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. 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, 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.

TABLE OF CONTENTS

Key metric and overview of risk weighted exposure amounts

KM1	Key metrics	5
OV1	Overview of risk-weighted exposure amounts	6

Own funds

CC1	Composition of regulatory own funds	7
CC2	Reconciliation of regulatory own funds to balance sheet in the audited financial statements	9

Countercyclical capital buffers

CCyB1	Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer	10
CCyB2	Amount of institution-specific countercyclical capital buffer	12

Leverage

LR1	Summary reconciliation of accounting assets and leverage ratio exposures	13
LR3	Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	13
LR2	Leverage ratio common disclosure	14

Credit risk quality

CR1	Performing and non-performing exposures and related provisions	15
CR1-A	Maturity of exposures	16
CR2	Changes in the stock of non-performing loans and advances	16
CQ1	Credit quality of forborne exposures	17
CQ4	Quality of non-performing exposures by geography	18
CQ5	Credit quality of loans and advances to non-financial corporations by industry	18

Credit risk mitigation techniques

CR3	CRM techniques overview: Disclosure of the use of credit risk mitigation techniques	19

Credit risk standardised approach

CR4	Standardised approach - Credit risk exposure and CRM effects	20

Credit risk IRB approach

CR8	Risk-weighted assets movements by key driver - YTD	21
CR7-A	Disclosure of the extent of the use of CRM techniques	22

Specialised lending

CR10.1	Specialised lending : Project finance (Slotting approach)	23
CR10.2	Specialised lending : Income-producing real estate and high volatility commercial real estate (Slotting approach)	23

Internal Model for Market Risk

MR2-B	RWA flow statements of market risk exposures under an IMA	24

Liquidity Requirements

LIQ1	Liquidity coverage ratio	25
LIQB	Qualitative information on LCR	26

Key metric and overview of risk weighted exposure amounts

KM1: Key Metrics[1]

KM1 Ref	LR2 Ref		30 Jun 2022	31 Dec 2021	30 Jun 2021
		Available own funds (amounts)			
1		Common Equity Tier 1 (CET1) capital (£m)	**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
		Risk-weighted exposure amounts			
4		Total risk-weighted exposure amount (£m)	**20,572**	18,436	18,512
		Capital ratios (as a percentage of risk-weighted exposure amount)			
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%
		Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)			
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%
		Combined buffer requirement (as a percentage of risk-weighted exposure amount)			
8		Capital conservation buffer (%)	**2.500%**	2.500%	2.500%
9		Institution specific countercyclical capital buffer (%)	**0.046%**	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 (%)[2]	**5.8%**	6.0%	6.7%
		Leverage ratio			
13	24b	Total exposure measure (Jun 22: excluding claims on central banks) (£m)[3]	**74,898**	92,034	81,980
14	25	Leverage ratio (Jun 22: excluding claims on central banks) (%)[3]	**4.5 %**	3.5 %	4.0 %
		Average Liquidity Coverage Ratio (weighted) (LCR)			
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	**Credit risk (excluding CCR)[1]**	**11,171**	9,581	**894**
2	Of which the standardised approach[1]	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[1]	506	508	41
	Of which: non-credit obligation assets[2]	39	71	3
6	**Counterparty credit risk - CCR[1]**	**5,809**	4,496	**465**
7	Of which the standardised approach[3]	5,221	—	418
	Of which: marked to market[1]	—	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	**Securitisation exposures in the non-trading book (after the cap)[1]**	**516**	571	**41**
18	Of which SEC-ERBA (including IAA)[1]	212	254	17
19	Of which SEC-SA approach[1]	304	317	24
20	**Position, foreign exchange and commodities risks (Market risk)**	**2,313**	2,933	**185**
21	Of which the standardised approach	306	259	24
22	Of which IMA	2,007	2,674	161
23	**Operational risk**	**763**	855	**61**
UK 23b	Of which standardised approach	763	855	61
24	**Memo: Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)[1]**	565	555	45
29	**Total**	**20,572**	18,436	**1,646**
	Pillar 2A capital requirement			847
	Total capital requirement			**2,493**

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 Implemention of new SA-CCR methodology from 1 Jan-22.

