Lloyds Banking Group plc

2021 Half-Year
Pillar 3 Disclosures
30 June 2021

BASIS OF PREPARATION

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

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

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

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

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

The disclosures provided in this report are required to be disclosed on a semi-annual basis, although certain disclosures have been excluded on the grounds that they are non-material (refer to page 68).

In addition the report includes disclosure of exposures subject to measures applied in response to the COVID-19 pandemic, in line with the EBA guidelines published in June 2020, as amended by the PRA. The disclosures cover information on exposures subject to legislative and non-legislative moratoria and on newly originated exposures subject to public guarantee schemes.

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

A description of the main features of common equity tier 1 (CET1), additional tier 1 (AT1) and tier 2 (T2) instruments issued by the Group and its significant subsidiaries are included in a separate document on the Group's website located at www.lloydsbankinggroup.com/investors/financial-downloads. In addition, the report identifies and provides a description of the main features of those instruments that are recognised as eligible MREL in accordance with the Bank of England's MREL framework.

Consolidated Pillar 3 disclosures for the Group's ring-fenced banking group (Lloyds Bank plc) and further disclosures surrounding the capital resources, leverage exposures and capital requirements of large subsidiaries (Bank of Scotland plc and Lloyds Bank Corporate Markets plc) will be published separately on the Group's website, located at www.lloydsbankinggroup.com/investors/financial-downloads.

FORWARD LOOKING STATEMENTS

This document contains certain forward looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and section 27A of the US Securities Act of 1933, as amended, with respect to the business, strategy, plans and/or results of Lloyds Banking Group plc together with its subsidiaries (the Group) and its current goals and expectations relating to its future financial condition and performance. Statements that are not historical or current facts, including statements about the Group's or its directors' and/or management's beliefs and expectations, are forward looking statements. Words such as 'believes', 'achieves', 'anticipates', 'estimates', 'expects', 'targets', 'should', 'intends', 'aims', 'projects', 'plans', 'potential', 'will', 'would', 'could', 'considered', 'likely', 'may', 'seek', 'estimate', 'probability', 'goal', 'objective', 'endeavour', 'prospects', 'optimistic' and variations of these words and similar future or conditional expressions are intended to identify forward looking statements but are not the exclusive means of identifying such statements. Examples of such forward looking statements include, but are not limited to, statements or guidance relating to: projections or expectations of the Group's future financial position including profit attributable to shareholders, provisions, economic profit, dividends, capital structure, portfolios, net interest margin, capital ratios, liquidity, risk-weighted assets (RWAs), expenditures or any other financial items or ratios; litigation, regulatory and governmental investigations; the Group's future financial performance; the level and extent of future impairments and write-downs; the Group's ESG targets and/or commitments; statements of plans, objectives or goals of the Group or its management including in respect of statements about the future business and economic environments in the UK and elsewhere including, but not limited to, future trends in interest rates, foreign exchange rates, credit and equity market levels and demographic developments; statements about competition, regulation, disposals and consolidation or technological developments in the financial services industry; and statements of assumptions underlying such statements. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future. Factors that could cause actual business, strategy, plans and/or results (including but not limited to the payment of dividends) to differ materially from forward looking statements made by the Group or on its behalf include, but are not limited to: general economic and business conditions in the UK and internationally; market related trends and developments; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; any impact of the transition from IBORs to alternative reference rates; the ability to access sufficient sources of capital, liquidity and funding when required; changes to the Group's credit ratings; the ability to derive cost savings and other benefits including, but without limitation, as a result of any acquisitions, disposals and other strategic transactions; potential changes in dividend policy; the ability to achieve strategic objectives; changing customer behaviour including consumer spending, saving and borrowing habits; changes to borrower or counterparty credit quality impacting the recoverability and value of balance sheet assets; concentration of financial exposure; management and monitoring of conduct risk; exposure to counterparty risk (including but not limited to third parties conducting illegal activities without the Group's knowledge); instability in the global financial markets, including Eurozone instability, instability as a result of uncertainty surrounding the exit by the UK from the European Union (EU) and the EU-UK Trade and Cooperation Agreement, instability as a result of the potential for other countries to exit the EU or the Eurozone, and the impact of any sovereign credit rating downgrade or other sovereign financial issues; political instability including as a result of any UK general election and any further possible referendum on Scottish independence; technological changes and risks to the security of IT and operational infrastructure, systems, data and information resulting from increased threat of cyber and other attacks; natural, pandemic (including but not limited to the COVID-19 pandemic) and other disasters, adverse weather and similar contingencies outside the Group's control; inadequate or failed internal or external processes or systems; acts of war, other acts of hostility, terrorist acts and responses to those acts, or other such events; geopolitical unpredictability; risks relating to sustainability and climate change, including the Group's ability along with the government and other stakeholders to manage and mitigate the impacts of climate change effectively; changes in laws, regulations, practices and accounting standards or taxation, including as a result of the UK's exit from the EU; changes to regulatory capital or liquidity requirements (including regulatory measures to restrict distributions to address potential capital and liquidity stress) and similar contingencies outside the Group's control; the policies, decisions and actions of governmental or regulatory authorities or courts in the UK, the EU, the US or elsewhere including the implementation and interpretation of key laws, legislation and regulation together with any resulting impact on the future structure of the Group; the ability to attract and retain senior management and other employees and meet its diversity objectives; actions or omissions by the Group's directors, management or employees including industrial action; changes in the Group's ability to develop sustainable finance products and the Group's capacity to measure the ESG impact from its financing activity, which may affect the Group's ability to achieve its climate ambition; changes to the Group's post-retirement defined benefit scheme obligations; the extent of any future impairment charges or write-downs caused by, but not limited to, depressed asset valuations, market disruptions and illiquid markets; the value and effectiveness of any credit protection purchased by the Group; the inability to hedge certain risks economically; the adequacy of loss reserves; the actions of competitors, including non-bank financial services, lending companies and digital innovators and disruptive technologies; and exposure to regulatory or competition scrutiny, legal, regulatory or competition proceedings, investigations or complaints. Please refer to the latest Annual Report on Form 20-F filed by Lloyds Banking Group plc with the US Securities and Exchange Commission (the SEC), which is available on the SEC's website at www.sec.gov, for a discussion of certain factors and risks. Lloyds Banking Group plc may also make or disclose written and/or oral forward looking statements in reports filed with or furnished to the SEC, Lloyds Banking Group plc annual reviews, half-year announcements, proxy statements, offering circulars, prospectuses, press releases and other written materials and in oral statements made by the directors, officers or employees of Lloyds Banking Group plc to third parties, including financial analysts. Except as required by any applicable law or regulation, the forward looking statements contained in this document are made as of today's date, and the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this document to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The information, statements and opinions contained in this document do not constitute a public offer under any applicable law or an offer to sell any securities or financial instruments or any advice or recommendation with respect to such securities or financial instruments.

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KEY METRICS

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

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

		30 June 2021	30 March 2021	31 December 2020	30 Sept 2020	30 June 2020
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1) (£m)	**33,525**	33,240	32,822	31,237	30,189
2	CET1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	**31,855**	31,339	30,341	28,568	27,583
3	Tier 1 (£m)	**38,855**	38,534	38,666	37,081	36,031
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	**37,185**	36,633	36,185	34,412	33,425
5	Total capital (£m)	**46,481**	45,697	47,168	46,491	46,146
6	Total capital as if IFRS 9 transitional arrangements had not been applied (£m)	**46,153**	45,106	46,052	45,077	44,691
	Risk-weighted assets (amounts)					
7	Total risk-weighted assets (£m)	**200,858**	198,894	202,747	205,296	207,052
8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied (£m)	**200,234**	198,381	201,800	203,941	205,595
	Risk-based capital ratios as a percentage of RWA					
9	Common Equity Tier 1 ratio (%)	**16.7%**	16.7%	16.2%	15.2%	14.6%
10	CET1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	**15.9%**	15.8%	15.0%	14.0%	13.4%
11	Tier 1 ratio (%)	**19.3%**	19.4%	19.1%	18.1%	17.4%
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	**18.6%**	18.5%	17.9%	16.9%	16.3%
13	Total capital ratio (%)	**23.1%**	23.0%	23.3%	22.6%	22.3%
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied (%)	**23.0%**	22.7%	22.8%	22.1%	21.7%
	Additional CET1 buffer requirements as a percentage of RWA					
	Capital conservation buffer requirement	**2.500%**	2.500%	2.500%	2.500%	2.500%
	Countercyclical buffer requirement	**0.003%**	0.003%	0.002%	0.002%	0.003%
	Bank G-SIB and/or D-SIB additional requirements[2]	**—**	—	—	—	—
	Total of bank CET1 specific buffer requirements	**2.503%**	2.503%	2.502%	2.502%	2.503%
	CET1 available after meeting the bank's minimum capital requirements	**12.2%**	12.2%	11.7%	10.7%	10.1%
	UK leverage ratio[3]					
15	UK leverage ratio exposure measure (£m)	**658,689**	655,443	666,070	667,024	665,789
16	UK leverage ratio	**5.8%**	6.0%	5.8%	5.6%	5.4%
17	UK leverage ratio as if IFRS 9 transitional arrangements had not been applied	**5.6%**	5.7%	5.5%	5.2%	5.0%
	Average Liquidity Coverage Ratio (weighted) (LCR)					
	Total High Quality Liquid Assets (HQLA) (£m)	**139,108**	142,700	141,747	138,512	136,961
	Total net cash outflow (£m)	**105,824**	106,442	104,553	100,553	98,131
	LCR ratio (%)	**131%**	134%	136%	138%	140%

1 The Group applies the full extent of the IFRS9 transitional arrangements for capital as set out under CRR Article 473a (as amended via the CRR 'Quick Fix' revisions published in June 2020). Specifically, the Group has opted to apply both paragraphs 2 and 4 of CRR Article 473a (static and dynamic relief) and in addition to apply a 100% risk weight to the consequential Standardised credit risk exposure add-back as permitted under paragraph 7a of the revisions. As at 30 June 2021, static relief under the transitional arrangements amounted to £438 million (31 December 2020: £616 million) and dynamic relief under the transitional arrangements amounted to £1,232 million (30 June 2020: £1,865 million) through CET1 capital.

2 Although the Group does not have an Other Systemically Important Institution (OSII) buffer (previously referred to as the Systemic Risk Buffer), it is required to hold additional CET1 capital to meet its Ring-Fenced Bank's OSII buffer of 2.0 per cent, which equates to 1.7 per cent of Group risk-weighted assets.

3 The CRD IV leverage ratio at 30 June 2021 is 5.2 per cent (31 December 2020 5.3 per cent).

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

The average UK leverage ratio for the quarter (1 April 2021 to 30 June 2021) is 5.9 per cent, compared to 6.0 per cent at the start and 5.8 per cent at the end of the quarter. The average exposure measure over the quarter is £656,938m. The countercyclical leverage buffer is currently 0 per cent.

Table 2: Key Metrics – TLAC requirements (KM2)

The Group is not classified as a global systemically important bank (G-SIB) but is subject to the Bank of England's MREL statement of policy (MREL SoP) and must therefore maintain a minimum level of MREL resources.

Applying the MREL SoP to current minimum capital requirements, the Group's MREL from 1 January 2020, excluding regulatory capital and leverage buffers, is the higher of 2 times Pillar 1 plus Pillar 2A, equivalent to19.8 per cent of risk-weighted assets, or 6.5 per cent of the UK leverage ratio exposure measure.

From 1 January 2022 the Group's indicative MREL, excluding regulatory capital and leverage buffers, will increase to the higher of 2 times Pillar 1 plus 2 times Pillar 2A, equivalent to 23.7 per cent of risk-weighted assets, or 6.5 per cent of the UK leverage ratio exposure measure.

In addition, CET1 capital cannot be used to meet both MREL and capital or leverage buffers.

The Bank of England is undertaking a review of the current MREL framework and has recently published a consultation paper on proposed changes which it intends to implement by the end of the year. There is no proposed change to the end-state requirements that will apply from 1 January 2022.

The metrics provided in the table below in conjunction with the more detailed disclosures in Appendix III provide information on the Group's current MREL resources at consolidated and entity levels. The disclosures are based on the Pillar 3 TLAC templates published by the Basel Committee in 2017.

		30 June 2021 Resolution Group [1] £m	31 March 2021 Resolution Group [1] £m	31 December 2020 Resolution Group [1] £m	30 Sept 2020 Resolution Group [1] £m	30 June 2020 Resolution Group [1] £m
1	Total loss absorbing capacity (TLAC) available	**72,846**	71,832	73,726	74,998	76,275
1a	Fully loaded ECL accounting model TLAC available	**72,519**	71,241	72,610	73,584	74,820
2	Total RWA at the level of the resolution group	**200,858**	198,894	202,747	205,296	207,052
3	TLAC as a percentage of RWA	**36.3%**	36.1%	36.4%	36.5%	36.8%
3a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA	**36.2%**	35.9%	36.0%	36.1%	36.4%
4	UK leverage ratio exposure measure at the level of the resolution group	**658,689**	655,443	666,070	667,024	665,789
5	TLAC as a percentage of UK leverage ratio exposure measure	**11.1%**	11.0%	11.1%	11.2%	11.5%
5a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model UK leverage ratio exposure measure	**11.0%**	10.9%	10.9%	11.1%	11.3%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	**No**	No	No	No	No
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	**No**	No	No	No	No
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external TLAC, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external TLAC if no cap was applied (%)	**N/a**	N/a	N/a	N/a	N/a

1 The consolidated position of Lloyds Banking Group plc (the resolution entity).

Table 3: Overview of risk-weighted assets (OV1)

		30 Jun 2021 RWA £m	31 Dec 2020 RWA £m	30 Jun 2021 Minimum capital Requirements £m	31 Dec 2020 Minimum capital Requirements £m
1	**Credit risk (excluding counterparty credit risk)**	147,878	151,330	11,830	12,106
2	of which: standardised approach	20,136	22,248	1,611	1,780
3	of which: the foundation rating-based (FIRB) approach	39,053	41,200	3,124	3,296
4	of which: the retail IRB (RIRB) approach	66,602	65,225	5,328	5,218
	of which: corporates – specialised lending	9,084	9,235	727	739
	of which: non-credit obligation assets[1]	7,609	7,881	609	630
5	of which: equity IRB under the simple risk-weight	5,394	5,541	431	443
6	**Counterparty credit risk**	5,948	6,745	476	540
7	of which: marked to market	4,449	5,064	356	405
	of which: comprehensive approach for credit risk mitigation (for SFTs)	331	372	27	30
11	of which: exposures to central counterparties (including trades, default fund contributions and initial margin)	642	630	51	50
12	of which: credit valuation adjustment (CVA)	526	679	42	54
14	**Securitisation exposures in banking book[2]**	5,634	5,673	451	454
	of which: internal ratings based approach	1,885	1,951	151	156
	of which: standardised approach	1,651	1,348	132	108
	of which: external ratings based approach	2,098	2,374	168	190
19	**Market risk**	4,516	2,207	361	177
20	of which: standardised approach	257	252	21	20
21	of which: internal model approaches	4,259	1,955	340	156
23	**Operational risk**	24,573	24,865	1,966	1,989
25	of which: standardised approach	24,573	24,865	1,966	1,989
27	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	12,309	11,927	985	954
	of which: Significant investment	9,399	9,233	752	739
	of which: Deferred tax asset	2,910	2,694	233	216
28	**Floor adjustment**	—	—	—	—
29	**Total**	200,858	202,747	16,069	16,220
	Pillar 2A capital requirement[3]			7,698	7,698
	Total capital requirement			23,767	23,918

1 Non-credit obligation assets (IRB approach) predominately relate to other balance sheet assets that have no associated credit risk.
2 Securitisations are shown separately within this table but are included within credit risk in the movements by key driver analysis.
3 The Pillar 2A capital requirement is currently c.3.8 per cent of aggregated risk-weighted assets, of which c.2.2 per cent must be met with CET1 capital.

The risk-weighted assets movement tables presented below provide analysis of the movement in risk-weighted assets in the period by risk type and an insight into the key drivers of the movements. The key driver analysis is compiled on a monthly basis through the identification and categorisation of risk-weighted asset movements and is subject to management judgement.

