

Lloyds Banking Group plc

2022 Half-Year
Pillar 3 Disclosures
30 June 2022

BASIS OF PREPARATION

This report presents the half-year Pillar 3 disclosures of Lloyds Banking Group plc ('the Group') as at 30 June 2022 and should be read in conjunction with the Group's 2022 Half-Year Results News Release.

The disclosures have been prepared in accordance with the Disclosure Part of the PRA Rulebook which includes revised disclosure requirements applicable from 1 January 2022 following the UK implementation of the remaining provisions of Capital Requirements Regulation II ('CRR 2'). In general, comparatives are not provided for new or substantially revised disclosure templates where these are included in the disclosures for the first time.

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

Abbreviation	Template name	Reason for exclusion
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	Threshold for disclosure 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
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

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

A description of the main features of common equity tier 1 (CET1), additional tier 1 (AT1) and tier 2 (T2) capital instruments issued by the Group and its large subsidiaries are included in a separate document on the Group's 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.

Half-year Pillar 3 disclosures for the Group's ring-fenced banking group (Lloyds Bank plc) and large subsidiaries (Bank of Scotland plc and Lloyds Bank Corporate Markets plc) will be published separately on the Group's website, located at www.lloydsbankinggroup.com/investors/financial-downloads.

CRD IV Models

The tables in this section reflect FINREP categories and definitions. Balances reported as 'stage 3' or 'impaired' include those that are greater than 90 days past due in line with the revised definition of default for Residential Mortgages. The exception relates to those values reported as Defaulted exposures as these are determined by regulatory capital models for exposures that are modelled. While the new CRD IV models are still to be approved by the PRA, the reported default classification is based on the current incumbent models which for Residential Mortgages include the reporting of default using a 180 days past due backstop. This has an impact on those disclosures that include defaulted exposures. This includes those tables relating to Credit Risk Quality, the Credit Risk IRB approach and LR3: Split-up of on balance sheet exposure.

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 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; market related risks, trends and developments; risks concerning borrower and counterparty credit quality; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; volatility in credit markets; volatility in the price of the Group's securities; any impact of the transition from IBORs to alternative reference rates; the ability to access sufficient sources of capital, liquidity and funding when required; changes to the Group's credit ratings; 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; potential changes in dividend policy; the ability to achieve strategic objectives; insurance risks; management and monitoring of conduct risk; exposure to counterparty risk; credit rating risk; tightening of monetary policy in jurisdictions in which the Group operates; instability in the global financial markets, including within the Eurozone, and as a result of ongoing uncertainty following the exit by the UK from the European Union (EU) and the effects of the EU-UK Trade and Cooperation Agreement; political instability including as a result of any UK general election and any further possible referendum on Scottish independence; 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; natural pandemic (including but not limited to the COVID-19 pandemic) and other disasters; inadequate or failed internal or external processes or systems; acts of hostility or terrorism and responses to those acts, or other such events; geopolitical unpredictability; the war between Russia and Ukraine; risks relating to sustainability and 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; changes in laws, regulations, practices and accounting standards or taxation; changes to regulatory capital or liquidity requirements and similar contingencies; assessment related to resolution planning requirements; the policies and actions of governmental or regulatory authorities or courts together with any resulting impact on the future structure of the Group; 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; projected employee numbers and key person risk; increased labour costs; assumptions and estimates that form the basis of the Group's financial statements; the impact of competitive conditions; and exposure to legal, regulatory or competition proceedings, investigations or complaints. 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.

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Key metric and overview of risk weighted exposure amounts

KM1: Key Metrics^{1,3}

KM1	LR2		30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Jun 2021
Ref	Ref	Available own funds (amounts)					
1		Common Equity Tier 1 (CET1) capital (£m)	30,743	29,816	33,815	34,419	33,525
2		Tier 1 capital (£m)	35,101	34,174	39,145	39,749	38,855
3		Total capital (£m)	40,502	39,735	46,334	47,365	46,481
Risk-weighted exposure amounts							
4		Total risk-weighted exposure amount (£m)	209,619	210,220	195,967	200,678	200,858
Capital ratios (as a percentage of risk-weighted exposure amount)							
5		Common Equity Tier 1 ratio (%)	14.7 %	14.2 %	17.3 %	17.2 %	16.7 %
6		Tier 1 ratio (%)	16.7 %	16.3 %	20.0 %	19.8 %	19.3 %
7		Total capital ratio (%)	19.3 %	18.9 %	23.6 %	23.6 %	23.1 %
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)							
UK 7a		Additional CET1 SREP requirements (%)	2.0 %	2.0 %	2.1 %	2.2 %	2.2 %
UK 7b		Additional AT1 SREP requirements (%)	0.7 %	0.7 %	0.7 %	0.7 %	0.7 %
UK 7c		Additional T2 SREP requirements (%)	0.9 %	0.9 %	0.9 %	1.0 %	1.0 %
UK 7d		Total SREP own funds requirements (%)	11.5 %	11.5 %	11.7 %	11.8 %	11.8 %
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 (%)	0.008 %	0.005 %	0.005 %	0.007 %	0.003 %
10a		Other Systemically Important Institution buffer (%) ²	—	—	—	—	—
11		Combined buffer requirement (%)	2.508 %	2.505 %	2.505 %	2.507 %	2.503 %
UK 11a		Overall capital requirements (%)	14.0 %	14.0 %	14.2 %	14.3 %	14.3 %
12		CET1 available after meeting minimum SREP own funds requirements (%) ⁴	8.2 %	7.7 %	10.7 %	10.5 %	10.0 %
Leverage ratio							
13	24b	Total exposure measure excluding claims on central banks (£m)	656,459	663,025	664,362	671,527	658,689
14	25	Leverage ratio excluding claims on central banks (%)	5.3 %	5.2 %	5.8 %	5.8 %	5.8 %
Additional leverage ratio disclosure requirements							
UK 14a	UK 25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.3 %	5.1 %	5.7 %	5.7 %	5.6 %
UK 14b	UK 25c	Leverage ratio including claims on central banks (%)	4.7 %	4.5 %	5.2 %	5.3 %	5.2 %
UK 14c	UK 34	Average leverage ratio excluding claims on central banks (%) ⁵	5.3 %	5.3 %	5.8 %	5.8 %	5.9 %
UK 14d	UK 33	Average leverage ratio including claims on central banks (%)	4.6 %	4.7 %	5.2 %	5.3 %	5.3 %
UK 14e	UK 27b	Countercyclical leverage ratio buffer (%) ⁶	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Average Liquidity Coverage Ratio (weighted) (LCR)⁷							
15		Total high-quality liquid assets (HQLA) (Weighted value - average) (£m)	145,894	144,247	140,222	137,134	139,108
UK 16a		Cash outflows - Total weighted value - average (£m)	115,298	115,635	114,229	115,144	114,986
UK 16b		Cash inflows - Total weighted value - average (£m)	12,387	11,288	10,028	10,049	9,162
16		Total net cash outflows (adjusted value - average) (£m)	102,911	104,347	104,201	105,095	105,824
17		Average liquidity coverage ratio (%)	142 %	138 %	135 %	130 %	131 %

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. As at 30 June 2022, static relief under the transitional arrangements amounted to £237 million (31 December 2021: £353 million) and dynamic relief under the transitional arrangements amounted to £28 million (31 December 2021: £428 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 The Group has chosen not to apply the temporary treatment specified under CRR Article 468 (revised) and therefore the reported own funds, capital and leverage ratios already reflect the full impact of unrealised gains and losses on holdings in government and public sector debt measured at fair value through other comprehensive income.

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).

5 The average leverage exposure measure (excluding claims on central banks) for the period from 1 April 2022 to 30 June 2022 amounted to £658,433 million.

6 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 30 June 2022 was 0.6 per cent (31 December 2022: 0.6 per cent), which equates to the additional leverage ratio buffer (ALRB) of 0.7 per cent applied to the Ring-Fenced Bank.

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

Key metric and overview of risk weighted exposure amounts (continued)

Capital - IFRS 9 / Article 468-FL¹

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 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Jun 2021
Available own funds (amounts)					
1 Common Equity Tier 1 (CET1) capital (£m)	30,743	29,816	33,815	34,419	33,525
2 CET1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	30,478	29,565	33,033	33,187	31,855
3 Tier 1 capital (£m)	35,101	34,174	39,145	39,749	38,855
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	34,835	33,922	38,363	38,517	37,185
5 Total capital (£m)	40,502	39,735	46,334	47,365	46,481
6 Total capital as if IFRS 9 transitional arrangements had not been applied (£m)	40,402	39,629	46,336	47,355	46,153
Risk-weighted exposure amounts					
7 Total risk-weighted exposure amount (£m)	209,619	210,220	195,967	200,678	200,858
8 Total risk-weighted exposure amount as if IFRS 9 transitional arrangements had not been applied (£m)	209,451	210,065	195,874	200,483	200,234
Capital ratios (as a percentage of risk-weighted exposure amount)					
9 Common Equity Tier 1 ratio (%)	14.7%	14.2 %	17.3 %	17.2 %	16.7 %
10 CET1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	14.6%	14.1%	16.9%	16.6%	15.9%
11 Tier 1 ratio (%)	16.7%	16.3%	20.0%	19.8%	19.3%
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	16.6%	16.1%	19.6%	19.2%	18.6%
13 Total capital ratio (%)	19.3%	18.9%	23.6%	23.6%	23.1%
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied (%)	19.3%	18.9%	23.7%	23.6%	23.0%
Leverage ratio					
15 Total exposure measure excluding claims on central banks (£m)	656,459	663,025	664,362	671,527	658,689
16 Leverage ratio excluding claims on central banks (%)	5.3%	5.2%	5.8%	5.8%	5.8%
17 Leverage ratio excluding claims on central banks as if IFRS 9 transitional arrangements had not been applied (%)	5.3%	5.1%	5.7%	5.7%	5.6%

1 The Group has chosen not to apply the temporary treatment specified under CRR Article 468 (revised) and therefore the reported own funds, capital and leverage ratios already reflect the full impact of unrealised gains and losses on holdings in government and public sector debt measured at fair value through other comprehensive income.

KM2: Key Metrics – TLAC requirements

	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Jun 2021
	Resolution Group ¹				
	£m	£m	£m	£m	£m
1 Total loss absorbing capacity (TLAC) available	67,892	66,448	72,954	74,130	72,846
1a Fully loaded ECL accounting model TLAC available	67,792	66,342	72,956	74,120	72,519
2 Total RWA at the level of the resolution group	209,619	210,220	195,967	200,678	200,858
3 TLAC as a percentage of RWA	32.4%	31.6%	37.2%	36.9%	36.3%
3a Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA	32.4%	31.6%	37.2%	37.0%	36.2%
4 UK leverage ratio exposure measure at the level of the resolution group	656,459	663,025	664,362	671,527	658,689
5 TLAC as a percentage of UK leverage ratio exposure measure	10.3%	10.0%	11.0%	11.0%	11.1%
5a Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model UK leverage ratio exposure measure	10.3 %	10.0%	11.0%	11.1%	11.0%
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).

Key metric and overview of risk weighted exposure amounts (continued)

Common Equity Tier 1

The Group's common equity tier 1 (CET1) capital ratio has reduced from 17.3 per cent at 31 December 2021 to 14.7 per cent at 30 June 2022, largely reflecting the implementation of regulatory changes on 1 January 2022 (230 basis points) which had the impact of an increase in risk-weighted assets as well as other related modelled impacts, in addition to the reinstatement of the full deduction treatment for intangible software assets and phased reductions in IFRS 9 transitional relief. Further reductions in the ratio during the period resulted from accelerated pension contributions to the Group's three main defined benefit pension schemes, the recognition of the full capital impact of the ordinary share buyback programme and the accrual for foreseeable ordinary dividends, inclusive of the announced interim ordinary dividend. This was partially offset by banking business profits for the period, the dividend received from the Group's Insurance business and a reduction in risk-weighted assets, subsequent to the increase on 1 January 2022.

On a pro forma basis the CET1 capital ratio reduced from 16.3 per cent at 31 December 2021 (reflecting the dividend received from the Insurance business in February 2022 and the full impact of the share buyback) to 14.8 per cent at 30 June 2022 (reflecting the interim dividend received from the Insurance business in July 2022).

Total Capital and MREL

The total capital ratio reduced to 19.3 per cent (31 December 2021: 23.6 per cent) and the minimum requirement for own funds and eligible liabilities (MREL) ratio reduced to 32.4 per cent (31 December 2021: 37.2 per cent) primarily reflecting the reduction in CET1 capital, increase in risk-weighted assets and completion of the transition to end-point eligibility rules for regulatory capital and MREL on 1 January 2022.

Risk-Weighted Assets

Risk-weighted assets increased by £16 billion to £212 billion (pro forma) on 1 January 2022, before reducing by £2 billion in the first half of the year to £210 billion at 30 June 2022. The increase on 1 January 2022 reflected the impact of regulatory changes, including the anticipated impact of the implementation of new CRD IV models to meet revised regulatory standards for modelled outputs and a new standardised approach for measuring counterparty credit risk (SA-CCR) following the UK implementation of the remainder of CRR 2. The subsequent reduction during the first half of the year largely reflects optimisation activities within Retail and Commercial Banking and reductions from Retail models reflecting the benign credit performance, partly offset by the growth in balance sheet lending. Increases from foreign exchange were offset by reductions from the increase in swap rates on counterparty credit risk-weighted assets and other movements. The new CRD IV models remain subject to finalisation and approval by the PRA and therefore uncertainty over the final impact remains.

Leverage

The Group's UK leverage ratio has reduced to 5.3 per cent, primarily reflecting the reduction in the total tier 1 capital position. This was partially offset by a £7.9 billion reduction in the leverage exposure measure which largely reflected a reduction in the measure for off-balance sheet items, partly offset by an increase in the derivatives exposure measure.

Liquidity

The Group's has maintained its robust funding and liquidity position with a loan to deposit ratio of 95 per cent as at 30 June 2022 (94 per cent as at 31 December 2021). Customer deposits remain elevated despite the uncertainties that persist around the macroeconomic environment.

The Group's LCR (calculated as the simple average of month end observations over the 12 months preceding the end of each quarter) was 142 per cent as of 30 June 2022. The 4 per cent increase from 138 per cent for the prior quarter is explained by both an increase in liquid assets, primarily from drawdowns from the Bank of England's Term Funding Scheme with additional incentives for SMEs (TFSME) during 2021, and a reduction in cash outflows, primarily from outflows related to derivative exposures as a result of market volatility from the COVID onset no longer being included in the LCR's Historical Look-Back approach (HLBA).

Key metric and overview of risk weighted exposure amounts (continued)

OV1: Overview of risk-weighted assets

		Total RWA		Total own funds requirements
		30 Jun 2022	31 Dec 2021 ¹	30 Jun 2022
		£m	£m	£m
1	Credit risk (excluding CCR)¹	169,691	156,904	13,575
2	Of which the standardised approach ¹	23,356	21,628	1,868
3	Of which the foundation IRB (FIRB) approach	38,162	38,207	3,053
4	Of which slotting approach	8,902	9,048	712
UK 4a	Of which equities under the simple risk weighted approach ¹	12,683	15,314	1,015
5	Of which the advanced IRB (AIRB) approach	80,363	65,450	6,429
	Of which: non-credit obligation assets ²	6,225	7,258	498
6	Counterparty credit risk - CCR¹	7,495	5,939	598
7	Of which the standardised approach	6,075	—	486
	Of which: marked to market ¹	—	4,401	—
UK 8a	Of which exposures to a CCP	183	522	14
UK 8b	Of which credit valuation adjustment - CVA	893	678	71
9	Of which other CCR	344	338	27
16	Securitisation exposures in the non-trading book (after the cap)¹	5,982	5,945	479
17	Of which SEC-IRBA approach	2,089	2,188	167
18	Of which SEC-ERBA (including IAA) ¹	1,649	1,978	132
19	Of which SEC-SA approach ¹	2,244	1,779	180
20	Position, foreign exchange and commodities risks (Market risk)	2,478	3,153	199
21	Of which the standardised approach	345	353	28
22	Of which IMA	2,133	2,800	171
23	Operational risk	23,973	24,025	1,918
UK 23b	Of which standardised approach	23,973	24,025	1,918
24	Memo: Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)¹	11,529	12,359	922
29	Total	209,619	195,967	16,769
Pillar 2A capital requirement				7,308
Total capital requirement				24,077

1 Re-presented in accordance with revised OV1 template requirements: (i) threshold balances now reported through relevant underlying category; (ii) counterparty credit risk exposures linked to securitisations now reported through securitisation exposures.

