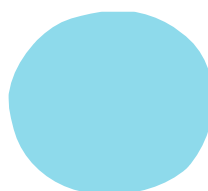




**TSB Banking Group plc**

## **Large Subsidiary Disclosures**

**30 June 2025**



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# 1. Introduction

This document presents the Pillar III Large Subsidiary Disclosures as at 30 June 2025 relating to TSB Banking Group plc (TSB). 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) part of the PRA Rulebook.

Comparative figures are reported to give insight into movements during the period. Where specific rows and columns in the tables prescribed by the PRA are not applicable or are immaterial to TSB's activities, TSB may omit them and follow the same approach for comparative disclosures.

The table below presents key metrics and additional information on capital metrics. It is provided for additional information as disclosure is not a requirement under article 447 for a large subsidiary. A separate table showing a comparison with and without applying the transitional arrangements of IFRS9 has not been presented as the impacts are either trivial (Dec-24 £nil, Jun-24 £0.3m) or no longer an applicable requirement (Jun-25).

**Table 1: Key metrics (KM1)**

	30 June 2025	31 December 2024	30 June 2024
<b>Available capital (amounts)</b>			
Common Equity Tier 1 (CET1) (£000)	1,850,858	1,738,133	1,884,784
Tier 1 capital (£000)	2,100,560	1,987,837	1,884,784
Total capital (£000)	2,400,560	2,287,837	2,192,004
<b>Risk-weighted exposure amounts</b>			
Total risk-weighted exposure amount (£000)	11,371,781	11,250,820	11,291,546
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>			
Common Equity Tier 1 ratio	16.28%	15.45%	16.69%
Tier 1 ratio	18.47%	17.67%	16.69%
Total capital ratio	21.11%	20.33%	19.41%
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>			
Additional own funds requirements to address risks other than the risk of excessive leverage	2.85%	2.85%	2.20%
Of which: to be made up of CET1 capital	1.60%	1.60%	1.24%
Of which: to be made up of Tier 1 capital	2.14%	2.14%	1.65%
Total SREP own funds requirements	10.85%	10.85%	10.20%
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>			
Capital conservation buffer	2.50%	2.50%	2.50%
Institutional specific countercyclical capital buffer	2.00%	2.00%	2.00%
Combined buffer requirement	4.50%	4.50%	4.50%
Overall capital requirements	15.35%	15.35%	14.70%
CET1 available after meeting the total SREP own funds requirements <sup>(1)</sup>	10.17%	9.30%	9.04%
<b>Leverage Ratio</b>			
Leverage ratio total exposure measure <sup>(2)</sup> (£000)	40,251,519	40,126,116	40,412,371
Leverage ratio <sup>(2)</sup>	5.22%	4.95%	4.66%
<b>Liquidity Coverage Ratio (LCR)</b>			
Total high-quality liquid assets (HQLA) (Weighted value – average) (£000)	6,656,398	6,921,589	7,051,311
Cash outflows – Total weighted value (£000)	3,817,149	4,056,488	4,152,339
Cash inflows – Total weighted value (£000)	238,589	230,451	221,814
Total net cash outflows (adjusted value) (£000)	3,578,561	3,826,038	3,930,525
Liquidity coverage ratio <sup>(3)</sup>	186%	182%	180%
<b>Net Stable Funding Ratio (NSFR)<sup>(4)</sup></b>			
Total available stable funding <sup>(4)</sup> (£000)	41,500,423	42,119,435	42,371,650
Total required stable funding <sup>(4)</sup> (£000)	27,182,866	27,582,817	27,780,299
NSFR ratio <sup>(4)</sup>	153%	153%	153%

(1) Represents, as a percentage, the level of CET1 capital available to meet buffer requirements after meeting total Pillar 1 and Pillar 2A capital requirements.

(2) Leverage ratio exposure and leverage ratio % have been calculated as defined in the PRA Rulebook introduced with effect from January 2022.

(3) LCR presented is based on a twelve month simple average.

(4) NSFR ratio presented is based on a four quarter simple average.

CET1 ratio has increased by 0.83% to 16.28% since 31 December 2024. This is largely due to increased Capital, primarily from the inclusion of interim profits, partly offset by increased RWAs.

## 2. Own funds

### 2.1 Own funds

TSB's own funds as at 30 June 2025 is presented in the table below.

**Table 2: Composition of regulatory own funds (CC1)<sup>(1)</sup>**

	30 June 2025 £000s	Reference (Table CC2)
<b>CET1 capital: instruments and reserves</b>		
1 Capital instruments and the related share premium accounts	970,050	(*) 32, 33
of which: Common shares	5,000	32
2 Retained earnings	1,175,342	36
3 Accumulated other comprehensive income (and other reserves)	(269,247)	(*) 38, 42
5a Independently reviewed interim profits net of any foreseeable charge or dividend	132,478	40,41
<b>6 Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>2,008,623</b>	---
<b>Common Equity Tier 1 capital: regulatory adjustments</b>		
7 Additional value adjustments (negative amount)	(1,634)	0
8 Intangible assets (net of related tax liability) (negative amount)	(113,910)	---
11 Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	(21,727)	---
12 Negative amounts resulting from the calculation of expected loss amounts	(20,493)	
<b>28 Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>(157,764)</b>	---
<b>29 Common Equity Tier 1 (CET1) capital</b>	<b>1,850,858</b>	---
<b>Additional Tier 1 Capital: Instruments</b>		
30 Capital instruments and the related share premium accounts	249,702	34
31 of which: classified as equity under applicable accounting standards	249,702	
<b>36 Additional Tier 1 (AT1) capital before regulatory adjustments</b>	<b>249,702</b>	
<b>44 Additional Tier 1 (AT1) capital</b>	<b>249,702</b>	
<b>45 Tier 1 capital (T1 = CET1 + AT1)</b>	<b>2,100,560</b>	
<b>Tier 2 Capital: Instruments and Provisions</b>		
46 Capital instruments and the related share premium accounts	300,000	---
<b>51 Tier 2 (T2) capital before regulatory adjustments</b>	<b>300,000</b>	---
<b>58 Tier 2 (T2) capital</b>	<b>300,000</b>	---
<b>59 Total capital (TC = T1 + T2)</b>	<b>2,400,560</b>	---
<b>60 Total risk exposure amount</b>	<b>11,371,781</b>	---

(1) (\*) in reference to Table CC2 column indicates sum of, or using elements of the row referenced from Table CC2.

CET1 has increased since the year end by £112m to £1,851 million primarily due to the inclusion of approved interim profits and partly offset by an increase in excess expected loss deduction due to reduction in provisions in 2025 and an increase in intangible asset deduction.

**Table 2: Composition of regulatory own funds (CC1)<sup>(1)</sup>**

		30 June 2025 £000s	Reference (Table CC2)
<b>Capital ratios and buffers</b>			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	16.28%	---
62	Tier 1 (as a percentage of total risk exposure amount)	18.47%	---
63	Total capital (as a percentage of total risk exposure amount)	21.11%	---
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	10.60%	---
65	of which: capital conservation buffer requirement	2.50%	---
66	of which: countercyclical buffer requirement	2.00%	---
67b	of which: additional own funds requirements to address risks other than the risk of excessive leverage.	1.60%	---
68	Common Equity Tier 1 available to meet buffer (as a percentage of risk exposure amount)	10.17%	---
<b>Capital ratios and buffers</b>			
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	15,386	---
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	18,719	---
<b>Limits applicable to the inclusion of provisions in Tier 2 capital</b>			
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	13,176	---
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	51,537	---

(1) (\*) in reference to Table CC2 column indicates sum of, or using elements of the row referenced from Table CC2.

