

Barclays Bank UK PLC Pillar 3 Report

30 June 2019

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Notes

The term Barclays Bank UK Group refers to Barclays Bank UK PLC together with its subsidiaries. The abbreviations '£m' and '£bn' represent millions and thousands of millions of Pounds Sterling respectively.

There are a number of key judgement areas, for example impairment calculations, which are based on models and which are subject to ongoing adjustment and modifications. Reported numbers reflect best estimates and judgements at the given point in time.

Relevant terms that are used in this document but are not defined under applicable regulatory guidance or International Financial Reporting Standards (IFRS) are explained in the results glossary that can be accessed at home.barclays/investor-relations/reports-and-events/latest-financial-results.

Forward-looking statements

Barclays Bank UK Group cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Barclays Bank UK Group's future financial position, income growth, assets, impairment charges, provisions, business strategy, capital, leverage and other regulatory ratios, payment of dividends (including dividend payout ratios and expected payment strategies), projected levels of growth in the banking and financial markets, projected costs or savings, any commitments and targets, estimates of capital expenditures, plans and objectives for future operations, projected employee numbers, IFRS impacts and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. These may be affected by changes in legislation, the development of standards and interpretations under IFRS including evolving practices with regard to the interpretation and application of accounting and regulatory standards, the outcome of current and future legal proceedings and regulatory investigations, future levels of conduct provisions, the policies and actions of governmental and regulatory authorities, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules applicable to past, current and future periods; macroeconomic and business conditions in the UK and in any systemically important economy which impacts the UK; the effects of any volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of any entities within the Barclays Bank UK Group or any securities issued by such entities; the potential for one or more countries exiting the Eurozone; instability as a result of the exit by the UK from the European Union and the disruption that may subsequently result in the UK and globally; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Barclays Bank UK Group's control. As a result, the Barclays Bank UK Group's actual future results, dividend payments, and capital and leverage ratios may differ materially from the plans, goals, expectations and guidance set forth in the Barclays Bank UK Group's forward-looking statements.

Subject to our obligations under any applicable laws and regulations in relation to disclosure and ongoing information, we undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Introduction

Disclosure Background

Pillar 3 disclosures complement those disclosed in the Barclays Bank UK PLC 2019 Interim Results Announcement and provide additional information about Barclays Bank UK PLC's (BBAUK PLC) risk profile, including its regulatory capital, risk weighted assets (RWAs), liquidity and leverage exposures.

The information disclosed in this report is prepared in accordance with the Capital Requirements Regulation and Capital Requirements Directive (CRR and CRD, also known as the 'CRD IV legislative package'). On 27 June 2019, as part of the EU Risk Reduction Measure package, the CRR II entered into force amending CRR. As an amending regulation, the existing provisions of CRR apply unless they are amended by CRR II. The amendments largely take effect and are phased in from 28 June 2021 with a number of exceptions, primarily relating to amendments to own funds and the introduction of requirements for own funds and eligible liabilities (MREL), which are implemented with immediate effect. Certain aspects of CRR II are dependent on final technical standards to be issued by the European Banking Authority (EBA) and adopted by the European Commission as well as UK implementation of the rules. The Pillar 3 disclosures have also been prepared in accordance with the EBA "Guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of CRR" and EBA "Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013", as amended by Regulation (EU) 2019/876, in effect at the reporting date.

Barclays' approach to managing risk, including its internal ratings-based approach, is described within the Barclays Group's Pillar 3 year-end disclosures. Throughout the half year ended 30 June 2019, and to date, Barclays has operated a framework of disclosure controls and procedures to support the appropriateness of BBAUK PLC's Pillar 3 disclosures. Specific governance committees are responsible for examining BBAUK PLC's reports and disclosures to ensure that they have been subject to adequate verification and comply with applicable standards and legislation. These committees report their conclusions to the Board Audit Committee (BAC).

Impact of structural reform

Throughout 2018, Barclays Bank UK PLC was only regulated by the Prudential Regulation Authority (PRA) on an individual basis. As part of structural reform, Barclays Bank UK Group became regulated by the PRA as a ring-fenced bank from 1 January 2019. This results in additional entities being captured to reflect the new regulatory scope of consolidation and the disclosures provided in this document are for Barclays Bank UK PLC Group. Due to this change in scope, comparatives are not disclosed as the Barclays Bank UK PLC Group Pillar 3 disclosures are published for the first time as at 30 June 2019.

Disclosures for Barclays Bank UK PLC on an individual basis are not disclosed in this document as the entity is materially aligned to Barclays Bank UK PLC Group.

BBAUK PLC's ring-fenced UK bank business model offers products and services designed for UK retail and business customers, and largely comprises of Personal Banking, Barclaycard Consumer UK and Business Banking.

Personal Banking business includes Community and Premier Banking, as well as Savings, Investments & Wealth Management. Barclaycard Consumer UK is a leading credit card provider, offering flexible borrowing and payment solutions. Business Banking serves a spectrum of clients, from high growth start-ups to small and medium-sized enterprises (SMEs) who need specialist advice, products and services. Barclays Bank UK PLC's customers and clients include individuals and SMEs, whilst the product and services offered include credit cards and transactional lending, mortgages and secured lending, investment products and services as well as business banking solutions.

Credit risk and operational risk RWAs represent respectively 84% and 15% of BBAUK PLC's total RWAs at 30 June 2019. The credit risk RWAs consist of:

As at 30.06.19	Credit risk RWAs (see Table 12)		Advanced Internal Ratings Based (AIRB) approaches	Standardised approach
	Std £m	AIRB £m		
Barclays Bank UK PLC	3,796	60,162	UK Mortgage, Credit Cards, Education, Social Housing & Local Authorities (ESHLA) Personal and Business Banking	Minor UK Cards Portfolio, Minor Mortgage portfolio, Minor personal loans portfolios & the UK wealth portfolio

Introduction

Table 1: KM1 - Key metrics

This table shows key metrics and their components on both a transitional and fully loaded basis as at 30 June 2019.

	As at 30.06.19 £m
Available capital (amounts)	
1 Common Equity Tier 1 (CET1) ¹	11,001
1a Fully loaded Expected Credit Loss (ECL) accounting model ²	10,780
2 Tier 1 ¹	13,764
2a Fully loaded ECL accounting model Tier 1 ²	13,543
3 Total capital ¹	17,345
3a Fully loaded ECL accounting model total capital ²	17,334
Risk-weighted assets (amounts)	
4 Total risk-weighted assets (RWA) ¹	76,182
4a Fully loaded ECL accounting model total RWA ²	76,303
Risk-based capital ratios as a percentage of RWA	
5 Common Equity Tier 1 ratio (%)	14.4%
5a Fully loaded ECL accounting model Common Equity Tier 1 (%)	14.1%
6 Tier 1 ratio (%)	18.1%
6a Fully loaded ECL accounting model Tier 1 ratio (%)	17.7%
7 Total capital ratio (%)	22.8%
7a Fully loaded ECL accounting model total capital ratio (%)	22.7%
Additional CET1 buffer requirements as a percentage of RWA	
8 Capital conservation buffer requirement (%)	2.5%
9 Countercyclical buffer requirement (%)	1.0%
11 Total of bank CET1 specific buffer requirements(%) (row 8 + 9)	3.5%
12 CET1 available after meeting the bank's minimum capital requirements(%)	9.9%
CRR leverage ratio^{1,3}	
13 Total CRR leverage ratio exposure measure	265,462
14 Transitional CRR leverage ratio (%)	5.2%
Average UK leverage ratio (Transitional)^{1,4,5}	
13a Total average UK leverage ratio exposure measure	233,823
14a Transitional average UK leverage ratio (%)	5.7%
UK leverage ratio (Transitional)^{1,3,4}	
13b Total UK leverage ratio exposure measure	228,787
14b Transitional UK leverage ratio (%)	6.0%
Liquidity Coverage Ratio	
15 Total HQLA	47,001
16 Total net cash outflows	29,375
17 LCR ratio (%)	160%

1 Transitional CET1 capital, RWAs and leverage ratios are calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II applicable as at the reporting date.

2 Fully loaded capital and RWAs are calculated without applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II applicable as at the reporting date.

3 The difference between CRR leverage ratio and UK leverage ratio is due to the exclusion of qualifying central bank claims from the UK leverage exposure.

4 Fully loaded average UK leverage ratio was 5.6%, with £234bn of leverage exposure. Fully loaded UK leverage ratio was 5.9%, with £229bn of leverage exposure. Fully loaded UK leverage ratios are calculated without applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II applicable as at the reporting date.

