Lloyds Bank Corporate Markets plc

2023 Half-Year

Pillar 3 Disclosures

30 June 2023

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Basis of preparation

This report presents the half-year Pillar 3 disclosures of Lloyds Bank Corporate Markets plc ('the Bank') as at 30 June 2023 and should be read in conjunction with the Bank's 2023 Half-Year Results.

The disclosures have been prepared in accordance with the Disclosure section of the PRA Rulebook.

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:

PRA reference	Template name	Reason for exclusion
CR2a	Changes in the stock of non-performing loans and advances and related net accumulated recoveries	Threshold for disclosure not met
CQ2	Quality of forbearance	Threshold for disclosure not met
CQ7	Collateral obtained by taking possession and execution processes	No collateral taken into possession is recognised on the balance sheet
CR7	IRB – Effect on the RWAs of credit derivatives used as CRM techniques	Excluded on materiality basis
CR10.3	Specialised lending - Object finance (Slotting approach)	Not applicable to the Bank
CR10.4	Specialised lending: Commodities finance (Slotting approach)	Not applicable to the Bank
CR10.5	Equity exposures subject to the simple risk weight method	Not applicable to the Bank

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. Template TLAC 2 is included within the half-year Pillar 3 disclosures for Lloyds Banking Group plc and details the creditor hierarchy and nominal values of instruments issued by Lloyds Bank Corporate Markets plc. The Lloyds Banking Group plc 2023 Half-Year Pillar 3 Disclosures can be found on the Lloyds Banking Group plc website.

Key metric and overview of risk weighted exposure amounts

KM1: Key Metrics[1]

Ref		**30 Jun 2023**	31 Dec 2022	30 Jun 2022
	Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital (£m)	**3,055**	2,948	2,588
2	Tier 1 capital (£m)	**3,812**	3,705	3,345
3	Total capital (£m)	**4,380**	4,285	3,941
	Risk-weighted exposure amounts			
4	Total risk-weighted exposure amount (£m)	**21,079**	20,195	20,572
	Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	**14.5%**	14.6%	12.6%
6	Tier 1 ratio (%)	**18.1%**	18.3%	16.3%
7	Total capital ratio (%)	**20.8%**	21.2%	19.2%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)			
UK 7a	Additional CET1 SREP requirements (%)	**2.6%**	2.6%	2.3%
UK 7b	Additional AT1 SREP requirements (%)	**0.9%**	0.9%	0.8%
UK 7c	Additional T2 SREP requirements (%)	**1.1%**	1.1%	1.0%
UK 7d	Total SREP own funds requirements (%)	**12.6%**	12.6%	12.1%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	**2.500%**	2.500%	2.500%
9	Institution specific countercyclical capital buffer (%)	**0.535%**	0.506%	0.046%
11	Combined buffer requirement (%)	**3.035%**	3.006%	2.546%
UK 11a	Overall capital requirements (%)	**15.7%**	15.6%	14.6%
12	CET1 available after meeting minimum SREP own funds requirements (%)[2]	**7.4%**	7.5%	5.8%
	Leverage ratio			
13	Total exposure measure excluding claims on central banks (£m)	**76,243**	69,175	74,898
14	Leverage ratio excluding claims on central banks (%)	**5.0%**	5.4%	4.5%
	Additional leverage ratio disclosure requirements			
UK 14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.0%**	5.3%	4.5%
UK 14b	Leverage ratio including claims on central banks (%)	**4.0%**	4.2%	3.7%
UK 14c	Average leverage ratio excluding claims on central banks (%)[3]	**5.0%**		
UK 14d	Average leverage ratio including claims on central banks (%)	**4.0%**		
UK 14e	Countercyclical leverage ratio buffer (%)[4]	**0.2%**		
	Average Liquidity Coverage Ratio (weighted) (LCR)[5]			
15	Total high-quality liquid assets (HQLA) (Weighted value -average) (£m)	**25,298**	23,858	24,181
UK 16a	Cash outflows - Total weighted value - average (£m)	**27,264**	24,799	23,686
UK 16b	Cash inflows - Total weighted value - average (£m)	**12,026**	10,692	9,170
16	Total net cash outflows (adjusted value - average) (£m)	**15,238**	14,107	14,516
17	Average liquidity coverage ratio (%)	**167%**	170%	168%
	Average Net Stable Funding Ratio[6]			
18	Total available stable funding (Weighted value - average) (£m)	**27,652**	26,688	
19	Total required stable funding (Weighted value - average) (£m)	**19,899**	19,525	
20	Average NSFR ratio (%)	**139%**	137%	

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 2023, dynamic relief under the transitional arrangements amounted to nil (31 December 2022: £7 million) through CET1 capital.

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 average leverage exposure measure (excluding claims on central banks) for the period from 1 April 2023 to 30 June 2023 amounted to £75,569 million.

4 The countercyclical leverage ratio buffer (CCLB) is required to be rounded to the nearest tenth of a percentage.

5 The liquidity balances are calculated as the simple averages of month end observations over the 12 months preceding the end of each quarter.

6 The net stable funding balances are calculated as the simple averages of quarter-end observations over the previous 4 quarters.

Key metric and overview of risk weighted exposure amounts continued

IFRS 9-FL: Capital

Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs.

		30 Jun 2023[1]	31 Dec 2022[1]
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital (£m)	**3,055**	2,948
2	CET1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	**3,055**	2,941
3	Tier 1 capital (£m)	**3,812**	3,705
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	**3,812**	3,698
5	Total capital (£m)	**4,380**	4,285
6	Total capital as if IFRS 9 transitional arrangements had not been applied (£m)	**4,380**	4,288
	Risk-weighted exposure amounts		
7	Total risk-weighted exposure amount (£m)	**21,079**	20,195
8	Total risk-weighted exposure amount as if IFRS 9 transitional arrangements had not been applied (£m)	**21,079**	20,195
	Capital ratios (as a percentage of risk-weighted exposure amount)		
9	Common Equity Tier 1 ratio (%)	**14.5 %**	14.6 %
10	CET1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	**14.5 %**	14.6 %
11	Tier 1 ratio (%)	**18.1 %**	18.3 %
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	**18.1 %**	18.3 %
13	Total capital ratio (%)	**20.8 %**	21.2 %
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied (%)	**20.8 %**	21.2 %
	Leverage ratio		
15	Total exposure measure excluding claims on central banks (£m)	**76,243**	69,175
16	Leverage ratio excluding claims on central banks (%)	**5.0 %**	5.4 %
17	Leverage ratio excluding claims on central banks as if IFRS 9 transitional arrangements had not been applied (%)	**5.0 %**	5.3 %

1. No relief under the IFRS 9 transitional arrangements for capital was applied at 30 June 2022.

Common Equity Tier 1

The Bank's common equity tier 1 (CET1) capital ratio reduced to 14.5 per cent at 30 June 2023 compared to 14.6 per cent at 31 December 2022, largely reflecting profits for the period offset by the increase in risk-weighted assets.

