Pillar 3 Disclosures

31 March 2025

SKIPTON
BUILDING SOCIETY
Since 1853

CONTENTS

1 Introduction

1.1 Background

This document presents the Pillar 3 disclosures of Skipton Building Society (the Society) and its subsidiaries at prudential group level as at 31 March 2025.

The disclosures have been prepared in accordance with the Capital Requirements Directive (CRD V), the 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. These Pillar 3 disclosures, and those from previous reporting periods, are published on the Society's website at www.skipton.co.uk/about-us/pillar-3-disclosure.

1.2 Scope of application

The Society is required to calculate and maintain regulatory capital on both a prudential consolidation and a society only basis. The basis of consolidation for regulatory and accounting purposes are different.

For accounting purposes, the Group comprises the Society and all of its subsidiaries. For regulatory purposes, the prudential consolidation group comprises the Society and all of its subsidiaries excluding the Connells group, Jade Software Corporation Ltd and a small number of other entities whose activities are not closely aligned with the core business. For an overview of the differences between accounting and regulatory scopes of consolidation, see section 4 of the Pillar 3 disclosures as at 31 December 2024.

1.3 Basis of presentation

These Pillar 3 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.

The Group does not use the Internal Model Approach for market risk or the Internal Model Method for counterparty credit risk (CCR) exposures, therefore the templates UK MR2-B and UK CCR7 have not been presented.

All figures and narratives are as at 31 March 2025. Comparative figures are disclosed based on the previous disclosed reporting period end as prescribed in the PRA Rulebook.

1.4 Frequency of disclosure

The Society is required to publish Pillar 3 disclosures quarterly in accordance with the requirements set out in Article 433a of the PRA Rulebook.

1.5 Non-material, proprietary or confidential information

The Society is required to publish Pillar 3 disclosures in accordance with Article 432 of the PRA Rulebook which allows an institution to omit disclosures if the information is not considered material or if it is regarded as proprietary or confidential. No disclosures have been omitted on these grounds.

1.6 Pillar 3 Policy

The Board has adopted a formal policy for the production of the Pillar 3 disclosures. The Pillar 3 Policy (Policy) sets out the principles which ensure that the Pillar 3 disclosures satisfy the regulatory reporting requirements in respect of the basis, frequency, verification and appropriateness of disclosures, and the governance and control framework applied in the preparation of the disclosures. The Policy also ensures that the Group's risk profile is comprehensively disclosed and that our disclosures are comparable to other market participants.

1.7 Verification and sign off

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

2 Key metrics

This summary represents the key prudential ratios and measures as set out in template UK KM1.

Overview of capital, leverage and risk weighted assets

Capital is ultimately held for the protection of depositors and other creditors by providing a buffer against unexpected losses. During the quarter ended 31 March 2025, the Group satisfied all of the current capital requirements under the UK CRR.

£2,360.6m CET 1 Capital

31 December 2024: £2,375.1m

The Group's capital position remains strong with Common Equity Tier 1 (CET1) capital of £2,360.6m (31 December 2024: £2,375.1m). The decrease in CET1 capital during the period is predominantly driven by the movement in accumulated other comprehensive income. Unaudited profits for the quarter have been excluded.

We have PRA permission to apply the internal ratings-based (IRB) approach to certain credit risk exposures. From 1 January 2022, we apply a temporary model adjustment (TMA) to the Society's regulator-approved IRB model output. The Society submitted an update to the incumbent regulator-approved IRB model to the PRA in 2021 and a revised version addressing the PRA feedback in 2024. During 2024, the TMA has been updated to adjust IRB outputs to align with the IRB models that were resubmitted to the PRA in January 2024. See section 12.1 of the Pillar 3 disclosures as at 31 December 2024 for further details.

£8,504.3m Risk Weighted Assets

31 December 2024: £8,277.4m

The risk weighted assets (RWAs) increased by £226.9m during the period to £8,504.3m (31 December 2024: £8,277.4m). The increase is principally driven by the strong residential mortgage book growth during the period.

27.8% CET 1 Ratio

31 December 2024: 28.7%

As a result of the small movement in capital and RWAs explained above, the CET1 ratio has decreased to 27.8% (31 December 2024: 28.7%). The capital ratios may be subject to future movements as a result of the ongoing development of the IRB models.