5 Average UK leverage ratio uses capital based on the last day of each month in the quarter and an exposure measure for each day in the quarter.

Capital

Table 2: CC1 – Composition of regulatory capital

This table shows the components of regulatory capital presented on both a transitional and fully loaded basis as at 30 June 2019.

	Ref [†]	As at 30.06.19 Transitional position £m	As at 30.06.19 Fully loaded £m
Common Equity Tier 1 capital: instruments and reserves			
1 Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus stock surplus	a	5	5
2 Retained earnings	b	14,734	14,734
3 Accumulated other comprehensive income (and other reserves)	c	229	229
Adjustment to retained earnings for foreseeable dividends		(356)	(356)
Scope of consolidation adjustment		106	106
6 Common Equity Tier 1 capital before regulatory adjustments		14,718	14,718
Common Equity Tier 1 capital: regulatory adjustments			
7 Prudent valuation adjustments		(151)	(151)
8 Goodwill (net of related tax liability)	d,e	(3,627)	(3,627)
9 Other intangibles other than mortgage servicing rights (net of related tax liability)	f	(6)	(6)
11 Cash flow hedge reserve	g	(154)	(154)
Adjustment under IFRS 9 transitional arrangements ¹		221	-
28 Total regulatory adjustments to Common Equity Tier 1		(3,717)	(3,938)
29 Common Equity Tier 1 (CET1) capital		11,001	10,780
Additional Tier 1 capital: instruments			
30 Directly issued qualifying additional Tier 1 instruments plus related stock surplus	h	2,763	2,763
31 Of which: classified as equity under applicable accounting standards	h	2,763	2,763
36 Additional Tier 1 capital before regulatory adjustments		2,763	2,763
44 Additional Tier 1 (AT1) capital		2,763	2,763
45 Tier 1 capital (T1 = CET1 + AT1)		13,764	13,543
Tier 2 capital: instruments and provisions			
46 Directly issued qualifying Tier 2 instruments plus related stock surplus	i	3,475	3,475
50 Provisions		106	316
51 Tier 2 capital before regulatory adjustments		3,581	3,791
58 Tier 2 Capital (T2)		3,581	3,791
59 Total regulatory capital (TC = T1 + T2)		17,345	17,334
60 Total risk-weighted assets		76,182	76,303
Capital ratios and buffers			
61 Common Equity Tier 1 (as a percentage of risk-weighted assets)		14.4%	14.1%
62 Tier 1 (as a percentage of risk-weighted assets)		18.1%	17.7%
63 Total capital (as a percentage of risk-weighted assets)		22.8%	22.7%
64 Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)		3.5%	3.5%
65 of which: capital conservation buffer requirement		2.5%	2.5%
66 of which: countercyclical buffer requirement		1.0%	1.0%
68 Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements		9.9%	9.6%
Amounts below the thresholds for deduction (before risk weighting)			
73 Significant investments in the common stock of financial entities		20	20
75 Deferred tax assets arising from temporary differences (net of related tax liability)		724	792
Applicable caps on the inclusion of provisions in Tier 2			
77 Cap on inclusion of provisions in T2 under standardised approach		51	51
78 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)		106	316
79 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		361	362

† The references (a) – (i) identify balance sheet components in Table 3: CC2 – Reconciliation of regulatory capital to balance sheet which are used in the calculation of regulatory capital.

1 Of which static nil, modified £221m. For more information, see page 9.

Capital

Table 3: CC2 – Reconciliation of regulatory capital to balance sheet

This table shows the reconciliation between BBUK PLC's balance sheet for statutory and regulatory purposes. Please note that the amount shown under the regulatory scope of consolidation is not a risk weighted asset measure; it is based on an accounting measure and cannot be directly reconciled to other tables in this report.

As at 30.06.19	Ref[†]	Accounting balance sheet per published financial statements £m	Deconsolidation of insurance/other entities £m	Consolidation of banking associates/other entities £m	Balance sheet per regulatory scope of consolidation £m
Assets					
Cash and balances at central banks		34,304	(78)	-	34,226
Cash collateral and settlement balances		3,887	-	-	3,887
Loans and advances at amortised cost		194,414	86	-	194,500
Reverse repurchase agreements and other similar secured lending		1,194	-	-	1,194
Trading portfolio assets		372	-	-	372
Financial assets at fair value through the income statement		3,893	-	-	3,893
Derivative financial instruments		179	-	-	179
Financial assets at fair value through other comprehensive income		15,077	-	-	15,077
Investments in subsidiaries, associates and joint ventures	<i>d</i>	-	129	-	129
Goodwill and intangible assets		3,532	-	-	3,532
<i>Of which: goodwill</i>	<i>e</i>	3,526	-	-	3,526
<i>Of which: other intangibles (excluding MSRs)</i>	<i>f</i>	6	-	-	6
Property, plant and equipment		933	-	-	933
Deferred tax assets		741	-	-	741
Other assets		1,110	(26)	-	1,084
Total assets		259,636	111	-	259,747
Liabilities					
Deposits at amortised cost		201,130	(76)	-	201,054
Cash collateral and settlement balances		629	-	-	629
Repurchase agreements and other similar secured borrowing		13,841	-	-	13,841
Debt securities in issue		12,037	-	-	12,037
Subordinated liabilities	<i>i</i>	8,004	-	-	8,004
Trading portfolio liabilities		1,388	-	-	1,388
Derivative financial instruments		499	-	-	499
Current tax liabilities		1,197	(2)	-	1,195
Other liabilities		2,380	89	-	2,469
Provisions		800	(6)	-	794
Total liabilities		241,905	5	-	241,910
Total equity					
Called up share capital and share premium		5	-	-	5
<i>Of which: amount eligible for CET1</i>	<i>a</i>	5	-	-	5
Other equity instruments	<i>h</i>	2,763	-	-	2,763
Other reserves	<i>c,g</i>	229	102	-	331
Retained earnings	<i>b</i>	14,734	4	-	14,738
Total equity		17,731	106	-	17,837
Total liabilities and equity		259,636	111	-	259,747

[†] The references (a) – (i) identify balance sheet components that are used in the calculation of regulatory capital in Table 2: CC1-Composition of regulatory capital.

IFRS 9

On 1 January 2018, IFRS9 transitional capital arrangements were implemented by Regulation (EU) 2017/2395. Barclays elected to apply the transitional arrangements at both consolidated and individual entity levels and will disclose both transitional and fully loaded CET1 ratios until the end of the transitional period. The transitional benefit is phased out over a 5 year period with 95% applicable for 2018; 85% for 2019; 70% for 2020; 50% for 2021; 25% for 2022 and with no transitional benefit from 2023.

The transitional arrangements, implemented under a modified static approach, allow for transitional relief on the “day 1” impact on adoption of IFRS 9 (static element) and for the increase between “day 1” and the reporting date (modified element), subject to eligibility. For the static element, stage 1, stage 2 and stage 3 provisions are eligible for transition, whereas for the modified element, stage 3 provisions are excluded.

Separate calculations are performed for standardised and advanced IRB portfolios, reflecting the different ways these frameworks take account of provisions. Under the standardised approach, increases in provisions for both the static and modified elements are eligible for transition. Under the advanced approach, for both the static and modified elements, provisions are only eligible for transitional relief to the extent that they exceed regulatory expected loss.

Total increases in impairment allowances as a result of IFRS 9, net of tax, decreases shareholders’ equity through retained earnings. This is somewhat mitigated by the transitional relief applied on eligible impairment.

For regulatory Internal Ratings Based (IRB) exposures, the calculation of capital takes account of the expected loss via a comparison with the impairment allowances. Where regulatory expected losses exceed impairment allowances, the shortfall is deducted from CET1 capital. Where the impairment allowance is higher than expected loss, the excess is added back to tier 2 capital and capped at an amount of 0.6% of IRB RWAs.

The DTAs created from the increase of impairment are also accounted for in the CET1 ratio. When DTAs arising from temporary differences are above the 10% CET1 capital threshold, any excess above the threshold is deducted and those below the threshold are risk weighted at 250% up to the point they reach threshold.

Standardised RWAs decrease due to the increase in impairment being offset against the Standardised Credit Risk exposures.