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

Own funds

CC1: Composition of regulatory own funds

The capital positions presented below reflect the application of the transitional arrangements for IFRS 9.

		30 Jun 2022 £m	31 Dec 2021 ¹ £m	CC2 Reference
Common Equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	25,398	25,581	
	of which: called up share capital	6,904	7,102	a
	of which: share premium	18,494	18,479	b
2	Retained earnings	12,394	14,884	d
3	Accumulated other comprehensive income (and other reserves)	6,516	8,856	d
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend ²	1,745	(947)	d
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	46,054	48,374	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments	(427)	(457)	
8	Intangible assets (net of related tax liability)	(4,524)	(3,026)	e
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)	(4,464)	(4,483)	f
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	3,185	457	
12	Negative amounts resulting from the calculation of expected loss amounts	—	—	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(198)	116	
15	Defined-benefit pension fund assets	(4,003)	(3,200)	g
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments	(35)	(5)	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	(4,894)	(4,573)	h
22	Amount exceeding the 17.65% threshold	(92)	—	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	(70)	0	
25	of which: deferred tax assets arising from temporary differences	(22)	—	
27a	Other regulatory adjustments to CET1 capital	140	612	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(15,311)	(14,558)	
29	Common Equity Tier 1 (CET1) capital	30,743	33,815	
Additional Tier 1 (AT1) capital: instruments				
30	Capital instruments and the related share premium accounts	5,458	5,879	c
31	of which: classified as equity under applicable accounting standards	5,458	5,879	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) CRR	—	126	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	—	425	
35	of which: instruments issued by subsidiaries subject to phase out	—	425	
36	Additional Tier 1 (AT1) capital before regulatory adjustments	5,458	6,430	
Additional Tier 1 (AT1) capital: regulatory adjustments				
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions)	(1,100)	(1,100)	h
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	(1,100)	(1,100)	
44	Additional Tier 1 (AT1) capital	4,358	5,330	
45	Tier 1 capital (T1 = CET1 + AT1)	35,101	39,145	

		30 Jun 2022 £m	31 Dec 2021 ¹ £m	CC2 Reference
Tier 2 (T2) capital: instruments				
46	Capital instruments and the related share premium accounts	5,888	6,560	i
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	—	231	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	382	1,635	i
49	of which: instruments issued by subsidiaries subject to phase out	14	1,177	
50	Credit risk adjustments	93	—	
51	Tier 2 (T2) capital before regulatory adjustments	6,363	8,426	
Tier 2 (T2) capital: regulatory adjustments				
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions)	(962)	(961)	
UK-56b	Other regulatory adjustments to T2 capital	—	(276)	
57	Total regulatory adjustments to Tier 2 (T2) capital	(962)	(1,237)	
58	Tier 2 (T2) capital	5,402	7,189	
59	Total capital	40,502	46,334	
60	Total risk exposure amount	209,619	195,967	
Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	14.7 %	0.17300	
62	Tier 1 (as a percentage of total risk exposure amount)	16.7 %	0.20000	
63	Total capital (as a percentage of total risk exposure amount)	19.3 %	0.23600	
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)	2.508 %	2.505 %	
65	of which: capital conservation buffer requirement	2.500 %	2.500 %	
66	of which: countercyclical buffer requirement	0.008 %	0.005 %	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	8.2 %	10.7 %	
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)	423	443	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	3,503	3,839	
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)	1,109	1,105	
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)	93	—	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	862	781	

¹ Comparatives have been re-presented to align with the revised disclosure template.

² The reported amount for 30 June 2022 through row UK-5a reflects the independently reviewed interim profits of the Group attributable to ordinary shareholders, net of the foreseeable dividend accrual. The reported amount for 31 December 2021 reflects the year end foreseeable dividend accrual only as the externally audited profits for the year to 31 December 2021 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 compares the Group's consolidated accounting and regulatory balance sheets as at 30 June 2022. The regulatory scope of consolidation, which excludes the Group's insurance undertakings, is the basis for the calculation of the Group's regulatory own funds as presented in table CC1.

	Balance sheet as in published financial statements at 30 Jun 2022	Balance sheet under regulatory scope of consolidation at 30 Jun 2022 ²	Reference ¹
	£m	£m	
Assets			
1 Cash and balances at central banks	86,717	86,717	
2 Items in course of collection from banks	205	205	
3 Financial assets at fair value through profit or loss	179,445	21,060	
4 Derivative financial instruments	29,734	30,027	
5 Loans and advances to banks	7,843	7,801	
6 Loans and advances to customers	456,095	456,133	
7 Reverse repurchase agreements	56,516	56,516	
8 Debt securities	8,980	8,348	
9 Financial assets at amortised cost	529,434	528,798	
10 Financial assets at fair value through other comprehensive income	24,329	24,329	
11 Investments in joint ventures and associates	351	134	
12 Investment in subsidiaries ²	—	9,279	h
13 Goodwill	2,629	551	e
14 Value of in-force business	5,189	—	
15 Other intangible assets	4,399	4,400	e
16 Current tax recoverable	647	655	
17 Deferred tax assets ³	3,781	4,815	f
18 Retirement benefit assets	5,473	5,473	g
19 Other assets	18,075	12,688	
20 Total assets	890,408	729,131	
Liabilities			
1 Deposits from banks	7,470	7,236	
2 Customer deposits	478,213	479,209	
3 Repurchase agreements at amortised cost	48,175	48,175	
4 Items in course of transmission to banks	369	369	
5 Financial liabilities at fair value through profit or loss	19,735	19,721	
6 Derivative financial instruments	26,531	25,916	
7 Notes in circulation	1,269	1,269	
8 Debt securities in issue	74,284	73,187	
9 Liabilities arising from insurance contracts and participating investment contracts	108,613	—	
10 Liabilities arising from non-participating investment contracts	40,542	—	
11 Other liabilities	22,049	9,660	
12 Retirement benefit obligations	187	186	
13 Current tax liabilities	6	4	
14 Deferred tax liabilities ³	164	164	f
15 Other provisions	1,953	1,786	
16 Subordinated liabilities	10,773	9,341	i
17 Total liabilities	840,333	676,223	

	Balance sheet as in published financial statements at 30 Jun 2022 £m	Balance sheet under regulatory scope of consolidation at 30 Jun 2022 ² £m	Reference ¹
Shareholders' equity			
1 Called up share capital	25,398	25,398	
2 of which: share capital	6,904	6,904	a
3 of which: share premium	18,494	18,494	b
4 Other equity instruments	5,485	5,485	c
5 Retained earnings, accumulated other comprehensive income and other reserves ⁴	18,973	21,808	d
6 Total equity excluding non-controlling interests	49,856	52,691	
7 Non-controlling interests	219	217	
8 Total equity	50,075	52,908	
9 Total equity and liabilities	890,408	729,131	

1 The references (a) to (i) 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 The primary difference between the balance sheet published per the financial statements and the balance sheet under the regulatory scope of consolidation relates to the adjustments required to deconsolidate the Insurance business headed by Scottish Widows Group Limited and replace this with the Group's investment in the equity and debt instruments issued by the undertaking, in addition to reinstating intragroup balances between the banking and insurance businesses that are otherwise eliminated upon accounting consolidation. The investment in subsidiaries balance of £9,279 million extracted from the regulatory balance sheet represents the Group's total investment in the equity instruments of Scottish Widows Group Limited which includes £1,100 million of other equity instruments that are classified as tier 1 capital and treated accordingly for own funds purposes. Capital regulations require a portion of the share capital investment in Scottish Widows Group Limited to be deducted from CET1 capital where this exceeds a threshold limit based upon the underlying CET1 capital base of the Group, with the remaining investment up to this limit becoming subject to risk weight.

3 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. Deferred tax assets are also adjusted to reflect the application of the IFRS 9 transitional arrangements.

4 The regulatory definition of eligible items for inclusion in retained earnings differs from the accounting definition. The aggregate of retained earnings and accumulated other comprehensive income and other reserves is comparable on both bases but the allocation between categories differs.

Countercyclical capital buffers

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

Breakdown by Country	30 Jun 2022													
	General credit exposures ^{2,3}		Relevant credit exposures - Market risk ²		Securitisation exposures ³	Total exposure value	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		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	%	%	
Hong Kong	87	13	—	—	—	100	4	—	—	4	49	0.03 %	1.00 %	
Norway	2	436	—	—	—	438	30	—	—	30	369	0.22 %	1.50 %	
Czech Republic	—	—	—	—	—	—	—	—	—	—	—	—	0.50 %	
Slovakia	—	—	—	—	—	—	—	—	—	—	—	—	1.00 %	
Bulgaria	—	—	—	—	—	—	—	—	—	—	—	—	0.50 %	
Luxembourg	183	4,054	—	—	64	4,301	108	—	1	109	1,366	0.81 %	0.50 %	
i) Total ¹	272	4,503	—	—	64	4,839	142	—	1	143	1,784	1.06 %		
United Kingdom	23,281	484,601	1	16	24,149	532,048	11,617	3	393	12,013	150,171	89.29 %	—	
United States of America	823	12,534	3	34	4,925	18,319	466	7	69	542	6,774	4.03 %	—	
Netherlands	1,018	12,745	—	—	91	13,854	168	—	1	169	2,112	1.26 %	—	
ii) Total ¹	25,122	509,880	4	50	29,165	564,221	12,251	10	463	12,724	159,057	94.58 %		
iii) Rest of the World ¹	3,785	11,149	4	37	1,179	16,154	566	7	15	588	7,339	4.36 %		
Total	29,179	525,532	8	87	30,408	585,214	12,959	17	479	13,455	168,180	100.00 %		

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

Breakdown by Country	31 Dec 2021												
	General credit exposures ^{2,3}		Relevant credit exposures - Market risk ²		Securitisation exposures ³	Total exposure value	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		Credit risk ^{2,3}	Market risk ²	Securitisation positions in the non-trading book ³	Total			
Hong Kong	94	14	—	—	—	108	4	—	—	4	50	0.03 %	1.00 %
Norway	6	271	—	—	—	277	22	—	—	22	275	0.18 %	1.00 %
Czech Republic	—	—	—	—	—	—	—	—	—	—	—	—	0.50 %
Slovakia	—	—	—	—	—	—	—	—	—	—	—	—	1.00 %
Bulgaria	—	—	—	—	—	—	—	—	—	—	—	—	0.50 %
Luxembourg	30	2,970	—	—	64	3,064	73	—	1	74	925	0.60 %	0.50 %
i) Total¹	130	3,255	—	—	64	3,449	99	—	1	100	1,250	0.81 %	
United Kingdom	22,157	480,948	2	30	22,192	525,329	10,621	8	384	11,013	137,663	89.72 %	—
United States of America	703	9,834	3	46	4,738	15,324	380	12	75	467	5,838	3.81 %	—
Netherlands	895	10,697	—	—	89	11,681	129	—	1	130	1,625	1.06 %	—
ii) Total¹	23,755	501,479	5	76	27,019	552,334	11,130	20	460	11,610	145,126	94.59 %	
iii) Rest of the World¹	3,685	9,506	2	32	1,273	14,498	541	9	15	565	7,062	4.60 %	
Total	27,570	514,240	7	108	28,356	570,281	11,770	29	476	12,275	153,438	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.

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.

3 General credit and securitisation exposures include counterparty credit risk and are stated on a post CRM basis.

CCyB2: Amount of institution-specific countercyclical capital buffer

	30 Jun 2022	31 Dec 2021
1 Total risk exposure amount	£209,619m	£195,967m
2 Institution specific countercyclical capital buffer rate	0.008 %	0.005 %
3 Institution specific countercyclical capital buffer requirement	£17m	£10m

Leverage

LR1: Summary reconciliation of accounting assets and leverage ratio exposures

		30 Jun 2022	31 Dec 2021 ³
		£m	£m
1	Total assets as per published financial statements	890,408	886,525
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	(167,340)	(187,131)
4	Adjustment for exemption of exposures to central banks	(85,412)	(72,741)
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	(2,034)	(326)
8	Adjustment for derivative financial instruments	(6,269)	(3,506)
9	Adjustment for securities financing transactions (SFTs)	2,696	1,946
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures) ¹	44,196	57,496
11	Adjustment for items and specific and general provisions which have reduced tier 1 capital (leverage)	(13,249)	(10,323)
12	Other adjustments ²	(6,537)	(7,578)
13	Total exposure measure	656,459	664,362

1 Gross of specific provisions.

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

3 Comparatives have been re-presented to align with the revised disclosure template. Reported amounts remain on the basis of the rules that applied at 31 December 2021.

LR3: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		30 Jun 2022	31 Dec 2021
		£m	£m
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	615,559	599,933
UK-2	Trading book exposures	2,595	6,841
UK-3	Banking book exposures, of which:	612,964	593,092
UK-4	Covered bonds	2,405	2,047
UK-5	Exposures treated as sovereigns	115,566	106,500
UK-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	4,647	4,690
UK-7	Institutions	6,744	5,889
UK-8	Secured by mortgages of immovable properties	340,112	336,484
UK-9	Retail exposures	40,211	39,005
UK-10	Corporates	59,048	55,176
UK-11	Exposures in default	5,741	6,373
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	38,490	36,928

Leverage (continued)

LR2: Leverage ratio common disclosure

		30 Jun 2022 £m	31 Dec 2021 ² £m
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral) ¹	615,559	599,933
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	4,519	2,906
3	Deductions of receivables assets for cash variation margin provided in derivatives transactions	(5,082)	(2,823)
6	Asset amounts deducted in determining tier 1 capital (leverage)	(13,086)	(10,323)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	601,910	589,693
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	15,038	7,483
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	9,039	10,544
11	Adjusted effective notional amount of written credit derivatives	695	408
12	Adjusted effective notional offsets and add-on deductions for written credit derivatives	(451)	(141)
13	Total derivatives exposures	24,321	18,294
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	86,975	98,308
15	Netted amounts of cash payables and cash receivables of gross SFT assets	(18,064)	(28,634)
16	Counterparty credit risk exposure for SFT assets	2,696	1,946
18	Total securities financing transaction exposures	71,607	71,620
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	152,420	148,760
20	Adjustments for conversion to credit equivalent amounts	(108,224)	(91,264)
21	General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures	(163)	—
22	Off-balance sheet exposures	44,033	57,496
Capital and total exposure measure			
23	Tier 1 capital (leverage)	35,101	38,594
24	Total exposure measure including claims on central banks	741,871	737,103
UK-24a	(-) Claims on central banks excluded	(85,412)	(72,741)
UK-24b	Total exposure measure excluding claims on central banks	656,459	664,362
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	5.3 %	5.8 %
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.3 %	5.7 %
UK-25c	Leverage ratio including claims on central banks (%)	4.7 %	5.2 %
26	Regulatory minimum leverage ratio requirement (%)	3.25 %	3.25 %
Additional leverage ratio disclosure requirements - leverage ratio buffers			
27	Leverage ratio buffer (%) ³	0.6 %	0.6 %
UK-27a	Of which: G-SII or O-SII additional leverage ratio buffer (%)	0.0 %	0.0 %
UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.0 %	0.0 %
Additional leverage ratio disclosure requirements - disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	75,007	76,928
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	68,911	69,673
UK-31	Average total exposure measure including claims on central banks	751,296	746,554
UK-32	Average total exposure measure excluding claims on central banks	658,433	675,412
UK-33	Average leverage ratio including claims on central banks	4.6 %	5.2 %
UK-34	Average leverage ratio excluding claims on central banks	5.3 %	5.8 %

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

2 Comparatives have been re-presented to align with the revised disclosure template. Reported amounts remain on the basis of the rules that applied at 31 December 2021.

