

The Co-operative Bank Holdings Ltd
and The Co-operative Bank p.l.c.

Pillar 3 Disclosures 2023



The **co-operative** bank
Ethical then, now and always

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The glossary for the suite of 2023 year end reports can be found at:
www.co-operativebank.co.uk/investorrelations/financialresults

1. OVERVIEW

1.1 BACKGROUND

The Co-operative Bank Holdings Limited (Holding Company) owns 100% of The Co-operative Bank Finance p.l.c. (Finance Company) which owns 100% of The Co-operative Bank p.l.c. (Bank Company). The Pillar 3 disclosures as at 31 December 2023 have been prepared on a basis to cover the reporting requirements for both the fully consolidated Holding Company and its controlled entities (Group) and Bank Company on an individual entity basis. The main part of the document covers the reporting requirements of the Group. Where reference is made to the Bank this reflects the activities of the Bank and Group collectively, unless otherwise stated. Appendix 1 specifically covers the Bank Company individual entity reporting.

These disclosures have been prepared to give information on the basis of calculating capital requirements and on the management of risks faced by the Group in accordance with the rules laid out in the PRA rulebook [Disclosure \(CRR\) - Prudential Regulation Authority \(prarulebook.co.uk\)](https://www.prarulebook.co.uk) unless otherwise stated and should be read in conjunction with the Group and Bank's combined 2023 Annual Report and Accounts (ARA) and in particular the risk management section. This is available on the Investor Relations section of the Bank's website: www.co-operativebank.co.uk/investorrelations/financialresults

The European Union Capital Requirements Directive (CRD) came into effect on 1 January 2007. Commonly referred to as Basel II, the legislative framework introduced capital adequacy standards and an associated supervisory framework in the European Union (EU). This was replaced by the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (together collectively known as CRD IV) which came into force on 1 January 2014. CRD IV disclosures in this and related documents are based on the Bank's interpretation of final published rules, including related European Banking Authority (EBA) technical standards. This has now been superseded by PS22/21.

All values are in £m unless stated otherwise.

1.2 BASIS AND FREQUENCY OF DISCLOSURES

These disclosures may differ from similar information in the 2023 Annual Report and Accounts prepared in accordance with International Financial Reporting Standards (IFRS), with the information included in Pillar 3 being prepared in accordance with CRD IV and the PRA rulebook; the information in these disclosures may therefore not be directly comparable with that information. All figures are as at 31 December 2023 unless otherwise stated.

Full disclosures are issued on an annual basis and published on the same day as publication of the Annual Report and Accounts. The key metrics table (KM1) is published on a semi-annually basis.

1.3 LOCATION AND VERIFICATION

This report was prepared and approved in line with the Group's Pillar 3 policy, which is updated on a yearly basis. No significant changes have been made to the Pillar 3 policy compared to the prior year.

Internal suppliers of data attest to its accuracy and at the same time, consistency checks and reconciliations were performed with the 2023 Annual Report and Accounts and regulatory returns where applicable. The disclosures have been subject to internal verification and reviewed by the Audit Committee on behalf of the Board but have not been, and are not required to be, subject to independent external audit. The Pillar 3 report is published on the Bank's website: www.co-operativebank.co.uk/investorrelations/financialresults

'We attest that, to the best of our knowledge, The Co-operative Bank's Pillar 3 disclosures have been prepared in accordance within the internal controls framework that the Bank operates in order to manage the production of its internal and external reporting.'

Gareth Jones, Chief Risk Officer
Louise Britnell, Chief Financial Officer

1.4 SCOPE OF DISCLOSURE

The Pillar 3 disclosures in this document relate to the Group, apart from Appendix 1 which sets out the disclosures required for the Bank Company on an individual basis. For other disclosures required on an individual basis these are either the same for both the consolidated Group and the individual Bank Company or deemed immaterial (as per UK PRA rulebook (CRR) Article 432). Regulatory returns are made at both a

consolidated Group level and an individual Bank Company level under the Bank Company's PRA firm reference number (121885).

1.5 NON-DISCLOSURE

In accordance with EBA guidelines on materiality, proprietary and confidentiality and on disclosure frequency, the following disclosures have not been included on the grounds that the Group considers them to be immaterial:

- CRR Article 442(d), (h) split of geographical exposures. The Group's exposures are predominantly within the UK and therefore the geographical split has not been disclosed;
- CRR Article 447 regarding equity disclosures (Exposure At Default (EAD) of £12.6m as at 31 December 2023 and £11.1m as at 31 December 2022). Further details of the Equity holding can be found in Note 17 and 33 of the 2023 ARA and relates mainly to one significant holding of Visa International preference shares.

No disclosures have been omitted on the grounds of proprietary or confidential information.

1.6 PILLAR 3 REQUIREMENTS DISCLOSED IN THE 2023 ANNUAL REPORT AND ACCOUNTS

The following Pillar 3 requirements are shown in the ARA:

- OVA – Risk management approach. ARA Risk Management section 1
- OVB – Governance arrangements. ARA Risk Committee report
- LIQA – Liquidity risk management. ARA Risk Management section 5.1-5.2
- CRA (part D) – ARA Risk Management section 1.1-1.7
- CRB – Impairment approach. ARA Explanatory notes section j)
- CRC – Retail and SME Collateral. ARA Risk Management section 3.2.1.1.1 & 3.2.1.2
- MRA – Market risk. ARA Risk management section 4.1-4.2
- ORA – Operational risk. ARA risk management section 1.8.2
- REMA & REM1-5. Remuneration Policy and tables. ARA Directors report on remuneration to the shareholder (including specific section for Pillar 3 tables)
- Other risks. ARA Risk management section 1.1-1.8

All locations are signposted in the document.

2.0 KEY METRICS

For commentary on the key capital and liquidity metrics see the financial performance section of the strategic report in the 2023 ARA for capital and liquidity alongside the 2023 Investor Presentation.

3.0 PILLAR 3 TEMPLATES AND TABLES

ANNEX 1 KEY METRICS AND RISK WEIGHTED ASSETS

3.1 UK OV1 – OVERVIEW OF RISK WEIGHTED EXPOSURE AMOUNTS

		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		a	b	c
		31 December		
		2023	2022	2023
1	Credit risk (excluding CCR)	4,074.7	4,179.5	326.0
2	Of which the standardised approach	559.8	554.3	44.8
3	Of which the foundation IRB (FIRB) approach	175.1	181.6	14.0
4	Of which slotting approach	308.9	283.3	24.7
UK 4a	Of which equities under the simple risk weighted approach	-	-	-
5	Of which the advanced IRB (AIRB) approach	3,030.9	3,160.3	242.5
6	Counterparty credit risk - CCR	31.5	37.6	2.5
7	Of which the standardised approach	27.6	28.0	2.2
8	Of which internal model method (IMM)	-	-	-
UK 8a	Of which exposures to a CCP	0.9	0.6	0.1
UK 8b	Of which credit valuation adjustment - CVA	3.0	9.0	0.2
9	Of which other CCR	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	100.5	95.8	8.0
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	100.5	95.8	8.0
19	Of which SEC-SA approach	-	-	-
UK 19a	Of which 1250 % / deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	-	-	-
21	Of which the standardised approach	-	-	-
22	Of which IMA	-	-	-
UK 22a	Large exposures	-	-	-
23	Operational risk	574.0	503.3	45.9
UK 23a	Of which basic indicator approach	-	-	-
UK 23b	Of which standardised approach	574.0	503.3	45.9
UK 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250 % risk weight) (For information)	205.1	237.3	16.4
29	Total	4,780.7	4,816.2	382.4

3.2 UK KM1 - KEY METRICS TEMPLATE

		a	b	c
		31 Dec 23	30 Jun 23	31 Dec 22
	Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	960.6	991.3	952.4
2	Tier 1 capital	960.6	991.3	952.4
3	Total capital	1,197.0	1,186.6	1,146.6
	Risk-weighted exposure amounts			
4	Total risk-weighted exposure amount	4,780.7	4,943.2	4,816.2
	Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%) ¹	20.1	20.1	19.8
6	Tier 1 ratio (%)	20.1	20.1	19.8
7	Total capital ratio (%)	25.0	24.0	23.8
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)			
UK 7a	Additional CET1 SREP requirements (%)	2.8	2.8	2.8
UK 7b	Additional AT1 SREP requirements (%)	1.0	1.0	1.0
UK 7c	Additional T2 SREP requirements (%)	1.3	1.3	1.3
UK 7d	Total SREP own funds requirements (%)	13.1	13.1	13.1
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2.5	2.5	2.5
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-
9	Institution specific countercyclical capital buffer (%)	2.0	1.0	1.0
UK 9a	Systemic risk buffer (%)	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-
UK 10a	Other Systemically Important Institution buffer	-	-	-
11	Combined buffer requirement (%)	4.5	3.5	3.5
UK 11a	Overall capital requirements (%)	17.5	16.6	16.6
12	CET1 available after meeting the total SREP own funds requirements (%)	10.3	10.3	9.9
	Leverage ratio²			
13	Total exposure measure excluding claims on central banks	23,530.1	23,907.4	23,525.6
14	Leverage ratio excluding claims on central banks (%)	4.1	4.1	4.0
	Additional leverage ratio disclosure requirements³			
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)			
14b	Leverage ratio including claims on central banks (%)			
14c	Average leverage ratio excluding claims on central banks (%)			
14d	Average leverage ratio including claims on central banks (%)			
14e	Countercyclical leverage ratio buffer (%)			

3.2 UK KM1 - KEY METRICS TEMPLATE - CONTINUED

		a	b	c
		31 Dec 23	30 Jun 23	31 Dec 22
	Liquidity Coverage Ratio⁴			
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	4,457.7	5,342.5	5,880.3
UK 16a	Cash outflows - Total weighted value	2,236.1	2,358.1	2,333.8
UK 16b	Cash inflows - Total weighted value	133.8	123.2	110.9
16	Total net cash outflows (adjusted value)	2,106.4	2,234.9	2,222.9
17	Liquidity coverage ratio (%)	211.4	238.9	265.3
	Net Stable Funding Ratio			
18	Total available stable funding	23,707.7	24,891.9	25,507.7
19	Total required stable funding	17,892.3	18,451.6	18,559.4
20	NSFR ratio (%)	132.5	134.9	137.4

- 1) Includes £12.0m proposed dividend.
- 2) The Leverage ratio exposure measure does not include exposures to the Bank of England in line with the UK Leverage Regime.
- 3) Only required for LREQ firms. 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 have been left blank as the Group is not currently captured by either threshold.
- 4) The values have been calculated as a simple average of the 12 month end observations preceding the end of each half year.

3.2.1 UK KM2 - KEY METRICS TEMPLATE MREL

		a	b	c
		31 Dec 23	30 Jun 23	31 Dec 22
1	Total capital	1,197.0	1,186.6	1,146.6
2	Eligible senior unsecured securities	654.8	654.5	452.7
3	Total MREL resources	1,851.8	1,841.1	1,599.3
4	Total Risk Weighted Assets (RWAs)	4,780.7	4,943.2	4,816.2
5	Total MREL resources available as a percentage of RWAs	38.7%	37.2%	33.2%
6	UK Leverage exposure	23,530.1	23,907.4	23,525.6
7	Total MREL resources available as a % of UK leverage exposure	7.9%	7.7%	6.8%

3.3 UK INS1 - INSURANCE PARTICIPATIONS

The Co-operative Bank has no own funds held in insurance or reinsurance firms so this template has not been presented.

3.4 UK INS2 - FINANCIAL CONGLOMERATES INFORMATION ON OWN FUNDS AND CAPITAL ADEQUACY RATIO

The Co-operative Bank does not qualify as a financial conglomerate so this template has not been presented.

3.5 UK OVC – INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP) INFORMATION

(a) Approach to assessing the adequacy of the internal capital (Article 438(a) CRR)

An ICAAP is an internal assessment of Pillar 2A and Pillar 2B capital requirements. The Pillar 2A assessment considers firm-specific risks and risks not included in Pillar 1 such as credit concentration, operational and interest rate risk. Pillar 2B provides an assessment of the Group's stressed capital adequacy in the context of its business strategy, risk appetite, risk profile and capital plan through a five-year planning horizon. Stress testing is embedded within the financial planning process, with stressed scenarios and sensitivities applied to the latest forecasts at least on an annual basis, or more frequently where required. This enables senior management and the Board to assess the latest plan or forecast under adverse scenarios to ensure the Group remains within risk appetite. Where results fall outside of risk appetite, either management actions are identified and embedded to bring the position back within the risk appetite, or the risk is accepted. The ICAAP has been completed annually, analysing the major drivers of risks to the business and the amounts and types of capital that should be held to ensure the Group is able to continue to meet its liabilities as they fall due.

The ICAAP is presented to EROC, ALCo and ExCo for challenge and approval. The Board ratifies the ICAAP document following its approval by ALCo, ExCo and Risk Committee. The PRA assesses the Group's ICAAP and sets the Individual Capital Requirement (ICR) alongside their requirements and buffers.

The combination of Pillar 1 and Pillar 2A requirements form the Group's Total Capital Requirement (TCR). In line with the PRA statement in May 2020 as a response to Covid-19, the ICR was temporarily set as a nominal amount for the Supervisory Review and Evaluation Processes (SREPs). The PRA confirmed during 2022 that Pillar 2A has reverted to being expressed as a percentage of RWAs.

Capital resources are held to protect depositors, to cover inherent risks, to absorb unexpected losses, and to support the development of the business. The Group manages and calculates its capital adequacy in accordance with CRD IV.

Financial planning and stress testing are used to assess capital adequacy within:

- The financial planning process;
- The ICAAP; and
- Forecasting exercises.

The financial planning process is completed annually, with regular updates throughout the year to assess capital resources and requirements on a forward-looking basis. This process takes into consideration strategic direction and its impact on both resources and requirements.

(b) Result of internal capital adequacy assessment process (Article 438(a) CRR)

The TCR requirement from the PRA sets out the Group's capital requirements, these being:

- a Pillar 1 requirement equivalent to 8.0 % of total Risk Weighted Assets (RWAs); and
- an Individual Capital Requirement (ICR) equivalent to 5.05 % of total RWAs (for a combined 13.05 % of total RWAs).

The TCR requirement of 13.05 % is required to be met by a minimum 9.79 % of CET1 capital resources, in the absence of additional Tier 1 capital, and a maximum of 3.26 % Tier 2 capital resources.

ANNEX 3 RISK MANAGEMENT OBJECTIVES AND POLICIES

3.6 UK OVA - INSTITUTION RISK MANAGEMENT APPROACH

(a) Point (f) of Article 435(1) CRR Disclosure of concise risk statement approved by the management body.	See 2023 Annual Report and Accounts Risk Management Section 1
(b) Point (b) of Article 435(1) CRR Information on the risk governance structure for each type of risk.	
(c) Point (e) of Article 435(1) CRR Declaration approved by the management body on the adequacy of the risk management arrangements.	
(d) Point (c) of Article 435(1) CRR Disclosure on the scope and nature of risk disclosure and/or measurement systems.	
(e) Point (c) of Article 435(1) CRR Disclose information on the main features of risk disclosure and measurement systems.	
(f) Point (a) of Article 435(1) CRR Strategies and processes to manage risks for each separate category of risk.	
(g) Points (a) and (d) of Article 435(1) CRR Information on the strategies and processes to manage, hedge and mitigate risks, as well as on the monitoring of the effectiveness of hedges and mitigants.	

3.7 UK OVB – DISCLOSURE ON GOVERNANCE ARRANGEMENTS

(a) Point (a) of Article 435(2) CRR The number of directorships held by members of the management body.	See 2023 Annual Report and Accounts Risk Committee Report
(b) Point (b) of Article 435(2) CRR Information regarding the recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise.	
(c) Point (c) of Article 435(2) CRR Information on the diversity policy with regard of the members of the management body.	
(d) Point (d) of Article 435(2) CRR Information whether or not the institution has set up a separate risk committee and the frequency of the meetings.	
(e) Point (e) Article 435(2) CRR Description on the information flow on risk to the management body.	

ANNEX 5 SCOPE OF APPLICATION

3.8 - UK LI1 - DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY SCOPES OF CONSOLIDATION AND MAPPING OF FINANCIAL STATEMENT CATEGORIES WITH REGULATORY RISK CATEGORIES

31 December 2023	a	b	c	d	e	f	g
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the CCR framework	Carrying values of items Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by asset class according to the balance sheet in the published financial statements							
1	Cash & balances at the central banks	2,708.3	2,708.3	2,708.3	-	-	-
2	Loans and advances to Banks	212.6	212.6	212.6	-	-	-
3	Loans and advances to customers	20,149.4	20,149.4	20,316.9	-	-	(167.5)
4	Investment securities	2,088.3	2,088.3	1,971.8	-	116.5	-
5	Derivative financial instruments	309.1	309.1	-	309.1	-	-
6	Other assets	47.9	47.9	47.9	-	-	-
7	Property, plant and equipment	23.6	23.6	23.6	-	-	-
8	Intangible assets	114.0	114.0	-	-	-	114.0
9	Right-of-use assets	31.4	31.4	31.4	-	-	-
10	Current tax asset	4.3	4.3	4.3	-	-	-
11	Deferred tax assets	233.9	233.9	82.1	-	-	151.8
12	Net retirement benefit	148.5	148.5	-	-	-	148.5
13	Total assets	26,071.3	26,071.3	25,398.9	309.1	116.5	246.8

3.8 - UK LI1 - DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY SCOPES OF CONSOLIDATION AND MAPPING OF FINANCIAL STATEMENT CATEGORIES WITH REGULATORY RISK CATEGORIES - CONTINUED

31 December 2022	a	b	c	d	e	f	g
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the CCR framework	Carrying values of items Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by asset class according to the balance sheet in the published financial statements							
1	Cash & balances at the central banks	5,270.4	5,270.4	5,270.4	-	-	-
2	Loans and advances to Banks	387.1	387.1	387.1	-	-	-
3	Loans and advances to customers	20,491.2	20,491.2	20,921.9	-	-	(430.7)
4	Investment securities	942.7	942.7	850.6	-	92.1	-
5	Derivative financial instruments	520.1	520.1	-	520.1	-	-
6	Other assets	46.6	46.6	46.6	-	-	-
7	Property, plant and equipment	22.8	22.8	22.8	-	-	-
8	Intangible assets	90.0	90.0	-	-	-	90.0
9	Right-of-use assets	33.0	33.0	33.0	-	-	-
10	Current tax asset	1.8	1.8	1.8	-	-	-
11	Deferred tax assets	167.4	167.4	94.9	-	-	72.5
12	Net retirement benefit	159.7	159.7	-	-	-	159.7
13	Total assets	28,132.8	28,132.8	27,629.1	520.1	92.1	(108.5)

3.8 - UK LI1 - DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY SCOPES OF CONSOLIDATION AND MAPPING OF FINANCIAL STATEMENT CATEGORIES WITH REGULATORY RISK CATEGORIES – CONTINUED

31 December 2023		a	b	c	d	e	f	g
		Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the CCR framework	Carrying values of items Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by liability class according to the balance sheet in the published financial statements								
1	Deposits by banks	4,288.9	4,288.9	-	-	-	-	4,288.9
2	Customer accounts	19,215.1	19,215.1	-	-	-	-	19,215.1
3	Debt securities in issue	-	-	-	-	-	-	-
4	Derivative financial instruments	110.3	110.3	-	110.3	-	-	-
5	Other liabilities	37.4	37.4	-	-	-	-	37.4
6	Accruals & deferred income	22.8	22.8	-	-	-	-	22.8
7	Provisions	60.6	60.6	-	-	-	-	60.6
8	Other borrowed funds	891.2	891.2	-	-	-	-	891.2
9	Lease liabilities	30.1	30.1	-	-	-	-	30.1
10	Net retirement benefit liability	5.9	5.9	-	-	-	-	5.9
11	Total liabilities	24,662.3	24,662.3	-	110.3	-	-	24,552.0

3.8 - UK LI1 - DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY SCOPES OF CONSOLIDATION AND MAPPING OF FINANCIAL STATEMENT CATEGORIES WITH REGULATORY RISK CATEGORIES – CONTINUED

31 December 2022		a	b	c	d	e	f	g
		Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the CCR framework	Carrying values of items Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by liability class according to the balance sheet in the published financial statements								
1	Deposits by banks	5,683.4	5,683.4	-	-	-	-	5,683.4
2	Customer accounts	20,072.7	20,072.7	-	-	-	-	20,072.7
3	Debt securities in issue	181.9	181.9	-	-	-	-	181.9
4	Derivative financial instruments	103.5	103.5	-	103.5	-	-	-
5	Other liabilities	42.8	42.8	-	-	-	-	42.8
6	Accruals & deferred income	32.5	32.5	-	-	-	-	32.5
7	Provisions	33.2	33.2	-	-	-	-	33.2
8	Other borrowed funds	646.9	646.9	-	-	-	-	646.9
9	Lease liabilities	31.0	31.0	-	-	-	-	31.0
10	Net retirement benefit liability	5.9	5.9	-	-	-	-	5.9
11	Total liabilities	26,833.8	26,833.8	-	103.5	-	-	26,730.3

3.9 UK LI2 - MAIN SOURCES OF DIFFERENCES BETWEEN REGULATORY EXPOSURE AMOUNTS AND CARRYING VALUES IN FINANCIAL STATEMENTS

31 December 2023		a	b	c	d	e
		Total		Items subject to:		
			Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1	Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)	25,824.5	25,398.9	116.5	309.1	-
2	Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1)	(110.3)	-	-	(110.3)	-
3	Total net amount under the regulatory scope of consolidation	25,714.2	25,398.9	116.5	198.8	-
4	Off-balance-sheet amounts	1,617.5	1,617.5	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	6.6	-	-	6.6	-
7	Differences due to consideration of provisions	34.0	34.0	-	-	-
8	Differences due to the use of credit risk mitigation techniques (CRMs)	(162.4)	(25.0)	-	(137.4)	-
9	Differences due to credit conversion factors	(242.5)	(242.5)	-	-	-
10	Differences due to Securitisation with risk transfer	-	-	-	-	-
11	Other differences	886.1	879.8	-	6.3	-
12	Exposure amounts considered for regulatory purposes	27,853.5	27,662.7	116.5	74.3	-

31 December 2022		a	b	c	d	e
		Total		Items subject to:		
			Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1	Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)	28,241.3	27,629.1	92.1	520.1	-
2	Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1)	(103.5)	-	-	(103.5)	-
3	Total net amount under the regulatory scope of consolidation	28,137.8	27,629.1	92.1	416.6	-
4	Off-balance-sheet amounts	2,009.9	2,009.9	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	2.7	-	-	2.7	-
7	Differences due to consideration of provisions	38.1	38.1	-	-	-
8	Differences due to the use of credit risk mitigation techniques (CRMs)	(302.9)	76.8	-	(379.7)	-
9	Differences due to credit conversion factors	(257.3)	(257.3)	-	-	-
10	Differences due to Securitisation with risk transfer	-	-	-	-	-
11	Other differences	904.9	874.8	-	30.1	-
12	Exposure amounts considered for regulatory purposes	30,533.2	30,371.4	92.1	69.7	-

3.10 UK L13 - OUTLINE OF THE DIFFERENCES IN THE SCOPES OF CONSOLIDATION (ENTITY BY ENTITY)

a	b	c	d	e	f	g	h
Name of the entity	Method of accounting consolidation	Full consolidation	Method of regulatory consolidation			Deducted	Description of the entity
			Proportional consolidation	Equity method	Neither consolidated nor deducted		
<i>The Co-operative Bank Plc</i>	<i>Full consolidation</i>	X					<i>Credit institution</i>
<i>The Co-operative Bank Holdings Limited</i>	<i>Full consolidation</i>	X					<i>Holding company</i>
<i>The Co-operative Bank Finance plc</i>	<i>Full consolidation</i>	X					<i>Holding company</i>
<i>Mortgage Agency Services Number One Limited</i>	<i>Full consolidation</i>	X					<i>Specialist Mortgage Lending</i>
<i>Mortgage Agency Services Number Two Limited</i>	<i>Full consolidation</i>	X					<i>Specialist Mortgage Lending</i>
<i>Mortgage Agency Services Number Four Limited</i>	<i>Full consolidation</i>	X					<i>Specialist Mortgage Lending</i>
<i>Mortgage Agency Services Number Five Limited</i>	<i>Full consolidation</i>	X					<i>Specialist Mortgage Lending</i>
<i>Mortgage Agency Services Number Six Limited</i>	<i>Full consolidation</i>	X					<i>Specialist Mortgage Lending</i>
<i>Platform Funding Limited</i>	<i>Full consolidation</i>	X					<i>Specialist Mortgage Lending</i>

UK L13 – OUTLINE OF THE DIFFERENCES IN THE SCOPES OF CONSOLIDATION (ENTITY-BY-ENTITY) - CONTINUED

a	b	c	d			e	f	g	h
Name of the entity	Method of accounting consolidation	Full consolidation	Method of regulatory consolidation			Equity method	Neither consolidated nor deducted	Deducted	Description of the entity
			Proportional consolidation						
<i>Silk Road Finance Number Five Plc</i>	<i>Full consolidation</i>	X							<i>Funding vehicle</i>
<i>Silk Road Finance Number Six Plc</i>	<i>Full consolidation</i>	X							<i>Funding vehicle</i>
<i>Britannia International Limited</i>	<i>Full consolidation</i>	X							<i>Non-trading</i>
<i>Moorland Covered Bonds Limited Liability Partnership</i>	<i>Full consolidation</i>	X							<i>Funding vehicle</i>
<i>Co-operative Bank Financial Advisers Limited</i>	<i>Full consolidation</i>	X							<i>Non-trading</i>
<i>Second Roodhill Leasing Limited</i>	<i>Full consolidation</i>	X							<i>Leasing company</i>
<i>Third Roodhill Leasing Limited</i>	<i>Full consolidation</i>	X							<i>Leasing company</i>
<i>Fourth Roodhill Leasing Limited</i>	<i>Full consolidation</i>	X							<i>Leasing company</i>

3.11 LIA - EXPLANATIONS OF DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY EXPOSURE AMOUNTS

Row number (a)	<p>Article 436(b) CRR. Differences between columns (a) and (b) in template UK LI1</p> <p>There are no differences between the columns because no entities are derecognised from the accounting balance sheet for regulatory purposes.</p>
(b)	<p>Article 436(d) CRR. Qualitative information on the main sources of differences between the accounting and regulatory scope of consolidation shown in template UK LI2</p> <p>Key differences between accounting and regulatory balances in template UK LI2 are:</p> <ul style="list-style-type: none"> • Off-balance sheet amounts are included in row 4 of UK LI2, reduced by applicable regulatory credit conversion factors in row 9; and • Other differences in row 11 primarily relate to regulatory add-ons within PRA approved IRB models.

3.12 UK LIB - OTHER QUALITATIVE INFORMATION ON THE SCOPE OF APPLICATION

Row number (a)	<p>Article 436(f) CRR. Impediment to the prompt transfer of own funds or to the repayment of liabilities within the group</p> <p>There are no current or foreseen material restrictions or legal impediments to the movement of capital or to the repayment of liabilities between UK based consolidated entities, with the exception of:</p> <ul style="list-style-type: none"> • Securitisation vehicles and covered bond LLP with assets being ring-fenced within such entities; and • FCA-regulated entities where minimum capital requirements apply.
(b)	<p>Article 436(g) CRR. Subsidiaries not included in the consolidation with own funds less than required</p> <p>There are no subsidiaries excluded because no entities are derecognised from the accounting balance sheet for regulatory purposes.</p>
(c)	<p>Article 436(h) CRR. Use of derogation referred to in Article 7 CRR or individual consolidation method laid down in Article 9 CRR</p> <p>The Bank does not have a derogation from prudential requirements on an individual basis as per CRR article 7 nor an individual consolidation permission as per CRR article 9.</p>
(d)	<p>Article 436(g) CRR. Aggregate amount by which the actual own funds are less than required in all subsidiaries that are not included in the consolidation</p> <p>This is not applicable to the Bank as there are no subsidiaries excluded because no entities are derecognised from the accounting balance sheet for regulatory purposes.</p>

3.13 UK PV1: PRUDENT VALUATION ADJUSTMENTS (PVA)

Disclosure not applicable as the Bank applies the simplified approach to calculate prudent valuation adjustments. The PVA is £2.7m (2022: £2.1m).

