

BANK OF SCOTLAND plc

2020 Year-end
Pillar 3 Disclosures
31 December 2020

FORWARD LOOKING STATEMENTS

This document contains certain forward looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and section 27A of the US Securities Act of 1933, as amended, with respect to the business, strategy, plans and/or results of Bank of Scotland plc together with its subsidiaries (the Group) and its current goals and expectations relating to its future financial condition and performance. Statements that are not historical facts, including statements about the Group's or its directors' and/or management's beliefs and expectations, are forward looking statements.

Words such as 'believes', 'anticipates', 'estimates', 'expects', 'intends', 'aims', 'potential', 'will', 'would', 'could', 'considered', 'likely', 'estimate' and variations of these words and similar future or conditional expressions are intended to identify forward looking statements but are not the exclusive means of identifying such statements.

Examples of such forward looking statements include, but are not limited to, statements or guidance relating 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; statements of plans, objectives or goals of the Group or its management including in respect of statements about the future business and economic environments in the UK and elsewhere including, but not limited to, future trends in interest rates, foreign exchange rates, credit and equity market levels and demographic developments; statements about competition, regulation, disposals and consolidation or technological developments in the financial services industry; 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 made by the Group or on its behalf include, but are not limited to: general economic and business conditions in the UK and internationally; market related trends and developments; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; 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 credit ratings of the Group or any of the Group's immediate or ultimate parent entities (if applicable); the ability to derive cost savings and other benefits including, but without limitation as a result of any acquisitions, disposals and other strategic transactions; the ability to achieve strategic objectives; the Group's ESG targets and/or commitments; changing customer behaviour including consumer spending, saving and borrowing habits; changes to borrower or counterparty credit quality; concentration of financial exposure; management and monitoring of conduct risk; exposure to counterparty risk (including but not limited to third parties conducting illegal activities without the Group's knowledge); instability in the global financial markets, including Eurozone instability, instability as a result of uncertainty surrounding the exit by the UK from the European Union (EU) and as a result of such exit and the potential for other countries to exit the EU or the Eurozone and the impact of any sovereign credit rating downgrade or other sovereign financial issues; political instability including as a result of any UK general election and any further possible referendum on Scottish independence; 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 coronavirus (COVID-19) pandemic) and other disasters, adverse weather and similar contingencies outside the control of the Group or any of the Group's immediate or ultimate parent entities (if applicable); inadequate or failed internal or external processes or systems; acts of war, other acts of hostility, terrorist acts and responses to those acts, or other such events; geopolitical unpredictability; risks relating to climate change; changes in laws, regulations, practices and accounting standards or taxation; changes to regulatory capital or liquidity requirements and similar contingencies outside the control of the Group or any of the Group's immediate or ultimate parent entities (if applicable); the policies, decisions and actions of governmental or regulatory authorities or courts in the UK, the EU, the US or elsewhere including the implementation and interpretation of key laws, legislation and regulation together with any resulting impact on the future structure of the Group; the ability to attract and retain senior management and other employees and meet its diversity objectives; actions or omissions by the Group's directors, management or employees including industrial action; changes to the Group's post-retirement defined benefit scheme obligations; the extent of any future impairment charges or write-downs caused by, but not limited to, depressed asset valuations, market disruptions and illiquid markets; the value and effectiveness of any credit protection purchased by the Group; the inability to hedge certain risks economically; the adequacy of loss reserves; the actions of competitors, including non-bank financial services, lending companies and digital innovators and disruptive technologies; and exposure to regulatory or competition scrutiny, legal, regulatory or competition proceedings, investigations or complaints. Please refer to the latest Annual Report on Form 20-F filed by Lloyds Banking Group plc with the US Securities and Exchange Commission for a discussion of certain factors and risks together with examples of forward looking statements.

Lloyds Banking Group may also make or disclose written and/or oral forward looking statements in reports filed with or furnished to the US Securities and Exchange Commission, Lloyds Banking Group annual reviews, half-year announcements, proxy statements, offering circulars, prospectuses, press releases and other written materials and in oral statements made by the directors, officers or employees of Lloyds Banking Group 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 to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. 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

BASIS OF PREPARATION

This report presents the Pillar 3 disclosures of Bank of Scotland plc (the 'Bank') as at 31 December 2020, prepared in accordance with the requirements of the Capital Requirements Directive & Regulation (CRD IV) and associated European Banking Authority guidelines and technical standards in force as at 31 December 2020.

These disclosures are provided in fulfilment of the applicable large subsidiary disclosure requirements under Article 13 'Application of disclosure requirements on a consolidated basis' of the revised Capital Requirements Regulation (CRR II) which came into force in June 2019.

Under UK law, EU capital rules that existed on 31 December 2020 (including Pillar 3 requirements) continue to apply to the Bank following the end of the transition period for the UK's withdrawal from the European Union, subject to the temporary transitional powers (TTP) granted to the Prudential Regulation Authority (PRA) which extend until 31 March 2022.

The disclosures should be read in conjunction with both the Bank of Scotland plc Report and Accounts and the Lloyds Banking Group plc 2020 Year-End Pillar 3 Disclosures, standalone copies of which are located on the Lloyds Banking Group plc website (www.lloydsbankinggroup.com/investors/financial-downloads/).

These disclosures are presented on an individual basis for Bank of Scotland plc. Comparative information has been restated having been presented in the 2019 disclosures on a consolidated basis for the Bank of Scotland Group. The 2020 Half-Year Pillar 3 disclosures and comparatives were also presented on an individual basis.

A number of significant differences exist between accounting disclosures published in accordance with International Financial Reporting Standards (IFRS) and Pillar 3 disclosures published in accordance with prudential requirements, which prevent direct comparison in a number of areas. Of particular note are the definition of credit risk exposure and the recognition, classification and valuation of capital securities. Further details are included within the Lloyds Banking Group plc 2020 Year-End Pillar 3 Disclosures.

The minimum Pillar 1 capital requirements referred to in this document are calculated as 8 per cent of aggregated risk-weighted assets.

The Bank applies the full extent of the IFRS 9 transitional arrangements for capital as set out under CRR Article 473a (as amended via the CRR 'Quick Fix' revisions published in June 2020). Specifically, the Bank has opted to apply both paragraphs 2 and 4 of CRR Article 473a (static and dynamic relief) and in addition to apply a 100 per cent risk weight to the consequential Standardised credit risk exposure add-back as permitted under paragraph 7a of the revisions.

To ensure compliance with both CRR requirements and subsequent European Banking Authority guidelines, credit risk exposures are presented on different bases throughout this report. Each of the credit risk tables clearly state the basis that has been applied.

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

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KEY METRICS

Table 1: Key metrics (KM1) and a comparison of own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 (IFRS9-FL)¹

		Bank of Scotland Plc		
		T	T-2	T-4
		At 31 Dec 2020	At 30 Jun 2020	At 31 Dec 2019
Available capital (amounts)²				
1	Common Equity Tier 1 (CET1) (£m)	9,510	8,767	8,307
2	CET1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	8,700	7,972	8,059
3	Tier 1 (£m)	11,731	11,607	11,178
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	10,921	10,812	10,931
5	Total capital (£m)	13,577	13,609	13,519
6	Total capital as if IFRS 9 transitional arrangements had not been applied (£m)	13,134	13,088	13,528
Risk-weighted assets (amounts)²				
7	Total risk-weighted assets (£m)	61,304	62,643	61,333
8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied (£m)	61,376	62,627	61,467
Risk-based capital ratios as a percentage of RWA²				
9	Common Equity Tier 1 ratio (%)	15.5%	14.0%	13.5%
10	CET1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	14.2%	12.7%	13.1%
11	Tier 1 ratio (%)	19.1%	18.5%	18.2%
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	17.8%	17.3%	17.8%
13	Total capital ratio (%)	22.1%	21.7%	22.0%
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied (%)	21.4%	20.9%	22.0%
CRD IV leverage ratio³				
15	CRD IV leverage ratio exposure measure (£m)	298,230	285,234	284,634
16	CRD IV leverage ratio (%)	3.9%	4.0%	3.9%
17	CRD IV leverage ratio as if IFRS 9 transitional arrangements had not been applied (%)	3.7%	3.8%	3.8%

¹ The Bank applies the full extent of the IFRS 9 transitional arrangements for capital as set out under CRR Article 473a (as amended via the CRR 'Quick Fix' revisions published in June 2020). Specifically, the Bank 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 31 December 2020, static relief (including 'locked' dynamic relief recognised prior to 1 January 2020) under the transitional arrangements amounted to £204 million (31 December 2019: £248 million) and dynamic relief (from 1 January 2020) under the transitional arrangements amounted to £606 million, through CET1 capital.

² CRD IV transitional capital basis

³ CRD IV fully loaded capital basis.