3 The Group's total leverage ratio buffer equates to the O-SII additional leverage ratio buffer (ALRB) of 0.7 per cent applied to the Ring-Fenced Bank. The countercyclical leverage ratio buffer (CCLB) is required to be rounded to the nearest tenth of a percentage.

Total Loss Absorbing Capacity

TLAC1: Total loss absorbing capital composition

	30 Jun 2022 Resolution Group £m	31 Dec 2021 Resolution Group £m
Regulatory capital elements of TLAC and adjustments		
1 Common equity tier 1 (CET1) capital	30,743	33,815
2 Additional tier 1 (AT1) capital before TLAC adjustments	4,358	5,330
3 AT1 capital ineligible as TLAC as issued out of subsidiaries to third parties	—	—
4 Other adjustments	—	—
5 AT1 instruments eligible under the TLAC framework	4,358	5,330
6 Tier 2 (T2) capital before TLAC adjustments	5,401	7,189
7 Amortised portion of T2 instruments where remaining maturity > 1 year	1,054	713
8 T2 capital ineligible as TLAC as issued out of subsidiaries to third parties ¹	(419)	—
9 Other adjustments ²	(14)	(163)
10 Tier 2 instruments eligible under the TLAC framework	6,022	7,739
11 TLAC arising from regulatory capital	41,123	46,884
Non-regulatory capital elements of TLAC		
12 External TLAC instruments issued directly by the bank and subordinated to excluded liabilities	26,769	26,070
17 TLAC arising from non-regulatory capital instruments before adjustments	26,769	26,070
Non-regulatory capital elements of TLAC: adjustments		
18 TLAC before deductions	67,892	72,954
22 TLAC after deductions	67,892	72,954
Risk-weighted assets (RWA) and leverage exposure measure for TLAC purposes		
23 Total RWA adjusted as permitted under the TLAC regime	209,619	195,967
24 UK leverage exposure measure	656,459	664,362
TLAC ratios and buffers		
25 TLAC (as a percentage of RWA adjusted as permitted under the TLAC regime)	32.4%	37.2%
26 TLAC (as a percentage of UK leverage exposure)	10.3%	11.0%
27 CET1 (as a percentage of RWA) available after meeting the resolution group's minimum total capital and TLAC requirements³	8.2 %	10.7 %
28 Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of RWA)	2.5 %	2.5 %
29 Of which: capital conservation buffer requirement	2.5 %	2.5 %
30 Of which: bank specific countercyclical buffer requirement	0.0 %	0.0 %
31 Of which: higher loss absorbency requirement ⁴	—	—

1 Until 1 January 2022, externally issued regulatory capital in operating entities could count towards the Group's MREL resources to the extent that such capital would count towards the Group's consolidated capital resources.

2 Instruments with less than or equal to one year to maturity.

3 Defined as CET1 remaining after meeting the total capital requirement i.e Pillar 1 and Pillar 2A CET1 capital requirements.

4 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.

Total Loss Absorbing Capacity (continued)

TLAC2: Material sub-group entity - creditor ranking at the entity level

The following disclosures provide information on the creditor hierarchy for each material entity within the resolution group, including Lloyds Bank plc, Bank of Scotland plc and Lloyds Bank Corporate Markets plc. The disclosures include information on the nominal value of all own funds instruments and other liabilities to the extent that they are subordinate to or rank pari passu with the most senior MREL claim. Where the instrument is denominated in foreign currency, the nominal value is converted into sterling using the rate as at 30 June 2022. For ordinary shares, this excludes the value of share premium and reserves attributable to ordinary shareholders.

		30 Jun 2022						
		Creditor ranking						
		£m	£m	£m	£m	£m	£m	£m
		(Most junior)						
Lloyds Bank plc								
1	Is the resolution entity the creditor/investor?	Y	Y	N	N	Y	N	Y
2	Description of creditor ranking	Ordinary shares (£1.00 each)	Preference shares, preferred securities and AT1 equity instruments	Undated subordinated liabilities	Dated subordinated liabilities	Senior non-preferred liabilities		Total
3	Total capital and liabilities net of credit risk mitigation	1,574	4,342	—	100	6,004	842	18,849
5	Total capital and liabilities less excluded liabilities	1,574	4,342	—	100	6,004	842	18,849
6	Subset of row 5 that are eligible as TLAC	1,574	4,342	—	—	6,004	750	17,682
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	—	—	—	7,044
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	—	535	750	9,349
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	—	—	—	—	456	—	1,254
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	—	5,013	—	35
11	Subset of row 6 that are perpetual securities	1,574	4,342	—	—	—	—	5,916
Bank of Scotland plc								
1	Is the resolution entity the creditor/investor?	N	Y	N	N	Y	N	N
2	Description of creditor ranking	Ordinary shares (£0.25 each)	Preference shares, preferred securities and AT1 equity instruments	Undated subordinated liabilities	Dated subordinated liabilities	Senior non-preferred liabilities		Total
3	Total capital and liabilities net of credit risk mitigation	5,847	—	2,200	34	—	1,500	3,601
5	Total capital and liabilities less excluded liabilities	5,847	—	2,200	34	—	1,500	3,601
6	Subset of row 5 that are eligible as TLAC	5,847	—	2,200	—	—	1,500	3,601
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	—	—	—	1,490
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	—	—	—	1,385
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	—	—	—	—	—	1,500	726
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	—	—	—	—
11	Subset of row 6 that are perpetual securities	5,847	—	2,200	—	—	—	8,047
Lloyds Bank Corporate Markets plc								
1	Is the resolution entity the creditor/investor?	Y	Y	N	Y	Y	N	Y
2	Description of creditor ranking	Ordinary shares (£1.00 each)	AT1 equity instruments	Undated subordinated liabilities	Dated subordinated liabilities	Senior non-preferred liabilities		Total
3	Total capital and liabilities net of credit risk mitigation	120	833	—	—	747	—	3,308
5	Total capital and liabilities less excluded liabilities	120	833	—	—	747	—	3,308
6	Subset of row 5 that are eligible as TLAC	120	833	—	—	747	—	2,423
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	—	—	—	817
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	—	—	—	576
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	—	—	—	—	618	—	1,029
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	—	129	—	—
11	Subset of row 6 that are perpetual securities	120	833	—	—	—	—	953

TLAC2: Material sub-group entity - creditor ranking at the entity level (continued)

		31 Dec 2021							
		Creditor ranking							
		£m	£m	£m	£m	£m	£m	£m	£m
		(Most junior)							
Lloyds Bank plc									
1	Is the resolution entity the creditor/investor?	Y	Y	N	N	Y	N	Y	
2	Description of creditor ranking	Ordinary shares (£1.00 each)	Preference shares, preferred securities and AT1 equity instruments	Undated subordinated liabilities		Dated subordinated liabilities		Senior non-preferred liabilities	Total
3	Total capital and liabilities net of credit risk mitigation	1,574	4,164	1,517	100	5,601	842	17,777	31,575
5	Total capital and liabilities less excluded liabilities	1,574	4,164	1,517	100	5,601	842	17,777	31,575
6	Subset of row 5 that are eligible as TLAC	1,574	4,164	1,517	100	5,601	842	17,777	31,575
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	—	—	92	6,268	6,360
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	—	482	750	10,353	11,586
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	—	—	—	—	461	—	1,118	1,579
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	—	4,657	—	37	4,695
11	Subset of row 6 that are perpetual securities	1,574	4,164	1,517	100	—	—	—	7,355
Bank of Scotland plc									
1	Is the resolution entity the creditor/investor?	N	Y	N	N	Y	N	N	
2	Description of creditor ranking	Ordinary shares (£0.25 each)	Preference shares, preferred securities and AT1 equity instruments	Undated subordinated liabilities		Dated subordinated liabilities		Senior non-preferred liabilities	Total
3	Total capital and liabilities net of credit risk mitigation	5,847	—	2,218	112	—	1,500	3,381	13,058
5	Total capital and liabilities less excluded liabilities	5,847	—	2,218	112	—	1,500	3,381	13,058
6	Subset of row 5 that are eligible as TLAC	5,847	—	2,218	112	—	1,500	3,381	13,058
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	—	—	—	1,181	1,181
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	—	—	—	2,200	2,200
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	—	—	—	—	—	1,500	—	1,500
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	—	—	—	—	—
11	Subset of row 6 that are perpetual securities	5,847	—	2,218	112	—	—	—	8,177
Lloyds Bank Corporate Markets plc									
1	Is the resolution entity the creditor/investor?	Y	Y	N	Y	Y	N	Y	
2	Description of creditor ranking	Ordinary shares (£1.00 each)	AT1 equity instruments	Undated subordinated liabilities		Dated subordinated liabilities		Senior non-preferred liabilities	Total
3	Total capital and liabilities net of credit risk mitigation	120	767	—	—	683	—	3,109	4,678
5	Total capital and liabilities less excluded liabilities	120	767	—	—	683	—	3,109	4,678
6	Subset of row 5 that are eligible as TLAC	120	767	—	—	683	—	1,317	2,887
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	—	—	—	—	—
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	—	—	—	1,317	1,317
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	—	—	—	—	557	—	—	557
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	—	126	—	—	126
11	Subset of row 6 that are perpetual securities	120	767	—	—	—	—	—	887

Total Loss Absorbing Capacity (continued)**TLAC3: Resolution entity - creditor ranking at the legal entity level**

The following disclosure provides information on the creditor hierarchy for the resolution entity (Lloyds Banking Group plc).

The disclosure includes information on the nominal value of all own funds instruments and other liabilities to the extent that they are subordinate to or rank pari passu with the most senior MREL claim. Where the instrument is denominated in foreign currency, the nominal value is converted into sterling using the rate as at 30 June 2022.

For ordinary shares, this excludes the value of share premium and reserves attributable to ordinary shareholders.

Lloyds Banking Group plc		30 Jun 2022					
		Creditor ranking					
		£m	£m	£m	£m	£m	£m
		(Most junior)					
		Ordinary shares (£0.10 each)	Preference shares and AT1 equity instruments	Undated subordinated liabilities	Dated subordinated liabilities	Senior liabilities	Total
1	Description of creditor ranking						
2	Total capital and liabilities net of credit risk mitigation	6,904	6,409	10	8,774	29,153	51,250
3	Subset of row 2 that are excluded liabilities	—	—	—	—	620	620
4	Total capital and liabilities less excluded liabilities	6,904	6,409	10	8,774	28,533	50,630
5	Subset of row 4 that are potentially eligible as TLAC	6,904	5,995	—	8,774	27,366	49,039
6	Subset of row 5 with 1 year ≤ residual maturity < 2 years	—	—	—	—	7,917	7,917
7	Subset of row 5 with 2 years ≤ residual maturity < 5 years	—	—	—	3,173	11,935	15,108
8	Subset of row 5 with 5 years ≤ residual maturity < 10 years	—	—	—	1,411	7,418	8,829
9	Subset of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	4,190	96	4,286
10	Subset of row 5 that are perpetual securities	6,904	5,995	—	—	—	12,899
31 Dec 2021							
2	Total capital and liabilities net of credit risk mitigation	7,102	6,509	10	8,155	26,930	48,706
3	Subset of row 2 that are excluded liabilities	—	—	—	—	202	202
4	Total capital and liabilities less excluded liabilities	7,102	6,509	10	8,155	26,728	48,504
5	Subset of row 4 that are potentially eligible as TLAC	7,102	6,509	10	8,155	25,614	47,390
6	Subset of row 5 with 1 year ≤ residual maturity < 2 years	—	—	—	—	7,056	7,056
7	Subset of row 5 with 2 years ≤ residual maturity < 5 years	—	—	—	2,860	11,949	14,809
8	Subset of row 5 with 5 years ≤ residual maturity < 10 years	—	—	—	1,390	6,508	7,897
9	Subset of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	3,906	102	4,007
10	Subset of row 5 that are perpetual securities	7,102	6,509	10	—	—	13,621

Credit risk quality

The tables in this section reflect FINREP categories and definitions. Balances reported as 'stage 3' or 'impaired' include those that are greater than 90 days past due in line with the revised definition of default for Residential Mortgages. The exception relates to those values reported as 'Defaulted' exposures as these are determined by regulatory capital models for exposures that are modelled. While the new CRD IV models are still to be approved by the PRA, the reported default classification is based on the current incumbent models which for Residential Mortgages include the reporting of default using a 180 days past due backstop.

CR1: Performing and non-performing exposures and related provisions

		30 Jun 2022														
		Gross carrying amount/nominal amount ¹						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions ¹						Accumulated partial write-off	Collateral and financial guarantees received	
															On performing exposures	On non-performing exposures
		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					
£m	Of which stage 1 £m	Of which stage 2 £m	£m	Of which stage 2 £m	Of which stage 3 £m	£m	Of which stage 1 £m	Of which stage 2 £m	£m	Of which stage 2 £m	Of which stage 3 £m					
005	Cash balances at central banks and other demand deposits	84,602	84,602	—	—	—	—	—	—	—	—	—	—	—	—	—
010	Loans and advances	514,860	462,682	43,341	11,838	620	8,091	(2,016)	(779)	(1,206)	(1,840)	(49)	(1,620)	(316)	368,744	8,032
020	Central banks	1,148	1,148	—	—	—	—	—	—	—	—	—	—	—	—	—
030	General governments	1,313	1,293	—	—	—	—	(1)	(1)	—	—	—	—	—	806	—
040	Credit institutions	14,562	14,562	—	—	—	—	(3)	(3)	—	—	—	—	—	1	—
050	Other financial	75,931	74,721	71	38	7	31	(14)	(13)	(1)	(9)	—	(9)	—	437	7
060	Non-financial corporations	69,471	61,551	7,757	3,975	172	3,803	(497)	(201)	(296)	(976)	—	(976)	(316)	41,815	1,525
070	Of which SMEs	36,699	32,293	4,407	2,123	167	1,956	(174)	(60)	(113)	(102)	—	(102)	—	25,455	1,459
080	Households	352,435	309,407	35,513	7,825	441	4,257	(1,501)	(561)	(909)	(855)	(49)	(635)	—	325,685	6,500
090	Debt securities	34,771	32,414	—	1,121	—	2	(5)	(5)	—	(868)	—	(2)	—	—	—
110	General governments	11,557	11,537	—	—	—	—	(2)	(2)	—	—	—	—	—	—	—
120	Credit institutions	15,957	15,956	—	—	—	—	(1)	(1)	—	—	—	—	—	—	—
130	Other financial	5,603	4,492	—	—	—	—	(2)	(2)	—	—	—	—	—	—	—
140	Non-financial corporations	1,654	429	—	1,121	—	2	—	—	—	(868)	—	(2)	—	—	—
150	Off-balance-sheet	145,801	141,141	4,591	406	228	178	(228)	(123)	(105)	(8)	(4)	(4)		8,430	—
170	General governments	402	401	1	—	—	—	—	—	—	—	—	—		45	—
180	Credit institutions	570	561	9	1	1	—	—	—	—	—	—	—		417	—
190	Other financial	21,782	21,383	399	7	7	—	(8)	(6)	(2)	—	—	—		1,082	—
200	Non-financial corporations	37,691	36,215	1,476	147	47	100	(93)	(46)	(46)	(4)	—	(4)		6,886	—
210	Households	85,356	82,581	2,706	251	173	78	(127)	(71)	(57)	(4)	(4)	—		—	—
220	Total	780,034	720,839	47,932	13,365	848	8,271	(2,249)	(907)	(1,311)	(2,716)	(53)	(1,626)	(316)	377,174	8,032

¹ Staging analysis will exclude those assets and provisions that can not be allocated to a stage such as those classified as 'purchased or originated credit impaired' (POCI) and those measured at fair value.

