

**TSB Banking Group PLC
Large Subsidiary Disclosure
Q1 2022**

1. Introduction

This document presents the Pillar III Large Subsidiary Disclosures as at 31 March 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 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 2022 are presented in the following table:

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

	RWAs 31 March 2022 £000	RWAs 31 December 2021 £000	Total own funds requirements ⁽¹⁾ 31 March 2022 £000
Credit risk (excluding CCR)	9,249,655	9,375,601	739,973
Of which the standardised approach	1,117,571	1,187,214	89,406
Of which the foundation IRB (FIRB) approach	-	-	-
Of which: slotting approach	-	-	-
Of which: equities under the simple risk weighted approach	-	-	-
Of which the advanced IRB (AIRB) approach	8,132,084	8,188,387	650,567
Counterparty credit risk (CCR)	20,229	17,276	1,618
Of which the standardised approach	1,056	408	84
Of which internal model method (IMM)	-	-	-
Of which exposures to a CCP	18,682	16,713	1,495
Of which credit valuation adjustment - CVA	491	155	39
Of which other CCR	-	-	-
Settlement risk	-	-	-
Securitisation exposures in the non-trading book (after cap)	-	-	-
Of which SEC-IRBA approach	-	-	-
Of which SEC-IRBA (including IAA)	-	-	-
Of which SEC-SA approach	-	-	-
Of which 1250% deduction	-	-	-
Position, foreign exchange and commodities risks (Market risk)	-	-	-
Of which standardised approach	-	-	-
Of which IMA	-	-	-
Large exposures	-	-	-
Operational risk	1,400,010	1,400,010	112,001
Of which Basic Indicator Approach	-	-	-
Of which Standardised Approach	1,400,010	1,400,010	112,001
Of which Advanced Measurement Approach	-	-	-
Amounts below the thresholds for deduction (subject to 250% risk)	57,868	58,980	4,629
Other risk exposure amounts	-	-	-
Total	10,727,762	10,851,867	858,221

Footnote

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

2.2 Risk weighted assets movements by key driver

Analysis of movements in IRB credit risk weighted exposure amounts (RWEAs) from 31 December 2021 to 31 March 2022 is presented in table 2.

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

	Risk weighted exposure amount £000
Risk weighted exposure amount as at the end of the previous reporting period	8,188,387
Asset size (+/-)	123,759
Asset quality (+/-)	(174,997)
Model updates (+/-)	-
Methodology and policy (+/-)	(5,065)
Acquisitions and disposals (+/-)	-
Foreign exchange movements (+/-)	-
Other (+/-)	-
Risk weighted exposure amount as at the end of the reporting period	8,132,084

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 2022 was 168%, 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 2022 £000's	31 March 2022	31 December 2021	30 September 2021	30 June 2021	31 March 2022	31 December 2021	30 September 2021	30 June 2021
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)					6,505,243	6,441,563	6,248,446	6,681,097
CASH - OUTFLOWS								
Retail deposits and deposits from small business customers, of which:	35,553,452	35,348,216	34,934,424	34,399,973	2,380,595	2,353,679	2,308,219	2,253,562
Stable deposits	28,537,148	28,457,680	28,235,259	27,918,390	1,426,857	1,422,884	1,411,763	1,395,919
Less stable deposits	6,631,254	6,489,020	6,268,901	6,017,035	953,738	930,795	896,456	857,642
Unsecured wholesale funding	285,347	266,972	241,740	238,229	150,276	142,362	131,974	144,169
Non-operational deposits (all Counterparties)	250,417	232,280	206,470	178,984	115,346	107,670	96,704	84,923
Unsecured debt	34,930	34,692	35,270	59,245	34,930	34,692	35,270	59,245
Secured wholesale funding					-	-	-	-
Additional requirements	3,998,202	3,973,912	3,937,208	3,884,663	368,551	353,505	332,801	312,761
Outflows related to derivative exposures and other collateral requirements	177,517	162,957	143,095	124,766	177,517	162,957	143,095	124,766
Credit and liquidity facilities	3,820,685	3,810,955	3,794,113	3,759,898	191,034	190,549	189,705	187,995
Other contractual funding obligations	89,814	107,771	114,082	119,315	22,980	40,177	45,947	50,795
Other contingent funding obligations	2,624,264	2,739,520	2,655,572	2,420,302	1,181,812	1,233,670	1,195,841	1,089,969
TOTAL CASH OUTFLOWS					4,104,214	4,123,393	4,014,781	3,851,256
CASH - INFLOWS								
Secured lending (e.g. reverse repos)	-	18,654	18,654	18,654	-	-	-	-
Inflows from fully performing exposures	318,470	311,269	303,510	310,311	196,386	190,750	184,215	191,046
Other cash inflows	29,829	25,109	23,534	21,005	16,266	11,503	9,931	7,682
TOTAL CASH INFLOWS	348,299	355,032	345,698	349,970	212,652	202,253	194,146	198,728
Fully exempt inflows	-	-	-	-	-	-	-	-
Inflows subject to 90% cap	-	-	-	-	-	-	-	-
Inflows subject to 75% cap	348,299	355,032	345,698	349,970	212,652	202,253	194,146	198,728
TOTAL ADJUSTED VALUE								
LIQUIDITY BUFFER					6,505,243	6,441,563	6,248,446	6,681,097
TOTAL NET CASH OUTFLOWS					3,891,564	3,921,140	3,820,636	3,652,528
LIQUIDITY COVERAGE RATIO⁽¹⁾					168%	165%	165%	185%

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.

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