Standard Chartered PLC
Pillar 3 Disclosures
30 June 2022

Incorporated in England and Wales with registered number 966425
Registered Office: 1 Basinghall Avenue, London, EC2V 5DD, UK

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Standard Chartered Bank is headquartered in London where it is authorised by the UK's Prudential Regulation Authority (PRA), and Standard Chartered PLC Group and Standard Chartered Bank are regulated by the Financial Conduct Authority (FCA) and the PRA. Within this document 'the Group' refers to Standard Chartered PLC together with its subsidiary undertakings. Unless the context requires, within this document, 'China' refers to the People's Republic of China and, for the purposes of this document only, excludes Hong Kong Special Administrative Region (Hong Kong), Macau Special Administrative Region (Macau) and Taiwan. 'Korea' or 'South Korea' refers to the Republic of Korea. Asia includes Australia, Bangladesh, Brunei, Cambodia, Mainland China, Hong Kong, India, Indonesia, Japan, Korea, Laos, Macau, Malaysia, Myanmar, Nepal, Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam; Africa & Middle East (AME) includes Angola, Bahrain, Botswana, Cameroon, Cote d'Ivoire, Egypt, The Gambia, Ghana, Iraq, Jordan, Kenya, Lebanon, Mauritius, Nigeria, Oman, Pakistan, Qatar, Saudi Arabia, Sierra Leone, South Africa, Tanzania, the United Arab Emirates (UAE), Uganda, Zambia and Zimbabwe; and Europe & Americas (EA) includes Argentina, Brazil, Colombia, Falkland Islands, France, Germany, Ireland, Jersey, Poland, Sweden, Turkey, the UK and the US. Throughout this document unless specified the disclosures are at Group level. Throughout this document, unless another currency is specified, the word 'dollar' or symbol $ means United States dollar. Throughout this document IRB refers to internal ratings based models. The Group does not use the Foundation IRB approach.

1. Introduction

1.1 Purpose and basis of preparation

The Pillar 3 disclosures comprise information on the underlying drivers of risk-weighted assets (RWA), capital, leverage and liquidity ratios as at 30 June 2022 in accordance with the United Kingdom's (UK) onshored Capital Requirements Regulation (CRR) and the Prudential Regulation Authority's (PRA) Rulebook.

The disclosures have been prepared in line with the disclosure templates introduced by the PRA Policy Statement PS22/21 'Implementation of Basel standards: Final rules' published in October 2021.

This report presents the Pillar 3 Disclosures of Standard Chartered PLC (the Group) as at 30 June 2022 and should be read in conjunction with the Group's Half Year Report 2022.

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

1.2 Highlights

- The Group's capital and leverage position is managed within the Board-approved risk appetite. The Group is well capitalised with low leverage and high levels of loss-absorbing capacity
- The Group is well capitalised with a Common Equity Tier 1 (CET1) ratio of 13.9 per cent, well ahead of the current requirement of 10.2 per cent
- The Group is not highly leveraged and its leverage ratio of 4.5 per cent is well ahead of the current leverage requirement of 3.7 per cent
- The Group continues to manage its balance sheet proactively, with a particular focus on the efficient management of RWA

1.3 Key prudential metrics

Table 1: Key metrics for the Group (UK KM1)

		30.06.22 $million	31.03.22 $million	31.12.21 $million	30.09.21 $million	30.06.21 $million
	Available own funds					
1	Common Equity Tier 1 (CET1) capital	**35,373**	36,296	38,362	39,167	39,589
	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**35,209**	36,163	38,110	38,889	39,320
2	Tier 1 capital	**40,617**	41,531	45,153	45,958	45,882
	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**40,453**	41,398	44,901	45,680	45,613
3	Total capital	**53,637**	55,036	57,644	58,871	59,161
	Total capital as IFRS 9 or analogous ECLs transitional arrangements had not been applied	**53,473**	54,903	57,392	58,593	58,892
	Risk-weighted assets amounts					
4	Total risk-weighted exposure amount	**255,082**	260,833	271,233	267,555	280,227
	Total risk-weighted exposure amount if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**255,120**	260,875	271,314	267,680	280,338
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio	**13.9%**	13.9%	14.1%	14.6%	14.1%
	Common Equity Tier 1 ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**13.8%**	13.9%	14.0%	14.5%	14.0%
6	Tier 1 ratio	**15.9%**	15.9%	16.6%	17.2%	16.4%
	Tier 1 ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**15.9%**	15.9%	16.5%	17.1%	16.3%
7	Total capital ratio	**21.0%**	21.1%	21.3%	22.0%	21.1%
	Total capital ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**21.0%**	21.0%	21.2%	21.9%	21.0%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer	**2.50%**	2.50%	2.50%	2.50%	2.50%
9	Institution specific countercyclical capital buffer	**0.20%**	0.17%	0.17%	0.16%	0.15%
10	Global Systemically Important Institution buffer	**1.00%**	1.00%	1.00%	1.00%	1.00%
11	Combined buffer requirement	**3.70%**	3.67%	3.67%	3.66%	3.65%
UK 11a	Overall capital requirements	**10.21%**	10.14%	10.06%	9.99%	9.90%
12	CET1 available after meeting the total SREP own funds requirements	**7.24%**	7.30%	7.75%	8.31%	7.88%
	UK leverage ratio					
13	Leverage ratio total exposure measure	**894,134**	935,827	911,140	890,419	866,832
14	Leverage ratio	**4.5%**	4.4%	4.9%	5.1%	5.2%
	Additional leverage ratio disclosure requirements					
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**4.5%**	4.4%	4.9%	5.1%	5.2%
14b	Leverage ratio including claims on central banks (%)	**4.2%**	4.2%	4.6%	4.7%	4.8%
14c	Average leverage ratio excluding claims on central banks (%)	**4.4%**	4.6%	5.0%	5.2%	5.1%
14d	Average leverage ratio including claims on central banks (%)[1]	**4.1%**	4.2%	4.6%	4.8%	4.7%
14e	Countercyclical leverage ratio buffer (%)	**0.1%**	0.1%	0.1%	0.1%	0.1%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value-average)	**179,218**	176,162	175,664	176,537	173,503
UK 16a	Cash outflows – Total weighted value	**184,210**	182,350	184,687	187,860	188,532
UK 16b	Cash inflows – Total weighted value	**59,409**	60,033	64,258	67,120	69,175
16	Total net cash outflows (adjusted value)	**124,801**	122,316	120,428	120,739	119,357
17	Liquidity coverage ratio	**143.7%**	144.2%	145.9%	146.3%	145.5%

1 Comparatives for 2021 disclosed on UK-14d represent average leverage ratio based on CRR rules as applicable in 2021 including central banks

1.3 Key prudential metrics continued

Standard Chartered applies regulatory transitional arrangements to accounting provisions recognised from 1 January 2018 under IFRS 9, as permitted by paragraph 4 of article 473a of the Capital Requirements Regulation, introduced by Regulation (EU) 2017/2395 and amended by Regulation (EU) 2020/873 of the European Parliament and of the Council.

Under this approach, the balance of expected credit loss (ECL) provisions in excess of the regulatory defined expected loss (EL) and additional ECL on standardised portfolios, net of related tax, are phased into the CET1 capital base over five years. The proportion phased in for the increase in the balance on day one of IFRS 9 adoption, and any subsequent increase to 31 December 2019 is 2020, 30 per cent; 2021, 50 per cent; and 2022, 75 per cent. From 2023 onwards there is no transitional relief on these components. The proportion phased in for any increase in the balance from 1 January 2020 at each reporting date is 2020, 0 per cent; 2021, 0 per cent; 2022, 25 per cent; 2023, 50%; 2024, 75%. From 2025 there is no transitional relief.

The current period includes IFRS9 capital relief (Transitional) of $164 million including dynamic relief of $58 million.

Table 2 shows information about the Group's total loss-absorbing capacity (TLAC) available, and TLAC requirements, applied at the resolution group level under a Single Point of Entry resolution strategy.

Table 2: Key metrics – TLAC requirements (KM2)

	30.06.22 $million	31.03.22 $million	31.12.21 $million	30.09.21 $million	30.06.21 $million
Resolution group					
Total loss-absorbing capacity (TLAC) available	**79,150**	81,151	85,860	85,833	88,844
Fully loaded ECL accounting model TLAC available	**78,986**	81,018	85,608	85,564	88,575
Total RWA at the level of the resolution group	**255,082**	260,833	271,233	267,555	280,227
TLAC as a percentage of RWA	**31.0%**	31.1%	31.7%	32.1%	31.7%
Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA (%)	**31.0%**	31.1%	31.6%	32.0%	31.6%
Leverage ratio exposure measure at the level of the resolution group	**894,134**	935,827	911,140	890,419	866,832
TLAC as a percentage of Leverage exposure measure	**8.9%**	8.7%	9.4%	9.6%	10.2%
Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model Leverage exposure measure	**8.8%**	8.7%	9.4%	9.6%	10.2%
Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	**Yes**	Yes	Yes	Yes	Yes
Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	**No**	No	No	No	No
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

2. Capital

2.1 Capital management

The Group's capital and leverage positions are managed within the Board-approved risk appetite. The Group is well capitalised with low leverage and high levels of loss-absorbing capacity.

2.2 Capital resources

All capital instruments included in the capital base meet the requirements set out in the CRR for their respective tier of capital, except for those that are subject to a grandfathering period. Grandfathered capital instruments were fully phased out of their respective tier of capital on 1 January 2022.

Table 3 summarises the consolidated capital position of the Group.

Table 3: Reconciliation between financial total equity and regulatory CET1 before regulatory adjustments

	30.06.22 $million	31.12.21 $million
Total equity per balance sheet (financial view)	**49,692**	52,636
Consolidation and regulatory adjustments	**107**	130
Total equity per balance sheet (regulatory view)	**49,799**	52,766
Foreseeable dividend	**(303)**	(493)
Other equity instruments (included in regulatory capital)	**(6,758)**	(7,748)
Non-controlling interests	**(186)**	(170)
Common Equity Tier 1 capital before regulatory adjustments	**42,552**	44,355

2.2 Capital resources continued

Table 4: Composition of regulatory own funds (UK CC1)

		30.06.22 $million	31.12.21 $million
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	**5,472**	5,528
	Of which: Share premium accounts	**3,989**	3,989
2	Retained earnings[1]	**26,266**	24,968
3	Accumulated other comprehensive income (and other reserves)	**8,837**	11,805
5	Minority interests (amount allowed in consolidated CET1)	**188**	201
5a	Independently reviewed interim and year-end profits/(loss)[2]	**2,092**	2,346
	Foreseeable dividends[3]	**(303)**	(493)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**42,552**	44,355
	Common Equity Tier 1 capital: regulatory adjustments		
7	Additional value adjustments	**(766)**	(665)
8	Intangible assets (net of related tax liability)	**(5,468)**	(4,392)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met)	**(120)**	(150)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	**475**	34
12	Negative amounts resulting from the calculation of expected loss amounts	**(702)**	(580)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	**(100)**	15
15	Defined-benefit pension fund assets	**(184)**	(159)
	Fair value gains and losses from own credit risk related to derivative liabilities	**(165)**	(60)
UK-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	**(138)**	(36)
UK-20c	Of which: securitisation positions	**(25)**	(32)
UK-20d	Of which: free deliveries	**(113)**	(4)
27a	**Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)**	**(11)**	–
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(7,179)**	(5,993)
29	**Common Equity Tier 1 (CET1) capital**	**35,373**	38,362
	Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	**5,264**	6,811
31	Of which: classified as equity under applicable accounting standards	**5,264**	6,728
32	of which: classified as liabilities under applicable accounting standards	**–**	83
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**5,264**	6,811
	Additional Tier 1 capital: regulatory adjustments		
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	**(20)**	(20)
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**(20)**	(20)
44	**Additional Tier 1 (AT1) capital**	**5,244**	6,791
45	**Tier 1 capital (T1 = CET1 + AT1)**	**40,617**	45,153
	Tier 2 (T2) capital: instruments and provisions		
46	Capital instruments and the related share premium accounts	**12,828**	11,171
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	**–**	1,223
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	**222**	127
51	**Tier 2 (T2) capital before regulatory adjustments**	**13,050**	12,521
	Tier 2 capital: regulatory adjustments		
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans	**(30)**	(30)
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**(30)**	(30)
58	**Tier 2 (T2) capital**	**13,020**	12,491
59	**Total capital (TC = T1 + T2)**	**53,637**	57,644
60	**Total Risk exposure amount**	**255,082**	271,233

2.2 Capital resources continued

Table 4: Composition of regulatory own funds (UK CC1) continued

		30.06.22 $million	31.12.21 $million
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	**13.9%**	14.1%
62	Tier 1 (as a percentage of total risk exposure amount)	**15.9%**	16.6%
63	Total capital (as a percentage of total risk exposure amount)	**21.0%**	21.3%
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	**10.2%**	10.1%
65	Of which: capital conservation buffer requirement	**2.50%**	2.50%
66	Of which: countercyclical buffer requirement	**0.20%**	0.17%
67	Of which: systemic risk buffer requirement	**–**	–
UK-67a	Of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	**1.0%**	1.0%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	**7.2%**	7.7%
	Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	**848**	1,051
72	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	**2,001**	2,026
73	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	**817**	716
	Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	**–**	–
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	**516**	538
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	**–**	–
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	**932**	1,006

1 Retained earnings under CRD include the effect of regulatory consolidation adjustments

2 Independently reviewed year-end profits are in accordance with regulatory consolidation rules

3 Foreseeable dividends as at H1 2022 represent ordinary dividends and preference dividends

2.2 Capital resources continued

The main movements in capital in the period were:

- CET1 decreased by $3.0 billion as retained profits of $2.0 billion were more than offset by removal of software benefit of $1.0 billion, the completion of the FY'21 share buy-back of $0.8 billion, foreseeable dividends of $0.3 billion, foreign exchange translation losses of $1.4 billion, FVOCI movements (on higher yields and wider credit spreads) of $1.3 billion and increase in other regulatory deductions of $0.3 billion
- Additional Tier 1 capital decreased by $1.5 billion following the redemption of $1.0 billion of 7.5 per cent securities, and the final $0.5 billion derecognition of legacy Tier 1 securities
- Tier 2 capital increased by $0.5 billion as issuance of $0.8 billion new Tier 2 instruments and the recognition of ineligible Additional Tier 1 as Tier 2 were partly offset by regulatory amortisation and the redemption of $1.0 billion of Tier 2 securities during the period

The Group's current CET1 requirement is 10.2 per cent, comprising:

- A minimum Pillar 1 CET1 requirement of 4.5 per cent
- A Pillar 2A CET1 requirement of 2.0 per cent being 56 per cent of the total Pillar 2A requirement of 3.6 per cent
- A capital conservation buffer of 2.5 per cent
- A G-SII buffer of 1.0 per cent
- A countercyclical capital buffer of 0.2 per cent

Table 5: Reconciliation of regulatory own funds to balance sheet in the audited financial statements (UK CC2)

	30.06.22		31.12.21	
	Balance sheet as in published financial statements $million	Under regulatory scope of consolidation $million	Balance sheet as in published financial statements $million	Under regulatory scope of consolidation $million
Assets				
Cash and balances at central banks	67,005	67,005	72,663	72,663
Financial assets held at fair value through profit or loss	118,141	118,141	129,121	129,121
Derivative financial instruments	76,676	76,683	52,445	52,445
Loans and advances to banks	36,201	36,201	44,383	44,421
Loans and advances to customers	293,508	293,508	298,468	298,502
Reverse repurchase agreements and other similar secured lending	–	–	–	–
Investment securities	164,892	164,892	163,437	163,517
Other assets	62,111	64,101	49,932	50,008
Current tax assets	586	586	766	766
Prepayments and accrued income	2,354	2,351	2,176	2,175
Interests in associates and joint ventures	2,105	1,942	2,147	1,970
Goodwill and intangible assets	5,537	5,589	5,471	5,523
Of which: goodwill	2,619	2,619	2,641	2,641
Of which: other intangibles (excluding MSRs)	2,918	2,970	2,830	2,882
Of which: MSRs	–	–	–	–
Property, plant and equipment	5,671	5,675	5,616	5,617
Deferred tax assets	909	909	859	859
Assets classified as held for sale	221	221	334	334
Total assets	835,917	837,804	827,818	827,921
Liabilities				
Deposits by banks	31,173	31,173	30,041	30,041
Customer accounts	453,742	453,742	474,570	474,705
Repurchase agreements and other similar secured borrowing	1,723	1,723	3,260	3,260
Financial liabilities held at fair value through profit or loss	82,983	82,983	85,197	85,197
Derivative financial instruments	76,097	76,097	53,399	53,399
Debt securities in issue	58,043	58,043	61,293	61,293
Other liabilities	61,515	63,555	44,314	44,465
Current tax liabilities	506	506	348	348
Accruals and deferred income	4,168	4,077	4,651	4,589
Subordinated liabilities and other borrowed funds	14,933	14,933	16,646	16,646
Of which: considered as Additional Tier 1 capital	237	237	264	264
Of which: considered as Tier 2 capital	14,696	14,696	16,381	16,382
Deferred tax liabilities	797	797	800	800
Of which: DTLs related to goodwill	793	793	793	793
Of which: DTLs related to intangible assets (excluding MSRs)	4	4	7	7
Of which: DTLs related to MSRs	–	–	–	–

2.2 Capital resources continued

Table 5: Reconciliation of regulatory own funds to balance sheet in the audited financial statements (UK CC2) continued

	30.06.22		31.12.21	
	Balance sheet as in published financial statements $million	Under regulatory scope of consolidation $million	Balance sheet as in published financial statements $million	Under regulatory scope of consolidation $million
Provisions for liabilities and charges	404	404	453	453
Retirement benefit obligations	141	140	210	210
Liabilities included in disposal groups held for sale	–	–	–	–
Total liabilities	786,225	788,173	775,182	775,406
Shareholders' Equity				
Share capital and share premium account	6,966	6,966	7,022	7,023
Of which: amount eligible for CET1	1,722	1,722	768	769
Of which: amount eligible for AT1	5,244	5,244	6,254	6,254
Other reserves & Retained earnings	37,088	37,031	38,989	38,866
Total parent company shareholders' equity	44,054	43,997	46,011	45,889
Other equity instruments	5,264	5,264	6,254	6,254
Total equity excluding non-controlling interests	49,318	49,261	52,265	52,143
Non-controlling interest	373	370	371	372
Total equity	49,692	49,631	52,636	52,515
Total equity and liabilities	835,917	837,804	827,818	827,921

2.3 Minimum requirement for own funds and eligible liabilities

Total loss-absorbing capacity (TLAC) as defined in the final standards adopted by the Financial Stability Board (FSB) and a new framework on minimum requirement for own funds and eligible liabilities (MREL) are intended to ensure that there is sufficient equity and specific types of liabilities to facilitate an orderly resolution that minimises any impact on financial stability and ensures the continuity of critical functions and avoids exposing taxpayers to loss. The framework is complemented with disclosure requirements., the disclosures are based on the formats provided in the Basel Committee Standards for Pillar 3 Phase 2 disclosures requirements.

The Group's MREL is set as the higher of an RWA or leverage requirement. The Group's MREL requirement including buffers was 7.8 per cent of leverage exposure at 30 June 2022, equivalent to 27.4 per cent of RWA. The Group's MREL position was 8.9 per cent of leverage exposure and 31.0 per cent of RWA at 30 June 2022.

Details of the Group's MREL eligible instruments are set out in the Standard Chartered PLC Main Features of Capital Instruments document available on the Group's website at https://www.sc.com/en/investors/credit-ratings-fixed-income/#capitalsecurities.

2.3 Minimum requirement for own funds and eligible liabilities continued

Table 6 shows details of the composition of the Groups MREL.

Table 6: TLAC composition for G-SIBs (TLAC1)

	30.06.22 $million	31.12.21 $million
Regulatory capital elements of TLAC and adjustments		
Common Equity Tier 1 capital (CET1)	**35,373**	38,362
Additional Tier 1 capital (AT1) before TLAC adjustments	**5,244**	6,790
AT1 ineligible as TLAC as issued out of subsidiaries to third parties	**–**	–
Other adjustments	**–**	–
AT1 instruments eligible under the TLAC framework	**5,244**	6,790
Tier 2 capital (T2) before TLAC adjustments	**13,020**	12,491
Amortised portion of T2 instruments where remaining maturity > 1 year	**1,046**	2,246
T2 capital ineligible as TLAC as issued out of subsidiaries to third parties	**(222)**	–
Other adjustments	**(276)**	–
T2 instruments eligible under the TLAC framework	**13,568**	14,737
TLAC arising from regulatory capital	**54,184**	59,889
Non-regulatory capital elements of TLAC		
External TLAC instruments issued directly by the bank and subordinated to excluded liabilities	**–**	–
External TLAC instruments issued directly by the bank which are not subordinated to excluded liabilities but meet all other TLAC term sheet requirements	**24,973**	25,978
Of which: amount eligible as TLAC after application of the caps	**24,973**	25,978
External TLAC instruments issued by funding vehicles prior to 1 January 2022	**–**	–
Eligible ex ante commitments to recapitalise a G-SIB in resolution	**–**	–
TLAC arising from non-regulatory capital instruments before adjustments	**24,973**	25,978
Non-regulatory capital elements of TLAC: adjustments		
TLAC before deductions	**79,157**	85,867
Deductions of exposures between MPE resolution groups that correspond to items eligible for TLAC (not applicable to SPE G-SIBs)	**–**	–
Deduction of investments in own other TLAC liabilities	**(8)**	(8)
Other adjustments to TLAC	**–**	–
TLAC after deductions	**79,150**	85,860
Risk-weighted assets and leverage exposure measure for TLAC purposes		
Total risk-weighted assets adjusted as permitted under the TLAC regime	**255,082**	271,233
Leverage exposure measure	**894,134**	911,140
TLAC ratios and buffers		
TLAC (as a percentage of risk-weighted assets adjusted as permitted under the TLAC regime)	**31.0%**	31.7%
TLAC (as a percentage of leverage exposure)	**8.9%**	9.4%
CET1 (as a percentage of risk-weighted assets) available after meeting the resolution group's minimum capital and TLAC requirements	**7.2%**	7.7%
Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)	**3.7%**	3.7%
Of which: capital conservation buffer requirement	**2.5%**	2.5%
Of which: bank specific countercyclical buffer requirement	**0.2%**	0.2%
Of which: higher loss absorbency requirement	**1.0%**	1.0%

2.3 Minimum requirement for own funds and eligible liabilities continued

Table 7 shows information regarding the ranking of the Group's liabilities at the resolution group level.

Table 7: Resolution entity – creditor ranking at legal entity level (TLAC3)

	30.06.22			
	Creditor ranking			
	1 $million	2 $million	3 $million	Total $million
Description of creditor ranking	Tertiary non-preferential debt	Tertiary non-preferential debt – Tier 2 securities	Ordinary non-preferential debt[2]	
Total capital and liabilities net of credit risk mitigation1	5,264	16,059	28,019	49,342
Of which: are excluded liabilities	–	–	(1,851)	(1,851)
Total capital and liabilities less excluded liabilities	5,264	16,059	26,168	47,491
Of which: are potentially eligible as TLAC	5,264	13,283	26,168	44,715
Of which: with 1 year ≤ residual maturity < 2 years	–	975	3,533	4,508
Of which: with 2 years ≤ residual maturity < 5 years	–	1,667	13,585	15,252
Of which: with 5 years ≤ residual maturity < 10 years	–	2,883	7,924	10,807
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	5,865	1,126	6,991
Of which: perpetual securities	5,264	1,893	–	7,157

	31.12.21			
	Creditor ranking			
	1 $million	2 $million	3 $million	Total $million
Description of creditor ranking	Tertiary non-preferential debt	Tertiary non-preferential debt – Tier 2 securities	Ordinary non-preferential debt[2]	
Total capital and liabilities net of credit risk mitigation1	8,012	15,916	26,785	50,713
Of which: are excluded liabilities	–	–	(339)	(339)
Total capital and liabilities less excluded liabilities	8,012	15,916	26,441	50,369
Of which: are potentially eligible as TLAC	8,012	15,916	25,907	49,835
Of which: with 1 year ≤ residual maturity < 2 years	–	2,027	4,573	6,600
Of which: with 2 years ≤ residual maturity < 5 years	–	1,633	9,789	11,422
Of which: with 5 years ≤ residual maturity < 10 years	–	4,499	9,159	13,658
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	5,728	2,386	8,114
Of which: perpetual securities	8,012	161	–	8,173

1 Excludes CET1 and is based on accounting values

2 Senior bonds, derivative liabilities, tax claims etc

TLAC 2 is a G-SII disclosure requirement to provide the ranking of the liability structure of all of the Group's material sub-groups as defined by the FSB TLAC Term Sheet. The Group has 5 material sub-groups; Standard Chartered Bank, Standard Chartered Bank (Hong Kong) Limited, Standard Chartered Bank Korea Limited, Standard Chartered Bank (China) Limited, and Standard Chartered Bank (Singapore) Limited for which disclosure would be required.

