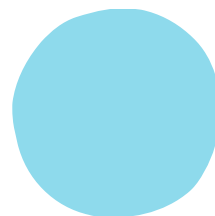


**TSB Banking Group PLC**  
**Large Subsidiary Disclosure**  
**Q3 2022**



# 1. Introduction

This document presents the Pillar III Large Subsidiary Disclosures as at 30 September 2022 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 (CRR) requirements 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 30 September 2022 are presented in the following table:

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

	RWAs 30 September 2022 £000	RWAs 30 June 2022 £000	Total own funds requirements <sup>(1)</sup> 30 September 2022 £000
<b>Credit risk (excluding CCR)</b>	<b>8,940,567</b>	9,144,006	<b>715,245</b>
Of which the standardised approach <sup>(2)</sup>	1,048,274	1,114,143	83,862
Of which the advanced IRB (AIRB) approach	7,892,293	8,029,863	631,383
<b>Counterparty credit risk (CCR)</b>	<b>32,208</b>	20,606	<b>2,577</b>
Of which the standardised approach	7,587	588	607
Of which exposures to a CCP	1,853	19,740	148
Of which credit valuation adjustment - CVA	22,768	278	1,822
<b>Settlement risk</b>	-	-	-
<b>Securitisation exposures in the non-trading book (after cap)</b>	-	-	-
<b>Position, foreign exchange and commodities risks (Market risk)</b>	-	-	-
<b>Large exposures</b>	-	-	-
<b>Operational risk</b>	<b>1,400,010</b>	1,400,010	<b>112,001</b>
Of which Standardised Approach	1,400,010	1,400,010	112,001
Of which Advanced Measurement Approach	-	-	-
<b>Amounts below the thresholds for deduction (subject to 250% risk weight)<sup>(2)</sup></b>	<b>63,834</b>	60,586	<b>5,107</b>
<b>Other risk exposure amounts</b>	-	-	-
<b>Total</b>	<b>10,436,619</b>	10,625,208	<b>834,930</b>

Footnote

(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 30 June 2022 to 30 September 2022 and from 31 March 2022 to 30 June 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 30 September 2022 £000s	3 months to 30 June 2022 £000s
<b>Risk weighted exposure amount as at the end of the previous reporting period</b>	<b>8,029,863</b>	8,132,084
Asset size (+/-)	162,615	232,873
Asset quality (+/-)	(300,185)	(335,094)
Model updates (+/-)	-	-
Methodology and policy (+/-)	-	-
Acquisitions and disposals (+/-)	-	-
Foreign exchange movements (+/-)	-	-
Other (+/-)	-	-
<b>Risk weighted exposure amount as at the end of the reporting period</b>	<b>7,892,293</b>	8,029,863

During 2022 the increase in asset size has largely reflected an increase in the mortgage portfolio while the improvement in asset quality relates to house price increases. Other movements are largely offsetting with an increase in personal loans lending being offset by reduction in credit cards and overdrafts.

## 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 30 September 2022 was 174%, shown in the LIQ1 disclosure table below:

**Table 3: Quantitative information of LCR (LIQ1)**

Consolidated	Total unweighted value (average)				Total weighted value (average)			
	30 September 2022	30 June 2022	31 March 2022	31 December 2021	30 September 2022	30 June 2022	31 March 2022	31 December 2021
£000's								
Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
<b>HIGH-QUALITY LIQUID ASSETS</b>								
Total high-quality liquid assets (HQLA)					6,896,348	6,687,218	6,505,243	6,441,563
<b>CASH - OUTFLOWS</b>								
<b>Retail deposits and deposits from small business customers, of which:</b>								
Stable deposits	35,439,394	35,525,896	35,553,452	35,348,216	2,393,827	2,389,516	2,380,596	2,353,679
Stable deposits	28,240,683	28,433,063	28,537,148	28,457,680	1,412,034	1,421,653	1,426,858	1,422,884
Less stable deposits	6,793,444	6,714,792	6,631,254	6,489,020	981,793	967,863	953,738	930,795
<b>Unsecured wholesale funding</b>	<b>297,303</b>	<b>297,313</b>	<b>285,347</b>	<b>266,972</b>	<b>158,915</b>	<b>158,282</b>	<b>150,276</b>	<b>142,362</b>
Non-operational deposits (all Counterparties)	257,058	257,593	250,417	232,280	118,670	118,562	115,346	107,670
Unsecured debt	40,245	39,720	34,930	34,692	40,245	39,720	34,930	34,692
<b>Secured wholesale funding</b>					-	-	-	-
<b>Additional requirements</b>	<b>4,125,429</b>	<b>4,037,400</b>	<b>3,998,203</b>	<b>3,973,912</b>	<b>474,932</b>	<b>397,501</b>	<b>368,552</b>	<b>353,505</b>
Outflows related to derivative exposures and other collateral requirements	282,800	205,928	177,517	162,957	282,801	205,928	177,517	162,957
Credit and liquidity facilities	3,842,629	3,831,472	3,820,686	3,810,955	192,131	191,573	191,035	190,548
<b>Other contractual funding obligations</b>	<b>79,385</b>	<b>77,251</b>	<b>89,814</b>	<b>107,771</b>	<b>13,822</b>	<b>11,031</b>	<b>22,980</b>	<b>40,177</b>
<b>Other contingent funding obligations</b>	<b>2,606,439</b>	<b>2,565,362</b>	<b>2,624,264</b>	<b>2,739,520</b>	<b>1,173,726</b>	<b>1,155,216</b>	<b>1,181,812</b>	<b>1,233,670</b>
<b>TOTAL CASH OUTFLOWS</b>					<b>4,215,222</b>	<b>4,111,546</b>	<b>4,104,216</b>	<b>4,123,393</b>
<b>CASH - INFLOWS</b>								
Secured lending (e.g. reverse repos)	-	-	-	18,654	-	-	-	-
Inflows from fully performing exposures	336,969	331,018	318,470	311,269	210,083	205,388	196,386	190,750
Other cash inflows	35,588	35,656	29,829	25,109	22,315	22,258	16,266	11,503
<b>TOTAL CASH INFLOWS</b>	<b>372,557</b>	<b>366,674</b>	<b>348,299</b>	<b>355,032</b>	<b>232,398</b>	<b>227,646</b>	<b>212,652</b>	<b>202,253</b>
Fully exempt inflows	-	-	-	-	-	-	-	-
Inflows subject to 90% cap	-	-	-	-	-	-	-	-
Inflows subject to 75% cap	372,557	366,674	348,299	355,032	232,398	227,646	212,652	202,253
<b>TOTAL ADJUSTED VALUE</b>								
<b>LIQUIDITY BUFFER</b>					<b>6,896,348</b>	<b>6,687,218</b>	<b>6,505,243</b>	<b>6,441,563</b>
<b>TOTAL NET CASH OUTFLOWS</b>					<b>3,982,824</b>	<b>3,883,900</b>	<b>3,891,564</b>	<b>3,921,140</b>
<b>LIQUIDITY COVERAGE RATIO<sup>(1)</sup></b>					<b>174%</b>	<b>173%</b>	<b>168%</b>	<b>165%</b>

**Footnote:**

(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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