standard chartered

Standard Chartered PLC
Pillar 3 Disclosures
30 June 2023

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

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Standard Chartered PLC is incorporated in England and Wales with limited liability, and is headquartered in London.where it is authorised by the UK's Prudential Regulation Authority (PRA), and is 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. Greater China & North Asia (GCNA) includes China, Hong Kong, Japan, Korea, Macau and Taiwan; ASEAN & South Asia (ASA) includes Australia, Bangladesh, Brunei, Cambodia, India, Indonesia, Laos, Malaysia, Myanmar, Nepal, Philippines, Singapore, Sri Lanka, Thailand and Vietnam; and Africa & Middle East (AME) includes Bahrain, Egypt, Iraq, Jordan, Lebanon, Oman, Pakistan, Qatar, Saudi Arabia and the United Arab Emirates (UAE). 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 2023 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 2023 and should be read in conjunction with the Group's Half Year Report 2023.

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 14.0 per cent, well ahead of the current requirement of 10.4 per cent
- The Group is not highly leveraged and its leverage ratio of 4.8 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 template (UK KM1)

		30.06.23 $million	31.03.23 $million	31.12.22 $million	30.09.22 $million	30.06.22 $million
	Available own funds[1]					
1	Common Equity Tier 1 (CET1) capital	**34,896**	34,402	34,157	34,504	35,373
	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**34,896**	34,402	34,051	34,398	35,209
2	Tier 1 capital	**40,388**	39,894	40,641	40,989	40,617
	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**40,388**	39,894	40,535	40,883	40,453
3	Total capital	**52,669**	52,318	53,151	53,491	53,637
	Total capital as IFRS 9 or analogous ECLs transitional arrangements had not been applied	**52,669**	52,318	53,035	53,385	53,473
	Risk-weighted exposure amounts[1]					
4	Total risk-weighted exposure amount	**249,117**	250,893	244,711	252,293	255,082
	Total risk-weighted exposure amount if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**249,117**	250,893	244,766	252,331	255,120
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio	**14.0%**	13.7%	14.0%	13.7%	13.9%
	Common Equity Tier 1 ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**14.0%**	13.7%	13.9%	13.6%	13.8%
6	Tier 1 ratio	**16.2%**	15.9%	16.6%	16.2%	15.9%
	Tier 1 ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**16.2%**	15.9%	16.6%	16.2%	15.9%
7	Total capital ratio	**21.1%**	20.9%	21.7%	21.2%	21.0%
	Total capital ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**21.1%**	20.9%	21.7%	21.2%	21.0%
	Additional CET1 buffer requirements as a percentage of RWA[1]					
8	Capital conservation buffer	**2.50%**	2.50%	2.50%	2.50%	2.50%
9	Institution specific countercyclical capital buffer	**0.29%**	0.28%	0.27%	0.18%	0.20%
10	Global Systemically Important Institution buffer	**1.00%**	1.00%	1.00%	1.00%	1.00%
11	Combined buffer requirement	**3.79%**	3.78%	3.77%	3.68%	3.70%
UK 11a	Overall capital requirements	**10.39%**	10.38%	10.37%	10.21%	10.21%
12	CET1 available after meeting the total SREP own funds requirements	**7.40%**	7.09%	7.35%	7.53%	7.24%
	UK leverage ratio					
13	Leverage ratio total exposure measure	**844,979**	857,214	854,311	860,504	894,134
14	Leverage ratio	**4.8%**	4.7%	4.8%	4.8%	4.5%
	Additional leverage ratio disclosure requirements					
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**4.8%**	4.7%	4.8%	4.8%	4.5%
14b	Leverage ratio including claims on central banks (%)	**4.3%**	4.2%	4.4%	4.4%	4.2%
14c	Average leverage ratio excluding claims on central banks (%)	**4.7%**	4.6%	4.7%	4.7%	4.4%
14d	Average leverage ratio including claims on central banks (%)	**4.2%**	4.2%	4.3%	4.3%	4.1%
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)	**177,767**	178,289	178,203	179,778	179,218
UK 16a	Cash outflows – Total weighted value	**180,200**	182,573	184,698	184,586	184,210
UK 16b	Cash inflows – Total weighted value	**66,341**	64,371	62,294	60,695	59,409
16	Total net cash outflows (adjusted value)	**113,859**	118,202	122,404	123,891	124,801
17	Liquidity coverage ratio	**156.2%**	151.2%	145.9%	145.4%	143.7%
	Net Stable Funding Ratio					
18	Total available stable funding	**396,293**	392,258	389,120	N/A	N/A
19	Total required stable funding	**297,086**	298,838	300,340	N/A	N/A
20	NSFR ratio (%)	**133.4%**	131.3%	129.6%	N/A	N/A

1 Capital requirements are presented using transitional provisions

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 per cent; 2024, 75 per cent. From 2025 there is no transitional relief.

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)

	30.06.23 $million	31.03.23 $million	31.12.22 $million	30.09.22 $million	30.06.22 $million
Resolution group					
Total loss-absorbing capacity (TLAC) available	**79,847**	78,424	78,480	76,135	79,150
Fully loaded ECL accounting model TLAC available	**79,847**	78,424	78,374	76,029	78,986
Total RWA at the level of the resolution group	**249,117**	250,893	244,711	252,293	255,082
TLAC as a percentage of RWA	**32.1%**	31.3%	32.1%	30.2%	31.0%
Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA (%)	**32.1%**	31.3%	32.0%	30.1%	31.0%
UK Leverage ratio exposure measure at the level of the resolution group	**844,979**	857,214	854,311	860,504	894,134
TLAC as a percentage of UK Leverage exposure measure	**9.4%**	9.1%	9.2%	8.8%	8.9%
Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model UK Leverage exposure measure	**9.4%**	9.1%	9.2%	8.8%	8.8%
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

Table 3 summarises the consolidated capital position of the Group.

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

	30.06.23 $million	31.12.22 $million
Total equity per balance sheet (financial view)	49,681	50,016
Consolidation and regulatory adjustments	(53)	75
Total equity per balance sheet (regulatory view)	49,628	50,091
Foreseeable dividend	(377)	(648)
Other equity instruments (included in AT1)	(7,007)	(7,998)
Non-controlling interests	(175)	(161)
Common Equity Tier 1 capital before regulatory adjustments	42,069	41,284

2.2 Capital resources continued

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

		30.06.23 $million	31.12.22 $million
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	**5,389**	5,436
	Of which: Share premium accounts	**3,989**	3,989
2	Retained earnings1	**26,549**	25,154
3	Accumulated other comprehensive income (and other reserves)	**7,932**	8,165
5	Minority interests (amount allowed in consolidated CET1)	**190**	189
5a	Independently reviewed interim and year-end profits/(loss)[2]	**2,386**	2,988
	Foreseeable dividends[3]	**(377)**	(648)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**42,069**	41,284
	Common Equity Tier 1 capital: regulatory adjustments		
7	Additional value adjustments	**(693)**	(854)
8	Intangible assets (net of related tax liability)	**(5,825)**	(5,802)
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)	**(86)**	(76)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	**317**	564
12	Negative amounts resulting from the calculation of expected loss amounts	**(787)**	(684)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	**203**	63
15	Defined-benefit pension fund assets	**(134)**	(116)
	Fair value gains and losses from own credit risk related to derivative liabilities	**(64)**	(90)
UK-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	**(52)**	(103)
UK-20c	of which: securitisation positions	**(25)**	(26)
UK-20d	of which: free deliveries	**(27)**	(77)
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	**(52)**	(29)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(7,173)**	(7,127)
29	**Common Equity Tier 1 (CET1) capital**	**34,896**	34,157
	Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	**5,512**	6,504
31	of which: classified as equity under applicable accounting standards	**5,512**	6,504
32	of which: classified as liabilities under applicable accounting standards	**–**	–
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**5,512**	6,504
	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**	**5,492**	6,484
45	**Tier 1 capital (T1 = CET1 + AT1)**	**40,388**	40,641
	Tier 2 (T2) capital: instruments and provisions		
46	Capital instruments and the related share premium accounts	**12,112**	12,338
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	**–**	–
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	**199**	202
51	**Tier 2 (T2) capital before regulatory adjustments**	**12,311**	12,540
	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**	**12,281**	12,510
59	**Total capital (TC = T1 + T2)**	**52,669**	53,151
60	**Total Risk exposure amount**	**249,117**	244,711

2.2 Capital resources continued

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

		30.06.23 $million	31.12.22 $million
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	**14.0%**	14.0%
62	Tier 1 (as a percentage of total risk exposure amount)	**16.2%**	16.6%
63	Total capital (as a percentage of total risk exposure amount)	**21.1%**	21.7%
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)	**10.4%**	10.4%
65	of which: capital conservation buffer requirement	**2.50%**	2.50%
66	of which: countercyclical buffer requirement	**0.29%**	0.27%
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)	**7.4%**	7.4%
	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)	**2,055**	2,045
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)	**1,636**	1,552
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)	**751**	779
	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	**482**	477
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	**899**	899

1 Retained earnings under CRD IV 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 HY 2023 represent ordinary dividends and preference dividends

2.2 Capital resources continued

The main movements in capital in the period were:

- CET1 capital increased by $0.7 billion as retained profits of $2.4 billion, movement in FVOCI of $0.3 billion and a decrease in regulatory deductions of $0.1 billion were partly offset by share buy-backs of $1.0 billion, distributions paid and foreseeable of $0.4 billion and foreign currency translation impact of $0.6 billion.
- AT1 capital decreased by $1.0 billion following the redemption of $1.0 billion of 7.75 per cent securities in April 2023
- Tier 2 capital decreased by $0.2 billion due to an increase in regulatory amortisation of bullet Tier 2 securities

The Group's current CET1 requirement is 10.4 per cent, comprising:

- A minimum Pillar 1 CET1 requirement of 4.5 per cent
- A Pillar 2A CET1 requirement of 2.1 per cent being 56 per cent of the total Pillar 2A requirement of 3.7 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 0.3 per cent

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

	30.06.23		31.12.22	
	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	86,339	86,429	58,263	58,270
Financial assets held at fair value through profit or loss	120,845	120,978	105,812	105,794
Derivative financial instruments	60,388	60,388	63,717	63,717
Loans and advances to banks	44,602	44,602	39,519	39,519
Loans and advances to customers	290,137	290,137	310,647	310,647
Investment securities	162,079	162,079	172,448	172,465
Other assets	53,951	54,378	50,383	52,451
Current tax assets	423	423	503	503
Prepayments and accrued income	3,307	3,304	3,149	3,146
Interests in associates and joint ventures	1,734	1,604	1,631	1,499
Goodwill and intangible assets	5,898	5,915	5,869	5,918
Of which: goodwill	5,882	5,896	5,850	5,899
Of which: other intangibles (excluding MSRs)	16	19	19	19
Of which: MSRs	–	–	–	–
Property, plant and equipment	2,216	2,217	5,522	5,526
Deferred tax assets	748	748	834	834
Assets classified as held for sale	6,044	6,044	1,625	1,625
Total assets	838,711	839,246	819,922	821,914
Liabilities				
Deposits by banks	28,560	28,560	28,789	28,789
Customer accounts	469,567	469,567	461,677	461,677
Repurchase agreements and other similar secured borrowing	13,320	13,320	2,108	2,108
Financial liabilities held at fair value through profit or loss	78,783	78,790	79,903	79,906
Derivative financial instruments	63,023	63,023	69,862	69,862
Debt securities in issue	63,815	63,682	61,242	61,242
Other liabilities	50,450	51,105	43,527	45,633
Current tax liabilities	723	723	583	583
Accruals and deferred income	6,238	6,293	5,895	5,810
Subordinated liabilities and other borrowed funds	11,865	11,865	13,715	13,715
of which: considered as Additional Tier 1 capital	–	–	–	–
of which: considered as Tier 2 capital	11,865	11,865	13,715	13,715
Deferred tax liabilities	689	689	769	769
Of which: DTLs related to goodwill	689	689	769	769
Of which: DTLs related to intangible assets (excluding MSRs)	–	–	–	–
Of which: DTLs related to MSRs	–	–	–	–
Provisions for liabilities and charges	321	322	383	383
Retirement benefit obligations	126	126	146	146

2.2 Capital resources continued

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

	30.06.23		31.12.22	
	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
Liabilities included in disposal groups held for sale	**1,550**	**1,550**	1,307	1,307
Total liabilities	**789,030**	**789,615**	769,906	771,930
Shareholders' Equity				
Share capital and share premium account	**6,883**	**6,883**	6,930	6,930
Of which: amount eligible for CET1	**5,389**	**5,389**	5,436	5,436
Of which: amount eligible for AT1	**1,494**	**1,494**	1,494	1,494
Other reserves & Retained earnings	**36,920**	**36,870**	36,232	36,201
Total parent company shareholders' equity	**43,803**	**43,753**	43,162	43,131
Other equity instruments	**5,512**	**5,512**	6,504	6,504
Total equity excluding non-controlling interests	**49,315**	**49,265**	49,666	49,635
Non-controlling interest	**366**	**366**	350	349
Total equity	**49,681**	**49,631**	50,016	49,984
Total equity and liabilities	**838,711**	**839,246**	819,922	821,914

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 minimum requirement for own funds and eligible liabilities (MREL) is 23.5 per cent of RWA as at H1 2023. The Group's combined buffer (the capital conservation, global systemically important institution (G-SII) and countercyclical buffers) is additive to the minimum requirement, resulting in a total MREL requirement of 27.3 per cent of RWA. As at 30 June 2023, the Group's MREL position was 32.1 per cent of RWA and 9.4 per cent of leverage exposure.

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)

	30.06.23 $million	31.12.22 $million
Regulatory capital elements of TLAC and adjustments		
Common Equity Tier 1 capital (CET1)	**34,896**	34,157
Additional Tier 1 capital (AT1) before TLAC adjustments	**5,492**	6,484
AT1 ineligible as TLAC as issued out of subsidiaries to third parties	**–**	–
Other adjustments	**–**	–
AT1 instruments eligible under the TLAC framework	**5,492**	6,484
Tier 2 capital (T2) before TLAC adjustments	**12,281**	12,510
Amortised portion of T2 instruments where remaining maturity > 1 year	**732**	1,332
T2 capital ineligible as TLAC as issued out of subsidiaries to third parties	**(199)**	(202)
Other adjustments	**(115)**	(12)
T2 instruments eligible under the TLAC framework	**12,699**	13,628
TLAC arising from regulatory capital	**53,087**	54,269
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	**26,760**	24,219
Of which: amount eligible as TLAC after application of the caps	**26,760**	24,219
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	**26,760**	24,219
Non-regulatory capital elements of TLAC: adjustments		
TLAC before deductions	**79,847**	78,488
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)
Other adjustments to TLAC	**–**	–
TLAC after deductions	**79,847**	78,480
Risk-weighted assets and leverage exposure measure for TLAC purposes		
Total risk-weighted assets adjusted as permitted under the TLAC regime	**249,117**	244,711
UK Leverage exposure measure	**844,979**	854,311
TLAC ratios and buffers		
TLAC (as a percentage of risk-weighted assets adjusted as permitted under the TLAC regime)	**32.1%**	32.1%
TLAC (as a percentage of leverage exposure)	**9.4%**	9.2%
CET1 (as a percentage of risk-weighted assets) available after meeting the resolution group's minimum capital and TLAC requirements	**7.4%**	7.4%
Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)	**3.8%**	3.8%
Of which: capital conservation buffer requirement	**2.5%**	2.5%
Of which: bank specific countercyclical buffer requirement	**0.3%**	0.3%
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)

	30.06.23			
	Creditor ranking			
	1 $million	2 $million	3 $million	Total $million
Description of creditor ranking	Tertiary non–preferential debt[2]	Tertiary non–preferential debt – Tier 2 securities	Ordinary non–preferential debt[3]	
Total capital and liabilities net of credit risk mitigation[1]	5,553	13,286	31,088	49,928
Of which: are excluded liabilities	–	–	(2,124)	(2,124)
Total capital and liabilities less excluded liabilities	5,553	13,286	28,964	47,804
Of which: are potentially eligible as TLAC	5,553	13,286	28,964	47,804
Of which: with 1 year ≤ residual maturity < 2 years	–	622	5,863	6,485
Of which: with 2 years ≤ residual maturity < 5 years	–	1,250	13,267	14,517
Of which: with 5 years ≤ residual maturity < 10 years	–	4,575	8,697	13,272
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	4,883	1,136	6,020
Of which: perpetual securities	5,553	1,957	–	7,510

	31.12.22			
	Creditor ranking			
	1 $million	2 $million	3 $million	Total $million
Description of creditor ranking	Tertiary non–preferential debt[2]	Tertiary non–preferential debt – Tier 2 securities	Ordinary non–preferential debt[3]	
Total capital and liabilities net of credit risk mitigation[1]	6,504	14,864	28,284	49,651
Of which: are excluded liabilities	–	–	(1,769)	(1,769)
Total capital and liabilities less excluded liabilities	6,504	14,864	26,515	47,883
Of which: are potentially eligible as TLAC	6,504	12,865	26,515	45,884
Of which: with 1 year ≤ residual maturity < 2 years	–	1,519	2,233	3,752
Of which: with 2 years ≤ residual maturity < 5 years	–	1,119	14,961	16,080
Of which: with 5 years ≤ residual maturity < 10 years	–	2,795	8,002	10,797
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	5,542	1,320	6,862
Of which: perpetual securities	6,504	1,890	–	8,394

1. Excludes CET1 and is based on accounting values
2. AT1 Preference shares and Contingent Convertible Capital Instruments
3. 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)

	30.06.23					
	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**	**4,742**	**291**	**12,134**	**8,427**	**46,192**
Of which: are excluded liabilities	**–**	**–**	**–**	**–**	**–**	**–**
Total capital and liabilities less excluded liabilities	**20,597**	**4,742**	**291**	**12,134**	**8,427**	**46,192**
Of which: are potentially eligible as TLAC	**20,597**	**4,742**	**291**	**12,134**	**8,427**	**46,192**
Of which: with 1 year ≤ residual maturity < 2 years	**–**	**–**	**–**	**–**	**1,989**	**1,989**
Of which: with 2 years ≤ residual maturity < 5 years	**–**	**–**	**–**	**–**	**3,179**	**3,179**
Of which: with 5 years ≤ residual maturity < 10 years	**–**	**–**	**291**	**5,134**	**3,259**	**8,685**
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	**–**	**–**	**–**	**6,090**	**–**	**6,090**
Of which: is perpetual securities	**20,597**	**4,742**	**–**	**910**	**–**	**26,249**

	31.12.22					
	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	6,250	291	11,384	8,441	46,964
Of which: are excluded liabilities	–	–	–	–	–	–
Total capital and liabilities less excluded liabilities	20,597	6,250	291	11,384	8,441	46,964
Of which: are potentially eligible as TLAC	20,597	6,250	291	11,384	8,441	46,964
Of which: with 1 year ≤ residual maturity < 2 years	–	–	–	–	–	–
Of which: with 2 years ≤ residual maturity < 5 years	–	–	–	–	5,346	5,346
Of which: with 5 years ≤ residual maturity < 10 years	–	–	291	4,384	2,912	7,587
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–	6,840	183	7,023
Of which: is perpetual securities	20,597	6,250	–	160	–	27,007

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)

	30.06.23				
	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]	8,298	2,650	1,658	2,750	15,356
Of which: are excluded liabilities	–	–	–	–	–
Total capital and liabilities less excluded liabilities	8,298	2,650	1,658	2,750	15,356
Of which: are potentially eligible as TLAC	8,298	2,650	1,658	2,750	15,356
Of which: with 1 year ≤ residual maturity < 2 years	–	–	–	–	–
Of which: with 2 years ≤ residual maturity < 5 years	–	–	–	2,750	2,750
Of which: with 5 years ≤ residual maturity < 10 years	–	–	1,658	–	1,658
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–	–	–
Of which: is perpetual securities	8,298	2,650	–	–	10,948

	31.12.22				
	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]	8,333	2,646	1,629	2,577	15,184
Of which: are excluded liabilities	–	–	–	–	–
Total capital and liabilities less excluded liabilities	8,333	2,646	1,629	2,577	15,184
Of which: are potentially eligible as TLAC	8,333	2,646	1,629	2,577	15,184
Of which: with 1 year ≤ residual maturity < 2 years	–	–	–	–	–
Of which: with 2 years ≤ residual maturity < 5 years	–	–	–	1,446	1,446
Of which: with 5 years ≤ residual maturity < 10 years	–	–	1,629	1,130	2,759
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–	–	–
Of which: is perpetual securities	8,333	2,646	–	–	10,979

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)

	30.06.23			
	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**	**228**	**759**	**2,289**
Of which: are excluded liabilities	**–**	**–**	**–**	**–**
Total capital and liabilities less excluded liabilities	**1,302**	**228**	**759**	**2,289**
Of which: are potentially eligible as TLAC	**1,302**	**228**	**759**	**2,289**
Of which: with 1 year ≤ residual maturity < 2 years	**–**	**–**	**–**	**–**
Of which: with 2 years ≤ residual maturity < 5 years	**–**	**–**	**304**	**304**
Of which: with 5 years ≤ residual maturity < 10 years	**–**	**–**	**455**	**455**
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	**–**	**–**	**–**	**–**
Of which: is perpetual securities	**1,302**	**228**	**–**	**1,530**

	31.12.22			
	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	237	791	2,330
Of which: are excluded liabilities	–	–	–	–
Total capital and liabilities less excluded liabilities	1,302	237	791	2,330
Of which: are potentially eligible as TLAC	1,302	237	791	2,330
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	–	–	791	791
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–	–
Of which: is perpetual securities	1,302	237	–	1,539

1. Held by Standard Chartered NEA Limited
2. Held by Standard Chartered Bank (Hong Kong) Limited
2. Held by Standard Chartered Bank
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)

	30.06.23					
	Creditor ranking					
	1 $million	2 $million	2 $million	3 $million	3 $million	Total $million
Is the resolution entity the creditor/investor?	No[1]	Yes	No[2]	Yes	No[2]	
Description of creditor ranking	Common Shares	AT1 Non–cumulative Preference Shares	AT1 Non–cumulative Preference Shares	Tier 2 Subordinated Notes	Tier 2 Subordinated Notes	
Total capital and liabilities net of credit risk mitigation[3]	5,680	1,054	296	540	1,350	8,920
Of which: are excluded liabilities	–	–	–	–	–	–
Total capital and liabilities less excluded liabilities	5,680	1,054	296	540	1,350	8,920
Of which: are potentially eligible as TLAC	5,680	1,054	296	540	1,350	8,920
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	1,350	1,890
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–	–	–	–
Of which: is perpetual securities	5,680	1,054	296	–	–	7,030

	31.12.22					
	Creditor ranking					
	1 $million	2 $million	2 $million	3 $million	3 $million	Total $million
Is the resolution entity the creditor/investor?	No[1]	Yes	No[2]	Yes	No[2]	
Description of creditor ranking	Common Shares	AT1 Non–cumulative Preference Shares	AT1 Non–cumulative Preference Shares	Tier 2 Subordinated Notes	Tier 2 Subordinated Notes	
Total capital and liabilities net of credit risk mitigation[3]	5,680	1,059	–	540	950	8,229
Of which: are excluded liabilities			–			
Total capital and liabilities less excluded liabilities	5,680	1,059	–	540	950	8,229
Of which: are potentially eligible as TLAC	5,680	1,059	–	540	950	8,229
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	5,680	1,059	–	–	–	6,739

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)

	30.06.23		
	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	553	1,999
Of which: are excluded liabilities	–	–	–
Total capital and liabilities less excluded liabilities	1,446	553	1,999
Of which: are potentially eligible as TLAC	1,446	553	1,999
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	–	553	553
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–
Of which: is perpetual securities	1,446	–	1,446

	31.12.22		
	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	574	2,020
Of which: are excluded liabilities	–	–	–
Total capital and liabilities less excluded liabilities	1,446	574	2,020
Of which: are potentially eligible as TLAC	1,446	574	2,020
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	–	574	574
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 29 basis points, representing an increase of 2 basis points from December 2023.

