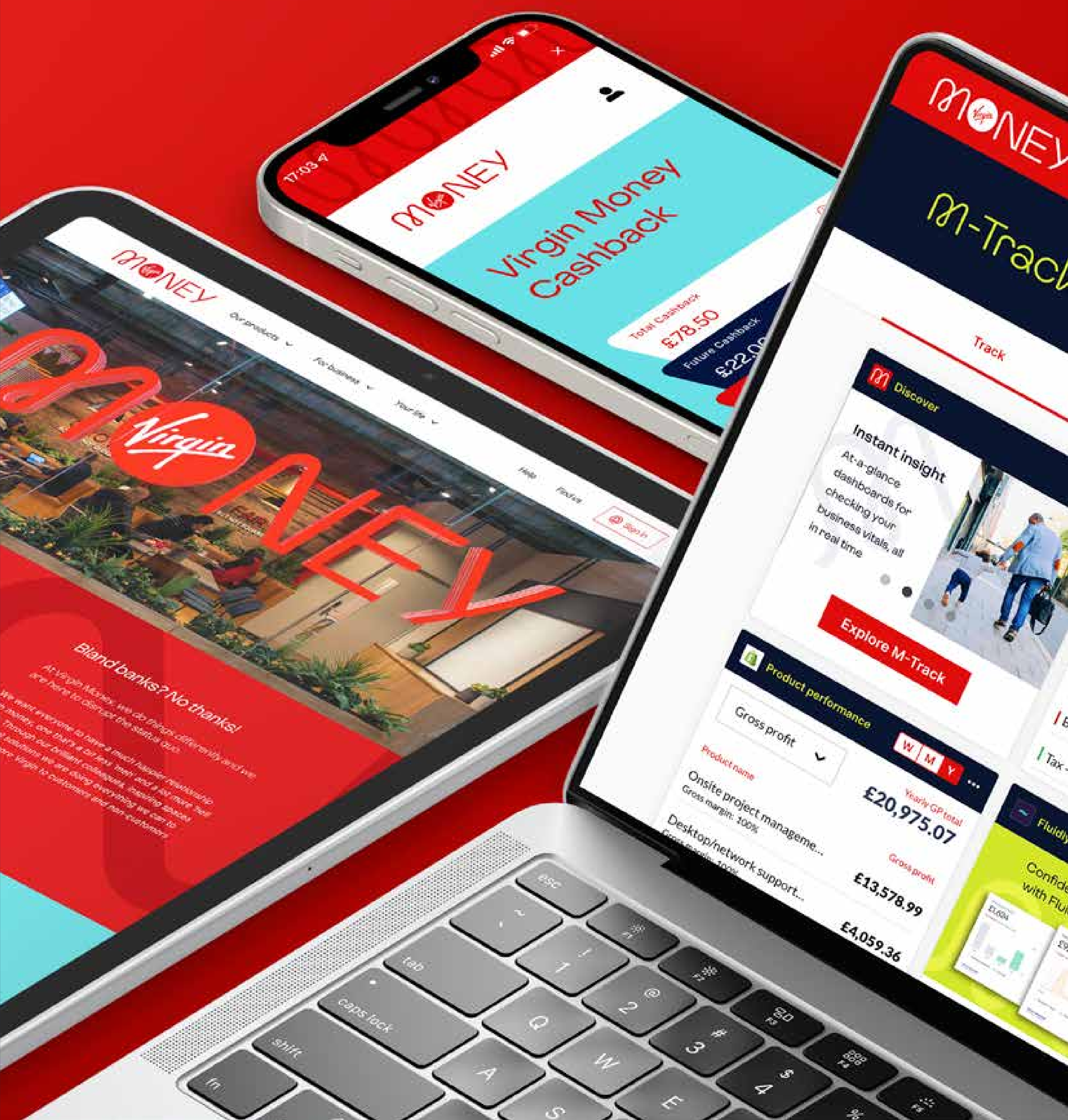
VIRGIN MONEY UK

Interim Pillar 3 Disclosures 2022



Interim Pillar 3 report

For the six months ended 31 March 2022

Interim Pillar 3 report

FORWARD-LOOKING STATEMENTS

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Introduction

BASIS OF PRESENTATION

This report presents the consolidated half year 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 2022. This report should be read in conjunction with the Virgin Money UK PLC 2022 Interim Financial Report, available from: www.virginmoneyukplc.com/investor-relations/results-and-reporting/financial-results.

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

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

The numbers presented within this report are on a consolidated basis, with Virgin Money UK PLC numbers shown in the body of the report. CB Group consolidated numbers shown in Appendix 1 which aligns with the PRA requirement to report ring-fenced bodies at a sub-consolidated level.

Heritage Clydesdale Bank and heritage Virgin Money have separate advanced internal ratings-based (AIRB) models for retail mortgages, and modelling methodologies are not currently aligned. Consequently, presenting data for these models in a single table is considered inappropriate, and potentially misleading. Template UK CR6 which discloses information on credit risk exposures by exposure class and by the probability of default (PD) range is presented separately for heritage Clydesdale Bank and Virgin Money within the report.

The disclosures made in this report are required to be disclosed on a semi-annual basis. The information presented in this Pillar 3 report is not required to be, and has not been, subject to external audit.

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

COMPARATIVES

Comparative figures are as at 30 September 2021 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.

REGULATORY DEVELOPMENTS

The PRA's policy statement (PS) 22/21 published in October 2021 introduced new UK rules on disclosures, which became effective from 1 January 2022 and are incorporated in the PRA rulebook. The Group has assessed itself as a 'Large' institution and in accordance with the criteria set out within Article 433a of the PRA rulebook, the Group is publishing enhanced interim Pillar 3 disclosures for the first time. The Group will begin to report a subset of Pillar 3 disclosures on a quarterly basis with full disclosure on an annual basis.

PS22/21 also introduced changes affecting a number of areas including: definition of capital; market risk; counterparty credit risk; operational risk; large exposures; liquidity coverage ratio; net stable funding ratio; reporting; and disclosure.

The Financial Policy Committee (FPC) and the PRA published PS21/21 in October 2021 introducing changes to the UK leverage ratio framework, effective from 1 January 2022. The changes simplify the framework, with the Group being subject to the UK leverage ratio only. The Group exceeds the 3.25% leverage ratio requirements.

The Group continues to apply relevant relief measures introduced by regulatory and supervisory bodies to help address and alleviate various COVID-19 driven financial impacts. These include amendments to the CRR introduced by the 'Quick Fix' package in June 2020, which introduced a number of beneficial modifications including changes to International Financial Reporting Standard (IFRS) 9 transitional arrangements for capital and the accelerated implementation of revised small or medium-sized enterprises (SME) supporting factors under CRR II.

The PRA is expected to consult on the remaining Basel III reforms (Basel 3.1) in the fourth quarter of 2022 with the proposal that these reforms will become effective on 1 January 2025. The Group is undertaking an assessment across a range of scenarios for potential outcomes to assist with planning.

TEMPLATES NOT DISCLOSED

Specific Pillar 3 templates are required to be disclosed on a semi-annual basis and these are included within this report. Certain PRA templates prescribed on a semi-annual basis are not applicable to the Group and these include: UK SEC2, 3, 4 and 5 covering securitisation exposures the Group is not subject to with no significant risk transfer achieved; UK MR2-A and UK CCR7 on the basis the Group applies the standardised approach to market risk and counterparty credit risk; UK LIQ2, as in line with PRA PS17/21, the Net Stable Funding Ratio (NSFR) is required to be presented on an average basis using the previous four quarter ends from 1 January 2022; and UK CQ7 as the group does not take possession of collateral that would result in recognition of an asset on its balance sheet.

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. The following templates have been omitted on the grounds that they are non-material: UK MR1 (Market risk under the standardised approach); UK MRA (Qualitative disclosure requirements related to market risk); UK CCR5 (Composition of collateral for CCR exposures); and UK CR7 (IRB approach – effect on the Risk-Weighted Exposure Amounts (RWEAs) of credit derivative used as credit risk mitigation (CRM) techniques).

Introduction

Table 1: UK KM1 - Key metrics

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

		A	C
		31 Mar 2022 £m	30 Sept 2021 £m
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	**3,565**	3,616
2	Tier 1 capital	**4,262**	4,313
3	Total capital	**5,282**	5,332
	Risk-weighted exposure amounts		
4	Total risk-weighted exposure amount	**24,184**	24,232
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	**14.7%**	14.9%
6	Tier 1 ratio (%)	**17.6%**	17.8%
7	Total capital ratio (%)	**21.8%**	22.0%
	Additional own funds requirements based on Supervisory Review and Evaluation Process (SREP) (as a percentage of risk-weighted exposure amount)(1)		
UK-7a	Additional CET1 SREP requirements (%)	**1.7%**	
UK-7b	Additional AT1 SREP requirements (%)	**0.6%**	
UK-7c	Additional T2 SREP requirements (%)	**0.8%**	
UK-7d	Total SREP own funds requirements (%)	**11.1%**	
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	**2.50%**	2.50%
11	Combined buffer requirement (%)	**2.50%**	2.50%
UK-11a	Overall capital requirements (%)	**13.58%**	
12	CET1 available after meeting the total SREP own funds requirements (%)	**8.52%**	
	Leverage ratio(2)		
13	Total exposure measure excluding claims on central banks	**83,509**	83,415
14	Leverage ratio excluding claims on central banks (%)	**5.1%**	5.2%
	Additional leverage ratio disclosure requirements(1)		
UK-14a	Fully loaded Expected Credit Loss (ECL) accounting model leverage ratio excluding claims on central banks (%)	**5.0%**	
UK-14b	Leverage ratio including claims on central banks (%)	**4.6%**	
UK-14c	Average leverage ratio excluding claims on central banks (%)	**5.0%**	
UK-14d	Average leverage ratio including claims on central banks (%)	**4.5%**	
UK-14e	Countercyclical leverage ratio buffer (%)	**0.0%**	
	Liquidity Coverage Ratio(3)		
15	Total high-quality liquid assets (HQLA) (Weighted value average)	**11,281**	11,229
UK-16a	Cash outflows - Total weighted value	**8,022**	8,195
UK-16b	Cash inflows - Total weighted value	**444**	527
16	Total net cash outflows (adjusted value)	**7,578**	7,668
17	Liquidity coverage ratio (%)	**149%**	146%

(1) Additional disclosure requirement implemented through PS22/21 from 1 January 2022, therefore no comparatives presented.

(2) Following the implementation of PS22/21 effective from 1 January 2022, the 30 Sept 2021 comparative figures have been restated to reflect the exclusion of the Bounce Back Loans Scheme (BBLS) from the exposure value.

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

Capital resources

Table 2: UK CC1 - Composition of regulatory own funds		31 Mar 2022 £m	30 Sept 2021 £m	Ref[(1)]:
	CET1 capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	**152**	149	**g**
	of which: ordinary shares	***144***	*144*	**h**
	of which: share premium	***8***	*5*	**i**
2	Retained earnings	**4,416**	3,943	**k + l + o + s**
3	Accumulated other comprehensive income (and other reserves)	**119**	71	**m**
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	**111**	362	**p + q + r**
6	**CET1 capital before regulatory adjustments**	**4,798**	**4,525**	
	CET1 capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	**(4)**	(5)	
8	Intangible assets (net of related tax liability) (negative amount)	**(340)**	(219)	**a – c**
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)	**(241)**	(258)	**b**
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	**(60)**	(10)	**n**
12	Negative amounts resulting from the calculation of expected loss amounts	**(27)**	–	
15	Defined-benefit pension fund assets (negative amount)	**(645)**	(551)	**d – f**
UK-27a	Other regulatory adjustments to CET1 capital *(including IFRS 9 transitional adjustments when relevant)*	**84**	134	
28	**Total regulatory adjustments to CET1**	**(1,233)**	(909)	
29	**CET1 capital**	**3,565**	3,616	
	Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	**697**	697	
31	*of which: classified as equity under applicable accounting standards*	***697***	*697*	**j**
44	**AT1 capital**	**697**	697	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**4,262**	4,313	
	Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	**1,020**	1,019	**e**
58	**Tier 2 (T2) capital**	**1,020**	1,019	
59	**Total capital (TC = T1 + T2)**	**5,282**	5,332	
60	**Total Risk exposure amount**	**24,184**	24,232	
	Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	**14.7%**	14.9%	
62	Tier 1 (as a percentage of total risk exposure amount)	**17.6%**	17.8%	
63	Total capital (as a percentage of total risk exposure amount)	**21.8%**	22.0%	
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) Capital Requirements Directive (CRD), plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as % risk exposure amount)	**7.0%**	7.0%	
65	*of which: capital conservation buffer requirement*	***2.5%***	*2.5%*	
66	*of which: countercyclical buffer requirement*	***0.0%***	*0.0%*	
67	*of which: systemic risk buffer requirement*	***0.0%***	*0.0%*	
UK-67a	*of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer*	***0.0%***	*0.0%*	
68	**Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)[(2)]**	**8.5%**	8.2%	
	Amounts below the thresholds for deduction (before risk weighting)			
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	**111**		
	Applicable caps on the inclusion of provisions in Tier 2			
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	**75**	73	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	**94**	94	

(1) Shows cross reference to the balance sheet under regulatory scope of consolidation in Table 3.