Table 4: Risk-weighted assets movement by key driver - 3 months to 30 June 2021

	Credit Risk IRB	Credit Risk STA	Credit Risk Total[1]	Counterparty Credit Risk[2]	Market Risk	Operational Risk	Total
	£m	£m	£m	£m	£m	£m	£m
Total risk-weighted assets as at 31 March 2021							198,894
Less: total threshold risk-weighted assets[3]							(11,970)
Risk-weighted assets at 31 March 2021	131,724	21,951	153,675	6,023	2,361	24,865	186,924
Asset size	(1,736)	(9)	(1,745)	(104)	—	—	(1,849)
Asset quality	1,658	(1)	1,657	66	—	—	1,723
Model updates	—	—	—	—	534	—	534
Methodology and policy	67	(163)	(96)	—	—	—	(96)
Movement in risk levels (Market risk only)	—	—	—	—	(104)	—	(104)
Foreign exchange movements	12	9	21	(37)	—	—	(16)
Other	—	—	—	—	1,725	(292)	1,433
Risk-weighted assets at 30 June 2021	131,725	21,787	153,512	5,948	4,516	24,573	188,549
Threshold risk-weighted assets[3]							12,309
Total risk-weighted assets as at 30 June 2021							200,858

1 Credit risk includes securitisation risk-weighted assets.

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

3 Threshold risk-weighted assets reflect the element of significant investments and deferred tax assets that are permitted to be risk-weighted instead of being deducted from CET1 capital. Significant investments primarily arise from investments in the Group's Insurance business.

Key movements

Credit risk, risk weighted assets:

- Asset size reduction of £1.7 billion predominantly reflects continued optimisation in Commercial Banking and lower unsecured balances, partially offset by increased mortgage lending
- Asset quality increase of £1.7 billion reflects the impact of credit migration and retail model calibrations, offset by the benefit of House Price Index increases

Market risk, risk-weighted assets: the increase of £2.2 billion is largely temporary and linked to IBOR cessation activities and does not represent additional risk taking by the Group. This temporary increase will reverse post the adjustment of the Group's Market Risk capital models expected in the second half of 2021.

Table 4A: Risk-weighted assets movement by key driver - year to 30 June 2021

	Credit Risk IRB	Credit Risk STA	Credit Risk Total[1]	Counterparty Credit Risk[2]	Market Risk	Operational Risk	Total
	£m	£m	£m	£m	£m	£m	£m
Total risk-weighted assets at 31 December 2020							**202,747**
Less: total threshold risk-weighted assets[3]							**(11,927)**
Risk-weighted assets at 31 December 2020	**133,407**	**23,596**	**157,003**	**6,745**	**2,207**	**24,865**	**190,820**
Asset size	(3,178)	(375)	(3,553)	(569)	—	—	(4,122)
Asset quality	1,816	(110)	1,706	(193)	—	—	1,513
Model updates	—	—	—	—	533	—	533
Methodology and policy	(42)	(1,243)	(1,285)	—	—	—	(1,285)
Movement in risk levels (Market risk only)	—	—	—	—	51	—	51
Foreign exchange movements	(278)	(81)	(359)	(35)	—	—	(394)
Other	—	—	—	—	1,725	(292)	1,433
Risk-weighted assets as at 30 June 2021	**131,725**	**21,787**	**153,512**	**5,948**	**4,516**	**24,573**	**188,549**
Threshold risk-weighted assets[3]							12,309
Risk-weighted assets as at 30 June 2021							**200,858**

1 Credit risk includes securitisation risk-weighted assets.

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

3 Threshold risk-weighted assets reflect the element of significant investments and deferred tax assets that are permitted to be risk-weighted instead of being deducted from CET1 capital. Significant investments primarily arise from investments in the Group's Insurance business.

Key movements

Credit risk, risk weighted assets:

- Asset size reduction of £3.6 billion predominantly reflects continued optimisation in Commercial Banking and lower unsecured balances, partially offset by increased mortgage lending
- Asset quality increase of £1.7 billion reflects the impact of credit migration and retail model calibrations, offset by the benefit of House Price Index increases
- Methodology and policy changes reduced risk-weighted assets by £1.3 billion through securitisation activity and other optimisation activity

Counterparty credit risk, risk-weighted assets: reduced by £0.8 billion predominantly due to movements in market rates during the period

Market risk, risk-weighted assets: the increase of £2.3 billion is largely temporary and linked to IBOR cessation activities and does not represent additional risk taking by the Group. This temporary increase will reverse post the adjustment of the Group's Market Risk capital models expected in the second half of 2021.

Table 5: Credit risk exposures

	30 Jun 2021			31 Dec 2020		
	EAD post CRM and post CCF	Risk-weighted assets	Average risk weight	EAD post CRM and post CCF	Risk-weighted assets	Average risk weight
	£m	£m	%	£m	£m	%
Central governments or central banks	**8,279**	**483**	**6%**	7,826	501	6%
Institutions	**8,768**	**953**	**11%**	8,653	1,070	12%
Corporates	**80,103**	**46,701**	**58%**	84,009	48,865	58%
of which: Specialised lending	**12,578**	**9,084**	**72%**	12,640	9,235	73%
of which: SMEs	**9,024**	**5,494**	**61%**	9,847	5,983	61%
Retail	**409,830**	**66,602**	**16%**	403,498	65,225	16%
Secured by real estate property	**347,721**	**40,609**	**12%**	339,547	38,427	11%
SMEs	**6,888**	**1,489**	**22%**	7,568	1,713	23%
Non-SMEs	**340,833**	**39,120**	**11%**	331,978	36,714	11%
Qualifying revolving	**39,739**	**10,452**	**26%**	40,745	10,631	26%
Other retail	**22,370**	**15,540**	**69%**	23,206	16,167	70%
SMEs	**2,129**	**1,334**	**63%**	2,716	1,734	64%
Non-SMEs	**20,241**	**14,206**	**70%**	20,490	14,433	70%
Equity	**2,691**	**5,394**	**200%**	2,772	5,541	200%
Non-credit obligation assets[1]	**11,032**	**7,609**	**69%**	11,098	7,881	71%
Total IRB approach	**520,703**	**127,742**	**25%**	517,856	129,083	25%
Central governments or central banks	**93,885**	**23**	**—**	90,024	—	—
Regional governments or local authorities	**514**	**28**	**5%**	425	29	7%
Public sector entities	**4,640**	**1**	**—**	4,274	1	—
Multilateral development banks	**7,746**	**—**	**—**	7,158	—	—
International organisations	**15**	**—**	**—**	—	—	—
Institutions	**763**	**89**	**12%**	834	52	6%
Corporates	**7,400**	**6,513**	**88%**	9,361	8,170	87%
of which: SMEs	**2,720**	**2,282**	**84%**	3,633	3,047	84%
Retail	**10,214**	**7,400**	**72%**	10,805	7,725	71%
of which: SMEs	**1,509**	**871**	**58%**	2,179	1,256	58%
Secured by mortgages on immovable property	**6,609**	**2,313**	**35%**	6,980	2,443	35%
of which: SMEs	**12**	**4**	**33%**	8	3	38%
Exposures in default	**1,051**	**1,170**	**111%**	1,066	1,189	112%
Collective investments undertakings	**662**	**132**	**20%**	582	116	20%
Other exposures[1]	**2,693**	**2,466**	**92%**	3,034	2,523	83%
Total standardised approach	**136,192**	**20,136**	**15%**	134,543	22,248	18%
Total	**656,895**	**147,878**	**23%**	652,399	151,331	23%

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

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

Central governments or central banks

- Exposures increased by £0.5 billion due to an increase in balances with the Federal Reserve.

Corporates

- Exposures reduced by £3.9 billion and RWAs reduced by £2.2 billion predominantly due to optimisation activity within Commercial Banking.

Retail - Secured by real estate property

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

Retail - Other SME

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

Qualifying Revolving

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

Exposures subject to the Standardised approach – key movements for the six months to 30 June 2021

Central governments or central banks

- Exposures increased by £3.9 billion due to increased deposits with the Bank of England and the recognition of guarantees on COVID-19 government lending schemes.

Corporates

- Reduction of exposure of £2.0 billion and RWAs of £1.7 billion includes impact of securitisation activity within Commercial Banking

ANALYSIS OF CREDIT RISK EXPOSURES SUBJECT TO THE IRB APPROACH

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

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

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

Table 6: IRB – Credit risk exposures by portfolio and PD range – Central governments or central banks (CR6)

	30 Jun 2021											
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors	Average LGD %	Average Maturity (years)	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m
0.00 to <0.15	8,554	400	75.00%	8,279	0.01%	13	45.00%	1.8	483	5.83%	—	
2.50 to <10.00	34	52	75.00%	—	6.20%	2	45.00%	4.3	—	193.62%	—	
Sub-total	**8,588**	**452**	**75.00%**	**8,279**	**0.01%**	**15**	**45.00%**	**1.8**	**483**	**5.83%**	**—**	**—**

	31 Dec 2020											
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors	Average LGD %	Average Maturity (years)	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m
0.00 to <0.15	8,105	462	75.00%	7,825	0.01%	11	45.00%	2.0	499	6.38%	—	
2.50 to <10.00	—	—	—%	1	6.20%	2	45.00%	—	1	201.66%	—	
Sub-total	8,105	462	75.00%	7,826	0.01%	13	45.00%	2.0	501	6.40%	—	1

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

	30 Jun 2021											
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors	Average LGD %	Average Maturity (years)	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m
0.00 to <0.15	8,129	1,414	59.66%	8,457	0.06%	942	34.94%	0.9	805	9.52%	2	
0.15 to <0.25	104	51	48.88%	130	0.18%	41	42.97%	1.3	44	34.20%	—	
0.25 to <0.50	24	69	90.82%	85	0.41%	48	14.95%	0.9	15	18.01%	—	
0.50 to <0.75	3	8	74.99%	8	0.63%	38	44.83%	1.0	7	78.39%	—	
0.75 to <2.50	87	54	1.63%	86	1.01%	49	43.40%	1.2	79	92.02%	—	
2.50 to <10.00	1	—	20.01%	1	3.85%	30	44.56%	1.0	2	132.81%	—	
10.00 to <100.00	—	—	—%	—	31.00%	6	45.00%	1.0	—	262.48%	—	
100.00 (Default)	—	—	—%	—	100.00%	4	45.00%	1.3	—	—%	—	
Sub-total	8,348	1,597	58.71%	8,768	0.07%	1,158	34.96%	0.9	953	10.87%	2	1

	31 Dec 2020											
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors	Average LGD %	Average Maturity (years)	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m
0.00 to <0.15	7,760	1,376	63.78%	8,189	0.06%	975	33.73%	1.1	820	10.01%	2	
0.15 to <0.25	159	49	65.43%	192	0.18%	39	43.59%	1.1	65	34.11%	—	
0.25 to <0.50	4	157	82.08%	131	0.34%	52	26.31%	1.1	32	24.68%	—	
0.50 to <0.75	2	9	71.44%	8	0.63%	34	44.94%	1.0	7	79.09%	—	
0.75 to <2.50	88	84	19.23%	105	1.37%	61	43.93%	0.8	107	101.67%	1	
2.50 to <10.00	24	3	80.48%	26	3.43%	36	44.92%	0.3	36	135.44%	—	
10.00 to <100.00	1	—	—%	1	28.70%	8	45.00%	0.9	3	246.81%	—	
100.00 (Default)	—	—	—%	—	100.00%	3	45.00%	1.6	—	—%	—	
Sub-total	8,038	1,678	63.17%	8,653	0.09%	1,208	34.01%	1.1	1,070	12.36%	3	2

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

	30 Jun 2021											
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors	Average LGD %	Average Maturity (years)	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m
0.00 to <0.15	12,224	17,057	76.42%	24,922	0.09%	1,502	42.71%	2.2	6,509	26.12%	10	
0.15 to <0.25	3,601	4,795	71.04%	6,767	0.18%	2,815	44.36%	2.2	2,984	44.09%	6	
0.25 to <0.50	6,641	8,443	69.50%	10,983	0.34%	4,579	43.29%	2.2	6,393	58.21%	18	
0.50 to <0.75	2,351	2,102	65.23%	3,485	0.62%	6,472	43.76%	2.2	2,738	78.57%	10	
0.75 to <2.50	4,515	3,688	70.39%	6,449	1.30%	9,543	43.49%	1.9	6,302	97.73%	40	
2.50 to <10.00	3,114	2,131	67.97%	4,252	4.30%	5,211	43.29%	2.0	6,069	142.72%	84	
10.00 to <100.00	267	276	70.55%	450	29.48%	322	44.60%	1.7	1,127	250.30%	58	
100.00 (Default)	1,072	172	79.44%	1,193	100.00%	1,157	42.18%	1.6	—	—%	503	
Sub-total	33,785	38,662	72.60%	58,502	2.88%	31,601	43.21%	2.2	32,122	54.91%	730	505

	31 Dec 2020											
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors	Average LGD %	Average Maturity (years)	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m
0.00 to <0.15	11,824	18,108	75.46%	25,382	0.08%	1,222	42.73%	2.3	6,468	25.48%	10	
0.15 to <0.25	3,985	5,657	72.92%	7,694	0.18%	2,378	44.60%	2.0	3,192	41.48%	7	
0.25 to <0.50	6,085	8,396	72.92%	10,789	0.34%	4,342	43.30%	2.2	6,274	58.15%	18	
0.50 to <0.75	2,600	2,410	67.57%	3,760	0.62%	6,197	43.57%	2.2	2,906	77.29%	11	
0.75 to <2.50	4,361	4,413	70.37%	7,154	1.29%	10,111	43.35%	2.0	6,959	97.28%	44	
2.50 to <10.00	3,643	1,889	72.61%	4,626	4.55%	6,584	43.56%	2.0	6,807	147.15%	98	
10.00 to <100.00	293	223	73.11%	439	23.81%	412	44.44%	1.8	1,041	237.06%	45	
100.00 (Default)	1,434	326	79.71%	1,677	100.00%	1,255	42.63%	1.6	—	—%	715	
Sub-total	34,224	41,422	73.51%	61,522	3.54%	32,500	43.26%	2.2	33,647	54.69%	948	934

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

	30 Jun 2021											
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors	Average LGD %	Average Maturity (years)	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m
0.00 to <0.15	539	76	82.94%	535	0.07%	1,097	41.12%	3.0	92	17.17%	—	
0.15 to <0.25	231	72	72.93%	275	0.18%	778	44.75%	2.5	87	31.67%	—	
0.25 to <0.50	561	482	68.04%	778	0.36%	1,215	40.36%	2.3	321	41.22%	1	
0.50 to <0.75	1,696	477	48.68%	1,841	0.57%	5,056	38.72%	3.7	988	53.67%	4	
0.75 to <2.50	2,906	844	45.12%	3,060	1.24%	7,641	38.82%	3.3	2,055	67.15%	16	
2.50 to <10.00	1,789	426	53.16%	1,885	4.30%	4,314	38.67%	3.0	1,681	89.17%	32	
10.00 to <100.00	211	23	49.97%	221	21.06%	1,071	37.24%	2.8	271	122.99%	17	
100.00 (Default)	408	38	71.92%	429	100.00%	691	39.54%	2.4	—	—%	170	
Sub-total	8,341	2,437	54.22%	9,024	6.75%	21,864	39.21%	3.2	5,494	60.89%	240	175

	31 Dec 2020											
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors	Average LGD %	Average Maturity (years)	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m
0.00 to <0.15	608	242	78.90%	728	0.08%	1,015	42.06%	3.3	151	20.72%	—	
0.15 to <0.25	195	197	74.67%	342	0.18%	477	39.78%	3.0	111	32.49%	—	
0.25 to <0.50	502	410	73.30%	720	0.36%	1,086	40.90%	2.2	291	40.45%	1	
0.50 to <0.75	1,655	437	69.26%	1,794	0.57%	4,344	38.81%	3.4	946	52.71%	4	
0.75 to <2.50	2,951	897	73.82%	3,202	1.26%	7,831	38.70%	3.1	2,096	65.45%	16	
2.50 to <10.00	2,232	489	78.26%	2,391	4.18%	4,663	38.84%	2.9	2,094	87.62%	39	
10.00 to <100.00	235	36	72.73%	238	20.47%	1,101	37.42%	2.5	294	123.16%	18	
100.00 (Default)	407	53	71.52%	432	100.00%	742	38.71%	2.3	—	—%	167	
Sub-total	8,784	2,760	74.26%	9,847	6.45%	21,259	39.17%	3.0	5,983	60.76%	247	256

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

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

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

Table 11: **IRB – Credit risk exposures by portfolio and PD range – Residential mortgages (non-SME) (CR6)**

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

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

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

Table 12: IRB – Credit risk exposures by portfolio and PD range – Qualifying revolving retail exposures (CR6)

