



VIRGIN  MONEY UK

Interim Pillar 3 Disclosures
2023



Q2 2023 Pillar 3 report

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Introduction

FORWARD-LOOKING STATEMENTS

This report and any other written or oral material discussed or distributed in connection with the Pillar 3 disclosures (the "Information") has been produced to meet the regulatory requirements of Virgin Money UK PLC, together with its subsidiary undertakings (which comprise "the Group") and is for information only, and should not be regarded as an investment or research recommendation, or any form of investment or business advice. You should not place reliance on the Information when taking any business, legal or other types of decisions/actions.

The Information may include forward looking statements, which are based on assumptions, expectations, valuations, targets and estimates about future events. These can be identified by the use of words such as 'expects', 'aims', 'anticipates', 'plans', 'intends', 'prospects' 'outlooks', 'projects', 'forecasts', 'believes', 'potential', 'possible', and similar words or phrases. These forward looking statements are subject to risks, uncertainties and assumptions about the Group and its securities, investments and the environment in which it operates, including, among other things, the development of its business and strategy, any acquisitions, combinations, disposals or other corporate activity undertaken by the Group, trends in its operating industry, changes to customer behaviours and covenant, macroeconomic and/or geopolitical factors, the repercussions of the outbreak of coronaviruses (including but not limited to the COVID-19 outbreak), changes to its Board and/or employee composition, exposures to terrorist activity, IT system failures, cyber-crime, fraud and pension scheme liabilities, changes to law and/or the policies and practices of the Bank of England, the Financial Conduct Authority (FCA) and/or other regulatory and governmental bodies, inflation, deflation, interest rates, exchange rates, tax and national insurance rates, changes in the liquidity, capital, funding and/ or asset position and/or credit ratings of the Group, future capital expenditures and acquisitions, the repercussions of the UK's exit from the European Union (EU) (including any change to the UK's currency and the terms of any trade agreements (or lack thereof) between the UK and the EU), Eurozone instability, Russia's invasion of Ukraine, any referendum on Scottish independence, and any UK or global cost of living crisis or recession.

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BASIS OF PRESENTATION

This report presents the consolidated half-year Pillar 3 disclosures of the Group as at 31 March 2023 and should be read in conjunction with the Virgin Money UK PLC 2023 Interim Financial Report, available from: www.virginmoneyukplc.com/investor-relations/results-and-reporting/financial-results.

The Group is regulated under UK Capital Requirements Regulation (CRR) and the associated binding technical standards that were created by the European Union (Withdrawal) Act 2018. The CRR has subsequently been amended by a number of statutory instruments and is split across the Prudential Regulatory Authority (PRA) rulebook and primary legislation.

These disclosures are prepared and presented in accordance with the Disclosure (CRR) part of the PRA Rulebook, which includes revised disclosure requirements applicable from 1 January 2022, following the UK implementation of the remaining provisions of CRR II. Any references to the EU regulations and directives should, as applicable, be read as references to the UK's version of the respective regulation, as onshored into UK law under the European Union (Withdrawal) Act 2018.

The Group has assessed itself as a 'Large' institution and in accordance with the criteria set out within Article 433a of the PRA rulebook, reports a subset of Pillar 3 disclosures on a quarter and interim period-end basis with full disclosure on an annual basis.

The numbers presented are on a consolidated basis, with Virgin Money UK PLC numbers shown in the body of the report. Clydesdale Bank (CB) Group consolidated numbers are shown in Appendix 1 which aligns with the Disclosure (CRR) part of the PRA rulebook to report ring-fenced bodies at a sub-consolidated level.

These disclosures have been subject to internal verification and are reviewed by the Board and Disclosure Committee. The disclosures have not been, and are not required to be, subject to independent external audit.

Capital and leverage ratios reported include profits for the period that have been externally verified, less foreseeable dividends.

Certain figures contained in this report may have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this report may not conform exactly to the total figure given.

Comparative figures are reported to give insight into movements during the period. Where disclosures are new, or have been significantly changed, we do not generally restate or provide prior period comparatives. Where specific rows and columns in the tables prescribed by the PRA are not applicable or are immaterial to our activities, we omit them and follow the same approach for comparative disclosure.

TEMPLATES NOT DISCLOSED

Specific Pillar 3 templates are required to be disclosed on a semi-annual basis and these are included within this report. A subset of the Pillar 3 templates that are required to be disclosed on a semi-annual basis were not applicable to the Group at 31 March 2023 and therefore have not been included in this report, please refer to the 2022 Pillar 3 Disclosures for further details.

Article 432 of the PRA Rulebook on non-material, proprietary or confidential information permits institutions to omit one or more disclosures if the information provided by such a disclosure is not regarded as material. No disclosures have been omitted on the basis of them being regarded as proprietary, confidential or not material.

Annex I: Disclosure of key metric and overview of risk weighted exposure amounts

Table 1: UK KM1 - Key metrics

The table below provides a summary of the main prudential regulation ratios and measures.

	A	B	C	D	E	
	31 Mar 2023	31 Dec 2022	30 Sept 2022	30 June 2022	31 Mar 2022	
	£m	£m	£m	£m	£m	
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	3,627	3,558	3,633	3,562	3,565
2	Tier 1 capital	4,221	4,151	4,299	4,228	4,262
3	Total capital	5,242	5,172	5,319	5,248	5,282
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	24,703	24,029	24,148	24,008	24,184
Capital ratios (as a percentage of risk-weighted exposure amount) (%)						
5	Common Equity Tier 1 ratio	14.7%	14.8%	15.0%	14.8%	14.7%
6	Tier 1 ratio	17.1%	17.3%	17.8%	17.6%	17.6%
7	Total capital ratio	21.2%	21.5%	22.0%	21.9%	21.8%
Additional own funds requirements based on Supervisory Review and Evaluation Process (SREP) (as a percentage of risk-weighted exposure amount) (%)						
UK-7a	Additional CET1 SREP requirements	1.7%	1.7%	1.7%	1.7%	1.7%
UK-7b	Additional AT1 SREP requirements	0.6%	0.6%	0.6%	0.6%	0.6%
UK-7c	Additional T2 SREP requirements	0.7%	0.7%	0.8%	0.8%	0.8%
UK-7d	Total SREP own funds requirements	11.0%	11.0%	11.1%	11.1%	11.1%
Combined buffer requirement (as a percentage of risk-weighted exposure amount) (%)						
8	Capital conservation buffer	2.5%	2.5%	2.5%	2.5%	2.5%
9	Institution specific countercyclical capital buffer	1.0%	1.0%	0.0%	0.0%	0.0%
UK-10a	Other Systemically Important Institution buffer ⁽¹⁾	0.0%	0.0%	0.0%	0.0%	0.0%
11	Combined buffer requirement	3.5%	3.5%	2.5%	2.5%	2.5%
UK-11a	Overall capital requirements	14.5%	14.5%	13.6%	13.6%	13.6%
12	CET1 available after meeting the total SREP own funds requirements	8.5%	8.6%	8.8%	8.6%	8.5%
Leverage ratio						
13	Total exposure measure excluding claims on central banks	84,472	84,654	83,771	83,901	83,509
14	Leverage ratio excluding claims on central banks (%)	5.0%	4.9%	5.1%	5.0%	5.1%
Additional leverage ratio disclosure requirements (%)						
UK-14a	Fully loaded Expected Credit Loss (ECL) accounting model leverage ratio excluding claims on central banks	4.9%	4.8%	5.0%	4.9%	5.0%
UK-14b	Leverage ratio including claims on central banks	4.4%	4.3%	4.5%	4.5%	4.6%
UK-14c	Average leverage ratio excluding claims on central banks	4.8%	4.8%	5.0%	5.1%	5.0%
UK-14d	Average leverage ratio including claims on central banks	4.3%	4.3%	4.4%	4.5%	4.5%
UK-14e	Countercyclical leverage ratio buffer	0.4%	0.4%	0.0%	0.0%	0.0%

Annex I: Disclosure of key metric and overview of risk weighted exposure amounts

Table 1: UK KM1 - Key metrics (continued)

	A	B	C	D	E	
	31 Mar 2023	31 Dec 2022	30 Sept 2022	30 June 2022	31 Mar 2022	
	£m	£m	£m	£m	£m	
Liquidity Coverage Ratio⁽²⁾						
15	Total high-quality liquid assets (HQLA) (Weighted value average)	12,542	11,793	11,503	11,087	11,281
UK-16a	Cash outflows - Total weighted value	9,573	9,197	8,764	8,317	8,135
UK-16b	Cash inflows - Total weighted value	553	562	543	496	444
16	Total net cash outflows (adjusted value)	9,020	8,635	8,222	7,821	7,691
17	Liquidity coverage ratio (%)	139%	137%	140%	142%	147%
Net Stable Funding Ratio (NSFR)⁽³⁾						
18	Total available stable funding	78,035				
19	Total required stable funding	57,943				
20	NSFR ratio (%)	135%				

(1) On 29 November 2022 the Group was formally designated as an O-SII but is not currently required to hold a related capital buffer.

(2) Liquidity balances are calculated as the simple averages of month-end observations over the 12 months preceding the reporting date.

(3) Prior period figures not disclosed as PRA guidance indicates NSFR disclosure to commence from 1 January 2023.

Table 2: UK KM2 – Key metrics – MREL

Under the Bank Recovery and Resolution Directive the Group is required to hold additional loss-absorbing instruments to support an effective resolution. The minimum requirements for own funds and eligible liabilities (MREL) establishes a minimum amount of equity and eligible debt to recapitalise the Group. An analysis of the Group's current MREL position is provided below:

	A	B	C	D	E	
	31 Mar 2023	31 Dec 2022	30 Sept 2022	30 June 2022	31 Mar 2022	
	£m	£m	£m	£m	£m	
1	Total capital resources ⁽¹⁾⁽²⁾	5,242	5,172	5,319	5,248	5,282
2	Eligible senior unsecured securities issued by Virgin Money UK PLC ⁽²⁾	2,420	2,431	2,423	2,411	2,395
3	Total MREL resources	7,662	7,603	7,742	7,659	7,677
4	Total risk weighted assets	24,703	24,029	24,148	24,008	24,184
5	Total MREL resources available as a percentage of total risk weighted assets (%)	31.0%	31.6%	32.1%	31.9%	31.7%
6	UK leverage exposure measure	84,472	84,654	83,771	83,901	83,509
7	Total MREL resources available as a percentage of UK leverage exposure measure (%)	9.1%	9.0%	9.2%	9.1%	9.2%

(1) The capital position reflects the application of the transitional arrangements for IFRS 9.

(2) Includes MREL instrument maturity adjustments; the add-back of regulatory amortisation; and the deduction of instruments with less than one year to maturity; from September 2022, unamortised costs are also deducted from eligible senior unsecured securities.

Annex I: Disclosure of key metric and overview of risk weighted exposure amounts

Table 3: IFRS 9/Article 468 – Impact of IFRS 9 transitional arrangements and temporary treatment in accordance with CRR Article 468

The following table shows the capital, RWEA and leverage positions with and without the application of transitional arrangements for IFRS 9 or analogous ECLs.

	A	B	C	D	E	
	31 Mar 2023 £m	31 Dec 2022 £m	30 Sept 2022 £m	30 June 2022 £m	31 Mar 2022 £m	
Available capital (£m)						
1	Common Equity Tier 1 (CET1) capital	3,627	3,558	3,633	3,562	3,565
2	CET1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	3,537	3,458	3,519	3,470	3,481
3	Tier 1 capital	4,221	4,151	4,299	4,228	4,262
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	4,131	4,051	4,185	4,136	4,178
5	Total capital	5,242	5,172	5,319	5,248	5,282
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5,152	5,072	5,205	5,156	5,198
Risk-weighted assets (£m)						
7	Total risk-weighted assets	24,703	24,029	24,148	24,008	24,184
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	24,632	23,950	24,056	23,933	24,111
Capital ratios (%)						
9	CET1 (as a percentage of risk exposure amount)	14.7%	14.8%	15.0%	14.8%	14.7%
10	CET1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.4%	14.4%	14.6%	14.5%	14.4%
11	Tier 1 (as a percentage of risk exposure amount)	17.1%	17.3%	17.8%	17.6%	17.6%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16.8%	16.9%	17.4%	17.3%	17.3%
13	Total capital (as a percentage of risk exposure amount)	21.2%	21.5%	22.0%	21.9%	21.8%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	20.9%	21.2%	21.6%	21.5%	21.6%
Leverage ratio						
15	Leverage ratio total exposure measure (£m)	84,472	84,654	83,771	83,901	83,509
16	Leverage ratio (%)	5.0%	4.9%	5.1%	5.0%	5.1%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied (%)	4.9%	4.8%	5.0%	4.9%	5.0%

Transitional arrangements in CRR mean the regulatory capital impact of ECL is being phased in over time. Following the CRR Quick Fix amendments package, which applied from 27 June 2020, relevant provisions raised from 1 January 2020 through to 2024 have a CET1 add-back percentage of 50% in 2023, reducing to 25% in 2024. At 31 March 2023, £90m of IFRS 9 transitional adjustments (30 September 2022: £114m) have been applied to the Group's capital position in accordance with CRR: £3m of static and £87m of dynamic adjustments (30 September 2022: £7m static and £107m dynamic).

Annex I: Disclosure of key metric and overview of risk weighted exposure amounts

Table 4: UK OV1 - Overview of Risk weighted exposure amounts

The table below shows RWEAs and minimum capital requirement by risk type and approach⁽¹⁾. Total own funds requirements are calculated as 8% of RWEAs.

		A		B	C
		Risk weighted exposure amounts (RWEAs)		31 Dec 2022 £m	Total own funds requirements
		31 Mar 2023 £m	31 Mar 2023 £m		
1	Credit risk (excluding CCR)	21,699	20,977		1,735
2	<i>of which: the standardised approach</i>	6,171	6,155		492
3	<i>of which: the foundation IRB (FIRB) approach</i>	5,773	5,649		462
4	<i>of which: slotting approach</i>	396	348		32
5	<i>of which: the advanced IRB (AIRB) approach</i>	9,359	8,825		749
6	Counterparty credit risk - CCR	381	429		31
7	<i>of which: the standardised approach</i>	191	187		15
UK-8a	<i>of which: exposures to a Central Counterparty (CCP)</i>	7	7		1
UK-8b	<i>of which: credit valuation adjustment - CVA</i>	183	235		15
23	Operational risk	2,623	2,623		210
UK-23b	<i>of which: standardised approach</i>	2,623	2,623		210
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	289	293		23
29	Total	24,703	24,029		1,976

(1) The Group's Pillar 1 capital requirement for market risk is set to zero, therefore no figures are disclosed.

