

Lloyds Bank Plc

2022 Half-Year
Pillar 3 Disclosures
30 June 2022

BASIS OF PREPARATION

This report presents the consolidated half-year Pillar 3 disclosures of Lloyds Bank plc ('the Group') as at 30 June 2022 and should be read in conjunction with the Group's 2022 Half-Year Results.

The disclosures have been prepared in accordance with the Disclosure Part of the PRA Rulebook which includes revised disclosure requirements applicable from 1 January 2022 following the UK implementation of the remaining provisions of Capital Requirements Regulation II ('CRR 2'). In general, comparatives are not provided for new or substantially revised disclosure templates where these are included in the disclosures for the first time.

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

Abbreviation	Template name	Reason for exclusion
CR2a	Changes in the stock of non-performing loans and advances and related net accumulated recoveries	Threshold for disclosure not met
CQ2	Quality of forbearance	Threshold for disclosure not met
CQ6	Collateral valuation – loans and advances	Threshold for disclosure not met
CQ7	Collateral obtained by taking possession and execution processes	No collateral taken into possession is recognised on the balance sheet
CQ8	Collateral obtained by taking possession and execution processes – vintage breakdown	Threshold for disclosure not met
CR7	IRB – Effect on the RWAs of credit derivatives used as CRM techniques	Excluded on materiality basis
CR10.4	Specialised lending: Commodities finance (Slotting approach)	Not applicable to the Group
CR10.5	Equity exposures under the simple risk weighted approach	Not applicable to the Group
CCR7	RWA flow statements of CCR exposures under the IMM	Not applicable to the Group
SEC2	Securitisation exposures in the trading book	Excluded on materiality basis
MR2-B	Risk-weighted assets flow statements of market risk exposures under an IMA	Excluded on materiality basis
MR1	Market risk under standardised approach	Excluded on materiality basis
MR2-A	Market risk under internal models approach	Excluded on materiality basis
MR3	IMA values for trading portfolios	Excluded on materiality basis
MR4	Comparison of VaR estimates with gains/losses	Excluded on materiality basis

The information presented in this Pillar 3 report is not required to be, and has not been, subject to external audit.

A description of the main features of common equity tier 1 (CET1), additional tier 1 (AT1) and tier 2 (T2) capital instruments issued by Lloyds Banking Group plc (the parent company) and its large 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 debt instruments that are recognised as eligible liabilities in accordance with the Bank of England's MREL framework.

Half-year Pillar 3 disclosures for the Group's large subsidiary (Bank of Scotland plc) will be published separately on the Lloyds Banking Group website, located at www.lloydsbankinggroup.com/investors/financial-downloads.

CRD IV Models

The tables in this section reflect FINREP categories and definitions. Balances reported as 'stage 3' or 'impaired' include those that are greater than 90 days past due in line with the revised definition of default for Residential Mortgages. The exception relates to those values reported as Defaulted exposures as these are determined by regulatory capital models for exposures that are modelled. While the new CRD IV models are still to be approved by the PRA, the reported default classification is based on the current incumbent models which for Residential Mortgages include the reporting of default using a 180 days past due backstop. This has an impact on those disclosures that include defaulted exposures. This includes those tables relating to Credit Risk Quality, the Credit Risk IRB approach and LR3: Split-up of on balance sheet exposure.

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. 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, without limitation, 'believes', 'achieves', 'anticipates', 'estimates', 'expects', 'targets', 'should', 'intends', 'aims', 'projects', 'plans', 'potential', 'will', 'would', 'could', 'considered', 'likely', 'may', 'seek', 'estimate', 'probability', 'goal', 'objective', 'deliver', 'endeavour', 'prospects', 'optimistic' and similar expressions or variations on these expressions are intended to identify forward looking statements. These statements concern or may affect future matters, including but not limited to: projections or expectations of the 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 and other statements that are not historical fact; expectations about the impact of COVID-19; and statements of assumptions underlying such statements. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future. Factors that could cause actual business, strategy, plans and/or results (including but not limited to the payment of dividends) to differ materially from forward looking statements include, but are not limited to: general economic and business conditions in the UK and internationally; market related risks, trends and developments; risks concerning borrower and counterparty credit quality; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; volatility in credit markets; volatility in the price of the Lloyds Bank Group's securities; any impact of the transition from IBORs to alternative reference rates; the ability to access sufficient sources of capital, liquidity and funding when required; changes to the 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; inability to capture accurately the expected value from acquisitions; potential changes in dividend policy; the ability to achieve strategic objectives; insurance risks; management and monitoring of conduct risk; exposure to counterparty risk; credit rating risk; tightening of monetary policy in jurisdictions in which the Lloyds Bank Group operates; instability in the global financial markets, including within the Eurozone, and as a result of ongoing uncertainty following the exit by the UK from the European Union (EU) and the effects of the EU-UK Trade and Cooperation Agreement; political instability including as a result of any UK general election and any further possible referendum on Scottish independence; operational risks; conduct risk; technological changes and risks to the security of IT and operational infrastructure, systems, data and information resulting from increased threat of cyber and other attacks; natural pandemic (including but not limited to the COVID-19 pandemic) and other disasters; inadequate or failed internal or external processes or systems; acts of hostility or terrorism and responses to those acts, or other such events; geopolitical unpredictability; the war between Russia and Ukraine; risks relating to sustainability and climate change (and achieving climate change ambitions), including the Lloyds Bank Group's or the Lloyds Banking Group's ability along with the government and other stakeholders to measure, manage and mitigate the impacts of climate change effectively; changes in laws, regulations, practices and accounting standards or taxation; changes to regulatory capital or liquidity requirements and similar contingencies; assessment related to resolution planning requirements; the policies and actions of governmental or regulatory authorities or courts together with any resulting impact on the future structure of the Lloyds Bank Group; failure to comply with anti-money laundering, counter terrorist financing, anti-bribery and sanctions regulations; failure to prevent or detect any illegal or improper activities; projected employee numbers and key person risk; increased labour costs; assumptions and estimates that form the basis of the Lloyds Bank Group's financial statements; the impact of competitive conditions; and exposure to legal, regulatory or competition proceedings, investigations or complaints. A number of these influences and factors are beyond the Lloyds Bank Group's control. 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 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 whether as a result of new information, future events or otherwise. The information, statements and opinions contained in this document do not constitute a public offer under any applicable law or an offer to sell any securities or financial instruments or any advice or recommendation with respect to such securities or financial instruments.

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Key metric and overview of risk weighted exposure amounts

KM1: Key metrics^{1,3}

KM1	LR2		30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Jun 2021
Ref	Ref	Available own funds (amounts)					
1		Common Equity Tier 1 (CET1) capital (£m)	26,456	25,399	26,904	26,749	26,960
2		Tier 1 capital (£m)	30,724	29,667	31,853	31,698	31,909
3		Total capital (£m)	35,920	35,015	37,909	37,149	38,362
Risk-weighted exposure amounts							
4		Total risk-weighted exposure amount (£m)	173,784	175,416	161,576	166,677	167,190
Capital ratios (as a percentage of risk-weighted exposure amount)							
5		Common Equity Tier 1 ratio (%)	15.2 %	14.5 %	16.7 %	16.0 %	16.1 %
6		Tier 1 ratio (%)	17.7 %	16.9 %	19.7 %	19.0 %	19.1 %
7		Total capital ratio (%)	20.7 %	20.0 %	23.5 %	22.3 %	22.9 %
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)							
UK 7a		Additional CET1 SREP requirements (%)	2.1 %	2.1 %	2.2 %	2.3 %	2.3 %
UK 7b		Additional AT1 SREP requirements (%)	0.7 %	0.7 %	0.8 %	0.8 %	0.8 %
UK 7c		Additional T2 SREP requirements (%)	0.9 %	0.9 %	1.0 %	1.0 %	1.0 %
UK 7d		Total SREP own funds requirements (%)	11.7 %	11.7 %	12.0 %	12.1 %	12.1 %
Combined buffer requirement (as a percentage of risk-weighted exposure amount)							
8		Capital conservation buffer (%)	2.500 %	2.500 %	2.500 %	2.500 %	2.500 %
9		Institution specific countercyclical capital buffer (%)	0.004 %	0.003 %	0.003 %	0.003 %	0.001 %
UK 10a		Other Systemically Important Institution buffer (%) ²	2.000 %	2.000 %	2.000 %	2.000 %	2.000 %
11		Combined buffer requirement (%)	4.504 %	4.503 %	4.503 %	4.503 %	4.501 %
UK 11a		Overall capital requirements (%)	16.2 %	16.2 %	16.5 %	16.6 %	16.6 %
12		CET1 available after meeting minimum SREP own funds requirements (%) ⁴	8.6 %	7.9 %	10.0 %	9.2 %	9.3 %
Leverage ratio							
13	24b	Total exposure measure excluding claims on central banks (£m)	572,127	576,845	584,650	591,233	587,248
14	25	Leverage ratio excluding claims on central banks (%)	5.4 %	5.1 %	5.3 %	5.2 %	5.3 %
Additional leverage ratio disclosure requirements							
UK 14a	UK 25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.3 %	5.1 %	5.2 %	5.1 %	5.1 %
UK 14b	UK 25c	Leverage ratio including claims on central banks (%)	4.8 %	4.5 %	4.9 %	4.9 %	4.9 %
UK 14c	UK 34	Average leverage ratio excluding claims on central banks (%) ⁵	5.3 %	5.1 %	5.2 %	5.3 %	5.5 %
UK 14d	UK 33	Average leverage ratio including claims on central banks (%)	4.7 %	4.6 %	4.8 %	4.9 %	5.1 %
UK 14e	UK 27b	Countercyclical leverage ratio buffer (%) ⁶	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Average Liquidity Coverage Ratio (weighted) (LCR)⁷							
15		Total high-quality liquid assets (HQLA) (Weighted value - average) (£m)	121,376	119,276	114,712	111,625	111,676
UK 16a		Cash outflows - Total weighted value - average (£m)	94,515	95,227	94,665	95,429	95,058
UK 16b		Cash inflows - Total weighted value - average (£m)	3,877	3,762	3,369	3,449	3,392
16		Total net cash outflows (adjusted value - average) (£m)	90,638	91,465	91,296	91,979	91,666
17		Average liquidity coverage ratio (%)	134 %	131 %	126 %	121 %	122 %

1 The Group applies the full extent of the IFRS9 transitional arrangements for capital as set out under CRR Article 473a (revised). 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% risk weight to the consequential Standardised credit risk exposure add-back as permitted under paragraph 7a of the revisions. As at 30 June 2022, static relief under the transitional arrangements amounted to £132 million (31 December 2021: £264 million) and dynamic relief under the transitional arrangements amounted to £14 million (31 December 2021: £387 million) through CET1 capital.

2 The Group is subject to an Other Systemically Important Institution (OSII) Buffer of 2.0 per cent of risk-weighted exposure amounts 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 Group has chosen not to apply the temporary treatment specified under CRR Article 468 (revised) 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.

4 Represents, as a percentage, the level of CET1 capital left available to meet buffer requirements after subtracting the minimum amount of CET1 capital required to meet total Pillar 1 plus Pillar 2A capital requirements, also referred to as total SREP own funds requirements. The minimum CET1 requirement is equivalent to 4.5 per cent (Pillar 1) plus the additional CET1 SREP requirement (56.25 per cent of Pillar 2A).

5 The average leverage exposure measure (excluding claims on central banks) for the period from 1 April 2022 to 30 June 2022 amounted to £572,450 million.

6 The countercyclical leverage ratio buffer (CCLB) is required to be rounded to the nearest tenth of a percentage. The Group's total leverage ratio buffer at 30 June 2022 was 0.7 per cent (31 December 2022: 0.7 per cent), which reflects the additional leverage ratio buffer (ALRB) applied to the Group and is based upon the O-SII Buffer.

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

Key metric and overview of risk weighted exposure amounts (continued)

Capital - IFRS 9 / Article 468-FL¹

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

	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Jun 2021
Available own funds (amounts)					
1 Common Equity Tier 1 (CET1) capital (£m)	26,456	25,399	26,904	26,749	26,960
2 CET1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	26,310	25,256	26,253	25,696	25,628
3 Tier 1 capital (£m)	30,724	29,667	31,853	31,698	31,909
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	30,578	29,524	31,202	30,645	30,577
5 Total capital (£m)	35,920	35,015	37,909	37,149	38,362
6 Total capital as if IFRS 9 transitional arrangements had not been applied (£m)	35,935	35,024	38,039	37,202	38,273
Risk-weighted exposure amounts					
7 Total risk-weighted exposure amount (£m)	173,784	175,416	161,576	166,677	167,190
8 Total risk-weighted exposure amount as if IFRS 9 transitional arrangements had not been applied (£m)	173,897	175,522	161,805	166,878	167,332
Capital ratios (as a percentage of risk-weighted exposure amount)					
9 Common Equity Tier 1 ratio (%)	15.2 %	14.5 %	16.7 %	16.0 %	16.1 %
10 CET1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	15.1 %	14.4 %	16.2 %	15.4 %	15.3 %
11 Tier 1 ratio (%)	17.7 %	16.9 %	19.7 %	19.0 %	19.1 %
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	17.6 %	16.8 %	19.3 %	18.4 %	18.3 %
13 Total capital ratio (%)	20.7 %	20.0 %	23.5 %	22.3 %	22.9 %
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied (%)	20.7 %	20.0 %	23.5 %	22.3 %	22.9 %
Leverage ratio					
15 Total exposure measure excluding claims on central banks (£m)	572,127	576,845	584,650	591,233	587,248
16 Leverage ratio excluding claims on central banks (%)	5.4 %	5.1 %	5.3 %	5.2 %	5.3 %
17 Leverage ratio excluding claims on central banks as if IFRS 9 transitional arrangements had not been applied (%)	5.3 %	5.1 %	5.2 %	5.1 %	5.1 %

¹ The Group has chosen not to apply the temporary treatment specified under CRR Article 468 (revised) 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.

