

Pillar 3 Disclosures

Year ended
31 March 2025

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Introduction

This document presents the consolidated Pillar 3 disclosures of West Bromwich Building Society ('the Group' or 'the Society') as at 31 March 2025.

Regulatory framework

The Society is regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA). For prudential regulation purposes, the Society is a Small Domestic Deposit Taker (SDDT) and SDDT consolidation entity.

The Basel III framework of the Basel Committee on Banking Supervision (BCBS) was developed to improve the banking sector's ability to absorb shocks arising from financial and/or economic stress. It is structured around three 'pillars' whereby Pillar 1 represents minimum capital requirements, Pillar 2 the supervisory review process and Pillar 3 market discipline. These Pillar 3 disclosures have been prepared in accordance with the UK Capital Requirements Regulation (CRR) and the Disclosure (CRR) Part of the PRA Rulebook, which prescribes the format of disclosures via templates to promote transparency, consistency and comparability of information between firms.

The BCBS released *Basel III: Finalising post-crisis reforms to the Basel III framework* in December 2017. Policy statements PS17/23 and PS9/24 set out the PRA's UK implementation of these reforms, commonly referred to as Basel 3.1 standards. Consultation paper CP7/24 proposes a robust, simplified capital regime for SDDTs. The SDDT proposals, which include significant revisions to the Standardised Approach to Credit Risk and align closely with Basel 3.1 Standards in this area, are expected to apply from 1 January 2027. The PRA has stipulated that firms can request to have their SDDT status revoked, once the simpler capital rules have been finalised, and instead be subject to the Basel 3.1 standards. We will closely monitor regulatory developments and use impact assessments to select the most appropriate capital framework in due course.

Policy

The Board has adopted a formal policy, underpinned by internal processes, systems and controls, to comply with Pillar 3 disclosure requirements.

Basis and frequency of disclosure

This document has been prepared in accordance with the Disclosure (CRR) Part of the PRA Rulebook as applicable for listed Small Domestic Deposit Takers. Comparative information is presented at 31 March 2024 and, where indicated, at 30 September 2024.

The disclosures have been published in conjunction with the financial results for the year ended 31 March 2025.

Non-material, proprietary or confidential information

The Disclosure (CRR) Part of the PRA Rulebook allows institutions to omit one or more of the required disclosures if information provided by such disclosures is not regarded as material or if it would be regarded as proprietary or confidential.

There is a requirement to calculate and maintain regulatory capital ratios on both a Group and an Individual Consolidated ('Solo') basis. However, for West Bromwich Building Society, there are no material differences between the Group and Solo consolidation figures. Therefore, the disclosures in this document are presented on a Group basis only.

The Society does not consider any of the required disclosures to contain proprietary or confidential information and has not omitted any disclosures on these grounds.

Location and verification

These disclosures have been reviewed by the Audit Committee and approved by the Society's Board prior to publication on the West Bromwich Building Society website (www.westbrom.co.uk). These disclosures have not been, and are not required to be, subject to independent external audit, and do not constitute any part of the Society's financial statements; however, some of the information within the disclosures also appears in the Society's audited 2025 Annual Report and Accounts.

Attestation by Board member

I confirm that, to the best of my knowledge, the Society's Pillar 3 disclosures for the year ended 31 March 2025 comply with the Disclosure (CRR) Part of the PRA Rulebook and have been prepared in accordance with the Society's Pillar 3 Disclosure Policy.

Alex Pawley

Chief Financial Officer

Key metrics

Summary of key metrics

Template UK KM1 presents key prudential metrics in relation to capital, leverage and liquidity which, where applicable, have remained in excess of regulatory requirements and within the Board's risk appetite during the year ended 31 March 2025.

Key metrics are reported under the CRR, including the application of IFRS 9 transitional arrangements.

The Common Equity Tier 1 (CET1) ratio has decreased to 17.1% (31 March 2024: 17.8%), the key drivers being investment in our core IT infrastructure/platforms and residential mortgage book growth. These factors also led to a reduction in the non-risk based UK leverage ratio to 6.8% (31 March 2024: 7.5%). The Society is able to meet all of its total capital and combined buffer requirements with the highest quality CET1 capital.