RISK-WEIGHTED ASSETS AND PILLAR 1 CAPITAL REQUIREMENTS

Table 2: Overview of risk-weighted assets (OV1)

	Dec 2020 RWA £m	Dec 2019 RWA £m	Dec 2020 Minimum capital requirements £m	Dec 2019 Minimum capital requirements £m
	T	T-1	T	T-1
1 Credit risk (excluding counterparty credit risk)	50,492	49,848	4,039	3,988
2 Of which: standardised approach	5,815	7,278	465	582
3 Of which: the foundation rating-based (FIRB) approach	2,674	2,889	214	231
4 Of which: the retail IRB (RIRB) approach	39,137	36,696	3,131	2,936
Of which: corporates – specialised lending ¹	1,571	1,611	126	129
Of which: non-credit obligation assets ²	1,295	1,374	104	110
5 Of which: equity IRB under the simple risk-weight or the internal models approach	—	—	—	—
6 Counterparty credit risk	573	560	46	45
7 Of which: marked to market	473	482	38	39
8 Of which: original exposure	—	—	—	—
9 Of which: the standardised approach	—	—	—	—
10 Of which: internal ratings-based model method (IMM)	—	—	—	—
Of which: comprehensive approach for credit risk mitigation (for SFTs)	—	—	—	—
11 Of which: exposures to central counterparties (including trades, default fund contributions and initial margin)	—	—	—	—
12 Of which: credit valuation adjustment (CVA)	100	78	8	6
13 Settlement risk	—	—	—	—
14 Securitisation exposures in banking book	663	404	53	32
15 Of which: IRB ratings-based approach (RBA)	—	—	—	—
16 Of which: IRB supervisory formula approach (SFA)	—	—	—	—
17 Of which: internal assessment approach (IAA)	—	80	—	6
18 Of which: standardised approach	—	—	—	—
Of which: revised framework internal ratings based approach	—	—	—	—
Of which: revised framework standardised approach	—	—	—	—
Of which: revised framework external ratings based approach	663	324	53	26
19 Market risk	220	492	18	39
20 Of which: standardised approach	157	424	13	34
21 Of which: internal model approaches	63	68	5	5
22 Large exposures	—	—	—	—
23 Operational risk	8,801	9,357	704	749
24 Of which: basic indicator approach	—	—	—	—
25 Of which: standardised approach	8,801	9,357	704	749
26 Of which: advanced measurement approach	—	—	—	—
27 Amounts below the thresholds for deduction (subject to 250% risk weight)	555	673	44	54
28 Floor adjustment	—	—	—	—
29 Total	61,304	61,334	4,904	4,907
Pillar 2A capital requirement			1,912	2,482
Total capital requirement			6,816	7,389

¹ Exposures subject to supervisory slotting.

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

ANALYSIS OF CREDIT RISK EXPOSURES

Table 3: Total and average net amount of exposure (CRB-B)

The following table shows the Group's credit exposures split by Basel exposure class, together with associated risk-weighted assets and average risk weight.

	2020 EAD pre CRM and post CCF £m	2020 EAD post CRM and post CCF £m	2020 Average credit risk exposure £m	2020 Risk-weighted assets £m	2020 Minimum capital requirements £m	2020 Average risk weight %
Central governments or central banks	—	—	—	—	—	—
Institutions	2,478	2,478	2,728	211	17	9%
Corporates	6,637	6,478	6,383	4,034	323	62%
of which: Specialised lending	2,027	2,027	2,029	1,571	126	78%
of which: SMEs	1,459	1,325	1,287	845	68	64%
Retail	292,390	291,025	280,897	39,137	3,131	13%
Secured by real estate property	266,125	266,125	254,794	29,500	2,360	11%
SMEs	—	—	—	—	—	—
Non-SMEs	266,125	266,125	254,794	29,500	2,360	11%
Qualifying revolving	22,317	20,952	22,091	5,508	441	26%
Other retail	3,949	3,949	4,012	4,130	330	105%
SMEs	—	—	—	—	—	—
Non-SMEs	3,949	3,949	4,012	4,130	330	105%
Equity	—	—	—	—	—	—
Non-credit obligation assets ¹	3,353	3,353	3,399	1,295	104	39%
Total IRB approach	304,858	303,334	293,406	44,677	3,574	15%
Central governments or central banks	782	2,066	831	—	—	—
Regional governments or local authorities	1	1	1	—	—	—
Public sector entities	1	1	2	1	—	100%
Multilateral development banks	—	—	—	—	—	—
International organisations	—	—	—	—	—	—
Institutions ²	18,960	18,960	76,582	19	1	—
Corporates	14,700	14,458	14,249	2,045	164	14%
of which: SMEs	893	851	957	716	57	84%
Retail	2,446	1,524	1,882	983	79	65%
of which: SMEs	931	931	1,071	538	43	58%
Secured by mortgages on immovable property	4,762	4,762	5,140	1,667	133	35%
of which: SMEs	—	—	—	—	—	—
Exposures in default	790	788	816	841	67	107%
Items associated with particularly high risk	—	—	—	—	—	—
Covered bonds	—	—	—	—	—	—
Claims on institutions and corporates with a short-term credit assessment	—	—	—	—	—	—
Collective investments undertakings	—	—	—	—	—	—
Equity exposures	—	—	—	—	—	—
Other exposures ¹	299	299	368	259	21	87%
Total standardised approach	42,742	42,858	99,871	5,815	465	14%
Total	347,600	346,192	393,277	50,492	4,039	15%

	2019 EAD pre CRM and post CCF £m	2019 EAD post CRM and post CCF £m	2019 Average credit risk exposure £m	2019 Risk-weighted assets £m	2019 Minimum capital requirements £m	2019 Average risk weight %
Central governments or central banks	—	—	—	—	—	—
Institutions	2,306	2,306	1,899	234	19	10%
Corporates	6,712	6,712	7,718	4,266	341	64%
of which: Specialised lending	2,120	2,120	2,231	1,611	129	76%
of which: SMEs	1,346	1,346	1,400	870	70	65%
Retail	274,271	274,271	275,024	36,696	2,936	13%
Secured by real estate property	249,317	249,317	250,541	26,674	2,134	11%
SMEs	—	—	—	—	—	—
Non-SMEs	249,317	249,317	250,541	26,674	2,134	11%
Qualifying revolving	20,952	20,952	20,662	5,694	456	27%
Other retail	4,001	4,001	3,821	4,327	346	108%
SMEs	—	—	—	—	—	—
Non-SMEs	4,001	4,001	3,821	4,327	346	108%
Equity	—	—	—	—	—	—
Non-credit obligation assets ¹	3,866	3,866	3,657	1,374	110	36 %
Total IRB approach	287,155	287,155	288,298	42,570	3,406	15 %
Central governments or central banks	—	—	111	—	—	—
Regional governments or local authorities	—	—	1	—	—	20%
Public sector entities	1	1	5	1	—	100%
Multilateral development banks	—	—	—	—	—	—
International organisations	—	—	—	—	—	—
Institutions ²	90,154	90,154	63,928	8	1	—
Corporates	13,031	12,947	14,262	2,887	231	22%
of which: SMEs	985	902	1,015	866	69	88%
Retail	1,611	1,611	1,605	1,046	84	65%
of which: SMEs	995	995	931	584	47	59%
Secured by mortgages on immovable property	5,517	5,517	3,652	1,931	154	35%
of which: SMEs	—	—	1	—	—	—
Exposures in default	956	956	1,163	1,011	81	106%
Items associated with particularly high risk	—	—	—	—	—	—
Covered bonds	—	—	—	—	—	—
Claims on institutions and corporates with a short-term credit assessment	—	—	—	—	—	—
Collective investments undertakings	—	—	—	—	—	—
Equity exposures	—	—	—	—	—	—
Other exposures ¹	443	443	550	394	32	89%
Total standardised approach	111,714	111,629	85,277	7,278	582	7%
Total	398,868	398,784	373,575	49,848	3,988	12%

¹ Non-credit obligation assets (IRB approach) and other exposures (Standardised approach) predominantly relate to other balance sheet assets that have no associated credit risk. These comprise various non-financial assets, including fixed assets, cash, items in the course of collection, prepayments and sundry debtors.

² Includes exposures to other entities within the same regulatory core group receiving a 0% risk-weight.

Table 4: Geographical breakdown of exposures (CRB-C)

Credit risk exposures as at 31 December 2020, analysed by geographical region, based on country of residence/incorporation of the customers, are provided in the table below. Exposures are presented on a pre CRM and post CCF basis.