6.4% Leverage Ratio

31 December 2024: 6.6%

The leverage ratio, which is a non-risk-based measure, is defined as the ratio of Tier 1 capital to total leverage exposure, which includes both on- and off-balance sheet items. As at 31 March 2025, the leverage ratio reduced to 6.4% (31 December 2024: 6.6%) mainly due to the growth of the balance sheet during the period driven primarily by an increase in mortgage lending.

Overview of liquidity ratios

The liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) were above both the regulatory and internal limits set by the Board throughout the period.

187.4% Liquidity Coverage Ratio

31 December 2024: 179.0%

The LCR is a measure designed to ensure that financial institutions have sufficient High Quality Liquid assets (HQLA) available to meet their liquidity needs for a 30-day liquidity stress scenario. As at 31 March 2025, the LCR was 187.4% (31 December 2024: 179.0%). Further detail on the LCR is set out in section 4.

138.7% Net Stable Funding Ratio

31 December 2024: 137.8%

The NSFR is a long-term stable funding metric, which measures the stability of our funding sources relative to the term and liquidity of our assets we are required to fund. As at 31 March 2025, the NSFR was 138.7% (31 December 2024: 137.8%).

2.1 UK KM1 - Key metrics template

The template below provides a summary of the key prudential ratios and measures. The Group applied the IFRS 9 transitional arrangements for capital calculations in accordance with Article 473a of the UK CRR from 1 January 2018 to 31 December 2024. These transitional arrangements ceased to apply from 1 January 2025 but remain reflected in the comparative figures. The implementation of IFRS 9 transitional arrangements did not significantly impact the Group's capital position, as reported in previous disclosures in the template 'Impact of IFRS 9 transitional arrangements'.

		a 31 Mar 25 £m	b 31 Dec 24 £m	c 30 Sep 24 £m	d 30 Jun 24 £m	e 31 Mar 24 £m
	Available own funds (amounts)					
1	Total Common Equity Tier 1 (CET1) capital	**2,360.6**	2,375.1	2,276.4	2,280.8	2,182.0
2	Tier 1 capital	**2,360.6**	2,375.1	2,276.4	2,280.8	2,182.0
3	Total capital	**2,400.6**	2,415.1	2,316.4	2,320.8	2,222.0
	Risk-weighted exposure amounts (RWEAs)					
4	Total risk-weighted exposure amount	**8,504.3**	8,277.4	8,131.0	8,722.8	8,634.8
	Capital ratios (as a % of RWEAs)					
5	Common Equity Tier 1 ratio (%)	**27.76**	28.69	28.00	26.15	25.27
6	Tier 1 ratio (%)	**27.76**	28.69	28.00	26.15	25.27
7	Total capital ratio (%)	**28.23**	29.18	28.49	26.61	25.73
	Additional own funds requirements based on SREP (as a % of RWEAs)					
UK 7a	Additional CET1 SREP requirements (%)	**1.15**	1.16	1.16	1.14	1.15
UK 7b	Additional AT1 SREP requirements (%)	**0.38**	0.39	0.39	0.38	0.38
UK 7c	Additional T2 SREP requirements (%)	**0.51**	0.51	0.52	0.51	0.51
UK 7d	Total SREP own funds requirements (%)	**10.04**	10.06	10.07	10.03	10.04
	Combined buffer requirement (as a % of RWEAs) [1]					
8	Capital conservation buffer (%)	**2.50**	2.50	2.50	2.50	2.50
9	Institution specific countercyclical capital buffer (%) [2]	**1.81**	1.82	1.81	1.82	1.82
11	Combined buffer requirement (%)	**4.31**	4.32	4.31	4.32	4.32
UK 11a	Overall capital requirements (%)	**14.35**	14.38	14.38	14.35	14.36
12	CET1 available after meeting the total SREP own funds requirements (%) [3]	**18.19**	19.11	18.42	16.58	15.69
	Leverage ratio [4]					
13	Total exposure measure excluding claims	**36,793.2**	35,936.9	35,353.2	34,560.6	33,559.4
14	Leverage ratio excluding claims on central banks (%)	**6.42**	6.61	6.44	6.60	6.50
	Liquidity Coverage Ratio [5]					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	**6,102.2**	6,100.6	6,007.2	5,926.2	5,875.5
UK 16a	Cash outflows - Total weighted value	**3,511.5**	3,662.4	3,741.0	3,747.5	3,743.6
UK 16b	Cash inflows - Total weighted value	**247.0**	244.6	243.4	235.6	228.7
16	Total net cash outflows (adjusted value)	**3,264.5**	3,417.8	3,497.6	3,511.9	3,514.9
17	Liquidity coverage ratio (%)	**187.40**	179.02	171.96	169.05	167.46
	Net Stable Funding Ratio [6]					
18	Total available stable funding	**34,173.5**	33,570.7	33,084.5	32,154.7	31,356.6
19	Total required stable funding	**24,633.4**	24,360.6	24,134.7	23,727.6	23,200.4
20	**Net Stable Funding Ratio** (%)	**138.74**	137.80	137.08	135.48	135.16

