Lloyds Bank plc

Q3 2024

Pillar 3 Disclosures

23 October 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 30 September 2024 and should be read in conjunction with the Group's Q3 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, 2]

KM1 Ref	LR2 Ref		**30 Sep 2024**	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023
		Available own funds (amounts)					
1		Common Equity Tier 1 (CET1) capital (£m)	**25,197**	25,038	26,243	26,220	25,709
2		Tier 1 capital (£m)	**30,625**	30,056	31,261	31,238	30,728
3		Total capital (£m)	**36,684**	35,681	37,081	37,402	36,967
		Risk-weighted exposure amounts					
4		Total risk-weighted exposure amount (£m)	**184,910**	183,949	184,304	182,560	180,311
		Capital ratios (as a percentage of risk-weighted exposure amount)					
5		Common Equity Tier 1 ratio (%)	**13.6%**	13.6%	14.2%	14.4%	14.3%
6		Tier 1 ratio (%)	**16.6%**	16.3%	17.0%	17.1%	17.0%
7		Total capital ratio (%)	**19.8%**	19.4%	20.1%	20.5%	20.5%
		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%	1.9%	1.9%
UK 10a		Other Systemically Important Institution buffer (%)[3]	**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 (%)	**17.4%**	17.4%	17.4%	17.4%	17.4%
12		CET1 available after meeting minimum SREP own funds requirements (%)[4]	**7.5%**	7.4%	8.1%	8.2%	8.1%
		Leverage ratio					
13	UK-24b	Total exposure measure excluding claims on central banks (£m)	**582,214**	574,932	569,835	562,153	561,710
14	25	Leverage ratio excluding claims on central banks (%)	**5.3%**	5.2%	5.5%	5.6%	5.5%
		Additional leverage ratio disclosure requirements					
UK 14a	UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks(%)	**5.3%**	5.2%	5.5%	5.5%	5.4%
UK 14b	UK-25c	Leverage ratio including claims on central banks (%)	**4.9%**	4.8%	5.0%	5.0%	4.9%
UK 14c	UK-34	Average leverage ratio excluding claims on central banks (%)[5]	**5.2%**	5.4%	5.6%	5.5%	5.5%
UK 14d	UK-33	Average leverage ratio including claims on central banks (%)[5]	**4.9%**	5.0%	5.1%	5.0%	5.0%
	UK-31	Average total exposure measure including claims on central banks[5]	**626,024**	624,803	620,687	627,191	628,672
	UK-32	Average total exposure measure excluding claims on central banks[5]	**585,009**	576,761	568,908	568,917	562,366
	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 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 30 September 2024 dynamic relief for CET1 capital amounted to £8 million (31 December 2023: £155 million).

3 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.

4 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.

5 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 metric and overview of risk weighted exposure amounts continued

KM1: Key metrics (continued)

KM1 Ref	LR2 Ref	Average Liquidity Coverage Ratio (weighted) (LCR)[6]	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023
15		Total high-quality liquid assets (HQLA)(Weighted value -average) (£m)	**107,544**	108,413	108,598	108,655	109,895
UK 16a		Cash outflows - Total weighted value - average (£m)	**85,673**	86,682	87,143	87,371	88,141
UK 16b		Cash inflows - Total weighted value - average (£m)	**5,888**	5,908	5,721	5,687	5,318
16		Total net cash outflows (adjusted value - average) (£m)	**79,785**	80,774	81,422	81,684	82,823
17		Average liquidity coverage ratio (%)	**135%**	134%	133%	133%	133%
		Average Net Stable Funding Ratio[7]					
18		Total available stable funding (Weighted value - average) (£m)	**484,406**	484,745	483,968	483,745	483,227
19		Total required stable funding (Weighted value - average) (£m)	**391,029**	389,339	387,522	387,305	387,651
20		Average NSFR ratio (%)	**124%**	125%	125%	125%	125%

6 The liquidity balances are calculated as the simple average of month end observations over the previous 12 months.
7 The net stable funding balances are calculated as the simple average of month end observations over the previous 4 quarter ends.

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.