	2020 United Kingdom £m	2020 Rest of Europe £m	2020 United States of America £m	2020 Asia- Pacific £m	2020 Other £m	2020 Total £m
Central governments or central banks	—	—	—	—	—	—
Institutions	2,422	55	—	—	—	2,478
Corporates	6,362	229	—	—	45	6,637
of which: Specialised lending	1,843	138	—	—	45	2,027
of which: SMEs	1,436	23	—	—	—	1,459
Retail	292,390	—	—	—	—	292,390
Secured by real estate property	266,125	—	—	—	—	266,125
SMEs	—	—	—	—	—	—
Non-SMEs	266,125	—	—	—	—	266,125
Qualifying revolving	22,317	—	—	—	—	22,317
Other retail	3,949	—	—	—	—	3,949
SMEs	—	—	—	—	—	—
Non-SMEs	3,949	—	—	—	—	3,949
Equity	—	—	—	—	—	—
Non-credit obligation assets	3,353	—	—	—	—	3,353
Total IRB approach	304,527	285	—	—	46	304,858
Central governments or central banks	782	—	—	—	—	782
Regional governments or local authorities	1	—	—	—	—	1
Public sector entities	1	—	—	—	—	1
Multilateral development banks	—	—	—	—	—	—
International organisations	—	—	—	—	—	—
Institutions	18,960	—	—	—	—	18,960
Corporates	14,176	473	—	1	49	14,700
Retail	2,442	1	1	—	2	2,446
Secured by mortgages on immovable property	4,762	—	—	—	—	4,762
Exposures in default	394	—	—	—	395	790
Items associated with particularly high risk	—	—	—	—	—	—
Covered bonds	—	—	—	—	—	—
Claims on institutions and corporates with a short-term credit assessment	—	—	—	—	—	—
Collective investments undertakings	—	—	—	—	—	—
Equity exposures	—	—	—	—	—	—
Other exposures	299	—	—	—	—	299
Total standardised approach	41,819	474	1	1	446	42,742
Total	346,346	759	1	1	492	347,600

	2019 United Kingdom £m	2019 Rest of Europe £m	2019 United States of America £m	2019 Asia- Pacific £m	2019 Other £m	2019 Total £m
Central governments or central banks	—	—	—	—	—	—
Institutions	2,162	55	—	—	89	2,306
Corporates	6,414	242	—	—	55	6,712
of which: Specialised lending	1,928	137	—	—	55	2,120
of which: SMEs	1,322	23	—	—	—	1,346
Retail	274,271	—	—	—	—	274,271
Secured by real estate property	249,317	—	—	—	—	249,317
SMEs	—	—	—	—	—	—
Non-SMEs	249,317	—	—	—	—	249,317
Qualifying revolving	20,952	—	—	—	—	20,952
Other retail	4,001	—	—	—	—	4,001
SMEs	—	—	—	—	—	—
Non-SMEs	4,001	—	—	—	—	4,001
Equity	—	—	—	—	—	—
Non-credit obligation assets	3,866	—	—	—	—	3,866
Total IRB approach	286,713	297	—	—	144	287,155
Central governments or central banks	—	—	—	—	—	—
Regional governments or local authorities	—	—	—	—	—	—
Public sector entities	1	—	—	—	—	1
Multilateral development banks	—	—	—	—	—	—
International organisations	—	—	—	—	—	—
Institutions	90,154	—	—	—	—	90,154
Corporates	13,022	3	—	1	5	13,031
Retail	1,608	1	1	—	2	1,611
Secured by mortgages on immovable property	5,517	—	—	—	—	5,517
Exposures in default	379	1	—	—	576	956
Items associated with particularly high risk	—	—	—	—	—	—
Covered bonds	—	—	—	—	—	—
Claims on institutions and corporates with a short-term credit assessment	—	—	—	—	—	—
Collective investments undertakings	—	—	—	—	—	—
Equity exposures	—	—	—	—	—	—
Other exposures	443	—	—	—	—	443
Total standardised approach	111,124	5	1	1	583	111,714
Total	397,837	302	1	1	727	398,868

Table 5: Concentration of exposures by industry (CRB-D)

Credit risk exposures as at 31 December 2020, analysed by major industrial sector, are provided in the table below. Exposures are presented on a pre CRM and post CCF basis.

	2020 Agriculture, forestry and fishing	2020 Energy and water supply	2020 Manufacturing	2020 Construction	2020 Transport, distribution and hotels	2020 Postal and comms	2020 Property companies	2020 Financial, business and other services	2020 Personal: mortgages	2020 Personal: other	2020 Lease financing	2020 Hire purchase	2020 Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Central governments or central banks	—	—	—	—	—	—	—	—	—	—	—	—	—
Institutions	—	—	—	—	—	—	—	2,478	—	—	—	—	2,478
Corporates	17	12	497	925	1,237	2	3,255	686	—	7	—	—	6,637
of which: Specialised lending	—	9	—	18	80	—	1,823	97	—	—	—	—	2,027
of which: SMEs	11	3	260	84	429	1	330	341	—	—	—	—	1,459
Retail	—	—	—	—	—	—	—	—	266,125	26,266	—	—	292,390
Secured by real estate property	—	—	—	—	—	—	—	—	266,125	—	—	—	266,125
SMEs	—	—	—	—	—	—	—	—	—	—	—	—	—
Non-SMEs	—	—	—	—	—	—	—	—	266,125	—	—	—	266,125
Qualifying revolving	—	—	—	—	—	—	—	—	—	22,317	—	—	22,317
Other retail	—	—	—	—	—	—	—	—	—	3,949	—	—	3,949
SMEs	—	—	—	—	—	—	—	—	—	—	—	—	—
Non-SMEs	—	—	—	—	—	—	—	—	—	3,949	—	—	3,949
Equity	—	—	—	—	—	—	—	—	—	—	—	—	—
Non-credit obligation assets	—	—	—	—	—	—	—	—	—	—	—	—	3,353
Total IRB approach	17	12	497	925	1,237	2	3,255	3,163	266,125	26,272	—	—	304,858
Central governments or central banks	—	—	—	—	—	—	—	782	—	—	—	—	782
Regional governments or local authorities	—	—	—	—	—	—	—	1	—	—	—	—	1
Public sector entities	—	—	—	—	—	—	—	1	—	—	—	—	1
Multilateral development banks	—	—	—	—	—	—	—	—	—	—	—	—	—
International organisations	—	—	—	—	—	—	—	—	—	—	—	—	—
Institutions	—	—	—	—	—	—	—	18,960	—	—	—	—	18,960
Corporates	346	13	107	106	345	—	279	13,318	—	183	—	2	14,700
Retail	264	5	31	45	174	2	201	1,131	—	420	—	173	2,446
Secured by mortgages on immovable property	—	—	—	—	—	—	—	—	4,762	—	—	—	4,762
Exposures in default	10	—	4	4	417	—	11	6	272	65	—	—	790
Items associated with particularly high risk	—	—	—	—	—	—	—	—	—	—	—	—	—
Covered bonds	—	—	—	—	—	—	—	—	—	—	—	—	—
Claims on institutions and corporates with a short-term credit assessment	—	—	—	—	—	—	—	—	—	—	—	—	—
Collective investments undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity exposures	—	—	—	—	—	—	—	—	—	—	—	—	—
Other exposures	—	—	—	—	—	—	—	—	—	—	—	—	299
Total standardised approach	620	18	142	155	936	2	490	34,201	5,034	669	—	175	42,742
Total	637	30	639	1,081	2,173	4	3,745	37,364	271,159	26,941	—	175	347,600

	2019 Agriculture, forestry and fishing	2019 Energy and water supply	2019 Manufacturing	2019 Construction	2019 Transport, distribution and hotels	2019 Postal and comms	2019 Property companies	2019 Financial, business and other services	2019 Personal: mortgages	2019 Personal: other	2019 Lease financing	2019 Hire purchase	2019 Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Central governments or central banks	—	—	—	—	—	—	—	—	—	—	—	—	—
Institutions	—	—	—	—	—	—	—	2,306	—	—	—	—	2,306
Corporates	12	32	400	1,001	1,197	3	3,400	660	—	7	—	—	6,712
of which: Specialised lending	—	10	20	27	58	—	1,906	99	—	—	—	—	2,120
of which: SMEs	10	22	114	175	435	1	351	237	—	—	—	—	1,346
Retail	—	—	—	—	—	—	—	—	249,317	24,953	—	—	274,271
Secured by real estate property	—	—	—	—	—	—	—	—	249,317	—	—	—	249,317
SMEs	—	—	—	—	—	—	—	—	—	—	—	—	—
Non-SMEs	—	—	—	—	—	—	—	—	249,317	—	—	—	249,317
Qualifying revolving	—	—	—	—	—	—	—	—	—	20,952	—	—	20,952
Other retail	—	—	—	—	—	—	—	—	—	4,001	—	—	4,001
SMEs	—	—	—	—	—	—	—	—	—	—	—	—	—
Non-SMEs	—	—	—	—	—	—	—	—	—	4,001	—	—	4,001
Equity	—	—	—	—	—	—	—	—	—	—	—	—	—
Non-credit obligation assets													3,866
Total IRB approach	12	32	400	1,001	1,197	3	3,400	2,966	249,317	24,960	—	—	287,155
Central governments or central banks	—	—	—	—	—	—	—	—	—	—	—	—	—
Regional governments or local authorities	—	—	—	—	—	—	—	—	—	—	—	—	—
Public sector entities	—	—	—	—	—	—	—	1	—	—	—	—	1
Multilateral development banks	—	—	—	—	—	—	—	—	—	—	—	—	—
International organisations	—	—	—	—	—	—	—	—	—	—	—	—	—
Institutions	—	—	—	—	—	—	—	90,154	—	—	—	—	90,154
Corporates	388	16	55	101	329	—	331	11,648	—	163	—	—	13,031
Retail	277	5	33	46	190	2	219	223	—	469	—	147	1,611
Secured by mortgages on immovable property	—	—	—	—	—	—	—	—	5,517	—	—	—	5,517
Exposures in default	3	—	—	1	583	—	4	5	284	75	—	—	956
Items associated with particularly high risk	—	—	—	—	—	—	—	—	—	—	—	—	—
Covered bonds	—	—	—	—	—	—	—	—	—	—	—	—	—
Claims on institutions and corporates with a short-term credit assessment	—	—	—	—	—	—	—	—	—	—	—	—	—
Collective investments undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity exposures	—	—	—	—	—	—	—	—	—	—	—	—	—
Other exposures	—	—	—	—	—	—	—	—	—	—	—	—	443
Total standardised approach	668	20	88	148	1,102	3	554	102,031	5,801	707	—	147	111,714
Total	680	52	489	1,149	2,298	6	3,954	104,997	255,119	25,667	—	147	398,868

Table 6: Maturity of exposures (CRB-E)

Credit risk exposures at 31 December 2020, analysed by residual maturity, are provided in the table below. Exposures are presented on a pre CRM and post CCF basis.

