Virgin Money UK PLC

Pillar 3 Disclosures at 31 March 2025

Contents

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 (‘Virgin Money’ or ‘the Company’), 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.

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Introduction

1.1 Basis of presentation

Virgin Money UK PLC ('Virgin Money', 'VMUK' or 'the Company'), together with its subsidiary undertakings (which together comprise the 'Group'), operate under the Clydesdale Bank, Yorkshire Bank and Virgin Money brands. Following the acquisition of the Group by Nationwide Building Society (Nationwide), the financial year end of the Company was changed from 30 September to 31 March in order to align financial year ends. On 11 November 2024, the PRA granted a modification of Rule 433a(1) which provided that the next annual Pillar 3 disclosures shall be for the 18-month period ending 31 March 2025. The results referred to in these Pillar 3 disclosures relate to the 18-month period ended 31 March 2025.

All information in this disclosure relates to the 'Group' (Virgin Money sub-group) unless denoted as individual (Clydesdale Bank solo-consolidated). The Pillar 3 disclosures in relation to Nationwide Building Society can be found at https://www.nationwide.co.uk/about-us/governance-reports-and-results/results-and-accounts/.

This report presents the consolidated Pillar 3 disclosures of Virgin Money UK PLC ('Virgin Money' or 'the Company'), together with its subsidiary undertakings (which comprise 'the Group') as at 31 March 2025. This report should be read in conjunction with the Virgin Money UK PLC 2025 Annual Report and Accounts, available from: www.virginmoneyukplc.com/investor-relations/ results-and-reporting/annual-reports.

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's 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. Additional disclosures are made in accordance with supervisory expectations relating to MREL requirements.

The disclosures may differ from similar information in the 2025 Annual Report and Accounts, which is prepared in accordance with International Financial Reporting Standards ('IFRS'). Therefore, the information in these disclosures may not be directly comparable.

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 disclosures made in this report are required to be disclosed on an annual basis.

These disclosures have been subject to internal verification and are reviewed by the Board Risk Committee (Risk Committee) and the Board Audit Committee (Audit Committee) on behalf of the Board. The disclosures have not been, and are not required to be, subject to independent external audit. These disclosures do not constitute any part of the Group's 2025 Annual Report and Accounts. To ensure consistency with other banks and building societies' Pillar 3 disclosures, the document has been structured in line with the regulatory requirements as provided.

Full details of the Group's subsidiaries are provided in note 6.2 of the Group's 2025 Annual Report and Accounts, which is available on the Group's website: https://www.virginmoneyukplc.com/investor-relations/results-and-reporting/.

1.2 Comparatives

Certain fixed-format templates include requirements for comparatives. Comparative figures are as at 30 September 2023 unless otherwise stated and 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 disclosures.

1.3 Templates not disclosed

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.

1.4 Key matters during the period

Overview

The Group delivered a robust financial performance during the 18-month period to 31 March 2025, which included the acquisition of the Company by Nationwide on 1 October 2024. Prior to the acquisition, the Group's financial performance remained solid.

Since the acquisition, Virgin Money has prioritised delivering business performance and growth, improving pricing and fees, investing in customer service and building technology resilience and readiness for integration. We have launched Nationwide and Virgin Money's joint Blueprint for a Modern Mutual and our new purpose: Banking – but fairer, more rewarding, and for the good of society. This marks the next step in our journey as we unite behind a joint purpose.

During the period post-acquisition, the Group has made several changes to accounting policies and presentation to align with the Nationwide reporting structure and has recognised additional costs and credit impairments associated with the acquisition, which together are reflected in the Group's financial performance during the period. We are also starting to prepare for a proposed Part VII transfer of assets and liabilities of Clydesdale Bank PLC into Nationwide, as part of the wider programme to integrate the Virgin Money business with that of Nationwide.

1.5 Summary of key metrics

Capital

Capital resources included in this report are in line with UK Capital Requirements Directive V (UK CRD) on a fully loaded basis with IFRS 9 transitional arrangements applied. At 31 March 2025, the Group has no IFRS 9 transitional arrangements remaining on a Group basis. In addition, the disclosures are on a consolidated (Virgin Money UK PLC) Group basis, including subsidiary entities, unless otherwise stated.

During the period, the Group maintained a strong capital position with a Common Equity Tier 1 (CET1) ratio of 14.4% (30 September 2023: 14.7% on an IFRS9 transitional basis) and a total capital ratio of 19.6% (30 September 2023: 21.2% on an IFRS9 transitional basis) at 31 March 2025. The Group therefore retains a significant CET1 management buffer in excess of its UK Capital Requirements Directive V (CRD V) minimum CET1 requirement of 11.1%.

The Group's CET1 capital increased by £275m during the period. Capital generated from profit was utilised to fund AT1 distributions of £100m in the period, together with £26m dividends and £63m share buyback prior to the acquisition of the Group by Nationwide. Post acquisition, £800m of downstream capital from Nationwide absorbed the capital impact of accounting alignment adjustments and the TMLA fee payable.

RWAs increased c.£2.5bn to £28bn primarily due to asset quality movement related to growth of the Business portfolio and further quality movement in the Mortgage portfolio with increased lending to higher LTV brackets and the impact from quarterly PD re-calibrations, partially offset by movements in Hybrid Management Adjustments (MA's). In addition, there were changes in the identification of SME Lending and the associated removal of the SME support factor.

For the 18-month period ending 31 March 2025, the Group used the standardised approach for operational risk, market risk, counterparty credit risk and credit valuation adjustment. Retail mortgages RWA are calculated using an Advanced Internal Ratings-Based (AIRB) approach, the majority of the business portfolios use a Foundation Internal Ratings-Based (FIRB) approach and Income Producing Real Estate uses the IRB Slotting Approach. The AIRB approach allows internal models for Probability of Default (PD), Loss Given Default (LGD) and Exposures at Default (EAD) to be used to calculate RWA values. The FIRB approach allows internal models for PD combined with regulator defined parameters to be used to calculate RWA values. All other portfolios use the standardised approach, which uses standard risk-weighting percentages prescribed within the CRR and PRA implementing rules. The disclosures in this document are based on these approaches.

The Group operates with two sets of IRB models for Retail Mortgages, reflecting the portfolios that have been brought together as a result of the merger of Clydesdale Bank PLC and Virgin Money PLC (now re-registered as Virgin Money Limited). The modelling methodologies are not currently aligned for heritage Clydesdale Bank PLC and Virgin Money PLC. Consequently, presenting data for these models in a single table is considered inappropriate, and potentially misleading. Templates UK CR6 and UK CR9, which disclose information on credit risk exposures by exposure class and by the PD range and back-testing of PD per exposure class, are presented separately for heritage Clydesdale Bank and Virgin Money within the 2025 Pillar 3 report.

Further detail on regulatory capital ratios, resources and risk-weighted assets is included in Annex I (Key Metrics) and Annex XXI (IRB approach).

The leverage ratio represents a non-risk based 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. Virgin Money's leverage ratio is 5.6% (30 September 2023: 5.0%) and the Group's leverage exposures were £83,455m, with a Tier 1 capital surplus of 1.66% (£1,382m) held in excess of the leverage requirement. The risk of excess leverage is managed through regular monitoring and reporting of the leverage ratio, which forms a part of risk appetite.

Further detail on leverage is included in Annex XI (Leverage ratio).

As part of the Bank Recovery and Resolution Directive, the Bank of England, in its capacity as the UK resolution authority has published its framework for setting the minimum requirement for own funds and eligible liabilities (MREL).

This requires the Group to hold capital resources and eligible debt instruments equal to the greater of two times the TCR or two times the UK Leverage Ratio requirement. In addition to MREL, the Group must also hold any applicable capital buffers, which together with MREL represent the Group's LAC requirement. As at 31 March 2025, the Group's risk-based LAC requirement of 28.0% of RWA exposures (or 9.3% when expressed as a percentage of leverage) was greater than the leverage based LAC requirement of 8.6% of leverage exposures, meaning the RWA measure is the binding requirement.

MREL resources were £8.4bn (30 September 2023: £8.0bn) equivalent to 30.5% of RWA exposures (30 September 2023: 31.9%) or 10.1% when expressed as a percentage of leverage (30 September 2023: 9.3%). This provides prudent headroom of £0.7bn or 2.5% above the LAC requirement expressed as RWAs, or 0.8% above the LAC requirement of 9.3% when expressed as a percentage of exposures.

Funding and liquidity

Virgin Money's Liquidity Coverage Ratio (LCR) measures the surplus (or deficit) of high-quality liquid assets relative to weighted net stressed cash outflows over a 30-day period. It assesses whether the Bank has sufficient liquid assets to withstand a short-term liquidity stress based on cash outflow assumptions provided by regulators. The Group's LCR continues to comfortably exceed regulatory requirements with a 12-month average LCR of 159% as at 31 March 2025 (12-month average LCR as at 30 September 2023: 146%).

The Net Stable Funding Ratio (NSFR) represents the total amount of available stable funding divided by the total amount of required stable funding, expressed as a percentage. The 12-month average NSFR was 141% as at 31 March 2025 (12-month average NSFR as at 30 September 2023: 136%).

The Group's wholesale funding reduced 30.7% during the period to £11.6bn in line with expectations, mainly reflecting £5.3bn of TFSME repayments and other wholesale funding maturities, which more than offset new RMBS, Covered Bonds and MREL-eligible senior instruments issued during the period. As previously disclosed, all new AT1, Tier 2 and MREL-eligible senior instruments will be issued by Nationwide with down-streaming arrangements in place to ensure appropriate capital levels in Virgin Money and Clydesdale Bank PLC.

1.6 Risk appetite

The management of capital risk, credit risk, liquidity risk and interest rate risk in the banking book (IRRBB) is continuously monitored by the Group. The Board is responsible for setting risk appetite with respect to these risks, all of which form part of its risk appetite statement. These statements are translated into specific risk metrics, which are monitored by the Board Risk Committee, Executive Risk Committee and Assets and Liabilities Committee (ALCO).

The capital, liquidity and interest rate risk profile is managed to ensure that both risk appetite and minimum regulatory requirements are met, based on actual and forecast stressed performance, as well as meeting the expectations of key stakeholders and maintaining a robust financial position to protect our customers. Any planned changes to the balance sheet, regulatory developments and other factors (such as trading outlook) are considered when calibrating risk appetite and the capital and funding plans.

1.7 Scope

Virgin Money is regulated by the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA). Virgin Money is required to calculate and maintain regulatory capital on both a Group (consolidated) and on an Individual consolidation basis.

The numbers presented within the body of this report are on a Group (consolidated) basis. Appendix 1 contains the individual (or solo) consolidated disclosures required for Clydesdale Bank PLC ('the Bank'), which aligns with the Disclosure (CRR) part of the PRA Rulebook on subsidiary reporting and the CRR article 9 individual consolidation permission the Bank holds.

1.8 Review and challenge

Verification and sign off

The Virgin Money UK PLC Pillar 3 disclosures have been prepared in accordance with the Group's internal controls and policy frameworks, which govern financial reporting processes and are compliant with regulatory requirements, as set out in the Disclosure (CRR) part of the PRA rulebook. The following procedures support compliance:

- reconciliations are carried out to support disclosures and to confirm data accuracy;
- independent risk-based reviews carried out to provide assurance over the disclosures;
- narrative included is subject to senior review and sign-off;
- data included is subject to senior review and sign-off; and,
- the Risk Committee and Audit Committee reviews and approves the disclosures.

The disclosures have been subject to senior management sign-off by the Chief Risk Officer and Chief Financial Officer.

The Virgin Money UK PLC Pillar 3 disclosures were approved by the Board on 29 May 2025.

Annex 1: 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

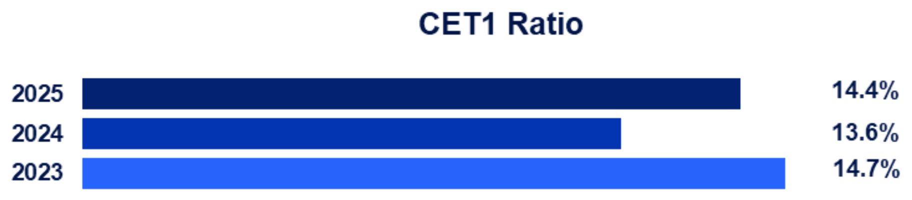
UK KM1 - Key metrics template - Consolidated							
		a	b	c	d	e	f
£m		**31 Mar 25**	31 Dec 24	30 Sep 24	30 Jun 24	31 Mar 24	31 Dec 23
	Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	**3,986**	3,885	3,629	3,639	3,731	3,522
2	Tier 1 capital	**4,679**	4,578	4,322	4,332	4,566	4,357
3	Total capital	**5,433**	5,352	5,095	5,105	5,339	5,130
	Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	**27,656**	27,242	26,594	26,218	25,581	25,458
	Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	**14.4**	14.3	13.6	13.9	14.6	13.8
6	Tier 1 ratio (%)	**16.9**	16.8	16.3	16.5	17.8	17.1
7	Total capital ratio (%)	**19.6**	19.6	19.2	19.5	20.9	20.2
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)						
UK 7a	Additional CET1 SREP requirements (%)	**2.1**	2.1	1.9	1.9	1.9	1.9
UK 7b	Additional AT1 SREP requirements (%)	**0.7**	0.7	0.6	0.6	0.6	0.6
UK 7c	Additional T2 SREP requirements (%)	**0.9**	0.9	0.9	0.9	0.9	0.9
UK 7d	Total SREP own funds requirements (%)	**11.7**	11.7	11.4	11.4	11.4	11.4
	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	2.5
9	Institution specific countercyclical capital buffer (%)	**2.0**	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	0.0
11	Combined buffer requirement (%)	**4.5**	4.5	4.5	4.5	4.5	4.5
UK 11a	Overall capital requirements (%)	**16.2**	16.2	15.9	15.9	15.9	15.9
12	CET1 available after meeting the total SREP own funds requirements (%)	**7.8**	7.7	7.2	7.5	8.2	7.4

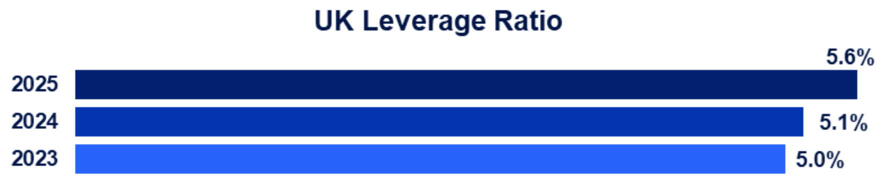
UK KM1 - Key metrics template - Consolidated (cont.)							
		a	b	c	d	e	f
£m		**31 Mar 25**	31 Dec 24	30 Sep 24	30 Jun 24	31 Mar 24	31 Dec 23
	Leverage ratio[1]						
13	Total exposure measure excluding claims on central banks	**83,455**	83,238	84,084	85,134	85,720	86,624
14	Leverage ratio excluding claims on central banks (%)	**5.6**	5.5	5.1	5.1	5.3	5.0
	Additional leverage ratio disclosure requirements						
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.6**	5.5	5.1	5.0	5.3	4.9
14b	Leverage ratio including claims on central banks (%)	**5.1**	5.0	4.7	4.5	4.7	4.6
14c	Average leverage ratio excluding claims on central banks (%)	**5.5**	5.4	5.1	4.9	5.1	4.9
14d	Average leverage ratio including claims on central banks (%)	**5.0**	4.9	4.6	4.4	4.6	4.4
14e	Countercyclical leverage ratio buffer (%)	**0.7**	0.7	0.7	0.7	0.7	0.7
	Liquidity Coverage Ratio[2]						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	**14,868**	14,790	14,676	14,583	14,135	13,988
UK 16a	Cash outflows - Total weighted value	**9,801**	9,841	9,861	9,924	9,957	9,887
UK 16b	Cash inflows - Total weighted value	**448**	436	494	531	570	540
16	Total net cash outflows (adjusted value)	**9,353**	9,406	9,368	9,392	9,387	9,347
17	Liquidity coverage ratio (%)	**159**	157	157	155	151	150
	Net Stable Funding Ratio						
18	Total available stable funding	**77,294**	78,181	78,658	79,040	79,175	78,895
19	Total required stable funding	**54,682**	55,840	57,071	57,842	58,385	58,317
20	NSFR ratio (%)	**141**	140	138	137	136	135

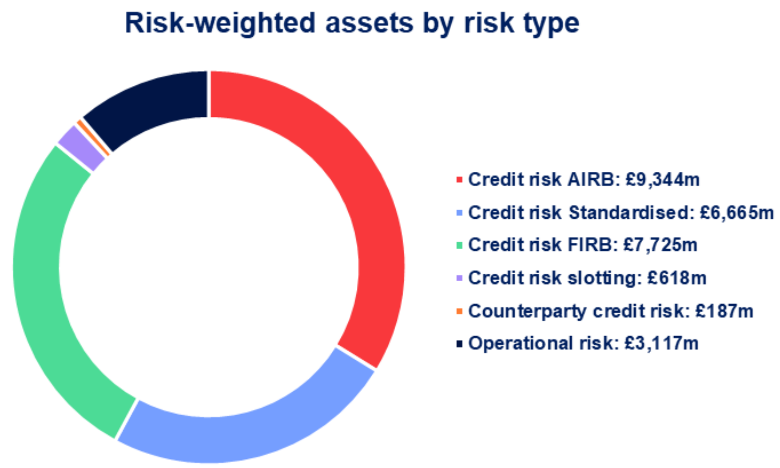
(1) The average leverage exposure measure (excluding claims on central banks) for the period from 1 January 2025 to 31 March 2025 amounted to £83,486m.

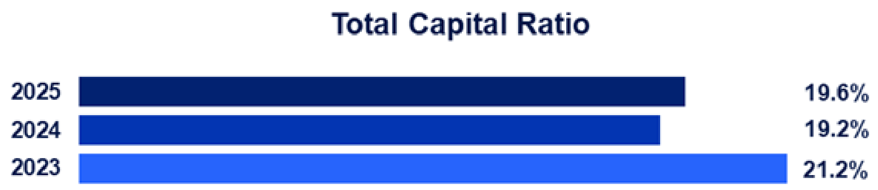
(2) Liquidity balances are calculated as the simple averages of month-end observations over the 12 months preceding the reporting date.

Key metrics









Common Equity Tier 1

The Group maintained a robust capital position with a CET1 ratio of 14.4% (30 September 2023: 14.7%). RWA growth of £2,480m accounted for a 142bp fall in CET1 over the 18-month period, offset by 109bp due to the £275m increase in CET1 capital.

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

In December 2023, the Group redeemed £250m of 7.875% Fixed Rate Reset Callable Notes due 2028, held as Tier 2 capital. The Group also issued a new £350m AT1 instrument and simultaneously tendered 42% of its £250m 9.25% AT1 instrument, first callable in June 2024. The Group redeemed the residual £144m 9.25% AT1 securities on their call date in June 2024. Taken together with the movements in CET1, this resulted in the total capital ratio reducing 1.6% to 19.6% (30 September 2023: 21.2%).

MREL resources were £8.4bn (30 September 2023: £8.0bn) equivalent to 30.5% of RWA exposures (30 September 2023: 31.9%) or 10.1% when expressed as a percentage of leverage (30 September 2023: 9.3%). This provides prudent headroom of £0.7bn or 2.5% above the LAC requirement expressed as RWAs, or 0.8% above the LAC requirement of 9.3% when expressed as a percentage of leverage exposures.

Leverage

The Group's UK leverage ratio has increased to 5.6% (30 September 2023: 5.0%), and the average UK leverage ratio increased to 5.5% (30 September 2023: 4.9%). The leverage ratio increase is driven by a reduction of £3bn in the exposure measure, primarily driven by a reduction in residential mortgage balances and a reduction in counterparty credit risk exposure for Securities Financing Transactions (SFT) assets linked to a reduction in Term Funding Scheme with additional incentives for SMEs (TFSME) exposure. This is coupled with an increase in Tier 1 capital of £374m which has resulted in an uplift to the leverage ratio percentage.

The Group remains in excess of capital requirements with a capital surplus of 1.7% 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%, in force from July 2023.

2.2 UK KM2 – Key metrics template – MREL

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

UK KM2 - Key metrics template - MREL

£m		a **31 Mar 25**	b 31 Dec 24	c 30 Sep 24	d 30 Jun 24	e 31 Mar 24	f 31 Dec 23
1	Total capital resources	**5,433**	5,352	5,095	5,105	5,339	5,130
2	Eligible senior unsecured securities issued by Virgin Money UK PLC	**3,004**	2,574	2,579	2,598	3,333	2,708
3	Total MREL resources	**8,437**	7,926	7,674	7,703	8,672	7,838
4	Total risk-weighted assets	**27,656**	27,242	26,594	26,218	25,581	25,458
5	Total MREL resources available as a percentage of total risk-weighted assets (%)	**30.5**	29.1	28.9	29.4	33.9	30.8
6	UK leverage exposure measure	**83,455**	83,238	84,084	85,134	85,720	86,624
7	Total MREL resources available as a percentage of UK leverage exposure measure (%)	**10.1**	9.5	9.1	9.0	10.1	9.0

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

Virgin Money has no IFRS 9 transitional arrangements remaining on a Group basis.

2.4 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

		a	b	c
		Risk weighted exposure amounts (RWEAs)		**Total own funds requirements**
£m		**31 Mar 25**	30 Sep 23	**31 Mar 25**
1	**Credit risk (excluding CCR)**	**24,352**	21,919	**1,948**
2	Of which the standardised approach	**6,665**	6,443	**533**
3	Of which the foundation IRB (FIRB) approach	**7,725**	5,994	**618**
4	Of which slotting approach	**618**	410	**49**
5	Of which the advanced IRB (AIRB) approach	**9,344**	9,072	**748**
6	**Counterparty credit risk - CCR**	**187**	424	**15**
7	Of which the standardised approach	**107**	141	**9**
UK 8a	Of which exposures to a CCP	**4**	5	**–**
UK 8b	Of which credit valuation adjustment - CVA	**76**	278	**6**
23	**Operational risk**	**3,117**	2,833	**249**
UK 23b	Of which standardised approach	**3,117**	2,833	**249**
24	**Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)**	**513**	296	**41**
29	**Total**	**27,656**	25,176	**2,212**

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

2.5 UK INS1 – Insurance participations and UK INS2 – Financial conglomerates information on own funds and capital adequacy ratio

The Group has no own funds held in insurance firms or reinsurance firms, therefore UK INS1 has not been presented.

The Group does not qualify as a financial conglomerate, therefore UK INS2 has not been presented.

2.6 UK OVC – ICAAP information

Capital Management

The Group's approach to capital management is set out within its Capital Management Framework and Capital Risk Policy. These capture the key processes, reporting and governance which is undertaken to ensure that the Group's capital position is managed in line with its appetite to risk, published capital targets and regulatory expectations.

Capital is managed at the level of all regulated entities and is assessed over the Group's five-year planning period. Capital forecasting is undertaken using both baseline and downside assumptions to ensure that the Group's capital position is robust under a range of plausible outcomes. This is further supported by the Group's stress testing activities, including the Bank Capital Stress Test (BCST) and Internal Capital Adequacy Assessment Process (ICAAP) stress testing, to ensure the Group's resilience to severe, but plausible events.

Capital Management principles are embedded through regular review and monitoring by Management and Board committees as well as performance against the Group's established ROTE framework. Together, the Group's capital management activities ensure that it is able to deliver its strategy and meet the needs of current and future stakeholders in a sustainable way.

The Group's approach to Capital Risk is shaped by the Group's wider Enterprise Risk Management Framework (ERMF) which is discussed in section 3.1.

(a) The Group's approach to assessing the adequacy of internal capital (Article 438(a) CRR)

The Group undertakes an ICAAP which provides an internal assessment of its capital adequacy in the context of its business model, strategy and operating environment. This assessment includes the amounts and types of capital which are required to cover the Group's material risks and meet current and future regulatory requirements.

A key part of the ICAAP is the assessment of Pillar 2A and Pillar 2B capital requirements. Pillar 2A requirements capture firm-specific risks which are not represented within, or are in excess of, the Pillar 1 requirement. The Pillar 2B assessment considers the Group's capital adequacy under stressed conditions and the composition and size of its capital buffers.

The results of the ICAAP are documented alongside the Group's processes and approaches for identifying, assessing and managing risks to the Group's capital position. This is subject to approval by the Asset and Liability Committee (ALCO), the Board Risk Committee and the Board before being submitted to the PRA.

The PRA will use this information within its SREP to determine the Pillar 2 capital requirement for the Group. Together Pillar 1 and Pillar 2A represent the Group's Total Capital Requirement (TCR).

(b) Results of the Group's internal capital adequacy assessment process (Article 438(c) CRR)

The Group's Pillar 2A capital requirement is 3.7% of risk weighted assets, of which 2.1% must be met by CET1 capital. The Group is not permitted by the PRA to disclose any details on the individual components of its Pillar 2A capital requirement.

Annex III: Disclosure of risk management objectives and policies

3.1 UK OVA – Risk management approach

(a) Risk statement approved by the management body (Point (f) of Article 435(1) CRR)

Virgin Money's risk management objective is to keep the bank safe, to ensure resilience and to put the customer interests at the centre of our decision making, all of which are key to helping to achieve our strategic objectives. Throughout the period, we have continued to improve our risk profile and to strengthen our risk management capabilities.

Virgin Money's ERMF helps to ensure risks are managed consistently and rigorously. Following the acquisition by Nationwide in October 2024, the Group operates an independent but aligned ERMF within this wider group. The ERMFs define how risks are managed within each business and set out the risk management responsibilities of colleagues within an industry-standard three lines of defence model. They also ensure that all risks are appropriately and consistently identified, assessed, managed, monitored, and reported. These frameworks are supplemented by Group level governance which supports the Board to ensure risks are managed consistently and rigorously across the Group, with appropriate escalation routes in place.

Through the ERMF, the Board formally sets its risk appetite, articulating the level and type of risk the Group is willing to assume within its risk capacity, to achieve its strategic objectives. It is approved by the Virgin Money Board with each strategic planning cycle.

The risk appetite is reflected in frameworks and policies that either limit or, where appropriate, prohibit activities that could be detrimental to the bank achieving its strategic objectives. The Board and management committees receive regular reporting on the Group's risk profile, including key risk metrics, to support them in monitoring the risk profile of the bank relative to risk appetite.

The ERMF also sets out the risk management responsibilities of all colleagues within a Three Lines of Defence model.

The Group's independent risk function, which is led by the Chief Risk Officer, provides oversight and challenge of risk management practices, whilst the Internal Audit function provides assurance on the effectiveness of our control environment for the Board.

The Group's principal risks are assessed regulatory and are defined as risks which could result in events or circumstances that might threaten the Group's business model, future performance, solvency, liquidity and reputation. An overview of the Group's principal risks is set out in the following table.

Principal risk	Description	Risk Leadership Team member	Executive sub-committee
Credit risk	The risk that a retail or business customer or counterparty fails to pay the interest or capital due on a loan or other financial instrument. Credit risk requires to be managed through the life cycle of each loan from origination to repayment, redemption, write-off or sale. It manifests in the products and financial instruments that the Group offers and in which it invests and can arise in respect of both on- and off-balance sheet exposures.	Chief Credit Officer	Credit Risk Committee
Financial risk	The risk that the Group cannot meet its obligations to repay depositors; funds in a timely manner or that there is sufficient ability to absorb losses. Several categories of risk are included (liquidity, funding, capital, pension and market risks), that must all be managed in a way that maintains the confidence of customers, investors and regulators,	Head of Financial Risk	Asset and Liability Committee
Model risk	The potential for adverse consequences from decisions based on incorrect or misused model outputs and reports.	Head of Model Risk and Head of Independent Model Validation	Model Governance Committee
Regulatory and compliance risk	The risk of failing to comply with relevant regulatory requirements and changes in the regulatory environment, failing to manage legal risks effectively, or failing to manage a constructive relationship with our regulators, by not keeping them informed of relevant issues, not responding effectively to information requests or not meeting regulatory deadlines.	Head of Conduct and Compliance	Non-Financial Risk Committee
Conduct risk	The risk of undertaking business in a way which fails to deliver good customer outcomes in line with the FCA's Consumer Duty, and causes customer harm, and may result in regulatory censure, redress costs and/or reputational damage.	Head of Conduct and Compliance	Non-Financial Risk Committee
Operational risk	The risk of loss or customer harm resulting from inadequate or failed internal processes, people and systems or from external events, incorporating the inability to maintain critical services, recover quickly and learn from unexpected/adverse events. Operational risk includes: change risk; third-party risk; cyber and information security risk; physical and personal security risk; IT resilience risk; data management risk; payment creation, execution and settlement risk; and people risk.	Head of Operational Risk	Non-Financial Risk Committee
Economic crime risk	The risk that the Group fails to detect and prevent its products and services from being used to facilitate economic crime, resulting in harm to customers, the Group and its reputation, or third parties. This includes money laundering, terrorist financing, facilitation of tax evasion, sanctions, fraud, and bribery and corruption.	Money Laundering Reporting Officer	Non-Financial Risk Committee
Strategic and enterprise risk	The risk of significant loss of earnings or damage from decisions or actions that impact the long-term interests of the Group's stakeholders; or from an inability to fund or manage required change projects, or adapt to external developments.	Head of Enterprise Risk Management	Non-Financial Risk Committee
Climate risk	The risk of exposure to physical and transition risks arising from climate change.	Head of Enterprise Risk Management	Environment Committee

Overall, the risk profile has consistently remained within appetite across the period, with the exception of operational risk, where some risk appetite limits have been exceeded in respect data management risk. Investment to improve the overall risk profile and to strengthen risk management has continued throughout the period.

The Risk Appetite is broadly aligned to these principal risks and includes qualitative statements and quantitative limits, which inform strategies, targets, policies, procedures and other controls that collectively ensure the Group remains within the Board's approved appetite. The Group's risk appetite is prepared by the second line of defence, in close cooperation with the Chair of the Board Risk Committee. Consideration is made to the strategic objectives and business model, as well as the environment in which the Group operates. Information on performance against relevant risk appetite settings, breaches and trends is reported regularly to the Executive Risk Committee and the Board.

(b) The risk governance structure for each type of risk (Point (b) of Article 435(1) CRR)

The Board is responsible for determining the nature and extent of the risks it is willing to take in order to achieve its strategic objectives. To achieve this, the Board approves the Group's risk appetite and metrics following consideration by the Board Risk Committee and receives regular reports and assessments of Virgin Money's risk and control processes, and recommendations from the Board Risk Committee on matters across all risk categories.

The effectiveness of the Group's internal control systems is reviewed regularly by the Board Risk Committee and the Audit Committee. The Board Risk Committee is responsible for providing oversight and advice to the Board in relation to current and potential future risk exposures. The Audit Committee assists the Board in discharging its responsibilities with regard to external and internal audit.

The Board is committed to high standards of corporate governance and the Group has a well-defined and well-structured framework in place to support the aim of achieving long-term and sustainable growth. Included within the framework are a number of committees with a specific risk management focus, although all committees consider risk matters in accordance with the Group's ERMF as part of their wider remit. The Group's risk governance structure strengthens risk evaluation and management, while also positioning the Group to manage the changing regulatory environment in an efficient and effective manner. Oversight of the risk governance structure is facilitated by the Board.

Virgin Money UK PLC Board

VMUK PLC Risk Committee

VMUK PLC Audit Committee

Chief Executive Officer

Executive Risk Committee*

The Executive Risk Committee (ERC) supports the CEO in having responsibility to oversee the management of risk across the Group, and providing leadership focus on key risk issues, including:

> setting the Group's risk appetite and ensuring the Group maintains an effective ERMF;

> assessing the principal and emerging risks facing the Group, including their management, controls and mitigation;

> reviewing and approving the annual risk assurance plan and monitoring progress against the plan;

> leading the development and embedding of a culture that supports risk awareness and the fair treatment of customers; and

>Exercising oversight over the effectiveness of the Risk Management Function (including Compliance).

Executive Committee

The Executive Committee supports the CEO by:

> setting the strategic and financial plans for the Group;

> overseeing the plan execution;

> approving strategic messaging; material investments and the People related strategy for the Group;

> overseeing culture; and

> setting the Group Purpose for approval by the Board.

Non-financial Risk Committee

Responsible for: recommending the Group risk appetite thresholds to the Executive Risk Committee for the Group's non-financial risks; recommending non-financial risk policy statements and standards and elements of the risk and control self-assessment, control effectiveness statement, and risk management framework to the ERC; and overseeing non-financial risk performance thresholds.

Model Governance Committee

Supports the Executive Risk Committee and endorses the Group model risk policy and rating systems, rating assignment, risk parameters, model materiality thresholds and independent validation; oversees the purpose, use and scalability of models, and the performance of rating systems, risk exposure and parameters; and reviews the Group IRB self-assessment.

Credit Risk Committee

Responsible for recommending the Group Credit Risk policy statement and standards; approving the credit risk framework, decisioning strategies, changes to credit provisioning methodology and specific provisions; approving the Group credit commitments in line with the Delegated Commitment Authority (DCA) framework; and overseeing Group credit risk performance

Operating Committee

Responsible for: overseeing the day to day running of the Group aligned to the plan and risk appetite; overseeing customer sentiment, product and service performance, change portfolio performance; and directing, prioritising and overseeing activity in relation to operational matters.

Asset and Liability Committee (ALCO)

Responsible for recommending the Group funding plan and capital plan to the Executive Committee and overseeing performance against these plans and related risk appetite metrics; governing the Group ICAAP, BCST and ILAAP processes; and managing the Group secured and unsecured funding programmes.

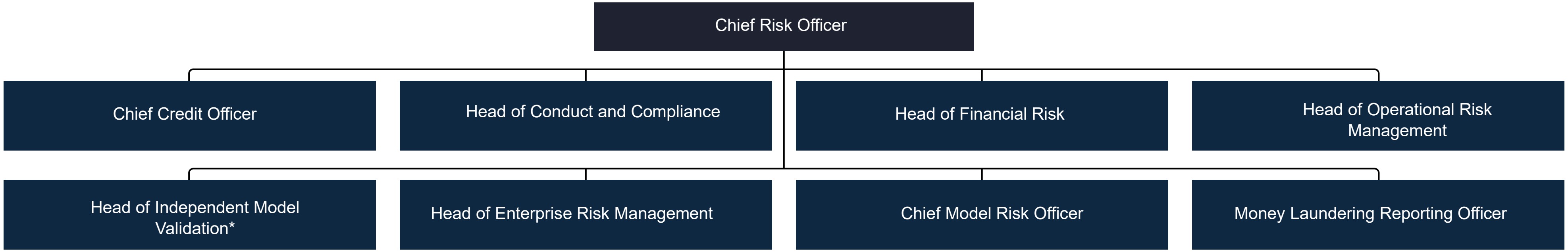
Environment Committee

Oversees the implementation of the Group environmental strategy and recommends the climate change strategy, execution plans and targets to the Executive Committee; directs activities in environment and climate change matters; and monitors progress in addressing environment and climate change risks and opportunities.

* The Executive Risk Committee has a reporting and escalation line into the relevant Board Risk Committee.

Risk Function

The Chief Risk Officer is chair of the ERC and is responsible for ensuring the risk strategy set by the Board is executed, with Senior Management Function responsibilities delegated to Risk Leadership Team members. The structure of the Risk function is shown in the chart below:



* New role created during 2024.

Three lines of defence

Effective operation of a three lines of defence model is integral to the Group's approach to risk management and is based on the overriding principle that risk capability must be embedded within the first line of defence teams to be effective. This principle embodies the following concepts:

- risk management responsibilities are clearly understood and adhered to by all colleagues when carrying out their day-to-day activities;
- risk management decisions are made with proactive consideration of the potential risk and impact on customers and the Group;
- business areas must self-identify and report management issues, which are captured centrally, showing good levels of risk awareness, management remediation, and promoting a strong risk culture; and
- regular control assessments are undertaken to confirm the effectiveness of the control environment, based on control monitoring and testing, in relation to both the current and emerging risk profile.

Control is exercised through a clearly defined delegation of authority framework, with communication and escalation channels throughout the Group.

The principles of how the Business Units and associated support functions; Risk Management and Internal Audit operate are:

First line of defence

The first line of defence covers most roles across the Group and incorporates business units and associated support functions. The first line of defence is responsible for owning, identifying, mitigating and reporting internal and external risks and issues, with a focus on a strong, well-designed, tested and evidenced control environment.

Second line of defence

The second line of defence is independent to the first line and comprises of the Risk function. The second line of defence designs and owns the risk methodologies, risk appetite, policy and risk management frameworks, as well as providing oversight, challenge, assurance and advice, with appropriate escalation and reporting.

Third line of defence

The third line of defence is independent to the first and second lines and is made up of the Internal Audit function. The third line of defence provides independent assurance over the risk management, governance and internal control processes.

All three lines of defence work together when creating oversight and assurance plans, using various inputs such as the Control Effectiveness Statement and the results of key control testing. This ensures there is appropriate coverage, including thematic reviews, outcome testing, and close and continuous engagement across all Business Units in relation to decision making processes.

Risk Culture

The Group defines culture as the “unwritten rules” for how things work. It’s the unique blend of shared values, beliefs, and behaviours that colleagues experience when at work. These inform and influence behaviours, actions and decision making. Risk culture is a view of the Group’s culture through a risk lens, with a particular focus on the attitudes and behaviours of colleagues in relation to risk awareness, risk taking, risk management and controls that shape decisions on risks.

The Group is committed to maintaining a sound risk culture in which:

- Colleagues take personal responsibility for ensuring they are familiar with the Group’s policies which describe the rules that everyone is expected to follow;
- The Group’s senior leaders demonstrate the right ‘tone from above’ and leaders at all levels promote a positive attitude to risk and compliance and encourage others to do so;
- There is open and honest discussion and communication around risks and issues;
- Lessons are learnt when things do go wrong; and,
- Providing good customer outcomes is at the centre of our business, with a clear focus on supporting and empowering our customers to make good financial decisions.

Risk culture is monitored and assessed, and findings are reported to the Board Risk Committee. This allows for focus on risk culture to be retained and provides an opportunity to address any identified areas of concern.

Risk policies

The Policy Management Framework (PMF) forms part of the ERMF and is in place to ensure that the material risks the Group is exposed to are comprehensively addressed through effective policies, which clearly outline how specific risks need to be controlled. Effective policies provide colleagues with the guardrails within which they must operate and the minimum control requirements, therefore helping to ensure activities are undertaken within Board approved risk appetite.

The PMF also provides structure and governance for consistent and effective management and approval of policy documents. It helps to ensure that: all material risks Virgin Money is exposed to are clearly and comprehensively addressed; policy documentation structure and content is easily understood and consumable by colleagues; policy ownership and accountability is clearly defined and understood; and, all policy documentation is easily accessible to all colleagues.

(c) Declaration on the adequacy of the Group's risk management arrangements (Point (e) of Article 435(1) CRR)

The Board is responsible for determining the nature and extent of risks Virgin Money is willing to take to achieve its long-term objectives. This is detailed in the Group's Risk Appetite Statement. The Board is responsible for ensuring that management maintains an effective system of risk management and internal control and for assessing its effectiveness.

The Group has a robust ERMF in place for identifying, evaluating and managing principal and emerging risks. The ERMF is supported by a system of internal controls and processes. During the period, a review of the effectiveness of those systems has been performed incorporating all material financial, operational and compliance controls, to highlight and address any material movement in the effectiveness of those controls since the last assessment.

First line of defence carries out the assessment to determine control effectiveness ratings aligned to the underlying risk framework, which is informed by a continuous process of risk and control monitoring and self-assessment, also taking into account a range of information such as audit and assurance findings, change initiatives, risk event and incident data. Second line of defence then review and present independent opinion over control effectiveness and the ratings which have been determined. Third line of defence also provide opinion where necessary.

The output represents a self-assessment of control effectiveness from each Executive Committee member, which enables the Board to discharge their responsibilities in monitoring and reviewing all material controls, including financial, operational and compliance controls.

Overall, the assessment concluded that the control environment remains stable, with the system of internal controls being broadly effective in managing the key risks to the Group, and an appropriate level of monitoring and reporting to support effective decision making. Identification of any controls that require enhancing are escalated as required and adequate action plans are put in place where necessary. These actions support the on-going strengthening of the control environment in line with the Group's evolving risk profile.

(d) Scope and nature of risk disclosure and/or measurement systems (Point (c) of Article 435(1) CRR)

The statement set out above (in section (c)) is reviewed and approved by the Board Risk Committee and the Board Audit Committee, following an annual assessment of the effectiveness of the Group's control environment, which is reported to it following review at Executive Risk Committee.

(e) Main features of risk disclosure and measurement systems (Point (c) of Article 435(1) CRR)

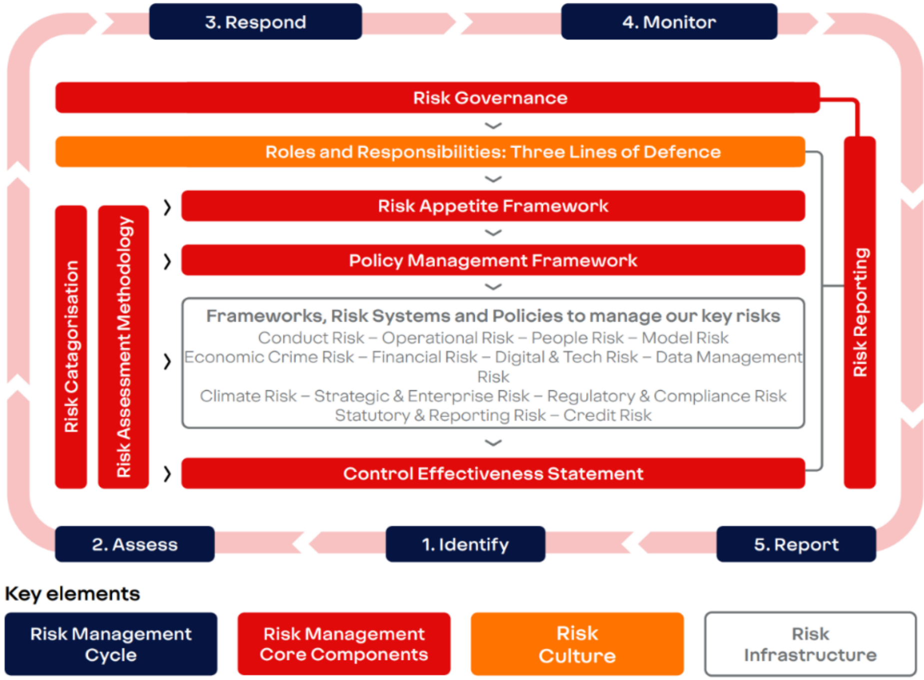
Risk performance is measured through risk appetite metrics and risk assessments, supported by lessons learned activities. All three lines of defence produce monthly reports on the progress against their metrics, with formal escalation paths to ERC and the Board Risk Committee available for any issues or concerns. Risks to future performance are considered through stress testing and scenario analysis, with ongoing monitoring.