	30 Jun 2021											
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors	Average LGD %	RWA £m	RWA density %	EL £m	Value adjustments and Provisions £m	Undrawn commitments (post CCF) £m
0.00 to <0.15	668	15,278	71.53%	11,597	0.09%	8,964,396	57.58%	450	3.88 %	7		10,929
0.15 to <0.25	525	7,955	69.00%	6,014	0.20%	4,471,669	59.73%	433	7.20 %	8		5,489
0.25 to <0.50	1,078	9,918	67.86%	7,808	0.36%	5,878,660	63.00%	953	12.21 %	19		6,730
0.50 to <0.75	886	4,202	69.10%	3,789	0.62%	3,256,028	69.80%	788	20.80 %	17		2,904
0.75 to <2.50	2,950	5,157	73.44%	6,737	1.34%	5,371,125	75.71%	2,789	41.40 %	74		3,787
2.50 to <10.00	1,907	1,133	85.71%	2,879	5.00%	1,486,422	75.82%	2,864	99.48 %	116		971
10.00 to <100.00	514	112	90.49%	631	30.65%	475,409	77.37%	1,588	251.66 %	175		101
100.00 (Default)	283	—	—	283	100.00%	302,311	70.71%	587	207.42 %	153		—
Sub-total	8,811	43,755	70.65%	39,738	1.98%	30,206,020	64.94%	10,452	26.30 %	569	737	30,911

	31 Dec 2020											
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors	Average LGD %	RWA £m	RWA density %	EL £m	Value adjustments and Provisions £m	Undrawn commitments (post CCF) £m
0.00 to <0.15	756	17,784	69.26%	13,073	0.09%	9,172,244	54.10%	450	3.44%	7		12,317
0.15 to <0.25	517	7,798	69.76%	5,957	0.20%	4,424,429	57.48%	420	7.05%	7		5,440
0.25 to <0.50	1,100	9,243	68.98%	7,476	0.36%	5,774,965	61.53%	901	12.05%	18		6,376
0.50 to <0.75	897	3,745	71.00%	3,556	0.62%	3,150,988	68.63%	736	20.70%	16		2,659
0.75 to <2.50	2,967	4,748	76.39%	6,595	1.35%	5,330,245	73.82%	2,681	40.65%	72		3,627
2.50 to <10.00	2,037	1,216	85.74%	3,081	5.38%	1,587,290	76.35%	3,033	98.44%	136		1,043
10.00 to <100.00	593	118	95.83%	721	30.50%	493,611	75.65%	1,662	230.51%	188		113
100.00 (Default)	286	—	—	286	100.00%	311,836	71.13%	748	261.54%	178		—
Sub-total	9,153	44,652	70.71%	40,745	2.04%	30,245,608	62.60%	10,631	26.09 %	622	866	31,575

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

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

	31 Dec 2020											
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors	Average LGD %	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m	Undrawn commitments (post CCF) £m
0.50 to <0.75	1,677	411	99.61%	806	0.54%	63,060	76.85%	380	47.13%	3		409
0.75 to <2.50	3,257	422	99.42%	1,060	1.15%	64,568	76.25%	690	65.15%	9		420
2.50 to <10.00	2,439	171	99.28%	518	4.20%	34,043	72.10%	429	82.80%	16		169
10.00 to <100.00	1,383	35	99.17%	157	23.19%	29,338	70.96%	172	109.55%	26		35
100.00 (Default)	203	5	99.84%	177	100.00%	9,633	7.95%	63	35.85%	14		5
Sub-total	8,959	1,044	99.47%	2,716	9.24%	200,642	70.89%	1,734	63.82%	68	123	1,038

Table 14: IRB – Credit risk exposures by portfolio and PD range – Retail Other non-SME (CR6)

	30 Jun 2021											
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors	Average LGD %	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m	Undrawn commitments (post CCF) £m
0.00 to <0.15	547	—	30.00%	547	0.08%	30,661	34.15%	56	10.32%	1		—
0.15 to <0.25	21	1	30.00%	23	0.23%	5,779	74.06%	8	34.34%	—		—
0.25 to <0.50	5,648	7	30.00%	5,659	0.37%	474,639	35.72%	1,695	29.95%	19		2
0.50 to <0.75	3,067	8	30.00%	3,079	0.72%	252,888	43.17%	1,484	48.21%	17		2
0.75 to <2.50	6,512	32	30.00%	6,563	1.55%	704,935	66.42%	5,738	87.43%	76		10
2.50 to <10.00	3,385	17	30.00%	3,413	4.31%	387,007	68.12%	3,748	109.82%	104		5
10.00 to <100.00	551	3	30.00%	556	29.53%	64,802	50.91%	740	133.17%	89		1
100.00 (Default)	402	—	—	402	100.00%	73,525	53.81%	737	183.26%	175		—
Sub-total	20,133	68	30.00%	20,241	4.24%	1,994,236	53.05%	14,206	70.18%	481	722	20

	31 Dec 2020											
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors	Average LGD %	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m	Undrawn commitments (post CCF) £m
0.00 to <0.15	385	—	30.00%	386	0.08%	24,841	34.85%	40	10.43%	—		—
0.15 to <0.25	71	2	30.00%	74	0.22%	17,321	74.68%	25	33.91%	—		—
0.25 to <0.50	5,695	6	30.00%	5,708	0.37%	501,027	36.71%	1,717	30.07%	19		2
0.50 to <0.75	3,194	5	30.00%	3,206	0.72%	263,981	43.56%	1,537	47.95%	17		2
0.75 to <2.50	6,338	21	30.00%	6,384	1.54%	676,882	64.77%	5,455	85.45%	73		6
2.50 to <10.00	3,559	12	30.00%	3,586	4.43%	400,790	67.02%	3,900	108.74%	112		4
10.00 to <100.00	749	3	30.00%	755	29.30%	89,269	54.23%	1,032	136.72%	127		1
100.00 (Default)	392	—	—	392	100.00%	75,637	55.20%	728	185.66%	176		—
Sub-total	20,383	49	30.00%	20,490	4.47%	2,049,748	52.93%	14,433	70.44%	523	868	15

ANALYSIS OF CREDIT RISK EXPOSURES SUBJECT TO OTHER IRB APPROACHES

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

Table 15A: IRB – Specialised lending (CR10)

		30 Jun 2021					
Regulatory Categories	Remaining maturity	On-balance sheet amount £m	Off-balance sheet amount £m	RW %	Exposure amount £m	RWA £m	Expected losses £m
1 Strong	Less than 2.5 years	2,460	1,074	50%	3,297	1,648	—
	Equal to or more than 2.5 years	2,183	989	70%	2,681	1,876	11
2 Good	Less than 2.5 years	1,989	306	70%	2,196	1,535	9
	Equal to or more than 2.5 years	2,862	224	90%	3,142	2,827	25
3 Satisfactory	Less than 2.5 years	304	44	115%	352	402	10
	Equal to or more than 2.5 years	413	88	115%	516	590	14
4 Weak	Less than 2.5 years	12	—	250%	13	31	1
	Equal to or more than 2.5 years	51	—	250%	70	175	6
5 Default	Less than 2.5 years	127	10	0%	227	—	114
	Equal to or more than 2.5 years	75	1	0%	84	—	42
Total	Less than 2.5 years	4,892	1,434		6,085	3,616	134
	Equal to or more than 2.5 years	5,584	1,302		6,493	5,468	98

		31 Dec 2020					
Regulatory Categories	Remaining maturity	On-balance sheet amount £m	Off-balance sheet amount £m	RW %	Exposure amount £m	RWA £m	Expected losses £m
1 Strong	Less than 2.5 years	2,111	695	50%	2,670	1,335	—
	Equal to or more than 2.5 years	2,559	1,361	70%	3,310	2,316	13
2 Good	Less than 2.5 years	1,923	516	70%	2,356	1,647	9
	Equal to or more than 2.5 years	2,964	223	90%	3,236	2,911	26
3 Satisfactory	Less than 2.5 years	168	12	115%	190	216	5
	Equal to or more than 2.5 years	400	41	115%	468	535	13
4 Weak	Less than 2.5 years	27	1	250%	33	82	3
	Equal to or more than 2.5 years	60	—	250%	77	193	6
5 Default	Less than 2.5 years	136	38	0%	272	—	136
	Equal to or more than 2.5 years	20	1	0%	29	—	15
Total	Less than 2.5 years	4,365	1,262		5,521	3,280	153
	Equal to or more than 2.5 years	6,003	1,626		7,120	5,955	73

ANALYSIS OF EQUITY EXPOSURES

An analysis of equity exposures and risk-weighted assets categorised under the Simple Risk Weight Method is provided in the table below.

Table 15B: Equity exposures subject to the simple risk weight method (CR10)

30 Jun 2021						
	On-balance sheet amount	Off-balance sheet amount	RW	EAD post CRM and post CC	RWA	Capital requirements
Categories	£m	£m	%	£m	£m	£m
Private equity exposures	2,453	82	190%	2,535	4,816	385
Other equity exposures	156	—	370%	156	578	46
Total	2,609	82		2,691	5,394	431

31 Dec 2020						
	On-balance sheet amount	Off-balance sheet amount	RW	EAD post CRM and post CC	RWA	Capital requirements
Categories	£m	£m	%	£m	£m	£m
Private equity exposures	2,504	117	190%	2,621	4,980	398
Other equity exposures	152	—	370%	152	561	45
Total	2,656	117		2,773	5,541	443

ANALYSIS OF CREDIT RISK EXPOSURES SUBJECT TO THE STANDARDISED APPROACH

Standardised exposures in the table below are stated on two different bases (pre-CCF and CRM and post-CCF and CRM). Note, the exposures are also net of SCRAs. Throughout this section 'RWA density' represents the 'average risk weight'.

Table 16: Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects (CR4)

		30 Jun 2021					
		Exposures before CCF and CRM		Exposures post CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density[1]
		£m	£m	£m	£m	£m	%
1	Central governments or central banks	81,444	—	93,233	653	23	—
2	Regional governments or local authorities	514	—	514	—	28	5%
3	Public sector entities	4,641	—	4,640	—	1	—
4	Multilateral development banks	7,746	—	7,746	—	—	—
5	International organisations	15	—	15	—	—	—
6	Institutions	120	6	195	568	89	12%
7	Corporates	6,093	4,419	5,768	1,632	6,513	88%
8	Retail	10,906	24,102	9,952	262	7,400	72%
9	Secured by mortgages on immovable property	6,602	21	6,602	7	2,314	35%
	of which: residential property	6,601	21	6,601	7	2,313	35%
	of which: commercial property	1	—	1	—	1	100%
10	Exposures in default	1,032	80	1,023	28	1,170	111%
14	Collective investment undertakings (CIUs)	662	—	662	—	132	20%
16	Other items	2,693	—	2,693	—	2,466	92%
17	**Total**	122,469	28,629	133,042	3,150	20,136	15%

		31 Dec 2020					
		Exposures before CCF and CRM		Exposures post CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density[1]
		£m	£m	£m	£m	£m	%
1	Central governments or central banks	78,691	—	89,294	730	—	—
2	Regional governments or local authorities	426	—	425	—	29	7%
3	Public sector entities	4,274	—	4,274	—	1	—
4	Multilateral development banks	7,158	—	7,158	—	—	—
5	International organisations	—	—	—	—	—	—
6	Institutions	103	5	104	730	52	6%
7	Corporates	7,708	5,526	7,361	2,000	8,170	87%
8	Retail	11,422	23,182	10,499	305	7,725	72%
9	Secured by mortgages on immovable property	6,973	24	6,973	7	2,444	35%
	of which: residential property	6,972	24	6,972	7	2,443	35%
	of which: commercial property	1	—	1	—	1	100%
10	Exposures in default	1,042	87	1,039	26	1,189	112%
14	Collective investment undertakings (CIUs)	582	—	582	—	116	20%
16	Other items	3,034	—	3,034	—	2,523	83%
17	Total	121,413	28,825	130,744	3,800	22,248	17%

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

Table 17: Standardised approach – exposures by asset classes and risk weights (post CCF and post CRM) (CR5)

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

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

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

		30 Jun 2021																
		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	93,862	—	—	—	—	—	—	—	—	23	—	—	—	—	—	93,885	93,676
2	Regional government or local authorities	373	—	—	—	141	—	—	—	—	—	—	—	—	—	—	514	—
3	Public sector entities	4,639	—	—	—	—	—	—	—	—	1	—	—	—	—	—	4,640	3,284
4	Multilateral development banks	7,746	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7,746	7,746
5	International organisations	15	—	—	—	—	—	—	—	—	—	—	—	—	—	—	15	15
6	Institutions[1]	—	—	640	—	110	—	6	—	—	4	—	—	—	3	—	763	647
7	Corporates	—	—	—	—	26	—	882	—	—	6,467	26	—	—	—	—	7,400	6,542
8	Retail	—	—	—	—	—	—	—	—	10,214	—	—	—	—	—	—	10,214	10,214
9	Secured by mortgages on immovable property	—	—	—	—	—	6,608	—	—	—	1	—	—	—	—	—	6,609	6,609
	of which: residential property	—	—	—	—	—	6,608	—	—	—	—	—	—	—	—	—	6,608	6,608
	of which: commercial property	—	—	—	—	—	—	—	—	—	1	—	—	—	—	—	1	1
10	Exposures in default	—	—	—	—	—	—	—	—	—	813	238	—	—	—	—	1,051	1,051
14	Collective investment undertakings	—	—	—	—	662	—	—	—	—	—	—	—	—	—	—	662	—
16	Other items	55	—	—	—	215	—	—	—	—	2,423	—	—	—	—	—	2,693	2,693
17	Total	106,691	—	640	—	1,154	6,608	888	—	10,214	9,731	264	—	—	3	—	136,193	132,477

1 1,250 per cent risk weight relates to items classed as free deliveries.

Table 17: Standardised approach – exposures by asset classes and risk weights (post CCF and post CRM) (CR5) (Continued)

	31 Dec 2020																	
		Risk Weight																
		0 %	2 %	4 %	10 %	20 %	35 %	50 %	70 %	75 %	100 %	150 %	250 %	370 %	1250 %	Others	Total	Of which: Unrated
	Exposure Classes	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Central governments or central banks	90,024	—	—	—	—	—	—	—	—	—	—	—	—	—	—	90,024	89,810
2	Regional government or local authorities	278	—	—	—	147	—	—	—	—	—	—	—	—	—	—	425	1
3	Public sector entities	4,273	—	—	—	—	—	—	—	—	1	—	—	—	—	—	4,274	3,144
4	Multilateral development banks	7,158	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7,158	7,158
5	International organisations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6	Institutions	—	—	729	—	101	—	5	—	—	—	—	—	—	—	—	834	729
7	Corporates	—	—	—	—	—	—	1,235	—	—	8,101	26	—	—	—	—	9,361	8,101
8	Retail	—	—	—	—	—	—	—	—	10,805	—	—	—	—	—	—	10,805	10,804
9	Secured by mortgages on immovable property	—	—	—	—	—	6,979	—	—	—	1	—	—	—	—	—	6,980	6,980
	of which: residential property	—	—	—	—	—	6,979	—	—	—	—	—	—	—	—	—	6,979	6,979
	of which: commercial property	—	—	—	—	—	—	—	—	—	1	—	—	—	—	—	1	1
10	Exposures in default	—	—	—	—	—	—	—	—	—	820	246	—	—	—	—	1,066	1,066
14	Collective investment undertakings	—	—	—	—	582	—	—	—	—	—	—	—	—	—	—	582	—
16	Other items	132	—	—	—	474	—	—	—	—	2,429	—	—	—	—	—	3,034	3,034
17	**Total**	101,866	—	729	—	1,303	6,979	1,239	—	10,805	11,351	271	—	—	—	—	134,543	130,827

IMPAIRMENT AND CREDIT QUALITY OF EXPOSURES

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

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

Table 18: Credit quality of exposures by exposure class and instrument (CR1-A)

	30 Jun 2021				
	Gross carrying values of				
	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment[1]	Credit risk adjustment charges in the period[1]	Net values
	£m	£m	£m	£m	£m
Central governments or central banks	—	9,039	—	(1)	9,039
Institutions	—	9,945	1	(2)	9,945
Corporates	1,997	94,651	890	(548)	95,758
of which: Specialised lending	307	13,115	209	(107)	13,213
of which: SMEs	446	10,332	175	(90)	10,603
Retail	4,166	413,628	3,020	(132)	414,774
Secured by real estate property	3,255	331,053	1,473	(205)	332,835
SMEs	156	6,748	140	(36)	6,764
Non-SMEs	3,099	324,305	1,333	(168)	326,071
Qualifying revolving	283	52,284	736	110	51,830
Other retail	628	30,291	811	(37)	30,109
SMEs	226	10,492	89	(34)	10,630
Non-SMEs	402	19,798	722	(3)	19,478
Equity	—	2,691	—	—	2,691
Non-credit obligation assets	—	11,131	—	—	11,131
Total IRB approach	6,163	541,085	3,910	(682)	543,338
Central governments or central banks		81,444	—	—	81,444
Regional governments or local authorities		515	—	—	515
Public sector entities		4,641	—	—	4,641
Multilateral development banks		7,746	—	—	7,746
International organisations		15	—	—	15
Institutions		127	1	—	127
Corporates		10,581	69	(51)	10,512
of which: SMEs		3,034	11	(8)	3,023
Retail		35,355	347	33	35,007
of which: SMEs		2,687	23	—	2,665
Secured by mortgages on immovable property		6,654	31	(3)	6,623
of which: SMEs		12	—	—	12
Exposures in default[2]	1,887		775	24	1,112
Collective investments undertakings		662	—	—	662
Other exposures		2,693	—	—	2,693
Total standardised approach	1,887	150,433	1,223	3	151,097
Total	8,050	691,518	5,133	(679)	694,435
of which: Loans	7,735	436,853	4,771	(581)	439,903
of which: Debt securities	2	4,229	3	—	4,228
of which: Off-balance sheet exposures	313	136,451	359	(98)	136,405