Credit risk quality (continued)

CR1-A: Maturity of exposures

		30 Jun 2022					
		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	24,171	85,324	84,763	328,355	227	522,841
2	Debt securities	16	3,523	19,679	11,801	—	35,019
3	Total	24,187	88,847	104,442	340,156	227	557,860

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 2021	10,644
020	Inflows to non-performing portfolios	4,100
030	Outflows from non-performing portfolios	(2,906)
040	Outflows due to write-offs	(126)
050	Outflow due to other situations	(2,780)
060	Final stock of non-performing loans and advances at 30 June 2022	11,838

Credit risk quality (continued)

CQ1: Credit quality of forborne exposures

30 Jun 2022								
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	
Performing forborne	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
		Of which defaulted ¹	Of which impaired					
£m	£m	£m	£m	£m	£m		£m	£m
010 Loans and advances	2,237	6,234	4,133	5,982	(40)	(1,285)	4,998	3,151
050 Other financial corporations	6	34	33	31	—	(9)	3	3
060 Non-financial corporations	610	2,951	2,884	2,884	(5)	(950)	971	537
070 Households	1,621	3,249	1,216	3,067	(35)	(326)	4,024	2,611
080 Debt Securities	—	—	—	—	—	—	—	—
090 Loan commitments given	387	190	57	82	(3)	(4)	2	2
100 Total	2,624	6,424	4,190	6,064	(43)	(1,289)	5,000	3,153

31 Dec 2021								
010 Loans and advances	2,573	7,085	4,864	5,749	(44)	(1,314)	5,792	3,639
050 Other financial corporations	20	32	32	31	—	(10)	8	2
060 Non-financial corporations	696	3,314	3,283	3,283	(4)	(939)	1,105	599
070 Households	1,857	3,739	1,549	2,435	(40)	(365)	4,679	3,038
080 Debt Securities	—	2	2	2	—	(2)	—	—
090 Loan commitments given	304	376	223	95	(2)	(5)	4	2
100 Total	2,877	7,463	5,089	5,845	(46)	(1,321)	5,796	3,641

¹ The reported values for defaulted exposure are determined by the regulatory capital models (for those portfolios that are modelled). While the new CRD IV models are still to be approved by the PRA, the default classification is based on the current incumbent model.

Credit risk quality (continued)

CQ4: Quality of non-performing exposures by geography

	30 Jun 2022				
	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	562,590	7,370	(3,863)		(866)
020 Ireland	7,568	—	(3)		—
030 Luxembourg	7,576	—	(2)		—
040 Netherlands	12,198	21	(16)		—
050 United Kingdom	496,307	6,243	(3,121)		(866)
060 United States	18,661	—	(15)		—
070 Other countries	20,280	1,106	(706)		—
080 Off-balance-sheet exposures	146,207	144		(236)	
090 Ireland	223	—		(1)	
100 Luxembourg	1,349	—		—	
110 Netherlands	2,334	43		(2)	
120 United Kingdom	124,770	101		(219)	
130 United States	10,274	—		(10)	
140 Other countries	7,257	—		(4)	
150 Total	708,797	7,514	(3,863)	(236)	(866)

CQ5: Quality of loans and advances to non-financial corporations by industry

	30 Jun 2022			
	Gross carrying amount		Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which defaulted		
	£m	£m	£m	£m
010 Agriculture, forestry and fishing	7,735	177	(50)	—
020 Mining and quarrying	1,166	10	(8)	—
030 Manufacturing	4,753	171	(42)	—
040 Electricity, gas, steam and air conditioning supply	1,767	20	(6)	—
050 Water supply	938	6	(4)	—
060 Construction	7,939	560	(119)	—
070 Wholesale and retail trade	8,118	327	(86)	—
080 Transport and storage	3,336	135	(53)	—
090 Accommodation and food service activities	3,506	1,291	(708)	—
100 Information and communication	2,007	64	(23)	—
110 Financial and insurance activities				
120 Real estate activities	19,489	275	(226)	—
130 Professional, scientific and technical activities	2,973	101	(20)	—
140 Administrative and support service activities	3,122	193	(63)	—
150 Public administration and defence, compulsory social security	25	1	—	—
160 Education	1,210	27	(8)	—
170 Human health services and social work activities	3,501	81	(30)	—
180 Arts, entertainment and recreation	522	43	(14)	—
190 Other services	1,339	426	(13)	—
200 Total	73,446	3,908	(1,473)	—

Credit risk mitigation techniques

CR3: CRM techniques – Overview

	30 Jun 2022				
	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	146,065	376,777	366,223	10,553	40
Debt securities	35,019	—	—	—	—
Total	181,084	376,777	366,223	10,553	40
Of which non-performing exposures	2,219	8,032	6,892	1,140	—
Of which defaulted	914	3,747	—	—	—

Credit risk standardised approach

CR4: Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects

Exposure classes	30 Jun 2022					
	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	On-balance-sheet exposures £m	Off-balance-sheet exposures £m	On-balance-sheet exposures £m	Off-balance-sheet amount £m	RWAs £m	RWAs density (%) %
1 Central governments or central banks	91,208	378	101,482	457	2,788	3 %
2 Regional government or local authorities	559	—	559	—	29	5 %
3 Public sector entities	4,088	—	4,088	—	—	— %
4 Multilateral development banks	10,476	—	10,476	—	—	— %
6 Institutions	148	29	147	464	57	9 %
7 Corporates	4,812	6,373	4,728	1,829	5,679	87 %
8 Retail	10,834	23,366	10,097	234	7,534	73 %
9 Secured by mortgages on immovable property	6,224	43	6,222	23	2,364	38 %
10 Exposures in default	1,119	62	995	21	1,147	113 %
13 Institutions and corporates with a short-term credit	—	82	—	80	38	48 %
14 Collective investment undertakings	1,653	88	1,653	88	1,430	82 %
16 Other items	2,699	—	2,699	—	2,290	85 %
17 Total	133,820	30,421	143,146	3,196	23,356	16 %

	31 Dec 2021					
	On-balance-sheet exposures £m	Off-balance-sheet exposures £m	On-balance-sheet exposures £m	Off-balance-sheet amount £m	RWAs £m	RWAs density (%) %
1 Central governments or central banks ¹	85,402	401	96,431	536	2,775	3%
2 Regional government or local authorities	535	—	535	—	28	5%
3 Public sector entities	4,155	—	4,155	—	—	—%
4 Multilateral development banks	9,768	—	9,768	—	—	—%
6 Institutions	177	30	186	608	66	8%
7 Corporates	4,677	5,965	4,529	1,817	5,454	86%
8 Retail	10,687	23,830	9,831	213	7,317	73%
9 Secured by mortgages on immovable property	6,571	51	6,569	22	2,480	38%
10 Exposures in default	1,157	99	1,058	36	1,240	113%
14 Collective investment undertakings	709	—	709	—	142	20%
16 Other items	2,474	148	2,474	74	2,126	83%
17 Total	126,312	30,524	136,247	3,306	21,628	15%

¹ Re-presented in accordance with revised template requirements to include threshold exposure and risk-weighted asset balances.

Credit risk standardised approach (continued)

CR5: Standardised approach – exposures by asset classes and risk weights (post CCF and post CRM)

Exposure classes		30 Jun 2022															Total £m	Of which unrated £m
		Risk weight																
		0% £m	2% £m	4% £m	10% £m	20% £m	35% £m	50% £m	70% £m	75% £m	100% £m	150% £m	250% £m	370% £m	1250% £m	Others £m		
1	Central governments or central banks	100,814	—	—	—	—	—	—	—	—	16	—	1,109	—	—	—	101,939	99,937
2	Regional government or local authorities	416	—	—	—	143	—	—	—	—	—	—	—	—	—	—	559	—
3	Public sector entities	4,088	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4,088	2,257
4	Multilateral development banks	10,476	—	—	—	—	—	—	—	—	—	—	—	—	—	—	10,476	10,476
6	Institutions	—	—	454	—	144	—	8	—	—	5	—	—	—	—	—	611	463
7	Corporates	—	—	—	—	14	—	765	—	—	5,760	17	—	—	1	—	6,557	5,524
8	Retail exposures	—	—	—	—	—	—	—	—	10,331	—	—	—	—	—	—	10,331	10,331
9	Exposures secured by mortgages on immovable property	—	—	—	—	—	5,854	—	—	59	333	—	—	—	—	—	6,246	6,246
10	Exposures in default	—	—	—	—	—	—	—	—	—	754	262	—	—	—	—	1,016	1,016
13	Exposures to institutions and corporates with a short-term credit assessment	—	—	—	—	6	—	74	—	—	—	—	—	—	—	—	80	—
14	Units or shares in collective investment undertakings	97	—	—	—	703	—	—	—	—	208	644	—	—	1	88	1,740	—
16	Other items	64	—	—	—	432	—	—	—	—	2,204	—	—	—	—	—	2,699	2,699
17	TOTAL	115,955	—	454	—	1,442	5,854	847	—	10,390	9,280	923	1,109	—	2	88	146,342	138,949

		31 Dec 2021																
1	Central governments or central banks ¹	95,849	—	—	—	—	—	—	—	—	13	—	1,105	—	—	—	96,967	95,361
2	Regional government or local authorities	393	—	—	—	142	—	—	—	—	—	—	—	—	—	—	535	—
3	Public sector entities	4,155	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4,155	2,637
4	Multilateral development banks	9,768	—	—	—	—	—	—	—	—	—	—	—	—	—	—	9,768	9,768
6	Institutions	—	—	605	—	183	—	2	—	—	4	—	—	—	—	—	795	612
7	Corporates	—	—	—	—	19	—	799	—	—	5,527	—	—	—	1	—	6,346	5,301
8	Retail exposures	—	—	—	—	—	—	—	—	10,044	—	—	—	—	—	—	10,044	10,044
9	Exposures secured by mortgages on immovable property	—	—	—	—	—	6,210	—	—	60	321	—	—	—	—	—	6,591	6,591
10	Exposures in default	—	—	—	—	—	—	—	—	—	804	291	—	—	—	—	1,095	1,095
14	Units or shares in collective investment undertakings	—	—	—	—	709	—	—	—	—	—	—	—	—	—	—	709	—
16	Other items	60	—	—	—	431	—	—	—	—	2,057	—	—	—	—	—	2,548	2,548
17	TOTAL	110,225	—	605	—	1,484	6,210	801	—	10,105	8,726	291	1,105	—	1	—	139,553	133,950

1 Re-presented in accordance with revised template requirements to include threshold exposure balances.

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

	Total RWA quarter to 31 Mar 2022	Total RWA quarter to 30 Jun 2022	Total own funds requirements for quarter to 30 Jun 2022
	£m	£m	£m
1 Risk weighted exposure amount as at the beginning of the quarter	112,706	128,012	10,241
2 Asset size (+/-)	447	700	56
3 Asset quality (+/-)	(871)	(1,533)	(123)
4 Model updates (+/-)	—	—	—
5 Methodology and policy (+/-)	15,517	(591)	(47)
6 Acquisitions and disposals (+/-)	—	—	—
7 Foreign exchange movements (+/-)	214	839	67
8 Other (+/-)	—	—	—
9 Risk weighted exposure amount at the end of the quarter	128,012	127,427	10,194

Key movements quarter to 31 March 2022

- Asset quality decrease mainly driven by retail model calibrations.
- Methodology and policy increases reflect the anticipated implementation (via the application of temporary model adjustments) of new CRD IV models to meet revised regulatory standards for modelled outputs, partly offset by other optimisation activity.

Key movements quarter to 30 June 2022

- Asset size increase driven by net new lending offset by optimisation activity.
- Asset quality movement driven by reductions from Retail models reflecting the benign credit performance.
- Methodology & Policy reduction primarily reflects capital-efficient securitisation activity and other optimisation.
- Foreign exchange movements, principally driven by movement in US Dollar and Euro.

Credit risk IRB approach - CR6

The risk-weighted assets and expected losses within the CR6 tables reflect adjustments for the anticipated impact of the implementation of new CRD IV models to meet revised regulatory standards for modelled outputs. The new models have yet to be approved by the PRA. As such, the modelled exposures (where applicable), probability of default (PD) and loss given default (LGD) presented in the tables do not reflect the anticipated impact from CRD IV. The disclosures for Residential Mortgages continue to include the reporting of default using a 180 days past due backstop.

