

Lloyds Banking Group plc

2023 Half-Year

Pillar 3 Disclosures

30 June 2023

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Basis of preparation

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

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

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

PRA reference	Template name	Reason for exclusion
CR2a	Changes in the stock of non-performing loans and advances and related net accumulated recoveries	Threshold for disclosure not met
CQ2	Quality of forbearance	Threshold for disclosure not met
CQ7	Collateral obtained by taking possession and execution processes	No collateral taken into possession is recognised on the balance sheet
CR7	IRB – Effect on the RWAs of credit derivatives used as CRM techniques	Excluded on materiality basis
CR10.4	Specialised lending: Commodities finance (Slotting approach)	Not applicable to the Group
CCR7	RWA flow statements of CCR exposures under the IMM	Not applicable to the Group
SEC2	Securitisation exposures in the trading book	Excluded on materiality basis

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

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

Half-year Pillar 3 disclosures for the Group's ring-fenced banking group (Lloyds Bank plc) and large subsidiaries (Bank of Scotland plc and Lloyds Bank Corporate Markets plc) are published separately on the Group's website, located at www.lloydsbankinggroup.com/investors/financial-downloads.

Definition of Default

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

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

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

Key metric and overview of risk weighted exposure amounts

KMI: Key metrics¹

KMI		30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
Ref	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital (£m)	30,604	29,740	31,865	31,571	30,743
2	Tier 1 capital (£m)	36,417	35,688	36,036	35,607	35,101
3	Total capital (£m)	42,453	42,035	41,580	40,885	40,502
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount (£m)	215,290	210,906	210,859	210,822	209,619
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	14.2%	14.1%	15.1%	15.0%	14.7%
6	Tier 1 ratio (%)	16.9%	16.9%	17.1%	16.9%	16.7%
7	Total capital ratio (%)	19.7%	19.9%	19.7%	19.4%	19.3%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a	Additional CET1 SREP requirements (%)	1.5%	1.5%	1.5%	2.0%	2.0%
UK 7b	Additional AT1 SREP requirements (%)	0.5%	0.5%	0.5%	0.7%	0.7%
UK 7c	Additional T2 SREP requirements (%)	0.7%	0.7%	0.7%	0.9%	0.9%
UK 7d	Total SREP own funds requirements (%)	10.7%	10.7%	10.7%	11.5%	11.5%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Institution specific countercyclical capital buffer (%)	0.926%	0.898%	0.895%	0.007%	0.008%
10a	Other Systemically Important Institution buffer (%) ²	—	—	—	—	—
11	Combined buffer requirement (%)	3.426%	3.398%	3.395%	2.507%	2.508%
UK 11a	Overall capital requirements (%)	14.1%	14.1%	14.1%	14.0%	14.0%
12	CET1 available after meeting minimum SREP own funds requirements (%) ³	8.2%	8.1%	9.1%	8.5%	8.2%
	Leverage ratio					
13	Total exposure measure excluding claims on central banks (£m)	638,202	637,502	638,815	665,993	656,459
14	Leverage ratio excluding claims on central banks (%)	5.7%	5.6%	5.6%	5.3%	5.3%
	Additional leverage ratio disclosure requirements					
UK 14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.7%	5.6%	5.6%	5.3%	5.3%
UK 14b	Leverage ratio including claims on central banks (%)	5.0%	4.8%	4.9%	4.8%	4.7%
UK 14c	Average leverage ratio excluding claims on central banks (%) ⁴	5.6%	5.5%	5.5%	5.4%	5.3%
UK 14d	Average leverage ratio including claims on central banks (%)	4.9%	4.8%	4.9%	4.8%	4.6%
UK 14e	Countercyclical leverage ratio buffer (%) ⁵	0.3%	0.3%	0.3%	0.0%	0.0%
	Average Liquidity Coverage Ratio (weighted) (LCR)⁶					
15	Total high-quality liquid assets (HQLA) (Weighted value - average) (£m)	138,227	140,468	144,682	148,545	145,894
UK 16a	Cash outflows - Total weighted value - average (£m)	113,412	113,693	114,557	114,539	115,298
UK 16b	Cash inflows - Total weighted value - average (£m)	16,237	15,761	14,275	12,796	12,387
16	Total net cash outflows (adjusted value - average) (£m)	97,175	97,931	100,282	101,743	102,911
17	Average liquidity coverage ratio (%)	142%	143%	144%	146%	142%
	Average Net Stable Funding Ratio⁷					
18	Total available stable funding (Weighted value - average) (£m)	529,863	531,276	533,472		
19	Total required stable funding (Weighted value - average) (£m)	408,889	411,214	410,851		
20	Average NSFR ratio (%)	130%	129%	130%		

1 The Group applies the full extent of the IFRS9 transitional arrangements for capital as set out under CRR Article 473a (revised). Specifically, the Group has opted to apply both paragraphs 2 and 4 of CRR Article 473a (static and dynamic relief) and in addition to apply a 100 per cent risk weight to the consequential Standardised credit risk exposure add-back as permitted under paragraph 7a of the revisions. The transitional arrangements for static relief ended on 1 January 2023 and therefore no static relief exists at 30 June 2023 (31 December 2022: £232 million). Dynamic relief under the transitional arrangements amounted to £273 million (31 December 2022: £358 million) through CET1 capital.

2 Although the Group does not have an Other Systemically Important Institution (O-SII) buffer, it is required to hold additional CET1 capital to meet its Ring-Fenced Bank's O-SII buffer of 2.0 per cent, which equates to 1.7 per cent of the Group's total risk-weighted exposure amount.

3 Represents, as a percentage, the level of CET1 capital left available to meet buffer requirements after subtracting the minimum amount of CET1 capital required to meet total Pillar 1 plus Pillar 2A capital requirements, also referred to as total SREP own funds requirements. The minimum CET1 requirement is equivalent to 4.5 per cent (Pillar 1) plus the additional CET1 SREP requirement (56.25 per cent of Pillar 2A). The Group's Pillar 2A capital requirement is around 2.7 per cent of risk-weighted assets, of which around 1.5 per cent is to be met with CET1 capital.

4 The average leverage exposure measure (excluding claims on central banks) for the period from 1 April 2023 to 30 June 2023 amounted to £641,467 million.

5 The countercyclical leverage ratio buffer (CCLB) is required to be rounded to the nearest tenth of a percentage. The Group's total leverage ratio buffer at 30 June 2023 was 0.9 per cent (31 December 2022: 0.9 per cent), of which 0.6 per cent equates to the additional leverage ratio buffer (ALRB) of 0.7 per cent applied to the Ring-Fenced Bank.

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

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

Key metric and overview of risk weighted exposure amounts continued

IFRS 9-FL: Capital

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

	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
Available own funds (amounts)					
1 Common Equity Tier 1 (CET1) capital (£m)	30,604	29,740	31,865	31,571	30,743
2 CET1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	30,331	29,494	31,275	31,101	30,478
3 Tier 1 capital (£m)	36,417	35,688	36,036	35,607	35,101
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	36,144	35,442	35,446	35,136	34,835
5 Total capital (£m)	42,453	42,035	41,580	40,885	40,502
6 Total capital as if IFRS 9 transitional arrangements had not been applied (£m)	42,414	42,005	41,480	40,791	40,402
Risk-weighted exposure amounts					
7 Total risk-weighted exposure amount (£m)	215,290	210,906	210,859	210,822	209,619
8 Total risk-weighted exposure amount as if IFRS 9 transitional arrangements had not been applied (£m)	215,160	210,753	210,573	210,554	209,451
Capital ratios (as a percentage of risk-weighted exposure amount)					
9 Common Equity Tier 1 ratio (%)	14.2%	14.1%	15.1%	15.0%	14.7%
10 CET1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	14.1%	14.0%	14.9%	14.8%	14.6%
11 Tier 1 ratio (%)	16.9%	16.9%	17.1%	16.9%	16.7%
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	16.8%	16.8%	16.8%	16.7%	16.6%
13 Total capital ratio (%)	19.7%	19.9%	19.7%	19.4%	19.3%
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied (%)	19.7%	19.9%	19.7%	19.4%	19.3%
Leverage ratio					
15 Total exposure measure excluding claims on central banks (£m)	638,202	637,502	638,815	665,993	656,459
16 Leverage ratio excluding claims on central banks (%)	5.7%	5.6%	5.6%	5.3%	5.3%
17 Leverage ratio excluding claims on central banks as if IFRS 9 transitional arrangements had not been applied (%)	5.7%	5.6%	5.6%	5.3%	5.3%

KM2: Key Metrics – TLAC requirements

	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
	Resolution Group¹				
	£m	£m	£m	£m	£m
1 Total loss absorbing capacity (TLAC) available	66,705	67,681	66,830	69,068	67,892
1a Fully loaded ECL accounting model TLAC available	66,666	67,650	66,729	68,974	67,792
2 Total RWA at the level of the resolution group	215,290	210,906	210,859	210,822	209,619
3 TLAC as a percentage of RWA	31.0%	32.1%	31.7%	32.8%	32.4%
3a Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA	31.0%	32.1%	31.7%	32.8%	32.4%
4 UK leverage ratio exposure measure at the level of the resolution group	638,202	637,502	638,815	665,993	656,459
5 TLAC as a percentage of UK leverage ratio exposure measure	10.5%	10.6%	10.5%	10.4%	10.3%
5a Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model UK leverage ratio exposure measure	10.5%	10.6%	10.5%	10.4%	10.3%
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).

Key metric and overview of risk weighted exposure amounts continued

Common Equity Tier 1

The Group's common equity tier 1 (CET1) capital ratio has reduced from 15.1 per cent at 31 December 2022 to 14.2 per cent at 30 June 2023. Banking business profits for the first half of the year and the dividend received from the Group's Insurance business were more than offset by the recognition of the full impact of the ordinary share buyback programme announced as part of the Group's 2022 year end results, accelerated pension deficit contributions made to the Group's three main defined benefit pension schemes, phased reductions in IFRS 9 transitional relief, the accrual for foreseeable ordinary dividends in respect of the first half of 2023, the acquisition of Tusker and the impact of CRD IV model updates on risk-weighted assets.

Total Capital and MREL

The Group's total capital ratio remained flat at 19.7 per cent (31 December 2022: 19.7 per cent) primarily reflecting the issuance of new AT1 and Tier 2 capital instruments and an increase in eligible provisions recognised through Tier 2 capital, offset by the reduction in CET1 capital, the impact of sterling appreciation and regulatory amortisation on Tier 2 capital instruments and the increase in risk-weighted assets. The MREL ratio reduced to 31.0 per cent (31 December 2022: 31.7 per cent) with the increase in total capital resources more than offset by the reduction in other eligible liabilities and the increase in risk-weighted assets. The reduction in other eligible liabilities reflected the derecognition of a called instrument and instruments with less than one year to maturity and the impact of sterling appreciation, partially offset by the issuance of new instruments.

Risk-Weighted Assets

Risk-weighted assets have increased by £4.4 billion during the first half of the year to £215.3 billion at 30 June 2023 (31 December 2022: £210.9 billion). This largely reflects an adjustment for the anticipated impact of CRD IV models taken in the second quarter. Excluding this, lending growth, a small uplift from model calibration and other increases were partly offset by capital efficient securitisation and other optimisation activity, in addition to a reduction in threshold risk-weighted assets. The CRD IV model updates reflect an updated impact assessment following a further iteration of model development. The models remain subject to further development and final approval by the PRA. On that basis final impacts remain uncertain and further increases could be required.

Leverage

The Group's UK leverage ratio increased to 5.7 per cent (31 December 2022: 5.6 per cent) predominantly reflecting the increase in the tier 1 capital position. Reductions in the leverage exposure measure largely attributable to securities financing transactions were broadly offset by other balance sheet movements.

Liquidity

The Group's liquidity coverage ratio (LCR) was 142 per cent (based on a monthly rolling average over the previous 12 months) as at 30 June 2023 (31 December 2022: 144 per cent). The 2 per cent decrease is due to a decrease in liquid assets, primarily from a decrease in customer deposits. Total Net cash outflows also decreased, primarily from outflows related to derivative exposures from market volatility at the onset of COVID no longer being included in the LCR's Historical Look-Back approach (HLBA) and a reduction in customer deposit outflows. The Group's net stable funding ratio (NSFR) remains strong at 130 per cent (based on a quarterly rolling average over the previous 4 quarters) as at 30 June 2023 (31 December 2022: 130 per cent).

Key metric and overview of risk weighted exposure amounts continued

OV1: Overview of risk-weighted assets

		Total RWA		Total own funds requirements
		30 Jun 2023	31 Dec 2022	30 Jun 2023
		£m	£m	£m
1	Credit risk (excluding CCR)	173,143	170,474	13,851
2	Of which the standardised approach	24,009	23,119	1,921
3	Of which the foundation IRB (FIRB) approach	35,828	37,479	2,866
4	Of which slotting approach	9,658	9,021	773
UK 4a	Of which equities under the simple risk weighted approach	13,300	13,672	1,064
5	Of which the advanced IRB (AIRB) approach	83,793	81,091	6,703
	Of which: non-credit obligation assets ¹	6,555	6,092	524
6	Counterparty credit risk – CCR	6,165	6,532	493
7	Of which the standardised approach	5,129	5,488	410
UK 8a	Of which exposures to a CCP	171	96	14
UK 8b	Of which credit valuation adjustment – CVA	431	621	34
9	Of which other CCR	434	327	35
16	Securitisation exposures in the non-trading book (after the cap)	7,850	6,397	628
17	Of which SEC-IRBA approach	3,343	2,176	267
18	Of which SEC-ERBA approach (including IAA)	1,697	1,657	136
19	Of which SEC-SA approach	2,810	2,564	225
20	Position, foreign exchange and commodities risks (Market risk)	3,855	3,215	309
21	Of which the standardised approach	644	204	52
22	Of which IMA	3,211	3,011	257
23	Operational risk	24,277	24,241	1,942
UK 23b	Of which standardised approach	24,277	24,241	1,942
24	Memo: Amounts below the thresholds for deduction (subject to 250% risk weight)	11,249	11,883	900
29	Total	215,290	210,859	17,223
	Pillar 2A capital requirement ²			5,783
	Total capital requirement			23,006

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

² As at 30 June 2023, the Pillar 2A capital requirement was around 2.7 per cent of risk-weighted assets, of which around 1.5 per cent was to be met with CET1 capital.

Own funds

CC1: Composition of regulatory own funds

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

		30 Jun 2023	31 Dec 2022	CC2 Reference
		£m	£m	
Common Equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	25,021	25,233	
	of which: called up share capital	6,464	6,729	a
	of which: share premium	18,557	18,504	b
2	Retained earnings	14,508	17,111	d
3	Accumulated other comprehensive income (and other reserves)	1,994	2,510	d
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend ¹	1,681	(1,062)	d
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	43,204	43,792	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments	(419)	(434)	
8	Intangible assets (net of related tax liability)	(5,577)	(4,982)	e
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met)	(4,339)	(4,445)	f
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	6,120	5,476	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(217)	(279)	
15	Defined-benefit pension fund assets	(3,435)	(2,803)	g
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments	(8)	(35)	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	(4,925)	(4,843)	h
27a	Other regulatory adjustments to CET1 capital	200	418	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(12,600)	(11,927)	
29	Common Equity Tier 1 (CET1) capital	30,604	31,865	
Additional Tier 1 (AT1) capital: instruments				
30	Capital instruments and the related share premium accounts	6,913	5,271	c
31	of which: classified as equity under applicable accounting standards	6,913	5,271	
36	Additional Tier 1 (AT1) capital before regulatory adjustments	6,913	5,271	
Additional Tier 1 (AT1) capital: regulatory adjustments				
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions)	(1,100)	(1,100)	h
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	(1,100)	(1,100)	
44	Additional Tier 1 (AT1) capital	5,813	4,171	
45	Tier 1 capital (T1 = CET1 + AT1)	36,417	36,036	
Tier 2 (T2) capital: instruments				
46	Capital instruments and the related share premium accounts	6,266	6,129	i
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	101	131	i
49	of which: instruments issued by subsidiaries subject to phase out	—	5	
50	Credit risk adjustments	638	247	
51	Tier 2 (T2) capital before regulatory adjustments	7,005	6,507	
Tier 2 (T2) capital: regulatory adjustments				
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions)	(969)	(963)	
57	Total regulatory adjustments to Tier 2 (T2) capital	(969)	(963)	
58	Tier 2 (T2) capital	6,036	5,544	
59	Total capital	42,453	41,580	
60	Total risk exposure amount	215,290	210,859	

		30 Jun 2023 £m	31 Dec 2022 £m	CC2 Reference
Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	14.2%	15.1%	
62	Tier 1 (as a percentage of total risk exposure amount)	16.9%	17.1%	
63	Total capital (as a percentage of total risk exposure amount)	19.7%	19.7%	
	Institution CETI overall capital requirement (CETI requirement in accordance with Article 92 (1) CRR, plus additional CETI requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	9.4%	9.4%	
64				
65	of which: capital conservation buffer requirement	2.500%	2.500%	
66	of which: countercyclical buffer requirement	0.926%	0.895%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	8.2%	9.1%	
Amounts below the thresholds for deduction (before risk weighting)				
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	366	477	
73	Direct and indirect holdings by the institution of the CETI instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	3,553	3,671	
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	947	1,082	
Applicable caps on the inclusion of provisions in Tier 2				
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	638	247	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	872	861	

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

Own funds continued

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

The following table compares the Group's consolidated accounting and regulatory balance sheets as at 30 June 2023. The regulatory scope of consolidation, which excludes the Group's insurance undertakings, is the basis for the calculation of the Group's regulatory own funds as presented in table CC1.