ANNEX 7 OWN FUNDS

3.14 UK CC1 - COMPOSITION OF REGULATORY OWN FUNDS

		(a) Amounts 31 December		(b) Ref*
		2023	2022	
Common Equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	314.7	314.7	d & e
	of which: Instrument type 1	314.7	314.7	
	of which: Instrument type 2	-	-	
	of which: Instrument type 3	-	-	
2	Retained earnings	1,968.1	1,946.0	f
3	Accumulated other comprehensive income (and other reserves)	(1,003.5)	(983.8)	g
UK-3a	Funds for general banking risk	-	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	-	
5	Minority interests (amount allowed in consolidated CET1)	-	-	
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	117.7	22.1	f
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,397.0	1,299.0	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	(2.7)	(2.1)	
8	Intangible assets (net of related tax liability) (negative amount)	(114.0)	(90.0)	a
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	(193.4)	(116.3)	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	(5.4)	(10.6)	
12	Negative amounts resulting from the calculation of expected loss amounts	(14.0)	(11.7)	
13	Any increase in equity that results from securitised assets (negative amount)	-	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	-	
15	Defined-benefit pension fund assets (negative amount)	(106.9)	(115.0)	b
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)	-	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)	-	-	
UK-20a	Exposure amount of the following items which qualify for a RW of 1250 %, where the institution opts for the deduction alternative	-	-	
UK-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	-	
UK-20c	of which: securitisation positions (negative amount)	-	-	

3.14 UK CC1 - COMPOSITION OF REGULATORY OWN FUNDS - CONTINUED

		(a) Amounts 31 December		(b) Ref*
		2023	2022	
UK-20d	of which: free deliveries (negative amount)	-	-	
21	Deferred tax assets arising from temporary differences (amount above 10 % threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	(0.9)	
22	Amount exceeding the 17.65 % threshold (negative amount)	-	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	-	
25	of which: deferred tax assets arising from temporary differences	-	-	
UK-25a	Losses for the current financial year (negative amount)	-	-	
UK-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	-	
27a	Other regulatory adjustments to CET1 capital (<i>including IFRS 9 transitional adjustments when relevant</i>)	-	-	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(436.4)	(346.6)	
29	Common Equity Tier 1 (CET1) capital	960.6	952.4	
Additional Tier 1 (AT1) capital: instruments				
30	Capital instruments and the related share premium accounts	-	-	
31	of which: classified as equity under applicable accounting standards	-	-	
32	of which: classified as liabilities under applicable accounting standards	-	-	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) CRR	-	-	
UK-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	-	
UK-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	-	
36	Additional Tier 1 (AT1) capital before regulatory adjustments	-	-	
Additional Tier 1 (AT1) capital: regulatory adjustments				
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)	-	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	-	
42a	Other regulatory adjustments to AT1 capital	-	-	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	-	
44	Additional Tier 1 (AT1) capital	-	-	
45	Tier 1 capital (T1 = CET1 + AT1)	960.6	952.4	

3.14 UK CC1 - COMPOSITION OF REGULATORY OWN FUNDS - CONTINUED

		(a)		(b)
		Amounts		Ref*
		31 December		
		2023	2022	
Tier 2 (T2) capital: instruments				
46	Capital instruments and the related share premium accounts	236.4	194.2	c
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	-	
UK-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	-	-	
UK-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	-	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	-	
50	Credit risk adjustments	-	-	
51	Tier 2 (T2) capital before regulatory adjustments	236.4	194.2	
Tier 2 (T2) capital: regulatory adjustments				
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-	
UK-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	-	
UK-56b	Other regulatory adjustments to T2 capital	-	-	
57	Total regulatory adjustments to Tier 2 (T2) capital	-	-	
58	Tier 2 (T2) capital	236.4	194.2	
59	Total capital (TC = T1 + T2)	1,197.0	1,146.6	
60	Total Risk exposure amount	4,780.7	4,816.2	
Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	20.1%	19.8%	
62	Tier 1 (as a percentage of total risk exposure amount)	20.1%	19.8%	
63	Total capital (as a percentage of total risk exposure amount)	25.0%	23.8%	
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	11.8%	10.8%	
65	of which: capital conservation buffer requirement	2.5%	2.5%	
66	of which: countercyclical buffer requirement	2.0%	1.0%	
67	of which: systemic risk buffer requirement	-	-	
UK-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	-	-	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	12.8%	12.4%	

3.14 UK CC1 - COMPOSITION OF REGULATORY OWN FUNDS - CONTINUED

		(a) Amounts		(b) Ref*
		31 December		
		2023	2022	
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10 % threshold and net of eligible short positions)	-	-	
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)	-	-	
75	Deferred tax assets arising from temporary differences (amount below 17,65 % threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	82.1	94.9	
Applicable caps on the inclusion of provisions in Tier 2				
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	7.2	7.2	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	-	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	21.2	21.8	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)				
80	Current cap on CET1 instruments subject to phase out arrangements	-	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-	

* Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (UK CC2). Includes £12.0m proposed dividend.

3.15 UK CC2 - RECONCILIATION OF REGULATORY OWN FUNDS TO BALANCE SHEET IN THE AUDITED FINANCIAL STATEMENTS

		a/b ¹ Balance sheet as in published financial statements		c Reference
		31 Dec 2023	31 Dec 2022	
1	Cash & balances at the central banks	2,708.3	5,270.4	
2	Loans and advances to Banks	212.6	387.1	
3	Loans and advances to customers	20,149.4	20,491.2	
4	Investment securities	2,088.3	942.7	
5	Derivative financial instruments	309.1	520.1	
6	Other assets	47.9	46.6	
7	Property, plant and equipment	23.6	22.8	
8	Intangible assets	114.0	90.0	a
9	Right-of-use assets	31.4	33.0	
10	Current tax asset	4.3	1.8	
11	Deferred tax assets	233.9	167.4	b
12	Net retirement benefit	148.5	159.7	
13	Total assets	26,071.3	28,132.8	
1	Deposits by banks	4,288.9	5,683.4	
2	Customer accounts	19,215.1	20,072.7	
4	Debt securities in issue	-	181.9	
5	Derivative financial instruments	110.3	103.5	
6	Other liabilities	37.4	42.8	
7	Accruals & deferred income	22.8	32.5	
8	Provisions	60.6	33.2	
9	Other borrowed funds	891.2	646.9	c
10	Lease liabilities	30.1	31.0	
11	Net retirement benefit liability	5.9	5.9	
12	Total liabilities	24,662.3	26,833.8	
1	Ordinary share capital	0.9	0.9	d
2	Share Premium account	313.8	313.8	e
3	Retained earnings	2,097.8	1,968.1	f ²
4	Other reserves	(1,003.5)	(983.8)	g
5	Total shareholders' equity	1,409.0	1,299.0	

1. Balance sheet values and Regulatory scope of consolidation are the same.
2. Differential to UKCC1 value is £12.0m proposed dividend.

3.16 UK CCA: MAIN FEATURES OF REGULATORY OWN FUNDS INSTRUMENTS AND ELIGIBLE LIABILITIES INSTRUMENTS

		a	a
1	Issuer	The Co-operative Bank Holdings Limited	The Co-operative Bank plc
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	BBG00HMYP504	BBG00NX9F8W4
2a	Public or private placement	Private	Private
3	Governing law(s) of the instrument	English	English
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A	N/A
Regulatory treatment			
4	Current treatment taking into account, where applicable, transitional CRR rules	CET 1	CET 1
5	Post-transitional CRR rules	CET 1	CET 1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Consolidated	Individual
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Ordinary shares
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	314.7	25.6
9	Nominal amount of instrument (£m)	0.9	25.6
9a	Issue price	0.01p nominal value	5p nominal value
9b	Redemption price	N/A	N/A
10	Accounting classification	Shareholder's equity	Shareholder's equity
11	Original date of issuance	01/09/2017	20/12/2013
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	N/A	N/A
14	Issuer call subject to prior supervisory approval	N/A	N/A
15	Optional call date, contingent call dates and redemption amount	N/A	N/A
16	Subsequent call dates, if applicable	N/A	N/A
Coupons / dividends			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	N/A	N/A
19	Existence of a dividend stopper	N/A	N/A
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	N/A	N/A

3.16 UK CCA: MAIN FEATURES OF REGULATORY OWN FUNDS INSTRUMENTS AND ELIGIBLE LIABILITIES INSTRUMENTS - CONTINUED

		The Co-operative Bank Holdings Limited	The Co-operative Bank plc
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down features	N/A	N/A
31	If write-down, write-down trigger(s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
34a	Type of subordination (only for eligible liabilities)	N/A	N/A
34b	Ranking of the instrument in normal insolvency proceedings	CET1	CET1
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to Redeemable Preference Shares ¹	Senior unsecured
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	See footnote 2	See footnote 2

- 1) The Co-operative Bank Holdings Limited also has in issue a small number of redeemable preference shares which carry voting rights and seniority in liquidation to the ordinary shares. They are immaterial in the context of regulatory capital holdings.
- 2) Details of the debt instruments can be found at www.co-operativebank.co.uk/investorrelations

3.16 UK CCA: MAIN FEATURES OF REGULATORY OWN FUNDS INSTRUMENTS AND ELIGIBLE LIABILITIES INSTRUMENTS - CONTINUED

		a	a
1	Issuer	The Co-operative Bank Holdings Limited ¹	The Co-operative Bank Holdings Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	XS1986325972	XS2702921607
2a	Public or private placement	Public	Public
3	Governing law(s) of the instrument	English	English
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes
Regulatory treatment			
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 2	Tier 2
5	Post-transitional CRR rules	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Consolidated /(Individual)	Consolidated /(Individual)
7	Instrument type (types to be specified by each jurisdiction)	Subordinated debt	Subordinated debt
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	36.7	199.7
9	Nominal amount of instrument (£m)	36.5	200
9a	Issue price	100	100
9b	Redemption price	N/A	N/A
10	Accounting classification	Liability Amortised cost	Liability Amortised cost
11	Original date of issuance	25/04/2019	22/11/2023
12	Perpetual or dated	Dated	Dated
13	Original maturity date	25/04/2029	22/05/2034
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	25/04/2024	22/11/2028 ²
16	Subsequent call dates, if applicable	N/A	N/A
Coupons / dividends			
17	Fixed or floating dividend/coupon	Fixed	Fixed
18	Coupon rate and any related index	9.50 %	11.75 %
19	Existence of a dividend stopper	N/A	N/A
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	N/A	N/A

3.16 UK CCA: MAIN FEATURES OF REGULATORY OWN FUNDS INSTRUMENTS AND ELIGIBLE LIABILITIES INSTRUMENTS - CONTINUED

		The Co-operative Bank Holdings Limited ¹	The Co-operative Bank Holdings Limited
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down features	None contractual, statutory via bail in	None contractual, statutory via bail in
31	If write-down, write-down trigger(s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
34a	Type of subordination (only for eligible liabilities)	N/A	N/A
34b	Ranking of the instrument in normal insolvency proceedings	Tier 2	Tier 2
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated debt	Subordinated debt
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	See footnote 1	See footnote 1

- 1) Details of the debt instruments can be found at www.co-operativebank.co.uk/investorrelations. During the year the debt was transferred from The Co-operative Bank Finance p.l.c to The Co-operative Bank Holdings Limited.
- 2) The Bank has a six month period before the reset call date of 22 May 2029 in which they can call the notes.

3.16 UK CCA: MAIN FEATURES OF REGULATORY OWN FUNDS INSTRUMENTS AND ELIGIBLE LIABILITIES INSTRUMENTS - CONTINUED

		a	a	a
1	Issuer	The Co-operative Bank Holdings Limited	The Co-operative Bank Holdings Limited	The Co-operative Bank Holdings Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	XS2263766078	XS2464403877	XS2606337082
2a	Public or private placement	Public	Public	Public
3	Governing law(s) of the instrument	English	English	English
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes	Yes
	Regulatory treatment			
4	Current treatment taking into account, where applicable, transitional CRR rules	Senior MREL Debt	Senior MREL Debt	Senior MREL Debt
5	Post-transitional CRR rules	Senior MREL Debt	Senior MREL Debt	Senior MREL Debt
6	Eligible at solo/(sub-)consolidated/ solo&(sub-) consolidated	Consolidated /(Individual)	Consolidated /(Individual)	Consolidated /(Individual)
7	Instrument type (types to be specified by each jurisdiction)	Senior unsecured	Senior unsecured	Senior unsecured
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	201.2	252.6	201.0
9	Nominal amount of instrument (£m)	200	250	200
9a	Issue price	100	100	100
9b	Redemption price	N/A	N/A	N/A
10	Accounting classification	Liability Amortised cost	Liability Amortised cost	Liability Amortised cost
11	Original date of issuance	27/11/2020	06/04/2022	24/05/2023
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	27/11/2025	06/04/2027	24/05/2028
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	27/11/2024	06/04/2026	24/05/2027
16	Subsequent call dates, if applicable	N/A	N/A	N/A
	Coupons / dividends			
17	Fixed or floating	Fixed	Fixed	Fixed
18	Coupon rate and any related index	9.00 %	6.00 %	9.50 %
19	Existence of a dividend stopper	N/A	N/A	N/A
20 a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20 b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	N/A	N/A	N/A

3.16 UK CCA: MAIN FEATURES OF REGULATORY OWN FUNDS INSTRUMENTS AND ELIGIBLE LIABILITIES INSTRUMENTS - CONTINUED

	The Co-operative Bank Holdings Limited	The Co-operative Bank Holdings Limited	The Co-operative Bank Holdings Limited
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
30	Write-down features	None contractual, statutory via bail in	None contractual, statutory via bail in
31	If write-down, write-down trigger(s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
34 a	Type of subordination (only for eligible liabilities)	Structural	Structural
34 b	Ranking of the instrument in normal insolvency proceedings	Senior non-preferred	Senior non-preferred
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated debt	Subordinated debt
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A
37 a	Link to the full term and conditions of the instrument (signposting)	See footnote	See footnote

- 1) Details of the debt instruments can be found at www.co-operativebank.co.uk/investorrelations. During the year the debt was transferred from The Co-operative Bank Finance p.l.c to The Co-operative Bank Holdings Limited.

ANNEX 9 COUNTERCYCLICAL BUFFER (CCYB)

3.17 UK CCYB1 - GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES RELEVANT FOR THE CALCULATION OF THE COUNTERCYCLICAL BUFFER

31 December 2023																
	a	b	c		d	e	f	g	h			i	j	k	l	m
	General credit exposures		Relevant credit exposures – Market risk Trading book		Securitisation – non-trading book	Total		Own fund requirements			Total	RWA	Own fund weights (%)	CCy buffer rate (%)		
	SA	IRB	SA	Internal models			Credit risk	Market risk	Securitisation - non-trading book							
10	Breakdown by country:															
	Australia	113.5	0.5	-	-	-	114.0	1.0	-	-	1.0	12.8	0.3	1.00		
	Canada	530.8	-	-	-	-	530.8	4.2	-	-	4.2	53.1	1.3	-		
	Denmark	-	1.1	-	-	-	1.1	0.1	-	-	0.1	1.0	-	2.50		
	Republic of Ireland	-	0.8	-	-	-	0.8	-	-	-	-	0.2	-	1.00		
	France	-	2.2	-	-	-	2.2	-	-	-	-	0.5	-	0.50		
	Germany	-	0.4	-	-	-	0.4	-	-	-	-	0.1	-	0.75		
	UK	778.6	21,576.6	-	-	116.5	22,471.7	318.5	-	8.0	326.5	4,081.7	98.3	2.00		
	Other Countries	-	10.4	-	-	-	10.4	0.4	-	-	0.4	4.8	0.1	-		
20	Total	1,422.9	21,592.0	-	-	116.5	23,131.4	324.2	-	8.0	332.2	4,154.2	100.0	1.97		

31 December 2022*														
	a General credit exposures		c Relevant credit exposures – Market risk		e Securitisation – non-trading book	f Total	g	h Own fund requirements		j	k RWA	l Own fund weights (%)	m CCy buffer rate (%)	
	Under SA	Under IRB	Under SA	Under internal models			Credit risk	Market risk	Securitisation - non-trading book	Total				
10	Breakdown by country:													
	UK	904.1	22,526.5	-	-	92.1	23,522.7	330.9	-	7.7	338.6	4,232.5	100.0	1.0
20	Total	904.1	22,526.5	-	-	92.1	23,522.7	330.9	-	7.7	338.6	4,232.5	100.0	1.0

* The Bank's non-domestic exposures constituted less than 2%, therefore as allowed under CRR, it reported all exposures under United Kingdom.

3.18 UK CCYB2 - AMOUNT OF INSTITUTION-SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER

		31 Dec 2023	31 Dec 2022
1	Total risk exposure amount	4,780.7	4,816.2
2	Institution specific countercyclical capital buffer rate	1.97%	1.0%
3	Institution specific countercyclical capital buffer requirement	94.1	48.2

ANNEX 11 LEVERAGE RATIO

3.19 UK LR1 - LRSUM: SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES

		a	b
		31 December	
		2023	2022
1	Total assets as per published financial statements	26,071.3	28,132.8
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-	-
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-	-
4	(Adjustment for exemption of exposures to central banks)	(2,763.4)	(5,368.5)
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) of the CRR)	-	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-	-
7	Adjustment for eligible cash pooling transactions	-	-
8	Adjustment for derivative financial instruments	(251.2)	59.0
9	Adjustment for securities financing transactions (SFTs)	-	-
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	673.2	1,050.1
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	(2.7)	(2.1)
UK-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	-	-
UK-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) of the CRR)	-	-
12	Other adjustments	(197.1)	(345.7)
13	Total exposure measure	23,530.1	23,525.6

3.20 UK LR2 - LRCOM: LEVERAGE RATIO COMMON DISCLOSURE

		Leverage ratio exposures	
		a	b
		31 December	
		2023	2022
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	25,951.3	28,113.3
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining tier 1 capital (leverage))	(436.4)	(346.6)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	25,514.9	27,766.7
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	61.2	55.4
UK-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	8.0	14.4
UK-9a	Derogation for derivatives: potential future exposure contribution under the simplified standardised approach	-	-
UK-9b	Exposure determined under the original exposure method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
UK-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
UK-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	Total derivatives exposures	69.2	69.8
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	36.2	7.5
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	-	-
UK-16a	Derogation for SFTs: counterparty credit risk exposure in accordance with Articles 429e(5) and 222 of the CRR	-	-
17	Agent transaction exposures	-	-
UK-17a	(Exempted CCP leg of client-cleared SFT exposures)	-	-
18	Total securities financing transaction exposures	36.2	7.5

3.20 UK LR2 - LRCOM: LEVERAGE RATIO COMMON DISCLOSURE - CONTINUED

		31 December	
		2023	2022
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	1,562.2	1,978.1
20	(Adjustments for conversion to credit equivalent amounts)	(889.0)	(928.0)
21	(General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures)	-	-
22	Off-balance sheet exposures	673.2	1,050.1
Excluded exposures			
UK-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	-	-
UK-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) of the CRR (on- and off- balance sheet))	-	-
UK-22g	(Excluded excess collateral deposited at triparty agents)	-	-
UK-22k	(Total exempted exposures)	-	-
Capital and total exposure measure			
23	Tier 1 capital (leverage)	960.6	952.4
24	Total exposure measure including claims on central banks	26,293.5	28,894.1
UK-24a	(-) Claims on central banks excluded	(2,763.4)	(5,368.5)
UK-24b	Total exposure measure excluding claims on central banks	23,530.1	23,525.6
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	4.1	4.0
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.1	4.0
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 (%)	4.1	4.0
UK-25c	Leverage ratio including claims on central banks (%)	3.7	3.3
26	Regulatory minimum leverage ratio requirement (%)	-	-
Additional leverage ratio disclosure requirements - leverage ratio buffers¹			
27	Leverage ratio buffer (%)		
UK-27a	Of which: G-SII or O-SII additional leverage ratio buffer (%)		
UK-27b	Of which: countercyclical leverage ratio buffer (%)		
Additional leverage ratio disclosure requirements - disclosure of mean values¹			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable-		
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables		
UK-31	Average total exposure measure including claims on central banks		
UK-32	Average total exposure measure excluding claims on central banks		
UK-33	Average leverage ratio including claims on central banks		
UK-34	Average leverage ratio excluding claims on central banks		

1) Only required for LREQ firms. 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 have been left blank as the Group is not currently captured by either threshold

3.21 - UK LR3 - LRSPL: SPLIT-UP OF ON BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND EXEMPTED EXPOSURES)

		a	b
		31 December	
		2023	2022
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	25,949.3	28,111.4
UK-2	Trading book exposures	-	-
UK-3	Banking book exposures, of which:	25,949.3	28,111.4
UK-4	Covered bonds	885.2	265.9
UK-5	Exposures treated as sovereigns	3,795.9	5,864.0
UK-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	2.8	2.2
UK-7	Institutions	172.3	375.7
UK-8	Secured by mortgages of immovable properties	19,014.3	19,568.8
UK-9	Retail exposures	224.2	224.1
UK-10	Corporates	932.1	985.5
UK-11	Exposures in default	77.2	62.7
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	845.3	762.5

3.22 - UK LRA: DISCLOSURE OF LR QUALITATIVE INFORMATION

Description of the processes used to manage the risk of excessive leverage	
(a)	The Group is not subject to a regulatory minimum in relation to the leverage ratio but do have a supervisory expectation of 3.25%. Monitoring of the leverage ratio remains embedded in internal planning and reporting processes. The leverage ratio is part of the risk appetite framework, is reported in management information provided to the Asset and Liability Committee (ALCo) and is a key consideration in the financial planning process. Additionally, the leverage ratio is stress-tested as part of the ICAAP.
Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers	
(b)	Leverage ratio has increased from 4.0% to 4.1% in 2023. This is driven by an £8.2m increase in Tier 1 capital and a £4.5m increase in leverage exposure. The increase in Tier 1 capital is driven by the 2023 profit after tax, partially offset by decreases in deferred tax assets (reduced capital deduction) and an increase in the intangible asset regulatory deduction. There has been minimal movement in exposure with a decrease in mortgage balances offset by treasury investments.

ANNEX 13 LIQUIDITY RISK

3.33 UK LIQA - LIQUIDITY RISK MANAGEMENT

- (a) Strategies and processes in the management of the liquidity risk, including policies on diversification in the sources and tenor of planned funding.
- (b) Structure and organisation of the liquidity risk management function (authority, statute, other arrangements).
- (c) A description of the degree of centralisation of liquidity management and interaction between the group's units.
- (d) Scope and nature of liquidity risk reporting and measurement systems.
- (e) Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants.
- (f) An outline of the bank's contingency funding plans.
- (g) An explanation of how stress testing is used.
- (h) A declaration approved by the management body on the adequacy of liquidity risk management arrangements of the institution providing assurance that the liquidity risk management systems put in place are adequate with regard to the institution's profile and strategy.
- (i) A concise liquidity risk statement approved by the management body succinctly describing the institution's overall liquidity risk profile associated with the business strategy. This statement shall include key ratios and figures (other than those already covered in the UK LIQ1 template under this ITS) providing external stakeholders with a comprehensive view of the institution's management of liquidity risk, including how the liquidity risk profile of the institution interacts with the risk tolerance set by the management body.