PD range	30 Jun 2022											
	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
Central Governments or Central Banks	£m	£m	%	£m	%	No.	%	No.	£m	%	£m	£m
0.00 to <0.15	10,388	266	75.00 %	10,344	0.01 %	27	45.00 %	1.5	526	5.09 %	1	—
0.00 to <0.10	10,388	266	75.00 %	10,344	0.01 %	27	45.00 %	1.5	526	5.09 %	1	—
0.15 to <0.25	7	—	— %	—	— %	3	— %	—	—	— %	—	—
0.25 to <0.50	—	—	75.00 %	—	0.42 %	1	45.00 %	2.4	—	68.61 %	—	—
0.75 to <2.50	106	—	— %	—	— %	2	— %	—	—	— %	—	—
0.75 to <1.75	106	—	— %	—	— %	2	— %	—	—	— %	—	—
2.50 to <10.00	—	89	75.00 %	1	6.20 %	2	45.00 %	3.4	2	201.60 %	—	—
2.5 to <5	—	89	— %	—	— %	1	— %	—	—	— %	—	—
5 to <10	—	—	75.00 %	1	6.20 %	1	45.00 %	3.4	2	201.60 %	—	—
10.00 to <100.00	44	43	— %	—	— %	1	— %	—	—	— %	—	—
10 to <20	44	43	— %	—	— %	1	— %	—	—	— %	—	—
Subtotal	10,545	398	75.00 %	10,345	0.01 %	37	45.00 %	1.5	528	5.10 %	1	—
31 Dec 2021												
0.00 to <0.15	8,068	171	75.00%	8,006	0.01%	21	45.00%	1.7	462	5.77%	0	
0.15 to <0.25	9	—	—%	—	—%	—	—%	—	—	—%	—	
0.25 to <0.50	—	—	75.00%	—	0.42%	1	45.00%	2.4	—	66.99%	—	
0.75 to <2.50	104	—	—%	—	—%	1	—%	—	—	—%	—	
2.50 to <10.00	—	211	75.00%	13	4.26%	3	45.00%	5.0	24	182.45%	—	
Subtotal	8,181	382	75.00%	8,019	0.02%	25	45.00%	1.7	486	6.06%	—	—

Credit risk IRB approach - CR6 (continued)

PD range	30 Jun 2022											
	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
Institutions	£m	£m	%	£m	%	No.	%	No.	£m	%	£m	£m
0.00 to <0.15	8,763	2,026	38.06 %	9,593	0.05 %	912	33.18 %	1.0	1,008	10.50 %	2	1
0.00 to <0.10	7,641	1,424	38.83 %	8,268	0.04 %	769	32.63 %	1.0	768	9.28 %	1	1
0.10 to <0.15	1,122	602	36.04 %	1,325	0.11 %	143	36.59 %	0.9	240	18.11 %	1	—
0.15 to <0.25	90	35	57.67 %	111	0.18 %	48	26.88 %	3.6	39	35.17 %	—	—
0.25 to <0.50	15	91	72.93 %	81	0.39 %	66	10.55 %	1.7	12	14.50 %	—	—
0.50 to <0.75	4	2	47.60 %	4	0.63 %	38	44.62 %	2.9	5	115.26 %	—	—
0.75 to <2.50	74	30	3.31 %	75	1.00 %	56	43.27 %	1.7	79	105.07 %	—	—
0.75 to <1.75	74	30	3.31 %	75	1.00 %	51	43.27 %	1.7	79	105.06 %	—	—
1.75 to <2.5	—	—	— %	—	1.90 %	5	40.00 %	1.7	—	120.41 %	—	—
2.50 to <10.00	1	—	75.00 %	1	4.34 %	26	45.00 %	1.0	2	149.38 %	—	—
2.5 to <5	1	—	75.00 %	1	4.09 %	15	45.00 %	1.0	2	178.88 %	—	—
5 to <10	—	—	— %	—	6.20 %	11	45.00 %	1.0	—	181.75 %	—	—
10.00 to <100.00	—	—	— %	—	17.52 %	12	45.00 %	1.0	—	244.56 %	—	—
10 to <20	—	—	— %	—	14.33 %	6	45.00 %	1.0	—	235.98 %	—	—
30.00 to <100.00	—	—	— %	—	31.00 %	6	45.00 %	1.0	—	280.78 %	—	—
100.00 (Default)	—	—	— %	—	100.00 %	2	45.00 %	1.2	—	— %	—	—
Subtotal	8,947	2,184	39.35 %	9,865	0.07 %	1,160	33.00 %	1.1	1,145	11.60 %	2	1
31 Dec 2021												
0.00 to <0.15	7,623	2,566	44.21%	8,770	0.05%	955	34.25%	0.9	875	9.98%	2	
0.15 to <0.25	37	43	82.55%	72	0.18%	54	41.59%	2.2	31	42.89%	—	
0.25 to <0.50	8	133	61.75%	90	0.39%	63	18.31%	1.0	21	22.98%	—	
0.50 to <0.75	2	3	51.88%	4	0.63%	32	44.90%	1.0	3	73.77%	—	
0.75 to <2.50	72	32	74.72%	96	1.01%	60	43.51%	1.6	94	97.94%	—	
2.50 to <10.00	1	4	75.00%	4	3.88%	25	44.96%	1.0	5	137.36%	—	
10.00 to <100.00	—	—	75.00%	—	21.05%	9	45.00%	1.0	1	251.25%	—	
100.00 (Default)	—	—	—%	—	100.00%	3	45.00%	2.8	—	—%	—	
Subtotal	7,743	2,782	46.04%	9,037	0.07%	1,201	34.26%	0.9	1,030	11.40%	2	—

Key movements

– Reduction in CCF due to change in mix of the portfolio.

Credit risk IRB approach - CR6 (continued)

PD range	30 Jun 2022											
	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
Corporate SME	£m	£m	%	£m	%	No.	%	No.	£m	%	£m	£m
0.00 to <0.15	765	737	73.40 %	1,307	0.06 %	270	39.43 %	3.9	325	24.84 %	—	—
0.00 to <0.10	585	582	74.45 %	1,019	0.05 %	211	39.22 %	3.9	227	22.27 %	—	—
0.10 to <0.15	180	155	69.47 %	288	0.11 %	59	40.21 %	3.8	98	33.94 %	—	—
0.15 to <0.25	208	58	69.66 %	241	0.19 %	230	42.12 %	3.6	107	44.53 %	—	—
0.25 to <0.50	758	371	41.68 %	818	0.39 %	1,405	40.73 %	3.2	430	52.57 %	2	1
0.50 to <0.75	1,197	479	16.55 %	1,113	0.57 %	19,880	39.59 %	3.6	618	55.50 %	3	1
0.75 to <2.50	2,720	922	24.13 %	2,596	1.25 %	13,854	40.09 %	3.0	1,839	70.86 %	14	12
0.75 to <1.75	2,713	922	24.13 %	2,589	1.25 %	13,805	40.08 %	3.1	1,835	70.87 %	14	12
1.75 to <2.5	7	—	— %	7	2.00 %	49	45.00 %	1.5	4	67.48 %	—	—
2.50 to <10.00	1,750	352	24.05 %	1,614	4.22 %	6,054	38.99 %	2.8	1,464	90.67 %	28	27
2.5 to <5	1,120	270	27.33 %	1,053	3.12 %	3,308	39.32 %	2.8	910	86.37 %	14	15
5 to <10	630	82	13.20 %	561	6.29 %	2,746	38.40 %	2.8	554	98.80 %	14	12
10.00 to <100.00	266	27	29.36 %	249	20.91 %	1,585	38.67 %	2.7	367	147.33 %	22	12
10 to <20	165	14	15.69 %	152	12.80 %	1,290	37.76 %	2.3	184	121.13 %	8	4
30.00 to <100.00	101	13	43.81 %	97	33.62 %	295	40.10 %	3.3	183	188.41 %	14	8
100.00 (Default)	461	34	32.07 %	435	100.00 %	1,050	40.62 %	2.4	—	— %	177	95
Subtotal	8,125	2,980	38.30 %	8,373	7.15 %	44,329	39.81 %	3.2	5,150	61.50 %	246	148
31 Dec 2021												
0.00 to <0.15	782	736	73.16%	1,320	0.06%	261	39.04%	3.9	314	23.81%	—	
0.15 to <0.25	148	127	70.85%	231	0.19%	229	42.63%	3.4	84	36.45%	—	
0.25 to <0.50	815	376	39.50%	846	0.38%	1,366	41.49%	3.5	449	53.08%	1	
0.50 to <0.75	1,417	336	19.42%	1,324	0.57%	4,575	41.17%	4.0	770	58.17%	3	
0.75 to <2.50	2,904	936	24.28%	2,705	1.27%	7,188	40.38%	3.3	1,901	70.28%	15	
2.50 to <10.00	1,982	402	23.02%	1,846	4.04%	4,416	40.21%	2.8	1,645	89.14%	31	
10.00 to <100.00	367	59	46.82%	373	19.18%	973	41.19%	2.4	534	143.24%	29	
100.00 (Default)	508	120	29.51%	486	100.00%	918	40.76%	2.4	—	—%	198	
Subtotal	8,922	3,093	39.91%	9,130	7.43%	19,926	40.48%	3.3	5,698	62.41%	277	161

Key movements

- Exposure at default and risk-weighted assets decreased by £0.8 billion and £0.5 billion respectively due to securitisation activity, repayments & run offs.
- Average PD reduced from 7.43% to 7.15% due to an improvement in underlying PD and a small reduction in defaulted exposure.

Credit risk IRB approach - CR6 (continued)

PD range	30 Jun 2022											
	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
Corporate Main	£m	£m	%	£m	%	No.	%	No.	£m	%	£m	£m
0.00 to <0.15	16,251	19,019	72.42 %	30,171	0.09 %	593	42.81 %	2.2	7,867	26.08 %	12	13
0.00 to <0.10	3,593	9,244	72.99 %	10,461	0.05 %	293	41.80 %	2.6	2,200	21.03 %	2	3
0.10 to <0.15	12,658	9,775	71.86 %	19,710	0.11 %	300	43.34 %	2.0	5,667	28.75 %	10	10
0.15 to <0.25	5,073	6,516	67.15 %	9,446	0.18 %	2,581	44.16 %	2.5	4,211	44.58 %	8	9
0.25 to <0.50	7,525	8,850	61.18 %	12,669	0.35 %	4,239	37.20 %	2.0	6,307	49.78 %	17	28
0.50 to <0.75	2,419	2,256	56.96 %	3,414	0.62 %	5,976	42.20 %	2.7	2,861	83.82 %	10	13
0.75 to <2.50	4,136	3,166	40.40 %	4,841	1.29 %	7,650	41.19 %	2.1	4,810	99.35 %	29	34
0.75 to <1.75	4,050	3,156	40.54 %	4,755	1.28 %	6,289	41.13 %	2.1	4,719	99.24 %	28	34
1.75 to <2.5	86	10	— %	86	1.98 %	1,361	44.58 %	1.4	91	105.72 %	1	—
2.50 to <10.00	2,575	1,754	52.74 %	3,210	4.17 %	3,501	43.19 %	2.3	4,850	151.11 %	65	100
2.5 to <5	1,718	1,453	52.74 %	2,433	3.40 %	2,731	42.99 %	2.5	3,515	144.50 %	41	53
5 to <10	857	301	52.76 %	777	6.57 %	770	43.82 %	1.7	1,335	171.85 %	24	47
10.00 to <100.00	101	119	67.01 %	180	20.46 %	217	42.80 %	1.8	426	236.76 %	17	18
10 to <20	56	71	64.30 %	102	12.20 %	141	43.98 %	1.3	229	224.84 %	6	11
20 to <30	1	—	— %	1	30.00 %	12	44.12 %	1.1	2	289.47 %	—	—
30.00 to <100.00	44	48	70.99 %	77	31.24 %	64	41.24 %	2.6	195	251.60 %	11	7
100.00 (Default)	512	102	83.90 %	597	100.00 %	691	41.91 %	1.5	—	— %	250	138
Subtotal	38,592	41,782	65.30 %	64,528	1.46 %	25,448	41.76 %	2.2	31,332	48.56 %	408	353
31 Dec 2021												
0.00 to <0.15	13,188	17,138	72.45%	25,748	0.09%	575	42.68%	2.3	6,920	26.87%	11	
0.15 to <0.25	3,893	5,566	62.43%	7,322	0.18%	2,695	44.48%	2.4	3,364	45.94%	7	
0.25 to <0.50	6,995	8,568	62.10%	11,993	0.34%	4,172	38.68%	2.1	6,289	52.44%	18	
0.50 to <0.75	2,344	2,567	63.52%	3,816	0.62%	5,762	43.19%	2.6	3,128	81.97%	11	
0.75 to <2.50	3,965	3,283	57.27%	5,331	1.28%	7,951	42.20%	2.0	5,139	96.40%	32	
2.50 to <10.00	2,841	2,174	64.45%	3,951	4.28%	4,163	42.60%	2.3	5,666	143.43%	76	
10.00 to <100.00	145	153	65.51%	245	16.81%	241	40.92%	1.3	485	198.03%	16	
100.00 (Default)	575	102	64.98%	640	100.00%	832	43.16%	1.9	—	—%	276	
Subtotal	33,947	39,551	66.55%	59,046	1.73%	26,391	42.07%	2.2	30,992	52.49%	446	316

Key movements

- Exposure at default and risk-weighted assets increased by £5.5 billion and £0.3 billion respectively due to an increase in lower risk-weighted new lending replacing higher risk weight lending which is rolling off. Together these reduce the average risk weight.
- Average PD reduced from 1.73% to 1.46% due to a change in mix in the portfolio and a small reduction in defaulted exposure.

Credit risk IRB approach - CR6 (continued)

PD range	30 Jun 2022										
	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
Residential mortgages (SME)	£m	£m	%	£m	%	No.	%	£m	%	£m	£m
0.50 to <0.75	2,359	208	97.23 %	2,510	0.54 %	16,255	18.16 %	308	12.27 %	2	39
0.75 to <2.50	1,892	158	97.94 %	2,004	1.12 %	10,605	16.28 %	358	17.88 %	4	15
0.75 to <1.75	1,892	158	97.94 %	2,004	1.12 %	10,605	16.28 %	358	17.88 %	4	15
2.50 to <10.00	597	26	97.19 %	610	4.04 %	3,232	17.23 %	248	40.69 %	4	11
2.5 to <5	324	15	97.43 %	331	2.62 %	1,724	17.23 %	108	32.72 %	1	6
5 to <10	273	11	96.88 %	279	5.73 %	1,508	17.24 %	140	50.13 %	3	5
10.00 to <100.00	164	4	96.20 %	166	22.15 %	1,072	18.08 %	120	72.29 %	7	9
10 to <20	122	3	96.63 %	124	12.78 %	840	18.21 %	91	73.65 %	3	6
30.00 to <100.00	42	1	94.20 %	42	50.10 %	232	17.76 %	29	68.58 %	4	3
100.00 (Default)	121	5	97.32 %	124	100.00 %	468	19.46 %	25	19.87 %	23	23
Subtotal	5,133	401	97.49 %	5,414	4.09 %	31,633	17.39 %	1,059	19.56 %	40	97
31 Dec 2021											
0.50 to <0.75	2,504	242	99.75%	2,746	0.54%	18,206	18.14%	361	13.15%	3	
0.75 to <2.50	2,006	196	99.79%	2,201	1.12%	11,220	16.27%	428	19.42%	4	
2.50 to <10.00	665	40	99.81%	705	4.11%	3,327	16.88%	312	44.26%	5	
10.00 to <100.00	163	6	99.82%	169	22.17%	1,027	17.85%	132	77.88%	7	
100.00 (Default)	130	5	99.68%	135	100.00%	497	19.42%	24	18.16%	27	
Subtotal	5,469	488	99.77%	5,956	4.04%	34,277	17.32%	1,257	21.10%	46	131

Key movements

- Exposures decreased by £0.5 billion and risk-weighted assets decreased by £0.2 billion due to lower lending volumes.

