

Lloyds Bank Plc

2021 Half-Year
Pillar 3 Disclosures

30 June 2021

BASIS OF PREPARATION

This report presents the consolidated half-year Pillar 3 disclosures of Lloyds Bank plc ('the Bank') together with its subsidiaries ('the Group') as at 30 June 2021 and should be read in conjunction with the Lloyds Bank plc 2021 half-year results.

The disclosures have been prepared in accordance with the Capital Requirements Directive and Regulation (CRD IV) and associated European Banking Authority (EBA) guidelines and technical standards in force as at 31 December 2020.

Under UK law, EU capital rules that existed on 31 December 2020 (including applicable Pillar 3 requirements) continue to apply to the Group following the end of the transition period for the UK's withdrawal from the European Union, subject to the temporary transitional powers (TTP) granted to the Prudential Regulation Authority (PRA) which extend until 31 March 2022.

Where references are made to the relevant provisions of the revised Capital Requirements Regulation (CRR) that came into force in June 2019 and December 2020 these are referred to as 'CRR II' requirements.

From 1 January 2022, UK Pillar 3 disclosure requirements will be set out under the new Disclosure Part of the PRA Rulebook. This will include revisions to current Pillar 3 disclosure requirements that will apply from the same date and are broadly aligned to the equivalent revisions that have already come into force under the EU version of CRR II.

The disclosures provided in this report are required to be disclosed on a semi-annual basis, although certain disclosures have been excluded on the grounds that they are non-material (refer to page 51).

The information presented in this 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) instruments issued by Lloyds Banking Group plc (the parent company) and its significant subsidiaries (including Lloyds Bank 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 those instruments that are recognised as eligible MREL in accordance with the Bank of England's MREL framework.

Disclosures surrounding the capital resources, leverage exposures and capital requirements of Bank of Scotland plc (defined as a 'large subsidiary' of Lloyds Bank plc) will be published separately on the Lloyds Banking Group website, located at www.lloydsbankinggroup.com/investors/financial-downloads.

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 plc together with its subsidiaries (the Lloyds Bank Group) and its current goals and expectations relating to its future financial condition and performance. Statements that are not historical or current facts, including statements about the Lloyds Bank Group's or its directors' and/or management's beliefs and expectations, are forward looking statements. Words such as 'believes', 'achieves', 'anticipates', 'estimates', 'expects', 'targets', 'should', 'intends', 'aims', 'projects', 'plans', 'potential', 'will', 'would', 'could', 'considered', 'likely', 'may', 'seek', 'estimate', 'probability', 'goal', 'objective', 'endeavour', 'prospects', 'optimistic' and variations of these words and similar future or conditional expressions are intended to identify forward looking statements but are not the exclusive means of identifying such statements. Examples of such forward looking statements include, but are not limited to, statements or guidance relating to: projections or expectations of the Lloyds Bank 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 Lloyds Bank Group's future financial performance; the level and extent of future impairments and write-downs; the Lloyds Bank Group's ESG targets and/or commitments; statements of plans, objectives or goals of the Lloyds Bank Group or its management including in respect of statements about the future business and economic environments in the UK and elsewhere including, but not limited to, future trends in interest rates, foreign exchange rates, credit and equity market levels and demographic developments; statements about competition, regulation, disposals and consolidation or technological developments in the financial services industry; and statements of assumptions underlying such statements. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future. Factors that could cause actual business, strategy, plans and/or results (including but not limited to the payment of dividends) to differ materially from forward looking statements made by the Lloyds Bank Group or on its behalf include, but are not limited to: general economic and business conditions in the UK and internationally; market related trends and developments; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; any impact of the transition from IBORs to alternative reference rates; the ability to access sufficient sources of capital, liquidity and funding when required; changes to the Lloyds Bank Group'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; potential changes in dividend policy; the ability to achieve strategic objectives; changing customer behaviour including consumer spending, saving and borrowing habits; changes to borrower or counterparty credit quality impacting the recoverability and value of balance sheet assets; concentration of financial exposure; management and monitoring of conduct risk; exposure to counterparty risk (including but not limited to third parties conducting illegal activities without the Lloyds Bank Group's knowledge); instability in the global financial markets, including Eurozone instability, instability as a result of uncertainty surrounding the exit by the UK from the European Union (EU) and the EU-UK Trade and Cooperation Agreement, instability as a result of the potential for other countries to exit the EU or the Eurozone, and the impact of any sovereign credit rating downgrade or other sovereign financial issues; political instability including as a result of any UK general election and any further possible referendum on Scottish independence; technological changes and risks to the security of IT and operational infrastructure, systems, data and information resulting from increased threat of cyber and other attacks; natural, pandemic (including but not limited to the COVID-19 pandemic) and other disasters, adverse weather and similar contingencies outside the Lloyds Bank Group's or Lloyds Banking Group plc's control; inadequate or failed internal or external processes or systems; acts of war, other acts of hostility, terrorist acts and responses to those acts, or other such events; geopolitical unpredictability; risks relating to sustainability and climate change, including the Lloyds Bank Group's or Lloyds Banking Group plc's ability along with the government and other stakeholders to manage and mitigate the impacts of climate change effectively; changes in laws, regulations, practices and accounting standards or taxation, including as a result of the UK's exit from the EU; changes to regulatory capital or liquidity requirements (including regulatory measures to restrict distributions to address potential capital and liquidity stress) and similar contingencies outside the Lloyds Bank Group's or Lloyds Banking Group plc's control; the policies, decisions and actions of governmental or regulatory authorities or courts in the UK, the EU, the US or elsewhere including the implementation and interpretation of key laws, legislation and regulation together with any resulting impact on the future structure of the Lloyds Bank Group; the ability to attract and retain senior management and other employees and meet its diversity objectives; actions or omissions by the Lloyds Bank Group's directors, management or employees including industrial action; changes in Lloyds Bank Group's ability to develop sustainable finance products and Lloyds Bank Group's capacity to measure the ESG impact from its financing activity, which may affect Lloyds Bank Group's ability to achieve its climate ambition; changes to the Lloyds Bank Group's post-retirement defined benefit scheme obligations; the extent of any future impairment charges or write-downs caused by, but not limited to, depressed asset valuations, market disruptions and illiquid markets; the value and effectiveness of any credit protection purchased by the Lloyds Bank Group; the inability to hedge certain risks economically; the adequacy of loss reserves; the actions of competitors, including non-bank financial services, lending companies and digital innovators and disruptive technologies; and exposure to regulatory or competition scrutiny, legal, regulatory or competition proceedings, investigations or complaints. Please refer to the latest Annual Report on Form 20-F filed by Lloyds Bank plc with the US Securities and Exchange Commission (the SEC), which is available on the SEC's website at www.sec.gov, for a discussion of certain factors and risks. Lloyds Bank plc may also make or disclose written and/or oral forward looking statements in reports filed with or furnished to the SEC, Lloyds Bank plc annual reviews, half-year announcements, proxy statements, offering circulars, prospectuses, press releases and other written materials and in oral statements made by the directors, officers or employees of Lloyds Bank 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 Lloyds Bank Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this document to reflect any change in the Lloyds Bank Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The information, statements and opinions contained in this document do not constitute a public offer under any applicable law or an offer to sell any securities or financial instruments or any advice or recommendation with respect to such securities or financial instruments.

TABLE OF CONTENTS

Table 1:	Key metrics (KM1) and a comparison of own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 (IFRS9-FL)	5
Table 2:	Overview of risk-weighted assets (OV1)	6
Table 3:	Risk-weighted assets movement by key driver	7
Table 3A:	Risk-weighted assets movement by key driver YTD	8
Credit Risk		9
Table 4:	Credit risk exposures	9
Table 5:	IRB – Credit risk exposures by portfolio and PD range – Central governments or central banks (CR6)	11
Table 6:	IRB – Credit risk exposures by portfolio and PD range – Institutions (CR6)	12
Table 7:	IRB – Credit risk exposures by portfolio and PD range – Corporate Main (CR6)	13
Table 8:	IRB – Credit risk exposures by portfolio and PD range – Corporate SME (CR6)	14
Table 9:	IRB – Credit risk exposures by portfolio and PD range – Residential mortgages (SME) (CR6)	15
Table 10:	IRB – Credit risk exposures by portfolio and PD range – Residential mortgages (non-SME) (CR6)	16
Table 11:	IRB – Credit risk exposures by portfolio and PD range – Qualifying revolving retail exposures (CR6)	17
Table 12:	IRB – Credit risk exposures by portfolio and PD range – Retail Other SME (CR6)	18
Table 13:	IRB – Credit risk exposures by portfolio and PD range – Retail Other non-SME (CR6)	19
Table 14:	IRB – Specialised lending (CR10)	20
Table 15:	Standardised approach – credit risk exposure and credit risk mitigation effects (CR4)	21
Table 16:	Standardised approach – exposures by asset class (CR5)	22
Table 17:	Credit quality of exposures by exposure class and instrument (CR1-A)	24
Table 18:	Credit quality of exposures by industry type (CR1-B)	26
Table 19:	CRM techniques - Overview(CR3)	27
Table 20:	Credit quality of forborne exposures (CQ1)	29
Table 21:	Credit quality of performing and non-performing exposures by past due days (CQ3)	30
Table 22 :	Performing and non-performing exposures and related provisions (CR1)	32
Securitisation		34
Table 23:	Securitisation exposures in the non-trading book (SEC1)	34
Table 24:	Institution acting as originator or as sponsor (SEC3)	35
Table 25:	Exposures in default and specific credit risk adjustments (SEC5)	37
Table 26:	Institution acting as Investor (SEC4)	38
Counterparty Credit Risk		39
Table 27:	Analysis of CCR exposure by approach (CCR1)	39
Table 28:	Exposures to CCPs (CCR8)	39
Table 29:	Credit valuation adjustment (CVA) capital charge (CCR2)	40
Table 30:	Counterparty credit risk exposures: analysis by exposure class	40
Table 31:	IRB – CCR exposure by portfolio and PD scale – Corporate Main (CCR4)	41
Table 32:	IRB – CCR exposure by portfolio and PD scale – Central governments or central banks (CCR4)	42
Table 33:	IRB – CCR exposure by portfolio and PD scale – Institutions (CCR4)	42
Table 34:	CCR corporate exposures subject to supervisory slotting	43
Table 35:	Standardised approach – CCR exposures by regulatory portfolio and risk (CCR3)	44
Table 36:	Impact of netting and collateral held on exposure values (CCR5-A)	45
Table 37:	Credit derivative exposures (CCR6)	45
Capital and Leverage		46
Table 38:	Own Funds Template (CC1)	46
Table 39:	Leverage ratio common disclosure	48
Table 40:	Summary reconciliation of accounting assets and leverage ratio exposures	49
Table 41:	Split-up of on balance sheet exposures (excluding derivatives, STFs and exempted exposures)	49

Key metrics

The table below provides an overview of the Group's prudential regulatory metrics.

Table 1: Key metrics (KM1) and a comparison of own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 (IFRS9-FL)^{1,4}

	30 Jun 2021	31 Mar 2021	31 Dec 2020	31 Sept 2020	30 Jun 2020
	2021	2021	2020	2020	2020
Available capital (amounts)					
1 Common Equity Tier 1 (CET1) (£m)	26,960	27,069	26,567	25,851	25,253
2 CET1 capital as if IFRS 9 transitional arrangements were not applied (£m)	25,628	25,471	24,591	23,813	23,333
3 Tier 1 (£m)	31,909	33,684	33,862	33,146	32,543
4 Tier 1 capital as if IFRS 9 transitional arrangements were not applied (£m)	30,577	32,086	31,886	31,108	30,623
5 Total capital (£m)	38,362	40,149	40,163	39,220	38,976
6 Total capital as if IFRS 9 transitional arrangements were not applied (£m)	38,273	39,755	39,422	38,256	38,059
Risk-weighted assets (amounts)					
7 Total risk-weighted assets (£m)	167,190	168,215	170,862	171,954	173,311
8 Total risk-weighted assets as if IFRS 9 transitional arrangements were not applied (£m)	167,332	168,330	171,015	171,949	173,362
Risk-based capital ratios as a percentage of RWA					
9 Common Equity Tier 1 ratio (%)	16.1%	16.1%	15.5%	15.0%	14.6%
10 CET1 ratio as if IFRS 9 transitional arrangements were not applied (%)	15.3%	15.1%	14.4%	13.8%	13.5%
11 Tier 1 ratio (%)	19.1%	20.0%	19.8%	19.3%	18.8%
12 Tier 1 ratio as if IFRS 9 transitional arrangements were not applied (%)	18.3%	19.1%	18.6%	18.1%	17.7%
13 Total capital ratio (%)	22.9%	23.9%	23.5%	22.8%	22.5%
14 Total capital ratio as if IFRS 9 transitional arrangements were not applied (%)	22.9%	23.6%	23.1%	22.2%	22.0%
Additional CET1 buffer requirements as a percentage of RWA					
Capital conservation buffer requirement	2.500%	2.500%	2.500%	2.500%	2.500%
Countercyclical buffer requirement	0.001%	0.001%	0.001%	0.000%	0.000%
Bank G-SIB and/or D-SIB additional requirements ²	2.000%	2.000%	2.000%	2.000%	2.000%
Total of bank CET1 specific buffer requirements	4.501%	4.501%	4.501%	4.500%	4.500%
CET1 available after meeting the bank's minimum capital requirements	11.6%	11.6%	11.0%	10.5%	10.1%
UK leverage ratio³					
15 UK leverage ratio exposure measure (£m)	587,248	584,853	593,546	592,528	589,861
16 UK leverage ratio	5.3%	5.6%	5.5%	5.4%	5.3%
17 UK leverage ratio as if IFRS 9 transitional arrangements were not applied	5.1%	5.4%	5.2%	5.0%	5.0%
Average Liquidity Coverage Ratio (weighted) (LCR)					
Total High Quality Liquid Assets (HQLA) (£m)	111,676	113,493	113,434	112,506	113,983
Total net cash outflow (£m)	91,666	91,349	89,844	87,697	87,501
LCR ratio (%)	122%	124%	126%	128%	130%

¹ The Group applies the full extent of the IFRS 9 transitional arrangements for capital as set out under CRR Article 473a (as amended via the CRR 'Quick Fix' revisions published in June 2020). Specifically, the Group has opted to apply both paragraphs 2 and 4 of CRR Article 473a (static and dynamic relief) and in addition to apply a 100 per cent risk weight to the consequential Standardised credit risk exposure add-back as permitted under paragraph 7a of the revisions. As at 30 June 2021, static relief under the transitional arrangements amounted to £262 million (31 December 2020: £370 million) and dynamic relief under the transitional arrangements amounted to £1,070 million (31 December 2020: £1,606 million) through CET1 capital.

