Lloyds Bank plc

Q1 2024

Pillar 3 Disclosures

24 April 2024

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Basis of preparation

This report presents the consolidated interim Pillar 3 disclosures of Lloyds Bank plc ('the Group') as at 31 March 2024 and should be read in conjunction with the Group's Q1 2024 Interim Management Statement.

These disclosures have been prepared in accordance with the Disclosure section of the PRA Rulebook. Pillar 3 templates required to be disclosed on a quarterly basis that have not been included in this report are listed in the table below along with the reason for exclusion.

PRA reference	Template name	Reason for exclusion
CCR7	RWA flow statements of CCR exposures under the IMM	Not applicable to the Group
MR2-B	RWA flow statements of market risk exposures under the IMA	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 large subsidiary (Bank of Scotland plc) are published separately on the Group's website, located at www.lloydsbankinggroup.com/investors/financial-downloads.

Key metric and overview of risk weighted exposure amounts

KM1: Key metrics[1]

KM1 Ref	LR2 Ref		31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023
		Available own funds (amounts)					
1		Common Equity Tier 1 (CET1) capital (£m)	**26,243**	26,220	25,709	26,354	26,246
2		Tier 1 capital (£m)	**31,261**	31,238	30,728	31,372	31,264
3		Total capital (£m)	**37,081**	37,402	36,967	37,035	37,074
		Risk-weighted exposure amounts					
4		Total risk-weighted exposure amount (£m)	**184,304**	182,560	180,311	178,534	174,916
		Capital ratios (as a percentage of risk-weighted exposure amount)					
5		Common Equity Tier 1 ratio (%)	**14.2%**	14.4%	14.3%	14.8%	15.0%
6		Tier 1 ratio (%)	**17.0%**	17.1%	17.0%	17.6%	17.9%
7		Total capital ratio (%)	**20.1%**	20.5%	20.5%	20.7%	21.2%
		Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a		Additional CET1 SREP requirements (%)	**1.7%**	1.7%	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 (%)	**0.7%**	0.7%	0.7%	0.7%	0.7%
UK 7d		Total SREP own funds requirements (%)	**11.0%**	11.0%	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%	1.0%	0.9%
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%	5.5%	5.4%
UK 11a		Overall capital requirements (%)	**17.4%**	17.4%	17.4%	16.5%	16.4%
12		CET1 available after meeting minimum SREP own funds requirements (%)[3]	**8.1%**	8.2%	8.1%	8.6%	8.8%
		Leverage ratio					
13	UK-24b	Total exposure measure excluding claims on central banks (£m)	**569,835**	562,153	561,710	551,063	551,508
14	25	Leverage ratio excluding claims on central banks (%)	**5.5%**	5.6%	5.5%	5.7%	5.7%
		Additional leverage ratio disclosure requirements					
UK 14a	UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks(%)	**5.5%**	5.5%	5.4%	5.7%	5.6%
UK 14b	UK-25c	Leverage ratio including claims on central banks (%)	**5.0%**	5.0%	4.9%	5.0%	5.0%
UK 14c	UK-34	Average leverage ratio excluding claims on central banks (%)[4]	**5.6%**	5.5%	5.5%	5.7%	5.5%
UK 14d	UK-33	Average leverage ratio including claims on central banks (%)[4]	**5.1%**	5.0%	5.0%	5.0%	4.9%
UK 14e	UK-27b	Countercyclical leverage ratio buffer (%)[5]	**0.7%**	0.7%	0.7%	0.3%	0.3%
		Average Liquidity Coverage Ratio (weighted) (LCR)[6]					
15		Total high-quality liquid assets (HQLA)(Weighted value -average) (£m)	**108,598**	108,655	109,895	112,833	116,046
UK 16a		Cash outflows - Total weighted value - average (£m)	**87,143**	87,371	88,141	89,440	90,737
UK 16b		Cash inflows - Total weighted value - average (£m)	**5,721**	5,687	5,318	4,610	4,288
16		Total net cash outflows (adjusted value - average) (£m)	**81,422**	81,684	82,823	84,830	86,449
17		Average liquidity coverage ratio (%)	**133%**	133%	133%	133%	134%
		Average Net Stable Funding Ratio[7]					
18		Total available stable funding (Weighted value - average) (£m)	**483,968**	483,745	483,227	483,752	486,250
19		Total required stable funding (Weighted value - average) (£m)	**387,522**	387,305	387,651	388,940	391,454
20		Average NSFR ratio (%)	**125%**	125%	125%	124%	124%

