VIRGIN MONEY UK

Pillar 3 Disclosures

Q3 2023 report

Q3 2023 Pillar 3 report

For the 3 months ended 30 June 2023

Introduction

FORWARD-LOOKING STATEMENTS

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

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BASIS OF PRESENTATION

This report presents the consolidated quarterly Pillar 3 disclosures of the Group as at 30 June 2023. This report should be read in conjunction with the Virgin Money UK PLC Q3 2023 Trading Update, 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 are shown in Appendix 1, which aligns with the PRA requirement to report ring-fenced bodies at a sub-consolidated level.

The disclosures made in this report are required to be disclosed on a quarterly 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.

Comparative figures are as at 31 March 2023 unless otherwise stated and are reported to give insight into movements during the period. Where disclosures are new, or have been significantly changed, we do not generally restate or provide prior period comparatives.

Where specific rows and columns in the tables prescribed by the PRA are not applicable or are immaterial to our activities, we omit them and follow the same approach for comparative disclosures.

TEMPLATES NOT DISCLOSED

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

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

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

Table 1: UK KM1 - Key metrics

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

		A	B	C	D	E
		30 June 2023[1] £m	31 Mar 2023 £m	31 Dec 2022 £m	30 Sept 2022 £m	30 June 2022 £m
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	**3,637**	3,627	3,558	3,633	3,562
2	Tier 1 capital	**4,231**	4,221	4,151	4,299	4,228
3	Total capital	**5,253**	5,242	5,172	5,319	5,248
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	**24,898**	24,703	24,029	24,148	24,008
	Capital ratios (as a percentage of risk-weighted exposure amount) (%)					
5	Common Equity Tier 1 ratio	**14.6%**	14.7%	14.8%	15.0%	14.8%
6	Tier 1 ratio	**17.0%**	17.1%	17.3%	17.8%	17.6%
7	Total capital ratio	**21.1%**	21.2%	21.5%	22.0%	21.9%
	Additional own funds requirements based on Supervisory Review and Evaluation Process (SREP) (as a percentage of risk-weighted exposure amount) (%)					
UK-7a	Additional CET1 SREP requirements	**1.7%**	1.7%	1.7%	1.7%	1.7%
UK-7b	Additional AT1 SREP requirements	**0.6%**	0.6%	0.6%	0.6%	0.6%
UK-7c	Additional T2 SREP requirements	**0.7%**	0.7%	0.7%	0.8%	0.8%
UK-7d	Total SREP own funds requirements	**11.0%**	11.0%	11.0%	11.1%	11.1%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount) (%)					
8	Capital conservation buffer	**2.5%**	2.5%	2.5%	2.5%	2.5%
9	Institution specific countercyclical capital buffer	**1.0%**	1.0%	1.0%	0.0%	0.0%
UK-10a	Other Systemically Important Institution buffer[2]	**0.0%**	0.0%	0.0%	0.0%	0.0%
11	Combined buffer requirement	**3.5%**	3.5%	3.5%	2.5%	2.5%
UK-11a	Overall capital requirements	**14.5%**	14.5%	14.5%	13.6%	13.6%
12	CET1 available after meeting the total SREP own funds requirements	**8.4%**	8.5%	8.6%	8.8%	8.6%
	Leverage ratio					
13	Total exposure measure excluding claims on central banks	**84,100**	84,472	84,654	83,771	83,901
14	Leverage ratio excluding claims on central banks (%)	**5.0%**	5.0%	4.9%	5.1%	5.0%
	Additional leverage ratio disclosure requirements (%)					
UK-14a	Fully loaded Expected Credit Loss (ECL) accounting model leverage ratio excluding claims on central banks	**4.9%**	4.9%	4.8%	5.0%	4.9%
UK-14b	Leverage ratio including claims on central banks	**4.4%**	4.4%	4.3%	4.5%	4.5%
UK-14c	Average leverage ratio excluding claims on central banks[3]	**5.0%**	4.8%	4.8%	5.0%	5.1%
UK-14d	Average leverage ratio including claims on central banks	**4.3%**	4.3%	4.3%	4.4%	4.5%
UK-14e	Countercyclical leverage ratio buffer	**0.4%**	0.4%	0.4%	0.0%	0.0%

