

# Pillar 3 Disclosures

30 June 2023

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# 1 Introduction

## 1.1 Background

This document presents the consolidated Pillar 3 disclosures of Skipton Building Society (the Society) and its subsidiaries as at 30 June 2023.

The disclosures have been prepared in accordance with the Capital Requirements Directive (CRD V), United Kingdom's Capital Requirements Regulation (UK CRR) and the disclosure requirements set out in the Prudential Regulation Authority's (PRA) Rulebook.

The Pillar 3 disclosure requirements apply to banks and building societies and require firms to publish key details regarding their financial strength and risk management.

## 1.2 Basis of presentation

The disclosures are presented using the prescribed disclosure templates in the PRA Rulebook. Row and column references are based on those prescribed in the PRA templates. No changes have been made to the fixed templates, unless specifically stated under the template.

All figures and narrative are as at 30 June 2023. Comparative analysis is disclosed based on the previous disclosed reporting period ends as prescribed in the PRA rulebook.

## 1.3 Frequency of disclosure

The Society is required to publish Pillar 3 Disclosures quarterly in accordance with the requirements set out in the PRA Rulebook on materiality, proprietary and confidentiality under Articles 432(1), 432(2) and on disclosure frequency under Article 433a of the UK CRR.

## 1.4 Media and location of publication

These Pillar 3 disclosures, and those from previous years, are published on Skipton Building Society's website ([www.skipton.co.uk/about-us/pillar-3-disclosure](http://www.skipton.co.uk/about-us/pillar-3-disclosure)).

## 1.5 Scope of application

For accounting purposes, the Group's consolidation group comprises the Society and all of its subsidiaries (i.e. full group consolidation). The Group's prudential regulation reporting including the Pillar 3 disclosures, is carried out at the prudential consolidation group (the Group) level and a Society level. The prudential consolidation group comprises the entire Group except the Connells group and a small number of other entities whose activities are not closely aligned with the core business.

For further details on the scope of prudential consolidation see section 4 in the Pillar 3 disclosures 31 December 2022.

## 1.6 Disclosure levels

In accordance with Article 432 of the UK CRR an institution may omit one or more of the disclosures required if the information provided is not regarded as material or if it is regarded as proprietary or confidential. Such information, that we have chosen not to disclose, is set out below.

### 1.6.1 Non-material information

In accordance with Article 440 of the UK CRR, the countercyclical capital buffer template UK CCyB1 sets out a geographical breakdown of the obligors of various exposure types. For reasons of both clarity and materiality, only those countries where the own fund requirement is equal to, or above, £0.1m are listed. Exposures in countries where these criteria are not met have been presented as 'other countries'.

There have been no other omissions on the basis of proprietary or confidentiality.

### 1.7 Prior period adjustments

The comparative analyses are restated following a review of the interpretations and capital calculations in relation to the treasury exposures. The impact of the restatements is as at:

- 30 June 2022 - A decrease to RWAs of £138.1m leading to an increase in each of the capital ratios of 1.0% and an increase to the leverage ratio of 0.1%.
- 30 September 2022 - A decrease to RWA's of £94.2m leading to an increase in the capital ratios of 0.3% and an increase to the leverage ratio of 0.2%.
- 31 December 2022 - An increase to RWA's of £2.0m. There were no material changes to the capital and leverage ratios.

The templates impacted by the prior period adjustments are UK KM1, IFRS9, UK CC1, UK CCyB1, UK CCyB2, UK LR1, UK LR2, UK LR3, UK CR4, UK CR5, UK CCR1, UK SEC1, UK SEC4 and UK SEC5.

### 1.8 Verification of disclosure

These disclosures have been reviewed and approved by the Board Risk Committee (BRC). These disclosures are not required to be, and have not been, subject to an independent external audit.

Capital and leverage ratios reported as at 30 June 2023 include interim profits for the period to 30 June 2023 that have been independently verified by the Group's external auditors in accordance with Article 26 of the UK CRR.

## 2 Key metrics

The template below provides a summary of the main prudential regulation ratios and measures. Capital ratios and measures include an adjustment for IFRS 9 relief in accordance with the Article 473a of the UK CRR.

### 2.1 UK KM1 – Key metrics template

		a	b	c	d	e
		30 Jun 23	31 Mar 23	31 Dec 22	30 Sep 22	30 Jun 22
		£m	£m	Restated*	Restated*	Restated*
		£m	£m	£m	£m	£m
<b>Available own funds</b>						
1	Total Common Equity Tier 1 (CET1) capital	2,068.7	1,950.9	1,952.9	1,824.3	1,867.2
2	Tier 1 capital	2,068.7	1,950.9	1,952.9	1,824.3	1,867.2
3	Total capital	2,108.7	1,990.9	1,992.9	1,864.3	1,907.2
<b>Risk weighted assets (RWEAs)</b>						
4	Total risk-weighted exposure amount	7,852.6	7,700.2	7,575.6	7,417.5	4,979.0
<b>Capital ratios (as a % of RWEAs)</b>						
5	Common Equity Tier 1 ratio (%)	26.34	25.34	25.78	24.59	37.50
6	Tier 1 ratio (%)	26.34	25.34	25.78	24.59	37.50
7	Total capital ratio (%)	26.85	25.86	26.31	25.13	38.30
<b>Additional own funds requirements based on SREP (as a % of RWEAs)</b>						
UK 7a	Additional CET1 SREP requirements (%)	1.17	1.18	1.18	0.88	1.27
UK 7b	Additional AT1 SREP requirements (%)	0.39	0.39	0.39	0.29	0.42
UK 7c	Additional T2 SREP requirements (%)	0.52	0.52	0.53	0.39	0.57
UK 7d	Total SREP own funds requirements (%)	10.08	10.09	10.10	9.56	10.26
<b>Combined buffer requirement (as a % of RWEAs) <sup>1</sup></b>						
8	Capital conservation buffer (%)	2.50	2.50	2.50	2.50	2.50
9	Institution specific countercyclical capital buffer (%) <sup>2</sup>	0.92	0.91	0.91	0.02	0.02
11	Combined buffer requirement (%)	3.42	3.41	3.41	2.52	2.52
UK 11a	Overall capital requirements (%)	13.50	13.50	13.51	12.08	12.78
12	CET1 available after meeting the total SREP own funds requirements (%) <sup>3</sup>	20.67	19.66	20.10	19.21	31.73
<b>Leverage ratio <sup>4</sup></b>						
13	Total exposure measure excluding claims to central banks	30,175.0	29,719.3	28,699.2	27,368.8	27,342.8
14	Leverage ratio excluding claims on central banks (%)	6.86	6.56	6.80	6.67	6.83
<b>Liquidity Coverage Ratio <sup>5</sup></b>						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	5,615.8	5,400.7	5,040.5	4,682.1	4,431.5
UK 16a	Cash outflows - Total weighted value	3,434.5	3,263.5	3,045.5	2,820.5	2,573.4
UK 16b	Cash inflows - Total weighted value	179.8	168.9	153.2	141.0	122.6
16	Total net cash outflows (adjusted value)	3,254.7	3,094.6	2,892.3	2,679.5	2,450.7
17	Liquidity coverage ratio (%)	172.57	174.81	174.50	174.67	181.20
<b>Net Stable Funding Ratio <sup>6</sup></b>						
18	Total available stable funding	29,424.7	28,808.3	28,149.1		
19	Total required stable funding	21,354.5	20,558.9	19,959.7		
20	Net Stable Funding Ratio (%)	137.85	140.29	141.10		

\* The comparative analyses are restated following a review of the interpretations and capital calculations in relation to the treasury exposures. The impact of the restatements is a decrease to RWAs at 30 June 2022 of £138.1m leading to an increase in each of the capital ratios of 1.0% and an increase to the leverage ratio of 0.1%. A decrease to RWA's at 31 September 2022 of £94.2m leading to an increase in the capital ratios of 0.3% and an increase to the leverage ratio of 0.2%. The impact of the restatement as at 31 December 2022 is an increase to RWA's of £2.0m. There were no material changes to the capital and leverage ratios at 31 December 2022.

### Notes

1. The buffer requirement in rows UK 8a, UK 9a to UK 10a have been removed from the template as not applicable for the Group.
2. The institution specific countercyclical capital buffer requirement is based on the weighted average of the buffer rates in effect for the countries in which institutions have exposures.
3. Represents the level of CET1 capital available to meet buffer requirements after subtracting the minimum amount of CET1 capital required to meet Pillar 1 and Pillar 2A capital requirements, also referred to as total SREP own funds requirements. The minimum CET1 requirement is equivalent to 4.5% (Pillar 1) plus the additional CET1 SREP requirement (56.25% of Pillar 2A).
4. The additional leverage ratio disclosure requirements only apply to financial institutions with deposits equal to or greater than £50bn or non-UK assets equal to or greater than £10bn. The rows UK-14a to UK-14e have been removed from the template as the Group is not currently captured by either threshold.
5. The values have been calculated as a simple average of the 12 month end observations preceding the end of each quarter.
6. These values have been calculated based on a four quarter rolling average of quarter end positions.

## 2.2 Summary of key disclosures

### 2.2.1 Total regulatory capital

The Group's capital position remains strong with an increase of £117.8m in Common Equity Tier 1 (CET1) capital to £2,068.7m (31 March 2023: £1,950.9m). This is mainly due to profits accumulated during the period.

### 2.2.2 Total risk weighted assets

The RWAs increased by £152.4m during the period as set out in template OV1. This increase is primarily driven by strong mortgage lending, measured under the IRB approach, and an increase in the derivative exposure and related counterparty valuation adjustment (CVA) due to the increased net interest receivable on certain derivatives, measured under the standardised approach, following the rise in interest rates.

### 2.2.3 Capital ratios

As a result of the movement in regulatory capital and RWAs explained above, the CET1 ratio and the total capital ratio have increased to 26.3% (31 March 2023: 25.3%) and 26.9% (31 March 2023: 25.9%) respectively.

Until the IRB models are approved by the PRA, the TMA remains subject to change and may cause further movements in the capital metrics.

### 2.2.4 Additional own funds requirements based on SREP

As at 30 June 2023, the Pillar 2A requirement, set by the PRA, was £163.3m (31 March 2023: £160.9m), equivalent to 2.08% of RWAs, of which 1.2% of RWAs must be met by CET1.

### 2.2.5 Leverage ratio

As at 30 June 2023, the leverage ratio increased to 6.9% (31 March 2023: 6.6%) showing that the growth in mortgage lending has been offset by the profits accumulated during the period.

### 2.2.6 Liquidity Coverage Ratio (LCR)

As at 30 June 2023, the LCR was 172.6% (31 March 2023: 174.8%) and was above both the regulatory and internal limits set by the Board throughout the period.

### 2.2.7 Net Stable Funding Ratio (NSFR)

As at 30 June 2023, the NSFR was 137.9% (31 March 2023: 140.3%) and was above both the regulatory and internal limits set by the Board throughout the period.

## 2.3 Impact of IFRS 9 transitional arrangements

The Group has opted to apply the IFRS 9 transitional arrangements to capital calculations from 1 January 2018, in accordance with EBA/GL/2018/01, on a scaling bases, over the period to 31 December 2024. The implementation of IFRS 9 transitional relief does not have a significant impact on the Group's capital position.

The template below shows key ratios and measures with and without the application of IFRS 9 transitional relief.

	a	b	c	d	e
	30 Jun 23	31 Mar 23	31 Dec 22	30 Sep 22	30 Jun 22
	£m	£m	Restated* £m	Restated* £m	Restated* £m
<b>Available capital</b>					
1 Common Equity Tier 1 (CET1) capital	<b>2,068.7</b>	1,950.9	1,952.9	1,824.3	1,867.2
2 Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	<b>2,066.8</b>	1,949.4	1,949.9	1,819.9	1,863.5
3 Tier 1 capital	<b>2,068.7</b>	1,950.9	1,952.9	1,824.3	1,867.2
4 Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	<b>2,066.8</b>	1,949.4	1,949.9	1,819.9	1,863.5
5 Total capital	<b>2,108.7</b>	1,990.9	1,992.9	1,864.3	1,907.2
6 Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	<b>2,106.8</b>	1,989.4	1,989.9	1,859.9	1,903.5
<b>Risk-weighted exposure amounts</b>					
7 Total risk-weighted exposure amounts	<b>7,852.6</b>	7,700.2	7,575.6	7,417.5	4,979.0
8 Total risk-weighted exposure amounts as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	<b>7,850.7</b>	7,698.4	7,572.5	7,412.2	4,974.7
<b>Capital ratios</b>					
9 Common Equity Tier 1 (as a percentage of risk exposure amount) (%)	<b>26.34</b>	25.34	25.78	24.59	37.50
10 Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied (%)	<b>26.33</b>	25.32	25.75	24.55	37.46
11 Tier 1 (as a percentage of risk exposure amount) (%)	<b>26.34</b>	25.34	25.78	24.59	37.50
12 Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied (%)	<b>26.33</b>	25.32	25.75	24.55	37.46
13 Total capital (as a percentage of risk exposure amount)(%)	<b>26.85</b>	25.86	26.31	25.13	38.30
14 Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied (%)	<b>26.84</b>	25.84	26.28	25.09	38.26
<b>UK Leverage ratio</b>					
15 Total exposure measure excluding claims to central banks	<b>30,175.0</b>	29,719.3	28,699.2	27,368.8	27,342.8
16 Leverage ratio excluding claims on central banks (%)	<b>6.86</b>	6.56	6.80	6.67	6.83
17 Leverage ratio excluding claims on central banks as if IFRS 9 or analogous ECLs transitional arrangements had not been applied (%)	<b>6.85</b>	6.56	6.80	6.65	6.82

\* The comparative analyses are restated following a review of the interpretations and capital calculations in relation to the treasury exposures, as set out in section 1.7.



