

Lloyds Bank plc

2023 Half-Year

Pillar 3 Disclosures

30 June 2023

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## Basis of preparation

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

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

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

PRA reference	Template name	Reason for exclusion
CR2a	Changes in the stock of non-performing loans and advances and related net accumulated recoveries	Threshold for disclosure not met
CQ2	Quality of forbearance	Threshold for disclosure not met
CQ7	Collateral obtained by taking possession and execution processes	No collateral taken into possession is recognised on the balance sheet
CR7	IRB – Effect on the RWAs of credit derivatives used as CRM techniques	Excluded on materiality basis
CR10.4	Specialised lending: Commodities finance (Slotting approach)	Not applicable to the Group
CR10.5	Equity exposures subject to the simple risk weight method	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
MR1	Market risk under the standardised approach	Excluded on materiality basis
MR2-A	Market risk under the internal Model Approach (IMA)	Excluded on materiality basis
MR2-B	RWA flow statements of market risk exposures under the IMA	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 ultimate parent company) and its large subsidiaries (including Lloyds Bank plc and Bank of Scotland plc) are included in a separate document on the Lloyds Banking Group website located at [www.lloydsbankinggroup.com/investors/financial-downloads](http://www.lloydsbankinggroup.com/investors/financial-downloads). In addition, the report identifies and provides a description of the main features of debt instruments that are recognised as eligible liabilities in accordance with the Bank of England's MREL framework. Template TLAC 2 is included within the half-year Pillar 3 disclosures for Lloyds Banking Group plc and details the creditor hierarchy and nominal values of instruments issued by Lloyds Bank plc and Bank of Scotland plc. The Lloyds Banking Group plc 2023 Half-Year Pillar 3 Disclosures can be found on the Lloyds Banking Group plc website.

Half-year Pillar 3 disclosures for the Group's large subsidiary (Bank of Scotland plc) are published separately on the Group's website, located at [www.lloydsbankinggroup.com/investors/financial-downloads](http://www.lloydsbankinggroup.com/investors/financial-downloads).

## Definition of Default

The Group's definition of default for UK mortgages includes any account more than 90 days past due. As such, all exposures greater than 90 days past due are considered impaired and in default for both accounting and regulatory purposes. This definition is aligned to new CRD IV and hybrid modelling requirements introduced by the PRA on 1 January 2022.

However the Group's new CRD IV models to meet these requirements remain in development and are still to be approved by the PRA. As a result, within the published CR6 tables, Defaulted Exposure, Exposure at Default and risk metrics such as Probability of Default (PD) and Loss Given Default (LGD) are disclosed on a pre CRD IV basis including a 180 day default backstop. In order to ensure that reported Risk Weighted Assets and Expected Loss amounts reflect the anticipated view of the new modelling requirements, the Group has applied temporary model adjustments to these values. This includes adjustments to reflect a 90 day default backstop and these amounts are disclosed in the CR6 table alongside pre CRD IV outputs.

UK Mortgages using the Standardised approach already use a 90 day default backstop and this is reflected in the CR4 and CR5 tables. Tables CQ1, CQ4 and CQ5 are based on accounting definitions, and therefore also use the current 90 days past due definition.

# Key metric and overview of risk weighted exposure amounts

## KMI: Key metrics<sup>1</sup>

KMI		30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
<b>Ref</b>	<b>Available own funds (amounts)</b>					
1	Common Equity Tier 1 (CET1) capital (£m)	<b>26,354</b>	26,246	25,926	25,944	26,456
2	Tier 1 capital (£m)	<b>31,372</b>	31,264	30,194	30,212	30,724
3	Total capital (£m)	<b>37,035</b>	37,074	35,815	35,297	35,920
<b>Risk-weighted exposure amounts</b>						
4	Total risk-weighted exposure amount (£m)	<b>178,534</b>	174,916	174,902	173,192	173,784
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>						
5	Common Equity Tier 1 ratio (%)	<b>14.8%</b>	15.0%	14.8%	15.0%	15.2%
6	Tier 1 ratio (%)	<b>17.6%</b>	17.9%	17.3%	17.4%	17.7%
7	Total capital ratio (%)	<b>20.7%</b>	21.2%	20.5%	20.4%	20.7%
<b>Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)</b>						
UK 7a	Additional CET1 SREP requirements (%)	<b>1.7%</b>	1.7%	1.7%	2.1%	2.1%
UK 7b	Additional AT1 SREP requirements (%)	<b>0.6%</b>	0.6%	0.6%	0.7%	0.7%
UK 7c	Additional T2 SREP requirements (%)	<b>0.7%</b>	0.7%	0.7%	0.9%	0.9%
UK 7d	Total SREP own funds requirements (%)	<b>11.0%</b>	11.0%	11.0%	11.7%	11.7%
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>						
8	Capital conservation buffer (%)	<b>2.500%</b>	2.500%	2.500%	2.500%	2.500%
9	Institution specific countercyclical capital buffer (%)	<b>0.963%</b>	0.938%	0.934%	0.004%	0.004%
UK 10a	Other Systemically Important Institution buffer (%) <sup>2</sup>	<b>2.000%</b>	2.000%	2.000%	2.000%	2.000%
11	Combined buffer requirement (%)	<b>5.463%</b>	5.438%	5.434%	4.504%	4.504%
UK 11a	Overall capital requirements (%)	<b>16.5%</b>	16.4%	16.5%	16.2%	16.2%
12	CET1 available after meeting minimum SREP own funds requirements (%) <sup>3</sup>	<b>8.6%</b>	8.8%	8.6%	8.4%	8.6%
<b>Leverage ratio</b>						
13	Total exposure measure excluding claims on central banks (£m)	<b>551,063</b>	551,508	559,585	575,772	572,127
14	Leverage ratio excluding claims on central banks (%)	<b>5.7%</b>	5.7%	5.4%	5.2%	5.4%
<b>Additional leverage ratio disclosure requirements</b>						
UK 14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks(%)	<b>5.7%</b>	5.6%	5.3%	5.2%	5.3%
UK 14b	Leverage ratio including claims on central banks (%)	<b>5.0%</b>	5.0%	4.8%	4.7%	4.8%
UK 14c	Average leverage ratio excluding claims on central banks (%) <sup>4</sup>	<b>5.7%</b>	5.5%	5.4%	5.3%	5.3%
UK 14d	Average leverage ratio including claims on central banks (%)	<b>5.0%</b>	4.9%	4.8%	4.8%	4.7%
UK 14e	Countercyclical leverage ratio buffer (%) <sup>5</sup>	<b>0.3%</b>	0.3%	0.3%	0.0%	0.0%
<b>Average Liquidity Coverage Ratio (weighted) (LCR)<sup>6</sup></b>						
15	Total high-quality liquid assets (HQLA)(Weighted value - average) (£m)	<b>112,833</b>	116,046	120,822	123,913	121,376
UK 16a	Cash outflows - Total weighted value - average (£m)	<b>89,440</b>	90,737	92,932	93,837	94,515
UK 16b	Cash inflows - Total weighted value - average (£m)	<b>4,610</b>	4,288	4,067	3,832	3,877
16	Total net cash outflows (adjusted value - average) (£m)	<b>84,830</b>	86,449	88,865	90,005	90,638
17	Average liquidity coverage ratio (%)	<b>133%</b>	134%	136%	138%	134%
<b>Average Net Stable Funding Ratio<sup>7</sup></b>						
18	Total available stable funding (Weighted value - average) (£m)	<b>483,752</b>	486,250	489,174		
19	Total required stable funding (Weighted value - average) (£m)	<b>388,940</b>	391,454	391,452		
20	Average NSFR ratio (%)	<b>124%</b>	124%	125%		

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 per cent risk weight to the consequential Standardised credit risk exposure add-back as permitted under paragraph 7a of the revisions. The transitional arrangements for static relief ended on 1 January 2023 and therefore no static relief exists at 30 June 2023 (31 December 2022: £133 million). Dynamic relief under the transitional arrangements amounted to £225 million (31 December 2022: £278 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 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). The Group's Pillar 2A capital requirement is around 3.0 per cent of risk-weighted assets, of which around 1.7 per cent is to be met with CET1 capital.

4 The average leverage exposure measure (excluding claims on central banks) for the period from 1 April 2023 to 30 June 2023 amounted to £556,438 million.

5 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 2023 was 10 per cent (31 December 2022: 1.0 per cent), of which 0.7 per cent reflects the additional leverage ratio buffer (ALRB) applied to the Group and is based upon the O-SII Buffer.

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

7 The net stable funding balances are calculated as the simple averages of month end observations over the 4 quarterly averages preceding the end of each quarter..

## Key metric and overview of risk weighted exposure amounts continued

### IFRS 9-FL: Capital

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

	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
<b>Available own funds (amounts)</b>					
1 Common Equity Tier 1 (CET1) capital (£m)	26,354	26,246	25,926	25,944	26,456
2 CET1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	26,129	26,068	25,515	25,648	26,310
3 Tier 1 capital (£m)	31,372	31,264	30,194	30,212	30,724
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	31,148	31,086	29,783	29,916	30,578
5 Total capital (£m)	37,035	37,074	35,815	35,297	35,920
6 Total capital as if IFRS 9 transitional arrangements had not been applied (£m)	36,883	37,094	35,855	35,364	35,935
<b>Risk-weighted exposure amounts</b>					
7 Total risk-weighted exposure amount (£m)	178,534	174,916	174,902	173,192	173,784
8 Total risk-weighted exposure amount as if IFRS 9 transitional arrangements had not been applied (£m)	178,502	174,884	174,977	173,302	173,897
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>					
9 Common Equity Tier 1 ratio (%)	14.8%	15.0%	14.8%	15.0%	15.2%
10 CET1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	14.6%	14.9%	14.6%	14.8%	15.1%
11 Tier 1 ratio (%)	17.6%	17.9%	17.3%	17.4%	17.7%
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	17.4%	17.8%	17.0%	17.3%	17.6%
13 Total capital ratio (%)	20.7%	21.2%	20.5%	20.4%	20.7%
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied (%)	20.7%	21.2%	20.5%	20.4%	20.7%
<b>Leverage ratio</b>					
15 Total exposure measure excluding claims on central banks (£m)	551,063	551,508	559,585	575,772	572,127
16 Leverage ratio excluding claims on central banks (%)	5.7%	5.7%	5.4%	5.2%	5.4%
17 Leverage ratio excluding claims on central banks as if IFRS 9 transitional arrangements had not been applied (%)	5.7%	5.6%	5.3%	5.2%	5.3%

### Common Equity Tier 1

The Group's common equity tier 1 (CET1) capital ratio remained flat at 14.8 per cent at 30 June 2023 (31 December 2022: 14.8 per cent). This largely reflected profit for the period, offset by the accelerated full year payment of fixed pension deficit contributions made to the Group's three main defined benefit pension schemes, an increase in the deduction for goodwill and other intangible assets, including those related to the acquisition of Tusker in February 2023, the accrual for foreseeable ordinary dividends and an increase in risk-weighted assets.

### Total Capital

The Group's total capital ratio increased to 20.7 per cent (31 December 2022: 20.5 per cent) primarily reflecting the increase in CET1 capital, the issuance of a new AT1 capital instrument and an increase in eligible provisions recognised through Tier 2 capital. This was partially offset by the increase in risk-weighted assets and the impact of sterling appreciation on Tier 2 capital instruments.

### Risk-Weighted Assets

Risk-weighted assets have increased by £3.6 billion during the first half of the year to £178.5 billion at 30 June 2023 (31 December 2022: £174.9 billion). This largely reflects the adjustment for the anticipated impact of CRD IV models taken in the second quarter. Excluding this, lending growth and a small uplift from model calibration were partly offset by capital efficient securitisation activity and other optimisation activity. The CRD IV model updates reflect an updated impact assessment following a further iteration of model development. The models remain subject to further development and final approval by the PRA. On that basis final impacts remain uncertain and further increases could be required.

### Leverage

The Group's UK leverage ratio increased to 5.7 per cent (31 December 2022: 5.4 per cent), reflecting the increase in the total tier 1 capital position and the £8.5 billion reduction in the leverage exposure measure, principally related to the reduction in securities financing transactions.

### Liquidity

The Group's liquidity coverage ratio (LCR) was 133 per cent (based on a monthly rolling average over the previous 12 months) as at 30 June 2023 (31 December 2022: 136 per cent). The 3 per cent decrease is due to a decrease in liquid assets, primarily from a decrease in customer deposits. Total Net cash outflows also decreased, primarily from outflows related to derivative exposures from market volatility at the onset of COVID no longer being included in the LCR's Historical Look-Back approach (HLBA) and a reduction in customer deposit outflows. The Group's net stable funding ratio (NSFR) remains strong at 124 per cent (based on a quarterly rolling average over the previous 4 quarters) as at 30 June 2023 (31 December 2022: 125 per cent).

## Key metric and overview of risk weighted exposure amounts continued

### OV1: Overview of risk-weighted assets

		Total RWA		Total own funds requirements
		30 Jun 2023	31 Dec 2022	30 Jun 2023
		£m	£m	£m
<b>1</b>	<b>Credit risk (excluding CCR)</b>	<b>146,986</b>	<b>144,602</b>	<b>11,759</b>
2	Of which the standardised approach	<b>20,364</b>	19,795	<b>1,629</b>
3	Of which the foundation IRB (FIRB) approach	<b>27,379</b>	29,099	<b>2,190</b>
4	Of which slotting approach	<b>9,441</b>	8,808	<b>755</b>
5	Of which the advanced IRB (AIRB) approach	<b>83,770</b>	81,066	<b>6,702</b>
	Of which: non-credit obligation assets <sup>1</sup>	<b>6,032</b>	5,834	<b>483</b>
<b>6</b>	<b>Counterparty credit risk - CCR</b>	<b>881</b>	<b>1,115</b>	<b>70</b>
7	Of which the standardised approach	<b>315</b>	546	<b>25</b>
UK 8a	Of which exposures to a CCP	<b>94</b>	30	<b>7</b>
UK 8b	Of which credit valuation adjustment - CVA	<b>244</b>	342	<b>20</b>
9	Of which other CCR	<b>228</b>	197	<b>18</b>
<b>16</b>	<b>Securitisation exposures in the non-trading book (after the cap)</b>	<b>7,123</b>	<b>5,899</b>	<b>570</b>
17	Of which SEC-IRBA approach	<b>3,123</b>	2,176	<b>250</b>
18	Of which SEC-ERBA approach (including IAA)	<b>1,534</b>	1,501	<b>123</b>
19	Of which SEC-SA approach	<b>2,466</b>	2,222	<b>197</b>
<b>20</b>	<b>Position, foreign exchange and commodities risks (Market risk)</b>	<b>251</b>	<b>82</b>	<b>20</b>
21	Of which the standardised approach	<b>251</b>	—	<b>20</b>
22	Of which IMA	<b>—</b>	82	<b>—</b>
<b>23</b>	<b>Operational risk</b>	<b>23,293</b>	<b>23,204</b>	<b>1,864</b>
UK 23b	Of which standardised approach	<b>23,293</b>	23,204	<b>1,864</b>
24	Memo: Amounts below the thresholds for deduction (subject to 250% risk weight)	<b>1,729</b>	1,864	<b>138</b>
<b>29</b>	<b>Total</b>	<b>178,534</b>	<b>174,902</b>	<b>14,283</b>
	Pillar 2A capital requirement <sup>2</sup>			<b>5,398</b>
	<b>Total capital requirement</b>			<b>19,681</b>

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

<sup>2</sup> As at 30 June 2023, the Pillar 2A capital requirement was around 3.0 per cent of risk-weighted assets, of which around 1.7 per cent was to be met with CET1 capital.