Capital

Table 4: IFRS 9-FL - Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs

	As at 30.06.19
	£m
Available capital (amounts)	
1 Common Equity Tier 1 (CET1) capital ¹	11,001
2 Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10,780
3 Tier 1 capital ¹	13,764
4 Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13,543
5 Total capital ¹	17,345
6 Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	17,334
Risk-weighted assets (amounts)	
	£m
7 Total risk-weighted assets ¹	76,182
8 Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	76,303
Capital ratios	
9 Common Equity Tier 1 (as a percentage of risk exposure amount)	14.4%
10 Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.1%
11 Tier 1 (as a percentage of risk exposure amount)	18.1%
12 Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	17.7%
13 Total capital (as a percentage of risk exposure amount)	22.8%
14 Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	22.7%
CRR Leverage ratio	
	£m
15 Leverage ratio total exposure measure	265,462
16 Leverage ratio ¹	5.2%
17 Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5.1%

¹ Transitional capital, RWAs and leverage are calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II applicable as at the reporting date.

Risk weighted assets

Table 5: Risk weighted assets by risk type

This table shows risk weighted assets by risk type.

Risk weighted assets (RWAs) by risk type and approach										
	Credit risk		Counterparty credit risk				Market risk		Operational risk	Total RWAs
	Std	A-IRB	Std	A-IRB	Settlement risk	CVA	Std	IMA		
As at 30.06.19	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
RWAs	3,796	60,162	296	-	-	141	134	-	11,653	76,182

Risk weighted assets

Table 6: OV1 - Overview of risk weighted assets by risk type and capital requirements

The table shows RWAs, split by risk type and approach. For credit risk, RWAs are shown by credit exposure class. For further detail on movements in RWAs for each risk type please see Analysis of Credit Risk (Table 12), Analysis of Counterparty Credit risk (Table 34) and Analysis of Market Risk (Table 41).

	Minimum Capital Requirements	
	RWA	As at 30.06.19
	As at 30.06.19	As at 30.06.19
	£m	£m
1 Credit risk (excluding counterparty credit risk CCR)	61,958	4,957
2 Of which standardised approach	3,747	300
3 Of which the foundation IRB (FIRB) approach	-	-
4 Of which the advanced IRB (AIRB) approach	58,211	4,657
5 Of which Equity IRB under the Simple risk-weight or the internal models approach	-	-
6 CCR	437	34
7 Of which mark to market	73	6
8 Of which original exposure	-	-
9 Of which standardised approach	-	-
9a Of which financial collateral comprehensive method	5	-
10 Of which internal model method	-	-
11 Of which risk exposure amount for contributions to the default fund of a CCP	218	17
12 Of which CVA	141	11
13 Settlement risk	-	-
14 Securitisation exposures in banking book (after cap)	135	11
14a Of which capital deduction approach (CAPD)	-	-
14b Of which look through approach (KIRB)	-	-
15 Of which IRB approach	135	11
16 Of which IRB supervisory formula approach (SFA)	-	-
17 Of which internal assessment approach (IAA)	-	-
18 Of which standardised approach	-	-
19 Market risk	134	11
20 Of which the standardised approach	134	11
21 Of which IMA	-	-
22 Large exposures	-	-
23 Operational risk	11,653	932
24 Of which basic indicator approach	-	-
25 Of which standardised approach	11,653	932
26 Of which advanced measurement approach	-	-
27 Amounts below the thresholds for deduction (subject to 250% risk weight)	1,865	149
28 Floor Adjustments	-	-
29 Total	76,182	6,094

Risk weighted assets

Table 7: CR8 - RWA flow statement of credit risk exposures under the AIRB approach

		RWA amount	Capital requirements
		£bn	£bn
1	As at 01.01.19	59.7	4.8
2	Asset size	1.2	0.1
3	Asset quality	-	-
4	Model updates	(0.5)	(0.1)
5	Methodology and policy	-	-
6	Acquisitions and disposals	(0.2)	-
7	Foreign exchange movements	-	-
8	Other	-	-
9	As at 30.06.19	60.2	4.8

Risk weighted assets

Basis of preparation for movements in risk weighted assets

This analysis splits RWA movement by credit, counterparty credit, market and operational risk. Seven categories of drivers have been identified and are described below. Not all the drivers are applicable to all risk types, however all categories have been listed below for completeness purposes.

Asset / book size

Credit risk and counterparty risk (inc CVA)

This represents RWA movements driven by changes in the size and composition of underlying positions, measured using EAD values for existing portfolios over the period. This includes, but is not exclusive to:

- new business and maturing loans
- changes in product mix and exposure growth for existing portfolios
- book size reductions owing to risk mitigation and write-offs

Asset / book quality

Credit risk and counterparty risk (inc CVA)

This represents RWA movements driven by changes in the underlying credit quality and recoverability of portfolios and reflected through model calibrations or realignments where applicable. This includes, but is not exclusive to:

- PD migration and LGD changes driven by economic conditions
- ratings migration for standardised exposures

Model updates

Credit risk and counterparty risk (inc CVA)

This is the movement in RWAs as a result of both internal and external model updates. This includes, but is not exclusive to:

- updates to existing model inputs driven by both internal and external review
- model enhancements to improve models performance

Methodology and policy

Credit risk and counterparty risk (inc CVA)

This is the movement in RWAs as a result of both internal and external methodology, policy and regulatory changes. This includes, but is not exclusive to:

- updates to RWA calculation methodology, communicated by the regulator
- the implementation of credit risk mitigation to a wider scope of portfolios

Acquisitions and disposals

This is the movement in RWAs as a result of the disposal or acquisition of business operations impacting the size of banking and trading portfolios.

Foreign exchange movements

This is the movement in RWAs as a result of changes in the exchange rate between the functional currency of the Barclays business area or portfolio and our presentational currency for consolidated reporting.

Other

This is the movement in RWAs driven by items that cannot be reasonably assigned to the other driver categories.

Leverage

Leverage ratio and exposures

The following leverage tables show the components of the leverage ratio using the CRR definition for the leverage exposure and the Tier 1 capital on a transitional basis as at 30 June 2019.¹

BBUK PLC manages the risk of excessive leverage through the BBUK PLC's capital risk management process which is outlined in the Annual Report. Leverage ratio forecasts are regularly monitored against early warning indicators and internal limits which trigger actions to mitigate the risk in line with Barclays Group Capital and Risk management policy. BBUK PLC's leverage ratio is also subject to internal stress testing and external stress testing as applicable as part of Barclays Group.

Table 8: Summary reconciliation of accounting assets and leverage ratio exposures

This table is a summary of the total leverage exposure and comprises total IFRS assets used for statutory purposes, regulatory consolidation and other leverage adjustments.

		As at 30.06.19
		£m
1	Total assets as per published financial statements	259,636
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	111
4	Adjustments for derivative financial instruments	247
5	Adjustments for securities financing transactions (SFTs)	24
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	9,161
7	Other adjustments	(3,717)
8	Total leverage ratio exposure	265,462

¹ Capital and leverage measures are calculated applying the IFRS9 transitional arrangements of the CRR as amended by CRR II applicable as at the reporting date.

Leverage

Table 9: Leverage ratio common disclosure

This table shows the leverage ratio calculation and includes additional breakdowns for the leverage exposure measure.

		As at 30.06.19
		£m
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	258,374
2	Asset amounts deducted in determining tier 1 capital	(3,717)
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	254,657
Derivative exposures		
4	Replacement cost associated with <i>all</i> derivatives transactions (ie net of eligible cash variation margin)	179
5	Add-on amounts for PFE associated with <i>all</i> derivatives transactions (mark-to-market method)	667
7	Deductions of receivables assets for cash variation margin provided in derivatives transactions	(420)
8	Exempted CCP leg of client-cleared trade exposures	-
9	Adjusted effective notional amount of written credit derivatives	-
10	Adjusted effective notional offsets and add-on deductions for written credit derivatives	-
11	Total derivative exposures	426
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	1,942
13	Netted amounts of cash payables and cash receivables of gross SFT assets	(748)
14	Counterparty credit risk exposure for SFT assets	24
16	Total securities financing transaction exposures	1,218
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	64,289
18	Adjustments for conversion to credit equivalent amounts	(55,128)
19	Other off-balance sheet exposures	9,161
Capital and total exposures		
20	Tier 1 capital	13,764
21	Total leverage ratio exposures	265,462
Leverage ratio		
22	Leverage ratio	5.2%
Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	Transitional

Leverage

Table 10: Split-up of on balance sheet exposures (excluding derivatives, SFTs, and exempted exposures)

The table shows a breakdown of the on-balance sheet exposures excluding derivatives, SFTs and exempted exposures, by asset class.