## 2.4 UK OV1 - Overview of risk weighted assets

The template below provides an overview of RWAs and minimum capital requirements under the Pillar 1 capital requirement as at 30 June 2023.

	a		b	c
	Risk weighted exposure amounts			Total Own Fund Requirements
	30 Jun 23	31 Mar 23		30 Jun 23
	£m	£m		£m
1	<b>Credit risk (excluding CCR)</b>	<b>7,174.6</b>	7,044.3	<b>574.0</b>
2	Of which standardised approach	<b>1,421.2</b>	1,414.9	<b>113.7</b>
3	Of which the foundation IRB (FIRB) approach <sup>1</sup>	-	-	-
4	Of which slotting approach <sup>1</sup>	-	-	-
UK 4a	Of which equities under the simple risk weighted approach	<b>304.5</b>	304.5	<b>24.4</b>
5	Of which the advanced IRB (AIRB) approach <sup>2</sup>	<b>5,448.9</b>	5,324.9	<b>435.9</b>
6	<b>Counterparty credit risk (CCR)</b>	<b>102.4</b>	88.5	<b>8.2</b>
7	Of which the standardised approach	<b>17.2</b>	18.3	<b>1.3</b>
8	Of which internal model method (IMM) <sup>1</sup>	-	-	-
UK 8a	Of which exposures to a CCP	<b>10.8</b>	12.2	<b>0.9</b>
UK 8b	Of which credit valuation adjustment - CVA <sup>3</sup>	<b>74.4</b>	58.0	<b>6.0</b>
9	Of which other CCR	-	-	-
15	<b>Settlement risk</b>	-	-	-
16	<b>Securitisation exposures in the non-trading book (after the cap)</b>	<b>39.5</b>	31.4	<b>3.2</b>
17	Of which SEC-IRBA approach <sup>1</sup>	-	-	-
18	Of which SEC-ERBA (including IAA) <sup>4</sup>	<b>39.5</b>	31.4	<b>3.2</b>
19	Of which SEC-SA approach <sup>1</sup>	-	-	-
UK 19a	Of which 1250%/ deduction <sup>1</sup>	-	-	-
20	<b>Position, foreign exchange and commodities risks (Market risk)<sup>5</sup></b>	-	-	-
21	Of which the standardised approach	-	-	-
22	Of which IMA <sup>1</sup>	-	-	-
UK 22a	<b>Large exposure</b>	-	-	-
23	<b>Operational risk</b>	<b>536.1</b>	536.0	<b>42.8</b>
UK 23a	Of which basic indicator approach <sup>1</sup>	-	-	-
UK 23b	Of which standardised approach	<b>536.1</b>	536.0	<b>42.8</b>
UK 23c	Of which advanced measurement approach <sup>1</sup>	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	-	-	-
29	<b>Total</b>	<b>7,852.6</b>	7,700.2	<b>628.2</b>

### Notes

1. This approach is not applicable to the Group.
2. The advanced IRB approach includes exposures to non-credit obligation assets of £53.3m (31 March 2023: £51.9m) that are subject to 100% risk weight.
3. Credit Valuation Adjustment (CVA) is the adjustment applied to the fair value of derivatives to reflect the creditworthiness of the counterparty.
4. The Group has adopted the SEC-ERBA approach method to calculate the capital requirements of securitisation exposures. The internal assessment approach (IAA) is not applicable to the Group.
5. As permitted per Article 351 of the UK CRR, the Group elected to set exposure to market risk as zero.

The own funds requirement under both the IRB and standardised approach is calculated as 8% of the risk weighted assets.

The RWAs increased by £152.4m during the period. This increase is primarily driven by strong mortgage lending, measured under the IRB approach, and an increase in counterparty valuation adjustment (CVA) due to the increased net interest receivable on certain derivatives, measured under the standardised approach, following the rise in interest rates.

### 3 Own funds

Capital is ultimately held for the protection of depositors and other creditors by providing a buffer against unexpected losses. During the six months ended 30 June 2023, the Group satisfied all of the current capital requirements under the UK CRR.

The templates in this section show the composition of regulatory capital and how the values reconcile from the Group balance sheet to the prudential consolidation group's regulatory capital position as at 30 June 2023. Column 'b' below contains references to column 'c' in template UK CC2. Any blank cells have been removed.

#### 3.1 UK CC1 - Composition of regulatory own funds

	a	b	a
	Amounts 30 Jun 23	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts 31 Dec 22 *Restated
	£m		£m
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>			
2 Retained earnings	1,990.4	(d) <sup>1</sup>	1,781.3
3 Accumulated other comprehensive income (and other reserves)	20.5	(e) + (f) + (h) + (i) + (j)	9.7
UK-5a Independently reviewed interim profits net of any foreseeable charge or dividend	117.7	(g) <sup>1</sup>	211.0
6 <b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	2,128.6		2,002.0
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>			
7 Additional value adjustments (negative amount)	(3.4)		(3.1)
8 Intangible assets (net of related tax liability) (negative amount)	(6.4)	(a) + (b)	(6.5)
11 Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	(42.8)	(i)	(29.6)
12 Negative amounts resulting from the calculation of expected loss amounts	(9.1)		(12.9)
27a Other regulatory adjustments to CET1 capital ( <i>including IFRS 9 transitional adjustments when relevant</i> )	1.8		3.0
28 <b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	(59.9)		(49.1)
29 <b>Common Equity Tier 1 (CET1) capital</b>	2,068.7		1,952.9
<b>Additional Tier 1 (AT1) capital: instruments</b>			
43 <b>Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>	-		-
44 <b>Additional Tier 1 (AT1) capital</b>	-		-
45 <b>Tier 1 capital (T1 = CET1 + AT1)</b>	2,068.7		1,952.9
<b>Tier 2 (T2) capital: instruments</b>			
46 Capital instruments and the related share premium accounts	40.0	(c) <sup>2</sup>	40.0
51 <b>Tier 2 (T2) capital before regulatory adjustments</b>	40.0		40.0
<b>Tier 2 (T2) capital: regulatory adjustments</b>			
58 <b>Tier 2 (T2) capital</b>	40.0		40.0
59 <b>Total capital (TC = T1 + T2)</b>	2,108.7		1,992.9
60 <b>Total Risk exposure amount</b>	7,852.6		7,575.6
<b>Capital ratios and buffers</b>			
61 Common Equity Tier 1 (as a percentage of total risk exposure amount) (%)	26.34		25.78
62 Tier 1 (as a percentage of total risk exposure amount)(%)	26.34		25.78
63 Total capital (as a percentage of total risk exposure amount)(%)	26.85		26.31
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 (%)	9.09		9.09
65 of which: capital conservation buffer requirement (%)	2.50		2.50
66 of which: countercyclical buffer requirement (%)	0.92		0.91
67 of which: systemic risk buffer requirement (%)	-		-
68 Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount) (%)	20.67		20.10
<b>Amounts below the thresholds for deduction (before risk weighting)</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)	-		-
<b>Applicable caps on the inclusion of provisions in Tier 2</b>			
77 Cap on inclusion of credit risk adjustments in T2 under standardised approach	18.1		18.8
79 Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	34.5		32.6

\* The comparative analyses are restated following a review of the interpretations and capital calculations in relation to the treasury exposures, as set out in section 1.7.

**Notes**

- Retained earnings include the general reserve, excluding amounts defined as other comprehensive income and independently reviewed interim profits which are included in row 3 and row UK-5a respectively.
- Comprises Preferential Interest Bearing Shares (PIBS) eligible as Tier 2 capital.

**3.2 UK CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements**

30 June 2023	a Balance sheet as in published financial statements £m	b Under regulatory scope of consolidation £m	c Reference
<b>Assets - Breakdown by asset class according to the balance sheet in the published financial statements</b>			
1 Cash in hand and balances with the Bank of England	3,520.1	3,520.1	
2 Loans and advances to credit institutions	538.6	495.8	
3 Debt securities	2,939.0	2,939.0	
4 Derivative financial instruments	1,794.1	1,794.1	
5 Loans and advances to customers held at amortised cost	25,859.3	25,877.0	
6 Loans and advances to customers held at FVTPL	1.1	1.1	
7 Equity release portfolio at FVTPL	265.6	265.6	
8 Current tax asset	5.3	1.9	
9 Investments in joint ventures	9.7	-	
10 Investments in group undertakings	-	211.6	
11 Equity share investments mandatorily held at FVTPL	1.4	-	
12 Equity share investments designated at FVOCI	-	-	
13 Property, plant and equipment	72.0	39.0	
14 Right-of-use assets	104.2	14.2	
15 Investment property	5.7	5.7	
16 Intangible assets	319.0	6.9	(a)
17 Deferred tax asset	6.3	-	
<i>of which: Deferred tax assets</i>	<i>24.1</i>	<i>0.5</i>	
<i>of which: Intangible assets</i>	<i>(17.8)</i>	<i>(0.5)</i>	(b)
18 Retirement benefit surplus	-	-	
19 Other assets	137.1	20.0	
<b>20 Total assets</b>	<b>35,578.5</b>	<b>35,192.0</b>	
<b>Liabilities - Breakdown by liability class according to the balance sheet in the published financial statements</b>			
1 Shares	23,398.0	23,398.0	
2 Amounts owed to credit institutions	3,062.2	3,062.2	
3 Amounts owed to other customers	2,592.6	2,637.7	
4 Debt securities in issue	2,647.3	2,647.3	
5 Derivative financial instruments	550.1	550.1	
6 Current tax liability	2.7	2.7	
7 Lease liabilities	107.8	14.6	
8 Other liabilities	74.7	16.7	
9 Accruals	72.0	23.5	
10 Deferred income	10.2	0.9	
11 Provisions for liabilities	33.3	1.1	
12 Deferred tax liability	-	5.5	
13 Retirement benefit obligations	30.5	18.2	
14 Subordinated liabilities	643.3	643.3	
15 Subscribed capital	41.6	41.6	
<i>of which: Permanent interest bearing shares</i>	<i>40.0</i>	<i>40.0</i>	(c)
<i>of which: Accrued Interest - Subscribed capital</i>	<i>1.6</i>	<i>1.6</i>	
<b>16 Total liabilities</b>	<b>33,266.3</b>	<b>33,063.4</b>	
<b>Members' interests</b>			
1 General reserve	2,286.4	2,106.9	
<i>of which: General reserve brought forward</i>	<i>2,176.4</i>	<i>1,990.4</i>	(d)
<i>of which: remeasurement gains on defined benefit obligation</i>	<i>(3.8)</i>	<i>(1.7)</i>	(e)
<i>of which: Tax</i>	<i>1.0</i>	<i>0.5</i>	(f)
<i>of which: Profits accrued in the year to date</i>	<i>112.8</i>	<i>117.7</i>	(g)
2 Fair value reserve	(18.7)	(18.7)	(h)
3 Cash flow hedging reserve	42.8	42.8	(i)
4 Cost of hedging reserve	(2.4)	(2.4)	(j)
5 Translation reserve	4.2	-	
<b>6 Attributable to members of Skipton Building Society</b>	<b>2,312.3</b>	<b>2,128.6</b>	
7 Non-controlling interests	(0.1)	-	
<b>8 Total members' interests</b>	<b>2,312.2</b>	<b>2,128.6</b>	
<b>Total liabilities and members' interests</b>	<b>35,578.5</b>	<b>35,192.0</b>	

## 4 Countercyclical capital buffer

The template below sets out the geographical distribution of the Group credit exposures relevant for the calculation of countercyclical buffer (CCyB). The template shows the country of residence of the obligor (borrower) for the Group general credit exposures and securitisation exposures. The Group does not offer mortgages on properties outside of the UK or Channel Islands.

### 4.1 UK CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

30 June 2023		a	b	c		d	e	f	g			h	i	j	k	l	m
		General credit exposures		Relevant credit exposures - Market risk					Own fund requirements								
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short position of trading book for SA	Value of trading book exposure for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit exposure - Credit risk	Relevant credit exposure - Market risk	Relevant credit exposures - Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own funds requirements weights	Countercyclical buffer rate			
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%			
<b>Breakdown by Country</b>																	
010-010	United Kingdom	2,505.6	26,817.5	-	-	395.0	29,718.1	512.0	-	3.2	515.2	6,440.5	90.20	1.00			
010-011	Jersey	529.0	0.1	-	-	-	529.1	14.8	-	-	14.8	185.5	2.59				
010-012	Guernsey	320.8	4.1	-	-	-	324.9	9.4	-	-	9.4	117.1	1.65				
010-013	Hong Kong	263.6	0.8	-	-	-	264.4	7.4	-	-	7.4	92.7	1.30	1.00			
010-014	United Arab Emirates	142.5	1.9	-	-	-	144.4	4.1	-	-	4.1	51.0	0.72				
010-015	United States	127.4	9.0	-	-	-	136.4	4.1	-	-	4.1	51.8	0.72				
010-016	Singapore	129.5	0.6	-	-	-	130.1	3.6	-	-	3.6	45.5	0.63				
010-017	Switzerland	38.6	1.7	-	-	-	40.3	1.1	-	-	1.1	14.2	0.19				
010-018	Canada	21.6	1.3	-	-	-	22.9	0.6	-	-	0.6	7.9	0.11				
010-019	Netherlands	18.1	1.8	-	-	-	19.9	0.5	-	-	0.5	6.8	0.09				
010-020	China	23.0	-	-	-	-	23.0	0.6	-	-	0.6	8.0	0.10				
010-021	France	22.1	2.8	-	-	-	24.9	0.8	-	-	0.8	9.4	0.14				
010-022	Qatar	21.6	-	-	-	-	21.6	0.6	-	-	0.6	7.6	0.10				
010-023	Saudi Arabia	25.2	-	-	-	-	25.2	0.7	-	-	0.7	8.8	0.12				
010-024	Malaysia	20.2	0.1	-	-	-	20.3	0.6	-	-	0.6	7.1	0.10				
010-025	New Zealand	17.1	1.9	-	-	-	19.0	0.6	-	-	0.6	6.9	0.10				
010-026	Australia	4.4	7.3	-	-	-	11.7	0.6	-	-	0.6	7.3	0.10				
010-027	Germany	17.0	1.3	-	-	-	18.3	0.5	-	-	0.5	6.2	0.08				
010-028	Spain	14.7	1.3	-	-	-	16.0	0.5	-	-	0.5	5.7	0.08				
010-029	Ireland	14.0	2.4	-	-	-	16.4	0.5	-	-	0.5	5.9	0.09				
010-030	Japan	10.4	0.2	-	-	-	10.6	0.3	-	-	0.3	3.7	0.05				
010-031	South Africa	9.6	0.2	-	-	-	9.8	0.3	-	-	0.3	3.6	0.05				
010-032	Bahrain	9.5	0.2	-	-	-	9.7	0.3	-	-	0.3	3.4	0.05				