Total Capital

The Bank's total capital ratio reduced to 20.8 per cent at 30 June 2023 compared to 21.2 per cent at 31 December 2022, largely reflecting the increase in CET1 capital offset by the increase in risk-weighted assets and a minor reduction in tier 2 capital.

Risk-Weighted Assets

Risk-weighted assets increased by £884 million, or 4.4 per cent, to £21,079 million at 30 June 2023, compared to £20,195 million at 31 December 2022, largely as a result of short term settlement balances at 30 June 2023 which have since cleared, an increase in market risk risk-weighted assets, plus planned asset growth.

Leverage

The Bank's UK leverage ratio has reduced to 5.0 per cent at 30 June 2023 from 5.4 per cent at 31 December 2022. This reflected the increase in the exposure measure due to an increase in securities financing transactions, other trading assets and off-balance sheet items.

Liquidity

The Bank's liquidity coverage ratio (LCR) was 167 per cent (based on a monthly rolling average over the previous 12 months) as at 30 June 2023 (31 December 2022: 170 per cent). The 3 per cent decrease is due to an increase in total net outflows, related to higher derivative exposure outflows from market volatility post the mini-budget in late 2022. Liquid assets also increased primarily from an increase in customer deposits. The Bank's net stable funding ratio (NSFR) was 139 per cent (based on a quarterly rolling average over the previous 4 quarters) as at 30 June 2023 (31 December 2022: 137 per cent).

Key metric and overview of risk weighted exposure amounts continued

OV1: Overview of risk-weighted assets

		Total RWA		Total own funds requirements
		30 Jun 2023	31 Dec 2022	**30 Jun 2023**
		£m	£m	**£m**
1	**Credit risk (excluding CCR)**	**10,523**	10,119	**841**
2	Of which the standardised approach	**1,406**	1,095	**112**
3	Of which the foundation IRB (FIRB) approach	**8,374**	8,301	**670**
4	Of which slotting approach	**217**	213	**17**
UK 4a	Of which equities under the simple risk weighted approach	**450**	450	**36**
	Of which: non-credit obligation assets[1]	**76**	60	**6**
6	**Counterparty credit risk - CCR**	**5,420**	5,515	**434**
7	Of which the standardised approach	**4,873**	4,989	**390**
UK 8a	Of which exposures to a CCP	**77**	65	**6**
UK 8b	Of which credit valuation adjustment - CVA	**221**	302	**18**
9	Of which other CCR	**249**	159	**20**
16	**Securitisation exposures in the non-trading book (after the cap)**	**568**	498	**45**
18	Of which SEC-ERBA approach (including IAA)	**163**	156	**13**
19	Of which SEC-SA approach	**405**	342	**32**
20	**Position, foreign exchange and commodities risks (Market risk)**	**3,622**	3,133	**290**
21	Of which the standardised approach	**411**	204	**33**
22	Of which IMA	**3,211**	2,929	**257**
23	**Operational risk**	**946**	930	**76**
UK 23b	Of which standardised approach	**946**	930	**76**
24	Memo: Amounts below the thresholds for deduction (subject to 250% risk weight)	**498**	509	**40**
29	**Total**	**21,079**	20,195	**1,686**
	Pillar 2A capital requirement[2]			**976**
	Total capital requirement			**2,662**

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

2 As at 30 June 2023, the Pillar 2A capital requirement was around 4.6 per cent of risk-weighted assets, of which around 2.6 per cent was to be met with CET1 capital.

Own funds

CC1: Composition of regulatory own funds

The capital positions presented below reflect the application of the transitional arrangements for IFRS 9.

		30 Jun 2023 £m	31 Dec 2022 £m	CC2 Reference
Common Equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	**370**	370	
	of which: called up share capital	**370**	370	a
2	Retained earnings	**2,810**	2,810	c
3	Accumulated other comprehensive income (and other reserves)	**(578)**	(530)	c
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend[1]	**109**	—	c
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**2,711**	2,650	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments	**(142)**	(162)	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	**565**	519	
12	Negative amounts resulting from the calculation of expected loss amounts	**(45)**	(32)	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	**(34)**	(34)	
27a	Other regulatory adjustments to CET1 capital	**—**	7	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**344**	298	
29	**Common Equity Tier 1 (CET1) capital**	**3,055**	2,948	
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)**	**3,812**	3,705	
Tier 2 (T2) capital: instruments				
46	Capital instruments and the related share premium accounts	**678**	706	d
51	**Tier 2 (T2) capital before regulatory adjustments**	**678**	706	
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)	**(110)**	(116)	
UK-56b	Other regulatory adjustments to T2 capital	**—**	(10)	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**(110)**	(126)	
58	**Tier 2 (T2) capital**	**568**	580	
59	**Total capital**	**4,380**	4,285	
60	**Total risk exposure amount**	**21,079**	20,195	
Capital ratios and buffers				
61	**Common Equity Tier 1 (as a percentage of total risk exposure amount)**	**14.5%**	14.6%	
62	**Tier 1 (as a percentage of total risk exposure amount)**	**18.1%**	18.3%	
63	**Total capital (as a percentage of total risk exposure amount)**	**20.8%**	21.2%	
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)	**10.1%**	10.1%	
65	of which: capital conservation buffer requirement	**2.500%**	2.500%	
66	of which: countercyclical buffer requirement	**0.535%**	0.506%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	**7.4%**	7.5%	
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)	**30**	11	
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)	**180**	180	
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)	**19**	23	
Applicable caps on the inclusion of provisions in Tier 2				
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	**80**	79	

1 The reported amount for 30 June 2023 through row UK-5a reflects the independently reviewed interim profits of the Bank attributable to ordinary shareholders. The externally audited profits for the year to 31 December 2022 are included in row 2 (Retained earnings).

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 2023 which forms the basis for the calculation of the Bank's regulatory own funds as presented in table CC1. There is no difference between the Bank's accounting and regulatory balance sheets.

		Bank balance sheet at 30 June 2023 £m	Reference[1]
Assets			
1	Cash and balances at central banks	**19,793**	
3	Financial assets at fair value through profit or loss	**20,473**	
4	Derivative financial instruments	**24,831**	
5	Loans and advances to banks	**1,759**	
6	Loans and advances to customers	**18,650**	
7	Reverse repurchase agreements	**5,474**	
8	Debt Securities	**377**	
9	Due from fellow Lloyds Banking Group undertakings	**527**	
10	Financial assets at amortised cost	**26,787**	
11	Financial assets at fair value through other comprehensive income	**4**	
12	Property, plant and equipment	**40**	
13	Current tax recoverable	**4**	
14	Deferred tax assets	**239**	
15	Investment in subsidiary undertakings	**180**	
16	Other assets	**1,969**	
17	**Total assets**	**94,320**	
Liabilities			
1	Deposits from banks	**2,748**	
2	Customer deposits	**29,892**	
3	Repurchase agreements at amortised cost	**—**	
4	Due to fellow Lloyds Banking Group undertakings	**1,428**	
5	Financial liabilities at fair value through profit or loss	**18,828**	
6	Derivative financial instruments	**20,293**	
7	Debt securities in issue	**15,268**	
8	Current tax liabilities	**13**	
9	Other provisions	**16**	
10	Other liabilities	**1,608**	
11	Subordinated liabilities	**733**	d
12	**Total liabilities**	**90,827**	
Shareholders' equity			
1	Called up share capital	**370**	
2	of which: share capital	**370**	a
3	Other equity instruments	**782**	b
4	Retained earnings, accumulated other comprehensive income and other reserves[2]	**2,341**	c
5	**Total equity excluding non-controlling interests**	**3,493**	
6	Non-controlling interests	**—**	
7	**Total equity**	**3,493**	
8	**Total equity and liabilities**	**94,320**	

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.