	Balance sheet as in published financial statements at 30 Jun 2023	Balance sheet under regulatory scope of consolidation at 30 Jun 2023 ²	
Assets	£m	£m	Reference ¹
1 Cash and balances at central banks	95,522	95,522	
2 Financial assets at fair value through profit or loss	191,525	26,502	
3 Derivative financial instruments	23,670	24,649	
4 Loans and advances to banks	11,333	11,295	
5 Loans and advances to customers	450,720	451,150	
6 Reverse repurchase agreements	36,006	36,006	
7 Debt securities	12,849	12,248	
8 Financial assets at amortised cost	510,908	510,699	
9 Financial assets at fair value through other comprehensive income	22,232	22,232	
10 Investments in joint ventures and associates	397	170	
11 Investment in subsidiaries ²	—	9,279	h
12 Goodwill and other intangible assets	8,203	5,921	e
13 Current tax recoverable	970	923	
14 Deferred tax assets ³	6,210	6,017	f
15 Retirement benefit assets	4,685	4,685	g
16 Other assets	18,482	14,983	
17 Total assets	882,804	721,582	
Liabilities			
1 Deposits from banks	6,222	6,117	
2 Customer deposits	469,813	470,391	
3 Repurchase agreements at amortised cost	44,622	44,622	
4 Financial liabilities at fair value through profit or loss	23,777	23,756	
5 Derivative financial instruments	23,662	22,974	
6 Notes in circulation	1,342	1,342	
7 Debt securities in issue	79,264	78,275	
8 Liabilities arising from insurance contracts and participating investment contracts	113,566	—	
9 Liabilities arising from non-participating investment contracts	41,943	—	
10 Other liabilities	22,303	11,326	
11 Retirement benefit obligations	120	120	
12 Current tax liabilities	25	124	
13 Deferred tax liabilities ³	181	180	f
14 Other provisions	1,625	1,484	
15 Subordinated liabilities	9,857	9,441	i
16 Total liabilities	838,322	670,152	
Shareholders' equity			
1 Called up share capital	25,021	25,021	
2 of which: share capital	6,464	6,464	a
3 of which: share premium	18,557	18,557	b
4 Other equity instruments	6,940	6,940	c
5 Retained earnings, accumulated other comprehensive income and other reserves ⁴	12,270	19,218	d
6 Total equity excluding non-controlling interests	44,231	51,179	
7 Non-controlling interests	251	251	
8 Total equity	44,482	51,430	
9 Total equity and liabilities	882,804	721,582	

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

2 The primary difference between the balance sheet published per the financial statements and the balance sheet under the regulatory scope of consolidation relates to the adjustments required to deconsolidate the Insurance business headed by Scottish Widows Group Limited and replace this with the Group's investment in the equity and debt instruments issued by the undertaking, in addition to reinstating intragroup balances between the banking and insurance businesses that are otherwise eliminated upon accounting consolidation. The investment in subsidiaries balance of £9,279 million extracted from the regulatory balance sheet represents the Group's total investment in the equity instruments of Scottish Widows Group Limited which includes £1,100 million of other equity instruments that are classified as tier 1 capital and treated accordingly for own funds purposes. Capital regulations require a portion of the share capital investment in Scottish Widows Group Limited to be deducted

from CET1 capital where this exceeds a threshold limit based upon the underlying CET1 capital base of the Group, with the remaining investment up to this limit becoming subject to risk weight.

- 3 Deferred tax assets that rely on future profitability may be reduced by associated deferred tax liabilities where the conditions specified in Article 38 of the CRR are met. The resultant net deferred tax asset positions are deducted from CET1 capital, except in the case of deferred tax assets that arise from temporary differences which may be risk weighted instead of deducted from capital for the portion of the balance that does not exceed a threshold limit. Deferred tax assets are also adjusted to reflect the application of the IFRS 9 transitional arrangements.
- 4 The regulatory definition of eligible items for inclusion in retained earnings differs from the accounting definition. The aggregate of retained earnings and accumulated other comprehensive income and other reserves is comparable on both bases but the allocation between categories differs.

Total Loss Absorbing Capacity

TLAC1: Total loss absorbing capital composition

	30 Jun 2023 Resolution Group £m	31 Dec 2022 Resolution Group £m
Regulatory capital elements of TLAC and adjustments		
1 Common equity tier 1 (CET1) capital	30,604	31,865
2 Additional tier 1 (AT1) capital before TLAC adjustments	5,813	4,171
5 AT1 instruments eligible under the TLAC framework	5,813	4,171
6 Tier 2 (T2) capital before TLAC adjustments	6,036	5,544
7 Amortised portion of T2 instruments where remaining maturity > 1 year	1,560	1,346
8 T2 capital ineligible as TLAC as issued out of subsidiaries to third parties	(151)	(176)
9 Other adjustments	—	(5)
10 Tier 2 instruments eligible under the TLAC framework	7,445	6,709
11 TLAC arising from regulatory capital	43,862	42,745
Non-regulatory capital elements of TLAC		
12 External TLAC instruments issued directly by the bank and subordinated to excluded liabilities	22,843	24,085
17 TLAC arising from non-regulatory capital instruments before adjustments	22,843	24,085
Non-regulatory capital elements of TLAC: adjustments		
18 TLAC before deductions	66,705	66,830
22 TLAC after deductions	66,705	66,830
Risk-weighted assets (RWA) and leverage exposure measure for TLAC purposes		
23 Total RWA adjusted as permitted under the TLAC regime	215,290	210,859
24 UK leverage exposure measure	638,202	638,815
TLAC ratios and buffers		
25 TLAC (as a percentage of RWA adjusted as permitted under the TLAC regime)	31.0%	31.7%
26 TLAC (as a percentage of UK leverage exposure)	10.5%	10.5%
27 CET1 (as a percentage of RWA) available after meeting the resolution group's minimum total capital and TLAC requirements¹	8.2%	9.1%
28 Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of RWA)	3.4%	3.4%
29 Of which: capital conservation buffer requirement	2.5%	2.5%
30 Of which: bank specific countercyclical buffer requirement	0.9%	0.9%
31 Of which: higher loss absorbency requirement ²	—	—

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

2 Although the Group does not have an Other Systemically Important Institution (O-SII) buffer, it is required to hold additional CET1 capital to meet its Ring-Fenced Bank's O-SII Buffer of 2.0 per cent, which equates to 1.7 per cent of the Group's total risk-weighted exposure amount.

Total Loss Absorbing Capacity continued**TLAC2: Material sub-group entity – creditor ranking at the entity level**

The following disclosures 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 own funds instruments and other liabilities to the extent that they are subordinate to or rank pari passu with the most senior MREL claim. Where the instrument is denominated in foreign currency, the nominal value is converted into sterling using the rate as at 30 June 2023. For ordinary shares, this excludes the value of share premium and reserves attributable to ordinary shareholders.

		30 Jun 2023						
		Creditor ranking						
		£m	£m	£m	£m	£m	£m	£m
Lloyds Bank plc		(Most junior)						
1	Is the resolution entity the creditor/investor?	Y	Y	N	N	Y	N	Y
			Preference shares, preferred securities and AT1 equity instruments		Undated subordinated liabilities	Dated subordinated liabilities	Senior non-preferred liabilities	Total
2	Description of creditor ranking	Ordinary shares (£1.00 each)						
3	Total capital and liabilities net of credit risk mitigation	1,574	5,016	—	100	6,576	273	17,382
5	Total capital and liabilities less excluded liabilities	1,574	5,016	—	100	6,576	273	17,382
6	Subset of row 5 that are eligible as TLAC	1,574	5,016	—		6,576	—	14,499
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	—	—	—	3,916
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	—	681	—	6,257
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	—	—	—	—	1,641	—	3,343
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	—	4,253	—	983
11	Subset of row 6 that are perpetual securities	1,574	5,016	—	—	—	—	—
								6,590
Bank of Scotland plc								
1	Is the resolution entity the creditor/investor?	N	Y	N	N	Y	N	N
			Preference shares, preferred securities and AT1 equity instruments		Undated subordinated liabilities	Dated subordinated liabilities	Senior non-preferred liabilities	Total
2	Description of creditor ranking	Ordinary shares (£0.25 each)						
3	Total capital and liabilities net of credit risk mitigation	5,847	—	2,550	33	—	1,500	5,038
5	Total capital and liabilities less excluded liabilities	5,847	—	2,550	33	—	1,500	5,038
6	Subset of row 5 that are eligible as TLAC	5,847	—	2,550	—	—	1,500	5,038
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	—	—	—	—
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	—	—	—	2,111
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	—	—	—	—	—	1,500	1,900
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	—	—	—	1,027
11	Subset of row 6 that are perpetual securities	5,847	—	2,550	—	—	—	—
								8,397

TLAC2: Material sub-group entity – creditor ranking at the entity level continued

		30 Jun 2023						
		Creditor ranking						
		£m	£m	£m	£m	£m	£m	£m
Lloyds Bank Corporate Markets plc		(Most junior)						
1	Is the resolution entity the creditor/investor?	Y	Y	N	Y	Y	N	Y
2	Description of creditor ranking	Ordinary shares (£1.00 each)	AT1 equity instruments		Undated subordinated liabilities	Dated subordinated liabilities	Senior non- preferred liabilities	Total
3	Total capital and liabilities net of credit risk mitigation	370	804	—	—	743	2,415	4,333
5	Total capital and liabilities less excluded liabilities	370	804	—	—	743	2,415	4,333
6	Subset of row 5 that are eligible as TLAC	370	804	—	—	743	1,534	3,451
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	—	—	—	—
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	—	—	550	550
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	—	—	—	—	743	983	1,726
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	—	—	—	—
11	Subset of row 6 that are perpetual securities	370	804	—	—	—	—	1,174

		31 Dec 2022						
		Creditor ranking						
		£m	£m	£m	£m	£m	£m	£m
Lloyds Bank plc		(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	4,376	—	100	6,889	365	30,724
5	Total capital and liabilities less excluded liabilities	1,574	4,376	—	100	6,889	365	30,724
6	Subset of row 5 that are eligible as TLAC	1,574	4,376	—	—	6,889	—	27,934
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	—	—	3,835	3,835
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	—	540	8,310	8,850
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	—	—	—	—	1,925	1,876	3,801
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	—	4,424	1,075	5,499
11	Subset of row 6 that are perpetual securities	1,574	4,376	—	—	—	—	5,950

TLAC2: Material sub-group entity – creditor ranking at the entity level continued

		31 Dec 2022						
		Creditor ranking						
		£m	£m	£m	£m	£m	£m	£m
Bank of Scotland plc								
1	Is the resolution entity the creditor/investor?	N	Y	N	N	Y	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	—	2,200	91	—	1,500	4,164
5	Total capital and liabilities less excluded liabilities	5,847	—	2,200	91	—	1,500	4,164
6	Subset of row 5 that are eligible as TLAC	5,847	—	2,200	—	—	1,500	4,164
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	—	—	—	147
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	—	—	—	1,385
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	—	—	—	—	—	1,500	1,606
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	—	—	—	1,027
11	Subset of row 6 that are perpetual securities	5,847	—	2,200	—	—	—	—
Lloyds Bank Corporate Markets plc								
1	Is the resolution entity the creditor/investor?	Y	Y	N	Y	Y	N	Y
2	Description of creditor ranking	Ordinary shares (£1.00 each)	AT1 equity instruments	Undated subordinated liabilities	Dated subordinated liabilities	Senior non- preferred liabilities	Total	
3	Total capital and liabilities net of credit risk mitigation	370	845	—	—	756	—	3,373
5	Total capital and liabilities less excluded liabilities	370	845	—	—	756	—	3,373
6	Subset of row 5 that are eligible as TLAC	370	845	—	—	756	—	1,620
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	—	—	—	—
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	—	—	—	581
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	—	—	—	—	623	—	1,038
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	—	133	—	—
11	Subset of row 6 that are perpetual securities	370	845	—	—	—	—	—

Total Loss Absorbing Capacity continued**TLAC3: Resolution entity – creditor ranking at the legal entity level**

The following disclosure provides information on the creditor hierarchy for the resolution entity (Lloyds Banking Group plc).

The disclosure includes information on the nominal value of all own funds instruments and other liabilities to the extent that they are subordinate to or rank pari passu with the most senior MREL claim. Where the instrument is denominated in foreign currency, the nominal value is converted into sterling using the rate as at 30 June 2023.

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

Lloyds Banking Group plc		30 Jun 2023						
		Creditor ranking						
		£m	£m	£m	£m	£m	£m	
		(Most junior)						
		Ordinary shares (£0.10 each)	Preference shares and AT1 equity instruments	Undated subordinated liabilities	Dated subordinated liabilities	Senior liabilities		Total
1	Description of creditor ranking							
2	Total capital and liabilities net of credit risk mitigation	6,464	7,678	10	10,036	29,061		53,249
3	Subset of row 2 that are excluded liabilities	—	—	—	—	1,052		1,052
4	Total capital and liabilities less excluded liabilities	6,464	7,678	10	10,036	28,009		52,197
5	Subset of row 4 that are potentially eligible as TLAC	6,464	7,678	10	10,036	23,985		48,172
6	Subset of row 5 with 1 year ≤ residual maturity < 2 years	—	—	—	786	3,741		4,527
7	Subset of row 5 with 2 years ≤ residual maturity < 5 years	—	—	—	2,244	13,504		15,748
8	Subset of row 5 with 5 years ≤ residual maturity < 10 years	—	—	—	2,159	5,702		7,861
9	Subset of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	4,847	1,037		5,884
10	Subset of row 5 that are perpetual securities	6,464	7,678	10	—	—		14,152
31 Dec 2022								
2	Total capital and liabilities net of credit risk mitigation	6,729	6,268	10	9,685	30,463		53,155
3	Subset of row 2 that are excluded liabilities					416		416
4	Total capital and liabilities less excluded liabilities	6,729	6,268	10	9,685	30,048		52,739
5	Subset of row 4 that are potentially eligible as TLAC	6,729	6,268	10	9,685	25,220		47,912
6	Subset of row 5 with 1 year ≤ residual maturity < 2 years	—	—	—	830	3,549		4,379
7	Subset of row 5 with 2 years ≤ residual maturity < 5 years	—	—	—	2,370	13,309		15,679
8	Subset of row 5 with 5 years ≤ residual maturity < 10 years	—	—	—	1,439	7,225		8,664
9	Subset of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	5,046	1,137		6,183
10	Subset of row 5 that are perpetual securities	6,729	6,268	10	—	—		13,007

Countercyclical capital buffers

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

30 Jun 2023													
Breakdown by Country	General credit exposures ^{2,3}		Relevant credit exposures – Market risk ²		Securitisation exposures ³	Own fund requirements – relevant credit exposures							
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book	Total exposure value	Credit risk ^{2,3}	Market risk ²	Securitisation positions in the non-trading book ³	Total	Risk-weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%
United Kingdom	23,843	476,290	22	50	29,135	529,340	11,813	10	525	12,348	154,346	89.54%	1.00%
Australia	14	87	3	6	—	110	4	1	—	5	65	0.04%	1.00%
Bulgaria	—	—	—	—	—	—	—	—	—	—	—	—	1.50%
Croatia	—	—	—	—	—	—	—	—	—	—	—	—	0.50%
Czech Republic	—	—	—	—	—	—	—	—	—	—	—	—	2.50%
Denmark	—	7	—	—	—	7	1	—	—	1	8	0.01%	2.50%
Estonia	—	—	—	—	—	—	—	—	—	—	—	—	1.00%
France	284	221	1	3	241	750	29	1	6	36	440	0.26%	0.50%
Germany	730	372	14	32	755	1,903	54	6	6	66	840	0.49%	0.75%
Hong Kong	67	52	—	—	—	119	3	—	—	3	37	0.02%	1.00%
Iceland	—	—	—	—	—	—	—	—	—	—	—	—	2.00%
Ireland	77	468	—	—	50	595	32	—	1	33	410	0.24%	0.50%
Luxembourg	21	3,913	—	—	64	3,998	88	—	1	89	1,109	0.64%	0.50%
Netherlands	1,002	14,745	2	5	97	15,851	238	1	—	239	2,991	1.74%	1.00%
Norway	2	177	—	—	—	179	15	—	—	15	194	0.11%	2.50%
Romania	—	—	—	—	—	—	—	—	—	—	—	—	0.50%
Slovakia	—	—	—	—	—	—	—	—	—	—	—	—	1.00%
Sweden	—	2	—	—	—	2	—	—	—	—	1	—	2.00%
i) Total¹	26,040	496,334	42	96	30,342	552,854	12,277	19	539	12,835	160,441	93.09%	
United States of America	961	11,784	10	23	6,240	19,018	418	5	87	510	6,371	3.70%	
ii) Total¹	961	11,784	10	23	6,240	19,018	418	5	87	510	6,371	3.70%	
iii) Rest of the World¹	2,931	9,921	1	2	129	12,984	442	1	2	445	5,562	3.21%	
Total	29,932	518,039	53	121	36,711	584,856	13,137	25	628	13,790	172,374	100.00%	

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

Breakdown by Country	31 Dec 2022													
	General credit exposures ^{2,3}		Relevant credit exposures -Market risk ²		Securitisation exposures ³	Own fund requirements - relevant credit exposures						Risk-weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book	Total exposure value	Credit risk ^{2,3}	Market risk ²	Securitisation positions in the non-trading book ³	Total				
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%	
United Kingdom	22,649	478,596	7	16	24,837	526,105	11,534	3	410	11,947	149,344	88.86%	1.00%	
Bulgaria	—	—	—	—	—	—	—	—	—	—	—	—	1.00%	
Czech Republic	—	—	—	—	—	—	—	—	—	—	—	—	1.50%	
Denmark	—	7	—	—	—	7	1	—	—	1	8	0.01%	2.00%	
Estonia	—	—	—	—	—	—	—	—	—	—	—	—	1.00%	
Hong Kong	78	24	—	—	—	102	4	—	—	4	50	0.03%	1.00%	
Iceland	—	—	—	—	—	—	—	—	—	—	—	—	2.00%	
Luxembourg	8	3,789	—	—	64	3,861	85	—	1	86	1,076	0.64%	0.50%	
Norway	2	228	—	—	—	230	17	—	—	17	218	0.13%	2.00%	
Romania	—	—	—	—	—	—	—	—	—	—	—	—	0.50%	
Slovakia	—	—	—	—	—	—	—	—	—	—	—	—	1.00%	
Sweden	—	2	—	—	—	2	—	—	—	—	2	—	1.00%	
i) Total ¹	22,737	482,646	7	16	24,901	530,307	11,641	3	411	12,055	150,698	89.67%		
United States of America	950	11,578	6	14	6,239	18,787	466	3	84	553	6,919	4.12%		
Netherlands	1,335	13,845	—	—	100	15,280	251	—	1	252	3,146	1.87%		
ii) Total ¹	2,285	25,423	6	14	6,339	34,067	717	3	85	805	10,065	5.99%		
iii) Rest of the World ¹	3,906	10,711	16	38	1,289	15,960	561	8	16	585	7,298	4.34%		
Total	28,928	518,780	29	68	32,529	580,334	12,919	14	512	13,445	168,061	100.00%		

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

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

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

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

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

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

CCyB2: Amount of institution-specific countercyclical capital buffer

	30 Jun 2023	31 Dec 2022
1 Total risk exposure amount	£215,290m	£210,859m
2 Institution specific countercyclical capital buffer rate	0.926%	0.895%
3 Institution specific countercyclical capital buffer requirement	£1,994m	£1,887m

Leverage

LR2: Leverage ratio common disclosure

		30 Jun 2023	31 Dec 2022
		£m	£m
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral) ¹	631,992	622,168
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	3,148	3,305
3	Deductions of receivables assets for cash variation margin provided in derivatives transactions	(6,403)	(7,029)
6	Asset amounts deducted in determining tier 1 capital (leverage)	(13,372)	(12,033)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	615,365	606,411
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	12,639	13,082
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	8,509	8,494
11	Adjusted effective notional amount of written credit derivatives	232	612
12	Adjusted effective notional offsets and add-on deductions for written credit derivatives	(53)	(413)
13	Total derivatives exposures	21,327	21,775
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	74,162	87,739
15	Netted amounts of cash payables and cash receivables of gross SFT assets	(22,065)	(31,093)
16	Counterparty credit risk exposure for SFT assets	2,556	2,645
18	Total securities financing transaction exposures	54,653	59,291
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	150,143	150,202
20	Adjustments for conversion to credit equivalent amounts	(107,718)	(107,504)
21	General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures	(222)	(235)
22	Off-balance sheet exposures	42,203	42,463
Capital and total exposure measure			
23	Tier 1 capital (leverage)	36,417	36,036
24	Total exposure measure including claims on central banks	733,548	729,940
UK-24a	(-) Claims on central banks excluded	(95,346)	(91,125)
UK-24b	Total exposure measure excluding claims on central banks	638,202	638,815
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	5.7%	5.6%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.7%	5.6%
UK-25c	Leverage ratio including claims on central banks (%)	5.0%	4.9%
26	Regulatory minimum leverage ratio requirement (%)	3.25%	3.25%
Additional leverage ratio disclosure requirements – leverage ratio buffers			
27	Leverage ratio buffer (%) ²	0.9%	0.9%
UK-27a	Of which: G-SII or O-SII additional leverage ratio buffer (%)	—	—
UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.3%	0.3%
Additional leverage ratio disclosure requirements – disclosure of mean values			
28	Mean of daily values of gross SFT assets (over the quarter), after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	59,648	75,087
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	52,097	56,646
UK-31	Average total exposure measure including claims on central banks	735,450	743,544
UK-32	Average total exposure measure excluding claims on central banks	641,467	658,435
UK-33	Average leverage ratio including claims on central banks	4.9%	4.9%
UK-34	Average leverage ratio excluding claims on central banks	5.6%	5.5%

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

2 The countercyclical leverage ratio buffer (CCLB) is required to be rounded to the nearest tenth of a percentage. The Group's total leverage ratio buffer at 30 June 2023 was 0.9 per cent (31 December 2022: 0.9 per cent), of which 0.6 per cent equates to the additional leverage ratio buffer (ALRB) of 0.7 per cent applied to the Ring-Fenced Bank.