Table 18: **Credit quality of exposures by exposure class and instrument (CR1-A) (continued)**

	31 Dec 2020				
	Gross carrying values of				
	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment[1]	Credit risk adjustment charges in the period[1]	Net values
	£m	£m	£m	£m	£m
Central governments or central banks	—	8,567	1	1	8,566
Institutions	—	9,716	2	3	9,714
Corporates	2,526	98,238	1,507	1,092	99,258
of which: Specialised lending	306	13,267	316	249	13,257
of which: SMEs	460	11,085	256	140	11,289
Retail	4,210	406,842	3,548	1,906	407,504
Secured by real estate property	3,324	323,486	1,691	539	325,119
SMEs	167	7,663	173	89	7,657
Non-SMEs	3,157	315,823	1,519	450	317,462
Qualifying revolving	286	53,520	866	674	52,941
Other retail	600	29,836	991	693	29,444
SMEs	208	9,796	123	114	9,880
Non-SMEs	392	20,040	868	579	19,564
Equity	—	2,772	—	—	2,772
Non-credit obligation assets	—	11,098	—	—	11,098
Total IRB approach	6,736	537,235	5,058	3,001	538,913
Central governments or central banks		78,692	—	—	78,692
Regional governments or local authorities		426	—	—	426
Public sector entities		4,274	—	—	4,274
Multilateral development banks		7,158	—	—	7,158
International organisations		—	—	—	—
Institutions		109	1	1	108
Corporates		13,361	127	122	13,234
of which: SMEs		4,041	17	12	4,024
Retail		34,977	373	261	34,604
of which: SMEs		3,343	19	6	3,324
Secured by mortgages on immovable property		7,033	37	8	6,997
of which: SMEs		8	—	—	8
Exposures in default[2]	1,896		767	330	1,129
Collective investments undertakings		582	—	—	582
Other exposures		3,034	—	—	3,034
Total standardised approach	1,896	149,646	1,304	721	150,238
Total	8,632	686,881	6,362	3,722	689,151
of which: Loans	8,110	420,539	5,870	3,432	422,578
of which: Debt securities	3	4,545	3	1	4,548
of which: Off-balance-sheet exposures	519	144,181	489	289	144,211

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

2 The breakdown of 'exposures in default' by the exposure class that corresponds to the exposure before default, comprises Corporate £1,295m (2020: £1,259m) and Retail £591m (2020: £636m).

Table 19: Credit quality of exposures by industry types (CR1-B)

30 Jun 2021	Gross carrying values of				
	Defaulted exposures £m	Non-defaulted exposures £m	Specific credit risk adjustment[1] £m	Credit risk adjustment charges in the period[1] £m	Net values £m
Agriculture, forestry and fishing	215	5,223	55	(31)	5,383
Energy and water supply	1	4,643	7	(5)	4,637
Manufacturing	255	11,739	80	(154)	11,914
Construction	300	4,717	122	(72)	4,895
Transport, distribution and hotels	1,777	18,660	861	(83)	19,576
Postal and communications	5	1,486	6	(6)	1,485
Property companies	580	23,643	260	(118)	23,963
Financial, business and other services	397	177,416	406	(168)	177,406
Personal: mortgages	3,495	331,248	1,432	(181)	333,311
Personal: other	732	92,330	1,486	192	91,577
Lease financing	9	4,648	2	(4)	4,655
Hire purchase	283	15,766	414	(49)	15,635
Total	8,049	691,519	5,133	(679)	694,435

31 Dec 2020	Gross carrying values of				
	Defaulted exposures £m	Non-defaulted exposures £m	Specific credit risk adjustment[1] £m	Credit risk adjustment charges in the period[1] £m	Net values £m
Agriculture, forestry and fishing	231	7,134	83	82	7,282
Energy and water supply	1	4,707	12	33	4,696
Manufacturing	500	14,304	220	140	14,584
Construction	352	6,417	218	47	6,551
Transport, distribution and hotels	1,866	22,065	953	490	22,979
Postal and communications	4	1,714	12	19	1,706
Property companies	528	25,157	420	282	25,265
Financial, business and other services	532	168,719	581	457	168,670
Personal: mortgages	3,578	323,170	1,636	465	325,112
Personal: other	765	92,948	1,734	1,477	91,979
Lease financing	11	4,640	6	30	4,645
Hire purchase	263	15,905	488	199	15,681
Total	8,632	686,881	6,362	3,722	689,151

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

ANALYSIS OF CREDIT RISK MITIGATION

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

Table 20: CRM techniques – Overview (CR3)

	30 Jun 2021				
	Exposures unsecured – carrying amount £m	Exposures to be secured[1] £m	Exposures secured by collateral[2] £m	Exposures secured by financial guarantees £m	Exposures secured by credit derivatives £m
Exposures subject to the IRB approach					
Central governments or central banks	8,293	746	—	746	—
Institutions[3]	6,684	3,260	3,218	1	41
Corporates	58,700	37,058	34,153	2,184	721
of which: Specialised lending	—	13,213	13,213	—	—
of which: SMEs	3,527	7,076	6,420	626	30
Retail	61,834	352,940	344,350	8,590	—
Secured by real estate property	34	332,801	332,801	—	—
SMEs	34	6,730	6,730	—	—
Non-SMEs	—	326,071	326,071	—	—
Qualifying revolving	51,830	—	—	—	—
Other retail	9,970	20,139	11,549	8,590	—
SMEs	2,022	8,608	19	8,590	—
Non-SMEs	7,948	11,531	11,531	—	—
Equity	2,691	—	—	—	—
Non-credit obligation assets	10,731	—	—	—	—
Total – IRB approach	148,934	394,004	381,721	11,520	762
Exposures subject to the standardised approach					
Central governments and central banks	81,444	—	—	—	—
Regional governments or local authorities	514	1	—	1	—
Public sector entities	4,640	1	—	1	—
Multilateral development banks	7,746	—	—	—	—
International organisations	15	—	—	—	—
Institutions	127	—	—	—	—
Corporates	9,629	883	362	521	—
Retail	33,788	1,219	265	954	—
Secured by mortgages on immovable property	9	6,613	6,613	—	—
Exposures in default	762	350	342	9	—
Collective investment undertakings (CIUs)	662	—	—	—	—
Other exposures	2,693	—	—	—	—
Total – standardised approach	142,030	9,067	7,583	1,485	—
Total exposures	290,964	403,071	389,304	13,005	762
of which: defaulted (IRB and STA)	2,197	3,799	3,791	9	—

Table 20: CRM techniques – Overview (CR3) (continued)

	31 Dec 2020				
	Exposures unsecured – carrying amount	Exposures to be secured[1]	Exposures secured by collateral[2]	Exposures secured by financial guarantees[4]	Exposures secured by credit derivatives
	£m	£m	£m	£m	£m
Exposures subject to the IRB approach					
Central governments or central banks	7,919	647	—	737	—
Institutions[3]	6,271	3,443	3,406	—	42
Corporates	61,548	37,711	35,234	2,255	706
of which: Specialised Lending	—	13,257	13,257	—	—
of which: SME	3,851	7,438	6,441	996	—
Retail	62,763	344,741	336,462	7,550	—
Secured by real estate property	93	325,026	324,835	267	—
SME	93	7,564	7,374	267	—
Non-SME	—	317,462	317,462	—	—
Qualifying Revolving	52,941	—	—	—	—
Other Retail	9,729	19,715	11,627	7,283	—
SME	1,783	8,097	9	7,283	—
Non-SME	7,946	11,618	11,618	—	—
Equity	2,772	—	—	—	—
Non-credit obligation assets	10,698	—	—	—	—
Total – IRB approach	151,971	386,542	375,102	10,542	748
Exposures subject to the standardised approach					
Central governments and central banks	78,692	—	—	—	—
Regional governments or local authorities	425	1	—	1	—
Public sector entities	4,274	—	—	—	—
Multilateral development banks	7,158	—	—	—	—
International organisations	—	—	—	—	—
Institutions	108	—	—	—	—
Corporates	12,312	922	413	463	22
Retail	33,411	1,193	270	922	—
Secured by mortgages on immovable property	13	6,984	6,984	—	—
Exposures in default	771	358	356	2	—
Collective investment undertakings (CIUs)	582	—	—	—	—
Other exposures	3,034	—	—	—	—
Total – standardised approach	140,781	9,457	8,023	1,387	22
Total exposures	292,752	395,999	383,125	11,929	770
of which: defaulted (IRB & STA)	2,348	3,857	3,855	2	—

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

2 At 30 June 2021 the value of exposures secured by eligible financial collateral is £3.9bn (Dec 2020: £3.9bn) and the value of exposures secured by other eligible collateral is £385.4bn (Dec 2020: £379.2bn).

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

4 Restated.

ANALYSIS OF PERFORMING, NON-PERFORMING AND FORBORNE EXPOSURES

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

Table 21: Credit quality of forborne exposures (CQ1)

		30 Jun 2021							
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing Forborne	Non-performing	Of Which: Defaulted	Of Which: Impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
		£m	£m	£m	£m	£m	£m	£m	£m
1	Loans and advances	2,471	7,194	5,055	5,914	(70)	(1,461)	5,545	3,531
5	Other financial corporations	24	15	15	13	—	(10)	24	2
6	Non-financial corporations	498	3,258	3,220	3,220	(4)	(982)	708	471
7	Households	1,950	3,921	1,820	2,682	(66)	(469)	4,813	3,057
8	Debt Securities	—	—	—	—	—	—	—	—
9	Loans Commitments Given	210	332	75	107	(2)	(12)	23	11
10	**Total**	2,682	7,526	5,130	6,021	(68)	(1,449)	5,568	3,542

		31 Dec 2020							
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing Forborne	Non-performing	Of Which: Defaulted	Of Which: Impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
		£m	£m	£m	£m	£m	£m	£m	£m
1	Loans and advances	2,594	7,990	5,625	6,320	(134)	(1,821)	5,893	3,808
5	Other financial corporations	27	37	37	13	(13)	(9)	34	2
6	Non-financial corporations	543	3,791	3,774	3,601	(38)	(1,282)	805	544
7	Households	2,024	4,162	1,813	2,706	(84)	(530)	5,054	3,261
8	Debt Securities	—	2	2	2	—	(2)	—	—
9	Loans Commitments Given	168	393	178	260	(2)	(24)	21	11
10	**Total**	2,761	8,384	5,804	6,582	(136)	(1,847)	5,914	3,819

Table 22: Credit quality of performing and non-performing exposures by past due days (CQ3)

		30 Jun 2021											
		Gross carrying amount/nominal amount											
		Performing Exposures			Non-performing Exposures								
			Not past due or Past due <= 30 days	Past due > 30 days <= 90 days		Unlikely to pay that are not past-due or past-due <= 90 days	Past due > 90 days <= 180 days	Past due > 180 days <= 1 year	Past due > 1 year <= 2 years	Past due > 2 years <= 5 years	Past due > 5 years <= 7 years	Past due > 7 years	Of which: defaulted
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	**Loans and advances**	507,416	505,698	1,717	10,709	4,437	1,719	1,144	1,152	1,880	219	158	7,751
2	Central banks	1,361	1,361	—	—	—	—	—	—	—	—	—	—
3	General governments	665	655	10	—	—	—	—	—	—	—	—	—
4	Credit institutions	10,432	10,428	5	—	—	—	—	—	—	—	—	—
5	Other financial corporations	72,256	72,218	38	15	11	—	—	—	4	—	—	15
6	Non-financial corporations	74,688	74,465	223	3,390	1,914	479	11	1	979	6	—	3,351
7	Of which: SMEs	40,987	40,972	14	1,130	745	381	1	—	1	3	—	1,109
8	Households	348,013	346,572	1,442	7,303	2,511	1,240	1,133	1,152	897	213	158	4,384
9	**Debt securities**	33,360	33,349	12	870	869	—	—	—	—	—	2	—
11	General governments	13,252	13,252	—	—	—	—	—	—	—	—	—	—
12	Credit institutions	13,334	13,334	—	—	—	—	—	—	—	—	—	—
13	Other financial corporations	4,924	4,924	—	—	—	—	—	—	—	—	—	—
14	Non-financial corporations	1,850	1,838	12	870	869	—	—	—	—	—	2	—
15	**Off-balance-sheet exposures**	141,477			493								171
17	General governments	220			—								—
18	Credit institutions	1,000			—								—
19	Other financial corporations	18,781			4								4
20	Non-financial corporations	38,043			207								168
21	Households	83,434			282								—
22	**Total**	682,253	539,047	1,729	12,072	5,306	1,719	1,144	1,152	1,880	219	159	7,922

Table 22: Credit quality of performing and non-performing exposures by past due days (CQ3) (continued)

		31 Dec 2020											
		Gross carrying amount/nominal amount											
		Performing Exposures			Non-performing Exposures								
			Not past due or Past due <= 30 days	Past due > 30 days <= 90 days		Unlikely to pay that are not past-due or past-due <= 90 days	Past due > 90 days <= 180 days	Past due > 180 days <= 1 year	Past due > 1 year <= 2 years	Past due > 2 years <= 5 years	Past due > 5 years <= 7 years	Past due > 7 years	Of which: defaulted
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	**Loans and advances**	506,302	504,071	2,232	11,492	5,148	1,792	1,153	1,231	1,818	217	133	8,339
2	Central banks	1,372	1,372	—	—	—	—	—	—	—	—	—	—
3	General governments	640	632	8	—	—	—	—	—	—	—	—	—
4	Credit institutions	10,156	10,152	4	—	—	—	—	—	—	—	—	—
5	Other financial corporations	78,333	78,327	5	38	26	—	—	—	4	—	7	38
6	Non-financial corporations	77,589	77,286	303	3,853	2,394	478	2	2	972	4	—	3,836
7	Of which: SMEs	42,033	42,025	8	939	568	367	1	1	—	3	—	927
8	Households	338,211	336,301	1,911	7,602	2,728	1,313	1,151	1,229	843	213	126	4,465
9	**Debt securities**	35,469	35,469	—	865	864	—	—	—	—	—	2	2
11	General governments	15,088	15,088	—	—	—	—	—	—	—	—	—	—
12	Credit institutions	11,637	11,637	—	—	—	—	—	—	—	—	—	—
13	Other financial corporations	6,588	6,588	—	—	—	—	—	—	—	—	—	—
14	Non-financial corporations	2,156	2,156	—	865	864	—	—	—	—	—	2	2
15	**Off-balance-sheet exposures**	149,256			636								366
17	General governments	226			—								—
18	Credit institutions	47			—								—
19	Other financial corporations	21,059			5								5
20	Non-financial corporations	41,165			363								361
21	Households	86,760			268								—
22	**Total**	691,027	539,539	2,232	12,994	6,011	1,792	1,153	1,231	1,818	217	135	8,706

Table 23: Performing and non-performing exposures and related provisions (CR1)

		30 Jun 2021														
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
			Of which stage 1	Of which stage 2		Of which stage2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		On performing exposures	On non-performing exposures
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	**Loans and advances**	507,416	455,065	51,539	10,709	2,388	8,320	(2,730)	(1,214)	(1,516)	(1,971)	(166)	(1,805)	(313)	371,760	6,293
2	Central banks	1,361	1,361	—	—	—	—	—	—	—	—	—	—	—	—	—
3	General governments	665	637	—	—	—	—	—	—	—	—	—	—	—	496	—
4	Credit institutions	10,432	10,432	—	—	—	—	(28)	(28)	—	—	—	—	—	—	—
5	Other financial corporations	72,256	71,441	437	15	2	13	(71)	(16)	(55)	(10)	—	(10)	—	458	2
6	Non-financial corporations	74,688	66,028	8,530	3,390	158	3,232	(784)	(400)	(384)	(1,020)	—	(1,020)	(313)	48,106	474
7	Of which: SMEs	40,987	37,355	3,632	1,130	135	995	(311)	(121)	(190)	(134)	—	(134)	—	31,866	454
8	Households	348,013	305,166	42,572	7,303	2,227	5,075	(1,847)	(770)	(1,077)	(941)	(166)	(775)	—	322,700	5,816
9	**Debt securities**	33,360	31,169	—	870	—	2	(3)	(3)	—	(695)	—	(2)	—	—	—
11	General governments	13,252	13,234	—	—	—	—	—	—	—	—	—	—	—	—	—
12	Credit institutions	13,334	13,334	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Other financial corporations	4,924	3,914	—	—	—	—	(3)	(3)	—	—	—	—	—	—	—
14	Non-financial corporations	1,850	687	—	870	—	2	—	—	—	(695)	—	(2)	—	—	—
15	**Off-balance-sheet exposures**	141,477	134,825	6,653	493	285	208	(343)	(172)	(171)	(16)	(8)	(8)		8,795	11
17	General governments	220	220	—	—	—	—	—	—	—	—	—	—		—	—
18	Credit institutions	1,000	1,000	—	—	—	—	—	—	—	—	—	—		365	—
19	Other financial corporations	18,781	18,718	62	4	4	1	(15)	(13)	(1)	—	—	—		645	—
20	Non-financial corporations	38,043	35,804	2,240	207	96	112	(135)	(62)	(73)	(8)	—	(8)		7,784	11
21	Households	83,434	79,083	4,351	282	185	96	(194)	(97)	(97)	(8)	(8)	—		—	—
22	**Total**	682,253	621,059	58,191	12,072	2,673	8,530	(2,390)	(1,045)	(1,345)	(2,650)	(158)	(1,798)	(313)	380,555	6,304

The table above excludes loans and advances classified as held for sale, cash balances at central banks and other demand deposits to allow calculation of the NPL ratio in line with EBA definitions.

