

Lloyds Banking Group plc

2020 Half-Year
Pillar 3 Disclosures
30 June 2020

BASIS OF PREPARATION

This report presents the half-year Pillar 3 disclosures of Lloyds Banking Group plc ('the Group') as at 30 June 2020 and should be read in conjunction with the Group's 2020 half-year results.

The disclosures have been prepared in accordance with the Capital Requirements Directive and Regulation (CRD IV) and the European Banking Authority's revised guidelines:

- on materiality, proprietary and confidentiality and on disclosure frequency;
- on Pillar 3 disclosure formats and frequency that were published in December 2016 and;
- on uniform disclosures regarding the transitional period for mitigating the impact of the introduction of IFRS 9 on own funds that were published in January 2018.

The disclosures provided in this report include those that were adopted from 31 December 2017, where they are required to be disclosed on a semi-annual basis, although certain disclosures have been excluded on the grounds that they are non-material (refer to page 58).

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

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

The minimum Pillar 1 capital requirements referred to in this document are 8 per cent of aggregated risk-weighted assets.

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

FORWARD LOOKING STATEMENTS

This document contains certain forward looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and section 27A of the US Securities Act of 1933, as amended, with respect to the business, strategy, plans and/or results of Lloyds Banking Group plc together with its subsidiaries (the Group) and its current goals and expectations relating to its future financial condition and performance. Statements that are not historical facts, including statements about the Group's or its directors' and/or management's beliefs and expectations, are forward looking statements.

Words such as 'believes', 'anticipates', 'estimates', 'expects', 'intends', 'aims', 'potential', 'will', 'would', 'could', 'considered', 'likely', 'estimate' and variations of these words and similar future or conditional expressions are intended to identify forward looking statements but are not the exclusive means of identifying such statements.

Examples of such forward looking statements include, but are not limited to: 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; statements of plans, objectives or goals of the Group or its management including in respect of statements about the future business and economic environments in the UK and elsewhere including, but not limited to, future trends in interest rates, foreign exchange rates, credit and equity market levels and demographic developments; statements about competition, regulation, disposals and consolidation or technological developments in the financial services industry; and statements of assumptions underlying such statements.

By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future.

Factors that could cause actual business, strategy, plans and/or results (including but not limited to the payment of dividends) to differ materially from forward looking statements made by the Group or on its behalf include, but are not limited to: general economic and business conditions in the UK and internationally; market related trends and developments; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; any impact of the transition from IBORs to alternative reference rates; the ability to access sufficient sources of capital, liquidity and funding when required; changes to the Group's credit ratings; the ability to derive cost savings and other benefits including, but without limitation as a result of any acquisitions, disposals and other strategic transactions; the ability to achieve strategic objectives; changing customer behaviour including consumer spending, saving and borrowing habits; changes to borrower or counterparty credit quality; concentration of financial exposure; management and monitoring of conduct risk; instability in the global financial markets, including Eurozone instability, instability as a result of uncertainty surrounding the exit by the UK from the European Union (EU) and as a result of such exit and the potential for other countries to exit the EU or the Eurozone and the impact of any sovereign credit rating downgrade or other sovereign financial issues; political instability including as a result of any UK general election; technological changes and risks to the security of IT and operational infrastructure, systems, data and information resulting from increased threat of cyber and other attacks; natural, pandemic (including but not limited to the coronavirus disease (COVID-19) outbreak) and other disasters, adverse weather and similar contingencies outside the Group's control; inadequate or failed internal or external processes or systems; acts of war, other acts of hostility, terrorist acts and responses to those acts, geopolitical, pandemic or other such events; risks relating to climate change; changes in laws, regulations, practices and accounting standards or taxation, including as a result of the exit by the UK from the EU, or a further possible referendum on Scottish independence; changes to

regulatory capital or liquidity requirements and similar contingencies outside the Group's control; the policies, decisions and actions of governmental or regulatory authorities or courts in the UK, the EU, the US or elsewhere including the implementation and interpretation of key legislation and regulation together with any resulting impact on the future structure of the Group; the ability to attract and retain senior management and other employees and meet its diversity objectives; actions or omissions by the Group's directors, management or employees including industrial action; changes to the Group's post-retirement defined benefit scheme obligations; the extent of any future impairment charges or write-downs caused by, but not limited to, depressed asset valuations, market disruptions and illiquid markets; the value and effectiveness of any credit protection purchased by the Group; the inability to hedge certain risks economically; the adequacy of loss reserves; the actions of competitors, including non-bank financial services, lending companies and digital innovators and disruptive technologies; and exposure to regulatory or competition scrutiny, legal, regulatory or competition proceedings, investigations or complaints. Please refer to the latest Annual Report on Form 20-F filed by Lloyds Banking Group plc with the US Securities and Exchange Commission for a discussion of certain factors and risks together with examples of forward looking statements.

Lloyds Banking Group may also make or disclose written and/or oral forward looking statements in reports filed with or furnished to the US Securities and Exchange Commission, Lloyds Banking Group annual reviews, half-year announcements, proxy statements, offering circulars, prospectuses, press releases and other written materials and in oral statements made by the directors, officers or employees of Lloyds Banking Group to third parties, including financial analysts.

Except as required by any applicable law or regulation, the forward looking statements contained in this document are made as of today's date, and the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this document to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The information, statements and opinions contained in this document do not constitute a public offer under any applicable law or an offer to sell any securities or financial instruments or any advice or recommendation with respect to such securities or financial instruments.

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

	T	T-1	T-2	T-3	T-4
	Q2	Q1	Q4	Q3	Q2
	2020	2020	2019	2019	2019
Available capital (amounts)					
1 Common Equity Tier 1 (CET1) (£m)	30,189	29,674	27,744	28,238	28,767
2 CET1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	27,583	28,861	27,002	27,470	28,272
3 Tier 1 (£m)	36,031	35,388	33,992	33,982	34,506
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied (£m)	33,425	34,575	33,238	33,214	34,011
5 Total capital (£m)	46,146	45,695	43,416	44,678	44,708
6 Total capital as if IFRS 9 transitional arrangements had not been applied (£m)	44,691	45,421	43,153	44,389	44,688
Risk-weighted assets (amounts)					
7 Total risk-weighted assets (£m)	207,052	208,715	203,431	209,070	206,520
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied (£m)	205,595	208,212	203,083	208,658	206,789
Risk-based capital ratios as a percentage of RWA					
9 Common Equity Tier 1 ratio (%)	14.6%	14.2%	13.6%	13.5%	13.9%
10 CET1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	13.4%	13.9%	13.3%	13.2%	13.7%
11 Tier 1 ratio (%)	17.4%	17.0%	16.7%	16.3%	16.7%
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied (%)	16.3%	16.6%	16.4%	15.9%	16.4%
13 Total capital ratio (%)	22.3%	21.9%	21.3%	21.4%	21.6%
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied (%)	21.7%	21.8%	21.2%	21.3%	21.6%
Additional CET1 buffer requirements as a percentage of RWA					
Capital conservation buffer requirement	2.5%	2.5%	2.5%	2.5%	2.5%
Countercyclical buffer requirement	0.0%	0.0%	0.9%	0.9%	0.9%
Bank G-SIB and/or D-SIB additional requirements ²	—	—	—	—	—
Total of bank CET1 specific buffer requirements	2.5%	2.5%	3.4%	3.4%	3.4%
CET1 available after meeting the bank's minimum capital requirements	10.1%	9.7%	9.1%	9.0%	9.4%
UK leverage ratio³					
15 UK leverage ratio exposure measure (£m)	665,789	669,541	654,387	683,562	668,207
16 UK leverage ratio	5.4%	5.3%	5.1%	4.9%	5.1%
17 UK leverage ratio as if IFRS 9 transitional arrangements had not been applied	5.0%	5.2%	5.0%	4.8%	5.0%
Average Liquidity Coverage Ratio (weighted) (LCR)					
Total High Quality Liquid Assets (HQLA) (£m)	136,961	131,079	130,262	130,554	129,483
Total net cash outflow (£m)	98,131	95,354	94,966	97,478	98,075
LCR ratio (%)	140%	138%	137%	134%	132%

- The Group applies the full extent of the IFRS 9 transitional arrangements for capital as set out under the recent revisions to CRR Article 473a.
- Although the Group does not have a Systemic Risk Buffer (SRB), it is required to hold additional CET1 capital to meet its Ring-Fenced Bank's SRB of 2.0 per cent, which equates to 1.7 per cent of Group risk-weighted assets.
- The CRD IV leverage ratio at 30 June 2020 is 4.9 per cent (31 December 2019: 4.8 per cent).

The average UK leverage ratio for the quarter (1 April 2020 to 30 June 2020) is 5.3 per cent, compared to 5.3 per cent at the start and 5.4 per cent at the end of the quarter. The average exposure measure over the quarter is £674,641m. The countercyclical leverage buffer is currently 0 per cent.

Table 2: Key Metrics – TLAC requirements (KM2)

As the Group is not classified as a global systemically important bank (G-SIB) it is not directly subject to the CRR II MREL requirements that came into force in June 2019. However the Group remains subject to the Bank of England's MREL statement of policy (MREL SoP) and must therefore maintain a minimum level of MREL resources.

Applying the Bank of England's MREL SoP to current minimum capital requirements, the Group's indicative MREL requirement, excluding regulatory capital and leverage buffers, is as follows:

- From 1 January 2020, the higher of 2 times Pillar 1 plus Pillar 2A, currently equivalent to 20.2 per cent of risk-weighted assets, or 6.5 per cent of the UK leverage ratio exposure measure
- from 1 January 2022, the higher of 2 times Pillar 1 plus 2 times Pillar 2A, currently equivalent to 24.3 per cent of risk-weighted assets, or 6.5 per cent of the UK leverage ratio exposure measure.

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

During the second half of 2020, the Bank of England will review the final end-state requirements which are to be met from 1 January 2022.

Internal MREL requirements also apply to the Group's material sub-groups and entities, including the RFB sub-group, Lloyds Bank plc, Bank of Scotland plc and Lloyds Bank Corporate Markets plc.

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

Table 2: Key Metrics – TLAC requirements (KM2) (continued)

	June 2020 Resolution Group ¹ £m	March 2020 Resolution Group ¹ £m	December 2019 Resolution Group ¹ £m	September 2019 Resolution Group ¹ £m	June 2019 Resolution Group ¹ £m
¹ Total loss absorbing capacity (TLAC) available	76,275	71,904	66,120	67,988	66,415
^{1a} Fully loaded ECL accounting model TLAC available	74,820	71,630	65,857	67,699	66,395
² Total RWA at the level of the resolution group	207,052	208,715	203,431	209,070	206,520
³ TLAC as a percentage of RWA	36.8%	34.5%	32.5%	32.5%	32.2%
^{3a} Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA	36.4%	34.4%	32.4%	32.4%	32.1%
⁴ UK leverage ratio exposure measure at the level of the resolution group	665,789	669,541	654,387	683,562	668,207
⁵ TLAC as a percentage of UK leverage ratio exposure measure	11.5%	10.7%	10.1%	9.9%	9.9%
^{5a} Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model UK leverage ratio exposure measure	11.3%	10.7%	10.1%	9.9%	9.9%
^{6a} Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	No	No	No	No	No
^{6b} Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	No	No	No	No	No
^{6c} If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external TLAC, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external TLAC if no cap was applied (%)	N/a	N/a	N/a	N/a	N/a

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

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

	June 2020 RWA £m	Dec 2019 RWA £m	June 2020 Minimum capital Requirements £m	Dec 2019 Minimum capital Requirements £m
	T	T-1	T	T-1
1 Credit risk (excluding counterparty credit risk)	155,391	155,013	12,431	12,401
2 of which: standardised approach	22,931	23,853	1,834	1,908
3 of which: the foundation rating-based (FIRB) approach	44,973	44,769	3,597	3,581
4 of which: the retail IRB (RIRB) approach	64,589	63,208	5,167	5,057
of which: corporates – specialised lending	9,086	9,074	727	726
of which: non-credit obligation assets ¹	7,101	7,443	568	595
5 of which: equity IRB under the simple risk-weight or the internal models approach	6,711	6,666	537	533
6 Counterparty credit risk	6,539	5,877	523	470
7 of which: marked to market	5,117	4,539	409	363
8 of which: original exposure	—	—	—	—
9 of which: the standardised approach	—	—	—	—
10 of which: internal ratings-based model method (IMM)	—	—	—	—
of which: comprehensive approach for credit risk mitigation (for SFTs)	303	286	24	23
11 of which: exposures to central counterparties (including trades, default fund contributions and initial margin)	490	468	39	37
12 of which: credit valuation adjustment (CVA)	629	584	50	47
13 Settlement risk	—	—	—	—
14 Securitisation exposures in banking book²	6,411	5,002	513	400
15 of which: IRB ratings-based approach (RBA)	—	1,880	—	150
16 of which: IRB supervisory formula approach (SFA)	—	—	—	—
17 of which: internal assessment approach (IAA)	—	234	—	19
18 of which: standardised approach	—	177	—	14
of which: revised framework internal ratings based approach	1,935	1,214	155	97
of which: revised framework standardised approach	1,115	391	89	31
of which: revised framework external ratings based approach	3,362	1,107	269	89
19 Market risk	1,953	1,790	156	143
20 of which: standardised approach	315	279	25	22
21 of which: internal model approaches	1,638	1,511	131	121
22 Large exposures	—	—	—	—
23 Operational risk	25,437	25,482	2,035	2,039
24 of which: basic indicator approach	—	—	—	—
25 of which: standardised approach	25,437	25,482	2,035	2,039
26 of which: advanced measurement approach	—	—	—	—
27 Amounts below the thresholds for deduction (subject to 250% risk weight)	11,321	10,268	906	821
of which: Significant investment	8,498	8,093	680	647
of which: Deferred tax asset	2,823	2,175	226	174
28 Floor adjustment	—	—	—	—
29 Total	207,052	203,431	16,564	16,274
Pillar 2A capital requirement ³			8,614	9,334
Total capital requirement			25,178	25,608

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

² Securitisations are shown separately within this table, however, are included within Credit Risk in Table 4: Risk-weighted assets movement by key driver (as per the reconciliation below).

³ The Pillar 2A capital requirement is currently c.4.2 per cent of aggregated risk-weighted assets, of which c.2.3 per cent must be met with CET1 capital.

Credit Risk RWAs, including Securitisations	June 2020 RWAs per OV1 £m	June 2020 Securitisation RWAs £m	June 2020 Total Credit risk RWAs £m
Total credit risk	155,391	6,411	161,802
Of which: credit risk exposures subject to IRB approach	132,460	5,296	137,756
Of which: credit risk exposures subject to standardised approach	22,931	1,115	24,046

Table 4: Risk-weighted assets movement by key driver

	Credit risk IRB £m	Credit risk SA £m	Credit risk total ² £m	Counterparty credit risk ³ £m	Market risk £m	Operational risk £m	Total £m
Total risk-weighted assets as at 31 March 2020	—	—	—	—	—	—	208,715
Less: total threshold risk-weighted assets ¹	—	—	—	—	—	—	(11,127)
Risk-weighted assets at 31 March 2020	138,059	25,183	163,242	7,106	1,758	25,482	197,588
Asset size	(1,761)	(1,120)	(2,881)	(180)	—	—	(3,061)
Asset quality	3,076	185	3,261	(395)	—	—	2,866
Model updates	—	—	—	—	65	—	65
Methodology and policy	(1,830)	(250)	(2,080)	—	(76)	—	(2,156)
Acquisitions and disposals	—	—	—	—	—	—	—
Movement in risk levels (Market risk only)	—	—	—	—	206	—	206
Foreign exchange movements	212	48	260	8	—	—	268
Other	—	—	—	—	—	(45)	(45)
Risk-weighted assets at 30 June 2020	137,756	24,046	161,802	6,539	1,953	25,437	195,731
Threshold risk-weighted assets ¹	—	—	—	—	—	—	11,321
Total risk-weighted assets as at 30 June 2020							207,052

¹ Threshold risk-weighted assets reflect the element of significant investments and deferred tax assets that are permitted to be risk-weighted instead of being deducted from CET1 capital. Significant investments primarily arise from investments in the Group's Insurance business.

² Credit risk includes securitisation risk-weighted assets.

³ Counterparty credit risk includes movements in contributions to the default funds of central counterparties and movements in credit valuation adjustment risk.

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

Credit risk, risk-weighted assets:

- Asset size reduction of £2.9bn reflects reduced lending volumes in Retail portfolios with limited impact from increased lending through government supported products.
- Asset quality increases of £3.3bn primarily relate to model calibrations and an increase in credit risk, reflecting the current economic environment.
- Methodology and policy decreases of £2.1bn include the impact of the revisions to the SME scalar.

Counterparty credit risk, risk-weighted assets decreased by £0.6bn due to movements in market rates during the quarter.