Annex VII: Own Funds

Table 5: UK CC1 - Composition of regulatory own funds

	31 Mar 2023 £m	30 Sept 2022 £m	Ref ⁽¹⁾ :
CET1 capital: instruments and reserves			
1	146	148	f
	137	141	g
	9	7	h
2	4,318	4,330	j + k + n + p + s + t
3	414	766	l
UK-5a	95	298	o + q + r
6	4,973	5,542	
CET1 capital: regulatory adjustments			
7	(6)	(5)	
8	(241)	(267)	a
10	(290)	(302)	b
11	(381)	(699)	m
12	(122)	(100)	
15	(396)	(650)	c – e
UK-27a	90	114	
28	(1,346)	(1,909)	
29	3,627	3,633	
Additional Tier 1 (AT1) capital: instruments			
30	594	666	
31	594	666	i
44	594	666	
45	4,221	4,299	
Tier 2 (T2) capital: instruments			
46	1,021	1,020	d
58	1,021	1,020	
59	5,242	5,319	
60	24,703	24,148	
Capital ratios and buffers			
61	14.7%	15.0%	
62	17.1%	17.8%	
63	21.2%	22.0%	
64	8.0%	7.0%	
65	2.5%	2.5%	

Annex VII: Own Funds

Table 5: UK CC1 - Composition of regulatory own funds (continued)

		31 Mar 2023 £m	30 Sept 2022 £m	Ref ⁽¹⁾ :
66	<i>of which: countercyclical buffer requirement</i>	1.0%	0.0%	
67	<i>of which: systemic risk buffer requirement</i>	0.0%	0.0%	
UK-67a	<i>of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer</i>	0.0%	0.0%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)⁽²⁾	8.5%	8.8%	
	Amounts below the thresholds for deduction (before risk weighting)			
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	116	106	
	Applicable caps on the inclusion of provisions in Tier 2			
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	80	79	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	93	90	

(1) Shows cross reference to the balance sheet under regulatory scope of consolidation in Table 6.

(2) Represents the CET1 ratio after deducting Pillar 1 and 2A requirements.

Common Equity Tier 1

The Group maintained a robust capital position with a CET1 ratio (IFRS 9 transitional basis) of 14.7% (30 September 2022: 15.0%).

The Group's CET1 capital showed a small reduction of £6m during the period. The Group reported a profit after tax of £180m in the period. The capital benefits of the profit in the period were reduced by a number of items including: a second share buyback programme of £50m which was announced and completed in the period; a deduction of £45m for foreseeable dividends in respect of these interim results; and further reductions arising due to an increase in excess expected losses of £22m and the tapering down effect of IFRS 9 transitional relief of £24m.

Total capital and minimum requirements for own funds and eligible liabilities (MREL)

The total capital ratio remained broadly stable at 21.2% (30 September 2022: 22.0%) and the MREL ratio (IFRS 9 transitional basis) when expressed as a percentage of RWAs also remained stable at 31.0% (30 September 2022 32.1%). The Group's MREL position represents prudent headroom of £1.3bn or 1.6% above the binding loss-absorbing capacity (LAC) requirement of 7.5% of Leverage Exposures, or 5.4% above the binding LAC requirement of 25.6% when expressed as a percentage of RWAs. Capital and MREL issuance during the remainder of FY23 is still expected to be broadly limited to refinancing and maintaining the surplus to regulatory requirements.

Annex VII: Own Funds

Table 6: UK CC2 - Reconciliation of regulatory own funds to balance sheet in the financial statements

The following table shows the Group's consolidated accounting and regulatory balance sheets as at 31 March 2023, with references to show linkages to UK CC1.

As at 31 March 2023	A	B	Ref:		A	B	Ref:
	Balance sheet as in published financial statements £m	Under regulatory scope of consolidation ⁽¹⁾ £m			Balance sheet as in published financial statements £m	Under regulatory scope of consolidation ⁽¹⁾ £m	
Assets							
1	<i>Financial assets at amortised cost</i>						
2	Loans and advances to customers	71,879	71,871				
3	Cash and balances with central banks	12,328	12,328				
4	Due from other banks	583	589				
5	<i>Financial assets at FVTPL</i>						
6	Loans and advances to customers	68	68				
7	Derivative financial instruments	201	201				
8	Other financial assets	8	8				
9	Financial assets at FVOCI	5,869	5,869				
10	Property plant and equipment	218	218				
11	Intangible assets and goodwill	241	241	a			
13	Deferred tax assets	262	262				
14	<i>of which: tax losses carried forward</i>	290	290	b			
15	Defined benefit pensions scheme assets	610	610	c			
16	Other assets	229	221				
17	Total assets	92,496	92,486				
Liabilities							
1	<i>Financial liabilities at amortised cost</i>						
2	Customer deposits	67,229	67,223				
3	Debt securities in issue	8,780	8,780				
4	<i>of which: tier 2 instruments</i>	1,021	1,021	d			
5	Due to other banks	8,116	8,116				
6	<i>Financial liabilities at FVTPL</i>						
7	Derivative financial instruments	255	255				
8	Current tax liabilities	3	3				
9	Deferred tax liabilities	214	214				
	<i>of which: defined pension benefit scheme surplus</i>	214	214	e			
10	Provisions for liabilities and charges	59	59				
12	Other liabilities	2,210	2,269				
13	Total liabilities	86,866	86,919				
Shareholders' Equity							
1	Share capital and share premium	146	146	f			
2	<i>of which: ordinary share capital</i>	137	137	g			
3	<i>of which: share premium</i>	9	9	h			
4	Other equity instruments	594	594	i			
5	Capital reorganisation reserve	(839)	(839)	j			
6	Merger reserve	2,128	2,128	k			
7	Other reserves	414	414	l			
8	<i>of which: cash flow hedge reserve</i>	381	381	m			
9	Retained earnings	3,187	3,124				
10	<i>of which: prior period retained earnings</i>	3,471	3,471	n			
11	<i>of which: profits accrued in the year to date</i>	180	180	o			
12	<i>of which: FY22 dividends paid</i>	(103)	(103)	p			
13	<i>of which: FY23 dividends paid/accrued in the period</i>	-	(45)	q			
14	<i>of which: AT1 coupons paid/accrued in the period</i>	(28)	(40)	r			
15	<i>of which: share buyback</i>	(63)	(63)	s			
16	<i>of which: other movements in retained earnings</i>	(270)	(276)	t			
17	Total shareholders' equity	5,630	5,567				

(1) Balance sheet after regulatory consolidation of joint ventures, and after accruing for foreseeable AT1 coupons and ordinary dividends.

Annex IX: Countercyclical capital buffers

Table 7: UK CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

	A	B	F	G	J	K	L	M
	General credit exposures		Total exposure value	Own fund requirements		Risk-weighted exposure amounts	Own fund requirements weights	Counter-cyclical buffer rate
	Exposure value under the standardised approach	Exposure value under the IRB approach		Relevant credit risk exposures – Credit risk	Total			
As at 31 Mar 2023	£m	£m	£m	£m	£m	£m	%	%
Breakdown by country:								
UK	8,907	71,378	80,285	1,727	1,727	21,583	100%	1%
Total	8,907	71,378	80,285	1,727	1,727	21,583	100%	1%
As at 30 Sept 2022								
UK	9,174	72,612	81,786	1,681	1,681	21,013	100%	0%
Total	9,174	72,612	81,786	1,681	1,681	21,013	100%	0%

Table 8: UK CCyB2 - Amount of institution-specific countercyclical capital buffer

	31 Mar 2023	30 Sept 2022
1 Total risk exposure amount (£m)	24,703	24,148
2 Institution specific countercyclical capital buffer rate (%)	1%	0%
3 Institution specific countercyclical capital buffer requirement	247	-

Annex XI: Leverage ratio

Table 9: UK LR1 – LRSum - Summary reconciliation of accounting assets and leverage ratio exposures

The table below shows a reconciliation between the total assets under IFRS standards and the leverage ratio exposure measure of Virgin Money UK PLC. The leverage metrics are calculated in line with the Leverage ratio (CRR) part of the PRA Rulebook.

	A	B
	31 Mar 2023	30 Sept 2022
	£m	£m
1 Total assets as per published financial statements	92,496	91,907
4 (Adjustment for exemption of exposures to central banks)	(12,062)	(11,955)
8 Adjustment for derivative financial instruments	624	522
9 Adjustment for securities financing transactions (SFTs)	2,597	2,974
10 Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	3,054	3,204
11 (Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	(6)	(5)
12 Other adjustments	(2,231)	(2,876)
13 Total exposure measure	84,472	83,771

Annex XI: Leverage ratio

Table 10: UK LR2 – LRCom - Leverage ratio common disclosure

		Leverage ratio exposures	
		A	B
		31 Mar 2023	30 Sept 2022
		£m	£m
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	91,633	90,834
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(229)	(241)
6	(Asset amounts deducted in determining tier 1 capital (leverage))	(1,346)	(1,909)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	90,058	88,684
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	325	462
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	500	402
13	Total derivatives exposures	825	864
SFT exposures			
16	Counterparty credit risk exposure for SFT assets	2,597	2,974
18	Total securities financing transaction exposures	2,597	2,974
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	18,068	19,319
20	(Adjustments for conversion to credit equivalent amounts)	(15,014)	(16,115)
22	Off-balance sheet exposures	3,054	3,204
Capital and total exposure measure			
23	Tier 1 capital (leverage)	4,221	4,299
24	Total exposure measure including claims on central banks	96,534	95,726
UK-24a	(-) Claims on central banks excluded	(12,062)	(11,955)
UK-24b	Total exposure measure excluding claims on central banks	84,472	83,771
Leverage ratio (%)			
25	Leverage ratio excluding claims on central banks	5.0%	5.1%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks	4.9%	5.0%
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	4.9%	5.0%
UK-25c	Leverage ratio including claims on central banks	4.4%	4.5%
26	Regulatory minimum leverage ratio requirement	3.25%	3.25%
Additional leverage ratio disclosure requirements - leverage ratio buffers (%)			
27	Leverage ratio buffer	0.4%	0.0%
UK-27a	of which: G-SII or O-SII additional leverage ratio buffer	0.0%	0.0%
UK-27b	of which: countercyclical leverage ratio buffer	0.4%	0.0%
Additional leverage ratio disclosure requirements – disclosure of mean values			
UK-31	Average total exposure measure including claims on central banks	96,069	94,468
UK-32	Average total exposure measure excluding claims on central banks	85,056	83,985
UK-33	Average leverage ratio including claims on central banks (%)	4.3%	4.4%
UK-34	Average leverage ratio excluding claims on central banks (%)	4.8%	5.0%

Annex XI: Leverage ratio

Table 11: UK LR3 – LRSpl - Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		Leverage ratio exposures	
		A	B
		31 Mar 2023 £m	30 Sept 2022 £m
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:		79,342	78,638
UK-1	Trading book exposures	-	-
UK-2	Banking book exposures, of which:	79,342	78,638
UK-3	<i>Covered bonds</i>	1,266	1,471
UK-4	<i>Exposures treated as sovereigns</i>	3,981	3,221
UK-5	<i>Exposures to regional governments, Multilateral Development Bank, international organisations and public sector entities not treated as sovereigns</i>	90	181
UK-6	<i>Institutions</i>	761	511
UK-7	<i>Secured by mortgages of immovable properties</i>	60,635	60,588
UK-8	<i>Retail exposures</i>	6,146	6,273
UK-9	<i>Corporates</i>	4,654	4,680
UK-10	<i>Exposures in default</i>	703	728
UK-11	<i>Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)</i>	1,106	985
UK-12			

Following the FPC and PRA's published policy statement PS21/21, the Group is subject to a single UK leverage ratio exposure measure from 1 January 2022 and is required to maintain a leverage ratio that exceeds the total of the UK minimum leverage ratio of 3.25% and a countercyclical leverage ratio buffer (CCLB) rate of 35% of its institution-specific countercyclical capital buffer (CCyB) rate.

Following the FPC's announcement in December 2022, the CCLB increased to 0.4% as a result of an uplift in the CCyB to 1%. The Group's leverage ratio of 5.0% (30 September 2022: 5.1%) exceeds these minimum requirements. The Group's average leverage ratio is 4.8% (30 September 2022: 5.0%).

The countercyclical capital buffer is due to increase to 2% from July 2023, triggering an increase in the CCLB to 0.7%.

Annex XIII: Liquidity requirements

Table 12: UK LIQ1 - Quantitative information on LCR

The table below shows the breakdown of the Group's high-quality liquid assets, cash outflows and cash inflows, calculated as the simple averages of month-end observations over the 12 months preceding the reporting date, on an unweighted and weighted basis.

		A	B	C	D	E	F	G	H
		Total unweighted value (average)				Total weighted value (average)			
UK-1a	Quarter ending on	31 Mar 2023	31 Dec 2022	30 Sept 2022	30 Jun 2022	31 Mar 2023	31 Dec 2022	30 Sept 2022	30 Jun 2022
UK-1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
High-quality liquid assets									
1	Total HQLA					12,542	11,793	11,503	11,087
Cash - Outflows									
2	Retail deposits and deposits from small business customers, of which:	55,592	55,351	55,668	56,510	3,379	3,326	3,305	3,309
3	Stable deposits	40,163	41,497	42,844	44,090	2,004	2,068	2,134	2,197
4	Less stable deposits	11,278	10,062	9,269	8,776	1,338	1,219	1,138	1,081
5	Unsecured wholesale funding, of which:	7,535	7,283	7,042	6,757	3,650	3,459	3,258	3,028
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	1,255	1,229	1,185	1,169	311	305	294	289
7	Non-operational deposits (all counterparties) ⁽¹⁾	6,274	6,047	5,838	5,570	3,333	3,148	2,946	2,719
8	Unsecured debt	6	6	19	19	6	6	19	19
10	Additional requirements, of which:	4,121	3,814	3,657	3,598	1,415	1,220	1,032	934
11	Outflows related to derivative exposures and other collateral requirements	1,076	887	688	583	1,076	887	688	583
13	Credit and liquidity facilities	3,045	2,927	2,970	3,015	338	332	345	351
14	Other contractual funding obligations	84	76	75	73	9	-	-	-
15	Other contingent funding obligations	15,526	15,684	15,564	15,204	1,121	1,192	1,168	1,047
16	Total cash outflows					9,573	9,197	8,764	8,317
Cash - Inflows									
18	Inflows from fully performing exposures	1,575	1,556	1,457	1,396	553	562	543	496
20	Total cash inflows	1,575	1,557	1,457	1,396	553	562	543	496
UK-20c	Inflows subject to 75% cap	1,575	1,463	1,457	1,396	553	562	543	496
Total adjusted value									
UK-21	Liquidity buffer					12,542	11,793	11,503	11,087
22	Total net cash outflows					9,020	8,635	8,222	7,821
23	Liquidity coverage ratio (%)					139%	137%	140%	142%

(1) The total unweighted value (average) for 30 September 2022 has been corrected following a misstatement in the Q4 2022 Pillar 3 disclosures.

Annex XIII: Liquidity requirements

UK LIQB - Qualitative information on Liquidity Coverage Ratio (LCR)

(a) The main drivers of LCR results and the contribution of inputs to the LCR's calculation

The LCR is driven by the size and composition of the liquid asset buffer and net stressed outflows. The Group's liquid asset buffer is very high quality with minimal haircuts applied.

The primary source of outflows is the retail deposit book for which outflows are calculated based on LCR rules according to liquidity requirements. Additional outflows include committed lending to customers and other lending facilities, credit rating downgrade requirements and wholesale funding maturities. Outflows are offset by inflows such as attrition from the lending book.

(b) Changes in the LCR over time

The Group's Pillar 3 LCR disclosure (calculated as the simple average of month-end observations over the 12 months preceding the end of the reporting period) was 139% as at 31 March 2023, from 137% as at 31 December 2022. The ratio continues to comfortably exceed both regulatory requirements and our more prudent internal risk appetite metrics, ensuring a substantial buffer in the event of any outflows.