Key metric and overview of risk weighted exposure amounts (continued)

Common Equity Tier 1

The Group common equity tier 1 (CET1) capital ratio reduced from 16.7 per cent at 31 December 2021 to 14.1 per cent on 1 January 2022, before increasing during the period to 15.2 per cent at 30 June 2022. The reduction on 1 January 2022 reflected the impact of regulatory changes, including an increase in risk-weighted assets as well as other related modelled impacts, in addition to the reinstatement of the full deduction treatment for intangible software assets and phased unwind of IFRS 9 transitional relief. The subsequent increase in the first half of the year reflected profits for the period and a reduction in risk-weighted assets, partly offset by accelerated pension contributions made during the first quarter.

Total Capital

The total capital ratio reduced from 23.5 per cent at 31 December 2021 to 20.7 per cent at 30 June 2022, largely reflecting the reduction in CET1 capital, increase in risk-weighted assets and completion of the transition to end-point eligibility rules for regulatory capital on 1 January 2022.

Risk-Weighted Assets

Risk-weighted assets increased from £161.6 billion at 31 December 2021 to around £178 billion on 1 January 2022, before reducing during the period to £173.8 billion at 30 June 2022. The increase on 1 January 2022 reflected the impact of regulatory changes, including the anticipated impact of the implementation of new CRD IV models to meet revised regulatory standards for modelled outputs and a new standardised approach for measuring counterparty credit risk (SA-CCR) following the UK implementation of the remainder of Capital Requirements Regulation (CRR) 2. The new CRD IV models remain subject to finalisation and approval by the PRA and therefore uncertainty over the final impact remains. The subsequent reduction in risk-weighted assets during the first half of the year was largely driven by optimisation activities and reductions from retail models reflecting the benign credit performance, partly offset by the growth in balance sheet lending.

Leverage

The Group UK leverage ratio of 5.4 per cent at 30 June 2022 has increased from 5.3 per cent at 31 December 2021, reflecting a reduction in the exposure measure, principally related to off-balance sheet items, offset in part by a reduction in the total tier 1 capital position.

Liquidity

The Group has maintained its robust funding and liquidity position with a loan to deposit ratio of 95 per cent as at 30 June 2022 (94 per cent as at 31 December 2021). Customer deposits remain elevated despite the uncertainties that persist around the macroeconomic environment.

The Group LCR (calculated as the simple average of month end observations over the 12 months preceding the end of each quarter) was 134 per cent as of 30 June 2022. The 3 per cent increase from 131 per cent for the prior quarter is explained by both an increase in liquid assets, primarily from drawdowns from the Bank of England's Term Funding Scheme with additional incentives for SMEs (TFSME) during 2021, and a reduction in cash outflows, primarily from outflows related to derivative exposures as a result of market volatility from the COVID onset no longer being included in the LCR's Historical Look-Back approach (HLBA).

Key metric and overview of risk weighted exposure amounts (continued)

OV1: Overview of risk-weighted assets

		Total RWA		Total own funds requirements
		30 Jun 2022	31 Dec 2021 ¹	30 Jun 2022
		£m	£m	£m
1	Credit risk (excluding CCR)¹	143,954	131,961	11,517
2	Of which the standardised approach ¹	19,972	19,861	1,598
3	Of which the foundation IRB (FIRB) approach	28,845	30,697	2,308
4	Of which slotting approach	8,714	8,852	697
5	Of which the advanced IRB (AIRB) approach	80,340	65,435	6,427
	Of which: non-credit obligation assets ²	6,083	7,117	487
6	Counterparty credit risk - CCR	1,788	1,464	143
7	Of which the standardised approach	895	—	72
	Of which: marked to market	—	895	—
UK 8a	Of which exposures to a CCP	68	162	5
UK 8b	Of which credit valuation adjustment - CVA	534	207	43
9	Of which other CCR	291	200	23
16	Securitisation exposures in the non-trading book (after the cap)	5,467	5,373	437
17	Of which SEC-IRBA approach	2,089	2,188	167
18	Of which SEC-ERBA (including IAA)	1,438	1,723	115
19	Of which SEC-SA approach	1,940	1,462	155
20	Position, foreign exchange and commodities risks (Market risk)	126	203	10
21	Of which the standardised approach	—	78	—
22	Of which IMA	126	126	10
23	Operational risk	22,449	22,575	1,796
UK 23b	Of which standardised approach	22,449	22,575	1,796
24	Memo: Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)¹	2,112	2,318	169
29	Total	173,784	161,576	13,903
	Pillar 2A capital requirement			6,438
	Total capital requirement			20,341

1 Re-presented in accordance with revised OV1 template requirements - threshold balances are now reported through the relevant underlying category.

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

Own funds

CC1: Composition of regulatory own funds

The capital position below reflects the application of the transitional arrangements for IFRS 9.

		30 Jun 2022 £m	31 Dec 2021 ¹ £m	CC2 Reference
Common Equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	2,174	2,174	
	of which: called up share capital	1,574	1,574	a
	of which: share premium	600	600	b
2	Retained earnings	31,334	31,227	d
3	Accumulated other comprehensive income (and other reserves)	567	3,038	d
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend ²	2,313	—	d
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	36,388	36,439	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments	(128)	(159)	
8	Intangible assets (net of related tax liability)	(4,338)	(2,870)	e
10	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) CRR are met)	(4,484)	(4,498)	f
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	3,055	451	
12	Negative amounts resulting from the calculation of expected loss amounts	—	—	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(165)	130	
15	Defined-benefit pension fund assets	(4,003)	(3,200)	g
27a	Other regulatory adjustments to CET1 capital	131	611	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(9,932)	(9,535)	
29	Common Equity Tier 1 (CET1) capital	26,456	26,904	
Additional Tier 1 (AT1) capital: instruments				
30	Capital instruments and the related share premium accounts	4,268	4,268	c
31	of which: classified as equity under applicable accounting standards	4,268	4,268	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) CRR	—	666	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	—	15	
35	of which: instruments issued by subsidiaries subject to phase out	—	15	
44	Additional Tier 1 (AT1) capital	4,268	4,949	
45	Tier 1 capital (T1 = CET1 + AT1)	30,724	31,853	
Tier 2 (T2) capital: instruments				
46	Capital instruments and the related share premium accounts	5,101	5,635	h
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	14	408	h
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	—	279	
49	of which: instruments issued by subsidiaries subject to phase out	—	279	
50	Credit risk adjustments	99	—	
51	Tier 2 (T2) capital before regulatory adjustments	5,214	6,322	
Tier 2 (T2) capital: regulatory adjustments				
UK-56b	Other regulatory adjustments to T2 capital	(18)	(266)	
57	Total regulatory adjustments to Tier 2 (T2) capital	(18)	(266)	
58	Tier 2 (T2) capital	5,196	6,056	
59	Total capital	35,920	37,909	
60	Total risk exposure amount	173,784	161,576	

		30 Jun 2022 £m	31 Dec 2021 ¹ £m	CC2 Reference
Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	15.2 %	16.7 %	
62	Tier 1 (as a percentage of total risk exposure amount)	17.7 %	19.7 %	
63	Total capital (as a percentage of total risk exposure amount)	20.7 %	23.5 %	
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	4.504 %	4.503 %	
65	of which: capital conservation buffer requirement	2.500 %	2.500 %	
66	of which: countercyclical buffer requirement	0.004 %	0.003 %	
UK-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	2.000 %	2.000 %	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	8.6 %	10.0 %	
Amounts below the thresholds for deduction (before risk weighting)				
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	231	260	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	845	927	
Applicable caps on the inclusion of provisions in Tier 2				
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	99	—	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	751	679	

1 Comparatives have been re-presented to align with the revised disclosure template.

2 The reported amount for 30 June 2022 through row UK-5a reflects the independently reviewed interim profits of the Group attributable to ordinary shareholders.

CC2: Reconciliation of regulatory own funds to balance sheet in the financial statements

The following table presents the Group's regulatory balance sheet as at 30 June 2022. The regulatory scope of consolidation is materially aligned to the accounting scope, with minor adjustments for the deconsolidation of certain Group entities. The regulatory scope of consolidation is the basis for the calculation of the Group's regulatory own funds as presented in table CC1.

	Balance sheet under regulatory scope of consolidation at 30 Jun 2022 £m	Reference ¹
Assets		
1 Cash and balances at central banks	70,375	
2 Items in course of collection from banks	203	
3 Financial assets at fair value through profit or loss	1,387	
4 Derivative financial instruments	5,042	
5 Loans and advances to banks	5,661	
6 Loans and advances to customers	433,954	
7 Reverse repurchase agreements	52,056	
8 Debt securities	5,769	
9 Due from fellow Lloyds Bank Group undertakings	1,522	
10 Financial assets at amortised cost	498,962	
11 Financial assets at fair value through other comprehensive income	24,029	
12 Goodwill	470	e
13 Other intangible assets	4,295	e
14 Current tax recoverable	601	
15 Deferred tax assets ²	4,476	f
16 Retirement benefit assets	5,473	g
17 Other assets	10,139	
18 Total assets	625,452	
Liabilities		
1 Deposits from banks	4,034	
2 Customer deposits	451,341	
3 Repurchase agreements at amortised cost	48,153	
4 Due from fellow Lloyds Bank Group undertakings	1,658	
5 Items in course of transmission to banks	358	
6 Financial liabilities at fair value through profit or loss	5,643	
7 Derivative financial instruments	5,501	
8 Notes in circulation	1,269	
9 Debt securities in issue	51,923	
10 Other liabilities	6,212	
11 Retirement benefit obligations	186	
12 Current tax liabilities	—	
13 Deferred tax liabilities ²	143	f
14 Other provisions	1,773	
15 Subordinated liabilities	6,515	h
16 Total liabilities	584,709	
Shareholders' equity		
1 Called up share capital	2,174	
2 of which: share capital	1,574	a
3 of which: share premium	600	b
4 Other equity instruments	4,268	c
5 Retained earnings, accumulated other comprehensive income and other reserves ³	34,213	d
6 Total equity excluding non-controlling interests	40,655	
7 Non-controlling interests	88	
8 Total equity	40,743	
9 Total equity and liabilities	625,452	

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

2 Deferred tax assets that rely on future profitability may be reduced by associated deferred tax liabilities where the conditions specified in Article 38 of the CRR are met. The resultant net deferred tax asset positions are deducted from CET1 capital, except in the case of deferred tax assets that arise from temporary differences which may be risk weighted instead of deducted from capital for the portion of the balance that does not exceed a threshold limit. Deferred tax assets are also adjusted to reflect the application of the IFRS 9 transitional arrangements.

3 The regulatory definition of eligible items for inclusion in retained earnings differs from the accounting definition. The aggregate of retained earnings and accumulated other comprehensive income and other reserves is comparable on both bases but the allocation between categories differ.

Countercyclical capital buffers

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

Breakdown by Country	30 Jun 2022												
	General credit exposures ^{2,3}		Relevant credit exposures - Market risk ²		Securitisation exposures ³	Total exposure value	Own fund requirements - relevant credit exposures				Risk-weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book		Credit risk ^{2,3}	Market risk ²	Securitisation positions in the non-trading book ³	Total			
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%
Hong Kong	87	13	—	—	—	100	4	—	—	4	49	0.03 %	1.00 %
Norway	2	255	—	—	—	257	20	—	—	20	256	0.18 %	1.50 %
Czech Republic	—	—	—	—	—	—	—	—	—	—	—	—	0.50 %
Slovakia	—	—	—	—	—	—	—	—	—	—	—	—	1.00 %
Bulgaria	—	—	—	—	—	—	—	—	—	—	—	—	0.50 %
Luxembourg	32	330	—	—	64	426	19	—	1	20	253	0.17 %	0.50 %
i) Total¹	121	598	—	—	64	783	43	—	1	44	558	0.38 %	
United Kingdom	21,102	467,461	—	—	22,229	510,792	10,644	—	359	11,003	137,532	93.76 %	—
United States of America	569	2,425	—	—	4,490	7,484	132	—	64	196	2,459	1.68 %	—
Netherlands	873	12,625	—	—	91	13,589	154	—	1	155	1,936	1.32 %	—
ii) Total¹	22,544	482,511	—	—	26,810	531,865	10,930	—	424	11,354	141,927	96.76 %	
iii) Rest of the World¹	1,930	4,150	—	—	963	7,043	324	—	12	336	4,197	2.86 %	
Total	24,595	487,259	—	—	27,837	539,691	11,297	—	437	11,734	146,682	100.00 %	