A formal review of the effectiveness of controls is undertaken bi-annually across the Group, providing an assessment and statement on the effectiveness of the Group's control environment. This provides assurance to the Board Risk Committee that no new material control issues have been identified and that robust management actions are in place to address specific known gaps.

(f) Strategies and processes to manage risks for each category of risk (Point (a) of Article 435(1) CRR)

The objective of risk management is to keep the bank safe, to ensure resilience and to put the customer interests at the centre of our decision making, all of which are key to helping to achieve our strategic objectives. The Group manages risk using a single ERMF, which applies to all areas of the Group and is the responsibility of the Board. It is reviewed and approved by the CRO on an annual basis and is subject to ongoing review to ensure that it remains fit for purpose. All colleagues are also provided with a robust and confidential whistleblowing process to empower colleagues to highlight any concerns.

The Group's ERMF is the totality of systems, structures, policies, processes and people that identify, assess, respond, monitor and report all internal and external sources of risk the Group is exposed to. It is made up of a number of core components as illustrated in the diagram below.



Taking all the components together, the ERMF supports effective management of risks by:

- Establishing clear roles and responsibilities for day-to-day risk management activities;
- Ensuring a consistent lifecycle for risk management across the Group;
- Setting the standard definitions of risk management terms and classifications to ensure consistent application;
- Determining how risk appetite is set;
- Setting the governance mechanisms by which risk oversight is exercised and risk decisions are taken;
- Setting out the role of policies across the Group; and,
- Supporting delivery of a risk culture which is underpinned by our purpose.

Stress testing

Stress testing is an important and widely recognised risk management tool, used to assess the vulnerability of financial institutions and identify risks under adverse economic scenarios. The Group uses stress testing in strategic, capital and liquidity planning, and to inform risk appetite, risk mitigation and contingency planning.

The Group undertakes stress testing using specific idiosyncratic scenarios and following the Basel Committee principles which utilise, where appropriate, scenarios provided by the BoE.

The Board and senior management are actively involved in the stress testing process, reviewing, challenging and approving all aspects of stress testing, from the consideration of scenarios to be tested, to the outcomes and mitigating actions. The involvement of the Board and senior management is considered essential for the effective operation of stress testing and the manner in which the results inform strategic planning and risk appetite. Reverse stress testing is also undertaken to assess the types of risk that would pose fundamental threats to the viability of the Group's business model.

(g) Strategies and processes to manage, hedge and mitigate risks, as well as monitoring the effectiveness of hedges and mitigants (Points (a) and (d) of Article 435(1) CRR)

The Group's ERMF helps to make sure risks are managed in a clear and consistent way, ensuring customers are kept safe and the bank remains compliant. Throughout the period, there have been a number of initiatives in flight to further embed the ERMF across the business, most significantly there has been continued focus on how we report risks and controls, with investment and operationalising systems that better support the life cycle of risk reporting, including the tracking and detailed assessment of our risk exposures. While improvements have been evidenced, risk management across the Group continues to be subject to significant investment, to strengthen risk management capabilities and to support improvements in our risk profile.

3.2 UK OVB – Governance arrangements

(a) The number of directorships held by members of the management body (Point (a) of Article 435(2) CRR)

The number of directorships held by Executive and Non-Executive Directors, including those in Virgin Money UK PLC, are shown below.

Name	Directorships	Type of Directorship	Number of directorships pursuant to Article 91(3) and (4) of Directive (EU) 2013/361 (CRD)	Total directorships held
David Bennett	Virgin Money UK PLC[1] Clydesdale Bank PLC[1] Nationwide Building Society[2] AllFunds Group plc Paypal Digital Inc[3] Paypal UK Limited[3] The Department for Work and Pensions[4]	Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director (appointed 1 May 2025) Non-Executive Director Non-Executive Board Member	4 – Non-Executive Director	6
Lucinda Charles-Jones	Virgin Money UK PLC[1] Clydesdale Bank PLC[1] Business in the Community[4] The Rank Group PLC	Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director	2 – Non-Executive Director	4
Tracey Graham	Virgin Money UK PLC[1] Clydesdale Bank PLC[1] Nationwide Building Society[2] Pension Insurance Corporation Group Limited[5] Pension Insurance Corporation plc [5] Close Brothers Group PLC[6] Close Brothers Limited[6]	Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director	3 – Non-Executive Director	6
Elena Novokreshchenova	Virgin Money UK PLC[1] Clydesdale Bank PLC[1] Twenty One Kingsgate Road Management Limited[2]	Non-Executive Director Non-Executive Director Non-Executive Director	1 – Non-Executive Director	3
Chris Rhodes	Virgin Money UK PLC[1] Clydesdale Bank PLC[1] CGF No.9 Limited[1] Clydesdale Bank Asset Finance Limited[1] CYB Intermediaries Limited[1] Virgin Money Nominees Limited[1] Virgin Money Personal Financial Service Limited[1] Virgin Money Trustee Limited[1] Virgin Money Unit Trust Managers Limited[1] Yorkshire Bank Home Loans Limited[1]	Executive Director Executive Director Executive Director Executive Director Executive Director Executive Director Executive Director Executive Director Executive Director Executive Director	1 – Executive Director[7]	10

Name	Directorships	Type of Directorship	Number of directorships pursuant to Article 91(3) and (4) of Directive (EU) 2013/361 (CRD)	Total directorships held
Petra van Hoeken	Virgin Money UK PLC[1] Clydesdale Bank PLC[1] Nordea Bank University of Leiden[4] Dutch Ministry of Economic Affairs and Climate[4] De Volksbank Stichting for the Holding and Administration of Shares under the Royal Dutch Shell Employee Share Plans[4] Female Cancer Foundation[4]	Non- Executive Director Non-Executive Director Supervisory Board Member Member of the Donations Review Committee Chair of Advisory Committee Supervisory Board Member Board Member Supervisory Board Member	3 – Non-Executive Director	8
Tim Wade	Virgin Money UK PLC[1] Clydesdale Bank PLC[1] RBC Europe Limited ClearBank Group Holdings Limited QBE Europe SA/NV[8] QBE Underwriting Limited[8] QBE UK Limited[8]	Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director	4 – Non-Executive Director	7
Gergely Zaborszky	Virgin Money UK PLC[1] Clydesdale Bank PLC[1] C.B. Nominees Limited[1] CGF No.9 Limited[1] Clydesdale Bank Asset Finance Limited[1] CYB Intermediaries Limited[1] CYB Investments Limited[1] CYB SSP Trustee Limited [1] Virgin Money Giving Limited[1] Virgin Money Holdings (UK) Limited[1] Virgin Money Limited[1] Virgin Money Personal Financial Service Limited[1] Yorkshire Bank Home Loans Limited[1] Yorkshire Bank Limited[1]	Executive Director Executive Director Executive Director Executive Director Executive Director Executive Director Executive Director Executive Director Executive Director Executive Director Executive Director Executive Director Executive Director Executive Director	1 – Executive Director	14

(1) Companies within the Virgin Money UK PLC Group.
(2) Companies within Nationwide Building Society Group of which Virgin Money UK PLC Group forms part.
(3) Companies within the Paypal Group.
(4) Entity does not pursue a commercial objective.
(5) Companies within the Pension Insurance Corporation Group.
(6) Companies within the Close Brothers Group.
(7) Chris Rhodes is registered at Companies House as a Director of Arkose Funding Limited however the members resolved on 24 September 2024 that the company be voluntarily wound up and liquidators were duly appointed.
(8) Companies within the QBE Insurance Group.

(b) The recruitment policy for members of the management body and their actual knowledge, skills and expertise (Point (b) of Article 435(2) CRR)

The Governance and Nomination Committee is responsible for considering the recruitment of new Directors and it adopts a formal, rigorous and transparent procedure with due regard to diversity, including gender and ethnicity. Before commencing the recruitment process, the Committee evaluates the balance of skills, knowledge, experience, independence and diversity on the Board and, in light of this evaluation, prepares a description of the role and capabilities required. In identifying suitable candidates, the Committee:

- uses open advertising and the services of external advisers to facilitate the search for the Board Chair or Non-Executive Director roles;
- considers candidates from a wide pool including women, people from a minority ethnic background, those with a disability in addition to drawing on other differences and experiences such as knowledge and skills; age; educational, professional and socio-economic background; and cognitive and personal strengths; and
- considers candidates on merit and against objective criteria ensuring that appointees have sufficient time to devote to the position, in light of other potential significant positions.

The Governance and Nomination Committee reviewed the structure, size and composition of the Board and Board Committees including skills, experience, independence, knowledge and diversity and considered the longer-term succession of Board and Board Committee members relative to tenure, mix and diversity of skills and the Group's strategy, future, challenges and opportunities and reported the outcome and recommendations to the Board to inform the Board succession plan and future Board and Board committee composition. The skills, experience and contribution of the Directors is set out on pages 90 to 91 of the Governance report in the Group's 2025 Annual Report and Accounts.

(c) The diversity policy for members of the management body (Point (c) of Article 435(2) CRR)

In the period ending 31 March 2025, the Board approved a revised Board Diversity and Inclusion Policy (Policy) reflecting updated aspirational targets for gender and ethnicity aligned to the FTSE Women Leaders Review and subsequently in the amendments to the Listing Rules published by the FCA in April 2022. The Policy was reviewed during the period and is available on our website at www.virginmoneyukplc.com/our-people/diversity-and-inclusion/#targets.

The Policy sets out the Board's approach to diversity and inclusion in the composition of the Board and covers at a high level the approach to diversity and inclusion across the broader workforce. The Board is committed to ensuring that its own membership is representative of the diverse societies and communities it operates in.

The Policy's objectives ensure an inclusive process is followed when recruiting Board members, which includes ensuring that the selection process is based on the principles of fairness and respect, that all appointments are made on the basis of individual competence and merit measured against objective selection criteria. In reviewing Board composition and in identifying suitable candidates for appointment to the Board, the Governance and Nomination Committee will also carefully consider the benefits of diversity amongst Board members including age, gender, ethnicity, disability, educational, professional and socio-economic background and other distinctions between Directors such as cognitive and personal strengths. The Board firmly believes that creating and sustaining a diverse workforce at all levels in Virgin Money and building a fully inclusive culture is critical to the Group's long-term sustainable success, to foster decision making that represents the broadest set of views and perspectives and to mitigate the risk of 'group think.

The Policy targets which applied during the period are set out in the table below along with performance against these targets as at 31 March 2025.

The Board aspires to have:	Performance as at 31 March 2025
> a membership comprising at least 40% women Directors	50.0% of Directors are women.
> at least one of the senior Board positions (Chair, Senior Independent Director, Chief Executive Officer or Chief Financial Officer) held by a woman	None of the senior Board positions are held by a woman
> at least one member of the Board who is from a minority ethnic background	None of the members of the Board are from a minority ethnic background

Additionally, the Board aspires that the membership of each of its Committees comprises at least 40% women with one committee member in each case being from a minority ethnic background.

Based on current Board composition, the Board recognises that whilst its membership has met the 40% target for female representation, none of the senior Board positions are held by a woman. However, through the succession planning process, the Governance and Nomination Committee and Board remain focused on meeting these targets in the near-term whilst continuing to ensure that Board appointments are based on merit against objective criteria. The Governance and Nomination Committee will continue to keep Board and Board committee composition under review during 2025 as part of its succession planning activity. In addition, the independence and tenure of the Directors on the Board, on pages 80 and 92 of the Group's 2025 Annual Report and Accounts, achieves an appropriate balance in the context of Code requirements.

(d) Detail on the Group's risk committee and frequency of meetings (Point (d) of Article 435(2) CRR)

The Board discharges some of its responsibilities through, and is supported by, its committees which provide oversight and make recommendations on the matters delegated to them by the Board. The Risk Committee assists the Board in setting the Group's risk appetite and ensuring that the Group maintains an effective ERMF. The Risk Committee also supports the Board by assessing key current and emerging risks and their mitigation, and by leading the development and embedding of a culture that supports risk awareness and the fair treatment of customers. During the period to 31 March 2025, the Risk Committee held fourteen scheduled meetings, along with five additional meetings, to consider and recommend the ICAAP and ILAAP documents to the Board for approval. Private sessions of the Committee took place before each scheduled meeting with the Chief Risk Officer attending as required. In recognising the common interest in issues relevant to both the Risk Committee and the Audit Committee, two joint Audit and Risk Committee meetings were also held in the period where matters including the Risk Management Assurance Plan and Internal Audit Plan were discussed and approved, and Annual Report and Accounts disclosures were reviewed. A detailed overview of the responsibilities and activities of the Board Risk Committee is provided on page 98 of the 2025 Annual Report and Accounts.

(e) The information flow on risk to the management body (Point (e) Article 435(2) CRR)

The Chief Risk Officer presents a report at each Risk Committee meeting that provides a view of the principal and emerging risks faced by the Group and is invited to provide their perspectives on the risk profile of the Group. Subject matter experts are invited to Committee meetings to present on a variety of topics including deep dive analysis on specific risk matters, for the Risk Committee this typically relates to the Group's principal risks. Updates are provided to the Board following each Committee meeting summarising challenges and key decisions. These updates are supported by the monthly Chief Risk Officer's Report to the Board which provides further insight into key issues and performance trends in respect of the Group's risk profile. The Committee framework diagram on page 16 sets out the pathway for the reporting of risk information from management up to the Board.

Annex V: Disclosure of the scope of application

4.1 UK LI1 – Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

UK LI1 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories - assets - 31 Mar 2025

		a	b	c	d	e	f	g
				Carrying values of items				
£m		Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by asset class according to the balance sheet in the published financial statements								
	Financial instruments at amortised cost							
1	Loans and advances to customers	71,072	71,077	71,077	–	–	–	–
2	Fair value adjustment for portfolio hedged risk	(116)	(116)	(116)	–	–	–	–
3	Cash and balances with central banks	10,882	10,882	10,882	–	–	–	–
4	Due from other banks	371	371	273	98	–	–	–
5	At fair value through other comprehensive income (FVOCI)	6,197	6,197	6,197	–	–	–	–
	At fair value through profit or loss (FVTPL)							
6	Loans and advances to customers	47	47	47	–	–	–	–
7	Derivatives	48	48	–	48	–	–	–
8	Other	2	2	2	–	–	–	–
9	Intangible assets and goodwill	127	127	–	–	–	–	127
10	Property, plant and equipment	180	180	180	–	–	–	–
11	Accrued income and prepaid expenses	100	100	100	–	–	–	–
12	Current tax assets	131	131	131	–	–	–	–
13	Deferred tax	318	318	205	–	–	–	113
14	Defined benefit pension surplus	357	357	–	–	–	–	357
15	Other assets	81	81	81	–	–	–	–
16	**Total assets**	89,797	89,802	89,059	146	–	–	597
Breakdown by liability classes according to the balance sheet in the published financial statements								
	Financial instruments at amortised cost							
17	Customer deposits	70,383	70,377	–	–	–	–	70,377
18	Debt securities in issue	9,921	9,921	–	–	–	–	9,921
19	Due to other banks	956	956	–	14	–	–	942
	At FVTPL							
20	Derivatives	132	132	–	132	–	–	–
21	Due to related entities	755	755	–	–	–	–	755
22	Deferred tax	89	89	–	–	–	–	89
23	Provisions for liabilities and charges	39	39	–	–	–	–	39
24	Accruals and deferred income	306	306	–	–	–	–	306
25	Other liabilities	1,665	1,700	–	–	–	–	1,700
26	**Total liabilities**	84,246	84,275	–	146	–	–	84,129

UK LI1 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories - assets - 30 Sep 2023[1]								
		a	b	c	d	e	f	g
				Carrying values of items				
£m		Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by asset class according to the balance sheet in the published financial statements								
	Financial instruments							
	At amortised cost							
1	Loans and advances to customers	72,245	72,241	72,241	–	–	–	–
2	Fair value adjustment for portfolio hedged risk	(492)	(492)	(492)	–	–	–	–
3	Cash and balances with central banks	11,282	11,282	11,282	–	–	–	–
4	Due from other banks	681	683	416	267	–	–	–
5	At fair value through other comprehensive income (FVOCI)	6,184	6,184	6,184	–	–	–	–
	At fair value through profit or loss (FVTPL)						–	
6	Loans and advances to customers	59	59	59	–	–	–	–
7	Derivatives	135	135	–	135	–	–	–
8	Other	2	2	2	–	–	–	–
9	Intangible assets and goodwill	173	173	–	–	–	–	173
10	Property, plant and equipment	214	214	214	–	–	–	–
11	Accrued income and prepaid expenses	59	59	59	–	–	–	–
12	Current tax assets	21	21	21	–	–	–	–
13	Deferred tax	286	286	237	–	–	–	49
14	Defined benefit pension surplus	512	512	–	–	–	–	512
15	Other assets	70	62	62	–	–	–	–
16	Total assets	91,431	91,421	90,285	402	–	–	734
Breakdown by liability classes according to the balance sheet in the published financial statements								
	Financial instruments							
	At amortised cost							
17	Customer deposits	66,827	66,822	–	–	–	–	66,822
18	Debt securities in issue	9,719	9,719	–	–	–	–	9,719
19	Due to other banks	7,069	7,069	–	163	–	–	6,906
	At FVTPL							
20	Derivatives	290	290	–	290	–	–	–
21	Deferred tax	179	179	–	–	–	–	179
22	Provisions for liabilities and charges	69	69	–	–	–	–	69
23	Accruals and deferred income	67	67	–	–	–	–	67
24	Other liabilities	1,959	1,997	–	–	–	–	1,997
25	Total liabilities	86,179	86,212	–	453	–	–	85,759

(1) The prior year comparatives have been restated following the alignment of the Group's accounting policies and presentation basis with Nationwide. Refer to the Group's Annual Report and Accounts for further details.

4.2 UK LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

UK LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements - 31 Mar 2025

		a	b	c	d	e
			Items subject to			
£m		**Total**	Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1	Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)	**89,205**	**89,059**	**–**	**146**	**–**
2	Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1)	**146**	**–**	**–**	**146**	**–**
3	**Total net amount under the regulatory scope of consolidation**	**89,059**	**89,059**	**–**	**–**	**–**
4	**Off-balance-sheet amounts**	**20,722**	**19,002**	**–**	**1,720**	
5	*Differences in valuations*	**–**	**–**	**–**	**–**	
6	*Differences due to different netting rules, other than those already included in row 2*	**529**	**159**	**–**	**370**	
7	*Differences due to consideration of provisions*	**735**	**735**	**–**	**–**	
8	*Differences due to the use of credit risk mitigation techniques (CRMs)*	**(1,564)**	**31**	**–**	**(1,595)**	
9	*Differences due to credit conversion factors*	**(13,863)**	**(13,863)**	**–**	**–**	
10	*Differences due to Securitisation with risk transfer*	**–**	**–**	**–**	**–**	
11	*Other differences*	**633**	**(74)**	**–**	**707**	
12	**Exposure amounts considered for regulatory purposes**	**96,251**	**95,049**	**–**	**1,202**	**–**

UK LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements - 30 Sep 2023[1]

		a	b	c	d	e
			Items subject to			
£m		Total	Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1	Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)	90,687	90,285	–	402	–
2	Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1)	453	–	–	453	–
3	Total net amount under the regulatory scope of consolidation	90,234	90,285	–	(51)	–
4	Off-balance-sheet amounts	27,305	17,955	–	9,350	
5	*Differences in valuations*	–	–	–	–	
6	*Differences due to different netting rules, other than those already included in row 2*	1,751	169	–	1,582	
7	*Differences due to consideration of provisions*	179	179	–	–	
8	*Differences due to the use of credit risk mitigation techniques (CRMs)*	(8,359)	133	–	(8,492)	
9	*Differences due to credit conversion factors*	(12,856)	(12,856)	–	–	
10	*Differences due to Securitisation with risk transfer*	–	–	–	–	
11	*Other differences*	4,685	1,082	–	3,603	
12	Exposure amounts considered for regulatory purposes	102,939	96,947	–	5,992	–

(1) The prior year comparatives have been restated following the alignment of the Group's accounting policies and presentation basis with Nationwide. Refer to the Group's Annual Report and Accounts for further details.

4.3 UK LI3 – Outline the differences in the scope of consolidation by entity

UK LI3 - Outline of the differences in the scopes of consolidation (entity by entity) - 31 Mar 2025							
a	b	c	d	e	f	g	h
		Method of regulatory consolidation					
Name of the entity	**Method of accounting consolidation**	Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	**Description of the entity**
Virgin Money UK PLC	Full Consolidation	x					Banking
Clydesdale Bank PLC	Full Consolidation	x					Banking
Yorkshire Bank Limited	Full Consolidation	x					Dormant
Virgin Money Retirement Savings Plan Trustee Limited	Full Consolidation				x		Dormant
Yorkshire and Clydesdale Bank Pension Trustee Limited	Full Consolidation				x		Dormant
CGF No. 9 Limited	Full Consolidation	x					Leasing
Clydesdale Bank Asset Finance	Full Consolidation	x					Leasing
CYB Intermediaries Limited	Full Consolidation	x					Insurance intermediary
CYB Investments Limited	Full Consolidation				x		Lending company
Eagle Place Covered Bonds LLP	Full Consolidation	x					Acquisition of mortgage loans
Salary Finance Loans Limited	Equity accounted		x				Credit granting
St Vincent (Equities) Limited	Full Consolidation	x					Investment company
Virgin Money Giving Limited	Full Consolidation	x					Non-trading company
Virgin Money Holdings (UK) Limited	Full Consolidation	x					Intermediate holding company
Virgin Money Limited	Full Consolidation	x					Dormant
Virgin Money Personal Financial Service Limited	Full Consolidation	x					Insurance intermediary
Virgin Money Unit Trust Managers	Full Consolidation	x					Activities of unit trusts
Virgin Money Nominees Limited	Full Consolidation	x					Dormant
Virgin Money Trustee Limited	Full Consolidation	x					Dormant
YCBPS Property Nominee Company Limited	Full Consolidation				x		Dormant
Yorkshire Bank Home Loans Limited	Full Consolidation	x					Mortgage finance
C.B. Nominees Limited	Full Consolidation	x					Dormant
CYB SSP Trustee Limied	Full Consolidation	x					Dormant
Lanark Funding Limited	Full Consolidation	x					Special Purpose Entity
Lanark Holdings Limited	Full Consolidation	x					Special Purpose Entity
Lanark Master Issuer PLC	Full Consolidation	x					Special Purpose Entity
Lanark Trustees Limited	Full Consolidation	x					Special Purpose Entity
Lannraig Funding Limited	Full Consolidation	x					Special Purpose Entity
Lannraig Holdings Limited	Full Consolidation	x					Special Purpose Entity
Lannraig Master Issuer PLC	Full Consolidation	x					Special Purpose Entity
Lannraig Trustees Limited	Full Consolidation	x					Special Purpose Entity
Gosforth Funding 2017-1 PLC (in liquidation)	Full Consolidation	x					Special Purpose Entity
Gosforth Holdings 2017-1 (in liquidation)	Full Consolidation	x					Special Purpose Entity

4.4 UK LIA – Explanations of differences between accounting and regulatory exposure amounts

(a) Differences between columns (a) and (b) in template UK LI1 (Article 436(b) CRR)

Differences between columns (a) and (b) in template UK LI1 relate mainly to the proportional consolidation of Salary Finance Loans Limited, together with adjustments required to recognise certain items, such as foreseeable charges, for regulatory purposes.

(b) The main sources of differences between the accounting and regulatory scope of consolidation shown in template UK LI2 (Article 436(d) CRR)

The amounts considered for regulatory purposes shown in template UK LI2 differ to the carrying values under the regulatory scope of consolidation for the following key reasons:

- Off-balance sheet amounts are included in accordance with CRR article 111, as shown in row 4 of UK LI2, reduced by applicable credit conversion factors as shown in row 9;
- Certain corporates are measured gross of collateral that is netted on the balance sheet, in accordance with the offsetting criteria of IAS 32, shown in row 6;
- The carrying value of balance sheet assets is net of credit risk adjustments, whereas the regulatory exposure value under IRB approaches excludes provisions. These are added back in row 7
- The impact of Credit Risk Mitigation (CRM) effects in row 8 is shown in more detail in table UK CR4; and
- Other differences shown in row 11 primarily relate to regulatory add-ons to carrying values in line with the UK CRR. These add-ons include applicable additions within PRA approved IRB models and potential future credit exposure add-ons for derivative financial instruments under Article 278 CRR.

4.5 UK LIB – Other qualitative information on the scope of application

(a) Impediment to the prompt transfer of own funds or to the repayment of liabilities within the Group (Article 436(f) CRR)

There are no current or foreseen material practical or legal impediments to the transfer of capital resources or the repayment of liabilities between consolidated entities within the Group, with the exception of assets and liabilities of the Group's securitisation vehicles (including the covered bond vehicles) and Salary Finance Loans Limited (see notes 5.3 and 6.2 to the financial statements in the Group's 2025 Annual Report and Accounts for further details) which are not immediately available to other members of the Group. Any such transfer would be subject to legal and regulatory requirements.

(b) Subsidiaries not included in the consolidation with own funds less than required (Article 436(g) CRR)

Not applicable.

(c) Use of derogation referred to in Article 7 CRR or individual consolidation method laid down in Article 9 CRR (Article 436(h) CRR)

The derogation referred to in Article 7 CRR and the individual consolidation method laid out in Article 9 CRR have not been applied in the VMUK regulatory consolidation group.

Overall, there are no material differences between the bases of consolidation of the Group for accounting and prudential purposes. The Group has 4 subsidiaries that are excluded from the scope of prudential consolidation under CRR Article 19(1) since they have immaterial assets and off-balance sheet items (see UK LI3 for details). All other Group subsidiary undertakings are included in the data provided in the Pillar 3 disclosures. The Group has one joint venture: Salary Finance Loans Limited (SF Ltd).

For regulatory purposes, the Group applies a proportional consolidation approach to the joint venture, which is accounted for in the consolidated financial statements using the equity method.

(d) Aggregate amount by which the actual own funds are less than required in all subsidiaries that are not included in the consolidation (Article 436(g) CRR)

Not applicable.

4.6 UK PV1 – Prudent valuation adjustments (PVA)

In order to align with the Nationwide group, the PVA within Virgin Money's capital disclosures is calculated using the core approach and is £13m as at 31 March 2025.

The PVA for disclosure within UK PV1 is calculated using the simplified approach as Virgin Money is under the thresholds as stated within Chapter II, Article 4 of the Trading Book (CRR) Part of the PRA rulebook. The PVA under the simplified approach is £6m as at 31 March 2025 and is not deemed to be a material disclosure, it has therefore not been presented.

Annex VII: Disclosure of own funds

5.1 UK CC1 – Composition of regulatory own funds

The table below shows the composition of the Group's regulatory capital position as at 31 March 2025 and 30 September 2023. The table follows the disclosure format required by the Own Funds (CRR) part of the PRA Rulebook, with only items applicable to the Group being shown. The capital resources of CB Solo-Consolidated Group is presented in Appendix 1.

UK CC1 - Composition of regulatory own funds[1]

		a	b	c
		31 Mar 25	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation[2]	30 Sep 23
		Group		Group
		Amounts £m		Amounts £m
	Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	**941**	(e)	143
	of which: share capital	**166**	(e)	134
	of which: share premium	**775**	(e)	9
2	Retained earnings[3]	**2,567**	(j)	3,342
3	Accumulated other comprehensive income (and other reserves)[4]	**1,260**	(g), (h), (i), (j)	1,370
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend[5]	**66**	(j)	117
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**4,834**		4,972
	Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	**(13)**		(5)
8	Intangible assets (net of related tax liability) (negative amount)	**(127)**	(a)	(173)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)[6]	**(174)**	(b)	(261)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	**(168)**	(i)	(496)
12	Negative amounts resulting from the calculation of expected loss amounts	**(99)**		(103)
15	Defined-benefit pension fund assets (negative amount)[7]	**(267)**	(c)	(333)
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	**–**		(2)
27a	Other regulatory adjustments to CET1 capital *(including IFRS 9 transitional adjustments when relevant)*	**–**		112
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(848)**		(1,261)
29	**Common Equity Tier 1 (CET1) capital**	**3,986**		3,711
	Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	**693**		594
31	of which: classified as equity under applicable accounting standards	**693**	(f)	594
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**693**		594
44	**Additional Tier 1 (AT1) capital**	**693**		594
45	**Tier 1 capital (T1 = CET1 + AT1)**	**4,679**		4,305

UK CC1 - Composition of regulatory own funds (cont.)[1]

		a	b	c
		31 Mar 25	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation[2]	30 Sep 23
		Group		
		Amounts £m		Amounts £m
	Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts[8]	**754**	(d)	1,022
51	**Tier 2 (T2) capital before regulatory adjustments**	**754**		1,022
58	**Tier 2 (T2) capital**	**754**		1,022
59	**Total capital (TC = T1 + T2)**	**5,433**		5,327
60	**Total Risk exposure amount**	**27,656**		25,176
	Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	**14.4**		14.7
62	Tier 1 (as a percentage of total risk exposure amount)	**16.9**		17.1
63	Total capital (as a percentage of total risk exposure amount)	**19.6**		21.2
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)	**11.1**		10.7
65	of which: capital conservation buffer requirement	**2.5**		2.5
66	of which: countercyclical buffer requirement	**2.0**		2.0
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)[9]	**7.8**		8.5
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)	**205**		118
	Applicable caps on the inclusion of provisions in Tier 2			
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	**85**		82
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	**106**		93

(1) Certain rows of this table have not been presented as they are not applicable in the UK.
(2) Shows cross reference to the balance sheet under regulatory scope of consolidation in Table UK CC2.
(3) Retained earnings, excluding amounts defined as other comprehensive income, as per IFRS9 accounting standards which are included in row 3. In addition, financial year profits are included in row UK-5a.
(4) Accumulated other comprehensive income and other reserves comprises the merger reserve, capital reorganisation reserve, cash flow hedge reserve, IFRS9 hedge reserve, FVOCI reserve, capital redemption reserve, the share-based payment reserve, and other comprehensive income amounts such as actuarial gains or loss on defined benefit pension plans.
(5) The profits net of any foreseeable charges as defined in the UK CRR.
(6) Deferred tax assets that rely on future profitability are deducted from CET1 capital, with the remainder risk weighted in accordance with the CRR.
(7) The defined-benefit pension asset is equal to retirement benefit assets on the balance sheet net of associated deferred tax liabilities.
(8) To align to Nationwide presentation, Tier 2 capital is measured using the accounting carrying values from March 2025.
(9) Represents the CET1 ratio after deducting Pillar 1 and 2A requirements.

Significant movements in capital and related deductions are described in section 2.1

Tier 1 capital

Tier 1 capital comprises:

- ordinary shares;
- share premium;
- retained earnings;
- accumulated other comprehensive income (and other reserves);
- AT1 instruments; and
- adjustments as set out by the regulatory requirements governing capital resources.

Accumulated other comprehensive income (and other reserves) represents other reserves as detailed in note 4.1 of the Group's 2025 Annual Report and, together with adjustments for defined benefit pension assets and share buyback.

Additional details of the perpetual capital notes are included in UK CCA, sections 5.3 and 21.2.3, as well as note 4.1.2 to the Group's 2025 Annual Report and Accounts.

Tier 2 capital

Tier 2 capital comprises:

- subordinated loan debt; and
- adjustments as set out by the regulatory requirements governing capital resources.

Subordinated loan debt is unsecured and ranks below the claims of all depositors and other ordinary creditors. Additional details of the subordinated notes are included in UK CCA, sections 5.3 and 21.2.3, as well as note 3.1.1 to the Group's 2025 Annual Report and Accounts. Full terms and conditions for the Group's marketed debt securities are available on the Group's website at: www.virginmoneyukplc.com/investor-relations.

5.2 UK CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements

The following table shows the Group's consolidated accounting and regulatory balance sheets as at 31 March 2025, with references to show linkages to UK CC1.

UK CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements - 31 Mar 2025

		a	b	c
		Balance sheet as in published financial statements	**Under regulatory scope of consolidation**[1]	**Reference**[2]
£m		**As at period end**	**As at period end**	
	Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
1	*Financial instruments*			
	At amortised cost			
2	Loans and advances to customers	**71,072**	**71,077**	
3	Fair value for portfolio hedged risk	**(116)**	**(116)**	
4	Cash and balances with central banks	**10,882**	**10,882**	
5	Due from other banks	**371**	**371**	
6	At FV OCI	**6,197**	**6,197**	
7	*At FVTPL*			
8	Loans and advances to customers	**47**	**47**	
9	Derivatives	**48**	**48**	
10	Other	**2**	**2**	
11	Intangible assets and goodwill	**127**	**127**	(a)
12	Property, plant and equipment	**180**	**180**	
13	Accrued income and prepaid expenses	**100**	**100**	
14	Current tax assets	**131**	**131**	
15	Deferred tax	**318**	**318**	(b)
16	Defined benefit pension surplus	**357**	**357**	(c)
17	Other assets	**81**	**81**	
18	**Total assets**	**89,797**	**89,802**	

UK CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements - 31 Mar 2025 (cont.)				
		a	b	c
£m		Balance sheet as in published financial statements As at period end	Under regulatory scope of consolidation[1] As at period end	Reference[2]
	Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements			
1	*Financial instruments*			
	At amortised cost			
2	Customer deposits	**70,383**	**70,377**	
3	Debt securities in issue	**9,921**	**9,921**	(d)
4	Due to other banks	**956**	**956**	
5	*At FVTPL*			
6	Derivatives	**132**	**132**	
7	Due to related entities	**755**	**755**	
8	Deferred tax	**89**	**89**	
9	Provisions for liabilities and charges	**39**	**39**	
10	Accruals and deferred income	**306**	**306**	
11	Other liabilities	**1,665**	**1,700**	
12	**Total liabilities**	**84,246**	**84,275**	
	Shareholders' equity			
1	Share capital and share premium	**941**	**941**	(e)
2	Other equity instruments	**693**	**693**	(f)
3	Capital reorganisation reserve	**(839)**	**(839)**	(g)
4	Merger reserve	**2,128**	**2,128**	(h)
5	Other reserves	**167**	**167**	(i)
6	Retained earnings	**2,461**	**2,437**	(j)
7	**Total shareholders' equity**	**5,551**	**5,527**	

(1) Balance sheet after accruing for foreseeable charges.
(2) The references identify regulatory balance sheet components that link to items disclosed in table CC1, prior to any application of regulatory adjustments.

5.3 UK CCA – Main features of regulatory own funds and eligible liabilities instruments

Main features of regulatory capital and eligible liabilities instruments for Virgin Money UK PLC.

UK CCA: Main features of regulatory capital and eligible liabilities instruments for Virgin Money UK PLC - 31 Mar 2025

1	Issuer	Virgin Money UK PLC	Virgin Money UK PLC	Virgin Money UK PLC	Virgin Money UK PLC	Virgin Money UK PLC
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	GB00BD6GN030	XS2486863595	XS2718145779	XS2227898421	XS2343851510
2a	Public or private placement	Private	Public	Public	Public	Public
3	Governing law(s) of the instrument	English	English	English	English	English
3a	Contractual recognition of write down and conversion powers of resolution authorities	n/a	Yes	Yes	Yes	Yes
	Regulatory treatment					
4	Current treatment taking into account, where applicable, transitional CRR rules	CET1	AT1	AT1	Tier 2	Tier 2
5	Post-transitional CRR rules	CET1	AT1	AT1	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated[1]	(Sub) Consolidated	Consolidated and (Sub) Consolidated	Consolidated and (Sub) Consolidated	Consolidated and (Sub) Consolidated	Consolidated and (Sub) Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares	Additional Tier 1 Instruments	Additional Tier 1 Instruments	Tier 2 Instruments	Tier 2 Instruments
8	Amount recognised in regulatory capital (as of most recent reporting date)[1]	GBP 166,468,184	GBP 346,480,954	GBP 346,426,446	GBP 468,367,961	GBP 286,040,172
9	Nominal amount of instrument	GBP 166,468,184	GBP 350,000,000	GBP 350,000,000	GBP 475,000,000	GBP 300,000,000
UK-9a	Issue price	100%	100%	100%	99.84%	99.807%
UK-9b	Redemption price	100%	100%	100%	100%	100%
10	Accounting classification	Shareholder's Equity	Shareholder's Equity	Shareholder's Equity	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	Various	17 June 2022	08 December 2023	11 September 2020	19 May 2021
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Dated	Dated
13	Original maturity date	n/a	n/a	n/a	11 December 2030	19 August 2031
14	Issuer call subject to prior supervisory approval	n/a	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	n/a	Optional Call Date = Any date from (and including) 17 June 2027 to (and including) 8 December 2027 Reg Call = Yes Tax Call = Yes Redemption Price = 100%	Optional Call Date = Any date from (and including) 8 December 2028 to (and including) 8 June 2029 Reg Call = Yes Tax Call = Yes Redemption Price = 100% Clean Up Call = Yes (at 75%)	Optional Call Date = Any date from (and including) 11 September 2025 to (and including) 11 December 2025 Reg Call = Yes Tax Call = Yes Redemption Price = 100%	Optional Call Date = Any date from (and including) 19 May 2026 to (and including) Reg Call = Yes Tax Call = Yes Redemption Price = 100%
16	Subsequent call dates, if applicable	n/a	Any date from (and including) the date falling 6 months prior to 8	Any date from (and including) the date falling 6 months prior to 8 June on	n/a	n/a
	Coupons / dividends					
17	Fixed or floating dividend/coupon	n/a	Fixed	Fixed	Fixed	Fixed

(1) Consolidated refers to the NBS consolidated group but with the value as it applies to VMUK PLC sub consolidation.

UK CCA: Main features of regulatory capital and eligible liabilities instruments for Virgin Money UK PLC - 31 Mar 2025 (cont.)

18	Coupon rate and any related index	n/a	8.25% per annum until 8 December 2027. Resets to a fixed rate equal to the 5-year Benchmark Gilt Rate +635.7bps, if not called	11.00% per annum until 8 June 2029. Resets to a fixed rate equal to the 5-year Benchmark Gilt Rate +699.3bps, if not called	5.125% per annum until 11 December 2025. Resets to a fixed rate equal to the 5-year Benchmark Gilt Rate +525bps, if not called	2.625% per annum until 19 August 2026. Resets to a fixed rate equal to the 5-year Benchmark Gilt Rate +225bps, if not called
19	Existence of a dividend stopper	n/a	No	No	No	No
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory	Mandatory
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	n/a	No	No	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	n/a	n/a
23	Convertible or non-convertible	Non-convertible	Convertible	Convertible	Convertible (Statutory/bail-in only)	Convertible (Statutory/bail-in only)
24	If convertible, conversion trigger(s)	n/a	Contractual, if Nationwide Building Society's consolidated fully loaded CET1 ratio or Virgin Money UK PLC's (Sub) consolidated fully loaded CET1 ratio falls below 7% Statutory conversion or bail-in by the UK Resolution Authority, at point of non-viability/ when resolution conditions met	Contractual, if Nationwide Building Society's consolidated fully loaded CET1 ratio or Virgin Money UK PLC's (Sub) consolidated fully loaded CET1 ratio falls below 7% Statutory conversion or bail-in by the UK Resolution Authority, at point of non-viability/ when resolution conditions met	Statutory conversion or bail-in by the UK Resolution Authority at point of non-viability/ when resolution conditions met	Statutory conversion or bail-in by the UK Resolution Authority at point of non-viability/ when resolution conditions met
25	If convertible, fully or partially	n/a	Always Fully	Always Fully	n/a	n/a
26	If convertible, conversion rate	n/a	119p	119p	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	Mandatory	Mandatory	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	Common Equity Tier 1	Common Equity Tier 1	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	Virgin Money UK PLC	Virgin Money UK PLC	n/a	n/a
30	Write-down features	No	Yes (Statutory/bail-in only)	Yes (Statutory/bail-in only)	Yes (Statutory/bail-in only)	Yes (Statutory/bail-in only)
31	If write-down, write-down trigger(s)	n/a	Statutory write-down or bail-in by the UK Resolution Authority at point of non-viability/ when resolution conditions met	Statutory write-down or bail-in by the UK Resolution Authority at point of non-viability/ when resolution conditions met	Statutory write-down or bail-in by the UK Resolution Authority at point of non-viability/ when resolution conditions met	Statutory write-down or bail-in by the UK Resolution Authority at point of non-viability/ when resolution conditions met
32	If write-down, full or partial	n/a	n/a	n/a	n/a	n/a
33	If write-down, permanent or temporary	n/a	n/a	n/a	n/a	n/a
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a	n/a
34a	Type of subordination (only for eligible liabilities)	n/a	Contractual and Structural	Contractual and Structural	Contractual and Structural	Contractual and Structural
UK-34b	Ranking of the instrument in normal insolvency proceedings	Common Equity Tier 1	Additional Tier 1	Additional Tier 1	Tier 2	Tier 2
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1	Tier 2	Tier 2	Senior Non-Preferred	Senior Non-Preferred
36	Non-compliant transitioned features	No	No	No	No	No
37	If yes, specify non-compliant features	n/a	n/a	n/a	n/a	n/a
37a	Link to the full term and conditions of the instrument (signposting)	n/a	Link	Link	Link	Link

Main features of eligible liabilities only instruments for Virgin Money UK PLC.