(c) Concentration of funding sources

The Group is primarily funded through retail deposits, in addition to a diversified wholesale funding book. A series of metrics are used by the Group to measure risk exposures, including funding ratios, limits on concentration and funding tenors/maturity risk. These include both Risk Appetite (Tier 1) and Asset Liability Committee limits (Tier 2). As at the reporting date, these metrics include assessments of liquidity risk under stress including the regulatory LCR and internal OLAR stress tests, the regulatory Net Stable Funding Ratio, Loan to Deposit Ratio, retail and wholesale refinancing measures, single name concentration, large business deposit concentration and available contingent funding. These metrics ensure that concentration of funding sources and maturity concentration remain within risk appetite.

(d) Composition of the Group's liquidity buffer

The Group's liquidity buffer is largely comprised of Level 1 assets, which includes cash at the Bank of England, UK Government securities (Gilts) and listed securities (e.g. bonds issued by supra-nationals and AAA-rated covered bonds). The quantity and quality of the Group's liquid asset portfolio remains at a prudent level above regulatory requirements, with precise levels informed by the Board's view of liquidity risk appetite and calibrated through a series of internal stress tests across a range of time horizons and stress conditions.

(e) Derivative exposures and potential collateral calls

The Group actively manages its derivative exposures and potential collateral calls with derivative outflows under stress captured within the Historical Look Back Approach for LCR, which considers the impact of market movements on derivative exposures. Potential collateral calls under a 3-notch credit rating downgrade, including the impacts on derivative initial margin requirements, are also captured.

(f) Currency mismatch in the LCR

The LCR is calculated and reported in Great British Pounds (GBP) as no other currencies are significant in accordance with the PRA Rulebook. The Group's policy is for all currency liabilities to be swapped to GBP on a matched tenor basis, thereby removing Cross Currency Liquidity Risk. This balance principally relates to funding issuance in Euros and US Dollars for which there are deep and liquid cross currency and foreign exchange swap markets. The swaps are matched to the issuance by volume, tenor and repricing rate, thereby ensuring that the net funding cost is linked to GBP rates. A similar approach is used to manage operational currency flows and to fund currency bank account positions. The use of derivative financial instruments manages foreign currency risk within approved limits.

(g) Other items in the LCR calculation that are not captured in the LCR disclosure template but that are relevant for the liquidity profile

No other items identified.

Annex XIII: Liquidity requirements

Table 13: UK LIQ2 - Net Stable Funding Ratio

		A	B	C	D	E
		Unweighted value by residual maturity (average)				Weighted value (average)
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
As at 31 Mar 2023						
Available stable funding (ASF) Items						
1	Capital items and instruments	5,579	36	-	1,020	6,599
2	Own funds	5,579	36	-	1,020	6,599
3	Other capital instruments		-	-	-	-
4	Retail deposits		53,389	1,636	844	52,502
5	Stable deposits		41,721	1,001	550	41,136
6	Less stable deposits		11,668	635	294	11,366
7	Wholesale funding:		11,683	977	14,344	18,428
8	Operational deposits		1,450	-	-	725
9	Other wholesale funding		10,233	977	14,344	17,703
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	278	1,518	-	506	506
12	NSFR derivative liabilities	278				
13	All other liabilities and capital instruments not included in the above categories		1,518	-	506	506
14	Total available stable funding (ASF)					78,035
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					1,197
UK-15a	Assets encumbered for more than 12m in cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		6,902	1,717	63,917	53,774
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		181	158	456	553
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		5,915	787	6,406	8,769
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		62	45	388	353
22	Performing residential mortgages, of which:		806	772	57,055	44,452
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		734	713	55,816	43,334
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		-	-	-	-
25	Interdependent assets		-	-	-	-

Annex XIII: Liquidity requirements

Table 13: UK LIQ2 - Net Stable Funding Ratio (continued)

		A	B	C	D	E
		Unweighted value by residual maturity (average)				Weighted value (average)
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
As at 31 Mar 2023						
26	Other assets:		3,188	20	1,607	2,027
27	<i>Physical traded commodities</i>				-	-
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>		-	-	-	-
29	<i>NSFR derivative assets</i>		244	-	-	244
30	<i>NSFR derivative liabilities before deduction of variation margin posted</i>		-	-	-	-
31	<i>All other assets not included in the above categories</i>		2,945	20	1,607	1,784
32	Off-balance sheet items		18,633	-	-	944
33	Total RSF					57,943
34	Net Stable Funding Ratio (%)					135%

Annex XV: Credit risk quality

Table 14: UK CR1 - Performing and non-performing exposures and related provisions

		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
		Gross carrying amount/nominal amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received		
		Performing exposures			Non-performing exposures		Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures	
		Of which: Stage 1	Of which: Stage 2		Of which: Stage 2	Of which: Stage 3	Of which: Stage 1	Of which: Stage 2		Of which: Stage 2	Of which: Stage 3					
As at 31 March 2023		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005	Cash balances at central banks and other demand deposits	10,126	10,126	-	-	-	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	74,687	67,914	6,706	1,182	99	1,023	(397)	(71)	(326)	(127)	(6)	(121)	(63)	61,744	772
020	Central banks	2,494	2,494	-	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	13	1	2	-	-	-	-	-	-	-	-	-	-	-	-
040	Credit institutions	244	244	-	-	-	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	160	151	9	2	-	2	(1)	(1)	-	-	-	-	(11)	31	1
060	Non-financial corporations	7,417	5,638	1,752	402	4	391	(59)	(17)	(42)	(44)	-	(44)	(51)	4,148	139
070	of which: SMEs	5,476	3,964	1,488	176	1	167	(28)	(5)	(23)	(28)	-	(28)	-	3,615	86
080	Households	64,359	59,386	4,943	778	95	630	(337)	(53)	(284)	(83)	(6)	(77)	(1)	57,565	632
090	Debt securities	5,870	5,870	-	-	-	-	-	-	-	-	-	-	-	-	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	2,917	2,917	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	2,952	2,952	-	-	-	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	18,006	16,988	1,018	64	-	64	4	1	3	-	-	-		-	-
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-		-	-
170	General governments	384	377	7	-	-	-	-	-	-	-	-	-		-	-
180	Credit institutions	9	8	1	-	-	-	-	-	-	-	-	-		-	-
190	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-		-	-
200	Non-financial corporations	3,168	2,607	561	28	-	28	4	1	3	-	-	-		-	-
210	Households	14,445	13,996	449	36	-	36	-	-	-	-	-	-		-	-
220	Total	108,689	100,898	7,724	1,246	99	1,087	(393)	(70)	(323)	(127)	(6)	(121)	(63)	61,744	772

Annex XV: Credit risk quality

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	
	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received		
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures	
	£m	Of which: Stage 1 £m	Of which: Stage 2 £m	£m	Of which: Stage 2 £m	Of which: Stage 3 £m	£m	Of which: Stage 1 £m	Of which: Stage 2 £m	£m	Of which: Stage 2 £m	Of which: Stage 3 £m				£m
As at 30 September 2022																
005 Cash balances at central banks and other demand deposits	9,945	9,945	-	-	-	-	-	-	-	-	-	-	-	-	-	-
010 Loans and advances	75,006	69,605	5,333	1,148	93	991	(337)	(90)	(247)	(115)	(4)	(113)	(49)	62,088	818	
020 <i>Central banks</i>	2,589	2,589	-	-	-	-	-	-	-	-	-	-	-	-	-	
030 <i>General governments</i>	11	1	1	-	-	-	-	-	-	-	-	-	-	-	-	
040 <i>Credit institutions</i>	253	253	-	-	-	-	-	-	-	-	-	-	-	-	-	
050 <i>Other financial corporations</i>	184	177	7	4	-	4	-	-	-	-	-	-	-	34	1	
060 <i>Non-financial corporations</i>	7,096	5,718	1,350	336	4	324	(60)	(11)	(49)	(48)	-	(48)	(48)	4,010	135	
070 <i>of which: SMEs</i>	5,430	4,250	1,153	168	-	163	(34)	(5)	(29)	(25)	-	(24)	-	3,500	102	
080 <i>Households</i>	64,873	60,867	3,975	808	89	663	(277)	(79)	(198)	(67)	(4)	(65)	(1)	58,044	682	
090 Debt securities	5,064	5,064	-	-	-	-	-	-	-	-	-	-	-	-	-	
100 <i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
110 <i>General governments</i>	2,120	2,120	-	-	-	-	-	-	-	-	-	-	-	-	-	
120 <i>Credit institutions</i>	2,944	2,944	-	-	-	-	-	-	-	-	-	-	-	-	-	
130 <i>Other financial corporations</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
140 <i>Non-financial corporations</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
150 Off-balance-sheet exposures	19,286	18,454	832	40	-	38	4	-	4	-	-	-		-	-	
160 <i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-		-	-	
170 <i>General governments</i>	377	370	7	-	-	-	-	-	-	-	-	-		-	-	
180 <i>Credit institutions</i>	9	7	2	-	-	-	-	-	-	-	-	-		-	-	
190 <i>Other financial corporations</i>	-	-	-	-	-	-	-	-	-	-	-	-		-	-	
200 <i>Non-financial corporations</i>	3,158	2,694	464	26	4	26	4	-	-	-	-	-		-	-	
210 <i>Households</i>	15,742	15,383	359	14	-	12	-	-	-	-	-	-		-	-	
220 Total	109,301	103,068	6,165	1,188	93	1,029	(333)	(90)	(243)	(115)	(4)	(113)	(49)	62,088	818	

Annex XV: Credit risk quality

Table 15: UK CR1-A - Maturity of exposures

The maturity of exposures is shown on a contractual basis rather than the actual redemptions experienced by the Group. Undrawn values have been allocated to the contractual maturity of the underlying exposure.

	A	B	C	D	E	F
	Net exposure value					
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
As at 31 March 2023	£m	£m	£m	£m	£m	£m
1 Loans and advances	-	22,777	9,095	59,239	85	91,196
2 Debt securities	-	765	1,324	3,780	1	5,870
3 Total	-	23,542	10,419	63,019	86	97,066

	A	B	C	D	E	F
	Net exposure value					
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
As at 30 Sept 2022	£m	£m	£m	£m	£m	£m
1 Loans and advances	-	23,241	9,144	60,354	95	92,834
2 Debt securities	-	894	1,215	2,882	1	4,992
3 Total	-	24,135	10,359	63,236	96	97,826

Table 16: UK CR2 - Changes in the stock of non-performing loans and advances⁽¹⁾⁽²⁾

This table illustrates the changes in the stock of non-performing loans and advances.

	A
	Gross carrying amount
10 Initial stock of non-performing loans and advances as at 30 Sept 2022	1,036
20 Inflows to non-performing portfolios	333
30 Outflows from non-performing portfolios	(132)
40 Outflows due to write-offs	(93)
50 Outflows due to other situations	(79)
60 Final stock of non-performing loans and advances as at 31 Mar 2023	1,065

(1) Excludes accrued interest and deferred and unamortised fee income.

(2) Changes in the stock of non-performing loans and advances is defined as movements into and out of IFRS Stage 3.

Annex XV: Credit risk quality

Table 17: UK CQ1 - Credit quality of forborne exposures

		A	B	C	D	E		F	G	H
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures		
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures			Of which: collateral and financial guarantees received on non-performing exposures with forbearance measures	
		Of which: defaulted	Of which: impaired							
As at 31 March 2023		£m	£m	£m	£m	£m	£m	£m	£m	£m
010	Loans and advances	534	567	531	518	(14)	(73)	768	343	
060	Non-financial corporations	248	232	232	227	(7)	(36)	233	78	
070	Households	286	335	299	291	(7)	(37)	535	265	
090	Loan commitments given	24	13	13	13	-	-	-	-	
100	Total	558	580	544	531	(14)	(73)	768	343	

		A	B	C	D	E		F	G	H
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures		
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures			Of which: collateral and financial guarantees received on non-performing exposures with forbearance measures	
		Of which: defaulted	Of which: impaired							
As at 30 September 2022		£m	£m	£m	£m	£m	£m	£m	£m	£m
010	Loans and advances	526	628	597	587	(16)	(68)	816	418	
060	Non-financial corporations	205	211	211	204	(8)	(34)	169	66	
070	Households	321	417	386	383	(8)	(34)	647	352	
090	Loan commitments given	24	16	16	16	-	-	-	-	
100	Total	550	644	613	603	(16)	(68)	816	418	

Annex XV: Credit risk quality

Table 18: UK CQ5 - Credit quality of loans and advances to non-financial corporations by industry

	A	B	C	D	E	F
	Gross carrying amount			Of which: Loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	Of which: non-performing					
			Of which: defaulted			
As at 31 March 2023						
010 Agriculture, forestry and fishing	1,230	37	37	1,215	(5)	-
020 Mining and quarrying	100	6	6	100	(2)	-
030 Manufacturing	798	57	57	797	(17)	-
040 Electricity, gas, steam and air conditioning supply	183	1	1	183	(1)	-
050 Water supply	49	-	-	49	-	-
060 Construction	346	44	44	346	(7)	-
070 Wholesale and retail trade	721	58	58	721	(18)	-
080 Transport and storage	325	38	38	324	(4)	-
090 Accommodation and food service activities	718	32	32	718	(4)	-
100 Information and communication	377	18	18	377	(8)	-
110 Financial and insurance activities	-	-	-	-	-	-
120 Real estate activities	424	6	6	424	(2)	-
130 Professional, scientific and technical activities	478	37	37	477	(19)	-
140 Administrative and support service activities	796	17	17	796	(6)	-
150 Public administration and defence, compulsory social security	-	-	-	-	-	-
160 Education	45	2	2	40	-	-
170 Human health services and social work activities	1,045	40	40	1,042	(8)	-
180 Arts, entertainment and recreation	75	3	3	75	(1)	-
190 Other services	110	6	6	109	-	-
200 Total	7,820	402	402	7,793	(102)	-

Annex XV: Credit risk quality

	A	B	C	D	E	F
	Gross carrying amount					
		Of which: non-performing	Of which: Loans and advances subject to impairment		Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which: defaulted				
As at 30 September 2022						
010 Agriculture, forestry and fishing	1,278	39	39	1,260	(6)	-
020 Mining and quarrying	91	7	7	91	(3)	-
030 Manufacturing	792	46	46	792	(28)	-
040 Electricity, gas, steam and air conditioning supply	171	1	1	171	(1)	-
050 Water supply	45	-	-	45	-	-
060 Construction	351	36	36	350	(6)	-
070 Wholesale and retail trade	758	52	52	758	(18)	-
080 Transport and storage	330	34	34	330	(6)	-
090 Accommodation and food service activities	654	19	19	654	(6)	-
100 Information and communication	367	13	13	367	(6)	-
110 Financial and insurance activities	-	-	-	-	-	-
120 Real estate activities	391	5	5	391	(2)	-
130 Professional, scientific and technical activities	447	20	20	446	(13)	-
140 Administrative and support service activities	682	14	14	682	(6)	-
150 Public administration and defence, compulsory social security	1	-	-	1	-	-
160 Education	44	1	1	39	-	-
170 Human health services and social work activities	865	43	43	861	(7)	-
180 Arts, entertainment and recreation	36	2	2	36	-	-
190 Other services	129	4	4	128	-	-
200 Total	7,432	336	336	7,402	(108)	-

Annex XVII: Credit risk mitigation (CRM) techniques

Table 19: UK CR3 - Disclosure of the use of credit risk mitigation techniques⁽¹⁾

	A	B	C	D
	Unsecured carrying amount	Secured carrying amount		
			Of which: secured by collateral	Of which: secured by financial guarantees
As at 31 March 2023	£m	£m	£m	£m
Loans and advances	22,958	62,515	61,715	801
Debt securities	5,870	-	-	-
Total	28,828	62,515	61,715	801
<i>of which: non-performing exposures</i>	286	772	725	46
<i>of which: defaulted</i>	209	772		

	A	B	C	D
	Unsecured carrying amount	Secured carrying amount		
			Of which: secured by collateral	Of which: secured by financial guarantees
As at 30 Sept 2022	£m	£m	£m	£m
Loans and advances	22,741	62,905	61,937	968
Debt securities	5,064	-	-	-
Total	27,805	62,905	61,937	968
<i>of which: non-performing exposures</i>	215	818	752	66
<i>of which: defaulted</i>	142	818		

(1) Disclosure is presented gross of provisions.