	31 Dec 2020						31 Dec 2019					
	Net exposure value						Net exposure value					
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Central governments or central banks	—	—	—	—	—	—	—	—	—	—	—	
Institutions	—	281	1,782	414	—	2,478	—	130	1,805	372	—	2,306
Corporates	101	1,413	2,834	2,290	—	6,637	23	1,614	2,797	2,277	—	6,712
of which: Specialised lending	43	275	849	860	—	2,027	—	331	955	834	—	2,120
of which: SMEs	3	257	631	568	—	1,459	5	253	561	527	—	1,346
Retail	23,511	20,289	14,651	233,940	—	292,390	21,999	13,128	15,205	223,939	—	274,271
Secured by real estate property	1,193	19,687	11,569	233,675	—	266,125	1,047	12,569	12,103	223,598	—	249,317
SMEs	—	—	—	—	—	—	—	—	—	—	—	—
Non-SMEs	1,193	19,687	11,569	233,675	—	266,125	1,047	12,569	12,103	223,598	—	249,317
Qualifying revolving	22,317	—	—	—	—	22,317	20,952	—	—	—	—	20,952
Other retail	—	601	3,082	265	—	3,949	—	559	3,102	340	—	4,001
SMEs	—	—	—	—	—	—	—	—	—	—	—	—
Non-SMEs	—	601	3,082	265	—	3,949	—	559	3,102	340	—	4,001
Equity	—	—	—	—	—	—	—	—	—	—	—	—
Non-credit obligation assets	703	—	—	—	2,650	3,353	723	—	—	—	3,143	3,866
Total IRB approach	24,314	21,982	19,267	236,644	2,650	304,858	22,745	14,872	19,807	226,588	3,143	287,155
Central governments or central banks	—	782	—	—	—	782	—	—	—	—	—	—
Regional governments or local authorities	—	—	—	1	—	1	—	—	—	—	—	—
Public sector entities	—	—	—	1	—	1	—	—	—	1	—	1
Multilateral development banks	—	—	—	—	—	—	—	—	—	—	—	—
International organisations	—	—	—	—	—	—	—	—	—	—	—	—
Institutions	7,832	7,443	3,310	375	—	18,960	37,250	35,393	15,739	1,772	—	90,154
Corporates	5	1,114	550	13,031	—	14,700	6	923	353	11,749	—	13,031
Retail	25	277	457	1,688	—	2,446	34	306	315	955	—	1,611
Secured by mortgages on immovable property	10	139	367	4,246	—	4,762	10	124	384	4,999	—	5,517
Exposures in default	15	392	119	265	—	790	16	657	41	242	—	956
Items associated with particularly high risk	—	—	—	—	—	—	—	—	—	—	—	—
Covered bonds	—	—	—	—	—	—	—	—	—	—	—	—
Claims on institutions and corporates with a short-term credit assessment	—	—	—	—	—	—	—	—	—	—	—	—
Collective investments undertakings	—	—	—	—	—	—	—	—	—	—	—	—
Equity exposures	—	—	—	—	—	—	—	—	—	—	—	—
Other exposures	61	—	14	5	219	299	66	—	165	26	187	443
Total standardised approach	7,947	10,147	4,817	19,612	219	42,742	37,382	37,403	16,997	19,745	187	111,714
Total	32,261	32,129	24,084	256,256	2,869	347,600	60,127	52,275	36,804	246,332	3,330	398,868

ANALYSIS OF CREDIT RISK MITIGATION

Table 7: CRM techniques – Overview (CR3)

The following table provides an analysis of net carrying values of credit risk exposures secured by different CRM techniques split by regulatory approach and asset class.

	31 Dec 2020					31 Dec 2019				
	Exposures unsecured – carrying amount	Exposures to be secured ¹	Exposures secured by collateral ²	Exposures secured by financial guarantees	Exposures secured by credit derivatives	Exposures unsecured – carrying amount	Exposures to be secured ¹	Exposures secured by collateral ²	Exposures secured by financial guarantees	Exposures secured by credit derivatives
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Exposures subject to the IRB approach										
Central governments or central banks	—	—	—	—	—	—	—	—	—	—
Institutions ³	103	2,395	2,395	—	—	46	2,253	2,253	—	—
Corporates	1,627	4,854	4,695	159	—	1,777	4,906	4,906	—	—
of which: Specialised Lending	—	1,913	1,913	—	—	—	1,985	1,985	—	—
of which: SME	537	935	801	134	—	525	842	842	—	—
Retail	32,853	254,263	254,263	—	—	33,246	238,542	238,542	—	—
Secured by real estate property	—	254,263	254,263	—	—	—	238,542	238,542	—	—
SME	—	—	—	—	—	—	—	—	—	—
Non-SME	—	254,263	254,263	—	—	—	238,542	238,542	—	—
Qualifying Revolving	29,116	—	—	—	—	29,379	—	—	—	—
Other Retail	3,738	—	—	—	—	3,867	—	—	—	—
SME	—	—	—	—	—	—	—	—	—	—
Non-SME	3,738	—	—	—	—	3,867	—	—	—	—
Equity	—	—	—	—	—	—	—	—	—	—
Non-credit obligation assets	3,153	—	—	—	—	3,866	—	—	—	—
Total – IRB approach	37,737	261,512	261,353	159	—	38,935	245,701	245,701	—	—
Exposures subject to the standardised approach										
Central governments or central banks	782	—	—	—	—	—	—	—	—	—
Regional governments or local authorities	1	1	—	1	—	1	—	—	—	—
Public sector entities	1	—	—	—	—	1	—	—	—	—
Multilateral development banks	—	—	—	—	—	—	—	—	—	—
International organisations	—	—	—	—	—	—	—	—	—	—
Institutions	18,963	—	—	—	—	90,154	—	—	—	—
Corporates	14,402	524	325	199	—	12,862	290	290	—	—
Retail	1,797	960	37	923	—	1,774	127	127	—	—
Secured by mortgages on immovable property	—	4,762	4,762	—	—	—	5,519	5,519	—	—
Exposures in default	517	275	273	2	—	804	287	287	—	—
Items associated with particularly high risk	—	—	—	—	—	—	—	—	—	—
Covered bonds	—	—	—	—	—	—	—	—	—	—
Claims on institutions and corporates with a short-term credit assessment	—	—	—	—	—	—	—	—	—	—
Collective investment undertakings	—	—	—	—	—	—	—	—	—	—
Equity exposures	—	—	—	—	—	—	—	—	—	—
Other exposures	299	—	—	—	—	443	—	—	—	—
Total – standardised approach	36,761	6,522	5,397	1,125	—	106,038	6,223	6,223	—	—
Total exposures	74,498	268,034	266,750	1,284	—	144,974	251,924	251,924	—	—
of which: defaulted	784	2,508	2,506	2	—	1,134	2,352	2,352	—	—

¹ Allocation of the carrying amount of multi-secured exposures is made by order of priority to their different CRM techniques.

² At 31 December 2020 the value of exposures secured by eligible financial collateral is £135m (2019: £170m) and the value of exposures secured by other eligible collateral is £266.6bn (2019: £251.8bn).

³ Exposures to Institutions secured by collateral includes £2,395m (2019: £2,253m) of exposures in the form of covered bonds.

ANALYSIS OF CREDIT QUALITY OF EXPOSURES

Table 8: Credit quality of exposures by exposure class and instrument (CR1-A)

Tables below present analysis of credit risk exposures and credit risk adjustments (including charges in the period) analysed by regulatory exposure class, industry types and geography. Gross carrying value comprises both on and off-balance sheet exposures. Net values represent gross carrying values less specific credit risk adjustments. The Group does not recognise any general credit risk adjustments as defined by the EBA.