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

Capital resources

Table 3: UK CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

As at 31 March 2022	A Balance sheet as in published financial statements £m	B Under regulatory scope of consolidation[1] £m	Ref:
Assets			
Financial assets at amortised cost			
Loans and advances to customers	71,413	71,413	
Cash and balances with central banks	9,527	9,527	
Due from other banks	858	858	
Financial assets at FVTPL			
Loans and advances to customers	115	115	
Derivative financial instruments	189	189	
Other financial assets	5	5	
Financial assets at FVOCI	4,423	4,423	
Property plant and equipment	227	227	
Intangible assets and goodwill	343	343	a
Current tax assets	–	–	
Deferred tax assets	330	330	
of which: tax losses carried forward	*241*	*241*	b
of which: intangible assets	*(3)*	*(3)*	c
Defined benefit pensions scheme assets	992	992	d
Other assets	187	187	
Total assets	**88,609**	**88,609**	
Liabilities			
Financial liabilities at amortised cost			
Customer deposits	64,458	64,458	
Debt securities in issue	7,908	7,908	
of which: tier 2 instruments	*1,020*	*1,020*	e
Due to other banks	7,589	7,589	
Financial liabilities at FVTPL			
Derivative financial instruments	262	262	
Current tax liabilities	16	16	
Deferred tax liabilities	347	347	
of which: defined pension benefit scheme surplus	*347*	*347*	f
Provisions for liabilities and charges	82	82	
Other liabilities	2,379	2,452	
Total liabilities	**83,041**	**83,114**	
Shareholders' Equity			
Share capital and share premium	152	152	g
of which: ordinary share capital	*144*	*144*	h
of which: share premium	*8*	*8*	i
Other equity instruments	697	697	j
Capital reorganisation reserve	(839)	(839)	k
Merger reserve	2,128	2,128	l
Other reserves	119	119	m
of which: cash flow hedge reserve	*60*	*60*	n
Retained earnings	3,311	3,238	
of which: prior period retained earnings	*3,049*	*3,049*	o
of which: profits accrued in the year to date	*238*	*238*	p
of which: dividends paid/accrued in the period	*(14)*	*(73)*	q
of which: AT1 coupons paid/accrued in the period	*(40)*	*(54)*	r
of which: other movements in retained earnings	*78*	*78*	s
Total shareholders' equity	**5,568**	**5,495**	

(1) Balance sheet after accruing for foreseeable AT1 coupons and ordinary dividends.

Capital resources

Table 4: 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.

		31 Mar 2022 £m	30 Sept 2021 £m
1	Total assets as per published financial statements	**88,609**	89,100
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	**–**	(1)
4	(Adjustment for exemption of exposures to central banks)	**(9,180)**	(9,094)
8	Adjustment for derivative financial instruments	**355**	91
9	Adjustment for securities financing transactions (SFTs)	**2,893**	2,235
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	**3,000**	2,884
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	**(4)**	–
12	Other adjustments[1]	**(2,164)**	(1,800)
13	**Total exposure measure**	**83,509**	83,415

(1) Following the implementation of PS22/21 effective from 1 January 2022, the 30 Sept 2021 comparative figure of (£909m) has been restated to reflect the exclusion of the BBLS from the exposure value.

Table 5: UK LR2 – LRCom - Leverage ratio common disclosure

		31 Mar 2022 £m	30 Sept 2021 £m
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)[1]	**87,615**	88,068
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	**(128)**	(76)
6	(Asset amounts deducted in determining tier 1 capital (leverage))	**(1,234)**	(909)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**86,253**	87,083
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	**185**	94
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	**358**	213
13	**Total derivatives exposures**	**543**	307
	SFT exposures		
16	Counterparty credit risk exposure for SFT assets	**2,893**	2,235
18	**Total securities financing transaction exposures**	**2,893**	2,235
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	**18,271**	16,829
20	(Adjustments for conversion to credit equivalent amounts)	**(15,271)**	(13,945)
22	**Off-balance sheet exposures**	**3,000**	2,884
	Capital and total exposure measure		
23	**Tier 1 capital (leverage)**	**4,262**	4,313
24	Total exposure measure including claims on central banks	**92,689**	92,509
UK-24a	(-) Claims on central banks excluded	**(9,180)**	(9,094)
UK-24b	**Total exposure measure excluding claims on central banks**	**83,509**	83,415
	Leverage ratio		
25	Leverage ratio excluding claims on central banks (%)	**5.1%**	5.2%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.0%**	5.0%
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	**5.0%**	5.0%
UK-25c	Leverage ratio including claims on central banks (%)	**4.6%**	4.7%
26	Regulatory minimum leverage ratio requirement (%)	**3.25%**	3.25%
	Additional leverage ratio disclosure requirements - leverage ratio buffers		–
27	Leverage ratio buffer (%)	**0%**	0%
UK-27a	*of which: G-SII or O-SII additional leverage ratio buffer (%)*	***0%***	*0%*
UK-27b	*of which: countercyclical leverage ratio buffer (%)*	***0%***	*0%*

(1) Following the implementation of PS22/21 effective from 1 January 2022, the 30 Sept 2021 comparative figure of £88,959m has been restated to reflect the exclusion of BBLS from the exposure value.

Capital resources

Table 6: UK LR3 – LRSpl - Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		Leverage ratio exposures	
		31 Mar 2022 £m	30 Sept 2021 £m
UK-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**78,435**	78,974
UK-2	Trading book exposures	**–**	–
UK-3	Banking book exposures, of which:	**78,435**	78,974
UK-4	*Covered bonds*	***1,336***	*1,356*
UK-5	*Exposures treated as sovereigns*	***3,637***	*3,820*
UK-6	*Exposures to regional governments, Multilateral Development Bank, international organisations and public sector entities not treated as sovereigns*	***86***	*151*
UK-7	*Institutions*	***408***	*733*
UK-8	*Secured by mortgages of immovable properties*	***60,343***	*60,564*
UK-9	*Retail exposures*	***6,024***	*5,632*
UK-10	*Corporates*(1)	***4,397***	*4,488*
UK-11	*Exposures in default*	***735***	*778*
UK-12	*Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)*(2)	***1,469***	*1,452*

(1) Following the implementation of PS22/21 effective from 1 January 2022, the 30 Sept 2021 comparative figure of £5,379m has been restated to reflect the exclusion of BBLS from the exposure value.

(2) The comparative figure of £1,593m has been restated to exclude a derivative exposure.

Capital and leverage key points

Common Equity Tier 1

The Group maintained a robust capital position with a CET1 ratio (IFRS 9 transitional basis) of 14.7% (30 September 2021: 14.9%).

CET1 capital reduced by £51m during the period, primarily due to the removal of the software asset relief in January 2022 which reduced capital resources by £151m. After this one-off movement, the main movements arose from increases in retained earnings and other reserves of £274m (driven mainly by statutory profit after tax of £238m), reductions in the intangible assets balance of £30m and in the deferred tax recognised on tax losses carried forward of £17m. Retained earnings and other reserves movements also included an increase in the defined benefit fund pension asset of £94m, which has been deduced from capital resources. The reduction in IFRS 9 provisions recognised in the period together with a tapering of relief reduced the IFRS 9 transitional adjustments by £50m.

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

The total capital ratio remained broadly stable at 21.8% (30 September 2021: 22.0%) and the transitional MREL ratio also remained stable at 31.7% (30 September 2021: 31.9%). The Group's transitional MREL position represents prudent headroom of 7.0% or c.£1.7bn over the Group's 2022 end-state MREL (plus buffers) requirement of 24.7% of RWAs.

Leverage

Following the FPC and PRA's published policy statement PS21/21, the Group is subject to a single UK leverage ratio exposure measure from 1 January 2022. The Group's UK leverage ratio of 5.1% (30 September 2021: 5.2%) exceeds the UK minimum ratio of 3.25%. The average UK leverage ratio is 4.9% (30 September 2021: 4.7%).

The Group's leverage ratio buffer currently stands at 0%. Following the FPC's announced increase to the countercyclical capital buffer (CCyB), the leverage ratio buffer will increase to 0.4% from December 2022.

Capital requirements

Table 7: UK OV1 - Overview of Risk weighted exposure amounts

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

		A	B	C
		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		31 Mar 2022 £m	30 Sept 2021[1] £m	**31 Mar 2022 £m**
1	Credit risk (excluding CCR)	**21,533**	21,543	**1,723**
2	*of which: the standardised approach*	***5,885***	*5,844*	***471***
3	*of which: the foundation IRB (FIRB) approach*	***5,282***	*5,271*	***423***
4	*of which: slotting approach*	***343***	*418*	***27***
5	*of which: the advanced IRB (AIRB) approach*	***10,023***	*10,010*	***802***
6	Counterparty credit risk - CCR	**170**	208	**14**
7	*of which: the standardised approach*	***104***	*103*	***9***
UK-8a	*of which: exposures to a Central Counterparty (CCP)*	***5***	*2*	**–**
UK-8b	*of which: credit valuation adjustment - CVA*	***61***	*103*	***5***
23	Operational risk	**2,481**	2,481	**198**
UK-23b	*of which: standardised approach*	***2,481***	*2,481*	***198***
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	**277**	308	**22**
29	**Total**	**24,184**	24,232	**1,935**

(1) Prior period comparatives have been updated to reflect the new requirements implemented through PS22/21.

RWEAs stayed relatively stable in the period, reducing by £48m (0.2%) to £24,184m.