Credit risk IRB approach - CR6 (continued)

PD range	30 Jun 2022										
	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
Residential mortgages (non-SME)	£m	£m	%	£m	%	No.	%	£m	%	£m	£m
0.00 to <0.15	270,664	19,128	100.46 %	301,904	0.39 %	2,121,224	10.15 %	29,200	9.67 %	187	176
0.00 to <0.10	248,385	18,882	101.02 %	278,518	0.35 %	1,930,234	10.24 %	25,275	9.07 %	155	131
0.10 to <0.15	22,279	246	57.53 %	23,386	0.81 %	190,990	9.10 %	3,925	16.78 %	32	45
0.15 to <0.25	20,221	181	64.98 %	21,126	1.05 %	154,878	9.72 %	4,359	20.63 %	39	62
0.25 to <0.50	13,604	747	77.62 %	14,744	1.74 %	115,029	8.96 %	3,951	26.80 %	42	61
0.50 to <0.75	2,390	10	57.79 %	2,497	3.49 %	22,749	8.78 %	1,056	42.30 %	15	27
0.75 to <2.50	4,033	15	37.44 %	4,216	7.77 %	35,169	8.58 %	2,754	65.33 %	57	74
0.75 to <1.75	2,540	13	35.02 %	2,654	5.35 %	22,099	8.66 %	1,473	55.49 %	25	32
1.75 to <2.5	1,493	2	51.19 %	1,562	11.87 %	13,070	8.46 %	1,281	82.06 %	32	42
2.50 to <10.00	2,585	6	64.85 %	2,691	21.72 %	21,852	8.47 %	2,489	92.48 %	97	65
2.5 to <5	1,550	3	28.69 %	1,616	17.72 %	13,165	8.44 %	1,413	87.47 %	46	43
5 to <10	1,035	3	99.24 %	1,075	27.73 %	8,687	8.52 %	1,076	100.01 %	51	22
10.00 to <100.00	1,701	—	50.10 %	1,743	56.03 %	14,951	8.28 %	1,874	107.52 %	242	30
10 to <20	732	—	51.51 %	755	40.64 %	6,307	8.20 %	875	115.96 %	60	15
20 to <30	308	—	100.00 %	316	54.77 %	2,648	8.49 %	388	122.73 %	39	6
30.00 to <100.00	661	—	49.99 %	672	73.97 %	5,996	8.28 %	611	90.99 %	143	9
100.00 (Default)	2,535	—	46.64 %	2,535	100.00 %	18,829	10.35 %	6,616	260.98 %	339	676
Subtotal	317,733	20,087	99.22 %	351,456	1.75 %	2,504,681	10.03 %	52,299	14.88 %	1,018	1,171
31 Dec 2021											
0.00 to <0.15	255,780	16,818	101.52%	284,268	0.37%	2,056,654	10.22%	22,967	8.08%	141	
0.15 to <0.25	24,394	218	65.79%	25,520	1.01%	194,210	9.61%	3,638	14.25%	32	
0.25 to <0.50	17,050	725	76.37%	18,317	1.53%	140,948	9.12%	3,358	18.33%	33	
0.50 to <0.75	3,843	18	56.43%	4,020	2.80%	35,102	8.51%	1,069	26.59%	13	
0.75 to <2.50	4,803	23	81.50%	5,032	6.24%	43,694	8.47%	1,928	38.32%	34	
2.50 to <10.00	3,164	5	61.64%	3,298	18.46%	26,887	8.49%	2,068	62.69%	68	
10.00 to <100.00	1,882	—	—%	1,929	54.59%	16,715	8.12%	1,139	59.04%	123	
100.00 (Default)	2,860	—	—%	2,860	100.00%	21,177	9.86%	2,069	72.34%	392	
Subtotal	313,777	17,807	99.98%	345,244	1.90%	2,535,387	10.04%	38,235	11.07%	836	1,212

¹ Obligor are allocated to grades based on PIT PDs, so the weighted and arithmetic average PDs are above the ranges due to the use of more conservative TTC PDs.

Key movements

- An increase in mortgage lending drives £6.2 billion increase in exposure at default.
- Average PD decreased from 1.9% to 1.75% partly due to reduction in defaulted assets and lower risk-weighted new business versus redemptions.
- Risk-weighted assets and expected loss increased by £14.1 billion and £0.2 billion respectively predominantly due to the anticipated impact of new CRD IV models to meet revised regulatory standards for modelled outputs.

Credit risk IRB approach - CR6 (continued)

PD range	30 Jun 2022										
	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
Qualifying revolving retail exposures	£m	£m	%	£m	%	No.	%	£m	%	£m	£m
0.00 to <0.15	853	15,665	69.53 %	11,744	0.09 %	8,972,044	57.59 %	412	3.51 %	6	42
0.00 to <0.10	471	10,170	71.01 %	7,692	0.07 %	5,834,257	56.80 %	211	2.75 %	3	28
0.10 to <0.15	382	5,495	66.79 %	4,052	0.13 %	3,137,787	59.08 %	201	4.97 %	3	14
0.15 to <0.25	529	6,797	70.18 %	5,299	0.20 %	4,319,012	60.69 %	390	7.35 %	7	18
0.25 to <0.50	1,077	8,991	66.72 %	7,076	0.36 %	5,436,483	63.09 %	871	12.31 %	18	28
0.50 to <0.75	848	4,081	70.06 %	3,707	0.61 %	3,345,292	69.58 %	766	20.66 %	17	20
0.75 to <2.50	3,060	6,016	72.99 %	7,454	1.36 %	6,197,563	75.47 %	3,032	40.67 %	84	93
0.75 to <1.75	2,128	4,954	73.03 %	5,748	1.14 %	5,031,115	75.20 %	2,052	35.69 %	54	58
1.75 to <2.5	932	1,062	72.78 %	1,706	2.11 %	1,166,448	76.38 %	980	57.46 %	30	35
2.50 to <10.00	2,388	1,283	78.34 %	3,394	4.67 %	1,939,086	77.98 %	3,398	100.11 %	135	159
2.5 to <5	1,489	1,009	76.47 %	2,261	3.55 %	1,353,250	77.65 %	1,905	84.25 %	68	81
5 to <10	899	274	85.26 %	1,133	6.89 %	585,836	78.63 %	1,493	131.75 %	67	78
10.00 to <100.00	766	155	93.43 %	928	29.19 %	647,263	77.76 %	1,991	214.62 %	228	124
10 to <20	370	77	100.23 %	449	13.65 %	274,636	78.70 %	869	193.62 %	52	50
20 to <30	113	30	89.71 %	143	24.55 %	125,835	76.48 %	346	241.23 %	29	21
30.00 to <100.00	283	48	84.77 %	336	51.95 %	246,792	77.06 %	776	231.32 %	147	53
100.00 (Default)	235	—	— %	235	100.00 %	287,797	71.49 %	462	196.11 %	131	114
Subtotal	9,756	42,988	69.93 %	39,837	2.10 %	31,144,540	65.73 %	11,322	28.42 %	626	598
31 Dec 2021											
0.00 to <0.15	704	15,167	69.99%	11,320	0.09%	8,424,521	56.94%	394	3.48%	6	
0.15 to <0.25	495	7,204	70.38%	5,564	0.20%	4,520,434	60.24%	390	7.01%	7	
0.25 to <0.50	1,027	9,511	67.92%	7,488	0.36%	5,770,068	62.77%	881	11.77%	17	
0.50 to <0.75	797	4,024	70.36%	3,629	0.62%	3,243,515	69.38%	721	19.87%	16	
0.75 to <2.50	2,986	5,868	73.54%	7,302	1.35%	6,067,529	75.33%	2,855	39.10%	77	
2.50 to <10.00	2,266	1,138	79.23%	3,169	4.62%	1,810,431	77.96%	3,082	97.25%	119	
10.00 to <100.00	659	144	89.00%	802	29.30%	550,486	77.63%	1,735	216.33%	193	
100.00 (Default)	247	—	—%	247	99.83%	289,341	71.00%	489	197.98%	136	
Subtotal	9,181	43,056	70.42%	39,521	2.02%	30,676,325	65.24%	10,547	26.69%	571	503

Key movements

- Balance sheet lending growth drives increase in on balance sheet exposure and exposure at default.
- Risk-weighted assets and expected loss increased by £0.8 billion and £0.1 billion respectively due to lending growth and anticipated impact of new CRD IV models to meet revised regulatory standards for modelled outputs.

Credit risk IRB approach - CR6 (continued)

PD range	30 Jun 2022										
	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
Retail Other SME	£m	£m	%	£m	%	No.	%	£m	%	£m	£m
0.50 to <0.75	2,716	339	91.09 %	581	0.54 %	66,775	77.55 %	276	47.55 %	2	14
0.75 to <2.50	2,302	237	94.19 %	533	1.13 %	60,219	76.86 %	351	65.79 %	5	9
0.75 to <1.75	2,302	237	94.19 %	533	1.13 %	60,219	76.86 %	351	65.79 %	5	9
2.50 to <10.00	989	66	94.56 %	221	4.16 %	29,422	79.83 %	206	93.40 %	7	4
2.5 to <5	511	38	94.89 %	113	2.62 %	14,573	79.48 %	100	88.65 %	2	3
5 to <10	478	28	94.12 %	108	5.77 %	14,850	80.27 %	106	98.48 %	5	1
10.00 to <100.00	454	15	92.24 %	91	29.50 %	35,362	84.33 %	122	133.36 %	23	3
10 to <20	280	12	93.15 %	59	13.52 %	30,048	83.60 %	76	128.69 %	7	2
30.00 to <100.00	174	3	88.50 %	32	58.95 %	5,314	85.69 %	46	142.30 %	16	1
100.00 (Default)	1,324	4	85.57 %	239	100.00 %	93,962	10.96 %	106	44.50 %	26	15
Subtotal	7,785	661	92.54 %	1,665	17.06 %	285,740	68.45 %	1,061	63.73 %	63	45
31 Dec 2021											
0.50 to <0.75	3,268	490	99.28%	758	0.54%	112,599	80.44%	381	50.22%	3	
0.75 to <2.50	2,734	307	99.44%	623	1.13%	76,600	77.89%	421	67.49%	6	
2.50 to <10.00	1,180	84	99.60%	257	4.18%	32,090	77.77%	239	93.11%	8	
10.00 to <100.00	403	14	99.29%	85	27.76%	33,821	81.30%	109	128.44%	20	
100.00 (Default)	1,055	5	98.36%	239	100.00%	57,366	9.68%	107	45.02%	23	
Subtotal	8,640	900	99.36%	1,962	14.48%	312,476	70.70%	1,257	64.08%	60	61

Key movements

- Reduction in exposure due to repayments of COVID lending.
- Exposure at default and risk-weighted assets decreased by £0.3 billion and £0.2 billion respectively due to securitisation activity, repayments and run-offs.

Credit risk IRB approach - CR6 (continued)

PD range	30 Jun 2022										
	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
Retail Other non-SME	£m	£m	%	£m	%	No.	%	£m	%	£m	£m
0.00 to <0.15	486	—	30.00 %	486	0.08 %	27,887	37.32 %	50	10.24 %	—	1
0.00 to <0.10	479	—	— %	479	0.08 %	26,035	36.76 %	48	10.01 %	—	1
0.10 to <0.15	7	—	30.00 %	7	0.14 %	1,852	74.07 %	2	25.59 %	—	—
0.15 to <0.25	74	2	30.00 %	77	0.22 %	16,188	75.92 %	27	35.78 %	—	1
0.25 to <0.50	5,202	9	30.00 %	5,215	0.37 %	442,670	37.82 %	1,505	28.85 %	12	48
0.50 to <0.75	3,120	8	30.00 %	3,132	0.72 %	242,656	43.77 %	1,451	46.33 %	14	32
0.75 to <2.50	6,138	33	30.00 %	6,185	1.57 %	622,576	64.89 %	5,418	87.59 %	71	129
0.75 to <1.75	4,777	21	30.00 %	4,807	1.41 %	466,741	60.06 %	3,790	78.84 %	45	88
1.75 to <2.5	1,361	12	30.00 %	1,378	2.11 %	155,835	81.74 %	1,628	118.13 %	26	41
2.50 to <10.00	3,951	23	30.00 %	3,984	4.64 %	429,031	69.08 %	4,556	114.36 %	137	123
2.5 to <5	2,598	15	30.00 %	2,619	3.42 %	282,323	70.86 %	2,976	113.63 %	70	77
5 to <10	1,353	8	30.00 %	1,365	6.97 %	146,708	65.67 %	1,580	115.75 %	67	46
10.00 to <100.00	697	6	30.00 %	704	27.20 %	89,035	59.78 %	1,018	144.57 %	119	56
10 to <20	297	3	30.00 %	302	12.64 %	43,784	72.25 %	454	150.61 %	30	14
20 to <30	150	1	30.00 %	150	21.75 %	16,611	47.99 %	202	134.55 %	17	13
30.00 to <100.00	250	2	30.00 %	252	47.84 %	28,640	51.86 %	362	143.20 %	72	29
100.00 (Default)	330	—	— %	330	100.00 %	69,062	54.08 %	598	181.21 %	137	175
Subtotal	19,998	81	30.00 %	20,113	4.20 %	1,939,105	54.43 %	14,623	72.70 %	490	565

31 Dec 2021										
0.00 to <0.15	355	—	30.00%	355	0.08%	21,272	36.74%	36	10.27%	—
0.15 to <0.25	37	1	30.00%	38	0.22%	8,780	75.12%	13	33.92%	—
0.25 to <0.50	5,302	5	30.00%	5,312	0.37%	449,178	36.15%	1,496	28.17%	12
0.50 to <0.75	2,997	5	30.00%	3,007	0.72%	238,486	42.24%	1,359	45.19%	13
0.75 to <2.50	5,891	21	30.00%	5,934	1.58%	623,301	64.29%	5,019	84.58%	64
2.50 to <10.00	4,028	16	30.00%	4,059	4.59%	449,405	69.82%	4,515	111.22%	131
10.00 to <100.00	695	3	30.00%	701	27.16%	89,104	59.55%	987	140.75%	112
100.00 (Default)	357	—	—%	357	100.00%	69,796	53.01%	729	204.01%	149
Subtotal	19,662	51	30.00%	19,765	4.40%	1,949,322	53.66%	14,154	71.61%	482

Key movements

- Increase in gross exposure and EAD due to lending growth.
- Average PD decreased from 4.40% to 4.20% due to reduction in defaulted exposure.
- Risk weighted assets increased by £0.5billion due to lending growth and the anticipated impact of new CRD IV models to meet revised regulatory standards for modelled outputs.

Credit risk IRB approach (continued)

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

A-IRB		30 Jun 2022														
		Total exposure at default	Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWAs		
			Funded credit Protection (FCP)										Unfunded credit Protection (UFCP) ²		RWA without substitution effects (reduction effects only)	RWA with substitution effects (both reduction and substitution effects)
			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			
		£m	%	%	%	%	%	%	%	%	%	%	£m	£m		
4	Retail	418,485	— %	79.31 %	79.31 %	— %	— %	— %	— %	— %	— %	— %	— %		80,363	
4.1	Of which Retail – Immovable property SMEs	5,414	0.06 %	68.08 %	68.02 %	— %	0.06 %	— %	— %	— %	— %	— %	— %		1,059	
4.2	Of which Retail – Immovable property non-SMEs	351,455	— %	93.39 %	93.39 %	— %	— %	— %	— %	— %	— %	— %	— %		52,299	
4.3	Of which Retail – Qualifying revolving	39,837	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %		11,321	
4.4	Of which Retail – Other SMEs	1,665	0.27 %	0.36 %	— %	— %	0.36 %	— %	— %	— %	— %	— %	— %		1,061	
4.5	Of which Retail – Other non-SMEs	20,113	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %		14,623	
5	Total	418,485	— %	79.31 %	79.31 %	— %	— %	— %	— %	— %	— %	— %	— %		80,363	
F-IRB																
1	Central governments and central banks	10,344	— %	— %	— %	— %	— %	— %					5.16 %	— %		528
2	Institutions	9,866	35.07 %	0.77 %	— %	— %	0.77 %	— %					— %	0.42 %		1,144
3	Corporates	85,422	4.15 %	18.27 %	14.82 %	2.25 %	1.20 %	— %					2.53 %	0.57 %		45,392
3.1	Of which Corporates – SMEs	8,373	1.33 %	65.16 %	50.90 %	14.23 %	0.03 %	— %					10.43 %	— %		5,150
3.2	Of which Corporates – Specialised lending	12,515	— %	— %	— %	— %	— %	— %					— %	— %		8,902
3.3	Of which Corporates – Other	64,534	5.32 %	15.72 %	13.01 %	1.13 %	1.58 %	— %					1.99 %	0.76 %		31,340
4	Total	105,632	6.63 %	14.84 %	11.98 %	1.82 %	1.04 %	— %					2.55 %	0.50 %		47,064

1 For AIRB the value of eligible collateral has been capped at 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.

Specialised lending

CR10.1: IRB – Specialised lending - Project Finance (Slotting approach)