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)

	30.06.23												
	General credit exposures		Relevant credit exposures – Market risk				Own funds requirements						
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	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 (%) %
Australia	11	1,919	31	–	186	2,147	62	11	2	76	944	0.6%	1.0%
Austria	–	94	1	–	–	95	2	–	–	2	28	0.0%	0.0%
Bangladesh	1,160	2,659	201	–	–	4,021	196	16	–	212	2,646	1.7%	0.0%
Belgium	2	1,002	1	–	–	1,005	7	–	–	7	85	0.1%	0.0%
Bulgaria	1	–	–	–	–	1	–	–	–	–	1	0.0%	1.5%
China	6,659	19,169	4,410	–	3,055	33,292	1,108	105	43	1,255	15,691	10.3%	0.0%
Croatia	–	10	–	–	–	10	1	–	–	1	9	0.0%	0.5%
Cyprus	6	52	–	–	–	58	3	–	–	3	43	0.0%	0.0%
Czech Republic	–	–	3	–	–	3	–	–	–	–	3	0.0%	2.5%
Denmark	1	280	1	–	–	282	19	–	–	19	234	0.2%	2.5%
Estonia	–	–	–	–	–	–	–	–	–	–	–	0.0%	1.0%
France	154	3,792	35	–	–	3,981	71	11	–	83	1,034	0.7%	0.5%
Germany	5	6,019	37	–	–	6,061	67	13	–	81	1,011	0.7%	0.8%
Hong Kong	5,942	77,499	873	–	3,805	88,119	1,991	9	54	2,054	25,679	16.9%	1.0%
Hungary	1	266	–	–	–	267	24	–	–	24	297	0.2%	0.0%
Iceland	–	–	–	–	–	–	–	–	–	–	–	0.0%	2.0%
India	5,504	17,991	1,750	–	–	25,245	1,120	49	–	1,169	14,612	9.6%	0.0%
Ireland	113	3,498	147	–	–	3,758	38	12	–	50	627	0.4%	0.5%
Korea	851	42,838	1,468	–	–	45,157	800	4	–	804	10,054	6.6%	0.0%
Lithuania	2	–	–	–	–	2	–	–	–	–	2	0.0%	0.0%
Luxembourg	35	5,631	69	–	113	5,848	131	9	1	141	1,757	1.2%	0.5%
Malaysia	838	9,004	490	–	–	10,333	363	17	–	380	4,746	3.1%	0.0%
Netherlands	21	2,208	55	–	–	2,285	85	3	–	88	1,106	0.7%	1.0%
Nigeria	576	1,283	21	–	–	1,879	191	38	–	228	2,855	1.9%	0.0%
Norway	–	128	3	–	–	131	3	–	–	3	37	0.0%	2.5%
Pakistan	405	1,205	6	–	–	1,616	126	1	–	127	1,587	1.0%	0.0%
Romania	–	–	–	–	–	–	–	–	–	–	–	0.0%	0.5%
Singapore	8,073	34,588	2,161	–	–	44,823	975	8	–	984	12,299	8.1%	0.0%
Slovakia	1	–	–	–	–	2	–	–	–	–	1	0.0%	1.0%
Sweden	1	1,763	12	–	–	1,776	40	2	–	41	518	0.3%	2.0%
Taiwan	702	12,087	228	–	–	13,017	265	1	–	266	3,323	2.2%	0.0%
United Arab Emirates	2,097	8,713	86	–	–	10,896	317	8	–	324	4,055	2.7%	0.0%
United Kingdom	2,228	37,029	445	–	21,462	61,163	580	38	335	952	11,899	7.8%	1.0%
United states	841	49,003	260	–	5,134	55,238	646	32	71	749	9,363	6.2%	0.0%
British Virgin Islands	1,709	132	–	–	–	1,842	130	–	–	130	1,630	1.1%	0.0%
Other Countries	7,840	41,695	1,713	–	–	51,248	1,781	118	–	1,899	23,737	15.6%	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

	31.12.22												
	General credit exposures		Relevant credit exposures – Market risk				Own funds requirements						
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	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	–	71	–	–	–	71	1	–	–	1	12	0.0%	0.0%
Bangladesh	1,184	2,566	127	–	–	3,878	202	10	–	212	2,649	1.8%	0.0%
Belgium	–	715	–	–	–	715	12	–	–	12	155	0.1%	0.0%
Bulgaria	1	–	–	–	–	1	–	–	–	–	1	0.0%	1.0%
China	6,615	20,546	4,633	–	3,243	35,037	1,151	73	45	1,269	15,860	10.5%	0.0%
Croatia	–	16	–	–	–	16	1	–	–	1	14	0.0%	0.0%
Czech Republic	–	–	–	–	–	–	–	–	–	–	–	0.0%	1.5%
Denmark	1	273	–	–	–	274	18	–	–	18	231	0.2%	2.0%
Estonia	–	–	–	–	–	–	–	–	–	–	–	0.0%	1.0%
France	172	2,386	25	–	–	2,583	58	7	–	65	812	0.5%	0.0%
Germany	3	5,343	257	–	–	5,603	70	12	–	82	1,021	0.7%	0.0%
Hong Kong	5,724	78,220	134	–	3,993	88,072	2,032	4	56	2,093	26,165	17.4%	1.0%
Hungary	–	431	–	–	–	431	31	–	–	31	392	0.3%	0.0%
Iceland	–	–	–	–	–	–	–	–	–	–	–	0.0%	2.0%
India	5,469	17,621	1,381	–	–	24,471	1,080	26	–	1,106	13,825	9.2%	0.0%
Ireland	81	6,661	2	–	–	6,744	46	1	–	46	580	0.4%	0.0%
Korea	842	46,834	945	–	–	48,621	798	1	–	799	9,988	6.6%	0.0%
Lithuania	2	–	–	–	–	2	–	–	–	–	2	0.0%	0.0%
Luxembourg	19	9,284	62	–	–	9,366	150	11	–	161	2,010	1.3%	0.5%
Malaysia	914	9,585	439	–	–	10,939	384	14	–	398	4,979	3.3%	0.0%
Netherlands	23	2,104	45	–	–	2,172	73	6	–	78	979	0.6%	0.0%
Nigeria	904	1,606	189	–	–	2,700	145	23	–	168	2,104	1.4%	0.0%
Norway	–	170	–	–	–	171	4	–	–	4	46	0.0%	2.0%
Pakistan	458	1,490	2	–	–	1,949	151	–	–	152	1,895	1.3%	0.0%
Romania	–	–	–	–	–	–	–	–	–	–	–	0.0%	0.5%
Singapore	7,508	34,550	1,493	–	–	43,551	950	7	–	957	11,968	7.9%	0.0%
Slovakia	1	–	–	–	–	1	–	–	–	–	1	0.0%	1.0%
Sweden	–	1,625	3	–	–	1,627	22	–	–	23	283	0.2%	1.0%
Taiwan	888	11,430	202	–	–	12,520	256	–	–	256	3,201	2.1%	0.0%
United Arab Emirates	2,205	10,804	49	–	–	13,058	371	1	–	373	4,658	3.1%	0.0%
United Kingdom	2,177	38,584	183	–	23,699	64,643	602	23	370	995	12,435	8.3%	1.0%
United states	1,051	45,697	60	–	5,292	52,099	650	19	73	742	9,272	6.2%	0.0%
Other Countries	8,676	51,484	1,044	–	–	61,205	1,936	76	–	2,012	25,146	16.7%	0.0%

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

		30.06.23 $million	31.12.22 $million
1	Total risk exposure amount (see Table 15: Overview of RWA (OV1))	**249,117**	244,711
2	Institution specific countercyclical capital buffer rate	**0.29%**	0.27%
3	Institution specific countercyclical capital buffer requirement	**719**	656

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 CRD IV 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 45 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)

		30.06.23		31.03.23		31.12.22	
		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]**	**165,016**	**13,201**	168,795	13,505	165,817	13,265
2	Of which the standardised approach (Table 45)	**31,342**	**2,507**	31,094	2,488	31,103	2,488
4	Of which slotting approach (Table 31)	**4,923**	**394**	4,919	394	4,408	353
5	Of which the advanced IRB (AIRB) approach (Table 31)	**128,751**	**10,300**	132,782	10,623	130,306	10,424
6	**Counterparty credit risk – CCR[3]**	**19,837**	**1,587**	19,029	1,522	18,402	1,472
7	Of which the standardised approach	**3,961**	**317**	4,239	339	3,873	310
8	Of which internal model method (IMM)	**9,777**	**782**	8,824	706	8,740	699
UK 8a	Of which exposures to a CCP	**545**	**44**	646	52	770	62
UK 8b	Of which credit valuation adjustment – CVA (Table 62)	**2,386**	**191**	2,177	174	1,879	150
9	Of which other CCR	**3,168**	**253**	3,143	251	3,140	251
15	**Settlement risk**	**1**	**–**	–	–	6	–
16	**Securitisation exposures in the non-trading book**	**6,331**	**506**	6,641	531	6,801	544
17	Of which SEC-IRBA approach	**2,792**	**223**	2,964	237	2,951	236
18	Of which SEC-ERBA (including IAA)	**3,264**	**261**	3,346	268	3,550	284
19	Of which SEC-SA approach	**275**	**22**	331	26	300	24
UK 19a	Of which 1250%/deduction	**–**	**–**	–	–	–	–
20	**Position, foreign exchange and commodities risks (Market risk) (Table 52)**	**24,105**	**1,928**	22,400	1,792	20,679	1,654
21	Of which the standardised approach	**12,209**	**977**	11,467	917	9,582	766
22	Of which IMA	**11,897**	**952**	10,933	875	11,097	888
UK 22a	Large exposures	**–**	**–**	–	–	–	–
23	**Operational risk[4]**	**27,861**	**2,229**	27,861	2,229	27,177	2,174
25	Of which standardised approach	**27,861**	**2,229**	27,861	2,229	27,177	2,174
27	**Amounts below the thresholds for deduction (subject to 250% risk weight) (Table 45)**	**5,966**	**477**	6,167	493	5,829	466
28	**Floor Adjustment**	**–**	**–**	–	–	–	–
29	**Total**	**249,117**	**19,929**	250,893	20,072	244,711	19,576

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 increased by $4.4 billion, or 2 per cent from 31 December 2022 to $249.1 billion. This was mainly due to

- Credit risk RWA was broadly flat in the first half at $197.2 billion. There was a $6.9 billion reduction from optimisation action, primarily in the CCIB low-returning portfolio and a $2.9 billion reduction from currency translation. This was offset by a $8.2 billion increase from asset growth & mix and a $0.6 billion increase from models and methodology changes
- Operational risk RWA increased $0.7 billion primarily due to an increase in average income as measured over a rolling three year time horizon, with higher 2022 income replacing lower 2019 income
- Market risk RWA increased by $3.4 billion to $24.1 billion an increased level of Financial Markets activity and an increase in Internal Models Approach add-ons for risks not captured by VaR

Table 16 shows the significant drivers of credit risk, market risk and operational risk RWA movements from 1 January 2023.

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 2023	141,215	37,238	178,454	18,402	196,856	27,177	20,679	244,711
Asset size	1,916	395	2,312	773	3,084	–	–	3,084
Asset quality	2,017	–	2,017	(220)	1,797	–	–	1,797
Model updates	–	–	–	–	–	–	300	300
Methodology and policy	–	–	–	–	–	–	(200)	(200)
Acquisitions and disposals	–	–	–	–	–	–	–	–
Foreign exchange movements	(1,137)	(28)	(1,166)	61	(1,104)	–	–	(1,104)
Other, including non-credit risk movements[1]	–	–	–	–	–	684	1,621	2,305
As at 31 March 2023	**144,011**	**37,605**	**181,616**	**19,016**	**200,632**	**27,861**	**22,400**	**250,893**
Asset size	**(2,096)**	**288**	**(1,807)**	**1,229**	**(578)**	**–**	**–**	**(579)**
Asset quality	**(1,365)**	**–**	**(1,365)**	**(295)**	**(1,660)**	**–**	**–**	**(1,660)**
Model updates	**800**	**–**	**800**	**–**	**800**	**–**	**400**	**1,200**
Methodology and policy	**(200)**	**–**	**(200)**	**–**	**(200)**	**–**	**200**	**–**
Acquisitions and disposals	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Foreign exchange movements	**(1,420)**	**(311)**	**(1,730)**	**(113)**	**(1,844)**	**–**	**–**	**(1,844)**
Other, including non-credit risk movements[1]	**–**	**–**	**–**	**–**	**–**	**–**	**1,105**	**1,105**
As at 30 June 2023	**139,731**	**37,583**	**177,314**	**19,837**	**197,151**	**27,861**	**24,105**	**249,117**

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 2023.

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 2023	141,215	11,297
	Asset size	1,916	153
	Asset quality	2,017	161
	Model updates	–	–
	Methodology and policy	–	–
	Acquisitions and disposals	–	–
	Foreign exchange movements	(1,137)	(91)
	Other	–	–
1	**As at 31 March 2023**	**144,011**	**11,521**
2	Asset size	**(2,096)**	**(168)**
3	Asset quality	**(1,365)**	**(109)**
4	Model updates	**800**	**64**
5	Methodology and policy	**(200)**	**(16)**
6	Acquisitions and disposals	**–**	**–**
7	Foreign exchange movements	**(1,420)**	**(114)**
8	Other	**–**	**–**
9	**As at 30 June 2023**	**139,731**	**11,178**

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 $133,674 million and securitisation of $6,056 million

IRB credit RWA decreased by $1.5 billion from 31 December 2022 driven by:

- $2.6 billion decrease from foreign currency translation
- $0.2 billion net decrease in asset balance growth
- $0.6 billion net increase from models and methodology changes
- $0.7 billion increase due to a net deterioration in asset quality

Table 18 shows the significant drivers of credit counterparty risk under IMM RWA movements from 1 January 2023.

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 2023	9,124	730
	Asset size	89	7
	Credit quality of counterparties	(95)	(8)
	Model updates (IMM only)	–	–
	Methodology and policy (IMM only)	–	–
	Acquisitions and disposals	–	–
	Foreign exchange movements	41	3
	Other[1]	–	–
1	**As at 31 March 2023**	**9,160**	**733**
2	Asset size	**1,074**	**86**
3	Credit quality of counterparties	**(126)**	**(10)**
4	Model updates (IMM only)	**–**	**–**
5	Methodology and policy (IMM only)	**–**	**–**
6	Acquisitions and disposals	**–**	**–**
7	Foreign exchange movements	**(77)**	**(6)**
8	Other[1]	**–**	**–**
9	**As at 30 June 2023**	**10,031**	**802**

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 2023.

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 2023	2,126	4,090	–	–	4,881	11,097	888
	Regulatory adjustment	–	–	–	–	–	–	–
	RWAs post adjustment at 1 January 2023	2,126	4,090	–	–	4,881	11,097	888
	Movement in risk levels	9	(139)	–	–	(133)	(263)	(21)
	Model updates/changes	–	–	–	–	300	300	24
	Methodology and policy	(100)	(100)	–	–	–	(200)	(16)
	Acquisitions and disposals	–	–	–	–	–	–	–
	Foreign exchange movements	–	–	–	–	–	–	–
	Other	–	–	–	–	–	–	–
1	**At 31 March 2023**	**–**	**–**	**–**	**–**	**–**	**10,934**	**875**
1a	Regulatory adjustment	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1b	**RWAs post adjustment at 31 March 2023**	**2,035**	**3,851**	**–**	**–**	**5,048**	**10,934**	**875**
2	Movement in risk levels	**20**	**97**	**–**	**–**	**246**	**363**	**29**
3	Model updates/changes	**–**	**–**	**–**	**–**	**400**	**400**	**32**
4	Methodology and policy	**100**	**100**	**–**	**–**	**–**	**200**	**16**
5	Acquisitions and disposals	**–**	**–**	**–**	**–**	**–**	**–**	**–**
6	Foreign exchange movements	**–**	**–**	**–**	**–**	**–**	**–**	**–**
7	Other	**–**	**–**	**–**	**–**	**–**	**–**	**–**
8a	**At 30 June 2023**	**2,155**	**4,048**			**5,694**	**11,897**	**952**
8b	Regulatory adjustment	**–**	**–**	**–**	**–**	**–**	**–**	**–**
8	**RWAs post adjustment at 30 June 2023[2]**	**2,155**	**4,048**	**–**	**–**	**5,694**	**11,897**	**952**

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 2023 on page 97
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 2023 on page 97

Market risk RWA under an IMA approach increased by $0.8 billion from 31 December 2022 reflecting an increase in capital addons for Risks not in VaR.

2.6 Leverage ratio

UK banks are currently subject to a minimum leverage ratio of 3.25 per cent. In addition, a supplementary leverage ratio buffer is applicable, set at 35 per cent of the corresponding G-SII capital buffer and the countercyclical capital buffer. Following the FPC's recommendation to the PRA to exclude qualifying claims on central bank exposures from the leverage exposure measure in the UK leverage ratio framework, and the corresponding waiver granted by the PRA, the Group has been reporting the leverage ratio on a UK basis (excluding qualifying claims on central banks exposures) from March 2017.

As at 30 June 2023, 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 0.1 per cent countercyclical capital leverage ratio buffer, based on half year 2023 countercyclical capital buffer rates

The Group's leverage ratio, which excludes qualifying claims on central banks, was 4.8 per cent, which is above the current minimum requirement of 3.7 per cent. The leverage ratio was 2 basis points lower than FY22. Leverage exposure decrease of $9.3 billion was largely driven by optimisation initiatives. End point Tier 1 decreased by $0.3 billion as CET1 capital increased by $0.7 billion and AT1 capital decreased by $1.0 billion following the redemption of $1.0 billion of 7.75 per cent securities in April 2023.