	As at 30.06.19 £m
EU-1 Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	257,954
EU-2 Trading book exposures	405
EU-3 Banking book exposures, of which:	257,549
EU-4 Covered bonds	1,616
EU-5 Exposures treated as sovereigns	54,464
EU-6 Exposures to regional governments, MDB, international organisations and PSE <u>not</u> treated as sovereigns	185
EU-7 Institutions	9,499
EU-8 Secured by mortgages of immovable properties	137,837
EU-9 Retail exposures	26,786
EU-10 Corporate	19,349
EU-11 Exposures in default	3,121
EU-12 Other exposures (eg equity, securitisations and other non-credit obligation assets)	4,692

Liquidity

Table 11: LIQ1 - Liquidity Coverage ratio

This table shows the level and components of the Liquidity Coverage Ratio. This disclosure has been prepared in accordance with the requirements set out in the 'Guidelines on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) No 575/2013' as specified in Annexure II which complements Article 435(1)(f) of Regulation (EU) No 575/2013.

Liquidity coverage ratio (period end)

	Total period end value As at 30.06.19 £m
Liquidity buffer	47,001
Total net cash outflows	29,375
Liquidity coverage ratio (%) (period end)	160%

LIQ1 - Liquidity coverage ratio (average)

	Total unweighted value (average)	Total weighted value (average)
	30.06.19	30.06.19
Number of data points used in calculation of averages ¹	12	12
High-quality liquid assets	£m	£m
1 Total high-quality liquid assets (HQLA)		44,124
Cash outflows		
2 Retail deposits and deposits from small business customers, of which:	166,449	12,457
3 Stable deposits	110,132	5,507
4 Less stable deposits	56,309	6,942
5 Unsecured wholesale funding, of which:	21,052	9,858
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	1,665	403
7 Non-operational deposits (all counterparties)	18,971	9,039
8 Unsecured debt	416	416
9 Secured wholesale funding		84
10 Additional requirements, of which:	19,338	5,000
11 Outflows related to derivative exposures and other collateral requirements	3,940	3,940
12 Outflows related to loss of funding on debt products	-	-
13 Credit and liquidity facilities	15,398	1,060
14 Other contractual funding obligations	63	63
15 Other contingent funding obligations	53,729	2,089
16 Total cash outflows		29,551
Cash inflows		
17 Secured lending (e.g. reverse repos)	407	-
18 Inflows from fully performing exposures	1,725	877
19 Other cash inflows ²	2,716	564
20 Total cash inflows	4,848	1,441
Fully exempt inflows	-	-
Inflows subject to 90% cap	-	-
Inflows subject to 75% cap	4,848	1,441
21 Liquidity buffer		44,124
22 Total net cash outflows		28,110
23 Liquidity coverage ratio (%) (average)		157%

¹ Trailing average of 12 month-end observations to the reporting date.

² 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.

Analysis of Credit Risk

Table 12: Detailed view of credit risk RWAs and Capital Requirement

This table shows Credit Risk RWAs by exposure class.

Risk weighted assets credit exposure class		RWA	Capital requirements
As at 30.06.19		£m	£m
Credit risk			
Standardised approach			
Central governments or central banks		20	2
Regional governments or local authorities		2	-
Public sector entities		37	3
Multilateral development banks		-	-
International organisations		-	-
Institutions		414	33
Corporates		290	23
Retail		913	73
Secured by mortgages		1,157	93
Exposures in default		192	15
Items associated with high risks		11	1
Covered bonds		163	13
Securitisation positions		-	-
Collective investment undertakings		-	-
Equity positions		49	4
Other items		548	44
Total standardised approach credit risk exposure		3,796	304
Advanced IRB approach			
Central governments or central banks		-	-
Institutions		2,406	192
Corporates		8,767	701
Retail		46,051	3,685
- Small and medium-sized enterprises (SMEs)		3,980	319
- Secured by real estate collateral		18,104	1,448
- Qualifying revolving retail		17,944	1,435
- Other retail		6,023	482
Equity		-	-
Securitisation positions		135	11
Non-credit obligation assets		2,803	224
Total advanced IRB credit risk exposure		60,162	4,813
Total credit risk weighted assets		63,958	5,117

Analysis of Credit Risk

Table 13: CR3 – CRM techniques

This table shows the use of credit risk mitigation (CRM) techniques broken down by loans and debt securities. This table includes unsecured and secured exposures including collateral, financial guarantees and credit derivatives for both Standardised and Internal Rating Based (IRB) approach.

As at 30.06.19		Exposures unsecured – Carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
		£m	£m	£m	£m	£m
1	Total loans	80,502	154,130	154,100	30	-
2	Total debt securities	17,510	165	-	165	-
3	Total exposures	98,012	154,295	154,100	195	-
4	Of which defaulted	836	2,483	2,483	-	-

Table 14: CR4 Standardised – Credit Risk exposure and CRM effect

This table shows the impact of CRM and credit conversion factors (CCF) on exposure values, broken down by credit exposure class. This table includes exposures subject to the Standardised approach only.

The term 'before CCF and CRM' means the original gross exposures before the application of credit conversion factor and before the application of risk mitigation techniques.

As at 30.06.19	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density		
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density	
	£m	£m	£m	£m	£m	£m	
1	Central governments or central banks	50,244	25,151	50,439	32,053	20	0%
2	Regional governments or local authorities	340	-	340	-	2	0%
3	Public sector entities	1,977	-	1,977	-	37	2%
4	Multilateral development banks	1,835	-	1,835	-	-	0%
5	International Organisations	253	-	253	-	-	0%
6	Institutions	2,195	337	1,991	172	414	19%
7	Corporates	732	1,108	472	264	290	39%
8	Retail	1,384	4,250	1,218	1	913	75%
9	Secured by mortgages on immovable property	3,006	-	3,006	-	1,157	39%
10	Exposures in default	179	-	174	-	192	111%
11	Items associated with particularly high risk	7	-	7	-	11	150%
12	Covered Bonds	1,616	-	1,616	-	163	10%
13	Claims on institutions and corporate with a short-term credit assessment	-	-	-	-	-	-
14	Claims in the form of CIU	-	-	-	-	-	-
15	Equity exposures	20	-	20	-	49	250%
16	Other items	1,502	-	1,502	-	548	36%
17	Total	65,290	30,846	64,850	32,490	3,796	4%

Analysis of Credit Risk

Table 15: CR7– Effect on RWA of credit derivatives used as CRM techniques (advanced IRB)

This table shows the effect of credit derivatives on the advanced IRB approach. It assumes the absence of recognition of credit derivative as a CRM technique (pre-credit derivatives RWAs).

	Pre-credit derivatives	
	RWAs	Actual RWAs
	30.06.19	30.06.19
	£m	£m
1 Exposures under Foundation IRB	-	-
2 Central governments and central banks	-	-
3 Institutions	-	-
4 Corporates - SME	-	-
5 Corporates - Specialised Lending	-	-
6 Corporates - Other	-	-
7 Exposures under Advanced IRB	60,027	60,027
8 Central governments and central banks	-	-
9 Institutions	2,406	2,406
10 Corporates - SME	4,500	4,500
11 Corporates - Specialised Lending	737	737
12 Corporates - Other	3,530	3,530
13 Retail - Secured by real estate SME	-	-
14 Retail - Secured by real estate non-SME	18,104	18,104
15 Retail - Qualifying revolving	17,944	17,944
16 Retail - Other SME	3,980	3,980
17 Retail - Other non-SME	6,023	6,023
18 Equity IRB	-	-
19 Other non credit-obligation assets	2,803	2,803
20 Total	60,027	60,027

Analysis of Credit Risk

Table 16: CR5-A Analysis of exposures by asset classes and risk weight pre-CCF and CRM under the standardised approach

This table shows exposure at default pre-CRM, broken down by Credit Exposure Class and risk weight. This table includes exposures subject to the Standardised approach only.