Market risk, risk-weighted assets increased driven by an increase in interest rate risk exposure in the trading books. LBCM and RFB's capital multipliers both increased over H1, resulting from COVID-related backtesting overshoots. However the resulting RWA increase was partially offset as per regulator guidance.

PILLAR 1 CAPITAL REQUIREMENTS: CREDIT RISK

The following table shows the Group's credit exposures split by Basel exposure class, together with associated risk-weighted assets. Exposures are presented on a pre CRM and post CCF basis.

Table 5: Credit risk exposures

	June 2020			December 2019		
	Credit risk exposure	Risk-weighted assets	Average risk weight	Credit risk exposure	Risk-weighted assets	Average risk weight
	£m	£m	%	£m	£m	%
Central governments or central banks	12,516	675	5%	8,961	541	6%
Institutions	10,357	1,354	13%	8,629	1,224	14%
Corporates	93,140	52,030	56%	91,558	52,077	58%
of which: Specialised lending	13,034	9,086	70%	12,866	9,074	72%
of which: SMEs	10,396	6,161	59%	10,564	7,386	70%
Retail	393,745	64,589	16%	386,788	63,208	16%
Secured by real estate property	323,292	38,183	12%	324,427	35,791	11%
SMEs	8,102	1,929	24%	8,354	2,036	24%
Non-SMEs	315,190	36,254	12%	316,073	33,755	11%
Qualifying revolving	40,974	10,512	26%	39,159	11,442	29%
Other retail	29,479	15,894	54%	23,202	15,975	69%
SMEs	8,958	1,676	19%	2,237	1,559	70%
Non-SMEs	20,521	14,218	69%	20,965	14,417	69%
Equity	3,076	6,711	218%	3,085	6,666	216%
Non-credit obligation assets ¹	9,921	7,101	72%	11,167	7,443	67%
Total IRB approach	522,755	132,460	25%	510,189	131,160	26%
Central governments or central banks	79,751	—	—	56,824	—	—
Regional governments or local authorities	475	33	7%	476	28	6%
Public sector entities	4,145	1	—	4,169	1	—
Multilateral development banks	6,990	—	—	6,243	—	—
International organisations	—	—	—	—	—	—
Institutions	90	41	46%	171	64	6%
Corporates	9,607	7,582	79%	9,698	8,309	88%
of which: SMEs	3,933	3,251	83%	3,769	3,509	95%
Retail	12,116	8,180	68%	12,146	8,662	71%
of which: SMEs	3,126	1,529	49%	2,657	1,545	58%
Secured by mortgages on immovable property	7,252	2,539	35%	7,585	2,655	35%
of which: SMEs	9	4	44%	8	4	43%
Exposures in default	1,069	1,246	117%	1,193	1,296	109%
Items associated with particularly high risk	—	—	—	—	—	—
Covered bonds	—	—	—	—	—	—
Claims on institutions and corporates with a short-term credit assessment	—	—	—	—	—	—
Collective investments undertakings	652	130	20%	711	142	20%
Equity exposures	—	—	—	—	—	—
Other exposures ¹	3,602	3,179	88%	3,185	2,696	85%
Total standardised approach	125,749	22,931	18%	102,402	23,853	23%
Total	648,504	155,391	24%	612,591	155,013	25%

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

Exposures subject to the IRB approach – key movements for the six months to 30 June 2020

Central governments or central banks

- Exposures increased by £3.6bn with an increase in risk-weighted assets of £0.1bn mainly due to an increase in deposits placed with the US Federal reserve.

Institutions

- Exposures increased by £1.7bn and risk-weighted assets increased by £0.1bn mainly due to new business with lower risk weights attached.

Corporates

- Risk-weighted assets broadly flat with reductions from the revisions to the SME scalar and migrations to default offset by an increase due to credit migration in non-defaulted exposures.

Retail - Secured by real estate property

- Exposures reduced by £1.1bn due to lower demand for retail lending products. RWAs increase by £2.4bn primarily due to cyclical adjustments to models to reflect arrears profile.

Qualifying Revolving

- Exposures increased by £1.8bn due to model calibrations. Risk-weighted assets decreased by £0.9bn due to lower utilisation rates and lower defaults.

Exposures subject to the Standardised approach – key movements for the six months to 30 June 2020

Central governments or central banks

- Exposures increased by £22.9bn due to increased deposits with the Bank of England.

ANALYSIS OF CREDIT RISK EXPOSURES SUBJECT TO THE IRB APPROACH

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

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

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

Analysis of credit risk exposures subject to the IRB Approach

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

June 2020												
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors	Average LGD %	Average Maturity (years)	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m
	a	b	c	d	e	f	g	h	i	j	k	l
0.00 to <0.15	12,321	390	75.00%	11,975	0.01%	12	45.00%	1.7	675	5.64%	1	
0.15 to <0.25	—	—	—	—	—	—	—	—	—	—	—	
0.25 to <0.50	—	—	—	—	—	—	—	—	—	—	—	
0.50 to <0.75	—	—	—	—	—	—	—	—	—	—	—	
0.75 to <2.50	—	—	—	—	—	—	—	—	—	—	—	
2.50 to <10.00	—	—	—	—	6.18%	1	45.00	1.0	—	152.36%	—	
10.00 to <100.00	—	—	—	—	—	—	—	—	—	—	—	
100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
Sub-total	12,321	390	75.00%	11,975	0.01%	13	45.00%	1.7	675	5.64%	—	—

December 2019												
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors	Average LGD %	Average Maturity (years)	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m
	a	b	c	d	e	f	g	h	i	j	k	l
0.00 to <0.15	8,761	400	20.00%	8,482	0.01%	12	45.00%	1.9	541	6.38%	—	
0.15 to <0.25	—	—	—	—	—	—	—	0.0	—	—	—	
0.25 to <0.50	—	—	—	—	—	—	—	0.0	—	—	—	
0.50 to <0.75	—	—	—	—	—	—	—	0.0	—	—	—	
0.75 to <2.50	—	—	—	—	—	—	—	0.0	—	—	—	
2.50 to <10.00	—	—	—	—	—	—	—	0.0	—	—	—	
10.00 to <100.00	—	—	—	—	12.00%	1	45.00%	1.0	—	200.46%	—	
100.00 (Default)	—	—	—	—	—	—	—	0.0	—	—	—	
Sub-total	8,761	400	20.00%	8,482	0.01%	13	45.00%	1.9	541	6.38%	—	—

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

June 2020												
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors	Average LGD %	Average Maturity (years)	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m
	a	b	c	d	e	f	g	h	i	j	k	l
0.00 to <0.15	8,803	1,456	66.59%	9,543	0.06%	1,029	33.73%	1.4	996	10.44%	2	
0.15 to <0.25	344	129	46.33%	403	0.18%	39	45.00%	0.7	134	33.13%	—	
0.25 to <0.50	117	159	81.49%	245	0.35%	62	24.12%	2.0	74	30.05%	—	
0.50 to <0.75	2	9	72.76%	9	0.63%	30	44.96%	1.1	7	81.91%	—	
0.75 to <2.50	140	37	4.59%	141	1.40%	61	43.55%	0.9	141	99.84%	1	
2.50 to <10.00	1	—	99.99%	1	3.11%	21	44.67%	1.0	2	121.94%	—	
10.00 to <100.00	—	—	—	—	31.00%	3	45.00%	1.0	—	250.38%	—	
100.00 (Default)	—	—	—	—	100.00%	3	45.00%	1.5	—	—	—	
Sub-total	9,407	1,790	65.20%	10,343	0.09%	1,248	34.09%	1.3	1,354	13.09%	3	5

December 2019												
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors	Average LGD %	Average Maturity (years)	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m
	a	b	c	d	e	f	g	h	i	j	k	l
0.00 to <0.15	6,831	1,694	66.68%	7,839	0.05%	1,371	34.11%	1.3	839	10.70%	1	
0.15 to <0.25	407	45	64.89%	425	0.18%	51	41.03%	0.9	121	28.44%	1	
0.25 to <0.50	123	174	68.35%	242	0.32%	68	35.60%	1.1	92	37.88%	—	
0.50 to <0.75	1	3	22.88%	2	0.62%	26	44.90%	1.9	2	90.73%	—	
0.75 to <2.50	121	73	63.36%	167	1.28%	56	43.94%	1	161	96.19%	1	
2.50 to <10.00	2	4	100.00%	6	2.75%	24	44.87%	1.2	8	133.33%	—	
10.00 to <100.00	1	—	—	1	13.40%	13	40.75%	1.1	2	225.06%	—	
100.00 (Default)	—	—	—	—	100.00%	6	45.00%	1.7	—	—	—	
Sub-total	7,487	1,993	66.67%	8,682	0.09%	1,615	34.69%	1.3	1,224	14.10%	3	1

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

June 2020												
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors	Average LGD %	Average Maturity (years)	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m
	a	b	c	d	e	f	g	h	i	j	k	l
0.00 to <0.15	16,116	19,961	75.20%	30,749	0.08%	1,278	42.87%	2.3	7,922	25.76%	11	
0.15 to <0.25	4,146	5,033	73.50%	7,129	0.18%	2,457	44.72%	2.1	3,020	42.36%	6	
0.25 to <0.50	7,772	8,644	71.09%	12,488	0.34%	4,807	43.20%	2.3	7,256	58.10%	19	
0.50 to <0.75	3,639	2,079	71.89%	4,676	0.63%	6,480	44.39%	2.5	3,878	82.94%	13	
0.75 to <2.50	5,073	2,631	71.54%	6,873	1.23%	10,029	43.31%	2.1	6,642	96.64%	36	
2.50 to <10.00	3,790	1,230	74.33%	4,593	4.62%	6,278	43.16%	1.9	6,434	140.10%	92	
10.00 to <100.00	563	301	75.85%	777	19.15%	539	41.88%	1.7	1,631	209.88%	62	
100.00 (Default)	1,374	291	69.99%	1,564	100.00%	1,170	43.46%	1.6	—	—	680	
Sub-total	42,473	40,171	73.65%	68,848	3.08%	33,039	43.29%	2.2	36,783	53.43%	920	1,182

December 2019												
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors	Average LGD %	Average Maturity (years)	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m
	a	b	c	d	e	f	g	h	i	j	k	l
0.00 to <0.15	17,045	19,046	75.31%	30,817	0.08%	918	42.94%	2.5	8,196	26.60%	12	
0.15 to <0.25	4,279	4,690	69.52%	6,877	0.18%	3,036	44.78%	2.2	3,040	44.20%	6	
0.25 to <0.50	7,564	9,320	69.22%	12,283	0.34%	5,403	43.62%	2.4	7,451	60.66%	20	
0.50 to <0.75	3,317	1,796	71.22%	4,347	0.63%	7,105	43.63%	2.3	3,478	80.02%	12	
0.75 to <2.50	5,233	2,963	71.70%	7,149	1.24%	10,653	43.16%	2.1	6,959	97.34%	39	
2.50 to <10.00	3,023	1,319	67.22%	3,810	3.89%	5,155	42.68%	1.7	4,919	129.12%	61	
10.00 to <100.00	482	427	69.44%	749	17.69%	521	41.81%	1.8	1,574	210.25%	60	
100.00 (Default)	1,014	154	85.25%	1,145	100.00%	1,234	42.14%	1.5	—	—	495	
Sub-total	41,957	39,715	72.44%	67,177	2.42%	34,025	43.28%	2.3	35,617	53.02%	705	416

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

June 2020												
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors	Average LGD %	Average Maturity (years)	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m
	a	b	c	d	e	f	g	h	i	j	k	l
0.00 to <0.15	616	223	84.38%	811	0.08%	1,120	42.36%	3.1	188	23.12%	—	
0.15 to <0.25	189	86	74.35%	253	0.18%	420	37.63%	2.4	65	25.70%	—	
0.25 to <0.50	791	465	70.07%	1,068	0.36%	991	42.00%	2.4	495	46.33%	2	
0.50 to <0.75	1,327	383	70.69%	1,541	0.57%	4,277	38.97%	3.4	812	52.68%	3	
0.75 to <2.50	2,767	868	72.06%	3,269	1.27%	7,703	38.87%	3.1	2,138	65.40%	16	
2.50 to <10.00	1,959	544	79.14%	2,309	4.21%	5,057	38.85%	2.8	1,996	86.47%	40	
10.00 to <100.00	349	42	70.49%	373	21.09%	1,798	37.82%	2.6	467	125.30%	29	
100.00 (Default)	376	44	72.40%	407	100.00%	844	39.17%	2.4	—	—	159	
Sub-total	8,374	2,654	74.05%	10,031	6.36%	22,208	39.44%	3.0	6,161	61.42%	250	238

December 2019												
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors	Average LGD %	Average Maturity (years)	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m
	a	b	c	d	e	f	g	h	i	j	k	l
0.00 to <0.15	602	259	83.55%	820	0.08%	128	42.42%	3.3	234	28.57%	—	
0.15 to <0.25	89	175	73.24%	217	0.19%	210	43.78%	1.9	71	32.85%	—	
0.25 to <0.50	936	453	73.55%	1,263	0.36%	913	42.03%	2.6	700	55.39%	3	
0.50 to <0.75	1,374	429	70.25%	1,675	0.57%	4,524	39.10%	3.3	997	59.51%	4	
0.75 to <2.50	2,755	787	71.06%	3,324	1.25%	7,357	38.54%	2.9	2,398	72.14%	17	
2.50 to <10.00	2,223	439	75.92%	2,555	4.23%	4,973	38.32%	2.6	2,464	96.44%	43	
10.00 to <100.00	367	31	70.32%	389	20.01%	1,644	37.52%	2.4	523	134.47%	27	
100.00 (Default)	306	25	63.21%	322	100.00%	782	39.43%	2.3	—	—	127	
Sub-total	8,652	2,598	73.49%	10,564	5.34%	20,533	39.39%	2.8	7,386	69.92%	222	155

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

June 2020												
PD Scale	Original on-balance sheet gross exposure	Off balance sheet exposures pre CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of Obligors	Average LGD	RWA	RWA density	EL	Value adjustments and provisions	Undrawn commitments (post CCF)
	£m	£m	%	£m	%		%	£m	%	£m	£m	£m
	a	b	c	d	e	f	g	i	j	k	l	m
0.00 to <0.15	—	—	—	—	—	—	—	—	—	—		—
0.15 to <0.25	—	—	—	—	—	—	—	—	—	—		—
0.25 to <0.50	—	—	—	—	—	—	—	—	—	—		—
0.50 to <0.75	2,652	292	97.35%	2,901	0.54%	22,712	17.60%	352	12.12%	3		285
0.75 to <2.50	2,975	344	97.93%	3,278	1.15%	20,879	17.07%	627	19.13%	6		336
2.50 to <10.00	1,124	96	97.85%	1,202	4.12%	7,959	17.64%	505	42.01%	9		94
10.00 to <100.00	407	23	97.66%	419	24.52%	3,555	18.01%	292	69.71%	19		22
100.00 (Default)	186	9	98.62%	195	100.00%	1,232	15.46%	153	78.65%	30		9
Sub-total	7,344	765	97.70%	7,995	5.01%	56,337	17.36%	1,929	24.13%	67	134	747

December 2019												
PD Scale	Original on-balance sheet gross exposure	Off balance sheet exposures pre CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of Obligors	Average LGD	RWA	RWA density	EL	Value adjustments and provisions	Undrawn commitments (post CCF)
	£m	£m	%	£m	%		%	£m	%	£m	£m	£m
	a	b	c	d	e	f	g	i	j	k	l	m
0.00 to <0.15	—	—	—	—	—	—	—	—	—	—		—
0.15 to <0.25	—	—	—	—	—	—	—	—	—	—		—
0.25 to <0.50	—	—	—	—	—	—	—	—	—	—		—
0.50 to <0.75	2,983	269	97.10%	3,252	0.54%	24,017	17.41%	400	12.31%	3		261
0.75 to <2.50	2,957	286	97.58%	3,247	1.15%	21,517	16.58%	630	19.41%	6		279
2.50 to <10.00	1,243	74	97.27%	1,317	4.21%	8,714	17.12%	572	43.42%	10		72
10.00 to <100.00	352	13	96.36%	366	22.34%	3,291	18.38%	280	76.29%	15		12
100.00 (Default)	165	5	98.10%	171	100.00%	1,168	14.51%	154	89.78%	25		5
Sub-total	7,700	646	97.33%	8,354	4.35%	58,707	17.03%	2,036	24.37%	59	83	629

