VIRGIN MONEY UK

Pillar 3 Disclosures Q3

2024

Q3 2024 Pillar 3 report

For the 3 months ended 30 June 2024

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.

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

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BASIS OF PRESENTATION

This report presents the consolidated quarterly Pillar 3 disclosures of the Group as at 30 June 2024 and should be read in conjunction with the Virgin Money UK PLC 2024 Q3 2024 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 Group has assessed itself as a ‘Large’ institution and in accordance with the criteria set out within Article 433a of the PRA rulebook, reports a subset of Pillar 3 disclosures on a quarter and interim period-end basis with full disclosure on an annual basis.

The numbers presented within this report are on a consolidated basis, with Virgin Money UK PLC numbers shown in the body of the report. Consolidated numbers specifically relating to Clydesdale Bank PLC and its subsidiaries are shown in Appendix 1, which aligns with the Disclosure (CRR) part of the PRA Rulebook to report ring-fenced bodies at a sub-consolidated level.

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 and foreign exchange conversions. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this report may not conform exactly to the total figure given.

Comparative figures are as at 31 March 2024 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 disclosure.

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, confidential or not material.

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

Table 1: UK KM1 - Key metrics

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

		A	B	C	D	E
		30 June 2024[1] £m	31 Mar 2024 £m	31 Dec 2023 £m	30 Sept 2023 £m	30 June 2023 £m
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	**3,639**	3,731	3,522	3,711	3,637
2	Tier 1 capital	**4,332**	4,566	4,357	4,305	4,231
3	Total capital	**5,105**	5,339	5,130	5,327	5,253
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	**26,218**	25,581	25,458	25,176	24,898
	Capital ratios (as a percentage of risk-weighted exposure amount) (%)					
5	Common Equity Tier 1 ratio	**13.9%**	14.6%	13.8%	14.7%	14.6%
6	Tier 1 ratio	**16.5%**	17.8%	17.1%	17.1%	17.0%
7	Total capital ratio	**19.5%**	20.9%	20.2%	21.2%	21.1%
	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	**1.9%**	1.9%	1.9%	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	**0.9%**	0.9%	0.9%	0.7%	0.7%
UK-7d	Total SREP own funds requirements	**11.4%**	11.4%	11.4%	11.0%	11.0%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount) (%)					
8	Capital conservation buffer	**2.5%**	2.5%	2.5%	2.5%	2.5%
9	Institution specific countercyclical capital buffer	**2.0%**	2.0%	2.0%	2.0%	1.0%
UK-10a	Other Systemically Important Institution buffer[2]	**0.0%**	0.0%	0.0%	0.0%	0.0%
11	Combined buffer requirement	**4.5%**	4.5%	4.5%	4.5%	3.5%
UK-11a	Overall capital requirements	**15.9%**	15.9%	15.9%	15.5%	14.5%
12	CET1 available after meeting the total SREP own funds requirements	**7.5%**	8.2%	7.4%	8.5%	8.4%
	Leverage ratio[3][5]					
13	Total exposure measure excluding claims on central banks	**85,134**	85,720	86,624	86,554	86,052
14	Leverage ratio excluding claims on central banks (%)	**5.1%**	5.3%	5.0%	5.0%	4.9%
	Additional leverage ratio disclosure requirements (%)					
UK-14a	Fully loaded Expected Credit Loss (ECL) accounting model leverage ratio excluding claims on central banks	**5.0%**	5.3%	4.9%	4.9%	4.8%
UK-14b	Leverage ratio including claims on central banks	**4.5%**	4.7%	4.6%	4.5%	4.4%
UK-14c	Average leverage ratio excluding claims on central banks[3]	**4.9%**	5.1%	4.9%	4.9%	4.8%
UK-14d	Average leverage ratio including claims on central banks	**4.4%**	4.6%	4.4%	4.4%	4.3%
UK-14e	Countercyclical leverage ratio buffer	**0.7%**	0.7%	0.7%	0.7%	0.4%