Table 20: Leverage ratio

	30.06.23 $million	31.03.23 $million	31.12.22 $million
Tier 1 capital (end point)	**40,388**	39,894	40,641
Leverage exposure	**844,979**	857,214	854,311
Leverage ratio	**4.8%**	4.7%	4.8%
Leverage exposure quarterly average	**842,493**	866,944	864,605
Leverage ratio quarterly average	**4.7%**	4.6%	4.7%
Countercyclical leverage ratio buffer	**0.1%**	0.1%	0.1%
G-SII additional leverage ratio buffer	**0.4%**	0.4%	0.4%

CRR leverage ratio

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)

		30.06.23 $million	31.12.22 $million
1	Total assets as per published financial statements	**838,711**	819,922
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	**528**	1,994
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)	**(100,815)**	(73,582)
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	**(2,463)**	(246)
7	Adjustment for eligible cash pooling transactions	**–**	–
8	Adjustment for derivative financial instruments	**(4,577)**	(10,746)
9	Adjustment for securities financing transactions (SFTs)	**7,591**	15,553
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	**120,355**	119,049
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	**(1,480)**	(1,539)
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 adjustments1	**(12,871)**	(16,094)
13	**Total exposure measure**	**844,979**	854,311

1 Other Adjustments include Cash Collateral posted $(7,267)m, Tier-1 Capital deduction other than disclosed in above row11 $(5,831)m, DTL $227m

2.6 Leverage ratio continued

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

		30.06.23 $million	31.12.22 $million
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	**689,497**	668,092
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)	**(7,267)**	(10,640)
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))	**(7,311)**	(7,099)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**674,919**	650,353
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	**20,328**	21,540
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	**39,984**	36,495
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)	**(5,432)**	(5,612)
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	**127,210**	118,148
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	**(126,279)**	(117,600)
13	**Total derivatives exposures**	**55,811**	52,971
	Securities financing transaction exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	**104,757**	105,891
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	**(17,639)**	(15,924)
16	Counterparty credit risk exposure for SFT assets	**7,591**	15,553
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**	**94,709**	105,520
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	**502,789**	495,093
20	(Adjustments for conversion to credit equivalent amounts)	**(382,434)**	(376,044)
21	(General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated associated with off-balance sheet exposures)	**–**	–
22	**Off-balance sheet exposures**	**120,355**	119,049
	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)	**40,388**	40,641
24	Total exposure measure including claims on central banks	**945,794**	927,893
UK-24a	(-) Claims on central banks excluded	**(100,815)**	(73,582)
UK-24b	**Total exposure measure excluding claims on central banks**	**844,979**	854,311

2.6 Leverage ratio continued

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

		30.06.23 $million	31.12.22 $million
	Leverage ratio		
25	Leverage ratio excluding claims on central banks (%)	**4.8%**	4.8%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**4.8%**	4.7%
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 (%)	**4.8%**	4.8%
UK-25c	Leverage ratio including claims on central banks (%)	**4.3%**	4.4%
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	**84,781**	83,953
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	**87,118**	89,967
UK-31	Average total exposure measure including claims on central banks	**941,810**	939,724
UK-32	Average total exposure measure excluding claims on central banks	**842,493**	864,605
UK-33	Average leverage ratio including claims on central banks	**4.2%**	4.3%
UK-34	Average leverage ratio excluding claims on central banks	**4.7%**	4.7%

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

		30.06.23 $million	31.12.22 $million
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	**689,497**	668,092
UK-2	Trading book exposures	**63,075**	51,060
UK-3	Banking book exposures, of which:	**626,422**	617,032
UK-4	Covered bonds	**7,934**	9,211
UK-5	Exposures treated as sovereigns	**241,293**	223,884
UK-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	**38**	62
UK-7	Institutions	**63,457**	56,498
UK-8	Secured by mortgages of immovable properties	**91,252**	94,468
UK-9	Retail exposures	**26,470**	27,891
UK-10	Corporates	**134,722**	141,582
UK-11	Exposures in default	**6,447**	6,599
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	**54,809**	56,837

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)

		30.06.23														
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
		$million	Of which stage 1 $million	Of which stage 2 $million	$million	Of which stage 2 $million	Of which stage 3 $million	$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	85,020	84,568	451	301	–	301	(8)	–	(8)	(16)	–	(16)	–	–	–
010	Loans and advances	404,000	393,265	10,735	7,765	–	7,765	(871)	(457)	(414)	(4,522)	–	(4,522)	(4,572)	124,558	1,447
020	Central banks	36,980	36,972	8	193	–	193	–	–	–	(16)	–	(16)	–	3,978	–
030	General governments	7,945	7,410	535	163	–	163	(6)	(3)	(3)	(23)	–	(23)	(3)	1,345	10
040	Credit institutions	71,345	70,909	437	54	–	54	(3)	(3)	(1)	(11)	–	(11)	(27)	11,413	2
050	Other financial corporations	59,009	58,742	267	196	–	196	(13)	(9)	(4)	(173)	–	(173)	(279)	1,663	1
060	Non-financial corporations	99,590	92,007	7,583	5,828	–	5,828	(367)	(73)	(294)	(3,859)	–	(3,859)	(4,261)	21,623	848
070	Of which SMEs	9,372	8,846	526	668	–	668	(64)	(44)	(20)	(144)	–	(144)	–	644	11
080	Households	129,131	127,226	1,904	1,331	–	1,331	(481)	(368)	(112)	(439)	–	(439)	(3)	84,536	587
090	Debt securities	162,562	158,125	4,437	168	–	168	(73)	(36)	(37)	(53)	–	(53)	–	223	–
100	Central banks	14,028	12,142	1,886	74	–	74	(25)	(10)	(15)	–	–	–	–	–	–
110	General governments	64,322	64,018	304	–	–	–	(19)	(10)	(9)	–	–	–	–	–	–
120	Credit institutions	62,469	60,400	2,069	68	–	68	(16)	(4)	(12)	(39)	–	(39)	–	–	–
130	Other financial corporations	18,071	17,893	178	–	–	–	(10)	(9)	(1)	–	–	–	–	134	–
140	Non-financial corporations	3,672	3,672	–	26	–	26	(3)	(3)	–	(14)	–	(14)	–	89	–
150	Off-balance-sheet exposures	242,960	236,359	6,601	594	–	594	(121)	(58)	(63)	(121)	–	(121)		5,715	32
160	Central banks	567	567	–	–	–	–	–	–	–	–	–	–		–	–
170	General governments	4,328	4,119	209	–	–	–	(2)	(1)	–	–	–	–		248	–
180	Credit institutions	16,554	16,238	315	14	–	14	(3)	(2)	(1)	(1)	–	(1)		38	1
190	Other financial corporations	41,319	40,848	472	13	–	13	(6)	(4)	(2)	–	–	–		1,219	–
200	Non-financial corporations	109,763	104,291	5,472	567	–	567	(105)	(47)	(58)	(119)	–	(119)		3,866	31
210	Households	70,428	70,295	133	–	–	–	(5)	(4)	(1)	–	–	–		344	–
220	**Total**	894,542	872,318	22,224	8,828	–	8,828	(1,072)	(551)	(521)	(4,711)	–	(4,711)	(4,572)	130,496	1,479

3.1 Credit risk quality continued

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

		31.12.22														
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
		$million	Of which stage 1 $million	Of which stage 2 $million	$million	Of which stage 2 $million	Of which stage 3 $million	$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	56,808	56,490	318	285	–	285	–	–	(8)	–	–	–	–	–	–
010	Loans and advances	413,460	400,020	13,440	7,905	–	7,905	(1,019)	(567)	(451)	(4,466)	–	(4,466)	(4,507)	145,796	1,401
020	Central banks	40,981	40,972	9	–	–	–	–	–	–	–	–	–	–	12,197	–
030	General governments	8,314	7,717	597	182	–	182	(2)	(1)	(1)	(19)	–	(19)	(3)	5,279	10
040	Credit institutions	58,133	57,729	404	141	–	141	(4)	(3)	(1)	(129)	–	(129)	(27)	21,511	–
050	Other financial corporations	65,035	64,547	488	212	–	212	(17)	(9)	(8)	(172)	–	(172)	(279)	16,139	–
060	Non-financial corporations	107,705	97,339	10,366	6,195	–	6,195	(463)	(207)	(257)	(3,634)	–	(3,634)	(4,195)	21,952	883
070	Of which SMEs	1,550	1,314	236	311	–	311	(7)	(2)	(5)	(125)	–	(125)	–	–	1
080	Households	133,292	131,715	1,577	1,175	–	1,175	(533)	(348)	(184)	(511)	–	(511)	(3)	68,718	507
090	Debt securities	173,150	167,603	5,546	142	–	142	(125)	(35)	(89)	(111)	–	(111)	–	397	10
100	Central banks	21,891	21,361	530	65	–	65	(7)	(6)	(1)	(60)	–	(60)	–	–	–
110	General governments	70,387	66,798	3,589	–	–	–	(12)	(11)	(2)	–	–	–	–	–	–
120	Credit institutions	47,104	46,030	1,074	18	–	18	(18)	(9)	(9)	–	–	–	–	–	–
130	Other financial corporations	22,454	22,247	207	–	–	–	(5)	(4)	(1)	–	–	–	–	128	–
140	Non-financial corporations	11,313	11,166	147	60	–	60	(82)	(6)	(76)	(51)	–	(51)	–	269	10
150	Off-balance-sheet exposures	228,580	219,935	8,645	793	–	793	(133)	(52)	(81)	(148)	–	(148)		5,520	23
160	Central banks	635	634	–	–	–	–	–	–	–	–	–	–		–	–
170	General governments	1,443	1,124	319	67	–	67	(2)	(1)	(1)	–	–	–		168	–
180	Credit institutions	15,443	15,139	304	21	–	21	(3)	(3)	–	(4)	–	(4)		93	2
190	Other financial corporations	34,028	33,552	476	29	–	29	(3)	(3)	–	–	–	–		1,250	2
200	Non-financial corporations	111,807	104,584	7,222	667	–	667	(121)	(42)	(79)	(135)	–	(135)		3,753	19
210	Households	65,226	64,902	323	9	–	9	(4)	(3)	(1)	(9)	–	(9)		257	–
220	**Total**	871,998	844,048	27,949	9,126	–	9,126	(1,276)	(654)	(630)	(4,724)	–	(4,724)	(4,507)	151,713	1,434

3.1 Credit risk quality continued

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

		30.06.23					
		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	**19,695**	**245,300**	**56,573**	**95,451**	**–**	**417,018**
2	Debt securities	**107**	**82,223**	**66,436**	**48,168**	**–**	**196,934**
3	**Total**	**19,803**	**327,523**	**123,009**	**143,618**	**–**	**613,952**

		31.12.22					
		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	22,031	246,793	56,193	97,162	–	422,179
2	Debt securities	5	89,441	64,022	48,735	–	202,203
3	**Total**	22,036	336,234	120,215	145,897	–	624,382

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

		30.06.23 Gross carrying amount $million	31.12.22 Gross carrying amount $million
010	**Initial stock of non-performing loans and advances**	**7,905**	8,061
020	Inflows to non-performing portfolios	**1,386**	3,978
030	Outflows from non-performing portfolios	**(1,525)**	(4,136)
040	Outflows due to write-offs	**(456)**	(1,411)
050	Outflows due to other situations	**(1,069)**	(2,725)
060	**Final stock of non-performing loans and advances**	**7,765**	7,904

3.1 Credit risk quality continued

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

		30.06.23							
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
			Non-performing forborne						
		Performing forborne $million	$million	Of which defaulted $million	Of which impaired $million	On performing forborne exposures $million	On non-performing forborne exposures $million	$million	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures $million
005	Cash balances at central banks and other demand deposits	–	–	–	–	–	–	–	–
010	Loans and advances	**54**	**2,375**	**2,375**	**2,304**	**(3)**	**(1,451)**	**357**	**326**
020	Central banks	–	–	–	–	–	–	–	–
030	General governments	–	–	–	–	–	–	–	–
040	Credit institutions	–	–	–	–	–	–	–	–
050	Other financial corporations	–	**23**	**23**	**23**	–	**(22)**	–	–
060	Non-financial corporations	**35**	**2,126**	**2,126**	**2,119**	–	**(1,335)**	**315**	**295**
070	Households	**19**	**226**	**226**	**162**	**(3)**	**(93)**	**42**	**31**
080	Debt Securities	–	–	–	–	–	–	–	–
090	Loan commitments given	–	–	–	–	–	–	–	–
100	**Total**	**54**	**2,375**	**2,375**	**2,304**	**(3)**	**(1,451)**	**357**	**326**

		31.12.22							
		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	
			Non-performing forborne						
		Performing forborne $million	$million	Of which defaulted $million	Of which impaired $million	On performing forborne exposures $million	On non-performing forborne exposures $million	$million	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures $million
005	Cash balances at central banks and other demand deposits	–	–	–	–	–	–	–	–
010	Loans and advances	152	2,354	2,354	2,298	(1)	(1,380)	393	326
020	Central banks	–	–	–	–	–	–	–	–
030	General governments	–	–	–	–	–	–	–	–
040	Credit institutions	–	–	–	–	–	–	–	–
050	Other financial corporations	–	7	7	7	–	(3)	1	1
060	Non-financial corporations	132	2,089	2,089	2,084	–	(1,276)	320	273
070	Households	19	258	258	207	(1)	(101)	72	51
080	Debt Securities	–	–	–	–	–	–	–	–
090	Loan commitments given	–	–	–	–	–	–	–	–
100	Total	152	2,354	2,354	2,298	(1)	(1,380)	393	326

3.1 Credit risk quality continued

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

		30.06.23											
		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	85,020	84,568	451	301	301	–	–	–	–	–	–	301
010	Loans and advances	404,000	403,698	303	7,765	3,317	709	402	886	1,220	382	849	7,765
020	Central banks	36,980	36,980	–	193	193	–	–	–	–	–	–	193
030	General governments	7,945	7,945	–	163	69	–	22	27	45	–	–	163
040	Credit institutions	71,345	71,338	7	54	–	54	–	–	–	–	–	54
050	Other financial corporations	59,009	59,009	–	196	52	–	–	–	34	–	–	196
060	Non-financial corporations	99,590	99,310	280	5,828	2,316	232	345	768	1,090	365	712	5,828
070	Of which SMEs	9,372	9,231	142	668	357	38	24	34	66	57	92	668
080	Households	129,131	129,116	15	1,331	687	423	35	91	52	17	27	1,331
090	Debt securities	162,562	162,561	1	168	168	–	–	–	–	–	–	168
100	Central banks	14,028	14,028	–	74	74	–	–	–	–	–	–	74
110	General governments	64,322	64,322	–	–	–	–	–	–	–	–	–	–
120	Credit institutions	62,469	62,468	1	68	68	–	–	–	–	–	–	68
130	Other financial corporations	18,071	18,071	–	–	–	–	–	–	–	–	–	–
140	Non-financial corporations	3,672	3,672	–	26	26	–	–	–	–	–	–	26
150	Off-balance-sheet exposures	242,960			594								594
160	Central banks	567			–								–
170	General governments	4,328			–								–
180	Credit institutions	16,554			14								14
190	Other financial corporations	41,319			13								13
200	Non-financial corporations	109,763			567								567
210	Households	70,428			–								-
220	**Total**	894,542	650,827	755	8,828	3,786	709	402	886	1,220	382	849	8,828

3.1 Credit risk quality continued

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

		31.12.22											
		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	56,808	56,808	–	285	285	–	–	–	–	–	–	285
010	Loans and advances	413,460	413,057	403	7,905	3,234	710	786	512	1,313	541	808	7,905
020	Central banks	40,981	40,981	–	–	–	–	–	–	–	–	–	–
030	General governments	8,314	8,311	3	182	137	–	–	–	45	–	–	182
040	Credit institutions	58,133	58,125	8	141	119	23	–	–	–	–	–	141
050	Other financial corporations	65,035	65,034	2	212	30	–	–	60	–	–	122	212
060	Non-financial corporations	107,705	107,494	211	6,195	2,282	430	753	392	1,165	509	664	6,195
070	Of which SMEs	1,550	1,437	112	311	215	29	21	24	19	1	1	311
080	Households	133,292	133,112	179	1,175	667	257	33	60	103	32	23	1,175
090	Debt securities	173,150	173,147	2	142	142	–	–	–	–	–	–	142
100	Central banks	21,891	21,891	–	65	65	–	–	–	–	–	–	65
110	General governments	70,387	70,387	–	–	–	–	–	–	–	–	–	–
120	Credit institutions	47,104	47,104	1	18	18	–	–	–	–	–	–	18
130	Other financial corporations	22,454	22,453	1	–	–	–	–	–	–	–	–	–
140	Non-financial corporations	11,313	11,313	–	60	60	–	–	–	–	–	–	60
150	Off-balance-sheet exposures	228,580			793								793
160	Central banks	635			–								–
170	General governments	1,443			67								67
180	Credit institutions	15,443			21								21
190	Other financial corporations	34,028			29								29
200	Non-financial corporations	111,807			667								667
210	Households	65,226			9								9
220	Total	871,998	643,013	405	9,126	3,662	710	786	512	1,313	541	808	9,126

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)

		30.06.23						
		Gross carrying 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**	**574,495**		**7,933**		**(5,518)**		**–**
020	Hong Kong	**79,751**		**276**		**(350)**		**–**
030	Korea	**52,466**		**136**		**(126)**		**–**
040	Singapore	**112,400**		**496**		**(496)**		**–**
050	United States	**45,488**		**2**		**(14)**		**–**
060	Other countries	**284,391**		**7,023**		**(4,532)**		**–**
110	**Off-balance-sheet exposures**	**243,554**		**594**			**(241)**	
120	Hong Kong	**14,940**		**6**			**(7)**	
130	Korea	**38,236**		**–**			**(13)**	
140	Singapore	**37,290**		**35**			**(25)**	
150	United States	**35,117**		**6**			**(16)**	
200	Other countries	**117,972**		**547**			**(182)**	
210	**Total**	**818,049**		**8,527**		**(5,518)**	**(241)**	**–**

		31.12.22						
		Gross carrying 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**	651,797		8,076		(5,729)		–
020	Hong Kong	84,619		315		(387)		–
030	Korea	67,485		131		(128)		–
040	Singapore	75,176		536		(535)		–
050	United States	74,834		8		(14)		–
060	Other countries	349,683		7,087		(4,664)		–
110	**Off-balance-sheet exposures**	229,614		802			(284)	
120	Hong Kong	14,446		129			(10)	
130	Korea	37,121		–			(16)	
140	Singapore	33,568		91			(26)	
150	United States	33,150		29			(25)	
200	Other countries	111,331		553			(206)	
210	**Total**	881,411		8,878		(5,729)	(284)	–

3.1 Credit risk quality continued

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

		30.06.23					
		Gross carrying 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	85,297		–		(8)	–
010	Agriculture, forestry and fishing	612		36		(31)	–
020	Mining and quarrying	4,950		374		(103)	–
030	Manufacturing	36,979		1,641		(1,365)	–
040	Electricity, gas, steam and air conditioning supply	7,188		240		(103)	–
050	Water supply	322		40		(34)	–
060	Construction	2,325		275		(241)	–
070	Wholesale and retail trade	22,098		1,058		(694)	–
080	Transport and storage	7,059		248		(104)	–
090	Accommodation and food service activities	1,480		111		(21)	–
100	Information and communication	3,188		95		(106)	–
110	Financial and insurance activities	35		–		(0)	–
120	Real estate activities	16,864		1,593		(1,090)	–
130	Professional, scientific and technical activities	605		9		(14)	–
140	Administrative and support service activities	760		42		(22)	–
150	Public administration and defence, compulsory social security	–		–		–	–
160	Education	137		14		(1)	–
170	Human health services and social work activities	477		50		(28)	–
180	Arts, entertainment and recreation	159		–		–	–
190	Other services	181		2		(271)	–
200	Total	105,419		5,828		(4,226)	–
210	Households	130,462		1,331		(920)	–
220	**Total**	321,177		7,159		(5,154)	–

3.1 Credit risk quality continued

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

		31.12.22					
		Gross carrying amount					Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment	Accumulated impairment	
		$million	$million	Of which defaulted $million	$million	$million	$million
005	Cash balances at central banks and other demand deposits	57,093		285		(8)	–
010	Agriculture, forestry and fishing	369		74		(31)	–
020	Mining and quarrying	4,846		227		(168)	–
030	Manufacturing	46,932		2,061		(1,348)	–
040	Electricity, gas, steam and air conditioning supply	7,015		250		(105)	–
050	Water supply	194		40		(31)	–
060	Construction	1,734		374		(315)	–
070	Wholesale and retail trade	22,714		947		(719)	–
080	Transport and storage	7,829		367		(136)	–
090	Accommodation and food service activities	1,401		66		(28)	–
100	Information and communication	3,944		158		(113)	–
110	Financial and insurance activities	11		–		–	–
120	Real estate activities	14,328		1,281		(810)	–
130	Professional, scientific and technical activities	614		13		(10)	–
140	Administrative and support service activities	819		43		(19)	–
150	Public administration and defence, compulsory social security	–		–		–	–
160	Education	144		13		(1)	–
170	Human health services and social work activities	539		64		(46)	–
180	Arts, entertainment and recreation	169		–		(1)	–
190	Other services	298		215		(216)	–
200	Total	113,900		6,195		(4,097)	–
210	Households	134,467		1,175		(1,044)	–
220	**Total**	305,459		7,655		(5,149)	–

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 increased by $28.2 billion and RWA decreased by $1.3billion (Tables 32 to 40):

- Central governments and central banks EAD increased $32.3 billion and RWA by $0.3 billion
- Institutions EAD increased $7.6 billion and RWA by $0.7 billion
- Corporates EAD decreased $7.1 billion and RWA by $1.4 billion
- Retail EAD decreased $4.5 billion and RWA increased by $0.8 billion