² The Group is subject to an Other Systemically Important Institution (OSII) Buffer (previously referred to as a Systemic Risk Buffer) of 2.0 per cent of risk-weighted assets which is designed to hold systemically important banks to higher capital standards so that they can withstand a greater level of stress before requiring resolution.

³ The CRD IV leverage ratio at 30 June 2021 is 4.9 per cent (31 December 2020: 5.1 per cent).

⁴ The Group has chosen not to apply the temporary treatment specified under CRR Article 468 (as amended via the CRR 'Quick Fix' revisions published in June 2020) and therefore the reported own funds, capital and leverage ratios already reflect the full impact of unrealised gains and losses on holdings in government and public sector debt measured at fair value through other comprehensive income.

The average UK leverage ratio for the quarter (1 April 2021 to 30 June 2021) is 5.5 per cent, compared to 5.6 per cent at the start and 5.3 per cent at the end of the quarter. The average exposure measure over the quarter is £588,616m. The countercyclical leverage buffer is currently 0 per cent.

Table 2: Overview of risk-weighted assets (OV1)

	30 Jun 2021 RWA £m	Dec 31 Dec 2020 RWA £m	30 Jun 2021 Minimum capital Requirements £m	Dec 31 Dec 2020 Minimum capital Requirements £m
1 Credit risk (excluding counterparty credit risk)	133,997	137,461	10,720	10,997
2 of which: standardised approach	18,568	20,684	1,485	1,655
3 of which: the foundation rating-based (FIRB) approach	32,395	34,676	2,592	2,774
4 of which: the retail IRB (RIRB) approach	66,584	65,207	5,327	5,217
of which: corporates – specialised lending	8,964	9,105	717	728
of which: non-credit obligation assets ¹	7,486	7,788	599	623
6 Counterparty credit risk	1,933	2,488	155	199
7 of which: marked to market	1,112	1,436	89	115
of which: comprehensive approach for credit risk mitigation (for SFTs)	251	305	20	24
11 of which: exposures to central counterparties (including trades, default fund contributions and initial margin)	364	393	29	31
12 of which: credit valuation adjustment (CVA)	206	355	16	28
14 Securitisation exposures in banking book²	5,181	5,116	414	409
of which: internal ratings based approach	1,885	1,951	151	156
of which: standardised approach	1,350	989	108	79
of which: external ratings based approach	1,946	2,176	156	174
19 Market risk	186	210	15	17
20 of which: standardised approach	51	56	4	4
21 of which: internal model approaches	135	154	11	12
23 Operational risk	23,449	23,307	1,876	1,865
25 of which: standardised approach	23,449	23,307	1,876	1,865
27 Amounts below the thresholds for deduction (subject to 250% risk weight)	2,444	2,280	196	182
29 Total	167,190	170,862	13,375	13,669
Pillar 2A capital requirement ³			6,898	6,898
Total capital requirement			20,273	20,567

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

2 Securitisations are shown separately within this table, however, are included within Credit Risk in Table 3: Risk-weighted assets movement by key driver (as per the reconciliation below).

3 The Pillar 2A capital requirement is currently c.4.1 per cent of aggregated risk-weighted assets, of which c.2.3 per cent must be met with CET1 capital.

Table 3: Risk-weighted assets movement by key driver - 3 months to 30 June 2021

	Credit risk IRB £m	Credit risk SA £m	Credit risk total ¹ £m	Counterparty credit risk ² £m	Market risk £m	Operational risk £m	Total £m
Total risk-weighted assets as at 31 March 2021							168,215
Less: total threshold risk-weighted assets ³							(2,232)
Risk-weighted assets at 31 March 2021	120,115	20,323	140,438	2,025	213	23,307	165,983
Asset size	(2,315)	(217)	(2,532)	(91)	—	—	(2,623)
Asset quality	1,375	(23)	1,352	3	—	—	1,355
Model updates	—	—	—	—	18	—	18
Methodology and policy	71	(174)	(103)	—	—	—	(103)
Movement in risk levels (Market risk only)	—	—	—	—	(45)	—	(45)
Foreign exchange movements	14	9	23	(4)	—	—	19
Other	—	—	—	—	—	142	142
Risk-weighted assets at 30 June 2021	119,260	19,918	139,178	1,933	186	23,449	164,746
Threshold risk-weighted assets ³							2,444
Total risk-weighted assets at 30 June 2021							167,190

1 Credit risk includes securitisation risk-weighted assets.

2 Counterparty credit risk includes movements in contributions to the default funds of central counterparties and movements in credit valuation adjustment risk.

3 Threshold risk-weighted assets reflect the element of deferred tax assets that are permitted to be risk-weighted instead of being deducted from CET1 capital.

Key movements

Credit risk, risk weighted assets:

- Asset size reduction of £2.5 billion predominantly reflects continued optimisation in Commercial Banking and lower unsecured balances, partially offset by increased mortgage lending.
- Asset quality increases of £1.4 billion reflects the impact of credit migration and retail model calibrations, offset by the benefit of House Price Index increases.

Table 3A: Risk-weighted assets movement by key driver - year to 30 June 2021

	Credit risk IRB £m	Credit risk SA £m	Credit risk total ¹ £m	Counterparty credit risk ² £m	Market risk £m	Operational risk £m	Total £m
Total risk-weighted assets as at 31 December 2020							170,862
Less: total threshold risk-weighted assets ³							(2,280)
Risk-weighted assets at 31 December 2020	120,904	21,673	142,577	2,488	210	23,307	168,582
Asset size	(2,901)	(304)	(3,205)	(347)	—	—	(3,552)
Asset quality	1,465	(142)	1,323	(196)	—	—	1,127
Model updates	—	—	—	—	18	—	18
Methodology and policy	(40)	(1,232)	(1,272)	—	1	—	(1,271)
Movement in risk levels (Market risk only)	—	—	—	—	(43)	—	(43)
Foreign exchange movements	(168)	(77)	(245)	(12)	—	—	(257)
Other	—	—	—	—	—	142	142
Risk-weighted assets at 30 June 2021	119,260	19,918	139,178	1,933	186	23,449	164,746
Threshold risk-weighted assets ³							2,444
Total risk-weighted assets as at 30 June 2021							167,190

1 Credit risk includes securitisation risk-weighted assets.

2 Counterparty credit risk includes movements in contributions to the default funds of central counterparties and movements in credit valuation adjustment risk.

3 Threshold risk-weighted assets reflect the element of deferred tax assets that are permitted to be risk-weighted instead of being deducted from CET1 capital.

Key movements

Credit risk, risk-weighted assets:

- Asset size reduction of £3.2 billion predominantly reflects continued optimisation in Commercial Banking and lower unsecured balances partially offset by increased mortgage lending.
- Asset quality increase of £1.3 billion reflects the limited impact of credit migration and retail model calibrations offset by the benefit of House Price Index increases
- Methodology and policy changes reduced risk-weighted assets by £1.3 billion through securitisation activity and other optimisation activity.

Counterparty credit risk, risk-weighted assets: decreased by £0.6 billion due to movements in market rates during the period

Table 4: Credit risk exposures

	30 Jun 2021			31 Dec 2020		
	EAD post CRM and post CCF	Risk-weighted assets	Average risk weight	Credit risk exposure	Risk-weighted assets	Average risk weight
	£m	£m	%	£m	£m	%
Central governments or central banks	2,215	278	13%	2,293	313	14%
Institutions	6,518	654	10%	6,100	731	12%
Corporates	60,758	40,427	67%	65,607	42,738	65%
of which: Specialised lending	12,357	8,964	73%	12,415	9,105	73%
of which: SMEs	9,024	5,494	61%	9,626	5,929	62%
Retail	409,768	66,584	16%	403,436	65,207	16%
Secured by real estate property	347,721	40,609	12%	339,547	38,427	11%
SMEs	6,888	1,489	22%	7,568	1,713	23%
Non-SMEs	340,833	39,120	11%	331,978	36,714	11%
Qualifying revolving	39,739	10,452	26%	40,745	10,631	26%
Other retail	22,308	15,523	70%	23,145	16,149	70%
SMEs	2,129	1,334	63%	2,716	1,734	64%
Non-SMEs	20,179	14,188	70%	20,428	14,415	71%
Non-credit obligation assets ¹	10,973	7,486	68%	10,973	7,788	71%
Total IRB approach	490,231	115,429	24%	488,409	116,777	24%
Central governments or central banks	79,581	—	—	72,027	—	—
Regional governments or local authorities	514	28	5%	425	29	7%
Public sector entities	4,640	1	—	4,274	1	—
Multilateral development banks	7,746	—	—	7,158	—	—
International organisations	15	—	—	—	—	—
Institutions	1,094	239	22%	1,294	296	23%
Corporates	6,775	5,932	88%	8,558	7,418	87%
of which: SMEs	2,720	2,282	84%	3,633	3,047	84%
Retail	10,072	7,295	72%	10,646	7,606	71%
of which: SMEs	1,503	868	58%	2,179	1,256	58%
Secured by mortgages on immovable property	5,445	1,906	35%	5,893	2,063	35%
of which: SMEs	12	4	36%	8	3	39%
Exposures in default	1,025	1,132	110%	1,058	1,179	111%
Other exposures ¹	2,211	2,035	92%	2,550	2,092	82%
Total standardised approach	119,119	18,568	16%	113,883	20,684	18%
Total	609,350	133,997	22%	602,292	137,461	23%

¹ Non-credit obligation assets (IRB approach) and Other exposures (Standardised approach) predominantly relate to other balance sheet assets that have no associated credit risk. These comprise non-financial assets, including fixed assets, cash, items in the course of collection, prepayments and sundry debtors.

Exposures subject to the IRB approach – key movements for the six months to 30 June 2021**Institutions**

- Exposures increased by £0.4 billion and risk-weighted assets decreased by £0.1 billion mainly due to a change in mix of the portfolio and new business at lower risk weights

Corporates

- Exposures reduced by £4.8 billion and RWAs reduced by £2.3 billion predominantly due to optimisation activity within Commercial Banking.

Retail - Secured by real estate property

- Exposures increased by £8.2 billion driven by an increase in mortgage lending partially offset by a reduction in SME balances. RWAs increase by £2.2 billion primarily due to the net increase in lending, credit migration and model calibrations partially offset by the benefit of House Price Index increases.

Retail - Other SME

- Increased use of COVID-19 government lending schemes leads to a reduction in exposure and RWA.

Qualifying Revolving

- Exposures reduced by £1.0 billion due to lower drawn and undrawn balances. Reduction in RWA of £0.2 billion reflects lower exposure offset by risk profile movements.

Exposures subject to the Standardised approach – key movements for the six months to 30 June 2021**Central governments or central banks**

- Exposures increased by £7.6 billion due to increased deposits with the Bank of England and the recognition of guarantees on COVID-19 government lending schemes.

Corporates

- Reduction of exposure of £1.8 billion and RWAs of £1.5 billion includes impact of securitisation activity within Commercial Banking.

ANALYSIS OF CREDIT RISK EXPOSURES SUBJECT TO THE IRB APPROACH

Exposures in the tables below are stated on two different bases (gross carrying values and EAD post-CCF and CRM). On-balance sheet gross exposures and off- balance sheet exposures represent gross carrying values (before taking into account SCRAs) before the application of CRM and CCF. Disclosures provided in the tables that follow take into account PD floors and LGD floors specified by regulators in respect of the calculation of regulatory capital requirements.

The Basel guidelines include a single prescribed scale for presenting the credit quality of all IRB portfolios by asset class. The tables that follow use this prescribed scale.

'RWA density' represents the 'average risk weight'. 'Number of obligors' corresponds to the number of individual PDs (in each band). This means that a customer may be counted more than once in the same asset class. For example, in the case of Corporate Main and Corporate SME, as customers may have exposures in both Commercial Banking and Motor Finance portfolios, an individual corporate obligor may be counted twice.

