IMPORTANT NOTICE

To whom this may concern,

£80,000,000 Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital Securities (the "Securities") issued by Zopa Group Limited (the "Issuer")

The Issuer has undertaken an offering of the Securities on the terms set out in the attached offering circular dated 16 May 2025 (the "**Offering Circular**") which is being sent to you with this letter. The offering, which has now concluded, was conducted on the basis of, and subject to, the provisions of the following letter. As set out in the Offering Circular, Jefferies International Limited acted as structuring adviser and sole lead manager (the "**Sole Lead Manager**").

Restrictions on marketing and sales of the Securities to retail investors

1. The Securities discussed in the Offering Circular are complex financial instruments. They are not a suitable or appropriate investment for all investors, especially retail investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Securities. Potential investors in the Securities should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Securities (or any beneficial interests therein).

2. In the United Kingdom ("**UK**"), the Financial Conduct Authority ("**FCA**") Conduct of Business Sourcebook ("**COBS**") requires, in summary, that the Securities should not be offered or sold to retail clients (as defined in COBS 3.4 and each a "**retail client**") in the UK.

   The Sole Lead Manager is required to comply with COBS.

   By purchasing, or making or accepting an offer to purchase, any Securities (or a beneficial interest in such Securities) from the Issuer and/or the Sole Lead Manager you represent, warrant, agree with and undertake to the Issuer and the Sole Lead Manager that:

   (i) you are not a retail client in the UK; and

   (ii) you will not sell or offer the Securities (or any beneficial interest therein) to retail clients in the UK or communicate (including the distribution of the Offering Circular) or approve an invitation or inducement to participate in, acquire or underwrite the Securities (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the UK.

   In selling or offering the Securities or making or approving communications relating to the Securities you may not rely on the limited exemptions set out in COBS.

3. The obligations in paragraph 2 above are in addition to the need to comply at all times with all other applicable laws, regulations and regulatory guidance (whether inside or outside the European Economic Area ("**EEA**") or the UK) relating to the promotion, offering, distribution and/or sale of the Securities (or any beneficial interests therein), whether or not specifically mentioned in the Offering Circular, including (without limitation) any requirements under Directive 2014/65 (as amended), Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA ("**UK MiFIR**") or the UK FCA Handbook as to determining the appropriateness and/or suitability of an investment in the Securities (or any beneficial interests therein) for investors in any relevant jurisdiction.

No EEA PRIIPs or U.K. PRIIPs key information document (KID) has been prepared as not available to retail in the EEA or in the U.K. Manufacturer target market (UK MiFIR product governance) is eligible counterparties and professional clients only (all distribution channels).

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Securities (or any beneficial interests therein) from the Issuer and/or the Sole Lead Manager the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client(s).

You acknowledge that each of the Issuer and the Sole Lead Manager will rely upon the truth and accuracy of the representations, warranties, agreements and undertakings set forth herein and are entitled to rely upon this letter and are irrevocably authorised to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby. This letter is additional to, and shall not replace, the obligations set out in any pre-existing general engagement terms entered into between you and the Sole Lead Manager relating to the matters set out herein.

Capitalised but undefined terms used in this letter shall have the meaning given to them in the Offering Circular.

This document is not an offer to sell or an invitation to buy any Securities.

Your offer or agreement to buy any Securities will constitute your acceptance of the terms of this letter and your confirmation that the representations and warranties made by you pursuant to this letter are accurate.

This letter and any non-contractual obligations arising out of or in connection with it are governed by English law. The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this letter (including a dispute relating to the existence or validity of this letter or any non-contractual obligations arising out of or in connection with this letter) or the consequences of its nullity. Notwithstanding the foregoing, the Sole Lead Manager may take proceedings relating to a dispute ("**Proceedings**") in any other jurisdiction. To the extent allowed by law, the Sole Lead Manager may take concurrent Proceedings in any number of jurisdictions.

Should you require any further information, please do contact us.

Yours faithfully

Jefferies International Limited

cc: Zopa Group Limited

OFFERING CIRCULAR DATED 16 MAY 2025

Zopa Group Limited

(*incorporated with limited liability in England and Wales with registered number 10624955*)

£80,000,000

Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital Securities

Issue Price 100.00 per cent.

The £80,000,000 Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital Securities (the "**Securities**") will be issued by Zopa Group Limited (the "**Issuer**") and constituted by a trust deed to be dated on or about 20 May 2025 (as amended or supplemented from time to time, the "**Trust Deed**") between the Issuer and the Trustee (as defined in "*Terms and Conditions of the Securities*" (the "**Conditions**"), and references herein to a numbered "**Condition**" shall be construed accordingly)). References herein to the "**Group**" shall mean the Issuer and each entity which is part of the United Kingdom ("**UK**") prudential consolidation group (as that term, or its successor, is used in the Regulatory Capital Requirements, as defined in the Conditions) of which the Issuer is part from time to time.

The Securities will bear interest for the period from, and including, 20 May 2025 (the "**Issue Date**") to, but excluding, 20 November 2030 (the "**First Reset Date**") at 12.875 per cent. per annum (the "**Initial Fixed Interest Rate**"). The Interest Rate (as defined in the Conditions) will be reset on each Reset Date (each as defined in the Conditions) for the period to (but excluding) the next succeeding Reset Date thereafter, and the Reset Rate of Interest (as defined in the Conditions) shall be the aggregate of 8.867 per cent. per annum and the Reset Reference Rate on the relevant Reset Determination Date (each as defined in the Conditions). Subject to cancellation (in whole or in part) as provided herein, interest will be payable semi-annually in arrear on 20 May and 20 November in each year (each an "**Interest Payment Date**") commencing on 20 November 2025.

The Issuer may at any time in its sole and full discretion cancel (in whole or in part) the interest amount otherwise scheduled to be paid on any date. To the extent required under then prevailing Regulatory Capital Requirements, interest otherwise due to be paid on any date will not become due or payable (in whole or in part) and the relevant payment will be deemed cancelled and will not be made if and to the extent that the amount of such interest payment: (i) when (subject as described in the Conditions) aggregated with any interest payments or other distributions on the Securities and on all other own funds instruments or share capital paid or made or required to be paid or made, in each case, in the then current financial year of the Issuer or which are payable on the relevant Interest Payment Date (and not cancelled or deemed cancelled) exceeds the amount of the Issuer's Distributable Items (as defined in the Conditions) as at such date; or (ii) when aggregated with other distributions of the kind referred to in rule 4.3(2) of Chapter 4 of the Capital Buffers Chapter of the PRA Rulebook (as defined in the Conditions) exceeds any Maximum Distributable Amount (as defined in the Conditions) then applicable to the Issuer or the Group. Furthermore, interest otherwise due to be paid on any date will not become due (in whole or in part) and the relevant payment will be deemed cancelled and will not be made to the extent that the Competent Authority (as defined in the Conditions) orders the Issuer to cancel such payment. The cancellation of any interest payment (in whole or in part) shall not constitute a default for any purpose on the part of the Issuer and any interest amount(s) which are cancelled do not become due and are non-cumulative. Subject as provided herein, all payments in respect of or arising from the Securities are conditional upon the Issuer being solvent (as set out in the Conditions) at the time for payment and immediately following payment.

The Securities are perpetual securities with no fixed redemption date and the holders of the Securities (the "**Holders**") have no right to require the Issuer to redeem or purchase the Securities at any time. Subject to the Issuer having obtained Supervisory Permission (as defined in the Conditions) and to compliance with the Regulatory Capital Requirements, the Securities may be redeemed at the option of the Issuer (i) on any day falling in the period from (and including) 20 May 2030 to (and including) the First Reset Date or any day falling in the period of six months prior to (and including) any Reset Date thereafter, (ii) at any time upon the occurrence of a Tax Event or a Capital Disqualification Event (each as defined in the Conditions), or (iii) if 75 per cent. or more of the aggregate principal amount of the Securities originally issued (and, for these purposes, any Further Securities (as defined in the Conditions) will be deemed to have been originally issued) has been purchased by the Issuer or any of its Subsidiaries or by others for the Issuer's account and cancelled, in each case, at their principal amount together with any accrued and unpaid interest to (but excluding) the date of redemption (but excluding any interest amounts which have been cancelled in accordance with the Conditions).

The entire principal amount of the Securities will automatically and irrevocably be reduced to zero and the Securities shall be cancelled, and all accrued and unpaid interests shall be automatically and irrevocably cancelled, if a Trigger Event (as defined in the Conditions) occurs. The Securities will also be subject to write-down and conversion powers exercisable under, and in the circumstances set out in, the Banking Act 2009, as amended. On the occurrence of a Trigger Event and/or the exercise of such write-down and conversion powers, Holders could lose their entire investment in the Securities.

The Issuer has undertaken to re-register as a public company by 13 November 2025.

This Offering Circular does not constitute (i) a prospectus for the purposes of Part VI of the United Kingdom Financial Services and Markets Act 2000 (the "**FSMA**"), (ii) a prospectus for the purposes of Regulation (EU) 2017/1129 or (iii) a prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of the domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the "**EUWA**") (the "**UK Prospectus Regulation**").

Application has been made to the London Stock Exchange plc (the "**London Stock Exchange**") for the Securities to be admitted to trading on the London Stock Exchange's International Securities Market ("**ISM**") on or about the Issue Date. References in this Offering Circular to the Securities being "listed" (and all related references) shall mean that the Securities have been admitted to trading on the ISM. The ISM is neither (i) a regulated market for the purpose of the Markets in Financial Instruments Directive 2014/65/EU ("**MiFID II**") nor (ii) a UK regulated market for the purposes of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**").

The ISM is a market designated for professional investors. Securities admitted to trading on the ISM are not admitted to the Official List of the Financial Conduct Authority (the "FCA"). The London Stock Exchange has not approved or verified the contents of this Offering Circular. This Offering Circular comprises Admission Particulars for the purposes of the admission to trading of the Securities on the ISM.

The Securities will be issued in the form of a global certificate in registered form (the "**Global Certificate**"). The Global Certificate will be deposited with a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), and registered in the name of the nominee of the common depositary, on the Issue Date. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through records maintained by, Euroclear or Clearstream, Luxembourg. Interests in the global certificate will be exchangeable for the relevant definitive securities only in certain limited circumstances. See "*Summary of Provisions Relating to the Securities while represented by the Global Certificate*". The denominations of the Securities shall be £200,000 and integral multiples of £1,000 in excess thereof.

UK MiFIR professionals/ECPs-only/No UK/EEA PRIIPs KID/FCA CoCo Restriction – Manufacturer target market under UK MiFIR is eligible counterparties and professional clients only (all distribution channels). No key information document ("KID") under Regulation (EU) No 1286/2014 (the "EU PRIIPs Regulation") or Regulation (EU) No 1286/2014 as it forms part of the domestic law of the UK by virtue of the EUWA (the "UK PRIIPS Regulation") has been prepared as the Securities are not available to retail investors in the European Economic Area ("EEA") or in the UK. In addition to the above, pursuant to the FCA's Conduct of Business Sourcebook ("COBS") the Securities are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available in the UK to retail clients (as defined in COBS 3.4). Prospective investors are referred to the section headed "*Restrictions on marketing and sales to retail investors*" commencing on page ii.

The Securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any state or other jurisdiction of the United States. The Securities are being offered outside the United States by the Sole Lead Manager (as defined in "*Subscription and Sale*") in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the applicable securities laws of any state or other jurisdiction of the United States.

Investing in the Securities involves significant risks. Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Offering Circular.

Investors should reach their own investment decision about the Securities only after consultation with their own financial and legal advisers about risks associated with an investment in the Securities and the suitability of investing in the Securities in light of the particular characteristics and terms of the Securities, which are complex in structure and operation, and in light of each investor's particular financial circumstances.

STRUCTURING ADVISER AND SOLE LEAD MANAGER

JEFFERIES

IMPORTANT NOTICE

This Offering Circular comprises an offering circular for the purposes of giving information with regard to the Issuer, the Group and the Securities. The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. This Offering Circular is to be read in conjunction with all the documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*").

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Sole Lead Manager to subscribe or purchase, any of the Securities. The distribution of this Offering Circular and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Sole Lead Manager to inform themselves about and to observe any such restrictions.

For a description of further restrictions on offers and sales of Securities and distribution of this Offering Circular, see "*Subscription and Sale*" below.

No person is or has been authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Sole Lead Manager or the Trustee. Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Securities is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

None of the Sole Lead Manager, The Bank of New York Mellon, London Branch as principal paying agent and agent bank and The Bank of New York Mellon SA/NV, Dublin Branch as registrar and transfer agent (together, the "**Agents**") or the Trustee has separately verified the information contained in this Offering Circular. None of the Sole Lead Manager, the Agents or the Trustee make any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information contained in this Offering Circular or any other information provided by the Issuer in connection with the offering of the Securities. None of the Sole Lead Manager, the Agents or the Trustee accepts any liability in relation to the information contained in this Offering Circular or any other information provided by the Issuer in connection with the offering of the Securities or their distribution. Neither this Offering Circular nor any other information supplied in connection with the offering of the Securities is intended to constitute, and should not be considered as, a recommendation by any of the Issuer, the Sole Lead Manager, the Agents or the Trustee that any recipient of this Offering Circular or any other information supplied in connection with the offering of the Securities should purchase the Securities. Each potential purchaser of Securities should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Securities should be based upon such investigation as it deems necessary. None of the Sole Lead Manager, the Agents and the Trustee undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular or to advise any investor or potential investor in the Securities of any information coming to their attention.

To the fullest extent permitted by law, none of the Sole Lead Manager, the Trustee and the Agents shall have any responsibility whatsoever for the contents of this Offering Circular or for any other statement,

made or purported to be made by the Sole Lead Manager or on its behalf in connection with the Issuer or the issue and offering of the Securities. The Sole Lead Manager accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

In the ordinary course of business, the Sole Lead Manager has engaged and may in the future engage in normal banking or investment banking transactions with the Issuer and its affiliates or any of them.

Restrictions on marketing and sales to retail investors

The Securities are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Securities. Potential investors in the Securities should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Securities (or any beneficial interests therein).

In the UK, COBS requires, in summary, that the Securities should not be offered or sold to retail clients (as defined in COBS 3.4 and each a "**retail client**") in the UK.

The Sole Lead Manager is required to comply with COBS.

By purchasing, or making or accepting an offer to purchase, any Securities (or a beneficial interest in such Securities) from the Issuer and/or the Sole Lead Manager, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and the Sole Lead Manager that:

1. it is not a retail client in the UK; and

2. it will not sell or offer the Securities (or any beneficial interests therein) to retail clients in the UK or communicate (including the distribution of this Offering Circular) or approve an invitation or inducement to participate in, acquire or underwrite the Securities (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the UK. In selling or offering the Securities or making or approving communications relating to the Securities, prospective investors may not rely on the limited exemptions set out in COBS.

The obligations in paragraph 2 above are in addition to the need to comply at all times with all other applicable laws, regulations and regulatory guidance (whether inside or outside the EEA or the UK) relating to the promotion, offering, distribution and/or sale of the Securities (or any beneficial interests therein), whether or not specifically mentioned in this Offering Circular, including (without limitation) those described below and any other such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Securities (or any beneficial interests therein) for investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Securities (or any beneficial interests therein) from the Issuer and/or the Sole Lead Manager the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client(s).

PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended "**MiFID II**"); or (ii) a customer within the meaning of the Directive (EU) 2016/97 ("**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in

point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the "**EU PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS - The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of the domestic law of the UK by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is only eligible counterparties, as defined in COBS, and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Suitability of Investment

The Securities are complex financial instruments and will not be a suitable investment for all investors. Each potential investor in the Securities should determine the suitability of such investment in light of its own circumstances, either on its own or with the help of its financial and other professional advisers. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Offering Circular;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities will have on its overall investment portfolio;

(iii) understand thoroughly the terms of the Securities, such as the provisions governing write down of the principal amount and the cancellation of interest (including, in particular, the Group's CET1 Ratio (as defined in the Conditions), as well as under what circumstances the Trigger Event (as defined in the Conditions) will occur), and be familiar with the behaviour of any relevant indices and financial markets;

(iv) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where such potential investor's financial activities are principally denominated in a currency other than pounds sterling, and the possibility that the entire principal amount of the Securities could be lost, including following the exercise of any UK Bail-in Power by the Relevant UK Resolution Authority or following an Automatic Write Down; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) Securities are legal investments for it; (ii) Securities can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Securities under any applicable risk-based capital or similar rules.

Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Offering Circular or incorporated by reference herein.

Presentation of financial and other information

In this Offering Circular, unless otherwise specified:

- references to a "**Member State**" are references to a Member State of the EEA;
- references to "**£**", "**sterling**" and "**pounds sterling**" are to the lawful currency for the time being of the UK and to "**Euro**" are to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended;
- references to "**Clearstream, Luxembourg**", "**Euroclear**" or the "**Clearing Systems**" shall include any successor clearing systems;
- the term "**Group**" means the Issuer and each entity which is part of the UK prudential consolidation group (as that term, or its successor, is used in the Regulatory Capital Requirements, as defined in the Conditions) of which the Issuer is part from time to time; and
- the term "**PRA**" means the Prudential Regulation Authority of the UK.

Certain figures in this Offering Circular have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or row of a table contained in this Offering Circular may not conform exactly to the total figure given for that column or row.

Websites

Other than in relation to the documents which are incorporated by reference in this Offering Circular (see "*Documents Incorporated by Reference*") the information on the websites to which this Offering Circular refers does not form part of this Offering Circular.

Forward looking statements

Some statements in this Offering Circular may be deemed to be forward looking statements. Forward looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this Offering Circular, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward looking statements. These forward looking statements are contained in the sections entitled "*Risk Factors*" and "*Description of the* Issuer" and other sections of this Offering Circular. The Issuer has based these forward looking statements on the current view of its management with respect to future events and financial performance. Although the Issuer believes that the expectations, estimates and projections reflected in its forward looking statements are reasonable as of the date of this Offering Circular, if one or more of the risks or uncertainties materialise, including those identified below or which the Issuer has otherwise identified in this Offering Circular, or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, the Issuer's actual results of operation may vary from those expected, estimated or predicted.

The risks and uncertainties referred to above include:

- the Issuer's ability to maintain its client base and current investment performance;
- the performance of the markets in the UK and the wider region in which the Issuer operates;
- the Issuer's ability to obtain additional financing or maintain sufficient capital to fund its existing and future investments;
- changes in political, social, legal or economic conditions in the markets in which the Issuer and its customers operate;
- the Issuer's ability to navigate changes in competitive or regulatory environment, including in relation to tax and accounting;
- the occurrence of natural disasters, failing infrastructure systems, terrorist acts or other acts of war or hostility and responses to those acts in the jurisdictions in which the Issuer operates;
- fluctuations in exchange rates, interest rates, stock markets, currencies and UK real estate values; and
- deterioration of customer and counterparty credit quality.

Any forward looking statements contained in this Offering Circular speak only as at the date of this Offering Circular. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate, after the date of this Offering Circular, any updates or revisions to any forward looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward looking statement is based.

TABLE OF CONTENTS

Page

OVERVIEW OF THE PRINCIPAL FEATURES OF THE SECURITIES

The following overview provides an overview of certain provisions of the Conditions and is qualified by the more detailed information contained elsewhere in this Offering Circular. Capitalised terms which are defined in the Conditions have the same meaning when used in this overview.