## Own funds

### CC1: Composition of regulatory own funds

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

		30 Jun 2023	31 Dec 2022	CC2
		£m	£m	Reference
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>				
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	34,066	35,876	d
3	Accumulated other comprehensive income (and other reserves)	(3,874)	(3,341)	d
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend <sup>1</sup>	1,617	(1,900)	d
<b>6</b>	<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>33,983</b>	<b>32,809</b>	
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>				
7	Additional value adjustments	(110)	(132)	
8	Intangible assets (net of related tax liability)	(5,374)	(4,783)	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)	(4,354)	(4,463)	f
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	5,651	5,168	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(183)	(245)	
15	Defined-benefit pension fund assets	(3,435)	(2,804)	g
27a	Other regulatory adjustments to CET1 capital	176	376	
<b>28</b>	<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>(7,629)</b>	<b>(6,883)</b>	
<b>29</b>	<b>Common Equity Tier 1 (CET1) capital</b>	<b>26,354</b>	<b>25,926</b>	
<b>Additional Tier 1 (AT1) capital: instruments</b>				
30	Capital instruments and the related share premium accounts	5,018	4,268	c
31	of which: classified as equity under applicable accounting standards	5,018	4,268	
<b>44</b>	<b>Additional Tier 1 (AT1) capital</b>	<b>5,018</b>	<b>4,268</b>	
<b>45</b>	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>31,372</b>	<b>30,194</b>	
<b>Tier 2 (T2) capital: instruments</b>				
46	Capital instruments and the related share premium accounts	4,973	5,313	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	—	5	h
50	Credit risk adjustments	690	303	
<b>51</b>	<b>Tier 2 (T2) capital before regulatory adjustments</b>	<b>5,663</b>	<b>5,621</b>	
<b>58</b>	<b>Tier 2 (T2) capital</b>	<b>5,663</b>	<b>5,621</b>	
<b>59</b>	<b>Total capital</b>	<b>37,035</b>	<b>35,815</b>	
<b>60</b>	<b>Total risk exposure amount</b>	<b>178,534</b>	<b>174,902</b>	
<b>Capital ratios and buffers</b>				
<b>61</b>	<b>Common Equity Tier 1 (as a percentage of total risk exposure amount)</b>	<b>14.8%</b>	<b>14.8%</b>	
<b>62</b>	<b>Tier 1 (as a percentage of total risk exposure amount)</b>	<b>17.6%</b>	<b>17.3%</b>	
<b>63</b>	<b>Total capital (as a percentage of total risk exposure amount)</b>	<b>20.7%</b>	<b>20.5%</b>	
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (i) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(i) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount	11.7%	11.6%	
65	of which: capital conservation buffer requirement	2.500%	2.500%	
66	of which: countercyclical buffer requirement	0.963%	0.934%	
	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	2.000%	2.000%	
UK-67a				
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	8.6%	8.6%	

		30 Jun 2023	31 Dec 2022	CC2
		£m	£m	Reference
<b>Amounts below the thresholds for deduction (before risk weighting)</b>				
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	265	252	
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)	692	746	
<b>Applicable caps on the inclusion of provisions in Tier 2</b>				
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	690	303	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	762	753	

<sup>1</sup> The reported amount for 30 June 2023 through row UK-5a reflects the independently reviewed interim profits of the Group attributable to ordinary shareholders as reported per the Consolidated Income Statement, net of the foreseeable dividend accrual. The reported amount for 31 December 2022 reflects the year end foreseeable dividend accrual only as the externally audited profits for the year to 31 December 2022 are included in row 2 (Retained earnings).



## Own funds continued

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

The following table presents the Group's regulatory balance sheet as at 30 June 2023. 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 2023	
Assets		£m	Reference <sup>1</sup>
1	Cash and balances at central banks	75,729	
2	Financial assets at fair value through profit or loss	1,536	
3	Derivative financial instruments	3,471	
4	Loans and advances to banks	9,250	
5	Loans and advances to customers	430,052	
6	Reverse repurchase agreements	30,532	
7	Debt securities	9,439	
8	Due from fellow Lloyds Banking Group undertakings	1,965	
9	Financial assets at amortised cost	481,238	
10	Financial assets at fair value through other comprehensive income	21,971	
11	Goodwill and other intangible assets	5,718	e
12	Current tax recoverable	765	
13	Deferred tax assets <sup>2</sup>	5,596	f
14	Retirement benefit assets	4,685	g
15	Other assets	12,480	
<b>16</b>	<b>Total assets</b>	<b>613,189</b>	
<b>Liabilities</b>			
1	Deposits from banks	3,369	
2	Customer deposits	439,935	
3	Repurchase agreements at amortised cost	44,622	
4	Due to fellow Lloyds Banking Group undertakings	1,965	
5	Financial liabilities at fair value through profit or loss	4,929	
6	Derivative financial instruments	5,608	
7	Notes in circulation	1,342	
8	Debt securities in issue	55,278	
9	Other liabilities	8,496	
10	Retirement benefit obligations	120	
11	Current tax liabilities	12	
12	Deferred tax liabilities <sup>2</sup>	181	f
13	Other provisions	1,452	
14	Subordinated liabilities	6,015	h
<b>15</b>	<b>Total liabilities</b>	<b>573,324</b>	
<b>Shareholders' equity</b>			
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	5,018	c
5	Retained earnings, accumulated other comprehensive income and other reserves <sup>3</sup>	32,609	d
<b>6</b>	<b>Total equity excluding non-controlling interests</b>	<b>39,801</b>	
7	Non-controlling interests	64	
<b>8</b>	<b>Total equity</b>	<b>39,865</b>	
<b>9</b>	<b>Total equity and liabilities</b>	<b>613,189</b>	

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

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

30 Jun 2023													
Breakdown by Country	General credit exposures <sup>2,3</sup>		Relevant credit exposures - Market risk <sup>2</sup>		Securitisation exposures <sup>3</sup>	Own fund requirements - relevant credit exposures							
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book	Total exposure value	Credit risk <sup>2,3</sup>	Market risk <sup>2</sup>	Securitisation positions in the non-trading book <sup>3</sup>	Total	Risk-weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%
United Kingdom	21,358	459,593	—	—	27,074	508,025	10,759	—	476	11,235	140,436	93.40%	1.00%
Australia	14	87	—	—	—	101	4	—	—	4	48	0.03%	1.00%
Bulgaria	—	—	—	—	—	—	—	—	—	—	—	—	1.50%
Croatia	—	—	—	—	—	—	—	—	—	—	—	—	0.50%
Czech Republic	—	—	—	—	—	—	—	—	—	—	—	—	2.50%
Denmark	—	7	—	—	—	7	1	—	—	1	8	0.01%	2.50%
Estonia	—	—	—	—	—	—	—	—	—	—	—	—	1.00%
France	282	118	—	—	241	641	26	—	6	32	401	0.27%	0.50%
Germany	730	228	—	—	540	1,498	53	—	5	58	715	0.47%	0.75%
Hong Kong	66	39	—	—	—	105	2	—	—	2	30	0.02%	1.00%
Iceland	—	—	—	—	—	—	—	—	—	—	—	—	2.00%
Ireland	66	316	—	—	50	432	26	—	—	26	330	0.22%	0.50%
Luxembourg	16	232	—	—	64	312	14	—	—	14	180	0.12%	0.50%
Netherlands	915	14,573	—	—	97	15,585	224	—	1	225	2,816	1.87%	1.00%
Norway	2	173	—	—	—	175	15	—	—	15	191	0.13%	2.50%
Romania	—	—	—	—	—	—	—	—	—	—	—	—	0.50%
Slovakia	—	—	—	—	—	—	—	—	—	—	—	—	1.00%
Sweden	—	2	—	—	—	2	—	—	—	—	1	—	2.00%
<b>i) Total<sup>1</sup></b>	<b>23,449</b>	<b>475,368</b>	<b>—</b>	<b>—</b>	<b>28,066</b>	<b>526,883</b>	<b>11,124</b>	<b>—</b>	<b>488</b>	<b>11,612</b>	<b>145,156</b>	<b>96.54%</b>	
United States of America	759	2,063	—	—	5,627	8,449	115	—	80	195	2,441	1.62%	
<b>ii) Total<sup>1</sup></b>	<b>759</b>	<b>2,063</b>	<b>—</b>	<b>—</b>	<b>5,627</b>	<b>8,449</b>	<b>115</b>	<b>—</b>	<b>80</b>	<b>195</b>	<b>2,441</b>	<b>1.62%</b>	
<b>iii) Rest of the World<sup>1</sup></b>	<b>895</b>	<b>3,614</b>	<b>—</b>	<b>—</b>	<b>129</b>	<b>4,638</b>	<b>220</b>	<b>—</b>	<b>2</b>	<b>222</b>	<b>2,762</b>	<b>1.84%</b>	
<b>Total</b>	<b>25,103</b>	<b>481,045</b>	<b>—</b>	<b>—</b>	<b>33,822</b>	<b>539,970</b>	<b>11,459</b>	<b>—</b>	<b>570</b>	<b>12,029</b>	<b>150,359</b>	<b>100.00%</b>	

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

31 Dec 2022

Breakdown by Country	General credit exposures <sup>2,3</sup>		Relevant credit exposures –Market risk <sup>2</sup>		Securitisation exposures <sup>3</sup>	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	Total exposure value	Credit risk <sup>2,3</sup>	Market risk <sup>2</sup>	Securitisation positions in the non-trading book <sup>3</sup>	Total			
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%
United Kingdom	20,502	462,740	—	—	22,856	506,098	10,575	—	380	10,955	136,940	93.02%	1.00%
Bulgaria	—	—	—	—	—	—	—	—	—	—	—	—	1.00%
Czech Republic	—	—	—	—	—	—	—	—	—	—	—	—	1.50%
Denmark	—	7	—	—	—	7	1	—	—	1	8	0.01%	2.00%
Estonia	—	—	—	—	—	—	—	—	—	—	—	—	1.00%
Hong Kong	77	11	—	—	—	88	3	—	—	3	43	0.03%	1.00%
Iceland	—	—	—	—	—	—	—	—	—	—	—	—	2.00%
Luxembourg	4	274	—	—	64	342	13	—	1	14	177	0.12%	0.50%
Norway	1	188	—	—	—	189	15	—	—	15	193	0.13%	2.00%
Romania	—	—	—	—	—	—	—	—	—	—	—	—	0.50%
Slovakia	—	—	—	—	—	—	—	—	—	—	—	—	1.00%
Sweden	—	2	—	—	—	2	—	—	—	—	2	—	1.00%
i) Total <sup>1</sup>	20,584	463,222	—	—	22,920	506,726	10,607	—	381	10,988	137,363	93.31%	
United States of America	746	2,262	—	—	5,591	8,599	141	—	76	217	2,714	1.85%	
Netherlands	1,211	13,727	—	—	100	15,038	238	—	1	239	2,992	2.03%	
ii) Total <sup>1</sup>	1,957	15,989	—	—	5,691	23,637	379	—	77	456	5,706	3.88%	
iii) Rest of the World <sup>1</sup>	1,882	4,207	—	—	1,068	7,157	319	—	14	333	4,141	2.81%	
Total	24,423	483,418	—	—	29,679	537,520	11,305	—	472	11,777	147,210	100.00%	

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

i) those countries for which a countercyclical capital buffer rate has been set.

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

iii) the aggregate of all remaining countries for which a countercyclical buffer rate has not been set and individually have an own funds requirement weighting of less than one per cent.

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

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

**CCyB2: Amount of institution-specific countercyclical capital buffer**

	30 Jun 2023	31 Dec 2022
1 Total risk exposure amount	£178,534m	£174,902m
2 Institution specific countercyclical capital buffer rate	0.963%	0.934%
3 Institution specific countercyclical capital buffer requirement	£1,719m	£1,634m

# Leverage

## LR2: Leverage ratio common disclosure

		30 Jun 2023	31 Dec 2022
		£m	£m
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral) <sup>1</sup>	573,894	567,091
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	3,148	3,305
3	Deductions of receivables assets for cash variation margin provided in derivatives transactions	(4,616)	(5,040)
6	Asset amounts deducted in determining tier 1 capital (leverage)	(13,000)	(11,724)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	559,426	553,632
<b>Derivative exposures</b>			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	723	805
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	1,626	1,807
11	Adjusted effective notional amount of written credit derivatives	24	108
12	Adjusted effective notional offsets and add-on deductions for written credit derivatives	—	(83)
13	Total derivatives exposures	2,373	2,637
<b>Securities financing transaction (SFT) exposures</b>			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	36,366	49,696
15	Netted amounts of cash payables and cash receivables of gross SFT assets	(5,836)	(10,435)
16	Counterparty credit risk exposure for SFT assets	1,688	1,939
18	Total securities financing transaction exposures	32,218	41,200
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposures at gross notional amount	131,406	133,728
20	Adjustments for conversion to credit equivalent amounts	(98,586)	(99,642)
21	General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures	(217)	(223)
22	Off-balance sheet exposures	32,603	33,863
<b>Capital and total exposure measure</b>			
23	Tier 1 capital (leverage)	31,372	30,194
24	Total exposure measure including claims on central banks	626,620	631,332
UK-24a	(-) Claims on central banks excluded	(75,557)	(71,747)
UK-24b	Total exposure measure excluding claims on central banks	551,063	559,585
<b>Leverage ratio</b>			
25	Leverage ratio excluding claims on central banks (%)	5.7%	5.4%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.7%	5.3%
UK-25c	Leverage ratio including claims on central banks (%)	5.0%	4.8%
26	Regulatory minimum leverage ratio requirement (%)	3.25%	3.25%
<b>Additional leverage ratio disclosure requirements – leverage ratio buffers</b>			
27	Leverage ratio buffer (%) <sup>2</sup>	1.0%	1.0%
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 (%)	0.3%	0.3%
<b>Additional leverage ratio disclosure requirements – disclosure of mean values</b>			
28	Mean of daily values of gross SFT assets (over the quarter), after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	38,572	57,873
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	30,530	39,261
UK-31	Average total exposure measure including claims on central banks	629,986	638,302
UK-32	Average total exposure measure excluding claims on central banks	556,438	572,388
UK-33	Average leverage ratio including claims on central banks	5.0%	4.8%
UK-34	Average leverage ratio excluding claims on central banks	5.7%	5.4%

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

<sup>2</sup> The Group's additional leverage ratio buffer (ALRB) 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.

**Leverage** continued**LRI: Summary reconciliation of accounting assets and leverage ratio exposures**

		30 June 2023	31 Dec 2022
		£m	£m
1	Total assets as per published financial statements	614,330	616,928
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	(1,141)	(1,109)
4	Adjustment for exemption of exposures to central banks	(75,557)	(71,747)
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	(729)	(56)
8	Adjustment for derivative financial instruments	(2,566)	(2,960)
9	Adjustment for securities financing transactions (SFTs)	1,688	1,939
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures) <sup>1</sup>	32,820	34,086
11	Adjustment for items and specific and general provisions which have reduced tier 1 capital (leverage)	(13,217)	(11,947)
12	Other adjustments <sup>2</sup>	(4,565)	(5,549)
13	<b>Total exposure measure</b>	<b>551,063</b>	<b>559,585</b>

1 Gross of specific provisions. The amount net of specific provisions at 30 June 2023 is £32,603 million (31 December 2022: £33,863 million).

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

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

		30 Jun 2023	31 Dec 2022
		£m	£m
UK-1	<b>Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:</b>	<b>573,894</b>	<b>567,091</b>
UK-2	<b>Trading book exposures</b>	<b>1</b>	<b>—</b>
UK-3	<b>Banking book exposures, of which:</b>	<b>573,893</b>	<b>567,091</b>
UK-4	Covered bonds	3,878	3,302
UK-5	Exposures treated as sovereigns	97,321	96,175
UK-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	2,897	3,112
UK-7	Institutions	8,759	7,710
UK-8	Secured by mortgages of immovable properties	337,409	341,806
UK-9	Retail exposures	42,102	40,625
UK-10	Corporates	42,323	41,321
UK-11	Exposures in default	5,278	5,096
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	33,926	27,944

## Credit risk

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

### CRI: Performing and non-performing exposures and related provisions

30 Jun 2023															
Gross carrying amount/nominal amount <sup>1</sup>						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions <sup>1</sup>						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			Accumulated partial write-off	On performing exposures	On non-performing exposures	
Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3					
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>005 Cash balances at central banks and other demand deposits</b>	<b>73,666</b>	<b>73,666</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>010 Loans and advances</b>	<b>467,788</b>	<b>399,923</b>	<b>60,743</b>	<b>11,203</b>	<b>677</b>	<b>7,853</b>	<b>(2,524)</b>	<b>(767)</b>	<b>(1,716)</b>	<b>(2,187)</b>	<b>(60)</b>	<b>(1,894)</b>	<b>(341)</b>	<b>360,427</b>	<b>7,206</b>
020 Central banks	1,273	1,273	—	—	—	—	—	—	—	—	—	—	—	—	—
030 General governments	1,406	1,383	6	—	—	—	(1)	(1)	—	—	—	—	—	1,144	—
040 Credit institutions	14,522	14,519	3	—	—	—	(7)	(7)	—	—	—	—	—	1	—
050 Other financial corporations	35,283	34,010	225	130	106	24	(15)	(9)	(6)	(6)	—	(6)	—	337	4
060 Non-financial corporations	64,047	54,877	8,998	3,381	85	3,296	(570)	(183)	(387)	(1,175)	—	(1,175)	(341)	36,932	1,009
070 Of which SMEs	32,075	27,472	4,603	1,451	—	1,451	(217)	(65)	(152)	(115)	—	(115)	—	22,499	868
080 Households	351,257	293,861	51,511	7,692	486	4,533	(1,931)	(567)	(1,323)	(1,006)	(60)	(713)	—	322,013	6,193
<b>090 Debt securities</b>	<b>31,421</b>	<b>31,421</b>	<b>—</b>	<b>1</b>	<b>—</b>	<b>1</b>	<b>(12)</b>	<b>(12)</b>	<b>—</b>	<b>(1)</b>	<b>—</b>	<b>(1)</b>	<b>—</b>	<b>—</b>	<b>—</b>
110 General governments	11,416	11,416	—	—	—	—	(6)	(6)	—	—	—	—	—	—	—
120 Credit institutions	11,468	11,468	—	—	—	—	(1)	(1)	—	—	—	—	—	—	—
130 Other financial corporations	8,311	8,311	—	—	—	—	(5)	(5)	—	—	—	—	—	—	—
140 Non-financial corporations	226	226	—	1	—	1	—	—	—	(1)	—	(1)	—	—	—
<b>150 Off-balance-sheet exposures</b>	<b>127,384</b>	<b>121,543</b>	<b>5,786</b>	<b>418</b>	<b>265</b>	<b>153</b>	<b>(300)</b>	<b>(125)</b>	<b>(175)</b>	<b>(10)</b>	<b>(7)</b>	<b>(3)</b>		<b>6,669</b>	<b>95</b>
170 General governments	203	203	—	—	—	—	—	—	—	—	—	—		6	—
180 Credit institutions	383	369	14	—	—	—	—	—	—	—	—	—		5	—
190 Other financial corporations	10,265	9,981	284	10	10	—	(7)	(4)	(3)	—	—	—		316	—
200 Non-financial corporations	35,632	33,732	1,900	125	52	73	(130)	(47)	(83)	(3)	—	(3)		6,342	95
210 Households	80,901	77,258	3,588	283	203	80	(163)	(74)	(89)	(7)	(7)	—		—	—
<b>220 Total</b>	<b>700,259</b>	<b>626,553</b>	<b>66,529</b>	<b>11,622</b>	<b>942</b>	<b>8,007</b>	<b>(2,836)</b>	<b>(904)</b>	<b>(1,891)</b>	<b>(2,198)</b>	<b>(67)</b>	<b>(1,898)</b>	<b>(341)</b>	<b>367,096</b>	<b>7,301</b>