UK CCA: Main features of eligible liabilities only instruments for Virgin Money UK PLC - 31 Mar 2025								
1	Issuer	Virgin Money UK PLC	Virgin Money UK PLC	Virgin Money UK PLC	Virgin Money UK PLC	Virgin Money UK PLC	Virgin Money UK PLC	Virgin Money UK PLC
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS1813150247	XS1775239095	XS2049149821	XS2585239200	XS2667626233	XS2757511113	n/a
2a	Public or private placement	Public	Public	Public	Public	Public	Public	Public
3	Governing law(s) of the instrument	English	English	English	English	English	English	English
3a	Contractual recognition of write down and conversion powers of resolution authorities	No	No	No	Yes	Yes	Yes	Yes
	Regulatory treatment							
4	Current treatment taking into account, where applicable, transitional CRR rules	n/a	n/a	n/a	n/a	n/a	n/a	n/a
5	Post-transitional CRR rules	n/a	n/a	n/a	n/a	n/a	n/a	n/a
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated[1]	Consolidated and (Sub) Consolidated	Consolidated and (Sub) Consolidated	Consolidated and (Sub) Consolidated	Consolidated and (Sub) Consolidated	Consolidated and (Sub) Consolidated	Consolidated and (Sub) Consolidated	(Sub) Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Senior Preferred	Senior Preferred	Senior Preferred	Senior Preferred	Senior Preferred	Senior Preferred	Senior Non-Preferred
8	Amount recognised in regulatory capital (as of most recent reporting date)[1]	Nil Instrument Called	GBP 493,047,437	GBP 380,284,174	GBP 432,113,168	GBP 309,458,204	GBP 634,554,602	GBP 754,306,481
9	Nominal amount of instrument	GBP 350,000,000	GBP 500,000,000	GBP 400,000,000	EUR 500,000,000 GBP 418,425,028	GBP 300,000,000	EUR 750,000,000 GBP 627,637,542	GBP 750,000,000
UK-9a	Issue price	99.614%	99.595%	99.589%	99.666%	99.506%	99.706%	100%
UK-9b	Redemption price	100%	100%	100%	100%	100%	100%	100%
10	Accounting classification	Liability –amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	24 April 2018	25 September 2018	03 September 2019	14 February 2023	23 August 2023	18 March 2024	06 February 2025
12	Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated
13	Original maturity date	24 April 2026	25 September 2026	03 September 2027	29 October 2028	23 August 2029	18 March 2028	06 February 2029
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Optional Call Date = 24 April 2025 Reg Call = No Loss Absorption Disq Call = Yes Tax Call = Yes Redemption Price = 100%	Optional Call Date = 25 September 2025 Reg Call = No Loss Absorption Disq Call = Yes Tax Call = Yes Redemption Price = 100%	Optional Call Date = 03 September 2026 Reg Call = No Loss Absorption Disq Call = Yes Tax Call = Yes Redemption Price = 100%	Optional Call Date = 29 October 2027 Reg Call = No Loss Absorption Disq Call = Yes Tax Call = Yes Clean Up Call = Yes (at 80%) Redemption Price = 100%	Optional Call Date = 23 August 2028 Reg Call = No Loss Absorption Disq Call = Yes Tax Call = Yes Clean Up Call = Yes (at 80%) Redemption Price = 100%	Optional Call Date = 18 March 2027 Reg Call = No Loss Absorption Disq Call = Yes Tax Call = Yes Clean Up Call = Yes (at 75%) Redemption Price = 100%	Optional Call Date = 06 February 2028 Reg Call = No Loss Absorption Disq Call = Yes Tax Call = Yes Redemption Price = 100%
16	Subsequent call dates, if applicable	n/a	Any interest payment date thereafter	Any interest payment date thereafter	n/a	n/a	n/a	n/a
	Coupons / dividends							
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Floating

(1) Consolidated refers to the NBS consolidated group but with the value as it applies to VMUK PLC sub consolidation.

UK CCA: Main features of eligible liabilities only instruments for Virgin Money UK PLC - 31 Mar 2025 (cont.)

18	Coupon rate and any related index	3.375% per annum until 24 April 2025. Resets to a fixed rate equal to the 1-year SONIA Mid-Swap Rate + 214.46bps, if not called	4.00% per annum until 25 September 2025. Resets to a fixed rate equal to the 1-year Benchmark Gilt Rate Rate + 280bps, if not called	4.00% per annum until 3 September 2026. Resets to a fixed rate equal to the 1-year Benchmark Gilt Rate Rate + 375bps, if not called	4.625% per annum until 29 October 2027. Resets to a fixed rate equal to the 1-year Euro Mid-Swap Rate + 175bps, if not called	7.625% per annum until 23 August 2028. Resets to a fixed rate equal to the 1-year Benchmark Gilt Rate + 305bps, if not called	4.00% per annum until 18 March 2027. Resets to a fixed rate equal to the 1-year Euro Mid-Swap Rate + 120bps, if not called	Compunded Daily SONIA + 101 bps per annum until maturity
19	Existence of a dividend stopper	No	No	No	No	No	No	No
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No	No	No	No
22	Noncumulative or cumulative	n/a	n/a	n/a	n/a	n/a	n/a	n/a
23	Convertible or non-convertible	Convertible (Statutory/bail-in only)	Convertible (Statutory/bail-in only)	Convertible (Statutory/bail-in only)	Convertible (Statutory/bail-in only)	Convertible (Statutory/bail-in only)	Convertible (Statutory/bail-in only)	Convertible
24	If convertible, conversion trigger(s)	Statutory bail-in by the UK Resolution Authority at point of non-viability/ when resolution conditions met	Statutory bail-in by the UK Resolution Authority at point of non-viability/ when resolution conditions met	Statutory bail-in by the UK Resolution Authority at point of non-viability/ when resolution conditions met	Statutory bail-in by the UK Resolution Authority at point of non-viability/ when resolution conditions met	Statutory bail-in by the UK Resolution Authority at point of non-viability/ when resolution conditions met	Statutory bail-in by the UK Resolution Authority at point of non-viability/ when resolution conditions met	Contractual and Statutory: bail-in by the UK Resolution Authority
25	If convertible, fully or partially	n/a	n/a	n/a	n/a	n/a	n/a	n/a
26	If convertible, conversion rate	n/a	n/a	n/a	n/a	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	n/a	n/a	n/a	n/a	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	n/a	n/a	n/a	n/a	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	n/a	n/a	n/a	n/a	n/a	n/a
30	Write-down features	Yes (Statutory/ bail-in only)	Yes (Statutory/ bail-in only)	Yes (Statutory/ bail-in only)	Yes (Statutory/ bail-in only)	Yes (Statutory/ bail-in only)	Yes (Statutory/ bail-in only)	Yes
31	If write-down, write-down trigger(s)	Statutory bail-in by the UK Resolution Authority at point of non-viability/ when resolution conditions met	Statutory bail-in by the UK Resolution Authority at point of non-viability/ when resolution conditions met	Statutory bail-in by the UK Resolution Authority at point of non-viability/ when resolution conditions met	Statutory bail-in by the UK Resolution Authority at point of non-viability/ when resolution conditions met	Statutory bail-in by the UK Resolution Authority at point of non-viability/ when resolution conditions met	Statutory bail-in by the UK Resolution Authority at point of non-viability/ when resolution conditions met	Contractual and Statutory: bail-in by the UK Resolution Authority
32	If write-down, full or partial	n/a	n/a	n/a	n/a	n/a	n/a	n/a
33	If write-down, permanent or temporary	n/a	n/a	n/a	n/a	n/a	n/a	n/a
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a	n/a	n/a	n/a
34a	Type of subordination (only for eligible liabilities)	Structural	Structural	Structural	Structural	Structural	Structural	Contractual
UK-34b	Ranking of the instrument in normal insolvency proceedings	Senior Preferred	Senior Preferred	Senior Preferred	Senior Preferred	Senior Preferred	Senior Preferred	Senior Non-Preferred
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	n/a	n/a	n/a	n/a	n/a	n/a	Senior Preferred
36	Non-compliant transitioned features	No	No	No	No	No	No	No
37	If yes, specify non-compliant features	n/a	n/a	n/a	n/a	n/a	n/a	n/a
37a	Link to the full term and conditions of the instrument (signposting)	Link	Link	Link	Link	Link	Link	n/a

Annex IX: Disclosure of countercyclical capital buffers

6.1 UK CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

UK CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer - 31 Mar 2025

	a	b	c	d	e	f	g	h	i	j	k	l	m
	General credit exposures		**Relevant credit exposures – Market risk**				**Own fund requirements**						
£m	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	**Securitisation exposures Exposure value for non-trading book**	**Total exposure value**	Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	**Risk-weighted exposure amounts**	**Own fund requirements weights (%)**	**Counter-cyclical buffer rate (%)**
010 **Breakdown by country:**													
United Kingdom	**8,634**	**70,056**	**–**	**–**	**–**	**78,690**	**1,893**	**–**	**–**	**1,893**	**23,662**	**100**	**2**
020 **Total**	**8,634**	**70,056**	**–**	**–**	**–**	**78,690**	**1,893**	**–**	**–**	**1,893**	**23,662**	**100**	**2**

UK CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer - 30 Sep 2023

	a	b	c	d	e	f	g	h	i	j	k	l	m
	General credit exposures		Relevant credit exposures – Market risk				Own fund requirements						
£m	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Counter-cyclical buffer rate (%)
010 Breakdown by country:													
United Kingdom	9,223	71,196	–	–	–	80,419	1,738	–	–	1,738	21,725	100	2
020 Total	9,223	71,196	–	–	–	80,419	1,738	–	–	1,738	21,725	100	2

6.2 UK CCyB2 – Amount of institution-specific countercyclical capital buffer

UK CCyB2 - Amount of institution-specific countercyclical capital buffer

		a	a
£m		**31 Mar 25**	30 Sep 23
1	Total risk exposure amount	**27,656**	25,176
2	Institution specific countercyclical capital buffer rate (%)	**2**	2
3	Institution specific countercyclical capital buffer requirement (£m)	**553**	504

Annex XI: Disclosure of the Leverage Ratio

7.1 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.

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

		a	b
£m		**31 Mar 25**	30 Sep 23
1	**Total assets as per published financial statements**	**89,797**	91,786
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	**–**	–
4	(Adjustment for exemption of exposures to central banks)	**(9,116)**	(9,052)
8	Adjustment for derivative financial instruments	**507**	706
9	Adjustment for securities financing transactions (SFTs)	**299**	2,261
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	**3,165**	2,999
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage)	**(13)**	(5)
12	Other adjustments	**(1,184)**	(2,141)
13	**Total exposure measure**	**83,455**	86,554

7.2 UK LR2 – LRCom – Leverage ratio common disclosure

UK LR2 - LRCom: Leverage ratio common disclosure			
		a	b
		Leverage ratio exposures	
£m		**31 Mar 25**	30 Sep 23
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	**89,527**	91,047
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	**(126)**	(281)
6	(Asset amounts deducted in determining tier 1 capital (leverage))	**(848)**	(1,261)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**88,553**	89,505
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	**205**	370
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	**349**	471
13	**Total derivatives exposures**	**554**	841
	Securities financing transaction (SFT) exposures		
16	Counterparty credit risk exposure for SFT assets	**299**	2,261
18	**Total securities financing transaction exposures**	**299**	2,261
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	**19,083**	17,980
20	(Adjustments for conversion to credit equivalent amounts)	**(15,918)**	(14,981)
22	**Off-balance sheet exposures**	**3,165**	2,999
	Capital and total exposure measure		
23	**Tier 1 capital (leverage)**	**4,679**	4,305
24	Total exposure measure including claims on central banks	**92,571**	95,606
UK-24a	(-) Claims on central banks excluded	**(9,116)**	(9,052)
UK-24b	**Total exposure measure excluding claims on central banks**	**83,455**	86,554

UK LR2 - LRCom: Leverage ratio common disclosure (cont.)

		a	b
		Leverage ratio exposures	
£m		**31 Mar 25**	30 Sep 23
	Leverage ratio		
25	Leverage ratio excluding claims on central banks (%)	**5.6**	5.0
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.6**	4.9
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	**5.6**	4.9
UK-25c	Leverage ratio including claims on central banks (%)	**5.1**	4.5
26	Regulatory minimum leverage ratio requirement (%)	**3.25**	3.25
	Additional leverage ratio disclosure requirements - leverage ratio buffers		
27	Leverage ratio buffer (%)	**0.7**	0.7
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 (%)	**0.7**	0.7
	Additional leverage ratio disclosure requirements - disclosure of mean values		
UK-31	Average total exposure measure including claims on central banks	**92,385**	95,885
UK-32	Average total exposure measure excluding claims on central banks	**83,486**	85,910
UK-33	Average leverage ratio including claims on central banks	**5.0**	4.4
UK-34	Average leverage ratio excluding claims on central banks	**5.5**	4.9

7.3 UK LR3 – LRSpl – Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures

UK LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)			
		a	b
		Leverage ratio exposures	
£m		**31 Mar 25**	03 Sep 23
UK-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**[1]	**89,401**	90,766
UK-2	Trading book exposures	**–**	–
UK-3	Banking book exposures, of which:[1]	**89,401**	90,766
UK-4	Covered bonds	**911**	1,335
UK-5	Exposures treated as sovereigns[1]	**15,447**	15,648
UK-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	**407**	109
UK-7	Institutions	**983**	933
UK-8	Secured by mortgages of immovable properties	**58,940**	60,546
UK-9	Retail exposures	**6,068**	6,268
UK-10	Corporates	**5,475**	4,918
UK-11	Exposures in default	**770**	704
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	**400**	305

(1) The prior year has been restated following the alignment of the Group's accounting policies and presentation basis with Nationwide. Exposures treated as sovereigns has been restated to incorporate all central bank exposures.

7.4 UK LRA – Disclosure of LR qualitative information

(a) The processes used to manage the risk of excessive leverage

The Group's balance sheet reflects a high concentration of mortgage lending and the relative mid-term stability of these gives limited scope for material unexpected movements in leverage exposures and the leverage ratio.

Management of the leverage ratio, including the risk of excessive leverage, forms a key part of the Group's capital planning and risk management processes, which are covered by the Group's overarching ERMF. Leverage is monitored monthly by ALCO and the Board as part of Risk Appetite reporting, for which clear Board-approved limits and triggers are set. Additionally, ALCO monitors leverage ratio performance on a monthly basis against capital forecasts. The leverage ratio is also used as an indicator within the Group's Recovery Plan to support the identification of emerging risks and the appropriateness of subsequent actions.

Management of excess leverage is documented within the ICAAP and is supported by its internal capital management frameworks and policies. This includes frequent capital forecasting and stress testing activities, which are intended to identify the Group's exposures to capital risk, including the risk to excess leverage. The risk of maturity mismatches and asset encumbrance are captured through the Group's Liquidity and Funding Risk management processes and is documented within the ILAAP.

These processes enable the Group to readily identify risks to leverage and direct the business to take any necessary corrective action to leverage exposures or Tier 1 capital. Corrective actions that may be taken include:

- Increasing Tier 1 capital. In the short term (e.g. 3-6 months) this could be addressed by issuing more CET1 or AT1 capital to Nationwide. In the medium term (e.g. >6 months) expense management initiatives or potential future dividend restrictions may be undertaken.
- Reducing leverage exposures. These are likely to be medium term activities (e.g. >6 months) such as reductions in lending or portfolio disposals.

See page 8 of the 2025 Annual Report and Accounts for more information on the Group's risk management framework and approach to risk appetite.

(b) The factors that had an impact on the leverage ratio

The leverage ratio excluding claims on central banks is 5.6% (30 September 2023: 5.0%). Tier 1 capital increased by £374m in the 18-month period to 31 March 2025 (see UK LR2 row 23) driven by £800m downstream capital from Nationwide and £110m profit after tax, offset by £189m capital distributions and £354m prior year accounting alignment adjustments to retained earnings. Leverage exposure decreased by £3,099m (see UK LR2 row UK-24b), primarily driven by a reduction in residential mortgage balances (UK LR3 row UK-8) and a reduction in counterparty credit risk exposure for SFT assets (UK LR2 row 16) linked to a reduction in Term Funding Scheme with additional incentives for SMEs (TFSME) exposure.

Annex XIII: Disclosure of liquidity requirements

8.1 UK LIQA– Liquidity risk management

(a) Strategies and processes in the management of liquidity risk

The Group manages liquidity and funding risks within a comprehensive risk framework, which includes the Funding and Liquidity Risk Policy, risk appetite limit setting and monitoring, internal and external stress testing, and robust governance controls.

The Group's approach to funding and liquidity risk is critical to the strength and stability of the balance sheet. The ILAAP document is used to identify, measure, manage and monitor liquidity and funding risks across different time horizons and stress scenarios. The ILAAP ensures the Group maintains an adequate quantity and quality of liquidity resources to meet its current and future financial obligations as they fall due, ensures the Group has a robust approach to liquidity management, and that the Group has sufficient quantity of funding of an appropriate mix and tenor.

The Funding and Liquidity Risk Policy ensures the efficient management of the funding and liquidity requirements to:

- meet current and future payment obligations as they fall due and maintain adequate liquidity buffers to withstand severe but plausible market-wide and idiosyncratic-specific stresses; and
- ensure assets will be funded through stable and sustainable sources. Funding sources must be diversified to minimise dependence on specific sources or markets; to meet strategic plan objectives, at an acceptable cost.

(b) Structure and organisation of the liquidity risk management function

The Group's Board is responsible for setting liquidity and funding risk appetite and is responsible for oversight, challenge and overall approval of the ILAAP document, stress testing assumptions and the ERMF. ALCO is responsible for managing the Group's liquidity and funding risk profile within this defined risk appetite and is engaged throughout the development of the ILAAP with responsibility for reviewing and challenging key judgements and stress testing assumptions made as part of the assessment process. Liquidity and funding risk is managed and reported by segregated teams within the Treasury function. The Group operates a Three Lines of Defence model to provide challenge, oversight, and assurance of the management of liquidity by Treasury. All three lines of defence ensure appropriate reporting and escalation is undertaken of risks, controls and issues, including emerging risks.

(c) A description of the degree of centralisation of liquidity management and interaction between the Group's units

Virgin Money manages liquidity at Group level. The Group has a simple, vertical structure, comprising its holding company, Virgin Money UK PLC, and main operating subsidiary Clydesdale Bank PLC. Liquidity and funding within the Group, with the exception of the secured funding vehicles and their assets, is fully fungible and all material subsidiaries are 100% owned by the Group, are based in the UK and operate in Sterling. There are no impediments (legal or otherwise) to the transferability of liquidity and funding between Group entities as and when required. The vast majority of the Group's funding and liquidity resides within the main operating entity, Clydesdale Bank PLC.

(d) Scope and nature of liquidity risk reporting and measurement systems

Internal liquidity reporting is monitored across Treasury and Risk. Key liquidity metrics are produced daily by Treasury and circulated to a distribution list including the Chief Executive Officer, Chief Financial Officer, key Risk and Treasury personnel in addition to the PRA. This reporting provides a comprehensive view of the Group's liquidity position including liquid assets and contingent funding availability, customer deposits and lending, loan to deposit ratio and asset encumbrance, in addition to compliance with regulatory and internal stress testing measures. Reporting is in line with the Board approved ILAAP and therefore meets the Board's liquidity monitoring requirements.

(e) Policies for hedging and mitigating liquidity risk; and the strategies and processes for monitoring the effectiveness

The internal assessment of liquidity risk adequacy ensures Virgin Money will hold sufficient Liquid Assets to meet 100% of net cash flows over 30 calendar days under all the Group's standard internal and regulatory liquidity stress scenarios.

In addition, the Group will maintain access to sufficient liquidity resources, including Liquid Assets, Assets Approved for Pre-Positioning in Bank of England Sterling Monetary Framework (SMF) and other contingent sources of funding, for example, to meet 100% of net cash flows over 90 calendar days under all of the standard liquidity stress scenarios. Compliance with this risk appetite is reported daily to senior management and the PRA as detailed above, with further detailed oversight performed by ALCO on a monthly basis. This reporting demonstrates the effectiveness of policies for hedging and mitigating liquidity risk by ensuring that the Group remains compliant with regulatory and internal limits. With regards to regulatory limits, the Group's Risk Appetite is significantly above the regulatory requirement which ensures the Group will always hold sufficient liquidity.

The Group also has a suite of recovery options, in addition to use of liquidity resources under all the standard liquidity stress scenarios, to demonstrate survivability of the franchise post-stress.

The Group maintains a liquid asset buffer comprised of cash balances held at the Bank of England, Gilts, securities issued by Supranationals, Sovereigns and Agencies and Covered Bonds. Internal risk limits are set in respect of the liquid asset buffer to ensure the buffer is high-quality and appropriately diversified, while the ability to monetise classes of assets within the buffer is regularly tested.

(f) An outline of the Group's contingency funding plans

The Liquidity Contingency Plan (LCP) is encompassed within the Recovery Plan, which also includes a separate LCP appendix. The LCP appendix builds out the detail of a liquidity playbook to more clearly articulate the liquidity response and captures the following: Identification of a liquidity stress, intraday early warning indicators, management of a liquidity stress event, how the stress would be escalated, recovery options, communications plan, fire drill assessment and the interaction between the crisis plans: DORP, RP, Payments Management of a Liquidity Event and Resolution Event Plans. The LCP fire-drill is held on an annual basis to ensure it remains robust. The Recovery Plan describes potential recovery actions that could be utilized in a more extreme and/or prolonged stress.

(g) An explanation of how stress testing is used

Stress testing is a key component of Virgin Money's approach to liquidity and funding risk.

As part of the ILAAP a range of internally developed stress scenarios are modelled in addition to the LCR to assess the impact of idiosyncratic, market wide, and combined stresses over both a 30 (on-balance sheet liquidity only) and 14 / 300 (includes contingent funding) day stress horizons. Primary internal and regulatory stress tests are performed on a daily basis.

In addition, a reverse stress is run to model impacts which would drive the Group to the point of failure. As part of the Recovery Plan longer term stress tests are run which consider the wider impact on the Group's financial position. Internal stress assumptions are reviewed regularly with changes approved by ALCO and approved annually by the Board through the ILAAP.

(h) Management body declaration on the adequacy of liquidity risk management arrangements, providing assurance that the systems in place are adequate per the Group's profile and strategy

The Board confirms the adequacy of liquidity risk management arrangements, including underlying systems and controls, annually through the ILAAP.

As part of the ILAAP, liquidity adequacy is assessed with reference to the Group's Overall Liquidity Adequacy Rule, which details the Group's liquidity requirements during a stress.

The results of internal (as defined in the Group's ILAAP) and regulatory stress tests demonstrate that through the high quality of the liquid asset portfolio, combined with the drawing capacity of assets approved for pre-positioning in the SMF (applicable to internal 14 and 300 day stress tests only), the Group continues to be able to meet liabilities as they fall due under severe but plausible 14, 30 and 300 day liquidity stresses. Overall, the current liquidity holdings of the Group are deemed to be sufficient and appropriate.

In addition, the Group's strong risk management approach, capturing detailed risk appetite settings, EWIs of stress situations, mature heightened awareness monitoring process when potential stress conditions have been identified and ongoing review of liquidity adequacy by management committees and Board, demonstrate a robust approach to liquidity risk management. The Group has well established liquidity risk systems with outputs for both internal and regulatory liquidity risk assessments subject to detailed scrutiny through robust review and control processes.

(i) A concise liquidity risk statement approved by the management body describing the overall liquidity risk profile associated with the business strategy

The Group actively manages its liquidity position to maintain an adequate quantity and quality of liquidity resources to meet its current and future financial obligations as they fall due, to ensure the Group has a robust approach to liquidity management, and to ensure that the Group has sufficient quantity of funding of an appropriate mix and tenor. This is monitored through daily calculation of key liquidity metrics and close monitoring of deposit Early Warning Indicator’s (EWIs). Tier 1 Risk Appetite limits and Tier 2 ALCO limits are in place for key liquidity metrics with sufficient buffers required to maintain compliance with risk appetite.

In addition to the internal and regulatory liquidity metrics Virgin Money’s Risk Appetite includes a range of Balance Sheet metrics, including asset encumbrance, loan to deposit ratio, single name concentration, large business deposit concentration and quarterly refinancing profiles, to ensure the stability and term of the funding profile, refinancing and concentration risk management.

The Group’s NSFR is an important funding and liquidity risk measure that is monitored to assess the overall funding profile. The ratio increased to 142% (30 September 2023: 136%), which is comfortably in excess of the binding minimum requirement of 100%.

8.2 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.

UK LIQ1 - Quantitative information of LCR

		a	b	c	d			e	f	g	h		
£m		**Total unweighted value (average)**						**Total weighted value (average)**					
UK 1a	Quarter ending on (DD Month YYY)	**31 Mar 25**	31 Dec 24	30 Sep 24	30 Jun 24	31 Mar 24	31 Dec 23	**31 Mar 25**	31 Dec 24	30 Sep 24	30 Jun 24	31 Mar 24	31 Dec 23
UK 1b	Number of data points used in the calculation of averages	**12**	12	12	12	12	12	**12**	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS													
1	**Total high-quality liquid assets (HQLA)**							**14,868**	14,790	14,676	14,583	14,135	13,988
CASH - OUTFLOWS													
2	Retail deposits and deposits from small business customers, of which:	**59,676**	59,094	58,507	57,855	57,299	56,983	**3,730**	3,688	3,665	3,645	3,617	3,592
3	*Stable deposits*	**41,857**	41,240	40,183	39,005	38,075	37,691	**2,093**	2,062	2,009	1,950	1,904	1,885
4	*Less stable deposits*	**12,073**	12,278	12,759	13,090	13,272	13,426	**1,609**	1,598	1,629	1,670	1,689	1,679
5	Unsecured wholesale funding	**6,949**	7,053	7,178	7,240	7,271	7,409	**3,389**	3,484	3,574	3,631	3,640	3,659
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	**615**	671	771	858	970	1,064	**152**	166	191	213	240	264
7	*Non-operational deposits (all counterparties)*	**6,243**	6,270	6,295	6,270	6,250	6,345	**3,145**	3,206	3,271	3,306	3,349	3,395
8	*Unsecured debt*	**92**	112	112	112	51	–	**92**	112	112	112	51	–
9	Secured wholesale funding							**42**	88	88	46	46	–
10	Additional requirements	**4,609**	4,558	4,564	4,624	4,723	4,777	**1,725**	1,713	1,701	1,720	1,721	1,712
11	*Outflows related to derivative exposures and other collateral requirements*	**1,344**	1,324	1,298	1,319	1,324	1,323	**1,344**	1,324	1,298	1,319	1,324	1,323
12	*Outflows related to loss of funding on debt products*												
13	*Credit and liquidity facilities*	**3,265**	3,234	3,266	3,305	3,399	3,454	**380**	389	403	401	397	389
14	Other contractual funding obligations	**97**	89	82	80	76	83	**3**	5	5	4	2	9
15	Other contingent funding obligations	**15,168**	14,895	14,781	14,919	15,033	15,006	**912**	863	828	878	931	915
16	**TOTAL CASH OUTFLOWS**							**9,801**	9,841	9,861	9,924	9,957	9,887

UK LIQ1 - Quantitative information of LCR (cont.)													
		a	b	c	d			e	f	g	h		
£m		Total unweighted value (average)						Total weighted value (average)					
	Quarter ending on (DD Month YYY)	**31 Mar 25**	31 Dec 24	30 Sep 24	30 Jun 24	31 Mar 24	31 Dec 23	**31 Mar 25**	31 Dec 24	30 Sep 24	30 Jun 24	31 Mar 24	31 Dec 23
CASH - INFLOWS													
17	Secured lending (e.g. reverse repos)	**–**	–	25	25	25	25	**–**	–	25	25	25	25
18	Inflows from fully performing exposures	**595**	587	627	670	853	1,026	**448**	435	468	506	506	476
19	Other cash inflows	**–**	–	–	–	39	39	**–**	–	–	–	39	39
20	**TOTAL CASH INFLOWS**	**595**	587	653	695	917	1,090	**448**	436	494	531	570	540
UK-20c	*Inflows subject to 75% cap*	**595**	587	653	695	917	1,090	**448**	436	494	531	570	540
TOTAL ADJUSTED VALUE													
UK-21	LIQUIDITY BUFFER							**14,868**	14,790	14,676	14,583	14,135	13,988
22	TOTAL NET CASH OUTFLOWS							**9,353**	9,406	9,368	9,392	9,387	9,347
23	**LIQUIDITY COVERAGE RATIO**							**159**	157	157	155	151	150

8.3 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 Group'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 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 159% as at 31 March 2025, which is an increase from 157% as at 30 September 2024. The primary driver of the LCR requirement is from a severe unexpected withdrawal of customer deposits. 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 equity and 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 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 Group'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 Group's Board approved Funding 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 Group's liquidity buffer

The Group'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 Group also holds a smaller portion of Level 2 assets. 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, 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 Group'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.

8.4 UK LIQ2 – Net Stable Funding Ratio

UK LIQ2: Net Stable Funding Ratio - 31 Mar 2025		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
	Available stable funding (ASF) Items					
1	Capital items and instruments	**5,431**	**117**	**119**	**533**	**5,964**
2	*Own funds*	**5,431**	**117**	**119**	**533**	**5,964**
3	*Other capital instruments*		**–**	**–**	**–**	**–**
4	Retail deposits		**57,761**	**1,380**	**458**	**55,933**
5	*Stable deposits*		**44,116**	**849**	**309**	**43,025**
6	*Less stable deposits*		**13,645**	**531**	**149**	**12,908**
7	Wholesale funding:		**10,569**	**1,384**	**10,341**	**14,440**
8	*Operational deposits*		**605**	**–**	**–**	**303**
9	*Other wholesale funding*		**9,964**	**1,384**	**10,341**	**14,138**
10	Interdependent liabilities		**–**	**–**	**–**	**–**
11	Other liabilities:	**20**	**1,771**	**–**	**957**	**957**
12	*NSFR derivative liabilities*	**20**				
13	*All other liabilities and capital instruments not included in the above categories*		**1,771**	**–**	**957**	**957**
14	**Total available stable funding (ASF)**					**77,294**
	Required stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)					**1,131**
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:		**7,592**	**1,434**	**62,609**	**51,024**
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*		**22**	**2**	**760**	**764**

	UK LIQ2: Net Stable Funding Ratio (cont.) - 31 Mar 2025	a	b	c	d	e
		Unweighted value by residual maturity				**Weighted value**
		No maturity	**< 6 months**	**6 months to < 1yr**	**≥ 1yr**	
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		**6,835**	**726**	**7,638**	**10,233**
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		**34**	**35**	**417**	**341**
22	*Performing residential mortgages, of which:*		**734**	**707**	**54,211**	**40,027**
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		**660**	**651**	**53,368**	**39,245**
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		**–**	**–**	**–**	**–**
26	Other assets:	**–**	**2,872**	**25**	**1,338**	**1,594**
27	*Physical traded commodities*				**–**	**–**
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		**–**	**–**	**–**	**–**
29	*NSFR derivative assets*		**11**			**11**
30	*NSFR derivative liabilities before deduction of variation margin posted*		**268**			**13**
31	*All other assets not included in the above categories*		**2,593**	**25**	**1,338**	**1,569**
32	Off-balance sheet items		**18,457**	**–**	**–**	**934**
33	**Total RSF**					**54,682**
34	**Net Stable Funding Ratio (%)**					**141**

UK LIQ2: Net Stable Funding Ratio - 30 Sep 2023						
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
	Available stable funding (ASF) Items					
1	Capital items and instruments	5,492	–	124	1,021	6,513
2	*Own funds*	5,492	–	124	1,021	6,513
3	*Other capital instruments*		–	–	–	–
4	Retail deposits		54,288	1,673	847	53,305
5	*Stable deposits*		40,807	1,051	508	40,273
6	*Less stable deposits*		13,481	622	339	13,031
7	Wholesale funding:		11,270	1,274	14,524	18,560
8	*Operational deposits*		1,349	–	–	674
9	*Other wholesale funding*		9,922	1,274	14,524	17,885
10	Interdependent liabilities		–	–	–	–
11	Other liabilities:	139	1,303	–	840	840
12	*NSFR derivative liabilities*	139				
13	*All other liabilities and capital instruments not included in the above categories*		1,303	–	840	840
14	Total available stable funding (ASF)					79,218
	Required stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)					1,368
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:		7,224	1,471	64,173	54,045
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*		256	6	677	706

UK LIQ2: Net Stable Funding Ratio (cont.) - 30 Sep 2023						
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		6,229	748	6,633	9,102
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		46	38	388	343
22	*Performing residential mortgages, of which:*		739	717	56,863	44,238
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		681	664	55,713	43,204
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		–	–	–	–
26	Other assets:		3,336	20	1,648	1,992
27	*Physical traded commodities*				–	–
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		8	–	–	7
29	*NSFR derivative assets*	–	124	–	–	124
30	*NSFR derivative liabilities before deduction of variation margin posted*		261	–	–	13
31	*All other assets not included in the above categories*		2,944	20	1,648	1,848
32	Off-balance sheet items		18,436	–	–	940
33	Total RSF					58,346
34	Net Stable Funding Ratio (%)					136

Annex XV: Disclosure of credit risk quality

9.1 UK CRA – General qualitative information about credit risk

(a) Risk statement in accordance with point (f) of Article 435(1) CRR

Effective management of credit risk is a key capability for a successful financial services provider and is fundamental to the Group's strategy. The Board is responsible for determining the nature and extent of the risks it is willing to take, in order to achieve its strategic objectives and is responsible for approval of the ERMF.

The ERMF helps the Group control risk by supporting decision making and delivery of strategies, as well as providing a consistent approach to risk management activities, insightful reporting and appropriate oversight. Refer to 3.1 UK OVA for further details of the risk management approach.

The Group undertakes ongoing reviews of the credit portfolio. As reported at Table 9.3 UK CR1, the largest portfolios relate to lending to Households, with the two largest components within this being UK mortgage lending followed by credit cards.

The Group provides lending and other facilities to businesses with a primary focus in the SME segment. The Group applies Risk Appetite measures to control the nature of the exposure to these different sectors, taking into consideration, amongst other things, the broader market operating environment.

The Group manages its interest rate, currency, liquidity and funding risks through relationships with Financial Institutions and uses the Risk Appetite to control the level of credit risk incurred.

(b) The criteria and approach for defining the credit risk management policy and for setting credit risk limits

The ERMF and underlying credit risk policies, standards and controls provide a framework for the provision of credit and mitigation of credit risk that is designed to make the best use of capital while conforming to regulatory guidelines, the Group's Credit Risk Policy and Risk Appetite. These are subject to formal change approval processes, regular review and governance.

The Group accepts a level of credit risk in order to conduct business in a commercially viable manner. The Group's Risk Appetite, approved by the Board, communicates the Group's risk appetite via specific measures to manage credit risk across its lending products to stakeholders, providing a view on the credit risk taking activity the Board is willing to accept.

Credit policy and standards are aligned with the risk appetite and defines the level and types of risk the Group is willing to assume to achieve its strategic objectives. It provides minimum standards and high-level straight forward credit risk direction to colleagues involved in the process of providing credit, promoting responsible lending and regulatory compliance through robust and prudent standards for credit risk management.

Effective management and delivery is guided by principles supporting the culture, origination and management of credit risk. These include the Group:

- maintaining a diverse portfolio of customers and sector exposures;
- being responsible in our approach to the origination of credit risk, with affordability assessed against repayment from current and expected business cash flow or personal income;
- using automated scorecards where appropriate;
- taking collateral as a means of credit risk mitigation;
- recognising and developing strategies to support and manage vulnerable customers and those in financial difficulty. A range of forbearance strategies are available and delivered by specialist teams;
- monitoring credit risk through the life cycle of customer exposure by a variety of methods including maintaining accurate and up-to-date customer records, financial performance monitoring, portfolio monitoring, and customer contact; and
- supporting the sustainability commitments and responsibilities of the Group.

The management, measurement, monitoring and mitigation of credit risk is also discussed on pages 12 to 16 of the 2025 Annual Report and Accounts.

(c) The structure and organisation of the credit risk management and control function

Lending authorities are delegated via a governance structure from the Risk Committee, Chief Executive Officer, Chief Risk Officer and Chief Credit Officer. Operational lending authorities are mandated to the Transactional Credit Committee (a sub-committee of the Credit Risk Committee) which carries the authority for the Group's largest credit limits, Underwriters (joint or sole authority) who undertake the majority of manual credit decisioning and Relationship Managers. Holders of a lending authority require to achieve minimum lending accreditation requirements, and in some instances will be classified as Material Risk Takers.

Individual lending authorities are granted to enable relevant personnel to appropriately decision lending proposals and set appropriate strategies aligned to risk appetite.

The Credit Risk Committee, chaired by the Chief Credit Officer, and other credit risk sub-committees perform oversight of the Group's credit risk portfolio which includes detailed performance of the Credit Risk Appetite and compliance with the Credit Risk Policy and Standards, as well as the relevant regulatory obligations. It is a sub-committee of ERC, which has overall oversight for Risk in the Group.

Further information is available in section 3.1(b).

To assist with asset quality management and the identification of potential risks within our lending portfolios; a comprehensive suite of credit performance Management Information (MI) reporting at a granular level is provided to the various credit risk governance committees and oversight functions for review, discussion and appropriate challenge to take place demonstrating that the Group is lending responsibly and within risk appetite.

The MI is regularly updated, typically monthly, and used to manage, monitor and control new business acquisition flows, concentration exposure levels, existing portfolio back book stock and collections performance.

The Group continues to improve its capability to identify, manage and monitor climate-related risks and opportunities. Climate risk impacts to the Group's lending portfolios are monitored through a range of physical and transition risk metrics. In addition, the Group has climate-related lending policies in place within its mortgage and business portfolios.

Retail

The deployment of application and behavioural scorecards, and the use of credit strategy decisioning drives credit decisioning within our Retail portfolios.

Business

Business lending portfolios are primarily subject to manual underwriting. Lending authorities held reduce proportionate to the customers ECL, as determined by the Group's internal rating model and collateral held.

If requested, the Group provides an explanation in writing on credit decisions to SMEs and other corporate applicants whose loan application was declined. For SMEs, the Group participates in a formal, independent appeals and referrals process.

(d) The relationships between credit risk management, risk control, compliance and internal audit functions

Effective operation of a three lines of defence model is integral to the Group's approach to risk management and is based on the overriding principle that risk capability must be embedded within the first line of defence teams to be effective. This principle embodies the following concepts:

- first line business units own and have responsibility for identifying assessing and mitigating risks and issues;
- second line risk management designs and owns the Risk Management Strategy, Risk Appetite and the Risk and Policy Management Frameworks and oversees risk management practices are embedded across the Group;
- third line, Internal Audit, provide an independent view of the key risks and management across the Group;
- risk management responsibilities are clearly understood and adhered to by all colleagues when carrying out their day-to-day activities;
- decisions are made with proactive consideration of the potential risk and impact on customers;
- business areas must self-identify and report management issues, which are captured centrally, showing good levels of risk awareness, management remediation, and promoting a strong risk culture; and
- regular control assessments are undertaken to confirm the effectiveness of the control environment, based on control monitoring and testing, in relation to both the current and emerging risk profile. Control is exercised through a clearly defined delegation of authority framework, with communication and escalation channels throughout the Group. Further details can be found at 3.1 UK OVA.

9.2 UK CRB – Additional disclosure related to the credit quality of assets

(a) The scope and definitions of 'past-due' and 'impaired' exposures used for accounting purposes

Both the accounting and regulatory definitions of default are aligned with default being triggered at 90 days past due, with the exception of heritage Virgin Money mortgage models, which apply a 180 past due regulatory default trigger under existing approved permissions. The definition of default will be aligned to 90 days past due for VMUK subject to regulatory approval and implementation alongside the mortgage Hybrid models. In the interim a Post Model Adjustment is applied.

(b) The extent of past-due exposures (more than 90 days) that are not considered to be impaired

All assets more than 90 days past due are treated as impaired, with the exception of the heritage Virgin Money mortgage models under IRB, as described in (a) above.

(c) Methods used for determining general and specific credit risk adjustments

The Group applies the International Financial Reporting Standard 9 Financial Instruments (IFRS 9) to calculate expected credit losses. The methods used to assess asset quality and measure credit losses are discussed on pages 12 to 16 of the 2025 Annual Report and Accounts, with detailed supporting analysis set out on pages 17 to 49. All expected credit losses are classed as specific credit risk adjustments and are allocated against individual exposures. The Group does not recognise any general credit risk adjustments.

(d) Definition of a restructured exposure when different from the definition of forborne exposure defined in Annex V to Commission Implementing Regulation (EU) 680/2014

The Group's definition of restructured aligns with Annex V to Commission Implementing Regulation (EU) 680/2014. Any forbearance concession resulting in a material forgiveness or postponement of principal, interest or fees >1% of the net present value of cash flows between the existing and new arrangements, the concession is considered to result in a Diminished Financial Obligation and in Default status. The PRA approval of the revised IRB models that reflect this regulatory change has not yet been secured and is a pre-requisite for the implementation of this change. In the interim a Post Model Adjustment is applied.