Issuer	Zopa Group Limited
Securities	£80,000,000 Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital Securities.
Risk factors	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Securities and the Trust Deed. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Securities and certain risks relating to the structure of the Securities. These are set out under "*Risk Factors*".
Status of the Securities	The Securities will constitute direct, unsecured, unguaranteed and subordinated obligations of the Issuer and will rank *pari passu*, without any preference, among themselves.
Rights on a Winding-Up	The rights and claims of Holders in the event of a Winding-Up are described in Conditions 3 and 9. In any Winding-Up before the Write Down Date, the claims of Holders will rank junior to the claims of Senior Creditors (including holders of Tier 2 Capital instruments), being creditors who are unsubordinated creditors of the Issuer and those whose claims are subordinated other than those whose claims rank *pari passu* with, or junior to, the claims of Holders.
Solvency Condition	Except in the event of a Winding-Up, all payments in respect of or arising from (including any damages awarded for breach of any obligations under) the Securities (other than payments to the Trustee for its own account under the Trust Deed) are, in addition to the right or obligation of the Issuer to cancel payments of interest under Condition 5 or Condition 6, conditional upon the Issuer being solvent at the time of payment by the Issuer and no payments of principal, interest or any other amount shall be due and payable in respect of or arising from the Securities or the Trust Deed except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (the "**Solvency Condition**").
Interest	Subject to Conditions 3*(b)*, 5 and 6, the Securities will bear interest on their principal amount:

	(a) from (and including) the Issue Date to (but excluding) the First Reset Date, at the rate of 12.875 per cent. per annum; and (b) thereafter, at the relevant Reset Rate of Interest (as described in Condition 4). Interest shall be payable semi-annually in arrear on 20 May and 20 November of each year, (each an "**Interest Payment Date**") commencing on 20 November 2025. If paid in full, each payment of interest in respect of each Interest Period ending prior to the First Reset Date shall amount to £64.375 per £1,000 principal amount of the Securities.
Optional Cancellation of Interest	The Issuer may in its sole and absolute discretion at any time elect to cancel (in whole or in part) the interest otherwise scheduled to be paid on any date. See Condition 5(a) for further information.
Mandatory Cancellation of Interest	To the extent required under then prevailing Regulatory Capital Requirements, interest otherwise due to be paid on any date will not become due or payable (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made, if and to the extent that the amount of such interest payment otherwise due (together with any Additional Amounts payable thereon pursuant to Condition 10, if applicable), together with any interest payments or other distributions which have been paid or made or which are required to be paid or made, in each case, during the then current Financial Year or which are payable on the relevant Interest Payment Date (and not cancelled or deemed cancelled), in each case on the Securities and on all other own funds instruments or share capital of the Issuer (excluding any such interest payments or other distributions which (i) are not required to be made out of Distributable Items or (ii) have already been provided for, by way of deduction, in the calculation of Distributable Items) in aggregate would exceed the amount of Distributable Items of the Issuer as at such date. To the extent required under then prevailing Regulatory Capital Requirements, interest otherwise due (together with any Additional Amounts) on any date will not be due (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made, to the extent that the amount of such interest payment otherwise due (together with any Additional Amounts payable thereon pursuant to Condition 10, if applicable), together with other distributions of the kind referred to in rule 4.3(2) of Chapter 4 (*Capital Conservation Measures*) of the Capital Buffers chapter of the PRA Rulebook, as

	amended or replaced or referred to in any other applicable provisions of the Regulatory Capital Requirements which require a maximum distributable amount to be calculated and which are required under prevailing Regulatory Capital Requirements to be taken into account for this purpose, in aggregate would cause the Maximum Distributable Amount (if any) then applicable to the Issuer or the Group to be exceeded. Interest otherwise due (together with any Additional Amounts payable thereon pursuant to Condition 10, if applicable) on any date will not be due (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made, to the extent the Competent Authority orders the Issuer to cancel such payment. Payments of interest are also subject to the Solvency Condition (see "*Solvency Condition*" above). Following the occurrence of a Trigger Event, any interest which is accrued and unpaid shall be automatically and irrevocably cancelled (see "*Write Down following a Trigger Event*" below).
Non-Cumulative Interest	Any interest payment (or, as the case may be, part thereof) not paid on any scheduled payment date by reason of Condition 3*(b)*, 5*(a)*, 5*(b)*, 5*(c)*, 5*(d)* or 6 shall be cancelled, shall not accumulate and will not become due or payable at any time thereafter, whether in a Winding-Up or otherwise. The Issuer may use such cancelled payment without restriction and the cancellation of such interest amounts will not impose any restrictions on the Issuer nor prevent or restrict the Issuer from declaring or making any distributions or interest payments on any of its shares or other instruments or obligations. The failure to pay such amount of interest or part thereof shall not constitute a default of the Issuer for any purpose. Any such interest will not accumulate or be payable at any time thereafter and holders of the Securities shall have no right thereto whether in a Winding-Up or otherwise, or to receive any additional interest or other compensation as a result of any such cancelled payment of interest.
Write Down following a Trigger Event	If, at any time, it is determined (as provided below) that a Trigger Event has occurred: (a) the Issuer shall (unless the determination was made by the Competent Authority) immediately inform the Competent Authority of the occurrence of the Trigger Event; (b) the Issuer shall, without delay, give the Trigger Event Notice, which notice shall be irrevocable;

	(c) any interest which is accrued and unpaid shall be automatically and irrevocably cancelled; and (d) the full principal amount of each Security shall be automatically and irrevocably reduced to zero and the Securities shall be cancelled, such reduction and cancellation being referred to as the "**Automatic Write Down**". On the Business Day following the determination that a Trigger Event has occurred (or such earlier date as the Competent Authority may then require following the determination that a Trigger Event has occurred) (the "**Write Down Date**"), an Automatic Write Down shall occur. "**Trigger Event**" means that the CET1 Ratio of the Group has fallen below 7.00 per cent. Effective upon, and following, the Automatic Write Down, Holders shall not have any rights against the Issuer with respect to (a) repayment of the principal amount of the Securities or any part thereof, (b) the payment of any interest for any period or (c) any other amounts arising under or in connection with the Securities and/or the Trust Deed. See Condition 6 for further information.
Maturity	The Securities are perpetual securities with no fixed redemption date. The Securities may only be redeemed or repurchased by the Issuer in the circumstances below (as more fully described in Condition 7).
Optional Redemption	The Issuer may elect, subject to the conditions set out under "*Conditions to Redemption, Substitution or Variation etc*" below, to redeem all (but not some only) of the Securities on any day falling in the period from (and including) 20 May 2030 to (and including) the First Reset Date or any day falling in the period of six months prior to (and including) any Reset Date thereafter at their principal amount together with interest accrued and unpaid (excluding interest that has been cancelled in accordance with the Conditions) to (but excluding) the date fixed for redemption.
Redemption, Substitution or Variation following a Tax Event or a Capital Disqualification Event	The Issuer may elect, subject to the conditions set out under *"Conditions to Redemption, Substitution or Variation etc"* below, to redeem all (but not some only) of the Securities at any time if a Tax Event or a Capital Disqualification Event has occurred, in each case, at their principal amount together with interest accrued and unpaid (excluding interest that has been cancelled in accordance with the

	Conditions) to (but excluding) the date fixed for redemption. If a Tax Event or a Capital Disqualification Event has occurred, then the Issuer may, subject to the conditions set out under *"Conditions to Redemption, Substitution or Variation etc"* but without any requirement for the consent or approval of the Holders, at any time (whether before or following the First Reset Date) either substitute all (but not some only) of the Securities for, or vary the terms of the Securities so that they remain or, as appropriate, become Compliant Securities.
Issuer's Clean-up Call Option	The Issuer may elect, subject to the conditions set out under *"Conditions to Redemption, Substitution or Variation etc"* below, to redeem all (but not some only) of the Securities if 75 per cent. or more of the aggregate principal amount of the Securities originally issued (and, for these purposes, any Further Securities will be deemed to have been originally issued) has been purchased by the Issuer or any of its Subsidiaries or by others for the Issuer's account and cancelled, at their principal amount together with interest accrued and unpaid (excluding interest that has been cancelled in accordance with the Conditions) to (but excluding) the date fixed for redemption.
Conditions to Redemption, Substitution or Variation etc.	The Securities may only be redeemed, substituted, varied or purchased pursuant to Condition 7 if: (a) the Issuer has obtained prior Supervisory Permission therefor and is complying with any prevailing Regulatory Capital Requirements relating to the event then required; (b) in the case of any redemption or purchase of the Securities, if and to the extent then required under prevailing Regulatory Capital Requirements, either: (A) the Issuer has replaced (or, on or before the relevant redemption or purchase date, replaces) the Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or (B) the Issuer has demonstrated to the satisfaction of the Competent Authority that the own funds and eligible liabilities of the Issuer would, following such redemption or purchase, exceed its minimum applicable requirements (including any applicable capital buffer requirements) by a margin that the Competent Authority considers necessary at such time; (c) in the case of any redemption of the Securities prior to the fifth anniversary of the Reference Date upon the occurrence of a Tax Event, the Issuer has demonstrated to the satisfaction of the Competent Authority that the applicable change in tax

	treatment is material and was not reasonably foreseeable as at the Reference Date; (d) in the case of any redemption of the Securities prior to the fifth anniversary of the Reference Date upon the occurrence of a Capital Disqualification Event, the Issuer has demonstrated to the satisfaction of the Competent Authority that the relevant change in the regulatory classification of the Securities was not reasonably foreseeable as at the Reference Date; and (e) in the case of any redemption or purchase of the Securities prior to the fifth anniversary of the Reference Date pursuant to Conditions 7*(f)* or 7*(h)*, either (A) the Issuer has replaced (or, on or before the relevant purchase date, replaces) the Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the Competent Authority has permitted such action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances or (B) in the case of any purchase pursuant to Condition 7*(h)*, the relevant Securities are being purchased for market-making purposes in accordance with applicable Regulatory Capital Requirements. Notwithstanding the above conditions, if, at the time of any redemption, substitution, variation or purchase, the prevailing Regulatory Capital Requirements permit the redemption, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above, the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).
Purchase of the Securities	The Issuer and any of its Subsidiaries may, at its option, purchase or otherwise acquire any of the outstanding Securities at any price, in any manner and at any time in accordance with applicable laws and regulations (including, for the avoidance of doubt, the Regulatory Capital Requirements) and Condition 7*(h)*.
Withholding tax and Additional Amounts	All payments of principal, interest and any other amount in respect of the Securities shall (subject always to Conditions 3*(b)*, 5, 6 and 7*(b)*) be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction or any political subdivision thereof, unless such withholding and/or deduction is required by law. In that event, the Issuer

	shall (subject to certain exemptions) account to the relevant authorities for the amount required to be withheld or deducted and will in respect of payments of interest (but not principal or any other amount) (subject as aforesaid), subject to certain limitations and exceptions, pay such Additional Amounts as will result (after such withholding and/or deduction) in the receipt by the Holders of such sums as would have been received in respect of their Securities had no such withholding been required. Notwithstanding any other provisions of the Conditions, any amounts to be paid on the Securities shall be made net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code (as defined in the Conditions), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or any intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of any FATCA Withholding.
Enforcement	If the Issuer has not made payment of any amount in respect of the Securities for a period of seven days or more after the date on which such payment is (without prejudice to Condition 3*(b)*, 5 and 6) due, the Issuer shall be deemed to be in default under the Trust Deed and the Securities and the Trustee may, in its discretion or, if so requested by an Extraordinary Resolution or in writing by the Holders of at least one-quarter in principal amount of the Securities then outstanding shall, institute proceedings for a winding-up of the Issuer in England (but not elsewhere). The Trustee may prove and/or claim in any winding-up of the Issuer (whether or not instituted by the Trustee) and shall have such claim as is set out in Condition 3. The Trustee may, at its discretion and without notice, institute such steps, actions or proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed or the Securities (other than any payment obligation), provided that in no event shall the Issuer, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been due and payable by it pursuant to the Conditions and the Trust Deed. No Holder shall be entitled to proceed directly against the Issuer or to institute proceedings for a Winding-Up unless the Trustee, having

	become bound so to do, fails to do so within a reasonable period and such failure shall be continuing. See Condition 9 for further information.
Modification	The Trust Deed will contain provisions for convening meetings of Holders (including in a physical place or by any electronic platform (such as conference call or video conference) or a combination of such methods) to consider any matter affecting their interests, pursuant to which defined majorities of the Holders may consent to the modification or abrogation of any of the Conditions or any of the provisions of the Trust Deed, and any such modification or abrogation shall be binding on all Holders. The Trustee may agree, without the consent of the Holders, to (i) any modification of the Conditions or of any other provisions of the Trust Deed or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error and (ii) any other modification to (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of any of, the Conditions or of the provisions of the Trust Deed or the Agency Agreement which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Holders. Any such modification shall be binding on the Holders and any such modification shall be notified to the Holders in accordance with Condition 15 as soon as practicable thereafter. No modification to the Conditions or ***any*** other provisions of the Trust Deed shall become effective unless (if and to the extent required at the relevant time by the Competent Authority or the Regulatory Capital Requirements) the Issuer shall have given at least 30 days' prior written notice thereof to, and received Supervisory Permission therefor from, the Competent Authority (or such other period of notice as the Competent Authority or the Regulatory Capital Requirements may from time to time require or accept and, in any event, provided that there is a requirement to give such notice and obtain such Supervisory Permission under the Regulatory Capital Requirements).
Substitution of Issuer	The Trustee may, without the consent of Holders, agree to the substitution, on a subordinated basis equivalent to that referred to in Condition 3, of the Issuer's successor in business or Holding Company (as defined in the Conditions) (the "**Substitute Obligor**") in place of the Issuer (or any previous Substitute Obligor under the Conditions) as a new principal debtor under the Trust Deed, the Agency Agreement and the Securities, subject to certain conditions as provided in Condition 12(c).

Form	The Securities will be issued in registered form. The Securities will be initially represented by a Global Certificate which is registered in the name of a nominee of a common depositary for the Clearing Systems.
Denomination	£200,000 and integral multiples of £1,000 in excess thereof.
Clearing systems	Euroclear and Clearstream, Luxembourg.
Listing	Application has been made for the Securities to be admitted to the trading on the ISM on or about the Issue Date.
Governing law	The Securities and the Trust Deed, and any non-contractual obligations arising out of or in connection with the Securities or the Trust Deed, will be governed by, and construed in accordance with, English law.
Submission to jurisdiction	The Issuer will, in the Trust Deed, irrevocably agree for the benefit of the Trustee and the Holders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed or the Securities (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed or the Securities).
ISIN	XS3074469282
Common Code	307446928
CFI/FISN	As set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN for the Securities.
Trustee	BNY Mellon Corporate Trustee Services Limited
Principal Paying Agent and Agent Bank	The Bank of New York Mellon, London Branch
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Dublin Branch

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Offering Circular:

(i) the audited consolidated financial statements (including the notes thereto) of the Issuer for the financial year ended 31 December 2023, together with the audit report thereon, as set out on pages 27 to 86 (inclusive) and 24 to 26 (inclusive), respectively, of the Issuer's annual report and accounts for the financial year ended 31 December 2023; and

(ii) the audited consolidated financial statements (including the notes thereto) of the Issuer for the financial year ended 31 December 2024, together with the audit report thereon, as set out on pages 27 to 89 (inclusive) and 24 to 26 (inclusive), respectively, of the Issuer's annual report and accounts for the financial year ended 31 December 2024.

The documents incorporated by reference in this Offering Circular have been previously published or are published simultaneously with this Offering Circular. The documents incorporated by reference shall be incorporated in, and form part of, this Offering Circular, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

The documents incorporated by reference in this Offering Circular shall not include any documents which are themselves incorporated by reference in such incorporated documents ("**daisy chained documents**"). Such daisy chained documents shall not form part of this Offering Circular. Where only part of the documents listed above have been incorporated by reference, only information expressly incorporated by reference herein shall form part of this document and the non-incorporated parts are either not relevant for the investor or covered elsewhere in this Offering Circular.

Copies of the documents incorporated by reference in this Offering Circular are available (i) for inspection or collection during normal business hours by a Holder from the registered office of the Issuer and from the specified offices of the Principal Paying Agent (or may be provided by email to a Holder following their prior written request to the Issuer or the Principal Paying Agent and provision of proof of holding and identity (in a form satisfactory to the Issuer or the Principal Paying Agent, as the case may be)) and (ii) from the Issuer's website at https://www.zopa.com/investor-information.

In the event of any significant new factor, material mistake or material inaccuracy relating to the information included in this Offering Circular which is capable of affecting the assessment of any Securities arising between the date of this Offering Circular and the commencement of dealings in the Securities following their admission to trading on the ISM, the Issuer will prepare and publish a supplement to this Offering Circular.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Securities. The value of the Securities could decline due to any of these risks, and investors may lose some or all of their investment.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Securities are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Securities, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Securities for other reasons, and the Issuer does not represent that the statements below regarding the risks of holding the Securities are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Capitalised terms which are defined in the Conditions have the same meaning when used in the following risk factors.

Risks relating to the Issuer and the Group

Credit Risk

The risk that borrowers or other counterparties default on their loans or obligations.

The business and operations of the Group are subject to risks concerning customer and counterparty credit quality

The Group has exposures to multiple products, counterparties and obligors whose credit quality can have a significant adverse impact on the Group's earnings and the value of assets on the Group's balance sheet. As part of the ordinary course of its operations, the Group estimates provisions for the potential credit losses inherent in these exposures, based on estimates and judgements as to magnitude and likelihood of occurrence. The Group may fail to adequately identify the relevant factors or accurately estimate the impact and/or magnitude of identified factors, which could materially adversely affect the Group's business, financial condition and results of operations.

Less favourable economic conditions, whether generally or in a specific product market, could cause customers (especially those concentrated in geographic areas experiencing less favourable economic conditions) to experience an adverse financial situation. This exposes the Group to the increased risk that those customers will fail to meet their obligations in accordance with agreed terms. Accordingly, a deterioration in the economic conditions in the UK, including due to low growth rates or adverse international market developments, could have a material adverse impact on the Group's financial performance and position. Other factors that could have an adverse impact include financial market dislocation, which could lead to falling confidence and contagion risk amongst market participants, counterparties and customers.

Further, there is a risk that, despite the Group's belief that it conducts an accurate assessment of customer credit quality prior to lending, this assessment proves to be inaccurate, and that customers are unable to meet their commitments as they fall due as a result of customer-specific circumstances, macro-economic disruptions or other external factors. The failure of customers to meet such commitments may result in higher impairment charges or a negative impact on fair value in the Group's lending portfolio. A deterioration in customer credit quality and the consequent increase in impairments would have a material adverse impact on the Group's business, financial condition and results of operations.

Certain of the products that the Group offers, including unsecured personal loans and point-of-sale lending, are not secured by any collateral, nor are they guaranteed or insured by any third party nor backed by any governmental authority in any way. Consequently, the financial risk to the Group associated with these loans is higher than compared to some other types of loans that benefit from some or all of these features, for example, mortgages. The Group may therefore have less ability to enforce its contractual rights and successfully recover against a customer who may have other financiers and creditors with a superior security position. One, or a combination of these consequences, may have a material adverse impact on the Group's business, financial position and results of operations.

Additionally, the Group has counterparty credit exposure to its clearing banks. The Group manages this counterparty credit risk through appropriate third-party onboarding and ongoing monitoring controls, as well as active Treasury management of float balances at these clearing banks within counterparty concentration limits. Failure of any of the Group's clearing banks could lead to delayed access to these funds or counterparty credit default, which could have a material impact on the Group's business, financial position and results of operations.

The Group faces risks relating to the impacts of inflation and cost of living pressures

Recently, the UK has seen weaker economic growth, along with inflationary pressure and Bank of England interest rates that, despite recent and projected future cuts, remain well above historic lows. Continued high interest rates, coupled with headwinds from high inflation, increase cost of living pressures which have the potential to materially impact the credit performance of UK households, including those that are customers of the Group.

These factors have the potential to impact the short and medium-term credit performance of the Group, along with an increased probability of risk to the Group's customers and their ability to repay their debts. A sustained cost of living challenge for the Group's customers could impact the Group's strategy (including growth aspirations for its lending book or its ability to successfully introduce new products) and have a negative impact on the Group's profitability, capital, funding and liquidity requirements.

Although the Group works to support customers facing increases in the cost of living, additional capital may be required by the Group to absorb the heightened levels of credit risk and any increase in higher impairment levels over time as a result of the current cost of living crisis, which could have a material adverse impact on the Group's business, financial condition and results of operations.

The Group's credit risk is geographically concentrated

All of the Group's business relates to customers based in the UK. In the event of a disruption to the credit markets or economic conditions (including interest rates and levels of employment) in the UK generally, this concentration of credit risk could cause the Group to experience greater losses than its less concentrated competitors. See also "*Market Risk—The Group is subject to risks arising from macro-economic conditions in the UK and globally*".

While the Group regularly monitors its credit portfolios to assess potential concentration risk, efforts to divest, diversify or manage the Group's credit portfolio against concentration risks may not be successful and could result in a material adverse impact on the Group's business, financial condition and results of operations.

The Group is subject to risks concerning security and collateral in its car finance business

The value and liquidity of the collateral securing the Group's car finance products are subject to risks and uncertainties. The Group's car finance products are secured against the underlying vehicles, which can depreciate rapidly due to factors such as market conditions, technological advancements and changes in consumer preferences. Additionally, the resale value of repossessed vehicles may be

adversely affected by economic downturns, increased supply of used cars or regulatory changes impacting the automotive industry. In particular, UK government initiatives to phase out Internal Combustion Engine ("**ICE**") vehicles could result in the residual values of certain ICE vehicles falling heavily, whilst ongoing technological advancement and economies of scale in new Electric Vehicle ("**EV**") production will impact on the values of less advanced second-hand EVs. In the event of borrower default, the process of repossessing and liquidating collateral can be time-consuming and costly, potentially resulting in lower-than-expected recovery rates. These factors could materially adversely affect the Group's business, financial condition and results of operations.

Capital Risk

The risk of having insufficient capital to support the business strategy.

The Group is subject to regulatory capital, liquidity and leverage requirements that could limit its operations, and changes to these requirements may further limit, and could have a material adverse effect on, the Group's business, financial condition and results of operations

The PRA sets capital requirements for the Group and monitors the Group's capital adequacy on an ongoing basis. If the Group fails, or is perceived to be likely to fail, to meet its minimum regulatory capital requirements (including its buffers, as described below), including in connection with any stress tests performed by the Bank of England, then it may be subject to regulatory actions, including requiring the Group to issue additional Common Equity Tier 1 securities or other regulatory capital, requiring the Group to retain earnings, suspend dividends or cancel interest payments on AT1s, including the Securities, the issuance of a public censure or the imposition of sanctions. This may affect the Group's capacity to continue its business operations, generate a return on capital or pursue other strategic opportunities, impacting future growth potential.

Any actual or perceived failure of the Group to meet regulatory requirements or any actual or perceived weakness in the Group's financial position when compared to other institutions could give also rise to a loss of confidence from customers, counterparties and investors. Consequently, clients may withdraw deposits from Zopa Bank Limited ("**Zopa Bank**") and counterparties and investors may not wish to transact with the Group or may only be willing to do so on less favourable terms meaning the Group's sources of capital and funding could become more expensive, unavailable, or constrained. This may impact the Group's business operations, strategic opportunities and, in turn, future growth potential.

Any of these events may also mean that the Group is subjected to regulatory actions pursuant to the UK's resolution regime (see "*Regulatory Risk—The Group is subject to applicable Bank Resolution Powers*" below for further details regarding the risks posed by this regime).

The Group is subject to risk-based capital requirements and could become subject to leverage-based requirements in the future, as set out below.

Risk-based capital requirements

Under the current prudential framework as of the date of this Offering Circular, the Group is required to hold minimum amounts of regulatory capital equal to 8 per cent. of risk-weighted assets (the "**Pillar 1 Capital Requirements**").