	31 Dec 2020					31 Dec 2019				
	Gross carrying values of		Specific credit risk adjustment ¹	Credit risk adjustment charges in the period ¹	Net values	Gross carrying values of		Specific credit risk adjustment	Credit risk adjustment charges in the period	Net values
	Defaulted exposures	Non-defaulted exposures				Defaulted exposures	Non-defaulted exposures			
	£m	£m	£m	£m	£m	£m	£m	£m	£m	
	a	b	c	f	g	a	b	c	f	g
Central governments or central banks	—	—	—	—	—	—	—	—	—	—
Institutions	—	2,498	—	—	2,498	—	2,299	—	—	2,299
Corporates	609	6,179	307	103	6,481	612	6,294	223	(42)	6,684
of which: Specialised lending	97	1,923	106	51	1,913	108	1,938	61	(4)	1,985
of which: SMEs	40	1,461	28	4	1,472	31	1,362	26	(1)	1,367
Retail	2,683	286,300	1,867	1,021	287,116	2,419	270,644	1,275	246	271,788
Secured by real estate property	2,449	253,042	1,228	410	254,263	2,194	237,246	897	(106)	238,542
SMEs	—	—	—	—	—	—	—	—	—	—
Non-SMEs	2,449	253,042	1,228	410	254,263	2,194	237,246	897	(106)	238,542
Qualifying revolving	149	29,411	445	443	29,116	168	29,470	259	239	29,379
Other retail	85	3,848	195	167	3,738	57	3,929	118	114	3,867
SMEs	—	—	—	—	—	—	—	—	—	—
Non-SMEs	85	3,848	195	167	3,738	57	3,929	118	114	3,867
Equity	—	—	—	—	—	—	—	—	—	—
Non-credit obligation assets	—	3,353	—	—	3,353	—	3,866	—	—	3,866
Total IRB approach	3,293	298,330	2,174	1,124	299,449	3,031	283,103	1,497	204	284,637
Central governments or central banks	—	782	—	—	782	—	—	—	—	—
Regional governments or local authorities	—	1	—	—	1	—	1	—	—	1
Public sector entities	—	1	—	—	1	—	1	—	—	1
Multilateral development banks	—	—	—	—	—	—	—	—	—	—
International organisations	—	—	—	—	—	—	—	—	—	—
Institutions	—	18,967	4	(3)	18,963	—	90,161	7	(2)	90,154
Corporates	—	15,051	125	30	14,926	—	13,255	103	97	13,152
of which: SMEs	—	1,124	16	11	1,108	—	1,076	6	—	1,070
Retail	—	2,801	44	15	2,756	—	1,930	29	42	1,901
of which: SMEs	—	2,011	19	10	1,992	—	1,123	9	—	1,114
Secured by mortgages on immovable property	—	4,792	30	9	4,762	—	5,544	25	(3)	5,519
of which: SMEs	—	—	—	—	—	—	—	—	—	—
Exposures in default ²	1,427	—	635	247	792	1,520	—	429	304	1,091
Items associated with particularly high risk	—	—	—	—	—	—	—	—	—	—
Covered bonds	—	—	—	—	—	—	—	—	—	—
Claims on institutions and corporates with a short-term credit assessment	—	—	—	—	—	—	—	—	—	—
Collective investments undertakings	—	—	—	—	—	—	—	—	—	—
Equity exposures	—	—	—	—	—	—	—	—	—	—
Other exposures	—	299	—	—	299	—	443	—	—	443
Total standardised approach	1,427	42,696	839	298	43,283	1,520	111,334	593	437	112,261
Total	4,719	341,026	3,014	1,422	342,732	4,551	394,437	2,091	641	396,898

¹ The total of specific credit risk adjustments and credit risk adjustment charges in the period are lower than financial reporting amounts predominantly due to the differing regulatory treatment of a number of exposures and and the exclusion of the £200m central overlay to the expected credit loss allowances.

² The breakdown of 'Exposure in default' by the exposure class that corresponds to the exposure before default, comprises Corporate £1,084m (2019: £1,165m), and Retail £342m (2019: £355m).

Table 9: Credit quality of exposures by industry types (CR1-B)

	31 Dec 2020				
	Gross carrying values of		Specific credit risk adjustment ¹	Credit risk adjustment charges in the period ¹	Net values
	Defaulted exposures	Non-defaulted exposures			
	£m	£m	£m	£m	£m
a	b	c	f	g	
Agriculture, forestry and fishing	13	709	17	6	705
Energy and water supply	—	29	—	—	29
Manufacturing	27	694	10	4	711
Construction	252	950	114	13	1,089
Transport, distribution and hotels	1,176	1,743	608	278	2,312
Postal and communications	—	6	—	—	6
Property companies	119	3,546	106	23	3,560
Financial, business and other services	46	41,210	178	44	41,077
Personal: mortgages	2,769	257,880	1,314	437	259,335
Personal: other	315	34,081	664	615	33,733
Lease financing	—	1	—	—	—
Hire purchase	2	176	3	1	175
Total	4,719	341,026	3,014	1,422	342,732

	31 Dec 2019				
	Gross carrying values of		Specific credit risk adjustment	Credit risk adjustment charges in the period	Net values
	Defaulted exposures	Non-defaulted exposures			
	£m	£m	£m	£m	£m
a	b	c	f	g	
Agriculture, forestry and fishing	7	743	11	9	740
Energy and water supply	—	52	—	1	52
Manufacturing	7	556	6	(1)	557
Construction	219	1,125	107	(13)	1,237
Transport, distribution and hotels	1,259	1,694	362	292	2,590
Postal and communications	—	7	—	—	7
Property companies	174	3,603	88	(15)	3,689
Financial, business and other services	47	109,398	144	128	109,301
Personal: mortgages	2,524	242,949	974	(115)	244,499
Personal: other	313	34,162	397	354	34,078
Lease financing	—	—	—	—	—
Hire purchase	1	148	2	1	147
Total	4,551	394,437	2,091	641	396,898

¹ The total of specific credit risk adjustments and credit risk adjustment charges in the period are lower than financial reporting amounts predominantly due to the differing regulatory treatment of a number of exposures and the exclusion of the £200m central overlay to the expected credit loss allowances.

Table 10: Credit quality of exposures by geographical region (CR1-C)

	31 Dec 2020				
	Gross carrying values of		Specific credit risk adjustment ¹	Credit risk adjustment charges in the period ¹	Net values
	Defaulted exposures	Non-defaulted exposures			
	£m	£m	£m	£m	£m
United Kingdom	3,752	340,230	2,447	1,172	341,535
Rest of Europe	19	740	13	7	746
United States of America	—	1	—	—	1
Asia-Pacific	—	1	—	—	1
Other	948	53	553	242	448
Total	4,719	341,026	3,014	1,422	342,732

	31 Dec 2019				
	Gross carrying values of		Specific credit risk adjustment	Credit risk adjustment charges in the period	Net values
	Defaulted exposures	Non-defaulted exposures			
	£m	£m	£m	£m	£m
United Kingdom	3,489	393,979	1,739	361	395,729
Rest of Europe	13	306	13	(8)	307
United States of America	—	1	—	—	1
Asia-Pacific	—	2	—	—	2
Other	1,049	149	339	288	859
Total	4,551	394,437	2,091	641	396,898

¹ The total of specific credit risk adjustments and credit risk adjustment charges in the period are lower than financial reporting amounts predominantly due to the differing regulatory treatment of a number of exposures and and the exclusion of the £200m central overlay to the expected credit loss allowances.

ANALYSIS OF CREDIT QUALITY OF NON-PERFORMING AND FORBORNE EXPOSURES

In December 2019 the EBA published guidelines on the disclosure of non-performing and forborne exposures, to be applied from December 2020. The guidelines introduce ten new reporting templates providing a uniform disclosure format for non-performing exposures, forborne exposures and foreclosed assets. Proportionality is embedded in the guidelines through thresholds based on the size of the Institution and the level of non-performing exposures. The Group has assessed the threshold criteria within the guidelines and has determined that six of the ten templates are not applicable on the basis that its non-performing loan ratio is significantly lower than the reporting threshold.

The remaining four templates are not subject to threshold criteria, however template CQ7 – Collateral obtained by taking possession and execution process, is not applicable to the Group as no collateral taken into possession is recognised on the Group balance sheet. The remaining three templates are disclosed in tables 11 to 13.

Tables below present analysis of credit risk exposures and credit risk adjustments (including charges in the period) analysed by regulatory exposure class, industry types and geography. Gross carrying value comprises both on and off-balance sheet exposures. Net values represent gross carrying values less specific credit risk adjustments. The Group does not recognise any general credit risk adjustments as defined by the EBA.

Table 11: Credit quality of forborne exposures (CQ1)

31 Dec 2020								
	a	b	c	d	e	f	g	h
	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	Of Which:	Of Which:	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			Defaulted	Impaired				
1 Loans and advances	1,474	4,654	2,864	3,519	(69)	(1,197)	3,854	2,518
2 Central banks	—	—	—	—	—	—	—	—
3 General governments	—	—	—	—	—	—	—	—
4 Credit institutions	—	—	—	—	—	—	—	—
5 Other financial corporations	1	3	3	3	—	(2)	—	—
6 Non-financial corporations	76	1,642	1,640	1,612	(2)	(801)	113	54
7 Households	1,398	3,009	1,220	1,904	(67)	(394)	3,741	2,464
8 Debt Securities	—	1	—	1	—	(1)	—	—
9 Loans Commitments Given	54	106	14	51	1	4	—	—
10 Total	1,529	4,761	2,878	3,570	(69)	(1,194)	3,854	2,518

	a	b	c	d	e	f	g	h
	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	Of Which: Defaulted	Of Which: Impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
¹ Loans and advances	1,386	5,008	2,863	3,626	(56)	(878)	4,460	3,182
² Central banks	—	—	—	—	—	—	—	—
³ General governments	—	—	—	—	—	—	—	—
⁴ Credit institutions	—	—	—	—	—	—	—	—
⁵ Other financial corporations	1	4	4	4	—	(2)	—	—
⁶ Non-financial corporations	36	1,688	1,688	1,688	(1)	(553)	344	315
⁷ Households	1,349	3,316	1,171	1,935	(55)	(323)	4,116	2,867
⁸ Debt Securities	—	—	—	—	—	—	—	—
⁹ Loans Commitments Given	51	58	32	42	—	—	—	—
¹⁰ Total	1,437	5,066	2,895	3,668	(56)	(878)	4,460	3,182