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30 June 2023																			
		a		b		c		d	e	f	g			h	i	j	k	l	m
		General credit exposures		Relevant credit exposures - Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own funds requirements weights	Countercyclical buffer rate					
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short position of trading book for SA	Value of trading book exposure for internal models			Relevant credit exposure - Credit risk	Relevant credit exposure - Market risk	Relevant credit exposures - Securitisation positions in the non-trading book	Total								
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%				
010-033	Thailand	7.8	-	-	-	-	7.8	0.2	-	-	0.2	2.9	0.03						
010-034	Portugal	4.8	0.1	-	-	-	4.9	0.1	-	-	0.1	1.8	0.02						
010-035	Italy	7.6	0.6	-	-	-	8.2	0.2	-	-	0.2	2.8	0.03						
010-036	India	6.2	0.5	-	-	-	6.7	0.2	-	-	0.2	2.3	0.03						
010-037	Isle of Man	0.9	0.1	-	-	-	1.0	0.1	-	-	0.1	1.8	0.02						
010-038	Cayman Islands	4.9	0.1	-	-	-	5.0	0.1	-	-	0.1	1.8	0.02						
010-039	Denmark	6.5	0.4	-	-	-	6.9	0.2	-	-	0.2	2.3	0.03	2.50					
010-040	Sweden	4.5	0.2	-	-	-	4.7	0.1	-	-	0.1	1.6	0.02	2.00					
010-041	Belgium	3.6	0.4	-	-	-	4.0	0.1	-	-	0.1	1.4	0.02						
010-042	Kuwait	3.9	0.1	-	-	-	4.0	0.1	-	-	0.1	1.4	0.02						
010-043	Cyprus	2.9	0.2	-	-	-	3.1	0.1	-	-	0.1	1.2	0.02						
010-044	Monaco	3.6	0.3	-	-	-	3.9	0.1	-	-	0.1	1.4	0.02						
010-045	Norway	3.9	0.3	-	-	-	4.2	0.1	-	-	0.1	1.7	0.02	2.50					
010-046	Bermuda	2.2	-	-	-	-	2.2	0.1	-	-	0.1	0.8	0.02						
010-047	Poland	2.5	0.7	-	-	-	3.2	0.1	-	-	0.1	1.4	0.02						
010-048	Israel	2.9	0.4	-	-	-	3.3	0.1	-	-	0.1	1.1	0.02						
010-049	Taiwan	4.2	-	-	-	-	4.2	0.1	-	-	0.1	1.5	0.02						
010-050	Mauritius	1.3	0.4	-	-	-	1.7	0.1	-	-	0.1	0.9	0.02						
010-051	Luxembourg	2.7	0.6	-	-	-	3.3	0.1	-	-	0.1	1.1	0.02	0.50					
010-052	Philippines	1.3	-	-	-	-	1.3	0.1	-	-	0.1	0.5	0.02						
010-053	Oman	2.2	-	-	-	-	2.2	0.1	-	-	0.1	0.8	0.02						
010-054	Turkey	1.9	-	-	-	-	1.9	0.1	-	-	0.1	0.7	0.02						
010-055	Virgin Islands	2.0	-	-	-	-	2.0	0.1	-	-	0.1	0.7	0.02						
010-056	Turks and Caicos Islands	2.0	-	-	-	-	2.0	0.1	-	-	0.1	0.7	0.02						
010-056	Other countries	20.8	4.1	-	-	-	24.9	0.7	-	-	0.7	9.2	0.12						
<b>020</b>	<b>Total</b>	<b>4,412.6</b>	<b>26,866.0</b>	<b>-</b>	<b>-</b>	<b>395.0</b>	<b>31,673.6</b>	<b>568.0</b>	<b>-</b>	<b>3.2</b>	<b>571.2</b>	<b>7,140.4</b>	<b>100.00</b>						

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31 December 2022 Restated*																	
		a	b	c		d	e	f	g			h	i	j	k	l	m
		General credit exposures		Relevant credit exposures - Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own funds requirements weights	Countercyclical buffer rate			
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short position of trading book for SA	Value of trading book exposure for internal models			Relevant credit exposure - Credit risk	Relevant credit exposure - Market risk	Relevant credit exposures – securitisation positions in the non-trading book	Total						
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%			
Breakdown by Country																	
010-010	United Kingdom	2,473.8	25,258.5	-	-	325.0	28,057.3	485.2	-	2.6	487.8	6,099.5	89.63	1.00			
010-011	Jersey	548.8	0.1	-	-	-	548.9	15.4	-	-	15.4	192.1	2.82				
010-012	Guernsey	332.6	2.5	-	-	-	335.1	9.7	-	-	9.7	121.0	1.77				
010-013	Hong Kong	227.3	0.8	-	-	-	228.1	6.4	-	-	6.4	79.8	1.17	1.00			
010-014	United Arab Emirates	130.4	1.4	-	-	-	131.8	3.7	-	-	3.7	46.7	0.67				
010-015	United States	107.0	8.3	-	-	-	115.3	3.5	-	-	3.5	44.0	0.63				
010-016	Singapore	118.9	0.7	-	-	-	119.6	3.3	-	-	3.3	41.8	0.61				
010-017	Switzerland	75.7	1.9	-	-	-	77.6	2.7	-	-	2.7	33.4	0.50				
010-018	Canada	45.0	1.6	-	-	-	46.6	1.0	-	-	1.0	12.4	0.18				
010-019	Netherlands	37.4	1.5	-	-	-	38.9	0.8	-	-	0.8	10.6	0.15				
010-020	China	23.6	-	-	-	-	23.6	0.7	-	-	0.7	8.5	0.13				
010-021	France	18.4	2.8	-	-	-	21.2	0.6	-	-	0.6	8.1	0.11				
010-022	Qatar	21.5	-	-	-	-	21.5	0.6	-	-	0.6	7.5	0.11				
010-023	Saudi Arabia	19.9	-	-	-	-	19.9	0.6	-	-	0.6	7.0	0.11				
010-024	Malaysia	19.3	0.1	-	-	-	19.4	0.5	-	-	0.5	6.8	0.09				
010-025	New Zealand	15.5	2.1	-	-	-	17.6	0.5	-	-	0.5	6.7	0.09				
010-026	Australia	3.8	6.9	-	-	-	10.7	0.5	-	-	0.5	6.6	0.09				
010-027	Germany	15.4	1.2	-	-	-	16.6	0.5	-	-	0.5	5.7	0.09				
010-028	Spain	13.9	1.3	-	-	-	15.2	0.4	-	-	0.4	5.6	0.07				
010-029	Ireland	13.1	2.0	-	-	-	15.1	0.4	-	-	0.4	5.5	0.07				
010-030	Japan	9.5	0.3	-	-	-	9.8	0.3	-	-	0.3	3.3	0.06				
010-031	South Africa	8.4	0.3	-	-	-	8.7	0.3	-	-	0.3	3.3	0.06				
010-032	Bahrain	9.0	0.2	-	-	-	9.2	0.3	-	-	0.3	3.2	0.06				
010-033	Thailand	7.5	-	-	-	-	7.5	0.2	-	-	0.2	2.8	0.04				
010-034	Portugal	3.5	0.6	-	-	-	4.1	0.2	-	-	0.2	2.7	0.04				
010-035	Italy	6.3	0.6	-	-	-	6.9	0.2	-	-	0.2	2.4	0.04				
010-036	India	5.9	0.3	-	-	-	6.2	0.2	-	-	0.2	2.1	0.04				
010-037	Isle of Man	1.0	0.1	-	-	-	1.1	0.2	-	-	0.2	1.9	0.04				
010-038	Cayman Islands	5.3	0.1	-	-	-	5.4	0.2	-	-	0.2	1.9	0.04				
010-039	Denmark	4.7	0.4	-	-	-	5.1	0.1	-	-	0.1	1.9	0.02	2.00			
010-040	Sweden	4.5	0.2	-	-	-	4.7	0.1	-	-	0.1	1.6	0.02	1.00			
010-041	Belgium	3.6	0.4	-	-	-	4.0	0.1	-	-	0.1	1.4	0.02				
010-042	Kuwait	3.9	0.1	-	-	-	4.0	0.1	-	-	0.1	1.4	0.02				

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31 December 2022 Restated*																			
		a		b		c		d	e	f	g		h		i	j	k	l	m
		General credit exposures		Relevant credit exposures - Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own funds requirements weights	Countercyclical buffer rate					
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short position of trading book for SA	Value of trading book exposure for internal models			Relevant credit exposure - Credit risk	Relevant credit exposure - Market risk	Relevant credit exposures – securitisation positions in the non-trading book	Total								
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%				
010-043	Cyprus	3.1	0.2	-	-	-	3.3	0.1	-	-	-	0.1	1.4	0.02					
010-044	Monaco	3.3	-	-	-	-	3.3	0.1	-	-	-	0.1	1.2	0.02					
010-045	Norway	2.2	0.3	-	-	-	2.5	0.1	-	-	-	0.1	1.1	0.02	2.00				
010-046	Bermuda	3.1	-	-	-	-	3.1	0.1	-	-	-	0.1	1.1	0.02					
010-047	Poland	2.2	0.5	-	-	-	2.7	0.1	-	-	-	0.1	1.1	0.02					
010-048	Israel	2.7	0.4	-	-	-	3.1	0.1	-	-	-	0.1	1.1	0.02					
010-049	Taiwan	2.9	-	-	-	-	2.9	0.1	-	-	-	0.1	1.0	0.02					
010-050	Mauritius	1.3	0.4	-	-	-	1.7	0.1	-	-	-	0.1	0.9	0.02					
010-051	Luxembourg	2.4	0.6	-	-	-	3.0	0.1	-	-	-	0.1	0.9	0.02	0.50				
010-052	Philippines	2.3	-	-	-	-	2.3	0.1	-	-	-	0.1	0.8	0.02					
010-053	Oman	2.0	-	-	-	-	2.0	0.1	-	-	-	0.1	0.7	0.02					
010-054	Turkey	1.9	-	-	-	-	1.9	0.1	-	-	-	0.1	0.7	0.02					
010-055	Virgin Islands	1.9	-	-	-	-	1.9	0.1	-	-	-	0.1	0.7	0.02					
010-056	Turks and Caicos Islands	1.8	-	-	-	-	1.8	0.1	-	-	-	0.1	0.6	0.02					
010-056	Other countries	18.4	3.0	-	-	-	21.4	0.6	-	-	-	0.6	8.1	0.13					
020	Total	4,385.9	25,302.7	-	-	-	325.0	30,013.6	541.5	-	2.6	544.1	6,800.6	100.00					

\*The comparative analyses are restated following a review of the interpretations and capital calculations in relation to the treasury exposures, as set out in section 1.7.

#### 4.2 UK CCyB2 - Amount of institution-specific countercyclical capital buffer

The institution specific CCyB rate is a weighted average, including countries with a zero buffer percentage rate, and is derived from dividing the buffer requirement over the risk exposure amount. During the period the CCyB rate remained at 1% of RWAs for exposures in the UK.

		a	a
		30 Jun 23	31 Dec 22 Restated*
1	Total risk exposure amount £m	7,852.6	7,575.6
2	Institution specific countercyclical buffer rate %	0.92	0.91
3	Institution specific countercyclical buffer requirement £m	72.2	68.9

\* The comparative analyses are restated following a review of the interpretations and capital calculations in relation to the treasury exposures, as set out in section 1.7.

## 5 Leverage ratio

The templates in this section set out a reconciliation of the total leverage exposure measure with the relevant information disclosed in published financial statements. Any blank cells have been removed.

### 5.1 UK LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

		a Applicable amount 30 Jun 23 £m	a 31 Dec 22 Restated* £m
1	Total assets as per published financial statements	35,578.5	33,571.3
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	(386.5)	(434.7)
4	(Adjustment for exemption of exposures to central banks)	(3,663.1)	(3,534.5)
7	Adjustment for eligible cash pooling transactions	6.6	2.4
8	Adjustment for derivative financial instruments	(1,134.3)	(630.9)
9	Adjustment for securities financing transactions (SFTs)	2.4	0.1
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	210.3	214.9
12	Other adjustments <sup>1</sup>	(438.9)	(489.4)
<b>13</b>	<b>Total exposure measure</b>	<b>30,175.0</b>	<b>28,699.2</b>

\* The comparative analyses are restated following a review of the interpretations and capital calculations in relation to the treasury exposures, as set out in section 1.7.

#### Note

1. Other adjustments in row 12 primarily relate to the collateral netting provided for derivative transactions in accordance with regulatory requirements, excess expected loss over impairment provisions, cash flow hedging reserve, intangible assets and additional value adjustments (AVA).



## 5.2 UK LR2 - LRCom: Leverage ratio common disclosure

The template below sets out a breakdown of the total leverage exposure measure used to calculate the leverage ratio for the Group on the UK CRR basis with IFRS 9 transitional arrangements applied. Any blank cells have been removed.

		Leverage ratio exposures	
		a 30 Jun 23 £m	b 31 Dec 22 Restated* £m
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	33,404.3	31,783.6
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(378.8)	(440.1)
6	(Asset amounts deducted in determining tier 1 capital (leverage))	(59.9)	(49.0)
7	<b>Total on-balance sheet exposures (excluding derivatives and SFTs)</b>	<b>32,965.6</b>	<b>31,294.5</b>
<b>Derivative exposures</b>			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	558.5	623.4
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	101.3	100.9
13	<b>Total derivatives exposures</b>	<b>659.8</b>	<b>724.3</b>
<b>Securities financing transaction (SFT) exposures</b>			
16	Counterparty credit risk exposure for SFT assets	0.7	-
UK-16a	Derogation for SFTs: counterparty credit risk exposure in accordance with Articles 429e(5) and 222 of the CRR	1.7	-
18	<b>Total securities financing transaction exposures</b>	<b>2.4</b>	<b>-</b>
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposures at gross notional amount	2,068.8	2,149.2
20	(Adjustments for conversion to credit equivalent amounts)	(1,858.5)	(1,934.3)
22	<b>Off-balance sheet exposures</b>	<b>210.3</b>	<b>214.9</b>
<b>Capital and total exposure measure</b>			
23	<b>Tier 1 capital (leverage)</b>	<b>2,068.7</b>	<b>1,952.9</b>
24	Total exposure measure including claims on central banks	33,838.1	32,233.7
UK-24a	(-) Claims on central banks excluded	(3,663.1)	(3,534.5)
UK-24b	<b>Total exposure measure excluding claims on central banks</b>	<b>30,175.0</b>	<b>28,699.2</b>
<b>Leverage ratio<sup>1</sup></b>			
25	Leverage ratio excluding claims on central banks (%)	6.86	6.80
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	6.85	6.80
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	6.86	6.79
UK-25c	Leverage ratio including claims on central banks (%)	6.11	6.06

\* The comparative analyses are restated following a review of the interpretations and capital calculations in relation to the treasury exposures, as set out in section 1.7.