In addition, the PRA may impose individual capital add-ons specific to an institution known as "**Pillar 2A requirements**", for risks either not captured or insufficiently captured by Pillar 1 Capital Requirements. The sum of the Pillar 1 Capital Requirements and Pillar 2A requirements is referred to as the "**Total Capital Requirements**" or "**TCR**". The TCR must be met with at least 56.25 per cent. Common Equity Tier 1 capital and at least 75 per cent. Tier 1 capital, with not more than 25 per cent. Tier 2 capital.

Furthermore, the "**Combined Buffers**" apply to institutions, each of which is set as a percentage of its total risk exposure amount (i.e. risk-weighted assets). All UK banks are subject to a capital conservation buffer (set at 2.50 per cent.) and a counter-cyclical buffer set by the Bank of England's Financial Policy Committee, currently set for UK exposures at 2.00 per cent. Banks may also be designated as 'global systemically important institutions' ("**G-SII**") or 'other systemically important institutions' ("**O-SIIs**"), which designation may attract further systemic buffer requirements (i.e. a G-SII buffer or an O-SII buffer).

In addition, the PRA may apply an additional firm-specific buffer, referred to as the "**PRA Buffer**" (also known as "**Pillar 2B**"). The PRA Buffer is set using three assessments: (a) the amount of capital needed to withstand a severe stress scenario; (b) whether a firm has significant risk management and governance weaknesses; and (c) supervisory judgment based on any other relevant information to protect the firm's safety and soundness. The PRA Buffer is set for each bank individually, as a point in time assessment that is made by the PRA and is expected to vary over time.

The Combined Buffers and PRA Buffer must be met solely with Common Equity Tier 1 capital. The PRA presently requires that the level of any PRA Buffer is not publicly disclosed (unless required by law).

A shortage of capital could arise due to various factors which are not all within the control of the Group, including but not limited to unexpected credit or operational losses, adverse changes in market conditions, competitive pressures and increased regulatory capital requirements. It is also possible that capital held by the Group could be reduced by increased costs of liabilities and/or reduced asset values arising due to the crystallisation of risks, including credit risk, market risk, regulatory risk, legal risk, conduct risk and operational risk. Those factors also include the risk of the Group being required to hold an increased amount of capital either due to an increased level of risk faced by the Group or changes in law and regulation (including changes to the current minimum capital requirements or changes to how the Group is required to calculate its capital or the risk weightings applied to its assets). There is a risk that the Group will be required to hold higher levels of, or better quality, capital than is currently anticipated or planned for. If and to the extent that the PRA applies capital or other requirements to the Group which exceed its existing capital requirements, this may adversely impact the Group's competitiveness relative to any banks and financial institutions subject to less stringent requirements.

A market perception or actual shortage of capital issued by the Group could result in regulatory actions, including requiring the Group to issue additional CET1 securities, requiring the Group to retain earnings or issuing a public censure or the imposition of sanctions. This may affect the Group's capacity to continue its business operations, generate a return on capital or pursue acquisitions or other strategic opportunities, impacting future growth potential.

As at 31 December 2024, the overall capital requirement (excluding any PRA buffer) of the Group was £427 million, of which £307 million reflected the sum of the Group's TCR (comprising £214 million Pillar 1, or 8.00 per cent. of risk-weighted assets, and £93 million Pillar 2A, or 3.48 per cent. of risk-weighted assets) and £120 million reflected the Group's buffer requirement (a capital conservation buffer of 2.50 per cent. and a counter-cyclical buffer of 2.00 per cent, given that all of the Group's exposures are UK exposures). The Group is not presently designated, and does not expect to be categorised in the near future, as either a G-SII or an O-SII and so is not subject to a systemic buffer. As at 31 December 2024, the Group had total regulatory own funds of £522 million consisting of £447 million Common Equity Tier 1, or 16.7 per cent. of risk-weighted assets and £75 million Tier 2, or 2.8 per cent. of risk-weighted assets.

*Minimum requirement for own-funds and eligible liabilities ("**MREL**") requirements*

In addition to the capital requirements, UK credit institutions must meet an individual MREL requirement set by the Bank of England, in its role as the UK's resolution authority for credit institutions, on a case-by-case basis. MREL is intended to support the ability for the Bank of England (acting together with HM Treasury and, where relevant, the FCA) to exercise certain powers under the UK's resolution regime (see "*Regulatory Risk—The Group is subject to applicable Bank Resolution Powers*" below for further details regarding the risks posed by this regime).

Items eligible for inclusion in MREL will include an institution's own funds and, for those institutions with an MREL requirement above their minimum capital requirement, instruments that qualify as "eligible liabilities". The Bank of England's Statement of Policy entitled "*The Bank of England's approach to setting a minimum requirement for own funds and eligible liabilities (MREL)*" (the "**MREL SoP**") published in June 2018, as updated in December 2021, sets out the Bank of England's policy for exercising its power to direct institutions to maintain a minimum requirement for MREL under section 3A(4) and (4B) of the Banking Act 2009 (the "**Banking Act**"). The Bank of England is able to determine an appropriate transitional period for an institution to reach its end-state MREL. The Bank of England reviews the MREL set for all relevant firms regularly.

On 15 October 2024, the Bank of England published a Consultation Paper entitled '*Amendments to the Bank of England's approach to setting a minimum requirement for own funds and eligible liabilities (MREL)*' (the "**2024 MREL Consultation**"). At a high level, the 2024 MREL Consultation proposes the potential restatement (with modifications) of legislative provisions relating to MREL and contains proposals relating to the thresholds used by the Bank of England to guide it in determining its preferred resolution strategy for an institution. At a high level, the options are a modified insolvency, a transfer strategy or a bail-in strategy. The currently applicable thresholds, which were last reviewed in the 2021 update to the MREL SoP, are as follows: (a) 40,000-80,000 transactional accounts, at which the Bank will consider whether a transfer preferred resolution strategy (e.g. a sale to a private sector purchaser) is appropriate, and (b) £15-25 billion in total assets, at which the Bank will consider whether a bail-in preferred resolution strategy is appropriate. In the 2024 MREL Consultation, the Bank of England is proposing two changes to these thresholds: (a) increasing the total assets threshold for the transfer preferred resolution strategy from £15-25 billion to £20-30 billion, and (b) for transfer preferred resolution strategy firms, MREL being expected to be set equal to the firm's minimum capital requirements. This consultation remains under consideration by the Bank of England, which has stated that any changes following from the 2024 MREL Consultation would be expected to come into force on 1 January 2026 (at the earliest).

Neither Zopa Bank nor the Group is currently subject to an MREL requirement in excess of minimum capital requirements. The Bank of England's current policy, set out in the MREL SoP, is to apply a transitional period to banks that become subject to MREL requirements in excess of minimum capital requirements in order to give time to build up the necessary resources, which typically applies for at least 6 years. Zopa Bank's resolution strategy is determined by the Bank of England. When Zopa Bank has acquired a certain volume of transactional current accounts, it is possible that the Bank of England will adjust Zopa Bank's resolution strategy. The Group expects to reach the transactional accounts threshold later in 2025 and has engaged with the Bank of England. The timing and impact of any adjustments to Zopa Bank's resolution strategy are currently not determined. Any change to Zopa Bank's or the Group's MREL requirement could increase the Group's costs and could adversely impact its capital structure, business, financial condition and/or prospects, and may result in the Group being required to raise further own funds or eligible liabilities. Future regulatory capital or eligible liabilities issuances may also be required as a result of further costs or losses or shortfall in revenues and capital or MREL requirements exceeding the Group's expectations. Future policy changes regarding MREL may also have an impact across the market, including potentially affecting any future credit rating of

the securities issued by the Group (including the Securities), and there is a risk that the relative impact may give rise to a reduction in competitiveness of the Group relative to its competitors.

Leverage-based requirements

The UK leverage ratio framework applies in parallel with the risk-weighted capital requirements. The calculation determines a ratio based on the relationship between Tier 1 capital and total (i.e. non-risk-weighted) exposures, including off-balance sheet items. The leverage ratio does not distinguish between unsecured and secured loans, nor does it recognise the loan-to-value ratio of secured lending. The UK minimum leverage ratio is currently set at 3.25 per cent. of total exposures (excluding central bank reserve exposures) and applies to UK banks and banking groups with retail deposits of at least £50 billion. At least three-quarters of the leverage ratio requirement must be met with Common Equity Tier 1 capital and up to one-quarter may be met with Additional Tier 1 capital. In addition, for the largest UK banks (which does not include Zopa Bank and is not expected to include Zopa Bank in the near term), the UK leverage ratio framework includes two additional buffers that are to be met using Common Equity Tier 1 capital only: an Additional Leverage Ratio Buffer ("**ALRB**") set at 35 per cent. of the corresponding risk-weighted systemic buffer rate, and a macro-prudential Countercyclical Leverage Buffer ("**CCLB**") set at 35 per cent. of the corresponding risk-weighted countercyclical buffer (and rounded to the nearest 0.1 per cent., with 0.05 per cent. being rounded up). The Financial Policy Committee ("**FPC**") has powers to direct (rather than recommend) that the PRA implement its proposed changes to the leverage ratio framework and the FPC has played a role in reviewing the leverage policy framework in the UK.

On 5 March 2025, the PRA published Consultation Paper 2/25 '*Leverage Ratio: changes to the retail deposits threshold for application of the requirement*' in which it proposes to increase the £50 billion retail deposits threshold to £70 billion. However, these changes remain subject to the PRA's final determination of its policy approach. This consultation is scheduled to close on 5 June 2025, with feedback currently expected during the second half of 2025.

As at the date of this Offering Circular, the Group does not have a binding leverage ratio requirement, as Zopa Bank has retail deposits below £50 billion. However, the Group is subject to a supervisory expectation under the PRA's Supervisory Statement on the UK leverage framework ("**SS45/15**") that it will not fall below a minimum 3.25 per cent. leverage ratio (as calculated under the UK leverage ratio framework) in the normal course of business or as part of its base business plan. Accordingly, the Group monitors and reports its leverage ratio on this basis and, as at 31 December 2024, the Group's leverage ratio as calculated using the PRA definition was 12.56 per cent. Any non-compliance with this leverage ratio expectation may have a material adverse effect on the Group's businesses, financial condition and results of operations.

Liquidity Risk

The risk of being unable to meet obligations as they fall due.

The Group's business is subject to risks relating to the availability of liquidity and funding at commercially acceptable costs

The Group's business, financial condition, results of operations and prospects are dependent on its ability to access sufficient liquidity and funding at a commercially acceptable costs from various sources.

Liquidity requirements

The PRA sets liquidity requirements for the Group and monitors the Group's liquidity adequacy on an ongoing basis. The Group is required to comply with the liquidity coverage requirement in the form of

a liquidity coverage ratio ("**LCR**"). The LCR is calculated as the liquidity buffer (i.e. the total of the 'high quality liquid assets' held for the purposes of meeting the LCR) divided by net liquidity outflows over a 30 calendar day stress period and expressed as a percentage. The LCR is set at 100 per cent. The LCR is intended to ensure that a UK bank and its group maintains an adequate level of unencumbered, high quality liquid assets which can be used to offset the net cash outflows the bank could encounter under a short term significant liquidity stress scenario. The Group is also required to maintain available stable funding equal to at least 100 per cent. of its required stable funding (the Net Stable Funding Ratio ("**NSFR**")). LCR and NSFR are only calculated at the Zopa Bank level and, as at 31 December 2024, Zopa Bank's LCR and NSFR were 548 per cent. and 259 per cent., respectively.

If the Group fails, or is perceived to be likely to fail, to meet its minimum regulatory liquidity requirements, including in connection with any stress tests performed by the Bank of England, then it may be subject to regulatory actions, including requiring the Group to retain earnings, suspend dividends or cancel interest payments on AT1s, including the Securities, the issuance of a public censure or the imposition of sanctions. This may affect the Group's capacity to continue its business operations, generate a return on capital or pursue other strategic opportunities, impacting future growth potential.

Any actual or perceived failure of the Group to meet regulatory requirements or any actual or perceived weakness in the Group's financial position when compared to other institutions could give also rise to a loss of confidence from customers, counterparties and investors. Consequently, clients may withdraw deposits from Zopa Bank and counterparties and investors may not wish to transact with the Group or may only be willing to do so on less favourable terms meaning the Group's sources of capital and funding could become more expensive, unavailable, or constrained. This may impact the Group's business operations, strategic opportunities and, in turn, future growth potential.

Any of these events may also mean that the Group is subjected to regulatory actions pursuant to the UK's resolution regime (see "*Regulatory Risk—The Group is subject to applicable Bank Resolution Powers*" below for further details regarding the risks posed by this regime).

Liquidity sources

Extreme market disruptions, such as the severe dislocation experienced in the funding and credit markets following the onset of the global financial crisis of 2007 to 2008 or the funding challenges of the start of the COVID-19 pandemic, could result in a prolonged and severe restriction on the ability of the Group to access funding and a prolonged and severe decline in consumer confidence, resulting in high levels of withdrawals by retail savings customers which could affect the ability of the Group to meet its financial obligations as they fall due, to meet its regulatory minimum liquidity requirements, and/or to fulfil its commitments to lend. In such extreme circumstances, the Group may not in the longer term be in a position to continue to operate without additional funding support.

The risks concerning the availability of funding in the event of extreme market disruptions arise as a result of the maturity transformation role that the Group will perform (that is, the practice of borrowing money on shorter timeframes than money is lent out) and are dependent on factors such as the maturity profile of the Group's assets and liabilities, composition of sources and uses of funding and the quality and size of the liquidity portfolio. Broader market factors, such as wholesale market conditions and depositor and investor behaviour, are also contributing factors. If access to funding should become constrained for UK financial institutions for a prolonged time, the cost of funding for the Group may increase as competition for retail savings would likely intensify and/or the cost of accessing the wholesale markets may increase or wholesale market funding may otherwise be unattractive or unavailable.

Retail customers are a significant source of funding for the Group. The on-going availability of retail savings funding is dependent on a variety of factors outside the Group's control, such as general economic conditions, market volatility, interest rates offered by competitors, the availability and extent

of deposit guarantees and the confidence of retail customers in the UK banking system and in the Group in particular. Deterioration of these or other factors could lead to a reduction in the Group's ability to access retail savings funding on appropriate terms in the future. Any loss in consumer confidence in the Group could significantly increase the Group's cost of funding, or the amount of retail deposit withdrawals that may occur in a short space of time. Should it experience an unusually high and/or unforeseen level of retail deposit withdrawals, the Group may require greater non-retail funding in the future, which it may be unable to access on commercially attractive terms or at all. Further, the Group may face limited access to non-retail funding or higher non-retail funding costs compared to rated and more established issuers. In particular, the Group may face higher scrutiny from potential investors, rating agencies and regulators, who may have less familiarity with the Group's credit profile, financial performance, risk management, governance and strategy. Any of these factors could in turn have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, in response to competitive pressures, or to fund growth, any initiative to raise additional retail deposits by offering higher interest rates could have an adverse impact on the Group's net interest income and margin through the cost of both paying higher interest rates to new customers and existing customers switching to these higher-rate products.

Market Risk

The risk of loss due to changes in the market price of financial instruments, or adverse movements in interest rates that affect banking book positions.

The Group is exposed to interest rate risk, which affects its funding costs, customer deposits and net interest income

Interest rates affect the cost and availability of the principal sources of the Group's funding, predominantly customer deposits, as well as the demand for and pricing of its lending products. The Group faces the risk of interest rate volatility, which may materially adversely affect its business, financial condition and results of operations.

The Group seeks to manage its interest rate risk through hedging, product pricing and monitoring of borrower credit quality, among other means, but it may not be able to do so effectively or in a timely or economical manner. In particular, the Group may face re-pricing gaps in the short term, if it is unable to adjust the rates of its assets and liabilities at the same pace or to the same extent as market rates change. This may negatively affect its net interest income, which is the difference between the interest income it earns on its assets and the interest expense it pays on its liabilities.

The Group operates in a competitive and dynamic savings market, where customer preferences and behaviour may change in response to interest rate levels and inflation. Low interest rates may reduce customer deposits, the Group's principal source of funding, while high interest rates may increase customer savings, but also reduce customer spending and borrowing. The Group's customer deposit accounts consist of fixed term, fixed rate and variable rate instant access accounts, which may have different sensitivities and reactions to interest rate changes relative to each other.

The Group is subject to risks associated with its hedging and treasury operations

The Group engages in hedging activities, for example in relation to interest rate risk, to limit the potential adverse effect of interest rate fluctuations on its results of operations. The Group's treasury operations have responsibility for managing the interest rate risk that arises through its customer facing business and management of its liquid asset buffer. Interest rate hedges for both customer assets and liabilities are calculated using a model which includes certain assumptions in respect of both market and customer behaviours. However, the Group does not completely hedge all of its interest rate and other risk exposures and cannot guarantee that its hedging strategies will be successful as a result of

factors such as behavioural risk, unforeseen volatility in interest rates or other market prices or, in times of market dislocation, the decreasing credit quality, or unavailability, of current or potential hedge counterparties. If its hedging strategies are not effective, the Group may be subject to higher than anticipated costs or required to record negative fair value adjustments. Material losses from the fair value of financial assets would also have an adverse impact on the Group's capital held.

Through its treasury operations, the Group holds liquid assets portfolios potentially exposing the Group to interest rate risk, basis risk and credit spread risk. To the extent that volatile market conditions occur, the fair value of the Group's liquid assets portfolios could fall and cause the Group to record mark-to-market losses. In a distressed economic or market environment, the fair value of certain of the Group's exposures may be volatile and more difficult to estimate because of market illiquidity. Valuations in future periods, reflecting then-prevailing market conditions, may result in significant negative changes in the fair value of the Group's exposures, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is subject to risks arising from macro-economic conditions in the UK and globally

The Group's business is subject to risks arising from macro-economic conditions in the UK and/or globally. Demand for unsecured personal loans, car finance products, point-of-sale lending and savings products, as well as the affordability of repayments, are heavily dependent on consumer confidence, unemployment levels, inflation, market interest rates and the broader state of the UK economy. The Group will therefore be directly and indirectly affected by geopolitical developments, market conditions in the UK and other economies and the state of the global financial markets both generally and as they specifically affect financial institutions.

The UK has seen weak economic growth in recent years, along with inflationary pressure and increases in the Bank of England's interest rate. The Bank of England, in common with other central banks, has increased interest rates from historic lows to levels closer to historical norms in order to manage inflation back to target levels. Market participants, who may take on or have taken on more risk than they expected in a "search for yield", may have been exposed to an earlier or more rapid than expected tightening in monetary policy. Furthermore, a higher interest rate environment could also reduce demand for loans, as individuals and business may be less likely or less able to borrow when interest rates are high, thereby reducing the Group's revenue.

The UK economy is also influenced by global economic conditions or circumstances, including (but not limited to) inflation, rising interest or unemployment rates, tariffs, taxes and other restrictions on global trade, global supply chain disruptions, labour shortages, including shortages resulting from changes in immigration policies or enforcement practices or global migration patterns, geopolitical events, including the conflicts in Ukraine and the Middle East, and reduced consumer confidence. In addition, in 2025, there has been ongoing discussion and commentary regarding potential significant changes to U.S. trade policies, treaties and tariffs. On 9 April 2025, the United States imposed a minimum of 10 per cent. tariffs on imports from any country into the United States. Significantly higher tariff rates may be applicable to countries with a high trade deficit with the United States, notably China, which has imposed retaliatory tariffs. As of the date of this Offering Circular, the U.S. tariffs have led to significant volatility in global financial markets, and the short and long-term impact of such measures (including any retaliatory measures) are difficult to predict. Market reactions to the uncertainty of such measures could further depress economic activity until more clarity about longer-term trade conditions and tariffs is achieved. The extent to which any individual event or a combination of these events will have an impact on the performance of the UK economy will continue to evolve. Furthermore, volatility in credit, currency and equity markets globally may result in uncertainty that could negatively affect all financial institutions, including the Group.

The UK's fiscal outlook, while showing some signs of improvement, remains challenging for a combination of reasons, including slow economic growth, high inflation and trade frictions. Depressed

economic conditions and/or market volatility has in the past, and may in the future, lead to (among other factors):

- increased cost of funding and/or reduced availability of funding;
- deterioration in the value and liquidity of assets (including collateral);
- inability to price or difficulty in pricing certain assets;
- higher provisions for bad and doubtful debts;
- an increased likelihood of customer and counterparty default and credit losses;
- mark-to-market losses in the value of assets and liabilities;
- economic exposures from hedging activities and inability to hedge;
- increased cost of insurance and/or lack of available insurance;
- lower growth, business revenues and earnings; and
- legislative change.

If any of the above factors have a material adverse effect on consumer confidence, spending or demand for credit, this could have a material adverse effect on the business, financial condition and results of operations of the Group.

Operational Risk

The risk of loss stemming from inadequate or failed internal processes, people and systems, including fraud or risks (as well as legal risks) from the impact of external events.

The Group is dependent on the design and application of its models and is exposed to risks arising from undetected design flaws or unforeseen events

The Group relies on a large number of models throughout its business, including financial models and analytical tools, such as its risk models and credit models. These models are used for many purposes, including, without limitation, for assessing credit at the point of customer application through its scorecards, IFRS 9 expected credit loss ("**ECL**")_ accounting, financial modelling and treasury risk management. There is a risk of undetected or undetectable latent weaknesses or failures in the design, update, maintenance or use of any such models (or systems) (including as a result of events unforeseen during the design of the models) that have not yet become apparent. There is also a risk that the underlying assumptions or data sources prove to be inaccurate, out-of-date or fail to take account of certain variables of the risk profile of certain customers. There are also risks associated with inadequate governance of models, failures in the development, implementation and use of models, and inadequate independent validation of models.