## 2.2 Other capital disclosures

TSB does not have an obligation to publish audited half year financial statements and therefore the table below is prepared based on unpublished and unaudited financial statements.

**Table 3: Reconciliation of regulatory own funds to balance sheet in the audited financial statements (CC2)<sup>(1)</sup>**

Assets – Breakdown by asset classes according to the balance sheet in the published financial accounts		Balance sheet as per published financial statements	Under regulatory scope of consolidation	Reference (table CC1)
		30 June 2025 £000	30 June 2025 £000	
1	Cash, cash balances at central banks and other demand deposits	4,234,297	4,234,297	---
2	Financial assets held for trading	490,884	490,884	---
3	Non-trading financial assets held at fair value through profit or loss	23	23	---
5	Financial assets at fair value with changes in other comprehensive income	333,521	333,521	---
6	Financial assets at amortised cost	38,764,281	38,764,281	---
7	Derivatives - hedge accounting	1,208,170	1,208,170	---
8	Changes in the fair value of hedged items in a portfolio hedged risk	(20,290)	(20,290)	---
11	Tangible assets	219,231	219,231	---
12	Intangible assets	120,132	120,132	---
13	Tax assets	12,268	12,268	---
14	Memorandum items: Deferred tax assets	10,204	10,204	---
15	Other assets	109,251	109,251	---
<b>17</b>	<b>TOTAL ASSETS</b>	<b>45,471,768</b>	<b>45,471,768</b>	<b>---</b>
18	Financial liabilities held for trading	574,757	574,757	---
20	Financial liabilities at amortised cost	42,326,578	42,326,578	---
21	Derivatives - hedge accounting	140,511	140,511	---
22	Changes in the fair value of hedged items in a portfolio hedged risk	(13,893)	(13,893)	---
24	Provisions	26,105	26,105	---
25	Tax liabilities	937	937	---
28	Other liabilities	158,448	158,448	---
<b>30</b>	<b>TOTAL LIABILITIES</b>	<b>43,213,443</b>	<b>43,213,443</b>	<b>---</b>
<b>Equity</b>				
31	Own Funds	2,242,572	2,242,572	(*) 1,2,3,5a, 36
32	Capital	5,000	5,000	1
33	Issue premium	965,050	965,050	(*) 1
34	Equity instruments issued other than capital	249,702	249,702	(*) 30
36	Accumulated profits	1,175,342	1,175,342	2
38	Other reserves	(285,000)	(285,000)	(*) 3
40	Result attributed to the owners of the parent company <sup>(2)</sup>	139,130	139,130	(*) 5a
41	Interim dividends	(6,652)	(6,652)	(*) 5a
42	Accumulated other comprehensive income	15,753	15,753	(*) 3
<b>44</b>	<b>Shareholders' equity</b>	<b>2,258,325</b>	<b>2,258,325</b>	<b>---</b>

(1) (\*) in reference to Table CC1 column indicates "sum of" or using elements of the row referenced from Table CC1.

## 3. Capital requirements

### 3.1 Risk weighted assets and Pillar 1 capital requirements

The risk weighted assets and Pillar 1 capital requirements of TSB as at 30 June 2025 are presented in the following table:

**Table 4: Overview of risk weighted exposure amounts (OV1)**

	RWAs	RWAs	RWAs	Total own funds requirements <sup>(1)</sup>
	30 June 2025 £000s	31 March 2025 £000s	31 December 2024 £000s	30 June 2025 £000s
<b>Credit risk (excluding CCR)</b>	<b>9,519,088</b>	<b>9,490,033</b>	<b>9,417,095</b>	<b>761,527</b>
Of which the standardised approach <sup>(2)</sup>	929,508	990,746	974,880	74,361
Of which the advanced IRB (AIRB) approach	8,589,580	8,499,287	8,442,215	687,166
<b>Counterparty credit risk (CCR)</b>	<b>56,507</b>	<b>50,912</b>	<b>44,008</b>	<b>4,521</b>
Of which the standardised approach	7,811	6,005	5,009	625
Of which exposures to a CCP	1,171	1,225	1,091	94
Of which credit valuation adjustment - CVA	16,989	14,496	9,884	1,359
Of which other CCR	30,536	29,186	28,024	2,443
<b>Operational risk</b>	<b>1,710,925</b>	<b>1,710,925</b>	<b>1,710,925</b>	<b>136,874</b>
Of which standardised approach	1,710,925	1,710,925	1,710,925	136,874
<b>Amounts below the thresholds for deduction (subject to 250% risk weight)<sup>(2)</sup></b>	<b>85,261</b>	<b>91,598</b>	<b>78,792</b>	<b>6,821</b>
<b>Total</b>	<b>11,371,781</b>	<b>11,343,468</b>	<b>11,250,820</b>	<b>909,742</b>

(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.

Since the year end, IRB RWAs have increased reflecting an overall increase in secured mortgage and unsecured loan RWAs partly offset by reduction in retail credit card RWAs from a reduction in unutilised card limits. Reduction in standardised RWAs driven by expected reduction in TSBs closed books.



### 3.2 Risk weighted assets movements by key driver

Analysis of movements in IRB credit risk weighted exposure amounts (RWEAs) from 31 March 2025 to 30 June 2025 and from 31 December 2024 to 30 June 2025 is presented below.

**Table 5: RWEA flow statements of credit risk exposures under the IRB approach (CR8)**

	Risk weighted exposure amount	
	3 months to 30 June 2025 £000s	6 months to 30 June 2025 £000s
<b>Risk weighted exposure amount as at the end of the previous reporting period</b>	<b>8,499,287</b>	8,442,215
Asset size (+/-)	154,227	195,962
Asset quality (+/-)	(32,171)	(16,834)
Methodology and policy (+/-)	(31,763)	(31,763)
<b>Risk weighted exposure amount as at the end of the reporting period</b>	<b>8,589,580</b>	8,589,580

During 2025 the increase in asset size largely reflects mix of new lending in mortgage and personal loan portfolios, while movement in asset quality largely reflects improvements in probability of default and loss given default.

Methodology and policy movement representing a reduction in RWAs for requirements set out within the CRR to have risk models aligned with new definition of default regulations.

## 4. Countercyclical Capital Buffer

### Countercyclical capital buffer (CCyB)

The Financial Policy Committee (FPC) of the Bank of England is responsible for setting the UK CCyB. This has been set to 2.0% since July 2023.

