PCF Group plc

Pillar 3 Disclosures

30 September 2022

PCF GROUP

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Contacts

Should you have any queries please contact us at *https://pcf.bank/contact/* selecting *‘Pillar 3 disclosures’* in the *‘I’d like to discuss’* dropdown.

Tables

Abbreviations

In the section that follows, the following abbreviations are used on numerous occasions:

AT1	Additional Tier 1
BAC	Board Audit Committee
Bank	PCF Bank Limited and its subsidiaries
BRC	Board Risk Committee
CCB	Capital Conservation Buffer
CCR	Counterparty Credit Risk
CCyB	Countercyclical Capital Buffer
CET1	Common Equity Tier 1
CRD	Capital Requirements Directive
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
CRR II	Revisions to the CRD IV package
CVA	Credit Valuation Adjustment
ECAI	External Credit Assessment Institutions
ECL	Expected Credit Losses
EU	European Union
FCA	Financial Conduct Authority
FHC	Financial Holding Company
FPC	Financial Policy Committee
FPPP	Financial Position and Prospects Procedures
Group	PCF Group plc and its subsidiaries
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
MRTs	Material Risk Takers
PRA	Prudential Regulation Authority
RAS	Risk Appetite Statement
RemCo	Remuneration Committee
RMF	Risk Management Framework
RWA	Risk-weighted Asset
SA	Standardised Approach
SME	Small and medium-sized enterprise
SREP	Supervisory Review and Evaluation Process
T1	Tier 1 Capital
T2	Tier 2 Capital

1 Overview

1.1 Background

The aim of the capital adequacy regime is to promote safety and soundness in the financial system. The prudential regulatory framework established by the Basel Committee on Banking Supervision and implemented by the Prudential Regulation Authority ('PRA') within the UK is structured around three pillars that are designed to promote sound risk and capital management:

- Pillar 1 – Defines the minimum capital requirements that institutions are required to hold for credit, market and operational risks.
- Pillar 2 – This builds on Pillar 1 and incorporates the PCF Group plc and its subsidiaries ('Group') own assessment of additional capital resources needed, in order to cover specific risks that are not covered by the minimum regulatory capital resources requirement set out under Pillar 1. The amount of any additional capital requirement is also assessed by the PRA during its Supervisory Review and Evaluation Process ('C-SREP') and is used to determine the overall capital resources required by the Group.
- Pillar 3 – Aims to improve market discipline by requiring banks to publish information on their principal risks, capital structure and risk management. The provision of meaningful information about common key risk metrics to market participants is a fundamental tenet of a sound banking system and helps promote comparability of institutions' risk profiles within and across jurisdictions.

These are designed to promote market discipline through the disclosure of key information about risk exposures and risk management processes. Capital Requirements Directive ('CRD IV') also made changes to rules on corporate governance, including remuneration, and introduced standardized regulatory reporting within the European Union ('EU').

This document sets out the Pillar 3 disclosures on capital and risk management for the Group as at 30 September 2022. It has two principal purposes:

- to provide useful information on the capital and risk profile of the Group; and
- to meet the regulatory disclosure requirements under the Capital Requirements Regulation ('CRR'), Part 8 – Disclosure by institutions and the rules of the PRA set out in the Public Disclosure section of the PRA Rulebook and as the PRA has otherwise directed.

1.2 Scope

PCF Group plc is a company registered in England and Wales, registration number 02863246. PCF Group plc's ordinary shares ceased to be listed for trading on the London Stock Exchange's Alternative Investment Market with effect from 20 December 2022, following its shareholders' approval on 12 December 2022. PCF Bank Limited (PCF Bank and the Bank) is a wholly owned subsidiary of PCF Group plc and is registered in England and Wales, registration number 02794633. PCF Bank is authorized by the PRA and regulated by the Financial Conduct Authority ('FCA') and the PRA, FRN number 747017. Certain subsidiaries of PCF Bank are authorized and regulated by the Financial Conduct Authority for consumer credit activities, the registered offices are at Pinners Hall, 105-108 Old Broad Street, London EC2N 1ER.

At the end of 2021 PCF Group Plc was recognized by the PRA as a Financial Holding Company (FHC). This moves the formal responsibility for meeting the requirements of the CRR from the Bank to the Group. In reality, the Group continued to approach risk management on a consolidated basis, so the change had limited impact.

The PRA sets capital requirements separately for the Group on a consolidated basis, and the Bank on a solo basis. There are no differences between the basis of consolidation of the Group for accounting and regulatory purposes. Other than restrictions due to regulatory capital requirements for regulated entities, there are no current or foreseen material, practical or legal impediments to the prompt transfer of capital resources or repayment of liabilities when due between the Group and its subsidiary undertakings. This document contains references to the Group's Annual Report & Financial Statements, which can be found at: https://pcf.bank/investors/

CRR II differentiates the disclosure requirements applicable to 'large institutions', 'other institutions' and 'small and non-complex institutions'. Based on the definition of small and non-complex institution as defined in CRR Article 4(1)(145), the Group, as at 30 September 2022, was classified as a listed 'small and non-complex institution' and will disclose the relevant qualitative and quantitative information.

1.3 Policy

The Pillar 3 disclosures in this document are prepared in accordance with the Disclosure (CRR) part of the PRA rulebook, which took effect 1 January 2022, at the consolidated Group level, which includes PCF Bank Limited and its subsidiaries (the Group) and comprise both quantitative and qualitative information at 30 September 2022, with comparative figures for 30 September 2021 provided, where relevant.

PCF Bank Limited (Bank), is the principal banking subsidiary of PCF Group plc.

The Bank disclosures which follow are published on an individual basis (i.e. solo-consolidation level) as at 30 September 2022, with comparative figures provided for 30 September 2021, where relevant. The sub-set of Pillar 3 disclosures for the Bank are included in appendix A.

The Pillar 3 disclosures are published in a standalone disclosure report and is available to view on the PCF website *www.pcf.bank*. These disclosures are published annually and are released, simultaneously with the Annual Report & Financial Statements.

The Pillar 3 disclosures of the Group are governed by the PCF Group plc Pillar 3 disclosure policy, which is approved by the Board Audit Committee and the Board.

1.4 Basis of disclosure

The Pillar 3 disclosures have been prepared purely for explaining the basis on which the Group has prepared and disclosed certain capital requirements and information about the management of certain risks and for no other purpose. They do not constitute any form of financial statement and must not be relied upon in making any judgement about the Group.

All disclosures within this report have been prepared as at 30 September 2022, which is the Group's latest financial year-end, and include the 2022 audited accounts which the Board approved on 17 February 2023.

Where Pillar 3 requirements are included in other disclosure reports, references are provided to the relevant pages and/or location.

The Group's individual regulated entity and the Group as a whole complied with all of the externally imposed capital requirements to which they were subject for the year ended 30 September 2022.

1.5 Regulatory Developments

The UK regulatory landscape continues to move at pace with significant policy initiatives, including data governance, consumer duty, remuneration, operational resilience, sustainability, environmental social and governance (ESG), financial impacts from climate change and implementation of the UK Capital Requirements Regulation (CRR).

At the December 2021 FPC meeting, the Committee indicated that vulnerabilities that can amplify economic shocks are at a standard level, as was the case just before the COVID-19 pandemic, and therefore it would be appropriate for the UK CCyB rate to return to the region of 2%. The FPC is therefore increasing the UK CCyB rate from 0% to 1% effective 13 December 2022 and from 1% to 2% effective 5 July 2023, in line with the usual 12-month implementation period.

On 1 November 2021, the Financial Services Regulatory Initiatives Forum published the fourth edition of the regulatory initiatives grid. The grid aims to provide firms with a clear idea of upcoming regulatory changes. The grid confirms a delay to the consultation on Basel 3.1. The consultation has been pushed out from Q4 2021 to the second half of 2022, with implementation not expected until after March 2023. In a subsequent statement issued by the PRA on 21 March 2022, the PRA confirmed the consultation paper will be published in the fourth quarter of 2022 and the current intention is to consult on a proposal that these changes will become effective on 1 January 2025, aligning with other major jurisdiction including the EU. On 30 November 2022, the PRA published consultation paper CP16/22 setting out its proposed rules and expectations that cover the parts of the Basel III standards that remain to be implemented in the UK. The PRA refers to them as 'the Basel 3.1 standards'. The PRA's proposed implementation date for the changes resulting from this CP would be 1 January 2025, with transitional arrangements that give firms significant time to adjust to the new framework.

The Group developed and approved a Climate Risk Management Framework to ensure that the risks associated with climate change are considered across our organisation, including at the most senior levels of our business. Ordinarily, the Group would have continued on its path towards Task Force on Climate-related Financial Disclosures (TCFD) compliance, signing up as a TCFD supporter, progressively aligning Annual Report & Financial Statement disclosures with the TCFD strategic framework, and adopting the Department for Business, Energy and Industrial Strategy (BEIS) climate-related financial disclosures guide in its 2023 Annual Report & Financial Statements. However, the Board concluded and subsequently announced on 9 November that it is in the best interest of all stakeholders for PCF Bank to commence a process of withdrawing from the UK banking market and for PCF Group to delist from AIM. As a consequence of this decision the Group will not continue on its path to TCFD compliance. Further information on the Group's approach to managing climate-related financial risks and its scope 1 and scope 2 emissions are shown within the Sustainability Report of the Group's Annual Report & Financial Statements.