Debt securities classified as fair value through profit and loss have also been excluded from reported Stage 1 and 2 balances.

Table 23: Performing and non-performing exposures and related provisions (CR1) (continued)

		31 Dec 2020														
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
			Of which stage 1	Of which stage 2		Of which stage2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		On performing exposures	On non-performing exposures
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	**Loans and advances**	506,302	447,433	57,521	11,492	2,736	8,755	(3,401)	(1,384)	(2,017)	(2,370)	(210)	(2,160)	(374)	362,210	6,586
2	Central banks	1,372	1,372	—	—	—	—	—	—	—	—	—	—	—	—	—
3	General governments	640	614	—	—	—	—	—	—	—	—	—	—	—	462	—
4	Credit institutions	10,156	10,155	—	—	—	—	(11)	(11)	—	—	—	—	—	7	—
5	Other financial corporations	78,333	76,887	624	38	24	13	(113)	(36)	(77)	(9)	—	(9)	(94)	764	2
6	Non-financial corporations	77,589	63,187	14,253	3,853	252	3,601	(1,134)	(471)	(663)	(1,315)	—	(1,315)	(280)	49,837	551
7	Of which: SMEs	42,033	36,602	5,431	939	101	838	(459)	(157)	(303)	(147)	—	(147)	—	32,840	471
8	Households	338,211	295,218	42,644	7,602	2,460	5,141	(2,142)	(865)	(1,277)	(1,046)	(210)	(836)	—	311,139	6,033
9	**Debt securities**	35,469	33,300	—	865	—	2	(6)	(6)	—	(583)	—	(2)	—	—	—
11	General governments	15,088	15,070	—	—	—	—	(1)	(1)	—	—	—	—	—	—	—
12	Credit institutions	11,637	11,637	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Other financial corporations	6,588	5,712	—	—	—	—	(5)	(5)	—	—	—	—	—	—	—
14	Non-financial corporations	2,156	882	—	865	—	2	—	—	—	(583)	—	(2)	—	—	—
15	**Off-balance-sheet exposures**	149,256	141,140	8,116	636	352	285	(432)	(211)	(221)	(27)	(14)	(13)	—	10,581	11
17	General governments	226	226	—	—	—	—	—	—	—	—	—	—	—	4	—
18	Credit institutions	47	47	—	—	—	—	—	—	—	—	—	—	—	42	—
19	Other financial corporations	21,059	21,015	44	5	5	—	(21)	(18)	(3)	—	—	—	—	1,225	—
20	Non-financial corporations	41,165	37,496	3,668	363	167	196	(187)	(82)	(105)	(18)	(5)	(13)	—	9,306	11
21	Households	86,760	82,356	4,404	268	180	88	(224)	(111)	(113)	(9)	(9)	—	—	5	—
22	**Total**	691,027	621,873	65,638	12,994	3,088	9,041	(3,839)	(1,601)	(2,238)	(2,980)	(224)	(2,175)	(374)	372,791	6,597

Table 24: COVID 1: Information on loans and advances subject to legislative and non-legislative moratoria [1,2,]

		30 Jun 2021														
		Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
			Performing			Non performing				Performing			Non performing			Inflows to non-performing exposures
				Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Loans and advances subject to moratorium	1,366	1,227	12	175	138	126	121	22	13	1	4	8	7	7	65
2	of which: Households	562	537	7	90	26	14	8	7	5	1	4	2	1	1	6
3	of which: Collateralised by residential immovable property	504	479	7	83	25	13	7	5	3	1	3	2	1	1	4
4	of which: Non-financial corporations	795	687	5	84	109	109	109	11	8	—	—	2	2	2	58
5	of which: Small and Medium-sized Enterprises	764	662	5	68	102	102	102	11	8	—	—	2	2	4	58
6	of which: Collateralised by commercial immovable property	200	139	2	32	62	62	177	4	4	—	—	1	1	1	22

Table 24: COVID 1: Information on loans and advances subject to legislative and non-legislative moratoria (continued)

		31 Dec 2020														
		Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
			Performing			Non performing				Performing			Non performing			Inflows to non-performing exposures
				Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Loans and advances subject to moratorium	7,308	6,953	94	1,884	355	274	151	172	133	7	71	37	25	14	801
2	of which: Households	5,475	5,254	78	1,555	220	139	16	121	94	6	69	27	15	4	727
3	of which: Collateralised by residential immovable property	4,699	4,498	68	1,342	201	129	10	52	34	4	28	18	11	1	528
4	of which: Non-financial corporations	1,797	1,670	16	325	127	127	127	46	38	1	2	5	5	5	74
5	of which: Small and Medium-sized Enterprises	1,621	1,527	16	290	94	94	94	44	38	1	2	4	4	4	50
6	of which: Collateralised by commercial immovable property	649	600	11	126	49	49	49	17	17	1	—	—	—	—	23

1. Reported numbers exclude a small number of St. James Place, Intelligent Finance and Tesco mortgage portfolio repayment holidays; and a small number of Lex Autolease motor finance payment holiday.
2. For some retail customers payment holidays have been granted in respect of lending which was classified as non-performing at the time the payment holiday was granted.

Payment holidays have been granted across a range of retail products including mortgages, personal loans, credit cards and motor finance. Capital and interest payments are typically suspended for the duration of the holiday, but interest continues to accrue. For the purposes of this reporting the end of the payment holiday is defined as the first date on which payment is due after the payment holiday period ends. Capital repayment holidays in Commercial Banking are defined as periods during which customers are not required to make repayments of capital against drawn term loan facilities. Customers are required to continue making interest payments, and the capital repayment holiday is reflected in an extension to the term of the facility.

Table 25: COVID 2: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria [1]

	30 Jun 2021								
	Number of obligors	Gross carrying amount							
			Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
	£m	£m	£m	£m	£m	£m	£m	£m	£m
1 Loans and advances for which moratorium was offered	1,328,285	81,905							
2 Loans and advances subject to moratorium (granted)	1,328,285	81,905	—	80,540	1,090	238	38	—	—
3 of which: Households		74,485	—	73,923	562	—	—	—	—
4 of which: Collateralised by residential immovable property		67,467	—	66,962	504	—	—	—	—
5 of which: Non-financial corporations		7,184	—	6,389	520	237	38	—	—
6 of which: Small and Medium-sized Enterprises		5,656	—	4,892	492	233	38	—	—
7 of which: Collateralised by commercial immovable property		3,095	—	2,894	172	27	1	—	—

	31 Dec 2020								
	Number of obligors	Gross carrying amount							
			Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
	£m	£m	£m	£m	£m	£m	£m	£m	£m
1 Loans and advances for which moratorium was offered	1,259,670	77,868							
2 Loans and advances subject to moratorium (granted)	1,259,670	77,868	—	70,560	6,454	831	24	—	—
3 of which: Households		70,511	—	65,037	5,090	385	—	—	—
4 of which: Collateralised by residential immovable property		64,904	—	60,205	4,335	364	—	—	—
5 of which: Non-financial corporations		7,244	—	5,447	1,343	430	24	—	—
6 of which: Small and Medium-sized Enterprises		5,707	—	4,086	1,211	403	7	—	—
7 of which: Collateralised by commercial immovable property		2,495	—	1,845	547	99	4	—	—

1 Reported numbers exclude a small number of St. James Place, Intelligent Finance and Tesco mortgage portfolio repayment holidays; and a small number of Lex Autolease motor finance payment holiday.

Payment holidays of up to three months have been granted to retail customers, with further extensions of up to three months available on request. For commercial customers mid-term Capital Repayment Holidays have been granted, typically of up to 6 months although in a very small number of cases longer payment holidays have been granted. Further extensions of up to 3 months may be granted subject to eligibility criteria being met.

Table 26: COVID 3: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

		30 Jun 2021			
		Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
			of which: forborne	Public guarantees received	Inflows to non-performing exposures
		£m	£m	£m	£m
1	Newly originated loans and advances subject to public guarantee schemes	11,489	199	10,959	53
4	of which: Non-financial corporations	11,414	199	10,899	53
5	of which: Small and Medium-sized Enterprises	11,065			51
6	of which: Collateralised by commercial immovable property	78			2

		31 Dec 2020			
		Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
			of which: forborne	Public guarantees received	Inflows to non-performing exposures
		£m	£m	£m	£m
1	Newly originated loans and advances subject to public guarantee schemes	11,030	116	10,568	37
4	of which: Non-financial corporations	10,992	116	10,538	37
5	of which: Small and Medium-sized Enterprises	10,752			28
6	of which: Collateralised by commercial immovable property	69			1

BBL's range from £2 thousand to £50 thousand in value (average facility size c.£29.9 thousand) with lending for six years although customers can repay early without any fees. Over 80 per cent of the lending is across the following main sectors: Wholesale & Retail Trade And Repair; Construction; Professional, Scientific & Technical Activities; Accommodation & Food Service Activities; Real Estate Activities; Admin & Support Service Activities; Manufacturing; and Transportation & Storage.

CBIL's range from £10 thousand to £5 million in value (average facility size c.£222 thousand) with average term length of approved facilities being 69 months. Main sectors facilities cover being: Wholesale & Retail Trade And Repair; Manufacturing; Construction; Professional, Scientific & Technical Activities; Admin & Support Service Activities and Accommodation & Food Service.

CLBILs range from £250 thousand to £25 million in value (average facility size c£10m) with average term length of approved facilities being 31months. Main sectors facilities cover being: Wholesale & Retail Trade And Repair and Construction.

SECURITISATION

The tables in this section include an amount of CCR EAD (£197 million - SEC-ERBA £116 million, SEC-SA £81million) and RWAs (£130 million - SEC-ERBA £118 million, SEC-SA £12 million).

Banking and trading book securitisation analysis

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

Table 27: Securitisation exposures in the non-trading book (SEC1)

		30 Jun 2021														
		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS		Non-STS			of which SRT		STS	Non-STS			STS	Non-STS		
			of which SRT		of which SRT											
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	**Total exposures**	—	—	—	—	11,672	11,672	11,672	795	4,270	—	5,065	2,286	7,663	—	9,949
2	Retail (total)	—	—	—	—	—	—	—	795	2,771	—	3,566	2,175	4,870	—	7,045
3	residential mortgage	—	—	—	—	—	—	—	—	306	—	306	—	2,295	—	2,295
4	credit card	—	—	—	—	—	—	—	—	—	—	—	—	380	—	380
5	other retail exposures	—	—	—	—	—	—	—	795	2,465	—	3,260	2,175	2,195	—	4,370
7	Wholesale (total)	—	—	—	—	11,672	11,672	11,672	—	1,499	—	1,499	111	2,793	—	2,904
8	loans to corporates	—	—	—	—	6,565	6,565	6,565	—	—	—	—	—	502	—	502
9	commercial mortgage	—	—	—	—	2,219	2,219	2,219	—	—	—	—	—	1,026	—	1,026
10	lease and receivables	—	—	—	—	—	—	—	—	1,171	—	1,171	—	397	—	397
11	other wholesale	—	—	—	—	2,888	2,888	2,888	—	328	—	328	111	868	—	979

Table 27: Securitisation exposures in the non-trading book (SEC1) (continued)

	31 Dec 2020													
	Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
	Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
	STS	of which SRT	Non-STS	of which SRT		of which SRT		STS	Non-STS			STS	Non-STS		
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1 **Total exposures**	—	—	—	—	10,950	10,950	10,950	815	4,947	—	5,762	2,309	8,563	—	10,872
2 Retail (total)	—	—	—	—	—	—	—	811	2,935	—	3,746	2,189	5,803	—	7,992
3 residential mortgage	—	—	—	—	—	—	—	—	306	—	306	—	2,787	—	2,787
4 credit card	—	—	—	—	—	—	—	—	—	—	—	—	568	—	568
5 other retail exposures	—	—	—	—	—	—	—	811	2,629	—	3,440	2,189	2,448	—	4,637
7 Wholesale (total)	—	—	—	—	10,950	10,950	10,950	4	2,012	—	2,016	120	2,760	—	2,880
8 loans to corporates	—	—	—	—	7,329	7,329	7,329	—	—	—	—	—	533	—	533
9 commercial mortgage	—	—	—	—	726	726	726	—	—	—	—	—	1,039	—	1,039
10 lease and receivables	—	—	—	—	—	—	—	—	1,506	—	1,506	—	300	—	300
11 other wholesale	—	—	—	—	2,895	2,895	2,895	4	506	—	510	120	888	—	1,008

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

Table 28: Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor (SEC3)

		30 Jun 2021															
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% 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**	10,870	4,943	838	86	—	9,452	5,342	1,941	—	1,885	1,548	530	—	151	123	42	—
2	Traditional transactions	3,530	895	624	16	—	—	5,065	—	—	—	1,218	—	—	—	97	—	—
3	Securitisation	3,530	895	624	16	—	—	5,065	—	—	—	1,218	—	—	—	97	—	—
4	Retail underlying	3,260	306	—	—	—	—	3,566	—	—	—	582	—	—	—	47	—	—
5	Of which STS	795	—	—	—	—	—	795	—	—	—	80	—	—	—	6	—	—
6	Wholesale	270	589	624	16	—	—	1,499	—	—	—	636	—	—	—	51	—	—
7	Of which STS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Synthetic transactions	7,340	4,048	214	70	—	9,452	277	1,941	—	1,885	330	530	—	151	26	42	—
10	Securitisation	7,340	4,048	214	70	—	9,452	277	1,941	—	1,885	330	530	—	151	26	42	—
11	Retail underlying	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
12	Wholesale	7,340	4,048	214	70	—	9,452	277	1,941	—	1,885	330	530	—	151	26	42	—

Table 28: Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor (SEC3) (continued)

		31 Dec 2020															
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	**Total exposures**	12,195	3,411	1,065	41	—	10,224	5,976	512	—	1,951	1,765	151	—	156	142	12	—
2	Traditional transactions	3,748	1,174	799	41	—	—	5,762	—	—	—	1,571	—	—	—	126	—	—
3	Securitisation	3,748	1,174	799	41	—	—	5,762	—	—	—	1,571	—	—	—	126	—	—
4	Retail underlying	3,216	530	—	—	—	—	3,746	—	—	—	643	—	—	—	51	—	—
5	Of which STS	811	—	—	—	—	—	811	—	—	—	81	—	—	—	6	—	—
6	Wholesale	532	644	799	41	—	—	2,016	—	—	—	928	—	—	—	74	—	—
7	Of which STS	4	—	—	—	—	—	4	—	—	—	—	—	—	—	—	—	—
9	Synthetic transactions	8,447	2,237	266	—	—	10,224	214	512	—	1,951	194	151	—	156	16	12	—
10	Securitisation	8,447	2,237	266	—	—	10,224	214	512	—	1,951	194	151	—	156	16	12	—
12	Wholesale	8,447	2,237	266	—	—	10,224	214	512	—	1,951	194	151	—	156	16	12	—

Table 29: Exposures securitised by the institution - Exposures in default and specific credit risk adjustments (SEC5)