Capital requirements

Table 8: UK CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

	A	B	C	D	E	F	G	H	I	J	K	L	M
	General credit exposures		Relevant credit exposures – Market risk				Own fund requirements						
As at 31 Mar 2022	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
Breakdown by country:	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%
UK	**8,751**	**71,332**	–	–	–	–	**1,719**	–	–	**1,719**	**21,467**	**100%**	**0.0**
Total	**8,751**	**71,332**	–	–	–	–	**1,719**	–	–	**1,719**	**21,467**	**100%**	
As at 30 Sept 2021													
UK	8,498	71,002	–	–	–	–	1,713	–	–	1,713	21,411	100%	0.0
Total	8,498	71,002	–	–	–	–	1,713	–	–	1,713	21,411	100%	0.0

Table 9: UK CCyB2 - Amount of institution-specific countercyclical capital buffer

		31 Mar 2022	30 Sept 2021
1	Total risk exposure amount (£m)	**24,184**	24,232
2	Institution specific countercyclical capital buffer rate (%)	**0%**	0%
3	Institution specific countercyclical capital buffer requirement (%)	**–**	–

Table 10: UK CR1 - Performing and non-performing exposures and related provisions

		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
As at 31 March 2022		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005	Cash balances at central banks and other demand deposits[1]	7,074	7,059	15	–	–	–	–	–	–	–	–	–	–	–	–
010	Loans and advances[2]	74,660	66,790	7,870	1,107	161	946	(374)	(134)	(240)	(108)	(1)	(107)	–	61,836	831
020	*Central banks*	2,577	2,577	–	–	–	–	–	–	–	–	–	–	–	–	–
030	*General governments*	2	1	1	–	–	–	–	–	–	–	–	–	–	–	–
040	*Credit institutions*	610	610	–	–	–	–	(1)	(1)	–	–	–	–	–	–	–
050	*Other financial corporations*	216	197	19	1	1	–	(2)	(1)	(1)	–	–	–	–	37	–
060	*Non-financial corporations*	7,127	5,473	1,654	246	26	220	(130)	(53)	(77)	(45)	–	(45)	–	4,163	130
070	*of which: SMEs*	*5,380*	*3,984*	*1,396*	*170*	*19*	*151*	*(60)*	*(20)*	*(40)*	*(21)*	–	*(21)*	–	*3,577*	*93*
080	*Households*	64,128	57,932	6,196	860	134	726	(241)	(79)	(162)	(63)	(1)	(62)	–	57,636	701
090	Debt securities	4,423	4,423	–	–	–	–	–	–	–	–	–	–	–	–	–
100	*Central banks*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
110	*General governments*	1,533	1,533	–	–	–	–	–	–	–	–	–	–	–	–	–
120	*Credit institutions*	2,890	2,890	–	–	–	–	–	–	–	–	–	–	–	–	–
130	*Other financial corporations*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
140	*Non-financial corporations*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
150	Off-balance-sheet exposures	18,238	16,991	1,247	38	2	36	8	2	6	–	–	–		–	–
160	*Central banks*	–	–	–	–	–	–	–	–	–	–	–	–		–	–
170	*General governments*	377	122	255	–	–	–	1	1	–	–	–	–		–	–
180	*Credit institutions*	9	7	2	–	–	–	–	–	–	–	–	–		–	–
190	*Other financial corporations*	–	–	–	–	–	–	–	–	–	–	–	–		–	–
200	*Non-financial corporations*	2,997	2,314	683	23	–	23	7	1	6	–	–	–		–	–
210	*Households*	14,855	14,548	307	15	2	13	–	–	–	–	–	–		–	–
220	**Total**	97,321	88,204	9,117	1,145	163	982	(366)	(132)	(234)	(108)	(1)	(107)	–	61,836	831

(1) Following the implementation of PS22/21 effective from 1 January 2022, ‘Cash balances at central banks and other demand deposits’ has been added as a new row to UK CR1, which is not reflected in the prior period disclosure.

(2) Excludes (£115m) loans designated at fair value through profit or loss (FVTPL).

Capital requirements – Credit risk

		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
As at 30 September 2021		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
010	Loans and advances[1]	74,352	64,280	10,071	1,083	122	960	(399)	(112)	(287)	(105)	(12)	(92)	–	62,432	849
020	*Central banks*	2,520	2,520	–	–	–	–	–	–	–	–	–	–	–	–	–
030	*General governments*	3	1	1	–	–	–	–	–	–	–	–	–	–	–	–
040	*Credit institutions*	200	200	–	–	–	–	(1)	(1)	–	–	–	–	–	–	–
050	*Other financial corporations*	238	225	13	–	–	–	(3)	(1)	(1)	–	–	–	–	28	–
060	*Non-financial corporations*	7,322	5,296	2,026	228	31	197	(164)	(60)	(104)	(40)	(6)	(35)	–	4,509	118
070	*of which: SMEs*	*5,675*	*3,896*	*1,778*	*166*	*10*	*157*	*(79)*	*(25)*	*(53)*	*(25)*	–	*(25)*	–	*3,908*	*87*
080	*Households*	64,069	56,038	8,031	855	91	763	(231)	(50)	(182)	(65)	(6)	(57)	–	57,895	731
090	Debt securities	4,353	4,353	–	–	–	–	–	–	–	–	–	–	–	–	–
100	*Central banks*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
110	*General governments*	1,066	1,066	–	–	–	–	–	–	–	–	–	–	–	–	–
120	*Credit institutions*	3,257	3,257	–	–	–	–	–	–	–	–	–	–	–	–	–
130	*Other financial corporations*	30	30	–	–	–	–	–	–	–	–	–	–	–	–	–
140	*Non-financial corporations*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
150	Off-balance-sheet exposures	17,054	15,967	1,088	30	–	30	8	2	6	–			–	–	–
160	*Central banks*	–	–	–	–	–	–	–	–	–	–			–	–	–
170	*General governments*	368	359	10	–	–	–	–	–	–	–			–	–	–
180	*Credit institutions*	9	8	1	–	–	–	–	–	–	–			–	–	–
190	*Other financial corporations*	–	–	–	–	–	–	–	–	–	–			–	–	–
200	*Non-financial corporations*	2,957	2,194	763	15	–	15	8	2	6	–			–	–	–
210	*Households*	13,720	13,406	314	15	–	15	–	–	–	–			–	–	–
220	**Total**	95,759	84,600	11,159	1,113	122	990	(391)	(110)	(281)	(105)	(12)	(92)	–	62,432	849

(1) Excludes (£133m) loans designated at fair value through profit or loss (FVTPL).

Capital requirements – Credit risk

Table 11: UK CR1-A - Maturity of exposures(1)

	A	B	C	D	E	F
	Net exposure value					
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
As at 31 March 2022	£m	£m	£m	£m	£m	£m
1 Loans and advances	–	**31,668**	**8,964**	**59,599**	**101**	**100,332**
2 Debt securities	–	**250**	**1,310**	**3,107**	**1**	**4,668**
3 Total	–	**31,918**	**10,274**	**62,706**	**102**	**105,000**

(1) Following the implementation of PS22/21 effective from 1 January 2022, comparative figures are not disclosed due to first-time reporting.

Table 12: UK CR2 - Changes in the stock of non-performing loans and advances(1)(2)

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

		31 Mar 2022 £m
10	**Initial stock of non-performing loans and advances**	**957**
20	Inflows to non-performing portfolios	**332**
30	Outflows from non-performing portfolios	**(91)**
40	Outflows due to write-offs	**(62)**
50	Outflows due to other situations	**(130)**
60	**Final stock of non-performing loans and advances**	**1,006**

(1) Following the implementation of PS22/21 effective from 1 January 2022, comparative figures are not disclosed due to first-time reporting.

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

Table 13: UK CR3 - Disclosure of the use of credit risk mitigation techniques(1)(2)

	A	B	C	D	E
		Secured carrying amount			
	Unsecured carrying amount		Of which: secured by collateral	Of which: secured by financial guarantees	Of which: secured by credit derivatives
As at 31 March 2022	£m	£m	£m	£m	£m
Loans and advances	**20,202**	**62,754**	**61,636**	**1,118**	–
Debt securities	**4,424**	–	–	–	
Total	**24,626**	**62,754**	**61,636**	**1,118**	–
of which: non-performing exposures	***276***	***832***	***778***	***54***	–
of which: defaulted	***213***	***832***			

(1) Following the implementation of PS22/21 effective from 1 January 2022, comparative figures are not disclosed due to first-time reporting.

(2) Disclosure is presented gross of provisions.

Capital requirements – Credit risk

Table 14: UK CQ1 - Credit quality of forborne exposures

	A	B	C	D	E	F	G	H
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which: collateral and financial guarantees received on non-performing exposures with forbearance measures
			Of which: defaulted	Of which: impaired				
As at 31 March 2022	£m	£m	£m	£m	£m	£m	£m	£m
005 Cash balances at central banks and other demand deposits[(1)]	–	–	–	–	–	–	–	–
010 Loans and advances	**524**	**653**	**612**	**592**	**(17)**	**(60)**	**877**	**468**
060 *Non-financial corporations*	**240**	**191**	**191**	**181**	**(11)**	**(29)**	**207**	**66**
070 *Households*	**284**	**462**	**421**	**411**	**(6)**	**(31)**	**670**	**402**
090 Loan commitments given	**28**	**8**	**8**	**8**	–	–	–	–
100 ***Total***	**552**	**661**	**620**	**600**	**(17)**	**(60)**	**877**	**468**

(1) Following the implementation of PS22/21 effective from 1 January 2022, 'Cash balances at central banks and other demand deposits' has been added as a new row to UK CR1, which is not reflected in the prior period disclosure.

	A	B	C	D	E	F	G	H
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which: collateral and financial guarantees received on non-performing exposures with forbearance measures
			Of which: defaulted	Of which: impaired				
As at 30 September 2021	£m	£m	£m	£m	£m	£m	£m	£m
010 Loans and advances	661	647	548	582	(22)	(43)	993	481
060 *Non-financial corporations*	314	166	166	155	(14)	(26)	249	68
070 *Households*	347	481	382	427	(8)	(17)	743	412
090 Loan commitments given	32	3	3	2	–	–	–	–
100 ***Total***	693	650	551	584	(22)	(43)	993	481

Capital requirements – Credit risk

Table 15: UK CR4 - Standardised approach: Credit risk exposure and CRM effects

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

		A	B	C	D	E	F
		Exposures before CCF and before CRM[1]		Exposures post-CCF and post-CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density[2]
As at 31 March 2022		£m	£m	£m	£m	£m	%
1	Central governments or central banks	**11,354**	**1**	**12,464**	**–**	**–**	**–**
2	Regional government or local authorities	**86**	**257**	**12**	**52**	**13**	**20.3%**
3	Public sector entities	**252**	**118**	**252**	**24**	**5**	**1.8%**
4	Multilateral development banks	**1,127**	**–**	**1,127**	**–**	**–**	**0.0%**
6	Institutions	**408**	**9**	**408**	**2**	**78**	**19.0%**
7	Corporates	**835**	**161**	**225**	**45**	**245**	**90.7%**
8	Retail	**6,024**	**10,834**	**6,024**	**21**	**4,534**	**75.0%**
9	Secured by mortgages on immovable property	**199**	**397**	**199**	**195**	**136**	**34.5%**
10	Exposures in default	**134**	**17**	**60**	**–**	**69**	**115.0%**
11	Exposures associated with particularly high risk	**–**	**–**	**–**	**–**	**–**	**–**
12	Covered bonds	**1,336**	**–**	**1,336**	**–**	**134**	**10.0%**
14	Collective investment undertakings	**–**	**–**	**–**	**–**	**–**	**–**
15	Equity	**5**	**–**	**5**	**–**	**5**	**100.0%**
16	Other items	**590**	**–**	**590**	**–**	**666**	**112.9%**
17	**Total**	**22,350**	**11,794**	**22,702**	**339**	**5,885**	**25.55%**

		A	B	C	D	E	F
		Exposures before CCF and before CRM[1]		Exposures post-CCF and post-CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density[2]
As at 30 September 2021		£m	£m	£m	£m	£m	%
1	Central governments or central banks	11,118	1	12,353	–	–	0.0%
2	Regional government or local authorities	13	251	13	50	13	20.6%
3	Public sector entities	356	116	357	23	5	1.3%
4	Multilateral development banks	1,355	–	1,355	–	–	0.0%
6	Institutions	733	9	733	2	153	20.8%
7	Corporates	943	156	221	42	235	89.4%
8	Retail	5,632	10,504	5,632	21	4,240	75.0%
9	Secured by mortgages on immovable property	161	352	161	176	114	33.8%
10	Exposures in default	90	2	66	–	73	110.6%
11	Exposures associated with particularly high risk	–	–	–	–	–	–
12	Covered bonds	1,356	–	1,356	–	136	10.0%
14	Collective investment undertakings	–	–	–	–	–	–
15	Equity	19	–	19	–	19	100.0%
16	Other items	765	–	765	–	856	111.9%
17	**Total**	22,541	11,391	23,031	314	5,844	25.03%

(1) The gross exposure value is reported at 31 March 2022, whereas the 30 September 2021 position represents gross exposure minus on-balance sheet netting. The amount deducted at 31 September 2021 was £137m, all of which was netted against the 'regional Government or local authorities' exposure class.

(2) Risk Weighted Asset (RWA) density calculation has been performed on unrounded figures.