The Group adopted the regulatory transitional arrangements for International Financial Reporting Standards (IFRS 9) 'Financial Instruments', article 473a of the Capital Requirements Regulation from 1st October 2018. These transitional arrangements permit banks to add back to their capital base a proportion of the impact that IFRS 9 has upon their loan loss allowances during the first five years of use. The impact of IFRS 9 on loan loss allowances is defined as:

- the increase in loan loss allowances on day one of IFRS 9 adoption; and
- any subsequent increase in expected credit losses ('ECL') in the non-credit-impaired book thereafter.

Table 1: Key metrics (UK KM1)

Ref^		30 September 2022 £'000	30 September 2021 £'000
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	**39,825**	50,111
2	Tier 1 capital	**39,825**	50,111
3	Total capital	**46,136**	56,247
	Risk-weighted exposure amounts		
4	Total risk-weighted exposure	**264,508**	321,203
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	**15.1%**	15.6%
6	Tier 1 ratio (%)	**15.1%**	15.6%
7	Total capital ratio (%)	**17.4%**	17.5%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)		
UK 7a	Additional CET1 SREP requirements (%)	**0.56%**	0.56%
UK 7b	Additional AT1 SREP requirements (%)	**0.19%**	0.19%
UK 7c	Additional T2 SREP requirements (%)	**0.25%**	0.25%
UK 7d	Total SREP own funds requirements (%)	**9.0%**	9.0%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	**2.5%**	2.5%
9	Institution specific countercyclical buffer (%)	**0%**	0%
11	Combined buffer requirement (%)	**2.5%**	2.5%
UK 11a	Overall capital requirements (%)	**11.5%**	11.5%
12#	CET1 available after meeting the total SREP own funds requirements (%)	**6.1%**	6.6%
	Leverage ratio*		
13	Total exposure measure excluding claims on central banks	**340,637**	398,535
14	Leverage ratio excluding claims on central banks (%)	**11.7%**	12.6%
	Liquidity Coverage Ratio		
15	Total high-quality liquid assets (HQLA) (Weighted value-average)	**53,365**	53,886
UK 16a	Cash outflows – Total weighted value	**21,142**	16,645
UK 16b	Cash inflows – Total weighted value	**9,897**	11,683
16	Total net cash outflows (adjusted value)	**11,245**	5,962
17	Liquidity coverage ratio (%)	**475%**	904%
	Net Stable Funding Ratio		
18	Total available stable funding	**379,353**	428,865
19	Total required stable funding	**281,293**	269,642
20	NSFR ratio (%)	**135%**	159%

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed.

* The leverage ratio is calculated applying the UK leverage ratio framework which applies to all UK firms from 1 January 2022. As a result, the leverage ratio for September 2021 has been recalculated on the same basis for comparability by excluding claims on central banks.

Line 12 CET1 available after meeting the total SREP own funds requirements (%) is equal to CET1 ratio (line 5) minus total SREP own funds requirements (line UK 7d).

1.6 Basis of consolidation

The regulatory basis of consolidation follows the basis of consolidation used for financial reporting purposes. The regulatory consolidation includes all financial sector subsidiaries, all of which are wholly owned by the relevant parent company.

Table 2: Outline of the differences in the scopes of consolidation (UK LI3)

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation	Description of the entity
PCF Group Plc	Full consolidation	Full consolidation	Mixed financial holding company
PCF Bank Limited	Full consolidation	Full consolidation	Credit Institution
PCF Credit Limited	Full consolidation	Full consolidation	Financial leasing
Azule Limited	Full consolidation	Full consolidation	Financial leasing
Azule Finance Limited	Full consolidation	Full consolidation	Financial leasing
Azule GMBH	Full consolidation	Full consolidation	Financial leasing

The consolidated Financial Statements of the Group and the separate Financial Statements of the Company have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

More information on how the financial statement categories map to the regulatory risk categories can be found in Appendix B.

2 Risk management overview

Risk is a natural consequence of the Group's business activities and the environment in which it operates.

The Board retains overall responsibility for overseeing the maintenance of a system of internal control that seeks to ensure an effective risk management framework and oversight process operates across the Group. The Risk Management Framework (RMF) and associated governance arrangements are designed to ensure a clear organisational structure with distinct, transparent and consistent lines of responsibility and effective processes to identify, manage, monitor and report the risks to which the Group is, or may become, exposed.

Throughout the last financial year, the Group continued to undertake work to improve the effectiveness of its risk management, and to put a strong culture of risk awareness, listening and speaking up at the heart of PCF Group and its RMF. The RMF, following an external review, went through an extensive update that was subsequently approved by the Board in March 2022.

As part of the revised RMF, our colleague performance management and reward practices now have a key focus on risk management within their design. The Group aims for colleagues to be risk aware, and to strike the right balance between delivering our objectives, demonstrating our values and maintaining a safe and secure business.

Risk within the Group is managed using a 'Three Lines of Defense' model, separating risk management (First Line) from risk oversight (Second Line) and internal audit (Third Line). Controls and expertise were strengthened across the two internal lines of defense (First & Second), with additional Third Line assurance provided by an externally sourced internal audit function.

Further information can be found within the Risk Overview section of the Group's Annual Report & Financial Statements on page 17.

2.1 Risk strategy

The Group has defined its risk management objectives and strategy. Following the announcement made on 9 November 2022 of the Board's decision to withdraw from the UK banking market, focus for its risk strategy has moved to ensuring that the Group achieves this objective in a timely fashion and with due regard for all stakeholders.

During this period, the Group will continue to take a proportionate approach to risk management, which is to ensure that risks taken are suitably considered, that the needs of all stakeholders are considered, and that the Group's risk management capabilities and resources are appropriate in light of the revised objective.

Ongoing activities that continue to support the strategy include:

- Adapting the control environment as appropriate.
- Ensuring the Group's risk profile, including principal and emerging risks, are fully identified, owned and managed, with a proportionate risk appetite set for each.
- Ongoing analysis, including stress-testing and portfolio analytics.
- Enhancement of the Group's stress testing and credit analytics capabilities. Reviewing retention and remuneration policies for colleagues to ensure that appropriate skills are retained.
- Ensuring continued compliance with all regulatory requirements, including the fair treatment of customers.

The Board will continue to focus on the principal risks that could prevent the Group from achieving its strategic objectives.

2.2 Risk appetite and culture

The Risk Appetite Statement ('RAS') provides an articulation of the Group's tolerance for risk in both quantitative measures and qualitative terms. A clearly defined RAS allows the setting of detailed risk appetite and reporting metrics for principal risks. The RAS sets out the level of risk that the Group is willing to take in pursuit of its business objectives.

Throughout the year to 30 September 2022, compliance with risk appetite was reported to the Board Risk Committee (BRC) and the Board by the Chief Risk Officer (CRO). The CRO is responsible for assessing the impact on the Group's performance to risk appetite from changes in circumstance (internal or external).

The Board sets the risk appetite and culture, and cascades this into day-to-day activity through policies, qualitative statements, risk appetite metrics, limits, and committee review. Embedding risk appetite and culture is further supported by the Group's approach to recruitment, onboarding, and training.

2.3 Principal risks

Principal risks are the inherent risks faced by the Group in pursuit of its strategic objectives.

The Group has identified nine principal risks that could impact the delivery of the strategic objectives, each with a Board-approved risk appetite. These risks are described and articulated in the Risk Management Report section of the Group's Annual Report & Financial Statements on page 55.

2.3.1 Governance and oversight

Governance is maintained through delegation of authority from the Board, down to Board sub- committees and lower-level management and risk committees. The committee-based structure is designed to enable risk appetite, policies, procedures, controls, and reporting that meet regulations, law and relevant corporate governance standards. The interaction of the executive and non-executive governance structures requires a culture of transparency and openness. A risk-centric culture is seen by the Group as the foundation for effective risk management.

The structure of committees is set out in the Corporate Governance Structure section of the Corporate Governance Report on pages 32 to 36 of the Group's Annual Report & Financial Statements, with the roles of the Nomination Committee, Remuneration Committee, Board Audit Committee and Board Risk Committee, described within their reports.

2.4 Internal control and effectiveness of risk management arrangements

The Board is responsible for the Group's risk management and system of internal controls and is committed to ensuring that a suitable internal control framework is maintained to deliver effective risk management. Owing to the limitations inherent in any internal control framework, as evidenced by the events and issues that came to the attention of the Board in relation to the 2020 year-end, the Board has been particularly focused on reviewing and improving control frameworks to ensure more effective corporate governance and oversight, including the improvement in the internal controls systems and risk framework set out in the Board Audit and Board Risk Committee sections of the Group's Annual Report & Financial Statements on pages 43 and 48 respectively.

