Bank of Scotland plc

2022 Half-Year
Pillar 3 Disclosures

30 June 2022

BASIS OF PREPARATION

This report presents the half-year Pillar 3 disclosures of Bank of Scotland plc ('the Bank') as at 30 June 2022 and should be read in conjunction with the Bank of Scotland plc 2022 Half-Year Results.

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. 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
CQ4	Quality of non-performing exposures by geography	No countries are equal to or higher than 10% of the total
CQ7	Collateral obtained by taking possession and execution processes	No collateral taken into possession is recognised on the balance sheet
CR7	IRB – Effect on the RWAs of credit derivatives used as CRM techniques	Excluded on materiality basis
CR10.3	Specialised lending - Object finance (Slotting approach)	Not applicable to the Bank
CR10.4	Specialised lending: Commodities finance (Slotting approach)	Not applicable to the Bank
CR10.5	Equity exposures subject to the simple risk weight method	Not applicable to the Bank
CCR7	RWA flow statements of CCR exposures under the IMM	Not applicable to the Bank
LIQ1	Quantitative information of LCR	Liquidity is managed at a DoLSub level, refer to the Lloyds Bank plc H1 2022 Pillar 3 disclosures for further information.
LIQB	Qualitative information on LCR, which complements template UK LIQ1	Liquidity is managed at a DoLSub level, refer to the Lloyds Bank plc H1 2022 Pillar 3 disclosures for further information.

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 Lloyds Banking Group plc (the ultimate parent company) and its large subsidiaries (including Bank of Scotland plc) are included in a separate document on the Lloyds Banking Group 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.

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 the business, strategy, plans and/or results of Bank of Scotland plc (the Bank) and its current goals and expectations. Statements that are not historical or current facts, including statements about the Bank'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 Bank'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 Bank's future financial performance; the level and extent of future impairments and write-downs; the Bank's ESG targets and/or commitments; statements of plans, objectives or goals of the Bank 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 Bank'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 Bank'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 Bank 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 Bank'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 Bank; 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 Bank'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 Bank's control. Please refer to the latest Annual Report on Form 20-F filed by Lloyds Bank plc with the US Securities and Exchange Commission (the SEC), which is available on the SEC's website at www.sec.gov, for a discussion of certain factors and risks. Lloyds 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 Bank 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[1,2]

KM1 Ref	LR2 Ref		30 Jun 2022	31 Dec 2021	30 Jun 2021
		Available own funds (amounts)			
1		Common Equity Tier 1 (CET1) capital (£m)	**10,059**	9,540	9,660
2		Tier 1 capital (£m)	**12,259**	11,762	11,880
3		Total capital (£m)	**13,939**	13,259	13,161
		Risk-weighted exposure amounts			
4		Total risk-weighted exposure amount (£m)	**71,730**	60,807	62,489
		Capital ratios (as a percentage of risk-weighted exposure amount)			
5		Common Equity Tier 1 ratio (%)	**14.0%**	15.7%	15.5%
6		Tier 1 ratio (%)	**17.1%**	19.3%	19.0%
7		Total capital ratio (%)	**19.4%**	21.8%	21.1%
		Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)			
UK 7a		Additional CET1 SREP requirements (%)	**1.2%**	1.4%	1.7%
UK 7b		Additional AT1 SREP requirements (%)	**0.4%**	0.5%	0.6%
UK 7c		Additional T2 SREP requirements (%)	**0.5%**	0.6%	0.8%
UK 7d		Total SREP own funds requirements (%)	**10.1%**	10.5%	11.1%
		Combined buffer requirement (as a percentage of risk-weighted exposure amount)			
8		Capital conservation buffer (%)	**2.500%**	2.500%	2.500%
9		Institution specific countercyclical capital buffer (%)	**0.001%**	0.001%	0.000%
11		Combined buffer requirement (%)	**2.501%**	2.501%	2.500%
UK 11a		Overall capital requirements (%)	**12.6%**	13.0%	13.6%
12		CET1 available after meeting minimum SREP own funds requirements (%)[3]	**8.3%**	9.8%	9.3%
		Leverage ratio			
13	24b	Total exposure measure (Jun 22: excluding claims on central banks) (£m)[4]	**299,860**	310,184	307,600
14	25	Leverage ratio (Jun 22: excluding claims on central banks) (%)[4]	**4.1 %**	3.8 %	3.9 %
		Average Liquidity Coverage Ratio (weighted) (LCR)[5]			

