

# Lloyds Bank Corporate Markets plc

2022 Half-Year  
Pillar 3 Disclosures  
30 June 2022

## BASIS OF PREPARATION

This report presents the half-year Pillar 3 disclosures of Lloyds Bank Corporate Markets plc ('the Bank') as at 30 June 2022 and should be read in conjunction with the Lloyds Bank Corporate Markets 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 ('CRR 2'). In general, comparatives are not provided for new or substantially revised disclosure templates where these are included in the disclosures for the first time.

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

Abbreviation	Template name	Reason for exclusion
N/A	Capital - IFRS 9 / Article 468 - FL	No IFRS 9 transitional impact
CR2a	Changes in the stock of non-performing loans and advances and related net accumulated recoveries	Threshold for disclosure not met
CQ2	Quality of forbearance	Threshold for disclosure not met
CQ6	Collateral valuation – loans and advances	Threshold for disclosure not met
CQ7	Collateral obtained by taking possession and execution processes	No collateral taken into possession is recognised on the balance sheet
CQ8	Collateral obtained by taking possession and execution processes – vintage	Threshold for disclosure not met
CR7	IRB – Effect on the RWAs of credit derivatives used as CRM techniques	Excluded on materiality basis
CR10.3	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

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 Lloyds Bank Corporate Markets plc) are included in a separate document on the Lloyds Banking Group website located at [www.lloydsbankinggroup.com/investors/financial-downloads](http://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.

## 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 (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 our 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 or Lloyds Banking Group plc'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 and/or Lloyds Banking Group plc'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 our 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 control of the Bank or Lloyds Banking Group plc. Please refer to the Base Prospectus for the Bank's Euro Medium Term Note Programme and the latest Annual Report on Form 20-F filed by Lloyds Banking Group plc with the US Securities and Exchange Commission (the SEC), which is available on the SEC's website at [www.sec.gov](http://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<sup>1</sup>

KM1	LR2		30 Jun 2022	31 Dec 2021	30 Jun 2021
Ref	Ref	<b>Available own funds (amounts)</b>			
1		Common Equity Tier 1 (CET1) capital (£m)	2,588	2,423	2,547
2		Tier 1 capital (£m)	3,345	3,180	3,304
3		Total capital (£m)	3,941	3,709	3,834
		<b>Risk-weighted exposure amounts</b>			
4		Total risk-weighted exposure amount (£m)	20,572	18,436	18,512
		<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>			
5		Common Equity Tier 1 ratio (%)	12.6 %	13.1 %	13.8 %
6		Tier 1 ratio (%)	16.3%	17.2%	17.8%
7		Total capital ratio (%)	19.2%	20.1%	20.7%
		<b>Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)</b>			
UK 7a		Additional CET1 SREP requirements (%)	2.3 %	2.6 %	2.6 %
UK 7b		Additional AT1 SREP requirements (%)	0.8%	0.9%	0.9%
UK 7c		Additional T2 SREP requirements (%)	1.0%	1.1%	1.2%
UK 7d		Total SREP own funds requirements (%)	12.1%	12.6%	12.7%
		<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>			
8		Capital conservation buffer (%)	2.500%	2.500%	2.500%
9		Institution specific countercyclical capital buffer (%)	0.046%	0.029 %	0.026 %
11		Combined buffer requirement (%)	2.546%	2.529%	2.526%
UK 11a		Overall capital requirements (%)	14.6%	15.1%	15.2%
12		CET1 available after meeting minimum SREP own funds requirements (%) <sup>2</sup>	5.8%	6.0%	6.7%
		<b>Leverage ratio</b>			
13	24b	Total exposure measure (Jun 22: excluding claims on central banks) (£m) <sup>3</sup>	74,898	92,034	81,980
14	25	Leverage ratio (Jun 22: excluding claims on central banks) (%) <sup>3</sup>	4.5 %	3.5 %	4.0 %
		<b>Average Liquidity Coverage Ratio (weighted) (LCR)</b>			
15		Total high-quality liquid assets (HQLA) (Weighted value -average) (£m)	24,181		
UK 16a		Cash outflows - Total weighted value - average (£m)	23,686		
UK 16b		Cash inflows - Total weighted value - average (£m)	9,170		
16		Total net cash outflows (adjusted value - average) (£m)	14,516		
17		Average liquidity coverage ratio (%)	168 %		

1 The Bank applies the full extent of the IFRS 9 transitional arrangements for capital as set out under CRR Article 473a (revised). Specifically, the Bank has opted to apply paragraph 4 of CRR Article 473a (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, no capital relief has been recognised through CET1 capital (31 December 2021: nil).

2 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).

3 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

Regulatory capital adequacy remains strong, with a Bank CET1 ratio of 12.6 per cent at 30 June 2022 (31 December 2021: 13.1 per cent) reflecting the strength of the client franchise served by the Bank. The reduction in the ratio during the period largely reflected the increase in risk-weighted assets.

### Risk-Weighted Assets

Risk-weighted assets have increased by £2.1 billion from £18.4 billion at 31 December 2021 to £20.6 billion at 30 June 2022, reflecting increased lending, foreign exchange driven by movement in US Dollar and Euro, in addition to the increase on 1 January 2022 regarding the impact of regulatory changes, including a new standardised approach for measuring counterparty credit risk (SA-CCR) following the UK implementation of the remainder of CRR 2.