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 2024[(1)] **£m**	31 Mar 2024 £m	31 Dec 2023 £m	30 Sept 2023 £m	30 Jun 2023 £m
	Liquidity Coverage Ratio[(4)]					
15	Total high-quality liquid assets (HQLA) (Weighted value average)	**14,583**	14,135	13,988	13,798	13,381
UK-16a	Cash outflows - Total weighted value	**9,924**	9,957	9,887	9,933	9,875
UK-16b	Cash inflows - Total weighted value	**531**	570	540	509	528
16	Total net cash outflows (adjusted value)	**9,392**	9,387	9,347	9,424	9,347
17	Liquidity coverage ratio (%)	**155%**	151%	150%	146%	143%
	Net Stable Funding Ratio (NSFR)					
18	Total available stable funding	**79,040**	79,175	78,895	79,218	79,096
19	Total required stable funding	**57,842**	58,385	58,317	58,346	58,247
20	NSFR ratio (%)	**137%**	136%	135%	136%	136%

(1) Profits for the quarter ending 30 June 2024 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 2024 to 30 June 2024 amounted to £86,035m (1 January 2024 to 31 March 2024: £86,214m).

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

(5) The comparative figures include a restatement to qualifying central bank claims which have been adjusted to exclude encumbered note cover and payments system collateral balances.

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, RWA and leverage positions with and without the application of transitional arrangements for IFRS 9 or analogous ECLs.

		A	B	C	D	E
		30 June 2024[1] £m	31 Mar 2024 £m	31 Dec 2023 £m	30 Sept 2023 £m	30 June 2023 £m
	Available capital (£m)					
1	Common Equity Tier 1 (CET1) capital	**3,639**	3,731	3,522	3,711	3,637
2	CET1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**3,602**	3,693	3,439	3,599	3,541
3	Tier 1 capital	**4,332**	4,566	4,357	4,305	4,231
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**4,295**	4,528	4,274	4,193	4,135
5	Total capital	**5,105**	5,339	5,130	5,327	5,253
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**5,068**	5,301	5,047	5,215	5,157
	Risk-weighted assets (£m)					
7	Total risk-weighted assets	**26,218**	25,581	25,458	25,176	24,898
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**26,189**	25,551	25,393	25,087	24,822
	Capital ratios (%)					
9	CET1 (as a percentage of risk exposure amount)	**13.9%**	14.6%	13.8%	14.7%	14.6%
10	CET1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**13.8%**	14.5%	13.5%	14.3%	14.3%
11	Tier 1 (as a percentage of risk exposure amount)	**16.5%**	17.8%	17.1%	17.1%	17.0%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**16.4%**	17.7%	16.8%	16.7%	16.7%
13	Total capital (as a percentage of risk exposure amount)	**19.5%**	20.9%	20.2%	21.2%	21.1%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**19.4%**	20.7%	19.9%	20.8%	20.8%
	Leverage ratio					
15	Leverage ratio total exposure measure (£m)	**85,134**	85,720	86,624	86,554	86,052
16	Leverage ratio (%)	**5.1%**	5.3%	5.0%	5.0%	4.9%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied (%)	**5.0%**	5.3%	4.9%	4.9%	4.8%

(1) Profits for the quarter ending 30 June 2024 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 had a CET1 add-back percentage of 50% in 2023, reducing to 25% in 2024. From 1 January 2025, the Group will no longer apply transitional relief in respect of IFRS 9. At 30 June 2024, £37m of IFRS 9 transitional adjustments (31 March 2024: £38m) have been applied to the Group's capital position in accordance with CRR, which is entirely comprised of dynamic relief (31 March 2024: £38m dynamic).