Leverage continued**LR1: Summary reconciliation of accounting assets and leverage ratio exposures**

		30 Jun 2023	31 Dec 2022
		£m	£m
1	Total assets as per published financial statements ¹	882,804	873,394
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation ¹	(167,247)	(163,384)
4	Adjustment for exemption of exposures to central banks	(95,346)	(91,125)
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	(2,253)	(182)
8	Adjustment for derivative financial instruments	(6,577)	(7,414)
9	Adjustment for securities financing transactions (SFTs)	2,556	2,645
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures) ²	42,425	42,698
11	Adjustment for items and specific and general provisions which have reduced tier 1 capital (leverage)	(13,594)	(12,268)
12	Other adjustments ³	(4,566)	(5,549)
13	Total exposure measure	638,202	638,815

1 2022 comparatives have been restated to reflect the impact of IFRS 17. Refer to the Group's 2023 Half-Year Results News Release.

2 Gross of specific provisions. The amount net of specific provisions at 30 June 2023 is £42,203 million (31 December 2022: £42,463 million).

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

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

		30 Jun 2023	31 Dec 2022
		£m	£m
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	631,992	622,168
UK-2	Trading book exposures	3,953	2,435
UK-3	Banking book exposures, of which:	628,039	619,733
UK-4	Covered bonds	3,878	3,302
UK-5	Exposures treated as sovereigns	120,241	118,436
UK-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	2,913	3,129
UK-7	Institutions	9,133	8,245
UK-8	Secured by mortgages of immovable properties	338,864	343,225
UK-9	Retail exposures	42,270	40,802
UK-10	Corporates	57,183	56,322
UK-11	Exposures in default	5,466	5,280
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	48,091	40,992

Credit risk

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

CRI: Performing and non-performing exposures and related provisions

		30 Jun 2023																
		Gross carrying amount/nominal amount ¹						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions ¹							Collateral and financial guarantees received			
								Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							
		Performing exposures		Non-performing exposures		Of which stage 1					Of which stage 2		Of which stage 2		Of which stage 3		Accumulated partial write-off	On performing exposures
£m	Of which stage 1	Of which stage 2	£m	Of which stage 2	Of which stage 3	£m	Of which stage 1	Of which stage 2	£m	Of which stage 2	Of which stage 3	£m	£m	£m	£m	£m		
005	Cash balances at central banks and other demand deposits	93,622	93,622	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
010	Loans and advances	494,464	426,039	61,034	11,231	671	7,887	(2,551)	(788)	(1,721)	(2,196)	(60)	(1,903)	(341)	362,303	7,206		
020	Central banks	1,273	1,273	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
030	General governments	1,411	1,389	6	—	—	—	(1)	(1)	—	—	—	—	—	1,145	—		
040	Credit institutions	17,542	17,539	3	—	—	—	(9)	(9)	—	—	—	—	—	1	—		
050	Other financial corporations	55,811	54,223	273	129	106	23	(32)	(25)	(7)	(6)	—	(6)	—	342	4		
060	Non-financial corporations	65,562	56,163	9,225	3,406	78	3,328	(577)	(185)	(391)	(1,183)	—	(1,183)	(341)	37,266	1,009		
070	Of which SMEs	32,075	27,472	4,603	1,451	—	1,451	(217)	(65)	(152)	(115)	—	(115)	—	22,499	868		
080	Households	352,865	295,452	51,527	7,696	487	4,536	(1,932)	(568)	(1,323)	(1,007)	(60)	(714)	—	323,549	6,193		
090	Debt securities	36,690	34,169	92	1,236	—	2	(16)	(13)	(3)	(715)	—	(2)	—	—	—		
110	General governments	11,434	11,434	—	—	—	—	(6)	(6)	—	—	—	—	—	—	—		
120	Credit institutions	13,987	13,987	—	—	—	—	(2)	(2)	—	—	—	—	—	—	—		
130	Other financial corporations	9,694	8,517	92	—	—	—	(8)	(5)	(3)	—	—	—	—	—	—		
140	Non-financial corporations	1,575	231	—	1,236	—	2	—	—	—	(715)	—	(2)	—	—	—		
150	Off-balance-sheet exposures	145,914	139,876	5,983	427	265	162	(312)	(135)	(177)	(10)	(7)	(3)		8,820	95		
170	General governments	247	247	—	—	—	—	—	—	—	—	—	—			6	—	
180	Credit institutions	907	885	22	—	—	—	—	—	—	—	—	—			387	—	
190	Other financial corporations	24,293	23,837	456	10	10	—	(15)	(11)	(4)	—	—	—			2,077	—	
200	Non-financial corporations	39,538	37,621	1,917	134	52	82	(134)	(49)	(85)	(3)	—	(3)			6,350	95	
210	Households	80,929	77,286	3,588	283	203	80	(163)	(75)	(88)	(7)	(7)	—		—	—		
220	Total	770,690	693,706	67,109	12,894	936	8,051	(2,879)	(936)	(1,901)	(2,921)	(67)	(1,908)	(341)	371,123	7,301		

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

		31 Dec 2022														
		Gross carrying amount/nominal amount ¹						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions ¹						Collateral and financial guarantees received		
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	On performing exposures	On non-performing exposures
Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3	Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3							
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005	Cash balances at central banks and other demand deposits	89,421	89,421	—	—	—	—	—	—	—	—	—	—	—	—	—
010	Loans and advances	505,830	437,232	60,535	11,192	654	7,637	(2,497)	(711)	(1,751)	(2,035)	(59)	(1,757)	(341)	369,787	7,504
020	Central banks	1,285	1,285	—	—	—	—	—	—	—	—	—	—	—	—	—
030	General governments	1,283	1,253	13	—	—	—	(1)	(1)	—	—	—	—	—	1,110	—
040	Credit institutions	13,943	13,918	25	—	—	—	(13)	(10)	(2)	—	—	—	—	—	—
050	Other financial corporations	67,830	65,821	1,117	41	17	24	(48)	(28)	(20)	(5)	—	(5)	—	446	9
060	Non-financial corporations	65,852	55,458	10,163	3,564	182	3,382	(583)	(187)	(396)	(1,086)	—	(1,086)	(341)	40,290	1,334
070	Of which SMEs	33,861	28,701	5,160	1,802	179	1,623	(238)	(72)	(166)	(110)	—	(110)	—	24,226	1,308
080	Households	355,637	299,497	49,217	7,587	455	4,231	(1,852)	(485)	(1,333)	(944)	(59)	(666)	—	327,941	6,161
090	Debt securities	34,549	32,156	—	1,209	—	2	(15)	(15)	—	(870)	—	(2)	—	—	—
110	General governments	12,150	12,088	—	—	—	—	(6)	(6)	—	—	—	—	—	—	—
120	Credit institutions	14,160	14,161	—	—	—	—	(2)	(2)	—	—	—	—	—	—	—
130	Other financial corporations	6,661	5,491	—	—	—	—	(7)	(7)	—	—	—	—	—	—	—
140	Non-financial corporations	1,578	416	—	1,209	—	2	—	—	—	(870)	—	(2)	—	—	—
150	Off-balance-sheet exposures	145,193	138,222	6,905	369	231	137	(313)	(134)	(179)	(10)	(7)	(3)		8,258	55
170	General governments	282	282	—	—	—	—	—	—	—	—	—	—		5	—
180	Credit institutions	690	690	—	—	—	—	—	—	—	—	—	—		418	—
190	Other financial corporations	23,161	22,379	782	2	2	—	(27)	(12)	(15)	—	—	—		1,485	—
200	Non-financial corporations	39,271	37,426	1,845	99	40	59	(123)	(50)	(73)	(3)	—	(3)		6,350	55
210	Households	81,789	77,445	4,278	268	189	78	(163)	(72)	(91)	(7)	(7)	—		—	—
220	Total	774,993	697,031	67,440	12,770	885	7,776	(2,825)	(860)	(1,930)	(2,915)	(66)	(1,762)	(341)	378,045	7,559

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

Credit risk continued**CR1-A: Maturity of exposures**

		30 Jun 2023					
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
		£m	£m	£m	£m	£m	£m
1	Loans and advances	21,980	69,866	83,809	325,084	210	500,948
2	Debt securities	20	3,316	21,030	12,828	—	37,195
3	Total	22,000	73,182	104,839	337,912	210	538,143

		31 Dec 2022					
		£m	£m	£m	£m	£m	£m
1	Loans and advances ¹	22,960	74,284	85,358	329,686	202	512,490
2	Debt securities	17	3,099	20,304	11,453	—	34,873
3	Total	22,977	77,383	105,662	341,139	202	547,363

¹ 2022 Comparative Maturity Profile has been restated.

Key movements

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

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

		Gross carrying amount
		£m
010	Initial stock of non-performing loans and advances at 31 December 2022	11,192
020	Inflows to non-performing portfolios	3,936
030	Outflows from non-performing portfolios	(3,897)
040	Outflows due to write-offs	(554)
050	Outflow due to other situations	(3,343)
060	Final stock of non-performing loans and advances at 30 June 2023	11,231

Credit risk continued

CQ1: Credit quality of forborne exposures

30 Jun 2023									
Gross carrying amount/nominal amount of exposures with forbearance measures					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures		
Non-performing forborne							Of which collateral and financial guarantees received on non-performing exposures with forbearance measures		
Performing forborne		Of which defaulted		Of which impaired	On performing forborne exposures	On non-performing forborne exposures			
£m		£m	£m	£m	£m	£m	£m	£m	£m
010	Loans and advances	1,822	5,646	5,355	5,355	(48)	(1,503)	3,886	2,498
050	Other financial corporations	19	126	23	23	—	(6)	5	1
060	Non-financial corporations	545	2,810	2,805	2,805	(3)	(1,154)	760	439
070	Households	1,258	2,710	2,527	2,527	(45)	(343)	3,121	2,058
080	Debt Securities	—	—	—	—	—	—	—	—
090	Loan commitments given	273	202	84	84	(4)	(6)	53	48
100	Total	2,095	5,848	5,439	5,439	(52)	(1,509)	3,939	2,546

31 Dec 2022									
£m		£m	£m	£m	£m	£m	£m	£m	£m
010	Loans and advances	2,020	5,922	5,710	5,719	(51)	(1,404)	4,489	3,178
050	Other financial corporations	20	38	15	24	—	(5)	7	7
060	Non-financial corporations	547	2,888	2,869	2,869	(4)	(1,054)	887	826
070	Households	1,453	2,996	2,826	2,826	(47)	(345)	3,595	2,345
080	Debt Securities	—	—	—	—	—	—	—	—
090	Loan commitments given	290	181	82	82	(5)	(6)	—	—
100	Total	2,310	6,103	5,792	5,801	(56)	(1,410)	4,489	3,178

Credit risk continued

CQ4: Quality of non-performing exposures by geography

		30 Jun 2023				
		Gross carrying/nominal amount		Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Total performing and non-performing	Of which defaulted			
		£m	£m	£m	£m	£m
010	On-balance-sheet exposures	543,621	10,579	(4,765)		(713)
030	Luxembourg	5,703	—	(5)		—
040	Netherlands	14,265	13	(20)		—
050	United Kingdom	469,461	9,327	(3,840)		(713)
060	United States	18,240	—	(33)		—
070	Other countries	35,952	1,239	(867)		—
080	Off-balance-sheet exposures	146,341	157		(322)	
100	Luxembourg	2,064	—		(1)	
110	Netherlands	2,001	—		(4)	
120	United Kingdom	125,617	156		(293)	
130	United States	10,484	—		(16)	
140	Other countries	6,175	1		(8)	
150	Total	689,962	10,736	(4,765)	(322)	(713)

		31 Dec 2022				
		£m	£m	£m	£m	£m
010	On-balance-sheet exposures	552,780	10,463	(4,549)		(868)
030	Luxembourg	6,489	—	(7)		—
040	Netherlands	13,125	23	(22)		—
050	United Kingdom	486,199	9,229	(3,664)		(868)
060	United States	17,390	7	(33)		—
070	Other countries	29,577	1,204	(823)		—
080	Off-balance-sheet exposures	145,562	126		(323)	
100	Luxembourg	1,615	—		(2)	
110	Netherlands	2,200	3		(5)	
120	United Kingdom	124,105	123		(291)	
130	United States	9,546	—		(16)	
140	Other countries	8,096	—		(9)	
150	Total	698,342	10,589	(4,549)	(323)	(868)

Credit risk continued

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

		30 Jun 2023			
		Gross carrying amount		Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		£m	Of which defaulted £m	£m	£m
010	Agriculture, forestry and fishing	7,449	198	(48)	—
020	Mining and quarrying	536	7	(11)	—
030	Manufacturing	5,109	135	(74)	—
040	Electricity, gas, steam and air conditioning supply	2,555	24	(34)	—
050	Water supply	891	4	(4)	—
060	Construction	4,050	329	(157)	—
070	Wholesale and retail trade	7,576	215	(112)	—
080	Transport and storage	2,316	79	(38)	—
090	Accommodation and food service activities	2,384	183	(32)	—
100	Information and communication	3,967	1,191	(820)	—
110	Financial and insurance activities				
120	Real estate activities	21,076	400	(264)	—
130	Professional, scientific and technical activities	2,644	85	(35)	—
140	Administrative and support service activities	2,395	91	(50)	—
150	Public administration and defence, compulsory social security	28	1	—	—
160	Education	1,212	46	(14)	—
170	Human health services and social work activities	3,387	104	(37)	—
180	Arts, entertainment and recreation	608	25	(12)	—
190	Other services	785	283	(18)	—
200	Total	68,968	3,400	(1,760)	—

		31 Dec 2022			
		£m	£m	£m	£m
010	Agriculture, forestry and fishing	7,588	192	(54)	—
020	Mining and quarrying	757	39	(12)	—
030	Manufacturing	4,254	117	(57)	—
040	Electricity, gas, steam and air conditioning supply	2,242	20	(11)	—
050	Water supply	728	5	(5)	—
060	Construction	4,276	416	(145)	—
070	Wholesale and retail trade	7,900	269	(119)	—
080	Transport and storage	2,825	98	(45)	—
090	Accommodation and food service activities	3,538	1,275	(787)	—
100	Information and communication	2,825	54	(44)	—
110	Financial and insurance activities				
120	Real estate activities	20,826	345	(228)	—
130	Professional, scientific and technical activities	2,794	84	(30)	—
140	Administrative and support service activities	2,503	106	(55)	—
150	Public administration and defence, compulsory social security	12	1	—	—
160	Education	1,200	46	(12)	—
170	Human health services and social work activities	3,433	69	(38)	—
180	Arts, entertainment and recreation	523	32	(10)	—
190	Other services	1,192	377	(17)	—
200	Total	69,416	3,545	(1,669)	—

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

	30 Jun 2023				
	Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
	£m	£m	£m	£m	£m
Loans and advances	131,439	369,509	361,529	7,979	1
Debt securities	37,195	—	—	—	
Total	168,634	369,509	361,529	7,979	1
Of which non-performing exposures	2,350	7,206	6,541	665	—
Of which defaulted	778	6,890			

	31 Dec 2022				
	£m	£m	£m	£m	£m
	£m	£m	£m	£m	£m
Loans and advances	135,199	377,291	368,224	9,067	15
Debt securities	34,873	—	—	—	
Total	170,072	377,291	368,224	9,067	15
Of which non-performing exposures	1,992	7,504	6,486	1,018	—
Of which defaulted	344	7,214			

Credit risk continued

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

Exposure classes		30 Jun 2023					
		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density ¹	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density
		£m	£m	£m	£m	£m	%
1	Central governments or central banks	98,536	277	105,832	378	2,432	2%
2	Regional government or local authorities	509	—	509	—	32	6%
3	Public sector entities	2,403	—	2,403	—	—	—%
4	Multilateral development banks	8,713	—	8,713	—	—	—%
5	International organisations	12	—	12	—	—	—%
6	Institutions	332	1	333	222	109	20%
7	Corporates	5,770	5,809	5,456	1,836	6,325	87%
8	Retail	11,435	22,349	10,919	91	8,080	73%
9	Secured by mortgages on immovable property	5,547	36	5,546	9	2,055	37%
10	Exposures in default	1,019	28	963	12	1,129	116%
13	Institutions and corporates with a short-term credit assessment	—	—	—	—	—	—%
14	Collective investment undertakings	1,563	14	1,563	14	1,423	90%
16	Other items	2,900	—	2,900	—	2,424	84%
17	Total	138,739	28,514	145,149	2,562	24,009	16%

