

Lloyds Bank Corporate Markets Plc

Pillar 3 Report

Supplement to Lloyds Banking Group plc 2020
Year End Pillar 3 Disclosures

31 December 2020

This report supplements the Lloyds Banking Group Plc 2020 Year End Pillar 3 Disclosures, available from www.lloydsbankinggroup.com/investors/financial-downloads/. The report complies with the requirements of Article 13 of the revised Capital Requirements Regulation (CRR II) as applied to large subsidiaries.

FORWARD LOOKING STATEMENTS

This document contains certain forward looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and section 27A of the US Securities Act of 1933, as amended, with respect to the business, strategy, plans and/or results of Lloyds Bank Corporate Markets 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', 'achieves', 'anticipates', 'estimates', 'expects', 'targets', 'should', 'intends', 'aims', 'projects', 'plans', 'potential', 'will', 'would', 'could', 'considered', 'likely', 'may', 'seek', '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 Lloyds Banking Group plc (LBG); 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 Lloyds Banking Group's ESG targets and/or commitments; changing customer behaviour including consumer spending, saving and borrowing habits; changes to borrower or counterparty credit quality impacting the recoverability and value of balance sheet assets; 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), the EU-UK Trade and Cooperation Agreement, 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 COVID-19 pandemic) and other disasters, adverse weather and similar contingencies outside the control of the Group or Lloyds Banking Group plc; 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, including as a result of the UK's exit from the EU; changes to regulatory capital or liquidity requirements (including regulatory measures to restrict distributions to address potential capital and liquidity stress) and similar contingencies outside the control of the Group or Lloyds Banking Group plc; 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 Lloyds Banking Group plc'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.

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.

Lloyds Bank Corporate Markets plc**BASIS OF PREPARATION**

This report presents the Pillar 3 disclosures of Lloyds Bank Corporate Markets 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 applicable 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 Lloyds Bank Corporate Markets 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 Lloyds Bank Corporate Markets plc. Comparative information has been restated having been presented in the 2019 disclosures on a consolidated basis for the Lloyds Bank Corporate Markets Group. 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 states 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: Comparison of institution's own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs (IFRS9 - FL)

		Lloyds Bank Corporate Markets		
		a	c	e
		T	T-2	T-4
		At 31 Dec 2020	At 30 Jun 2020	At 31 Dec 2019
Available capital (amounts)				
1	Common Equity Tier 1 (CET1) (£m)	2,462	2,486	2,381
2	CET1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	2,428	2,441	2,378
3	Tier 1 (£m)	3,219	3,243	3,138
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	3,185	3,198	3,135
5	Total capital (£m)	3,745	3,815	3,685
6	Total capital as if IFRS 9 transitional arrangements had not been applied (£m)	3,738	3,830	3,682
Risk-weighted assets (amounts)				
7	Total risk-weighted assets (£m)	16,610	18,144	17,021
8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied (£m)	16,591	18,143	17,016
Risk-based capital ratios as a percentage of RWA				
9	Common Equity Tier 1 ratio (%)	14.8%	13.7%	14.0%
10	CET1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	14.6%	13.4%	14.0%
11	Tier 1 ratio (%)	19.4%	17.9%	18.4%
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	19.2%	17.6%	18.4%
13	Total capital ratio (%)	22.5%	21.0%	21.7%
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied (%)	22.5%	21.1%	21.6%
CRD IV leverage ratio				
15	CRD IV leverage ratio exposure measure (£m)	87,849	94,869	80,414
16	CRD IV leverage ratio (%)	3.7%	3.4%	3.9%
17	CRD IV leverage ratio as if IFRS 9 transitional arrangements had not been applied (%)	3.6%	3.4%	3.9%

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	T	T
1 Credit risk (excluding counterparty credit risk)	8,236	9,460	659	757
2 Of which: standardised approach	1,600	2,113	128	169
3 Of which: the foundation rating-based (FIRB) approach	6,436	7,214	515	577
4 Of which: the retail IRB (RIRB) approach	—	—	—	—
Of which: corporates – specialised lending ¹	130	55	10	4
Of which: non-credit obligation assets ²	70	77	6	6
5 Of which: equity IRB under the simple risk-weight or the internal models approach	—	—	—	—
6 Counterparty credit risk	4,272	3,790	342	303
7 Of which: marked to market	3,630	3,169	290	254
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)	81	69	7	6
11 Of which: exposures to central counterparties (including trades, default fund contributions and initial margin)	237	239	19	19
12 Of which: credit valuation adjustment (CVA)	324	313	26	25
13 Settlement risk	—	—	—	—
14 Securitisation exposures in banking book	558	504	45	40
15 Of which: IRB ratings-based approach (RBA)	—	355	—	28
16 Of which: IRB supervisory formula approach (SFA)	—	—	—	—
17 Of which: internal assessment approach (IAA)	—	—	—	—
18 Of which: standardised approach	—	—	—	—
Of which: revised framework internal ratings based approach	—	—	—	—
Of which: revised framework standardised approach	360	149	29	12
Of which: revised framework external ratings based approach	198	—	16	—
19 Market risk	1,982	1,588	159	127
20 Of which: standardised approach	181	202	14	16
21 Of which: internal model approaches	1,801	1,386	144	111
22 Large exposures	—	—	—	—
23 Operational risk	952	1,062	76	85
24 Of which: basic indicator approach	—	—	—	—
25 Of which: standardised approach	952	1,062	76	85
26 Of which: advanced measurement approach	—	—	—	—
27 Amounts below the thresholds for deduction (subject to 250% risk weight)	610	616	49	49
28 Floor adjustment	—	—	—	—
29 Total	16,610	17,021	1,329	1,362

¹ Includes £130m subject to supervisory slotting and £nil subject to the Foundation IRB approach.

² Non-credit obligation assets (IRB approach) predominantly relate to other balance sheet assets such as property, plant & equipment.

ANALYSIS OF CREDIT RISK EXPOSURES

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

The following table shows the Bank'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	EAD post CRM and post CCF £m	Average credit risk exposure £m	Risk-weighted assets £m	Minimum capital requirements £m	Average risk weight %
Central governments or central banks	5,532	5,532	7,923	187	15	3%
Institutions	2,503	2,503	2,528	332	27	13%
Corporates	18,124	18,215	21,147	6,047	484	33%
of which: Specialised lending	225	225	192	130	10	58%
of which: SMEs	184	184	210	53	4	29%
Retail	—	—	—	—	—	—
Secured by real estate property	—	—	—	—	—	—
SMEs	—	—	—	—	—	—
Non-SMEs	—	—	—	—	—	—
Qualifying revolving	—	—	—	—	—	—
Other retail	—	—	—	—	—	—
SMEs	—	—	—	—	—	—
Non-SMEs	—	—	—	—	—	—
Equity	—	—	—	—	—	—
Non-credit obligation assets ¹	70	70	73	70	6	100%
Total IRB approach	26,229	26,320	31,671	6,636	532	25%
Central governments or central banks	17,941	17,942	14,714	—	—	—
Regional governments or local authorities	—	—	—	—	—	—
Public sector entities	—	—	—	—	—	—
Multilateral development banks	—	—	—	—	—	—
International organisations	—	—	—	—	—	—
Institutions	203	225	286	111	9	55%
Corporates	1,218	1,096	1,590	915	73	75%
of which: SMEs	—	—	—	—	—	—
Retail	119	119	117	89	7	75%
of which: SMEs	—	—	—	—	—	—
Secured by mortgages on immovable property	1,085	1,085	934	380	30	35%
of which: SMEs	—	—	—	—	—	—
Exposures in default	8	8	7	9	1	125%
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	96	96	109	96	8	100%
Total standardised approach	20,670	20,571	17,756	1,600	128	8%
Total	46,899	46,891	49,427	8,236	661	18%