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

30 Jun 2023

	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	%	%
United Kingdom	1,383	13,900	22	50	2,060	17,415	531	11	36	578	7,223	47.99%	1.00%
Australia	—	—	3	6	—	9	—	1	—	1	16	0.11%	1.00%
Bulgaria	—	—	—	—	—	—	—	—	—	—	—	—	1.50%
Croatia	—	—	—	—	—	—	—	—	—	—	—	—	0.50%
Czech Republic	—	—	—	—	—	—	—	—	—	—	—	—	2.50%
Denmark	—	—	—	—	—	—	—	—	—	—	—	—	2.50%
Estonia	—	—	—	—	—	—	—	—	—	—	—	—	1.00%
France	2	103	1	3	—	109	3	—	—	3	39	0.26%	0.50%
Germany	—	144	14	32	215	405	2	6	2	10	125	0.83%	0.75%
Hong Kong	1	13	—	—	—	14	1	—	—	1	7	0.05%	1.00%
Iceland	—	—	—	—	—	—	—	—	—	—	—	—	2.00%
Ireland	11	151	—	—	—	162	6	—	—	6	80	0.53%	0.50%
Luxembourg	5	3,682	—	—	—	3,687	74	—	—	74	929	6.17%	0.50%
Netherlands	87	172	2	5	—	266	13	1	—	14	176	1.17%	1.00%
Norway	—	3	—	—	—	3	—	—	—	—	3	0.02%	2.50%
Romania	—	—	—	—	—	—	—	—	—	—	—	—	0.50%
Slovakia	—	—	—	—	—	—	—	—	—	—	—	—	1.00%
Sweden	—	—	—	—	—	—	—	—	—	—	—	—	2.00%
i) Total[1]	1,489	18,168	42	96	2,275	22,070	630	19	38	687	8,598	57.13%	
United States of America	202	9,668	10	23	613	10,516	287	5	7	299	3,734	24.81%	—
Jersey	698	1,039	—	—	—	1,737	53	—	—	53	662	4.40%	—
Guernsey	643	2,676	—	—	—	3,319	81	—	—	81	1,009	6.70%	—
Bermuda	39	1,567	—	—	—	1,606	26	—	—	26	320	2.13%	—
Switzerland	140	111	—	—	—	251	12	—	—	12	153	1.02%	—
Isle of Man	348	113	—	—	—	461	16	—	—	16	197	1.31%	—
ii) Total[1]	2,070	15,174	10	23	613	17,890	475	5	7	487	6,075	40.37%	
iii) Rest of the World[1]	143	725	1	2	—	871	29	1	—	30	380	2.50%	
Total	3,702	34,067	53	121	2,888	40,831	1,134	25	45	1,204	15,053	100.00%	

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

31 Dec 2022

	General credit exposures[2,3]		Relevant credit exposures - Market risk[2]		Securitisation exposures[3]		Own fund requirements						
	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	of which: Credit risk[2,3]	of which: Market risk[2]	of which: Securitisation positions[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	%	%
United Kingdom	353	13,508	7	16	1,980	15,864	514	3	30	547	6,833	47.08%	1.00%
Bulgaria	–	–	–	–	–	–	–	–	–	–	–	–	1.00%
Czech Republic	–	–	–	–	–	–	–	–	–	–	–	–	1.50%
Denmark	–	–	–	–	–	–	–	–	–	–	–	–	2.00%
Estonia	–	–	–	–	–	–	–	–	–	–	–	–	1.00%
Hong Kong	1	13	–	–	–	14	1	–	–	1	7	0.05%	1.00%
Iceland	–	–	–	–	–	–	–	–	–	–	–	–	2.00%
Luxembourg	4	3,515	–	–	–	3,519	72	–	–	72	899	6.20%	0.50%
Norway	–	41	–	–	–	41	2	–	–	2	25	0.17%	2.00%
Romania	–	–	–	–	–	–	–	–	–	–	–	–	0.50%
Slovakia	–	–	–	–	–	–	–	–	–	–	–	–	1.00%
Sweden	–	–	–	–	–	–	–	–	–	–	–	–	1.00%
i) Total[1]	358	17,077	7	16	1,980	19,438	589	3	30	622	7,764	53.50%	
United States of America	204	9,129	6	14	648	10,001	270	3	8	281	3,512	24.20%	–
Jersey	711	847	–	–	–	1,558	55	–	–	55	684	4.71%	–
Guernsey	627	2,748	–	–	–	3,375	83	–	–	83	1,041	7.17%	–
Bermuda	19	1,516	–	–	–	1,535	28	–	–	28	346	2.39%	–
Isle of Man	359	81	–	–	–	440	16	–	–	16	199	1.37%	–
Netherlands	124	118	–	–	–	242	12	–	–	12	154	1.06%	–
ii) Total[1]	2,044	14,439	6	14	648	17,151	464	3	8	475	5,936	40.90%	
iii) Rest of the World[1]	291	1,232	16	38	222	1,799	54	8	2	64	812	5.60%	
Total	2,693	32,748	29	68	2,850	38,388	1,107	14	40	1,161	14,512	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.

CCyB2: Amount of institution-specific countercyclical capital buffer

	30 Jun 2023	31 Dec 2022
1 Total risk exposure amount	**£21,079m**	£20,195m
2 Institution specific countercyclical capital buffer rate	**0.535%**	0.506%
3 Institution specific countercyclical capital buffer requirement	**£113m**	£102m