These ratios may include:

- Concentration limits on collateral pools and sources of funding (both products and counterparties)
- Customised measurement tools or metrics that assess the structure of the bank's balance sheet or that project cash flows and future liquidity positions, taking into account off-balance sheet risks which are specific to that bank
- Liquidity exposures and funding needs at the level of individual legal entities, foreign branches and subsidiaries, taking into account legal, regulatory and operational limitations on the transferability of liquidity
- Balance sheet and off-balance sheet items broken down into maturity buckets and the resultant liquidity gaps

See 2023 Annual Report and Accounts Risk Management section 5.1 – 5.2 Liquidity

3.34 UK LIQ1 - QUANTITATIVE INFORMATION OF LCR

		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
UK 1a	Quarter ending on	31 Dec 23	30 Sep 23	30 Jun 23	31 Mar 23	31 Dec 23	30 Sep 23	30 Jun 23	31 Mar 23
UK 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					4,457.7	4,864.7	5,342.5	5,658.3
CASH – OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	18,024.2	18,294.7	18,583.7	18,850.7	1,088.0	1,103.9	1,124.7	1,141.0
3	<i>Stable deposits</i>	12,904.6	13,163.9	13,434.0	13,673.2	645.2	658.2	671.7	683.7
4	<i>Less stable deposits</i>	4,041.4	4,125.2	4,198.4	4,246.5	426.1	431.3	435.5	438.1
5	Unsecured wholesale funding	1,438.8	1,450.2	1,476.0	1,502.0	613.6	623.1	638.2	651.9
6	<i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	-	-	-	-	-	-	-	-
7	<i>Non-operational deposits (all counterparties)</i>	1,438.8	1,450.2	1,476.0	1,502.0	613.6	623.1	638.2	651.9
8	<i>Unsecured debt</i>	-	-	-	-	-	-	-	-
9	<i>Secured wholesale funding</i>					18.6	17.1	13.6	10.1
10	Additional requirements	457.4	455.6	423.4	382.6	343.7	343.5	306.1	262.3
11	<i>Outflows related to derivative exposures and other collateral requirements</i>	318.1	315.7	285.5	240.7	318.1	315.7	285.5	240.7
12	<i>Outflows related to loss of funding on debt products</i>	10.3	10.3	-	-	10.3	10.3	-	-
13	<i>Credit and liquidity facilities</i>	129.0	129.6	137.9	141.9	15.3	17.5	20.6	21.6
14	Other contractual funding obligations	31.8	29.9	28.0	23.4	3.3	3.3	3.3	-
15	Other contingent funding obligations	1,638.3	1,800.2	1,962.6	1,972.2	179.6	225.1	272.2	279.2
16	TOTAL CASH OUTFLOWS					2,246.8	2,316.0	2,358.1	2,344.5

3.34 UK LIQ1 - QUANTITATIVE INFORMATION OF LCR - CONTINUED

		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
UK 1a	Quarter ending on	31 Dec 23	30 Sep 23	30 Jun 23	31 Mar 23	31 Dec 23	30 Sep 23	30 Jun 23	31 Mar 23
UK 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
CASH – INFLOWS									
17	Secured lending (e.g. reverse repos)	21.5	15.8	9.4	9.2	3.3	3.4	-	-
18	Inflows from fully performing exposures	170.0	161.8	155.5	147.7	117.0	111.0	105.4	99.1
19	Other cash inflows	57.0	53.8	52.3	52.7	20.1	18.9	17.8	17.4
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
UK-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	248.5	231.4	217.2	209.6	140.4	133.3	123.2	116.5
UK-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
UK-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
UK-20c	Inflows subject to 75% cap	248.5	231.4	217.2	209.6	140.4	133.3	123.2	116.5
TOTAL ADJUSTED VALUE									
UK-21	LIQUIDITY BUFFER					4,457.7	4,864.7	5,342.5	5,658.3
22	TOTAL NET CASH OUTFLOWS					2,106.4	2,182.7	2,234.9	2,228.0
23	LIQUIDITY COVERAGE RATIO (%)					211.4	222.4	238.9	254.8

		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
UK 1a	Quarter ending on	31 Dec 22	30 Sep 22	30 Jun 22	31 Mar 22	31 Dec 22	30 Sep 22	30 Jun 22	31 Mar 22
UK 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					5,880.3	5,999.0	5,645.3	5,157.9
CASH – OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	19,142.4	19,410.3	19,631.9	19,796.4	1,162.6	1,167.9	1,172.8	1,179.3
3	<i>Stable deposits</i>	13,898.5	14,077.9	14,214.9	14,317.7	694.9	703.9	710.7	715.9
4	<i>Less stable deposits</i>	4,290.4	4,291.7	4,275.5	4,219.5	443.1	442.3	439.5	432.2
5	Unsecured wholesale funding	1,511.8	1,546.4	1,532.5	1,490.2	656.4	694.5	689.9	675.4
6	<i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	-	-	-	-	-	-	-	-
7	<i>Non-operational deposits (all counterparties)</i>	1,511.8	1,504.3	1,490.4	1,448.1	656.4	652.4	647.7	633.3
8	<i>Unsecured debt</i>	-	42.1	42.1	42.1	-	42.1	42.1	42.1
9	<i>Secured wholesale funding</i>					6.5	3.4	1.4	0.4
10	Additional requirements	331.5	282.9	260.1	261.4	215.1	168.6	153.3	156.3
11	<i>Outflows related to derivative exposures and other collateral requirements</i>	195.7	152.1	139.5	142.9	195.7	152.1	139.4	142.9
12	<i>Outflows related to loss of funding on debt products</i>	-	-	-	-	-	-	-	-
13	<i>Credit and liquidity facilities</i>	135.8	130.8	120.7	118.5	19.4	16.5	13.9	13.4
14	Other contractual funding obligations	23.1	22.5	22.2	22.3	-	-	-	-
15	Other contingent funding obligations	1,998.9	2,027.5	2,103.9	2,330.4	293.2	306.1	339.4	415.4
16	TOTAL CASH OUTFLOWS					2,333.8	2,340.5	2,356.8	2,426.8

3.34 UK LIQ1 - QUANTITATIVE INFORMATION OF LCR - CONTINUED

		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
UK 1a	Quarter ending on	31 Dec 22	30 Sep 22	30 Jun 22	31 Mar 22	31 Dec 22	30 Sep 22	30 Jun 22	31 Mar 22
UK 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
CASH – INFLOWS									
17	Secured lending (e.g. reverse repos)	9.2	8.0	5.5	5.7	-	-	-	-
18	Inflows from fully performing exposures	142.1	139.5	137.9	136.9	93.6	90.4	88.6	87.4
19	Other cash inflows	52.5	55.5	61.3	66.8	17.3	17.9	23.7	30.9
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
UK-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	203.8	203.0	204.7	209.4	110.9	108.3	112.3	118.3
UK-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
UK-20b	Inflows subject to 90 % cap	-	-	-	-	-	-	-	-
UK-20c	Inflows subject to 75 % cap	203.8	203.0	204.7	209.4	110.9	108.3	112.3	118.3
TOTAL ADJUSTED VALUE									
UK-21	LIQUIDITY BUFFER					5,880.3	5,999.0	5,645.3	5,157.9
22	TOTAL NET CASH OUTFLOWS					2,222.9	2,232.2	2,244.5	2,308.5
23	LIQUIDITY COVERAGE RATIO (%)					265.3	269.9	252.9	224.4

3.35 TABLE UK LIQB ON QUALITATIVE INFORMATION ON LCR, WHICH COMPLEMENTS TEMPLATE UK LIQ1

(a)	<p>Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time</p> <p>The main drivers of the Bank's LCR are the size of the liquid asset buffer, deposit outflows, wholesale refinancing requirements and expected mortgage completions, as well as collateral outflows that could arise in a stress. As the Bank is predominantly customer funded, and has a reduced wholesale refinancing profile (following participation in TFSME), deposit outflows are the largest contributor to LCR net outflows.</p>
(b)	<p>Explanations on the changes in the LCR over time</p> <p>The 12-month average LCR at Dec-23 reflects higher liquid asset levels following participation in TFSME in 2021. The reduction in average LCR though 2023 includes the impact of TFSME repayments (£1.2bn repaid across 2023), and the acquisition of a book of mortgages from Sainsbury's Bank, as well as underlying deposit and lending flows and other cashflows such as derivative margin and the call of Silk Road 6 RMBS in Sep-23. The net outflows position is relatively stable, as largely driven by customer deposits. Variability seen with regard to mortgage pipeline levels and the risk of adverse market movements on derivative collateral, where an increase was observed in the second half of 2022 and is fully reflected in the 12-month average position from Sep-23.</p>
(c)	<p>Explanations on the actual concentration of funding sources</p> <p>As the Bank is predominantly deposit funded, this represents a natural concentration of funding, though the Bank seeks to diversify these portfolios across retail and SME depositors, and within the product ranges offered. The Bank maintains wholesale funding programmes in secured and unsecured instruments, enabling access to a range of instruments, maturities and investor types. Wholesale funding activity has been reduced in recent periods, reflecting the Bank's liquidity and funding position as well as participation in TFSME and capital requirements, with the Bank issuing MREL in May-23 and Tier 2 in Nov-23.</p>
(d)	<p>High-level description of the composition of the institution's liquidity buffer</p> <p>The Bank's liquid asset buffer is predominantly held in reserves with the Bank of England and highly rated securities issued or guaranteed by governments (including UK Gilts), central banks or supnationals. The portfolio includes holdings of eligible Covered Bond and RMBS to provide an appropriate level of diversification. The liquid asset buffer is held and managed centrally by the Treasury function, and subject to internal limits to ensure it remains an appropriate composition, including security type, issuer and tenor concentrations. In line with the Bank's ethical position, an ESG lens is also applied to the liquid asset buffer.</p>
(e)	<p>Derivative exposures and potential collateral calls</p> <p>The Bank uses derivatives to manage and mitigate market risk exposures, not for trading or speculative purposes. LCR net cash outflows related to derivatives primarily reflect the risk of potential collateral outflows due to adverse market rate changes, the requirement continues to reflect the market volatility observed in 2022. Due to the Bank's current credit rating, there is no LCR requirement with respect to downgrades by external credit rating agencies.</p>
(f)	<p>Currency mismatch in the LCR</p> <p>There is no currency mismatch in the Bank's LCR.</p>
(g)	<p>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</p> <p>There are no other relevant items.</p>

3.36 UK LIQ2: NET STABLE FUNDING RATIO

In line with PS22/21 'Implementation of Basel Standards: Final rules', disclosures for the Net Stable Funding Ratio were not required until after 1 January 2023. Therefore, this template has been presented for the current year but no past comparable table is required.

31 December 2023		a	b	c	d	e
		Unweighted value by residual maturity (average)				Weighted value (average)
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	957.9	26.1	146.6	645.7	1,603.6
2	<i>Own funds</i>		26.1	146.6	645.7	1,603.6
3	<i>Other capital instruments</i>		-	-	-	-
4	Retail deposits		17,215.3	367.2	404.8	16,878.9
5	<i>Stable deposits</i>		12,918.7	-	-	12,427.9
6	<i>Less stable deposits</i>		4,296.6	288.9	324.0	4,451.0
7	Wholesale funding:		1,629.0	189.0	4,436.8	5,225.3
8	<i>Operational deposits</i>		-	-	-	-
9	<i>Other wholesale funding</i>		1,629.0	189.0	4,436.8	5,225.3
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	2.4	1,397.2	-	-	-
12	<i>NSFR derivative liabilities</i>	2.4				
13	<i>All other liabilities and capital instruments not included in the above categories</i>		1,397.2	-	-	-
14	Total available stable funding					23,707.7
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)		-	-	-	478.1
15a	Assets encumbered for more than 12m in cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		555.7	475.2	19,598.5	15,646.7
18	<i>Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut</i>		21.8	-	-	-
19	<i>Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions</i>		27.0	-	-	-
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>		91.7	67.7	768.5	733.0
21	<i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>		-	-	-	-

3.36 UK LIQ2: NET STABLE FUNDING RATIO – CONTINUED

31 December 2023		a	b	c	d	e
		Unweighted value by residual maturity (average)				Weighted value (average)
22	Performing residential mortgages, of which:		414.2	386.0	18,786.2	14,861.7
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		398.4	371.3	18,064.6	14,233.0
24	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		1.0	21.5	43.8	50.6
25	Interdependent assets		-	-	-	-
26	Other assets:		-	111.4	5.3	1,584.8
27	Physical traded commodities					-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs			52.3		44.4
29	NSFR derivative assets			7.3		7.3
30	NSFR derivative liabilities before deduction of variation margin posted			1.5		0.1
31	All other assets not included in the above categories		50.3	5.3	1,584.8	1,627.5
32	Off-balance sheet items		1,746.5	-	-	88.2
33	Total RSF					17,892.3
34	Net Stable Funding Ratio (%)					132.5

ANNEX 15 CREDIT RISK QUALITY

3.37 UK CRA: GENERAL QUALITATIVE INFORMATION ABOUT CREDIT RISK

a	<p>How the business model translates into the components of the institution's credit risk profile.</p> <p>Credit risk is the risk to earnings and capital arising from a customer's failure to meet their legal and contractual obligations. The arrears strategy plays a key part in credit risk management; it is therefore crucial that arrears management effectiveness is identified, measured, managed, monitored, reported appropriately and aligns to the credit risk strategy.</p>
b	<p>The criteria and approach used for defining the credit risk management policy and for setting credit risk limits.</p> <p>All authority to take credit risk derives from the Board. This authority is delegated to the Chief Executive Officer (CEO) and Chief Risk Officer (CRO) who may then sub-delegate to defined role holders, to use at an individual level or in their capacity as Chair at the appropriate committee. The level of credit risk authority delegated depends on seniority and experience.</p> <p>The Board requires that the business is managed in line with the risk strategy and risk appetite set by the Board. Risk measurement is based on a set of metrics, which are aligned with the Board agreed risk appetite and support the limits framework.</p> <p>The oversight of credit risk is undertaken by:</p> <ul style="list-style-type: none">• the Credit Risk Oversight Committee (CROC), which has formal delegated authority from the Enterprise Risk Oversight Committee (EROC) to provide oversight and reporting in relation to credit activity and supports the CRO in exercising their delegated lending discretion.• the Asset and Liability Committee (ALCo), which has formal delegated authority from the Executive Committee (ExCo) to provide oversight and reporting in relation to wholesale credit exposure and reporting.
c	<p>The structure and organisation of the credit risk management and control function.</p> <p>There are three areas within the Risk Management Framework that underpin credit risk:</p> <ul style="list-style-type: none">• Retail credit risk;• Corporate credit risk; and• Treasury credit risk. <p>The objectives of the management of retail and corporate credit risk include providing a framework to ensure that all lending within the retail and corporate books is responsible, appropriate, fair and consistent and that the following key credit risk principles are applied:</p> <ul style="list-style-type: none">• only lending to customers who understand the commitment(s) they are entering into;• only lending to customers whom we believe have the financial capability and willingness to meet the repayments of their credit agreement;• lending decisions are fair and consistent for all customers;• credit risk and other strategies are executed appropriately and consistently;• the level of lending must be identified, monitored, measured, managed and reported in line with risk appetite; and• strategies in support of the collection and recovery of delinquent lending are fair and consistent. <p>The objectives of the management of treasury credit risk include controlling treasury credit risk in accordance with limits and credit quality measures and to ensure that approved credit limits remain at appropriate levels.</p>

c cont.

Treasury credit risk monitors exposures against the following limits:

- total treasury credit risk capital consumption;
- individual counterparty or groups of counterparties;
- country;
- concentration by external credit rating;
- tenor; and
- large exposures.

Retail credit risk

Credit approval and individual limit setting

The approach for retail secured and unsecured credit is to establish credit criteria that determine the balance between volume growth (generating higher income) and higher arrears and losses, so as to ensure the return is commensurate with risk appetite, strategic objectives and enabling sustainable growth. Retail credit risk related decisions are based on a combination of core documentation including retail credit risk policy, supporting control standards and lending criteria, along with the use of bespoke scorecards derived from historical data. Monthly reporting on the performance of portfolios is provided to senior management and presented to CROC.

Unsecured lending

Application and behavioural scorecards are used to support new lending decisions and ongoing portfolio management. These scores are used, in combination with information from credit reference agencies, policy criteria and an assessment of affordability, to determine whether we will lend to an individual borrower and to set individual limits on the amount we will lend. Application scorecards are used to determine lending decisions to those customers with no or limited existing relationship with the Group. The characteristics of existing customers are assessed on a monthly basis using behavioural scorecards and the resulting scores are used to make lending decisions on credit limit increases/decreases, authorisation decisions and card reissue. Decisions are generally fully automated with manual intervention only required in the event of referrals being triggered or customer appeal. The scorecards and credit reference agency data used for lending decisions and customer management actions form the main components of the IRB models.

Mortgage lending

Scorecards are also used to assess new mortgage applications. The associated IRB models have all been developed based on the profile of mortgage applicants received by the specific asset class. Each model uses a combination of external credit reference agency data and information collected as part of the application process. The calculation of the application score is fully automated within the application processing system. The score is used in association with lending policy and affordability checks to make a decision on whether an application will be approved. More complex higher risk applications or those outside of standard lending criteria are reviewed by underwriters to ensure compliance with criteria and to allow expert judgement within agreed levels of authority and Bank risk appetite.

Corporate credit risk

SME & Corporate lending is considered for UK customers and is aligned to the Bank's risk appetite. SME Banking implement the risk appetite through the risk management framework, particularly key credit criteria which aligns to the corresponding sector strategy. Approvals made outside of these criteria are tracked and reported and concentration across sectors is monitored.

Throughout COVID, CBILs and Bounce Back-loans were offered to customers, this supplemented new lending to existing customers. Lending to new to Bank and existing customers has been a focus during 2023 as part of the growth strategy.

c cont.

Individual cases which show signs of financial stress are managed through a watchlist process with input from the Business Support team. CROC and EROC (and by exception the Risk Committee) receive regular reports on the performance of the portfolio against agreed credit risk metrics.

Corporate lending and credit approval

New lending facilities are required to meet minimum lending criteria and strict policy with regard to single name concentrations are manually approved by a team of experienced corporate underwriters to allow expert judgement within agreed levels of authority and Bank risk appetite.

Monitoring of portfolios is reported to the SME Credit Risk Forum, CROC and impairment provisioning governance is in place across the portfolios.

Treasury wholesale credit risk

The Group's treasury portfolio is held primarily for liquidity management purposes and, in the case of derivatives, for the purpose of managing market risk.

The Treasury Credit Risk policy sets out a risk based approach which manages treasury exposures within agreed limits. Both the counterparties and assets held are monitored against a Board approved matrix of risk tolerances and associated indicators. The scope of this monitoring activity includes rating actions, market events and financial results as they are announced. These factors may influence a change in risk status and possible escalation requiring management actions and inclusion on a watchlist. The purpose of the watchlist is to formally document those counterparties that require additional management focus over and above that provided in the normal course of business. It will be derived from a combination of expert judgement and specific criteria.

The Treasury Credit Risk team monitors the portfolio and watchlist on a regular basis for appropriate risk status bandings and any associated management actions. As at 31 December 2023 there were no red (high risk) exposures outstanding (2022: £nil).

In order to maintain and control treasury counterparty relationships and manage the associated risk, limits are established. Generally, these limits are uncommitted, remain at the Bank's option and are not advised or agreed with the counterparty beforehand. They are subject to regular monitoring and can be subject to change depending on the Bank's credit risk view.

The counterparty limit matrix and delegated treasury credit limits provide a framework for the maximum permissible credit exposure. However, each counterparty limit must be set based on a thorough qualitative and quantitative assessment of the institution and the requirements of the Bank.

d

The relationships between credit risk management, risk control, compliance and internal audit functions.

See 2023 Annual Report and Accounts Risk Management section 1.1 -1.7

3.38 UK CRB: ADDITIONAL DISCLOSURE RELATED TO THE CREDIT QUALITY OF ASSETS

a	The scope and definitions of ‘past-due’ and ‘impaired’ exposures used for accounting purposes and the differences, if any, between the definitions of past due and default for accounting and regulatory purposes as specified by the EBA Guidelines on the application of the definition of default in accordance with Article 178 CRR. See 2023 Annual Report and Accounts Explanatory section J.
b	The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this. See 2023 Annual Report and Accounts Explanatory section J.
c	Description of methods used for determining general and specific credit risk adjustments. See 2023 Annual Report and Accounts Explanatory section J. The Co-operative Bank only has specific credit risk adjustments.
d	The institution’s own definition of a restructured exposure. See 2023 Annual Report and Accounts Explanatory section J part viii) Modification.

3.39 UK CR1: PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS

31 December 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
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3				
005	Cash balances at central banks and other demand deposits	2,910.4	2,910.4	-	-	-	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	20,257.7	17,748.6	2,369.6	103.2	-	97.7	(26.3)	(7.8)	(18.3)	(7.6)	-	(7.5)	-	19,665.9	73.9
020	<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	<i>General governments</i>	1.4	1.4	-	-	-	-	-	-	-	-	-	-	-	-	-
040	<i>Credit institutions</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
050	<i>Other financial corporations</i>	10.7	6.1	4.6	0.2	-	0.2	(0.1)	-	(0.1)	-	-	-	-	8.5	0.2
060	<i>Non-financial corporations</i>	896.5	660.8	147.7	23.6	-	23.6	(5.3)	(2.0)	(3.3)	(2.7)	-	(2.7)	-	623.1	3.1
070	<i>Of which SMEs</i>	821.1	585.4	147.7	14.6	-	14.6	(5.3)	(1.9)	(3.3)	(1.9)	-	(1.9)	-	451.0	3.0
080	<i>Households</i>	19,349.1	17,080.3	2,217.3	79.4	-	73.9	(20.9)	(5.8)	(14.9)	(4.9)	-	(4.8)	-	19,034.3	70.6
090	Debt securities	2,088.2	2,085.0	-	-	-	-	-	-	-	-	-	-	-	-	-
100	<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	<i>General governments</i>	562.8	562.8	-	-	-	-	-	-	-	-	-	-	-	-	-
120	<i>Credit institutions</i>	1,370.8	1,370.8	-	-	-	-	-	-	-	-	-	-	-	-	-
130	<i>Other financial corporations</i>	154.6	151.4	-	-	-	-	-	-	-	-	-	-	-	-	-
140	<i>Non-financial corporations</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

3.39 UK CR1: PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS - CONTINUED

31 December 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
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3				
150	Off-balance-sheet exposures	1,561.4	1,508.3	51.7	0.8	-	0.8	(3.5)	(1.0)	(2.5)	-	-	-	-	-	-
160	<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
170	<i>General governments</i>	0.2	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-
180	<i>Credit institutions</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
190	<i>Other financial corporations</i>	1.3	0.9	0.4	-	-	-	-	-	-	-	-	-	-	-	-
200	<i>Non-financial corporations</i>	110.8	78.2	32.6	0.3	-	0.3	(1.8)	(0.4)	(1.4)	-	-	-	-	-	-
210	<i>Households</i>	1,449.1	1,429.1	18.7	0.5	-	0.5	(1.7)	(0.6)	(1.1)	-	-	-	-	-	-
220	Total	26,817.7	24,252.3	2,421.3	104.0	-	98.5	(29.8)	(8.8)	(20.8)	(7.6)	-	(7.5)	-	19,665.9	73.9

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
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	Cash balances at central banks and other demand deposits	5,646.5	5,646.5	-	-	-	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	20,886.6	17,188.3	3,638.4	85.6	-	79.9	(26.6)	(7.9)	(18.4)	(8.0)	-	(7.9)	-	20,262.0	55.5
020	<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	<i>General governments</i>	1.7	1.7	-	-	-	-	-	-	-	-	-	-	-	-	-
040	<i>Credit institutions</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
050	<i>Other financial corporations</i>	12.2	7.0	5.2	-	-	-	(0.1)	-	(0.1)	-	-	-	-	8.2	-
060	<i>Non-financial corporations</i>	926.5	759.2	167.3	22.1	-	22.1	(5.5)	(2.1)	(3.4)	(3.6)	-	(3.6)	-	649.0	1.8
070	<i>Of which SMEs</i>	857.7	691.7	166.0	11.7	-	11.7	(5.2)	(1.9)	(3.3)	(1.1)	-	(1.1)	-	467.5	1.8
080	<i>Households</i>	19,946.2	16,420.4	3,465.9	63.5	-	57.8	(21.0)	(5.8)	(14.9)	(4.4)	-	(4.3)	-	19,604.8	53.7
090	Debt securities	942.7	942.7	-	-	-	-	-	-	-	-	-	-	-	-	-
100	<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	<i>General governments</i>	156.9	156.9	-	-	-	-	-	-	-	-	-	-	-	-	-
120	<i>Credit institutions</i>	686.7	686.7	-	-	-	-	-	-	-	-	-	-	-	-	-
130	<i>Other financial corporations</i>	99.1	99.1	-	-	-	-	-	-	-	-	-	-	-	-	-
140	<i>Non-financial corporations</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

3.39 UK CR1: PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS - CONTINUED

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	
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3				
150	Off-balance-sheet exposures	1,977.1	1,923.5	52.1	1.1	-	1.1	(5.9)	(3.4)	(2.5)	-	-	-	-	-	-
160	<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
170	<i>General governments</i>	0.2	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-
180	<i>Credit institutions</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
190	<i>Other financial corporations</i>	12.1	11.4	0.7	-	-	-	-	-	-	-	-	-	-	-	-
200	<i>Non-financial corporations</i>	133.5	103.3	30.2	0.5	-	0.5	(1.7)	(0.4)	(1.3)	-	-	-	-	-	-
210	<i>Households</i>	1,831.3	1,808.7	21.1	0.6	-	0.6	(4.2)	(3.0)	(1.2)	-	-	-	-	-	-
220	Total	29,452.9	25,701.0	3,690.5	86.7	-	81.0	(32.5)	(11.3)	(20.9)	(8.0)	-	(7.9)	-	20,262.0	55.5

3.40 UK CR1-A: MATURITY OF EXPOSURES

31 December 2023		a	b	c		d	e	f
		On demand	<= 1 year	Net exposure value		> 5 years	No stated maturity	Total
				> 1 year <= 5 years				
1	Loans and advances	16.8	98.6	704.5		19,198.0	219.3	20,237.2
2	Debt securities	-	427.2	1,244.4		416.6	-	2,088.2
3	Total	16.8	525.8	1,948.9		19,614.6	219.3	22,325.4

31 December 2022		A	b	c		d	e	f
		On Demand	<= 1 year	Net exposure value		> 5 years	No stated maturity	Total
				> 1 year <= 5 years				
1	Loans and advances	15.9	81.6	748.4		19,780.9	216.8	20,843.6
2	Debt securities	-	98.0	565.6		279.1	-	942.7
3	Total	15.9	179.6	1,314.0		20,060.0	216.8	21,786.3

3.41 UK CR2: CHANGES IN THE STOCK OF NON-PERFORMING LOANS AND ADVANCES

This template is subject to the 5 % Non-performing loan threshold as per the UK PRA Rulebook (CRR). Non-performing loans are below this threshold and therefore UK CR2 is not disclosed.

3.42 UK CR2A: CHANGES IN THE STOCK OF NON-PERFORMING LOANS AND ADVANCES AND RELATED NET ACCUMULATED RECOVERIES

This template is subject to the 5 % Non-performing loan threshold as per the UK PRA Rulebook (CRR). Non-performing loans are below this threshold and therefore UK CR2A is not disclosed.

3.43 UK CQ1: CREDIT QUALITY OF FORBORNE EXPOSURES

31 December 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		On performing forborne exposures	On non-performing forborne exposures	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures		
			Of which defaulted	Of which impaired					
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	95.2	68.1	68.1	68.1	(1.2)	(3.7)	131.5	51.6
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>	13.6	13.5	13.5	13.5	(0.5)	(1.3)	1.3	1.2
070	<i>Households</i>	81.6	54.6	54.6	54.6	(0.7)	(2.4)	130.2	50.4
080	Debt Securities	-	-	-	-	-	-	-	-
090	Loan commitments given	0.4	0.4	0.4	0.4	-	-	-	-
100	Total	95.6	68.5	68.5	68.5	(1.2)	(3.7)	131.5	51.6

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					
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	69.0	58.9	58.9	58.9	(0.3)	(4.5)	104.2	39.5
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-
040	Credit institutions	-	-	-	-	-	-	-	-
050	Other financial corporations	-	-	-	-	-	-	-	-
060	Non-financial corporations	4.1	16.1	16.1	16.1	-	(3.0)	2.8	1.0
070	Households	64.9	42.8	42.8	42.8	(0.3)	(1.5)	101.4	38.5
080	Debt Securities	-	-	-	-	-	-	-	-
090	Loan commitments given	0.3	0.4	0.4	0.4	-	-	-	-
100	Total	69.3	59.3	59.3	59.3	(0.3)	(4.5)	104.2	39.5

3.44 UK CQ2: QUALITY OF FORBEARANCE

This template is subject to the 5% Non-performing loan threshold as per the UK PRA Rulebook (CRR). Non-performing loans are below this threshold and therefore UK CQ2 is not disclosed.

3.45 UK CQ3: CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY PAST DUE DAYS

31 December 2023		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures				Non-performing exposures							
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted		
005	Cash balances at central banks and other demand deposits	2,910.4	2,910.4	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	20,257.7	20,057.9	199.8	103.2	36.5	17.8	41.9	5.9	1.1	-	-	97.7
020	<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-
030	<i>General governments</i>	1.4	1.4	-	-	-	-	-	-	-	-	-	-
040	<i>Credit institutions</i>	-	-	-	-	-	-	-	-	-	-	-	-
050	<i>Other financial corporations</i>	10.7	6.1	4.6	0.2	-	-	0.2	-	-	-	-	0.2
060	<i>Non-financial corporations</i>	896.5	748.8	147.7	23.6	-	-	23.6	-	-	-	-	23.6
070	<i>Of which SMEs</i>	821.1	673.4	147.7	14.6	-	-	14.6	-	-	-	-	14.6
080	<i>Households</i>	19,349.1	19,301.6	47.5	79.4	36.5	17.8	18.1	5.9	1.1	-	-	73.9
090	Debt securities	2,088.2	2,088.2	-	-	-	-	-	-	-	-	-	-
100	<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-
110	<i>General governments</i>	562.8	562.8	-	-	-	-	-	-	-	-	-	-
120	<i>Credit institutions</i>	1,370.8	1,370.8	-	-	-	-	-	-	-	-	-	-
130	<i>Other financial corporations</i>	154.6	154.6	-	-	-	-	-	-	-	-	-	-
140	<i>Non-financial corporations</i>	-	-	-	-	-	-	-	-	-	-	-	-

3.45 UK CQ3: CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY PAST DUE DAYS - CONTINUED

31 December 2023		a	b	c	d	e	f	g	h	i	j	k	l	
		Gross carrying amount/nominal amount												
		Performing exposures				Non-performing exposures								
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years		Of which defaulted	
150	Off-balance-sheet exposures	1,561.4			0.8								0.8	
160	Central banks	-			-								-	
170	General governments	0.2			-								-	
180	Credit institutions	-			-								-	
190	Other financial corporations	1.3			-								-	
200	Non-financial corporations	110.8			0.3								0.3	
210	Households	1,449.1			0.5								0.5	
220	Total	26,817.7	25,056.5	199.8	104.0	36.5	17.8	41.9	5.9	1.1	-	-	98.5	

3.45 UK CQ3: CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY PAST DUE DAYS - CONTINUED

31 December 2022		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures					Non-performing exposures						
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days			Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	5,646.5	5,646.5	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	20,886.6	20,669.9	216.7	85.6	34.9	12.6	32.3	4.3	1.5	-	-	79.9
020	<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-
030	<i>General governments</i>	1.7	1.7	-	-	-	-	-	-	-	-	-	-
040	<i>Credit institutions</i>	-	-	-	-	-	-	-	-	-	-	-	-
050	<i>Other financial corporations</i>	12.2	7.0	5.2	-	-	-	-	-	-	-	-	-
060	<i>Non-financial corporations</i>	926.5	759.2	167.3	22.1	-	-	22.1	-	-	-	-	22.1
070	<i>Of which SMEs</i>	857.7	691.7	166.0	11.7	-	-	11.7	-	-	-	-	11.7
080	<i>Households</i>	19,946.2	19,902.0	44.2	63.5	34.9	12.6	10.2	4.3	1.5	-	-	57.8
090	Debt securities	942.7	942.7	-	-	-	-	-	-	-	-	-	-
100	<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-
110	<i>General governments</i>	156.9	156.9	-	-	-	-	-	-	-	-	-	-
120	<i>Credit institutions</i>	686.7	686.7	-	-	-	-	-	-	-	-	-	-
130	<i>Other financial corporations</i>	99.1	99.1	-	-	-	-	-	-	-	-	-	-
140	<i>Non-financial corporations</i>	-	-	-	-	-	-	-	-	-	-	-	-

3.45 UK CQ3: CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY PAST DUE DAYS - CONTINUED

31 December 2022		a	b	c	d	e	f	g	h	i	j	k	l	
		Gross carrying amount/nominal amount												
		Performing exposures				Non-performing exposures								
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted			
150	Off-balance-sheet exposures	1,977.1		1.1									1.1	
160	Central banks	-		-									-	
170	General governments	0.2		-									-	
180	Credit institutions	-		-									-	
190	Other financial corporations	12.1		-									-	
200	Non-financial corporations	133.5		0.5									0.5	
210	Households	1,831.3		0.6									0.6	
220	Total	29,452.9	27,259.1	216.7	86.7	34.9	12.6	32.3	4.3	1.5	-	-	81.0	

3.46 UK CQ4: QUALITY OF NON-PERFORMING EXPOSURES BY GEOGRAPHY

This template is subject to the 5 % Non-performing loan threshold as per the UK PRA Rulebook (CRR). Non-performing loans are below this threshold and therefore UK CQ4 is not disclosed.