Annex XIX: Standardised approach

Table 20: UK CR4 - Standardised approach: Credit risk exposure and CRM effects

The table below shows a breakdown of exposures under the standardised approach pre- and post-application of credit conversion factors (CCF) and CRM. For retail exposures secured by mortgages, the protection effect of mortgage collateral is intrinsically part of the definition of the original exposure class.

	A		B		C		D	E		F
	Exposures before CCF and before CRM		Exposures post-CCF and post-CRM				RWAs and RWAs density			
	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount			RWAs		RWAs density ⁽¹⁾	
	£m	£m	£m	£m			£m		%	
As at 31 March 2023										
1 Central governments or central banks	15,261	3	16,113	3	-	-	-	-		
2 Regional government or local authorities	90	264	12	54	13	19.7%				
3 Public sector entities	211	118	211	24	5	2.1%				
4 Multilateral development banks	1,040	-	1,040	-	-	0.0%				
6 Institutions	761	9	761	2	163	21.4%				
7 Corporates	677	188	244	59	266	87.8%				
8 Retail	6,146	11,094	6,146	20	4,623	75.0%				
9 Secured by mortgages on immovable property	209	382	209	191	143	35.8%				
10 Exposures in default	226	21	83	-	97	116.9%				
12 Covered bonds	1,266	-	1,266	-	127	10.0%				
15 Equity	8	-	8	-	8	100.0%				
16 Other items	618	-	618	-	726	117.5%				
17 Total	26,513	12,079	26,711	353	6,171	22.80%				

(1) RWA density calculation has been performed on unrounded figures

	A		B		C		D	E		F
	Exposures before CCF and before CRM		Exposures post-CCF and post-CRM				RWAs and RWAs density			
	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount			RWAs		RWAs density ⁽¹⁾	
	£m	£m	£m	£m			£m		%	
As at 30 September 2022										
1 Central governments or central banks	14,278	1	15,248	-	-	-				
2 Regional government or local authorities	181	258	13	53	13	20.0%				
3 Public sector entities	236	118	236	23	5	1.9%				
4 Multilateral development banks	1,105	-	1,105	-	-	0.0%				
6 Institutions	510	9	510	2	104	20.3%				
7 Corporates	757	224	243	75	283	89.0%				
8 Retail	6,272	11,033	6,272	21	4,720	75.0%				
9 Secured by mortgages on immovable property	154	445	154	221	128	34.1%				
10 Exposures in default	194	19	81	-	95	117.3%				
12 Covered bonds	1,471	-	1,471	-	147	10.0%				
15 Equity	7	-	7	-	7	100.0%				
16 Other items	575	-	575	-	637	110.8%				
17 Total	25,740	12,107	25,915	395	6,139	23.33%				

(1) RWA density calculation has been performed on unrounded figures.

Annex XIX: Standardised approach

Table 21: UK CR5 - Standardised approach

The table below shows a breakdown of exposures post-CCF and post-CRM. Risk weight categories do not reflect where the SME supporting factor has been applied.

Exposures are classed as 'rated' only where an External Credit Assessment Institution (ECAI) rating has been used to derive the risk weight. Where a rating is unavailable, or where the risk weight has been determined by application of specific CRR provisions, exposures have been classed as unrated.

		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
		Risk weight (£m)															Total £m	Of which: Unrated £m
As at 31 March 2023		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1,250%	Others		
1	Central governments or central banks	16,116	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,116	-
2	Regional government or local authorities	-	-	-	-	66	-	-	-	-	-	-	-	-	-	-	66	66
3	Public sector entities	211	-	-	-	24	-	-	-	-	-	-	-	-	-	-	235	235
4	Multilateral development banks	1,040	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,040	1,040
6	Institutions	-	28	-	-	687	-	48	-	-	-	-	-	-	-	-	763	46
7	Corporates	-	-	-	-	-	-	11	-	-	292	-	-	-	-	-	303	291
8	Retail exposures	-	-	-	-	-	-	-	-	6,166	-	-	-	-	-	-	6,166	6,166
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	368	-	-	-	32	-	-	-	-	-	400	400
10	Exposures in default	-	-	-	-	-	-	-	-	-	54	29	-	-	-	-	83	83
12	Covered bonds	-	-	-	1,266	-	-	-	-	-	-	-	-	-	-	-	1,266	-
15	Equity exposures	-	-	-	-	-	-	-	-	-	8	-	-	-	-	-	8	8
16	Other items	63	-	-	-	3	-	-	-	-	436	-	116	-	-	-	618	618
17	Total	17,430	28	-	1,266	780	368	59	-	6,166	822	29	116	-	-	-	27,064	8,953

		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
		Risk weight (£m)															Total £m	Of which: Unrated £m
As at 30 September 2022		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1,250%	Others		
1	Central governments or central banks	15,248	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,248	-
2	Regional government or local authorities	-	-	-	-	66	-	-	-	-	-	-	-	-	-	-	66	66
3	Public sector entities	235	-	-	-	24	-	-	-	-	-	-	-	-	-	-	259	259
4	Multilateral development banks	1,105	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,105	1,105
6	Institutions	-	40	-	-	444	-	27	-	-	1	-	-	-	-	-	512	56
7	Corporates	-	-	-	-	-	-	11	-	-	307	-	-	-	-	-	318	308
8	Retail exposures	-	-	-	-	-	-	-	-	6,293	-	-	-	-	-	-	6,293	6,293
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	355	-	-	-	20	-	-	-	-	-	375	375
10	Exposures in default	-	-	-	-	-	-	-	-	-	53	28	-	-	-	-	81	81
12	Covered bonds	-	-	-	1,471	-	-	-	-	-	-	-	-	-	-	-	1,471	-
15	Equity exposures	-	-	-	-	-	-	-	-	-	7	-	-	-	-	-	7	7
16	Other items	90	-	-	-	8	-	-	-	-	371	-	106	-	-	-	575	575
17	Total	16,678	40	-	1,471	542	355	38	-	6,293	759	28	106	-	-	-	26,310	9,125

Annex XXI: IRB approach to credit risk

UK CR6 - IRB approach – Credit risk exposures by exposure class and PD range

The Group operates with two sets of internal ratings-based (IRB) models for Retail Mortgages reflecting the portfolios and their heritage from the merger of CYB group with the Virgin Money group by way of the acquisition of Virgin Money Holdings (UK) PLC by the Company. The models have differing modelling methodologies and the associated portfolios have different risk profiles. Combining these into a single table does not provide a valid representation of risk, therefore the position of each heritage portfolio as at 31 March 2023 is presented separately below.

The gross exposure values are reported as at 31 March 2023, with the comparative position as at 30 September 2022.

Table 22: Clydesdale Bank PLC Retail Mortgages – (AIRB) Retail Secured by Immovable Property non-SME⁽¹⁾

31 March 2023												
A	B	C	D	E	F	G	H	I	J	K	L	M
PD range	On-balance sheet exposures £m	Off-balance sheet exposures pre-CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity years	Risk weighted exposure amount after supporting factors £m	Density of risk weighted exposure amount ⁽²⁾ %	Expected loss amount £m	Value adjustments and provisions £m
0.00 to <0.15	416	245	102.9%	679	0.1%	4,566	14.0%	-	27	4.0%	-	-
<i>0.00 to <0.10</i>	125	222	102.9%	356	0.1%	2,874	12.0%	-	11	3.2%	-	-
<i>0.10 to <0.15</i>	291	23	102.9%	322	0.1%	1,692	15.0%	-	16	4.9%	-	-
0.15 to <0.25	1,797	131	102.9%	1,977	0.2%	20,520	11.0%	-	113	5.7%	1	-
0.25 to <0.50	9,560	183	102.7%	9,982	0.4%	50,676	13.0%	-	1,136	11.4%	7	(1)
0.50 to <0.75	2,368	42	102.3%	2,469	0.6%	10,009	15.0%	-	476	19.3%	3	(1)
0.75 to <2.50	5,673	570	102.0%	6,388	1.2%	24,094	15.0%	-	1,958	30.7%	16	(6)
<i>0.75 to <1.75</i>	4,624	545	102.0%	5,292	1.0%	19,158	17.0%	-	1,561	29.5%	12	(4)
<i>1.75 to <2.50</i>	1,050	25	102.0%	1,096	2.0%	4,936	13.0%	-	398	36.3%	4	(2)
2.50 to <10.00	702	11	102.8%	731	4.5%	4,413	14.0%	-	419	57.3%	6	(9)
<i>2.50 to <5.00</i>	499	7	102.8%	518	3.6%	3,137	13.0%	-	263	50.8%	3	(3)
<i>5.00 to <10.00</i>	203	4	102.8%	212	6.7%	1,276	14.0%	-	156	73.3%	3	(5)
10.00 to <100.00	217	4	102.3%	226	38.2%	1,372	14.0%	-	220	97.3%	16	(7)
<i>10.00 to <20.00</i>	38	1	102.9%	40	13.4%	284	13.0%	-	36	90.8%	1	(1)
<i>20.00 to <30.00</i>	79	1	102.5%	81	23.4%	511	14.0%	-	93	114.5%	4	(3)
<i>30.00 to <100.00</i>	100	2	102.1%	105	59.1%	577	15.0%	-	90	86.4%	12	(4)
100.00 (Default)	350	8	100.0%	357	100.0%	2,310	20.0%	-	375	104.9%	18	(14)
Subtotal	21,083	1,194	102.4%	22,809		117,960		-	4,724	20.7%	67	(38)

(1) Clydesdale Bank PLC retail mortgages excluding the portfolio of heritage Virgin Money mortgages transferred on completion of the Financial Services and Markets Act 2000 (FSMA) Part VII transfer in October 2019.

(2) RWEA density calculation has been performed on unrounded figures.

Annex XXI: IRB approach to credit risk

30 September 2022

A	B	C	D	E	F	G	H	I	J	K	L	M
PD range	On-balance sheet exposures £m	Off-balance sheet exposures pre-CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity years	Risk weighted exposure amount after supporting factors £m	Density of risk weighted exposure amount ⁽¹⁾	Expected loss amount £m	Value adjustments and provisions £m
0.00 to <0.15	408	258	102.3%	682	0.1%	4,695	12.1%	-	19	2.8%	-	-
<i>0.00 to <0.10</i>	135	235	102.3%	379	0.1%	3,031	11.5%	-	7	1.9%	-	-
<i>0.10 to <0.15</i>	273	23	102.3%	303	0.1%	1,664	12.8%	-	11	3.8%	-	-
0.15 to <0.25	1,902	141	102.5%	2,093	0.2%	21,959	10.5%	-	90	4.3%	-	-
0.25 to <0.50	9,829	186	102.4%	10,256	0.4%	53,096	11.7%	-	834	8.1%	5	(2)
0.50 to <0.75	2,242	66	102.1%	2,363	0.6%	10,158	13.0%	-	322	13.6%	2	(1)
0.75 to <2.50	5,945	1,131	102.0%	7,235	1.1%	26,825	16.5%	-	1,819	25.1%	14	(7)
<i>0.75 to <1.75</i>	4,898	1,105	102.0%	6,141	1.0%	21,642	17.3%	-	1,512	24.6%	11	(4)
<i>1.75 to <2.50</i>	1,048	26	101.7%	1,094	2.0%	5,183	12.0%	-	306	28.0%	3	(3)
2.50 to <10.00	671	10	102.5%	697	4.5%	4,367	12.8%	-	329	47.2%	5	(5)
<i>2.50 to <5.00</i>	484	7	102.5%	503	3.6%	3,192	12.5%	-	208	41.4%	3	(2)
<i>5.00 to <10.00</i>	187	3	102.4%	194	6.8%	1,175	13.8%	-	121	62.2%	2	(4)
10.00 to <100.00	205	4	102.2%	214	39.8%	1,261	13.1%	-	182	85.2%	14	(7)
<i>10.00 to <20.00</i>	37	1	102.5%	38	13.4%	264	11.6%	-	26	68.2%	1	(1)
<i>20.00 to <30.00</i>	72	1	102.2%	74	23.4%	454	13.5%	-	65	87.1%	2	(2)
<i>30.00 to <100.00</i>	96	3	102.1%	101	61.8%	543	13.3%	-	91	90.2%	10	(4)
100.00 (Default)	406	7	100.0%	413	100.0%	2,713	17.6%	-	865	209.5%	6	(12)
Subtotal	21,608	1,803	102.2%	23,953		125,074		-	4,460	18.6%	46	(34)

(1) RWEA density calculation has been performed on unrounded figures.