**Table 6: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (CCyB1)**

30 June 2025	General credit exposures		Total exposure value	Own funds requirements		Risk-weighted exposure amounts	Own funds requirement weights	Counter-cyclical capital buffer rate
	Exposure value under the standardised approach	Exposure value under the IRB approach		Relevant credit risk exposures – Credit Risk				
	£000s	£000s	£000s	£000s	£000s	£000s	%	%

#### Breakdown by country

Country: United Kingdom	1,570,025	40,749,052	42,319,077	752,267	752,267	9,403,341	100.00%	2.00%
<b>Total</b>	<b>1,570,025</b>	<b>40,749,052</b>	<b>42,319,077</b>	<b>752,267</b>	<b>752,267</b>	<b>9,403,341</b>	<b>100.00%</b>	<b>2.00%</b>

#### December 2024

Country: United Kingdom	1,612,943	40,460,359	42,073,301	741,682	741,682	9,271,024	100.00%	2.00%
<b>Total</b>	<b>1,612,943</b>	<b>40,460,359</b>	<b>42,073,301</b>	<b>741,682</b>	<b>741,682</b>	<b>9,271,024</b>	<b>100.00%</b>	<b>2.00%</b>

**Table 7: Amount of institution specific countercyclical capital buffer (CCyB2)**

	June 2025 £000s	December 2024 £000s
Total risk exposure amount	11,371,781	11,250,820
Institution specific countercyclical buffer rate %	2.00%	2.00%
Institution specific countercyclical buffer requirement	227,436	225,016

## 5. Credit risk

### 5.1 Concentration of exposures: By industry

Gross exposures to non-financial corporations as at 30 June 2025, analysed by major industrial sector are provided in the table below:

**Table 8: Credit quality of loans and advances by industry (CQ5)**

30 June 2025 £000	Gross carrying amount				Accumulated impairment
	Total	Of which: non-performing		Of which: loans and advances subject to impairment	
			Of which: defaulted		
Agriculture, forestry, and fishing	1,752	-	-	1,752	(3)
Mining and quarrying	30	-	-	30	-
Manufacturing	3,598	202	198	3,598	(7)
Electricity, gas, steam, and air conditioning supply	73	-	-	73	-
Water supply	628	37	37	628	(1)
Construction	17,871	1,141	1,028	17,871	(34)
Wholesale and retail trade	51,380	1,179	1,179	51,380	(336)
Transport and storage	4,577	259	235	4,577	(4)
Accommodation and food service activities	11,590	1,182	1,133	11,590	(140)
Information and communication	4,986	411	406	4,986	(5)
Real estate activities	90,566	538	538	90,566	(665)
Professional, scientific, and technical activities	16,809	842	801	16,809	(43)
Administrative and support service activities	5,202	661	544	5,202	(23)
Public administration and defense, compulsory social security	122	2	2	122	-
Education	2,463	111	100	2,463	(3)
Human health services and social work	26,339	260	260	26,339	(200)
Arts, entertainment, and recreation	1,491	65	65	1,491	(1)
Other services	3,460	392	382	3,460	(8)
<b>Total</b>	<b>242,937</b>	<b>7,282</b>	<b>6,908</b>	<b>242,937</b>	<b>(1,473)</b>

### 5.2 Credit risk exposure: Geographical breakdown of exposures

TSB's credit risk exposures arising outside of the UK are not deemed material in the context of TSB's balance sheet as they are below the reporting thresholds (10% of gross exposures or 2% qualifying RWAs) applied for regulatory reporting.

All credit risk exposures as at 30 June 2025 are therefore categorised as being in the UK.

### 5.3 Credit risk exposure: Analysis by maturity

Net balance sheet credit risk exposures as at 30 June 2025, analysed by residual contractual maturity, are provided in the table below:

**Table 9: Maturity of exposures (CR1-A)**

30 June 2025	Net exposure value					Total
	On Demand	≤ 1 year	> 1 year ≤ 5 years	> 5 years	No stated maturity	
	£000s	£000s	£000s	£000s	£000s	£000s
Loans and advances	4,294,674	480,116	2,640,106	34,650,460	6,490	42,071,847
Debt Securities	-	143,087	423,795	1,801,667	-	2,368,548
<b>Total</b>	<b>4,294,674</b>	<b>623,203</b>	<b>3,063,901</b>	<b>36,452,127</b>	<b>6,490</b>	<b>44,440,395</b>

On demand amounts largely relate to overdrafts on personal current accounts and credit card exposures. The greater than 5 years amounts largely relate to secured retail mortgages and gilts.

### 5.4 Credit risk exposure: Non-Performing Loans and Advances

This table illustrates the changes in the stock of non-performing loans and advances. As TSB's non-performing loan ratio <5%, other non-performing exposures reporting requirements are out of scope.

**Table 10: Changes in the stock of non-performing loans and advances (CR2)**

30 June 2025 £000	Gross carrying amount
<b>Initial stock of non-performing loans and advances as at 31 December 2024</b>	<b>550,491</b>
Inflows to non-performing portfolios	133,615
Outflows from non-performing portfolios	(155,050)
Outflows due to write-offs	(24,367)
Outflows due to other situations	(130,683)
<b>Final stock of non-performing loans and advances as at the end of the reporting period</b>	<b>529,056</b>

## 5.5 Standardised approach: Credit risk exposure and Credit Risk Mitigation (CRM) effects

The following table provides a measure of the risk of each portfolio by analysing RWA density.

**Table 11: Standardised approach - Credit risk exposure and CRM effects (CR4)<sup>(1)</sup>**

30 June 2025	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs	RWA density
	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount		
	£000s	£000s	£000s	£000s	£000s	%
Central governments or central banks	5,816,055	-	6,084,815	-	46,797	0.77%
Public sector entities	132,614	-	-	-	-	0.00%
Multilateral development banks	242,846	-	242,846	-	-	0.00%
Institutions	394,492	15,363	394,492	15,363	154,211	37.63%
Corporates	38,541	15	38,541	3	33,615	87.21%
Retail	258,276	22,245	139,681	4,454	87,111	60.44%
Secured by mortgages on immovable property	518,775	240,332	518,006	120,008	222,337	34.85%
Exposures in default	85,380	729	68,598	350	69,707	101.10%
Covered bonds	210,814	-	210,814	-	21,081	10.00%
Other items	456,850	15,210	456,850	12,721	379,910	80.91%
<b>Total</b>	<b>8,154,643</b>	<b>293,894</b>	<b>8,154,643</b>	<b>152,899</b>	<b>1,014,769</b>	<b>12.22%</b>

(1) The main sources of CRM relate to Government guarantees on Bounce Back Loans (BBLs) as evident from the transfer of exposures before CRM from Retail to Central Governments on a post CRM basis.

December 2024	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs	RWA density
	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount		
	£000s	£000s	£000s	£000s	£000s	%
Central governments or central banks	6,398,937	-	6,672,310	-	46,797	0.70%
Public sector entities	98,425	-	-	-	-	0.00%
Multilateral development banks	183,804	-	183,804	-	-	0.00%
Institutions	490,436	12,791	490,436	12,791	178,066	35.38%
Corporates	44,763	12	44,763	2	39,405	88.02%
Retail	302,947	22,624	146,662	4,530	91,561	60.56%
Secured by mortgages on immovable property	568,521	238,553	567,412	119,107	239,253	34.85%
Exposures in default	91,366	878	73,812	432	74,700	100.62%
Covered bonds	194,821	-	194,821	-	19,482	10.00%
Other items	451,709	12,260	451,709	9,693	364,408	78.98%
<b>Total</b>	<b>8,825,729</b>	<b>287,118</b>	<b>8,825,729</b>	<b>146,555</b>	<b>1,053,672</b>	<b>11.74%</b>

(1) The main sources of CRM relate to Government guarantees on Bounce Back Loans (BBLs) as evident from the transfer of exposures before CRM from Retail to Central Governments on a post CRM basis.