Capital requirements – Credit risk

Table 16: UK CR5 - Standardised approach

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

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

		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
		Risk weight (£m)																
As at 31 March 2022		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Total £m	Of which: Unrated £m
1	Central governments or central banks	**12,464**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**12,464**	–
2	Regional government or local authorities	–	–	–	–	**64**	–	–	–	–	–	–	–	–	–	–	**64**	**64**
3	Public sector entities	**252**	–	–	–	**24**	–	–	–	–	–	–	–	–	–	–	**276**	**276**
4	Multilateral development banks	**1,127**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**1,127**	**1,127**
6	Institutions	–	**64**	–	–	**321**	–	**25**	–	–	–	–	–	–	–	–	**410**	**16**
7	Corporates	–	–	–	–	–	–	–	–	–	**270**	–	–	–	–	–	**270**	**270**
8	Retail exposures	–	–	–	–	–	–	–	–	**6,045**	–	–	–	–	–	–	**6,045**	**6,045**
9	Exposures secured by mortgages on immovable property	–	–	–	–	–	**372**	–	–	–	**22**	–	–	–	–	–	**394**	**394**
10	Exposures in default	–	–	–	–	–	–	–	–	–	**42**	**18**	–	–	–	–	**60**	**60**
11	Exposures associated with particularly high risk	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12	Covered bonds	–	–	–	**1,336**	–	–	–	–	–	–	–	–	–	–	–	**1,336**	–
14	Units or shares in collective investment undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity exposures	–	–	–	–	–	–	–	–	–	**5**	–	–	–	–	–	**5**	**5**
16	Other items	**84**	–	–	–	**6**	–	–	–	–	**389**	–	**111**	–	–	–	**590**	**590**
17	**Total**	**13,927**	**64**	–	**1,336**	**415**	**372**	**25**	–	**6,045**	**728**	**18**	**111**	–	–	–	**23,041**	**8,847**

Capital requirements – Credit risk

		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
		Risk weight (£m)																
As at 30 September 2021		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Total £m	Of which: Unrated £m
1	Central governments or central banks	12,353	–	–	–	–	–	–	–	–	–	–	–	–	–	–	12,353	–
2	Regional government or local authorities	–	–	–	–	63	–	–	–	–	–	–	–	–	–	–	63	63
3	Public sector entities	356	–	–	–	24	–	–	–	–	–	–	–	–	–	–	380	380
4	Multilateral development banks	1,355	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1,355	1,355
6	Institutions	–	–	–	–	716	–	19	–	–	–	–	–	–	–	–	735	62
7	Corporates	–	–	–	–	–	–	5	–	–	258	–	–	–	–	–	263	258
8	Retail exposures	–	–	–	–	–	–	–	–	5,653	–	–	–	–	–	–	5,653	5,653
9	Exposures secured by mortgages on immovable property	–	–	–	–	–	318	–	–	–	19	–	–	–	–	–	337	337
10	Exposures in default	–	–	–	–	–	–	–	–	–	52	14					66	66
11	Exposures associated with particularly high risk	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12	Covered bonds	–	–	–	1,356	–	–	–	–	–	–	–	–	–	–	–	1,356	–
14	Units or shares in collective investment undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity exposures	–	–	–	–	–	–	–	–	–	19	–	–	–	–	–	19	19
16	Other items	86	–	–	–	8	–	–	–	–	548	–	123	–	–	–	765	765
17	**Total**	14,150	–	–	1,356	811	318	24	–	5,653	896	14	123	–	–	–	23,345	8,958

Capital requirements – Credit risk

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

The Group operates with two sets of internal ratings-based (IRB) models for Retail Mortgages reflecting the portfolios and their heritage from the merger of CYB group with the Virgin Money group by way of the acquisition of Virgin Money Holdings (UK) PLC by the Company. The models have differing modelling methodologies and the associated portfolios have different risk profiles. Combining these into a single table does not provide a valid representation of risk, therefore the position of each heritage portfolio as at 31 March 2022 is presented separately below.

The gross exposure values are reported at 31 March 2022. The values at 30 September 2021 are the gross exposures minus on-balance sheet netting.

Table 17: Clydesdale Bank PLC Retail Mortgages – (AIRB) Retail Secured by Immovable Property non-SME(1)

	31 March 2022											
	A	B	C	D	E	F	G	H	I	J	K	L
	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(3)	Expected loss amount	Value adjustments and provisions(2)
PD range(2)	£m	£m	%	£m	%	£m	%	£m	£m	%	£m	£m
0.00 to <0.15	**436**	**350**	**102.1%**	**803**	**0.1%**	**5,171**	**13.5%**	**–**	**22**	**2.8%**	**–**	**–**
0.00 to <0.10	**160**	**294**	**102.1%**	**463**	**0.0%**	**3,997**	**12.2%**	**–**	**7**	**1.6%**	**–**	**–**
0.10 to <0.15	**276**	**56**	**102.0%**	**340**	**0.1%**	**1,174**	**15.3%**	**–**	**15**	**4.5%**	**–**	**–**
0.15 to <0.25	**855**	**55**	**102.2%**	**931**	**0.2%**	**4,417**	**11.8%**	**–**	**48**	**5.1%**	**–**	**–**
0.25 to <0.50	**5,333**	**224**	**102.4%**	**5,691**	**0.4%**	**44,764**	**11.3%**	**–**	**449**	**7.9%**	**3**	**(1)**
0.50 to <0.75	**3,056**	**85**	**102.2%**	**3,216**	**0.6%**	**16,219**	**13.4%**	**–**	**418**	**13.0%**	**3**	**(1)**
0.75 to <2.50	**10,331**	**913**	**102.0%**	**11,502**	**1.2%**	**48,553**	**15.3%**	**–**	**2,556**	**22.2%**	**21**	**(10)**
0.75 to <1.75	**8,363**	**886**	**102.0%**	**9,467**	**1.0%**	**39,228**	**15.6%**	**–**	**1,967**	**20.8%**	**15**	**(6)**
1.75 to <2.5	**1,968**	**27**	**101.7%**	**2,035**	**2.0%**	**9,325**	**13.6%**	**–**	**589**	**29.0%**	**6**	**(4)**
2.50 to <10.00	**1,120**	**16**	**102.4%**	**1,163**	**4.5%**	**6,658**	**14.6%**	**–**	**559**	**48.1%**	**8**	**(8)**
2.50 to <5.00	**804**	**11**	**102.4%**	**834**	**3.6%**	**4,306**	**14.8%**	**–**	**366**	**43.9%**	**5**	**(4)**
5.00 to <10.00	**316**	**5**	**102.4%**	**329**	**6.8%**	**2,352**	**14.2%**	**–**	**193**	**58.8%**	**3**	**(4)**
10.00 to <100.00	**167**	**3**	**102.2%**	**174**	**36.0%**	**1,217**	**14.8%**	**–**	**134**	**76.8%**	**10**	**(10)**
10.00 to <20.00	**37**	**1**	**102.5%**	**39**	**13.4%**	**276**	**13.8%**	**–**	**30**	**76.4%**	**1**	**(1)**
20.00 to <30.00	**56**	**1**	**102.2%**	**58**	**23.4%**	**458**	**14.9%**	**–**	**53**	**90.0%**	**2**	**(4)**
30.00 to <100.00	**74**	**1**	**102.0%**	**77**	**57.1%**	**483**	**15.3%**	**–**	**51**	**66.9%**	**7**	**(5)**
100.00 (Default)	**439**	**7**	**100.0%**	**446**	**100.0%**	**2,881**	**17.2%**	**–**	**899**	**201.8%**	**6**	**(14)**
Subtotal	**21,737**	**1,653**	**102.1%**	**23,926**	**3.1%**	**129,880**	**13.9%**	**–**	**5,085**	**21.3%**	**51**	**(44)**

(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) Following the implementation of PS22/21 effective from 1 January 2022, more detailed PD ranges are disclosed compared to the prior period and value adjustments and provisions are now captured as a negative. The prior period has not been restated.

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

	30 September 2021											
	A	B	C	D	E	F	G	H	I	J	K	L
	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
PD range	£m	£m	%	£m	%	£m	%	£m	£m	%	£m	£m
0.00 to <0.15	1,490	540	102.0%	2,075	0.1%	10,401	13.6%	–	84	4.0%	–	
0.15 to <0.25	1,729	160	102.1%	1,934	0.2%	8,740	12.5%	–	121	6.2%	1	
0.25 to <0.50	5,401	426	102.2%	5,966	0.4%	47,580	12.5%	–	567	9.5%	3	
0.50 to <0.75	3,111	102	102.2%	3,290	0.6%	16,376	14.1%	–	490	14.9%	3	
0.75 to <2.50	9,407	129	102.1%	9,757	1.2%	42,813	15.8%	–	2,386	24.5%	21	
2.50 to <10.00	790	13	102.4%	822	4.5%	5,595	14.9%	–	394	48.0%	6	
10.00 to <100.00	146	3	102.4%	152	34.2%	1,144	15.4%	–	123	81.1%	8	
100.00 (Default)	466	7	100.0%	474	100.0%	3,092	17.4%	–	970	204.8%	7	
Subtotal	22,540	1,380	102.0%	24,470	3.0%	135,741	14.3%	–	5,135	21.0%	49	53

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

Capital requirements – Credit risk

Table 18: Virgin Money Retail Mortgages – (AIRB) Retail Secured by Immovable Property non-SME[(1)]

	31 March 2022											
	A	B	C	D	E	F	G	H	I	J	K	L
	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[(3)]	Expected loss amount	Value adjustments and provisions[(2)]
PD range[(2)]	£m	£m	%	£m	%	£m	%	£m	£m	%	£m	£m
0.00 to <0.15	**3,803**	**53**	**100.0%**	**3,895**	**0.1%**	**25,946**	**8.5%**	**–**	**97**	**2.5%**	**–**	**–**
0.00 to <0.10	***632***	***1***	***100.0%***	***639***	***0.1%***	***5,821***	***5.0%***	***–***	***7***	***1.1%***	***–***	***–***
0.10 to <0.15	***3,171***	***52***	***100.0%***	***3,256***	***0.1%***	***20,125***	***9.1%***	***–***	***90***	***2.8%***	***–***	***–***
0.15 to <0.25	**6,845**	**220**	**100.0%**	**7,141**	**0.2%**	**48,238**	**9.3%**	**–**	**267**	**3.7%**	**1**	**–**
0.25 to <0.50	**12,461**	**758**	**100.0%**	**13,362**	**0.4%**	**77,946**	**12.3%**	**–**	**1,108**	**8.3%**	**7**	**(2)**
0.50 to <0.75	**4,620**	**233**	**100.0%**	**4,910**	**0.6%**	**28,300**	**13.3%**	**–**	**610**	**12.4%**	**4**	**(1)**
0.75 to <2.50	**6,572**	**602**	**100.0%**	**7,267**	**1.1%**	**46,841**	**17.8%**	**–**	**1,773**	**24.4%**	**14**	**(4)**
0.75 to <1.75	***5,986***	***571***	***100.0%***	***6,643***	***1.0%***	***42,754***	***18.4%***	***–***	***1,607***	***24.2%***	***12***	***(3)***
1.75 to <2.5	***586***	***31***	***100.0%***	***624***	***2.1%***	***4,087***	***11.7%***	***–***	***166***	***26.6%***	***2***	***(1)***
2.50 to <10.00	**1,317**	**66**	**100.0%**	**1,399**	**4.1%**	**10,184**	**14.0%**	**–**	**603**	**43.1%**	**8**	**(5)**
2.50 to <5.00	***1,098***	***55***	***100.0%***	***1,166***	***3.4%***	***8,369***	***14.1%***	***–***	***472***	***40.4%***	***6***	***(2)***
5.00 to <10.00	***219***	***11***	***100.0%***	***233***	***7.3%***	***1,815***	***13.3%***	***–***	***131***	***56.2%***	***2***	***(3)***
10.00 to <100.00	**630**	**13**	**100.0%**	**651**	**33.2%**	**5,073**	**12.2%**	**–**	**406**	**62.3%**	**23**	**(9)**
10.00 to <20.00	***288***	***5***	***100.0%***	***297***	***13.1%***	***2,192***	***13.6%***	***–***	***213***	***71.7%***	***5***	***(3)***
20.00 to <30.00	***113***	***3***	***100.0%***	***118***	***23.5%***	***1,152***	***13.9%***	***–***	***99***	***84.1%***	***4***	***(3)***
30.00 to <100.00	***229***	***5***	***100.0%***	***236***	***63.4%***	***1,729***	***9.6%***	***–***	***94***	***39.6%***	***14***	***(3)***
100.00 (Default)	**81**	**1**	**100.0%**	**81**	**100.0%**	**629**	**7.3%**	**–**	**74**	**90.9%**	**4**	**–**
Subtotal	**36,329**	**1,946**	**100.0%**	**38,706**	**1.4%**	**243,157**	**12.6%**	**–**	**4,938**	**12.8%**	**61**	**(21)**

(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) Following the implementation of PS22/21 effective from 1 January 2022, more detailed PD ranges are disclosed compared to the prior period to reflect the new guidelines.
(3) RWEA density calculation has been performed on unrounded figures.