The effectiveness of the Risk Management Framework (RMF) and internal control systems is, and will continue to be, reviewed by the Board Risk Committee (BRC) and Board Audit Committee (BAC). The BRC is responsible for providing oversight and advice to the Board in relation to current and potential future risk exposures. During the year, the BRC has approved an enhanced RMF. The BAC assists the Board in discharging its responsibilities regarding financial reporting, oversight of external and outsourced internal audit activities, internal controls and whistleblowing. During the year BAC has overseen improvements in financial controls.

The Board has taken great strides to improve the oversight of the Group's financial controls and continues to monitor the effectiveness of its RMF and internal controls systems. Additionally, it carefully scrutinised the Financial Position and Prospects Procedures (FPPP). In relation to the scrutiny of the FPPP, this included reviewing and challenging the finance function's risk assessment and ensuring mitigating actions to the risks identified are appropriately documented and managed, as well as reviewing the controls assessments of third-party advisers. Ultimately, as a result of this scrutiny, the Board approved the FPPP in January 2022.

3 Capital adequacy

The following table provides a summary of the capital requirements applicable to the Group, and brief details of the calculation method applied by the Group for each element of the requirements. Further details of each aspect can be found later in this document as highlighted.

Table 3: Summary of capital requirements

Requirement	Calculation method	Description	Requirement
Credit Risk	Standardised Approach	The Group applies the standardised method to the entire loan book and other assets. The standardised approach applies a standardised set of risk weightings to credit risk exposures.	Pillar 1 requirements (as per Article 92 of the CRR): - CET1 capital ratio of 4.5% of RWAs. - Tier 1 capital ratio of 6% of RWAs. - a total capital ratio of 8% of RWAs.
Counterparty Credit Risk	Standardised Approach	The Group applies the 'Original Exposure' method to relevant assets.	
Market Risk	Standardised Approach	The Group applies the standardised method to relevant assets.	
Operational Risk	Basic Indicator Approach ('BIA')	The Group applies the BIA for operational risk capital requirements in accordance with CRR Article 315.	
Pillar 2A	Calculated by the PRA, based on the ICAAP submission	Percentage of RWAs.	Set by the PRA and not disclosed.
Pillar 2B	Calculated by PRA, based on the ICAAP submission	Based on outputs of internal stress testing, PRA buffer assessment and PRA buffer requirement.	Set by the PRA and not disclosed.
Capital Conservation Buffer ('CCB')	Expressed as a percentage of RWAs	CCB is part of the CRD IV combined buffer. It is held in combination with the CCyB and the PRA Buffer to ensure the Group can withstand an adverse market stress. The combination of the PRA buffer and the CRD IV combined buffer replaced the Capital Planning Buffer ('CPB') effective 1 January 2016.	Commenced 1 January 2016, initially set at 0.625%, 1.875% for 2018, rising to 2.5% from 2019.
Counter-cyclical Capital Buffer ('CCyB')	Expressed as a percentage of total Pillar 1 RWAs	All to be met by CET1 capital.	Set by the Financial Policy Committee ('FPC'). This buffer changes from 0% to 1% on 13th December 2022 and to 2% on 5th July 2023.
PRA Buffer	Expressed as a percentage of total Pillar 1 RWAs	PRA buffer, in combination with the CRD IV combined buffer is held to ensure the Group can withstand an adverse market stress. The combination of the PRA buffer and the CRD IV combined buffer replaced the CPB, effective 1 January 2016. The PRA buffer needs to be fully met with CET1 capital from 2019.	PRA buffer is set by the PRA and is not disclosed.

The Group's capital planning process is forward looking and takes into account the types and distribution of capital over the 5-year planning horizon that the Group considers adequate to cover the level and nature of the risks to which the Group is or might become exposed. The Group has conducted stress testing and scenario analysis as part of this process and maintains its capital base to support the development of the business to ensure it meets the Pillar 1 Capital Requirements and Total SREP Capital Requirement ('TSCR') at all times.

The PRA requires the Group and the Bank TSCR to be met with at least 56% of CET1 capital, no more than 44% of Additional Tier 1 (AT1) capital and no more than 25% of Tier 2 capital.

The Group's CET1 capital ratio decreased to 15.1% (2021: 15.6%) and its total capital ratio decreased to 17.4% (2021: 17.5%).

Table 4: Capital structure

	30 September 2022 £'000	30 September 2021 £'000
Equity		
Issued capital	**16,691**	12,550
Share premium	**17,443**	17,679
Other reserves recognised for CET 1 capital	**24**	9
Investment in own shares	**(147)**	(147)
Retained earnings	**4,513**	18,771
Total equity	**38,524**	48,862
Regulatory Adjustments to the accounting basis		
Goodwill and intangible assets	**-**	(3,075)
Adjustment for prudent valuation	**(23)**	(16)
IFRS 9 transitional adjustment	**1,324**	4,340
Total deductions	**1,301**	1,249
Common Equity Tier 1 Capital	**39,825**	50,111
Other Capital		
Additional Tier 1 Capital	**-**	-
Subordinated Debt Tier 2 Capital	**6,311**	6,136
Total Regulatory Capital	**46,136**	56,247

3.1 Regulatory Capital Instruments

The Group's regulatory capital is divided into two main categories, namely CET1 and Tier 2 (T2) capital and comprise the following:

- CET1 capital comprises shareholders' equity after giving effect to deductions for disallowed items (for example, goodwill and intangible assets) and other adjustments;
- T2 capital comprises qualifying subordinated debt.

During the period we received two tranches of new capital from our main shareholder, Somers Ltd.

In June 2022, a first tranche of £2.7 million was received, which was closely followed by an additional £1.4 million in July 2022. This helped to stabilise the baseline capital position.

3.2 Overview of RWAs

The PCF Group uses the standardised approach (SA) to calculate its credit risk, the original exposure method to calculate its counterparty credit risk (CCR) and the basic indicator approach for operational risk capital requirements.

RWA decreased by 18% or £57 million to £265 million over the period, predominantly within credit risk RWAs.

Total credit risk RWAs decreased by 20% or £55 million to £218m mainly as the loans and advances have reduced and the overall credit quality of the book improved.

Operational risk RWAs decreased by 3% or £1.5 million to £46m, due to a decrease in the three-year average operating income used to determine the capital requirement.

Table 5: Overview of RWAs (UK OV1)

Ref^		RWAs 30 September 2022 £'000	RWAs 30 September 2021 £'000	Minimum capital requirements 30 September 2022 £'000	Minimum capital requirements 30 September 2021 £'000
1	Credit risk (excluding CCR)	**217,692**	273,218	**17,415**	21,857
2	Of which the standardised approach	**217,692**	273,218	**17,415**	21,857
6	Counterparty credit risk - CCR	**483**	173	**39**	14
UK 8b	Of which credit valuation adjustment (CVA)	**276**	109	**22**	9
9	Of which other CCR	**207**	64	**17**	5
23	Operational risk	**46,333**	47,812	**3,707**	3,825
UK 23a	Of which basic indicator approach	**46,333**	47,812	**3,707**	3,825
29	Total (1+6+23)	**264,508**	321,203	**21,161**	25,696

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed

4 Regulatory capital buffers

The following regulatory capital buffers apply to the Group:

4.1 Capital Conservation buffer ('CCB')

The CCB was introduced to ensure that banks have an additional layer of usable capital that can be drawn down when losses are incurred. The buffer was implemented in full as of 2019 and is set at 2.5% of total risk-weighted assets.

At 30 September 2022, the buffer was 2.5% (2021: 2.5%) of RWAs.

4.2 Countercyclical Capital Buffer ('CCyB')

The CCyB is a tool that enables the FPC to adjust the resilience of the banking system. The FPC increases the CCyB when it judges that risks are building up. This means that banks are required to have an additional cushion of capital with which to absorb potential losses, enhancing their resilience and contributing to a stable financial system.

At the December 2021 FPC meeting, the Committee indicated that vulnerabilities that can amplify economic shocks are at a standard level, as was the case just before the COVID-19 pandemic, and therefore it would be appropriate for the UK CCyB rate to return to the region of 2%. The FPC is therefore increasing the UK CCyB rate from 0% to 1% effective 13 December 2022 and from 1% to 2% effective 5 July 2023, in line with the usual 12-month implementation period.

At 30 September 2022, the CCyB buffer was 0% (2021: 0%) of RWA's.

5 Credit risk

Credit risk is the risk of a borrower or wholesale counterparty failing to meet its obligations in accordance with agreed terms, leading to a financial loss on that borrower or counterparty's account.