1. The Bank applies the full extent of the IFRS9 transitional arrangements for capital as set out under CRR Article 473a (revised). 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. As at 30 June 2022, static relief (including 'locked' dynamic relief recognised prior to 1 January 2020) under the transitional arrangements amounted to £73 million (31 December 2022: £146 million) and dynamic relief (from 1 January 2020) under the transitional arrangements amounted to £nil (31 December 2022: £253 million) through CET1 capital.
2. The Bank 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 any holdings in government and public sector debt measured at fair value through other comprehensive income.
3. Represents, as a percentage, the level of CET1 capital left available to meet buffer requirements after subtracting the minimum amount of CET1 capital required to meet total Pillar 1 plus Pillar 2A capital requirements, also referred to as total SREP own funds requirements. The minimum CET1 requirement is equivalent to 4.5 per cent (Pillar 1) plus the additional CET1 SREP requirement (56.25 per cent of Pillar 2A).
4. The leverage exposure measures and ratios reported for 31 December 2021 and 30 June 2021 have been calculated under the original CRR leverage rules, inclusive of claims on central banks.
5. Liquidity is managed at a DoLSub level, refer to the Lloyds Bank plc 2022 Half-Year Pillar 3 Disclosures for further information.

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

Capital - IFRS 9 / Article 468-FL[1]

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 Dec 2021	30 Jun 2021
	Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital (£m)	**10,059**	9,540	9,660
2	CET1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	**9,986**	9,141	9,079
3	Tier 1 capital (£m)	**12,259**	11,762	11,880
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	**12,186**	11,363	11,299
5	Total capital (£m)	**13,939**	13,259	13,161
6	Total capital as if IFRS 9 transitional arrangements had not been applied (£m)	**13,942**	13,143	13,032
	Risk-weighted exposure amounts			
7	Total risk-weighted exposure amount (£m)	**71,730**	60,807	62,489
8	Total risk-weighted exposure amount as if IFRS 9 transitional arrangements had not been applied (£m)	**71,770**	60,887	62,569
	Capital ratios (as a percentage of risk-weighted exposure amount)			
9	Common Equity Tier 1 ratio (%)	**14.0 %**	15.7 %	15.5 %
10	CET1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	**13.9%**	15.0%	14.5%
11	Tier 1 ratio (%)	**17.1%**	19.3%	19.0%
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	**17.0%**	18.7%	18.1%
13	Total capital ratio (%)	**19.4%**	21.8%	21.1%
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied (%)	**19.4%**	21.6%	20.8%
	Leverage ratio			
15	Total exposure measure excluding claims on central banks (£m)[2]	**299,860**	310,184	307,600
16	Leverage ratio excluding claims on central banks (%)[2]	**4.1%**	3.8%	3.9%
17	Leverage ratio excluding claims on central banks as if IFRS 9 transitional arrangements had not been applied (%)[2]	**4.1%**	3.7%	3.7%

1 The Bank 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 any holdings in government and public sector debt measured at fair value through other comprehensive income.

2 The leverage exposure measures and ratios reported for 31 December 2021 and 30 June 2021 have been calculated under the original CRR leverage rules, inclusive of claims on central banks.

Common Equity Tier 1

The Bank common equity tier 1 (CET1) capital ratio reduced from 15.7 per cent at 31 December 2021 to 14.0 per cent at 30 June 2022. The reduction largely reflected the impact of regulatory changes on 1 January 2022, including an increase in risk-weighted assets as well as other related modelled impacts, in addition to the phased unwind of IFRS 9 transitional relief. This was partially offset by profits for the period and a reduction in risk-weighted assets subsequent to the initial increase on 1 January 2022.

Total Capital

The total capital ratio reduced to 19.4 per cent (31 December 2021: 21.8 per cent), largely reflecting the overall increase in risk weighted assets, partially offset by the increase in CET1 capital.