9.3 UK CR1 – Performing and non-performing exposures and related provisions

UK CR1: Performing and non-performing exposures and related provisions - 31 Mar 2025

	£m	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**	
		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			
005	Cash balances at central banks and other demand deposits	**10,215**	**10,215**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
010	Loans and advances	**70,646**	**62,351**	**8,247**	**1,377**	**103**	**1,231**	**(516)**	**(120)**	**(396)**	**(201)**	**(8)**	**(194)**	**(35)**	**60,009**	**711**
020	*Central banks*	**8**	**8**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
030	*General governments*	**9**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
040	*Credit institutions*	**112**	**112**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
050	*Other financial corporations*	**176**	**162**	**14**	**112**	**–**	**111**	**(1)**	**(1)**	**–**	**(29)**	**–**	**(29)**	**–**	**15**	**–**
060	*Non-financial corporations*	**8,495**	**6,849**	**1,630**	**458**	**1**	**450**	**(81)**	**(31)**	**(50)**	**(63)**	**–**	**(63)**	**(33)**	**4,730**	**96**
070	*Of which SMEs*	**3,906**	**2,983**	**908**	**169**	**–**	**164**	**(23)**	**(5)**	**(18)**	**(37)**	**–**	**(37)**	**–**	**2,784**	**79**
080	*Households*	**61,846**	**55,220**	**6,603**	**807**	**102**	**670**	**(434)**	**(88)**	**(346)**	**(109)**	**(8)**	**(102)**	**(2)**	**55,264**	**615**
090	Debt securities	**6,197**	**6,197**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**300**	**–**
100	*Central banks*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
110	*General governments*	**2,936**	**2,936**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
120	*Credit institutions*	**3,260**	**3,260**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**300**	**–**
130	*Other financial corporations*	**1**	**1**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
140	*Non-financial corporations*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
150	Off-balance-sheet exposures	**19,004**	**17,970**	**1,034**	**80**	**–**	**78**	**(3)**	**–**	**(3)**	**1**	**–**	**1**		**–**	**–**
160	*Central banks*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**	**–**
170	*General governments*	**417**	**416**	**1**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**	**–**
180	*Credit institutions*	**8**	**7**	**1**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**	**–**
190	*Other financial corporations*	**–**	**–**	**–**	**20**	**–**	**20**	**–**	**–**	**–**	**–**	**–**	**–**		**–**	**–**
200	*Non-financial corporations* [1]	**3,485**	**2,826**	**659**	**37**	**–**	**37**	**(3)**	**–**	**(3)**	**1**	**–**	**1**		**–**	**–**
210	*Households*	**15,094**	**14,721**	**373**	**23**	**–**	**21**	**–**	**–**	**–**	**–**	**–**	**–**		**–**	**–**
220	**Total**	**106,062**	**96,733**	**9,281**	**1,457**	**103**	**1,309**	**(519)**	**(120)**	**(399)**	**(200)**	**(8)**	**(193)**	**(35)**	**60,309**	**711**

UK CR1: Performing and non-performing exposures and related provisions - 30 Sep 2023

		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							Collateral and financial guarantees received[3]	
		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			Accumulated partial write-off	On performing exposures	On non-performing exposures
£m			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[2]			
005	Cash balances at central banks and other demand deposits[1]	10,595	10,595	–	–	–	–	–	–	–	–	–	–	–	–	–
010	Loans and advances[1]	72,466	66,341	6,067	1,221	117	1,036	(471)	(91)	(380)	(139)	(7)	(134)	(22)	61,545	760
020	*Central banks*	1	1	–	–	–	–	–	–	–	–	–	–	–	–	–
030	*General governments*	11	1	1	–	–	–	–	–	–	–	–	–	–	–	–
040	*Credit institutions*	271	271	–	–	–	–	(1)	(1)	–	–	–	–	–	–	–
050	*Other financial corporations*	321	171	150	–	–	–	(12)	(1)	(11)	–	–	–	–	35	–
060	*Non-financial corporations*	7,619	5,799	1,798	410	3	388	(72)	(26)	(46)	(48)	–	(48)	(20)	4,211	118
070	*Of which SMEs*	5,617	4,048	1,547	155	–	145	(32)	(8)	(24)	(28)	–	(28)	–	3,749	73
080	*Households*	64,243	60,098	4,118	811	114	648	(386)	(63)	(323)	(91)	(7)	(86)	(2)	57,299	642
090	Debt securities	6,185	6,184	–	–	–	–	–	–	–	–	–	–	–	211	–
100	*Central banks*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
110	*General governments*	3,059	3,059	–	–	–	–	–	–	–	–	–	–	–	–	–
120	*Credit institutions*	3,125	3,125	–	–	–	–	–	–	–	–	–	–	–	211	–
130	*Other financial corporations*	1	–	–	–	–	–	–	–	–	–	–	–	–	–	–
140	*Non-financial corporations*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
150	Off-balance-sheet exposures	17,926	16,798	1,128	56	–	54	(5)	(1)	(4)	–	–	–		–	–
160	*Central banks*	–	–	–	–	–	–	–	–	–	–	–	–		–	–
170	*General governments*	387	381	6	–	–	–	–	–	–	–	–	–		–	–
180	*Credit institutions*	10	9	1	–	–	–	–	–	–	–	–	–		–	–
190	*Other financial corporations*	30	–	30	–	–	–	–	–	–	–	–	–		–	–
200	*Non-financial corporations*	3,152	2,555	597	23	–	23	(5)	(1)	(4)	–	–	–		–	–
210	*Households*	14,347	13,853	494	33	–	31	–	–	–	–	–	–		–	–
220	Total[1]	107,172	99,918	7,195	1,277	117	1,090	(476)	(92)	(384)	(139)	(7)	(134)	(22)	61,756	760

(1) The comparative figures include a restatement to reclassify reserves held as note cover and payments system collateral balances from Loans and advances with central banks (stage 1) to Cash balances at central banks and other demand deposits (stage 1). Cash assets held as note cover are now classified as Cash on hand and therefore these balances are no longer in scope of CR1. Previously these balances were classified as Loans and advances with central banks (stage 1).
(2) The accumulated impairment on Stage 3 balances has been restated to exclude amounts relating to purchased or originated credit-impaired (POCI) loans and advances.
(3) The Financial guarantees received on performing debt securities with credit institutions at 30 September 2023 have been included following an update to regulatory guidance.

9.4 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.

UK CR1-A: Maturity of exposures - 31 Mar 2025

		a	b	c	d	e	f
		Net exposure value					
£m		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	**–**	**23,665**	**9,904**	**57,005**	**125**	**90,699**
2	Debt securities	**–**	**384**	**1,758**	**4,055**	**1**	**6,198**
3	**Total**	**–**	**24,049**	**11,662**	**61,060**	**126**	**96,897**

UK CR1-A: Maturity of exposures - 30 Sep 2023

		a	b	c	d	e	f
		Net exposure value					
£m		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	–	23,179	9,152	58,753	86	91,170
2	Debt securities	–	915	1,725	3,545	1	6,186
3	Total	–	24,094	10,877	62,298	87	97,356

9.5 UK CR2 – Changes in the stock of non-performing loans and advances

Disclosures may be omitted if not regarded as material as per Article 432 of the Disclosure section within the PRA Rulebook. As non-performing loans and advances comprise less than 5% total loans and advances, it is deemed that UK CR2 is not a material disclosure and therefore has not been presented.

9.6 UK CR2a – Changes in the stock of non-performing loans and advances and related net accumulated recoveries

Disclosure is out of scope, as the Group's non-performing loan (NPL) ratio is <5%

9.7 UK CQ1 – Credit quality of forborne exposures

UK CQ1: Credit quality of forborne exposures - 31 Mar 2025

		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
£m				Of which defaulted	Of which impaired				
010	Loans and advances	**536**	**593**	**539**	**532**	**(16)**	**(124)**	**769**	**346**
060	*Non-financial corporations*	**281**	**188**	**188**	**185**	**(10)**	**(54)**	**256**	**78**
070	*Households*	**255**	**405**	**351**	**347**	**(6)**	**(70)**	**513**	**268**
090	Loan commitments given	**34**	**21**	**21**	**20**	**–**	**–**	**–**	**–**
100	**Total**	**570**	**614**	**560**	**552**	**(16)**	**(124)**	**769**	**346**

UK CQ1: Credit quality of forborne exposures - 30 Sep 2023

		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
£m				Of which defaulted	Of which impaired				
010	Loans and advances	520	564	519	498	(15)	(85)	746	336
060	*Non-financial corporations*	280	204	204	191	(9)	(35)	249	69
070	*Households*	240	360	315	307	(6)	(50)	497	267
090	Loan commitments given	29	10	10	10	–	–	–	–
100	Total	549	574	529	508	(15)	(85)	746	336

9.8 UK CQ2 – Quality of forbearance

Disclosure is out of scope, as the Group's NPL ratio is <5%.

9.9 UK CQ3 – Credit quality of performing and non-performing exposures by past due days

UK CQ3: Credit quality of performing and non-performing exposures by past due days - 31 Mar 2025

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			**Non-performing exposures**								
£m			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	**10,215**	**10,215**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
010	Loans and advances	**70,646**	**70,456**	**190**	**1,377**	**878**	**164**	**136**	**95**	**86**	**10**	**8**	**1,286**
020	*Central banks*	**8**	**8**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
030	*General governments*	**9**	**9**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
040	*Credit institutions*	**112**	**112**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
050	*Other financial corporations*	**176**	**176**	**–**	**112**	**112**	**–**	**–**	**–**	**–**	**–**	**–**	**112**
060	*Non-financial corporations*	**8,495**	**8,488**	**7**	**458**	**411**	**8**	**21**	**4**	**11**	**2**	**1**	**458**
070	*Of which SMEs*	**3,906**	**3,902**	**4**	**169**	**159**	**2**	**4**	**1**	**3**	**–**	**–**	**169**
080	*Households*	**61,846**	**61,663**	**183**	**807**	**355**	**156**	**115**	**91**	**75**	**8**	**7**	**716**
090	Debt securities	**6,197**	**6,197**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
100	*Central banks*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
110	*General governments*	**2,936**	**2,936**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
120	*Credit institutions*	**3,260**	**3,260**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
130	*Other financial corporations*	**1**	**1**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
140	*Non-financial corporations*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
150	Off-balance-sheet exposures	**19,004**			**80**								**80**
160	*Central banks*	**–**			**–**								**–**
170	*General governments*	**417**			**–**								**–**
180	*Credit institutions*	**8**			**–**								**–**
190	*Other financial corporations*	**–**			**20**								**20**
200	*Non-financial corporations*	**3,485**			**37**								**37**
210	*Households*	**15,094**			**23**								**23**
220	**Total**	**106,062**	**86,868**	**190**	**1,457**	**878**	**164**	**136**	**95**	**86**	**10**	**8**	**1,366**

		a	b	c	d	e	f	g	h	i	j	k	l
UK CQ3: Credit quality of performing and non-performing exposures by past due days - 30 Sep 2023													
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
£m			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits[1]	10,595	10,595	–	–	–	–	–	–	–	–	–	–
010	Loans and advances[1]	72,466	72,301	165	1,221	728	185	148	88	56	9	7	1,128
020	*Central banks*	1	1	–	–	–	–	–	–	–	–	–	–
030	*General governments*	11	11	–	–	–	–	–	–	–	–	–	–
040	*Credit institutions*	271	271	–	–	–	–	–	–	–	–	–	–
050	*Other financial corporations*	321	321	–	–	–	–	–	–	–	–	–	–
060	*Non-financial corporations*	7,619	7,611	8	410	310	35	34	16	12	2	1	410
070	*Of which SMEs*	5,617	5,615	2	155	141	2	8	4	–	–	–	155
080	*Households*	64,243	64,086	157	811	418	150	114	72	44	7	6	718
090	Debt securities	6,185	6,185	–	–	–	–	–	–	–	–	–	–
100	*Central banks*	–	–	–	–	–	–	–	–	–	–	–	–
110	*General governments*	3,059	3,059	–	–	–	–	–	–	–	–	–	–
120	*Credit institutions*	3,125	3,125	–	–	–	–	–	–	–	–	–	–
130	*Other financial corporations*	1	1	–	–	–	–	–	–	–	–	–	–
140	*Non-financial corporations*	–	–	–	–	–	–	–	–	–	–	–	–
150	Off-balance-sheet exposures	17,926			56								56
160	*Central banks*	–			–								–
170	*General governments*	387			–								–
180	*Credit institutions*	10			–								–
190	*Other financial corporations*	30			–								–
200	*Non-financial corporations*	3,152			23								23
210	*Households*	14,347			33								33
220	Total[1]	107,172	89,081	165	1,277	728	185	148	88	56	9	7	1,184

(1) The comparative figures include a restatement to reclassify reserves held as note cover and payments system collateral balances from Loans and advances with Central banks to Cash balances at Central Banks and other demand deposits. Cash assets held as note cover were previously classified as Loans and advances. Central banks are now classified as Cash balances at central banks and other demand deposits. The restatement impacts the "Performing Exposures - Not past due or Past due < 30 days" section of this disclosure.

9.10 UK CQ4 – Quality of non-performing exposures by geography

Disclosure is not applicable per Pillar 3 instructions, as the Group's non-domestic exposures are <10% of the total (domestic and non-domestic) exposures.

9.11 UK CQ5 – Credit quality of loans and advances to non-financial corporations by industry

UK CQ5: Credit quality of loans and advances to non-financial corporations by industry - 31 Mar 2025

		a	b	c	d	e	f
		Gross carrying amount				**Accumulated impairment**	**Accumulated negative changes in fair value due to credit risk on non-performing exposures**
			Of which non-performing		Of which loans and advances subject to impairment		
£m				Of which defaulted			
010	Agriculture, forestry and fishing	**1,254**	**32**	**32**	**1,245**	**(6)**	**–**
020	Mining and quarrying	**83**	**1**	**1**	**83**	**(1)**	**–**
030	Manufacturing	**688**	**34**	**34**	**688**	**(18)**	**–**
040	Electricity, gas, steam and air conditioning supply	**341**	**4**	**4**	**341**	**(3)**	**–**
050	Water supply	**50**	**8**	**8**	**50**	**(4)**	**–**
060	Construction	**304**	**45**	**45**	**304**	**(7)**	**–**
070	Wholesale and retail trade	**716**	**89**	**89**	**716**	**(29)**	**–**
080	Transport and storage	**378**	**33**	**33**	**377**	**(6)**	**–**
090	Accommodation and food service activities	**909**	**57**	**57**	**909**	**(4)**	**–**
100	Information and communication	**317**	**25**	**25**	**317**	**(9)**	**–**
110	Financial and insurance activities	**–**	**–**	**–**	**–**	**–**	**–**
120	Real estate activities	**663**	**11**	**11**	**663**	**(4)**	**–**
130	Professional, scientific and technical activities	**423**	**37**	**37**	**423**	**(19)**	**–**
140	Administrative and support service activities	**988**	**36**	**36**	**988**	**(19)**	**–**
150	Public administration and defence, compulsory social security	**–**	**–**	**–**	**–**	**–**	**–**
160	Education	**57**	**2**	**2**	**54**	**(1)**	**–**
170	Human health services and social work activities	**1,563**	**30**	**30**	**1,560**	**(12)**	**–**
180	Arts, entertainment and recreation	**91**	**4**	**4**	**91**	**(2)**	**–**
190	Other services	**128**	**10**	**10**	**128**	**–**	**–**
200	**Total**	**8,953**	**458**	**458**	**8,937**	**(144)**	**–**

UK CQ5: Credit quality of loans and advances to non-financial corporations by industry - 30 Sep 2023		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
£m				Of which defaulted			
010	Agriculture, forestry and fishing	1,221	31	31	1,207	(5)	–
020	Mining and quarrying	91	6	6	91	(2)	–
030	Manufacturing	767	52	52	767	(18)	–
040	Electricity, gas, steam and air conditioning supply	212	1	1	212	(1)	–
050	Water supply	48	–	–	48	(1)	–
060	Construction	357	28	28	357	(5)	–
070	Wholesale and retail trade	736	72	72	736	(21)	–
080	Transport and storage	332	38	38	332	(5)	–
090	Accommodation and food service activities	779	35	35	779	(4)	–
100	Information and communication	376	19	19	376	(10)	–
110	Financial and insurance activities	–	–	–	–	–	–
120	Real estate activities	394	8	8	394	(2)	–
130	Professional, scientific and technical activities	443	46	46	443	(23)	–
140	Administrative and support service activities	838	30	30	837	(12)	–
150	Public administration and defence, compulsory social security	–	–	–	–	–	–
160	Education	60	2	2	56	(1)	–
170	Human health services and social work activities	1,184	32	32	1,180	(8)	–
180	Arts, entertainment and recreation	80	3	3	80	(1)	–
190	Other services	111	7	7	111	(1)	–
200	Total	8,029	410	410	8,006	(120)	–

9.12 UK CQ6 – Collateral valuation – loans and advances

Disclosure is out of scope, as the Group’s NPL ratio is <5%.

9.13 UK CQ7 – Collateral obtained by taking possession and execution processes; and UK CQ8 – Collateral obtained by taking possession and execution processes – vintage breakdown

Disclosures not applicable, as the Group does not take possession of collateral that would result in recognition of an asset on its balance sheet.

Annex XVII: Disclosure of the use of credit risk mitigation techniques

10.1 UK CRC – Qualitative disclosure requirements related to CRM techniques

The Group uses credit risk mitigation 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 or receivables or the use of credit derivatives, guarantees, credit insurance, set-off or netting.

(a) Core policies and processes for on- and off-balance sheet netting and an indication of the extent to which the Group makes use of balance sheet netting (Article 453 (a) CRR)

The use of credit risk mitigation in the calculation of regulatory capital requirements

Credit risk mitigation that meets prescribed regulatory criteria may be used to improve risk parameters or lower risk weights. Collateral that meets these criteria is described as 'eligible' and is discussed in further detail in sections b) and c) below. Where possible the Group utilises balance sheet netting, otherwise where regulatory capital is calculated under IRB, the Group generally takes into account the existence of eligible collateral by adjusting LGDs. Where the Group calculates capital under standardised methodologies, collateral is taken into account using the financial collateral comprehensive method. Guarantees are generally taken into account by using the risk weight of the protection provider. For slotting portfolios, credit risk mitigation is taken into account as part of the classification of exposures by slotting grade.

Netting arrangements: for set off of on-balance sheet exposures, that have appropriate legal opinion as to their effectiveness and enforceability in the overall borrowing arrangements of legal group structures. This set off mitigates the credit risk of such arrangements.

Master netting agreements: The Group requires International Swaps and Derivatives Association master netting agreements, as well as Credit Support Annexes, where relevant, to be in place where derivative financial instruments (including interest rate and FX products) are entered into. Derivative exchange or clearing counterparty agreements exist where contracts are settled via an exchange or clearing house.

Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis.

Further information about balance sheet netting, including an indication of the extent and importance of its use by the Group is provided on page 40 of the 2025 Annual Report and Accounts.

(b) Core features of policies and processes for eligible collateral evaluation and management (Article 453 (b) CRR)

The requirement for collateral and the type taken is considered at origination based on the type of transaction, risk profile of the borrower and collateral availability. In the first instance, the Bank assesses the borrower's affordability of the loan obligation as the primary repayment source rather than the realisation of any collateral. Where taken, collateral may include physical or financial collateral, the assignment of receivables and guarantees from third parties. The suitability of collateral is monitored throughout the term of the customer relationship.

Policies are maintained by the Group which describe acceptable types of collateral, the type and frequency of valuation and / or monitoring of suitability and the methods by which the Bank obtains a valid and effective charge over the asset. The main types of collateral taken by the Bank are residential and commercial property, physical collateral, e.g. vehicles, short term receivables, cash and guarantees.

Property securing residential mortgage lending require valuations to be undertaken by a member of the Group's independent Panel of Surveyors covered by professional indemnity insurance and be registered under the RICS Valuer Registration Scheme, or where eligible, by a modelled property valuation provided by the Group's chosen Automated Valuation Model supplier. Residential property values are updated quarterly using an approved house price index.

Commercial property collateral is subject to an independent, professional valuation from an approved panel valuer when taken, and thereafter, subject to periodic review in accordance with policy requirements.

The Group also provides asset-backed lending in the form of asset and invoice finance. Lending by way of asset finance is supported by preferred asset types and repayment profile structures, with finance provided against an invoice provided by the supplier.

Invoice finance is provided against eligible receivables of our customers with a percentage-based prepayment made by the Group. Credit limits are established for eligible receivables and activities are subject to periodic audit checks.

A suite of standard documentation is used where collateral is taken which has been subject to legal opinion on its validity and enforceability. In circumstances where non-standard documentation is required, the Bank will instruct an approved legal firm to prepare the documentation.

(c) The main types of collateral taken to mitigate credit risk (Article 453 (c) CRR)

The amount of collateral obtained, if deemed necessary by the Group upon extension of credit, is based on management's credit evaluation of the counterparty and collateral available.

Collateral held as security includes:

Residential mortgages: Residential property (including buy-to-lets) is the Group's main source of collateral on mortgage lending and means of mitigating loss in the event of default risk inherent in its residential mortgage portfolios.

Commercial property: Commercial property is the Group's main source of collateral on business lending and means of mitigating loss in the event of default. For the majority of commercial loans, collateral comprises first legal charges over freehold or long leasehold property (including formal Companies House registration where appropriate).

Non-property related collateral: In addition to residential and commercial property-based security, the Group also takes other forms of collateral when lending. This can involve obtaining security against the underlying loan through the use of cash collateral and/or netting agreements, both of which reduce the original exposure by the amount of collateral held. It can also include specific or interlocking guarantees, and loan agreements which include affirmative and negative covenants.

The Group also provides asset-backed lending in the form of asset and invoice finance. Security for these exposures is held in the form of direct recourse to the underlying asset financed.

Collateral is not generally held for loans to financial institutions

(d) For guarantees and credit derivatives used as credit protection, the main types of guarantor and credit derivative counterparty and their creditworthiness used for the purposes of reducing capital requirements, excluding those used as part of synthetic securitisation structures (Article 453 (d) CRR)

Third party guarantees may be taken from corporates or individuals as a risk mitigation strategy. Regulatory capital relief is available for guarantees held from sovereigns, central Banks (including supporting COVID-19 loan schemes) and certain financial institutions.

(e) Information about market or credit risk concentrations (Article 453 (e) CRR)

Credit risk concentration, including within underlying collateral taken, is managed by counterparty, product, geographical region and industry sector. Single name exposure limits exist to control exposures to a single counterparty. Concentrations are also considered through the Risk Appetite process, focusing particularly on the external environment, outlook and comparison against market benchmarks, as well as considering layered risks where customers may have more than one higher risk characteristic.

The diversification of the portfolio across regions, sectors and geographies provides an inherent level of risk mitigation to concentrations in credit risk within underlying collateral.

See pages 12 to 13 of the Credit risk section of the Risk report in the Group's 2025 Annual Report and Accounts for further information on credit risk mitigation techniques.

10.2 UK CR3 – Disclosure of the use of credit risk mitigation techniques

UK CR3 shows the use of credit risk mitigation techniques, exposure amounts are broken down after, where applicable, on- or off-balance sheet netting. Exposures secured represent the carrying amount of the exposure, irrespective of the level of collateralisation. Exposures unsecured represents the carrying amount of exposures with no security or collateral attached.

UK CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques - 31 Mar 2025

		a	b	c	d	e
		Unsecured carrying amount	**Secured carrying amount**	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
£m						
1	Loans and advances	**20,800**	**60,721**	**60,371**	**350**	**–**
2	Debt securities	**5,897**	**300**	**–**	**300**	**–**
3	**Total**	**26,697**	**61,021**	**60,371**	**650**	**–**
4	*Of which non-performing exposures*	**465**	**712**	**696**	**16**	**–**
5	*Of which defaulted*	**374**	**712**			

UK CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques - 30 Sep 2023

		a	b	c	d	e
		Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
£m						
1	Loans and advances[1]	21,367	62,305	61,625	680	–
2	Debt securities[2]	5,974	211	–	211	–
3	Total	27,341	62,516	61,625	891	–
4	*Of which non-performing exposures*	322	760	724	36	–
5	*Of which defaulted*	229	760			

(1) Cash assets held as note cover are now classified as Cash on hand and therefore these balances are no longer in scope of CR3. Previously these balances were classified as Loans and advances.
(2) The Financial guarantees received on performing debt securities at 30 September 2023 have been included following an update to regulatory guidance.

Lending backed by government guarantees in response to COVID-19 can be seen within the 'Exposures secured by financial guarantees' column above.

Following PRA approval in 2020, the Group moved to recognise asset finance and invoice finance collateral, being other physical collateral and receivables respectively, as being eligible collateral from a credit risk mitigation perspective in relation to the FIRB approach, which is captured within the 'Exposures secured by collateral' column above.

Annex XIX: Disclosure of the use of the standardised approach

11.1 UK CRD – Qualitative disclosure requirements related to standardised model

(a) Names of the external credit assessment institutions (ECAI) and export credit agencies (ECAs) nominated by the Group (Article 444 (a) CRR)

The Group makes use of credit ratings provided by Moody's Ratings.

(b) The exposure classes for which each ECAI or ECA is used (Article 444 (b) CRR)

The Group makes limited use of credit assessments by ECAI in assigning risk weights to credit risk exposures under the standardised approach. This typically applies in the case of a limited amount of exposures to central governments and central banks, regional governments or local authorities, public sector entities, institutions, and covered bonds (see part c). Regional governments or local authorities and Public Sector Entities will also refer to the rating of the underlying Central Government.

The appropriate risk weight to apply to the credit risk exposure is determined by assigning the exposure to the relevant credit quality step under CRR Part 3, Title II, Chapter 2 (Standardised Credit Risk), based on the European Banking Authority's mapping of credit assessments to credit quality steps.

(c) The process to transfer the issuer and issue credit ratings onto comparable assets items not included in the trading book (Article 444 (c) CRR)

Where we have a rated Issuing Programme we will use this to map into the relevant credit quality step for risk weighting purposes. If there is no ECAI available for the Issuing Programme then we will use the risk weight assigned to the senior unsecured exposures to the institution which issues them. This is only applicable for exposures to covered bonds.

(d) The association of the external rating of each nominated ECAI or ECA (Article 444 (d) CRR)

Ratings from the ECAI are mapped across to the Credit Quality Step requirements in the UK CRR using European Banking Authority mappings.

11.2 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.

UK CR4 – standardised approach – Credit risk exposure and CRM effects - 31 Mar 2025

		a	b	c	d	e	f
		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density[1]	
£m	Exposure classes	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density (%)
1	Central governments or central banks	14,191	1	15,004	8	514	3.4
2	Regional government or local authorities	104	296	10	59	14	20.3
3	Public sector entities	302	120	3	52	11	20.0
4	Multilateral development banks	1,257	–	1,257	–	–	0.0
6	Institutions	983	8	983	1	197	20.0
7	Corporates	594	228	412	81	465	94.3
8	Retail	6,068	12,112	6,068	18	4,565	75.0
9	Secured by mortgages on immovable property	282	313	281	157	141	32.3
10	Exposures in default	401	39	180	10	256	134.0
12	Covered bonds	911	–	911	–	91	10.0
15	Equity	7	–	7	–	7	100.0
16	Other items	463	–	463	–	404	87.3
17	TOTAL	25,563	13,117	25,579	386	6,665	25.7

UK CR4 – standardised approach – Credit risk exposure and CRM effects - 30 Sep 2023

		a	b	c	d	e	f
		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density[1]	
£m	Exposure classes	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density (%)
1	Central governments or central banks	14,378	3	15,133	3	–	0.0
2	Regional government or local authorities	108	267	12	55	13	19.4
3	Public sector entities	212	117	212	23	5	2.1
4	Multilateral development banks	993	–	993	–	–	0.0
6	Institutions	933	10	933	2	212	22.6
7	Corporates	820	200	459	64	457	87.4
8	Retail	6,268	11,207	6,268	20	4,716	75.0
9	Secured by mortgages on immovable property	176	423	176	211	128	33.2
10	Exposures in default	260	22	91	–	104	114.3
12	Covered bonds	1,335	–	1,335	–	133	10.0
15	Equity	1	–	1	–	1	100.0
16	Other items	562	–	562	–	674	119.9
17	TOTAL	26,046	12,249	26,175	378	6,443	24.3

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

11.3 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 ECAI rating has been used to derive the risk weight, which also now includes where we refer to the rating of the underlying Central Government. 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.

UK CR5 – standardised approach - 31 Mar 2025

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Risk weight															Total	Of which unrated
£m	Exposure classes	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
1	Central governments or central banks	14,807	–	–	–	–	–	–	–	–	–	–	205	–	–	–	15,012	–
2	Regional government or local authorities	–	–	–	–	69	–	–	–	–	–	–	–	–	–	–	69	69
3	Public sector entities	–	–	–	–	55	–	–	–	–	–	–	–	–	–	–	55	–
4	Multilateral development banks	1,257	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1,257	1,257
6	Institutions	–	–	–	–	984	–	–	–	–	–	–	–	–	–	–	984	18
7	Corporates	–	–	–	–	–	–	–	–	–	493	–	–	–	–	–	493	493
8	Retail exposures	–	–	–	–	–	–	–	–	6,086	–	–	–	–	–	–	6,086	6,086
9	Exposures secured by mortgages on immovable property	–	–	–	–	–	431	–	–	–	7	–	–	–	–	–	438	438
10	Exposures in default	–	–	–	–	–	–	–	–	–	57	133	–	–	–	–	190	190
12	Covered bonds	–	–	–	911	–	–	–	–	–	–	–	–	–	–	–	911	–
15	Equity exposures	–	–	–	–	–	–	–	–	–	7	–	–	–	–	–	7	7
16	Other items	57	–	–	–	2	–	–	–	–	404	–	–	–	–	–	463	463
17	**TOTAL**	**16,121**	**–**	**–**	**911**	**1,110**	**431**	**–**	**–**	**6,086**	**968**	**133**	**205**	**–**	**–**	**–**	**25,965**	**9,021**

UK CR5 – standardised approach - 30 Sep 2023

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Risk weight															Total	Of which unrated
£m	Exposure classes	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
1	Central governments or central banks	15,136	–	–	–	–	–	–	–	–	–	–	–	–	–	–	15,136	–
2	Regional government or local authorities	–	–	–	–	67	–	–	–	–	–	–	–	–	–	–	67	67
3	Public sector entities	211	–	–	–	24	–	–	–	–	–	–	–	–	–	–	235	–
4	Multilateral development banks	993	–	–	–	–	–	–	–	–	–	–	–	–	–	–	993	993
6	Institutions	–	15	–	–	841	–	79	–	–	–	–	–	–	–	–	935	27
7	Corporates	–	–	–	–	–	–	1	–	–	522	–	–	–	–	–	523	522
8	Retail exposures	–	–	–	–	–	–	–	–	6,288	–	–	–	–	–	–	6,288	6,288
9	Exposures secured by mortgages on immovable property	–	–	–	–	–	374	–	–	–	13	–	–	–	–	–	387	387
10	Exposures in default	–	–	–	–	–	–	–	–	–	66	25	–	–	–	–	91	91
12	Covered bonds	–	–	–	1,335	–	–	–	–	–	–	–	–	–	–	–	1,335	–
15	Equity exposures	–	–	–	–	–	–	–	–	–	1	–	–	–	–	–	1	1
16	Other items	63	–	–	–	3	–	–	–	–	378	–	118	–	–	–	562	562
17	TOTAL	16,403	15	–	1,335	935	374	80	–	6,288	980	25	118	–	–	–	26,553	8,938

Annex XXI: Disclosure of the use of the IRB approach to credit risk

12.1 UK CRE – Qualitative disclosures requirements related to IRB approach

(a) The competent authority's permission of the approach or approved transition (Article 452 (a) CRR)

Capital requirements for retail mortgages are calculated using an AIRB approach, the majority of the business portfolios uses a FIRB approach and the Group's Income Producing Real Estate portfolio uses the IRB Slotting Approach.

All other requirements relating to credit risk exposures are calculated using the standardised approach, where the Group has either prior supervisory permission to carry out a sequential IRB implementation (Retail Unsecured portfolios) or are defined as Permanent Partial Use. This includes institutions, sovereign exposures, retail asset finance, Salary Finance JV, non-banks without permissions under CRR 4(1)(2), housing association loans (Social Housing), individual partnership investment loans, university loans, SME exposures less than £25k, SME online business loans, equity and collective investment undertakings, non-real estate Specialised lending (Renewable energy), unrated non-retail exposure >£25k and Expert Judgement Model counterparties.

The Group plans to continue with its IRB journey for the unsecured retail portfolios with the credit cards waiver application the next scheduled submission.

Regulatory changes from the PRA necessitate enhancements to the mortgage and business IRB models. Specifically, these address guidance around the definition of default and, for mortgages, the requirement for a Hybrid PD model for mortgages and revised guidance around LGD modelling for mortgages. The implementation of the definition of default changes for the Mortgage IRB portfolio will be aligned to the PRA approval of the revised IRB models. For the Business IRB portfolio, implementation of the definition of default changes will be made on the incumbent model suite, subject to regulatory approval. Further changes to the business IRB models to address the latest regulatory requirements will be undertaken subsequently and also subject to PRA approval.

(b) Control mechanisms for rating systems at the different stages of model development, controls and changes (Article 452 (c) CRR) which shall include information on:

(i) the relationship between the risk management function and the internal audit function

The Internal Audit team is independent of risk management, including the Model Risk and Analytics team. Internal Audit is responsible for providing independent assurance over the control framework for the IRB approach to credit risk with any material gaps escalated to the relevant Board Committees and actions plans agreed with the relevant control owners.

(ii) the rating system review

The aggregation from individual component ratings of the validation outcome results in the overall validation rating, a technical rating which links to issues and associated actions. Additionally, a model risk rating is derived which highlights the residual model risk in using the model with consideration to model materiality, the control framework and any further mitigation in place or planned. Both the validation rating and model risk rating are used to inform approval or continued use of models.

(iii) procedure to ensure the independence of the function in charge of reviewing the models from the functions responsible for the development of the models

The Chief Model Risk Officer reports to the Chief Risk Officer (CRO) and leads the Model Risk and Analytics (MR&A) team. This consists of an Analytics function (Model Developers) split by model discipline (IFRS9 ST, IRB / Decisioning and Non-Financial Risk), a Risk Data and Reporting team, Model Risk Strategy Management team, and Model Risk Governance. The Independent Model Validation (IMV) function has a separate reporting line to the CRO. IMV are a team of independent specialists conducting independent validations and reviewing new models and performing periodic validation of existing models, with a frequency determined by model type, model tier and previous validation rating (annually for IRB models). The model validators are independent from the model owner, developer, user, and implementer and are not part of any model development activities, nor have a stake in whether a model is approved. This team is actively involved in the ongoing independent challenge of information presented to senior Committees such as MGC, as part of the governance process.

Periodic Validation of existing IRB models typically includes assessment of model performance, documentation, data, methodology, conservatism, regulatory compliance, and ongoing appropriateness to the portfolio.

Independent validation of new IRB models is typically at the highest level of assurance, which includes an end-to-end assessment of the model development:

- independent replication of data extraction/exclusions and review of data quality, integrity, and sampling (including third-party data) and definition of default.
- reviewing model methodology/statistical methods and model assumptions.
- conducting independent verification of the outputs and model performance, which may include investigation of alternative techniques.
- reviewing model documentation, business involvement and use of judgement.
- reviewing calculation and appropriateness of model conservatism.
- reviewing model usage, monitoring design and system implementation; and
- conducting independent assessment of regulatory compliance.

IMV will document any material issues and the required actions. This will include an assessment of the materiality of the actions and an appropriate timescale for completion. Any conflicts between the IMV and the modelling functions will be escalated as part of the governance process. Model issues identified during the validation of new models, periodic validation, or ongoing governance processes will result in remediation plans that may include actions such as model enhancements, recalibration, reweighting, full redevelopment, or interim mitigation (e.g., Post Model Adjustments).

(iv) the procedure to ensure the accountability of the functions in charge of developing and reviewing the models

IRB model governance is overseen by the relevant designated Committee, MGC, and supported by the Credit Models Technical Forum (CMTF). These governance committees include participation from model developers, model users, product functions, credit risk and the independent review teams. The MGC is required to have one VMUK Board member present to meet the quorum. Model materiality is assessed in line with agreed thresholds and determines the level of governance and oversight required.

The Model Risk Management Framework is designed to manage and mitigate model risk, encompassing the end-to-end model life cycle. It is a hierarchical structure which sets out the core principles for the Group and minimum control requirements for each function. These are supported by detailed Technical Standards/Frameworks outlining minimum standards for model development (including data preparation, methodology, documentation, approval and implementation), model monitoring, model change and independent validation.

The IRB models are subject to regular monitoring and annual validation. Statistical tests are performed to assess ongoing performance of the models, including assessment of discrimination, accuracy, and stability, with pre-defined thresholds for investigation and escalation. Material issues highlighted are presented to local management, governance committees and the Executive Leadership Team. IRB monitoring and validation outcomes are included within Tier 1 and 2 Model Risk Appetite metrics, which are presented to MGC, ERC, Risk Committee and Board.

(c) The role of the functions involved in the development, approval and subsequent changes of the credit risk models (Article 452 (d) CRR)

Roles and responsibilities

Development, maintenance and ongoing monitoring of the IRB credit risk models are the responsibility of the Model Risk and Analytics team.

Oversight of any changes to the rating systems and models is conducted by the IMV team, who perform independent validation of all key aspects. This includes independent validation of the scope, assumptions, data, methodologies, model performance, impact and implementation of the changes. A final report with associated actions (if required) is submitted to the governance committees for consideration.

All changes to the IRB credit risk models and rating systems must be approved by MGC, which includes attendees from the Model Risk and Analytics team, the IMV team and Internal Audit as well as members including the Chief Model Risk Officer, the Chief Financial Officer, the Chief Risk Officer, the Head of Financial Planning, Analysis and Capital Management, the Group Financial Controller and the Chief Credit Officer.

Corporate IRB PD modelling approach

There are six IRB models used to calculate the capital requirements for the Corporate portfolio. These models are segmented based on one or more of exposure, turnover, and sector. The models take the form of scorecards utilising qualitative questions and, where available, quantitative metrics, to determine an overall score which is converted into a PD estimate.

Assignment to Retail or Non-Retail asset classes is determined in accordance with CRR Article 147 for exposure classification. Assignment to individual models is performed based on the product and collateral type or for Non-Retail exposures on industry or exposure size.

Assignment rules for Non-Retail exposures ensure that exposures/transactions are assigned to the following key Non-Retail model segments:

a) ***Corporate*** – The Group has developed PD models for this exposure class. Within corporate, large exposures with available financial accounts are further assigned to Mid-Market and SME models, primarily based on turnover. Large exposure without financial accounts and smaller exposures that are non-trading are assigned to the Limited Financial Input Non-Trade model. The remaining small exposures are assigned to the Small Business model.

b) ***Real Estate*** – The Group has developed PD models for this exposure class for the purposes of internal credit approval, pricing and provisioning. Within Commercial Real Estate (CRE) PD models, exposures are further assigned to developer, large investor and small-investor categories based on type of transaction and exposure size. These models are not used for capital calculations as the CRE exposure use the IRB Slotting approach for capital calculations.

c) ***Agriculture*** – The Group has developed two IRB PD models for this exposure class. Within agriculture, exposures are assigned to large-agriculture or small-agriculture based on exposure size.

d) ***Non-Bank Financial Institution/Sovereign/Banks/Universities/Housing Associations/Project Finance*** – These exposures are planned to remain on Permanent Partial Use under Article 150 of the CRR.

Obligor financial characteristics are input into a system-based spreading tool for business customers and into a spreadsheet-based spreading tool for agricultural customers (except for the Q&A models which use manual inputs) which automates the process of loading data into an Electronic Customer Rating System (eCRS) (rating system for Non-Retail customers) based on pre-defined rules.

The eCRS rating system then generates a rating for the obligor which is reviewed and assessed by a separate case officer. The rating criteria (obligor characteristics) are clearly defined as inputs into eCRS and the key definitions are embedded within the rating system. The definitions of rating grades are also available to all rating system users and these are mapped to PD values. This documentation enables users to have a consistent understanding of rating grades and risk profiles and allows them to consistently assign obligors to appropriate grades or pools through the rating system.

The Group uses the same rating system across businesses, departments and geographic locations for Non-Retail exposures, with appropriate underlying models for specific exposure types.

All rating assignments for the Non-Retail models are reviewed and refreshed on an annual basis, or more frequently, where there is a change in the obligor's risk profile. This ensures that an appropriate review of rating assignments is undertaken on a periodic basis.

All data inputs/outputs into Non-Retail models are subject to three layers of vetting:

1. Financial data is input by a centralised, independent team and subject to validation checks such as inputs balancing. The data is then subjected to 'objective' checks that are run automatically, including checks that identify incompleteness and/or invalid values. Standard checks such as 'valid input type' (e.g. non-negative values, non-numeric values, date to be past etc.) are automatically applied. Data is also checked for reasonableness if it is within the expected ranges. The values cannot be processed further if this check identifies any issues that need to be remediated before moving forward.

2. A staff member (senior Relationship Manager or credit officer) with appropriate experience and knowledge of the customer, checks the financial inputs and undertakes plausibility checks of a more subjective nature, which take account of the characteristics of the obligor and the transaction. Any issues identified are discussed and remediated with the relevant person who made the entry into the system.

3. Separate independent sample checks are carried out to ensure accuracy, completeness and appropriateness of the data and periodic monitoring to ensure the models remain relevant to the portfolios. Data inputs are both manually reviewed on input and reviewed during development and monitoring. Max financial ratios/inputs do have established and expected rates and they are incorporated within eCRS for user review. The variable transformation for model development includes a formal review of the distribution of these variables.

On a monthly basis, the Group's Model Monitoring and Management team conducts a systematic analysis of model performance and stability. The Group also regularly performs model 'back testing,' reviewing and updating model specification as appropriate. Model outputs are compared with expected model outcomes as part of the monthly monitoring processes. Model performance reports are submitted to the relevant governance committees for discussion and/or escalation.

Key metrics such as predictive power, accuracy and robustness are assessed and documented as part of the model build; and assessed on an ongoing basis. The IRB PD models were recalibrated in 2018 and independently validated by IMV. All relevant models have been through a full annual revalidation to account for the enhancements to the definition of default and other model changes, with a level of validation commensurate to the model materiality and change impact.

These validations involve the IMV independently reviewing all relevant components (including but not limited to data, methodology, documentation, performance, conservatism and regulatory compliance). For the deepest reviews (Targeted Positive Assurance), IMV independently replicated data extraction/exclusions, model performance and regulatory compliance.

Specialised lending

CRE exposures are rated using the IRB Slotting approach.

Corporate LGD and EAD modelling approach

Corporate exposures are rated using the FIRB approach and therefore use the LGDs and CCFs specified in the CRR. There is a small element of Corporate exposures which continue to be captured under the Standardised Approach under Permanent Partial Use per CRR Article 150(1)(c).

Retail mortgages IRB PD modelling approach

The Group uses bespoke models to calculate IRB capital requirements in relation to its mortgage portfolios. The models are used to estimate PDs for residential, Buy-to-Let (BTL) and Current Account Mortgage (CAM) products. In line with existing approved permissions, two distinct sets of credit models are used for heritage Virgin Money Holdings (UK) plc and heritage Clydesdale Bank PLC, and two distinct definitions of default are in place. The heritage Virgin Money Holdings (UK) plc permission uses a 180 days past due definition while the heritage Clydesdale Bank PLC permission is on a 90 days past due basis. The models follow a consistent methodology for LGD and EAD estimation. However, there is a distinction between the rating systems used to estimate PD for exposures originally originated as part of Virgin Money Holdings (UK) plc portfolios (Through the Cycle) and Clydesdale Bank PLC portfolios (PiT). The PiT approach includes an additional conservative buffer.

The PDs for both heritages are derived from scorecards that use a variety of internal customer behaviour and external bureau information. For newly originated accounts, PDs are assigned with respect to the customer's application score. Subsequently, behavioural scores are used. The PDs are then adjusted, depending on the heritage, using the following approaches:

Through the Cycle (TTC) – The models determine long run average PD for each segment in order to calculate expected losses and risk-weighted assets. In addition, the models are used to inform risk appetite, influence lending strategy and support determination of the level of impairment provisions.

The rating models group customers into segments differentiated by a number of factors, which include product type, Loan-to-Value (LTV) and measures of affordability. For each segment, a long run average PD, downturn LGD and EAD are estimated from a combination of recent and historic data. Data covering the period back to the early 1990s is utilised in the derivation of the PD. All models incorporate an appropriate level of conservatism to account for uncertainty around model estimates over an economic cycle or in downturn conditions. The adequacy of this conservatism is robustly challenged through the Group's internal governance process.

Point in Time (PiT) – A PiT ratings approach is used as a base for risk estimation, with a conservative PD adjustment adopted for regulatory long run average. This approach has been selected to mitigate against the historical data constraints across a representative mix of good and bad years (as required by PRA Supervisory Statement 11/13), inclusive of the UK mortgage downturn of the early 1990s. This conservative adjustment has then been further considered to understand if it is likely to be sufficient across the whole cycle through a range of back casting and estimation processes, including future stressed scenarios.