	2019					
	EAD pre CRM and post CCF £m	EAD post CRM and post CCF £m	Average credit risk exposure £m	Risk-weighted assets £m	Minimum capital requirements £m	Average risk weight %
Central governments or central banks	6,187	6,187	5,894	206	17	3%
Institutions	2,561	2,574	2,643	396	32	15%
Corporates	21,477	21,464	20,222	6,667	533	31%
of which: Specialised lending	92	92	344	55	4	60%
of which: SMEs	237	237	183	69	5	29%
Retail	—	—	—	—	—	—
Secured by real estate property	—	—	—	—	—	—
SMEs	—	—	—	—	—	—
Non-SMEs	—	—	—	—	—	—
Qualifying revolving	—	—	—	—	—	—
Other retail	—	—	—	—	—	—
SMEs	—	—	—	—	—	—
Non-SMEs	—	—	—	—	—	—
Equity	—	—	—	—	—	—
Non-credit obligation assets¹	69	69	23	77	6	113%
Total IRB approach	30,294	30,294	28,782	7,347	588	24%
Central governments or central banks	10,166	10,166	7,923	—	—	—
Regional governments or local authorities	—	—	—	—	—	—
Public sector entities	—	—	—	—	—	—
Multilateral development banks	—	—	—	—	—	—
International organisations	—	—	—	—	—	—
Institutions	297	381	239	149	12	50%
Corporates	2,043	1,958	2,105	1,555	124	76%
of which: SMEs	—	—	—	—	—	—
Retail	106	106	21	80	6	75%
of which: SMEs	—	—	—	—	—	—
Secured by mortgages on immovable property	820	820	164	287	23	35%
of which: SMEs	—	—	—	—	—	—
Exposures in default	1	1	—	1	—	100%
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	70	70	65	41	3	58%
Total standardised approach	13,504	13,503	10,517	2,113	169	16%
Total	43,798	43,797	39,298	9,460	757	22%

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

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

	2020					Total £m
	United Kingdom £m	Rest of Europe £m	United States of America £m	Asia-Pacific £m	Other £m	
Central governments or central banks	—	60	5,450	22	—	5,532
Institutions	260	692	248	1,094	209	2,503
Corporates	6,077	4,444	5,793	—	1,810	18,124
of which: Specialised lending	182	40	3	—	—	225
of which: SMEs	184	—	—	—	—	184
Retail	—	—	—	—	—	—
Secured by real estate property	—	—	—	—	—	—
SMEs	—	—	—	—	—	—
Non-SMEs	—	—	—	—	—	—
Qualifying revolving	—	—	—	—	—	—
Other retail	—	—	—	—	—	—
SMEs	—	—	—	—	—	—
Non-SMEs	—	—	—	—	—	—
Equity	—	—	—	—	—	—
Non-credit obligation assets	46	24	—	—	—	70
Total IRB approach	6,383	5,220	11,491	1,116	2,019	26,229
Central governments or central banks	17,941	—	—	—	—	17,941
Regional governments or local authorities	—	—	—	—	—	—
Public sector entities	—	—	—	—	—	—
Multilateral development banks	—	—	—	—	—	—
International organisations	—	—	—	—	—	—
Institutions	196	1	6	—	—	203
Corporates	453	248	305	174	38	1,218
Retail	—	119	—	—	—	119
Secured by mortgages on immovable property	—	1,085	—	—	—	1,085
Exposures in default	8	—	—	—	—	8
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	89	7	—	—	—	96
Total standardised approach	18,687	1,460	311	174	38	20,670
Total	25,070	6,680	11,802	1,290	2,057	46,899

	2019					Total £m
	United Kingdom £m	Rest of Europe £m	United States of America £m	Asia-Pacific £m	Other £m	
Central governments or central banks	11	—	6,176	—	—	6,187
Institutions	151	935	262	817	396	2,561
Corporates	6,573	4,584	8,230	187	1,902	21,477
of which: Specialised lending	81	6	4	—	—	92
of which: SMEs	194	—	—	—	43	237
Retail	—	—	—	—	—	—
Secured by real estate property	—	—	—	—	—	—
SMEs	—	—	—	—	—	—
Non-SMEs	—	—	—	—	—	—
Qualifying revolving	—	—	—	—	—	—
Other retail	—	—	—	—	—	—
SMEs	—	—	—	—	—	—
Non-SMEs	—	—	—	—	—	—
Equity	—	—	—	—	—	—
Non-credit obligation assets	—	12	—	—	—	12
Total IRB approach	6,734	5,532	14,668	1,004	2,298	30,237
Central governments or central banks	10,166	—	—	—	—	10,166
Regional governments or local authorities	—	—	—	—	—	—
Public sector entities	—	—	—	—	—	—
Multilateral development banks	—	—	—	—	—	—
International organisations	—	—	—	—	—	—
Institutions	297	—	—	—	—	297
Corporates	801	205	926	44	67	2,043
Retail	106	—	—	—	—	106
Secured by mortgages on immovable property	820	—	—	—	—	820
Exposures in default	1	—	—	—	—	1
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	34	36	—	—	—	70
Total standardised approach	12,226	241	926	44	67	13,504
Total	18,960	5,774	15,594	1,048	2,365	43,741

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													Total £m
	Agriculture, forestry and fishing £m	Energy and water supply £m	Manufacturing £m	Construction £m	Transport, distribution and hotels £m	Postal and comms £m	Property companies £m	Financial, business and other services £m	Personal: mortgages £m	Personal: other £m	Lease financing £m	Hire purchase £m		
Central governments or central banks	—	—	—	—	—	—	—	5,532	—	—	—	—	5,532	
Institutions	—	—	—	—	—	—	—	2,503	—	—	—	—	2,503	
Corporates	—	174	1,216	43	173	28	1,186	15,304	—	—	—	—	18,124	
of which: Specialised lending	—	3	—	37	—	—	150	35	—	—	—	—	225	
of which: SMEs	—	—	—	—	2	—	—	182	—	—	—	—	184	
Retail	—	—	—	—	—	—	—	—	—	—	—	—	—	
Secured by real estate property	—	—	—	—	—	—	—	—	—	—	—	—	—	
SMEs	—	—	—	—	—	—	—	—	—	—	—	—	—	
Non-SMEs	—	—	—	—	—	—	—	—	—	—	—	—	—	
Qualifying revolving	—	—	—	—	—	—	—	—	—	—	—	—	—	
Other retail	—	—	—	—	—	—	—	—	—	—	—	—	—	
SMEs	—	—	—	—	—	—	—	—	—	—	—	—	—	
Non-SMEs	—	—	—	—	—	—	—	—	—	—	—	—	—	
Equity	—	—	—	—	—	—	—	—	—	—	—	—	—	
Non-credit obligation assets	—	—	—	—	—	—	—	—	—	—	—	—	70	
Total IRB approach	—	174	1,216	43	173	28	1,186	23,339	—	—	—	—	26,229	
Central governments or central banks	—	—	—	—	—	—	—	17,941	—	—	—	—	17,941	
Regional governments or local authorities	—	—	—	—	—	—	—	—	—	—	—	—	—	
Public sector entities	—	—	—	—	—	—	—	—	—	—	—	—	—	
Multilateral development banks	—	—	—	—	—	—	—	—	—	—	—	—	—	
International organisations	—	—	—	—	—	—	—	—	—	—	—	—	—	
Institutions	—	—	—	—	—	—	—	203	—	—	—	—	203	
Corporates	—	1	99	—	238	—	135	745	—	—	—	—	1,218	
Retail	—	—	—	—	—	—	—	—	62	57	—	—	119	
Secured by mortgages on immovable property	—	—	—	—	—	—	—	—	1,085	—	—	—	1,085	
Exposures in default	—	—	—	—	—	—	1	4	3	—	—	—	8	
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	—	—	—	—	—	—	—	—	—	—	—	—	96	
Total standardised approach	—	1	99	—	238	—	136	18,893	1,150	57	—	—	20,670	
Total	—	175	1,315	43	411	28	1,322	42,232	1,150	57	—	—	46,899	

