Zopa Group Limited

Pillar 3 Disclosures

Year ended 31 December 2023

Contents

1 Introduction

This document presents the Pillar 3 disclosures on capital and risk management for Zopa Group Limited ('the Group') and its subsidiaries as at 31 December 2023. The Group is regulated by the Prudential Regulation Authority ('PRA') as a financial holding company of Zopa Bank Limited ('the Bank'). The Bank is a public interest entity, authorised by the PRA and regulated by the Financial Conduct Authority ('FCA') and the PRA.

The Pillar 3 disclosures are prepared on a consolidated basis and should be read in conjunction with the Group's and the Bank's 2023 Annual Report and Accounts (ARA), which are available on Zopa's website at: www.zopa.com/investor-information.

In 2023, the Group acquired the lending and technology capabilities of DivideBuy to provide entry into the point-of-sale (POS) market. A new company called Zopa Embedded Finance Limited (ZEF) was incorporated in 2023 and is the entity for originating point-of-sale finance loans. The Bank has entered into an agreement to provide funding for loans originated by ZEF and oversees ZEF as an outsourcer.

The Bank and ZEF were the Group's only subsidiaries as at 31 December 2023. Section 4 of this document provides reduced disclosures for the Bank for the same reporting period.

References to the Board and Board Committees in this document relate to the Group unless specifically stated otherwise.

Purpose

The Basel framework, which aims to strengthen regulation, supervision and risk management of banks, consists of three "pillars", as summarised below:

- **Pillar 1 - Minimum capital requirements:** defines the minimum capital requirements that banks are required to hold for credit, market and operational risks.
- **Pillar 2 - Supervisory review process:** includes a requirement for firms to undertake an Internal Capital Adequacy Assessment Process ("ICAAP"). The ICAAP represents the aggregated view of the risks faced by the Group and the Bank and is used by the Boards and management to understand the levels of capital required to be held over the planning horizon to cover these risks and to withstand a range of adverse stress scenarios. The ICAAP is reviewed by PRA during its Supervisory Review and Evaluation Process and is used to determine the overall capital requirements that apply to the Group and the Bank.
- **Pillar 3 - Market discipline:** aims to improve market discipline by requiring banks to publish information on their principal risks, capital structure and risk management to provide more transparency to market participants.

The disclosures provided in this document are prepared in order to satisfy Pillar 3 of the framework.

Regulatory developments

The Pillar 3 disclosures include consideration of regulatory changes and developing best practice to ensure that disclosures remain appropriate. A summary of relevant regulatory changes that came into effect during the reporting year, and of relevant future regulatory changes, are provided below.

Regulatory changes during the year

During 2023, the following regulatory changes came into effect:

- The UK countercyclical buffer increased from 1% to 2% with effect from 5 July 2023.

- In November 2023, the PRA published PS14/13 'The non-performing exposures capital deduction' which removed the CET1 deduction requirement for non-performing exposures (NPEs) that are treated as insufficiently covered by firms' accounting provisions.
- In December 2023, the PRA published PS16/23 'Remuneration: Enhancing proportionality for small firms' which amends the criteria, rules and disclosures for small firms in relation to remuneration reporting. The changes came into force on 8 December 2023 and apply to firm's performance years starting on or after that date.

Future regulatory changes

Relevant future regulatory changes identified are as follows:

- In September 2023, the PRA confirmed that it intends to move the implementation date of the final Basel 3.1 policies by six months to 1 July 2025, with the transitional period reducing by six months to 4.5 years.
- In December 2023, the PRA published PS17/23 'Implementation of the Basel 3.1 standards near-final part 1' which contains the near-final policies on market risk, credit valuation adjustment risk, counterparty credit risk and operational risk. The PRA intend to publish the near-final policies on the remaining elements from CP16/22, including credit risk, in Q2 2024.
- In December 2023, the PRA published PS15/23 'The Strong and Simple Framework: Scope Criteria, Liquidity and Disclosure Requirements' which renamed Simpler-regime Firms to Small Domestic Deposit Takers (SDDTs), contains the rules relating to the definition of an SDDT, and contains final policies on liquidity, reporting and disclosure. The definitions and rules on disclosure take effect from 1 January 2024, and the remaining rules take effect from 1 July 2024. The PRA intend to consult on policies relating to capital requirements in Q2 2024.