Leverage

LR2: Leverage ratio common disclosure

		30 Jun 2023 £m	31 Dec 2022 £m
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	**46,434**	44,566
3	Deductions of receivables assets for cash variation margin provided in derivatives transactions	**(1,844)**	(2,242)
6	Asset amounts deducted in determining tier 1 capital (leverage)	**(58)**	(36)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	**44,532**	42,288
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	**13,151**	12,898
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	**7,602**	7,523
11	Adjusted effective notional amount of written credit derivatives	**232**	529
12	Adjusted effective notional offsets and add-on deductions for written credit derivatives	**(53)**	(330)
13	Total derivatives exposures	**20,932**	20,620
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	**37,794**	38,908
15	Netted amounts of cash payables and cash receivables of gross SFT assets	**(16,229)**	(21,520)
16	Counterparty credit risk exposure for SFT assets	**868**	706
18	Total securities financing transaction exposures	**22,433**	18,094
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	**19,375**	17,159
20	Adjustments for conversion to credit equivalent amounts	**(9,726)**	(8,472)
21	(General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated associated with off-balance sheet exposures)	**(4)**	(12)
22	Off-balance sheet exposures	**9,645**	8,675
Excluded exposures			
UK-22a	Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR	**(1,510)**	(1,124)
UK-22k	Total exempted exposures	**(1,510)**	(1,124)
Capital and total exposure measure			
23	Tier 1 capital (leverage)	**3,812**	3,705
24	Total exposure measure including claims on central banks	**96,032**	88,553
UK-24a	(-) Claims on central banks excluded	**(19,789)**	(19,378)
UK-24b	Total exposure measure excluding claims on central banks	**76,243**	69,175
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	**5.0%**	5.4%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.0%**	5.3%
UK-25c	Leverage ratio including claims on central banks (%)	**4.0%**	4.2%
26	Regulatory minimum leverage ratio requirement (%)	**3.25%**	
Additional leverage ratio disclosure requirements – leverage ratio buffers			
27	Leverage ratio buffer (%)	**0.2%**	
UK-27b	Of which: countercyclical leverage ratio buffer (%)[1]	**0.2%**	
Additional leverage ratio disclosure requirements – disclosure of mean values[2]			
28	Mean of daily values of gross SFT assets (over the quarter), after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	**21,076**	
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**21,565**	
UK-31	Average total exposure measure including claims on central banks	**95,988**	
UK-32	Average total exposure measure excluding claims on central banks	**75,569**	
UK-33	Average leverage ratio including claims on central banks	**4.0%**	
UK-34	Average leverage ratio excluding claims on central banks	**5.0%**	

1 The countercyclical leverage ratio buffer (CCLB) is required to be rounded to the nearest tenth of a percentage.

2 In reference to the preceding quarter.

Leverage continued

LR1: Summary reconciliation of accounting assets and leverage ratio exposures

		30 Jun 2023 £m	31 Dec 2022 £m
1	Total assets as per published financial statements	**94,320**	86,725
4	Adjustment for exemption of exposures to central banks	**(19,789)**	(19,378)
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	**(1,489)**	(124)
8	Adjustment for derivative financial instruments	**(4,287)**	(5,017)
9	Adjustment for securities financing transactions (SFTs)	**868**	706
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)[1]	**9,649**	8,687
11	Adjustment for items and specific and general provisions which have reduced tier 1 capital (leverage)	**(62)**	(48)
UK-11a	Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR	**(2,967)**	(2,376)
13	Total exposure measure	**76,243**	69,175

1 Gross of specific provisions. The amount net of specific provisions at 30 June 2023 is £9,645 million (31 December 2022: £8,675 million).

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

		30 Jun 2023 £m	31 Dec 2022 £m
UK-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**46,291**	44,435
UK-2	**Trading book exposures**	**3,959**	2,432
UK-3	**Banking book exposures, of which:**	**42,332**	42,003
UK-5	Exposures treated as sovereigns	**19,967**	19,628
UK-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	**16**	17
UK-7	Institutions	**506**	575
UK-8	Secured by mortgages of immovable properties	**1,454**	1,418
UK-9	Retail exposures	**49**	62
UK-10	Corporates	**14,495**	14,987
UK-11	Exposures in default	**182**	178
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	**5,663**	5,138

Credit risk

The tables in this section reflect FINREP regulatory reporting categories and definitions. The reported values for defaulted exposure reflect a definition of default backstop of 90 days..

CR1: Performing and non-performing exposures and related provisions

		30 Jun 2023														
		Gross carrying amount/nominal amount[1]						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions[1]							Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3	Accumulated partial write-off	On performing exposures	On non-performing exposures
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005	**Cash balances at central banks and other demand deposits**	**19,929**	**19,929**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
010	**Loans and advances**	**26,539**	**26,003**	**268**	**26**	**1**	**24**	**(26)**	**(21)**	**(5)**	**(1)**	**—**	**(1)**	**—**	**1,814**	**—**
030	General governments	5	5	—	—	—	—	—	—	—	—	—	—	—	—	—
040	Credit institutions	3,312	3,312	—	—	—	—	(2)	(2)	—	—	—	—	—	—	—
050	Other financial corporations	20,418	20,104	48	—	—	—	(16)	(15)	(1)	—	—	—	—	6	—
060	Non-financial corporations	1,320	1,099	219	24	1	22	(7)	(3)	(4)	—	—	—	—	334	—
080	Households	1,484	1,483	1	2	—	2	(1)	(1)	—	(1)	—	(1)	—	1,474	—
090	**Debt securities**	**381**	**288**	**92**	**143**	**—**	**—**	**(3)**	**—**	**(3)**	**—**	**—**	**—**	**—**	**—**	**—**
110	General governments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
120	Credit institutions	88	88	—	—	—	—	—	—	—	—	—	—	—	—	—
130	Other financial corporations	293	200	92	—	—	—	(3)	—	(3)	—	—	—	—	—	—
140	Non-financial corporations	—	—	—	143	—	—	—	—	—	—	—	—	—	—	—
150	**Off-balance-sheet exposures**	**18,991**	**18,794**	**197**	**—**	**—**	**—**	**(12)**	**(10)**	**(2)**	**—**	**—**	**—**		**2,152**	**—**
170	General governments	44	44	—	—	—	—	—	—	—	—	—	—		—	—
180	Credit institutions	965	956	9	—	—	—	—	—	—	—	—	—		383	—
190	Other financial corporations	14,287	14,116	171	—	—	—	(9)	(8)	(1)	—	—	—		1,761	—
200	Non-financial corporations	3,667	3,650	17	—	—	—	(3)	(2)	(1)	—	—	—		8	—
210	Households	28	28	—	—	—	—	—	—	—	—	—	—		—	—
220	**Total**	**65,840**	**65,014**	**557**	**169**	**1**	**24**	**(41)**	**(31)**	**(10)**	**(1)**	**—**	**(1)**	**—**	**3,966**	**—**

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.