This template is also subject to a 10 % threshold (i.e. non-domestic exposures divided by total exposures) as per the Pillar 3 guidance. Non-domestic exposures are below this threshold and therefore the template is not disclosed.

3.47 UK CQ5: CREDIT QUALITY OF LOANS AND ADVANCES TO NON-FINANCIAL CORPORATIONS BY INDUSTRY

31 December 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		
				Of which defaulted			
010	Agriculture, forestry and fishing	1.3	0.2	0.2	1.3	-	-
020	Mining and quarrying	-	-	-	-	-	-
030	Manufacturing	12.6	0.5	0.5	12.6	(0.4)	-
040	Electricity, gas, steam and air conditioning supply	11.6	0.1	0.1	11.6	(0.1)	-
050	Water supply	0.1	-	-	0.1	-	-
060	Construction	93.0	1.3	1.3	93.0	(0.7)	-
070	Wholesale and retail trade	57.5	2.3	2.3	57.5	(0.9)	-
080	Transport and storage	12.4	9.1	9.1	12.4	(0.9)	-
090	Accommodation and food service activities	35.0	1.2	1.2	35.0	(0.7)	-
100	Information and communication	7.2	0.6	0.6	7.2	(0.2)	-
110	Financial and insurance activities	-	-	-	-	-	-
120	Real estate activities	478.4	0.8	0.8	390.5	(1.1)	-
130	Professional, scientific and technical activities	23.7	2.3	2.3	23.7	(0.3)	-
140	Administrative and support service activities	10.4	2.4	2.4	10.4	(1.1)	-
150	Public administration and defence, compulsory social security	0.1	-	-	0.1	-	-
160	Education	56.6	0.3	0.3	56.6	(0.6)	-
170	Human health services and social work activities	102.1	1.9	1.9	102.1	(0.8)	-
180	Arts, entertainment and recreation	18.1	0.6	0.6	18.1	(0.2)	-
190	Other services	-	-	-	-	-	-
200	Total	920.1	23.6	23.6	832.2	(8.0)	-

31 December 2022		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		
				Of which defaulted			
010	Agriculture, forestry and fishing	1.4	0.2	0.2	1.4	-	-
020	Mining and quarrying	-	-	-	-	-	-
030	Manufacturing	16.1	0.8	0.8	16.1	(0.5)	-
040	Electricity, gas, steam and air conditioning supply	14.8	0.1	0.1	14.8	(0.1)	-
050	Water supply	0.1	-	-	0.1	-	-
060	Construction	100.2	0.6	0.6	100.2	(0.7)	-
070	Wholesale and retail trade	40.4	1.3	1.3	40.4	(0.8)	-
080	Transport and storage	14.0	10.7	10.7	14.0	(2.6)	-
090	Accommodation and food service activities	39.6	1.3	1.3	39.6	(0.7)	-
100	Information and communication	9.6	0.7	0.7	9.6	(0.2)	-
110	Financial and insurance activities	-	-	-	-	-	-
120	Real estate activities	464.8	2.5	2.5	372.6	(1.3)	-
130	Professional, scientific and technical activities	30.9	1.8	1.8	30.9	(0.3)	-
140	Administrative and support service activities	24.4	0.5	0.5	24.4	(0.5)	-
150	Public administration and defence, compulsory social security	0.1	-	-	0.1	-	-
160	Education	65.2	0.3	0.3	65.2	(0.3)	-
170	Human health services and social work activities	104.2	0.5	0.5	104.2	(0.7)	-
180	Arts, entertainment and recreation	22.8	0.8	0.8	22.8	(0.4)	-
190	Other services	-	-	-	-	-	-
200	Total	948.6	22.1	22.1	856.4	(9.1)	-

3.48 UK CQ6: COLLATERAL VALUATION - LOANS AND ADVANCES

This template is subject to the 5% Non-performing loan threshold as per the UK PRA Rulebook (CRR). Non-performing loans are below this threshold and therefore UK CQ6 is not disclosed.

3.49 UK CQ7: COLLATERAL OBTAINED BY TAKING POSSESSION AND EXECUTION PROCESSES

This template is a nil return as the Bank does not take the possession of its collateral and show the value through the balance sheet. Any impact on the balance sheet is shown through the Expected Credit Loss. The table is not disclosed.

3.50 UK CQ8: COLLATERAL OBTAINED BY TAKING POSSESSION AND EXECUTION PROCESSES – VINTAGE BREAKDOWN

This template is subject to the 5% Non-performing loan threshold as per the UK PRA Rulebook (CRR). Non-performing loans are below this threshold and therefore UK CQ8 is not disclosed.

ANNEX 17 CRM TECHNIQUES

3.51 TABLE UK CRC – QUALITATIVE DISCLOSURE REQUIREMENTS RELATED TO CRM TECHNIQUES

(a)	<p>Article 453 (a). A description of the core the policies and processes for on- and off-balance sheet netting and an indication of the extent to which institutions make use of balance sheet netting.</p> <p>Derivative activity is executed under bilateral netting master agreements (typically industry standard International Swaps and Derivatives Association (ISDA) agreements) allowing close out netting with a single net settlement of all derivative contracts covered under each agreement concluded with the same legal counterparty in the event of default. This is achieved through the offsetting of all positive and negative market values under the derivative contracts outstanding with the given counterparty. Such agreements effectively serve to eliminate the counterparty credit risk associated with favourable contracts such that unfavourable contracts with the same legal counterparty are not settled before favourable contracts.</p>
(b & c & d)	<p>Article 453 (b). The core features of policies and processes for eligible collateral evaluation and management eligible collateral evaluation and management.</p> <p>Article 453 (c). A description of the main types of collateral taken by the institution to mitigate credit risk.</p> <p>Article 453 (d). For guarantees and credit derivatives used as credit protection, the main types of guarantor and credit derivative counterparty and their creditworthiness used for the purposes of reducing capital requirements, excluding those used as part of synthetic securitisation structures.</p> <p><u>Retail</u> See 2023 ARA Risk Management section 3.2.1.1.1 Retail secured mortgages collateral.</p> <p><u>Corporate</u> See 2023 ARA Risk Management section 3.2.1.2 SME credit risk collateral.</p> <p><u>Wholesale</u> The Group only accepts cash deposits, UK government bonds or other debt securities issued by a central government or qualifying multi-lateral development bank with a minimum rating of AA, a mortgage backed security issued by the Bank Company or one of its subsidiaries, a third-party issued Prime RMBS or AAA-rated Covered Bond. The Group has documented procedures that all securities received as collateral are valued on a daily basis and collateral calls made in line with the relevant legal agreement.</p>
(b & c & d) cont.	<p>In conjunction with the execution of each ISDA Master Agreement, a collateral agreement known as a Credit Support Annex (CSA) will typically be established in order to further mitigate credit risk associated with derivative activity. These agreements govern the collateral amounts to be posted or received during the contract term. The terms of each CSA may vary according to each party's view of the other party's creditworthiness. Some agreements are linked to external credit ratings such that in the event of a deterioration of either party's external rating, it may be required to post collateral. The impact of any additional collateral that would have to be posted by the Group in the event of a downgrade of its own credit rating are considered within the Group's liquidity risk framework.</p> <p>In the case of repurchase transactions, documentation takes the form of the Global Master Repurchase Agreement (GMRA), with collateral valuations calculated by reference to the market prices associated with the underlying debt security.</p> <p>Collateral held represents the value of cash and debt securities held in relation to the Bank's derivative and repo activity after the application of applicable regulatory haircuts as prescribed under CRR Articles 223 and 224 (financial collateral comprehensive method).</p>

(e) **Article 453 (e). Information about market or credit risk concentrations within the credit mitigation taken.**

Single name concentration risk is the concentration in exposures to single counterparties. During 2023, single name concentration risk exposure has remained similar:

- as at 31 December 2023, there was 1 customer with individual exposure exceeding £50m, totalling £67m (6.1% of total corporate portfolio). This customer is legacy Housing Association and is low risk with performing status.
- as at 31 December 2022, there were 2 customers with individual exposure exceeding £50m, totalling £121m (10.2% of total corporate portfolio). These customers are legacy Housing Association and are low risk with performing status.

3.52 – CRM TECHNIQUES OVERVIEW: DISCLOSURE OF THE USE OF CREDIT RISK MITIGATION TECHNIQUES

31 December 2023		Unsecured carrying amount	Secured carrying amount			
		a	b	Of which secured by collateral c	Of which secured by financial guarantees d	Of which secured by credit derivatives e
1	Loans and advances	3,497.6	19,739.8	19,588.0	151.8	-
2	Debt securities	2,088.2	-	-	-	-
3	Total	5,585.8	19,739.8	19,588.0	151.8	-
4	<i>Of which non-performing exposures</i>	21.7	73.9	73.9	-	-
5	<i>Of which defaulted</i>	88.3	1.9	-	-	-

31 December 2022		Unsecured carrying amount	Secured carrying amount			
		a	b	Of which secured by collateral c	Of which secured by financial guarantees d	Of which secured by credit derivatives e
1	Loans and advances	6,266.6	20,317.5	20,108.7	208.8	-
2	Debt securities	942.7	-	-	-	-
3	Total	7,209.3	20,317.5	20,108.7	208.8	-
4	<i>Of which non-performing exposures</i>	22.1	55.5	55.5	-	-
5	<i>Of which defaulted</i>	18.5	53.5	-	-	-

ANNEX 19 STANDARDISED APPROACH

3.53 TABLE UK CRD – QUALITATIVE DISCLOSURE REQUIREMENTS RELATED TO STANDARDISED MODEL

Row number	
(a)	<p>Article 444 (a). Names of the external credit assessment institutions (ECAIs) and export credit agencies (ECAs) nominated by the institution, and the reasons for any changes over the disclosure period;</p> <p>The Bank uses Moody's and Fitch as External Credit Assessment Institutions. In exceptional cases where Moody's and Fitch ratings are not available, the Bank uses Standard and Poor's ratings.</p>
(b)	<p>Article 444 (b). The exposure classes for which each ECAI or ECA is used;</p> <p>ECAI ratings are used for central governments, financial institutions, central banks and some corporate exposures. ECAIs ratings are also used for public sector entities and multilateral development bank exposures that do not have central government guarantees or qualify for 0% risk weights.</p> <p>ECAI ratings are also used for any externally issued or retained securitisation (MBS) holdings in line with SEC-ERBA methodology.</p> <p>The Bank does not use ECAIs for other credit risk exposure classes under the standardised approach.</p>
(c)	<p>Article 444 (c). A description of the process used to transfer the issuer and issue credit ratings onto comparable assets items not included in the trading book;</p> <p>The Bank does not have a trading book.</p>
(d)	<p>Article 444 (d). The association of the external rating of each nominated ECAI or ECA (as referred to in row (a)) with the risk weights that correspond with the credit quality steps as set out in Chapter 2 of Title II of Part Three CRR (except where the institution complies with the standard association published by the EBA).</p> <p>The ratings from the ECAIs are mapped across to the Credit Quality Step requirements in the UK CRR using EBA mappings.</p>

3.54 UK CR4 – STANDARDISED APPROACH – CREDIT RISK EXPOSURE AND CRM EFFECTS

31 December 2023		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
Exposure classes		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density (%)
		a	b	c	d	e	f
1	Central governments or central banks	3,278.2	-	3,449.3	-	-	-
2	Regional government or local authorities	0.2	-	0.3	-	0.1	20.0
3	Public sector entities	44.3	0.4	42.6	-	0.2	0.4
4	Multilateral development banks	476.0	-	476.0	-	-	-
5	International organisations	-	-	-	-	-	-
6	Institutions	172.3	0.1	172.3	-	34.5	20.0
7	Corporates	278.1	73.8	134.2	19.7	141.2	91.7
8	Retail	0.1	-	0.1	-	0.1	75.0
9	Secured by mortgages on immovable property	0.1	-	0.1	-	-	35.0
10	Exposures in default	15.5	0.2	1.6	-	2.2	141.8
11	Exposures associated with particularly high risk	-	-	-	-	-	-
12	Covered bonds	885.2	-	885.2	-	89.8	10.1
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investment undertakings	-	-	-	-	-	-
15	Equity	12.6	-	12.6	-	12.6	100.0
16	Other items	156.1	-	156.1	-	279.1	178.8
17	TOTAL	5,318.7	74.5	5,330.4	19.7	559.8	10.5

31 December 2022		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
Exposure classes		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density (%)
		a	b	c	d	e	f
1	Central governments or central banks	5,438.3	-	5,688.6	-	-	-
2	Regional government or local authorities	0.2	-	0.3	-	0.1	20.0
3	Public sector entities	2.0	0.4	0.4	-	0.1	20.0
4	Multilateral development banks	425.6	-	425.6	-	-	-
5	International organisations	-	-	-	-	-	-
6	Institutions	375.7	0.1	375.7	-	51.7	13.8
7	Corporates	309.8	111.9	107.8	39.6	130.8	88.7
8	Retail	0.7	-	0.7	-	0.5	75.0
9	Secured by mortgages on immovable property	0.1	-	0.1	-	-	35.0
10	Exposures in default	14.5	0.6	1.2	0.3	2.1	140.5
11	Exposures associated with particularly high risk	-	-	-	-	-	-
12	Covered bonds	265.9	-	265.9	-	26.6	10.0
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investment undertakings	-	-	-	-	-	-
15	Equity	11.1	-	11.1	-	11.1	100.0
16	Other items	188.8	-	188.8	-	331.3	175.4
17	TOTAL	7,032.7	113.0	7,066.2	39.9	554.3	7.8

3.55 TEMPLATE UK CR5 – STANDARDISED APPROACH

31 December 2023		Risk weight %															Total	Of which unrated
Exposure classes	0	2	4	10	20	35	50	70	75	100	150	250	370	1250	Others			
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	
1 Central governments or central banks	3,449.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,449.3	-
2 Regional government or local authorities	-	-	-	-	0.3	-	-	-	-	-	-	-	-	-	-	-	0.3	0.3
3 Public sector entities	41.7	-	-	-	0.9	-	-	-	-	-	-	-	-	-	-	-	42.6	42.6
4 Multilateral development banks	476.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	476.0	-
5 International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Institutions	-	-	-	-	172.3	-	-	-	-	-	-	-	-	-	-	-	172.3	61.5
7 Corporates	-	-	-	-	-	-	-	-	-	153.9	-	-	-	-	-	-	153.9	153.9
8 Retail exposures	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	0.1	0.1
9 Exposures secured by mortgages on immovable property	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	0.1	0.1
10 Exposures in default	-	-	-	-	-	-	-	-	-	0.3	1.3	-	-	-	-	-	1.6	1.6
11 Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Covered bonds	-	-	-	872.0	13.2	-	-	-	-	-	-	-	-	-	-	-	885.2	-
13 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Equity exposures	-	-	-	-	-	-	-	-	-	12.6	-	-	-	-	-	-	12.6	12.6
16 Other items	-	-	-	-	-	-	-	-	-	74.0	-	82.1	-	-	-	-	156.1	156.1
17 TOTAL	3,967.0	-	-	872.0	186.7	0.1	-	-	0.1	240.8	1.3	82.1	-	-	-	5,350.1	428.8	

31 December 2022		Risk weight %															Total	Of which unrated
Exposure classes	0	2	4	10	20	35	50	70	75	100	150	250	370	1250	Others			
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	
1 Central governments or central banks	5,688.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,688.6	-	
2 Regional government or local authorities	-	-	-	-	0.3	-	-	-	-	-	-	-	-	-	-	0.3	0.3	
3 Public sector entities	-	-	-	-	0.4	-	-	-	-	-	-	-	-	-	-	0.4	0.4	
4 Multilateral development banks	425.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	425.6	-	
5 International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6 Institutions	-	130.1	-	-	245.6	-	-	-	-	-	-	-	-	-	-	375.7	165.4	
7 Corporates	-	-	-	-	5.0	-	-	-	-	142.4	-	-	-	-	-	147.4	142.4	
8 Retail exposures	-	-	-	-	-	-	-	-	0.7	-	-	-	-	-	-	0.7	0.7	
9 Exposures secured by mortgages on immovable property	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	0.1	0.1	
10 Exposures in default	-	-	-	-	-	-	-	-	-	0.3	1.2	-	-	-	-	1.5	1.5	
11 Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12 Covered bonds	-	-	-	265.9	-	-	-	-	-	-	-	-	-	-	-	265.9	-	
13 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14 Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
15 Equity exposures	-	-	-	-	-	-	-	-	-	11.1	-	-	-	-	-	11.1	11.1	
16 Other items	-	-	-	-	-	-	-	-	-	93.9	-	94.9	-	-	-	188.8	188.8	
17 TOTAL	6,114.2	130.1	-	265.9	251.3	0.1	-	-	0.7	247.7	1.2	94.9	-	-	-	7,106.1	510.7	

3.56 UK CRE – QUALITATIVE DISCLOSURE REQUIREMENTS RELATED TO IRB APPROACH

Legal basis	
Article 452 (c) CRR	<p>Article 452 (c). The control mechanisms for rating systems at the different stages of model development, controls and changes, which shall include information on:</p> <p>(i) the relationship between the risk management function and the internal audit function;</p> <p>Internal Audit act as the Third Line of Defence. They independently monitor the embedding of the Risk Management Framework (RMF) and report on progress to the Executive and Audit Committee. On an ongoing basis Internal Audit will form an independent view on the Bank's management of model risk, based on BAU audit work, issue assurance and business monitoring. Audit reviews of model risk are reported to the model owner and senior management within risk.</p> <p>Internal Audit is independent from the risk management function. Internal Audit are represented at the Model Risk Oversight Committee (MROC) via a standing invitee position.</p> <p>(ii) the rating system review;</p> <p>All IRB models are subject to regular model monitoring with a full suite of measure and tolerances applied with actions to be taken prescribed where tolerances are breached. Such activity can drive further analysis and result in the need to recalibrate or redevelop models. Model monitoring is presented to the senior model governance committee (MROC) on an annual basis.</p> <p>A periodic model review (PMR) is conducted by the independent model validation (IMV) team for each IRB model annually. The results of this review are presented to MROC and corrective action agreed by the model owner to remediate findings raised, up-to and including a new model development.</p> <p>The results of the above activities, alongside wider data input assessments, can result in the requirement to raise post model adjustments (PMAs). The Bank maintains a biannual PMA assessment where the model owner presents for approval at MROC proposed PMA's based on recognised deficiencies.</p> <p>The Chief Risk Officer (CRO) provides an annual written attestation to the PRA that: the firm's internal approaches for which it has received permission comply with all relevant CRR requirements, relevant PRA rules and any applicable PRA supervisory statements and; where an internal approach has been found not to be compliant, a credible plan for a return to compliance is in place. A key objective remains that attestation responses receive appropriate review and challenge, in order to ensure that respondents correctly interpreted the IRB requirements and that those were consistent across respondents, that supporting evidence was provided, and that suitable remediation has been identified to address areas of partial or non-compliance. The review and challenge consist of three stages of workshops and committees, as well as a dedicated session with the CRO. Second line conducts an independent review that concludes that the attestation accurately reflects the compliance status of the Bank against the articles to which it is required to comply with. The Bank submits to the PRA a model submission pipeline on a quarterly basis, following approval at MROC.</p>
Article 452 (c) CRR cont.	<p>(iii) procedure to ensure the independence of the function in charge of reviewing the models from the functions responsible for the development of the models;</p> <p>The independent model validation (model validation or IMV) is responsible for the independent review of Bank models. The purpose of the review is to provide effective challenge to all aspects of the model development process, including model purpose, data</p>

extraction, sample design, evaluation of conceptual soundness, assumptions and limitations, model monitoring and ultimately to either confirm the fitness for purpose of the model or not, depending on the results of the review.

The IMV team operate independently from the model development process and from model owners. The Bank operates separate reporting lines and ensures that sufficient organisational standing for the IMV team is achieved through representation at the senior model committee (MROC), allowing challenge to models to be readily shared with, and access provided to, senior management. Model validation findings are presented at MROC with the IMV Team presenting the results of the review and MROC noting the review and approving the remediation proposed by the model owner.

(iv) the procedure to ensure the accountability of the functions in charge of developing and reviewing the models

The model risk policy establishes the principle for managing model risk throughout the Bank. It sets out the principles by which the Bank defines model risk, identifies processes, ownership, responsibilities and the risk oversight and guardianship required to support effective implementation across the Bank and its associated legal entities. The key principles of the model risk management framework are:

- A list of all models used in the Bank is maintained in a complete and accurate model inventory, including vendor models and those developed by external resources. Responsibilities are summarised as detailed in procedural documents
- Clearly defined roles to drive accountability for model risk management framework responsibilities through the lifecycle of each model
- Models are developed and tested with appropriate rigour to minimise model risk and demonstrate compliance with relevant regulatory requirements
- Robust independent validation, challenge and appropriate approval of models prior to their first use
- Regular monitoring of models in use to confirm that they continue to perform in line with model objectives
- Appropriate periodic independent validation of models in use according to their materiality
- Clear and practical awareness of the data quality of model inputs and the limitations of the models themselves by those who use them
- Effective senior management awareness of the model risk management framework, the Bank's models and associated regulatory requirements at an appropriate level of detail to enable them to discharge their management, oversight, and governance responsibilities
- Retirement of models when they are found to be no longer appropriate or are replaced by improved models

Article 452 (d). The role of the functions involved in the development, approval and subsequent changes of the credit risk models.

The model risk policy articulates the role of the functions involved in the development, approval and subsequent change of the credit risk models. Each model is assigned both a model owner and a business owner and models are subject to independent review by the IMV Team.

The model owner is responsible for the model and responsibilities include:

- To build and maintain the model to adhere to relevant regulatory and internal requirements
- To own the calculation and rationale behind PMAs
- Regarding new model or model changes:
 - Ensuring they undergo appropriate independent validation, appropriate governance approval, appropriate testing and implementation into their

Article 452
(c) CRR
cont.

Article 452
(d) CRR

production environments, and that production environments remain appropriate

The business owner responsibilities include:

- To ensure the use of the model adheres to appropriate relevant regulatory and internal requirements
- To have awareness of and understanding of the limitations or deficiencies of the model and use

Models are approved at MROC, with the Chief Risk Officer and model risk RFO (Risk Framework Owner) in attendance alongside representation from credit risk, risk oversight, finance and Internal Audit.

Article 452 (e). The scope and main content of the reporting related to credit risk models.

IRB model monitoring is produced quarterly for retail secured and biannually for retail unsecured IRB models, with both subject to lower model governance sub-forum noting/approval at Risk Models Forum. MROC receives each annually in summary format. IRB model monitoring for corporate is annual to Risk Models Forum and MROC.

The key focus of the reporting cover comparisons of realised default rates with estimated Long Run Average (LRA) PD's, both at grade and portfolio level, alongside similar analysis for EAD and LGD models. Model discrimination is assessed, alongside assessment of model cyclical, population stability and grade migration.

On a monthly basis, risk data working group (RDWG) presents data quality dashboards which are subsequently presented at MROC, covering the assessment of the accuracy, completeness and appropriateness of data that are inputs into the IRB models.

Article 452
(e) CRR

Article 452 (f). A description of the internal ratings process by exposure class, including the number of key models used with respect to each portfolio and a brief discussion of the main differences between the models within the same portfolio, covering:

(i) the definitions, methods and data for estimation and validation of PD, which shall include information on how PDs are estimated for low default portfolios, whether there are regulatory floors and the drivers for differences observed between PD and actual default rates at least for the last three periods.

(ii) where applicable, the definitions, methods and data for estimation and validation of LGD, such as methods to calculate downturn LGD, how LGDs are estimated for low default portfolio and the time lapse between the default event and the closure of the exposure.

(iii) where applicable, the definitions, methods and data for estimation and validation of credit conversion factors, including assumptions employed in the derivation of those variables.

The core IRB models by exposure class are shown below:

Portfolio / Model	Exposure Class	RWA	
		2022	2023
Retail secured	Retail - Secured by immovable property non-SME	2,858.9	2,739.2
Retail current accounts	Retail - Qualifying revolving	49.9	50.2
	Retail - Other non-SME	56.0	55.3
Retail credit cards	Retail - Qualifying revolving	195.5	186.2
Registered Social Landlords	Corporates - SME	42.9	38.3
	Corporates - Other	73.2	68.9
Property investment	Corporates - Specialised Lending	78.8	91.2
Private Finance Initiative	Corporates - Specialised Lending	213.6	231.3

Article 452
(f) CRR

Retail Secured Lending

Probability of Default (PD) models

Underlying scorecards are calibrated to provide a PD for each loan. The application credit score is used for new lending to determine PD up until sufficient internal account performance data is available, at which time the behaviour score is used to determine PD. Both scorecards focus on obligor specific drivers, such as Experian bureau information, and in the behavioural model delinquency, as well as Loan to Value.

The Definition of Default is focussed on months in arrears and unlikelihood to pay measures such as distressed restructuring, litigation and possession. The Definition of Default is non-compliant with PS7/19 and PS11/20 due to the requirement to apply a 3 months in arrears default definition for the delinquency component. This will be remediated through the PS11/20 model development.

The Retail Secured portfolio is segmented into a Non-Specialist and Specialist portfolios, the former constituting lower risk Owner-Occupied mortgages versus the latter constituting higher risk (Optimum – now effectively closed) and BTL mortgages. Assignment to grade is driven by the scorecards, with a set mapping and no differentiation between the treatment of Non-Specialist and Specialist portfolios.