	30 September 2021											
	A	B	C	D	E	F	G	H	I	J	K	L
	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
PD range	£m	£m	%		%	£m	%	£m	£m	%	£m	£m
0.00 to <0.15	2,407	163	100.0%	2,597	0.1%	17,128	8.9%	–	67	2.6%	–	
0.15 to <0.25	8,534	222	100.0%	8,850	0.2%	59,967	9.6%	–	349	3.9%	2	
0.25 to <0.50	10,261	515	100.0%	10,887	0.4%	57,902	10.5%	–	761	7.0%	4	
0.50 to <0.75	6,361	231	100.0%	6,670	0.6%	45,708	17.1%	–	1,056	15.8%	7	
0.75 to <2.50	6,226	300	100.0%	6,607	1.0%	43,681	18.0%	–	1,546	23.4%	12	
2.50 to <10.00	1,353	36	100.0%	1,406	3.8%	10,500	14.7%	–	610	43.4%	8	
10.00 to <100.00	612	10	100.0%	630	33.4%	4,992	12.5%	–	406	64.5%	23	
100.00 (Default)	81	1	100.0%	82	100.0%	653	9.9%	–	80	97.8%	5	
Subtotal	35,835	1,478	100.0%	37,729	1.4%	240,531	12.8%	–	4,875	12.9%	61	33

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

Table 19: Clydesdale Bank PLC Business Lending – (FIRB) Corporates: Business

	31 March 2022											
	A	B	C	D	E	F	G	H	I	J	K	L
	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[(1)]
PD range[(1)]	£m	£m	%	£m	%		%	£m	£m	%	£m	£m
0.00 to <0.15	77	52	71.4%	109	0.1%	128	40.8%	1.78	16	15.1%	–	–
0.00 to <0.10	*32*	*18*	*72.1%*	*42*	*0.1%*	*29*	*40.2%*	*1.98*	*6*	*14.2%*	–	–
0.10 to <0.15	*45*	*34*	*71.0%*	*67*	*0.1%*	*99*	*41.2%*	*1.65*	*10*	*15.7%*	–	–
0.15 to <0.25	233	223	69.2%	371	0.2%	673	39.9%	2.13	82	22.0%	–	–
0.25 to <0.50	935	434	68.3%	1,166	0.4%	1,532	39.3%	2.27	403	34.6%	2	(2)
0.50 to <0.75	349	142	68.4%	421	0.6%	533	39.2%	2.29	177	41.9%	1	(2)
0.75 to <2.50	2,840	911	66.0%	3,242	1.5%	4,679	39.5%	2.36	2,000	61.7%	19	(58)
0.75 to <1.75	*1,623*	*478*	*64.6%*	*1,817*	*1.1%*	*2,483*	*39.0%*	*2.23*	*986*	*54.2%*	*8*	*(10)*
1.75 to <2.5	*1,217*	*433*	*67.5%*	*1,425*	*2.0%*	*2,196*	*40.3%*	*2.52*	*1,014*	*71.2%*	*11*	*(48)*
2.50 to <10.00	848	201	63.7%	916	4.2%	1,589	40.2%	1.85	821	89.6%	18	(33)
2.50 to <5.00	*655*	*157*	*65.2%*	*711*	*3.6%*	*1,145*	*40.3%*	*1.90*	*620*	*87.1%*	*12*	*(23)*
5.00 to <10.00	*193*	*44*	*58.3%*	*205*	*6.5%*	*444*	*39.9%*	*1.65*	*201*	*98.3%*	*6*	*(10)*
10.00 to <100.00	81	13	70.7%	84	18.9%	215	40.1%	1.54	107	127.1%	6	(6)
10.00 to <20.00	*34*	*9*	*70.1%*	*38*	*13.4%*	*111*	*38.7%*	*1.41*	*37*	*96.2%*	*2*	*(3)*
20.00 to <30.00	*47*	*4*	*72.3%*	*46*	*23.4%*	*104*	*41.4%*	*1.65*	*70*	*152.5%*	*4*	*(3)*
30.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
100.00 (Default)	140	11	67.6%	138	100.0%	131	42.3%	1.51	–	–	58	(24)
Subtotal	**5,503**	**1,987**	**66.6%**	**6,447**	**3.9%**	**9,480**	**39.7%**	**2.21**	**3,606**	**55.9%**	**104**	**(125)**

(1) Following the implementation of PS22/21 effective from 1 January 2022, more detailed PD ranges are disclosed compared to the prior period to reflect the new guidelines

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

	30 September 2021											
	A	B	C	D	E	F	G	H	I	J	K	L
	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)[1]	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount[2]	Expected loss amount	Value adjustments and provisions
PD range	£m	£m	%	£m	%		£m	£m	£m	%	£m	£m
0.00 to <0.15	64	46	69.2%	91	0.1%	115	40.8%	1.72	14	15.8%	–	
0.15 to <0.25	235	254	70.3%	398	0.2%	655	41.0%	2.33	101	25.3%	–	
0.25 to <0.50	941	441	66.3%	1,198	0.4%	1,590	39.4%	2.26	422	35.2%	2	
0.50 to <0.75	297	137	67.2%	368	0.6%	547	39.3%	2.02	151	41.0%	1	
0.75 to <2.50	2,882	937	66.9%	3,313	1.5%	4,852	39.9%	2.25	2,019	60.9%	20	
2.50 to <10.00	967	246	63.4%	1,005	4.5%	1,908	40.9%	1.82	807	80.3%	18	
10.00 to <100.00	115	18	67.8%	116	19.0%	229	38.9%	1.65	147	126.6%	8	
100.00 (Default)	140	10	70.9%	138	100.0%	160	41.5%	1.87	–	0.0%	57	
Subtotal	5,641	2,089	66.9%	6,627	4.0%	10,056	39.7%	2.15	3,661	55.2%	106	150

(1) Figures from Sept 2021 have been restated in years, rather than days.

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

Capital requirements – Credit risk

Table 20: Clydesdale Bank PLC Corporates – Other – (FIRB) Corporates: Other

	31 March 2022											
	A	B	C	D	E	F	G	H	I	J	K	L
	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[1]
PD range[1]	£m	£m	%	£m	%		%	£m	£m	%	£m	£m
0.00 to <0.15	**20**	**60**	**74.7%**	**64**	**0.1%**	**24**	**36.5%**	**1.28**	**11**	**17.6%**	**–**	**–**
0.00 to <0.10	***20***	***56***	***74.8%***	***61***	***0.1%***	***19***	***36.1%***	***1.29***	***10***	***17.3%***	**–**	**–**
0.10 to <0.15	**–**	***4***	***72.3%***	***3***	***0.1%***	***5***	***45.0%***	***1.00***	***1***	***23.2%***	**–**	**–**
0.15 to <0.25	**60**	**128**	**66.2%**	**143**	**0.2%**	**28**	**43.8%**	**2.07**	**58**	**40.5%**	**–**	**–**
0.25 to <0.50	**196**	**196**	**51.0%**	**290**	**0.3%**	**61**	**42.7%**	**1.79**	**147**	**50.6%**	**–**	**(1)**
0.50 to <0.75	**13**	**35**	**68.7%**	**37**	**0.6%**	**12**	**44.8%**	**2.03**	**27**	**74.7%**	**–**	**(1)**
0.75 to <2.50	**685**	**351**	**56.7%**	**863**	**1.6%**	**251**	**43.4%**	**2.72**	**966**	**111.9%**	**6**	**(18)**
0.75 to <1.75	***307***	***183***	***53.4%***	***395***	***1.1%***	***89***	***43.1%***	***2.43***	***372***	***94.2%***	***2***	***(3)***
1.75 to <2.5	***378***	***168***	***60.4%***	***468***	***2.1%***	***162***	***43.7%***	***2.97***	***594***	***126.9%***	***4***	***(15)***
2.50 to <10.00	**210**	**64**	**70.9%**	**249**	**4.0%**	**98**	**44.1%**	**2.60**	**364**	**146.1%**	**5**	**(12)**
2.50 to <5.00	***173***	***39***	***69.9%***	***195***	***3.5%***	***74***	***44.5%***	***2.99***	***288***	***147.1%***	***3***	***(8)***
5.00 to <10.00	***37***	***25***	***72.5%***	***54***	***5.8%***	***24***	***42.6%***	***1.18***	***76***	***142.5%***	***2***	***(4)***
10.00 to <100.00	**34**	**15**	**69.5%**	**43**	**23.4%**	**209**	**42.4%**	**2.06**	**103**	**239.5%**	**4**	**(1)**
10.00 to <20.00	**–**	**–**	**–**	**–**	***13.4%***	***1***	***37.1%***	***3.56***	***1***	***197.3%***	**–**	**–**
20.00 to <30.00	***34***	***15***	***69.5%***	***43***	***23.4%***	***208***	***42.4%***	***2.05***	***102***	***239.7%***	***4***	***(1)***
30.00 to <100.00	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
100.00 (Default)	**62**	**8**	**72.9%**	**66**	**100.0%**	**71**	**42.4%**	**1.46**	**–**	**–**	**28**	**(15)**
Subtotal	**1,280**	**857**	**60.4%**	**1,755**	**5.8%**	**754**	**43.2%**	**2.37**	**1,676**	**95.5%**	**43**	**(48)**

(1) Following the implementation of PS22/21 effective from 1 January 2022, more detailed PD ranges are disclosed compared to the prior period to reflect the new guidelines

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

	30 September 2021											
	A	B	C	D	E	F	G	H	I	J	K	L
	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)[1]	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount[2]	Expected loss amount	Value adjustments and provisions
PD range	£m	£m	%	£m	%		%	£m	£m	%	£m	£m
0.00 to <0.15	7	49	73.5%	48	0.1%	21	39.8%	1.47	10	20.4%	–	
0.15 to <0.25	14	52	73.3%	56	0.2%	20	41.7%	1.17	16	28.0%	–	
0.25 to <0.50	153	187	60.9%	269	0.4%	45	43.4%	2.02	152	56.5%	–	
0.50 to <0.75	50	46	58.9%	77	0.6%	16	44.9%	2.04	57	74.9%	–	
0.75 to <2.50	659	271	66.1%	840	1.7%	248	43.5%	2.44	923	109.9%	6	
2.50 to <10.00	198	104	72.2%	251	4.0%	111	43.6%	2.07	345	137.5%	4	
10.00 to <100.00	32	19	72.8%	43	23.3%	125	43.7%	1.79	106	243.8%	5	
100.00 (Default)	31	2	62.2%	32	100.0%	53	43.2%	2.11	–	0.0%	14	
Subtotal	1,144	730	66.4%	1,616	4.2%	639	43.3%	2.20	1,609	99.5%	29	55

(1) Figures from Sept 2021 have been restated in years, rather than days.

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

Table 21: UK CR7-A - IRB approach: Disclosure of the extent of the use of CRM techniques – AIRB[1]

		A	B	C	D	E	F	G	H	I	J	K	L	M	N
			Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP) (%)									Unfunded credit Protection (UFCP) (%)			
	As at 31 March 2022	Total exposures (£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 (£m)	RWEA with substitution effects (£m)
1	Central governments and central banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Institutions	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Retail, *of which:*	**62,632**	–	**99.90%**	**99.90%**	–	–	–	–	–	–	–	–	**10,023**	**10,023**
4.1	*Immovable property SMEs*	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4.2	*Immovable property non-SMEs*	***62,632***	–	***99.90%***	***99.90%***	–	–	–	–	–	–	–	–	***10,023***	***10,023***
4.3	*Qualifying revolving*	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Total	**62,632**	–	**99.90%**	**99.90%**	–	–	–	–	–	–	–	–	**10,023**	**10,023**

(1) Following the implementation of PS22/21 effective from 1 January 2022, comparative figures are not disclosed due to first-time reporting.