The Society's average Liquidity Coverage Ratio (LCR) over the 12 months to 31 March 2025 was 186.0% (12 months to 31 March 2024: 208.8%). The LCR comfortably exceeds the current regulatory minimum requirement of 100%.

UK KM1 - Key metrics template

Figures in £m unless otherwise specified

		a	c	e
		Transitional	Transitional	Transitional
		31 Mar 2025	30 Sep 2024	31 Mar 2024
Available own funds (amounts)				
1	Common Equity Tier 1 (CET1) capital	420.4	396.3	402.3
2	Tier 1 capital	420.4	396.3	402.3
3	Total capital	422.4	398.3	404.3
Risk-weighted exposure amounts				
4	Total risk-weighted exposure amount	2,455.5	2,390.1	2,258.8
Capital ratios (as a percentage of risk-weighted exposure amount)				
5	Common Equity Tier 1 ratio (%)	17.1	16.6	17.8
6	Tier 1 ratio (%)	17.1	16.6	17.8
7	Total capital ratio (%)	17.2	16.7	17.9
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)				
UK 7a	Additional CET1 SREP requirements (%) ¹	0.4	0.4	0.7
UK 7b	Additional AT1 SREP requirements (%) ²	0.1	0.1	0.2
UK 7c	Additional T2 SREP requirements (%) ²	0.2	0.2	0.3
UK 7d	Total SREP own funds requirements (%)	8.7	8.7	9.3

UK KM1 - Key metrics template (continued)

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	2.0	2.0
UK 9a	Systemic risk buffer (%)	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-
UK 10a	Other Systemically Important Institution buffer	-	-	-
11	Combined buffer requirement (%)	4.5	4.5	4.5
UK 11a	Overall capital requirements (%)	13.2	13.2	13.8
12	CET1 available after meeting the total SREP own funds requirements (%)	8.6	8.0	8.6
Leverage ratio				
13	Total exposure measure excluding claims on central banks	6,148.2	5,832.8	5,399.0
14	Leverage ratio excluding claims on central banks (%)	6.8	6.8	7.5
Additional leverage ratio disclosure requirements ³				
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 (%)			

Liquidity Coverage Ratio				
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	709.4	688.4	707.1
UK 16a	Cash outflows - Total weighted value	417.5	402.0	378.1
UK 16b	Cash inflows - Total weighted value	35.7	39.7	39.2
16	Total net cash outflows (adjusted value)	381.8	362.3	338.9
17	Liquidity coverage ratio (%)	186.0	190.7	208.8
Net Stable Funding Ratio ⁴				
18	Total available stable funding			
19	Total required stable funding			
20	NSFR ratio (%)			

Notes

- At least 56.25% of the additional own funds requirements under SREP must be met with CET1 capital. The figures in row UK 7a show this minimum level.
- The proportions of additional own funds requirements to be met by AT1 and T2 capital are not prescribed but must not exceed 43.75% and 25% respectively or 43.75% in combination. The figure in row UK 7c of the table shows the maximum level of additional own funds requirements that could be met by T2 capital. The figure in row UK 7b shows the maximum residual element of additional own funds requirements that could be met by AT1 if 25% were to be met with T2.
- The additional leverage ratio disclosure requirements do not apply to the Society as it does not meet the relevant reporting thresholds.
- The Net Stable Funding Ratio provisions do not apply to the Society because it is a Small Domestic Deposit Taker which meets the retail deposit ratio condition set out in Chapter 5 of the Liquidity (CRR) Part of the PRA Rulebook.

IFRS 9-FL Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs

The Society elected to adopt the IFRS 9 transitional arrangements laid out in Article 473a of the CRR (as amended during 2020/21) which allow a proportion of relevant expected credit loss provisions to be added back to CET1 capital. Transitional relief at 31 March 2025 was £nil (31 March 2024: £0.1m). The transitional arrangements cease to apply from 1 April 2025. Table IFRS 9-FL below shows the Society's key capital ratios with and without the application of IFRS 9 transitional arrangements.

