

Clydesdale Bank PLC

Pillar 3 Disclosures

Q3 2025-26 | 31 December 2025

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Forward-looking statements

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Certain figures contained in this document, including financial information, may have been subject to rounding adjustments and foreign exchange conversions. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this document may not conform exactly to the total figure given.

Introduction

1.1 Basis of presentation

Virgin Money UK PLC ('VMUK') was acquired by Nationwide Building Society ('NBS') in October 2024. As part of the arrangements for the acquisition, the Prudential Regulation Authority ('PRA') applied sub-consolidation prudential requirements to VMUK, and therefore VMUK continued to be required to produce sub-consolidated Pillar 3 disclosures. As a result of PRA revocation of this Direction on 1 December 2025, Pillar 3 Disclosures are no longer required at the VMUK sub-consolidated level. These disclosures are now produced on an individual basis for Clydesdale Bank PLC ('CB PLC,' or 'the Company').

CB PLC, together with its subsidiary undertakings, comprise CB Solo-Consolidated Group ('CB Solo-Consolidated') and operate under the Clydesdale Bank, Yorkshire Bank and Virgin Money brands.

These disclosures cover the quarter ended 31 December 2025. The Pillar 3 disclosures for NBS can be found at <https://www.nationwide.co.uk/about-us/governance-reports-and-results/results-and-accounts/>.

CB PLC 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 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.

CB PLC has assessed itself as a 'Large' subsidiary' of a UK parent institution and, in accordance with part 2.3 ('Level of Application') of the PRA rulebook, reports the information specified in Articles 437, 438, 440, 442, 450, 451a and 453 of the PRA rulebook on a quarterly, interim and annual period-end basis. The numbers presented within this report (with the exception of liquidity metrics) are on an individual (or solo) consolidated basis, which reflects the CRR article 9 individual consolidation permission the Bank holds.

Certain figures contained in this report may have been subject to rounding adjustments and foreign exchange conversions. 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. The information presented in this Pillar 3 report is not required to be, and has not been, subject to external audit.

Certain fixed-format templates include requirements for comparatives. Comparative figures are as at 30 September 2025 unless otherwise stated and are reported to give insight into movements during the period. Where disclosures are new, or have been significantly changed, prior period comparatives are not generally restated or provided.

Where specific rows and columns in the tables prescribed by the PRA are not applicable or are immaterial to our activities, these are omitted and the same approach followed as for comparative disclosures.

1.2 Templates not disclosed

Specific Pillar 3 templates are required to be disclosed on a quarterly basis, and these are included within this report. Certain PRA templates prescribed on a quarterly basis are not applicable to CB PLC; this includes UK MR2-A and UK CCR7 on the basis that CB PLC applies the standardised approach to market risk and counterparty credit risk.

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 or confidential. An explanation is included within the report where templates have not been disclosed on the basis of materiality, if deemed out of scope or not applicable.