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

Table 1: UK KM1 - Key metrics (continued)

		A	B	C	D	E
		30 June 2023[1] £m	31 Mar 2023 £m	31 Dec 2022 £m	30 Sept 2022 £m	30 June 2022 £m
	Liquidity Coverage Ratio[4]					
15	Total high-quality liquid assets (HQLA) (Weighted value average)	**13,381**	12,542	11,793	11,503	11,087
UK-16a	Cash outflows - Total weighted value	**9,875**	9,573	9,197	8,764	8,317
UK-16b	Cash inflows - Total weighted value	**528**	553	562	543	496
16	Total net cash outflows (adjusted value)	**9,347**	9,020	8,635	8,222	7,821
17	Liquidity coverage ratio (%)	**143%**	139%	137%	140%	142%
	Net Stable Funding Ratio (NSFR)[5]					
18	Total available stable funding	**79,096**	78,035			
19	Total required stable funding	**58,247**	57,943			
20	NSFR ratio (%)	**136%**	135%			

(1) Profits for the quarter ending 30 June 2023 have not been formally verified and are therefore excluded from the relevant figures disclosed in the table, in accordance with capital regulations.

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

(3) The average leverage exposure measure (excluding claims on central banks) for the period from 1 April 2023 to 30 June 2023 amounted to £84,593m (1 January 2023 to 31 March 2023: £85,056m).

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

(5) PRA guidance indicates NSFR disclosure to commence from 1 January 2023.

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

Table 2: IFRS 9/Article 468 – Impact of IFRS 9 transitional arrangements and temporary treatment in accordance with CRR Article 468
The following table shows the capital, RWEA and leverage positions with and without the application of transitional arrangements for IFRS 9 or analogous ECLs.

		A	B	C	D	E
		30 June 2023(1) £m	31 Mar 2023 £m	31 Dec 2022 £m	30 Sept 2022 £m	30 June 2022 £m
	Available capital (£m)					
1	Common Equity Tier 1 (CET1) capital	**3,637**	3,627	3,558	3,633	3,562
2	CET1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**3,541**	3,537	3,458	3,519	3,470
3	Tier 1 capital	**4,231**	4,221	4,151	4,299	4,228
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**4,135**	4,131	4,051	4,185	4,136
5	Total capital	**5,253**	5,242	5,172	5,319	5,248
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**5,157**	5,152	5,072	5,205	5,156
	Risk-weighted assets (£m)					
7	Total risk-weighted assets	**24,898**	24,703	24,029	24,148	24,008
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**24,822**	24,632	23,950	24,056	23,933
	Capital ratios (%)					
9	CET1 (as a percentage of risk exposure amount)	**14.6%**	14.7%	14.8%	15.0%	14.8%
10	CET1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**14.3%**	14.4%	14.4%	14.6%	14.5%
11	Tier 1 (as a percentage of risk exposure amount)	**17.0%**	17.1%	17.3%	17.8%	17.6%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**16.7%**	16.8%	16.9%	17.4%	17.3%
13	Total capital (as a percentage of risk exposure amount)	**21.1%**	21.2%	21.5%	22.0%	21.9%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**20.8%**	20.9%	21.2%	21.6%	21.5%
	Leverage ratio					
15	Leverage ratio total exposure measure (£m)	**84,100**	84,472	84,654	83,771	83,901
16	Leverage ratio (%)	**5.0%**	5.0%	4.9%	5.1%	5.0%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied (%)	**4.9%**	4.9%	4.8%	5.0%	4.9%

(1) Profits for the quarter ending 30 June 2023 have not been formally verified and are therefore excluded from the relevant figures disclosed in the table, in accordance with capital regulations.

Transitional arrangements in CRR mean the regulatory capital impact of ECL is being phased in over time. Following the CRR Quick Fix amendments package, which applied from 27 June 2020, relevant provisions raised from 1 January 2020 through to 2024 have a CET1 add-back percentage of 50% in 2023, reducing to 25% in 2024. At 30 June 2023, £96m of IFRS 9 transitional adjustments (31 March 2023: £90m) have been applied to the Group's capital position in accordance with CRR: £3m of static and £93m of dynamic adjustments (31 March 2023: £3m static and £87m dynamic).