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

June 2020												
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD ¹ %	Number of Obligors f	Average LGD %	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m	Undrawn commitments (post CCF) £m
	a	b	c	d	e		g	i	j	k	l	m
0.00 to <0.15	226,381	13,101	99.75%	249,624	0.36%	2,017,951	10.63%	19,403	7.77%	123		13,069
0.15 to <0.25	24,465	240	65.54%	25,653	0.95%	208,135	10.00%	3,459	13.48%	30		157
0.25 to <0.50	18,446	166	72.10%	19,306	1.33%	150,199	10.51%	3,210	16.62%	31		120
0.50 to <0.75	3,933	14	67.40%	4,110	2.87%	37,249	10.85%	1,168	28.42%	14		9
0.75 to <2.50	6,230	601	75.34%	6,951	6.00%	54,378	10.87%	2,730	39.28%	50		453
2.50 to <10.00	4,012	4	80.00%	4,174	15.74%	33,515	10.13%	2,610	62.52%	79		3
10.00 to <100.00	2,149	—	—	2,196	50.07%	18,279	9.98%	1,426	64.96%	138		—
100.00 (Default)	3,176	—	—	3,176	100.00%	23,477	11.39%	2,247	70.75%	443		—
Sub-total	288,791	14,127	97.77%	315,190	2.17%	2,543,183	10.58%	36,254	11.50%	908	1,666	13,812

December 2019												
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors f	Average LGD %	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m	Undrawn commitments (post CCF) £m
	a	b	c	d	e		g	i	j	k	l	m
0.00 to <0.15	221,774	11,906	99.60%	243,621	0.29%	2,009,604	10.57%	16,575	6.80%	99		11,858
0.15 to <0.25	27,973	297	62.05%	29,346	0.72%	238,382	10.03%	3,473	11.84%	27		184
0.25 to <0.50	20,163	192	66.89%	21,124	1.13%	167,656	10.25%	3,221	15.25%	29		128
0.50 to <0.75	4,675	275	73.34%	5,077	1.98%	43,483	10.93%	1,222	24.06%	13		201
0.75 to <2.50	5,593	24	84.25%	5,858	4.44%	48,260	11.13%	2,132	36.39%	32		20
2.50 to <10.00	4,898	6	77.07%	5,107	14.77%	41,753	10.09%	3,112	60.94%	91		5
10.00 to <100.00	3,041	—	—	3,119	47.11%	26,011	9.90%	1,989	63.76%	181		—
100.00 (Default)	2,821	—	—	2,821	100.00%	21,247	12.35%	2,031	72.00%	463		—
Sub-total	290,938	12,700	97.62%	316,073	2.08%	2,596,396	10.52%	33,755	10.68%	935	1,140	12,397

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

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

June 2020												
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors f	Average LGD %	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m	Undrawn commitments (post CCF) £m
	a	b	c	d	e	f	g	i	j	k	l	m
0.00 to <0.15	756	18,109	68.85%	13,224	0.09%	9,109,162	54.33%	410	3.10%	6		12,468
0.15 to <0.25	491	7,174	70.17%	5,525	0.20%	4,285,438	57.95%	365	6.61%	6		5,034
0.25 to <0.50	1,110	9,084	68.26%	7,311	0.36%	5,691,393	62.08%	826	11.30%	16		6,201
0.50 to <0.75	951	3,880	69.92%	3,664	0.62%	3,148,677	69.08%	711	19.42%	16		2,713
0.75 to <2.50	3,114	4,912	74.68%	6,783	1.36%	5,283,616	74.50%	2,556	37.69%	69		3,668
2.50 to <10.00	2,256	1,321	83.21%	3,356	5.36%	1,658,652	76.95%	3,023	90.08%	138		1,099
10.00 to <100.00	671	133	98.24%	813	28.94%	526,602	77.06%	1,635	201.07%	182		131
100.00 (Default)	299	—	—	299	100.00%	982,662	68.66%	984	328.76%	127		—
Sub-total	9,648	44,613	70.19%	40,974	2.14%	30,686,202	63.27%	10,512	25.66%	560	798	31,314

December 2019												
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors f	Average LGD %	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m	Undrawn commitments (post CCF) £m
	a	b	c	d	e	f	g	i	j	k	l	m
0.00 to <0.15	901	16,137	65.00%	11,390	0.09%	9,200,666	57.16%	382	3.35%	6		10,489
0.15 to <0.25	616	7,132	63.10%	5,117	0.20%	4,189,024	60.67%	362	7.07%	7		4,501
0.25 to <0.50	1,406	9,068	60.99%	6,936	0.36%	5,625,328	64.82%	840	12.11%	17		5,531
0.50 to <0.75	1,115	3,808	65.82%	3,621	0.62%	3,397,823	72.76%	754	20.81%	17		2,507
0.75 to <2.50	3,878	5,140	66.15%	7,279	1.37%	4,972,328	75.58%	2,861	39.31%	79		3,400
2.50 to <10.00	2,581	1,286	81.15%	3,626	4.55%	1,643,645	78.12%	3,379	93.20%	153		1,044
10.00 to <100.00	736	114	100.82%	870	31.18%	603,761	78.12%	1,850	212.60%	224		115
100.00 (Default)	320	—	—	320	100.00%	951,575	67.12%	1,014	316.45%	134		—
Sub-total	11,554	42,685	64.62%	39,159	2.43%	30,584,150	66.33%	11,442	29.22%	636	522	27,585

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

June 2020												
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors f	Average LGD %	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m	Undrawn commitments (post CCF) £m
	a	b	c	d	e		g	i	j	k	l	m
0.00 to <0.15	—	—	—	—	—	—	—	—	—	—		—
0.15 to <0.25	—	—	—	—	—	—	—	—	—	—		—
0.25 to <0.50	—	—	—	—	—	—	—	—	—	—		—
0.50 to <0.75	2,580	423	99.98%	794	0.54%	60,840	72.29%	349	43.97%	3		423
0.75 to <2.50	2,625	441	99.97%	934	1.15%	65,053	70.55%	564	60.35%	8		440
2.50 to <10.00	1,519	217	99.98%	492	4.37%	39,567	75.19%	429	87.20%	16		217
10.00 to <100.00	854	80	99.99%	206	27.83%	39,439	81.58%	261	126.88%	48		80
100.00 (Default)	214	5	100.00%	181	100.00%	10,000	7.78%	73	40.26%	14		5
Sub-total	7,792	1,166	99.98%	2,607	10.54%	214,899	68.47%	1,676	64.28%	89	81	1,165

December 2019												
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors f	Average LGD %	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m	Undrawn commitments (post CCF) £m
	a	b	c	d	e		g	i	j	k	l	m
0.00 to <0.15	—	—	—	—	—	—	—	—	—	—		—
0.15 to <0.25	—	—	—	—	—	—	—	—	—	—		—
0.25 to <0.50	—	—	—	—	—	—	—	—	—	—		—
0.50 to <0.75	301	367	99.99%	668	0.54%	57,530	77.92%	316	47.39%	3		367
0.75 to <2.50	439	348	99.99%	787	1.15%	61,956	77.70%	523	66.48%	7		348
2.50 to <10.00	293	127	99.99%	420	4.34%	36,809	80.78%	397	94.42%	15		127
10.00 to <100.00	147	33	100.00%	180	25.34%	38,776	86.11%	244	135.25%	40		33
100.00 (Default)	178	4	100.00%	182	100.00%	9,524	7.25%	79	43.36%	13		4
Sub-total	1,357	879	99.99%	2,237	11.54%	204,595	73.30%	1,559	69.69%	77	56	879

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

June 2020												
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors f	Average LGD %	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m	Undrawn commitments (post CCF) £m
	a	b	c	d	e	f	g	i	j	k	l	m
0.00 to <0.15	228	1	30.00%	229	0.08%	18,230	36.24%	22	9.54%	—		—
0.15 to <0.25	111	3	30.00%	116	0.22%	25,646	75.56%	41	35.21%	—		1
0.25 to <0.50	5,643	10	30.00%	5,658	0.37%	512,681	37.73%	1,538	27.18%	12		3
0.50 to <0.75	3,402	9	30.00%	3,416	0.71%	286,202	45.45%	1,542	45.14%	14		3
0.75 to <2.50	6,510	32	30.00%	6,560	1.51%	695,581	65.51%	5,576	85.00%	73		10
2.50 to <10.00	3,395	17	30.00%	3,420	4.47%	381,654	64.89%	3,609	105.52%	109		5
10.00 to <100.00	692	4	30.00%	699	31.87%	86,094	55.72%	922	132.04%	136		1
100.00 (Default)	424	—	—	424	100.00%	130,349	46.44%	969	228.66%	133		—
Sub-total	20,405	76	30.00%	20,521	4.60%	2,136,437	53.41%	14,218	69.29%	477	879	23

December 2019												
PD Scale	Original on-balance sheet gross exposure £m	Off balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of Obligors f	Average LGD %	RWA £m	RWA density %	EL £m	Value adjustments and provisions £m	Undrawn commitments (post CCF) £m
	a	b	c	d	e	f	g	i	j	k	l	m
0.00 to <0.15	437	—	30.00%	438	0.08%	27,802	34.27%	39	8.83%	—		—
0.15 to <0.25	87	2	30.00%	92	0.21%	21,528	74.87%	31	34.11%	—		1
0.25 to <0.50	5,489	6	30.00%	5,503	0.37%	499,573	37.13%	1,465	26.63%	11		2
0.50 to <0.75	3,326	6	30.00%	3,338	0.71%	276,662	44.14%	1,462	43.79%	13		2
0.75 to <2.50	6,655	22	30.00%	6,703	1.54%	714,269	64.55%	5,594	83.46%	73		7
2.50 to <10.00	3,834	14	30.00%	3,861	4.48%	438,524	66.38%	4,115	106.56%	124		4
10.00 to <100.00	738	4	30.00%	745	31.74%	97,734	58.44%	998	133.93%	151		1
100.00 (Default)	286	—	—	286	100.00%	114,837	49.83%	713	249.65%	99		—
Sub-total	20,852	54	30.00%	20,965	4.02%	2,190,929	53.44%	14,417	68.76%	471	620	16

ANALYSIS OF CREDIT RISK EXPOSURES SUBJECT TO OTHER IRB APPROACHES

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

Table 15A: IRB – Specialised lending (CR10)

		June 2020					
		Specialised lending					
Regulatory Categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	RW	Exposure amount	RWA	Expected losses
		£m	£m	%	£m	£m	£m
1) Strong	Less than 2.5 years	2,725	674	50%	3,041	1,521	—
	Equal to or more than 2.5 years	2,613	764	70%	3,217	2,253	13
2) Good	Less than 2.5 years	1,796	482	70%	2,266	1,582	9
	Equal to or more than 2.5 years	2,790	371	90%	3,177	2,864	25
3) Satisfactory	Less than 2.5 years	159	4	115%	178	205	5
	Equal to or more than 2.5 years	324	11	115%	362	419	10
4) Weak	Less than 2.5 years	10	—	250%	11	26	1
	Equal to or more than 2.5 years	72	2	250%	86	215	7
5) Default	Less than 2.5 years	224	38	0%	312	—	156
	Equal to or more than 2.5 years	34	1	0%	41	—	21
Total	Less than 2.5 years	4,914	1,198		5,808	3,334	171
	Equal to or more than 2.5 years	5,833	1,149		6,883	5,751	76

		December 2019					
		Specialised lending					
Regulatory Categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	RW	Exposure amount	RWA	Expected losses
		£m	£m	%	£m	£m	£m
1) Strong	Less than 2.5 years	2,458	539	50%	2,639	1,320	—
	Equal to or more than 2.5 years	3,051	1,032	70%	3,846	2,691	15
2) Good	Less than 2.5 years	1,734	414	70%	2,085	1,459	8
	Equal to or more than 2.5 years	2,654	451	90%	3,059	2,751	24
3) Satisfactory	Less than 2.5 years	142	16	115%	158	180	4
	Equal to or more than 2.5 years	405	17	115%	434	495	12
4) Weak	Less than 2.5 years	5	—	250%	5	12	—
	Equal to or more than 2.5 years	60	1	250%	66	165	5
5) Default	Less than 2.5 years	165	2	0%	215	—	107
	Equal to or more than 2.5 years	52	—	0%	66	—	33
Total	Less than 2.5 years	4,503	971		5,102	2,971	120
	Equal to or more than 2.5 years	6,222	1,501		7,471	6,103	90

ANALYSIS OF EQUITY EXPOSURES

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

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

June 2020						
Equities under the simple risk-weight approach						
Categories	On-balance sheet amount £m	Off-balance sheet amount £m	RW %	Exposure amount £m	RWA £m	Capital requirements £m
Exchange-traded equity exposures	17	—	290%	17	48	4
Private equity exposures	2,488	100	190%	2,588	4,917	393
Other equity exposures	472	—	370%	472	1,746	140
Total	2,977	100		3,077	6,711	537

December 2019						
Equities under the simple risk-weight approach						
Categories	On-balance sheet amount £m	Off-balance sheet amount £m	RW %	Exposure amount £m	RWA £m	Capital requirements £m
Exchange-traded equity exposures	37	—	290%	37	107	9
Private equity exposures	2,567	55	190%	2,622	4,982	399
Other equity exposures	427	—	370%	427	1,578	126
Total	3,030	55		3,085	6,666	533

Analysis of credit risk exposures subject to the standardised approach

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

Table 16: Standardised approach – credit risk exposure and credit risk mitigation effects (CR4)

	June 2020					
	Exposures before CCF and CRM		Exposures post CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density ¹
	£m	£m	£m	£m	£m	%
	a	b	c	d	e	f
1 Central governments or central banks	79,653	—	87,806	429	—	—
2 Regional governments or local authorities	475	—	474	—	33	7%
3 Public sector entities	4,145	1	4,145	—	1	—
4 Multilateral development banks	6,990	—	6,990	—	—	—
5 International organisations	—	—	—	—	—	—
6 Institutions	90	—	134	515	41	6%
7 Corporates	7,406	4,660	7,084	1,894	7,582	84%
8 Retail	11,812	23,001	11,223	304	8,180	71%
9 Secured by mortgages on immovable property	7,248	12	7,248	4	2,539	35%
of which: residential property	7,247	12	7,247	4	2,538	35%
of which: commercial property	1	—	1	—	1	100%
10 Exposures in default	942	434	941	121	1,246	117%
11 Items associated with particularly high risk	—	—	—	—	—	—
12 Covered bonds	—	—	—	—	—	—
13 Claims on institutions and corporates with a short-term	—	—	—	—	—	—
14 Collective investment undertakings (CIUs)	652	—	652	—	130	20%
15 Equity exposures	—	—	—	—	—	—
16 Other items	3,602	—	3,602	—	3,179	88%
17 Total	123,014	28,108	130,299	3,267	22,931	17%

	December 2019					
	Exposures before CCF and CRM		Exposures post CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density ¹
	£m	£m	£m	£m	£m	%
	a	b	c	d	e	f
1 Central governments or central banks	56,823	1	57,103	406	—	—
2 Regional governments or local authorities	476	—	476	—	28	6%
3 Public sector entities	4,169	—	4,169	—	1	—
4 Multilateral development banks	6,243	—	6,243	—	—	—
5 International organisations	—	—	—	—	—	—
6 Institutions	131	—	236	824	64	6%
7 Corporates	7,688	4,866	7,523	1,891	8,309	88%
8 Retail	11,877	21,824	11,877	269	8,662	71%
9 Secured by mortgages on immovable property	7,581	9	7,581	4	2,655	35%
of which: residential property	7,580	9	7,580	4	2,654	35%
of which: commercial property	1	—	1	—	1	100%
10 Exposures in default	1,139	234	1,139	54	1,296	109%
11 Items associated with particularly high risk	—	—	—	—	—	—
12 Covered bonds	—	—	—	—	—	—
13 credit assessment	—	—	—	—	—	—
14 Collective investment undertakings (CIUs)	711	—	711	—	142	20%
15 Equity exposures	—	—	—	—	—	—
16 Other items	3,185	—	3,185	—	2,696	85%
17 Total	100,024	26,935	100,243	3,449	23,853	23%

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

Table 17: Standardised approach – exposures by asset class (CR5)