2.3 Minimum requirement for own funds and eligible liabilities continued

Table 8: Standard Chartered Bank – creditor ranking (TLAC2)

	30.06.22					
	Creditor ranking					
	1 $million	2 $million	2 $million	3 $million	4 $million	Total $million
Is the resolution entity the creditor/investor?	No[1]	Yes	No	Yes	Yes	
Description of creditor ranking	Tertiary non-preferential debt – common shares	Tertiary non-preferential debt – AT1 cocos	Tertiary non-preferential debt – Tier 2 securities	Tertiary non-preferential debt – Tier 2 securities	Secondary non-preferential debt	
Total capital and liabilities net of credit risk mitigation[2]	20,597	3,750	291	12,884	5,841	43,364
Of which: are excluded liabilities	–	–	–	–	–	–
Total capital and liabilities less excluded liabilities	20,597	3,750	291	12,884	5,841	43,364
Of which: are potentially eligible as TLAC	20,597	3,750	291	12,884	5,841	43,364
Of which: with 1 year ≤ residual maturity < 2 years	–	–	–	–	900	900
Of which: with 2 years ≤ residual maturity < 5 years	–	–	–	–	3,346	3,346
Of which: with 5 years ≤ residual maturity < 10 years	–	–	291	4,384	1,412	6,087
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–	6,840	183	7,023
Of which: is perpetual securities	20,597	3,750	–	1,660	–	26,007

	31.12.21					
	Creditor ranking					
	1 $million	2 $million	2 $million	3 $million	4 $million	Total $million
Is the resolution entity the creditor/investor?	No[1]	Yes	No	Yes	Yes	
Description of creditor ranking	Tertiary non-preferential debt – common shares	Tertiary non-preferential debt – AT1 cocos	Tertiary non-preferential debt – Tier 2 securities	Tertiary non-preferential debt – Tier 2 securities	Secondary non-preferential debt	
Total capital and liabilities net of credit risk mitigation[2]	20,597	6,249	342	12,634	5,382	45,205
Of which: are excluded liabilities	–	–	–	–	–	–
Total capital and liabilities less excluded liabilities	20,597	6,249	342	12,634	5,382	45,205
Of which: are potentially eligible as TLAC	20,597	6,249	342	12,634	5,382	45,205
Of which: with 1 year ≤ residual maturity < 2 years	–	–	–	2,000	900	2,900
Of which: with 2 years ≤ residual maturity < 5 years	–	–	–	–	3,906	3,906
Of which: with 5 years ≤ residual maturity < 10 years	–	–	–	4,384	576	4,961
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	291	6,090	–	6,381
Of which: is perpetual securities	20,597	6,249	51	160	–	27,057

1 Held by Standard Chartered Holdings Limited

2 Excludes CET1 (except common shares) and is based on accounting carrying values

2.3 Minimum requirement for own funds and eligible liabilities continued

Table 9: Standard Chartered Bank (Hong Kong) Limited – creditor ranking (TLAC2)

	30.06.22				
	Creditor ranking				
	1 $million	2 $million	3 $million	4 $million	Total $million
Is the resolution entity the creditor/investor?	**Yes**	**Yes**	**Yes**	**Yes**	
Description of creditor ranking	**Common Shares**	**Securities and preference shares qualifying as AT1**	**Dated subordinated notes qualifying as Tier 2**	**Loss absorbing non-preferred notes**	
Total capital and liabilities net of credit risk mitigation[1]	**8,287**	**2,381**	**1,656**	**3,226**	**15,549**
Of which: are excluded liabilities	**–**	**–**	**–**	**–**	**–**
Total capital and liabilities less excluded liabilities	**8,287**	**2,381**	**1,656**	**3,226**	**15,549**
Of which: are potentially eligible as TLAC	**8,287**	**2,381**	**1,656**	**3,226**	**15,549**
Of which: with 1 year ≤ residual maturity < 2 years	**–**	**–**	**–**	**600**	**600**
Of which: with 2 years ≤ residual maturity < 5 years	**–**	**–**	**–**	**1,457**	**1,457**
Of which: with 5 years ≤ residual maturity < 10 years	**–**	**–**	**1,656**	**1,169**	**2,825**
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	**–**	**–**	**–**	**–**	**–**
Of which: is perpetual securities	**8,287**	**2,381**	**–**	**–**	**10,667**

	31.12.21				
	Creditor ranking				
	1 $million	2 $million	3 $million	4 $million	Total $million
Is the resolution entity the creditor/investor?	Yes	Yes	Yes	Yes	
Description of creditor ranking	Common Shares	Securities and preference shares qualifying as AT1	Dated subordinated notes qualifying as Tier 2	Loss absorbing non-preferred notes	
Total capital and liabilities net of credit risk mitigation[1]	8,341	2,145	1,813	3,025	15,324
Of which: are excluded liabilities	–	–	–	–	–
Total capital and liabilities less excluded liabilities	8,341	2,145	1,813	3,025	15,324
Of which: are potentially eligible as TLAC	8,341	2,145	1,813	3,025	15,324
Of which: with 1 year ≤ residual maturity < 2 years	–	–	–	1,539	1,539
Of which: with 2 years ≤ residual maturity < 5 years	–	–	–	–	–
Of which: with 5 years ≤ residual maturity < 10 years	–	–	1,813	1,486	3,299
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–	–	–
Of which: is perpetual securities	8,341	2,145	–	–	10,486

1 Excludes CET1 (except common shares) and is based on accounting carrying values

2.3 Minimum requirement for own funds and eligible liabilities continued

Table 10: Standard Chartered Bank Korea Limited – creditor ranking (TLAC2)

	30.06.22			
	Creditor ranking			
	1 $million	2 $million	3 $million	Total $million
Is the resolution entity the creditor/investor?	No[1]	No[2]	No[3]	
Description of creditor ranking	Common Shares	Additional Tier 1 securities	Tier 2 securities	
Total capital and liabilities net of credit risk mitigation[4]	1,302	231	770	2,303
Of which: are excluded liabilities	–	–	–	–
Total capital and liabilities less excluded liabilities	1,302	231	770	2,303
Of which: are potentially eligible as TLAC	1,302	231	770	2,303
Of which: with 1 year ≤ residual maturity < 2 years	–	–	–	–
Of which: with 2 years ≤ residual maturity < 5 years	–	–	–	–
Of which: with 5 years ≤ residual maturity < 10 years	–	–	770	770
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–	–
Of which: is perpetual securities	1,302	231	–	1,533

	31.12.21			
	Creditor ranking			
	1 $million	2 $million	3 $million	Total $million
Is the resolution entity the creditor/investor?	No[1]	No[2]	No[3]	
Description of creditor ranking	Common Shares	Additional Tier 1 securities	Tier 2 securities	
Total capital and liabilities net of credit risk mitigation[4]	1,302	252	505	2,059
Of which: are excluded liabilities	–	–	–	–
Total capital and liabilities less excluded liabilities	1,302	252	505	2,059
Of which: are potentially eligible as TLAC	1,302	252	505	2,059
Of which: with 1 year ≤ residual maturity < 2 years	–	–	–	–
Of which: with 2 years ≤ residual maturity < 5 years	–	–	–	–
Of which: with 5 years ≤ residual maturity < 10 years	–	–	505	505
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–	–
Of which: is perpetual securities	1,302	252	–	1,554

1 Held by Standard Chartered NEA Limited

2 Held by Standard Chartered Bank (Hong Kong) Limited

3 Held by Standard Chartered Bank and Standard Chartered Bank (Hong Kong) Limited

4 Excludes CET1 (except common shares) and is based on accounting carrying values

2.3 Minimum requirement for own funds and eligible liabilities continued

Table 11: Standard Chartered Bank (Singapore) Limited – creditor ranking (TLAC2)

	30.06.22				
	Creditor ranking				
	1 $million	2 $million	3 $million	3 $million	Total $million
Is the resolution entity the creditor/investor?	No[1]	Yes	Yes	No[2]	
Description of creditor ranking	Common Shares	AT1 Non-cumulative Preference Shares	Tier 2 Subordinated Notes	Tier 2 Subordinated Notes	
Total capital and liabilities net of credit risk mitigation[3]	5,772	1,039	540	950	8,301
Of which: are excluded liabilities	–	–	–	–	–
Total capital and liabilities less excluded liabilities	5,772	1,039	540	950	8,301
Of which: are potentially eligible as TLAC	5,772	1,039	540	950	8,301
Of which: with 1 year ≤ residual maturity < 2 years	–	–	–	–	–
Of which: with 2 years ≤ residual maturity < 5 years	–	–	–	–	–
Of which: with 5 years ≤ residual maturity < 10 years	–	–	540	950	1,490
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–	–	–
Of which: is perpetual securities	5,772	1,039	–	–	6,811

	31.12.21				
	Creditor ranking				
	1 $million	2 $million	3 $million	3 $million	Total $million
Is the resolution entity the creditor/investor?	No[1]	Yes	Yes	No[2]	
Description of creditor ranking	Common Shares	AT1 Non-cumulative Preference Shares	Tier 2 Subordinated Notes	Tier 2 Subordinated Notes	
Total capital and liabilities net of credit risk mitigation[3]	5,772	1,067	540	400	7,779
Of which: are excluded liabilities	–	–	–	–	–
Total capital and liabilities less excluded liabilities	5,772	1,067	540	400	7,779
Of which: are potentially eligible as TLAC	5,772	1,067	540	400	7,779
Of which: with 1 year ≤ residual maturity < 2 years	–	–	–	–	–
Of which: with 2 years ≤ residual maturity < 5 years	–	–	–	–	–
Of which: with 5 years ≤ residual maturity < 10 years	–	–	540	400	940
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–	–	–
Of which: is perpetual securities	5,772	1,067	–	–	6,839

1 Held by Standard Chartered Holdings (Singapore) Private Limited ($3,963 million), Standard Chartered Bank Malaysia Berhad ($1,273 million), Standard Chartered Bank Vietnam Limited ($333 million), and Standard Chartered Bank (Thai) PCL ($203 million)

2 Held by Standard Chartered Bank

3 Excludes CET1 (except common shares) and is based on accounting carrying values

2.3 Minimum requirement for own funds and eligible liabilities continued

Table 12: Standard Chartered Bank (China) Limited – creditor ranking (TLAC2)

	30.06.22		
	Creditor ranking		
	1 $million	2 $million	Total $million
Is the resolution entity the creditor/investor?	**No[1]**	**Yes**	
Description of creditor ranking	**Common Shares**	**Tier-2 capital**	
Total capital and liabilities net of credit risk mitigation[2]	**1,446**	**598**	**2,044**
Of which: are excluded liabilities	**–**	**–**	**–**
Total capital and liabilities less excluded liabilities	**1,446**	**598**	**2,044**
Of which: are potentially eligible as TLAC	**1,446**	**598**	**2,044**
Of which: with 1 year ≤ residual maturity < 2 years	**–**	**–**	**–**
Of which: with 2 years ≤ residual maturity < 5 years	**–**	**–**	**–**
Of which: with 5 years ≤ residual maturity < 10 years	**–**	**598**	**598**
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	**–**	**–**	**–**
Of which: is perpetual securities	**1,446**	**–**	**1,446**

	31.12.21		
	Creditor ranking		
	1 $million	2 $million	Total $million
Is the resolution entity the creditor/investor?	No[1]	Yes	
Description of creditor ranking	Common Shares	Tier-2 capital	
Total capital and liabilities net of credit risk mitigation[2]	1,446	627	2,073
Of which: are excluded liabilities	–	–	–
Total capital and liabilities less excluded liabilities	1,446	627	2,073
Of which: are potentially eligible as TLAC	1,446	627	2,073
Of which: with 1 year ≤ residual maturity < 2 years	–	–	–
Of which: with 2 years ≤ residual maturity < 5 years	–	–	–
Of which: with 5 years ≤ residual maturity < 10 years	–	627	627
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–
Of which: is perpetual securities	1,446	–	1,446

1 Held by Standard Chartered Bank (Hong Kong) Limited

2 Excludes CET1 (except common shares) and is based on accounting carrying values

2.4 Countercyclical capital buffer

The Group's countercyclical capital buffer (CCyB) requirement is determined by applying various country-specific CCyB rates to the Group's qualifying credit exposures in the relevant country (based on the jurisdiction of the obligor) on a weighted average basis.

The Group's current CCyB requirement is 20 basis points, representing a small increase of 3 basis points from December 2021.

Countries are included in the table if the relevant own funds requirements of that country are greater than 1 per cent of the Group's total relevant own funds requirements for CCyB calculation.

Table 13: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (UK CCyB1)

	30.06.22					
	General credit exposures		Relevant credit exposures – Market risk			
Breakdown by country	Exposure value under the standardised approach $million	Exposure value under the IRB approach $million	Sum of long and short positions of trading book exposures for SA $million	Value of trading book exposures for internal models $million	Securitisation exposures Exposure value for non-trading book $million	Total exposure value $million
Austria	–	153	–	–	–	153
Bangladesh	1,387	2,947	143	–	–	4,477
Bulgaria	–	–	–	–	–	–
China	5,437	21,123	3,163	–	–	29,723
Croatia	–	12	1	–	–	13
Czech Republic	–	1	–	–	–	1
Denmark	12	192	1	–	–	205
France	172	3,771	75	–	–	4,018
Germany	1	4,610	83	–	–	4,695
Hong Kong	8,249	81,020	260	–	–	89,529
Hungary	–	203	–	–	–	203
India	5,440	18,372	1,662	–	–	25,474
Indonesia	581	2,274	203	–	–	3,057
Ireland	25	2,084	546	–	–	2,655
Korea	744	47,249	228	–	–	48,221
Luxembourg	313	8,010	50	–	–	8,373
Malaysia	908	9,642	110	–	–	10,659
Netherlands	13	2,713	114	–	–	2,840
Nigeria	693	2,238	276	–	–	3,207
Norway	–	117	–	–	–	117
Pakistan	533	1,870	7	–	–	2,409
Singapore	7,595	36,604	1,847	–	–	46,047
Slovakia	–	–	–	–	–	–
Sweden	–	2,076	4	–	–	2,080
Taiwan	987	13,058	115	–	–	14,160
United Arab Emirates	2,442	10,875	71	–	–	13,388
United Kingdom	2,223	50,049	93	–	–	52,364
United States	1,221	41,470	111	–	–	42,802
Virgin Islands, British	1,738	414	117	–	–	2,270
Other countries	7,096	50,123	1,850	–	–	59,069

2.4 Countercyclical capital buffer continued

Table 13: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (UK CCyB1) continued

	30.06.22						
	Own funds requirements						
Breakdown by country	Relevant credit risk exposures – Credit risk $million	Relevant credit exposures – Market risk $million	Relevant credit exposures – Securitisation positions in the non-trading book $million	Total $million	Risk-weighted exposure amounts $million	Own fund requirements weights %	Countercyclical buffer rate %
Austria	5	–	–	5	65	0.0%	0.0%
Bangladesh	233	11	–	244	3,054	1.9%	0.0%
Bulgaria	–	–	–	–	–	0.0%	0.5%
China	1,036	75	49	1,160	14,501	9.0%	0.0%
Croatia	1	–	–	1	14	0.0%	0.0%
Czech Republic	–	–	–	–	–	0.0%	0.5%
Denmark	7	–	–	7	90	0.1%	0.0%
France	72	4	–	75	939	0.6%	0.0%
Germany	61	4	–	66	820	0.5%	0.0%
Hong Kong	2,403	8	60	2,471	30,893	19.1%	1.0%
Hungary	7	–	–	7	93	0.1%	0.0%
India	1,106	45	–	1,150	14,381	8.9%	0.0%
Indonesia	129	13	–	142	1,779	1.1%	0.0%
Ireland	36	44	–	80	996	0.6%	0.0%
Korea	853	3	–	856	10,698	6.6%	0.0%
Luxembourg	163	7	–	170	2,120	1.3%	0.5%
Malaysia	442	11	–	453	5,665	3.5%	0.0%
Netherlands	98	9	–	108	1,345	0.8%	0.0%
Nigeria	160	38	–	198	2,476	1.5%	0.0%
Norway	4	–	–	4	49	0.0%	1.5%
Pakistan	148	2	–	151	1,882	1.2%	0.0%
Singapore	1,013	9	–	1,022	12,774	7.9%	0.0%
Slovakia	–	–	–	–	–	0.0%	1.0%
Sweden	29	–	–	29	361	0.2%	0.0%
Taiwan	292	–	–	292	3,652	2.3%	0.0%
United Arab Emirates	425	3	–	428	5,347	3.3%	0.0%
United Kingdom	597	28	323	948	11,847	7.3%	0.0%
United States	637	12	61	710	8,876	5.5%	0.0%
Virgin Islands, British	168	2	–	171	2,132	1.3%	0.0%
Other countries	1,832	155	–	1,987	24,835	15.4%	0.0%

2.4 Countercyclical capital buffer continued

Table 13: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (UK CCyB1) continued

	31.12.21					
	General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures	
Breakdown by country	Exposure value under the standardised approach $million	Exposure value under the IRB approach $million	Sum of long and short positions of trading book exposures for SA $million	Value of trading book exposures for internal models $million	Exposure value for non-trading book $million	Total exposure value $million
Bangladesh	1,597	4,487	106	–	–	6,189
Belgium	–	235	3	–	–	238
Bulgaria	–	–	–	–	–	–
China	7,633	22,554	4,035	–	3,509	37,730
Czech Republic	–	7	–	–	–	7
Denmark	2	146	2	–	–	150
France	163	3,252	17	–	–	3,432
Germany	9	3,294	45	–	–	3,348
Hong Kong	5,547	82,000	16	–	3,509	91,071
India	6,272	19,033	1,168	–	–	26,473
Indonesia	665	2,351	27	–	–	3,043
Ireland	1	2,553	651	–	–	3,204
Korea	845	48,697	68	–	–	49,611
Luxembourg	214	4,583	–	–	–	4,796
Malaysia	994	9,666	584	–	–	11,244
Nigeria	704	2,613	985	–	–	4,302
Norway	–	86	3	–	–	89
Pakistan	593	2,628	188	–	–	3,408
Singapore	8,207	39,338	617	–	–	48,163
Slovakia	–	1	–	–	–	1
Sweden	–	1,815	–	–	–	1,815
Taiwan	1,025	14,512	278	–	–	15,815
United Arab Emirates	2,649	11,156	94	–	–	13,899
United Kingdom	2,226	49,962	143	–	18,262	70,594
United States	1,582	47,030	8	–	4,524	53,144
Virgin Islands, British	1,835	235	52	–	–	2,122
Other countries	6,983	57,960	2,619	–	–	67,563

2.4 Countercyclical capital buffer continued

Table 13: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (UK CCyB1) continued

	31.12.21						
	Own funds requirements						
Breakdown by country	Relevant credit risk exposures – Credit risk $million	Relevant credit exposures – Market risk $million	Relevant credit exposures – Securitisation positions in the non-trading book $million	Total $million	Risk-weighted exposure amounts $million	Own fund requirements weights %	Countercyclical buffer rate %
Bangladesh	289	8	–	297	3,715	2.2%	0.0%
Belgium	3	–	–	3	36	0.0%	0.0%
Bulgaria	–	–	–	–	–	0.0%	0.5%
China	1,354	111	49	1,514	18,931	11.0%	0.0%
Czech Republic	–	–	–	–	–	0.0%	0.5%
Denmark	5	–	–	6	70	0.0%	0.0%
France	67	5	–	71	893	0.5%	0.0%
Germany	61	4	–	65	812	0.5%	0.0%
Hong Kong	2,160	8	49	2,218	27,719	16.2%	1.0%
India	1,200	37	–	1,237	15,465	9.0%	0.0%
Indonesia	165	17	–	182	2,281	1.3%	0.0%
Ireland	157	52	–	209	2,610	1.5%	0.0%
Korea	835	9	–	844	10,548	6.1%	0.0%
Luxembourg	101	–	–	101	1,261	0.7%	0.0%
Malaysia	422	15	–	437	5,459	3.2%	0.0%
Nigeria	215	103	–	318	3,974	2.3%	0.0%
Norway	4	–	–	4	51	0.0%	1.0%
Pakistan	180	35	–	215	2,690	1.6%	0.0%
Singapore	1,102	15	–	1,117	13,966	8.1%	0.0%
Slovakia	–	–	–	–	–	0.0%	1.0%
Sweden	30	–	–	30	379	0.2%	0.0%
Taiwan	270	–	–	270	3,370	2.0%	0.0%
United Arab Emirates	506	5	–	512	6,398	3.7%	0.0%
United Kingdom	605	17	281	904	11,301	6.6%	0.0%
United States	656	10	63	730	9,119	5.3%	0.0%
Virgin Islands, British	143	1	–	144	1,799	1.0%	0.0%
Other countries	2,131	168	–	2,299	28,737	16.7%	0.0%

Table 14: Amount of institution-specific countercyclical capital buffer (UK CCyB2)

		30.06.22 $million	31.12.21 $million
1	Total risk exposure amount (see Table 15: Overview of RWA (OV1))	**255,082**	271,233
2	Institution specific countercyclical capital buffer rate	**0.20%**	0.17%
3	Institution specific countercyclical capital buffer requirement	**505**	449

2.5 Capital Requirements

Pillar 1 and Pillar 2A CET1 requirements and the Combined Buffer requirement together represent the Group's Maximum Distributable Amount threshold. The Group will be subject to restrictions on discretionary distributions if the CET1 ratio falls below this threshold. The Group expects to continue to operate with a prudent management buffer above this threshold.

Over time, the Group may also be subject to a PRA buffer. The PRA buffer is intended to ensure the Group remains well capitalised during periods of stress. When setting the Group's PRA buffer, it is understood that the PRA considers results from the Bank of England (BoE) stress test, the biennial exploratory scenario, and bank-specific scenarios undertaken as part of Internal Capital Adequacy Assessment Processes (ICAAPs), as well as other relevant information. The PRA buffer is additional to the existing combinded buffer requirements and is applied if and to the extent that the PRA considers the existing CRD IV buffers do not adequately address the Group risk profile. The PRA buffer is not disclosed.

The table below presents the Group's RWA and capital requirements (calculated as 8 per cent of RWA).

Further information on credit RWAs can be found in Table 31 for credit risk exposures under IRB (which include counterparty credit risk); Table 17 for the RWA flow statements for credit risk exposures under IRB (which includes securitisation balances below); Table 44 for exposures under the SA (which include amounts below the threshold for deduction) and section 4.2 for exposures subject to counterparty credit risk.

Table 15: Overview of risk weighted exposure amounts (UK OV1)

		30.06.22		31.03.22		31.12.21	
		Risk-weighted assets $million	Regulatory capital requirement[1] $million	Risk-weighted assets $million	Regulatory capital requirement[1] $million	Risk-weighted assets $million	Regulatory capital requirement[1] $million
1	**Credit risk (excluding CCR)[2]**	**168,382**	**13,471**	172,173	13,774	186,972	14,958
2	Of which the standardised approach (Table 44)	**32,799**	**2,624**	33,599	2,688	34,791	2,784
4	Of which slotting approach	**4,864**	**389**	4,373	350	4,451	356
5	Of which the advanced IRB (AIRB) approach (Table 31)	**130,719**	**10,458**	134,201	10,736	147,730	11,818
6	**Counterparty credit risk – CCR[3]**	**23,589**	**1,887**	24,918	1,993	20,216	1,617
7	Of which the standardised approach	**6,519**	**522**	8,184	655	3,778	303
8	Of which internal model method (IMM)	**10,153**	**812**	9,038	723	9,244	740
UK 8a	Of which exposures to a CCP	**1,125**	**90**	1,033	82	716	57
UK 8b	Of which credit valuation adjustment – CVA (Table 59)	**2,333**	**187**	2,220	178	3,125	250
9	Of which other CCR	**3,459**	**276**	4,443	355	3,352	267
15	**Settlement risk**	**3**	**–**	2	–	4	–
16	**Securitisation exposures in the non-trading book**	**6,162**	**493**	6,258	501	5,541	443
17	Of which SEC-IRBA approach	**2,750**	**220**	3,114	249	2,818	225
18	Of which SEC-ERBA (including IAA)	**3,215**	**257**	3,070	246	2,658	213
19	Of which SEC-SA approach	**197**	**16**	74	6	65	5
UK 19a	Of which 1250%/deduction	**–**	**–**	–	–	–	–
20	**Position, foreign exchange and commodities risks (Market risk) (Table 49)**	**22,726**	**1,818**	23,019	1,842	24,529	1,962
21	Of which the standardised approach	**10,705**	**856**	11,842	947	13,159	1,053
22	Of which IMA	**12,021**	**962**	11,177	895	11,370	909
UK 22a	Large exposures	**–**	**–**	386	31	–	–
23	**Operational risk[4]**	**27,177**	**2,174**	27,177	2,174	27,116	2,169
25	Of which standardised approach	**27,177**	**2,174**	27,177	2,174	27,116	2,169
27	**Amounts below the thresholds for deduction (subject to 250% risk weight) (Table 43)**	**7,043**	**563**	6,900	552	6,855	549
28	**Floor Adjustment**	**–**	**–**	–	–	–	–
29	**Total**	**255,082**	**20,406**	260,833	20,867	271,233	21,699

1 The regulatory capital requirement is calculated as 8 per cent of the RWA, and represents the minimum total capital ratio in accordance with CRR Article 92 (1)

2 Credit risk (excluding counterparty credit risk) includes non-credit obligation assets

3 Counterparty credit risk includes assets which are assessed under IRB and SA

4 To calculate operational risk standardised risk-weighted assets, a regulatory defined beta co-efficient is applied to average gross income for the previous three years, across each of the eight business lines prescribed in the CRR

2.5 Capital Requirements continued

RWA decreased by $16.2 billion, or 6.0 per cent from 31 December 2021 to $255.1 billion. This was mainly due to decreases in Credit Risk RWA of $14.4 billion and Market Risk RWA of $1.8 billion offset by marginal increase in Operational Risk RWA of $0.1 billion.

- Credit risk including counterparty credit decreased by $14.4 billion. The decrease was driven by:
  - $8.1 billion decrease from foreign currency translation
  - $6.3 billion net decrease driven by optimization actions including reduction in low returning portfolios
  - $5.8 billion decrease due to a net improvement in asset quality
  - $1.0 billion decrease due to cessation of software relief
  - $4.7 billion increase due to recent industry-wide regulatory changes to align IRB model performance
  - $2.1 billion increase from revised rules on capital requirements
- Market Risk RWA decreased by $1.8 billion, or 7 per cent from 31 December 2021 to $22.7 billion mainly due to:
  - $1.7 billion decrease in Standardised Approach (SA) Specific Interest Rate Risk RWA due to reduced positions
  - $1.0 billion decrease with enhanced Internal Models Approach (IMA) VaR and stressed VaR methodology
  - $0.4 billion decrease in SA Structural FX risk with increased SFX hedging
  - $1.1 billion increase due to higher IMA RWA multiplier from back-back-testing exceptions
  - $0.2 billion increase of other individually smaller movements

Table 16 shows the significant drivers of credit risk, market risk and operational risk RWA movements from 1 January 2022.

Table 16: Movement analysis for RWA

	Credit risk IRB $million	Credit risk SA $million	Credit risk Total $million	Counterparty Credit risk $million	Total Credit & Counterparty Credit risk $million	Operational risk $million	Market risk $million	Total $million
As at 1 January 2022	157,657	41,715	199,372	20,216	219,588	27,116	24,529	271,233
Asset size	(11,533)	161	(11,372)	3,378	(7,994)	–	–	(7,994)
Asset quality	(4,676)	–	(4,676)	(260)	(4,936)	–	–	(4,936)
Model updates	4,701	–	4,701	–	4,701	–	(400)	4,301
Methodology and policy	412	–	412	1,738	2,150	–	–	2,150
Acquisitions and disposals	–	–	–	–	–	–	–	–
Foreign exchange movements	(1,803)	(296)	(2,099)	(154)	(2,253)	–	–	(2,253)
Other, including non-credit risk movements[1]	–	(1,005)	(1,005)	386	(619)	61	(1,110)	(1,668)
As at 31 March 2022	**144,758**	**40,575**	**185,333**	**25,304**	**210,637**	**27,177**	**23,019**	**260,833**
Asset size	**2,044**	**379**	**2,424**	**(775)**	**1,649**	**–**	**–**	**1,648**
Asset quality	**(945)**	**–**	**(945)**	**38**	**(907)**	**–**	**–**	**(907)**
Model updates	**–**	**–**	**–**	**–**	**–**	**–**	**(600)**	**(600)**
Methodology and policy	**(3)**	**–**	**(3)**	**–**	**(3)**	**–**	**1,100**	**1,097**
Acquisitions and disposals	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Foreign exchange movements	**(4,302)**	**(915)**	**(5,217)**	**(594)**	**(5,811)**	**–**	**–**	**(5,811)**
Other, including non-credit risk movements[1]	**–**	**–**	**–**	**(386)**	**(386)**	**–**	**(793)**	**(1,178)**
As at 30 June 2022	**141,552**	**40,039**	**181,592**	**23,587**	**205,179**	**27,177**	**22,726**	**255,082**

1 RWA efficiencies are disclosed against 'Other, including non-credit risk movements'

2 See Table 15: Overview of risk weighted exposure amounts (UK OV1). To note that 'Securitisation exposures in the non-trading book', 'Settlement risk' and 'Amounts below the threshold for deduction (subject to 250% risk-weight)' are included in credit risk

2.5 Capital Requirements continued

Table 17 shows the significant drivers of credit risk, IRB RWA movements (excluding counterparty credit risk and standardised credit risk) from 1 January 2022.

Table 17: RWEA flow statements of credit risk exposures under the IRB approach (UK CR8)

		Risk-weighted assets[1] $million	Regulatory capital requirement[1] $million
	As at 1 January 2022	157,657	12,613
	Asset size	(11,533)	(923)
	Asset quality	(4,676)	(374)
	Model updates	4,701	376
	Methodology and policy	412	33
	Acquisitions and disposals	–	–
	Foreign exchange movements	(1,803)	(144)
	Other	–	–
1	**As at 31 March 2022**	**144,758**	**11,581**
2	Asset size	**2,044**	**164**
3	Asset quality	**(945)**	**(76)**
4	Model updates	**–**	**–**
5	Methodology and policy	**(3)**	**–**
6	Acquisitions and disposals	**–**	**–**
7	Foreign exchange movements	**(4,302)**	**(344)**
8	Other	**–**	**–**
9	**As at 30 June 2022**	**141,552**	**11,324**

1 Includes securitisation and non-credit obligation assets, but excludes counterparty credit risk

2 See Table 15: Overview of risk weighted exposure amounts (UK OV1). Comprises advanced IRB credit risk (including slotting) $135,583 million and securitisation (IRBA and ERBA) of $5,965million

IRB credit RWA decreased by $16.3 billion from 31 December 2021 driven by:

- $6.5 billion decrease driven by optimization actions including reduction in low returning portfolios
- $6.1 billion decrease from foreign currency translation
- $5.3 billion decrease due to net improvements in asset quality reflecting client upgrades mainly from Asia
- $5.1 billion increase from recent industry-wide regulatory changes to align IRB model performance

Table 18 shows the significant drivers of credit counterparty risk under IMM RWA movements from 1 January 2022.