Notes

1. The buffer requirement in rows UK 8a, UK 9a to UK10a have been removed from the template as they are 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 the Group has relevant credit exposures.
3. Represents the level of CET1 capital available to meet buffer requirements after subtracting the amount of minimum CET1 capital required to meet Pillar 1 and Pillar 2A capital requirements, also referred to as total Supervisory Review and Evaluation Process (SREP) Own Funds Requirements, as a percentage of RWAs. The current CET1 capital requirement for the Group is equivalent to the total SREP own funds requirements, less Tier 2 capital.
4. The additional leverage ratio disclosure requirements only apply to financial institutions with deposits equal to or greater than £50bn or with 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 the simple average of the 12 month-end observations preceding the end of each quarter.
6. The values have been calculated based on a four quarter rolling average of quarter-end positions.

3 Overview of risk weighted exposure amounts

3.1 UK OV1 – Overview of risk weighted exposure amounts

The template below provides an overview of RWAs and minimum capital requirements under the Pillar 1 capital requirement as at 31 March 2025. Credit risk exposures include balances which are off-balance sheet, such as credit commitments relating to mortgages not yet drawn down.

The Pillar 1 own funds requirement under both the IRB and standardised approach is calculated as 8% of the RWAs.

		a	b	c
		Risk weighted exposure amounts (RWEAs)		Total Own Fund Requirements
		31 Mar 25 £m	31 Dec 24 £m	31 Mar 25 £m
1	**Credit risk (excluding CCR)**	**7,479.9**	7,264.9	**598.4**
2	Of which standardised approach	**1,421.3**	1,389.5	**113.7**
3	Of which the foundation IRB (FIRB) approach [1]	-	-	-
4	Of which slotting approach [1]	-	-	-
UK 4a	Of which equities under the simple risk weighted approach	**304.5**	304.6	**24.4**
5	Of which the advanced IRB (AIRB) approach [2]	**5,754.1**	5,570.8	**460.3**
6	**Counterparty credit risk (CCR)**	**120.3**	110.1	**9.6**
7	Of which the standardised approach	**26.9**	23.6	**2.1**
8	Of which internal model method (IMM) [1]	-	-	-
UK 8a	Of which exposures to a CCP	**8.4**	9.1	**0.7**
UK 8b	Of which credit valuation adjustment - CVA [3]	**85.0**	77.4	**6.8**
9	Of which other CCR	-	-	-
15	**Settlement risk**	-	-	-
16	**Securitisation exposures in the non-trading book (after the cap)**	**63.6**	61.9	**5.1**
17	Of which SEC-IRBA approach [1]	-	-	-
18	Of which SEC-ERBA (including IAA) [4]	**63.6**	61.9	**5.1**
19	Of which SEC-SA approach [1]	-	-	-
UK 19a	Of which 1250%/ deduction [1]	-	-	-
20	**Position, foreign exchange and commodities risks (Market risk)** [5]	-	-	-
21	Of which the standardised approach [1]	-	-	-
22	Of which IMA [1]	-	-	-
UK 22a	**Large exposure**	-	-	-
23	**Operational risk**	**840.5**	840.5	**67.2**
UK 23a	Of which basic indicator approach [1]	-	-	-
UK 23b	Of which standardised approach	**840.5**	840.5	**67.2**
UK 23c	Of which advanced measurement approach [1]	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	-	-	-
29	**Total**	**8,504.3**	8,277.4	**680.3**