	31 Mar 2025	30 Sep 2024	31 Mar 2024
Available capital (£m)			
1 Common Equity Tier 1 (CET1)	420.4	396.3	402.3
2 CET1 capital as if IFRS 9 transitional arrangements had not been applied	420.4	396.2	402.2
3 Tier 1	420.4	396.3	402.3
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	420.4	396.2	402.2
5 Total regulatory capital	422.4	398.3	404.3
6 Total capital as if IFRS 9 transitional arrangements had not been applied	422.4	398.2	404.2
Total risk-weighted assets (RWAs) (£m)			
7 Total RWAs	2,455.5	2,390.1	2,258.8
8 Total RWAs as if IFRS 9 transitional arrangements had not been applied	2,455.5	2,390.0	2,258.7
Capital ratios (%)			
9 Common Equity Tier 1 ratio	17.1	16.6	17.8
10 Common Equity Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	17.1	16.6	17.8
11 Tier 1 ratio	17.1	16.6	17.8
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	17.1	16.6	17.8
13 Total regulatory capital ratio	17.2	16.7	17.9
14 Total regulatory capital ratio as if IFRS 9 transitional arrangements had not been applied	17.2	16.7	17.9
UK leverage ratio			
15a Total leverage ratio exposure measure (£m)	6,148.2	5,832.8	5,399.0
15b Total leverage ratio exposure measure as if IFRS 9 transitional arrangements had not been applied (£m)	6,148.2	5,832.7	5,398.9
16 UK leverage ratio (%)	6.8	6.8	7.5
17 Leverage ratio as if IFRS 9 transitional arrangements had not been applied (%)	6.8	6.8	7.4

Capital requirements

The template below shows risk-weighted exposure amounts (RWEAs) analysed by risk type and approach as at 31 March 2025 and the prior year-end date. Total own funds requirements are derived by multiplying the corresponding RWEAs by 8%.

Credit risk capital requirements are higher this year, due to residential mortgage book growth. Operational risk capital requirements have increased in line with the Society's income, being based on average income indicators over the preceding three years.

UK OV1 - Overview of risk weighted exposure amounts

At 31 March

	Risk weighted exposure amounts (RWEAs)		Total own funds requirements		
	a	b	c ₁	c ₂	
	2025	2024	2025	2024	
	£m	£m	£m	£m	
1	Credit risk (excluding CCR)	2,283.3	2,107.2	182.7	168.6
2	Of which the standardised approach	2,283.3	2,107.2	182.7	168.6
3	Of which the foundation IRB (FIRB) approach	-	-	-	-
4	Of which slotting approach	-	-	-	-
UK 4a	Of which equities under the simple riskweighted approach	-	-	-	-
5	Of which the advanced IRB (AIRB) approach	-	-	-	-
6	Counterparty credit risk - CCR	6.4	1.5	0.5	0.1
7	Of which the standardised approach	-	-	-	-
8	Of which internal model method (IMM)	-	-	-	-
UK 8a	Of which exposures to a CCP	0.4	0.3	-	-
UK 8b	Of which credit valuation adjustment - CVA	0.1	0.3	-	-
9	Of which other CCR	5.9	0.9	0.5	0.1
15	Settlement risk	-	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	11.1	8.7	0.9	0.7
17	Of which SEC-IRBA approach	-	-	-	-
18	Of which SEC-ERBA (including IAA)	11.1	8.7	0.9	0.7
19	Of which SEC-SA approach	-	-	-	-
UK 19a	Of which 1250%	-	-	-	-

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	154.7	141.4	12.4	11.3
UK 23a	Of which basic indicator approach	-	-	-	-
UK 23b	Of which standardised approach	154.7	141.4	12.4	11.3
UK 23c	Of which advanced measurement approach	-	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	4.2	16.4	0.3	1.3
29	Total	2,455.5	2,258.8	196.5	180.7