### Leverage

The Bank UK leverage ratio increased to 4.5 per cent at 30 June 2022 from 3.5 per cent at 31 December 2021, largely following the impact of regulatory changes applied under the UK leverage ratio framework on 1 January 2022.

## 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	30 Jun 2022
	£m	£m	£m
1 <b>Credit risk (excluding CCR)<sup>1</sup></b>	<b>11,171</b>	9,581	<b>894</b>
2 Of which the standardised approach <sup>1</sup>	1,324	1,337	106
3 Of which the foundation IRB (FIRB) approach	9,113	7,468	729
4 Of which slotting approach	189	197	15
UK 4a Of which equities under the simple risk weighted approach <sup>1</sup>	506	508	41
Of which: non-credit obligation assets <sup>2</sup>	39	71	3
6 <b>Counterparty credit risk - CCR<sup>1</sup></b>	<b>5,809</b>	4,496	<b>465</b>
7 Of which the standardised approach <sup>3</sup>	5,221	—	418
Of which: marked to market <sup>1</sup>	—	3,507	—
UK 8a Of which exposures to a CCP	115	361	9
UK 8b Of which credit valuation adjustment - CVA	383	472	31
9 Of which other CCR	90	156	7
16 <b>Securitisation exposures in the non-trading book (after the cap)<sup>1</sup></b>	<b>516</b>	571	<b>41</b>
18 Of which SEC-ERBA (including IAA) <sup>1</sup>	212	254	17
19 Of which SEC-SA approach <sup>1</sup>	304	317	24
20 <b>Position, foreign exchange and commodities risks (Market risk)</b>	<b>2,313</b>	2,933	<b>185</b>
21 Of which the standardised approach	306	259	24
22 Of which IMA	2,007	2,674	161
23 <b>Operational risk</b>	<b>763</b>	855	<b>61</b>
UK 23b Of which standardised approach	763	855	61
24 <b>Memo: Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)<sup>1</sup></b>	<b>565</b>	555	<b>45</b>
29 <b>Total</b>	<b>20,572</b>	18,436	<b>1,646</b>
Pillar 2A capital requirement			847
<b>Total capital requirement</b>			<b>2,493</b>

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

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

3 Implementation of new SA-CCR methodology from 1 Jan-22.

## Own funds

## CC1: Composition of regulatory own funds

	30 Jun 2022	31 Dec 2021 <sup>1</sup>	CC2 Reference
	£m	£m	
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>			
1	Capital instruments and the related share premium accounts	120	
	of which: called up share capital	120	a
2	Retained earnings	2,505	c
3	Accumulated other comprehensive income (and other reserves)	(318)	c
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend <sup>2</sup>	176	c
<b>6</b>	<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>2,483</b>	<b>2,563</b>
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>			
7	Additional value adjustments	(168)	(163)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	308	48
12	Negative amounts resulting from the calculation of expected loss amounts	—	(9)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(35)	(16)
<b>28</b>	<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>105</b>	<b>(140)</b>
<b>29</b>	<b>Common Equity Tier 1 (CET1) capital</b>	<b>2,588</b>	<b>2,423</b>
<b>Additional Tier 1 (AT1) capital: instruments</b>			
30	Capital instruments and the related share premium accounts	757	757
31	of which: classified as equity under applicable accounting standards	757	757
<b>44</b>	<b>Additional Tier 1 (AT1) capital</b>	<b>757</b>	<b>757</b>
<b>45</b>	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>3,345</b>	<b>3,180</b>
<b>Tier 2 (T2) capital: instruments</b>			
46	Capital instruments and the related share premium accounts	697	633
50	Credit risk adjustments	14	—
<b>51</b>	<b>Tier 2 (T2) capital before regulatory adjustments</b>	<b>711</b>	<b>633</b>
<b>Tier 2 (T2) capital: regulatory adjustments</b>			
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions)	(115)	(104)
57	Total regulatory adjustments to Tier 2 (T2) capital	(115)	(104)
<b>58</b>	<b>Tier 2 (T2) capital</b>	<b>596</b>	<b>529</b>
<b>59</b>	<b>Total capital</b>	<b>3,941</b>	<b>3,709</b>
<b>60</b>	<b>Total risk exposure amount</b>	<b>20,572</b>	<b>18,436</b>
<b>Capital ratios and buffers</b>			
<b>61</b>	<b>Common Equity Tier 1 (as a percentage of total risk exposure amount)</b>	<b>12.6 %</b>	<b>13.1 %</b>
<b>62</b>	<b>Tier 1 (as a percentage of total risk exposure amount)</b>	<b>16.3 %</b>	<b>17.2 %</b>
<b>63</b>	<b>Total capital (as a percentage of total risk exposure amount)</b>	<b>19.2 %</b>	<b>20.1 %</b>
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	2.546 %	2.529 %
65	of which: capital conservation buffer requirement	2.500 %	2.500 %
66	of which: countercyclical buffer requirement	0.046 %	0.029 %
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	5.8 %	6.0 %
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	9	8
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)	202	203
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)	24	19
<b>Applicable caps on the inclusion of provisions in Tier 2</b>			

		30 Jun 2022 £m	31 Dec 2021 <sup>1</sup> £m	CC2 Reference
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	14	—	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	86	67	

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. The reported amount for 31 December 2021 reflects the year end foreseeable dividend accrual only as the externally audited profits for the year to 31 December 2021 are included in row 2 (Retained earnings).



