



Semi-annual Pillar 3 disclosures

30 June 2024

1 Introduction

This document sets out the consolidated Vanquis Banking Group plc (the Company) semi-annual Pillar 3 disclosures (together with its subsidiaries the Group) at 30 June 2024 in accordance with the requirements of the UK Capital Requirements Regulation (CRR).

1.1 The Group

On 30 June 2024 the Group comprised two principal trading divisions:

- Vanquis Bank, which provides credit cards to the non-standard UK consumer credit market, offers unsecured personal loans and accepts retail deposits; and
- Moneybarn, which provides vehicle finance in the UK.

Vanquis Bank is authorised by the Prudential Regulation Authority (PRA) and regulated by the PRA and the Financial Conduct Authority (FCA). The PRA sets requirements for Vanquis Bank relating to capital and liquidity adequacy and large exposures.

The Group, incorporating Vanquis Bank and Moneybarn, is the subject of consolidated supervision by the PRA by virtue of Vanquis Banking Group plc being the parent company of Vanquis Bank. The PRA sets requirements for the consolidated Group in respect of capital and liquidity adequacy and large exposures. Moneybarn is regulated by the FCA.

1.2 Disclosure framework

The Group is regulated for prudential capital purposes under the Basel 3 regime, the international regime governing capital maintenance in banks, which is supervised by the Basel Committee on Banking Supervision (BCBS). In the UK this regime is enforced through the PRA Rulebook (the Rulebook), following the implementation of the Financial Services Act 2021 on 1 January 2022. Formerly these rules were applied on a European Union (EU) basis through the fourth Capital Requirements Directive (CRD IV) and the first Capital Requirements Regulation (CRR) (Regulation 575/2013). Certain aspects of this EU legislation remain applicable in the UK.

The framework consists of three 'pillars'. Pillar 3 complements Pillars 1 and 2 and aims to encourage market discipline by developing a set of disclosure requirements which allow market participants to assess key pieces of information on a firm's capital, risk exposures, risk management processes, leverage and remuneration.

1.3 Pillar 3 Disclosure Policy

The Group's approved Pillar 3 Disclosure Policy is as follows:

The Company's Pillar 3 disclosures cover the Group as a whole, comprising the Company and all its subsidiary undertakings. They are therefore prepared on the same basis as the Group's consolidated accounts. References to the Group in this document therefore include the Group's banking subsidiary, Vanquis Bank Limited (the Bank).

The Company's Disclosure Policy for Pillar 3 is based on the interpretation of the requirements of the Disclosure (CRR) Part of the Rulebook. The Group is defined as a 'Small and Non-Complex Institution' under these rules (i.e., neither Large nor Other), as it meets the criteria for such classification in Article 4(145) of the CRR. Its disclosure requirements are therefore set out in Article 433b of the Rulebook. This requires that the Group produces an annual Pillar 3 Report and discloses key metrics on a half-yearly basis.

The key metrics are required to be disclosed semi-annually and disclosure is published in line with the publication of the Group's Interim Report. More frequent disclosures will be made if there is a material change in the nature of the Group's risk profile during any particular year.

These Pillar 3 disclosures will be published on the Group's corporate website, www.vanquisbankinggroup.com, alongside other disclosures made in the Interim Report, which is published in the same location. The documents are published on the website at approximately the same time, in accordance with the requirement in Article 433 of the Rulebook.

There are certain disclosures that are only required by the Rulebook where an institution is large or an LREQ firm, as defined by the PRA Rulebook. The Group's balance sheet size is too small to be classified as large or to fall within the LREQ rules on leverage. Therefore, these have not been presented for the Group.

1.4 Basis and scope of disclosures

The results of Vanquis Banking Group plc and all subsidiary undertakings have been included in the Pillar 3 disclosures and there are no differences between the basis of consolidation for accounting and prudential purposes. These disclosures have been subject to internal verification and have been approved by a sub-committee of the Board. These disclosures have not been externally audited and do not constitute any part of the Group's financial statements.

Article 432 of the CRR states that institutions may omit one or more of the Pillar 3 disclosures if the information is not regarded as material. Information in disclosures shall be regarded as not material if the Group does not expect that its omission or misstatement would change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions. No disclosures required by Article 433b have been omitted on the grounds of materiality from this document.

2 Key Metrics

This section sets out the Group's key capital and liquidity metrics.