**CRI: Performing and non-performing exposures and related provisions** continued

		31 Dec 2022														
		Gross carrying amount/nominal amount <sup>1</sup>						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions <sup>1</sup>						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			Accumulated partial write-off	On performing exposures	On non-performing exposures
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3	Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3					
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005	Cash balances at central banks and other demand deposits	69,885	69,885	—	—	—	—	—	—	—	—	—	—	—	—	—
010	Loans and advances	479,018	411,786	59,422	11,194	684	7,608	(2,434)	(687)	(1,712)	(2,051)	(80)	(1,752)	(341)	367,769	7,504
020	Central banks	1,285	1,285	—	—	—	—	—	—	—	—	—	—	—	—	—
030	General governments	1,253	1,222	13	—	—	—	(1)	(1)	—	—	—	—	—	1,111	—
040	Credit institutions	11,914	11,912	3	—	—	—	(9)	(9)	—	—	—	—	—	—	—
050	Other financial corporations	46,220	45,244	333	41	17	24	(19)	(9)	(10)	(5)	—	(5)	—	440	10
060	Non-financial corporations	64,284	54,168	9,888	3,568	214	3,354	(554)	(184)	(370)	(1,102)	(21)	(1,081)	(341)	39,778	1,333
070	Of which SMEs	33,861	28,701	5,160	1,802	179	1,623	(238)	(72)	(166)	(110)	—	(110)	—	24,226	1,308
080	Households	354,062	297,955	49,185	7,585	453	4,230	(1,851)	(484)	(1,332)	(944)	(59)	(666)	—	326,440	6,161
090	Debt securities	29,533	29,533	—	1	—	1	(15)	(15)	—	(1)	—	(1)	—	—	—
110	General governments	12,052	12,052	—	—	—	—	(6)	(7)	—	—	—	—	—	—	—
120	Credit institutions	11,789	11,789	—	—	—	—	(2)	(2)	—	—	—	—	—	—	—
130	Other financial corporations	5,288	5,288	—	—	—	—	(6)	(6)	—	—	—	—	—	—	—
140	Non-financial corporations	404	404	—	1	—	1	(1)	—	—	(1)	—	(1)	—	—	—
150	Off-balance-sheet exposures	128,476	121,959	6,451	358	232	126	(296)	(123)	(173)	(8)	(5)	(4)		6,576	44
170	General governments	137	137	—	—	—	—	—	—	—	—	—	—		5	—
180	Credit institutions	159	159	—	—	—	—	—	—	—	—	—	—		10	—
190	Other financial corporations	10,545	10,180	365	2	2	—	(12)	(4)	(8)	—	—	—		211	—
200	Non-financial corporations	35,935	34,127	1,808	88	41	47	(119)	(47)	(72)	(3)	—	(4)		6,350	44
210	Households	81,700	77,356	4,278	268	189	79	(165)	(72)	(93)	(5)	(5)	—		—	—
220	Total	706,912	633,163	65,873	11,553	916	7,735	(2,745)	(825)	(1,885)	(2,060)	(85)	(1,757)	(341)	374,345	7,548

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

**Credit risk** continued**CRI-A: Maturity of exposures**

		30 Jun 2023				
		Net exposure value				
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity
		£m	£m	£m	£m	£m
1	Loans and advances	22,000	54,984	73,853	323,234	209
2	Debt securities	—	2,920	16,360	12,129	—
3	<b>Total</b>	<b>22,000</b>	<b>57,904</b>	<b>90,213</b>	<b>335,363</b>	<b>209</b>

  

		31 Dec 2022				
		£m	£m	£m	£m	£m
1	Loans and advances <sup>1</sup>	23,026	60,727	73,982	327,791	202
2	Debt securities	—	2,808	15,948	10,762	—
3	<b>Total</b>	<b>23,026</b>	<b>63,535</b>	<b>89,930</b>	<b>338,553</b>	<b>202</b>

1 2022 Comparative Maturity Profile has been restated.

**Key movements**

- Movement in Loans and Advances <= 1 year driven by reduction in reverse repurchase transactions
- Movement in Loans and Advances > 5 years driven by the exit of a legacy Retail Mortgage portfolio and other book reductions.

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

		Gross carrying amount
		£m
010	Initial stock of non-performing loans and advances at 31 December 2022	11,194
020	Inflows to non-performing portfolios	3,866
030	<b>Outflows from non-performing portfolios</b>	<b>(3,857)</b>
040	Outflows due to write-offs	(554)
050	Outflow due to other situations	(3,303)
060	<b>Final stock of non-performing loans and advances at 30 June 2023</b>	<b>11,203</b>



## Credit risk continued

## CQ1: Credit quality of forborne exposures

30 Jun 2023								
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures
		Non-performing forborne						Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
		Performing forborne	Of which defaulted		Of which impaired	On performing forborne exposures	On non-performing forborne exposures	
		£m	£m	£m	£m	£m	£m	£m
010	Loans and advances	1,821	5,618	5,327	5,327	(48)	(1,498)	3,885
050	Other financial corporations	19	126	23	23	—	(6)	4
060	Non-financial corporations	544	2,786	2,780	2,780	(3)	(1,150)	760
070	Households	1,258	2,706	2,524	2,524	(45)	(342)	3,121
080	Debt Securities	—	—	—	—	—	—	—
090	Loan commitments given	273	202	84	84	(4)	(6)	53
100	Total	2,094	5,820	5,411	5,411	(52)	(1,504)	3,938
31 Dec 2022								
		£m	£m	£m	£m	£m	£m	£m
010	Loans and advances	2,019	5,924	5,721	5,720	(51)	(1,434)	4,488
050	Other financial corporations	19	38	24	24	—	(5)	7
060	Non-financial corporations	547	2,892	2,873	2,873	(4)	(1,085)	887
070	Households	1,453	2,994	2,824	2,823	(47)	(344)	3,594
080	Debt Securities	—	—	—	—	—	—	—
090	Loan commitments given	290	181	82	82	(5)	(6)	—
100	Total	2,309	6,105	5,803	5,802	(56)	(1,440)	4,488

## Credit risk continued

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

30 Jun 2023					
	Gross carrying/nominal amount		Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	Total performing and non-performing	Of which defaulted			
	£m	£m	£m	£m	£m
<b>010 On-balance-sheet exposures</b>	<b>510,413</b>	<b>10,400</b>	<b>(4,724)</b>		—
030 Netherlands	14,019	13	(19)		—
040 United Kingdom	457,718	9,171	(3,818)		—
050 United States	10,428	—	(25)		—
070 Other countries	28,248	1,216	(862)		—
<b>080 Off-balance-sheet exposures</b>	<b>127,802</b>	<b>153</b>		<b>(311)</b>	
100 Netherlands	1,943	—		(4)	
110 United Kingdom	120,273	152		(290)	
120 United States	2,710	—		(11)	
140 Other countries	2,876	1		(6)	
<b>150 Total</b>	<b>638,215</b>	<b>10,553</b>	<b>(4,724)</b>	<b>(311)</b>	—

  

31 Dec 2022					
	£m	£m	£m	£m	£m
010 On-balance-sheet exposures	519,746	10,441	(4,500)		—
030 Netherlands	12,893	23	(22)		—
040 United Kingdom	475,605	9,214	(3,640)		—
050 United States	10,009	—	(20)		—
070 Other countries	21,239	1,204	(818)		—
080 Off-balance-sheet exposures	128,834	126		(304)	
100 Netherlands	2,157	3		(5)	
110 United Kingdom	119,427	123		(285)	
120 United States	2,491	—		(7)	
140 Other countries	4,759	—		(7)	
150 Total	648,580	10,567	(4,500)	(304)	—

## Credit risk continued

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

		30 Jun 2023			
		Gross carrying amount		Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		£m	Of which defaulted £m	£m	£m
010	Agriculture, forestry and fishing	7,448	198	(48)	—
020	Mining and quarrying	527	7	(12)	—
030	Manufacturing	4,861	135	(74)	—
040	Electricity, gas, steam and air conditioning supply	2,481	20	(30)	—
050	Water supply	735	4	(4)	—
060	Construction	4,014	329	(157)	—
070	Wholesale and retail trade	7,487	215	(11)	—
080	Transport and storage	2,316	79	(38)	—
090	Accommodation and food service activities	2,381	183	(32)	—
100	Information and communication	3,834	1,191	(820)	—
110	Financial and insurance activities				
120	Real estate activities	20,377	379	(255)	—
130	Professional, scientific and technical activities	2,582	85	(34)	—
140	Administrative and support service activities	2,384	91	(50)	—
150	Public administration and defence, compulsory social security	28	1	—	—
160	Education	1,212	46	(13)	—
170	Human health services and social work activities	3,383	104	(37)	—
180	Arts, entertainment and recreation	608	25	(12)	—
190	Other services	770	284	(18)	—
200	<b>Total</b>	<b>67,428</b>	<b>3,376</b>	<b>(1,745)</b>	<b>—</b>

  

		31 Dec 2022			
		£m	£m	£m	£m
010	Agriculture, forestry and fishing	7,587	192	(54)	—
020	Mining and quarrying	750	39	(12)	—
030	Manufacturing	3,946	117	(57)	—
040	Electricity, gas, steam and air conditioning supply	2,204	20	(11)	—
050	Water supply	586	5	(5)	—
060	Construction	4,253	416	(145)	—
070	Wholesale and retail trade	7,794	269	(118)	—
080	Transport and storage	2,825	98	(46)	—
090	Accommodation and food service activities	3,537	1,275	(787)	—
100	Information and communication	2,707	54	(44)	—
110	Financial and insurance activities				
120	Real estate activities	20,191	350	(218)	—
130	Professional, scientific and technical activities	2,659	84	(29)	—
140	Administrative and support service activities	2,503	106	(55)	—
150	Public administration and defence, compulsory social security	12	1	—	—
160	Education	1,200	46	(12)	—
170	Human health services and social work activities	3,398	69	(39)	—
180	Arts, entertainment and recreation	523	32	(10)	—
190	Other services	1,176	377	(17)	—
200	<b>Total</b>	<b>67,851</b>	<b>3,550</b>	<b>(1,659)</b>	<b>—</b>

**Credit risk** continued**CR3: CRM techniques – Overview**

	30 Jun 2023				
	Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
	£m	£m	£m	£m	£m
Loans and advances	106,647	367,633	359,654	7,979	—
Debt securities	31,409	—	—	—	—
<b>Total</b>	<b>138,056</b>	<b>367,633</b>	<b>359,654</b>	<b>7,979</b>	<b>—</b>
Of which non-performing exposures	1,810	7,206	6,541	665	—
Of which defaulted	1,322	6,890	—	—	—

  

	31 Dec 2022				
	£m	£m	£m	£m	£m
	£m	£m	£m	£m	£m
Loans and advances	110,454	375,273	366,207	9,066	14
Debt securities	29,518	—	—	—	—
<b>Total</b>	<b>139,972</b>	<b>375,273</b>	<b>366,207</b>	<b>9,066</b>	<b>14</b>
Of which non-performing exposures	1,639	7,504	6,486	1,018	—
Of which defaulted	1,175	7,214	—	—	—

## Credit risk continued

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

		30 Jun 2023					
		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density
Exposure classes		£m	£m	£m	£m	£m	%
1	Central governments or central banks	86,518	277	93,814	378	1,776	2%
2	Regional government or local authorities	509	—	509	—	32	6%
3	Public sector entities	2,388	—	2,388	—	—	—%
4	Multilateral development banks	6,210	—	6,210	—	—	—%
5	International organisations	12	—	12	—	—	—%
6	Institutions	444	441	374	424	245	31%
7	Corporates	5,300	4,951	4,986	1,643	5,582	84%
8	Retail	11,333	22,319	10,817	77	7,997	73%
9	Secured by mortgages on immovable property	4,092	36	4,092	9	1,546	38%
10	Exposures in default	1,012	28	955	12	1,120	116%
13	Institutions and corporates with a short-term credit assessment	—	—	—	—	—	—%
16	Other items	2,483	—	2,483	—	2,065	83%
17	<b>Total</b>	<b>120,301</b>	<b>28,052</b>	<b>126,640</b>	<b>2,543</b>	<b>20,364</b>	<b>16%</b>

  

		31 Dec 2022					
		£m	£m	£m	£m	£m	%
1	Central governments or central banks	83,106	277	91,707	359	1,864	2%
2	Regional government or local authorities	442	—	442	—	28	6%
3	Public sector entities	2,671	—	2,671	—	—	—%
4	Multilateral development banks	6,942	—	6,942	—	—	—%
5	International organisations	12	—	12	—	—	—%
6	Institutions	265	344	188	323	129	25%
7	Corporates	4,783	5,095	4,634	1,755	5,591	88%
8	Retail	10,845	23,035	10,233	193	7,621	73%
9	Secured by mortgages on immovable property	4,343	37	4,342	20	1,648	38%
10	Exposures in default	1,078	49	916	24	1,089	116%
13	Institutions and corporates with a short-term credit assessment	—	—	—	123	62	50%
16	Other items	2,155	—	2,155	—	1,763	82%
17	<b>Total</b>	<b>116,642</b>	<b>28,839</b>	<b>124,241</b>	<b>2,797</b>	<b>19,795</b>	<b>16%</b>

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

## Credit risk continued

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

		30 Jun 2023																
		Risk weight																
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Total	Of which unrated
Exposure classes		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Central governments or central banks	93,453	—	—	—	—	—	—	—	—	47	—	692	—	—	—	94,192	94,062
2	Regional government or local authorities	356	—	—	—	151	—	—	—	—	—	1	—	—	—	—	509	89
3	Public sector entities	2,388	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2,387	979
4	Multilateral development banks	6,210	—	—	—	—	—	—	—	—	—	—	—	—	—	—	6,210	6,210
5	International organisations	12	—	—	—	—	—	—	—	—	—	—	—	—	—	—	12	12
6	Institutions	—	—	216	—	208	—	358	—	—	16	—	—	—	—	—	798	232
7	Corporates	—	—	—	—	14	—	1,111	—	—	5,468	37	—	—	—	—	6,630	5,375
8	Retail exposures	—	—	—	—	—	—	—	—	10,894	—	—	—	—	—	—	10,894	10,894
9	Exposures secured by mortgages on immovable property	—	—	—	—	—	3,839	—	—	41	221	—	—	—	—	—	4,101	4,101
10	Exposures in default	—	—	—	—	—	—	—	—	—	662	306	—	—	—	—	967	967
13	Exposures to institutions and corporates with a short-term credit assessment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
16	Other items	15	—	—	—	504	—	—	—	—	1,964	—	—	—	—	—	2,483	2,483
17	Total	102,434	—	216	—	877	3,839	1,469	—	10,935	8,378	344	692	—	—	—	129,183	125,404

		31 Dec 2022																
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Central governments or central banks	91,320	—	—	—	—	—	—	—	—	—	—	746	—	—	—	92,066	91,967
2	Regional government or local authorities	303	—	—	—	138	—	—	—	—	—	—	—	—	—	—	442	—
3	Public sector entities	2,671	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2,671	1,253
4	Multilateral development banks	6,942	—	—	—	—	—	—	—	—	—	—	—	—	—	—	6,942	6,942
5	International organisations	12	—	—	—	—	—	—	—	—	—	—	—	—	—	—	12	12
6	Institutions	—	—	203	—	133	—	168	—	—	7	—	—	—	—	—	511	210
7	Corporates	—	—	—	—	15	—	619	—	—	5,741	14	—	—	—	—	6,389	5,673
8	Retail exposures	—	—	—	—	—	—	—	—	10,426	—	—	—	—	—	—	10,426	10,426
9	Exposures secured by mortgages on immovable property	—	—	—	—	—	4,072	—	—	48	242	—	—	—	—	—	4,362	4,362
10	Exposures in default	—	—	—	—	—	—	—	—	—	639	300	—	—	—	—	939	939
13	Exposures to institutions and corporates with a short-term credit assessment	—	—	—	—	—	—	123	—	—	—	—	—	—	—	—	123	—
16	Other items	2	—	—	—	487	—	—	—	—	1,666	—	—	—	—	—	2,155	2,155
17	Total	101,250	—	203	—	773	4,072	910	—	10,474	8,295	314	746	—	—	—	127,038	123,939

**Credit risk continued**

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 – year to 30 Jun 2023**

		Total RWA quarter to 30 Jun 2023	Total RWA YTD 30 Jun 2023
		£m	£m
1	Risk weighted exposure amount as at the end of previous reporting period	117,218	118,973
2	Asset size (+/-)	911	1,165
3	Asset quality (+/-)	486	618
4	Model updates (+/-)	—	—
5	Methodology and policy (+/-)	2,806	2,703
6	Acquisitions and disposals (+/-)	—	(1,391)
7	Foreign exchange movements (+/-)	(197)	(343)
8	Other (+/-)	(634)	(1,135)
9	<b>Risk weighted exposure amount at the end of the reporting period</b>	<b>120,590</b>	<b>120,590</b>

**Key movements year to date 30 June 2023**

- Asset size movement largely driven by growth in the unsecured Retail portfolio.
- Asset quality movement driven by Retail model calibrations.
- Methodology and Policy movements largely reflects the CRD IV model updates for an updated impact assessment following a further iteration of model development. The models remain subject to further development and final approval by the PRA. On that basis final impacts remain uncertain and further increases could be required.
- Acquisitions and disposals reflect the exit of a legacy Retail mortgage portfolio.
- Foreign exchange movements, principally driven by movements in the US Dollar and Euro.
- Other reductions in risk-weighted assets are due to optimisation of the portfolio through securitisation activity.