1 The Group applies dynamic relief in accordance with the IFRS9 transitional arrangements for capital as set out under CRR Article 473a (revised). In addition the Group applies a 100 per cent risk weight to the consequential Standardised credit risk exposure add-back as permitted under paragraph 7a of the arrangements. At 31 March 2024 dynamic relief for CET1 capital amounted to £78 million (31 December 2023: £155 million).

2 The Group is subject to an Other Systemically Important Institution (OSII) Buffer of 2.0 per cent 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 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 3.0 per cent of risk-weighted assets, of which around 1.7 per cent is to be met with CET1 capital.

4 The average UK leverage ratio is based on the average of the month end tier 1 capital position and average exposure measure over the quarter. The average leverage exposure measure (excluding claims on central banks) for the period from 1 January 2024 to 31 March 2024 amounted to £568,908 million. The average leverage exposure measure (including claims on central banks) for the period from 1 January 2024 to 31 March 2024 amounted to £620,687 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 2024 was 1.4 per cent (31 December 2023: 1.4 per cent), of which 0.7 per cent reflects the additional leverage ratio buffer (ALRB) applied to the Group and is based upon the O-SII Buffer.

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

7 The net stable funding balances are calculated as the simple averages of month end observations over the 4 quarterly averages preceding the end of each quarter.

Key metric and overview of risk weighted exposure amounts continued

IFRS 9-FL: Capital

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 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital (£m)	**26,243**	26,220	25,709	26,354	26,246
2	CET1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	**26,165**	26,065	25,508	26,129	26,068
3	Tier 1 capital (£m)	**31,261**	31,238	30,728	31,372	31,264
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	**31,183**	31,083	30,526	31,148	31,086
5	Total capital (£m)	**37,081**	37,402	36,967	37,035	37,074
6	Total capital as if IFRS 9 transitional arrangements had not been applied (£m)	**37,080**	37,398	36,848	36,883	37,094
	Risk-weighted exposure (amounts)					
7	Total risk-weighted exposure amount (£m)	**184,304**	182,560	180,311	178,534	174,916
8	Total risk-weighted exposure amount as if IFRS 9 transitional arrangements had not been applied (£m)	**184,279**	182,510	180,276	178,502	174,884
	Capital ratios (as a percentage of risk-weighted exposure amount)					
9	Common Equity Tier 1 ratio (%)	**14.2%**	14.4%	14.3%	14.8%	15.0%
10	CET1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	**14.2%**	14.3%	14.1%	14.6%	14.9%
11	Tier 1 ratio (%)	**17.0%**	17.1%	17.0%	17.6%	17.9%
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	**16.9%**	17.0%	16.9%	17.4%	17.8%
13	Total capital ratio (%)	**20.1%**	20.5%	20.5%	20.7%	21.2%
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied (%)	**20.1%**	20.5%	20.4%	20.7%	21.2%
	Leverage ratio					
15	Total exposure measure excluding claims on central banks (£m)	**569,835**	562,153	561,710	551,063	551,508
16	Leverage ratio excluding claims on central banks (%)	**5.5%**	5.6%	5.5%	5.7%	5.7%
17	Leverage ratio excluding claims on central banks as if IFRS 9 transitional arrangements had not been applied (%)	**5.5%**	5.5%	5.4%	5.7%	5.6%

Common Equity Tier 1

The Group's common equity tier 1 (CET1) capital ratio reduced from 14.4 per cent at 31 December 2023 to 14.2 per cent at 31 March 2024. Profit for the first three months of the year was offset by the accrual for foreseeable ordinary dividends and an increase in risk-weighted assets.