Credit risk models seek to determine relative credit quality and are used in the lending decision-making process and to help assess the credit risk profile of portfolios and for other related purposes, such as stress testing. There is a risk that an adverse outcome occurs as a direct result of undetected or undetectable latent weaknesses or failures in the design or use of any such models (including as a result of events unforeseen during the design of the platform and risk models) that have not yet become apparent.

Additionally, once the Group has identified a design flaw or latent weakness in the platform software or its models, or has determined that unforeseen economic, political or market conditions or regulatory action have resulted in a need to recalibrate its underwriting criteria or its risk appetite and/or offer new products, the platforms and model may not be capable of being updated immediately or even reasonably promptly, potentially resulting in the Group underwriting loans that do not satisfy its existing risk appetite or meet its affordability criteria, potentially exposing it to increased risk of impairments and losses, to regulatory sanctions and increased capital requirements. Equally, a design flaw or latent weakness in the platform software or its risk models, or failures in the implementation of the instructions by third-party service providers, may result in the digital decision-making platforms of the Group turning down applications that would otherwise have fallen within the risk appetite and underwriting policies, resulting in the loss of profitable opportunities. The Group may also be required to hire additional employees and/or divert other resources to manage an increased manual underwriting workload while the platforms are updated to correct any problems identified, which may result in a material adverse effect on the reputation, business, financial condition and results of operations of the Group.

The materialisation of any or all of these risks could result in an inadequate application of the Group's credit risk appetite and misstatement of its loan impairment provisions, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may be subject to privacy or data protection failures, as well as cybercrime

The Group is subject to regulation regarding the use of personal data (including, in particular, the UK General Data Protection Regulation ("**GDPR**")). The Group processes large amounts of personal data (including name, address and bank details) as an integral part of its business and, therefore, must comply with strict data protection and privacy laws. Such laws govern the Group's ability to collect and use personal information relating to employees, customers and potential customers, including the use of that information for marketing purposes. The Group seeks to ensure that appropriate governance, third party vendor due diligence policies and procedures are in place to ensure compliance with the relevant data protection regulations by its employees and any third-party service providers. Notwithstanding such efforts, the Group remains exposed to the risk of a data breach in which such personal data is wrongfully appropriated, lost or improperly disclosed in breach of data protection legislation. If the Group or any of the third-party service providers on which it relies fails to store, handle or transmit personal data in compliance with relevant laws and regulations or if any damage to or loss or inadvertent deletion of personal data were otherwise to occur, the Group would be at risk of significant regulatory liability and potential litigation.

In particular, the Group is subject to the risk of actual or attempted cyber and information security attacks and breaches from parties with criminal or malicious intent. Although the Group implements security measures designed to mitigate this risk, the Group and/or third-party service providers on which it relies could be a target of cyber-attacks designed to penetrate network security or the security of internal systems, misappropriate proprietary information or customer information and/or cause interruptions to the Group's services. Such attacks could include hackers or insiders with criminal intent obtaining access to the Group's own or the Group's service providers' systems, the introduction of malicious computer code or denial of service attacks. If an actual or perceived breach of the Group's network security occurs or personal data is stolen, it could disrupt the Group's business, create significant financial and/or legal exposure, result in the liability under the data protection laws or damage the Group's reputation or brands, which could have a material adverse effect on the Group's business, financial condition and results of operations. Such a security breach could also divert the attention of the Group's technical and management personnel. The risks associated with cyber-attacks are a material risk to the Group and the UK financial system as a whole, which has a high degree of interconnectedness between market participants, centralised market infrastructure and in some cases complex legacy IT systems.

In addition to the risks contemplated above, any of these events could also result in the loss of the goodwill of the Group's customers and deter new customers, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is subject to the risk of fraudulent activity

The Group is at risk of both internal and external fraud related events, which comprise wrongful or criminal deception by a person which is intended to result in inappropriate financial gain or benefit by such person at the detriment of the Group or its customers.

The Group's selection and screening processes with respect to customers may fail to identify fraud on the part of customers. Examples of customer fraud may include the provision of false or incomplete information, including documentation in respect of personal income, expenses and other liabilities, as part of the application process. The Group is also subject to the risk of internal fraudulent acts, committed by those associated with the Group, including in the areas of processing money movements or personally identifiable information, which could result in financial loss or data breaches.

While the Group has dedicated systems and resources to monitor and manage fraud risk, the Group cannot be certain that its infrastructure and controls will prove effective in all circumstances and any failure of the controls could result in significant financial losses and a material adverse effect on the Group's operational performance and reputation. Failure to properly identify fraud could have a material adverse effect on the Group's business, financial condition and results of operations.

In a recent development to combat authorised push payment ("**APP**") fraud, the UK's APP Fraud Reimbursement Scheme came into force on 7 October 2024. It requires in-scope payment service providers ("**PSPs**"), which includes Zopa Bank, sending payments through either the Faster Payment System ("**FPS**") or the Clearing House Automated Payment System ("**CHAPS**") to reimburse their customers if they are the victim of an APP fraud, subject to certain exceptions.

APP fraud happens when a fraudster tricks someone into sending money to the fraudster's account. An in-scope payment is one which: (i) is authorised by a victim of APP fraud who holds a UK account as a consumer, micro-enterprise or small charity; and (ii) is settled through FPS or CHAPS to a receiving account located in the UK which is not controlled by the victim, and which was identified in the victim's payment order as a result of dishonesty or a fraud perpetrated on the victim. The Group is exposed to this risk through the Zopa Bank Current Account product.

Sending and receiving PSPs that are indirect FPS or CHAPS participants, as well as direct participants, are within scope of the new requirements. There are certain exclusions based on the behaviour of the victim and the context of the payment.

If a customer becomes aware that they are a victim of APP fraud, they must notify their sending PSP without delay. The sending PSP must normally reimburse the victim within five business days. Having reimbursed the customer, the sending PSP is entitled to compensation from the receiving PSP for 50 per cent. of the amount paid to the customer. The maximum reimbursement amount per claim is £85,000. This means that PSPs that can either send or receive funds from consumers, micro-enterprises or small charities through FPS or CHAPS may become subject to material reimbursement obligations where their customers are either victims or the alleged perpetrators of APP fraud, which could in turn have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may be exposed to financial, regulatory and reputational costs if it fails to deliver fair outcomes for clients

Conduct risk is the risk that the Group's actions or decisions could result in an unfair outcome for its clients arising, for example, from poor product design, ineffective complaints handling, a failure to meet

the needs of clients in financial difficulty, incorrect affordability assessments or failure to provide statutory notices. Issues associated with poor conduct have been a significant source of cost and reputational damage to the financial services industry in recent years and have attracted increased scrutiny from regulators.

This is of particular focus in the UK given the FCA's implementation in July 2023 of the consumer duty on regulated firms (the "**Consumer Duty**") which aims to set a higher level of consumer protection in retail financial markets. In particular, the Consumer Duty introduces (i) a new 'Consumer Principle' that requires regulated firms to deliver good outcomes for retail clients; (ii) cross-cutting rules requiring firms to act in good faith, avoid causing foreseeable harm, and enable and support clients to pursue their financial objectives; and (iii) fair outcomes requiring firms to ensure consumers receive communications they can understand, products and services that meet their needs and offer fair value, and the support they need. The Consumer Duty impacts all areas of the Group's UK regulated business, and has applied to all new and existing products and services that remain open for sale or renewal since the end of July 2023 and has applied to all other products and services since the end of July 2024. Although some uncertainty remains over the FCA's exact supervisory approach to the Consumer Duty, the impact on competitor and customer behaviour and the final operational impact to the Group, the Group may face increased ongoing costs due to the need to implement additional compliance controls because of changes to the interpretation and guidance issued in relation to the Consumer Duty. Such changes may arise following the FCA's July 2024 Call for Input regarding its implementation of the Consumer Duty, in response to which the FCA is expected to publish a feedback statement and an action plan in Q3 2025, as well as retiring various outdated guidance statements during the course of 2025. Failure to comply with the Consumer Duty, and not acting in accordance with all existing and new regulatory requirements and guidance, including those in respect of vulnerable customers, could result in disciplinary action (including significant fines) and/or requirements to amend sales or servicing processes, withdraw products or provide restitution to affected customers – any or all of these could result in the incurrence of significant costs, may require provisions to be recorded in the Group's financial statements and could adversely impact future revenues from affected products.

The Group is committed to managing its business in a way that puts good client outcomes at the heart of its culture, values and behaviours, and is embedded through its policies, processes and incentive structures. However, any failure to successfully monitor and manage conduct risk could result in regulatory sanction and harm to the Group's reputation with clients and others which, in turn, could materially adversely affect its business, financial condition and results of operations.

The Group is reliant on third parties for a number of its key processes and functions

The Group depends on third-party service providers for a variety of functions whose failure to perform could have a material effect on the Group's business, financial condition and results of operations.

The Group relies on the continued availability and reliability of these third-party service providers. If the Group's contractual arrangements with any of these providers are terminated for any reason or third-party service providers, particularly those who provide material services to the Group, become otherwise unavailable or unreliable in providing the service to the required standard, the Group may need to identify and implement alternative arrangements, which the Group may not be able to do on a timely basis and in doing so may incur additional costs. Additionally, were the Group to experience service issues with a supplier or were disputes to arise over the licence fees and other fees and costs payable for their services, or were a supplier to experience insolvency issues, it is not certain that the Group would be able to identify an alternative supplier quickly nor is it certain that an alternative supplier would be able to provide an equivalent level of service on competitive terms, or at all, which could cause a disruption in the Group's operations and could have a material financial or reputational impact on the Group.

For example, the Group, in common with other banks, is dependent on various industry payment systems and schemes (including Clearing House Automated Payment System (CHAPS), Bankers Automated Clearing System (BACS), Faster Payments Service (FPS) and Society for Worldwide Interbank Financial Telecommunication (SWIFT)) for making payments between different financial institutions on behalf of customers. Internal or external failure of these systems and technology (including if such systems cannot be restored or recovered in acceptable timeframes or be adequately protected) could materially adversely impact the Group's ability to conduct its daily operations and its business, financial condition and results of operations.

The Group's reliance on third-party providers exposes it to the risk of deterioration of the commercial, financial or operational soundness of those organisations. The Group is also exposed to the risk that its relationships with one or more third-party service providers may deteriorate for a variety of reasons, including competitive factors. Reputational damage to the Group caused by the failure of a third-party supplier may also adversely impact the Group's ability to attract and retain customers or employees in the short and long-term and the ability to pursue new business opportunities.

The Group is exposed to operational risks in the event of a failure to its information technology systems

The Group is built on a cloud-first, digital-first, artificial intelligence ("**AI**") enabled platform, and the Group's operations are dependent on its information technology ("**IT**") systems. The Group also depends on technology to maintain its reputation for quickly and seamlessly processing customer requests, including account openings, payments and transfers. As a result, any weakness in the Group's IT systems, mobile app, banking platforms or operational processes could have an adverse effect on its ability to operate its business and meet customer needs.

While the Group has disaster recovery and business continuity plans in place, an incident resulting in interruptions, delays, the loss or corruption of data or the cessation of systems can still occur. The Group also periodically upgrades its existing systems, and problems implementing these upgrades may lead to delays or loss of service to the Group's customers, as well as an interruption to its business. Any such interruption to the Group's IT systems could expose the Group to additional operational costs, reputational harm, potential liability and/or regulatory censure.

The Group's systems are also vulnerable to damage or interruption from other factors beyond its control, such as floods, fires, power loss, telecommunications failures and other similar events.

Any actual or perceived inadequacies, weaknesses or failures in the Group's IT systems or processes could have a material adverse effect on its business, financial condition and results of operations.

The Group may face potential litigation, claims and disputes

The Group may be subject to litigation and other claims and disputes in the course of its business, including employment disputes, contractual disputes, indemnity claims, occupational health and safety claims, or criminal or civil proceedings. Any litigation, claims and disputes, including the cost of settling claims or paying any fines, impacts from such litigation, claims and disputes on the Group's operations, and damage to the Group's reputation as a result of such litigation, claims and disputes, could materially adversely impact the Group's business, financial condition and results of operations.

The Group's risk management policies and procedures may not be effective in protecting it against all the risks faced by its business, and any failure to manage properly the risks that it faces could harm the Group and its prospects

The management of risks requires, among other things, robust policies and procedures for the accurate identification and control of a large number of transactions and events. Such policies and procedures

may not always prove to be adequate in practice against the wide range of risks that the Group faces in its business activities. There is a risk that the Group's existing policies may not adequately cover the nature of the Group's operations, thereby leading to losses or a deterioration in performance, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group has a range of systems designed to measure and manage the various risks which it faces. Some of these methods are based on historical market and portfolio behaviour and may therefore prove to be inadequate for predicting future risk exposure, which may prove to be significantly greater than what is suggested by historical experience. Historical data may also not adequately allow prediction of circumstances arising due to UK Government interventions and stimulus packages, which increase the difficulty of evaluating risks. Other methods for risk management are based on evaluation of information regarding markets, customers or other information that is publicly known or otherwise available to the Group. Such information may not always be correct, updated or correctly evaluated. In addition, even though the Group constantly measures and monitors its exposures, there can be no assurance that its risk management methods will be effective, including in unusual or extreme market conditions. It is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Group's business, financial condition and results of operations.

The Group's insurance coverage may not be renewable or adequate to cover all possible losses that it could suffer, and its insurance costs could increase in the future

The Group's insurance policies do not cover all types of potential losses and liabilities and are subject to limits and excesses. There can be no assurance that the Group's insurance will be sufficient to cover the full extent of all losses or liabilities for which it is ultimately responsible, and the Group cannot guarantee that it will be able to renew its current insurance policies on favourable terms, or at all. Any such inability to renew its insurance policies could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group faces risks related to changes in taxation rates or applicable tax legislation, which could materially adversely affect its financial position

Tax risk is the risk associated with changes in corporation tax and other taxation rates, applicable tax legislation, misinterpretation of the tax legislation, and any open disputes with relevant tax authorities in relation to these or other historic transactions. Failure to manage this risk adequately could result in the Group suffering losses due to additional tax charges and other related financial costs, including interest and penalties. Such failure could also lead to potential adverse reputational damage both with the relevant tax authorities and with other external parties or stakeholders, which could then lead to a materially adverse impact on the Group's financial position.

Regulatory Risk

The Group must comply with a wide range of laws and regulations in the markets in which it operates

As a financial services group, the Group is subject to extensive and comprehensive regulation. Consequently, the Group is exposed to many forms of risk in connection with compliance with such laws and regulations, including:

- breaching general organisational requirements, such as the requirement to have robust governance arrangements (which include a clear organisational structure with well defined, transparent and consistent lines of responsibility that are consistent with the Senior Manager's Certification Regime), effective processes to identify, manage, monitor and report the risks the Group is or might be exposed to, and internal control mechanisms, including sound

administrative and accounting procedures and effective control and safeguard arrangements for information processing systems;

- continued high level of scrutiny of the treatment of clients by financial institutions from regulatory bodies, the press and politicians; in the UK, the FCA in particular continues to focus on retail conduct risk issues, as well as conduct of business activities through its supervision activity;

- a potential failure of processes, systems or security may expose the Group to heightened financial crime and/or fraud risk, and in the UK the PRA, Bank of England and FCA continue to focus on the operational resilience of firms and financial markets infrastructures;

- certain aspects of the Group's business may be determined by the relevant authorities (such as the Financial Ombudsman Service (the "**FOS**") in the UK) or the courts not to have been conducted in accordance with applicable laws or regulations or, in the case of the FOS, with what is fair and reasonable in the FOS's opinion;

- the possibility of alleged mis-selling of financial products (for example, the risk that products are not accurately described, do not perform in alignment with their investment objectives for a sustained period, that product liquidity is not consistent with the product description or the redemption requirements of investors) or the mishandling of complaints related to the sale of such products by or attributed to an employee of the Group, including as a result of having sales practices, complaints procedures and/or reward structures in place that are determined to have been inappropriate;

- breaching laws and requirements relating to the detection and prevention of money laundering, terrorist financing, bribery and corruption and other financial crime; and

- non-compliance with legislation relating to unfair or required contractual terms or disclosures.

Failure to comply with this wide range of laws and regulations could have a number of adverse consequences for the Group, including the risk of:

- substantial monetary damages or fines, other penalties and injunctive relief, the amounts of which are difficult to predict and may exceed the amount of provisions that the Group could, in future, set aside to cover such risks;

- regulatory investigations, reviews, proceedings and enforcement actions;

- being required to amend sales processes, product and service terms and disclosures, withdraw products or provide redress or compensation to affected clients;

- the Group either not being able to enforce contractual terms as intended or having contractual terms enforced against the Group in an adverse way;

- civil or private litigation (brought by individuals or groups of individuals/claimants), which may arise out of regulatory investigations and enforcement actions or client complaints;

- criminal enforcement proceedings; and

- regulatory restrictions on the Group's business,

any or all of which could result in the Group incurring significant costs, may require provisions to be recorded in the Group's financial statements, could adversely impact future revenues from affected

products and services and could have a negative effect on the Group's reputation and the confidence of clients in the Group, as well as taking a significant amount of the Directors' and management's time and resources away from the day-to-day operations of the business and the implementation of the Group's strategy. Regulatory restrictions could also require additional regulatory capital and/or liquid assets to be held. Any of these risks, should they materialise, could have a material adverse impact on the Group's business, financial condition and results of operations.

In addition to the above, failure to comply with the wide range of laws and regulations could result in the FCA and the PRA cancelling or restricting the regulatory authorisations of Zopa Bank altogether, thereby preventing the Group from carrying on its business.

The Group's business is subject to changing laws and regulation and regulatory focus and approach

The Group faces risks associated with an uncertain and changing legal and regulatory environment in all the markets in which it operates. Existing laws and regulations may be amended, or new laws and regulations may be introduced, which could affect the Group by, for example:

- resulting in the need for increased operational and compliance resources to ensure compliance with the new or amended laws and regulations;
- restricting the client base to which the Group's products or services can be offered; and
- restricting the products or services the Group can provide,

any or all of which could ultimately have a material adverse effect on the Group's business, financial condition and results of operations.

Changes to the regulatory authorities' approaches and expectations may result in increased scrutiny of the Group's compliance with existing laws and regulation. This may result in the Group needing to change its internal operations, at an increased cost.

Post-Brexit reforms to the UK regulatory framework

Following the UK's departure from the European Union, the UK has incorporated most existing European Union law as it stood at the end of the implementation period into UK law, and the UK's new trading relationship with the EU is defined by the UK-EU Trade and Cooperation Agreement (**TCA**). However, political, regulatory and economic uncertainties remain.

HM Treasury's '*Financial Services Future Regulatory Framework Review*' was established to consider how the financial services regulatory framework should be adapted to be fit for the future and, in particular, to reflect the UK's position outside of the EU. The Financial Services and Markets Act 2023 ("**FSMA 2023**"), which received Royal Assent on 29 June 2023, gives HM Treasury and the regulators new powers to reshape how regulation is made and maintained. This includes full control over the process of moving retained EU law from the statute books into the regulatory rulebooks and is resulting in gradual amendments to UK regulation.

The proposed "Smarter Regulatory Framework" unveiled on 9 December 2022 as part of the "Edinburgh Reforms" of UK financial services and the introduction of some legislative reforms under FSMA 2023 provide an indication of the possibility of further divergence in the future. On 11 July 2023, HM Treasury released a programme of secondary legislation to replace retained EU law in order to deliver a "Smarter Regulatory Framework" for financial services tailored to the UK, which was further supplemented by HM Treasury on 21 March 2024 with a next phase of policy intentions. These proposals were released by the prior government, which was replaced on 5 July 2024 with a new Labour government. The new Chancellor's Mansion House speech on 14 November 2024 focussed on the

stability of the UK's financial service sector, investment through financial services, and reform to support innovation and growth. Regulatory change looks set to continue accelerating following the 2024 general election, with HM Treasury issuing a call for evidence in November 2024 on a new "Financial Services Growth & Competitiveness Strategy" that could result in changes to UK regulation. The government has since continued to push the PRA, FCA and the UK's other regulators to ensure the competitiveness of the UK's regulatory regimes.

The Group's business is subject to substantial and increasing industry wide regulatory and governmental oversight

In addition to the promulgation of new legislation and regulation, the UK Government, the PRA, the FCA, other regulators in the UK have, in recent years, become substantially more proactive in their application and monitoring of certain regulations, and they may intervene further in relation to areas of industry risk already identified or in new areas, which could materially adversely affect the Group.

Regulatory risk will continue to require the attention of senior management who are increasingly accountable to the regulators and will consume significant levels of business resources. Furthermore, as enhanced supervisory standards are developed and implemented, this more intensive approach and the enhanced regulatory requirements, along with uncertainty and the extent of international regulatory coordination, may ultimately adversely affect the Group's business, capital and risk management strategies and/or may result in the Group deciding to modify its legal entity structure, capital and funding structures and business mix or to exit certain business activities altogether or to determine not to expand in areas despite their otherwise attractive potential.

Implementation of further regulatory developments or supervisory expectations could result in additional costs and/or could limit or restrict the way in which the Group conducts business, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Areas where regulatory changes could have an adverse effect on the Group's business include, but are not limited to:

- general changes in government, central bank or regulatory policy, or changes in regulatory regimes, including changes that apply retroactively, that may influence client decisions in particular markets in which the Group operates, which may change the structure of those markets and the products offered or may increase the costs of doing business in those markets;

- external bodies applying or interpreting standards or laws in a manner that is different to how the Group applies or interprets them;

- one or more of the Group's regulators intervening to mandate the pricing of certain of the Group's products as a consumer protection measure;

- one or more of the Group's regulators intervening to prevent or delay the launch of a product or service, or restricting or prohibiting an existing product or service;

- changes in competitive and pricing environments;

- further requirements relating to financial reporting, corporate governance and conduct of business and employee compensation;

- changes to regulation and legislation relating to economic and trading sanctions, money laundering and terrorist financing;

- CMA market studies or investigations, FCA market studies or Payment Systems Regulator market studies (or other market studies of other regulatory authorities) potentially resulting in a range of measures, including behavioural and/or structural remedies;

- influencing business strategy, particularly the rate of growth of the business;

- imposing conditions on the sales and servicing of products, which has the effect of making such products unprofitable or unattractive to sell;

- changes to regulation and legislation relating to sustainability disclosure requirements, environmentally sustainable investments and to broader environmental, social and governance ("**ESG**") rules and supervisory expectations that apply to banks and asset managers; and

- imposing additional sustainability conditions and requirements.