**Own funds (continued)****CC2: Reconciliation of regulatory own funds to 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 under regulatory scope at 30 June 2022 £m	Reference <sup>1</sup>
<b>Assets</b>		
1 Cash and balances at central banks	16,342	
3 Financial assets at fair value through profit or loss	15,572	
4 Derivative financial instruments	27,752	
5 Loans and advances to banks	2,000	
6 Loans and advances to customers	20,552	
7 Reverse repurchase agreements	4,461	
8 Debt Securities	309	
9 Due from fellow Lloyds Banking Group undertakings	631	
10 Financial assets at amortised cost	27,953	
11 Financial assets at fair value through other comprehensive income	12	
12 Property, plant and equipment	48	
16 Deferred tax assets	141	
17 Investment in subsidiary undertakings	202	
19 Other assets	2,158	
<b>20 Total assets</b>	<b>90,180</b>	
<b>Liabilities</b>		
1 Deposits from banks	3,223	
2 Customer deposits	26,874	
3 Repurchase agreements at amortised cost	1	
4 Due to fellow Lloyds Banking Group undertakings	1,742	
6 Financial liabilities at fair value through profit or loss	14,082	
7 Derivative financial instruments	23,122	
9 Debt securities in issue	14,929	
10 Other liabilities	2,162	
11 Current tax liabilities	8	
13 Other provisions	23	
14 Subordinated liabilities	749	d
<b>15 Total liabilities</b>	<b>86,915</b>	
<b>Shareholders' equity</b>		
1 Called up share capital	120	
2 of which: share capital	120	a
4 Other equity instruments	782	b
5 Retained earnings, accumulated other comprehensive income and other reserves <sup>2</sup>	2,363	c
<b>6 Total equity excluding non-controlling interests</b>	<b>3,265</b>	
7 Non-controlling interests	—	
<b>8 Total equity</b>	<b>3,265</b>	
<b>9 Total equity and liabilities</b>	<b>90,180</b>	

1 The references (a) to (d) identify regulatory balance sheet components that link initially to items disclosed in table CC1, prior to the application of regulatory definitions and adjustments per the rules for calculating own funds.

2 The 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

Breakdown by Country	30 Jun 2022													
	General credit exposures <sup>2,3</sup>		Relevant credit exposures - Market risk <sup>2</sup>		Securitisation exposures <sup>3</sup>	Total exposure value	Own fund requirements - relevant credit exposures				Risk-weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate	
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book		Credit risk <sup>2,3</sup>	Market risk <sup>2</sup>	Securitisation positions in the non-trading book <sup>3</sup>	Total				
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%	
Hong Kong	—	—	—	—	—	—	—	—	—	—	—	—	—	1.00 %
Norway	—	181	—	—	—	181	9	—	—	9	113	0.72 %	1.50 %	
Czech Republic	—	—	—	—	—	—	—	—	—	—	—	—	—	0.50 %
Slovakia	—	—	—	—	—	—	—	—	—	—	—	—	—	1.00 %
Bulgaria	—	—	—	—	—	—	—	—	—	—	—	—	—	0.50 %
Luxembourg	151	3,724	—	—	—	3,875	89	—	—	89	1,113	7.13 %	0.50 %	
<b>j) Total<sup>1</sup></b>	<b>151</b>	<b>3,905</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4,056</b>	<b>98</b>	<b>—</b>	<b>—</b>	<b>98</b>	<b>1,226</b>	<b>7.85 %</b>		
United Kingdom	339	14,898	1	16	1,920	17,174	554	2	34	590	7,385	47.32 %	—	
United States	254	9,965	3	34	435	10,691	291	5	5	301	3,762	24.11 %	—	
Jersey	685	1,131	—	—	—	1,816	56	—	—	56	704	4.51 %	—	
Guernsey	547	2,769	—	—	—	3,316	84	—	—	84	1,052	6.74 %	—	
Cayman Islands	24	849	—	—	—	873	22	—	—	22	278	1.78 %	—	
Bermuda	14	1,323	—	—	—	1,337	20	—	—	20	251	1.61 %	—	
Isle of Man	338	48	—	—	—	386	14	—	—	14	169	1.08 %	—	
Netherlands	146	120	—	—	—	266	14	—	—	14	176	1.13 %	—	
<b>ii) Total<sup>1</sup></b>	<b>2,347</b>	<b>31,103</b>	<b>4</b>	<b>50</b>	<b>2,355</b>	<b>35,859</b>	<b>1,055</b>	<b>7</b>	<b>39</b>	<b>1,101</b>	<b>13,777</b>	<b>88.28 %</b>		
<b>iii) Rest of the World<sup>1</sup></b>	<b>234</b>	<b>799</b>	<b>4</b>	<b>37</b>	<b>215</b>	<b>1,289</b>	<b>41</b>	<b>6</b>	<b>2</b>	<b>50</b>	<b>603</b>	<b>3.87 %</b>		
<b>Total</b>	<b>2,732</b>	<b>35,807</b>	<b>8</b>	<b>87</b>	<b>2,570</b>	<b>41,204</b>	<b>1,194</b>	<b>13</b>	<b>41</b>	<b>1,249</b>	<b>15,606</b>	<b>100.00 %</b>		