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

Table 3: UK OV1 - Overview of risk weighted assets

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

		A	B	C
		Risk-weighted assets		Total own funds requirements
		30 Jun 2024 £m	31 Mar 2024 £m	**30 Jun 2024 £m**
1	Credit risk (excluding CCR)	**23,064**	22,391	**1,844**
2	*of which: the standardised approach*	**6,810**	6,692	**544**
3	*of which: the foundation IRB (FIRB) approach*	**7,203**	6,774	**576**
4	*of which: slotting approach*	**487**	479	**39**
5	*of which: the advanced IRB (AIRB) approach*	**8,564**	8,446	**685**
6	Counterparty credit risk - CCR	**321**	357	**26**
7	*of which: the standardised approach*	**140**	154	**11**
UK-8a	*of which: exposures to a Central Counterparty (CCP)*	**5**	5	**1**
UK-8b	*of which: credit valuation adjustment – CVA*	**176**	198	**14**
23	Operational risk	**2,833**	2,833	**227**
UK-23b	*of which: standardised approach*	**2,833**	2,833	**227**
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	**284**	289	**23**
29	**Total**	**26,218**	25,581	**2,097**

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

RWAs stayed relatively stable in the period, increasing by £637m (2.5%) to £26,218m.

Common Equity Tier 1

The Group maintained a robust capital position with a CET1 ratio (IFRS 9 transitional basis) of 13.9% (31 March 2024: 14.6%) noting nominal shareholder distributions for FY24 of 2p per share.

Leverage

The PRA simplified the leverage framework from 1 January 2022 with UK banks now subject to a single UK leverage ratio exposure measure. The CRD IV leverage ratio is no longer applicable to UK banks. The Group 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.

The Group's leverage ratio of 5.1% (31 March 2024: 5.3%) exceeds these minimum requirements. The Group's average leverage ratio is 4.9% (31 March 2024: 5.1%). The Group's leverage ratio buffer is automatically linked to the CCyB as noted above, and currently stands at 0.7% following the Financial Policy Committee's (FPC) announced increase in the CCyB to 2.0% from July 2023.

Annex XIII: Liquidity requirements

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

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

The LCR is driven by the size and composition of the liquid asset buffer and net stressed outflows. The Group's liquid asset buffer is high quality with minimal haircuts applied. The primary source of outflows is the customer deposit book (items 2 and 5 in LIQ1, with item 5 primarily being business deposits with any wholesale term funding maturities also captured) for which outflows are calculated based on LCR rules according to liquidity requirements. Additional outflows include committed lending to customers and other lending facilities, credit rating downgrade requirements and wholesale funding maturities. Outflows are offset by inflows such as attrition from the lending book.

(b) Changes in the LCR over time

The primary driver of the LCR requirement is a severe, unexpected withdrawal of customer deposits. The ratio continues to comfortably exceed both regulatory requirements and the Group's prudent internal risk appetite metrics, ensuring a substantial buffer in the event of outflows. 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 155% at 30 June 2024, up from 151% at 31 March 2024.

(c) Concentration of funding sources

The Group is primarily funded through retail deposits, in addition to equity and a diversified wholesale funding book. A series of metrics is 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 ALCO limits (Tier 2). As at the reporting date, these metrics include the regulatory NSFR, Loan-to-Deposit Ratio, quarterly wholesale, retail and combined refinancing, single name concentration and large business deposit concentration. The Loan-to-Deposit ratio risk appetite measure ensures the Group's balance sheet is funded by an appropriate level of customer deposits, while the additional measures further segregate the appetite for concentration of customer deposits according to tenor and single name. In addition, the Group's Board approved Funding Policy states that all funding must be diversified by source, maturity profile, type of instruments and currency to minimise dependence on specific sources, customers or markets, and that access to wholesale markets must be maintained, tested and accessed regularly.

(d) Composition of the Group's liquidity buffer

The Group's liquidity buffer is largely comprised of Level 1 assets, which includes cash at the Bank of England (BoE), UK Government securities (Gilts) and listed securities (e.g. bonds issued by supranationals and AAA-rated covered bonds). The Group also holds a smaller portion of Level 2 assets. The quantity and quality of the Group's liquid asset portfolio remains at a prudent level above regulatory requirements, with precise levels informed by the Board's view of liquidity risk appetite and calibrated through a series of internal stress tests across a range of time horizons and stress conditions.