2.1 UK KMI – Key metrics template

		a	c	e
£m		30 Jun 24	31 Dec 23 ⁴	30 Jun 23
Available own funds (amounts)				
1	Common Equity Tier 1 (CET1) capital	359.2	393.4	423.9
2	Tier 1 capital	359.2	393.4	423.9
3	Total capital	559.2	593.4	623.9
Risk-weighted exposure amounts				
4	Total risk-weighted exposure amount	1,813.4	1,975.6	1,949.0
Capital ratios (as a percentage of risk-weighted exposure amount)				
5	Common Equity Tier 1 ratio (%)	19.8	19.9	21.7
6	Tier 1 ratio (%)	19.8	19.9	21.7
7	Total capital ratio (%)	30.8	30.0	31.9
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)				
UK 7a	Additional CET1 SREP requirements (%)	2.2	2.2	2.2
UK 7b	Additional AT1 SREP requirements (%)	0.7	0.7	0.7
UK 7c	Additional T2 SREP requirements (%)	1.0	1.0	1.0
UK 7d	Total SREP own funds requirements (%)	11.9	11.9	11.9
Combined buffer requirement (as a percentage of risk-weighted exposure amount)				
8	Capital conservation buffer (%)	2.5	2.5	2.5
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-
9	Institution specific countercyclical capital buffer (%)	2.0	2.0	1.0
UK 9a	Systemic risk buffer (%)	-	-	-
10	Global systemically Important Institution buffer (%)	-	-	-
UK 10a	Other systemically Important Institution buffer	-	-	-
11	Combined buffer requirement (%)	4.5	4.5	3.5
UK 11a	Overall capital requirements (%)	16.4	16.4	15.4
12	CET1 available after meeting the total SREP own funds requirements (%)	13.1	13.2	15.0
Leverage ratio				
13	Total exposure measure excluding claims on central banks	2,338.9	2,474.2	2,493.9
14	Leverage ratio excluding claims on central banks (%)	15.4	15.9	17.0
Additional leverage ratio disclosure requirements¹				
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	n/a	n/a	n/a
14b	Leverage ratio including claims on central banks (%)	n/a	n/a	n/a
14c	Average leverage ratio excluding claims on central banks (%)	n/a	n/a	n/a
14d	Average leverage ratio including claims on central banks (%)	n/a	n/a	n/a
14e	Countercyclical leverage ratio buffer (%)	n/a	n/a	n/a

2 Key Metrics continued

2.2 UK KMI – Key metrics template continued

£m		a	c	e
		30 Jun 24	31 Dec 23 ⁴	30 Jun 23
Liquidity coverage ratio²				
15	Total high-quality liquid assets (HQLA) (weighted value - average)	642.1	512.0	419.6
UK 16a	Cash outflows - total weighted value	155.4	154.9	129.3
UK 16b	Cash inflows - total weighted value	82.1	80.3	74.4
16	Total net cash outflows (adjusted value)	73.3	74.7	55.6
17	Liquidity coverage ratio (%) ²	1,085.9	847.1	954.2
Net stable funding ratio³				
18	Total available stable funding	-	2,611.7	2,323.9
19	Total required stable funding	-	1,828.1	1,688.1
20	NSFR ratio (%)	-	142.8	137.6

In line with the UK KMI template instructions the disclosure of data for previous periods is not required when data is disclosed for the first time. This is a PRA fixed format template; therefore, cells not required have been left blank or indicated as not applicable.

1 In line with the UK KMI template instructions only LREQ firms shall disclose values in rows 14a to 14e.

2 These measures are based on a 12-month rolling average of month-end positions; therefore, it cannot be directly calculated from the values given above.

3 In March 2024, the Group received confirmation that it is now a Small Domestic Deposit Taker consolidation entity. As a result, the Group is not required to report the NSFR from the 30 June 2024 reporting date onwards – no average metric is therefore provided at 30 June 2024. Previous measures are based on a four-quarter rolling average of quarter-end positions.

4 In the current year, as part of the Group's review into Vehicle Finance Stage 3 assets, it was identified that cash flows expected to be received from contracts projected to be received from customers on contracts identified for debt sale were being included beyond the expected sale date in addition to the cash flows from the debt sale. This led to a lower ECL provision being recognised. As a result, Management considered that a prior period restatement was appropriate and has retrospectively restated its results as set out in the Group's Interim results for the six months ended 30 June 2024. The 31 Dec 23 comparative has been restated to show the Key Metrics on the same basis. There is no change to the liquidity metrics as a result of the restatement.

The Group has no Additional Tier 1 capital and as such there is no difference between the CET1 capital ratio and the Tier 1 capital ratio. A reconciliation between regulatory own funds to the balance sheet in the audited financial statements is not required by Article 433b.

Under Annex II to the Disclosure (CRR) Part of the Rulebook, information on the result of the Group's internal capital adequacy assessment process (Article 438(a) CRR) shall only be disclosed by institutions when required by the relevant competent authority. This has not been requested from the Group.

Abbreviations

ASA	–	Alternative standardised approach
ATI	–	Additional Tier 1
Bank	–	Vanquis Bank Limited
BCBS	–	Basel Committee on Banking Supervision
CCR	–	Counterparty credit risk
CET1	–	Common Equity Tier 1
Company	–	Vanquis Banking Group plc
CRD IV	–	Capital Requirements Directive and Regulation
CRR	–	Capital Requirements Regulation
C-SREP	–	Capital supervisory review and evaluation process
CVA	–	Credit valuation adjustment
EU	–	European Union
FCA	–	Financial Conduct Authority
Group	–	Vanquis Banking Group plc and its subsidiaries
HQLA	–	High-quality liquid assets
ICAAP	–	Internal capital adequacy assessment process
ILAAP	–	Internal liquidity adequacy assessment process
LREQ	–	Leverage ratio requirements
NSFR	–	Net stable funding ratio
PRA	–	Prudential Regulation Authority
RMF	–	Risk Management Framework
RWEA	–	Risk-weighted exposure amount
SA	–	Standardised approach
T2	–	Tier 2
VBG	–	Vanquis Banking Group plc
VBL	–	Vanquis Bank Limited