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

2.1 UK KM1 – Key metrics

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

| UK KM1 - Key metrics template - CB Solo-Consolidated Group | | | | | | |
|---|---|------------------|-----------|-----------|-----------|-----------|
| <i>£m</i> | | a | b | c | d | e |
| | | 31 Dec 25 | 30 Sep 25 | 30 Jun 25 | 31 Mar 25 | 31 Dec 24 |
| | Available own funds (amounts) | | | | | |
| 1 | Common Equity Tier 1 (CET1) capital | 4,168 | 4,210 | 3,984 | 3,900 | 3,817 |
| 2 | Tier 1 capital | 4,866 | 4,908 | 4,683 | 4,593 | 4,510 |
| 3 | Total capital | 5,659 | 5,701 | 5,943 | 5,347 | 5,284 |
| | Risk-weighted exposure amounts | | | | | |
| 4 | Total risk-weighted exposure amount | 30,103 | 30,763 | 27,919 | 27,555 | 27,092 |
| | Capital ratios (as a percentage of risk-weighted exposure amount) | | | | | |
| 5 | Common Equity Tier 1 ratio (%) | 13.8 | 13.7 | 14.3 | 14.2 | 14.1 |
| 6 | Tier 1 ratio (%) | 16.2 | 16.0 | 16.8 | 16.7 | 16.6 |
| 7 | Total capital ratio (%) | 18.8 | 18.5 | 21.3 | 19.4 | 19.5 |
| | Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount) | | | | | |
| UK 7a | Additional CET1 SREP requirements (%) | 2.0 | 2.0 | 2.1 | 2.1 | 2.1 |
| UK 7b | Additional AT1 SREP requirements (%) | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 |
| UK 7c | Additional T2 SREP requirements (%) | 0.9 | 0.9 | 1.0 | 1.0 | 1.0 |
| UK 7d | Total SREP own funds requirements (%) ¹ | 11.6 | 11.6 | 11.8 | 11.8 | 11.8 |
| | 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 (%) | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| UK 10a | Other Systemically Important Institution buffer (%) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 11 | Combined buffer requirement (%) | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 |
| UK 11a | Overall capital requirements (%) | 16.1 | 16.1 | 16.3 | 16.3 | 16.3 |
| 12 | CET1 available after meeting the total SREP own funds requirements (%) | 7.3 | 7.2 | 7.7 | 7.5 | 7.5 |

UK KM1 - Key metrics template - CB Solo-Consolidated Group (cont.)

| <i>£m</i> | a | b | c | d | e |
|--|---------------|-----------|-----------|-----------|-----------|
| | 31 Dec 25 | 30 Sep 25 | 30 Jun 25 | 31 Mar 25 | 31 Dec 24 |
| Leverage ratio² | | | | | |
| 13 Total exposure measure excluding claims on central banks | 80,070 | 81,439 | 83,204 | 83,120 | 82,918 |
| 14 Leverage ratio excluding claims on central banks (%) | 6.1 | 6.0 | 5.6 | 5.5 | 5.4 |
| Additional leverage ratio disclosure requirements | | | | | |
| 14a Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%) | 6.1 | 6.0 | 5.6 | 5.5 | 5.4 |
| 14b Leverage ratio including claims on central banks (%) | 5.2 | 5.2 | 5.0 | 5.0 | 4.9 |
| 14c Average leverage ratio excluding claims on central banks (%) | 6.0 | 5.8 | 5.6 | 5.3 | 5.4 |
| 14d Average leverage ratio including claims on central banks (%) | 5.2 | 5.2 | 5.1 | 4.8 | 4.9 |
| 14e Countercyclical leverage ratio buffer (%) | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 |
| Liquidity Coverage Ratio³ | | | | | |
| 15 Total high-quality liquid assets (HQLA) (Weighted value -average) | 15,614 | 14,998 | 14,457 | 14,868 | 14,790 |
| UK 16a Cash outflows - Total weighted value | 10,250 | 10,133 | 9,870 | 9,857 | 9,905 |
| UK 16b Cash inflows - Total weighted value | 429 | 433 | 439 | 443 | 425 |
| 16 Total net cash outflows (adjusted value) | 9,821 | 9,700 | 9,431 | 9,414 | 9,480 |
| 17 Liquidity coverage ratio (%) | 159 | 155 | 153 | 158 | 156 |
| Net Stable Funding Ratio | | | | | |
| 18 Total available stable funding | 77,958 | 77,147 | 76,883 | 77,427 | 78,289 |
| 19 Total required stable funding | 54,545 | 54,166 | 54,110 | 54,375 | 55,500 |
| 20 NSFR ratio (%) | 143 | 142 | 142 | 142 | 141 |

(1) The Company's most recent Pillar 2A requirement was received in September 2025 from the PRA. The Total Capital Requirement (TCR) is equivalent to 11.6% of RWAs.

(2) The average leverage exposure measure (excluding claims on central banks) for the period from 1 October 2025 to 31 December 2025 amounted to £81,042m.