Table 31: IRB – Credit risk exposure by exposure class

	30.06.23											
	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	186,267	170,974	6	197,516	0.70	0.2	45	1.21	26,410	13	369	(114)
Institutions	77,095	167,226	9	85,218	0.37	1.5	34	1.03	13,812	16	73	(23)
Corporates	109,669	329,656	19	177,069	2.22	21.8	40	1.35	66,139	37	4,047	(4,052)
Other	95,270	299,300	19	162,003	1.87	16.5	41	1.30	61,142	38	3,252	(3,245)
Of which Specialised lending	11,615	23,822	19	11,673	4.51	0.7	24	1.97	3,430	29	445	(489)
Of which SME	2,784	6,534	12	3,393	8.33	4.6	39	1.25	1,567	46	350	(318)
Retail	91,977	39,989	50	111,994	1.14	4,222.7	38		21,623	19	718	(387)
Of which secured by real estate	75,831	4,156	99	79,963	0.53	328.5	13		5,326	7	64	(37)
– SME	407	61	56	442	3.83	2.6	7		26	6	2	(1)
– Non SME	75,424	4,095	100	79,521	0.53	325.9	14		5,300	7	62	(36)
Of which qualifying revolving retail	3,154	27,344	45	15,452	1.25	3,050.8	83		4,058	26	186	(86)
Of which other retail	12,992	8,489	45	16,579	4.70	843.4	67		12,239	74	468	(264)
– SME	1,993	2,249	5	1,912	8.77	27.0	53		1,192	62	93	(74)
– Non SME	10,999	6,240	59	14,667	3.70	816.4	70		11,047	75	375	(190)
Non-credit obligation assets	787	–	–	787	–				787	100		–
Total IRB[4]	465,795	707,845	21	572,584	1.67	4,246.2	40	1.16	128,771	22	5,207	(4,576)

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. Corporates of which specialised lending includes exposures for specialised lending subject to supervisory slotting criteria
4. Refer to Table 15 (UK OV1) for RWA

3.2 Risk grade profile continued

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

	31.12.22											
	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	165,753	183,330	2	165,240	0.73	0.2	45	1.45	26,122	16	516	(183)
Institutions	69,242	171,962	7	77,623	0.33	1.3	33	1.58	13,130	17	73	(27)
Corporates	116,647	318,766	21	184,208	2.25	22.0	40	1.37	67,500	37	3,707	(3,982)
Other	101,297	289,249	21	168,836	1.91	16.3	41	1.32	62,294	37	2,843	(3,089)
Of which Specialised lending[3]	12,201	23,028	19	11,588	4.75	0.8	25	1.86	3,460	30	578	(640)
Of which SME	3,149	6,489	12	3,784	7.19	4.9	36	1.37	1,746	46	286	(253)
Retail	96,417	40,423	50	116,495	1.18	4,583.1	38		22,452	19	812	(424)
Of which secured by real estate	78,680	3,616	99	82,262	0.49	339.5	14		5,366	7	67	(41)
– SME	446	69	53	481	3.39	2.7	7		30	6	1	(1)
– Non SME	78,234	3,547	100	81,781	0.50	336.8	14		5,336	7	66	(40)
Of which qualifying revolving retail	3,222	28,096	45	15,965	1.43	3,388.1	83		4,490	28	218	(94)
Of which other retail	14,515	8,711	45	18,268	4.68	855.5	64		12,596	69	527	(289)
– SME	2,098	2,293	5	1,999	9.26	29.2	53		1,187	59	148	(116)
– Non SME	12,417	6,418	60	16,269	3.61	826.3	67		11,409	70	379	(173)
Non-credit obligation assets	828	–	–	828	–				828	100		–
Total IRB[4]	448,887	714,481	22	544,394	1.69	4,606.6	40	1.28	130,032	24	5,108	(4,616)

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. Corporates of which specialised lending includes exposures for specialised lending subject to supervisory slotting criteria
4. 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)

	30.06.23											
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	167,975	153,194	4	177,473	0.02	0.1	45	1.19	10,403	6	14	(3)
0.00 to <0.10	166,697	148,866	4	176,235	0.02	0.1	45	1.19	10,029	6	14	(3)
0.10 to <0.15	1,279	4,327	5	1,238	0.13	–	44	1.85	373	30	1	–
0.15 to <0.25	9,295	2,617	13	9,739	0.21	–	43	1.19	3,088	32	9	(2)
0.25 to <0.50	6	28	–	77	0.05	–	45	0.97	7	9	–	–
0.50 to <0.75	1,208	2,539	13	1,065	0.55	–	44	1.71	654	61	3	(2)
0.75 to <2.50	3,971	3,194	28	3,658	0.97	–	45	1.38	2,689	74	16	(7)
0.75 to <1.75	3,161	2,052	25	3,196	0.86	–	45	1.44	2,262	71	12	(5)
1.75 to <2.5	809	1,142	32	461	1.72	–	47	0.99	427	93	4	(2)
2.50 to <10.00	2,580	4,939	17	1,848	3.92	–	43	1.96	2,332	126	33	(19)
2.5 to <5	2,198	4,899	17	1,432	2.91	–	42	2.24	1,673	117	19	(19)
5 to <10	383	40	16	417	7.39	–	45	1.02	659	158	14	–
10.00 to <100.00	515	3,034	48	2,609	18.30	–	49	1.12	4,020	154	239	(26)
10 to <20	116	184	39	1,336	1.61	–	45	1.96	544	41	10	(2)
20 to <30	–	–	–	2	0.08	–	45	1.95	–	–	–	–
30.00 to <100.00	399	2,850	49	1,271	35.86	–	53	0.24	3,476	273	230	(24)
100.00 (Default)	717	1,429	41	1,047	64.48	–	36	1.12	3,217	307	55	(55)
Total	**186,267**	**170,974**	**6**	**197,516**	**0.70**	**0.2**	**45**	**1.21**	**26,410**	**13**	**369**	**(114)**

	31.12.22											
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	146,156	162,632	1	146,486	0.02	0.1	45	1.45	9,965	7	12	(3)
0.00 to <0.10	145,148	159,788	–	145,644	0.02	0.1	45	1.44	9,592	7	11	(2)
0.10 to <0.15	1,008	2,844	13	842	0.16	–	45	2.78	373	44	1	(1)
0.15 to <0.25	6,862	6,526	2	6,409	0.22	–	45	1.25	2,285	36	6	(2)
0.25 to <0.50	33	28	1	101	0.14	–	24	1.48	10	10	–	–
0.50 to <0.75	1,749	2,283	6	1,378	0.47	–	46	1.53	778	56	3	(1)
0.75 to <2.50	5,852	4,797	7	5,388	1.05	–	42	1.70	3,829	71	26	(4)
0.75 to <1.75	4,048	2,643	10	4,011	0.84	–	40	1.81	2,573	64	15	(3)
1.75 to <2.5	1,804	2,154	4	1,377	1.64	–	48	1.39	1,256	91	11	(1)
2.50 to <10.00	1,943	3,677	12	1,210	3.33	–	46	1.67	1,270	105	18	(5)
2.5 to <5	1,501	3,618	12	927	2	–	46	1.87	861	93	10	(4)
5 to <10	442	59	–	283	7	–	45	1.02	409	145	8	(1)
10.00 to <100.00	2,238	2,359	22	3,446	13	–	46	1.10	5,541	161	206	(54)
10 to <20	1,998	2,337	22	3,180	11.37	–	46	1.13	4,877	153	166	(54)
20 to <30	–	–	–	2	0.08	–	45	2.03	–	–	–	–
30.00 to <100.00	240	22	100	264	32.76	–	46	0.68	664	252	40	–
100.00 (Default)	920	1,028	4	822	79.94	–	44	1.19	2,444	297	245	(114)
Total	165,753	183,330	2	165,240	0.73	0.2	45	1.45	26,122	16	516	(183)

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)

	30.06.23											
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	59,693	133,200	8	68,281	0.04	0.7	36	1.15	6,756	10	10	(7)
0.00 to <0.10	58,382	124,585	8	66,410	0.04	0.6	36	1.16	6,387	10	9	(7)
0.10 to <0.15	1,310	8,615	7	1,870	0.13	0.1	35	0.82	369	20	1	–
0.15 to <0.25	4,203	10,621	7	4,599	0.21	0.1	36	0.55	1,277	28	3	(1)
0.25 to <0.50	1,055	4,942	17	1,783	0.39	0.1	29	0.47	612	34	2	–
0.50 to <0.75	4,539	5,782	5	3,754	0.60	0.1	20	0.83	1,007	27	4	(1)
0.75 to <2.50	3,617	6,790	14	3,171	1.02	0.2	28	0.42	1,480	47	8	(1)
0.75 to <1.75	3,165	6,143	14	2,800	0.95	0.1	27	0.43	1,262	45	7	–
1.75 to <2.5	453	647	6	371	1.57	–	31	0.37	218	59	2	–
2.50 to <10.00	3,759	4,789	17	3,298	3.23	0.2	29	0.55	2,392	73	29	(1)
2.5 to <5	3,749	4,632	17	3,280	3.21	0.1	29	0.55	2,376	72	29	(1)
5 to <10	10	156	11	18	5.74	–	22	0.63	15	83	–	–
10.00 to <100.00	166	919	12	256	10.44	0.1	35	0.58	166	65	5	–
10 to <20	112	495	4	159	5.01	–	40	0.76	105	66	3	–
20 to <30	7	37	–	5	–	–	–	–	10	200	–	–
30.00 to <100.00	46	387	23	93	18.99	–	28	0.31	51	55	3	–
100.00 (Default)	63	183	18	76	86.55	–	32	1.24	122	161	12	(12)
Total	77,095	167,226	9	85,218	0.37	1.5	34	1.03	13,812	16	73	(23)

	31.12.22											
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	50,974	135,346	6	60,290	0.04	0.6	35	1.35	6,324	10	9	(7)
0.00 to <0.10	49,893	128,502	7	58,880	0.04	0.5	35	1.37	6,080	10	8	(7)
0.10 to <0.15	1,081	6,844	5	1,410	0.13	0.1	33	0.79	244	17	1	–
0.15 to <0.25	4,718	12,260	9	5,594	0.21	0.1	36	0.60	1,537	27	4	(1)
0.25 to <0.50	518	3,361	7	718	0.39	0.1	27	0.48	221	31	1	–
0.50 to <0.75	4,687	10,173	10	4,551	0.54	0.1	24	0.69	1,391	31	5	–
0.75 to <2.50	3,927	4,944	16	2,635	1.16	0.2	22	11.48	1,027	39	6	(1)
0.75 to <1.75	3,045	3,739	18	1,964	0.99	0.1	22	15.26	781	40	4	–
1.75 to <2.5	882	1,205	10	671	1.65	0.1	22	0.40	246	37	2	(1)
2.50 to <10.00	4,191	4,820	19	3,472	2.71	0.2	29	0.54	2,389	69	25	(1)
2.5 to <5	4,131	4,678	18	3,394	2.72	0.2	29	0.54	2,374	70	25	(1)
5 to <10	60	142	71	78	2.18	–	33	0.43	15	19	–	–
10.00 to <100.00	192	918	14	299	9.72	–	32	0.56	192	64	6	–
10 to <20	191	894	15	298	9.67	–	32	0.56	191	64	6	–
20 to <30	–	–	–	–	–	–	–	–	–	–	–	–
30.00 to <100.00	1	24	–	1	33.01	–	39	0.96	1	100	–	–
100.00 (Default)	35	140	21	64	83.95	–	33	1.52	49	77	17	(17)
Total	69,242	171,962	7	77,623	0.33	1.3	33	1.58	13,130	17	73	(27)

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)

	30.06.23											
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	48,187	174,046	17	78,642	0.07	3.9	42	1.39	14,085	18	24	(17)
0.00 to <0.10	38,283	137,272	17	61,798	0.06	2.6	43	1.36	9,788	16	15	(10)
0.10 to <0.15	9,903	36,774	18	16,846	0.12	1.2	41	1.49	4,297	26	9	(7)
0.15 to <0.25	13,300	42,241	20	21,521	0.20	2.2	40	1.28	6,537	30	17	(20)
0.25 to <0.50	6,253	27,964	19	11,794	0.37	1.6	38	1.28	5,100	43	16	(20)
0.50 to <0.75	13,636	41,617	25	25,034	0.49	2.8	36	1.23	11,580	46	43	(23)
0.75 to <2.50	11,269	25,938	23	18,911	1.01	4.0	30	1.49	8,815	47	53	(95)
0.75 to <1.75	8,490	20,713	22	14,210	0.94	2.9	31	1.47	6,839	48	37	(81)
1.75 to <2.5	2,778	5,224	25	4,701	1.27	1.0	27	1.56	1,976	42	16	(15)
2.50 to <10.00	8,055	8,881	28	11,899	2.87	3.4	34	1.45	8,352	70	107	(38)
2.5 to <5	6,007	7,006	29	9,431	2.22	2.0	32	1.47	5,676	60	62	(27)
5 to <10	2,048	1,875	23	2,469	5.40	1.4	38	1.41	2,676	108	47	(11)
10.00 to <100.00	3,506	6,704	12	3,520	13.35	2.6	34	1.25	4,824	137	158	(91)
10 to <20	2,552	5,460	8	1,825	7.64	2.3	31	1.01	2,003	110	43	(9)
20 to <30	302	348	1	418	1.09	0.1	2	0.06	1,236	296	20	(17)
30.00 to <100.00	650	898	26	1,276	19.45	0.2	43	1.01	1,584	124	93	(65)
100.00 (Default)	5,463	2,265	26	5,748	88.82	1.3	52	1.20	6,846	119	3,629	(3,748)
Total	**109,669**	**329,656**	**19**	**177,069**	**2.22**	**21.8**	**40**	**1.35**	**66,139**	**37**	**4,047**	**(4,052)**

	31.12.22											
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	53,586	163,911	19	82,355	0.07	3.4	43	1.03	14,771	18	73	(321)
0.00 to <0.10	42,465	130,120	18	63,648	0.06	2.4	44	0.97	10,404	16	63	(313)
0.10 to <0.15	11,121	33,791	22	18,707	0.12	1.1	40	1.26	4,367	23	10	(9)
0.15 to <0.25	13,387	42,104	21	22,828	0.20	2.3	38	1.31	6,739	30	18	(11)
0.25 to <0.50	6,539	28,989	20	12,386	0.37	1.7	38	1.19	5,172	42	17	(10)
0.50 to <0.75	13,106	39,657	26	24,769	0.49	2.9	36	2.07	11,253	45	41	(32)
0.75 to <2.50	12,341	24,552	22	19,473	0.99	4.2	32	1.43	9,386	48	58	(125)
0.75 to <1.75	8,938	18,718	20	13,942	0.88	3.1	34	1.34	6,917	50	38	(108)
1.75 to <2.5	3,403	5,834	29	5,531	1.34	1.2	26	1.64	2,468	45	20	(17)
2.50 to <10.00	8,119	9,809	28	12,295	2.81	3.6	32	3.66	7,912	64	97	(38)
2.5 to <5	6,182	8,239	27	9,776	2.29	2.1	33	1.50	6,102	62	66	(30)
5 to <10	1,937	1,570	37	2,519	4.71	1.4	31	13.05	1,809	72	31	(7)
10.00 to <100.00	4,070	7,745	13	4,384	14.04	2.6	33	1.48	6,525	149	215	(157)
10 to <20	3,219	7,005	11	3,296	9.34	2.3	32	1.21	3,374	102	90	(36)
20 to <30	547	368	3	678	0.73	0.1	–	0.03	2,295	338	66	(102)
30.00 to <100.00	304	372	45	410	35.77	0.1	35	1.92	857	209	59	(19)
100.00 (Default)	5,499	1,999	31	5,718	88.29	1.3	51	1.43	5,742	100	3,188	(3,288)
Total	116,647	318,766	21	184,208	2.25	22.0	40	1.37	67,500	37	3,707	(3,982)

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 – Other (UK CR6)

	30.06.23											
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	44,632	158,400	17	73,823	0.07	3.7	44	1.34	13,494	18	23	(13)
0.00 to <0.10	36,906	126,492	17	59,352	0.06	2.5	44	1.33	9,563	16	15	(10)
0.10 to <0.15	7,726	31,908	18	14,471	0.12	1.1	44	1.39	3,931	27	8	(3)
0.15 to <0.25	11,683	39,634	20	19,700	0.20	1.8	41	1.19	6,147	31	16	(7)
0.25 to <0.50	5,463	25,831	19	10,742	0.37	1.4	38	1.21	4,681	44	15	(18)
0.50 to <0.75	12,022	36,239	26	23,119	0.48	2.1	37	1.23	10,877	47	40	(17)
0.75 to <2.50	8,093	23,113	22	16,622	0.93	2.9	32	1.35	7,993	48	47	(75)
0.75 to <1.75	6,211	18,521	22	12,333	0.88	2.1	33	1.35	6,175	50	33	(67)
1.75 to <2.5	1,882	4,592	23	4,290	1.09	0.7	29	1.34	1,818	42	14	(8)
2.50 to <10.00	6,353	7,954	28	10,364	2.63	1.7	36	1.43	7,570	73	93	(28)
2.5 to <5	4,653	6,214	29	8,224	1.97	1.0	35	1.42	5,095	62	52	(17)
5 to <10	1,700	1,740	23	2,139	5.18	0.8	41	1.45	2,475	116	42	(11)
10.00 to <100.00	2,980	6,300	12	3,079	12.02	1.9	34	1.21	4,232	137	121	(71)
10 to <20	2,234	5,143	8	1,588	7.17	1.6	31	1.02	1,803	114	36	(7)
20 to <30	288	334	–	401	–	0.1	–	–	1,206	301	18	(15)
30.00 to <100.00	457	823	28	1,090	14.59	0.2	44	0.83	1,223	112	67	(49)
100.00 (Default)	4,044	1,829	26	4,554	85.29	1.0	55	1.33	6,148	135	2,897	(3,016)
Total	95,270	299,300	19	162,003	1.87	16.5	41	1.30	61,142	38	3,252	(3,245)

	31.12.22											
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	49,743	150,526	19	77,998	0.07	3.3	44	0.96	14,255	18	72	(315)
0.00 to <0.10	40,917	120,350	18	61,242	0.06	2.3	45	0.89	10,151	17	63	(312)
0.10 to <0.15	8,826	30,176	23	16,756	0.12	1.0	42	1.24	4,104	24	9	(4)
0.15 to <0.25	11,959	38,422	22	21,150	0.20	1.9	40	1.22	6,423	30	17	(6)
0.25 to <0.50	5,749	26,271	20	11,195	0.37	1.5	39	1.13	4,805	43	16	(8)
0.50 to <0.75	11,002	35,430	27	22,540	0.48	2.1	36	2.19	10,371	46	37	(23)
0.75 to <2.50	9,136	21,423	21	17,077	0.89	3.0	35	1.32	8,540	50	52	(104)
0.75 to <1.75	6,904	16,762	20	12,122	0.82	2.2	37	1.23	6,276	52	34	(96)
1.75 to <2.5	2,232	4,661	25	4,955	1.06	0.8	30	1.54	2,263	46	18	(8)
2.50 to <10.00	6,147	8,216	31	10,491	2.42	1.8	35	4.16	6,850	65	78	(30)
2.5 to <5	4,727	6,837	30	8,513	2.00	1.1	35	1.40	5,415	64	55	(23)
5 to <10	1,420	1,379	38	1,978	4.24	0.7	33	16.02	1,434	72	23	(6)
10.00 to <100.00	3,549	7,384	13	3,930	12.91	1.7	34	1.45	5,888	150	171	(147)
10 to <20	2,874	6,725	11	3,041	9.08	1.5	32	1.22	3,177	104	82	(35)
20 to <30	538	350	–	659	–	0.1	–	–	2,289	347	66	(102)
30.00 to <100.00	137	309	47	230	31.08	0.1	33	1.73	423	184	23	(10)
100.00 (Default)	4,012	1,577	30	4,455	86.38	1.0	55	1.62	5,162	116	2,400	(2,456)
Total	101,297	289,249	21	168,836	1.91	16.3	41	1.32	62,294	37	2,843	(3,089)

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

	30.06.23											
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	3,506	11,433	18	4,566	0.10	0.2	21	2.09	548	12	1	(4)
0.00 to <0.10	1,331	6,664	19	2,203	0.07	0.1	18	2.13	186	8	–	–
0.10 to <0.15	2,174	4,769	18	2,364	0.13	0.1	24	2.05	363	15	1	(4)
0.15 to <0.25	1,542	2,325	23	1,657	0.22	0.1	25	2.44	366	22	1	(13)
0.25 to <0.50	656	1,922	18	871	0.39	0.1	34	2.12	347	40	1	(2)
0.50 to <0.75	1,419	4,914	15	1,598	0.58	0.1	31	1.21	613	38	3	(6)
0.75 to <2.50	2,479	2,129	32	1,485	1.42	0.1	18	2.49	606	41	4	(19)
0.75 to <1.75	1,720	1,548	28	1,213	1.28	0.1	19	2.47	497	41	3	(13)
1.75 to <2.5	759	581	41	271	2.03	–	15	2.60	109	40	2	(7)
2.50 to <10.00	805	613	32	611	3.70	0.1	15	1.89	292	48	3	(8)
2.5 to <5	713	565	32	538	3.35	–	15	2.03	256	48	4	(7)
5 to <10	91	47	34	73	6.27	–	15	0.87	36	49	1	–
10.00 to <100.00	167	229	3	118	28.25	–	32	2.03	206	175	11	(6)
10 to <20	64	203	2	27	12.62	–	33	0.49	38	141	1	–
20 to <30	–	–	–	–	–	–	–	–	–	–	–	–
30.00 to <100.00	103	27	–	91	32.91	–	32	2.49	167	184	9	(6)
100.00 (Default)	1,041	257	20	767	100.00	–	36	0.72	452	59	421	(431)
Total	11,615	23,822	19	11,673	4.51	0.7	24	1.97	3,430	29	445	(489)