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

Breakdown by Country	31 Dec 2021												
	General credit exposures <sup>2,3</sup>		Relevant credit exposures - Market risk <sup>2</sup>		Securitisation exposures <sup>3</sup>	Total exposure value	Own fund requirements - relevant credit exposures				Risk-weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book		Credit risk <sup>2,3</sup>	Market risk <sup>2</sup>	Securitisation positions in the non-trading book <sup>3</sup>	Total			
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%
Hong Kong	—	—	—	—	—	—	—	—	—	—	—	— %	1.00 %
Norway	4	—	—	—	—	4	—	—	—	—	4	0.03 %	1.00 %
Czech Republic	—	—	—	—	—	—	—	—	—	—	—	— %	0.50 %
Slovakia	—	—	—	—	—	—	—	—	—	—	—	— %	1.00 %
Bulgaria	—	—	—	—	—	—	—	—	—	—	—	— %	0.50 %
Luxembourg	5	2,715	—	—	—	2,720	58	—	—	58	730	5.75 %	0.50 %
<b>j) Total<sup>1</sup></b>	<b>9</b>	<b>2,715</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2,724</b>	<b>58</b>	<b>—</b>	<b>—</b>	<b>58</b>	<b>734</b>	<b>5.78 %</b>	
United Kingdom	347	11,346	2	30	2,057	13,782	440	8	5	453	5,661	44.53 %	—
United States	128	7,608	3	46	398	8,183	221	12	—	233	2,915	22.93 %	—
Jersey	715	1,166	—	—	—	1,881	71	—	—	71	888	6.99 %	—
Guernsey	502	2,064	—	—	—	2,566	61	—	—	61	757	5.95 %	—
Cayman Islands	—	540	—	—	80	620	13	—	1	14	178	1.40 %	—
Bermuda	6	1,011	—	—	—	1,017	19	—	—	19	237	1.87 %	—
Isle of Man	332	64	—	—	—	396	14	—	—	14	181	1.42 %	—
Switzerland	19	98	1	14	—	132	2	4	38	44	547	4.30 %	—
<b>ii) Total<sup>1</sup></b>	<b>2,049</b>	<b>23,897</b>	<b>6</b>	<b>90</b>	<b>2,535</b>	<b>28,577</b>	<b>841</b>	<b>24</b>	<b>44</b>	<b>909</b>	<b>11,364</b>	<b>89.39 %</b>	
<b>iii) Rest of the World<sup>1</sup></b>	<b>306</b>	<b>582</b>	<b>1</b>	<b>18</b>	<b>211</b>	<b>1,118</b>	<b>44</b>	<b>5</b>	<b>1</b>	<b>50</b>	<b>615</b>	<b>4.83 %</b>	
<b>Total</b>	<b>2,364</b>	<b>27,194</b>	<b>7</b>	<b>108</b>	<b>2,746</b>	<b>32,419</b>	<b>943</b>	<b>29</b>	<b>45</b>	<b>1,017</b>	<b>12,713</b>	<b>100.00 %</b>	

1. The breakdown by country is disclosed on the following basis:

- i) those countries for which a countercyclical capital buffer rate has been set.
- ii) those countries for which a countercyclical capital buffer rate has not been set and have an own funds requirement weighting of greater than or equal to one per cent, the threshold having been determined by the Group in accordance with guidelines on materiality for Pillar 3.
- iii) the aggregate of all remaining countries for which a countercyclical buffer rate has not been set and individually have an own funds requirement weighting of less than one per cent.

2. For the purposes of the calculation of the countercyclical capital buffer, general credit risk and trading book exposures exclude exposures to central governments, central banks, regional governments, local authorities, public sector entities, multilateral development banks, international organisations and institutions. In addition, trading book exposures are limited to those that are subject to the own funds requirement for specific risk or incremental default and migration risk.

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

**Countercyclical capital buffers (continued)****CCyB2: Amount of institution-specific countercyclical capital buffer**

	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
1 Total risk exposure amount	<b>£20,572m</b>	£18,436m
2 Institution specific countercyclical capital buffer rate	<b>0.046 %</b>	0.029 %
3 Institution specific countercyclical capital buffer requirement	<b>£10m</b>	£5m

## Leverage

### LR1: Summary reconciliation of accounting assets and leverage ratio exposures

	30 Jun 2022	31 Dec 2021 <sup>1</sup>
	£m	£m
1 Total assets as per financial statements	90,180	88,821
4 Adjustment for exemption of exposures to central banks	(16,312)	—
6 Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	(2,011)	(276)
8 Adjustment for derivative financial instruments	(4,967)	(4,645)
9 Adjustment for securities financing transactions (SFTs)	586	650
10 Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	9,157	8,244
11 Adjustment for items and specific and general provisions which have reduced tier 1 capital (leverage)	(18)	(28)
UK-11a Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR	(1,717)	(732)
<b>13 Total exposure measure</b>	<b>74,898</b>	<b>92,034</b>

<sup>1</sup> Comparatives have been re-presented to align with the revised disclosure template. Reported amounts remain on the basis of the rules that applied at 31 December 2021.