The successful management of credit risk is central to the Group's business. The Group therefore regularly reviews its lending criteria as well as its credit exposure to all customers. However, default risk may arise from events which are outside the Group's control, primarily customer behavior changes due to factors such as loss of employment, family circumstances, illness, business failure, adverse economic conditions or fraud. In order to ensure that arrears are minimised, emphasis is placed on retaining a diversified portfolio, using prudent underwriting methods.

The Group uses the SA to calculate Credit Risk for Pillar 1 purposes. In the UK, banks are required to meet minimum capital requirements as prescribed by CRD IV for Pillar 1, namely a CET1 capital requirement of 4.5% of RWAs, a Tier 1 capital requirement of 6% of RWAs and a Total capital requirement of 8% of RWAs.

Credit risk RWAs make up the majority of the Group's total RWAs balance. Credit Risk RWAs at 30 September 2022 were £218 million (30 September 2021: £273 million).

5.1 Credit Risk Standardised Approach

Across the Group exposure RWA values are derived using the standardised approach. This categorises exposures using the following defined risk weights:

Asset	CRR Article References	Risk Weight (pre SME-supporting factor)
Central governments or central banks	CRR Article 114	Risk weights range from 0% to 150% depending on ECAI rating
Financial institutions	CRR Article 119, 120 & 121	Risk weights range from 20% to 150% depending on ECAI rating
Loan receivables bridging finance	CRR Article 125, 126	For residential property backed performing loans, risk weight is 35%. For commercial property backed performing loans, risk weight is 100%. For speculative property backed loans, risk weight is 150%.
Loan receivables - Consumers	CRR Article 123	75%
Loan receivables – SMEs (exposure <= €1.0m)	CRR Article 123	75%
Loan receivables – SMEs (exposure > €1m)	CRR Article 122	100%
Defaulted Exposures	CRR Article 127	Risk weights range from 100% to 150% dependent on credit mitigation.

Table 6: Risk weighted asset exposure

	30 September 2022 £'000	30 September 2021 £'000
Central Government & central banks	**-**	-
Institutions	**774**	511
Corporates	**6,260**	8,122
Retail	**162,658**	189,202
Secured by mortgages on immovable property	**20,525**	26,740
Exposures in default	**9,045**	6,660
Items associated with particular high risk	**6,589**	20,331
Other items	**12,048**	21,716
Total Credit Risk*	**217,899**	273,282

* Total Credit Risk includes counterparty credit risk.

6 Remuneration (RemCo)

Full details of the Group's Executive Directors' remuneration can be found in the Remuneration Committee ('RemCo') Report of the Annual Report & Financial Statements on pages 39 to 42. Additional disclosures required under CRD IV in relation to the remuneration of Code employees are included in this section.

6.1 Overview of remuneration for Code employees

The Financial Conduct Authority (FCA) has defined certain requirements relating to remuneration, referred to as the Remuneration Code ('the Code'). Firms that fall within the scope of the Code (which includes banks) must establish, implement and maintain remuneration policies, procedures and practices that are consistent with and promote sound and effective risk management.

A firm must maintain a record of its Code Employees (being those employees whose professional activities have a material impact on the firm's risk profile) and take reasonable steps to ensure Code Employees understand the implications of their status.

Remuneration Code Employees, also known as Material Risk Takers (MRTs), comprise of executive and non-executive directors, senior managers and internally certified employees covered by the Senior Managers Regime, who could have a material impact on the firm's risk profile. At 30 September 2022, the Group employed a total of 41 MRTs in accordance with PS28/21 (Remuneration: Identification of material risk takers). Of these, 11 individuals were executive and non-executive directors, and 30 individuals were either senior managers or staff internally certified by the firm and classified as 'Other Senior Management' or 'Other Identified Staff' respectively' in table 7. The remuneration for these employees is governed under the Group's Remuneration Policy.

6.2 Approach to remuneration

The approach taken by the Group in respect of remunerating colleagues emanates from a combination of regulatory guidance and, in particular, the Dual-Regulated Firms Remuneration Code (SYSC 19D), as appropriate for Level 3 firms, the rules on remuneration as published by the PRA and FCA as amended from time to time, and its own best judgement. These guidelines assist with the design of awards and incentive packages which aim to support the recruitment and retention of colleagues, align with risk appetite and the long-term interests of the Group.

Fundamentally, our approach to remuneration aims to promote and reward the right behaviors to ensure that the interests of our customers and stakeholder value are at the forefront of everything we do. The level of expertise and experience of the executive team also requires the committee to benchmark remuneration and rewards to a peer group of similar companies.

Due to the size of our business, the Group applies proportionally to the Remuneration principle (SYSC 19D.3.3R(2)) to ensure the practices and processes we promote are appropriate to size, internal organisation and the nature, scope and complexity of activities.

More information on remuneration committee and guiding principles for remuneration can be found on the Annual Report & Financial Statements, section 'Remuneration Committee Report' on page 39.

6.3 Remuneration for the year

6.3.1 Fixed remuneration

Fixed remuneration comprises basic salaries and benefits including healthcare and life assurance cover. These are provided on the same basis for all colleagues. The Company has a workplace pension scheme with Aegon (Standard Life, up to 30 September 2021), with a Company contribution rate based on 7% of basic salary.

The directors' and certain other employees' contribution rate are based on 10% of basic salary. These are inside the workplace scheme and contributions are paid to a scheme of their choice or as a cash equivalent, where annual or lifetime pension allowances have been reached.

The Company's contribution to the pension schemes of the directors, senior executives and other colleagues is not aligned in accordance with the provisions of the 2018 UK Corporate Governance Code. RemCo agreed during the year that the contributions will be aligned for any future new director and senior employee hires.

6.3.2 Variable remuneration

The annual performance incentive is a significant variable component of the overall remuneration and is at the discretion of RemCo. In determining the level of award paid to the Chief Executive and Chief Financial Officer, consideration was given not only to the financial performance of the Group (including returns to shareholders and the Group's profitability) in 2022, but also to their individual performance, based on a number of personal objectives. As a result of the financial performance of the Group in the year to 30 September 2022, and due to the overall strategic position, no payments in respect of the annual performance incentive component of remuneration packages were made.

6.3.3 Remuneration disclosures

The Group adheres to the requirements of the dual-regulated firm's Remuneration Code. The non-executive directors do not receive variable remuneration.

Table 7: Remuneration awarded for the financial year

Ref^	£'000		MB Supervisory function	MB Management function	Other senior management	Other identified staff
	At September 2022*					
1		Number of identified staff	9	2	4	26
2	Fixed Remuneration	Total fixed remuneration	441	674	858	3039
3		Of which: cash-based	441	674	790	2877
7		Of which: other forms	-	-	68	162
9	Variable remuneration	Number of identified staff	1	2	4	26
10		Total variable remuneration	19	323	75	49
11		Of which: cash-based	19	323	75	49
17	**Total remuneration (2 + 10)**		**460**	**997**	**933**	**3088**

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed.

* These disclosures have been implemented from 1 January 2022 and are based on the PRA's disclosure templates and instructions which came into force at that time. No comparatives are being provided.

Appendix A: Disclosures for PCF Bank Limited (Company No: 02794633)

In accordance with Article 13 of the CRR, this Appendix sets out the reduced Pillar 3 disclosures of the Bank, the significant subsidiary of the Group. The differences between the Group and the Bank relate primarily to reserves held by entities that sit outside the scope of the Bank that are included in the Group consolidation.

Table 8: Key metrics (UK KM1) (PCF Bank Limited)

Ref^		30 September 2022 £'000	30 September 2021 £'000
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	**39,445**	50,384
2	Tier 1 capital	**39,445**	50,384
3	Total capital	**46,445**	57,384
	Risk-weighted exposure amounts		
4	Total risk-weighted exposure	**256,735**	306,054
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	**15.4%**	16.5%
6	Tier 1 ratio (%)	**15.4%**	16.5%
7	Total capital ratio (%)	**18.1%**	18.7%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)		
UK 7a	Additional CET1 SREP requirements (%)	**0.56%**	0.56%
UK 7b	Additional AT1 SREP requirements (%)	**0.19%**	0.19%
UK 7c	Additional T2 SREP requirements (%)	**0.25%**	0.25%
UK 7d	Total SREP own funds requirements (%)	**9.0%**	9.0%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	**2.5%**	2.5%
9	Institution specific countercyclical buffer (%)	**0%**	0%
11	Combined buffer requirement (%)	**2.5%**	2.5%
UK 11a	Overall capital requirements (%)	**11.5%**	11.5%
12#	CET1 available after meeting the total SREP own funds requirements (%)	**6.4%**	7.5%
	Leverage ratio*		
13	Total exposure measure excluding claims on central banks	**332,583**	381,349
14	Leverage ratio excluding claims on central banks (%)	**11.9%**	13,2%
	Liquidity Coverage Ratio		
15	Total high-quality liquid assets (HQLA) (Weighted value-average)	**53,494**	53,889
UK 16a	Cash outflows – Total weighted value	**21,173**	18,351
UK 16b	Cash inflows – Total weighted value	**9,408**	10,161
16	Total net cash outflows (adjusted value)	**11,765**	8,190
17	Liquidity coverage ratio (%)	**455%**	658%
	Net Stable Funding Ratio		
18	Total available stable funding	**378,882**	426,290
19	Total required stable funding	**283,603**	314,054
20	NSFR ratio (%)	**134%**	136%

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed.
* The leverage ratio is calculated applying the UK leverage ratio framework which applies to all UK firms from 1 January 2022. As a result, the leverage ratio for September 2021 has been recalculated on the same basis for comparability by excluding claims on central banks.
# Line 12 CET1 available after meeting the total SREP own funds requirements (%) is equal to CET1 ratio (line 5) minus total SREP own funds requirements (line UK 7d).