Table 18: RWEA flow statements of CCR exposures under the IMM (UK CCR7)

		Risk-weighted assets $million	Regulatory capital requirement $million
	As at 1 January 2022	9,244	740
	Asset size	516	41
	Credit quality of counterparties	(73)	(6)
	Model updates (IMM only)	–	–
	Methodology and policy (IMM only)	(162)	(13)
	Acquisitions and disposals	–	–
	Foreign exchange movements	(116)	(9)
	Other[1]	–	–
1	**As at 31 March 2022**	**9,409**	**753**
2	Asset size	**1,739**	**139**
3	Credit quality of counterparties	**(123)**	**(10)**
4	Model updates (IMM only)	**–**	**–**
5	Methodology and policy (IMM only)	**–**	**–**
6	Acquisitions and disposals	**–**	**–**
7	Foreign exchange movements	**(462)**	**(37)**
8	Other[1]	**–**	**–**
9	**As at 30 June 2022**	**10,563**	**845**

1 RWA efficiencies are disclosed against 'Other"

2.5 Capital Requirements continued

Table 19 shows the RWA flow statements of market risk RWA exposures under the Internal Model Approach (IMA) from 1 January 2022.

Table 19: RWA flow statements of market risk exposures under the IMA (UK MR2-B)

		VaR $million	SVaR $million	IRC $million	Comprehensive risk measure $million	Other[1] $million	Total RWAs $million	Total own funds requirements $million
	At 1 January 2022	1,512	4,656	–	–	5,202	11,370	910
	Regulatory adjustment	–	–	–	–	–	–	–
	RWAs post adjustment at 1 January 2022	1,512	4,656	–	–	5,202	11,370	910
	Movement in risk levels	213	395	–	–	(401)	207	17
	Model updates/changes	(100)	(300)	–	–	–	(400)	(32)
	Methodology and policy	–	–	–	–	–	–	–
	Acquisitions and disposals	–	–	–	–	–	–	–
	Foreign exchange movements	–	–	–	–	–	–	–
	Other	–	–	–	–	–	–	–
1	**At 31 March 2022**	**1,625**	**4,751**	**–**	**–**	**4,801**	**11,177**	**894**
1a	Regulatory adjustment	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1b	**RWAs post adjustment at 31 March 2022**	**1,625**	**4,751**	**–**	**–**	**4,801**	**11,177**	**894**
2	Movement in risk levels	**259**	**217**	**–**	**–**	**(132)**	**344**	**28**
3	Model updates/changes	**(100)**	**(500)**	**–**	**–**	**–**	**(600)**	**(48)**
4	Methodology and policy	**300**	**750**	**–**	**–**	**50**	**1,100**	**88**
5	Acquisitions and disposals	**–**	**–**	**–**	**–**	**–**	**–**	**–**
6	Foreign exchange movements	**–**	**–**	**–**	**–**	**–**	**–**	**–**
7	Other	**–**	**–**	**–**	**–**	**–**	**–**	**–**
8a	**At 30 June 2022**	**2,084**	**5,218**	**–**	**–**	**4,719**	**12,021**	**962**
8b	Regulatory adjustment	**–**	**–**	**–**	**–**	**–**	**–**	**–**
8	**RWAs post adjustment at 30 June 2022[2]**	**2,084**	**5,218**	**–**	**–**	**4,719**	**12,021**	**962**

1 Other IMA capital add-ons for market risks not fully captured in either VaR or SVar. More details on Risks not in VaR can be found in the Group's Half Year Report 2022 on page 93

2 Represents only the Group's portfolio covered by the IMA and calculated at the 99 per cent confidence level. Details of the Group's management VaR covering all non-structured market risk exposures, across the trading and non-trading books, calculated at the 97.5 per cent confidence level can be found in the Group's Half Year Report 2022 on pages 92 to 93

Market risk RWA under an IMA approach increased by $0.7 billion from 31 December 2021 reflecting a higher IMA RWA multiplier from back-testing exceptions, an increase in IMA positions and increased market volatility, partially offset by enhanced IMA VaR and stressed VaR methodology.

2.6 Leverage ratio

The Group's leverage ratio, which excludes qualifying claims on central banks, was 4.5 per cent, which is above the current minimum requirement of 3.7 per cent. The leverage ratio decreased by approximately 35 basis points in the period following a $4.0 billion decrease in Tier 1 capital due to a decrease in CET1 by $3.0 billion and the redemption of $1 billion of Additional Tier1. This was partially offset by a reduction in leverage exposures by $17 billion primarily due to derivatives and central bank netting.

At 30 June 2022, the Group's current minimum requirement inclusive of leverage buffers was 3.7 per cent:

(i) The minimum 3.25 per cent

(ii) A 0.35 per cent G-SII leverage ratio buffer and

(iii) A 0.07 per cent countercyclical capital leverage ratio buffer, based on half year 2022 countercyclical capital buffer rates

Table 20: Leverage ratio

	30.06.22 $million	31.03.22 $million	31.12.21 $million
Tier 1 capital (end point)	**40,617**	41,531	44,596
Leverage exposure	**894,134**	935,827	911,140
Leverage ratio	**4.5%**	4.4%	4.9%
Leverage exposure quarterly average	**918,391**	927,282	897,992
Leverage ratio quarterly average	**4.4%**	4.6%	5.0%
Countercyclical leverage ratio buffer	**0.1%**	0.1%	0.1%
G-SII additional leverage ratio buffer	**0.4%**	0.4%	0.4%

Table 21, 22 and 23 present the leverage ratio based on the UK onshored CCR basis requirements.

Table 21: LRSum: Summary reconciliation of accounting assets and leverage ratio exposures (UK LR1)

		30.06.22 $million	31.12.21 $million
1	Total assets as per published financial statements	**835,917**	827,818
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	**1,888**	102
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	**–**	–
4	(Adjustment for exemption of exposures to central banks)	**(70,854)**	(63,944)
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) of the CRR)	**–**	–
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	**(1,498)**	–
7	Adjustment for eligible cash pooling transactions	**–**	–
8	Adjustment for derivative financial instruments[1]	**(14,809)**	7,582
9	Adjustment for securities financing transactions (SFTs)	**13,318**	13,724
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	**146,745**	139,505
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	**(1,469)**	(1,244)
UK-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	**–**	–
UK-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) of the CRR)	**–**	–
12	Other adjustments	**(15,104)**	(12,403)
13	**Total exposure measure[2]**	**894,134**	911,140

1 2021 comparative represents exposures calculated using the mark to market method

2 Comparatives represent 2021 UK Leverage equivalent measure

2.6 Leverage ratio continued

Table 22: LRCom: Leverage ratio common disclosure (UK LR2)

		30.06.22 $million	31.12.21 $million
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	**676,651**	687,648
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	**–**	–
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	**(9,831)**	(8,330)
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	**–**	–
5	(General credit risk adjustments to on-balance sheet items)	**–**	–
6	(Asset amounts deducted in determining tier 1 capital (leverage))	**(6,856)**	(5,908)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**659,963**	673,410
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	**22,900**	7,636
UK-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	**–**	–
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	**41,827**	51,685
UK-9a	Derogation for derivatives: potential future exposure contribution under the simplified standardised approach	**–**	–
UK-9b	Exposure determined under the original exposure method	**–**	–
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	**(2,979)**	(828)
UK-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	**–**	–
UK-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	**–**	–
11	Adjusted effective notional amount of written credit derivatives	**108,312**	86,308
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	**(108,185)**	(84,774)
13	**Total derivatives exposures**[1]	**61,875**	60,027
	Securities financing transaction exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	**90,177**	95,843
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	**(7,090)**	(7,425)
16	Counterparty credit risk exposure for SFT assets	**13,318**	13,724
UK-16a	Derogation for SFTs: counterparty credit risk exposure in accordance with Articles 429e(5) and 222 of the CRR	**–**	–
17	Agent transaction exposures	**–**	–
UK-17a	(Exempted CCP leg of client-cleared SFT exposures)	**–**	–
18	**Total securities financing transaction exposures**	**96,405**	102,142
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	**480,553**	452,444
20	(Adjustments for conversion to credit equivalent amounts)	**(333,808)**	(312,939)
21	(General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures)	**–**	–
22	**Off-balance sheet exposures**	**146,745**	139,505
	Excluded exposures		
UK-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	**–**	–
UK-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) of the CRR (on- and off-balance sheet))	**–**	–
UK-22g	(Excluded excess collateral deposited at triparty agents)	**–**	–
UK-22k	**(Total exempted exposures)**	**–**	–
	Capital and total exposures		
23	Tier 1 capital (leverage)	**40,617**	44,596
24	Total exposure measure including claims on central banks	**964,988**	975,084
UK-24a	(–) Claims on central banks excluded	**(70,854)**	(63,944)
UK-24b	**Total exposure measure excluding claims on central banks**[2]	**894,134**	911,140

2.6 Leverage ratio continued

Table 22: LRCom: Leverage ratio common disclosure (UK LR2) continued

		30.06.22 $million	31.12.21 $million
	Leverage ratio		
25	Leverage ratio excluding claims on central banks (%)	**4.5%**	4.9%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**4.5%**	4.9%
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	**4.5%**	4.9%
UK-25c	Leverage ratio including claims on central banks (%)[3]	**4.2%**	4.6%
26	Regulatory minimum leverage ratio requirement (%)	**3.3%**	3.3%
	Additional leverage ratio disclosure requirements – leverage ratio buffers	**–**	
27	Leverage ratio buffer (%)	**0.5%**	0.5%
UK-27a	Of which: G-SII or O-SII additional leverage ratio buffer (%)	**0.4%**	0.4%
UK-27b	Of which: countercyclical leverage ratio buffer (%)	**0.1%**	0.1%
	Additional leverage ratio disclosure requirements – disclosure of mean values		
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	**85,427**	73,798
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**83,087**	88,418
UK-31	Average total exposure measure including claims on central banks[4]	**996,906**	973,116
UK-32	Average total exposure measure excluding claims on central banks	**918,391**	897,992
UK-33	Average leverage ratio including claims on central banks[4]	**4.1%**	4.6%
UK-34	Average leverage ratio excluding claims on central banks	**4.4%**	5.0%

1 2021 comparative represents exposures calculated using the mark to market method

2 Comparatives represent 2021 UK Leverage equivalent measure

3 Comparative represents Leverage ratio using CRR rules as applicable in 2021

4 Comparatives for 2021 disclosed on UK-31 and UK-33 represent average leverage exposure and leverage ratio, based on CRR rules as applicable in 2021 including central banks

Table 23: LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (UK LR3)

		30.06.22 $million	31.12.21 $million
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	**676,651**	687,648
UK-2	Trading book exposures	**59,282**	51,782
UK-3	Banking book exposures, of which:	**617,369**	635,866
UK-4	Covered bonds	**9,878**	7,389
UK-5	Exposures treated as sovereigns	**219,692**	220,793
UK-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	**93**	95
UK-7	Institutions	**55,864**	70,549
UK-8	Secured by mortgages of immovable properties	**93,566**	96,239
UK-9	Retail exposures	**28,134**	28,906
UK-10	Corporates	**150,942**	154,360
UK-11	Exposures in default	**5,661**	6,506
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	**53,539**	51,029

3. Credit risk

3.1 Credit risk quality

Credit risk EAD is based on the current outstanding exposure and accrued interest and fees, which are recognised in the Group's balance sheet in accordance with IFRS, plus a proportion of any undrawn facility. For standardised EAD, the proportion of any undrawn facility included is dependent on the facility type and tenor, and for IRB exposure classes this proportion is modelled.

Tables 24 to 30 depict past-due exposures, broken down by past-due bands and provide further information on non-performing and forborne exposures, as defined in the CRR, as well as by geography and industry.

Table 24: Performing and non-performing exposures and related provisions (UK CR1)

	30.06.22					
	Gross carrying amount/nominal amount					
	Performing exposures			Non-performing exposures		
	$million	Of which stage 1 $million	Of which stage 2 $million	$million	Of which stage 2 $million	Of which stage 3 $million
005 Cash balances at central banks and other demand deposits	65,815	65,627	188	–	–	–
010 Loans and advances	408,489	395,544	12,945	7,131	–	7,131
020 Central banks	28,134	27,973	161	–	–	–
030 General governments	9,110	8,619	491	166	–	166
040 Credit institutions	55,088	54,931	157	93	–	93
050 Other financial corporations	69,299	68,606	692	256	–	256
060 Non-financial corporations	114,462	104,658	9,804	5,561	–	5,561
070 Of which SMEs	1,651	1,341	310	382	–	382
080 Households	132,397	130,758	1,639	1,055	–	1,055
090 Debt securities	165,876	161,650	4,226	106	–	106
100 Central banks	21,394	19,755	1,639	–	–	–
110 General governments	66,770	66,219	550	–	–	–
120 Credit institutions	45,974	45,805	170	–	–	–
130 Other financial corporations	22,049	21,794	255	–	–	–
140 Non-financial corporations	9,689	8,077	1,612	106	–	106
150 Off-balance-sheet exposures	220,731	212,705	8,026	643	–	643
160 Central banks	723	723	1	–	–	–
170 General governments	1,626	1,380	246	–	–	–
180 Credit institutions	12,312	12,111	201	17	–	17
190 Other financial corporations	28,204	27,115	1,090	27	–	27
200 Non-financial corporations	118,796	112,385	6,411	599	–	599
210 Households	59,069	58,991	78	–	–	–
220 Total	860,911	835,527	25,384	7,880	–	7,880

3.1 Credit risk quality continued

Table 24: Performing and non-performing exposures and related provisions (UK CR1) continued

	30.06.22								
	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collateral and financial guarantees received	
	Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
	$million	Of which stage 1 $million	Of which stage 2 $million	$million	Of which stage 2 $million	Of which stage 3 $million	Accumulated partial write-off $million	On performing exposures $million	On non-performing exposures $million
005 Cash balances at central banks and other demand deposits	–	–	–	–	–	–	–	–	–
010 Loans and advances	(901)	(509)	(392)	(4,347)	–	(4,347)	(4,507)	132,465	1,339
020 Central banks	–	–	–	–	–	–	–	8,033	–
030 General governments	(3)	(3)	–	(13)	–	(13)	(3)	1,351	10
040 Credit institutions	(3)	(2)	–	(12)	–	(12)	(27)	3,119	3
050 Other financial corporations	(16)	(7)	(9)	(207)	–	(207)	(279)	2,806	5
060 Non-financial corporations	(398)	(135)	(263)	(3,623)	–	(3,623)	(4,195)	24,156	758
070 Of which SMEs	(8)	(2)	(6)	(347)	–	(347)	–	67	35
080 Households	(480)	(362)	(118)	(492)	–	(492)	(3)	93,000	563
090 Debt securities	(99)	(62)	(37)	(70)	–	(70)	–	424	–
100 Central banks	(19)	(5)	(14)	–	–	–	–	–	–
110 General governments	(34)	(21)	(13)	–	–	–	–	–	–
120 Credit institutions	(13)	(13)	(1)	–	–	–	–	–	–
130 Other financial corporations	(11)	(10)	(1)	–	–	–	–	85	–
140 Non-financial corporations	(21)	(14)	(7)	(70)	–	(70)	–	340	–
150 Off-balance-sheet exposures	(112)	(56)	(56)	(190)	–	(190)	–	6,708	22
160 Central banks	–	–	–	–	–	–	–	–	–
170 General governments	–	–	–	–	–	–	–	200	–
180 Credit institutions	(2)	(2)	–	(5)	–	(5)	–	533	–
190 Other financial corporations	(7)	(4)	(3)	–	–	–	–	1,144	3
200 Non-financial corporations	(98)	(46)	(52)	(184)	–	(184)	–	4,654	19
210 Households	(5)	(3)	(1)	–	–	–	–	177	–
220 Total	(1,112)	(627)	(484)	(4,607)	–	(4,607)	(4,507)	139,598	1,360

3.1 Credit risk quality continued

Table 24: Performing and non-performing exposures and related provisions (UK CR1) continued

	31.12.21					
	Gross carrying amount/nominal amount					
	Performing exposures			Non-performing exposures		
	$million	Of which stage 1 $million	Of which stage 2 $million	$million	Of which stage 2 $million	Of which stage 3 $million
005 Cash balances at central banks and other demand deposits						
010 Loans and advances	499,059	481,395	17,664	8,149	–	8,149
020 Central banks	92,056	91,737	318	–	–	–
030 General governments	9,752	9,193	560	159	–	159
040 Credit institutions	59,392	58,719	673	298	–	298
050 Other financial corporations	82,550	81,531	1,019	304	–	304
060 Non-financial corporations	118,137	104,748	13,389	6,204	–	6,204
070 Of which SMEs	1,712	1,399	313	411	–	411
080 Households	137,173	135,467	1,705	1,184	–	1,184
090 Debt securities	164,355	158,996	5,358	114	–	114
100 Central banks	18,445	16,373	2,072	–	–	–
110 General governments	75,486	73,585	1,901	–	–	–
120 Credit institutions	42,764	42,078	686	–	–	–
130 Other financial corporations	19,425	18,814	610	–	–	–
140 Non-financial corporations	8,234	8,145	89	114	–	114
150 Off-balance-sheet exposures	216,384	204,578	11,806	799	–	799
160 Central banks	725	724	2	–	–	–
170 General governments	1,618	1,286	332	–	–	–
180 Credit institutions	12,086	11,694	392	2	–	2
190 Other financial corporations	27,893	26,505	1,388	43	–	43
200 Non-financial corporations	116,073	108,085	7,988	754	–	754
210 Households	57,987	56,284	1,704	–	–	–
220 Total	879,798	844,969	34,829	9,062	–	9,062

3.1 Credit risk quality continued

Table 24: Performing and non-performing exposures and related provisions (UK CR1) continued

	31.12.21								
	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collateral and financial guarantees received	
	Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
	$million	Of which stage 1 $million	Of which stage 2 $million	$million	Of which stage 2 $million	Of which stage 3 $million	Accumulated partial write-off $million	On performing exposures $million	On non-performing exposures $million
005 Cash balances at central banks and other demand deposits									
010 Loans and advances	(1,013)	(485)	(528)	(4,668)	–	(4,668)	(4,254)	137,858	1,445
020 Central banks	–	–	–	–	–	–	–	7,192	–
030 General governments	(8)	(7)	(1)	(8)	–	(8)	(3)	1,307	10
040 Credit institutions	(4)	(3)	–	(115)	–	(115)	(27)	4,999	–
050 Other financial corporations	(17)	(8)	(10)	(220)	–	(220)	(278)	2,578	14
060 Non-financial corporations	(432)	(45)	(387)	(3,810)	–	(3,810)	(3,943)	32,188	836
070 Of which SMEs	(7)	(1)	(6)	(354)	–	(354)	–	122	21
080 Households	(552)	(422)	(130)	(514)	–	(514)	(3)	89,594	585
090 Debt securities	(110)	(67)	(42)	(66)	–	(66)	–	481	–
100 Central banks	(20)	(7)	(14)	–	–	–	–	–	–
110 General governments	(49)	(30)	(19)	–	–	–	–	–	–
120 Credit institutions	(10)	(10)	–	–	–	–	–	–	–
130 Other financial corporations	(10)	(9)	(2)	–	–	–	–	65	–
140 Non-financial corporations	(19)	(11)	(8)	(66)	–	(66)	–	416	–
150 Off-balance-sheet exposures	(139)	(56)	(83)	(207)	–	(207)		6,054	34
160 Central banks	–	–	–	–	–	–		–	–
170 General governments	–	–	–	–	–	–		159	–
180 Credit institutions	(3)	(3)	–	–	–	–		356	1
190 Other financial corporations	(8)	(4)	(4)	–	–	–		1,166	5
200 Non-financial corporations	(122)	(46)	(76)	(207)	–	(207)		4,159	28
210 Households	(5)	(4)	(1)	–	–	–		215	–
220 Total	(1,261)	(608)	(653)	(4,942)	–	(4,942)	(4,254)	144,393	1,478

3.1 Credit risk quality continued

Table 25: Maturity of exposures (UK CR1-A)

		30.06.22					
		Net exposure value					
		On demand $million	<= 1 year $million	> 1 year <= 5 years $million	> 5 years $million	No stated maturity $million	Total $million
1	Loans and advances	25,144	239,039	57,769	95,162	–	417,114
2	Debt securities	786	71,104	69,965	50,676	–	192,531
3	**Total**	**25,930**	**310,143**	**127,734**	**145,838**	**–**	**609,645**

Table 26: Changes in the stock of non-performing loans and advances (UK CR2)

	30.06.22
	Gross carrying amount $million
010 Initial stock of non-performing loans and advances	8,149
020 Inflows to non-performing portfolios	1,091
030 Outflows from non-performing portfolios	(2,109)
040 Outflows due to write-offs	(580)
050 Outflow due to other situations	(1,529)
060 Final stock of non-performing loans and advances	**7,131**

3.1 Credit risk quality continued

Table 27: Credit quality of forborne exposures (UK CQ1)

	30.06.22							
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
	$million	$million	Of which defaulted $million	Of which impaired $million	$million	$million	$million	$million
005 Cash balances at central banks and other demand deposits	–	–	–	–	–	–	–	–
010 Loans and advances	**376**	**2,459**	**2,459**	**2,405**	**–**	**(1,532)**	**553**	**349**
020 Central banks	–	–	–	–	–	–	–	–
030 General governments	–	–	–	–	–	–	–	–
040 Credit institutions	–	–	–	–	–	–	–	–
050 Other financial corporations	–	**52**	**52**	**52**	–	**(47)**	**1**	**1**
060 Non-financial corporations	**357**	**2,129**	**2,129**	**2,124**	–	**(1,374)**	**479**	**296**
070 Households	**18**	**278**	**278**	**229**	–	**(110)**	**72**	**52**
080 Debt Securities	–	–	–	–	–	–	–	–
090 Loan commitments given	–	–	–	–	–	–	–	–
100 Total	**376**	**2,459**	**2,459**	**2,405**	**–**	**(1,532)**	**553**	**349**

	31.12.21							
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
	$million	$million	Of which defaulted[1] $million	Of which impaired $million	$million	$million	$million	$million
005 Cash balances at central banks and other demand deposits								
010 Loans and advances	331	2,601	2,601	2,534	(4)	(1,399)	441	317
020 Central banks	–	–	–	–	–	–	–	–
030 General governments	–	–	–	–	–	–	–	–
040 Credit institutions	–	–	–	–	–	–	–	–
050 Other financial corporations	–	66	66	66	–	(50)	1	1
060 Non-financial corporations	313	2,228	2,228	2,223	(4)	(1,218)	363	258
070 Households	18	307	307	245	–	(131)	77	58
080 Debt Securities	–	–	–	–	–	–	–	–
090 Loan commitments given	–	–	–	–	–	–	–	–
100 Total	331	2,601	2,601	2,534	(4)	(1,399)	441	317

1 2021 comparatives have been represented to reflect process refinements

3.1 Credit risk quality continued

Table 28: Credit quality of performing and non-performing exposures by past due days (UK CQ3)

	30.06.22											
	Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
	$million	Not past due or past due ≤ 30 days $million	Past due > 30 days ≤ 90 days $million	$million	Unlikely to pay that are not past due or are past due ≤ 90 days $million	Past due > 90 days ≤ 180 days $million	Past due > 180 days ≤ 1 year $million	Past due > 1 year ≤ 2 years $million	Past due > 2 years ≤ 5 years $million	Past due > 5 years ≤ 7 years $million	Past due > 7 years $million	Of which defaulted $million
005 Cash balances at central banks and other demand deposits	65,815	65,815	–	–	–	–	–	–	–	–	–	–
010 Loans and advances	408,489	408,128	361	7,131	2,768	780	225	694	1,235	557	872	7,131
020 Central banks	28,134	28,134	–	–	–	–	–	–	–	–	–	–
030 General governments	9,110	9,109	1	166	115	–	–	–	51	–	–	166
040 Credit institutions	55,088	55,087	1	93	70	23	–	–	–	–	–	93
050 Other financial corporations	69,299	69,297	2	256	46	–	–	60	22	7	122	256
060 Non-financial corporations	114,462	114,361	101	5,561	2,148	344	183	578	1,072	512	724	5,561
070 Of which SMEs	1,651	1,612	39	382	73	37	18	37	108	69	41	382
080 Households	132,397	132,141	256	1,055	389	414	42	57	90	37	26	1,055
090 Debt securities	165,876	165,874	2	106	90	–	–	–	–	15	–	106
100 Central banks	21,394	21,394	–	–	–	–	–	–	–	–	–	–
110 General governments	66,770	66,770	–	–	–	–	–	–	–	–	–	–
120 Credit institutions	45,974	45,974	1	–	–	–	–	–	–	–	–	–
130 Other financial corporations	22,049	22,048	1	–	–	–	–	–	–	–	–	–
140 Non-financial corporations	9,689	9,689	–	106	90	–	–	–	–	15	–	106
150 Off-balance-sheet exposures	220,731			643								643
160 Central banks	723			–								–
170 General governments	1,626			–								–
180 Credit institutions	12,312			17								17
190 Other financial corporations	28,204			27								27
200 Non-financial corporations	118,796			599								599
210 Households	59,069			–								–
220 Total	860,911	639,817	363	7,880	2,859	780	225	694	1,235	572	872	7,880

3.1 Credit risk quality continued

Table 28: Credit quality of performing and non-performing exposures by past due days (UK CQ3) continued

	31.12.21											
	Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
	$million	Not past due or past due ≤ 30 days $million	Past due > 30 days ≤ 90 days $million	$million	Unlikely to pay that are not past due or are past due ≤ 90 days $million	Past due > 90 days ≤ 180 days $million	Past due > 180 days ≤ 1 year $million	Past due > 1 year ≤ 2 years $million	Past due > 2 years ≤ 5 years $million	Past due > 5 years ≤ 7 years $million	Past due > 7 years $million	Of which defaulted $million
005 Cash balances at central banks and other demand deposits												
010 Loans and advances	460,300	459,587	714	9,244	2,760	1,541	1,265	751	1,472	761	692	9,244
020 Central banks	84,566	84,566	–	–	–	–	–	–	–	–	–	–
030 General governments	5,293	5,290	3	192	165	–	27	–	–	–	–	192
040 Credit institutions	58,748	58,718	30	107	107	–	–	–	–	–	–	107
050 Other financial corporations	69,504	69,502	2	313	112	–	33	–	29	16	124	313
060 Non-financial corporations	110,769	110,485	284	7,093	1,656	940	1,150	648	1,398	743	558	7,093
070 Of which SMEs	2,217	2,215	2	454	315	14	10	10	80	18	6	454
080 Households	131,421	131,026	395	1,539	721	601	54	104	45	3	11	1,539
090 Debt securities	154,541	154,538	3	114	98	–	–	–	–	16	–	114
100 Central banks	26,463	26,463	–	–	–	–	–	–	–	–	–	–
110 General governments	68,172	68,172	–	–	–	–	–	–	–	–	–	–
120 Credit institutions	37,217	37,217	–	–	–	–	–	–	–	–	–	–
130 Other financial corporations	18,337	18,336	2	–	–	–	–	–	–	–	–	–
140 Non-financial corporations	4,351	4,350	1	114	98	–	–	–	–	16	–	114
150 Off-balance-sheet exposures	206,598			772								772
160 Central banks	212			–								–
170 General governments	1,796			–								–
180 Credit institutions	11,647			12								12
190 Other financial corporations	27,805			61								61
200 Non-financial corporations	107,536			698								698
210 Households	57,603			1								1
220 Total	821,440	614,125	716	10,129	2,858	1,541	1,265	751	1,472	778	692	10,129

3.1 Credit risk quality continued

Tables 29 and 30 break down defaulted and non-defaulted exposures by exposure class, as defined in the CRR, and by geography and industry.