Exposure classes		31 Dec 2022					
		£m	£m	£m	£m	£m	%
1	Central governments or central banks	94,986	277	103,587	359	2,722	3%
2	Regional government or local authorities	442	—	442	—	28	6%
3	Public sector entities	2,687	—	2,687	—	—	—%
4	Multilateral development banks	9,297	—	9,297	—	—	—%
5	International organisations	—	—	—	—	—	—%
6	Institutions	198	1	199	209	63	15%
7	Corporates	4,824	6,201	4,669	2,001	5,834	87%
8	Retail	10,957	23,127	10,345	239	7,735	73%
9	Secured by mortgages on immovable property	5,763	40	5,762	22	2,148	37%
10	Exposures in default	1,085	49	922	23	1,098	116%
13	Institutions and corporates with a short-term credit assessment	—	83	—	129	63	49%
14	Collective investment undertakings	1,663	23	1,663	23	1,356	80%
16	Other items	2,515	—	2,515	—	2,072	82%
17	Total	134,428	29,801	142,099	3,005	23,119	16%

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

Credit risk continued

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

		30 Jun 2023															Total £m	Of which unrated £m
		Risk weight																
Exposure classes		0% £m	2% £m	4% £m	10% £m	20% £m	35% £m	50% £m	70% £m	75% £m	100% £m	150% £m	250% £m	370% £m	1250% £m	Others £m		
1	Central governments or central banks	105,198	—	—	—	—	—	—	—	—	65	—	947	—	—	—	106,211	106,065
2	Regional government or local authorities	357	—	—	—	151	—	—	—	—	—	1	—	—	—	—	509	89
3	Public sector entities	2,403	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2,403	979
4	Multilateral development banks	8,713	—	—	—	—	—	—	—	—	—	—	—	—	—	—	8,713	8,713
5	International organisations	12	—	—	—	—	—	—	—	—	—	—	—	—	—	—	12	12
6	Institutions	—	—	222	—	285	—	8	—	—	38	1	—	—	—	—	555	270
7	Corporates	—	—	—	—	67	—	1,491	—	—	5,669	37	—	—	27	—	7,291	5,604
8	Retail exposures	—	—	—	—	—	—	—	—	11,009	—	—	—	—	—	—	11,010	11,010
9	Exposures secured by mortgages on immovable property	—	—	—	—	—	5,293	—	—	42	221	—	—	—	—	—	5,555	5,555
10	Exposures in default	—	—	—	—	—	—	—	—	—	666	309	—	—	—	—	975	975
13	Exposures to institutions and corporates with a short-term credit assessment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
14	Units or shares in collective investment undertakings	129	—	—	—	561	—	9	—	—	37	828	—	—	1	14	1,577	1,017
16	Other items	53	—	—	—	528	—	—	—	—	2,318	—	—	—	—	—	2,900	2,900
17	Total	116,865	—	222	—	1,592	5,293	1,508	—	11,051	9,014	1,176	947	—	28	14	147,711	143,189

		31 Dec 2022															£m	£m
Exposure classes		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m			
1	Central governments or central banks	102,847	—	—	—	—	—	—	—	—	16	—	1,082	—	—	—	103,946	103,796
2	Regional government or local authorities	303	—	—	—	138	—	—	—	—	—	—	—	—	—	—	442	—
3	Public sector entities	2,687	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2,687	1,253
4	Multilateral development banks	9,297	—	—	—	—	—	—	—	—	—	—	—	—	—	—	9,297	9,297
5	International organisations	12	—	—	—	—	—	—	—	—	—	—	—	—	—	—	12	12
6	Institutions	—	—	210	—	183	—	9	—	—	6	1	—	—	1	—	409	226
7	Corporates	—	—	—	—	14	—	684	—	—	5,958	14	—	—	—	—	6,670	5,630
8	Retail exposures	—	—	—	—	—	—	—	—	10,583	—	—	—	—	—	—	10,583	10,583
9	Exposures secured by mortgages on immovable property	—	—	—	—	—	5,485	—	—	50	248	—	—	—	—	—	5,783	5,783
10	Exposures in default	—	—	—	—	—	—	—	—	—	642	304	—	—	—	—	946	946
13	Exposures to institutions and corporates with a short-term credit assessment	—	—	—	—	6	—	123	—	—	—	—	—	—	—	—	129	—
14	Units or shares in collective investment undertakings	144	—	—	—	659	—	12	—	—	194	654	—	—	1	23	1,686	1,027
16	Other items	43	—	—	—	500	—	—	—	—	1,972	—	—	—	—	—	2,514	2,507
17	Total	115,334	—	210	—	1,500	5,485	828	—	10,633	9,035	973	1,082	—	2	23	145,104	141,060

Credit risk continued

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

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

		Total RWA quarter to 30 Jun 2023	Total RWA YTD 30 Jun 2023
		£m	£m
1	Risk weighted exposure amount as at the end of previous reporting period	126,535	127,591
2	Asset size (+/-)	483	1,582
3	Asset quality (+/-)	474	613
4	Model updates (+/-)	—	—
5	Methodology and policy (+/-)	2,804	2,703
6	Acquisitions and disposals (+/-)	—	(1,391)
7	Foreign exchange movements (+/-)	(383)	(684)
8	Other (+/-)	(634)	(1,135)
9	Risk weighted exposure amount at the end of the reporting period	129,279	129,279

Key movements year to date 30 June 2023

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

Credit risk continued

CR6: Credit risk exposures by portfolio and PD range

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

30 Jun 2023												
PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Central Governments or Central Banks	£m	£m	%	£m	%	No.	%	No.	£m	%	£m	£m
0.00 to <0.15	10,603	287	74.96%	10,428	0.01%	20	45.00%	1.3	491	4.71%	1	—
0.00 to <0.10	10,603	287	74.96%	10,428	0.01%	20	45.00%	1.3	491	4.71%	1	—
0.25 to <0.50	—	—	—%	—	—%	—	—%	—	—	—%	—	—
0.75 to <2.50	84	1	—%	—	—%	2	—%	—	—	—%	—	—
0.75 to <1.75	84	1	—%	—	—%	2	—%	—	—	—%	—	—
2.50 to <10.00	45	1	75.00%	1	6.20%	3	45.00%	2.4	3	420.88%	—	—
2.5 to <5	3	—	—%	—	—%	1	—%	—	—	—%	—	—
5 to <10	42	1	75.00%	1	6.20%	2	45.00%	2.4	3	420.88%	—	—
10.00 to <100.00	47	—	—%	—	—%	1	—%	—	—	—%	—	—
10 to <20	47	—	—%	—	—%	1	—%	—	—	—%	—	—
Subtotal	10,779	289	74.95%	10,429	0.01%	26	45.00%	1.3	494	4.74%	1	—
31 Dec 2022												
Central Governments or Central Banks	£m	£m	%	£m	%	No.	%	No.	£m	%	£m	£m
0.00 to <0.15	10,447	276	75.00%	10,430	0.01%	23	45.00%	1.4	521	5.00%	1	—
0.00 to <0.10	10,447	276	75.00%	10,430	0.01%	23	45.00%	1.4	521	5.00%	1	—
0.25 to <0.50	—	—	75.00%	—	0.42%	1	45.00%	2.4	—	82.67%	—	—
0.75 to <2.50	98	1	—%	—	—%	1	—%	—	—	—%	—	—
0.75 to <1.75	98	1	—%	—	—%	1	—%	—	—	—%	—	—
2.50 to <10.00	42	92	75.00%	1	6.20%	3	45.00%	2.9	4	418.88%	—	—
2.5 to <5	—	91	—%	—	—%	1	—%	—	—	—%	—	—
5 to <10	42	1	75.00%	1	6.20%	2	45.00%	2.9	4	418.88%	—	—
10.00 to <100.00	46	—	—%	—	—%	1	—%	—	—	—%	—	—
10 to <20	46	—	—%	—	—%	1	—%	—	—	—%	—	—
Subtotal	10,633	369	75.00%	10,431	0.01%	29	45.00%	1.4	525	5.03%	1	—

CR6: Credit risk exposures by portfolio and PD range continued

30 Jun 2023												
PD range	On-balance sheet exposures	Off-balance- sheet exposures pre- CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Institutions	£m	£m	%	£m	%	No.	%	No.	£m	%	£m	£m
0.00 to <0.15	11,917	1,317	37.27%	12,422	0.05%	875	36.01%	1.2	1,508	12.14%	3	1
0.00 to <0.10	10,143	942	41.03%	10,544	0.04%	741	36.34%	1.2	1,191	11.29%	2	1
0.10 to <0.15	1,774	375	27.71%	1,878	0.11%	134	34.14%	1.0	317	16.88%	1	—
0.15 to <0.25	149	108	50.00%	203	0.18%	42	44.71%	1.3	83	40.94%	—	—
0.25 to <0.50	366	156	49.89%	444	0.32%	63	35.62%	0.8	156	35.23%	1	—
0.50 to <0.75	80	17	5.59%	81	0.63%	46	42.07%	1.1	73	89.97%	—	—
0.75 to <2.50	156	185	25.94%	204	1.41%	59	44.86%	0.7	202	99.43%	1	1
0.75 to <1.75	156	185	25.94%	204	1.41%	55	44.86%	0.7	202	99.43%	1	1
1.75 to <2.5	—	—	—%	—	1.90%	4	40.23%	1.2	—	114.82%	—	—
2.50 to <10.00	—	—	75.00%	—	4.58%	28	44.89%	1.0	1	173.08%	—	—
2.5 to <5	—	—	75.00%	—	4.18%	17	44.87%	1.0	1	170.64%	—	—
5 to <10	—	—	—%	—	6.20%	11	45.00%	1.0	—	182.83%	—	—
10.00 to <100.00	—	—	—%	—	21.94%	9	45.00%	1.0	—	258.65%	—	—
10 to <20	—	—	—%	—	12.00%	2	45.00%	1.0	—	236.77%	—	—
30.00 to <100.00	—	—	—%	—	31.00%	7	45.00%	1.0	—	278.57%	—	—
100.00 (Default)	—	—	—%	—	100.00%	2	45.00%	5.0	—	—%	—	—
Subtotal	12,668	1,783	37.67%	13,354	0.09%	1,124	36.30%	1.1	2,023	15.15%	5	2

CR6: Credit risk exposures by portfolio and PD range continued

31 Dec 2022												
PD range	On-balance sheet exposures	Off-balance- sheet exposures pre- CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Institutions	£m	£m	%	£m	%	No.	%	No.	£m	%	£m	£m
0.00 to <0.15	11,004	1,984	36.10%	11,735	0.05%	898	35.54%	1.1	1,397	11.90%	2	1
0.00 to <0.10	9,399	1,399	39.69%	9,988	0.04%	751	35.40%	1.2	1,086	10.87%	1	1
0.10 to <0.15	1,605	585	26.42%	1,747	0.11%	147	36.32%	1.0	311	17.79%	1	—
0.15 to <0.25	201	76	37.45%	229	0.18%	38	44.79%	0.9	75	32.74%	—	—
0.25 to <0.50	8	116	78.56%	100	0.41%	58	18.09%	1.4	24	24.46%	—	—
0.50 to <0.75	8	5	72.11%	11	0.63%	48	43.38%	2.4	12	106.18%	—	—
0.75 to <2.50	112	26	1.13%	112	1.00%	53	44.00%	1.4	109	96.85%	1	3
0.75 to <1.75	112	26	1.13%	112	1.00%	50	44.00%	1.4	109	96.94%	1	3
1.75 to <2.5	—	—	—%	—	1.90%	3	40.00%	1.5	—	118.44%	—	—
2.50 to <10.00	5	—	75.00%	5	2.78%	29	44.98%	0.4	6	130.16%	—	—
2.5 to <5	5	—	75.00%	5	2.70%	19	44.97%	0.4	6	128.14%	—	—
5 to <10	—	—	—%	—	6.20%	10	45.00%	1.0	—	219.12%	—	—
10.00 to <100.00	—	—	—%	—	24.50%	10	45.00%	1.0	—	265.03%	—	—
10 to <20	—	—	—%	—	12.00%	3	45.00%	1.0	—	240.31%	—	—
30.00 to <100.00	—	—	—%	—	31.00%	7	45.00%	1.0	—	277.89%	—	—
100.00 (Default)	—	—	—%	—	100.00%	4	45.00%	1.1	—	—%	—	—
Subtotal	11,338	2,207	38.03%	12,192	0.07%	1,138	35.66%	1.1	1,623	13.31%	3	4

Key movements

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

CR6: Credit risk exposures by portfolio and PD range continued

30 Jun 2023												
PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Corporate SME	£m	£m	%	£m	%	No.	%	No.	£m	%	£m	£m
0.00 to <0.15	694	929	30.10%	973	0.07%	242	33.00%	3.7	210	21.56%	—	—
0.00 to <0.10	553	660	17.65%	669	0.05%	184	39.78%	4.1	155	23.11%	—	—
0.10 to <0.15	141	269	60.74%	304	0.11%	58	18.07%	2.9	55	18.15%	—	—
0.15 to <0.25	177	66	7.69%	179	0.19%	209	44.45%	3.0	79	43.99%	—	—
0.25 to <0.50	633	373	28.94%	681	0.39%	1,334	38.55%	3.3	349	51.30%	1	1
0.50 to <0.75	1,217	485	8.07%	1,157	0.57%	18,598	39.48%	3.9	663	57.34%	3	3
0.75 to <2.50	2,765	796	12.01%	2,654	1.25%	13,544	39.90%	3.3	1,936	72.93%	16	15
0.75 to <1.75	2,761	796	12.01%	2,650	1.24%	13,496	39.89%	3.3	1,933	72.94%	16	15
1.75 to <2.5	4	—	—%	4	2.00%	48	45.00%	1.2	3	65.80%	—	—
2.50 to <10.00	1,528	305	10.75%	1,415	4.19%	6,173	39.03%	2.9	1,341	94.81%	29	36
2.5 to <5	967	230	12.00%	900	3.00%	3,380	39.17%	2.9	779	86.59%	13	18
5 to <10	561	75	6.97%	515	6.28%	2,793	38.77%	2.9	562	109.16%	16	18
10.00 to <100.00	262	25	10.30%	230	19.39%	1,815	38.68%	2.4	329	143.28%	20	15
10 to <20	172	13	5.02%	156	12.70%	1,455	37.66%	2.3	199	127.75%	9	5
20 to <30	—	—	—%	—	—%	—	—%	—	—	—%	—	—
30.00 to <100.00	90	12	16.15%	74	33.56%	360	40.89%	2.7	130	176.34%	11	10
100.00 (Default)	403	43	31.21%	385	100.00%	855	39.74%	2.1	—	—%	153	81
Subtotal	7,679	3,022	19.07%	7,674	6.93%	42,770	38.74%	3.3	4,907	63.95%	222	151

CR6: Credit risk exposures by portfolio and PD range continued

31 Dec 2022												
PD range	On-balance sheet exposures	Off-balance- sheet exposures pre- CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Corporate SME	£m	£m	%	£m	%	No.	%	No.	£m	%	£m	£m
0.00 to <0.15	712	844	37.78%	1,032	0.07%	264	35.71%	3.6	234	22.70%	—	—
0.00 to <0.10	541	603	26.58%	702	0.05%	203	40.54%	4.0	163	23.28%	—	—
0.10 to <0.15	171	241	65.78%	330	0.11%	61	25.47%	2.7	71	21.48%	—	—
0.15 to <0.25	139	166	70.08%	250	0.19%	222	42.63%	3.5	103	41.17%	—	—
0.25 to <0.50	754	408	36.15%	823	0.39%	1,417	39.44%	3.3	424	51.46%	1	2
0.50 to <0.75	1,148	475	15.25%	1,091	0.57%	19,687	39.42%	3.7	610	55.87%	3	3
0.75 to <2.50	2,772	826	20.46%	2,683	1.30%	13,585	39.93%	3.3	1,931	71.99%	16	15
0.75 to <1.75	2,420	787	21.00%	2,357	1.17%	11,088	40.15%	3.2	1,681	71.33%	13	12
1.75 to <2.5	352	39	9.61%	326	2.29%	2,497	38.40%	3.8	250	76.75%	3	3
2.50 to <10.00	1,569	385	23.63%	1,474	4.63%	6,081	39.03%	2.9	1,393	94.49%	30	37
2.5 to <5	996	308	24.94%	953	3.29%	3,372	39.17%	2.9	824	86.38%	14	19
5 to <10	573	77	18.40%	521	7.07%	2,708	38.78%	3.0	569	109.36%	16	18
10.00 to <100.00	328	48	30.68%	311	22.53%	1,830	40.16%	2.4	468	150.70%	31	25
10 to <20	175	26	16.33%	167	13.28%	1,318	39.06%	2.1	221	132.34%	10	7
20 to <30	23	1	52.62%	20	23.79%	153	38.06%	3.8	29	147.41%	2	2
30.00 to <100.00	130	21	46.67%	124	34.84%	359	41.99%	2.6	218	176.56%	19	16
100.00 (Default)	377	21	18.09%	344	100.00%	764	40.36%	2.4	—	—%	139	72
Subtotal	7,799	3,173	29.42%	8,008	6.59%	43,850	39.21%	3.2	5,163	64.47%	220	154

Key movements

- Average CCF reduction due to update in conversion factor for certain products.
- Exposure at default and risk-weighted assets both decreased by £0.3 billion due to repayments and reduced average CCFs.
- Average PD increased from 6.59 per cent to 6.93 per cent due to a small increase in defaulted exposure.