	31.12.22											
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	3,821	9,313	16	4,114	0.10	0.1	23	1.98	486	12	1	(6)
0.00 to <0.10	1,528	5,735	18	2,170	0.07	0.1	21	2.52	225	10	–	(1)
0.10 to <0.15	2,293	3,578	13	1,944	0.13	0.1	25	1.39	261	13	1	(5)
0.15 to <0.25	1,225	3,159	15	1,371	0.22	0.1	25	2.37	287	21	1	(5)
0.25 to <0.50	722	2,499	25	1,076	0.39	0.1	27	1.68	322	30	1	(2)
0.50 to <0.75	1,916	3,842	18	1,940	0.57	0.1	35	1.23	801	41	4	(9)
0.75 to <2.50	2,251	2,492	32	1,315	1.47	0.2	19	2.18	562	43	4	(20)
0.75 to <1.75	1,246	1,436	21	930	1.19	0.1	22	2.26	409	44	2	(11)
1.75 to <2.5	1,005	1,056	46	385	2.15	0.1	15	2.00	153	40	2	(9)
2.50 to <10.00	964	1,220	14	759	4.19	0.1	20	1.97	491	65	7	(5)
2.5 to <5	751	1,171	12	537	3.28	–	19	2.27	320	60	4	(5)
5 to <10	213	49	66	222	6.38	–	21	1.24	171	77	3	–
10.00 to <100.00	146	210	3	99	30.88	–	33	2.49	189	191	10	(8)
10 to <20	50	174	1	11	13.66	–	42	0.54	20	182	1	–
20 to <30	–	–	–	–	–	–	–	–	–	–	–	–
30.00 to <100.00	96	36	–	88	32.90	–	32	2.72	169	192	9	(8)
100.00 (Default)	1,156	293	40	914	91.95	0.1	34	0.72	322	35	550	(585)
Total	12,201	23,028	19	11,588	4.75	0.8	25	1.86	3,460	30	578	(640)

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 corporates – SME (UK CR6)

	30.06.23											
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	4,213	6	253	0.03	–	54	1.25	43	17	–	–
0.00 to <0.10	46	4,116	6	243	0.03	–	54	1.19	39	16	–	–
0.10 to <0.15	3	97	8	11	0.13	–	47	2.57	3	27	–	–
0.15 to <0.25	75	282	36	164	0.23	0.3	19	1.22	24	15	–	–
0.25 to <0.50	134	211	23	181	0.40	0.1	40	1.73	72	40	–	–
0.50 to <0.75	195	464	27	317	0.63	0.6	22	1.06	90	28	–	–
0.75 to <2.50	697	696	17	804	1.39	1.0	17	1.35	216	27	2	(1)
0.75 to <1.75	559	644	18	664	1.23	0.7	16	1.30	167	25	1	(1)
1.75 to <2.5	137	51	13	140	2.14	0.3	21	1.61	49	35	–	–
2.50 to <10.00	897	314	20	924	4.69	1.6	25	1.23	490	53	11	(2)
2.5 to <5	641	227	22	669	3.71	1.0	25	1.23	325	49	6	(3)
5 to <10	257	88	16	257	7.22	0.6	23	1.24	165	64	4	–
10.00 to <100.00	359	175	17	323	25.40	0.7	30	1.29	386	120	26	(14)
10 to <20	254	114	19	210	13.43	0.7	23	1.28	162	77	6	(2)
20 to <30	14	14	21	17	25.21	–	46	1.44	30	176	2	(2)
30.00 to <100.00	90	48	11	95	51.89	–	43	1.30	194	204	17	(10)
100.00 (Default)	378	179	30	427	100.00	0.3	50	0.90	246	58	311	(301)
Total	**2,784**	**6,534**	**12**	**3,393**	**8.33**	**4.6**	**39**	**1.25**	**1,567**	**46**	**350**	**(318)**

	31.12.22											
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	22	4,072	6	243	0.03	–	54	1.46	30	12	–	–
0.00 to <0.10	20	4,035	6	236	0.03	–	54	1.43	28	12	–	–
0.10 to <0.15	2	37	14	7	0.13	–	52	2.46	2	29	–	–
0.15 to <0.25	203	523	23	307	0.24	0.3	14	1.07	29	9	–	–
0.25 to <0.50	68	219	22	115	0.40	0.1	32	1.99	45	39	–	–
0.50 to <0.75	188	385	27	289	0.63	0.7	21	1.15	81	28	–	–
0.75 to <2.50	954	637	22	1,081	1.47	1.0	16	1.41	284	26	2	(1)
0.75 to <1.75	788	520	22	890	1.32	0.8	16	1.37	232	26	2	(1)
1.75 to <2.5	166	117	25	191	2.15	0.3	16	1.59	52	27	–	–
2.50 to <10.00	1,008	373	19	1,045	4.68	1.7	26	1.18	571	55	12	(3)
2.5 to <5	704	231	18	726	3.79	1.0	27	1.11	367	51	7	(2)
5 to <10	304	142	22	319	6.68	0.7	24	1.34	204	64	5	(1)
10.00 to <100.00	375	151	33	355	26.08	0.9	27	1.40	448	126	34	(2)
10 to <20	295	106	17	244	13.09	0.8	20	1.30	177	73	7	(1)
20 to <30	9	18	58	19	24.80	–	7	1.15	6	32	–	–
30.00 to <100.00	71	27	78	92	60.96	–	47	1.72	265	288	27	(1)
100.00 (Default)	331	129	18	349	100.00	0.2	54	1.39	258	74	238	(247)
Total	3,149	6,489	12	3,784	7.19	4.9	36	1.37	1,746	46	286	(253)

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 (UK CR6)

PD range %	30.06.23 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	63,958	19,924	56	75,104	0.06	1,307.9	28		3,273	4	12	(12)
0.00 to <0.10	56,771	15,041	54	64,882	0.06	1,081.6	27		2,575	4	8	(9)
0.10 to <0.15	7,187	4,882	62	10,223	0.12	226.1	39		698	7	3	(2)
0.15 to <0.25	5,418	4,032	50	7,442	0.19	323.2	37		781	10	4	(3)
0.25 to <0.50	4,565	3,994	50	6,564	0.34	573.5	56		1,461	22	11	(10)
0.50 to <0.75	4,106	4,576	48	6,255	0.65	374.5	62		1,983	32	21	(12)
0.75 to <2.50	6,380	4,122	36	7,794	1.44	673.4	59		4,562	59	64	(40)
0.75 to <1.75	4,982	3,398	37	6,197	1.28	495.3	58		3,290	53	42	(28)
1.75 to <2.5	1,397	723	30	1,596	2.13	178.0	62		1,274	80	20	(12)
2.50 to <10.00	5,751	2,794	43	6,905	4.59	719.4	64		6,559	95	186	(81)
2.5 to <5	3,983	2,125	46	4,934	3.41	527.4	66		4,644	94	105	(45)
5 to <10	1,767	672	33	1,970	7.36	191.9	59		1,914	97	82	(32)
10.00 to <100.00	1,212	426	31	1,333	26.96	195.1	63		2,000	150	209	(71)
10 to <20	753	299	32	838	13.61	99.5	64		1,260	150	75	(27)
20 to <30	146	41	36	160	23.59	30.3	63		284	178	24	(8)
30.00 to <100.00	312	86	27	335	59.09	65.0	58		456	136	111	(35)
100.00 (Default)	587	121	10	597	100.00	55.7	49		1,004	168	211	(158)
Total	91,977	39,989	50	111,994	1.14	4,222.7	38		21,623	19	718	(387)

PD range %	31.12.22 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	66,779	19,897	56	77,902	0.06	1,398.5	29		3,395	4	12	(9)
0.00 to <0.10	59,008	15,149	55	67,284	0.06	1,158.2	27		2,656	4	8	(7)
0.10 to <0.15	7,771	4,748	60	10,618	0.12	240.3	39		739	7	4	(2)
0.15 to <0.25	5,839	4,043	49	7,810	0.19	345.1	38		848	11	5	(9)
0.25 to <0.50	4,755	3,939	50	6,686	0.33	697.9	56		1,538	23	11	(10)
0.50 to <0.75	4,135	4,497	47	6,213	0.65	383.4	61		1,944	31	22	(11)
0.75 to <2.50	6,703	4,196	37	8,170	1.44	669.4	58		4,597	56	65	(40)
0.75 to <1.75	5,382	3,482	38	6,631	1.28	500.0	56		3,369	51	45	(29)
1.75 to <2.5	1,321	714	33	1,539	2.14	169.3	64		1,228	80	20	(11)
2.50 to <10.00	6,393	3,212	43	7,735	4.80	836.1	62		7,067	91	208	(84)
2.5 to <5	4,333	2,276	46	5,336	3.47	613.7	64		4,811	90	109	(56)
5 to <10	2,060	936	38	2,399	7.50	222.5	58		2,256	94	99	(28)
10.00 to <100.00	1,197	514	33	1,353	27.48	201.4	63		2,049	151	219	(61)
10 to <20	732	344	32	829	13.47	108.8	64		1,227	148	73	(21)
20 to <30	151	58	39	171	23.39	33.4	66		315	184	26	(9)
30.00 to <100.00	314	112	36	353	58.34	58.9	60		507	144	120	(31)
100.00 (Default)	616	125	9	626	100.00	51.3	50		1,014	162	270	(200)
Total	96,417	40,423	50	116,495	1.18	4,583.1	38		22,452	19	812	(424)

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 – secured by real estate property – SME (UK CR6)

	30.06.23											
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	65	1	102	67	0.09	0.6	13		2	3	–	–
0.00 to <0.10	35	1	101	36	0.07	0.3	14		1	3	–	–
0.10 to <0.15	30	–	–	31	0.13	0.2	13		1	3	–	–
0.15 to <0.25	55	15	68	65	0.20	0.3	8		2	3	–	–
0.25 to <0.50	46	2	71	47	0.39	0.4	1		–	–	–	–
0.50 to <0.75	33	–	47	33	0.61	0.3	1		–	–	–	–
0.75 to <2.50	119	21	64	133	1.40	0.7	5		9	7	–	–
0.75 to <1.75	101	19	67	113	1.26	0.6	6		8	7	–	–
1.75 to <2.5	18	2	39	19	2.17	0.1	3		1	5	–	–
2.50 to <10.00	66	19	34	72	5.13	0.2	7		8	11	–	–
2.5 to <5	24	17	32	29	3.30	0.1	6		3	10	–	–
5 to <10	42	3	48	43	6.38	0.1	8		5	12	–	–
10.00 to <100.00	16	3	62	18	21.03	0.1	7		3	17	–	–
10 to <20	11	3	59	12	13.45	–	6		2	17	–	–
20 to <30	4	–	100	4	26.42	–	9		1	25	–	–
30.00 to <100.00	2	–	–	2	59.51	–	9		–	–	–	–
100.00 (Default)	7	–	94	7	100.00	–	3		2	29	2	(1)
Total	**407**	**61**	**56**	**442**	**3.83**	**2.6**	**7**		**26**	**6**	**2**	**(1)**

	31.12.22											
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	1	96	68	0.09	0.6	13		2	3	–	–
0.00 to <0.10	38	1	96	39	0.06	0.4	14		1	3	–	–
0.10 to <0.15	29	–	–	29	0.13	0.2	13		1	3	–	–
0.15 to <0.25	64	12	64	71	0.20	0.3	7		2	3	–	–
0.25 to <0.50	55	2	67	56	0.37	0.4	3		1	2	–	–
0.50 to <0.75	38	3	34	39	0.62	0.3	3		1	3	–	–
0.75 to <2.50	125	20	67	138	1.34	0.7	5		9	7	–	–
0.75 to <1.75	107	18	69	119	1.22	0.6	6		8	7	–	–
1.75 to <2.5	18	2	53	19	2.09	0.1	3		1	5	–	–
2.50 to <10.00	64	26	35	73	4.64	0.3	7		7	10	–	–
2.5 to <5	34	23	34	42	3.35	0.2	4		3	7	–	–
5 to <10	30	3	44	31	6.37	0.1	9		4	13	–	–
10.00 to <100.00	30	4	67	32	19.57	0.1	5		4	13	–	–
10 to <20	23	3	85	25	13.47	–	4		2	8	–	–
20 to <30	4	–	25	4	24.55	–	7		1	25	–	–
30.00 to <100.00	3	1	18	3	60.35	–	11		1	33	–	–
100.00 (Default)	3	1	63	4	100.00	–	10		4	100	1	(1)
Total	446	69	53	481	3.39	2.7	7		30	6	1	(1)

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 – secured by real estate property Non SME (UK CR6)

	30.06.23											
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	62,738	2,788	100	65,528	0.06	241.0	13		2,717	4	6	(1)
0.00 to <0.10	55,989	1,515	100	57,507	0.06	219.2	13		2,202	4	4	(1)
0.10 to <0.15	6,749	1,273	100	8,022	0.12	21.7	15		515	6	1	–
0.15 to <0.25	4,899	742	100	5,640	0.19	23.3	14		490	9	2	–
0.25 to <0.50	2,744	304	100	3,048	0.35	15.7	17		390	13	2	–
0.50 to <0.75	2,580	148	100	2,729	0.61	23.8	20		553	20	3	–
0.75 to <2.50	1,707	108	100	1,814	1.32	13.2	16		515	28	4	–
0.75 to <1.75	1,339	62	100	1,401	1.10	10.4	16		345	25	2	–
1.75 to <2.5	367	45	100	413	2.08	2.8	15		171	41	1	–
2.50 to <10.00	330	2	100	332	4.72	3.9	14		176	53	2	(1)
2.5 to <5	220	2	100	222	3.58	2.5	14		108	49	1	–
5 to <10	109	1	100	110	7.02	1.3	14		67	61	1	–
10.00 to <100.00	187	2	100	190	33.81	2.3	15		155	82	9	(4)
10 to <20	77	2	100	79	13.91	1.1	15		71	90	2	(1)
20 to <30	17	–	100	17	24.03	0.2	15		20	118	1	–
30.00 to <100.00	93	–	100	94	52.43	0.9	14		64	68	7	(2)
100.00 (Default)	239	1	100	240	100.00	2.7	23		304	127	34	(30)
Total	75,424	4,095	100	79,521	0.53	325.9	14		5,300	7	62	(36)

	31.12.22											
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	65,418	2,428	100	67,848	0.06	258.4	14		2,796	4	6	(1)
0.00 to <0.10	58,089	1,409	100	59,500	0.06	235.6	13		2,249	4	4	(1)
0.10 to <0.15	7,329	1,019	100	8,348	0.12	22.8	16		547	7	2	–
0.15 to <0.25	5,221	610	100	5,830	0.19	21.4	15		527	9	2	–
0.25 to <0.50	2,687	254	100	2,941	0.34	14.2	18		387	13	2	–
0.50 to <0.75	2,571	139	100	2,710	0.61	22.6	18		519	19	3	(1)
0.75 to <2.50	1,607	110	100	1,716	1.32	11.6	16		480	28	4	–
0.75 to <1.75	1,263	70	100	1,332	1.09	9.2	16		318	24	3	–
1.75 to <2.5	344	40	100	384	2.09	2.3	16		162	42	1	–
2.50 to <10.00	314	2	100	316	4.65	3.6	15		176	56	2	–
2.5 to <5	216	1	100	217	3.54	2.4	15		109	50	1	–
5 to <10	98	1	100	99	7.07	1.3	15		67	68	1	–
10.00 to <100.00	189	2	100	191	32.46	2.3	15		165	86	10	(4)
10 to <20	80	1	100	81	13.36	1.2	16		76	94	2	(1)
20 to <30	18	–	100	18	23.53	0.2	17		24	133	1	(1)
30.00 to <100.00	91	1	100	92	51.21	0.9	14		65	71	7	(2)
100.00 (Default)	227	2	100	229	100.00	2.7	25		286	125	37	(34)
Total	78,234	3,547	100	81,781	0.50	336.8	14		5,336	7	66	(40)

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

	30.06.23											
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	856	14,897	46	7,774	0.07	1,001.7	85		321	4	5	(7)
0.00 to <0.10	517	11,680	46	5,895	0.06	806.1	85		205	3	3	(5)
0.10 to <0.15	339	3,216	48	1,879	0.11	195.6	87		116	6	2	(2)
0.15 to <0.25	121	2,337	37	994	0.21	257.9	73		84	8	1	(2)
0.25 to <0.50	320	2,712	45	1,551	0.32	486.2	83		220	14	4	(4)
0.50 to <0.75	411	3,652	47	2,124	0.67	298.3	88		565	27	12	(6)
0.75 to <2.50	512	2,327	41	1,470	1.47	431.0	82		697	47	18	(9)
0.75 to <1.75	403	1,978	42	1,237	1.36	339.0	83		560	45	14	(7)
1.75 to <2.5	109	349	35	232	2.11	92.0	76		137	59	4	(2)
2.50 to <10.00	657	1,266	42	1,194	4.80	430.6	80		1,313	110	46	(21)
2.5 to <5	362	964	41	752	3.35	313.1	80		679	90	20	(10)
5 to <10	295	303	48	442	7.26	117.5	82		634	143	26	(11)
10.00 to <100.00	179	152	45	247	28.33	113.6	81		590	239	57	(18)
10 to <20	104	87	47	145	13.57	53.6	80		341	235	16	(6)
20 to <30	23	23	45	33	23.70	17.2	80		92	279	6	(2)
30.00 to <100.00	51	42	42	69	61.69	42.8	81		157	228	35	(10)
100.00 (Default)	98	1	–	98	100.00	31.5	66		268	273	43	(19)
Total	**3,154**	**27,344**	**45**	**15,452**	**1.25**	**3,050.8**	**83**		**4,058**	**26**	**186**	**(86)**

	31.12.22											
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	871	15,078	47	7,974	0.07	1,069.2	85		327	4	5	(6)
0.00 to <0.10	535	11,766	47	6,050	0.06	862.3	84		208	3	3	(4)
0.10 to <0.15	336	3,312	48	1,924	0.11	206.9	87		119	6	2	(2)
0.15 to <0.25	136	2,427	38	1,067	0.21	282.3	73		90	8	2	(5)
0.25 to <0.50	320	2,701	46	1,553	0.32	605.4	82		220	14	4	(4)
0.50 to <0.75	399	3,551	47	2,059	0.67	305.8	87		545	26	12	(5)
0.75 to <2.50	523	2,458	41	1,535	1.49	432.5	82		731	48	19	(10)
0.75 to <1.75	404	2,055	42	1,269	1.35	341.1	83		573	45	15	(8)
1.75 to <2.5	119	403	36	266	2.12	91.4	77		158	59	4	(2)
2.50 to <10.00	678	1,647	42	1,377	5.17	546.7	81		1,580	115	58	(26)
2.5 to <5	357	1,102	40	792	3.40	407.0	80		719	91	21	(15)
5 to <10	321	545	48	585	7.56	139.7	83		861	147	37	(11)
10.00 to <100.00	187	233	45	292	28.90	119.3	82		696	238	70	(17)
10 to <20	104	116	46	159	13.42	63.1	81		366	230	18	(5)
20 to <30	29	40	44	46	23.39	20.2	82		125	272	9	(3)
30.00 to <100.00	54	77	44	87	59.91	35.9	83		205	236	43	(9)
100.00 (Default)	108	1	–	108	100.00	26.9	66		301	279	48	(21)
Total	3,222	28,096	45	15,965	1.43	3,388.1	83		4,490	28	218	(94)

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

	30.06.23											
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	17	13	10	15	0.09	0.9	72		2	13	–	–
0.00 to <0.10	10	8	12	9	0.07	0.6	70		1	11	–	–
0.10 to <0.15	7	5	7	6	0.12	0.3	76		1	17	–	–
0.15 to <0.25	101	236	9	117	0.20	1.4	43		16	14	–	–
0.25 to <0.50	136	170	2	118	0.38	2.3	46		27	23	–	–
0.50 to <0.75	177	183	3	156	0.62	2.5	45		61	39	–	–
0.75 to <2.50	738	779	4	693	1.49	9.3	56		387	56	6	(2)
0.75 to <1.75	543	583	4	510	1.29	6.9	55		279	55	4	(1)
1.75 to <2.5	195	196	3	183	2.04	2.4	57		109	60	2	(1)
2.50 to <10.00	572	567	5	552	4.84	6.9	54		370	67	14	(3)
2.5 to <5	359	320	5	345	3.62	4.1	55		233	68	7	(1)
5 to <10	213	247	4	206	6.88	2.8	53		136	66	8	–
10.00 to <100.00	155	183	7	156	22.19	2.4	53		161	103	19	(3)
10 to <20	121	143	8	123	12.62	1.8	51		128	104	8	(1)
20 to <30	6	9	–	5	25.25	0.1	68		7	140	1	–
30.00 to <100.00	28	31	5	28	64.12	0.4	59		27	96	10	(2)
100.00 (Default)	97	118	9	105	100.00	1.3	58		168	160	54	(66)
Total	1,993	2,249	5	1,912	8.77	27.0	53		1,192	62	93	(74)