2019

	Agriculture, forestry and fishing £m	Energy and water supply £m	Manufacturing £m	Construction £m	Transport, distribution and hotels £m	Postal and comms £m	Property companies £m	Financial, business and other services £m	Personal: mortgages £m	Personal: other £m	Lease financing £m	Hire purchase £m	Total £m
Central governments or central banks	—	—	—	—	—	—	—	6,187	—	—	—	—	6,187
Institutions	—	—	—	—	—	—	—	2,561	—	—	—	—	2,561
Corporates	—	209	2,509	63	571	29	789	17,308	—	—	—	—	21,477
of which: Specialised lending	—	4	—	36	46	—	6	—	—	—	—	—	92
of which: SMEs	—	—	—	—	2	—	—	236	—	—	—	—	237
Retail	—	—	—	—	—	—	—	—	—	—	—	—	—
Secured by real estate property	—	—	—	—	—	—	—	—	—	—	—	—	—
SMEs	—	—	—	—	—	—	—	—	—	—	—	—	—
Non-SMEs	—	—	—	—	—	—	—	—	—	—	—	—	—
Qualifying revolving	—	—	—	—	—	—	—	—	—	—	—	—	—
Other retail	—	—	—	—	—	—	—	—	—	—	—	—	—
SMEs	—	—	—	—	—	—	—	—	—	—	—	—	—
Non-SMEs	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity	—	—	—	—	—	—	—	—	—	—	—	—	—
Non-credit obligation assets	—	—	—	—	—	—	—	—	—	—	—	—	12
Total IRB approach	—	209	2,509	63	571	29	789	26,056	—	—	—	—	30,237
Central governments or central banks	—	—	—	—	—	—	—	10,166	—	—	—	—	10,166
Regional governments or local authorities	—	—	—	—	—	—	—	—	—	—	—	—	—
Public sector entities	—	—	—	—	—	—	—	—	—	—	—	—	—
Multilateral development banks	—	—	—	—	—	—	—	—	—	—	—	—	—
International organisations	—	—	—	—	—	—	—	—	—	—	—	—	—
Institutions	—	—	—	—	—	—	—	297	—	—	—	—	297
Corporates	—	—	540	—	173	—	323	1,007	—	—	—	—	2,043
Retail	—	—	—	—	—	—	—	—	100	6	—	—	106
Secured by mortgages on immovable property	—	—	—	—	—	—	—	—	820	—	—	—	820
Exposures in default	—	—	—	—	—	—	—	—	1	—	—	—	1
Items associated with particularly high risk	—	—	—	—	—	—	—	—	—	—	—	—	—
Covered bonds	—	—	—	—	—	—	—	—	—	—	—	—	—
a short-term credit assessment	—	—	—	—	—	—	—	—	—	—	—	—	—
Collective investments undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity exposures	—	—	—	—	—	—	—	—	—	—	—	—	—
Other exposures	—	—	—	—	—	—	—	—	—	—	—	—	70
Total standardised approach	—	—	540	—	173	—	323	11,471	921	6	—	—	13,504
Total	—	209	3,049	63	744	29	1,112	37,527	921	6	—	—	43,741

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.

	2020					Total £m
	On demand £m	<= 1 year £m	> 1 year <= 5 years £m	> 5 years £m	No stated maturity £m	
Central governments or central banks	22	5,450	60	—	—	5,532
Institutions	266	2,117	103	17	—	2,503
Corporates	121	8,856	8,519	628	—	18,124
of which: Specialised lending	37	70	114	4	—	225
of which: SMEs	1	34	149	—	—	184
Retail	—	—	—	—	—	—
Secured by real estate property	—	—	—	—	—	—
SMEs	—	—	—	—	—	—
Non-SMEs	—	—	—	—	—	—
Qualifying revolving	—	—	—	—	—	—
Other retail	—	—	—	—	—	—
SMEs	—	—	—	—	—	—
Non-SMEs	—	—	—	—	—	—
Equity	—	—	—	—	—	—
Non-credit obligation assets	—	—	—	70	—	70
Total IRB approach	409	16,423	8,682	715	—	26,229
Central governments or central banks	17,803	138	—	—	—	17,941
Regional governments or local authorities	—	—	—	—	—	—
Public sector entities	—	—	—	—	—	—
Multilateral development banks	—	—	—	—	—	—
International organisations	—	—	—	—	—	—
Institutions	135	61	4	3	—	203
Corporates	321	356	190	351	—	1,218
Retail	13	—	3	103	—	119
Secured by mortgages on immovable property	119	3	26	937	—	1,085
Exposures in default	—	1	—	6	—	7
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	—	—	71	26	—	97
Total standardised approach	18,391	559	294	1,426	—	20,670
Total	18,800	16,982	8,976	2,141	—	46,899

	2019						Total £m
	Net exposure value					No stated maturity £m	
	On demand £m	<= 1 year £m	> 1 year <= 5 years £m	> 5 years £m			
Central governments or central banks	—	6,187	—	—	—	6,187	
Institutions	437	2,006	101	18	—	2,561	
Corporates	141	9,639	11,208	490	—	21,477	
of which: Specialised lending	—	36	52	4	—	92	
of which: SMEs	1	12	224	—	—	237	
Retail	—	—	—	—	—	—	
Secured by real estate property	—	—	—	—	—	—	
SMEs	—	—	—	—	—	—	
Non-SMEs	—	—	—	—	—	—	
Qualifying revolving	—	—	—	—	—	—	
Other retail	—	—	—	—	—	—	
SMEs	—	—	—	—	—	—	
Non-SMEs	—	—	—	—	—	—	
Equity	—	—	—	—	—	—	
Non-credit obligation assets	—	—	—	12	—	12	
Total IRB approach	578	17,831	11,308	520	—	30,237	
Central governments or central banks	10,166	—	—	—	—	10,166	
Regional governments or local authorities	—	—	—	—	—	—	
Public sector entities	—	—	—	—	—	—	
Multilateral development banks	—	—	—	—	—	—	
International organisations	—	—	—	—	—	—	
Institutions	211	84	1	2	—	297	
Corporates	422	497	759	365	—	2,043	
Retail	106	—	—	—	—	106	
Secured by mortgages on immovable property	820	—	—	—	—	820	
Exposures in default	1	—	—	—	—	1	
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	—	—	34	36	—	70	
Total standardised approach	11,726	581	794	403	—	13,504	
Total	12,304	18,412	12,102	923	—	43,741	

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.