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

Breakdown by Country	31 Dec 2021													
	General credit exposures ^{2,3}		Relevant credit exposures - Market risk ²		Securitisation exposures ³	Total exposure value	Own fund requirements - relevant credit exposures				Risk-weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate	
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book		Credit risk ^{2,3}	Market risk ²	Securitisation positions in the non-trading book ³	Total				
														£m
Hong Kong	94	14	—	—	—	108	4	—	—	4	50	0.04 %	1.00 %	
Norway	2	271	—	—	—	273	21	—	—	21	263	0.20 %	1.00 %	
Czech Republic	—	—	—	—	—	—	—	—	—	—	—	—	0.50 %	
Slovakia	—	—	—	—	—	—	—	—	—	—	—	—	1.00 %	
Bulgaria	—	—	—	—	—	—	—	—	—	—	—	—	0.50 %	
Luxembourg	24	254	—	—	64	342	14	—	1	15	188	0.14 %	0.50 %	
i) Total ¹	120	539	—	—	64	723	39	—	1	40	501	0.38 %		
United Kingdom	21,009	466,734	—	—	20,135	507,877	9,744	—	346	10,090	126,125	93.66 %	—	
United States of America	576	2,090	—	—	4,341	7,007	119	—	69	188	2,350	1.75 %	—	
Netherlands	813	10,646	—	—	89	11,549	122	—	1	123	1,538	1.14 %	—	
ii) Total ¹	22,398	479,470	—	—	24,565	526,433	9,985	—	416	10,401	130,013	96.55 %		
iii) Rest of the World ¹	1,932	3,897	—	—	980	6,809	319	—	12	331	4,136	3.07 %		
Total	24,450	483,906	—	—	25,609	533,965	10,343	—	429	10,772	134,650	100.00 %		

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

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

CCyB2: Amount of institution-specific countercyclical capital buffer

	30 Jun 2022	31 Dec 2021
1 Total risk exposure amount	£173,784m	£161,576m
2 Institution specific countercyclical capital buffer rate	0.004 %	0.003 %
3 Institution specific countercyclical capital buffer requirement	£7m	£5m

Leverage

LR1: Summary reconciliation of accounting assets and leverage ratio exposures

		30 Jun 2022	31 Dec 2021 ³
		£m	£m
1	Total assets as per published financial statements	626,323	602,849
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	(872)	(610)
4	Adjustment for exemption of exposures to central banks	(69,100)	(50,824)
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	(12)	(48)
8	Adjustment for derivative financial instruments	(1,996)	185
9	Adjustment for securities financing transactions (SFTs)	2,109	1,321
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures) ¹	35,104	49,349
11	Adjustment for items and specific and general provisions which have reduced tier 1 capital (leverage)	(12,892)	(9,995)
12	Other adjustments ²	(6,537)	(7,577)
13	Total exposure measure	572,127	584,650

1 Gross of specific provisions.

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

3 Comparatives have been re-presented to align with the revised disclosure template. Reported amounts remain on the basis of the rules that applied at 31 December 21.

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

		30 Jun 2022	31 Dec 2021
		£m	£m
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	561,801	539,392
UK-2	Trading book exposures	—	—
UK-3	Banking book exposures, of which:	561,801	539,392
UK-4	Covered bonds	2,405	2,047
UK-5	Exposures treated as sovereigns	96,517	81,923
UK-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	4,630	4,690
UK-7	Institutions	5,813	4,588
UK-8	Secured by mortgages of immovable properties	338,843	335,272
UK-9	Retail exposures	40,033	38,820
UK-10	Corporates	41,281	40,988
UK-11	Exposures in default	5,722	6,311
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	26,557	24,753

Leverage (continued)

LR2: Leverage ratio common disclosure

		30 Jun 2022 £m	31 Dec 2021 ² £m
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral) ¹	561,801	539,392
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	2,226	1,150
3	Deductions of receivables assets for cash variation margin provided in derivatives transactions	(3,318)	(739)
6	Asset amounts deducted in determining tier 1 capital (leverage)	(12,729)	(9,995)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	547,980	529,808
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	2,095	1,614
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	2,018	3,652
11	Adjusted effective notional amount of written credit derivatives	60	22
12	Adjusted effective notional offsets and add-on deductions for written credit derivatives	(35)	—
13	Total derivatives exposures	4,138	5,288
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	58,538	59,645
15	Netted amounts of cash payables and cash receivables of gross SFT assets	(6,479)	(9,937)
16	Counterparty credit risk exposure for SFT assets	2,109	1,321
18	Total securities financing transaction exposures	54,168	51,029
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	134,585	132,616
20	Adjustments for conversion to credit equivalent amounts	(99,481)	(83,267)
21	General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures	(163)	—
22	Off-balance sheet exposures	34,941	49,349
Capital and total exposure measure			
23	Tier 1 capital (leverage)	30,724	31,172
24	Total exposure measure including claims on central banks	641,227	635,474
UK-24a	(-) Claims on central banks excluded	(69,100)	(50,824)
UK-24b	Total exposure measure excluding claims on central banks	572,127	584,650
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	5.4 %	5.3 %
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.3 %	5.2 %
UK-25c	Leverage ratio including claims on central banks (%)	4.8 %	4.9 %
26	Regulatory minimum leverage ratio requirement (%)	3.25 %	3.25 %
Additional leverage ratio disclosure requirements - leverage ratio buffers			
27	Leverage ratio buffer (%) ³	0.7 %	0.7 %
UK-27a	Of which: G-SII or O-SII additional leverage ratio buffer (%)	0.7 %	0.7 %
UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.0 %	0.0 %
Additional leverage ratio disclosure requirements - disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	55,617	60,591
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	52,059	49,708
UK-31	Average total exposure measure including claims on central banks	646,542	648,633
UK-32	Average total exposure measure excluding claims on central banks	572,450	598,563
UK-33	Average leverage ratio including claims on central banks	4.7 %	4.8 %
UK-34	Average leverage ratio excluding claims on central banks	5.3 %	5.2 %

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

2 Comparatives have been re-presented to align with the revised disclosure template. Reported amounts remain on the basis of the rules that applied at 31 December 21.

3 The Group's total leverage ratio buffer reflects the additional leverage ratio buffer (ALRB) applied to the Group and is based upon the O-SII Buffer. The countercyclical leverage ratio buffer (CCLB) is required to be rounded to the nearest tenth of a percentage.

Credit risk quality

The tables in this section reflect FINREP categories and definitions. Balances reported as 'stage 3' or 'impaired' include those that are greater than 90 days past due in line with the revised definition of default for Residential Mortgages. The exception relates to those values reported as Defaulted exposures as these are determined by regulatory capital models for exposures that are modelled. While the new CRD IV models are still to be approved by the PRA, the reported default classification is based on the current incumbent models which for Residential Mortgages include the reporting of default using a 180 days past due backstop.

CR1: Performing and non-performing exposures and related provisions

		30 Jun 2022															
		Gross carrying amount/nominal amount ¹						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions ¹						Accumulated partial write-off	Collateral and financial guarantees received		
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures	
£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			
005	Cash balances at central banks and other demand deposits	68,153	68,153	—	—	—	—	—	—	—	—	—	—	—	—	—	—
010	Loans and advances	487,315	435,723	43,158	11,834	651	8,057	(1,978)	(765)	(1,182)	(1,857)	(72)	(1,615)	(316)	366,771	8,032	
020	Central banks	1,148	1,148	—	—	—	—	—	—	—	—	—	—	—	—	—	
030	General governments	1,263	1,242	—	—	—	—	(1)	(1)	—	—	—	—	—	806	—	
040	Credit institutions	11,508	11,508	—	—	—	—	(2)	(2)	—	—	—	—	—	1	—	
050	Other financial corporations	54,852	54,079	35	38	7	31	(5)	(4)	(1)	(9)	—	(9)	—	437	7	
060	Non-financial corporations	67,536	59,752	7,624	3,974	204	3,770	(469)	(197)	(272)	(994)	(23)	(971)	(316)	41,191	1,525	
070	Of which SMEs	36,699	32,293	4,407	2,123	167	1,956	(174)	(60)	(113)	(102)	—	(102)	—	25,449	1,459	
080	Households	351,008	307,994	35,499	7,822	440	4,256	(1,501)	(561)	(909)	(854)	(49)	(635)	—	324,336	6,500	
090	Debt securities	29,802	29,802	—	1	—	1	(5)	(5)	—	(1)	—	(1)	—	—	—	
110	General governments	11,521	11,521	—	—	—	—	(2)	(2)	—	—	—	—	—	—	—	
120	Credit institutions	13,608	13,608	—	—	—	—	—	—	—	—	—	—	—	—	—	
130	Other financial corporations	4,256	4,256	—	—	—	—	(3)	(3)	—	—	—	—	—	—	—	
140	Non-financial corporations	417	417	—	1	—	1	—	—	—	(1)	—	(1)	—	—	—	
150	Off-balance-sheet exposures	128,672	124,337	4,265	397	228	169	(219)	(114)	(105)	(7)	(3)	(4)		6,979	—	
170	General governments	231	229	1	—	—	—	—	—	—	—	—	—		45	—	
180	Credit institutions	58	58	—	—	—	—	—	—	—	—	—	—		11	—	
190	Other financial corporations	9,322	9,173	149	7	7	—	(4)	(3)	(1)	—	—	—		56	—	
200	Non-financial corporations	33,775	32,366	1,409	139	48	91	(86)	(40)	(46)	(4)	—	(4)		6,867	—	
210	Households	85,286	82,511	2,706	251	173	78	(129)	(71)	(58)	(3)	(3)	—		—	—	
220	Total	713,942	658,015	47,423	12,232	879	8,227	(2,202)	(884)	(1,287)	(1,865)	(75)	(1,620)	(316)	373,750	8,032	

¹ Staging analysis will exclude those assets and provisions that can not be allocated to a stage such as those classified as 'purchased or originated credit impaired' (POCI) and those measured at fair value.

Credit risk quality (continued)

CR1-A: Maturity of exposures

		30 Jun 2022					
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
		£m	£m	£m	£m	£m	£m
1	Loans and advances	24,243	72,742	71,501	326,600	227	495,314
2	Debt securities	—	3,249	15,943	10,607	—	29,798
3	Total	24,243	75,991	87,444	337,207	227	525,112

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

	Gross carrying £m
010 Initial stock of non-performing loans and advances at 31 December 2021	10,637
020 Inflows to non-performing portfolios	4,078
030 Outflows from non-performing portfolios	(2,881)
040 Outflows due to write-offs	(126)
050 Outflow due to other situations	(2,755)
060 Final stock of non-performing loans and advances at 30 June 2022	11,834

Credit risk quality (continued)

CQ1: Credit quality of forborne exposures

30 Jun 2022								
Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures		
Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing	
	£m	£m	Of which defaulted £m					
	£m	£m	£m	£m	£m	£m	£m	£m
010 Loans and advances	2,236	6,230	4,129	5,978	(41)	(1,314)	4,998	3,151
050 Other financial corporations	6	33	33	31	—	(9)	3	3
060 Non-financial corporations	610	2,950	2,883	2,883	(6)	(980)	971	537
070 Households	1,620	3,247	1,213	3,064	(35)	(325)	4,024	2,611
080 Debt Securities	—	—	—	—	—	—	—	—
090 Loan commitments given	387	190	57	82	(3)	(5)	2	2
100 Total	2,623	6,420	4,186	6,060	(44)	(1,319)	5,000	3,153

31 Dec 2021								
	£m	£m	£m	£m	£m	£m	£m	£m
010 Loans and advances	2,572	7,078	4,857	5,742	(44)	(1,343)	5,792	3,639
050 Other financial corporations	20	32	32	31	—	(10)	8	2
060 Non-financial corporations	695	3,308	3,277	3,277	(4)	(969)	1,105	599
070 Households	1,856	3,738	1,548	2,434	(40)	(365)	4,679	3,038
080 Debt Securities	—	1	1	1	—	(1)	—	—
090 Loan commitments given	304	376	223	95	(2)	(5)	4	2
100 Total	2,876	7,455	5,081	5,838	(46)	(1,349)	5,796	3,641

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

Credit risk quality (Continued)

CQ4: Quality of non-performing exposures by geography

	30 Jun 2022				
	Gross carrying/nominal amount		Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	Total performing and non-performing	Of which defaulted			
	£m	£m	£m	£m	£m
010 On-balance-sheet exposures	528,952	7,365	(3,841)		—
020 Ireland	7,400	—	(3)		—
030 Netherlands	11,944	21	(16)		—
040 United Kingdom	482,065	6,238	(3,109)		—
050 United States	10,478	—	(8)		—
070 Other countries	17,065	1,106	(705)		—
080 Off-balance-sheet exposures	129,069	144		225	
090 Ireland	222	—		1	
100 Netherlands	2,279	42		2	
110 United Kingdom	120,317	102		217	
120 United States	2,281	—		2	
140 Other countries	3,970	—		3	
150 Total	658,021	7,509	(3,841)	225	—

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

	30 Jun 2022			
	Gross carrying amount		Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which defaulted		
	£m	£m	£m	£m
010 Agriculture, forestry and fishing	7,734	177	(50)	—
020 Mining and quarrying	1,135	10	(7)	—
030 Manufacturing	4,254	171	(41)	—
040 Electricity, gas, steam and air conditioning supply	1,756	20	(6)	—
050 Water supply	802	6	(4)	—
060 Construction	7,932	560	(118)	—
070 Wholesale and retail trade	7,966	327	(85)	—
080 Transport and storage	3,330	135	(53)	—
090 Accommodation and food service activities	3,504	1,291	(708)	—
100 Information and communication	1,834	64	(22)	—
110 Financial and insurance activities				
120 Real estate activities	18,761	300	(221)	—
130 Professional, scientific and technical activities	2,828	101	(20)	—
140 Administrative and support service activities	3,114	193	(63)	—
150 Public administration and defence, compulsory social security	25	1	—	—
160 Education	1,210	27	(8)	—
170 Human health services and social work activities	3,481	81	(31)	—
180 Arts, entertainment and recreation	522	43	(14)	—
190 Other services	1,323	401	(13)	—
200 Total	71,511	3,908	(1,464)	—