Table 5: IRB – Credit risk exposures by portfolio and PD range – Central governments or central banks (CR6)

PD Scale	30 Jun 2021											
	Original on-balance sheet gross exposure	Off balance sheet exposures pre CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of Obligors	Average LGD	Average Maturity (years)	RWA	RWA density	EL	Value adjustments and provisions
	£m	£m	%	£m	%		%		£m	%	£m	£m
0.00 to <0.15	2,535	340	—	2,215	0.01%	6	45.00%	3.9	277	12.53%	—	
2.50 to <10.00	34	52	—	—	6.20%	2	45.00%	—	—	193.62%	—	
Sub-total	2,569	392	—	2,215	0.01%	8	45.00%	3.9	278	12.55%	—	—

PD Scale	31 Dec 2020											
	Original on-balance sheet gross exposure	Off balance sheet exposures pre CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of Obligors	Average LGD	Average Maturity (years)	RWA	RWA density	EL	Value adjustments and provisions
	£m	£m	%	£m	%		%		£m	%	£m	£m
0.00 to <0.15	2,617	402	—	2,293	0.01%	4	45.00%	4.3	312	13.61%	—	
2.50 to <10.00	—	—	—	1	6.20%	2	45.00%	—	1	201.66%	—	
Sub-total	2,618	402	—	2,293	0.01%	6	45.00%	4.3	313	13.66%	—	1

Table 6: IRB – Credit risk exposures by portfolio and PD range – Institutions (CR6)

PD Scale	30 Jun 2021											
	Original on-balance sheet gross exposure	Off balance sheet exposures pre CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of Obligors	Average LGD	Average Maturity (years)	RWA	RWA density	EL	Value adjustments and provisions
	£m	£m	%	£m	%		%		£m	%	£m	£m
0.00 to <0.15	6,632	382	65.59%	6,367	0.05%	878	33.49%	1.1	562	8.83%	1	
0.15 to <0.25	60	23	30.93%	67	0.18%	33	41.08%	0.9	22	32.59%	—	
0.25 to <0.50	24	11	31.05%	27	0.40%	45	44.96%	0.4	14	53.17%	—	
0.50 to <0.75	2	8	74.99%	8	0.63%	33	44.83%	1.0	6	78.61%	—	
0.75 to <2.50	48	54	1.63%	48	1.02%	45	42.10%	1.1	48	100.20%	—	
2.50 to <10.00	1	—	20.01%	1	3.81%	28	44.52%	1.0	2	132.99%	—	
10.00 to <100.00	—	—	—	—	31.00%	4	45.00%	1.0	—	260.44%	—	
100.00 (Default)	—	—	0.00%	—	100.00%	3	45.00%	1.0	—	—	—	
Sub-total	6,768	478	56.09%	6,518	0.07%	1,069	33.70%	1.1	654	10.03%	1	—

31 Dec 2020												
PD Scale	Original on-balance sheet gross exposure	Off balance sheet exposures pre CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of Obligors	Average LGD	Average Maturity (years)	RWA	RWA density	EL	Value adjustments and provisions
	£m	£m	%	£m	%		%		£m	%	£m	£m
0.00 to <0.15	6,070	375	59.80%	5,846	0.06%	917	31.23%	1.4	561	9.60%	1	
0.15 to <0.25	134	21	46.52%	144	0.18%	31	43.12%	0.7	45	30.99%	—	
0.25 to <0.50	4	9	26.80%	6	0.39%	48	44.78%	1.1	4	61.08%	—	
0.50 to <0.75	2	9	71.44%	8	0.63%	30	44.94%	1.0	7	79.29%	—	
0.75 to <2.50	69	61	1.14%	70	1.55%	55	43.39%	0.7	80	113.69%	1	
2.50 to <10.00	24	—	99.67%	24	3.27%	32	44.91%	0.3	32	132.59%	—	
10.00 to <100.00	1	—	—	1	28.54%	7	45.00%	0.9	2	246.57%	—	
100.00 (Default)	—	—	0.00%	—	100.00%	2	45.00%	1.0	—	—	—	
Sub-total	6,305	475	50.63%	6,100	0.10%	1,121	31.74%	1.4	731	11.98%	2	1

Table 7: IRB – Credit risk exposures by portfolio and PD range – Corporate Main (CR6)

PD Scale	30 Jun 2021											Value adjustments and provisions
	Original on-balance sheet gross exposure	Off balance sheet exposures pre CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of Obligors	Average LGD	Average Maturity (years)	RWA	RWA density	EL	
	£m	£m	%	£m	%		%		£m	%	£m	£m
0.00 to <0.15	4,086	11,352	77.03%	12,410	0.07%	1,278	41.28%	3.0	3,671	29.58%	5	
0.15 to <0.25	1,592	3,487	69.56%	3,778	0.18%	2,722	44.36%	2.7	1,907	50.47%	4	
0.25 to <0.50	5,500	6,155	65.85%	8,039	0.34%	4,513	44.42%	2.3	4,881	60.72%	13	
0.50 to <0.75	2,262	1,648	63.20%	3,068	0.62%	6,461	43.59%	2.2	2,382	77.63%	9	
0.75 to <2.50	4,511	3,668	70.38%	6,431	1.30%	9,540	43.49%	1.9	6,281	97.67%	39	
2.50 to <10.00	2,949	2,092	67.49%	4,052	4.31%	5,208	43.21%	1.9	5,721	141.16%	80	
10.00 to <100.00	267	276	70.55%	450	29.48%	322	44.60%	1.7	1,127	250.30%	58	
100.00 (Default)	1,037	162	78.18%	1,149	100.00%	1,153	42.44%	1.5	—	—	488	
Sub-total	22,204	28,840	71.41%	39,377	4.07%	31,198	43.03%	2.4	25,969	65.95%	696	481

PD Scale	31 Dec 2020											Value adjustments and provisions
	Original on-balance sheet gross exposure	Off balance sheet exposures pre CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of Obligors	Average LGD	Average Maturity (years)	RWA	RWA density	EL	
	£m	£m	%	£m	%		%		£m	%	£m	£m
0.00 to <0.15	5,043	12,339	75.46%	14,173	0.07%	1,005	41.41%	2.9	3,905	27.55%	5	
0.15 to <0.25	1,948	4,318	72.38%	4,660	0.18%	2,285	44.40%	2.5	2,167	46.51%	5	
0.25 to <0.50	5,301	5,626	71.75%	7,924	0.35%	4,280	44.02%	2.3	4,767	60.15%	13	
0.50 to <0.75	2,479	1,776	67.84%	3,216	0.62%	6,187	43.32%	2.1	2,443	75.97%	9	
0.75 to <2.50	4,350	4,392	70.33%	7,127	1.29%	10,107	43.34%	2.0	6,931	97.26%	43	
2.50 to <10.00	3,476	1,850	72.00%	4,421	4.56%	6,581	43.49%	1.9	6,448	145.85%	94	
10.00 to <100.00	293	223	73.11%	439	23.81%	412	44.44%	1.8	1,041	237.06%	45	
100.00 (Default)	1,375	314	78.89%	1,605	100.00%	1,252	42.87%	1.5	—	—	688	
Sub-total	24,264	30,837	73.02%	43,566	4.75%	32,108	42.96%	2.4	27,703	63.59%	904	875

Table 8: IRB – Credit risk exposures by portfolio and PD range – Corporate SME (CR6)

PD Scale	30 Jun 2021											
	Original on-balance sheet gross exposure	Off balance sheet exposures pre CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of Obligors	Average LGD	Average Maturity (years)	RWA	RWA density	EL	Value adjustments and provisions
	£m	£m	%	£m	%		%		£m	%	£m	£m
0.00 to <0.15	539	76	82.94%	535	0.07%	1,097	41.12%	3.0	92	17.17%	—	
0.15 to <0.25	231	72	72.93%	275	0.18%	778	44.75%	2.5	87	31.67%	—	
0.25 to <0.50	561	482	68.04%	778	0.36%	1,213	40.36%	2.3	321	41.22%	1	
0.50 to <0.75	1,696	477	48.68%	1,841	0.57%	5,056	38.72%	3.7	988	53.67%	4	
0.75 to <2.50	2,906	844	45.12%	3,060	1.24%	7,641	38.82%	3.3	2,055	67.15%	16	
2.50 to <10.00	1,789	426	53.16%	1,885	4.30%	4,316	38.67%	3.0	1,681	89.17%	32	
10.00 to <100.00	211	23	49.97%	221	21.06%	1,071	37.24%	2.8	271	122.99%	17	
100.00 (Default)	408	38	71.92%	429	100.00%	691	39.54%	2.4	—	—	170	
Sub-total	8,341	2,437	54.22%	9,024	6.75%	21,864	39.21%	3.2	5,494	60.89%	240	175

PD Scale	31 Dec 2020											
	Original on-balance sheet gross exposure	Off balance sheet exposures pre CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of Obligors	Average LGD	Average Maturity (years)	RWA	RWA density	EL	Value adjustments and provisions
	£m	£m	%	£m	%		%		£m	%	£m	£m
0.00 to <0.15	608	79	86.94%	606	0.08%	1,013	41.47%	3.4	122	20.21%	—	
0.15 to <0.25	195	80	74.20%	254	0.18%	475	44.53%	2.8	91	35.82%	—	
0.25 to <0.50	502	397	73.24%	710	0.36%	1,085	40.84%	2.2	288	40.49%	1	
0.50 to <0.75	1,655	437	69.26%	1,794	0.57%	4,344	38.81%	3.4	946	52.71%	4	
0.75 to <2.50	2,951	895	73.79%	3,201	1.26%	7,829	38.69%	3.1	2,094	65.44%	16	
2.50 to <10.00	2,232	489	78.26%	2,391	4.18%	4,663	38.84%	2.9	2,094	87.62%	39	
10.00 to <100.00	235	36	72.73%	238	20.47%	1,101	37.42%	2.4	294	123.16%	18	
100.00 (Default)	407	53	71.52%	432	100.00%	742	38.71%	2.3	—	—	167	
Sub-total	8,784	2,466	74.16%	9,626	6.60%	21,252	39.21%	3.0	5,929	61.60%	247	255

Table 9: IRB – Credit risk exposures by portfolio and PD range – Residential mortgages (SME) (CR6)

30 Jun 2021												
	Original on-balance sheet gross exposure	Off balance sheet exposures pre CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of Obligors	Average LGD	RWA	RWA density	EL	Value adjustments and provisions	Undrawn commitments (post CCF)
PD Scale	£m	£m	%	£m	%		%	£m	%	£m	£m	£m
0.50 to <0.75	2,767	323	97.22%	3,082	0.54%	25,162	18.11%	405	13.13%	3		314
0.75 to <2.50	2,398	268	97.86%	2,660	1.12%	17,422	16.51%	522	19.61%	5		262
2.50 to <10.00	780	56	97.51%	835	4.21%	5,423	17.91%	386	46.29%	6		54
10.00 to <100.00	150	6	95.96%	155	20.69%	1,558	18.82%	124	79.83%	6		5
100.00 (Default)	150	6	97.23%	156	100.00%	1,009	16.07%	53	33.71%	25		6
Sub-total	6,245	659	97.49%	6,888	3.92%	50,574	17.44%	1,489	21.62%	45	140	643

31 Dec 2020												
	Original on-balance sheet gross exposure	Off balance sheet exposures pre CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of Obligors	Average LGD	RWA	RWA density	EL	Value adjustments and provisions	Undrawn commitments (post CCF)
PD Scale	£m	£m	%	£m	%		%	£m	%	£m	£m	£m
0.50 to <0.75	2,690	307	97.41%	2,904	0.54%	23,388	18.57%	380	13.10%	3		299
0.75 to <2.50	2,933	301	97.94%	3,121	1.15%	19,771	17.20%	612	19.62%	6		295
2.50 to <10.00	1,106	74	97.46%	1,139	4.14%	7,174	17.79%	484	42.52%	8		72
10.00 to <100.00	240	10	97.20%	238	19.04%	2,126	19.09%	177	74.60%	8		10
100.00 (Default)	160	7	97.58%	167	100.00%	1,101	15.89%	59	35.13%	27		7
Sub-total	7,130	700	97.64%	7,568	4.11%	53,560	17.85%	1,713	22.63%	53	173	683

Table 10: IRB – Credit risk exposures by portfolio and PD range – Residential mortgages (non-SME) (CR6)

30 Jun 2021												
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD ¹ %	Number of Obligors	Average LGD %	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m	Undrawn commitments (post CCF) £m
0.00 to <0.15	255,365	15,766	101.13%	282,746	0.41%	2,108,007	10.62%	24,142	8.54%	157		15,944
0.15 to <0.25	21,656	211	61.19%	22,702	1.02%	179,579	9.56%	3,266	14.39%	29		129
0.25 to <0.50	16,854	172	69.05%	17,621	1.37%	132,538	10.05%	2,999	17.02%	28		119
0.50 to <0.75	3,700	567	74.42%	4,274	2.64%	35,234	9.82%	1,057	24.73%	13		422
0.75 to <2.50	5,210	23	77.05%	5,456	6.01%	44,214	9.66%	2,331	42.72%	38		18
2.50 to <10.00	2,661	9	70.43%	2,775	18.08%	22,526	9.37%	1,782	64.23%	58		6
10.00 to <100.00	2,109	—	50.28%	2,160	58.24%	17,865	8.83%	1,200	55.56%	153		—
100.00 (Default)	3,099	—	47.12%	3,099	100.00%	22,772	10.36%	2,343	75.60%	481		—
Sub-total	310,655	16,749	99.34%	340,833	2.03%	2,562,735	10.47%	39,120	11.48%	958	1,333	16,638

31 Dec 2020												
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD ¹ %	Number of Obligors	Average LGD %	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m	Undrawn commitments (post CCF) £m
0.00 to <0.15	234,022	19,122	101.50%	263,924	0.32%	2,025,421	10.80%	19,536	7.40%	119		19,409
0.15 to <0.25	24,706	225	62.59%	25,895	0.82%	209,916	9.82%	3,338	12.89%	27		141
0.25 to <0.50	19,741	200	69.84%	20,666	1.22%	159,961	10.30%	3,398	16.44%	30		140
0.50 to <0.75	4,773	580	74.32%	5,404	2.25%	45,330	10.15%	1,278	23.64%	14		431
0.75 to <2.50	5,082	30	83.37%	5,329	4.32%	44,638	10.36%	2,090	39.22%	28		25
2.50 to <10.00	4,437	9	64.45%	4,630	14.92%	37,082	9.52%	2,871	62.00%	81		6
10.00 to <100.00	2,895	—	41.76%	2,971	50.67%	23,622	9.44%	1,891	63.63%	185		—
100.00 (Default)	3,157	—	47.33%	3,158	100.00%	23,443	10.68%	2,312	73.23%	512		—
Sub-total	298,814	20,166	99.93%	331,978	2.11%	2,569,413	10.65%	36,714	11.06%	997	1,519	20,152

¹ Obligors are allocated to grades based on PIT PDs, so the weighted and arithmetic average PDs are above the ranges due to the use of more conservative TTC PDs.