	2020				
	Exposures unsecured – carrying amount £m	Exposures to be secured ¹ £m	Exposures secured by collateral ² £m	Exposures secured by financial guarantees £m	Exposures secured by credit derivatives £m
Exposures subject to the IRB approach					
Central governments or central banks	5,548	—	—	—	—
Institutions	2,385	500	463	—	37
Corporates	19,664	1,160	1,160	—	—
of which: Specialised Lending	—	226	226	—	—
of which: SME	245	—	—	—	—
Retail	—	—	—	—	—
Secured by real estate property	—	—	—	—	—
SME	—	—	—	—	—
Non-SME	—	—	—	—	—
Qualifying Revolving	—	—	—	—	—
Other Retail	—	—	—	—	—
SME	—	—	—	—	—
Non-SME	—	—	—	—	—
Equity	—	—	—	—	—
Non-credit obligation assets	70	—	—	—	—
Total – IRB approach	27,667	1,660	1,623	—	37
Exposures subject to the standardised approach					
Central governments or central banks	17,941	—	—	—	—
Regional governments or local authorities	—	—	—	—	—
Public sector entities	—	—	—	—	—
Multilateral development banks	—	—	—	—	—
International organisations	—	—	—	—	—
Institutions	301	411	411	—	—
Corporates	1,441	122	1	93	28
Retail	188	—	—	—	—
Secured by mortgages on immovable property	—	1,085	1,085	—	—
Exposures in default	5	3	3	—	—
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	96	—	—	—	—
Total – standardised approach	19,972	1,621	1,500	93	28
Total exposures	47,639	3,281	3,123	93	65
of which: defaulted	58	16	16	—	—

	2019				
	Exposures unsecured – carrying amount £m	Exposures to be secured ¹ £m	Exposures secured by collateral ² £m	Exposures secured by financial guarantees £m	Exposures secured by credit derivatives £m
Exposures subject to the IRB approach					
Central governments or central banks	6,187	—	—	—	—
Institutions	2,421	591	591	—	—
Corporates	23,366	1,394	1,313	13	68
of which: Specialised Lending	—	93	93	—	—
of which: SME	313	—	—	—	—
Retail	—	—	—	—	—
Secured by real estate property	—	—	—	—	—
SME	—	—	—	—	—
Non-SME	—	—	—	—	—
Qualifying Revolving	—	—	—	—	—
Other Retail	—	—	—	—	—
SME	—	—	—	—	—
Non-SME	—	—	—	—	—
Equity	—	—	—	—	—
Non-credit obligation assets	69	—	—	—	—
Total – IRB approach	32,043	1,986	1,905	13	68
Exposures subject to the standardised approach					
Central governments or central banks	10,166	—	—	—	—
Regional governments or local authorities	—	—	—	—	—
Public sector entities	—	—	—	—	—
Multilateral development banks	—	—	—	—	—
International organisations	—	—	—	—	—
Institutions	676	—	—	—	—
Corporates	2,580	36	1	19	16
Retail	64	101	101	—	—
Secured by mortgages on immovable property	—	820	820	—	—
Exposures in default	—	1	1	—	—
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	70	—	—	—	—
Total – standardised approach	13,556	958	924	19	16
Total exposures	45,599	2,944	2,828	32	84
of which: defaulted	—	1	1	—	—

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 £1,277m (Dec 2019: £1,109m) and the value of exposures secured by other eligible collateral is £1,846m (Dec 2019: £1,719m).

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 Bank does not recognise any general credit risk adjustments as defined by the EBA.

	2020				
	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
Central governments or central banks	—	5,548	—	—	5,548
Institutions	—	2,886	2	1	2,884
Corporates ¹	67	20,812	56	52	20,823
of which: Specialised lending	—	227	1	1	226
of which: SMEs	—	245	—	—	245
Retail	—	—	—	—	—
Secured by real estate property	—	—	—	—	—
SMEs	—	—	—	—	—
Non-SMEs	—	—	—	—	—
Qualifying revolving	—	—	—	—	—
Other retail	—	—	—	—	—
SMEs	—	—	—	—	—
Non-SMEs	—	—	—	—	—
Equity	—	—	—	—	—
Non-credit obligation assets	—	70	—	—	70
Total IRB approach	67	29,316	58	53	29,325
Central governments or central banks	—	17,941	—	—	17,941
Regional governments or local authorities	—	—	—	—	—
Public sector entities	—	—	—	—	—
Multilateral development banks	—	—	—	—	—
International organisations	—	—	—	—	—
Institutions	—	712	—	—	712
Corporates	—	1,586	22	15	1,564
of which: SMEs	—	—	—	—	—
Retail	—	188	—	—	188
of which: SMEs	—	—	—	—	—
Secured by mortgages on immovable property	—	1,086	1	—	1,085
of which: SMEs	—	—	—	—	—
Exposures in default ²	9	—	1	2	8
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	—	96	—	—	96
Total standardised approach	9	21,609	24	17	21,594
Total	76	50,925	82	70	50,919

	2019				
	Gross carrying values of			Credit risk adjustment charges in the period ³	Net values
	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment ³		
	£m	£m	£m	£m	£m
a	b	c	f	g	
Central governments or central banks	—	6,187	—	—	6,187
Institutions	—	3,013	1	—	3,012
Corporates ¹	—	24,764	3	1	24,761
of which: Specialised lending	—	93	—	(2)	93
of which: SMEs	—	313	—	—	313
Retail	—	—	—	—	—
Secured by real estate property	—	—	—	—	—
SMEs	—	—	—	—	—
Non-SMEs	—	—	—	—	—
Qualifying revolving	—	—	—	—	—
Other retail	—	—	—	—	—
SMEs	—	—	—	—	—
Non-SMEs	—	—	—	—	—
Equity	—	—	—	—	—
Non-credit obligation assets	—	69	—	—	69
Total IRB approach	—	34,032	4	1	34,028
Central governments or central banks	—	10,166	—	—	10,166
Regional governments or local authorities	—	—	—	—	—
Public sector entities	—	—	—	—	—
Multilateral development banks	—	—	—	—	—
International organisations	—	—	—	—	—
Institutions	—	676	—	—	676
Corporates	—	2,620	4	—	2,616
of which: SMEs	—	—	—	—	—
Retail	—	166	—	—	166
of which: SMEs	—	—	—	—	—
Secured by mortgages on immovable property	—	820	1	—	820
of which: SMEs	—	—	—	—	—
Exposures in default ²	2	—	1	(4)	1
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	—	70	—	—	70
Total standardised approach	2	14,518	6	(4)	14,515
Total	2	48,550	9	(3)	48,543

¹ Refer to Table 5 for further analysis of exposures by sector.