EAD by asset classes and risk weights pre CCF and CRM																			
As at 30.06.19	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Deducted	Total	Of which: Unrated	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m			£m	£m	
1 Central governments or central banks	75,292	-	-	-	102	-	-	-	-	-	-	-	-	-	-	-	-	75,394	-
2 Regional governments or local authorities	332	-	-	-	8	-	-	-	-	-	-	-	-	-	-	-	-	340	333
3 Public sector entities	1,791	-	-	-	186	-	-	-	-	-	-	-	-	-	-	-	-	1,977	243
4 Multilateral development banks	1,835	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,835	-
5 International Organisations	253	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	253	-
6 Institutions	247	-	-	-	2,242	-	43	-	-	-	-	-	-	-	-	-	-	2,532	340
7 Corporates	915	-	-	-	257	-	-	-	-	668	-	-	-	-	-	-	-	1,840	1,176
8 Retail	-	-	-	-	-	-	-	-	5,634	-	-	-	-	-	-	-	-	5,634	5,634
9 Secured by mortgages on immovable property	-	-	-	-	-	2,811	-	-	14	182	-	-	-	-	-	-	-	3,007	3,007
10 Exposures in default	-	-	-	-	-	-	-	-	-	136	43	-	-	-	-	-	-	179	179
11 Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	7	-	-	-	-	-	-	7	7
12 Covered Bonds	-	-	-	1,601	15	-	-	-	-	-	-	-	-	-	-	-	-	1,616	279
13 Claims on institutions and corporate with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Claims in the form of CIU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Equity exposures	-	-	-	-	-	-	-	-	-	-	-	20	-	-	-	-	-	20	20
16 Other items	585	-	-	-	462	-	-	-	-	455	-	-	-	-	-	-	-	1,502	1,502
17 Total	81,250	-	-	1,601	3,272	2,811	43	-	5,648	1,441	50	20	-	-	-	-	-	96,136	12,720

Analysis of Credit Risk

Table 17: CR5-B Analysis of exposures by asset classes and risk weight post-CCF and CRM under the standardised approach

The difference between exposure at default pre-CRM set out in Table 16 and exposure at default post-CRM below is the impact of financial collateral and CCF as described in Table 14.

As at 30.06.19	0% £m	2% £m	4% £m	10% £m	20% £m	35% £m	50% £m	70% £m	75% £m	100% £m	150% £m	250% £m	370% £m	1250% £m	Others £m	Deducted £m	Total £m	Of which: Unrated £m
1 Central governments or central banks	82,390	-	-	-	102	-	-	-	-	-	-	-	-	-	-	-	82,492	-
2 Regional governments or local authorities	332	-	-	-	8	-	-	-	-	-	-	-	-	-	-	-	340	333
3 Public sector entities	1,791	-	-	-	186	-	-	-	-	-	-	-	-	-	-	-	1,977	243
4 Multilateral development banks	1,835	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,835	-
5 International Organisations	253	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	253	-
6 Institutions	157	-	-	-	1,963	-	43	-	-	-	-	-	-	-	-	-	2,163	189
7 Corporates	239	-	-	-	255	-	-	-	-	241	-	-	-	-	-	-	735	462
8 Retail	-	-	-	-	-	-	-	-	1,219	-	-	-	-	-	-	-	1,219	1,218
9 Secured by mortgages on immovable property	-	-	-	-	-	2,811	-	-	13	182	-	-	-	-	-	-	3,006	3,006
10 Exposures in default	-	-	-	-	-	-	-	-	-	136	38	-	-	-	-	-	174	174
11 Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	7	-	-	-	-	-	7	7
12 Covered Bonds	-	-	-	1,601	15	-	-	-	-	-	-	-	-	-	-	-	1,616	279
13 Claims on institutions and corporate with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Claims in the form of CIU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Equity exposures	-	-	-	-	-	-	-	-	-	-	-	20	-	-	-	-	20	20
16 Other items	586	-	-	-	462	-	-	-	-	455	-	-	-	-	-	-	1,503	1,502
17 Total	87,583	-	-	1,601	2,991	2,811	43	-	1,232	1,014	45	20	-	-	-	-	97,340	7,433

Analysis of Credit Risk

Credit quality analysis of IRB exposures

The following section provides breakdowns of inputs into risk weighted asset calculations. Please note that risk weights and risk factors may be volatile in granular breakdowns of wholesale exposures, especially in categories that are more sparsely populated. This is often due to the addition or removal of a relatively large exposure to or from narrow categories when its risk factors are different to the category average. This happens in the normal course of business, for instance, following new lending, repayments or syndications.

Table 18: Internal default grade probabilities and mapping to external ratings

The table below illustrates the approximate relationship between external rating agency grades and the PD bands for wholesale exposures. The EBA and internal Default Grade (DG) bands are based on TTC PD. Note that this relationship is dynamic and therefore varies over time, region and industry.

EBA PD Range	Internal	Default Probability			Financial statements description	Moody's	Standard and Poor's
		>Min	Mid	<=Max			
0.00 to < 0.15	1	0.00%	0.01%	0.02%	Strong	Aaa, Aa1, Aa2	AAA, AA+
	2	0.02%	0.03%	0.03%		Aa3	AA
	3	0.03%	0.04%	0.05%		A1	AA-, A+
	4	0.05%	0.08%	0.10%		A2, A3	A, A-
	5	0.10%	0.13%	0.15%		Baa1	BBB+
0.15 to < 0.25	6	0.15%	0.18%	0.20%	Strong	Baa2	BBB+
	7	0.20%	0.23%	0.25%		Baa2	BBB
0.25 to < 0.50	8	0.25%	0.28%	0.30%	Strong	Baa3	BBB
	9	0.30%	0.35%	0.40%		Baa3	BBB-
	10	0.40%	0.45%	0.50%		Ba1	BBB-
0.50 to < 0.75	11	0.50%	0.55%	0.60%	Strong	Ba1	BB+
	12	0.60%	-	-		Ba2	BB+
0.75 to < 2.50	12	-	0.90%	1.20%	Satisfactory	Ba2	BB
	13	1.20%	1.38%	1.55%		Ba3	BB
	14	1.55%	1.85%	2.15%		Ba3	BB-
	15	2.15%	-	-		B1	BB-
2.50 to < 10.00	15	-	2.60%	3.05%	Satisfactory	B1	BB-
	16	3.05%	3.75%	4.45%		B2	B+
	17	4.45%	5.40%	6.35%		B2	B
	18	6.35%	7.50%	8.65%		B3	B
	19	8.65%	10.00%	-		B3	B-
10.00 to < 100.00	19	-	-	11.35%	Higher risk	B3	B-
	20	11.35%	15.00%	18.65%		Caa1	CCC+
	21	18.65%	30.00%	99.99%		Caa2, Caa3, Ca, C	CCC, CCC-, CC+, CC, C
100.00 (Default)					D	D	

Analysis of Credit Risk

IRB obligor grade disclosure

The following tables show credit risk exposure at default post-CRM for the advanced IRB approach and foundation IRB approach for portfolios within both the trading and banking books. Separate tables are provided for the following credit exposure classes: institutions (Table 19), corporates (Table 20), corporates subject to slotting (Table 22), Retail SME (Table 23), secured retail (Table 24), revolving retail (Table 25) and other retail (Table 26).

BBUK PLC's Model Risk Management group reviews and approves the application of post model adjustments to models that do not fully reflect the risk of the underlying exposures.

Table 19: CR6 Credit risk exposures by exposure class and PD range for institutions

	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average Maturity	RWA	RWA Density	EL	Value Adjustment and Provisions
As at 30.06.19	£m	£m	%	£m	%		%	Years	£m	%	£m	£m
0.00 to < 0.15	6,987	59	78.6%	7,033	0.0%	209	45.0%	48	1,942	27.7%	1	
0.15 to < 0.25	29	2	75.7%	30	0.2%	12	45.1%	13	21	68.7%	-	
0.25 to < 0.50	85	3	77.9%	88	0.4%	40	45.4%	10	72	81.7%	-	
0.50 to < 0.75	16	-	-	16	0.6%	12	43.5%	12	17	102.9%	-	
0.75 to < 2.50	17	1	100.0%	18	1.1%	23	40.6%	5	15	84.6%	-	
2.50 to < 10.00	163	-	-	164	4.4%	29	45.1%	13	293	178.3%	3	
10.00 to < 100.00	19	-	-	19	14.4%	7	41.5%	4	42	215.9%	1	
100.00 (Default)	4	-	-	4	100.0%	6	12.6%	4	4	122.2%	-	
Total	7,320	65	80.0%	7,372	0.2%	338	45.0%	46	2,406	32.7%	5	(12)

Analysis of Credit Risk

Table 20: CR6 Credit risk exposures by exposure class and PD range for corporates