Total Capital

The Group's total capital ratio reduced from 20.5 per cent at 31 December 2023 to 20.1 per cent at 31 March 2024 reflecting the increase in risk-weighted assets and the impact of both interest rates and a reduction in eligible provisions on Tier 2 capital.

Risk-Weighted Assets

Risk-weighted assets have increased by £1.7 billion during the quarter from £182.6 billion at 31 December 2023 to £184.3 billion at 31 March 2024. This largely reflected the impact of Retail lending. The impact from credit and model calibrations was minimal.

Leverage

The Group's UK leverage ratio reduced from 5.6 per cent at 31 December 2023 to 5.5 per cent at 31 March 2024 reflecting an increase in the leverage exposure measure principally related to increases in securities financing transactions and off-balance sheet items.

Liquidity

The Group's liquidity coverage ratio (LCR) was unchanged at 133 per cent (based on a monthly rolling average over the previous 12 months) as of 31 March 2024 (31 December 2023: 133 per cent). There were no material changes in Liquid assets and net cash outflows. The Group's net stable funding ratio (NSFR) remains strong at 125 per cent (based on a quarterly rolling average over the previous 4 quarters) as at 31 March 2024 (31 December 2023: 125 per cent).

Key metric and overview of risk weighted exposure amounts continued

OV1: Overview of risk-weighted assets

		Total RWA		Total own funds requirements
		31 Mar 2024	31 Dec 2023	**31 Mar 2024**
		£m	£m	**£m**
1	**Credit risk (excluding CCR)**	**148,912**	147,061	**11,913**
2	Of which the standardised approach	**19,237**	19,021	**1,539**
3	Of which the foundation IRB (FIRB) approach	**27,691**	28,006	**2,215**
4	Of which slotting approach	**8,501**	8,472	**680**
5	Of which the advanced IRB (AIRB) approach	**87,247**	85,436	**6,980**
	Of which: non-credit obligation assets[1]	**6,236**	6,126	**499**
6	**Counterparty credit risk (CCR)**	**1,428**	1,329	**114**
7	Of which the standardised approach	**524**	510	**42**
UK 8a	Of which exposures to a CCP	**132**	113	**10**
UK 8b	Of which credit valuation adjustment (CVA)	**512**	454	**41**
9	Of which other CCR	**260**	252	**21**
16	**Securitisation exposures in the non-trading book (after the cap)**	**8,052**	8,246	**644**
17	Of which SEC-IRBA approach	**3,905**	4,102	**312**
18	Of which SEC-ERBA approach (including IAA)	**1,397**	1,437	**112**
19	Of which SEC-SA approach	**2,750**	2,707	**220**
20	**Position, foreign exchange and commodities risks (Market risk)**	**307**	319	**25**
21	Of which the standardised approach	**307**	319	**25**
23	**Operational risk**	**25,605**	25,605	**2,048**
UK 23b	Of which standardised approach	**25,605**	25,605	**2,048**
24	Memo: Amounts below the thresholds for deduction (subject to 250% risk weight)	**1,203**	1,424	**96**
29	**Total**	**184,304**	182,560	**14,744**
	Pillar 2A capital requirement[2]			**5,450**
	Total capital requirement			**20,194**

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 2024, the Pillar 2A capital requirement was around 3.0 per cent of risk-weighted assets, of which around 1.7 per cent was to be met with CET1 capital.

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

		Total RWA quarter to 31 Mar 2024
		£m
1	Risk weighted exposure amount as at the end of previous reporting period	121,914
2	Asset size (+/-)	**1,324**
3	Asset quality (+/-)	**(69)**
5	Methodology and policy (+/-)	**291**
7	Foreign exchange movements (+/-)	**(21)**
9	**Risk weighted exposure amount at the end of the reporting period**	**123,439**

Key movements 31 December to 31 March 2024

– Asset size movement largely driven by the Retail portfolio.