Risk-Weighted Assets

Risk-weighted assets increased by £10.9 billion to £71.7 billion at 30 June 2022 compared to £60.8 billion at 31 December 2021, largely reflecting the impact of the 1 January 2022 regulatory changes, including the anticipated impact of the implementation of new CRD IV models to meet revised regulatory standards for modelled outputs. The increase was partially offset during the period through reductions from retail models reflecting the benign credit performance, which offset the impact of the growth in balance sheet lending. The new CRD IV models remain subject to finalisation and approval by the PRA and therefore uncertainty over the final impact remains.

Leverage

The Bank UK leverage ratio of 4.1 per cent at 30 June 2022 has increased from 3.8 per cent at 31 December 2021, reflecting the increase in tier 1 capital and a reduction in the exposure measure, principally related to the measure for off-balance sheet items following optimisation activity which has resulted in a reduction in the credit conversion factor applied to residential mortgage offers.

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]**	**62,344**	51,329	**4,988**
2	Of which the standardised approach[1]	4,619	4,803	369
3	Of which the foundation IRB (FIRB) approach	1,946	2,193	156
4	Of which slotting approach	1,132	1,283	91
UK 4a	Of which equities under the simple risk weighted approach[1]	214	214	17
5	Of which the advanced IRB (AIRB) approach	53,360	41,636	4,269
	Of which: non-credit obligation assets[2]	1,073	1,199	86
6	**Counterparty credit risk - CCR**	**464**	379	**37**
7	Of which the standardised approach	339	—	27
	Of which: marked to market	—	333	—
UK 8b	Of which credit valuation adjustment - CVA	125	46	10
16	**Securitisation exposures in the non-trading book (after the cap)**	**394**	357	**32**
18	Of which SEC-ERBA (including IAA)	394	357	32
20	**Position, foreign exchange and commodities risks (Market risk)**	**51**	254	**4**
21	Of which the standardised approach	—	182	—
22	Of which IMA	51	72	4
23	**Operational risk**	**8,477**	8,488	**678**
UK 23b	Of which standardised approach	8,477	8,488	678
24	**Memo: Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)[1]**	591	628	47
29	**Total**	**71,730**	60,807	**5,739**
	Pillar 2A capital requirement			1,511
	Total capital requirement			**7,250**

1 Restated in accordance with revised OV1 template requirements - threshold balances are now reported through the relevant underlying category.

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

Own funds

CC1: Composistion of regulatory own funds

The capital position below reflects 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	**5,847**	5,847	
	of which: called up share capital	**5,847**	5,847	a
2	Retained earnings	**3,557**	3,534	c
3	Accumulated other comprehensive income (and other reserves)	**2,050**	2,044	c
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend[2]	**866**	—	c
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**12,320**	11,425	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments	**(63)**	(78)	
8	Intangible assets (net of related tax liability)	**(537)**	(444)	d
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)	**(1,744)**	(1,767)	e
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	**61**	63	
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	**(1)**	(1)	
15	Defined-benefit pension fund assets	**(49)**	(39)	f
27a	Other regulatory adjustments to CET1 capital	**72**	381	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(2,261)**	(1,885)	
29	**Common Equity Tier 1 (CET1) capital**	**10,059**	9,540	
Additional Tier 1 (AT1) capital: instruments				
30	Capital instruments and the related share premium accounts	**2,200**	2,200	b
31	of which: classified as equity under applicable accounting standards	**2,200**	2,200	
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	**—**	22	
44	**Additional Tier 1 (AT1) capital**	**2,200**	2,222	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**12,259**	11,762	
Tier 2 (T2) capital: instruments				
46	Capital instruments and the related share premium accounts	**1,500**	1,500	g
50	Credit risk adjustments	**252**	39	
51	**Tier 2 (T2) capital before regulatory adjustments**	**1,752**	1,539	
Tier 2 (T2) capital: regulatory adjustments				
UK-56b	Other regulatory adjustments to T2 capital	**(72)**	(42)	
57	Total regulatory adjustments to Tier 2 (T2) capital	**(72)**	(42)	
58	**Tier 2 (T2) capital**	**1,680**	1,497	
59	**Total capital (TC = T1 + T2)**	**13,939**	13,259	
60	**Total risk exposure amount**	**71,730**	60,807	