Table 22: UK CR7-A - IRB approach: Disclosure of the extent of the use of CRM techniques – FIRB[1]

		A	B	C	D	E	F	G	H	I	J	K	L	M	N
			Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP) (%)									Unfunded credit Protection (UFCP) (%)			
	As at 31 March 2022	Total exposures (£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 (£m)	RWEA with substitution effects (£m)
1	Central governments and central banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Institutions	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Corporates, *of which:*	**8,202**	**0.95%**	**51.61%**	**39.92%**	**6.21%**	**5.49%**	–	–	–	–	–	–	**5,282**	**5,282**
3.1	*SMEs*	***6,447***	***0.75%***	***55.63%***	***44.77%***	***6.10%***	***4.76%***	–	–	–	–	–	–	***3,606***	***3,606***
3.2	*Specialised lending*	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3.3	*Corporates – Other*	***1,755***	***1.68%***	***18.56%***	***3.79%***	***6.60%***	***8.18%***	–	–	–	–	–	–	***1,676***	***1,676***
5	Total	**8,202**	**0.95%**	**51.61%**	**39.92%**	**6.21%**	**5.49%**	–	–	–	–	–	–	**5,282**	**5,282**

(1) Following the implementation of PS22/21 effective from 1 January 2022, comparative figures are not disclosed due to first-time reporting.

Capital requirements – Credit risk

Table 23: UK CR8 - RWEA flow statements of credit risk exposures under the IRB approach

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

		Risk weighted exposure amount	
		3 months to 31 Mar 2022 £m	6 months to 31 Mar 2022 £m
1	**Risk weighted exposure amount as at the end of the previous reporting period**	**15,599**	15,699
2	Asset size (+/-)	**21**	(61)
3	Asset quality (+/-)	**(3)**	(460)
4	Model updates[1] (+/-)	**31**	470
9	**Risk weighted exposure amount as at the end of the reporting period**	**15,648**	15,648

(1) Model updates include the mortgage quarterly PD calibrations

RWA remained relatively stable in the period.

The increase in RWA relating to model updates is driven by quarterly PD re-calibrations. This has been largely offset by the decrease relating to asset quality, which reflects improvements in the quality of the book following increases to HPI, due to the continued uplift witnessed in market house prices during the period.

The updates to IRB and other capital regulations implemented by the PRA from 1 January 2022 have had little to no impact on the RWEA position of the Group.

Table 24: UK CR10.2 - Specialised lending and equity exposures under the simple risk weighted approach – Specialised lending: Income-producing real estate and high volatility commercial real estate (Slotting approach)

As at 31 March 2022		A	B	C	D	E	F
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight %	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
1 - Strong	Less than 2.5 years	**–**	**–**	**50%**	**–**	**–**	**–**
	Equal to or more than 2.5 years	**–**	**–**	**70%**	**–**	**–**	**–**
2 - Good	Less than 2.5 years	**241**	**47**	**70%**	**276**	**161**	**1**
	Equal to or more than 2.5 years	**151**	**1**	**90%**	**152**	**113**	**1**
3 - Satisfactory	Less than 2.5 years	**23**	**1**	**115%**	**24**	**21**	**1**
	Equal to or more than 2.5 years	**26**	**–**	**115%**	**26**	**23**	**1**
4 - Weak	Less than 2.5 years	**7**	**1**	**250%**	**7**	**13**	**–**
	Equal to or more than 2.5 years	**6**	**–**	**250%**	**6**	**12**	**–**
5 - Default	Less than 2.5 years	**6**	**–**	**–**	**6**	**–**	**3**
	Equal to or more than 2.5 years	**2**	**–**	**–**	**1**	**–**	**1**
Total	Less than 2.5 years	**277**	**49**		**313**	**195**	**5**
	Equal to or more than 2.5 years	**185**	**1**		**185**	**148**	**3**

As at 30 September 2021[(1)]		A	B	C	D	E	F
Regulatory categories	Remaining maturity	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk weight %	Exposure value £m	Risk weighted exposure amount £m	Expected loss amount £m
1 - Strong	Less than 2.5 years	1	–	50%	1	–	–
	Equal to or more than 2.5 years	3	–	70%	3	2	–
2 - Good	Less than 2.5 years	210	21	70%	226	131	1
	Equal to or more than 2.5 years	168	1	90%	167	128	1
3 - Satisfactory	Less than 2.5 years	100	2	115%	104	98	3
	Equal to or more than 2.5 years	27	–	115%	27	24	1
4 - Weak	Less than 2.5 years	10	–	250%	11	22	1
	Equal to or more than 2.5 years	7	–	250%	7	13	–
5 - Default	Less than 2.5 years	9	–	–	12	–	6
	Equal to or more than 2.5 years	2	–	–	1	–	1
Total	Less than 2.5 years	330	23		354	251	11
	Equal to or more than 2.5 years	207	1		205	167	3

(1) The carrying value of comparative exposure values is presented net of provisions. This has minimal impact (£7m), which equates to 1.3% of total on balance sheet exposure value (column a). The 31 March 2022 exposures are presented gross (excluding provisions of £3m).

Capital requirements – Counterparty credit risk

Table 25: UK CCR1 - Analysis of CCR exposure by approach[(1)]

		A	B	C	D	E	F	G	H
		Replacement cost (RC)	Potential future exposure	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
As at 31 March 2022		£m	£m	£m	α	£m	£m	£m	£m
UK-1	Original Exposure Method (for derivatives)	–	–		**1.4**	–	–	–	–
UK-2	Simplified SA-CCR (for derivatives)	–	–		**1.4**	–	–	–	–
1	SA-CCR (for derivatives)	**133**	**62**		**1.4**	**248**	**229**	**229**	**87**
4	Financial collateral comprehensive method (for SFTs)					**12,582**	**4,746**	**4,746**	**17**
5	Value at Risk (VaR) for SFTs					–	–	–	–
6	**Total**					**12,830**	**4,975**	**4,975**	**104**

(1) Following the implementation of PS22/21 effective from 1 January 2022, comparative figures are not disclosed due to first-time reporting.

Table 26: UK CCR2 - Transactions subject to own funds requirements for CVA risk

		A	**B**	A	B
		31 Mar 2022		30 Sept 2021	
		Exposure value £m	**RWEA £m**	Exposure value £m	RWEA £m
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	**179**	**61**	174	103
UK-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	**–**	**–**	–	–
5	**Total transactions subject to own funds requirements for CVA risk**	**179**	**61**	174	103

Capital requirements – Counterparty credit risk

Table 27: UK CCR3 - Standardised approach: CCR exposures by regulatory exposure class and risk weights

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

		A	B	C	D	E	F	G	H	I	J	K	L
		Risk weight (£m)											Total exposure value (£m)
As at 31 March 2022		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	
1	Central governments or central banks	**4,713**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,713**
6	Institutions	**–**	**232**	**–**	**–**	**174**	**38**	**–**	**–**	**–**	**–**	**–**	**444**
7	Corporates	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**50**	**–**	**–**	**50**
11	**Total exposure value**	**4,713**	**232**	**–**	**–**	**174**	**38**	**–**	**–**	**50**	**–**	**–**	**5,207**

		A	B	C	D	E	F	G	H	I	J	K	L
		Risk weight (£m)											Total exposure value (£m)
As at 30 September 2021		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	
1	Central governments or central banks	3,630	–	–	–	–	–	–	–	–	–	–	3,630
6	Institutions	–	95	–	–	199	22	–	–	–	–	–	316
7	Corporates	–	–	–	–	–	–	–	–	38	–	–	38
11	**Total exposure value**	3,630	95	–	–	199	22	–	–	38	–	–	3,984

Table 28: UK CCR8 - Exposures to CCPs

		31 Mar 2022		30 Sept 2021	
		Exposure value £m	**RWEA £m**	Exposure value £m	RWEA £M
1	**Exposures to Qualifying Central Counterparty (QCCPs) (total)**		**5**		2
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); *of which:*	**232**	**5**	95	2
3	*Over-the-counter derivatives*	**232**	**5**	95	2
7	Segregated initial margin	**389**		382	
11	**Exposures to non-QCCPs (total)**		**–**		–

Capital requirements – Market risk

Table 29: UK IRRBB1 - Quantitative information on IRRBB[(1)]

		A	C	E
		ΔEVE	ΔNII	Tier 1 capital
As at 31 March 2022		£m	£m	£m
10	Parallel shock up	**(296)**	**105**	
20	Parallel shock down	**132**	**(251)**	
30	Steepener shock	**(63)**		
40	Flattener shock	**(10)**		
50	Short rates shock up	**(104)**		
60	Short rates shock down	**50**		
70	**Maximum**	**(296)**		
80	**Tier 1 capital**			**4,262**

(1) Following the implementation of PS22/21 effective from 1 January 2022, comparative figures are not disclosed due to first-time reporting.

Δ Economic Value of Equity (EVE): Represents the change in economic value of equity under the 6 prescribed rate scenarios as defined under rule 9.4A of the PRA rulebook for CRR firms and aligns to the quarterly Outlier Test results. The large negative results in the up stresses are as a result of the requirement to remove equity profile from the cashflows. With equity invested over a Board approved tenor profile this creates an unhedged asset position which has negative value as rates rise but positive if rates fall. The EVE measures are calculated on a behavioural run off profile, including prepayment and early redemption risk where appropriate. Due to ongoing system development work the cash flows include commercial margins but all discounting is performed using the risk free rate. The inclusion of commercial margins creates an additional asset position which further inflates the overall EVE risk in an upward rate shock scenario. This is a known shortfall in approach that will be resolved for the FY22 full year Pillar 3 disclosures.

Δ Net Interest Income (NII): Represents the change in net interest income resulting from an instantaneous +/- 250bps parallel shock in interest rates. The NII sensitivity is based on a constant balance sheet modelling approach with no change in front book margins or basis spreads. In the rate rise scenario, administered products receive a rate pass on in line with internal scenario specific pass on assumptions. Administered rate products receive a full rate pass on in the rate fall scenario, subject to product floor assumptions. The deposit floor assumption has a material bearing on the outcome of the NII sensitivity in a negative rates scenario. The -£251m sensitivity reported reflects the worst case outcome with customer rates assumed to floor at zero with the spread compression that results the primary driver of the NII loss. Flooring customer rates instead at -100bps in line with the prescribed market rate floor and assuming a full pass through to the deposit floor for all administered rate liabilities would result in a +£140m outcome in the down stress.

Funding and liquidity risk

Table 30: UK LIQ1 - Quantitative information on LCR

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

		A	B	C	D	E	F	G	H
		Total unweighted value (average)				Total weighted value (average)			
UK-1a	Quarter ending on	**31 Mar 2022**	31 Dec 2021	30 Sept 2021	30 Jun 2021	**31 Mar 2022**	31 Dec 2021	30 Sept 2021	30 Jun 2021
UK-1b	Number of data points used in the calculation of averages	**12**	12	12	12	**12**	12	12	12
	High-quality liquid assets								
1	**Total HQLA**					**11,281**	11,525	11,229	11,094
	Cash - Outflows								
2	Retail deposits and deposits from small business customers, *of which:*	**57,892**	59,093	59,828	60,237	**3,361**	3,419	3,466	3,514
3	*Stable deposits*	***45,392***	*46,032*	*46,176*	*45,749*	***2,270***	*2,302*	*2,309*	*2,287*
4	*Less stable deposits*	***8,635***	*8,896*	*9,238*	*9,866*	***1,061***	*1,085*	*1,114*	*1,176*
5	Unsecured wholesale funding, *of which:*	**6,484**	6,372	6,194	6,024	**2,737**	2,743	2,674	2,618
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	***1,162***	*1,161*	*1,171*	*1,151*	***288***	*288*	*290*	*285*
7	*Non-operational deposits (all counterparties)*	***5,302***	*5,192*	*5,023*	*4,873*	***2,430***	*2,436*	*2,384*	*2,332*
8	*Unsecured debt*	***19***	*19*	–	–	***19***	*19*	–	–
9	*Secured wholesale funding*					**–**	–	–	–
10	Additional requirements, *of which:*	**3,696**	3,885	4,040	4,154	**918**	941	960	965
11	*Outflows related to derivative exposures and other collateral requirements*	***551***	*561*	*566*	*566*	***551***	*561*	*567*	*566*
13	*Credit and liquidity facilities*	***3,145***	*3,324*	*3,474*	*3,589*	***367***	*380*	*394*	*400*
14	Other contractual funding obligations	**72**	71	71	71	**–**	–	–	–
15	Other contingent funding obligations	**14,978**	14,892	14,804	14,460	**1,006**	1,041	1,095	1,098
16	**Total cash outflows**					**8,022**	8,144	8,195	8,196
	Cash - Inflows								
18	Inflows from fully performing exposures	**1,324**	1,327	1,303	1,294	**444**	488	527	532
19	Other cash inflows	**–**	–	–	1	**–**	–	–	1
20	**Total cash inflows**	**1,324**	1,327	1,303	1,295	**444**	488	527	533
UK-20c	*Inflows subject to 75% cap*	**1,324**	–	1,303	–	**444**	–	527	–
	Total adjusted value								
UK-21	Liquidity buffer					**11,281**	11,525	11,229	11,094
22	Total net cash outflows					**7,578**	7,656	7,668	7,663
23	Liquidity coverage ratio (%)					**148.8%**	150.6%	146.4%	144.7%

Funding and liquidity risk

LIQB - Qualitative information on Liquidity Coverage Ratio (LCR)

The LCR aims to ensure that the Group has a sufficient reserve of HQLAs to survive a period of liquidity stress lasting 30 calendar days. The LCR is calculated in accordance with the PRA's LCR rules.