Exposures in the table below are stated on a post CRM post CCF basis

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

Exposure Classes	June 2020															Total £m	Of which: Unrated £m
	Risk Weight																
	0 % £m	2 % £m	4 % £m	10 % £m	20 % £m	35 % £m	50 % £m	70 % £m	75 % £m	100 % £m	150 % £m	250 % £m	370 % £m	1250 % £m	Others £m		
1 Central governments or central banks	88,235	—	—	—	—	—	—	—	—	—	—	—	—	—	—	88,235	87,283
2 Regional government or local authorities	312	—	—	—	163	—	—	—	—	—	—	—	—	—	—	474	32
3 Public sector entities	4,144	—	—	—	—	—	—	—	—	1	—	—	—	—	—	4,145	3,183
4 Multilateral development banks	6,990	—	—	—	—	—	—	—	—	—	—	—	—	—	—	6,990	6,990
5 International organisations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6 Institutions	—	—	559	—	88	—	2	—	—	—	—	—	—	—	—	649	607
7 Corporates	—	—	—	—	22	—	1,520	—	—	7,422	14	—	—	—	—	8,978	7,199
8 Retail	—	—	—	—	—	—	—	—	11,527	—	—	—	—	—	—	11,527	11,527
9 Secured by mortgages on immovable property	—	—	—	—	—	7,251	—	—	—	1	—	—	—	—	—	7,252	7,252
of which: residential property	—	—	—	—	—	7,251	—	—	—	—	—	—	—	—	—	7,251	7,251
of which: commercial property	—	—	—	—	—	—	—	—	—	1	—	—	—	—	—	1	1
10 Exposures in default	—	—	—	—	—	—	—	—	—	692	370	—	—	—	—	1,062	1,062
11 Items associated with particularly high risk	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
12 Covered bonds	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13 Institutions and corporations with a short term credit assessment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
14 Collective investment undertakings	—	—	—	—	652	—	—	—	—	—	—	—	—	—	—	652	—
15 Equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
16 Other items	122	—	—	—	375	—	—	—	—	3,104	—	—	—	—	—	3,602	3,602
17 Total	99,802	—	559	—	1,299	7,251	1,522	—	11,527	11,220	383	—	—	—	—	133,566	128,737

Table 17: Standardised approach – exposures by asset class (CR5) (Continued)

Exposure Classes	December 2019																Total £m	Of which: Unrated £m
	Risk Weight																	
	0 % £m	2 % £m	4 % £m	10 % £m	20 % £m	35 % £m	50 % £m	70 % £m	75 % £m	100 % £m	150 % £m	250 % £m	370 % £m	1250 % £m	Others £m			
1 Central governments or central banks	57,509	—	—	—	—	—	—	—	—	—	—	—	—	—	—	57,509	57,184	
2 Regional government or local authorities	335	—	—	—	141	—	—	—	—	—	—	—	—	—	—	476	—	
3 Public sector entities	4,169	—	—	—	—	—	—	—	—	1	—	—	—	—	—	4,169	1	
4 Multilateral development banks	6,243	—	—	—	—	—	—	—	—	—	—	—	—	—	—	6,243	6,243	
5 International organisations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
6 Institutions	—	—	929	—	129	—	2	—	—	—	—	—	—	—	—	1,061	978	
7 Corporates	—	—	—	—	20	—	1,762	—	—	7,618	15	—	—	—	—	9,414	7,340	
8 Retail	—	—	—	—	—	—	—	—	12,146	—	—	—	—	—	—	12,146	12,146	
9 Secured by mortgages on immovable property	—	—	—	—	—	7,584	—	—	—	1	—	—	—	—	—	7,585	7,585	
of which: residential property	—	—	—	—	—	7,584	—	—	—	—	—	—	—	—	—	7,584	7,584	
of which: commercial property	—	—	—	—	—	—	—	—	—	1	—	—	—	—	—	1	1	
10 Exposures in default	—	—	—	—	—	—	—	—	—	988	205	—	—	—	—	1,193	1,193	
11 Items associated with particularly high risk	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
12 Covered bonds	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
13 Institutions and corporations with a short term credit assessment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
14 Collective investment undertakings	—	—	—	—	711	—	—	—	—	—	—	—	—	—	—	711	—	
15 Equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
16 Other items	135	—	—	—	444	—	—	—	—	2,607	—	—	—	—	—	3,185	3,185	
17 Total	68,390	—	929	—	1,445	7,584	1,764	—	12,146	11,215	220	—	—	—	—	103,692	95,856	

IMPAIRMENT AND CREDIT QUALITY OF EXPOSURES

The tables that follow present an analysis of credit risk exposures and credit risk adjustments (including charges in the period) analysed by regulatory exposure class and industry. Gross carrying value comprises both on and off-balance sheet exposures. Net values represent gross carrying values less specific credit risk adjustments.

The Group does not recognise any general credit risk adjustment as defined by the EBA therefore this column has been excluded from templates CR1-A and CR1-B.

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

	June 2020				
	Gross carrying values of		Specific credit risk adjustment ¹	Credit risk adjustment charges in the period ¹	Net values
	Defaulted exposures	Non-defaulted exposures			
	£m	£m	£m	£m	£m
a	b	c	f	g	
Central governments or central banks	—	12,711	—	—	12,711
Institutions	—	11,197	5	3	11,192
Corporates	2,443	104,613	1,709	1,074	105,347
of which: Specialised lending	358	13,026	289	174	13,094
of which: SMEs	421	10,608	238	84	10,791
Retail	4,314	390,413	3,559	1,744	391,167
Secured by real estate property	3,371	307,655	1,800	667	309,226
SMEs	195	7,913	134	51	7,974
Non-SMEs	3,176	299,742	1,666	615	301,252
Qualifying revolving	299	53,962	798	546	53,463
Other retail	643	28,796	960	531	28,478
SMEs	219	8,739	81	69	8,877
Non-SMEs	424	20,057	879	463	19,601
Equity	—	3,085	8	8	3,076
Non-credit obligation assets	—	9,921	—	—	9,921
Total IRB approach	6,757	531,939	5,281	2,830	533,415
Central governments or central banks		79,653	—	17	79,653
Regional governments or local authorities		475	—	—	475
Public sector entities		4,145	—	—	4,145
Multilateral development banks		6,990	—	—	6,990
International organisations		—	—	—	—
Institutions		90	1	—	90
Corporates		12,158	93	58	12,065
of which: SMEs		4,335	18	11	4,317
Retail		35,307	494	320	34,813
of which: SMEs		3,494	28	315	3,466
Secured by mortgages on immovable property		7,291	31	10	7,260
of which: SMEs		9	—	—	9
Exposures in default ²	2,127		751	286	1,376
Items associated with particularly high risk		—	—	—	—
Covered bonds		—	—	—	—
Claims on institutions and corporates with a short-term credit assessment		—	—	—	—
Collective investments undertakings		652	—	—	652
Equity exposures		—	—	—	—
Other exposures		3,602	—	—	3,602
Total standardised approach	2,127	150,364	1,370	691	151,122
Total	8,885	682,303	6,651	3,520	684,536
of which: Loans	8,059	419,033	6,340	3,194	420,752
of which: Debt securities	3	5,618	5	2	5,616
of which: Off-balance sheet exposures	823	135,461	306	324	135,978

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

	Gross carrying values of		Specific credit risk adjustment ¹	Credit risk adjustment charges in the period ¹	Net values
	Defaulted exposures	Non-defaulted exposures			
	£m	£m	£m	£m	£m
	a	b	c	f	g
Central governments or central banks	—	9,161	—	—	9,161
Institutions	—	9,479	1	—	9,479
Corporates	1,776	104,458	686	(19)	105,549
of which: Specialised lending	277	13,035	115	(44)	13,197
of which: SMEs	331	10,919	155	5	11,096
Retail	3,779	385,587	2,421	743	386,945
Secured by real estate property	2,992	308,992	1,223	(155)	310,760
SMEs	170	8,176	83	3	8,263
Non-SMEs	2,821	300,816	1,140	(158)	302,497
Qualifying revolving	320	53,919	522	475	53,717
Other retail	467	22,676	676	422	22,467
SMEs	182	2,055	56	2	2,181
Non-SMEs	286	20,620	620	420	20,286
Equity	—	3,085	—	—	3,085
Non-credit obligation assets	—	11,167	—	—	11,167
Total IRB approach	5,556	522,938	3,107	724	525,386
Central governments or central banks		56,825	—	—	56,825
Regional governments or local authorities		476	—	—	476
Public sector entities		4,169	—	—	4,169
Multilateral development banks		6,243	—	—	6,243
International organisations		—	—	—	—
Institutions		132	—	—	132
Corporates		12,578	24	4	12,554
of which: SMEs		4,029	8	—	4,020
Retail		33,955	255	197	33,700
of which: SMEs		2,877	20	—	2,857
Secured by mortgages on immovable property		7,619	29	(3)	7,590
of which: SMEs		8	—	—	8
Exposures in default ¹	1,925	—	552	373	1,373
Items associated with particularly high risk		—	—	—	—
Covered bonds		—	—	—	—
credit assessment		—	—	—	—
Collective investments undertakings		711	—	—	711
Equity exposures		—	—	—	—
Other exposures		3,185	—	—	3,185
Total standardised approach	1,925	125,893	860	570	126,958
Total	7,481	648,831	3,967	1,294	652,344
of which: Loans	7,053	417,762	3,795	1,309	421,020
of which: Debt securities	3	5,489	—	—	5,493
of which: Off-balance-sheet exposures	425	131,514	172	(15)	131,766

¹ The total of specific credit risk adjustments and credit risk adjustment charges in the period are lower than financial reporting amounts predominantly due to the differing regulatory treatment of a number of exposures and the exclusion of the £200m central overlay to the expected credit loss allowances reported in the Group's June 2020 half year news release.

² The breakdown of "exposures in default" by the exposure class that corresponds to the exposure before default, comprises Corporate £1,446m (2019: £1,288m) and Retail £681m (2019: £637m).

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

	June 2020				
	Gross carrying values of		Specific credit risk adjustment ¹	Credit risk adjustment charges in the period ¹	Net values
	Defaulted exposures	Non-defaulted exposures			
	£m	£m	£m	£m	£m
a	b	c	f	g	
Agriculture, forestry and fishing	223	6,813	63	26	6,973
Energy and water supply	1	4,567	25	20	4,543
Manufacturing	546	16,835	255	176	17,126
Construction	314	5,749	221	67	5,842
Transport, distribution and hotels	1,909	20,578	927	440	21,560
Postal and communications	9	1,908	12	11	1,906
Property companies	598	24,984	323	166	25,259
Financial, business and other services	571	179,175	764	611	178,982
Personal: mortgages	3,634	307,402	1,789	618	309,248
Personal: other	744	93,350	1,705	1,135	92,388
Lease financing	10	5,136	10	9	5,135
Hire purchase	325	15,806	557	243	15,573
Total	8,885	682,303	6,651	3,520	681,016

	December 2019				
	Gross carrying values of		Specific credit risk adjustment ¹	Credit risk adjustment charges in the period ¹	Net values
	Defaulted exposures	Non-defaulted exposures			
	£m	£m	£m	£m	£m
a	b	c	f	g	
Agriculture, forestry and fishing	171	6,782	42	(4)	6,911
Energy and water supply	46	4,546	6	(3)	4,586
Manufacturing	380	15,754	86	7	16,048
Construction	318	5,873	193	5	5,998
Transport, distribution and hotels	1,593	21,167	515	325	22,245
Postal and communications	4	1,513	3	5	1,514
Property companies	445	25,279	182	(48)	25,543
Financial, business and other services	350	144,372	210	53	144,512
Personal: mortgages	3,250	308,787	1,243	(167)	310,795
Personal: other	746	92,745	1,106	947	92,384
Lease financing	11	5,568	3	—	5,576
Hire purchase	167	16,445	380	174	16,232
Total	7,481	648,831	3,967	1,294	652,344

¹ The total of specific credit risk adjustments and credit risk adjustment charges in the period are lower than financial reporting amounts predominantly due to the differing regulatory treatment of a number of exposures and the exclusion of the £200m central overlay to the expected credit loss allowances reported in the Group's June 2020 half year news release.

ANALYSIS OF CREDIT RISK MITIGATION

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

Table 20: CRM techniques - Overview (CR3)

	June 2020				
	Exposures unsecured – carrying amount £m	Exposures to be secured ¹ £m	Exposures secured by collateral ² £m	Exposures secured by financial guarantees £m	Exposures secured by credit derivatives £m
Exposures subject to the IRB approach					
Central governments or central banks	11,996	714	—	714	—
Institutions ³	7,385	3,808	3,783	—	25
Corporates	68,362	36,985	35,788	681	516
of which: Specialised lending	10	13,085	13,085	—	—
of which: SMEs	4,110	6,681	6,369	312	—
Retail	64,130	327,038	320,637	6,401	—
Secured by real estate property	53	309,173	309,153	21	—
SMEs	53	7,921	7,901	21	—
Non-SMEs	—	301,252	301,252	—	—
Qualifying revolving	53,463	—	—	—	—
Other retail	10,614	17,865	11,484	6,380	—
SMEs	2,379	6,498	118	6,380	—
Non-SMEs	8,235	11,366	11,366	—	—
Equity	3,085	—	—	—	—
Non-credit obligation assets	9,921	—	—	—	—
Total – IRB approach	164,878	368,545	360,207	7,797	541
Exposures subject to the standardised approach					
Central governments and central banks	79,653	—	—	—	—
Regional governments or local authorities	474	1	—	1	—
Public sector entities	4,145	—	—	—	—
Multilateral development banks	6,990	—	—	—	—
International organisations	—	—	—	—	—
Institutions	90	—	—	—	—
Corporates	11,209	857	396	438	22
Retail	33,946	868	279	589	—
Secured by mortgages on immovable property	4	7,256	7,256	—	—
Exposures in default	984	392	392	—	—
Items associated with particularly high risk	—	—	—	—	—
Covered bonds	—	—	—	—	—
Claims on institutions and corporates with a short term credit assessment	—	—	—	—	—
Collective investment undertakings (CIUs)	652	—	—	—	—
Equity exposures	—	—	—	—	—
Other exposures	3,602	—	—	—	—
Total – standardised approach	141,748	9,374	8,323	1,028	22
Total exposures	306,626	377,919	368,530	8,825	563
of which: defaulted (IRB and STA)	2,531	3,860	3,860	—	—

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

	December 2019				
	Exposures unsecured – carrying amount	Exposures to be secured ¹	Exposures secured by collateral ²	Exposures secured by financial guarantees	Exposures secured by credit derivatives
	£m	£m	£m	£m	£m
Exposures subject to the IRB approach					
Central governments or central banks	8,482	679	—	679	—
Institutions	6,376	3,103	3,063	—	40
Corporates	67,281	38,268	37,178	247	842
of which: Specialised Lending	—	13,197	13,197	—	—
of which: SME	4,399	6,697	6,697	—	—
Retail	64,370	322,574	322,574	—	—
Secured by real estate property	—	310,760	310,760	—	—
SME	—	8,263	8,263	—	—
Non-SME	—	302,497	302,497	—	—
Qualifying Revolving	53,717	—	—	—	—
Other Retail	10,653	11,814	11,814	—	—
SME	2,154	27	27	—	—
Non-SME	8,499	11,787	11,787	—	—
Equity	3,085	—	—	—	—
Non-credit obligation assets	11,167	—	—	—	—
Total – IRB approach	160,762	364,624	362,816	926	882
Exposures subject to the standardised approach					
Central governments and central banks	56,825	—	—	—	—
Regional governments or local authorities	476	—	—	—	—
Public sector entities	4,169	—	—	—	—
Multilateral development banks	6,243	—	—	—	—
International organisations	—	—	—	—	—
Institutions	131	—	—	—	—
Corporates	11,718	836	406	363	67
Retail	33,425	276	276	—	—
Secured by mortgages on immovable property	—	7,590	7,590	—	—
Exposures in default	1,008	365	365	—	—
Items associated with particularly high risk	—	—	—	—	—
Covered bonds	—	—	—	—	—
Claims on institutions and corporates with a short term credit assessment	—	—	—	—	—
Collective investment undertakings (CIUs)	711	—	—	—	—
Equity exposures	—	—	—	—	—
Other exposures	3,185	—	—	—	—
Total – standardised approach	117,891	9,067	8,637	363	67
Total exposures	278,653	373,691	371,453	1,289	949
of which: defaulted (IRB & STA)	2,362	3,386	3,386	—	—

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

² At 30 June 2020 the value of exposures secured by eligible financial collateral is £4.6bn (Dec 2019: £4.6bn) and the value of exposures secured by other eligible collateral is £363.9bn (Dec 2019: £366.8bn).

³ Exposures to Institutions secured by collateral includes £3,013m (Dec 2019: £2,253m) of exposures in the form of covered bonds.

