

The Co-operative Bank p.l.c.

**Pillar 3 Disclosures
31 March 2026**

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1. Introduction

In this document the Co-operative Bank p.l.c. ('the Bank') has set out its Pillar 3 disclosures as at the quarter ending 31 March 2026 in accordance with the Disclosure Part of the Prudential Regulation Authority (PRA) Rulebook.

On 1 January 2025, the Coventry Building Society ('Society') completed the acquisition of the Co-operative Bank Holdings p.l.c. ('Bank Holdings'), which is the ultimate holding company of the Bank thus making Bank Holdings and its operating entities fully owned subsidiaries of the Coventry Building Society.

Although the Bank's data is consolidated into the Society Group Pillar 3 disclosures from 2025 onwards, the Bank is also required to disclose specific templates on an individual entity basis in accordance with large subsidiaries Pillar 3 requirements.

The Bank has not omitted any disclosures on the basis of materiality, proprietary or confidentiality (See Article 432 of the UK Capital Requirements Regulation (CRR)).

Rows in which there is no data to report or zero values, have been excluded from the templates disclosed.

The information presented in this Pillar 3 report is not required to be, and has not been, subject to an external audit.

The following terms are used in this report:

The Group	Coventry Building Society and all of its subsidiaries, including the Bank Group from 1 January 2025.
Coventry Building Society the Society	Coventry Building Society, parent entity of the Group.
The Co-operative Bank Holdings p.l.c. group Holdings Group	The group headed by The Co-operative Bank Holdings p.l.c. including all of its subsidiaries, which was acquired on 1 January 2025 by Coventry Building Society.
The Co-operative Bank Holdings p.l.c. the Holding Company	The legal entity and intermediate parent of the Company which was acquired on 1 January 2025 by Coventry Building Society.
The Co-operative Bank p.l.c. group the Bank Group	The group headed by The Co-operative Bank p.l.c. including all of its subsidiaries.
The Co-operative Bank p.l.c. the Company the Bank	The main trading entity with a banking license in the Holdings Group and Bank Group.

2. Key metrics and overview of risk weighted exposure amounts

The following table details the Bank's own funds, key capital metrics, Pillar 1 liquidity coverage ratio and net stable funding ratio as at 31 March 2026 and those metrics previously disclosed as at 31 December 2025 and 30 June 2025.

		31 March 2026	31 December 2025	30 June 2025
		£m	£m	£m
	Available own funds (amounts)			
1	Common Equity Tier 1 (CET 1) capital	966	968	907
2	Tier 1 capital	966	968	907
3	Total capital	1,173	1,169	1,108
	Risk-weighted exposure amounts			
4	Total risk-weighted exposure amount ¹	5,093	5,112	5,007
	Capital ratios			
5	Common Equity Tier 1 ratio (%)	19.0%	18.9%	18.1%
6	Tier 1 ratio (%)	19.0%	18.9%	18.1%
7	Total capital ratio (%)	23.0%	22.9%	22.1%
	Additional own funds requirements - SREP			
UK 7a	Additional CET 1 SREP requirements (%)	2.3%	2.3%	2.3%
UK 7b	Additional AT 1 SREP requirements (%)	0.7%	0.7%	0.7%
UK 7c	Additional T2 SREP requirements (%)	1.0%	1.0%	1.0%
UK 7d	Total SREP own funds requirements (%)	12.0%	12.0%	12.0%
	Combined buffer requirement			
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%
9	Institution specific countercyclical capital buffer (%)	2.0%	2.0%	2.0%
11	Combined buffer requirements (%)	4.5%	4.5%	4.5%
UK 11a	Overall capital requirements (%)	16.5%	16.5%	16.5%
12	CET 1 available after meeting the total SREP own funds requirements (%)	10.0%	9.9%	9.1%
	Leverage ratio			
13	Leverage ratio total exposure measure ²	21,876	22,035	21,849
14	Leverage ratio (%)	4.4%	4.4%	4.2%
	Liquidity coverage ratio			
15	Total high-quality liquid assets (HQLA) (weighted value - average)	3,811	3,816	3,936
UK 16a	Cash outflows - Total weighted value	2,351	2,292	2,207
UK 16b	Cash inflows - Total weighted value	153	154	157
16	Total net cash outflows (adjusted value)	2,198	2,138	2,050
17	Liquidity coverage ratio (%) ³	174.0%	179.8%	192.6%
	Net stable funding ratio			
18	Total available stable funding	21,688	21,719	21,857
19	Total required stable funding	15,846	16,129	16,283
20	NSFR ratio (%) ⁴	136.9%	134.7%	134.2%

Table 1 Template UK KM1 - Key metrics template

¹ This amount includes the impacts of the Post Model Adjustments (PMAs).