² The breakdown of 'Exposure in default' by the exposure class that corresponds to the exposure before default, comprises Corporate £5m (2019: £9m), and Retail £4m (2019: £2m).

³ The total of specific credit risk adjustments and credit risk adjustment charges in the period are lower than financial reporting amounts due to the differing regulatory treatment of a number of exposures and other differences.

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

	2020				
	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	—	—	—	—	—
Energy and water supply	—	281	—	—	281
Manufacturing	—	1,729	4	4	1,725
Construction	—	46	—	—	46
Transport, distribution and hotels	1	584	1	1	584
Postal and communications	—	37	—	—	37
Property companies	1	1,430	1	3	1,430
Financial, business and other services	70	45,545	74	62	45,541
Personal: mortgages	4	1,205	2	—	1,207
Personal: other	—	68	—	—	68
Lease financing	—	—	—	—	—
Hire purchase	—	—	—	—	—
Total	76	50,925	82	70	50,919

	2019				
	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	—	—	—	—	—
Energy and water supply	—	327	—	(2)	327
Manufacturing	—	4,004	—	—	4,004
Construction	—	67	—	—	67
Transport, distribution and hotels	—	955	—	—	954
Postal and communications	—	38	—	—	38
Property companies	—	1,252	2	(5)	1,250
Financial, business and other services	—	40,921	6	3	40,916
Personal: mortgages	2	927	1	—	928
Personal: other	—	59	—	—	59
Lease financing	—	—	—	—	—
Hire purchase	—	—	—	—	—
Total	2	48,550	9	(3)	48,543

¹ The total of specific credit risk adjustments and credit risk adjustment charges in the period are lower than financial reporting amounts due to the differing regulatory treatment of a number of exposures and other differences.

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

	2020				
	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	64	27,606	27	16	27,643
Rest of Europe	—	6,194	8	6	6,186
United States of America	12	13,366	46	48	13,332
Asia-Pacific	—	1,421	—	—	1,421
Other	—	2,338	1	—	2,337
Total	76	50,925	82	70	50,919

	2019				
	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	2	20,247	4	(4)	20,245
Rest of Europe	—	6,526	1	—	6,526
United States of America	—	17,835	4	1	17,831
Asia-Pacific	—	1,117	—	—	1,117
Other	—	2,825	1	—	2,824
Total	2	48,550	9	(3)	48,543

¹ The total of specific credit risk adjustments and credit risk adjustment charges in the period are lower than financial reporting amounts due to the differing regulatory treatment of a number of exposures and other differences.

ANALYSIS OF CREDIT QUALITY OF NON-PERFORMING AND FORBORNE EXPOSURES

In December 2018 the EBA published guidelines on the disclosure of non-performing and forborne exposures, to be applied from December 2019. 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 Bank 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 Bank as no collateral taken into possession is recognised on the Bank 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 Bank does not recognise any general credit risk adjustments as defined by the EBA.

Table 11: Credit quality of forborne exposures (CQ1)

		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:		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	37	37	36	—	(2)	—	—	
2	Central banks	—	—	—	—	—	—	—	—	
3	General governments	—	—	—	—	—	—	—	—	
4	Credit institutions	—	—	—	—	—	—	—	—	
5	Other financial corporations	—	—	—	—	—	—	—	—	
6	Non-financial corporations	1	37	37	36	—	(2)	—	—	
7	Households	—	—	—	—	—	—	—	—	
8	Debt Securities	—	—	—	—	—	—	—	—	
9	Loans Commitments Given	—	—	—	—	—	—	—	—	
10	Total	1	37	37	36	—	(2)	—	—	

		2019								
		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	7	335	335	335	—	(104)	—	—	—
2	Central banks	—	—	—	—	—	—	—	—	—
3	General governments	—	—	—	—	—	—	—	—	—
4	Credit institutions	—	—	—	—	—	—	—	—	—
5	Other financial corporations	—	279	279	279	—	(98)	—	—	—
6	Non-financial corporations	7	56	56	56	—	(7)	—	—	—
7	Households	—	—	—	—	—	—	—	—	—
8	Debt Securities	—	—	—	—	—	—	—	—	—
9	Loans Commitments Given	—	3	3	3	—	—	—	—	—
10	Total	7	338	338	338	—	(104)	—	—	—

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

	2020											
	a	b	c	d	e	f	g	h	i	j	k	l
	Gross carrying amount/nominal amount											
	Performing			Non-performing								
		Not past due or Past due <= 30 days	Past due > 30 days <= 90 days		Unlikely to pay that are not past-due or 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	24,861	24,854	7	40	5	35	—	—	—	—	—	37
2 Central banks	—	—	—	—	—	—	—	—	—	—	—	—
3 General governments	5	5	—	—	—	—	—	—	—	—	—	—
4 Credit institutions	5,314	5,314	—	—	—	—	—	—	—	—	—	—
5 Other financial corporations	16,212	16,212	—	—	—	—	—	—	—	—	—	—
6 Non-financial corporations	2,196	2,189	7	37	2	35	—	—	—	—	—	37
7 Of which: SMEs	—	—	—	—	—	—	—	—	—	—	—	—
8 Households	1,134	1,134	—	3	3	—	—	—	—	—	—	—
9 Debt securities	630	630	—	—	—	—	—	—	—	—	—	—
10 Central banks	—	—	—	—	—	—	—	—	—	—	—	—
11 General governments	36	36	—	—	—	—	—	—	—	—	—	—
12 Credit institutions	—	—	—	—	—	—	—	—	—	—	—	—
13 Other financial corporations	446	446	—	—	—	—	—	—	—	—	—	—
14 Non-financial corporations	148	148	—	—	—	—	—	—	—	—	—	—
15 Off-balance-sheet exposures	14,534			1								1
16 Central banks	—			—								—
17 General governments	62			—								—
18 Credit institutions	358			—								—
19 Other financial corporations	10,227			—								—
20 Non-financial corporations	3,749			1								1
21 Households	138			—								—
22 Total	40,025	25,484	7	41	5	35	—	—	—	—	—	38

	2019											
	a	b	c	d	e	f	g	h	i	j	k	l
	Gross carrying amount/nominal amount											
	Performing			Non-performing								
		Not past due or Past due <= 30 days	Past due > 30 days <= 90 days		Unlikely to pay that are not past-due or 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	24,796	24,757	39	337	2	56	—	—	279	—	—	337
2 Central banks	—	—	—	—	—	—	—	—	—	—	—	—
3 General governments	1	1	—	—	—	—	—	—	—	—	—	—
4 Credit institutions	4,309	4,309	—	—	—	—	—	—	—	—	—	—
5 Other financial corporations	16,424	16,424	—	279	—	—	—	—	279	—	—	279
6 Non-financial corporations	3,198	3,159	39	56	—	56	—	—	—	—	—	56
7 Of which: SMEs	332	332	—	—	—	—	—	—	—	—	—	—
8 Households	864	864	—	2	2	—	—	—	—	—	—	2
9 Debt securities	427	427	—	—	—	—	—	—	—	—	—	—
10 Central banks	—	—	—	—	—	—	—	—	—	—	—	—
11 General governments	96	96	—	—	—	—	—	—	—	—	—	—
12 Credit institutions	—	—	—	—	—	—	—	—	—	—	—	—
13 Other financial corporations	331	331	—	—	—	—	—	—	—	—	—	—
14 Non-financial corporations	—	—	—	—	—	—	—	—	—	—	—	—
15 Off-balance-sheet exposures	16,658	—	—	3	—	—	—	—	—	—	—	3
16 Central banks	—			—								—
17 General governments	—			—								—
18 Credit institutions	178			—								—
19 Other financial corporations	9,525			3								3
20 Non-financial corporations	6,836			—								—
21 Households	119			—								—
22 Total	41,880	25,184	39	340	2	56	—	—	279	—	—	340

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.