ANALYSIS OF PERFORMING, NON-PERFORMING AND FORBORNE EXPOSURES

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

Table 21: Credit quality of forborne exposures (CQ1)

June 2020										
	a	b	c	d	e		f	g		h
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures			
	Performing Forborne	Non-performing	Of Which:		On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures		
			Defaulted	Impaired						
1 Loans and advances	2,312	8,130	6,023	6,139	(128)	(1,992)	5,861	3,967		
2 Central banks	—	—	—	—	—	—	—	—		
3 General governments	—	—	—	—	—	—	—	—		
4 Credit institutions	—	—	—	—	—	—	—	—		
5 Other financial corporations	27	291	291	284	(11)	(61)	5	3		
6 Non-financial corporations	368	3,513	3,922	3,095	(41)	(1,462)	612	438		
7 Households	1,917	4,326	1,809	2,760	(77)	(469)	5,244	3,526		
8 Debt Securities	—	3	3	3	—	(3)	—	—		
9 Loans Commitments Given	187	348	216	294	(2)	(2)	—	—		
10 Total	2,499	8,481	6,242	6,436	(130)	(1,997)	5,861	3,967		

December 2019										
	a	b	c	d	e		f	g		h
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures			
	Performing Forborne	Non-performing	Of Which:		On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures		
			Defaulted	Impaired						
1 Loans and advances	2,285	8,460	5,231	6,285	(61)	(1,333)	6,579	4,723		
2 Central banks	—	—	—	—	—	—	—	—		
3 General governments	2	—	—	—	—	—	—	—		
4 Credit institutions	—	—	—	—	—	—	—	—		
5 Other financial corporations	7	332	288	288	(3)	(104)	8	6		
6 Non-financial corporations	374	3,607	3,226	3,226	(9)	(879)	1,004	874		
7 Households	1,902	4,520	1,718	2,772	(49)	(350)	5,567	3,844		
8 Debt Securities	—	3	3	3	—	(3)	—	—		
9 Loans Commitments Given	309	328	235	245	(1)	(1)	15	15		
10 Total	2,594	8,791	5,469	6,533	(62)	(1,337)	6,594	4,738		

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

		June 2020											
		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing Exposures			Non-performing Exposures								
		Not past due or Past due <= 30 days	Past due > 30 days <= 90 days		Unlikely to pay that are not past-due or past-due <= 90 days	Past due > 90 days <= 180 days	Past due > 180 days <= 1 year	Past due > 1 year <= 2 years	Past due > 2 years <= 5 years	Past due > 5 years <= 7 years	Past due > 7 years	Of which: defaulted	
1	Loans and advances	507,917	505,635	2,282	12,508	6,592	1,846	1,365	1,157	1,246	184	118	8,854
2	Central banks	1,337	1,337	—	—	—	—	—	—	—	—	—	—
3	General governments	2,977	2,967	10	—	—	—	—	—	—	—	—	—
4	Credit institutions	10,874	10,871	3	—	—	—	—	—	—	—	—	—
5	Other financial corporations	81,539	81,535	4	310	23	—	—	2	283	—	—	291
6	Non-financial corporations	82,506	82,238	268	4,015	3,606	245	45	35	76	3	4	3,981
7	Of which: SMEs	37,458	37,413	45	870	679	169	16	1	5	—	—	865
8	Households	328,684	326,686	1,997	8,183	2,962	1,600	1,320	1,120	886	181	114	4,582
9	Debt securities	35,968	35,968	—	922	919	—	—	3	—	—	—	3
10	Central banks	—	—	—	—	—	—	—	—	—	—	—	—
11	General governments	14,356	14,356	—	—	—	—	—	—	—	—	—	—
12	Credit institutions	9,358	9,358	—	—	—	—	—	—	—	—	—	—
13	Other financial corporations	10,152	10,152	—	—	—	—	—	—	—	—	—	—
14	Non-financial corporations	2,101	2,101	—	922	919	—	—	3	—	—	—	3
15	Off-balance-sheet exposures	136,573			601								394
16	Central banks	—			—								—
17	General governments	131			—								—
18	Credit institutions	285			—								—
19	Other financial corporations	17,726			3								3
20	Non-financial corporations	38,010			393								391
21	Households	80,420			205								—
22	Total	680,458	541,602	2,282	14,031	7,511	1,846	1,365	1,161	1,246	184	118	9,252

December 2019												
	a	b	c	d	e	f	g	h	i	j	k	l
Gross carrying amount/nominal amount												
	Performing Exposures			Non-performing Exposures								
		Not past due or Past due <= 30 days	Past due > 30 days <= 90 days		Unlikely to pay that are not past-due or past-due <= 90 days	Past due > 90 days <= 180 days	Past due > 180 days <= 1 year	Past due > 1 year <= 2 years	Past due > 2 years <= 5 years	Past due > 5 years <= 7 years	Past due > 7 years	Of which: defaulted
1 Loans and advances	549,901	547,533	2,367	11,789	6,427	2,084	1,187	1,068	813	151	59	7,561
2 Central banks	53,873	53,873	—	—	—	—	—	—	—	—	—	—
3 General governments	786	778	9	—	—	—	—	—	—	—	—	—
4 Credit institutions	9,786	9,782	4	—	—	—	—	—	—	—	—	—
5 Other financial corporations	75,906	75,899	7	333	326	—	—	2	4	—	—	288
6 Non-financial corporations	75,791	75,486	305	3,665	2,947	551	76	37	51	2	2	3,226
7 Of which: SMEs	33,787	33,762	26	789	550	207	8	19	3	2	—	786
8 Households	333,758	331,716	2,042	7,791	3,154	1,533	1,111	1,029	759	149	57	4,047
9 Debt securities	34,837	34,837	—	540	537	—	—	—	3	—	—	3
10 Central banks	51	51	—	—	—	—	—	—	—	—	—	—
11 General governments	13,446	13,446	—	—	—	—	—	—	—	—	—	—
12 Credit institutions	8,811	8,811	—	—	—	—	—	—	—	—	—	—
13 Other financial corporations	10,246	10,246	—	—	—	—	—	—	—	—	—	—
14 Non-financial corporations	2,283	2,283	—	540	537	—	—	—	3	—	—	3
15 Off-balance-sheet exposures	131,731	—	—	468	—	—	—	—	—	—	—	230
16 Central banks	—	—	—	—	—	—	—	—	—	—	—	—
17 General governments	95	—	—	3	—	—	—	—	—	—	—	1
18 Credit institutions	297	—	—	—	—	—	—	—	—	—	—	—
19 Other financial corporations	16,515	—	—	3	—	—	—	—	—	—	—	3
20 Non-financial corporations	38,867	—	—	271	—	—	—	—	—	—	—	226
21 Households	75,956	—	—	190	—	—	—	—	—	—	—	—
22 Total	716,468	582,370	2,367	12,797	6,964	2,084	1,187	1,068	816	151	59	7,794

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

		June 2020														
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received		
£m		Performing exposures		Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures	
		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				
1	Loans and advances	507,917	442,353	64,258	12,508	3,322	9,121	(3,355)	(1,354)	(2,001)	(2,717)	(292)	(2,362)	(301)	342,005	6,909
2	Central banks	1,337	1,337	—	—	—	—	—	—	—	—	—	—	—	—	—
3	General governments	2,977	2,951	—	—	—	—	—	—	—	—	—	—	—	362	—
4	Credit institutions	10,874	10,831	44	—	—	—	(23)	(22)	(1)	—	—	—	—	44	—
5	Other financial corporations	81,539	79,347	1,387	310	—	310	(143)	(51)	(92)	(62)	—	(62)	—	708	3
6	Non-financial corporations	82,506	67,144	15,232	4,015	472	3,543	(1,121)	(360)	(762)	(1,489)	—	(1,489)	(301)	48,183	442
7	Of which: SMEs	37,458	31,544	5,914	870	240	631	(446)	(135)	(310)	(131)	—	(131)	—	25,717	281
8	Households	328,684	280,744	47,596	8,183	2,850	5,268	(2,068)	(922)	(1,146)	(1,166)	(292)	(811)	—	292,707	6,465
9	Debt securities	35,968	34,114	—	922	—	3	(10)	(10)	—	(511)	—	(3)	—	—	—
10	Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11	General governments	14,356	14,336	—	—	—	—	(3)	(3)	—	—	—	—	—	—	—
12	Credit institutions	9,358	9,358	—	—	—	—	(1)	(1)	—	—	—	—	—	—	—
13	Other financial corporations	10,152	9,515	—	—	—	—	(5)	(5)	—	—	—	—	—	—	—
14	Non-financial corporations	2,101	905	—	922	—	3	—	—	—	(511)	—	(3)	—	—	—
15	Off-balance-sheet exposures	136,573	129,654	6,920	601	390	211	(324)	(251)	(73)	(176)	(142)	(35)	—	8,260	—
16	Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17	General governments	131	131	—	—	—	—	—	—	—	—	—	—	—	126	—
18	Credit institutions	285	285	—	—	—	—	—	—	—	—	—	—	—	35	—
19	Other financial corporations	17,726	16,902	824	3	3	—	(15)	(13)	(3)	(5)	(5)	—	—	1,312	—
20	Non-financial corporations	38,010	35,258	2,752	393	270	123	(91)	(86)	(5)	(121)	(86)	(35)	—	6,694	—
21	Households	80,420	77,077	3,344	205	117	88	(218)	(153)	(65)	(51)	(51)	—	—	94	—
22	Total	680,458	606,121	71,178	14,031	3,712	9,335	(3,689)	(1,615)	(2,074)	(3,404)	(434)	(2,400)	(301)	350,265	6,909

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

December 2019															
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
		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			
1 Loans and advances	495,591	460,855	34,736	11,788	3,423	8,364	(1,521)	(677)	(844)	(1,739)	(206)	(1,533)	(277)	326,895	7,527
2 Central banks	1,779	1,779	—	—	—	—	—	—	—	—	—	—	—	—	—
3 General governments	768	768	—	—	—	—	—	—	—	—	—	—	—	50	—
4 Credit institutions	8,720	8,720	—	—	—	—	(2)	(2)	—	—	—	—	—	—	—
5 Other financial corporations	75,277	74,877	400	333	44	288	(3)	(3)	—	(104)	(22)	(82)	—	700	8
6 Non-financial corporations	75,634	70,154	5,480	3,665	440	3,226	(342)	(116)	(226)	(902)	(10)	(892)	(277)	42,119	1,007
7 Of which: SMEs	33,787	31,332	2,456	789	68	721	(229)	(43)	(186)	(102)	(2)	(100)	—	18,302	575
8 Households	333,413	304,557	28,856	7,790	2,939	4,851	(1,175)	(557)	(618)	(734)	(174)	(559)	—	283,848	6,513
9 Debt securities	32,112	32,112	—	3	—	3	(1)	(1)	—	(3)	—	(3)	—	5,948	—
10 Central banks	51	51	—	—	—	—	—	—	—	—	—	—	—	—	—
11 General governments	13,427	13,427	—	—	—	—	—	—	—	—	—	—	—	—	—
12 Credit institutions	8,811	8,811	—	—	—	—	—	—	—	—	—	—	—	512	—
13 Other financial corporations	8,987	8,987	—	—	—	—	—	—	—	—	—	—	—	5,436	—
14 Non-financial corporations	836	836	—	3	—	3	—	—	—	(3)	—	(3)	—	—	—
15 Off-balance-sheet exposures	131,619	128,188	3,430	468	364	104	(169)	(95)	(74)	(8)	(3)	(5)	—	20,556	15
16 Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17 General governments	95	95	—	3	3	—	—	—	—	—	—	—	—	456	—
18 Credit institutions	297	297	—	—	—	—	—	—	—	—	—	—	—	5	—
19 Other financial corporations	16,407	16,355	52	3	3	—	(2)	(2)	—	—	—	—	—	1,269	—
20 Non-financial corporations	38,863	37,807	1,057	271	266	5	(56)	(29)	(27)	(5)	—	(5)	—	6,451	15
21 Households	75,956	73,634	2,322	190	91	99	(111)	(64)	(47)	(3)	(3)	—	—	12,375	—
22 Total	659,321	621,155	38,166	12,258	3,787	8,471	(1,691)	(772)	(918)	(1,750)	(209)	(1,542)	(277)	353,399	7,542

Table 24: COVID 1: Information on loans and advances subject to legislative and non-legislative moratoria^{1,2,3}

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk						Gross carrying amount		
		Performing			Non performing			Performing			Non performing			Inflows to non-performing exposures		
			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days		
£m																
1	Loans and advances subject to moratorium	69,879	68,497	663	13,431	1,383	955	315	771	601	38	364	170	79	48	608
2	of which: Households	60,245	59,018	606	13,375	1,227	799	161	685	521	35	359	164	74	43	453
3	of which: Collateralised by residential immovable property	55,679	54,638	572	12,252	1,041	749	70	333	252	31	196	82	56	4	295
4	of which: Non-financial corporations	9,459	9,305	57	56	155	154	152	84	78	2	5	6	6	5	154
5	of which: Small and Medium-sized Enterprises	5,370	5,219	57	56	151	151	150	84	78	2	5	6	6	5	151
6	of which: Collateralised by commercial immovable property	3,509	3,404	35	9	105	105	105	59	55	1	1	4	4	4	105

1. Reported numbers exclude a small number of St. James Place, Intelligent Finance and Tesco mortgage portfolio repayment holidays; and a small number of Lex Autolease motor finance payment holiday.
2. For some retail customers payment holidays have been granted in respect of lending which was classified as non-performing at the time the payment holiday was granted.
3. Reported values for Mid and Large Corporates are based on customer's total hard limits including related to wider facilities. Based on this the actual in force capital repayment holiday for these clients is a lower number than stated above.

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

Table 25: COVID 2: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria^{1, 2}

	a	b	c	d	e	f	g	h	i
	Number of obligors	Gross carrying amount							
		Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria					
				<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year	
£m									
1 Loans and advances for which moratorium was offered	999,715	69,879							
2 Loans and advances subject to moratorium (granted)	999,715	69,879	69,879	3,272	56,022	10,365	135	22	64
3 of which: Households		60,245	60,245	3,126	52,346	4,774	—	—	—
4 of which: Collateralised by residential immovable property		55,679	55,679	2,371	48,628	4,680	—	—	—
5 of which: Non-financial corporations		9,459	9,459	146	3,658	5,435	135	22	64
6 of which: Small and Medium-sized Enterprises		5,370	5,370	39	486	4,752	89	3	2
7 of which: Collateralised by commercial immovable property		3,509	3,509	—	181	3,267	56	3	2

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

² Exposures Reported values for Mid and Large Corporates are based on customer's total hard limits including related to wider facilities. Based on this the actual in force capital repayment holiday for these clients is a lower number than stated above.

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

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

	a	b	c	d
	Gross carrying amount	of which: forborne	Maximum amount of the guarantee that can be considered Public guarantees received	Gross carrying amount Inflows to non-performing exposures
£m				
1 Newly originated loans and advances subject to public guarantee schemes	7,692	66	7,394	29
2 of which: Households	—			—
3 of which: Collateralised by residential immovable property	—			—
4 of which: Non-financial corporations	7,655	66	7,364	29
5 of which: Small and Medium-sized Enterprises	7,549			29
6 of which: Collateralised by commercial immovable property	49			18

As at 30 June LBG had issued over £6.2billion of Bounce Back Loans with an average value of £30,000 and maturity of c.6 years. In addition CBILs of £1.4billion had been issued, with average value of £220,000 and average maturity of c. 6 years. £0.1billion of CLBILs had also been issued. Lending is across a wide range of sectors.

PILLAR 1 CAPITAL REQUIREMENTS: COUNTERPARTY CREDIT RISK

– Counterparty credit risk (including CVA) represents 3.2 per cent (2019: 2.9 per cent) of the Group's total risk-weighted assets.

Table 27: Analysis of CCR exposure by approach (CCR1)¹

	June 2020						
	Notional	Replacement cost/current market value ²	Potential future credit exposure ²	Effective expected positive exposure (EEPE)	Multiplier	EAD Post CRM ³	RWAs
	£m	£m	£m	£m	x	£m	£m
	a	b	c	d	e	f	g
1 Mark to Market		6,358	4,166			9,922	5,117
2 Original exposure	—					—	—
3 Standardised approach		—		—	—	—	—
4 IMM (for derivatives and SFTs)				—	—	—	—
5 of which: securities financing transactions				—	—	—	—
6 of which: derivatives and long settlement transactions				—	—	—	—
7 of which: from contractual cross-product netting				—	—	—	—
8 Financial collateral simple method (for SFTs)						—	—
9 Financial collateral comprehensive method (for SFTs)						14,195	303
10 VaR for SFTs						—	—
11 Total	—	6,358	4,166	—	—	24,117	5,420

	December 2019						
	Notional	Replacement cost/current market value ²	Potential future credit exposure ²	Effective expected positive exposure (EEPE)	Multiplier	EAD Post CRM ³	RWAs
	£m	£m	£m	£m	x	£m	£m
	a	b	c	d	e	f	g
1 Mark to Market	0	5,243	4,162	—	—	8,936	4,539
2 Original exposure	—	—	—	—	—	—	—
3 Standardised approach	—	—	—	—	—	—	—
4 IMM (for derivatives and SFTs)	—	—	—	—	—	—	—
5 of which: securities financing transactions	—	—	—	—	—	—	—
6 of which: derivatives and long settlement transactions	—	—	—	—	—	—	—
7 of which: from contractual cross-product netting	—	—	—	—	—	—	—
8 Financial collateral simple method (for SFTs)	—	—	—	—	—	—	—
9 Financial collateral comprehensive method (for SFTs)	—	—	—	—	—	11,877	286
10 VaR for SFTs	—	—	—	—	—	—	—
11 Total	—	5,243	4,162	—	—	20,813	4,825

¹ CCP exposures and charges are excluded from this table. For CCP balances please refer to Table 28.