There are 7 non-default grades applied within the model. The ratings philosophy of the PD models is deemed to be hybrid with the Point-in-Time (PiT) score mapped to a long run average PD grade. The long run PD's assigned to each grade have been determined using historical data (circa 10 years of internal performance) and an assessment of PD performance over a full economic cycle, with the application of external industry data to support such backcasting. The regulatory PD floor of 0.03 % is maintained.

The model is not compliant with the requirements of PS11/20, including such areas as grade concentration and cyclical expectations.

Model performance has remained stable in recent periods, with the portfolio default rate remaining at historically low levels as displayed in the UK CR9 template. Default rates are lower than predictions for most PD grades, However, the default rate for the lowest risk band (PD<0.15 %) is similar to the PD. This is partly due to very low risk customers historically showing little variation in default rates over a long run period, but also due to some of the defaults being triggered by a deceased forbearance marker on the account (which does not form part of the PD prediction).

Loss Given Default (LGD) models

The key components of the LGD models are the Probability of Possession Given Default (PPGD) and expected shortfall in case of possession, calibrated to reflect a downturn environment. The expected shortfall calculation uses an estimate of house price at sale, a forced sale discount, projected balances (EAD) and costs, along with time to possession and sale parameters and standard discounting principles. Following default recognition, over the model development period, it takes on average 18 months for the closure of the exposure through a possession sale event. The model is not compliant with the requirements of PS11/20, again due to the 3 months in arrears default definition. The regulatory portfolio level LGD floor of 10 % is maintained.

The LGD estimates have remained relatively stable over the year. Possessions remain at very low levels, meaning that actual losses are significantly below modelled predictions. Similarly, future predicted losses (when potential losses from unresolved defaults are taken into account) remain low. The low volume of cases means that individual components such as forced sale discount can be volatile, but are largely below modelled expectations.

Exposure at Default (EAD)

The EAD model is an account level calculation, based on the account's existing balance. It assumes that up to 6 monthly payments will be missed before the account defaults. The resultant missed interest is added to the account balance, along with monthly arrears charges, to give the predicted EAD. The model is non-compliant with PS7/19 and PS11/20

due to the requirement to apply a 3 months in arrears default definition. The regulatory expectation that EAD cannot be lower than existing balance is maintained.

Actual EADs continue to be below the balance at initial observation. This contrasts with the modelled EAD, where the model design always ensures the modelled EAD is higher than the balance. The gap between modelled and actual EAD has remained relatively static during the reporting period.

Retail Unsecured Lending – QRRE & Other

The Bank maintains IRB Models for Credit Card and Current Account portfolios, which are predominantly assigned to the QRRE asset class. The structure of the models across the two portfolios are closely aligned with differences, for example, in the application and behavioural scoring drivers being based on relevant portfolio drivers of risk.

Probability of Default (PD) models

Accounts are predominantly assigned a PD score depending on the product and the length of time on book. Some additional characteristics are used to segment the portfolios further, including the arrears status, utilisation and bureau data, driven by the different behaviour exhibited by the segments. The application credit score is the main driver used to determine PDs for new lending up until sufficient internal account performance data is available, at which time the account is assessed via a behavioural model. The underlying model outputs are calibrated to PD grades with an associated LRA PD assigned. The regulatory PD floor of 0.03 % is maintained.

The rating philosophy of the Credit Card PD model is considered to be a hybrid model which is closer to a Through the Cycle (TtC) methodology as evidenced through the movement of default rates and predicted PD. The Current Account PD model rating philosophy is dependent on each individual segment being considered. Overall it is considered to be closer to a Point in Time (PiT) system than TtC with the most material segment of the portfolio demonstrating strong PiT behaviour.

Assessment of the model performance for QRRE, as displayed in the UK CR9 template, demonstrates appropriate rank order across the rating scale with limited reversals in actual default rates observed. Re-development is still required for Basel 3.1 requirements, namely low materiality defaults, which is a driver of the model misalignment displayed. Similar considerations of definition of default apply across the Unsecured models noted below.

In the case of Other Non-SME obligors, traditionally a credit obligation was only recorded once an obligor is overdrawn which was reflected in high default rates being returned. Through the current IRB models, EAD estimates are now assigned to these accounts resulting in significant volumes now being reported and actual default rates versus LRA PD assessments are satisfactory.

Loss Given Default (LGD) models

The LGD model predicts the percentage of the default balance that is realised post default. The model is based upon a forward flow debt sale agreement, whereby all eligible accounts are written off and sold at 90 days past due, at an agreed price per segment.

Segmentation is applied within the model to align either to the debt sale categories, an exclusions segment (accounts which are not sold and are written off) or accounts not yet 90 days past due. The pre-calibrated LGD is aligned to the sale price for accounts which are sold, a fully provided for written off segment, or a blended rate based on historical segmentation proportions for the remaining segment.

The downturn LGD is derived by including an element which takes a historically conservative point to reflect the expected sale receipts in a downturn environment; a discounting overlay and a cost of collections component.

Quarterly IRB monitoring shows that the estimates are conservative across all segments and products. This is driven by a high proportion of accounts that cure from default which was not anticipated.

Exposure at Default (EAD)

The EAD model calculates the account balance anticipated at the point of default in downturn conditions. The account level estimates are derived by risk segment, where predictive variables are specific to the risk segment. The main variables which are considered include the product, current exposure, current balance and current utilisation (for credit cards). An assessment of the segment performance over historical observations (including a downturn period) is used to inform the downturn estimate.

Model performance is strong where the estimates maintain their rank ordering and downturn EAD estimates remain higher than realised actuals.

Corporate Models

Probability of Default (PD) models

An internally developed PD model is used for grading and monitoring exposures to Registered Social Landlords (RSL). The RSL portfolio is defined as a low-default portfolio, with the Benjamin Cathcart Ryan methodology used to assign a portfolio level central tendency and an expert judgment model used to assign obligors to grades. The expert judgment model is deemed to be near PiT and contains a mixture of quantitative drivers from financial accounts and qualitative drivers such as management experience. The output of the expert judgment model is mapped to a subset of the 13 grades of the internal master grading scale (with a 14th grade indicating default). The regulatory PD floor of 0.03% is maintained. No regulatory defaults have been recognised to date for the RSL portfolio.

Exposure at Default (EAD)

EAD across the whole corporate portfolio is calculated by applying regulatory prescribed CCFs.

Loss Given Default (LGD) models

Capital adequacy for customers rated with a PD model is calculated under the Foundation IRB Approach and therefore regulatory prescribed LGD rates apply (from 35% for senior exposures fully secured by real estate collateral to 45% for senior unsecured exposures).

Supervisory slotting approach

Supervisory slotting criteria are used to analyse and monitor the specialised lending exposures for the portfolios Property Investment and Private Finance Initiatives (PFIs). The PFI and Property Investment slotting models apply an expert judgement model to calculate a score which is then mapped to the four supervisory categories from Strong to Weak (slotting categories 1-4 respectively) or default with prescribed risk weights and expected loss percentages.

Overrides

The PD and slotting grades can be overridden by exception in line with policy to ensure that the grades fully reflect all available information.

3.57 TEMPLATE UK CR6 – IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE

A-IRB	31 December 2023 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 (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
Retail - Secured by immovable property non-SME - with own estimates of LGD or conversion factors													
	0.00 to <0.15	8,135.9	-	105.2	8,510.2	-	108,851	8.3	-	165.9	1.9	0.7	(0.3)
	0.00 to <0.10	8,135.9	-	105.2	8,510.2	-	108,851	8.3	-	165.9	1.9	0.7	(0.3)
	0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to <0.50	9,111.4	449.4	104.6	9,997.9	0.5	90,479	16.2	-	1,758.7	17.6	10.3	(6.7)
	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <2.50	1,586.3	16.2	104.6	1,676.3	1.1	18,302	18.0	-	577.5	34.4	4.4	(7.5)
	0.75 to <1.75	1,586.3	16.2	104.6	1,676.3	1.1	18,302	18.0	-	577.5	34.4	4.4	(7.5)
	1.75 to <2.5	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to <10.00	99.6	-	-	104.1	7.8	1,226	14.2	-	87.2	83.7	1.4	(0.9)
	2.5 to <5	-	-	-	-	-	-	-	-	-	-	-	-
	5 to <10	99.6	-	-	104.1	7.8	1,226	14.2	-	87.2	83.7	1.4	(0.9)
	10.00 to <100.00	97.2	-	-	101.0	34.3	1,149	10.8	-	85.1	84.2	3.9	(1.0)
	10 to <20	-	-	-	-	-	-	-	-	-	-	-	-
	20 to <30	35.5	-	-	37.0	24.5	397	14.2	-	32.1	86.7	1.3	(0.3)
	30.00 to <100.00	61.7	-	-	64.0	40.0	752	8.8	-	53.0	82.8	2.6	(0.7)
	100.00 (Default)	52.1	-	-	52.1	100.0	602	11.4	-	64.8	124.3	1.0	(1.0)
	Subtotal (exposure class)	19,082.5	465.6	2.4	20,441.6		220,609		-	2,739.2	13.4	21.7	(17.4)

A-IRB	31 December 2022	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 (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust- ments and provisions	
	PD range	a	b	c	d	e	f	g	h	i	j	k	l	m
Retail - Secured by immovable property non-SME - with own estimates of LGD or conversion factors														
	0.00 to <0.15	9,018.8	-	-	9,422.5	0.1	117,142	8.5	-	204.7	2.2	1.0	(0.4)	
	0.00 to <0.10	9,018.8	-	-	9,422.5	0.1	117,142	8.5	-	204.7	2.2	1.0	(0.4)	
	0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-	
	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-	
	0.25 to <0.50	8,966.0	658.7	104.4	10,053.3	0.5	90,334	15.6	-	1,923.7	19.1	13.1	(7.8)	
	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-	
	0.75 to <2.50	1,452.5	145.0	104.4	1,669.1	1.1	18,142	16.6	-	563.4	33.8	4.6	(7.4)	
	0.75 to <1.75	1,452.5	145.0	104.4	1,669.1	1.1	18,142	16.6	-	563.4	33.8	4.6	(7.4)	
	1.75 to <2.5	-	-	-	-	-	-	-	-	-	-	-	-	
	2.50 to <10.00	78.1	0.2	104.5	81.8	8.1	1,019	12.3	-	64.3	78.7	1.0	(0.5)	
	2.5 to <5	-	-	-	-	-	-	-	-	-	-	-	-	
	5 to <10	78.1	0.2	104.5	81.8	8.1	1,019	12.3	-	64.3	78.7	1.0	(0.5)	
	10.00 to <100.00	67.4	-	-	70.1	33.3	920	9.2	-	60.0	85.6	2.3	(0.4)	
	10 to <20	-	-	-	-	-	-	-	-	-	-	-	-	
	20 to <30	24.6	-	-	25.7	24.4	297	11.6	-	23.7	92.3	0.8	(0.2)	
	30.00 to <100.00	42.8	-	-	44.4	38.5	623	7.8	-	36.3	81.7	1.5	(0.2)	
	100.00 (Default)	38.6	-	-	38.6	100.0	520	9.8	-	42.8	111.0	0.5	(0.5)	
	Subtotal (exposure class)	19,621.4	803.9	3.9	21,335.4		228,077		-	2,858.9	13.4	22.5	(17.0)	

3.57 TEMPLATE UK CR6 – IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE - CONTINUED

A-IRB	31 December 2023 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 (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
Retail - Qualifying revolving - with own estimates of LGD or conversion factors													
	0.00 to <0.15	26.8	427.2	110.4	498.4	0.1	682,303	84.7	-	16.6	3.3	0.2	-
	0.00 to <0.10	5.6	203.4	184.0	379.9	-	622,766	85.0	-	8.6	2.3	0.1	-
	0.10 to <0.15	21.2	223.8	43.5	118.5	0.1	59,537	83.9	-	8.0	6.7	0.1	-
	0.15 to <0.25	45.1	379.1	44.3	213.2	0.2	130,562	84.1	-	22.3	10.5	0.4	(0.1)
	0.25 to <0.50	39.6	108.2	77.5	123.5	0.4	202,355	84.7	-	19.5	15.8	0.4	(0.1)
	0.50 to <0.75	0.5	7.6	203.2	16.1	0.5	55,477	85.0	-	3.3	20.7	0.1	-
	0.75 to <2.50	24.6	32.5	77.6	50.0	1.5	60,044	85.1	-	22.9	45.9	0.6	(0.2)
	0.75 to <1.75	24.2	31.3	75.5	47.9	1.4	53,904	85.1	-	21.7	45.4	0.6	(0.2)
	1.75 to <2.5	0.4	1.2	130.3	2.1	2.0	6,140	84.8	-	1.2	57.0	-	-
	2.50 to <10.00	40.0	18.7	63.0	52.3	3.1	32,820	84.9	-	40.6	77.5	1.4	(0.6)
	2.5 to <5	37.7	17.2	56.8	47.7	2.8	20,714	84.9	-	34.8	72.9	1.2	(0.4)
	5 to <10	2.3	1.5	134.0	4.6	6.3	12,106	84.4	-	5.8	125.7	0.2	(0.2)
	10.00 to <100.00	52.8	5.4	79.6	58.6	11.3	25,931	86.1	-	103.0	175.8	5.7	(3.8)
	10 to <20	51.5	5.4	79.0	56.8	10.4	21,349	86.1	-	98.5	173.4	5.1	(3.4)
	20 to <30	0.8	-	225.7	1.2	27.8	3,673	85.1	-	3.1	263.1	0.3	(0.2)
	30.00 to <100.00	0.5	-	-	0.6	62.5	909	87.2	-	1.4	237.4	0.3	(0.2)
	100.00 (Default)	3.2	0.5	123.8	3.9	100.0	12,343	90.3	-	8.2	209.4	2.9	(2.9)
	Subtotal (exposure class)	232.6	979.2	76.9	1,016.0		1,201,835		-	236.4	23.3	11.7	(7.7)

A-IRB	31 December 2022	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 (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions	
	PD range	a	b	c	d	e	f	g	h	i	j	k	l	m
Retail - Qualifying revolving - with own estimates of LGD or conversion factors														
	0.00 to <0.15	29.7	461.9	107.1	524.2	0.1	708,029	84.7	-	17.7	3.4	0.3	-	
	0.00 to <0.10	6.3	219.2	177.5	395.4	-	643,756	84.9	-	9.1	2.3	0.2	-	
	0.10 to <0.15	23.4	242.7	43.5	128.8	0.1	64,273	84.0	-	8.6	6.7	0.1	-	
	0.15 to <0.25	46.6	386.8	43.9	216.5	0.2	127,444	84.0	-	22.8	10.5	0.4	(0.1)	
	0.25 to <0.50	39.1	108.4	78.2	123.8	0.4	200,814	84.7	-	19.5	15.8	0.4	(0.1)	
	0.50 to <0.75	0.5	7.5	205.1	16.0	0.5	54,887	85.0	-	3.3	20.7	0.1	-	
	0.75 to <2.50	23.1	31.2	87.1	50.2	1.4	76,601	85.3	-	22.8	45.2	0.6	(0.3)	
	0.75 to <1.75	22.7	30.0	85.4	48.2	1.4	70,526	85.4	-	21.6	44.7	0.6	(0.3)	
	1.75 to <2.5	0.4	1.2	130.5	2.0	2.0	6,075	84.8	-	1.2	57.0	-	-	
	2.50 to <10.00	39.2	20.5	60.7	52.2	3.0	31,620	85.1	-	39.9	76.5	1.3	(0.8)	
	2.5 to <5	37.1	19.2	57.8	48.5	2.8	22,831	85.2	-	35.4	73.1	1.1	(0.6)	
	5 to <10	2.1	1.3	103.2	3.7	6.0	8,789	84.5	-	4.5	121.9	0.2	(0.2)	
	10.00 to <100.00	53.1	5.8	129.5	62.7	11.4	33,590	86.6	-	111.2	177.4	6.2	(5.8)	
	10 to <20	51.7	5.8	129.3	60.3	10.3	27,362	86.6	-	105.0	174.2	5.4	(5.2)	
	20 to <30	0.8	-	252.5	1.7	28.4	5,227	85.3	-	4.6	265.5	0.4	(0.3)	
	30.00 to <100.00	0.6	-	-	0.7	62.5	1,001	86.4	-	1.6	235.1	0.4	(0.3)	
	100.00 (Default)	3.1	0.5	129.1	3.8	100.0	12,005	90.8	-	8.2	214.5	2.9	(2.9)	
	Subtotal (exposure class)	234.4	1,022.6	77.4	1,049.4		1,244,990		-	245.4	23.4	12.2	(10.0)	

3.57 TEMPLATE UK CR6 – IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE - CONTINUED

A-IRB	31 December 2023	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM ¹	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions	
	PD range	a	b	c	d	e	f	g	h	i	j	k	l	m
Retail - Other non-SME - with own estimates of LGD or conversion factors														
	0.00 to <0.15	-	-	-	5.2	-	19,782	100.0	-	0.6	11.2	-	-	
	0.00 to <0.10	-	-	-	5.2	-	19,782	100.0	-	0.6	11.2	-	-	
	0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-	
	0.15 to <0.25	-	-	-	-	0.2	159	100.0	-	-	49.8	-	-	
	0.25 to <0.50	-	-	-	38.4	0.4	179,635	100.0	-	23.7	61.7	0.1	-	
	0.50 to <0.75	-	-	-	0.3	0.5	1,189	100.0	-	0.2	77.7	-	-	
	0.75 to <2.50	-	-	-	14.9	1.3	70,590	100.0	-	17.5	117.9	0.2	(0.1)	
	0.75 to <1.75	-	-	-	14.8	1.3	70,485	100.0	-	17.5	117.8	0.2	(0.1)	
	1.75 to <2.5	-	-	-	0.1	2.0	105	100.0	-	-	136.0	-	-	
	2.50 to <10.00	-	-	-	8.4	3.7	39,961	100.0	-	12.8	152.0	0.3	(0.4)	
	2.5 to <5	-	-	-	8.4	3.7	39,854	100.0	-	12.7	151.9	0.3	(0.4)	
	5 to <10	-	-	-	-	9.8	107	100.0	-	0.1	176.8	-	-	
	10.00 to <100.00	0.1	-	-	0.2	40.2	1,491	100.0	-	0.5	259.4	0.1	(0.1)	
	10 to <20	-	-	-	-	14.3	1	100.0	-	-	204.4	-	-	
	20 to <30	0.1	-	-	0.1	29.1	1,224	100.0	-	0.3	268.7	-	-	
	30.00 to <100.00	-	-	-	0.1	62.5	266	100.0	-	0.2	241.1	0.1	(0.1)	
	100.00 (Default)	0.7	-	-	0.7	100.0	5,515	100.0	-	-	0.3	0.7	(0.7)	
	Subtotal (exposure class)	0.8	-	-	68.1		318,322		-	55.3	81.2	1.4	(1.3)	
1. Exposure relates to Cashminder current accounts. These have no authorised credit limits associated with the accounts. Drawn balances are immaterial.														
	Total (all exposures classes)	19,315.9	1,444.8	87.7	21,525.7		1,740,766		-	3,030.9	14.1	34.8	(26.4)	

A-IRB	31 December 2022	On-balance sheet exposures	Off-balance sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM ¹	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions	
	PD range	a	b	c	d	e	f	g	h	i	j	k	l	m
Retail - Other non-SME - with own estimates of LGD or conversion factors														
	0.00 to <0.15	-	-	-	5.5	-	20,684	100.0	-	0.6	11.2	-	-	
	0.00 to <0.10	-	-	-	5.5	-	20,684	100.0	-	0.6	11.2	-	-	
	0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-	
	0.15 to <0.25	-	-	-	-	0.2	133	100.0	-	-	49.8	-	-	
	0.25 to <0.50	-	-	-	38.9	0.4	181,785	100.0	-	24.0	61.7	0.1	(0.1)	
	0.50 to <0.75	-	-	-	0.3	0.5	1,174	100.0	-	0.2	77.7	-	-	
	0.75 to <2.50	-	-	-	14.9	1.3	70,996	100.0	-	17.6	118.0	0.2	(0.2)	
	0.75 to <1.75	-	-	-	14.9	1.3	70,894	100.0	-	17.6	117.9	0.2	(0.2)	
	1.75 to <2.5	-	-	-	-	2.0	102	100.0	-	-	136.0	-	-	
	2.50 to <10.00	-	-	-	8.3	3.7	39,567	100.0	-	12.6	152.0	0.3	(0.4)	
	2.5 to <5	-	-	-	8.3	3.7	39,451	100.0	-	12.6	151.9	0.3	(0.4)	
	5 to <10	-	-	-	-	9.8	116	100.0	-	-	176.8	-	-	
	10.00 to <100.00	0.1	-	-	0.4	33.9	2,296	100.0	-	1.0	264.7	0.1	(0.1)	
	10 to <20	-	-	-	-	-	-	-	-	-	-	-	-	
	20 to <30	0.1	-	-	0.3	29.1	2,134	100.0	-	0.9	268.7	0.1	(0.1)	
	30.00 to <100.00	-	-	-	0.1	62.5	162	100.0	-	0.1	241.1	-	-	
	100.00 (Default)	0.8	-	-	0.8	100.0	5,952	100.0	-	-	0.2	0.8	(0.8)	
	Subtotal (exposure class)	0.9	-	-	69.1		322,587		-	56.0	81.2	1.5	(1.6)	
1. Exposure relates to Cashminder current accounts. These have no authorised credit limits associated with the accounts. Drawn balances are immaterial.														
	Total (all exposures classes)	19,856.7	1,826.5	90.4	22,453.9		1,795,654		-	3,160.3	14.1	36.2	(28.6)	

3.57 TEMPLATE UK CR6 – IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE - CONTINUED

F-IRB	31 December 2023	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 (years)	Risk	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
	PD range									weighted exposure amount after supporting factors			
	a	b	c	d	e	f	g	h	i	j	k	l	m
Corporates - SME without own estimates of LGD or conversion factors													
	0.00 to <0.15	92.7	-	-	92.7	0.1	19	36.0	5.0	38.0	41.1	-	-
	0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	-
	0.10 to <0.15	92.7	-	-	92.7	0.1	19	36.0	5.0	38.0	41.1	-	-
	0.15 to <0.25	0.9	-	-	0.9	0.2	5	35.4	5.0	0.3	33.1	-	-
	0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <1.75	-	-	-	-	-	-	-	-	-	-	-	-
	1.75 to <2.5	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	-
	2.5 to <5	-	-	-	-	-	-	-	-	-	-	-	-
	5 to <10	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	10 to <20	-	-	-	-	-	-	-	-	-	-	-	-
	20 to <30	-	-	-	-	-	-	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
	Subtotal (exposure class)	93.6	-	-	93.6		24		5.0	38.3	41.0	-	-

F-IRB	31 December 2022	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 (years)	Risk weighted exposure amount after supporting factors ¹	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
	PD range												
	a												
Corporates - SME without own estimates of LGD or conversion factors													
	0.00 to <0.15	104.0	0.1	-	104.0	0.1	23	36.3	5.0	42.6	41.0	0.1	-
	0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	-
	0.10 to <0.15	104.0	0.1	-	104.0	0.1	23	36.3	5.0	42.6	41.0	0.1	-
	0.15 to <0.25	1.0	-	-	1.0	0.2	3	35.0	5.0	0.3	34.5	0.1	-
	0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <1.75	-	-	-	-	-	-	-	-	-	-	-	-
	1.75 to <2.5	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	-
	2.5 to <5	-	-	-	-	-	-	-	-	-	-	-	-
	5 to <10	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	10 to <20	-	-	-	-	-	-	-	-	-	-	-	-
	20 to <30	-	-	-	-	-	-	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
	Subtotal (exposure class)	105.0	0.1	-	105.0		26		5.0	42.9	40.9	0.2	-

¹ – Difference to UKOV1 is due to Non-Credit obligations.

3.57 TEMPLATE UK CR6 – IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE - CONTINUED

F-IRB	31 December 2023	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 (years)	Risk	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
	PD range									weighted exposure amount after supporting factors ¹			
	a	b	c	d	e	f	g	h	i	j	k	l	m
Corporates - Other without own estimates of LGD or conversion factors													
	0.00 to <0.15	146.0	-	-	146.0	0.1	4	-	5.0	68.9	47.2	0.1	(0.1)
	0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	-
	0.10 to <0.15	146.0	-	-	146.0	0.1	4	-	5.0	68.9	47.2	0.1	(0.1)
	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <1.75	-	-	-	-	-	-	-	-	-	-	-	-
	1.75 to <2.5	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	-
	2.5 to <5	-	-	-	-	-	-	-	-	-	-	-	-
	5 to <10	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	10 to <20	-	-	-	-	-	-	-	-	-	-	-	-
	20 to <30	-	-	-	-	-	-	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
	Subtotal (exposure class)	146.0	-	-	146.0		4		5.0	68.9	47.2	0.1	(0.1)
	Total (all exposures classes)	239.6	-	-	239.6		28		5.0	107.2	44.8	0.1	(0.1)

1 – Difference to UKOV1 is due to Non-Credit obligations.

F-IRB	31 December 2022	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 (years)	Risk weighted exposure amount after supporting factors ¹	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
	PD range												
	a												
Corporates - Other without own estimates of LGD or conversion factors													
	0.00 to <0.15	153.1	-	-	153.1	0.1	4	35.9	5.0	73.2	47.8	0.1	-
	0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	-
	0.10 to <0.15	153.1	-	-	153.1	0.1	4	35.9	5.0	73.2	47.8	0.1	-
	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <1.75	-	-	-	-	-	-	-	-	-	-	-	-
	1.75 to <2.5	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	-
	2.5 to <5	-	-	-	-	-	-	-	-	-	-	-	-
	5 to <10	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	10 to <20	-	-	-	-	-	-	-	-	-	-	-	-
	20 to <30	-	-	-	-	-	-	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
	Subtotal (exposure class)	153.1	-	-	153.1		4		5.0	73.2	47.8	0.1	-
	Total (all exposures classes)	258.1	0.1	-	258.1		30.0		5.0	116.1	45.0	0.3	-

3.58 UK CR6-A – SCOPE OF THE USE OF IRB AND SA APPROACHES

31 December 2023		Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to IRB Approach (%)	Percentage of total exposure value subject to a roll-out plan (%)
		a	b	c	d	e
1	Central governments or central banks	-	3,799.2	100.0	-	-
1.1	<i>Of which Regional governments or local authorities</i>		0.3	100.0	-	-
1.2	<i>Of which Public sector entities</i>		3.0	100.0	-	-
2	Institutions	-	1,334.7	100.0	-	-
3	Corporates	726.9	1,095.6	33.7	66.3	-
3.1	<i>Of which Corporates - Specialised lending, excluding slotting approach</i>		-	-	-	-
3.2	<i>Of which Corporates - Specialised lending under slotting approach</i>		487.3	-	100.0	-
4	Retail	20,760.8	20,761.2	-	100.0	-
4.1	<i>of which Retail – Secured by real estate SMEs</i>		-	-	-	-
4.2	<i>of which Retail – Secured by real estate non-SMEs</i>		19,548.2	-	100.0	-
4.3	<i>of which Retail – Qualifying revolving</i>		1,211.9	-	100.0	-
4.4	<i>of which Retail – Other SMEs</i>		-	-	-	-
4.5	<i>of which Retail – Other non-SMEs</i>		0.8	-	100.0	-
5	Equity	-	12.6	100.0	-	-
6	Other non-credit obligation assets	104.2	260.3	60.0	40.0	-
7	Total	21,591.9	27,263.6	20.8	79.2	-

31 December 2022		Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to IRB Approach (%)	Percentage of total exposure value subject to a roll-out plan (%)
		a	b	c	d	e
1	Central governments or central banks	-	5,866.6	100.0	-	-
1.1	<i>Of which Regional governments or local authorities</i>		0.3	100.0	-	-
1.2	<i>Of which Public sector entities</i>		2.4	100.0	-	-
2	Institutions	-	1,091.0	100.0	-	-
3	Corporates	739.9	1,177.1	37.1	62.9	-
3.1	<i>Of which Corporates - Specialised lending, excluding slotting approach</i>		-	-	-	-
3.2	<i>Of which Corporates - Specialised lending under slotting approach</i>		481.8	-	100.0	-
4	Retail	21,683.2	21,684.1	-	100.0	-
4.1	<i>of which Retail – Secured by real estate SMEs</i>		-	-	-	-
4.2	<i>of which Retail – Secured by real estate non-SMEs</i>		20,425.3	-	100.0	-
4.3	<i>of which Retail – Qualifying revolving</i>		1,257.0	-	100.0	-
4.4	<i>of which Retail – Other SMEs</i>		-	-	-	-
4.5	<i>of which Retail – Other non-SMEs</i>		0.9	-	100.0	-
5	Equity	-	11.1	100.0	-	-
6	Other non-credit obligation assets	103.4	292.2	64.6	35.4	-
7	Total	22,526.5	30,122.1	25.2	74.8	-

3.59 UK CR7 – IRB APPROACH – EFFECT ON THE RWEAS OF CREDIT DERIVATIVES USED AS CRM TECHNIQUES

The Bank does not use credit derivatives for CRM. As such the table has not been presented.