		30 Jun 2022 £m	31 Dec 2021[1] £m	CC2 Reference
Capital ratios and buffer				
61	**Common Equity Tier 1 (as a percentage of total risk exposure amount)**	**14.0 %**	15.7 %	
62	**Tier 1 (as a percentage of total risk exposure amount)**	**17.1 %**	19.3 %	
63	**Total capital (as a percentage of total risk exposure amount)**	**19.4 %**	21.8 %	
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)	**2.501 %**	2.501 %	
65	of which: capital conservation buffer requirement	**2.500 %**	2.500 %	
66	of which: countercyclical buffer requirement	**0.001 %**	0.001 %	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	**8.3 %**	9.8 %	
Amounts below the thresholds for deduction (before risk weighting)				
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)	**86**	86	
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)	**151**	166	
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)	**252**	—	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	**347**	280	

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 Bank attributable to ordinary shareholders.

Own funds (continued)

CC2: Reconciliation of regulatory own funds to balance sheet in the financial statements

The following table presents the Bank's accounting balance sheet as at 30 June 2022 which forms the basis for the calculation of the Bank's regulatory own funds as presented in table CC1. There is no difference between the Bank's accounting and regulatory balance sheets.

		Bank balance sheet at 30 Jun 2022 £m	Reference[1]
Assets			
1	Cash and balances at central banks	2,904	
2	Items in course of collection from banks	54	
3	Financial assets at fair value through profit or loss	149	
4	Derivative financial instruments	3,473	
5	Loans and advances to banks	105	
6	Loans and advances to customers	280,422	
7	Due from fellow Lloyds Bank Group undertakings	25,959	
8	Financial assets at amortised cost	306,486	
9	Financial assets at fair value through other comprehensive income	2,377	
10	Goodwill	325	d
11	Other intangible assets	230	d
12	Current tax recoverable	401	
13	Deferred tax assets[2]	1,909	e
14	Investment in subsidiary undertakings	84	
15	Retirement benefit assets	68	f
16	Other assets	1,273	
17	**Total assets**	**319,733**	
Liabilities			
1	Deposits from banks	280	
2	Customer deposits	169,855	
3	Repurchase agreements at amortised cost	30,066	
4	Due to fellow Lloyds Bank Group undertakings	90,616	
5	Items in course of transmission to banks	100	
6	Derivative financial instruments	4,377	
7	Notes in circulation	1,269	
8	Debt securities in issue	4,808	
9	Other liabilities	1,323	
10	Current tax liabilities	—	
11	Other provisions	922	
12	Subordinated liabilities	1,596	g
13	**Total liabilities**	**305,212**	
Shareholders' equity			
1	Called up share capital	5,847	
2	of which: share capital	5,847	a
3	Other equity instruments	2,200	b
4	Retained earnings, accumulated other comprehensive income and other reserves[3]	6,474	c
5	**Total equity excluding non-controlling interests**	**14,521**	
6	**Total equity and liabilities**	**319,733**	

1 The references (a) to (g) 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 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.

3 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 differ.

Countercyclical capital buffers

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

	30 Jun 2022												
	General credit exposures[2,3]		Relevant credit exposures - Market risk[2]		Securitisation exposures[3]		Own fund requirements - relevant credit exposures						
Breakdown by Country	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	Total exposure value	Credit risk[2,3]	Market risk[2]	Securitisation positions in the non-trading book[3]	Total	Risk-weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%
Hong Kong	—	2	—	—	—	2	—	—	—	—	1	0.00 %	1.00 %
Norway	—	—	—	—	—	—	—	—	—	—	—	—	1.50 %
Czech Republic	—	—	—	—	—	—	—	—	—	—	—	—	0.50 %
Slovakia	—	—	—	—	—	—	—	—	—	—	—	—	1.00 %
Bulgaria	—	—	—	—	—	—	—	—	—	—	—	—	0.50 %
Luxembourg	—	67	—	—	—	67	5	—	—	5	60	0.10 %	0.50 %
i) Total[1]	**—**	**69**	**—**	**—**	**—**	**69**	**5**	**—**	**—**	**5**	**61**	**0.10 %**	
United Kingdom	12,410	321,835	—	—	430	334,675	4,892	—	7	4,899	61,238	98.45 %	—
ii) Total[1]	**12,410**	**321,835**	**—**	**—**	**430**	**334,675**	**4,892**	**—**	**7**	**4,899**	**61,238**	**98.45 %**	
iii) Rest of the World[1]	**402**	**286**	**—**	**—**	**1,677**	**2,365**	**48**	**—**	**25**	**72**	**905**	**1.45 %**	
Total	**12,812**	**322,190**	**—**	**—**	**2,107**	**337,109**	**4,945**	**—**	**32**	**4,976**	**62,204**	**100.00 %**	