(e) Derivative exposures and potential collateral calls

The Group actively manages its derivative exposures and potential collateral calls with derivative outflows under stress captured within the Historical Look Back Approach, which considers the impact of market movements on derivative exposures. Potential collateral calls under a 3-notch credit rating downgrade, including the impacts on derivative initial margin requirements, are also captured. These exposures are captured under item 11 of LIQ1.

(f) Currency mismatch in the LCR

The LCR is calculated and reported in GBP as no other currencies are significant in accordance with the PRA Rulebook. Foreign currency risk is managed to approved limits and policy requirements, and the Group's policy is for all currency liabilities to be swapped to GBP on a matched tenor basis, thereby removing Cross Currency Liquidity Risk. Non-GBP liabilities principally relate to wholesale funding issuance in Euros 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 2024**	31 Mar 2024	31 Dec 2023	30 Sept 2023	**30 June 2024**	31 Mar 2024	31 Dec 2023	30 Sept 2023
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**					**14,583**	14,135	13,988	13,798
	Cash - Outflows								
2	Retail deposits and deposits from small business customers, *of which:*	**57,855**	57,299	56,983	56,721	**3,645**	3,617	3,592	3,554
3	*Stable deposits*	**39,005**	38,075	37,691	38,010	**1,950**	1,904	1,885	1,901
4	*Less stable deposits*	**13,090**	13,272	13,426	12,795	**1,670**	1,689	1,679	1,618
5	Unsecured wholesale funding, *of which:*	**7,240**	7,271	7,409	7,535	**3,631**	3,640	3,659	3,712
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	**858**	970	1,064	1,139	**213**	240	264	282
7	*Non-operational deposits (all counterparties)*[(1)]	**6,270**	6,250	6,345	6,390	**3,306**	3,349	3,395	3,423
8	*Unsecured debt*	**112**	51	-	6	**112**	51	-	6
9	*Secured wholesale funding*					**46**	46	-	-
10	Additional requirements, *of which:*	**4,624**	4,723	4,777	4,643	**1,720**	1,721	1,712	1,690
11	*Outflows related to derivative exposures and other collateral requirements*	**1,319**	1,324	1,323	1,325	**1,319**	1,324	1,323	1,325
13	*Credit and liquidity facilities*	**3,305**	3,399	3,454	3,319	**401**	397	389	366
14	Other contractual funding obligations	**80**	76	83	83	**4**	2	9	9
15	Other contingent funding obligations	**14,919**	15,033	15,006	15,115	**878**	931	915	968
16	**Total cash outflows**					**9,924**	9,957	9,887	9,933
	Cash - Inflows								
17	**Secured lending (e.g. reverse repos)**	**25**	25	25	-	**25**	25	25	-
18	Inflows from fully performing exposures	**670**	853	1,026	1,252	**506**	506	476	470
19	Other cash inflows	**-**	39	39	39	-	39	39	39
20	**Total cash inflows**	**695**	917	1,090	1,291	**531**	570	540	509
UK-20c	Inflows subject to 75% cap	**695**	917	1,090	1,291	**531**	570	540	509
	Total adjusted value								
UK-21	Liquidity buffer					**14,583**	14,135	13,988	13,798
22	Total net cash outflows					**9,392**	9,387	9,347	9,424
23	Liquidity coverage ratio (%)					**155%**	151%	150%	146%

Annex XXI: IRB approach to credit risk

Table 5: UK CR8 - RWA 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 assets £m
1	**Risk weighted exposure amount as at 31 March 2024**	**15,699**
2	Asset size (+/-)	**(130)**
3	Asset quality (+/-)	**142**
4	Model updates[(1)] (+/-)	**89**
5	Methodology and policy (+/-)	**455**
9	**Risk weighted exposure amount as at 30 June 2024**	**16,255**

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

RWAs increased £0.6bn to £16.3bn, primarily due to a new management adjustment in relation to Business lending updates and associated changes to the SME support factor being applied. Model updates in the period primarily relate to the impact of refreshed management adjustments in relation to hybrid models and business models.