CR6: Credit risk exposures by portfolio and PD range continued

30 Jun 2023												
PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Corporate Main	£m	£m	%	£m	%	No.	%	No.	£m	%	£m	£m
0.00 to <0.15	15,271	21,417	58.64%	28,079	0.09%	626	43.29%	2.2	7,594	27.05%	11	33
0.00 to <0.10	3,423	9,397	54.72%	8,753	0.05%	283	42.38%	2.8	2,031	23.21%	2	8
0.10 to <0.15	11,848	12,020	61.76%	19,326	0.11%	343	43.71%	2.0	5,563	28.79%	9	25
0.15 to <0.25	4,577	5,702	59.50%	8,196	0.18%	2,654	44.15%	2.1	3,342	40.77%	7	17
0.25 to <0.50	6,068	9,445	58.83%	11,470	0.35%	4,249	37.71%	2.2	6,066	52.88%	16	44
0.50 to <0.75	2,299	2,145	45.90%	2,822	0.62%	6,010	41.98%	2.2	2,203	78.07%	8	22
0.75 to <2.50	3,768	4,601	65.18%	6,522	1.17%	7,494	29.40%	2.4	4,613	70.73%	26	59
0.75 to <1.75	3,687	4,592	65.31%	6,442	1.16%	6,154	29.21%	2.4	4,528	70.29%	25	59
1.75 to <2.5	81	9	—%	80	1.97%	1,340	44.50%	1.4	85	105.80%	1	—
2.50 to <10.00	2,057	1,646	53.90%	2,711	3.57%	3,260	42.92%	2.3	3,879	143.07%	47	94
2.5 to <5	1,763	1,391	54.59%	2,405	3.20%	2,508	42.77%	2.4	3,326	138.30%	37	79
5 to <10	294	255	50.33%	306	6.48%	752	44.17%	1.7	553	180.54%	10	15
10.00 to <100.00	213	45	49.13%	234	20.81%	195	38.71%	1.7	516	220.82%	20	33
10 to <20	119	23	38.34%	126	12.09%	123	42.17%	1.4	251	198.63%	7	17
20 to <30	—	—	—%	—	30.00%	9	44.72%	1.1	—	293.83%	—	—
30.00 to <100.00	94	22	60.50%	108	30.99%	63	34.58%	2.0	265	246.57%	13	16
100.00 (Default)	564	95	65.62%	625	100.00%	629	41.80%	2.1	—	—%	262	155
Subtotal	34,817	45,096	58.71%	60,659	1.56%	25,116	40.75%	2.2	28,213	46.51%	397	457

CR6: Credit risk exposures by portfolio and PD range continued

31 Dec 2022												
PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Corporate Main	£m	£m	%	£m	%	No.	%	No.	£m	%	£m	£m
0.00 to <0.15	14,127	19,882	61.41%	26,562	0.09%	590	43.01%	2.4	7,481	28.16%	11	31
0.00 to <0.10	2,955	9,361	59.31%	8,641	0.05%	274	42.56%	2.9	2,104	24.35%	2	8
0.10 to <0.15	11,172	10,521	63.28%	17,921	0.11%	316	43.22%	2.2	5,377	30.00%	9	23
0.15 to <0.25	5,394	5,529	63.80%	8,889	0.18%	2,716	44.12%	2.2	3,675	41.34%	7	17
0.25 to <0.50	6,990	9,942	62.89%	13,082	0.34%	4,158	38.99%	2.1	6,904	52.77%	18	57
0.50 to <0.75	2,063	2,217	53.31%	3,019	0.62%	5,803	42.59%	2.2	2,389	79.14%	9	15
0.75 to <2.50	3,582	4,026	55.47%	5,229	1.20%	7,435	33.48%	2.4	4,176	79.87%	24	48
0.75 to <1.75	3,488	4,015	55.63%	5,136	1.18%	6,084	33.28%	2.4	4,078	79.41%	23	48
1.75 to <2.5	94	11	—%	93	1.97%	1,351	44.35%	1.4	98	105.17%	1	—
2.50 to <10.00	2,627	1,894	51.92%	3,352	4.04%	3,470	42.38%	2.5	4,885	145.70%	62	118
2.5 to <5	1,786	1,517	52.51%	2,516	3.18%	2,707	42.54%	2.7	3,515	139.72%	37	76
5 to <10	841	377	49.68%	836	6.66%	762	41.90%	1.9	1,369	163.70%	25	42
10.00 to <100.00	174	181	58.71%	279	18.87%	243	43.64%	1.6	658	236.10%	25	36
10 to <20	87	163	57.43%	179	12.07%	160	43.35%	1.1	399	222.90%	11	20
20 to <30	1	—	—%	1	24.68%	20	36.40%	0.8	1	239.21%	—	—
30.00 to <100.00	86	18	69.98%	99	31.08%	63	44.15%	2.6	258	259.66%	14	16
100.00 (Default)	549	69	81.05%	605	100.00%	589	41.85%	2.1	—	—%	253	151
Subtotal	35,506	43,740	60.74%	61,017	1.57%	25,003	41.43%	2.3	30,168	49.44%	409	473

Key movements

- Average CCF reduction due to update in conversion factor for certain products.
- Reduction in on balance sheet exposure driven by securitisation activity and repayments, partly offset by an increase in low risk weight new lending.
- The lower risk weight new lending and securitisation activity drive the reduction in average risk weight from 49.44 per cent to 46.51 per cent.

CR6: Credit risk exposures by portfolio and PD range continued

PD range	30 Jun 2023										
	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Residential mortgages (SME)	£m	£m	%	£m	%	No.	%	£m	%	£m	£m
0.50 to <0.75	1,978	191	97.35%	2,121	0.54%	14,268	18.66%	267	12.61%	2	43
0.75 to <2.50	1,594	139	98.00%	1,706	1.14%	9,348	17.80%	407	23.87%	5	17
0.75 to <1.75	1,594	139	98.00%	1,706	1.14%	9,348	17.80%	407	23.87%	5	17
1.75 to <2.5	—	—	—%	—	—%	—	—%	—	—%	—	—
2.50 to <10.00	546	23	97.70%	562	4.22%	3,113	18.39%	312	55.55%	7	15
2.5 to <5	267	11	98.09%	275	2.62%	1,539	18.35%	127	46.29%	2	7
5 to <10	279	12	97.31%	287	5.75%	1,574	18.41%	185	64.40%	5	8
10.00 to <100.00	166	5	97.38%	169	22.45%	1,193	18.94%	140	82.58%	8	14
10 to <20	122	3	97.06%	124	13.21%	931	19.00%	107	85.70%	4	10
20 to <30	—	—	—%	—	—%	—	—%	—	—%	—	—
30.00 to <100.00	44	2	97.96%	45	47.63%	262	18.66%	33	73.68%	4	4
100.00 (Default)	126	5	97.67%	130	100.00%	437	19.10%	23	17.66%	24	29
Subtotal	4,410	363	97.62%	4,688	4.74%	28,359	18.33%	1,149	24.52%	46	118
31 Dec 2022											
Residential mortgages (SME)	£m	£m	%	£m	%	No.	%	£m	%	£m	£m
0.50 to <0.75	2,197	208	97.40%	2,356	0.54%	15,644	18.30%	292	12.39%	2	48
0.75 to <2.50	1,731	164	98.11%	1,857	1.28%	9,779	16.90%	372	20.05%	4	14
0.75 to <1.75	1,287	134	98.20%	1,392	0.94%	7,379	16.81%	231	16.62%	2	11
1.75 to <2.5	444	30	97.69%	465	2.30%	2,400	17.17%	141	30.31%	2	3
2.50 to <10.00	583	29	97.71%	602	5.56%	3,184	17.74%	301	50.00%	6	19
2.5 to <5	296	16	97.94%	307	3.64%	1,630	17.75%	126	41.06%	2	7
5 to <10	287	13	97.43%	295	7.56%	1,554	17.73%	175	59.30%	4	12
10.00 to <100.00	160	7	97.07%	164	24.82%	1,131	18.82%	134	82.11%	8	13
10 to <20	76	5	97.50%	79	14.29%	653	18.39%	62	78.56%	2	5
20 to <30	41	1	95.80%	41	23.79%	234	18.99%	37	91.41%	2	4
30.00 to <100.00	43	1	96.63%	44	44.86%	244	19.43%	35	79.83%	4	4
100.00 (Default)	121	7	97.70%	127	100.00%	410	19.16%	26	20.48%	24	26
Subtotal	4,792	415	97.70%	5,106	4.65%	30,148	17.76%	1,125	22.04%	44	120

Key movements

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

CR6: Credit risk exposures by portfolio and PD range continued

PD range	30 Jun 2023										
	On-balance sheet exposures	Off-balance- sheet exposures pre- CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD ¹	Number of obligors ¹	Exposure weighted average LGD	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Residential mortgages (non-SME)	£m	£m	%	£m	%	No.	%	£m	%	£m	£m
0.00 to <0.15	276,610	16,319	102.26%	305,382	0.36%	2,056,767	10.58%	30,921	10.13%	160	296
0.00 to <0.10	251,431	16,046	102.84%	279,058	0.32%	1,861,392	10.49%	26,491	9.49%	133	227
0.10 to <0.15	25,179	273	68.35%	26,324	0.68%	195,375	11.63%	4,430	16.83%	27	69
0.15 to <0.25	16,660	677	87.24%	17,967	1.08%	130,607	10.32%	4,069	22.65%	30	84
0.25 to <0.50	11,351	76	66.67%	11,894	1.83%	94,475	9.14%	3,270	27.49%	30	80
0.50 to <0.75	2,122	5	55.56%	2,214	3.45%	20,162	8.92%	834	37.66%	10	30
0.75 to <2.50	3,670	14	49.75%	3,837	7.54%	31,971	8.48%	2,294	59.79%	39	110
0.75 to <1.75	2,137	11	48.94%	2,234	5.21%	19,023	8.58%	1,067	47.77%	15	38
1.75 to <2.5	1,533	3	52.84%	1,603	10.79%	12,948	8.36%	1,227	76.53%	24	72
2.50 to <10.00	2,582	2	100.17%	2,691	21.23%	21,630	8.41%	2,253	83.71%	74	105
2.5 to <5	1,502	2	100.21%	1,572	16.98%	12,938	8.43%	1,236	78.63%	34	69
5 to <10	1,080	—	91.16%	1,119	27.21%	8,692	8.38%	1,017	90.84%	40	36
10.00 to <100.00	2,415	—	51.54%	2,471	56.74%	18,857	8.38%	2,307	93.35%	258	82
10 to <20	906	—	100.00%	933	40.09%	7,279	8.39%	942	100.92%	53	37
20 to <30	425	—	—%	437	53.37%	3,345	8.24%	483	110.66%	39	16
30.00 to <100.00	1,084	—	49.31%	1,101	72.20%	8,233	8.44%	882	80.07%	166	29
100.00 (Default)	2,354	—	49.78%	2,354	100.00%	17,061	10.28%	8,497	360.95%	302	801
Subtotal	317,764	17,093	101.48%	348,810	1.77%	2,391,530	10.45%	54,445	15.61%	903	1,588

CR6: Credit risk exposures by portfolio and PD range continued

31 Dec 2022											
PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Residential mortgages (non-SME)	£m	£m	%	£m	%	No.	%	£m	%	£m	£m
0.00 to <0.15	276,846	16,299	100.55%	305,428	0.37%	2,092,696	10.45%	30,090	9.85%	167	285
0.00 to <0.10	255,896	16,063	101.20%	283,397	0.33%	1,914,574	10.54%	26,190	9.24%	139	219
0.10 to <0.15	20,950	236	56.57%	22,031	0.82%	178,122	9.26%	3,900	17.70%	28	66
0.15 to <0.25	18,287	766	75.65%	19,620	1.07%	143,158	10.69%	4,449	22.68%	34	95
0.25 to <0.50	12,952	103	71.20%	13,557	1.75%	106,555	9.61%	3,742	27.61%	34	81
0.50 to <0.75	2,320	10	62.24%	2,422	3.32%	21,988	9.09%	968	39.98%	12	30
0.75 to <2.50	3,867	17	35.49%	4,043	7.62%	33,643	8.59%	2,607	64.49%	48	103
0.75 to <1.75	2,382	14	32.34%	2,490	5.24%	20,965	8.67%	1,355	54.42%	20	43
1.75 to <2.5	1,485	3	52.27%	1,553	11.43%	12,678	8.46%	1,252	80.64%	28	60
2.50 to <10.00	2,677	5	47.36%	2,786	21.80%	22,403	8.66%	2,617	93.94%	93	97
2.5 to <5	1,504	5	46.65%	1,568	17.07%	12,782	8.68%	1,364	86.95%	39	62
5 to <10	1,173	—	69.58%	1,218	27.89%	9,621	8.63%	1,253	102.94%	54	35
10.00 to <100.00	2,035	—	69.06%	2,085	55.40%	16,632	8.61%	2,263	108.49%	269	60
10 to <20	841	—	100.00%	868	40.34%	6,851	8.58%	996	114.74%	63	30
20 to <30	372	—	—%	382	54.08%	3,109	8.51%	460	120.31%	43	11
30.00 to <100.00	822	—	50.09%	835	71.64%	6,672	8.69%	807	96.56%	163	19
100.00 (Default)	2,299	—	48.53%	2,299	100.00%	17,095	10.78%	6,039	262.63%	385	785
Subtotal	321,283	17,200	99.16%	352,240	1.71%	2,454,170	10.38%	52,775	14.98%	1,042	1,536

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

Key movements

- Risk-weighted assets increased by £1.7 billion, reflecting an adjustment for the anticipated impact of CRDIV models taken in the second quarter (£3.0 billion), partially offset by balance sheet reduction and exit of a legacy Retail Mortgage portfolio during the year. The adjustment for CRDIV models also reduced Expected Loss by £0.1 billion.
- A net reduction in mortgage lending and exit of a legacy Retail Mortgage portfolio drives the £3.4 billion reduction in exposure at default.

CR6: Credit risk exposures by portfolio and PD range continued

PD range	30 Jun 2023										
	On-balance sheet exposures	Off-balance- sheet exposures pre- CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Qualifying revolving retail exposures	£m	£m	%	£m	%	No.	%	£m	%	£m	£m
0.00 to <0.15	892	14,470	64.73%	10,258	0.09%	8,372,946	57.89%	364	3.55%	6	54
0.00 to <0.10	503	9,419	65.43%	6,665	0.07%	5,285,664	56.93%	187	2.80%	3	36
0.10 to <0.15	389	5,051	63.43%	3,593	0.13%	3,087,282	59.66%	177	4.94%	3	18
0.15 to <0.25	554	6,492	64.65%	4,751	0.20%	4,132,610	60.91%	346	7.29%	6	22
0.25 to <0.50	1,184	9,405	62.35%	7,048	0.36%	5,807,518	63.34%	872	12.37%	18	35
0.50 to <0.75	845	3,991	67.01%	3,519	0.62%	3,300,539	69.53%	727	20.66%	16	23
0.75 to <2.50	3,273	6,507	72.51%	7,993	1.36%	7,210,526	76.21%	3,278	41.01%	90	116
0.75 to <1.75	2,270	5,336	72.40%	6,134	1.14%	5,839,690	75.94%	2,209	36.01%	58	72
1.75 to <2.5	1,003	1,171	72.99%	1,859	2.09%	1,370,836	77.09%	1,069	57.50%	32	44
2.50 to <10.00	2,837	1,596	74.95%	4,035	4.66%	2,305,574	78.21%	4,031	99.92%	160	215
2.5 to <5	1,779	1,256	73.28%	2,700	3.55%	1,626,427	77.91%	2,273	84.20%	81	110
5 to <10	1,058	340	81.09%	1,335	6.90%	679,147	78.82%	1,758	131.72%	79	105
10.00 to <100.00	861	173	90.57%	1,033	27.86%	669,096	77.99%	2,203	213.31%	241	164
10 to <20	445	96	93.83%	537	13.61%	316,481	78.75%	1,035	192.82%	62	70
20 to <30	125	31	87.35%	155	24.43%	123,735	76.91%	376	241.77%	31	28
30.00 to <100.00	291	46	85.89%	341	51.85%	228,880	77.23%	792	232.28%	148	66
100.00 (Default)	238	—	—%	238	100.00%	269,339	72.18%	494	207.32%	133	117
Subtotal	10,684	42,634	66.08%	38,875	2.29%	32,068,148	66.80%	12,315	31.68%	670	746

CR6: Credit risk exposures by portfolio and PD range continued

PD range	31 Dec 2022										
	On-balance sheet exposures	Off-balance sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Qualifying revolving retail exposures	£m		%	£m	%	No.	%	£m	%	£m	£m
0.00 to <0.15	790	14,854	63.57%	10,233	0.09%	8,974,468	57.92%	362	3.54%	6	57
0.00 to <0.10	443	9,708	64.94%	6,748	0.07%	5,859,976	57.08%	188	2.79%	3	39
0.10 to <0.15	347	5,146	60.99%	3,485	0.13%	3,114,492	59.54%	174	5.00%	3	18
0.15 to <0.25	529	6,631	60.80%	4,560	0.20%	4,033,769	61.07%	337	7.40%	6	22
0.25 to <0.50	1,073	9,165	59.79%	6,553	0.36%	5,667,096	63.68%	816	12.46%	17	34
0.50 to <0.75	836	4,129	63.34%	3,451	0.62%	3,380,310	70.20%	723	20.95%	16	24
0.75 to <2.50	3,106	6,275	66.79%	7,300	1.38%	6,498,899	76.18%	3,016	41.31%	83	119
0.75 to <1.75	2,140	5,156	67.01%	5,597	1.15%	5,290,918	75.96%	2,030	36.27%	53	73
1.75 to <2.5	966	1,119	65.78%	1,703	2.11%	1,207,981	76.90%	986	57.89%	30	46
2.50 to <10.00	2,618	1,402	70.92%	3,614	4.71%	2,104,767	78.41%	3,657	101.17%	145	220
2.5 to <5	1,600	1,083	69.64%	2,355	3.54%	1,455,785	78.13%	1,991	84.53%	71	109
5 to <10	1,018	319	75.25%	1,259	6.91%	648,982	78.95%	1,666	132.34%	74	111
10.00 to <100.00	824	179	82.31%	987	28.91%	660,841	77.94%	2,109	213.68%	240	173
10 to <20	413	86	92.56%	494	13.66%	302,723	79.03%	959	194.32%	58	72
20 to <30	117	34	78.49%	146	24.44%	118,224	76.87%	354	242.14%	30	28
30.00 to <100.00	294	59	69.61%	347	52.45%	239,894	76.82%	796	229.08%	152	73
100.00 (Default)	236	—	—%	236	100.00%	273,986	72.18%	475	201.74%	132	115
Subtotal	10,012	42,635	63.10%	36,934	2.32%	31,594,136	66.72%	11,495	31.12%	645	764

Key movements

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

CR6: Credit risk exposures by portfolio and PD range continued

30 Jun 2023											
PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Retail Other SME	£m	£m	%	£m	%	No.	%	£m	%	£m	£m
0.50 to <0.75	1,873	296	90.60%	505	0.54%	49,004	77.09%	250	49.46%	2	15
0.75 to <2.50	1,794	216	94.40%	482	1.14%	45,509	76.98%	363	75.29%	6	10
0.75 to <1.75	1,794	216	94.40%	482	1.14%	45,509	76.98%	363	75.29%	6	10
1.75 to <2.5	—	—	—%	—	—%	—	—%	—	—%	—	—
2.50 to <10.00	717	58	94.23%	197	4.24%	22,839	79.61%	204	103.55%	10	5
2.5 to <5	351	32	94.18%	95	2.62%	10,817	80.27%	94	99.11%	3	4
5 to <10	366	26	94.28%	102	5.75%	12,022	78.99%	110	107.67%	7	1
10.00 to <100.00	303	13	92.37%	85	29.05%	29,206	84.64%	126	148.73%	26	5
10 to <20	194	10	92.82%	55	12.97%	25,047	84.26%	82	149.61%	9	3
20 to <30	—	—	—%	—	—%	—	—%	—	—%	—	—
30.00 to <100.00	109	3	90.74%	30	58.75%	4,159	85.34%	44	146.75%	17	2
100.00 (Default)	714	3	91.95%	250	100.00%	135,636	9.31%	101	40.25%	23	19
Subtotal	5,401	586	92.41%	1,519	19.17%	282,194	66.63%	1,044	68.72%	67	54
31 Dec 2022											
Retail Other SME	£m	£m	%	£m	%	No.	%	£m	%	£m	£m
0.50 to <0.75	2,211	323	90.85%	548	0.54%	58,080	77.10%	258	47.08%	2	17
0.75 to <2.50	2,137	236	94.37%	516	1.32%	51,704	76.44%	345	66.81%	6	7
0.75 to <1.75	1,535	180	94.31%	373	0.94%	36,651	76.22%	227	60.73%	3	6
1.75 to <2.5	602	56	94.55%	143	2.30%	15,053	77.00%	118	82.75%	3	1
2.50 to <10.00	804	63	94.42%	205	5.66%	25,305	78.92%	196	95.65%	9	8
2.5 to <5	393	35	94.66%	100	3.64%	12,160	79.95%	93	92.96%	3	4
5 to <10	411	28	94.10%	105	7.59%	13,145	77.95%	103	98.31%	6	4
10.00 to <100.00	343	16	92.39%	93	31.79%	33,157	84.29%	134	144.86%	27	5
10 to <20	145	10	93.55%	39	14.67%	25,249	84.29%	54	138.08%	6	2
20 to <30	74	3	91.90%	20	23.79%	3,070	83.79%	33	161.19%	4	1
30.00 to <100.00	124	3	89.45%	34	56.33%	4,838	83.85%	47	141.34%	17	2
100.00 (Default)	799	4	88.86%	241	100.00%	116,560	10.31%	104	43.03%	24	17
Subtotal	6,294	642	92.52%	1,603	18.20%	284,806	67.50%	1,037	64.70%	68	54