2 Disclosure policy

The following sets out a summary of the Group's and Bank's Pillar 3 disclosure policy, including basis of preparation, frequency, media and location, verification and risk profile disclosure. This policy is reviewed by both Group and Bank Board Audit Committees ('BACs') and approved by the Group and Bank Boards every two years to ensure that it remains appropriate in the light of new regulations and emerging best practice. The disclosure policy was last approved by the Group and Bank Boards in February 2024.

Basis of preparation

The disclosures included in this document are prepared in accordance with the Disclosure (CRR) Part of the PRA Rulebook.

In order to promote transparency, consistency and comparability of information between firms, the disclosure requirements prescribe templates to be used. This document has been structured to follow the order, naming convention and presentation of the appliable templates.

For ease of reading, where specific rows and columns in the fixed format templates are not applicable, or are immaterial/nil balances, they are generally omitted.

The disclosures provide information as at 31 December 2023, with comparative information as at 31 December 2022, unless otherwise stated. Amounts presented in the disclosures are rounded to the nearest million, except where otherwise indicated.

There are no differences between the basis of consolidation for accounting and prudential purposes for the Group. The Bank, included in the Pillar 3 disclosures, is consolidated in full. Details of the basis of consolidation for accounting purposes are provided in the Group's 2023 Annual Report and Accounts in Note 1.2.

Scope and frequency of disclosures

Article 433 of Chapter 4 of the Disclosure (CRR) Part of the PRA Rulebook sets out which disclosures institutions are required to publish and the frequency with which they shall provide such disclosures. This is dependent upon whether institutions are 'large' (directed by Article 433a), 'small and non-complex' (directed by Article 433b) or 'other' (directed by Article 433c). The level of disclosure is also dependent on whether institutions are listed or non-listed, whether it is a LREQ firm (i.e. firms to which the leverage ratio applies) and whether it is identified as a Global systemically important institution (G-SII) or Other systemically important institution (O-SII).

As at 31 December 2023, the Group meets the definition of a 'small and non-complex institution'. The Group is also non-listed (and furthermore is not an LREQ firm and is not identified as a G-SII or O-SII). As a non-listed other institution, in accordance with paragraph 1 of Article 433b, the Group is required to disclose a reduced number of templates on an annual basis, with no requirement for semi-annual or quarterly disclosures, per below:

- points (a), (e) and (f) of Article 435(1);
- point (d) of Article 438;
- key metrics referred to in Article 447;
- points (a) to (d), (h) and (i) of Article 450(1).

In order to fulfil the above disclosure requirements, the following prescribed disclosure templates per Chapter 6 of the Disclosure (CRR) Part of the PRA Rulebook are required.

From Annex I - Disclosure of key metric and overview of risk weighted exposure amounts:

- Template UK OV1 – Overview of risk weighted exposure amounts

- Template UK KM1 - Key metrics template

From Annex III - Disclosure of risk management objectives and policies:

- Table UK OVA - Institution risk management approach (rows a, e and f only)

From Annex XXXIII - Disclosure of remuneration policies:

- Table UK REMA - Remuneration policy
- Template UK REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

Section 3 provides these disclosure templates for the Group.

Section 4 provides these disclosure templates for the Bank.

As at 31 December 2023, the Bank is also classified as a non-listed small and non-complex institution and is therefore subject to the same scope and frequency of disclosures as detailed above for the Group.

In accordance with Article 432 of Chapter 4 of the Disclosure (CRR) Part of the PRA Rulebook, the PRA allows certain disclosure requirements to be omitted when they are not regarded as material or are regarded as proprietary or confidential. In the current year report, no disclosures have been omitted on the grounds of being non-material, proprietary or confidential.

Certain disclosure requirements are met by inclusion within the published Annual Report and Accounts. Where this is the case, cross reference is provided to clearly signpost to the relevant section and/or page number.

Remuneration disclosures

Remuneration disclosures are directed by Article 450 of Chapter 4 of the Disclosure (CRR) Part of the PRA Rulebook. However, the required level of disclosure is subject to further proportionality rules as set out in a supervisory statement issued by the PRA in February 2023, SS2/17 'Remuneration'. In accordance with this publication, institutions are divided into three categories, (proportionality level one, two or three), based on their total assets and whether certain conditions are satisfied. The proportionality level institutions are categorised within determines which disclosure requirements per Article 450 are to be provided. Proportionality level one represents the highest level, with more detailed disclosure requirements, whilst proportionality level three represents the lowest level, with fewer disclosure requirements. As at 31 December 2023, the Group and the Bank are categorised as proportionality level three.

