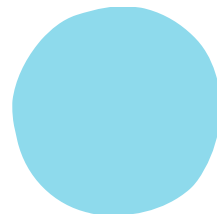


TSB Banking Group PLC
Large Subsidiary Disclosure
Q1 2023



1. Introduction

This document presents the Pillar III Large Subsidiary Disclosures as at 31 March 2023 relating to TSB Banking Group plc (TSB), a subsidiary undertaking of Banco de Sabadell Group.

TSB operates in the United Kingdom (UK) and is authorised and regulated by the Prudential Regulation Authority (PRA). The disclosures have been prepared in accordance with the Disclosure Part of the PRA Rulebook.

2. Risk Weighted Assets

2.1 Risk weighted assets and Pillar 1 capital requirements

The risk weighted assets and Pillar 1 capital requirements of TSB as at 31 March 2023 are presented in the following table:

Table 1: Overview of risk-weighted assets (OV1)

	RWAs 31 March 2023 £000	RWAs 31 December 2022 £000	Total own funds requirements ⁽¹⁾ 31 March 2023 £000
Credit risk (excluding CCR)	8,745,215	8,781,922	699,617
Of which the standardised approach ⁽²⁾	1,033,560	1,029,312	82,685
Of which the advanced IRB (AIRB) approach	7,711,655	7,752,610	616,932
Counterparty credit risk (CCR)	77,500	107,036	6,200
Of which the standardised approach	59,473	86,237	4,758
Of which exposures to a CCP	1,461	2,542	117
Of which credit valuation adjustment - CVA	16,566	18,257	1,325
Settlement risk	-	-	-
Securitisation exposures in the non-trading book (after cap)	-	-	-
Position, foreign exchange and commodities risks (Market risk)	-	-	-
Large exposures	-	-	-
Operational risk	1,475,213	1,475,213	118,017
Of which Standardised Approach	1,475,213	1,475,213	118,017
Of which Advanced Measurement Approach	-	-	-
Amounts below the thresholds for deduction (subject to 250% risk weight)⁽²⁾	83,930	77,895	6,715
Other risk exposure amounts	-	-	-
Total	10,381,858	10,442,066	830,549

(1) Under Pillar 1, firms are required to maintain minimum regulatory capital levels at 8% of RWAs.

(2) Subject to 250% risk weight has been presented as a separate row included in the overall total rather than an 'of which' of the standardised approach.

2.2 Risk weighted assets movements by key driver

Analysis of movements in IRB credit risk weighted exposure amounts (RWEAs) from 31 December 2022 to 31 March 2023 and from 30 September 2022 to 31 December 2022 is presented in table 2.

Table 2: RWEA flow statements of credit risk exposures under the IRB approach (CR8)

	Risk weighted exposure amount	
	3 months to 31 March 2023 £000s	3 months to 31 December 2022 £000s
Risk weighted exposure amount as at the end of the previous reporting period	7,752,610	7,892,293
Asset size (+/-)	(105,990)	(146,679)
Asset quality (+/-)	65,035	(302,950)
Model updates (+/-)	-	(190,400)
Methodology and policy (+/-)	-	500,346
Acquisitions and disposals (+/-)	-	-
Foreign exchange movements (+/-)	-	-
Other (+/-)	-	-
Risk weighted exposure amount as at the end of the reporting period	7,711,655	7,752,610

3. Liquidity

The Liquidity Coverage Ratio (LCR) is a key regulatory tool used to monitor the short-term liquidity adequacy of the bank.

The table below reflects the trailing 12 month-end average LCR balances at the applicable quarter end dates. The trailing 12 month-end average LCR to 31 March 2023 was 170%, shown in the LIQ1 disclosure table below:

Table 3: Quantitative information of LCR (LIQ1)

Consolidated	Total unweighted value (average)				Total weighted value (average)			
	31 March 2023	31 December 2022	30 September 2022	30 June 2022	31 March 2023	31 December 2022	30 September 2022	30 June 2022
£000's								
Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS								
Total high-quality liquid assets (HQLA)					6,901,297	6,788,964	6,896,348	6,687,218
CASH - OUTFLOWS								
Retail deposits and deposits from small business customers, of which:	35,454,669	35,440,272	35,439,394	35,525,895	2,377,924	2,390,620	2,393,827	2,389,516
Stable deposits	27,542,119	27,953,717	28,240,683	28,433,063	1,377,106	1,397,686	1,412,034	1,421,653
Less stable deposits	6,881,204	6,847,913	6,793,444	6,714,792	1,000,818	992,934	981,793	967,863
Unsecured wholesale funding	342,410	340,291	297,303	297,313	202,799	201,671	158,914	158,282
Non-operational deposits (all Counterparties)	258,340	257,486	257,058	257,593	118,729	118,866	118,669	118,562
Unsecured debt	84,070	82,805	40,245	39,720	84,070	82,805	40,245	39,720
Secured wholesale funding					-	-	-	-
Additional requirements	4,409,488	4,270,502	4,125,429	4,037,400	740,112	608,365	474,932	397,501
Outflows related to derivative exposures and other collateral requirements	546,987	415,621	282,800	205,928	546,987	415,621	282,801	205,928
Credit and liquidity facilities	3,862,501	3,854,881	3,842,629	3,831,472	193,125	192,744	192,131	191,573
Other contractual funding obligations	90,056	79,806	79,385	77,251	25,037	14,705	13,822	11,031
Other contingent funding obligations	2,235,268	2,468,321	2,606,439	2,565,362	1,006,678	1,111,599	1,173,727	1,155,216
TOTAL CASH OUTFLOWS					4,352,550	4,326,960	4,215,222	4,111,546
CASH - INFLOWS								
Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
Inflows from fully performing exposures	350,190	347,164	336,969	331,018	226,958	222,350	210,083	205,388
Other cash inflows	45,832	51,366	35,588	35,656	32,726	38,163	22,315	22,258
TOTAL CASH INFLOWS	396,022	398,530	372,557	366,674	259,684	260,513	232,398	227,646
Fully exempt inflows	-	-	-	-	-	-	-	-
Inflows subject to 90% cap	-	-	-	-	-	-	-	-
Inflows subject to 75% cap	396,022	398,530	372,557	366,674	259,684	260,513	232,398	227,646
TOTAL ADJUSTED VALUE								
LIQUIDITY BUFFER					6,901,297	6,788,964	6,896,348	6,687,218
TOTAL NET CASH OUTFLOWS					4,092,866	4,066,447	3,982,824	3,883,900
LIQUIDITY COVERAGE RATIO⁽¹⁾					170%	168%	174%	173%

(1) The ratios reported in the above table are simple averages of month-end LCR ratios over the trailing 12 months to the reporting quarter date. Therefore, these ratios may not be equal to the implied LCR % calculated when using the average component amounts reported under 'LIQUIDITY BUFFER' and 'TOTAL NET CASH OUTFLOWS' in the above table.

4. Contacts

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