² The UK leverage ratio includes a restriction on the amount of Additional Tier 1 capital and excludes claims on the central bank with a maturity of no longer than three months from the calculation of leverage exposures, in line with the UK Leverage Regime.

³ The liquidity coverage ratio is calculated as a 12 month average.

⁴ The net stable funding ratio is calculated as an average of the current and three preceding quarters.

The Bank's Common Equity Tier 1 (CET1) ratio remains robust at 19.0% (31 December 2025: 18.9%) given the exclusion from CET1 capital of unverified profits for the quarter, in accordance with regulations. The Bank is subject to an overall capital requirement of 16.5% (31 December 2025: 16.5%).

The risk weighted exposure amount £5,093m (31 December 2025: £5,112m) has decreased in 2026 due to business-as-usual changes to mortgage asset composition and performance.

The capital ratios include additional RWAs held for regulatory changes that are currently not reflected in the secured IRB models, as previously disclosed within the 2024 Annual Report and Accounts.

The Society and Bank had both submitted updated secured IRB models to the PRA in 2023. Our strategy following the acquisition is to move to a single Group IRB model. On 15 December 2025 we received feedback from the PRA on the models which had been submitted and we intend to incorporate this feedback into the build of our new Group model. We currently expect to submit our new Group secured IRB model at the end of 2027. When approval is granted, the final Group secured IRB model output RWAs may vary from those calculated currently, thereby impacting capital ratios.

The Bank's leverage ratio remained stable at 4.4% (31 December 2025: 4.4%). This is well above regulatory requirements. The leverage ratio and corresponding leverage ratio total exposure measure excludes qualifying central bank claims in line with the UK leverage regime.

The Bank's liquidity position is also strong as at 31 March 2026 with a 12-month average liquidity coverage ratio of 174.0% (31 December 2025: 179.8%). The average LCR has decreased over the period via a small reduction in HQLA, alongside an increase in corporate deposit and contingent funding requirements.

The average Net stable funding ratio (NSFR) of 136.9% (31 December 2025: 134.7%) is also well above the regulatory requirement. The NSFR is a longer-term liquidity risk management measure that is designed to ensure a stable funding structure within the Bank where the available stable funding should exceed the required stable funding.

The table below details RWEAs and the respective own funds requirements as at 31 March 2026, and the RWEAs previously disclosed as at 31 December 2025. Own funds requirements are calculated as 8% of the RWEAs.

		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		31 March 2026	31 December 2025	31 March 2026
		£m	£m	£m
1	Credit risk (excluding CCR)	4,214	4,239	337
2	Of which the standardised approach	352	386	28
3	Of which the foundation IRB (FIRB) approach	287	272	23
4	Of which slotting approach	378	403	30
5	Of which the advanced IRB (AIRB) approach	3,197	3,178	255
6	Counterparty credit risk - CCR	23	15	2
7	Of which the standardised approach	15	15	1
9	Of which other CCR	8	–	1
16	Securitisation exposures in the non-trading book (after the cap)	54	56	4
18	Of which SEC-ERBA (including IAA)	54	56	4
23	Operational risk	802	802	64
UK 23b	Of which standardised approach	802	802	64
24	<i>Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)⁵</i>	96	104	7
29	Total	5,093	5,112	407

Table 2 Template UK OV1 - Overview of risk weighted exposure amounts

⁵ Row 24 is for information only and the value is excluded from the total in row 29.

3. RWEA flow statements of credit risk exposures under the IRB approach

The table below summarises the movements of RWEAs for credit risk exposures under the IRB approach. Following guidance from the PRA this flow statement includes the post model adjustment applied to both our loss given default and probability of default models.