Regulatory categories	Remaining maturity	30 Jun 2022					
		On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
		£m	£m		£m	£m	£m
Category 1	Less than 2.5 years	333	389	50%	623	311	—
	Equal to or more than 2.5 years	1,388	711	70%	1,923	1,346	8
Category 2	Less than 2.5 years	70	75	70%	127	89	1
	Equal to or more than 2.5 years	359	255	90%	610	549	5
Category 3	Less than 2.5 years	11	3	115%	13	16	—
	Equal to or more than 2.5 years	194	26	115%	214	246	6
Category 4	Less than 2.5 years	21	—	250%	21	53	2
	Equal to or more than 2.5 years	—	—	250%	—	—	—
Category 5	Less than 2.5 years	31	—		31	—	16
	Equal to or more than 2.5 years	20	2		22	—	11
Total	Less than 2.5 years	466	467		815	469	19
	Equal to or more than 2.5 years	1,961	994		2,769	2,141	30

CR10.2: IRB – Specialised lending - Income-producing real estate and high volatility commercial real estate (Slotting approach)

Regulatory categories	Remaining maturity	30 Jun 2022					
		On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
		£m	£m		£m	£m	£m
Category 1	Less than 2.5 years	2,464	432	50%	2,766	1,376	—
	Equal to or more than 2.5 years	1,007	163	70%	1,127	786	4
Category 2	Less than 2.5 years	2,152	154	70%	2,250	1,575	9
	Equal to or more than 2.5 years	1,659	172	90%	1,787	1,609	14
Category 3	Less than 2.5 years	364	30	115%	382	439	11
	Equal to or more than 2.5 years	234	2	115%	235	270	7
Category 4	Less than 2.5 years	23	—	250%	23	59	2
	Equal to or more than 2.5 years	19	—	250%	19	47	1
Category 5	Less than 2.5 years	161	1		162	—	81
	Equal to or more than 2.5 years	34	—		34	—	17
Total	Less than 2.5 years	5,164	617		5,582	3,448	102
	Equal to or more than 2.5 years	2,952	337		3,201	2,711	44

Specialised lending (continued)

CR10.3: IRB – Specialised lending - Object finance (Slotting approach)

Regulatory categories	Remaining maturity	30 Jun 2022					
		On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
		£m	£m		£m	£m	£m
Category 1	Less than 2.5 years	—	—	50%	—	—	—
	Equal to or more than 2.5 years	—	—	70%	—	—	—
Category 2	Less than 2.5 years	—	—	70%	—	—	—
	Equal to or more than 2.5 years	91	75	90%	148	133	1
Category 3	Less than 2.5 years	—	—	115%	—	—	—
	Equal to or more than 2.5 years	—	—	115%	—	—	—
Category 4	Less than 2.5 years	—	—	250%	—	—	—
	Equal to or more than 2.5 years	—	—	250%	—	—	—
Category 5	Less than 2.5 years	—	—		—	—	—
	Equal to or more than 2.5 years	—	—		—	—	—
Total	Less than 2.5 years	—	—		—	—	—
	Equal to or more than 2.5 years	91	75		148	133	1

CR10.5: Equity exposures subject to the simple risk weight method¹

Categories	30 Jun 2022					
	On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
	£m	£m		£m	£m	£m
Private equity exposures	1,687	13	190%	1,700	3,230	14
Exchange-traded equity exposures	—	—	290%	—	—	—
Other equity exposures	188	—	370%	188	696	5
Total	1,875	13		1,888	3,926	19

31 Dec 2021					
Private equity exposures	2,583	78	190%	2,660	5,055
Exchange-traded equity exposures	—	—	290%	—	—
Other equity exposures	179	—	370%	179	662
Total	2,762	78		2,839	5,717

¹ Excludes threshold risk weighted assets (2022 £8,756m / 2021 £9,597m)

Counterparty credit risk

CCR1: Analysis of CCR exposure by approach

		30 Jun 2022							
		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
UK1	Original Exposure Method (for derivatives)				1.4				
UK2	Simplified SA-CCR (for derivatives)				1.4				
1	SA-CCR (for derivatives)	5,509	4,269		1.4	29,785	13,690	13,403	6,075
2	IMM (for derivatives and SFTs)								
2a	Of which securities financing transactions netting sets								
2b	Of which derivatives and long settlement transactions netting sets								
2c	Of which from contractual cross-product netting sets								
3	Financial collateral simple method (for SFTs)								
4	Financial collateral comprehensive method (for SFTs)					152,804	19,240	19,240	344
5	VaR for SFTs								
6	Total					182,589	32,930	32,643	6,419

Counterparty credit risk (continued)

CCR2: Credit valuation adjustment (CVA) capital charge

	30 Jun 2022		31 Dec 2021	
	Exposure value	RWA	Exposure value	RWA
	£m	£m	£m	£m
1 Total transactions subject to the Advanced method	—	—	—	—
2 (i) VaR component (including the 3× multiplier)		—		—
3 (ii) stressed VaR component (including the 3× multiplier)		—		—
4 Transactions subject to the Standardised method	4,558	893	2,493	678
UK4 Transactions subject to the Alternative approach (Based on the Original Exposure Method)	—	—	—	—
5 Total transactions subject to own funds requirements for CVA risk	4,558	893	2,493	678

Key movements

The overall £2.1bn EAD and £0.2bn RWA increase is predominately driven by the adoption of the Standardised approach for counterparty credit risk methodology.

CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk

Exposure classes	30 Jun 2022											
	Risk weight											
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1 Central governments or central banks	15,786	—	—	—	4	—	—	—	—	—	—	15,790
3 Public sector entities	63	—	—	—	—	—	—	—	—	—	—	63
4 Multilateral development banks	44	—	—	—	—	—	—	—	—	—	—	44
5 International organisations	133	—	—	—	—	—	—	—	—	—	—	133
6 Institutions	—	1,289	616	—	—	—	—	—	—	—	—	1,905
7 Corporates	—	—	—	—	19	240	—	—	251	—	—	510
11 Total exposure value	16,026	1,289	616	—	23	240	—	—	251	—	—	18,445

31 Dec 2021												
1 Central governments or central banks	16,724	—	—	—	—	—	—	—	—	—	—	16,724
3 Public sector entities	1	—	—	—	2	—	—	—	—	—	—	3
5 International organisations	8	—	—	—	—	—	—	—	—	—	—	8
6 Institutions	—	6,936	664	—	3	4	—	—	—	—	—	7,607
7 Corporates	—	—	—	—	1	135	—	—	100	—	—	236
11 Total exposure value	16,732	6,936	664	—	6	139	—	—	100	—	1	24,578

Key movements

- The overall EAD decrease of £6.1bn is mainly driven by the adoption of the Standardised approach for counterparty credit risk methodology, mostly impacting the centrally cleared derivatives and amounting to £5.7bn EAD reduction.

Counterparty credit risk (continued)

CCR4: IRB – CCR exposure by portfolio and PD scale

PD scale		30 Jun 2022					
		Exposure value	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	RWA
Corporate Main		£m	%	No.	%	No.	£m
1	0.00 to <0.15	4,222	0.09%	946	45.0%	2.2	1,125
2	0.15 to <0.25	2,009	0.18%	249	45.0%	3.7	1,109
3	0.25 to <0.50	1,272	0.32%	864	45.2%	1.2	585
4	0.50 to <0.75	619	0.63%	190	45.0%	1.0	384
5	0.75 to <2.50	322	1.44%	237	45.0%	1.5	299
6	2.50 to <10.00	159	3.96%	111	45.0%	1.3	205
7	10.00 to <100.00	1	27.18%	13	45.0%	4.1	2
8	100.00 (Default)	2	100.00%	15	45.0%	1.4	0
Sub-total		8,606	0.34%	2,625	45.0%	2.3	3,709

		31 Dec 2021					
1	0.00 to <0.15	2,721	0.09%	862	43.7%	3.2	885
2	0.15 to <0.25	1,446	0.18%	247	45.0%	3.7	806
3	0.25 to <0.50	568	0.30%	853	45.0%	1.6	281
4	0.50 to <0.75	304	0.63%	140	44.0%	1.5	202
5	0.75 to <2.50	188	1.50%	154	45.0%	2.0	196
6	2.50 to <10.00	91	3.77%	112	45.0%	2.0	125
7	10.00 to <100.00	1	13.93%	7	45.0%	1.7	2
8	100.00 (Default)	0	100.00%	8	45.0%	0.0	0
Sub-total		5,319	0.29%	2,383	44.3%	3.0	2,497

Key movements

- The £3.3bn EAD and £1.2bn RWA overall increase is mainly driven by the adoption of the Standardised approach for counterparty credit risk methodology.

Counterparty credit risk - CCR4 (continued)

PD scale	30 Jun 2022						
	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	1,189	0.05%	12	45.0%	0.0	72	6.1%
3 0.25 to <0.50	—	—%	1	—%	0.0	—	—%
Sub-total	1,189	0.05%	13	45.0%	0.0	72	6.1%

Central governments or central banks	31 Dec 2021						
	£m	%	No.	%	No.	£m	%
1 0.00 to <0.15	932	0.04%	13	45.0%	0.0	49	5.3%
5 0.75 to <2.50	78	1.63%	2	45.2%	—	64	81.3%
Sub-total	1,010	0.17%	15	45.0%	0.0	112	11.1%

PD scale	30 Jun 2022						
	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	4,265	0.05%	174	45.0%	1.4	807	18.9%
2 0.15 to <0.25	118	0.18%	17	45.0%	0.8	43	36.6%
3 0.25 to <0.50	30	0.35%	31	45.0%	1.0	15	52.6%
4 0.50 to <0.75	8	0.63%	10	45.0%	1.0	5	64.7%
5 0.75 to <2.50	6	1.19%	13	45.0%	1.0	6	90.6%
6 2.50 to <10.00	4	2.60%	3	45.0%	1.0	5	136.5%
Sub-total	4,431	0.06%	248	45.0%	1.4	881	19.9%

Institutions	31 Dec 2021						
	£m	%	No.	%	No.	£m	%
1 0.00 to <0.15	2,915	0.06%	201	45.0%	2.2	723	24.8%
2 0.15 to <0.25	80	0.18%	19	45.0%	1.4	35	43.7%
3 0.25 to <0.50	10	0.38%	25	45.0%	3.2	9	84.5%
4 0.50 to <0.75	4	0.63%	10	45.0%	1.5	3	71.4%
5 0.75 to <2.50	2	1.24%	10	45.0%	1.8	2	103.3%
6 2.50 to <10.00	1	2.60%	1	45.0%	5.0	1	164.1%
Sub-total	3,011	0.05%	266	45.0%	2.2	773	25.7%

Key movements

- The £1.4bn EAD and £0.1bn RWA overall increase is mainly driven by the adoption of the Standardised approach for counterparty credit risk methodology.

Counterparty credit risk (continued)

CCR Corporate exposures subject to supervisory slotting

Regulatory categories	Remaining maturity	30 Jun 2022 Specialised lending				
		On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount
		£m	£m	%	£m	£m
1) Strong	Less than 2.5 years	71	—	50%	70	35
	Equal to or more than 2.5 years	1,625	—	70%	1,501	1,051
2) Good	Less than 2.5 years	3	—	70%	3	2
	Equal to or more than 2.5 years	158	—	90%	142	127
3) Satisfactory	Less than 2.5 years	—	—	115%	—	—
	Equal to or more than 2.5 years	155	—	115%	143	165
5) Default	Less than 2.5 years	1	—	0%	1	—
	Equal to or more than 2.5 years	27	—	0%	17	—
Total	Less than 2.5 years	75	—		74	37
	Equal to or more than 2.5 years	1,965	—		1,803	1,343

31 Dec 2021 Specialised lending						
1) Strong	Less than 2.5 years	79	—	50%	79	39
	Equal to or more than 2.5 years	1,705	—	70%	1,409	986
2) Good	Less than 2.5 years	14	—	70%	13	9
	Equal to or more than 2.5 years	99	—	90%	55	49
3) Satisfactory	Less than 2.5 years	—	—	115%	—	—
	Equal to or more than 2.5 years	86	—	115%	86	99
5) Default	Less than 2.5 years	—	—	0%	—	—
	Equal to or more than 2.5 years	14	—	0%	11	—
Total	Less than 2.5 years	93	—		92	48
	Equal to or more than 2.5 years	1,905	—		1,560	1,134

CCR5: Composition of collateral for exposures to CCR

Collateral type		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
		Segregated	Unsegregated	Segregated	Unsegregated	£m	£m
		£m	£m	£m	£m	£m	£m
1	Cash	60	5,588	60	5,446	83,257	85,027
2	Debt	325	5,527	1,604	3,112	100,223	60,957
3	Equity	—	—	—	—	—	—
4	Other	—	—	—	—	309	55,448
5	Total	385	11,115	1,664	8,558	183,789	201,432

Counterparty credit risk (continued)

CCR6: Credit derivatives exposures

	30 Jun 2022		31 Dec 2021	
	Protection bought £m	Protection sold £m	Protection bought £m	Protection sold £m
Notionals				
1 Single-name credit default swaps	2,115	394	2,432	26
2 Index credit default swaps	812	99	871	69
3 Total return swaps	8,543	1,534	793	8,392
4 Credit options	—	5,443	—	—
5 Other credit derivatives	—	—	—	4,863
6 Total notionals	11,470	7,470	4,096	13,350
Fair values				
7 Positive fair value (asset)	1,744	5	14	107
8 Negative fair value (liability)	(20)	(208)	(111)	(384)

Key movements

- The movements are driven by changes in market rates and re-mapping of products following the implementation of SA-CCR.

CCR8: Exposures to CCPs

	30 Jun 2022		31 Dec 2021	
	Exposure value £m	RWA £m	Exposure value £m	RWA £m
1 Exposures to QCCPs (total)		183		523
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	1,584	42	7,375	161
3 (i) OTC derivatives	892	18	6,093	122
4 (ii) Exchange-traded derivatives	569	22	1,247	38
5 (iii) SFTs	123	2	35	1
6 (iv) Netting sets where cross-product netting has been approved				
8 Non-segregated initial margin	322	8	225	5
9 Prefunded default fund contributions ¹	370	133	460	357
11 Exposures to non-QCCPs (total)		—		—

¹ Updated post IMS publication.

Key movements

- The EAD decrease in relation to OTC and Exchange-traded derivatives amounting to £5.9bn is mainly driven by the adoption of the Standardised approach for counterparty credit risk methodology.