Table 12: Credit quality of performing and non-performing exposures by past due days (CQ3)

	31 Dec 2020											
	a	b	c	d	e	f	g	h	i	j	k	l
	Gross carrying amount/nominal amount											
	Performing			Non-performing	Unlikely to pay that are not							
	Not past due or Past due <= 30 days	Past due > 30 days <= 90 days	Unlikely to pay that are not past-due < = 90 days		Past due > 90 days <= 180 days	Past due > 180 days <= 1 year	Past due > 1 year <= 2 years	Past due > 2 years <= 5 years	Past due > 5 years <= 7 years	Past due > 7 years	Of which: defaulted	
1 Loans and advances	292,810	291,365	1,446	7,498	2,734	1,032	862	921	1,645	190	114	4,727
2 Central banks	1,361	1,361	—	—	—	—	—	—	—	—	—	—
3 General governments	39	39	—	—	—	—	—	—	—	—	—	—
4 Credit institutions	16,529	16,529	—	—	—	—	—	—	—	—	—	—
5 Other financial corporations	19,757	19,757	—	206	206	—	—	—	—	—	—	3
6 Non-financial corporations	8,219	8,219	—	1,649	654	44	—	—	950	1	—	1,647
7 Of which: SMEs	3,584	3,584	—	128	92	35	—	—	—	—	—	127
8 Households	246,905	245,460	1,445	5,643	1,874	987	862	921	695	189	114	3,077
9 Debt securities	2,758	2,758	—	1	—	—	—	—	—	—	1	—
10 Central banks	—	—	—	—	—	—	—	—	—	—	—	—
11 General governments	—	—	—	—	—	—	—	—	—	—	—	—
12 Credit institutions	2,415	2,415	—	—	—	—	—	—	—	—	—	—
13 Other financial corporations	343	343	—	—	—	—	—	—	—	—	—	—
14 Non-financial corporations	—	—	—	1	—	—	—	—	—	—	1	—
15 Off-balance-sheet exposures	47,274	—	—	133	—	—	—	—	—	—	—	20
16 Central banks	—	—	—	—	—	—	—	—	—	—	—	—
17 General governments	—	—	—	—	—	—	—	—	—	—	—	—
18 Credit institutions	—	—	—	—	—	—	—	—	—	—	—	—
19 Other financial corporations	1,960	—	—	—	—	—	—	—	—	—	—	—
20 Non-financial corporations	3,062	—	—	20	—	—	—	—	—	—	—	20
21 Households	42,252	—	—	114	—	—	—	—	—	—	—	—
22 Total	342,842	294,123	1,446	7,632	2,734	1,032	862	921	1,645	190	115	4,746

31 Dec 2019												
	a	b	c	d	e	f	g	h	i	j	k	l
Gross carrying amount/nominal amount												
	Performing			Non-performing	Unlikely to pay that are not past-due or past-due < = 90 days							
	Not past due or Past due <= 30 days	Past due > 30 days <= 90 days			Past due <= 90 days	Past due > 90 days <= 180 days	Past due > 180 days <= 1 year	Past due > 1 year <= 2 years	Past due > 2 years <= 5 years	Past due > 5 years <= 7 years	Past due > 7 years	Of which: defaulted
1 Loans and advances	357,919	356,385	1,534	7,757	4,033	1,213	884	764	672	147	43	4,862
2 Central banks	1,775	1,775	—	—	—	—	—	—	—	—	—	—
3 General governments	166	166	—	—	—	—	—	—	—	—	—	—
4 Credit institutions	93,058	93,058	—	—	—	—	—	—	—	—	—	—
5 Other financial corporations	16,062	16,057	4	230	227	—	—	—	2	—	—	230
6 Non-financial corporations	7,503	7,498	6	1,702	1,594	78	3	4	21	2	—	1,702
7 Of which: SMEs	2,684	2,683	1	86	51	27	3	4	—	2	—	86
8 Households	239,355	237,831	1,523	5,825	2,211	1,135	881	760	648	145	43	2,929
9 Debt securities	2,695	2,695	—	1	—	—	—	—	1	—	—	—
10 Central banks	—	—	—	—	—	—	—	—	—	—	—	—
11 General governments	—	—	—	—	—	—	—	—	—	—	—	—
12 Credit institutions	2,177	2,177	—	—	—	—	—	—	—	—	—	—
13 Other financial corporations	518	518	—	—	—	—	—	—	—	—	—	—
14 Non-financial corporations	—	—	—	1	—	—	—	—	1	—	—	—
15 Off-balance-sheet exposures	39,531			86								14
16 Central banks	—			—								—
17 General governments	—			—								—
18 Credit institutions	—			—								—
19 Other financial corporations	1,952			—								—
20 Non-financial corporations	3,131			13								13
21 Households	34,448			73								—
22 Total	400,145	359,080	1,534	7,844	4,033	1,213	884	764	673	147	43	4,875

Table 13: Performing and non-performing exposures and related provisions (CR1)

	31 Dec 2020														
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
	Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3				
1 Loans and advances	292,810	261,551	31,101	7,498	1,872	5,626	(1,420)	(489)	(931)	—	(134)	(1,576)	(45)	241,385	4,674
2 Central banks	1,361	1,361	—	—	—	—	—	—	—	—	—	—	—	—	—
3 General governments	39	12	—	—	—	—	—	—	—	—	—	—	—	—	—
4 Credit institutions	16,529	16,529	—	—	—	—	(4)	(4)	—	—	—	—	—	—	—
5 Other financial corporations	19,757	19,684	72	206	—	206	(4)	(4)	—	(92)	(1)	(90)	—	83	—
6 Non-financial corporations	8,219	6,928	1,192	1,649	37	1,612	(142)	(38)	(104)	(804)	(2)	(801)	(45)	3,849	54
7 Of which: SMEs	3,584	3,022	562	128	19	109	(47)	(17)	(30)	(16)	(2)	(14)	—	1,855	8
8 Households	246,905	217,037	29,837	5,643	1,836	3,807	(1,270)	(442)	(828)	(815)	(130)	(684)	—	237,453	4,620
9 Debt securities	2,758	2,758	—	1	—	1	(2)	(2)	—	(1)	—	(1)	—	—	—
10 Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11 General governments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
12 Credit institutions	2,415	2,415	—	—	—	—	—	—	—	—	—	—	—	—	—
13 Other financial corporations	343	343	—	—	—	—	(2)	(2)	—	—	—	—	—	—	—
14 Non-financial corporations	—	—	—	1	—	1	—	—	—	(1)	—	(1)	—	—	—
15 Off-balance-sheet exposures	47,274	44,678	2,596	133	88	45	(122)	(53)	(69)	(6)	—	(6)	—	651	—
16 Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17 General governments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
18 Credit institutions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
19 Other financial corporations	1,960	1,959	1	—	—	—	—	—	—	—	—	—	—	19	—
20 Non-financial corporations	3,062	2,497	566	20	14	6	(25)	(8)	(16)	(6)	—	(6)	—	627	—
21 Households	42,252	40,222	2,029	114	74	40	(98)	(45)	(52)	—	—	—	—	4	—
22 Total	342,842	308,987	33,697	7,632	1,960	5,672	(1,545)	(545)	(1,000)	(1,716)	(134)	(1,582)	(45)	242,035	4,674

31 Dec 2019															
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures		Non-performing exposures				Performing exposures – accumulated impairment and provisions		Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					On performing exposures	On non-performing exposures
	Of which stage 1	Of which stage 2	Of which stage 1	Of which stage 2	Of which stage 3	Of which stage 1	Of which stage 2	Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3				
¹ Loans and advances	320,006	298,253	21,636	7,757	2,222	5,535	(820)	(155)	(665)	(1,231)	(18)	(1,213)	(45)	230,942	5,288
² Central banks	1,775	1,775	—	—	—	—	—	—	—	—	—	—	—	—	—
³ General governments	166	148	—	—	—	—	—	—	—	—	—	—	—	—	—
⁴ Credit institutions	55,146	55,146	—	—	—	—	(7)	(7)	—	—	—	—	—	—	—
⁵ Other financial corporations	16,062	16,045	17	230	—	230	(109)	(2)	(107)	(2)	—	(2)	—	84	—
⁶ Non-financial corporations	7,503	6,597	808	1,702	—	1,702	(50)	(13)	(37)	(553)	—	(553)	(45)	2,670	344
⁷ Of which: SMEs	2,684	2,684	—	86	—	86	(22)	(4)	(17)	(15)	—	(15)	—	636	13
⁸ Households	239,355	218,543	20,811	5,825	2,222	3,602	(654)	(133)	(522)	(675)	(18)	(658)	—	228,188	4,944
⁹ Debt securities	2,695	2,695	—	1	—	1	(2)	(2)	—	(1)	—	(1)	—	—	—
¹⁰ Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
¹¹ General governments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
¹² Credit institutions	2,177	2,177	—	—	—	—	—	—	—	—	—	—	—	—	—
¹³ Other financial corporations	518	518	—	—	—	—	(2)	(2)	—	—	—	—	—	—	—
¹⁴ Non-financial corporations	—	—	—	1	—	1	—	—	—	(1)	—	(1)	—	—	—
¹⁵ Off-balance-sheet exposures	39,531	37,817	1,714	86	48	38	(52)	(25)	(27)	(2)	(1)	(1)	—	11,857	—
¹⁶ Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
¹⁷ General governments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
¹⁸ Credit institutions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
¹⁹ Other financial corporations	1,952	1,933	18	—	—	—	—	—	—	—	—	—	—	26	—
²⁰ Non-financial corporations	3,131	2,872	259	13	12	1	(10)	(3)	(7)	(1)	—	(1)	—	708	—
²¹ Households	34,448	33,011	1,437	73	36	37	(42)	(22)	(21)	(1)	(1)	—	—	11,123	—
²² Total	362,232	338,765	23,350	7,844	2,270	5,573	(874)	(182)	(692)	(1,234)	(19)	(1,215)	(45)	242,799	5,288

The table above excludes loans and advances classified as held for sale, cash balances at central banks and other demand deposits to allow calculation of the NPL ratio in line with EBA definitions.