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

Table 3: UK OV1 - Overview of Risk weighted exposure amounts

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

		A	B	C
		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		30 June 2023 £m	31 March 2023 £m	**30 June 2023 £m**
1	Credit risk (excluding CCR)	**21,837**	21,699	**1,747**
2	*of which: the standardised approach*	**6,297**	6,171	**503**
3	*of which: the foundation IRB (FIRB) approach*	**5,937**	5,773	**475**
4	*of which: slotting approach*	**408**	396	**33**
5	*of which: the advanced IRB (AIRB) approach*	**9,195**	9,359	**736**
6	Counterparty credit risk - CCR	**438**	381	**35**
7	*of which: the standardised approach*	**164**	191	**13**
UK-8a	*of which: exposures to a Central Counterparty (CCP)*	**7**	7	**1**
UK-8b	*of which: credit valuation adjustment - CVA*	**267**	183	**21**
23	Operational risk	**2,623**	2,623	**210**
UK-23b	*of which: standardised approach*	**2,623**	2,623	**210**
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	**289**	289	**23**
29	**Total**	**24,898**	24,703	**1,992**

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

RWEA stayed relatively stable in the period, increasing by £195m (0.8%) to £24,898m.

Common Equity Tier 1

The Group maintained a robust capital position with a CET1 ratio (IFRS 9 transitional basis) of 14.6% (31 March 2023: 14.7%).

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 and is required to maintain a leverage ratio that exceeds the total of the UK minimum leverage ratio of 3.25% and a countercyclical leverage ratio buffer (CCLB) rate of 35% of its institution-specific countercyclical capital buffer (CCyB) rate.

Following the FPC's announcement in December 2022, the CCLB increased to 0.4% as a result of an uplift in the CCyB to 1%. The Group's leverage ratio of 5.0% (31 March 2023: 5.0%) exceeds these minimum requirements. The Group's average leverage ratio is 5.0% (31 March 2023: 4.8%). The countercyclical capital buffer is due to increase to 2% from July 2023, triggering an increase in the CCLB to 0.7%.

The Group's UK leverage ratio remained at 5.0% (31 March 2023: 5.0%), due to a small increase in Tier 1 capital and a small reduction in the leverage exposure measure. The average UK leverage ratio increased slightly to 5.0% (31 March 2023: 4.8%).

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

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

The LCR is driven by the size and composition of the liquid asset buffer and net stressed outflows. The Group's liquid asset buffer is very high quality with minimal haircuts applied. The primary source of outflows is the retail deposit book for which outflows are calculated based on LCR rules according to liquidity requirements. Additional outflows include committed lending to customers and other lending facilities, credit rating downgrade requirements and wholesale funding maturities. Outflows are offset by inflows, such as attrition from the lending book.

(b) Changes in the LCR over time

The Group's Pillar 3 LCR disclosure (calculated as the simple average of month-end observations over the 12 months preceding the end of the reporting period) was 143% as at 30 June 2023, which is an increase from 139% as at 31 March 2023. The ratio continues to comfortably exceed both regulatory requirements and the Group's more prudent internal risk appetite metrics, ensuring a substantial buffer in the event of any outflows.

(c) Concentration of funding sources

The Group is primarily funded through retail deposits, in addition to a diversified wholesale funding book. A series of metrics are used by the Group to measure risk exposures, including funding ratios, limits on concentration and funding tenors/maturity risk. These include both Risk Appetite (Tier 1) and Asset Liability Committee (ALCO) limits (Tier 2). As at the reporting date, these metrics include assessments of liquidity risk under stress including the regulatory LCR and internal OLAR stress tests, the regulatory Net Stable Funding Ratio, Loan to Deposit Ratio, retail, wholesale and combined refinancing measures, single name concentration, large business deposit concentration, 95 day notice concentration and available contingent funding. These metrics ensure that concentration of funding sources and maturity concentration remain within risk appetite.

(d) Composition of the Group's liquidity buffer

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

(e) Derivative exposures and potential collateral calls

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

(f) Currency mismatch in the LCR

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

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

No other items identified.