## Credit risk continued

**CR6: Credit risk exposures by portfolio and PD range**

The Group's CRD IV models are not yet approved by the PRA and therefore risk metrics (PD, LGD and EAD) and default classifications in the CR6 tables reflect existing (non CRD IV) models. This includes classifying defaults in the Retail mortgages exposure class at 180 days rather than 90 days. However, in line with our stated approach we have applied temporary adjustments to reported Risk Weighted Exposure Amounts and Expected Loss amounts in the CR6 tables below.

30 Jun 2023												
PD range	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
Central Governments or Central Banks	£m	£m	%	£m	%	No.	%	No.	£m	%	£m	£m
<b>0.00 to &lt;0.15</b>	<b>2,238</b>	<b>4</b>	<b>62.37%</b>	<b>1,851</b>	<b>0.01%</b>	<b>9</b>	<b>45.00%</b>	<b>2.5</b>	<b>158</b>	<b>8.54%</b>	<b>—</b>	<b>—</b>
0.00 to <0.10	2,238	4	62.37%	1,851	0.01%	9	45.00%	2.5	158	8.54%	—	—
0.15 to <0.25	—	—	—%	—	—%	—	—%	—	—	—%	—	—
<b>0.25 to &lt;0.50</b>	<b>—</b>	<b>—</b>	<b>—%</b>	<b>—</b>	<b>—%</b>	<b>0</b>	<b>—%</b>	<b>—</b>	<b>—</b>	<b>—%</b>	<b>—</b>	<b>—</b>
<b>0.75 to &lt;2.50</b>	<b>84</b>	<b>1</b>	<b>—%</b>	<b>—</b>	<b>—%</b>	<b>1</b>	<b>—%</b>	<b>—</b>	<b>—</b>	<b>—%</b>	<b>—</b>	<b>—</b>
0.75 to <1.75	84	1	—%	—	—%	1	—%	—	—	—%	—	—
<b>2.50 to &lt;10.00</b>	<b>45</b>	<b>1</b>	<b>75.00%</b>	<b>1</b>	<b>6.20%</b>	<b>3</b>	<b>45.00%</b>	<b>2.4</b>	<b>3</b>	<b>420.88%</b>	<b>—</b>	<b>—</b>
2.5 to <5	3	—	—%	—	—%	1	—%	—	—	—%	—	—
5 to <10	42	1	75.00%	1	6.20%	2	45.00%	2.4	3	420.88%	—	—
<b>10.00 to &lt;100.00</b>	<b>47</b>	<b>—</b>	<b>—%</b>	<b>—</b>	<b>—%</b>	<b>1</b>	<b>—%</b>	<b>—</b>	<b>—</b>	<b>—%</b>	<b>—</b>	<b>—</b>
10 to <20	47	—	—%	—	—%	1	—%	—	—	—%	—	—
<b>Subtotal</b>	<b>2,414</b>	<b>6</b>	<b>65.89%</b>	<b>1,852</b>	<b>0.01%</b>	<b>14</b>	<b>45.00%</b>	<b>2.5</b>	<b>161</b>	<b>8.70%</b>	<b>—</b>	<b>—</b>
31 Dec 2022												
Central Governments or Central Banks	£m	£m	%	£m	%	No.	%	No.	£m	%	£m	£m
0.00 to <0.15	2,406	3	75.00%	2,184	0.01%	12	45.00%	2.9	216	9.91%	—	—
0.00 to <0.10	2,406	3	75.00%	2,184	0.01%	12	45.00%	2.9	216	9.91%	—	—
0.15 to <0.25	—	—	—%	—	—%	—	—%	—	—	—%	—	—
0.25 to <0.50	—	—	75.00%	—	0.42%	1	45.00%	2.4	—	82.67%	—	—
0.75 to <2.50	98	1	—%	—	—%	1	—%	—	—	—%	—	—
0.75 to <1.75	98	1	—%	—	—%	1	—%	—	—	—%	—	—
2.50 to <10.00	41	92	75.00%	1	6.20%	3	45.00%	2.9	4	418.88%	—	—
2.5 to <5	—	91	—%	—	—%	1	—%	—	—	—%	—	—
5 to <10	41	1	75.00%	1	6.20%	2	45.00%	2.9	4	418.88%	—	—
10.00 to <100.00	46	—	—%	—	—%	1	—%	—	—	—%	—	—
10 to <20	46	—	—%	—	—%	1	—%	—	—	—%	—	—
<b>Subtotal</b>	<b>2,591</b>	<b>96</b>	<b>75.00%</b>	<b>2,185</b>	<b>0.01%</b>	<b>18</b>	<b>45.00%</b>	<b>2.9</b>	<b>220</b>	<b>10.06%</b>	<b>—</b>	<b>—</b>



**CR6: Credit risk exposures by portfolio and PD range** continued

30 Jun 2023												
PD range	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
<b>0.00 to &lt;0.15</b>	<b>11,560</b>	<b>324</b>	<b>16.86%</b>	<b>11,626</b>	<b>0.05%</b>	<b>807</b>	<b>36.41%</b>	<b>1.2</b>	<b>1,422</b>	<b>12.23%</b>	<b>3</b>	<b>1</b>
0.00 to <0.10	9,786	236	15.29%	9,834	0.04%	680	36.91%	1.2	1,124	11.43%	2	1
0.10 to <0.15	1,774	88	21.27%	1,792	0.11%	127	33.63%	1.0	298	16.61%	1	—
0.15 to <0.25	125	42	20.10%	134	0.18%	36	44.57%	0.9	53	39.64%	—	—
<b>0.25 to &lt;0.50</b>	<b>366</b>	<b>85</b>	<b>21.68%</b>	<b>385</b>	<b>0.31%</b>	<b>55</b>	<b>37.63%</b>	<b>0.8</b>	<b>140</b>	<b>36.44%</b>	<b>—</b>	<b>—</b>
0.50 to <0.75	79	17	5.59%	80	0.63%	42	42.05%	1.1	72	90.15%	—	—
<b>0.75 to &lt;2.50</b>	<b>122</b>	<b>165</b>	<b>20.09%</b>	<b>155</b>	<b>1.54%</b>	<b>54</b>	<b>44.88%</b>	<b>0.3</b>	<b>158</b>	<b>102.19%</b>	<b>1</b>	<b>—</b>
0.75 to <1.75	122	165	20.09%	155	1.54%	50	44.88%	0.3	158	102.19%	1	—
1.75 to <2.5	—	—	—%	—	1.90%	4	40.23%	1.2	—	114.82%	—	—
<b>2.50 to &lt;10.00</b>	<b>—</b>	<b>—</b>	<b>75.00%</b>	<b>—</b>	<b>4.58%</b>	<b>23</b>	<b>44.89%</b>	<b>1.0</b>	<b>1</b>	<b>173.66%</b>	<b>—</b>	<b>—</b>
2.5 to <5	—	—	75.00%	—	4.18%	16	44.87%	1.0	1	171.16%	—	—
5 to <10	—	—	—%	—	6.20%	7	45.00%	1.0	—	183.77%	—	—
<b>10.00 to &lt;100.00</b>	<b>—</b>	<b>—</b>	<b>—%</b>	<b>—</b>	<b>19.52%</b>	<b>7</b>	<b>45.00%</b>	<b>1.0</b>	<b>—</b>	<b>253.43%</b>	<b>—</b>	<b>—</b>
10 to <20	—	—	—%	—	12.00%	2	45.00%	1.0	—	236.77%	—	—
30.00 to <100.00	—	—	—%	—	31.00%	5	45.00%	1.0	—	278.87%	—	—
<b>100.00 (Default)</b>	<b>—</b>	<b>—</b>	<b>—%</b>	<b>—</b>	<b>—%</b>	<b>1</b>	<b>—%</b>	<b>—</b>	<b>—</b>	<b>—%</b>	<b>—</b>	<b>—</b>
<b>Subtotal</b>	<b>12,252</b>	<b>633</b>	<b>18.27%</b>	<b>12,380</b>	<b>0.09%</b>	<b>1,024</b>	<b>36.68%</b>	<b>1.1</b>	<b>1,846</b>	<b>14.91%</b>	<b>4</b>	<b>1</b>

**CR6: Credit risk exposures by portfolio and PD range** continued

31 Dec 2022												
PD range	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	10,541	888	29.20%	10,813	0.06%	841	35.34%	1.1	1,285	11.88%	2	—
0.00 to <0.10	8,936	666	31.24%	9,157	0.05%	704	35.25%	1.2	996	10.88%	1	—
0.10 to <0.15	1,605	222	22.98%	1,656	0.11%	137	35.85%	0.9	289	17.43%	1	—
0.15 to <0.25	176	31	22.83%	183	0.18%	31	44.73%	0.4	53	28.91%	—	—
0.25 to <0.50	8	18	30.55%	14	0.34%	49	31.80%	1.3	6	44.84%	—	—
0.50 to <0.75	8	5	72.11%	11	0.63%	43	43.33%	2.4	12	106.94%	—	—
0.75 to <2.50	76	26	0.86%	77	1.00%	48	43.54%	1.1	75	98.13%	1	—
0.75 to <1.75	76	26	0.86%	77	1.00%	45	43.54%	1.1	75	98.12%	1	—
1.75 to <2.5	—	—	—%	—	1.90%	3	40.00%	1.5	—	118.44%	0	—
2.50 to <10.00	5	—	75.00%	5	2.78%	24	44.98%	0.4	6	129.76%	—	—
2.5 to <5	5	—	75.00%	5	2.70%	17	44.97%	0.4	6	127.78%	0	—
5 to <10	—	—	—%	—	6.20%	7	45.00%	1.0	—	216.60%	0	—
10.00 to <100.00	—	—	—%	—	19.39%	8	45.00%	1.0	—	254.74%	—	—
10 to <20	—	—	—%	—	12.00%	3	45.00%	1.0	—	240.31%	0	—
30.00 to <100.00	—	—	—%	—	31.00%	5	45.00%	1.0	—	277.40%	0	—
100.00 (Default)	—	—	—%	—	100.00%	3	45.00%	1.0	—	—%	—	—
Subtotal	10,814	968	28.47%	11,103	0.07%	1,047	35.56%	1.1	1,437	12.94%	3	—

**Key movements**

– Growth in lending drives increase in exposure at default, risk-weighted assets and density.

**CR6: Credit risk exposures by portfolio and PD range** continued

30 Jun 2023												
PD range	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
<b>0.00 to &lt;0.15</b>	<b>606</b>	<b>766</b>	<b>15.29%</b>	<b>723</b>	<b>0.06%</b>	<b>236</b>	<b>39.65%</b>	<b>4.0</b>	<b>182</b>	<b>25.12%</b>	<b>—</b>	<b>—</b>
0.00 to <0.10	516	660	17.63%	633	0.05%	180	39.48%	4.0	142	22.44%	—	—
0.10 to <0.15	90	106	0.68%	90	0.11%	56	40.80%	4.1	40	43.92%	—	—
<b>0.15 to &lt;0.25</b>	<b>177</b>	<b>65</b>	<b>7.02%</b>	<b>179</b>	<b>0.19%</b>	<b>209</b>	<b>44.45%</b>	<b>3.0</b>	<b>79</b>	<b>44.05%</b>	<b>—</b>	<b>—</b>
<b>0.25 to &lt;0.50</b>	<b>632</b>	<b>314</b>	<b>17.18%</b>	<b>627</b>	<b>0.39%</b>	<b>1,330</b>	<b>41.59%</b>	<b>3.5</b>	<b>348</b>	<b>55.51%</b>	<b>1</b>	<b>1</b>
<b>0.50 to &lt;0.75</b>	<b>1,217</b>	<b>485</b>	<b>8.07%</b>	<b>1,157</b>	<b>0.57%</b>	<b>18,597</b>	<b>39.48%</b>	<b>3.9</b>	<b>663</b>	<b>57.33%</b>	<b>3</b>	<b>3</b>
<b>0.75 to &lt;2.50</b>	<b>2,765</b>	<b>796</b>	<b>12.01%</b>	<b>2,654</b>	<b>1.25%</b>	<b>13,540</b>	<b>39.90%</b>	<b>3.3</b>	<b>1,935</b>	<b>72.92%</b>	<b>16</b>	<b>15</b>
0.75 to <1.75	2,761	796	12.01%	2,650	1.24%	13,492	39.89%	3.3	1,932	72.93%	16	15
1.75 to <2.5	4	—	—%	4	2.00%	48	45.00%	1.2	3	65.80%	—	—
<b>2.50 to &lt;10.00</b>	<b>1,528</b>	<b>305</b>	<b>10.75%</b>	<b>1,414</b>	<b>4.19%</b>	<b>6,171</b>	<b>39.03%</b>	<b>2.9</b>	<b>1,341</b>	<b>94.82%</b>	<b>29</b>	<b>36</b>
2.5 to <5	967	230	12.00%	899	3.00%	3,379	39.18%	2.9	779	86.59%	13	18
5 to <10	561	75	6.97%	515	6.28%	2,792	38.77%	2.9	562	109.19%	16	18
<b>10.00 to &lt;100.00</b>	<b>262</b>	<b>24</b>	<b>10.30%</b>	<b>229</b>	<b>19.40%</b>	<b>1,815</b>	<b>38.69%</b>	<b>2.4</b>	<b>329</b>	<b>143.34%</b>	<b>20</b>	<b>15</b>
10 to <20	172	13	5.02%	156	12.70%	1,455	37.66%	2.3	199	127.75%	9	5
20 to <30	—	—	—%	—	—%	—	—%	—	—	—%	—	—
30.00 to <100.00	90	11	16.15%	73	33.65%	360	41.00%	2.7	130	176.82%	11	10
<b>100.00 (Default)</b>	<b>403</b>	<b>43</b>	<b>31.21%</b>	<b>385</b>	<b>100.00%</b>	<b>854</b>	<b>39.74%</b>	<b>2.1</b>	<b>—</b>	<b>—%</b>	<b>153</b>	<b>81</b>
<b>Subtotal</b>	<b>7,590</b>	<b>2,800</b>	<b>12.83%</b>	<b>7,368</b>	<b>7.22%</b>	<b>42,753</b>	<b>39.85%</b>	<b>3.3</b>	<b>4,877</b>	<b>66.19%</b>	<b>222</b>	<b>151</b>

**CR6: Credit risk exposures by portfolio and PD range** continued

31 Dec 2022												
PD range	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	623	689	23.82%	787	0.06%	258	40.56%	3.9	200	25.43%	0	—
0.00 to <0.10	504	602	26.56%	664	0.05%	199	40.29%	4.0	150	22.57%	0	—
0.10 to <0.15	119	87	4.68%	123	0.11%	59	42.05%	3.5	50	40.83%	0	—
0.15 to <0.25	139	165	69.99%	250	0.19%	221	42.63%	3.5	103	41.22%	—	—
0.25 to <0.50	754	346	26.90%	768	0.39%	1,412	41.59%	3.4	420	54.64%	1	2
0.50 to <0.75	1,148	475	15.25%	1,091	0.57%	19,686	39.42%	3.7	609	55.85%	3	3
0.75 to <2.50	2,772	825	20.46%	2,683	1.30%	13,582	39.93%	3.3	1,931	71.98%	16	15
0.75 to <1.75	2,420	786	21.00%	2,357	1.17%	11,085	40.15%	3.2	1,681	71.32%	13	12
1.75 to <2.5	352	39	9.61%	326	2.29%	2,497	38.40%	3.8	250	76.75%	3	3
2.50 to <10.00	1,569	385	23.63%	1,474	4.63%	6,076	39.03%	2.9	1,393	94.49%	30	37
2.5 to <5	996	308	24.94%	953	3.29%	3,370	39.17%	2.9	824	86.38%	14	19
5 to <10	573	77	18.40%	521	7.07%	2,705	38.78%	3.0	569	109.35%	16	18
10.00 to <100.00	327	48	30.68%	311	22.53%	1,830	40.16%	2.4	469	150.90%	31	25
10 to <20	175	26	16.33%	167	13.28%	1,318	39.06%	2.1	222	132.40%	11	7
20 to <30	23	1	52.62%	20	23.79%	153	38.06%	3.8	29	147.41%	2	2
30.00 to <100.00	129	21	46.67%	124	34.84%	359	41.99%	2.6	218	176.56%	18	16
100.00 (Default)	377	21	18.09%	344	100.00%	764	40.36%	2.4	—	—%	139	72
Subtotal	7,709	2,955	24.49%	7,708	6.84%	43,828	40.03%	3.3	5,125	66.49%	219	154

**Key movements**

- Average CCF reduction due to update in conversion factor for certain products.
- Exposure at default and risk-weighted assets both decreased by £0.3 billion due to repayments and reduced average CCFs.
- Average PD increased from 6.84 per cent to 7.22 per cent due to a small increase in defaulted exposure.