² Replacement cost and PFE have been reported on a net basis where a netting agreement is in place (collateral is deducted from the replacement cost).

³ Exposure values of £2.7bn (2019: £2.8bn) subject to CVA are embedded in this section, the CVA risk-weighted assets are excluded from this table. For CVA risk weighted assets please refer to Table 29.

Table 28: Exposures to CCPs (CCR8)

	June 2020		December 2019	
	EAD post CRM	RWA	EAD post CRM	RWA
	£m	£m	£m	£m
	a	b	a	b
1 Exposures to QCCPs (total)	12,350	490	12,480	468
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	11,821	250	12,001	254
3 (i) OTC derivatives	10,959	220	10,997	220
4 (ii) Exchange-traded derivatives	839	30	931	33
5 (iii) SFTs	23	—	72	1
6 (iv) Netting sets where cross-product netting has been approved	—	—	—	—
7 Segregated initial margin	—	—	—	—
8 Non-segregated initial margin	259	5	212	4
9 Prefunded default fund contributions	270	235	267	210
10 Alternative calculation of own funds requirements for exposures	—	—	—	—
11 Exposures to non-QCCPs (total)	—	—	—	—
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	—	—	—	—
13 (i) OTC derivatives	—	—	—	—
14 (ii) Exchange-traded derivatives	—	—	—	—
15 (iii) SFTs	—	—	—	—
16 (iv) Netting sets where cross-product netting has been approved	—	—	—	—
17 Segregated initial margin	—	—	—	—
18 Non-segregated initial margin	—	—	—	—
19 Prefunded default fund contributions	—	—	—	—
20 Unfunded default fund contributions	—	—	—	—

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

	June 2020		December 2019	
	EAD post CRM	RWA	EAD post CRM	RWA
	£m	£m	£m	£m
	a	b-a	a	b
1 Total portfolios subject to the Advanced CVA capital charge	—	—	—	—
2 (i) VaR component (including the 3×multiplier)	—	—	—	—
3 (ii) Stressed VaR component (including the 3×multiplier)	—	—	—	—
4 All portfolios subject to the Standardised Method	2,744	629	2,809	584
EU ⁴ Based on Original Exposure Method	—	—	—	—
5 Total subject to the CVA capital charge	2,744	629	2,809	584

¹ The CVA exposures disclosed in this table are embedded in the exposures reported in Table 30: Analysis of CCR exposure by approach (CCR1).

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

	June 2020		December 2019	
	EAD post CRM £m	RWA £m	EAD post CRM £m	RWA £m
Foundation IRB approach				
Corporate – main	5,855	2,568	4,728	2,112
Corporate – SME	2	2	2	2
Central governments or central banks	1,489	84	1,197	55
Institutions	2,834	926	2,954	988
Other IRB approach			—	—
Corporate – specialised lending ¹	2,090	1,458	1,969	1,402
Securitisation positions ²	208	167	213	79
Total IRB approach	12,478	5,205	11,063	4,638
Exposures subject to the standardised approach				
Central governments or central banks	11,142	—	9,343	—
Multilateral development banks	18	—	47	—
International organisations	70	—	75	—
Institutions	12,093	258	12,235	267
Corporates	288	196	262	178
Securitisation positions	109	16	—	—
Total standardised approach	23,720	470	21,962	445
Contributions to the default fund of a Central Counterparty	270	235	267	210
Credit valuation adjustment ³		629		584
Total	36,468	6,539	33,292	5,877

¹ Exposures subject to the IRB Supervisory Slotting Approach.

² No positions relating to counterparty credit risk securitisation positions were deducted from capital in either 2020 or 2019.

³ CVA exposure value of £2.7bn (2019: £2.8bn) is embedded in the asset class analysis above.

Table 31: IRB – CCR exposure by portfolio and PD scale – Corporate Main (CCR4)

PD Scale	June 2020						
	EAD post CRM	Average PD	Number of obligors	Average LGD	Average Maturity (years)	RWA	RWA density
	£m	%		%		£m	%
	a	b	c	d	e	f	g
0.00 to <0.15	3,506	0.1%	845	44.0%	3.38	1,137	32.4%
0.15 to <0.25	753	0.2%	272	45.0%	2.67	346	45.9%
0.25 to <0.50	942	0.3%	829	45.4%	1.69	494	52.4%
0.50 to <0.75	270	0.6%	154	45.0%	2.05	206	76.2%
0.75 to <2.50	136	1.3%	210	45.0%	2.71	149	109.4%
2.50 to <10.00	141	3.9%	120	45.0%	2.42	203	144.7%
10.00 to <100.00	13	30.1%	11	45.0%	1.02	33	248.3%
100.00 (Default)	94	100.0%	17	45.0%	1.01	—	—
Sub-total	5,855	1.9%	2,458	44.4%	2.87	2,568	43.9%

PD Scale	December 2019						
	EAD post CRM	Average PD	Number of obligors	Average LGD	Average Maturity (years)	RWA	RWA density
	£m	%		%		£m	%
	a	b	c	d	e	f	g
0.00 to <0.15	2,997	0.1%	837	44.1%	3.4	996	33.2%
0.15 to <0.25	505	0.2%	284	45.0%	2.9	245	48.4%
0.25 to <0.50	740	0.3%	835	45.1%	1.5	370	50.0%
0.50 to <0.75	115	0.6%	156	45.0%	1.6	82	70.9%
0.75 to <2.50	160	1.3%	218	45.0%	2.7	173	107.9%
2.50 to <10.00	171	4.8%	135	45.0%	1.4	243	142.1%
10.00 to <100.00	2	16.7%	11	45.0%	1.6	4	219.6%
100.00 (Default)	38	100.0%	16	45.0%	1.1	—	—
Sub-total	4,728	1.2%	2,492	44.5%	2.9	2,112	44.7%

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

PD Scale	June 2020						
	EAD post CRM	Average PD	Number of obligors	Average LGD	Average Maturity (years)	RWA	RWA density
	£m	%		%		£m	%
	a	b	c	d	e	f	g
0.00 to <0.15	1,487	0.05%	14	45.0 %	0.0	82	5.5 %
0.15 to <0.25	—	—	—	—	—	—	—
0.25 to <0.50	—	—	—	—	—	—	—
0.50 to <0.75	—	—	—	—	—	—	—
0.75 to <2.50	2	1.62%	1	45.0 %	1.0	1	94.2 %
2.50 to <10.00	—	—	—	—	—	—	—
10.00 to <100.00	—	—	—	—	—	—	—
100.00 (Default)	—	—	—	—	—	—	—
Sub-total	1,489	0.05%	15	45.0 %	0.0	84	5.6 %

PD Scale	December 2019						
	EAD post CRM	Average PD	Number of obligors	Average LGD	Average Maturity (years)	RWA	RWA density
	£m	%		%		£m	%
	a	b	c	d	e	f	g
0.00 to <0.15	1,197	0.04%	14	45.0%	—	55	4.6%
0.15 to <0.25	—	—	—	—	—	—	—
0.25 to <0.50	—	—	—	—	—	—	—
0.50 to <0.75	—	—	—	—	—	—	—
0.75 to <2.50	—	—	—	—	—	—	—
2.50 to <10.00	—	—	—	—	—	—	—
10.00 to <100.00	—	—	—	—	—	—	—
100.00 (Default)	—	—	—	—	—	—	—
Sub-total	1,197	0.04%	14	45.0%	0	55	4.6%

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

PD Scale	June 2020						
	EAD post CRM	Average PD	Number of obligors	Average LGD	Average Maturity (years)	RWA	RWA density
	£m	%		%		£m	%
	a	b	c	d	e	f	g
0.00 to <0.15	2,533	0.04%	225	45.0%	2.6	687	27.1%
0.15 to <0.25	258	0.18%	25	45.0%	4.2	204	79.0%
0.25 to <0.50	30	0.31%	38	45.0%	2.6	22	72.4%
0.50 to <0.75	8	0.63%	11	45.0%	1.9	6	83.9%
0.75 to <2.50	3	1.18%	10	45.0%	3.3	4	113.3%
2.50 to <10.00	1	2.62%	2	45.0%	2.4	2	160.3%
10.00 to <100.00	—	12.00%	1	45.0%	3.0	1	260.5%
100.00 (Default)	—	—	—	—	0.0	—	—
Sub-total	2,834	0.06%	312	45.0%	2.8	926	32.7%

PD Scale	December 2019						
	EAD post CRM	Average PD	Number of obligors	Average LGD	Average Maturity (years)	RWA	RWA density
	£m	%		%		£m	%
	a	b	c	d	e	f	g
0.00 to <0.15	2,657	0.10%	241	45.0%	2.9	767	28.9%
0.15 to <0.25	253	0.20%	36	45.0%	3.6	182	71.7%
0.25 to <0.50	29	0.30%	33	45.0%	3.7	23	80.8%
0.50 to <0.75	4	0.60%	2	45.0%	2.2	4	100.6%
0.75 to <2.50	10	1.10%	16	45.0%	2	9	93.4%
2.50 to <10.00	2	2.60%	3	45.0%	2.2	3	156.8%
10.00 to <100.00	—	31.00%	1	45.0%	3.5	1	302.5%
100.00 (Default)	—	—	0	—	—	—	—
Sub-total	2,954	0.10%	332	45.0%	2.9	988	33.5%

Table 34: CCR corporate exposures subject to supervisory slotting

		June 2020 Specialised lending				
Regulatory categories	Remaining maturity	On-balance sheet amount £m	Off-balance sheet amount £m	RW %	EAD post CRM £m	RWA £m
1) Strong	Less than 2.5 years	211	—	50%	210	105
	Equal to or more than 2.5 years	2,130	—	70%	1,646	1,152
2) Good	Less than 2.5 years	44	—	70%	44	31
	Equal to or more than 2.5 years	156	—	90%	120	108
3) Satisfactory	Less than 2.5 years	1	—	115%	1	1
	Equal to or more than 2.5 years	49	—	115%	49	57
4) Weak	Less than 2.5 years	—	—	250%	—	—
	Equal to or more than 2.5 years	1	—	250%	1	4
5) Default	Less than 2.5 years	2	—	0%	2	—
	Equal to or more than 2.5 years	16	—	0%	16	—
Total	Less than 2.5 years	257	—		257	137
	Equal to or more than 2.5 years	2,353	—		1,833	1,321

		December 2019 Specialised lending				
Regulatory categories	Remaining maturity	On-balance sheet amount £m	Off-balance sheet amount £m	RW %	EAD post CRM £m	RWA £m
1) Strong	Less than 2.5 years	128	—	50%	128	64
	Equal to or more than 2.5 years	2,015	—	70%	1,560	1,092
2) Good	Less than 2.5 years	25	—	70%	25	17
	Equal to or more than 2.5 years	226	—	90%	192	173
3) Satisfactory	Less than 2.5 years	—	—	115%	—	—
	Equal to or more than 2.5 years	48	—	115%	48	55
4) Weak	Less than 2.5 years	—	—	250%	—	—
	Equal to or more than 2.5 years	—	—	250%	—	—
5) Default	Less than 2.5 years	1	—	0%	1	—
	Equal to or more than 2.5 years	15	—	0%	15	—
Total	Less than 2.5 years	154	—		153	81
	Equal to or more than 2.5 years	2,304	—		1,815	1,320

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

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

Exposure Classes ¹	June 2020												Total £m	Of which: Unrated £m
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others			
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m			
1 Central governments or central banks	11,142	—	—	—	—	—	—	—	—	—	—	11,142	11,089	
4 Multilateral development banks	18	—	—	—	—	—	—	—	—	—	—	18	18	
5 International organisations	70	—	—	—	—	—	—	—	—	—	—	70	70	
6 Institutions	—	11,412	669	—	10	3	—	—	—	—	—	12,093	12,091	
7 Corporates	—	—	—	—	1	182	—	—	105	—	—	288	105	
11 Total – Standardised Approach	11,231	11,412	669	—	11	184	—	—	105	—	—	23,612	23,374	

Exposure Classes ¹	December 2019												Total £m	Of which: Unrated £m
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others			
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m			
1 Central governments or central banks	9,343	—	—	—	—	—	—	—	—	—	—	9,343	9,320	
4 Multilateral development banks	47	—	—	—	—	—	—	—	—	—	—	47	47	
5 International organisations	75	—	—	—	—	—	—	—	—	—	—	75	75	
6 Institutions	—	11,519	694	—	8	12	—	—	1	—	—	12,235	12,222	
7 Corporates	—	—	—	—	—	167	—	—	95	—	—	262	95	
11 Total – Standardised Approach	9,466	11,519	694	—	8	179	—	—	96	—	—	21,962	21,759	

¹ Securitisation positions risk weighted under the SA are reported in Table 30.

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

	June 2020				
	Gross positive fair value exposure amount £m	Netting benefits credit £m	Netted current credit exposure £m	Collateral held ¹ £m	Net Credit exposure ² £m
	a	b	c	d	e
¹ Derivatives	107,397	89,591	17,806	11,356	6,450
² SFTs	188,334	—	188,334	178,892	9,442
⁴ Total	295,731	89,591	206,140	190,248	15,892

	December 2019				
	Gross positive fair value exposure amount £m	Netting benefits credit £m	Netted current credit exposure £m	Collateral held ¹ £m	Net Credit exposure ² £m
	a	b	c	d	e
¹ Derivatives	76,791	63,033	13,757	8,477	5,281
² SFTs	162,561	—	162,561	155,175	7,386
⁴ Total	239,352	63,033	176,319	163,652	12,667

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

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

Table 37: Composition of collateral for exposure (CCR5-B)

	June 2020				December 2019			
	Collateral Used in Derivatives		Collateral Used in SFTs		Collateral Used in Derivatives		Collateral Used in SFTs	
	Fair Value of Collateral Received £m	Fair Value of Collateral Posted £m	Fair Value of Collateral Received £m	Fair Value of Collateral Posted £m	Fair Value of Collateral Received £m	Fair Value of Collateral Posted £m	Fair Value of Collateral Received £m	Fair Value of Collateral Posted £m
Collateral Types								
Cash - Domestic currency	3,705	1,713	56,040	87,456	3,127	1,984	50,315	80,081
Cash - Other currencies	7,491	3,796	8,920	8,068	4,816	3,720	7,945	5,583
Domestic sovereign debt	2,250	6,017	97,906	55,266	2,114	5,470	85,935	41,221
Other sovereign debt	31	52	12,377	6,858	21	76	10,368	6,809
Government agency debt	—	—	—	—	—	—	—	—
Corporate bonds	30	6	2,191	168	14	—	732	19
Equity securities	—	—	—	—	—	—	—	—
Other collateral	2	—	1,864	35,554	—	—	543	33,623
Total	13,508	11,584	179,297	193,370	10,092	11,251	155,839	167,336

Table 38: Credit derivative exposures (CCR6)

	June 2020			December 2019		
	Credit derivative hedges			Credit derivative hedges		
	Protection bought	Protection sold	Other credit derivatives	Protection bought	Protection sold	Other credit derivatives
	£m	£m	£m	£m	£m	£m
	a	b	c	a	b	c
Notionals						
Single-name credit default swaps	2,922	269	—	3,078	289	—
Index credit default swaps	913	32	—	812	119	—
Total return swaps	2,127	7,815	—	2,735	6,766	—
Credit options	—	—	—	—	—	—
Other credit derivatives	—	5,368	—	—	5,636	—
Total notionals	5,962	13,484	—	6,625	12,809	—
Fair values						
Positive fair value (asset)	157	13	—	34	150	—
Negative fair value (liability)	(81)	(591)	—	(198)	(219)	—

PILLAR 1 CAPITAL REQUIREMENTS: MARKET RISK

– Market risk represents 1.1 per cent (2019: 1 per cent) of the Group's total risk-weighted assets.

