,818**	10,468	10,254	10,080
14	Other contractual funding obligations	**1,248**	1,197	1,171	995	**876**	828	806	632
15	Other contingent funding obligations	**96,404**	96,934	96,016	94,843	**4,762**	5,072	5,123	5,120
16	TOTAL CASH OUTFLOWS					**113,693**	114,557	114,539	115,298
CASH - INFLOWS (£m)									
17	Secured lending (e.g. reverse repos)	**35,894**	35,215	33,610	31,896	**435**	422	411	353
18	Inflows from fully performing exposures	**5,729**	5,514	5,243	4,917	**3,883**	3,708	3,539	3,301
19	Other cash inflows	**11,847**	10,573	9,268	9,142	**11,444**	10,145	8,846	8,733
20	TOTAL CASH INFLOWS	**53,470**	51,302	48,121	45,955	**15,762**	14,275	12,796	12,387
UK-20c	Inflows subject to 75% cap	**49,987**	47,561	43,847	41,534	**15,762**	14,275	12,796	12,387
TOTAL ADJUSTED VALUE									
UK-21	LIQUIDITY BUFFER (£m)					**140,468**	144,682	148,545	145,894
22	TOTAL NET CASH OUTFLOWS (£m)					**97,931**	100,282	101,743	102,911
23	LIQUIDITY COVERAGE RATIO (%)					**143%**	144%	146%	142%

Liquidity (continued)

LIQB: Qualitative information on LCR

The Group's LCR (calculated as the simple average of month end observations over the 12 months preceding the end of each quarter) was 143% as of 31 March 2023. The 1% decrease from 144% for the prior quarter is due to a decrease in liquid assets, primarily from an increase in lending and a decrease in customer deposits. Net cash outflows also decreased, primarily from outflows related to derivative exposures from market volatility at the onset of COVID no longer being included in the LCR's Historical Look-Back approach (HLBA) as well as the decrease in customer deposits outflow.

Group derivative exposures and other collateral requirements outflows include those as a result of a deterioration in credit rating and from the impact of an adverse market scenario on derivatives transactions. Also included are outflows on derivative contracts that have offsetting inflows recorded in 'other cash inflows'.

The Group's funding and liquidity position is underpinned by its significant customer deposit base and is supported by strong relationships across customer segments. 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 LCR Level 1 assets. Level 1 assets, which are assets of extremely high liquidity and credit quality, are primarily held as central bank reserves and UK government bonds.

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 i.e. the Group Asset and Liability Committee.