	31.12.22											
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	20	17	8	16	0.08	1.3	72		2	13	–	–
0.00 to <0.10	12	12	9	11	0.06	0.9	71		1	9	–	–
0.10 to <0.15	8	5	5	5	0.12	0.4	74		1	20	–	–
0.15 to <0.25	136	262	11	155	0.20	1.8	40		20	13	–	(2)
0.25 to <0.50	178	194	2	154	0.38	2.7	46		34	22	–	–
0.50 to <0.75	213	228	3	190	0.62	2.9	46		71	37	1	–
0.75 to <2.50	695	695	3	637	1.46	9.5	59		374	59	6	(2)
0.75 to <1.75	519	555	3	476	1.26	7.0	58		269	57	4	(1)
1.75 to <2.5	176	140	4	161	2.07	2.5	62		105	65	2	(1)
2.50 to <10.00	571	587	6	555	4.83	7.5	55		377	68	15	(3)
2.5 to <5	360	342	7	348	3.57	4.6	55		238	68	7	(2)
5 to <10	211	245	5	207	6.95	2.9	54		139	67	8	(1)
10.00 to <100.00	155	190	8	155	21.86	2.3	53		161	104	19	(3)
10 to <20	121	164	9	124	12.72	1.8	51		129	104	8	(1)
20 to <30	7	8	2	6	24.91	0.1	69		8	133	1	–
30.00 to <100.00	27	18	3	25	65.69	0.3	60		24	96	10	(2)
100.00 (Default)	130	120	7	137	100.00	1.2	57		148	108	107	(106)
Total	2,098	2,293	5	1,999	9.26	29.2	53		1,187	59	148	(116)

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

	30.06.23											
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	282	2,225	65	1,720	0.06	63.7	78		231	13	1	(4)
0.00 to <0.10	220	1,837	66	1,435	0.05	55.4	78		166	12	1	(3)
0.10 to <0.15	62	388	58	285	0.11	8.3	80		65	23	–	–
0.15 to <0.25	242	702	55	626	0.17	40.3	78		189	30	1	(1)
0.25 to <0.50	1,319	806	60	1,800	0.34	68.9	75		824	46	5	(6)
0.50 to <0.75	905	593	52	1,213	0.67	49.6	74		804	66	6	(6)
0.75 to <2.50	3,304	887	43	3,684	1.46	219.2	65		2,954	80	36	(29)
0.75 to <1.75	2,596	756	45	2,936	1.28	138.4	61		2,098	71	22	(20)
1.75 to <2.5	708	131	31	749	2.18	80.7	82		856	114	13	(9)
2.50 to <10.00	4,126	940	67	4,755	4.44	277.8	65		4,692	99	124	(56)
2.5 to <5	3,018	822	69	3,586	3.44	207.6	68		3,621	101	77	(34)
5 to <10	1,108	118	52	1,169	7.52	70.2	56		1,072	92	47	(21)
10.00 to <100.00	675	86	55	722	24.20	76.7	73		1,091	151	124	(46)
10 to <20	440	64	62	479	13.60	43.0	75		718	150	49	(19)
20 to <30	96	9	47	101	23.34	12.8	65		164	162	16	(6)
30.00 to <100.00	138	13	29	142	60.56	20.9	70		208	146	59	(21)
100.00 (Default)	146	1	77	147	100.00	20.2	67		262	178	78	(42)
Total	**10,999**	**6,240**	**59**	**14,667**	**3.70**	**816.4**	**70**		**11,047**	**75**	**375**	**(190)**

	31.12.22											
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	403	2,373	67	1,996	0.06	69.0	78		268	13	1	(2)
0.00 to <0.10	334	1,961	69	1,684	0.05	59.0	78		197	12	1	(2)
0.10 to <0.15	69	412	59	312	0.11	10.0	80		71	23	–	–
0.15 to <0.25	282	732	55	687	0.17	39.3	79		209	30	1	(2)
0.25 to <0.50	1,515	788	59	1,982	0.34	75.2	75		896	45	5	(6)
0.50 to <0.75	914	576	52	1,215	0.67	51.8	75		808	67	6	(5)
0.75 to <2.50	3,753	913	43	4,144	1.44	215.1	59		3,003	72	36	(28)
0.75 to <1.75	3,089	784	44	3,435	1.29	142.1	55		2,201	64	23	(20)
1.75 to <2.5	664	129	35	709	2.18	73.0	81		802	113	13	(8)
2.50 to <10.00	4,766	950	68	5,414	4.59	278.0	59		4,927	91	133	(55)
2.5 to <5	3,366	808	71	3,937	3.50	199.5	64		3,742	95	80	(39)
5 to <10	1,400	142	54	1,477	7.50	78.5	49		1,185	80	53	(16)
10.00 to <100.00	636	85	55	683	25.03	77.4	72		1,023	150	120	(37)
10 to <20	403	60	62	440	13.55	42.7	74		654	149	45	(14)
20 to <30	92	10	51	97	23.31	12.9	65		157	162	15	(5)
30.00 to <100.00	141	15	33	146	60.72	21.8	69		212	145	60	(18)
100.00 (Default)	148	1	58	148	100.00	20.5	67		275	186	77	(38)
Total	12,417	6,418	60	16,269	3.61	826.3	67		11,409	70	379	(173)

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 44 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 44: CRM techniques overview: Disclosure of the use of credit risk mitigation techniques (UK CR3)

		30.06.23				
		Exposures unsecured $million	**Exposures secured $million**	**of which secured by collateral $million**	**of which secured by financial guarantees $million**	**of which secured by credit derivatives $million**
1	Total loans	**365,665**	**126,005**	**118,752**	**7,252**	**–**
2	Total debt securities	**162,381**	**223**	**223**	**–**	
3	**Total exposures**	**528,046**	**126,227**	**118,975**	**7,252**	**–**
4	Of which non-performing exposures	**1,912**	**1,447**	**1,303**	**144**	**–**
5	Of which defaulted	**1,912**	**1,447**			

		31.12.22				
		Exposures unsecured $million	Exposures secured $million	of which secured by collateral $million	of which secured by financial guarantees $million	of which secured by credit derivatives $million
1	Total loans	325,777	147,197	138,742	8,455	–
2	Total debt securities	172,712	406	321	85	
3	**Total exposures**	498,489	147,603	139,064	8,540	–
4	Of which non-performing exposures	2,123	1,410	1,323	87	–
5	Of which defaulted	–	–			

3.3 Credit risk mitigation continued

Table 45 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 45: Standardised approach – Credit risk exposure and CRM effects (UK CR4)

		30.06.23					
		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	**24,557**	**57,763**	**26,722**	**950**	**2,149**	**8%**
2	Multilateral development banks	**19,012**	**12,651**	**21,104**	**105**	**–**	**–**
6	Institutions	**198**	**958**	**311**	**40**	**117**	**33%**
7	Corporates	**17,843**	**31,125**	**10,954**	**852**	**8,379**	**71%**
8	Retail	**12,996**	**17,590**	**9,717**	**922**	**7,500**	**70%**
9	Secured on real estate property	**7,763**	**533**	**7,763**	**220**	**3,628**	**45%**
10	Exposures in default	**208**	**31**	**208**	**17**	**225**	**100%**
11	Items belonging to regulatory high risk categories	**1,258**	**697**	**1,204**	**103**	**1,961**	**150%**
15	Equity	**1,636**	**–**	**1,636**	**–**	**4,089**	**250%**
16	Other items[2]	**16,281**	**6,783**	**16,558**	**662**	**9,260**	**54%**
17	**Total Standardised[3]**	**101,752**	**128,131**	**96,177**	**3,871**	**37,308**	**37%**
		31.12.22					
		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	30,216	54,854	32,609	720	2,275	7
4	Multilateral development banks	20,801	12,140	22,377	115	–	–
6	Institutions	49	1,006	302	45	73	21
7	Corporates	16,798	33,449	10,840	996	8,549	72
8	Retail	12,368	14,977	9,812	811	7,440	70
9	Secured on real estate property	7,532	486	7,531	206	3,615	47
10	Exposures in default	218	33	214	18	232	100
11	Items belonging to regulatory high risk categories	1,058	750	976	108	1,627	150
15	Equity	1,552	–	1,552	–	3,880	250
16	Other items[2]	17,015	5,976	17,268	262	9,241	53
17	**Total Standardised**	107,607	123,671	103,481	3,281	36,932	35

1. EAD before the effect of collateral and substitution.
2. Other items include public sector entities.
3. Refer to table 15 (UK OV1): Standardised approach $31,342 million and amount below threshold for deduction $5,966 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 decreased by $6.7 billion.

- Central governments or central banks EAD decreased $5.7 billion driven by decreases in the Europe and Americas region
- Multilateral development banks EAD decreased $1.3 billion driven by decreases in the Europe and Americas region

Table 46: Standardised approach (UK CR5)

		30.06.23													
		Risk Weight													
		0%	2%	4%	20%	35%	50%	75%	100%	150%	250%	Others	Deduc-ted	Total	Of which unrated
	Standardised Exposure Class														
1	Central governments or central banks	**26,603**	**–**	**–**	**13**	**–**	**71**	**–**	**233**	**–**	**751**	**–**	**–**	**27,672**	**–**
3	Public sector entities	**5,864**	**–**	**–**	**38**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**5,902**	**–**
4	Multilateral development banks	**21,210**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**21,09**	**–**
6	Institutions	**–**	**–**	**–**	**195**	**–**	**156**	**–**	**–**	**–**	**–**	**–**	**–**	**351**	**5**
7	Corporates	**–**	**–**	**–**	**3,620**	**141**	**272**	**–**	**7,775**	**–**	**–**	**–**	**–**	**11,806**	**7,766**
8	Retail	**–**	**–**	**–**	**–**	**–**	**–**	**10,639**	**–**	**–**	**–**	**–**	**–**	**10,639**	**10,639**
9	Secured on real estate property	**–**	**–**	**–**	**–**	**6,461**	**–**	**–**	**1,522**	**–**	**–**	**–**	**–**	**7,983**	**7,983**
10	Exposures in default	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**225**	**–**	**–**	**–**	**–**	**225**	**225**
11	Items belonging to regulatory high risk categories	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,308**	**–**	**–**	**–**	**1,307**	**1,025**
15	Equity	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,636**	**–**	**–**	**1,636**	**1,636**
16	Other items[1]	**1,309**	**–**	**–**	**132**	**–**	**–**	**–**	**7,926**	**–**	**–**	**1,952**	**–**	**11,318**	**4,611**
17	**Total Standardised**	**54,986**	**–**	**–**	**3,998**	**6,602**	**499**	**10,639**	**17,681**	**1,308**	**2,387**	**1,952**	**–**	**100,048**	**33,890**

		31.12.22													
		Risk Weight													
		0%	2%	4%	20%	35%	50%	75%	100%	150%	250%	Others	Deduc-ted	Total	Of which unrated
	Standardised Exposure Class														
1	Central governments or central banks	32,075	–	–	128	–	100	–	237	9	780	–	–	33,329	–
3	Public sector entities	6,093	–	–	62	–	–	–	–	–	–	–	–	6,155	–
4	Multilateral development banks	22,492	–	–	–	–	–	–	–	–	–	–	–	22,492	–
6	Institutions	–	–	–	335	–	12	–	–	–	–	–	–	347	–
7	Corporates	–	–	–	3,238	178	510	–	7,910	–	–	–	–	11,836	7,902
8	Retail	–	–	–	–	–	–	10,623	–	–	–	–	–	10,623	10,623
9	Secured on real estate property	–	–	–	–	6,185	–	–	1,552	–	–	–	–	7,737	7,737
10	Exposures in default	–	–	–	–	–	–	–	232	–	–	–	–	232	232
11	Items belonging to regulatory high risk categories	–	–	–	–	–	–	–	–	1,084	–	–	–	1,084	886
15	Equity	–	–	–	–	–	–	–	–	–	1,552	–	–	1,552	1,552
16	Other items[1]	1,822	–	–	111	–	–	–	8,759	–	–	683	–	11,375	3,922
17	**Total Standardised**	62,482	–	–	3,874	6,363	622	10,623	18,690	1,093	2,332	683	–	106,762	32,854

1. Other items include cash, fixed assets, prepayments and accrued income

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

		30.06.23														
		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic			Traditional				Traditional			
		STS		Non-STS				Sub-total								
			of which SRT		of which SRT			of which SRT		STS	Synthetic	Sub-total Non-STS	STS	Non-STS	Synthetic	Sub-total
		$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million
1	**Total exposures**	**–**	**–**	**–**	**–**	**16,026**	**–**	**16,026**	**–**	**–**	**–**	**–**	**369**	**17,358**	**–**	**17,727**
2	Retail (total)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**359**	**7,491**	**–**	**7,849**
3	residential mortgage	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**330**	**6,275**	**–**	**6,606**
4	credit card	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**29**	**411**	**–**	**440**
5	other retail exposures	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**804**	**–**	**804**
6	re-securitisation	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
7	Wholesale (total)	**–**	**–**	**–**	**–**	**16,026**	**–**	**16,026**	**–**	**–**	**–**	**–**	**10**	**9,867**	**–**	**9,877**
8	loans to corporates	**–**	**–**	**–**	**–**	**13,477**	**–**	**13,477**	**–**	**–**	**–**	**–**	**10**	**8,663**	**–**	**8,673**
9	commercial mortgage	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**185**	**–**	**185**
10	lease and receivables	**–**	**–**	**–**	**–**	**2,549**	**–**	**2,549**	**–**	**–**	**–**	**–**	**–**	**1,019**	**–**	**1,019**
11	other wholesale	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
12	re-securitisation	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

		31.12.22														
		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic			Traditional				Traditional			
		STS		Non-STS				Sub-total								
			of which SRT		of which SRT			of which SRT		STS	Synthetic	Sub-total Non-STS	STS	Non-STS	Synthetic	Sub-total
		$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million
1	**Total exposures**	–	–	–	–	17,069	–	17,069	–	–	–	–	536	18,622	–	19,157
2	Retail (total)	–	–	–	–	–	–	–	–	–	–	–	514	8,472	–	8,987
3	residential mortgage	–	–	–	–	–	–	–	–	–	–	–	514	7,100	–	7,614
4	credit card	–	–	–	–	–	–	–	–	–	–	–	–	552	–	552
5	other retail exposures	–	–	–	–	–	–	–	–	–	–	–	–	820	–	820
6	re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	Wholesale (total)	–	–	–	–	17,069	–	17,069	–	–	–	–	21	10,149	–	10,171
8	loans to corporates	–	–	–	–	13,478	–	13,478	–	–	–	–	21	8,799	–	8,821
9	commercial mortgage	–	–	–	–	–	–	–	–	–	–	–	–	314	–	314
10	lease and receivables	–	–	–	–	3,590	–	3,590	–	–	–	–	–	1,026	–	1,026
11	other wholesale	–	–	–	–	–	–	–	–	–	–	–	–	10	–	10
12	re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

3.5 Securitisation continued

Table 48: Securitisation exposures in the trading book (UK-SEC2)

	30.06.23											
	Institution acts as originator				Institution acts as sponsor				Institution acts as investor			
	Traditional				Traditional				Traditional			
	STS $ million	Non-STS $ million	Synthetic $ million	Sub-total $ million	STS $ million	Non-STS $ million	Synthetic $ million	Sub-total $ million	STS $ million	Non-STS $ million	Synthetic $ million	Sub-total $ million
1 Total exposures	–	–	–	–	–	–	–	–	–	**441**	–	**441**
2 Retail (total)	–	–	–	–	–	–	–	–	–	**254**	–	**254**
3 residential mortgage	–	–	–	–	–	–	–	–	–	**200**	–	**200**
4 credit card	–	–	–	–	–	–	–	–	–	–	–	–
5 other retail exposures	–	–	–	–	–	–	–	–	–	**54**	–	**54**
6 re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–
7 Wholesale (total)	–	–	–	–	–	–	–	–	–	**187**	–	**187**
8 loans to corporates	–	–	–	–	–	–	–	–	–	**98**	–	**98**
9 commercial mortgage	–	–	–	–	–	–	–	–	–	**6**	–	**6**
10 lease and receivables	–	–	–	–	–	–	–	–	–	**83**	–	**83**
11 other wholesale	–	–	–	–	–	–	–	–	–	–	–	–
12 re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–

	31.12.22											
	Institution acts as originator				Institution acts as sponsor				Institution acts as investor			
	Traditional				Traditional				Traditional			
	STS $ million	Non-STS $ million	Synthetic $ million	Sub-total $ million	STS $ million	Non-STS $ million	Synthetic $ million	Sub-total $ million	STS $ million	Non-STS $ million	Synthetic $ million	Sub-total $ million
1 Total exposures	–	–	–	–	–	–	–	–	10	629	–	639
2 Retail (total)	–	–	–	–	–	–	–	–	10	553	–	563
3 residential mortgage	–	–	–	–	–	–	–	–	10	541	–	551
4 credit card	–	–	–	–	–	–	–	–	–	–	–	–
5 other retail exposures	–	–	–	–	–	–	–	–	–	12	–	12
6 re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–
7 Wholesale (total)	–	–	–	–	–	–	–	–	–	76	–	76
8 loans to corporates	–	–	–	–	–	–	–	–	–	35	–	35
9 commercial mortgage	–	–	–	–	–	–	–	–	–	24	–	24
10 lease and receivables	–	–	–	–	–	–	–	–	–	17	–	17
11 other wholesale	–	–	–	–	–	–	–	–	–	–	–	–
12 re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–

3.5 Securitisation continued

Table 49: Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as originator or as sponsor (UK-SEC3)

		30.06.23																
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
		≤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% RW/ deductions $ million	SEC-IRBA $ million	SEC-ERBA (including IAA) $ million	SEC-SA $ million	1250% RW/ deductions $ million	SEC-IRBA $ million	SEC-ERBA (including IAA) $ million	SEC-SA $ million	1250% RW/ deductions $ million
1	**Total exposures**	**16,026**	**–**	**–**	**–**	**–**	**16,026**	**–**	**–**	**–**	**2,792**	**–**	**–**	**–**	**447**	**–**	**–**	**–**
2	Traditional transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
3	Securitisation	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
4	Retail underlying	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
5	Of which STS	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
6	Wholesale	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
7	Of which STS	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
8	Re-securitisation	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
9	Synthetic transactions	**16,026**	**–**	**–**	**–**	**–**	**16,026**	**–**	**–**	**–**	**2,792**	**–**	**–**	**–**	**447**	**–**	**–**	**–**
10	Securitisation	**16,026**	**–**	**–**	**–**	**–**	**16,026**	**–**	**–**	**–**	**2,792**	**–**	**–**	**–**	**447**	**–**	**–**	**–**
11	Retail underlying	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
12	Wholesale	**16,026**	**–**	**–**	**–**	**–**	**16,026**	**–**	**–**	**–**	**2,792**	**–**	**–**	**–**	**447**	**–**	**–**	**–**
13	Re-securitisation	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

		31.12.22																
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
		≤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% RW/ deductions $ million	SEC-IRBA $ million	SEC-ERBA (including IAA) $ million	SEC-SA $ million	1250% RW/ deductions $ million	SEC-IRBA $ million	SEC-ERBA (including IAA) $ million	SEC-SA $ million	1250% RW/ deductions $ million
1	**Total exposures**	17,069	–	–	–	–	17,069	–	–	–	2,951	–	–	–	236	–	–	–
2	Traditional transactions	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Retail underlying	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Of which STS	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	Of which STS	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	Re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Synthetic transactions	17,069	–	–	–	–	17,069	–	–	–	2,951	–	–	–	236	–	–	–
10	Securitisation	17,069	–	–	–	–	17,069	–	–	–	2,951	–	–	–	236	–	–	–
11	Retail underlying	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12	Wholesale	17,069	–	–	–	–	17,069	–	–	–	2,951	–	–	–	236	–	–	–
13	Re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

3.5 Securitisation continued

Table 50: Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as investor (UK-SEC4)

	30.06.23																
	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
	≤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% RW/ deductions $ million	SEC-IRBA $ million	SEC-ERBA (including IAA) $ million	SEC-SA $ million	1250% RW/ deductions $ million	SEC-IRBA $ million	SEC-ERBA (including IAA) $ million	SEC-SA $ million	1250% RW/ deductions $ million
1 Total exposures	**10,585**	**6,912**	**138**	**92**	**–**	**–**	**16,244**	**1,483**	**–**	**–**	**3,264**	**275**	**–**	**–**	**261**	**22**	**–**
2 Traditional securitisation	**10,585**	**6,912**	**138**	**92**	**–**	**–**	**16,244**	**1,483**	**–**	**–**	**3,264**	**275**	**–**	**–**	**261**	**22**	**–**
3 Securitisation	**10,585**	**6,912**	**138**	**92**	**–**	**–**	**16,244**	**1,483**	**–**	**–**	**3,264**	**275**	**–**	**–**	**261**	**22**	**–**
4 Retail underlying	**6,394**	**1,357**	**13**	**–**	**–**	**–**	**6,499**	**1,264**	**–**	**–**	**1,210**	**196**	**–**	**–**	**97**	**16**	**–**
5 Of which STS	**340**	**–**	**–**	**–**	**–**	**–**	**330**	**–**	**–**	**–**	**33**	**–**	**–**	**–**	**33**	**–**	**–**
6 Wholesale	**4,191**	**5,555**	**125**	**92**	**–**	**–**	**9,745**	**218**	**–**	**–**	**2,054**	**79**	**–**	**–**	**164**	**6**	**–**
7 Of which STS	**10**	**–**	**–**	**–**	**–**	**–**	**10**	**–**	**–**	**–**	**1**	**–**	**–**	**–**	**1**	**–**	**–**
8 Re-securitisation	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
9 Synthetic securitisation	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
10 Securitisation	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
11 Retail underlying	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
12 Wholesale	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
13 Re-securitisation	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