Frequency, media and location

The Group's and Bank's policy is to publish the Pillar 3 disclosures on an annual basis. The information is published in conjunction with the Group's and Bank's Annual Report & Accounts (ARA) being filed at Companies House. The Pillar 3 disclosures are published by making them available on Zopa's website.

The frequency of disclosure will be reviewed should there be a material change in any approach used for the calculation of capital, business structure or regulatory requirements.

Verification

The Pillar 3 disclosures were reviewed by the BACs and recommended to the Group and Bank Boards for approval. In addition, the remuneration disclosures as detailed in Section 3.3 of this document were reviewed by the Bank's Remuneration Committee. The Pillar 3 disclosures were approved by both Boards. The disclosures are not subject to external audit, however an independent review by internal audit was performed over its completeness and adequacy against relevant regulatory requirements.

Additionally, some of the information within the disclosures also appears in the Group's 2023 Annual Report and Accounts, which are subject to external audit.

Board responsibility for risk management and disclosures

A core objective for the Group and Bank is the effective management of risk. The responsibility for identifying and managing the principal risks rests with the Boards of Directors, who are also responsible for setting the strategy, risk appetite and control framework.

In accordance with Article 435 of Chapter 4 of the Disclosure (CRR) Part of the PRA Rulebook and the Bank's Pillar 3 disclosure policy, the Group and Bank are required to ensure that external disclosures portray their risk profiles comprehensively.

The Directors have considered the adequacy of the Pillar 3 disclosures in relation to these requirements and are satisfied that they convey the risk profiles of the Group and Bank comprehensively.

3 Disclosures of Zopa Group Ltd

The following section provides the required disclosure templates, as outlined in Section 2, for the Group.

3.1 Annex I: Disclosure of key metrics and overview of risk weighted exposure amounts

Table 1: UK OV1 – Overview of risk weighted exposure amounts

The following template provides the information required in point (d) of Article 438. The template provides an overview of risk weighted exposure (RWEAs) and the own funds requirements corresponding to the RWEAs for the different risk categories.

	GROUP	Risk weighted exposure amounts (£m)		Total own funds requirements (£m)	
		2023	**2022**	**2023**	**2022**
1	Credit risk (excluding CCR)	1,922	1,504	154	120
2	*of which the standardised approach*	1,922	1,504	154	120
6	Counterparty Credit Risk (CCR)	0.5	0.3	0	0
UK 8b	*of which credit valuation adjustment risk*	0.5	0.3	0	0
23	Operational risk	279	156	22	13
UK 23a	*of which the basic indicator approach*	279	156	22	13
29	**Total**	**2,202**	**1,660**	176	**133**

Table 2: UK KM1 – Key metrics table

The following template provides the key metrics referred to in Article 447. The template includes metrics relating to capital, leverage, liquidity and funding.

	GROUP	Dec-23 a	Dec-22 e
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	367	290
2	Tier 1 capital	367	290
3	Total capital[1]	441	290
	Risk-weighted exposure amounts		
4	Total risk-weighted exposure amount	2,202	1,660
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	16.66%	17.48%
6	Tier 1 ratio (%)	16.66%	17.48%
7	Total capital ratio (%)	20.05%	17.48%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)		
UK 7a	Additional CET1 SREP requirements (%)	1.96%	1.90%

[1] Total capital includes Tier 2 capital of £75m, of which £63m is eligible as at 31 December 2023.

	GROUP	Dec-23 a	Dec-22 e
UK 7b	Additional AT1 SREP requirements (%)	0.65%	0.63%
UK 7c	Additional T2 SREP requirements (%)	0.87%	0.85%
UK 7d	Total SREP own funds requirements (%)	11.48%	11.38%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	2.50%	2.50%
9	Institution specific countercyclical capital buffer (%)	2.00%	1.00%
11	Combined buffer requirement (%)	4.50%	3.50%
UK 11a	Overall capital requirements (%)	15.98%	14.88%
12	CET1 available after meeting the total SREP own funds requirements (%)[2]	10.20%	11.08%
	Leverage ratio[3]		
13	Total exposure measure excluding claims on central banks	2,709	2,028
14	Leverage ratio excluding claims on central banks (%)	13.54%	14.31%

The liquidity coverage ratio and the net stable funding ratio are only calculated at Bank level.

The Group complied with all externally imposed capital requirements to which it is subject to in both the reported years.