## 5.6 Management of customers experiencing financial difficulties

Table 12: Credit quality of forborne exposures (CQ1)

	Gross carrying amount / Nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures	Total	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
	Performing forborne	Total	Of which defaulted	Of which impaired				
<b>30 June 2025</b>								
<b>£000</b>								
<b>Loans and advances</b>	<b>129,291</b>	<b>288,243</b>	<b>230,834</b>	<b>288,243</b>	<b>(2,337)</b>	<b>(58,160)</b>	<b>324,419</b>	<b>207,808</b>
Other financial corporations	-	42	42	42	-	(11)	31	31
Non-financial corporations	2,590	305	303	305	(198)	(128)	2,568	177
Households	126,701	287,896	230,489	287,896	(2,139)	(58,021)	321,820	207,600
<b>Loan commitments given</b>	<b>9,106</b>	<b>21,001</b>	<b>7,754</b>	<b>21,001</b>	<b>(152)</b>	<b>(1,164)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>138,397</b>	<b>309,244</b>	<b>238,588</b>	<b>309,244</b>	<b>(2,489)</b>	<b>(59,324)</b>	<b>324,419</b>	<b>207,808</b>

(1) Accumulated impairment on Loan commitments reported as negative consistent with Loans and advances for presentational purposes.

	Gross carrying amount / Nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures	Total	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
	Performing forborne	Total	Of which defaulted	Of which impaired				
<b>31 December 2024</b>								
<b>£000</b>								
<b>Loans and advances</b>	<b>137,392</b>	<b>294,201</b>	<b>238,025</b>	<b>294,201</b>	<b>(2,396)</b>	<b>(58,022)</b>	<b>338,601</b>	<b>214,470</b>
Other financial corporations	-	40	40	40	-	(8)	31	31
Non-financial corporations	85	2,537	30	2,537	(1)	(216)	2,405	2,321
Households	137,307	291,624	237,955	291,624	(2,395)	(57,798)	336,165	212,118
<b>Loan commitments given</b>	<b>9,362</b>	<b>22,560</b>	<b>10,352</b>	<b>22,560</b>	<b>(129)</b>	<b>(1,101)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>146,754</b>	<b>316,761</b>	<b>248,377</b>	<b>316,761</b>	<b>(2,525)</b>	<b>(59,123)</b>	<b>338,601</b>	<b>214,470</b>

(1) Accumulated impairment on Loan commitments reported as negative consistent with Loans and advances for presentational purposes.

## 5.7 Past due and impaired loans and advances to customers regardless of impairment status

As at 30 June 2025, past due exposures in respect of loans and advances to customers, regardless of impairment status, amounted to £589 million, of which £557 million relates to non-performing exposures.

All past due but not impaired loans and advances to customers and impaired loans and advances to customers at 30 June 2025 are categorised as being in the United Kingdom, based on the materiality criteria, outlined on page 11 relating to credit exposures.

## 5.8 Analysis of impairment provisions in respect of loans and advances to customers

Table 13: Performing and non-performing exposures and related provisions<sup>(1)</sup> (CR1)

Gross carrying amount / nominal amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions <sup>(2)</sup>						Collateral and financial guarantees received	
30 June 2025	Performing exposures			Non-performing exposures			Performing exposures – Accumulated impairment and provisions			Non-performing exposures – Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			On performing exposures	On non-performing exposures
	Total	of which: stage 1	of which: stage 2	Total	of which: stage 2	of which: stage 3	Total	of which: stage 1	of which: stage 2	Total	of which: stage 2	of which: stage 3		
<b>£000</b>														
Cash balances at central banks and other demand deposits	4,176,555	4,176,555	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	36,366,678	33,880,706	2,426,724	529,056	-	511,182	(88,620)	(37,436)	(51,161)	(77,860)	-	(77,593)	34,009,415	409,959
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	3,048	3,048	-	-	-	-	-	-	-	-	-	-	3,048	-
Credit institutions	290,190	290,190	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	46,034	45,919	113	78	-	78	(14)	(11)	(3)	(11)	-	(11)	2,165	67
Non-financial corporations	235,655	224,703	10,951	7,282	-	7,282	(1,299)	(711)	(587)	(175)	-	(175)	228,459	7,100
of which SMEs	235,655	224,703	10,951	7,282	-	7,282	(1,299)	(711)	(587)	(175)	-	(175)	228,459	7,100
Households	35,791,751	33,316,843	2,415,660	521,696	-	503,821	(87,308)	(36,715)	(50,571)	(77,674)	-	(77,407)	33,775,743	402,792
<b>Debt securities</b>	<b>2,368,548</b>	<b>2,368,548</b>	-	-	-	-	-	-	-	-	-	-	-	-
General governments	1,624,636	1,624,636	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	692,146	692,146	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	51,767	51,767	-	-	-	-	-	-	-	-	-	-	-	-
<b>Off-balance-sheet exposures</b>	<b>5,322,124</b>	<b>5,040,702</b>	<b>262,218</b>	<b>28,146</b>	-	<b>28,111</b>	<b>(5,599)</b>	<b>(2,686)</b>	<b>(2,913)</b>	<b>(2,079)</b>	-	<b>(2,078)</b>	-	-
Credit institutions	10,641	10,641	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	116	91	25	4	-	4	-	-	-	-	-	-	-	-
Non-financial corporations	11,232	10,976	256	19	-	19	-	-	-	-	-	-	-	-
Households	5,300,134	5,018,994	261,937	28,124	-	28,089	(5,599)	(2,686)	(2,913)	(2,079)	-	(2,078)	-	-
<b>Total</b>	<b>48,233,905</b>	<b>45,466,511</b>	<b>2,688,942</b>	<b>557,202</b>	-	<b>539,293</b>	<b>(94,219)</b>	<b>(40,122)</b>	<b>(54,074)</b>	<b>(79,939)</b>	-	<b>(79,671)</b>	<b>34,009,415</b>	<b>409,959</b>

(1) Table reported in accordance with FINREP definitions.

(2) Accumulated impairment on Loan commitments reported as negative consistent with Loans and advances for presentational purposes.