Table 9: Overview of RWAs (UK OV1) (PCF Bank Limited)

		RWAs		Minimum capital requirements	
Ref^		30 September 2022 £'000	30 September 2021 £'000	30 September 2022 £'000	30 September 2021 £'000
1	Credit risk (excluding CCR)	**213,356**	263,038	**17,068**	21,043
2	Of which the standardised approach	**213,356**	263,038	**17,068**	21,043
6	Counterparty credit risk - CCR	**483**	173	**39**	14
UK 8b	Of which credit valuation adjustment (CVA)	**276**	109	**22**	9
9	Of which other CCR	**207**	64	**17**	5
23	Operational risk	**42,896**	42,843	**3,432**	3,427
UK 23a	Of which basic indicator approach	**42,896**	42,843	**3,432**	3,427
29	Total (1+6+23)	**256,735**	306,054	**20,539**	24,484

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed

Appendix B: Mapping of financial statement categories with regulatory risk categories

The below table shows how the financial statement categories map to the regulatory risk categories.

Table 10: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (UK LI1)

				Carrying values of items*		
Ref	**£'000**	**Carrying values as reported in published financial statements**	**Carrying values under scope of regulatory consolidation**	**Subject to the credit risk framework**	**Subject to the CCR framework**	**Not subject to own funds requirements or subject to deduction from own funds**
	At September 2022					
	Assets					
1	Cash and balances at central banks	58,748	58,748	58,748	-	-
2	Loans and advances to customers	305,554	305,554	305,554	-	-
3	Derivative Financial Asset	1,128	1,128	-	1,128	-
4	Financial assets at fair value through other comprehensive income	22,272	22,272	22,272	-	-
5	Intangible assets	-	-	-	-	-
6	Office equipment, motor vehicles and right-of-use assets	1,333	1,333	1,333	-	-
7	Current tax assets	1,669	1,669	1,669	-	-
8	Other assets	1,681	1,681	1,681	-	-
9	**Total assets**	**392,385**	**392,385**	**391,257**	**1,128**	**-**
	Liabilities					
1	Due to banks	59,842	59,842	-	-	59,842
2	Due to customers	281,053	281,053	-	-	281,053
3	Lease liabilities	551	551	-	-	551
4	Other liabilities	4,336	4,336	-	-	4,336
5	Provisions	952	952	-	-	952
6	Subordinated liabilities	7,127	7,127	-	-	7,127
7	**Total liabilities**	**353,861**	**353,861**	**-**	**-**	**353,861**
	Equity					
8	Issued capital	16,691	16,691	-	-	16,691
9	Share premium	17,443	17,443	-	-	17,443
10	Other reserves	24	24	-	-	24
11	Own shares	(147)	(147)	-	-	(147)
12	Retained earnings	4,513	4,513	-	-	4,513
13	**Total equity**	**38,524**	**38,524**	**-**	**-**	**38,524**
14	**Total liabilities and equity**	**392,385**	**392,385**	**-**	**-**	**392,385**

*The carrying value is the accounting balance reported in the regulatory risk types and excludes off-balance sheet items.

				Carrying values of items*		
Ref	**£'000**	**Carrying values as reported in published financial statements**	**Carrying values under scope of regulatory consolidation**	**Subject to the credit risk framework**	**Subject to the CCR framework**	**Not subject to own funds requirements or subject to deduction from own funds**
	At September 2021					
	Assets					
1	Cash and balances at central banks	56,126	56,126	56,126	-	-
2	Loans and advances to customers	363,992	363,992	363,992	-	-
3	Derivative Financial Asset	209	209	-	209	-
4	Financial assets at fair value through other comprehensive income	16,155	16,155	16,155	-	-
5	Intangible assets	3,075	3,075	-	-	3,075
6	Office equipment, motor vehicles and right-of-use assets	2,350	2,350	2,350	-	-
7	Current tax assets	1,675	1,675	1,675	-	-
8	Other assets	5,169	5,169	5,169	-	-
9	**Total assets**	**448,751**	**448,751**	**445,467**	**209**	**3,075**
	Liabilities					
1	Due to banks	59,630	59,630	-	-	59,630
2	Due to customers	327,166	327,166	-	-	327,166
3	Lease liabilities	1,037	1,037	-	-	1,037
4	Other liabilities	4,929	4,929	-	-	4,929
5	Subordinated liabilities	7,127	7,127	-	-	7,127
6	**Total liabilities**	**399,889**	**399,889**	**-**	**-**	**399,889**
	Equity					
7	Issued capital	12,550	12,550	-	-	12,550
8	Share premium	17,679	17,679	-	-	17,679
9	Other reserves	9	9	-	-	9
10	Own shares	(147)	(147)	-	-	(147)
11	Retained earnings	18,771	18,771	-	-	18,771
12	**Total equity**	**48,862**	**48,862**	**-**	**-**	**48,862**
13	**Total liabilities and equity**	**448,751**	**448,751**	**-**	**-**	**448,751**

*The carrying value is the accounting balance reported in the regulatory risk types and excludes off-balance sheet items.

Appendix C: CRR References

CRR Ref	High-level summary	Compliance reference
Scope of disclosure requirements		
431(1)	Publicly disclose Pillar 3 information.	PCF Group plc publishes Pillar 3 disclosures.
431(2)	Institutions that have been granted specific permissions by the competent authorities or use credit risk mitigation techniques are required to make certain disclosures under articles 452 to 455.	Only article 453 is applicable. See below.
431(3)	Institutions must have a formal policy to comply with the disclosure requirements and have policies for assessing the appropriateness of their disclosures, including their verification and frequency. Institutions shall also have policies for assessing whether their disclosures convey their risk profile comprehensively to market participants.	PCF Group plc has a formal Pillar 3 policy.
431(4)	All quantitative disclosures shall be accompanied by a qualitative narrative, noting in particular any significant changes compared to previous disclosures.	Where required, qualitative narrative has been provided.
431(5)	Explanation of rating decisions to SMEs and other corporate applicants upon request.	PCF Group plc is a small and non-complex institution and discloses information in line with the requirements of Article 433b.
Non-material, proprietary or confidential information		
432(1)	Institutions may omit information that is not regarded as material if certain conditions are respected.	Compliance is governed by the Pillar 3 policy.
432(2)	Institutions may omit information that is proprietary or confidential if certain conditions are respected.	Compliance is governed by the Pillar 3 policy.
432(3)	Where 432(2) applies this must be stated in the disclosures, and more general information must be disclosed.	This table indicates where disclosures are omitted.
Frequency and scope of disclosure		
433	Annual disclosures must be published on the same date as the date on which institutions publish their financial statements or as soon as possible thereafter.	Refer to 'Policy' on page 4.
433a(1)-(3)	Large institutions are required to disclose certain information on an annual, semi-annual and quarterly basis.	As at 30 September 2022, PCF Group plc is not a large institution.
Disclosure by small and non-complex institutions		
433b(1)-(2)	Small and non-complex institutions shall disclose certain information on an annual and semi-annual basis.	PCF Group plc is a small and non-complex institution and discloses information in line with the requirements of Article 433b.
Disclosure by other institutions		
433c(1)-(2)	Institutions that are not subject to Article 433a or 433b shall disclose certain information on an annual and semi-annual basis. Non-listed institutions disclose certain information on an annual basis.	As at 30 September 2022, PCF Group plc is not an other institution.
Means of disclosure		
434(1)	Institutions shall disclose information in electronic format and in a single medium or location.	All relevant disclosures are contained in this document or the Annual Report & Financial Statements.
434(2)	Archive of prior disclosures to be made available on firm's website.	Prior year reports are available on the PCF website.
Uniform disclosure formats		
434a	Provision left blank	Not applicable.
Timing and means of Disclosure under Article 441		
434b(1)-(3)	Disclosure of indicators of global systemic importance.	Not applicable.
431(4)	All quantitative disclosures shall be accompanied by a qualitative narrative, noting in particular any significant changes compared to previous disclosures	Where required, qualitative narrative has been provided.