**CR6: Credit risk exposures by portfolio and PD range** continued

30 Jun 2023												
PD range	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
<b>0.00 to &lt;0.15</b>	<b>5,198</b>	<b>12,106</b>	<b>52.92%</b>	<b>11,853</b>	<b>0.08%</b>	<b>402</b>	<b>41.67%</b>	<b>3.1</b>	<b>3,638</b>	<b>30.70%</b>	<b>4</b>	<b>18</b>
0.00 to <0.10	2,456	6,709	50.92%	6,060	0.05%	220	41.96%	3.1	1,504	24.82%	1	7
0.10 to <0.15	2,742	5,397	55.49%	5,793	0.11%	182	41.36%	3.1	2,134	36.84%	3	11
<b>0.15 to &lt;0.25</b>	<b>2,199</b>	<b>4,105</b>	<b>61.09%</b>	<b>4,932</b>	<b>0.18%</b>	<b>2,602</b>	<b>43.60%</b>	<b>2.3</b>	<b>2,119</b>	<b>42.97%</b>	<b>4</b>	<b>11</b>
<b>0.25 to &lt;0.50</b>	<b>5,010</b>	<b>5,729</b>	<b>49.37%</b>	<b>7,706</b>	<b>0.35%</b>	<b>4,177</b>	<b>39.01%</b>	<b>2.2</b>	<b>4,297</b>	<b>55.77%</b>	<b>11</b>	<b>35</b>
<b>0.50 to &lt;0.75</b>	<b>2,246</b>	<b>1,703</b>	<b>37.35%</b>	<b>2,436</b>	<b>0.62%</b>	<b>6,002</b>	<b>41.86%</b>	<b>2.0</b>	<b>1,841</b>	<b>75.58%</b>	<b>7</b>	<b>20</b>
<b>0.75 to &lt;2.50</b>	<b>3,586</b>	<b>4,558</b>	<b>65.06%</b>	<b>6,307</b>	<b>1.16%</b>	<b>7,488</b>	<b>29.10%</b>	<b>2.3</b>	<b>4,387</b>	<b>69.56%</b>	<b>25</b>	<b>58</b>
0.75 to <1.75	3,505	4,549	65.20%	6,227	1.15%	6,148	28.90%	2.4	4,302	69.09%	24	58
1.75 to <2.5	81	9	—%	80	1.97%	1,340	44.50%	1.4	85	105.80%	1	—
<b>2.50 to &lt;10.00</b>	<b>1,975</b>	<b>1,569</b>	<b>54.33%</b>	<b>2,595</b>	<b>3.62%</b>	<b>3,252</b>	<b>42.83%</b>	<b>2.3</b>	<b>3,694</b>	<b>142.35%</b>	<b>45</b>	<b>92</b>
2.5 to <5	1,681	1,315	55.14%	2,289	3.23%	2,504	42.65%	2.3	3,141	137.24%	35	77
5 to <10	294	254	50.33%	306	6.48%	748	44.17%	1.7	553	180.54%	10	15
<b>10.00 to &lt;100.00</b>	<b>213</b>	<b>45</b>	<b>49.13%</b>	<b>234</b>	<b>20.81%</b>	<b>195</b>	<b>38.71%</b>	<b>1.7</b>	<b>516</b>	<b>220.82%</b>	<b>20</b>	<b>33</b>
10 to <20	119	23	38.34%	126	12.09%	123	42.17%	1.4	250	198.47%	7	17
20 to <30	—	—	—%	—	30.00%	9	44.72%	1.1	—	293.83%	—	—
30.00 to <100.00	94	22	60.50%	108	30.99%	63	34.58%	2.0	266	246.75%	13	16
<b>100.00 (Default)</b>	<b>409</b>	<b>94</b>	<b>65.45%</b>	<b>470</b>	<b>100.00%</b>	<b>625</b>	<b>40.78%</b>	<b>1.8</b>	<b>—</b>	<b>—%</b>	<b>192</b>	<b>151</b>
<b>Subtotal</b>	<b>20,836</b>	<b>29,910</b>	<b>54.48%</b>	<b>36,532</b>	<b>2.04%</b>	<b>24,743</b>	<b>39.26%</b>	<b>2.5</b>	<b>20,492</b>	<b>56.09%</b>	<b>309</b>	<b>419</b>

**CR6: Credit risk exposures by portfolio and PD range** continued

31 Dec 2022

PD range	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	4,563	12,577	58.22%	12,115	0.08%	382	41.36%	3.3	3,898	32.17%	4	15
0.00 to <0.10	1,868	7,221	58.81%	6,255	0.05%	216	42.38%	3.2	1,639	26.20%	1	6
0.10 to <0.15	2,695	5,356	57.42%	5,860	0.11%	166	40.27%	3.3	2,259	38.55%	3	9
0.15 to <0.25	2,109	4,128	64.50%	4,738	0.18%	2,660	43.42%	2.3	2,044	43.13%	4	9
0.25 to <0.50	5,689	6,717	56.07%	9,304	0.35%	4,079	39.35%	2.2	5,153	55.39%	14	38
0.50 to <0.75	1,951	1,795	49.37%	2,616	0.62%	5,795	42.22%	2.1	2,003	76.60%	8	14
0.75 to <2.50	3,499	3,977	55.79%	5,131	1.19%	7,429	33.28%	2.3	4,057	79.06%	24	46
0.75 to <1.75	3,405	3,966	55.95%	5,038	1.18%	6,078	33.07%	2.4	3,959	78.58%	23	46
1.75 to <2.5	94	11	—%	93	1.97%	1,351	44.35%	1.4	98	105.17%	1	—
2.50 to <10.00	2,458	1,784	50.44%	3,101	4.00%	3,463	42.61%	2.4	4,504	145.24%	57	114
2.5 to <5	1,756	1,407	50.68%	2,404	3.20%	2,701	42.42%	2.6	3,340	138.95%	36	75
5 to <10	702	377	49.62%	697	6.75%	762	43.27%	1.5	1,164	166.91%	21	39
10.00 to <100.00	174	181	58.71%	279	18.87%	243	43.64%	1.6	658	236.10%	25	35
10 to <20	87	163	57.43%	179	12.07%	160	43.35%	1.1	399	222.90%	11	20
20 to <30	1	—	—%	1	24.68%	20	36.40%	0.8	1	239.21%	0	—
30.00 to <100.00	86	18	69.98%	99	31.08%	63	44.15%	2.6	258	259.66%	14	15
100.00 (Default)	387	69	80.95%	442	100.00%	585	40.73%	1.6	—	—%	180	147
Subtotal	20,830	31,227	57.41%	37,726	1.98%	24,636	40.19%	2.6	22,317	59.15%	316	418

**Key movements**

- Average CCF reduction due to update in conversion factor for certain products
- Reduction in on balance sheet exposure driven by securitisation activity and repayments, partly offset by an increase in low risk weight new lending.
- The lower risk weight new lending and securitisation activity drive the reduction in average risk weight from 59.15 per cent to 56.09 per cent

**CR6: Credit risk exposures by portfolio and PD range** continued

30 Jun 2023											
PD range	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
<b>Residential Mortgages (SME)</b>											
<b>0.50 to &lt;0.75</b>	<b>1,978</b>	<b>190</b>	<b>97.35%</b>	<b>2,121</b>	<b>0.54%</b>	<b>14,268</b>	<b>18.66%</b>	<b>267</b>	<b>12.61%</b>	<b>2</b>	<b>43</b>
<b>0.75 to &lt;2.50</b>	<b>1,594</b>	<b>139</b>	<b>98.00%</b>	<b>1,706</b>	<b>1.14%</b>	<b>9,348</b>	<b>17.80%</b>	<b>407</b>	<b>23.87%</b>	<b>5</b>	<b>17</b>
<b>0.75 to &lt;1.75</b>	<b>1,594</b>	<b>139</b>	<b>98.00%</b>	<b>1,706</b>	<b>1.14%</b>	<b>9,348</b>	<b>17.80%</b>	<b>407</b>	<b>23.87%</b>	<b>5</b>	<b>17</b>
<b>1.75 to &lt;2.5</b>	<b>—</b>	<b>—</b>	<b>—%</b>	<b>—</b>	<b>—%</b>	<b>—</b>	<b>—%</b>	<b>—</b>	<b>—%</b>	<b>—</b>	<b>—</b>
<b>2.50 to &lt;10.00</b>	<b>546</b>	<b>23</b>	<b>97.70%</b>	<b>562</b>	<b>4.22%</b>	<b>3,113</b>	<b>18.39%</b>	<b>312</b>	<b>55.55%</b>	<b>7</b>	<b>15</b>
2.5 to <5	267	11	98.09%	275	2.62%	1,539	18.35%	127	46.29%	2	7
5 to <10	279	12	97.31%	287	5.75%	1,574	18.41%	185	64.40%	5	8
<b>10.00 to &lt;100.00</b>	<b>166</b>	<b>5</b>	<b>97.38%</b>	<b>169</b>	<b>22.45%</b>	<b>1,193</b>	<b>18.94%</b>	<b>140</b>	<b>82.58%</b>	<b>8</b>	<b>14</b>
10 to <20	122	3	97.06%	124	13.21%	931	19.00%	107	85.70%	4	10
20 to <30	—	—	—%	—	—%	—	—%	—	—%	—	—
30.00 to <100.00	44	2	97.96%	45	47.63%	262	18.66%	33	73.68%	4	4
<b>100.00 (Default)</b>	<b>126</b>	<b>5</b>	<b>97.67%</b>	<b>130</b>	<b>100.00%</b>	<b>437</b>	<b>19.10%</b>	<b>23</b>	<b>17.66%</b>	<b>24</b>	<b>29</b>
<b>Subtotal</b>	<b>4,410</b>	<b>362</b>	<b>97.62%</b>	<b>4,688</b>	<b>4.74%</b>	<b>28,359</b>	<b>18.33%</b>	<b>1,149</b>	<b>24.52%</b>	<b>46</b>	<b>118</b>

  

31 Dec 2022											
Residential mortgages (SME)	£m	£m	%	£m	%	No.	%	£m	%	£m	£m
0.50 to <0.75	2,197	208	97.40%	2,356	0.54%	15,644	18.30%	292	12.39%	2	48
0.75 to <2.50	1,731	164	98.11%	1,857	1.28%	9,779	16.90%	372	20.05%	4	14
0.75 to <1.75	1,287	134	98.20%	1,392	0.94%	7,379	16.81%	231	16.62%	2	11
1.75 to <2.5	444	30	97.69%	465	2.30%	2,400	17.17%	141	30.31%	2	3
2.50 to <10.00	583	29	97.71%	602	5.56%	3,184	17.74%	301	50.00%	6	19
2.5 to <5	296	16	97.94%	307	3.64%	1,630	17.75%	126	41.06%	2	7
5 to <10	287	13	97.43%	295	7.56%	1,554	17.73%	175	59.30%	4	12
10.00 to <100.00	160	6	97.07%	164	24.82%	1,131	18.82%	134	82.11%	8	13
10 to <20	76	4	97.50%	79	14.29%	653	18.39%	62	78.56%	2	5
20 to <30	41	1	95.80%	41	23.79%	234	18.99%	37	91.41%	2	4
30.00 to <100.00	43	1	96.63%	44	44.86%	244	19.43%	35	79.83%	4	4
100.00 (Default)	121	7	97.70%	127	100.00%	410	19.16%	26	20.48%	24	26
Subtotal	4,792	414	97.70%	5,106	4.65%	30,148	17.76%	1,125	22.04%	44	120

**Key movements**

– Exposure at default decreased by £0.4 billion due to lower lending volumes.

**CR6: Credit risk exposures by portfolio and PD range** continued

30 Jun 2023

PD range	On-balance sheet exposures	Off-balance- sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PDI	Number of obligors <sup>1</sup>	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
<b>0.00 to &lt;0.15</b>	<b>276,610</b>	<b>16,319</b>	<b>102.26%</b>	<b>305,382</b>	<b>0.36%</b>	<b>2,056,767</b>	<b>10.58%</b>	<b>30,921</b>	<b>10.13%</b>	<b>160</b>	<b>296</b>
0.00 to <0.10	251,431	16,046	102.84%	279,058	0.32%	1,861,392	10.49%	26,491	9.49%	133	227
0.10 to <0.15	25,179	273	68.35%	26,324	0.68%	195,375	11.63%	4,430	16.83%	27	69
<b>0.15 to &lt;0.25</b>	<b>16,660</b>	<b>677</b>	<b>87.24%</b>	<b>17,967</b>	<b>1.08%</b>	<b>130,607</b>	<b>10.32%</b>	<b>4,069</b>	<b>22.65%</b>	<b>30</b>	<b>84</b>
<b>0.25 to &lt;0.50</b>	<b>11,351</b>	<b>76</b>	<b>66.67%</b>	<b>11,894</b>	<b>1.83%</b>	<b>94,475</b>	<b>9.14%</b>	<b>3,270</b>	<b>27.49%</b>	<b>30</b>	<b>80</b>
<b>0.50 to &lt;0.75</b>	<b>2,122</b>	<b>5</b>	<b>55.56%</b>	<b>2,214</b>	<b>3.45%</b>	<b>20,162</b>	<b>8.92%</b>	<b>834</b>	<b>37.66%</b>	<b>10</b>	<b>30</b>
<b>0.75 to &lt;2.50</b>	<b>3,670</b>	<b>14</b>	<b>49.75%</b>	<b>3,837</b>	<b>7.54%</b>	<b>31,971</b>	<b>8.48%</b>	<b>2,294</b>	<b>59.79%</b>	<b>39</b>	<b>110</b>
0.75 to <1.75	2,137	11	48.94%	2,234	5.21%	19,023	8.58%	1,067	47.77%	15	38
1.75 to <2.5	1,533	3	52.84%	1,603	10.79%	12,948	8.36%	1,227	76.53%	24	72
<b>2.50 to &lt;10.00</b>	<b>2,582</b>	<b>2</b>	<b>100.17%</b>	<b>2,691</b>	<b>21.23%</b>	<b>21,630</b>	<b>8.41%</b>	<b>2,253</b>	<b>83.71%</b>	<b>74</b>	<b>105</b>
2.5 to <5	1,503	2	100.21%	1,572	16.98%	12,938	8.43%	1,236	78.63%	34	69
5 to <10	1,079	—	91.16%	1,119	27.21%	8,692	8.38%	1,017	90.84%	40	36
<b>10.00 to &lt;100.00</b>	<b>2,415</b>	<b>—</b>	<b>51.54%</b>	<b>2,471</b>	<b>56.74%</b>	<b>18,857</b>	<b>8.38%</b>	<b>2,307</b>	<b>93.35%</b>	<b>258</b>	<b>82</b>
10 to <20	906	—	100.00%	933	40.09%	7,279	8.39%	942	100.92%	53	37
20 to <30	425	—	—%	437	53.37%	3,345	8.24%	483	110.66%	39	16
30.00 to <100.00	1,084	—	49.31%	1,101	72.20%	8,233	8.44%	882	80.07%	166	29
<b>100.00 (Default)</b>	<b>2,354</b>	<b>—</b>	<b>49.78%</b>	<b>2,354</b>	<b>100.00%</b>	<b>17,061</b>	<b>10.28%</b>	<b>8,497</b>	<b>360.95%</b>	<b>302</b>	<b>801</b>
<b>Subtotal</b>	<b>317,764</b>	<b>17,093</b>	<b>101.48%</b>	<b>348,810</b>	<b>1.77%</b>	<b>2,391,530</b>	<b>10.45%</b>	<b>54,444</b>	<b>15.61%</b>	<b>903</b>	<b>1,589</b>



**CR6: Credit risk exposures by portfolio and PD range** continued

31 Dec 2022											
PD range	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 (non-SME)	£m	£m	%	£m	%	No.	%	£m	%	£m	£m
0.00 to <0.15	276,846	16,299	100.55%	305,428	0.37%	2,092,696	10.45%	30,090	9.85%	167	285
0.00 to <0.10	255,896	16,063	101.20%	283,397	0.33%	1,914,574	10.54%	26,190	9.24%	139	219
0.10 to <0.15	20,950	236	56.57%	22,031	0.82%	178,122	9.26%	3,900	17.70%	28	66
0.15 to <0.25	18,287	766	75.65%	19,620	1.07%	143,158	10.69%	4,449	22.68%	34	95
0.25 to <0.50	12,952	103	71.20%	13,557	1.75%	106,555	9.61%	3,742	27.61%	34	81
0.50 to <0.75	2,320	10	62.24%	2,422	3.32%	21,988	9.09%	968	39.98%	12	30
0.75 to <2.50	3,867	17	35.49%	4,043	7.62%	33,643	8.59%	2,607	64.49%	48	103
0.75 to <1.75	2,382	14	32.34%	2,490	5.24%	20,965	8.67%	1,355	54.42%	20	43
1.75 to <2.5	1,485	3	52.27%	1,553	11.43%	12,678	8.46%	1,252	80.64%	28	60
2.50 to <10.00	2,677	5	47.36%	2,786	21.80%	22,403	8.66%	2,617	93.94%	93	97
2.5 to <5	1,504	5	46.65%	1,568	17.07%	12,782	8.68%	1,364	86.95%	39	62
5 to <10	1,173	—	69.58%	1,218	27.89%	9,621	8.63%	1,253	102.94%	54	35
10.00 to <100.00	2,036	—	69.06%	2,085	55.40%	16,632	8.61%	2,262	108.48%	269	60
10 to <20	842	—	100.00%	868	40.34%	6,851	8.58%	996	114.74%	62	30
20 to <30	372	—	—%	382	54.08%	3,109	8.51%	460	120.31%	43	11
30.00 to <100.00	822	—	50.09%	835	71.64%	6,672	8.69%	806	96.54%	164	19
100.00 (Default)	2,299	—	48.53%	2,299	100.00%	17,095	10.78%	6,039	262.63%	385	785
Subtotal	321,283	17,200	99.16%	352,240	1.71%	2,454,170	10.38%	52,775	14.98%	1,042	1,536

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

**Key movements**

- Risk-weighted assets increased by £1.7 billion, reflecting updates to the model adjustments in respect of the new regulatory CRD IV changes (£3.0 billion), partially offset by balance sheet reduction and securitisation activity during the year. The adjustment for CRDIV models also reduced Expected Loss by £0.1 billion.
- A net reduction in mortgage lending and exit of a legacy Retail Mortgage portfolio drives the £3.4 billion reduction in exposure at default.