Table 11: IRB – Credit risk exposures by portfolio and PD range – Qualifying revolving retail exposures (CR6)

30 Jun 2021												
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors	Average LGD %	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m	Undrawn commitments (post CCF) £m
0.00 to <0.15	669	15,278	71.53%	11,597	0.09%	8,964,396	57.58%	450	3.88%	7		10,929
0.15 to <0.25	525	7,955	69.00%	6,014	0.20%	4,471,669	59.72%	433	7.20%	8		5,489
0.25 to <0.50	1,078	9,918	67.86%	7,808	0.36%	5,878,660	63.00%	953	12.21%	19		6,730
0.50 to <0.75	885	4,202	69.10%	3,789	0.62%	3,256,028	69.80%	788	20.80%	17		2,904
0.75 to <2.50	2,950	5,157	73.43%	6,737	1.34%	5,371,125	75.71%	2,789	41.40%	74		3,787
2.50 to <10.00	1,907	1,133	85.72%	2,879	5.00%	1,486,422	75.81%	2,864	99.46%	116		971
10.00 to <100.00	515	112	90.24%	631	30.64%	475,409	77.36%	1,588	251.63%	175		101
100.00 (Default)	283	—	—	283	100.00%	302,311	70.77%	587	207.46%	153		—
Sub-total	8,813	43,754	70.64%	39,739	1.98%	30,206,020	64.94%	10,452	26.30%	569	736	30,909

31 Dec 2020												
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors	Average LGD %	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m	Undrawn commitments (post CCF) £m
0.00 to <0.15	756	17,784	69.26%	13,073	0.09%	9,172,244	54.10%	450	3.44%	7		12,317
0.15 to <0.25	517	7,798	69.76%	5,957	0.20%	4,424,429	57.48%	420	7.04%	7		5,440
0.25 to <0.50	1,100	9,243	68.98%	7,476	0.36%	5,774,965	61.53%	901	12.06%	18		6,376
0.50 to <0.75	897	3,745	70.99%	3,556	0.62%	3,150,988	68.63%	736	20.70%	16		2,659
0.75 to <2.50	2,967	4,748	76.39%	6,595	1.35%	5,330,245	73.82%	2,681	40.66%	72		3,627
2.50 to <10.00	2,037	1,216	85.73%	3,081	5.38%	1,587,290	76.35%	3,033	98.42%	136		1,043
10.00 to <100.00	593	118	95.88%	721	30.51%	493,611	75.67%	1,662	230.64%	188		113
100.00 (Default)	286	—	—	286	100.00%	311,836	71.11%	748	261.30%	178		—
Sub-total	9,154	44,652	70.71%	40,745	2.04%	30,245,608	62.60%	10,631	26.09%	622	866	31,574

Table 12: IRB – Credit risk exposures by portfolio and PD range – Retail Other SME (CR6)

30 Jun 2021												
PD Scale	Original on-balance sheet gross exposure	Off balance sheet exposures pre CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of Obligors	Average LGD	RWA	RWA density	EL	Value adjustments and provisions	Undrawn commitments (post CCF)
	£m	£m	%	£m	%		%	£m	%	£m	£m	£m
0.50 to <0.75	3,274	496	100.00%	820	0.54%	74,310	79.90%	401	48.92%	4		496
0.75 to <2.50	4,101	354	99.99%	725	1.13%	56,919	77.97%	480	66.24%	6		354
2.50 to <10.00	1,627	105	99.99%	330	3.98%	24,117	74.33%	278	84.16%	10		105
10.00 to <100.00	519	17	100.00%	84	27.23%	27,744	86.40%	113	134.83%	20		17
100.00 (Default)	221	5	100.00%	171	100.00%	10,254	7.95%	62	36.52%	14		5
Sub-total	9,742	977	100.00%	2,129	10.29%	193,344	72.87%	1,334	62.67%	53	89	977

31 Dec 2020												
PD Scale	Original on-balance sheet gross exposure	Off balance sheet exposures pre CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of Obligors	Average LGD	RWA	RWA density	EL	Value adjustments and provisions	Undrawn commitments (post CCF)
	£m	£m	%	£m	%		%	£m	%	£m	£m	£m
0.50 to <0.75	1,677	411	99.61%	806	0.54%	63,060	76.85%	380	47.13%	3		409
0.75 to <2.50	3,257	422	99.42%	1,060	1.15%	64,568	76.25%	690	65.15%	9		420
2.50 to <10.00	2,439	171	99.28%	518	4.20%	34,043	72.10%	429	82.80%	16		169
10.00 to <100.00	1,383	35	99.17%	157	23.19%	29,338	70.96%	172	109.55%	26		35
100.00 (Default)	203	5	99.84%	177	100.00%	9,633	7.95%	63	35.85%	14		5
Sub-total	8,959	1,044	100.00%	2,716	9.24%	200,642	70.89%	1,734	63.82%	68	123	1,038

Table 13: IRB – Credit risk exposures by portfolio and PD range – Retail Other non-SME (CR6)

30 Jun 2021												
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors	Average LGD %	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m	Undrawn commitments (post CCF) £m
0.00 to <0.15	513	—	30.00%	513	0.08%	26,101	33.96%	53	10.26%	1		—
0.15 to <0.25	21	1	30.00%	23	0.23%	5,779	74.06%	8	34.34%	—		—
0.25 to <0.50	5,630	7	30.00%	5,642	0.37%	472,920	35.71%	1,689	29.94%	19		2
0.50 to <0.75	3,063	8	30.00%	3,075	0.72%	252,571	43.17%	1,482	48.21%	17		2
0.75 to <2.50	6,507	32	30.00%	6,559	1.55%	704,500	66.44%	5,735	87.44%	76		10
2.50 to <10.00	3,382	17	30.00%	3,410	4.31%	386,753	68.14%	3,745	109.84%	104		5
10.00 to <100.00	551	3	30.00%	555	29.53%	64,688	50.93%	739	133.17%	89		1
100.00 (Default)	402	—	—	402	100.00%	73,517	53.82%	737	183.25%	175		—
Sub-total	20,070	68	30.00%	20,179	4.25%	1,986,829	53.09%	14,188	70.31%	481	722	20

31 Dec 2020												
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors	Average LGD %	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m	Undrawn commitments (post CCF) £m
0.00 to <0.15	352	—	30.00%	353	0.08%	20,267	34.64%	37	10.37%	—		—
0.15 to <0.25	71	2	30.00%	74	0.22%	17,321	74.68%	25	33.91%	—		—
0.25 to <0.50	5,678	6	30.00%	5,691	0.37%	499,192	36.71%	1,711	30.07%	18		2
0.50 to <0.75	3,191	5	30.00%	3,202	0.72%	263,635	43.56%	1,535	47.95%	17		2
0.75 to <2.50	6,334	21	30.00%	6,380	1.54%	676,431	64.79%	5,452	85.47%	73		6
2.50 to <10.00	3,557	12	30.00%	3,584	4.43%	400,537	67.04%	3,898	108.75%	112		4
10.00 to <100.00	747	3	30.00%	753	29.30%	89,126	54.25%	1,030	136.72%	126		1
100.00 (Default)	392	—	—	392	100.00%	75,624	55.20%	727	185.66%	176		—
Sub-total	20,321	49	30.00%	20,428	4.48%	2,042,133	52.98%	14,415	70.57%	523	868	15

ANALYSIS OF CREDIT RISK EXPOSURES SUBJECT TO OTHER IRB APPROACHES

Exposures in the table below are stated on two different bases. On-balance sheet and off-balance sheet amounts represent net carrying values (after taking into account specific credit risk adjustments (SCRA)) before the application of CRM and CCF. Exposure amount represents EAD post CRM and CCF.

Table 14: IRB – Specialised lending (CR10)

30 Jun 2021							
Regulatory Categories	Remaining maturity	On-balance sheet amount £m	Off-balance sheet amount £m	RW %	Exposure amount £m	RWA £m	Expected losses £m
1 Strong	Less than 2.5 years	2,315	1,049	50%	3,127	1,563	—
	Equal to or more than 2.5 years	2,142	987	70%	2,639	1,846	11
2 Good	Less than 2.5 years	1,983	306	70%	2,189	1,530	9
	Equal to or more than 2.5 years	2,861	224	90%	3,142	2,826	25
3 Satisfactory	Less than 2.5 years	304	44	115%	351	402	10
	Equal to or more than 2.5 years	413	88	115%	515	590	14
4 Weak	Less than 2.5 years	12	—	250%	13	31	1
	Equal to or more than 2.5 years	51	—	250%	70	175	6
5 Default	Less than 2.5 years	127	10	—	227	—	113
	Equal to or more than 2.5 years	75	1	—	85	—	42
Total	Less than 2.5 years	4,740	1,409		5,907	3,526	133
	Equal to or more than 2.5 years	5,543	1,300		6,450	5,437	98

31 Dec 2020							
Regulatory Categories	Remaining maturity	On-balance sheet amount £m	Off-balance sheet amount £m	RW %	Exposure amount £m	RWA £m	Expected losses £m
1 Strong	Less than 2.5 years	1,971	691	50%	2,526	1,263	—
	Equal to or more than 2.5 years	2,523	1,359	70%	3,273	2,290	13
2 Good	Less than 2.5 years	1,923	479	70%	2,319	1,622	9
	Equal to or more than 2.5 years	2,958	223	90%	3,230	2,905	26
3 Satisfactory	Less than 2.5 years	168	12	115%	189	216	5
	Equal to or more than 2.5 years	399	41	115%	468	535	13
4 Weak	Less than 2.5 years	27	1	250%	33	82	3
	Equal to or more than 2.5 years	60	—	250%	77	193	6
5 Default	Less than 2.5 years	136	38	—	272	—	136
	Equal to or more than 2.5 years	20	1	—	29	—	15
Total	Less than 2.5 years	4,225	1,222		5,338	3,183	153
	Equal to or more than 2.5 years	5,960	1,625		7,077	5,923	73

ANALYSIS OF CREDIT RISK EXPOSURES SUBJECT TO THE STANDARDISED APPROACH

Standardised exposures in the table below are stated on two different bases (pre-CCF and CRM and post-CCF and CRM). Note, the exposures are also net of SCRAs

Table 15: Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects (CR4)

	30 Jun 2021					
	Exposures before CCF and CRM		Exposures post CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density ¹
	£m	£m	£m	£m	£m	%
Central governments or central banks	67,141	—	78,928	653	—	—
Regional governments or local authorities	514	—	514	—	28	5%
Public sector entities	4,641	—	4,640	—	1	—
Multilateral development banks	7,746	—	7,746	—	—	—
Institutions	193	783	242	852	239	22%
Corporates	5,505	3,900	5,280	1,495	5,932	88%
Retail	10,805	24,020	9,851	221	7,295	72%
Secured by mortgages on immovable property	5,438	21	5,438	7	1,906	35%
of which: residential property	5,438	21	5,438	7	1,905	35%
of which: commercial property	1	—	1	—	1	100%
Exposures in default	1,006	80	997	28	1,132	110%
Other items	2,211	—	2,211	—	2,035	92%
Total	105,216	28,804	115,863	3,256	18,568	16%

	31 Dec 2020					
	Exposures before CCF and CRM		Exposures post CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density ¹
	£m	£m	£m	£m	£m	%
Central governments or central banks	60,695	—	71,296	730	—	—
Regional governments or local authorities	426	—	425	—	29	7 %
Public sector entities	4,274	—	4,274	—	1	—
Multilateral development banks	7,158	—	7,158	—	—	—
Institutions	208	749	209	1,085	296	23 %
Corporates	6,967	5,052	6,713	1,845	7,418	87 %
Retail	11,332	23,044	10,410	236	7,606	71 %
Secured by mortgages on immovable property	5,886	24	5,886	7	2,063	35 %
of which: residential property	5,885	24	5,885	7	2,062	35 %
of which: commercial property	1	—	1	—	1	100 %
Exposures in default	1,034	87	1,032	26	1,179	111 %
Other items	2,550	—	2,550	—	2,092	82 %
Total	100,530	28,957	109,953	3,930	20,684	18 %

¹ RWA density is RWA expressed as a percentage of exposures post CCF and CRM.

Table 16: Standardised approach – exposures by asset class (CR5)

Exposures in the table below are presented on a post CRM and post CCF basis.

The Group makes limited use of ECAIs assessments for its Standardised exposures. Where a credit assessment is used this must be provided by an eligible ECAI from the PRA's approved list. The appropriate risk weight to apply to the credit risk exposure is determined by assigning the exposure to the relevant credit quality step under CRD IV, based on the PRA's mapping of credit assessments to credit quality steps.

For the below disclosure, exposures are classed as 'rated' only where an ECAI rating has been used to derive the risk weight. Where a rating is unavailable, or where the risk weight has been determined by application of specific CRR provisions, exposures have been classed as 'unrated'. This also applies to central governments or central banks exposures within the UK and EEA that receive a zero per cent risk weight in line with regulatory permission.

Exposure Classes	30 Jun 2021																Total	Of which: Unrated
	Risk Weight																	
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others			
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Central governments or central banks	79,581	—	—	—	—	—	—	—	—	—	—	—	—	—	—	79,581	79,396	
Regional government or local authorities	373	—	—	—	141	—	—	—	—	—	—	—	—	—	—	514	—	
Public sector entities	4,639	—	—	—	—	—	—	—	—	1	—	—	—	—	—	4,640	3,284	
Multilateral development banks	7,746	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7,746	7,746	
International organisations	15	—	—	—	—	—	—	—	—	—	—	—	—	—	—	15	15	
Institutions	—	—	613	—	98	—	375	—	—	8	—	—	—	—	—	1,094	621	
Corporates	—	—	—	—	26	—	794	—	—	5,930	26	—	—	—	—	6,775	5,995	
Retail	—	—	—	—	—	—	—	—	10,072	—	—	—	—	—	—	10,072	10,072	
Secured by mortgages on immovable property	—	—	—	—	—	5,445	—	—	—	1	—	—	—	—	—	5,446	5,446	
of which: residential property	—	—	—	—	—	5,445	—	—	—	—	—	—	—	—	—	5,445	5,445	
of which: commercial property	—	—	—	—	—	—	—	—	—	1	—	—	—	—	—	1	1	
Exposures in default	—	—	—	—	—	—	—	—	—	812	213	—	—	—	—	1,025	1,025	
Other items	4	—	—	—	215	—	—	—	—	1,992	—	—	—	—	—	2,211	2,211	
Total	92,359	—	613	—	480	5,445	1,169	—	10,072	8,743	239	—	—	—	—	119,119	115,811	

Table 16: Standardised approach – exposures by asset class (CR5) (Continued)

	31 Dec 2020																
	Risk Weight																
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Total	Of which: Unrated
Exposure Classes	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Central governments or central banks	72,027	—	—	—	—	—	—	—	—	—	—	—	—	—	—	72,027	71,812
Regional government or local authorities	278	—	—	—	147	—	—	—	—	—	—	—	—	—	—	425	1
Public sector entities	4,273	—	—	—	—	—	—	—	—	1	—	—	—	—	—	4,274	3,144
Multilateral development banks	7,158	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7,158	7,158
International organisations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Institutions	—	—	701	—	94	—	499	—	—	—	—	—	—	—	—	1,294	704
Corporates	1	—	—	—	—	—	1,131	—	—	7,401	26	—	—	—	—	8,558	7,435
Retail	—	—	—	—	—	—	—	—	10,646	—	—	—	—	—	—	10,646	10,646
Secured by mortgages on immovable property	—	—	—	—	—	5,892	—	—	—	1	—	—	—	—	—	5,893	5,893
of which: residential property	—	—	—	—	—	5,892	—	—	—	—	—	—	—	—	—	5,892	5,892
of which: commercial property	—	—	—	—	—	—	—	—	—	1	—	—	—	—	—	1	1
Exposures in default	—	—	—	—	—	—	—	—	—	816	242	—	—	—	—	1,058	1,058
Other items	79	—	—	—	474	—	—	—	—	1,997	—	—	—	—	—	2,550	2,550
Total	83,815	—	701	—	715	5,892	1,630	74	10,646	10,216	268	—	—	—	—	113,883	110,400

IMPAIRMENT AND CREDIT QUALITY OF EXPOSURES

The tables below present analysis of credit risk exposures and credit risk adjustments analysed by regulatory exposure class, industry types and geography. Gross carrying value comprises both on and off-balance sheet exposures pre CCF and pre CRM. Net values represent gross carrying values less specific credit risk adjustments (note, the Group does not recognise any general credit risk adjustments (GCRAs) as defined by the EBA).