Annex XIII: Liquidity requirements

Table 4: 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	**30 June 2023**	31 Mar 2023	31 Dec 2022	30 Sept 2022	**30 June 2023**	31 Mar 2023	31 Dec 2022	30 Sept 2022
UK-1b	Number of data points used in the calculation of averages	**12**	12	12	12	**12**	12	12	12
	High-quality liquid assets								
1	**Total HQLA**					**13,381**	12,542	11,793	11,503
	Cash - Outflows								
2	Retail deposits and deposits from small business customers, *of which:*	**56,279**	55,592	55,351	55,668	**3,468**	3,379	3,326	3,305
3	*Stable deposits*	**39,068**	40,163	41,497	42,844	**1,952**	2,004	2,068	2,134
4	*Less stable deposits*	**12,073**	11,278	10,062	9,269	**1,480**	1,338	1,219	1,138
5	Unsecured wholesale funding, *of which:*	**6,788**	7,535	7,283	7,042	**3,752**	3,650	3,459	3,258
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	**1,211**	1,255	1,229	1,185	**300**	311	305	294
7	*Non-operational deposits (all counterparties)*[(1)]	**6,411**	6,274	6,047	5,838	**3,445**	3,333	3,148	2,946
8	*Unsecured debt*	**6**	6	6	19	**6**	6	6	19
10	Additional requirements, *of which:*	**4,409**	4,121	3,814	3,657	**1,582**	1,415	1,220	1,032
11	*Outflows related to derivative exposures and other collateral requirements*	**1,234**	1,076	887	688	**1,234**	1,076	887	688
13	*Credit and liquidity facilities*	**3,175**	3,045	2,927	2,970	**348**	338	332	345
14	Other contractual funding obligations	**83**	84	76	75	**9**	9	-	-
15	Other contingent funding obligations	**15,385**	15,526	15,684	15,564	**1,065**	1,121	1,192	1,168
16	**Total cash outflows**					**9,875**	9,573	9,197	8,764
	Cash - Inflows								
18	Inflows from fully performing exposures	**1,474**	1,575	1,556	1,457	**489**	553	562	543
19	Other cash inflows	**39**	-	-	-	**39**	-	-	-
20	**Total cash inflows**	**1,513**	1,575	1,557	1,457	**528**	553	562	543
UK-20c	Inflows subject to 75% cap	**1,513**	1,575	1,463	1,457	**528**	553	562	543
	Total adjusted value								
UK-21	Liquidity buffer					**13,381**	12,542	11,793	11,503
22	Total net cash outflows					**9,347**	9,020	8,635	8,222
23	Liquidity coverage ratio (%)					**143%**	139%	137%	140%

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

Annex XXI: IRB approach to credit risk

Table 5: UK CR8 - RWEA flow statements of credit risk exposures under the IRB approach
The table below summarises movements of risk-weighted assets for credit risk exposures under the IRB approach.

		A
		Risk weighted exposure amount £m
1	**Risk weighted exposure amount as at 31 March 2023**	**15,528**
2	Asset size (+/-)	**95**
3	Asset quality (+/-)	**(1,114)**
4	Model updates (+/-)	**1,030**
9	**Risk weighted exposure amount as at 30 June 2023**	**15,539**

RWEA remained relatively stable in the period.

A Customer Scoring system upgrade in the quarter drove a £0.9bn decrease to asset quality, which was offset by a £0.9bn management adjustment (MA) to model updates to neutralise the impact, as the system upgrade affects incumbent models but will not impact under Hybrid models.
The remainder of asset quality movements driving RWEA lower is due to House Price Index improvements. The remainder of model update movements driving RWEA higher is due to the quarterly refresh of the Hybrid MA.