The Group is aware of PRA Policy Statement 13/17 which outlines that an alternate approach for long run estimation will be required. In response to this, the Group has developed 'Hybrid' PD models which will be consistent across both heritages. These models are undergoing regulatory review, following remediation activity on the initial model submission, to seek PRA approval.

A mandatory quarterly realignment framework has been established to maintain the alignment of modelled estimates with observed performance, with implications on both capital and IFRS 9 ECL. Approval is sought at MGC level with PRA notification as required depending on the materiality of impacts.

All mortgage models are subject to monthly model monitoring by the Model Risk and Analytics team, with presentation to the relevant committees, as set out on page 70 of the Risk report available in the Group's 2025 Annual Report and Accounts. The discriminative power and accuracy of the models is measured over time and any breaches against defined triggers are investigated and actioned. The second-line MRM reviews and challenges the assessment within model governance and through its annual review process, as set out in the model validation frameworks and associated standards.

Model performance is validated in terms of (a) model discriminatory power and (b) model accuracy (by testing alignment of model outputs against outcomes). Further stability of the models is validated by assessing the stability of the model variables over time using metrics such as Population Stability Index.

The data used in the rating systems covers a long history of account and customer level information along with bureau information from credit reference agencies. The model developments have used a long history of internal information which are subject to well established controls from a data capture and data quality perspective.

Retail mortgage IRB EAD modelling approach

Fixed Term Mortgages (Residential and BTL) have a fixed amortising repayment schedule whereas the CAM portfolio (which is specific to heritage Clydesdale Bank PLC) consists of revolving overdrafts, secured by residential property.

1. Fixed Term Mortgages are modelled directly based on balance adjusted for payment approach, including interest, charges accrued, and payments made.

2. The CAM portfolio is modelled using a Conversion Factor approach to convert any undrawn exposure into predicted drawn exposure.

3. The regulatory EAD converts the underlying EAD using conservative assumptions to adjust for a downturn estimation, for example, no/reduced payments or increased use of headroom.

Retail mortgages IRB LGD modelling approach

The Group has developed bespoke LGD models which follow a structured approach in line with industry practice. The methodology reflects the operational process to recover debt, based on three key modelled components:

- time to repossession and sale;
- probability of possession; and
- shortfall after the property sale.

The regulatory LGD converts the underlying LGD using conservative assumptions to adjust for a downturn estimation. The primary factors in this include a reduction in house prices, increased discount rates and shortfall resulting in increased time to sale, increased possession rate and shortfall or forced sale discount.

(d) Scope and main content of the reporting related to credit risk models (Article 452 (e) CRR)

Retail Mortgages (AIRB)

Reporting and monitoring on the Bank's Retail IRB models is carried out monthly to ensure model performance remains in line with expectations. Detailed summaries are produced on a quarterly basis to inform internal Governance Committee members and Senior Management of the model's performance. Additionally, in depth reviews are conducted on a regular basis and approved by the Chief Risk Officer and submitted to the PRA for review. The Board receives reports on model performance.

Monthly monitoring on the Retail IRB models assesses data quality, component model performance and modelled RWA outputs. Data quality is assessed via a series of tests to ensure the data used in the models remains appropriate for use. Model performance is measured against three key statistical tests; measuring the models ability to rank risk effectively (model discrimination); accuracy of the expected modelled outcomes (model accuracy); population composition and distribution (model population stability). The monitoring is produced and assessed monthly within the Model Monitoring and Management team and presented and discussed quarterly at Model Performance Monitoring Group (MPMG), CMTF and MGC. Attendees at committees as a minimum include the model owners, Model Risk Management, Credit Risk, Credit Risk Oversight, Finance and Commercial representatives.

Monthly movements in modelled RWA outputs are discussed in Own Funds Committee with detailed explanations behind the drivers in movements presented to attendees.

Annual model reviews are carried out on the Retail IRB models to assess compliance to applicable regulations, outputs of this review are presented to MGC and the Chief Risk Officer for approval, prior to submission to the PRA.

Business (FIRB and Slotting)

As with Retail IRB, reporting and monitoring on the Bank's FIRB PD and Slotting models is carried out monthly to ensure model performance remains in line with expectations. Detailed summaries are produced on a quarterly basis to inform internal Governance Committee members and Senior Management of the model's performance. Additionally, in depth reviews are conducted on an annual basis and approved by the Chief Risk Officer and submitted to the PRA for review.

In line with Retail IRB, monthly monitoring on the FIRB and Slotting models assesses data quality, component model performance and modelled RWA outputs. Data quality is assessed via a series of tests to ensure the data used in the models remains appropriate for use. Model performance is measured against three key statistical tests; measuring the models ability to rank risk effectively (model discrimination); accuracy of the expected modelled outcomes (model accuracy); population composition and distribution (model population stability). The monitoring is produced and assessed monthly within the Model Monitoring and Management team and presented and discussed quarterly at MPMG, CMTF and MGC. Attendees at committees as a minimum include the model owners, MRM, Credit Risk, Credit Risk Oversight, Finance and Commercial representatives.

Monthly movements in modelled RWA outputs are discussed in Own Funds Committee with detailed explanations behind the drivers in movements presented to attendees.

Annual model reviews are carried out on the FIRB and Slotting models to assess compliance to applicable regulations, outputs of this review are presented to MGC and the Chief Risk Officer for approval, prior to submission to the PRA.

(e) Internal ratings process by exposure class (Article 452 (f) CRR):

Division	Portfolio/Category of Basel Assets	Portfolio RWA @ 31 March 2025 (£m)	Model	Number of key models	Model description and methodology	Number of years of loss data	Applicable industry-wide regulatory thresholds
Retail	Retail – secured by immovable property non-SME hCYB	3,672	PD	4	Segmented by product type: residential, Buy-to-Let and Current Account Mortgages. Data driven models mapping accounts to PD rating segments using application scores, behavioural scores and arrears status to assign a segment-level regulatory PD. No models in this asset class fall into the defined low default portfolio category.	> 10 years	PD floor of 0.03%
			EAD	2	Data driven models to estimate drawdowns and interest added to the account balance prior to default, as a downturn view.		Floored by existing account balance
			LGD	1	Data driven estimates of probability of possession given default and loss in event of possession. Models are segmented using key risk drivers of loss including product type, LTV, property type and region. For defaulted exposures that are possessed and sold, the time from default to sale is 28 months.		Portfolio average downturn LGD floor of 10% and account level floor of 5%
Retail	Retail – secured by immovable property non-SME hVM	5,672	PD	1	Segmented by product type: residential, Buy-to-Let and Current Account Mortgages. Data driven models mapping accounts to PD rating segments using application scores, behavioural scores and arrears status to assign a segment level regulatory PD. No models in this asset class fall into the defined low default portfolio category.	> 10 years	PD floor of 0.03%
			EAD	1	Data driven model to estimate drawdowns and interest added to the account balance prior to default, as a downturn view.		Floored by existing account balance
			LGD	1	Data driven estimates of probability of possession given default and loss in event of possession. Models are segmented using key risk drivers of loss including product type, LTV, property type and region. For defaulted exposures that are possessed and sold, the time from default to sale is 28 months.		Portfolio average downturn LGD floor of 10% and account level floor of 5%
Commercial	Corporates – SME	2,759	PD	6	Segmented by exposure and turnover with different models for corporate exposures (4) and agriculture exposures (2). Data driven models mapping customers to PD rating grades using application scores and arrears status to assign a grade level regulatory PD. No models in this asset class fall into the defined low default portfolio category.	> 10 years	PD floor of 0.03%
Commercial	Corporates – other	4,966	PD	6	Same six PD modes as the Corporate SME category. No models in this asset class fall into the defined low default portfolio category.		PD floor of 0.03%
Commercial	Corporates – Specialised lending	618	LGD	1	Data driven estimates of probability of possession given default and loss in event of possession. Models are segmented using key risk drivers of loss including product type, LTV, property type and region. For defaulted exposures that are possessed and sold, the time from default to sale is 28 months.		N/A

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

The Group operates with two sets of 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 2025 is presented separately below.

12.2.1 Clydesdale Bank PLC Retail Mortgages – (AIRB) Retail Secured by Immovable Property non-SME[1]

UK CR6 – IRB approach – Credit risk exposures by exposure class and PD range - A-IRB - Secured by Immovable property Non-SME - 31 Mar 2025												
a	b	c	d	e	f	g	h	i	j	k	l	m
A-IRB £m PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF (%)	Exposure post CCF and post CRM	Exposure weighted average PD (%)[2]	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount (%)[(2)]	Expected loss amount	Value adjust-ments and provisions
Exposure Class - Secured by Immovable Property Non-SME												
0.00 to <0.15	**155**	**296**	**102.6**	**462**	**0.1**	**2,901**	**14.0**	**–**	**20**	**4.3**	**–**	**–**
0.00 to <0.10	**54**	**176**	**102.8**	**236**	**0.1**	**1,994**	**12.2**	**–**	**9**	**3.8**	**–**	**–**
0.10 to <0.15	**101**	**120**	**102.4**	**226**	**0.1**	**907**	**15.8**	**–**	**11**	**4.9**	**–**	**–**
0.15 to <0.25	**3,475**	**217**	**102.5**	**3,783**	**0.2**	**31,248**	**11.2**	**–**	**237**	**6.3**	**1**	**–**
0.25 to <0.50	**8,832**	**198**	**102.4**	**9,250**	**0.4**	**36,326**	**14.2**	**–**	**1,135**	**12.3**	**5**	**(3)**
0.50 to <0.75	**1,035**	**22**	**102.5**	**1,083**	**0.6**	**4,662**	**15.6**	**–**	**216**	**19.9**	**1**	**(1)**
0.75 to <2.50	**2,510**	**88**	**102.2**	**2,661**	**1.3**	**11,310**	**14.7**	**–**	**781**	**29.4**	**6**	**(5)**
0.75 to <1.75	**1,785**	**67**	**102.2**	**1,898**	**1.0**	**7,487**	**15.6**	**–**	**513**	**27.1**	**3**	**(2)**
1.75 to <2.5	**725**	**21**	**102.2**	**763**	**2.1**	**3,823**	**12.5**	**–**	**268**	**35.1**	**3**	**(3)**
2.50 to <10.00	**856**	**12**	**102.7**	**890**	**5.0**	**4,432**	**13.2**	**–**	**535**	**60.1**	**7**	**(7)**
2.5 to <5	**512**	**9**	**102.8**	**534**	**3.7**	**2,812**	**12.6**	**–**	**266**	**49.9**	**3**	**(3)**
5 to <10	**344**	**3**	**102.4**	**356**	**6.8**	**1,620**	**13.9**	**–**	**269**	**75.5**	**4**	**(4)**
10.00 to <100.00	**283**	**5**	**102.5**	**294**	**37.7**	**1,497**	**13.0**	**–**	**261**	**88.6**	**17**	**(8)**
10 to <20	**59**	**1**	**102.7**	**62**	**13.4**	**280**	**12.5**	**–**	**55**	**89.3**	**1**	**(1)**
20 to <30	**99**	**2**	**102.6**	**103**	**23.4**	**596**	**12.9**	**–**	**109**	**105.6**	**4**	**(2)**
30.00 to <100.00	**125**	**2**	**102.3**	**129**	**60.6**	**621**	**13.2**	**–**	**97**	**74.8**	**12**	**(5)**
100.00 (Default)	**346**	**11**	**100.0**	**357**	**100.0**	**1,868**	**20.9**	**–**	**487**	**136.4**	**28**	**(22)**
Subtotal (exposure class)	**17,492**	**849**	**102.4**	**18,780**	**3.2**	**94,244**	**13.8**	**–**	**3,672**	**19.6**	**65**	**(46)**

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

UK CR6 – IRB approach – Credit risk exposures by exposure class and PD range - A-IRB - Secured by Immovable property Non-SME - 30 Sep 2023												
a	b	c	d	e	f	g	h	i	j	k	l	m
A-IRB *£m* PD range	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 (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount (%)[2]	Expected loss amount	Value adjust-ments and provisions
Exposure Class - Secured by Immovable property Non-SME												
0.00 to <0.15	512	242	103.2	775	0.1	5,639	12.7	–	30	3.9	–	–
0.00 to <0.10	306	223	103.2	543	0.1	3,424	13.0	–	20	3.6	–	–
0.10 to <0.15	207	19	103.3	232	0.1	2,215	12.1	–	11	4.7	–	–
0.15 to <0.25	6,356	226	103.0	6,750	0.2	45,834	10.5	–	452	6.7	2	(2)
0.25 to <0.50	8,467	94	102.8	8,773	0.3	35,245	14.4	–	1,228	14.0	7	(2)
0.50 to <0.75	924	40	102.2	988	0.6	4,020	15.2	–	222	22.5	2	(1)
0.75 to <2.50	2,900	546	102.0	3,525	1.2	14,255	15.7	–	1,233	35.0	11	(7)
0.75 to <1.75	2,114	524	102.0	2,701	1.0	10,266	16.9	–	919	34.0	7	(3)
1.75 to <2.5	786	21	102.0	824	2.0	3,989	11.9	–	314	38.1	3	(4)
2.50 to <10.00	569	7	102.9	591	4.8	3,531	12.8	–	388	65.7	6	(9)
2.5 to <5	375	4	103.0	388	3.7	2,375	12.3	–	217	55.9	3	(3)
5 to <10	194	3	102.7	202	6.8	1,156	13.7	–	171	84.4	3	(6)
10.00 to <100.00	245	5	102.5	255	37.0	1,470	12.5	–	257	100.6	19	(12)
10 to <20	51	2	102.5	54	13.4	328	12.5	–	56	102.9	1	(4)
20 to <30	88	1	102.6	91	23.4	526	12.4	–	106	116.6	4	(4)
30.00 to <100.00	106	2	102.5	110	59.8	616	12.7	–	95	86.4	14	(4)
100.00 (Default)	361	9	100.0	370	100.0	2,224	19.7	–	434	117.4	22	(15)
Subtotal (exposure class)	20,334	1,169	102.7	22,027		112,218		–	4,244	19.3	69	(48)

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

12.2.2 Virgin Money Retail Mortgages – (AIRB) Retail Secured by Immovable Property non-SME[1]

UK CR6 – IRB approach – Credit risk exposures by exposure class and PD range - A-IRB - Secured by Immovable property Non-SME - 31 Mar 2025

a	b	c	d	e	f	g	h	i	j	k	l	m
A-IRB £m PD range	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 (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount (%)[2]	Expected loss amount	Value adjustments and provisions
Exposure Class - Secured by Immovable Property Non-SME												
0.00 to <0.15	**3,084**	**111**	**102.9**	**3,250**	**0.1**	**19,988**	**11.0**	**–**	**129**	**4.0**	**–**	**–**
0.00 to <0.10	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
0.10 to <0.15	**3,084**	**111**	**102.9**	**3,250**	**0.1**	**19,988**	**11.0**	**–**	**129**	**4.0**	**–**	**–**
0.15 to <0.25	**6,265**	**200**	**103.0**	**6,589**	**0.2**	**39,429**	**12.3**	**–**	**314**	**4.8**	**2**	**(1)**
0.25 to <0.50	**17,870**	**405**	**102.8**	**18,576**	**0.3**	**99,103**	**12.5**	**–**	**1,734**	**9.3**	**7**	**(1)**
0.50 to <0.75	**6,289**	**513**	**102.9**	**6,942**	**0.7**	**42,409**	**16.3**	**–**	**1,318**	**19.0**	**6**	**(1)**
0.75 to <2.50	**2,856**	**432**	**102.6**	**3,356**	**1.4**	**23,703**	**16.2**	**–**	**1,005**	**30.0**	**6**	**(2)**
0.75 to <1.75	**1,999**	**171**	**102.4**	**2,213**	**1.1**	**17,733**	**15.2**	**–**	**536**	**24.2**	**3**	**(1)**
1.75 to <2.5	**857**	**261**	**102.8**	**1,143**	**2.0**	**5,970**	**18.0**	**–**	**469**	**41.1**	**3**	**(1)**
2.50 to <10.00	**830**	**65**	**101.9**	**913**	**4.3**	**6,849**	**14.4**	**–**	**454**	**49.7**	**4**	**(2)**
2.5 to <5	**581**	**52**	**102.2**	**647**	**3.4**	**4,762**	**15.8**	**–**	**325**	**50.2**	**3**	**(1)**
5 to <10	**249**	**13**	**100.4**	**266**	**6.8**	**2,087**	**11.0**	**–**	**129**	**48.4**	**1**	**(1)**
10.00 to <100.00	**775**	**13**	**100.4**	**804**	**32.9**	**5,817**	**10.7**	**–**	**506**	**62.9**	**22**	**(6)**
10 to <20	**363**	**6**	**100.4**	**378**	**14.6**	**2,902**	**10.5**	**–**	**247**	**65.3**	**5**	**(2)**
20 to <30	**95**	**2**	**100.3**	**98**	**23.8**	**770**	**12.4**	**–**	**84**	**85.3**	**2**	**(1)**
30.00 to <100.00	**317**	**5**	**100.5**	**328**	**56.7**	**2,145**	**10.5**	**–**	**175**	**53.4**	**15**	**(3)**
100.00 (Default)	**103**	**1**	**100.0**	**104**	**100.0**	**646**	**10.5**	**–**	**212**	**204.4**	**13**	**(2)**
Subtotal (exposure class)	**38,072**	**1,740**	**102.8**	**40,534**	**1.4**	**237,944**	**13.3**	**–**	**5,672**	**14.0**	**60**	**(15)**

UK CR6 – IRB approach – Credit risk exposures by exposure class and PD range - A-IRB - Secured by Immovable property Non-SME - 30 Sep 2023

a	b	c	d	e	f	g	h	i	j	k	l	m
A-IRB £m PD range	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 (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount (%)[2]	Expected loss amount	Value adjustments and provisions
Exposure Class - Secured by Immovable property Non-SME												
0.00 to <0.15	5,905	69	100.0	6,059	0.1	39,259	8.7	–	195	3.2	1	–
0.00 to <0.10	–	–	100.0	–	–	–	–	–	–	-	–	–
0.10 to <0.15	5,905	69	100.0	6,059	0.1	39,259	8.7	–	195	3.2	1	–
0.15 to <0.25	3,878	121	100.0	4,054	0.2	25,002	16.4	–	357	8.8	1	–
0.25 to <0.50	17,260	955	100.0	18,474	0.4	104,162	10.2	–	1,584	8.6	7	(1)
0.50 to <0.75	4,097	132	100.0	4,296	0.6	26,741	14.1	–	688	16.0	3	(1)
0.75 to <2.50	4,892	203	100.0	5,178	1.0	32,702	15.0	–	1,166	22.5	7	(1)
0.75 to <1.75	4,473	167	100.0	4,715	0.9	29,251	15.3	–	1,022	21.7	6	–
1.75 to <2.5	419	36	100.0	463	2.1	3,451	11.6	–	144	31.1	1	–
2.50 to <10.00	534	32	100.0	576	5.1	4,457	10.6	–	262	45.5	3	(1)
2.5 to <5	265	24	100.0	295	3.4	2,529	10.8	–	110	37.2	1	–
5 to <10	268	8	100.0	281	6.8	1,928	10.5	–	152	54.1	2	(1)
10.00 to <100.00	726	10	100.0	751	33.0	5,835	9.9	–	478	63.7	21	(5)
10 to <20	321	4	100.0	332	14.6	2,782	10.5	–	232	70.0	5	(1)
20 to <30	125	3	100.0	131	25.6	1,029	9.2	–	90	69.2	3	(3)
30.00 to <100.00	279	3	100.0	288	57.7	2,024	9.5	–	156	54.0	13	(2)
100.00 (Default)	92	1	100.0	93	100.0	659	7.0	–	98	106.2	5	–
Subtotal (exposure class)	37,384	1,523	100.0	39,481		238,817		–	4,828	12.2	48	(9)

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

12.2.3 Clydesdale Bank PLC Business Lending – (FIRB) Corporates: SME

UK CR6 – IRB approach – Credit risk exposures by exposure class and PD range - F-IRB - Corporates SME - 31 Mar 2025

a	b	c	d	e	f	g	h	i	j	k	l	m
F-IRB £m PD range	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 (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount (%)[1]	Expected loss amount	Value adjustments and provisions
Exposure Class - Corporates SME												
0.00 to <0.15	30	37	67.0	54	0.1	135	41.8	2	10	17.7	–	–
0.00 to <0.10	17	9	66.6	23	0.1	33	42.5	2	4	17.8	–	–
0.10 to <0.15	13	28	67.1	31	0.1	102	41.4	2	6	17.6	–	–
0.15 to <0.25	220	150	63.2	309	0.2	592	39.0	2	74	23.9	–	–
0.25 to <0.50	658	330	65.0	856	0.4	1,410	39.5	2	318	37.1	2	–
0.50 to <0.75	231	102	68.8	294	0.6	434	38.7	3	138	47.0	1	–
0.75 to <2.50	2,207	685	63.9	2,590	1.5	3,657	38.5	2	1,633	63.1	16	(14)
0.75 to <1.75	1,185	503	65.7	1,486	1.1	2,604	38.7	2	850	57.2	7	(4)
1.75 to <2.5	1,022	182	58.9	1,104	2.0	1,053	38.3	2	783	70.9	9	(10)
2.50 to <10.00	494	148	63.3	575	4.7	791	39.6	2	489	84.9	12	(12)
2.5 to <5	304	100	62.4	358	3.5	414	39.5	2	279	77.9	6	(5)
5 to <10	190	48	65.2	217	6.7	377	39.7	2	210	96.5	6	(7)
10.00 to <100.00	63	11	65.9	68	19.9	96	39.2	1	97	142.4	6	(6)
10 to <20	21	6	64.8	24	13.4	46	40.1	1	33	135.7	1	(2)
20 to <30	42	5	67.1	44	23.4	50	38.7	1	64	146.0	5	(4)
30.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
100.00 (Default)	155	16	73.9	164	100.0	106	42.1	2	–	–	68	(36)
Subtotal (exposure class)	4,058	1,479	64.7	4,910	5.0	7,221	39.0	2	2,759	56.2	105	(68)

UK CR6 – IRB approach – Credit risk exposures by exposure class and PD range - F-IRB - Corporates SME - 30 Sep 2023

a	b	c	d	e	f	g	h	i	j	k	l	m
F-IRB £m PD range	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 (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount (%)[1]	Expected loss amount	Value adjustments and provisions
Exposure Class - Corporates SME												
0.00 to <0.15	40	47	66.4	70	0.1	137	40.8	2	11	15.8	–	–
0.00 to <0.10	19	14	67.5	27	0.1	40	41.7	2	4	15.6	–	–
0.10 to <0.15	21	33	66.0	43	0.1	97	40.2	2	7	15.9	–	–
0.15 to <0.25	298	228	69.0	443	0.2	705	39.9	2	99	22.4	–	–
0.25 to <0.50	899	414	67.4	1,143	0.4	1,578	38.4	2	383	33.6	2	(1)
0.50 to <0.75	300	132	66.6	376	0.6	514	38.3	2	157	41.7	1	–
0.75 to <2.50	3,119	807	64.7	3,520	1.5	4,351	38.8	2	2,207	62.8	21	(26)
0.75 to <1.75	1,713	468	65.6	1,953	1.1	2,950	38.5	2	1,081	55.4	9	(5)
1.75 to <2.5	1,407	339	63.4	1,567	1.9	1,401	39.2	3	1,125	71.8	12	(21)
2.50 to <10.00	684	170	66.4	770	4.3	1,025	40.8	2	636	82.6	14	(18)
2.5 to <5	528	130	66.0	594	3.6	621	40.8	2	472	79.5	9	(10)
5 to <10	155	40	68.0	176	6.8	404	40.4	2	164	93.1	5	(8)
10.00 to <100.00	62	8	68.9	65	18.5	102	39.7	1	86	131.4	5	(3)
10 to <20	30	4	66.1	32	13.4	51	37.6	1	37	114.8	2	(1)
20 to <30	32	4	72.0	33	23.4	51	41.8	1	49	147.3	3	(2)
30.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
100.00 (Default)	126	15	73.6	131	100.0	116	41.6	2	–	–	57	(32)
Subtotal (exposure class)	5,528	1,821	66.0	6,518		8,528		2	3,579	54.9	100	(80)

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

12.2.4 Clydesdale Bank PLC - Other – (FIRB) Corporates: Other

UK CR6 – IRB approach – Credit risk exposures by exposure class and PD range - F-IRB - Corporates Other - 31 Mar 2025

a F-IRB £m PD range	b On-balance sheet exposures	c Off-balance-sheet exposures pre-CCF	d Exposure weighted average CCF (%)	e Exposure post CCF and post CRM	f Exposure weighted average PD (%)	g Number of obligors	h Exposure weighted average LGD (%)	i Exposure weighted average maturity (years)	j Risk weighted exposure amount after supporting factors	k Density of risk weighted exposure amount (%)(1)	l Expected loss amount	m Value adjustments and provisions
Exposure Class - Corporates Other												
0.00 to <0.15	37	81	69.0	93	0.1	25	37.9	3	28	29.8	–	–
0.00 to <0.10	14	55	74.7	56	0.1	14	34.1	3	17	30.4	–	–
0.10 to <0.15	23	26	56.7	37	0.1	11	43.7	2	11	28.9	–	–
0.15 to <0.25	57	93	69.0	121	0.2	39	43.4	1	43	35.1	–	–
0.25 to <0.50	491	293	48.2	629	0.4	106	42.2	2	342	54.4	1	(1)
0.50 to <0.75	57	26	57.1	72	0.6	18	41.6	3	56	78.6	–	–
0.75 to <2.50	2,633	898	63.7	3,194	1.7	460	40.8	3	3,327	104.2	22	(24)
0.75 to <1.75	1,048	438	62.8	1,318	1.1	218	40.9	2	1,153	87.4	6	(4)
1.75 to <2.5	1,585	460	64.6	1,876	2.0	242	40.6	3	2,174	115.9	16	(20)
2.50 to <10.00	636	232	69.1	794	3.7	158	43.3	2	1,081	136.2	13	(20)
2.5 to <5	576	208	69.4	718	3.4	128	43.3	2	966	134.5	11	(15)
5 to <10	60	24	67.0	76	6.6	30	42.9	1	115	152.6	2	(5)
10.00 to <100.00	31	10	72.0	38	21.0	80	42.8	2	89	232.0	3	(6)
10 to <20	9	–	–	9	13.4	2	45.0	3	22	236.4	1	(2)
20 to <30	22	10	72.0	29	23.4	78	42.2	1	67	230.7	2	(4)
30.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
100.00 (Default)	62	17	71.9	74	100.0	88	41.8	2	–	–	31	(28)
Subtotal (exposure class)	4,004	1,650	63.0	5,015	3.3	974	41.4	2	4,966	99.0	70	(79)

UK CR6 – IRB approach – Credit risk exposures by exposure class and PD range - F-IRB - Corporates Other - 30 Sep 2023

a F-IRB £m PD range	b On-balance sheet exposures	c Off-balance-sheet exposures pre-CCF	d Exposure weighted average CCF (%)	e Exposure post CCF and post CRM	f Exposure weighted average PD (%)	g Number of obligors	h Exposure weighted average LGD (%)	i Exposure weighted average maturity (years)	j Risk weighted exposure amount after supporting factors	k Density of risk weighted exposure amount (%)(1)	l Expected loss amount	m Value adjustments and provisions
Exposure Class - Corporates Other												
0.00 to <0.15	25	48	74.3	61	0.1	17	37.9	3	19	30.8	–	–
0.00 to <0.10	22	44	74.3	54	0.1	14	37.2	3	17	31.6	–	–
0.10 to <0.15	3	4	75.0	7	0.1	3	43.5	1	2	24.2	–	–
0.15 to <0.25	48	145	67.2	146	0.2	29	43.7	2	64	43.9	–	–
0.25 to <0.50	388	298	51.2	537	0.4	84	43.0	2	309	57.7	1	–
0.50 to <0.75	78	124	74.4	170	0.6	24	44.3	2	120	70.5	–	–
0.75 to <2.50	995	467	63.8	1,287	1.6	266	43.4	3	1,424	110.7	9	(13)
0.75 to <1.75	546	293	64.3	731	1.2	123	43.4	2	732	100.1	4	(4)
1.75 to <2.5	449	174	62.8	556	2.1	143	43.5	3	692	124.5	5	(8)
2.50 to <10.00	225	82	72.9	283	4.0	73	44.1	2	401	141.4	5	(8)
2.5 to <5	172	54	72.9	210	3.4	52	44.4	2	291	138.2	3	(5)
5 to <10	53	28	72.7	73	5.8	21	43.3	2	110	150.7	2	(3)
10.00 to <100.00	29	10	64.6	36	18.1	124	42.7	1	78	217.9	3	(3)
10 to <20	15	6	73.1	19	13.4	8	42.2	1	37	199.2	1	(2)
20 to <30	15	4	53.4	17	23.4	116	43.3	1	40	238.6	2	–
30.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
100.00 (Default)	86	7	72.8	90	100.0	67	42.1	1	–	–	38	(14)
Subtotal (exposure class)	1,874	1,181	63.6	2,610		684		2	2,415	92.5	56	(38)

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

12.3 UK CR6-A – Scope of the use of IRB and SA approaches

UK CR6-A – Scope of the use of IRB and SA approaches - 31 Mar 2025		a	b	c	d	e
£m		Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to a roll-out plan (%)	Percentage of total exposure value subject to IRB Approach (%)
1	Central governments or central banks	–	15,448	100.0	–	–
1.1	*of which Regional governments or local authorities*		–	–	–	–
1.2	*of which Public sector entities*		–	–	–	–
2	Institutions	–	2,414	100.0	–	–
3	Corporates	10,862	12,299	11.7	–	88.3
3.1	*of which Corporates - Specialised lending, excluding slotting approach*		–	–	–	–
3.2	*of which Corporates - Specialised lending under slotting*		1,222	33.0	–	67.0
4	Retail	58,222	64,395	0.2	9.4	90.4
4.1	*of which Retail – Secured by real estate SMEs*		–	–	–	–
4.2	*of which Retail – Secured by real estate non-SMEs*		58,222	–	–	100.0
4.3	*of which Retail – Qualifying revolving*		5,759	–	100.0	–
4.4	*of which Retail – Other SMEs*		–	–	–	–
4.5	*of which Retail – Other non-SMEs*		414	22.6	77.4	–
5	Equity	–	7	100.0	–	–
6	Other non-credit obligation assets	–	462	100.0	–	–
7	**Total**	69,084	95,025	20.9	6.4	72.7

UK CR6-A – Scope of the use of IRB and SA approaches - 30 Sep 2023						
		a	b	c	d	e
£m		Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to a roll-out plan (%)	Percentage of total exposure value subject to IRB Approach (%)
1	Central governments or central banks	–	15,585	100.0	–	–
1.1	*of which Regional governments or local authorities*		–	–	–	–
1.2	*of which Public sector entities*		211	100.0	–	–
2	Institutions	–	2,458	100.0	–	–
3	Corporates	9,914	11,356	12.7	–	87.3
3.1	*of which Corporates - Specialised lending, excluding slotting approach*		–	–	–	–
3.2	*of which Corporates - Specialised lending under slotting approach*		807	30.4	–	69.6
4	Retail	60,480	66,858	0.2	9.3	90.5
4.1	*of which Retail – Secured by real estate SMEs*		–	–	–	100.0
4.2	*of which Retail – Secured by real estate non-SMEs*		60,480	–	–	100.0
4.3	*of which Retail – Qualifying revolving*		5,783	–	100.0	–
4.4	*of which Retail – Other SMEs*		–	–	–	–
4.5	*of which Retail – Other non-SMEs*		595	24.4	75.6	–
5	Equity	–	1	100.0	–	–
6	Other non-credit obligation assets	–	562	100.0	–	–
7	Total	70,394	96,820	20.9	6.4	72.7

12.4 UK CR7 – IRB approach – effect on the RWAs of credit derivative used as CRM techniques

The Group does not use credit derivatives to mitigate credit risk, therefore this template has not been disclosed.

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

UK CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques - A-IRB - 31 Mar 2025

		a	b	c	d	e	f	g	h	i	j	k	l	m	n
	A-IRB	**Total exposures**	**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	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 (%)		
4	Retail	**59,314**	**–**	**99.9**	**99.9**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9,344**	**9,344**
4.2	*Of which Retail – Immovable property non-SMEs*	**59,314**	**–**	**99.9**	**99.9**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9,344**	**9,344**
5	**Total**	**59,314**	**–**	**99.9**	**99.9**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9,344**	**9,344**

UK CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques - A-IRB - 30 Sep 2023

		a	b	c	d	e	f	g	h	i	j	k	l	m	n
	A-IRB	Total exposures	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	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 (%)		
4	Retail	61,508	–	99.8	99.8	–	–	–	–	–	–	–	–	9,072	9,072
4.2	*Of which Retail – Immovable property non-SMEs*	61,508	–	99.8	99.8	–	–	–	–	–	–	–	–	9,072	9,072
5	Total	61,508	–	99.8	99.8	–	–	–	–	–	–	–	–	9,072	9,072

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

UK CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques - F-IRB - 31 Mar 2025

	F-IRB	Total exposures	Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)			
£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 (%)	RWEA post all CRM assigned to the obligor exposure class	RWEA with substitution effects
3	Corporates	**9,925**	**0.7**	**48.3**	**38.4**	**2.7**	**7.2**	**–**	**–**	**–**	**–**	**–**	**–**	**7,725**	**7,725**
3.1	*Of which Corporates – SMEs*	**4,910**	**0.7**	**62.1**	**52.7**	**3.9**	**5.5**	**–**	**–**	**–**	**–**	**–**	**–**	**2,759**	**2,759**
3.3	*Of which Corporates – Other*	**5,015**	**0.7**	**34.9**	**24.4**	**1.6**	**8.9**	**–**	**–**	**–**	**–**	**–**	**–**	**4,966**	**4,966**
5	**Total**	**9,925**	**0.7**	**48.3**	**38.4**	**2.7**	**7.2**	**–**	**–**	**–**	**–**	**–**	**–**	**7,725**	**7,725**

UK CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques - F-IRB - 30 Sep 2023

	F-IRB	Total exposures	Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)			
£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 (%)	RWEA post all CRM assigned to the obligor exposure class	RWEA with substitution effects
3	Corporates	9,128	0.9	46.0	36.4	3.4	6.2	–	–	–	–	–	–	5,995	5,995
3.1	*Of which Corporates – SMEs*	6,518	0.8	58.1	49.6	3.8	4.7	–	–	–	–	–	–	3,580	3,580
3.3	*Of which Corporates – Other*	2,610	1.2	15.9	3.5	2.4	10.0	–	–	–	–	–	–	2,415	2,415
5	Total	9,128	0.9	46.0	36.4	3.4	6.2	–	–	–	–	–	–	5,995	5,995

12.7 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		
		a
£m		**Risk weighted exposure amount**
1	**Risk weighted exposure amount at 31 December 2024**	**17,357**
2	Asset size (+/-)	**92**
3	Asset quality (+/-)	**246**
4	Model updates[1] (+/-)	**23**
5	Methodology and policy (+/-)	**(31)**
6	Acquisitions and disposals (+/-)	**–**
7	Foreign exchange movements (+/-)	**–**
8	Other (+/-)	**–**
9	**Risk weighted exposure amount at 31 March 2025**	**17,687**

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

RWAs increased c.£0.3bn to £17.7bn, primarily due to the impacts within the Mortgage portfolio of increased lending to higher LTV brackets shown within Asset quality, increased lending within the Business portfolio, mostly shown across asset size, the impacts of refreshed management adjustments in relation to Hybrid models shown in Model updates and changes in the identification of SME Lending reflected within Methodology and policy.

12.8 UK CR9 – A-IRB approach – Back-testing of PD per exposure class (fixed PD scale) – CB Mortgages

UK CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) - A-IRB - CB Mortgages - 31 Mar 2025

a	b	c[1]	d[1]	e	f	g	h
A-IRB							
Exposure class	**PD range**	**Number of obligors at the end of previous year**	**Of which number of obligors which defaulted in the year**	**Observed average default rate (%)**	**Exposures weighted average PD (%)**	**Average PD (%)**	**Average historical annual default rate (%)**
Retail - Secured by immovable property non-SME - CB Mortgages	0.00 to <0.15	5,408	7	0.13	0.09	0.08	0.18
	0.00 to <0.10	3,329	4	0.12	0.06	0.05	0.12
	0.10 to <0.15	2,079	3	0.14	0.11	0.12	0.22
	0.15 to <0.25	42,108	83	0.20	0.20	0.19	0.21
	0.25 to <0.50	35,341	106	0.30	0.36	0.34	0.35
	0.50 to <0.75	3,718	28	0.75	0.62	0.62	0.57
	0.75 to <2.50	12,453	132	1.06	1.29	1.31	1.02
	0.75 to <1.75	8,723	66	0.76	0.99	1.00	0.79
	1.75 to <2.5	3,730	66	1.77	2.06	2.04	1.71
	2.50 to <10.00	3,540	130	3.67	4.96	4.67	4.16
	2.5 to <5	2,400	72	3.00	3.74	3.67	3.35
	5 to <10	1,140	58	5.09	6.78	6.77	5.87
	10.00 to <100.00	1,410	370	26.24	37.74	35.44	27.11
	10 to <20	300	23	7.67	13.40	13.40	9.00
	20 to <30	510	92	18.04	23.43	23.43	18.64
	30.00 to <100.00	600	255	42.50	60.65	56.67	44.19
	100.00 (Default)	2,088	–	–	100.00	100.00	–

(1) These columns are based on a rolling 12-month period.

Back testing demonstrates that estimates remain suitably prudent, with year-on-year stability. While the number of obligors in this asset class have decreased compared to 2023, trends remain broadly monotonic, while being subject to the expected levels of noise. The reinstatement of quarterly PD calibrations in July 2024 will have resulted in greater movements in PD that better reflect the movements in portfolio risk.

UK CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) - A-IRB - CB Mortgages - 30 Sep 2023							
	a	b	c	d	e	f	g	h

A-IRB								
	a	b	c	d	e	f	g	h
Exposure class	PD range	Number of obligors at the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
Retail - Secured by immovable property non-SME - CB Mortgages	0.00 to <0.15	4,695	6	0.13	0.08	0.08	0.15
	0.00 to <0.10	3,031	3	0.10	0.06	0.05	0.12
	0.10 to <0.15	1,664	3	0.18	0.12	0.12	0.17
	0.15 to <0.25	21,959	51	0.23	0.19	0.19	0.22
	0.25 to <0.50	53,096	140	0.26	0.34	0.34	0.34
	0.50 to <0.75	10,158	40	0.39	0.62	0.62	0.56
	0.75 to <2.50	26,825	228	0.85	1.24	1.19	1.03
	0.75 to <1.75	21,642	117	0.54	0.99	0.99	0.76
	1.75 to <2.5	5,183	111	2.14	2.03	2.01	1.76
	2.50 to <10.00	4,367	207	4.74	4.77	4.48	4.35
	2.5 to <5	3,192	122	3.82	3.72	3.64	3.51
	5 to <10	1,175	85	7.23	6.80	6.77	6.05
	10.00 to <100.00	1,261	381	30.21	37.00	36.26	26.20
	10 to <20	264	26	9.85	13.40	13.40	9.84
	20 to <30	454	92	20.26	23.43	23.43	17.94
	30.00 to <100.00	543	263	48.43	59.77	28.10	43.52
	100.00 (Default)	2,713	–	–	100.00	100.00	–

12.9 UK CR9 – A-IRB approach – Back-testing of PD per exposure class (fixed PD scale) – VM Mortgages

UK CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) - A-IRB - VM Mortgages - 31 Mar 2025

a	b	c[1]	d[1]	e	f	g	h
A-IRB							
Exposure class	**PD range**	**Number of obligors at the end of previous year**	**Of which number of obligors which defaulted in the year**	**Observed average default rate (%)**	**Exposures weighted average PD (%)**	**Average PD (%)**	**Average historical annual default rate (%)**
Retail - Secured by immovable property non-SME - VM Mortgages	0.00 to <0.15	43,895	8	0.02	0.14	0.14	0.02
	0.00 to <0.10	–	–	–	–	–	0.03
	0.10 to <0.15	43,895	8	0.02	0.14	0.14	0.02
	0.15 to <0.25	26,000	10	0.04	0.17	0.18	0.02
	0.25 to <0.50	98,691	36	0.04	0.34	0.34	0.02
	0.50 to <0.75	42,251	15	0.04	0.68	0.67	0.04
	0.75 to <2.50	15,635	26	0.17	1.42	1.35	0.09
	0.75 to <1.75	11,808	19	0.16	1.13	1.13	0.08
	1.75 to <2.5	3,827	7	0.18	1.98	2.00	0.16
	2.50 to <10.00	4,824	25	0.52	4.35	4.29	0.41
	2.5 to <5	2,447	12	0.49	3.35	3.32	0.32
	5 to <10	2,377	13	0.55	6.75	6.50	0.73
	10.00 to <100.00	5,267	452	8.58	32.91	31.23	7.80
	10 to <20	2,114	46	2.18	14.59	14.60	1.52
	20 to <30	821	30	3.65	23.82	23.81	3.07
	30.00 to <100.00	2,332	376	16.12	56.73	56.41	18.23
	100.00 (Default)	682	–	–	100.00	100.00	–

(1) These columns are based on a rolling 12-month period.

Back testing demonstrates that estimates remain suitably prudent, with year-on-year stability. While the number of obligors in this asset class have decreased compared to 2023, trends remain broadly monotonic, while being subject to the expected levels of noise. The reinstatement of quarterly PD calibrations in July 2024 will have resulted in greater movements in PD that better reflect the movements in portfolio risk.