Key movements

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

CR6: Credit risk exposures by portfolio and PD range continued

PD range	30 Jun 2023										
	On-balance sheet exposures	Off-balance- sheet exposures pre- CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Retail Other non-SME	£m	£m	%	£m	%	No.	%	£m	%	£m	£m
0.00 to <0.15	536	—	30.00%	537	0.08%	31,187	37.43%	51	9.53%	—	2
0.00 to <0.10	529	—	30.00%	529	0.08%	28,814	36.91%	49	9.29%	—	2
0.10 to <0.15	7	—	30.00%	8	0.14%	2,373	72.62%	2	25.25%	—	—
0.15 to <0.25	72	2	30.00%	75	0.21%	17,068	75.12%	26	35.15%	—	1
0.25 to <0.50	4,753	7	30.00%	4,763	0.37%	404,215	38.87%	1,322	27.75%	9	44
0.50 to <0.75	3,342	6	30.00%	3,352	0.72%	249,207	44.07%	1,486	44.34%	13	45
0.75 to <2.50	6,427	25	30.00%	6,466	1.56%	621,158	64.52%	5,531	85.54%	71	159
0.75 to <1.75	5,063	17	30.00%	5,089	1.42%	471,507	59.88%	3,910	76.83%	46	110
1.75 to <2.5	1,364	8	30.00%	1,377	2.10%	149,651	81.65%	1,621	117.74%	25	49
2.50 to <10.00	4,155	19	30.00%	4,185	4.54%	435,202	69.69%	4,755	113.61%	141	145
2.5 to <5	2,794	12	30.00%	2,813	3.43%	288,382	71.04%	3,167	112.59%	74	95
5 to <10	1,361	7	30.00%	1,372	6.83%	146,820	66.94%	1,588	115.68%	67	50
10.00 to <100.00	791	6	30.00%	799	27.16%	97,384	61.29%	1,160	145.10%	139	55
10 to <20	336	3	30.00%	341	12.58%	47,954	72.94%	512	150.08%	34	17
20 to <30	171	1	30.00%	172	21.68%	17,823	49.10%	227	131.76%	20	11
30.00 to <100.00	284	2	30.00%	286	47.83%	31,607	54.69%	421	147.09%	85	27
100.00 (Default)	266	—	—%	266	100.00%	58,395	58.72%	511	192.16%	119	125
Subtotal	20,342	65	30.00%	20,443	4.00%	1,913,816	55.37%	14,842	72.60%	492	576

CR6: Credit risk exposures by portfolio and PD range continued

		31 Dec 2022										
PD range		On-balance sheet exposures	Off-balance- sheet exposures pre- CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Retail	Other non-SME	£m	£m	%	£m	%	No.	%	£m	%	£m	£m
	0.00 to <0.15	469	—	30.00%	469	0.08%	27,975	37.91%	45	9.66%	—	2
	0.00 to <0.10	463	—	30.00%	463	0.08%	26,242	37.46%	44	9.46%	—	2
	0.10 to <0.15	6	—	30.00%	6	0.14%	1,733	72.95%	1	23.68%	—	—
	0.15 to <0.25	63	1	30.00%	65	0.22%	15,023	75.12%	23	35.44%	—	1
	0.25 to <0.50	4,863	5	30.00%	4,872	0.37%	414,473	37.93%	1,327	27.23%	9	39
	0.50 to <0.75	3,199	5	30.00%	3,208	0.72%	240,457	43.24%	1,403	43.72%	12	37
	0.75 to <2.50	6,256	19	30.00%	6,294	1.57%	619,064	64.30%	5,389	85.63%	70	148
	0.75 to <1.75	4,870	13	30.00%	4,895	1.42%	463,503	59.32%	3,738	76.37%	44	100
	1.75 to <2.5	1,386	6	30.00%	1,399	2.11%	155,561	81.71%	1,651	118.04%	26	48
	2.50 to <10.00	4,187	15	30.00%	4,217	4.59%	444,652	69.58%	4,794	113.70%	144	144
	2.5 to <5	2,765	9	30.00%	2,783	3.42%	288,390	70.64%	3,120	112.12%	73	91
	5 to <10	1,422	6	30.00%	1,434	6.84%	156,262	67.52%	1,674	116.78%	71	53
	10.00 to <100.00	772	4	30.00%	780	27.20%	97,216	61.28%	1,128	144.64%	135	60
	10 to <20	334	2	30.00%	338	12.66%	48,095	72.53%	507	149.93%	34	17
	20 to <30	160	1	30.00%	162	21.82%	17,675	50.82%	221	136.53%	19	13
	30.00 to <100.00	278	1	30.00%	280	47.91%	31,446	53.75%	400	143.00%	82	30
	100.00 (Default)	300	—	—%	300	100.00%	60,234	55.54%	549	183.10%	126	153
Subtotal		20,109	49	30.00%	20,205	4.19%	1,919,094	54.87%	14,658	72.55%	496	584

Key movements

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

Credit risk continued

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

30 Jun 2023														Credit risk Mitigation methods in the calculation of RWAs		
Credit risk Mitigation techniques																
Funded credit Protection (FCP)											Unfunded credit Protection (UFCP) ²		RWA with substitution effects			
Total exposure at default	Part of exposures covered by Financial Collaterals	Part of exposures covered by Other eligible collaterals	Of which		Part of exposures covered by Other physical collateral	Part of exposures covered by Other funded credit protection	Of which			Part of exposures covered by Cash on deposit	Part of exposures covered by Life insurance policies	Part of exposures covered by Instruments held by a third party			Part of exposures covered by Guarantees	Part of exposures covered by Credit Derivatives
			Part of exposures covered by Immovable property Collaterals	Part of exposures covered by Receivables			Part of exposures covered by Cash on deposit	Part of exposures covered by Life insurance policies	Part of exposures covered by Instruments held by a third party							
A-IRB	£m	%	%	%	%	%	%	%	%	%	%	%			%	£m
4	Retail	414,334	—	79.48%	79.48%	—	—	—	—	—	—	—	—	83,793		
4.1	Of which Retail – Immovable property SMEs	4,688	0.05%	92.38%	92.35%	—	0.03%	—	—	—	—	—	—	1,149		
4.2	Of which Retail – Immovable property non-SMEs	348,810	—	93.16%	93.16%	—	—	—	—	—	—	—	—	54,444		
4.3	Of which Retail – Qualifying revolving	38,875	—	—	—	—	—	—	—	—	—	—	—	12,315		
4.4	Of which Retail – Other SMEs	1,518	0.21%	0.32%	—	—	0.32%	—	—	—	—	—	—	1,043		
4.5	Of which Retail – Other non-SMEs	20,442	—	—	—	—	—	—	—	—	—	—	—	14,842		
5	Total	414,334	—	79.48%	79.48%	—	—	—	—	—	—	—	—	83,793		
F-IRB																
1	Central governments and central banks	10,463	—	—	—	—	—	—				5.43%	—	528		
2	Institutions	13,354	36.15%	1.15%	—	—	1.15%	—				—	—%	2,024		
3	Corporates	81,693	6.31%	15.31%	11.88%	1.92%	1.51%	—				2.16%	0.44%	42,935		
3.1	Of which Corporates – SMEs	7,674	4.04%	63.54%	49.56%	13.93%	0.05%	—				7.59%	—	4,907		
3.2	Of which Corporates – Specialised lending	13,204	—	—	—	—	—	—				—	—	9,658		
3.3	Of which Corporates – Other	60,815	7.97%	12.55%	9.71%	0.82%	2.02%	—				1.95%	0.59%	28,370		
4	Total	105,510	5.79%	12.00%	9.20%	1.49%	1.31%	—				2.21%	0.34%	45,486		

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

31 Dec 2022														Credit risk Mitigation methods in the calculation of RWAs
Credit risk Mitigation techniques														
Funded credit Protection (FCP)											Unfunded credit Protection (UFCP) ²			
Total exposure at default	Part of exposures covered by Financial Collaterals	Part of exposures covered by Other eligible collaterals ¹	Part of exposures covered by Immovable property Collaterals ¹	Part of exposures covered by Receivables	Part of exposures covered by Other physical collateral	Part of exposures covered by Other funded credit protection	Part of exposures covered by Cash on deposit	Part of exposures covered by Life insurance policies	Part of exposures covered by Instruments held by a third party	Part of exposures covered by Guarantees	Part of exposures covered by Credit Derivatives	RWA with substitution effects		
£m	%	%	%	%	%	%	%	%	%	%	%	£m		
A-IRB														
4	Retail	416,086	—	80.06%	80.06%	—	—	—	—	—	—	81,091		
4.1	Of which Retail – Immovable property SMEs	5,105	0.08%	92.38%	92.33%	—	0.05%	—	—	—	—	1,125		
4.2	Of which Retail – Immovable property non-SMEs	352,240	—	93.24%	93.24%	—	—	—	—	—	—	52,775		
4.3	Of which Retail – Qualifying revolving	36,934	—	—	—	—	—	—	—	—	—	11,495		
4.4	Of which Retail – Other SMEs	1,603	0.23%	0.38%	—	—	0.38%	—	—	—	—	1,037		
4.5	Of which Retail – Other non-SMEs	20,205	—	—	—	—	—	—	—	—	—	14,658		
5	Total	416,086	—	80.06%	80.06%	—	—	—	—	—	—	81,091		
F-IRB														
1	Central governments and central banks	10,431	—	—	—	—	—			5.90%	—	525		
2	Institutions	12,191	34.69%	0.78%	—	—	0.78%	—		—	0.38%	1,623		
3	Corporates	81,665	5.02%	15.94%	12.54%	2.12%	1.28%	—		2.41%	0.41%	44,353		
3.1	Of which Corporates – SMEs	8,008	3.35%	59.90%	45.71%	14.16%	0.03%	—		9.05%	—	5,163		
3.2	Of which Corporates – Specialised lending	12,640	—	—	—	—	—	—		—	—	9,021		
3.3	Of which Corporates – Other	61,017	6.28%	13.46%	10.78%	0.97%	1.71%	—		2.04%	0.54%	30,168		
4	Total	104,287	7.99%	12.57%	9.82%	1.66%	1.09%	—		2.48%	0.36%	46,500		

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

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

Credit risk continued

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

		30 Jun 2023					
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
1) Strong	Less than 2.5 years	421	410	50%	742	371	—
	Equal to or more than 2.5 years	1,812	978	70%	2,547	1,783	10
2) Good	Less than 2.5 years	38	30	70%	63	44	—
	Equal to or more than 2.5 years	255	238	90%	487	438	4
3) Satisfactory	Less than 2.5 years	121	16	115%	132	152	4
	Equal to or more than 2.5 years	115	25	115%	134	154	4
4) Weak	Less than 2.5 years	—	—	250%	—	—	—
	Equal to or more than 2.5 years	21	10	250%	28	71	2
5) Default	Less than 2.5 years	58	—		58	—	29
	Equal to or more than 2.5 years	20	6		25	—	12
Less than 2.5 years		638	456		995	567	33
Total	Equal to or more than 2.5 years	2,223	1,257		3,221	2,446	32

		31 Dec 2022					
Regulatory categories	Remaining maturity	£m	£m		£m	£m	£m
1) Strong	Less than 2.5 years	542	387	50%	847	423	—
	Equal to or more than 2.5 years	1,652	805	70%	2,258	1,581	9
2) Good	Less than 2.5 years	—	9	70%	7	5	—
	Equal to or more than 2.5 years	415	201	90%	622	559	5
3) Satisfactory	Less than 2.5 years	124	15	115%	136	156	4
	Equal to or more than 2.5 years	120	13	115%	130	150	4
4) Weak	Less than 2.5 years	—	—	250%	—	—	—
	Equal to or more than 2.5 years	—	1	250%	1	3	—
5) Default	Less than 2.5 years	31	—		31	—	16
	Equal to or more than 2.5 years	20	1		21	—	11
Less than 2.5 years		697	411		1,021	584	20
Total	Equal to or more than 2.5 years	2,207	1,021		3,032	2,293	29

Credit risk continued

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

		30 Jun 2023					
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
1) Strong	Less than 2.5 years	1,897	328	50%	2,033	1,013	—
	Equal to or more than 2.5 years	1,305	298	70%	1,450	1,013	6
2) Good	Less than 2.5 years	2,198	212	70%	2,338	1,637	9
	Equal to or more than 2.5 years	2,015	347	90%	2,272	2,045	18
3) Satisfactory	Less than 2.5 years	225	3	115%	227	261	6
	Equal to or more than 2.5 years	179	1	115%	180	207	5
4) Weak	Less than 2.5 years	141	2	250%	143	358	11
	Equal to or more than 2.5 years	16	—	250%	16	40	1
5) Default	Less than 2.5 years	235	2		236	—	118
	Equal to or more than 2.5 years	12	—		12	—	6
Less than 2.5 years		4,696	548		4,977	3,269	145
Total	Equal to or more than 2.5 years	3,526	647		3,930	3,304	36

		31 Dec 2022					
Regulatory categories	Remaining maturity	£m	£m		£m	£m	£m
1) Strong	Less than 2.5 years	2,423	361	50%	2,618	1,310	—
	Equal to or more than 2.5 years	896	259	70%	1,081	754	4
2) Good	Less than 2.5 years	2,059	211	70%	2,206	1,544	9
	Equal to or more than 2.5 years	1,757	57	90%	1,799	1,619	14
3) Satisfactory	Less than 2.5 years	229	3	115%	231	266	6
	Equal to or more than 2.5 years	206	1	115%	207	239	6
4) Weak	Less than 2.5 years	114	6	250%	119	296	9
	Equal to or more than 2.5 years	15	—	250%	15	37	1
5) Default	Less than 2.5 years	202	2		202	—	101
	Equal to or more than 2.5 years	21	—		21	—	11
Less than 2.5 years		5,028	583		5,376	3,417	126
Total	Equal to or more than 2.5 years	2,895	317		3,123	2,648	36

Credit risk continued

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

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

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

CR10.5: Equity exposures subject to the simple risk weight method¹

		30 Jun 2023					
Categories		On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
		£m	£m		£m	£m	£m
Private equity exposures		2,117	9	190%	2,126	4,039	17
Other equity exposures		102	—	370%	102	378	2
Total		2,219	9		2,228	4,417	19

		31 Dec 2022					
Categories		£m	£m		£m	£m	£m
Private equity exposures		1,917	11	190%	1,928	3,663	15
Other equity exposures		225	—	370%	225	831	5
Total		2,142	11		2,153	4,494	20

¹ Excludes threshold risk weighted assets (2023 £8,882 million / 2022 £9,177 million)

Counterparty credit risk

CCRI: Analysis of CCR exposure by approach

		30 Jun 2023						
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value
		£m	£m	£m		£m	£m	£m
UK1	Original Exposure Method (for derivatives)	—	—	—	1.4	—	—	—
UK2	Simplified SA-CCR (for derivatives)	—	—	—	1.4	—	—	—
1	SA-CCR (for derivatives)	4,502	4,325	—	1.4	26,489	12,358	12,138
2	IMM (for derivatives and SFTs)	—	—	—		—	—	—
2a	Of which securities financing transactions netting sets	—	—	—		—	—	—
2b	Of which derivatives and long settlement transactions netting sets	—	—	—		—	—	—
2c	Of which from contractual cross-product netting sets	—	—	—		—	—	—
3	Financial collateral simple method (for SFTs)	—	—	—		—	—	—
4	Financial collateral comprehensive method (for SFTs)					148,196	22,350	22,350
5	VaR for SFTs					—	—	—
6	Total					174,685	34,708	34,488

		31 Dec 2022						
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value
		£m	£m	£m		£m	£m	£m
UK1	Original Exposure Method (for derivatives)	—	—	—	1.4	—	—	—
UK2	Simplified SA-CCR (for derivatives)	—	—	—	1.4	—	—	—
1	SA-CCR (for derivatives)	4,725	4,215	—	1.4	28,071	12,516	12,254
2	IMM (for derivatives and SFTs)	—	—	—		—	—	—
2a	Of which securities financing transactions netting sets	—	—	—		—	—	—
2b	Of which derivatives and long settlement transactions netting sets	—	—	—		—	—	—
2c	Of which from contractual cross-product netting sets	—	—	—		—	—	—
3	Financial collateral simple method (for SFTs)	—	—	—		—	—	—
4	Financial collateral comprehensive method (for SFTs)					151,347	18,426	18,426
5	VaR for SFTs					—	—	—
6	Total					179,418	30,942	30,680

Counterparty credit risk continued
CCR2: Credit valuation adjustment (CVA) capital charge

		30 Jun 2023		31 Dec 2022	
		Exposure value	RWA	Exposure value	RWA
		£m	£m	£m	£m
1	Total transactions subject to the Advanced method	—	—	—	—
2	(i) VaR component (including the 3× multiplier)		—		—
3	(ii) stressed VaR component (including the 3× multiplier)		—		—
4	Transactions subject to the Standardised method	3,793	431	3,757	621
UK4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	—	—	—	—
5	Total transactions subject to own funds requirements for CVA risk	3,793	431	3,757	621

Key movements

– Increase in EAD and RWAs largely driven by portfolio mix.