CRR Ref	High-level summary	Compliance reference
Disclosure of risk management objectives and policies		
435(1)(a)	The strategies and processes to manage risks.	Refer to 'Risk management overview' on page 8.
435(1)(b)	Structure and organisation of risk management functions.	Refer to Annual Report & Financial Statements, 'Risk Management Report' on page 55.
435(1)(c)	Scope and nature of risk reporting and measurement systems.	Refer to Annual Report & Financial Statements, section Risk overview on page 17 and 'Risk Management Report' on page 55.
435(1)(d)	Policies for hedging and mitigating risk and strategies and processes for monitoring effectiveness.	Refer to Annual Report & Financial Statements, 'Management of Market Risk' on page 65.
435(1)(e)	Declaration approved the management body on the adequacy of risk management arrangements	Refer to 'Internal control and effectiveness of risk management arrangements' on page 9 and Annual Report & Financial Statements, sections 'Risk Management Report' on page 55 and 'Internal Controls' on page 29.
435(1)(f)	Concise risk statement approved by the management body succinctly describing the institution's overall risk profile associated with the business	
435(2)(a)	Number of directorships held by members of the management body.	Not disclosed as PCF Group plc discloses information in line with the requirements of Article 433b.
435(2)(b)	Recruitment policy for the selection of members of the management body.	
435(2)(c)	Policy on diversity of members of the management body.	
435(2)(d)	Disclosure of whether a dedicated risk committee is in place, and number of times the committee has met.	Refer to Annual Report & Financial Statements, section 'Corporate Governance Structure' on page 32.
435(2)(e)	Description of information flow on risk to the management body.	Refer to Annual Report & Financial Statements, 'Risk Management Report' on page 55.
Disclosure of scope of application		
436(a)	Name of institution	Refer to 'Policy' on page 4.
436(b)	Reconciliation between the consolidated financial statements prepared in accordance with the applicable accounting framework and the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation.	Refer to table 2 Outline the differences in the scopes of consolidation (UK LI3) on page 7 and table 10 Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (UK LI1) on page 20, The differences are further explained in the 'Basis of consolidation' section on page 7.
436(c)	Breakdown of assets and liabilities of the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation, broken down by type of risk.	
436(d)	A reconciliation identifying the main sources of differences between the carrying value amounts in the financial statements under the regulatory scope of consolidation and the exposure amount used for regulatory purposes.	
436(e)	For exposures from the trading book and the non-trading book that are adjusted in accordance with Article 34 and Article 105, a breakdown of the amounts of the constituent elements of an institution's prudent valuation adjustment, by type of risks, and the total of constituent elements separately for the trading book and non-trading book positions.	Not applicable
436(f)	Impediment to the prompt transfer of own funds or to the repayment of liabilities within the Group.	There are no current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities within the Group.
436(g)	Capital shortfalls in any subsidiaries outside the scope of consolidation.	Not applicable.
436(h)	Making use of the provisions laid down in Article 7 and 9.	PCF Bank Ltd, the main regulated subsidiary of the group, applies the provisions in article 9 of the CRR (solo-consolidation waiver) and reports to the PRA on a solo-consolidation basis.

CRR Ref	High-level summary	Compliance reference
Disclosure of own funds		
437(a)	Full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and filters and deductions applied pursuant to Articles 32 to 35, 36, 56, 66 and 79 to own funds of the institution and the balance sheet in the audited financial statements of the institution.	Not disclosed as PCF Group plc discloses information in line with the requirements of Article 433b.
437(b)	A description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the institution.	Not disclosed as PCF Group plc discloses information in line with the requirements of Article 433b.
437(c)	The full terms and conditions of all Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments.	Not disclosed as PCF Group plc discloses information in line with the requirements of Article 433b.
437(d)	Disclosure of the nature and amounts of the following: each prudential filter applied pursuant to Articles 32 to 35 each deduction made pursuant to Articles 36, 56 and 66 items not deducted in accordance with Articles 47, 48, 56, 66 and 79.	Refer to table 4 Capital structure on page 11.
437(e)	A description of all restrictions applied to the calculation of own funds in accordance with this Regulation and the instruments, prudential filters and deductions to which those restrictions apply.	Not applicable.
437(f)	Where institutions disclose capital ratios calculated using elements of own funds determined on a basis other than that laid down in this Regulation, a comprehensive explanation of the basis on which those capital ratios are calculated.	Not applicable.
Disclosure of own funds and eligible liabilities		
437a(a)-(d)	Institutions subject to Article 92a or 92b shall disclose information regarding their own funds and eligible liabilities.	Not applicable.
Capital requirements		
438(a)	Summary of the institution's approach to assessing the adequacy of its internal capital to support current and future activities.	Refer to Annual Report & Financial Statements, section 'Capital risk' on page 61 and section 'Going concern statement' on page 52.
438(b)	The amount of the additional own funds requirements based on the supervisory review and evaluation process and its composition in terms of Common Equity Tier 1, additional Tier 1 and Tier 2 instruments.	Refer to table 1 Key metrics (UK KM1) on page 6.
438(c)	Upon demand from the relevant competent authority, the result of the institution's internal capital adequacy assessment process.	This is included in the Group's ICAAP and is shared with the regulator upon request.
438(d)	The total risk weighted exposure amount and the corresponding total own funds requirement determined in accordance with Article 92, to be broken down by the different risk categories and, where applicable, an explanation of the effect on the calculation of own funds and risk weighted exposure amounts that results from applying capital floors and not deducting items from own funds.	Refer to table 5 Overview of RWAs (UK OV1) on page 12.
438(e)	The on- and off-balance-sheet exposures, the risk weighted exposure amounts and associated expected losses for each category of specialised lending referred to in Table 1 of Article 153(5) and the on- and off-balance-sheet exposures and risk weighted exposure amounts for the categories of equity exposures set out in Article 155(2).	Not disclosed as PCF Group plc discloses information in line with the requirements of Article 433b.
438(f)	The exposure value and the risk weighted exposure amount of own funds instruments held in any insurance undertaking, reinsurance undertaking or insurance holding company that the institutions do not deduct from their own funds in accordance with Article 49 when calculating their capital requirements on an individual, sub consolidated and consolidated basis.	
438(g)	The supplementary own funds requirement and the capital adequacy ratio of the financial conglomerate.	
438(h)	The variations in the risk weighted exposure amounts of the current disclosure period compared to the immediately preceding disclosure period that result from the use of internal models.	

CRR Ref	High-level summary	Compliance reference
Disclosure of exposures to counterparty credit risk		
439(a)	A description of the methodology used to assign internal capital and credit limits for counterparty credit exposures, including the methods to assign those limits to exposures to central counterparties.	Not disclosed as PCF Group plc discloses information in line with the requirements of Article 433b.
439(b)	A description of policies related to guarantees and other credit risk mitigants, such as the policies for securing collateral and establishing credit reserves.	
439(c)	A description of policies with respect to General Wrong-Way risk and Specific Wrong-Way risk as defined in Article 291.	
439(d)	The amount of collateral the institution would have to provide if its credit rating were downgraded.	
439(e)	For derivative transactions, the amount of segregated and unsegregated collateral received and posted per type of collateral; and for securities financing transactions, the total amount of collateral received and posted per type of collateral; subject to thresholds.	
439(f)	For derivative transactions, the exposure values before and after the effect of the credit risk mitigation, whichever method is applicable, and the associated risk exposure amounts broken down by applicable method.	
439(g)	For securities financing transactions, the exposure values before and after the effect of the credit risk mitigation, whichever method is used, and the associated risk exposure amounts broken down by applicable method.	
439(h)	The exposure values after credit risk mitigation effects and the associated risk exposures for credit valuation adjustment capital charge, separately for each method.	
439(i)	The exposure value to central counterparties and the associated risk exposures, separately for qualifying and non-qualifying central counterparties, and broken down by types of exposures.	
439(j)	The notional amounts and fair value of credit derivative transactions; credit derivative transactions shall be broken down by product type; within each product type, credit derivative transactions shall be broken down further by credit protection bought and credit protection sold.	
439(k)	The estimate of alpha where the institution has received the permission of the competent authorities to use its own estimate of alpha in accordance with Article 284(9).	
439(l)	Separately, the disclosures included in point (e) of Article 444 and point (g) of Article 452.	
439(m)	For institutions using the methods set out in Sections 4 to 5 of Chapter 6 of Title II Part Three, the size of their on- and off-balance-sheet derivative business as calculated in accordance with Article 273a(1) or (2), as applicable.	