CR1: Performing and non-performing exposures and related provisions continued

		31 Dec 2022														
		Gross carrying amount/nominal amount[1]						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions[1]							Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3	Accumulated partial write-off	On performing exposures	On non-performing exposures
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005	Cash balances at central banks and other demand deposits	19,519	19,519	–	–	–	–	–	–	–	–	–	–	–	–	–
010	Loans and advances	27,254	25,950	1,052	23	–	23	(41)	(24)	(17)	(1)	–	(1)	–	1,959	–
030	General governments	31	31	–	–	–	–	–	–	–	–	–	–	–	–	–
040	Credit institutions	2,515	2,493	22	–	–	–	(4)	(2)	(2)	–	–	–	–	–	–
050	Other financial corporations	21,882	20,849	783	–	–	–	(28)	(18)	(10)	–	–	–	–	6	–
060	Non-financial corporations	1,372	1,126	244	21	–	21	(8)	(3)	(5)	–	–	–	–	511	–
080	Households	1,454	1,451	3	2	–	2	(1)	(1)	–	(1)	–	(1)	–	1,442	–
090	Debt securities	311	310	–	155	–	–	–	–	–	–	–	–	–	–	–
110	General governments	21	21	–	–	–	–	–	–	–	–	–	–	–	–	–
120	Credit institutions	92	92	–	–	–	–	–	–	–	–	–	–	–	–	–
130	Other financial corporations	198	197	–	155	–	–	–	–	–	–	–	–	–	–	–
140	Non-financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
150	Off-balance-sheet exposures	17,174	16,720	454	–	–	–	(18)	(11)	(7)	–	–	–		1,693	–
170	General governments	145	145	–	–	–	–	–	–	–	–	–	–		–	–
180	Credit institutions	997	997	–	–	–	–	–	–	–	–	–	–		408	–
190	Other financial corporations	12,725	12,308	417	–	–	–	(14)	(8)	(6)	–	–	–		1,274	–
200	Non-financial corporations	3,217	3,180	37	–	–	–	(4)	(3)	(1)	–	–	–		11	–
210	Households	90	90	–	–	–	–	–	–	–	–	–	–		–	–
220	Total	64,258	62,499	1,506	178	–	23	(59)	(35)	(24)	(1)	–	(1)	–	3,652	–

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 continued

CR1-A: Maturity of exposures

		30 Jun 2023					
		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	**74**	**14,811**	**9,955**	**1,698**	**—**	**26,538**
2	Debt securities	**—**	**83**	**344**	**94**	**—**	**521**
3	**Total**	**74**	**14,894**	**10,299**	**1,792**	**—**	**27,059**
		31 Dec 2022					
		£m	£m	£m	£m	£m	£m
1	Loans and advances	72	13,724	11,577	1,862	—	27,235
2	Debt securities	—	108	230	128	—	466
3	**Total**	72	13,832	11,807	1,990	—	27,701

Key movements

- Movement in Loans and Advances <= 1 year driven by increase in exposures to Institutions and migration from >1 year <= 5 years banding.
- Movement in Loans and Advances >1 year <= 5 years driven by reduction in reverse repurchase transactions and migration of balances to <= 1 year banding.

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 2022	23
020	Inflows to non-performing portfolios	**6**
030	**Outflows from non-performing portfolios**	**(3)**
040	Outflows due to write-offs	**—**
050	Outflow due to other situations	**(3)**
060	**Final stock of non-performing loans and advances at 30 June 2023**	**26**

Credit risk continued

CQ1: Credit quality of forborne exposures

		30 Jun 2023							
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne	Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
		£m	£m	£m	£m	£m	£m	£m	£m
010	**Loans and advances**	**—**	**26**	**25**	**25**	**—**	**(1)**	**—**	**—**
060	Non-financial corporations	**—**	**24**	**23**	**23**	**—**	**—**	**—**	**—**
070	Households	**—**	**2**	**2**	**2**	**—**	**(1)**	**—**	**—**
080	**Debt Securities**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
090	**Loan commitments given**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
100	**Total**	**—**	**26**	**25**	**25**	**—**	**(1)**	**—**	**—**
		31 Dec 2022							
		£m	£m	£m	£m	£m	£m	£m	£m
010	Loans and advances	—	23	23	23	—	(1)	—	—
060	Non-financial corporations	—	21	21	21	—	—	—	—
070	Households	—	2	2	2	—	(1)	—	—
080	Debt Securities	—	—	—	—	—	—	—	—
090	Loan commitments given	—	—	—	—	—	—	—	—
100	Total	—	23	23	23	—	(1)	—	—

Credit risk continued

CQ4: Quality of non-performing exposures by geography

		30 Jun 2023				
		Gross carrying/nominal amount				
		Total performing and non-performing	Of which defaulted	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
		£m	£m	£m	£m	£m
010	**On-balance-sheet exposures**	**27,089**	**168**	**(30)**		**—**
020	Bermuda	**95**	**—**	**—**		**—**
030	Cayman Islands	**418**	**—**	**(1)**		**—**
040	France	**4,621**	**—**	**—**		**—**
050	Guernsey	**2,163**	**4**	**(2)**		**—**
060	Isle of Man	**423**	**3**	**(1)**		**—**
070	Jersey	**1,312**	**15**	**(3)**		**—**
080	Luxembourg	**1,914**	**—**	**(2)**		**—**
090	United Kingdom	**8,053**	**146**	**(13)**		**—**
100	United States	**6,685**	**—**	**(7)**		**—**
110	Other countries	**1,405**	**—**	**(1)**		**—**
120	**Off-balance-sheet exposures**	**18,991**	**—**		**(12)**	
130	Bermuda	**1,172**	**—**		**—**	
140	Cayman Islands	**88**	**—**		**—**	
150	France	**—**	**—**		**—**	
160	Guernsey	**1,352**	**—**		**(1)**	
170	Isle of Man	**50**	**—**		**—**	
180	Jersey	**353**	**—**		**—**	
190	Luxembourg	**2,038**	**—**		**(1)**	
200	United Kingdom	**5,801**	**—**		**(4)**	
210	United States	**7,774**	**—**		**(6)**	
220	Other countries	**363**	**—**		**—**	
230	**Total**	**46,080**	**168**	**(30)**	**(12)**	**—**

		31 Dec 2022				
		£m	£m	£m	£m	£m
010	On-balance-sheet exposures	27,743	178	(43)		—
020	Bermuda	71	—	—		—
030	France	5,592	—	—		—
040	Guernsey	2,398	3	(3)		—
050	Jersey	1,097	15	(2)		—
060	Luxembourg	2,493	—	(4)		—
070	United Kingdom	7,514	157	(18)		—
080	United States	6,551	—	(14)		—
090	Other countries	2,027	3	(2)		—
100	Off-balance-sheet exposures	17,174	—		(18)	
110	Bermuda	1,551	—		—	
120	France	—	—		—	
130	Guernsey	1,041	—		(1)	
140	Jersey	322	—		—	
150	Luxembourg	1,614	—		(2)	
160	United Kingdom	5,128	—		(5)	
170	United States	7,055	—		(10)	
180	Other countries	463	—		—	
190	Total	44,917	178	(43)	(18)	—

Credit risk continued

CQ5: Quality of loans and advances to non-financial corporations by industry

		30 Jun 2023			
		Gross carrying amount			
			Of which defaulted	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		£m	£m	£m	£m
010	Agriculture, forestry and fishing	**1**	**—**	**—**	**—**
020	Mining and quarrying	**9**	**—**	**—**	**—**
030	Manufacturing	**248**	**—**	**—**	**—**
040	Electricity, gas, steam and air conditioning supply	**71**	**1**	**(1)**	**—**
060	Construction	**6**	**—**	**—**	**—**
070	Wholesale and retail trade	**90**	**—**	**(1)**	**—**
090	Accommodation and food service activities	**3**	**—**	**—**	**—**
100	Information and communication	**133**	**—**	**—**	**—**
120	Real estate activities	**691**	**21**	**(4)**	**—**
130	Professional, scientific and technical activities	**63**	**—**	**(1)**	**—**
140	Administrative and support service activities	**11**	**—**	**—**	**—**
170	Human health services and social work activities	**3**	**—**	**—**	**—**
190	Other services	**14**	**—**	**—**	**—**
200	**Total**	**1,343**	**22**	**(7)**	**—**