Gross carrying amount / nominal amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions <sup>(2)</sup>						Collateral and financial guarantees received	
31 December 2024	Performing exposures			Non-performing exposures			Performing exposures – Accumulated impairment and provisions			Non-performing exposures – Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			On performing exposures	On non-performing exposures
	Total	of which: stage 1	of which: stage 2	Total	of which: stage 2	of which: stage 3	Total	of which: stage 1	of which: stage 2	Total	of which: stage 2	of which: stage 3		
£000														
Cash balances at central banks and other demand deposits	4,746,549	4,746,549	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	36,368,429	33,605,370	2,700,048	550,491	-	529,343	(101,349)	(46,140)	(55,125)	(78,719)	-	(77,972)	33,955,018	432,532
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	4,213	4,213	-	-	-	-	-	-	-	-	-	-	4,213	-
Credit institutions	349,854	349,854	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	56,363	55,788	575	96	-	96	(21)	(15)	(6)	(9)	-	(9)	2,437	87
Non-financial corporations	264,123	252,156	11,967	10,605	-	10,605	(1,818)	(1,220)	(598)	(737)	-	(737)	256,570	9,860
of which SMEs	264,123	252,156	11,967	10,605	-	10,605	(1,818)	(1,220)	(598)	(737)	-	(737)	256,570	9,860
Households	35,693,876	32,943,359	2,687,506	539,790	-	518,642	(99,510)	(44,905)	(54,521)	(77,973)	-	(77,226)	33,691,798	422,585
Debt securities	2,311,188	2,311,188	-	-	-	-	-	-	-	-	-	-	-	-
General governments	1,622,324	1,622,324	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	638,970	638,970	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	49,894	49,894	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	5,659,255	5,397,327	232,843	37,967	-	36,561	(6,630)	(4,057)	(2,573)	(1,956)	-	(1,955)	-	-
Credit institutions	428	428	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	87	86	1	7	-	7	-	-	-	-	-	-	-	-
Non-financial corporations	11,311	11,092	220	21	-	21	-	-	-	-	-	-	-	-
Households	5,647,429	5,385,721	232,622	37,939	-	36,533	(6,630)	(4,057)	(2,573)	(1,956)	-	(1,955)	-	-
Total	49,085,421	46,060,434	2,932,891	588,458	-	565,904	(107,979)	(50,197)	(57,698)	(80,675)	-	(79,927)	33,955,018	432,532

(1) Table reported in accordance with FINREP definitions.

(2) Accumulated impairment on Loan commitments reported as negative consistent with Loans and advances for presentational purposes.



## 5.9 Credit risk mitigation

Table 14: IRB approach – Disclosure of the extent of the use of CRM techniques (CR7-A)

30 June 2025 £000	Total exposures	Credit Risk Mitigation Techniques		Credit Risk Mitigation Methods in the calculation of RWEAs	
		Funded Credit Protection (FCP)		RWEA without substitution effects	RWEA substitution effects
		Other eligible collaterals	Immovable property collaterals <sup>(1)</sup>		
	a	c	d	m	n
Retail	40,749,052	192.27%	192.27%	8,589,580	8,589,580
Of which Retail – Immovable property Non-SMEs	36,374,578	215.39%	215.39%	5,912,389	5,912,389
Of which Retail – Qualifying revolving	3,025,714	0.00%	0.00%	1,164,519	1,164,519
Of which Retail – Other non-SMEs	1,348,760	0.00%	0.00%	1,512,672	1,512,672
<b>Total</b>	<b>40,749,052</b>	<b>192.27%</b>	<b>192.27%</b>	<b>8,589,580</b>	<b>8,589,580</b>

(1) The disclosed value of collateral used to calculate the percentage is the indexed market value.

31 December 2024 £000	Total exposures	Credit Risk Mitigation Techniques		Credit Risk Mitigation Methods in the calculation of RWEAs	
		Funded Credit Protection (FCP)		RWEA without substitution effects	RWEA substitution effects
		Other eligible collaterals	Immovable property collaterals <sup>(1)</sup>		
	a	c	d	m	n
Retail	40,460,359	193.49%	193.49%	8,442,215	8,442,215
Of which Retail – Immovable property Non-SMEs	36,055,745	217.13%	217.13%	5,755,180	5,755,180
Of which Retail – Qualifying revolving	3,081,209	0.00%	0.00%	1,213,639	1,213,639
Of which Retail – Other non-SMEs	1,323,405	0.00%	0.00%	1,473,396	1,473,396
<b>Total</b>	<b>40,460,359</b>	<b>193.49%</b>	<b>193.49%</b>	<b>8,442,215</b>	<b>8,442,215</b>

(1) The disclosed value of collateral used to calculate the percentage is the indexed market value.

**Table 15: CRM techniques overview: Disclosure of the use of credit risk mitigation techniques (CR3)**

30 June 2025 £000	Unsecured carrying amount	Secured Carrying Amount			
		Total	Of which secured by collateral	Of which secured by financial guarantees	
				Total	Of which secured by credit derivatives
Loans and advances <sup>(1)</sup>	6,486,435	34,419,374	34,232,270	187,103	-
Debt securities	2,368,548	-	-	-	-
<b>Total</b>	<b>8,854,984</b>	<b>34,419,374</b>	<b>34,232,270</b>	<b>187,103</b>	<b>-</b>
Of which non-performing exposures	41,238	409,959	398,745	11,214	-
Of which defaulted <sup>(2)</sup>	33,647	383,425			

(1) Loans and advances exclude cash balances at central banks or other assets.

(2) Of which default is reported net of impairment provisions.

31 December 2024 £000	Unsecured carrying amount	Secured Carrying Amount			
		Total	Of which secured by collateral	Of which secured by financial guarantees	
				Total	Of which secured by credit derivatives
Loans and advances <sup>(1)</sup>	7,097,851	34,387,549	34,159,569	227,980	-
Debt securities	2,311,188	-	-	-	-
<b>Total</b>	<b>9,409,039</b>	<b>34,387,549</b>	<b>34,159,569</b>	<b>227,980</b>	<b>-</b>
Of which non-performing exposures	39,240	432,532	420,574	11,958	-
Of which defaulted <sup>(2)</sup>	31,868	397,886			

(1) Loans and advances exclude cash balances at central banks or other assets.

(2) Of which default is reported net of impairment provisions.

Decrease in unsecured loans and advances largely reflects lower balances held with Bank of England, while higher secured by collateral reflects growth in retail mortgage lending.

## 6 Leverage ratio

The following tables present disclosures on the leverage ratio with only rows applicable to TSB presented. The disclosures have been prepared in accordance with the disclosure part of the PRA Rulebook.

**Table 16: LRSum: Summary reconciliation of accounting assets and leverage ratio exposure (UK LR1)**

Applicable Amounts	30 June 2025 £000s	31 December 2024 £000s
<b>Total assets as per published financial statements</b>	45,471,768	46,100,916
(Adjustment for exemption of exposures to central banks)	(4,227,382)	(4,815,810)
Adjustments for derivative financial instruments	(1,529,368)	(1,800,428)
Adjustment for securities financing transactions (SFTs)	47,142	41,972
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	822,835	834,272
(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	(1,634)	(2,476)
Other adjustments	(331,842)	(232,330)
<b>Leverage ratio total exposure measure</b>	<b>40,251,519</b>	<b>40,126,116</b>

**Table 17: LRCom: Leverage ratio common disclosure (UK LR2)**

CRR leverage ratio exposure	30 June 2025 £000s	31 December 2024 £000s
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>		
On-balance sheet items (excluding derivatives, SFTs, but including collateral)	43,661,887	44,161,031
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(64,884)	(99,102)
(Asset amounts deducted in determining Tier 1 capital)	(157,765)	(140,284)
<b>Total on-balance sheet exposures (excluding derivatives and SFTs)</b>	<b>43,439,238</b>	<b>43,921,645</b>
<b>Derivative exposures</b>		
Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	89,151	72,121
Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	80,535	71,916
<b>Total derivatives exposures</b>	<b>169,686</b>	<b>144,037</b>
<b>Securities financing transaction (SFT) exposures</b>		
Counterparty credit risk exposure for SFT assets	47,142	41,972
<b>Total securities financing transaction exposures</b>	<b>47,142</b>	<b>41,972</b>
<b>Other off-balance sheet exposures</b>		
Off-balance sheet exposures at gross notional amount	5,358,953	5,709,524
(Adjustments for conversion to credit equivalent amounts)	(4,536,118)	(4,875,252)
<b>Off-balance sheet exposures</b>	<b>822,835</b>	<b>834,272</b>
<b>Capital and total exposures measure</b>		
Tier 1 capital (leverage)	2,100,560	1,987,837
Total exposure measure including claims on central banks	44,478,900	44,941,926
(-) Claims on central banks excluded	(4,227,381)	(4,815,810)
<b>Total exposure measure excluding claims on central banks</b>	<b>40,251,519</b>	<b>40,126,116</b>
<b>Leverage ratio</b>		
Leverage ratio excluding claims on central banks	5.22%	4.95%
Fully loaded ECL accounting model Leverage ratio excluding claims on central banks	5.22%	4.95%
Leverage ratio including claims on central banks	4.72%	4.42%