**CR6: Credit risk exposures by portfolio and PD range** continued

30 Jun 2023											
PD range	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
<b>0.00 to &lt;0.15</b>	892	14,470	64.73%	10,258	0.09%	8,372,946	57.89%	364	3.55%	6	54
0.00 to <0.10	503	9,419	65.43%	6,665	0.07%	5,285,664	56.93%	187	2.80%	3	36
0.10 to <0.15	389	5,051	63.43%	3,593	0.13%	3,087,282	59.66%	177	4.94%	3	18
<b>0.15 to &lt;0.25</b>	554	6,492	64.65%	4,751	0.20%	4,132,610	60.91%	346	7.29%	6	22
0.25 to <0.50	1,184	9,405	62.35%	7,048	0.36%	5,807,518	63.34%	872	12.37%	18	35
0.50 to <0.75	845	3,991	67.01%	3,519	0.62%	3,300,539	69.53%	727	20.66%	16	23
0.75 to <2.50	3,273	6,507	72.51%	7,993	1.36%	7,210,526	76.21%	3,278	41.01%	90	116
0.75 to <1.75	2,270	5,336	72.40%	6,134	1.14%	5,839,690	75.94%	2,209	36.01%	58	72
1.75 to <2.5	1,003	1,171	72.99%	1,859	2.09%	1,370,836	77.09%	1,069	57.50%	32	44
<b>2.50 to &lt;10.00</b>	2,837	1,596	74.95%	4,035	4.66%	2,305,574	78.21%	4,031	99.92%	160	215
2.5 to <5	1,779	1,256	73.28%	2,700	3.55%	1,626,427	77.91%	2,273	84.20%	81	110
5 to <10	1,058	340	81.09%	1,335	6.90%	679,147	78.82%	1,758	131.72%	79	105
<b>10.00 to &lt;100.00</b>	861	173	90.57%	1,033	27.86%	669,096	77.99%	2,203	213.29%	242	164
10 to <20	445	96	93.83%	537	13.61%	316,481	78.75%	1,035	192.90%	62	70
20 to <30	125	31	87.35%	155	24.43%	123,735	76.91%	376	241.77%	31	28
30.00 to <100.00	291	46	85.89%	341	51.85%	228,880	77.23%	792	232.28%	149	66
<b>100.00 (Default)</b>	238	—	—%	238	100.00%	269,339	72.18%	494	207.32%	133	117
<b>Subtotal</b>	10,684	42,634	66.08%	38,875	2.29%	32,068,148	66.80%	12,315	31.68%	671	746

**CR6: Credit risk exposures by portfolio and PD range** continued

31 Dec 2022											
PD range	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	790	14,854	63.57%	10,233	0.09%	8,974,468	57.92%	362	3.54%	6	57
0.00 to <0.10	443	9,708	64.94%	6,748	0.07%	5,859,976	57.08%	188	2.79%	3	39
0.10 to <0.15	347	5,146	60.99%	3,485	0.13%	3,114,492	59.54%	174	5.00%	3	18
0.15 to <0.25	529	6,631	60.80%	4,560	0.20%	4,033,769	61.07%	337	7.40%	6	22
0.25 to <0.50	1,073	9,165	59.79%	6,553	0.36%	5,667,096	63.68%	816	12.46%	17	34
0.50 to <0.75	836	4,129	63.34%	3,451	0.62%	3,380,310	70.20%	723	20.95%	16	24
0.75 to <2.50	3,106	6,275	66.79%	7,300	1.38%	6,498,899	76.18%	3,016	41.31%	83	119
0.75 to <1.75	2,140	5,156	67.01%	5,597	1.15%	5,290,918	75.96%	2,030	36.27%	53	73
1.75 to <2.5	966	1,119	65.78%	1,703	2.11%	1,207,981	76.90%	986	57.89%	30	46
2.50 to <10.00	2,619	1,402	70.92%	3,614	4.71%	2,104,767	78.41%	3,657	101.17%	145	220
2.5 to <5	1,601	1,083	69.64%	2,355	3.54%	1,455,785	78.13%	1,991	84.53%	71	109
5 to <10	1,018	319	75.25%	1,259	6.91%	648,982	78.95%	1,666	132.34%	74	111
10.00 to <100.00	824	179	82.31%	987	28.91%	660,841	77.94%	2,108	213.65%	240	173
10 to <20	413	86	92.56%	494	13.66%	302,723	79.03%	959	194.32%	58	72
20 to <30	117	34	78.49%	146	24.44%	118,224	76.87%	353	242.00%	30	28
30.00 to <100.00	294	59	69.61%	347	52.45%	239,894	76.82%	796	229.08%	152	73
100.00 (Default)	236	—	—%	236	100.00%	273,986	72.18%	475	201.74%	132	114
Subtotal	10,012	42,635	63.10%	36,934	2.32%	31,594,136	66.72%	11,495	31.12%	645	764

**Key movements**

- Balance sheet lending growth drives the increase in on balance sheet exposure.
- Increased utilisation, and model calibrations affecting CCFs, led to increased exposure at default.
- Risk-weighted assets increased by £0.8 billion, reflecting the combined impacts of balance sheet growth, model calibrations, and a small amount of credit migration.

**CR6: Credit risk exposures by portfolio and PD range** continued

		30 Jun 2023									
PD range	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	1,873	296	90.60%	505	0.54%	49,004	77.09%	250	49.46%	2	15
0.75 to <2.50	1,794	216	94.40%	482	1.14%	45,509	76.98%	363	75.29%	6	10
0.75 to <1.75	1,794	216	94.40%	482	1.14%	45,509	76.98%	363	75.29%	6	10
1.75 to <2.5	—	—	—%	—	—%	—	—%	—	—%	—	—
2.50 to <10.00	717	58	94.23%	197	4.24%	22,839	79.61%	204	103.55%	10	5
2.5 to <5	351	32	94.18%	95	2.62%	10,817	80.27%	94	99.11%	3	4
5 to <10	366	26	94.28%	102	5.75%	12,022	78.99%	110	107.67%	7	1
10.00 to <100.00	303	13	92.37%	85	29.05%	29,206	84.64%	126	148.73%	26	5
10 to <20	194	10	92.82%	55	12.90%	25,047	83.81%	82	148.80%	9	3
20 to <30	—	—	—%	—	—%	—	—%	—	—%	—	—
30.00 to <100.00	109	3	90.74%	30	58.75%	4,159	85.34%	44	146.75%	17	2
100.00 (Default)	714	3	91.95%	250	100.00%	135,636	9.31%	101	40.25%	23	19
<b>Subtotal</b>	<b>5,401</b>	<b>586</b>	<b>92.41%</b>	<b>1,519</b>	<b>19.17%</b>	<b>282,194</b>	<b>66.60%</b>	<b>1,044</b>	<b>68.73%</b>	<b>67</b>	<b>54</b>
		31 Dec 2022									
Retail Other SME	£m	£m	%	£m	%	No.	%	£m	%	£m	£m
0.50 to <0.75	2,211	323	90.85%	548	0.54%	58,080	77.10%	258	47.08%	2	17
0.75 to <2.50	2,137	236	94.37%	516	1.32%	51,704	76.44%	345	66.81%	5	7
0.75 to <1.75	1,535	180	94.31%	373	0.94%	36,651	76.22%	227	60.73%	3	6
1.75 to <2.5	602	56	94.55%	143	2.30%	15,053	77.00%	118	82.75%	2	1
2.50 to <10.00	804	64	94.42%	205	5.66%	25,305	78.92%	197	95.70%	9	8
2.5 to <5	393	36	94.66%	100	3.64%	12,160	79.95%	93	92.96%	3	4
5 to <10	411	28	94.10%	105	7.59%	13,145	77.95%	104	98.50%	6	4
10.00 to <100.00	343	16	92.39%	93	31.79%	33,157	84.29%	134	144.86%	27	5
10 to <20	145	10	93.55%	40	14.56%	25,249	83.65%	54	137.03%	6	2
20 to <30	74	3	91.90%	20	23.79%	3,070	83.79%	33	161.19%	4	1
30.00 to <100.00	124	3	89.45%	33	56.84%	4,838	84.61%	47	142.62%	17	2
100.00 (Default)	799	4	88.86%	241	100.00%	116,560	10.31%	104	43.03%	24	17
<b>Subtotal</b>	<b>6,294</b>	<b>642</b>	<b>92.52%</b>	<b>1,603</b>	<b>18.20%</b>	<b>284,806</b>	<b>67.50%</b>	<b>1,037</b>	<b>64.71%</b>	<b>68</b>	<b>54</b>

**Key movements**

- Gross Exposure (pre CCF and CRM) reflects the majority of the Group's lending under the UK Government's Bounce Back Loan Scheme. These balances have reduced in the period due to repayments.
- Exposure to borrowers under the UK Government's Bounce Back Loan Scheme is substituted to Standardised Central Governments under the Group's CRM approach resulting in a much smaller EAD value in this exposure class.

**CR6: Credit risk exposures by portfolio and PD range** continued

30 Jun 2023											
PD range	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 non-SME	£m	£m	%	£m	%	No.	%	£m	%	£m	£m
<b>0.00 to &lt;0.15</b>	<b>502</b>	<b>—</b>	<b>30.00%</b>	<b>503</b>	<b>0.08%</b>	<b>27,308</b>	<b>37.40%</b>	<b>48</b>	<b>9.53%</b>	<b>—</b>	<b>2</b>
0.00 to <0.10	495	—	30.00%	495	0.08%	24,935	36.84%	46	9.28%	—	2
0.10 to <0.15	7	—	30.00%	8	0.14%	2,373	72.62%	2	25.25%	—	—
<b>0.15 to &lt;0.25</b>	<b>72</b>	<b>2</b>	<b>30.00%</b>	<b>75</b>	<b>0.21%</b>	<b>17,068</b>	<b>75.12%</b>	<b>26</b>	<b>35.15%</b>	<b>—</b>	<b>1</b>
<b>0.25 to &lt;0.50</b>	<b>4,735</b>	<b>7</b>	<b>30.00%</b>	<b>4,746</b>	<b>0.37%</b>	<b>402,796</b>	<b>38.87%</b>	<b>1,317</b>	<b>27.75%</b>	<b>9</b>	<b>43</b>
<b>0.50 to &lt;0.75</b>	<b>3,338</b>	<b>6</b>	<b>30.00%</b>	<b>3,348</b>	<b>0.72%</b>	<b>248,903</b>	<b>44.08%</b>	<b>1,484</b>	<b>44.34%</b>	<b>13</b>	<b>45</b>
<b>0.75 to &lt;2.50</b>	<b>6,422</b>	<b>25</b>	<b>30.00%</b>	<b>6,461</b>	<b>1.56%</b>	<b>620,772</b>	<b>64.53%</b>	<b>5,528</b>	<b>85.56%</b>	<b>71</b>	<b>159</b>
0.75 to <1.75	5,058	17	30.00%	5,084	1.42%	471,121	59.90%	3,907	76.85%	46	110
1.75 to <2.5	1,364	8	30.00%	1,377	2.10%	149,651	81.65%	1,621	117.74%	25	49
<b>2.50 to &lt;10.00</b>	<b>4,153</b>	<b>19</b>	<b>30.00%</b>	<b>4,183</b>	<b>4.54%</b>	<b>435,022</b>	<b>69.71%</b>	<b>4,753</b>	<b>113.62%</b>	<b>141</b>	<b>145</b>
2.5 to <5	2,792	12	30.00%	2,811	3.43%	288,276	71.05%	3,166	112.61%	74	95
5 to <10	1,361	7	30.00%	1,372	6.83%	146,746	66.95%	1,587	115.71%	67	50
<b>10.00 to &lt;100.00</b>	<b>787</b>	<b>5</b>	<b>30.00%</b>	<b>796</b>	<b>27.18%</b>	<b>97,029</b>	<b>61.20%</b>	<b>1,151</b>	<b>144.74%</b>	<b>138</b>	<b>55</b>
10 to <20	336	3	30.00%	341	12.58%	47,933	72.97%	512	150.14%	34	17
20 to <30	168	1	30.00%	169	21.70%	17,543	48.40%	219	129.81%	19	11
30.00 to <100.00	283	1	30.00%	286	47.84%	31,553	54.71%	420	147.13%	85	27
<b>100.00 (Default)</b>	<b>266</b>	<b>—</b>	<b>—%</b>	<b>266</b>	<b>100.00%</b>	<b>58,385</b>	<b>58.73%</b>	<b>511</b>	<b>192.15%</b>	<b>119</b>	<b>125</b>
<b>Subtotal</b>	<b>20,276</b>	<b>65</b>	<b>30.00%</b>	<b>20,376</b>	<b>4.00%</b>	<b>1,907,283</b>	<b>55.42%</b>	<b>14,819</b>	<b>72.73%</b>	<b>491</b>	<b>575</b>

**CR6: Credit risk exposures by portfolio and PD range** continued

PD range	31 Dec 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 non-SME	£m	£m	%	£m	%	No.	%	£m	%	£m	£m
0.00 to <0.15	436	—	30.00%	436	0.08%	23,940	37.92%	42	9.67%	0	2
0.00 to <0.10	430	—	30.00%	430	0.08%	22,207	37.44%	41	9.45%	0	2
0.10 to <0.15	6	—	30.00%	6	0.14%	1,733	72.95%	1	23.68%	0	—
0.15 to <0.25	63	1	30.00%	65	0.22%	15,023	75.12%	23	35.44%	0	1
0.25 to <0.50	4,846	5	30.00%	4,855	0.37%	413,037	37.93%	1,322	27.22%	9	39
0.50 to <0.75	3,195	5	30.00%	3,204	0.72%	240,175	43.24%	1,401	43.72%	12	37
0.75 to <2.50	6,251	19	30.00%	6,289	1.57%	618,693	64.32%	5,387	85.65%	70	148
0.75 to <1.75	4,865	13	30.00%	4,890	1.42%	463,132	59.34%	3,736	76.39%	44	100
1.75 to <2.5	1,386	6	30.00%	1,399	2.11%	155,561	81.71%	1,651	118.04%	26	48
2.50 to <10.00	4,185	15	30.00%	4,215	4.59%	444,477	69.60%	4,793	113.73%	144	144
2.5 to <5	2,764	9	30.00%	2,782	3.42%	288,284	70.65%	3,119	112.13%	73	91
5 to <10	1,421	6	30.00%	1,433	6.84%	156,193	67.54%	1,674	116.81%	71	53
10.00 to <100.00	767	4	30.00%	774	27.24%	96,782	61.17%	1,117	144.18%	134	59
10 to <20	334	2	30.00%	338	12.66%	48,074	72.55%	507	149.97%	34	17
20 to <30	156	1	30.00%	157	21.84%	17,335	49.86%	211	133.81%	19	12
30.00 to <100.00	277	1	30.00%	279	47.93%	31,373	53.77%	399	143.00%	81	30
100.00 (Default)	300	—	—%	300	100.00%	60,224	55.55%	549	183.09%	126	153
Subtotal	20,043	49	30.00%	20,139	4.19%	1,912,351	54.92%	14,633	72.66%	495	583

**Key movements**

- Increase in gross exposure, exposure at default and risk-weighted assets increase mainly due to net lending growth.
- Average PD decreased from 4.19 per cent to 4.00 per cent due to reduction in defaulted exposure and model calibrations.