		30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital (£m)	**25,197**	25,038	26,243	26,220	25,709
2	CET1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	**25,189**	25,031	26,165	26,065	25,508
3	Tier 1 capital (£m)	**30,625**	30,056	31,261	31,238	30,728
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	**30,617**	30,049	31,183	31,083	30,526
5	Total capital (£m)	**36,684**	35,681	37,081	37,402	36,967
6	Total capital as if IFRS 9 transitional arrangements had not been applied (£m)	**36,676**	35,674	37,080	37,398	36,848
	Risk-weighted exposure (amounts)					
7	Total risk-weighted exposure amount (£m)	**184,910**	183,949	184,304	182,560	180,311
8	Total risk-weighted exposure amount as if IFRS 9 transitional arrangements had not been applied (£m)	**184,902**	183,941	184,279	182,510	180,276
	Capital ratios (as a percentage of risk-weighted exposure amount)					
9	Common Equity Tier 1 ratio (%)	**13.6%**	13.6%	14.2%	14.4%	14.3%
10	CET1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	**13.6%**	13.6%	14.2%	14.3%	14.1%
11	Tier 1 ratio (%)	**16.6%**	16.3%	17.0%	17.1%	17.0%
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	**16.6%**	16.3%	16.9%	17.0%	16.9%
13	Total capital ratio (%)	**19.8%**	19.4%	20.1%	20.5%	20.5%
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied (%)	**19.8%**	19.4%	20.1%	20.5%	20.4%
	Leverage ratio					
15	Total exposure measure excluding claims on central banks (£m)	**582,214**	574,932	569,835	562,153	561,710
16	Leverage ratio excluding claims on central banks (%)	**5.3%**	5.2%	5.5%	5.6%	5.5%
17	Leverage ratio excluding claims on central banks as if IFRS 9 transitional arrangements had not been applied (%)	**5.3%**	5.2%	5.5%	5.5%	5.4%

Common Equity Tier 1

The Group's common equity tier 1 (CET1) capital ratio reduced to 13.6 per cent at 30 September 2024 (31 December 2023: 14.4 per cent). This largely reflected profit for the period, offset by the payment of interim ordinary dividends, the accrual for foreseeable ordinary dividends and an increase in risk-weighted assets.

Total Capital

The Group's total capital ratio reduced to 19.8 per cent (31 December 2023: 20.5 per cent). The issuance of AT1 and Tier 2 capital instruments was more than offset by the reduction in CET1 capital, the reduction in eligible provisions recognised through Tier 2 capital, the impact of regulatory amortisation and foreign exchange on Tier 2 capital instruments and the increase in risk-weighted assets.

Risk-Weighted Assets

Risk-weighted assets have increased by £2,350 million to £184,910 million at 30 September 2024 (31 December 2023: £182,560 million). This reflects the impact of Retail lending growth, Retail secured CRD IV model updates and other movements, partly offset by optimisation including capital efficient securitisation activity.

Leverage

The Group's UK leverage ratio reduced to 5.3 per cent (31 December 2023: 5.6 per cent). This reflected both the reduction in the total tier 1 capital position and an increase in the leverage exposure measure, principally related to the increase in securities financing transactions and other balance sheet movements.

Liquidity

The Group's liquidity coverage ratio (LCR) was 135 per cent (based on a simple average over the previous 12 months) at 30 September 2024 (31 December 2023: 133 per cent). The increase of 2 per cent was primarily due to a decrease in net cash outflows from a reduction in wholesale funding outflows. Liquid assets also decreased, primarily from a reduction in wholesale funding, offset by an increase in customer deposits. The Group's net stable funding ratio (NSFR) remains strong at 124 per cent (based on a quarterly simple average over the previous 4 quarters) as at 30 September 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
		30 Sep 2024	31 Dec 2023	30 Sep 2024
		£m	£m	£m
1	**Credit risk (excluding CCR)**	**149,885**	147,061	**11,991**
2	Of which the standardised approach	**18,970**	19,021	**1,518**
3	Of which the foundation IRB (FIRB) approach	**26,098**	28,006	**2,088**
4	Of which slotting approach	**8,812**	8,472	**705**
5	Of which the advanced IRB (AIRB) approach	**89,674**	85,436	**7,174**
	Of which: non-credit obligation assets[1]	**6,331**	6,126	**506**
6	**Counterparty credit risk (CCR)**	**1,364**	1,329	**109**
7	Of which the standardised approach	**421**	510	**34**
UK 8a	Of which exposures to a CCP	**136**	113	**11**
UK 8b	Of which credit valuation adjustment (CVA)	**483**	454	**38**
9	Of which other CCR	**324**	252	**26**
16	**Securitisation exposures in the non-trading book (after the cap)**	**8,067**	8,246	**646**
17	Of which SEC-IRBA approach	**4,058**	4,102	**325**
18	Of which SEC-ERBA approach (including IAA)	**1,272**	1,437	**102**
19	Of which SEC-SA approach	**2,737**	2,707	**219**
20	**Position, foreign exchange and commodities risks (Market risk)**	**289**	319	**23**
21	Of which the standardised approach	**289**	319	**23**
23	**Operational risk**	**25,305**	25,605	**2,024**
UK 23b	Of which standardised approach	**25,305**	25,605	**2,024**
24	Memo: Amounts below the thresholds for deduction (subject to 250% risk weight)	**1,067**	1,424	**85**
29	**Total**	**184,910**	182,560	**14,793**
	Pillar 2A capital requirement[2]			**5,467**
	Total capital requirement			**20,260**