Annex XXI: IRB approach to credit risk

Table 23: Virgin Money Retail Mortgages – (AIRB) Retail Secured by Immovable Property non-SME⁽¹⁾

31 March 2023												
A	B	C	D	E	F	G	H	I	J	K	L	M
PD range	On-balance sheet exposures £m	Off-balance-sheet exposures pre-CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity years	Risk weighted exposure amount after supporting factors £m	Density of risk weighted exposure amount ⁽²⁾ %	Expected loss amount £m	Value adjustments and provisions £m
0.00 to <0.15	2,475	85	100.0%	2,592	0.1%	17,996	8.2%	-	69	2.7%	-	-
<i>0.00 to <0.10</i>	-	-	100.0%	-	0.0%	-	0.0%	-	-	0.0%	-	-
<i>0.10 to <0.15</i>	2,475	85	100.0%	2,592	0.1%	17,996	8.2%	-	69	2.7%	-	-
0.15 to <0.25	5,089	188	100.0%	5,341	0.2%	31,875	10.0%	-	209	3.9%	1	-
0.25 to <0.50	11,948	746	100.0%	12,852	0.4%	75,735	8.8%	-	717	5.6%	4	1
0.50 to <0.75	9,467	419	100.0%	10,016	0.6%	57,543	14.6%	-	1,330	13.3%	8	1
0.75 to <2.50	6,023	242	100.0%	6,352	1.0%	41,581	15.3%	-	1,303	20.5%	(6)	3
<i>0.75 to <1.75</i>	5,354	189	100.0%	5,621	0.9%	36,975	16.2%	-	1,140	20.3%	(2)	2
<i>1.75 to <2.50</i>	669	52	100.0%	731	2.0%	4,606	9.1%	-	163	22.2%	(3)	-
2.50 to <10.00	1,053	40	100.0%	1,109	4.1%	7,862	12.7%	-	416	37.5%	5	2
<i>2.50 to <5.00</i>	754	29	100.0%	795	3.0%	5,879	14.1%	-	297	37.3%	3	1
<i>5.00 to <10.00</i>	299	11	100.0%	314	7.0%	1,983	9.1%	-	119	37.8%	2	1
10.00 to <100.00	706	12	100.0%	730	30.6%	5,757	12.7%	-	477	65.4%	24	13
<i>10.00 to <20.00</i>	400	6	100.0%	413	13.6%	3,411	14.9%	-	326	78.8%	8	5
<i>20.00 to <30.00</i>	45	1	100.0%	47	24.4%	380	5.3%	-	15	32.7%	1	-
<i>30.00 to <100.00</i>	261	4	100.0%	270	57.6%	1,966	10.6%	-	137	50.5%	15	8
100.00 (Default)	80	1	100.0%	80	100.0%	636	7.0%	-	114	141.9%	9	-
Subtotal	36,841	1,733	100.0%	39,072		238,985		-	4,635	11.9%	45	20

(1) Retail mortgages written under the Virgin Money brand which were previously held in Virgin Money PLC (now re-registered as Virgin Money Limited) prior to completion of the FSMA Part VII transfer in October 2019.

(2) RWEA density calculation has been performed on unrounded figures.

Annex XXI: IRB approach to credit risk

30 September 2022

A	B	C	D	E	F	G	H	I	J	K	L	M
PD range	On-balance sheet exposures £m	Off-balance-sheet exposures pre-CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity years	Risk weighted exposure amount after supporting factors £m	Density of risk weighted exposure amount ⁽¹⁾	Expected loss amount £m	Value adjustments and provisions £m
0.00 to <0.15	2,401	101	100.0%	2,530	0.1%	17,795	7.8%	-	61	2.4%	-	-
<i>0.00 to <0.10</i>	-	-	100.0%	-	-	-	-	-	-	-	-	-
<i>0.10 to <0.15</i>	2,401	101	100.0%	2,530	0.1%	17,795	7.8%	-	61	2.4%	-	-
0.15 to <0.25	5,094	240	100.0%	5,394	0.2%	32,482	9.9%	-	209	3.9%	1	-
0.25 to <0.50	14,021	1,085	100.0%	15,280	0.4%	95,666	10.6%	-	1,077	7.0%	6	(2)
0.50 to <0.75	7,139	455	100.0%	7,685	0.6%	39,038	12.6%	-	935	12.2%	6	(1)
0.75 to <2.50	6,293	437	100.0%	6,817	1.1%	44,210	16.3%	-	1,450	21.3%	11	(4)
<i>0.75 to <1.75</i>	5,955	410	100.0%	6,447	1.0%	41,599	16.6%	-	1,363	21.1%	10	(4)
<i>1.75 to <2.50</i>	338	27	100.0%	369	2.4%	2,611	10.4%	-	88	23.7%	1	-
2.50 to <10.00	1,063	64	100.0%	1,143	4.1%	8,454	12.7%	-	430	37.6%	6	(2)
<i>2.50 to <5.00</i>	812	54	100.0%	878	3.2%	6,654	13.7%	-	333	37.9%	4	(1)
<i>5.00 to <10.00</i>	251	11	100.0%	265	6.8%	1,800	9.1%	-	97	36.6%	2	(1)
10.00 to <100.00	703	12	100.0%	725	30.1%	5,642	12.5%	-	467	64.5%	23	(12)
<i>10.00 to <20.00</i>	422	7	100.0%	434	14.1%	3,423	14.4%	-	335	77.0%	9	(6)
<i>20.00 to <30.00</i>	37	1	100.0%	39	23.6%	296	8.0%	-	19	48.6%	1	-
<i>30.00 to <100.00</i>	244	4	100.0%	252	58.6%	1,923	9.8%	-	114	45.3%	13	(5)
100.00 (Default)	77	1	100.0%	78	100.0%	602	6.9%	-	67	85.9%	4	-
Subtotal	36,791	2,395	100.0%	39,652		243,889		-	4,696	11.8%	57	(21)

(1) RWEA density calculation has been performed on unrounded figures.

Annex XXI: IRB approach to credit risk

Table 24: Clydesdale Bank PLC Business Lending – (FIRB) Corporates: Business

31 March 2023												
A	B	C	D	E	F	G	H	I	J	K	L	M
PD range	On-balance sheet exposures £m	Off-balance-sheet exposures pre-CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity years	Risk weighted exposure amount after supporting factors £m	Density of risk weighted exposure amount ⁽¹⁾ %	Expected loss amount £m	Value adjustments and provisions £m
0.00 to <0.15	49	57	63.9%	83	0.1%	135	42.1%	1.54	13	15.6%	-	-
0.00 to <0.10	27	16	69.0%	37	0.1%	45	41.9%	1.75	5	14.5%	-	-
0.10 to <0.15	22	41	61.9%	46	0.1%	90	42.2%	1.37	8	16.4%	-	-
0.15 to <0.25	344	224	70.7%	486	0.2%	705	39.9%	2.10	118	24.3%	-	-
0.25 to <0.50	865	457	66.6%	1,128	0.4%	1,582	38.6%	2.17	377	33.4%	2	(1)
0.50 to <0.75	295	113	67.1%	357	0.6%	515	38.6%	2.09	149	41.8%	1	-
0.75 to <2.50	3,126	859	65.9%	3,545	1.5%	4,465	39.3%	2.44	2,230	62.9%	20	(22)
0.75 to <1.75	1,831	515	64.9%	2,079	1.1%	2,919	39.2%	2.41	1,188	57.1%	9	(5)
1.75 to <2.50	1,295	344	67.4%	1,467	2.0%	1,546	39.3%	2.48	1,042	71.1%	12	(17)
2.50 to <10.00	642	152	64.5%	711	4.6%	1,109	40.5%	1.69	588	82.7%	14	(16)
2.50 to <5.00	451	105	63.8%	497	3.7%	676	40.1%	1.76	386	77.6%	8	(9)
5.00 to <10.00	191	47	66.0%	213	6.5%	433	41.3%	1.53	202	94.7%	6	(8)
10.00 to <100.00	61	11	72.5%	66	18.5%	97	38.2%	1.27	83	127.2%	5	(3)
10.00 to <20.00	29	7	73.3%	32	13.4%	52	37.8%	1.50	38	117.7%	2	(1)
20.00 to <30.00	32	4	71.2%	33	23.4%	45	38.6%	1.06	46	136.4%	3	(2)
30.00 to <100.00	-	-	0.0%	-	0.0%	-	0.0%	0.00	-	0.0%	-	-
100.00 (Default)	140	13	72.1%	143	100.0%	119	41.5%	1.56	-	0.0%	62	(29)
Subtotal	5,522	1,886	66.5%	6,519		8,727		2.22	3,558	54.6%	104	(71)

(1) RWEA density calculation has been performed on unrounded figures.

Annex XXI: IRB approach to credit risk

30 September 2022

A	B	C	D	E	F	G	H	I	J	K	L	M
PD range	On-balance sheet exposures £m	Off-balance sheet exposures pre-CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity £m	Risk weighted exposure amount after supporting factors £m	Density of risk weighted exposure amount ⁽¹⁾ %	Expected loss amount £m	Value adjustments and provisions £m
0.00 to <0.15	69	58	69.9%	106	0.1%	139	41.1%	1.71	15	14.6%	-	-
<i>0.00 to <0.10</i>	30	13	66.5%	37	0.1%	35	39.4%	1.88	5	12.8%	-	-
<i>0.10 to <0.15</i>	39	45	70.8%	69	0.1%	104	42.0%	1.62	11	15.6%	-	-
0.15 to <0.25	304	245	69.7%	457	0.2%	649	40.6%	2.13	107	23.4%	-	-
0.25 to <0.50	921	506	66.9%	1,208	0.4%	1,625	39.4%	2.16	407	33.6%	2	-
0.50 to <0.75	314	122	68.0%	379	0.6%	515	39.3%	2.25	160	42.2%	1	-
0.75 to <2.50	2,927	873	65.0%	3,328	1.5%	4,481	39.8%	2.42	2,087	62.7%	19	(22)
<i>0.75 to <1.75</i>	1,633	478	64.4%	1,849	1.1%	2,587	39.7%	2.26	1,029	55.7%	8	(4)
<i>1.75 to <2.50</i>	1,294	395	65.6%	1,480	2.0%	1,894	39.9%	2.61	1,058	71.5%	12	(18)
2.50 to <10.00	761	178	68.8%	841	4.3%	1,336	40.5%	1.80	768	91.3%	17	(22)
<i>2.50 to <5.00</i>	579	136	69.3%	640	3.7%	939	40.4%	1.84	562	87.8%	11	(14)
<i>5.00 to <10.00</i>	182	42	67.4%	201	6.5%	397	40.7%	1.66	206	102.7%	6	(8)
10.00 to <100.00	59	11	72.1%	64	19.8%	152	40.6%	1.51	84	131.0%	5	(4)
<i>10.00 to <20.00</i>	20	7	72.1%	23	13.4%	78	38.1%	1.57	21	89.9%	1	(1)
<i>20.00 to <30.00</i>	39	5	72.2%	40	23.4%	74	42.0%	1.47	63	154.7%	4	(3)
<i>30.00 to <100.00</i>	-	-	-	-	-	-	-	-	-	-	-	-
100.00 (Default)	141	17	73.3%	145	100.0%	125	41.7%	1.51	-	-	61	(25)
Subtotal	5,496	2,010	66.7%	6,528		9,022		2.22	3,628	55.6%	105	(73)

(1) RWEA density calculation has been performed on unrounded figures.

Annex XXI: IRB approach to credit risk

Table 25: Clydesdale Bank PLC Corporates – Other – (FIRB) Corporates: Other

31 March 2023												
A	B	C	D	E	F	G	H	I	J	K	L	M
PD range	On-balance sheet exposures £m	Off-balance-sheet exposures pre-CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity years	Risk weighted exposure amount after supporting factors £m	Density of risk weighted exposure amount ⁽¹⁾ %	Expected loss amount £m	Value adjustments and provisions £m
0.00 to <0.15	33	56	74.4%	74	0.1%	21	36.9%	2.27	19	26.1%	-	-
0.00 to <0.10	27	45	74.3%	61	0.1%	17	35.4%	2.50	16	26.6%	-	-
0.10 to <0.15	5	11	74.9%	13	0.1%	4	43.5%	1.25	3	24.3%	-	-
0.15 to <0.25	24	69	72.3%	74	0.2%	22	43.6%	2.69	33	44.5%	-	-
0.25 to <0.50	433	387	61.1%	665	0.4%	97	43.2%	2.09	383	57.5%	1	(1)
0.50 to <0.75	84	27	71.2%	103	0.6%	14	43.9%	2.60	82	80.2%	-	-
0.75 to <2.50	795	486	63.7%	1,096	1.7%	270	43.1%	2.73	1,233	112.4%	9	(9)
0.75 to <1.75	348	290	65.8%	535	1.2%	110	43.0%	2.69	547	102.2%	3	(2)
1.75 to <2.50	448	196	60.7%	562	2.1%	160	43.2%	2.76	686	122.2%	5	(6)
2.50 to <10.00	232	66	73.3%	278	4.1%	67	44.3%	2.44	406	146.1%	5	(7)
2.50 to <5.00	170	47	73.0%	202	3.5%	45	44.2%	2.42	281	139.0%	3	(4)
5.00 to <10.00	63	19	74.0%	76	5.8%	22	44.4%	2.51	125	165.0%	2	(3)
10.00 to <100.00	20	9	66.4%	25	22.9%	258	41.8%	1.78	59	232.0%	2	-
10.00 to <20.00	1	1	70.6%	1	13.4%	2	44.7%	1.31	3	211.1%	-	-
20.00 to <30.00	19	8	65.8%	24	23.4%	256	41.6%	1.81	56	233.3%	2	-
30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
100.00 (Default)	94	13	72.8%	102	100.0%	77	42.4%	1.22	-	-	43	(13)
Subtotal	1,715	1,113	65.4%	2,417		826		2.42	2,215	91.6%	60	(30)

(1) RWEA density calculation has been performed on unrounded figures.

Annex XXI: IRB approach to credit risk

30 September 2022

A	B	C	D	E	F	G	H	I	J	K	L	M
	On- balance sheet exposures	Off- balance- sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount ⁽¹⁾	Expected loss amount	Value adjustments and provisions
PD range	£m	£m	%	£m	%		%	years	£m		£m	£m
0.00 to <0.15	19	60	74.7%	64	0.1%	20	39.9%	1.08	12	18.3%	-	-
<i>0.00 to <0.10</i>	16	49	74.6%	52	0.1%	16	39.1%	1.00	9	16.7%	-	-
<i>0.10 to <0.15</i>	4	11	74.9%	12	0.1%	4	43.1%	1.46	3	25.7%	-	-
0.15 to <0.25	46	77	64.4%	95	0.2%	23	44.3%	1.62	35	37.5%	-	-
0.25 to <0.50	233	260	55.3%	370	0.4%	69	43.3%	1.71	188	50.8%	1	-
0.50 to <0.75	71	43	74.7%	102	0.6%	14	44.8%	1.76	72	71.2%	-	-
0.75 to <2.50	750	440	63.9%	1,015	1.6%	274	43.1%	2.75	1,126	110.9%	7	(6)
<i>0.75 to <1.75</i>	293	246	63.8%	444	1.1%	100	42.6%	2.70	427	96.3%	2	(1)
<i>1.75 to <2.50</i>	457	194	64.0%	572	2.1%	174	43.4%	2.78	699	122.3%	5	(5)
2.50 to <10.00	156	55	69.9%	191	4.1%	54	43.0%	2.39	271	141.1%	3	(5)
<i>2.50 to <5.00</i>	113	40	68.9%	138	3.5%	42	43.9%	2.81	197	142.5%	2	(3)
<i>5.00 to <10.00</i>	43	15	72.6%	53	5.7%	12	40.9%	1.29	73	137.6%	1	(2)
10.00 to <100.00	35	10	65.6%	41	23.4%	319	39.5%	2.07	91	223.2%	4	-
<i>10.00 to <20.00</i>	-	-	-	-	13.4%	2	35.0%	2.78	-	179.0%	-	-
<i>20.00 to <30.00</i>	35	10	65.6%	41	23.4%	317	39.5%	2.07	91	223.2%	4	-
<i>30.00 to <100.00</i>	-	-	-	-	-	-	-	-	-	-	-	-
100.00 (Default)	74	6	72.7%	77	100.0%	76	43.2%	1.44	-	-	33	(22)
Subtotal	1,384	951	64.2%	1,955		849		2.29	1,795	91.8%	48	(33)

(1) RWEA density calculation has been performed on unrounded figures.