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

2.2 UK OV1 – Overview of Risk weighted exposure amounts

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

| UK OV1 – Overview of risk weighted exposure amounts - CB Solo-Consolidated Group | | | | |
|--|---|---|---------------------------------|--------------|
| <i>£m</i> | | a | b | c |
| | | Group | | |
| | | Risk weighted exposure amounts (RWEAs) | Total own funds requirements | |
| | | 31 Dec 25 | 30 Sep 25 | 31 Dec 25 |
| 1 | Credit risk (excluding CCR) | 26,946 | 27,598 | 2,156 |
| 2 | Of which the standardised approach | 6,365 | 6,693 | 509 |
| 3 | Of which the foundation IRB (FIRB) approach | 7,408 | 7,741 | 593 |
| 4 | Of which slotting approach | 691 | 673 | 55 |
| 5 | Of which the advanced IRB (AIRB) approach | 12,482 | 12,491 | 999 |
| 6 | Counterparty credit risk - CCR | 66 | 74 | 5 |
| 7 | Of which the standardised approach | 52 | 57 | 4 |
| UK 8a | Of which exposures to a CCP | 4 | 5 | – |
| UK 8b | Of which credit valuation adjustment - CVA | 10 | 12 | 1 |
| 23 | Operational risk | 3,091 | 3,091 | 247 |
| UK 23b | Of which standardised approach | 3,091 | 3,091 | 247 |
| 24 | Amounts below the thresholds for deduction (subject to 250% risk weight) (For information) | 477 | 499 | 38 |
| 29 | Total | 30,103 | 30,763 | 2,408 |

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

The Group's mortgage IRB models remain subject to approval. Until the models are approved by the PRA, a temporary model adjustment continues to be made to ensure the model outcomes are consistent with the revised IRB regulations. At the end of the period, the temporary adjustment was £4.4 billion which increased the average mortgage risk weight by 5 percentage points to 21%, which compares to Nationwide's equivalent average of 15% on its approved IRB mortgage models. Over time, Nationwide intends to align IRB modelling approaches across the Nationwide Group, which includes the Virgin Money IRB portfolios.

Common Equity Tier 1

The Company maintained a robust capital position with a CET1 ratio of 13.8% (30 September 2025: 13.7%).

Leverage

The Company's UK leverage ratio has remained stable at 6.1% (30 September 2025: 6.0%), and the average UK leverage ratio increased to 6.0% (30 September 2025: 5.8%). The leverage ratio increase is mainly driven by a reduction in the leverage exposure measure by the sale of liquid assets of circa £0.8bn. In addition, the Tier 1 capital has decreased by £42m.

The Company remains in excess of capital requirements with a capital surplus of 2.1% held over the minimum leverage requirement of 3.95%, which comprises minimum Tier 1 capital requirement of 3.25% and a UK countercyclical leverage buffer of 0.7%.

Annex XIII: Disclosure of liquidity requirements

3.1 UK LIQ1 – Quantitative information on LCR

The table below shows the breakdown of the Company'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.