3.60 UK CR7-A – IRB APPROACH – DISCLOSURE OF THE EXTENT OF THE USE OF CRM TECHNIQUES

31 December 2023		Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs		
		Total exposures	Funded credit Protection (FCP)					Unfunded credit Protection (UFCP)					RWEA post all CRM assigned to the obligor exposure class	RWEA with substitution effects	
A-IRB	Part of exposures covered by Financial Collateral (%)		Part of exposures covered by Other eligible collateral (%)	Part of exposures covered by Im-movable property Collateral (%)	Part of exposures covered by Receiv-ables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instru-ments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)			m
		a	b	c	d	e	f	g	h	i	j	k	L		
1	Central governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Corporates	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.1	Of which Corporates – SMEs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.2	Of which Corporates – Specialised lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.3	Of which Corporates – Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Retail	21,525.7	-	214.1	214.1	-	-	-	-	-	-	-	-	3,030.9	3,030.9
4.1	Of which Retail – Immovable property SMEs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Of which Retail – Immovable property non-SMEs	20,441.6	-	225.4	225.4	-	-	-	-	-	-	-	-	2,739.2	2,739.2
4.3	Of which Retail – Qualifying revolving	1,016.0	-	-	-	-	-	-	-	-	-	-	-	236.4	236.4
4.4	Of which Retail – Other SMEs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.5	Of which Retail – Other non-SMEs	68.1	-	-	-	-	-	-	-	-	-	-	-	55.3	55.3
5	Total	21,525.7	-	214.1	214.1	-	-	-	-	-	-	-	-	3,030.9	3,030.9

31 December 2022		Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs		
		Total exposures	Funded credit Protection (FCP)					Unfunded credit Protection (UFCP)					RWEA post all CRM assigned to the obligor exposure class	RWEA with substitution effects	
A-IRB	Part of exposures covered by Financial Collateral (%)		Part of exposures covered by Other eligible collateral (%)	Part of exposures covered by Im-movable property Collateral (%)	Part of exposures covered by Receiv-ables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instru-ments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)			m
		a	b	c	d	e	f	g	h	i	j	k	L		
1	Central governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Corporates	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.1	Of which Corporates – SMEs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.2	Of which Corporates – Specialised lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.3	Of which Corporates – Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Retail	22,453.9	-	223.4	223.4	-	-	-	-	-	-	-	-	3,160.3	3,160.3
4.1	Of which Retail – Immovable property SMEs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Of which Retail – Immovable property non-SMEs	21,335.4	-	235.1	235.1	-	-	-	-	-	-	-	-	2,858.9	2,858.9
4.3	Of which Retail – Qualifying revolving	1,049.4	-	-	-	-	-	-	-	-	-	-	-	245.4	245.4
4.4	Of which Retail – Other SMEs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.5	Of which Retail – Other non-SMEs	69.1	-	-	-	-	-	-	-	-	-	-	-	56.0	56.0
5	Total	22,453.9	-	223.4	223.4	-	-	-	-	-	-	-	-	3,160.3	3,160.3

3.60 UK CR7-A – IRB APPROACH – DISCLOSURE OF THE EXTENT OF THE USE OF CRM TECHNIQUES – CONTINUED

31 December 2023	Total exposures	Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
		Funded credit Protection (FCP)											Unfunded credit Protection (UFCP)	
F-IRB	Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	RWEA post all CRM assigned to the obligor exposure class	RWEA with substitution effects	
	a	b	c	d	e	f	g	h	i	j	k	l	m	n
1	Central governments and central banks													
2	Institutions													
3	Corporates	682.8	-	46.0	46.0	-	-	-	-	-	-	-	416.1	416.1
3.1	Of which Corporates – SMEs	93.6	-	125.6	125.6	-	-	-	-	-	-	-	38.3	38.3
3.2	Of which Corporates – Specialised lending	443.2	-	-	-	-	-	-	-	-	-	-	308.9	308.9
3.3	Of which Corporates – Other	146.0	-	134.7	134.7	-	-	-	-	-	-	-	68.9	68.9
4	Total	682.8	-	46.0	46.0	-	-	-	-	-	-	-	416.1	416.1

31 December 2022	Total exposures	Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs		
		Funded credit Protection (FCP)											Unfunded credit Protection (UFCP)		
		Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	RWEA post all CRM assigned to the obligor exposure class	RWEA with substitution effects	
a	b	c	d	e	f	g	h	i	j	k	l	m	n		
1	Central governments and central banks														
2	Institutions														
3	Corporates	705.0	-	46.0	46.0	-	-	-	-	-	-	-	-	399.6	399.6
3.1	Of which Corporates – SMEs	105.0	-	122.2	122.2	-	-	-	-	-	-	-	-	42.9	42.9
3.2	Of which Corporates – Specialised lending	446.9	-	-	-	-	-	-	-	-	-	-	-	283.3	283.3
3.3	Of which Corporates – Other	153.1	-	127.9	127.9	-	-	-	-	-	-	-	-	73.2	73.2
4	Total	705.0	-	46.0	46.0	-	-	-	-	-	-	-	-	399.4	399.4

3.61 UK CR8 – RWEA FLOW STATEMENTS OF CREDIT RISK EXPOSURES UNDER THE IRB APPROACH

		Risk weighted exposure amount
		a
1	Risk weighted exposure amount as at 31 December 2022¹	3,568.9
2	Asset size (+/-)	63.2
3	Asset quality (+/-)	83.3
4	Model updates (+/-) ²	(254.8)
5	Methodology and policy (+/-)	-
6	Acquisitions and disposals (+/-)	-
7	Foreign exchange movements (+/-)	-
8	Other (+/-)	-
9	Risk weighted exposure amount as at 31 December 2023¹	3,460.6

1 – Difference to UKOV1 is due to Non-Credit obligations.

2 – The Bank acquired Sainsbury's mortgage portfolio in August 2023, and received approval to risk weight these exposures as IRB in November 2023. Therefore these exposures were acquired under the standardised approach, and subsequently became IRB. Therefore Sainsbury's mortgages are included within model updates in template UK CR8.

3.62 UK CR9 – IRB APPROACH – BACK-TESTING OF PD PER EXPOSURE CLASS (FIXED PD SCALE)

Advanced IRB (All tables with own estimate of LGD or conversion)

31 December 2023	PD range	Number of obligors at the end of previous year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
		Of which number of obligors which defaulted in the year					
a	b	c	d	e	f	g	h
Retail – Other non-SME ¹	0.00 to <0.15	20,684	-	-	0.03	0.03	-
	0.00 to <0.10	20,684	-	-	0.03	0.03	-
	0.10 to <0.15	-	-	-	-	-	-
	0.15 to <0.25	133	-	-	0.25	0.25	12.04
	0.25 to <0.50	181,785	125	0.07	0.35	0.35	0.07
	0.50 to <0.75	1,174	2	0.17	0.52	0.52	16.46
	0.75 to <2.50	70,996	352	0.50	1.31	1.31	20.45
	0.75 to <1.75	70,894	352	0.50	1.31	1.31	0.50
	1.75 to <2.5	102	-	-	1.96	1.96	25.44
	2.50 to <10.00	39,567	729	1.84	3.72	3.72	1.84
	2.5 to <5	39,451	702	1.78	3.70	3.70	1.78
	5 to <10	116	27	23.28	9.78	9.67	23.28
	10.00 to <100.00	2,296	406	17.68	40.15	35.01	44.36
	10 to <20	-	-	-	14.30	14.30	-
	20 to <30	2,134	325	15.23	29.05	29.05	15.23
	30.00 to <100.00	162	81	50.00	62.51	62.51	50.82
100.00 (Default)	5,952	5,952	-	100.0	100.0	-	

1- In the 2023 report the number of obligors recorded has increased. Traditionally a credit obligation was only recorded for Cashminder accounts once an obligor was overdrawn. Through the current IRB models, EAD estimates are now assigned to all accounts.

31 December 2022	Number of obligors at the end of previous year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)	
Exposure class	PD range	Of which number of obligors which defaulted in the year					
a	b	c	d	e	f	g	h
Retail – Other non-SME	0.00 to <0.15	-	-	-	0.03	0.03	-
	0.00 to <0.10	-	-	-	0.03	0.03	-
	0.10 to <0.15	-	-	-	-	-	-
	0.15 to <0.25	29	1	3.45	0.25	0.25	10.15
	0.25 to <0.50	-	-	-	0.35	0.35	-
	0.50 to <0.75	261	16	6.13	0.52	0.52	18.44
	0.75 to <2.50	99	9	9.09	1.31	1.31	22.84
	0.75 to <1.75	-	-	-	1.31	1.31	-
	1.75 to <2.5	99	9	9.09	1.96	1.96	22.84
	2.50 to <10.00	-	-	-	3.72	3.72	-
	2.5 to <5	-	-	-	3.70	3.70	-
	5 to <10	-	-	-	9.79	9.72	-
	10.00 to <100.00	1,642	461	28.08	33.88	31.41	54.42
	10 to <20	-	-	-	-	-	-
	20 to <30	-	-	-	29.05	29.05	-
	30.00 to <100.00	1,642	461	28.08	62.51	62.51	54.42
	100.00 (Default)	5,170	5,170	-	100.00	100.00	-

3.62 UK CR9 – IRB APPROACH – BACK-TESTING OF PD PER EXPOSURE CLASS (FIXED PD SCALE) - CONTINUED

31 December 2023		Number of obligors at the end of previous year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
Exposure class	PD range		Of which number of obligors which defaulted in the year				
a	b	c	d	e	f	g	h
Retail - Qualifying revolving	0.00 to <0.15	708,029	418	0.06	0.06	0.04	0.23
	0.00 to <0.10	643,756	244	0.04	0.04	0.03	0.07
	0.10 to <0.15	64,273	174	0.27	0.13	0.13	0.97
	0.15 to <0.25	127,444	518	0.41	0.23	0.22	0.30
	0.25 to <0.50	200,814	533	0.27	0.37	0.31	0.26
	0.50 to <0.75	54,887	252	0.46	0.52	0.52	0.53
	0.75 to <2.50	76,601	634	0.83	1.46	1.38	1.11
	0.75 to <1.75	70,526	509	0.72	1.44	1.32	1.08
	1.75 to <2.5	6,075	125	2.06	1.96	1.96	1.61
	2.50 to <10.00	31,620	971	3.07	3.07	4.32	4.87
	2.5 to <5	22,831	417	1.83	2.76	2.92	2.95
	5 to <10	8,789	554	6.30	6.32	6.71	8.07
	10.00 to <100.00	33,590	2,936	8.74	11.25	15.44	23.44
	10 to <20	27,362	1,455	5.32	10.38	11.12	13.22
	20 to <30	5,227	950	18.17	27.80	28.86	47.72
	30.00 to <100.00	1,001	531	53.05	62.51	62.51	39.08
	100.00 (Default)	12,005	12,005	-	100.0	100.0	-

31 December 2022		Number of obligors at the end of previous year					
Exposure class	PD range		Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Retail - Qualifying revolving	0.00 to <0.15	590,825	767	0.13	0.06	0.04	0.24
	0.00 to <0.10	459,482	476	0.10	0.04	0.03	0.08
	0.10 to <0.15	131,343	291	0.22	0.13	0.13	0.96
	0.15 to <0.25	55,243	191	0.35	0.23	0.22	0.26
	0.25 to <0.50	338,829	795	0.23	0.37	0.31	0.29
	0.50 to <0.75	18,560	104	0.56	0.52	0.52	0.56
	0.75 to <2.50	155,170	1,624	1.05	1.43	1.24	1.47
	0.75 to <1.75	151,630	1,583	1.04	1.41	1.17	1.47
	1.75 to <2.5	3,540	41	1.16	1.96	1.96	1.49
	2.50 to <10.00	37,471	1,814	4.84	2.99	3.84	5.91
	2.5 to <5	22,091	633	2.87	2.76	2.91	3.61
	5 to <10	15,380	1,181	7.68	6.00	6.28	9.36
	10.00 to <100.00	6,088	1,441	23.67	11.41	15.22	28.80
	10 to <20	1,297	202	15.57	10.35	10.86	16.61
	20 to <30	-	-	-	28.41	28.95	57.54
	30.00 to <100.00	4,791	1,239	25.86	62.51	62.51	38.01
	100.00 (Default)		12,135	12,135	0.00	100.00	100.00

3.62 UK CR9 – IRB APPROACH – BACK-TESTING OF PD PER EXPOSURE CLASS (FIXED PD SCALE) - CONTINUED

31 December 2023		Number of obligors at the end of previous year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
Exposure class	PD range		Of which number of obligors which defaulted in the year				
a	b	c	d	e	f	g	h
Retail – Secured by immovable property non-SME	0.00 to <0.15	117,142	66	0.06	0.06	0.06	0.11
	0.00 to <0.10	117,142	66	0.06	0.06	0.06	0.11
	0.10 to <0.15	-	-	-	-	-	0.25
	0.15 to <0.25	-	-	-	-	-	0.07
	0.25 to <0.50	87,186	91	0.10	0.48	0.48	0.12
	0.50 to <0.75	-	-	-	0.53	0.53	0.09
	0.75 to <2.50	17,253	25	0.14	1.10	1.04	0.23
	0.75 to <1.75	17,253	25	0.14	1.10	1.04	0.28
	1.75 to <2.5	-	-	-	-	2.16	0.26
	2.50 to <10.00	1,016	36	3.54	8.14	8.05	2.47
	2.5 to <5	-	-	-	-	-	2.10
	5 to <10	1,016	36	3.54	8.14	8.05	2.91
	10.00 to <100.00	920	192	20.87	34.74	34.18	18.10
	10 to <20	-	-	-	-	-	5.55
	20 to <30	297	21	7.07	24.40	24.07	7.47
	30.00 to <100.00	623	171	27.45	40.76	39.49	24.04
	100.00 (Default)	520	520	-	100.00	100.00	-

31 December 2022	Number of obligors at the end of previous year		Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
Exposure class	PD range						
a	b	c	d	e	f	g	h
Retail – Secured by immovable property non-SME	0.00 to <0.15	110,475	71	0.06	0.06	0.06	0.21
	0.00 to <0.10	110,475	71	0.06	0.06	0.06	0.21
	0.10 to <0.15	-	-	-	-	-	0.35
	0.15 to <0.25	-	-	-	-	-	0.15
	0.25 to <0.50	97,587	79	0.08	0.48	0.48	0.23
	0.50 to <0.75	-	-	-	-	-	0.24
	0.75 to <2.50	19,005	21	0.11	1.06	1.00	0.60
	0.75 to <1.75	19,005	21	0.11	1.06	1.00	0.67
	1.75 to <2.5	-	-	-	-	-	0.79
	2.50 to <10.00	1,100	12	1.09	8.14	8.04	3.36
	2.5 to <5	-	-	-	-	-	3.82
	5 to <10	1,100	12	1.09	8.14	8.04	4.14
	10.00 to <100.00	989	229	23.15	33.34	32.61	18.39
	10 to <20	-	-	-	-	-	8.64
	20 to <30	178	16	8.99	24.38	23.72	9.83
	30.00 to <100.00	811	213	26.26	38.51	36.85	24.77
	100.00 (Default)	629	629	-	100.00	100.00	-

3.62 UK CR9 – IRB APPROACH – BACK-TESTING OF PD PER EXPOSURE CLASS (FIXED PD SCALE) - CONTINUED

Advanced IRB (All tables with own estimate of LGD or conversion)

31 December 2023		Number of obligors at the end of previous year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
Exposure class	PD range		Of which number of obligors which defaulted in the year				
a	b	c	d	e	f	g	h
Retail – Secured by immovable property non-SME	0.00 to <0.15	4	-	-	0.14	0.14	-
	0.00 to <0.10	-	-	-	-	-	-
	0.10 to <0.15	4	-	-	0.14	0.14	-
	0.15 to <0.25	-	-	-	-	-	-
	0.25 to <0.50	-	-	-	-	-	-
	0.50 to <0.75	-	-	-	-	-	-
	0.75 to <2.50	-	-	-	-	-	-
	0.75 to <1.75	-	-	-	-	-	-
	1.75 to <2.5	-	-	-	-	-	-
	2.50 to <10.00	-	-	-	-	-	-
	2.5 to <5	-	-	-	-	-	-
	5 to <10	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-
	10 to <20	-	-	-	-	-	-
	20 to <30	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-

31 December 2022	Number of obligors at the end of previous year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)	
Exposure class	PD range	Of which number of obligors which defaulted in the year					
a	b	c	d	e	f	g	h
Retail – Secured by immovable property non-SME	0.00 to <0.15	4	-	-	0.14	0.14	-
	0.00 to <0.10	-	-	-	-	-	-
	0.10 to <0.15	4	-	-	0.14	0.14	-
	0.15 to <0.25	-	-	-	-	-	-
	0.25 to <0.50	-	-	-	-	-	-
	0.50 to <0.75	-	-	-	-	-	-
	0.75 to <2.50	-	-	-	-	-	-
	0.75 to <1.75	-	-	-	-	-	-
	1.75 to <2.5	-	-	-	-	-	-
	2.50 to <10.00	-	-	-	-	-	-
	2.5 to <5	-	-	-	-	-	-
	5 to <10	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-
	10 to <20	-	-	-	-	-	-
	20 to <30	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-

3.62 UK CR9 – IRB APPROACH – BACK-TESTING OF PD PER EXPOSURE CLASS (FIXED PD SCALE) - CONTINUED

31 December 2023	PD range	Number of obligors at the end of previous year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
		Of which number of obligors which defaulted in the year					
Exposure class							
a	b	c	d	e	f	g	h
Corporates – SME	0.00 to <0.15	23	-	-	0.14	0.14	-
	0.00 to <0.10	-	-	-	-	-	-
	0.10 to <0.15	23	-	-	0.14	0.14	-
	0.15 to <0.25	3	-	-	0.22	0.22	-
	0.25 to <0.50	-	-	-	-	-	-
	0.50 to <0.75	-	-	-	-	-	-
	0.75 to <2.50	-	-	-	-	-	-
	0.75 to <1.75	-	-	-	-	-	-
	1.75 to <2.5	-	-	-	-	-	-
	2.50 to <10.00	-	-	-	-	-	-
	2.5 to <5	-	-	-	-	-	-
	5 to <10	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-
	10 to <20	-	-	-	-	-	-
	20 to <30	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-

31 December 2022	PD range	Number of obligors at the end of previous year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
		Exposure class	Of which number of obligors which defaulted in the year				
a	b	c	d	e	f	g	h
Corporates – SME	0.00 to <0.15	27	-	-	0.14	0.14	-
	0.00 to <0.10	-	-	-	-	-	-
	0.10 to <0.15	27	-	-	0.14	0.14	-
	0.15 to <0.25	3	-	-	0.22	0.22	-
	0.25 to <0.50	-	-	-	-	-	-
	0.50 to <0.75	-	-	-	-	-	-
	0.75 to <2.50	-	-	-	-	-	-
	0.75 to <1.75	-	-	-	-	-	-
	1.75 to <2.5	-	-	-	-	-	-
	2.50 to <10.00	-	-	-	-	-	-
	2.5 to <5	-	-	-	-	-	-
	5 to <10	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-
	10 to <20	-	-	-	-	-	-
	20 to <30	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-

3.63 UK CR9.1 – IRB APPROACH – BACK-TESTING OF PD PER EXPOSURE CLASS (ONLY FOR PD ESTIMATES ACCORDING TO POINT (F) OF ARTICLE 180(1) CRR)

This Co-operative Bank does not use external credit agencies and so the template has not been disclosed.

ANNEX 23 SPECIALISED LENDING

3.64 UK CR10 – SPECIALISED LENDING AND EQUITY EXPOSURES UNDER THE SIMPLE RISK WEIGHTED APPROACH

Template UK CR10.1

31 December 2023		Specialised lending : Project finance (Slotting approach))						Expected loss amount
Regulatory categories	Remaining maturity	On-balance sheet exposure a	Off-balance sheet exposure b	Risk weight c	Exposure value d	Risk weighted exposure amount ¹ e	Expected loss amount f	
Category 1	Less than 2.5 years	-	-	50%	-	-	-	
	Equal to or more than 2.5 years	320.9	20.8	70%	326.7	193.4	1.3	
Category 2	Less than 2.5 years	-	-	70%	-	-	-	
	Equal to or more than 2.5 years	7.7	1.4	9.0%	8.8	6.5	0.1	
Category 3	Less than 2.5 years	-	-	115%	-	-	-	
	Equal to or more than 2.5 years	-	-	115%	-	-	-	
Category 4	Less than 2.5 years	0.6	-	250%	0.6	1.5	-	
	Equal to or more than 2.5 years	12.0	0.1	250%	12.0	29.9	1.0	
Category 5	Less than 2.5 years	-	-	-	-	-	-	
	Equal to or more than 2.5 years	8.9	-	-	8.9	-	4.5	
Total	Less than 2.5 years	0.6	-		0.6	1.5	-	
	Equal to or more than 2.5 years	349.5	22.3		356.4	229.8	6.9	

Template UK CR10.1

31 December 2022

Regulatory categories	Remaining maturity	Specialised lending : Project finance (Slotting approach))			Exposure value	Risk weighted exposure amount ¹	Expected loss amount
		On-balance sheet exposure	Off-balance sheet exposure	Risk weight			
		a	b	c	d	e	f
Category 1	Less than 2.5 years	0.1	-	50 %	0.1	-	-
	Equal to or more than 2.5 years	340.5	21.5	70 %	347.1	206.9	1.4
Category 2	Less than 2.5 years	-	-	70 %	-	-	-
	Equal to or more than 2.5 years	7.9	1.4	90 %	9.0	6.7	0.1
Category 3	Less than 2.5 years	-	-	115 %	-	-	-
	Equal to or more than 2.5 years	-	-	115 %	-	-	-
Category 4	Less than 2.5 years	-	-	250 %	-	-	-
	Equal to or more than 2.5 years	-	-	250 %	-	-	-
Category 5	Less than 2.5 years	-	-	-	-	-	-
	Equal to or more than 2.5 years	10.4	-	-	10.4	-	5.2
Total	Less than 2.5 years	0.1	-		0.1	-	-
	Equal to or more than 2.5 years	358.8	22.9		366.5	213.6	6.7

3.64 UK CR10 – SPECIALISED LENDING AND EQUITY EXPOSURES UNDER THE SIMPLE RISK WEIGHTED APPROACH - CONTINUED

Template UK CR10.2

31 December 2023

Specialised lending : Income-producing real estate and high volatility commercial real estate (Slotting approach)

Regulatory categories	Remaining maturity	On-balance sheet exposure a	Off-balance sheet exposure b	Risk weight c	Exposure value d	Risk weighted exposure amount ¹ e	Expected loss amount f
Category 1	Less than 2.5 years	-	-	50 %	-	-	-
	Equal to or more than 2.5 years	-	-	70 %	-	-	-
Category 2	Less than 2.5 years	23.9	0.1	70 %	24.0	15.3	0.1
	Equal to or more than 2.5 years	62.2	20.1	90 %	76.9	67.7	0.6
Category 3	Less than 2.5 years	-	0.1	115 %	0.1	0.1	-
	Equal to or more than 2.5 years	4.9	-	115 %	4.9	5.3	0.1
Category 4	Less than 2.5 years	-	-	250 %	-	-	-
	Equal to or more than 2.5 years	1.1	-	250 %	1.1	2.8	0.1
Category 5	Less than 2.5 years	1.6	-	-	1.6	-	0.8
	Equal to or more than 2.5 years	0.7	-	-	0.7	-	0.4
Total	Less than 2.5 years	25.5	0.2		25.7	15.4	0.9
	Equal to or more than 2.5 years	68.9	20.1		83.6	75.8	1.2

¹ – Difference to UKOV1 is due to derivatives.

Template UK CR10.2

31 December 2022

Specialised lending : Income-producing real estate and high volatility commercial real estate (Slotting approach)

Regulatory categories	Remaining maturity	On-balance sheet exposure a	Off-balance sheet exposure b	Risk weight c	Exposure value d	Risk weighted exposure amount ¹ e	Expected loss amount f
Category 1	Less than 2.5 years	-	-	50 %	-	-	-
	Equal to or more than 2.5 years	-	-	70 %	-	-	-
Category 2	Less than 2.5 years	16.2	0.1	70 %	16.3	9.9	0.1
	Equal to or more than 2.5 years	62.4	15.4	90 %	73.7	63.5	0.6
Category 3	Less than 2.5 years	0.2	-	115 %	0.2	0.2	-
	Equal to or more than 2.5 years	1.2	-	115 %	1.2	1.3	-
Category 4	Less than 2.5 years	0.6	-	250 %	0.6	1.1	-
	Equal to or more than 2.5 years	1.1	-	250 %	1.1	2.8	0.1
Category 5	Less than 2.5 years	2.6	-	-	2.6	-	1.3
	Equal to or more than 2.5 years	0.1	-	-	0.1	-	-
Total	Less than 2.5 years	19.6	0.1		19.7	11.2	1.4
	Equal to or more than 2.5 years	64.8	15.4		76.1	67.6	0.7

1 – Difference to UKOV1 is due to derivatives.