Annex XXI: IRB approach to credit risk

Table 26: UK CR7-A - IRB approach: Disclosure of the extent of the use of CRM techniques – AIRB

		A	B	C	D	E	F	G	H	I	J	K	L	M	N
		Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs		
		Funded credit Protection (FCP) (%)									Unfunded credit Protection (UFCP) (%)				
		Part of exposures covered by Financial Collaterals	Part of exposures covered by Other eligible collaterals	Part of exposures covered by Immovable property Collaterals	Part of exposures covered by Receivables	Part of exposures covered by Other physical collateral	Part of exposures covered by Other funded credit protection	Part of exposures covered by Cash on deposit	Part of exposures covered by Life insurance policies	Part of exposures covered by Instruments held by a third party	Part of exposures covered by Guarantees	Part of exposures covered by Credit Derivatives	RWEA post all CRM assigned to the obligor exposure class (£m)	RWEA with substitution effects (£m)	
As at 31 March 2023		Total exposures (£m)													
4	Retail, of which:	61,181	-	99.8%	99.8%	-	-	-	-	-	-	-	-	9,359	9,359
4.2	Immovable property non-SMEs	61,181	-	99.8%	99.8%	-	-	-	-	-	-	-	-	9,359	9,359
5	Total	61,181	-	99.8%	99.8%	-	-	-	-	-	-	-	-	9,359	9,359

		A	B	C	D	E	F	G	H	I	J	K	L	M	N
		Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs		
		Funded credit Protection (FCP) (%)									Unfunded credit Protection (UFCP) (%)				
		Part of exposures covered by Financial Collaterals	Part of exposures covered by Other eligible collaterals	Part of exposures covered by Immovable property Collaterals	Part of exposures covered by Receivables	Part of exposures covered by Other physical collateral	Part of exposures covered by Other funded credit protection	Part of exposures covered by Cash on deposit	Part of exposures covered by Life insurance policies	Part of exposures covered by Instruments held by a third party	Part of exposures covered by Guarantees	Part of exposures covered by Credit Derivatives	RWEA post all CRM assigned to the obligor exposure class (£m)	RWEA with substitution effects (£m)	
As at 30 September 2022		Total exposures (£m)													
4	Retail, of which:	63,605	-	99.9%	99.9%	-	-	-	-	-	-	-	-	9,155	9,155
4.2	Immovable property non-SMEs	63,605	-	99.9%	99.9%	-	-	-	-	-	-	-	-	9,155	9,155
5	Total	63,605	-	99.9%	99.9%	-	-	-	-	-	-	-	-	9,155	9,155

Annex XXI: IRB approach to credit risk

Table 27: UK CR7-A - IRB approach: Disclosure of the extent of the use of CRM techniques – FIRB

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
	Credit risk Mitigation techniques												Credit risk Mitigation methods in the calculation of RWEAs	
	Funded credit Protection (FCP) (%)							Unfunded credit Protection (UFCP) (%)					RWEA post all CRM assigned to the obligor exposure class (£m)	RWEA with substitution effects (£m)
	Part of exposures covered by Financial Collaterals	Part of exposures covered by Other eligible collaterals	Part of exposures covered by Immovable property Collaterals	Part of exposures covered by Receivables	Part of exposures covered by Other physical collateral	Part of exposures covered by Other funded credit protection	Part of exposures covered by Cash on deposit	Part of exposures covered by Life insurance policies	Part of exposures covered by Instruments held by a third party	Part of exposures covered by Guarantees	Part of exposures covered by Credit Derivatives			
As at 31 March 2023	Total exposures (£m)													
3 Corporates, of which:	8,936	0.90%	51.00%	39.70%	5.40%	6.00%	-	-	-	-	-	-	5,773	5,773
3.1 SMEs	6,519	0.70%	58.40%	47.60%	5.60%	5.10%	-	-	-	-	-	-	3,558	3,558
3.3 Corporates – Other	2,417	1.50%	17.30%	4.40%	4.60%	8.20%	-	-	-	-	-	-	2,215	2,215
5 Total	8,936	0.90%	51.00%	39.70%	5.40%	6.00%	-	-	-	-	-	-	5,773	5,773

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
	Credit risk Mitigation techniques												Credit risk Mitigation methods in the calculation of RWEAs	
	Funded credit Protection (FCP) (%)							Unfunded credit Protection (UFCP) (%)					RWEA post all CRM assigned to the obligor exposure class (£m)	RWEA with substitution effects (£m)
	Part of exposures covered by Financial Collaterals	Part of exposures covered by Other eligible collaterals	Part of exposures covered by Immovable property Collaterals	Part of exposures covered by Receivables	Part of exposures covered by Other physical collateral	Part of exposures covered by Other funded credit protection	Part of exposures covered by Cash on deposit	Part of exposures covered by Life insurance policies	Part of exposures covered by Instruments held by a third party	Part of exposures covered by Guarantees	Part of exposures covered by Credit Derivatives			
As at 30 September 2022	Total exposures (£m)													
3 Corporates, of which:	8,483	0.90%	47.90%	36.50%	5.90%	5.50%	-	-	-	-	-	-	5,423	5,423
3.1 SMEs	6,528	0.80%	52.30%	41.60%	5.80%	4.90%	-	-	-	-	-	-	3,628	3,628
3.3 Corporates – Other	1,955	1.40%	17.60%	4.20%	6.10%	7.40%	-	-	-	-	-	-	1,795	1,795
5 Total	8,483	0.90%	47.90%	36.50%	5.90%	5.50%	-	-	-	-	-	-	5,423	5,423

Annex XXI: IRB approach to credit risk

Table 28: UK CR8 - RWEA flow statements of credit risk exposures under the IRB approach

The table below summarises movements of risk-weighted assets for credit risk exposures under the IRB approach.

	A
	Risk weighted exposure amount £m
1 Risk weighted exposure amount as at 31 Dec 2022	14,822
2 Asset size (+/-)	23
3 Asset quality (+/-)	290
4 Model updates (+/-)	393
9 Risk weighted exposure amount as at 31 Mar 2023	15,528

RWA increased c.£0.7bn to £15.5bn primarily due to the introduction of the £0.4bn post model adjustment in advance of the introduction of Hybrid IRB models.

Further RWA increases have arisen following a decrease in HPI leading to higher LGD, as well as the impact of higher risk weights associated with new business lending.

Annex XXIII: Specialised lending

Table 29: UK CR10.2 - Specialised lending and equity exposures under the simple risk weighted approach – Specialised lending: Income-producing real estate and high volatility commercial real estate (Slotting approach)

As at 31 March 2023		A	B	C	D	E	F
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight %	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
1 – Strong	Less than 2.5 years	2	-	50%	2	1	-
	Equal to or more than 2.5 years	3	-	70%	3	1	-
2 – Good	Less than 2.5 years	229	10	70%	236	137	1
	Equal to or more than 2.5 years	191	36	90%	217	162	1
3 – Satisfactory	Less than 2.5 years	59	1	115%	60	56	2
	Equal to or more than 2.5 years	33	-	115%	34	31	1
4 – Weak	Less than 2.5 years	2	-	250%	2	3	-
	Equal to or more than 2.5 years	2	-	250%	2	5	-
5 – Default	Less than 2.5 years	4	-	-	4	-	2
	Equal to or more than 2.5 years	1	-	-	1	-	1
Total	Less than 2.5 years	296	11		304	197	5
	Equal to or more than 2.5 years	230	36		257	199	3

As at 30 September 2022		A	B	C	D	E	F
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight %	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
1 – Strong	Less than 2.5 years	2	-	50%	2	1	-
	Equal to or more than 2.5 years	-	-	70%	-	-	-
2 – Good	Less than 2.5 years	226	47	70%	260	150	1
	Equal to or more than 2.5 years	177	1	90%	178	131	1
3 – Satisfactory	Less than 2.5 years	34	2	115%	36	32	1
	Equal to or more than 2.5 years	33	-	115%	33	31	1
4 – Weak	Less than 2.5 years	6	-	250%	6	12	-
	Equal to or more than 2.5 years	4	-	250%	4	8	-
5 – Default	Less than 2.5 years	5	-	-	5	-	3
	Equal to or more than 2.5 years	1	-	-	1	-	1
Total	Less than 2.5 years	273	49		309	195	5
	Equal to or more than 2.5 years	215	1		216	170	3

Annex XXV: Counterparty credit risk

Table 30: UK CCR1 - Analysis of CCR exposure by approach

		A	B	C	D	E	F	G	H
		Replacement cost (RC)	Potential future exposure	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
As at 31 March 2023		£m	£m	£m	α	£m	£m	£m	£m
UK-1	Original Exposure Method (for derivatives)	-	-		-	-	-	-	-
UK-2	Simplified SA-CCR (for derivatives)	-	-		-	-	-	-	-
1	SA-CCR (for derivatives)	226	90		1.4	375	388	388	140
4	Financial collateral comprehensive method (for SFTs)					14,061	5,993	5,993	51
5	Value at Risk (VaR) for SFTs					-	-	-	-
6	Total					14,436	6,381	6,381	191

		A	B	C	D	E	F	G	H
		Replacement cost (RC)	Potential future exposure	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
As at 30 Sept 2022		£m	£m	£m	α	£m	£m	£m	£m
UK-1	Original Exposure Method (for derivatives)	-	-		-	-	-	-	-
UK-2	Simplified SA-CCR (for derivatives)	-	-		-	-	-	-	-
1	SA-CCR (for derivatives)	314	75		1.4	505	485	485	148
4	Financial collateral comprehensive method (for SFTs)					15,178	6,744	6,744	32
5	Value at Risk (VaR) for SFTs					-	-	-	-
6	Total					15,683	7,229	7,229	180

Table 31: UK CCR2 - Transactions subject to own funds requirements for CVA risk

		A		B	
		31 March 2023		30 September 2022	
		Exposure value	RWEA	Exposure value	RWEA
		£m	£m	£m	£m
1	Total transactions subject to the Advanced method	-	-	-	-
2	(i) VaR component (including the 3x multiplier)		-		-
3	(ii) stressed VaR component (including the 3x multiplier)		-		-
4	Transactions subject to the Standardised method	323	183	431	258
UK-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-	-	-
5	Total transactions subject to own funds requirements for CVA risk	323	183	431	258

Annex XXV: Counterparty credit risk

Table 32: UK CCR3 - Standardised approach: CCR exposures by regulatory exposure class and risk weights

The table below presents a breakdown of counterparty credit risk exposures by exposure class and by risk weight.

		A	B	C	D	E	F	G	H	I	J	K	L
		Risk weight (£m)											Total exposure value (£m)
As at 31 March 2023		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	
1	Central governments or central banks	5,890	-	-	-	-	-	-	-	-	-	-	5,890
6	Institutions	-	343	-	-	297	125	-	-	5	-	-	770
7	Corporates	-	-	-	-	-	-	-	-	64	-	-	64
11	Total exposure value	5,890	343	-	-	297	125	-	-	69	-	-	6,724

		A	B	C	D	E	F	G	H	I	J	K	L
		Risk weight (£m)											Total exposure value (£m)
As at 30 September 2022		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	
1	Central governments or central banks	6,680	-	-	-	-	-	-	-	-	-	-	6,680
6	Institutions	-	267	-	-	410	83	-	-	2	-	-	762
7	Corporates	-	-	-	-	-	-	-	-	54	-	-	54
11	Total exposure value	6,680	267	-	-	410	83	-	-	56	-	-	7,496

Table 33: UK CCR8 - Exposures to CCPs

		31 Mar 2023		30 Sept 2022	
		Exposure value £m	RWEA £m	Exposure value £m	RWEA £m
1	Exposures to Qualifying Central Counterparty (QCCPs) (total)		7		5
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which:	343	7	267	5
3	<i>Over-the-counter derivatives</i>	343	7	267	5
7	Segregated initial margin	641		608	
11	Exposures to non-QCCPs (total)		-		-

Annex XXVII: Securitisation positions

Table 34: UK SEC1 - Securitisation exposures in the non-trading book⁽¹⁾

The table below shows the securitisation exposures retained by the Group, by type of underlying asset (residential mortgages) and by type of securitisation.

	A	B	C	D	E	F	G
	Institution acts as originator						
	Traditional ⁽²⁾				Synthetic		Sub-total
	STS		Non-STS		of which: SRT		
As at 31 March 2023	£m	£m	£m	£m	£m	£m	£m
1 Total exposures	676	-	1,835	-	-	-	2,511
2 Retail, of which:	676	-	1,835	-	-	-	2,511
3 Residential mortgage	676	-	1,835	-	-	-	2,511

As at 30 September 2022

1 Total exposures	355	-	1,906	-	-	-	2,261
2 Retail, of which:	355	-	1,906	-	-	-	2,261
3 Residential mortgage	355	-	1,906	-	-	-	2,261

(1) The Group interprets "institution acts as originator" under Securitisation exposure in the non-trading book as bonds which are issued by either Lanark, Lannraig or Gosforth and are retained by the bank.

(2) All retained AAA-rated Lanark bonds are STS all other bonds are Non-STS.

Table 35: UK SEC5 - Exposures securitised by the institution: Exposures in default and specific credit risk adjustments

	A	B	C
	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
		Of which: exposures in default	
As at 31 March 2023			
1 Total exposures	4,924	-	-
2 Retail (total)	4,924	-	-
3 Residential mortgage	4,924	-	-

As at 30 September 2022

1 Total exposures	5,404	-	-
2 Retail (total)	5,404	-	-
3 Residential mortgage	5,404	-	-

Annex XXVII: Interest rate risk in the banking book (IRRBB)

Table 36: UK IRRBB1 - Quantitative information on IRRBB

		A		B		C		D		E		F	
		Δ EVE				Δ NII				Tier 1 capital			
		31 Mar 2023		30 Sept 2022		31 Mar 2023		30 Sept 2022		31 Mar 2023		30 Sept 2022	
10	Parallel shock up	(405)		(291)		109		167					
20	Parallel shock down	270		103		(77)		(241)					
30	Steeper shock	(25)		(49)									
40	Flattener shock	(79)		(25)									
50	Short rates shock up	(207)		(118)									
60	Short rates shock down	120		23									
70	Maximum	(405)		(291)									
80	Tier 1 capital									4,227		4,301	

Δ Economic Value of Equity (EVE): Represents the change in economic value of equity under the 6 prescribed rate scenarios as defined under rule 9.4A of the PRA rulebook for CRR firms and aligns to the quarterly Outlier Test results. The large negative results in the up stresses are as a result of the requirement to remove equity profile from the cashflows. With equity invested over a Board approved tenor profile this creates an unhedged asset position which has negative value as rates rise but positive if rates fall. The EVE measures are calculated on a behavioural run off profile, including prepayment and early redemption risk where appropriate.

Δ Net Interest Income (NII): Represents the change in net interest income resulting from an instantaneous +/- 250bps parallel shock in interest rates. The NII sensitivity is based on a constant balance sheet modelling approach with no change in front book margins or basis spreads. In the rate rise scenario, administered products receive a rate pass on in line with internal scenario specific pass on assumptions. Administered rate products receive a full rate pass on in the rate fall scenario, subject to product floor assumptions. The deposit floor assumption has a material bearing on the outcome of the NII sensitivity in a negative rates scenario. The -£77m sensitivity reported reflects the worst case outcome with customer rates assumed to floor at zero with the spread compression that results the primary driver of the NII loss. The significant improvement in the reported outcome for the parallel shock down since Sep-22 reflects the reducing impact of spread compression as Bank Base Rate has continued to increase alongside the overall cost of administered rate funding.