	31.12.22																
	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
	≤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% RW/ deductions $ million	SEC-IRBA $ million	SEC-ERBA (including IAA) $ million	SEC-SA $ million	1250% RW/ deductions $ million	SEC-IRBA $ million	SEC-ERBA (including IAA) $ million	SEC-SA $ million	1250% RW/ deductions $ million
1 Total exposures	9,917	8,910	217	113	–	–	17,515	1,643	–	–	3,550	303	–	–	284	24	–
2 Traditional securitisation	9,917	8,910	217	113	–	–	17,515	1,643	–	–	3,550	303	–	–	284	24	–
3 Securitisation	9,917	8,910	217	113	–	–	17,515	1,643	–	–	3,550	303	–	–	284	24	–
4 Retail underlying	5,315	3,656	16	–	–	–	7,568	1,419	–	–	1,423	213	–	–	114	17	–
5 Of which STS	514	–	–	–	–	–	514	–	–	–	51	–	–	–	51	–	–
6 Wholesale	4,602	5,254	202	113	–	–	9,947	223	–	–	2,127	91	–	–	170	7	–
7 Of which STS	21	–	–	–	–	–	21	–	–	–	2	–	–	–	2	–	–
8 Re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9 Synthetic securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10 Securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11 Retail underlying	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12 Wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		–
13 Re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

3.5 Securitisation continued

Table 51: Exposures securitised by the institution – Exposures in default and specific credit risk adjustments (UK-SEC5)

		30.06.23		
		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**	**12,433**	**70**	**–**
2	Retail (total)	**–**	**–**	**–**
3	residential mortgage	**–**	**–**	**–**
4	credit card	**–**	**–**	**–**
5	other retail exposures	**–**	**–**	**–**
6	re-securitisation	**–**	**–**	**–**
7	Wholesale (total)	**12,433**	**70**	**–**
8	loans to corporates	**9,883**	**58**	**–**
9	commercial mortgage	**62**	**–**	**–**
10	lease and receivables	**2,489**	**12**	**–**
11	other wholesale	**–**	**–**	**–**
12	re-securitisation	**–**	**–**	**–**

		31.12.22		
		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**	17,145	48	–
2	Retail (total)	–	–	–
3	residential mortgage	–	–	–
4	credit card	–	–	–
5	other retail exposures	–	–	–
6	re-securitisation	–	–	–
7	Wholesale (total)	17,145	48	–
8	loans to corporates	13,478	38	–
9	commercial mortgage	76	–	–
10	lease and receivables	3,590	10	–
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 52: Market risk regulatory capital requirements

Market risk capital requirements for trading book	30.06.23 Risk Weighted Assets $million	30.06.23 Regulatory capital requirement $million	31.12.22 Risk Weighted Assets $million	31.12.22 Regulatory capital requirement $million
Interest rate[1]	**6,960**	**556**	4,580	366
Equity	**10**	**1**	9	1
Options	**38**	**3**	67	5
Commodity[2]	**608**	**49**	397	32
Foreign exchange[2]	**4,592**	**367**	4,529	362
Internal Models Approach[3]	**11,897**	**952**	11,097	888
Total	**24,105**	**1,928**	20,679	1,654

1. Securitisation positions contributed $34 million to the interest rate position risk requirement (PRR) and $431 million to interest rate RWA as at 30 June 2023 (securitised positions contributed $12 million to the interest rate PRR and $152 million to interest rate RWA as at 31 December 2022)
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 53: Market risk under standardised approach (UK MR1)

		30.06.23 Risk Weighted Assets $million	31.12.22 Risk Weighted Assets $million
	Outright products		
1	Interest rate risk (general and specific)	**6,960**	4,580
2	Equity risk (general and specific)	**10**	9
3	Foreign exchange risk	**4,592**	4,529
4	Commodity risk	**608**	397
	Options	**38**	67
5	Simplified approach	**–**	–
6	Delta-plus method	**3**	5
7	Scenario approach	**35**	62
8	Securitisation (specific risk)1	**431**	152
9	**Total**	**12,208**	9,582

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 2022 to June 2023 and the actual position on 30 June 2023. The results reflect only the Group portfolio covered by the internal model approach and are calculated at a 99 per cent confidence level.

Table 54: IMA values for trading portfolios (UK MR3)

		30.06.23 $million	31.12.22 $million
	VaR (10 day 99%)[1]		
1	Maximum value[2]	**69**	63
2	Average value	**45**	45
3	Minimum value[2]	**31**	29
4	Period end[3]	**47**	54
	Stressed VaR (10 day 99%)[1]		
5	Maximum value[2]	**168**	219
6	Average value	**86**	114
7	Minimum value[2]	**51**	57
8	Period end[3]	**90**	119
	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 2023 on page 97
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 55: Market risk under the internal Model Approach (IMA) (UK MR2-A)

		30.06.23		31.12.22	
		RWAs $million	Own funds requirements $million	RWAs $million	Own funds requirements $million
1	**VaR (higher of values a and b)**	**2,155**	**172**	2,126	170
(a)	Previous day's VaR	**583**	**47**	672	54
(b)	Average of the daily VaR	**2,155**	**172**	2,126	170
2	**SVaR (higher of values a and b)**	**4,048**	**324**	4,090	327
(a)	Latest SVaR	**1,124**	**90**	1,486	119
(b)	Average of the SVaR	**4,048**	**324**	4,090	327
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]	**5,694**	**456**	4,881	391
6	**Total**[2,3]	**11,897**	**953**	11,098	889

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 2023 on page 97
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 2023 on page 97

4.1 Market risk continued

Backtesting

In H1 2023, there were three regulatory backtesting negative exceptions at Group level (in H2 2022 there were five and in H1 2022 there were three regulatory backtesting negative exceptions at Group level). Group exceptions occurred on:

- 16 March: After the US authorities put Silicon Valley Bank and Signature Bank into administration there were strong market reactions including notable interest rate yield rises on the 16 March
- 1 June: After announcement of planned potential economic reforms in Nigeria there were sharp movements in the offshore Naira FX market in anticipation of Naira devaluation
- 12 June: After the governor of the Central Bank of Nigeria was removed there were further sharp movements in the offshore Naira FX market

The VaR model is currently being enhanced to increase its responsiveness to abrupt upturns in market volatility.

There have been eight Group exceptions in the previous 250 business days. This 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 56: June 2023 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)

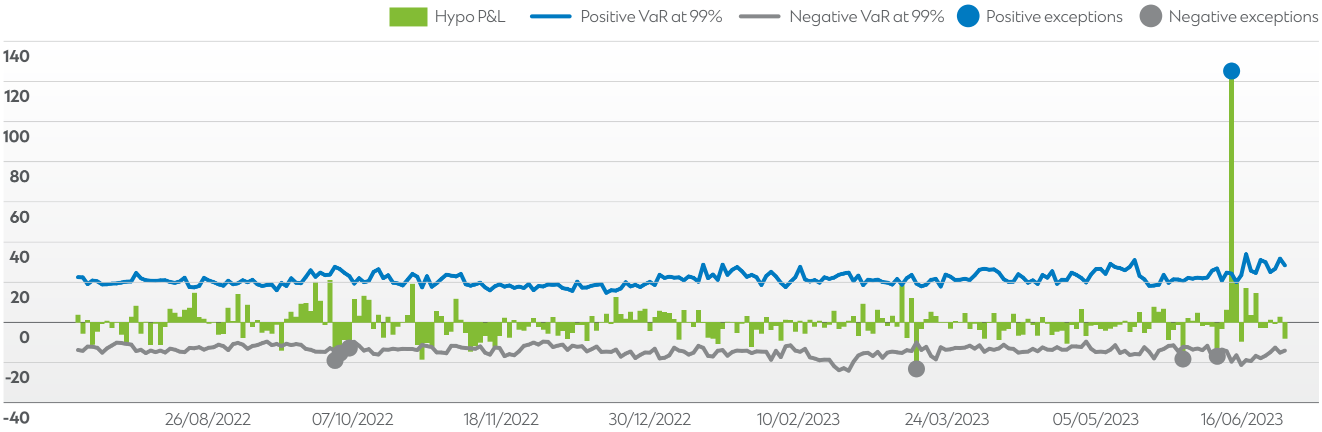
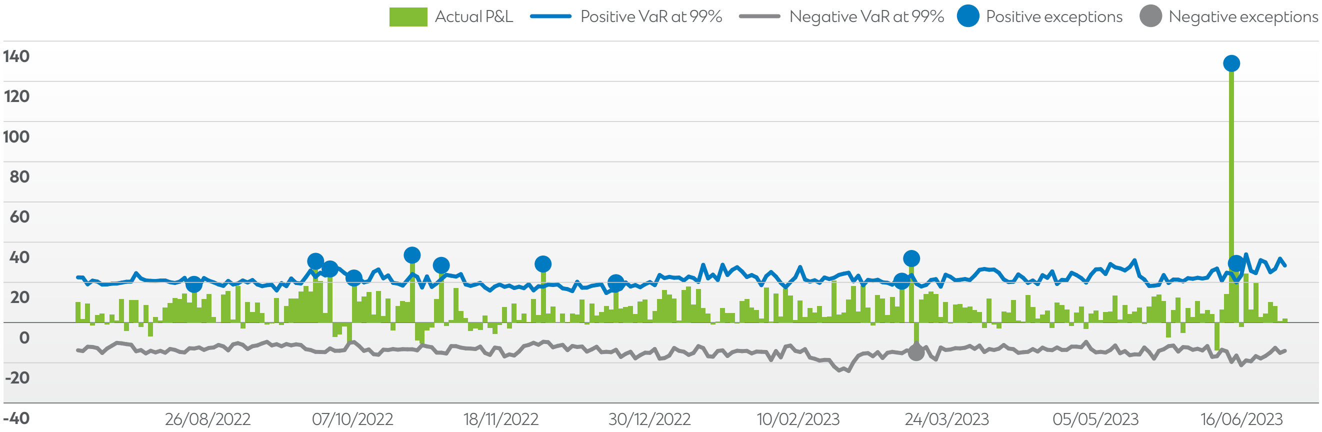


Table 57: June 2023 Comparison of VaR estimates with gains/losses at Group level with actual profit and loss (P&L) versus VaR (99 per cent, one day) (UK MR4)



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 58 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 58: Composition of collateral for CCR exposures (UK CCR5)

		30.06.23					
		Collateral used in derivatives transactions				Collateral used in securities financing transactions (SFTs)	
		Fair value of collateral received		Fair value of collateral posted		Fair value of collateral received $million	Fair value of collateral posted $million
		Segregated $million	Unsegregated $million	Segregated $million	Unsegregated $million		
	Collateral type						
1	Cash	–	9,610	1,313	14,870	41,296	107,928
2	Debt	378	2,007	1,599	1,133	96,298	52,706
3	Equity	–	–	–	–	–	–
4	Other	–	–	–	–	8,314	44,868
5	**Total**	**378**	**11,617**	**2,912**	**16,003**	**145,908**	**205,503**

		31.12.22					
		Collateral used in derivatives transactions				Collateral used in securities financing transactions (SFTs)	
		Fair value of collateral received		Fair value of collateral posted		Fair value of collateral received $million	Fair value of collateral posted $million
		Segregated $million	Unsegregated	Segregated $million	Unsegregated $million		
	Collateral type						
1	Cash	–	10,752	928	15,282	37,833	109,218
2	Debt	273	2,899	3,399	849	92,818	46,270
3	Equity	–	–	–	–	–	–
4	Other	–	–	–	–	4,295	61,826
5	**Total**	273	13,650	4,327	16,132	134,946	217,314

4.2 Counterparty credit risk continued

Table 59: Analysis of CCR exposure by approach (UK CCR1)

		30.06.23							
		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 $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)	**2,634**	**2,608**		**1.4**	**8,428**	**7,122**	**7,121**	**3,961**
2	IMM (for derivatives and SFTs)			**15,187**	**1.6**	**32,015**	**24,282**	**24,280**	**9,777**
2a	Of which securities financing transactions netting sets			**–**		**–**	**–**	**–**	**–**
2b	Of which derivatives and long settlement transactions netting sets			**15,187**		**32,015**	**24,282**	**24,280**	**9,777**
2c	Of which from contractual cross-product netting sets			**–**		**–**	**–**	**–**	**–**
3	Financial collateral simple method (for SFTs)					**–**	**–**	**–**	**–**
4	Financial collateral comprehensive method (for SFTs)					**168,887**	**142,003**	**142,003**	**3,168**
5	VaR for SFTs					**–**	**–**	**–**	**–**
6	**Total**					**209,329**	**173,406**	**173,404**	**16,905**

		31.12.22							
		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 $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)	1,655	2,989		1.4	8,456	6,509	6,509	3,873
2	IMM (for derivatives and SFTs)			14,640	1.6	32,253	23,425	23,423	8,740
2a	Of which securities financing transactions netting sets			–		–	–	–	–
2b	Of which derivatives and long settlement transactions netting sets			14,640		32,253	23,425	23,423	8,740
2c	Of which from contractual cross-product netting sets			–		–	–	–	–
3	Financial collateral simple method (for SFTs)					–	–	–	–
4	Financial collateral comprehensive method (for SFTs)					171,901	147,991	147,991	3,046
5	VaR for SFTs					–	–	–	–
6	**Total**					212,610	177,924	177,922	15,660

4.2 Counterparty credit risk continued

Table 60: Exposures to CCPs (UK CCR8)

		30.06.23		31.12.22	
		Exposure value $million	RWA $million	Exposure value $million	RWA $million
1	**Exposures to QCCPs (total)**		**487**		706
2	Trade exposure	**8,774**	**411**	10,630	645
3	Of which OTC derivatives[1]	**5,528**	**337**	7,883	548
4	Of which exchange-traded derivatives[1]	**1,358**	**37**	1,480	71
5	Of which SFTs	**1,889**	**38**	1,266	25
6	Of which netting sets where cross-product netting has been approved	**–**	**–**	–	–
7	Segregated initial margin	**–**		–	
8	Non-segregated initial margin	**–**	**–**	–	–
9	Prefunded default fund contributions	**453**	**75**	357	61
10	Unfunded default fund contributions	**–**	**–**	–	–
11	**Exposures to QCCPs (total)**		**59**		64
12	Trade exposure	**59**	**59**	64	64
13	Of which OTC derivatives[1]	**34**	**34**	36	36
14	Of which exchange-traded derivatives[1]	**25**	**25**	29	29
15	Of which SFTs	**–**	**–**	–	–
16	Of which netting sets where cross-product netting has been approved	**–**	**–**	–	–
17	Segregated initial margin	**–**		–	
18	Non-segregated initial margin	**–**	**–**	–	–
19	Prefunded default fund contributions	**–**	**–**	–	–
20	Unfunded default fund contributions	**–**	**–**	–	–

1. 2022 has been represented to reflect exchange-traded derivative exposures

Table 61: Credit derivatives exposures (UK CCR6)

		30.06.23		31.12.22	
		Protection bought $million	Protection sold $million	Protection bought $million	Protection sold $million
	Notionals				
1	Single-name credit default swaps	**52,629**	**48,548**	50,087	45,954
2	Index credit default swaps	**83,321**	**78,444**	76,349	72,338
3	Total return swaps	**14,756**	**588**	12,336	288
4	Credit options	**–**	**–**	–	–
5	Other Credit derivatives	**1,467**	**5,301**	180	105
	Total notionals	**152,172**	**132,881**	138,953	118,685
	Fair values				
6	Positive fair value (asset)	**855**	**1,449**	1,046	1,062
7	Negative fair value (liability)	**(1,672)**	**(480)**	(1,252)	(542)

Table 62: Transactions subject to own funds requirements for CVA risk (UK CCR2)

		30.06.23		31.12.22	
		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	**17,303**	**2,386**	17,231	1,879
UK4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	**–**	**–**	–	–
5	**Total transactions subject to own funds requirements for CVA risk**	**17,303**	**2,386**	17,231	1,879

4.2 Counterparty credit risk continued

Table 63 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 63: Standardised approach – CCR exposures by regulatory exposure class and risk weights (UK CCR3)

		30.06.23												
		Risk Weight												
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	Others	Total
	Standardised Exposure Class													
1	Central governments or central banks	**285**	**–**	**–**	**–**	**2**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**287**
4	Multilateral development banks	**380**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**380**
6	Institutions	**–**	**8,455**	**269**	**–**	**12**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**8,736**
7	Corporates	**–**	**–**	**–**	**–**	**179**	**3**	**10**	**–**	**–**	**1,072**	**–**	**–**	**1,264**
8	Retail	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2**	**–**	**–**	**–**	**2**
10a	Secured on real estate property	**–**	**–**	**–**	**–**	**–**	**7**	**–**	**–**	**–**	**–**	**–**	**–**	**7**
10b	Exposures in default	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
10c	Items belonging to regulatory high risk categories	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**–**	**1**
10d	Other items	**130**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**130**
11	**Total Standardised**	**795**	**8,455**	**269**	**–**	**193**	**10**	**10**	**–**	**2**	**1,072**	**1**	**–**	**10,807**

		31.12.22												
		Risk Weight												
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	Others	Total
	Standardised Exposure Class													
1	Central governments or central banks	67	–	–	–	1	–	2	–	–	–	–	–	70
4	Multilateral development banks	597	–	–	–	–	–	–	–	–	–	–	–	597
6	Institutions	–	9,643	918	–	14	–	–	–	–	–	–	–	10,575
7	Corporates	–	–	–	–	284	3	10	–	–	972	–	–	1,269
8	Retail	–	–	–	–	–	–	–	–	3	–	–	–	3
10a	Secured on real estate property	–	–	–	–	–	7	–	–	–	–	–	–	7
10b	Exposures in default	–	–	–	–	–	–	–	–	–	–	–	–	–
10c	Items belonging to regulatory high risk categories	–	–	–	–	–	–	–	–	–	–	2	–	2
10d	Other items	720	–	–	–	–	–	–	–	–	–	–	–	720
11	**Total Standardised**	1,384	9,643	918	–	299	10	12	–	3	972	2	–	13,243

Institutions exposures decreased by $1.8 billion mainly due to a reduction in derivative exposures in the Europe and Americas region.