Table 29: Quality of non-performing exposures by geography (UK CQ4)

	30.06.22						
	Gross carrying amount/nominal amount						
		Of which non-performing					
	$million	$million	Of which defaulted $million	Of which loans and advances subject to impairment $million	Accumulated impairment $million	Provisions on off-balance-sheet commitments and financial guarantees given $million	Accumulated negative changes in fair value due to credit risk on non-performing exposures $million
010 On-balance-sheet exposures	581,602		7,236		(5,417)		–
020 Hong Kong	80,888		191		(325)		–
030 Korea	55,923		136		(93)		–
040 Singapore	64,247		512		(477)		–
050 United States	54,586		6		(16)		–
060 Other countries	325,958		6,391		(4,505)		–
070 Off-balance-sheet exposures	221,374		643			(301)	
080 United Kingdom	14,672		3			(7)	
090 Hong Kong	37,907		–			(14)	
100 Singapore	30,185		146			(76)	
110 United States	32,154		26			(25)	
120 Other countries	106,457		467			(181)	
130 Total	802,976		7,880		(5,417)	(301)	–

3.1 Credit risk quality continued

Table 30: Credit quality of loans and advances to non-financial corporations by industry (UK CQ5)

	30.06.22					
	Gross carrying amount/nominal amount					
		Of which non-performing				
	$million	$million	Of which defaulted $million	Of which loans and advances subject to impairment $million	Accumulated impairment $million	Accumulated negative changes in fair value due to credit risk on non-performing exposures $million
005 Cash balances at central banks and other demand deposits	65,815		–		–	–
010 Agriculture, forestry and fishing	496		84		(70)	–
020 Mining and quarrying	4,804		222		(137)	–
030 Manufacturing	45,296		1,796		(1,419)	–
040 Electricity, gas, steam and air conditioning supply	7,047		142		(109)	–
050 Water supply	394		39		(20)	–
060 Construction	2,175		340		(298)	–
070 Wholesale and retail trade	24,937		1,206		(925)	–
080 Transport and storage	8,244		390		(119)	–
090 Accommodation and food service activities	1,849		187		(43)	–
100 Information and communication	4,939		115		(102)	–
110 Financial and insurance activities	26		–		(0)	–
120 Real estate activities	17,263		808		(611)	–
130 Professional, scientific and technical activities	504		16		(13)	–
140 Administrative and support service activities	685		46		(19)	–
150 Public administration and defence, compulsory social security	–		–		–	–
160 Education	138		–		(1)	–
170 Human health services and social work activities	579		35		(18)	–
180 Arts, entertainment and recreation	251		–		(2)	–
190 Other services	395		133		(114)	–
200 Total	120,023		5,561		(4,021)	–
210 Households	133,452		1,055		(972)	–
220 Total	**319,289**		**6,616**		**(4,994)**	**–**

3.2 Risk grade profile

Table 31 sets out credit and counterparty risk EAD within the IRB portfolios by regulatory exposure classes. EAD has been calculated after taking into account the impact of credit risk mitigation. Where an exposure is guaranteed or covered by credit derivatives, it is shown against the exposure class of the guarantor or derivative issuer. A further split of the major exposure classes by credit grade can be seen in Tables 32 to 40.

IRB credit risk excluding counterparty credit risk EAD decreased by $44.0 billion and RWA decreased by $21.6 billion (Tables 32 to 40):

- Central governments and central banks EAD decreased $18.4 billion and RWA by $6.5 billion
- Institutions EAD decreased $12.2 billion and RWA by $1.7 billion
- Corporates EAD decreased $9.7 billion and RWA by $15.5 billion
- Retail EAD decreased $3.5 billion and RWA increased by $2.1 billion

Table 31: IRB – Credit risk exposure by exposure class

	30.06.22											
	Original on-balance sheet gross exposure $million	Off-balance sheet exposure pre CCF $million	Average CCF %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2] thousands	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %	Expected loss $million	Value adjustments and provisions $million
IRB Exposure Class												
Central governments or central banks	149,098	185,286	1	149,135	0.19	0.2	45	1.60	23,091	15	191	(69)
Institutions	67,848	176,578	9	79,970	0.33	1.6	32	1.21	13,590	17	63	(20)
Corporates	126,460	312,834	21	190,776	2.25	22.5	40	1.27	69,728	37	3,559	(3,622)
Of which Specialised lending	12,377	19,880	22	12,096	4.40	0.8	27	1.62	3,812	32	614	(679)
Of which SME	3,675	3,152	20	3,998	10.56	4.9	25	1.35	1,700	43	242	(225)
Retail	95,858	41,384	51	116,847	1.14	4,583.1	38		23,171	20	729	(415)
Of which secured by real estate	78,125	4,204	99	82,303	0.48	339.5	12		6,283	8	67	(43)
– SME	435	58	52	466	4.59	2.7	–		–	–	3	(4)
– Non SME	77,690	4,146	100	81,837	0.48	336.8	13		6,283	8	64	(39)
Of which qualifying revolving retail	2,897	28,639	45	15,877	1.35	3,388.1	83		4,243	27	204	(95)
Of which other retail	14,836	8,541	44	18,667	4.27	855.5	65		12,645	68	458	(277)
– SME	2,125	2,159	5	2,000	7.80	29.2	55		1,464	73	98	(67)
– Non SME	12,711	6,382	57	16,667	3.48	826.3	67		11,181	67	360	(210)
Non-credit obligation assets	961	–	–	961	–				961	100		–
Total IRB[3]	**440,225**	**716,082**	**16**	**537,689**	**1.11**	**4,606.6**	**39**	**1.20**	**130,541**	**24**	**4,542**	**(4,126)**

1 Weighted averages are based on EAD

2 Number of obligors is based on number of counterparties for central governments or central banks, institutions and corporates and on individual pools of clients for retail

3 Refer to Table 15 (OV1) for RWA

3.2 Risk grade profile continued

Table 31: IRB – Credit risk exposure by exposure class continued

	31.12.21											
	Original on-balance sheet gross exposure $million	Off-balance sheet exposure pre CCF $million	Average CCF %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2] thousands	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %	Expected loss $million	Value adjust-ments and provisions $million
IRB Exposure Class												
Central governments or central banks	165,244	160,560	1	167,510	0.37	0.2	45	1.67	29,544	18	257	(70)
Institutions	80,263	172,110	9	92,205	0.27	1.6	34	1.17	15,293	17	61	(25)
Corporates	139,551	302,272	21	200,516	3.88	24.5	41	1.32	85,210	42	4,195	(4,166)
Of which Specialised lending	19,960	21,714	24	20,917	7.39	1.2	29	1.66	9,689	46	754	(778)
Of which SME	3,861	3,269	24	4,379	14.16	5.2	28	1.30	2,306	53	343	(324)
Retail	98,688	41,977	52	120,379	1.34	4,655.1	31		21,090	18	1,007	(751)
Of which secured by real estate	80,018	4,371	100	84,363	0.52	367.5	12		4,558	5	67	(42)
– SME	357	52	55	385	3.87	1.7	–		–	–	1	(2)
– Non SME	79,661	4,319	100	83,978	0.50	365.9	12		4,558	5	6(6	(40)
Of which qualifying revolving retail	3,090	29,590	46	16,590	1.91	3,414.5	83		4,054	24	212	(115)
Of which other retail	15,581	8,015	51	19,426	4.43	873.1	64		12,479	64	728	(594)
– SME	2,172	1,892	6	2,018	10.48	29.3	56		1,134	56	161	(129)
– Non SME	13,409	6,123	65	17,408	3.73	843.8	65		11,345	65	568	(466)
Non-credit obligation assets	1,044	–	–	1,044	–				1,044	100		–
Total IRB[3]	484,790	676,918	15	581,654	1.75	4,681.0	39	1.12	152,181	26	5,521	(5,012)

1 Weighted averages are based on EAD

2 Number of obligors is based on number of counterparties for central governments or central banks, institutions and corporates and on individual pools of clients for retail

3 Refer to Table 15 (OV1) for RWA

3.2 Risk grade profile continued

Table 32: IRB approach – Credit risk exposures by exposure class and PD range for central governments or central banks (UK CR6)

	30.06.22											
PD range %	Original on-balance sheet exposure $million	Off-balance sheet exposure pre CCF $million	Average CCF %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2] thousands	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %	Expected loss $million	Value adjustments and provisions $million
0.00 to <0.15	128,839	167,972	–	128,725	0.02	0.1	45	1.63	9,608	7	11	(6)
0.00 to <0.10	128,380	165,675	–	128,383	0.02	0.1	45	1.63	9,492	7	11	(6)
0.10 to <0.15	459	2,297	–	342	0.11	–	45	2.62	116	34	–	–
0.15 to <0.25	6,544	3,117	12	6,233	0.21	–	43	1.07	2,066	33	6	(2)
0.25 to <0.50	15	37	3	135	0.07	–	36	1.27	18	13	–	–
0.50 to <0.75	3,393	2,097	5	3,026	0.59	–	44	0.86	1,763	58	8	(2)
0.75 to <2.50	4,134	5,681	2	4,724	1.04	–	41	2.00	3,372	71	22	(14)
0.75 to <1.75	3,563	4,680	1	3,891	0.98	–	40	1.91	2,688	69	17	(11)
1.75 to <2.5	571	1,001	8	833	1.33	–	46	2.44	685	82	5	(2)
2.50 to <10.00	5,429	5,477	8	4,360	2.63	–	45	1.07	4,408	101	53	(30)
2.5 to <5	4,879	5,302	8	3,916	2.50	–	45	1.07	3,982	102	44	(29)
5 to <10	549	175	22	444	3.75	–	41	1.11	426	96	8	–
10.00 to <100.00	682	158	9	1,834	10.50	–	45	1.41	1,803	98	89	(15)
10 to <20	140	158	9	1,289	1.07	–	45	1.79	439	34	7	(3)
20 to <30	–	–	–	1	0.09	–	45	2.68	–	–	–	–
30.00 to <100.00	542	–	1	544	32.92	–	46	0.53	1,364	251	82	(12)
100.00 (Default)	62	747	1	98	6.30	–	38	3.82	53	54	2	–
Total	149,098	185,286	1	149,135	0.19	0.2	45	1.60	23,091	15	191	(69)

	31.12.21											
PD range %	Original on-balance sheet exposure $million	Off-balance sheet exposure pre CCF $million	Average CCF %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2] thousands	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %	Expected loss $million	Value adjustments and provisions $million
0.00 to <0.15	142,597	140,733	1	146,389	0.02	0.1	45	1.74	12,075	8	13	
0.00 to <0.10	142,041	138,565	1	145,811	0.02	0.1	45	1.75	11,921	8	13	
0.10 to <0.15	557	2,168	1	578	0.13	–	45	1.32	154	27	–	
0.15 to <0.25	7,505	5,772	–	7,663	0.22	–	45	1.30	3,065	40	8	
0.25 to <0.50	816	318	–	816	0.51	–	45	1.52	508	62	2	
0.50 to <0.75	1,675	1,381	–	1,675	0.67	–	45	0.70	1,015	61	5	
0.75 to <2.50	8,614	8,530	2	8,404	1.98	–	46	1.17	8,671	103	76	
0.75 to <1.75	3,826	4,750	–	3,514	1.24	–	45	1.32	3,112	89	20	
1.75 to <2.5	4,788	3,780	5	4,890	2.52	–	46	1.06	5,560	114	57	
2.50 to <10.00	3,119	3,024	2	1,694	5.06	–	42	1.06	2,259	133	37	
2.5 to <5	2,012	2,005	4	1,176	0.04	–	41	1.05	1,353	115	17	
5 to <10	1,107	1,018	–	518	0.09	–	45	1.08	907	175	20	
10.00 to <100.00	730	393	–	726	22.40	–	45	0.44	1,680	231	73	
10 to <20	509	390	–	505	17.76	–	45	0.20	1,127	223	40	
20 to <30	–	–	–	–	–	–	–	–	–	–	–	
30.00 to <100.00	221	3	–	221	33.00	–	45	1	553	250	33	
100.00 (Default)	188	410	–	143	100.00	–	43	1.00	270	189	43	
Total	165,244	160,560	1	167,510	0.37	0.2	45	1.67	29,544	18	257	(70)

1 Weighted averages are based on EAD

2 Number of obligors is based on the number of counterparties within each PD grade

3.2 Risk grade profile continued

Table 33: IRB approach – Credit risk exposures by exposure class and PD range for institutions (UK CR6)

	30.06.22											
PD range %	Original on-balance sheet exposure $million	Off-balance sheet exposure pre CCF $million	Average CCF %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2] thousands	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %	Expected loss $million	Value adjustments and provisions $million
0.00 to <0.15	49,823	137,687	7	59,886	0.04	0.6	34	1.41	6,312	11	9	(6)
0.00 to <0.10	48,528	130,134	7	57,944	0.04	0.5	34	1.43	5,981	10	8	(6)
0.10 to <0.15	1,295	7,553	8	1,942	0.13	0.1	32	0.62	331	17	1	–
0.15 to <0.25	3,671	10,973	10	4,877	0.21	0.1	36	0.50	1,351	28	4	(1)
0.25 to <0.50	320	3,715	13	802	0.37	0.1	23	0.40	204	25	1	–
0.50 to <0.75	5,120	11,297	10	5,499	0.58	0.1	20	0.77	1,471	27	6	(1)
0.75 to <2.50	4,546	5,927	18	4,068	1.13	0.2	24	0.37	1,555	38	10	(3)
0.75 to <1.75	3,333	3,754	23	2,737	0.91	0.1	22	0.33	931	34	5	(1)
1.75 to <2.5	1,213	2,173	10	1,331	1.59	0.1	28	0.45	623	47	5	(3)
2.50 to <10.00	4,075	6,314	30	4,454	2.55	0.4	25	0.47	2,467	55	25	(2)
2.5 to <5	4,074	6,178	30	4,419	2.55	0.4	25	0.47	2,445	55	25	(2)
5 to <10	–	136	7	34	1.86	–	40	1.31	22	65	–	–
10.00 to <100.00	93	483	3	159	2.37	–	40	0.88	35	22	1	–
10 to <20	92	439	3	158	2.07	–	41	0.89	33	21	1	–
20 to <30	–	–	–	–	–	–	–	–	–	–	–	–
30.00 to <100.00	1	45	2	2	33.00	–	13	0.13	1	50	–	–
100.00 (Default)	92	182	18	117	71.96	–	20	0.38	194	166	7	(7)
Total	**67,740**	**176,578**	**9**	**79,862**	**0.33**	**1.5**	**32**	**1.21**	**13,589**	**17**	**63**	**(20)**

	31.12.21											
PD range %	Original on-balance sheet exposure $million	Off-balance sheet exposure pre CCF $million	Average CCF %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2] thousands	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %	Expected loss $million	Value adjustments and provisions $million
0.00 to <0.15	61,888	133,258	7	74,388	0.04	0.8	37	1.33	8,413	11	12	
0.00 to <0.10	60,110	125,661	7	72,056	0.04	0.7	37	1.36	8,000	11	11	
0.10 to <0.15	1,778	7,597	7	2,332	0.13	0.1	31	0.63	413	18	1	
0.15 to <0.25	4,012	10,004	16	5,405	0.22	0.1	33	0.34	1,392	26	4	
0.25 to <0.50	3,858	9,813	10	4,086	0.48	0.2	15	0.68	806	20	3	
0.50 to <0.75	1,358	5,197	9	1,454	0.67	0.1	27	0.46	610	42	3	
0.75 to <2.50	7,892	11,142	16	5,868	1.80	0.3	23	0.46	3,221	55	25	
0.75 to <1.75	3,747	3,655	15	2,393	0.01	0.1	22	0.37	995	42	5	
1.75 to <2.5	4,145	7,486	17	3,475	0.02	0.2	24	0.53	2,226	64	19	
2.50 to <10.00	723	2,178	21	793	3.77	0.1	23	0.50	583	74	7	
2.5 to <5	687	1,690	27	774	0.04	0.1	23	0.50	574	74	7	
5 to <10	36	488	1	19	0.07	–	12	0.31	9	48	–	
10.00 to <100.00	532	514	16	210	18.61	0.1	23	0.18	266	127	8	
10 to <20	528	378	18	192	0.17	–	25	0.17	259	135	8	
20 to <30	3	115	1	–	0.25	–	11	1.96	–	–	–	
30.00 to <100.00	1	21	43	18	0.33	–	6	0.24	7	38	–	
100.00 (Default)	–	4	45	2	100.00	–	8	0.18	–	27	–	
Total	80,263	172,110	9	92,205	0.27	1.6	34	1.17	15,293	17	61	(25)

1 Weighted averages are based on EAD

2 Number of obligors is based on the number of counterparties within each PD grade

3.2 Risk grade profile continued

Table 34: IRB approach – Credit risk exposures by exposure class and PD range for Corporates (UK CR6)

	30.06.22											
PD range %	Original on-balance sheet exposure $million	Off-balance sheet exposure pre CCF $million	Average CCF %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2] thousands	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %	Expected loss $million	Value adjust-ments and provisions $million
0.00 to <0.15	54,415	153,473	18	80,932	0.07	3.4	45	1.29	14,241	18	25	(13)
0.00 to <0.10	41,910	120,862	17	61,143	0.06	2.4	45	1.31	9,461	15	15	(6)
0.10 to <0.15	12,505	32,612	22	19,789	0.12	1.1	43	1.17	4,780	24	10	(6)
0.15 to <0.25	13,373	40,194	25	23,534	0.21	2.3	38	1.17	7,028	30	19	(22)
0.25 to <0.50	10,574	31,947	20	16,481	0.38	1.7	39	1.13	7,471	45	24	(18)
0.50 to <0.75	12,824	39,934	25	23,739	0.52	2.9	37	1.19	10,548	44	43	(106)
0.75 to <2.50	16,119	26,000	23	21,848	1.10	4.2	31	1.36	11,314	52	75	(44)
0.75 to <1.75	10,987	20,007	22	15,804	0.95	3.1	32	1.21	7,617	48	45	(30)
1.75 to <2.5	5,132	5,993	29	6,043	1.52	1.2	28	1.74	3,698	61	29	(15)
2.50 to <10.00	9,868	13,042	30	15,045	2.92	3.6	34	1.32	10,344	69	140	(171)
2.5 to <5	7,462	11,041	30	12,309	2.43	2.1	34	1.31	7,522	61	89	(125)
5 to <10	2,407	2,000	27	2,737	5.16	1.4	38	1.35	2,822	103	51	(46)
10.00 to <100.00	4,325	6,183	15	3,913	13.52	2.6	28	1.73	4,212	108	147	(57)
10 to <20	3,506	5,611	11	2,902	9.05	2.3	27	1.44	2,567	88	67	(25)
20 to <30	594	360	45	758	23.87	0.1	21	2.89	933	123	35	(21)
30.00 to <100.00	227	212	42	253	32.68	0.1	56	1.10	712	281	43	(10)
100.00 (Default)	4,962	2,061	31	5,284	94.15	1.3	50	1.26	4,570	86	3,086	(3,191)
Total	126,460	312,834	21	190,776	2.25	22.0	40	1.27	69,728	37	3,559	(3,622)

	31.12.21											
PD range %	Original on-balance sheet exposure $million	Off-balance sheet exposure pre CCF $million	Average CCF %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2] thousands	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %	Expected loss $million	Value adjust-ments and provisions $million
0.00 to <0.15	51,029	134,788	17	88,123	0.07	4.7	46	1.31	14,732	17	27	
0.00 to <0.10	39,342	101,869	16	69,559	0.05	3.6	47	1.33	10,131	15	17	
0.10 to <0.15	11,687	32,918	21	18,563	0.13	1.1	44	1.23	4,602	25	10	
0.15 to <0.25	14,990	42,151	22	23,903	0.22	2.5	39	1.25	7,741	32	21	
0.25 to <0.50	20,848	57,696	22	31,978	0.44	3.6	39	1.22	15,151	47	55	
0.50 to <0.75	5,652	15,186	26	8,785	0.67	1.3	33	1.31	4,265	49	20	
0.75 to <2.50	22,526	32,147	25	24,811	1.62	5.0	34	1.39	17,768	72	139	
0.75 to <1.75	11,614	21,812	24	15,127	1.14	3.1	32	1.39	9,196	61	56	
1.75 to <2.5	10,912	10,335	27	9,684	2.36	1.9	36	1.38	8,572	89	83	
2.50 to <10.00	8,493	11,506	22	7,940	5.42	3.8	32	1.34	7,861	99	133	
2.5 to <5	4,858	5,343	32	4,888	3.95	1.7	31	1.17	4,306	88	60	
5 to <10	3,635	6,163	13	3,052	7.78	2.1	32	1.60	3,555	116	73	
10.00 to <100.00	4,913	3,985	28	3,527	21.84	2.3	35	2.29	6,362	180	294	
10 to <20	3,401	3,088	27	1,820	16.01	2.0	28	1.56	2,319	127	75	
20 to <30	928	804	10	1,075	24.91	0.2	21	3.02	1,321	123	60	
30.00 to <100.00	584	93	31	632	33.40	0.1	77	3.13	2,722	431	159	
100.00 (Default)	5,600	2,783	29	5,635	100.00	1.1	49	1.18	6,931	123	3,451	
Total	134,051	300,242	21	194,703	3.88	24.4	41	1.31	80,811	42	4,139	(4,166)

1 Weighted averages are based on EAD

2 Number of obligors is based on the number of counterparties within each PD grade

3.2 Risk grade profile continued

Table 35: IRB approach – Credit risk exposures by exposure class and PD range for corporates – specialised lending (UK CR6)

	30.06.22											
PD range %	**Original on-balance sheet exposure $million**	**Off-balance sheet exposure pre CCF $million**	**Average CCF %**	**EAD post CRM and post CCF $million**	**Average PD[1] %**	**Number of obligors[2] thousands**	**Average LGD[1] %**	**Average maturity[1] years**	**RWA $million**	**RWA density[1] %**	**Expected loss $million**	**Value adjustments and provisions $million**
0.00 to <0.15	**1,950**	**5,543**	**20**	**2,503**	**0.09**	**0.1**	**24**	**2.24**	**312**	**12**	**–**	**(4)**
0.00 to <0.10	**1,229**	**4,785**	**20**	**1,768**	**0.07**	**0.1**	**27**	**1.58**	**171**	**10**	**–**	**–**
0.10 to <0.15	**721**	**758**	**23**	**735**	**0.13**	**0.1**	**20**	**3.82**	**141**	**19**	**–**	**(3)**
0.15 to <0.25	**2,640**	**3,271**	**18**	**2,495**	**0.22**	**0.1**	**28**	**1.32**	**504**	**20**	**2**	**(3)**
0.25 to <0.50	**1,218**	**2,711**	**16**	**1,378**	**0.39**	**0.1**	**35**	**1.36**	**526**	**38**	**2**	**(7)**
0.50 to <0.75	**1,317**	**3,744**	**25**	**2,024**	**0.60**	**0.1**	**30**	**1.18**	**746**	**37**	**4**	**(6)**
0.75 to <2.50	**2,954**	**2,964**	**33**	**1,870**	**1.42**	**0.2**	**22**	**1.61**	**818**	**44**	**6**	**(21)**
0.75 to <1.75	**1,537**	**2,045**	**27**	**1,287**	**1.13**	**0.1**	**23**	**1.41**	**560**	**44**	**4**	**(13)**
1.75 to <2.5	**1,417**	**919**	**44**	**583**	**2.05**	**0.1**	**18**	**2.04**	**258**	**44**	**2**	**(9)**
2.50 to <10.00	**1,144**	**1,253**	**18**	**709**	**3.61**	**0.1**	**22**	**2.09**	**506**	**71**	**6**	**(24)**
2.5 to <5	**1,002**	**1,155**	**17**	**630**	**3.32**	**–**	**22**	**2.09**	**430**	**68**	**5**	**(21)**
5 to <10	**143**	**97**	**33**	**79**	**5.95**	**–**	**25**	**2.08**	**77**	**97**	**1**	**(4)**
10.00 to <100.00	**106**	**139**	**2**	**64**	**26.04**	**–**	**24**	**2.57**	**87**	**136**	**4**	**(1)**
10 to <20	**63**	**139**	**2**	**20**	**12.34**	**–**	**29**	**0.44**	**26**	**130**	**1**	**–**
20 to <30	**2**	**–**	**–**	**2**	**24.55**	**–**	**70**	**1.00**	**7**	**350**	**–**	**–**
30.00 to <100.00	**42**	**–**	**–**	**42**	**32.76**	**–**	**19**	**3.69**	**53**	**126**	**3**	**–**
100.00 (Default)	**1,048**	**255**	**58**	**1,053**	**86.02**	**0.1**	**37**	**0.96**	**313**	**30**	**590**	**(613)**
Total	**12,377**	**19,880**	**22**	**12,096**	**4.40**	**0.8**	**27**	**1.62**	**3,812**	**32**	**614**	**(679)**

	31.12.21											
PD range %	Original on-balance sheet exposure $million	Off-balance sheet exposure pre CCF $million	Average CCF %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2] thousands	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %	Expected loss $million	Value adjustments and provisions $million
0.00 to <0.15	1,889	4,306	26	3,238	0.08	0.1	32	2.39	541	17	1	
0.00 to <0.10	1,226	3,144	27	2,402	0.07	0.1	34	1.90	360	15	–	
0.10 to <0.15	662	1,162	22	836	0.13	0.1	25	3.79	180	22	–	
0.15 to <0.25	3,323	2,887	18	3,069	0.22	0.1	23	1.24	555	18	2	
0.25 to <0.50	2,249	5,918	14	2,802	0.45	0.2	37	1.36	1,167	42	5	
0.50 to <0.75	467	1,674	41	1,058	0.67	0.1	23	1.22	315	30	2	
0.75 to <2.50	4,480	3,859	31	3,351	1.66	0.5	24	1.58	1,622	48	13	
0.75 to <1.75	2,168	2,467	33	1,971	1.09	0.2	26	1.54	891	45	5	
1.75 to <2.5	2,313	1,392	23	1,380	2.46	0.1	21	1.63	731	53	7	
2.50 to <10.00	768	739	15	468	4.43	0.1	28	2.86	441	94	6	
2.5 to <5	547	359	29	379	3.95	–	27	2.90	328	87	4	
5 to <10	222	380	3	89	6.46	–	32	2.70	112	126	2	
10.00 to <100.00	208	32	16	154	23.95	–	33	4.09	301	195	12	
10 to <20	62	9	18	10	13.77	–	38	0.63	13	135	1	
20 to <30	146	23	15	144	24.66	–	32	4.33	287	199	11	
30.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	1,076	269	63	965	100.00	0.1	39	0.82	348	36	659	
Total	14,460	19,684	23	15,104	7.33	1.2	29	1.63	5,289	35	698	(778)

1 Weighted averages are based on EAD

2 Number of obligors is based on the number of counterparties within each PD grade

Table 36: IRB approach – Credit risk exposures by exposure class and PD range for corporates – SME (UK CR6)