The increase in the leverage ratio has been driven by an increase in capital partially offset by an increase in exposure measure (excluding claims on central banks). Capital has increased due to the inclusion of interim profits. The exposure measure has increased mainly due to increase in secured lending and institutional type exposures.

**Table 18: LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (UK LR3)**

<b>Leverage ratio exposures</b>	<b>30 June 2025 £000s</b>	<b>31 December 2024 £000s</b>
<b>Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:</b>	<b>43,597,003</b>	<b>44,061,929</b>
Banking book exposures, of which:	43,597,003	44,061,929
Covered bonds	210,814	194,821
Exposures treated as sovereigns	6,063,883	6,516,791
Institutions	394,493	490,436
Secured by mortgages of immovable properties	33,789,384	33,678,419
Retail exposures	2,101,406	2,135,388
Corporate	38,541	44,763
Exposures in default	425,722	443,945
Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	572,760	557,366

Exempted exposures consist of variation margin pledged of £65 million at 30 June 2025 and £99 million at 31 December 2024.

# 7 Liquidity

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

## 7.1 Quantitative information on Liquidity Coverage Ratio

The table below reflects the trailing 12 month-end average LCR balances at the applicable quarter end dates.

**Table 19: Quantitative information of LCR (UK LIQ1)**

	Total unweighted value (average)				Total weighted value (average)			
	30 June 2025	31 March 2025	31 December 2024	30 September 2024	30 June 2025	31 March 2025	31 December 2024	30 September 2024
<b>£000</b>								
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)					6,656,398	6,786,889	6,921,589	7,056,432
<b>CASH - OUTFLOWS</b>								
Retail deposits and deposits from small business customers, of which:	35,141,688	35,097,686	34,979,041	34,873,957	2,308,481	2,292,570	2,272,926	2,260,867
Stable deposits	25,455,508	25,437,381	25,390,709	25,372,451	1,272,775	1,271,869	1,269,535	1,268,623
Less stable deposits	6,964,694	6,881,690	6,784,412	6,726,087	1,035,706	1,020,701	1,003,391	992,244
<b>Unsecured wholesale funding</b>	<b>212,652</b>	<b>210,061</b>	<b>247,914</b>	<b>248,227</b>	<b>107,077</b>	<b>106,102</b>	<b>145,815</b>	<b>145,939</b>
Non-operational deposits (all Counterparties)	192,386	190,579	188,162	189,460	86,810	86,619	86,063	87,172
Unsecured debt	20,266	19,482	59,752	58,767	20,267	19,483	59,752	58,767
<b>Secured wholesale funding</b>					-	-	-	-
<b>Additional requirements</b>	<b>4,017,999</b>	<b>4,262,603</b>	<b>4,464,194</b>	<b>4,551,059</b>	<b>578,492</b>	<b>692,071</b>	<b>806,643</b>	<b>893,645</b>
Outflows related to derivative exposures and other collateral requirements	397,466	504,148	614,140	701,150	397,466	504,148	614,140	701,150
Credit and liquidity facilities	3,620,533	3,758,455	3,850,054	3,849,909	181,026	187,923	192,503	192,495
<b>Other contractual funding obligations</b>	<b>209,653</b>	<b>219,209</b>	<b>230,371</b>	<b>233,826</b>	<b>140,733</b>	<b>148,847</b>	<b>159,144</b>	<b>163,078</b>
<b>Other contingent funding obligations</b>	<b>1,841,785</b>	<b>1,805,158</b>	<b>1,809,794</b>	<b>1,811,497</b>	<b>682,366</b>	<b>669,461</b>	<b>671,961</b>	<b>673,294</b>
<b>TOTAL CASH OUTFLOWS</b>					<b>3,817,149</b>	<b>3,909,050</b>	<b>4,056,488</b>	<b>4,136,824</b>
<b>CASH - INFLOWS</b>								
Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
Inflows from fully performing exposures	336,001	337,223	330,125	329,948	234,841	233,184	224,209	222,072
Other cash inflows	7,636	9,680	10,160	10,662	3,748	5,772	6,242	6,754
<b>TOTAL CASH INFLOWS</b>	<b>343,637</b>	<b>346,903</b>	<b>340,285</b>	<b>340,610</b>	<b>238,589</b>	<b>238,956</b>	<b>230,451</b>	<b>228,826</b>
Inflows subject to 75% cap	343,637	346,903	340,285	340,610	238,589	238,956	230,451	228,826
<b>TOTAL ADJUSTED VALUE</b>								
<b>LIQUIDITY BUFFER</b>					6,656,398	6,786,889	6,921,589	7,056,432
<b>TOTAL NET CASH OUTFLOWS</b>					3,578,561	3,670,094	3,826,038	3,907,998
<b>LIQUIDITY COVERAGE RATIO <sup>(1)</sup></b>					<b>186%</b>	<b>185%</b>	<b>182%</b>	<b>181%</b>

(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.

**Table 20: Qualitative information on LCR, which complements template UK LIQ1 (UK LIQB)**

In accordance with Article 451a(2) CRR

Row	Requirement	
(a)	Explanations on the main drivers of the LCR results and the evolution of the contribution of inputs to the LCR's calculation over time.	TSB is primarily funded by retail deposits, in particular current and savings accounts, the majority of which being retail and are predominately categorised as stable for LCR reporting. Non-retail sources of funding provide diversification and stability to the bank's funding profile. This funding includes cash drawings from the TFSME and external wholesale funding such as the bank's Covered Bond issuances.
(b)	Explanations on the changes in the LCR over time.	The 12 month-end average LCR for the year to June 2025 increased to 186% (vs December 2024: 182%). This increase is primarily driven by a decrease in net outflows (mainly HLBA– Historic Look Back Approach) and an increase in wholesale funding from covered bond issuances, offset by a decrease in average central bank funding (TFSME).
(c)	Explanations on the actual concentration of funding sources.	TSB continued to maintain a strong average LCR over the reporting period with a prudent surplus to both Board approved risk appetite and regulatory minimum requirements. TSB has several sources of funding which are well diversified in terms of the type of instrument, programs, counterparty, term structure and market. TSB's main source of funding is from retail customer funding, which is supplemented with wholesale funding to support balance sheet growth.
(d)	High-level description of the composition of the institution's liquidity buffer.	The liquidity buffer is composed primarily of BoE Withdrawable Central Bank Reserves and UK Government Gilts. The remainder includes Bonds issued by multilateral development banks and international organisations, extremely high-quality and high-quality Covered Bonds, and Coins and Banknotes.
(e)	Derivative exposures and potential collateral calls.	Derivative transactions are largely subject to collateral agreements, protecting them against any changes in their market value. In addition, the LCR considers the liquidity risk from additional outflows arising from collateral requirements that would result from the impact of an adverse market scenario on the institution's derivatives transactions, which could potentially reduce the banks Liquidity Buffer. Within the LCR, the most significant net change in 30 days over the time horizon of the preceding 24 months is calculated and then included as a liquidity requirement.
(f)	Currency mismatch in the LCR.	The LCR is calculated and reported on a consolidated basis in GBP. TSB has no material exposure to other currencies.
(g)	Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile.	TSB has no other items in its LCR calculation, that are not captured in the LCR UK LIQ1 disclosure template, that it considers relevant for its liquidity profile.