## Credit risk continued

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

30 Jun 2023

														Credit risk Mitigation methods in the calculation of RWAs
Credit risk Mitigation techniques														
Funded credit Protection (FCP)												Unfunded credit Protection (UFCP) <sup>2</sup>		

**CR7-A IRB – Disclosure of the extent of the use of CRM techniques** continued

31 Dec 2022

														Credit risk Mitigation methods in the calculation of RWAs
Credit risk Mitigation techniques														
Funded credit Protection (FCP)												Unfunded credit Protection (UFCP)		

1. For AIRB the value of eligible collateral has been capped at individual exposure amount. The percentage immovable property collateral for Retail immovable property non-SMEs without capping collateral is 231 per cent. 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.



## Credit risk continued

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

		30 Jun 2023					
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
1) Strong	Less than 2.5 years	361	361	50%	646	323	—
	Equal to or more than 2.5 years	1,744	976	70%	2,478	1,734	10
2) Good	Less than 2.5 years	38	30	70%	63	44	0
	Equal to or more than 2.5 years	255	238	90%	487	438	4
3) Satisfactory	Less than 2.5 years	121	16	115%	132	152	4
	Equal to or more than 2.5 years	115	25	115%	134	154	4
4) Weak	Less than 2.5 years	—	—	250%	—	—	0
	Equal to or more than 2.5 years	21	10	250%	28	71	2
5) Default	Less than 2.5 years	58	—		58	—	29
	Equal to or more than 2.5 years	20	1		21	—	10
<b>Less than 2.5 years</b>		<b>578</b>	<b>407</b>		<b>899</b>	<b>519</b>	<b>33</b>
<b>Total</b>	<b>Equal to or more than 2.5 years</b>	<b>2,155</b>	<b>1,250</b>		<b>3,148</b>	<b>2,397</b>	<b>30</b>

  

		31 Dec 2022					
Regulatory categories	Remaining maturity	£m	£m		£m	£m	£m
1) Strong	Less than 2.5 years	467	386	50%	771	386	—
	Equal to or more than 2.5 years	1,618	803	70%	2,222	1,556	9
2) Good	Less than 2.5 years	—	9	70%	7	5	0
	Equal to or more than 2.5 years	388	193	90%	588	529	5
3) Satisfactory	Less than 2.5 years	124	15	115%	136	156	4
	Equal to or more than 2.5 years	120	13	115%	130	150	4
4) Weak	Less than 2.5 years	—	—	250%	—	—	0
	Equal to or more than 2.5 years	—	1	250%	1	3	0
5) Default	Less than 2.5 years	31	—		31	—	16
	Equal to or more than 2.5 years	20	1		21	—	11
<b>Less than 2.5 years</b>		<b>623</b>	<b>411</b>		<b>946</b>	<b>547</b>	<b>19</b>
<b>Total</b>	<b>Equal to or more than 2.5 years</b>	<b>2,145</b>	<b>1,012</b>		<b>2,963</b>	<b>2,237</b>	<b>28</b>

## Credit risk continued

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

		30 Jun 2023					
Regulatory categories	Remaining maturity	On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
		£m	£m		£m	£m	£m
1) Strong	Less than 2.5 years	1,776	326	50%	1,910	952	—
	Equal to or more than 2.5 years	1,302	298	70%	1,447	1,010	6
2) Good	Less than 2.5 years	2,118	212	70%	2,258	1,581	9
	Equal to or more than 2.5 years	2,015	348	90%	2,272	2,045	18
3) Satisfactory	Less than 2.5 years	225	3	115%	227	261	6
	Equal to or more than 2.5 years	179	1	115%	180	207	5
4) Weak	Less than 2.5 years	141	2	250%	143	357	12
	Equal to or more than 2.5 years	16	—	250%	16	40	1
5) Default	Less than 2.5 years	220	2		221	—	111
	Equal to or more than 2.5 years	11	—		11	—	6
Less than 2.5 years		4,480	545		4,759	3,151	138
Total	Equal to or more than 2.5 years	3,523	647		3,926	3,302	36

		31 Dec 2022					
Regulatory categories	Remaining maturity	£m	£m		£m	£m	£m
1) Strong	Less than 2.5 years	2,199	358	50%	2,393	1,192	—
	Equal to or more than 2.5 years	892	259	70%	1,077	752	4
2) Good	Less than 2.5 years	2,059	211	70%	2,206	1,544	9
	Equal to or more than 2.5 years	1,757	57	90%	1,799	1,619	14
3) Satisfactory	Less than 2.5 years	229	3	115%	231	266	6
	Equal to or more than 2.5 years	206	1	115%	207	239	6
4) Weak	Less than 2.5 years	114	6	250%	119	296	9
	Equal to or more than 2.5 years	15	—	250%	15	37	1
5) Default	Less than 2.5 years	187	2		187	—	94
	Equal to or more than 2.5 years	21	—		21	—	11
Less than 2.5 years		4,789	580		5,135	3,298	118
Total	Equal to or more than 2.5 years	2,892	317		3,119	2,646	36

**Credit risk** continued**CR10.3: IRB – Specialised lending – Object finance (Slotting approach)**

		30 Jun 2023					
		On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
Regulatory categories	Remaining maturity	£m	£m		£m	£m	£m
2) Good	Less than 2.5 years	—	—	70%	—	—	—
	Equal to or more than 2.5 years	79	—	90%	79	72	1
Total	Less than 2.5 years	—	—		—	—	—
	Equal to or more than 2.5 years	79	—		79	72	1

		31 Dec 2022					
Regulatory categories	Remaining maturity	£m	£m		£m	£m	£m
2) Good	Less than 2.5 years	—	—	70%	—	—	—
	Equal to or more than 2.5 years	88	—	90%	88	79	1
Total	Less than 2.5 years	—	—		—	—	—
	Equal to or more than 2.5 years	88	—		88	79	1

## Counterparty credit risk

### CCRI: Analysis of CCR exposure by approach

		30 Jun 2023						
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure	Exposure value pre-CRM	Exposure value post-CRM	Exposure value
		£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)	122	622	—	1.4	4,340	1,042	1,014
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)					98,294	21,454	21,454
5	VaR for SFTs					—	—	—
6	<b>Total</b>					<b>102,634</b>	<b>22,496</b>	<b>22,468</b>

  

		31 Dec 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
		£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)	259	738	—	1.4	5,033	1,396	1,353
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)					110,414	17,664	17,664
5	VaR for SFTs					—	—	—
6	<b>Total</b>					<b>115,447</b>	<b>19,060</b>	<b>19,016</b>

## Counterparty credit risk continued

## CCR2: Credit valuation adjustment (CVA) capital charge

		30 Jun 2023		31 Dec 2022	
		Exposure value	RWA	Exposure value	RWA
		£m	£m	£m	£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	739	244	867	342
UK4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	—	—	—	—
5	<b>Total transactions subject to own funds requirements for CVA risk</b>	<b>739</b>	<b>244</b>	<b>867</b>	<b>342</b>

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

		30 Jun 2023										
		Risk weight										
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others
Exposure classes		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Central governments or central banks	19,332	—	—	—	23	—	—	—	—	—	—
4	Multilateral development banks	143	—	—	—	—	—	—	—	—	—	—
5	International organisations	2	—	—	—	—	—	—	—	—	—	—
6	Institutions	—	569	68	—	—	128	—	—	—	—	—
7	Corporates	—	—	—	—	—	28	—	—	—	—	—
11	<b>Total exposure value</b>	<b>19,477</b>	<b>569</b>	<b>68</b>	<b>—</b>	<b>23</b>	<b>156</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

  

		31 Dec 2022										
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Central governments or central banks	15,620	—	—	—	—	—	—	—	—	—	—
4	Multilateral development banks	130	—	—	—	—	—	—	—	—	—	—
5	International organisations	—	—	—	—	—	—	—	—	—	—	—
6	Institutions	—	456	83	—	—	99	—	—	—	—	—
7	Corporates	—	—	—	—	—	28	—	—	—	—	—
11	<b>Total exposure value</b>	<b>15,750</b>	<b>456</b>	<b>83</b>	<b>—</b>	<b>—</b>	<b>127</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

## Key movements

– Increase in exposure mainly driven by an updated volatility adjustment calculation for Securities Financing Transactions (SFTs).

## Counterparty credit risk continued

## CCR4: IRB – CCR exposure by portfolio and PD scale

30 Jun 2023								
PD scale		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		£m	%	No.	%	No.	£m	%
1	0.00 to <0.15	674	0.07%	132	45.0%	0.4	71	10.6%
2	0.15 to <0.25	2	0.18%	50	45.0%	0.4	1	28.4%
3	0.25 to <0.50	85	0.29%	208	45.0%	0.2	32	38.3%
4	0.50 to <0.75	9	0.62%	108	45.0%	1.2	5	54.6%
5	0.75 to <2.50	16	1.22%	167	45.0%	1.0	12	71.4%
6	2.50 to <10.00	3	4.79%	69	45.0%	1.1	3	99.8%
7	10.00 to <100.00	—	29.42%	8	45.0%	1.0	1	234.5%
8	100.00 (Default)	—	100.00%	7	45.0%	1.0	—	—%
Sub-total		789	0.17%	749	45.0%	0.4	125	15.9%

  

31 Dec 2022								
PD scale		£m	%	No.	%	No.	£m	%
1	0.00 to <0.15	777	0.06%	187	45.0%	0.8	102	13.1%
2	0.15 to <0.25	32	0.18%	29	45.0%	0.0	9	27.4%
3	0.25 to <0.50	96	0.29%	260	45.0%	0.2	36	38.0%
4	0.50 to <0.75	5	0.61%	104	45.0%	1.3	3	46.8%
5	0.75 to <2.50	16	1.25%	163	45.0%	1.6	13	82.4%
6	2.50 to <10.00	12	3.67%	70	45.0%	1.1	13	104.6%
7	10.00 to <100.00	1	28.58%	12	45.0%	1.0	1	226.8%
8	100.00 (Default)	—	100.00%	4	46.4%	1.0	—	—%
Sub-total		938	0.18%	827	45.0%	0.8	177	18.8%

**Counterparty credit risk – CCR4** continued

30 Jun 2023							
PD scale	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	308	0.04%	1	45.0%	0.0	15	4.9%
Sub-total	308	0.04%	1	45.0%	0.0	15	4.9%
31 Dec 2022							
PD scale	£m	%	No.	%	No.	£m	%
1 0.00 to <0.15	432	0.06%	3	45.0%	0.0	32	7.5%
Sub-total	432	0.06%	3	45.0%	0.0	32	7.5%

**Key movements**

– Reduction in Exposure driven by decrease in SFTs.

30 Jun 2023								
PD scale	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	1,548	0.04%	82	45.0%	0.9	212	13.7%
2	0.15 to <0.25	28	0.18%	3	45.0%	0.7	10	36.5%
3	0.25 to <0.50	14	0.28%	4	45.0%	0.1	5	38.9%
4	0.50 to <0.75	—	—	—	—	0.0	—	—
5	0.75 to <2.50	—	—	—	—	0.0	—	—
Sub-total		1,590	0.05%	89	45.0%	0.9	227	14.3%
31 Dec 2022								
PD scale	£m	%	No.	%	No.	£m	%	
1	0.00 to <0.15	1,505	0.04%	83	45.0%	1.7	285	19.0%
2	0.15 to <0.25	19	0.18%	3	45.0%	0.7	7	36.2%
3	0.25 to <0.50	—	0.34%	2	45.0%	1.0	—	58.0%
4	0.50 to <0.75	—	0.63%	1	45.0%	1.0	—	81.1%
Sub-total		1,524	0.04%	91	45.0%	1.7	293	19.2%

**Key movements**

– Risk-weighted asset reduction driven by refinement of effective maturity calculation.

## Counterparty credit risk (continued)

## CCR Corporate exposures subject to supervisory slotting

		30 Jun 2023					
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight %	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
	Less than 2.5 years	—	—	50 %	—	—	—
1) Strong	Equal to or more than 2.5 years	125	—	70 %	106	74	1
	Less than 2.5 years	—	—	70 %	—	—	—
2) Good	Equal to or more than 2.5 years	15	—	90 %	13	12	—
	Less than 2.5 years	—	—	115 %	—	—	—
3) Satisfactory	Equal to or more than 2.5 years	8	—	115 %	6	7	—
	Less than 2.5 years	—	—		—	—	—
5) Default	Equal to or more than 2.5 years	1	—		—	—	—
	Less than 2.5 years	—	—		—	—	—
<b>Total</b>	<b>Equal to or more than 2.5 years</b>	<b>149</b>	<b>—</b>		<b>125</b>	<b>93</b>	<b>1</b>
		31 Dec 2022					
Regulatory categories	Remaining maturity	£m	£m	%	£m	£m	£m
	Less than 2.5 years	4	—	50%	4	2	—
1) Strong	Equal to or more than 2.5 years	239	—	70%	211	148	1
	Less than 2.5 years	—	—	70%	—	—	—
2) Good	Equal to or more than 2.5 years	23	—	90%	19	17	—
	Less than 2.5 years	—	—	115%	—	—	—
3) Satisfactory	Equal to or more than 2.5 years	12	—	115%	10	11	—
	Less than 2.5 years	—	—		—	—	—
5) Default	Equal to or more than 2.5 years	1	—		1	—	—
	Less than 2.5 years	4	—		4	2	—
<b>Total</b>	<b>Equal to or more than 2.5 years</b>	<b>275</b>	<b>—</b>		<b>241</b>	<b>176</b>	<b>1</b>



## Counterparty credit risk continued

## CCR5: Composition of collateral for exposures to CCR

		30 Jun 2023					
		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		
Collateral type		£m	£m	£m	£m	£m	£m
1	Cash	60	1,243	60	4,709	51,248	34,649
2	Debt	263	1,296	1,183	1,163	41,492	21,812
3	Equity	—	—	—	—	—	—
4	Other	139	—	845	—	465	56,041
5	<b>Total</b>	<b>462</b>	<b>2,539</b>	<b>2,088</b>	<b>5,872</b>	<b>93,205</b>	<b>112,502</b>

  

		31 Dec 2022					
		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		
Collateral type		£m	£m	£m	£m	£m	£m
1	Cash	60	1,783	60	5,195	60,282	46,988
2	Debt	455	1,347	1,865	1,351	54,731	31,940
3	Equity	—	—	—	—	—	—
4	Other	—	—	—	—	460	51,786
5	<b>Total</b>	<b>515</b>	<b>3,130</b>	<b>1,925</b>	<b>6,547</b>	<b>115,473</b>	<b>130,714</b>

## Counterparty credit risk continued

## CCR6: Credit derivatives exposures

Notionals	30 Jun 2023		31 Dec 2022	
	Protection bought	Protection sold	Protection bought	Protection sold
	£m	£m	£m	£m
1 Single-name credit default swaps	610	24	688	111
2 Index credit default swaps	170	—	187	—
3 Total return swaps	2,485	—	3,979	—
4 Credit options	—	—	—	—
5 Other credit derivatives	—	—	—	—
<b>6 Total notionals</b>	<b>3,265</b>	<b>24</b>	<b>4,854</b>	<b>111</b>
<b>Fair values</b>				
7 Positive fair value (asset)	1,096	—	1,364	—
8 Negative fair value (liability)	(7)	—	(24)	(3)

## CCR8: Exposures to CCPs

	30 Jun 2023		31 Dec 2022	
	Exposure value	RWA	Exposure value	RWA
	£m	£m	£m	£m
<b>1 Exposures to QCCPs (total)</b>		<b>94</b>		<b>30</b>
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	515	11	447	10
3 (i) OTC derivatives	441	9	367	7
4 (ii) Exchange-traded derivatives	48	2	59	2
5 (iii) SFTs	26	—	21	—
8 Non-segregated initial margin	123	3	92	2
9 Prefunded default fund contributions	142	80	78	18
<b>11 Exposures to non-QCCPs (total)</b>		<b>—</b>		<b>—</b>

## Securitisation

### SEC1: Securitisation exposures in the non-trading book

		30 Jun 2023															
		Institution acts as originator							Institution acts as sponsor				Institution acts as investor				
		Traditional			Synthetic				Traditional				Traditional				
		STS		Non-STs													
		of which SRT		of which SRT		of which SRT		Sub-total	STS	Non-STs	Synthetic	Sub-total	STS	Non-STs	Synthetic	Sub-total	
£m		£m		£m		£m		£m	£m	£m	£m	£m	£m	£m	£m		
1	Total exposures	—	—	1,957	—	12,091	12,091	14,048	1,026	3,745	—	4,771	5,135	9,868	—	15,004	
2	Retail (total)	—	—	1,957	—	—	—	1,957	825	2,971	—	3,796	4,960	7,736	—	12,697	
3	Residential mortgage	—	—	1,957	—	—	—	1,957	—	339	—	339	941	4,281	—	5,221	
5	Other retail exposures	—	—	—	—	—	—	—	825	2,632	—	3,457	4,020	3,456	—	7,476	
7	Wholesale (total)	—	—	—	—	12,091	12,091	12,091	201	774	—	975	175	2,132	—	2,307	
8	Loans to corporates	—	—	—	—	6,924	6,924	6,924	—	—	—	—	—	218	—	218	
9	Commercial mortgage	—	—	—	—	1,830	1,830	1,830	—	—	—	—	—	439	—	439	
10	Lease and receivables	—	—	—	—	—	—	—	201	670	—	871	—	1,067	—	1,067	
11	Other wholesale	—	—	—	—	3,338	3,338	3,338	—	103	—	103	175	408	—	583	
31 Dec 2022																	
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
1	Total exposures	—	—	—	—	11,617	11,617	11,617	1,093	3,896	—	4,989	3,778	9,295	—	13,073	
2	Retail (total)	—	—	—	—	—	—	—	885	3,102	—	3,987	3,629	7,057	—	10,686	
3	Residential mortgage	—	—	—	—	—	—	—	—	339	—	339	791	4,270	—	5,061	
5	Other retail exposures	—	—	—	—	—	—	—	885	2,763	—	3,648	2,838	2,787	—	5,625	
7	Wholesale (total)	—	—	—	—	11,617	11,617	11,617	208	794	—	1,002	149	2,238	—	2,387	
8	Loans to corporates	—	—	—	—	6,795	6,795	6,795	—	—	—	—	—	209	—	209	
9	Commercial mortgage	—	—	—	—	1,929	1,929	1,929	—	—	—	—	—	486	—	486	
10	Lease and receivables	—	—	—	—	—	—	—	208	687	—	895	—	1,143	—	1,143	
11	Other wholesale	—	—	—	—	2,893	2,893	2,893	—	107	—	107	149	400	—	549	

#### Key movements

Originator (Traditional) - Increase of £2.0 billion is driven by issuance of a new securitisation in the period in relation to a legacy Retail Mortgage portfolio.

