Nottingham Building Society

Pillar 3 Interim Disclosures

Key metrics

30 June 2022

1. Introduction

1.1. Background

These disclosures have been prepared in accordance with the United Kingdom's Capital Requirements Regulation (CRR) and the disclosure requirements presented in the Prudential Regulation Authority's (PRA) Rulebook.

1.2. Basis and frequency of disclosures

This document presents The Nottingham's Pillar 3 key metrics as at 30 June 2022 disclosed as prescribed by Article 432 & 433 of the CRR. The Society is classified as a listed Small and Non-Complex institution, therefore the key metrics disclosure template has been prepared in accordance with Article 447.

Article 432(2) of the PRA rulebook on non-material, proprietary or confidential information permits institutions to omit one or more items where those items include information that is regarded as proprietary or confidential. No disclosures or references have been omitted on this basis with non applicable reporting left blank.

The Pillar 3 report is based upon the Society's Interim Financial Report for the half-year ended 30 June 2022, unless otherwise stated. Pillar 3 disclosures are issued on a semi-annual basis in conjunction with the publication of the Interim Financial Report or Annual Report and Accounts and in accordance with regulatory guidelines.

1.3. Scope of application

The disclosure requirements in this document apply to Nottingham Building Society ("the Society"). For prudential purposes the Society is shown on an unconsolidated basis.

The principal office of the Society is Nottingham House, 3 Fulforth Street, Nottingham NG1 3DL.

The following company is a special purpose vehicle (SPV) established in connection with the Society's securitisation programme. Although The Nottingham has no direct or indirect ownership interest in this company, it is accounted for as a subsidiary of Nottingham Building Society. This is because the SPV is principally engaged in providing a source of funding to the Society, which in substance means the Society is exposed to rights of variable returns from its involvement in the SPV and has the ability to affect those returns through its power over the entity.

Name of SPV	Nature of business
Arrow Mortgage Finance No. 1 Limited	Secured Funding Vehicle

There is no significant risk transfer associated with the securitisation, so far as the purposes of regulatory capital and Pillar 3, the SPV is consolidated within the Society disclosures.

1.4. Location and verification

This disclosure and the Interim Financial Report are published on The Nottingham's website (www.thenottingham.com).

This disclosure has been reviewed and approved by the Board. The disclosures are not subject to external audit. However, some of the information within the disclosures also appears in the Society's June 2022 Interim Financial Report.

2. Key Metrics

The following table shows The Nottingham's Key metrics as at 30 June 2022 based on transitional Capital Requirements Directive (CRD) V rules basis. Due to the level of materiality between versions, the final rules basis has not been disclosed.

UK KM1: Key metrics template[1]		30 June 2022
	Available own funds (amounts)	**CRD V Transitional**
1	Common Equity Tier 1(CET1) capital (£'m)	200.4
2	Tier 1 capital (£'m)	200.4
3	Total capital (£'m)	224.3
	Risk-weighted exposure amounts	
4	Total risk-weighted exposure amount (£'m)	1,236.0
	Capital ratios *(as a percentage of risk-weighted exposure amount)*	
5	Common Equity Tier 1 ratio (%)	16.2
6	Tier 1 ratio (%)	16.2
7	Total capital ratio (%)	18.1
	Additional own funds requirements based on SREP *(as a percentage of risk-weighted exposure)*	
UK 7a	Additional CET1 SREP requirements (%)	0.8
UK 7b	Additional AT1 SREP requirements (%)	-
UK 7c	Additional T2 SREP requirements (%)	-
UK 7d	Total SREP own funds requirements (%)	8.8
	Combined buffer requirements *(as a percentage of risk-weighted exposure amount)*	
8	Capital conservation buffer (%)	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	-
UK 9a	Systemic risk buffer (%)	-
10	Global Systemically Important Institution buffer (%)	-
UK 10a	Other Systemically Important Institution buffer (%)	-
11	Combined buffer requirement (%)	2.5
UK 11a	Overall capital requirements (%)	11.3
12	CET1 available after meeting the total SREP own funds requirements (%)	7.4
	Leverage ratio	
13	Total exposure measure excluding claims on central banks (£'m)	3,413.6
14	Leverage ratio excluding claims on central banks (%)	5.9
	Additional leverage ratio disclosure requirements[2]	
UK 14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	
UK 14b	Leverage ratio including claims on central banks (%)	
UK 14c	Average leverage ratio excluding claims on central banks (%)	
UK 14d	Average leverage ratio including claims on central banks (%)	
UK 14e	Countercyclical leverage ratio buffer (%)	
	Liquidity Coverage Ratio	
15	Total high-quality liquid assets (HQLA) (Weighted value -average) (£'m)	573.0
UK16a	Cash outflows - Total weighted value (£'m)	273.8
UK16b	Cash inflows - Total weighted value (£'m)	16.0
16	Total net cash outflows (adjusted value) (£'m)	257.5
17	Liquidity coverage ratio (%)	222
	Net Stable Funding Ratio[3]	
18	Total available stable funding	
19	Total required stable funding	
20	NSFR ratio (%)	

[1] Disclosure of prior period data is not required as UK KM1 is being disclosed for the first time.
[2] Additional leverage ratio disclosure is only reportable by globally systematically important institutions and therefore not applicable to the Society.
[3] Net Stable Funding Ratio disclosures, as addressed by the PRA in PS22/21 – Implementation of Basel standards: Final rules and CP3/22 – Occasional Consultation Paper, are applicable from 2023 and therefore is not reportable.

2. Key Metrics

The Society continues to recognise the IFRS 9 transitional relief adjustment, as outlined in Article 473a ((EU) No 2020/873 (CRR Quick Fix)) in light of the Covid-19 pandemic, with the relief phased out to 31 March 2025. Only the transitional basis has been disclosed as there is no material difference between the final and transitional basis, which represents the IFRS 9 transitional relief adjustment of £1.2m.

The leverage ratio has been calculated in accordance with the UK's leverage ratio framework changes which came into effect from 1 January 2022.