Securitisation positions

SEC1: Securitisation exposures in the non-trading book

		30 Jun 2022														
		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS		Non-STS		STS	Non-STS		STS	Non-STS						
		£m	of which SRT £m	£m	of which SRT £m								£m	£m		
1	Total exposures	—	—	—	—	12,628	12,628	12,628	1,018	3,745	—	4,763	3,492	9,525	—	13,017
2	Retail (total)	—	—	—	—	—	—	—	816	3,088	—	3,904	3,335	6,549	—	9,884
3	Residential mortgage	—	—	—	—	—	—	—	—	339	—	339	146	4,034	—	4,180
4	Credit card	—	—	—	—	—	—	—	—	—	—	—	—	433	—	433
5	Other retail exposures	—	—	—	—	—	—	—	816	2,749	—	3,565	3,189	2,082	—	5,271
7	Wholesale (total)	—	—	—	—	12,628	12,628	12,628	202	657	—	859	157	2,976	—	3,133
8	Loans to corporates	—	—	—	—	7,702	7,702	7,702	—	—	—	—	—	467	—	467
9	Commercial mortgage	—	—	—	—	2,031	2,031	2,031	—	—	—	—	—	991	—	991
10	Lease and receivables	—	—	—	—	—	—	—	202	576	—	778	—	904	—	904
11	Other wholesale	—	—	—	—	2,895	2,895	2,895	—	81	—	81	157	614	—	771
		31 Dec 2021														
1	Total exposures	—	—	—	—	12,669	12,669	12,669	993	3,414	—	4,407	2,358	8,922	—	11,280
2	Retail (total)	—	—	—	—	—	—	—	796	2,684	—	3,480	2,255	6,282	—	8,537
3	Residential mortgage	—	—	—	—	—	—	—	—	306	—	306	—	2,678	—	2,678
4	Credit card	—	—	—	—	—	—	—	—	—	—	—	—	390	—	390
5	Other retail exposures	—	—	—	—	—	—	—	796	2,378	—	3,174	2,255	3,214	—	5,469
7	Wholesale (total)	—	—	—	—	12,669	12,669	12,669	197	730	—	927	103	2,640	—	2,743
8	Loans to corporates	—	—	—	—	7,652	7,652	7,652	—	—	—	—	—	494	—	494
9	Commercial mortgage	—	—	—	—	2,122	2,122	2,122	—	—	—	—	—	1,025	—	1,025
10	Lease and receivables	—	—	—	—	—	—	—	197	644	—	841	—	677	—	677
11	Other wholesale	—	—	—	—	2,895	2,895	2,895	—	86	—	86	103	444	—	547

Securitisation positions (continued)

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

		30 Jun 2022																
		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	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	12,999	3,517	811	64	—	10,597	4,918	1,875	—	2,089	1,119	665	—	167	90	53	—
2	Traditional transactions	4,030	492	241	—	—	—	4,763	—	—	—	900	—	—	—	72	—	—
3	Securitisation	4,030	492	241	—	—	—	4,763	—	—	—	900	—	—	—	72	—	—
4	Retail underlying	3,565	339	—	—	—	—	3,904	—	—	—	668	—	—	—	53	—	—
5	Of which STS	816	—	—	—	—	—	816	—	—	—	82	—	—	—	7	—	—
6	Wholesale	465	153	241	—	—	—	859	—	—	—	232	—	—	—	19	—	—
7	Of which STS	202	—	—	—	—	—	202	—	—	—	20	—	—	—	2	—	—
9	Synthetic transactions	8,969	3,025	570	64	—	10,597	155	1,875	—	2,089	219	665	—	167	18	53	—
10	Securitisation	8,969	3,025	570	64	—	10,597	155	1,875	—	2,089	219	665	—	167	18	53	—
12	Wholesale	8,969	3,025	570	64	—	10,597	155	1,875	—	2,089	219	665	—	167	18	53	—
		31 Dec 2021																
1	Total exposures	10,724	5,330	958	64	—	10,547	5,090	1,440	—	2,188	1,425	424	—	175	114	34	—
2	Traditional transactions	3,608	459	340	—	—	—	4,408	—	—	—	858	—	—	—	69	—	—
3	Securitisation	3,608	459	340	—	—	—	4,408	—	—	—	858	—	—	—	69	—	—
4	Retail underlying	3,175	306	—	—	—	—	3,481	—	—	—	574	—	—	—	46	—	—
5	Of which STS	796	—	—	—	—	—	796	—	—	—	80	—	—	—	6	—	—
6	Wholesale	433	153	340	—	—	—	927	—	—	—	284	—	—	—	23	—	—
7	Of which STS	197	—	—	—	—	—	197	—	—	—	20	—	—	—	2	—	—
9	Synthetic transactions	7,116	4,871	618	64	—	10,547	682	1,440	—	2,188	567	424	—	175	45	34	—
10	Securitisation	7,116	4,871	618	64	—	10,547	682	1,440	—	2,188	567	424	—	175	45	34	—
12	Wholesale	7,116	4,871	618	64	—	10,547	682	1,440	—	2,188	567	424	—	175	45	34	—

Securitisation positions (continued)

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

		30 Jun 2022																
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory)				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	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	12,280	534	85	120	—	—	2,189	10,828	—	—	531	1,579	—	—	42	126	—
2	Traditional transactions	12,280	534	85	120	—	—	2,189	10,828	—	—	531	1,579	—	—	42	126	—
3	Securitisation	12,280	534	85	120	—	—	2,189	10,828	—	—	531	1,579	—	—	42	126	—
4	Retail underlying	9,811	74	—	—	—	—	1,980	7,904	—	—	267	1,100	—	—	21	88	—
5	Of which STS	3,335	—	—	—	—	—	1,171	2,164	—	—	117	227	—	—	9	18	—
6	Wholesale	2,469	460	85	120	—	—	209	2,924	—	—	264	479	—	—	21	38	—
7	Of which STS	157	—	—	—	—	—	4	152	—	—	—	15	—	—	—	1	—
9	Synthetic transactions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
		31 Dec 2021																
1	Total exposures	10,463	606	86	124	—	—	2,260	9,019	—	—	553	1,355	—	—	44	108	—
2	Traditional transactions	10,463	606	86	124	—	—	2,260	9,019	—	—	553	1,355	—	—	44	108	—
3	Securitisation	10,463	606	86	124	—	—	2,260	9,019	—	—	553	1,355	—	—	44	108	—
4	Retail underlying	8,005	531	—	—	—	—	2,044	6,492	—	—	286	962	—	—	23	77	—
5	Of which STS	2,255	—	—	—	—	—	1,076	1,179	—	—	108	127	—	—	9	10	—
6	Wholesale	2,458	75	86	124	—	—	216	2,527	—	—	267	393	—	—	21	31	—
7	Of which STS	103	—	—	—	—	—	1	102	—	—	—	10	—	—	—	1	—
9	Synthetic transactions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Securitisation positions (continued)

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

	30 Jun 2022			31 Dec 2021		
	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	£m
1 Total exposures	14,131	23	9	14,092	67	(22)
2 Retail (total)	—	—	—	—	—	—
7 Wholesale (total)	14,131	23	9	14,092	67	(22)
8 Loans to corporates	8,829	14	9	8,698	63	(22)
9 Commercial mortgage	2,302	9	—	2,394	4	—
11 Other wholesale	3,000	—	—	3,000	—	—

Standardised approach and internal model for Market Risk

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

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

	VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWA	Total own funds requirements
	£m	£m	£m	£m	£m	£m	£m
1 RWAs at 31 Dec 2021	322	1,268	181	—	1,029	2,800	224
1a Regulatory adjustment	(218)	(1,022)	—	—	—	(1,240)	(99)
1b RWAs at end of day 31 Dec 2021¹	104	246	181	—	1,029	1,560	125
2 Movement in risk levels	29	(82)	(132)	—	(128)	(313)	(25)
3 Model updates/changes	—	—	—	—	(7)	(7)	(1)
8a RWAs at end of day 31 Mar 2022¹	133	164	49	—	894	1,240	99
8b Regulatory adjustment	244	603	60	—	—	907	73
8 RWAs at 31 Mar 2022	377	767	109	—	894	2,147	172
1a Regulatory adjustment	(244)	(603)	(60)	—	—	(907)	(73)
1b RWAs at end of day 31 Mar 2022¹	133	164	49	—	894	1,240	99
2 Movement in risk levels	7	21	48	—	(177)	(102)	(8)
8a RWAs at end of day 30 Jun 2022¹	140	185	97	—	743	1,164	93
8b Regulatory adjustment	338	631	—	—	—	969	78
8 RWAs at 30 Jun 2022	478	816	97	—	743	2,133	171

¹ End of day represents spot position

Key movements Q1

– Market Risk RWAs decreased over the quarter largely driven by a reduction in interest rate risk exposure.

Key movements Q2

– Market Risk RWAs remained stable over the quarter.

MR1: Market risk under standardised approach

	30 Jun 2022 RWAs £m	31 Dec 2021 RWAs £m
Outright products		
1 Interest rate risk (general and specific)	318	211
2 Equity risk (general and specific)	—	—
3 Foreign exchange risk	—	117
4 Commodity risk	13	10
Options		
5 Simplified approach	—	—
6 Delta-plus approach	12	13
7 Scenario approach	—	—
8 Securitisation (specific risk)	2	2
9 Total	345	353

Internal Model for Market Risk (continued)

MR2-A: Market risk under internal models approach

		30 Jun 2022		31 Dec 2021	
		RWAs	Own funds requirements	RWAs	Own funds requirements
		£m	£m	£m	£m
1	VaR (higher of values a and b)	478	38	322	26
(a)	Previous day's VaR (VaRt-1)		11		8
(b)	Multiplication factor (mc) x average of previous 60 working days (VaRavg)		38		26
2	SVaR (higher of values a and b)	816	65	1,268	101
(a)	Latest available SVaR (SVaRt-1)		15		14
(b)	Multiplication factor (ms) x average of previous 60 working days (sVaRavg)		65		101
3	IRC (higher of values a and b)	97	8	181	14
(a)	Most recent IRC measure		8		14
(b)	12 weeks average IRC measure		6		10
4	Comprehensive risk measure (higher of values a, b and c)	—	—	—	—
(a)	Most recent risk measure of comprehensive risk measure		—		—
(b)	12 weeks average of comprehensive risk measure		—		—
(c)	Comprehensive risk measure Floor		—		—
5	Other	745	60	1,029	82
6	Total	2,136	171	2,800	223

MR3: IMA values for trading portfolios

The table below shows key IMA values for LBG, namely for Lloyds Bank Corporate Markets Plc and the Ring Fenced Bank (Lloyds Bank Group Plc) which are under the internal model permission. VaR and sVaR are calculated for those entities, not on Group level, in line with backtesting (see table MR-4).

		Lloyds Bank Group Plc		Lloyds Bank Corporate Markets Plc	
		30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
		£m	£m	£m	£m
VaR (10 day 99%)					
1	Maximum value	0.7	1.4	13.6	27.8
2	Average value	0.3	0.5	8.0	8.0
3	Minimum value	0.1	0.1	4.3	2.1
4	Period end	0.7	0.2	9.2	7.2
SVaR (10 day 99%)					
5	Maximum value	1.2	4.7	38.3	139.8
6	Average value	0.8	2.8	14.5	38.9
7	Minimum value	0.5	1.6	8.6	11.7
8	Period end	0.6	1.9	14.2	11.7
IRC (99.9%)					
9	Maximum value	—	—	18.7	20.5
10	Average value	—	—	7.7	11.4
11	Minimum value	—	—	4.0	5.0
12	Period end	—	—	7.7	14.5
Comprehensive risk measure (99.9%)					
13	Maximum value	—	—	—	—
14	Average value	—	—	—	—
15	Minimum value	—	—	—	—
16	Period end	—	—	—	—

Internal Model for Market Risk (continued)

Comparison of VaR to hypothetical and clean profit and loss

The following charts provide comparisons of VaR (1-day 99 percent confidence level) to the hypothetical and actual profit and loss on a daily basis over the twelve months to June 2022 for Lloyds Bank Group and Lloyds Bank Corporate Markets.

Note that the profit and loss used in back-testing represents gains and losses based on the change in valuation of the portfolio due to market moves and is not reflective of the total profit and loss from the business.

There were reported overshoots for the twelve months to June 2022 for both LBCM and Lloyds Bank Group.

MR4: Comparison of VaR estimates with gains/losses



Liquidity Requirements

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)			
		30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021
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)					145,894	144,247	140,222	137,134
CASH - OUTFLOWS (£m)									
2	Retail deposits and deposits from small business customers, of which:	346,821	343,328	337,567	329,537	23,735	23,433	22,944	22,254
3	Stable deposits	261,291	259,849	257,170	253,006	13,065	12,992	12,859	12,650
4	Less stable deposits	85,530	83,479	80,396	76,531	10,670	10,441	10,086	9,603
5	Unsecured wholesale funding	105,554	104,700	103,203	102,983	51,176	50,821	50,090	50,582
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	36,307	35,013	33,618	32,045	9,077	8,753	8,405	8,011
7	Non-operational deposits (all counterparties)	64,514	65,657	66,203	67,452	37,366	38,037	38,304	39,085
8	Unsecured debt	4,733	4,031	3,382	3,486	4,733	4,031	3,382	3,486
9	Secured wholesale funding					63	99	120	121
10	Additional requirements	72,383	73,703	74,542	76,860	34,572	35,734	35,675	36,567
11	Outflows related to derivative exposures and other collateral	23,544	24,589	24,191	24,634	23,538	24,584	24,186	24,631
12	Outflows related to loss of funding on debt products	954	936	944	1,023	954	936	944	1,023
13	Credit and liquidity facilities	47,885	48,178	49,407	51,202	10,080	10,214	10,546	10,913
14	Other contractual funding obligations	995	811	686	830	632	448	320	461
15	Other contingent funding obligations	94,843	94,369	93,633	93,405	5,120	5,100	5,079	5,159
16	TOTAL CASH OUTFLOWS					115,298	115,635	114,229	115,144
CASH - INFLOWS (£m)									
17	Secured lending (e.g. reverse repos)	31,896	31,614	30,752	29,909	353	342	307	267
18	Inflows from fully performing exposures	4,917	4,752	4,568	4,564	3,301	3,198	3,049	3,026
19	Other cash inflows	9,142	8,147	7,062	7,138	8,733	7,748	6,672	6,757
20	TOTAL CASH INFLOWS	45,955	44,513	42,382	41,611	12,387	11,288	10,028	10,049
UK-20c	Inflows subject to 75% cap	41,534	40,083	38,068	37,629	12,387	11,288	10,028	10,049
TOTAL ADJUSTED VALUE									
UK-21	LIQUIDITY BUFFER (£m)					145,894	144,247	140,222	137,134
22	TOTAL NET CASH OUTFLOWS (£m)					102,911	104,347	104,201	105,095
23	LIQUIDITY COVERAGE RATIO (%)					142 %	138 %	135 %	130 %

Liquidity Requirements (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 142% as of 30 June 2022. The 4% increase from 138% for the prior quarter is explained by both an increase in liquid assets, primarily from drawdowns from the Bank of England's Term Funding Scheme with additional incentives for SMEs (TFSME) during 2021, and a reduction in cash outflows, primarily from outflows related to derivative exposures as a result of market volatility from the COVID onset no longer being included in the LCR's Historical Look-Back approach (HLBA).

Over time, the general increase in LCR is explained primarily by an increase in liquid assets primarily from drawdowns from the Bank of England's TFSME during 2021.

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, with the majority of the balance being held in UK government bonds.

Group derivative exposures and other collateral requirements outflows primarily include modelled outflows due to a deterioration in credit rating and outflows 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' in the template.

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.

Liquidity Requirements (continued)

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 ICAA part of the PRA Rulebook.

EVE Sensitivity

The Economic Value of Equity (EVE) sensitivity represents the impact on the value of the Group's balance sheet following instantaneous parallel and non-parallel shifts in the yield curve (including shocks up and down). The calculation is based on the Supervisory Outlier Test (SOT) which the Group calculates quarterly. The prescribed methodology has been applied in respect to cashflow projections and market rate flooring. The resulting EVE sensitivities differ significantly to the Group's internal method of calculating value sensitivity, this is predominantly due to the differing treatment of own equity. Under the regulatory methodology, the most severe outcome is from the parallel up scenario.

NII Sensitivity

The Net Interest Income (NII) sensitivity represents the impact on the Group's net interest income over the next 12 months following parallel shifts in the yield curve (parallel shocks up and down). The calculation follows regulatory guidance and differs from the Group's internal view of NII sensitivity. Product and market rate flooring have been applied in line with internal methodology. The most severe outcome for the Group is from the parallel down scenario, this is largely driven by margin compression.

		30 Jun 2022		
		Δ EVE £m	Δ NII £m	Tier 1 capital £m
010	Parallel shock up	(3,986)	1,474	
020	Parallel shock down	1,591	(2,053)	
030	Steeper shock	124		
040	Flattener shock	(789)		
050	Short rates shock up	(1,997)		
060	Short rates shock down	974		
070	Maximum	(3,986)	(2,053)	
080	Tier 1 capital			35,101