	30.06.22											
PD range %	**Original on-balance sheet exposure $million**	**Off-balance sheet exposure pre CCF $million**	**Average CCF %**	**EAD post CRM and post CCF $million**	**Average PD[1] %**	**Number of obligors[2] thousands**	**Average LGD[1] %**	**Average maturity[1] years**	**RWA $million**	**RWA density[1] %**	**Expected loss $million**	**Value adjustments and provisions $million**
0.00 to <0.15	177	419	3	94	0.09	–	50	2.05	20	21	–	–
0.00 to <0.10	161	361	1	82	0.08	–	51	1.98	16	20	–	–
0.10 to <0.15	16	59	16	12	0.13	–	50	2.54	4	33	–	–
0.15 to <0.25	268	483	23	366	0.24	0.3	17	1.20	39	11	–	–
0.25 to <0.50	107	64	19	105	0.40	0.1	31	0.97	25	24	–	–
0.50 to <0.75	231	444	25	341	0.63	0.7	21	1.19	87	26	–	–
0.75 to <2.50	1,073	662	23	1,191	1.47	1.0	18	1.41	322	27	3	(1)
0.75 to <1.75	853	532	24	967	1.32	0.8	17	1.45	244	25	2	(1)
1.75 to <2.5	220	130	22	223	2.12	0.3	22	1.22	79	35	1	–
2.50 to <10.00	1,059	462	30	1,166	4.67	2.7	25	1.32	602	52	13	(4)
2.5 to <5	730	391	33	843	3.77	2.0	26	1.35	436	52	8	(2)
5 to <10	329	71	14	324	7.01	0.7	21	1.25	165	51	5	(1)
10.00 to <100.00	398	511	13	390	16.31	0.9	19	1.09	244	63	12	(2)
10 to <20	320	496	13	310	13.20	0.8	20	1.14	207	67	8	(1)
20 to <30	51	9	15	53	24.55	–	9	0.96	22	42	1	(1)
30.00 to <100.00	27	6	10	27	35.75	–	17	0.75	16	59	2	–
100.00 (Default)	362	107	16	345	100.00	0.2	52	1.38	361	105	214	(218)
Total	3,675	3,152	20	3,998	10.56	5.9	25	1.35	1,700	43	242	(225)

	31.12.21											
PD range %	Original on-balance sheet exposure $million	Off-balance sheet exposure pre CCF $million	Average CCF %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2] thousands	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %	Expected loss $million	Value adjustments and provisions $million
0.00 to <0.15	184	42	12	91	0.10	–	54	0.49	20	22	–	
0.00 to <0.10	139	22	14	70	0.09	–	54	2.62	16	22	–	
0.10 to <0.15	44	20	10	21	0.14	–	52	0.94	5	22	–	
0.15 to <0.25	185	590	22	325	0.23	0.3	20	9.03	39	12	–	
0.25 to <0.50	254	564	16	331	0.49	0.7	28	0.91	87	26	–	
0.50 to <0.75	170	320	12	205	0.70	0.2	27	0.49	55	27	–	
0.75 to <2.50	1,208	1,044	32	1,514	1.71	1.3	23	1.32	552	36	6	
0.75 to <1.75	626	734	34	856	1.20	0.7	18	1.32	227	27	2	
1.75 to <2.5	582	310	28	658	2.38	0.6	29	1.27	325	49	4	
2.50 to <10.00	1,078	395	30	1,135	5.93	1.8	23	1.48	598	53	15	
2.5 to <5	537	248	38	595	3.96	0.8	22	1.16	267	45	5	
5 to <10	541	148	17	540	8.11	1.0	24	1.23	331	61	10	
10.00 to <100.00	333	166	30	314	18.79	0.6	30	0.53	361	115	18	
10 to <20	230	149	30	239	14.99	0.6	26	0.92	227	95	10	
20 to <30	71	12	35	43	24.84	0.0	54	1.02	108	25	5	
30.00 to <100.00	32	6	3	32	38.76	0.0	20	1.27	26	80	3	
100.00 (Default)	449	147	10	464	100.00	0.2	55	0.16	594	128	302	
Total	3,861	3,269	24	4,379	14.16	5.2	28	1.30	2,306	53	343	(324)

1 Weighted averages are based on EAD

2 Number of obligors is based on the number of counterparties within each PD grade

3.2 Risk grade profile continued

Table 37: IRB approach – Credit risk exposures by exposure class and PD range for retail (UK CR6)

30.06.22												
PD range %	Original on-balance sheet exposure $million	Off-balance sheet exposure pre CCF $million	Average CCF %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2] thousands	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %	Expected loss $million	Value adjustments and provisions $million
0.00 to <0.15	67,950	21,349	57	80,099	0.06	1,422.8	28		4,000	5	12	(11)
0.00 to <0.10	59,873	16,448	55	69,025	0.05	1,181.0	26		3,141	5	8	(8)
0.10 to <0.15	8,077	4,902	61	11,073	0.12	241.9	38		858	8	4	(3)
0.15 to <0.25	5,182	4,048	51	7,226	0.19	346.9	40		966	13	5	(6)
0.25 to <0.50	4,364	4,070	50	6,379	0.33	705.7	60		1,627	26	11	(10)
0.50 to <0.75	3,824	4,394	47	5,851	0.65	387.6	62		2,059	35	22	(13)
0.75 to <2.50	6,362	3,960	37	7,733	1.43	677.5	58		4,567	59	61	(39)
0.75 to <1.75	5,192	3,280	38	6,367	1.28	507.1	56		3,416	54	41	(26)
1.75 to <2.5	1,169	678	32	1,366	2.13	170.4	65		1,151	84	19	(13)
2.50 to <10.00	6,517	2,930	44	7,739	4.71	847.3	60		6,951	90	195	(88)
2.5 to <5	4,331	2,190	47	5,317	3.47	622.0	63		4,774	90	107	(55)
5 to <10	2,186	739	34	2,423	7.29	225.3	53		2,180	90	87	(32)
10.00 to <100.00	1,096	521	32	1,246	27.56	202.9	63		1,986	159	203	(61)
10 to <20	684	338	29	774	13.45	109.8	64		1,182	153	67	(22)
20 to <30	131	59	36	152	23.58	33.6	66		285	188	24	(9)
30.00 to <100.00	282	124	34	323	58.93	59.2	61		519	161	113	(30)
100.00 (Default)	563	112	9	574	100.00	52.2	50		1,015	177	220	(187)
Total	95,858	41,384	51	116,847	1.14	4,643	38		23,171	20	729	(415)

31.12.21												
PD range %	Original on-balance sheet exposure $million	Off-balance sheet exposure pre CCF $million	Average CCF %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2] thousands	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %	Expected loss $million	Value adjustments and provisions $million
0.00 to <0.15	71,213	22,854	59	84,612	0.07	1,577.2	25		3,273	4	14	
0.00 to <0.10	64,438	17,321	58	74,493	0.06	1,193.0	20		2,483	3	9	
0.10 to <0.15	6,776	5,533	61	10,119	0.13	384.2	36		790	8	5	
0.15 to <0.25	5,200	5,141	46	7,547	0.23	418.1	26		863	11	7	
0.25 to <0.50	4,524	2,801	50	5,897	0.41	613.4	26		1,610	27	12	
0.50 to <0.75	2,937	3,851	47	4,721	0.68	317.4	60		1,621	34	19	
0.75 to <2.50	7,611	4,981	45	9,725	1.71	797.6	50		6,738	69	110	
0.75 to <1.75	4,942	3,130	40	6,121	1.27	495.2	54		3,145	51	42	
1.75 to <2.5	2,669	1,851	53	3,604	2.46	302.4	75		3,593	100	68	
2.50 to <10.00	5,690	1,837	32	6,222	5.73	717.0	34		4,415	71	165	
2.5 to <5	3,023	1,017	30	3,302	4.14	480.8	46		2,142	65	61	
5 to <10	2,667	820	34	2,920	7.54	236.1	46		2,273	78	104	
10.00 to <100.00	852	418	33	982	29.62	158.8	65		1,466	149	176	
10 to <20	492	255	31	566	14.98	75.3	66		832	147	56	
20 to <30	87	57	31	103	23.85	53.5	70		198	193	17	
30.00 to <100.00	272	106	40	314	57.86	30.0	56		436	139	103	
100.00 (Default)	661	93	13	673	100.00	55.6	49		1,103	164	506	
Total	98,688	41,977	52	120,379	1.34	4,655.1	31		21,090	18	1,007	(751)

1 Weighted averages are based on EAD

2 Number of obligors is based on the number of counterparties within each PD grade

3.2 Risk grade profile continued

Table 38: IRB approach – Credit risk exposures by exposure class and PD range for retail – secured by real estate property (UK CR6)

30.06.22

PD range %	Original on-balance sheet exposure $million	Off-balance sheet exposure pre CCF $million	Average CCF %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2] thousands	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %	Expected loss $million	Value adjustments and provisions $million
0.00 to <0.15	66,545	3,023	100	69,571	0.06	280.8	12		3,352	5	6	(1)
0.00 to <0.10	58,858	1,871	100	60,732	0.05	256.6	11		2,689	4	4	(1)
0.10 to <0.15	7,687	1,152	100	8,839	0.12	24.2	16		663	8	2	–
0.15 to <0.25	4,600	676	99	5,273	0.19	22.7	15		626	12	2	–
0.25 to <0.50	2,302	231	100	2,533	0.34	15.2	17		398	16	2	–
0.50 to <0.75	2,352	135	99	2,486	0.60	24.0	18		660	27	3	–
0.75 to <2.50	1,513	115	91	1,616	1.19	13.0	13		533	33	3	–
0.75 to <1.75	1,222	78	86	1,290	1.00	10.5	13		377	29	2	–
1.75 to <2.5	290	37	99	327	1.96	2.5	12		156	48	1	–
2.50 to <10.00	375	17	51	383	3.73	4.1	9		206	54	2	(1)
2.5 to <5	251	14	49	258	2.84	2.7	9		131	51	1	–
5 to <10	124	2	71	125	5.55	1.4	10		76	61	1	–
10.00 to <100.00	202	5	62	204	27.01	2.4	13		209	102	10	(4)
10 to <20	98	2	73	101	11.65	1.2	12		90	89	2	(1)
20 to <30	21	1	51	22	20.26	0.2	11		23	105	1	–
30.00 to <100.00	83	1	15	83	49.77	0.9	14		96	116	7	(3)
100.00 (Default)	236	2	73	237	95.97	2.9	23		299	126	39	(37)
Total	**78,125**	**4,204**	**99**	**82,303**	**0.48**	**365.1**	**12**		**6,283**	**8**	**67**	**(43)**

31.12.21

PD range %	Original on-balance sheet exposure $million	Off-balance sheet exposure pre CCF $million	Average CCF %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2] thousands	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %	Expected loss $million	Value adjustments and provisions $million
0.00 to <0.15	69,286	3,304	100	72,588	0.06	287.6	12		2,393	3	6	
0.00 to <0.10	63,192	2,315	100	65,505	0.06	265.0	11		1,945	3	4	
0.10 to <0.15	6,094	989	100	7,083	0.13	22.6	16		449	6	2	
0.15 to <0.25	4,495	652	99	5,142	0.21	21.6	16		441	9	2	
0.25 to <0.50	2,470	177	99	2,645	0.43	20.7	18		408	15	2	
0.50 to <0.75	1,536	86	96	1,619	0.66	15.2	18		308	19	2	
0.75 to <2.50	1,507	137	93	1,634	1.41	13.3	14		382	23	3	
0.75 to <1.75	1,143	74	90	1,210	1.13	9.8	14		247	20	2	
1.75 to <2.5	363	63	97	425	2.19	3.5	13		135	32	1	
2.50 to <10.00	306	9	70	312	5.79	3.8	13		152	49	2	
2.5 to <5	158	6	73	162	4.01	2.0	13		67	41	1	
5 to <10	148	3	65	150	7.72	1.8	13		85	57	2	
10.00 to <100.00	174	1	94	175	39.46	2.3	16		140	80	11	
10 to <20	60	1	92	61	15.47	0.8	17		58	95	2	
20 to <30	15	1	100	15	24.04	0.4	14		13	85	–	
30.00 to <100.00	98	–	97	98	56.75	1.0	16		69	70	9	
100.00 (Default)	244	4	92	248	100.00	3.1	25		334	134	39	
Total	80,018	4,371	100	84,363	0.52	367.5	12		4,558	5	67	(42)

1 Weighted averages are based on EAD

2 Number of obligors is based on the number of counterparties within each PD grade

3.2 Risk grade profile continued

Table 39: IRB approach – Credit risk exposures by exposure class and PD range for retail – qualifying revolving (UK CR6)

30.06.22												
PD range %	Original on-balance sheet exposure $million	Off-balance sheet exposure pre CCF $million	Average CCF %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2] thousands	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %	Expected loss $million	Value adjustments and provisions $million
0.00 to <0.15	787	15,843	47	8,209	0.07	1,069.5	85		335	4	5	(9)
0.00 to <0.10	490	12,511	47	6,320	0.06	862.5	84		218	3	3	(6)
0.10 to <0.15	297	3,333	48	1,888	0.11	207.0	87		117	6	2	(3)
0.15 to <0.25	120	2,441	39	1,063	0.21	282.3	73		90	8	2	(2)
0.25 to <0.50	274	2,878	46	1,612	0.32	605.6	83		231	14	4	(5)
0.50 to <0.75	349	3,487	47	1,972	0.67	305.9	87		524	27	12	(6)
0.75 to <2.50	461	2,318	41	1,408	1.47	432.7	82		675	48	17	(13)
0.75 to <1.75	359	1,948	42	1,173	1.34	341.3	83		533	45	13	(10)
1.75 to <2.5	102	370	36	235	2.11	91.4	77		142	60	4	(3)
2.50 to <10.00	621	1,433	42	1,222	4.88	547.3	81		1,389	114	49	(27)
2.5 to <5	333	1,048	40	750	3.40	407.3	80		704	94	20	(13)
5 to <10	288	385	48	473	7.24	140.0	82		685	145	28	(14)
10.00 to <100.00	175	236	45	281	28.91	119.6	82		688	245	67	(17)
10 to <20	102	114	47	156	13.37	63.3	82		375	240	17	(6)
20 to <30	25	40	42	42	23.75	20.3	82		116	276	8	(2)
30.00 to <100.00	48	83	43	84	60.36	36.0	83		197	235	42	(8)
100.00 (Default)	110	3	–	110	100.00	26.9	66		311	283	48	(16)
Total	2,897	28,639	45	15,877	1.35	3,389.8	83		4,243	27	204	(95)

31.12.21												
PD range %	Original on-balance sheet exposure $million	Off-balance sheet exposure pre CCF $million	Average CCF %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2] thousands	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %	Expected loss $million	Value adjustments and provisions $million
0.00 to <0.15	919	16,718	48	8,882	0.08	1,182.5	85		377	4	6	
0.00 to <0.10	538	12,784	47	6,585	0.06	857.1	84		232	4	3	
0.10 to <0.15	382	3,934	49	2,297	0.12	325.4	85		145	6	2	
0.15 to <0.25	239	3,756	39	1,712	0.24	360.6	80		189	11	4	
0.25 to <0.50	178	1,783	47	1,018	0.41	515.6	78		160	16	3	
0.50 to <0.75	324	3,219	47	1,833	0.68	252.0	88		487	27	11	
0.75 to <2.50	629	2,792	42	1,801	1.70	511.0	82		885	49	25	
0.75 to <1.75	377	1,999	42	1,223	1.34	341.6	83		514	42	14	
1.75 to <2.5	252	793	41	578	2.46	169.4	81		370	64	12	
2.50 to <10.00	526	1,126	41	983	5.97	467.4	80		1,114	113	47	
2.5 to <5	214	692	36	466	4.03	323.1	78		403	86	15	
5 to <10	313	434	47	517	7.71	144.2	82		711	138	33	
10.00 to <100.00	153	196	44	240	32.34	96.6	82		493	206	64	
10 to <20	83	80	47	121	0.15	43.2	82		240	199	15	
20 to <30	20	31	42	33	0.24	26.7	82		80	242	6	
30.00 to <100.00	50	84	42	86	0.60	26.7	82		173	202	43	
100.00 (Default)	122	1	–	122	100.00	28.8	65		349	287	52	
Total	3,090	29,590	46	16,590	1.91	3,414.5	83		4,054	24	212	(115)

1 Weighted averages are based on EAD

2 Number of obligors is based on the number of counterparties within each PD grade

3.2 Risk grade profile continued

Table 40: IRB approach – Credit risk exposures by exposure class and PD range for retail – SME (UK CR6)

30.06.22

PD range %	Original on-balance sheet exposure $million	Off-balance sheet exposure pre CCF $million	Average CCF %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2] thousands	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %	Expected loss $million	Value adjustments and provisions $million
0.00 to <0.15	38	21	6	34	0.08	1.3	70		5	15	–	–
0.00 to <0.10	24	15	8	23	0.06	0.9	71		2	9	–	–
0.10 to <0.15	14	6	3	11	0.13	0.4	70		2	18	–	–
0.15 to <0.25	153	225	8	161	0.20	1.8	48		31	19	–	–
0.25 to <0.50	182	168	2	156	0.38	2.7	52		40	26	–	–
0.50 to <0.75	228	211	5	206	0.62	2.9	50		78	38	1	–
0.75 to <2.50	694	669	3	632	1.46	9.5	59		450	71	6	(2)
0.75 to <1.75	524	521	3	475	1.26	7.0	58		329	69	3	(1)
1.75 to <2.5	170	147	4	156	2.06	2.5	64		121	78	2	(1)
2.50 to <10.00	601	562	5	576	4.87	7.5	56		546	95	15	(3)
2.5 to <5	373	328	6	357	3.58	4.6	56		268	75	7	(2)
5 to <10	228	234	3	219	6.97	2.9	54		279	127	8	(1)
10.00 to <100.00	159	197	6	156	21.60	2.3	54		180	115	19	(4)
10 to <20	124	164	6	122	12.75	1.8	51		131	107	8	(1)
20 to <30	10	10	3	9	25.14	0.1	69		12	133	2	(1)
30.00 to <100.00	26	23	3	25	63.60	0.3	60		37	148	9	(2)
100.00 (Default)	70	106	8	79	100.00	1.2	63		134	170	57	(58)
Total	2,125	2,159	5	2,000	7.80	29.2	55		1,464	73	98	(67)

31.12.21

PD range %	Original on-balance sheet exposure $million	Off-balance sheet exposure pre CCF $million	Average CCF %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2] thousands	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %	Expected loss $million	Value adjustments and provisions $million
0.00 to <0.15	62	37	12	61	0.12	1.6	65		8	14	–	
0.00 to <0.10	28	7	16	28	0.07	0.9	71		3	11	–	
0.10 to <0.15	34	30	11	33	0.16	0.7	60		5	17	–	
0.15 to <0.25	156	223	9	163	0.21	1.9	50		28	17	–	
0.25 to <0.50	222	195	7	196	0.45	3.3	52		56	28	–	
0.50 to <0.75	161	142	4	140	0.67	2.0	55		53	38	1	
0.75 to <2.50	772	588	3	680	1.65	10.7	59		395	58	7	
0.75 to <1.75	500	371	3	438	1.27	6.9	58		232	53	3	
1.75 to <2.5	272	218	4	242	2.34	3.8	61		163	67	3	
2.50 to <10.00	559	466	5	529	5.82	7.0	55		377	71	17	
2.5 to <5	284	203	6	268	4.03	3.5	55		181	68	6	
5 to <10	274	263	5	261	7.66	3.5	55		195	75	11	
10.00 to <100.00	108	154	6	110	26.13	1.7	55		102	93	16	
10 to <20	78	131	7	81	13.82	1.3	52		71	87	4	
20 to <30	7	17	2	5	24.76	0.2	76		8	150	1	
30.00 to <100.00	23	5	9	24	63.23	0.2	62		24	102	11	
100.00 (Default)	131	87	9	139	100.00	1.1	56		115	83	119	
Total	2,172	1,892	6	2,018	10.48	29.3	56		1,134	56	161	(129)

1 Weighted averages are based on EAD

2 Number of obligors is based on the number of counterparties within each PD grade

3.3 Credit risk mitigation

Table 41 shows the unfunded credit protection held by the Group, consisting of credit derivatives and guarantees, and funded credit protection, including financial collateral. Exposure class has been defined based on the guarantor of the exposure.

Table 41: CRM techniques overview: Disclosure of the use of credit risk mitigation techniques (UK CR3)

		30.06.22				
		Exposures unsecured $million	**Exposures secured $million**	**Exposures secured by collateral $million**	**Exposures secured by financial guarantees $million**	**Exposures secured by credit derivatives $million**
1	Total loans	**342,383**	**133,804**	**124,546**	**9,258**	**–**
2	Total debt securities	**165,389**	**424**	**340**	**85**	
3	**Total exposures**	**507,771**	**134,228**	**124,886**	**9,342**	**–**
4	Of which non-performing exposures	**1,480**	**1,339**	**1,283**	**56**	**–**
5	Of which defaulted	**–**	**–**			

		31.12.21				
		Exposures unsecured $million	Exposures secured $million	Exposures secured by collateral $million	Exposures secured by financial guarantees $million	Exposures secured by credit derivatives $million
1	Total loans	362,225	139,303	128,609	10,693	–
2	Total debt securities	163,812	481	329	152	
3	**Total exposures**[1]	526,037	139,783	128,938	10,845	–
4	Of which non-performing exposures	2,084	1,445	1,358	87	–
5	Of which defaulted	–	–			

1 2021 comparatives have been represented to reflect process refinements

3.3 Credit risk mitigation continued

Table 42 presents the EAD before and after the effect of CRM, including credit substitution and financial collateral, with a further split into on balance-sheet and off-balance sheet exposures. Off-balance sheet exposures are presented before and after the application of standardised CCFs.

Table 42: Standardised approach – Credit risk exposure and CRM effects (UK CR4)

		30.06.22					
		Exposures before CCF and CRM[1]		Exposures post CCF and CRM		RWA and RWA density	
		On-balance sheet $million	Off-balance sheet $million	On-balance sheet $million	Off-balance sheet $million	RWA $million	RWA density %
	Standardised Exposure Class						
1	Central governments or central banks	**39,900**	**45,623**	**42,496**	**904**	**2,412**	**6%**
3	Public sector entities	**6,280**	**2,581**	**6,374**	**–**	**14**	**–**
4	Multilateral development banks	**21,584**	**14,419**	**23,100**	**188**	**–**	**–**
6	Institutions	**86**	**943**	**270**	**56**	**71**	**22%**
7	Corporates	**18,914**	**29,866**	**12,690**	**997**	**9,883**	**72%**
8	Retail	**12,977**	**11,609**	**9,841**	**708**	**7,404**	**70%**
9	Secured on real estate property	**7,645**	**577**	**7,645**	**220**	**3,376**	**43%**
10	Exposures in default	**241**	**39**	**237**	**22**	**259**	**100%**
11	Items belonging to regulatory high risk categories	**920**	**736**	**860**	**111**	**1,457**	**150%**
15	Equity	**2,001**	**–**	**2,001**	**–**	**5,002**	**250%**
16	Other items	**11,170**	**335**	**11,170**	**190**	**9,964**	**88%**
17	**Total Standardised[3]**	**121,718**	**106,728**	**116,684**	**3,396**	**39,842**	**33%**

		31.12.21					
		Exposures before CCF and CRM[1]		Exposures post CCF and CRM		RWA and RWA density	
		On-balance sheet $million	Off-balance sheet $million	On-balance sheet $million	Off-balance sheet $million	RWA $million	RWA density %
	Standardised Exposure Class						
1	Central governments or central banks	29,232	43,750	32,111	908	2,218	7
3	Public sector entities	5,470	1,352	5,565	1	19	–
4	Multilateral development banks	16,211	9,825	17,892	179	–	–
6	Institutions	71	1,355	286	28	68	22
7	Corporates	20,558	29,489	13,282	1,182	11,159	77
8	Retail	12,459	10,492	9,736	904	7,425	70
9	Secured on real estate property	7,776	611	7,774	248	3,424	43
10	Exposures in default	305	54	299	27	326	100
11	Items belonging to regulatory high risk categories	639	710	539	198	1,103	150
15	Equity	2,026	–	2,026	–	5,065	250
16	Other items[2]	12,250	530	12,250	238	10,839	87
17	**Total Standardised**	106,998	98,168	101,761	3,913	41,646	39

1 EAD before the effect of collateral and substitution

2 Other items has been restated to exclude public sector entities

3 Refer to table 15 (OV1): Standardised approach $32,799 million and amount below threshold for deduction $7,043 million RWA

3.4 Standardised risk weight profile

External ratings, where available, are used to assign risk weights for standardised approach (SA) exposures. These external ratings must come from EU approved rating agencies, known as External Credit Assessment Institutions (ECAI); which currently include Moody's, Standard & Poor's and Fitch. The Group uses the ECAI ratings from these agencies in its day-to-day business, which are tracked and kept updated. Assessments provided by approved ECAI are mapped to credit quality steps as prescribed by the CRR.

The Group currently does not use assessments provided by export credit agencies for the purpose of evaluating RWA in the standardised approach.

The following tables set out EAD and EAD after CRM associated with each risk weight as prescribed in Part Three, Title II, Chapter 2 of the CRR, including credit and counterparty credit risk regulatory risk weights based on the exposure classes applied to unrated exposures.

Standardised EAD post CRM and post CCF increased by $14.4 billion

- Central governments and central banks EAD increased $10.4 billion driven by increases in bonds and nostro balances
- Multilateral development banks EAD increased $5.2 billion driven by increases in bonds in the Europe and Americas region
- Corporates EAD decreased $0.8 billion due a decrease in loans in the Europe and Americas region

3.4 Standardised risk weight profile continued

Table 43: Standardised approach (UK CR5)

		30.06.22													
		Risk Weight													
		0%	2%	4%	20%	35%	50%	75%	100%	150%	250%	Others	Deducted	Total	Of which unrated
	Standardised Exposure Class														
1	Central governments or central banks	**42,037**	**–**	**–**	**135**	**–**	**140**	**–**	**267**	**4**	**817**	**–**	**–**	**43,400**	**–**
3	Public sector entities	**6,280**	**–**	**–**	**93**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6,373**	**–**
4	Multilateral development banks	**23,289**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**23,289**	**–**
6	Institutions	**–**	**–**	**–**	**310**	**–**	**14**	**–**	**2**	**–**	**–**	**–**	**–**	**326**	**–**
7	Corporates	**–**	**–**	**–**	**4,121**	**180**	**91**	**–**	**9,294**	**–**	**–**	**–**	**–**	**13,686**	**10,250**
8	Retail	**–**	**–**	**–**	**–**	**–**	**–**	**10,549**	**–**	**–**	**–**	**–**	**–**	**10,549**	**10,807**
9	Secured on real estate property	**–**	**–**	**–**	**–**	**6,733**	**–**	**–**	**1,132**	**–**	**–**	**–**	**–**	**7,865**	**7,865**
10	Exposures in default	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**259**	**–**	**–**	**–**	**–**	**259**	**259**
11	Items belonging to regulatory high risk categories	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**971**	**–**	**–**	**–**	**971**	**773**
15	Equity	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,001**	**–**	**–**	**2,001**	**2,001**
16	Other items	**1,313**	**–**	**–**	**108**	**–**	**–**	**–**	**9,786**	**–**	**–**	**153**	**–**	**11,360**	**2,274**
17	**Total Standardised**	**72,919**	**–**	**–**	**4,767**	**6,913**	**245**	**10,549**	**20,740**	**975**	**2,818**	**153**	**–**	**120,079**	**34,229**

		31.12.21													
		Risk Weight													
		0%	2%	4%	20%	35%	50%	75%	100%	150%	250%	Others	Deducted	Total	Of which unrated
	Standardised Exposure Class														
1	Central governments or central banks	31,691	–	–	141	–	144	–	317	7	716	3	–	33,019	–
3	Public sector entities	5,470	–	–	95	–	–	–	–	–	–	–	–	5,565	–
4	Multilateral development banks	18,071	–	–	–	–	–	–	–	–	–	–	–	18,071	–
6	Institutions	–	–	–	298	–	15	–	1	–	–	–	–	314	–
7	Corporates	–	–	–	3,275	173	325	–	10,691	–	–	–	–	14,464	10,682
8	Retail	–	–	–	–	–	–	10,640	–	–	–	–	–	10,640	10,640
9	Secured on real estate property	–	–	–	–	6,947	–	–	1,076	–	–	–	–	8,023	8,023
10	Exposures in default	–	–	–	–	–	–	–	326	–	–	–	–	326	326
11	Items belonging to regulatory high risk categories	–	–	–	–	–	–	–	–	737	–	–	–	737	712
15	Equity	–	–	–	–	–	–	–	–	–	2,026	–	–	2,026	2,026
16	Other items[1]	1,430	–	–	33	–	–	–	10,791	–	–	235	–	12,489	11,421
17	**Total Standardised**	56,662	–	–	3,842	7,120	484	10,640	23,202	744	2,742	238	–	105,674	43,830

1 Other items has been restated to exclude public sector entities

3.5 Securitisation

Securitisation is defined by the CRR as a transaction or scheme where the credit risk of an exposure or pool of exposures is tranched and where the payments arising from the transaction or scheme are dependent upon the performance of the underlying exposure(s) and where the subordination of tranches determine the distribution of losses during the ongoing life of the transaction or the scheme.