Notes

1 Certain rows of the template which are not applicable in the UK have not been presented.

Remuneration

UK REMA - Remuneration policy

(a) Information relating to the bodies that oversee remuneration

Governance

The Remuneration Policy is overseen by the Remuneration Committee, a Committee of the Board. It is formed of five Non-Executive Directors (NEDs) including the Society Chair and is chaired by the Society Deputy Chair. There have been four meetings of the Remuneration Committee during the year. FIT Consultants were appointed as Advisors to the Remuneration Committee in 2021 and have continued to provide services in 2024/25. FIT Consultants have provided benchmarking and insight in respect of Executive Director remuneration, NED fees, Code Staff remuneration and some wider workforce statistics.

Code Staff (identified staff)

The Remuneration Policy provides the framework for the Remuneration Committee to make remuneration decisions and recommendations to the Board in relation to the Society's Code Staff, which is the group of individuals deemed to have a material impact on the Society's risk profile. This includes NEDs, Executive Directors; the Chief Executive (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO) and Chief Risk Officer (CRO), and other (non-Board) Executives; Chief People Officer & Group Secretary (CPO&GS), Chief Customer Officer (CCO) and Chief Internal Auditor (CIA). Former Code Staff included in template UK REM1 include the Divisional Director Marketing & Intermediary Sales and Divisional Director Operations.

(b) The design and structure of the remuneration system for identified staff

The Remuneration Policy includes the following sections:-

- Background, principles and context within which the policy is set;
- A description of the components of each element of Executive Director remuneration and how it operates;
- A description and details of the operation of NED fees;
- The recruitment policy for Executive Directors;
- The recruitment policy for NEDs;
- Reference to service contracts;
- Policy on payment for loss of office;
- Employment conditions elsewhere in the Society; and
- Remuneration scenarios.

The Remuneration Policy is set by the Remuneration Committee and its approach is to ensure that Code Staff remuneration is designed to promote the long-term success of the Society, with full consideration of other stakeholders such as members, employees and regulators.

Executive Directors and other (non-Board) Executives receive a basic salary whereas NEDs receive fees plus expenses for travel and accommodation in relation to their attendance at meetings. Executive Directors and other Executives are invited to join the Society's stakeholder pension plan or, as an alternative, be provided with a cash allowance (for example, where they have exceeded the annual or lifetime allowance). Benefits are provided in line with market practice for Executive Directors and other Executives which include private medical care and life assurance. Other benefits may be provided in individual circumstances. NEDs do not receive a pension, pension allowance or benefits.

The criteria for performance measurement of Executive Directors and other Executives is comprised of collective Society objectives and individual objectives, all of which are metricised and measured. All performance awards that are linked to these objectives are subject to operation within the Society's risk appetites and values; adjustments to performance-related remuneration are made if these are deviated from. NEDs do not receive variable remuneration.

The Remuneration Policy is reviewed annually by the Remuneration Committee.

Remuneration for Code Staff working in internal control functions is overseen by the Chair of the Risk Committee and Chair of the Audit Committee respectively. The CIA and CRO provide an independent report to the Remuneration Committee regarding the proposed remuneration of Code Staff each year.

None of the Society's variable remuneration is guaranteed; it is 100% discretionary.

(c) The ways in which current and future risks are taken into account in the remuneration process

As described above, the CRO and CIA provide an update at least annually to Remuneration Committee on risk considerations relating to remuneration matters, including the alignment of remuneration policy and risk management and the regulatory risk attaching to remuneration. There is a risk 'gateway' attached to all variable remuneration.

(d) Ratios between fixed and variable remuneration

Maximum performance related pay (variable remuneration) for Executive Directors is 50% of basic salary and the Remuneration Committee can use its discretion to award up to 75% of basic salary in exceptional circumstances.