## 7.2 Net Stable Funding

The net stable funding ratio (NSFR) is an important regulatory metric used in TSB to monitor the stability of the funding profile in relation to its on and off-balance sheet activities. It is reported monthly and forms part of TSB's Risk Appetite metrics.

The table below reflects the average NSFR balances at the 30 June 2025, based on the quarter-end NSFRs for the last four quarters. The average NSFR for the four quarter ends in the year to 30 June 2025 was 153% (31 December 2024: 153%), shown in the LIQ2 disclosure table below.

**Table 21: Net Stable Funding Ratio (UK LIQ2)**

30 June 2025 £000					
Unweighted value by residual maturity					
Available stable funding (ASF) Items	No maturity <sup>(1)</sup>	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
Capital items and instruments	2,105,658	-	150,000	150,000	2,330,658
Own funds	2,105,658	-	150,000	150,000	2,330,658
Retail deposits		33,429,744	1,190,326	560,007	33,100,766
Stable deposits		26,463,611	1,190,326	560,007	26,831,247
Less stable deposits		6,966,132	-	-	6,269,519
Wholesale funding:		314,609	457,397	5,749,138	6,068,998
Other wholesale funding		314,609	457,397	5,749,138	6,068,998
Other liabilities:	1,677	254,306	-	-	-
NSFR derivative liabilities	1,677				
All other liabilities and capital instruments not included in the above categories		254,306	-	-	-
<b>Total available stable funding (ASF)</b>					<b>41,500,423</b>

Unweighted value by residual maturity					
Required stable funding (RSF) Items	No maturity <sup>(1)</sup>	< 6 months	6 months to < 1yr	≥ 1yr	Weighted values
Total high-quality liquid assets (HQLA)					41,953
Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	5,789,314	4,920,917
Performing loans and securities:		1,694,102	797,756	28,016,819	20,515,418
Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	-	250,000	250,000
Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		167,752	-	107,119	123,894
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		880,112	223,167	1,123,481	1,506,599
Performing residential mortgages, of which:		646,238	574,589	26,536,219	18,634,926
With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		646,238	574,589	26,536,219	18,634,926
Other assets:	-	364,116	12,486	1,327,014	1,493,740
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	312,419	311,812
NSFR derivative assets		49,805			49,805
NSFR derivative liabilities before deduction of variation margin posted		9,265			463
All other assets not included in the above categories		305,045	12,486	1,014,523	1,177,854
<b>Off-balance sheet items</b>		<b>3,608,140</b>	-	-	<b>210,838</b>
<b>Total RSF</b>					<b>27,182,866</b>
<b>Net stable funding ratio (%)<sup>(2)</sup></b>					<b>153%</b>

(1) The unweighted value of high-quality liquid assets is not included in this table according to the instructions provided.

(2) The ratio reported in the above table is a simple average of quarter-end NSFR ratios over the last 4 quarters. Therefore, the ratio may not be equal to the implied NSFR % calculated when using the average component amounts reported under 'Total ASF' and 'Total RSF' in the above table.

Available stable funding (ASF) has decreased due to a decrease in wholesale funding (principally early term funding scheme repayments) offset by an increase in deposits. Required stable funding (RSF) has decreased principally due to lower asset encumbrance due to term funding repayments offset by additional asset encumbrance from new covered bond issuances. The impact of the ASF and RSF decreases has resulted in the ratio remaining flat.

## 8 Glossary

<b>Capital Requirements Regulation (CRR)</b>	The Capital Requirements Regulation No. 575/2013 is an EU law that aims to decrease the likelihood that banks go insolvent.
<b>Central Clearing Counterparty (CCP)</b>	A central clearing counterparty (CCP) is a clearing house that interposes itself between counterparties to contracts traded in one or more financial markets, becoming the buyer to every seller and the seller to every buyer and thereby ensuring the future performance of open contracts. For the purposes of the capital framework, a qualifying CCP is a financial institution.
<b>Common Equity Tier 1 (CET1) capital</b>	The highest quality form of regulatory capital under CRR that comprises common shares issued and related share premium, retained earnings and other reserves less specified regulatory adjustments.
<b>Common Equity Tier 1 ratio</b>	Common Equity Tier 1 Capital as a percentage of risk weighted assets.
<b>Counterparty credit risk (CCR)</b>	Counterparty credit risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. Such transactions relate to contracts for financial instruments and include derivative contracts and repo contracts.
<b>Credit Conversion Factor (CCF)</b>	Credit conversion factors (CCF) are used in determining the exposure at default (EAD) in relation to a credit risk exposure. The CCF is an estimate of the proportion of undrawn commitments expected to be drawn down at the point of default.
<b>Credit risk</b>	The risk of reductions in earnings and / or value, through financial loss, as a result of the failure of the party with whom the TSB has contracted to meet its obligations (both on and off-balance sheet).
<b>Credit risk mitigation (CRM)</b>	A technique used to reduce the credit risk associated with an exposure by application of credit risk mitigants such as collateral, guarantees and credit protection.
<b>Debt securities</b>	Debt securities are assets held by the TSB representing certificates of indebtedness of credit institutions, public bodies or other undertakings, excluding those issued by Central Banks.
<b>Debt securities in issue</b>	These are unsubordinated liabilities issued by the TSB. They include commercial paper, certificates of deposit, bonds and medium-term notes.
<b>European Banking Authority (EBA)</b>	The European Banking Authority (EBA) is a regulatory agency of the European Union headquartered in London, United Kingdom. Its activities include conducting stress tests on European banks to increase transparency in the European financial system and identifying weaknesses in banks' capital structures. The EBA was established on 1 January 2011, upon which date it inherited all of the tasks and responsibilities of the Committee of European Banking Supervisors (CEBS).
<b>Expected Loss (EL)</b>	Expected loss represents the anticipated loss, in the event of default, on a credit risk exposure modelled under the internal ratings-based approach. EL is determined by multiplying the associated probability of default, loss given default and exposure at default together and assumes a 12-month time horizon.
<b>Exposure at Default (EAD)</b>	Exposure at default represents the estimated exposure to a customer in the event of default. In determining EAD amounts, consideration is made of the extent to which undrawn commitments may be drawn down at the point of default (see Credit Conversion Factors) and the application of credit risk mitigation (i.e. eligible financial collateral).
<b>Financial Reporting Standards (FINREP)</b>	Financial Reporting Standards framework represents a common standardised reporting framework with the objective to increase comparability of financial information produced by credit institutions for their respective national supervisory authorities.
<b>Forbearance</b>	Forbearance takes place when a concession is made on the contractual terms of a loan in response to an obligor's financial difficulties.
<b>Impairment allowances</b>	Impairment allowances are a provision held on the balance sheet as a result of the raising of a charge against profit for the expected losses in the lending book. An impairment allowance may be either individual or collective.
<b>Internal Ratings Based Approach (IRB)</b>	A methodology of estimating the credit risk within a portfolio by utilising internal risk parameters to calculate credit risk regulatory capital requirements.