	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average Maturity	RWA	RWA Density	EL	Value Adjustment and Provisions
As at 30.06.19	£m	£m	%	£m	%		%	Years	£m	%	£m	£m
0.00 to < 0.15	10,613	945	61.7%	11,229	0.0%	3,283	13.4%	21	3,653	32.5%	1	
0.15 to < 0.25	361	62	52.4%	393	0.2%	1,669	23.6%	9	127	32.3%	-	
0.25 to < 0.50	680	121	41.4%	731	0.4%	3,139	25.1%	8	286	39.2%	1	
0.50 to < 0.75	506	71	32.9%	530	0.6%	1,247	24.4%	6	203	38.3%	1	
0.75 to < 2.50	1,621	160	32.2%	1,673	1.4%	2,602	23.8%	6	928	55.5%	6	
2.50 to < 10.00	1,175	72	31.8%	1,198	4.7%	1,970	25.8%	6	1,035	86.4%	15	
10.00 to < 100.00	565	35	30.8%	576	25.6%	918	27.7%	6	681	118.2%	43	
100.00 (Default)	703	32	5.0%	704	100.0%	461	12.8%	5	1,117	158.6%	20	
Total	16,224	1,498	51.8%	17,034	5.5%	15,289	16.8%	16	8,030	47.1%	87	(162)

Table 21: CR6 Credit risk exposures by exposure class and PD range for corporates, of which: SMEs

	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average Maturity	RWA	RWA Density	EL	Value Adjustment and Provisions
As at 30.06.19	£m	£m	%	£m	%		%	Years	£m	%	£m	£m
0.00 to < 0.15	2,601	348	62.0%	2,827	0.1%	2,367	12.5%	13	353	12.5%	-	
0.15 to < 0.25	359	62	48.8%	389	0.2%	1,429	23.4%	9	95	24.3%	-	
0.25 to < 0.50	678	117	40.2%	725	0.4%	2,800	24.9%	8	254	35.0%	1	
0.50 to < 0.75	502	71	30.6%	524	0.6%	1,089	24.2%	6	198	37.7%	1	
0.75 to < 2.50	1,599	158	29.4%	1,646	1.4%	2,331	23.7%	6	910	55.3%	6	
2.50 to < 10.00	1,122	70	28.4%	1,142	4.7%	1,729	26.1%	6	996	87.2%	14	
10.00 to < 100.00	536	33	28.6%	546	25.5%	788	27.6%	6	636	116.5%	41	
100.00 (Default)	657	32	4.6%	659	100.0%	382	12.8%	5	1,058	160.6%	19	
Total	8,054	891	44.0%	8,458	10.4%	12,915	19.8%	9	4,500	53.2%	82	(97)

Analysis of Credit Risk

Table 22: CR10 Corporate exposures subject to the slotting approach

Slotting, also known as specialised lending, is an approach that is applied to financing of individual projects where the repayment is highly dependent on the performance of the underlying pool or collateral. It uses a standard set of rules for the calculation of RWAs, based upon an assessment of factors such as the financial strength of the counterparty. The requirements for the application of the Slotting approach are detailed in CRR article 153.

Regulatory categories		Remaining maturity	On-balance sheet amount	Off-balance sheet amount	Risk weight	Exposure amount	RWA	Expected losses
			£m	£m	%	£m	£m	£m
Category 1	Strong	Less than 2.5 years	127	22	50%	137	69	-
		Equal to or more than 2.5 years	306	-	70%	307	215	1
Category 2	Good	Less than 2.5 years	134	26	70%	140	97	1
		Equal to or more than 2.5 years	252	-	90%	252	226	2
Category 3	Satisfactory	Less than 2.5 years	13	-	115%	13	15	-
		Equal to or more than 2.5 years	52	-	115%	52	60	1
Category 4	Weak	Less than 2.5 years	2	-	250%	2	5	-
		Equal to or more than 2.5 years	20	-	250%	20	50	2
Category 5	Default	Less than 2.5 years	43	1	0%	43	-	22
		Equal to or more than 2.5 years	36	-	0%	36	-	18
Total		Less than 2.5 years	319	49		335	186	23
		Equal to or more than 2.5 years	666	-		667	551	24

Table 23: CR6 Credit risk exposures by exposure class and PD range for retail SME

As at 30.06.19	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF ¹	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	RWA	RWA Density	EL	Value Adjustment and Provisions
	£m	£m	%	£m	%		%	£m	%	£m	£m
0.00 to < 0.15	100	14	4736%	761	0.1%	362,608	50.8%	74	9.7%	-	
0.15 to < 0.25	108	37	647%	346	0.2%	121,497	50.5%	63	18.2%	-	
0.25 to < 0.50	402	151	263%	799	0.4%	205,380	46.3%	194	24.3%	1	
0.50 to < 0.75	437	157	153%	677	0.6%	118,416	39.6%	181	26.8%	2	
0.75 to < 2.50	1,902	605	121%	2,636	1.5%	306,457	35.6%	916	34.8%	14	
2.50 to < 10.00	1,695	379	133%	2,199	4.8%	240,025	38.2%	1,033	46.9%	41	
10.00 to < 100.00	561	53	314%	728	22.7%	107,248	41.9%	534	73.3%	68	
100.00 (Default)	834	35	108%	872	100.0%	33,679	19.8%	985	113.0%	94	
Total	6,039	1,431	208%	9,018	13.2%	1,495,310	38.3%	3,980	44.1%	220	(82)

¹ Average CCF % reflects where the modelled EAD is higher than the original on and off balance sheet exposures pre CCF.

Analysis of Credit Risk

Table 24: CR6 Credit risk exposures by exposure class and PD range for secured retail

	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	RWA	RWA Density	EL	Value Adjustment and Provisions
As at 30.06.19	£m	£m	%	£m	%		%	£m	%	£m	£m
0.00 to < 0.15	25,431	2,348	98.0%	27,213	0.1%	98,925	10.4%	557	2.0%	2	
0.15 to < 0.25	7,735	1,339	94.9%	8,611	0.2%	66,361	13.6%	534	6.2%	3	
0.25 to < 0.50	27,283	2,303	97.2%	28,762	0.4%	193,243	9.7%	1,894	6.6%	11	
0.50 to < 0.75	29,870	1,516	98.3%	30,863	0.6%	208,905	9.8%	2,891	9.4%	19	
0.75 to < 2.50	32,119	2,115	98.8%	33,828	1.3%	226,755	11.3%	5,584	16.5%	46	
2.50 to < 10.00	8,445	204	100.0%	8,656	4.9%	52,521	12.3%	3,475	40.1%	50	
10.00 to < 100.00	3,988	99	100.0%	4,095	27.2%	27,572	9.9%	2,139	52.2%	112	
100.00 (Default)	1,177	16	98.7%	1,177	100.0%	9,172	8.9%	1,030	87.5%	28	
Total	136,048	9,940	98.1%	143,205	2.4%	883,454	10.6%	18,104	12.6%	271	(68)

Table 25: CR6 Credit risk exposures by exposure class and PD range for revolving retail

	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	RWA	RWA Density	EL	Value Adjustment and Provisions
As at 30.06.19	£m	£m	%	£m	%		%	£m	%	£m	£m
0.00 to < 0.15	619	15,510	53.6%	9,255	0.1%	9,428,456	74.0%	327	3.5%	5	
0.15 to < 0.25	668	6,505	19.6%	3,454	0.2%	2,583,517	76.1%	292	8.4%	5	
0.25 to < 0.50	1,508	8,681	14.6%	4,972	0.4%	3,418,201	76.4%	691	13.9%	14	
0.50 to < 0.75	1,217	4,355	9.4%	2,741	0.6%	1,292,109	77.1%	588	21.5%	13	
0.75 to < 2.50	4,560	8,129	5.9%	7,564	1.4%	2,488,212	77.7%	3,094	40.9%	84	
2.50 to < 10.00	5,166	2,903	4.0%	7,006	4.9%	1,857,681	77.5%	6,766	96.6%	268	
10.00 to < 100.00	1,696	210	11.3%	1,974	22.1%	516,328	77.2%	3,805	192.7%	338	
100.00 (Default)	952	163	4.2%	952	100.0%	378,366	80.8%	2,381	250.2%	586	
Total	16,386	46,456	24.4%	37,918	5.0%	21,962,870	76.5%	17,944	47%	1,313	(1,972)

Analysis of Credit Risk

Table 26: CR6 Credit risk exposures by exposure class and PD range for other retail exposures

As at 30.06.19	Original on-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of obligors	Average LGD %	RWA £m	RWA Density %	EL £m	Value Adjustment and Provisions £m
0.00 to < 0.15	1	-	-	1	0.1%	137	89.5%	-	26.9%	-	
0.15 to < 0.25	29	-	-	29	0.2%	3,538	89.7%	11	38.6%	-	
0.25 to < 0.50	540	-	-	540	0.4%	65,792	90.0%	307	56.9%	2	
0.50 to < 0.75	937	-	-	937	0.6%	112,120	90.3%	714	76.2%	5	
0.75 to < 2.50	3,230	-	-	3,230	1.4%	394,033	90.6%	3,272	101.3%	44	
2.50 to < 10.00	1,001	-	-	1,001	4.1%	130,247	89.5%	1,273	127.1%	41	
10.00 to < 100.00	183	-	-	183	45.3%	26,774	87.7%	324	177.3%	80	
100.00 (Default)	344	-	-	344	100.0%	54,481	79.6%	122	35.5%	315	
Total	6,265	-	-	6,265	8.3%	787,122	89.6%	6,023	96.2%	487	(452)

Analysis of Credit Risk

Table 27: CR1-A – Credit quality of exposures by exposure class and instrument

This table provides a comprehensive picture of the credit quality of BBUK PLC's on balance sheet and off balance sheet exposures.