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

	31 Dec 2021													
	General credit exposures[2,3]		Relevant credit exposures - Market risk[2]		Securitisation exposures[3]		Own fund requirements - relevant credit exposures							
Breakdown by Country	Exposure value under the standardised approach £m	Exposure value under the IRB approach £m	Sum of long and short positions of trading book exposures for SA £m	Value of trading book exposures for internal models £m	Exposure value for non-trading book £m	Total exposure value £m	Credit risk[2,3] £m	Market risk[2] £m	Securitisation positions in the non-trading book[3] £m	Total £m	Risk-weighted exposure amounts £m	Own fund requirements weights %	Countercyclical buffer rate %
Hong Kong	—	3	—	—	—	3	—	—	—	—	3	0.00 %	1.00 %
Norway	—	—	—	—	—	—	—	—	—	—	—	—	1.00 %
Czech Republic	—	—	—	—	—	—	—	—	—	—	—	—	0.50 %
Slovakia	—	—	—	—	—	—	—	—	—	—	—	—	1.00 %
Bulgaria	—	—	—	—	—	—	—	—	—	—	—	—	0.50 %
Luxembourg	—	67	—	—	—	67	5	—	—	5	60	0.12 %	0.50 %
i) Total[1]	**—**	**70**	**—**	**—**	**—**	**70**	**5**	**—**	**—**	**5**	**63**	**0.12 %**	
United Kingdom	12,254	317,764	—	—	423	330,441	4,011	—	6	4,017	50,207	98.07 %	—
ii) Total[1]	**12,254**	**317,764**	**—**	**—**	**423**	**330,441**	**4,011**	**—**	**6**	**4,017**	**50,207**	**98.07 %**	
iii) Rest of the World[1]	**423**	**317**	**—**	**—**	**1,440**	**2,180**	**51**	**—**	**23**	**74**	**930**	**1.81 %**	
Total	**12,677**	**318,151**	**—**	**—**	**1,863**	**332,691**	**4,067**	**—**	**29**	**4,096**	**51,200**	**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 Bank 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	**£71,730m**	£60,807m
2 Institution specific countercyclical capital buffer rate	**0.001 %**	0.001 %
3 Institution specific countercyclical capital buffer requirement	**<£0m**	<£0m

Leverage

LR1: Summary reconciliation of accounting assets and leverage ratio exposures

		30 Jun 2022 £m	31 Dec 2021[3] £m
1	Total assets as per financial statements	**319,733**	313,912
4	Adjustment for exemption of exposures to central banks	**(1,725)**	—
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	**(12)**	—
8	Adjustment for derivative financial instruments	**(278)**	(1,044)
9	Adjustment for securities financing transactions (SFTs)	**—**	2
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)[1]	**8,560**	21,074
11	Adjustment for items and specific and general provisions which have reduced tier 1 capital (leverage)	**(2,327)**	(1,877)
UK-11a	Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR	**(23,378)**	(21,883)
12	Other adjustments[2]	**(713)**	—
13	**Total exposure measure**	**299,860**	**310,184**

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 £m	31 Dec 2021 £m
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	**294,664**	290,152
UK-2	Trading book exposures	**—**	—
UK-3	Banking book exposures, of which:	**294,664**	290,152
UK-4	Covered bonds	**2,379**	2,047
UK-5	Exposures treated as sovereigns	**2,997**	2,318
UK-7	Institutions	**99**	68
UK-8	Secured by mortgages of immovable properties	**262,142**	257,769
UK-9	Retail exposures	**10,457**	10,057
UK-10	Corporates	**4,272**	4,741
UK-11	Exposures in default	**3,355**	3,694
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	**8,963**	9,458