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

	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	24,861	24,143	363	40	1	39	(47)	(27)	(20)	(2)	—	(2)	—	1,757	—
2 Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3 General governments	5	5	—	—	—	—	—	—	—	—	—	—	—	—	—
4 Credit institutions	5,314	5,314	—	—	—	—	(2)	(2)	—	—	—	—	—	3	—
5 Other financial corporations	16,212	15,859	15	—	—	—	(32)	(17)	(15)	—	—	—	—	75	—
6 Non-financial corporations	2,196	1,832	347	37	1	36	(12)	(7)	(5)	(2)	—	(2)	—	560	—
7 Of which: SMEs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8 Households	1,134	1,133	1	3	—	3	(1)	(1)	—	(1)	—	(1)	—	1,119	—
9 Debt securities	630	407	—	—	—	—	—	—	—	—	—	—	—	—	—
10 Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11 General governments	36	36	—	—	—	—	—	—	—	—	—	—	—	—	—
12 Credit institutions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13 Other financial corporations	446	223	—	—	—	—	—	—	—	—	—	—	—	—	—
14 Non-financial corporations	148	148	—	—	—	—	—	—	—	—	—	—	—	—	—
15 Off-balance-sheet exposures	14,534	13,712	823	1	1	—	(33)	(20)	(12)	—	—	—	—	1,280	—
16 Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17 General governments	62	62	—	—	—	—	—	—	—	—	—	—	—	—	—
18 Credit institutions	358	358	—	—	—	—	—	—	—	—	—	—	—	—	—
19 Other financial corporations	10,227	10,227	—	—	—	—	(15)	(13)	(2)	—	—	—	—	1,103	—
20 Non-financial corporations	3,749	2,926	823	1	1	—	(18)	(7)	(10)	—	—	—	—	177	—
21 Households	138	138	—	—	—	—	—	—	—	—	—	—	—	—	—
22 Total	40,025	38,262	1,186	41	2	39	(80)	(47)	(32)	(2)	—	(2)	—	3,037	—

		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					
			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		On performing exposures	On non-performing exposures
1	Loans and advances	24,796	24,454	16	337	—	337	(9)	(7)	(2)	(100)	—	(100)	—	1,618	—
2	Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3	General governments	1	1	—	—	—	—	—	—	—	—	—	—	—	1	—
4	Credit institutions	4,309	4,309	—	—	—	—	(3)	(2)	(1)	—	—	—	—	—	—
5	Other financial corporations	16,424	16,083	15	279	—	279	—	—	—	(97)	—	(97)	—	26	—
6	Non-financial corporations	3,198	3,198	—	56	—	56	(6)	(5)	(1)	(3)	—	(3)	—	748	—
7	Of which: SMEs	332	332	—	—	—	—	(2)	(2)	—	—	—	—	—	—	—
8	Households	864	863	1	2	—	2	—	—	—	—	—	—	—	843	—
9	Debt securities	427	425	—	—	—	—	—	—	—	—	—	—	—	—	—
10	Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11	General governments	96	96	—	—	—	—	—	—	—	—	—	—	—	—	—
12	Credit institutions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Other financial corporations	331	329	—	—	—	—	—	—	—	—	—	—	—	—	—
14	Non-financial corporations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
15	Off-balance-sheet exposures	16,658	16,658	1	3	3	—	(4)	(4)	—	—	—	—	—	1,301	—
16	Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17	General governments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
18	Credit institutions	178	178	—	—	—	—	—	—	—	—	—	—	—	—	—
19	Other financial corporations	9,525	9,525	—	3	3	—	(1)	(1)	—	—	—	—	—	1,132	—
20	Non-financial corporations	6,836	6,836	1	—	—	—	(2)	(2)	—	—	—	—	—	169	—
21	Households	119	119	—	—	—	—	—	—	—	—	—	—	—	—	—
22	Total	41,880	41,537	16	340	3	337	(13)	(11)	(2)	(100)	—	(100)	—	2,920	—

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	120	120	120	120
of which: called up share capital	120	120	120	120
Retained earnings	2,745	3,445	2,745	3,445
Accumulated other comprehensive income and other reserves (including unrealised gains and losses)	83	31	83	31
Foreseeable dividend	(200)	(700)	(200)	(700)
Common equity tier 1 (CET1) capital before regulatory adjustments	2,748	2,896	2,748	2,896
Common equity tier 1 (CET1) capital: regulatory adjustments				
Additional value adjustments	(156)	(179)	(156)	(179)
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)	–	(2)	–	(2)
Fair value reserves related to gains or losses on cash flow hedges	(105)	(56)	(105)	(56)
Negative amounts resulting from the calculation of expected loss amounts	–	(16)	–	(16)
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(25)	(25)	(25)	(25)
Direct, indirect and synthetic holdings by the Group of the CET1 instruments of financial sector entities where the Group has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	–	(52)	–	(52)
Exposure amount of the following items which qualify for a risk weight of 1,250%, where the Group has opted for the deduction alternative	–	(185)	–	(185)
of which: securitisation positions	–	(185)	–	(185)
Total regulatory adjustments applied to common equity tier 1 (CET1)	(286)	(515)	(286)	(515)
Common equity tier 1 (CET1) capital	2,462	2,381	2,462	2,381
Additional tier 1 (AT1) capital: instruments				
Capital instruments and related share premium accounts	757	757	757	757
of which: classified as equity under applicable accounting standards	757	757	757	757
Additional tier 1 (AT1) capital before regulatory adjustments	757	757	757	757
Tier 1 capital	3,219	3,138	3,219	3,138
Tier 2 (T2) capital: Instruments and provisions				
Capital instruments and related share premium accounts	635	645	635	645
Tier 2 (T2) capital before regulatory adjustments	635	645	635	645
Tier 2 (T2) capital: regulatory adjustments				
Direct and indirect holdings by an institution of own T2 instruments and subordinated loans	(95)	(98)	(95)	(98)
IFRS 9 transitional adjustments	(14)	–	(14)	–
Total regulatory adjustments applied to tier 2 (T2) capital	(109)	(98)	(109)	(98)
Tier 2 (T2) capital	526	547	526	547
Total capital	3,745	3,685	3,745	3,685
Total risk-weighted assets	16,610	17,021	16,610	17,021
Capital ratios and buffers				
Common Equity Tier 1 (as a percentage of risk exposure amount)	14.8%	14.0%	14.8%	14.0%
Tier 1 (as a percentage of risk exposure amount)	19.4%	18.4%	19.4%	18.4%
Total capital (as a percentage of risk exposure amount)	22.5%	21.6%	22.5%	21.6%
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)	2.512%	2.990%	2.512%	2.990%
of which: capital conservation buffer requirement	2.500%	2.500%	2.500%	2.500%

of which: countercyclical buffer requirement	0.012%	0.490 %	0.012%	0.490 %
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure) ¹	10.3%	9.5 %	10.3%	9.5 %
Amounts below the threshold for deduction (before risk-weighting)				
Direct and indirect holdings of the capital of financial sector entities where the Group does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	38	17	38	17
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)	21	3	21	3