Own funds

CC1: Composistion of regulatory own funds

		30 Jun 2022 £m	31 Dec 2021[1] £m	CC2 Reference
Common Equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	**120**	120	
	of which: called up share capital	**120**	120	a
2	Retained earnings	**2,505**	2,725	c
3	Accumulated other comprehensive income (and other reserves)	**(318)**	(62)	c
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend[2]	**176**	(220)	c
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**2,483**	**2,563**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
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)	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**105**	**(140)**	
29	**Common Equity Tier 1 (CET1) capital**	**2,588**	**2,423**	
Additional Tier 1 (AT1) capital: instruments				
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	**Additional Tier 1 (AT1) capital**	**757**	**757**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**3,345**	**3,180**	
Tier 2 (T2) capital: instruments				
46	Capital instruments and the related share premium accounts	**697**	633	d
50	Credit risk adjustments	**14**	—	
51	**Tier 2 (T2) capital before regulatory adjustments**	**711**	**633**	
Tier 2 (T2) capital: regulatory adjustments				
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions)	**(115)**	(104)	
57	Total regulatory adjustments to Tier 2 (T2) capital	**(115)**	(104)	
58	**Tier 2 (T2) capital**	**596**	**529**	
59	**Total capital**	**3,941**	**3,709**	
60	**Total risk exposure amount**	**20,572**	**18,436**	
Capital ratios and buffers				
61	**Common Equity Tier 1 (as a percentage of total risk exposure amount)**	**12.6 %**	**13.1 %**	
62	**Tier 1 (as a percentage of total risk exposure amount)**	**16.3 %**	**17.2 %**	
63	**Total capital (as a percentage of total risk exposure amount)**	**19.2 %**	**20.1 %**	
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 %	
Amounts below the thresholds for deduction (before risk weighting)				
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	**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	
Applicable caps on the inclusion of provisions in Tier 2				

		30 Jun 2022 £m	31 Dec 2021[1] £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[1]
Assets			
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	
20	**Total assets**	**90,180**	
Liabilities			
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
15	**Total liabilities**	**86,915**	
Shareholders' equity			
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[2]	2,363	c
6	**Total equity excluding non-controlling interests**	**3,265**	
7	Non-controlling interests	—	
8	**Total equity**	**3,265**	
9	**Total equity and liabilities**	**90,180**	

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

	30 Jun 2022												
	General credit exposures[2,3]		Relevant credit exposures - Market risk[2]		Securitisation exposures[3]		Own fund requirements - relevant credit exposures						
Breakdown by Country	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book	Total exposure value	Credit risk[2,3]	Market risk[2]	Securitisation positions in the non-trading book[3]	Total	Risk-weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%
Hong Kong	—	—	—	—	—	—	—	—	—	—	—	—	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 %
i) Total[1]	**151**	**3,905**	**—**	**—**	**—**	**4,056**	**98**	**—**	**—**	**98**	**1,226**	**7.85 %**	
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 %	—
ii) Total[1]	**2,347**	**31,103**	**4**	**50**	**2,355**	**35,859**	**1,055**	**7**	**39**	**1,101**	**13,777**	**88.28 %**	
iii) Rest of the World[1]	**234**	**799**	**4**	**37**	**215**	**1,289**	**41**	**6**	**2**	**50**	**603**	**3.87 %**	
Total	**2,732**	**35,807**	**8**	**87**	**2,570**	**41,204**	**1,194**	**13**	**41**	**1,249**	**15,606**	**100.00 %**	

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

	31 Dec 2021												
	General credit exposures[2,3]		Relevant credit exposures - Market risk[2]		Securitisation exposures[3]		Own fund requirements - relevant credit exposures						
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book	Total exposure value	Credit risk[2,3]	Market risk[2]	Securitisation positions in the non-trading book[3]	Total	Risk-weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate
Breakdown by Country	£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 %
i) Total[1]	**9**	**2,715**	**—**	**—**	**—**	**2,724**	**58**	**—**	**—**	**58**	**734**	**5.78 %**	
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 %	—
ii) Total[1]	**2,049**	**23,897**	**6**	**90**	**2,535**	**28,577**	**841**	**24**	**44**	**909**	**11,364**	**89.39 %**	
iii) Rest of the World[1]	**306**	**582**	**1**	**18**	**211**	**1,118**	**44**	**5**	**1**	**50**	**615**	**4.83 %**	
Total	**2,364**	**27,194**	**7**	**108**	**2,746**	**32,419**	**943**	**29**	**45**	**1,017**	**12,713**	**100.00 %**	

1. The breakdown by country is disclosed on the following basis:
   i) those countries for which a countercyclical capital buffer rate has been set.
   ii) those countries for which a countercyclical capital buffer rate has not been set and have an own funds requirement weighting of greater than or equal to one per cent, the threshold having been determined by the Group in accordance with guidelines on materiality for Pillar 3.
   iii) the aggregate of all remaining countries for which a countercyclical buffer rate has not been set and individually have an own funds requirement weighting of less than one per cent.
2. For the purposes of the calculation of the countercyclical capital buffer, general credit risk and trading book exposures exclude exposures to central governments, central banks, regional governments, local authorities, public sector entities, multilateral development banks, international organisations and institutions. In addition, trading book exposures are limited to those that are subject to the own funds requirement for specific risk or incremental default and migration risk.
3. General credit and securitisation exposures include counterparty credit risk and are stated on a post CRM basis.