Further details on the Group's impairment charges and balances can be found in the Lloyds Bank Group plc 2021 Half Year Results

Table 17: Credit quality of exposures by exposure class and instrument (CR1-A)

30 Jun 2021					
	Gross carrying values of		Specific credit risk adjustment ¹	Credit risk adjustment charges in the period ¹	Net values
	Defaulted exposures	Non-defaulted exposures			
	£m	£m	£m	£m	£m
Central governments or central banks	—	2,960	—	(1)	2,960
Institutions	—	7,246	—	—	7,246
Corporates	1,952	73,071	865	(517)	74,158
of which: Specialised lending	307	12,894	209	(107)	12,992
of which: SMEs	446	10,332	175	(91)	10,603
Retail	4,166	413,565	3,019	(132)	414,711
Secured by real estate property	3,255	331,053	1,473	(205)	332,835
SMEs	156	6,748	140	(37)	6,764
Non-SMEs	3,099	324,305	1,333	(168)	326,071
Qualifying revolving	283	52,284	736	110	51,830
Other retail	628	30,228	810	(37)	30,046
SMEs	226	10,492	89	(34)	10,630
Non-SMEs	402	19,736	722	(3)	19,416
Non-credit obligation assets	—	11,072	—	—	11,072
Total IRB approach	6,118	507,915	3,884	(650)	510,148
Central governments or central banks		67,141	—	—	67,141
Regional governments or local authorities		515	—	—	515
Public sector entities		4,641	—	—	4,641
Multilateral development banks		7,746	—	—	7,746
Institutions		976	1	—	975
Corporates		9,466	60	(37)	9,405
of which: SMEs		3,034	11	(8)	3,023
Retail		35,171	347	33	34,824
of which: SMEs		2,682	23	—	2,659
Secured by mortgages on immovable property		5,490	30	(3)	5,459
of which: SMEs		12	—	—	12
Exposures in default ²	1,860		773	23	1,086
Other exposures		2,211	—	—	2,211
Total standardised approach	1,860	133,372	1,212	17	134,020
Total	7,978	641,286	5,096	(633)	644,168
of which: Loans	7,675	424,439	4,747	(555)	427,367
of which: Debt securities	1	4,007	1	—	4,007
of which: Off-balance sheet exposures	302	125,608	348	(78)	125,562

Table 17: Credit quality of exposures by exposure class and instrument (CR1-A) (continued)

31 Dec 2020						
	Gross carrying values of		Specific credit risk adjustment	Credit risk adjustment charges in the period	Net values	
	Defaulted exposures	Non-defaulted exposures				
	£m	£m	£m	£m	£m	
Central governments or central banks	—	3,020	1	1	3,019	
Institutions	—	6,780	1	1	6,780	
Corporates	2,454	77,245	1,446	1,015	78,253	
of which: Specialised lending	306	13,041	316	249	13,031	
of which: SMEs	460	10,791	255	139	10,995	
Retail	4,210	406,780	3,548	1,906	407,443	
Secured by real estate property	3,324	323,486	1,691	539	325,119	
SMEs	167	7,663	173	89	7,657	
Non-SMEs	3,157	315,823	1,519	450	317,462	
Qualifying revolving	286	53,520	866	674	52,941	
Other retail	599	29,774	991	693	29,383	
SMEs	208	9,796	123	114	9,880	
Non-SMEs	392	19,978	868	579	19,503	
Non-credit obligation assets	—	10,973	—	—	10,973	
Total IRB approach	6,664	504,799	4,996	2,924	506,467	
Central governments or central banks		60,695	—	—	60,695	
Regional governments or local authorities		426	—	—	426	
Public sector entities		4,274	—	—	4,274	
Multilateral development banks		7,158	—	—	7,158	
Institutions		958	1	1	957	
Corporates		12,123	104	106	12,019	
of which: SMEs		4,041	17	12	4,024	
Retail		34,749	373	261	34,376	
of which: SMEs		3,343	19	6	3,324	
Secured by mortgages on immovable property		5,945	35	8	5,910	
of which: SMEs		8	—	—	8	
Exposures in default ²		1,887	—	765	327	1,121
Other exposures			2,550	—	—	2,550
Total standardised approach		1,887	128,879	1,279	702	129,487
Total	8,550	633,678	6,274	3,627	635,954	
of which: Loans	8,043	407,806	5,847	3,374	410,002	
of which: Debt securities	1	4,341	1	—	4,341	
of which: Off-balance-sheet exposures	506	132,140	426	253	132,221	

1 The total of specific credit risk adjustments and credit risk adjustment charges in the period are lower than financial reporting amounts predominantly due to the differing regulatory treatment of a number of exposures and the exclusion of the £400 million central overlay to the expected credit loss allowances.

2 The breakdown of 'exposures in default' by the exposure class that corresponds to the exposure before default, comprises Corporate £1,270 million (2020: £1,254 million) and Retail £590 million (2020: £633 million).

Table 18: Credit quality of exposures by industry types (CR1-B)

	30 Jun 2021				
	Gross carrying values of		Specific credit risk adjustment ¹	Credit risk adjustment charges in the period ¹	Net value
	Defaulted exposures £m	Non-defaulted exposures £m			£m
Agriculture, forestry and fishing	215	5,223	55	(31)	5,383
Energy and water supply	1	4,514	7	(5)	4,508
Manufacturing	255	9,921	80	(149)	10,096
Construction	300	4,681	122	(73)	4,858
Transport, distribution and hotels	1,777	17,678	861	(82)	18,594
Postal and communications	5	1,073	6	(7)	1,072
Property companies	524	22,034	255	(118)	22,303
Financial, business and other services	383	133,716	378	(126)	133,721
Personal: mortgages	3,494	330,006	1,431	(181)	332,069
Personal: other	732	92,236	1,485	192	91,483
Lease financing	9	4,515	2	(4)	4,522
Hire purchase	283	15,690	414	(48)	15,559
Total	7,978	641,286	5,096	(633)	644,168

	31 Dec 2020				
	Gross carrying values of		Specific credit risk adjustment	Credit risk adjustment charges in the period	Net value
	Defaulted exposures £m	Non-defaulted exposures £m			£m
Agriculture, forestry and fishing	231	7,134	83	82	7,282
Energy and water supply	1	4,390	12	33	4,380
Manufacturing	500	12,178	216	136	12,462
Construction	352	6,253	218	47	6,387
Transport, distribution and hotels	1,866	21,107	952	490	22,021
Postal and communications	4	1,177	12	19	1,169
Property companies	521	23,654	415	279	23,760
Financial, business and other services	462	122,659	507	369	122,614
Personal: mortgages	3,574	321,962	1,635	464	323,902
Personal: other	765	92,831	1,733	1,477	91,863
Lease financing	11	4,504	4	30	4,511
Hire purchase	263	15,828	487	200	15,604
Total	8,550	633,678	6,274	3,627	635,954

1 The total of specific credit risk adjustments and credit risk adjustment charges in the period are lower than financial reporting amounts predominantly due to the differing regulatory treatment of a number of exposures and the exclusion of the £400m central overlay to the expected credit loss allowances.

ANALYSIS OF CREDIT RISK MITIGATION

The following table provides an analysis of net carrying values of credit risk exposures secured by different CRM techniques split by regulatory approach and asset class.

Table 19: CRM techniques – Overview (CR3)

	30 Jun 2021				
	Exposures unsecured – carrying amount	Exposures to be secured ¹	Exposures secured by collateral ²	Exposures secured by financial guarantees	Exposures secured by credit derivatives
	£m	£m	£m	£m	£m
Exposures subject to the IRB approach					
Central governments or central banks	2,214	746	—	746	—
Institutions ³	4,428	2,818	2,812	1	4
Corporates	38,698	35,460	33,006	1,761	694
of which: Specialised lending	—	12,992	12,992	—	—
of which: SMEs	3,527	7,076	6,420	626	30
Retail	61,832	352,879	344,290	8,590	—
Secured by real estate property	34	332,801	332,801	—	—
SMEs	34	6,730	6,730	—	—
Non-SMEs	—	326,071	326,071	—	—
Qualifying revolving	51,830	—	—	—	—
Other retail	9,968	20,078	11,489	8,590	—
SMEs	2,022	8,608	19	8,590	—
Non-SMEs	7,946	11,470	11,470	—	—
Non-credit obligation assets	10,672	—	—	—	—
Total – IRB approach	117,845	391,903	380,107	11,097	698
Exposures subject to the standardised approach					
Central governments and central banks ⁴	67,141	—	—	—	—
Regional governments or local authorities ⁴	514	1	—	1	—
Public sector entities ⁴	4,640	1	—	1	—
Multilateral development banks	7,746	—	—	—	—
Institutions	975	—	—	—	—
Corporates	8,623	782	361	421	—
Retail	33,692	1,132	179	954	—
Secured by mortgages on immovable property	9	5,450	5,450	—	—
Exposures in default	737	350	341	9	—
Other exposures	2,211	—	—	—	—
Total – standardised approach	126,304	7,716	6,331	1,385	—
Total exposures	244,149	399,618	386,438	12,482	698
of which: defaulted	2,141	3,789	3,780	9	—

Table 19: CRM techniques – Overview (CR3) continued

	31 Dec 2020				
	Exposures unsecured – carrying amount	Exposures to be secured ¹	Exposures secured by collateral ²	Exposures secured by financial guarantees	Exposures secured by credit derivatives
	£m	£m	£m	£m	£m
Exposures subject to the IRB approach					
Central governments or central banks	2,371	647	—	737	—
Institutions ³	1,584	5,196	5,196	—	5
Corporates	41,836	36,417	33,940	1,845	678
of which: Specialised Lending	—	13,031	13,031	—	—
of which: SME	3,607	7,388	6,392	996	—
Retail	62,761	344,681	336,403	7,550	—
Secured by real estate property	93	325,026	324,835	267	—
SME	93	7,564	7,374	267	—
Non-SME	—	317,462	317,462	—	—
Qualifying Revolving	52,941	—	—	—	—
Other Retail	9,727	19,656	11,567	7,283	—
SME	1,783	8,097	9	7,283	—
Non-SME	7,944	11,558	11,558	—	—
Non-credit obligation assets	10,573	—	—	—	—
Total – IRB approach	121,378	384,689	373,286	10,132	683
Exposures subject to the standardised approach	—	—	—	—	—
Central governments and central banks	60,695	—	—	—	—
Regional governments or local authorities	425	1	—	1	—
Public sector entities	4,274	—	—	—	—
Multilateral development banks	7,158	—	—	—	—
Institutions	957	—	—	—	—
Corporates	11,219	800	412	370	22
Retail	33,298	1,078	155	922	—
Secured by mortgages on immovable property	13	5,897	5,897	—	—
Exposures in default	767	355	353	2	—
Other exposures	2,550	—	—	—	—
Total – standardised approach	121,357	8,130	6,817	1,295	22
Total exposures	242,735	392,819	380,103	11,426	705
of which: defaulted	2,288	3,841	3,840	2	—

1 Allocation of the carrying amount of multi-secured exposures is made by order of priority to their different CRM techniques.

2 At 30 June 2021 the value of exposures secured by eligible financial collateral is £2.9bn (2020: £3.0bn) and the value of exposures secured by other eligible collateral is £383.5bn (2020: £377.1bn).

3 Exposures to Institutions secured by collateral includes £2,181m (Dec 2020: £2,395m) of exposures in the form of covered bonds.

ANALYSIS OF PERFORMING, NON-PERFORMING AND FORBORNE EXPOSURES

The exposures in the tables that follow have been prepared in accordance with FINREP definitions and as such the loans and debt securities include balances subject to the credit risk, counterparty credit risk and securitisation frameworks.