¹ Of which 2.9 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) (9) £m
			Deferred tax £m	Threshold adjustments £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	120							120
Share capital	of which: called up share capital	120							120
Retained profits	Retained earnings	2,711			34			(34)	2,711
Other reserves	Accumulated other comprehensive income and other reserves (including unrealised gains and losses)	83			—				83
Common equity tier 1 (CET1) capital: regulatory adjustments									
	Additional value adjustments				(156)			2	(156)
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)	(18)	(39)	21	36			3	—
	Fair value reserves related to gains or losses on cash flow hedges				(105)			4	(105)
	Negative amounts resulting from the calculation of expected loss amounts				—			5	—
	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing				(25)			6	(25)
	Foreseeable dividend				(200)			7	(200)
Common Equity Tier 1 (CET1) capital		2,896	(39)	21	(416)			(34)	2,428
Additional Tier 1 (AT1) capital: instruments									
Other equity instruments	Capital instruments and the related share premium accounts	782			(25)				757
Additional Tier 1 (AT1) capital		782			(25)				757
Tier 1 capital		3,678	(39)	21	(441)			(34)	3,185

Tier 2 (T2) capital: instruments and provisions							
Subordinated liabilities	Capital instruments and related share premium accounts	686	(51)	635	8		635
Tier 2 (T2) capital: regulatory adjustments							
	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans		(95)	(95)			(95)
	IFRS 9 transitional arrangements		(14)	(14)		14	—
	Eligible provisions				9	13	13
	Tier 2 (T2) capital	686	(160)	526		27	553
	Total capital	4,364	(39)	21	(601)	3,745	(7)
							3,738

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

² The additional value adjustments of £156m reflect the prudent valuation adjustment for all assets measured at fair value in accordance with Articles 34 and 105 of the CRR.

³ 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. £21m of the deferred tax asset relating to temporary differences may be risk weighted instead of deducted from capital as presented in the threshold adjustments column.

⁴ Cash flow hedge reserve forms part of other reserves in the accounting balance sheet.

⁵ 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.

⁶ 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 Lloyds Bank Corporate Markets plc.

⁷ The £200m foreseeable dividend represents the interim dividend approved by the Board of Directors.

⁸ 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 and internal holding limits.

⁹ 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 £34m reflecting the tax adjusted add-back (subject to the applicable factor) for the net increase in Stage 1 and Stage 2 ECLs from 1 January 2020 ('dynamic' relief).
- A consequential adjustment to reduce tier 2 capital by £27m. 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)	50,947	45,752
Asset amounts deducted in determining Tier 1 capital ¹	20	(267)
Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	50,967	45,485
Derivative exposures²		
Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	4,187	2,315
Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	7,531	9,039
Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	1,213	1,984
Deductions of receivables assets for cash variation margin provided in derivatives transactions	(3,064)	(3,130)
Adjusted effective notional amount of written credit derivatives	537	567
Adjusted effective notional offsets and add-on deductions for written credit derivatives	(229)	(236)
Total derivative exposures	10,175	10,539
Securities financing transaction exposures		
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	33,789	28,061
Netted amounts of cash payables and cash receivables of gross SFT assets	(14,939)	(13,003)
Counterparty credit risk exposure for SFT assets	678	501
Total securities financing transaction exposures	19,528	15,559
Other off-balance sheet exposures		
Off-balance sheet exposures at gross notional amount	14,684	16,829
Adjustments for conversion to credit equivalent amounts	(6,680)	(7,788)
Other off-balance sheet exposures	8,004	9,041
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	(825)	(210)
Capital and total exposure measure		
Tier 1 capital	3,219	3,138
Leverage ratio total exposure measure	87,849	80,414
Leverage ratio		
Leverage ratio	3.7%	3.9 %

¹ Includes an adjustment applied to provisions to reflect the application of the IFRS 9 transitional arrangements for capital.

² Excludes intragroup derivative assets amounting to £866m (31 December 2019: £490m) 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, amounted to £1,691m (31 December 2019: £700m).

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

	31 Dec 2020 Fully loaded £m	31 Dec 2019 Fully loaded £m
Total assets as per the financial statements	92,408	79,702
Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting ¹	(792)	0
Adjustments for derivative financial instruments	(10,778)	(7,863)
Adjustments for securities financing transactions (SFTs)	678	501
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	8,004	9,041
Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013	(1,691)	(700)
Other adjustments	20	(267)
Leverage ratio total exposure measure	87,849	80,414

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

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

Breakdown by Country (£m)	2020		2020		2020	2020			2020	2020	
	General credit exposures ^{2,3}		Trading book exposures ²		Securitisation exposures ³	Own funds requirements			Own funds requirement weights	Countercyclical capital buffer rate	
	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	Total	%	%
	£m	£m	£m	£m	£m	£m	£m	£m	£m		
Hong Kong	—	—	—	—	—	—	—	—	—	0.00%	1.000%
Norway	4	—	—	—	—	—	—	—	—	0.03%	1.000%
Czech Republic	—	—	—	—	—	—	—	—	—	0.00%	0.500%
Slovakia	—	—	—	—	—	—	—	—	—	0.00%	1.000%
Luxembourg	—	2,348	—	—	—	45	—	—	45	4.83%	0.250%
Bulgaria	—	—	—	—	—	—	—	—	—	0.00%	0.500%
i) Total¹	4	2,348	—	—	—	45	—	—	45	4.86%	
United Kingdom	1,842	10,226	2	32	2,159	443	7	43	494	52.68%	—
United States	326	6,254	1	23	696	207	5	12	224	23.91%	—
Jersey	216	792	—	—	—	42	—	—	42	4.51%	—
Guernsey	1	1,675	—	—	—	33	—	—	33	3.57%	—
Cayman Islands	—	986	—	—	80	20	—	1	21	2.23%	—
Bermuda	—	850	—	—	—	19	—	—	19	1.99%	—
ii) Total¹	2,385	20,783	3	55	2,935	764	12	56	833	88.89%	
iii) Rest of the World¹	293	533	5	80	246	42	17	2	61	6.25%	
Total	2,682	23,664	8	135	3,181	851	29	58	938	100.00%	