3.2 Annex III: Disclosure of risk management objectives and policies

UK OVA – Institution risk management approach

The following narrative information is provided to fulfil the requirements of points (a), (e) and (f) of Article 435(1), which requires completion of rows a, c and f of Table UK OVA only.

It is recommended that this disclosure is read in conjunction with the Group's 2023 Annual Report and Accounts, which provides further insight into risk management strategies, processes, controls and attestations. Specific cross references to sections within the Group's ARA are also provided.

Approach to risk management

Effective risk management plays a key role in the execution of the Group's strategy. The Board and senior management seek to ensure that the risks the Group takes are clearly identified, managed, monitored and reported and that the Group's resources are capable of withstanding both expected and unexpected levels of risk performance. The Board and senior management seek to ensure that the risks the Group is taking are clearly identified, managed, monitored and reported.

During the year the Group Board considered risk matters arising from the Bank Board. The Bank BRC has responsibility for, among other things, advising the Bank Board on overall risk appetite and strategy, following a comprehensive annual review of the Bank's policy framework. BRC operates at Bank level[4] and reviews the Bank's risk assessment processes and methodology and its capability for identifying and

[2] Represents CET1 capital surplus after deducting the minimum amount of CET1 capital required to meet the total SREP own funds requirement (56.25% of Pillar 1 and 2A).

[3] Leverage metrics provided as at 31 December 2023 reflect the method of calculation set out in PS21/21 'The UK leverage ratio framework', which came into effect on 1 January 2022.

[4] This is because the Bank is the principal operating entity within the Group and all principal activities, process and controls are managed at Bank level.

managing new risk, alongside advising on proposed transactions and reviewing reports on any material breaches of risk limits.

The Risk Management Framework (“RMF”) provides the overarching approach on how the Group manages risk. A detailed description of the Group’s approach to risk management is contained in pages 11 to 21 in the ARA.

Formal risk escalation and reporting requirements are set out in risk policies, individual committee terms of reference and the approved risk appetite thresholds and limits.

The following key ratios are monitored by senior management and, where applicable, included in Sections 3.2 and 4.1 of this document to provide a view of the institutions risk profile:

- CET 1 ratio;
- Total capital ratio;
- Leverage ratio;
- Liquidity Coverage ratio; and
- Net Stable Funding ratio.

All metrics were within internal tolerance limits throughout the year.

As at 31 December 2023, there were no intragroup or related party transactions which would have a material impact on the risk profile of the Group.

The Board have concluded that the risk management systems put in place are adequate with regard to the Group’s profile and strategy. The Board approves the level of risk that the Group is willing to accept through its risk appetite statement.

Principal risks refer to the key risks that the Group is exposed to. Policy and control frameworks are maintained to support principal risks and provide guidance on how to achieve strategic objectives whilst managing the risk within defined risk appetite limits.

The following table provides a summary of the principal risks and their definitions and signposts to where additional information can be found in the Group’s 2023 Annual Report and Accounts:

Principal risk	**Definition**	**Cross reference to Group’s 2023 Annual Report and Accounts**
Credit risk	Credit risk is the risk that borrowers or other counterparties default on their loans or obligations.	Page 13
Capital risk	Capital risk is the risk of having insufficient capital to support the business strategy.	Page 15
Liquidity risk	Liquidity risk is the risk of being unable to meet obligations as they fall due	Page 16
Market and interest rate risk	Market and interest rate risk is the risk of loss due to changes in the market price of financial instruments, or adverse movements in interest rates that affect banking book positions.	Page 16
Operational risk	Operational risk is the risk of loss stemming from inadequate or failed internal processes, people and systems, including fraud or risks from the impact of external events including legal risks.	Page 17
Customer outcomes	Customer outcomes risk captures Zopa’s actions which result in poor outcomes for customers. This is a lens through which	Page 19

	to view the aspects of operational risk that could cause poor customer outcomes.	
Strategic risk	Strategic risk is the risk of opportunity loss from the failure to optimise the earnings potential of Zopa's franchise.	Page 20

In addition to principal risks, the Group also monitors uncertainties and emerging risks. As at 31 December 2023, the Group identified three key uncertainties:

- UK Macroeconomic performance
- Funding conditions
- Failure of a critical outsourcing provider or supplier

Additional details of these risks are set out in the Group's ARA on page 20.