Table 20: Credit quality of forborne exposures (CQ1)

30 Jun 2021								
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing Forborne	Non-performing	Of Which:		On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			Defaulted	Impaired				
	£m	£m	£m	£m	£m	£m	£m	£m
1 Loans and advances	2,470	7,184	5,045	5,887	(70)	(1,489)	5,544	3,531
5 Other financial corporations	24	15	15	13	—	(10)	24	2
6 Non-financial corporations	498	3,249	3,210	3,193	(4)	(1,011)	708	471
7 Households	1,949	3,921	1,820	2,682	(66)	(469)	4,813	3,057
8 Debt Securities	—	1	1	1	—	(1)	—	—
9 Loans Commitments Given	210	331	75	107	(2)	(12)	23	11
10 Total	2,681	7,517	5,121	5,995	(68)	(1,478)	5,568	3,542

31 Dec 2020								
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing Forborne	Non-performing	Of Which:		On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			Defaulted	Impaired				
	£m	£m	£m	£m	£m	£m	£m	£m
1 Loans and advances	2,592	7,952	5,586	6,276	(134)	(1,845)	5,893	3,808
5 Other financial corporations	27	37	37	13	(13)	(9)	34	2
6 Non-financial corporations	542	3,753	3,736	3,557	(38)	(1,306)	805	544
7 Households	2,023	4,162	1,813	2,706	(84)	(530)	5,054	3,261
8 Debt Securities	—	1	1	1	—	(1)	—	—
9 Loans Commitments Given	168	393	178	260	(2)	(24)	21	11
10 Total	2,760	8,345	5,765	6,537	(136)	(1,870)	5,914	3,819

Table 21: Credit quality of performing and non-performing exposures by past due days (CQ3)

30 Jun 2021												
Gross carrying amount/nominal amount												
	Performing			Non-performing								
	£m	Not past due or Past due <= 30 days £m	Past due > 30 days <= 90 days £m		Unlikely to pay that are not past-due or past-due <= 90 days £m	Past due > 90 day <= 180 days £m	Past due > 180 day <= 1 year £m	Past due > 1 year <= 2 years £m	Past due > 2 years <= 5 years £m	Past due > 5 years <= 7 years £m	Past due > 7 years £m	Of which: defaulted £m
1 Loans and advances	485,297	483,594	1,703	10,699	4,433	1,713	1,143	1,152	1,880	219	158	7,741
2 Central banks	1,361	1,361	—	—	—	—	—	—	—	—	—	—
3 General governments	658	647	10	—	—	—	—	—	—	—	—	—
4 Credit institutions	7,236	7,231	5	—	—	—	—	—	—	—	—	—
5 Other financial corporations	56,913	56,875	38	15	10	1	—	—	4	—	—	15
6 Non-financial corporations	72,448	72,239	208	3,381	1,912	472	10	1	979	6	—	3,342
7 Of which: SMEs	40,987	40,972	14	1,130	745	381	1	—	1	3	—	1,109
8 Households	346,682	345,241	1,441	7,303	2,511	1,240	1,133	1,152	897	213	158	4,384
9 Debt securities	30,781	30,781	—	1	—	—	—	—	—	—	1	1
11 General governments	13,202	13,202	—	—	—	—	—	—	—	—	—	—
12 Credit institutions	13,334	13,334	—	—	—	—	—	—	—	—	—	—
13 Other financial corporations	3,570	3,570	—	—	—	—	—	—	—	—	—	—
14 Non-financial corporations	675	675	—	1	—	—	—	—	—	—	1	1
15 Off-balance-sheet exposures	128,001			493								171
17 General governments	160			—								—
18 Credit institutions	69			—								—
19 Other financial corporations	9,460			4								4
20 Non-financial corporations	34,961			207								167
21 Households	83,352			282								—
22 Total	644,079	514,375	1,703	11,192	4,433	1,713	1,143	1,152	1,880	219	158	7,913

Table 21: Credit quality of performing and non-performing exposures by past due days (CQ3) (continued)

31 Dec 2020												
Gross carrying amount/nominal amount												
	Performing			Non-performing								
		Not past due or Past due <= 30 days	Past due > 30 days <= 90 days		Unlikely to pay that are not past-due or past-due <= 90 days	Past due > 90 day <= 180 days	Past due > 180 day <= 1 year	Past due > 1 year <= 2 years	Past due > 2 years <= 5 years	Past due > 5 years <= 7 years	Past due > 7 years	Of which: defaulted
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1 Loans and advances	482,959	480,734	2,225	11,454	5,145	1,756	1,153	1,231	1,818	217	133	8,300
2 Central banks	1,372	1,372	—	—	—	—	—	—	—	—	—	—
3 General governments	635	627	8	—	—	—	—	—	—	—	—	—
4 Credit institutions	5,590	5,586	4	—	—	—	—	—	—	—	—	—
5 Other financial corporations	63,141	63,136	5	38	26	1	—	—	4	—	7	38
6 Non-financial corporations	75,275	74,979	296	3,815	2,392	443	2	2	972	4	—	3,798
7 Of which: SMEs	42,033	42,025	8	939	568	367	1	1	—	3	—	927
8 Households	336,945	335,035	1,911	7,601	2,727	1,313	1,151	1,229	843	213	126	4,465
9 Debt securities	32,840	32,840	—	1	—	—	—	—	—	—	1	1
11 General governments	15,026	15,026	—	—	—	—	—	—	—	—	—	—
12 Credit institutions	11,637	11,637	—	—	—	—	—	—	—	—	—	—
13 Other financial corporations	5,455	5,455	—	—	—	—	—	—	—	—	—	—
14 Non-financial corporations	722	722	—	1	—	—	—	—	—	—	1	1
15 Off-balance-sheet exposures	134,654			636								366
17 General governments	164			—								—
18 Credit institutions	38			—								—
19 Other financial corporations	10,778			5								5
20 Non-financial corporations	37,053			363								361
21 Households	86,621			268								—
22 Total	650,453	513,574	2,225	12,091	5,145	1,756	1,153	1,231	1,818	217	134	8,667

Table 22: Performing and non-performing exposures and related provisions (CR1)

30 Jun 2021																
Gross carrying amount/nominal amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received		
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures		On non-performing exposures
	£m	Of which stage 1 £m	Of which stage 2 £m	£m	Of which stage 2 £m	Of which stage 3 £m	£m	Of which stage 1 £m	Of which stage 2 £m	£m	Of which stage 2 £m	Of which stage 3 £m	£m	£m	£m	£m
1 Loans and advances	485,297	433,195	51,410	10,699	2,419	8,279	(2,682)	(1,190)	(1,492)	(1,980)	(184)	(1,797)	(313)	369,852		6,293
2 Central banks	1,361	1,361	—	—	—	—	—	—	—	—	—	—	—	—		—
3 General governments	658	630	—	—	—	—	—	—	—	—	—	—	—	496		—
4 Credit institutions	7,236	7,236	—	—	—	—	(17)	(17)	—	—	—	—	—	—		—
5 Other financial corporations	56,913	56,230	424	15	2	13	(61)	(10)	(51)	(10)	—	(9)	—	452		2
6 Non-financial corporations	72,448	63,891	8,427	3,381	188	3,193	(758)	(394)	(364)	(1,030)	(17)	(1,013)	(313)	47,455		474
7 Of which: SMEs	40,987	37,355	3,632	1,130	135	995	(311)	(121)	(190)	(134)	—	(134)	—	31,866		454
8 Households	346,682	303,847	42,560	7,303	2,228	5,074	(1,845)	(769)	(1,077)	(941)	(166)	(774)	—	321,448		5,816
9 Debt securities	30,781	30,781	—	1	—	1	(3)	(3)	—	(1)	—	(1)	—	—		—
11 General governments	13,202	13,202	—	—	—	—	—	—	—	—	—	—	—	—		—
12 Credit institutions	13,334	13,334	—	—	—	—	—	—	—	—	—	—	—	—		—
13 Other financial corporations	3,570	3,570	—	—	—	—	(2)	(2)	—	—	—	—	—	—		—
14 Non-financial corporations	675	675	—	1	—	1	—	—	—	(1)	—	(1)	—	—		—
15 Off-balance-sheet exposures	128,001	121,363	6,638	493	285	208	(334)	(162)	(172)	(14)	(6)	(8)		7,755		11
17 General governments	160	160	—	—	—	—	—	—	—	—	—	—		—		—
18 Credit institutions	69	69	—	—	—	—	—	—	—	—	—	—		15		—
19 Other financial corporations	9,460	9,398	62	4	4	1	(5)	(4)	(1)	—	—	—		79		—
20 Non-financial corporations	34,961	32,736	2,225	207	95	112	(133)	(61)	(72)	(8)	—	(8)		7,660		11
21 Households	83,352	79,001	4,351	282	185	96	(196)	(97)	(99)	(6)	(6)	—		—		—
22 Total	644,079	585,339	58,048	11,192	2,703	8,488	(2,350)	(1,031)	(1,320)	(1,967)	(177)	(1,790)	(313)	377,607		6,304

The table above excludes loans and advances classified as held for sale, cash balances at central banks and other demand deposits to allow calculation of the NPL ratio in line with EBA definitions. Debt securities classified as fair value through profit and loss have also been excluded.

Table 22: Performing and non-performing exposures and related provisions (CR1) (continued)

		31 Dec 2020														
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
£m	Of which stage 1 £m	Of which stage 2 £m	£m	Of which stage2 £m	Of which stage 3 £m	£m	Of which stage 1 £m	Of which stage 2 £m	£m	Of which stage 2 £m	Of which stage 3 £m	£m	On performing exposures £m	On non-performing exposures £m		
1	Loans and advances	482,959	424,830	57,136	11,454	2,744	8,708	(3,329)	(1,355)	(1,974)	(2,380)	(233)	(2,147)	(280)	360,393	6,586
2	Central banks	1,372	1,372	—	—	—	—	—	—	—	—	—	—	—	—	—
3	General governments	635	608	—	—	—	—	—	—	—	—	—	—	—	462	—
4	Credit institutions	5,590	5,590	—	—	—	—	(9)	(9)	—	—	—	—	—	4	—
5	Other financial corporations	63,141	62,048	609	38	24	13	(81)	(19)	(62)	(9)	—	(9)	—	689	2
6	Non-financial corporations	75,275	61,244	13,899	3,815	257	3,557	(1,100)	(464)	(636)	(1,325)	(23)	(1,303)	(280)	49,278	551
7	Of which: SMEs	42,033	36,602	5,431	939	101	838	(457)	(157)	(301)	(149)	(2)	(147)	—	32,840	471
8	Households	336,945	293,968	42,628	7,601	2,462	5,138	(2,140)	(864)	(1,276)	(1,046)	(210)	(835)	—	309,961	6,033
9	Debt securities	32,840	32,840	—	1	—	1	(5)	(5)	—	(1)	—	(1)	—	—	—
11	General governments	15,026	15,026	—	—	—	—	(1)	(1)	—	—	—	—	—	—	—
12	Credit institutions	11,637	11,637	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Other financial corporations	5,455	5,455	—	—	—	—	(5)	(5)	—	—	—	—	—	—	—
14	Non-financial corporations	722	722	—	1	—	1	—	—	—	(1)	—	(1)	—	—	—
15	Off-balance-sheet exposures	134,654	127,361	7,293	636	351	285	(400)	(192)	(208)	(27)	(13)	(13)	—	8,982	11
17	General governments	164	164	—	—	—	—	—	—	—	—	—	—	—	4	—
18	Credit institutions	38	38	—	—	—	—	—	—	—	—	—	—	—	38	—
19	Other financial corporations	10,778	10,734	44	5	5	—	(6)	(6)	(1)	—	—	—	—	123	—
20	Non-financial corporations	37,053	34,208	2,845	363	167	196	(169)	(74)	(94)	(18)	(5)	(13)	—	8,813	11
21	Households	86,621	82,217	4,404	268	180	88	(224)	(111)	(113)	(9)	(9)	—	—	5	—
22	Total	650,453	585,031	64,429	12,091	3,096	8,994	(3,734)	(1,552)	(2,182)	(2,408)	(247)	(2,161)	(280)	369,375	6,597

Securitisation

Banking and trading book securitisation analysis

The table below discloses the Group's retained and purchased positions across the banking book by exposure type and role.

Table 23: Securitisation exposures in the non-trading book (SEC1)

		30 Jun 2021														
		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS		Non-STS		STS	Non-STS		STS	Non-STS						
		£m	of which SRT	£m	of which SRT			£m			£m	£m	£m	£m	£m	£m
1	Total exposures	—	—	—	—	11,671	11,671	11,671	795	4,250	—	5,045	2,060	5,271	—	7,332
2	Retail (total)	—	—	—	—	—	—	—	795	2,771	—	3,566	1,960	3,782	—	5,742
3	residential mortgage	—	—	—	—	—	—	—	—	306	—	306	—	2,109	—	2,109
5	other retail exposures	—	—	—	—	—	—	—	795	2,465	—	3,260	1,960	1,673	—	3,633
7	Wholesale (total)	—	—	—	—	11,671	11,671	11,671	—	1,478	—	1,478	100	1,490	—	1,589
8	loans to corporates	—	—	—	—	6,565	6,565	6,565	—	—	—	—	—	203	—	203
9	commercial mortgage	—	—	—	—	2,219	2,219	2,219	—	—	—	—	—	486	—	486
10	lease and receivables	—	—	—	—	—	—	—	—	1,171	—	1,171	—	397	—	397
11	other wholesale	—	—	—	—	2,888	2,888	2,888	—	308	—	308	100	403	—	503

		31 Dec 2020														
		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS		Non-STS		STS	Non-STS		STS	Non-STS						
		£m	of which SRT	£m	of which SRT			£m			£m	£m	£m	£m	£m	£m
1	Total exposures	—	—	—	—	10,949	10,949	10,949	811	4,914	—	5,725	2,064	5,664	—	7,727
2	Retail (total)	—	—	—	—	—	—	—	811	2,935	—	3,746	1,964	4,338	—	6,302
3	residential mortgage	—	—	—	—	—	—	—	—	306	—	306	—	2,461	—	2,461
5	other retail exposures	—	—	—	—	—	—	—	811	2,629	—	3,440	1,964	1,878	—	3,842
7	Wholesale (total)	—	—	—	—	10,949	10,949	10,949	—	1,979	—	1,979	100	1,325	—	1,425
8	loans to corporates	—	—	—	—	7,329	7,329	7,329	—	—	—	—	—	195	—	195
9	commercial mortgage	—	—	—	—	726	726	726	—	—	—	—	—	487	—	487
10	lease and receivables	—	—	—	—	—	—	—	—	1,506	—	1,506	—	300	—	300
11	other wholesale	—	—	—	—	2,895	2,895	2,895	—	473	—	473	100	343	—	443

The table below provides analysis of securitisation positions where the Group acts as originator or sponsor.