OWN FUNDS DISCLOSURE TEMPLATE

Table 14: Own funds template

	Transitional rules		Fully loaded rules	
	At 31 Dec 2020	At 31 Dec 2019	At 31 Dec 2020	At 31 Dec 2019
	£m	£m	£m	£m
Common equity tier 1 (CET1) capital: instruments and reserves				
Capital instruments and related share premium accounts	5,847	5,847	5,847	5,847
of which: called up share capital	5,847	5,847	5,847	5,847
Retained earnings	3,618	2,308	3,618	2,308
Accumulated other comprehensive income and other reserves (including unrealised gains and losses)	2,078	2,064	2,078	2,064
Common equity tier 1 (CET1) capital before regulatory adjustments	11,543	10,219	11,543	10,219
Common equity tier 1 (CET1) capital: regulatory adjustments				
Additional value adjustments	(79)	(92)	(79)	(92)
Intangible assets (net of related tax liability)	(470)	(461)	(470)	(461)
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) of the CRR are met)	(1,477)	(1,362)	(1,477)	(1,362)
Fair value reserves related to gains or losses on cash flow hedges	45	41	45	41
Negative amounts resulting from the calculation of expected loss amounts	—	—	—	—
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(2)	(1)	(2)	(1)
Defined benefit pension fund assets	(50)	(37)	(50)	(37)
Total regulatory adjustments applied to common equity tier 1 (CET1)	(2,033)	(1,912)	(2,033)	(1,912)
Common equity tier 1 (CET1) capital	9,510	8,307	9,510	8,307
Additional tier 1 (AT1) capital: instruments				
Capital instruments and related share premium accounts	2,200	2,700	2,200	2,700
of which: classified as equity under applicable accounting standards	2,200	2,700	2,200	2,700
Amount of qualifying items referred to in Article 484 (4) of the CRR and the related share premium accounts subject to phase out from AT1	21	171	—	—
Additional tier 1 (AT1) capital before regulatory adjustments	2,221	2,871	2,200	2,700
Tier 1 capital	11,731	11,178	11,710	11,007
Tier 2 (T2) capital: Instruments and provisions				
Capital instruments and related share premium accounts	1,353	1,113	1,353	1,113
Amount of qualifying items referred to in Article 484 (5) of the CRR and the related share premium accounts subject to phase out from T2	590	1,460	—	—
Tier 2 (T2) capital before regulatory adjustments	1,943	2,573	1,353	1,113

Table 14: Own funds template (Continued)

	Transitional rules		Fully loaded rules	
	At 31 Dec 2020 £m	At 31 Dec 2019 £m	At 31 Dec 2020 £m	At 31 Dec 2019 £m
Tier 2 (T2) capital: regulatory adjustments				
IFRS 9 transitional adjustments	(97)	(232)	(97)	(232)
Total regulatory adjustments applied to Tier 2 (T2) capital	(97)	(232)	(97)	(232)
Tier 2 (T2) capital	1,846	2,341	1,256	881
Total capital	13,577	13,519	12,966	11,888
Total risk-weighted assets	61,304	61,333	61,304	61,333
Capital ratios and buffers				
Common Equity Tier 1 (as a percentage of risk exposure amount)	15.5%	13.5%	15.5%	13.5%
Tier 1 (as a percentage of risk exposure amount)	19.1%	18.2%	19.1%	17.9%
Total capital (as a percentage of risk exposure amount)	22.1%	22.0%	21.2%	19.4%
Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	2.500%	3.479%	2.500%	3.479%
of which: capital conservation buffer requirement	2.500%	2.500%	2.500%	2.500%
of which: countercyclical buffer requirement	0.000%	0.979%	0.000%	0.979%
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure) ¹	11.0%	9.0%	11.0%	9.0%
Amounts below the threshold for deduction (before risk-weighting)				
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 10% threshold and net of eligible short positions)	76	75	76	75
Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in 38 (3) of the CRR are met)	146	194	146	194
Applicable caps on the inclusion of provisions in Tier 2				
Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	—	—	—	—
Cap on inclusion of credit risk adjustments in T2 under internal ratings-based approach	270	261	270	261
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)				
Current cap on AT1 instruments subject to phase out arrangements	140	210	—	—
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	—	—	—	—
Current cap on T2 instruments subject to phase out arrangements	1,856	2,784	—	—

¹ Of which 1.8 per cent is required to meet Pillar 2A requirements.

OWN FUNDS RECONCILIATION

The following table presents certain items from the Bank's statutory balance sheet for the year ended 31 December 2020, that are used to calculate own funds. Where necessary, the balance sheet components under the statutory scope of consolidation have been expanded such that the components of the transitional own funds disclosure template appear separately.

Table 15: Items extracted from the Bank's statutory balance sheet and reconciliation of own funds items to audited financial statements

Balance sheet category	Own funds description	Items extracted from the Bank's statutory balance sheet(1) £m	Adjustments							Notes	Reversal of IFRS 9 Transitional arrangements £m	Transitional own funds (IFRS 9 full impact) (10) £m	
			Deferred tax £m	Threshold adjustments £m	Non-eligible instruments (9) £m	Amounts excluded from AT1 due to Cap (9) £m	Regulatory and other adjustments £m	Transitional own funds £m					
Common Equity Tier 1 (CET1) capital: instruments and reserves													
	Capital instruments and related share premium accounts	5,847								5,847		5,847	
Share capital	of which: called up share capital	5,847								5,847		5,847	
Retained profits	Retained earnings	2,877						741		3,618	2	(772)	2,846
Other reserves	Accumulated other comprehensive income and other reserves (including unrealised gains and losses)	2,046						32		2,078			2,078
Common equity tier 1 (CET1) capital: regulatory adjustments													
	Additional value adjustments							(79)		(79)	3		(79)
Goodwill and other intangible assets	Intangible assets (net of related tax liability)	(549)	16					63		(470)	4		(470)
Deferred tax assets	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability where conditions in Article 38(3) of the CRR are met)	(1,718)	(35)	146				130		(1,477)	5	(38)	(1,515)
	Fair value reserves related to gains or losses on cash flow hedges							45		45	6		45
	Negative amounts resulting from the calculation of expected loss amounts									—	7		—
	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing							(2)		(2)	8		(2)
	Defined benefit pension fund assets	(69)	19							(50)			(50)
Common Equity Tier 1 (CET1) capital		8,434	—	146	—	—	—	930	—	9,510		(810)	8,700
Additional Tier 1 (AT1) capital: instruments													
Other equity instruments	Capital instruments and the related share premium accounts	2,200								2,200		—	2,200
Subordinated liabilities	Amount of qualifying items referred to in Article 484 (4) of the CRR and the related share premium accounts subject to phase out from AT1	21								21	9		21
Subordinated liabilities	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in CET1) issued by subsidiaries and held by third parties	—								—	9		—
Additional Tier 1 (AT1) capital		2,221	—	—	—	—	—	—	—	2,221		—	2,221
Tier 1 capital		10,655	—	146	—	—	—	930	—	11,731		(810)	10,921
Tier 2 (T2) capital: instruments and provisions													
Subordinated liabilities	Capital instruments and related share premium accounts	3,318			(114)			(1,851)		1,353	9		1,353
Subordinated liabilities	Amount of qualifying items referred to in Article 484 (5) of the CRR and the related share premium accounts subject to phase out from AT1	3,625						(3,035)		590	9		590
Subordinated liabilities	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in CET1 or AT1) issued by subsidiaries and held by third parties									—	9		—
	IFRS 9 transitional arrangements							(97)		(97)		97	—
	Eligible provisions									—	10	270	270
Tier 2 (T2) capital		6,943	—	—	(114)	—	—	(4,983)	—	1,846		367	2,213
Total capital		17,598	—	146	(114)	—	—	(4,053)	—	13,577		(443)	13,134

¹ Assets extracted from the Bank's statutory balance sheet are presented as negative amounts, liabilities and equity are presented as positive amounts.

² Retained earnings are adjusted to reflect the application of the IFRS 9 transitional arrangements - refer to note 10.

³ The additional value adjustments of £79m reflect the prudent valuation adjustment for all assets measured at fair value in accordance with Articles 34 and 105 of the CRR.

⁴ Own funds intangible assets of £549m extracted from the consolidated accounting balance sheet, representing £325m of goodwill and £224m of other intangible assets (capitalised software). CRD IV rules require the amount to be deducted from own funds to be reduced by the amount of associated deferred tax liabilities and adjusted to reflect the prudential amortisation of intangible software assets in accordance with the revised capital treatment implemented in December 2020. Remaining unamortised 'available for use' intangible software assets are now risk-weighted under the revised treatment rather than deducted from capital.