Credit risk mitigation techniques

CR3: CRM techniques – Overview

	30 Jun 2022				
	Unsecured carrying amount	Secured carrying amount			
			Of which secured by collateral	Of which secured by financial guarantees	
					Of which secured by credit derivatives
	£m	£m	£m	£m	£m
Loans and advances	120,510	374,804	364,253	10,551	39
Debt securities	29,797	—	—	—	—
Total	150,307	374,804	364,253	10,551	39
Of which non-performing exposures	1,944	8,032	6,892	1,140	—
Of which defaulted	1,760	3,747	—	—	—

Credit risk standardised approach

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

Exposure classes	30 Jun 2022					
	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	On-balance-sheet exposures £m	Off-balance-sheet exposures £m	On-balance-sheet exposures £m	Off-balance-sheet amount £m	RWAs £m	RWAs density (%) %
1 Central governments or central banks	82,525	378	92,799	457	2,113	2 %
2 Regional government or local authorities	559	—	559	—	29	5 %
3 Public sector entities	4,071	—	4,071	—	—	— %
4 Multilateral development banks	8,144	—	8,144	—	—	— %
6 Institutions	231	216	197	535	137	19 %
7 Corporates	4,536	4,953	4,474	1,541	5,204	87 %
8 Retail	10,722	23,293	9,985	198	7,427	73 %
9 Secured by mortgages on immovable property	4,954	41	4,953	22	1,915	38 %
10 Exposures in default	1,115	62	991	21	1,142	113 %
13 Institutions and corporates with a short-term credit	—	—	—	75	37	50 %
16 Other items	2,324	—	2,324	—	1,968	85 %
17 TOTAL	119,180	28,943	128,497	2,849	19,972	15 %

	31 Dec 2021					
	On-balance-sheet exposures £m	Off-balance-sheet exposures £m	On-balance-sheet exposures £m	Off-balance-sheet amount £m	RWAs £m	RWAs density (%) %
1 Central governments or central banks ¹	68,445	320	79,473	496	2,318	3%
2 Regional government or local authorities	535	—	535	—	28	5%
3 Public sector entities	4,155	—	4,155	—	—	—%
4 Multilateral development banks	7,735	—	7,735	—	—	—%
6 Institutions	251	229	260	674	163	17%
7 Corporates	4,448	4,535	4,368	1,535	5,032	85%
8 Retail	10,563	23,753	9,708	176	7,202	73%
9 Secured by mortgages on immovable property	5,359	51	5,357	22	2,052	38%
10 Exposures in default	1,155	99	1,056	36	1,237	113%
16 Other items	2,176	—	2,176	—	1,829	84%
17 TOTAL	104,821	28,987	114,824	2,939	19,861	17%

¹ Re-presented in accordance with revised template requirements to include threshold exposure and risk-weighted asset balances.

Credit risk standardised approach (continued)

CR5: Standardised approach – exposures by asset classes and risk weights (post CCF and post CRM)

Exposure classes		30 Jun 2022															Total £m	Of which unrated £m
		Risk weight																
		0% £m	2% £m	4% £m	10% £m	20% £m	35% £m	50% £m	70% £m	75% £m	100% £m	150% £m	250% £m	370% £m	1250% £m	Others £m		
1	Central governments or central banks	92,411	—	—	—	—	—	—	—	—	—	845	—	—	—	93,256	91,556	
2	Regional government or local authorities	416	—	—	—	143	—	—	—	—	—	—	—	—	—	559	—	
3	Public sector entities	4,071	—	—	—	—	—	—	—	—	—	—	—	—	—	4,071	2,257	
4	Multilateral development banks	8,144	—	—	—	—	—	—	—	—	—	—	—	—	—	8,144	8,144	
6	Institutions	—	—	434	—	109	—	182	—	—	7	—	—	—	—	732	442	
7	Corporates	—	—	—	—	14	—	652	—	—	5,332	17	—	—	—	6,016	5,202	
8	Retail exposures	—	—	—	—	—	—	—	—	10,183	—	—	—	—	—	10,183	10,183	
9	Exposures secured by mortgages on immovable property	—	—	—	—	—	4,591	—	—	58	326	—	—	—	—	4,974	4,974	
10	Exposures in default	—	—	—	—	—	—	—	—	—	752	261	—	—	—	1,012	1,012	
13	Exposures to institutions and corporates with a short-term credit assessment	—	—	—	—	—	—	75	—	—	—	—	—	—	—	75	—	
16	Other items	11	—	—	—	430	—	—	—	—	1,882	—	—	—	—	2,324	2,324	
17	TOTAL	105,053	—	434	—	696	4,591	909	—	10,241	8,299	278	845	—	—	—	131,346	126,094

		31 Dec 2021																
1	Central governments or central banks ¹	79,042	—	—	—	—	—	—	—	—	—	—	927	—	—	—	79,969	78,660
2	Regional government or local authorities	393	—	—	—	142	—	—	—	—	—	—	—	—	—	—	535	—
3	Public sector entities	4,155	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4,155	2,637
4	Multilateral development banks	7,735	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7,735	7,735
6	Institutions	—	—	576	—	140	—	210	—	—	7	—	—	—	—	—	934	584
7	Corporates	—	—	—	—	19	—	753	—	—	5,042	—	—	—	—	90	5,903	4,904
8	Retail exposures	—	—	—	—	—	—	—	—	9,883	—	—	—	—	—	—	9,883	9,883
9	Exposures secured by mortgages on immovable property	—	—	—	—	—	5,005	—	—	60	315	—	—	—	—	—	5,379	5,379
10	Exposures in default	—	—	—	—	—	—	—	—	—	804	289	—	—	—	—	1,093	1,093
13	Exposures to institutions and corporates with a short-term credit assessment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
16	Other items	2	—	—	—	431	—	—	—	—	1,743	—	—	—	—	—	2,176	2,176
17	TOTAL	91,328	—	576	—	732	5,005	963	—	9,943	7,910	289	927	—	—	90	117,762	113,053

1 Re-presented in accordance with revised template requirements to include threshold exposure balances.

IRB Approach to Credit Risk

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

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

	Total RWA quarter to 31 Mar 2022 £m	Total RWA quarter to 30 Jun 2022 £m	Total own funds requirements for quarter to 30 Jun 2022 £m
1 Risk weighted exposure amount as at beginning of the quarter	104,984	119,540	9,563
2 Asset size (+/-)	(168)	59	5
3 Asset quality (+/-)	(871)	(1,512)	(122)
4 Model updates (+/-)	—	—	—
5 Methodology and policy (+/-)	15,494	(576)	(46)
6 Acquisitions and disposals (+/-)	—	—	—
7 Foreign exchange movements (+/-)	101	388	31
8 Other (+/-)	—	—	—
9 Risk weighted exposure amount at the end of the quarter	119,540	117,899	9,431

Key movements Q1

- Asset quality decrease mainly driven by retail model calibrations.
- Methodology and policy increases reflect the anticipated implementation (via the application of temporary model adjustments) of new CRD IV models to meet revised regulatory standards for modelled outputs, partly offset by other optimisation activity.

Key movements Q2

- Asset quality movement driven by reductions from retail models reflecting the benign credit performance.
- Methodology & Policy reduction primarily reflects capital-efficient securitisation activity and other optimisation.
- Foreign exchange movements, principally driven by movement in US Dollar and Euro.

Credit risk IRB approach - CR6

The risk-weighted assets and expected losses within the CR6 tables reflect adjustments for the anticipated impact of the implementation of new CRD IV models to meet revised regulatory standards for modelled outputs. The new models have yet to be approved by the PRA. As such, the modelled exposures (where applicable), probability of default (PD) and loss given default (LGD) presented in the tables do not reflect the anticipated impact from CRD IV. The disclosures for Residential Mortgages continue to include the reporting of default using a 180 days past due backstop.

PD range	30 Jun 2022											
	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Central Governments or Central Banks	£m	£m	%	£m	%	No.	%	No.	£m	%	£m	£m
0.00 to <0.15	2,353	2	75.00 %	2,111	0.01 %	14	45.00 %	3.2	225	10.65 %	—	—
0.00 to <0.10	2,353	2	75.00 %	2,111	0.01 %	14	45.00 %	3.2	225	10.65 %	—	—
0.15 to <0.25	7	—	— %	—	— %	3	— %	—	—	— %	—	—
0.25 to <0.50	—	—	75.00 %	—	0.42 %	1	45.00 %	2.4	—	68.61 %	—	—
0.75 to <2.50	106	—	— %	—	— %	1	— %	—	—	— %	—	—
0.75 to <1.75	106	—	— %	—	— %	1	— %	—	—	— %	—	—
2.50 to <10.00	—	89	75.00 %	1	6.20 %	2	45.00 %	3.4	2	201.60 %	—	—
2.5 to <5	—	89	— %	—	— %	1	— %	—	—	— %	—	—
5 to <10	—	—	75.00 %	1	6.20 %	1	45.00 %	3.4	2	201.60 %	—	—
10.00 to <100.00	44	43	— %	—	— %	1	— %	—	—	— %	—	—
10 to <20	44	43	— %	—	— %	1	— %	—	—	— %	—	—
Subtotal	2,510	134	75.00 %	2,112	0.01 %	23	44.98 %	3.2	227	10.73 %	—	—
31 Dec 2021												
0.00 to <0.15	2,481	4	75.00%	2,293	0.01%	12	45.00%	3.4	258	11.25%	—	—
0.15 to <0.25	9	—	—%	—	—%	—	—%	—	—	—%	—	—
0.25 to <0.50	—	—	75.00%	—	0.42%	1	45.00%	2.4	—	66.99%	—	—
0.75 to <2.50	104	—	—%	—	—%	1	—%	—	—	—%	—	—
2.50 to <10.00	—	211	75.00%	13	4.26%	3	45.00%	5.0	24	182.45%	—	—
10.00 to <100.00	—	—	—%	—	—%	—	—%	—	—	—%	—	—
Subtotal	2,593	214	75.00%	2,306	0.04%	17	45.00%	3.4	282	12.21%	—	—

Credit risk IRB approach - CR6 (continued)

PD range	30 Jun 2022											
	On-balance sheet exposures	Off-balance sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Institutions	£m	£m	%	£m	%	No.	%	No.	£m	%	£m	£m
0.00 to <0.15	7,830	484	34.92 %	8,056	0.05 %	844	32.37 %	1.1	804	9.98 %	1	—
0.00 to <0.10	6,740	428	35.38 %	6,948	0.04 %	712	31.96 %	1.1	621	8.93 %	1	—
0.10 to <0.15	1,090	56	31.33 %	1,108	0.11 %	132	34.95 %	0.9	183	16.54 %	—	—
0.15 to <0.25	72	20	24.28 %	77	0.18 %	40	19.04 %	3.9	22	28.31 %	—	—
0.25 to <0.50	15	31	25.94 %	23	0.33 %	58	36.47 %	1.5	12	49.75 %	—	—
0.50 to <0.75	3	2	47.60 %	4	0.63 %	34	44.59 %	3.1	5	118.86 %	—	—
0.75 to <2.50	45	30	3.12 %	46	1.01 %	51	42.15 %	1.2	50	108.40 %	—	—
0.75 to <1.75	45	30	3.12 %	46	1.01 %	46	42.15 %	1.2	50	108.40 %	—	—
1.75 to <2.5	—	—	— %	—	1.90 %	5	40.00 %	1.7	—	120.41 %	—	—
2.50 to <10.00	1	—	75.00 %	1	4.38 %	23	45.00 %	1.0	1	147.29 %	—	—
2.5 to <5	1	—	75.00 %	1	4.05 %	14	45.00 %	1.0	1	140.98 %	—	—
5 to <10	—	—	— %	—	6.20 %	9	45.00 %	1.0	—	181.76 %	—	—
10.00 to <100.00	—	—	— %	—	15.94 %	8	45.00 %	1.0	—	238.69 %	—	—
10 to <20	—	—	— %	—	14.87 %	4	45.00 %	1.0	—	236.11 %	—	—
30.00 to <100.00	—	—	— %	—	31.00 %	4	45.00 %	1.0	—	274.95 %	—	—
100.00 (Default)	—	—	— %	—	100.00 %	1	45.00 %	1.0	—	— %	—	—
Subtotal	7,966	567	32.48 %	8,207	0.06 %	1,059	32.32 %	1.1	894	10.90 %	1	—
31 Dec 2021												
0.00 to <0.15	6,284	934	62.15%	6,879	0.05%	881	33.01%	1.0	656	9.54%	1	—
0.15 to <0.25	20	26	71.93%	39	0.19%	44	38.77%	1.8	16	40.04%	—	—
0.25 to <0.50	8	42	68.35%	37	0.35%	56	44.89%	1.1	21	56.37%	—	—
0.50 to <0.75	2	3	51.88%	3	0.63%	26	44.88%	1.1	2	72.47%	—	—
0.75 to <2.50	55	10	74.07%	62	1.02%	56	42.70%	1.0	61	97.71%	—	—
2.50 to <10.00	1	4	75.00%	4	3.87%	23	44.96%	1.0	5	137.49%	—	—
10.00 to <100.00	—	—	75.00%	—	18.24%	7	45.00%	1.0	1	247.34%	—	—
100.00 (Default)	—	—	—%	—	100.00%	2	45.00%	1.0	—	—%	—	—
Subtotal	6,370	1,019	62.79%	7,025	0.07%	1,094	33.20%	1.0	762	10.84%	1	—

Key movements

– Reduction in CCF due to change in mix of the portfolio.