Appendix 1: Disclosures for CB Group consolidated

Table 6: UK KM1 - Key metrics

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

		A	B	C	D	E
		30 June 2023[1] £m	31 Mar 2023 £m	31 Dec 2022 £m	30 Sept 2022 £m	30 June 2022 £m
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	**3,608**	3,599	3,574	3,606	3,537
2	Tier 1 capital	**4,202**	4,193	4,168	4,268	4,199
3	Total capital	**5,224**	5,214	5,189	5,288	5,219
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	**24,903**	24,687	24,013	24,128	23,973
	Capital ratios (as a percentage of risk-weighted exposure amount) (%)					
5	Common Equity Tier 1 ratio	**14.5%**	14.6%	14.9%	14.9%	14.8%
6	Tier 1 ratio	**16.9%**	17.0%	17.4%	17.7%	17.5%
7	Total capital ratio	**21.0%**	21.1%	21.6%	21.9%	21.8%
	Additional own funds requirements based on Supervisory Review and Evaluation Process (SREP) (as a percentage of risk-weighted exposure amount) (%)					
UK-7a	Additional CET1 SREP requirements	**1.7%**	1.7%	1.7%	1.7%	1.7%
UK-7b	Additional AT1 SREP requirements	**0.6%**	0.6%	0.6%	0.6%	0.6%
UK-7c	Additional T2 SREP requirements	**0.7%**	0.7%	0.7%	0.8%	0.8%
UK-7d	Total SREP own funds requirements	**11.0%**	11.0%	11.0%	11.1%	11.1%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount) (%)					
8	Capital conservation buffer	**2.5%**	2.5%	2.5%	2.5%	2.5%
9	Institution specific countercyclical capital buffer	**1.0%**	1.0%	1.0%	0.0%	0.0%
UK-10a	Other Systemically Important Institution buffer	**0.0%**	0.0%	0.0%	0.0%	0.0%
11	Combined buffer requirement	**3.5%**	3.5%	3.5%	2.5%	2.5%
UK-11a	Overall capital requirements	**14.5%**	14.5%	14.5%	13.6%	13.6%
12	CET1 available after meeting the total SREP own funds requirements	**8.3%**	8.4%	8.7%	8.7%	8.6%
	Leverage ratio					
13	Total exposure measure excluding claims on central banks	**84,115**	84,466	84,643	83,758	83,891
14	Leverage ratio excluding claims on central banks (%)	**5.0%**	5.0%	4.9%	5.1%	5.0%
	Additional leverage ratio disclosure requirements (%)					
UK-14a	Fully loaded Expected Credit Loss (ECL) accounting model leverage ratio excluding claims on central banks	**4.9%**	4.9%	4.8%	5.0%	4.9%
UK-14b	Leverage ratio including claims on central banks	**4.4%**	4.3%	4.3%	4.5%	4.5%
UK-14c	Average leverage ratio excluding claims on central banks[2]	**4.9%**	4.9%	4.8%	5.0%	5.1%
UK-14d	Average leverage ratio including claims on central banks	**4.3%**	4.3%	4.3%	4.4%	4.5%
UK-14e	Countercyclical leverage ratio buffer	**0.4%**	0.4%	0.4%	0.0%	0.0%

Appendix 1: Disclosures for CB Group consolidated

Table 6: UK KM1 - Key metrics (continued)

		A	B	C	D	E
		30 June 2023[1] **£m**	31 Mar 2023 £m	31 Dec 2022 £m	30 Sept 2022 £m	30 June 2022 £m
	Liquidity Coverage Ratio[3]					
15	Total high-quality liquid assets (HQLA) (Weighted value average)	**13,381**	12,542	11,793	11,503	11,087
UK-16a	Cash outflows - Total weighted value	**9,875**	9,573	9,197	8,764	8,317
UK-16b	Cash inflows - Total weighted value	**528**	553	562	543	496
16	Total net cash outflows (adjusted value)	**9,347**	9,020	8,635	8,222	7,821
17	Liquidity coverage ratio (%)	**143%**	139%	137%	140%	142%
	Net Stable Funding Ratio[4]					
18	Total available stable funding	**79,171**	78,119			
19	Total required stable funding	**58,352**	58,097			
20	NSFR ratio (%)	**136%**	134%			

(1) Profits for the quarter ending 30 June 2023 have not been formally verified and are therefore excluded from the relevant figures disclosed in the table, in accordance with capital regulations.

(2) The average leverage exposure measure (excluding claims on central banks) for the period from 1 April 2023 to 30 June 2023 amounted to £84,599m (1 January 2023 to 31 March 2023: £85,052m).

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

(4) PRA guidance indicates NSFR disclosure to commence from 1 January 2023.

