

Pillar 3 Disclosures

for the half year ended
30 September 2024

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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 30 September 2024.

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 as at 31 March 2024 and 30 September 2023.

The disclosures have been published in conjunction with the half year financial results for the six months ended 30 September 2024.

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 these disclosures also appears in the Society's half year financial results for the six months ended 30 September 2024.

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 six months ended 30 September 2024.

Key metrics are reported under the UK Capital Requirements Regulation (CRR), including the application of IFRS 9 transitional arrangements and excluding the impact of unaudited interim profits.

The Common Equity Tier 1 (CET1) ratio has decreased to 16.6% (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 30 September 2024 was 190.7% (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	
	30 Sep 2024	31 Mar 2024	30 Sep 2023	
Available own funds (amounts)				
1	Common Equity Tier 1 (CET1) capital ¹	396.3	402.3	380.7
2	Tier 1 capital ¹	396.3	402.3	380.7
3	Total capital ¹	398.3	404.3	382.7
Risk-weighted exposure amounts				
4	Total risk-weighted exposure amount	2,390.1	2,258.8	2,115.2
Capital ratios (as a percentage of risk-weighted exposure amount)				
5	Common Equity Tier 1 ratio (%)	16.6	17.8	18.0
6	Tier 1 ratio (%)	16.6	17.8	18.0
7	Total capital ratio (%)	16.7	17.9	18.1
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)				
UK 7a	Additional CET1 SREP requirements (%) ²	0.4	0.7	0.8
UK 7b	Additional AT1 SREP requirements (%) ³	0.1	0.2	0.3
UK 7c	Additional T2 SREP requirements (%) ³	0.2	0.3	0.3
UK 7d	Total SREP own funds requirements (%)	8.7	9.3	9.4
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	13.8	13.9
12	CET1 available after meeting the total SREP own funds requirements (%)	8.0	8.6	8.7

Leverage ratio				
13	Total exposure measure excluding claims on central banks	5,832.8	5,399.0	5,103.8
14	Leverage ratio excluding claims on central banks (%)	6.8	7.5	7.5
Additional leverage ratio disclosure requirements⁴				
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)	688.4	707.1	768.4
UK 16a	Cash outflows - Total weighted value	402.0	378.1	381.9
UK 16b	Cash inflows - Total weighted value	39.7	39.2	31.2
16	Total net cash outflows (adjusted value)	362.3	338.9	350.7
17	Liquidity coverage ratio (%)	190.7	208.8	219.6
Net Stable Funding Ratio⁵				
18	Total available stable funding			
19	Total required stable funding			
20	NSFR ratio (%)			

Notes

1 The capital figures are reported on a regulatory basis. CET1, Tier 1 and total capital figures therefore exclude unverified profits for the six months ended 30 September 2024.

2 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.

3 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.

4 The additional leverage ratio disclosure requirements do not apply to the Society as it does not meet the relevant reporting thresholds.

5 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 has 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. The relief is being phased out over the period to 31 March 2025. Table IFRS 9-FL below shows the Society's key capital ratios with and without the application of IFRS 9 transitional relief.

	30 Sep 2024	31 Mar 2024	30 Sep 2023
Available capital (£m)			
1 Common Equity Tier 1 (CET1)	396.3	402.3	380.7
2 CET1 capital as if IFRS 9 transitional arrangements had not been applied	396.2	402.2	380.7
3 Tier 1	396.3	402.3	380.7
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	396.2	402.2	380.7
5 Total regulatory capital	398.3	404.3	382.7
6 Total capital as if IFRS 9 transitional arrangements had not been applied	398.2	404.2	382.7
Total risk-weighted assets (RWAs) (£m)			
7 Total RWAs	2,390.1	2,258.8	2,115.2
8 Total RWAs as if IFRS 9 transitional arrangements had not been applied	2,390.0	2,258.7	2,115.2
Capital ratios (%)			
9 Common Equity Tier 1 ratio	16.6	17.8	18.0
10 Common Equity Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	16.6	17.8	18.0
11 Tier 1 ratio	16.6	17.8	18.0
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	16.6	17.8	18.0
13 Total regulatory capital ratio	16.7	17.9	18.1
14 Total regulatory capital ratio as if IFRS 9 transitional arrangements had not been applied	16.7	17.9	18.1
UK leverage ratio			
15a Total leverage ratio exposure measure (£m)	5,832.8	5,399.0	5,103.8
15b Total leverage ratio exposure measure as if IFRS 9 transitional arrangements had not been applied (£m)	5,832.7	5,398.9	5,103.8
16 UK leverage ratio (%)	6.8	7.5	7.5
17 Leverage ratio as if IFRS 9 transitional arrangements had not been applied (%)	6.8	7.4	7.5

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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.