### Notes

- The additional leverage ratio disclosure requirements only apply to financial institutions with deposits equal to or greater than £50bn or non-UK assets equal to or greater than £10bn. The rows UK-26 to UK-34 have been removed from the template as the Group is not currently captured by either threshold.

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

The template below shows more detail behind the on-balance sheet exposure figures reported in template UK LR2.

		a	b
		Leverage ratio exposures	31 Dec 22
		30 Jun 23	Restated*
		£m	£m
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	<b>33,404.3</b>	31,783.6
UK-2	Trading book exposures	-	-
UK-3	Banking book exposures, of which:	<b>33,404.3</b>	31,783.6
UK-4	Covered bonds	<b>676.3</b>	561.0
UK-5	Exposures treated as sovereigns	<b>4,606.1</b>	4,298.1
UK-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	<b>696.9</b>	702.9
UK-7	Institutions	<b>248.9</b>	384.4
UK-8	Secured by mortgages of immovable properties	<b>25,925.1</b>	24,547.2
UK-9	Retail exposures	<b>6.1</b>	1.6
UK-10	Corporates	<b>630.9</b>	669.4
UK-11	Exposures in default	<b>45.4</b>	39.4
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	<b>568.6</b>	579.6

\*The comparative analyses are restated following a review of the interpretations and capital calculations in relation to the treasury exposures, as set out in section 1.7.

## 6 Liquidity requirements

### 6.1 UK LIQ1 - Quantitative information of LCR

The template below shows the Group's breakdown of high-quality liquid assets, cash inflows and cash outflows, on both an unweighted and weighted basis, that are used to derive the Liquidity Coverage Ratio (LCR) followed by the qualitative information.

UK 1a	Quarter ending on (DD Month YY)	a	b	c	d	e	f	g	h
UK 1b	Number of data points used in the calculation of averages	30 Jun 23	31 Mar 23	31 Dec 22	30 Sep 22	30 Jun 23	31 Mar 23	31 Dec 22	30 Sep 22
		£m	£m	£m	£m	£m	£m	£m	£m
<b>HIGH-QUALITY LIQUID ASSETS</b>									
1	Total high-quality liquid assets (HQLA)					<b>5,615.8</b>	5,400.7	5,040.5	4,682.1
<b>CASH - OUTFLOWS</b>									
2	Retail deposits and deposits from small business customers, of which:								
3	<i>Stable deposits</i>	<b>24,039.8</b>	23,323.5	22,580.6	21,963.8	<b>1,486.8</b>	1,402.1	1,299.7	1,213.1
4	<i>Less stable deposits</i>	<b>12,665.2</b>	12,683.1	12,771.8	12,842.8	<b>633.3</b>	634.2	638.6	642.1
5	<i>Less non-stable deposits</i>	<b>5,841.0</b>	5,321.3	4,625.6	4,086.3	<b>761.1</b>	681.7	581.0	504.2
6	Unsecured wholesale funding	<b>349.4</b>	347.3	368.6	377.0	<b>217.3</b>	200.7	217.7	229.5
7	<i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	-	-	-	-	-	-	-	-
8	<i>Non-operational deposits (all counterparties)</i>	<b>311.1</b>	337.7	359.6	368.7	<b>179.0</b>	191.1	208.7	221.2
9	<i>Unsecured debt</i>	<b>38.3</b>	9.6	9.0	8.2	<b>38.3</b>	9.6	9.0	8.2
10	Secured wholesale funding					<b>0.2</b>	0.2	0.2	0.2
11	Additional requirements	<b>911.3</b>	791.4	655.5	501.0	<b>911.3</b>	791.4	655.5	501.0
12	<i>Outflows related to derivative exposures and other collateral requirements</i>	<b>829.7</b>	709.9	579.4	429.9	<b>829.7</b>	709.9	579.4	429.9
13	<i>Outflows related to loss of funding on debt products</i>	-	-	-	-	-	-	-	-
14	<i>Credit and liquidity facilities</i>	<b>81.6</b>	81.5	76.1	71.1	<b>81.6</b>	81.5	76.1	71.1
15	Other contractual funding obligations	<b>21.7</b>	20.9	20.9	20.4	-	-	-	-
16	Other contingent funding obligations	<b>2,182.5</b>	2,125.8	1,969.0	1,815.8	<b>818.9</b>	869.1	872.4	876.9
16	<b>TOTAL CASH OUTFLOWS</b>					<b>3,434.5</b>	3,263.5	3,045.5	2,820.5
<b>CASH - INFLOWS</b>									
17	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	<b>177.6</b>	169.4	163.2	155.2	<b>135.0</b>	126.9	121.0	113.5
19	Other cash inflows	<b>44.8</b>	42.0	32.2	27.5	<b>44.8</b>	42.0	32.2	27.5
20	<b>TOTAL CASH INFLOWS</b>	<b>222.4</b>	211.4	195.4	182.7	<b>179.8</b>	168.9	153.2	141.0
UK-20a	<i>Fully exempt inflows</i>	-	-	-	-	-	-	-	-
UK-20b	<i>Inflows subject to 90% cap</i>	-	-	-	-	-	-	-	-
UK-20c	<i>Inflows subject to 75% cap</i>	<b>222.4</b>	211.4	195.4	182.7	<b>179.8</b>	168.9	153.2	141.0
<b>TOTAL ADJUSTED VALUE</b>									
UK-21	LIQUIDITY BUFFER					<b>5,615.8</b>	5,400.7	5,040.5	4,682.1
22	TOTAL NET CASH OUTFLOWS					<b>3,254.7</b>	3,094.6	2,892.3	2,679.5
23	LIQUIDITY COVERAGE RATIO (%)					<b>172.57</b>	174.81	174.50	174.67

## 6.2 UK LIQB - Qualitative information on LCR, which complements template UK LIQ1

### (a) Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time

The LCR, which is prepared in accordance with the Liquidity Coverage Ratio (CRR) part of the PRA Rulebook, aims to ensure that the Group holds sufficient High-Quality Liquid Assets (HQLA) to survive a period of liquidity stress lasting 30 calendar days.

The Group's LCR is driven by the size of the HQLA buffer, stressed retail outflows, mortgages which have been offered but are yet to complete, wholesale funding maturities and potential stressed collateral outflows.

The Group's LCR disclosure (calculated as the simple average of month end observations over the 12 months preceding the end of each quarter) was 172.6% as of 30 June 2023.

### (b) Explanations on the changes in the LCR over time

Overall, the LCR has remained stable, with an average of 172.6% as of 30 June 2023 compared to an average LCR of 174.8% as of 31 March 2023. The Group has seen an increase in customer deposits which has supported new customer lending, including greater commitments for future mortgage lending, to enable more customers into their own homes.

### (c) Explanations on the actual concentration of funding sources

The Group's funding position is predominantly supported by its retail customer deposit base, which has historically provided a highly stable source of funding and aligns with the Society's strategy as a mutual organisation.

The Group also raises both unsecured and secured wholesale funding in order to provide diversification of funding and support the liquidity position. This funding includes deposits, certificates of deposits, medium term notes, capital, drawings from the Term Funding Scheme with additional incentives for SMEs (TFSME), repos, covered bonds and residential mortgage backed securities (RMBS).

Funding concentration by counterparty, currency and tenor is monitored on an ongoing basis as part of the Group's internal liquidity and funding risk management frameworks.

### (d) High-level description of the composition of the institution's liquidity buffer

The Group's liquidity buffer consists almost entirely of Level 1 assets. Level 1 assets are primarily held as central bank reserves, UK government bonds and high quality supranational debt securities, with a smaller holding of Level 1 eligible extremely high quality covered bonds. The liquidity buffer also includes a small portion of Level 2B assets, which are high quality UK issued RMBS.

### (e) Derivative exposures and potential collateral calls

The Group actively manages its derivative exposures and potential calls, including both due collateral and excess collateral, with derivative outflows under stress captured under the Historical Look Back Approach which considers the impact of an adverse market scenario on derivatives. Potential collateral calls due to a deterioration in the Society's credit rating are also captured.

### (f) Currency mismatch in the LCR

The LCR is calculated for GBP only as this is the Group's only significant currency (in accordance with the Liquidity Coverage Ratio (CRR) part of the PRA Rulebook definition).

The currency risk appetite of the Group is low and any wholesale funding issuances denominated in foreign currency are immediately swapped into GBP. Currency risk is monitored through the internal liquidity and funding risk management frameworks.

### (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

We do not consider anything else of material relevance for disclosure.

### 6.3 UK LIQ2 - Net Stable Funding Ratio

The template below sets out the net stable funding ratio calculated as the average of the latest and the three previous quarters.

30 June 2023		Unweighted value by residual maturity (average)				Weighted value (average) £m
		a No maturity £m	b < 6 months £m	c 6 months to < 1yr £m	d ≥ 1yr £m	
<b>Available stable funding (ASF) Items</b>						
1	Capital items and instruments	1,989.2	-	-	-	1,989.2
2	<i>Own funds</i>	1,989.2	-	-	-	1,989.2
3	<i>Other capital instruments</i>	-	-	-	-	-
4	Retail deposits	-	20,856.0	1,435.2	2,041.6	22,833.9
5	<i>Stable deposits</i>	-	13,784.3	819.3	1,179.3	15,052.7
6	<i>Less stable deposits</i>	-	7,071.7	615.9	862.3	7,781.2
7	Wholesale funding:	-	872.0	763.3	3,996.7	4,601.6
8	<i>Operational deposits</i>	-	-	-	-	-
9	<i>Other wholesale funding</i>	-	872.0	763.3	3,996.7	4,601.6
10	Interdependent liabilities	-	-	-	-	-
11	Other liabilities:	82.9	622.6	-	-	-
12	<i>NSFR derivative liabilities</i>	82.9	-	-	-	-
13	<i>All other liabilities and capital instruments not included in the above categories</i>	-	622.6	-	-	-
14	<b>Total available stable funding (ASF)</b>					<b>29,424.7</b>
<b>Required stable funding (RSF) Items</b>						
15	Total high-quality liquid assets (HQLA)					125.3
UK-15a	Assets encumbered for more than 12m in cover pool		61.2	56.5	3,390.7	2,982.2
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		527.0	335.3	22,025.2	16,512.4
18	<i>Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut</i>		-	-	-	-
19	<i>Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions</i>		53.0	2.3	121.0	127.4
20	<i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:</i>		9.0	8.1	258.7	205.7
21	<i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>		1.9	1.2	113.5	75.3
22	<i>Performing residential mortgages, of which:</i>		275.6	262.3	21,645.5	16,053.3
23	<i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>		244.9	232.4	18,278.3	13,159.8
24	<i>Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products</i>		189.4	62.6	-	126.0
25	Interdependent assets		-	-	-	-
26	Other assets:	511.5	1.3	1.1	960.9	1,288.7
27	<i>Physical traded commodities</i>		-	-	-	-
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>		371.3	-	-	315.6
29	<i>NSFR derivative assets</i>		2.8	-	-	2.8
30	<i>NSFR derivative liabilities before deduction of variation margin posted</i>		137.4	-	-	6.9
31	<i>All other assets not included in the above categories</i>		1.3	1.1	960.9	963.4
32	Off-balance sheet items		2,286.9	-	-	445.9
33	<b>Total RSF</b>					<b>21,354.5</b>
34	<b>Net Stable Funding Ratio (%)</b>					<b>137.85</b>

As at 30 June 2023, the NSFR was 137.9% (31 December 2022: 141.1%) and was above both the regulatory and internal limits set by the Board throughout the period.

31 December 2022		Unweighted value by residual maturity (average)				Weighted value (average)
		a	b	c	d	
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	£m
Available stable funding (ASF) Items						
1	Capital items and instruments	1,867.1	-	-	-	1,867.1
2	<i>Own funds</i>	1,867.1	-	-	-	1,867.1
3	<i>Other capital instruments</i>	-	-	-	-	-
4	Retail deposits		19,653.5	1,471.2	1,693.3	21,443.0
5	<i>Stable deposits</i>		13,861.2	887.0	1,028.7	15,039.5
6	<i>Less stable deposits</i>		5,792.3	584.2	664.6	6,403.5
7	Wholesale funding:		724.5	397.3	4,389.2	4,839.0
8	<i>Operational deposits</i>		-	-	-	-
9	<i>Other wholesale funding</i>		724.5	397.3	4,389.2	4,839.0
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	85.2	548.1	-	-	-
12	<i>NSFR derivative liabilities</i>	85.2	-	-	-	-
13	<i>All other liabilities and capital instruments not included in the above categories</i>		548.1	-	-	-
14	Total available stable funding (ASF)					28,149.1
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					96.4
UK-15a	Assets encumbered for more than 12m in cover pool		62.8	59.7	3,398.8	2,993.1
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		566.8	456.7	20,542.5	15,501.8
18	<i>Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut</i>		-	-	-	-
19	<i>Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions</i>		51.2	2.5	121.8	128.1
20	<i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:</i>		9.4	8.8	280.1	222.7
21	<i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>		1.5	1.4	122.6	81.1
22	<i>Performing residential mortgages, of which:</i>		271.0	262.4	20,140.6	14,941.9
23	<i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>		246.5	238.0	17,622.0	12,774.9
24	<i>Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products</i>		235.2	183.0	-	209.1
25	Interdependent assets		-	-	-	-
26	Other assets:	479.4	1.6	1.3	685.9	956.3
27	<i>Physical traded commodities</i>		-	-	-	-
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>		301.1	-	-	255.9
29	<i>NSFR derivative assets</i>		2.8	-	-	2.8
30	<i>NSFR derivative liabilities before deduction of variation margin posted</i>		175.5	-	-	8.8
31	<i>All other assets not included in the above categories</i>		1.6	1.3	685.9	688.8
32	Off-balance sheet items		2,118.2	-	-	412.1
33	Total RSF					19,959.7
34	Net Stable Funding Ratio (%)					141.10

## 7 Credit risk quality

The templates in this section provide an overview of the Group's performing and non-performing exposures. Where appropriate for customers, the Group applies a policy of forbearance. The Group's approach to forbearance is described in note 40 to the 2022 Annual Report and Accounts and our approach to forbearance remained materially unchanged in the period.