Table 44: Securitisation exposures in the non-trading book (UK-SEC1)

	30.06.22						
	Institution acts as originator						
	Traditional				Synthetic		
	STS		Non-STS				
	$ million	of which SRT $ million	$ million	of which SRT $ million	$ million	of which SRT $ million	Sub-total $ million
1 **Total exposures**	–	–	–	–	15,574	–	15,574
2 Retail (total)	–	–	–	–	–	–	–
3 residential mortgage	–	–	–	–	–	–	–
4 credit card	–	–	–	–	–	–	–
5 other retail exposures	–	–	–	–	–	–	–
6 re-securitisation	–	–	–	–	–	–	–
7 Wholesale (total)	–	–	–	–	15,574	–	15,574
8 loans to corporates	–	–	–	–	11,985	–	11,985
9 commercial mortgage	–	–	–	–	–	–	–
10 lease and receivables	–	–	–	–	3,589	–	3,589
11 other wholesale	–	–	–	–	–	–	–
12 re-securitisation	–	–	–	–	–	–	–

	30.06.22							
	Institution acts as sponsor				Institution acts as investor			
	Traditional				Traditional			
	STS $ million	Non-STS $ million	Synthetic $ million	Sub-total $ million	STS $ million	Non-STS $ million	Synthetic $ million	Sub-total $ million
1 **Total exposures**	–	–	–	–	599	16,018	63	16,680
2 Retail (total)	–	–	–	–	474	6,821	–	7,295
3 residential mortgage	–	–	–	–	474	6,038	–	6,512
4 credit card	–	–	–	–	–	298	–	298
5 other retail exposures	–	–	–	–	–	485	–	485
6 re-securitisation	–	–	–	–	–	–	–	–
7 Wholesale (total)	–	–	–	–	125	9,198	63	9,386
8 loans to corporates	–	–	–	–	34	7,523	–	7,556
9 commercial mortgage	–	–	–	–	–	308	–	308
10 lease and receivables	–	–	–	–	–	1,340	63	1,402
11 other wholesale	–	–	–	–	92	27	–	119
12 re-securitisation	–	–	–	–	–	–	–	–

3.5 Securitisation continued

Table 45: Securitisation exposures in the trading book (UK-SEC2)

		30.06.22							
		Institution acts as originator				Institution acts as sponsor			
		Traditional				Traditional			
		STS $ million	Non-STS $ million	Synthetic $ million	Sub-total $ million	STS $ million	Non-STS $ million	Synthetic $ million	Sub-total $ million
1	**Total exposures**	–	–	–	–	–	–	–	–
2	Retail (total)	–	–	–	–	–	–	–	–
3	residential mortgage	–	–	–	–	–	–	–	–
4	credit card	–	–	–	–	–	–	–	–
5	other retail exposures	–	–	–	–	–	–	–	–
6	re-securitisation	–	–	–	–	–	–	–	–
7	Wholesale (total)	–	–	–	–	–	–	–	–
8	loans to corporates	–	–	–	–	–	–	–	–
9	commercial mortgage	–	–	–	–	–	–	–	–
10	lease and receivables	–	–	–	–	–	–	–	–
11	other wholesale	–	–	–	–	–	–	–	–
12	re-securitisation	–	–	–	–	–	–	–	–

		30.06.22			
		Institution acts as investor			
		Traditional			
		STS $ million	Non-STS $ million	Synthetic $ million	Sub-total $ million
1	**Total exposures**	**32**	**692**	–	**724**
2	Retail (total)	**32**	**279**	–	**311**
3	residential mortgage	**32**	**266**	–	**298**
4	credit card	–	**3**	–	**3**
5	other retail exposures	–	**10**	–	**10**
6	re-securitisation	–	–	–	–
7	Wholesale (total)	–	**413**	–	**413**
8	loans to corporates	–	**234**	–	**234**
9	commercial mortgage	–	**6**	–	**6**
10	lease and receivables	–	**172**	–	**172**
11	other wholesale	–	–	–	–
12	re-securitisation	–	–	–	–

3.5 Securitisation continued

Table 46: Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as originator or as sponsor (UK-SEC3)

		30.06.22								
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)			
		≤20% RW $ million	>20% to 50% RW $ million	>50% to 100% RW $ million	>100% to <1250% RW $ million	1250% RW/ deductions $ million	SEC-IRBA $ million	SEC-ERBA (including IAA) $ million	SEC-SA $ million	1250%/ deductions $ million
1	**Total exposures**	**14,089**	**1,485**	–	–	–	**15,574**	–	–	–
2	Traditional transactions	–	–	–	–	–	–	–	–	–
3	Securitisation	–	–	–	–	–	–	–	–	–
4	Retail underlying	–	–	–	–	–	–	–	–	–
5	Of which STS	–	–	–	–	–	–	–	–	–
6	Wholesale	–	–	–	–	–	–	–	–	–
7	Of which STS	–	–	–	–	–	–	–	–	–
8	Re-securitisation	–	–	–	–	–	–	–	–	–
9	Synthetic transactions	**14,089**	**1,485**	–	–	–	**15,574**	–	–	–
10	Securitisation	**14,089**	**1,485**	–	–	–	**15,574**	–	–	–
11	Retail underlying	–	–	–	–	–	–	–	–	–
12	Wholesale	**14,089**	**1,485**	–	–	–	**15,574**	–	–	–
13	Re-securitisation	–	–	–	–	–	–	–	–	–

		30.06.22							
		RWEA (by regulatory approach)				Capital charge after cap			
		SEC-IRBA $ million	SEC-ERBA (including IAA) $ million	SEC-SA $ million	1250%/ deductions $ million	SEC-IRBA $ million	SEC-ERBA (including IAA) $ million	SEC-SA $ million	1250%/ deductions $ million
1	**Total exposures**	**2,750**	–	–	–	**220**	–	–	–
2	Traditional transactions	–	–	–	–	–	–	–	–
3	Securitisation	–	–	–	–	–	–	–	–
4	Retail underlying	–	–	–	–	–	–	–	–
5	Of which STS	–	–	–	–	–	–	–	–
6	Wholesale	–	–	–	–	–	–	–	–
7	Of which STS	–	–	–	–	–	–	–	–
8	Re-securitisation	–	–	–	–	–	–	–	–
9	Synthetic transactions	**2,750**	–	–	–	**220**	–	–	–
10	Securitisation	**2,750**	–	–	–	**220**	–	–	–
11	Retail underlying	–	–	–	–	–	–	–	–
12	Wholesale	**2,750**	–	–	–	**220**	–	–	–
13	Re-securitisation	–	–	–	–	–	–	–	–

3.5 Securitisation continued

Table 47: Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as investor (UK-SEC4)

		30.06.22								
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)			
		≤20% RW $ million	>20% to 50% RW $ million	>50% to 100% RW $ million	>100% to <1250% RW $ million	1250% RW/ deductions $ million	SEC-IRBA $ million	SEC-ERBA (including IAA) $ million	SEC-SA $ million	1250%/ deductions $ million
1	**Total exposures**	8,978	7,343	257	103	–	–	15,849	831	–
2	Traditional transactions	8,978	7,343	194	103	–	–	15,849	768	–
3	Securitisation	8,978	7,343	194	103	–	–	15,849	768	–
4	Retail underlying	3,886	3,397	11	–	–	–	6,653	642	–
5	Of which STS	474	–	–	–	–	–	474	–	–
6	Wholesale	5,092	3,945	184	103	–	–	9,197	126	–
7	Of which STS	125	–	–	–	–	–	125	–	–
8	Re-securitisation	–	–	–	–	–	–	–	–	–
9	Synthetic transactions	–	–	63	–	–	–	–	63	–
10	Securitisation	–	–	63	–	–	–	–	63	–
11	Retail underlying	–	–	–	–	–	–	–	–	–
12	Wholesale	–	–	63	–	–	–	–	63	–
13	Re-securitisation	–	–	–	–	–	–	–	–	–

		30.06.22							
		RWEA (by regulatory approach)				Capital charge after cap			
		SEC-IRBA $ million	SEC-ERBA (including IAA) $ million	SEC-SA $ million	1250%/ deductions $ million	SEC-IRBA $ million	SEC-ERBA (including IAA) $ million	SEC-SA $ million	1250%/ deductions $ million
1	**Total exposures**	–	3,215	197	–	–	257	16	–
2	Traditional transactions	–	3,215	150	–	–	257	12	–
3	Securitisation	–	3,215	150	–	–	257	12	–
4	Retail underlying	–	1,270	96	–	–	102	8	–
5	Of which STS	–	47	–	–	–	47	–	–
6	Wholesale	–	1,945	53	–	–	156	4	–
7	Of which STS	–	14	–	–	–	14	–	–
8	Re-securitisation	–	–	–	–	–	–	–	–
9	Synthetic transactions	–	–	47	–	–	–	4	–
10	Securitisation	–	–	47	–	–	–	4	–
11	Retail underlying	–	–	–	–	–	–	–	–
12	Wholesale	–	–	47	–	–	–	4	–
13	Re-securitisation	–	–	–	–	–	–	–	–

3.5 Securitisation continued

Table 48: Exposures securitised by the institution – Exposures in default and specific credit risk adjustments (UK-SEC5)

		30.06.22		
		Exposures securitised by the institution – Institution acts as originator or as sponsor		
		Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
		$ million	Of which exposures in default $ million	$ million
1	**Total exposures**	**12,395**	**30**	–
2	Retail (total)	–	–	–
3	residential mortgage	–	–	–
4	credit card	–	–	–
5	other retail exposures	–	–	–
6	re-securitisation	–	–	–
7	Wholesale (total)	**12,395**	**30**	–
8	loans to corporates	**9,621**	**20**	–
9	commercial mortgage	–	–	–
10	lease and receivables	**2,774**	**11**	–
11	other wholesale	–	–	–
12	re-securitisation	–	–	–

4. Traded risk

Traded risk is the potential for loss resulting from activities undertaken by the Group in financial markets. Under the Enterprise Risk Management Framework, the Traded Risk Framework brings together Market Risk, Counterparty Credit Risk and Algorithmic Trading. Traded Risk Management is the core risk management function supporting market-facing businesses, predominantly Financial Markets and Treasury Markets.

4.1 Market risk

Market risk is the potential for loss of economic value due to adverse changes in financial market rates or prices. The Group's exposure to market risk arises predominantly from these sources:

- Trading book: the Group provides clients access to financial markets, facilitation of which entails taking moderate market risk positions. All trading teams support client activity. There are no proprietary trading teams. Hence, income earned from market risk-related activities is primarily driven by the volume of client activity rather than risk-taking
- Non-trading book:
  - The Treasury Markets desk is required to hold a liquid assets buffer, much of which is held in high-quality marketable debt securities
  - The Group has capital invested and related income streams denominated in currencies other than US dollars. To the extent that these are not hedged the Group is subject to structural foreign exchange risk which is reflected in reserves

Interest rate risk from non-trading book portfolios is transferred to local Treasury Markets desks under the supervision of local Asset and Liability Committees. Treasury Markets deals in the market in approved financial instruments in order to manage the net interest rate risk, subject to approved Value at Risk (VaR) and risk limits.

The primary categories of market risk for the Group are:

- Interest Rate Risk: arising from changes in yield curves and implied volatilities on interest rate options
- Foreign Exchange Rate Risk: arising from changes in currency exchange rates and implied volatilities on foreign exchange options
- Commodity Risk: arising from changes in commodity prices and implied volatilities on commodity options; covering energy, precious metals, base metals and agriculture as well as commodity baskets
- Credit Spread Risk: arising from changes in the price of debt instruments and credit-linked derivatives, driven by factors other than the level of risk-free interest rates
- Equity Risk: arising from changes in the prices of equities, equity indices, equity baskets and implied volatilities on related options

Market risk regulatory capital requirements

The CRR specifies minimum capital requirements against market risk in the trading book. Interest rate risk in the non-trading book is covered separately under the Pillar 2 framework.

The PRA has granted the Group permission to use the internal model approach (IMA) covering the majority of interest rate, foreign exchange, precious metals, base metals, energy and agriculture market risk in the trading book. Positions outside the IMA scope are assessed according to standard PRA rules.

The minimum regulatory market risk capital requirements for the trading book are presented below for the Group.

4.1 Market risk continued

Table 49: Market risk regulatory capital requirements

Market risk capital requirements for trading book	30.06.22 Risk Weighted Assets $million	30.06.22 Regulatory capital requirement $million	31.12.21 Risk Weighted Assets $million	31.12.21 Regulatory capital requirement $million
Interest rate[1]	**6,722**	**538**	8,590	687
Equity	**10**	**1**	4	–
Options	**35**	**3**	86	7
Commodity[2]	**210**	**17**	207	17
Foreign exchange[2]	**3,728**	**298**	4,272	342
Internal Models Approach[3]	**12,021**	**962**	11,370	910
Total	**22,726**	**1,819**	24,529	1,962

1 Securitisation positions contributed $68 million to the interest rate position risk requirement (PRR) and $844 million to interest rate RWA as at 30 June 2022 (securitised positions contributed $64.5million to the interest rate PRR and $807 million to interest rate RWA as at 31 December 2021)

2 Commodity and foreign exchange cover non-trading book as well as trading book

3 Where the risks are not within the approved scope of the internal models approach, they are captured in the relevant category above based on the Standardised Approach

Table 50: Market risk under standardised approach (UK MR1)

		30.06.22 Risk Weighted Assets $million	31.12.21 Risk Weighted Assets $million
	Outright products		
1	Interest rate risk (general and specific)	**6,722**	8,590
2	Equity risk (general and specific)	**10**	4
3	Foreign exchange risk	**3,728**	4,272
4	Commodity risk	**210**	207
	Options	**35**	86
5	Simplified approach	**–**	–
6	Delta-plus method	**20**	82
7	Scenario approach	**15**	4
8	Securitisation (specific risk)[1]	**844**	807
9	**Total**	**10,705**	13,159

1 Securitisation (specific risk) is included in the interest rate risk RWA number

4.1 Market risk continued

Internal Models Approach

The table below shows the average, high and low VaR and Stressed VaR for the period December 2021 to June 2022 and the actual position on 30 June 2022. The results reflect only the Group portfolio covered by the internal model approach and are calculated at a 99 per cent confidence level.

Table 51: IMA values for trading portfolios (UK MR3)

		30.06.22 $million	31.12.21 $million
	VaR (10 day 99%)[1]		
1	Maximum value[2]	**63**	79
2	Average value	**45**	47
3	Minimum value[2]	**29**	29
4	Period end[3]	**46**	43
	Stressed VaR (10 day 99%)[1]		
5	Maximum value[2]	**195**	278
6	Average value	**124**	130
7	Minimum value[2]	**74**	89
8	Period end[3]	**89**	98
	Incremental Risk Charge (99.99%)[1]		
9	Maximum value[2]	**–**	–
10	Average value	**–**	–
11	Minimum value[2]	**–**	–
12	Period end[3]	**–**	–
	Comprehensive Risk capital charge (99.9%)[1]		
13	Maximum value[2]	**–**	–
14	Average value	**–**	–
15	Minimum value[2]	**–**	–
16	Period end[3]	**–**	–

1 Represents only the Group's portfolio covered by the IMA and calculated at the 99 per cent confidence level. Details of the Group's management VaR covering all non-structured market risk exposures, across the trading and non-trading books, calculated at the 97.5 per cent confidence level can be found in the Group's Half Year Report 2022 on pages 92 to 93

2 Highest and lowest VaR for each risk factor are independent and usually occur on different days

3 Actual one day VaR as at period end date

Table 52: Market risk under the internal Model Approach (IMA) (UK MR2-A)

		30.06.22		31.12.21	
		RWAs $million	Own funds requirements $million	RWAs $million	Own funds requirements $million
1	**VaR (higher of values a and b)**	**2,084**	**167**	1,512	121
(a)	Previous day's VaR	**569**	**46**	533	43
(b)	Average of the daily VaR	**2,084**	**167**	1,512	121
2	**SVaR (higher of values a and b)**	**5,218**	**417**	4,656	372
(a)	Latest SVaR	**1,111**	**89**	1,226	98
(b)	Average of the SVaR	**5,218**	**417**	4,656	372
3	**IRC (higher of values a and b)**	**–**	**–**	–	–
(a)	Most recent IRC measure	**–**	**–**	–	–
(b)	12 weeks average IRC measure	**–**	**–**	–	
4	**Comprehensive risk measure (higher of values a, b and c)**	**–**	**–**	–	–
(a)	Most recent risk measure of comprehensive risk measure	**–**	**–**	–	–
(b)	12 weeks average of comprehensive risk measure	**–**	**–**	–	–
(c)	Comprehensive risk measure Floor	**–**	**–**	–	–
5	**Other[1]**	**4,719**	**378**	5,202	416
6	**Total[2,3]**	**12,021**	**962**	11,370	909

1 Other IMA capital add-ons for market risks not fully captured in either VaR or SVaR. More details on Risks not in VaR can be found in the Group's Half Year Report 2022 on page 93

2 There are zero IRC and CRM as the Group has not applied model permission for specific interest rate risk comprehensive risk measure

3 Represents only the Group's portfolio covered by the IMA and calculated at the 99 per cent confidence level. Details of the Group's management VaR covering all non-structured market risk exposures, across the trading and non-trading books, calculated at the 97.5 per cent confidence level can be found in the Group's Half Year Report 2022 on pages 92 to 93.

4.1 Market risk continued

Backtesting

In the first half of 2022, there were three regulatory backtesting negative exceptions at Group level (in the second half of 2021, there were three regulatory backtesting negative exceptions at Group level). Group exceptions occurred on:

- 9 March: When risk assets rallied on hope of a truce agreement between Russia and Ukraine
- 29 March: When oil and base metal prices fell on the prospect of further ceasefire talks between Russia and Ukraine, and following a resurgence of COVID-19 cases in China
- 25 April: When risk assets fell following an announcement by Chinese authorities of expanded COVID-19 testing requirements amidst rising cases

In total, there have been six Group exceptions in the previous 250 business days which is within the 'amber zone' applied internationally to internal models by bank supervisors (Basel Committee on Banking Supervision, Supervisory framework for the use of backtesting in conjunction with the internal models approach to market risk capital requirements, January 1996).

The graphs below illustrate the performance of the VaR model used in the Group capital calculations. They compare the 99 percentile loss confidence level given by the VaR model with the Hypothetical and Actual P&L of each day given the real market movements. Actual backtesting P&L excludes from trading P&L: brokerage expense, fees & commissions, non-market-related accounting valuation adjustments and accounting debit valuation adjustments. Hypothetical backtesting P&L further excludes P&L from new deals and market operations.

Table 53: June 2022 Comparison of VaR estimates with gains/losses at Group level with hypothetical profit and loss (P&L) versus VaR (99 per cent, one day) (UK MR4)

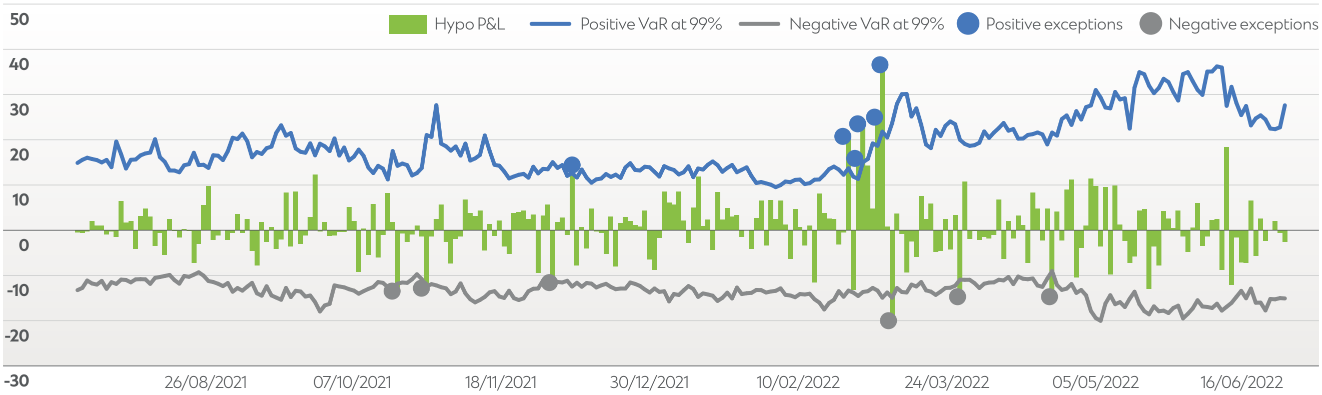
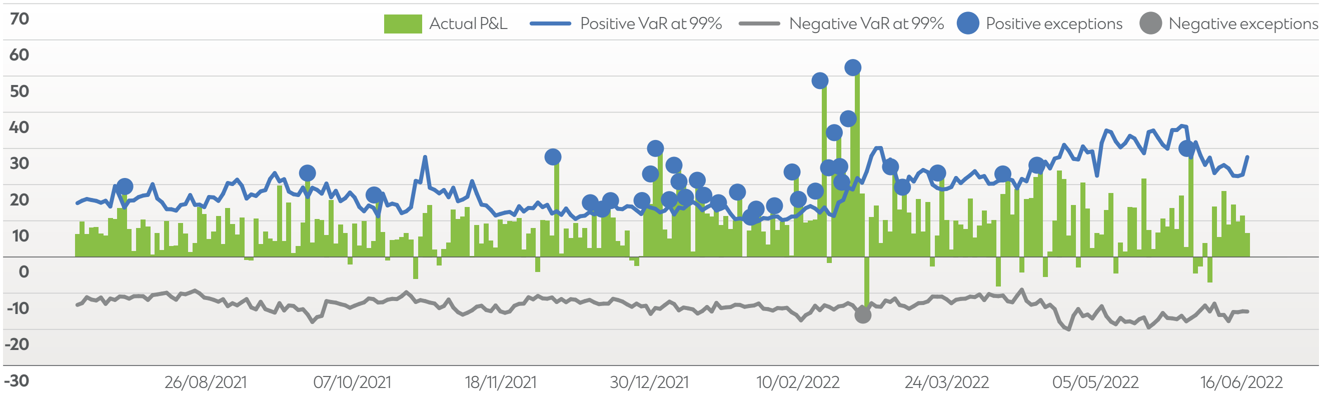


Table 54: June 2022 Comparison of VaR estimates with gains/losses at Group level with actual profit and loss (P&L) versus VaR (99 per cent, one day) (UK MR4)



4.2 Counterparty credit risk

Counterparty credit risk (CCR) is the risk that the Group's counterparty in a foreign exchange, interest rate, commodity, equity or credit derivative or repo contract defaults prior to the maturity date of the contract and that the Group at the time has a claim on the counterparty. CCR arises predominantly in the trading book when hedging with external counterparties is required.

CCR is managed within the overall credit risk appetite for corporate and financial institutions. CCR limits are set for individual counterparties, including central clearing counterparties, and for specific portfolios. Individual limits are calibrated to the credit grade and business model of the counterparties, and are set on Potential Future Exposure (PFE). Portfolio limits are set to contain concentration risk across multiple dimensions, and are set on PFE or other equivalent measures.

The Group reduces its credit exposures to counterparties by entering into contractual netting agreements which result in a single amount owed by or to the counterparty. The amount is calculated by netting the mark-to-market (MTM) owed by the counterparty to the Group and the MTM owed by the Group to the counterparty on the transactions covered by the netting agreement. In line with the International Accounting Standard (IAS) 32 principles, the Group's balance sheet will present assets and liabilities on a net basis provided there is a legally enforceable right to set off assets and liabilities, and the Group intends to settle on a net basis or realise the asset and liability simultaneously.

Table 55 shows the credit exposure on derivative transactions after taking into account the benefits from legally enforceable netting agreements and collateral held, including transactions cleared through recognised trading exchanges.

Table 55: Composition of collateral for CCR exposures (UK CCR5)

		30.06.22					
		Collateral used in derivatives transactions				Collateral used in securities financing transactions (SFTs)	
		Fair value of collateral received		Fair value of collateral posted			
		Segregated $million	Unsegregated $million	Segregated $million	Unsegregated $million	Fair value of collateral received $million	Fair value of collateral posted $million
	Collateral type						
1	Cash	–	12,469	1,065	13,077	43,744	87,678
2	Debt	295	2,936	2,664	1,502	73,479	51,929
3	Equity	–	–	–	–	–	–
4	Other	–	–	–	–	5,787	47,811
5	**Total**	**295**	**15,404**	**3,729**	**14,579**	**123,010**	**187,417**

Table 56: Analysis of CCR exposure by approach (UK CCR1)

		30.06.22							
		Replacement cost (RC) $million	Potential future exposure (PFE) $million	EEPE $million	Alpha used for computing regulatory exposure value	Exposure value pre-CRM $million	Exposure value post-CRM[1] $million	Exposure value $million	RWEA $million
UK1	**Original Exposure Method (for derivatives)**	–	–		1.4	–	–	–	–
UK2	**Simplified SA-CCR (for derivatives)**	–	–		1.4	–	–	–	–
1	SA-CCR (for derivatives)	3,201	3,083		1.4	11,227	8,861	8,861	6,519
2	IMM (for derivatives and SFTs)			16,396	1.6	37,079	26,234	26,229	10,153
2a	Of which securities financing transactions netting sets			–		–	–	–	–
2b	Of which derivatives and long settlement transactions netting sets			16,396		37,079	26,234	26,229	10,153
2c	Of which from contractual cross-product netting sets			–		–	–	–	–
3	Financial collateral simple method (for SFTs)					–	–	–	–
4	Financial collateral comprehensive method (for SFTs)					166,141	142,625	142,625	3,337
5	VaR for SFTs					–	–	–	–
6	**Total**					**214,448**	**177,720**	**177,714**	**20,009**

1 Impact of CRM for exposures treated under IRB is taken through the LGD

4.2 Counterparty credit risk continued

Table 57: Exposures to CCPs (UK CCR8)

		30.06.22		31.12.21	
		Exposure value $million	RWA $million	Exposure value $million	RWA $million
1	**Exposures to QCCPs (total)**		**1,046**		716
2	Trade exposure	**12,609**	**969**	18,906	442
3	Of which OTC derivatives	**10,996**	**937**	11,309	290
4	Of which exchange-traded derivatives	**–**	**–**	4,870	97
5	Of which SFTs	**1,613**	**32**	2,727	55
6	Of which collateral posted	**–**	**–**	–	–
7	Segregated initial margin	**–**		–	
8	Non-segregated initial margin	**–**	**–**	–	–
9	Prefunded default fund contributions	**508**	**79**	596	274
10	Unfunded default fund contributions	**–**	**–**	–	–
11	**Exposures to QCCPs (total)**		**79**		N/A
12	Trade exposure	**79**	**79**	N/A	N/A
13	Of which OTC derivatives	**79**	**79**	N/A	N/A
14	Of which exchange-traded derivatives	**–**	**–**	N/A	N/A
15	Of which SFTs	**–**	**–**	N/A	N/A
16	Of which collateral posted	**–**	**–**	N/A	N/A
17	Segregated initial margin	**–**		N/A	
18	Non-segregated initial margin	**–**	**–**	N/A	N/A
19	Prefunded default fund contributions	**–**	**–**	N/A	N/A
20	Unfunded default fund contributions	**–**	**–**	N/A	N/A

Table 58: Credit derivatives exposures (UK CCR6)

		30.06.22	
		Protection bought $million	Protection sold $million
	Notionals		
1	Single-name credit default swaps	**44,594**	**40,537**
2	Index credit default swaps	**35,544**	**33,739**
3	Total return swaps	**–**	**–**
4	Credit options	**–**	**–**
5	Other Credit derivatives	**1,016**	**1,701**
	Total notionals	**81,154**	**75,977**
	Fair values		
6	Positive fair value (asset)	**1,981**	**372**
7	Negative fair value (liability)	**(549)**	**(1,284)**

Table 59: Transactions subject to own funds requirements for CVA risk (UK CCR2)

		30.06.22		31.12.21	
		Exposure value $million	RWA $million	Exposure value $million	RWA $million
1	**Total transactions subject to the Advanced method**	**–**	**–**	–	–
2	(i) VaR component (including the 3× multiplier)		**–**		–
3	(ii) stressed VaR component (including the 3× multiplier)		**–**		–
4	Transactions subject to the Standardised method	**21,605**	**2,333**	20,143	3,125
UK4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	**–**	**–**	–	–
5	**Total transactions subject to own funds requirements for CVA risk**	**21,605**	**2,333**	20,143	3,125

4.2 Counterparty credit risk continued

Table 60 depicts EAD after the effect of collateral associated with each risk weight prescribed in Part Three, Title II, Chapter 2 of the CRR for counterparty credit risk.