Breakdown by Country (£m)	2019 General credit exposures ^{2,3}		2019 Trading book exposures ²		2019 Securitisation exposures ³		2019 Own funds requirements				2019	2019
	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	Total	Own funds requirement weights	Countercyclical capital buffer rate
United Kingdom	1,867	10,170	1	18	791	1,305	419	3	37	459	46.92 %	1.000%
Hong Kong	—	171	—	—	—	—	1	—	—	1	0.11 %	2.000%
Norway	18	—	1	13	—	—	1	2	—	4	0.37 %	2.500%
Sweden	2	—	—	—	—	—	—	—	—	—	0.02 %	2.500%
Czech Republic	—	—	—	—	—	—	—	—	—	—	0.00 %	1.500%
Iceland	—	—	—	—	—	—	—	—	—	—	0.00 %	1.750%
Slovakia	—	—	—	—	—	—	—	—	—	—	0.00 %	1.500%
Lithuania	—	—	—	—	—	—	—	—	—	—	0.00 %	1.000%
Denmark	—	14	—	—	—	—	1	—	—	1	0.10 %	1.000%
France	7	33	2	22	—	2	1	4	—	5	0.53 %	0.250%
Ireland	41	119	—	—	—	10	6	—	—	6	0.66 %	1.000%
Bulgaria	—	—	—	—	—	—	—	—	—	—	0.00 %	0.500%
i) Total ¹	1,935	10,507	4	53	791	1,317	429	9	37	476	48.71 %	
United States	870	8,527	2	25	208	506	291	4	6	301	30.78 %	—
Luxembourg	5	2,356	—	—	—	—	49	—	—	49	4.99 %	—
Jersey	134	994	—	—	—	—	38	—	—	38	3.90 %	—
Guernsey	1	1,661	—	—	—	—	33	—	—	33	3.40 %	—
Cayman Islands	—	1,124	—	—	—	80	23	—	1	24	2.50 %	—
Bermuda	56	764	—	—	—	—	22	—	—	22	2.28 %	—
Netherlands	82	18	—	4	—	360	7	1	2	10	1.02 %	—
ii) Total ¹	1,148	15,444	2	29	208	946	463	5	9	477	48.87 %	
iii) Rest of the World ¹	107	185	6	58	—	18	16	10	1	25	2.43 %	
Total	3,190	26,136	12	139	999	2,281	908	24	47	978	100.00 %	

Amount of institution specific countercyclical capital buffer	2020	2019
Total risk exposure amount	£16,610m	£17,021m
Institution specific countercyclical buffer rate	0.012%	0.490%
Institution specific countercyclical buffer requirement	£2m	£83m

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 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.

REMUNERATION OF MATERIAL RISK TAKERS

Quantitative remuneration information for the Bank is presented in the tables below. Qualitative disclosure requirement is satisfied through Other Remuneration Disclosures within the 2020 Lloyds Banking Group plc Annual Report and Accounts (pages 124-128).

Table 19: Analysis of high earners by band

Number of Material Risk Takers paid €1million ^{1,2} or more	2020	2019
	Material Risk Takers ³	Material Risk Takers ³
€1.0m - €1.5m	—	4
€1.5m - €2.0m	—	—
€2.0m - €2.5m	—	—
€2.5m - €3.0m	—	—
€3.0m - €3.5m	—	—
€3.5m - €4.0m	—	—
€4.0m - €4.5m	—	—
€4.5m - €5.0m	—	—
€5.0m - €6.0m	—	—
€6.0m - €7.0m	—	—
€7.0m - €8.0m	—	—

¹ Converted to Euros using the exchange rate €1 = £1.11804 (average exchange rate 1 December 2020 – 31 December 2020 based on the European Commission Budget exchange rates). The exchange rate used for 2019 was €1 = £0.8518.

² Values for Long Term Share Plan awards are based on face value at grant. An EBA discount factor has not been applied to awards made in 2021 in respect of performance year 2020.

³ Data has been calculated using methodology consistent with EBA guidelines.

Table 20: Aggregate remuneration expenditure (Material Risk Takers)

Analysis of aggregate remuneration expenditure by division 2020

	Retail and Community Banking	Commercial Banking	Insurance & Wealth	Chief Operating Office and Group Functions ¹	Total
	£m	£m	£m	£m	£m
Aggregate remuneration expenditure	—	15.6	—	1.7	17.3

¹ Chief Operating Office comprises People and Property, Group Transformation, Chief Information Office, Chief Security Office and COO Business Risk. Group Functions comprises Risk, Finance, Legal, Strategy, Group Corporate Affairs, Group Internal Audit, Company Secretariat, Responsible Business and Inclusion and Diversity.

Table 21: Fixed and variable remuneration (Material Risk Takers)

Analysis of remuneration between fixed and variable amounts

Remuneration £m		Awarded in relation to the 2020 performance year				2020 Total
		Management Body		Senior Management ⁴	Other MRTs	
		Executive Directors	Non-Executive Directors			
	Number of employees ¹	3	7	18	26	54
Fixed Remuneration £m	Total fixed remuneration	1.6	—	5.7	6.5	13.8
	Of which: Cash based	1.2	—	5.3	6.3	12.8
	Of which: Shares ²	0.4	—	0.4	0.2	1.0
Variable Remuneration £m	Total variable remuneration	0.2	—	0.8	1.1	2.1
	Of which: Upfront cash based	—	—	—	—	—
	Of which: Share based ³	0.2	—	0.8	1.1	2.1
	Of which: Deferred					
	Vested	—	—	—	—	—
	Unvested	0.2	—	0.8	1.1	2.1
Total Remuneration £m		1.8	—	6.5	7.6	15.9

¹ Additional 3 MRTs with SMF7 responsibilities have been included in the total. No remuneration has been included in the table above as remuneration has been included in the Lloyds Banking Group consolidated Pillar 3 disclosure.

² Releases over a five-year period.

³ Values for Long Term Share Plan awards are based on face value at grant. An EBA discount factor has not been applied to awards made in 2021 in respect of performance year 2020.

⁴ Senior Management are defined as Group Executive Committee (GEC) members/attendees (excluding Group Executive Directors and Non-Executive Directors) and their direct reports (excluding those direct reports who do not materially influence the risk profile of any in-scope group firm).

Table 22: Total outstanding deferred variable remuneration

Remuneration £m		Total outstanding deferred variable remuneration at 31 December 2020				2020 Total
		Management Body		Senior Management	Other MRTs	
		Executive Directors	Non-Executive Directors			
	Number of employees	3	7	18	26	54
Variable Remuneration £m	Total outstanding deferred variable remuneration	2.3	—	7.1	4.3	13.7
	Of which : Vested	0.3	—	1.7	1.2	3.2
	Of which : Unvested	2.0	—	5.4	3.1	10.5

Table 23: Other Payments awarded in relation to the 2020 performance year

2020	Guaranteed bonuses		Sign on awards		Severance payments	
	Number of awards made	Total £m	Number of awards made	Total £m	Number of awards made	Total £m
Management Body	—	—	—	—	—	—
Senior Management	—	—	—	—	—	—
Other Material Risk Takers	—	—	—	—	—	—

Table 24: Deferred remuneration

Analysis of deferred remuneration at 31 December 2020

Remuneration £m	Total amount of outstanding deferred and retained ¹ remuneration	Of which: Total amount of outstanding remuneration exposed to ex-post explicit and / or implicit adjustment	Total amount of amendment during the year due to ex-post explicit adjustments	Total amount of deferred remuneration paid out in the performance year
Management Body ³	2.3	2.3	—	0.1
Senior Management	7.1	7.1	—	0.6
Other Material Risk Takers	4.3	4.3	—	0.7

¹ Deferred in this context refers only to any unvested remuneration.² Retained refers to any variable remuneration for which the deferral period has ended but which is still subject to a holding period before release.³ Reference to the 'Management Body' relates to Executive Directors only. Non-Executive Directors are not eligible to receive variable remuneration.