### 7.1 UK CR1 - Performing and non-performing exposures and related provisions

The template below sets out the Group's performing and non-performing credit risk exposures.

30 June 2023	a	b	c	d	e	f	g	h	i	j	k	l	m	n		o
	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received		
	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	
	£m	Of which stage 1	Of which stage 2	£m	Of which stage 2	Of which stage 3	£m	Of which stage 1	Of which stage 2	£m	Of which stage 2	Of which stage 3				£m
005	<b>Cash balances at central banks and other demand deposits</b>	3,632.8	3,632.8	-	-	-	(0.4)	(0.4)	-	-	-	-	-	-	-	-
010	<b>Loans and advances</b>	27,897.1	21,726.3	5,904.1	74.1	4.6	69.5	(45.3)	(17.9)	(27.4)	(6.1)	(0.6)	(5.5)	(0.2)	27,345.6	68.0
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
040	Credit institutions	45.8	45.8	-	-	-	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	334.5	334.5	-	-	-	-	-	-	-	-	-	-	-	-	-
060	Non-financial corporations	418.0	380.2	37.8	12.6	4.6	8.0	(9.0)	(1.4)	(7.6)	(1.7)	(0.6)	(1.1)	(0.2)	284.6	10.9
070	Of which SMEs	153.8	153.8	-	5.0	4.6	0.4	(0.2)	(0.2)	-	(0.9)	(0.6)	(0.3)	(0.2)	153.5	4.0
080	Households	27,098.8	20,965.8	5,866.3	61.5	-	61.5	(36.3)	(16.5)	(19.8)	(4.4)	-	(4.4)	-	27,061.0	57.1
090	<b>Debt securities</b>	2,939.0	2,939.0	-	-	-	-	-	-	-	-	-	-	-	1,071.7	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	1,032.7	1,032.7	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	1,906.3	1,906.3	-	-	-	-	-	-	-	-	-	-	-	1,071.7	-
130	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150	<b>Off-balance-sheet exposures</b>	2,103.6	2,103.6	-	-	-	(0.9)	(0.9)	-	-	-	-	-	-	2,068.2	-
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
170	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
180	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
190	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
200	Non-financial corporations	34.4	34.4	-	-	-	-	-	-	-	-	-	-	-	-	-
210	Households	2,069.2	2,069.2	-	-	-	(0.9)	(0.9)	-	-	-	-	-	-	2,068.2	-
220	<b>Total</b>	<b>36,572.5</b>	<b>30,401.7</b>	<b>5,904.1</b>	<b>74.1</b>	<b>4.6</b>	<b>69.5</b>	<b>(46.6)</b>	<b>(19.2)</b>	<b>(27.4)</b>	<b>(6.1)</b>	<b>(0.6)</b>	<b>(5.5)</b>	<b>(0.2)</b>	<b>30,485.5</b>	<b>68.0</b>

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31 December 2022		a	b	c	d	e	f	g	h	i	j	k	l	m	n		o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received		
		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	
		£m	Of which stage 1	Of which stage 2	£m	Of which stage 2	Of which stage 3	£m	Of which stage 1	Of which stage 2	£m	Of which stage 2	Of which stage 3				£m
005	Cash balances at central banks and other demand deposits	3,641.0	3,641.0	-	-	-	-	(0.4)	(0.4)	-	-	-	-	-	-	-	-
010	Loans and advances	26,250.4	21,572.2	4,398.4	73.0	5.8	67.2	(37.9)	(12.2)	(25.7)	(5.2)	(1.0)	(4.2)	-	25,645.9	67.6	
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
040	Credit institutions	61.8	61.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	378.3	378.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
060	Non-financial corporations	419.2	372.4	46.8	13.0	5.8	7.2	(9.4)	(1.5)	(7.9)	(1.8)	(1.0)	(0.8)	-	284.4	11.1	
070	Of which SMEs	142.5	142.5	-	5.9	5.8	0.1	(0.2)	(0.2)	-	(1.0)	(1.0)	-	-	142.3	4.9	
080	Households	25,391.1	20,759.7	4,351.6	60.0	-	60.0	(28.5)	(10.7)	(17.8)	(3.4)	-	(3.4)	-	25,361.5	56.5	
090	Debt securities	2,640.3	2,640.3	-	-	-	-	-	-	-	-	-	-	-	886.4	-	
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	736.8	736.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	1,903.5	1,903.5	-	-	-	-	-	-	-	-	-	-	-	886.4	-	
130	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	2,146.0	2,146.0	-	-	-	-	(0.5)	(0.5)	-	-	-	-	-	2,112.0	-	
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
170	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
180	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
190	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
200	Non-financial corporations	33.5	33.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
210	Households	2,112.5	2,112.5	-	-	-	-	(0.5)	(0.5)	-	-	-	-	-	2,112.0	-	
220	Total	34,677.7	29,999.5	4,398.4	73.0	5.8	67.2	(38.8)	(13.1)	(25.7)	(5.2)	(1.0)	(4.2)	-	28,644.3	67.6	



## 7.2 UK CR1-A - Maturity of exposures

The template below sets out the maturity of the Group's credit risk exposures.

30 June 2023		a	b	c Net exposure value > 1 year <= 5 years		d	e	f
		On demand £m	<= 1 year £m	> 1 year <= 5 years £m	> 5 years £m	No stated maturity £m	Total £m	
1	Loans and advances	191.6	93.8	2,979.4	26,377.4	380.3	30,022.5	
2	Debt securities	-	367.2	844.3	1,395.3	332.2	2,939.0	
3	<b>Total</b>	191.6	461.0	3,823.7	27,772.7	712.5	32,961.5	

31 December 2022		a	b	c Net exposure value > 1 year <= 5 years		d	e	f
		On demand £m	<= 1 year £m	> 1 year <= 5 years £m	> 5 years £m	No stated maturity £m	Total £m	
1	Loans and advances	180.6	86.3	2,982.0	24,736.8	440.1	28,425.8	
2	Debt securities	-	990.4	1,347.4	302.5	-	2,640.3	
3	<b>Total</b>	180.6	1,076.7	4,329.4	25,039.3	440.1	31,066.1	

## 7.3 UK CR2 - Changes in the stock of non-performing loans and advances

The template below sets out the changes in the stock of non-performing loans and advances.

		a Gross carrying amount 30 Jun 23 £m	a 31 Dec 22 £m
010	<b>Initial stock of non-performing loans and advances</b>	73.0	89.4
020	Inflows to non-performing portfolios	18.8	20.8
030	Outflows from non-performing portfolios	(17.7)	(37.2)
040	Outflows due to write-offs	(2.1)	(4.7)
050	Outflow due to other situations	(15.6)	(32.5)
060	<b>Final stock of non-performing loans and advances</b>	74.1	73.0

## 7.4 UK CQ1 - Credit quality of forborne exposure

The template below sets out the analysis of credit quality of forborne exposures.

30 June 2023		a	b	c	d	e	f	g	h	
		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		
		Performing forborne	Non-performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			£m	£m						
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-	
010	Loans and advances	173.1	37.0	30.3	37.0	(8.9)	(2.1)	199.0	34.9	
020	<i>Central banks</i>	-	-	-	-	-	-	-	-	
030	<i>General governments</i>	-	-	-	-	-	-	-	-	
040	<i>Credit institutions</i>	-	-	-	-	-	-	-	-	
050	<i>Other financial corporations</i>	-	-	-	-	-	-	-	-	
060	<i>Non-financial corporations</i>	38.8	4.8	4.8	4.8	(6.5)	(0.1)	36.9	4.7	
070	<i>Households</i>	134.3	32.2	25.5	32.2	(2.4)	(2.0)	162.1	30.2	
080	Debt Securities	-	-	-	-	-	-	-	-	
090	Loan commitments given	-	-	-	-	-	-	-	-	
<b>100</b>	<b>Total</b>	<b>173.1</b>	<b>37.0</b>	<b>30.3</b>	<b>37.0</b>	<b>(8.9)</b>	<b>(2.1)</b>	<b>199.0</b>	<b>34.9</b>	

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31 December 2022		a	b	c	d	e	f	g	h
		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 forbore exposures	
		Performing forbore	Non-performing forbore			On performing forbore exposures	On non-performing forbore exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			Of which defaulted	Of which impaired					
£m	£m	£m	£m	£m	£m	£m	£m	£m	
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	159.4	34.7	26.0	34.7	(7.9)	(1.9)	184.2	32.8
020	<i>Central banks</i>	-	-	-	-	-	-	-	-
030	<i>General governments</i>	-	-	-	-	-	-	-	-
040	<i>Credit institutions</i>	-	-	-	-	-	-	-	-
050	<i>Other financial corporations</i>	-	-	-	-	-	-	-	-
060	<i>Non-financial corporations</i>	43.8	4.1	4.1	4.1	(6.6)	(0.2)	40.9	3.9
070	<i>Households</i>	115.6	30.6	21.9	30.6	(1.3)	(1.7)	143.3	28.9
080	Debt Securities	-	-	-	-	-	-	-	-
090	Loan commitments given	-	-	-	-	-	-	-	-
100	Total	159.4	34.7	26.0	34.7	(7.9)	(1.9)	184.2	32.8

### 7.5 UK CQ4 - Quality of non-performing exposures by geography

In accordance with the PRA Rulebook, this template is subject to a 10% threshold, calculated as non-domestic exposures divided by total exposures. The Group's non-domestic exposures are below this threshold and therefore this template has not been disclosed.

7.6 UK CQ5 - Credit quality of loans and advances to non-financial corporations by industry

The template below sets out the analysis of credit risk exposures by industry.

30 June 2023		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
			£m	£m		£m	£m
010	Agriculture, forestry and fishing	2.1	-	-	-	-	-
020	Mining and quarrying	2.4	-	-	-	-	-
030	Manufacturing	34.1	-	-	-	(0.3)	-
040	Electricity, gas, steam and air conditioning supply	0.1	-	-	-	-	-
050	Water supply	1.8	-	-	-	-	-
060	Construction	2.6	-	-	-	(0.1)	-
070	Wholesale and retail trade	24.5	-	0.4	-	(0.4)	-
080	Transport and storage	32.4	-	-	-	(0.1)	-
090	Accommodation and food service activities	16.0	-	0.3	-	(3.0)	-
100	Information and communication	0.5	-	-	-	-	-
110	Financial and insurance activities	0.1	-	-	-	-	-
120	Real estate activities	243.1	-	6.2	-	(5.3)	-
130	Professional, scientific and technical activities	5.0	-	-	-	-	-
140	Administrative and support service activities	52.5	-	-	-	(0.2)	-
150	Public administration and defence, compulsory social security	0.5	-	-	-	-	-
160	Education	2.6	-	-	-	(0.9)	-
170	Human health services and social work activities	8.6	-	0.7	-	(0.3)	-
180	Arts, entertainment and recreation	0.4	-	-	-	(0.1)	-
190	Other services	1.4	-	-	-	-	-
200	<b>Total</b>	<b>430.7</b>	<b>-</b>	<b>7.6</b>	<b>-</b>	<b>(10.7)</b>	<b>-</b>

**Note**

1. In accordance with the PRA Rulebook, columns b and d of this template are disclosed annually only, subject to a 5% threshold, calculated as non-performing loans and advances divided by total loans and advances. The Group's non-performing loans and advances are below this threshold and therefore this information has not been disclosed.

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31 December 2022		a	b	c	d	e	f
		Gross carrying amount			Of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing				
			£m	£m	Of which defaulted £m	£m	£m
010	Agriculture, forestry and fishing	1.9	-	-	-	-	-
020	Mining and quarrying	2.2	-	-	-	-	-
030	Manufacturing	30.3	-	-	-	(0.5)	-
040	Electricity, gas, steam and air conditioning supply	0.1	-	-	-	-	-
050	Water supply	1.8	-	-	-	-	-
060	Construction	2.4	-	-	-	(0.1)	-
070	Wholesale and retail trade	18.9	-	0.4	-	(0.3)	-
080	Transport and storage	31.2	-	-	-	(0.1)	-
090	Accommodation and food service activities	16.8	-	0.5	-	(2.1)	-
100	Information and communication	0.8	-	-	-	(0.1)	-
110	Financial and insurance activities	0.2	-	-	-	-	-
120	Real estate activities	253.4	-	5.5	-	(6.5)	-
130	Professional, scientific and technical activities	4.2	-	-	-	-	-
140	Administrative and support service activities	54.4	-	-	-	(0.2)	-
150	Public administration and defence, compulsory social security	0.5	-	-	-	-	-
160	Education	2.7	-	-	-	(0.9)	-
170	Human health services and social work activities	8.7	-	0.7	-	(0.3)	-
180	Arts, entertainment and recreation	0.4	-	-	-	-	-
190	Other services	1.3	-	-	-	-	-
200	Total	432.2	-	7.1	-	(11.1)	-

## 7.7 UK CQ7 - Collateral obtained by taking possession and execution processes

The template below sets out the information on the collateral obtained by taking possession.