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

	30 Jun 2022	31 Dec 2021
	£m	£m
UK-1 Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	43,435	50,245
UK-2 Trading book exposures	2,598	6,846
UK-3 Banking book exposures, of which:	40,837	43,399
UK-5 Exposures treated as sovereigns	16,535	22,303
UK-6 Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	17	—
UK-7 Institutions	1,079	1,548
UK-8 Secured by mortgages of immovable properties	1,268	1,210
UK-9 Retail exposures	63	72
UK-10 Corporates	17,560	14,163
UK-11 Exposures in default	14	56
UK-12 Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	4,301	4,047

**Leverage (continued)****LR2: Leverage ratio common disclosure**

		30 Jun 2022	31 Dec 2021 <sup>1</sup>
		£m	£m
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	43,561	50,537
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	2,291	1,757
3	Deductions of receivables assets for cash variation margin provided in derivatives transactions	(1,853)	(2,215)
6	Asset amounts deducted in determining tier 1 capital (leverage)	(18)	(28)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	43,981	50,051
<b>Derivative exposures</b>			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	13,262	5,869
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	7,872	7,280
11	Adjusted effective notional amount of written credit derivatives	660	408
12	Adjusted effective notional offsets and add-on deductions for written credit derivatives	(416)	(141)
13	Total derivatives exposures	21,378	13,416
<b>Securities financing transaction (SFT) exposures</b>			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	28,441	39,093
15	Netted amounts of cash payables and cash receivables of gross SFT assets	(11,585)	(19,128)
16	Counterparty credit risk exposure for SFT assets	586	650
18	Total securities financing transaction exposures	17,442	20,615
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposures at gross notional amount	18,385	16,690
20	Adjustments for conversion to credit equivalent amounts	(9,228)	(8,446)
22	Off-balance sheet exposures	9,157	8,244
<b>Excluded exposures</b>			
UK-22a	Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR	(748)	(292)
UK-22k	Total exempted exposures	(748)	(292)
<b>Capital and total exposure measure</b>			
23	Tier 1 capital (leverage)	3,345	3,180
24	Total exposure measure including claims on central banks	91,210	92,034
UK-24a	(-) Claims on central banks excluded	(16,312)	—
UK-24b	Total exposure measure excluding claims on central banks	74,898	—
<b>Leverage ratio</b>			
25	Leverage ratio excluding claims on central banks (%)	4.5 %	—
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.5 %	—
UK-25c	Leverage ratio including claims on central banks (%)	3.7 %	3.5 %

<sup>1</sup> 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.

### 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 <sup>1</sup>						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	
		£m	Of which stage 1 £m	Of which stage 2 £m	£m	Of which stage 2 £m	Of which stage 3 £m	£m	Of which stage 1 £m	Of which stage 2 £m	£m	Of which stage 2 £m	Of which stage 3 £m				£m
<b>005</b>	<b>Cash balances at central banks and other demand</b>	<b>16,449</b>	<b>16,449</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>010</b>	<b>Loans and advances</b>	<b>27,918</b>	<b>27,378</b>	<b>138</b>	<b>29</b>	<b>—</b>	<b>29</b>	<b>(16)</b>	<b>(14)</b>	<b>(2)</b>	<b>(1)</b>	<b>—</b>	<b>(1)</b>	<b>—</b>	<b>1,913</b>	<b>—</b>	<b>—</b>
030	General governments	50	50	—	—	—	—	—	—	—	—	—	—	—	—	—	—
040	Credit institutions	3,440	3,440	—	—	—	—	(2)	(2)	—	—	—	—	—	—	—	—
050	Other financial corporations	21,357	20,921	36	—	—	—	(9)	(9)	—	—	—	—	—	—	—	—
060	Non-financial corporations	1,763	1,661	100	27	—	27	(5)	(3)	(2)	—	—	—	—	624	—	—
080	Households	1,308	1,306	2	2	—	2	—	—	—	(1)	—	(1)	—	1,289	—	—
<b>090</b>	<b>Debt securities</b>	<b>494</b>	<b>322</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
120	Credit institutions	91	91	—	—	—	—	—	—	—	—	—	—	—	—	—	—
130	Other financial corporations	301	231	—	—	—	—	—	—	—	—	—	—	—	—	—	—
140	Non-financial corporations	102	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>150</b>	<b>Off-balance-sheet exposures</b>	<b>17,478</b>	<b>17,152</b>	<b>325</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(11)</b>	<b>(9)</b>	<b>(2)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,451</b>	<b>—</b>	<b>—</b>
170	General governments	172	172	—	—	—	—	—	—	—	—	—	—	—	—	—	—
180	Credit institutions	974	964	9	—	—	—	—	—	—	—	—	—	—	406	—	—
190	Other financial corporations	12,402	12,152	250	—	—	—	(5)	(4)	(1)	—	—	—	—	1,026	—	—
200	Non-financial corporations	3,860	3,794	66	—	—	—	(6)	(5)	(1)	—	—	—	—	19	—	—
210	Households	70	70	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>220</b>	<b>Total</b>	<b>62,339</b>	<b>61,301</b>	<b>463</b>	<b>29</b>	<b>—</b>	<b>29</b>	<b>(27)</b>	<b>(23)</b>	<b>(4)</b>	<b>(1)</b>	<b>—</b>	<b>(1)</b>	<b>—</b>	<b>3,364</b>	<b>—</b>	<b>—</b>

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	96	12,615	13,491	1,728	—	27,930
2	Debt securities	—	107	187	200	—	494
<b>3</b>	<b>Total</b>	<b>96</b>	<b>12,722</b>	<b>13,678</b>	<b>1,928</b>	<b>—</b>	<b>28,424</b>