<b>Leverage Ratio</b>	A non-risk-based leverage ratio is calculated by dividing Tier 1 capital by a defined measure of on and off- balance sheet items. Banks are expected to maintain a leverage ratio in excess of 3%. Tier 1 capital divided by the exposure measure. Basel III reforms introduced leverage ratio framework designed to reinforce risk-based capital requirements with a simple, transparent, non-risk based 'backstop' measure.
<b>Leverage Ratio exposure</b>	The Leverage Ratio exposure measure is the sum of the following exposures: (a) on-balance sheet exposures; (b) derivative exposures; (c) securities financing transaction (SFT) exposures; and (d) off- balance sheet (OBS) items. The specific treatments for these four main exposure types are defined by the Basel III leverage ratio framework disclosure requirements.
<b>Liquidity buffer</b>	Refers to the stock of liquid assets that enables a bank to meet expected and unexpected cash flows and collateral needs without affecting the bank's daily operations. Supervisors encourage banks to make prudent use of the liquidity buffers in times of stress in order to continue to meet obligations to creditors and other counterparties while also continuing to support households and businesses.
<b>Liquidity coverage ratio (LCR)</b>	Measures the percentage of high-quality liquid assets relative to expected net cash outflows over a 30-day period. High quality liquid assets should be unencumbered, liquid in markets during a time of stress and, ideally, be central bank eligible.
<b>Loss Given Default (LGD)</b>	Loss given default represents the estimated proportion of an EAD amount that will be lost in the event of default. It is calculated after taking account of credit risk mitigation and includes the cost of recovery.
<b>Market risk</b>	The risk that unfavourable market movements (including changes in and increased volatility of interest rates, market-implied inflation rates, credit spreads and prices for bonds, foreign exchange rates, equity, property and commodity prices and other instruments) lead to reductions in earnings and / or value.
<b>Minimum capital requirement</b>	The minimum amount of regulatory capital that a financial institution must hold to meet the Pillar 1 requirements for credit, market and operational risk.
<b>Multilateral development banks (MBD)</b>	An institution created by a group of countries to provide financing for the purpose of development.
<b>Net Stable Funding Ratio (NSFR)</b>	Liquidity standard requiring banks to hold enough stable funding to cover the duration of their long-term assets.
<b>Non-performing exposures</b>	Non-performing are those that satisfy either or both of the following criteria: a) material exposures which are more than 90 days past-due; b) the debtor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or of the number of days past due.
<b>Non-performing loans (NPL) ratio</b>	The ratio of the amount of non-performing loans in a bank's loan portfolio to the total amount of outstanding loans the bank holds.
<b>Operational risk</b>	The risk of reductions in earnings and / or value, through financial or reputational loss, from inadequate or failed internal processes and systems, or from people-related or external events.
<b>Pillar 3</b>	The third pillar of the Basel III framework aims to encourage market discipline by setting out disclosure requirements for banks on their capital, risk exposures and risk assessment processes. These disclosures are aimed at improving the information made available to the market.
<b>Public Sector Entity (PSE)</b>	A non-commercial administrative bodies responsible to central governments, regional governments or local authorities; or authorities that exercise the same responsibilities as regional and local authorities; or non- commercial undertakings owned by central governments that have explicit guarantee arrangements; or self-administered bodies governed by law that are under public supervision.
<b>Qualifying Revolving Retail Exposure (QRRE)</b>	Qualifying Revolving Retail Exposures (QRRE) relate to revolving, unsecured retail exposures that, to the extent they are not drawn, are immediately and unconditionally cancellable. Such exposures include credit cards and overdraft facilities.
<b>Regulatory capital</b>	The amount of capital that the TSB holds, determined in accordance with rules established by the PRA.

<b>Retail Internal Ratings Based (Retail IRB)</b>	The Retail Internal Ratings Based (Retail IRB) Approach allows internal estimates of PD, LGD and EAD to be used in determining credit risk capital requirements for retail portfolios.
<b>Retail SME</b>	A small or medium sized entity, an exposure to which may be treated as a retail exposure.
<b>Risk weighted assets (RWAs)</b>	A measure of a bank's assets adjusted for their associated risks. Risk weightings are established in accordance with CRR.
<b>RWA density</b>	RWAs divided by exposure after default (post credit risk mitigation and the application of credit conversion factors)
<b>Securities financing transactions (SFTs)</b>	Securities financing transactions are repurchase and reverse repurchase agreements, buy / sell backs and securities lending. For the lender (seller) of the securities it is usually a way to raise funds to finance the securities positions. For the borrower (buyer) of the securities it is a way to invest short-term funds or to cover short (bond) positions.
<b>Specific Credit Risk Adjustment</b>	Those credit risk adjustments that do not meet the criteria to be recognised as GCRAs. Credit risk adjustments recognised via an incurred loss model under IAS 39 are classed as SCRAs.
<b>Stable deposits</b>	Retail deposits are considered stable deposits when covered by a deposit guarantee scheme, they are provided with a 5% outflow weighting where the deposit is either part of an established relationship or held in a transactional account.
<b>Standardised Approach</b>	The Standardised Approach to calculating credit risk capital requirements requires the use of a standard set of risk weights prescribed by the regulator. Use may be made of external credit ratings supplied by External Credit Rating Agencies to assign risk weights to exposures. Standardised approaches, following prescribed methodologies, also exist for calculating market risk and operational risk capital requirements.
<b>Subordinated liabilities</b>	Liabilities which, in the event of insolvency or liquidation of the issuer, are subordinated to the claims of depositors and other creditors of the issuer
<b>Supervisory Review and Evaluation Process (SREP)</b>	The appropriate supervisor's assessment of the adequacy of certain firms' capital.
<b>Term Funding Scheme (TFSME)</b>	Bank of England scheme which allows eligible banks and building societies to access funding with incentives for SME's.
<b>Tier 1 capital</b>	A measure of a bank's financial strength defined by CRR. It captures Common Equity Tier 1 Capital plus other Tier 1 securities in issue, subject to deductions
<b>Tier 1 capital ratio</b>	Tier 1 capital as a percentage of risk weighted assets.
<b>Tier 2 capital</b>	A component of regulatory capital defined by CRR, mainly comprising qualifying subordinated loan capital and eligible collective impairment allowances.
<b>Total capital ratio</b>	Total capital as a percentage risk weighted assets.
<b>Trading book</b>	Positions in financial instruments and commodities held for trading purposes or to hedge other elements of the trading book.
<b>UK Leverage Ratio</b>	A PRA defined modified measure of the leverage ratio which excludes qualifying central bank claims from the exposure measure. The PRA has set the minimum ratio at 3.25%.

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