Counterparty credit risk continued

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

		30 Jun 2023											
		Risk weight										Total exposure value	
Exposure classes		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	£m
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Central governments or central banks	19,464	—	—	—	28	—	—	—	—	—	—	19,492
3	Public sector entities	16	—	—	—	—	—	—	—	—	—	—	16
4	Multilateral development banks	185	—	—	—	—	—	—	—	—	—	—	185
5	International organisations	198	—	—	—	—	—	—	—	—	—	—	198
6	Institutions	—	2,027	577	—	—	—	—	—	—	—	—	2,604
7	Corporates	—	—	—	—	15	231	—	—	378	—	—	624
11	Total exposure value	19,863	2,027	577	—	43	231	—	—	378	—	—	23,119

		31 Dec 2022											
Exposure classes		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Central governments or central banks	15,755	—	—	—	4	—	—	—	—	—	—	15,759
3	Public sector entities	13	—	—	—	—	—	—	—	—	—	—	13
4	Multilateral development banks	167	—	—	—	—	—	—	—	—	—	—	167
5	International organisations	372	—	—	—	—	—	—	—	—	—	—	372
6	Institutions	—	988	611	—	—	—	—	—	—	—	—	1,598
7	Corporates	—	—	—	—	8	175	—	—	433	—	—	616
11	Total exposure value	16,307	988	611	—	12	175	—	—	433	—	—	18,526

Key movements

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

Counterparty credit risk continued

CCR4: IRB – CCR exposure by portfolio and PD scale

		30 Jun 2023						
	PD scale	Exposure value	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	RWA	Density of risk weighted exposure amounts
	Corporate	£m	%	No.	%	No.	£m	%
1	0.00 to <0.15	4,474	0.09%	896	45.0%	1.8	1,113	24.9%
2	0.15 to <0.25	2,098	0.18%	316	45.0%	3.5	1,120	53.4%
3	0.25 to <0.50	1,254	0.32%	830	45.0%	1.2	567	45.2%
4	0.50 to <0.75	235	0.63%	162	45.6%	1.3	159	67.9%
5	0.75 to <2.50	302	1.07%	241	45.0%	1.3	276	91.6%
6	2.50 to <10.00	106	3.96%	107	45.0%	1.1	136	127.4%
7	10.00 to <100.00	3	14.47%	10	45.0%	1.0	7	205.3%
8	100.00 (Default)	1	100.00%	11	45.0%	0.9	—	—%
	Sub-total	8,473	0.26%	2,573	45.0%	2.1	3,378	39.9%

		31 Dec 2022						
		£m	%	No.	%	No.	£m	%
1	0.00 to <0.15	4,453	0.09%	880	45.0%	2.0	1,159	26.0%
2	0.15 to <0.25	1,987	0.18%	221	45.0%	3.5	1,070	53.9%
3	0.25 to <0.50	1,116	0.32%	757	45.0%	1.3	517	46.3%
4	0.50 to <0.75	368	0.63%	165	45.5%	1.2	239	65.0%
5	0.75 to <2.50	273	1.40%	238	45.0%	1.3	250	91.7%
6	2.50 to <10.00	146	3.77%	109	45.0%	1.2	184	125.9%
7	10.00 to <100.00	8	14.11%	17	45.0%	1.0	16	205.6%
8	100.00 (Default)	1	100.00%	7	45.0%	1.2	—	—%
	Sub-total	8,352	0.29%	2,394	45.0%	2.2	3,435	41.1%

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

30 Jun 2023								
PD scale		Exposure value	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	RWA	Density of risk weighted exposure amounts
	Central governments or central banks	£m	%	No.	%	No.	£m	%
1	0.00 to <0.15	475	0.03%	9	45.0%	0.0	18	3.9%
5	0.75 to <2.50	96	1.62%	3	45.0%	0.1	79	81.7%
	Sub-total	571	0.30%	12	45.0%	0.0	97	17.0%
31 Dec 2022								
		£m	%	No.	%	No.	£m	%
1	0.00 to <0.15	720	0.05%	10	45.0%	0.0	48	6.7%
5	0.75 to <2.50	116	1.62%	2	45.0%	0.1	94	81.5%
	Sub-total	836	0.27%	12	45.0%	0.0	142	17.0%

Key movements

– Reduction in Exposure driven by decrease in SFTs.

30 Jun 2023								
PD scale		Exposure value	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	RWA	Density of risk weighted exposure amounts
	Institutions	£m	%	No.	%	No.	£m	%
1	0.00 to <0.15	3,290	0.04%	173	45.0%	0.7	415	12.6%
2	0.15 to <0.25	105	0.18%	12	45.0%	0.5	35	32.8%
3	0.25 to <0.50	53	0.29%	33	45.0%	0.0	20	37.9%
4	0.50 to <0.75	4	0.63%	3	45.0%	0.1	2	50.3%
5	0.75 to <2.50	17	1.18%	12	45.0%	0.1	13	75.9%
	Sub-total	3,469	0.06%	233	45.0%	0.7	485	14.0%
31 Dec 2022								
		£m	%	No.	%	No.	£m	%
1	0.00 to <0.15	2,926	0.05%	173	45.0%	1.5	527	18.0%
2	0.15 to <0.25	73	0.18%	12	45.0%	0.9	27	37.6%
3	0.25 to <0.50	17	0.32%	32	45.0%	0.9	8	45.6%
4	0.50 to <0.75	5	0.63%	8	45.0%	1.0	3	64.2%
5	0.75 to <2.50	6	1.43%	12	45.0%	1.0	7	105.4%
	Sub-total	3,026	0.05%	237	45.0%	1.5	572	18.9%

Key movements

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

Counterparty credit risk continued

CCR Corporate exposures subject to supervisory slotting

		30 Jun 2023					
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight %	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
1) Strong	Less than 2.5 years	46	—	50 %	45	23	—
	Equal to or more than 2.5 years	1,279	—	70 %	1,142	799	4
2) Good	Less than 2.5 years	1	—	70 %	1	1	—
	Equal to or more than 2.5 years	112	—	90 %	102	92	1
3) Satisfactory	Less than 2.5 years	—	—	115 %	—	—	—
	Equal to or more than 2.5 years	176	—	115 %	163	187	4
4) Weak	Less than 2.5 years	—	—	250 %	—	—	—
	Equal to or more than 2.5 years	—	—	250 %	—	—	—
5) Default	Less than 2.5 years	—	—		—	—	—
	Equal to or more than 2.5 years	10	—		7	—	4
Less than 2.5 years		47	—		46	24	—
Total	Equal to or more than 2.5 years	1,577	—		1,414	1,078	13

		31 Dec 2022					
Regulatory categories	Remaining maturity	£m	£m	%	£m	£m	£m
1) Strong	Less than 2.5 years	49	—	50%	48	24	—
	Equal to or more than 2.5 years	1,370	—	70%	1,232	863	5
2) Good	Less than 2.5 years	2	—	70%	2	1	—
	Equal to or more than 2.5 years	129	—	90%	112	101	1
3) Satisfactory	Less than 2.5 years	—	—	115%	—	—	—
	Equal to or more than 2.5 years	147	—	115%	136	156	4
5) Default	Less than 2.5 years	1	—		1	—	—
	Equal to or more than 2.5 years	16	—		9	—	4
Less than 2.5 years		51	—		50	25	—
Total	Equal to or more than 2.5 years	1,663	—		1,489	1,120	14

Counterparty credit risk continued

CCR5: Composition of collateral for exposures to CCR

		30 Jun 2023					
		Collateral used in derivatives transactions				Collateral used in securities financing transactions (SFTs)	
		Fair value of collateral received		Fair value of collateral posted		Fair value of collateral received	Fair value of collateral posted
Collateral type		Segregated	Unsegregated	Segregated	Unsegregated	Fair value of collateral received	Fair value of collateral posted
		£m	£m	£m	£m	£m	£m
1	Cash	60	3,842	60	6,758	87,046	76,763
2	Debt	364	5,835	1,675	2,896	82,639	60,174
3	Equity	—	—	—	—	—	—
4	Other	—	—	—	—	858	56,362
5	Total	424	9,677	1,735	9,654	170,543	193,299

		31 Dec 2022					
		Collateral used in derivatives transactions				Collateral used in securities financing transactions (SFTs)	
		Fair value of collateral received		Fair value of collateral posted		Fair value of collateral received	Fair value of collateral posted
Collateral type		Segregated	Unsegregated	Segregated	Unsegregated	Fair value of collateral received	Fair value of collateral posted
		£m	£m	£m	£m	£m	£m
1	Cash	60	5,170	60	7,429	91,115	89,681
2	Debt	331	5,696	1,275	3,086	98,597	65,990
3	Equity	—	—	—	—	—	—
4	Other	—	—	—	—	860	53,114
5	Total	391	10,866	1,335	10,515	190,572	208,785

Counterparty credit risk continued
CCR6: Credit derivatives exposures

	30 Jun 2023		31 Dec 2022	
	Protection bought	Protection sold	Protection bought	Protection sold
	£m	£m	£m	£m
Notionals				
1 Single-name credit default swaps	1,742	77	1,947	166
2 Index credit default swaps	612	—	911	275
3 Total return swaps	5,752	1,390	6,192	1,011
4 Credit options	—	5,443	—	5,443
5 Other credit derivatives	—	—	—	—
6 Total notionals	8,106	6,910	9,050	6,895
Fair values				
7 Positive fair value (asset)	1,369	17	1,858	81
8 Negative fair value (liability)	(46)	(61)	(60)	(79)

CCR8: Exposures to CCPs

	30 Jun 2023		31 Dec 2022	
	Exposure value	RWA	Exposure value	RWA
	£m	£m	£m	£m
1 Exposures to QCCPs (total)		171		94
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	1,766	45	1,260	35
3 (i) OTC derivatives	677	13	571	11
4 (ii) Exchange-traded derivatives	757	25	534	21
5 (iii) SFTs	332	7	155	3
6 (iv) Netting sets where cross-product netting has been approved				
8 Non-segregated initial margin	838	18	339	8
9 Prefunded default fund contributions	244	108	205	51
11 Exposures to non-QCCPs (total)		—		—

Securitisation

SEC1: Securitisation exposures in the non-trading book

		30 Jun 2023																	
		Institution acts as originator						Institution acts as sponsor				Institution acts as investor							
		Traditional		Synthetic				Traditional				Traditional							
		STS		Non-STS															
		of which SRT		of which SRT				of which SRT				Sub-total		STS		Non-STS		Synthetic	
£m		£m		£m		£m		£m		£m		£m		£m		£m		£m	
1	Total exposures	—	—	2,081	—	12,092	12,092	14,173	1,026	3,745	—	4,771	6,063	11,705	—	17,768			
2	Retail (total)	—	—	2,081	—	—	—	2,081	825	2,971	—	3,796	5,877	8,776	—	14,653			
3	Residential mortgage	—	—	2,081	—	—	—	2,081	—	339	—	339	941	4,404	—	5,345			
4	Credit card	—	—	—	—	—	—	—	—	—	—	—	—	611	—	611			
5	Other retail exposures	—	—	—	—	—	—	—	825	2,632	—	3,457	4,936	3,761	—	8,697			
7	Wholesale (total)	—	—	—	—	12,092	12,092	12,092	201	774	—	975	186	2,929	—	3,115			
8	Loans to corporates	—	—	—	—	6,924	6,924	6,924	—	—	—	—	—	459	—	459			
9	Commercial mortgage	—	—	—	—	1,830	1,830	1,830	—	—	—	—	—	971	—	971			
10	Lease and receivables	—	—	—	—	—	—	—	201	670	—	871	—	1,067	—	1,067			
11	Other wholesale	—	—	—	—	3,338	3,338	3,338	—	104	—	104	186	432	—	618			
31 Dec 2022																			
1	Total exposures	—	—	—	—	11,617	11,617	11,617	1,093	3,898	—	4,991	4,713	11,208	—	15,921			
2	Retail (total)	—	—	—	—	—	—	—	885	3,102	—	3,987	4,552	8,137	—	12,689			
3	Residential mortgage	—	—	—	—	—	—	—	—	339	—	339	791	4,397	—	5,188			
4	Credit card	—	—	—	—	—	—	—	—	—	—	—	—	645	—	645			
5	Other retail exposures	—	—	—	—	—	—	—	885	2,763	—	3,648	3,761	3,095	—	6,856			
7	Wholesale (total)	—	—	—	—	11,617	11,617	11,617	208	796	—	1,004	161	3,071	—	3,232			
8	Loans to corporates	—	—	—	—	6,795	6,795	6,795	—	—	—	—	—	461	—	461			
9	Commercial mortgage	—	—	—	—	1,929	1,929	1,929	—	—	—	—	—	1,021	—	1,021			
10	Lease and receivables	—	—	—	—	—	—	—	208	687	—	895	—	1,143	—	1,143			
11	Other wholesale	—	—	—	—	2,893	2,893	2,893	—	109	—	109	161	446	—	607			

Key movements

Originator (Traditional) - Increase of £2.1 billion is driven by issuance of a new securitisation in the period in relation to a legacy Retail Mortgage portfolio.

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

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

Investor - Increase of £1.8 billion is primarily due to net new positions and net limit increases in Other retail exposures.

Securitisation continued

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

30 Jun 2023																		
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
1	Total exposures	10,649	6,781	1,426	80	6	12,342	4,909	1,693	—	3,343	1,117	631	—	267	90	50	—
2	Traditional transactions	3,922	2,807	103	14	6	2,081	4,772	—	—	800	917	—	—	64	74	—	—
3	Securitisation	3,922	2,807	103	14	6	2,081	4,772	—	—	800	917	—	—	64	74	—	—
4	Retail underlying	3,457	2,399	—	14	6	2,081	3,796	—	—	800	646	—	—	64	52	—	—
5	Of which STS	825	—	—	—	—	—	825	—	—	—	82	—	—	—	7	—	—
6	Wholesale	465	408	103	—	—	—	976	—	—	—	271	—	—	—	22	—	—
7	Of which STS	201	—	—	—	—	—	201	—	—	—	20	—	—	—	2	—	—
8	Re-securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Synthetic transactions	6,727	3,974	1,323	66	—	10,261	137	1,693	—	2,543	200	631	—	203	16	50	—
10	Securitisation	6,727	3,974	1,323	66	—	10,261	137	1,693	—	2,543	200	631	—	203	16	50	—
12	Wholesale	6,727	3,974	1,323	66	—	10,261	137	1,693	—	2,543	200	631	—	203	16	50	—
31 Dec 2022																		
1	Total exposures	10,091	4,655	1,798	64	—	9,688	5,128	1,792	—	2,176	1,146	655	—	174	92	52	—
2	Traditional transactions	4,129	594	268	—	—	—	4,991	—	—	—	942	—	—	—	76	—	—
3	Securitisation	4,129	594	268	—	—	—	4,991	—	—	—	942	—	—	—	76	—	—
4	Retail underlying	3,648	339	—	—	—	—	3,987	—	—	—	671	—	—	—	54	—	—
5	Of which STS	885	—	—	—	—	—	885	—	—	—	88	—	—	—	7	—	—
6	Wholesale	481	255	268	—	—	—	1,004	—	—	—	271	—	—	—	22	—	—
7	Of which STS	208	—	—	—	—	—	208	—	—	—	21	—	—	—	2	—	—
9	Synthetic transactions	5,962	4,061	1,530	64	—	9,688	137	1,792	—	2,176	204	655	—	174	16	52	—
10	Securitisation	5,962	4,061	1,530	64	—	9,688	137	1,792	—	2,176	204	655	—	174	16	52	—
12	Wholesale	5,962	4,061	1,530	64	—	9,688	137	1,792	—	2,176	204	655	—	174	16	52	—

Key movements

Traditional transactions – Increase of £0.8 billion Risk-weighted assets and £2.1 billion Exposure under Sec-IRBA driven by issuance of a new securitisation in the period.

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

Securitisation continued

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

		30 Jun 2023																
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Total exposures	16,671	921	79	96	—	—	2,569	15,199	—	—	580	2,179	—	—	46	174	—
2	Traditional transactions	16,671	921	79	96	—	—	2,569	15,199	—	—	580	2,179	—	—	46	174	—
3	Securitisation	16,671	921	79	96	—	—	2,569	15,199	—	—	580	2,179	—	—	46	174	—
4	Retail underlying	13,875	777	—	—	—	—	2,392	12,261	—	—	341	1,729	—	—	27	138	—
5	Of which STS	5,876	—	—	—	—	—	1,352	4,524	—	—	156	464	—	—	12	37	—
6	Wholesale	2,796	144	79	96	—	—	177	2,938	—	—	239	450	—	—	19	36	—
7	Of which STS	184	2	—	—	—	—	3	184	—	—	1	18	—	—	—	1	—
9	Synthetic transactions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
31 Dec 2022																		
1	Total exposures	15,319	406	55	141	—	—	2,275	13,645	—	—	512	1,909	—	—	41	153	—
2	Traditional transactions	15,319	406	55	141	—	—	2,275	13,645	—	—	512	1,909	—	—	41	153	—
3	Securitisation	15,319	406	55	141	—	—	2,275	13,645	—	—	512	1,909	—	—	41	153	—
4	Retail underlying	12,282	406	—	—	—	—	2,077	10,610	—	—	280	1,450	—	—	22	116	—
5	Of which STS	4,551	—	—	—	—	—	1,172	3,380	—	—	117	349	—	—	9	28	—
6	Wholesale	3,037	—	55	141	—	—	198	3,035	—	—	232	459	—	—	19	37	—
7	Of which STS	161	—	—	—	—	—	1	160	—	—	—	16	—	—	—	1	—
9	Synthetic transactions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Key movements

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

Securitisation continued

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

30 Jun 2023				31 Dec 2022			
Exposures securitised by the institution – Institution acts as originator or as sponsor				Exposures securitised by the institution – Institution acts as originator or as sponsor			
Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period		Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period	
Of which exposures in default				Of which exposures in default			
	£m	£m	£m		£m	£m	£m
1 Total exposures	16,219	60	—		13,114	31	—
2 Retail (total)	2,542	22	—		—	—	—
3 residential mortgage	2,542	22	—		—	—	—
4 credit card	—	—	—		—	—	—
5 other retail exposures	—	—	—		—	—	—
6 re-securitisation	—	—	—		—	—	—
7 Wholesale (total)	13,677	38	—		13,114	31	—
8 Loans to corporates	8,092	21	(1)		7,915	13	—
9 Commercial mortgage	2,101	17	—		2,201	18	—
10 lease and receivables	—	—	—		—	—	—
11 Other wholesale	3,484	—	1		2,998	—	—
12 re-securitisation	—	—	—		—	—	—

Market Risk

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

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

		VaR	SVaR	IRC	Other	Total RWA	Total own funds requirements
		£m	£m	£m	£m	£m	£m
1	RWAs at 31 Dec 2022	1,033	734	124	1,120	3,011	241
1a	Regulatory adjustment	(920)	(565)	(32)	—	(1,517)	(121)
1b	RWAs at end of day ¹	113	169	92	1,120	1,494	120
2	Movement in risk levels	142	(1)	33	(171)	3	—
3	Model updates/changes	—	—	—	(44)	(44)	(4)
7	Other	—	—	—	500	500	40
8a	RWAs at end of day ¹	255	168	125	1,405	1,953	156
8b	Regulatory adjustment	557	524	21	—	1,102	88
8	RWAs at 31 Mar 2023	812	692	146	1,405	3,055	244
1a	Regulatory adjustment	(557)	(524)	(21)	0	(1,102)	(88)
1b	RWAs at end of day ¹	255	168	125	1,405	1,953	156
2	Movement in risk levels	152	18	60	40	270	22
4	Methodology and policy	(4)	(2)	0	(28)	(34)	(3)
7	Other	0	0	0	(300)	(300)	(24)
8a	RWAs at end of day¹	403	184	185	1,117	1,889	151
8b	Regulatory adjustment	809	499	13	1	1,322	106
8	RWAs at 30 Jun 2023	1,212	683	198	1,118	3,211	257

¹ End of day represents spot position

Key movements Q2

- VaR Risk-weighted assets increased in the quarter driven by portfolio evolution and market moves.
- Risk-weighted asset add-on (row "Other") introduced in Q1 2023 has now reduced given Lloyds Bank Group plc (the Ring Fenced Bank) moved from Internal Model Approach to Standardised Approach for own funds requirements in Q2 2023 (noting table above only reflects IMA).