| UK LIQ1 - Quantitative information of LCR | | a | b | c | d | e | f | g | h |
|---|--|----------------------------------|-----------|-----------|-----------|--------------------------------|-----------|-----------|-----------|
| £m | | Total unweighted value (average) | | | | Total weighted value (average) | | | |
| | Quarter ending on (DD Month YYYY) | 31 Dec 25 | 30 Sep 25 | 30 Jun 25 | 31 Mar 25 | 31 Dec 25 | 30 Sep 25 | 30 Jun 25 | 31 Mar 25 |
| UK 1a | Quarter ending on (DD Month YYYY) | | | | | | | | |
| 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 high-quality liquid assets (HQLA) | | | | | 15,614 | 14,998 | 14,457 | 14,868 |
| CASH - OUTFLOWS | | | | | | | | | |
| 2 | Retail deposits and deposits from small business customers, of which: | 59,820 | 59,554 | 59,540 | 59,676 | 3,706 | 3,703 | 3,709 | 3,730 |
| 3 | <i>Stable deposits</i> | 42,647 | 42,130 | 42,088 | 41,857 | 2,132 | 2,107 | 2,104 | 2,093 |
| 4 | <i>Less stable deposits</i> | 11,514 | 11,764 | 11,703 | 12,073 | 1,552 | 1,572 | 1,575 | 1,609 |
| 5 | Unsecured wholesale funding | 7,096 | 7,003 | 6,896 | 7,050 | 3,468 | 3,424 | 3,329 | 3,444 |
| 6 | <i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i> | 610 | 605 | 601 | 615 | 151 | 150 | 149 | 152 |
| 7 | <i>Non-operational deposits (all counterparties)</i> | 6,349 | 6,268 | 6,257 | 6,344 | 3,179 | 3,144 | 3,142 | 3,200 |
| 8 | <i>Unsecured debt</i> | 138 | 130 | 38 | 92 | 138 | 130 | 38 | 92 |
| 9 | Secured wholesale funding | | | | | 39 | – | 42 | 42 |
| 10 | Additional requirements | 4,818 | 4,823 | 4,723 | 4,609 | 1,904 | 1,875 | 1,781 | 1,725 |
| 11 | <i>Outflows related to derivative exposures and other collateral requirements</i> | 1,538 | 1,509 | 1,407 | 1,344 | 1,538 | 1,509 | 1,407 | 1,344 |
| 12 | <i>Outflows related to loss of funding on debt products</i> | – | – | – | – | – | – | – | – |
| 13 | <i>Credit and liquidity facilities</i> | 3,280 | 3,314 | 3,316 | 3,265 | 365 | 366 | 373 | 380 |
| 14 | Other contractual funding obligations | 126 | 127 | 105 | 97 | 14 | 14 | 1 | 3 |
| 15 | Other contingent funding obligations | 16,536 | 16,171 | 15,574 | 14,875 | 1,120 | 1,117 | 1,008 | 912 |
| 16 | TOTAL CASH OUTFLOWS | | | | | 10,250 | 10,133 | 9,870 | 9,857 |

UK LIQ1 - Quantitative information of LCR (cont.)

| £m | Quarter ending on (DD Month YYYY) | a | b | c | d | e | f | g | h |
|-----------------------------|---|----------------------------------|------------|------------|------------|--------------------------------|------------|------------|------------|
| | | Total unweighted value (average) | | | | Total weighted value (average) | | | |
| | | 31 Dec 25 | 30 Sep 25 | 30 Jun 25 | 31 Mar 25 | 31 Dec 25 | 30 Sep 25 | 30 Jun 25 | 31 Mar 25 |
| CASH - INFLOWS | | | | | | | | | |
| 17 | Secured lending (e.g. reverse repos) | – | – | – | – | – | – | – | – |
| 18 | Inflows from fully performing exposures | 567 | 573 | 581 | 586 | 429 | 432 | 439 | 442 |
| 19 | Other cash inflows | – | – | – | – | – | – | – | – |
| 20 | TOTAL CASH INFLOWS | 567 | 574 | 581 | 586 | 429 | 433 | 439 | 443 |
| UK-20c | <i>Inflows subject to 75% cap</i> | 567 | 574 | 581 | 586 | 429 | 433 | 439 | 443 |
| TOTAL ADJUSTED VALUE | | | | | | | | | |
| UK-21 | LIQUIDITY BUFFER | | | | | 15,614 | 14,998 | 14,457 | 14,868 |
| 22 | TOTAL NET CASH OUTFLOWS | | | | | 9,821 | 9,700 | 9,431 | 9,414 |
| 23 | LIQUIDITY COVERAGE RATIO | | | | | 159 | 155 | 153 | 158 |

3.2 UK LIQB – Qualitative information on 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 Company's liquid asset buffer is very high quality with minimal haircuts applied. The primary source of outflows is the customer deposit book (items 2 and 5 in LIQ1, with item 5 primarily being business deposits with any wholesale term funding maturities also captured) 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 Company'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 159% as at 31 December 2025, which is an increase from 155% as at 30 September 2025. 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 Company is primarily funded through retail deposits, in addition to capital and a diversified wholesale funding book. A series of metrics are used by the Company to measure risk exposures, including funding ratios, limits on concentration and funding tenors/maturity risk. These include both Board Risk Appetite and Management Risk Appetite limits. As at the reporting date, these metrics include the regulatory NSFR, Loan-to-Deposit Ratio, quarterly wholesale, retail and combined refinancing, single name concentration, and large business deposit concentration. The Loan-to-Deposit ratio risk appetite measure ensures the Company's balance sheet is funded by an appropriate level of customer deposits, while the additional measures further segregate the appetite for concentration of customer deposits according to tenor and single name. In addition, the Company's Board approved Funding and Liquidity Policy states that all funding must be diversified by source, maturity profile, type of instruments and currency to minimise dependence on specific sources, customers, or markets, and that access to wholesale markets must be maintained, tested and accessed regularly.