Stress testing

Stress testing is an important risk management tool – forming part of the 'Identification' and 'Assessment' headings under the Risk Management approach – with specific approaches documented for the Group's key annual assessments, including the Individual Capital Adequacy Assessment Process (ICAAP), Individual Liquidity Adequacy Assessment Process (ILAAP, which is solely at Bank level) and the Recovery Plan.

3.3 Annex XXXIII: Disclosure of remuneration policy

Remuneration practices and oversight are managed at Bank level within the Group and therefore this section covers the specific activities within the Bank. These remuneration disclosures have been drafted in accordance with the CRR and CRD, with consideration for the size and nature of the Bank's activities, and the proportionality guidelines as set out by the PRA in Supervisory Statement SS2/17 'Remuneration'. The following references the Bank's remuneration policies and practices for categories of staff whose professional activities have a material impact on the Bank's risk profile (Material Risk Takers ("MRTs")). MRTs include staff who hold Significant Management Functions ("SMFs") as designated by the regulatory authorities.

The Bank's Remuneration Committee is responsible for designing and implementing the reward structure of the Bank. The committee ensures that effective risk management is a key component of remuneration and incentive structures. The Remuneration Committee met 6 times during the year. The Bank sought review from external counsel on minor amendments to the Remuneration policy in 2023.

For the composition and the mandate of the Remuneration Committee, please refer to page 95 of the Bank Annual Report & Accounts.

As a Bank with less than £13bn of assets, the Bank is classified as a "Level 3" firm, as per SS2/17, which represents the lowest level and necessitates fewer disclosures

Approach to remuneration

The Bank's Remuneration Policy ensures that the Bank:

- sets fair and appropriate remuneration to attract, motivate and retain employees of high calibre;
- encourages behaviour consistent with Zopa's values;
- sets the right incentives to promote and reward behaviour aligned with prudent risk management, positive customer outcomes and long-term strategy and success;
- remains compliant with regulatory and legislative requirements (including applicable guidance) on remuneration;

- sets remuneration independently of gender, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age or other unfair means of discrimination; and
- delivers remuneration that is affordable and appropriate.

Components of Remuneration

'Remuneration structure' refers to the overall package of compensation offered by Zopa, including base salaries, cash bonuses, overtime, options and equity, non-cash benefits, hiring bonuses, buy outs, severance packages and pensions. Zopa follows a total remuneration philosophy comprising fixed and variable remuneration.

Fixed Remuneration

Fixed remuneration primarily reflects a staff member's professional experience and organisational responsibility, as set out in their job description and/or terms of employment or engagement. We have positioned ourselves on average, as a median market payer, retaining some discretion for specialist skills.

Variable Remuneration

Variable remuneration is a component of remuneration which reflects performance in excess of that required to fulfil the individual's job description and terms of employment. It aims to incentivise behaviours and desired results; create an alignment between the rewards and risk exposure; and provide motivation and foster a performance driven culture while promoting sound and effective risk management aligned with Zopa's values and culture. It is subject to adjustment in accordance with the Rulebook and the Code (including as Malus and Clawback provisions).

For Material Risk Takers, performance related pay must assess performance based on:

- the performance of individuals, their business unit and the overall results of the company. In respect of SMRs or MRTs in control functions, variable remuneration will be more heavily weighted towards individual performance rather than Zopa's financial performance;
- measures directly linked to financial performance and non-financial measures, depending on the individual's role, such as risk awareness and management, customer experience and outcomes, team engagement, and individual behaviour as compared with Zopa's values; and
- CRO provides oversight for all MRT and SMF decisions and, where the CRO has concerns about the behaviour of an individual or the risk of the business they undertake, recommends adjustments to variable compensation accordingly

Non-executive directors must not receive variable pay.

In accordance with SS2/17, a proportionality level 3 institution is not required to provide the detailed information stipulated by points (h) (iii), (iv), (v), (vi) and (vii) of Article 450(1).

Table 3: UK REM5 – Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

The table below sets out the remuneration of the Group's staff identified as MRTs and includes staff under the Senior Managers and Certification Regime (SMCR) and independent directors.