		30 Jun 2021			December 2020		
		Exposures securitised by the institution - Institution acts as originator			Exposures securitised by the institution - Institution acts as originator		
		Total outstanding nominal amount	Of which exposures in default	Total amount of specific credit risk adjustments made during the period	Total outstanding nominal amount	Of which exposures in default	Total amount of specific credit risk adjustments made during the period
		£m	£m	£m	£m	£m	£m
1	**Total exposures**	**12,952**	**77**	**(5)**	12,055	80	1
7	Wholesale (total)	**12,952**	**77**	**(5)**	12,055	80	1
8	loans to corporates	**7,468**	**73**	**(5)**	8,217	76	1
9	commercial mortgage	**2,491**	**4**	**—**	841	4	—
11	other wholesale	**2,993**	**—**	**—**	2,997	—	—

Table 30: Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor (SEC4)

		30 Jun 2021																
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250 % RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	**Total exposures**	9,135	464	225	125	—	—	2,323	7,627	—	—	669	1,133	—	—	54	90	—
2	Traditional securitisation	9,135	464	225	125	—	—	2,323	7,627	—	—	669	1,133	—	—	54	90	—
3	Securitisation	9,135	464	225	125	—	—	2,323	7,627	—	—	669	1,133	—	—	54	90	—
4	Retail underlying	6,784	260	—	—	—	—	1,955	5,089	—	—	287	741	—	—	23	59	—
5	Of which STS	2,175	—	—	—	—	—	1,127	1,048	—	—	113	114	—	—	9	9	—
6	Wholesale	2,351	204	225	125	—	—	368	2,538	—	—	382	392	—	—	31	31	—
7	Of which STS	111	—	—	—	—	—	3	108	—	—	—	11	—	—	—	1	—

		31 Dec 2020																
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	**Total exposures**	9,993	484	225	171	—	—	2,524	8,347	—	—	753	1,217	—	—	60	98	—
2	Traditional securitisation	9,993	484	225	171	—	—	2,524	8,347	—	—	753	1,217	—	—	60	98	—
3	Securitisation	9,993	484	225	171	—	—	2,524	8,347	—	—	753	1,217	—	—	60	98	—
4	Retail underlying	7,614	378	—	—	—	—	2,092	5,899	—	—	310	847	—	—	25	68	—
5	Of which STS	2,189	—	—	—	—	—	1,137	1,051	—	—	114	105	—	—	9	8	—
6	Wholesale	2,379	106	225	171	—	—	432	2,448	—	—	443	370	—	—	35	30	—
7	Of which STS	120	—	—	—	—	—	6	114	—	—	1	11	—	—	—	1	—

COUNTERPARTY CREDIT RISK

Table 31: Analysis of CCR exposure by approach (CCR1)[3]

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

		30 Jun 2021						
		Notional	Replacement cost/current market value[1]	Potential future credit exposure[1]	Effective expected positive exposure (EEPE)	Multiplier	EAD Post CRM[2]	RWAs
		£m	£m	£m	£m	x	£m	£m
1	Mark to Market		5,348	3,786			8,467	4,449
9	Financial collateral comprehensive method (for SFTs)						9,772	331
11	**Total**	—	5,348	3,786	—	—	18,239	4,780

		31 Dec 2020						
		Notional	Replacement cost/current market value[1]	Potential future credit exposure[1]	Effective expected positive exposure (EEPE)	Multiplier	EAD Post CRM[2]	RWAs
		£m	£m	£m	£m	x	£m	£m
1	Mark to Market		6,386	3,985			9,702	5,064
9	Financial collateral comprehensive method (for SFTs)						14,759	372
11	**Total**	—	6,386	3,985	—	—	24,461	5,436

1 Replacement cost and PFE have been reported on a net basis where a netting agreement is in place (collateral is deducted from the RC).

2 Exposure values of £2.5bn (2020: £2.7bn) subject to CVA are embedded in this section, the CVA risk-weighted assets are excluded from this table. For CVA risk-weighted assets please refer to Table 33.

3 CCP exposures and charges are excluded from this table. For CCP balances please refer to Table 32: Exposures to CCPs (CCR8).

Key movements

– Financial collateral comprehensive method (for SFTs) decreased by £5 billion EAD mainly due to the Term Funding Scheme with additional incentives for SMEs (TFSME) with £3.8 billion reduction and also other smaller movements.

Table 32: Exposures to CCPs (CCR8)

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

		30 Jun 2021		31 Dec 2020	
		EAD post CRM	RWA	EAD post CRM	RWA
		£m	£m	£m	£m
1	**Exposures to QCCPs (total)**	10,629	643	9,425	630
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	10,059	215	8,741	189
3	(i) OTC derivatives	8,404	168	7,700	154
4	(ii) Exchange-traded derivatives	1,623	46	1,008	34
5	(iii) SFTs	32	1	33	1
8	Non-segregated initial margin	229	5	252	5
9	Prefunded default fund contributions	341	423	432	436
11	**Exposures to non-QCCPs (total)**	—	—	—	—

Key movements

- OTC and Exchange-traded derivatives exposure increase of £1.3 billion is driven mainly by market movements.
- Decrease in EAD and RWA in the Prefunded default fund contributions is predominately due to reduction in the required contribution to LCH SwapClear.

Table 33: Credit valuation adjustment (CVA) capital charge (CCR2)[1]

		30 Jun 2021		31 Dec 2020	
		EAD post CRM £m	RWA £m	EAD post CRM £m	RWA £m
4	All portfolios subject to the Standardised Method	2,540	526	2,658	679
5	**Total subject to the CVA capital charge**	2,540	526	2,658	679

1 The CVA exposures disclosed in this table are embedded in the exposures reported in Table 31: Analysis of CCR exposure by approach (CCR1).

COUNTERPARTY CREDIT RISK EXPOSURES: ANALYSIS BY EXPOSURE CLASS

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

Table 34: CCR: analysis by exposure class

	30 Jun 2021		31 Dec 2020	
	EAD post CRM £m	RWA £m	EAD post CRM £m	RWA £m
Foundation IRB approach				
Corporate – main	5,698	2,498	6,060	2,644
Corporate – SME	1	2	2	2
Central governments or central banks	1,219	106	2,084	125
Institutions	2,289	774	2,406	857
Other IRB approach				
Corporate – specialised lending[1]	1,599	1,120	1,959	1,381
Securitisation positions[2]	116	118	170	144
Total IRB approach	10,922	4,618	12,681	5,153
Exposures subject to the standardised approach				
Central governments or central banks	6,953	—	10,998	—
Public sector entities	7	—	44	—
Multilateral development banks	3	—	35	—
International organisations	42	—	177	—
Institutions	10,306	225	9,072	233
Corporates	214	144	313	224
Securitisation positions	81	12	133	19
Total standardised approach	17,606	381	20,772	476
Contributions to the default fund of a Central Counterparty	341	423	432	436
Credit valuation adjustment[3]		526		679
Total	28,869	5,948	33,885	6,744

1 Exposures subject to the IRB Supervisory Slotting Approach.
2 No positions relating to counterparty credit risk securitisation positions were deducted from capital (2020: £nil).
3 CVA exposure values of £2.5bn (2020: £2.7bn) are embedded in the exposure class analysis above.

Key movements

- Exposures to Institutions subject to the Standardised approach increased by £1.2 billion mainly driven QCCP trading.
- Exposures to Central governments or central banks subject to the Standardised approach decreased by £4.0 billion mainly due to the Term Funding Scheme with additional incentives for SMEs (TFSME), which decreased by £3.8 billion.
- Exposures to Central governments or central banks subject to the IRB approach decreased by £0.9 billion driven by SFT trading with various counterparties.

COUNTERPARTY CREDIT RISK EXPOSURES: FURTHER ANALYSIS OF IRB EXPOSURES

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

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

Table 35: IRB – CCR exposure by portfolio and PD scale – Corporate Main (CCR4)

	30 Jun 2021						
	EAD post CRM	Average PD	Number of obligors	Average LGD	Average Maturity (years)	RWA	RWA density
PD Scale	£m	%		%		£m	%
0.00 to <0.15	3,197	0.08%	882	44.2%	2.7	921	28.8%
0.15 to <0.25	1,301	0.18%	251	45.0%	3.4	709	54.5%
0.25 to <0.50	656	0.32%	760	44.5%	1.6	332	50.6%
0.50 to <0.75	202	0.63%	127	45.0%	1.4	138	68.1%
0.75 to <2.50	248	1.47%	204	45.0%	2.2	265	106.6%
2.50 to <10.00	92	4.40%	127	45.0%	1.9	132	144.2%
10.00 to <100.00	0	30.73%	7	45.0%	1.2	1	251.7%
100.00 (Default)	2	100.00%	10	45.0%	1.8	—	—
Sub-total	5,698	0.31%	2,368	44.5%	2.6	2,498	43.8%

	31 Dec 2020						
	EAD post CRM	Average PD	Number of obligors	Average LGD	Average Maturity (years)	RWA	RWA density
PD Scale	£m	%		%		£m	%
0.00 to <0.15	3,526	0.08%	844	43.8%	3.0	1,087	30.8%
0.15 to <0.25	1,108	0.18%	284	45.0%	2.7	531	48.0%
0.25 to <0.50	814	0.33%	858	44.8%	1.6	423	51.9%
0.50 to <0.75	159	0.63%	138	45.0%	1.5	110	69.2%
0.75 to <2.50	311	1.43%	235	45.0%	2.4	335	107.7%
2.50 to <10.00	108	4.32%	121	45.0%	2.1	157	145.0%
10.00 to <100.00	0	24.82%	7	45.0%	1.3	1	236.8%
100.00 (Default)	34	100.00%	15	45.0%	1.1	—	—
Sub-total	6,060	0.85%	2,502	44.3%	2.7	2,644	43.6%

Table 36: IRB – CCR exposures by portfolio and PD scale – Central governments or central banks (CCR4)

	30 Jun 2021						
	EAD post CRM	Average PD	Number of obligors	Average LGD	Average Maturity (years)	RWA	RWA density
PD Scale	£m	%		%		£m	%
0.00 to <0.15	1,180	0.05%	13	45.0%	0.0	74	6.3%
0.75 to <2.50	39	1.63%	2	45.0%	0.1	32	81.8%
Sub-total	1,219	0.10%	15	45.0%	0.0	106	8.7%

	31 Dec 2020						
	EAD post CRM	Average PD	Number of obligors	Average LGD	Average Maturity (years)	RWA	RWA density
PD Scale	£m	%		%		£m	%
0.00 to <0.15	2,081	0.05%	19	45.0%	0.0	122	5.9%
0.75 to <2.50	3	1.62%	1	45.0%	1.0	3	94.2%
Sub-total	2,084	0.05%	20	45.0%	0.0	125	6.0%

Key movements

- Exposures to Central governments or central banks subject to the IRB approach decreased by £0.9 billion driven by SFT trading with various counterparties.

Table 37: IRB – CCR exposure by portfolio and PD scale – Institutions (CCR4)

	30 Jun 2021						
	EAD post CRM	Average PD	Number of obligors	Average LGD	Average Maturity (years)	RWA	RWA density
PD Scale	£m	%		%		£m	%
0.00 to <0.15	2,026	0.04%	209	45.0%	2.8	572	28.3%
0.15 to <0.25	238	0.18%	22	45.0%	3.8	179	75.1%
0.25 to <0.50	15	0.33%	27	45.0%	3.3	12	85.8%
0.50 to <0.75	6	0.63%	10	45.0%	2.0	5	82.5%
0.75 to <2.50	3	1.20%	12	45.0%	1.7	3	99.9%
2.50 to <10.00	1	2.60%	1	45.0%	5.0	1	164.1%
10.00 to <100.00	—	—	—	—	—	—	—
Sub-total	2,289	0.06%	281	45.0%	2.9	772	33.7%

	31 Dec 2020						
	EAD post CRM	Average PD	Number of obligors	Average LGD	Average Maturity (years)	RWA	RWA density
PD Scale	£m	%		%		£m	%
0.00 to <0.15	2,092	0.05%	213	45.0%	2.9	616	29.4%
0.15 to <0.25	273	0.18%	25	45.0%	3.8	204	74.7%
0.25 to <0.50	27	0.31%	29	45.0%	3.4	22	84.2%
0.50 to <0.75	10	0.63%	13	45.0%	2.6	9	94.5%
0.75 to <2.50	3	1.21%	9	45.0%	2.5	3	104.4%
2.50 to <10.00	1	2.60%	3	45.0%	3.5	2	159.7%
10.00 to <100.00	—	31.00%	1	45.0%	1.0	—	278.1%
Sub-total	2,406	0.07%	293	45.0%	3.0	856	35.6%

Table 38: CCR corporate exposures subject to supervisory slotting

		30 Jun 2021				
Regulatory categories	Remaining maturity	On-balance sheet amount £m	Off-balance sheet amount £m	RW %	EAD post CRM £m	RWA £m
1 Strong	Less than 2.5 years	169	—	50%	168	85
	Equal to or more than 2.5 years	1,643	—	70%	1,287	900
2 Good	Less than 2.5 years	30	—	70%	28	19
	Equal to or more than 2.5 years	126	—	90%	72	65
3 Satisfactory	Less than 2.5 years	2	—	115%	2	3
	Equal to or more than 2.5 years	41	—	115%	41	48
4 Weak	Less than 2.5 years	—	—	250%	—	—
	Equal to or more than 2.5 years	—	—	250%	—	—
5 Default	Less than 2.5 years	—	—	0%	—	—
	Equal to or more than 2.5 years	—	—	0%	—	—
Total	Less than 2.5 years	201	—		198	107
	Equal to or more than 2.5 years	1,811	—		1,401	1,013

		31 Dec 2020				
Regulatory categories	Remaining maturity	On-balance sheet amount £m	Off-balance sheet amount £m	RW %	EAD post CRM £m	RWA £m
1 Strong	Less than 2.5 years	185	—	50%	184	92
	Equal to or more than 2.5 years	2,034	—	70%	1,580	1,106
2 Good	Less than 2.5 years	41	—	70%	39	27
	Equal to or more than 2.5 years	125	—	90%	91	82
3 Satisfactory	Less than 2.5 years	1	—	115%	1	1
	Equal to or more than 2.5 years	64	—	115%	64	73
4 Weak	Less than 2.5 years	—	—	250%	—	—
	Equal to or more than 2.5 years	—	—	250%	—	—
5 Default	Less than 2.5 years	—	—	0%	—	—
	Equal to or more than 2.5 years	—	—	0%	—	—
Total	Less than 2.5 years	227	—		224	120
	Equal to or more than 2.5 years	2,223	—		1,735	1,261

Table 39: Standardised approach – CCR exposures by regulatory portfolio and risk (CCR3)
Exposures are classed as 'rated' only where an ECAI rating has been used to derive the risk weight. Where a rating is unavailable, or where the risk weight has been determined by application of specific CRR provisions, exposures have been classed as 'unrated'.

		30 Jun 2021												
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total	Of which: Unrated
	Exposure Classes	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Central governments or central banks	6,953	—	—	—	—	—	—	—	—	—	—	6,953	6,938
3	Public sector entities	1	—	—	—	5	—	—	—	—	—	1	7	1
4	Multilateral development banks	3	—	—	—	—	—	—	—	—	—	—	3	3
5	International organisations	42	—	—	—	—	—	—	—	—	—	—	42	42
6	Institutions	—	9,631	658	—	11	5	—	—	2	—	—	10,306	10,300
7	Corporates	—	—	—	—	—	139	—	—	74	—	1	214	74
11	**Total – Standardised Approach**	6,999	9,631	658	—	16	145	—	—	76	—	(1)	17,524	17,358

		31 Dec 2020												
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total	Of which: Unrated
	Exposure Classes	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Central governments or central banks	10,998	—	—	—	—	—	—	—	—	—	—	10,998	10,993
3	Public sector entities	44	—	—	—	—	—	—	—	—	—	—	44	44
4	Multilateral development banks	35	—	—	—	—	—	—	—	—	—	—	35	35
5	International organisations	177	—	—	—	—	—	—	—	—	—	—	177	177
6	Institutions	—	8,276	716	—	8	70	—	—	2	—	—	9,072	9,002
7	Corporates	—	—	—	—	4	171	—	—	138	—	—	313	138
11	**Total – Standardised Approach**	11,255	8,276	716	—	12	240	—	—	141	—	—	20,640	20,389

Key movements

- Exposures to Institutions subject to the Standardised approach increased by £1.2 billion mainly driven by QCCP trading.
- Exposures to Central governments or central banks subject to the Standardised approach decreased by £4 billion mainly due to the the Term Funding Scheme with additional incentives for SMEs (TFSME), which decreased by £3.8 billion.

NET DERIVATIVES CREDIT EXPOSURE

The gross positive fair value of contracts, netting benefits, netted current credit exposure, collateral held and resultant 'net derivatives and SFTs credit exposure', as at 30 June 2021, are presented separately in the table below.