		Risk weighted exposure amount
		£m
1	Risk weighted exposure amount as at the end of the previous reporting period	3,782
2	Asset size (+ / -)	77
3	Asset quality (+ / -)	(54)
4	Model updates (+/-)	(18)
8	Other (+ / -)	–
9	Risk weighted exposure amount as at the end of the reporting period	3,787

Table 3 Template UK CR8 - RWEA flow statements of credit risk exposures under the IRB approach⁶

Movements in asset size and asset quality are calculated using the Group's current IRB models. The impact of net new business in the quarter is shown in the asset size row.

⁶ UK CR8 excludes non-credit obligation assets which are included in UK OV1.

4. Quantitative information of liquidity coverage ratio

The Liquidity Coverage Ratio (LCR) is designed to ensure that institutions hold a sufficient reserve of high-quality liquid assets (HQLA) to allow them to survive a period of significant liquidity stress lasting 30 calendar days. The LCR disclosed below is calculated as a 12 month average.

UK 1a	Quarter ending on (DD Month YYYY)	Total unweighted value (average) £m				Total weighted value (average) £m			
		March 2026	December 2025	September 2025	June 2025	March 2026	December 2025	September 2025	June 2025
UK 1b	Number of data points	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					3,811	3,816	3,899	3,936
CASH-OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which: ⁷	19,073	18,936	18,770	18,561	1,155	1,154	1,145	1,136
3	<i>Stable deposits</i>	13,406	13,136	13,034	12,970	670	657	652	649
4	<i>Less stable deposits</i>	4,200	4,328	4,312	4,262	455	467	464	458
5	Unsecured wholesale funding	1,492	1,445	1,408	1,380	687	654	633	612
7	<i>Non-operational deposits (all counterparties)</i>	1,471	1,445	1,408	1,380	665	654	633	612
8	<i>Unsecured debt</i>	21	–	–	–	21	–	–	–
9	Secured wholesale funding					–	3	6	10
10	Additional requirements	416	417	426	459	206	218	228	260
11	<i>Outflows from derivative exposures and other collateral requirements</i>	180	192	203	236	180	192	203	236
12	<i>Outflows from loss of funding on debt products</i>	2	2	2	1	2	2	2	1
13	Credit and liquidity facilities	235	223	222	222	24	23	23	23
14	Other contractual funding obligations	30	32	32	31	–	–	–	–
15	Other contingent funding obligations	2,144	1,936	1,709	1,608	302	264	220	193
16	TOTAL CASH OUTFLOWS					2,351	2,292	2,232	2,211
CASH-INFLOWS									
17	Secured lending (e.g. reverse repos)	89	115	183	288	–	–	–	–
18	Inflows from fully performing exposures	178	180	188	186	125	126	132	131
19	Other cash inflows	56	60	62	63	27	28	27	27
20	TOTAL CASH INFLOWS	324	355	434	537	153	154	159	158
UK-20C	<i>Inflows subject to 75% cap</i>	324	355	434	537	153	154	159	158
TOTAL ADJUSTED VALUE									
UK-21	LIQUIDITY BUFFER					3,811	3,816	3,899	3,936
22	TOTAL NET CASH OUTFLOWS					2,198	2,138	2,073	2,053
23	LIQUIDITY COVERAGE RATIO					174.0%	179.8%	189.0%	192.3%

Table 4 Template UK LIQ1 - Quantitative information of liquidity coverage ratio

⁷ Note that row 2 does not equal the sum of rows 3 and 4 as deposits exempted from the calculation of outflows and deposits where the payout has been agreed within the following 30 days do not form part of the breakdown in the pillar 3 LIQ1 reporting template above.

4.1 Table UK LIQB on qualitative information on LCR, which complements template UK LIQ1

4.1.1 The main drivers of LCR

The main drivers of the Bank's LCR are the size of the liquid asset buffer, customer 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 majority repayment of TFSME), deposit outflows are the largest contributor to LCR net outflows.

4.1.2 Changes in the LCR over time

The 12-month average LCR at Mar-26 stated in Template UK LIQ1, and the reduction in average LCR through 2025 largely reflecting lower liquid asset levels including the impact of TFSME repayments (£2.2bn repaid across 2025), along with an increase in corporate deposit requirements, along with increased contingent funding obligations.

4.1.3 The concentration of funding sources

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 a wholesale funding program, which includes secured and unsecured instruments, allowing the Bank to further diversify its funding sources. It also has an intra group funding arrangement with the Society.