Notes

1. This approach is not applicable to the Group.
2. The advanced IRB approach includes exposures to non-credit obligation assets of £59.1m (31 December 2024: £54.9m) that are subject to a 100% risk weight.
3. Credit Valuation Adjustment (CVA) is the adjustment applied to the fair value of derivatives for potential mark-to-market losses due to credit quality deterioration of a 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 has determined its market risk exposure to be zero, as the overall net foreign exchange position remains below the prescribed threshold.

3.2 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 by the PRA, over the period from 31 December 2024 to 31 March 2025. The RWAs do not match the amounts presented in row 5 of template UK OV1 for the credit risk exposures measured under the advanced IRB approach as this also includes RWAs for non-credit obligation assets of £59.1m (31 December 2024: £54.9m).

		a Risk weighted exposure amount quarter to 31 March 25 £m
1	**Risk weighted exposure amount as at the end of the previous reporting period**	**5,515.9**
2	Asset size (+/-)	136.4
3	Asset quality (+/-)	42.7
4	Model updates (+/-)	-
5	Methodology and policy (+/-)	-
6	Acquisitions and disposals (+/-)	-
7	Foreign exchange movements (+/-)	-
8	Other (+/-)	-
9	**Risk weighted exposure amount as at the end of the reporting period**	**5,695.0**

The credit risk RWAs under the advanced IRB approach for retail mortgage exposures increased by £179.1m in the quarter to £5,695.0m (31 December 2024: £5,515.9m). The increase in RWAs is principally driven by the growth in the mortgage book. The quality of the mortgage book remains relatively stable compared to the previous quarter.

4 Liquidity requirements

4.1 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 LCR.

		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
UK 1a	Quarter ending on (DD Month YY)	31 Mar 25	31 Dec 24	30 Sep 24	30 Jun 24	31 Mar 25	31 Dec 24	30 Sep 24	30 Jun 24
UK 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
		£m	£m	£m	£m	£m	£m	£m	£m
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					**6,102.2**	6,100.6	6,007.2	5,926.2
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	**29,624.6**	29,035.7	28,316.7	27,393.6	**1,961.3**	1,968.9	1,931.4	1,854.5
3	*Stable deposits*	**14,383.8**	13,669.0	13,162.5	12,825.3	**719.2**	683.5	658.1	641.3
4	*Less stable deposits*	**8,664.2**	8,825.9	8,651.4	8,187.4	**1,196.6**	1,232.6	1,209.6	1,139.3
5	Unsecured wholesale funding	**298.5**	333.3	328.6	336.9	**227.9**	253.9	239.2	241.4
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	**-**	-	-	-	**-**	-	-	-
7	*Non-operational deposits (all counterparties)*	**240.9**	250.1	257.8	264.8	**170.3**	170.7	168.4	169.3
8	*Unsecured debt*	**57.6**	83.2	70.8	72.1	**57.6**	83.2	70.8	72.1
9	Secured wholesale funding					**-**	-	-	-
10	Additional requirements	**723.6**	829.9	933.2	980.5	**723.6**	829.9	933.2	980.5
11	*Outflows related to derivative exposures and other collateral requirements*	**649.2**	756.1	858.0	906.1	**649.2**	756.1	858.0	906.1
12	*Outflows related to loss of funding on debt products*	**-**	-	-	-	**-**	-	-	-
13	*Credit and liquidity facilities*	**74.4**	73.8	75.2	74.4	**74.4**	73.8	75.2	74.4
14	Other contractual funding obligations	**22.3**	19.3	19.4	19.6	**-**	-	-	-
15	Other contingent funding obligations	**1,710.5**	1,742.0	1,820.6	1,917.5	**598.7**	609.7	637.2	671.1
16	TOTAL CASH OUTFLOWS					**3,511.5**	3,662.4	3,741.0	3,747.5
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	**-**	-	-	-	**-**	-	-	-
18	Inflows from fully performing exposures	**220.2**	212.8	207.3	203.7	**180.6**	173.8	167.8	163.6
19	Other cash inflows	**66.4**	70.8	75.6	72.0	**66.4**	70.8	75.6	72.0
20	TOTAL CASH INFLOWS	**286.6**	283.6	282.9	275.7	**247.0**	244.6	243.4	235.6
UK-20a	Fully exempt inflows	**-**	-	-	-	**-**	-	-	-
UK-20b	*Inflows subject to 90% cap*	**-**	-	-	-	**-**	-	-	-
UK-20c	*Inflows subject to 75% cap*	**286.6**	283.6	282.9	275.7	**247.0**	244.6	243.4	235.6
TOTAL ADJUSTED VALUE									
UK-21	LIQUIDITY BUFFER					**6,102.2**	6,100.6	6,007.2	5,926.2
22	TOTAL NET CASH OUTFLOWS					**3,264.5**	3,417.8	3,497.6	3,511.9
23	LIQUIDITY COVERAGE RATIO (%)					**187.40**	179.02	171.96	169.05