– Asset quality movement mainly driven by minimal change in risk mix across certain portfolios.

– Methodology and policy movement predominantly driven by further Secured CRD IV model updates in the quarter.

Liquidity

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

		Total unweighted value (average)				Total weighted value (average)			
		31 Mar 2024	31 Dec 2023	31 Sep 2023	30 Jun 2023	**31 Mar 2024**	31 Dec 2023	31 Sep 2023	30 Jun 2023
	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)					**108,598**	108,655	109,895	112,833
Cash - outflows (£m)									
2	Retail deposits and deposits from small business customers, of which:	**337,049**	337,323	338,339	340,237	**22,206**	22,339	22,518	22,748
3	Stable deposits	**261,145**	260,876	261,108	261,873	**13,057**	13,044	13,056	13,094
4	Less stable deposits	**75,904**	76,447	77,231	78,364	**9,149**	9,295	9,462	9,654
5	Unsecured wholesale funding	**89,653**	90,862	92,583	95,530	**45,721**	45,792	46,010	47,035
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	**19,279**	21,777	25,847	30,160	**4,820**	5,444	6,462	7,540
7	Non-operational deposits (all counterparties)	**67,213**	65,754	63,137	61,616	**37,740**	37,017	35,949	35,741
8	Unsecured debt	**3,161**	3,331	3,599	3,754	**3,161**	3,331	3,599	3,754
9	Secured wholesale funding					**98**	105	76	49
10	Additional requirements	**47,859**	47,957	47,856	47,463	**15,237**	15,240	15,270	15,095
11	Outflows related to derivative exposures and other collateral requirements	**8,486**	8,328	8,279	7,842	**8,486**	8,328	8,279	7,841
12	Outflows related to loss of funding on debt products	**558**	751	855	1,071	**558**	751	856	1,071
13	Credit and liquidity facilities	**38,815**	38,878	38,722	38,550	**6,193**	6,161	6,135	6,183
14	Other contractual funding obligations	**543**	499	463	456	**166**	134	107	109
15	Other contingent funding obligations	**84,704**	85,029	87,394	88,817	**3,715**	3,761	4,160	4,404
16	Total cash outflows					**87,143**	87,371	88,141	89,440
Cash - inflows (£m)									
17	Secured lending (e.g. reverse repos)	**12,880**	13,726	14,803	15,673	**290**	297	299	299
18	Inflows from fully performing exposures	**6,429**	6,076	5,761	5,274	**4,566**	4,188	3,881	3,446
19	Other cash inflows	**914**	1,317	1,353	1,176	**865**	1,202	1,138	865
20	Total cash inflows	**20,223**	21,119	21,917	22,123	**5,721**	5,687	5,318	4,610
UK-20c	Inflows subject to 75% cap	**19,745**	20,598	21,543	21,833	**5,721**	5,687	5,318	4,610
Total adjusted value									
UK-21	Liquidity buffer (£m)					**108,598**	108,655	109,895	112,833
22	Total net cash outflows (£m)					**81,422**	81,684	82,823	84,830
23	Liquidity coverage ratio (%)					**133%**	133%	133%	133%

Liquidity continued

LIQB: Qualitative information on LCR

The Group's LCR disclosure (calculated as the simple average of month end observations over the 12 months preceding the end of each quarter) was 133 per cent as of 31 March 2024, unchanged from prior quarter with no material changes in Liquid assets and net cash outflows.

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 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.

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; acts of hostility or terrorism and responses to those acts, or other such events; geopolitical unpredictability; the war between Russia and Ukraine; the conflicts in the Middle East; the tensions between China and Taiwan; political instability including as a result of any UK general election; market related risks, trends and developments; changes in client and consumer behaviour and demand; exposure to counterparty risk; the 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; tightening of monetary policy in jurisdictions in which the Lloyds Bank Group operates; natural pandemic and other disasters; risks concerning borrower and counterparty credit quality; longevity 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; 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. 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