For year ended 31 Dec 2023 £'000	**Management Body (MB) Remuneration**			**Business Areas**		**All**
	MB Supervisory function	**MB Management function**	**Total MB**	**Retail banking**	**Corporate functions & Independent control functions**	**Total**
Total number of identified staff						**44**
Of which: members of the MB	8	14	22			
Of which: other senior management				10	12	
Total remuneration of identified staff	**737**	**5,100**		**1,847**	**2,070**	
Of which: variable remuneration		1,996		487	377	
Of which: fixed remuneration	737	3,104		1,360	1,693	

4 Disclosures for Zopa Bank Limited

4.1 Annex I: Disclosure of key metrics and overview of risk weighted exposure amounts

Table 4: UK OV1 – Overview of risk weighted exposure amounts

The following template provides the information required in point (d) of Article 438. The template provides an overview of risk weighted exposure (RWEAs) and the own funds requirements corresponding to the RWEAs for the different risk categories.

	Bank	**Risk weighted exposure amounts (£m)**		**Total own funds requirements (£m)**	
		2023	**2022**	**2023**	**2022**
1	Credit risk (excluding CCR)	1,921	1,502	154	120
2	*of which the standardised approach*	1,921	1,502	154	120
6	Counterparty Credit Risk	0.5	0.3	0	0
UK 8b	*of which credit valuation adjustment risk*	0.5	0.3	0	0
23	Operational risk	283	161	23	13
UK 23a	*of which the basic indicator approach*	283	161	23	13
	Total	2,205	**1,663**	176	**133**

Table 5: UK KM1 – Key metrics table

The following template provides the key metrics referred to in Article 447. The template includes metrics relating to capital, leverage, liquidity and funding.

	Bank[5]	**Dec-23 a**	**Dec-22 e**
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	364	290
2	Tier 1 capital	364	290
3	Total capital[6]	439	290
	Risk-weighted exposure amounts		
4	Total risk-weighted exposure amount	2,205	1,663
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	16.50%	17.44%
6	Tier 1 ratio (%)	16.50%	17.44%
7	Total capital ratio (%)	19.90%	17.44%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)		
UK 7a	Additional CET1 SREP requirements (%)	1.96%	1.79%
UK 7b	Additional AT1 SREP requirements (%)	0.65%	0.60%

[5] The capital numbers and ratios differ to the amounts disclosed in the published Annual Report due to the inclusion of audited profit and the full amount of Tier 2 capital.

[6] Total capital includes Tier 2 capital of £75m of which £63m is eligible as at 31 December 2023.

	Bank[5]	Dec-23 a	Dec-22 e
UK 7c	Additional T2 SREP requirements (%)	0.87%	0.80%
UK 7d	Total SREP own funds requirements (%)	11.48%	11.18%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	2.50%	2.50%
9	Institution specific countercyclical capital buffer (%)	2.00%	1.00%
11	Combined buffer requirement (%)	4.50%	3.50%
UK 11a	Overall capital requirements (%)	15.98%	14.68%
12	CET1 available after meeting the total SREP own funds requirements (%)[7]	10.05%	11.16%
	Leverage ratio		
13	Total exposure measure excluding claims on central banks	2,699	2,024
14	Leverage ratio excluding claims on central banks (%)	13.48%	14.34%
	Liquidity Coverage Ratio[8]		
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	1,701	626
UK 16a	Cash outflows - Total weighted value	312	97
UK 16b	Cash inflows - Total weighted value	79	36
16	Total net cash outflows (adjusted value)	233	61
17	Liquidity coverage ratio (%)	730%	1,033%
	Net Stable Funding Ratio		
18	Total available stable funding	3,701	
19	Total required stable funding	1,785	
20	NSFR ratio (%)	207%	

Disclosures for the net stable funding ratio (Rows 18-20 of the template) are a new disclosure due to not being applicable until 1 January 2023, as set out by the PRA in PS22/21 'Implementation of Basel standards: Final rules', and accordingly comparative information is not provided.

The Bank complied with all externally imposed capital requirements to which it is subject to in both the reported years.

4.2 Annex III: Disclosure of risk management objectives and policies

Information relating to risk management objectives and policies for disclosures UK OVA and UK OVB is as disclosed for the Group in Section 3.2. Separate disclosures for the Bank are not provided.

4.3 Disclosure of remuneration policy

Information relating to remuneration is as disclosed for the Group in Section 3.3 which represent disclosures for the Bank.

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[7] Represents CET1 capital surplus after deducting the minimum amount of CET1 capital required to meet the total SREP own funds requirement (56.25% of Pillar 1 and 2A).

[8] The Liquidity Coverage Ratio and Net Stable Funding metrics are calculated as the simple average of the month end and quarter end, respectively, observations for the preceding 12 months. It should be noted that this differs to the metrics reported in the 2023 Bank ARA, which present the position at the year-end date.