4.2 UK LIQB – Qualitative information on LCR, which complements template UK LIQ1

(a) 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 part of the PRA Rulebook for CRR firms, aims to ensure that the Group holds sufficient HQLA to survive a period of liquidity stress lasting 30 calendar days.

The 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 LCR disclosure (calculated as the simple average of month end observations over the 12 months preceding the end of each quarter) was 187.4% as of 31 March 2025.

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

Overall, the LCR has increased in the quarter, with an average of 187.4% as of 31 March 2025 compared to an average LCR of 179.0% as of 31 December 2024. The Group has seen continued growth in customer deposits which has supported new mortgage lending, including greater commitments to support more customers to own 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 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 TFSME, repos, covered bonds and 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 Group'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 on a GBP equivalent basis only as this is the Group's only significant currency in accordance with the Liquidity Coverage Ratio 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

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

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:

Asset backed securities (ABS)	An asset backed security is a security whose value and income payments are derived from and collateralised (or 'backed') by a specified pool of underlying assets. Typically, these assets are pools of residential and commercial mortgages.
Common Equity Tier 1 capital (CET 1)	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.
Covered bonds	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.
Credit Valuation Adjustment (CVA)	The adjustment applied to the fair value of derivatives for potential mark-to-market losses due to credit quality deterioration of a counterparty (that does not necessarily default).
Capital Requirements Directive V (CRD V)	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).
Debt securities	Assets representing certificates of indebtedness of credit institutions, public bodies or other undertakings.
Fair value	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.
Group consolidation	The Group's consolidation group comprises the Society and all of its subsidiaries (i.e., full group consolidation).
Group	The prudential consolidation group comprises the Society and all of its subsidiaries excluding the Connells group, Jade Software Corporation Ltd and a small number of other entities whose activities are not closely aligned with the core business.
Internal Ratings-Based approach (IRB)	An advanced approach to measuring capital requirements in respect of credit risk. The IRB approach may only be used with permission from the PRA.
Leverage ratio	The ratio of Tier 1 capital divided by total leverage exposure measure of on and off-balance sheet assets. The UK leverage ratio represents the UK regulatory regime which excludes deposits with central banks from the leverage exposure measure.
Liquidity Coverage Ratio (LCR)	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.
Net Stable Funding Ratio (NSFR)	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.
Permanent Interest Bearing Shares (PIBS) or subscribed capital	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.
Repo / reverse repo	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.
Residential mortgage-backed securities (RMBS)	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).
Risk weighted assets (RWA)	The value of assets, after adjustment, under CRD V rules to reflect the degree of risk they represent.

Securitisation	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.
Term Funding Scheme with additional incentives for SMEs (TFSME)	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.
Tier 1 capital	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.
Tier 2 capital	A further measure of financial strength, including the Society's PIBS, eligible collective impairment provisions and other Tier 2 securities as defined by CRD V.
UK Capital Requirements Regulation (UK CRR)	UK Capital Requirements Regulation (UK CRR) implemented in 2022.
Wholesale funding	Amounts owed to credit institutions, amounts owed to other customers and debt securities in issue excluding balances deposited by offshore customers.

Media Enquiries

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