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Table 37: UK KM1 - Key metrics

The table below provides a summary of the main prudential regulation ratios and measures.

	A	B	C	D	E	
	31 Mar 2023	31 Dec 2022	30 Sept 2022	30 June 2022	31 Mar 2022	
	£m	£m	£m	£m	£m	
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	3,599	3,574	3,606	3,537	3,561
2	Tier 1 capital	4,193	4,168	4,268	4,199	4,233
3	Total capital	5,214	5,189	5,288	5,219	5,253
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	24,687	24,013	24,128	23,973	24,148
Capital ratios (as a percentage of risk-weighted exposure amount) (%)						
5	Common Equity Tier 1 ratio	14.6%	14.9%	14.9%	14.8%	14.7%
6	Tier 1 ratio	17.0%	17.4%	17.7%	17.5%	17.5%
7	Total capital ratio	21.1%	21.6%	21.9%	21.8%	21.8%
Additional own funds requirements based on Supervisory Review and Evaluation Process (SREP) (as a percentage of risk-weighted exposure amount) (%)						
UK-7a	Additional CET1 SREP requirements	1.7%	1.7%	1.7%	1.7%	1.7%
UK-7b	Additional AT1 SREP requirements	0.6%	0.6%	0.6%	0.6%	0.6%
UK-7c	Additional T2 SREP requirements	0.7%	0.7%	0.8%	0.8%	0.8%
UK-7d	Total SREP own funds requirements	11.0%	11.0%	11.1%	11.1%	11.1%
Combined buffer requirement (as a percentage of risk-weighted exposure amount) (%)						
8	Capital conservation buffer	2.5%	2.5%	2.5%	2.5%	2.5%
9	Institution specific countercyclical capital buffer	1.0%	1.0%	0.0%	0.0%	0.0%
UK-10a	Other Systemically Important Institution buffer	0.0%	0.0%	0.0%	0.0%	0.0%
11	Combined buffer requirement	3.5%	3.5%	2.5%	2.5%	2.5%
UK-11a	Overall capital requirements	14.5%	14.5%	13.6%	13.6%	13.6%
12	CET1 available after meeting the total SREP own funds requirements	8.4%	8.7%	8.7%	8.6%	8.5%
Leverage ratio						
13	Total exposure measure excluding claims on central banks	84,466	84,643	83,758	83,891	83,500
14	Leverage ratio excluding claims on central banks (%)	5.0%	4.9%	5.1%	5.0%	5.1%
Additional leverage ratio disclosure requirements (%)						
UK-14a	Fully loaded Expected Credit Loss (ECL) accounting model leverage ratio excluding claims on central banks	4.9%	4.8%	5.0%	4.9%	5.0%
UK-14b	Leverage ratio including claims on central banks	4.3%	4.3%	4.5%	4.5%	4.6%
UK-14c	Average leverage ratio excluding claims on central banks	4.9%	4.8%	5.0%	5.1%	5.0%
UK-14d	Average leverage ratio including claims on central banks	4.3%	4.3%	4.4%	4.5%	4.5%
UK-14e	Countercyclical leverage ratio buffer	0.4%	0.4%	0.0%	0.0%	0.0%

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Table 37: UK KM1 - Key metrics (continued)

		A	B	C	D	E
		31 Mar 2023	31 Dec 2022	30 Sept 2022	30 June 2022	31 Mar 2022
		£m	£m	£m	£m	£m
Liquidity Coverage Ratio⁽¹⁾						
15	Total high-quality liquid assets (HQLA) (Weighted value average)	12,542	11,793	11,503	11,087	11,281
UK-16a	Cash outflows - Total weighted value	9,573	9,197	8,764	8,317	8,135
UK-16b	Cash inflows - Total weighted value	553	562	543	496	444
16	Total net cash outflows (adjusted value)	9,020	8,635	8,222	7,821	7,691
17	Liquidity coverage ratio (%)	139%	137%	140%	142%	147%
Net Stable Funding Ratio⁽²⁾						
18	Total available stable funding	78,119				
19	Total required stable funding	58,097				
20	NSFR ratio (%)	134%				

(1) Liquidity balances are calculated as the simple averages of month-end observations over the 12 months preceding the reporting date.

(2) Prior period figures not disclosed as PRA guidance indicates NSFR disclosure to commence from 1 January 2023.

Table 38: UK KM2 – Key metrics – MREL

The MREL establishes a minimum amount of equity and eligible debt to recapitalise the bank. An analysis of the current MREL position of Clydesdale Bank PLC is provided below:

		A	B	C	D	E
		31 Mar 2023	31 Dec 2022	30 Sept 2022	30 June 2022	31 Mar 2022
		£m	£m	£m	£m	£m
1	Total capital resources ⁽¹⁾⁽²⁾	5,214	5,189	5,288	5,219	5,253
2	Eligible senior unsecured securities issued by Clydesdale Bank PLC ⁽²⁾	2,420	2,431	2,423	2,411	2,395
3	Total MREL resources	7,634	7,620	7,711	7,630	7,648
4	Total risk weighted assets	24,687	24,013	24,128	23,973	24,148
5	Total MREL resources available as a percentage of total risk weighted assets (%)	30.9%	31.7%	32.0%	31.8%	31.7%
6	UK leverage exposure measure	84,466	84,643	83,758	83,891	83,500
7	Total MREL resources available as a percentage of UK leverage exposure measure (%)	9.0%	9.0%	9.2%	9.1%	9.2%

(1) The capital position reflects the application of the transitional arrangements for IFRS 9.

(2) Includes MREL instrument maturity adjustments; the add-back of regulatory amortisation; and the deduction of instruments with less than one year to maturity; from September 2022, unamortised costs are also deducted from eligible senior unsecured securities.

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Table 39: IFRS 9/Article 468 – Impact of IFRS 9 transitional arrangements and temporary treatment in accordance with CRR Article 468

The following table shows the capital, RWEA and leverage positions with and without the application of transitional arrangements for IFRS 9 or analogous ECLs.

	A	B	C	D	E
	31 Mar 2023 £m	31 Dec 2022 £m	30 Sept 2022 £m	30 June 2022 £m	31 Mar 2022 £m
Available capital (£m)					
1 Common Equity Tier 1 (CET1) capital	3,599	3,574	3,606	3,537	3,561
2 CET1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	3,509	3,474	3,492	3,445	3,477
3 Tier 1 capital	4,193	4,168	4,268	4,199	4,233
4 Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	4,103	4,068	4,154	4,107	4,149
5 Total capital	5,214	5,189	5,288	5,219	5,253
6 Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5,124	5,089	5,174	5,127	5,169
Risk-weighted assets (£m)					
7 Total risk-weighted assets	24,687	24,013	24,128	23,973	24,148
8 Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	24,616	23,934	24,036	23,898	24,076
Capital ratios (%)					
9 CET1 (as a percentage of risk exposure amount)	14.6%	14.9%	14.9%	14.8%	14.7%
10 CET1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.3%	14.5%	14.5%	14.4%	14.4%
11 Tier 1 (as a percentage of risk exposure amount)	17.0%	17.4%	17.7%	17.5%	17.5%
12 Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16.7%	17.0%	17.3%	17.2%	17.2%
13 Total capital (as a percentage of risk exposure amount)	21.1%	21.6%	21.9%	21.8%	21.8%
14 Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	20.8%	21.3%	21.5%	21.5%	21.5%
Leverage ratio					
15 Leverage ratio total exposure measure (£m)	84,466	84,643	83,758	83,891	83,500
16 Leverage ratio (%)	5.0%	4.9%	5.1%	5.0%	5.1%
17 Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied (%)	4.9%	4.8%	5.0%	4.9%	5.0%

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Table 40: UK OV1 - Overview of risk weighted exposure amounts

The table below shows RWEAs and minimum capital requirement by risk type and approach⁽¹⁾.

		A	B	C
		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		31 Mar 2023 £m	31 Dec 2022 £m	31 Mar 2023 £m
1	Credit risk (excluding CCR)	21,682	20,960	1,734
2	<i>of which: the standardised approach</i>	6,156	6,140	491
3	<i>of which: the foundation IRB (FIRB) approach</i>	5,773	5,649	462
4	<i>of which: slotting approach</i>	394	346	32
5	<i>of which: the advanced IRB (AIRB) approach</i>	9,359	8,825	749
6	Counterparty credit risk (CCR)	381	429	31
7	<i>of which: the standardised approach</i>	191	187	15
UK-8a	<i>of which: exposures to a CCP</i>	7	7	1
UK-8b	<i>of which: credit valuation adjustment (CVA)</i>	183	235	15
23	Operational risk	2,624	2,624	210
UK-23b	<i>of which: standardised approach</i>	2,624	2,624	210
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	278	281	22
29	Total	24,687	24,013	1,975

(1) The Group's Pillar 1 capital requirement for market risk is set to zero, therefore no figures are disclosed.

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Table 41: UK CC1 - Composition of regulatory own funds

	31 Mar 2023 £m	30 Sept 2022 £m	Ref ⁽¹⁾ :
CET1 capital: instruments and reserves			
1	2,792	2,792	f
	1,243	1,243	g
	1,549	1,549	h
2	1,825	2,121	l + n + q
3	389	743	j
UK-5a	50	(26)	m + o + p
6	5,056	5,630	
CET1 capital: regulatory adjustments			
7	(6)	(5)	
8	(241)	(267)	a
10	(401)	(417)	b
11	(381)	(699)	k
12	(122)	(100)	
15	(396)	(650)	c – e
UK-27a	90	114	
28	(1,457)	(2,024)	
29	3,599	3,606	
AT1 capital: instruments			
30	594	662	
31	594	662	i
44	594	662	
45	4,193	4,268	
Tier 2 (T2) capital: instruments			
46	1,021	1,020	d
58	1,021	1,020	
59	5,214	5,288	
60	24,687	24,128	
Capital ratios and buffers			
61	14.6%	14.9%	
62	17.0%	17.7%	
63	21.1%	21.9%	

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Table 41: UK CC1 - Composition of regulatory own funds (continued)

	31 Mar 2023 £m	30 Sept 2022 £m	Ref ⁽¹⁾ :
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)		
	8.0%	7.0%	
65	<i>of which: capital conservation buffer requirement</i>		
	2.5%	2.5%	
66	<i>of which: countercyclical buffer requirement</i>		
	1.0%	0.0%	
67	<i>of which: systemic risk buffer requirement</i>		
	0.0%	0.0%	
UK-67a	<i>of which: G-SII or O-SII buffer</i>		
	0.0%	0.0%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)⁽²⁾		
	8.4%	8.7%	
	Amounts below the thresholds for deduction (before risk weighting)		
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)		
	111	100	
	Applicable caps on the inclusion of provisions in Tier 2		
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		
	79	79	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		
	93	90	

(1) Shows cross reference to the balance sheet under regulatory scope of consolidation in Table 42.

(2) Represents the CET1 ratio after deducting Pillar 1 and 2A requirements.

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Table 42: UK CC2 - Reconciliation of regulatory own funds to balance sheet in the financial statements

		A	B	Ref:
		Balance sheet as in published financial statements £m	Under regulatory scope of consolidation ⁽¹⁾ £m	
As at 31 March 2023				
Assets				
1	<i>Financial assets at amortised cost</i>			
2	Loans and advances to customers	71,877	71,869	
3	Cash and balances with central banks	12,328	12,328	
4	Due from other banks	583	589	
5	<i>Financial assets at FVTPL</i>			
6	Loans and advances to customers	68	68	
7	Derivative financial instruments	201	201	
8	Other financial assets	2	2	
9	Due from related entities	7	7	
10	Financial assets at FVOCI	5,869	5,869	
11	Property plant and equipment	218	218	
12	Intangible assets and goodwill	241	241	a
13	Deferred tax assets	368	368	
14	<i>of which: tax losses carried forward</i>	401	401	b
15	Defined benefit pensions scheme assets	610	610	c
16	Other assets	228	220	
17	Total assets	92,600	92,590	
Liabilities				
1	<i>Financial liabilities at amortised cost</i>			
2	Customer deposits	67,229	67,223	
3	Debt securities in issue	5,070	5,070	
4	<i>of which: tier 2 instruments</i>	1,021	1,021	d
5	Due to other banks	8,109	8,109	
6	<i>Financial liabilities at FVTPL</i>			
7	Derivative financial instruments	255	255	

		A	B	Ref:
		Balance sheet as in published financial statements £m	Under regulatory scope of consolidation ⁽¹⁾ £m	
8	Due to related entities	3,745	3,745	
9	Current tax liabilities	2	2	
10	Deferred tax liabilities	214	214	
11	<i>of which: defined pension benefit scheme surplus</i>	214	214	e
12	Provisions for liabilities and charges	59	59	
13	Other liabilities	2,204	2,263	
14	Total liabilities	86,887	86,940	
Shareholders' Equity				
1	Share capital and share premium	2,792	2,792	f
2	<i>of which: ordinary share capital</i>	1,243	1,243	g
3	<i>of which: share premium</i>	1,549	1,549	h
4	Other equity instruments	594	594	i
5	Other reserves	389	389	j
6	<i>of which: cash flow hedge reserve</i>	381	381	k
7	Retained earnings	1,938	1,875	
8	<i>of which: prior period retained earnings</i>	2,214	2,214	l
9	<i>of which: profits accrued in the year to date</i>	185	185	m
10	<i>of which: dividends paid relating to FY22</i>	(153)	(153)	n
11	<i>of which: FY23 dividends paid/accrued</i>	(50)	(95)	o
12	<i>of which: AT1 coupons paid/accrued in the period</i>	(28)	(40)	p
13	<i>of which: other movements in retained earnings</i>	(230)	(236)	q
14	Total shareholders' equity	5,713	5,650	

(1) Balance sheet after regulatory consolidation of joint ventures, and after accruing for foreseeable AT1 coupons and ordinary dividends.