**CR2: Changes in the stock of non-performing loans and advances**

		Gross carrying amount
		£m
<b>010</b>	<b>Initial stock of non-performing loans and advances at 31 December 2021</b>	<b>33</b>
020	Inflows to non-performing portfolios	19
<b>030</b>	<b>Outflows from non-performing portfolios</b>	<b>(23)</b>
040	Outflows due to write-offs	—
050	Outflow due to other situations	(23)
<b>060</b>	<b>Final stock of non-performing loans and advances at 30 June 2022</b>	<b>29</b>



## Credit risk quality (continued)

## CQ1: Credit quality of forborne exposures

30 Jun 2022								
Gross carrying amount/nominal amount of exposures with forbearance measures					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures			Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
		Of which defaulted <sup>1</sup>	Of which impaired					
£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>010 Loans and advances</b>	—	<b>29</b>	<b>29</b>	<b>29</b>	—	<b>(1)</b>	—	—
060 Non-financial corporations	—	27	27	27	—	—	—	—
070 Households	—	2	2	2	—	(1)	—	—
<b>080 Debt Securities</b>	—	—	—	—	—	—	—	—
<b>090 Loan commitments given</b>	—	—	—	—	—	—	—	—
<b>100 Total</b>	—	<b>29</b>	<b>29</b>	<b>29</b>	—	<b>(1)</b>	—	—
31 Dec 2021								
<b>010 Loans and advances</b>	—	<b>33</b>	<b>33</b>	<b>29</b>	—	<b>(2)</b>	—	—
060 Non-financial corporations	—	32	31	28	—	(1)	—	—
070 Households	—	1	1	1	—	(1)	—	—
<b>080 Debt Securities</b>	—	—	—	—	—	—	—	—
<b>090 Loan commitments given</b>	—	—	—	—	—	—	—	—
<b>100 Total</b>	—	<b>33</b>	<b>32</b>	<b>29</b>	—	<b>(2)</b>	—	—

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

## Credit risk quality (continued)

## CQ4: Quality of non-performing exposures by geography

	30 Jun 2022				
	Gross carrying/nominal amount		Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	Total performing and non-performing	Of which defaulted			
	£m	£m	£m	£m	£m
<b>010 On-balance-sheet exposures</b>	<b>28,441</b>	<b>29</b>	<b>(17)</b>		<b>—</b>
020 France	2,766	—	(1)		—
030 Guernsey	1,428	3	(1)		—
040 Luxembourg	2,940	—	(1)		—
050 United Kingdom	11,240	—	(5)		—
060 United States	7,355	—	(8)		—
070 Other countries	2,712	26	(1)		—
<b>080 Off-balance-sheet exposures</b>	<b>17,478</b>	<b>—</b>		<b>(11)</b>	
090 France	—	—		—	
100 Guernsey	1,098	—		—	
110 Luxembourg	1,347	—		(1)	
120 United Kingdom	4,795	—		(2)	
130 United States	7,993	—		(8)	
140 Other countries	2,245	—		—	
<b>150 Total</b>	<b>45,919</b>	<b>29</b>	<b>(17)</b>	<b>(11)</b>	<b>—</b>

## 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
020 Mining and quarrying	32	—	—	—
030 Manufacturing	498	—	(1)	—
040 Electricity, gas, steam and air conditioning supply	11	—	—	—
060 Construction	6	3	—	—
070 Wholesale and retail trade	152	—	(1)	—
080 Transport and storage	6	—	—	—
090 Accommodation and food service activities	3	—	—	—
100 Information and communication	173	—	(1)	—
110 Financial and insurance activities				
120 Real estate activities	720	24	(2)	—
130 Professional, scientific and technical activities	145	—	—	—
140 Administrative and support service activities	8	—	—	—
170 Human health services and social work activities	20	—	—	—
190 Other services	16	—	—	—
<b>200 Total</b>	<b>1,790</b>	<b>27</b>	<b>(5)</b>	<b>—</b>

## 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	26,017	1,913	1,912	1	1
Debt securities	494	—	—	—	—
<b>Total</b>	<b>26,511</b>	<b>1,913</b>	<b>1,912</b>	<b>1</b>	<b>1</b>
Of which non-performing exposures	29	—	—	—	—
Of which defaulted	29	—	—	—	—

## Credit risk standardised approach

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

Exposure classes	30 Jun 2022					
	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	On-balance-sheet exposures £m	Off-balance-sheet exposures £m	On-balance-sheet exposures £m	Off-balance-sheet amount £m	RWAs £m	RWAs density (%) £m
1 Central governments or central banks	8,425	—	8,425	—	59	1 %
3 Public sector entities	17	—	17	—	—	— %
4 Multilateral development banks	74	—	74	—	—	— %
6 Institutions	177	487	141	37	70	39 %
7 Corporates	522	1,442	499	299	614	77 %
8 Retail	63	73	63	36	71	72 %
9 Secured by mortgages on immovable property	1,268	2	1,268	2	448	35 %
10 Exposures in default	4	—	4	—	5	117 %
13 Institutions and corporates with a short-term credit assessment	—	82	—	6	1	20 %
16 Other items	57	—	57	—	56	98 %
<b>17 Total</b>	<b>10,607</b>	<b>2,086</b>	<b>10,548</b>	<b>380</b>	<b>1,324</b>	<b>12 %</b>

## IRB Approach to Credit Risk

The table below summarises the movements of risk-weighted assets for credit risk exposures under the Internal Ratings Based (IRB) Approach. The table excludes counterparty credit risk exposures, securitisation exposures, other non-credit obligation assets and equity exposures.