UK CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) - A-IRB - VM Mortgages - 30 Sep 2023							
a	b	c	d	e	f	g	h
A-IRB							
Exposure class	PD range	Number of obligors at the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)[5]	Average PD (%)[5]	Average historical annual default rate (%)
Retail - Secured by immovable property non-SME - VM Mortgages	0.00 to <0.15	17,795	5	0.03	0.13	0.13	0.04
	0.00 to <0.10	–	–	–	–	–	0.04
	0.10 to <0.15	17,795	5	0.03	0.13	0.13	0.04
	0.15 to <0.25	32,482	7	0.02	0.21	0.21	0.01
	0.25 to <0.50	95,666	26	0.03	0.37	0.37	0.02
	0.50 to <0.75	39,038	18	0.05	0.60	0.67	0.04
	0.75 to <2.50	44,210	31	0.07	0.97	1.33	0.07
	0.75 to <1.75	41,599	26	0.06	0.86	1.07	0.06
	1.75 to <2.5	2,611	5	0.19	2.14	2.17	0.21
	2.50 to <10.00	8,454	31	0.37	5.08	5.02	0.38
	2.5 to <5	6,654	20	0.30	3.44	3.52	0.26
	5 to <10	1,800	11	0.61	6.79	6.99	0.76
	10.00 to <100.00	5,642	416	7.37	33.04	31.65	7.20
	10 to <20	3,423	54	1.58	14.57	14.43	1.27
	20 to <30	296	15	5.07	25.59	25.64	2.26
	30.00 to <100.00	1,923	347	18.04	57.69	58.38	16.69
	100.00 (Default)	602	–	–	100.00	100.00	–

12.10 UK CR9 – F-IRB approach – Back-testing of PD per exposure class (fixed PD scale) – Corporates: SME

UK CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) - F-IRB - Corporates SME - 31 Mar 2025							
a	b	c[1]	d[1]	e	f	g	h
F-IRB							
Exposure class	PD range	Number of obligors in the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
Corporates - SME	0.00 to <0.15	**153**	**–**	**–**	**0.11**	**0.12**	**0.11**
	0.00 to <0.10	**34**	**–**	**–**	**0.09**	**0.09**	**0.47**
	0.10 to <0.15	**119**	**–**	**–**	**0.13**	**0.13**	**–**
	0.15 to <0.25	**687**	**–**	**–**	**0.20**	**0.19**	**0.18**
	0.25 to <0.50	**1,486**	**1**	**0.07**	**0.39**	**0.38**	**0.37**
	0.50 to <0.75	**494**	**–**	**–**	**0.62**	**0.62**	**0.36**
	0.75 to <2.50	**4,214**	**51**	**1.21**	**1.46**	**1.37**	**0.88**
	0.75 to <1.75	**2,962**	**23**	**0.78**	**1.07**	**1.11**	**0.72**
	1.75 to <2.5	**1,252**	**28**	**2.24**	**1.98**	**2.01**	**1.33**
	2.50 to <10.00	**969**	**54**	**5.57**	**4.69**	**4.88**	**3.66**
	2.5 to <5	**593**	**22**	**3.71**	**3.49**	**3.66**	**2.80**
	5 to <10	**376**	**32**	**8.51**	**6.66**	**6.80**	**6.59**
	10.00 to <100.00	**115**	**34**	**29.57**	**19.87**	**18.89**	**18.15**
	10 to <20	**52**	**8**	**15.38**	**13.40**	**13.40**	**13.73**
	20 to <30	**63**	**26**	**41.27**	**23.43**	**23.43**	**22.01**
	30.00 to <100.00	**–**	**–**	**–**	**–**	**–**	**–**
	100.00 (Default)	**107**	**–**	**–**	**100.00**	**100.00**	**–**

(1) These columns are based on a rolling 12-month period.

Although defaults in this asset class have increased in 2025, volumes are still relatively low. Consequently, the through the cycle PDs estimates and observed default rates are volatile but do show a degree of monotonicity. The number of obligors in this asset class has fallen following a reclassification of SME turnover.

UK CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) - F-IRB - Corporates SME - 30 Sep 2023

	a	b	c	d	e	f	g	h
F-IRB								
Exposure class	PD range	Number of obligors in the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
Corporates - SME	0.00 to <0.15	139	–	–	0.11	0.12	0.23
	0.00 to <0.10	35	–	–	0.09	0.09	0.45
	0.10 to <0.15	104	–	–	0.12	0.13	0.15
	0.15 to <0.25	649	1	0.15	0.19	0.19	0.24
	0.25 to <0.50	1,625	4	0.25	0.39	0.38	0.46
	0.50 to <0.75	515	1	0.19	0.62	0.62	0.60
	0.75 to <2.50	4,481	45	1.00	1.47	1.47	1.13
	0.75 to <1.75	2,587	20	0.77	1.10	1.09	0.96
	1.75 to <2.5	1,894	25	1.32	1.94	1.98	1.63
	2.50 to <10.00	1,336	58	4.34	4.28	4.58	3.86
	2.5 to <5	939	33	3.51	3.55	3.65	3.04
	5 to <10	397	25	6.30	6.76	6.79	7.19
	10.00 to <100.00	152	21	13.82	18.52	18.28	16.40
	10 to <20	78	9	11.54	13.40	13.40	13.83
	20 to <30	74	12	16.22	23.43	23.43	18.93
	30.00 to <100.00	–	–	–	–	–	–
	100.00 (Default)	125	–	–	100.00	100.00	–

12.11 UK CR9 – F-IRB approach – Back-testing of PD per exposure class (fixed PD scale) – Corporates: Other

UK CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) - F-IRB - Corporates Other - 31 Mar 2025

a	b	c[1]	d[1]	e	f	g	h
F-IRB							
Exposure class	**PD range**	**Number of obligors in the end of previous year**		**Observed average default rate (%)**	**Exposures weighted average PD (%)**	**Average PD (%)**	**Average historical annual default rate (%)**
			Of which number of obligors which defaulted in the year				
Corporates - Other	0.00 to <0.15	17	–	–	0.11	0.10	0.77
	0.00 to <0.10	13	–	–	0.10	0.09	1.18
	0.10 to <0.15	4	–	–	0.12	0.13	–
	0.15 to <0.25	35	–	–	0.20	0.20	–
	0.25 to <0.50	79	–	–	0.42	0.39	0.70
	0.50 to <0.75	22	–	–	0.62	0.62	–
	0.75 to <2.50	291	6	2.06	1.65	1.66	1.63
	0.75 to <1.75	130	4	3.08	1.12	1.13	1.58
	1.75 to <2.5	161	2	1.24	2.03	2.08	1.99
	2.50 to <10.00	77	4	5.19	3.71	4.06	4.96
	2.5 to <5	63	2	3.17	3.41	3.49	4.58
	5 to <10	14	2	14.29	6.57	6.64	8.26
	10.00 to <100.00	153	11	7.19	21.04	22.90	4.70
	10 to <20	8	–	–	13.40	13.40	0.87
	20 to <30	145	11	7.59	23.43	23.43	4.91
	30.00 to <100.00	–	–	–	–	–	–
	100.00 (Default)	64	–	–	100.00	100.00	–

(1) These columns are based on a rolling 12-month period.

The number of obligors has fallen in this asset class in 2025. Both obligor and default volumes are relatively low in this asset class, so default rates are highly volatile. Mostly, the through the cycle PDs estimates are above the observed default rates and are monotonic across the PD ranges. Note that the number of defaults in this asset class has increased.

UK CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) - F-IRB - Corporates Other - 30 Sep 2023							
	a	b	c	d	e	f	g	h

F-IRB								
	a	b	c	d	e	f	g	h
Exposure class	PD range	Number of obligors in the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
Corporates - Other	0.00 to <0.15	20	–	–	0.10	0.10	2.02
	0.00 to <0.10	16	–	–	0.10	0.09	2.54
	0.10 to <0.15	4	–	–	0.13	0.13	–
	0.15 to <0.25	23	–	–	0.19	0.19	2.35
	0.25 to <0.50	69	–	–	0.39	0.34	1.25
	0.50 to <0.75	14	–	–	0.62	0.62	1.48
	0.75 to <2.50	274	1	0.36	1.58	1.76	1.91
	0.75 to <1.75	100	–	–	1.21	1.08	1.99
	1.75 to <2.5	174	1	0.57	2.06	2.15	1.86
	2.50 to <10.00	54	1	1.85	4.03	4.00	3.97
	2.5 to <5	42	–	–	3.43	3.51	3.33
	5 to <10	12	1	8.33	5.76	5.72	9.74
	10.00 to <100.00	319	9	2.82	18.15	23.36	7.17
	10 to <20	2	–	–	13.40	13.40	6.67
	20 to <30	317	9	2.84	23.43	23.43	8.83
	30.00 to <100.00	–	–	–	–	–	–
	100.00 (Default)	76	–	–	100.00	100.00	–

12.12 UK CR9.1 – IRB approach – back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR)

Not applicable as CRR 180.(1)(f) is N/A for the Group’s reporting

Annex XXIII: Disclosure of specialised lending

13.1 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)

UK CR10 – Specialised lending and equity exposures under the simple risk weighted approach - Specialist lending: IPRE - 31 Mar 2025							
Template UK CR10.2		a	b	c	d	e	f
£m		Specialised lending : Income-producing real estate and high volatility commercial real estate (Slotting approach)					
Regulatory categories	**Remaining maturity**	**On-balance sheet exposure**	**Off-balance sheet exposure**	**Risk weight**	**Exposure value**	**Risk weighted exposure amount**	**Expected loss amount**
Category 1	Less than 2.5 years	**–**	**1**	**50%**	**1**	**–**	**–**
	Equal to or more than 2.5 years	**1**	**11**	**70%**	**10**	**7**	**–**
Category 2	Less than 2.5 years	**346**	**94**	**70%**	**416**	**284**	**2**
	Equal to or more than 2.5 years	**293**	**76**	**90%**	**350**	**294**	**3**
Category 3	Less than 2.5 years	**18**	**1**	**115%**	**19**	**18**	**1**
	Equal to or more than 2.5 years	**12**	**–**	**115%**	**12**	**11**	**–**
Category 4	Less than 2.5 years	**1**	**–**	**250%**	**1**	**1**	**–**
	Equal to or more than 2.5 years	**1**	**–**	**250%**	**1**	**3**	**–**
Category 5	Less than 2.5 years	**8**	**–**	**–**	**8**	**–**	**4**
	Equal to or more than 2.5 years	**1**	**–**	**–**	**1**	**–**	**–**
Total	**Less than 2.5 years**	**373**	**96**		**445**	**303**	**7**
	Equal to or more than 2.5 years	**308**	**87**		**374**	**315**	**3**

UK CR10 – Specialised lending and equity exposures under the simple risk weighted approach - Specialist lending: IPRE - 30 Sep 2023							
Template UK CR10.2		a	b	c	d	e	f
£m		Specialised lending : Income-producing real estate and high volatility commercial real estate (Slotting approach)					
Regulatory categories	Remaining maturity	On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
Category 1	Less than 2.5 years	–	–	50%	–	–	–
	Equal to or more than 2.5 years	4	–	70%	4	2	–
Category 2	Less than 2.5 years	200	1	70%	201	117	1
	Equal to or more than 2.5 years	212	13	90%	221	166	2
Category 3	Less than 2.5 years	64	2	115%	65	62	2
	Equal to or more than 2.5 years	58	–	115%	58	54	2
Category 4	Less than 2.5 years	2	–	250%	2	5	–
	Equal to or more than 2.5 years	2	–	250%	2	4	–
Category 5	Less than 2.5 years	4	–	–	4	–	2
	Equal to or more than 2.5 years	3	–	–	3	–	1
Total	Less than 2.5 years	270	3		272	184	5
	Equal to or more than 2.5 years	279	13		288	226	5

13.2 UK CR10.1 – Specialised lending: Project finance (Slotting approach)

Not applicable, as the Group does not have any related exposures.

13.3 UK CR10.3 – Specialised lending: Object finance (Slotting approach)

Not applicable, as the Group does not have any related exposures.

13.4 UK CR10.4 – Specialised lending: Commodities finance (Slotting approach)

Not applicable, as the Group does not have any related exposures.

13.5 UK CR10.5 – Equity exposures under the simple risk-weighted approach

Not applicable, as the Group does not have any related exposures.

Annex XXV: Disclosure of exposures to counterparty credit risk

14.1 UK CCRA – Qualitative disclosures related to CCR

(a) The methodology used to assign internal capital and credit limits for counterparty credit exposures (Article 439 (a) CRR)

Derivative and repo transactions give rise to credit exposures to counterparties. 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 section describes the Group's approach to managing this risk.

CCR exposures are measured using the standardised approach to counterparty credit risk (SACCR). The Group also calculates a CVA risk charge for external derivative transactions with financial counterparties that is based on the standardised method.

Counterparty credit limits for both centrally cleared and bilateral derivatives are approved and assigned by an appropriately authorised Delegated Commitment Authority (DCA). Limits are based on the credit quality of the counterparty and the appetite for the projected maximum potential future exposure of anticipated derivative transactions. They also reflect the nature of the relevant documentation, including whether the transaction is subject to regular exchange of margin. Credit exposures for each transaction are measured as the current mark-to-market value and the potential credit exposure, which is an estimate of possible future changes in mark-to-market value. Limit excesses are subject to formal approval by a DCA holder.

(b) Policies related to guarantees and other credit risk mitigants (Article 439 (b) CRR)

The Group uses derivatives to reduce exposures arising from market risks, these derivatives may create counterparty credit risk. Derivatives are cleared via a central counterparty (CCP) where possible. Bilateral derivatives are transacted with highly-rated institutions under market standard documentation on a collateralised basis otherwise.

The risk that counterparties could default is mitigated by offsetting the amounts due to the same counterparties (i.e. netting) and by cash collateral deposited by counterparties (i.e. collateralisation). Collateralisation reduces the credit exposure recorded against market transactions. Counterparty credit exposures may be collateralised by an approved list of eligible collateral via market-standard master agreements (such as Credit Support Annexes to International Swaps and Derivatives Association Master Agreements and Global Master Repurchase Agreements). CCR policy governs types of acceptable collateral and the collateral which may be subject to haircuts depending on asset type. Systems support daily marking-to-market of net exposures and margin requirements, marking-to-market of collateral value and reconciliation of collateral receipt and holdings against collateral due.

(c) Policies with respect to Wrong-Way risk (Article 439 (c) CRR)

Wrong-way risk occurs when exposure to a counterparty increases when the credit quality of that counterparty deteriorates. This could happen, for example, where CCR is mitigated through the use of collateral issued by the counterparty. Our high-quality collateral requirements within market-standard documentation mitigate this risk. Consequently, wrong-way risk is not considered to be a material risk to the Group.

(d) Any other risk management objectives and relevant policies related to CCR Article 431 (3) and (4)

The Group provides derivative products to its customers in order to manage their interest rate, currency and commodity risk. In turn, the Group hedges this risk with other financial counterparties. The Group also utilises interest rate and foreign currency derivatives to hedge risks that organically arise from its day-to-day lending and deposit-taking banking activities. Additionally, the Group enters into sale and repurchase agreements (repo) with financial counterparties for the purpose of liquidity risk management and funding. Maintaining repo capability with a number of counterparties is a well-established part of liquidity management, demonstrating that the Group could, if required, generate cash from its holdings of HQLA.

Derivative transactions and Securities Financing Transactions (SFTs) such as repos are part of normal Treasury operations. They are accompanied by market-standard legal agreements and collateralisation provisions that provide mitigation against CCR. Moreover, the credit-standing of the counterparties, as well as the potential fluctuation in the value of the assets involved, are carefully considered and evaluated prior to the Group entering into derivative contracts.

(e) The amount of collateral the Group would have to provide if its credit rating was downgraded (Article 439 (d) CRR)

The Group calculates, as part of its regular liquidity reporting, the amount of any additional collateral that would have to be posted in the event of a downgrade in its external rating.

The LCR is based on a combined 30-day stress scenario, which features a 3-notch rating downgrade. In the event of a 3-notch rating downgrade, the Group would be required to post an additional £873m of collateral, as at 31 March 2025 under LCR rules. As this is captured for LCR, liquidity is held in full against this risk.

For transactions that would be affected by a downgrade clause, planning for, and the impact of, the event for the Group is managed by the Group's Treasury division.

14.2 UK CCR1 – Analysis of CCR exposure by approach

UK CCR1 – Analysis of CCR exposure by approach - 31 Mar 2025

		a	b	c	d	e	f	g	h
£m		**Replacement cost (RC)**	**Potential future exposure (PFE)**	**EEPE**	**Alpha used for computing regulatory exposure value**	**Exposure value pre-CRM**	**Exposure value post-CRM**	**Exposure value**	**RWEA**
UK1	Original Exposure Method (for derivatives)	**–**	**–**		**–**	**–**	**–**	**–**	**–**
UK2	Simplified SA-CCR (for derivatives)	**–**	**–**		**–**	**–**	**–**	**–**	**–**
1	SA-CCR (for derivatives)	**96**	**75**		**1.4**	**229**	**240**	**240**	**104**
2	IMM (for derivatives and SFTs)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
4	Financial collateral comprehensive method (for SFTs)					**2,154**	**737**	**737**	**3**
5	VaR for SFTs					**–**	**–**	**–**	**–**
6	**Total**					**2,383**	**977**	**977**	**107**

UK CCR1 – Analysis of CCR exposure by approach - 30 Sep 2023

		a	b	c	d	e	f	g	h
£m		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
UK1	Original Exposure Method (for derivatives)	–	–		–	–	–	–	–
UK2	Simplified SA-CCR (for derivatives)	–	–		–	–	–	–	–
1	SA-CCR (for derivatives)	272	77		1.4	448	425	425	128
2	IMM (for derivatives and SFTs)	–	–	–	–	–	–	–	–
4	Financial collateral comprehensive method (for SFTs)					12,633	5,295	5,295	13
5	VaR for SFTs					–	–	–	–
6	Total					13,081	5,720	5,720	141

14.3 UK CCR2 – Transactions subject to own funds requirements for CVA risk

UK CCR2 – Transactions subject to own funds requirements for CVA risk

		a	b	a	b
		31 March 2025		30 September 2023	
£m		**Exposure value**	**RWEA**	Exposure value	RWEA
1	Total transactions subject to the Advanced method	**–**	**–**	–	–
2	(i) VaR component (including the 3× multiplier)		**–**		–
3	(ii) stressed VaR component (including the 3× multiplier)		**–**		–
4	Transactions subject to the Standardised method	**194**	**76**	388	278
UK4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	**–**	**–**	–	–
5	**Total transactions subject to own funds requirements for CVA risk**	**194**	**76**	388	278

14.4 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.

UK CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights - 31 Mar 2025

		a	b	c	d	e	f	g	h	i	j	k	l
		Risk weight											
£m	**Exposure classes**	**0%**	**2%**	**4%**	**10%**	**20%**	**50%**	**70%**	**75%**	**100%**	**150%**	**Others**	**Total exposure value**
1	Central governments or central banks	**730**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**730**
6	Institutions	**–**	**225**	**–**	**–**	**130**	**71**	**–**	**–**	**–**	**–**	**–**	**426**
7	Corporates	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**46**	**–**	**–**	**46**
11	**Total exposure value**	**730**	**225**	**–**	**–**	**130**	**71**	**–**	**–**	**46**	**–**	**–**	**1,202**

UK CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights - 30 Sep 2023

		a	b	c	d	e	f	g	h	i	j	k	l
		Risk weight											
£m	Exposure classes	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central banks	5,241	–	–	–	–	–	–	–	–	–	–	5,241
6	Institutions	–	273	–	–	396	43	–	–	4	–	–	716
7	Corporates	–	–	–	–	–	–	–	–	36	–	–	36
11	Total exposure value	5,241	273	–	–	396	43	–	–	40	–	–	5,993

14.5 UK CCR4 – IRB approach – CCR exposures by exposure class and PD scale

Not applicable, as CCR uses the standardised approach.

14.6 UK CCR5 – Composition of collateral for CCR

Not applicable, as per PS 17/21, the PRA proposed limiting the application of the disclosure to firms for which total collateral posted and total collateral received, in the form of debt securities, respectively both exceed £125 billion.

14.7 UK CCR6 – Credit derivatives exposures

Template not disclosed as the Group does not use credit derivatives used to mitigate credit risk.

14.8 UK CCR7 – RWEA flow statements of CCR exposures under the IMM

Not applicable, as no IMM for CCR exposures.

14.9 UK CCR8 – Exposures to CCPs

UK CCR8 – Exposures to CCPs

		a	b	a	b
		31 March 2025		30 September 2023	
£m		**Exposure value**	**RWEA**	Exposure value	RWEA
1	**Exposures to QCCPs (total)**		**5**		5
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	**225**	**5**	273	5
3	(i) OTC derivatives	**225**	**5**	273	5
7	Segregated initial margin	**587**		599	
11	**Exposures to non-QCCPs (total)**		**–**		–

Annex XXVII: Disclosure of exposures to securitisation positions

15.1 UK SECA – Qualitative disclosure requirements related to securitisation exposures

(a) Description of securitisation and re-securitisation activities (Article 449(a) CRR)

Originator/sponsor

The Group has established two Residential Mortgage Backed Security (RMBS) securitisation programmes (Lanark and Lannraig) which provide the Group with term funding via public debt capital markets and contingent liquidity. The master trust structures (Lanark and Lannraig) each have a series of notes supported by a pool of securitised mortgage assets that can be replenished, subject to the eligibility criteria. The senior, Class A, notes issued by the Lanark Master Trust programme meet the UK's simple, transparent and standardised (STS) criteria and are notified as STS-compliant with the FCA.

The Group has not sought to use RMBS programmes for risk transfer or regulatory capital relief purposes, as significant risk transfer is not achieved. Although the securitised mortgages have been legally sold, they do not meet the de-recognition criteria for accounting purposes and thus the Group continues to recognise the mortgages on the balance sheet. The Group substantially retains the risks and rewards associated with the mortgage assets through the receipt of profits or losses on those mortgage assets.

The Group does not have any synthetic securitisations outstanding or any re-securitisations.

As Investor

The Group does not currently hold any investments in securitisations originated by third parties.

(b) The type of risk the Group is exposed to in its securitisation and re-securitisation activities (Article 449(b) CRR)

(i) risk retained in own-originated transactions

The Group's RMBS securitisation programmes facilitate the issuance of multiple series of notes which can have differently rated tranches, tenors and repayment features tailored specifically to investor preferences. The master trust structures issue Class A notes and unrated Class Z notes.

The majority of Class A notes are held externally (£1,285m of £3,425m at 31 March 2025 are held internally). All Class Z notes are retained by the Group (£638m at 31 March 2025). Of the Class A notes in issue, £2,575m are STS compliant as at 31 March 2025.

Credit enhancement for the RMBS structures is provided by subordinated Class Z notes, specific reserves and excess spread. Class A notes may be retained by the Group to provide collateral for contingent liquidity purposes.

The Group is under no obligation to support any losses incurred by the securitisation programmes or noteholders.

ii) risk incurred in relation to transactions originated by third parties

The Group does not currently hold any investments in securitisations originated by third parties.

(c) The Group's approaches to calculating the risk-weighted exposure amounts (Article 449(c) CRR)

Per CRR Article 247 paragraph 2, where the originator institution has not transferred significant credit risk, it shall not be required to calculate risk-weighted exposure amounts. Given that no significant risk transfer has been achieved, this part is therefore not applicable.

(d) A list of SSPEs falling into any of the following categories, with a description of their types of exposures to those SSPEs (Article 449(d) CRR), including derivatives contracts:

(i) SSPEs which acquire exposures originated by the Group;

- Lanark Trustees Limited
- Lannraig Trustees Limited

(ii) SSPEs sponsored by the Group;

- Lanark Master Issuer PLC
- Lannraig Master Issuer PLC

iii) SSPEs and other legal entities for which the Group provides securitisation-related services, such as advisory, asset servicing or management services;

- Lanark Master Issuer PLC
- Lanark Funding Limited
- Lanark Trustees Limited
- Lanark Holdings Limited
- Lannraig Master Issuer PLC
- Lannraig Funding Limited
- Lannraig Trustees Limited
- Lannraig Holdings Limited

(iv) SSPEs included in the Group's regulatory scope of consolidation

Details of the SSPE's included in the regulatory scope of consolidation are included in UK LI3 on page 29.

(e) A list of any legal entities in relation to which the Group has provided support in accordance with Chapter 5 of Title II of Part Three CRR (Article 449(e) CRR)

Per CRR Article 247 paragraph 2, where the originator institution has not transferred significant credit risk, it shall not be required to calculate risk-weighted exposure amounts. Given that no significant risk transfer has been achieved, this part is therefore not applicable.

(f) A list of legal entities affiliated with Virgin Money UK PLC that invest in securitisations originated by the Group (Article 449(f) CRR)

- Clydesdale Bank PLC.

g) The accounting policies for securitisation activity (Article 449(g) CRR)

As Originator/Sponsor

The CB Group has sold mortgages to the securitisation vehicles. However, these mortgages continue to be recognised on the Group's balance sheet. The mortgages do not qualify for derecognition because the Group remains exposed to the risks and rewards of ownership on an ongoing basis. It is exposed primarily to the credit risk, liquidity risk and interest rate risk of the mortgages. The Group is also exposed to the residual rewards of the mortgages as a result of its ability to benefit from the future performances of the mortgages through the receipt of deferred consideration.

The externally held Class A Notes are initially recognised at fair value, being the issue proceeds net of transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method. To avoid grossing up the balance sheet, the retained Class A and Z notes, and the equivalent deemed loan, together with the related income, expenditure and cash flows, are not recognised in the Group's 2025 Annual Report and Accounts.

As Investor

The Group does not currently hold any investments in securitisations originated by third parties.

(h) The names of the ECAIs used for securitisations and the types of exposure for which each agency is used (Article 449(h) CRR)

All Class A notes from the Groups securitisation programmes are rated by Moody's and Fitch as Aaa/AAA respectively.

(i) Where applicable, a description of the Internal Assessment Approach (Article 449(i) CRR)

Per CRR Article 247 paragraph 2, where the originator institution has not transferred significant credit risk, it shall not be required to calculate risk-weighted exposure amounts. Given that no significant risk transfer has been achieved, this part is therefore not applicable.

15.2 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.

UK-SEC1 - Securitisation exposures in the non-trading book - 31 Mar 2025

		a	b	c	d	e	f	g
		Institution acts as originator[1]						
		Traditional[2]				**Synthetic**		**Sub-total**
		STS		Non-STS				
£m			of which SRT		of which SRT		of which SRT	
1	**Total exposures**	**435**	**–**	**1,488**	**–**	**–**	**–**	**1,923**
2	Retail (total)	**435**	**–**	**1,488**	**–**	**–**	**–**	**1,923**
3	residential mortgage	**435**	**–**	**1,488**	**–**	**–**	**–**	**1,923**

UK-SEC1 - Securitisation exposures in the non-trading book - 30 Sep 2023

		a	b	c	d	e	f	g
		Institution acts as originator[1]						
		Traditional[2]				Synthetic		Sub-total
		STS		Non-STS				
£m			of which SRT		of which SRT		of which SRT	
1	Total exposures	626	–	1,702	–	–	–	2,328
2	Retail (total)	626	–	1,702	–	–	–	2,328
3	residential mortgage	626	–	1,702	–	–	–	2,328

(1) All information is as at 31 March 2025, please note the Group interprets “institution acts as originator” under Securitisation exposure in the non trading book as bonds which are issued by either Lanark or Lannraig and are retained by the bank.
(2) All retained AAA-rated Lanark bonds are STS all other bonds are Non-STS.

15.3 UK SEC2 – Securitisation in the trading book

Not applicable, as the Group does not have a trading book.

15.4 UK SEC3 – Securitisation in the non-trading book and associated regulatory capital requirements – institution acting as originator or as sponsor

Not applicable, as no capital requirements or RWAs are held for securitisation positions, given there is no significant risk transfer.

15.5 UK SEC4 – Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as investor

Not applicable, as the Group does not invest in RMBS.

15.6 UK SEC5 – Exposures securitised by the institution: Exposures in default and specific credit risk adjustments

UK-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments - 31 Mar 2025

		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
£m			Of which exposures in default	
1	**Total exposures**	**6,371**	**52**	**–**
2	Retail (total)	**6,371**	**52**	**–**
3	residential mortgage	**6,371**	**52**	**–**

UK-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments - 30 Sep 2023

		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
£m			Of which exposures in default	
1	Total exposures	5,363	45	–
2	Retail (total)	5,363	45	–
3	residential mortgage	5,363	45	–

Annex XXIX: Disclosure of use of standardised approach and internal model for market risk

16.1 UK MRA – Qualitative disclosure requirements related to market risk

(a) A description of the Group's strategies and processes to manage market risk (Points (a) and (d) of Article 435 (1) CRR), including:

An explanation of management's strategic objectives in undertaking trading activities, as well as the processes implemented to identify, measure, monitor and control the Group's market risks

The Group has no appetite for traded market risk and does not have a trading book. The Group's market risk exposures comes in the form of interest rate risk associated with loans and deposits, changes in market values of securities held for liquidity risk management purposes (HQLA) and de minimis foreign exchange risk.

Market risk is a subcategory of financial risk which comprises a principal risk in the Group's ERMF. Market risk is managed in accordance with the financial risk policy and supporting policy standards and limit structures. The Group utilises an array of measures for market risk management, including Net Interest Income (NII) and Economic Value sensitivity analysis, VaR and scenario analysis under various stresses and balance sheet configurations. Robust governance controls and daily monitoring, including internal and external reporting and monthly reporting to ALCO, ensures adherence to the framework and limits.

A description of their policies for hedging and mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges

Market risk is the risk of loss associated with adverse changes in the value of assets and liabilities held by the Group as a result of movements in market factors such as foreign exchange risk, interest rates (duration risk), customer behaviour (optionality risk), and the movement in rate spreads across types of assets or liabilities (basis risk and credit spread risk). The Group's balance sheet is predominantly UK-based and is denominated in GBP. Any non-GBP denominated funding issuances and any foreign currency securities purchased are cross-currency swapped to sterling, for the term of the instrument. Any residual foreign exchange position is not a material risk for the Group.

Market risk is transferred to the Group's Treasury. In turn, Treasury uses a number of techniques and products to manage market risks, including interest rate swaps, cash flow netting and foreign exchange contracts. Basis risk may be managed through a combination of wholesale market basis risk management products, pricing strategies and product innovation.

Exposures

The Group's principal exposure comes from structural interest rate risk. It comprises the sensitivity of the Group's current and future NII and economic value to movements in market interest rates. The major contributors to interest rate risk are:

- the mismatch, or duration gap, between repricing dates of interest-bearing assets and liabilities;
- basis risk, or assets and liabilities repricing to different reference rates, for example, customer asset and liability products repricing against BoE Bank Rate (BBR) and Sterling Overnight Index Average (SONIA); and
- customer optionality, e.g. the right to repay borrowing in advance of contractual maturity dates.

The focus of the Group's activity is to provide high-quality banking services to its customers. These services include the provision of foreign exchange and interest rate derivative products to enable customers to manage risks within their businesses. As a subsidiary of Nationwide, the Group is subject to The Building Societies Act and certain restrictions on the provision of derivative products to customers. Due to these activities, the Group may be exposed to forms of market risk that would arise from movements in the price on these products. These risks are monitored daily and are not a material component of the Group's risk profile. Controls and mitigation include the hedging of these products and the use of natural offsets, in line with pertinent policies.

The Group uses derivative financial instruments to manage its interest rate and foreign currency risk within approved limits and not for speculative purposes. The Group elects to apply hedge accounting for the majority of its risk management activity that uses derivatives. Certain derivatives are designated as either fair value hedge or cash flow hedge:

Fair value hedges – the Group hedges part of its existing interest rate risk, resulting from potential movements in the fair value of fixed rate assets and liabilities. The fair value of these swaps is disclosed within note 3.1.3.1 to the Group's 2025 Annual Report and Accounts. There were no transactions for which fair value hedge accounting had to be discontinued in the period.

Cash flow hedges – the Group hedges a portion of the variability in future cash flows attributable to interest rate risk. The interest risk arises from variable interest rate assets and liabilities which are hedged using interest rate swaps. There were no transactions for which cash flow hedge accounting had to be discontinued in the period as a result of the highly probable cash flows no longer being expected to occur. The fair value of derivatives is disclosed within note 3.1.3.1 to the Group's 2025 Annual Report and Accounts.

Monitoring

Parameters and assumptions of models that are used in market risk monitoring are reviewed and updated on at least an annual basis. Material changes require the approval of ALCO. Hedging effectiveness is measured monthly.

(b) A description of the structure and organisation of the market risk management function (Point (b) of Article 435 (1) CRR)

The Board is responsible for setting market risk appetite. Market risks are overseen by ALCO within defined risk appetite, with delegation for day-to-day management given to Treasury. Further information on ALCO's remit is available in section 3.1(b).

2nd Line monitoring and management of market risk is conducted by the Group's Financial Risk team which is independent of the Treasury function.

(c) Scope and nature of risk reporting and measurement systems (Point (c) of Article 435 (1) CRR)

The Group has a low tolerance for market risk, given the lack or trading activity. Market risk principally arises through Interest Rate Risk in the Banking Book (IRRBB), small foreign exchange exposure and the management of assets to support our liquidity requirements, including Credit Spread Risk in the Banking Book (CSRBB).

IRRBB is measured, monitored, and managed from both an internal management and a regulatory perspective. The ERMF incorporates both market valuation and earnings-based approaches. In accordance with the Group IRRBB policy standard, risk measurement techniques include: basis point sensitivity, NII sensitivity, VaR, economic value of equity (EVE), and scenario analysis.

Market risk is also fully embedded within the Group's ICAAP and Concurrent Stress Test process. While the Group does not have a Pillar 1 capital requirement for market risk, IRRBB forms part of the Group's Pillar 2A requirements.

Further detail on the Group's management of IRRBB is shown in section 20.1 IRRBBA and in the financial risk section of the Risk report of the Group's 2025 Annual Report and Accounts.

16.2 UK MR1 – Market risk under the standardised approach

The Group does not meet the 2% threshold set out in Article 351 of the UK CRR, therefore the template has not been disclosed.

16.3 UK MRB – Qualitative disclosure requirements for institutions using the internal Market Risk Models

Not applicable, as the Group does not have an internal model approach for market risk.

16.4 UK MR2-A – Market risk under the Internal Model Approach (IMA)

Not applicable, as the Group does not have an internal model approach for market risk.

16.5 UK MR2-B – RWA flow statements of market risk exposure under the IMA

Not applicable, as the Group does not have an internal model approach for market risk.

16.6 UK MR3 – IMA values for trading portfolios

Not applicable, as the Group does not have an internal model approach for market risk.

16.7 UK MR4 – Comparison of VaR estimates with gains/losses

Not applicable, as the Group does not have an internal model approach for market risk.

Annex XXXII: Disclosure of operational risk

17.1 UK ORA – Qualitative information on operational risk

(a) Disclosure of the risk management objectives and policies (Points (a), (b), (c) and (d) of Article 435(1) CRR)

Strategies and processes

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and is classified as one of the Group's principal risk categories. Operational risk aims to support the bank's strategic objectives by ensuring that operations and processes drive resilience and good customer outcomes.

Operational risk is a core component of the ERMF and is embedded in day-to-day business activities focused on enabling operational efficiencies. Requirements and responsibilities are set out in the ERMF and supporting operational risk standard that seeks to identify, assess, mitigate, monitor, and report the operational risks, events and issues that could impact the achievement of business objectives or impact core business processes. The Group manages Operational risk across a number of categories which includes change risk, third party risk, cyber and information security risk, physical and personal security risk, IT resilience risk, inadequate or failed process design and execution, data management risk, and people risk.

The Group's exposure to Operational risk is impacted through the need to engage with innovative, dynamic third parties; deliver new products and services; and make effective use of reliable data in a changing external environment, to deliver on the Group's strategic objectives. Alongside ongoing risk and control monitoring, operational and resilience risk oversight is focused on key areas, such as Change risk and Third-party risk. More information regarding Operational risk is included in section 3.1(a) and the Operational risk section on pages 73 to 75 of the Group's 2025 Annual Report and Accounts.

Structure and organisation of risk management function for operational risk

Effective operation of a three lines of defence model is integral to the Group's approach to risk management and is based on the overriding principle that risk capability must be embedded within the first line of defence teams to be effective. Business units are responsible for the day-to-day management of operational and resilience risk, with oversight from the Risk function, and independent assurance activities undertaken by Internal Audit.

The Non-Financial Risk Committee provides oversight of the Group's risks, risk appetite, policy compliance and ERMF and supports the Executive Risk Committee.

Further details regarding the Risk governance structure are provided in section 3.1(b).

Risk measurements and control

Measurement

Material operational risk events are identified, reviewed and escalated in line with criteria set out in the ERMF. Root cause analysis is undertaken, and action plans are implemented.

Losses may result from both internal and external events and are categorised using risk categories aligned to Basel II. The Basel II categories are used to ensure that data can be reported externally and compared with other industry data. Due to the nature of risk events, losses and recoveries can take time to crystallise and therefore may be restated for prior or subsequent financial years.

Monitoring

The Group has identified, assessed and monitored all key operational and resilience risks across the noted Basel II categories, including undertaking an assessment of control effectiveness, monitoring trends in key risk indicators and escalating events, in accordance with requirements. The Risk function performs oversight of the Group's business planning process, including analysis of industry trends or forward-looking threats that could lead to material impact on our ability to deliver on the strategic objectives or result in a significant impact on assessment of operational risk capital. It also performs ongoing oversight of the Group's management of operational risk, including risk and control assessment, issues and risk events.

Stress testing

The Group develops and maintains a suite of operational risk scenarios using internal and external data. These scenarios provide insights into the stresses the business could be subject to given extreme circumstances. Scenarios cover all material operational risks including execution of change, failures in core processes or execution risk from a third party.

Scenarios are owned by senior management custodians with review and challenge provided by the Risk function, Executive Risk Committee and the Board Risk Committee, as part of the ICAAP process. Management actions are agreed and monitored and linked with business resilience and continuity testing where appropriate.

Operational Risk Reporting

Standardised operational risk reporting processes are in place, with formal monthly reporting through the Non-Financial Risk Committee, the Executive Risk Committee and the Board Risk Committee. A suite of risk appetite metrics representing various aspects of operational risk are established, providing visibility across the risk classes for management to make optimal decisions to deliver our strategy and goals.

Policies for hedging and mitigating

The Group is prepared to tolerate a level of operational risk exposure within agreed thresholds and limits. A level of resilience risk from internal and external events is tolerated, however, immediate steps are taken to minimise customer disruption through recovery within defined timelines.

The management of Operational Risk is made more effective by:

- The Group has an established operational risk framework to identify, manage and mitigate operational risks.
- An Operational Resilience framework exists which includes regular testing and enhancements to remain within agreed Important Business Service impact tolerances.
- A change management framework is in place to govern the execution and safe delivery of business change.
- Management of Third-Party Risk continues to evolve, particularly given supplier relationships are central to the Group’s strategy.
- Internal and external loss events are categorised using Basel II categories for consistent assessment, monitoring and reporting of risks and events, including themes and remediation action required to prevent reoccurrence.
- A framework is in place to ensure risks from individual changes are managed effectively, in line with the Group’s risk appetite, with appropriate second-line oversight.

Risk and control self-assessments (RCSA) are used across all business areas to support the identification, management and mitigation of material operational risks. Risks and controls are mapped to a risk taxonomy which is defined within the ERMF, with regular assessments to ensure controls remain fit for purpose performed and testing carried out at an appropriate frequency over control design and operational effectiveness.

(b) Disclosure of the approaches for the assessment of minimum own funds requirements (Article 446 CRR)

The standardised approach is used to calculate Pillar 1 operational risk. This is calculated as average total revenue over the last three years multiplied by a prescribed regulatory risk factor. The Group recognises the limitations of the standardised approach and applies a more granular, firm specific assessment as part of Pillar 2.

The majority of losses relate to two Basel categories: ‘External fraud’ and ‘Execution, delivery and process management’. The volume of external fraud losses accounted for over 94% of the total. This category’s higher volume of low-value events is in line with the industry and relates mainly to card and online fraud. ‘Execution, delivery and process management’ losses arise from the daily volume of transactions and customer interactions.

The operational risk own funds requirement is approved by the Board Risk Committee annually.

(c) Description of the AMA methodology approach used (if applicable) (Article 446 CRR) and (d) disclosure of the use of insurance for risk mitigation in the AMA (Article 454 CRR)

Not applicable as we do not apply the Advanced Measurement Approach (AMA).

17.2 UK OR1 – Operational risk own funds requirements and risk-weighted exposure amounts

UK OR1 - Operational risk own funds requirements and risk-weighted exposure amounts - 31 Mar 2025						
		a	b	c	d	e
		Relevant indicator			**Own funds requirements**	**Risk weighted exposure amount**
£m	**Banking activities**	Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)	**–**	**–**	**–**	**–**	**–**
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	**1,847**	**1,936**	**1,869**	**249**	**3,117**
3	*Subject to TSA:*	**1,847**	**1,936**	**1,869**		
4	*Subject to ASA:*	**–**	**–**	**–**		
5	Banking activities subject to advanced measurement approaches AMA	**–**	**–**	**–**	**–**	**–**

UK OR1 - Operational risk own funds requirements and risk-weighted exposure amounts - 30 Sep 2023						
		a	b	c	d	e
		Relevant indicator			Own funds requirements	Risk weighted exposure amount
£m	Banking activities	Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)	–	–	–	–	–
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	1,561	1,759	1,873	227	2,833
3	*Subject to TSA:*	1,561	1,759	1,873		
4	*Subject to ASA:*	–	–	–		
5	Banking activities subject to advanced measurement approaches AMA	–	–	–	–	–

Annex XXXIII: Disclosure of remuneration policy

18.1 UK REMA – Remuneration policy

(a) Information relating to the bodies that oversee remuneration. Disclosures shall include:

(i) Name, composition and mandate of the main body overseeing the remuneration policy and the number of meetings held during the financial year.

The Group has a clear governance structure with the Group Remuneration Committee (the Committee) responsible for:

- determining and recommending to the Board a Group Remuneration Policy that is aligned to the Group's strategic risk appetite, culture, values and long-term interests and that provides a structured and balanced remuneration package for all colleagues, including all Executive Directors.
- implementing the remuneration arrangements for Material Risk Takers, while having oversight of remuneration issues, and regard for remuneration scales and structure, across the Group. The Committee meets at least four times a year and at such other times as the Committee Chair or any member of the Committee may request. During the reporting period the Committee held eleven scheduled meetings and five additional meetings.

The Committee's Charter is updated regularly and is available on the Group website.

Following the completion of the acquisition by Nationwide, the remuneration governance arrangements include additional oversight of key decisions from the Nationwide Remuneration Committee in line with agreed principles.

(ii) External consultants whose advice has been sought, the body by which they were commissioned, and in which areas of the remuneration framework

During the year, the Committee took external advice from Deloitte LLP. Deloitte are members of the Remuneration Consultants Group and comply with the professional body's code of conduct. This supports the Committee's view that the advice received was objective and independent. The Committee's appointed remuneration consultants provide advice on a wide range of areas in relation to the remuneration framework, including in relation to the Group's variable pay arrangements, key considerations in relation to the approach to remuneration for the Group's colleagues including executive directors, and compliance with the UK Remuneration Code.