		31 Dec 2022			
		£m	£m	£m	£m
010	Agriculture, forestry and fishing	1	—	—	—
020	Mining and quarrying	7	—	—	—
030	Manufacturing	308	—	—	—
040	Electricity, gas, steam and air conditioning supply	37	—	—	—
060	Construction	2	—	—	—
070	Wholesale and retail trade	106	—	(1)	—
090	Accommodation and food service activities	1	—	—	—
100	Information and communication	117	—	—	—
120	Real estate activities	629	21	(6)	—
130	Professional, scientific and technical activities	135	—	(1)	—
140	Administrative and support service activities	—	—	—	—
170	Human health services and social work activities	35	—	—	—
190	Other services	16	—	—	—
200	Total	1,394	21	(8)	—

Credit risk continued

CR3: CRM techniques – Overview

	30 Jun 2023				
	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	**24,724**	**1,814**	**1,813**	**1**	**1**
Debt securities	**521**	**—**	**—**	**—**	
Total	**25,245**	**1,814**	**1,813**	**1**	**1**
Of which non-performing exposures	**169**	**—**	**—**	**—**	**—**
Of which defaulted	**167**	**—**			

	31 Dec 2022				
	£m	£m	£m	£m	£m
Loans and advances	25,277	1,958	1,957	1	1
Debt securities	466	—	—	—	
Total	25,743	1,958	1,957	1	1
Of which non-performing exposures	178	—	—	—	—
Of which defaulted	178	—			

Credit risk continued

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

		30 Jun 2023					
		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density[1]	
	Exposure classes	On-balance-sheet exposures £m	Off-balance-sheet exposures £m	On-balance-sheet exposures £m	Off-balance-sheet amount £m	RWAs £m	RWAs density %
1	Central governments or central banks	**11,496**	**—**	**11,496**	**—**	**49**	**—%**
3	Public sector entities	**16**	**—**	**16**	**—**	**—**	**—%**
4	Multilateral development banks	**72**	**—**	**72**	**—**	**—**	**—%**
6	Institutions	**184**	**444**	**121**	**9**	**76**	**58%**
7	Corporates	**382**	**870**	**382**	**195**	**695**	**120%**
8	Retail	**49**	**30**	**49**	**14**	**44**	**70%**
9	Secured by mortgages on immovable property	**1,454**	**—**	**1,454**	**—**	**509**	**35%**
10	Exposures in default	**7**	**—**	**7**	**—**	**9**	**122%**
13	Institutions and corporates with a short-term credit assessment	**—**	**—**	**—**	**—**	**—**	**—%**
16	Other items	**24**	**—**	**24**	**—**	**24**	**100%**
17	**TOTAL**	**13,684**	**1,344**	**13,621**	**218**	**1,406**	**10%**

		31 Dec 2022					
	Exposure classes	£m	£m	£m	£m	£m	%
1	Central governments or central banks	11,512	—	11,512	—	59	1%
3	Public sector entities	17	—	17	—	—	—%
4	Multilateral development banks	75	—	75	—	—	—%
6	Institutions	167	472	98	13	52	46%
7	Corporates	297	1,121	291	249	373	69%
8	Retail	62	92	62	45	76	71%
9	Secured by mortgages on immovable property	1,418	2	1,418	2	500	35%
10	Exposures in default	7	—	7	—	9	128%
13	Institutions and corporates with a short-term credit assessment	—	83	—	6	1	20%
16	Other items	25	—	25	—	24	98%
17	TOTAL	13,580	1,770	13,506	315	1,095	8%

1. Risk-weighted assets and density reported in this table are disclosed after application of supporting factors.

Key movement

– Movement in Corporates RWAs density driven by short term settlement balances at 30 June 2023 which have since cleared.

Credit risk continued

CR8: Risk-weighted assets flow statements of credit risk exposures - year to 30 Jun 2023

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 and other non-credit obligation assets.

		Total RWA quarter to 30 Jun 2023	Total RWA YTD 30 Jun 2023
		£m	£m
1	Risk weighted exposure amount as at the end of previous reporting period	9,100	8,514
2	Asset size (+/-)	**(311)**	**551**
3	Asset quality (+/-)	**(12)**	**(133)**
7	Foreign exchange movements (+/-)	**(186)**	**(341)**
9	**Risk weighted exposure amount as at the end of the reporting period**	**8,591**	**8,591**

Key movements year to date 30 June 2023

– Asset size increase driven by net new lending.

– Foreign exchange movements, principally driven by movements in the US Dollar.

Credit risk continued

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

30 Jun 2023

F-IRB		Total exposure at default	Credit risk Mitigation techniques: Funded credit Protection (FCP): 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	Unfunded credit Protection (UFCP): Part of exposures covered by Guarantees	Part of exposures covered by Credit Derivatives	Credit risk Mitigation methods in the calculation of RWAs: RWA with substitution effects (both reduction and substitution effects)
		£m	%	%	%	%	%	%	%	%	£m
1	**Central governments and central banks**	**8,611**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**366**
2	**Institutions**	**944**	**40.39%**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**174**
3	**Corporates**	**24,839**	**5.50%**	**1.63%**	**1.63%**	**—**	**—**	**—**	**—**	**0.05%**	**8,051**
3.1	Of which Corporates – SMEs	**306**	**70.84%**	**23.83%**	**23.83%**	**—**	**—**	**—**	**—**	**—**	**30**
3.2	Of which Corporates – Specialised lending	**392**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**217**
3.3	Of which Corporates – Other	**24,141**	**4.76%**	**1.37%**	**1.37%**	**—**	**—**	**—**	**—**	**0.05%**	**7,804**
4	**Total**	**34,394**	**5.08%**	**1.17%**	**1.17%**	**—**	**—**	**—**	**—**	**0.04%**	**8,591**

31 Dec 2022

F-IRB		£m	%	%	%	%	%	%	%	%	£m
1	Central governments and central banks	8,246	—	—	—	—	—	—	—	—	304
2	Institutions	1,042	39.16%	—	—	—	—	—	—	4.42%	180
3	Corporates	23,834	4.16%	1.92%	1.92%	—	—	—	—	0.05%	8,029
3.1	Of which Corporates – SMEs	299	57.89%	24.35%	24.35%	—	—	—	—	—	38
3.2	Of which Corporates – Specialised lending	388	—	—	—	—	—	—	—	—	213
3.3	Of which Corporates – Other	23,147	3.53%	1.66%	1.66%	—	—	—	—	0.06%	7,777
4	Total	33,122	4.22%	1.38%	1.38%	—	—	—	—	0.18%	8,514