The financial services industry continues to be a focus of significant regulatory change and scrutiny. This has led to a more intensive approach to supervision and oversight, increased expectations of authorised firms and their senior management and enhanced regulatory requirements.

For example, the UK car finance sector is facing ongoing complaints and legal claims regarding past commission practices around the discretionary commission arrangements ("**DCA**"). In January 2024, the FCA launched a Section 166 review to investigate these historical arrangements at several firms. Should widespread misconduct and customer harm be discovered, the FCA intends to implement a consistent remediation process, potentially including settlements and addressing legal issues.

The October 2024 Court of Appeal judgment in Wrench, Johnson, and Hopcraft (the "**WJH judgement**") has introduced further uncertainty, exceeding the initial scope of the FCA's motor finance commissions review. The Supreme Court has granted the relevant lenders permission to appeal and has approved the FCA's application to intervene in the case, with the hearing held on 1-3 April 2025 and a decision not expected until July 2025. While Zopa Bank has not recognised any provision in respect of the FCA's DCA review or the WJH judgement, as explained in note 34 to the 2024 Financial Statements incorporated by reference herein, there remains uncertainty for the industry and the Group in the immediate term.

There is significant uncertainty with regard to the implications of these judicial proceedings, the FCA review and the nature, extent and timing of any subsequent regulatory interventions regarding commissions paid in the motor finance market. It is also possible that the principles articulated in relation to the motor finance market could have a broader application extending to other types of commission-based lending, although the scope and extent of any exposure or required changes to commission-based lending arrangements is unclear. The impact cannot be accurately assessed in full until the FCA's approach is known and the legal cases in relation to motor finance commission disclosure are resolved.

Further, on 17 October 2024, HM Treasury released a consultation on draft legislation 'Regulation of Buy-Now, Pay-Later' ("**BNPL**"). The new regime, as proposed, would, together with FCA rules (on which the FCA has not yet released a consultation), extend aspects of the UK's consumer credit regime to its BNPL products, as well as extending the application of the Consumer Duty and the remit of the FOS to cover this business. The impact of this new regime on the Group, if it is implemented, remains subject to the final form of legislation and rules. A draft statutory instrument is expected during Spring 2025, with BNPL products coming within scope of FCA regulation 12 months from when the legislation is made (i.e. on HM Treasury's and the FCA's currently proposed timetable, around mid-2026).

Following a prior consultation released on 9 December 2022, HM Treasury is expected to release a consultation on reform of the Consumer Credit Act 1974 during Spring 2025 to bring this regime within

the FCA's regulatory framework to seek views on its initial policy proposals, with a further consultation planned for Q1 2026. The FCA is also proposing to review its rules for advertising consumer credit within 2025 or early 2026 as part of its implementation of the Consumer Duty. Whether these consultations will result in changes to policy or requirements that impact upon the Group remains to be seen.

The Group must comply with operational resilience regulations and is exposed to risks associated with operational resilience

There is a continued focus on the operational resilience of firms, in particular in relation to 'important business services'. In March 2021, the PRA published a Statement of Policy clarifying how its operational resilience policy affects its approach to the following key areas of the regulatory framework: (i) governance, (ii) operational risk management, (iii) business continuity planning, and (iv) the management of outsourced relationships. In March 2022, new operational resilience rules set out in the PRA Supervisory Statement SS1/21 and FCA Policy Statement PS21/3 came into force. The Group is required to identify its 'important business services' and set impact tolerances for these as well as commence a programme of scenario testing whereby the Group evidences its ability to continue to deliver such services through operational disruption and within impact tolerance thresholds. The PRA and FCA are assessing the progress on implementation by firms within a reasonable time frame and required firms to be able to remain within their impact tolerances from March 2025.

In January 2024, the PRA published a 'Dear CEO' letter setting out supervisory priorities for UK deposit takers. The PRA's 2024 priorities reflect the need for robust governance, risk management and controls at firms to enable the effective and proactive identification, assessment and mitigation of risks in an increasingly challenging and changeable operating environment. The PRA heightened compliance with operational resilience expectations and the need for Boards and senior management to actively oversee the delivery of their firms' operational resilience programme, as well as the management and mitigation of risk associated with IT transformations and outsourcing to third parties.

If the Group fails to comply with operational resilience regulations, or otherwise fails to maintain and test business continuity and IT disaster recovery plans, maintain systems, meet appropriate data standards, appropriately manage third party services, put in place appropriate crisis management frameworks, meet related regulatory requirements, manage change projects or meet standards for people management, this could have a material adverse effect on the Group's business, financial condition and results of operations. Further, a failure by the Group to (a) identify business services that, if disrupted, could cause harm to consumers or market integrity, (b) identify and document the people, processes, technology and facilities that support such business services and (c) test the Group's ability to manage disruption within impact tolerance levels (including identification and remediation of vulnerabilities), could create legal exposure, as well as damage to the Group's reputation, and may result in a material adverse effect on the Group's business, financial condition and results of operations.

The Group must comply with anti-money laundering, financial crime, anti-bribery and sanctions regulations

The Group is subject to laws and regulations that are in place to prevent financial crime, including money laundering, the financing of terrorism, the facilitation of bribery and tax evasion, the circumvention of applicable sanctions regimes, as well as laws that prohibit the Group, its staff or intermediaries from making improper payments or offers of payment to foreign governments and their officials and political parties for the purposes of obtaining or retaining business, including the UK Bribery Act 2010. Compliance with anti-money laundering, anti-bribery rules and sanctions legislation and regulations creates a significant financial burden on banks and other financial institutions and requires significant technical capabilities to manage these risks. In recent years, enforcement of these laws and regulations has become more aggressive, resulting in several landmark financial penalties against UK financial institutions. Economic crime continues to be a key focus for regulators, with the

FCA, in particular, highlighting anti-money laundering and the prevention of financial crime as priorities in its business plan. This is in addition to the recent passing of the Economic Crime (Transparency and Enforcement) Act 2022 and Economic Crime and Corporate Transparency Act 2023. Failure to meet FCA Financial Crime regulatory standards could lead to investigation, enforcement activity or fines.

Furthermore, the UK, the EU, United States and numerous other jurisdictions introduced sweeping sanctions against Russia and Belarus following the invasion of Ukraine in 2022, and many of these sanctions involve the banking and financial services sectors.

In addition, the Group cannot predict the nature, scope or effect of future legislative or regulatory requirements to which it might be subject or the manner in which existing laws might be administered or interpreted in the future. As with the recent widening of sanctions in relation to Russia and Belarus, the changes to legislative or regulatory requirements can be implemented at speed as a consequence of an unforeseeable event. Unforeseen and quick changes to legislative or regulatory requirements could make compliance by the Group more challenging and/or costly, which could have a material adverse effect on the Group's business, financial condition and results of operations.

While the Group maintains policies and procedures to comply with financial crime legislation and regulations, these systems and controls cannot completely prevent instances of financial crime, including actions by the Group's employees, for which the Group might be held responsible. Any such events may have severe consequences, including financial penalties and other sanctions, as well as reputational repercussions, both of which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is subject to the potential impacts of banking reform initiatives

In recent years, the relevant regulatory authorities in the UK have proposed (and in some cases have commenced implementation of) dramatic reforms to many aspects of the banking sector, including, among others, institutional structure, resolution procedures and deposit guarantees. While the impact of these regulatory developments remains uncertain, the Group expects that the evolution of these and future initiatives could have an impact on its business.

Zopa Bank is responsible for contributing to compensation schemes such as the UK Financial Services Compensation Scheme (the "**FSCS**") in respect of banks and other authorised financial services firms that are unable to meet their obligations to clients. Further provisions in respect of these costs are likely to be necessary in the future. The ultimate cost to the industry, which will also include the cost of any compensation payments made by the FSCS and, if necessary, the cost of meeting any shortfall after recoveries on the borrowings entered into by the FSCS, remains uncertain but may be significant and may have a material adverse effect on the Group's business, financial condition and results of operations.

The Deposit Guarantee Scheme Regulations 2015, as amended by the Deposit Guarantee Scheme and Miscellaneous Provisions (Amendment) (EU Exit) Regulations 2018, ensure that all deposits up to £85,000 per eligible person per firm are protected through the FSCS deposit guarantee scheme (the "**FCS DGS**"). The FCS DGS is funded through regular contributions before the event (*ex ante*). In the case of insufficient *ex ante* funds, the FCS DGS will collect immediately after the event (*ex post*) contributions from the banking sector and as a last resort it will have access to alternative funding arrangements such as loans from public or private third parties.

Amongst other compensation, the FSCS provides for a qualifying temporary high balance deposit protection, up to £1 million, for up to six months from when the amount was first deposited for certain limited types of deposits. It is possible that future FSCS levies on Zopa Bank may differ from those at

present, and such reforms could result in the Group incurring additional costs and liabilities, which may materially adversely affect its business, financial condition and results of operations.

HM Treasury has put forward the Bank Resolution (Recapitalisation) Bill to Parliament and, on 31 March 2025, the PRA released Consultation Paper 4/25 regarding its depositor protection regime. Together these arrangements may result in Zopa bearing higher funding costs for the FSCS. They may also result in increases to the FCS DGS limits from £85,000 and, for qualifying temporary high balance deposits, £1 million (as described above) to £110,000 and £1.4 million, respectively, with effect from 1 December 2025 (at the earliest), which could affect customer and market behaviour in ways that may not reflect historical precedents and so might not be accurately reflected in Zopa Bank's existing risk models, potentially leading to a shortage of capital or liquidity resources. If introduced, these changes may also entail implementation costs for Zopa Bank. Feedback from the PRA on Consultation Paper 4/25 is currently expected during 2025.

The Group's business is subject to substantial and changing prudential regulation

The Group faces risks associated with an uncertain and rapidly evolving prudential regulatory environment, pursuant to which it is required, among other things, to maintain adequate capital and liquidity resources and to satisfy specified Pillar 2 requirements, buffer requirements and capital ratios and liquidity requirements at all times. The Group's borrowing costs, regulatory capital and liquidity requirements could be affected by future changes to the prudential regulation that applies to it.

Basel 3.1

The final capital framework proposed to be established in the United Kingdom under the Basel standards differs from Basel III in certain areas. In December 2017, the Basel Committee finalised further changes to the Basel III framework which include amendments to the standardised approaches to credit risk and operational risk and the introduction of a capital floor and in January 2019, the Basel Committee published revised final standards on minimum capital requirements for market risk (together, "**Basel 3.1**").

Basel 3.1 standards were originally to take effect from 1 January 2022, with some standards subject to five-year phase-in arrangements. The UK has indicated that it is committed to implementing international standards and, on 30 November 2022 the PRA published CP16/22 "implementation of the Basel 3.1 standards", which proposed changes relating to the use of external credit ratings, a floor for the use of internal models and a stricter delineation between the banking and trading books. This was followed on 12 December 2023, by the PRA publishing PS17/23 "Implementation of the Basel 3.1 standards near-final Part 1" and on 12 September 2024, by the PRA publishing PS9/34 "Implementation of the Basel 3.1 standards near-final Part 2", which together set out the PRA's proposed rules and expectations with respect to implementing the Basel 3.1 standards in the UK impacting, among other things, credit risk, the output floor, market risk, credit valuation adjustment risk, counterparty credit risk, operational risk and Pillar 3 disclosures. The implementation of Basel 3.1 in the UK has been delayed on several occasions, with the PRA most recently announcing on 17 January 2025 that this would be further delayed until 1 January 2027 in order to allow more time for greater clarity to emerge about plans for the implementation of Basel 3.1 in the United States. Whilst the resultant changes were expected to include revisions to a number of elements of the standardised approach for credit risk, a new operational risk framework as well as revisions to the standardised approach for market risk, it remains to be seen what policy approaches might be adopted in response to the most recent delay to implementing this regime.

The PRA have yet to set out their proposals on how Basel 3.1 might change their approach to setting Pillar 2A and Pillar 2B buffers, as well as on the transition. A consultation paper regarding clarifications and updates to the PRA's Pillar 2A methodologies is expected during Q2 of 2025.

The above proposed and incoming changes, either individually and/or in aggregate, may lead to higher or enhanced requirements in relation to the Group's capital, leverage, liquidity and funding ratios or alter the way such ratios are calculated.

Post-Brexit reforms to prudential regulation

The UK prudential regime continues to evolve following the UK's exit from the European Union and the extent to which the UK may choose to implement or mirror future changes in the EU regulatory regime, or to diverge from the current EU-influenced regime over time, remains to be seen.

The prudential regime to which the Group is subject is, in large part, derived from EU legislation that applied in the UK prior to its exit from the EU. This includes (i) the legislative package comprising the amended Capital Requirements Directive (2013/36/EU) (the "**CRD**"), as implemented in the UK in (among other sources) the PRA Rulebook, and the amended Capital Requirements Regulation (575/2013), as it forms part of domestic law by virtue of the EUWA (the "**CRR**") (collectively, the "**CRD IV**"), and (ii) the Bank Recovery and Resolution Directive 2014/59/EU (the "**BRRD**"), as implemented in the UK (primarily pursuant to the Banking Act), which established an EU wide framework for the recovery and resolution of credit institutions and investment firms. This framework has recently been amended to reflect the UK's exit from the EU. Following the UK's exit from the EU, aspects of the UK's amended CRR have been repealed with its provisions transferred, with material amendments in certain aspects, from CRR into the PRA Rulebook and related policy changes continue to be released. Policy changes could also arise in the way in which (and whether) the PRA continues to take into account guidance released by EU authorities (such as the European Banking Authority) when interpreting and applying the UK prudential regime.

The proposed "Future Regulatory Framework" (see "*—The Group's business is subject to changing laws and regulation and regulatory focus and approach*" above) could result in changes to the UK's prudential framework. With the evolution of the UK's financial landscape, the UK authorities may seek to adjust the prudential framework.

For example, the PRA is consulting on the restatement of the existing CRR requirements in the PRA Rulebook (CP 13/24) and on the large exposures regime (CP 14/24). These consultations closed on 15 and 17 January 2025, respectively, and policy statements relating to these consultations are yet to be published. The PRA is also consulting on certain minor amendments to the own funds framework (CP 8/24), as well as minor amendments to the UK capital buffers framework and its associated materials (CP 10/24). Both of these consultations closed in December 2024 and policy statements are yet to be published. The impacts of these consultations on the Group will depend on their final form once confirmed by the PRA.

Future changes to the applicable prudential regime

The implementation of these various reforms and various other banking reform initiatives and any future unfavourable regulatory developments could have a material adverse effect on the Group's business, financial condition and results of operations.

While the Group is currently subject to the prudential regulatory regime under CRD IV, as amended, the prudential regulatory regime to which the Group is subject may change in the future in response to the matters noted above or otherwise. For example, the UK regulators have recently been increasingly focused on ensuring that banks embed climate change risk into their prudential and risk management frameworks. Any alternative prudential regulatory regime that applies to the Group from time to time could result in the Group becoming subject to different capital, liquidity and/or other regulatory requirements. No guarantee can be given that the Securities and any other regulatory capital instruments issued by the Group would continue to be eligible as regulatory capital (or receive equivalent capital treatment) under any such alternative regime. A change to the applicable prudential regime may affect

the risk profile of the Securities, the Group's product range, distribution channels, competitiveness, profitability, risk management approaches, corporate or governance structure, reported results and financing requirements, as well as the amount of regulatory capital and liquid assets the Group must maintain, and the Group may, consequently, be required to issue further regulatory capital instruments.

The Group is subject to applicable Bank Resolution Powers

The Group is subject to the Banking Act, which gives wide powers in respect of UK banks and their parent undertakings and other group companies to HM Treasury, the Bank of England, the PRA and the FCA (each an "**Authority**" and together, the "**Authorities**") in circumstances where a UK bank has encountered or is likely to encounter financial difficulties. These provisions of the Banking Act implement the BRRD and establish a special resolution regime for UK banks and certain other institutions and their groups.

The exercise of these powers could result in: (a) the transfer of all or some of the securities issued by a UK bank or its parent, or all or some of the property, rights and liabilities of a UK bank or its parent, to a commercial purchaser or, in the case of securities, to HM Treasury or an HM Treasury nominee, or, in the case of property, rights or liabilities, to an entity owned by the Bank of England; (b) the overriding of any default provisions, contracts, or other agreements, including provisions that would otherwise allow a party to terminate a contract or accelerate the payment of an obligation; (c) the commencement of certain insolvency procedures in relation to a UK bank; (d) the overriding, varying or imposing of contractual obligations, for reasonable consideration, between a UK bank or its parent and its group undertakings (including undertakings which have ceased to be members of the group); and (e) the discontinuation of the listing and admission to trading of the Securities or other securities issued by the Group from time to time, in order to enable any transferee or successor bank of the UK bank to operate effectively.

The powers granted to Authorities under the Banking Act include, but are not limited to: (i) a "mandatory write- down and conversion power" relating to regulatory capital instruments (such as the Securities) and (ii) a "bail-in" tool relating to the majority of unsecured liabilities. Such loss absorption powers give resolution authorities the ability to write-down or write-off all or a portion of the claims of certain unsecured creditors of a failing institution or group and/or to convert certain debt claims into another security, including ordinary shares of the surviving group entity, if any. Such resulting ordinary shares may be subject to severe dilution, transfer for no consideration, write-down or write-off. The Banking Act also gives power to HM Treasury to make further amendments to the law for the purpose of enabling it to use the special resolution regime powers effectively, potentially with retrospective effect.

The Group's resolution strategy could change in the future (and this change, or the timing of it, may be affected by the 2024 MREL Consultation – see "*Capital Risk—Minimum requirement for own-funds and eligible liabilities ("MREL") requirements*" above).

Mandatory write-down and conversion power

The mandatory write-down or conversion of capital instruments (such as the Securities) power may be used where an Authority has determined that the institution concerned has reached the point of non-viability or where the conditions to resolution are met. Unlike the bail-in tool, this power may be exercised pre-resolution. Any write-down or conversion effected using this power must reflect the insolvency priority of the written-down claims – thus common equity shall generally be written off in full before subordinated debt (including the Securities) is affected. The mandatory write-down and conversion of capital instruments power is not subject to the "no creditor worse off" safeguard which applies to the bail-in power.

Bail-in power

The bail-in power gives an Authority the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities (which could include the Securities) of a failing financial institution or its holding company, and/or to convert certain debt claims (which could be amounts payable under the Securities) into another security, including ordinary shares of the surviving entity, if any. The Banking Act requires an Authority to apply the "bail-in" power in accordance with a specified preference order. In particular, an Authority must write-down or convert the regulatory capital and MREL eligible liabilities instruments in the following order: (i) Common Equity Tier 1 instruments, (ii) Additional Tier 1 instruments (which would include the Securities), (iii) Tier 2 instruments, (iv) other subordinated claims and (v) eligible senior claims. In general, the exposure of creditors and shareholders resulting from the exercise of the bail-in powers will reflect the order in which they would have received distributions in an insolvency process immediately before the coming into effect of the bail-in power (the "no creditor worse off" safeguard). However, due to the exclusion of certain liabilities (such as protected deposits) from the scope of the bail-in powers, certain creditors may bear greater losses than they would on insolvency.

Other resolution powers under the Banking Act (including a transfer strategy)

As well as a "write-down and conversion of capital instruments" power and a "bail-in" power, the powers of an Authority under the Banking Act include the power to (i) direct the sale of the relevant financial institution – either by transfer of its shares or the whole or part of its business – on commercial terms to a private purchaser (with appropriate authorisation, in the case of a whole or partial business transfer) without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply (a so-called "transfer strategy"), (ii) transfer all or part of the business of the relevant financial institution to a "bridge institution" (an entity created for such purpose that is wholly or partially in public control) and (iii) separate assets by transferring impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can only be used together with another resolution tool, e.g. to manage any residual assets and liabilities left behind in a partial business transfer scenario). As for a bail-in, the "no creditor worse off" safeguard would apply to the use of these resolution tools, and particular provision is made to deal with the unique circumstances of a partial property transfer.

The Authorities also have wide powers under the Banking Act to modify contractual arrangements in certain circumstances (for example, varying the maturity of a debt instrument), to impose a temporary suspension of payments and to override events of default or termination rights that might be invoked as a result of the exercise of the resolution powers, which could have a material adverse effect on the rights of holders of the equity and debt securities issued by the Issuer (including Noteholders), including through a material adverse effect on the price of such securities (such as the Securities). The Banking Act also gives the Bank of England the power to override, vary or impose contractual obligations between a UK bank, its holding company and its group undertakings for reasonable consideration, in order to enable any transferee or successor bank to operate effectively. There is also power for HM Treasury to disapply or modify laws (with possible retrospective effect), excluding provisions made by or under the Banking Act, to enable the powers under the Banking Act to be used effectively.

Any exercise of these powers may limit the capacity of the Group to meet its obligations under the Securities. In addition, if the market perceives or anticipates that any action may be taken under the Banking Act in respect of the Group, Zopa Bank or any of their respective securities (including the Securities), this may have a significant adverse effect on the market price of the Securities and/or the liquidity and/or volatility of any market in the Securities, whether or not such powers are ultimately exercised. In such cases, investors may experience difficulties in selling their Securities, or may only be able to sell their Securities at a significant loss.