### CR8: Risk-weighted assets flow statements of credit risk exposures

	Total RWA quarter to 31 Mar 2022	Total RWA quarter to 30 Jun 2022	Total own funds requirements for quarter to 30 Jun 2022
	£m	£m	£m
<b>1 Risk weighted exposure amount as at the beginning of the quarter</b>	<b>7,665</b>	<b>8,374</b>	<b>671</b>
2 Asset size (+/-)	630	507	40
3 Asset quality (+/-)	(51)	(22)	(2)
5 Methodology and policy (+/-)	17	(7)	(1)
7 Foreign exchange movements (+/-)	113	450	36
<b>9 Risk weighted exposure amount as at the end of the quarter</b>	<b>8,374</b>	<b>9,302</b>	<b>744</b>

#### Key movements Q1

– Asset size increase of £0.6 billion predominantly reflects net new lending.

#### Key movements Q2

– Asset size increase driven by net new lending.

– Foreign exchange movements, principally driven by movement in US Dollar and Euro.

## Credit risk IRB approach (continued)

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

		30 Jun 2022											Credit risk Mitigation methods in the calculation of RWAs	
		Credit risk Mitigation techniques												
		Funded credit Protection (FCP)							Unfunded credit Protection (UFCP)		RWA without substitution effects (reduction effects only)	RWA with substitution effects (both reduction and substitution effects)		
		Part of exposures covered by Financial Collaterals	Part of exposures covered by Other eligible collaterals	Part of exposures covered by Immovable property Collaterals	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
F-IRB		£m	%	%	%	%	%	%	%	%	%	%	£m	£m
1	Central governments and central banks	8,233	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	301
2	Institutions	1,615	25.38 %	— %	— %	— %	— %	— %	— %	— %	— %	2.59 %	246	
3	Corporates	26,513	3.68 %	1.77 %	1.77 %	— %	— %	— %	— %	— %	— %	0.08 %	8,754	
3.1	Of which Corporates – SMEs	96	— %	76.10 %	76.10 %	— %	— %	— %	— %	— %	— %	— %	30	
3.2	Of which Corporates – Specialised lending	361	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	189	
3.3	Of which Corporates – Other	26,056	3.75 %	1.53 %	1.53 %	— %	— %	— %	— %	— %	— %	0.08 %	8,536	
<b>4</b>	<b>Total</b>	<b>36,361</b>	<b>3.81 %</b>	<b>1.29 %</b>	<b>1.29 %</b>	<b>— %</b>	<b>— %</b>	<b>— %</b>	<b>— %</b>	<b>— %</b>	<b>— %</b>	<b>0.17 %</b>	<b>9,302</b>	

## Specialised lending

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

Regulatory categories	Remaining maturity	30 Jun 2022					
		On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
		£m	£m		£m	£m	£m
Category 1	Less than 2.5 years	74	24	50%	98	49	—
	Equal to or more than 2.5 years	34	2	70%	36	25	—
Category 2	Less than 2.5 years	—	—	70%	—	—	—
	Equal to or more than 2.5 years	1	—	90%	—	1	—
<b>Total</b>	<b>Less than 2.5 years</b>	<b>74</b>	<b>24</b>		<b>98</b>	<b>49</b>	<b>—</b>
	<b>Equal to or more than 2.5 years</b>	<b>35</b>	<b>2</b>		<b>36</b>	<b>26</b>	<b>—</b>

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

Regulatory categories	Remaining maturity	30 Jun 2022					
		On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
		£m	£m	£m	£m	£m	£m
Category 1	Less than 2.5 years	222	—	50%	222	111	—
	Equal to or more than 2.5 years	3	—	70%	3	2	—
Category 2	Less than 2.5 years	1	—	70%	1	1	—
	Equal to or more than 2.5 years	—	—	90%	—	—	—
<b>Total</b>	<b>Less than 2.5 years</b>	<b>223</b>	<b>—</b>		<b>223</b>	<b>112</b>	<b>—</b>
	<b>Equal to or more than 2.5 years</b>	<b>3</b>	<b>—</b>		<b>3</b>	<b>2</b>	<b>—</b>