Table 60: Standardised approach – CCR exposures by regulatory exposure class and risk weights (UK CCR3)

		30.06.22											
		Risk Weight											
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total
	Standardised Exposure Class												
1	Central governments or central banks	60	–	–	–	1	2	–	–	–	–	–	63
3	Public sector entities	14	–	–	–	–	–	–	–	–	–	–	14
4	Multilateral development banks	630	–	–	–	–	–	–	–	–	–	–	630
6	Institutions	–	9,912	975	–	7	–	–	–	–	–	–	10,894
7	Corporates	–	–	–	–	189	4	–	–	1,149	–	7	1,349
8	Retail	–	–	–	–	–	–	–	3	–	–	–	3
10a	Secured on real estate property	–	–	–	–	–	–	–	–	–	–	8	8
10b	Exposures in default	–	–	–	–	–	–	–	–	–	–	–	–
10c	Items belonging to regulatory high risk categories	–	–	–	–	–	–	–	–	–	1	–	1
10d	Other items	138	–	–	–	–	–	–	–	–	–	–	138
11	**Total Standardised**	**842**	**9,912**	**975**	**–**	**197**	**6**	**–**	**3**	**1,149**	**1**	**15**	**13,100**

		31.12.21											
		Risk Weight											
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total
	Standardised Exposure Class												
1	Central governments or central banks	250	–	–	–	–	1	–	–	–	–	–	251
3	Public sector entities	55	–	–	–	–	–	–	–	–	–	–	55
4	Multilateral development banks	643	–	–	–	–	–	–	–	–	–	–	643
6	Institutions	–	18,244	609	–	4	2	–	–	–	–	–	18,859
7	Corporates	–	–	–	–	121	4	–	–	956	–	–	1,081
8	Retail	–	–	–	–	–	–	–	1	–	–	–	1
10a	Secured on real estate property	–	–	–	–	–	–	–	–	–	–	–	–
10b	Exposures in default	–	–	–	–	–	–	–	–	–	–	–	–
10c	Items belonging to regulatory high risk categories	–	–	–	–	–	–	–	–	–	22	–	22
10d	Other items	147	–	–	–	–	–	–	1	–	–	–	148
11	**Total Standardised**	1,095	18,244	609	–	125	7	–	2	956	22	–	21,060

Institutions EAD decreased by $8.0 billion primarily driven by a reduction in commodities futures and credit derivatives in Europe and Americas

4.2 Counterparty credit risk continued

The following tables provide further detail on the exposure classes subject to counterparty credit risk, in particular for central governments or central banks, institutions, corporates. These have been split by internal credit grade which relate to the PD ranges presented.

IRB EAD post CRM and post CCF decreased by $2.1 billion

- Corporates EAD decreased by $6.1 billion driven by a decrease in securities financing transactions in Europe and Americas offset by an increase in derivatives across a number of regions
- Central government and central bank EAD decreased by $3.4 billion driven by security financing transactions in Asia
- Institutions EAD increased by $7.4 billion driven by an increase in securities financing transactions in Asia

Table 61: IRB – CCR exposures by exposure class

	30.06.22						
	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2]	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %
IRB exposure class							
Central governments or central banks	**12,594**	**0.38**	**111**	**30**	**0.32**	**1,408**	**11**
Institutions	**60,759**	**0.22**	**1,370**	**1**	**0.48**	**5,050**	**8**
Corporates	**102,307**	**0.22**	**12,783**	**8**	**0.44**	**12,097**	**12**
Of which specialised lending	**750**	**1.17**	**483**	**44**	**2.00**	**500**	**67**
Of which SME	**22**	**2.28**	**231**	**58**	**1.25**	**14**	**61**
Total IRB	**175,660**	**0.24**	**14,264**	**7**	**0.44**	**18,555**	**11**

	31.12.21						
	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2]	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %
IRB exposure class							
Central governments or central banks	16,003	0.28	111	22	0.30	969	6
Institutions	53,327	0.20	1,325	14	0.65	3,872	7
Corporates	108,416	0.25	12,957	12	0.38	10,561	10
Of which specialised lending	1,359	2.02	465	40	2.33	800	59
Of which SME	16	4.61	275	56	1.35	15	93
Total IRB	177,746	0.24	14,393	13	0.46	15,403	9

1 Weighted averages are based on EAD

2 Number of obligors is based on number of counterparties

4.2 Counterparty credit risk continued

Table 62: IRB approach – CCR exposures by exposure class and PD scale for central governments or central banks (UK CCR4)

	30.06.22						
PD range %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2]	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %
0.00 to < 0.15	**9,955**	**0.03**	**62**	**28**	**0.23**	**215**	**2**
0.15 to < 0.25	**1,158**	**0.22**	**5**	**45**	**0.49**	**329**	**28**
0.25 to < 0.50	**–**	**–**	**2**	**–**	**–**	**–**	**–**
0.50 to < 0.75	**–**	**0.51**	**8**	**45**	**1.00**	**–**	**56**
0.75 to < 2.50	**634**	**2.03**	**8**	**45**	**0.59**	**411**	**65**
2.50 to < 10.00	**847**	**3.49**	**17**	**20**	**0.88**	**453**	**53**
10.00 to < 100.00	**–**	**33.00**	**6**	**46**	**1.00**	**1**	**256**
100.00 (default)	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total	**12,594**	**0.38**	**108**	**30**	**0.32**	**1,408**	**11**

	31.12.21						
PD range %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2]	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %
0.00 to < 0.15	14,342	0.05	61	20	0.22	324	2
0.15 to < 0.25	296	0.22	5	45	0.28	79	27
0.25 to < 0.50	3	0.51	6	45	1.00	2	56
0.50 to < 0.75	–	0.67	4	6	0.02	–	7
0.75 to < 2.50	777	2.15	19	45	1.01	438	56
2.50 to < 10.00	585	3.62	11	7	1.40	126	22
10.00 to < 100.00	–	–	3	–	–	–	–
100.00 (default)	–	–	2	–	–	–	–
Total	16,003	0.28	111	22	0.30	969	6

1 Weighted averages are based on EAD

2 Number of obligors is based on number of counterparties within each PD grade

4.2 Counterparty credit risk continued

Table 63: IRB approach – CCR exposures by exposure class and PD scale for institutions (UK CCR4)

	30.06.22						
PD range %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2]	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %
0.00 to < 0.15	50,199	0.06	704	1	0.43	2,571	5
0.15 to < 0.25	3,356	0.22	123	1	1.21	299	9
0.25 to < 0.50	1,474	0.39	59	–	0.31	138	9
0.50 to < 0.75	3,498	0.63	149	2	0.38	601	17
0.75 to < 2.50	447	1.61	146	6	1.46	803	180
2.50 to < 10.00	1,769	2.81	150	3	0.57	556	31
10.00 to < 100.00	1	16.54	28	44	4.88	3	270
100.00 (default)	15	100.00	11	45	1.00	78	519
Total	60,759	0.22	1,370	1	0.48	5,050	8

	31.12.21						
PD range %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2]	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %
0.00 to < 0.15	45,034	0.07	666	15	0.63	2,312	5
0.15 to < 0.25	2,047	0.39	111	11	1.26	240	12
0.25 to < 0.50	2,062	0.47	149	7	0.29	226	11
0.50 to < 0.75	1,556	0.67	49	8	0.32	216	14
0.75 to < 2.50	2,529	1.80	257	17	0.99	765	30
2.50 to < 10.00	88	3.52	54	29	0.64	83	95
10.00 to < 100.00	12	17.96	34	45	1.04	31	262
100.00 (default)	–	100.00	5	45	1.01	–	465
Total	53,327	0.20	1,325	14	0.65	3,872	7

1 Weighted averages are based on EAD
2 Number of obligors is based on number of counterparties within each PD grade

4.2 Counterparty credit risk continued

Table 64: IRB approach – CCR exposures by exposure class and PD scale for corporates (UK CCR4)

	30.06.22						
PD range %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2]	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %
0.00 to < 0.15	**81,600**	**0.08**	**5,795**	**5**	**0.34**	**3,803**	**5**
0.15 to < 0.25	**8,740**	**0.22**	**4,309**	**11**	**0.73**	**1,825**	**21**
0.25 to < 0.50	**3,431**	**0.39**	**1,487**	**22**	**0.92**	**1,225**	**36**
0.50 to < 0.75	**4,483**	**0.55**	**2,008**	**22**	**0.61**	**1,637**	**37**
0.75 to < 2.50	**2,916**	**1.14**	**1,124**	**36**	**0.94**	**2,080**	**71**
2.50 to < 10.00	**903**	**4.18**	**1,434**	**59**	**1.66**	**1,665**	**184**
10.00 to < 100.00	**230**	**14.50**	**1,447**	**30**	**0.59**	**355**	**154**
100.00 (default)	**4**	**75.00**	**1,179**	**44**	**1.73**	**20**	**500**
Total	**102,307**	**0.22**	**12,783**	**8**	**0.44**	**12,097**	**12**

	31.12.21						
PD range %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2]	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %
0.00 to < 0.15	82,443	0.07	5,447	9	0.29	3,220	4
0.15 to < 0.25	6,674	0.22	1,965	25	1.01	1,656	25
0.25 to < 0.50	14,607	0.45	1,996	11	0.41	2,210	15
0.50 to < 0.75	1,371	0.67	615	28	0.71	609	44
0.75 to < 2.50	2,584	1.35	1,718	38	1.21	1,963	76
2.50 to < 10.00	249	5.64	537	57	2.09	489	197
10.00 to < 100.00	396	13.86	331	16	0.30	311	79
100.00 (default)	19	100.00	287	38	1.74	52	270
Total	108,343	0.25	12,896	12	0.38	10,510	10

1 Weighted averages are based on EAD

2 Number of obligors is based on number of counterparties within each PD grade

4.2 Counterparty credit risk continued

Table 65: IRB approach – CCR exposures by exposure class and PD scale for corporates – specialised lending (UK CCR4)

	30.06.22						
PD range %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2]	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %
0.00 to < 0.15	62	0.09	94	34	3.40	12	19
0.15 to < 0.25	115	0.22	61	37	2.38	40	34
0.25 to < 0.50	140	0.36	58	57	1.47	100	71
0.50 to < 0.75	185	0.56	96	56	1.71	141	76
0.75 to < 2.50	159	1.40	102	34	1.64	121	76
2.50 to < 10.00	87	3.78	37	34	2.56	86	99
10.00 to < 100.00	–	13.77	6	52	0.53	1	175
100.00 (default)	1	100.00	29	23	4.21	–	13
Total	**750**	**1.17**	**483**	**44**	**2.00**	**500**	**67**

	31.12.21						
PD range %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2]	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %
0.00 to < 0.15	99	0.11	39	28	3.54	19	19
0.15 to < 0.25	324	0.22	42	43	2.01	120	37
0.25 to < 0.50	397	0.47	110	51	2.03	265	67
0.50 to < 0.75	31	0.67	33	61	1.50	28	90
0.75 to < 2.50	390	1.59	121	32	2.77	268	69
2.50 to < 10.00	25	4.60	25	21	3.05	17	68
10.00 to < 100.00	3	21.01	3	54	1.21	7	271
100.00 (default)	16	100.00	31	31	1.68	24	153
Total	1,286	2.08	404	41	2.36	749	58

1 Weighted averages are based on EAD

2 Number of obligors is based on number of counterparties within each PD grade

4.2 Counterparty credit risk continued

Table 66: IRB approach – CCR exposures by exposure class and PD scale for corporates – SME (UK CCR4)

	30.06.22						
PD range %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2]	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %
0.00 to < 0.15	7	0.06	7	50	1.61	1	15
0.15 to < 0.25	1	0.23	33	66	1.00	–	32
0.25 to < 0.50	–	0.39	13	66	1.00	–	53
0.50 to < 0.75	1	0.67	19	66	1.42	1	81
0.75 to < 2.50	4	1.13	62	67	1.13	3	79
2.50 to < 10.00	9	2.81	47	56	1.00	8	87
10.00 to < 100.00	–	11.80	8	52	1.00	–	170
100.00 (default)	–	100.00	42	95	3.08	–	–
Total	**22**	**2.28**	**231**	**58**	**1.25**	**14**	**61**

	31.12.21						
PD range %	EAD post CRM and post CCF $million	Average PD[1] %	Number of obligors[2]	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %
0.00 to < 0.15	–	0.05	5	54	1.00	–	10
0.15 to < 0.25	3	0.22	32	63	1.00	1	44
0.25 to < 0.50	–	0.48	24	59	1.00	–	53
0.50 to < 0.75	–	0.67	17	66	2.11	–	112
0.75 to < 2.50	11	2.34	85	54	1.36	11	104
2.50 to < 10.00	1	4.85	59	76	1.04	1	210
10.00 to < 100.00	–	13.78	9	5	1.00	–	23
100.00 (default)	–	100.00	44	5	3.57	–	63
Total	16	4.61	275	56	1.35	15	93

1 Weighted averages are based on EAD

2 Number of obligors is based on number of counterparties within each PD grade

5. Liquidity risk

Table 67: Liquidity Coverage Ratio (LCR) (UK LIQ1)

		30.06.22							
		Total unweighted value (average)				Total weighted value (average)			
		30.09.21 $million	31.12.21 $million	31.03.22 $million	30.06.22 value	30.09.21 $million	31.12.21 $million	31.03.22 $million	30.06.22 $million
	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
	High-Quality Liquid Assets								
1	**Total High-Quality Liquid Assets (HQLA)**					176,537	175,664	176,162	179,218
	Cash outflows								
2	Retail deposits and deposits from small business customers, of which:	142,735	143,016	143,693	143,638	13,386	13,360	13,372	13,332
3	Stable deposits	39,997	39,643	39,586	38,915	2,000	1,982	1,979	1,946
4	Less stable deposits	102,738	103,374	104,106	104,723	11,386	11,378	11,392	11,387
5	Unsecured wholesale funding, of which:	276,945	277,750	276,867	280,243	132,150	129,533	125,941	126,675
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	117,888	122,724	126,241	128,516	29,238	30,456	31,355	31,946
7	Non-operational deposits (all counterparties)	154,475	150,507	145,490	146,632	98,330	94,559	89,451	89,635
8	Unsecured debt	4,582	4,518	5,135	5,094	4,582	4,518	5,135	5,094
9	Secured wholesale funding					3,423	3,560	4,332	4,869
10	Additional requirements	85,651	86,467	87,642	89,934	25,839	25,953	26,517	27,579
11	Outflows related to derivative exposures and other collateral requirements	11,800	11,659	11,964	12,480	11,775	11,637	11,947	12,467
12	Outflows related to loss of funding on debt products	2	2	2	2	2	2	2	2
13	Credit and liquidity facilities	73,849	74,807	75,676	77,451	14,063	14,315	14,568	15,110
14	Other contractual funding obligations	10,334	10,026	10,376	10,765	8,585	7,692	7,691	7,665
15	Other contingent funding obligations	206,395	209,622	213,251	222,149	4,477	4,587	4,496	4,090
16	**Total cash outflows**					187,860	184,687	182,350	184,210
	Cash inflows								
17	Secured lending (e.g. reverse repos)	54,756	56,213	59,704	61,417	6,284	5,622	5,481	5,326
18	Inflows from fully performing exposures	62,904	61,233	57,631	55,878	46,179	44,122	40,386	38,462
19	Other cash inflows	24,088	23,999	23,639	25,256	14,657	14,514	14,167	15,621
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					–	–	–	–
EU-19b	(Excess inflows from a related specialised credit institutions)					–	–	–	–
20	**Total cash inflows**	127,092	125,310	124,685	127,469	67,120	64,258	60,033	59,409
EU-20a	Fully exempt inflows	–	–	–	–			–	–
EU-20b	Inflows subject to 90% cap	–	–	–	–			–	–
EU-20c	Inflows subject to 75% cap	127,092	125,310	124,685	127,469	67,120	64,258	60,033	59,409
	Total adjusted value								
21	Liquidity buffer					176,537	175,664	176,162	179,218
22	Total net cash outflows					120,739	120,428	122,316	124,801
23	**Liquidity coverage ratio (%)**					146%	146%	144%	144%

Table 67: Quantitative information of LCR (UK LIQ1) continued

		31.12.21							
		Total unweighted value (average)				Total weighted value (average)			
		30.09.21 $million	31.12.21 $million	31.03.22 $million	30.06.22 value	30.09.21 $million	31.12.21 $million	31.03.22 $million	30.06.22 $million
	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
	High-Quality Liquid Assets								
1	**Total High-Quality Liquid Assets (HQLA)**					168,626	173,503	176,537	175,664
	Cash outflows								
2	Retail deposits and deposits from small business customers, of which:	141,106	142,669	142,735	143,016	13,369	13,463	13,386	13,360
3	Stable deposits	39,556	39,813	39,997	39,643	1,978	1,991	2,000	1,982
4	Less stable deposits	101,550	102,856	102,738	103,374	11,391	11,472	11,386	11,378
5	Unsecured wholesale funding, of which:	266,407	271,107	276,945	277,750	126,774	129,687	132,150	129,533
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	111,481	113,915	117,888	122,724	27,635	28,243	29,238	30,456
7	Non-operational deposits (all counterparties)	150,166	152,132	154,475	150,507	94,379	96,385	98,330	94,559
8	Unsecured debt	4,760	5,059	4,582	4,518	4,760	5,059	4,582	4,518
9	Secured wholesale funding					3,551	3,484	3,423	3,560
10	Additional requirements	87,405	86,210	85,651	86,467	30,372	27,416	25,839	25,953
11	Outflows related to derivative exposures and other collateral requirements	16,844	13,608	11,800	11,659	16,808	13,576	11,775	11,637
12	Outflows related to loss of funding on debt products	2	1	2	2	2	1	2	2
13	Credit and liquidity facilities	70,559	72,601	73,849	74,807	13,562	13,839	14,063	14,315
14	Other contractual funding obligations	11,271	11,277	10,334	10,026	10,610	10,119	8,585	7,692
15	Other contingent funding obligations	213,173	207,866	206,395	209,622	4,212	4,362	4,477	4,587
16	**Total cash outflows**					188,889	188,532	187,860	184,687
	Cash inflows								
17	Secured lending (e.g. reverse repos)	48,732	51,795	54,756	56,213	7,743	6,955	6,284	5,622
18	Inflows from fully performing exposures	60,476	61,758	62,904	61,233	45,137	45,656	46,179	44,122
19	Other cash inflows	30,330	25,977	24,088	23,999	20,725	16,565	14,657	14,514
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					–	–	–	–
EU-19b	(Excess inflows from a related specialised credit institutions)					–	–	–	–
20	**Total cash inflows**	130,001	127,118	127,092	125,310	73,605	69,175	67,120	64,258
EU-20a	Fully exempt inflows	–	–	–	–	–	–	–	–
EU-20b	Inflows subject to 90% cap	–	–	–	–	–	–	–	–
EU-20c	Inflows subject to 75% cap	130,001	127,118	127,092	125,310	73,605	69,175	67,120	64,258
	Total adjusted value								
21	Liquidity buffer					168,626	173,503	176,537	175,664
22	Total net cash outflows					115,284	119,357	120,739	120,428
23	**Liquidity coverage ratio (%)**					146%	145%	146%	146%

6. Interest rate risk in the banking book

The Group defines Interest Rate Risk in the Banking Book ('IRRBB') as the potential for loss of future earnings or economic value following adverse movements in interest rates, which arises from a mismatch in the re-pricing profile of assets, liabilities, and off-balance sheet items in the banking book.

Risk Control and Governance

Treasury is responsible for monitoring IRRBB through the Treasury Risk Type Framework, policies and Risk Appetite, subject to independent oversight and challenge from Risk and Internal Audit.

The Board delegates the management of IRRBB to the Group Asset & Liability Committee (GALCO), which in turn provides oversight of Group-level IRRBB and works in conjunction with Country ALCOs to monitor IRRBB as per the Risk Type Framework. IRRBB is managed at a country level by the Country ALCO, chaired by the Country CEO.

IRRBB models and methodologies are defined for the Group by the Treasury function, independently validated and approved by the Risk function. Country modelling assumptions are derived locally using the Group's methodologies and are reviewed by Country ALCO.

The Group uses Funds Transfer Pricing (FTP) to transfer re-pricing risk from the business to Treasury, including that arising from structural positions such as the investment of equity and non-maturity deposit balances. For non-maturity deposits (NMDs), the assumed duration is dependent on the portion that can be considered stable and the degree to which these balances are considered price sensitive.

Certain structural balances have been approved by GALCO and Country ALCOs to be risk managed directly under the Group's structural hedging programme. Other re-pricing risks transferred to Treasury are managed on an integrated basis with a securities portfolio maintained for liquidity and investment management purposes. Any basis risk that is not transferred and cannot be hedged by Treasury is reported and overseen at local ALCOs.

Re-pricing risk arising within Treasury is managed using a combination of on-balance sheet short and long tenor securities and deivative hedges. Derivative hedges are subject to Fair Value and Cash Flow Hedge accounting treatment where available. These interest rate risk positions and limits are independently monitored by the Risk function.

Key Risk Measures

The Group uses two key metrics for measuring IRRBB: Net Interest Income ('NII') Sensitivity, an income measure which quantifies the potential change in projected net interest income over a one-year horizon from defined movements in interest rates; and Economic Value of Equity ('EVE'), a value measure which estimates the potential change in the present value of the Group's Banking Book assets and liabilities from defined movements in interest rates. These measures differ in their coverage of the drivers of interest rate risk and the time horizon for these to materialise but used together they can provide a complementary and rounded view of the Group's risk profile. Both NII Sensitivity and EVE are monitored monthly against defined Risk Appetite limits, which are set at the Group level and, where appropriate, at a country level in compliance with local regulatory requirements.

NII Sensitivity and EVE are indicative stress tests calculated under various interest rate scenarios, including parallel and non-parallel shifts and a range of internally designed scenarios that assess vulnerabilities in the Group's business model and key behavioural assumptions under interest rate shocks and stresses. These stress tests are supplemented by internal NII forecasts which are used for financial planning purposes.

Stress tests are performed monthly to identify structural risks to Net Interest Income or the Economic Value of the Banking Book under adverse but plausible interest rate scenarios. Additionally, stress testing of IRRBB is covered as part of ICAAP and BoE concurrent stress testing exercises (more information on stress testing can be found on pages 103 to 104 of the Groups's Half Year Report 2022). Stress testing of price risk on Fair Value instruments in the Banking Book is conducted by Traded Risk Management under the Traded Risk Framework.

Prescribed Regulatory Interest Rate Shock and Stress Scenarios

The following table shows the Group's NII sensitivity and EVE regulatory metrics under each of the interest rate shock scenarios prescribed by the PRA (Rule 9.4A of the PRA Rulebook: CRR Firms: Interest Rate Risk Arising from Non Trading Activities Instrument 2020 and in accordance with EBA Article 448(1) CRR). The sensitivities are indicative and subject to standardised shocks and parametric assumptions that may differ to those used in the Group's own internal models, please see next section for more information.

The sensitivities should not be considered an income or profit forecast. Furthermore, the regulatory EVE results should not be considered a proxy for expected income or capital impacts on a going concern basis.

Key modelling and parametric assumptions

Net Interest Income Sensitivity

For regulatory NII sensitivities, currency specific shocks are applied as follows:

- A parallel interest rate shock (up and down) to the current market-implied path of rates, across all yield curves, including +/– 200 bps immediate shock for USD and HKD; +/– 150 bps for SGD; +/– 250 bps for CNY and GBP; and +/– 300 bps for KRW.

The assessment assumes that the size and mix of the balance sheet remain constant and that there are no specific management actions in response to the change in rates. No assumptions are made in relation to the impact on credit spreads in a changing rate environment. Significant modelling and behavioural assumptions are made regarding scenario simplification, market competition, pass-through rates, asset and liability re-pricing tenors, and price flooring.

Economic Value of Equity Sensitivity

The regulatory EVE sensitivities have been calculated under six standardised interest rate shock scenarios for measuring EVE under the standard outlier test, defined by the PRA.

For EVE, commercial margins and other spread components have been included in the modelled cashflows. The sensitivity represents a hypothetical impact to capital assuming a complete balance sheet run-off, assuming no new business. Balances are adjusted for assumed behavioural profiles, primarily non-maturity deposits, which reflect quantitative and qualitative assessments of the expected stability, rate sensitivity and longevity of client balances under varying interest rate conditions.

In line with regulatory guidelines:

- all equity instruments that have no coupon or call dates have been excluded;
- market interest rate floors start at -1.0% for the overnight tenor on the yield curve and increase by 5bps per year to 0.0% at the 20 year tenor point on the yield curve; and
- the aggregate EVE sensitivity for each interest rate shock scenario is calculated by adding together the negative and positive changes to EVE occurring in each currency. Positive values are weighted by 50%, but the full impact of negative values is included.

As at 30 June 2022, the average repricing maturity assigned to non-maturity deposits was 3.4 months and the longest repricing maturity was 6 months.

Table 68 shows the changes in NII and EVE under each of the prescribed interest rate shock scenarios.

Table 68: Quantitative information on IRRBB (UK IRRBB1)

	30.06.22					
In reporting currency	Change in EVE[1]		Change in NII[1]		Tier 1 capital	
Period	T	T-1	T	T-1	T	T-1
010 Parallel shock up	(2,752)	N/A	1,543	N/A		
020 Parallel shock down	1,520	N/A	(1,974)	N/A		
030 Steepener shock	(89)	N/A				
040 Flattener shock	(628)	N/A				
050 Short rates shock up	(1,654)	N/A				
060 Short rates shock down	852	N/A				
070 Maximum	(2,752)	N/A				
080 Tier 1 capital[1]					40,617	N/A

1. UK IRRBB1 is a new disclosure for 2022. 30 June 2021 data is unavailable.

As at 30 June 2022, the maximum EVE decline was $2,752 million under the parallel shock up. This does not represent the expected impact to capital. EVE sensitivity is driven by duration mismatches in the balance sheet. The magnitude of the result is largely due to the exclusion of equity, in line with regulatory guidelines, versus the inclusion of a structural hedge that is designed to stabilise the net interest income arising from the deployment of equity.

In addition, EVE sensitivity shows the theoretical reduction in the value of the structural hedge when rates rise, but does not capture the benefit to future income that would result from rising interest rates as demonstrated by the NII Sensitivity.

Duration mismatches for the remainder of the balance sheet are largely immaterial as the majority of assets and liabilities have a relatively short re-pricing tenor, however the sensitivity is amplified by large shocks to Emerging Markets currencies, and the impact of weighting positive values at the currency level by 50%. This 50% haircut on positive EVE values is also the main driver of asymmetry between EVE up and down shocks.

The most adverse impact to NII under the regulatory scenarios was a reduction of $1,974 million under the parallel shock down. While the interest rate shocks used to compute the regulatory NII sensitivity are larger than the Group's NII sensitivities used for risk management, the drivers of the sensitivities and the limitations of these measures are consistent (please see page 104 of the Group's Half Year Report 2022 for more information). The asymmetry between the parallel up and parallel down shocks is primarily driven by the flooring impact on liabilities in the down shock, as well as the impact of the HKD mortgage book migration. In an up shock, the HKD mortgage book migrates from HIBOR to Prime rate, effectively capping the upside, but is subject to margin compression in the down shock.