	Defaulted exposures	Non-defaulted exposure	Specific credit risk adjustment	General credit risk adjustment	Credit risk adjustment charges in the period	Net values	Accumulated write-offs
As at 30.06.19	£m	£m	£m	£m	£m	£m	£m
1 Central governments or central banks	-	-	-	-	-	-	-
2 Institutions	4	7,381	12	-	(23)	7,373	-
3 Corporates	815	17,941	162	-	13	18,594	-
4 Of which: Specialised lending	80	954	3	-	-	1,031	-
5 Of which: SMEs	689	8,256	97	-	(18)	8,848	-
6 Retail	3,525	219,040	2,574	-	(124)	219,991	311
7 Secured by real estate property	1,193	144,795	68	-	1	145,920	2
8 SMEs	-	-	-	-	-	-	-
9 Non-SMEs	1,193	144,795	68	-	1	145,920	2
10 Qualifying revolving	1,119	61,723	1,972	-	(104)	60,870	184
11 Other retail	1,213	12,522	534	-	(20)	13,201	125
12 SMEs	869	6,601	82	-	6	7,388	28
13 Non-SMEs	344	5,921	452	-	(26)	5,813	97
14 Equity	-	-	-	-	-	-	-
15 Total IRB approach	4,344	244,362	2,748	-	(134)	245,958	311
16 Central governments or central banks	-	75,395	-	-	-	75,395	-
17 Regional governments or local authorities	-	340	-	-	-	340	-
18 Public sector entities	16	1,977	-	-	-	1,993	-
19 Multilateral development banks	-	1,835	-	-	-	1,835	-
20 International organisations	-	253	-	-	-	253	-
21 Institutions	-	2,532	-	-	-	2,532	-
22 Corporates	7	1,842	3	-	(1)	1,846	-
23 Of which: SMEs	-	222	1	-	1	221	-
24 Retail	193	5,736	234	-	(3)	5,695	-
25 Of which: SMEs	-	72	-	-	-	72	-
26 Secured by mortgages on immovable property	96	3,006	-	-	-	3,102	13
27 Of which: SMEs	-	104	-	-	-	104	-
28 Exposures in default	312	-	133	-	(13)	179	13
29 Items associated with particularly high risk	-	7	-	-	-	7	-
30 Covered bonds	-	1,616	-	-	-	1,616	-
31 Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-
32 Collective investments undertakings	-	-	-	-	-	-	-
33 Equity exposures	-	20	-	-	-	20	-
34 Other exposures	-	1,502	-	-	-	1,502	-
35 Total standardised approach	312	96,061	237	-	(4)	96,136	13
36 Total	4,656	340,423	2,985	-	(138)	342,094	324
37 Of which: Loans	4,405	232,769	2,542	-	(53)	234,632	324
38 Of which: Debt securities	-	17,675	-	-	-	17,675	-
39 Of which: Off-balance-sheet exposures	251	89,979	443	-	(85)	89,787	-

Analysis of Credit Risk

Table 28: CR1-B – Credit quality of exposures by industry or counterparty types

This table provides a comprehensive picture of the credit quality of BBUK PLC's on balance sheet and off balance sheet exposures by industry types.

As at 30.06.19	Defaulted exposures £m	Non-defaulted exposures £m	Specific credit risk adjustment £m	General credit risk adjustment £m	Credit risk adjustment charges in the period £m	Net values £m	Accumulated write-offs £m
1 Agriculture, forestry and fishing	630	4,221	105	-	19	4,746	-
2 Mining and quarrying	22	6	-	-	-	28	-
3 Manufacturing	41	492	6	-	-	527	-
4 Electricity, gas, steam and air conditioning supply	3	32	-	-	-	35	-
5 Water supply	-	1	-	-	-	1	-
6 Construction	39	591	12	-	1	618	-
7 Wholesale and retail trade	157	1,409	21	-	1	1,545	-
8 Transport and storage	23	322	4	-	-	341	-
9 Accommodation and food service activities	128	666	9	-	1	785	-
10 Information and communication	3	34	1	-	-	36	-
11 Real estate activities	340	14,614	62	-	(3)	14,892	-
12 Professional, scientific and technical activities	88	952	13	-	1	1,027	-
13 Administrative and support service activities	-	254	-	-	-	254	-
14 Public administration and defence, compulsory social security	41	76,035	8	-	-	76,068	-
15 Education	21	7,452	6	-	(16)	7,467	-
16 Human health services and social work activities	103	1,169	14	-	(7)	1,258	-
17 Arts, entertainment and recreation	47	300	4	-	-	343	-
18 Other services	2,970	231,873	2,720	-	(135)	232,123	324
19 Total	4,656	340,423	2,985	-	(138)	342,094	324

Analysis of Credit Risk

Table 29: CR1-C – Credit quality of exposures by geography

This table provides a comprehensive picture of the credit quality of BBUK PLC's on balance sheet and off balance sheet exposures by geography.

As at 30.06.19	Defaulted exposures £m	Non-defaulted exposures £m	Specific credit risk adjustment £m	General credit risk adjustment £m	Credit risk adjustment charges of the period £m	Net values £m	Accumulated write-offs £m
UK	4,642	322,817	2,983	-	(138)	324,476	324
Europe	5	10,458	1	-	-	10,462	-
Germany	1	5,510	-	-	-	5,511	-
Asia	1	320	-	-	-	321	-
Americas	1	6,774	1	-	-	6,774	-
United States	-	6,097	-	-	-	6,097	-
Africa and Middle East	7	54	-	-	-	61	-
Total	4,656	340,423	2,985	-	(138)	342,094	324

Analysis of Credit Risk

Table 30: CR1-D – Ageing of past-due exposures

This table provides the ageing analysis of accounting on-balance sheet past due exposures regardless of their impairment status.

As at 30.06.19	Gross carrying values					
	≤ 30 days £m	> 30 days ≤ 60 days £m	> 60 days ≤ 90 days £m	> 90 days ≤ 180 days £m	> 180 days ≤ 1 year £m	> 1 year £m
1 Total loans	2,713	647	476	669	1,108	1,012
2 Total debt securities	-	-	-	-	-	-
3 Total Exposures	2,713	647	476	669	1,108	1,012

Table 31: CR1-E – Non-performing and forborne exposures

This table provides an overview of non-performing and forborne exposures.

As at 30.06.19	Gross carrying amount of performing and non-performing exposures								Accumulated impairment and provisions and negative fair value adjustments due to credit risk		Collaterals and financial guarantees received		
	Total	Of which performing but past due > 30 days and ≤ 90 days	Of which non-performing				On performing exposures		On non-performing exposures		On non-performing exposures	Of which forborne exposures	
			Total	Of which defaulted	Of which impaired	Of which forborne	Total	Of which forborne	Total	Of which forborne			
													£m
010 Debt securities	19,867	-	-	-	-	-	-	-	-	-	-	-	
020 Loans and advances	235,670	786	384	4,180	4,180	4,035	756	1,635	91	1,163	154	2,046	437
030 Off-balance-sheet exposures	64,289	-	137	225	225	-	-	61	-	-	-	31	-

Analysis of Credit Risk

Table 32: CR2-B - Changes in the stock of defaulted and impaired loans and debt securities

This table provides an overview of the stock of defaulted and impaired loans and debt securities.

	Gross carrying value defaulted exposures ¹ £m
1 As at 01.01.19	4,463
2 Loans and debt securities that have defaulted or impaired since the last reporting period	1,146
3 Returned to non-defaulted status	(404)
4 Amounts written off	(324)
5 Other changes ²	(700)
10 As at 30.06.19	4,181

1 Defaulted exposures are defined as all stage 3 impaired gross loans and debt securities under IFRS9 and any stage 1 and stage 2 gross loans and debt securities under IFRS9 more than 90 days past due.