Table 40: Impact of netting and collateral held on exposure values (CCR5-A)

		30 Jun 2021				
		Gross positive fair value exposure amount	Netting benefits credit	Netted current credit exposure	Collateral held[1]	Net Credit exposure[2]
		£m	£m	£m	£m	£m
1	Derivatives	58,140	45,418	12,721	7,348	5,373
2	SFTs	164,092	—	164,092	156,529	7,563
4	**Total**	222,232	45,418	176,813	163,877	12,936

		31 Dec 2020				
		Gross positive fair value exposure amount	Netting benefits credit	Netted current credit exposure	Collateral held[1]	Net Credit exposure[2]
		£m	£m	£m	£m	£m
1	Derivatives	87,066	71,459	15,607	9,326	6,281
2	SFTs	191,130	—	191,130	181,113	10,017
4	**Total**	278,196	71,459	206,737	190,439	16,298

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

2 The net credit exposure value may differ from the EAD value disclosed in Table 56: Analysis of CCR exposure by approach (CCR1), due to the other parameters for the calculation of the regulatory exposure values not being disclosed in this table.

Table 41: Composition of collateral for exposures to CCR (CCR5-B)

	30 Jun 2021				31 Dec 2020			
	Collateral Used in Derivatives		Collateral Used in SFTs		Collateral Used in Derivatives		Collateral Used in SFTs	
	Fair Value of Collateral Received	Fair Value of Collateral Posted	Fair Value of Collateral Received	Fair Value of Collateral Posted	Fair Value of Collateral Received	Fair Value of Collateral Posted	Fair Value of Collateral Received	Fair Value of Collateral Posted
	£m	£m	£m	£m	£m	£m	£m	£m
Collateral Types								
Cash - Domestic currency	2,446	1,392	44,159	82,924	2,801	1,862	55,150	88,498
Cash - Other currencies	4,528	2,393	9,256	6,865	6,120	3,723	10,498	8,351
Domestic sovereign debt	2,266	4,076	87,403	45,995	2,092	6,049	96,406	55,759
Other sovereign debt	57	95	13,048	7,463	31	96	15,454	8,173
Corporate bonds	38	1	1,188	172	23	8	1,346	120
Other collateral	73	60	1,765	23,164	73	60	3,098	35,256
Total	9,408	8,017	156,819	166,583	11,140	11,798	181,952	196,157

NOTIONAL VALUE OF CREDIT DERIVATIVE TRANSACTIONS

The notional value of credit derivative transactions outstanding at 30 June 2021 was £15.9 billion (2020: £19.3 billion). These transactions relate to CDS, total return swaps and other credit derivatives. All total return swaps, including those with gilts underlying, are classified as credit products and are reported in the table below.

Table 42: Credit derivatives exposures (CCR6)

	30 Jun 2021			31 Dec 2020		
	Credit derivative hedges			Credit derivative hedges		
	Protection bought £m	Protection sold £m	Other credit derivatives £m	Protection bought £m	Protection sold £m	Other credit derivatives £m
Notionals						
Single-name credit default swaps	2,476	84	—	3,090	322	—
Index credit default swaps	776	—	—	909	20	—
Total return swaps	871	6,684	—	1,429	8,316	—
Other credit derivatives	—	5,054	—	—	5,252	—
Total notionals	4,122	11,822	—	5,428	13,910	—
Fair values						
Positive fair value (asset)	21	171	—	79	59	—
Negative fair value (liability)	(121)	(131)	—	(116)	(237)	—

PILLAR 1 CAPITAL REQUIREMENTS - MARKET RISK

Table 43: Market risk own funds requirements

	June 2021		December 2020	
	RWA	Capital Requirements	RWA	Capital Requirements
	£m	£m	£m	£m
Internal models approach	4,259	341	1,955	156
VaR	457	37	408	33
SVaR	3,188	255	989	79
Incremental risk charge	224	18	167	13
Risks not in VaR	390	31	391	31
Standardised approach	258	21	252	20
Interest rate risk (general and specific)	170	14	167	14
Foreign exchange risk	74	6	77	6
Commodity risk	7	1	6	—
Specific interest rate risk of securitisation position	7	1	2	—
Total	4,516	361	2,207	176

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Table 44: Risk-weighted assets flow statements of market risk exposures under an IMA (MR2-B)

		VaR	SVaR	IRC	CRM	Other	Total RWA	Total Capital Requirements
		£m	£m	£m	£m	£m	£m	£m
1	Risk-weighted assets as at 31 December 2020	408	989	167	—	391	1,955	156
2	Movement in risk levels	(17)	18	57	—	(13)	46	4
3	Model updates/changes	65	455	—	—	13	533	43
4	Methodology and policy	—	—	—	—	(1)	(1)	—
7	Other	—	1,725	—	—	—	1,725	138
8	**Risk-weighted assets as at 30 June 2021**	457	3,188	224	—	390	4,259	341

1 The table above relates solely to movement in exposures under an IMA approach. Total Market risk risk-weighted assets are disclosed by key driver in Table 4. Note that the asset size driver disclosed therein is encompassed in movement in risk levels above.

Key movements

- The SVAR increase of £2.2 billion is largely temporary and linked to IBOR cessation activities and does not represent additional risk taking by the Group. This temporary increase will reverse post the adjustment to the Group's Market Risk capital models expected in the second half of 2021.

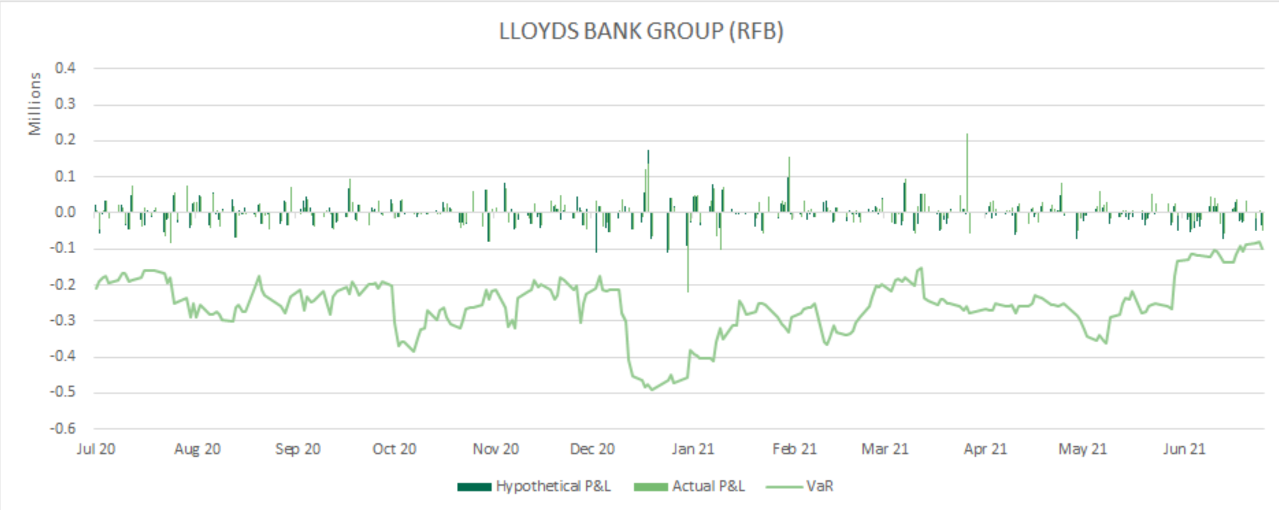
COMPARISON OF VAR TO HYPOTHETICAL AND CLEAN PROFIT AND LOSS

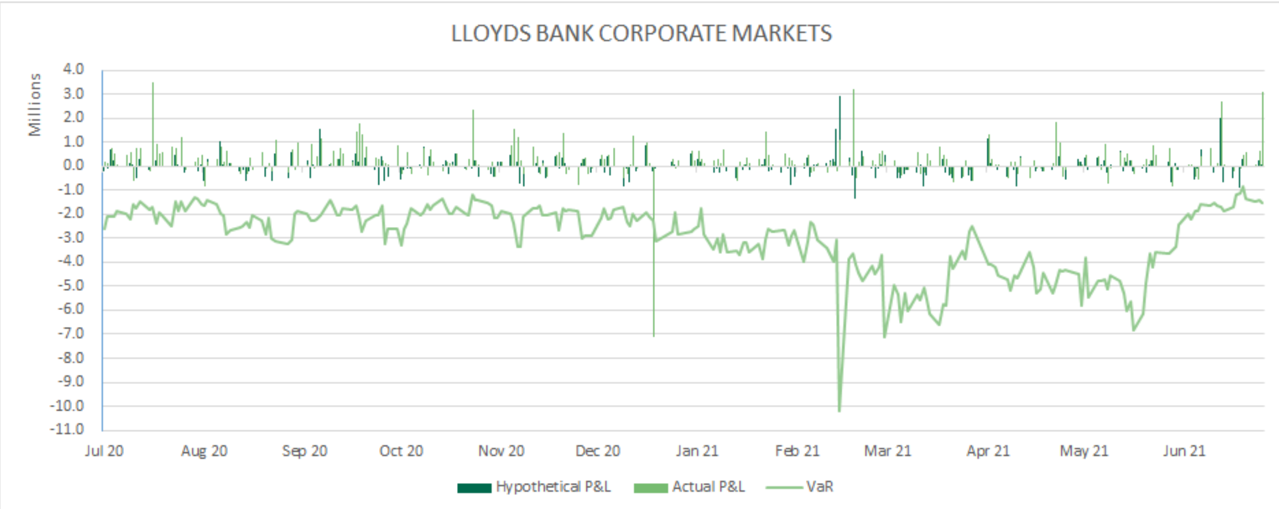
The following charts provide comparisons of VaR (1-day 99 percent confidence level) to the hypothetical and actual profit and loss on a daily basis over the the six months to June 2021 for Lloyds Bank Group and Lloyds Bank Corporate Markets.

Note that the profit and loss used in back-testing represents gains and losses based on the change in valuation of the portfolio due to market moves and is not reflective of the total profit and loss from the business.

There were no reported overshoots for the 6 months to June 2021 for any of the LBG entities.

Table 45: Comparison of VaR estimates with gains/losses (MR4)





OWN FUNDS DISCLOSURE

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

Following a debt restructure by the Insurance business during the period, the Group's previous holdings in certain legacy capital instruments issued by Scottish Widows Group Limited have been replaced with new instruments that are fully eligible under Solvency II requirements. These include the issue of Restricted Tier 1 (RT1) and tier 2 capital instruments to the Group which are subsequently deducted from the Group's tier 1 and tier 2 capital positions respectively on both a transitional and fully loaded basis. Remaining legacy instruments held by the Group continue to be deducted from the Group's tier 2 capital position on both a transitional and fully loaded basis.

Table 46: Own Funds Disclosure Template

	Transitional rules		Fully loaded rules	
	At 30 June 2021	At 30 December 2020	At 30 June 2021	At 30 December 2020
	£m	£m	£m	£m
Common equity tier 1 (CET1) capital: instruments and reserves				
Capital instruments and related share premium accounts	**24,969**	24,947	**24,969**	24,947
of which: called up share capital	**7,097**	7,084	**7,097**	7,084
of which: share premium	**17,872**	17,863	**17,872**	17,863
Retained earnings	**14,882**	12,041	**14,882**	12,041
Accumulated other comprehensive income and other reserves (including unrealised gains and losses)	**9,576**	10,373	**9,576**	10,373
Foreseeable dividends	**(710)**	(404)	**(710)**	(404)
Common equity tier 1 (CET1) capital before regulatory adjustments	**48,717**	46,957	**48,717**	46,957
Common equity tier 1 (CET1) capital: regulatory adjustments				
Additional value adjustments	**(502)**	(445)	**(502)**	(445)
Intangible assets (net of related tax liability)	**(3,332)**	(3,120)	**(3,332)**	(3,120)
Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) of the CRR are met)	**(4,609)**	(3,562)	**(4,609)**	(3,562)
Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	**(552)**	(1,629)	**(552)**	(1,629)
Negative amounts resulting from the calculation of expected loss amounts	**—**	—	**—**	—
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	**88**	56	**88**	56
Defined benefit pension fund assets	**(2,209)**	(1,322)	**(2,209)**	(1,322)
Direct, indirect and synthetic holdings by the Group of own CET1 instruments	**(3)**	(4)	**(3)**	(4)
Direct, indirect and synthetic holdings by the Group of the CET1 instruments of financial sector entities where the Group has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	**(4,073)**	(4,109)	**(4,073)**	(4,109)
Amount exceeding the 17.65% threshold	**—**	—	**—**	—
Total regulatory adjustments applied to common equity tier 1 (CET1)	**(15,192)**	(14,135)	**(15,192)**	(14,135)
Common equity tier 1 (CET1) capital	**33,525**	32,822	**33,525**	32,822

Table 46: Own Funds Disclosure Template (continued)

	Transitional rules		Fully loaded rules	
	At 30 June 2021	At 30 December 2020	At 30 June 2021	At 30 December 2020
	£m	£m	£m	£m
Additional tier 1 (AT1) capital: instruments				
Capital instruments and related share premium accounts	5,879	5,881	5,879	5,881
of which: classified as equity under applicable accounting standards	5,879	5,881	5,879	5,881
Amount of qualifying items referred to in Article 484 (4) of the CRR and the related share premium accounts subject to phase out from AT1	203	392	—	—
Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in CET1) issued by subsidiaries and held by third parties	347	709	—	—
of which: instruments issued by subsidiaries subject to phase out	347	709	—	—
Additional tier 1 (AT1) capital before regulatory adjustments	6,430	6,982	5,879	5,881
Additional tier 1 (AT1) capital: regulatory adjustments				
Direct, indirect and synthetic holdings by the Group of the AT1 instruments of financial sector entities where the Group has a significant investment in those entities (net of eligible short positions)	(1,100)	(1,138)	(1,100)	—
Total regulatory adjustments applied to additional tier 1 (AT1) capital	(1,100)	(1,138)	(1,100)	—
Additional tier 1 (AT1) capital	5,330	5,844	4,779	5,881
Tier 1 capital	38,855	38,666	38,304	38,703
Tier 2 (T2) capital: Instruments and provisions				
Capital instruments and related share premium accounts	6,476	6,585	6,476	6,585
Amount of qualifying items referred to in Article 494b (2) of the CRR subject to phase out from T2[1]	689	551	—	—
Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in CET1 or AT1) issued by subsidiaries and held by third parties	1,976	2,868	508	599
of which: instruments issued by subsidiaries subject to phase out	1,437	2,219	—	—
Credit risk adjustments	—	—	—	—
Tier 2 (T2) capital before regulatory adjustments	9,141	10,004	6,984	7,184
Tier (T2) capital: regulatory adjustments				
Direct and indirect holdings by the Group of the T2 instruments and subordinated loans of financial sector entities where the Group has a significant investment in those entities (net of eligible short positions)	(966)	(942)	(966)	(2,080)
IFRS 9 transitional adjustments	(549)	(560)	(549)	(560)
Total regulatory adjustments applied to tier 2 (T2) capital	(1,515)	(1,502)	(1,515)	(2,640)
Tier 2 (T2) capital	7,626	8,502	5,469	4,544
Total capital	46,481	47,168	43,773	43,247
Total risk exposure amount (risk-weighted assets)	200,858	202,747	200,858	202,747

Table 46: Own Funds Disclosure Template (continued)

	Transitional rules		Fully loaded rules	
	At 30 June 2021 £m	At 30 December 2020 £m	At 30 June 2021 £m	At 30 December 2020 £m
Capital ratios and buffers				
Common Equity Tier 1 (as a percentage of risk exposure amount)	16.7%	16.2%	16.7%	16.2%
Tier 1 (as a percentage of risk exposure amount)	19.3%	19.1%	19.1%	19.1%
Total capital (as a percentage of risk exposure amount)	23.1%	23.3%	21.8%	21.3%
Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	2.503%	2.502%	2.503%	2.502%
of which: capital conservation buffer requirement	2.500%	2.500%	2.500%	2.500%
of which: countercyclical buffer requirement	0.003%	0.002%	0.003%	0.002%
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)[2]	12.2%	11.7%	12.2%	8.2%
Amounts below the threshold for deduction (before risk weighting)				
Direct and indirect holdings of the capital of financial sector entities where the Group does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	509	769	509	769
Direct and indirect holdings by the Group of the CET1 instruments of financial sector entities where the Group has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	3,760	3,693	3,760	3,693
Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in 38 (3) are met)	1,164	1,077	1,164	1,077
Applicable caps on the inclusion of provisions in Tier 2				
Cap on inclusion of credit risk adjustments in T2 under internal ratings-based approach	793	805	793	805
Capital instruments subject to phase-out arrangements				
Current cap on AT1 instruments subject to phase out arrangements	551	1,102	—	—
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	1,868	1,550	—	—
Current cap on T2 instruments subject to phase out arrangements	1,433	2,867	—	—
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	878	—	—	—

1 Reflects certain grandfathered tier 1 capital instruments of the Group that have partially transitioned to tier 2 capital and will fully transition by 2022, but that will cease to qualify as regulatory capital in June 2025 in accordance with the revisions to eligibility criteria for capital instruments under CRR II.