		Collateral obtained by taking possession			
		a	b	a	b
		30 Jun 23 Value at initial recognition	30 Jun 23 Accumulated negative changes	31 Dec 22 Value at initial recognition	31 Dec 22 Accumulated negative changes
		£m	£m	£m	£m
010	Property, plant and equipment (PP&E)	-	-	-	-
020	Other than PP&E	1.4	-	2.0	-
030	<i>Residential immovable property</i>	1.4	-	2.0	-
040	<i>Commercial Immovable property</i>	-	-	-	-
050	<i>Movable property (auto, shipping, etc.)</i>	-	-	-	-
060	<i>Equity and debt instruments</i>	-	-	-	-
070	<i>Other collateral</i>	-	-	-	-
080	<b>Total</b>	1.4	-	2.0	-

## 8 Credit risk mitigation techniques

This section shows the use of credit risk mitigation (CRM) techniques, broken down by loans and debt securities.

### 8.1 UK CR3 - CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

The template below shows the use of credit risk mitigation (CRM) techniques, broken down by loans and debt securities.

30 June 2023		a	b	c	d	e
		Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		£m	£m	£m	£m	£m
1	Loans and advances	4,012.7	27,539.5	27,413.6	-	-
2	Debt securities	1,867.3	1,071.7	1,071.7	-	-
3	<b>Total</b>	<b>5,880.0</b>	<b>28,611.2</b>	<b>28,485.3</b>	-	-
4	<i>Of which non-performing exposures</i>	-	68.0	68.0	-	-
5	<i>Of which defaulted</i>	-	32.5	-	-	-

31 December 2022		a	b	c	d	e
		Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		£m	£m	£m	£m	£m
1	Loans and advances	4,080.7	25,840.2	25,713.5	-	-
2	Debt securities	1,753.8	886.4	886.4	-	-
3	<b>Total</b>	<b>5,834.5</b>	<b>26,726.6</b>	<b>26,599.9</b>	-	-
4	<i>Of which non-performing exposures</i>	-	67.7	67.7	-	-
5	<i>Of which defaulted</i>	-	42.6	-	-	-

## 9 Standardised approach

The Group applies the standardised approach to calculate the minimum regulatory capital requirement for the following exposures:

- Retail mortgage exposures within Skipton International Limited (SIL), a subsidiary of the Society;
- Commercial mortgage exposures within the Society;
- Equity release exposures within the Society;
- Wholesale credit exposures within the regulatory group; and
- Other assets<sup>1</sup>

This section shows a breakdown of exposures under the standardised approach pre and post the application of credit conversion factors (CCF) and CRM. The Group does not apply the CRM techniques to its exposures under the standardised approach and CCF are only applicable to off-balance sheet exposures. The off-balance sheet exposures are credit commitments relating to mortgages and intercompany credit facilities not yet drawn down. Template CR5 provides a breakdown of each exposure by its risk weighting.

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<sup>1</sup> Other assets include prepayments, investments properties and intangible assets.



9.1 UK CR4 - Standardised approach – Credit risk exposure and CRM effects

The template below sets out on and off-balance sheet exposures and related RWAs.

30 June 2023		Exposure classes											
		a		b		c		d		e		f	
		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density							
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density						
	£m	£m	£m	£m	£m	£m	(%)						
1	Central governments or central banks	4,605.2	-	4,605.2	-	-	-	-	-	-	-	-	
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	
4	Multilateral development banks	696.2	-	696.2	-	-	-	-	-	-	-	-	
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	
6	Institutions	242.3	-	242.3	-	84.8	35.00	-	-	-	-	-	
7	Corporates	630.8	34.4	629.3	-	259.7	41.27	-	-	-	-	-	
8	Retail	6.1	0.3	6.1	-	4.2	68.85	-	-	-	-	-	
9	Secured by mortgages on immovable property	2,525.9	93.2	2,525.9	-	973.6	38.54	-	-	-	-	-	
10	Exposures in default	3.5	-	3.5	-	3.5	100.00	-	-	-	-	-	
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	
12	Covered bonds	675.6	-	675.6	-	67.5	9.99	-	-	-	-	-	
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	
14	Collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	
15	Equity	-	-	-	-	-	-	-	-	-	-	-	
16	Other items	29.2	-	29.2	-	27.9	95.55	-	-	-	-	-	
17	<b>TOTAL</b>	<b>9,414.8</b>	<b>127.9</b>	<b>9,413.3</b>	<b>-</b>	<b>1,421.2</b>	<b>15.10</b>	-	-	-	-	-	

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31 December 2022 Restated*													
		a		b		c		d		e		f	
		Exposures before CCF and before CRM				Exposures post CCF and post CRM				RWAs and RWAs density			
		On-balance-sheet exposures		Off-balance-sheet exposures		On-balance-sheet exposures		Off-balance-sheet amount		RWAs		RWAs density	
£m		£m		£m		£m		£m		(% )			
1	Central governments or central banks	4,297.5	-	4,297.5	-	-	-	-	-	-	-	-	
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	
4	Multilateral development banks	702.2	-	702.2	-	-	-	-	-	-	-	-	
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	
6	Institutions	381.9	-	381.9	-	147.6	-	147.6	-	38.65	-	38.65	
7	Corporates	669.4	33.5	667.6	-	256.2	-	256.2	-	38.38	-	38.38	
8	Retail	1.6	-	1.6	-	1.0	-	1.0	-	62.50	-	62.50	
9	Secured by mortgages on immovable property	2,440.7	91.2	2,440.7	-	951.4	-	951.4	-	38.98	-	38.98	
10	Exposures in default	3.7	-	3.7	-	3.7	-	3.7	-	100.00	-	100.00	
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	
12	Covered bonds	560.5	-	560.5	-	56.0	-	56.0	-	9.99	-	9.99	
13	Institutions and corporates with a short-term credit assessment	85.7	-	85.7	-	29.2	-	29.2	-	34.07	-	34.07	
14	Collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	
15	Equity	-	-	-	-	-	-	-	-	-	-	-	
16	Other items	25.1	-	25.1	-	24.0	-	24.0	-	95.62	-	95.62	
17	TOTAL	9,168.3	124.7	9,166.5	-	1,469.1	-	1,469.1	-	16.03	-	16.03	

\*The comparative analyses are restated following a review of the interpretations and capital calculations in relation to the treasury exposures, as set out in section 1.7.

9.2 UK CR5 - Standardised approach

The template below sets out the analysis if exposure by risk weight.

30 June 2023		a	b	c	d	e	f	Risk weight								o	p	q
Exposure classes		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Total	Of which unrated
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Central governments or central banks	4,605.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,605.2	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	696.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	696.2	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	121.3	-	121.0	-	-	-	-	-	-	-	-	242.3	1.6
7	Corporates	-	334.5	-	-	-	-	9.5	-	285.3	-	-	-	-	-	-	629.3	629.3
8	Retail exposures	-	-	-	-	-	-	-	6.1	-	-	-	-	-	-	-	6.1	6.1
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	2,388.6	-	-	137.3	-	-	-	-	-	-	2,525.9	2,525.9
10	Exposures in default	-	-	-	-	-	-	-	-	3.5	-	-	-	-	-	-	3.5	3.5
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	675.6	-	-	-	-	-	-	-	-	-	-	-	675.6	-
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Other items	-	-	-	-	1.7	-	-	-	27.5	-	-	-	-	-	-	29.2	29.2
17	<b>TOTAL</b>	<b>5,301.4</b>	<b>334.5</b>	<b>-</b>	<b>675.6</b>	<b>123.0</b>	<b>2,388.6</b>	<b>130.5</b>	<b>-</b>	<b>6.1</b>	<b>453.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,413.3</b>	<b>3,195.6</b>

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31 December 2022 Restated*		a	b	c	d	e	f	g		h	i	j	k	l	m	n	o	p	q	
		0%	2%	4%	10%	20%	35%	Risk weight		75%	100%	150%	250%	370%	1250%	Others	Total	Of which		
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	unrated
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Central governments or central banks	4,297.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,297.5	-	
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4	Multilateral development banks	702.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	702.2	-	
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	Institutions	-	-	-	-	144.5	-	237.3	-	-	-	-	-	-	-	-	-	381.8	0.1	
7	Corporates	-	378.3	-	-	-	-	11.9	-	-	277.4	-	-	-	-	-	-	667.6	667.6	
8	Retail exposures	-	-	-	-	-	-	-	-	1.6	-	-	-	-	-	-	-	1.6	1.6	
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	2,290.9	-	-	0.6	149.2	-	-	-	-	-	-	2,440.7	2,440.7	
10	Exposures in default	-	-	-	-	-	-	-	-	-	3.7	-	-	-	-	-	-	3.7	3.7	
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12	Covered bonds	-	-	-	560.5	-	-	-	-	-	-	-	-	-	-	-	-	560.5	-	
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	45.4	-	40.3	-	-	-	-	-	-	-	-	-	85.7	-	
14	Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
15	Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
16	Other items	-	-	-	-	1.5	-	-	-	-	23.7	-	-	-	-	-	-	25.2	25.2	
17	TOTAL	4,999.7	378.3	-	560.5	191.4	2,290.9	289.5	-	2.2	454.0	-	-	-	-	-	-	9,166.5	3,138.9	

\*The comparative analyses are restated following a review of the interpretations and capital calculations in relation to the treasury exposures, as set out in section 1.7.

## 10 IRB approach to credit risk

### 10.1 Scope of permission of Internal Ratings-Based (IRB) approach

The Society has PRA permission to apply the IRB approach to certain credit risk exposures. The IRB approach is applied to the retail mortgages of the Society<sup>2</sup>, equity exposures<sup>3</sup>, non-credit obligation assets<sup>4</sup> and cash in hand. The standardised approach continues to apply to all other exposures, operational risk and market risk.

From 1 January 2022, new regulation, applicable to internal ratings-based (IRB) models, resulted in the Society applying a temporary model adjustment (TMA) to the Society's regulator-approved IRB model output. The TMA uplifts the expected loss (EL) and Risk Weighted Assets (RWAs) produced by the incumbent regulator-approved IRB model to the level expected once the model is finalised to meet the new regulation. This adjustment is applied at portfolio level.

The Society submitted updated IRB models to the PRA in 2021 and the process for review and approval is ongoing. Until the IRB models are approved by the PRA, the TMA remains subject to change and may cause further movements in the capital metrics.

For further details on the IRB models and associated governance framework, refer to section 12 of the Pillar 3 disclosures 31 December 2022.

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<sup>2</sup> Retail mortgage exposures include owner-occupied mortgages and residential buy-to-let mortgages.

<sup>3</sup> Equity exposures primarily relate to the cost of investment in subsidiary companies outside the regulatory group.

<sup>4</sup> Non-credit obligation assets relate to property, plant and equipment, right-of-use assets and fair value adjustments for hedged risk assets under the IRB approach.

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10.2 UK CR6 - IRB approach – Credit risk exposures by exposure class and PD range

The template below sets out the credit exposure by class and PD range under the IRB approach as at 30 June 2023 and comparatives as at 31 December 2022.

30 June 2023													
A-IRB	a	b	c	d	e	f	g	h	i	j	k	l	m
	PD range	On-balance sheet exposures	Off-balance sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
		£m	£m	%	£m	%		%	Years	£m	£m	£m	£m
Secured by immovable property													
Non-SME													
	0.00 to <0.15	12,945.7	1,973.7	0.85	14,623.3	0.09	87,487	20.17	-	2,105.3	14.4	7.7	(12.7)
	0.00 to <0.10	7,088.2	1,972.4	0.85	8,764.7	0.06	47,135	22.36	-	1,187.3	13.5	4.2	(7.2)
	0.10 to <0.15	5,857.5	1.3	0.85	5,858.6	0.13	40,352	17.00	-	918.0	15.7	3.5	(5.5)
	0.15 to <0.25	8,584.3	1.7	0.85	8,585.8	0.19	63,412	15.16	-	1,612.3	18.8	6.8	(10.9)
	0.25 to <0.50	2,373.0	0.2	0.85	2,373.2	0.32	19,545	14.58	-	646.9	27.3	3.2	(5.1)
	0.50 to <0.75	288.6	-	-	288.6	0.61	2,634	14.99	-	126.0	43.7	0.7	(1.2)
	0.75 to <2.50	319.8	-	-	319.8	1.26	2,873	15.86	-	240.3	75.1	1.8	(2.5)
	0.75 to <1.75	264.9	-	-	264.9	1.09	2,421	15.73	-	180.9	68.3	1.3	(1.9)
	1.75 to <2.5	54.9	-	-	54.9	2.09	452	16.47	-	59.4	108.2	0.5	(0.6)
	2.50 to <10.00	102.7	-	-	102.7	4.87	844	16.03	-	169.2	164.8	2.2	(1.6)
	2.5 to <5	63.3	-	-	63.3	3.50	536	15.78	-	87.5	138.2	1.0	(0.8)
	5 to <10	39.4	-	-	39.4	7.08	308	16.44	-	81.7	207.4	1.2	(0.8)
	10.00 to <100.00	94.7	-	-	94.7	36.30	829	15.95	-	240.9	254.4	15.6	(2.6)
	10 to <20	30.4	-	-	30.4	13.93	268	16.07	-	81.1	266.8	1.9	(0.7)
	20 to <30	17.9	-	-	17.9	24.88	147	14.87	-	50.3	281.0	1.9	(0.4)
	30.00 to <100.00	46.4	-	-	46.4	55.32	414	16.28	-	109.5	236.0	11.8	(1.5)
	100.00 (Default)	46.0	-	-	46.0	100.00	381	20.91	-	254.7	553.7	9.8	(4.1)
	<b>Total (exposure class)</b>	<b>24,754.8</b>	<b>1,975.6</b>	<b>0.85</b>	<b>26,434.1</b>	<b>0.48</b>	<b>178,005</b>	<b>17.98</b>	<b>-</b>	<b>5,395.6</b>	<b>20.4</b>	<b>47.8</b>	<b>(40.7)</b>

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The Society submitted updated IRB models to the PRA in 2021 and the process for review and approval is ongoing. The newly developed models and feedback from the PRA are being used to calculate a temporary model adjustment to uplift the RWA and EL from the regulator-approved IRB models<sup>5</sup> to reflect the Society's best view of 2023 IRB model outputs. This adjustment is applied at portfolio level. No adjustments have been made to the PD or LGD values reported, aligning to the guidance set out in SS11/13 which indicates that adjustments should not be applied at sub model level (e.g. PD or LGD).