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 2024[1] £m	31 Mar 2024 £m	31 Dec 2023 £m	30 Sept 2023 £m	30 Jun 2023 £m
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	**3,574**	3,661	3,502	3,685	3,608
2	Tier 1 capital	**4,267**	4,496	4,337	4,279	4,202
3	Total capital	**5,041**	5,269	5,110	5,301	5,224
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	**26,217**	25,579	25,454	25,172	24,903
	Capital ratios (as a percentage of risk-weighted exposure amount) (%)					
5	Common Equity Tier 1 ratio	**13.6%**	14.3%	13.8%	14.6%	14.5%
6	Tier 1 ratio	**16.3%**	17.6%	17.0%	17.0%	16.9%
7	Total capital ratio	**19.2%**	20.6%	20.1%	21.1%	21.0%
	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	**1.9%**	1.9%	1.9%	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	**0.9%**	0.9%	0.9%	0.7%	0.7%
UK-7d	Total SREP own funds requirements	**11.4%**	11.4%	11.4%	11.0%	11.0%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount) (%)					
8	Capital conservation buffer	**2.5%**	2.5%	2.5%	2.5%	2.5%
9	Institution specific countercyclical capital buffer	**2.0%**	2.0%	2.0%	2.0%	1.0%
UK-10a	Other Systemically Important Institution buffer	**0.0%**	0.0%	0.0%	0.0%	0.0%
11	Combined buffer requirement	**4.5%**	4.5%	4.5%	4.5%	3.5%
UK-11a	Overall capital requirements	**15.9%**	15.9%	15.9%	15.5%	14.5%
12	CET1 available after meeting the total SREP own funds requirements	**7.2%**	7.9%	7.4%	8.4%	8.3%
	Leverage ratio[2][4]					
13	Total exposure measure excluding claims on central banks	**85,139**	85,723	86,624	86,545	86,067
14	Leverage ratio excluding claims on central banks (%)	**5.0%**	5.2%	5.0%	4.9%	4.9%
	Additional leverage ratio disclosure requirements (%)					
UK-14a	Fully loaded Expected Credit Loss (ECL) accounting model leverage ratio excluding claims on central banks	**5.0%**	5.2%	4.9%	4.8%	4.8%
UK-14b	Leverage ratio including claims on central banks	**4.5%**	4.6%	4.6%	4.5%	4.4%
UK-14c	Average leverage ratio excluding claims on central banks[2]	**4.9%**	5.1%	4.9%	4.9%	4.8%
UK-14d	Average leverage ratio including claims on central banks	**4.3%**	4.6%	4.5%	4.4%	4.3%
UK-14e	Countercyclical leverage ratio buffer	**0.7%**	0.7%	0.7%	0.7%	0.4%

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Table 6: UK KM1 - Key metrics (continued)

		A	B	C	D	E
		30 June 2024[(1)] £m	31 Mar 2024 £m	31 Dec 2023 £m	30 Sept 2023 £m	30 Jun 2023 £m
	Liquidity Coverage Ratio[(3)]					
15	Total high-quality liquid assets (HQLA) (Weighted value average)	**14,583**	14,135	13,988	13,798	13,381
UK-16a	Cash outflows - Total weighted value	**9,924**	9,957	9,887	9,933	9,875
UK-16b	Cash inflows - Total weighted value	**531**	570	540	509	528
16	Total net cash outflows (adjusted value)	**9,392**	9,387	9,347	9,424	9,347
17	Liquidity coverage ratio (%)	**155%**	151%	150%	146%	143%
	Net Stable Funding Ratio					
18	Total available stable funding	**79,065**	79,222	78,963	79,295	79,171
19	Total required stable funding	**57,935**	58,483	58,420	58,450	58,352
20	NSFR ratio (%)	**136%**	135%	135%	136%	136%

(1) Profits for the quarter ending 30 June 2024 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 2024 to 30 June 2024 amounted to £86,065m (1 January 2024 to 31 March 2024: £86,216m).

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

(4) The comparative figures include a restatement to qualifying central bank claims which have been adjusted to exclude encumbered note cover and payment system collateral balances.