2 Of which c.2.2 percent is required to meet Pillar 2A requirements.

LEVERAGE DISCLOSURE (CRD IV)

Table 47: Leverage ratio common disclosure

	At 30 Jun 2021 Fully loaded £m	At 31 Dec 2020 Fully loaded £m
On-balance sheet exposures (excluding derivatives and SFTs)		
On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)[1]	597,335	586,602
Asset amounts deducted in determining Tier 1 capital	(8,559)	(6,288)
Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	588,776	580,314
Derivative exposures		
Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	5,321	6,462
Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	13,216	12,535
Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	1,891	1,580
Deductions of receivables assets for cash variation margin provided in derivatives transactions	(3,186)	(5,101)
Adjusted effective notional amount of written credit derivatives	345	639
Adjusted effective notional offsets and add-on deductions for written credit derivatives	(62)	(183)
Total derivative exposures	17,525	15,932
Securities financing transaction exposures		
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	88,917	94,650
Netted amounts of cash payables and cash receivables of gross SFT assets	(20,243)	(20,328)
Counterparty credit risk exposure for SFT assets	1,319	1,713
Total securities financing transaction exposures	69,993	76,035
Other off-balance sheet exposures		
Off-balance sheet exposures at gross notional amount	144,990	152,273
Adjustments for conversion to credit equivalent amounts	(89,455)	(91,391)
Other off-balance sheet exposures	55,535	60,882
Capital and total exposure measure		
Tier 1 capital	38,304	38,703
Leverage ratio total exposure measure	731,829	733,163
Leverage ratio		
Leverage ratio	5.2 %	5.3 %

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

Table 48: Summary reconciliation of accounting assets and leverage ratio exposures

	At 30 Jun 2021 Fully loaded £m	At 31 Dec 2020 Fully loaded £m
Total assets as per published financial statements	**879,687**	871,269
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	**(180,820)**	(172,732)
Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting[1]	**(2,567)**	(828)
Adjustments for derivative financial instruments	**(4,047)**	(12,133)
Adjustments for securities financing transactions (SFTs)	**1,319**	1,713
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	**55,535**	60,882
Other adjustments[2]	**(17,278)**	(15,008)
Leverage ratio total exposure measure	**731,829**	733,163

1 Reflects the accelerated implementation for the netting of regular-way purchases and sales awaiting settlement in accordance with CRR Article 500d.
2 Includes an adjustment to exclude lending under the UK Government's Bounce Back Loan Scheme (BBLS).

Table 49: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

	At 30 Jun 2021 Fully loaded £m	At 31 Dec 2020 Fully loaded £m
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	**597,335**	586,602
Trading book exposures	**5,445**	7,831
Banking book exposures, of which:	**591,890**	578,771
Covered bonds	**2,181**	2,395
Exposures treated as sovereigns	**101,672**	96,591
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	**5,153**	4,699
Institutions	**5,845**	5,299
Secured by mortgages of immovable properties	**333,787**	322,359
Retail exposures	**39,300**	40,969
Corporates	**53,093**	55,127
Exposures in default	**7,070**	7,664
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	**43,789**	43,668

Appendix 1: Total loss absorbing capacity

The following table is based on the Basel Committee Pillar 3 template "TLAC 1" and presents the composition of the Group's MREL resources as at 30 June 2021.

Table 50: Total loss absorbing capital composition (TLAC 1)

		30 June 2021 Resolution Group £m	31 December 2020 Resolution Group £m
	Regulatory capital elements of TLAC and adjustments		
1	Common equity tier 1 (CET1) capital	**33,525**	32,822
2	Additional tier 1 (AT1) capital before TLAC adjustments	**5,330**	5,844
3	AT1 ineligible as TLAC as issued out of subsidiaries to third parties[1]	**—**	—
4	Other adjustments[2]	**—**	(60)
5	**AT1 instruments eligible under the TLAC framework**	**5,330**	5,784
6	Tier 2 (T2) capital before TLAC adjustments	**7,626**	8,502
7	Amortised portion of T2 instruments where remaining maturity > 1 year	**420**	194
8	T2 capital ineligible as TLAC as issued out of subsidiaries to third parties[1]	**—**	—
9	Other adjustments[2]	**(235)**	(522)
10	**Tier2 instruments eligible under the TLAC framework**	**7,811**	8,174
11	**TLAC arising from regulatory capital**	**46,666**	46,780
	Non-regulatory capital elements of TLAC		
12	External TLAC instruments issued directly by the bank and subordinated to excluded liabilities	**26,180**	26,946
17	**TLAC arising from non-regulatory capital instruments before adjustments**	**26,180**	26,946
	Non-regulatory capital elements of TLAC: adjustments		
18	**TLAC before deductions**	**72,846**	73,726
22	**TLAC after deductions**	**72,846**	73,726
	Risk-weighted assets (RWA) and leverage exposure measure for TLAC purposes		
23	Total RWA adjusted as permitted under the TLAC regime	**200,858**	202,747
24	UK leverage exposure measure	**658,689**	666,070
	TLAC ratios and buffers		
25	**TLAC (as a percentage of RWA adjusted as permitted under the TLAC regime)**	**36.3%**	36.4%
26	**TLAC (as a percentage of UK leverage exposure)**	**11.1%**	11.1%
27	**CET1 (as a percentage of RWA) available after meeting the resolution group's minimum total capital and TLAC requirements[3]**	**10.0 %**	9.6 %
28	Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of RWA)	**2.5 %**	2.5 %
29	Of which: capital conservation buffer requirement	**2.5 %**	2.5 %
30	Of which: bank specific countercyclical buffer requirement	**0.0 %**	0.0 %
31	Of which: higher loss absorbency requirement[4]	**0.0 %**	0.0 %

1 Until 2022, externally issued regulatory capital in operating entities can count towards the Group's MREL resources to the extent that such capital would count towards the Group's consolidated capital resources.

2 Instruments with less than or equal to one year to maturity or governed under non-UK law without a contractual bail-in clause.

3 Defined as CET1 remaining after meeting the minimum Pillar 1 and Pillar 2A CET1 capital requirements.

4 Although the Group does not have an Other Systemically Important Institution (OSII) Buffer (previously referred to as the Systemic Risk Buffer), it is required to hold additional CET1 capital to meet its Ring-Fenced Bank's OSII Buffer of 2.0 per cent, which equates to 1.7 per cent of Group risk-weighted assets.

Appendix 1: Total loss absorbing capacity continued

The following disclosures, based on the Basel Committee Pillar 3 template "TLAC 2", provide information on the creditor hierarchy for each material entity within the resolution group, including Lloyds Bank plc, Bank of Scotland plc and Lloyds Bank Corporate Markets plc. The disclosures include information on the nominal value of all MREL eligible instruments and other liabilities to the extent that they are subordinate to or rank pari passu with the most senior MREL eligible claim. Where the instrument is denominated in foreign currency, the nominal value is converted into sterling using the rate as at 30 June 2021. For ordinary shares, this excludes the value of share premium and reserves attributable to ordinary shareholders.

Table 51: Material sub-group entity - creditor ranking at the entity level (TLAC 2)

	Lloyds Bank plc	30 Jun 2021							
		Creditor ranking							
		£m	£m		£m	£m		£m	£m
		(Most junior)							
1	Is the resolution entity the creditor/investor?	Y	Y	N	N	Y	N	Y	
2	Description of creditor ranking	Ordinary shares (£1.00 each)	Preference shares, preferred securities and AT1 equity instruments		Undated subordinated liabilities	Dated subordinated liabilities		Senior non-preferred liabilities	Total
3	Total capital and liabilities net of credit risk mitigation	1,574	5,517	1,483	408	6,062	842	13,544	29,430
5	Total capital and liabilities less excluded liabilities	1,574	5,517	1,483	408	6,062	842	13,544	29,430
6	Subset of row 5 that are eligible as TLAC	1,574	5,517	1,483	408	6,062	842	13,544	29,430
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	—	—	92	3,023	3,115
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	—	471	750	9,256	10,477
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	—	—	—	—	2,535	—	1,227	3,762
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	—	3,056	—	38	3,094
11	Subset of row 6 that are perpetual securities	1,574	5,517	1,483	408	—	—	—	8,982

Appendix 1: Total loss absorbing capacity continued

	Bank of Scotland plc	Creditor ranking					
		£m	£m	£m	£m	£m	£m
		(Most junior)					
1	Is the resolution entity the creditor/investor?	N	N	N	N	N	
2	Description of creditor ranking	Ordinary shares (£0.25 each)	Preference shares, preferred securities and AT1 equity instruments	Undated subordinated liabilities	Dated subordinated liabilities	Senior non-preferred liabilities	Total
3	Total capital and liabilities net of credit risk mitigation	5,847	2,218	4,564	2,000	1,181	15,810
5	Total capital and liabilities less excluded liabilities	5,847	2,218	4,564	2,000	1,181	15,810
6	Subset of row 5 that are eligible as TLAC	5,847	2,218	561	1,000	1,181	10,807
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	—	791	791
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	—	390	390
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	—	—	—	1,000	—	1,000
11	Subset of row 6 that are perpetual securities	5,847	2,218	561	—	—	8,626

	Lloyds Bank Corporate Markets plc	Creditor ranking				
		£m	£m	£m	£m	£m
		(Most junior)				
1	Is the resolution entity the creditor/investor?	Y	Y	Y	Y	
2	Description of creditor ranking	Ordinary shares (£1.00 each)	AT1 equity instruments	Subordinated liabilities	Senior non-preferred liabilities	Total
3	Total capital and liabilities net of credit risk mitigation	120	757	672	3,151	4,700
5	Total capital and liabilities less excluded liabilities	120	757	672	3,151	4,700
6	Subset of row 5 that are eligible as TLAC	120	757	672	815	2,364
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	815	815
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	—	—	543	—	543
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	129	—	129
11	Subset of row 6 that are perpetual securities	120	757	—	—	877

Appendix 1: Total loss absorbing capacity continued

	Lloyds Bank plc	31 Dec 2020							
		Creditor ranking							
		£m	£m		£m	£m		£m	£m
		(Most junior)							
1	Is the resolution entity the creditor/investor?	Y	Y	N	N	Y	N	Y	
2	Description of creditor ranking	Ordinary shares (£1.00 each)	Preference shares, preferred securities and AT1 equity instruments		Undated subordinated liabilities	Dated subordinated liabilities		Senior non-preferred liabilities	Total
3	Total capital and liabilities net of credit risk mitigation	1,574	5,919	1,500	411	5,053	842	12,484	27,783
5	Total capital and liabilities less excluded liabilities	1,574	5,919	1,500	411	5,053	842	12,484	27,783
6	Subset of row 5 that are eligible as TLAC	1,574	5,919	1,500	411	5,053	842	12,484	27,783
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	—	—	842	11,911	12,753
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	—	—	—	—	1,969	—	532	2,501
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	—	3,083	—	41	3,124
11	Subset of row 6 that are perpetual securities	1,574	5,919	1,500	411	—	—	—	9,404

	Bank of Scotland plc	Creditor ranking					
		£m	£m	£m	£m	£m	£m
		(Most junior)					
1	Is the resolution entity the creditor/investor?	N	N	N	N	N	
2	Description of creditor ranking	Ordinary shares (£0.25 each)	Preference shares, preferred securities and AT1 equity instruments	Undated subordinated liabilities	Dated subordinated liabilities	Senior non-preferred liabilities	Senior non-preferred liabilities
3	Total capital and liabilities net of credit risk mitigation	5,847	2,218	4,735	2,183	1,181	16,164
5	Total capital and liabilities less excluded liabilities	5,847	2,218	4,735	2,183	1,181	16,164
6	Subset of row 5 that are eligible as TLAC	5,847	2,218	890	1,000	1,181	11,136
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	—	1,181	1,181
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	1,000	—	1,000
11	Subset of row 6 that are perpetual securities	5,847	2,218	890	—	—	8,955

Appendix 1: Total loss absorbing capacity continued

	Lloyds Bank Corporate Markets plc	Creditor ranking				
		£m	£m	£m	£m	£m
		(Most junior)				
1	Is the resolution entity the creditor/investor?	Y	Y	Y	Y	
2	Description of creditor ranking	Ordinary shares (£1.00 each)	AT1 equity instruments	Subordinated liabilities	Senior non-preferred liabilities	Total
3	Total capital and liabilities net of credit risk mitigation	120	775	685	3,636	5,216
5	Total capital and liabilities less excluded liabilities	120	775	685	3,636	5,216
6	Subset of row 5 that are eligible as TLAC	120	775	685	854	2,434
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	854	854
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	—	—	550	—	550
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	135	—	135
11	Subset of row 6 that are perpetual securities	120	775	—	—	895

Appendix 1: Total loss absorbing capacity continued

The following disclosure, based on the Basel Committee Pillar 3 template "TLAC 3", provides information on the creditor hierarchy for the resolution entity (Lloyds Banking Group plc).

The disclosure includes information on the nominal value of all MREL eligible instruments and other liabilities to the extent that they are subordinate to or rank pari passu with the most senior MREL eligible claim. Where the instrument is denominated in foreign currency, the nominal value is converted into sterling using the rate as at 30 June 2021.

For ordinary shares, this excludes the value of share premium and reserves attributable to ordinary shareholders.

Table 52: Resolution entity - creditor ranking at the legal entity level (TLAC 3)

	Lloyds Banking Group plc	30 Jun 2021					
		Creditor ranking					
		£m	£m	£m	£m	£m	£m
		(Most junior)					
1	Description of creditor ranking	Ordinary shares (£0.10 each)	Preference shares and AT1 equity instruments	Undated subordinated liabilities	Dated subordinated liabilities	Senior liabilities	Total
2	Total capital and liabilities net of credit risk mitigation	7,097	7,046	10	7,189	28,377	49,719
3	Subset of row 2 that are excluded liabilities	—	—	—	—	336	336
4	Total capital and liabilities less excluded liabilities	7,097	7,046	10	7,189	28,040	49,382
5	Subset of row 4 that are potentially eligible as TLAC	7,097	7,046	10	7,189	25,409	46,751
6	Subset of row 5 with 1 year ≤ residual maturity < 2 years	—	—	—	—	3,023	3,023
7	Subset of row 5 with 2 years ≤ residual maturity < 5 years	—	—	—	2,789	15,749	18,538
8	Subset of row 5 with 5 years ≤ residual maturity < 10 years	—	—	—	909	6,534	7,443
9	Subset of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	3,491	103	3,594
10	Subset of row 5 that are perpetual securities	7,097	7,046	10	—	—	14,153

	Lloyds Banking Group plc	31 Dec 2020					
		Creditor ranking					
		£m	£m	£m	£m	£m	£m
		(Most junior)					
1	Description of creditor ranking	Ordinary shares (£0.10 each)	Preference shares and AT1 equity instruments	Undated subordinated liabilities	Dated subordinated liabilities	Senior liabilities	Total
2	Total capital and liabilities net of credit risk mitigation	7,084	7,118	10	6,790	28,253	49,255
3	Subset of row 2 that are excluded liabilities	—	—	—	—	524	524
4	Total capital and liabilities less excluded liabilities	7,084	7,118	10	6,790	27,729	48,731
5	Subset of row 4 that are potentially eligible as TLAC	7,084	7,118	10	6,790	25,757	46,759
6	Subset of row 5 with 1 year ≤ residual maturity < 2 years	—	—	—	—	1,100	1,100
7	Subset of row 5 with 2 years ≤ residual maturity < 5 years	—	—	—	1,725	15,759	17,484
8	Subset of row 5 with 5 years ≤ residual maturity < 10 years	—	—	—	2,052	8,786	10,838
9	Subset of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	3,012	112	3,124
10	Subset of row 5 that are perpetual securities	7,084	7,118	10	—	—	14,212

TEMPLATES NOT DISCLOSED

Certain quantitative EBA templates prescribed on a semi-annual basis are not applicable to the Group. These include INS1 (Non-deducted participations in insurance undertakings) and CCR7 (RWA flow statements of CCR exposures under the IMM).

CR2-A (Changes in the stock of general and specific credit risk adjustments) is met through the disclosure of Note 12 (Allowance for impairment losses) of the Group's 2021 half-year results. CR8 (RWA flow statements of credit risk exposures under the IRB approach) is met through the disclosure of Table 4: Risk-weighted assets movement by key driver.

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

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

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