Table 39: Market risk capital requirements

	June 2020		December 2019	
	RWA £m	Capital Requirements £m	RWA £m	Capital Requirements £m
Internal models approach	1,638	131	1,511	121
VaR	297	24	227	18
SVaR	1,105	88	707	57
Incremental risk charge	127	10	138	11
Comprehensive risk measure	—	—	—	—
Risks not in VaR	109	9	439	35
Standardised approach	315	25	279	22
Interest rate risk (general and specific)	193	15	191	15
Equity risk (general and specific)	—	—	—	—
Foreign exchange risk	107	9	82	7
Commodity risk	7	1	2	—
Specific interest rate risk of securitisation position	7	1	3	—
Total	1,953	156	1,790	143

Table 40: Risk-weighted assets flow statements of market risk exposures under an IMA (MR2-B)

	VaR £m	SVaR £m	IRC £m	CRM £m	Other £m	Total RWA £m	Total Capital Requirements £m
¹ Risk-weighted assets as at 31 December 2019	227	707	138	—	439	1,511	121
² Movement in risk levels	10	176	(11)	—	(75)	101	8
³ Model updates/changes	59	222	—	—	21	303	24
⁴ Methodology and policy	—	—	—	—	(277)	(277)	(22)
⁵ Acquisitions and disposals	—	—	—	—	—	—	—
⁶ Foreign exchange movements	—	—	—	—	—	—	—
⁷ Other	—	—	—	—	—	—	—
Asset size	—	—	—	—	—	—	—
⁸ Risk-weighted assets as at 30 June 2020	297	1,105	127	—	109	1,638	131

Internal model approach risk-weighted assets increased driven by an increase in interest rate risk exposure in the trading books. LBCM and RFB's capital multipliers both increased over H1, resulting from COVID-related backtesting overshoots. However the resulting RWA increase was partially offset as per regulator guidance.

Table 41: Comparison of VaR estimates with gains/losses (MR4)

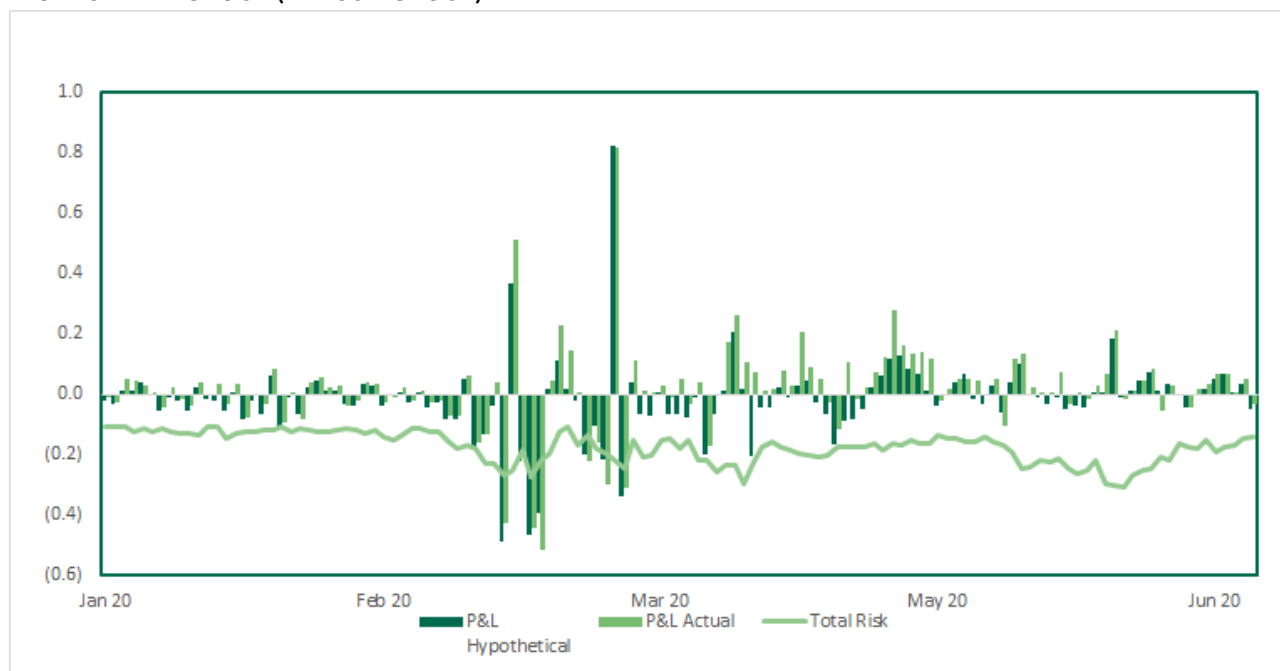
The chart below provides a comparison of VaR (1-day 99 per cent confidence level) to the hypothetical and actual profit and loss on a daily basis over the six months to June 2020 for Lloyds Bank Group.

Note that the profit and loss used in back-testing is not reflective of the total profit and loss from the trading book as it excludes items such as fees and commissions.

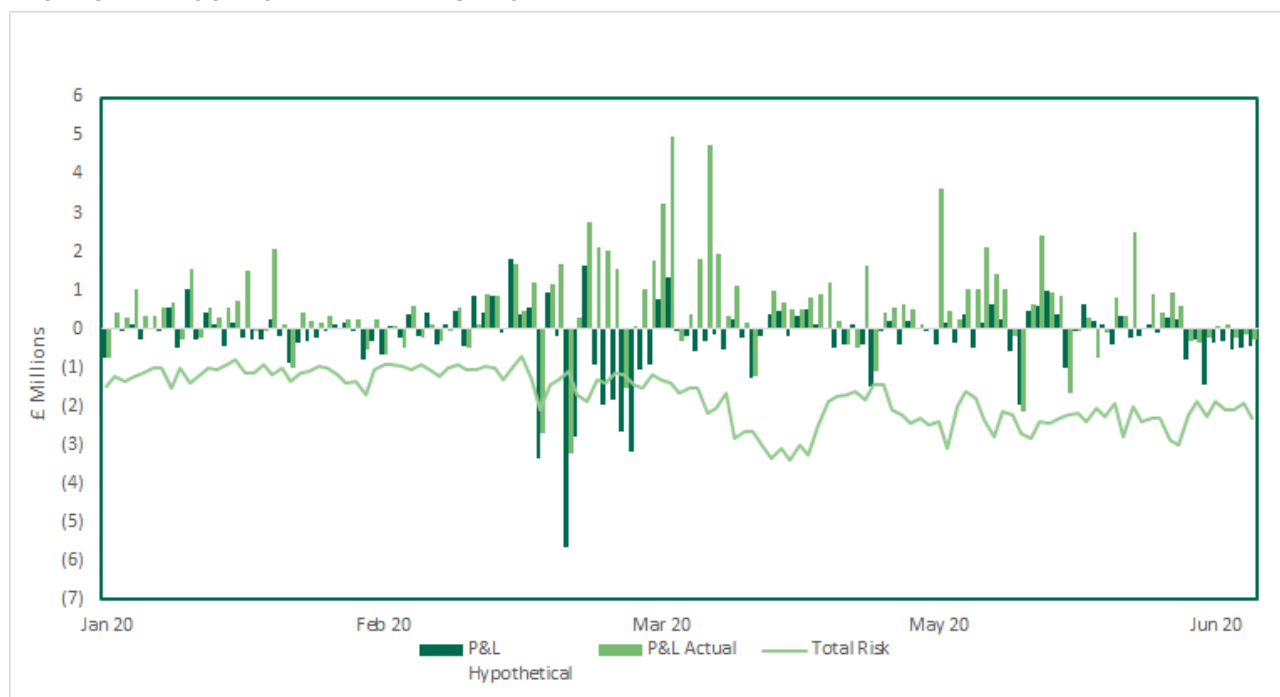
For Lloyds Bank Group there were 7 actual loss back-testing overshoots and 8 hypothetical loss overshoot in the six months to June 2020 which were driven by increased market volatility from the COVID-19 virus.

For Lloyds Bank Corporate Markets there were 3 actual loss back-testing overshoots and 8 hypothetical loss overshoot in the six months to June 2020 which were driven by increased market volatility from the COVID-19 virus.

LLOYDS BANK GROUP (RFB SUB-GROUP)



LLOYDS BANK CORPORATE MARKETS PLC



CAPITAL AND LEVERAGE

Table 42: Own funds template

	Transitional rules		Fully loaded rules	
	At 30 June 2020	At 31 Dec 2019	At 30 June 2020	At 31 Dec 2019
	£m	£m	£m	£m
Common equity tier 1 (CET1) capital: instruments and reserves				
Capital instruments and related share premium accounts	24,932	24,756	24,932	24,756
of which: called up share capital	7,076	7,005	7,076	7,005
of which: share premium	17,856	17,751	17,856	17,751
Retained earnings	10,818	9,237	10,818	9,237
Accumulated other comprehensive income and other reserves (including unrealised gains and losses)	11,094	10,310	11,094	10,310
Foreseeable dividends and share buyback	—	(1,586)	—	(1,586)
Common equity tier 1 (CET1) capital before regulatory adjustments	46,844	42,717	46,844	42,717
Common equity tier 1 (CET1) capital: regulatory adjustments				
Additional value adjustments	(495)	(509)	(495)	(509)
Intangible assets (net of related tax liability)	(4,321)	(4,179)	(4,321)	(4,179)
Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) of the CRR are met)	(3,531)	(3,200)	(3,531)	(3,200)
Fair value reserves related to gains or losses on cash flow hedges	(1,962)	(1,504)	(1,962)	(1,504)
Negative amounts resulting from the calculation of expected loss amounts	(32)	(243)	(32)	(243)
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(5)	8	(5)	8
Defined benefit pension fund assets	(1,712)	(531)	(1,712)	(531)
Direct and indirect holdings by the Group of own CET1 instruments	(5)	(4)	(5)	(4)
Direct, indirect and synthetic holdings by the Group of the CET1 instruments of financial sector entities where the Group has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	(4,329)	(4,626)	(4,329)	(4,626)
Exposure amount of the following items which qualify for a risk weight of 1,250%, where the Group has opted for the deduction alternative	(182)	(185)	(182)	(185)
of which: securitisation positions	(182)	(185)	(182)	(185)
Amount exceeding the 15% threshold	(81)	—	(81)	—
Total regulatory adjustments applied to common equity tier 1 (CET1)	(16,655)	(14,973)	(16,655)	(14,973)
Common equity tier 1 (CET1) capital	30,189	27,744	30,189	27,744

Table 42: Own funds template (Continued)

	Transitional rules		Fully loaded rules	
	At 30 June 2020 £m	At 31 Dec 2019 £m	At 30 June 2020 £m	At 31 Dec 2019 £m
Additional tier 1 (AT1) capital: instruments				
Capital instruments and related share premium accounts	5,881	5,881	5,881	5,881
of which: classified as equity under applicable accounting standards	5,881	5,881	5,881	5,881
Amount of qualifying items referred to in Article 484 (4) of the CRR and the related share premium accounts subject to phase out from AT1	262	364	—	—
Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in CET1) issued by subsidiaries and held by third parties	839	1,289	—	—
of which: instruments issued by subsidiaries subject to phase out	839	1,289	—	—
Additional tier 1 (AT1) capital before regulatory adjustments	6,982	7,534	5,881	5,881
Additional tier 1 (AT1) capital: regulatory adjustments				
Residual amounts deducted from AT1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to Article 475 of the CRR	(1,140)	(1,286)	—	—
of which: significant investments in Tier 2 instruments of other financial sector entities	(1,140)	(1,286)	—	—
Total regulatory adjustments applied to additional tier 1 (AT1) capital	(1,140)	(1,286)	—	—
Additional tier 1 (AT1) capital	5,842	6,248	5,881	5,881
Tier 1 capital	36,031	33,992	36,070	33,625
Tier 2 (T2) capital: Instruments and provisions				
Capital instruments and related share premium accounts	6,769	5,412	6,769	5,412
Amount of qualifying items referred to in Article 484 (5) of the CRR and the related share premium accounts subject to phase out from T2 ¹	794	519	—	—
Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in CET1 or AT1) issued by subsidiaries and held by third parties	3,819	4,933	742	970
of which: instruments issued by subsidiaries subject to phase out	3,077	3,914	—	—
Credit risk adjustments	—	—	—	—
Tier 2 (T2) capital before regulatory adjustments	11,382	10,864	7,511	6,382
Tier (T2) capital: regulatory adjustments				
Direct and indirect holdings by the Group of the T2 instruments and subordinated loans of financial sector entities where the Group has a significant investment in those entities (net of eligible short positions)	(941)	(960)	(2,081)	(2,246)
IFRS 9 transitional adjustments	(326)	(480)	(326)	(480)
Total regulatory adjustments applied to tier 2 (T2) capital	(1,267)	(1,440)	(2,407)	(2,726)
Tier 2 (T2) capital	10,115	9,424	5,104	3,656
Total capital	46,146	43,416	41,174	37,281
Total risk weighted assets	207,052	203,431	207,052	203,431

Table 42: Own funds template (Continued)

	Transitional rules		Fully loaded rules	
	At 30 June 2020	At 31 Dec 2019	At 30 June 2020	At 31 Dec 2019
	£m	£m	£m	£m
Capital ratios and buffers				
Common Equity Tier 1 (as a percentage of risk exposure amount)	14.6%	13.6%	14.6%	13.6%
Tier 1 (as a percentage of risk exposure amount)	17.4%	16.7%	17.4%	16.5%
Total capital (as a percentage of risk exposure amount)	22.3%	21.3%	19.9%	18.3%
Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	2.503%	3.402%	2.503%	3.402%
of which: capital conservation buffer requirement	2.500%	2.500%	2.500%	2.500%
of which: countercyclical buffer requirement	0.003%	0.902%	0.003%	0.902%
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount) ²	10.1%	9.1%	10.1%	9.1%
Amounts below the threshold for deduction (before risk weighting)				
Direct and indirect holdings of the capital of financial sector entities where the Group does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	645	630	645	630
Direct and indirect holdings by the Group of the CET1 instruments of financial sector entities where the Group has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	3,460	3,237	3,460	3,237
Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in 38 (3) are met)	1,149	870	1,149	870
Applicable caps on the inclusion of provisions in Tier 2				
Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	—	—	—	—
Cap on inclusion of credit risk adjustments in T2 under internal ratings-based approach	825	844	825	844
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)				
Current cap on AT1 instruments subject to phase out arrangements	1,102	1,653	—	—
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	3,335	2,353	—	—
Current cap on T2 instruments subject to phase out arrangements	2,867	4,300	—	—
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	1,055	—	—	—

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

² Of which 2.3% is required to meet Pillar 2A requirements.

Table 43: Summary reconciliation of accounting assets and leverage ratio exposures

	At 30 June 2020 Fully loaded £m	At 31 Dec 2019 Fully loaded £m
Total assets as per published financial statements	872,994	833,893
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(161,348)	(169,037)
Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting ¹	(2,438)	—
Adjustments for derivative financial instruments	(11,207)	(7,054)
Adjustments for securities financing transactions (SFTs)	2,190	1,164
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	53,541	53,191
Other adjustments ²	(14,845)	(8,180)
Leverage ratio total exposure measure	738,887	703,977

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

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

Table 44: Leverage ratio common disclosure

	At 30 June 2020 Fully loaded £m	At 31 Dec 2019 Fully loaded £m
On-balance sheet exposures (excluding derivatives and SFTs)		
On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral) ¹	595,943	572,690
Asset amounts deducted in determining Tier 1 capital	(8,165)	(8,180)
Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	587,778	564,510
Derivative exposures		
Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	6,854	4,797
Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	16,201	16,337
Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	1,314	1,984
Deductions of receivables assets for cash variation margin provided in derivatives transactions	(4,741)	(5,553)
Adjusted effective notional amount of written credit derivatives	603	720
Adjusted effective notional offsets and add-on deductions for written credit derivatives	(141)	(262)
Total derivative exposures	20,090	18,023
Securities financing transaction exposures		
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	94,166	84,345
Netted amounts of cash payables and cash receivables of gross SFT assets	(18,878)	(17,256)
Counterparty credit risk exposure for SFT assets	2,190	1,164
Total securities financing transaction exposures	77,478	68,253
Other off-balance sheet exposures		
Off-balance sheet exposures at gross notional amount	143,053	140,009
Adjustments for conversion to credit equivalent amounts	(89,512)	(86,818)
Other off-balance sheet exposures	53,541	53,191
Capital and total exposure measure		
Tier 1 capital	36,070	33,625
Leverage ratio total exposure measure	738,887	703,977
Leverage ratio		
Leverage ratio	4.9 %	4.8 %

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

Table 45: Split-up of on balance sheet exposures (excluding derivatives, STFs and exempted exposures)

	At 30 June 2020 Fully loaded £m	At 31 Dec 2019 Fully loaded £m
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	595,943	572,690
Trading book exposures	7,899	7,048
Banking book exposures, of which:	588,044	565,642
Covered bonds	3,013	2,253
Exposures treated as sovereigns	101,219	72,698
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	4,619	4,645
Institutions	6,293	4,926
Secured by mortgages of immovable properties	312,504	315,989
Retail exposures	41,919	44,969
Corporates	63,278	63,490
Exposures in default	7,651	6,720
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	47,548	49,952

APPENDIX I - Asset Encumbrance

Table 46: Encumbered and unencumbered assets

The values reported in the tables below represent the median of the values reported to the regulator via quarterly supervisory returns over the period 30 September 2019 to 30 June 2020

	June 2020							
	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
	of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA	
	£m	£m	£m	£m	£m	£m	£m	£m
Encumbered and unencumbered assets								
Total assets	106,584	19,446			596,409	85,003		
Equity instruments	—	—			1,987	—		
Debt securities ¹	12,989	11,187	12,989	11,187	31,487	24,288	31,487	24,288
of which: covered bonds	11	11	11	11	2,410	2,401	2,410	2,401
of which: asset-backed securities	1,833	—	1,833	—	885	9	885	9
of which: issued by general governments	10,247	10,097	10,247	10,097	11,810	11,810	11,810	11,810
of which: issued by financial corporations	2,762	875	2,762	875	17,161	11,654	17,161	11,654
of which: issued by non-financial corporations	—	—	—	—	2,533	413	2,533	413
Other assets²	93,274	7,700			561,583	60,214		

	December 2019							
	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
	of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA	
	£m	£m	£m	£m	£m	£m	£m	£m
Encumbered and unencumbered assets								
Total assets	109,649	15,567			569,946	75,476		
Equity instruments	—	—			1,732	—		
Debt securities ^{1, 3}	13,348	11,052	13,348	11,052	30,601	22,687	30,601	22,687
of which: covered bonds	11	9	11	9	2,009	2,003	2,009	2,003
of which: asset-backed securities	2,377	—	2,377	—	752	—	752	—
of which: issued by general governments	10,548	10,397	10,548	10,397	12,235	12,235	12,235	12,235
of which: issued by financial corporations	2,943	314	2,943	314	16,439	10,234	16,439	10,234
of which: issued by non-financial corporations	8	—	8	—	2,534	768	2,534	768
Other assets²	95,586	4,650			537,612	51,861		

¹ Includes debt securities accounted for as a financial assets at fair value through profit and loss, financial assets at amortised cost and financial assets at fair value through other comprehensive income.