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]	315,529	309,644
3	Deductions of receivables assets for cash variation margin provided in derivatives transactions	(95)	(56)
6	Asset amounts deducted in determining tier 1 capital (leverage)	(2,267)	(1,877)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	313,167	307,711
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	568	793
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	305	96
11	Adjusted effective notional amount of written credit derivatives	340	—
12	Adjusted effective notional offsets and add-on deductions for written credit derivatives	(340)	—
13	Total derivatives exposures	873	889
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	6	—
15	Netted amounts of cash payables and cash receivables of gross SFT assets	—	—
16	Counterparty credit risk exposure for SFT assets	—	2
18	Total securities financing transaction exposures	6	2
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	45,341	44,211
20	Adjustments for conversion to credit equivalent amounts	(36,781)	(23,137)
21	General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated associated with off-balance sheet exposures	(60)	—
22	Off-balance sheet exposures	8,500	21,074
Excluded exposures			
UK-22a	Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR	(20,961)	(19,492)
UK-22k	Total exempted exposures	(20,961)	(19,492)
Capital and total exposure measure			
23	Tier 1 capital (leverage)	12,259	11,740
24	Total exposure measure including claims on central banks	301,585	310,184
UK-24a	(-) Claims on central banks excluded	(1,725)	—
UK-24b	Total exposure measure excluding claims on central banks	299,860	—
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	4.1 %	—
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.1 %	—
UK-25c	Leverage ratio including claims on central banks (%)	4.1 %	3.8 %

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.

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						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			
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005	**Cash balances at central banks and other demand deposits**	**11,735**	**11,735**	**—**	**—**	**—**	**—**	**(7)**	**(7)**	**—**	**—**	**—**	**—**	**—**	—	—
010	**Loans and advances**	**291,524**	**260,114**	**31,262**	**7,509**	**319**	**7,191**	**(917)**	**(285)**	**(632)**	**(1,522)**	**(21)**	**(1,501)**	**(46)**	**261,630**	**5,144**
020	Central banks	1,148	1,148	—	—	—	—	—	—	—	—	—	—	—	—	—
030	General governments	63	43	—	—	—	—	—	—	—	—	—	—	—	43	—
040	Credit institutions	4,819	4,819	—	—	—	—	—	—	—	—	—	—	—	—	—
050	Other financial corporations	10,176	10,173	3	50	—	50	(3)	(3)	—	(49)	—	(49)	—	23	1
060	Non-financial corporations	6,739	5,728	909	1,598	11	1,588	(71)	(23)	(48)	(781)	—	(782)	(46)	2,779	155
070	Of which SMEs	3,084	2,625	459	245	11	234	(17)	(6)	(12)	(13)	—	(13)	—	1,383	129
080	Households	268,579	238,203	30,350	5,861	308	5,553	(843)	(259)	(584)	(692)	(21)	(670)	—	258,785	4,988
090	**Debt securities**	**2,832**	**2,832**	**—**	**1**	**—**	**1**	**(5)**	**(5)**	**—**	**(1)**	**—**	**(1)**	**—**	—	—
110	General governments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
120	Credit institutions	2,427	2,427	—	—	—	—	—	—	—	—	—	—	—	—	—
130	Other financial corporations	405	405	—	—	—	—	(5)	(5)	—	—	—	—	—	—	—
140	Non-financial corporations	—	—	—	1	—	1	—	—	—	(1)	—	(1)	—	—	—
150	**Off-balance-sheet exposures**	**44,578**	**42,949**	**1,629**	**115**	**65**	**49**	**(61)**	**(29)**	**(31)**	**(3)**	**(2)**	**(1)**		**475**	**—**
170	General governments	1	1	—	—	—	—	—	—	—	—	—	—		—	—
180	Credit institutions	—	—	—	—	—	—	—	—	—	—	—	—		—	—
190	Other financial corporations	1,544	1,542	3	—	—	—	—	—	—	—	—	—		—	—
200	Non-financial corporations	2,011	1,834	176	6	4	2	(8)	(3)	(4)	(1)	—	(1)		475	—
210	Households	41,022	39,572	1,450	109	61	47	(53)	(26)	(27)	(2)	(2)	—		—	—
220	**Total**	**350,669**	**317,630**	**32,891**	**7,625**	**384**	**7,241**	**(990)**	**(326)**	**(663)**	**(1,526)**	**(23)**	**(1,503)**	**(46)**	**262,105**	**5,144**

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	8,974	8,914	22,171	256,510	25	296,594
2	Debt securities	51	791	1,713	273	—	2,828
3	**Total**	**9,025**	**9,705**	**23,884**	**256,783**	**25**	**299,422**