⁵ Only the deferred tax amounts that rely on future profitability are required to be deducted from CET1, and may be reduced by associated deferred tax liabilities where conditions specified in Article 38 of the CRR are met. £146m of the deferred tax assets relating to temporary differences may be risk-weighted instead of deducted from capital as presented in the threshold adjustments column. Deferred tax assets are also adjusted to reflect the application of the IFRS 9 transitional arrangements.

⁶ Cash flow hedge reserve forms part of other reserves in the consolidated accounting balance sheet. Refer to note 31 Other Reserves in the 2020 Bank of Scotland plc Annual Report and Accounts.

⁷ In accordance with Articles 36, 62, 158 and 159 of the CRR the excess of expected losses over specific credit risk adjustments (SCRAs) and additional value adjustments are deducted from CET1.

⁸ CRD IV requires the removal of the impact of any gains or losses recorded as liabilities held at fair value through profit and loss or derivative liabilities due to changes in the credit spreads of Bank of Scotland plc.

⁹ A reconciliation of subordinated liabilities from the Bank's statutory balance sheet to the amount recognised against each own funds description is presented in the table below.

Own funds description	Accounting balance sheet total £m
Amount of qualifying items referred to in Article 484 (4) of the CRR and the related share premium accounts subject to phase out from AT1	21
Capital instruments and related share premium accounts	3,318
Amount of qualifying items referred to in Article 484 (5) of the CRR and the related share premium accounts subject to phase out from T2	3,625
Total subordinated liabilities as presented on the Bank's statutory balance sheet	6,964

Adjustments required by regulatory rules to the value of subordinated liabilities presented within the regulatory and other adjustments column on the reconciliation include adjustments for accrued interest, regulatory amortisation and connected funding.

¹⁰ The application of the IFRS 9 transitional arrangements for capital is reflected through the regulatory and other adjustments column. These comprise the following;

- An increase in retained earnings of £772m reflecting the tax adjusted add-back (subject to the applicable factor) for the initial net increase in impairment provisions on 1 January 2018 ('static' relief), the subsequent net increase in Stage 1 and Stage 2 ECLs between 1 January 2018 and 31 December 2019 ('locked' dynamic relief) and the net increase in Stage 1 and Stage 2 ECLs from 1 January 2020 ('dynamic' relief)
- A resultant movement in DTA deductions of £38m
- A consequential adjustment to reduce tier 2 capital by £367m. Normally any excess of IFRS 9 expected credit losses over regulatory expected losses in respect of the Bank's IRB portfolios is added to tier 2 capital ('eligible provisions'), subject to a percentage cap based on IRB risk-weighted assets. However, as a consequence of applying the IFRS 9 transitional arrangements for capital, eligible provisions may be partially or fully reduced, with any resultant surplus adjustment under the arrangements subsequently deducted from tier 2 capital.

LEVERAGE DISCLOSURE TEMPLATE**Table 16: Leverage ratio common disclosure**

	At 31 Dec 2020 Fully loaded £m	At 31 Dec 2019 Fully loaded £m
On-balance sheet exposures (excluding derivatives and SFTs)		
On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	306,123	368,709
Asset amounts deducted in determining Tier 1 capital	(1,241)	(1,628)
Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	304,882	367,081
Derivative exposures¹		
Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	1,138	1,176
Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	141	176
Deductions of receivables assets for cash variation margin provided in derivatives transactions	(287)	(470)
Total derivative exposures	992	882
Securities financing transaction exposures²		
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	–	–
Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
Counterparty credit risk exposure for SFT assets	–	–
Total securities financing transaction exposures	–	–
Other off-balance sheet exposures		
Off-balance sheet exposures at gross notional amount	47,541	39,480
Adjustments for conversion to credit equivalent amounts	(24,193)	(22,889)
Other off-balance sheet exposures	23,348	16,591
Exempted exposures in accordance with CRR Article 429 (7) (on and off balance sheet)		
Intragroup exposures exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet) ³	(30,992)	(99,920)
Capital and total exposure measure		
Tier 1 capital	11,710	11,007
Leverage ratio total exposure measure	298,230	284,634
Leverage ratio		
Leverage ratio	3.9%	3.9%

¹ Excludes intragroup derivative assets amounting to £4,784m (2019: £6,995m) exempted in accordance with CRR Article 429(7).

² Excludes intragroup SFT assets amounting to £2,195m (2019: £2,497m) exempted in accordance with CRR Article 429(7).

³ Relates to exempted intragroup loans and receivables. Total intragroup exposures exempted in accordance with CRR Article 429(7), including derivatives and SFTs, amounted to £37,791m (2019: £109,411m).

Table 17: Summary reconciliation of accounting assets and leverage ratio exposures

	31 Dec 2020	31 Dec 2019
	Fully loaded	Fully loaded
	£m	£m
Total assets as per the financial statements	315,764	381,502
Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting ¹	(24)	—
Adjustments for derivative financial instruments	(1,646)	(2,420)
Adjustments for securities financing transactions (SFTs)	—	—
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	23,348	16,591
Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013	(37,971)	(109,411)
Other adjustments	(1,241)	(1,628)
Leverage ratio total exposure measure	298,230	284,634

1. Reflects the accelerated implementation for the netting of regular-way purchases and sales awaiting settlement in accordance with CRR Article 500d.

COUNTERCYCLICAL CAPITAL BUFFER (CCyB)

Table 18: Geographical distribution of credit risk exposures relevant for the calculation of the countercyclical capital buffer

Breakdown by Country (£m)	2020		2020		2020	2020			Total	2020 Own funds requirement weights	2020 Countercyclical capital buffer rate
	General credit exposures ^{2,3}		Trading book exposures ²		Securitisation exposures ³	Own funds requirements					
	Exposure Value for SA	Exposure Value for IRB	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	of which: General credit exposures ^{2,3}	of which: Trading book exposures ²	of which: Securitisation exposures ³			
£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%	
Hong Kong	—	—	—	—	—	—	—	—	—	0.00%	1.000%
Norway	—	20	—	—	—	—	—	—	—	0.00%	1.000%
Czech Republic	—	—	—	—	—	—	—	—	—	0.00%	0.500%
Slovakia	—	—	—	—	—	—	—	—	—	0.00%	1.000%
Luxembourg	—	68	—	—	—	4	—	—	4	0.09%	0.250%
Bulgaria	—	—	—	—	—	—	—	—	—	0.00%	0.500%
i) Total¹	—	88	—	—	—	4	—	—	4	0.09%	
United Kingdom	21,579	302,530	—	—	944	3,967	—	21	3,988	97.06%	—
ii) Total¹	21,579	302,530	—	—	944	3,967	—	21	3,988	97.06%	
iii) Rest of the World¹	880	220	—	—	1,472	85	—	32	117	2.85%	
Total	22,460	302,838	—	—	2,416	4,056	—	53	4,109	100.00%	

Breakdown by Country (£m)	2019		2019		2019		2019			Total	2019 Own funds requirement weights	2019 Countercyclical capital buffer rate
	General credit exposures ^{2,3}		Trading book exposures ²		Securitisation exposures ³		Own funds requirements					
	Exposure Value for SA	Exposure Value for IRB	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure Value for SA	Exposure Value for IRB	of which: General credit exposures ^{2,3}	of which: Trading book exposures ²	of which: Securitisation exposures ³			
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%	
United Kingdom	21,222	285,109	—	—	446	567	3,931	—	13	3,943	97.75%	1.000%
Hong Kong	—	—	—	—	—	—	—	—	—	—	0.00%	2.000%
Norway	—	18	—	—	—	—	3	—	—	3	0.07%	2.500%
Sweden	—	—	—	—	—	—	—	—	—	—	0.00%	2.500%
Czech Republic	—	—	—	—	—	—	—	—	—	—	0.00%	1.500%
Iceland	—	—	—	—	—	—	—	—	—	—	0.00%	1.750%
Slovakia	—	—	—	—	—	—	—	—	—	—	0.00%	1.500%
Lithuania	—	—	—	—	—	—	—	—	—	—	0.00%	1.000%
Denmark	—	9	—	—	—	—	1	—	—	1	0.02%	1.000%
France	—	—	—	—	57	—	—	—	1	1	0.02%	0.250%
Ireland	1	99	—	—	—	—	8	—	—	8	0.21%	1.000%
Bulgaria	—	—	—	—	—	—	—	—	—	—	0.00%	0.500%
i) Total¹	21,223	285,235	—	—	503	567	3,943	—	14	3,956	98.07%	
British Virgin Islands	579	27	—	—	—	—	49	—	—	49	1.22%	—
ii) Total¹	579	27	—	—	—	—	49	—	—	49	1.22%	
iii) Rest of the World¹	10	178	—	—	1,179	214	10	—	19	29	0.71%	
Total	21,812	285,440	—	—	1,682	781	4,002	—	33	4,034	100.00%	

Amount of institution specific countercyclical capital buffer

	2020	2019
Total risk exposure amount	£61,304m	£61,333m
Institution specific countercyclical buffer rate	0.000%	0.982%
Institution specific countercyclical buffer requirement	£0m	£602m

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 the EBA 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.