CRR Ref	High-level summary	Compliance reference
Disclosure of countercyclical capital buffers		
440(a)	The geographical distribution of the exposure amounts and risk weighted exposure amounts of its credit exposures used as a basis for the calculation of their countercyclical capital buffer.	PCFs credit exposures are mostly to UK counterparties and as a result the relevant information is deemed immaterial.
440(b)	The amount of their institution-specific countercyclical capital buffer.	Refer to 'Countercyclical Capital Buffer ('CCyB')' on page 13.
Disclosure of indicators of global systemic importance		
441	G-SIIs shall disclose, on an annual basis, the values of the indicators used for determining their score.	Not applicable.
Disclosure of exposures to credit risk and dilution risk		
442(a)	The scope and definitions use for accounting purposes of 'past due' and 'impaired' and the differences, if any, between the definitions of 'past due' and 'default' for accounting and regulatory purposes.	Not disclosed as PCF Group plc discloses information in line with the requirements of Article 433b.
442(b)	A description of the approaches and methods adopted for determining specific and general credit risk adjustments.	
442(c)	Information on the amount and quality of performing, non-performing and forborne exposures for loans, debt securities and off-balance sheet exposures, including their related accumulated impairment, provisions and negative fair value changes due to credit risk and amounts of collateral and financial guarantees received.	
442(d)	An ageing analysis of accounting past due exposures.	
442(e)	The gross carrying amounts of both defaulted and non-defaulted exposures, the accumulated specific and general credit risk adjustments, the accumulated write-offs taken against those exposures and the net carrying amounts and their distribution by geographical area and industry type and for loans, debt securities and off-balance-sheet exposures.	
442(f)	Any changes in the gross amount of defaulted on- and off-balance sheet exposures, including, as a minimum, information on the opening and closing balances of those exposures, the gross amount of any of those exposures reverted to non-defaulted status or subject to a write-off.	
442(g)	The breakdown of loans and debt securities by residual maturity.	
Disclosure of encumbered and unencumbered assets		
443	Institutions shall disclose information concerning their encumbered and unencumbered assets. For those purposes, institutions shall use the carrying amount per exposure class broken down by asset quality and the total amount of the carrying amount that is encumbered and unencumbered. Disclosure of information on encumbered and unencumbered assets shall not reveal emergency liquidity assistance provided by central banks	Not disclosed as PCF Group plc discloses information in line with the requirements of Article 433b. Refer to Annual Report & Financial Statements, section 'Asset encumbrance' on page 65.
Disclosure of the use of the Standardised Approach		
444(a)	The names of the nominated ECAIs and export credit agencies and the reasons for any changes in those nominations over the disclosure period.	Not disclosed as PCF Group plc discloses information in line with the requirements of Article 433b.
444(b)	The exposure classes for which each ECAI or export credit agency is used.	
444(c)	A description of the process used to transfer the issuer and issue credit ratings onto items on included in the trading book.	
444(d)	The association of the external rating of each nominated ECAI or export credit agency with the risk weights that correspond to the credit quality steps as set out in Chapter 2 of Title II of Part Three taking into account that it is not necessary to disclose that information where the institutions comply with the standard association published by the competent authority.	
444(e)	The exposure values and the exposure values after credit risk mitigation associated with each credit quality step by exposure class, as well as those deducted from own funds.	

CRR Ref	High-level summary	Compliance reference
Disclosure of exposure to market risk		
445	Institutions calculating their own funds requirements in accordance with points (b) and (c) of Article 92(3) shall disclose those requirements separately for each risk referred to in those provisions. In addition, own funds requirements for the specific interest rate risk of securitisation positions shall be disclosed separately.	Not applicable.
Disclosure of operational risk management		
446(a)	The approaches for the assessment of own funds requirements for operational risk that the institution qualifies for.	Not disclosed as PCF Group plc discloses information in line with the requirements of Article 433b. Refer to Annual Report & Financial Statements, section 'Operational risk' on page 67.
446(b)	Where the institution makes use of it, a description of the methodology set out in Article 312(2), which shall include a discussion of relevant internal and external factors being considered in the institution's advanced measurement approach.	
446(c)	In the case of partial use, the scope and coverage of the different methodologies used.	
Disclosure of key metrics		
447(a)	The composition of own funds and own funds requirements as calculated in accordance with Article 92.	Refer to table 1 Key metrics (UK KM1) on page 6.
447(b)	The total risk exposure amount as calculated in accordance with Article 92(3).	
447(c)	Where applicable, the amount and composition of additional own funds which the institutions are required to hold in accordance with regulation 34(1) of the Capital Requirements Regulations.	
447(d)	The combined buffer requirement which the institutions are required to hold in accordance with regulation 35 of the Capital Requirements (Capital Buffers and Macro-prudential Measures) Regulations 2014.	
447(e)	Disclose the following information in relation to leverage ratio: (i) for all institutions, their leverage ratio and total exposure measure; (ii) for LREQ firms, the information in Article 451(1)(b) and (g) and Article 451(2)(b) to (d).	
447(f)	The following information in relation to their liquidity coverage ratio: (i) the average or averages of the liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period; (ii) the average or averages of the total liquid assets, after applying the relevant haircuts based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period; (iii) the averages of the liquidity outflows, inflows and net liquidity outflows based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period.	
447(g)	The following information in relation to the net stable funding requirement: (i) the average or averages of the net stable funding ratio (ii) the average or averages of the available stable funding (iii) the average or averages of the required stable funding .	Not applicable.
447(h)	The own funds and eligible liabilities ratios and components, numerator and denominator, as calculated in accordance with Articles 92a and 92b and broken down at the level of each resolution group, where applicable.	Not applicable.

CRR Ref	High-level summary	Compliance reference
Disclosure of exposures to interest rate risk on positions not held in the trading book		
448(1)(a)	Institutions shall disclose the following quantitative and qualitative information on the risks arising from potential changes in interest rates that affect both the economic value of equity and the net interest income of their non-trading book activities referred to in in Chapter 9 of the Internal Capital Adequacy Assessment (ICAA) Part of the PRA Rulebook: (a) the changes in the economic value of equity calculated under the following six supervisory shock scenarios referred to in Rule 9.7 of the ICAA Part of the PRA Rulebook for the current and previous disclosure periods: (i) parallel shock up; (ii) parallel shock down; (iii) steepener shock (short rates down and long rates up); (iv) flattener shock (short rates up and long rates down); (v) short rates shock up; (vi) short rates shock down.	Not disclosed as PCF Group plc discloses information in line with the requirements of Article 433b. Refer to Annual Report & Financial Statements, section 'Market Risk' on page 65.
448(1)(b)	The changes in the net interest income calculated under the following two supervisory shock scenarios referred to in Rule 9.7 of the ICAA Part of the PRA Rulebook for the current and previous disclosure periods: (i) parallel shock up; (ii) parallel shock down.	
448(1)(c)	A description of key modelling and parametric assumptions used to calculate changes in the economic value of equity and in the net interest income required under points (a) and (b) of this paragraph.	
448(1)(d)	An explanation of the significance of the risk measures disclosed under points (a) and (b) of this paragraph and of any significant variations of those risk measures since the previous disclosure reference date.	
448(1)(e)	The description of how institutions define, measure, mitigate and control the interest rate risk of their non-trading book activities for the purposes of the competent authorities' review including: (i) a description of the specific risk measures that the institutions use to evaluate changes in their economic value of equity and in their net interest income; (ii) a description of the key modelling and parametric assumptions used in the institutions' internal measurement systems for the purpose of calculating changes in the economic value of equity and in net interest income, as required under points (a) and (b) of this paragraph, if those assumptions differ from those used for the purposes of Chapter 9 of the ICAA Part of the PRA Rulebook or from those specified in Annex XXXVIII of Chapter 6 of this Disclosure (CRR) Part of the PRA Rulebook, including the rationale for those differences; (iii) a description of the interest rate shock scenarios that institutions use to estimate the interest rate risk; (iv) the recognition of the effect of hedges against those interest rate risks, including internal hedges that meet the requirements laid down in Article 106(3); (v) an outline of how often the evaluation of the interest rate risk occurs.	
448(1)(f)	The description of the overall risk management and mitigation strategies for those risks.	
448(1)(g)	Average and longest repricing maturity assigned to non-maturing deposits.	
448(2)	By way of derogation from paragraph 1 of this Article, the requirements set out in points (c) and (e)(i) to (e)(iv) of paragraph 1 of this Article for descriptions relating to economic value of equity shall not apply to institutions that use the standardised framework referred to in Rule 9.1B of the ICAA Part of the PRA Rulebook.	