Market Risk continued

The following chart provides comparisons of VaR (1-day 99 percent confidence level) to the hypothetical and actual profit and loss on a daily basis over the twelve months to June 2023 for Lloyds Bank Corporate Markets.

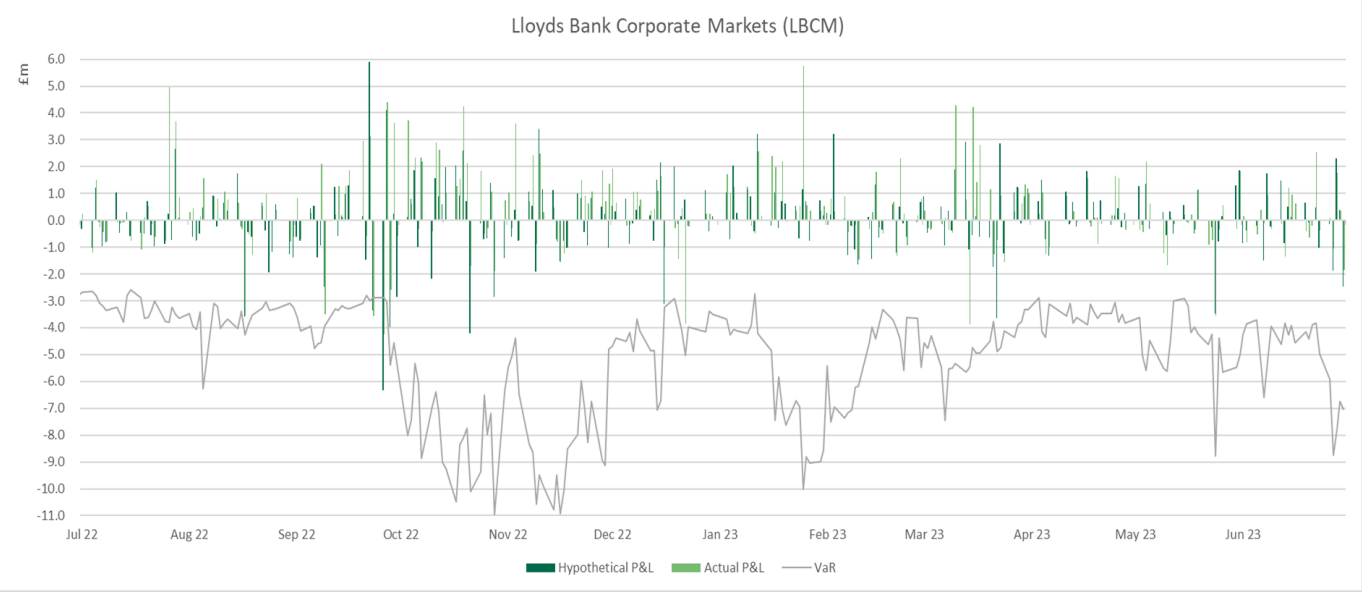
Note that the profit and loss used in back-testing represents gains and losses based on the change in valuation of the portfolio due to market moves and is not reflective of the total profit and loss from the business.

There were two actual and two hypothetical profit and loss overshoots reported for the twelve months to June 2023 for Lloyds Bank Corporate Markets.

Lloyds Bank Group plc moved from Internal Model Approach to Standardised Approach for own funds requirements in Q2 2023.

MR4: Comparison of VaR estimates with gains/losses

LLOYDS BANK CORPORATE MARKETS (LBCM)



Market Risk continued

MR3: IMA values for trading portfolios

The table below provides relevant statistics for the Group's 10-day 99 per cent confidence level VaR and Stressed VaR to half year 2023 and year end 2022. Also included are statistics for the Incremental Risk Charge for half year 2023 and 2022.

The risk of loss measured by the VaR model is the minimum expected loss in earnings given a 99 per cent confidence. The total and average trading VaR numbers reported below have been obtained after the application of the diversification benefits across the different risk types: interest rate, foreign exchange, credit spread and inflation risk.

		Lloyds Bank Group plc		Lloyds Bank Corporate Markets plc	
		30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
		£m	£m	£m	£m
VaR (10 day 99%)					
1	Maximum value	—	0.9	65.0	35.1
2	Average value	—	0.3	19.5	12.3
3	Minimum value	—	0.1	4.4	4.3
4	Period end	—	0.2	26.5	8.9
SVaR (10 day 99%)					
5	Maximum value	—	1.2	24.4	38.3
6	Average value	—	0.7	14.8	14.4
7	Minimum value	—	0.4	9.3	8.6
8	Period end	—	0.9	16.6	12.6
IRC (99.9%)					
9	Maximum value	—	—	19.9	19.7
10	Average value	—	—	11.1	8.2
11	Minimum value	—	—	4.3	4.0
12	Period end	—	—	14.8	7.3
Comprehensive risk measure (99.9%)					
13	Maximum value	—	—	—	—
14	Average value	—	—	—	—
15	Minimum value	—	—	—	—
16	Period end	—	—	—	—

Key movements

- Lloyds Bank Group plc (the Ring Fenced Bank) moved from Internal Model to Standardised Approach for own funds requirements in Q2 2023.
- Increase in VaR measures YtD driven by portfolio evolution and market moves.

MR1: Market risk under Standardised Approach

		30 Jun 2023	31 Dec 2022
		RWAs	RWAs
		£m	£m
Outright products			
1	Interest rate risk (general and specific)	594	165
3	Foreign exchange risk ¹	—	—
4	Commodity risk	21	23
Options			
6	Delta-plus approach	13	13
8	Securitisation (specific risk)	16	3
9	Total	644	204

¹ As permitted by the CRR, the Group has elected to set this to zero, with exposure below the 2 per cent De Minimis threshold of own funds.

Key movements

- Lloyds Bank Group plc (the Ring Fenced Bank) moved from Internal Model to Standardised Approach for own funds requirements in Q2 2023.

Market Risk continued

MR2-A: Market risk under Internal Model Approach

		Lloyds Bank Group plc				Lloyds Bank Corporate Markets plc			
		30 Jun 2023		31 Dec 2022		30 Jun 2023		31 Dec 2022	
		RWAs	Own funds requirements	RWAs	Own funds requirements	RWAs	Own funds requirements	RWAs	Own funds requirements
		£m	£m	£m	£m	£m	£m	£m	£m
1	VaR (higher of values a and b)	—	—	15	1	1,212	97	1,018	81
(a)	Previous day's VaR (VaRt-1)		—		—		32		9
(b)	Multiplication factor (mc) x average of previous 60 working days (VaRavg)		—		1		97		81
2	SVaR (higher of values a and b)	—	—	29	3	683	55	705	56
(a)	Latest available SVaR (SVaRt-1)		—		1		15		13
(b)	Multiplication factor (ms) x average of previous 60 working days (sVaRavg)		—		3		55		56
3	IRC (higher of values a and b)	—	—	—	—	198	16	124	10
(a)	Most recent IRC measure		—		—		15		7
(b)	12 weeks average IRC measure		—		—		16		10
4	Comprehensive risk measure (higher of values a, b and c)	—	—	—	—	—	—	—	—
(a)	Most recent risk measure of comprehensive risk measure		—		—		—		—
(b)	12 weeks average of comprehensive risk measure		—		—		—		—
(c)	Comprehensive risk measure Floor		—		—		—		—
5	Other	—	—	38	3	1,118	89	1,082	87
6	Total	—	—	82	7	3,211	257	2,929	234

Key movements

- Lloyds Bank Group plc (the Ring Fenced Bank) moved from Internal Model to Standardised Approach for own funds requirements in Q2 2023.
- Increase in LBCM VaR measures driven by portfolio evolution and market moves.

Liquidity

LIQ1: Liquidity Coverage Ratio

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

		Total unweighted value (average)				Total weighted value (average)			
		30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022
Number of data points used in the calculation of averages		12	12	12	12	12	12	12	12
High-quality liquid assets (£m)									
1	Total high-quality liquid assets (HQLA)					138,227	140,468	144,682	148,545
Cash - outflows (£m)									
2	Retail deposits and deposits from small business customers, of which:	348,205	349,610	350,186	349,156	23,781	23,957	24,004	23,934
3	Stable deposits	261,873	262,426	262,815	262,305	13,094	13,121	13,141	13,115
4	Less stable deposits	86,332	87,184	87,371	86,851	10,687	10,836	10,863	10,819
5	Unsecured wholesale funding	100,623	102,908	105,347	106,022	49,407	50,105	51,218	51,540
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	30,160	34,626	36,854	37,013	7,540	8,656	9,214	9,253
7	Non-operational deposits (all counterparties)	65,639	62,889	62,764	63,577	37,043	36,056	36,275	36,854
8	Unsecured debt	4,824	5,393	5,729	5,432	4,824	5,393	5,729	5,433
9	Secured wholesale funding					141	99	54	40
10	Additional requirements	73,962	73,016	71,764	70,867	34,525	33,894	33,381	33,096
11	Outflows related to derivative exposures and other collateral requirements	22,350	21,781	21,838	21,795	22,350	21,781	21,837	21,793
12	Outflows related to loss of funding on debt products	1,071	1,295	1,076	1,049	1,071	1,295	1,076	1,049
13	Credit and liquidity facilities	50,541	49,940	48,850	48,023	11,104	10,818	10,468	10,254
14	Other contractual funding obligations	1,440	1,248	1,197	1,171	1,058	876	828	806
15	Other contingent funding obligations	95,633	96,404	96,934	96,016	4,500	4,762	5,072	5,123
16	Total cash outflows					113,412	113,693	114,557	114,539
Cash - inflows (£m)									
17	Secured lending (e.g. reverse repos)	37,129	35,894	35,215	33,610	492	435	422	411
18	Inflows from fully performing exposures	6,113	5,729	5,514	5,243	4,188	3,883	3,708	3,539
19	Other cash inflows	11,868	11,847	10,573	9,268	11,557	11,444	10,145	8,846
20	Total cash inflows	55,110	53,470	51,302	48,121	16,237	15,762	14,275	12,796
UK-20c	Inflows subject to 75% cap	51,999	49,987	47,561	43,847	16,237	15,762	14,275	12,796
Total adjusted value									
UK-21	Liquidity buffer (£m)					138,227	140,468	144,682	148,545
22	Total net cash outflows (£m)					97,175	97,931	100,282	101,743
23	Liquidity coverage ratio (%)					142%	143%	144%	146%

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

The Group's LCR (calculated as the simple average of month end observations over the 12 months preceding the end of each quarter) was 142 per cent as of 30 June 2023. The 1 per cent decrease from 143 per cent for the prior quarter is due to a decrease in liquid assets, primarily from a decrease in customer deposits. Net cash outflows also decreased, primarily from a decrease in customer deposit outflows.

The Group's derivative exposures and other collateral requirements outflows primarily include outflows due to a deterioration in credit rating and outflows from the impact of an adverse market scenario on derivatives transactions. Also included are outflows on derivative contracts that have offsetting inflows recorded in 'other cash inflows' in the template.

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

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

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

Liquidity continued

LIQ2: Net Stable Funding Ratio

		Unweighted value by residual maturity				Weighted value £m
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
		£m	£m	£m	£m	
Available stable funding (ASF) Items						
1	Capital items and instruments:	43,155	529	909	14,345	57,501
2	Own funds	43,155	394	578	13,238	56,393
3	Other capital instruments		135	331	1,107	1,108
4	Retail deposits:		348,994	17	—	327,240
5	Stable deposits		262,600	—	—	249,470
6	Less stable deposits		86,394	17	—	77,770
7	Wholesale funding:		179,660	14,716	80,946	136,079
8	Operational deposits		27,389	—	—	13,694
9	Other wholesale funding		152,271	14,716	80,946	122,385
10	Interdependent liabilities		—	—	—	—
11	Other liabilities:	508	5,029	—	9,043	9,043
12	NSFR derivative liabilities	508				
13	All other liabilities and capital instruments not included in the above categories		5,029	—	9,043	9,043
14	Total available stable funding (ASF)					529,863
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					6,397
UK-15a	Assets encumbered for more than 12m in cover pool		457	395	14,193	12,787
16	Deposits held at other financial institutions for operational purposes		—	—	—	—
17	Performing loans and securities:		75,543	28,680	414,596	344,906
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		47,010	8,187	3,851	7,944
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		7,542	5,631	12,370	15,776
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		11,997	8,383	93,646	91,315
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		—	—	—	—
22	Performing residential mortgages, of which:		6,469	5,305	291,531	217,172
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		6,024	4,891	266,287	195,080
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		2,525	1,174	13,198	12,699
25	Interdependent assets		—	—	—	—
26	Other assets:	18,209	2,789	190	32,230	38,674
27	Physical traded commodities				—	—
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs			3,865		3,285
29	NSFR derivative assets			1,440		1,440
30	NSFR derivative liabilities before deduction of variation margin posted			12,903		645
31	All other assets not included in the above categories		2,789	190	32,230	33,303
32	Off-balance sheet items		148,014	—	—	6,125
33	Total RSF					408,889
34	Net Stable Funding Ratio (%)					130%

Interest rate risk in the banking book (IRRBB)

IRRBB1: Quantitative information on IRRBB

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

EVE Sensitivity

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

NII Sensitivity

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

		ΔEVE		ΔNII		Tier 1 capital	
		30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
		£m	£m	£m	£m	£m	£m
010	Parallel shock up	(1,349)	(2,653)	1,152	1,387		
020	Parallel shock down	(29)	824	(1,721)	(2,717)		
030	Steeper shock	418	281				
040	Flattener shock	(920)	(878)				
050	Short rates shock up	(1,177)	(1,620)				
060	Short rates shock down	535	773				
070	Maximum	(1,349)	(2,653)	(1,721)	(2,717)		
080	Tier 1 capital					36,417	36,036

Key movements

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

Forward looking statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and section 27A of the US Securities Act of 1933, as amended, with respect to the business, strategy, plans and/or results of Lloyds Banking Group plc together with its subsidiaries (the Group) and its current goals and expectations. Statements that are not historical or current facts, including statements about the Group's or its directors' and/or management's beliefs and expectations, are forward looking statements. Words such as, without limitation, 'believes', 'achieves', 'anticipates', 'estimates', 'expects', 'targets', 'should', 'intends', 'aims', 'projects', 'plans', 'potential', 'will', 'would', 'could', 'considered', 'likely', 'may', 'seek', 'estimate', 'probability', 'goal', 'objective', 'deliver', 'endeavour', 'prospects', 'optimistic' and similar expressions or variations on these expressions are intended to identify forward looking statements. These statements concern or may affect future matters, including but not limited to: projections or expectations of the Group's future financial position, including profit attributable to shareholders, provisions, economic profit, dividends, capital structure, portfolios, net interest margin, capital ratios, liquidity, risk-weighted assets (RWAs), expenditures or any other financial items or ratios; litigation, regulatory and governmental investigations; the Group's future financial performance; the level and extent of future impairments and write-downs; the Group's ESG targets and/or commitments; statements of plans, objectives or goals of the Group or its management and other statements that are not historical fact; expectations about the impact of COVID-19; and statements of assumptions underlying such statements. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future. Factors that could cause actual business, strategy, plans and/or results (including but not limited to the payment of dividends) to differ materially from forward looking statements include, but are not limited to: general economic and business conditions in the UK and internationally; political instability including as a result of any UK general election and any further possible referendum on Scottish independence; acts of hostility or terrorism and responses to those acts, or other such events; geopolitical unpredictability; the war between Russia and Ukraine; the tensions between China and Taiwan; market related risks, trends and developments; exposure to counterparty risk; instability in the global financial markets, including within the Eurozone, and as a result of the exit by the UK from the European Union (EU) and the effects of the EU-UK Trade and Cooperation Agreement; the ability to access sufficient sources of capital, liquidity and funding when required; changes to the Group's credit ratings; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; volatility in credit markets; volatility in the price of the Group's securities; tightening of monetary policy in jurisdictions in which the Group operates; natural pandemic (including but not limited to the COVID-19 pandemic) and other disasters; risks concerning borrower and counterparty credit quality; risks affecting insurance business and defined benefit pension schemes; risks related to the uncertainty surrounding the integrity and continued existence of reference rates; changes in laws, regulations, practices and accounting standards or taxation; changes to regulatory capital or liquidity requirements and similar contingencies; the policies and actions of governmental or regulatory authorities or courts together with any resulting impact on the future structure of the Group; risks associated with the Group's compliance with a wide range of laws and regulations; assessment related to resolution planning requirements; risks related to regulatory actions which may be taken in the event of a bank or Group failure; exposure to legal, regulatory or competition proceedings, investigations or complaints; failure to comply with anti-money laundering, counter terrorist financing, anti-bribery and sanctions regulations; failure to prevent or detect any illegal or improper activities; operational risks; conduct risk; technological changes and risks to the security of IT and operational infrastructure, systems, data and information resulting from increased threat of cyber and other attacks; technological failure; inadequate or failed internal or external processes or systems; risks relating to ESG matters, such as climate change (and achieving climate change ambitions), including the Group's ability along with the government and other stakeholders to measure, manage and mitigate the impacts of climate change effectively, and human rights issues; the impact of competitive conditions; failure to attract, retain and develop high calibre talent; the ability to achieve strategic objectives; the ability to derive cost savings and other benefits including, but without limitation, as a result of any acquisitions, disposals and other strategic transactions; inability to capture accurately the expected value from acquisitions; assumptions and estimates that form the basis of the Group's financial statements; and potential changes in dividend policy. A number of these influences and factors are beyond the Group's control. 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 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 whether as a result of new information, future events or otherwise. 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