The following tables are nil returns and so have not been disclosed:

CR 10.3 Object Finance

CR 10.4 Commodities Finance

CR 10.5 Equity Exposures

ANNEX 25 COUNTERPARTY CREDIT RISK (CCR)

3.65 UK CCRA – QUALITATIVE DISCLOSURE RELATED TO CCR

1	<p>Article 439 (a) CRR. Description of the methodology used to assign internal capital and credit limits for counterparty credit exposures, including the methods to assign those limits to exposures to central counterparties</p> <p>The Group enters into a variety of derivative contracts for the purposes of hedging its market risk exposures such as interest rate and foreign exchange risks. Counterparty credit risk in derivative transactions arises from the risk of counterparty default prior to the settlement date of derivative contracts with the counterparty unable to fulfil present and future contractual payment obligations. The amount at risk may change over time as a function of the underlying market parameters. The Bank no longer has any exchange traded derivatives. Also, in accordance with European Market Infrastructure Regulations (EMIR), all new eligible derivative transactions that the Bank enters into are cleared through an approved Central Counterparty Clearing House (CCP).</p> <p>The contracts we have are either transacted as a bilateral agreement with a counterparty or centrally cleared via a clearing house (London Clearing House). When assigning new counterparty credit limits, the Bank operates a credit review framework that includes, but is not limited to: external credit ratings, the credit profile of the counterparty, outstanding exposures with the counterparty and the collateral agreements underpinning the transaction.</p>
2	<p>Article 439 (b) CRR. Description of policies related to guarantees and other credit risk mitigants, such as the policies for securing collateral and establishing credit reserves.</p> <p>To minimise the amount of risk taken in the Treasury portfolio, Credit Risk Mitigation (CRM) techniques will be employed where possible. CRM techniques available to the Bank include: on-balance sheet netting, collateral agreements, guarantees and credit derivatives. The Bank requires all CRM arrangements to be legally effective and fully enforceable in all relevant jurisdictions, so must be executed under industry-standard agreements (e.g. Global Master Repurchase Agreement and International Swaps & Derivative Association documentation) supported by a valid legal opinion. The Bank's Retail, SME and Treasury Credit Risk Policy (approved by ALCo) outlines the eligible collateral that the Bank will accept from its counterparties, for which the Bank takes a prudent approach, including cash, min. AA-rated government bonds and MLDB bonds, min. AAA rated covered bonds and Prime RMBS notes, and MBS notes issued by the Bank or one of its subsidiaries. Additional requirements for eligible collateral include non-acceptance of counterparty-issued securities, collateral values must not have a material positive correlation with the counterparty's own credit quality, collateral must have a longer maturity than the underlying credit exposure, collateral must be available for daily valuation, and the assets and liabilities underpinning an on-balance sheet netting agreement must be determinable at any point.</p> <p>The Bank sets minimum collateral management standards to ensure the Bank's risk position is not undermined. These standards include: 1. ensuring there are fully documented collateral management procedures in place that outline the valuation of the collateral and the realisation of collateral in the event of default; 2. all securities received as collateral must be valued on a daily basis and collateral calls should be made in line with internal procedures and relevant legal agreements; and 3. where a counterparty has failed to meet a collateral call, the Bank must ring-fence this collateral and keep a detailed list of all outstanding collateral calls.</p>
3	<p>Article 439 (c) CRR Description of policies with respect to Wrong-Way risk as defined in Article 291 of the CRR</p> <p>The Bank's Retail, SME and Treasury Credit Risk Policy (approved by ALCo) clearly states that the credit quality of the obligor must not have a material positive correlation with the value of the collateral pledged. This requirement applies to all new and existing collateral arrangements.</p>

4	<p>Article 431 (3) and (4) CRR Any other risk management objectives and relevant policies related to CCR</p> <p>The Bank's Retail, SME and Treasury Credit Risk Policy and Treasury Credit Risk Control Standard underpin the Bank's approach to Treasury Credit Risk management. Other activities undertaken to management Treasury Credit Risk include:</p> <ul style="list-style-type: none"> - The maintenance of a 'watchlist' to formally document those counterparties that require additional management focus over and above that provided in the normal course of business. The number of watchlist counterparties and the value of the underlying exposures is reported to the Executive Risk Oversight Committee (EROc) and ALCo on a monthly basis; - Daily exposure monitoring and weekly counterparty credit monitoring, supported by the production of monthly management information packs for ALCo, detailing any material or unexpected changes in the Bank counterparty credit risk exposures.
5	<p>Article 439 (d) CRR The amount of collateral the institution would have to provide if its credit rating was downgraded</p> <p>Following the upgrade to the Bank's Baseline Credit Assessment rating from Moody's in December 2022 followed by the upgrade to the Bank's Long-Term Issuer Default credit rating from Fitch in February 2023, the Bank has seen a modest reduction in the amount of collateral posted to its counterparties. This applies to the upgrades received from Moody's (5-notch upgrade since July 2021) and Fitch (4-notch upgrade since January 2021) over recent years. Therefore, under a reversal of these upgrades, it is not expected that material additional collateral would be required. However, the Bank would seek to engage directly with its counterparties in the event of any credit rating downgrades to understand the impact of such downgrades on its collateral requirements.</p>

3.66 UK CCR1 – ANALYSIS OF CCR EXPOSURE BY APPROACH

31 December 2023		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
UK1	Original Exposure Method (for derivatives)	-	-	-	1.4	-	-	-	-
UK2	Simplified SA-CCR (for derivatives)	-	-	-	1.4	-	-	-	-
1	SA-CCR (for derivatives)	35.5	0.2	-	1.4	69.4	50.0	49.9	27.1
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)	-	-	-	-	-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					37.6	2.7	2.7	0.5
5	VaR for SFTs					-	-	-	-
6	Total					107.0	52.7	52.6	27.6

31 December 2022		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
UK1	Original Exposure Method (for derivatives)	-	-	-	1.4	-	-	-	-
UK2	Simplified SA-CCR (for derivatives)	-	-	-	1.4	-	-	-	-
1	SA-CCR (for derivatives)	37.9	0.1	-	1.4	39.4	53.2	53.2	28.0
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)	-	-	-	-	-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					7.5	0.1	0.1	-
5	VaR for SFTs					-	-	-	-
6	Total					46.9	53.3	53.3	28.0

3.67 UK CCR2 – TRANSACTIONS SUBJECT TO OWN FUNDS REQUIREMENTS FOR CVA RISK

31 December 2023		a	b
		Exposure value	RWEA
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	27.1	3.0
UK4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
5	Total transactions subject to own funds requirements for CVA risk	27.1	3.0

31 December 2022		a	b
		Exposure value	RWEA
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	38.0	9.0
UK4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
5	Total transactions subject to own funds requirements for CVA risk	38.0	9.0

3.68 TEMPLATE UK CCR3 – STANDARDISED APPROACH – CCR EXPOSURES BY REGULATORY EXPOSURE CLASS AND RISK WEIGHTS

31 December 2023		Risk weight											Total exposure value
Exposure classes	a	b	c	d	e	f	g	h	i	j	k	l	
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others		
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	-	19.2	-	-	3.1	27.1	-	-	-	-	-	49.4
7	Corporates	-	-	-	-	-	-	-	-	-	-	-	-
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	Total exposure value	-	19.2	-	-	3.1	27.1	-	-	-	-	-	49.4

31 December 2022

Exposure classes	Risk weight											Total exposure value	
	a	b	c	d	e	f	g	h	i	j	k		
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others		
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	-	16.4	-	-	0.9	38.0	-	-	-	-	-	55.3
7	Corporates	-	-	-	-	-	-	-	-	-	-	-	-
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	Total exposure value	-	16.4	-	-	0.9	38.0	-	-	-	-	-	55.3

3.69 UK CCR4 – IRB APPROACH – CCR EXPOSURES BY EXPOSURE CLASS AND PD SCALE

The Bank does not utilise the IRB approach within this category and so the table has not been presented.

3.70 UK CCR5 – COMPOSITION OF COLLATERAL FOR CCR EXPOSURES

The Bank has total collateral below £125bn for both posted and received and as per PS 17/21 the table has not been presented.

3.71 - UK CCR6 – CREDIT DERIVATIVES EXPOSURES

The Bank has no RWAs within this category and so the table has not been presented.

3.72 TEMPLATE UK CCR7 – RWEA FLOW STATEMENTS OF CCR EXPOSURES UNDER THE IMM

The Bank has no RWAs within this category and so the table has not been presented.

3.73 UK CCR8 – EXPOSURES TO CCPS

31 December 2023		a	b
		Exposure value	RWEA
1	Exposures to QCCPs (total)		0.9
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	19.6	0.5
3	(i) OTC derivatives	-	-
4	(ii) Exchange-traded derivatives	19.2	0.4
5	(iii) SFTs	0.4	0.1
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	167.5	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	2.0	0.4
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	-	-

31 December 2022		a	b
		Exposure value	RWEA
1	Exposures to QCCPs (total)		0.6
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	17.2	0.5
3	(i) OTC derivatives	-	-
4	(ii) Exchange-traded derivatives	16.4	0.3
5	(iii) SFTs	0.8	0.2
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	80.7	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	2.0	0.1
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	-	-

ANNEX 27 SECURITISATIONS

3.74 UK-SECA - QUALITATIVE DISCLOSURE REQUIREMENTS RELATED TO SECURITISATION EXPOSURES

	<p>Article 449(a) CRR Description of securitisation and re-securitisation activities; including their risk management and investment objectives in connection with those activities, their role in securitisation and re-securitisation transactions whether they use the Simple Transparent and Standardised (STS) securitisation framework and the extent to which they use securitisation transactions to transfer the credit risk of the securitised exposures to third parties with, where applicable, a separate description of their synthetic securitisation risk transfer policy</p>
(a)	<p>The Bank acts as an investor, originator, cash manager, servicer/administrator and junior loan provider in securitisation transactions. Securitisations can take the form of traditional or synthetic securitisations and the Bank no longer has any synthetic securitisations and holds no revolving exposures.</p> <p>The STS securitisation framework is used in respect of investments in 3rd party issued Residential Mortgage Backed Securities (RMBS). The Treasury Credit Risk Framework restricts securitisation investment to high quality liquid securities in AAA rated RMBS.</p>

Article 449(b) CRR. The type of risk they are exposed to in their securitisation and re-securitisation activities by level of seniority of the relevant securitisation positions, providing a distinction between STS and non-STS positions and

- i) risk retained in own-originated transactions;
- ii) risk incurred in relation to transactions originated by third parties

(b)

All securitisation exposures are to UK residential mortgages and reflect the retained elements of securitisations of mortgages either originated or acquired by the Bank and investments into STS qualifying AAA rated third-party issued Prime RMBS notes. The Bank's current exposure relates to retained holdings of Residential Mortgage Backed Securities (RMBS) issued by the Warwick Finance Three and Four Special Purpose Entities (SPEs) and the investments made into AAA rated third party issued Prime RMBS notes (Gemgarto 2021-1plc, Blitzen Securities No.1 plc and Economic Master Issuer 2020-1). No active trading book in RMBS is run.

Article 449(c) CRR. Institutions' approaches to calculating the risk-weighted exposure amounts that they apply to their securitisation activities, including the types of securitisation positions to which each approach applies with a distinction between STS and non-STS positions

(c)

RWAs are calculated using the SEC-ERBA methodology which maps a risk weight to the securitisation notes based on the following criteria:

- i) STS or Non-STS (Simple Transparent & Standardised)
- i) Tranche Maturity
- ii) Seniority of the tranche
- iv) Credit Quality Step

Article 449(d) CRR. A list of SSPEs falling into any of the following categories, with a description of their types of exposures to those SSPEs, including derivatives contracts:

There are no exposures to re-securitisations and no securitisation positions are hedged.

SSPEs which acquire exposures originated by the institutions

The Bank has issued Warwick securitisations to deleverage non-prime (former Optimum) mortgages. Warwick SPEs are not consolidated within Group's financial statements and the underlying mortgages are de-recognised through Significant Risk Transfer.

SSPEs sponsored by the institutions

Not applicable - the Bank acts as originator or investor in its current securitisation positions (not a sponsor role)

SSPEs and other legal entities for which the institutions provide securitisation-related services, such as advisory, asset servicing or management services

(d)

The Bank fulfils a role as cash manager and servicer/administrator for the underlying mortgage pools for both the Warwick and Silk Road securitisations.

SSPEs included in the institutions' regulatory scope of consolidation

For securitisation funding transactions (Silk Road 5) the majority of the risks and rewards in respect of the underlying mortgage loan pools are retained within the Bank, for funding securitisation structures. For such structures, where risks and rewards of the underlying mortgages are retained, the corresponding SPEs are included as subsidiaries in the consolidated financial statements, with the securitised assets continuing to be recognised as loans and advances to customers on the balance sheet, and income from the securitised assets being recognised as income. There are therefore no additional credit exposures to these SSPEs over and above the exposures of the underlying mortgages that are retained on the Bank's balance sheet.

(e)	<p>Article 449(e) CRR. A list of any legal entities in relation to which the institutions have disclosed that they have provided support in accordance with Chapter 5 of Title II of Part Three CRR</p> <p>Chapter 5 of Title II of Part Three CRR relates to risk weighted exposures under the standardised approach, this is not applicable in the context of Warwick Finance or Silk Road SPEs.</p>
(f)	<p>Article 449(f) CRR. A list of legal entities affiliated with the institutions and that invest in securitisations originated by the institutions or in securitisation positions issued by SSPEs sponsored by the institutions</p> <p>Warwick Finance Three Warwick Finance Four Silk Road Five</p>
(g)	<p>Article 449(g) CRR. A summary of their accounting policies for securitisation activity, including where relevant a distinction between securitisation and re-securitisation positions</p> <p>MBS exposures are calculated as per the accounting value of the notes. This accounting treatment can vary depending on whether the notes are accounted for as Available for Sale (AFS), FVTPL or Loans and Receivables.</p>
(h)	<p>Article 449(h) CRR. The names of the ECAIs used for securitisations and the types of exposure for which each agency is used</p> <p>From 1 January 2020, all Bank securitisation positions are risk weighted under SEC-ERBA. Ratings are based upon external credit ratings from nominated ECAIs. The Bank uses the following 3 ECAIs for assessing the ratings of its retained and investment securitisation positions.</p> <p>Moody's - Warwick 3 A-E notes, AAA rated third party issued Prime RMBS notes (Blitzen Securities No.1 plc and Economic Master Issuer 2020-1) Fitch - AAA rated third party issued Prime RMBS notes (Blitzen Securities No.1 plc, Gemgarto 2021-1plc and Economic Master Issuer 2020-1) Standard & Poor - Warwick 3 A-E notes, Warwick 4 A-E notes</p>
(i)	<p>Article 449(i) CRR. Where applicable, a description of the Internal Assessment Approach as set out in Chapter 5 of Title II of Part Three CRR including the structure of the internal assessment process and the relation between internal assessment and external ratings of the relevant ECAI disclosed in accordance with point (i), the control mechanisms for the internal assessment process including discussion of independence, accountability, and internal assessment process review, the exposure types to which the internal assessment process is applied and the stress factors used for determining credit enhancement levels</p> <p>Not applicable because the Bank has adopted the SEC-ERBA approach</p>

3.75 UK-SEC1 - SECURITISATION EXPOSURES IN THE NON-TRADING BOOK

31 December 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	of which SRT		Non-STS	of which SRT			STS	Non-STS	Synthetic			STS	Non-STS	Synthetic			STS	Non-STS	Synthetic			
1	Total exposures	-	-	46.9	-	-	-	46.9	-	-	-	-	-	66.1	-	-	-	-	-	-	66.1	-	-	66.1
2	Retail (total)	-	-	46.9	-	-	-	46.9	-	-	-	-	-	66.1	-	-	-	-	-	-	66.1	-	-	66.1
3	residential mortgage	-	-	46.9	-	-	-	46.9	-	-	-	-	-	66.1	-	-	-	-	-	-	66.1	-	-	66.1
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

31 December 2022		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			Sub-total	Traditional			Sub-total
		STS	Non-STS		of which			STS	Non-STS	Synthetic		STS	Non-STS	Synthetic		
		of which	of which		of which											
		SRT	SRT		SRT											
1	Total exposures	-	-	56.1	-	-	-	56.1	-	-	-	-	32.8	-	-	32.8
2	Retail (total)	-	-	56.1	-	-	-	56.1	-	-	-	-	32.8	-	-	32.8
3	residential mortgage	-	-	56.1	-	-	-	56.1	-	-	-	-	32.8	-	-	32.8
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

3.75 UK-SEC2 - SECURITISATION EXPOSURES IN THE TRADING BOOK

The Co-operative Banks does not have a trading book. As such this template has not been presented.

3.76 UK-SEC3 - SECURITISATION EXPOSURES IN THE NON-TRADING BOOK AND ASSOCIATED REGULATORY CAPITAL REQUIREMENTS - INSTITUTION ACTING AS ORIGINATOR OR AS SPONSOR

31 December 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/ deduc tions	SEC- IRBA	SEC- ERBA (incl IAA)	SEC- SA	1250 %/ deduc tions	SEC- IRBA	SEC- ERBA (incl IAA)	SEC- SA	1250 %/ deduc tions	SEC - IRB A	SEC- ERBA (incl IAA)	SEC- SA	1250 %/ deduc tions
1 Total exposures	-	-	46.9	-	3.5	-	46.9	-	3.5	-	50.2	-	43.7	-	4.0	-	3.5
2 Traditional transactions	-	-	46.9	-	3.5	-	46.9	-	3.5	-	50.2	-	43.7	-	4.0	-	3.5
3 Securitisation	-	-	46.9	-	3.5	-	46.9	-	3.5	-	50.2	-	43.7	-	4.0	-	3.5
4 Retail underlying	-	-	46.9	-	3.5	-	46.9	-	3.5	-	50.2	-	43.7	-	4.0	-	3.5
5 Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 Re-securitisation Synthetic transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

31 December 2022	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/ deduc tions	SEC- IRBA	SEC- ERBA (incl IAA)	SEC- SA	1250 %/ deduc tions	SEC- IRBA	SEC- ERBA (incl IAA)	SEC- SA	1250 %/ deduc tions	SEC - IRB A	SEC- ERBA (incl IAA)	SEC- SA	1250 %/ deduct ions
1 Total exposures	-	-	56.1	-	3.2	-	56.1	-	3.2	-	52.4	-	40.1	-	4.2	-	3.2
2 Traditional transactions	-	-	56.1	-	3.2	-	56.1	-	3.2	-	52.4	-	40.1	-	4.2	-	3.2
3 Securitisation	-	-	56.1	-	3.2	-	56.1	-	3.2	-	52.4	-	40.1	-	4.2	-	3.2
4 Retail underlying	-	-	56.1	-	3.2	-	56.1	-	3.2	-	52.4	-	40.1	-	4.2	-	3.2
5 Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Synthetic transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

3.77 UK-SEC4 - SECURITISATION EXPOSURES IN THE NON-TRADING BOOK AND ASSOCIATED REGULATORY CAPITAL REQUIREMENTS - INSTITUTION ACTING AS INVESTOR

31 December 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 (incl IAA)	SEC-SA	1250 % / deductions	SEC-IRBA	SEC-ERBA (incl IAA)	SEC-SA	1250 % / deductions	SEC-IRBA	SEC-ERBA (incl IAA)	SEC-SA	1250 % / deductions	SEC-IRBA	SEC-ERBA (incl IAA)	SEC-SA	1250 % / deductions
1	Total exposures	66.1	-	-	-	-	-	66.1	-	-	-	6.6	-	-	-	0.5	-	-	-	-	-	-
2	Traditional securitisation	66.1	-	-	-	-	-	66.1	-	-	-	6.6	-	-	-	0.5	-	-	-	-	-	-
3	Securitisation	66.1	-	-	-	-	-	66.1	-	-	-	6.6	-	-	-	0.5	-	-	-	-	-	-
4	Retail underlying	66.1	-	-	-	-	-	66.1	-	-	-	6.6	-	-	-	0.5	-	-	-	-	-	-
5	Of which STS	66.1	-	-	-	-	-	66.1	-	-	-	6.6	-	-	-	0.5	-	-	-	-	-	-
6	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

31 December 2022	a	b	c	d	e	f				g				h			
	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 (incl IAA)	SEC-SA	1250 % / deductions	SEC-IRBA	SEC-ERBA (incl IAA)	SEC-SA	1250 % / deductions	SEC-IRBA	SEC-ERBA (incl IAA)	SEC-SA	1250 % / deductions
1 Total exposures	32.8	-	-	-	-	-	32.8	-	-	-	3.3	-	-	-	0.3	-	-
2 Traditional securitisation	32.8	-	-	-	-	-	32.8	-	-	-	3.3	-	-	-	0.3	-	-
3 Securitisation	32.8	-	-	-	-	-	32.8	-	-	-	3.3	-	-	-	0.3	-	-
4 Retail underlying	32.8	-	-	-	-	-	32.8	-	-	-	3.3	-	-	-	0.3	-	-
5 Of which STS	32.8	-	-	-	-	-	32.8	-	-	-	3.3	-	-	-	0.3	-	-
6 Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

3.78 UK-SEC5 - EXPOSURES SECURITISED BY THE INSTITUTION - EXPOSURES IN DEFAULT AND SPECIFIC CREDIT RISK ADJUSTMENTS

31 December 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
		Of which exposures in default		
1	Total exposures	1,361.7	60.7	0.3
2	Retail (total)	1,361.7	60.7	0.3
3	residential mortgage	1,361.7	60.7	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		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
		Of which exposures in default		
1	Total exposures	2,189.1	23.6	0.3
2	Retail (total)	2,189.1	23.6	0.3
3	residential mortgage	2,189.1	23.6	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	-	-	-

ANNEX 29 MARKET RISK

3.79 UK MRA: QUALITATIVE DISCLOSURE REQUIREMENTS RELATED TO MARKET RISK

a	Points (a) and (d) of Article 435 (1) CRR A description of the institution's strategies and processes to manage market risk, including: - An explanation of management's strategic objectives in undertaking trading activities, as well as the processes implemented to identify, measure, monitor and control the institution's market risks - A description of their policies for hedging and mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges	See 2023 ARA Risk Management section 4.1-4.2
b	Point (b) of Article 435 (1) CRR A description of the structure and organisation of the market risk management function, including a description of the market risk governance structure established to implement the strategies and processes of the institution discussed in row (a) above, and that describes the relationships and the communication mechanisms between the different parties involved in market risk management.	
c	Point (c) of Article 435 (1) CRR Scope and nature of risk reporting and measurement systems	

3.80 UK MR1 - MARKET RISK UNDER THE STANDARDISED APPROACH

The 2 % threshold as set out in the UK CRR has not been met. The values have been set to nil and the template has not been presented.

3.81 UK MRB – INFORMATION ON THE INTERNAL MARKET RISK MODELS

The Co-operative Bank does not use an internal Market Risk Model for Market Risk.

3.83 UK MR2-A - MARKET RISK UNDER THE INTERNAL MODEL APPROACH (IMA)

The Co-operative Bank does not use the Internal Model Approach for market risk. This template has not been presented.

3.84 UK MR2-B - RWA FLOW STATEMENTS OF MARKET RISK EXPOSURES UNDER THE IMA

The Co-operative Bank does not use the Internal Model Approach for market risk. This template has not been presented.

3.85 UK MR3 - IMA VALUES FOR TRADING PORTFOLIOS

The Co-operative Bank does not use the Internal Model Approach for market risk. This template has not been presented.

3.86 UK MR4 - COMPARISON OF VAR ESTIMATES WITH GAINS/LOSSES

The Co-operative Bank does not use the Internal Model Approach for market risk. This template has not been presented.

ANNEX 31 OPERATIONAL RISK

3.87 UK ORA - QUALITATIVE INFORMATION ON OPERATIONAL RISK

(a)	CRR Article 435(1) points a to c - Disclosure of the risk management objectives and policies. See ARA Risk Management section 1.8.2 Principal Risk for Operational Risk.
(b)	CRR Article 446 - Disclosure of the approaches for the assessment of minimum own funds requirements. The Bank uses the Standardised Approach (TSA) to calculate its Operational Risk RWAs.
(c)	CRR Article 446 - Description of the AMA methodology approach used (if applicable) This is not applicable to the Bank as we do not use the Advanced Measurement Approach (AMA).
(d)	CRR Article 454 - Disclose the use of insurance for risk mitigation in the Advanced Measurement Approach (if applicable) This is not applicable to the Bank as we do not use the Advanced Measurement Approach (AMA).

3.88 UK OR1 - OPERATIONAL RISK OWN FUNDS REQUIREMENTS AND RISK-WEIGHTED EXPOSURE AMOUNTS

31 December 2023		a	b	c	d	e
Banking activities		Relevant indicator			Own funds requirements	Risk weighted exposure amount
		Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	259.1	350.3	486.5	45.9	574.0
3	<u>Subject to TSA:</u>	259.1	350.3	486.5		
4	<u>Subject to ASA:</u>	-	-	-		
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

31 December 2022		a	b	c	d	e
Banking activities		Relevant indicator			Own funds requirements	Risk weighted exposure amount
		Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	349.4	259.1	350.3	40.3	503.3
3	<u>Subject to TSA:</u>	349.4	259.1	350.3		
4	<u>Subject to ASA:</u>	-	-	-		
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

ANNEX 33 REMUNERATION

3.89 UK REMA – REMUNERATION POLICY

See 2023 Annual Report and Accounts Directors Report on remuneration to the shareholder (Pillar 3 disclosures).

3.90 UK REM1 - REMUNERATION AWARDED FOR THE FINANCIAL YEAR

See 2023 Annual Report and Accounts Directors Report on remuneration to the shareholder (Pillar 3 disclosures).

3.91 UK REM2 - SPECIAL PAYMENTS TO STAFF WHOSE PROFESSIONAL ACTIVITIES HAVE A MATERIAL IMPACT ON INSTITUTIONS' RISK PROFILE (IDENTIFIED STAFF)

See 2023 Annual Report and Accounts Directors Report on remuneration to the shareholder (Pillar 3 disclosures).

3.92 UK REM3 - DEFERRED REMUNERATION

See 2023 Annual Report and Accounts Directors Report on remuneration to the shareholder (Pillar 3 disclosures).

3.93 UK REM4 - REMUNERATION OF 1 MILLION EUR OR MORE PER YEAR

See 2023 Annual Report and Accounts Directors Report on remuneration to the shareholder (Pillar 3 disclosures).

3.94 UK REM5 - INFORMATION ON REMUNERATION OF STAFF WHOSE PROFESSIONAL ACTIVITIES HAVE A MATERIAL IMPACT ON INSTITUTIONS' RISK PROFILE (IDENTIFIED STAFF)

See 2023 Annual Report and Accounts Directors Report on remuneration to the shareholder (Pillar 3 disclosures).