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 149% as at 31 March 2022, which is an increase from 146% as at 30 September 2021. 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.

Prudent funding risk management reduces the likelihood of liquidity risks occurring, increases the stability of funding sources, minimises concentration risks and ensures future balance sheet growth is sustainable. The Group's funding objective is to prudently manage the sources and tenor of funds in order to provide a sound base from which to support sustainable lending growth. The majority of the Group's funding is provided by customer deposits (>70% as at 31 March 2022), which are comprised of interest-bearing deposits, term deposits and non-interest-bearing deposits from a range of sources including retail, SME and corporate customers. Customer funding is supported by the Group's ongoing wholesale funding programmes, medium-term secured funding issuance (e.g. the Group's securitisation programmes), Regulated Covered Bonds, unsecured medium-term notes, capital (including equity), and central bank facilities (TFSME, ILTR).

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

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. This balance principally relates to funding issuance in Euros and US Dollars for which there are deep and liquid cross currency and FX 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.

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 adverse 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.

Securitisation

Table 31: UK SEC1 - Securitisation exposures in the non-trading book(1)

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

		A	B	C	D	E	F	G
		Institution acts as originator						
		Traditional				Synthetic		Sub-total
		STS		Non-STS				
			of which SRT		of which SRT		of which SRT	
As at 31 March 2022		£m	£m	£m	£m	£m	£m	£m
1	**Total exposures**	**1,617**	**–**	**1,443**	**–**	**–**	**–**	**3,060**
2	Retail, *of which:*	**1,617**	**–**	**1,443**	**–**	**–**	**–**	**3,060**
3	*Residential mortgage*	***1,617***	**–**	***1,443***	**–**	**–**	**–**	***3,060***

(1) Following the implementation of PS22/21 effective from 1 January 2022, comparative figures are not disclosed due to first-time reporting.

Appendix 1: Disclosures for CB Group consolidated

Table 32: UK KM1 - Key metrics

		A	C
		31 Mar 2022 £m	30 Sept 2021 £m
	Available own funds (amounts)		
1	CET1 capital	**3,561**	3,603
2	Tier 1 capital	**4,233**	4,275
3	Total capital	**5,253**	5,294
	Risk-weighted exposure amounts		
4	Total risk-weighted exposure amount	**24,148**	24,194
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	**14.7%**	14.9%
6	Tier 1 ratio (%)	**17.5%**	17.7%
7	Total capital ratio (%)	**21.8%**	21.9%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)(1)		
UK-7a	Additional CET1 SREP requirements (%)	**1.7%**	
UK-7b	Additional AT1 SREP requirements (%)	**0.6%**	
UK-7c	Additional T2 SREP requirements (%)	**0.8%**	
UK-7d	Total SREP own funds requirements (%)	**11.1%**	
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	**2.50%**	2.50%
11	Combined buffer requirement (%)	**2.50%**	2.50%
UK-11a	Overall capital requirements (%)	**13.58%**	
12	CET1 available after meeting the total SREP own funds requirements (%)	**8.52%**	
	Leverage ratio(2)		
13	Total exposure measure excluding claims on central banks	**83,500**	83,402
14	Leverage ratio excluding claims on central banks (%)	**5.1%**	5.1%
	Additional leverage ratio disclosure requirements(1)		
UK-14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.0%**	
UK-14b	Leverage ratio including claims on central banks (%)	**4.6%**	
UK-14c	Average leverage ratio excluding claims on central banks (%)	**5.0%**	
UK-14d	Average leverage ratio including claims on central banks (%)	**4.5%**	
UK-14e	Countercyclical leverage ratio buffer (%)	**0.0%**	
	Liquidity Coverage Ratio(3)		
15	Total HQLA (Weighted value -average)	**11,281**	11,229
UK-16a	Cash outflows - Total weighted value	**8,022**	8,195
UK-16b	Cash inflows - Total weighted value	**444**	527
16	Total net cash outflows (adjusted value)	**7,579**	7,668
17	Liquidity coverage ratio (%)	**149%**	146%

(1) Additional disclosure requirement implemented through PS22/21 from 1 January 2022, therefore no comparatives presented.

(2) Following the implementation of PS22/21 effective from 1 January 2022, the 30 Sept 2021 comparative figures have been restated to reflect the exclusion of the Bounce Back Loans Scheme (BBLS) from the exposure value.

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

Appendix 1: Disclosures for CB Group consolidated

Table 33: UK CC1 - Composition of regulatory own funds

		31 Mar 2022 £m	30 Sept 2021 £m	Ref[1]:
	CET1 capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	**2,792**	2,792	**g**
	of which: ordinary shares	***1,243***	*1,243*	***h***
	of which: share premium	***1,549***	*1,549*	**i**
2	Retained earnings	**2,152**	1,621	**m + q**
3	Accumulated other comprehensive income (and other reserves)	**102**	44	**k**
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	**(135)**	185	**n + o + p**
6	**CET1 capital before regulatory adjustments**	**4,911**	**4,642**	
	CET1 capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	**(4)**	(5)	
8	Intangible assets (net of related tax liability) (negative amount)	**(340)**	(219)	**a – c**
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)	**(358)**	(388)	**b**
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	**(60)**	(10)	**l**
12	Negative amounts resulting from the calculation of expected loss amounts	**(27)**	–	
15	Defined-benefit pension fund assets (negative amount)	**(645)**	(551)	**d – f**
UK-27a	Other regulatory adjustments to CET1 capital *(including IFRS 9 transitional adjustments when relevant)*	**84**	134	
28	**Total regulatory adjustments to CET1**	**(1,350)**	(1,039)	
29	**CET1 capital**	**3,561**	3,603	
	AT1 capital: instruments			
30	Capital instruments and the related share premium accounts	**672**	672	
31	*of which: classified as equity under applicable accounting standards*	***672***	*672*	**j**
44	**AT1 capital**	**672**	672	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**4,233**	4,275	
	Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	**1,020**	1,019	**e**
58	**Tier 2 (T2) capital**	**1,020**	1,019	
59	**Total capital (TC = T1 + T2)**	**5,253**	5,294	
60	**Total Risk exposure amount**	**24,148**	24,194	
	Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	**14.7%**	14.9%	
62	Tier 1 (as a percentage of total risk exposure amount)	**17.5%**	17.7%	
63	Total capital (as a percentage of total risk exposure amount)	**21.8%**	21.9%	
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)	**7.0%**	7.0%	
65	*of which: capital conservation buffer requirement*	***2.5%***	*2.5%*	
66	*of which: countercyclical buffer requirement*	***0.0%***	*0.0%*	
67	*of which: systemic risk buffer requirement*	***0.0%***	*0.0%*	
UK-67a	*of which: G-SII or O-SII buffer*	***0.0%***	*0.0%*	
68	**Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)[2]**	**8.5%**	8.2%	
	Amounts below the thresholds for deduction (before risk weighting)			
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	**104**		
	Applicable caps on the inclusion of provisions in Tier 2			
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	**75**	73	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	**94**	94	

(1) Shows cross reference to the balance sheet under regulatory scope of consolidation in Table 36.
(2) Represents the CET1 ratio after deducting Pillar 1 and 2A requirements.

Appendix 1: Disclosures for CB Group consolidated

Table 34: UK CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

As at 31 March 2022	A Balance sheet as in published financial statements £m	B Under regulatory scope of consolidation[1] £m	Ref:
Assets			
Financial assets at amortised cost			
Loans and advances to customers	71,411	71,411	
Cash and balances with central banks	9,527	9,527	
Due from other banks	858	858	
Financial assets at FVTPL			
Loans and advances to customers	115	115	
Derivative financial instruments	189	189	
Other financial assets	2	2	
Due from related entities	4	4	
Financial assets at FVOCI	4,423	4,423	
Property plant and equipment	227	227	
Intangible assets and goodwill	343	343	a
Current tax assets	–	–	
Deferred tax assets	440	440	
of which: tax losses carried forward	*358*	*358*	b
of which: intangible assets	*(3)*	*(3)*	c
Defined benefit pensions scheme assets	992	992	d
Other assets	186	186	
Total assets	**88,717**	**88,717**	
Liabilities			
Financial liabilities at amortised cost			
Customer deposits	64,458	64,458	
Debt securities in issue	4,576	4,576	
of which: tier 2 instruments	*1,020*	*1,020*	e
Due to other banks	7,589	7,589	
Financial liabilities at FVTPL			
Derivative financial instruments	262	262	
Due to related entities	3,352	3,352	
Current tax liabilities	21	21	
Deferred tax liabilities	347	347	
of which: defined pension benefit scheme surplus	*347*	*347*	f
Provisions for liabilities and charges	82	82	
Other liabilities	2,374	2,447	
Total liabilities	**83,061**	**83,134**	
Shareholders' Equity			
Share capital and share premium	2,792	2,792	g
of which: ordinary share capital	*1,243*	*1,243*	h
of which: share premium	*1,549*	*1,549*	i
Other equity instruments	672	672	j
Other reserves	102	102	k
of which: cash flow hedge reserve	*60*	*60*	l
Retained earnings	2,090	2,017	
of which: prior year retained earnings	*2,074*	*2,074*	m
of which: profits accrued in the year to date	*222*	*222*	n
of which: dividends paid/accrued in the period	*(254)*	*(313)*	o
of which: AT1 coupons paid/accrued in the period	*(30)*	*(44)*	p
of which: other movements in retained earnings	*78*	*78*	q
Total shareholders' equity	**5,656**	**5,583**	

(1) Balance sheet after accruing for foreseeable AT1 coupons and ordinary dividends.

Appendix 1: Disclosures for CB Group consolidated

Table 35: UK LR1 – LRSum - Summary reconciliation of accounting assets and leverage ratio exposures

		31 Mar 2022 £m	30 Sept 2021 £m
1	Total assets as per published financial statements	**88,717**	89,216
4	(Adjustment for exemption of exposures to central banks)	**(9,180)**	(9,094)
8	Adjustment for derivative financial instruments	**355**	91
9	Adjustment for SFTs	**2,893**	2,235
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	**3,000**	2,884
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	**(4)**	–
12	Other adjustments(1)	**(2,281)**	(1,930)
13	**Total exposure measure**	**83,500**	83,402

(1) Following the implementation of PS22/21 effective from 1 January 2022, the 30 Sept 2021 comparative figure of (£1,039m) has been restated to reflect the exclusion of BBLS from the exposure value.