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 $3.8 billion

- Central government and central bank EAD decreased by $8.3 billion
- Corporates EAD decreased by $6.4 billion
- Institutions EAD increased by $10.9 billion

Table 64: IRB – CCR exposures by exposure class

	30.06.23						
	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	**12,530**	**0.49**	**120**	**15**	**0.43**	**1,057**	**8**
Institutions	**65,508**	**0.40**	**1,389**	**9**	**0.47**	**4,114**	**6**
Corporates	**92,784**	**0.22**	**12,813**	**14**	**0.48**	**10,239**	**11**
Of which specialised lending	**680**	**1.08**	**537**	**48**	**2.01**	**406**	**60**
Of which SME	**248**	**0.40**	**238**	**25**	**1.03**	**56**	**23**
Total IRB	**170,822**	**0.31**	**14,322**	**12**	**0.47**	**15,410**	**9**

	31.12.22						
	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	20,827	2.53	112	28	0.27	1,159	6
Institutions	54,612	0.24	1,381	11	0.51	3,431	6
Corporates	99,141	0.24	12,431	12	0.38	9,744	10
Of which specialised lending	604	2.09	511	49	1.89	396	66
Of which SME	803	0.12	211	3	0.13	18	2
Total IRB	174,580	0.51	13,924	8	0.41	14,334	8

1. Weighted averages are based on EAD
2. Number of obligors is based on number of counterparties

4.2 Counterparty credit risk continued

Table 65: IRB approach – CCR exposures by exposure class and PD scale for central governments or central banks (UK CCR4)

	30.06.23						
PD range %	Exposure value	Average PD[1] %	Number of obligors[2]	Average LGD[1] %	Average maturity[1] years	RWA $million	RWA density[1] %
0.00 to < 0.15	**9,849**	**0.04**	**70**	**15**	**0.26**	**300**	**3**
0.15 to < 0.25	**1,021**	**0.22**	**6**	**12**	**0.65**	**127**	**12**
0.25 to < 0.50	**111**	**0.39**	**2**	**–**	**1.15**	**6**	**6**
0.50 to < 0.75	**1**	**0.52**	**8**	**45**	**1.00**	**–**	**56**
0.75 to < 2.50	**6**	**1.17**	**9**	**45**	**1.00**	**5**	**83**
2.50 to < 10.00	**1,542**	**3.53**	**14**	**15**	**1.35**	**616**	**40**
10.00 to < 100.00	**1**	**29.09**	**7**	**49**	**1.27**	**3**	**245**
100.00 (default)	**–**	**100.00**	**4**	**45**	**1.00**	**–**	**563**
Total	**12,530**	**0.49**	**120**	**15**	**0.43**	**1,057**	**8**

	31.12.22						
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	18,857	0.03	61	28	0.15	360	2
0.15 to < 0.25	682	0.22	5	45	1.18	241	35
0.25 to < 0.50	–	–	2	–	–	–	–
0.50 to < 0.75	1	0.51	7	45	1.00	1	56
0.75 to < 2.50	595	1.92	11	40	2.58	202	34
2.50 to < 10.00	187	3.70	15	44	0.83	224	120
10.00 to < 100.00	5	18.00	7	46	1.09	11	236
100.00 (default)	500	100.00	4	3	0.41	119	24
Total	20,827	2.53	112	28	0.27	1,159	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 66: IRB approach – CCR exposures by exposure class and PD scale for institutions (UK CCR4)

	30.06.23						
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	**45,618**	**0.05**	**725**	**11**	**0.51**	**2,033**	**4**
0.15 to < 0.25	**8,487**	**0.22**	**128**	**5**	**0.35**	**441**	**5**
0.25 to < 0.50	**2,762**	**0.39**	**72**	**4**	**0.71**	**163**	**6**
0.50 to < 0.75	**2,905**	**0.60**	**131**	**6**	**0.28**	**292**	**10**
0.75 to < 2.50	**3,226**	**0.97**	**131**	**7**	**0.33**	**459**	**14**
2.50 to < 10.00	**2,292**	**3.50**	**138**	**5**	**0.38**	**269**	**12**
10.00 to < 100.00	**195**	**29.43**	**43**	**38**	**0.07**	**443**	**227**
100.00 (default)	**22**	**100.00**	**21**	**6**	**0.21**	**13**	**60**
Total	**65,508**	**0.40**	**1,389**	**9**	**0.47**	**4,114**	**6**

	31.12.22						
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	40,877	0.06	711	13	0.54	2,102	5
0.15 to < 0.25	5,245	0.22	136	7	0.60	395	8
0.25 to < 0.50	2,320	0.39	57	3	0.22	79	3
0.50 to < 0.75	3,839	0.64	148	6	0.34	414	11
0.75 to < 2.50	751	1.31	127	6	0.30	94	13
2.50 to < 10.00	1,568	2.69	153	9	0.47	298	19
10.00 to < 100.00	3	18.00	41	46	1.00	7	235
100.00 (default)	9	100.00	8	45	1.00	41	449
Total	54,612	0.24	1,381	11	0.51	3,431	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 67: IRB approach – CCR exposures by exposure class and PD scale for corporates (UK CCR4)

	30.06.23						
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	69,923	0.07	5,841	11	0.43	3,706	5
0.15 to < 0.25	9,989	0.22	4,245	16	0.66	1,646	16
0.25 to < 0.50	3,883	0.39	1,597	22	0.69	1,063	27
0.50 to < 0.75	7,102	0.56	2,077	22	0.50	2,188	31
0.75 to < 2.50	1,517	1.25	1,076	45	0.99	1,338	88
2.50 to < 10.00	205	3.33	1,455	48	1.41	272	133
10.00 to < 100.00	150	27.00	1,254	56	1.31	456	304
100.00 (default)	15	100.00	1,035	63	2.37	33	220
Total	92,784	0.22	12,813	14	0.48	10,239	11

	31.12.22						
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	76,378	0.08	5,949	11	0.32	3,566	5
0.15 to < 0.25	11,283	0.22	4,404	13	0.50	1,382	12
0.25 to < 0.50	3,132	0.39	1,545	1	0.68	901	29
0.50 to < 0.75	6,120	0.53	2,052	20	0.48	1,691	28
0.75 to < 2.50	1,771	1.28	1,086	45	1.14	1,581	89
2.50 to < 10.00	247	3.45	1,428	59	1.39	402	163
10.00 to < 100.00	186	28.48	1,290	58	1.27	580	312
100.00 (default)	24	100.00	1,069	64	2.96	56	233
Total	99,141	0.24	12,431	12	0.38	9,744	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 68: IRB approach – CCR exposures by exposure class and PD scale for corporates – specialised lending (UK CCR4)

	30.06.23						
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	**119**	**0.11**	**116**	**41**	**2.92**	**31**	**26**
0.15 to < 0.25	**135**	**0.22**	**88**	**43**	**2.08**	**51**	**38**
0.25 to < 0.50	**89**	**0.39**	**77**	**54**	**2.22**	**57**	**64**
0.50 to < 0.75	**243**	**0.51**	**119**	**58**	**1.44**	**191**	**79**
0.75 to < 2.50	**64**	**1.39**	**72**	**38**	**1.72**	**51**	**79**
2.50 to < 10.00	**22**	**2.97**	**31**	**24**	**2.80**	**14**	**62**
10.00 to < 100.00	**5**	**31.82**	**6**	**36**	**1.00**	**11**	**199**
100.00 (default)	**2**	**100.00**	**28**	**17**	**4.90**	**–**	**–**
Total	**680**	**1.08**	**537**	**48**	**2.01**	**406**	**60**

	31.12.22						
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	119	0.11	117	48	2.32	32	27
0.15 to < 0.25	92	0.22	76	42	2.25	35	38
0.25 to < 0.50	68	0.35	68	56	1.72	43	63
0.50 to < 0.75	201	0.49	100	57	1.59	163	81
0.75 to < 2.50	70	1.37	72	38	1.57	52	75
2.50 to < 10.00	33	2.83	46	38	2.38	32	98
10.00 to < 100.00	19	33.00	5	36	1.02	36	195
100.00 (default)	3	100.00	27	17	4.72	4	116
Total	604	2.09	511	49	1.89	396	66

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

	30.06.23						
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	**212**	**0.06**	**14**	**19**	**1.03**	**29**	**13**
0.15 to < 0.25	**–**	**0.25**	**29**	**86**	**1.00**	**–**	**51**
0.25 to < 0.50	**2**	**0.39**	**18**	**63**	**1.03**	**1**	**48**
0.50 to < 0.75	**13**	**0.51**	**26**	**59**	**1.13**	**7**	**51**
0.75 to < 2.50	**1**	**1.10**	**53**	**64**	**1.22**	**1**	**80**
2.50 to < 10.00	**19**	**3.51**	**31**	**59**	**1.02**	**19**	**101**
10.00 to < 100.00	**–**	**13.36**	**17**	**70**	**1.00**	**–**	**231**
100.00 (default)	**–**	**100.00**	**50**	**97**	**2.08**	**–**	**–**
Total	**248**	**0.40**	**238**	**25**	**1.03**	**56**	**23**

	31.12.22						
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	785	0.04	8	2	0.11	2	–
0.15 to < 0.25	–	0.22	25	67	1.00	–	38
0.25 to < 0.50	4	0.39	15	64	1.03	2	46
0.50 to < 0.75	–	0.53	19	67	4.06	–	96
0.75 to < 2.50	1	1.38	52	67	1.27	1	91
2.50 to < 10.00	11	3.44	37	58	1.00	11	99
10.00 to < 100.00	–	11.79	12	86	1.00	1	281
100.00 (default)	–	100.00	43	–	2.57	–	–
Total	803	0.12	211	3	0.13	18	2

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 70: Liquidity Coverage Ratio (LCR) (UK LIQ1)

		30.06.23							
		Total unweighted value (average)				Total weighted value (average)			
		30.09.22 $million	31.12.22 $million	31.03.23 $million	30.06.23 $million	30.09.22 $million	31.12.22 $million	31.03.23 $million	30.06.23 $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)**					179,778	178,203	178,289	177,767
	Cash outflows								
2	Retail deposits and deposits from small business customers, of which:	143,567	144,095	145,569	148,432	13,436	13,882	14,555	15,343
3	Stable deposits	38,239	37,709	37,815	38,224	1,912	1,885	1,891	1,911
4	Less stable deposits	105,329	106,386	107,754	110,207	11,524	11,996	12,664	13,432
5	Unsecured wholesale funding, of which:	278,698	274,975	270,811	266,165	125,423	123,977	121,163	118,416
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	128,390	125,837	124,999	122,617	31,934	31,304	31,105	30,544
7	Non-operational deposits (all counterparties)	145,350	143,770	141,179	138,834	88,530	87,306	85,425	83,159
8	Unsecured debt	4,958	5,367	4,633	4,714	4,958	5,367	4,633	4,714
9	Secured wholesale funding					4,954	5,234	4,915	4,844
10	Additional requirements	93,042	94,488	96,031	96,968	29,278	30,174	30,845	30,789
11	Outflows related to derivative exposures and other collateral requirements	13,789	14,839	15,359	15,514	13,765	14,796	15,291	15,397
12	Outflows related to loss of funding on debt products	2	2	2	2	2	2	2	2
13	Credit and liquidity facilities	79,251	79,647	80,670	81,452	15,511	15,376	15,553	15,390
14	Other contractual funding obligations	11,487	12,514	13,386	13,459	7,959	8,462	8,522	8,414
15	Other contingent funding obligations	225,742	226,817	229,134	230,818	3,536	2,970	2,574	2,393
16	**Total cash outflows**					184,586	184,698	182,573	180,200
	Cash inflows								
17	Secured lending (e.g. reverse repos)	61,103	62,614	62,786	63,571	5,224	5,536	5,629	6,488
18	Inflows from fully performing exposures	55,437	55,757	57,188	58,054	37,928	38,553	40,029	41,394
19	Other cash inflows	27,288	27,922	28,487	28,217	17,543	18,205	18,713	18,459
UK-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)					–	–	–	–
UK-19b	(Excess inflows from a related specialised credit institutions)					–	–	–	–
20	**Total cash inflows**	143,829	146,293	148,462	149,842	60,695	62,294	64,371	66,341
UK-20a	Fully exempt inflows	–	–	–	–	–	–	–	–
UK-20b	Inflows subject to 90% cap	–	–	–	–	–	–	–	–
UK-20c	Inflows subject to 75% cap	131,378	135,604	139,392	141,591	60,695	62,294	64,371	66,341
	Total adjusted value								
21	**Liquidity buffer**					179,778	178,203	178,289	177,767
22	**Total net cash outflows**					123,891	122,404	118,202	113,859
23	**Liquidity coverage ratio (%)**					145%	146%	151%	156%

Table 70: Quantitative information of LCR (UK LIQ1) continued

		31.12.22							
		Total unweighted value (average)				Total weighted value (average)			
		31.03.22 $million	30.06.22 $million	30.09.22 $million	31.12.22 $million	31.03.22 $million	30.06.22 $million	30.09.22 $million	31.12.22 $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)**					176,162	179,218	179,778	178,203
	Cash outflows								
2	Retail deposits and deposits from small business customers, of which:	143,693	143,638	143,567	144,095	13,372	13,332	13,436	13,882
3	Stable deposits	39,586	38,915	38,239	37,709	1,979	1,946	1,912	1,885
4	Less stable deposits	104,106	104,723	105,329	106,386	11,392	11,387	11,524	11,996
5	Unsecured wholesale funding, of which:	276,867	280,243	278,698	274,975	125,941	126,675	125,423	123,977
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	126,241	128,516	128,390	125,837	31,355	31,946	31,934	31,304
7	Non-operational deposits (all counterparties)	145,490	146,632	145,350	143,770	89,451	89,635	88,530	87,306
8	Unsecured debt	5,135	5,094	4,958	5,367	5,135	5,094	4,958	5,367
9	Secured wholesale funding					4,332	4,869	4,954	5,234
10	Additional requirements	87,642	89,934	93,042	94,488	26,517	27,579	29,278	30,174
11	Outflows related to derivative exposures and other collateral requirements	11,964	12,480	13,789	14,839	11,947	12,467	13,765	14,796
12	Outflows related to loss of funding on debt products	2	2	2	2	2	2	2	2
13	Credit and liquidity facilities	75,676	77,451	79,251	79,647	14,568	15,110	15,511	15,376
14	Other contractual funding obligations	10,376	10,765	11,487	12,514	7,691	7,665	7,959	8,462
15	Other contingent funding obligations	213,251	222,149	225,742	226,817	4,496	4,090	3,536	2,970
16	**Total cash outflows**					182,350	184,210	184,586	184,698
	Cash inflows								
17	Secured lending (e.g. reverse repos)	59,704	61,417	61,103	62,614	5,481	5,326	5,224	5,536
18	Inflows from fully performing exposures	57,631	55,878	55,437	55,757	40,386	38,462	37,928	38,553
19	Other cash inflows	23,639	25,256	27,288	27,922	14,167	15,621	17,543	18,205
UK-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)					–	–	–	–
UK-19b	(Excess inflows from a related specialised credit institutions)					–	–	–	–
20	**Total cash inflows**	140,975	142,552	143,829	146,293	60,033	59,409	60,695	62,294
UK-20a	Fully exempt inflows	–	–	–	–	–	–	–	–
UK-20b	Inflows subject to 90% cap	–	–	–	–	–	–	–	–
UK-20c	Inflows subject to 75% cap	124,685	127,469	131,378	135,604	60,033	59,409	60,695	62,294
	Total adjusted value								
21	Liquidity buffer					176,162	179,218	179,778	178,203
22	Total net cash outflows					122,316	124,801	123,891	122,404
23	**Liquidity coverage ratio (%)**					144%	144%	145%	146%

Table 71: Net Stable Funding Ratio (UK LIQ2)

		30.06.23				
		Unweighted value by residual maturity				Weighted value (average) $million
		No maturity $million	< 6 months $million	6 months to < 1yr $million	≥ 1yr $million	
	Available stable funding (ASF) Items					
1	Capital items and instruments	47,213	1,434	750	13,290	60,878
2	Own funds	47,213	1,434	750	13,290	60,878
3	Other capital instruments		–	–	–	–
4	Retail deposits		137,319	10,992	1,389	136,348
5	Stable deposits		29,178	403	102	28,204
6	Less stable deposits		108,141	10,589	1,287	108,145
7	Wholesale funding:		389,731	47,620	44,727	197,467
8	Operational deposits		117,862	–	–	58,931
9	Other wholesale funding		271,869	47,620	44,727	138,536
10	Interdependent liabilities		–	–	–	–
11	Other liabilities:	652	60,410	876	1,191	1,599
12	NSFR derivative liabilities	652				
13	All other liabilities and capital instruments not included in the above categories		60,410	876	1,191	1,599
14	**Total available stable funding (ASF)**					396,293
	Required stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)					9,352
UK-15a	Assets encumbered for more than 12m in cover pool		–	–	–	–
16	Deposits held at other financial institutions for operational purposes		3,373	–	–	1,687
17	Performing loans and securities:		190,018	52,294	188,549	237,197
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		24,890	1,441	846	3,038
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		63,470	24,920	14,044	37,558
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		45,568	11,280	74,375	91,851
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		1,197	–	2,698	2,828
22	Performing residential mortgages, of which:		4,105	3,037	64,803	46,705
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		2,481	1,473	59,745	40,811
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		51,985	11,616	34,481	58,045
25	Interdependent assets		–	–	–	–
26	Other assets:	–	74,640	384	40,308	42,815
27	Physical traded commodities				10,194	8,665
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		–	–	9,408	7,997
29	NSFR derivative assets		173	–	–	173
30	NSFR derivative liabilities before deduction of variation margin posted		21,260	–	–	1,063
31	All other assets not included in the above categories		53,207	384	20,706	24,918
32	Off-balance sheet items		42,839	24,011	74,207	6,035
33	**Total RSF**					297,086
34	**Net Stable Funding Ratio (%)**					133.4%

Table 71: Net Stable Funding Ratio (UK LIQ2) continued

		31.12.22				
		Unweighted value by residual maturity				Weighted value (average) $million
		No maturity $million	< 6 months $million	6 months to < 1yr $million	≥ 1yr $million	
	Available stable funding (ASF) Items					
1	Capital items and instruments	47,292	1,629	1,708	13,791	61,936
2	Own funds	47,292	1,629	1,708	13,791	61,936
3	Other capital instruments		–	–	–	–
4	Retail deposits		136,178	7,688	1,091	132,158
5	Stable deposits		31,237	502	134	30,287
6	Less stable deposits		104,940	7,186	957	101,871
7	Wholesale funding:		392,017	45,194	41,267	192,988
8	Operational deposits		122,571	–	–	61,286
9	Other wholesale funding		269,446	45,194	41,267	131,702
10	Interdependent liabilities		–	–	–	–
11	Other liabilities:	553	60,605	1,418	1,435	2,058
12	NSFR derivative liabilities	553				
13	All other liabilities and capital instruments not included in the above categories		60,605	1,418	1,435	2,058
14	**Total available stable funding (ASF)**					389,140
	Required stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)					10,557
UK-15a	Assets encumbered for more than 12m in cover pool		–	–	–	–
16	Deposits held at other financial institutions for operational purposes		3,573	–	–	1,787
17	Performing loans and securities:		197,987	54,075	188,528	238,672
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		35,122	1,646	662	3,340
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		55,330	22,004	12,163	32,740
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		47,215	14,931	89,369	104,494
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		1,925	476	16,339	12,318
22	Performing residential mortgages, of which:		3,210	2,468	53,787	38,698
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		1,970	1,162	49,300	33,611
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		57,110	13,027	32,548	59,400
25	Interdependent assets		–	–	–	–
26	Other assets:	–	79,355	940	40,693	43,232
27	Physical traded commodities				10,479	8,907
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		–	–	9,329	7,930
29	NSFR derivative assets		157	–	–	157
30	NSFR derivative liabilities before deduction of variation margin posted		27,678	–	–	1,384
31	All other assets not included in the above categories		51,521	940	20,885	24,854
32	Off-balance sheet items		47,367	24,558	70,504	6,094
33	**Total RSF**					300,340
34	**Net Stable Funding Ratio (%)**					129.6%

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 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 derivative 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 in page 100 of the Half Year Report 2023). 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 run off 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 2023, the average repricing maturity assigned to Non-Maturity Deposits was 4.4 months and the longest repricing maturity was 60 months.

Table 72: Quantitative information on IRRBB (UK IRRBB1)

		30.06.23					
In reporting currency		**Change in EVE**		**Change in NII**		**Tier 1 capital**	
Period		**T**	**T-1**	**T**	**T-1**	**T**	**T-1**
010	Parallel shock up	**(1,471)**	**(2,066)**	**1,863**	**1,711**		
020	Parallel shock down	**664**	**1,110**	**(2,195)**	**(1,926)**		
030	Steepener shock	**(875)**	**(194)**				
040	Flattener shock	**105**	**(396)**				
050	Short rates shock up	**(438)**	**(1,130)**				
060	Short rates shock down	**(38)**	**542**				
070	Maximum	**(1,471)**	**(2,066)**				
080	**Tier 1 capital[1]**					**40,388**	**40,641**

		31.12.22					
In reporting currency		Change in EVE		Change in NII		Tier 1 capital	
Period		T	T-1	T	T-1	T	T-1
010	Parallel shock up	(2,066)	–	1,711	–		
020	Parallel shock down	1,110	–	(1,926)	–		
030	Steepener shock	(194)	–				
040	Flattener shock	(396)	–				
050	Short rates shock up	(1,130)	–				
060	Short rates shock down	542	–				
070	Maximum	(2,066)	–				
080	**Tier 1 capital[1]**					40,641	–

As at 30 June 2023, the maximum EVE decline was $1,471 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 behavioural lives of some Non-Maturity Deposit balances have been extended to better reflect the observed and modelled behaviour of these balances, which has reduced the net duration mismatch and the EVE sensitivity versus 31 December 2022. The Group has taken a conservative approach in determining the duration of these liabilities, combining assessments of historical behaviour using Risk-approved models with forward looking expert judgement given the rapid and significant changes in the interest rate environment across a number of the Group's markets.

The most adverse impact to NII under the regulatory scenarios was a reduction of $2,195 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 105 of the Half Year Report 2023 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. NII sensitivity in all scenarios has increased versus 31 December 2022, which is a result of the ongoing roll-down of short-term USD hedges.

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.

Annex 1 Key metrics – Standard Chartered – Solo Consolidation

Table 73: Standard Chartered - Solo Consolidation – Leverage ratio

		30.06.23 $million	31.03.23 $million	31.12. 22 $million
	Leverage ratio			
13	Leverage ratio total exposure measure	**433,764**	441,134	437,448
14	Leverage ratio	**4.3%**	4.2%	4.2%
	Additional leverage ratio disclosure requirements			
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**4.3%**	4.2%	4.2%
14b	Leverage ratio including claims on central banks (%)	**3.8%**	3.8%	3.8%
14c	Average leverage ratio excluding claims on central banks (%)	**4.2%**	4.1%	NA
14d	Average leverage ratio including claims on central banks (%)	**3.7%**	3.7%	NA
14e	Countercyclical leverage ratio buffer (%)	**0.1%**	0.1%	0.1%

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
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 EU via CRD IV 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.

Greater China	Greater China includes the Group's operation in the People's Republic of China, the Hong Kong Special Administrative Region of the People's Republic of China and Taiwan.
Greater China & North Asia (GCNA)	Greater China & North Asia (GCNA) includes China, Hong Kong, Japan, Korea, Macau and Taiwan.
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 EU, the G-SIB buffer is implemented via CRD IV 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 IV/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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