Credit risk IRB approach - CR6 (continued)

PD range	30 Jun 2022											
	On-balance sheet exposures	Off-balance sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Corporate SME	£m	£m	%	£m	%	No.	%	No.	£m	%	£m	£m
0.00 to <0.15	675	737	73.40 %	1,216	0.06 %	265	39.45 %	3.8	296	24.39 %	—	—
0.00 to <0.10	547	582	74.45 %	980	0.05 %	207	38.99 %	3.9	214	21.87 %	—	—
0.10 to <0.15	128	155	69.46 %	236	0.11 %	58	41.35 %	3.7	82	34.86 %	—	—
0.15 to <0.25	208	58	69.40 %	240	0.19 %	228	42.11 %	3.6	107	44.56 %	—	—
0.25 to <0.50	754	368	42.02 %	813	0.39 %	1,401	40.70 %	3.2	428	52.67 %	1	1
0.50 to <0.75	1,197	479	16.55 %	1,113	0.57 %	19,878	39.59 %	3.6	618	55.49 %	3	1
0.75 to <2.50	2,720	922	24.13 %	2,595	1.25 %	13,851	40.09 %	3.0	1,839	70.86 %	14	12
0.75 to <1.75	2,713	922	24.13 %	2,588	1.25 %	13,802	40.08 %	3.1	1,834	70.87 %	14	12
1.75 to <2.5	7	—	— %	7	2.00 %	49	45.00 %	1.5	5	68.98 %	—	—
2.50 to <10.00	1,750	351	24.05 %	1,614	4.22 %	6,050	38.99 %	2.8	1,464	90.67 %	28	28
2.5 to <5	1,120	270	27.33 %	1,053	3.12 %	3,305	39.32 %	2.8	910	86.37 %	14	15
5 to <10	630	81	13.20 %	561	6.29 %	2,745	38.40 %	2.8	554	98.80 %	14	13
10.00 to <100.00	266	26	29.36 %	249	20.91 %	1,583	38.67 %	2.7	367	147.32 %	22	11
10 to <20	166	13	15.69 %	152	12.80 %	1,289	37.76 %	2.3	184	121.13 %	8	4
30.00 to <100.00	100	13	43.81 %	97	33.62 %	294	40.10 %	3.3	183	188.40 %	14	7
100.00 (Default)	461	34	32.07 %	435	100.00 %	1,050	40.62 %	2.4	—	— %	177	95
Subtotal	8,030	2,976	38.33 %	8,277	7.23 %	44,305	39.82 %	3.2	5,120	61.85 %	246	147
31 Dec 2021												
0.00 to <0.15	703	736	73.16%	1,242	0.06%	258	39.30%	3.8	291	23.44%	—	
0.15 to <0.25	148	127	70.74%	230	0.19%	228	42.62%	3.4	84	36.49%	—	
0.25 to <0.50	811	373	39.22%	839	0.38%	1,364	41.47%	3.5	447	53.21%	1	
0.50 to <0.75	1,417	336	19.42%	1,324	0.57%	4,575	41.17%	4.0	770	58.17%	3	
0.75 to <2.50	2,904	936	24.28%	2,705	1.27%	7,188	40.38%	3.3	1,901	70.28%	15	
2.50 to <10.00	1,982	401	22.84%	1,845	4.04%	4,415	40.20%	2.8	1,645	89.15%	31	
10.00 to <100.00	367	59	46.82%	373	19.18%	973	41.19%	2.4	534	143.24%	29	
100.00 (Default)	508	120	29.51%	486	100.00%	918	40.76%	2.4	—	—%	198	
Subtotal	8,839	3,088	39.85%	9,044	7.50%	19,917	40.52%	3.3	5,672	62.71%	277	161

Key movements

- Exposure at default and risk-weighted assets decreased by £0.8 billion and £0.6 billion respectively due to securitisation activity, repayments & run offs.
- Average PD reduced from 7.50% to 7.23% due to an improvement in underlying PD and a small reduction in defaulted exposure.

Credit risk IRB approach - CR6 (continued)

PD range	30 Jun 2022											
	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Corporate Main	£m	£m	%	£m	%	No.	%	No.	£m	%	£m	£m
0.00 to <0.15	4,458	11,411	72.74 %	12,895	0.08 %	372	40.75 %	3.0	3,751	29.09 %	4	7
0.00 to <0.10	1,838	7,027	73.33 %	7,124	0.05 %	226	41.25 %	3.0	1,659	23.28 %	1	3
0.10 to <0.15	2,620	4,384	71.78 %	5,771	0.11 %	146	40.14 %	3.1	2,092	36.25 %	3	4
0.15 to <0.25	1,856	4,472	68.70 %	4,925	0.18 %	2,516	43.46 %	2.7	2,290	46.51 %	4	6
0.25 to <0.50	5,953	5,897	56.93 %	9,047	0.35 %	4,165	37.10 %	2.0	4,650	51.40 %	13	19
0.50 to <0.75	2,161	1,706	50.66 %	2,744	0.62 %	5,964	42.56 %	2.5	2,280	83.10 %	8	10
0.75 to <2.50	4,098	3,146	40.12 %	4,787	1.29 %	7,646	41.17 %	2.1	4,741	99.04 %	29	34
0.75 to <1.75	4,012	3,136	40.26 %	4,701	1.28 %	6,285	41.10 %	2.1	4,650	98.92 %	28	34
1.75 to <2.5	86	10	— %	86	1.98 %	1,361	44.58 %	1.4	91	105.72 %	1	—
2.50 to <10.00	2,399	1,684	51.78 %	2,981	4.20 %	3,493	43.06 %	2.2	4,468	149.86 %	61	100
2.5 to <5	1,542	1,383	51.55 %	2,205	3.37 %	2,725	42.79 %	2.4	3,133	142.12 %	37	53
5 to <10	857	301	52.76 %	776	6.58 %	769	43.83 %	1.7	1,335	171.88 %	24	47
10.00 to <100.00	101	119	67.01 %	180	20.46 %	217	42.80 %	1.8	425	236.59 %	17	18
10 to <20	56	71	64.30 %	102	12.20 %	141	43.98 %	1.3	228	224.64 %	6	11
20 to <30	1	—	— %	1	30.00 %	12	44.12 %	1.1	2	289.47 %	—	—
30.00 to <100.00	44	48	70.99 %	77	31.24 %	64	41.24 %	2.6	195	251.60 %	11	7
100.00 (Default)	500	101	83.85 %	584	100.00 %	688	41.87 %	1.5	—	— %	244	134
Subtotal	21,524	28,537	62.94 %	38,142	2.29 %	25,061	40.62 %	2.5	22,606	59.27 %	380	326
31 Dec 2021												
0.00 to <0.15	3,882	11,178	72.87%	12,118	0.08%	384	41.40%	3.0	3,787	31.25%	5	
0.15 to <0.25	1,570	3,818	68.84%	4,148	0.18%	2,636	44.14%	2.7	2,093	50.45%	4	
0.25 to <0.50	5,355	5,771	59.00%	8,446	0.34%	4,098	38.41%	2.1	4,464	52.85%	12	
0.50 to <0.75	2,247	2,107	61.26%	3,384	0.62%	5,750	42.96%	2.4	2,714	80.21%	10	
0.75 to <2.50	3,965	3,277	57.18%	5,325	1.28%	7,946	42.20%	2.0	5,129	96.33%	32	
2.50 to <10.00	2,650	2,125	65.24%	3,744	4.30%	4,147	42.47%	2.2	5,309	141.81%	72	
10.00 to <100.00	145	151	66.32%	244	16.78%	240	41.00%	1.3	485	198.47%	16	
100.00 (Default)	543	101	64.87%	607	100.00%	829	43.08%	1.8	—	—%	262	
Subtotal	20,357	28,527	66.35%	38,016	2.48%	26,028	41.42%	2.5	23,982	63.08%	412	300

Key movements

- Average PD reduced from 2.48% to 2.29% due to a change in mix in the portfolio and a small reduction in defaulted exposure.

Credit risk IRB approach - CR6 (continued)

PD range	30 Jun 2022										
	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Residential Mortgages (SME)	£m	£m	%	£m	%	No.	%	£m	%	£m	£m
0.50 to <0.75	2,359	208	97.23 %	2,510	0.54 %	16,255	18.16 %	308	12.27 %	2	39
0.75 to <2.50	1,892	158	97.94 %	2,004	1.12 %	10,605	16.28 %	358	17.88 %	4	15
0.75 to <1.75	1,892	158	97.94 %	2,004	1.12 %	10,605	16.28 %	358	17.88 %	4	15
2.50 to <10.00	597	26	97.19 %	610	4.04 %	3,232	17.23 %	248	40.69 %	4	11
2.5 to <5	324	15	97.43 %	331	2.62 %	1,724	17.23 %	108	32.72 %	1	6
5 to <10	273	11	96.88 %	279	5.73 %	1,508	17.24 %	140	50.13 %	3	5
10.00 to <100.00	164	4	96.20 %	165	22.18 %	1,072	18.10 %	120	72.37 %	7	9
10 to <20	122	3	96.63 %	123	12.80 %	840	18.24 %	91	73.77 %	3	6
30.00 to <100.00	42	1	94.20 %	42	50.10 %	232	17.76 %	29	68.58 %	4	3
100.00 (Default)	121	5	97.32 %	124	100.00 %	468	19.46 %	25	19.87 %	23	23
Subtotal	5,133	401	97.49 %	5,414	4.09 %	31,633	17.39 %	1,059	19.56 %	40	97
31 Dec 2021											
0.50 to <0.75	2,504	242	99.75%	2,746	0.54%	18,206	18.14%	361	13.15%	3	
0.75 to <2.50	2,006	196	99.79%	2,201	1.12%	11,220	16.27%	428	19.42%	4	
2.50 to <10.00	665	40	99.81%	705	4.11%	3,327	16.88%	312	44.26%	5	
10.00 to <100.00	163	6	99.82%	169	22.17%	1,027	17.85%	132	77.88%	7	
100.00 (Default)	130	5	99.68%	135	100.00%	497	19.42%	24	18.16%	27	
Subtotal	5,469	488	99.77%	5,956	4.04%	34,277	17.32%	1,257	21.10%	46	131

Key movements

- Exposures decreased by £0.5 billion and risk-weighted assets decreased by £0.2 billion due to lower lending volumes.

Credit risk IRB approach - CR6 (continued)

PD range	30 Jun 2022										
	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD ¹	Number of obligors ¹	Exposure weighted average LGD	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Residential Mortgages (non-SME)	£m	£m	%	£m	%	No.	%	£m	%	£m	£m
0.00 to <0.15	270,664	19,128	100.46 %	301,904	0.39 %	2,121,224	10.15 %	29,200	9.67 %	187	176
0.00 to <0.10	248,385	18,882	101.02 %	278,518	0.35 %	1,930,234	10.24 %	25,275	9.07 %	155	131
0.10 to <0.15	22,279	246	57.53 %	23,386	0.81 %	190,990	9.10 %	3,925	16.78 %	32	45
0.15 to <0.25	20,221	181	64.98 %	21,126	1.05 %	154,878	9.72 %	4,359	20.63 %	39	62
0.25 to <0.50	13,604	747	77.62 %	14,744	1.74 %	115,029	8.96 %	3,951	26.80 %	42	61
0.50 to <0.75	2,390	10	57.79 %	2,497	3.49 %	22,749	8.78 %	1,056	42.30 %	15	27
0.75 to <2.50	4,033	15	37.44 %	4,215	7.77 %	35,169	8.58 %	2,754	65.33 %	57	74
0.75 to <1.75	2,540	13	35.02 %	2,654	5.35 %	22,099	8.66 %	1,473	55.49 %	25	32
1.75 to <2.5	1,493	2	51.19 %	1,561	11.87 %	13,070	8.46 %	1,281	82.07 %	32	42
2.50 to <10.00	2,585	6	64.85 %	2,691	21.72 %	21,852	8.47 %	2,489	92.48 %	97	65
2.5 to <5	1,550	3	28.69 %	1,616	17.72 %	13,165	8.44 %	1,413	87.47 %	46	43
5 to <10	1,035	3	99.24 %	1,075	27.73 %	8,687	8.52 %	1,076	100.01 %	51	22
10.00 to <100.00	1,701	—	50.10 %	1,742	56.05 %	14,951	8.29 %	1,874	107.56 %	242	29
10 to <20	732	—	51.51 %	754	40.65 %	6,307	8.20 %	875	115.98 %	60	14
20 to <30	308	—	100.00 %	316	54.77 %	2,648	8.49 %	388	122.73 %	39	6
30.00 to <100.00	661	—	49.99 %	672	73.97 %	5,996	8.28 %	611	90.99 %	143	9
100.00 (Default)	2,535	—	46.64 %	2,535	100.00 %	18,829	10.35 %	6,616	260.98 %	339	676
Subtotal	317,733	20,087	99.22 %	351,455	1.75 %	2,504,681	10.03 %	52,299	14.88 %	1,018	1,172

31 Dec 2021											
0.00 to <0.15	255,780	16,818	101.52%	284,268	0.37%	2,056,654	10.22%	22,967	8.08%	141	
0.15 to <0.25	24,394	218	65.79%	25,520	1.01%	194,210	9.61%	3,638	14.25%	32	
0.25 to <0.50	17,050	725	76.37%	18,317	1.53%	140,948	9.12%	3,358	18.33%	33	
0.50 to <0.75	3,843	18	56.43%	4,020	2.80%	35,102	8.51%	1,069	26.59%	13	
0.75 to <2.50	4,803	23	81.50%	5,032	6.24%	43,694	8.47%	1,928	38.32%	34	
2.50 to <10.00	3,164	5	61.64%	3,298	18.46%	26,887	8.49%	2,068	62.69%	68	
10.00 to <100.00	1,882	—	74.45%	1,929	54.59%	16,715	8.12%	1,139	59.04%	123	
100.00 (Default)	2,860	—	45.25%	2,860	100.00%	21,177	9.86%	2,069	72.34%	392	
Subtotal	313,777	17,807	99.98%	345,244	1.90%	2,535,387	10.04%	38,235	11.07%	836	1,212

¹ Obligor 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.