Strategic Risk

The risk of opportunity loss resulting from the failure to optimise the earnings potential of the Group's franchise.

The Group faces risks from the highly competitive environment in which it operates

The market for financial services in the UK faces many competitive pressures, and these pressures are expected to continue in response to competitor behaviour, consumer expectations, changing consumer demographics, technological changes, the effect of increasing market consolidation and new market entrants, regulatory actions and other factors. In particular, the market in which the Group operates has seen and is expected to see increasing market consolidation. In combination, the results of operations, digital capability, margins and returns of the Group will be put under increasing pressure through price pressure, reductions in fees and charges, increased marketing and other related expenses, investment demands, regulatory requirements and changes to capital requirements.

The financial services markets in which the Group operates are mature, such that growth by any bank typically requires winning market share from competitors. The Group faces competition from established financial services providers, including banks and building societies, some of which have substantially greater scale and financial resources, broader product offerings and more extensive distribution networks than the Group. The Group also faces competition from other new banks in the UK and new market entrants, including "challenger banks" and "neo banks" with specific areas of market focus, and non-bank competitors that, in some cases, have lower cost operating models and are therefore capable of generating better returns from asset growth.

As technology evolves and customer needs and preferences change, there is an increased risk of disruptive innovation or a failure by the Group to introduce new products and services to keep pace with industry developments and meet customer expectations. The Group is also subject to the risk of not appropriately responding to innovation in financial technologies, including generative AI. The Group's financial and operational performance may be materially adversely affected by an inability to keep pace with industry trends and customer expectations. The occurrence of any of the above situations and/or any failure to manage the competitive dynamics to which the Group is exposed could have a material adverse effect on its business, financial condition and results of operations.

Reputational risk could materially adversely affect the Group's business, financial condition and results of operations

The Group's reputation is one of its most important assets and its ability to attract and retain customers and staff and conduct business with its counterparties could be adversely affected to the extent that its reputation is damaged. "Zopa", the brand under which the Group operates, could suffer reputational damage arising from a failure to address, or from appearing to fail to address, a variety of issues, including:

- poor customer service;
- technology failures;
- breaches of data security;
- breaching, or facing allegations of having breached, legal and regulatory requirements;
- committing, or facing allegations of having committed, or being associated with those who have or are accused of committing, unethical practices, including regarding sales and trading practices;

- the failure of intermediaries and other third parties on whom the Group relies, such as clearing banks, third-party service providers or partners, to provide necessary services;

- poor business performance; and

- failing to meet, or facing allegations of failing to meet, legal and social expectations of ESG matters, human rights and/or modern slavery.

Further, the highly competitive market in which the Group operates means that reputational damage could have a significant negative impact on its ability to attract and retain customers. A failure to address these or any other relevant issues appropriately could make customers, depositors and investors unwilling to do business with the Group, which could have a material adverse effect on its business, financial condition and results of operations.

The Group may fail to retain and/or attract key members of staff

The Group's success depends upon the performance of key employees, including executives and senior managers. If the Group is unable to attract, retain or develop high calibre and diverse talent, the Group may be unable to implement and deliver a successful strategy.

The Group may fail to attract, retain or develop high calibre and diverse talent for various reasons, including individuals failing to identify with and support the strategy and brand of the Group, any event occurring which causes significant reputational damage to, or which has a material adverse impact on the financial condition of, the Group and/or any changes in the ownership of the Group. The ability of the Group to attract and retain talent may also be affected by issues impacting the financial services industry more widely. When compared to larger institutions, the Group may be unable to offer individuals the same opportunities to develop and advance. Negative media attention towards the sector may also impact the ability of the Group to attract and retain individuals, particularly at senior level.

Any of these factors could materially adversely impact the Group's business, financial condition and results of operations.

Risks Related to the Securities

The obligations of the Issuer in respect of the Securities are unsecured, unguaranteed and subordinated

The Securities constitute unsecured, unguaranteed and subordinated obligations of the Issuer.

If the Issuer's financial condition deteriorates such that there is an increased risk that the Issuer may be wound up or enter into administration, such circumstances can be expected to have a material adverse effect on the market price of the Securities. Investors in the Securities may find it difficult to sell their Securities in such circumstances, or may only be able to sell their Securities at a price which may be significantly lower than the price at which they purchased their Securities. In such a sale, investors may lose some or substantially all of their investment in the Securities, whether or not the Issuer is wound up or enters into administration. Further, trading behaviour in relation to the securities of the Issuer (including the Securities), including market prices and volatility, is likely to be affected by the use or any suggestion of the use of these powers and accordingly, in such circumstances, the Securities may not follow the trading behaviour associated with other types of securities.

On a Winding-Up at any time prior to the Write Down Date, all claims against the Issuer in respect of, or arising from (including any amounts attributable to the Securities and any damages awarded for breach of any obligations under) the Securities will rank junior to the claims of all Senior Creditors of the Issuer. If, on a Winding-Up, the assets of the Issuer are insufficient to enable the Issuer to repay the

claims of more senior-ranking creditors in full, the Holders will lose their entire investment in the Securities. If there are sufficient assets to enable the Issuer to pay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the Securities and all other claims that rank *pari passu* with the Securities in full, Holders will lose some (which may be substantially all) of their investment in the Securities. See also the risk factor entitled "*The entire principal amount of the Securities will be automatically and irrevocably written off and all accrued and unpaid interest will be cancelled if a Trigger Event occurs*".

For the avoidance of doubt, the Holders of the Securities shall, in a Winding-Up, have no claim to share with the ordinary shareholders in respect of the surplus assets (if any) of the Issuer remaining in any Winding-Up following payment of all amounts due in respect of the liabilities of the Issuer including the Securities.

Although the Securities may pay a higher rate of interest than Securities which are not subordinated, there is a substantial risk that investors in the Securities will lose all or some of the value of their investment should the Issuer become insolvent.

No limitation on issuing senior or pari passu securities

There is no restriction on the amount of securities which the Issuer may issue, nor on the amount of any other obligations it may assume, which rank senior to, or *pari passu* with, the Securities. The issue of any such securities and/or the assumption of any such other obligations may reduce the amount recoverable by Holders on a Winding-Up and/or may increase the likelihood of a cancellation of interest amounts under the Securities.

As the Issuer is a holding company, investors in the Securities will be structurally subordinated to creditors of the Issuer's operating Subsidiaries, the level of the Issuer's Distributable Items is affected by a number of factors, and insufficient Distributable Items will restrict the Issuer's ability to make interest payments on the Securities

The Issuer is a holding company and conducts substantially all of its operations through its Subsidiaries and accordingly the claims of the Securityholders under the Securities will be structurally subordinated to the claims of creditors of the Issuer's Subsidiaries (in addition to being subordinated within the Issuer's creditor hierarchy as further described above).

Further, as a holding company, the level of the Issuer's Distributable Items is affected by a number of factors, principally its ability to receive funds, directly or indirectly, from its operating Subsidiaries in a manner which creates Distributable Items. Consequently, the Issuer's future Distributable Items, and therefore the Issuer's ability to make interest payments on the Securities, are a function of the Issuer's existing Distributable Items, future Group profitability and performance and the ability to distribute or dividend profits from the Issuer's operating Subsidiaries up the Group structure to the Issuer. In addition, the Issuer's Distributable Items will also be reduced by the servicing of other debt and equity instruments.

The Issuer intends to on-lend the proceeds of issue of the Securities to Zopa Bank by subscribing for securities to be issued by Zopa Bank (the "**Intra-Group Securities**"), in a form which is eligible to count towards Additional Tier 1 Capital of Zopa Bank. As such, the Intra-Group Securities will rank below the vast majority of the liabilities of Zopa Bank. The Issuer intends that payments made by Zopa Bank to the Issuer under the Intra-Group Securities would be available by the Issuer to make payments under the Securities. However, there can be no assurance that this will be the case. For example, if such Intra-Group Securities were to be written down or converted to equity instruments by the Relevant UK Resolution Authority or the Intra-Group Securities were to be subject to Automatic Write Down in circumstances where the Securities are not also written down or converted to equity, or subject to Automatic Write Down, if payments of interest under the Intra-Group Securities were to be cancelled

(pursuant to either a mandatory cancellation or a discretionary cancellation by Zopa Bank under the terms of the Intra-Group Securities), or if payments are made by Zopa Bank under such Intra-Group Securities but the Issuer is required to utilise those funds to make payments under its other obligations, there can be no assurance that the Issuer would be able to generate sufficient funds to make payments under the Securities.

The ability of the Issuer's Subsidiaries to pay dividends and the Issuer's ability to receive distributions and other payments from the Issuer's investments in other entities (including the Intra-Group Securities) is subject to applicable local laws and other restrictions, including their respective regulatory, capital and leverage requirements and any related PRA or other regulator imposed restrictions (which apply either on a mandatory or voluntary basis), statutory reserves, financial and operating performance and applicable tax laws, and any changes thereto. Any such laws and restrictions applying either as at the date of this Offering Circular or as at any future date could limit the payment of dividends, distributions and other payments to the Issuer by the Issuer's Subsidiaries (including pursuant to the Intra-Group Securities), which could in time restrict the Issuer's ability to fund other operations, to maintain or increase its Distributable Items or make payments under the Securities. Further, the Issuer's rights to participate in the assets of any of its Subsidiaries if such Subsidiary is liquidated will be subject to the prior claims of such Subsidiary's creditors and any preference shareholders, except in the limited circumstance where the Issuer is a creditor of such Subsidiary with claims that are recognised to be ranked ahead of or *pari passu* with such claims. The Issuer's Subsidiaries are separate and distinct legal entities, and have no obligation to pay any amounts due or to provide the Issuer with funds to meet any of the Issuer's payment obligations under the Securities.

Further, the Issuer retains absolute discretion to restructure any loans to, or any other investments in, any of its Subsidiaries, including Zopa Bank (which includes the Intra-Group Securities), at any time and for any purpose including, without limitation, in order to provide different amounts or types of capital or funding to such Subsidiary as part of meeting regulatory capital, any future MREL and total loss absorbing capacity requirements in respect of Zopa Bank and/or the Group. A restructuring of a loan or investment made by the Issuer in a Subsidiary could include changes to any or all features of such loan, including its legal or regulatory form, how it would rank in the event of resolution and/or insolvency proceedings in relation to the Group or such Subsidiary, and the changes to the automatic write-down and/or inclusion of a provision for conversion into equity upon specified triggers. Any restructuring of the Issuer's loans to and investments in any of the Subsidiaries (including the Intra-Group Securities) may be implemented by the Issuer without prior notification to, or consent of, Holders, and may have an adverse effect on the ability of the Issuer to make payments under the Securities.

There are no events of default under the Securities and rights of enforcement are limited

The Conditions will not provide for events of default allowing acceleration of the Securities. Accordingly, if the Issuer fails to make a payment that has become due under the Securities, investors will not have the right to accelerate the principal amount of the Securities. Upon a payment default by the Issuer, the sole remedy against the Issuer available to the Trustee or (where the Trustee has failed to proceed against the Issuer as provided in the Conditions) any Holder will be to institute proceedings for the winding-up of the Issuer. The Trustee may claim in any Winding-Up (whether or not such Winding-Up is instituted by the Trustee) and claim in such Winding-Up for the amounts provided in Condition 3(c), and may take no other or further action to enforce, prove or claim for such payment. The Issuer (other than in a Winding-Up) will not be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

The Issuer may at any time elect, and in certain circumstances shall be required, not to make interest payments on the Securities. Cancelled interest payments will not be due and will not accumulate or be payable at any time thereafter and investors shall have no rights to receive such interest payments or any amount in lieu thereof

The Issuer may at any time elect, in its sole and absolute discretion, to cancel any interest payment (in whole or in part) on the Securities which is otherwise scheduled to be paid on any date. To the extent required under then prevailing Regulatory Capital Requirements, interest otherwise due to be paid on any date will not become due or payable (in whole or in part) and the relevant payment will be deemed cancelled and will not be made if and to the extent that the amount of such interest payment: (i) when (subject as described in the Conditions) aggregated with any interest payments or other distributions on the Securities and on all other own funds instruments or share capital paid or made or required to be paid or made, in each case, in the then current financial year of the Issuer or which are payable on the relevant Interest Payment Date (and not cancelled or deemed cancelled) exceeds the amount of the Issuer's Distributable Items as at such date; or (ii) when aggregated with other distributions of the kind referred to in rule 4.3(2) of Chapter 4 of the Capital Buffers Chapter of the PRA Rulebook exceeds any Maximum Distributable Amount applicable to the Issuer or the Group. Furthermore, interest otherwise due to be paid on any date will not become due (in whole or in part) and the relevant payment will be deemed cancelled and will not be made to the extent that the Competent Authority orders the Issuer to cancel such payment.

In addition, if a Trigger Event occurs, the Issuer will cancel all interest accrued up to (and including) the Write Down Date.

With respect to cancellation of interest due to insufficient Distributable Items, see also "*The level of the Issuer's Distributable Items is affected by a number of factors and insufficient Distributable Items will restrict the ability of the Issuer to make interest payments on the Securities*" below.

The current intention of the Issuer is to consider the relative ranking of ordinary shares, preference shares and Additional Tier 1 securities in the capital structure whenever exercising its discretion whether or not to declare dividends or pay interest. The board of directors of the Issuer may depart from this approach at its sole and absolute discretion.

Any interest not so paid on any scheduled payment date shall be cancelled, shall not accumulate and will not become due or payable at any time thereafter, whether in a Winding-Up or otherwise. A cancellation of interest in accordance with the Conditions will not constitute a default of the Issuer under the Securities for any purpose, nor shall it impose any contractual restrictions (such as dividend stoppers) or any other obligation on the Issuer. The Issuer may use any such cancelled payment without restriction and the cancellation of such interest amounts will not impose any restrictions on the Issuer nor prevent or restrict the Issuer from declaring or making any distributions or interest payments on any of its shares or other instruments or obligations.

Any actual or anticipated cancellation of interest on the Securities will likely have an adverse effect on the market price of the Securities. In addition, as a result of the interest cancellation provisions of the Securities, the market price (if any) of the Securities may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Issuer's financial condition.

The level of the Issuer's Distributable Items is affected by a number of factors and insufficient Distributable Items will restrict the ability of the Issuer to make interest payments on the Securities

To the extent required under then prevailing Regulatory Capital Requirements, interest which would otherwise fall due to be paid on any date will not become due or payable (in whole or part) if and to the extent that payment of such interest amount would, when aggregated with other stipulated payments or distributions, exceed the Distributable Items of the Issuer.

As at the date of this Offering Circular, Distributable Items are defined under Article 4(1)(128) of the CRR as applicable in the UK, when read together with the definition of "Distributable Items" in the Conditions, as follows: "the amount of the profits at the end of the last financial year plus any profits brought forward and reserves available for that purpose, before distributions by the Issuer to holders of own funds instruments (other than Tier 2 Capital instruments), less any losses brought forward, any profits which are non-distributable pursuant to national law or the institution's by-laws and any sums placed in non-distributable reserves in accordance with the law of the United Kingdom, or any part of it, or of a third country or the statutes of the institution, in each case with respect to the specific category of own funds instruments to which the law of the United Kingdom, or any part of it, or of a third country, institutions' by-laws, or statutes relate; such profits, losses and reserves being determined on the basis of the individual accounts of the institution and not on the basis of the consolidated accounts".

As at 31 March 2025, the Issuer had Distributable Items in the form of retained earnings of £436,093,945. The level of the Issuer's Distributable Items is affected by a number of factors. The Issuer's future Distributable Items, and therefore the ability of the Issuer to make interest payments under the Securities, are a function of the Issuer's existing Distributable Items and its future profitability. As a holding company, the level of the Issuer's Distributable Items is principally affected by its ability to receive funds, directly or indirectly, from its operating Subsidiaries in a manner which creates Distributable Items for the Issuer. The Issuer is also reliant on the receipt of distributions from its Subsidiaries for funding the Issuer's payment obligations. Please also see "*As the Issuer is a holding company, investors in the Securities will be structurally subordinated to creditors of the Issuer's operating Subsidiaries, the level of the Issuer's Distributable Items is affected by a number of factors, and insufficient Distributable Items will restrict the Issuer's ability to make interest payments on the Securities" above.*

The level of the Issuer's Distributable Items may also be affected by the payment of dividends or capital distributions on, or redemptions and/or purchases of, ordinary or preference shares in the Issuer or by changes to regulation or the requirements and expectations of applicable regulatory authorities. Any such potential changes could adversely affect the Issuer's Distributable Items in the future. In addition, the Issuer's Distributable Items may also be adversely affected by the servicing of more senior instruments or parity ranking instruments, including other Additional Tier 1 instruments. Please also see "*The Issuer may at any time elect, and in certain circumstances shall be required, not to make interest payments on the Securities. Cancelled interest payments will not be due and will not accumulate or be payable at any time thereafter and investors shall have no rights to receive such interest payments or any amount in lieu thereof"* in respect of the Issuer's current intention in respect of interest payments and dividend declarations.

Further, the Issuer's Distributable Items, and therefore the Issuer's ability to make interest payments under the Securities, may be adversely affected by the performance of the business of the Group in general, factors affecting its financial position (including capital and leverage), the economic environment in which the Group operates and other factors outside of the Issuer's control. In addition, adjustments to earnings, as determined by the board of directors of the Issuer, may fluctuate significantly and may materially adversely affect Distributable Items.

The Securities may be traded with accrued interest, but under certain circumstances described above, such interest may be cancelled and not paid on the scheduled payment date

The Securities may trade, and/or the prices for the Securities may appear, on any stock exchange and in other trading systems with accrued interest. If this occurs, purchasers of Securities in the secondary market will pay a price that reflects such accrued interest upon purchase of the Securities. However, if a payment of interest on any scheduled payment date is cancelled (in whole or in part) as described herein and thus is not due and payable, purchasers of such Securities will not be entitled to that interest payment (or, if the Issuer elects to make a payment of a portion, but not all, of such interest payment, the portion of such interest payment not paid) on the relevant scheduled payment date.

CRD IV includes restrictions on distributions that will restrict the Issuer from making interest payments on the Securities in certain circumstances, in which case the Issuer will cancel such interest payments. In addition, the PRA has the power under section 192C of the FSMA to restrict or prohibit payments of interest by the Issuer to Holders

The Group is required to hold, on a consolidated basis, the Total Capital Requirements and to meet the Combined Buffers as well as any PRA Buffer, as set out above under "*The Group is subject to regulatory capital, liquidity and leverage requirements that could limit its operations, and changes to these requirements may further limit, and could have a material adverse effect on, the Group's business, financial condition and results of operations".*The Combined Buffers must be met with CET1 Capital, and the CET1 Capital used to satisfy the Combined Buffers cannot also be used to satisfy the Pillar 1 Capital Requirements or Pillar 2A requirements, each of which must be met in full before CET1 Capital can be applied to meeting the Combined Buffers. Accordingly, to the extent that any increases in the Group's Pillar 2A requirements are, or are required to be, met with CET1 Capital, the amount of CET1 Capital available to meet the Combined Buffers may be reduced.

If the Group fails to meet the Combined Buffers, it would be required to calculate a maximum distributable amount and would be restricted from making "discretionary payments" such as payments relating to CET1 capital, variable remuneration and payments on Additional Tier 1 instruments such as the Securities.

The Group's capital requirements, including Pillar 2A Capital requirements, are, by their nature, calculated by reference to a number of factors any one of which or combination of which may not be easily observable or capable of calculation by investors. The PRA has also introduced a "PRA buffer" as described above under "*The Group is subject to regulatory capital, liquidity and leverage requirements that could limit its operations, and changes to these requirements may further limit, and could have a material adverse effect on, the Group's business, financial condition and results of operations"*. A failure to satisfy the PRA buffer, if one were to be imposed on the Group, could result in the Group being required to prepare a capital restoration plan. This may, but would not automatically, provide for or result in restrictions on discretionary payments being made by the Issuer (including payments on Additional Tier 1 instruments such as the Securities).

Future changes in applicable law or regulation could expand the circumstances in which the Issuer and/or the Group may be required to calculate a maximum distributable amount which could, in turn, result in further restrictions on discretionary payments being made by the Issuer. These circumstances could include, for example, cases where the Combined Buffers and the MREL are not met, or where any applicable leverage ratio buffer requirements are breached. Please also refer to the risk factor "*Investors may not be able to predict accurately the proximity of the risk of interest payments on the Securities being prohibited from time to time*" below.

In addition, the PRA has the power under section 192C of FSMA to impose requirements on the Issuer to maintain specified levels of capital on a consolidated basis. These requirements could make it impossible for the Issuer to make interest payments on the Securities or to redeem the Securities without

placing the Issuer in breach of its regulatory obligations concerning the consolidated capital position of the Issuer. The risk of any such intervention by the PRA is most likely to materialise if at any time the Issuer is failing, or is expected to fail, to meet its capital requirements.

Any interest cancelled as a result of an applicable maximum distributable amount or as a result of regulatory discretion under Section 192C of the FSMA shall not become due and shall not accumulate or be payable at any time thereafter.

Furthermore, holders of the Securities may not be able to predict accurately the proximity of the risk of discretionary payments on the Securities being prohibited from time to time as a result of the operation of limitations on distributions or payments, and therefore, may not be able to foresee the cancellation (in whole or in part) of interest payments in respect of the Securities.