31 December 2022													
A-IRB	a	b	c	d	e	f	g	h	i	j	k	l	m
	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
		£m	£m	%	£m	%		%	Years	£m	£m	£m	£m
Secured by immovable property													
Non-SME													
	0.00 to <0.15	11,878.0	2,023.0	0.85	13,597.6	0.08	82,379	19.25	-	1,898.1	14.0	6.8	(8.0)
	0.00 to <0.10	6,478.6	2,022.2	0.85	8,197.6	0.06	43,868	21.57	-	1,085.7	13.2	3.8	(4.3)
	0.10 to <0.15	5,399.4	0.8	0.85	5,400.0	0.13	38,511	15.82	-	812.4	15.0	3.0	(3.7)
	0.15 to <0.25	7,898.3	1.3	0.85	7,899.4	0.19	59,186	14.63	-	1,484.4	18.8	6.1	(8.3)
	0.25 to <0.50	2,504.5	0.2	0.85	2,504.6	0.32	21,236	14.06	-	679.8	27.1	3.2	(4.8)
	0.50 to <0.75	293.6	-	-	293.6	0.61	2,705	14.57	-	129.1	44.0	0.7	(1.1)
	0.75 to <2.50	342.0	-	-	342.0	1.29	3,049	15.98	-	270.1	79.0	2.0	(2.8)
	0.75 to <1.75	281.4	-	-	281.4	1.11	2,536	15.85	-	201.8	71.7	1.4	(2.1)
	1.75 to <2.5	60.6	-	-	60.6	2.09	513	16.62	-	68.3	112.7	0.6	(0.7)
	2.50 to <10.00	104.1	-	-	104.1	4.78	890	16.04	-	175.0	168.1	2.2	(1.6)
	2.5 to <5	66.0	-	-	66.0	3.41	565	16.22	-	95.8	145.2	1.0	(0.9)
	5 to <10	38.1	-	-	38.1	7.17	325	15.74	-	79.2	207.9	1.2	(0.7)
	10.00 to <100.00	84.5	-	-	84.5	37.50	787	15.35	-	211.0	249.7	14.0	(2.0)
	10 to <20	26.6	-	-	26.6	14.39	250	14.98	-	69.1	259.8	1.6	(0.5)
	20 to <30	14.2	-	-	14.2	24.52	125	15.77	-	43.7	307.7	1.5	(0.3)
	30.00 to <100.00	43.7	-	-	43.7	55.82	412	15.44	-	98.2	224.7	10.9	(1.2)
	100.00 (Default)	39.0	-	-	39.0	100.00	334	20.41	-	230.4	590.8	7.7	(3.2)
	<b>Total (exposure class)</b>	<b>23,144.0</b>	<b>2,024.5</b>	<b>0.85</b>	<b>24,864.8</b>	<b>0.46</b>	<b>170,566</b>	<b>17.21</b>	<b>-</b>	<b>5,077.9</b>	<b>20.4</b>	<b>42.7</b>	<b>(31.8)</b>

<sup>5</sup> This model was approved by the regulator in September 2016.

### 10.3 UK CR7 - IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques

The Group does not use credit derivatives under the IRB approach to mitigate credit risk therefore this template has not been presented.

### 10.4 UK CR7-A - IRB approach – Disclosure of the extent of the use of CRM techniques

The Group does not use credit risk mitigation techniques under the IRB approach therefore this template has not been presented.

### 10.5 UK CR8 - RWEA flow statements of credit risk exposures under the IRB approach

The template below sets out the flow statement of credit risk RWAs under the IRB approach for retail mortgage exposures, as prescribed in the PRA rulebook, over the period from 31 March 2023 to 30 June 2023. The RWAs do not match with the amounts presented in row 5 of template UK OV1 for the credit risk exposures measured under the IRB approach as this also includes RWAs for non-credit obligation assets of £53.3m (31 March 2023: £51.9m).

		a	a
		Risk weighted exposure amount quarter to June 23 £m	Risk weighted exposure amount quarter to March 23 £m
1	<b>Risk weighted exposure amount as at the end of the previous reporting period</b>	5,273.0	5,077.9
2	Asset size (+/-)	95.9	218.2
3	Asset quality (+/-)	26.7	(23.1)
4	Model updates (+/-)	-	-
5	Methodology and policy (+/-)	-	-
6	Acquisitions and disposals (+/-)	-	-
7	Foreign exchange movements (+/-)	-	-
8	Other (+/-)	-	-
9	<b>Risk weighted exposure amount as at the end of the reporting period</b>	<b>5,395.6</b>	5,273.0



## 11 Specialised lending and equity exposures

### 11.1 Specialised lending and equity exposures under the simple risk weighted approach

The Group does not use the slotting approach to specialised lending therefore the following templates are not presented:

- UK CR10.1 Specialised lending: Project finance (Slotting approach);
- UK CR10.2 Specialised lending: Income-producing real estate and high volatility commercial real estate (Slotting approach);
- UK CR10.3 Specialised lending: Object finance (Slotting approach); and
- UK CR10.4 Specialised lending: Commodities finance (Slotting approach).

### 11.2 UK CR10.5 - Equity exposures under the simple risk-weighted approach

The template below sets out the Group's equity exposures under the simple risk-weighted approach as at 30 June 2023. There has been no movement for the Group's equity exposures since 31 December 2022.

30 June 2023									
Categories	a		b		c	d	e		f
	On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount	£m	£m	
	£m	£m		£m			£m	£m	
Private equity exposures	-	-	190%	-	-	-	-	-	
Exchange-traded equity exposures	-	-	290%	-	-	-	-	-	
Other equity exposures	82.3	-	370%	82.3	304.5	2.0			
<b>Total</b>	<b>82.3</b>	<b>-</b>		<b>82.3</b>	<b>304.5</b>	<b>2.0</b>			

## 12 Counterparty Credit Risk

Counterparty credit risk (CCR) resulting from derivatives and repurchase transactions is calculated under the standardised approach.

The Group holds regulatory capital in order to cover potential losses which could arise if the counterparties to its derivative contracts fail to meet their financial obligations before the maturity date; this is known as the CCR. This assessment places a valuation on the risk that the counterparty will default on its obligations before the maturity of the contract. In addition to this CRD V requires additional regulatory capital to be held to protect the Group from exposure to potential mark to market losses that could arise if the creditworthiness of those same counterparties were to deteriorate; this is known as a credit valuation adjustment charge (CVA).

### 12.1 UK CCR1 - Analysis of CCR exposure by approach

The templates below set out the methods and parameters used to calculate the CCR regulatory requirements.

30 June 2023		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE <sup>6</sup>	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
		£m	£m	£m	a	£m	£m	£m	£m
UK1	Original Exposure Method (for derivatives)	-	-	-	1.4	-	-	-	-
UK2	Simplified SA-CCR (for derivatives)	-	-	-	1.4	-	-	-	-
1	SA-CCR (for derivatives)	62.4	11.9	-	1.4	65.0	53.1	52.9	16.8
2	IMM (for derivatives and SFTs)	-	-	-	-	-	-	-	-
2a	<i>Of which securities financing transactions netting sets</i>	-	-	-	-	-	-	-	-
2b	<i>Of which derivatives and long settlement transactions netting sets</i>	-	-	-	-	-	-	-	-
2c	<i>Of which from contractual cross-product netting sets</i>	-	-	-	-	-	-	-	-
3	Financial collateral simple method (for SFTs)	-	-	-	-	2.3	2.3	2.3	0.4
4	Financial collateral comprehensive method (for SFTs)	-	-	-	-	-	-	-	-
5	VaR for SFTs	-	-	-	-	-	-	-	-
6	<b>Total</b>					67.3	55.4	55.2	17.2

<sup>6</sup> Effective expected positive exposure.

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31 December 2022 *Restated		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
		£m	£m	£m	a	£m	£m	£m	£m
UK1	Original Exposure Method (for derivatives)	-	-	-	1.4	-	-	-	-
UK2	Simplified SA-CCR (for derivatives)	-	-	-	1.4	-	-	-	-
1	SA-CCR (for derivatives)	64.7	14.2	-	1.4	73.5	61.4	61.3	21.5
2	IMM (for derivatives and SFTs)	-	-	-	-	-	-	-	-
2a	<i>Of which securities financing transactions netting sets</i>	-	-	-	-	-	-	-	-
2b	<i>Of which derivatives and long settlement transactions netting sets</i>	-	-	-	-	-	-	-	-
2c	<i>Of which from contractual cross-product netting sets</i>	-	-	-	-	-	-	-	-
3	Financial collateral simple method (for SFTs)	-	-	-	-	0.1	0.1	0.1	-
4	Financial collateral comprehensive method (for SFTs)	-	-	-	-	-	-	-	-
5	VaR for SFTs	-	-	-	-	-	-	-	-
6	<b>Total</b>	-	-	-	-	73.6	61.5	61.4	21.5

\*The comparative analyses are restated following a review of the interpretations and capital calculations in relation to the treasury exposures, as set out in section 1.7.

## 12.2 UK CCR2 - Transactions subject to own funds requirements for CVA risk

The template below sets out the capital charge which is calculated from CCR exposure.

		a	b	a	b
		Exposure value	RWEA	Exposure value	RWEA
		30 Jun 23	30 Jun 23	31 Dec 22	31 Dec 22
		£m	£m	£m	£m
1	Total transactions subject to the Advanced method	-	-	-	-
2	(i) VaR component (including the 3× multiplier)	-	-	-	-
3	(ii) stressed VaR component (including the 3× multiplier)	-	-	-	-
4	Transactions subject to the Standardised method	52.9	74.4	61.3	70.6
UK4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-	-	-
5	<b>Total transactions subject to own funds requirements for CVA risk</b>	<b>52.9</b>	<b>74.4</b>	<b>61.3</b>	<b>70.6</b>

12.3 CCR3 - Standardised approach – CCR exposures by regulatory exposure class and risk weights

The template below shows an analysis of counterparty credit risk exposures by exposure class as at 30 June 2023 and comparatives as at 31 December 2022.

30 June 2023		a	b	c	d	e	f Risk weight		g	h	i	j	k	l Total exposure value
Exposure classes		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others		
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	32.3	20.6	-	-	-	-	-	-	52.9
7	Corporates	-	540.7	-	-	-	-	-	-	-	-	-	-	540.7
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	2.3	-	-	-	-	-	-	-	2.3
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-	-
11	<b>Total exposure value</b>	-	540.7	-	-	34.6	20.6	-	-	-	-	-	-	595.9

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31 December 2022													
Exposure classes		a	b	c	d	e	Risk weight					k	l
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	30.6	30.7	-	-	-	-	-	61.3
7	Corporates	-	600.9	-	-	-	-	-	-	-	-	-	600.9
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	Total exposure value	-	600.9	-	-	30.6	30.7	-	-	-	-	-	662.2

#### 12.4 UK CCR4 - IRB approach – CCR exposures by exposure class and PD scale

The Group does not have counterparty credit risk exposures under the IRB approach therefore this template has not been presented.

#### 12.5 UK CCR5 - Composition of collateral for CCR exposures

Template CCR5 disclosure is only required under Article 439 (e) if both the fair value of collateral posted in the form of debt securities and the fair value of collateral received in that form exceed £125.0 billion. The Group does not exceed this threshold and therefore this template has not been presented.

#### 12.6 UK CCR6 - Credit derivatives exposures

The Group does not use credit derivatives to mitigate credit risk therefore this template has not been presented.

#### 12.7 UK CCR7 - RWEA flow statements of CCR exposures under the IMM

The Group does not use the Internal Model Method for CCR exposures therefore this template has not been presented.

#### 12.8 UK CCR8 – Exposures to CCPs

The template below sets out exposures by qualifying central counterparty and related capital requirements as at 30 June 2023 and comparatives as at 31 December 2022.

30 June 2023		a	b
		Exposure value	RWEA
		£m	£m
1	<b>Exposures to QCCPs (total)</b>		<b>10.8</b>
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	<b>540.7</b>	<b>10.8</b>
3	(i) OTC derivatives	<b>540.7</b>	<b>10.8</b>
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	<b>334.5</b>	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	<b>Exposures to non-QCCPs (total)</b>		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) SFTs	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

31 December 2022		a	b
		Exposure value	RWEA
		£m	£m
1	Exposures to QCCPs (total)		12.0
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	600.9	12.0
3	(i) OTC derivatives	600.9	12.0
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	378.3	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) SFTs	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

## 13 Securitisation Positions

Access to wholesale funding allows the Group to diversify its funding sources and increase the term of funding to assist in managing its basis and refinance risk. The Group carries out securitisation transactions using its own mortgage assets as well as acquiring Residential Mortgage Backed Securities (RMBS) from other third parties.

The Group's securitisation positions are calculated under the standardised approach.

### 13.1 UK SEC1 - Securitisation exposures in the non-trading book

The templates below set out the Group's exposures to securitisation positions as at 30 June 2023 and restated comparatives as at 31 December 2022.

30 June 2023		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	
		Institution acts as originator							Institution acts as sponsor				Institution acts as investor				
		Traditional				Synthetic			Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS		Non-STS		of which SRT	of which SRT	Sub-total		STS	Non-STS			Sub-total	STS		
		£m	of which SRT £m	£m	of which SRT £m				£m			£m	£m			£m	£m
1	<b>Total exposures</b>	124.7	-	-	-	-	-	124.7	-	-	-	-	395.0	-	-	395.0	
2	Retail (total)	124.7	-	-	-	-	-	124.7	-	-	-	-	395.0	-	-	395.0	
3	residential mortgage	124.7	-	-	-	-	-	124.7	-	-	-	-	395.0	-	-	395.0	
4	credit card	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5	other retail exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
7	Wholesale (total)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8	loans to corporates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9	commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10	lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11	other wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12	re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

As at 30 June 2023, the Group's exposure to AAA HQLA RMBS increased to £395.0m (30 December 2022: £325.0m) as the Group took the opportunity to increase its holdings at yields comparably more attractive than other asset classes the Group can invest in. We continue to operate within Treasury Policy and Society risk appetite.