## Standardised approach and internal model for Market Risk

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

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

	VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWA	Total own funds requirements
	£m	£m	£m	£m	£m	£m	£m
<b>1 RWAs at 31 Dec 2021</b>	<b>312</b>	<b>1,171</b>	<b>181</b>	<b>0</b>	<b>1,010</b>	<b>2,674</b>	<b>214</b>
1a Regulatory adjustment	(210)	(951)	—	—	—	(1,161)	(93)
<b>1b RWAs at end of day 31 Dec 2021<sup>1</sup></b>	<b>102</b>	<b>220</b>	<b>181</b>	<b>0</b>	<b>1,010</b>	<b>1,513</b>	<b>121</b>
2 Movement in risk levels	27	(66)	(132)	—	(157)	(328)	(26)
3 Model updates/changes	—	—	—	—	(7)	(7)	(1)
<b>8a RWAs at end of day 31 Mar 2022<sup>1</sup></b>	<b>129</b>	<b>154</b>	<b>49</b>	<b>0</b>	<b>846</b>	<b>1,178</b>	<b>94</b>
8b Regulatory adjustment	241	577	60	—	—	878	70
<b>8 RWAs at 31 Mar 2022</b>	<b>370</b>	<b>731</b>	<b>109</b>	<b>0</b>	<b>846</b>	<b>2,056</b>	<b>164</b>
1a Regulatory adjustment	(241)	(577)	(60)	—	—	(878)	(70)
<b>1b RWAs at end of day 31 Mar 2022<sup>1</sup></b>	<b>129</b>	<b>154</b>	<b>49</b>	<b>—</b>	<b>846</b>	<b>1,178</b>	<b>94</b>
2 Movement in risk levels	2	23	48	—	(182)	(109)	(9)
3 Model updates/changes	—	—	—	—	24	24	2
<b>8a RWAs at end of day 30 Jun 2022<sup>1</sup></b>	<b>131</b>	<b>177</b>	<b>97</b>	<b>—</b>	<b>688</b>	<b>1,093</b>	<b>87</b>
8b Regulatory adjustment	325	589	—	—	—	914	74
<b>8 RWAs at 30 Jun 2022</b>	<b>456</b>	<b>766</b>	<b>97</b>	<b>—</b>	<b>688</b>	<b>2,007</b>	<b>161</b>

<sup>1</sup> End of day represents spot position

#### Key movements Q1

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

#### Key movements Q2

– Market Risk RWAs remained stable over the quarter.



## Liquidity Requirements

### LIQ1: Quantitative information of LCR

The table below presents the breakdown of the Bank's cash outflows and cash inflows, as well as its available high quality liquid assets, calculated as the simple averages of month end observations over the 12 months preceding the end of each quarter.

	Total unweighted value (average)		Total weighted value (average)	
	30 Jun 2022	31 Mar 2022	30 Jun 2022	31 Mar 2022
Number of data points used in calculation of averages	12	12	12	12
<b>HIGH-QUALITY LIQUID ASSETS (£m)</b>				
1 Total high-quality liquid assets (HQLA)			24,181	24,647
<b>CASH - OUTFLOWS (£m)</b>				
2 Retail deposits and deposits from small business customers, of which:	7,532	7,422	975	957
3 Stable deposits	—	—	—	—
4 Less stable deposits	7,532	7,422	975	957
5 Unsecured wholesale funding	7,655	7,594	5,338	5,077
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	—	—	—	—
7 Non-operational deposits (all counterparties)	6,780	6,801	4,463	4,284
8 Unsecured debt	875	793	875	793
9 Secured wholesale funding			30	16
10 Additional requirements	22,632	21,985	16,798	16,511
11 Outflows related to derivative exposures and other collateral requirements	12,647	12,427	12,642	12,422
12 Outflows related to loss of funding on debt products	—	—	—	—
13 Credit and liquidity facilities	9,985	9,558	4,156	4,089
14 Other contractual funding obligations	376	347	341	312
15 Other contingent funding obligations	6,433	5,927	204	191
16 TOTAL CASH OUTFLOWS			23,686	23,064
<b>CASH - INFLOWS (£m)</b>				
17 Secured lending (e.g. reverse repos)	19,912	20,200	149	121
18 Inflows from fully performing exposures	906	862	806	763
19 Other cash inflows	8,216	7,231	8,215	7,230
UK-19a (Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)			—	—
UK-19b (Excess inflows from a related specialised credit institution)			—	—
20 TOTAL CASH INFLOWS	29,034	28,293	9,170	8,114
UK-20a Fully exempt inflows	—	—	—	—
UK-20b Inflows subject to 90% cap	—	—	—	—
UK-20c Inflows subject to 75% cap	25,033	24,526	9,170	8,114
<b>TOTAL ADJUSTED VALUE</b>				
UK-21 LIQUIDITY BUFFER (£m)			24,181	24,647
22 TOTAL NET CASH OUTFLOWS (£m)			14,516	14,950
23 LIQUIDITY COVERAGE RATIO (%)			168 %	166 %

## Liquidity Requirements (continued)

### LIQB: Qualitative information on LCR

The Bank LCR (calculated as the simple average of month end observations over the 12 months preceding the end of the reporting quarter) was 168% as of 30 June 2022. The increase of 2% from 166% for the prior quarter is explained primarily from a reduction in net outflows related to derivative exposures as a result of market volatility from the COVID onset no longer being included in the LCR's Historical Look-Back approach (HLBA).

The Bank derivative exposures and other collateral requirements outflows include modelled outflows due to a deterioration in credit rating and outflows from the impact of an adverse market scenario on derivatives transactions. Also included are outflows on derivative contracts that have offsetting inflows recorded in 'other cash inflows' in the template.

The Bank manages and monitors funding and liquidity risks in accordance with internal risk appetite, strategy and regulatory requirements, including maintaining diversified funding sources. Funding concentration by counterparty, currency and tenor is monitored on an ongoing basis and where concentrations do exist, these are managed as part of the planning process and limited by the internal funding and liquidity risk monitoring framework, with analysis regularly provided to senior management.

The liquidity buffer consists almost entirely of Level 1 items, of which the vast majority is held as central bank reserves.

The Bank liquidity risk management framework covers currency liquidity risk and ensures the currency denomination of LCR liquid assets is consistent with the distribution of net currency liquidity outflows. Granular LCR risk appetites by significant currency are set and monitored across tenors at Bank committee level i.e the Asset and Liability Committee.