Appendix 1: Disclosures for CB Group consolidated

Table 7: IFRS 9/Article 468 – Impact of IFRS 9 transitional arrangements and temporary treatment in accordance with CRR Article 468

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

		A	B	C	D	E
		30 June 2023[1] £m	31 Mar 2023 £m	31 Dec 2022 £m	30 Sept 2022 £m	30 June 2022 £m
	Available capital (£m)					
1	Common Equity Tier 1 (CET1) capital	**3,608**	3,599	3,574	3,606	3,537
2	CET1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**3,512**	3,509	3,474	3,492	3,445
3	Tier 1 capital	**4,202**	4,193	4,168	4,268	4,199
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**4,106**	4,103	4,068	4,154	4,107
5	Total capital	**5,224**	5,214	5,189	5,288	5,219
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**5,128**	5,124	5,089	5,174	5,127
	Risk-weighted assets (£m)					
7	Total risk-weighted assets	**24,903**	24,687	24,013	24,128	23,973
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**24,827**	24,616	23,934	24,036	23,898
	Capital ratios (%)					
9	CET1 (as a percentage of risk exposure amount)	**14.5%**	14.6%	14.9%	14.9%	14.8%
10	CET1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**14.1%**	14.3%	14.5%	14.5%	14.4%
11	Tier 1 (as a percentage of risk exposure amount)	**16.9%**	17.0%	17.4%	17.7%	17.5%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**16.5%**	16.7%	17.0%	17.3%	17.2%
13	Total capital (as a percentage of risk exposure amount)	**21.0%**	21.1%	21.6%	21.9%	21.8%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**20.7%**	20.8%	21.3%	21.5%	21.5%
	Leverage ratio					
15	Leverage ratio total exposure measure (£m)	**84,115**	84,466	84,643	83,758	83,891
16	Leverage ratio (%)	**5.0%**	5.0%	4.9%	5.1%	5.0%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied (%)	**4.9%**	4.9%	4.8%	5.0%	4.9%

(1) Profits for the quarter ending 30 June 2023 have not been formally verified and are therefore excluded from the relevant figures disclosed in the table, in accordance with capital regulations.

Table 8: UK OV1 - Overview of risk weighted exposure amounts

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

		A	B	C
		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		30 June 2023 £m	31 March 2023 £m	**30 June 2023 £m**
1	Credit risk (excluding CCR)	**21,841**	21,682	**1,747**
2	*of which: the standardised approach*	**6,301**	6,156	**503**
3	*of which: the foundation IRB (FIRB) approach*	**5,937**	5,773	**475**
4	*of which: slotting approach*	**408**	394	**33**
5	*of which: the advanced IRB (AIRB) approach*	**9,195**	9,359	**736**
6	Counterparty credit risk (CCR)	**438**	381	**35**
7	*of which: the standardised approach*	**164**	191	**13**
UK-8a	*of which: exposures to a CCP*	**7**	7	**1**
UK-8b	*of which: credit valuation adjustment (CVA)*	**267**	183	**21**
23	Operational risk	**2,624**	2,624	**210**
UK-23b	*of which: standardised approach*	**2,624**	2,624	**210**
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	**278**	278	**22**
29	**Total**	**24,903**	24,687	**1,992**

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

Additional information

Officers and professional advisers

Non-Executive Directors	
Board Chair	David Bennett[(1)]
Senior Independent Non-Executive Director	Tim Wade[(2)]
Independent Non-Executive Directors	Geeta Gopalan[(2)] Elena Novokreshchenova[(2)] Darren Pope[(2)]
Non-Executive Director	Sara Weller[(3)(4)]
Executive Directors	David Duffy Clifford Abrahams
Company Secretary	Lorna McMillan
General Counsel and Purpose Officer	James Peirson
Independent auditors	Ernst & Young LLP 25 Churchill Place Canary Wharf London E14 5EY

(1) Member of the Remuneration Committee and Governance and Nomination Committee.
(2) All Independent Non-Executive Directors are members of the Remuneration Committee, Audit Committee, Risk Committee and Governance and Nomination Committee.
(3) Member of the Governance and Nomination Committee.
(4) Sara Weller was appointed to the Board on 3 October 2022.

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