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31 December 2022 *Restated		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	
		Institution acts as originator								Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total	
		STS		Non-STS		of which SRT	STS		Non-STS				STS				Non-STS
		£m	of which SRT	£m	£m		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Total exposures	131.7	-	-	-	-	-	131.7	-	-	-	-	321.9	3.1	-	325.0	
2	Retail (total)	131.7	-	-	-	-	-	131.7	-	-	-	-	321.9	3.1	-	325.0	
3	residential mortgage	131.7	-	-	-	-	-	131.7	-	-	-	-	321.9	3.1	-	325.0	
4	credit card	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5	other retail exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
7	Wholesale (total)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8	loans to corporates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9	commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10	lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11	other wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12	re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

\*The comparative analyses are restated following a review of the interpretations and capital calculations in relation to the treasury exposures, as set out in section 1.7.

### 13.2 UK SEC2 - Securitisation exposures in the trading book

The Group does not have a trading book therefore this template has not been presented.

### 13.3 UK SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements – The Group acting as originator or as sponsor

The Group has one securitisation outstanding as at 30 June 2023, originated through Darowby No.5 plc. There are no capital requirements for these securitisations due to no significant risk transfer. Therefore, this template has not been presented.

13.4 UK SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements – The Group acting as investor

The template below sets out the securitisation exposures and associated regulatory capital requirements where the Group is acting as the investor.

30 June 2023		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	<b>Total exposures</b>	395.0	-	-	-	-	-	395.0	-	-	-	39.5	-	-	-	3.2	-	-
2	Traditional securitisation	395.0	-	-	-	-	-	395.0	-	-	-	39.5	-	-	-	3.2	-	-
3	Securitisation	395.0	-	-	-	-	-	395.0	-	-	-	39.5	-	-	-	3.2	-	-
4	Retail underlying	395.0	-	-	-	-	-	395.0	-	-	-	39.5	-	-	-	3.2	-	-
5	Of which STS	395.0	-	-	-	-	-	395.0	-	-	-	39.5	-	-	-	3.2	-	-
6	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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31 December 2022 *Restated		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Total exposures	325.0	-	-	-	-	-	325.0	-	-	-	32.8	-	-	-	2.6	-	-
2	Traditional securitisation	325.0	-	-	-	-	-	325.0	-	-	-	32.8	-	-	-	2.6	-	-
3	Securitisation	325.0	-	-	-	-	-	325.0	-	-	-	32.8	-	-	-	2.6	-	-
4	Retail underlying	325.0	-	-	-	-	-	325.0	-	-	-	32.8	-	-	-	2.6	-	-
5	Of which STS	321.9	-	-	-	-	-	321.9	-	-	-	32.2	-	-	-	2.6	-	-
6	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

\*The comparative analyses are restated following a review of the interpretations and capital calculations in relation to the treasury exposures, as set out in section 1.7.

### 13.5 UK SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

The template below sets out the exposures securitised by the Group acting as originator.

30 June 2023		a		b		c	
		Exposures securitised by the institution - Institution acts as originator or as sponsor					
		Total outstanding nominal amount			Total amount of specific credit risk adjustments made during the period		
		£m	Of which exposures in default	£m			£m
1	<b>Total exposures</b>	<b>333.1</b>		<b>0.3</b>			-
2	Retail (total)	333.1		0.3			-
3	residential mortgage	333.1		0.3			-
4	credit card	-		-			-
5	other retail exposures	-		-			-
6	re-securitisation	-		-			-
7	Wholesale (total)	-		-			-
8	loans to corporates	-		-			-
9	commercial mortgage	-		-			-
10	lease and receivables	-		-			-
11	other wholesale	-		-			-
12	re-securitisation	-		-			-

31 December 2022 *Restated		a		b		c	
		Exposures securitised by the institution - Institution acts as originator or as sponsor					
		Total outstanding nominal amount			Total amount of specific credit risk adjustments made during the period		
		£m	Of which exposures in default	£m			£m
1	Total exposures	366.5		0.1			-
2	Retail (total)	366.5		0.1			-
3	residential mortgage	366.5		0.1			-
4	credit card	-		-			-
5	other retail exposures	-		-			-
6	re-securitisation	-		-			-
7	Wholesale (total)	-		-			-
8	loans to corporates	-		-			-
9	commercial mortgage	-		-			-
10	lease and receivables	-		-			-
11	other wholesale	-		-			-
12	re-securitisation	-		-			-

\*The comparative analyses are restated following a review of the interpretations and capital calculations in relation to the treasury exposures, as set out in section 1.7.

## 14 Standardised approach and internal model for market risk

This section sets out the approach on the Group's market risk.

### 14.1 UK MR1 - Market risk under the standardised approach

The group exposure to foreign currency risk is calculated in accordance with Article 83 of CRD V and is below the 2% de minimis limit (2% of total capital resources) in accordance with Article 351 of the CRR, therefore the values have been set to nil and template UK MR1 Market Risk under the standardised approach has not been presented.

### 14.2 Information on the internal Market Risk Models

The Group does not use the Internal Model Approach for market risk and therefore the following templates have not been presented:

- UK MR2-A - Market risk under the Internal Model Approach (IMA);
- UK MR2-B - RWEA flow statements of market risk exposures under the IMA;
- UK MR3 - IMA values for trading portfolios; and
- UK MR4 - Comparison of VaR estimates with gains/losses.

## 15 Exposures to Interest Rate Risk on Positions Not Held in the Trading Book (IRRBB)

The main market risk faced by the Group is the interest rate risk. Interest rate risk is the risk of loss arising from adverse movements in market interest rates.

### 15.1 UK IRRBB1 - Quantitative information on IRRBB

The template below sets out the Group's changes in economic value of equity ( $\Delta$ EVE) and net interest income ( $\Delta$ NII) under each of the prescribed interest rates shock scenarios.

In reporting currency Period		a		b		c		d		e		f	
		$\Delta$ EVE				$\Delta$ NII				Tier 1 capital			
		30 Jun 23 £m	31 Dec 22 £m	30 Jun 23 £m	31 Dec 22 £m	30 Jun 23 £m	31 Dec 22 £m	30 Jun 23 £m	31 Dec 22 £m	30 Jun 23 £m	31 Dec 22 £m		
010	Parallel shock up	(212.2)	(198.2)	31.9	15.4								
020	Parallel shock down	187.5	175.5	(29.2)	(15.9)								
030	Steeper shock	(50.2)	(46.4)										
040	Flattener shock	13.7	12.0										
050	Short rates shock up	(120.0)	(103.6)										
060	Short rates shock down	110.6	95.6										
070	<b>Maximum</b>	<b>(212.2)</b>	<b>(198.2)</b>	<b>(29.2)</b>	<b>(15.9)</b>								
080	<b>Tier 1 capital</b>									<b>2,068.7</b>	<b>1,952.9</b>		

## Glossary

Set out below are the definitions of terms used within the Pillar 3 disclosures to assist the reader and to facilitate comparison with other financial institutions:

<b>Common Equity Tier 1 capital</b>	Common Equity Tier 1 (CET 1) capital primarily comprises internally generated capital from retained profits, less regulatory adjustments. CET 1 capital is fully loss absorbing.
<b>Covered bonds</b>	Debt securities backed by a portfolio of mortgages that are segregated from the issuer's other assets to be solely for the benefit of the holders of the covered bonds. The Group has established covered bonds as part of its funding activities. Covered bonds use retail / residential mortgages as the asset pool.
<b>Credit Valuation Adjustment (CVA)</b>	The adjustment applied to the fair values of derivatives to reflect the creditworthiness of the counterparty.
<b>CRD V</b>	CRD V became effective on 28 December 2020 and is made up of the Capital Requirements Directive (CRD) and the Capital Requirements Regulation (UK CRR).
<b>Debt securities</b>	Assets representing certificates of indebtedness of credit institutions, public bodies or other undertakings.
<b>Debt securities in issue</b>	Transferable certificates of indebtedness of the Group to the bearer of the certificates. These are liabilities of the Group and include certificates of deposit.
<b>Derivative financial instruments</b>	A derivative financial instrument is a type of financial instrument (or an agreement between two parties) that has a value based on the underlying asset, index or reference rate it is linked to. The Group uses derivative financial instruments to hedge its exposures to market risks such as interest rate and currency risk.
<b>Expected Credit Loss (ECL)</b>	The present value of all cash shortfalls over the expected life of the financial instrument to determine impairment loss allowances under IFRS 9.
<b>Fair value</b>	Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.
<b>Forbearance strategies</b>	Strategies to assist borrowers in financial difficulty, such as arrears capitalisation, a reduction in the monthly payment, a conversion to interest only or a mortgage term extension. Forbearance strategies aim, if possible, to avoid foreclosure or repossession.
<b>Goodwill</b>	Goodwill arises on the acquisition of subsidiary undertakings, joint ventures, associates or other businesses and represents the excess of the fair value of consideration over the fair value of separately identifiable net assets at the date of acquisition.
<b>Group consolidation</b>	The Group's consolidation group comprises the Society and all of its subsidiaries (i.e. full group consolidation).
<b>Group</b>	The prudential consolidation group comprises the entire Group except the Connells group and a small number of other entities whose activities are not closely aligned with the core business.
<b>Internal Ratings-Based approach (IRB)</b>	An advanced approach to measuring capital requirements in respect of credit risk. The IRB approach may only be used with permission from the PRA.
<b>International Swaps and Derivatives Association (ISDA) Master Agreement</b>	A standardised contract developed by ISDA and used to enter into bilateral derivatives transactions.
<b>Leverage ratio</b>	The ratio of Tier 1 capital divided by total leverage exposure measure of on and off-balance sheet assets excluding deposits with central banks.
<b>Liquid assets</b>	The total of cash in hand and balances with the Bank of England, loans and advances to credit institutions and debt securities.
<b>Liquidity Coverage Ratio (LCR)</b>	A measure designed to ensure that financial institutions have sufficient high quality assets available to meet their liquidity needs for a 30 day liquidity stress scenario.
<b>Member</b>	A person who has a share investment or a mortgage loan with the Society or is the holder of a Permanent Interest Bearing Share in the Society.
<b>Net Stable Funding Ratio (NSFR)</b>	The Net Stable Funding Ratio is a long term stable funding metric, which measures the stability of our funding sources relative to the assets (mortgage balances) we are required to fund.
<b>Permanent Interest Bearing Shares (PIBS) or subscribed capital</b>	Unsecured, deferred shares that are a form of Tier 2 capital. PIBS rank behind the claims of all subordinated debt holders, depositors, payables and investing members of Skipton Building Society.
<b>Probability of Default (PD)</b>	An estimate of the probability that a borrower will default on their credit obligations.

<b>Renegotiated loans</b>	Loans are classed as renegotiated, with the customer's consent, when their terms have changed during the year. Loans and advances may be renegotiated whether or not the customer is experiencing financial difficulty in repaying their loan with the Group.
<b>Repo / reverse repo</b>	Short to medium term funding agreements which allow a borrower to sell a financial asset, such as an ABS or government bond, as security for cash. As part of the agreement the borrower agrees to repurchase the security at some later date. For the party selling the security (and agreeing to repurchase it in the future) it is a repo; for the party on the other end of the transaction (buying the security and agreeing to sell in the future) it is a reverse repurchase agreement or reverse repo, which can typically be resold or repledged if desired.
<b>Residential loans</b>	Mortgage lending secured against residential property.
<b>Residential mortgage backed securities (RMBS)</b>	A category of ABS that represent interests in a group of residential mortgages. Investors in these securities have the right to cash received from future mortgage payments (interest and / or principal).
<b>Risk weighted assets (RWA)</b>	The value of assets, after adjustment, under CRD V rules to reflect the degree of risk they represent.
<b>Securitisation</b>	A process by which a group of assets, usually loans, are aggregated into a pool which is used to back the issuance of new securities. A firm transfers these assets to a special purpose vehicle which then issues securities backed by the assets. The Group has established securitisation structures as part of its funding activities. These securitisation structures use retail / residential mortgages as the asset pool.
<b>Shares</b>	Money deposited by non-corporate depositors in a retail savings account with the Society. Such funds are recorded as liabilities for the Society.
<b>Significant increase in credit risk</b>	A significant increase in credit risk on a financial asset is judged to have occurred when an assessment using quantitative and qualitative factors identifies that the credit risk has increased significantly since the asset was originally recognised.
<b>Stage 1 financial assets</b>	Stage 1 financial assets are assets which have not experienced a significant increase in credit risk since origination. 12 month ECLs are recognised and interest revenue is determined by the EIR on the gross carrying amount.
<b>Stage 2 financial assets</b>	Stage 2 financial assets have experienced a significant increase in credit risk since initial recognition. Lifetime ECLs are recognised and interest revenue is determined by the EIR on the gross carrying amount.
<b>Stage 3 financial assets</b>	Stage 3 financial assets are identified as in default and considered credit impaired. Lifetime ECLs are recognised and interest revenue is determined by the EIR on the net carrying amount.
<b>Subordinated debt / liabilities</b>	A form of Tier 2 capital that is unsecured and ranks behind the claims of all depositors, creditors and investing members (other than holders of PIBS).
<b>Term Funding Scheme with additional incentives for SMEs (TFSME)</b>	A scheme allowing eligible banks and building societies to access four-year funding at rates very close to Bank Base Rate, designed to incentivise eligible participants to provide credit to businesses and households to bridge through the period of economic disruption caused by COVID-19 – TFSME, which closed for drawdowns in 2021, included additional incentives to provide credit to SMEs.
<b>Tier 1 capital</b>	A measure of financial strength as defined by CRD V. Tier 1 capital is divided into Common Equity Tier 1 and other Tier 1 capital. Common Equity Tier 1 capital comprises general reserves from retained profits, less regulatory deductions.
<b>Tier 2 capital</b>	A further measure of financial strength, including the Society's PIBS, eligible collective impairment provisions.
<b>UK CRR</b>	UK Capital Requirements Regulation (UK CRR) implemented in 2022.
<b>Wholesale funding</b>	Amounts owed to credit institutions, amounts owed to other customers and debt securities in issue excluding balances deposited by offshore customers.



### Media Enquiries

For media enquiries please contact the Skipton press office.

**Tel: 0345 601 7247**

**Email: [newsline@skipton.co.uk](mailto:newsline@skipton.co.uk)**

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