² All remaining regulatory balance sheet assets, including loans on demand and other loans and advances. The carrying amount of other encumbered assets predominantly reflects other loans and advances.

Table 47: Collateral received

Collateral received	June 2020				December 2019			
	Fair value of encumbered collateral received or own debt securities issued		Fair value of collateral received or own debt securities issued available for encumbrance		Fair value of encumbered collateral received or own debt securities issued		Fair value of collateral received or own debt securities issued available for encumbrance	
	of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA	
	£m	£m	£m	£m	£m	£m	£m	£m
Collateral received	52,458	52,393	63,768	58,536	44,560	43,888	64,804	60,736
Loans on demand	—	—	—	—	—	—	—	—
Equity Instruments	—	—	—	—	—	—	—	—
Debt securities ¹	52,458	52,393	58,974	58,536	44,560	43,888	60,801	60,736
of which: covered bonds	5	5	536	531	1	1	242	240
of which: asset-backed securities	—	—	506	506	—	—	100	75
of which: issued by general governments	52,273	52,272	57,114	56,925	44,261	43,715	60,368	60,368
of which: issued by financial corporations	133	119	1,214	1,168	102	100	405	383
of which: issued by non-financial corporations	2	2	32	12	102	98	30	14
Loans and advances other than loans on demand	—	—	5,434	—	—	—	3,944	—
Other collateral received	—	—	—	—	—	—	—	—
Own debt securities issued other than own covered bonds or asset-backed securities	—	—	—	—	—	—	—	—
Own covered bonds and asset-backed securities issued and not yet pledged	—	—	8,927	—	—	—	9,310	—
Total assets, collateral received and own debt securities issued	155,005	70,536			154,045	59,737		

¹ Includes debt securities accounted for as financial assets at fair value through profit and loss, financial assets at amortised cost and financial assets at fair value through other comprehensive income.

Table 48: Sources of encumbrance

Sources of Encumbrance ¹	June 2020		December 2019	
	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
	£m	£m	£m	£m
	Carrying amount of selected financial liabilities	113,204	111,862	109,971

¹ Consists of derivatives, deposits and debt securities issued.

APPENDIX II - Total Loss Absorbing Capacity

The following table is based on the Basel Committee Pillar 3 template "TLAC 1" and presents the composition of the Group's MREL resources as at 30 June 2020.

Table 49: Total loss absorbing capital composition

	At 30 June 2020	At 31 Dec 2019
	Resolution Group	Resolution Group
	£m	£m
Regulatory capital elements of TLAC and adjustments		
1 Common equity tier 1 (CET1) capital	30,189	27,744
2 Additional tier 1 (AT1) capital before TLAC adjustments	5,842	6,248
3 AT1 ineligible as TLAC as issued out of subsidiaries to third parties ¹	—	—
4 Other adjustments ²	(35)	—
5 AT1 instruments eligible under the TLAC framework	5,807	6,248
6 Tier 2 (T2) capital before TLAC adjustments	10,115	9,424
7 Amortised portion of T2 instruments where remaining maturity > 1 year	115	24
8 T2 capital ineligible as TLAC as issued out of subsidiaries to third parties ¹	—	—
9 Other adjustments ²	(518)	(874)
10 Tier2 instruments eligible under the TLAC framework	9,712	8,574
11 TLAC arising from regulatory capital	45,708	42,566
Non-regulatory capital elements of TLAC		
12 External TLAC instruments issued directly by the bank and subordinated to excluded liabilities	30,567	23,554
13 External TLAC instruments issued directly by the bank which are not subordinated to excluded liabilities but meet all other TLAC Term Sheet requirements	—	—
14 Of which: amount eligible as TLAC after application of the caps	—	—
15 External TLAC instruments issued by funding vehicles prior to 1 January 2022	—	—
16 Eligible ex ante commitments to recapitalise a G-SIB in resolution	—	—
17 TLAC arising from non-regulatory capital instruments before adjustments	30,567	23,554
Non-regulatory capital elements of TLAC: adjustments		
18 TLAC before deductions	76,275	66,120
19 Deductions of exposures between MPE resolution groups that correspond to items eligible for TLAC (not applicable to single point of entry G-SIBs)	—	—
20 Deduction of investments in own other TLAC liabilities	—	—
21 Other adjustments to TLAC	—	—
22 TLAC after deductions	76,275	66,120
Risk-weighted assets (RWA) and leverage exposure measure for TLAC purposes		
23 Total RWA adjusted as permitted under the TLAC regime	207,052	203,431
24 UK leverage exposure measure	665,789	654,387
TLAC ratios and buffers		
25 TLAC (as a percentage of RWA adjusted as permitted under the TLAC regime)	36.8%	32.5%
26 TLAC (as a percentage of UK leverage exposure)	11.5%	10.1%
27 CET1 (as a percentage of RWA) available after meeting the resolution group's minimum total capital and TLAC requirements³	7.8%	6.5%
28 Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of RWA)	2.5%	3.4%
29 Of which: capital conservation buffer requirement	2.5%	2.5%
30 Of which: bank specific countercyclical buffer requirement	0.0%	0.9%
31 Of which: higher loss absorbency requirement ⁴	—	—

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

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

³ Defined as CET1 remaining after meeting the total capital requirement i.e Pillar 1 and Pillar 2A

⁴ Although the Group does not have a Systemic Risk Buffer (SRB), it is required to hold additional CET1 capital to meet its Ring-Fenced Bank's SRB of 2.0 per cent, which equates to 1.7% of Group risk-weighted assets.

Table 50: Material sub-group entity - creditor ranking at legal entity level

The following disclosures, based on the Basel Committee Pillar 3 template "TLAC 2", provide information on the creditor hierarchy for each material entity within the resolution group, including Lloyds Bank plc, Bank of Scotland plc and Lloyds Bank Corporate Markets plc.

The disclosures include information on the nominal value of all MREL eligible instruments and other liabilities to the extent that they are subordinate to or rank pari passu with the most senior MREL eligible claim. Where the instrument is denominated in foreign currency, the nominal value is converted into sterling using the rate as at 30 June 2020.

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

Lloyds Bank plc	30 Jun 2020							Total
	Creditor ranking							
	£m	£m	£m	£m	£m	£m		
	(Most junior)							
1. Is the resolution entity the creditor/investor?	Y	Y	N	N	Y	N	Y	
2. Description of creditor ranking	Ordinary shares (£1.00 each)	Preference shares, preferred securities and AT1 equity instruments	Undated equity	Undated subordinated liabilities	Dated subordinated liabilities		Senior non-preferred liabilities	
3. Total capital and liabilities net of credit risk mitigation	1,574	6,213	2,098	444	4,093	2,172	13,408	30,002
4. Subset of row 3 that are excluded liabilities	—	—	—	—	—	—	—	—
5. Total capital and liabilities less excluded liabilities	1,574	6,213	2,098	444	4,093	2,172	13,408	30,002
6. Subset of row 5 that are eligible as TLAC	1,574	6,213	2,098	444	4,093	1,050	13,408	28,880
7. Subset of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	—	—	—	1,123	1,123
8. Subset of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	—	—	1,050	9,582	10,632
9. Subset of row 6 with 5 years ≤ residual maturity < 10 years	—	—	—	—	1,042	—	2,659	3,701
10. Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	—	3,051	—	44	3,095
11. Subset of row 6 that are perpetual securities	1,574	6,213	2,098	444	—	—	—	10,329

	Creditor ranking					
	£m	£m	£m	£m	£m	£m
	(Most junior)					
1. Is the resolution entity the creditor/investor?	N	N	N	N	N	
2. Description of creditor ranking	Ordinary shares (£0.25 each)	Preference shares, preferred securities and AT1	Undated subordinated liabilities	Dated subordinated liabilities	Senior non-preferred liabilities	Total
3. Total capital and liabilities net of credit risk mitigation	5,847	2,850	4,742	1,183	1,181	15,803
4. Subset of row 3 that are excluded liabilities	—	—	—	—	—	—
5. Total capital and liabilities less excluded liabilities	5,847	2,850	4,742	1,183	1,181	15,803
6. Subset of row 5 that are eligible as TLAC	5,847	2,850	1,901	—	1,181	11,779
7. Subset of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	—	—	—
8. Subset of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	—	1,181	1,181
9. Subset of row 6 with 5 years ≤ residual maturity < 10 years	—	—	—	—	—	—
10. Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	—	—	—
11. Subset of row 6 that are perpetual securities	5,847	2,850	1,901	—	—	10,598

	Creditor ranking				
	£m	£m	£m	£m	£m
	(Most junior)				
1. Is the resolution entity the creditor/investor?	Y	Y	Y	Y	
2. Description of creditor ranking	Ordinary shares (£1.00 each)	AT1 equity instruments	Subordinated liabilities	Senior non-preferred liabilities	Total
3. Total capital and liabilities net of credit risk mitigation	120	834	743	4,604	6,301
4. Subset of row 3 that are excluded liabilities	—	—	—	—	—
5. Total capital and liabilities less excluded liabilities	120	834	743	4,604	6,301
6. Subset of row 5 that are eligible as TLAC	120	834	743	863	2,560
7. Subset of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	—	—
8. Subset of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	863	863
9. Subset of row 6 with 5 years ≤ residual maturity < 10 years	—	—	607	—	607
10. Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	136	—	136
11. Subset of row 6 that are perpetual securities	120	834	—	—	954

Lloyds Bank plc	31 Dec 2019							
	Creditor ranking							
	£m	£m	£m	£m	£m	£m	£m	
	(Most junior)							
1. Is the resolution entity the creditor/investor?	Y	Y	N	N	Y	N	Y	
2. Description of creditor ranking	Ordinary shares (£1.00 each)	Preference shares, preferred securities and AT1 equity instruments	Undated subordinated liabilities	Dated subordinated liabilities	Senior non-preferred liabilities	Total		
3. Total capital and liabilities net of credit risk mitigation	1,574	4,917	2,105	422	3,565	3,400	10,919	26,902
4. Subset of row 3 that are excluded liabilities	—	—	—	—	—	—	—	—
5. Total capital and liabilities less excluded liabilities	1,574	4,917	2,105	422	3,565	3,400	10,919	26,902
6. Subset of row 5 that are eligible as TLAC	1,574	4,917	2,105	422	3,565	1,050	10,919	24,552
7. Subset of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	—	—	—	1,687	1,687
8. Subset of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	—	—	300	6,564	6,864
9. Subset of row 6 with 5 years ≤ residual maturity < 10 years	—	—	—	—	710	750	2,628	4,088
10. Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	—	2,855	—	40	2,895
11. Subset of row 6 that are perpetual securities	1,574	4,917	2,105	422	—	—	—	9,018

Bank of Scotland plc	Creditor ranking				
	£m	£m	£m	£m	£m
	(Most junior)				
	1. Is the resolution entity the creditor/investor?	N	N	N	N
2. Description of creditor ranking	Ordinary shares (£0.25 each)	Preference shares, preferred securities and AT1 equity instruments	Undated subordinated liabilities	Dated subordinated liabilities	Total
3. Total capital and liabilities net of credit risk mitigation	5,847	2,850	4,711	1,183	14,591
4. Subset of row 3 that are excluded liabilities	—	—	—	—	—
5. Total capital and liabilities less excluded liabilities	5,847	2,850	4,711	1,183	14,591
6. Subset of row 5 that are eligible as TLAC	5,847	2,850	2,629	183	11,509
7. Subset of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	183	183
8. Subset of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	—	—
9. Subset of row 6 with 5 years ≤ residual maturity < 10 years	—	—	—	—	—
10. Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	—	—
11. Subset of row 6 that are perpetual securities	5,847	2,850	2,629	—	11,326

Lloyds Bank Corporate Markets plc	Creditor ranking				
	£m	£m	£m	£m	£m
	(Most junior)				
1. Is the resolution entity the creditor/investor?	Y	Y	Y	Y	
2. Description of creditor ranking	Ordinary shares (£1.00 each)	AT1 equity instruments	Subordinated liabilities	Senior non- preferred	Total
3. Total capital and liabilities net of credit risk mitigation	120	780	695	3,549	5,144
4. Subset of row 3 that are excluded liabilities	—	—	—	—	—
5. Total capital and liabilities less excluded liabilities	120	780	695	3,549	5,144
6. Subset of row 5 that are eligible as TLAC	120	780	695	807	2,402
7. Subset of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	—	—
8. Subset of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	807	807
9. Subset of row 6 with 5 years ≤ residual maturity < 10 years	—	—	265	—	265
10. Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	430	—	430
11. Subset of row 6 that are perpetual securities	120	780	—	—	900

Table 51: Resolution entity – creditor ranking at legal entity level

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

The disclosure includes information on the nominal value of all MREL eligible instruments and other liabilities to the extent that they are subordinate to or rank pari passu with the most senior MREL eligible claim. Where the instrument is denominated in foreign currency, the nominal value is converted into sterling using the rate as at 30 June 2020.

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

Lloyds Banking Group plc	30 Jun 2020					
	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	7,076	7,467	10	5,962	30,370	50,885
3. Subset of row 2 that are excluded liabilities	—	—	—	—	890	890
4. Total capital and liabilities less excluded liabilities	7,076	7,467	10	5,962	29,480	49,995
5. Subset of row 4 that are potentially eligible as TLAC	7,076	7,467	10	5,962	29,076	49,591
6. Subset of row 5 with 1 year ≤ residual maturity < 2 years	—	—	—	—	2,918	2,918
7. Subset of row 5 with 2 years ≤ residual maturity < 5 years	—	—	—	809	14,577	15,386
8. Subset of row 5 with 5 years ≤ residual maturity < 10 years	—	—	—	3,272	11,462	14,734
9. Subset of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	1,881	119	2,000
10. Subset of row 5 that are perpetual securities	7,076	7,467	10	—	—	14,553

Lloyds Banking Group plc	31 Dec 2019					
	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	7,005	7,189	10	5,315	23,144	42,663
3. Subset of row 2 that are excluded liabilities	—	—	—	—	110	110
4. Total capital and liabilities less excluded liabilities	7,005	7,189	10	5,315	23,034	42,553
5. Subset of row 4 that are potentially eligible as TLAC	7,005	7,189	10	5,315	23,034	42,553
6. Subset of row 5 with 1 year ≤ residual maturity < 2 years	—	—	—	—	1,970	1,970
7. Subset of row 5 with 2 years ≤ residual maturity < 5 years	—	—	—	757	11,291	12,048
8. Subset of row 5 with 5 years ≤ residual maturity < 10 years	—	—	—	2,798	9,663	12,461
9. Subset of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	1,760	110	1,870
10. Subset of row 5 that are perpetual securities	7,005	7,189	10	—	—	14,204

TEMPLATES NOT DISCLOSED

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

CR2-A (Changes in the stock of general and specific credit risk adjustments) is met through the disclosure of Note 11 (Allowance for impairment losses) of the Group's 2019 half-year results. CR8 (RWA flow statements of credit risk exposures under the IRB approach) is met through the disclosure of Table 4: Risk-weighted assets movement by key driver.

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

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

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