(d) Composition of the Company's liquidity buffer

The Company's liquidity buffer is largely comprised of Level 1 assets, which includes cash at the BoE, UK Government securities (Gilts) and listed securities (e.g. bonds issued by supranationals and AAA-rated covered bonds). The Company also holds a smaller portion of Level 2 assets. The quantity and quality of the Company'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 Company actively manages its derivative exposures and potential collateral calls with derivative outflows under stress captured within the Historical Look Back Approach, 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. These exposures are captured under item 11 of LIQ1.

(f) Currency mismatch in the LCR

The LCR is calculated and reported in GBP as no other currencies are significant in accordance with the PRA Rulebook. The Company's policy is for all currency liabilities to be swapped to GBP on a matched tenor basis, thereby removing Cross Currency Liquidity Risk. Non-GBP liabilities principally relate to wholesale funding issuance in Euros 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 XXI: Disclosure of the use of the IRB approach to credit risk

4.1 UK CR8 – RWA flow statements of credit risk exposures under the IRB approach

The table below summarises movements of RWAs for credit risk exposures under the IRB approach.

| UK CR8 – RWEA flow statements of credit risk exposures under the IRB approach - CB Solo Consolidated Group | | ^a Risk weighted exposure amount |
|--|---|--|
| <i>£m</i> | | |
| 1 | Risk weighted exposure amount at 1 October 2025 | 20,905 |
| 2 | Asset size (+/-) | (216) |
| 3 | Asset quality (+/-) | (72) |
| 4 | Model updates ⁽¹⁾ (+/-) | (36) |
| 5 | Methodology and policy (+/-) | – |
| 6 | Acquisitions and disposals (+/-) | – |
| 7 | Foreign exchange movements (+/-) | – |
| 8 | Other (+/-) | – |
| 9 | Risk weighted exposure amount at 30 September 2025 | 20,581 |

(1) Model updates include the mortgage quarterly PD calibrations.

RWAs under the IRB approach reduced £0.3bn to £20.6bn, partially due to the impact of refreshed quarterly Management Adjustments (MA) in relation to hybrid models.

Additional information

Officers and professional advisers

Non-Executive Directors

Board Chairman

Kevin Parry ⁽²⁾

Senior Independent Non-Executive Director

Tracey Graham ⁽³⁾

Independent Non-Executive Directors ⁽¹⁾

Guy Bainbridge ⁽⁴⁾

Alan Keir ⁽⁵⁾

Debbie Klein ⁽⁶⁾

Sally Orton ⁽⁷⁾

Tamara Rajah

Gillian Riley ⁽⁸⁾

Phil Rivett ⁽⁹⁾

Executive Directors

Debbie Crosbie

Muir Mathieson

Chris Rhodes

Group Company Secretary

Jason Wright

(1) David Bennett and Anand Aithal resigned from the Board as Independent Non-Executive Directors on 31 December 2025.

(2) Chair of the Nomination and Governance Committee.

(3) Chair of the Remuneration Committee and member of the Risk Committee and Nomination and Governance Committee.

(4) Guy Bainbridge was appointed to the Board on 1 February 2026. Member of the Audit Committee and the Risk Committee.

(5) Chair of the Risk Committee and member of the Audit Committee and the Nomination and Governance Committee.

(6) Member of the Remuneration Committee.

(7) Member of the Audit Committee.

(8) Member of the Risk Committee and the Remuneration Committee.

(9) Chair of the Audit Committee and member of the Risk Committee and the Nomination and Governance Committee.