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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, RWA and leverage positions with and without the application of transitional arrangements for IFRS 9 or analogous ECLs.

		A	B	C	D	E
		30 June 2024[1] £m	31 Mar 2024 £m	31 Dec 2023 £m	30 Sept 2023 £m	30 Jun 2023 £m
	Available capital (£m)					
1	Common Equity Tier 1 (CET1) capital	**3,574**	3,661	3,502	3,685	3,608
2	CET1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**3,537**	3,623	3,419	3,573	3,512
3	Tier 1 capital	**4,267**	4,496	4,337	4,279	4,202
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**4,230**	4,458	4,254	4,167	4,106
5	Total capital	**5,041**	5,269	5,110	5,301	5,224
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**5,004**	5,231	5,027	5,189	5,128
	Risk-weighted assets (£m)					
7	Total risk-weighted assets	**26,217**	25,579	25,454	25,172	24,903
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**26,188**	25,549	25,389	25,083	24,827
	Capital ratios (%)					
9	CET1 (as a percentage of risk exposure amount)	**13.6%**	14.3%	13.8%	14.6%	14.5%
10	CET1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**13.5%**	14.2%	13.5%	14.2%	14.1%
11	Tier 1 (as a percentage of risk exposure amount)	**16.3%**	17.6%	17.0%	17.0%	16.9%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**16.2%**	17.4%	16.8%	16.6%	16.5%
13	Total capital (as a percentage of risk exposure amount)	**19.2%**	20.6%	20.1%	21.1%	21.0%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**19.1%**	20.5%	19.8%	20.7%	20.7%
	Leverage ratio					
15	Leverage ratio total exposure measure (£m)	**85,139**	85,723	86,624	86,545	86,067
16	Leverage ratio (%)	**5.0%**	5.2%	5.0%	4.9%	4.9%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied (%)	**5.0%**	5.2%	4.9%	4.8%	4.8%

(1) Profits for the quarter ending 30 June 2024 have not been formally verified and are therefore excluded from the relevant figures disclosed in the table, in accordance with capital regulations.

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Table 8: UK OV1 - Overview of risk-weighted assets

The table below shows RWAs and minimum capital requirement by risk type and approach[1].

		A	B	C
		Risk-weighted assets		Total own funds requirements
		30 June 2024 £m	31 Mar 2024 £m	**30 June 2024 £m**
1	Credit risk (excluding CCR)	**23,055**	22,381	**1,844**
2	*of which: the standardised approach*	**6,801**	6,682	**544**
3	*of which: the foundation IRB (FIRB) approach*	**7,203**	6,774	**576**
4	*of which: slotting approach*	**487**	479	**39**
5	*of which: the advanced IRB (AIRB) approach*	**8,564**	8,446	**685**
6	Counterparty credit risk (CCR)	**321**	357	**26**
7	*of which: the standardised approach*	**140**	154	**11**
UK-8a	*of which: exposures to a CCP*	**5**	5	**1**
UK-8b	*of which: credit valuation adjustment (CVA)*	**176**	198	**14**
23	Operational risk	**2,841**	2,841	**227**
UK-23b	*of which: standardised approach*	**2,841**	2,841	**227**
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	**275**	279	**22**
29	**Total**	**26,217**	25,579	**2,097**

(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

<u>Non-Executive Directors</u>	
Board Chair	David Bennett[1]
Senior Independent Non-Executive Director	Tim Wade[2]
Independent Non-Executive Directors	Lucinda Charles-Jones[2] Elena Novokreshchenova[2] Darren Pope[2] Petra van Hoeken[2][3]
Non-Executive Director	Sara Weller[4]
<u>Executive Directors</u>	David Duffy Clifford Abrahams
Group Company Secretary	Lorna McMillan

(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) Petra van Hoeken was appointed to the Board on 1 July 2024 following Geeta Gopalan, Independent Non-Executive Director, stepping down from the Board on 30 June 2024.
(4) Member of the Governance and Nomination Committee.

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