Table 24: Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor (SEC3)

30 Jun 2021																	
Exposure values (by RW bands/deductions)						Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250%/ deductions	SEC- IRBA	SEC- ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC- IRBA	SEC- ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC- IRBA	SEC- ERBA (including IAA)	SEC-SA	1250%/ deductions
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1 Total exposures	10,868	4,942	820	86	—	9,452	5,322	1,941	—	1,885	1,538	530	—	151	123	42	—
2 Traditional transactions	3,528	895	606	16	—	—	5,045	—	—	—	1,207	—	—	—	97	—	—
3 Securitisation	3,528	895	606	16	—	—	5,045	—	—	—	1,207	—	—	—	97	—	—
4 Retail underlying	3,260	306	—	—	—	—	3,566	—	—	—	582	—	—	—	47	—	—
5 Of which STS	795	—	—	—	—	—	795	—	—	—	80	—	—	—	6	—	—
6 Wholesale	267	589	606	16	—	—	1,478	—	—	—	626	—	—	—	50	—	—
9 Synthetic transactions	7,340	4,048	214	70	—	9,452	277	1,941	—	1,885	330	530	—	151	26	42	—
10 Securitisation	7,340	4,048	214	70	—	9,452	277	1,941	—	1,885	330	530	—	151	26	42	—
12 Wholesale	7,340	4,048	214	70	—	9,452	277	1,941	—	1,885	330	530	—	151	26	42	—

Table 24: Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor (SEC3) (continued)

31 Dec 2020																	
Exposure values (by RW bands/deductions)						Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250%/ deductions		SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1 Total exposures	12,185	3,411	1,037	41	—	10,224	5,939	512	—	1,951	1,749	151	—	156	140	12	—
2 Traditional transactions	3,738	1,175	772	41	—	—	5,725	—	—	—	1,555	—	—	—	124	—	—
3 Securitisation	3,738	1,175	772	41	—	—	5,725	—	—	—	1,555	—	—	—	124	—	—
4 Retail underlying	3,216	530	—	—	—	—	3,746	—	—	—	643	—	—	—	51	—	—
5 Of which STS	811	—	—	—	—	—	811	—	—	—	81	—	—	—	6	—	—
6 Wholesale	522	644	772	41	—	—	1,979	—	—	—	912	—	—	—	73	—	—
9 Synthetic transactions	8,447	2,237	266	—	—	10,224	214	512	—	1,951	194	151	—	156	16	12	—
10 Securitisation	8,447	2,237	266	—	—	10,224	214	512	—	1,951	194	151	—	156	16	12	—
12 Wholesale	8,447	2,237	266	—	—	10,224	214	512	—	1,951	194	151	—	156	16	12	—

Table 25: Exposures securitised by the institution - Exposures in default and specific credit risk adjustments (SEC5)

		June 2021			December 2020		
		Exposures securitised by the institution - Institution acts as originator or as sponsor			Exposures securitised by the institution - Institution acts as originator or as sponsor		
		Total outstanding nominal amount	Of which exposures in default	Total amount of specific credit risk adjustments made during the period	Total outstanding nominal amount	Of which exposures in default	Total amount of specific credit risk adjustments made during the period
		£m			£m		
1	Total exposures	12,952	78	(5)	12,055	80	1
7	Wholesale (total)	12,952	78	(5)	12,055	80	1
8	loans to corporates	7,468	73	(5)	8,217	76	1
9	commercial mortgage	2,491	4	—	841	4	—
11	other wholesale	2,993	—	—	2,997	—	—

Table 26: Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor (SEC4)

30 Jun 2021																	
Exposure values (by RW bands/deductions)						Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250%/ deductions		SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1 Total exposures	6,818	285	223	6	—	—	1,792	5,540	—	—	408	820	—	—	33	66	—
2 Traditional securitisation	6,818	285	223	6	—	—	1,792	5,540	—	—	408	820	—	—	33	66	—
3 Securitisation	6,818	285	223	6	—	—	1,792	5,540	—	—	408	820	—	—	33	66	—
4 Retail underlying	5,659	83	—	—	—	—	1,563	4,179	—	—	199	604	—	—	16	48	—
5 Of which STS	1,960	—	—	—	—	—	912	1,048	—	—	91	114	—	—	7	9	—
6 Wholesale	1,159	202	223	6	—	—	229	1,361	—	—	209	216	—	—	17	17	—
7 Of which STS	100	—	—	—	—	—	—	100	—	—	—	10	—	—	—	1	—

31 Dec 2020																	
Exposure values (by RW bands/deductions)						Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions		SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1 Total exposures	7,204	295	222	6	—	—	1,910	5,817	—	—	428	837	—	—	34	67	—
2 Traditional securitisation	7,204	295	222	6	—	—	1,910	5,817	—	—	428	837	—	—	34	67	—
3 Securitisation	7,204	295	222	6	—	—	1,910	5,817	—	—	428	837	—	—	34	67	—
4 Retail underlying	6,109	193	—	—	—	—	1,682	4,620	—	—	218	655	—	—	17	52	—
5 Of which STS	1,964	—	—	—	—	—	912	1,051	—	—	91	105	—	—	7	8	—
6 Wholesale	1,095	102	222	6	—	—	228	1,197	—	—	210	183	—	—	17	15	—
7 Of which STS	100	—	—	—	—	—	—	100	—	—	—	10	—	—	—	1	—

Pillar 1 Capital requirements: Counterparty credit risk

Table 27: Analysis of CCR exposure by approach (CCR1)³

The methods and parameters used to calculate the CCR regulatory requirements are presented in the table below.

	30 Jun 2021						
	Notional	Replacement cost/current market value ¹	Potential future credit exposure ¹	Effective expected positive exposure (EEPE)	Multiplier	EAD Post CRM ²	RWAs
	£m	£m	£m	£m	x	£m	£m
1 Mark to Market		1,652	800			1,917	1,112
9 Financial collateral comprehensive method (for SFTs)						9,029	251
11 Total	—	1,652	800	—	—	10,946	1,363

	December 2020						
	Notional	Replacement cost/current market value ¹	Potential future credit exposure ¹	Effective expected positive exposure (EEPE)	Multiplier	EAD Post CRM ²	RWAs
	£m	£m	£m	£m	x	£m	£m
1 Mark to Market		2,237	887			2,500	1,436
9 Financial collateral comprehensive method (for SFTs)						13,767	305
11 Total	—	2,237	887	—	—	16,267	1,740

- 1 Replacement cost and PFE have been reported on a net basis where a netting agreement is in place (collateral is deducted from the replacement cost).
- 2 Exposure values of £0.6bn subject to CVA are embedded in this section, the CVA risk-weighted assets are excluded from this table. For CVA risk-weighted assets please refer to Table 29.
- 3 CCP exposures and charges are excluded from this table. For CCP balances please refer to Table 28: Exposures to CCPs (CCR8).

Key movements

- Financial collateral comprehensive method (for SFTs) decreased by £4.7 billion EAD mainly due to the Term Funding Scheme with additional incentives for SMEs (TFSME) with £3.8 billion reduction and also other smaller movements.

Table 28: Exposures to CCPs (CCR8)

An analysis of the group's exposures to CCPs and related capital requirements are shown in this table.

	30 Jun 2021		31 Dec 2020	
	EAD post CRM	RWA	EAD post CRM	RWA
	£m	£m	£m	£m
1 Exposures to QCCPs (total)	4,714	364	4,976	393
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	4,444	93	4,630	96
3 (i) OTC derivatives	4,249	85	4,465	89
4 (ii) Exchange-traded derivatives	169	7	164	7
5 (iii) SFTs	26	1	1	—
8 Non-segregated initial margin	98	2	104	2
9 Prefunded default fund contributions	172	269	242	295
11 Exposures to non-QCCPs (total)	—	—	—	—

Key movements

- Decrease in EAD and RWA in the prefunded default fund contributions is predominately due to reduction in the required contribution to LCH SwapClear.

Table 29: Credit valuation adjustment (CVA) capital charge (CCR2)¹

	30 Jun 2021		31 Dec 2020	
	EAD post CRM	RWA	EAD post CRM	RWA
	£m	£m	£m	£m
⁴ All portfolios subject to the Standardised Method	594	206	630	355
⁵ Total subject to the CVA capital charge	594	206	630	355

¹ The CVA exposures disclosed in this table are embedded in the exposures reported in Table 27: Analysis of CCR exposure by approach (CCR1).

COUNTERPARTY CREDIT RISK EXPOSURES: ANALYSIS BY EXPOSURE CLASS

An analysis of counterparty credit risk exposures by exposure class is presented in the table below.

Table 30: Counterparty credit risk exposures: analysis by exposure class

	30 Jun 2021		31 Dec 2020	
	EAD post CRM	RWA	EAD post CRM	RWA
	£m	£m	£m	£m
Foundation IRB approach				
Corporate – main	1,658	540	2,002	724
Corporate – SME	1	2	2	2
Central governments or central banks	815	50	1,587	94
Institutions	880	282	837	288
Other IRB approach				
Corporate – specialised lending ¹	646	476	828	614
Total IRB approach	4,000	1,350	5,256	1,723
Exposures subject to the standardised approach				
Central governments or central banks	6,898	—	10,883	—
Multilateral development banks	—	—	—	—
International organisations	20	—	93	—
Institutions	4,549	98	4,737	99
Corporates	21	10	33	17
Total standardised approach	11,487	108	15,746	116
Contributions to the default fund of a Central Counterparty	172	269	242	295
Credit valuation adjustment ²		206		355
Total	15,659	1,933	21,244	2,488

¹ Exposures subject to the IRB Supervisory Slotting Approach.

² CVA exposure values of £0.6bn are embedded in the exposure class analysis above.

Key movements

- Exposures to Central governments or central banks subject to the Standardised approach decreased by £4 billion mainly due to the Term Funding Scheme with additional incentives for SMEs (TFSME), which decreased by £3.8 billion.
- Exposures to Central governments or central banks subject to the IRB approach decreased by £0.8 billion driven by SFT trading with various counterparties.

COUNTERPARTY CREDIT RISK EXPOSURES: FURTHER ANALYSIS OF IRB EXPOSURES

Further analysis, by PD Grade, of counterparty credit risk exposures subject to the Foundation IRB Approach and the IRB Supervisory Slotting Approach are provided in the tables below.

Throughout this section 'RWA density' represents the average risk weight.

Table 31: IRB – Credit risk exposures by portfolio and PD range – Corporates Main (CCR4)

PD Scale	30 Jun 2021						
	EAD post CRM £m	Average PD %	Number of obligors	Average LGD %	Average Maturity (years)	RWA £m	RWA density %
0.00 to <0.15	1,197	0.07%	190	43.4%	2.5	289	24.1%
0.15 to <0.25	142	0.18%	47	45.0%	0.1	40	27.7%
0.25 to <0.50	226	0.36%	291	43.4%	0.9	102	45.4%
0.50 to <0.75	11	0.63%	68	45.0%	3.4	11	92.8%
0.75 to <2.50	42	1.30%	128	45.0%	2.4	44	104.5%
2.50 to <10.00	38	4.15%	91	45.0%	2.0	54	141.6%
10.00 to <100.00	0	30.57%	5	45.0%	1.4	1	252.5%
100.00 (Default)	1	100.00%	8	45.0%	2.7	—	—%
Sub-total	1,658	0.31%	828	43.6%	2.0	540	32.6%

PD Scale	31 Dec 2020						
	EAD post CRM £m	Average PD %	Number of obligors	Average LGD %	Average Maturity (years)	RWA £m	RWA density %
0.00 to <0.15	1,421	0.07%	217	42.3%	3.0	374	26.4%
0.15 to <0.25	138	0.18%	55	45.0%	0.1	39	28.2%
0.25 to <0.50	285	0.36%	335	43.4%	0.9	126	44.1%
0.50 to <0.75	34	0.63%	72	45.0%	2.3	27	79.0%
0.75 to <2.50	62	1.36%	156	45.0%	2.9	70	113.0%
2.50 to <10.00	60	4.27%	93	45.0%	2.2	88	145.1%
10.00 to <100.00	0	19.30%	5	45.0%	1.6	1	224.7%
100.00 (Default)	2	100.00%	11	45.0%	1.1	—	—
Sub-total	2,002	0.40%	944	42.8%	2.5	724	36.2%

Table 32: IRB – CCR exposures by portfolio and PD scale – Central governments or central banks (CCR4)

PD Scale	30 Jun 2021						
	EAD post CRM	Average PD	Number of obligors	Average LGD	Average Maturity (years)	RWA	RWA density
	£m	%		%		£m	%
0.00 to <0.15	815	0.05%	5	45.0%	—	50	6.1%
Sub-total	815	0.05%	5	45.0%	—	50	6.1%

PD Scale	31 Dec 2020						
	EAD post CRM	Average PD	Number of obligors	Average LGD	Average Maturity (years)	RWA	RWA density
	£m	%		%		£m	%
0.00 to <0.15	1,587	0.05%	8	45.0%	—	94	6.0%
Sub-total	1,587	0.05%	8	45.0%	—	94	6.0%

Table 33: IRB – CCR exposure by portfolio and PD scale – Institutions (CCR4)

PD Scale	30 Jun 2021						
	EAD post CRM	Average PD	Number of obligors	Average LGD	Average Maturity (years)	RWA	RWA density
	£m	%		%		£m	%
0.00 to <0.15	813	0.05%	101	45.0%	2.7	230	28.2%
0.15 to <0.25	67	0.18%	8	45.0%	4.0	52	78.0%
0.25 to <0.50	0	0.37%	2	45.0%	2.0	0	76.8%
0.50 to <0.75	0	0.63%	1	45.0%	0.0	0	135.9%
Sub-total	880	0.06%	112	45.0%	2.8	282	32.1%

PD Scale	31 Dec 2020						
	EAD post CRM	Average PD	Number of obligors	Average LGD	Average Maturity (years)	RWA	RWA density
	£m	%		%		£m	%
0.00 to <0.15	787	0.05%	100	45.0%	2.9	244	31.0%
0.15 to <0.25	50	0.18%	10	45.0%	4.7	44	87.2%
0.25 to <0.50	0	0.39%	2	45.0%	2.2	0	81.3%
Sub-total	837	0.06%	112	45.0%	3.0	288	34.4%

Table 34: CCR corporate exposures subject to supervisory slotting

30 Jun 2021 Specialised lending

Regulatory categories	Remaining maturity	On-balance sheet amount £m	Off-balance sheet amount £m	RW %	EAD post CRM £m	RWA £m
1 Strong	Less than 2.5 years	7	—	50%	7	3
	Equal to or more than 2.5 years	888	—	70%	546	382
2 Good	Less than 2.5 years	11	—	70%	9	6
	Equal to or more than 2.5 years	97	—	90%	51	45
3 Satisfactory	Less than 2.5 years	—	—	115%	—	—
	Equal to or more than 2.5 years	33	—	115%	33	38
4 Weak	Less than 2.5 years	—	—	250%	—	—
	Equal to or more than 2.5 years	—	—	250%	—	—
5 Default	Less than 2.5 years	—	—	0%	—	—
	Equal to or more than 2.5 years	—	—	0%	—	—
Total	Less than 2.5 years	18	—		16	10
	Equal to or more than 2.5 years	1,018	—		629	466

31 Dec 2020 Specialised lending

Regulatory categories	Remaining maturity	On-balance sheet amount £m	Off-balance sheet amount £m	RW %	EAD post CRM £m	RWA £m
1 Strong	Less than 2.5 years	12	—	50%	12	6
	Equal to or more than 2.5 years	1,119	—	70%	684	479
2 Good	Less than 2.5 years	17	—	70%	15	11
	Equal to or more than 2.5 years	95	—	90%	62	56
3 Satisfactory	Less than 2.5 years	—	—	115%	—	—
	Equal to or more than 2.5 years	54	—	115%	54	62
4 Weak	Less than 2.5 years	—	—	250%	—	—
	Equal to or more than 2.5 years	—	—	250%	—	—
5 Default	Less than 2.5 years	—	—	0%	—	—
	Equal to or more than 2.5 years	—	—	0%	—	—
Total	Less than 2.5 years	30	—		27	17
	Equal to or more than 2.5 years	1,269	—		801	597

Table 35: Standardised approach – CCR exposures by regulatory portfolio and risk (CCR3)

Exposures are classed as “rated” only where an ECAI rating has been used to derive the risk-weight. Where a rating is unavailable, or where the risk weight has been determined by application of specific CRR provisions, exposures have been classed as “unrated”.