4.1.4 The composition of the Bank's liquidity buffer

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 supranationals. 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.

4.1.5 Derivative exposures and potential collateral calls

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 reduced through the second half of 2025 as 2023 market volatility increasingly fell outside of the 2-year look back period.

4.1.6 Currency mismatch in the LCR

The Bank does not report in any material currencies other than Sterling.

5 Attestation

The Chief Finance Officer (CFO) attests that the Bank has made the disclosures required under Part 8 of the UK CRR in accordance with the Pillar 3 Disclosures Policy and internal processes, systems and controls.

6 Key elements of the Pillar 3 disclosures policy

The Group's Pillar 3 disclosures policy includes the following key elements:

1. an approval process for disclosures involving Senior Management; and
2. an approval process for omitted disclosures involving Senior Management.

Appendix 1. Glossary

Abbreviation	Full Name	Description
AIRB	Advanced Internal Ratings Based	An approach to determining the capital requirement for a given exposure that allows institutions that have received supervisory approval to rely on their own internal estimates of risk components.
AT1	Additional Tier 1 Capital	Additional Tier 1 (AT1) capital consists of paid-up capital instruments and their associated share premium account.
CCP	Central Counterparty Clearing House	Institutions that take on counterparty credit risk between parties to a transaction and provide clearing and settlement services for trades in foreign exchange, securities, options, and derivative contracts.
CCR	Counterparty Credit Risk	The risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows.
CET1	Common Equity Tier 1	Common Equity Tier 1 capital (CET1) is the highest quality of regulatory capital, as it absorbs losses immediately when they occur.
CRR	Capital Requirements Regulation	The Capital Requirements Regulations 2013 (Statutory Instrument 2013/3115).
CVA	Credit Valuation Adjustment	Credit Valuation Adjustment reflects the adjustment of default risk-free prices of derivatives and securities financing transactions (SFTs) due to a potential default of the counterparty.
ERBA	External Ratings Based Approach	An approach to calculate capital requirements for securitisation exposures that are externally rated or for which an inferred rating is available.
FIRB	Foundation Internal Ratings Based	An approach to determining the capital requirement for a given exposure that allows institutions that have received supervisory approval to rely on their own internal estimates of risk of default of the obligor but estimates of additional risk factors are derived through the application of standardised supervisory rules.
HQLA	High Quality Liquid Assets	Assets are considered to be HQLA if they can be easily converted into cash at little or no loss of value within a reasonably short space of time.
IAA	Internal Assessment Approach	An approach to calculate capital requirements for securitisation exposures in which an institution may use its internal assessments of the credit quality of its securitisation exposures.
IRB	Internal Ratings Based	An approach to determining the capital requirement for a given exposure that allows institutions that have received supervisory approval to rely on their own internal estimates of risk of default of the obligor but estimates of additional risk factors are derived through the application of standardised supervisory rules.
PIBS	Permanent Interest Bearing Shares	A type of hybrid security that exhibits features of both debt and equity. They are usually issued by building societies which cannot raise risk capital by issuing ordinary shares and offer investors a fixed or floating interest rate.
PMA	Post Model Adjustment	Adjustments applied when the Society considers that a modelled output is not sufficiently accurate or complete due to there being potential for additional risks that have not been identified or that cannot be adequately modelled.
PRA	Prudential Regulation Authority	The Bank of England prudentially regulates and supervises financial services firms through the Prudential Regulation Authority (PRA).
RWEA	Risk Weighted Exposure Amount	The amount of the exposure value multiplied by the risk weight associated with the exposure.
SEC-ERBA	Securitisation: External-ratings-based approach	Under the SEC-ERBA, the risk-weighted exposure amount for a securitisation position shall be calculated by multiplying the exposure value of the position as calculated in accordance with Article 248 of the CRR.
SFT	Securities financing transaction	Securities financing transactions allow institutions to use assets, such as the shares or bonds they own, to secure funding for their activities.

SREP	Supervisory Review and Evaluation Process	The supervisory review and evaluation process that the FCA conducts on the risks faced by firms and if firms are well equipped to manage them properly.
T2	Tier 2 capital	Tier 2 is designated as the second or supplementary layer of an institution's capital and is composed of items such as revaluation reserves, hybrid instruments, and subordinated term debt.