(iii) A description of the scope of the Group's remuneration policy, including the extent to which it is applicable to subsidiaries and branches located in third countries

The Group's remuneration strategy and policy applies to all Group colleagues. The Committee is responsible for having oversight for remuneration scales and structure across the Group. The Group does not have any branches or subsidiaries located outside of the UK.

(iv) A description of the staff or categories of staff whose professional activities have a material impact on Group's risk profile

The Group identifies 'Material Risk Takers' in accordance with the FCA Remuneration Code (SYSC 19D) for Dual regulated firms and PRA Remuneration Rulebook. Material Risk Takers identified are deemed to have, or potentially have, a material impact on the risk profile of the Group or a significant entity within the Group. On an annual basis all Group colleagues, including Material Risk Takers, are required to attest to their accountabilities on risk management.

The Group has an established process for assessing how the criteria for Material Risk Takers applies to individuals across the Group.

The following groups have been identified as meeting the criteria:

- Senior Management, Executive Directors;
- Non-Executive Directors; and
- other colleagues whose activities could have an impact on the Group's risk profile, including those that are highly remunerated.

The overall Material Risk Taker population for the consecutive reporting periods totalled 122 for 2024 and 132 for 2025. The remuneration for these colleagues is governed under the Remuneration Policy for all colleagues and overseen by the Committee. This is independently reviewed by the Second Line Risk Management Team.

(b) Information relating to the design and structure of the remuneration system for identified staff. Disclosures shall include:

(i) An overview of the key features and objectives of remuneration policy

The Group's approach to remuneration is designed to support the delivery of the long-term corporate strategy in a manner that is compliant with the PRA's Remuneration Code (the Code). The Group's remuneration philosophy is based on principles which are applicable to all employees within the Group; in particular that the remuneration framework should support the delivery of the Group's wider strategic goals by motivating colleagues to contribute towards the long-term success of the business. The Group ensures its approach to remuneration, and in particular variable pay, is aligned with clear risk principles which promote effective risk management and aim to drive sustainable growth, with absolutely no reward for inappropriate risk taking.

The Group regularly reviews its approach to senior remuneration to ensure the overall package is fair, competitive and supportive of the Group's strategy. The Group ensures it remains competitive in the financial services market through regular market reviews. There were no material changes to the key features of the Group's remuneration policy during the reporting period following the acquisition by Nationwide. The acquisition did however impact outstanding variable pay awards as detailed in the Co-operation Agreement, available here: https://www.virginmoneyukplc.com/downloads/pdf/co-operation-agreement.pdf.

Remuneration is delivered in a proportion of fixed and variable components.

The variable elements are subject to appropriate limits (capped at 2:1 variable to fixed ratio) as previously approved by shareholders. Variable pay awards for senior colleagues and Material Risk Takers are subject to deferral in line with the Remuneration Code to promote longer-term risk awareness.

As a result of the acquisition by Nationwide and alignment of financial years, the Group operated two distinct performance periods during the reporting period with performance assessed across each.

Base salary

All Material Risk Takers receive salaries (except for Non-Executive Directors who receive fees), determined to reflect the role of the individual, taking account of responsibilities and experience. Base salaries are paid monthly and reviewed annually, taking into account market information. Any annual increases are approved by the Group Remuneration Committee.

Pension

All colleagues are entitled to participate in the Group's defined contribution pension scheme and have the option to receive up to 13% of salary pension contributions.

Benefits

All colleagues are eligible to participate in the Group's flexible benefits scheme which offers colleagues a range of benefits designed to support their financial goals, lifestyle and well-being. Benefits include private medical insurance, health assessments, life assurance and 30 days' holiday.

Annual Bonus and Deferred Bonus Awards

All Material Risk Takers (excluding Non-Executive Directors and third-party consultants) are eligible to be considered for an annual bonus. Annual bonuses are discretionary and are based on Group performance within the performance period. A personal performance element is also incorporated for senior colleagues including Executive Directors and the Executive Committee. The determination of measures and their weighting are normally set annually and aligned to delivery of the Group's strategy. Awards are determined by the Remuneration Committee at the end of the performance period.

In line with regulatory requirements a proportion of any bonus may be deferred. The mechanism for making the bonus deferral was the VMUK Deferred Equity Plan (until the Change of Control as a result of the Nationwide acquisition). The mechanism for bonus deferrals is now the Annual Performance Pay Deferral plan. Deferral levels are set at the time of award and in line with regulatory requirements (see below) taking account of total variable remuneration awarded for the financial year.

Long-term incentives

The Group's previous Long Term Incentive Plan (LTIP) and current Long-Term Performance Pay (LTPP) plan, awarded to certain Senior Management colleagues (including Executive Committee members), is designed to align colleagues with the long-term interests of the Group and reward delivery of the Group's strategy and growth.

Performance conditions are normally tested over a period of three financial years and, subject to the achievement of performance conditions, awards will vest according to timetables designed to comply with regulatory requirements and, where applicable, a regulatory holding period may apply. The performance conditions will be aligned to the Group's long-term strategy.

The Committee is responsible for determining and agreeing with the Board the remuneration strategy and the broad policy on remuneration for all Material Risk Takers. This includes approving the design of, and determining the performance targets for, any discretionary incentives plans operated by the Group for the benefit of these employees. The Committee also approves the outcomes of any performance pay plan and reviews the year-end pay outcomes for all these colleagues. The Committee is supported by the Board Risk Committee on risk-related matters including performance pay plan design, the assessment of specific performance measures, and wider issues relating to risk and controls. The Committee is also supported by and receives input from the Board Audit Committee as well as management, while ensuring that conflicts of interests are suitably mitigated, and by the Committee's independent external consultants.

Further details in relation to the roles of the relevant stakeholders in the decision-making process used for determining the remuneration policy can be found throughout these disclosures, and the Committee's Charter is available at: www.virginmoneyukplc.com/about-us/corporate-governance.

(ii) Information on the criteria used for performance measurement and ex ante and ex post risk adjustment

Annual and long-term incentives are designed to drive behaviours consistent with the Group's Purpose, Values and Strategy. Performance metrics include financial and non-financial metrics aligned with the delivery of the Group's strategy and linked to its Purpose and Values.

Risk and conduct considerations are taken into account as part of the decision-making process for variable pay awards.

Variable pay awards are governed by a robust risk assessment framework and governance pathway. Both clawback and malus provisions can be applied by the Committee both during and after any relevant performance period to adjust (including to nil) any variable pay awarded, paid or deferred.

The Committee has discretion to apply ex ante and ex post risk adjustment, taking into account any risk events during the year from a conduct, reputational, financial or operational perspective. In reaching its determination of an appropriate level of risk adjustment, the Committee considers a range of factors, including evidence from the Reward Risk Adjustment Committee and Board Risk Committee. This includes an assessment of both current and future risk issues provided by the Board Risk Committee, supported by the Risk Management and Compliance functions and, for all Material Risk Takers, any conduct issues on an individual basis. The Committee has discretion to reduce performance pay in relation to risk-related or individual conduct related matters. For senior leaders, including all Material Risk Takers, variable pay is subject to malus (i.e. reduction and/or cancellation of unvested awards) and clawback (i.e. repayment or recoupment of paid/vested awards).

Malus may be applied where:

- there is evidence of colleague misbehaviour, misconduct, material error;
- where a colleague participated in conduct which resulted in losses for the Group or they failed to meet appropriate standards;
- any material failure of risk management at a Group, business area, division or business unit level; if the financial results at a Group, division or business unit level are restated;
- if the financial results for a given year do not support the level of variable remuneration awarded; or
- any other circumstances where the Committee consider adjustments should be made. The Committee is supported in this by the Risk Committee and the Group Risk function.

Clawback may be applicable where there is reasonable evidence of colleague misbehaviour or material error, or there is material failure of risk management at a Group, business area or business unit level.

(iii) Whether the management body reviewed the Group's remuneration policy during the past year, and an overview of any changes that were made

The Group's remuneration policy is reviewed annually. Accordingly, a review has been undertaken during the reporting period, although no material changes have been made.

During the period, the Remuneration Committee reviewed the Group's variable pay plans, including how these effectively link remuneration outcomes to the achievement of the Group's longer-term objectives. In addition, it considers the Group's approach to Material Risk Taker identification to ensure ongoing compliance with regulatory requirements in this area.

The Remuneration Committee also reviewed the impact of the Nationwide acquisition on the Group's variable pay plans, with treatment determined as detailed Cooperation Agreement, available here: https://www.virginmoneyukplc.com/downloads/pdf/co-operation-agreement.pdf

(iv) Information of how the Group ensures that staff in internal control functions are remunerated independently of the businesses they oversee

While the majority of colleagues participate in a team-based annual bonus with outcomes aligned to the performance of the Group, incentive outcomes for colleagues employed in Control Functions are based on an assessment of functional objectives rather than the performance of the Group.

Assessment of the Control Function's performance is based on scorecard objectives and measures that are set to achieve Risk or Audit function objectives and not operating business objectives, with objectives covering People, Customer and Risk measures. These are approved by the respective Chairs of the Board Committees responsible for the area (i.e. Board Risk Committee or Board Audit Committee).

The bonus pool for this population is based solely on an assessment of the Control Function's performance. Roles in Control Functions will participate in a discretionary (functional) plan with a separate bonus pool wholly independent of the Group performance and pool (other than an overall affordability underpin – see below).

This means that the bonus outcomes for the Control Functions can be higher or lower than the rest of the organisation. However, should the Group performance be significantly below target or nil then an override or underpin moderator based on affordability is considered appropriate for these pools as well.

(v) Policies and criteria applied for the award of guaranteed variable remuneration and severance payments

In exceptional cases, the Group may provide guaranteed variable remuneration as part of prospective remuneration arrangement to compensate a new colleague's lost opportunity from a previous employment. Although the Remuneration Code classifies these arrangements as guaranteed remuneration, the awards provided are subject to performance and forfeiture conditions.

Payments on termination of employment are made in accordance with any contractual or other statutory entitlements (e.g. redundancy) and are made in a way that reflects performance over time and do not reward failure or misconduct.

(c) Description of the ways the current and future risks are taken into account in the remuneration processes

The Committee has decision-making authority over the Group's entire bonus pool, therefore affecting the bonuses of all colleagues at an aggregate level, as well as specific oversight over the Material Risk Taker population. In considering remuneration in the context of the Group's risk objectives, the Committee takes into account a range of factors, including input from the Board Risk Committee and Reward Risk Adjustment Committee.

The Reward Risk Adjustment Committee identify, monitor and report on past (ex post) and future (ex ante) risk events at both a company and individual level, and make recommendations to the Board Risk Committee and Remuneration Committee on the level of adjustment to variable pay arrangements.

The Remuneration Committee may reduce or cancel the payment of variable remuneration where it deems appropriate in light of any emerging or potential risks.

(d) The ratios between fixed and variable remuneration set in accordance with point (g) of Article 94(1) CRD

Remuneration is delivered in a proportion of fixed and variable components. The variable elements are subject to appropriate limits (capped at 2:1 variable to fixed ratio) applied throughout the reporting period. Variable pay awards for senior colleagues and Material Risk Takers are subject to deferral in line with the Remuneration Code to promote longer-term risk awareness.

(e) Description of the ways the Group seeks to link performance with levels of remuneration. Disclosures shall include:

(i) An overview of main performance criteria and metrics for the Group, business lines and individuals

Colleagues are rewarded for working together to deliver the Group's strategy through delivery of their team goals. To give effect to this, most colleagues will be eligible to be considered for a fixed team bonus based on the target bonus percentage for their role. Bonus awards will be adjusted to reflect the Group's overall business performance, based on an assessment of performance against financial and non-financial targets aligned with the Group's strategic priorities and included in the Group Bonus Scorecard.

For FY24 period (1 October 2023 to 30 September 2024), the Group Bonus Scorecard included the following measures:

Strategic Pillar (Category)	Measure
Pioneering Growth	Customer Lending Asset Growth (Ex Mortgages, Government Schemes and Product Exits)
Super Straightforward Efficiency	Underlying CIR Statutory PBT
Disciplined and sustainable	Statutory RoTE
Delighted Customers and Colleagues	Smile Score (Customer Satisfaction) Employee Engagement Digital Metric (Journey Digitisation) Digital Metric (Digital Primacy)

For FY25 period (1 October 2024 to 31 March 2025), following a review to more closely align the Group performance criteria and metrics approach with that of Nationwide, the Group Bonus Scorecard included the following measures:

Strategic Category	Measure
Financial	Financial & Risk Assessment (Modifier) (Ex Mortgages, Government Schemes and Product Exits) Total Costs
Super Straightforward Efficiency	Smile Score (Customer Satisfaction) Employee Engagement Digital Metric (Journey Digitisation) Integration (Modifier)

Some Senior Management colleagues are rewarded for the delivery of the Group's long-term strategic priorities and sustainable financial performance within an acceptable risk appetite. To give effect to this, certain colleagues will be eligible to be considered for a long-term incentive award based on the maximum award percentage for their role. Long-term incentive awards will be adjusted to reflect the Group's overall business performance, normally over three years, based on an assessment of performance against financial and non-financial targets aligned with the Group's long-term strategic priorities and included in the Group Long-Term Incentive Scorecard as follows:

FY24 Long Term Incentive for the period 1 April 2025 to 31 March 2027

Strategic Category	Measure
Financial	Profit Before Tax (excluding notable items) Return on Equity Employed
Risk	Risk and Compliance Assessment
Non-financial	Customer Experience (Retail and Unsecured) Customer Experience (Business Banking) Environmental, Social and Governance (ESG) Scorecard[1] Transformation

(1) ESG scorecard based on performance against quantitative targets including operational carbon emissions (Scope 1); EPC ratings; Lending to Sustainability Change Makers; senior colleague gender and ethnic minority representation and Group-wide ethnic minority representation.

(ii) An overview of how amounts of individual variable remuneration are linked to Group-wide and individual performance

Roles with a high level of strategic and execution responsibilities or key roles from a regulatory or commercial perspective will have bonus determined individually using a discretionary model. This includes senior employees below the Executive Committee and the majority of the Material Risk Taker population. Bonus for this population will be determined at line manager discretion within the relevant budgetary constraints determined by an assessment of performance against the Group Scorecard for the performance period alongside other considerations such as affordability. Factors used in exercising discretion may include: the individual's personal contribution to the overall business performance, the delivery of their team's goals, demonstrating the Group's values and behaviours, Great Leadership and the bonus pool available for the team/business unit.

(iii) Information on the criteria used to determine the balance between different types of instruments awarded including shares, equivalent ownership interest, options and other instruments

For all Material Risk Takers, the appropriate proportion of total variable pay is deferred and delivered in shares in line with regulatory guidelines (15.15, 15.16, 15.17 and 15.18 of the PRA Rulebook).

The instrument requirement for variable pay awards was satisfied through the use of VMUK PLC shares prior to the acquisition by Nationwide. Following the acquisition, the instruments requirement was met through the linkage of awards to Nationwide's Core Capital Deferred Shares (CCDS).

At present this means that at least 40% of total variable pay is deferred (at least 60% for colleagues that perform a PRA designated Senior Management Function or where variable remuneration equals or exceeds £500,000). Total variable pay includes awards made under the long-term incentive plans arrangements.

- Conditional deferred awards under the bonus and long-term incentive arrangements are granted half in cash and half in CCDS;
- The upfront element of any bonus award is delivered half in cash and half in CDDS.

(iv) Information on the measures the Group will implement to adjust variable remuneration in the event that performance metrics are weak

As detailed under (e) above, the incentive pool is based on several Group financial and non-financial key performance indicators with targets determined with reference to the Group Scorecard. Bonus is subject to a Group, Function and individual malus/risk assessment.

The allocation of the pool is based on Group performance against agreed targets, with maximum, target and threshold levels of performance determined by the Committee at the start of the performance period. Awards are determined following the end of the performance period and the extent to which the performance targets have been satisfied. No awards will be made where performance has not met the threshold target.

In considering the formulaic outcomes of the measures and financial gateways, the Committee will determine whether these are a true reflection of performance or whether any further adjustments should be applied.

All variable pay is subject to a robust risk assessment in advance of the payment of any awards. The Committee must be satisfied that there are no significant current or future conduct, reputational, financial, operational risks or other reasons why awards should not be made, considering input from the Reward Risk Adjustment Committee and Board Risk Committee.

(f) Description of the ways the Group seeks to adjust remuneration to take account of long-term performance. Disclosures shall include:

(i) An overview of the Group's policy on deferral, payout in instrument, retention periods and vesting of variable remuneration

The instrument requirement for variable pay awards was satisfied through the use of VMUK PLC shares prior to the acquisition by Nationwide. Following the acquisition, the instruments requirement was met through the linkage of awards to Nationwide's Core Capital Deferred Shares (CCDS).

Variable pay deferral levels are set at the time of award and in line with regulatory requirements. This means that for Material Risk Takers receiving a variable pay award that is =>£44,000 (prorated for the foreshortened FY25 6-month period) or is one third or more of their total remuneration deferral will apply and:

- at least 40% of total variable pay is deferred;
- at least 50% of variable pay is paid in instruments (CCDS linked); and
- vested instruments are subject to retention periods.

Senior colleagues are eligible to receive discretionary LTIP awards which are normally subject to a three-year performance period.

Specific deferral arrangements for individual awards vary dependent on seniority, level of remuneration and role, including whether the individual meets the 'higher paid' criteria as set out in the UK Remuneration Code.

- For executive members of the Board and other PRA-designated Senior Managers meeting the 'higher paid material risk taker' criteria and where their variable pay is in excess of £500,000 (£250,000 for the foreshortened FY25), at least 60% of total variable pay awarded for the year is deferred, delivered half in cash and half in instruments (CCDS linked) with release dates between years three and seven following the date of award. At least 50% of awards received remain subject to a post-release retention period in line with regulatory requirements.
- For PRA-designated Senior Managers meeting the 'higher paid material risk taker' criteria and where their variable pay is not in excess of £500,000 (£250,000 for the foreshortened FY25), at least 40% of total variable pay awarded for the year is deferred, delivered half in cash and half in instruments (CCDS linked) with release dates between years three and seven following the date of award.
- For PRA-designated Senior Managers not meeting the 'higher paid material risk taker' criteria, FCA-designated Senior Managers, other members of senior management, and 'higher paid material risk takers' meeting the requirements for five-year deferral, at least 40% of total variable pay awarded for the year is deferred, delivered half in cash and half in instruments (CCDS linked) with release dates over five years following the date of award.
- For all other Material Risk Takers whose variable pay exceeds the deferral threshold, however they are not deemed to meet the 'higher paid material risk taker' criteria, at least 40% of total variable pay awarded for the year is deferred, delivered half in cash and half in instruments (CCDS linked) with release dates over four years following the date of award.

(ii) Information of the Group's criteria for ex post adjustments

All variable pay awards made to Material Risk Takers are subject to malus and clawback arrangements. Awards are subject to clawback for up to seven years from when the award is made.

For both FCA and PRA designated Senior Managers, awards are subject to clawback for up to ten years in the event of ongoing internal/regulatory investigation at the end of the seven-year period, in line with regulatory requirements.

The circumstances in which ex post adjustment may be applied are set out in b(ii) above.

(iii) Where applicable, shareholding requirements that may be imposed on identified staff

Shareholding requirements applied to Executive Directors and members of the Executive Committee up until the acquisition of the Group by Nationwide. Following the acquisition, recognising Nationwide's mutual status, shareholding requirements no longer apply.

(g) The description of the main parameters and rationale for any variable components scheme and any other non-cash benefit in accordance with point (f) of Article 450(1) CRR. Disclosures shall include:

Information on the specific performance indicators used to determine the variable components of remuneration and the criteria used to determine the balance between different types of instruments awarded

Bonus and long-term incentive awards are made based on an assessment of performance against financial and non-financial targets aligned with the Group's strategic priorities and included in the respective Group Scorecards for the period. Further information is included in section (e).

(h) Upon demand from the relevant Member State or competent authority, the total remuneration for each member of the management body or senior management

This will be provided upon demand.

(i) Information on whether the Group benefits from a derogation laid down in Article 94(3) CRD in accordance with point (k) of Article 450(1) CRR. Disclosures shall include:

The Group is a proportionality Level 1 firm in the UK and therefore applies the requirements of the remuneration part of the UK's Remuneration Code in full.

The Group applies the derogation laid down in Article 94(3)(b) of CRD where an individual's annual variable remuneration (a) does not exceed £44,000 and (b) does not represent more than one third of the individual's total annual remuneration. Where this derogation does not apply, the Group implements the approach set out in section (f) in relation to the application of deferral, payment in instruments and retention policy.

Details of the staff in relation to which this derogation was applied in respect of the reporting period are set out below[1]:

Number of staff benefiting from the derogation laid down in Article 94(3) or CRD 2021/22	Total Fixed Remuneration	Total Variable Remuneration
FY24 (1 Oct 23 to 30 Sept 24) – 56	£6,328,183	£857,497
FY25 (1 Oct 24 to 31 Mar 25) – 54	£4,887,828	£343,431

(1) Disclosures exclude secondments, Nationwide employees and VMUK Non-Executive Directors.

(j) Quantitative information on the remuneration of the Group's management body, differentiating between executive and non-executive members in accordance with Article 450(2) CRR

See tables UK REM1 to UK REM5.

18.2 UK REM1 – Remuneration awarded for the financial year

UK REM1 - Remuneration awarded for the financial year - 31 Mar 2025			a	b	c	d
£m			**MB Supervisory function**	**MB Management function**	**Other senior management**	**Other identified staff**
1	**Fixed remuneration**	Number of identified staff	**9**	**4**	**14**	**111**
2		Total fixed remuneration	**1.8**	**3.2**	**7.6**	**24.8**
3		Of which: cash-based	**1.8**	**3.2**	**7.6**	**24.8**
UK-4a		Of which: shares or equivalent ownership interests	**–**	**–**	**–**	**–**
5		Of which: share-linked instruments or equivalent non-cash instruments	**–**	**–**	**–**	**–**
UK-5x		Of which: other instruments	**–**	**–**	**–**	**–**
7		Of which: other forms	**–**	**–**	**–**	**–**
9	**Variable remuneration**	Number of identified staff	**9**	**4**	**14**	**111**
10		Total variable remuneration	**–**	**4.6**	**8.6**	**12.6**
11		Of which: cash-based	**–**	**2.3**	**4.3**	**7.3**
12		Of which: deferred	**–**	**1.5**	**2.4**	**2.5**
UK-13a		Of which: shares or equivalent ownership interests	**–**	**–**	**–**	**–**
UK-14a		Of which: deferred	**–**	**–**	**–**	**–**
UK-13b		Of which: share-linked instruments or equivalent non-cash instruments	**–**	**2.3**	**4.3**	**5.4**
UK-14b		Of which: deferred	**–**	**1.5**	**2.4**	**2.4**
UK-14x		Of which: other instruments	**–**	**–**	**–**	**–**
UK-14y		Of which: deferred	**–**	**–**	**–**	**–**
15		Of which: other forms	**–**	**–**	**–**	**–**
16		Of which: deferred	**–**	**–**	**–**	**–**
17	**Total remuneration (2 + 10)**		**1.8**	**7.8**	**16.2**	**37.4**

UK REM1 - Remuneration awarded for the financial year - 30 Sep 2023						
			a	b	c	d
£m			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	6	2	11	106
2		Total fixed remuneration	1.1	1.9	3.8	15.3
3		Of which: cash-based	1.1	1.9	3.8	15.3
UK-4a		Of which: shares or equivalent ownership interests	–	–	–	–
5		Of which: share-linked instruments or equivalent non-cash instruments	–	–	–	–
UK-5x		Of which: other instruments	–	–	–	–
7		Of which: other forms	–	–	–	–
9	Variable remuneration	Number of identified staff	6	2	11	106
10		Total variable remuneration	–	3.5	7.8	5.3
11		Of which: cash-based	–	0.3	1.3	1.5
12		Of which: deferred	–	–	0.7	0.1
UK-13a		Of which: shares or equivalent ownership interests	–	3.3	6.5	3.8
UK-14a		Of which: deferred	–	3.0	6.0	3.1
UK-13b		Of which: share-linked instruments or equivalent non-cash instruments	–	–	–	–
UK-14b		Of which: deferred	–	–	–	–
UK-14x		Of which: other instruments	–	–	–	–
UK-14y		Of which: deferred	–	–	–	–
15		Of which: other forms	–	–	–	–
16		Of which: deferred	–	–	–	–
17	Total remuneration (2 + 10)		1.1	5.5	11.6	20.6

18.3 UK REM2 – Special payments to staff whose professional activities have a material impact on institutions' risk profile

UK REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile - 31 Mar 2025		a	b	c	d
£m		MB Supervisory function	MB Management function	Other senior management	Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	**–**	**1**	**7**	**41**
2	Guaranteed variable remuneration awards -Total amount	**–**	**0.1**	**0.4**	**2.0**
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	**–**	**–**	**–**	**–**
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	**–**	**–**	**–**	**–**
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	**–**	**–**	**–**	**–**
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	**–**	**1**	**1**	**11**
7	Severance payments awarded during the financial year - Total amount	**–**	**0.6**	**0.2**	**1.4**
8	Of which paid during the financial year	**–**	**0.6**	**0.2**	**1.4**
9	Of which deferred	**–**	**–**	**–**	**–**
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	**–**	**–**	**–**	**–**
11	Of which highest payment that has been awarded to a single person	**–**	**0.6**	**0.2**	**0.4**

UK REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile - 30 Sep 2023		a	b	c	d
£m		MB Supervisory function	MB Management function	Other senior management	Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	–	–	–	–
2	Guaranteed variable remuneration awards -Total amount	–	–	–	–
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	–	–	–	–
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	–	–	–	–
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	–	–	–	–
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	–	–	1	11
7	Severance payments awarded during the financial year - Total amount	–	–	0.2	1.6
8	Of which paid during the financial year	–	–	0.2	1.6
9	Of which deferred	–	–	–	–
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	–	–	–	–
11	Of which highest payment that has been awarded to a single person	–	–	0.2	0.2

18.4 UK REM3 – Deferred remuneration

UK REM3 - Deferred remuneration - 31 Mar 2025									
		a	b	c	d	e	f	UK - g	UK - h
£m	Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	**MB Supervisory function**	–	–	–	–	–	–	–	–
2	Cash-based	–	–	–	–	–	–	–	–
3	Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
4	Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
5	Other instruments	–	–	–	–	–	–	–	–
6	Other forms	–	–	–	–	–	–	–	–
7	**MB Management function**	**15.1**	**2.2**	**12.8**	–	–	**1.6**	**0.9**	**6.4**
8	Cash-based	–	–	–	–	–	–	–	**2.9**
9	Shares or equivalent ownership interests	**15.1**	**2.2**	**12.8**	–	–	**1.6**	**0.9**	–
10	Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	**3.5**
11	Other instruments	–	–	–	–	–	–	–	–
12	Other forms	–	–	–	–	–	–	–	–
13	**Other senior management**	**16.6**	**2.4**	**14.2**	–	–	**2.4**	**1.6**	**7.4**
14	Cash-based	–	–	–	–	–	–	–	**3.5**
15	Shares or equivalent ownership interests	**16.6**	**2.4**	**14.2**	–	–	**2.4**	**1.6**	–
16	Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	**3.9**
17	Other instruments	–	–	–	–	–	–	–	–
18	Other forms	–	–	–	–	–	–	–	–
19	**Other identified staff**	**6.1**	**0.8**	**5.3**	–	–	**0.7**	**0.6**	**2.2**
20	Cash-based	–	–	–	–	–	–	–	**1.0**
21	Shares or equivalent ownership interests	**6.1**	**0.8**	**5.3**	–	–	**0.7**	**0.6**	–
22	Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	**1.2**
23	Other instruments	–	–	–	–	–	–	–	–
24	Other forms	–	–	–	–	–	–	–	–
25	**Total amount**	**37.8**	**5.4**	**32.3**	–	–	**4.7**	**3.1**	**16.0**

UK REM3 - Deferred remuneration - 30 Sep 2023

£m		a	b	c	d	e	f	UK - g	UK - h
	Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function	–	–	–	–	–	–	–	–
2	Cash-based	–	–	–	–	–	–	–	–
3	Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
4	Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
5	Other instruments	–	–	–	–	–	–	–	–
6	Other forms	–	–	–	–	–	–	–	–
7	MB Management function	11.8	0.9	11.0	–	–	–	0.8	1.5
8	Cash-based	–	–	–	–	–	–	–	–
9	Shares or equivalent ownership interests	11.8	0.9	11.0	–	–	–	0.8	1.5
10	Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
11	Other instruments	–	–	–	–	–	–	–	–
12	Other forms	–	–	–	–	–	–	–	–
13	Other senior management	13.3	1.2	12.0	–	–	–	1.2	2.2
14	Cash-based	–	–	–	–	–	–	–	–
15	Shares or equivalent ownership interests	13.3	1.2	12.0	–	–	–	1.2	2.2
16	Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
17	Other instruments	–	–	–	–	–	–	–	–
18	Other forms	–	–	–	–	–	–	–	–
19	Other identified staff	9.3	1.4	7.9	–	–	–	1.4	0.4
20	Cash-based	–	–	–	–	–	–	–	–
21	Shares or equivalent ownership interests	9.3	1.4	7.9	–	–	–	1.4	0.4
22	Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
23	Other instruments	–	–	–	–	–	–	–	–
24	Other forms	–	–	–	–	–	–	–	–
25	Total amount	34.4	3.5	30.9	–	–	–	3.4	4.1

18.5 UK REM4 – Remuneration of 1 million EUR or more per year

UK REM4 - Remuneration of 1 million EUR or more per year			
		a	a
		31 Mar 2025	30 Sep 2023
	EUR	**Identified staff that are high earners as set out in Article 450(i) CRR**	Identified staff that are high earners as set out in Article 450(i) CRR
1	*1,000,000 to below 1,500,000*	**12**	4
2	*1,500,000 to below 2,000,000*	**4**	1
3	*2,000,000 to below 2,500,000*	**1**	2
4	*2,500,000 to below 3,000,000*	**–**	–
5	*3,000,000 to below 3,500,000*	**1**	–
6	*3,500,000 to below 4,000,000*	**2**	1
7	*4,000,000 to below 4,500,000*	**–**	–
8	*4,500,000 to below 5,000,000*	**–**	–
9	*5,000,000 to below 6,000,000*	**–**	–
10	*6,000,000 to below 7,000,000*	**–**	–
11	*7,000,000 to below 8,000,000*	**–**	–

18.6 UK REM5 – Information on remuneration of staff whose professional activities have a material impact on institutions’ risk profile (identified staff)

UK REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions’ risk profile (identified staff) - 31 Mar 2025

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			**Business areas**						
£m		**MB Supervisory function**	**MB Management function**	**Total MB**	**Investment banking**	**Retail banking**	**Asset management**	**Corporate functions**	**Independent internal control functions**	**All other**	**Total**
1	**Total number of identified staff**										**138**
2	Of which: members of the MB	**9**	**4**	**13**							
3	Of which: other senior management				**–**	**6**	**–**	**4**	**4**	**–**	
4	Of which: other identified staff				**–**	**34**	**–**	**24**	**53**	**–**	
5	**Total remuneration of identified staff**	**1.8**	**7.8**	**9.6**	**–**	**17.1**	**–**	**20.4**	**16.1**	**–**	
6	Of which: variable remuneration	**–**	**4.6**	**4.6**	**–**	**5.8**	**–**	**10.3**	**5.1**	**–**	
7	Of which: fixed remuneration	**1.8**	**3.2**	**5.0**	**–**	**11.3**	**–**	**10.1**	**11.0**	**–**	

UK REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions’ risk profile (identified staff) - 30 Sep 2023

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
£m		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff										125
2	Of which: members of the MB	6	2	8							
3	Of which: other senior management				–	4	–	3	4	–	
4	Of which: other identified staff				–	47	–	10	49	–	
5	Total remuneration of identified staff	1.1	5.5	6.5	–	17.1	–	5.9	9.3	–	
6	Of which: variable remuneration	–	3.5	3.5	–	7.7	–	2.7	2.8	–	
7	Of which: fixed remuneration	1.1	1.9	3.0	–	9.4	–	3.2	6.5	–	

Annex XXXV: Disclosure of encumbered and unencumbered assets

19.1 UK AE1 - Encumbered and unencumbered assets

UK AE1 - Encumbered and unencumbered assets - 31 Mar 2025

		010	030	040	050	060	080	090	100
		Carrying amount of encumbered assets		**Fair value of encumbered assets**		**Carrying amount of unencumbered assets**		**Fair value of unencumbered assets**	
£m			**of which notionally eligible EHQLA and HQLA**		**of which notionally eligible EHQLA and HQLA**		**of which EHQLA and HQLA**		**of which EHQLA and HQLA**
010	**Assets of the reporting institution**	**16,826**	**3,215**			**74,152**	**13,833**		
030	Equity instruments	**–**	**–**	**–**	**–**	**1**	**–**	**1**	**–**
040	Debt securities	**1,283**	**1,283**	**1,283**	**1,283**	**4,804**	**4,804**	**4,804**	**4,804**
050	of which: covered bonds	**–**	**–**	**–**	**–**	**1,743**	**1,743**	**1,743**	**1,743**
060	of which: securitisations	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
070	of which: issued by general governments	**1,283**	**1,283**	**1,283**	**1,283**	**1,657**	**1,657**	**1,657**	**1,657**
080	of which: issued by financial corporations	**–**	**–**	**–**	**–**	**3,142**	**3,142**	**3,142**	**3,142**
090	of which: issued by non-financial corporations	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
120	Other assets	**15,541**	**1,937**			**69,347**	**8,650**		

UK AE1 - Encumbered and unencumbered assets - 30 Sep 2023

		010	030	040	050	060	080	090	100
		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
£m			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
010	Assets of the reporting institution	22,532	3,807			69,562	12,535		
030	Equity instruments	–	–	–	–	4	–	4	–
040	Debt securities	1,463	1,463	1,463	1,463	4,297	4,273	4,297	4,273
050	of which: covered bonds	–	–	–	–	1,663	1,663	1,663	1,663
060	of which: securitisations	–	–	–	–	–	–	–	–
070	of which: issued by general governments	1,463	1,463	1,463	1,463	1,301	1,277	1,301	1,277
080	of which: issued by financial corporations	–	–	–	–	2,996	2,996	2,996	2,996
090	of which: issued by non-financial corporations	–	–	–	–	–	–	–	–
120	Other assets	21,056	2,269			65,141	8,318		

19.2 UK AE2 – Collateral received and own debt securities issued

UK AE2 - Collateral received and own debt securities issued - 31 Mar 2025

		010	030	040	060
		Fair value of encumbered collateral received or own debt securities issued		**Unencumbered**	
				Fair value of collateral received or own debt securities issued available for encumbrance	
£m			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
130	**Collateral received by the reporting institution**	**–**	**–**	**845**	**845**
160	Debt securities	**–**	**–**	**501**	**501**
170	of which: covered bonds	**–**	**–**	**501**	**501**
200	of which: issued by financial corporations	**–**	**–**	**501**	**501**
230	Other collateral received	**–**	**–**	**344**	**344**
241	**Own covered bonds and asset-backed securities issued and not yet pledged**			**1,081**	**–**
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	**16,826**	**3,215**		

UK AE2 - Collateral received and own debt securities issued - 30 Sep 2023

		010	030	040	060
		Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
				Fair value of collateral received or own debt securities issued available for encumbrance	
£m			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
130	Collateral received by the reporting institution	–	–	1,445	1,195
160	Debt securities	–	–	250	–
170	of which: covered bonds	–	–	250	–
200	of which: issued by financial corporations	–	–	250	–
230	Other collateral received	–	–	1,195	1,195
241	Own covered bonds and asset-backed securities issued and not yet pledged			1,447	–
250	TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	22,352	3,807		

19.3 UK AE3 – Sources of encumbrance

UK AE3 - Sources of encumbrance					
		010	030	010	030
		31 Mar 2025		30 Sep 2023	
£m		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
010	Carrying amount of selected financial	**9,774**	**14,699**	13,343	20,079

19.4 UK AE4 – Accompanying narrative information

(a) General narrative information on asset encumbrance

The term encumbrance is used to denote those assets on a bank's balance sheet which have been pledged as security, collateral or legally ring-fenced in some other way which prevents the firm from being able to transfer, pledge, sell or otherwise use/dispose of these assets. Asset encumbrance is subject to a Risk Appetite control within the Group, ensuring that in the normal course of business encumbrance remains at appropriate levels. Median exposures have been disclosed based on the four quarterly regulatory asset encumbrance submissions during the financial year. The consolidation scope applied for the purposes of asset encumbrance disclosures is consistent with those applied for liquidity requirements. There are no differences between the treatment of transactions which have been deemed to have been pledged or transferred compared to their encumbrance status.

(b) Impact of the business model on assets encumbrance and importance of encumbrance to the Group's business model:

i) Main sources and types of encumbrance

Importance of encumbrance to the Group's business model

The Group monitors asset encumbrance to ensure that the Group retains a sufficient level of unencumbered assets to support recovery planning options and to be able to access wholesale markets and Central Bank funding. Encumbrance is important to the Group's business model both in supporting the Group's business and in providing a key source of funding and is managed according to risk appetite. The Group engages in the following areas and activities to support its business model, including to provide sources of funding and liquidity, which result in asset encumbrance:

Repo transactions

Sale and repo transactions are used, in the ordinary course of business, to manage short-term cash flow requirements and mismatches. A repo transaction involves the pledge of marketable securities as security in exchange for receiving a consideration. During the term of the repo, the securities pledged are encumbered. The Group has entered into a number of repo agreements with a range of market counterparties.

Note Cover

Under Part 6 of the Banking Act 2009, banks in Scotland and Northern Ireland which issue bank notes are required at all times to hold backing assets equivalent to 100% of their bank notes in circulation. Banks may use a combination of BoE notes, UK coin and funds held in specific bank accounts at the BoE. As a result, note cover backing assets held with the BoE are considered to be encumbered assets. If note issuance increases, then additional cash balances are required to be placed with the BoE. However, as this process creates equal and offsetting liabilities for the encumbered assets there is no material risk to depositors or the Group.

Margin

As noted above, a repo transaction involves the pledge of marketable securities in exchange for receiving a deposit. During the period of the repo, the market value of the securities pledged fluctuates while the value of the underlying cash deposit remains fixed. To account for the fluctuations in the market value of the securities, additional cash ('margin') is passed between the parties. Cash margin paid out by the Group in respect of repo transactions is treated as encumbered.

Likewise, where the Group has entered into a derivative transaction with another market counterparty, the market value of the derivative fluctuates with changes in market rates. In addition, Initial Margin may be required by market counterparties in respect of executing centrally cleared derivatives. In both examples, margin is passed between the parties, either in the form of cash or other securities. Margin paid out by the Group in respect of derivative transactions is treated as encumbered.

Payment system collateral

The Group is a direct participant in a number of UK payment and clearing systems, all of which require collateral to be posted to support the Group's obligations. Collateral posted up to the minima required to pre-fund deferred net settlement payment systems is treated as encumbered. Balances in collateralisation accounts in excess of the minima required are not treated as encumbered.

Operational Continuity in Resolution (OCIR)

The Group is required to calculate and segregate sufficient funds to meet the costs of critical services in the event that the Group enters resolution. As such, a volume of securities are held in a segregated HSBC custody account and are treated as encumbered to the level required to meet OCIR requirements.

Loans and advances

The Group has four structured funding programmes: two securitisation structures as outlined in section 11 and a regulated covered bond programme, also backed by residential mortgages. Term funding issuance from these platforms results in a portion of the Group's mortgage assets becoming encumbered.

Over-collateralisation levels are embedded in each programme to meet the minimum levels as specified by the programme documentation and as agreed with the ratings agencies and regulators to mitigate certain legal risks, such as set-off rights.

The Special Purpose Vehicle/LLPs also hold cash balances in segregated bank accounts with external counterparties. The use of these balances is restricted to specific entities and these balances are therefore considered by the Group to be encumbered.

The Group has also pledged whole mortgage pools to the BoE to support collateral requirements of central bank operations and for secured funding as part of the BoE's TFSME. Assets utilised through these facilities are treated as encumbered.

Importance of encumbrance to the Group's business model

The Group monitors asset encumbrance to ensure that the Group retains a sufficient level of unencumbered assets to support recovery planning options and to be able to access wholesale markets and Central Bank funding. Encumbrance is important to the Group's business model both in supporting the Group's business and in providing a key source of funding and is managed according to risk appetite.

ii) structure of encumbrance between entities within the Group

Encumbrance is incurred at the CB level and is therefore the same at VMUK level; there is no significant intragroup encumbrance with encumbrance attributable to structured funding vehicles fully detailed at CB/VMUK level.

iii) information on over-collateralisation

RMBS and Regulated Covered Bond (RCB) pools include significant over-collateralisation relative to the bonds in issue, with encumbrance being weighted according to regulatory minima (plus buffer) for the RCB pool and the volume of encumbered notes, i.e. excluding any encumbrance of mortgages which would be attributable to retained unencumbered notes, for the RMBS programmes.

iv) Additional information on encumbrance of assets

The Group has no significant encumbrance in currencies other than GBP.

v) General description of proportion of items included in column 060 'Carrying amount of unencumbered assets' in Template UK AE1 that the Group deems not available for encumbrance in the normal course of its business

Certain assets are detailed in pages 58 to 59 of the Group's 2025 Annual Report and Accounts as being unavailable for encumbrance, including intangible assets and goodwill, deferred tax assets, derivative assets, and pension assets. These assets make up a relatively small (<5%) portion of the Group's total assets.

vii) the impact of the Group's business model on levels of encumbrance

The majority of the Group's asset encumbrance arises through secured funding issuance and use of the BoE's TFSME.

Collateral encumbrance in respect of derivative transactions, including both securities posted as initial margin and cash posted as variation margin, are not directly related to liabilities and instead are driven by the size and structure of the Group's derivative portfolio. In addition, over-encumbrance of mortgage pools supporting BoE and structured funding, in addition to structured funding GIC accounts supporting the programmes, means that this encumbrance does not directly match the notes issued liability. OCIR and payment system cash collateral are also not directly matched to an equivalent liability.

viii) Additional information on the breakdown of rows in templates UK AE1, UK AE2 and UK AE3

Row 120 of Template UK AE1 – "Other Assets" details non-security encumbered assets, which is primarily mortgages but also includes cash at central bank (note cover and payment systems), derivatives cash variation margin and Special Purpose Vehicle GIC accounts. Row 010 of Template UK AE3 includes the matching liability related to encumbrance in column 010, while column 030 includes encumbered mortgages (and therefore over-collateralisation) and other encumbrance not directly linked to liabilities as detailed above (excluding payment system collateral, note cover, and OCIR encumbered collateral).