UK REMA - Remuneration policy (continued)

(e) The ways in which the Society seeks to link performance during a performance measurement period with levels of remuneration

An element of variable pay for the Executive Directors and Code Staff is based on the collective Society objectives across a number of areas including Customer, Financial, Change, Risk and People. Further information on the Society objectives for the year ended 31 March 2025 is given in the Remuneration Committee report within the 2025 Annual Report and Accounts.

For the CEO, COO and CFO, performance-related pay (PRP) is split 20% to individual objectives and 30% to the above Society objectives. For the CRO it is split 40% to individual objectives and 10% to Society objectives. The split is 30% individual and 20% Society objectives for the Chief Customer Officer. For the Chief People Officer & Group Secretary the split is 40% individual and 10% Society objectives. The Chief Internal Auditor is only measured against individual objectives for which the maximum PRP is 20% of basic salary.

(f) The ways in which the Society seeks to adjust remuneration to take account of long-term performance

40% of awarded PRP is deferred over a four year period for Executive Directors and other Code Staff except NEDs (who do not receive PRP).

Deferred PRP is subject to a seven year clawback period for Executive Directors and a five year period for other Code Staff except NEDs (who do not receive PRP).

Quantitative information on remuneration

Template UK REM1 below shows the amount and type of fixed and variable remuneration awarded to identified staff.

UK REM1 - Remuneration awarded for the financial year

Year ended 31 March 2025

		a	b	c	d	
		MB Supervisory function	MB Management function	Other senior management	Other identified staff	
1	Fixed remuneration	Number of identified staff	9	4	5	-
2		Total fixed remuneration (£000)	554	1,567	934	-
3		Of which: cash-based	554	1,561	931	-
UK-4a		Of which: shares or equivalent ownership interests	-	-	-	-
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
UK-5x		Of which: other instruments	-	-	-	-
7		Of which: other forms	-	6	3	-
9	Variable remuneration	Number of identified staff	-	4	3	-
10		Total variable remuneration (£000)	-	658	247	-
11		Of which: cash-based	-	658	247	-
12		Of which: deferred	-	263	99	-
UK-13a		Of which: shares or equivalent ownership interests	-	-	-	-
UK-14a		Of which: deferred	-	-	-	-
UK-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
UK-14b		Of which: deferred	-	-	-	-
UK-14x		Of which: other instruments	-	-	-	-
UK-14y		Of which: deferred	-	-	-	-
15	Of which: other forms	-	-	-	-	
16	Of which: deferred	-	-	-	-	
17	Total remuneration (2 + 10)	554	2,225	1,181	-	

UK REM1 - Remuneration awarded for the financial year (continued)

Year ended 31 March 2024

		a	b	c	d	
		MB Supervisory function	MB Management function	Other senior management	Other identified staff	
1	Fixed remuneration	Number of identified staff	8	4	6	-
2		Total fixed remuneration (£000)	541	1,477	898	-
3		Of which: cash-based	541	1,470	893	-
UK-4a		Of which: shares or equivalent ownership interests	-	-	-	-
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
UK-5x		Of which: other instruments	-	-	-	-
7		Of which: other forms	-	7	5	-
9	Variable remuneration	Number of identified staff	-	4	6	-
10		Total variable remuneration (£000)	-	614	530	-
11		Of which: cash-based	-	614	529	-
12		Of which: deferred	-	246	88	-
UK-13a		Of which: shares or equivalent ownership interests	-	-	-	-
UK-14a		Of which: deferred	-	-	-	-
UK-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
UK-14b		Of which: deferred	-	-	-	-
UK-14x		Of which: other instruments	-	-	-	-
UK-14y		Of which: deferred	-	-	-	-
15	Of which: other forms	-	-	1	-	
16	Of which: deferred	-	-	-	-	
17	Total remuneration (2 + 10)	541	2,091	1,428	-	

Notes

1 Certain rows of the template which are not applicable in the UK have not been presented.

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Registered Number: 651B

Calls and electronic communications may be monitored and/or recorded for your security and may be used for training purposes. Your confidentiality will be maintained.

West Bromwich Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Register No: 104877. 'the West Brom' and 'West Brom Building Society' are trading names of West Bromwich Building Society.