Credit risk continued

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

		30 Jun 2023					
		On-balance sheet exposure	**Off-balance sheet exposure**	**Risk weight**	**Exposure value**	**Risk weighted exposure amount**	**Expected loss amount**
Regulatory categories	**Remaining maturity**	**£m**	**£m**	**%**	**£m**	**£m**	**£m**
1) Strong	Less than 2.5 years	**61**	**49**	**50%**	**97**	**49**	**—**
	Equal to or more than 2.5 years	**69**	**2**	**70%**	**70**	**49**	**—**
2) Good	Less than 2.5 years	**—**	**—**	**70%**	**—**	**—**	**—**
	Equal to or more than 2.5 years	**—**	**—**	**90%**	**—**	**—**	**—**
5) Default	Less than 2.5 years	**—**	**—**	**—**	**—**	**—**	**—**
	Equal to or more than 2.5 years	**—**	**5**	**—**	**4**	**—**	**2**
Total	**Less than 2.5 years**	**61**	**49**		**97**	**49**	**—**
	Equal to or more than 2.5 years	**69**	**7**		**74**	**49**	**2**

		31 Dec 2022					
Regulatory categories	Remaining maturity	£m	£m	%	£m	£m	£m
1) Strong	Less than 2.5 years	75	1	50%	75	38	—
	Equal to or more than 2.5 years	34	2	70%	36	25	—
2) Good	Less than 2.5 years	—	—	70%	—	—	—
	Equal to or more than 2.5 years	28	8	90%	33	30	—
5) Default	Less than 2.5 years	—	—	-	—	—	—
	Equal to or more than 2.5 years	—	—	-	—	—	—
Total	Less than 2.5 years	75	1		75	38	—
	Equal to or more than 2.5 years	62	10		69	55	—

Credit risk continued

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

		30 Jun 2023					
		On-balance sheet exposure	**Off-balance sheet exposure**	**Risk weight**	**Exposure value**	**Risk weighted exposure amount**	**Expected loss amount**
Regulatory categories	**Remaining maturity**	**£m**	**£m**	**%**	**£m**	**£m**	**£m**
1) Strong	Less than 2.5 years	**121**	**2**	**50%**	**122**	**61**	**—**
	Equal to or more than 2.5 years	**3**	**—**	**70%**	**3**	**2**	**—**
2) Good	Less than 2.5 years	**80**	**—**	**70%**	**80**	**56**	**—**
	Equal to or more than 2.5 years	**—**	**—**	**90%**	**—**	**—**	**—**
5) Default	Less than 2.5 years	**15**	**—**		**15**	**—**	**8**
	Equal to or more than 2.5 years	**—**	**—**		**—**	**—**	**—**
Total	**Less than 2.5 years**	**216**	**2**		**217**	**117**	**8**
	Equal to or more than 2.5 years	**3**	**—**		**3**	**2**	**—**

		31 Dec 2022					
Regulatory categories	Remaining maturity	£m	£m	%	£m	£m	£m
1) Strong	Less than 2.5 years	199	2	50%	201	100	—
	Equal to or more than 2.5 years	3	—	70%	3	2	—
2) Good	Less than 2.5 years	25	—	70%	25	18	—
	Equal to or more than 2.5 years	—	—	90%	—	—	—
5) Default	Less than 2.5 years	15	—		15	—	8
	Equal to or more than 2.5 years	—	—		—	—	—
Total	Less than 2.5 years	239	2		241	118	8
	Equal to or more than 2.5 years	3	—		3	2	—

Market Risk

MR2-B: Risk-weighted assets flow statements of market risk exposures under an Internal Model Approach

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

		VaR £m	SVaR £m	IRC £m	Other £m	Total RWA £m	Total own funds requirements £m
1	**RWAs at 31 Dec 2022**	**1,018**	**705**	**124**	**1,082**	**2,929**	**234**
1a	Regulatory adjustment	(907)	(547)	(32)	—	(1,487)	(118)
1b	**RWAs at end of day[1]**	**111**	**158**	**92**	**1,082**	**1,442**	**116**
2	Movement in risk levels	143	5	33	(168)	13	1
3	Model updates/changes	—	—	—	(45)	(45)	(4)
7	Other	—	—	—	200	200	16
8a	**RWAs at end of day[1]**	**254**	**163**	**125**	**1,069**	**1,610**	**129**
8b	Regulatory adjustment	544	481	21	—	1,046	84
8	**RWAs at 31 Mar 2023**	**798**	**644**	**146**	**1,069**	**2,656**	**212**
1a	Regulatory adjustment	(544)	(481)	(21)	0	(1,046)	(84)
1b	**RWAs at end of day[1]**	**254**	**163**	**125**	**1,069**	**1,610**	**129**
2	Movement in risk levels	149	21	60	48	279	22
8a	**RWAs at end of day[1]**	**403**	**184**	**185**	**1,117**	**1,889**	**151**
8b	Regulatory adjustment	809	499	13	1	1,322	106
8	**RWAs at 30 Jun 2023**	**1,212**	**683**	**198**	**1,118**	**3,211**	**257**

1 End of day represents spot position

Key movements Q1

– An RWA add-on (row "other") was introduced to anticipate the capital impact of a planned enhancement to the Internal Model.

– Decrease in the VaR RWAs driven by reduced average VaR levels in Q1 2023 compared to Q4 2022 given lower market volatility.

Key movements Q2

- VaR RWA increased in the quarter driven by the portfolio evolution and market moves.

Liquidity

LIQ1: Quantitative information of Liquidity Coverage Ratio (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 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	**30 Jun 2023**	31 Mar 2023	31 Dec 2022	30 Sep 2022
	Number of data points used in calculation of averages	**12**	12	12	12	**12**	12	12	12
High-quality liquid assets (£m)									
1	Total high-quality liquid assets (HQLA)					**25,298**	24,395	23,858	24,294
Cash - outflows (£m)									
2	Retail deposits and deposits from small business customers, of which:	**7,933**	7,937	7,839	7,694	**1,029**	1,032	1,020	999
4	Less stable deposits	**7,933**	7,937	7,839	7,694	**1,029**	1,032	1,020	999
5	Unsecured wholesale funding	**8,052**	7,819	7,602	7,928	**5,317**	5,352	5,271	5,716
7	Non-operational deposits (all counterparties)	**6,951**	6,692	6,521	6,911	**4,216**	4,225	4,190	4,699
8	Unsecured debt	**1,101**	1,127	1,081	1,017	**1,101**	1,127	1,081	1,017
9	Secured wholesale funding					**92**	58	35	30
10	Additional requirements	**27,215**	26,152	24,453	22,790	**20,053**	19,134	17,848	16,574
11	Outflows related to derivative exposures and other collateral requirements	**15,070**	14,420	13,362	12,208	**15,070**	14,420	13,362	12,206
13	Credit and liquidity facilities	**12,145**	11,732	11,091	10,582	**4,983**	4,714	4,486	4,368
14	Other contractual funding obligations	**688**	667	499	475	**652**	632	464	441
15	Other contingent funding obligations	**6,875**	7,148	7,137	6,867	**121**	126	161	188
16	Total cash outflows					**27,264**	26,334	24,799	23,948
Cash - inflows (£m)									
17	Secured lending (e.g. reverse repos)	**21,455**	20,520	20,113	19,960	**193**	176	183	186
18	Inflows from fully performing exposures	**1,038**	1,030	1,013	998	**934**	923	903	895
19	Other cash inflows	**10,899**	10,878	9,606	8,346	**10,899**	10,877	9,606	8,346
20	Total cash inflows	**33,392**	32,428	30,732	29,304	**12,026**	11,976	10,692	9,427
UK-20c	Inflows subject to 75% cap	**30,571**	29,065	27,057	25,336	**12,026**	11,976	10,692	9,427
Total adjusted value									
UK-21	Liquidity buffer (£m)					**25,298**	24,395	23,858	24,294
22	Total net cash outflows (£m)					**15,238**	14,358	14,107	14,521
23	Liquidity coverage ratio (%)					**167%**	171%	170%	169%