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**	**6,906**
020	Inflows to non-performing portfolios	1,786
030	**Outflows from non-performing portfolios**	**(1,182)**
040	Outflows due to write-offs	(61)
050	Outflow due to other situations	(1,121)
060	**Final stock of non-performing loans and advances at 30 June 2022**	**7,510**

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	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
		£m	£m	£m	£m	£m	£m	£m	£m
010	**Loans and advances**	**1,248**	**3,932**	**2,369**	**3,858**	**(32)**	**(1,055)**	**3,222**	**2,095**
050	Other financial corporations	—	4	4	4	—	(2)	—	—
060	Non-financial corporations	72	1,501	1,492	1,492	(1)	(781)	108	62
070	Households	1,176	2,427	873	2,362	(31)	(272)	3,114	2,033
080	**Debt Securities**	**—**	**1**	**1**	**1**	**—**	**(1)**	**—**	**—**
090	**Loan commitments given**	**99**	**64**	**5**	**36**	**(1)**	**(1)**	**—**	**—**
100	**Total**	**1,347**	**3,997**	**2,375**	**3,895**	**(33)**	**(1,057)**	**3,222**	**2,095**
		31 Dec 2021							
010	**Loans and advances**	**1,345**	**4,404**	**2,709**	**3,425**	**(49)**	**(1,069)**	**3,595**	**2,383**
050	Other financial corporations	1	3	3	3	—	(2)	—	—
060	Non-financial corporations	60	1,598	1,593	1,593	—	(741)	87	45
070	Households	1,284	2,803	1,113	1,830	(49)	(326)	3,508	2,339
080	**Debt Securities**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
090	**Loan commitments given**	**97**	**191**	**122**	**43**	**(1)**	**(1)**	**—**	**—**
100	**Total**	**1,442**	**4,595**	**2,831**	**3,469**	**(50)**	**(1,070)**	**3,595**	**2,383**

Credit risk quality (continued)

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	498	26	(10)	—
020	Mining and quarrying	36	—	(1)	—
030	Manufacturing	151	14	(4)	—
040	Electricity, gas, steam and air conditioning supply	49	—	—	—
050	Water supply	20	—	—	—
060	Construction	1,611	171	(63)	—
070	Wholesale and retail trade	542	25	(5)	—
080	Transport and storage	305	9	(6)	—
090	Accommodation and food service activities	1,542	1,135	(670)	—
100	Information and communication	84	3	(1)	—
110	Financial and insurance activities				
120	Real estate activities	2,663	105	(82)	—
130	Professional, scientific and technical activities	177	9	(1)	—
140	Administrative and support service activities	217	10	(1)	—
150	Public administration and defence, compulsory social security	1	—	—	—
160	Education	54	1	(1)	—
170	Human health services and social work activities	207	19	(2)	—
180	Arts, entertainment and recreation	53	11	(5)	—
190	Other services	129	49	(1)	—
200	**Total**	**8,338**	**1,590**	**(853)**	**—**

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	29,821	266,773	265,716	1,057	—
Debt securities	2,827	—	—	—	
Total	**32,648**	**266,773**	**265,716**	**1,057**	**—**
Of which non-performing exposures	843	5,144	5,033	111	—
Of which defaulted	705	1,915			

Credit risk standardised approach

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

		30 Jun 2022					
	Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density (%)
		£m	£m	£m	£m	£m	%
1	Central governments or central banks	2,730	—	3,710	—	377	10.16 %
6	Institutions	16,584	32	16,584	12	3	0.02 %
7	Corporates	6,538	140	6,495	18	851	13.06 %
8	Retail	2,170	425	1,439	45	973	65.53 %
9	Secured by mortgages on immovable property	3,776	10	3,775	3	1,362	111.04 %
10	Exposures in default	892	4	772	1	841	108.80 %
16	Other items	260	—	260	—	212	81.66 %
17	**Total**	**32,950**	**611**	**33,035**	**79**	**4,619**	**13.95 %**

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 £m	Total RWA quarter to 30 Jun 2022 £m	Total own funds requirements for quarter to 30 Jun 2022 £m
1	**Risk weighted exposure amount as at the beginning of the quarter**	**45,112**	**56,612**	**4,529**
2	Asset size (+/-)	305	58	5
3	Asset quality (+/-)	(751)	(221)	(18)
4	Model updates (+/-)	—		—
5	Methodology and policy (+/-)	11,943	(18)	(1)
6	Acquisitions and disposals (+/-)	—		—
7	Foreign exchange movements (+/-)	3	7	1
8	Other (+/-)	—		—
9	**Risk weighted exposure amount at the end of the quarter**	**56,612**	**56,438**	**4,516**

Key movements Q1

– Asset quality decrease 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 Q2

– Asset quality movement driven by reductions from retail models reflecting the benign credit performance.