Appendix 1: Disclosures for CB Group consolidated

Table 43: UK LR1 - LRSum – Summary reconciliation of accounting assets and leverage ratio exposures

	31 Mar 2023	30 Sept 2022
	£m	£m
1 Total assets as per published financial statements	92,600	92,010
4 (Adjustment for exemption of exposures to central banks)	(12,062)	(11,955)
8 Adjustment for derivative financial instruments	624	522
9 Adjustment for SFTs	2,597	2,974
10 Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	3,054	3,204
11 (Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	(6)	(5)
12 Other adjustments	(2,341)	(2,992)
13 Total exposure measure	84,466	83,758

Appendix 1: Disclosures for CB Group consolidated

Table 44: UK LR2 - LRCom – Leverage ratio common disclosure

	31 Mar 2023 £m	30 Sept 2022 £m
On-balance sheet exposures (excluding derivatives and SFTs)		
1	91,738	90,937
3	(229)	(241)
6	(1,457)	(2,025)
7	90,052	88,671
Derivative exposures		
8	325	462
9	500	402
13	825	864
SFT exposures		
16	2,597	2,974
18	2,597	2,974
Other off-balance sheet exposures		
19	18,068	19,319
20	(15,014)	(16,115)
22	3,054	3,204
Capital and total exposure measure		
23	4,193	4,268
24	96,528	95,713
UK-24a	(12,062)	(11,955)
UK-24b	84,466	83,758
Leverage ratio		
25	5.0%	5.1%
UK-25a	4.9%	5.0%
UK-25b	4.9%	5.0%
UK-25c	4.3%	4.5%
26	3.25%	3.25%
Additional leverage ratio disclosure requirements - leverage ratio buffers		
27	0.4%	0.0%
UK-27a	0.0%	0.0%
UK-27b	0.4%	0.0%
Additional leverage ratio disclosure requirements – disclosure of mean values		
UK-31	96,150	94,402
UK-32	85,052	83,919
UK-33	4.3%	4.4%
UK-34	4.9%	5.0%

Appendix 1: Disclosures for CB Group consolidated

Table 45: UK LR3 - LRSpl – Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		Leverage ratio exposures	
		31 Mar 2023	30 Sept 2022
		£m	£m
	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	79,447	78,741
UK-1	Banking book exposures, of which:	79,447	78,741
UK-3	Banking book exposures, of which:	79,447	78,741
UK-4	<i>Covered bonds</i>	1,266	1,471
UK-5	<i>Exposures treated as sovereigns</i>	3,981	3,221
UK-6	<i>Exposures to regional governments, Multilateral Development Bank, international organisations and public sector entities not treated as sovereigns</i>	90	181
UK-7	<i>Institutions</i>	761	511
UK-8	<i>Secured by mortgages of immovable properties</i>	60,635	60,588
UK-9	<i>Retail exposures</i>	6,146	6,273
UK-10	<i>Corporates</i>	4,652	4,677
UK-11	<i>Exposures in default</i>	703	728
UK-12	<i>Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)</i>	1,213	1,091

Appendix 2: Glossary

Term	Definition
Advanced Internal-Ratings Based (AIRB) approach	CRD IV approach for measuring exposure to retail credit risks. The method of calculating credit risk capital requirements uses internal PD, LGD and Exposures at Default models. AIRB approaches may only be used with PRA permission.
Additional Tier 1 capital (AT1)	AT1 capital instruments are non-cumulative perpetual securities that contain a specific provision to write down the security or convert it to equity, should the CET1 ratio fall below a specified trigger limit.
Basel II	The capital adequacy framework issued by the BCBS in June 2004.
Basel III	Reforms issued by the BCBS in December 2017 with subsequent revisions.
Capital buffers	<p><u>Capital conservation buffer</u> – A buffer set for all banks that can be used to absorb losses while avoiding breaching minimum requirements. It is designed to ensure that banks build up capital outside periods of stress which can be drawn down as losses are incurred.</p> <p><u>Systemic risk buffer</u> – A buffer set for ring-fenced banks and large building societies to reduce their probability of failure or distress. It is commensurate with the greater cost that their failure or distress would have for the UK economy. Firms with total assets less than £175bn are subject to a 0% SRB.</p> <p><u>Countercyclical capital buffer</u> – A capital buffer to ensure eligible firms have a sufficient capital base to absorb losses in stressed periods. The CCyB aims to ensure that banking sector capital requirements take account of the macroeconomic financial environment in which banks operate. It enables the Bank of England's Financial Policy Committee to adjust the resilience of the banking system to the changing scale of risk the system faces over time.</p> <p><u>PRA buffer</u> – A buffer set using supervisory judgement informed by the impact of stress scenarios on a firm's capital requirements and resources and taking account, where appropriate, of other factors including leverage, systemic importance and weaknesses in firms' risk management and governance. This is set on a firm-specific basis. Firms are not permitted to disclose if a PRA buffer has been applied.</p>
Capital conservation buffer (CCB)	Refer to 'Capital buffers'.
Central Counterparties (CCP)	CCPs place themselves between the buyer and seller of an original trade, leading to a less complex web of exposures. CCPs effectively guarantee the obligations under the contract agreed between the two counterparties, both of which would be participants of the CCP.
CB Group Consolidated (CB Group)	Prudential sub-consolidation group of Clydesdale Bank PLC.
Collateral	The assets of a borrower that are used as security against a loan facility.
Common Equity Tier 1 (CET1) capital	The highest quality form of regulatory capital that comprises total shareholders' equity and related non-controlling interests, less goodwill and intangible assets and certain other regulatory adjustments.
Common Equity Tier 1 (CET1) ratio	CET1 capital divided by RWEA at a given date.
Countercyclical capital buffer (CCyB)	Refer to 'Capital buffers'.
Counterparty credit risk (CCR)	Counterparty credit risk is the risk that a counterparty to a transaction may default before the final settlement of the transaction's cash flows. This risk concerns financial instruments, including derivatives and repurchase agreements.
Covered bonds	A corporate bond with primary recourse to the institution and secondary recourse to a pool of assets that act as security for the bonds on issuer default. Covered bonds remain on the issuer's balance sheet and are a source of term funding for the Group.
Credit conversion factor (CCF)	Credit conversion factors are used in determining the exposure at default in relation to a credit risk exposure. The CCF is an estimate of the proportion of undrawn and off-balance sheet commitments expected to be drawn down at the point of default.
Credit risk adjustment/credit valuation adjustment	An adjustment to the valuation of financial instruments held at fair value to reflect the creditworthiness of the counterparty.
Credit risk mitigation (CRM)	Techniques to reduce the potential loss in the event that a customer (borrower or counterparty) becomes unable to meet its obligations. This may include the taking of financial or physical security, the assignment of receivables or the use of credit derivatives, guarantees, credit insurance, set-off or netting.

Appendix 2: Glossary

Term	Definition
Credit Valuation Adjustment (CVA)	These are adjustments to the valuation of financial instruments held at fair value to reflect the credit worthiness of the counterparty
Default	A customer is in default when either they are more than 90 DPD on a credit obligation to the Group or are considered unlikely to pay their credit obligations in full without recourse to actions such as realisation of security (if held).
Derivative	A financial instrument that is a contract or agreement whose value is related to the value of an underlying instrument, reference rate or index.
Expected Loss (EL)	Regulatory expected loss represents the anticipated loss, in the event of default, on a credit risk exposure modelled under the AIRB approach. Expected loss is determined by multiplying the associated PD, LGD and Exposures at Default.
Exposure	A claim, contingent claim or position which carries a risk of financial loss.
External Credit Assessment Institutions (ECAI)	ECAI include external credit rating agencies such as Moody's, Fitch, and S&P.
Economic Value of Equity (EVE)	A long-term economic measure/indicator of net cash flow, which is calculated by subtracting the present value of liabilities from the present value of assets.
Fair value	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions.
Financial Conduct Authority (FCA)	Conduct regulator for all financial services firms and financial markets in the UK and the prudential regulator for a minority of those firms.
Foundation Internal-Ratings Based (FIRB)	A method of calculating credit risk capital requirements using internal PD models but with regulators' supervisory estimates of LGD and conversion factors for the calculation of EAD.
Financial Policy Committee (FPC)	A committee established by the Bank of England to identify, monitor and take action to remove or reduce systemic risks and protect or enhance the resilience of the UK financial system.
Forbearance	The term generally applied to the facilities provided or changes to facilities provided to assist borrowers, who are experiencing, or are about to experience, a period of financial stress.
Group	Virgin Money UK PLC and its controlled entities.
Global-Systemically Important Banks (G-SII)	Global 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.
High-Quality Liquid Assets (HQLA)	Assets are considered to be HQLA if they can be easily and immediately converted into cash at little or no loss of value.
IFRS 9	The new financial instrument accounting standard which was adopted by the Group with effect from 1 October 2018.
IFRS 9 Stage 1	A loan that is not credit-impaired on initial recognition and has not experienced a significant increase in credit risk.
IFRS 9 Stage 2	If a significant increase in credit risk has occurred since initial recognition, the loan is moved to stage 2, but is not yet deemed to be credit-impaired.
IFRS 9 Stage 3	If the loan is credit-impaired it is moved to stage 3. All expired term, material fraud and operational risk loans are classified as credit-impaired.
Internal ratings-based approach (IRB)	A method of calculating credit risk capital requirements using internal, rather than supervisory, estimates of risk parameters.
Liquidity Coverage Ratio (LCR)	The proportion of highly liquid assets held by financial institutions, to ensure their ongoing ability to meet short-term obligations. Calculated by dividing HQLA's by total net cash flows.
Leverage ratio	This is a regulatory standard ratio proposed by Basel III as a supplementary measure to the risk-based capital requirements. It is intended to constrain the build-up of excess leverage in the banking sector and is calculated by dividing Tier 1 capital resources by a defined measure of on and off-balance sheet items plus derivatives.

Appendix 2: Glossary

Term	Definition
Liquidity risk	Liquidity risk is the risk that the Group is unable to meet its current and future financial obligations as they fall due at acceptable cost.
Long-run average Probability of Default (PD)	An estimate of the likelihood of a borrower defaulting on their credit obligations over a forward-looking 12-month period, with the estimates based on default experience across a full economic cycle rather than current economic conditions.
Loss given default (LGD)	The estimate of the loss that the Group will suffer if the customer defaults (incorporating the effect of any collateral held).
Minimum requirement for own funds and eligible liabilities (MREL)	MREL is a minimum requirement for institutions to maintain equity and eligible debt liabilities, to help ensure that when an institution fails, the resolution authority can use these financial resources to absorb losses and recapitalise the continuing business. The BoE set out its approach to setting banks' MREL in November 2016.
Net interest income (NI)	The amount of interest received or receivable on assets, net of interest paid or payable on liabilities.
Net Stable Funding Ratio (NSFR)	A liquidity standard requiring banks to hold enough stable funding to cover the duration of their long-term assets.
Other systemically important institutions (O-SII)	Other systemically important institutions are institutions that are deemed to create risk to financial stability due to their systemic importance.
Pillar 1	The quantitative elements of the Basel III framework including the minimum regulatory capital requirements for credit, operational and market risks.
Pillar 2	The qualitative expectations of the Basel III framework to be met through the supervisory review process. This includes the ICAAP, governance process and the supervisory review and evaluation process.
Pillar 3	The final pillar of the Basel III framework which aims to encourage market discipline by improving the information made available to the market. This pillar sets out disclosure requirements for banks on their capital, risk exposures and risk assessment processes.
Probability of default (PD)	The probability that a customer will default over either the next 12 months or lifetime of the account.
Prudential Regulation Authority (PRA)	Entity of the BoE responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms.
PRA buffer	Refer to 'Capital buffers'.
Qualifying Central Counterparties (QCCP's)	An entity which is licensed to operate as a CCP.
Regulatory capital	The capital which banks hold, determined in accordance with rules established by the relevant regulatory bodies.
Required Stable Funding (RSF)	An input to the calculation of NSFR. It is the amount of available stable funding required to match with assets that would have to be funded, either because they will be rolled over, or because they could not be monetised rapidly without a significant change in value.
Risk-weighted exposure amount (RWEA)	On and off-balance sheet assets of the Group are allocated a risk-weighting based on the amount of capital required to support the asset.
Securities financing transaction (SFT)	Repurchase transactions, securities or commodities lending or borrowing transactions or other capital market-driven transactions.
Securitisation	The practice of pooling similar types of contractual debt and packaging the cash flows from the financial asset into securities that can be sold to institutional investors in debt capital markets. It provides the Group with a source of secured funding that can achieve a reduction in funding costs by offering typically 'AAA' rated securities secured by the underlying financial asset.
Standardised approach (SA)	In relation to credit risk, a method for calculating credit risk capital requirements using ECAI ratings and supervisory risk weights. In relation to operational risk, a method of calculating the operational capital requirement by the application of a supervisory defined percentage charge to the gross income of eight specified business lines.

Appendix 2: Glossary

Term	Definition
Systemic risk buffer (SRB)	Refer to 'Capital buffers'.
Supervisory Review and Evaluation Process (SREP)	Supervisors assess the risks banks face and check that banks are equipped to manage those risks properly. It allows banks' risk profiles to be assessed consistently and decisions about necessary supervisory measures to be taken.
Tier 1 capital	A measure of a bank's financial strength defined by CRD IV. It captures Common Equity Tier 1 capital plus other Tier 1 securities in issue, subject to deductions.
Tier 1 capital ratio	Tier 1 capital as a percentage of risk-weighted assets.
Tier 2 capital	A component of regulatory capital, including qualifying subordinated debt, eligible collective impairment provisions and other Tier 2 securities as defined by CRD IV.
Value at Risk (VaR)	A measure of the loss that could occur on risk positions as a result of adverse movements in market risk factors (e.g. rates, prices, volatilities) over a specified time horizon and to a given level of confidence.

Appendix 3: Abbreviations

AIRB	Advanced Internal-Ratings Based	IFRS	International Financial Reporting Standards
AT1	Additional Tier 1	IRB	Internal ratings-based
BBLS	Bounce Back Loan Scheme	LCR	Liquidity Coverage Ratio
BoE	Bank of England	LGD	Loss Given Default
CCF	Credit Conversion Factor	MREL	Minimum Requirements for own funds and Eligible Liabilities
CCR	Counterparty Credit Risk	NII	Net interest income
CCP	Central Counterparty	NSFR	Net Stable Funding Ratio
CCyB	Countercyclical Capital Buffer	O-SII	Other Systemically Important Institutions
CET1	Common Equity Tier 1	PD	Probability of Default
CRD	Capital Requirements Directive	PRA	Prudential Regulation Authority
CRM	Credit risk mitigation	PS	Policy Statement
CRR	Capital Requirements Regulation	QCCPs	Qualifying Central Counterparties
CVA	Credit Valuation Adjustment	RSF	Required Stable Funding
ECAI	External Credit Assessment Institutions	RWA	Risk-Weighted Assets
ECL	Expected Credit Losses	RWEA	Risk-Weighted Exposure Amount
EU	European Union	SA	Standardised Approach
EVE	Economic Value of Equity	SFT	Securities Financing Transaction
FCA	Financial Conduct Authority	SME	Small and Medium-Sized Enterprise
FIRB	Foundation Internal-Ratings Based	SREP	Supervisory Review and Evaluation Process
FPC	Financial Policy Committee	T1	Tier 1
G-SII	Global Systemically Important Institutions	T2	Tier 2
HQLA	High-Quality Liquid Assets	VaR	Value at Risk

Additional information

Officers and professional advisers

Non-Executive Directors

Board Chair

David Bennett⁽¹⁾

Senior Independent Non-Executive Director

Tim Wade⁽²⁾

Independent Non-Executive Directors

Geeta Gopalan⁽²⁾
Elena Novokreshchenova⁽²⁾
Darren Pope⁽²⁾

Non-Executive Director

Sara Weller⁽³⁾⁽⁴⁾

Executive Directors

David Duffy
Clifford Abrahams

Company Secretary

Lorna McMillan

General Counsel and Purpose Officer

James Peirson

Independent auditors

Ernst & Young LLP
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(1) Member of the Remuneration Committee and Governance and Nomination Committee.

(2) All Independent Non-Executive Directors are members of the Remuneration Committee, Audit Committee, Risk Committee and Governance and Nomination Committee.

(3) Member of the Governance and Nomination Committee.

(4) Sara Weller was appointed to the Board on 3 October 2022.

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