		30 Jun 2021												Of which: Unrated
Exposure Classes		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total	
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Central governments or central banks	6,898	—	—	—	—	—	—	—	—	—	—	6,898	6,898
5	International organisations	20	—	—	—	—	—	—	—	—	—	—	20	20
6	Institutions	—	4,373	169	—	—	7	—	—	—	—	—	4,549	4,542
7	Corporates	—	—	—	—	—	20	—	—	—	—	—	21	—
11	Total – Standardised Approach	6,917	4,373	169	—	—	28	—	—	—	—	—	11,487	11,460

		31 Dec 2020												Of which:
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total	Unrated ¹
Exposure Classes		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Central governments or central banks	10,883	—	—	—	—	—	—	—	—	—	—	10,883	10,883
5	International organisations	93	—	—	—	—	—	—	—	—	—	—	93	93
6	Institutions	—	4,572	162	—	—	2	—	—	—	—	—	4,737	4,735
7	Corporates	—	—	—	—	—	32	—	—	1	—	—	33	1
11	Total – Standardised Approach	10,976	4,572	162	—	—	34	—	—	1	—	—	15,746	15,711

1 Restated.

Key movements

- Exposures to Central governments or central banks subject to the Standardised approach decreased by £4 billion mainly due to the the Term Funding Scheme with additional incentives for SMEs (TFSME), which decreased by £3.8 billion.

NET DERIVATIVES CREDIT EXPOSURE

The gross positive fair value of contracts, netting benefits, netted current credit exposure, collateral held and resultant 'net derivatives and SFTs credit exposure', are presented separately in the table below.

Table 36: Impact of netting and collateral held on exposure values (CCR5-A)

	30 Jun 2021				
	Gross positive fair value exposure amount	Netting benefits credit	Netted current credit exposure	Collateral held ¹	Net Credit exposure ²
	£m	£m	£m	£m	£m
¹ Derivatives	42,496	38,138	4,359	2,909	1,450
² SFTs	93,812	—	93,812	86,788	7,024
⁴ Total	136,308	38,138	98,171	89,697	8,474

¹ The collateral held values for SFTs are reported after taking into account the volatility adjustments for these balances.

² The net credit exposure value may differ from the EAD value disclosed in Table 27: Analysis of CCR exposure by approach (CCR1), due to the other parameters for the calculation of the regulatory exposure values not being disclosed in this table.

	31 Dec 2020				
	Gross positive fair value exposure amount	Netting benefits credit	Netted current credit exposure	Collateral held ¹	Net Credit exposure ²
	£m	£m	£m	£m	£m
¹ Derivatives	67,664	61,826	5,838	3,958	1,880
² SFTs	119,298	—	119,298	109,971	9,328
⁴ Total	186,962	61,826	125,136	113,929	11,208

NOTIONAL VALUE OF CREDIT DERIVATIVE TRANSACTIONS

The notional value of credit derivative transactions outstanding at 30 June 2021 was £2.9 billion. These transactions relate to CDS, total return swaps and other credit derivatives. All total return swaps, including those with gilts underlying, are classified as credit products and are reported in the table below.

Table 37: Credit derivative exposures (CCR6)

	30 Jun 2021			31 Dec 2020		
	Credit derivative hedges			Credit derivative hedges		
	Protection bought	Protection sold	Other credit derivations	Protection bought	Protection sold	Other credit derivations
	£m	£m	£m	£m	£m	£m
Notionals						
Single-name credit default swaps	1,243	31	—	1,752	247	—
Index credit default swaps	271	—	—	405	—	—
Total return swaps	—	1,318	—	—	600	—
Total notionals	1,514	1,349	—	2,157	847	—
Fair values						
Positive fair value (asset)	2	7	—	7	15	—
Negative fair value (liability)	(48)	(35)	—	(60)	—	—

CAPITAL AND LEVERAGE

OWN FUNDS DISCLOSURE

An analysis of the Group's capital position as at 30 June 2021 is presented in the following table on both a transitional arrangements basis and a fully loaded basis in respect of legacy capital securities subject to current grandfathering provisions. In addition, the Group's capital position under both bases reflects the application of the separate transitional arrangements for IFRS 9.

Table 38: Own Funds Disclosure Template

	Transitional rules		Fully loaded rules	
	At 30 Jun 2021 £m	At 31 Dec 2020 £m	At 30 Jun 2021 £m	At 31 Dec 2020 £m
Common equity tier 1 (CET1) capital: instruments and reserves				
Capital instruments and related share premium accounts	2,174	2,174	2,174	2,174
of which: called up share capital	1,574	1,574	1,574	1,574
of which: share premium	600	600	600	600
Retained earnings	32,966	31,020	32,966	31,020
Accumulated other comprehensive income and other reserves (including unrealised gains and losses)	3,143	3,809	3,143	3,809
Foreseeable dividends	(700)	(1,000)	(700)	(1,000)
Common equity tier 1 (CET1) capital before regulatory adjustments	37,583	36,003	37,583	36,003
Common equity tier 1 (CET1) capital: regulatory adjustments				
Additional value adjustments	(179)	(173)	(179)	(173)
Intangible assets (net of related tax liability)	(3,180)	(2,986)	(3,180)	(2,986)
Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) of the CRR are met)	(4,652)	(3,525)	(4,652)	(3,525)
Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	(507)	(1,507)	(507)	(1,507)
Negative amounts resulting from the calculation of expected loss amounts	—	—	—	—
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	104	77	104	77
Defined benefit pension fund assets	(2,209)	(1,322)	(2,209)	(1,322)
Total regulatory adjustments applied to common equity tier 1 (CET1)	(10,623)	(9,436)	(10,623)	(9,436)
Common equity tier 1 (CET1) capital	26,960	26,567	26,960	26,567
Additional tier 1 (AT1) capital: instruments				
Capital instruments and related share premium accounts	4,268	5,935	4,268	5,935
of which: classified as equity under applicable accounting standards	4,268	5,935	4,268	5,935
Amount of qualifying items referred to in Article 484 (4) of the CRR and the related share premium accounts subject to phase out from AT1	670	1,225	—	—
Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in CET1) issued by subsidiaries and held by third parties	11	135	—	—
of which: instruments issued by subsidiaries subject to phase out	11	135	—	—
Additional tier 1 (AT1) capital	4,949	7,295	4,268	5,935
Tier 1 capital	31,909	33,862	31,228	32,502

Table 38: Own Funds Disclosure Template (continued)

	Transitional rules		Fully loaded rules	
	At 30 Jun 2021 £m	At 31 Dec 2020 £m	At 30 Jun 2021 £m	At 31 Dec 2020 £m
Tier 2 (T2) capital: Instruments and provisions				
Capital instruments and related share premium accounts	6,298	5,445	6,298	5,445
Amount of qualifying items referred to in Article 484 (5) of the CRR and the related share premium accounts subject to phase out from T2	417	572	—	—
Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in CET1 or AT1) issued by subsidiaries and held by third parties	281	808	—	9
of which: instruments issued by subsidiaries subject to phase out	281	798	—	—
Credit risk adjustments	—	—	—	—
Tier 2 (T2) capital before regulatory adjustments	6,996	6,825	6,298	5,454
Tier (T2) capital: regulatory adjustments				
IFRS 9 transitional adjustments	(543)	(524)	(543)	(524)
Total regulatory adjustments applied to tier 2 (T2) capital	(543)	(524)	(543)	(524)
Tier 2 (T2) capital	6,453	6,301	5,755	4,930
Total capital	38,362	40,163	36,983	37,432
Total risk exposure amount (risk-weighted assets)	167,190	170,862	167,190	170,862
Capital ratios and buffers				
Common Equity Tier 1 (as a percentage of risk exposure amount)	16.1%	15.5%	16.1%	15.5%
Tier 1 (as a percentage of risk exposure amount)	19.1%	19.8%	18.7%	19.0%
Total capital (as a percentage of risk exposure amount)	22.9%	23.5%	22.1%	21.9%
Institution specific buffer requirement (CET1 requirement in accordance with article 92(1)(a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	4.501%	4.501%	4.501%	4.501%
of which: capital conservation buffer requirement	2.500%	2.500%	2.500%	2.500%
of which: countercyclical buffer requirement	0.001%	0.001%	0.001%	0.001%
of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	2.000%	2.000%	2.000%	2.000%
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount) ¹	11.6%	11.0%	11.6%	11.0%
Amounts below the threshold for deduction (before risk weighting)				
Direct and indirect holdings of the capital of financial sector entities where the Group does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	294	293	294	293
Direct and indirect holdings by the Group of the CET1 instruments of financial sector entities where the Group has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	—	—	—	—
Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in 38 (3) are met)	978	912	978	912
Applicable caps on the inclusion of provisions in Tier 2				
Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	—	—	—	—
Cap on inclusion of credit risk adjustments in T2 under internal ratings-based approach	701	711	701	711
Capital instruments subject to phase-out arrangements				
Current cap on AT1 instruments subject to phase out arrangements	680	1,360	—	—
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	848	348	—	—
Current cap on T2 instruments subject to phase out arrangements	662	1,325	—	—
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	1,319	249	—	—

¹ Of which 2.3 per cent is required to meet Pillar 2A requirements.

LEVERAGE DISCLOSURE (CRD IV)

Table 39: Leverage ratio common disclosure

	At 30 June 2021 Fully loaded £m	At 31 Dec 2020 Fully loaded £m
On-balance sheet exposures (excluding derivatives and SFTs)		
On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral) ¹	542,425	526,629
Asset amounts deducted in determining Tier 1 capital	(8,825)	(6,013)
Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	533,600	520,616
Derivative exposures		
Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	1,467	2,289
Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	5,269	5,744
Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	528	367
Deductions of receivables assets for cash variation margin provided in derivatives transactions	(1,363)	(2,125)
Adjusted effective notional amount of written credit derivatives	31	247
Adjusted effective notional offsets and add-on deductions for written credit derivatives	(9)	(102)
Total derivative exposures	5,923	6,420
Securities financing transaction exposures		
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	55,797	61,490
Netted amounts of cash payables and cash receivables of gross SFT assets	(4,051)	(5,417)
Counterparty credit risk exposure for SFT assets	833	1,060
Total securities financing transaction exposures	52,579	57,133
Other off-balance sheet exposures		
Off-balance sheet exposures at gross notional amount	132,520	138,915
Adjustments for conversion to credit equivalent amounts	(84,300)	(85,565)
Other off-balance sheet exposures	48,220	53,350
Capital and total exposure measure		
Tier 1 capital	31,228	32,502
Leverage ratio total exposure measure	640,321	637,519
Leverage ratio		
Leverage ratio	4.9%	5.1%

¹ Includes an adjustment to exclude lending under the UK Government's Bounce Back Loan Scheme (BBLS).

Table 40: Summary reconciliation of accounting assets and leverage ratio exposures

	At June 2021 Fully loaded £m	At December 2020 Fully loaded £m
Total assets as per published financial statements	609,622	599,939
Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting ¹	(182)	(35)
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(113)	(123)
Adjustments for derivative financial instruments	(514)	(1,937)
Adjustments for securities financing transactions (SFTs)	833	1,060
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	48,220	53,350
Other adjustments ²	(17,545)	(14,735)
Leverage ratio total exposure measure	640,321	637,519

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

2. Includes an adjustment to exclude lending under the UK Government's Bounce Back Loan Scheme (BBLs).

Table 41: Split-up of on balance sheet exposures (excluding derivatives, STFS and exempted exposures)

	At June 2021 Fully loaded £m	At December 2020 Fully loaded £m
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	542,425	526,629
Trading book exposures	—	—
Banking book exposures, of which:	542,425	526,629
Covered bonds	2,181	2,395
Exposures treated as sovereigns	81,163	72,940
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	5,153	4,699
Institutions	4,311	3,672
Secured by mortgages of immovable properties	332,624	321,272
Retail exposures	39,136	40,818
Corporates	40,778	44,348
Exposures in default	6,997	7,551
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	30,082	28,934

TEMPLATES NOT DISCLOSED

Certain quantitative EBA templates prescribed on a semi-annual basis are not applicable to the Group. These include INS1 (Non-deducted participations in insurance undertakings), CCR7 (RWA flow statements of CCR exposures under the IMM) and CCR5-B (Composition of collateral for exposures to CCR). Regarding CCR5-B, the PRA introduced a waiver for firms where the fair value of collateral received or the fair value of collateral posted in the form of debt securities does not exceed £100 billion (using quarterly data) - the Group is below this threshold.

CR2-A (Changes in the stock of general and specific credit risk adjustments) is met through the disclosure of Note 9 (Allowance for impairment losses) of the Group's 2021 half-year results. CR8 (RWA flow statements of credit risk exposures under the IRB approach) is met through the disclosure of Table 3: Risk-weighted assets movement by key driver.

CR2-B (Changes in the stock of defaulted and impaired loans and debt securities) has been excluded as the requirement is beyond what is required by the CRR.

CR10 (Equity exposure subject to the simple risk weight method) has not been disclosed as Lloyds Bank Group has no equity exposures.

Article 432 of the CRR on non-material, proprietary or confidential information permits institutions to omit one or more disclosures if the information provided by such a disclosure is not regarded as material. The following templates have been omitted on the grounds that they are non-material: CR1-C (Credit quality of exposures by geography) as we are a predominantly UK focused bank; CR7 (IRB approach – effect on the RWAs of credit derivatives used as CRM); MR1 (Market risk under the standardised approach); MR2-A and MR2-B (Market risk under the IMA approach); MR3 (IMA values for trading portfolios) and MR4 (Comparison of VaR estimates with gains/losses).

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