Annex XXXVII: Disclosure of interest rate risk in the banking book (IRRBB)

20.1 UK IRRBBA – Risk management objectives and policies

(a) How the Group defines, measures, mitigates and controls IRRBB for the purposes of risk control and measurement

IRRBB is measured, monitored, and managed from both an internal management and regulatory perspective. The Group has a limited appetite for interest rate risk, consistent with the business model, and takes a prudent approach to the measurement and management of the risks which do exist.

The Board is responsible for setting IRRBB risk appetite and the ALCO is responsible for managing IRRBB within risk appetite and associated ALCO limit framework. Day to day IRRBB risk management is delegated to Treasury.

IRRBB is the risk arising from changes in market interest rates and related customer behaviour that could adversely affect the financial condition of the Group in terms of earnings or economic value. This is driven by exposures to duration risk, optionality risk, credit spread risk and basis risk.

Duration risk results from re-pricing mismatch between assets and liabilities. Optionality risk generates interest rate risk through the optionality embedded in some of the Group's banking products (e.g. non-maturity deposits, term deposits, fixed rate loans) that are triggered in accordance with changes in interest rates both through early maturity risk (on-balance sheet products are repaid before contractual maturity) and pipeline risk (change in the expected rate of hedged pipeline completion). Exposure to losses through non-parallel movements in different repricing indices is generated by both basis risk (Base vs SONIA) and credit spread risk (bond vs swap/funding rates).

(b) The Group's IRRBB management and mitigation strategies

The Group operates a Three Lines of Defence model to provide challenge, oversight, and assurance of the management of IRRBB by Treasury. All three lines of defence ensure appropriate reporting and escalation is undertaken of risks, controls and issues, including emerging risks.

IRRBB is overseen by ALCO who monitor compliance with IRRBB limits, review Treasury IRRBB strategy and performance. The IRRBB Policy Standard is owned by 2nd Line Risk. The policy standard sets out roles and responsibilities for the development, monitoring and management of IRRBB. ALCO must approve material methodology decisions and assumptions including the benchmark investment term for behavioural modelling of core non-interest bearing and non-maturity assets and liabilities. Assumptions covering the behavioural life of products and customer behaviour for optionality are reviewed and approved by ALCO.

The ERMF incorporates both market valuation and earnings-based approaches. In accordance with the Group IRRBB policy standard, risk measurement techniques include:

- basis point sensitivity;
- NII sensitivity;
- VaR;
- economic value of equity; and
- scenario analysis.

Day to day management of IRRBB is delegated from ALCO to Treasury who use a number of techniques and products to manage IRRBB risks including:

- interest rate swaps;
- cash flow netting;
- structural hedging;
- pricing strategies; and
- product characteristics & innovation.

(c) The periodicity of the calculation of the Group's IRRBB measures, and a description of the specific risk measures used to gauge sensitivity to IRRBB

The key features of the internal interest rate risk management model are:

- basis point sensitivity analysis is performed daily and compares the potential impact of a one basis point (0.01%) change on the present value of all future cash flows;
- NII sensitivity is performed monthly and assesses changes to earnings over a 12-month time horizon as a result of a range of interest rate movements and changes to customer behaviour;
- VaR is measured on a statistical basis weekly using a 99% confidence level based on daily rate movements over a ten-year history set with a one-year holding period;
- economic value of equity is measured in line with PRA guidance with all six rate shocks assessed on a quarterly basis, including customer optionality stresses; and
- CSRBB is assessed weekly through VaR applied to the Group's liquid asset buffer portfolio. CSRBB is measured at a 99% confidence level based on daily spread movements over a 10-year history set with a three-month holding period.

(d) The interest rate shock and stress scenarios used to estimate changes in economic value and in earnings

The shocks used to assess the change in economic value of equity are aligned to the six prescribed rate scenarios, as defined under the PRA Rulebook (Internal Capital Adequacy Assessment part) for CRR firms. These stress scenarios are measured quarterly in line with the Outlier Test requirements encompassing both duration and optionality risk assessments. The parallel up/down 250bps scenarios are also used to assess earnings sensitivity semi-annually.

Internal methodology also measures earnings sensitivity against a range of rate scenarios including both +/-25bps and +/-100bps monthly.

(e) Key modelling and parametric assumptions used in calculating change in economic value of equity (ΔEVE) and change in net interest income (ΔNII) in Template UK IRRBB1

Economic Value of Equity: The ΔEVE calculations are assessed in line with PRA guidance and include the following key assumptions:

- the balance sheet is modelled on a runoff basis;
- equity is removed from the cash flow profile. 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;
- commercials margins are removed from all cash flows and discounting is performed using the risk-free rate; and
- non-maturing deposits (NMDs) are assumed to reprice overnight if interest rate sensitive or in line with their structural hedging profile if assumed to be interest rate insensitive.

Net Interest Income: The ΔNII calculations are assessed in line with PRA guidance and include the following key assumptions:

- 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; and
- Administered rate products receive a rate pass on in line with internal scenario specific pass on assumptions. Any rate reduction in a rate fall scenario is subject to product floors with the assumption customer rates would not go negative.

(f) Significant modelling assumptions used in the Group's internal measurement systems for purposes other than disclosure, that differ from the modelling assumptions prescribed for the disclosure in Template UK IRRBB1

Behavioural modelling assumptions to inform the interest rate gap profile are applied consistently between internal and regulatory economic value assessments.

The only exceptions are:

- the treatment of equity, where the internal measurement for economic value includes equity within the re-pricing profile in line with the agreed profile unlike the regulatory EVE measurement which excludes equity from the gap profile; and
- The repricing gap profile under the regulatory EVE measurement includes interest cash flows (excluding commercial margins), which are not included in the internal EVE measurement.

Per part (e) above, NII sensitivities for the regulatory measures reported under UK IRRBB1 include a rate pass on in line with internal scenario specific pass on assumptions. Internal NII sensitivities are also assessed on a static balance sheet basis with any new business assumed to be matched, hedged or subject to immediate repricing. The primary difference between the internal and regulatory NII sensitivity assessments is the scale of rate shocks applied with internal reporting focused on +/-25bps and +/-100bps instantaneous shocks.

(g) How the Group hedges its IRRBB, as well as the associated accounting treatment

The Group uses derivative financial instruments to manage interest rate and foreign currency risk within approved limits. Interest rate risk is transferred into Treasury via internal hedging under the Funds Transfer Pricing approach. Treasury is responsible for managing the interest rate risk externally through the techniques outlined in part (b).

The Group elects to apply hedge accounting for the majority of its risk management activity that uses derivatives. Certain derivatives are designated as either fair value hedge or cash flow hedge:

Fair value hedges – the Group hedges part of its existing interest rate risk, resulting from potential movements in the fair value of fixed rate assets and liabilities. The fair value of these swaps is disclosed within note 3.1.3.1 of the Group's consolidated financial statements. There were no transactions for which fair value hedge accounting had to be discontinued in the period.

Cash flow hedges – the Group hedges a portion of the variability in future cash flows attributable to interest rate risk. The interest risk arises from variable interest rate assets and liabilities which are hedged using interest rate swaps. There were no transactions for which cash flow hedge accounting had to be discontinued in the period as a result of the highly probable cash flows no longer being expected to occur. The fair value of derivatives is disclosed within note 3.1.3.1 to the Group's consolidated financial statements.

(h) Other information regarding the interpretation of the significance and sensitivity of the IRRBB measures disclosed and/or an explanation of any significant variations in the level of the reported IRRBB since previous disclosures

ΔEVE: The large negative results in the up stresses are as a result of the requirement to remove equity profile from the cash flow profile. 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. The constraining stress (+250bps) has remained consistent between the September 2023 results and March 2025 results, with a £8m increase in the risk position (£367m vs £359m).

ΔNII: 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 are subject to product floor assumptions in the rate fall scenario. The -£186m sensitivity reported reflects the worst-case outcome with customer rates assumed to floor above zero. The loss in the rate fall scenario is primarily attributable to margin compression and re-pricing lags.

(i) Average repricing maturity assigned to non-maturing deposits

The average repricing maturity assigned to non-maturing deposits (NMDs) is 0.4 years. This includes both rate sensitive balances that reprice overnight and stable rate insensitive balances profiled on a behavioural term agreed at ALCO.

(j) Longest repricing maturity assigned to NMDs

The longest repricing maturity assigned to NMDs is 5 years.

20.2 UK IRRBB1 – Quantitative information on IRRBB

UK IRRBB1 - Quantitative information on IRRBB

		a	b	c	d	e	f
	In reporting currency	**ΔEVE**		**ΔNII**		**Tier 1 capital**	
£m	**Period**	**31 Mar 25**	30 Sep 23	**31 Mar 25**	30 Sep 23	**31 Mar 25**	30 Sep 23
010	Parallel shock up	**(367)**	(359)	**148**	105		
020	Parallel shock down	**243**	268	**(186)**	(114)		
030	Steepener shock	**(27)**	(14)				
040	Flattener shock	**(63)**	(74)				
050	Short rates shock up	**(179)**	(189)				
060	Short rates shock down	**106**	118				
070	**Maximum**	**(367)**	(359)		–		
080	**Tier 1 capital**					**4,679**	4,305

Appendix 1: Disclosures for CB Solo-Consolidated Group

21.1 Annex I: Disclosure of key metric and overview of risk-weighted exposure amounts – CB Solo-Consolidated Group

21.1.1 UK OV1 – Overview of risk-weighted exposure amounts

The table below shows RWAs and minimum capital requirement by risk type and approach.

UK OV1 – Overview of risk weighted exposure amounts - CB Solo-Consolidated Group

		a	b	c
		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
£m		**31 Mar 25**	30 Sep 23	**31 Mar 25**
1	**Credit risk (excluding CCR)**	**24,361**	21,883	**1,949**
2	Of which the standardised approach	**6,674**	6,406	**534**
3	Of which the foundation IRB (FIRB) approach	**7,725**	5,995	**618**
4	Of which slotting approach	**618**	410	**49**
5	Of which the advanced IRB (AIRB) approach	**9,344**	9,072	**748**
6	**Counterparty credit risk - CCR**	**103**	185	**8**
7	Of which the standardised approach	**80**	146	**6**
UK 8a	Of which exposures to a CCP	**4**	5	**–**
UK 8b	Of which credit valuation adjustment - CVA	**19**	34	**2**
23	**Operational risk**	**3,091**	2,818	**247**
UK 23b	Of which standardised approach	**3,091**	2,818	**247**
24	**Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)**	**516**	282	**41**
29	**Total**	**27,555**	24,886	**2,204**

21.1.2 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		a	b	c	d	e	f
£m		**31 Mar 25**	31 Dec 24	30 Sep 24	30 Jun 24	31 Mar 24	31 Dec 23
	Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	**3,900**	3,817	3,581	3,538	3,639	3,474
2	Tier 1 capital	**4,593**	4,510	4,274	4,231	4,475	4,309
3	Total capital	**5,347**	5,284	5,047	5,004	5,248	5,082
	Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	**27,555**	27,092	26,422	25,959	25,350	25,233
	Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	**14.2**	14.1	13.6	13.6	14.4	13.8
6	Tier 1 ratio (%)	**16.7**	16.6	16.2	16.3	17.7	17.1
7	Total capital ratio (%)	**19.4**	19.5	19.1	19.3	20.7	20.1
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)						
UK 7a	Additional CET1 SREP requirements (%)	**2.1**	2.1	1.9	1.9	1.9	1.9
UK 7b	Additional AT1 SREP requirements (%)	**0.7**	0.7	0.6	0.6	0.6	0.6
UK 7c	Additional T2 SREP requirements (%)	**1.0**	1.0	0.9	0.9	0.9	0.9
UK 7d	Total SREP own funds requirements (%)	**11.8**	11.8	11.4	11.4	11.4	11.4
	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	2.5
9	Institution specific countercyclical capital buffer (%)	**2.0**	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	0.0
11	Combined buffer requirement (%)	**4.5**	4.5	4.5	4.5	4.5	4.5
UK 11a	Overall capital requirements (%)	**16.3**	16.3	15.9	15.9	15.9	15.9
12	CET1 available after meeting the total SREP own funds requirements (%)	**7.5**	7.5	7.1	7.2	8.0	7.3

UK KM1 - Key metrics template - CB Solo-Consolidated Group (cont.)							
		a	b	c	d	e	f
£m		**31 Mar 25**	31 Dec 24	30 Sep 24	30 Jun 24	31 Mar 24	31 Dec 23
	Leverage ratio[1]						
13	Total exposure measure excluding claims on central banks	**83,120**	82,918	83,772	84,673	85,295	86,215
14	Leverage ratio excluding claims on central banks (%)	**5.5**	5.4	5.1	5.0	5.2	5.0
	Additional leverage ratio disclosure requirements						
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.5**	5.4	5.1	5.0	5.2	4.9
14b	Leverage ratio including claims on central banks (%)	**5.0**	4.9	4.6	4.4	4.6	4.6
14c	Average leverage ratio excluding claims on central banks (%)	**5.3**	5.4	5.0	4.8	5.1	4.9
14d	Average leverage ratio including claims on central banks (%)	**4.8**	4.9	4.5	4.3	4.6	4.4
14e	Countercyclical leverage ratio buffer (%)	**0.7**	0.7	0.7	0.7	0.7	0.7
	Liquidity Coverage Ratio[2]						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	**14,868**	14,790	14,676	14,583	14,135	13,988
UK 16a	Cash outflows - Total weighted value	**9,857**	9,905	9,934	9,997	10,026	9,943
UK 16b	Cash inflows - Total weighted value	**443**	425	479	511	543	512
16	Total net cash outflows (adjusted value)	**9,414**	9,480	9,456	9,486	9,483	9,430
17	Liquidity coverage ratio (%)	**158**	156	155	154	149	148
	Net Stable Funding Ratio						
18	Total available stable funding	**77,427**	78,289	78,784	79,146	79,276	79,009
19	Total required stable funding	**54,375**	55,500	56,684	57,437	57,987	57,912
20	NSFR ratio (%)	**142**	141	139	138	137	136

(1) The average leverage exposure measure (excluding claims on central banks) for the period from 1 January 2025 to 31 March 2025 amounted to £83,135m.

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

21.1.3 UK KM2 – Key metrics template – MREL

The MREL establishes a minimum amount of equity and eligible debt to recapitalise the bank. An analysis of the MREL position of CB Solo-Consolidated Group is provided below:

UK KM2 - Key metrics template - MREL - CB Solo-Consolidated Group

		a	b	c	d	e	f
£m		**31 Mar 25**	31 Dec 24	30 Sep 24	30 Jun 24	31 Mar 24	31 Dec 23
1	Total capital resources	**5,347**	5,284	5,047	5,004	5,248	5,082
2	Eligible senior unsecured securities issued by Virgin Money UK PLC	**3,004**	2,574	2,580	2,598	3,333	2,708
3	Total MREL resources	**8,351**	7,858	7,627	7,602	8,581	7,790
4	Total risk-weighted assets	**27,555**	27,092	26,422	25,959	25,350	25,233
5	Total MREL resources available as a percentage of total risk-weighted assets (%)	**30.3**	29.0	28.9	29.3	33.9	30.9
6	UK leverage exposure measure	**83,120**	82,918	83,772	84,673	85,295	86,215
7	Total MREL resources available as a percentage of UK leverage exposure measure (%)	**10.0**	9.5	9.1	9.0	10.1	9.0

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

Virgin Money has no IFRS 9 transitional arrangements remaining on a CB Solo-Consolidated Group basis.

21.2 Annex VII: Disclosure of own funds – CB Solo-Consolidated Group

21.2.1 UK CC1 – Composition of regulatory own funds

UK CC1 - Composition of regulatory own funds - CB Solo-Consolidated Group[1]

		a	b	c
		31 Mar 25	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation[2]	30 Sep 23
		Group		Group
		Amounts £m		Amounts £m
	Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	**2,043**	(e)	2,792
	of which: share capital	**1,280**	(e)	1,243
	of which: share premium	**763**	(e)	1,549
2	Retained earnings[3]	**1,156**	(h)	2,080
3	Accumulated other comprehensive income (and other reserves)[4]	**1,558**	(g), (h)	145
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend[5]	**113**	(h)	30
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**4,870**		5,047
	Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	**(13)**		(5)
8	Intangible assets (net of related tax liability) (negative amount)	**(103)**	(a)	(173)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)[6]	**(259)**	(b)	(369)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	**(169)**	(g)	(497)
12	Negative amounts resulting from the calculation of expected loss amounts	**(99)**		(103)
15	Defined-benefit pension fund assets (negative amount)[7]	**(267)**	(c)	(333)
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	**(60)**		(22)
27a	Other regulatory adjustments to CET1 capital *(including IFRS 9 transitional adjustments when relevant)*	**–**		112
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(970)**		(1,390)
29	**Common Equity Tier 1 (CET1) capital**	**3,900**		3,657
	Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	**693**		594
31	of which: classified as equity under applicable accounting standards	**693**	(f)	594
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**693**		594
44	**Additional Tier 1 (AT1) capital**	**693**		594
45	**Tier 1 capital (T1 = CET1 + AT1)**	**4,593**		4,251

UK CC1 - Composition of regulatory own funds - CB Solo-Consolidated Group (cont.)[1]				
		a	b	c
		31 Mar 25	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation[2]	30 Sep 23
		Group		
		Amounts £m		Amounts £m
	Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts[8]	**754**	(d)	1,022
51	**Tier 2 (T2) capital before regulatory adjustments**	**754**		1,022
58	**Tier 2 (T2) capital**	**754**		1,022
59	**Total capital (TC = T1 + T2)**	**5,347**		5,273
60	**Total Risk exposure amount**	**27,555**		24,886
	Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	**14.2**		14.7
62	Tier 1 (as a percentage of total risk exposure amount)	**16.7**		17.1
63	Total capital (as a percentage of total risk exposure amount)	**19.4**		21.2
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	**11.1**		10.7
65	of which: capital conservation buffer requirement	**2.5**		2.5
66	of which: countercyclical buffer requirement	**2.0**		2.0
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)[9]	**7.5**		8.5
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)	**206**		113
	Applicable caps on the inclusion of provisions in Tier 2			
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	**84**		82
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	**106**		93

(1) Certain rows of this table have not been presented as they are not applicable in the UK.
(2) Shows cross reference to the balance sheet under regulatory scope of consolidation in Table UK CC2.
(3) Retained earnings, excluding amounts defined as other comprehensive income, as per IFRS9 accounting standards which are included in row 3. In addition, financial year profits are included in row UK-5a.
(4) Accumulated other comprehensive income and other reserves comprises the cash flow hedge reserve, IFRS9 hedge reserve, the FVOCI reserve, and other comprehensive income amounts such as actuarial gains or loss on defined benefit pension plans.
(5) The profits net of any foreseeable charges as defined in the UK CRR.
(6) Deferred tax assets that rely on future profitability are deducted from CET1 capital, with the remainder risk weighted in accordance with the CRR.
(7) The defined-benefit pension asset is equal to retirement benefit assets on the balance sheet net of associated deferred tax liabilities.
(8) To align to Nationwide Group presentation, Tier 2 capital is measured using the accounting carrying values from March 2025.
(9) Represents the CET1 ratio after deducting Pillar 1 and 2A requirements.

21.2.2 UK CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements

UK CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements - CB Solo-Consolidated Group - 31 Mar 2025				
		a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation[1 2]	Reference[3]
£m		As at period end £m	As at period end £m	
	Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
1	*Financial instruments*			
	At amortised cost			
2	Loans and advances to customers	**70,474**	**71,072**	
3	Fair value adjustment for portfolio hedged risk	**(116)**	**(116)**	
4	Cash and balances with central banks	**10,882**	**10,882**	
5	Due from other banks	**120**	**120**	
6	*At FVOCI*	**6,197**	**6,197**	
7	*At FVTPL:*			
8	Loans and advances to customers	**47**	**47**	
9	Derivatives	**20**	**20**	
10	Other	**1**	**1**	
11	Due from related entities	**667**	**80**	
12	Intangible assets and goodwill	**103**	**103**	(a)
13	Property, plant and equipment	**181**	**181**	
14	Accrued income and prepaid expenses	**99**	**99**	
15	Deferred tax	**398**	**403**	(b)
16	Current tax assets	**134**	**131**	
17	Defined benefit pension surplus	**357**	**357**	(c)
18	Other assets	**137**	**132**	
19	**Total assets**	**89,701**	**89,709**	

UK CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements - CB Solo-Consolidated Group - 31 Mar 2025 (cont.)				
		a	b	c
		Balance sheet as in published financial statements	**Under regulatory scope of consolidation[1 2]**	**Reference[3]**
£m		**As at period end £m**	**As at period end £m**	
	Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements			
1	*Financial instruments*			
	At amortised cost			
2	Customer deposits	**70,383**	**70,383**	
3	Debt securities in issue	**4,438**	**4,438**	(d)
4	Due to other banks	**934**	**934**	
5	*At FVTPL*			
6	Derivatives	**74**	**74**	
7	Due to related entities	**6,342**	**6,333**	
8	Deferred tax	**89**	**89**	
9	Provisions for liabilities and charges	**38**	**39**	
10	Accruals and deferred income	**157**	**158**	
11	Other liabilities	**1,663**	**1,698**	
12	**Total liabilities**	**84,118**	**84,146**	
	Shareholders' equity			
1	Share capital and share premium	**2,043**	**2,043**	(e)
2	Other equity instruments	**693**	**693**	(f)
3	Other reserves	**147**	**147**	(g)
4	Retained earnings	**2,700**	**2,680**	(h)
5	**Total shareholders' equity**	**5,583**	**5,563**	

(1) The Group has taken advantage of the provisions of Article 9 of the CRR to include certain subsidiaries within its capital calculations as if it was a single entity. Therefore, column b above incorporates adjustments relating to solo consolidation.
(2) Balance sheet after accruing for foreseeable charges.
(3) The references identify regulatory balance sheet components that link to items disclosed in table CC1, prior to any application of regulatory adjustments.

21.2.3 UK CCA – Main features of regulatory own funds and eligible liabilities instruments

Main features of regulatory capital and eligible liabilities instruments for CB Solo-Consolidated Group.

UK CCA: Main features of regulatory capital and eligible liabilities instruments for CB Solo-Consolidated Group - 31 Mar 2025

1	Issuer	Clydesdale Bank PLC	Clydesdale Bank PLC	Clydesdale Bank PLC	Clydesdale Bank PLC	Clydesdale Bank PLC
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	n/a	n/a	n/a	n/a	n/a
2a	Public or private placement	Private	Private	Private	Private	Private
3	Governing law(s) of the instrument	English	English and Scottish	English and Scottish	English and Scottish	English and Scottish
3a	Contractual recognition of write down and conversion powers of resolution authorities	n/a	Yes	Yes	Yes	Yes
	Regulatory treatment					
4	Current treatment taking into account, where applicable, transitional CRR rules	CET1	AT1	AT1	Tier 2	Tier 2
5	Post-transitional CRR rules	CET1	AT1	AT1	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo	Solo	Solo	Solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares	Additional Tier 1 Instruments	Additional Tier 1 Instruments	Tier 2 Instruments	Tier 2 Instruments
8	Amount recognised in regulatory capital (as of most recent reporting date)	GBP 1,279,851,068	GBP 346,480,954	GBP 346,426,446	GBP 468,367,961	GBP 286,040,172
9	Nominal amount of instrument	GBP 1,279,851,068	GBP 350,000,000	GBP 350,000,000	GBP 475,000,000	GBP 300,000,000
UK-9a	Issue price	100%	100%	100%	99.840%	99.807%
UK-9b	Redemption price	100%	100%	100%	100%	100%
10	Accounting classification	Shareholder's Equity	Shareholder's Equity	Shareholder's Equity	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	Various	17 June 2022	08 December 2023	11 September 2020	19 May 2021
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Dated	Dated
13	Original maturity date	n/a	n/a	n/a	11 December 2030	19 August 2031
14	Issuer call subject to prior supervisory approval	n/a	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	n/a	Optional Call Date = Any date from (and including) 17 June 2027 to (and including) 8 December 2027 Reg Call = Yes Tax Call = Yes Redemption Price = 100%	Optional Call Date = Any date from (and including) 8 December 2028 to (and including) 8 June 2029 Reg Call = Yes Tax Call = Yes Redemption Price = 100% Clean Up Call = Yes (at 75%)	Optional Call Date = Any date from (and including) 11 September 2025 to (and including) 11 December 2025 Reg Call = Yes Tax Call = Yes Redemption Price = 100%	Optional Call Date = Any date from (and including) 19 May 2026 to (and including) Reg Call = Yes Tax Call = Yes Redemption Price = 100%
16	Subsequent call dates, if applicable	n/a	Any date from (and including) the date falling 6 months prior to 8 December on each fifth anniversary thereafter	Any date from (and including) the date falling 6 months prior to 8 June on each fifth anniversary thereafter	n/a	n/a

UK CCA: Main features of regulatory capital and eligible liabilities instruments for CB Solo-Consolidated Group - 31 Mar 2025 (cont.)

	Coupons / dividends					
17	Fixed or floating dividend/coupon	n/a	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	n/a	8.25% per annum until 8 December 2027. Resets to a fixed rate equal to the 5-year Benchmark Gilt Rate +635.7bps, if not called	11.00% per annum until 8 June 2029. Resets to a fixed rate equal to the 5-year Benchmark Gilt Rate +699.3bps, if not called	5.125% per annum until 11 December 2025. Resets to a fixed rate equal to the 5-year Benchmark Gilt Rate +525bps, if not called	2.625% per annum until 19 August 2026. Resets to a fixed rate equal to the 5-year Benchmark Gilt Rate +225bps, if not called
19	Existence of a dividend stopper	n/a	No	No	No	No
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory	Mandatory
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	n/a	No	No	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	n/a	n/a
23	Convertible or non-convertible	Non-convertible	Convertible (Statutory/bail-in only)	Convertible (Statutory/bail-in only)	Convertible (Statutory/bail-in only)	Convertible (Statutory/bail-in only)
24	If convertible, conversion trigger(s)	n/a	Statutory conversion or bail-in by the UK Resolution Authority, at point of non-viability/ when resolution conditions met	Statutory conversion or bail-in by the UK Resolution Authority, at point of non-viability/ when resolution conditions met	Statutory write-down or bail-in by the UK Resolution Authority at point of non-viability/ when resolution conditions met	Statutory write-down or bail-in by the UK Resolution Authority at point of non-viability/ when resolution conditions met
25	If convertible, fully or partially	n/a	n/a	n/a	n/a	n/a
26	If convertible, conversion rate	n/a	n/a	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	n/a	n/a	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	n/a	n/a	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	n/a	n/a	n/a	n/a
30	Write-down features	No	Yes	Yes	Yes (Statutory/bail-in only)	Yes (Statutory/bail-in only)

	UK CCA: Main features of regulatory capital and eligible liabilities instruments for CB Solo-Consolidated Group - 31 Mar 2025 (cont.)					
31	If write-down, write-down trigger(s)	n/a	Contractual, if Nationwide Building Society's consolidated fully loaded CET1 ratio, Virgin Money UK PLC's (Sub) consolidated fully loaded CET1 ratio or Clydesdale Bank PLC's Solo-Group consolidated fully loaded CET 1 ratio falls below 7% Statutory conversion or bail-in by the UK Resolution Authority, at point of non-viability/ when resolution conditions met	Contractual, if Nationwide Building Society's consolidated fully loaded CET1 ratio, Virgin Money UK PLC's (Sub) consolidated fully loaded CET1 ratio or Clydesdale Bank PLC's Solo-Group consolidated fully loaded CET 1 ratio falls below 7% Statutory conversion or bail-in by the UK Resolution Authority, at point of non-viability/ when resolution conditions met	Statutory write-down or bail-in by the UK Resolution Authority at point of non-viability/ when resolution conditions met	Statutory write-down or bail-in by the UK Resolution Authority at point of non-viability/ when resolution conditions met
32	If write-down, full or partial	n/a	Always Fully	Always Fully	n/a	n/a
33	If write-down, permanent or temporary	n/a	Permanent	Permanent	n/a	n/a
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a	n/a
34a	Type of subordination (only for eligible liabilities)	Statutory	Contractual	Contractual	Contractual	Contractual
UK-34b	Ranking of the instrument in normal insolvency proceedings	Common Equity Tier 1	Additional Tier 1	Additional Tier 1	Tier 2	Tier 2
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1	Tier 2	Tier 2	Senior Non-Preferred	Senior Non-Preferred
36	Non-compliant transitioned features	No	No	No	No	No
37	If yes, specify non-compliant features	n/a	n/a	n/a	n/a	n/a
37a	Link to the full term and conditions of the instrument (signposting)	n/a	n/a	n/a	n/a	n/a

Main features of eligible liabilities only instruments for CB Solo-Consolidated Group.

UK CCA: Main features of eligible liabilities only instruments for CB Solo-Consolidated Group - 31 Mar 2025								
1	Issuer	Clydesdale Bank PLC	Clydesdale Bank PLC	Clydesdale Bank PLC	Clydesdale Bank PLC	Clydesdale Bank PLC	Clydesdale Bank PLC	Clydesdale Bank PLC
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2a	Public or private placement	Private	Private	Private	Private	Private	Private	Private
3	Governing law(s) of the instrument	English	English	English	English	English	English	English
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Regulatory treatment							
4	Current treatment taking into account, where applicable, transitional CRR rules	n/a	n/a	n/a	n/a	n/a	n/a	n/a
5	Post-transitional CRR rules	n/a	n/a	n/a	n/a	n/a	n/a	n/a
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo	Solo	Solo	Solo	Solo	Solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Senior Non-Preferred	Senior Non-Preferred	Senior Non-Preferred	Senior Non-Preferred	Senior Non-Preferred	Senior Non-Preferred	Senior Non-Preferred
8	Amount recognised in regulatory capital (as of most recent reporting date)	Nil Instrument Called	GBP 493,065,773	GBP 380,298,843	GBP 432,129,558	GBP 309,469,206	GBP 634,578,117	GBP 754,419,425
9	Nominal amount of instrument	GBP 350,000,000	GBP 500,000,000	GBP 400,000,000	EUR 500,00,000 GBP 418,425,028	GBP 300,000,000	EUR 750,000,000 GBP 627,637,542	GBP 750,000,000
UK-9a	Issue price	100%	99.595%	99.589%	99.666%	99.506%	99.706%	100%
UK-9b	Redemption price	100%	100%	100%	100%	100%	100%	100%
10	Accounting classification	Liability –amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	24 April 2018	25 September 2018	03 September 2019	14 February 2023	23 August 2023	18 March 2024	06 February 2025
12	Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated
13	Original maturity date	24 April 2026	25 September 2026	03 September 2027	29 October 2028	23 August 2029	18 March 2028	06 February 2029
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Optional Call Date = 24 April 2025 Reg Call = No Loss Absorption Disq Call = Yes Tax Call = Yes Redemption Price = 100%	Optional Call Date = 25 September 2025 Reg Call = No Loss Absorption Disq Call = Yes Tax Call = Yes Redemption Price = 100%	Optional Call Date = 03 September 2026 Reg Call = No Loss Absorption Disq Call = Yes Tax Call = Yes Redemption Price = 100%	Optional Call Date = 29 October 2027 Reg Call = No Loss Absorption Disq Call = Yes Tax Call = Yes Clean Up Call = Yes (at 80%) Redemption Price = 100%	Optional Call Date = 23 August 2028 Reg Call = No Loss Absorption Disq Call = Yes Tax Call = Yes Clean Up Call = Yes (at 80%) Redemption Price = 100%	Optional Call Date = 18 March 2027 Reg Call = No Loss Absorption Disq Call = Yes Tax Call = Yes Clean Up Call = Yes (at 75%) Redemption Price = 100%	Optional Call Date = 06 February 2028 Reg Call = No Loss Absorption Disq Call = Yes Tax Call = Yes Redemption Price = 100%
16	Subsequent call dates, if applicable	n/a	Any interest payment date thereafter	Any interest payment date thereafter	n/a	n/a	n/a	n/a
	Coupons / dividends							
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Floating

UK CCA: Main features of eligible liabilities only instruments for CB Solo-Consolidated Group - 31 Mar 2025 (cont.)								
18	Coupon rate and any related index	3.6262% per annum until 24 April 2025. Resets to a fixed rate equal to the 1-year SONIA Mid-Swap Rate + 214.46bps, if not called	4.00% per annum until 25 September 2025. Resets to a fixed rate equal to the 1-year Benchmark Gilt Rate Rate + 280bps, if not called	4.00% per annum until 3 September 2026. Resets to a fixed rate equal to the 1-year Benchmark Gilt Rate Rate + 375bps, if not called	4.625% per annum until 29 October 2027. Resets to a fixed rate equal to the 1-year Euro Mid-Swap Rate + 175bps, if not called	7.625% per annum until 23 August 2028. Resets to a fixed rate equal to the 1-year Benchmark Gilt Rate + 305bps, if not called	4.00% per annum until 18 March 2027. Resets to a fixed rate equal to the 1-year Euro Mid-Swap Rate + 120bps, if not called	Compunded Daily SONIA + 101 bps per annum until maturity
19	Existence of a dividend stopper	No	No	No	No	No	No	No
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No	No	No	No
22	Noncumulative or cumulative	n/a	n/a	n/a	n/a	n/a	n/a	n/a
23	Convertible or non-convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible	Convertible
24	If convertible, conversion trigger(s)	Contractual and Statutory bail-in by the UK Resolution Authority	Contractual and Statutory bail-in by the UK Resolution Authority	Contractual and Statutory bail-in by the UK Resolution Authority	Contractual and Statutory bail-in by the UK Resolution Authority	Contractual and Statutory bail-in by the UK Resolution Authority	Contractual and Statutory bail-in by the UK Resolution Authority	Contractual and Statutory bail-in by the UK Resolution Authority
25	If convertible, fully or partially	n/a	n/a	n/a	n/a	n/a	n/a	n/a
26	If convertible, conversion rate	n/a	n/a	n/a	n/a	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	n/a	n/a	n/a	n/a	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	n/a	n/a	n/a	n/a	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	n/a	n/a	n/a	n/a	n/a	n/a
30	Write-down features	Yes	Yes	Yes	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Contractual and Statutory bail-in by the UK Resolution Authority	Contractual and Statutory bail-in by the UK Resolution Authority	Contractual and Statutory bail-in by the UK Resolution Authority	Contractual and Statutory bail-in by the UK Resolution Authority	Contractual and Statutory bail-in by the UK Resolution Authority	Contractual and Statutory bail-in by the UK Resolution Authority	Contractual and Statutory bail-in by the UK Resolution Authority
32	If write-down, full or partial	n/a	n/a	n/a	n/a	n/a	n/a	n/a
33	If write-down, permanent or temporary	n/a	n/a	n/a	n/a	n/a	n/a	n/a
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a	n/a	n/a	n/a
34a	Type of subordination (only for eligible liabilities)	Contractual	Contractual	Contractual	Contractual	Contractual	Contractual	Contractual
UK-34b	Ranking of the instrument in normal insolvency proceedings	Senior Non-Preferred	Senior Non-Preferred	Senior Non-Preferred	Senior Non-Preferred	Senior Non-Preferred	Senior Non-Preferred	Senior Non-Preferred
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior Preferred	Senior Preferred	Senior Preferred	Senior Preferred	Senior Preferred	Senior Preferred	Senior Preferred
36	Non-compliant transitioned features	No	No	No	No	No	No	No
37	If yes, specify non-compliant features	n/a	n/a	n/a	n/a	n/a	n/a	n/a
37a	Link to the full term and conditions of the instrument (signposting)	n/a	n/a	n/a	n/a	n/a	n/a	n/a

21.3 Annex XI: Disclosure of the Leverage Ratio – CB Solo-Consolidated Group

21.3.1 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 Clydesdale Bank PLC. The leverage metrics are calculated in line with the Leverage ratio (CRR) part of the PRA Rulebook.

UK LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures - CB Solo-Consolidated Group

		a	b
£m		**31 Mar 25**	30 Sep 23
1	**Total assets as per published financial statements**	**89,709**	91,717
4	(Adjustment for exemption of exposures to central banks)	**(9,116)**	(9,052)
8	Adjustment for derivative financial instruments	**372**	419
9	Adjustment for securities financing transactions (SFTs)	**299**	2,261
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	**3,175**	3,014
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	**(13)**	(6)
12	Other adjustments	**(1,306)**	(2,269)
13	**Total exposure measure**	**83,120**	86,084

21.3.2 UK LR2 – LRCom – Leverage ratio common disclosure

UK LR2 - LRCom: Leverage ratio common disclosure - CB Solo-Consolidated Group			
		a	b
		Leverage ratio exposures	
£m		**31 Mar 25**	30 Sep 23
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	**89,466**	90,987
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	**(126)**	(281)
6	(Asset amounts deducted in determining tier 1 capital (leverage))	**(970)**	(1,390)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**88,370**	89,316
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	**73**	124
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	**319**	421
13	**Total derivatives exposures**	**392**	545
	Securities financing transaction (SFT) exposures		
16	Counterparty credit risk exposure for SFT assets	**299**	2,261
18	**Total securities financing transaction exposures**	**299**	2,261
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	**19,103**	18,010
20	(Adjustments for conversion to credit equivalent amounts)	**(15,928)**	(14,996)
22	**Off-balance sheet exposures**	**3,175**	3,014
	Capital and total exposure measure		
23	**Tier 1 capital (leverage)**	**4,593**	4,251
24	Total exposure measure including claims on central banks	**92,236**	95,136
UK-24a	(-) Claims on central banks excluded	**(9,116)**	(9,052)
UK-24b	**Total exposure measure excluding claims on central banks**	**83,120**	86,084

UK LR2 - LRCom: Leverage ratio common disclosure - CB Solo-Consolidated Group (cont.)

		a	b
		Leverage ratio exposures	
£m		**31 Mar 25**	30 Sep 23
	Leverage ratio		
25	Leverage ratio excluding claims on central banks (%)[1]	**5.5**	4.9
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.5**	4.8
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 (%)	**5.5**	4.8
UK-25c	Leverage ratio including claims on central banks (%)	**5.0**	4.5
26	Regulatory minimum leverage ratio requirement (%)	**3.25**	3.25
	Additional leverage ratio disclosure requirements - leverage ratio buffers		
27	Leverage ratio buffer (%)	**0.7**	0.7
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 (%)	**0.7**	0.7
	Additional leverage ratio disclosure requirements - disclosure of mean values		
UK-31	Average total exposure measure including claims on central banks	**92,034**	95,536
UK-32	Average total exposure measure excluding claims on central banks	**83,135**	85,560
UK-33	Average leverage ratio including claims on central banks	**4.8**	4.4
UK-34	Average leverage ratio excluding claims on central banks	**5.3**	4.9

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

UK LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) - CB Solo-Consolidated Group			
		a	a
		Leverage ratio exposures	
£m		**31 Mar 25**	30 Sep 23
UK-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**89,341**	90,706
UK-2	Trading book exposures	**–**	–
UK-3	Banking book exposures, of which:	**89,341**	90,706
UK-4	Covered bonds	**911**	1,335
UK-5	Exposures treated as sovereigns	**15,449**	15,648
UK-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	**407**	109
UK-7	Institutions	**731**	576
UK-8	Secured by mortgages of immovable properties	**58,940**	60,546
UK-9	Retail exposures	**5,985**	6,149
UK-10	Corporates	**5,475**	5,054
UK-11	Exposures in default	**860**	697
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	**583**	592

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	Capital conservation buffer – 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. Systemic risk buffer – 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. Countercyclical capital buffer – 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. PRA buffer – 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.
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 Solo-Consolidated Group **(CB Solo)**	Individual (or solo) consolidated basis for Clydesdale Bank PLC, reflecting the CRR article 9 permission held.
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 RWA 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.
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 days past due 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	Includes 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.
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 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 loans are classified as credit-impaired where they have expired terms or where fraud or some other operational risk loss or event has occurred.
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	A ratio which measures Tier 1 capital as a proportion of exposures on a non-risk weighted basis.
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 **(NII)**	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 **(RWA)**	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.
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 the Group's financial strength. Tier 1 capital comprises the sum of Common Equity Tier 1 capital and Additional Tier 1 instruments.
Tier 1 capital ratio	Tier 1 capital as a percentage of risk-weighted assets.
Tier 2 capital	Supplementary capital that meets the Tier 2 requirements set out in the Capital Requirements Regulation, it comprises subordinated debt and other securities and eligible impairment allowances after regulatory deductions.
Trademark license agreement (**TMLA**)	Trademark license agreement between the Company and Virgin Enterprises which governs the use of the 'Virgin Money' brand.
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	**IRB**	Internal ratings-based
AT1	Additional Tier 1	**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
CCLB	Countercyclical Leverage Ratio Buffer	**NSFR**	Net Stable Funding Ratio
CCP	Central Counterparty	**O-SII**	Other Systemically Important Institutions
CCyB	Countercyclical Capital Buffer	**PD**	Probability of Default
CET1	Common Equity Tier 1	**PRA**	Prudential Regulation Authority
CRD	Capital Requirements Directive	**QCCPs**	Qualifying Central Counterparties
CRM	Credit risk mitigation	**RSF**	Required Stable Funding
CRR	Capital Requirements Regulation	**RWA**	Risk-Weighted Assets
CVA	Credit Valuation Adjustment	**RWEA**	Risk-Weighted Exposure Amount
ECL	Expected Credit Losses	**SA**	Standardised Approach
EU	European Union	**SFT**	Securities Financing Transaction
EVE	Economic Value of Equity	**SME**	Small and Medium-Sized Enterprises
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	**TMLA**	Trademark license agreement
IFRS	International Financial Reporting Standards	**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	Lucinda Charles-Jones(2) Tracey Graham(3) Elena Novokreshchenova(2) Petra van Hoeken(2)(4)
Executive Directors	Chris Rhodes(5) Gergely Zaborsky(6)
Group Company Secretary	Lorna McMillan

(1) Member of the Remuneration Committee and Chair of the Governance and Nomination Committee.

(2) Member of the Remuneration Committee, Audit Committee, Risk Committee and Governance and Nomination Committee.

(3) Tracey Graham was appointed to the Board on 23 January 2025. Appointed as a member of the Governance and Nomination Committee on 1 February.

(4) Petra van Hoeken was appointed to the Board on 1 July 2024.

(5) Chris Rhodes was appointed as an Executive Director on 1 October 2024.

(6) Gergely Zaborszky was appointed as an Executive Director on 4 March 2025.