Investors may not be able to predict accurately the proximity of the risk of interest payments on the Securities being prohibited from time to time

Neither Zopa Bank nor the Group is currently subject to an MREL requirement in excess of minimum capital requirements, however it may become subject to such a requirement in the future. MREL is intended to ensure that there is sufficient equity and specific types of liabilities to facilitate an orderly resolution that minimises any impact on financial stability and ensuring the continuity of critical functions and avoids exposing taxpayers to loss. The PRA expects firms not to double count CET1 towards both MREL and the amount reflecting the risk-weighted capital and leverage buffers. Under PRA Supervisory Statement (SS16/16), if a firm does not have, or expects that it will not have, sufficient CET1, in addition to any own funds and liabilities counted towards its MREL, to meet the amount of CET1 it should maintain for the purposes of risk-weighted capital and leverage buffer requirements, the firm will be considered to have used, or be about to use, the buffers of the regime where the total amount of capital required to meet minimum requirements plus buffers (risk-weighted capital or leverage) is largest.

The requirements described above may be breached where sufficient levels of own funds and eligible liabilities are not held to meet capital buffer requirements, leverage buffer requirements and MREL to the extent this were to become applicable to Zopa Bank and/or the Group (including the additional buffer requirements). Failure to meet the Combined Buffers may result in the imposition of a maximum amount of discretionary payments which can be made (including payments on Additional Tier 1 instruments). A breach of any of the requirements above could result in an obligation upon the Group to prepare a capital restoration plan. Such capital restoration plan may provide for or result in restrictions on discretionary payments, which may subsequently result in the cancellation (in whole or in part) of interest payments in respect of the Securities.

More generally, the PRA has broad powers under sections 55M and 192C of the FSMA to impose requirements on the Group to strengthen its capital position, the effect of which could be to restrict or prohibit payments of interest on the Securities. If the PRA imposes such a requirement, the Issuer will exercise its discretion to cancel (in whole or in part, as required by the PRA) interest payments in respect of the Securities. The risk of any such intervention by the PRA is most likely to materialise if at any time the Group is failing, or is expected to fail, to meet its capital requirements or buffer requirements.

Moreover, the Group's capital requirements, including Pillar 2A requirements, are, by their nature, calculated by reference to a number of factors, any one of which, or a combination of which, may not be easily observable or capable of calculation by prospective investors. The interaction of restrictions on distributions (including interest payments on the Securities) with, in addition to the impact of, the capital requirements and buffers and leverage framework applicable to the Group, as well as the current implementation of MREL requirements (to the extent they were to apply to the Group) in addition to the possible changes to prudential regimes as set out under "*The Group is subject to regulatory capital, liquidity and leverage requirements that could limit its operations, and changes to these requirements*

may further limit, and could have a material adverse effect on, the Group's business, financial condition and results of operations" above, remain uncertain in many respects. Changes to these rules could also result in a financial institution being required to hold more own funds and eligible liabilities in order to prevent maximum distributable amount restrictions from applying. As a result of such uncertainty, prospective investors may not be able to anticipate whether the Issuer's ability to make interest payments in respect of Additional Tier 1 instruments may be reduced.

All payments in respect of or arising from the Securities are conditional upon the Issuer being solvent at the time of payment by the Issuer and immediately thereafter

Condition 3(*b*) provides that (except in a Winding-Up) all payments in respect of or arising from (including any damages awarded for breach of any obligations under) the Securities are, in addition to the right or obligation of the Issuer to cancel payment of interest under Condition 5 or 6, conditional upon the Issuer being solvent (as defined in the Conditions) at the time of payment by the Issuer and that no payment shall be due and payable in respect of or arising from the Securities except to the extent that the Issuer could make such payment and still be solvent immediately thereafter. Non-payment of any interest or principal as a result of the solvency condition in Condition 3(*b*) not being satisfied shall not constitute a default on the part of the Issuer for any purpose under the terms of the Securities, and Holders of the Securities will not be entitled to accelerate the principal of the Securities or take any other enforcement as a result of any such non-payment.

The entire principal amount of the Securities will be automatically and irrevocably written off and all accrued and unpaid interest will be cancelled if a Trigger Event occurs

Under the terms of the Securities, if at any time a Trigger Event occurs, all accrued and unpaid interest will be, automatically and irrevocably, cancelled and the entire principal amount of the Securities will be reduced to zero and cancelled. In such circumstances, the Holders will have no rights against the Issuer with respect to repayment of the principal amount of the Securities or any part thereof, the payment of any interest for any period or any other amounts arising under or in connection with the Securities and/or the Trust Deed, whether in a Winding-Up or otherwise, and there will be no reinstatement (in whole or in part) of the principal amount of the Securities at any time. Accordingly, if a Trigger Event occurs, Holders of the Securities will lose their entire investment in the Securities.

The Automatic Write Down to zero may occur even if ordinary shares of the Issuer remain outstanding, and irrespective of whether the Issuer has sufficient assets available to settle the claims of the Holders of the Securities or other securities subordinated to the same or greater extent as the Securities, in Winding-Up proceedings or otherwise. As a result, Holders of Securities may have no claim for principal in the event of a Winding-Up, even though other securities that rank equally in priority may continue to have such a claim and the Issuer may have sufficient assets to satisfy the claims of holders of other subordinated debt of the Issuer.

A Trigger Event will occur if at any time the CET1 Ratio of the Group is less than 7.00 per cent. Whether a Trigger Event has occurred at any time shall be determined by the Issuer, the Competent Authority or any agent appointed for such purpose and such determination shall be binding on the Trustee and the Holders. The CET1 Ratio will be calculated on a consolidated basis and without applying any transitional provisions set out in the Regulatory Capital Requirements which are applicable at such time (unless such transitional provisions are required or permitted (explicitly or without restriction) by the Competent Authority or the Regulatory Capital Requirements to be applied for the purposes of determining whether a Trigger Event has occurred). The Issuer currently intends to publish the CET1 Ratio of the Group semi-annually. The following two risk factors include discussion of certain risks associated with the determination of the Group's CET1 Ratio.

In addition, the market price of the Securities is expected to be affected by fluctuations in the Group's CET1 Ratio. Any reduction in the Group's CET1 Ratio may have an adverse effect on the market price

of the Securities, and such adverse effect may be particularly significant if there is any indication or expectation that the Group's CET1 Ratio is or is near to 7.00 per cent. This could also result in reduced liquidity and/or increased volatility of the market price of the Securities.

The circumstances surrounding or triggering an Automatic Write Down are inherently unpredictable and may be caused by factors outside of the Issuer's control. The Issuer has no obligation to operate its businesses in such a way, or take any mitigating actions, to maintain or restore the Group's CET1 Ratio to avoid a Trigger Event and actions the Group takes could result in the Group's CET1 Ratio falling

The occurrence of a Trigger Event and, therefore, an Automatic Write Down, is inherently unpredictable and depends on a number of factors, some of which may be outside of the Issuer's control. A Trigger Event will occur if at any time the CET1 Ratio of the Group is less than 7.00 per cent. Whether a Trigger Event has occurred at any time shall be determined by the Issuer, the Competent Authority or an agent on its behalf and such determination shall be binding on the Trustee and the Holders. As such, an Automatic Write Down could occur at any time.

The calculation of the CET1 Ratio of the Group could be affected by, among other things, the growth of the Group's business and the Group's future earnings, dividend payments, regulatory changes (including changes to definitions and calculations of regulatory capital, including CET1 capital and risk weighted assets (each of which shall be calculated by the Issuer on an end-point, consolidated basis unless, at the relevant time, transitional provisions are required or permitted (explicitly or without restriction) by the Competent Authority or the Regulatory Capital Requirements to be applied for the purposes of determining whether a Trigger Event has occurred), actions that the Issuer or its regulated Subsidiaries are required to take at the direction of the Competent Authority and the Group's ability to manage Risk Weighted Assets in both its on-going businesses and those which it may seek to exit. In addition, the Group has capital resources and risk weighted assets denominated in foreign currencies, and changes in relevant foreign exchange rates will result in changes in the sterling equivalent value of capital resources and risk weighted assets in the relevant foreign currency. Actions that the Group takes could also affect the Group's CET1 Ratio, including causing it to decline. The Issuer has no contractual obligation to increase the Group's CET1 Capital, reduce its Risk Weighted Assets or otherwise operate its business in such a way, take mitigating actions in order to prevent the Group's CET1 Ratio from falling below 7.00 per cent., to maintain or increase the Group's CET1 Ratio or otherwise to consider the interests of the Holders in connection with any of its business decisions that might affect the Group's CET1 Ratio. Future changes to the Regulatory Capital Requirements could result in a reduction of the Group's CET1 Ratio and could increase the risk of a Trigger Event, and accordingly an Automatic Write Down, occurring.

The calculation of the Group's CET1 Ratio may also be affected by changes in applicable accounting rules, or by changes to regulatory adjustments which modify the regulatory capital impact of accounting rules. Moreover, even if changes in applicable accounting rules, or changes to regulatory adjustments which modify accounting rules, are not yet in force as of the relevant calculation date, the Competent Authority could require the Issuer to reflect such changes in any particular calculation of the Group's CET1 Ratio.

Because of the inherent uncertainty regarding whether a Trigger Event will occur and there being no obligation on the Issuer's part to prevent its occurrence, it will be difficult to predict when, if at all, an Automatic Write Down could occur. Accordingly, the trading behaviour of any Securities may not necessarily follow the trading behaviour of other types of subordinated securities, including any other subordinated debt securities which may be issued by the Issuer in the future. Fluctuations in the CET1 Ratio of the Group may be caused by changes in the amount of CET1 Capital of the Group and its Risk Weighted Assets as well as changes to their respective definitions or method of calculation (including as to the application of adjustments and deductions) under the capital rules applicable to the Issuer.

Any indication or expectation that the Group's CET1 Ratio is moving towards the level which would cause the occurrence of a Trigger Event can be expected to have a material adverse effect on the market price and liquidity of the Securities. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to other types of subordinated securities.

The CET1 Ratio of the Group will be affected by the Group's business decisions and, in making such decisions, the Group's interests may not be aligned with those of the Holders of the Securities

As discussed in "*The circumstances surrounding or triggering an Automatic Write Down are inherently unpredictable and may be caused by factors outside of the Issuer's control. The Issuer has no obligation to operate its businesses in such a way, or take any mitigating actions, to maintain or restore the Group's CET1 Ratio to avoid a Trigger Event and actions the Group takes could result in the Group's CET1 Ratio falling*" above, the Group's CET1 Ratio could be affected by a number of factors. The Group's CET1 Ratio will also depend on the decisions made by members of the Group relating to their businesses and operations, as well as the management of their capital positions. Neither the Issuer nor any other member of the Group will have any obligation to consider the interests of the Holders of the Securities in connection with its strategic decisions, including in respect of its capital management. Holders of the Securities will not have any claim against the Issuer or any other member of the Group relating to decisions that affect the business and operations of the Issuer or the Group, including the Issuer's or the Group's capital position, regardless of whether they result in the occurrence of a Trigger Event. Such decisions could cause Holders of the Securities to lose all or part of the value of their investment in the Securities.

The Securities may be subject to statutory bail-in or write down powers under the Banking Act

As described in the risk factor entitled "*The Group is subject to applicable Bank Resolution Powers*" above, the UK bail-in power is an additional power available to the UK resolution authorities under the special resolution regime provided for in the Banking Act to enable them to recapitalise a failed institution by allocating losses to such institution's shareholders and unsecured creditors subject to the rights of such shareholders and unsecured creditors to be compensated under a bail-in compensation order, which is based on the principle that such creditors should receive no less favourable treatment than they would have received had the bank entered into insolvency immediately before the coming into effect of the bail-in power. The bail-in power includes the power to cancel or write down (in whole or in part) certain liabilities or to modify the terms of certain contracts (including changes to the maturity of instruments, call dates of instruments, or the interest rate under such instruments) for the purposes of reducing or deferring the liabilities (including suspension of payments for a certain period) of a relevant institution under resolution and the power to convert certain liabilities into shares (or other instruments of ownership) of the relevant institution.

The Securities are a liability which could be cancelled, written down (in whole or in part) or converted pursuant to the exercise of the bail-in power. The Securities would be amongst the first of the Issuer's obligations to bear losses through write-down or conversion to equity pursuant to the exercise of the bail-in power because in the event of the insolvency of the Issuer, the claims in respect of the Securities would rank behind all other claims other than claims in respect of share capital of the Issuer.

The Banking Act also contains a mandatory write down power which enables (and, in certain circumstances, requires) the UK resolution authority to recapitalise institutions and/or their parent holding companies that are in severe financial difficulty or at the point of non-viability by permanently writing down, *inter alia*, capital instruments such as the Securities, or converting those capital instruments into shares. Before taking any form of resolution action or applying any resolution power set out in the Banking Act, the UK resolution authorities have the power (and are obliged when specified conditions are determined to have been met) to write down, or convert capital instruments such as the Securities into CET1 capital instruments before, or simultaneously with, the entry into resolution of the relevant entity. These measures could be applied to the Securities.

In contrast to the creditor protections afforded in the event of the bail-in powers being exercised, Holders of the Securities would not be entitled to the 'no creditor worse off' protections under the Banking Act in the event that the Securities are written down or converted to equity under the mandatory write-down tool (unless the mandatory write-down tool were to be used alongside a bail-in).

Furthermore, if the Securities were to be converted into equity securities by application of the mandatory write- down tool, those equity securities may be subjected to the bail-in powers in resolution, resulting in their cancellation, significant dilution or transfer away from the investors therein.

Holders agree to be bound by the exercise of UK Bail-in Power by the Relevant UK Resolution Authority

In recognition of the resolution powers granted by law to the Relevant UK Resolution Authority, by acquiring the Securities, each Holder will acknowledge and accept that the Amounts Due may be subject to the exercise of UK Bail-in Power and will acknowledge, accept, consent to and agree to be bound by the effect of the exercise of any UK Bail-in Power by the Relevant UK Resolution Authority, that may result in (i) the reduction of all, or a portion, of the Amounts Due; (ii) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or another person and the issue to or conferral on the Holder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Securities; (iii) the cancellation of the Securities or the Amounts Due in respect of the Securities; (iv) the amendment or alteration of the perpetual nature of the Securities or amendment of the amount of interest payable on the Securities, or the date on which interest becomes payable, including by suspending payment for a temporary period. Each Holder will further acknowledge, accept, consent and agree to be bound by the variation of the terms of the Securities, as deemed necessary by the Relevant UK Resolution Authority, to give effect to the exercise of UK Bail-in Power by the Relevant UK Resolution Authority.

Accordingly, UK Bail-in Power may be exercised in such a manner as to result in Holders losing all or a part of the value of their investment in the Securities, having payment on the Securities suspended for a period of time or receiving a different security from the Securities, which may be worth significantly less than the Securities and which may have significantly fewer protections than those typically afforded to debt securities. Moreover, the Relevant UK Resolution Authority may exercise UK Bail-in Power without providing any advance notice to, or requiring the consent of, the Holders. In addition, under the Conditions, the exercise of UK Bail-in Power by the Relevant UK Resolution Authority with respect to the Securities will not constitute a default for any purpose.

The Securities are not 'protected liabilities' for the purposes of any government compensation scheme

The FSCS established under the FSMA is the statutory fund of last resort for customers of authorised financial services firms paying compensation to customers if the firm is unable, or likely to be unable, to pay certain claims (including in respect of deposits and insurance policies) made against it (together, "**Protected Liabilities**").

The Securities are not, however, Protected Liabilities under the FSCS and, moreover, are not guaranteed or insured by any government, government agency or compensation scheme of the UK or any other jurisdiction.

There is no scheduled redemption date for the Securities and Holders have no right to require redemption

The Securities are undated securities in respect of which there is no fixed redemption or maturity date. The Issuer is under no obligation to redeem the Securities at any time and the Holders have no right to require the Issuer or any member of the Group to redeem or purchase any Securities at any time. Any

redemption of the Securities and any purchase of any Securities by the Issuer or any of its Subsidiaries will be subject always to Supervisory Permission and to compliance with prevailing Regulatory Capital Requirements, and the Holders may not be able to sell their Securities in the secondary market (if at all) at a price equal to or higher than the price at which they purchased their Securities. Accordingly, investors in the Securities should be prepared to hold their Securities for a significant period of time.

The Securities are subject to early redemption at their principal amount upon the occurrence of certain events

Subject to the prior Supervisory Permission and to compliance with prevailing Regulatory Capital Requirements, the Issuer may, at its option, redeem all (but not some only) of the Securities at any time at their principal amount plus interest accrued and unpaid (excluding interest that has been cancelled in accordance with the Conditions) up to but excluding the redemption date, upon the occurrence of a Tax Event or a Capital Disqualification Event, as further described in the Conditions. The Issuer may also redeem the Securities on any day falling in the period from (and including) 20 May 2030 to (and including) the First Reset Date or any day falling in the period of six months prior to (and including) any Reset Date thereafter, or if 75 per cent. or more of the aggregate principal amount of the Securities originally issued (and, for these purposes, any Further Securities (as defined in the Conditions) will be deemed to have been originally issued) has been purchased by the Issuer or any of its Subsidiaries or by others for the Issuer's account and cancelled.

An optional redemption feature is likely to limit the market value of the Securities. During any period when the Issuer may elect to redeem the Securities, the market value of the Securities generally will not rise substantially above the price at which they can be redeemed.

If the Issuer redeems the Securities in any of the circumstances mentioned above, there is a risk that the Securities may be redeemed at times when the redemption proceeds are less than the current market value of the Securities or when prevailing interest rates may be relatively low, in which latter case Holders may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

Waiver of set-off

Subject to applicable law, the Holders waive any right of set-off, compensation, counterclaim, netting or retention in respect of any amount owed to them by the Issuer in respect of, or arising under or in connection with the Securities or the Trust Deed. Therefore, Holders will not be entitled (subject to applicable law) to set-off the Issuer's obligations in respect of, or arising under or in connection with the Securities or the Trust Deed against obligations owed by them to the Issuer. Holders may therefore be required to initiate separate proceedings to recover amounts in respect of any counterclaim and may receive a lower recovery in the event of a winding-up or administration of the Issuer than if set-off, compensation, counterclaim, netting or retention were permitted. For further details regarding waiver of set-off, compensation, counterclaim, netting or retention by the Holders, see Condition 3(d).

The interest rate on the Securities will be reset on each Reset Date, which may affect the market value of the Securities

The Securities will initially earn interest at a fixed rate of interest to, but excluding, the First Reset Date. From, and including, the First Reset Date, however, and every Reset Date thereafter, the interest rate will be reset to the Reset Rate of Interest (as described in Condition 4(d)). This reset rate could be less than the Initial Fixed Interest Rate and/or the interest rate that applies immediately prior to such Reset Date, which could affect the amount of any interest payments under the Securities and consequently the market value of an investment in the Securities.

The gross-up requirement is limited to payments of interest

The requirement for the Issuer to pay additional amounts on the Securities in respect of any withholding or deduction for or on account of taxes in the Taxing Jurisdiction applies only to payments of interest on the Securities and not to payments of principal in respect of the Securities. As such, the Issuer would not be required to pay any additional amounts to the extent any withholding or deduction for or on account of taxes in the Taxing Jurisdiction is applied to payments of principal in respect of the Securities (including where the Taxing Jurisdiction treats any part of such principal as "interest" for tax purposes). Accordingly, if any such withholding or deduction were to apply to any payments of principal in respect of any Securities, Holders shall only be entitled to the net amount of such payment after deduction of the amount required to be withheld or deducted. The market value of the Securities may be adversely affected as a result.

Because the Securities are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on the clearing system procedures for transfer, payment and communication with the Issuer

The Securities will, upon issue, be represented by a Global Certificate that will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Certificate. While the Securities are in global form, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg, as the case may be.

While the Securities are in global form, the payment obligations of the Issuer under the Securities will be discharged upon such payments being made by or on behalf of the Issuer to or to the order of the nominee for the Common Depositary. A holder of a beneficial interest in a Security must rely on the procedures of Euroclear and/or Clearstream, Luxembourg, as the case may be, to receive payments under the Securities. The Issuer does not have any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

The Issuer may be substituted as principal debtor in respect of the Securities, including without the consent of Holders

The Conditions provide that at any time, and in accordance with the Conditions and the Trust Deed, and subject to the prior Supervisory Permission from the Competent Authority pursuant to the Regulatory Capital Requirements, the Trustee may agree, including without consent of the Holders, to the substitution in place of the Issuer as the new principal debtor under the Trust Deed and the Securities of the Issuer's successor in business or Holding Company, in each case subject to the Trustee being satisfied that such substitution is not materially prejudicial to the interests of the Holders, and subject to certain other conditions set out in Condition 14(d) being complied with.

The tax and stamp duty consequences of holding Securities following a substitution could be different for some categories of Holders from the tax and stamp duty consequences for such Holders of holding the Securities prior to any such substitution.

There can be no assurance as to how the Securities could be viewed by the market following such substitution or whether the Securities would trade at prices that are at least equivalent to the prices at which the Securities would have traded without such substitution of the Issuer. Therefore, there can be no assurance that the substitution of the Issuer will not have a significant adverse impact on the price of, and/or market for, the Securities or the circumstances of individual holders. In addition, any such

substitution could have unexpected commercial consequences depending on the circumstances of an individual holder.

Meetings of Holders and modification

The Conditions will contain provisions for calling meetings of Holders (including in a physical place or by any electronic platform (such as conference call or videoconference) or a combination of such methods) to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

In addition, the Trustee may agree, without the consent of the Holders, to (i) any modification of the Conditions or of any other provisions of the Trust Deed or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification to (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of any of the Conditions or of the provisions of the Trust Deed or the Agency Agreement which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Holders.

In addition, the Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders duly convened and held.

Further, if a Tax Event or a Capital Disqualification Event has occurred, then the Issuer may, subject to certain conditions but without any requirement for the consent or approval of the Holders, at any time (whether before or following the First Reset Date) either substitute all (but not some only) of the Securities for, or vary the terms of the Securities so that they remain or, as appropriate, become Compliant Securities. The tax and stamp duty consequences of holding Securities following such a substitution could be different for some categories of Holders from the tax and stamp duty consequences for such Holders of holding the Securities prior to any such substitution.