Liquidity continued

LIQB: Qualitative information on Liquidity Coverage Ratio (LCR)

The Bank LCR disclosure (calculated as the simple average of month end observations over the 12 months preceding the end of the reporting quarter) was 167 per cent as of 30 June 2023. The decrease of 4 percentage points from 171 per cent for the prior quarter has been driven primarily by the increase in net outflows, related to higher derivative exposure outflows from market volatility post the mini-budget in late 2022. Liquid assets also increased primarily from an increase in customer deposits.

The Bank's outflows related to derivative exposures and other collateral requirements include outflows for possible deterioration in credit rating and outflows for 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. The majority of Level 1 assets are held as central bank reserves, with the remaining balance of Level 1 assets primarily held as government bonds.

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 the Bank committee level i.e. the Bank Asset and Liability Committee.

Liquidity continued

LIQ2: Net Stable Funding Ratio

		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
Available stable funding (ASF) Items		£m	£m	£m	£m	£m
1	**Capital items and instruments**	**2,557**	**342**	**144**	**1,133**	**3,690**
2	Own funds	**2,557**	**342**	**144**	**1,133**	**3,690**
3	Other capital instruments		**—**	**—**	**—**	**—**
4	**Retail deposits**		**7,949**	**13**		**7,166**
5	Stable deposits		**—**	**—**	**—**	**—**
6	Less stable deposits		**7,949**	**13**	**—**	**7,166**
7	**Wholesale funding:**		**39,766**	**8,875**	**5,780**	**16,599**
8	Operational deposits		**—**	**—**	**—**	**—**
9	Other wholesale funding		**39,766**	**8,875**	**5,780**	**16,599**
10	**Interdependent liabilities**		**—**	**—**	**—**	**—**
11	**Other liabilities:**	**644**	**3,092**		**197**	**197**
12	NSFR derivative liabilities	**644**				
13	All other liabilities and capital instruments not included in the above categories		**3,092**	**—**	**197**	**197**
14	**Total available stable funding (ASF)**					**27,652**
Required stable funding (RSF) Items						
15	**Total high-quality liquid assets (HQLA)**					**1,278**
UK-15a	**Assets encumbered for more than 12m in cover pool**		**—**	**—**	**—**	**—**
16	**Deposits held at other financial institutions for operational purposes**		**—**	**—**	**—**	**—**
17	**Performing loans and securities:**		**24,609**	**5,592**	**10,989**	**14,137**
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		**19,367**	**1,121**	**530**	**1,091**
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		**4,173**	**3,759**	**7,137**	**9,390**
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		**767**	**659**	**1,377**	**1,884**
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		**—**	**—**	**—**	**—**
22	Performing residential mortgages, of which:		**2**	**—**	**1,394**	**1,186**
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		**—**	**—**	**—**	**—**
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		**300**	**53**	**551**	**586**
25	**Interdependent assets**		**—**	**—**	**—**	**—**
26	**Other assets:**	**14,078**	**1,430**	**—**	**558**	**3,708**
27	Physical traded commodities				**—**	**—**
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs			**2,949**		**2,506**
29	NSFR derivative assets			**92**		**92**
30	NSFR derivative liabilities before deduction of variation margin posted			**11,037**		**552**
31	All other assets not included in the above categories		**1,430**	**—**	**558**	**558**
32	**Off-balance sheet items**		**19,258**	**—**	**—**	**776**
33	**Total RSF**					**19,899**
34	**Net Stable Funding Ratio (%)**					**139%**

Forward looking statements

This document contains certain forward looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and section 27A of the US Securities Act of 1933, as amended, with respect to the business, strategy, plans and/or results of Lloyds Bank Corporate Markets plc together with its subsidiaries (the Group) and its current goals and expectations. Statements that are not historical or current facts, including statements about the Group'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 Group's future financial position, including profit attributable to shareholders, provisions, economic profit, dividends, capital structure, portfolios, net interest margin, capital ratios, liquidity, risk-weighted assets (RWAs), expenditures or any other financial items or ratios; litigation, regulatory and governmental investigations; the Group's future financial performance; the level and extent of future impairments and write-downs; the Group's ESG targets and/or commitments; statements of plans, objectives or goals of the Group 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; political instability including as a result of any UK general election and any further possible referendum on Scottish independence; acts of hostility or terrorism and responses to those acts, or other such events; geopolitical unpredictability; the war between Russia and Ukraine; the tensions between China and Taiwan; market related risks, trends and developments; exposure to counterparty risk; instability in the global financial markets, including within the Eurozone, and as a result of the exit by the UK from the European Union (EU) and the effects of the EU-UK Trade and Cooperation Agreement; the ability to access sufficient sources of capital, liquidity and funding when required; changes to the Group's credit ratings; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; volatility in credit markets; volatility in the price of the Group's securities; tightening of monetary policy in jurisdictions in which the Group operates; natural pandemic (including but not limited to the COVID-19 pandemic) and other disasters; risks concerning borrower and counterparty credit quality; risks related to the uncertainty surrounding the integrity and continued existence of reference rates; changes in laws, regulations, practices and accounting standards or taxation; changes to regulatory capital or liquidity requirements and similar contingencies; the policies and actions of governmental or regulatory authorities or courts together with any resulting impact on the future structure of the Group; risks associated with the Group's compliance with a wide range of laws and regulations; assessment related to resolution planning requirements; risks related to regulatory actions which may be taken in the event of a bank or Group failure; exposure to legal, regulatory or competition proceedings, investigations or complaints; 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; 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; technological failure; inadequate or failed internal or external processes or systems; risks relating to ESG matters, such as climate change (and achieving climate change ambitions), including the Group's ability along with the government and other stakeholders to measure, manage and mitigate the impacts of climate change effectively, and human rights issues; the impact of competitive conditions; failure to attract, retain and develop high calibre talent; the ability to achieve strategic objectives; 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; assumptions and estimates that form the basis of the Group's financial statements; and potential changes in dividend policy. A number of these influences and factors are beyond the control of the Group or Lloyds Banking Group plc. Please refer to the Base Prospectus for the Group'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. 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