2 Other changes include repayments, disposals and net drawdowns.

Table 33: CR2-A – Changes in the stock of general and specific credit risk adjustments

This table shows the movement in the impairment allowance during the year.

	Accumulated specific credit risk adjustment £m	Accumulated general credit risk adjustment £m
1 As at 01.01.19 ¹	2,981	-
2 Increases due to amounts set aside for estimated loan losses during the period ²	202	-
3 Decreases due to amounts reversed for estimated loan losses during the period ³	(324)	-
4 Decreases due to amounts taken against accumulated credit risk adjustments	-	-
5 Transfers between credit risk adjustments	-	-
6 Impact of exchange rate differences	-	-
7 Business combinations, including acquisitions and disposals of subsidiaries	-	-
8 Other adjustments	-	-
9 As at 30.06.19	2,859	-
10 Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	(26)	-
11 Specific credit risk adjustments directly recorded to the statement of profit or loss	-	-

1 Impairments are calculated on a regulatory consolidation basis.

2 Increases due to amounts set aside for estimated loan losses during the period includes the net impact of changes made to parameters (such as probability of default, exposure at default and loss given default), changes in macro economic variables, new assets originated repayments and drawdowns.

3 Represents amounts written off.

Analysis of Counterparty Credit Risk

Table 34: Risk weighted assets of counterparty credit risk exposures

This table summarises risk weighted assets by business and exposure class for counterparty credit risk. The disclosure below excludes CVA which is shown separately on Table 40.

Risk weighted assets credit exposure class	RWA £m	Capital requirements £m
As at 30.06.19		
Counterparty Credit risk exposure class		
Standardised approach		
Central governments or central banks	-	-
Regional governments or local authorities	-	-
Public sector entities	-	-
Multilateral development banks	-	-
International organisations	-	-
Institutions	76	6
Corporates	2	-
Retail	-	-
Secured by mortgages	-	-
Exposures in default	-	-
Items associated with high risks	-	-
Covered bonds	-	-
Securitisation positions	-	-
Collective investment undertakings	-	-
Equity positions	-	-
Other items	-	-
Total standardised approach credit risk exposure	78	6
Advanced IRB approach		
Central governments or central banks	-	-
Institutions	-	-
Corporates	-	-
Retail	-	-
- Small and medium-sized enterprises (SMEs)	-	-
- Secured by real estate collateral	-	-
- Qualifying revolving retail	-	-
- Other retail	-	-
Equity	-	-
Securitisation positions	-	-
Non-credit obligation assets	-	-
Total advanced IRB credit risk exposure	-	-
Default fund contributions	218	18
Total Counterparty credit risk weighted assets	296	24

Analysis of Counterparty Credit Risk

Table 35: CCR1 – Analysis of CCR exposure by approach

This table provides the comprehensive view of the methods used to calculate CCR regulatory requirements and the main parameters used within each method.

As at 30.06.19	Notional	Replacement cost/current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
	£m	£m	£m	£m	£m	£m	£m
1 Mark to market		179	1,655			1,042	51
2 Original exposure	-					-	-
3 Standardised approach		-				-	-
4 IMM (for derivatives and SFTs)				-	-	-	-
5 Of which securities financing transactions				-	-	-	-
6 Of which derivatives and long settlement transactions				-	-	-	-
7 Of which from contractual cross-product netting				-		-	-
8 Financial collateral simple method (for SFTs)						-	-
9 Financial collateral comprehensive method (for SFTs)						180	27
10 VaR for SFTs						-	-
11 Total							78

Analysis of Counterparty Credit Risk

Table 36: CCR3 Counterparty credit risk exposures by exposure classes and risk weight under standardised approach

This table shows exposure at default, broken down by exposure class and risk weight. This table includes exposures subject to the Standardised approach only.

Exposures by regulatory portfolio and risk		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Deducted	Total	of which:	
As at 30.06.19		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Central governments or central banks	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13	-	
2	Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5	International Organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	Institutions	-	977	-	-	196	-	34	-	-	-	-	-	-	-	-	-	1,207	972	
7	Corporates	-	-	-	-	-	-	-	-	-	2	-	-	-	-	-	-	2	2	
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9	Institutions and corporate with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10a	Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10b	Exposures in default	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10c	Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10d	Covered Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10e	Claims in the form of CIU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10f	Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10g	Other items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11	Total	13	977	-	-	196	-	34	-	-	2	-	-	-	-	-	-	1,222	974	

Analysis of Counterparty Credit Risk

Table 37: CCR5-A - Impact of netting and collateral held on exposure values

This table shows the impact on exposure from netting and collateral held for derivatives and SFTs.

	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
As at 30.06.19	£m	£m	£m	£m	£m
1 Derivatives	4,787	4,608	179	780	179
2 SFTs	8,127	8,103	24	-	24
3 Cross-product netting	-	-	-	-	-
4 Total	12,914	12,711	203	780	203

Table 38: CCR5-B - Composition of collateral for exposures to CCR

This table shows the types of collateral posted or received to support or reduce CCR exposures relating to derivative transactions or SFTs, including transactions cleared through a central counterparty (CCP).

As at 30.06.19	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
£m	£m	£m	£m	£m	£m	
Cash	-	554	-	6,978	-	115
Debt	111	115	110	1,086	-	-
Equity	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	111	669	110	8,064	-	115

Analysis of Counterparty Credit Risk

Table 39: CCR8 Exposures to CCPs

This table provides a breakdown of the exposures and RWAs to central counterparties (CCP).

		As at 30.06.19	
		EAD post CRM £m	RWAs £m
1	Exposures to QCCPs (total)		238
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	977	20
3	(i) OTC derivatives	940	19
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	37	1
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	118	218
10	Alternative calculation of own funds requirements for exposures		-
11	Exposures to non-QCCPs (total)		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) SFTs	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin		
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

Analysis of Counterparty Credit Risk

Credit valuation adjustments

The Credit valuation adjustment (CVA) measures the risk from MTM losses due to deterioration in the credit quality of a counterparty to over-the-counter derivative transactions with BBUK PLC. It is a complement to the counterparty credit risk charge, that accounts for the risk of outright default of a counterparty.

Table 40: CCR2 Credit valuation adjustment (CVA) capital charge

BBUK PLC uses the standardised approach to calculate CVA capital charge: This approach takes account of the external credit rating of each counterparty, and incorporates the effective maturity and EAD from the calculation of the CCR.

		Exposure value	RWA
		£m	£m
As at 30.06.19			
1	Total portfolios subject to the Advanced Method	-	-
2	(i) VaR component (including the 3x multiplier)	-	-
3	(ii) Stressed VaR component (including 3x multiplier)	-	-
4	All portfolios subject to the Standardised Method	102	141
EU4	Based on original exposure method	-	-
5	Total subject to the CVA capital charge	102	141

Analysis of Market Risk

Capital requirements for market risk

The table below shows the elements of capital requirements and risk weighted assets under the market risk framework as defined in the CRR. BBUK PLC is required to hold capital for the market risk exposures arising from regulatory trading books.

Table 41: Market risk own funds requirements

	RWA	Capital requirements
	As at 30.06.19 £m	As at 30.06.19 £m
1 Internal models approach		
2 VaR	-	-
3 SVaR	-	-
4 Incremental risk charge	-	-
5 Comprehensive risk measure	-	-
6 Risks not in VaR	-	-
7 Standardised approach	134	11
8 Interest rate risk (general and specific)	88	7
9 Equity risk (general and specific)	-	-
10 Foreign exchange risk	46	4
11 Commodity risk	-	-
12 Specific interest rate risk of securitisation position	-	-
13 Total	134	11

Analysis of Market Risk

Table 42: MR1 - Market risk under standardised approach

This table shows the RWAs and capital requirements for standardised market risk split between outright products, options and securitisation. This table includes exposures subject to the Standardised approach only.

	RWA		Capital requirements	
	As at 30.06.19		As at 30.06.19	
	£m		£m	
Outright products				
1 Interest rate risk (general and specific)	88		7	
2 Equity risk (general and specific)	-		-	
3 Foreign exchange risk	46		4	
4 Commodity risk	-		-	
Options				
5 Simplified approach	-		-	
6 Delta-plus method	-		-	
7 Scenario approach	-		-	
8 Securitisation (Specific Risk)	-		-	
9 Total	134		11	