Table 36: UK LR2 – LRCom - Leverage ratio common disclosure

		31 Mar 2022 £m	30 Sept 2021 £m
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)(1)	**87,722**	88,185
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	**(128)**	(76)
6	(Asset amounts deducted in determining tier 1 capital (leverage))	**(1,350)**	(1,039)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**86,244**	87,070
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	**185**	94
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	**358**	213
13	**Total derivatives exposures**	**543**	307
	SFT exposures		
16	Counterparty credit risk exposure for SFT assets	**2,893**	2,235
18	**Total securities financing transaction exposures**	**2,893**	2,235
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	**18,271**	16,829
20	(Adjustments for conversion to credit equivalent amounts)	**(15,271)**	(13,945)
22	**Off-balance sheet exposures**	**3,000**	2,884
	Capital and total exposure measure		
23	**Tier 1 capital (leverage)**	**4,233**	4,275
24	Total exposure measure including claims on central banks	**92,680**	92,496
UK-24a	Claims on central banks excluded	**(9,180)**	(9,094)
UK-24b	**Total exposure measure excluding claims on central banks**	**83,500**	83,402
	Leverage ratio		
25	Leverage ratio excluding claims on central banks (%)	**5.1%**	5.1%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.0%**	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 (%)	**5.0%**	4.9%
UK-25c	Leverage ratio including claims on central banks (%)	**4.6%**	4.6%
26	Regulatory minimum leverage ratio requirement (%)	**3.25%**	3.25%
	Additional leverage ratio disclosure requirements - leverage ratio buffers		
27	Leverage ratio buffer (%)	**0%**	0%
UK-27a	*of which: G-SII or O-SII additional leverage ratio buffer (%)*	***0%***	*0%*
UK-27b	*of which: countercyclical leverage ratio buffer (%)*	***0%***	*0%*

(1) Following the implementation of PS22/21 effective from 1 January 2022, the 30 Sept 2021 comparative figure of £89,076m has been restated to reflect the exclusion of BBLS from the exposure value.

Table 37: UK LR3 – LRSpl - Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		Leverage ratio exposures	
		31 Mar 2022 £m	30 Sept 2021 £m
UK-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**78,542**	79,091
UK-2	Trading book exposures	**–**	–
UK-3	Banking book exposures, of which:	**78,542**	79,091
UK-4	*Covered bonds*	***1,336***	*1,356*
UK-5	*Exposures treated as sovereigns*	***3,637***	*3,817*
UK-6	*Exposures to regional governments, Multilateral Development Bank, international organisations and public sector entities not treated as sovereigns*	***86***	*151*
UK-7	*Institutions*	***408***	*733*
UK-8	*Secured by mortgages of immovable properties*	***60,343***	*60,564*
UK-9	*Retail exposures*	***6,024***	*5,632*
UK-10	*Corporates*(1)	***4,395***	*4,488*
UK-11	*Exposures in default*	***735***	*778*
UK-12	*Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)*(2)	***1,578***	*1,572*

(1) Following the implementation of PS22/21 effective from 1 January 2022, the 30 Sept 2021 comparative figure of £5,379m has been restated to reflect the exclusion of BBLS from the exposure value.

(2) The comparative figure £1,712m has been restated to exclude a derivative exposure.

Table 38: UK OV1 - Overview of Risk weighted exposure amounts

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

		A	B	C
		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		31 Mar 2022 £m	30 Sept 2021(1) £m	**31 Mar 2022 £m**
1	Credit risk (excluding CCR)	**21,512**	21,520	**1,721**
2	*of which: the standardised approach*	***5,866***	*5,823*	***469***
3	*of which: the foundation IRB (FIRB) approach*	***5,282***	*5,271*	***423***
4	*of which: slotting approach*	***341***	*416*	***27***
5	*of which: the advanced IRB (AIRB) approach*	***10,023***	*10,010*	***802***
6	Counterparty credit risk (CCR)	**170**	208	**14**
7	*of which: the standardised approach*	***104***	*103*	***9***
UK-8a	*of which: exposures to a CCP*	***5***	*2*	**–**
UK-8b	*of which: credit valuation adjustment (CVA)*	***61***	*103*	***5***
15	Settlement risk	**–**	–	**–**
16	Securitisation exposures in the non-trading book (after the cap)	**–**	–	**–**
20	Position, foreign exchange and commodities risks (Market risk)	**–**	–	**–**
UK-22a	Large exposures	**–**	–	**–**
23	Operational risk	**2,466**	2,466	**197**
UK-23b	*of which: standardised approach*	***2,466***	*2,466*	***197***
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	**259**	288	**22**
29	**Total**	**24,148**	24,194	**1,932**

(1) Prior period comparatives have been updated to reflect the new requirements implemented through PS22/21.

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.
Bounce back loan scheme **(BBLS)**	A scheme implemented by the UK Government to provide financial support to businesses across the UK that are losing revenue and seeing their cashflow disrupted as a result of COVID-19, and that can benefit from £50,000 or less in finance.
Capital buffers	<u>Capital conservation buffer</u> – A buffer set for all banks that can be used to absorb losses while avoiding breaching minimum requirements. It is designed to ensure that banks build up capital outside periods of stress which can be drawn down as losses are incurred. <u>Systemic risk buffer</u> – A buffer set for ring-fenced banks and large building societies to reduce their probability of failure or distress. It is commensurate with the greater cost that their failure or distress would have for the UK economy. Firms with total assets less than £175bn are subject to a 0% SRB. <u>Countercyclical capital buffer</u> – A capital buffer to ensure eligible firms have a sufficient capital base to absorb losses in stressed periods. The CCyB aims to ensure that banking sector capital requirements take account of the macroeconomic financial environment in which banks operate. It enables the Bank of England's Financial Policy Committee to adjust the resilience of the banking system to the changing scale of risk the system faces over time. <u>PRA buffer</u> – A buffer set using supervisory judgement informed by the impact of stress scenarios on a firm's capital requirements and resources and taking account, where appropriate, of other factors including leverage, systemic importance and weaknesses in firms' risk management and governance. This is set on a firm-specific basis. Firms are not permitted to disclose if a PRA buffer has been applied.
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.
Capital Requirements Directive IV **(CRD IV)**	European legislation to implement Basel III. It replaces earlier European capital requirements directives with a revised package consisting of a new Capital Requirements Directive and a new Capital Requirements Regulation. CRD IV sets out capital and liquidity requirements for European banks and harmonises the European framework for bank supervision. See also 'Basel III.'
CB Group Consolidated **(CB Group)**	Prudential sub-consolidation group of Clydesdale Bank PLC.
Collateral	The assets of a borrower that are used as security against a loan facility.
Collective investment undertakings **(CIU)**	Collective investment scheme allowed to operate freely throughout the EU on the basis of a single authorisation from one member state.
Common Equity Tier 1 **(CET1)** capital	The highest quality form of regulatory capital that comprises total shareholders' equity and related non-controlling interests, less goodwill and intangible assets and certain other regulatory adjustments.
Common Equity Tier 1 **(CET1)** ratio	CET1 capital divided by RWEA at a given date.
Countercyclical capital buffer **(CCyB)**	Refer to 'Capital buffers'.
Counterparty credit risk **(CCR)**	Counterparty credit risk is the risk that a counterparty to a transaction may default before the final settlement of the transaction's cash flows. This risk concerns financial instruments, including derivatives and repurchase agreements.
Coverage ratio	Impairment allowance as at the period end, shown as a percentage of gross loans and advances.
Covered bonds	A corporate bond with primary recourse to the institution and secondary recourse to a pool of assets that act as security for the bonds on issuer default. Covered bonds remain on the issuer's balance sheet and are a source of term funding for the Group.
Credit conversion factor **(CCF)**	Credit conversion factors are used in determining the exposure at default in relation to a credit risk exposure. The CCF is an estimate of the proportion of undrawn and off-balance sheet commitments expected to be drawn down at the point of default.
Credit risk adjustment/credit valuation adjustment	An adjustment to the valuation of financial instruments held at fair value to reflect the creditworthiness of the counterparty.
Credit risk mitigation **(CRM)**	Techniques to reduce the potential loss in the event that a customer (borrower or counterparty) becomes unable to meet its obligations. This may include the taking of financial or physical security, the assignment of receivables or the use of credit derivatives, guarantees, credit insurance, set-off or netting.

Appendix 2: Glossary

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

Appendix 2: Glossary

Term	Definition
Net Stable Funding Ratio **(NSFR)**	A liquidity standard requiring banks to hold enough stable funding to cover the duration of their long-term assets.
Other systemically important institutions **(O-SII)**	Other systemically important institutions are institutions that are deemed to create risk to financial stability due to their systemic importance.
Pillar 1	The quantitative elements of the Basel III framework including the minimum regulatory capital requirements for credit, operational and market risks.
Pillar 2	The qualitative expectations of the Basel III framework to be met through the supervisory review process. This includes the ICAAP, governance process and the supervisory review and evaluation process.
Pillar 3	The final pillar of the Basel III framework which aims to encourage market discipline by improving the information made available to the market. This pillar sets out disclosure requirements for banks on their capital, risk exposures and risk assessment processes.
Probability of default **(PD)**	The probability that a customer will default over either the next 12 months or lifetime of the account.
Prudential Regulation Authority **(PRA)**	Entity of the BoE responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms.
PRA buffer	Refer to 'Capital buffers'.
Qualifying Central Counterparties **(QCCP's)**	An entity which is licensed to operate as a CCP.
Regulatory capital	The capital which banks hold, determined in accordance with rules established by the relevant regulatory bodies.
Required Stable Funding **(RSF)**	An input to the calculation of NSFR. It is the amount of available stable funding required to match with assets that would have to be funded, either because they will be rolled over, or because they could not be monetised rapidly without a significant change in value.
Risk-weighted exposure amount **(RWEA)**	On and off-balance sheet assets of the Group are allocated a risk-weighting based on the amount of capital required to support the asset.
Securities financing transaction **(SFT)**	Repurchase transactions, securities or commodities lending or borrowing transactions or other capital market-driven transactions.
Securitisation	The practice of pooling similar types of contractual debt and packaging the cash flows from the financial asset into securities that can be sold to institutional investors in debt capital markets. It provides the Group with a source of secured funding that can achieve a reduction in funding costs by offering typically 'AAA' rated securities secured by the underlying financial asset.
Standardised approach **(SA)**	In relation to credit risk, a method for calculating credit risk capital requirements using ECAI ratings and supervisory risk weights. In relation to operational risk, a method of calculating the operational capital requirement by the application of a supervisory defined percentage charge to the gross income of eight specified business lines.
Systemic risk buffer **(SRB)**	Refer to 'Capital buffers'.
Supervisory Review and Evaluation Process **(SREP)**	Supervisors assess the risks banks face and check that banks are equipped to manage those risks properly. It allows banks' risk profiles to be assessed consistently and decisions about necessary supervisory measures to be taken.
Tier 1 capital	A measure of a bank's financial strength defined by CRD IV. It captures Common Equity Tier 1 capital plus other Tier 1 securities in issue, subject to deductions.
Tier 1 capital ratio	Tier 1 capital as a percentage of risk-weighted assets.
Tier 2 capital	A component of regulatory capital, including qualifying subordinated debt, eligible collective impairment provisions and other Tier 2 securities as defined by CRD IV.
Value at Risk **(VaR)**	A measure of the loss that could occur on risk positions as a result of adverse movements in market risk factors (e.g. rates, prices, volatilities) over a specified time horizon and to a given level of confidence.

Appendix 3: Abbreviations

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

Officers and professional advisers

Non-Executive Directors

Chairman	David Bennett[(1) (4)]
Senior Independent Non-Executive Director	Tim Wade[(1) (2) (3) (4)]
Independent Non-Executive Directors	Paul Coby[(1) (2) (3) (4) (5)] Geeta Gopalan[(1) (2) (3) (4)] Elena Novokreshchenova[(1) (2) (3) (4)] Darren Pope[(1) (2) (3) (4)]
Non-Executive Director	Amy Stirling[(4)(6)]
Executive Directors	David Duffy Clifford Abrahams
Company Secretary	Lorna McMillan
Group General Counsel	James Peirson
Independent auditors	Ernst & Young LLP 25 Churchill Place Canary Wharf London E14 5EY

(1) Member of the Remuneration Committee
(2) Member of the Audit Committee
(3) Member of the Risk Committee
(4) Member of the Governance and Nomination Committee
(5) Stepping down as an Independent Non-Executive Director on 30 June 2022
(6) Stepped down as a Non-Executive Director on 5 May 2022

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