Originator (Synthetic) - Increase of £0.5 billion is driven by issue of new SRTs in the period partially offset by SRT deals in run off.

Sponsor - Decrease of £0.2 billion is primarily due to a net decrease in liquidity facilities provided to the Cancara conduit and FX movements.

Investor - Increase of £2.0 billion is primarily due to net new positions and net limit increases in Other retail exposures.

## Securitisation continued

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

30 Jun 2023																		
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWA (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	10,648	6,678	1,427	66	—	12,218	4,907	1,693	—	3,123	1,117	631	—	250	89	51	—
2	Traditional transactions	3,921	2,704	104	—	—	1,957	4,770	—	—	580	916	—	—	46	73	—	—
3	Securitisation	3,921	2,704	104	—	—	1,957	4,770	—	—	580	916	—	—	46	73	—	—
4	Retail underlying	3,457	2,296	—	—	—	1,957	3,795	—	—	580	646	—	—	46	52	—	—
5	Of which STS	825	—	—	—	—	—	825	—	—	—	82	—	—	—	7	—	—
6	Wholesale	464	408	104	—	—	—	975	—	—	—	270	—	—	—	21	—	—
7	Of which STS	201	—	—	—	—	—	201	—	—	—	20	—	—	—	2	—	—
9	Synthetic transactions	6,727	3,974	1,323	66	—	10,261	137	1,693	—	2,543	201	631	—	204	16	51	—
10	Securitisation	6,727	3,974	1,323	66	—	10,261	137	1,693	—	2,543	201	631	—	204	16	51	—
12	Wholesale	6,727	3,974	1,323	66	—	10,261	137	1,693	—	2,543	201	631	—	204	16	51	—
31 Dec 2022																		
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Total exposures	10,089	4,655	1,798	64	—	9,688	5,126	1,792	—	2,176	1,145	655	—	174	92	52	—
2	Traditional transactions	4,127	594	268	—	—	—	4,989	—	—	—	941	—	—	—	76	—	—
3	Securitisation	4,127	594	268	—	—	—	4,989	—	—	—	941	—	—	—	76	—	—
4	Retail underlying	3,648	339	—	—	—	—	3,987	—	—	—	671	—	—	—	54	—	—
5	Of which STS	885	—	—	—	—	—	885	—	—	—	88	—	—	—	7	—	—
6	Wholesale	479	255	268	—	—	—	1,002	—	—	—	270	—	—	—	22	—	—
7	Of which STS	208	—	—	—	—	—	208	—	—	—	21	—	—	—	2	—	—
9	Synthetic transactions	5,962	4,061	1,530	64	—	9,688	137	1,792	—	2,176	204	655	—	174	16	52	—
10	Securitisation	5,962	4,061	1,530	64	—	9,688	137	1,792	—	2,176	204	655	—	174	16	52	—
12	Wholesale	5,962	4,061	1,530	64	—	9,688	137	1,792	—	2,176	204	655	—	174	16	52	—

**Key movements**

Traditional transactions – Increase of £0.6 billion RWA and £2.0 billion Exposure under Sec-IRBA driven by issuance of a new securitisation in the period

Synthetic transactions – Increase of £0.4 billion RWA and £0.6 billion Exposure under Sec-IRBA driven by issue of new SRTs during the period.

## Securitisation continued

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

		30 Jun 2023																
		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
1	Total exposures	14,039	846	76	42	—	—	2,287	12,716	—	—	417	1,835	—	—	33	147	—
2	Traditional transactions	14,039	846	76	42	—	—	2,287	12,716	—	—	417	1,835	—	—	33	147	—
3	Securitisation	14,039	846	76	42	—	—	2,287	12,716	—	—	417	1,835	—	—	33	147	—
4	Retail underlying	11,992	705	—	—	—	—	2,169	10,528	—	—	304	1,497	—	—	24	120	—
5	Of which STS	4,960	—	—	—	—	—	1,202	3,759	—	—	141	388	—	—	11	31	—
6	Wholesale	2,047	141	76	42	—	—	118	2,188	—	—	113	338	—	—	9	27	—
7	Of which STS	175	—	—	—	—	—	—	175	—	—	—	17	—	—	—	1	—
9	Synthetic transactions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
		31 Dec 2022																
1	Total exposures	12,624	330	52	66	—	—	1,970	11,103	—	—	356	1,567	—	—	29	125	—
2	Traditional transactions	12,624	330	52	66	—	—	1,970	11,103	—	—	356	1,567	—	—	29	125	—
3	Securitisation	12,624	330	52	66	—	—	1,970	11,103	—	—	356	1,567	—	—	29	125	—
4	Retail underlying	10,356	330	—	—	—	—	1,852	8,834	—	—	242	1,223	—	—	19	98	—
5	Of which STS	3,629	—	—	—	—	—	1,022	2,607	—	—	102	271	—	—	8	22	—
6	Wholesale	2,269	—	52	66	—	—	118	2,269	—	—	114	344	—	—	9	28	—
7	Of which STS	149	—	—	—	—	—	—	149	—	—	—	15	—	—	—	1	—
9	Synthetic transactions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

## Key movements

– Increase driven by new positions and net limit increases in Retail exposures.

## Securitisation continued

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

30 Jun 2023				31 Dec 2022			
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
<b>1 Total exposures</b>	<b>16,219</b>	<b>60</b>	<b>—</b>		13,114	31	—
<b>2 Retail (total)</b>	<b>2,542</b>	<b>22</b>	<b>—</b>		—	—	—
3 residential mortgage	2,542	22	—		—	—	—
4 credit card	—	—	—		—	—	—
5 other retail exposures	—	—	—		—	—	—
6 re-securitisation	—	—	—		—	—	—
<b>7 Wholesale (total)</b>	<b>13,677</b>	<b>38</b>	<b>—</b>		13,114	31	—
8 Loans to corporates	8,092	21	(1)		7,915	13	—
9 Commercial mortgage	2,101	17	—		2,201	18	—
10 lease and receivables	—	—	—		—	—	—
11 Other wholesale	3,484	—	1		2,998	—	—
12 re-securitisation	—	—	—		—	—	—

# Liquidity

## 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 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022
Number of data points used in the calculation of averages		12	12	12	12	12	12	12	12
<b>High-quality liquid assets (£m)</b>									
1	Total high-quality liquid assets (HQLA)					<b>112,833</b>	116,046	120,822	123,913
<b>Cash - outflows (£m)</b>									
2	Retail deposits and deposits from small business customers, of which:	<b>340,237</b>	341,537	342,109	341,120	<b>22,748</b>	22,907	22,954	22,893
3	Stable deposits	<b>261,873</b>	262,426	262,815	262,305	<b>13,094</b>	13,121	13,141	13,115
4	Less stable deposits	<b>78,364</b>	79,111	79,294	78,815	<b>9,654</b>	9,786	9,813	9,778
5	Unsecured wholesale funding	<b>95,530</b>	98,178	100,947	101,601	<b>47,035</b>	47,830	49,137	49,322
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	<b>30,160</b>	34,626	36,854	37,013	<b>7,540</b>	8,656	9,213	9,253
7	Non-operational deposits (all counterparties)	<b>61,616</b>	59,266	59,331	60,183	<b>35,741</b>	34,888	35,162	35,664
8	Unsecured debt	<b>3,754</b>	4,286	4,762	4,405	<b>3,754</b>	4,286	4,762	4,405
9	Secured wholesale funding					<b>49</b>	41	19	10
10	Additional requirements	<b>47,463</b>	47,428	47,686	48,232	<b>15,095</b>	15,252	15,833	16,599
11	Outflows related to derivative exposures and other collateral requirements	<b>7,842</b>	7,803	8,725	9,613	<b>7,841</b>	7,804	8,725	9,613
12	Outflows related to loss of funding on debt products	<b>1,071</b>	1,295	1,076	1,049	<b>1,071</b>	1,295	1,076	1,049
13	Credit and liquidity facilities	<b>38,550</b>	38,330	37,885	37,570	<b>6,183</b>	6,153	6,032	5,937
14	Other contractual funding obligations	<b>456</b>	407	409	407	<b>109</b>	71	75	76
15	Other contingent funding obligations	<b>88,817</b>	89,314	89,854	89,202	<b>4,404</b>	4,636	4,914	4,937
16	Total cash outflows					<b>89,440</b>	90,737	92,932	93,837
<b>Cash - inflows (£m)</b>									
17	Secured lending (e.g. reverse repos)	<b>15,673</b>	15,373	15,101	13,650	<b>299</b>	259	239	225
18	Inflows from fully performing exposures	<b>5,274</b>	4,906	4,690	4,432	<b>3,446</b>	3,160	2,986	2,822
19	Other cash inflows	<b>1,176</b>	1,273	1,270	1,207	<b>865</b>	869	842	785
20	Total cash inflows	<b>22,123</b>	21,552	21,061	19,289	<b>4,610</b>	4,288	4,067	3,832
UK-20c	Inflows subject to 75% cap	<b>21,833</b>	21,431	20,996	18,982	<b>4,610</b>	4,288	4,067	3,832
<b>Total adjusted value</b>									
UK-21	Liquidity buffer (£m)					<b>112,833</b>	116,046	120,822	123,913
22	Total net cash outflows (£m)					<b>84,830</b>	86,449	88,865	90,005
23	Liquidity coverage ratio (%)					<b>133%</b>	134%	136%	138%

**Liquidity continued****LIQB: Qualitative information on LCR**

The Group's LCR disclosure (calculated as the simple average of month end observations over the 12 months preceding the end of each quarter) was 133 per cent as of 30 June 2023. The 1 per cent decrease from 134 per cent in the prior quarter is due to a decrease in liquid assets, primarily from a decrease in customer deposits. Net cash outflows also decreased, primarily from a decrease in customer deposit outflows.

The Group's 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's liquidity buffer consists almost entirely of Level 1 assets. Level 1 assets are primarily held as central bank reserves and UK government bonds.

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

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



## Liquidity continued

## LIQ2: Net Stable Funding Ratio

		Unweighted value by residual maturity				Weighted value £m
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
		£m	£m	£m	£m	
Available stable funding (ASF) Items						
1	Capital items and instruments:	33,084	135	67	10,756	43,840
2	Own funds	33,084	—	—	10,131	43,215
3	Other capital instruments		135	67	625	625
4	Retail deposits:		341,045	4	—	320,074
5	Stable deposits		262,600	—	—	249,470
6	Less stable deposits		78,445	4	—	70,604
7	Wholesale funding:		143,603	6,543	66,160	110,841
8	Operational deposits		27,389	—	—	13,695
9	Other wholesale funding		116,214	6,543	66,160	97,146
10	Interdependent liabilities		—	—	—	—
11	Other liabilities:	—	1,933		8,997	8,997
12	NSFR derivative liabilities	—				
13	All other liabilities and capital instruments not included in the above categories		1,933		8,997	8,997
14	Total available stable funding (ASF)					483,752
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					5,037
UK-15a	Assets encumbered for more than 12m in cover pool		457	395	14,193	12,787
16	Deposits held at other financial institutions for operational purposes		—	—	—	—
17	Performing loans and securities:		51,400	23,107	402,941	330,175
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		27,684	7,066	3,321	6,854
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		3,768	1,873	4,667	5,859
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		11,256	7,742	92,170	89,368
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		—	—	—	—
22	Performing residential mortgages, of which:		6,467	5,305	290,137	215,986
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		6,024	4,891	266,287	195,080
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		2,225	1,121	12,646	12,108
25	Interdependent assets		—	—	—	—
26	Other assets:	6,041	1,358	190	30,833	35,640
27	Physical traded commodities				—	—
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs			2,124		1,806
29	NSFR derivative assets			1,824		1,824
30	NSFR derivative liabilities before deduction of variation margin posted			2,093		105
31	All other assets not included in the above categories		1,358	190	30,833	31,906
32	Off-balance sheet items		128,968	—	—	5,301
33	Total RSF					388,940
34	Net Stable Funding Ratio (%)					124%

## Interest rate risk in the banking book (IRRBB)

### 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's balance sheet following instantaneous parallel and non-parallel shifts in the yield curve (including 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's 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's 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's 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.

		<b>ΔEVE</b>		<b>ΔNII</b>		<b>Tier 1 capital</b>	
		<b>30 Jun 2023</b>	<b>31 Dec 2022</b>	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>
		<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
010	Parallel shock up	<b>(1,529)</b>	(2,622)	<b>1,150</b>	1,348		
020	Parallel shock down	<b>283</b>	918	<b>(1,684)</b>	(2,625)		
030	Steeper shock	<b>367</b>	259				
040	Flattener shock	<b>(875)</b>	(845)				
050	Short rates shock up	<b>(1,227)</b>	(1,590)				
060	Short rates shock down	<b>608</b>	791				
070	Maximum	<b>(1,529)</b>	(2,622)	<b>(1,684)</b>	(2,625)		
080	Tier 1 capital					<b>31,372</b>	30,194

#### Key movements

– Reduction in margin compression due to the higher rate environment drives the movement NII sensitivity.

## 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; political instability including as a result of any UK general election and any further possible referendum on Scottish independence; acts of hostility or terrorism and responses to those acts, or other such events; geopolitical unpredictability; the war between Russia and Ukraine; the tensions between China and Taiwan; market related risks, trends and developments; exposure to counterparty risk; instability in the global financial markets, including within the Eurozone, and as a result of the exit by the UK from the European Union (EU) and the effects of the EU-UK Trade and Cooperation Agreement; the ability to access sufficient sources of capital, liquidity and funding when required; changes to the Lloyds Bank Group's or Lloyds Banking Group plc's credit ratings; 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; tightening of monetary policy in jurisdictions in which the Lloyds Bank Group operates; natural pandemic (including but not limited to the COVID-19 pandemic) and other disasters; risks concerning borrower and counterparty credit quality; longevity risks affecting defined benefit pension schemes; risks related to the uncertainty surrounding the integrity and continued existence of reference rates; changes in laws, regulations, practices and accounting standards or taxation; changes to regulatory capital or liquidity requirements and similar contingencies; the policies and actions of governmental or regulatory authorities or courts together with any resulting impact on the future structure of the Lloyds Bank Group; risks associated with the Lloyds Bank Group's compliance with a wide range of laws and regulations; assessment related to resolution planning requirements; risks related to regulatory actions which may be taken in the event of a bank or Lloyds Bank Group or Lloyds Banking Group failure; exposure to legal, regulatory or competition proceedings, investigations or complaints; failure to comply with anti-money laundering, counter terrorist financing, anti-bribery and sanctions regulations; failure to prevent or detect any illegal or improper activities; operational risks; conduct risk; technological changes and risks to the security of IT and operational infrastructure, systems, data and information resulting from increased threat of cyber and other attacks; technological failure; inadequate or failed internal or external processes or systems; risks relating to ESG matters, such as climate change (and achieving climate change ambitions), including the 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, and human rights issues; the impact of competitive conditions; failure to attract, retain and develop high calibre talent; the ability to achieve strategic objectives; the ability to derive cost savings and other benefits including, but without limitation, as a result of any acquisitions, disposals and other strategic transactions; inability to capture accurately the expected value from acquisitions; and assumptions and estimates that form the basis of the Lloyds Bank Group's financial statements. 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](http://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. 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