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

		30 Jun 2022													
			Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWAs	
			Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)[2]			
A-IRB		Total exposure at default	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	RWA without substitution effects (reduction effects only)	RWA with substitution effects (both reduction and substitution effects)
		£m	%	%	%	%	%	%	%	%	%	%	%	£m	£m
4	Retail	315,187	— %	91.79 %	91.79 %	— %	— %	— %	— %	— %	— %	— %	— %		53,360
4.1	Of which Retail – Immovable property SMEs	—	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %		—
4.2	Of which Retail – Immovable property non-SMEs	289,536	— %	99.93 %	99.93 %	— %	— %	— %	— %	— %	— %	— %	— %		42,961
4.3	Of which Retail – Qualifying revolving	21,632	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %		5,919
4.4	Of which Retail – Other SMEs	—	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %		—
4.5	Of which Retail – Other non-SMEs	4,020	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %		4,480
5	**Total**	**315,187**	**— %**	**91.79 %**	**91.79 %**	**— %**	**— %**	**— %**	— %	— %	— %	**— %**	**— %**		**53,360**

F-IRB															
1	Central governments and central banks	—	— %	— %	— %	— %	— %	— %				— %	— %		—
2	Institutions	2,478	98.02 %	— %	— %	— %	— %	— %				— %	— %		228
3	Corporates	4,756	8.53 %	30.12 %	29.77 %	0.35 %	— %	— %				1.71 %	— %		2,850
3.1	Of which Corporates – SMEs	761	2.99 %	34.33 %	34.33 %	— %	— %	— %				9.43 %	— %		457
3.2	Of which Corporates – Specialised lending	1,553	— %	— %	— %	— %	— %	— %				— %	— %		1,132
3.3	Of which Corporates – Other	2,442	15.68 %	47.95 %	47.28 %	0.68 %	— %	— %				0.39 %	— %		1,261
4	**Total**	**7,234**	**39.19 %**	**19.80 %**	**19.57 %**	**0.23 %**	**— %**	**— %**				**1.12 %**	**— %**		**3,078**

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)

		30 Jun 2022					
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
Category 1	Less than 2.5 years	2	7	50%	5	3	—
	Equal to or more than 2.5 years	242	45	70%	276	193	1
Category 2	Less than 2.5 years	—	—	70%	—	—	—
	Equal to or more than 2.5 years	94	16	90%	107	97	1
Category 3	Less than 2.5 years	—	—	115%	—	—	—
	Equal to or more than 2.5 years	45	6	115%	50	57	2
Category 4	Less than 2.5 years	—	—	250%	—	—	—
	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	1	2		3	—	1
Total	**Less than 2.5 years**	**33**	**7**		**36**	**3**	**16**
	Equal to or more than 2.5 years	**382**	**69**		**436**	**347**	**5**

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

		30 Jun 2022					
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
Category 1	Less than 2.5 years	226	14	50%	234	115	—
	Equal to or more than 2.5 years	152	20	70%	166	114	1
Category 2	Less than 2.5 years	216	25	70%	235	164	1
	Equal to or more than 2.5 years	273	1	90%	274	246	2
Category 3	Less than 2.5 years	20	—	115%	20	23	1
	Equal to or more than 2.5 years	81	1	115%	81	94	2
Category 4	Less than 2.5 years	3	—	250%	3	8	—
	Equal to or more than 2.5 years	8	—	250%	7	18	1
Category 5	Less than 2.5 years	54	1		54	—	27
	Equal to or more than 2.5 years	6	—		7	—	3
Total	**Less than 2.5 years**	**519**	**40**		**546**	**310**	**29**
	Equal to or more than 2.5 years	**520**	**22**		**535**	**472**	**9**