ANNEX 35 ASSET ENCUMBRANCE

3.95 UK AE1 - ENCUMBERED AND UNENCUMBERED ASSETS

31 December 2023		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA	
		010	030	040	050	060	080	090	100
010	Assets of the reporting institution	7,438.3	651.7			19,743.4	4,425.7		
030	Equity instruments	-	-	-	-	11.7	-	-	-
040	Debt securities	371.7	371.7	371.7	371.7	1,332.7	1,279.3	1,333.2	1,279.3
050	of which: covered bonds	-	-	-	-	797.2	797.2	797.2	797.2
060	of which: securitisations	-	-	-	-	102.0	48.4	102.4	48.4
070	of which: issued by general governments	202.7	202.7	202.7	202.7	140.7	140.7	140.7	140.7
080	of which: issued by financial corporations	145.3	145.3	145.3	145.3	1,192.0	1,138.6	1,192.5	1,138.6
090	of which: issued by non-financial corporations	-	-	-	-	-	-	-	-
120	Other assets	7,081.9	280.0			18,398.9	3,146.4		

31 December 2022		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		010	of which notionally eligible EHQLA and HQLA 030	040	of which notionally eligible EHQLA and HQLA 050	060	of which EHQLA and HQLA 080	090	of which EHQLA and HQLA 100
010	Assets of the reporting institution	8,757.5	747.5			20,267.5	5,830.8		
030	Equity instruments	-	-	-	-	17.1	-	-	-
040	Debt securities	467.5	467.5	467.5	467.5	670.1	603.6	671.3	603.6
050	of which: covered bonds	-	-	-	-	269.7	269.7	269.7	269.7
060	of which: securitisations	-	-	-	-	99.2	35.5	99.6	35.5
070	of which: issued by general governments	275.7	275.7	275.7	275.7	49.5	49.5	49.5	49.5
080	of which: issued by financial corporations	191.2	191.2	191.2	191.2	628.4	562.0	629.6	562.0
090	of which: issued by non-financial corporations	-	-	-	-	-	-	-	-
120	Other assets	8,312.4	280.0			19,573.9	5,227.2		

3.96 UK AE2 - COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED

31 December 2023		Fair value of encumbered collateral received or own debt securities issued		Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance	
		010	of which notionally eligible EHQLA and HQLA 030	040	of which EHQLA and HQLA 060
130	Collateral received by the reporting institution	-	-	429.1	31.4
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	-	-	49.1	31.4
170	of which: covered bonds	-	-	-	-
180	of which: securitisations	-	-	16.1	-
190	of which: issued by general governments	-	-	31.4	31.4
200	of which: issued by financial corporations	-	-	16.1	-
210	of which: issued by non-financial corporations	-	-	-	-
220	Loans and advances other than loans on demand	-	-	385.0	-
230	Other collateral received	-	-	-	-
240	Own debt securities issued other than own covered bonds or securitisations	-	-	-	-
241	Own covered bonds and asset-backed securities issued and not yet pledged	-	-	-	-
250	TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	7,438.3	651.7		

31 December 2022		Fair value of encumbered collateral received or own debt securities issued		Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance	
		010	of which notionally eligible EHQLA and HQLA 030	040	of which EHQLA and HQLA 060
130	Collateral received by the reporting institution	-	-	371.3	36.3
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	-	-	36.3	36.3
170	of which: covered bonds	-	-	-	-
180	of which: securitisations	-	-	-	-
190	of which: issued by general governments	-	-	36.3	36.3
200	of which: issued by financial corporations	-	-	-	-
210	of which: issued by non-financial corporations	-	-	-	-
220	Loans and advances other than loans on demand	-	-	335.1	-
230	Other collateral received	-	-	-	-
240	Own debt securities issued other than own covered bonds or securitisations	-	-	-	-
241	Own covered bonds and asset-backed securities issued and not yet pledged	-	-	-	-
250	TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	8,757.5	747.5		

3.97 UK AE3 - SOURCES OF ENCUMBRANCE

31 December 2023		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		010	030
010	Carrying amount of selected financial liabilities	4,874.4	6,359.3

31 December 2022		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		010	030
010	Carrying amount of selected financial liabilities	5,549.5	7,432.6

3.98 UK AE4 - ACCOMPANYING NARRATIVE INFORMATION

	General narrative information on asset encumbrance
(a)	<p>An asset is defined as encumbered if it has been pledged as collateral against an existing liability or to collateralise an exposure that the Group may have, restricting access to that asset in the event of resolution or bankruptcy. An encumbered asset would be no longer available to the Group for use in secured funding, to satisfy collateral needs or to be sold to reduce the funding requirement.</p>
	Narrative information on the impact of the business model on assets encumbrance and the importance of encumbrance to the institution's business model, which provides users with the context of the disclosures required in Template UK AE1 and UK AE2.
(b)	<p>The Bank uses encumbrance primarily as part of its funding strategy. These include the Bank's covered bond (currently nil balance) and securitisation programmes which are supported by pledging mortgage assets as collateral. Assets are encumbered in accordance with the contractual requirements of these programmes. These programmes are continually assessed and a prudent buffer of over-collateralisation is maintained for operational efficiency. The Bank also pledges debt securities as collateral in sale and repurchase transactions alongside collateral used for the Bank of England's Term Funding Scheme with additional incentives for SMEs (TFSME) as well as pledging assets to support the Group pension schemes. Further details can be found in the 2023 ARA in Note 30 (contingent liabilities, contractual commitments and guarantees). Other business uses include collateral to support services to the Bank, such as Visa and payment schemes.</p>
	<p>Encumbrance per the above table is calculated on a median basis over the last four quarters in line with regulatory guidelines.</p>

ANNEX 37 INTEREST RATE

3.99 UK IRRBBA - IRRBB RISK MANAGEMENT OBJECTIVES AND POLICIES

A description of how the institution defines, measures, mitigates and controls IRRBB for the purposes of risk control and measurement.

The Bank defines interest rate risk as the risk of loss as a result of the value of financial assets or liabilities (including off balance sheet instruments) being adversely affected by movement in market prices, interest rates or exchange rates. This loss can be reflected in near term earnings by changing net interest income, or in the longer term as a result of changes in the economic value of future cash flows or asset values.

a The Bank does not have a trading book, therefore its exposure to interest rate risk arises in the banking book. The main sources of market risk include fixed rate mortgages and savings products, the holding of bonds in the liquidity portfolio, and the degree to which these are hedged using derivative instruments.

The Bank measures market risk across interest rate risks (changes in yield curve or yield curve shape), basis risk, swap spread risk (liquidity portfolio) as well as monitoring risks resulting from product optionality (primarily prepayment and pipeline risk in its mortgage business). Further detail can be found in the Market Risk section of Risk Management chapter within the Annual Report and Accounts.

A description of the institution's overall IRRBB management and mitigation strategies.

b Responsibilities for managing interest rate risk is clearly defined across the business, with day to day management of overall market risk exposures performed by Treasury, ensuring that positions are maintained within risk appetite limits. Monitoring and reported of risk exposures includes recognising positions at the earliest point (for example mortgage pipeline) and reflecting behavioural assumptions such as mortgage prepayment. Interest rate risk is managed and mitigated by matching or offsetting exposures as appropriate, using derivatives to manage residual exposures. Management of interest rate risk is supported by product design, such as early repayment charges, and embedded in product pricing through internal transfer pricing.

The periodicity of the calculation of the institution's IRRBB measures, and a description of the specific risk measures that the institution uses to gauge its sensitivity to IRRBB, including changes to its economic value and earnings.

c Interest rate risk is measured using a combination of value-based assessments and earnings sensitivity assessments, including Economic Value of Equity (EVE) and Net Interest Income (NII). These are complemented by metrics such as PV01 (directional and yield curve risk), basis spread risk, swap spread risk in the Bank's HQLA and non-HQLA portfolios, foreign exchange risk, and material sources of optionality including prepayment behaviours on fixed term mortgages.

Daily and weekly monitoring of exposures, market volatility and projection of future positions supports monthly reporting of risk metrics and associated analysis, as well as supporting the business in understanding their market risks. The Bank regularly monitors and reports to ALCo the impact of current positions and market volatilities on its IRRBB capital requirements, which ultimately is included in the annual Internal Capital Adequacy Assessment Process (ICAAP).

A description of the interest rate shock and stress scenarios that the institution uses to estimate changes in its economic value and in earnings.

The Bank applies six supervisory stress scenarios which represent the sensitivity to the economic value of equity, with NII sensitivity being assessed against the parallel shock up and parallel shock down only.

- 1) Parallel shock up
- 2) Parallel shock down
- 3) Steepener shock
- 4) Flattener shock
- 5) Short rates shock up
- 6) Short rates shock down

d

The Bank uses more likely scenario of 1 % shock to its internal NII sensitivity measure included within Market Risk framework to quantify plausible income impact over next 12 months.

A high-level description of key modelling and parametric assumptions used in calculating change in economic value of equity (Δ EVE) and change in net interest income (Δ NII) in Template UK IRRBB1.

The key assumptions used in calculating in the EVE sensitivity shown in template UK IRRBB1 are as follows:

- the sensitivity represents the difference between the present value of assets and liabilities in a baseline scenario compared to a shock scenario
- the balance sheet is run off over its remaining expected duration
- the Bank's own equity is excluded
- the yield curve at the report date is shocked in line with the six prescribed scenarios.
- the Bank applies a floor of -150 basis points for immediate maturity, unwinding by 3 basis points per year. The floor is applied in shock scenarios where rates would otherwise become more significantly negative
- the Bank applies a scenario multiplier for constant prepayment rates (CPRs) under each shock scenario, reflecting higher prepayments when interest rates are falling (lower refinance costs) and lower prepayments when interest rates are rising.
- adjustments are applied for behavioural changes due to interest rates or market conditions based on historical experience and applied to existing fixed rate mortgages resulting in a revised repayment profile.
- non-maturing deposits are assumed to reprice overnight unless they are included in the Bank's two structural hedge programmes, in which case they are assumed to reprice in line with the relevant hedge duration.

For NII, the key assumptions applied are:

- static balance sheet, with all assets and liabilities reinvesting in like-for-like products
- prevailing interest rates are held constant to which instantaneous parallel up and down rate shocks of 250 basis points are applied
- changes in interest rates are fully passed through to customer products, up to a floor of -150 basis points for immediate maturity increasing by 3 basis points per year
- cash reserves held with Bank of England assumed to receive negative interest if rates move into a negative position
- no management actions are assumed

A description of significant modelling assumptions used in the institution's internal measurement systems (IMS) for purposes other than disclosure that differ from the modelling assumptions prescribed for the disclosure in Template UK IRRBB1, including their directional implications and the rationale for those differences.

Not applicable.

A high-level description of how the institution hedges its IRRBB, as well as the associated accounting treatment.

The Bank identifies natural offsets in its on and off balance sheet exposures to hedge interest rate risk, using derivatives to hedge the residual risk.

The Bank has structural hedging programmes in place to provide stability in earnings as interest rate changes. Structural hedges are maintained for items that have stable balances, no defined maturity date and are either non-interest bearing or non-rate sensitive, this includes share capital and reserves, retail and SME current accounts and retail demand savings.

Any other information which the institution wishes to disclose regarding its interpretation of the significance and sensitivity of the IRRBB measures disclosed and/or an explanation of any significant variations in the level of the reported IRRBB since previous disclosures.

The Bank's most severe EVE sensitivity is the parallel shock up, with an absolute increase in EVE of £68.6m, representing a Supervisory Outlier Test result of 7.1 % (Δ EVE as a percentage of Tier 1 capital), within the regulatory 15 % threshold. The most significant driver of the sensitivity relates to exclusion of Bank's reserves spread evenly over 5 years 4 months investment period resulting in a decline in EVE

of £76.6m, as well as estimated changes in customer behaviour and use of embedded product optionality.

The parallel shock down, a 250-basis point decrease in GBP interest rates, is the Bank's most material NII sensitivity with a decrease in NII of £28.4m. NII sensitivity is driven primarily by Retail current accounts and SME liabilities, resulting in a decrease to NII of £23.9m and £19.5m respectively. The absence of product-specific interest rate floor for customer product rates and the Bank's structural hedges both provide a protection for NII in the shock down scenario.

Average repricing maturity assigned to non-maturing deposits (NMDs).

The average repricing maturity assigned to NMDs is 2.5 years, calculated using both balances which are assumed to reprice overnight and those assigned a term repricing profile.

Longest repricing maturity assigned to NMDs.

The longest repricing maturity assigned is 5 years and 4 months

3.100 UK IRRBB1 - QUANTITATIVE INFORMATION ON IRRBB

31 December 2023		a		b		c		d		e		f	
		ΔEVE				ΔNII				Tier 1			
		Dec 23	Dec 22										
010	Parallel shock up	(68.6)	(65.5)	(7.6)	9.4								
020	Parallel shock down	51.4	73.4	(28.4)	(6.4)								
030	Steeper shock	7.8	(0.9)										
040	Flattener shock	(20.3)	(11.3)										
050	Short rates shock up	(41.2)	(32.2)										
060	Short rates shock down	35.8	34.0										
070	Maximum	-	-	-	-								
080	Tier 1 capital									960.6	952.4		

3.101 OTHER PRINCIPAL BUSINESS RISKS

Corporate insurance programme

The Bank has a structured programme designed to transfer the impact of specific operational risks in line with the appetite of the organisation and industry best practice. For example:

- insurance of buildings and assets;
- protection and revenue in the event of business interruption following damage to buildings or assets;
- protection against impacts of financial crime;
- professional indemnity and directors and officers liability cover;
- motor, employer, product and public liability insurance;
- pension trustee liability insurance; and
- travel and personal accident insurance.

Other risks

For further details of the management of other significant risks see the risk management sections 1.1-1.9 of the 2023 Annual Report and Accounts.

APPENDIX 1 – INDIVIDUAL TABLES

The following tables are all shown on an individual basis.

UK OV1 – OVERVIEW OF RISK WEIGHTED EXPOSURES (INDIVIDUAL)

		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		a	b	c
		31 December		
		2023	2022	2023
1	Credit risk (excluding CCR)	4,132.3	4,178.2	330.6
2	Of which the standardised approach	618.1	553.8	49.4
3	Of which the foundation IRB (FIRB) approach	175.1	181.6	14.0
4	Of which slotting approach	308.9	283.3	24.7
UK 4a	Of which equities under the simple risk weighted approach	-	-	-
5	Of which the advanced IRB (AIRB) approach	3,030.2	3,159.5	242.5
6	Counterparty credit risk - CCR	31.5	37.6	2.5
7	Of which the standardised approach	27.6	28.0	2.2
8	Of which internal model method (IMM)	-	-	-
UK 8a	Of which exposures to a CCP	0.9	0.6	0.1
UK 8b	Of which credit valuation adjustment – CVA	3.0	9.0	0.2
9	Of which other CCR	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	100.5	95.8	8.0
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	100.5	95.8	8.0
19	Of which SEC-SA approach	-	-	-
UK 19a	Of which 1250 % / deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	-	-	-
21	Of which the standardised approach	-	-	-
22	Of which IMA	-	-	-
UK 22a	Large exposures	-	-	-
23	Operational risk	566.3	495.1	45.3
UK 23a	Of which basic indicator approach	-	-	-
UK 23b	Of which standardised approach	566.3	495.1	45.3
UK 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250 % risk weight) (For information)	205.1	236.1	16.4
29	Total	4,830.6	4,806.7	386.4

KM1 - KEY METRICS TEMPLATE (INDIVIDUAL)

		a	b
		31 December	
		2023	2022
Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	995.4	947.3
2	Tier 1 capital	995.4	947.3
3	Total capital	1,231.8	1,141.5
Risk-weighted exposure amounts			
4	Total risk-weighted exposure amount	4,830.6	4,806.7
Capital ratios (as a percentage of risk-weighted exposure amounts)			
5	Common Equity Tier 1 ratio (%) ¹	20.6	19.7
6	Tier 1 ratio (%)	20.6	19.7
7	Total capital ratio (%)	25.5	23.7
Additional own funds based on SREP (as a percentage of risk-weighted exposure amounts)			
UK 7a	Additional CET1 SREP requirements (%)	2.8	2.8
UK 7b	Additional AT1 SREP requirements (%)	1.0	1.0
UK 7c	Additional T2 SREP requirements (%)	1.3	1.3
UK 7d	Total SREP own funds requirements (%)	13.1	13.1
Combined buffer requirement (as a percentage of risk-weighted exposure amounts)			
8	Capital conservation buffer (%)	2.5	2.5
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-
9	Institution specific countercyclical capital buffer (%)	2.0	1.0
UK 9a	Systemic risk buffer (%)	-	-
10	Global Systemically Important Institution buffer (%)	-	-
UK 10a	Other Systemically Important Institution buffer	-	-
11	Combined buffer requirement (%)	4.5	3.5
UK 11a	Overall capital requirements (%)	17.5	16.6
12	CET1 available after meeting the total SREP own funds requirements (%)	10.8	9.9
Leverage ratio¹			
13	Total exposure measure excluding claims on central banks	23,572.7	23,525.6
14	Leverage ratio excluding claims on central banks (%)	4.2	4.0
Additional leverage ratio disclosure requirements²			
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)		
14b	Leverage ratio including claims on central banks (%)		
14c	Average leverage ratio excluding claims on central banks (%)		
14d	Average leverage ratio including claims on central banks (%)		
14e	Countercyclical leverage ratio buffer (%)		

UK KM1 - KEY METRICS TEMPLATE (INDIVIDUAL) - CONTINUED

		a	b
		31 December	
		2023	2022
Liquid Coverage Ratio³			
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	4,457.7	5,880.3
UK 16a	Cash outflows - Total weighted value	2,703.5	2,792.3
UK 16b	Cash inflows - Total weighted value	636.0	611.8
16	Total net cash outflows (adjusted value)	2,067.6	2,180.5
17	Liquidity coverage ratio (%)	215.4	270.4
Net Stable Funding Ratio			
18	Total available stable funding	23,816.4	25,930.2
19	Total required stable funding	18,027.2	18,994.5
20	NSFR ratio (%)	132.1	136.5
1)	The Leverage ratio exposure measure does not include exposures to the Bank of England in line with the UK Leverage Regime.		
2)	Only required for LREQ firms. 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 have been left blank as the Group is not currently captured by either threshold		
3)	The values have been calculated as a simple average of the 12 month end observations preceding the end of each half year		

UK KM2 - KEY METRICS TEMPLATE MREL (INDIVIDUAL)

		a	b
		31 December	
		2023	2022
Available own funds (amounts)			
1	Total capital	1,231.8	1,141.5
2	Eligible senior unsecured securities	654.8	452.7
3	Total MREL resources	1,886.6	1,594.2
4	Total Risk Weighted Assets (RWAs)	4,830.6	4,806.7
5	Total MREL resources available as a percentage of RWAs	39.1	33.2
6	UK Leverage exposure	23,572.7	23,525.6
7	Total MREL resources available as a percentage of UK leverage exposure	8.0	6.8

UK CC1 - COMPOSITION OF REGULATORY OWN FUNDS (INDIVIDUAL)

		(a)		(b)
		Amounts		Ref*
		31 December		
		2023	2022	
Common Equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	25.6	25.6	d
	of which: Instrument type 1	25.6	25.6	
	of which: Instrument type 2	-	-	
	of which: Instrument type 3	-	-	
2	Retained earnings	1,241.1	1,218.9	e
3	Accumulated other comprehensive income (and other reserves)	7.9	27.6	f
UK-3a	Funds for general banking risk	-	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	-	
5	Minority interests (amount allowed in consolidated CET1)	-	-	
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	157.1	22.2	e
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,431.7	1,294.3	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	(2.7)	(2.1)	
8	Intangible assets (net of related tax liability) (negative amount)	(114.0)	(90.0)	a
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	(193.3)	(116.2)	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	(5.4)	(10.6)	
12	Negative amounts resulting from the calculation of expected loss amounts	(14.0)	(11.7)	
13	Any increase in equity that results from securitised assets (negative amount)	-	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	-	
15	Defined-benefit pension fund assets (negative amount)	(106.9)	(115.0)	b
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
UK-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	-	
UK-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	-	
UK-20c	of which: securitisation positions (negative amount)	-	-	

UK CC1 - COMPOSITION OF REGULATORY OWN FUNDS (INDIVIDUAL) - CONTINUED

		(a) Amounts		(b)
		31 December		Ref*
		2023	2022	
UK-20d	of which: free deliveries (negative amount)	-	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	(1.4)	
22	Amount exceeding the 17.65% threshold (negative amount)	-	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	-	
25	of which: deferred tax assets arising from temporary differences	-	-	
UK-25a	Losses for the current financial year (negative amount)	-	-	
UK-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	-	
27a	Other regulatory adjustments to CET1 capital (<i>including IFRS 9 transitional adjustments when relevant</i>)	-	-	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(436.3)	(347.0)	
29	Common Equity Tier 1 (CET1) capital	995.4	947.3	
Additional Tier 1 (AT1) capital: instruments				
30	Capital instruments and the related share premium accounts	-	-	
31	of which: classified as equity under applicable accounting standards	-	-	
32	of which: classified as liabilities under applicable accounting standards	-	-	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) CRR	-	-	
UK-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	-	
UK-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	-	
36	Additional Tier 1 (AT1) capital before regulatory adjustments	-	-	
Additional Tier 1 (AT1) capital: regulatory adjustments				
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	-	
42a	Other regulatory adjustments to AT1 capital	-	-	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	-	
44	Additional Tier 1 (AT1) capital	-	-	
45	Tier 1 capital (T1 = CET1 + AT1)	995.4	947.3	

UK CC1 - COMPOSITION OF REGULATORY OWN FUNDS (INDIVIDUAL) - CONTINUED

		(a) Amounts 31 December		(b) Ref*
		2023	2022	
Tier 2 (T2) capital: instruments				
46	Capital instruments and the related share premium accounts	236.4	194.2	c
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	-	
UK-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	-	-	
UK-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	-	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	-	
50	Credit risk adjustments	-	-	
51	Tier 2 (T2) capital before regulatory adjustments	236.4	194.2	
Tier 2 (T2) capital: regulatory adjustments				
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-	
UK-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	-	
UK-56b	Other regulatory adjustments to T2 capital	-	-	
57	Total regulatory adjustments to Tier 2 (T2) capital	-	-	
58	Tier 2 (T2) capital	236.4	194.2	
59	Total capital (TC = T1 + T2)	1,231.8	1,141.5	
60	Total Risk exposure amount	4,830.6	4,806.7	
Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	20.6%	19.7%	
62	Tier 1 (as a percentage of total risk exposure amount)	20.6%	19.7%	
63	Total capital (as a percentage of total risk exposure amount)	25.5%	23.7%	
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)	11.8%	10.8%	
65	of which: capital conservation buffer requirement	2.5%	2.5%	
66	of which: countercyclical buffer requirement	2.0%	1.0%	
67	of which: systemic risk buffer requirement	-	-	
UK-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	-	-	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	13.3%	12.4%	

UK CC1 - COMPOSITION OF REGULATORY OWN FUNDS (INDIVIDUAL) - CONTINUED

		(a)	(b)
		Amounts	Ref*
		31 December	
		2023	2022
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10 % threshold and net of eligible short positions)	-	-
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)	-	-
75	Deferred tax assets arising from temporary differences (amount below 17,65 % threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	82.1	94.4
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	-
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	7.9	7.2
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	-
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	21.2	21.8
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-	-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-
82	Current cap on AT1 instruments subject to phase out arrangements	-	-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-
84	Current cap on T2 instruments subject to phase out arrangements	-	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-

* Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation

UK CC2 - RECONCILIATION OF REGULATORY OWN FUNDS TO BALANCE SHEET IN THE AUDITED FINANCIAL STATEMENTS (INDIVIDUAL)

		a/b ¹ Balance sheet as in published financial statements		c
		31 December		Reference
		2023	2022	
1	Cash and balances at central banks	2,708.3	5,270.4	
2	Loans and advances to banks	193.7	312.5	
3	Loans and advances to customers	20,147.5	20,488.4	
4	Investment securities	2,509.4	1,826.0	
5	Derivative financial instruments	301.0	488.4	
6	Investments in subsidiaries/group undertakings	14.9	15.0	
7	Other assets	47.9	46.6	
8	Property, plant and equipment	23.6	22.8	
9	Intangible assets	114.0	90.0	a
10	Right-of-use assets	31.4	33.0	
11	Amounts owed by Co-operative Bank undertakings	70.6	65.1	
12	Current tax asset	4.3	1.8	
13	Deferred tax assets	233.9	167.5	b
14	Net retirement benefit asset	148.5	159.7	
15	Total assets	26,549.0	28,987.2	
1	Deposits by banks	4,288.9	5,683.4	
2	Customer accounts	19,215.8	20,073.3	
3	Derivative financial instruments	110.3	103.5	
4	Amounts owed to Co-operative Bank undertakings	430.2	1,041.1	
5	Other liabilities	44.1	42.3	
6	Accruals and deferred income	22.7	32.4	
7	Provisions	31.7	33.1	
8	Amounts due to parent undertakings	937.6	646.9	c
9	Lease liabilities	30.1	31.0	
10	Net retirement benefit liability	5.9	5.9	
11	Total liabilities	25,117.3	27,692.9	
1	Ordinary share capital	25.6	25.6	d
2	Retained earnings	1,398.2	1,241.1	e
3	Other reserves	7.9	27.6	f
4	Total shareholders' equity	1,431.7	1,294.3	

1. Balance sheet values and Regulatory scope of consolidation are the same

UK LR1 - LRSUM: SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES (INDIVIDUAL)

		a	b
		Applicable amount	
		31 December	
		2023	2022
1	Total assets as per published financial statements	26,549.0	28,987.2
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-	-
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-	-
4	(Adjustment for exemption of exposures to central banks)	(2,763.3)	(5,368.5)
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) of the CRR)	-	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-	-
7	Adjustment for eligible cash pooling transactions	-	-
8	Adjustment for derivative financial instruments	(242.7)	59.0
9	Adjustment for securities financing transactions (SFTs)	-	-
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	673.2	1,050.1
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	(2.7)	(2.1)
UK-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	-	-
UK-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) of the CRR)	-	-
12	Other adjustments	(640.8)	(1,260.9)
13	Total exposure measure	23,572.7	23,464.8

UK LR2 - LRCOM: LEVERAGE RATIO COMMON DISCLOSURE (INDIVIDUAL)

		a	b
		Leverage ratio exposures 31 December	
		2023	2022
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	25,993.9	28,053.0
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining tier 1 capital (leverage))	(436.3)	(347.0)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	25,557.6	27,706.0
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	61.0	55.3
UK-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	8.0	14.4
UK-9a	Derogation for derivatives: potential future exposure contribution under the simplified standardised approach	-	-
UK-9b	Exposure determined under the original exposure method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
UK-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
UK-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	Total derivatives exposures	69.0	69.7
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	36.2	7.5
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	-	-
UK-16a	Derogation for SFTs: counterparty credit risk exposure in accordance with Articles 429e(5) and 222 of the CRR	-	-
17	Agent transaction exposures	-	-
UK-17a	(Exempted CCP leg of client-cleared SFT exposures)	-	-
18	Total securities financing transaction exposures	36.2	7.5

UK LR2 - LRCOM: LEVERAGE RATIO COMMON DISCLOSURE (INDIVIDUAL) - CONTINUED

		31 December	
		2023	2022
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	1,562.2	1,978.1
20	(Adjustments for conversion to credit equivalent amounts)	(889.0)	(928.0)
21	(General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures)	-	-
22	Off-balance sheet exposures	673.2	1,050.1
Excluded exposures			
UK-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	-	-
UK-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) of the CRR (on- and off- balance sheet))	-	-
UK-22g	(Excluded excess collateral deposited at triparty agents)	-	-
UK-22k	(Total exempted exposures)	-	-
Capital and total exposure measure			
23	Tier 1 capital (leverage)	995.4	947.3
24	Total exposure measure including claims on central banks	26,336.0	28,833.3
UK-24a	(-) Claims on central banks excluded	(2,763.3)	(5,368.5)
UK-24b	Total exposure measure excluding claims on central banks	23,572.7	23,464.8
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	4.2	4.0
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.2	4.0
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 (%)	4.2	4.0
UK-25c	Leverage ratio including claims on central banks (%)	3.8	3.3
26	Regulatory minimum leverage ratio requirement (%)	-	-
Additional leverage ratio disclosure requirements - leverage ratio buffers¹			
27	Leverage ratio buffer (%)		
UK-27a	Of which: G-SII or O-SII additional leverage ratio buffer (%)		
UK-27b	Of which: countercyclical leverage ratio buffer (%)		
Additional leverage ratio disclosure requirements - disclosure of mean values¹			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable		
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables		
UK-31	Average total exposure measure including claims on central banks		
UK-32	Average total exposure measure excluding claims on central banks		
UK-33	Average leverage ratio including claims on central banks		
UK-34	Average leverage ratio excluding claims on central banks		

1) Only required for LREQ firms. 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 have been left blank as the Group is not currently captured by either threshold

UK LR3 - LRSPL: SPLIT-UP OF ON BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND EXEMPTED EXPOSURES) (INDIVIDUAL)

		a	b
		Leverage ratio Exposures 31 December	
		2023	2022
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	25,991.9	28,051.0
UK-2	Trading book exposures	-	-
UK-3	Banking book exposures, of which:	25,991.9	28,051.0
UK-4	Covered bonds	885.2	265.9
UK-5	Exposures treated as sovereigns	3,795.9	5,864.0
UK-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	2.8	2.2
UK-7	Institutions	153.9	301.6
UK-8	Secured by mortgages of immovable properties	19,013.9	19,567.7
UK-9	Retail exposures	224.2	224.1
UK-10	Corporates	980.7	987.9
UK-11	Exposures in default	76.7	62.1
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	858.6	775.5