CRR Ref	High-level summary	Compliance reference
Disclosure of exposure to securitisation positions		
449(a)	A description of securitisation and re-securitisation activities, including the risk management and investment objectives in connection with those activities, the role in securitisation and re-securitisation transactions, whether they use the simple, transparent and standardised securitisation (STS), and the extent to which they use securitisation transactions to transfer the credit risk of the securitized exposures to third parties with, where applicable, a separate description of their synthetic securitisation risk transfer policy.	Not applicable.
449(b)	The type of risks they are exposed to in their securitisation and resecuritisation activities by level of seniority of the relevant securitisation positions providing a distinction between STS and non-STS positions and: (i) the risk retained in own-originated transactions; (ii) the risk incurred in relation to transactions originated by third parties.	Not applicable.
449(c)	The approaches for calculating the risk weighted exposure amounts that they apply to their securitisation activities, including the types of securitisation positions to which each approach applies and with a distinction between STS and non-STS positions.	Not applicable.
449(d)	A list of SSPEs falling into any of the following categories, with a description of their types of exposures to those SSPEs, including derivative contracts: (i) SSPEs which acquire exposures originated by the institutions; (ii) SSPEs sponsored by the institutions; (iii) SSPEs and other legal entities for which the institutions provide securitisation-related services, such as advisory, asset servicing or management services; (iv) SSPEs included in the institutions' regulatory scope of consolidation.	Not applicable.
449(e)	A list of any legal entities in relation to which the institutions have disclosed that they have provided support.	Not applicable.
449(f)	A list of legal entities affiliated with the institutions and that invest in securitisations originated by the institutions or in securitization positions issued by SSPEs sponsored by the institutions.	Not applicable.
449(g)	A summary of the accounting policies for securitisation activity, including where relevant a distinction between securitisation and re-securitisation positions.	Not applicable.
449(h)	The names of the ECAIs used for securitisations and the types of exposure for which each agency is used.	Not applicable.
449(i)	Where applicable, a description of the Internal Assessment Approach, including the structure of the internal assessment process and relation between internal assessment and external ratings of the relevant ECAI disclosed in accordance with point (h), the control mechanisms and internal assessment process review, the exposure types to which the internal assessment process is applied, and the stress factors used for determining credit enhancement levels.	Not applicable.
449(j)	Separately for the trading book and the non-trading book, the carrying amount of securitisation exposures, including information on whether institutions have transferred significant credit risk for which institutions act as originator, sponsor or investor, separately for traditional and synthetic securitisations, and for STS and non-STS transactions and broken down by type of securitisation exposures.	Not applicable.

CRR Ref	High-level summary	Compliance reference
449(k)	For the trading and the non-trading book activities, the following information: (i) the aggregate amount of securitisation positions where institutions act as originator or sponsor and the associated risk weighted assets and capital requirements by regulatory approaches, including exposures deducted from own funds or risk weighted at 1250%, broken down between traditional and synthetic securitisations and between securitisation and re-securitisation exposures, separately for STS and non-STS positions, and further broken down into a meaningful number of risk-weight or capital requirement bands and by approach used to calculate the capital requirements; (ii) the aggregate amount of securitisation positions where institutions act as investor and the associated risk weighted assets and capital requirements by regulatory approaches, including exposures deducted from own funds or risk weighted at 1 250%, broken down between traditional and synthetic securitisations, securitisation and resecuritisation positions, and STS and non-STS positions, and further broken down into a meaningful number of risk weight or capital requirement bands and by approach used to calculate the capital requirements.	Not applicable.
449(l)	For exposures securitised by the institution, the amount of exposures in default and the amount of the specific credit risk adjustments made by the institution during the current period, both broken down by exposure type.	Not applicable.
Disclosure of remuneration policy		
450(1)-(2)	Institutions are required to disclose information regarding their remuneration policy and practices for those categories of staff whose professional activities have a material impact on risk profile of the institutions.	Refer to section 6 'Remuneration (RemCo)' and Annual Report & Financial Statements, section 'Remuneration Committee Report' on page 39.
Disclosure of the leverage ratio		
451(1)(a)-(g)	Institutions shall disclose the following information regarding their leverage ratio and their management of the risk of excessive leverage: (a) the leverage ratio; (b) the leverage ratio calculated as if central bank claims were required to be included in the total exposure measure; (c) a breakdown of the total exposure measure, as well as a reconciliation of the total exposure measure with the relevant information disclosed in published financial statements; (d) a description of the processes used to manage the risk of excessive leverage; (e) a description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers; (f) in relation to the quarterly periods up to 31 December 2022, the leverage ratio calculated as if Article 468 of the CRR did not apply for purposes of the capital measure under Article 429(3) of Chapter 3 of the Leverage Ratio (CRR) Part; (g) in relation to the quarterly periods up to 31 December 2024, the leverage ratio calculated as if Article 473a of the CRR did not apply for purposes of the capital measure under Article 429(3) of Chapter 3 of the Leverage Ratio (CRR) Part.	Not disclosed as PCF Group plc discloses information in line with the requirements of Article 433b. Refer to table 1 Key metrics (UK KM1) on page 6.
451(2)-(5)	These disclosure requirements apply only to LREQ firms.	Not applicable.
Disclosure of liquidity requirements		
451a(1)	Institutions that are subject to Part Six shall disclose information on their liquidity coverage ratio, net stable funding ratio and liquidity risk management in accordance with this Article.	Not disclosed as PCF Group plc discloses information in line with the requirements of Article 433b. Refer to Annual Report & Financial Statements, section 'Liquidity and funding risk' on page 64.

CRR Ref	High-level summary	Compliance reference
451a(2)	Institutions shall disclose the following information in relation to their liquidity coverage ratio as calculated in accordance with the Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook: (a) the average or averages, as applicable, of their liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period; (b) the average or averages, as applicable, of their total liquid assets, after applying the relevant haircuts, included in the liquidity buffer pursuant to the Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook, based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period, and a description of the composition of that liquidity buffer; (c) the averages of their liquidity outflows, inflows and net liquidity outflows as calculated in accordance with the Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook, based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period and the description of their composition.	Not disclosed as PCF Group plc discloses information in line with the requirements of Article 433b. Refer to Annual Report & Financial Statements, section 'Liquidity and funding risk' on page 64.
451a(3)	Institutions shall disclose the following information in relation to their net stable funding ratio: (a) averages of their net stable funding ratio calculated in accordance with Chapter 2 of Title IV of Part Six for each quarter of the relevant disclosure period, based on end-of-the-quarter observations over the preceding four quarters; (b) an overview of the amount of available stable funding calculated for each quarter of the relevant disclosure period, comprising averages based on end-of-the-quarter observations over the preceding four quarters; (c) an overview of the amount of required stable funding calculated for each quarter of the relevant disclosure period, comprising averages based on end-of-the-quarter observations over the preceding four quarters.	
451a(4)	Institutions shall disclose the arrangements, systems, processes and strategies put in place to identify, measure, manage and monitor their liquidity risk in accordance with the Internal Liquidity Adequacy Assessment Part of the PRA Rulebook.	
Disclosure of the of the IRB approach to credit risk		
452(a)-(h)	This disclosure is required by institutions calculating risk weighted exposure amounts under the IRB approach to credit risk.	Not applicable.
Disclosure of the use of credit risk mitigation techniques		
453(a)	The core features of the policies and processes for on- and off-balance-sheet netting and an indication of the extent to which institutions make use of balance sheet netting.	Not disclosed as PCF Group plc discloses information in line with the requirements of Article 433b.
453(b)	The core features of the policies and processes for eligible collateral evaluation and management.	
453(c)	A description of the main types of collateral taken by the institution to mitigate credit risk.	
453(d)	For guarantees and credit derivatives used as credit protection, the main types of guarantor and credit derivative counterparty and their creditworthiness used for the purpose of reducing capital requirements, excluding those used as part of synthetic securitization structures.	Not applicable.
453(e)	Information about market or credit risk concentrations within the credit mitigation taken.	Not applicable.
453(f)	For institutions calculating risk weighted exposure amounts under the Standardised Approach or the IRB Approach, the total exposure value not covered by any eligible credit protection and the total exposure value covered by eligible credit protection after applying volatility adjustments; the disclosure set out in this point shall be made separately for loans and debt securities and including a breakdown of defaulted exposures.	Not disclosed as PCF Group plc discloses information in line with the requirements of Article 433b.

CRR Ref	High-level summary	Compliance reference
453(g)	The corresponding conversion factor and the credit risk mitigation associated with the exposure and the incidence of credit risk mitigation techniques with and without substitution effect.	Not disclosed as PCF Group plc discloses information in line with the requirements of Article 433b.
453(h)	For institutions calculating risk weighted exposure amounts under the Standardised Approach, the on- and off-balance-sheet exposure value by exposure class before and after the application of conversion factors and any associated credit risk mitigation.	
453(i)	For institutions calculating risk weighted exposure amounts under the Standardised Approach, the risk weighted exposure amount and the ratio between that risk weighted exposure amount and the exposure value after applying the corresponding conversion factor and the credit risk mitigation associated with the exposure; the disclosure set out in this point shall be made separately for each exposure class.	
453(j)	For institutions calculating risk weighted exposure amounts under the IRB Approach, the risk weighted exposure amount before and after recognition of the credit risk mitigation impact of credit derivatives; where institutions have received permission to use own LGDs and conversion factors for the calculation of risk weighted exposure amounts, they shall make the disclosure set out in this point separately for the exposure classes subject to that permission.	Not applicable.
Disclosure of the use of the advanced measurement approach to operational risk		
454	The institutions using the Advanced Measurement Approaches set out in Articles 321 to 324 for the calculation of their own funds requirements for operational risk shall disclose a description of their use of insurance and other risk transfer mechanisms for the purpose of mitigating that risk.	Not applicable.
Use of Internal Market Risk models		
455	Institutions using internal market risk models are subject to specific disclosure requirements.	Not applicable.