Key movements

- An increase in mortgage lending drives £6.2 billion increase in exposure at default.
- Average PD decreased from 1.9% to 1.75% partly due to reduction in defaulted assets and lower risk-weighted new business versus redemptions.
- Risk-weighted assets and expected loss increased by £14.1 billion and £0.2 billion respectively predominantly due to the anticipated impact of new CRD IV models to meet revised regulatory standards for modelled outputs.

Credit risk IRB approach - CR6 (continued)

PD range	30 Jun 2022										
	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Qualifying revolving retail exposures	£m	£m	%	£m	%	No.	%	£m	%	£m	£m
0.00 to <0.15	853	15,665	69.53 %	11,744	0.09 %	8,972,044	57.59 %	413	3.51 %	7	42
0.00 to <0.10	471	10,170	71.01 %	7,692	0.07 %	5,834,257	56.80 %	212	2.75 %	3	28
0.10 to <0.15	382	5,495	66.79 %	4,052	0.13 %	3,137,787	59.08 %	201	4.97 %	4	14
0.15 to <0.25	529	6,797	70.18 %	5,299	0.20 %	4,319,012	60.69 %	390	7.35 %	7	18
0.25 to <0.50	1,077	8,991	66.72 %	7,076	0.36 %	5,436,483	63.09 %	871	12.31 %	18	28
0.50 to <0.75	848	4,081	70.06 %	3,707	0.61 %	3,345,292	69.58 %	766	20.66 %	17	20
0.75 to <2.50	3,060	6,016	72.99 %	7,454	1.36 %	6,197,563	75.47 %	3,032	40.67 %	83	94
0.75 to <1.75	2,128	4,954	73.03 %	5,748	1.14 %	5,031,115	75.20 %	2,052	35.69 %	53	58
1.75 to <2.5	932	1,062	72.78 %	1,706	2.11 %	1,166,448	76.38 %	980	57.46 %	30	36
2.50 to <10.00	2,388	1,283	78.34 %	3,394	4.67 %	1,939,086	77.98 %	3,398	100.11 %	135	159
2.5 to <5	1,489	1,009	76.47 %	2,261	3.55 %	1,353,250	77.65 %	1,905	84.25 %	68	81
5 to <10	899	274	85.26 %	1,133	6.89 %	585,836	78.63 %	1,493	131.75 %	67	78
10.00 to <100.00	766	155	93.43 %	928	29.19 %	647,263	77.76 %	1,991	214.62 %	228	124
10 to <20	370	77	100.23 %	449	13.65 %	274,636	78.70 %	869	193.62 %	52	50
20 to <30	113	30	89.71 %	143	24.55 %	125,835	76.48 %	346	241.23 %	29	21
30.00 to <100.00	283	48	84.77 %	336	51.95 %	246,792	77.06 %	776	231.32 %	147	53
100.00 (Default)	235	—	— %	235	100.00 %	287,797	71.49 %	462	196.11 %	131	114
Subtotal	9,756	42,987	69.93 %	39,837	2.10 %	31,144,540	65.73 %	11,321	28.42 %	626	598
31 Dec 2021											
0.00 to <0.15	704	15,167	69.99%	11,319	0.09%	8,424,521	56.94%	394	3.48%	6	
0.15 to <0.25	495	7,204	70.37%	5,564	0.20%	4,520,434	60.24%	390	7.01%	7	
0.25 to <0.50	1,028	9,511	67.93%	7,488	0.36%	5,770,068	62.77%	881	11.77%	17	
0.50 to <0.75	798	4,024	70.36%	3,629	0.62%	3,243,515	69.38%	721	19.86%	16	
0.75 to <2.50	2,987	5,868	73.54%	7,302	1.35%	6,067,529	75.33%	2,855	39.10%	77	
2.50 to <10.00	2,265	1,138	79.26%	3,169	4.62%	1,810,431	77.96%	3,082	97.26%	119	
10.00 to <100.00	659	144	89.20%	802	29.29%	550,486	77.59%	1,735	216.24%	193	
100.00 (Default)	247	—	—%	247	100.00%	289,341	71.12%	489	198.22%	136	
Subtotal	9,182	43,055	70.42%	39,521	2.02%	30,676,325	65.24%	10,547	26.69%	571	503

Key movements

- Balance sheet lending growth drives increase in on balance sheet exposure and exposure at default.
- Risk-weighted assets and expected loss increased by £0.8 billion and £0.1 billion respectively due to lending growth and anticipated impact of new CRD IV models to meet revised regulatory standards for modelled outputs.

Credit risk IRB approach - CR6 (continued)

PD range	30 Jun 2022										
	On-balance sheet exposures	Off- balance- sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Retail Other SME	£m	£m	%	£m	%	No.	%	£m	%	£m	£m
0.50 to <0.75	2,716	339	91.09 %	581	0.54 %	66,775	77.55 %	276	47.55 %	2	14
0.75 to <2.50	2,302	237	94.19 %	533	1.13 %	60,219	76.86 %	351	65.79 %	5	9
0.75 to <1.75	2,302	237	94.19 %	533	1.13 %	60,219	76.86 %	351	65.79 %	5	9
2.50 to <10.00	989	66	94.56 %	220	4.16 %	29,422	79.87 %	206	93.44 %	7	4
2.5 to <5	511	38	94.89 %	113	2.62 %	14,573	79.48 %	100	88.65 %	2	3
5 to <10	478	28	94.12 %	107	5.78 %	14,850	80.34 %	106	98.57 %	5	1
10.00 to <100.00	455	15	92.24 %	91	29.50 %	35,362	84.33 %	122	133.36 %	23	4
10 to <20	281	12	93.15 %	59	13.52 %	30,048	83.60 %	76	128.69 %	7	3
30.00 to <100.00	174	3	88.50 %	32	58.95 %	5,314	85.69 %	46	142.30 %	16	1
100.00 (Default)	1,324	4	85.57 %	239	100.00 %	93,962	10.96 %	106	44.50 %	26	15
Subtotal	7,785	662	92.54 %	1,665	17.06 %	285,740	68.46 %	1,061	63.73 %	63	45
31 Dec 2021											
0.50 to <0.75	3,268	490	99.28%	758	0.54%	112,599	80.44%	381	50.22%	3	
0.75 to <2.50	2,734	307	99.44%	623	1.13%	76,600	77.89%	421	67.49%	6	
2.50 to <10.00	1,180	84	99.60%	257	4.18%	32,090	77.77%	239	93.11%	8	
10.00 to <100.00	403	14	99.29%	85	27.76%	33,821	81.30%	109	128.44%	20	
100.00 (Default)	1,055	5	98.36%	239	100.00%	57,366	9.68%	107	45.02%	23	
Subtotal	8,640	900	100.00%	1,962	14.48%	312,476	70.70%	1,257	64.08%	60	61

Key movements

- Reduction in exposure due to repayments of COVID lending.
- Exposure at default and risk-weighted assets decreased by £0.3 billion and £0.2 billion respectively due to securitisation activity, repayments and run-offs.

Credit risk IRB approach - CR6 (continued)

PD range	30 Jun 2022										
	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
	£m	£m	%	£m	%	No.	%	£m	%	£m	£m
Retail other non-SME											
0.00 to <0.15	453	—	30.00 %	454	0.08 %	23,743	37.32 %	46	10.25 %	—	2
0.00 to <0.10	446	—	— %	446	0.08 %	21,891	36.71 %	44	9.95 %	—	2
0.10 to <0.15	7	—	30.00 %	8	0.13 %	1,852	72.12 %	2	24.92 %	—	—
0.15 to <0.25	74	2	30.00 %	77	0.22 %	16,188	75.92 %	27	35.78 %	—	1
0.25 to <0.50	5,185	9	30.00 %	5,198	0.37 %	441,140	37.80 %	1,499	28.83 %	12	48
0.50 to <0.75	3,117	8	30.00 %	3,128	0.72 %	242,315	43.75 %	1,449	46.32 %	14	32
0.75 to <2.50	6,132	33	30.00 %	6,179	1.57 %	622,040	64.90 %	5,413	87.61 %	71	130
0.75 to <1.75	4,771	21	30.00 %	4,801	1.41 %	466,205	60.07 %	3,785	78.85 %	45	89
1.75 to <2.5	1,361	12	30.00 %	1,378	2.11 %	155,835	81.74 %	1,628	118.13 %	26	41
2.50 to <10.00	3,947	23	30.00 %	3,979	4.64 %	428,655	69.12 %	4,552	114.40 %	137	122
2.5 to <5	2,595	15	30.00 %	2,616	3.42 %	282,058	70.90 %	2,973	113.68 %	70	76
5 to <10	1,352	8	30.00 %	1,363	6.97 %	146,597	65.69 %	1,579	115.79 %	67	46
10.00 to <100.00	696	5	30.00 %	703	27.20 %	88,916	59.77 %	1,016	144.48 %	119	56
10 to <20	297	3	30.00 %	301	12.65 %	43,767	72.30 %	454	150.69 %	30	14
20 to <30	149	1	30.00 %	150	21.75 %	16,554	47.89 %	201	134.24 %	17	13
30.00 to <100.00	250	1	30.00 %	252	47.86 %	28,595	51.88 %	361	143.20 %	72	29
100.00 (Default)	330	—	— %	330	100.00 %	69,053	54.08 %	598	181.22 %	137	175
Subtotal	19,932	81	30.00 %	20,047	4.21 %	1,932,050	54.47 %	14,601	72.83 %	489	565
31 Dec 2021											
0.00 to <0.15	321	—	30.00%	321	0.08%	16,847	36.68%	33	10.26%	—	
0.15 to <0.25	37	1	30.00%	38	0.22%	8,780	75.12%	13	33.92%	—	
0.25 to <0.50	5,286	5	30.00%	5,296	0.37%	447,643	36.15%	1,491	28.16%	12	
0.50 to <0.75	2,994	5	30.00%	3,004	0.72%	238,205	42.24%	1,357	45.19%	13	
0.75 to <2.50	5,887	21	30.00%	5,930	1.58%	622,909	64.31%	5,016	84.59%	64	
2.50 to <10.00	4,025	16	30.00%	4,057	4.59%	449,204	69.83%	4,513	111.24%	131	
10.00 to <100.00	694	3	30.00%	701	27.15%	88,991	59.57%	986	140.76%	112	
100.00 (Default)	357	—	—%	357	100.00%	69,791	53.01%	729	204.02%	149	
Subtotal	19,601	51	30.00%	19,704	4.41%	1,942,370	53.71%	14,139	71.76%	481	513

Key movements

- Increase in gross exposure and EAD due to lending growth.
- Average PD decreased from 4.41% to 4.21% due to reduction in defaulted exposure.
- Risk weighted assets increased by £0.5 billion due to lending growth and the anticipated impact of new CRD IV models to meet revised regulatory standards for modelled outputs.

Credit risk IRB approach (continued)

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

A-IRB		30 Jun 2022														
		Total exposures	Credit risk Mitigation techniques												Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)										Unfunded credit Protection (UFCP)		RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and sustitution effects)
			Part of exposures covered by Financial Collaterals	Part of exposures covered by Other eligible collaterals	Part of exposures covered by Immovable property Collaterals	Part of exposures covered by Receivables	Part of exposures covered by Other physical collateral	Part of exposures covered by Other funded credit protection	Part of exposures covered by Cash on deposit	Part of exposures covered by Life insurance policies	Part of exposures covered by Instruments held by a third party	Part of exposures covered by Guarantees	Part of exposures covered by Credit Derivatives			
£m	%	%	%	%	%	%	%	%	%	%	%	£m	£m			
4	Retail	418,419	— %	79.33 %	79.32 %	— %	— %	— %	— %	— %	— %	— %	— %		80,341	
4.1	Of which Retail – Immovable property SMEs	5,414	0.06 %	68.09 %	68.02 %	— %	0.06 %	— %	— %	— %	— %	— %	— %		1,059	
4.2	Of which Retail – Immovable property non-SMEs	351,455	— %	93.39 %	93.39 %	— %	— %	— %	— %	— %	— %	— %	— %		52,299	
4.3	Of which Retail – Qualifying revolving	39,837	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %		11,321	
4.4	Of which Retail – Other SMEs	1,665	0.27 %	0.36 %	— %	— %	0.36 %	— %	— %	— %	— %	— %	— %		1,061	
4.5	Of which Retail – Other non-SMEs	20,047	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %		14,601	
5	Total	418,419	— %	79.33 %	79.32 %	— %	— %	— %	— %	— %	— %	— %	— %		80,341	
F-IRB																
1	Central governments and central banks	2,111	— %	— %	— %	— %	— %	— %				25.26 %	— %		227	
2	Institutions	8,208	37.16 %	0.93 %	— %	— %	0.93 %	— %				— %	— %		893	
3	Corporates	58,573	4.39 %	25.84 %	20.81 %	3.28 %	1.75 %	— %				3.69 %	0.80 %		36,439	
3.1	Of which Corporates – SMEs	8,277	1.35 %	65.05 %	50.62 %	14.40 %	0.03 %	— %				10.55 %	— %		5,120	
3.2	Of which Corporates – Specialised lending	12,154	— %	— %	— %	— %	— %	— %				— %	— %		8,714	
3.3	Of which Corporates – Other	38,142	6.44 %	25.56 %	20.97 %	1.91 %	2.68 %	— %				3.37 %	1.23 %		22,606	
4	Total	68,892	8.16 %	22.08 %	17.69 %	2.79 %	1.60 %	— %				3.91 %	0.68 %		37,559	

1 For AIRB the value of eligible collateral has been capped at individual exposure amount. For FIRB, the amount is capped at the value used in determining the LGD.