Countercyclical capital buffers (continued)

CCyB2: Amount of institution-specific countercyclical capital buffer

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

Leverage

LR1: Summary reconciliation of accounting assets and leverage ratio exposures

		30 Jun 2022 £m	31 Dec 2021[1] £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)
13	**Total exposure measure**	**74,898**	**92,034**

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

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

		30 Jun 2022 £m	31 Dec 2021 £m
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	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 £m	31 Dec 2021[1] £m
On-balance sheet exposures (excluding derivatives and SFTs)			
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
Derivative exposures			
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
Securities financing transaction (SFT) exposures			
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
Other off-balance sheet exposures			
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
Excluded exposures			
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)
Capital and total exposure measure			
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	—
Leverage ratio			
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 %

1 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[1]						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005	**Cash balances at central banks and other demand**	**16,449**	**16,449**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
010	**Loans and advances**	**27,918**	**27,378**	**138**	**29**	**—**	**29**	**(16)**	**(14)**	**(2)**	**(1)**	**—**	**(1)**	**—**	**1,913**	**—**
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	—
090	**Debt securities**	**494**	**322**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
120	Credit institutions	91	91	—	—	—	—	—	—	—	—	—	—	—	—	—
130	Other financial corporations	301	231	—	—	—	—	—	—	—	—	—	—	—	—	—
140	Non-financial corporations	102	—	—	—	—	—	—	—	—	—	—	—	—	—	—
150	**Off-balance-sheet exposures**	**17,478**	**17,152**	**325**	**—**	**—**	**—**	**(11)**	**(9)**	**(2)**	**—**	**—**	**—**	**—**	**1,451**	**—**
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	—	—	—	—	—	—	—	—	—	—	—	—	—
220	**Total**	**62,339**	**61,301**	**463**	**29**	**—**	**29**	**(27)**	**(23)**	**(4)**	**(1)**	**—**	**(1)**	**—**	**3,364**	**—**

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
3	**Total**	**96**	**12,722**	**13,678**	**1,928**	**—**	**28,424**

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

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

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 defaulted[1]	Of which impaired				Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
		£m	£m	£m	£m	£m	£m	£m	£m
010	**Loans and advances**	**—**	**29**	**29**	**29**	**—**	**(1)**	**—**	**—**
060	Non-financial corporations	—	27	27	27	—	—	—	—
070	Households	—	2	2	2	—	(1)	—	—
080	**Debt Securities**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
090	**Loan commitments given**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
100	**Total**	**—**	**29**	**29**	**29**	**—**	**(1)**	**—**	**—**
		31 Dec 2021							
010	**Loans and advances**	**—**	**33**	**33**	**29**	**—**	**(2)**	**—**	**—**
060	Non-financial corporations	—	32	31	28	—	(1)	—	—
070	Households	—	1	1	1	—	(1)	—	—
080	**Debt Securities**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
090	**Loan commitments given**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
100	**Total**	**—**	**33**	**32**	**29**	**—**	**(2)**	**—**	**—**

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

Credit risk quality (continued)

CQ4: Quality of non-performing exposures by geography

		30 Jun 2022				
		Gross carrying/nominal amount		Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Total performing and non-performing	Of which defaulted			
		£m	£m	£m	£m	£m
010	**On-balance-sheet exposures**	**28,441**	**29**	**(17)**		**—**
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)		—
080	**Off-balance-sheet exposures**	**17,478**	**—**		**(11)**	
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	—		—	
150	**Total**	**45,919**	**29**	**(17)**	**(11)**	**—**

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	—	—	—
200	**Total**	**1,790**	**27**	**(5)**	**—**

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	—	—	—	
Total	**26,511**	**1,913**	**1,912**	**1**	**1**
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

		30 Jun 2022					
	Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density (%)
		£m	£m	£m	£m	£m	£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 %
17	**Total**	**10,607**	**2,086**	**10,548**	**380**	**1,324**	**12 %**

IRB Approach to Credit Risk

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

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

		Total RWA quarter to 31 Mar 2022	Total RWA quarter to 30 Jun 2022	Total own funds requirements for quarter to 30 Jun 2022
		£m	£m	£m
1	**Risk weighted exposure amount as at the beginning of the quarter**	**7,665**	**8,374**	**671**
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
9	**Risk weighted exposure amount as at the end of the quarter**	**8,374**	**9,302**	**744**

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 techniques											Credit risk Mitigation methods in the calculation of RWAs	
			Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)			
F-IRB		Total exposure at default	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	RWA without substitution effects (reduction effects only)	RWA with substitution effects (both reduction and sustitution effects)
		£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
4	**Total**	**36,361**	**3.81 %**	**1.29 %**	**1.29 %**	**— %**	**— %**	**— %**				**— %**	**0.17 %**		**9,302**

Specialised lending

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

		30 Jun 2022					
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
Category 1	Less than 2.5 years	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	—
Total	**Less than 2.5 years**	**74**	**24**		**98**	**49**	**—**
	Equal to or more than 2.5 years	**35**	**2**		**36**	**26**	**—**

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

		30 Jun 2022					
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight £m	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £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%	—	—	—
Total	**Less than 2.5 years**	**223**	**—**		**223**	**112**	**—**
	Equal to or more than 2.5 years	**3**	**—**		**3**	**2**	**—**

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

[1] End of day represents spot position

Key movements Q1

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

Key movements Q2

– Market Risk RWAs remained stable over the quarter.

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
HIGH-QUALITY LIQUID ASSETS (£m)					
1	Total high-quality liquid assets (HQLA)			**24,181**	24,647
CASH - OUTFLOWS (£m)					
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
CASH - INFLOWS (£m)					
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
TOTAL ADJUSTED VALUE					
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.