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 As at 30 September 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. The PRA provided an update to the Group's Pillar 2A capital requirement during the third quarter, with the requirement remaining at around 3.0 per cent of risk-weighted assets

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 30 Sep 2024	Total RWA YTD 30 Sep 2024
		£m	£m
1	Risk weighted exposure amount as at the end of previous reporting period	123,542	121,914
2	Asset size (+/-)	1,111	4,619
3	Asset quality (+/-)	(261)	376
5	Methodology and policy (+/-)	440	253
6	Acquisitions and disposals (+/-)	—	(474)
7	Foreign exchange movements (+/-)	(248)	(298)
8	Other (+/-)	—	(1,806)
9	**Risk weighted exposure amount at the end of the reporting period**	**124,584**	**124,584**

Key movements 30 June 2024 to 30 September 2024

– Asset Size movement largely driven by Commercial Banking and Retail lending growth.

– Methodology and policy movement driven by CRD IV model updates, partly offset by optimisation activity.

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)			
		30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023	**30 Sep 2024**	30 Jun 2024	31 Mar 2024	31 Dec 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)					**107,544**	108,413	108,598	108,655
Cash - outflows (£m)									
2	Retail deposits and deposits from small business customers, of which:	**340,350**	338,047	337,049	337,323	**22,319**	22,209	22,206	22,339
3	Stable deposits	**263,973**	262,145	261,145	260,876	**13,199**	13,107	13,057	13,044
4	Less stable deposits	**76,377**	75,902	75,904	76,447	**9,120**	9,102	9,149	9,295
5	Unsecured wholesale funding	**87,122**	88,438	89,653	90,862	**44,167**	45,032	45,721	45,792
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	**20,824**	20,060	19,279	21,777	**5,206**	5,015	4,820	5,444
7	Non-operational deposits (all counterparties)	**64,101**	65,445	67,213	65,754	**36,764**	37,084	37,740	37,017
8	Unsecured debt	**2,197**	2,933	3,161	3,331	**2,197**	2,933	3,161	3,331
9	Secured wholesale funding					**61**	87	98	105
10	Additional requirements	**47,930**	48,145	47,859	47,957	**15,202**	15,483	15,237	15,240
11	Outflows related to derivative exposures and other collateral requirements	**8,308**	8,570	8,486	8,328	**8,308**	8,570	8,486	8,328
12	Outflows related to loss of funding on debt products	**595**	614	558	751	**595**	614	558	751
13	Credit and liquidity facilities	**39,027**	38,961	38,815	38,878	**6,299**	6,299	6,193	6,161
14	Other contractual funding obligations	**535**	521	543	499	**151**	141	166	134
15	Other contingent funding obligations	**86,178**	85,254	84,704	85,029	**3,773**	3,730	3,715	3,761
16	Total cash outflows					**85,673**	86,682	87,143	87,371
Cash - inflows (£m)									
17	Secured lending (e.g. reverse repos)	**13,226**	12,966	12,880	13,726	**223**	252	290	297
18	Inflows from fully performing exposures	**6,457**	6,464	6,429	6,076	**4,712**	4,678	4,566	4,188
19	Other cash inflows	**1,010**	1,031	914	1,317	**953**	978	865	1,202
20	Total cash inflows	**20,693**	20,461	20,223	21,119	**5,888**	5,908	5,721	5,687
UK-20c	Inflows subject to 75% cap	**20,368**	20,155	19,745	20,598	**5,888**	5,908	5,721	5,687
Total adjusted value									
UK-21	Liquidity buffer (£m)					**107,544**	108,413	108,598	108,655
22	Total net cash outflows (£m)					**79,785**	80,774	81,422	81,684
23	Liquidity coverage ratio (%)					**135%**	134%	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 previous 12 months) was 135 per cent as of 30 September 2024. The increase of 1 percentage point from the prior quarter was primarily due to decrease in net cash outflows from a reduction in wholesale funding outflows. Liquid assets also decreased, primarily from a reduction in wholesale funding, offset by an increase in customer deposits.

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; 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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