2 For AIRB, the unfunded credit protection includes only cases where unfunded credit protection is taken into account in own estimates of LGD. For FIRB, it relates to unfunded credit protection which has substitution effect.

Specialised lending

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

Regulatory categories	Remaining maturity	30 Jun 2022					
		On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
		£m	£m		£m	£m	£m
Category 1	Less than 2.5 years	259	365	50%	524	262	—
	Equal to or more than 2.5 years	1,354	708	70%	1,887	1,321	8
Category 2	Less than 2.5 years	70	75	70%	127	89	1
	Equal to or more than 2.5 years	359	255	90%	609	548	5
Category 3	Less than 2.5 years	11	3	115%	13	16	0
	Equal to or more than 2.5 years	194	26	115%	214	246	6
Category 4	Less than 2.5 years	21	—	250%	21	53	2
	Equal to or more than 2.5 years	—	—	250%	—	—	0
Category 5	Less than 2.5 years	31	—		31	—	16
	Equal to or more than 2.5 years	20	2		22	—	11
Total	Less than 2.5 years	392	443		717	419	18
	Equal to or more than 2.5 years	1,926	991		2,732	2,115	29

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

Regulatory categories	Remaining maturity	30 Jun 2022					
		On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
		£m	£m		£m	£m	£m
Category 1	Less than 2.5 years	2,242	432	50%	2,543	1,265	—
	Equal to or more than 2.5 years	1,004	163	70%	1,123	784	4
Category 2	Less than 2.5 years	2,151	154	70%	2,249	1,574	9
	Equal to or more than 2.5 years	1,659	172	90%	1,787	1,609	14
Category 3	Less than 2.5 years	364	30	115%	382	439	11
	Equal to or more than 2.5 years	234	2	115%	235	270	7
Category 4	Less than 2.5 years	23	—	250%	23	59	2
	Equal to or more than 2.5 years	19	—	250%	19	47	1
Category 5	Less than 2.5 years	161	1		162	—	81
	Equal to or more than 2.5 years	34	—		34	—	17
Total	Less than 2.5 years	4,941	617		5,359	3,337	102
	Equal to or more than 2.5 years	2,949	337		3,198	2,709	44

Specialised lending (continued)

CR10.3: IRB – Specialised lending - Object finance (Slotting approach)

Regulatory categories	Remaining maturity	30 Jun 2022					
		On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
		£m	£m		£m	£m	£m
Category 1	Less than 2.5 years	—	—	50%	—	—	—
	Equal to or more than 2.5 years	—	—	70%	—	—	—
Category 2	Less than 2.5 years	—	—	70%	—	—	—
	Equal to or more than 2.5 years	91	75	90%	148	133	1
Category 3	Less than 2.5 years	—	—	115%	—	—	—
	Equal to or more than 2.5 years	—	—	115%	—	—	—
Category 4	Less than 2.5 years	—	—	250%	—	—	—
	Equal to or more than 2.5 years	—	—	250%	—	—	—
Category 5	Less than 2.5 years	—	—		—	—	—
	Equal to or more than 2.5 years	—	—		—	—	—
Total	Less than 2.5 years	—	—		—	—	—
	Equal to or more than 2.5 years	91	75		148	133	1

Counterparty credit risk

CCR1: Analysis of CCR exposure by approach

		30 Jun 2022							
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWA
		£m	£m	£m		£m	£m	£m	£m
UK1	Original Exposure Method (for derivatives)				1.4				
UK2	Simplified SA-CCR (for derivatives)				1.4				
1	SA-CCR (for derivatives)	685	899		1.4	6,134	2,217	2,150	895
2	IMM (for derivatives and SFTs)								
2a	Of which securities financing transactions netting sets								
2b	Of which derivatives and long settlement transactions netting sets								
2c	Of which from contractual cross-product netting sets								
3	Financial collateral simple method (for SFTs)								
4	Financial collateral comprehensive method (for SFTs)					117,745	18,080	18,080	291
5	VaR for SFTs								
6	Total					123,879	20,298	20,230	1,186

Counterparty credit risk (continued)

CCR2: Credit valuation adjustment (CVA) capital charge

	30 Jun 2022		31 Dec 2021	
	Exposure value £m	RWA £m	Exposure value £m	RWA £m
1 Total transactions subject to the Advanced method	—	—	—	—
2 (i) VaR component (including the 3× multiplier)		—		—
3 (ii) stressed VaR component (including the 3× multiplier)		—		—
4 Transactions subject to the Standardised method	1,265	534	515	207
UK4 Transactions subject to the Alternative approach (Based on the Original Exposure Method)	—	—	—	—
5 Total transactions subject to own funds requirements for CVA risk	1,265	534	515	207

Key movements

- The overall £0.8 billion EAD and £0.3 billion RWA increase is predominately driven by the adoption of the Standardised approach for counterparty credit risk methodology.

CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk

Exposure classes	30 Jun 2022											
	Risk weight											
	0% £m	2% £m	4% £m	10% £m	20% £m	50% £m	70% £m	75% £m	100% £m	150% £m	Others £m	Total exposure value £m
1 Central governments or central banks	15,706	—	—	—	—	—	—	—	—	—	—	15,706
4 Multilateral development banks	44	—	—	—	—	—	—	—	—	—	—	44
5 International organisations	24	—	—	—	—	—	—	—	—	—	—	24
6 Institutions	—	974	117	—	—	112	—	—	—	—	—	1,203
7 Corporates	—	—	—	—	—	11	—	—	—	—	—	11
11 Total exposure value	15,774	974	117	—	—	123	—	—	—	—	—	16,988

31 Dec 2021												
1 Central governments or central banks	16,702	—	—	—	—	—	—	—	—	—	—	16,702
6 Institutions	—	3,116	129	—	—	13	—	—	—	—	—	3,257
7 Corporates	—	—	—	—	—	15	—	—	—	—	—	15
11 Total exposure value	16,702	3,116	129	—	—	28	—	—	—	—	—	19,975

Key movements

- The overall EAD decrease of £3 billion is mainly driven by the adoption of the Standardised approach for counterparty credit risk methodology, mostly impacting the centrally cleared derivatives amounting to £2.1 billion EAD reduction.

Counterparty credit risk (continued)

CCR4: IRB – CCR exposure by portfolio and PD scale

PD scale	30 Jun 2022						
	Exposure value	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	RWA	Density of risk weighted exposure amounts
Corporate Main	£m	%	No.	%	No.	£m	%
1 0.00 to <0.15	768	0.06%	184	45.0%	1.8	142	18.5%
2 0.15 to <0.25	62	0.18%	30	45.0%	0.0	17	27.4%
3 0.25 to <0.50	97	0.29%	290	45.0%	0.2	36	37.5%
4 0.50 to <0.75	7	0.61%	128	45.0%	1.4	3	50.3%
5 0.75 to <2.50	24	1.28%	166	45.0%	1.3	18	73.9%
6 2.50 to <10.00	28	2.99%	75	45.0%	2.0	33	118.2%
7 10.00 to <100.00	—	18.44%	11	45.0%	2.1	1	184.0%
8 100.00 (Default)	—	100.00%	12	45.0%	1.0	—	—
Sub-total	986	0.23%	896	45.0%	1.5	250	25.4%

31 Dec 2021

1 0.00 to <0.15	638	0.08%	176	40.7%	4.0	215	33.6%
2 0.15 to <0.25	143	0.18%	41	45.0%	0.1	40	27.9%
3 0.25 to <0.50	92	0.29%	262	45.0%	0.2	36	39.3%
4 0.50 to <0.75	36	0.63%	68	36.4%	4.7	32	88.5%
5 0.75 to <2.50	6	1.19%	91	45.0%	1.6	5	91.3%
6 2.50 to <10.00	31	3.20%	64	45.0%	2.6	43	139.1%
7 10.00 to <100.00	—	17.80%	6	45.0%	2.5	1	232.6%
8 100.00 (Default)	—	100.00%	8	45.0%	1.8	—	—
Sub-total	947	0.29%	716	41.7%	3.0	372	39.3%

PD scale	30 Jun 2022						
	Exposure value	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	RWA	Density of risk weighted exposure amounts
Central governments or central banks	£m	%	No.	%	No.	£m	%
1 0.00 to <0.15	378	0.06%	3	45.0%	0.0	29	7.6%
Sub-total	378	0.06%	3	45.0%	0.0	29	7.6%

31 Dec 2021

1 0.00 to <0.15	124	0.06%	3	45.0%	0.0	9	7.5%
Sub-total	124	0.06%	3	45.0%	0.0	9	7.5%

Counterparty credit risk - CCR4 (continued)

PD scale		30 Jun 2022						
		Exposure value	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	RWA	Density of risk weighted exposure amounts
Institutions		£m	%	No.	%	No.	£m	%
1	0.00 to <0.15	2,411	0.05%	82	45.0%	1.5	461	19.1%
2	0.15 to <0.25	63	0.18%	3	45.0%	0.8	23	37.4%
3	0.25 to <0.50	—	0.38%	2	45.0%	1.0	—	62.5%
4	0.50 to <0.75	—	0.63%	1	45.0%	1.0	1	81.1%
Sub-total		2,474	0.05%	88	45.0%	1.5	485	19.6%
31 Dec 2021								
1	0.00 to <0.15	1,537	0.04%	84	45.0%	1.6	288	18.7%
2	0.15 to <0.25	31	0.18%	4	45.0%	0.8	12	37.3%
3	0.25 to <0.50	—	0.38%	2	45.0%	1.8	—	74.1%
4	0.50 to <0.75	—	0.63%	1	45.0%	3.8	—	127.5%
Sub-total		1,568	0.05%	91	45.0%	1.6	299	19.1%

Key movements

- The £0.9 billion EAD and £0.2 billion RWA overall increase is mainly driven by the adoption of the Standardised approach for counterparty credit risk methodology.

Counterparty credit risk (continued)

CCR Corporate exposures subject to supervisory slotting

Regulatory categories	Remaining maturity	30 Jun 2022 Specialised lending				
		On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount
		£m	£m	%	£m	£m
1) Strong	Less than 2.5 years	5	—	50%	5	3
	Equal to or more than 2.5 years	469	—	70%	432	302
2) Good	Less than 2.5 years	—	—	70%	—	—
	Equal to or more than 2.5 years	35	—	90%	30	27
3) Satisfactory	Less than 2.5 years	—	—	115%	—	—
	Equal to or more than 2.5 years	27	—	115%	24	28
5) Default	Less than 2.5 years	—	—		—	—
	Equal to or more than 2.5 years	6	—		3	—
Total	Less than 2.5 years	5	—		5	3
	Equal to or more than 2.5 years	537	—		489	357

31 Dec 2021 Specialised lending						
1) Strong	Less than 2.5 years	7	—	50%	7	4
	Equal to or more than 2.5 years	745	—	70%	466	326
2) Good	Less than 2.5 years	5	—	70%	4	3
	Equal to or more than 2.5 years	67	—	90%	35	32
3) Satisfactory	Less than 2.5 years	—	—	115%	—	—
	Equal to or more than 2.5 years	30	—	115%	30	34
5) Default	Less than 2.5 years	—	—		—	—
	Equal to or more than 2.5 years	5	—		1	—
Total	Less than 2.5 years	12	—		11	6
	Equal to or more than 2.5 years	847	—		532	392

CCR5: Composition of collateral for exposures to CCR

Collateral type		Collateral used in derivatives transactions				Collateral used in securities financing transactions (SFTs)	
		Fair value of collateral received		Fair value of collateral posted		Fair value of collateral received	Fair value of collateral posted
		Segregated	Unsegregated	Segregated	Unsegregated		
		£m	£m	£m	£m	£m	£m
1	Cash	60	2,240	60	3,398	56,986	55,169
2	Debt	555	1,094	2,113	1,364	64,926	30,315
3	Equity	—	—	—	—	—	—
4	Other	—	—	—	—	7	51,381
5	Total	615	3,334	2,173	4,762	121,919	136,865

Counterparty credit risk (continued)

CCR6: Credit derivatives exposures

	30 Jun 2022		31 Dec 2021	
	Protection bought	Protection sold	Protection bought	Protection sold
	£m	£m	£m	£m
Notionals				
1 Single-name credit default swaps	777	61	1,207	22
2 Index credit default swaps	181	—	216	—
3 Total return swaps	6,871	484	—	2,898
4 Credit options	—	—	—	—
5 Other credit derivatives	—	—	—	—
6 Total notionals	7,829	545	1,422	2,920
Fair values				
7 Positive fair value (asset)	1,033	1	2	35
8 Negative fair value (liability)	(26)	(13)	(38)	(136)

Key movements

- The movements are driven by changes in market rates and re-mapping of products following the implementation of SA-CCR.

CCR8: Exposures to CCPs

	30 Jun 2022		31 Dec 2021	
	Exposure value	RWA	Exposure value	RWA
	£m	£m	£m	£m
1 Exposures to QCCPs (total)		68		162
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	912	20	3,145	66
3 (i) OTC derivatives	712	14	2,996	61
4 (ii) Exchange-traded derivatives	97	4	129	5
5 (iii) SFTs	103	2	20	—
7 Segregated initial margin	—	—	—	—
8 Non-segregated initial margin	179	4	100	2
9 Prefunded default fund contributions	129	44	123	94
11 Exposures to non-QCCPs (total)		—		—

Key movements

- The EAD decrease in relation to OTC derivatives amounting to £2.3 billion is mainly driven by the adoption of the Standardised approach for counterparty credit risk methodology.