7. Forward-looking statements

This document may contain 'forward-looking statements' that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as 'may', 'could', 'will', 'expect', 'intend', 'estimate', 'anticipate', 'believe', 'plan', 'seek', 'continue' or other words of similar meaning. By their very nature, such statements are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements. Recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. The factors that could cause actual results to differ materially from those described in the forward-looking statements include (but are not limited to) changes in global, political, economic, business, competitive, market and regulatory forces or conditions, future exchange and interest rates, changes in tax rates, future business combinations or dispositions and other factors specific to the Group. Any forward-looking statement contained in this document is based on past or current trends and/or activities of the Group and should not be taken as a representation that such trends or activities will continue in the future. No statement in this document is intended to be a profit forecast or to imply that the earnings of the Group for the current year or future years will necessarily match or exceed the historical or published earnings of the Group. Each forward-looking statement speaks only as of the date of the particular statement.

Except as required by any applicable laws or regulations, the Group expressly disclaims any obligation to revise or update any forward looking statement contained within this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.

Nothing in this document shall constitute, in any jurisdiction, an offer or solicitation to sell or purchase any securities or other financial instruments, nor shall it constitute a recommendation or advice in respect of any securities or other financial instruments or any other matter.

Acronyms

ABS	Asset Backed Securities
AIRB	Advanced Internal Rating Based approach
ALCO	Asset and Liability Committee
ALM	Asset and Liability Management
AT1	Additional Tier 1
BCBS	Basel Committee on Banking Supervision
BOU	Bank of Uganda
BRC	Board Risk Committee
CCF	Credit Conversion Factor
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CCyB	Countercyclical capital buffer
CDOs	Collateralised Debt Obligations
CDS	Credit Default Swap
CET1	Common Equity Tier 1
CMBS	Commercial Mortgage Backed Securities
CQS	Credit Quality Step
CPM	Credit & Portfolio Management
CRD	Capital Requirements Directive
CRM	Credit Risk Mitigation
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
CSA	Credit Support Annex
CSDG	Capital Structuring & Distribution Group
CVA	Credit Valuation Adjustment
D-SIB	Domestic Systemically Important Bank
DVA	Debit Valuation Adjustment
EAD	Exposure at default
EBA	European Banking Authority
ECAI	External Credit Assessment Institutions
EL	Expected loss
FCA	Financial Conduct Authority
FIRB	Foundation Internal Ratings Based approach
FPC	Financial Policy Committee
FSB	Financial Stability Board
FSS	Financial Supervisory Service (South Korea)
FVA	Funding valuation adjustments
GCRO	Group Chief Risk Officer
G-SIB	Global Systemically Important Bank
G-SII	Global Systemically Important Institutions
HKMA	Hong Kong Monetary Authority
IAS	International Accounting Standard
ICAAP	Internal Capital Adequacy Assessment Process
ILAAP	Internal Liquidity Adequacy Assessment Process
IFRS	International Financial Reporting Standards
IMA	Internal Model Approach
IMM	Internal model Method
IRB	Internal Ratings Based
IRC	Incremental Risk Charge
IRR	Interest Rate Risk
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
MAC	Model Assessment Committee
MAS	Monetary Authority of Singapore
MDB	Multilateral Development Banks
MR	Market Risk
MREL	Minimum requirements for own funds and eligible liabilities
MSR	Mortgage Servicing Rights
MTM	Mark-To-Market
NII	Net Interest Income
NSFR	Net Stable Funding Ratio
O-SII	Other Systemically Important Institution
OBSC	Operational Balance Sheet Committee
OTC	Over the counter
PD	Probability of Default
PFE	Potential Future Exposure
PIT	Point in Time
PM	Portfolio Management
PRA	Prudential Regulation Authority
PV01	Present Value 01
PVA	Prudent Valuation Adjustment
QCCP	Qualifying Central Counterparty
QRRE	Qualifying Revolving Retail Exposure
RMB	Renminbi
RMBS	Residential Mortgage Backed Securities
RNIV	Risk not in VaR
RTS	Regulatory Technical Standards
RWAs	Risk-Weighted Assets
SA	Standardised Approach
SA-CCR	Standardized approach for counterparty credit risk
SFT	Securities Financing Transactions
SIF	Significant Influence Function
SME	Small and Medium – sized Enterprise
SPE	Special Purpose Entity
SVAR	Stressed VaR
T1	Tier 1 capital
T2	Tier 2 capital
TC	Total capital
TLAC	Total loss-absorbing capacity
TM	Treasury Markets
TRS	Total Return Swap
TTC	Through the cycle
VaR	Value at Risk
VBC	Valuation and Benchmarks Committee
XVA	Credit and Funding Valuation Adjustment

Glossary

Additional Tier 1 (AT1) capital	Additional Tier 1 capital consists of instruments issued by the bank and related share premium other than Common Equity Tier 1 that meet the Capital Requirement Regulation (CRR) criteria for inclusion in Tier 1 capital.
Advanced Internal Rating Based (AIRB) approach	The AIRB approach under the Basel framework is used to calculate credit risk capital based on the Group's own estimates of prudential parameters.
Africa & Middle East (AME)	Africa & Middle East (AME) includes Bahrain, Egypt, Iraq, Jordan, Lebanon, Oman, Pakistan, Qatar, Saudi Arabia and the United Arab Emirates (UAE).
Arrears	A debt or other financial obligation is considered to be in a state of arrears when payments are overdue. Loans and advances are considered to be delinquent when consecutive payments are missed. Also known as 'delinquency'.
Available-for-Sale	Non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables; held to maturity investments, or financial assets at fair value through profit or loss.
ASEAN	Association of South East Asian Nations (ASEAN) which includes the Group's operation in Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam.
ASEAN & South Asia (ASA)	ASEAN & South Asia (ASA) includes Australia, Bangladesh, Brunei, Cambodia, India, Indonesia, Laos, Malaysia, Myanmar, Nepal, Philippines, Singapore, Sri Lanka, Thailand and Vietnam.
Asia	Asia includes Australia, Bangladesh, Brunei, Cambodia, India, Indonesia, Laos, Malaysia, Myanmar, Nepal, Philippines, Sri Lanka, Singapore, Thailand, Vietnam, Mainland China, Hong Kong, Japan, Korea, Macau and Taiwan.
Asset Backed Securities (ABS)	Securities that represent an interest in an underlying pool of referenced assets. The referenced pool can comprise any assets which attract a set of associated cash flows but are commonly pools of residential or commercial mortgages and in the case of Collateralised Debt Obligations (CDOs), the reference pool may be ABS.
Attributable profit to ordinary shareholders	Profit for the year after non-controlling interests and the declaration of dividends on preference shares classified as equity.
Backtesting	A statistical technique used to monitor and assess the accuracy of a model, and how that model would have performed had it been applied in the past.
Basel II	The capital adequacy framework issued by the Basel Committee on Banking Supervision (BCBS) in June 2006 in the form of the 'International Convergence of Capital Measurement and Capital Standards'.
Basel III	In December 2010, the BCBS issued the Basel III rules text, which were updated in June 2011, and represents the details of strengthened global regulatory standards on bank capital adequacy and liquidity. The new requirements have been fully implemented. In December 2017, the BCBS published a document setting out the finalisation of the Basel III framework. The new requirements issued in December 2017 will be implemented by 2023.
BCBS or Basel Committee on Banking Supervision	A forum on banking supervisory matters which develops global supervisory standards for the banking industry. Its members are officials from 45 central banks or prudential supervisors from 28 countries and territories.
Basis point (bps)	One hundredth of a per cent (0.01 per cent); 100 basis points is 1 per cent. Used in quoting movements e.g. in interest rates or yields on securities.
Capital conservation buffer	A capital buffer prescribed by regulators under Basel III and designed to ensure banks build up capital buffers outside periods of stress which can be drawn down as losses are incurred. Should a bank's CET1 capital fall within the capital conservation buffer range, capital distributions will be constrained by the regulators.
CRD or Capital Requirements Directive	A capital adequacy legislative package adopted by the PRA. CRD comprises the Capital Requirements Directive and the UK onshored Capital Requirements Regulation (CRR). The package implements the Basel III framework together with transitional arrangements for some of its requirements. CRD IV came into force on 1 January 2014. The EU CRR II and CRD V amending the existing package came into force in June 2019 with most changes starting to apply from 28 June 2021. Only those parts of the EU CRR II that applied on or before 31 December 2020, when the UK was a member of the EU, have been implemented. The PRA recently finalised the UK's version of the CRR II for implementation into the PRA Rulebook on 1 January 2022.
Central Counterparty (CCP)	A CCP is a clearing house that acts as an intermediary between counterparties for certain products that are traded in one or more financial markets.
Common Equity Tier 1 (CET1) capital	Common Equity Tier 1 capital consists of the common shares issued by the bank and related share premium, retained earnings, accumulated other comprehensive income and other disclosed reserves, eligible non-controlling interests and regulatory adjustments required in the calculation of Common Equity Tier 1.
Common Equity Tier 1 ratio	Common Equity Tier 1 capital as a percentage of risk-weighted assets.

Countercyclical capital buffer (CCyB)	The countercyclical capital buffer is part of a set of macroprudential instruments, designed to help counter pro-cyclicality in the financial system. CCyB as defined in the Basel III standard provides for an additional capital requirement of up to 2.5 per cent of risk-weighted assets in a given jurisdiction. The Bank of England's Financial Policy Committee has the power to set CCyB rate for the United Kingdom. Each bank must calculate its 'institution-specific' CCyB rate, defined as the weighted average of the CCyB rates in effect across the jurisdictions in which it has credit exposures. The institution-specific CCyB rate is then applied to a bank's total risk weighted assets.
Counterparty credit risk (CCR)	The risk that a counterparty defaults before satisfying its obligations under a derivative, a securities financing transaction (SFT) or a similar contract.
Credit Conversion Factor (CCF)	Either prescribed by CRR or modelled by the bank, an estimate of the amount the Group expects a customer to have drawn further on a facility limit at the point of default.
Credit Default Swap (CDS)	A derivative contract where a buyer pays a fee to a seller in return for receiving a payment in the event of a credit event (for example bankruptcy, payment default on a reference asset or assets, or downgrades by an rating agency) on an underlying obligation.
Credit quality step (CQS)	Credit Quality Steps (CQS) are used to derive the risk-weight to be applied to exposures treated under the Standardised approach to credit risk.
Credit risk	Credit risk is the potential for loss due to the failure of a counterparty to meet its obligations to pay the Group in accordance with agreed terms.
Credit risk mitigation (CRM)	Credit risk mitigation is a process to mitigate potential credit losses from any given account, customer or portfolio by using a range of tools such as collateral, netting agreements, credit insurance, credit derivatives and guarantees.
Credit support annex (CSA)	A legal document that regulates the exchange of collateral between the parties of OTC derivative transactions.
Credit Valuation Adjustment (CVA)	In the context of prudential requirements, additional regulatory capital charge that covers the risk of mark-to-market losses associated with changes in the credit worthiness of counterparties to derivative transactions.
Debit Valuation Adjustment (DVA)	In the context of prudential requirements, adjustment required to Tier 1 capital to derecognise any unrealised fair value gains and losses associated with fair valued liabilities that are attributable to the market's perception of the Group's credit worthiness.
Domestic systemically important banks (D-SIB)	Domestic systemically important banks are deemed systemically relevant for the domestic financial system in which they operate. The FSB and the BCBS have developed a framework for identifying and dealing with D-SIBs. The D-SIB framework has been implemented in the UK via CRD which refers to D-SIBs as Other Systemically Important Institutions ('O-SIIs').
Equity price risk	The financial risk involved in holding equity in a particular investment. Arises from changes in the prices of equities, equity indices, equity baskets and implied volatilities on related options.
Expected Loss (EL)	The Group measure of anticipated loss for exposures captured under an internal ratings based credit risk approach for capital adequacy calculations. It is measured as the Group-modelled view of anticipated loss based on Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), with a one-year time horizon.
Exposure	Credit exposures represent the amount lent to a customer, together with any undrawn commitment.
Exposure at default (EAD)	The estimation of the extent to which the Group may be exposed to a customer or counterparty in the event of, and at the time of, that counterparty's default. At default, the customer may not have drawn the loan fully or may already have repaid some of the principal, so that exposure is typically less than the approved loan limit.
External Credit Assessment Institutions (ECAI)	For the Standardised Approach to credit risk for sovereigns, corporates and institutions, external ratings are used to assign risk-weights. These external ratings must come from credit rating agencies that are registered or certified in accordance with the credit rating agencies (CRA) regulation or from a central bank issuing credit ratings which is exempt from the application this regulation.
Fair value	The value of an asset or liability when it is transacted on an arm's length basis between knowledgeable and willing parties.
Financial Policy Committee (FPC)	The Financial Policy Committee is an independent committee at the Bank of England that has the primary objective of identifying, monitoring and taking action to remove or reduce systemic risks with a view to protecting and enhancing the resilience of the UK financial system. The FPC's secondary objective is to support the economic policy of the Government.
Foreseeable dividends net of scrip	Includes both ordinary and preference share dividends reasonably expected to be paid out of any future residual interim or year-end profits. In the case of ordinary dividends, the amount of foreseeable dividends deducted from the interim or year-end profits is equal to the amount of interim or year-end profits multiplied by the dividend payout ratio. In the case of preference share dividends, the amount of foreseeable dividends is equal to the amount accrued during the relevant reporting period payable at a future date.
Foundation Internal Ratings Based (FIRB) Approach	A method of calculating credit risk capital requirements using internal PD models but with supervisory estimates of LGD and conversion factors for the calculation of EAD.
Free delivery	When a bank takes receipt of a debt or equity security, a commodity or foreign exchange without making immediate payment, or where a bank delivers a debt or equity security, a commodity or foreign exchange without receiving immediate payment.
Funding valuation adjustments (FVA)	FVA reflects an adjustment to fair value in respect of derivative contracts associated with the funding costs that the market participant would incorporate when determining an exit price.

G-SIBs or Global Systemically Important Banks	Global banking financial institutions whose size, complexity and systemic interconnectedness mean that their distress or failure would cause significant disruption to the wider financial system and economic activity. The list of G-SIBs is assessed under a framework established by the Financial Stability Board (FSB) and the BCBS. In the UK, the G-SIB framework is implemented via the CRD and G-SIBs are referred to as Global Systemically Important Institutions (G-SIIs).
G-SIB buffer	A CET1 capital buffer which results from designation as a G-SIB. The G-SIB buffer is between 1 per cent and 3.5 per cent, dependent on the allocation to one of five buckets based on the annual scoring. In the UK, the G-SIB buffer is implemented via CRD as Global Systemically Important Institutions ('G-SII') buffer requirement.
Haircut	A haircut, or volatility adjustment, ensures the value of exposures and collateral are adjusted to account for the volatility caused by foreign exchange or maturity mismatches, when the currency and maturity of an exposure differ materially to the currency and maturity of the associated collateral.
Held-to-maturity	Held-to-maturity assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the intention and ability to hold to maturity.
Impaired loans	Loans where individually identified impairment provisions have been raised. Also includes loans which are collateralised or where indebtedness has already been written down to the expected realisable value. The impaired loan category may include loans, which, while impaired, are still performing.
Individually assessed loan impairment provisions (IIP)	Impairment is measured for assets that are individually significant to the Group. Typically assets within the Corporate & Institutional Banking segment of the Group are assessed individually.
Individual capital guidance	Guidance given by the PRA to the Group about the amount and quality of capital resources to maintain.
Individual impairment charge	The amount of individually assessed loan impairment provisions that are charged to the income statement in the reporting period.
Individual liquidity guidance	Guidance given by the PRA to the Group about the amount, quality and funding profile of liquidity resources to maintain.
Institution	A credit institution or an investment firm as defined under the Capital Requirement Regulation (CRR).
Internal Capital Adequacy Assessment Process (ICAAP)	A requirement on institutions under Pillar 2 of the Basel framework to undertake a comprehensive assessment of their risks and to determine the appropriate amounts of capital to be held against these risks.
Internal Liquidity Adequacy Assessment Process (ILAAP)	A requirement on institutions under Pillar 2 of the Basel framework to undertake a comprehensive assessment of their risks and to determine the appropriate amounts of liquidity to be held against these risks.
Internal Model Approach (IMA)	The approach used to calculate market risk capital and RWA with an internal market risk model approved by the PRA under the terms of CRD/CRR.
Internal Model Method (IMM)	One of three approaches defined in the Basel Framework to determine exposure values for counterparty credit risk.
Interest Rate Risk (IRR)	Interest rate risk arises due to the investment into rate-sensitive assets, as well as from mismatches between debt issuance and placements.
Internal ratings-based approach ('IRB')	Risk-weighting methodology in accordance with the Basel Capital Accord where capital requirements are based on a firm's own estimates of prudential parameters.
Items belonging to regulatory high-risk categories	In relation to the Standardised Approach to credit risk, items which attract a risk-weight of 150 per cent. This includes exposures arising from venture capital business and certain positions in collective investment schemes.
Leverage ratio	A ratio that compares Tier 1 capital to total exposures, including certain exposures held off-balance sheet as adjusted by stipulated credit conversion factors. Intended to be a simple, non-risk-based backstop measure.
Liquidity Coverage Ratio (LCR)	The ratio of the stock of high quality liquid assets to expected net cash outflows over the following 30 days. High quality liquid assets should be unencumbered, liquid in markets during a time of stress and, ideally, be central bank eligible.
Loans and advances	This represents lending made under bilateral agreements with customers entered into in the normal course of business and is based on the legal form of the instrument.
Loss Given Default (LGD)	The percentage of an exposure that a lender expects to lose in the event of obligor default.
Mark-to-market approach	One of the approaches available to banks to calculate the exposure value associated with derivative transactions. The approach calculates the current replacement cost of derivative contracts, by determining the market value of the contract and considering any potential future exposure.
Market risk	The potential for loss of earnings or economic value due to adverse changes in financial market rates or prices.
Maturity	The time from the reporting date to the contractual maturity date of an exposure, capped at five years. Maturity is considered as part of the calculation of risk-weights for the Group's exposures treated under the IRB approach to credit risk.
Minimum capital requirement	Minimum capital required to be held for credit, market and operational risk.
Model validation	The process of assessing how well a model performs using a predefined set of criteria including the discriminatory power of the model, the appropriateness of the inputs, and expert opinion.
MREL or minimum requirement for own fund and eligible liabilities	A requirement under the Bank Recovery and Resolution Directive for EU resolution authorities to set a minimum requirement for own funds and eligible liabilities for banks, implementing the FSB's Total Loss-Absorbing Capacity (TLAC) standard. MREL is intended to ensure there is sufficient equity and specific types of liabilities to facilitate an orderly resolution that minimises any impact on financial stability and ensures the continuity of critical functions and avoids exposing taxpayers to loss.

Multilateral Development Banks (MDB)	An institution created by a group of countries to provide financing for the purpose of development. Under the Standardised approach to credit risk, eligible multilateral development banks attract a zero per cent risk-weight.
Net stable funding ratio (NSFR)	The ratio of available stable funding to required stable funding over a one year time horizon, assuming a stressed scenario. It is a longer-term liquidity measure designed to restrain the amount of wholesale borrowing and encourage stable funding over a one year time horizon.
North East (NE) Asia	North East (NE) Asia includes the Group's operation in the Republic of Korea and Japan.
Operational risk	The potential for loss arising from the failure of people, process, or technology, or the impact of external events.
Over-the-Counter (OTC) traded products/OTC derivatives	A bilateral transaction that is not exchange traded and is valued using valuation models.
Pillar 1	The first Pillar of the three pillars of Basel framework which provides the approach to the calculation of the minimum capital requirements for credit, market and operational risk. Minimum capital requirements are 8 per cent of the Group's risk-weighted assets.
Pillar 2	The second pillar of the three pillars of the Basel framework which requires banks to undertake a comprehensive assessment of their risks that are not already covered by Pillar 1 and to determine the appropriate amounts of capital to be held against these risks where other suitable mitigants are not available.
Pillar 3	The third pillar of the three pillars of Basel framework which aims to provide a consistent and comprehensive disclosure framework that enhances comparability between banks and further promotes improvements in risk practices.
Point in time (PIT)	Considers the economic conditions at the point in the economic cycle at which default occurs when estimating the probability of default.
Portfolio Impairment Provision (PIP)	The amount of loan impairment provisions assessed on the collective portfolio that are charged to the income statement in the reporting period.
Potential Future Exposure (PFE)	An estimate of the potential increase in exposure that may arise on a derivative contract prior to default, used to derive the exposure amount.
Probability of Default (PD)	PD is an internal estimate for each borrower grade of the likelihood that an obligor will default on an obligation within 12 months.
Present Value 01 (PV01)	This represents the change in present value of an asset or liability for a 1 basis point change in the nominal yield curve.
Prudential Regulatory Authority (PRA)	The Prudential Regulation Authority is the statutory body responsible for the prudential supervision of banks, building societies, credit unions, insurers and a small number of significant investment firms in the UK. The PRA is a part of the Bank of England.
Prudent Valuation Adjustment (PVA)	An adjustment to CET1 capital, to reflect the difference between the accounting fair value and the regulatory prudent value of positions, where the application of prudence results in a lower absolute carrying value than recognised in the financial statements.
Qualifying Central Counterparty (QCCP)	Central counterparty that is either authorised (when established in the EU) or recognised (when established in a third-country) in accordance with the rules laid down in the European Market Infrastructure Regulation (EMIR).
Qualifying Revolving Retail Exposure (QRRE)	Retail IRB exposures that are revolving, unsecured, and, to the extent they are not drawn, immediately and unconditionally cancellable, such as credit cards.
Regulatory capital	Sum of Tier 1 and Tier 2 capital after regulatory adjustments.
Regulatory or Prudential consolidation	The regulatory consolidation of Standard Chartered PLC differs from the statutory consolidation in that it only includes undertakings that are credit institutions, investment firms, other financial institutions, and ancillary service undertakings. Subsidiaries continue to be fully consolidated, whilst participations in undertakings that principally engage in these financial services activities are proportionally consolidated. These participations are considered associates for statutory accounting purposes. Insurance or corporate entities are excluded from the scope of prudential consolidation and recognised on an equity accounted basis.
Repurchase agreement (repo) / reverse repurchase agreement (reverse repo)	A short term funding agreement which allows a borrower to sell a financial asset, such as ABS or Government bonds as collateral for cash. As part of the agreement the borrower agrees to repurchase the security at some later date, usually less than 30 days, repaying the proceeds of the loan. For the party on the other end of the transaction (buying the security and agreeing to sell in the future) it is a reverse repurchase agreement or reverse repo.
Residential Mortgage-Backed Securities (RMBS)	Securities that represent interests in a group of residential mortgages. Investors in these securities have the right to cash received from future mortgage payments (interest and/or principal).
Residual maturity	The remaining maturity of a facility from the reporting date until either the contractual maturity of the facility or the effective maturity date.
Retail Internal Ratings Based (Retail IRB) Approach	In accordance with the PRA handbook and CRR, the approach to calculating credit risk capital requirements for eligible retail exposures.
Risk Appetite	Risk Appetite is defined by the Group and approved by the Board. It is the maximum amount and type of risk the Group is willing to assume in pursuit of its strategy.
Risk Capacity	The maximum level of risk the Group can assume, given its current capabilities and resources, before breaching constraints determined by capital and liquidity requirements and internal operational capability (including but not limited to technical infrastructure, risk management capabilities, expertise), or otherwise failing to meet the expectations of regulators and law enforcement agencies.

Risk-weighted assets (RWA)	A measure of a bank's assets adjusted for their associated risks, expressed as a percentage of an exposure value in accordance with the applicable Standardised or IRB approach provisions.
RWA density	The risk-weighted asset as a percentage of exposure at default (EAD).
Scrip dividends	Dividends paid to existing shareholders in securities instead of cash payment.
Securities Financing Transactions (SFT)	Securities Financing Transactions are secured (i.e. collateralised) transactions that involve the temporary exchange of cash against securities, or securities against other securities, e.g. stock lending or stock borrowing or the lending or borrowing of other financial instruments, a repurchase or reverse repurchase transaction, or a buy-sell back or sell-buy back transaction.
Securitisation	Securitisation is a process by which credit exposures are aggregated into a pool, which is used to back new securities. Under traditional securitisation transactions, assets are sold to a special purpose entity (SPE) who then issues new securities to investors at different level of seniority (credit tranching). This allows the credit quality of the assets to be separated from the credit rating of the originating institution and transfers risk to external investors in a way that meets their risk appetite. Under synthetic securitisation transactions, the transfer of risk is achieved by the use of credit derivatives or guarantees, and the exposures being securitized remain exposures of the originating institution.
Securitisation position(s)	The positions assumed by the Group following the purchase of securities issued by Asset-Backed Securitisation programmes or those retained following the origination of a securitisation programme.
Specialised lending	Specialised lending exposures are defined as an exposure to an entity which was created specifically to finance and/or operate physical assets, where the contractual arrangements given the lender a substantial degree of control over the assets and the income that they generate and the primary source of repayment of the obligation is the income generated by the assets being financed, rather than the independent capacity of a broader commercial enterprise.
Special Purpose Entities (SPEs)	SPEs are entities that are created to accomplish a narrow and well defined objective. There are often specific restrictions or limits around their ongoing activities. Transactions with SPEs take a number of forms, including: the provision of financing to fund asset purchases, or commitments to provide financing for future purchases; derivative transactions to provide investors in the SPE with a specified exposure; the provision of liquidity or backstop facilities which may be drawn upon if the SPE experiences future funding difficulties; and direct investment in the notes or equity issued by SPEs.
Standardised Approach (SA)	In relation to credit risk, a method for calculating credit risk capital requirements using External Credit Assessment Institutions (ECAI) ratings and supervisory risk-weights. In relation to operational risk, a method of calculating the operational risk capital requirement by the application of a supervisory defined percentage charge to the gross income of eight specified business lines.
Stressed Value at Risk (SVAR)	A regulatory market risk measure based on potential market movements for a continuous one-year period of stress for a trading portfolio.
Through the cycle (TTC)	Reduces the volatility in the estimation of the probability of default by considering the average conditions over the economic cycle at the point of default, versus the point in time (PIT) approach, which considers economic conditions at the point of the economic cycle at which default occurs.
Tier 1 capital	Tier 1 capital comprises Common Equity Tier 1 capital plus Additional Tier 1 securities and related share premium accounts.
Tier 1 capital ratio	Tier 1 capital as a percentage of risk-weighted assets.
Tier 2 capital	Tier 2 capital comprises qualifying subordinated liabilities and related share premium accounts.
Total Loss Absorbing Capacity (TLAC)	An international standard for TLAC issued by the FSB, which requires G-SIBs to have sufficient loss-absorbing and recapitalisation capacity available in resolution, to minimise impacts on financial stability, maintain the continuity of critical functions and avoid exposing public funds to loss.
Total Return Swap (TRS)	A derivative transaction that swaps the total return on a financial instrument, including cash flows and capital gains or losses, for an interest rate return.
Trading book	The trading book consists of all positions in CRD financial instrument and commodities which are fair valued through the profit and loss account for accounting purposes, which are held either with trading intent or in order to hedge other elements of the trading book and which are either free of any restrictive covenants on their tradability or ability to be hedged.
Value at Risk (VAR)	A quantitative measure of market risk estimating the potential loss that will not be exceeded in a set time period at a set statistical confidence level.
Write downs	After an advance has been identified as impaired and is subject to an impairment allowance, the stage may be reached whereby it is concluded that there is no realistic prospect of further recovery. Write downs will occur when and to the extent that, the whole or part of a debt is considered irrecoverable.
Wrong way risk	Wrong way risk occurs when an exposure increase is coupled with a decrease in the credit quality of the obligor.

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