Securitisation positions

SEC1: Securitisation exposures in the non-trading book

30 Jun 2022															
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	of which SRT	Non-STS	of which SRT		of which SRT			STS	Non-STS			STS	Non-STS		
£m	£m	£m	£m	£m	£m	£m		£m	£m	£m	£m	£m	£m	£m	£m
1 Total exposures	—	—	—	—	12,627	12,627	12,627	1,018	3,743	—	4,761	2,719	7,730	—	10,449
2 Retail (total)	—	—	—	—	—	—	—	816	3,088	—	3,904	2,570	5,678	—	8,248
3 Residential mortgage	—	—	—	—	—	—	—	—	339	—	339	146	3,909	—	4,056
4 Credit card	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5 Other retail exposures	—	—	—	—	—	—	—	816	2,749	—	3,565	2,424	1,768	—	4,192
7 Wholesale (total)	—	—	—	—	12,627	12,627	12,627	202	655	—	857	149	2,052	—	2,201
8 Loans to corporates	—	—	—	—	7,702	7,702	7,702	—	—	—	—	—	189	—	189
9 Commercial mortgage	—	—	—	—	2,031	2,031	2,031	—	—	—	—	—	454	—	454
10 Lease and receivables	—	—	—	—	—	—	—	202	576	—	778	—	904	—	904
11 Other wholesale	—	—	—	—	2,895	2,895	2,895	—	79	—	79	149	505	—	654

31 Dec 2021															
1 Total exposures	—	—	—	—	12,669	12,669	12,669	993	3,405	—	4,398	1,995	6,547	—	8,542
2 Retail (total)	—	—	—	—	—	—	—	796	2,684	—	3,481	1,895	4,844	—	6,739
3 Residential mortgage	—	—	—	—	—	—	—	—	306	—	306	—	2,496	—	2,496
4 Credit card	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5 Other retail exposures	—	—	—	—	—	—	—	796	2,378	—	3,175	1,895	2,348	—	4,243
7 Wholesale (total)	—	—	—	—	12,669	12,669	12,669	197	721	—	918	100	1,703	—	1,803
8 Loans to corporates	—	—	—	—	7,652	7,652	7,652	—	—	—	—	—	205	—	205
9 Commercial mortgage	—	—	—	—	2,122	2,122	2,122	—	—	—	—	—	487	—	487
10 Lease and receivables	—	—	—	—	—	—	—	197	644	—	841	—	677	—	677
11 Other wholesale	—	—	—	—	2,895	2,895	2,895	—	77	—	77	100	334	—	434

Securitisation positions (continued)

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

		30 Jun 2022																
		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
1	Total exposures	12,999	3,517	809	64	—	10,597	4,916	1,875	—	2,089	1,118	665	—	167	89	53	—
2	Traditional transactions	4,030	492	239	—	—	—	4,761	—	—	—	899	—	—	—	71	—	—
3	Securitisation	4,030	492	239	—	—	—	4,761	—	—	—	899	—	—	—	71	—	—
4	Retail underlying	3,565	339	—	—	—	—	3,904	—	—	—	668	—	—	—	53	—	—
5	Of which STS	816	—	—	—	—	—	816	—	—	—	82	—	—	—	7	—	—
6	Wholesale	465	153	239	—	—	—	857	—	—	—	231	—	—	—	18	—	—
7	Of which STS	202	—	—	—	—	—	202	—	—	—	20	—	—	—	2	—	—
9	Synthetic transactions	8,969	3,025	570	64	—	10,597	155	1,875	—	2,089	219	665	—	167	18	53	—
10	Securitisation	8,969	3,025	570	64	—	10,597	155	1,875	—	2,089	219	665	—	167	18	53	—
12	Wholesale	8,969	3,025	570	64	—	10,597	155	1,875	—	2,089	219	665	—	167	18	53	—

		31 Dec 2021																
1	Total exposures	10,723	5,330	950	64	—	10,547	5,080	1,440	—	2,188	1,420	424	—	175	114	34	—
2	Traditional transactions	3,607	459	332	—	—	—	4,398	—	—	—	854	—	—	—	68	—	—
3	Securitisation	3,607	459	332	—	—	—	4,398	—	—	—	854	—	—	—	68	—	—
4	Retail underlying	3,175	306	—	—	—	—	3,481	—	—	—	574	—	—	—	46	—	—
5	Of which STS	796	—	—	—	—	—	796	—	—	—	80	—	—	—	6	—	—
6	Wholesale	433	153	332	—	—	—	918	—	—	—	280	—	—	—	22	—	—
7	Of which STS	197	—	—	—	—	—	197	—	—	—	20	—	—	—	2	—	—
9	Synthetic transactions	7,116	4,871	618	64	—	10,547	682	1,440	—	2,188	567	424	—	175	45	34	—
10	Securitisation	7,116	4,871	618	64	—	10,547	682	1,440	—	2,188	567	424	—	175	45	34	—
12	Wholesale	7,116	4,871	618	64	—	10,547	682	1,440	—	2,188	567	424	—	175	45	34	—

Securitisation positions (continued)

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

30 Jun 2022																	
	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
1 Total exposures	9,892	460	83	15	—	—	1,854	8,595	—	—	320	1,274	—	—	25	101	—
2 Traditional transactions	9,892	460	83	15	—	—	1,854	8,595	—	—	320	1,274	—	—	25	101	—
3 Securitisation	9,892	460	83	15	—	—	1,854	8,595	—	—	320	1,274	—	—	25	101	—
4 Retail underlying	8,248	—	—	—	—	—	1,757	6,491	—	—	230	918	—	—	18	73	—
5 Of which STS	2,570	—	—	—	—	—	1,021	1,549	—	—	102	165	—	—	8	13	—
6 Wholesale	1,644	460	83	15	—	—	97	2,104	—	—	90	356	—	—	7	28	—
7 Of which STS	149	—	—	—	—	—	—	149	—	—	—	15	—	—	—	1	—
9 Synthetic transactions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
31 Dec 2021																	
1 Total exposures	7,919	524	84	15	—	—	1,707	6,835	—	—	302	1,038	—	—	24	83	—
2 Traditional transactions	7,919	524	84	15	—	—	1,707	6,835	—	—	302	1,038	—	—	24	83	—
3 Securitisation	7,919	524	84	15	—	—	1,707	6,835	—	—	302	1,038	—	—	24	83	—
4 Retail underlying	6,289	450	—	—	—	—	1,609	5,130	—	—	211	768	—	—	17	61	—
5 Of which STS	1,895	—	—	—	—	—	926	969	—	—	93	106	—	—	7	9	—
6 Wholesale	1,630	74	84	15	—	—	98	1,704	—	—	91	270	—	—	7	22	—
7 Of which STS	100	—	—	—	—	—	—	100	—	—	—	10	—	—	—	1	—
9 Synthetic transactions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Securitisation positions (continued)

SEC5: Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

		30 Jun 2022			31 Dec 2021		
		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		Total amount of specific credit risk adjustments made during the period	Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
			Of which exposures in default			Of which exposures in default	
		£m	£m	£m	£m	£m	£m
1	Total exposures	14,132	24	9	14,092	67	(22)
2	Retail (total)	—	—	—	—	—	—
7	Wholesale (total)	14,132	24	9	14,092	67	(22)
8	Loans to corporates	8,829	15	9	8,698	63	(22)
9	Commercial mortgage	2,303	9	—	2,394	4	—
11	Other wholesale	3,000	—	—	3,000	—	—

Liquidity Requirements

LIQ1: Liquidity Coverage Ratio

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

		Total unweighted value (average)				Total weighted value (average)			
		30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021
Number of data points used in the calculation of averages		12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS (£m)									
1	Total high-quality liquid assets (HQLA)					121,376	119,276	114,712	111,625
CASH - OUTFLOWS (£m)									
2	Retail deposits and deposits from small business customers, of which:	338,875	335,488	329,834	321,879	22,711	22,427	21,956	21,273
3	Stable deposits	261,291	259,849	257,170	253,006	13,065	12,992	12,859	12,650
4	Less stable deposits	77,584	75,639	72,663	68,873	9,646	9,435	9,098	8,622
5	Unsecured wholesale funding	101,170	100,090	98,243	97,794	49,099	48,714	47,822	48,258
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	36,307	35,012	33,618	32,045	9,077	8,753	8,405	8,011
7	Non-operational deposits (all counterparties)	60,839	61,723	61,958	62,979	35,998	36,606	36,751	37,476
8	Unsecured debt	4,024	3,355	2,666	2,771	4,024	3,355	2,666	2,771
9	Secured wholesale funding					33	84	116	116
10	Additional requirements	49,744	51,611	53,296	55,188	17,691	19,039	19,797	20,713
11	Outflows related to derivative exposures and other collateral	10,761	11,925	12,359	12,916	10,761	11,926	12,359	12,916
12	Outflows related to loss of funding on debt products	954	936	944	1,023	954	936	944	1,023
13	Credit and liquidity facilities	38,029	38,750	39,993	41,249	5,976	6,177	6,494	6,774
14	Other contractual funding obligations	394	381	397	406	64	52	66	73
15	Other contingent funding obligations	88,460	88,489	88,690	89,065	4,917	4,911	4,907	4,997
16	TOTAL CASH OUTFLOWS					94,515	95,227	94,665	95,429
		Total unweighted value (average)				Total weighted value (average)			
		30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021
CASH - INFLOWS (£m)									
17	Secured lending (e.g. reverse repos)	11,984	11,414	10,800	10,518	203	220	210	182
18	Inflows from fully performing exposures	4,190	4,058	3,929	3,972	2,666	2,594	2,498	2,516
19	Other cash inflows	1,417	1,345	1,050	1,132	1,008	948	661	751
20	TOTAL CASH INFLOWS	17,591	16,817	15,779	15,621	3,877	3,762	3,369	3,449
UK-20c	Inflows subject to 75% cap	17,170	16,154	15,104	15,072	3,877	3,762	3,369	3,449
TOTAL ADJUSTED VALUE									
UK-21	LIQUIDITY BUFFER (£m)					121,376	119,276	114,712	111,625
22	TOTAL NET CASH OUTFLOWS (£m)					90,638	91,465	91,296	91,979
23	LIQUIDITY COVERAGE RATIO (%)					134 %	131 %	126 %	121 %

Liquidity Requirements (continued)

LIQB: Qualitative information on LCR

The Group LCR (calculated as the simple average of month end observations over the 12 months preceding the end of each quarter) was 134% as of 30 June 2022. The 3% increase from 131% for the prior quarter is explained by both an increase in liquid assets, primarily from drawdowns from the Bank of England's Term Funding Scheme with additional incentives for SMEs (TFSME) during 2021, and a reduction in cash outflows, primarily from outflows related to derivative exposures as a result of market volatility from the COVID onset no longer being included in the LCR's Historical Look-Back approach (HLBA).

Over time, the increase in LCR is explained primarily by an increase in liquid assets primarily from drawdowns from the Bank of England's TFSME during 2021.

The Group funding and liquidity position is underpinned by its significant customer deposit base and is supported by strong relationships across customer segments. Funding concentration by counterparty, currency and tenor is monitored on an ongoing basis and where concentrations do exist, these are managed as part of the planning process and limited by the internal funding and liquidity risk monitoring framework, with analysis regularly provided to senior management.

The Group liquidity buffer consists almost entirely of Level 1 assets. Level 1 assets are primarily held as central bank reserves, with the majority of the balance being UK government bonds.

Group derivative exposures and other collateral requirements outflows cover both modelled outflows due to a deterioration in credit rating and outflows from the impact of an adverse market scenario on derivatives transactions.

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

Liquidity Requirements (continued)

IRRBB1: Quantitative information on IRRBB

The table below shows the Group's exposure to movements in interest rates based on the 6 prescribed scenarios defined by rule 9.7 of the ICAA part of the PRA Rulebook.

EVE Sensitivity

The Economic Value of Equity (EVE) sensitivity represents the impact on the value of the Group balance sheet following instantaneous parallel and non-parallel shifts in the yield curve (including parallel shocks up and down). The calculation is based on the Supervisory Outlier Test (SOT) which the Group calculates quarterly. The prescribed methodology has been applied in respect to cashflow projections and market rate flooring. The resulting EVE sensitivities differ significantly to the Group internal method of calculating value sensitivity, this is predominantly due to the differing treatment of own equity. Under the regulatory methodology, the most severe outcome is from the parallel up scenario.

NII Sensitivity

The Net Interest Income (NII) sensitivity represents the impact on the Group net interest income over the next 12 months following parallel shifts in the yield curve (parallel shocks up and down). The calculation follows regulatory guidance and differs from the Group internal view of NII sensitivity. Product and market rate flooring have been applied in line with internal methodology. The most severe outcome for the Group is from the parallel down scenario, this is largely driven by margin compression.

		30 Jun 2022		
		Δ EVE	Δ NII	Tier 1 capital
		£m	£m	£m
010	Parallel shock up	(3,779)	1,440	
020	Parallel shock down	1,559	(1,963)	
030	Steepener shock	108		
040	Flattener shock	(730)		
050	Short rates shock up	(1,889)		
060	Short rates shock down	942		
070	Maximum	(3,779)	(1,963)	
080	Tier 1 capital			30,724