There can be no assurance as to how the terms of any Compliant Securities resulting from any such substitution or variation will be viewed by the market or whether any such Compliant Securities will trade at prices that are at least equivalent to the prices at which the substituted or varied Securities would have traded on the basis of their original price. Therefore, there can be no assurance that the Compliant Securities will not have a significant adverse impact on the price of, and/or market for, the Securities or the circumstances of individual holders. In addition, any such substitution or variation could have unexpected commercial consequences depending on the circumstances of an individual holder.

Change of law

The Conditions will be governed by the laws of England. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England or applicable administrative practice after the date of this Offering Circular. Such changes in law may include, but are not limited to, the introduction of a variety of statutory resolution and loss absorption tools which may affect the rights of Holders. Such tools may include the ability to write off sums otherwise payable on the Securities.

In addition, any changes in law or regulations that trigger a Tax Event or a Capital Disqualification Event would, subject to Condition 7(b), entitle the Issuer, at its option, to redeem all, but not some only of the Securities, as more particularly described under Conditions 7(d) and 7(e), respectively, or to substitute all (but not some only) of the Securities for, or vary the terms of the Securities so that they remain or, as appropriate, become Compliant Securities as provided under Condition 7(g).

Legality of purchase

Neither the Issuer nor any of its affiliates has or assumes responsibility for the lawfulness of the acquisition of the Securities by a prospective investor in the Securities, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

Potential investors are further referred to the section headed "*Restrictions on marketing and sales to retail investors*" commencing on page ii of this Offering Circular for further information.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Securities are legal investments for it, (ii) Securities can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

Investors who hold less than the minimum specified denomination may be unable to sell their Securities and may be adversely affected if definitive Securities are subsequently required to be issued

The Securities are in denominations of £200,000 and integral multiples of £1,000 in excess thereof. Accordingly, it is possible that they may be traded in amounts that are not integral multiples of £200,000. In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than £200,000 in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Securities at or in excess of £200,000 such that its holding amounts to at least equal to £200,000. Further, a holder who, as a result of trading such amounts, holds an amount which is less than £200,000 in his account with the relevant clearing system at the relevant time may not receive a definitive Security in respect of such holding (should such Securities be printed) and would need to purchase a principal amount of Securities at or in excess of £200,000 such that its holding amounts to at least equal to £200,000.

A Holder's actual yield on the Securities may be reduced from the stated yield by transaction costs

When Securities are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Securities. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional domestic or foreign parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Holders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), Holders must also take into account any follow-up costs (such as custody fees). Prospective investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Securities before investing in the Securities.

Please refer also to "*The Issuer may at any time elect, and in certain circumstances shall be required, not to make interest payments on the Securities. Cancelled interest payments will not be due and will not accumulate or be payable at any time thereafter and investors shall have no rights to receive such interest payments or any amount in lieu thereof*" above.

Risks Related to the Market Generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

The Securities represent a new security for which no secondary trading market currently exists and there can be no assurance that one will develop. If a market does develop, it may not be very liquid. In particular, holdings in the Securities upon issue may be concentrated as they may be purchased by a limited number of initial investors (who may include either on issue or in the future shareholders or their affiliates), one or more of whom may hold a significant proportion of the total issuance. See further details in the section headed "*Subscription and Sale*". Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Securities.

If a market for the Securities does develop, the trading price of the Securities may be subject to wide fluctuations in response to many factors, including those referred to in this risk factor, as well as stock market fluctuations and general economic conditions that may adversely affect the market price of the Securities. Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them, and such volatility may be increased in an illiquid market. If any market in the Securities does develop, it may become severely restricted, or may disappear, if the financial condition and/or the CET1 Ratio of the Group deteriorates such that there is an actual or perceived increased likelihood of the Issuer being unable, or where the Competent Authority elects to direct the Issuer not, to pay interest on the Securities in full, or of the Securities being written down or otherwise subject to loss absorption under the Conditions or an applicable statutory loss absorption regime. In addition, the market price of the Securities may fluctuate significantly in response to a number of factors, some of which are beyond the Issuer's control, including:

- actual or expected variations in the Group's operating performance;
- any shortfall in revenue or net profit or any increase in losses from levels expected by market commentators;
- increases in capital expenditure compared with expectations;
- any perception that the Group's strategy is or may be less effective than previously assumed or that the Group is not effectively implementing any significant projects;
- changes in financial estimates by securities analysts;
- changes in market valuations of similar entities;
- announcements by the Group of significant acquisitions, strategic alliances, joint ventures, new initiatives, new services or new service ranges;
- regulatory matters, including changes in regulatory regulations or central bank requirements;
- additions or departures of key personnel; and
- future issues or sales of Securities or other securities.

Any or all of these events could result in material fluctuations in the price of Securities which could lead to investors losing some or all of their investment.

The issue price of the Securities might not be indicative of prices that will prevail in the trading market, and there can be no assurance that an investor would be able to sell its Securities at or near the price which it paid for them, or at a price that would provide it with a yield comparable to more conventional investments that have a developed secondary market.

Moreover, although the Issuer and any Subsidiary of the Issuer can (subject to regulatory approval and compliance with prevailing prudential requirements) purchase Securities at any time, they have no obligation to do so. Purchases made by the Issuer or any member of the Group could affect the liquidity of the secondary market of the Securities and thus the price and the conditions under which investors can negotiate these Securities on the secondary market.

In addition, Holders should be aware that there may be a lack of liquidity in the secondary market which could result in investors suffering losses on the Securities in secondary resales even if there were no decline in the performance of the Securities or the assets of the Issuer. The Issuer cannot predict whether these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Securities and instruments similar to the Securities at that time.

Although applications have been made for the Securities to be listed and admitted to trading on the Market, there is no assurance that such application will be accepted or that an active trading market will develop.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Securities in pounds sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than pounds sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of pounds sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency or pounds sterling may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to pounds sterling would decrease (i) the Investor's Currency-equivalent yield on the Securities, (ii) the Investor's Currency-equivalent value of the principal payable on the Securities and (iii) the Investor's Currency- equivalent market value of the Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal as measured in the Investor's Currency.

Interest rate risks

An investment in the Securities, which bear interest at a fixed rate (reset every five years), involves the risk that subsequent changes in market interest rates may adversely affect their value. The rate of interest will be reset every five years, and as such reset rates are not pre-defined at the date of issue of the Securities, they may be different from the initial rate of interest and may adversely affect the yield of the Securities.

TERMS AND CONDITIONS OF THE SECURITIES

The following, subject to alteration and completion and save for the wording in italics, are the terms and conditions of the Securities which will be endorsed on each Certificate in definitive form (if issued).

The issue of the £80,000,000 Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital Securities (the "**Securities**", which expression shall in these Conditions, unless the context otherwise requires, include any Further Securities issued pursuant to Condition 16) of Zopa Group Limited (the "**Issuer**") was authorised by resolutions of the Board of Directors of the Issuer passed on 30 April 2025. The Securities are constituted by a trust deed as modified and/or supplemented and/or restated from time to time (the "**Trust Deed**") dated 20 May 2025 between the Issuer and BNY Mellon Corporate Trustee Services Limited (the person or persons for the time being the trustee or trustees under the Trust Deed, the "**Trustee**") as trustee for the Holders (as defined below) of the Securities. These terms and conditions as amended from time to time (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Securities. Copies of the Trust Deed and of the agency agreement (the "**Agency Agreement**") dated 20 May 2025 relating to the Securities between the Issuer, The Bank of New York Mellon, London Branch as the initial principal paying agent (the person for the time being the principal paying agent under the Agency Agreement, the "**Principal Paying Agent**"), The Bank of New York Mellon, London Branch as the initial agent bank (the person for the time being the agent bank under the Agency Agreement, the "**Agent Bank**"), The Bank of New York Mellon SA/NV, Dublin Branch as the initial registrar (the person for the time being the registrar under the Agency Agreement, the "**Registrar**"), and the initial transfer agents named therein (the person(s) for the time being the transfer agent(s) under the Agency Agreement, the "**Transfer Agent(s)**"), and the Trustee, (i) are available for inspection or collection during usual business hours by a Holder at the principal office of the Trustee (presently at 160 Queen Victoria Street, London EC4V 4LA, England) and at the specified offices of the Principal Paying Agent, the Registrar and each of the Transfer Agents or (ii) may be provided by email to a Holder in each case following prior written request to the Trustee or the Principal Paying Agent therefor and provision of proof of holding and identity (in form satisfactory to the Trustee or the Principal Paying Agent, as the case may be), subject to, in the case of the Trustee and the Principal Paying Agent, the Trustee and the Principal Paying Agent being supplied with electronic copies of the Trust Deed and Agency Agreement. The Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

1. Form, Denomination and Title

(a) Form and Denomination

The Securities are serially numbered in the principal amount of £200,000 and integral multiples of £1,000 in excess thereof.

The Securities are in registered form, represented by registered certificates ("**Certificates**") and, save as provided in Condition 2*(a)*, each Certificate shall represent the entire holding of Securities by the same Holder.

(b) Title

Title to the Securities shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the Holder of any Security shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an

interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the Holder.

In these Conditions, "**Holder**" means the person in whose name a Security is registered.

2. Transfers of Securities

(a) Transfer

A holding of Securities may, subject to Condition 2*(d)*, be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Securities to be transferred, together with the form of transfer endorsed on such Certificate(s), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Securities to a person who is already a Holder, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Securities and entries in the Register will be made in accordance with the detailed regulations concerning transfers of Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar, each Transfer Agent and the Trustee. A copy of the current regulations will be made available for inspection or collection during usual business hours by the Registrar or any Transfer Agent to any Holder upon request in writing upon provision of proof of holding of Securities and identity (in a form satisfactory to the Registrar).

(b) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2*(a)* shall be available for delivery within three business days of receipt of a duly completed and executed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of any Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and Certificate(s) shall have been made or, at the option of the Holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Holder entitled to the new Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2*(b)*, "**business day**" means a day (other than a Saturday or Sunday) on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) Transfer Free of Charge

Certificates, on transfer, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to such transfer (or the giving of such indemnity as the Issuer, the Registrar or the relevant Transfer Agent may require).

(d) Closed Periods

No Holder may require the transfer of a Security to be registered (i) during the period of 15 days prior to (and including) any date on which Securities may be called for redemption by the

Issuer at its option pursuant to Condition 7*(c)*, (ii) after the Securities have been called for redemption or substitution pursuant to Condition 7, or (iii) during the period of seven days ending on (and including) any Record Date.

3. Status and Subordination

(a) Status

The Securities constitute direct, unsecured and unguaranteed obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of Holders in respect of, or arising under, their Securities (including any damages awarded for breach of obligations in respect thereof) are subordinated as described in this Condition 3.

(b) Solvency Condition

Except in a Winding-Up, all payments in respect of, or arising from (including any damages awarded for breach of any obligations under), the Securities (other than payments to the Trustee for its own account under the Trust Deed) are, in addition to the right or obligation of the Issuer to cancel payments of interest under Condition 5 or Condition 6, conditional upon the Issuer being solvent at the time of payment by the Issuer and no principal, interest or any other amount shall be due and payable in respect of, or arising from, the Securities or the Trust Deed except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (the "**Solvency Condition**").

For these purposes, the Issuer shall be considered to be solvent if (x) it is able to pay its debts owed to its Senior Creditors as they fall due and (y) its Assets exceed its Liabilities.

A certificate as to whether the Issuer satisfies the Solvency Condition by two Authorised Signatories (or if there is a winding-up or administration of the Issuer, two authorised signatories of the liquidator or, as the case may be, the administrator of the Issuer) shall (in the absence of manifest error) be treated and accepted by the Issuer, the Trustee, the Holders and all other interested parties as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without further enquiry and without liability to any person.

Any payment of interest not due by reason of this Condition 3*(b)* shall not be or become payable at any time and shall be mandatorily cancelled.

(c) Winding-Up

The rights and claims of the Holders (and the Trustee on their behalf) against the Issuer in respect of, or arising from (including any amounts attributable to the Securities and any damages awarded for breach of any obligations under) their Securities are subordinated to the claims of Senior Creditors in that if at any time prior to the Write Down Date a Winding-Up occurs, there shall be payable by the Issuer in respect of each Security (in lieu of any other payment by the Issuer), such amount, if any, as would have been payable to the Holder of such Security if, throughout such Winding-Up, such Holder were the holder of one of a class of preference shares in the capital of the Issuer ("**Notional Preference Shares**") having an equal right to a return of assets in the Winding-Up to, and so ranking *pari passu* with, the holders of the most senior class or classes of issued preference shares (if any) in the capital of the Issuer from time to time and which have a preferential right to a return of assets in the Winding-Up over, and so rank ahead of, the holders of all other classes of issued shares for the time being in the capital of the Issuer but ranking junior to the claims of Senior Creditors, on the assumption that the amount that such Holder was entitled to receive in respect of each Notional Preference Share on a return of assets in such Winding-Up were an amount equal to the principal

amount of the relevant Security and any accrued but unpaid interest thereon (other than any interest which has been cancelled pursuant to these Conditions) together with any damages awarded for breach of any obligations in respect of such Security, whether or not the Solvency Condition is satisfied on the date upon which the same would otherwise be due and payable (and, in the case of an administration, on the assumption that such preference shareholders were entitled to claim and recover in respect of their preference shares to the same degree as in a winding up or liquidation).

(d) Set-off

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation, counterclaim, netting or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Securities or the Trust Deed and each Holder shall, by virtue of its holding of any Security (or any beneficial interest therein), be deemed, to the fullest extent permitted under applicable law, to have waived all such rights of set-off, compensation, counterclaim, netting or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Issuer in respect of, or arising under or in connection with the Securities is discharged by set-off, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer (as the case may be)) and accordingly any such discharge shall be deemed not to have taken place.

(e) Trustee Expenses

Nothing in this Condition 3 shall affect or prejudice the payment of the Liabilities (as such term for the purposes of this Condition 3*(e)* is defined in the Trust Deed) of the Trustee in its personal capacity or the rights and remedies of the Trustee in respect thereof and in such capacity as the Trustee shall rank as an unsubordinated creditor of the Issuer.

4. Interest Payments

(a) Interest Rate

Subject to Conditions 3*(b)*, 5 and 6, the Securities bear interest on their principal amount at the applicable Interest Rate from (and including) the Issue Date in accordance with the provisions of this Condition 4.

Subject to Conditions 3*(b)*, 5 and 6, interest shall be payable on the Securities semi-annually in arrear on each Interest Payment Date in equal instalments (in respect of each Interest Period ending prior to the First Reset Date, of ££64.38 per Calculation Amount and in respect of each Interest Period ending after the First Reset Date, meaning equal instalments in respect of each Reset Period), in each case as provided in this Condition 4.

Where it is necessary to compute an amount of interest in respect of any Security for any period, the relevant day-count fraction shall be determined on the basis of the actual number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the product of two times the actual number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).

(b) Interest Accrual

Subject to Conditions 3*(b)*, 5 and 6, the Securities will accrue interest in respect of each Interest Period and cease to bear interest from (and including) the due date for redemption thereof pursuant to Condition 7*(a)*, *(d)*, *(e)* or *(f)* or the date of substitution thereof pursuant to Condition 7*(g)*, as the case may be, unless, upon surrender of the Certificate representing any Security, payment of all amounts due in respect of such Security is not properly and duly made, in which event interest shall continue to accrue on the principal amount of such Security, both before and after judgment, and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date. Interest in respect of any Security shall be calculated per Calculation Amount and the amount of interest per Calculation Amount shall, save as provided in Condition 4*(a)* in relation to equal instalments and subject to Conditions 3*(b)*, 5 and 6, be equal to the product of the Calculation Amount, the relevant Interest Rate and the day-count fraction as described in Condition 4*(a)* for the relevant period, rounding the resultant figure to the nearest penny (half a penny being rounded upwards). Where the denomination of a Security is more than the Calculation Amount, the amount of interest payable in respect of each such Security, is the aggregate of the amounts (calculated as aforesaid) for each Calculation Amount comprising the denomination of the Security.

(c) Initial Fixed Interest Rate

For the Initial Fixed Rate Interest Period, the Securities bear interest, subject to Conditions 3*(b)*, 5 and 6, at the rate of 12.875 per cent. per annum (the "**Initial Fixed Interest Rate**").

(d) Reset Rate of Interest

The Interest Rate will be reset (the "**Reset Rate of Interest**") in accordance with this Condition 4 on each Reset Date. The Reset Rate of Interest in respect of each Reset Period will be determined by the Agent Bank on the relevant Reset Determination Date as the sum of the relevant Reset Reference Rate and the Margin.

(e) Determination of Reset Rate of Interest

The Agent Bank will, as soon as practicable after 11.00 a.m. (London time) on each Reset Determination Date, subject to receipt from the Issuer of the bid and offered yield of the Benchmark Gilt as provided by the Reset Reference Banks, determine the Reset Rate of Interest in respect of the relevant Reset Period. The determination of the Reset Rate of Interest by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(f) Publication of Reset Rate of Interest

The Agent Bank shall cause notice of the Reset Rate of Interest determined in accordance with this Condition 4 in respect of each Reset Period to be given to the Trustee, the Principal Paying Agent, the Registrar, each of the Transfer Agents, any stock exchange on which the Securities are for the time being listed or admitted to trading and, in accordance with Condition 15, the Holders, in each case as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter.

In the event of a Default pursuant to Condition 9*(a)*, the accrued interest per Calculation Amount and the Reset Rate of Interest payable in respect of the Securities shall nevertheless continue to be calculated as previously by the Agent Bank in accordance with this Condition 4 but no publication of the Reset Rate of Interest need be made unless the Trustee otherwise requires.

(g) Agent Bank

The Issuer will maintain an Agent Bank. The name of the initial Agent Bank and its initial specified office is set out at the end of these Conditions.

The Issuer may, with the prior written approval of the Trustee, from time to time replace the Agent Bank with another leading investment, merchant or commercial bank or financial institution of international repute in London. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank or fails duly to determine the Reset Rate of Interest in respect of any Reset Period as provided in Condition 4*(d)*, the Issuer shall forthwith appoint another leading investment, merchant or commercial bank or financial institution of international repute in London approved in writing by the Trustee to act as such in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed as aforesaid.

(h) Determinations of Agent Bank Binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4, by the Agent Bank, shall (in the absence of manifest error) be binding on the Issuer, the Agent Bank, the Trustee, the Principal Paying Agent, the Registrar, each Transfer Agent and all Holders and no liability to the Holders or (in the absence of wilful default, gross negligence or fraud) the Issuer shall attach to the Agent Bank in connection with the exercise or non-exercise by it of any of its powers and duties.

5. Cancellation of Interest

(a) Optional Cancellation of Interest

The Issuer may in its sole and absolute discretion (but subject to the requirement for mandatory cancellation of interest pursuant to Conditions 3*(b)*, 5*(b)*, 5*(c)*, 5*(d)* and 6) at any time elect to cancel any interest payment, in whole or in part, which is scheduled to be paid on any date.

(b) Mandatory Cancellation of Interest – Insufficient Distributable Items

To the extent required under then prevailing Regulatory Capital Requirements, interest otherwise due to be paid on any date will not become due or payable (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made, if and to the extent that the amount of such interest payment otherwise due (together with any Additional Amounts payable thereon pursuant to Condition 10, if applicable), together with any interest payments or other distributions which have been paid or made or which are required to be paid or made, in each case, during the then current Financial Year or which are payable on the relevant Interest Payment Date (and not cancelled or deemed cancelled), in each case on the Securities and on all other own funds instruments or share capital of the Issuer (excluding any such interest payments or other distributions which (i) are not required to be made out of Distributable Items or (ii) have already been provided for, by way of deduction, in the calculation of Distributable Items) in aggregate would exceed the amount of Distributable Items of the Issuer as at such date.

(c) Mandatory Cancellation of Interest – Maximum Distributable Amount

To the extent required under then prevailing Regulatory Capital Requirements, interest otherwise due to be paid on any date will not become due or payable (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made, to the extent that the amount of such interest payment otherwise due (together with any Additional

Amounts payable thereon pursuant to Condition 10, if applicable), together with other distributions of the kind referred to in rule 4.3(2) of Chapter 4 (*Capital Conservation Measures*) of the Capital Buffers chapter of the PRA Rulebook, as amended or replaced or referred to in any other applicable provisions of the Regulatory Capital Requirements which require a maximum distributable amount to be calculated and which are required under prevailing Regulatory Capital Requirements to be taken into account for this purpose, in aggregate would cause the Maximum Distributable Amount (if any) then applicable to the Issuer or the Group to be exceeded.

(d) Mandatory Cancellation of Interest – Competent Authority Order

Interest otherwise due (together with any Additional Amounts payable thereon pursuant to Condition 10, if applicable) on any date will not be due (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made, to the extent the Competent Authority orders the Issuer to cancel such payment.

(e) Notice of Cancellation of Interest

Upon the Issuer electing to cancel any interest payment (or part thereof) pursuant to Condition 5*(a)*, or being prohibited from making any interest payment (or part thereof) pursuant to Conditions 3*(b)*, 5*(b)*, 5*(c)* or 5*(d)*, the Issuer shall, as soon as reasonably practicable on or prior to the scheduled payment date (and, in the case of a cancellation pursuant to Condition 5*(a)*, by no later than three business days prior to the scheduled payment date), give notice of such non-payment and the reason therefor to the Holders in accordance with Condition 15, the Trustee and the Principal Paying Agent, provided that any failure to give such notice shall not affect the deemed cancellation of any interest payment (in whole or, as the case may be, in part) by the Issuer and shall not constitute a default under the Securities for any purpose. Such notice shall specify the amount of the relevant cancellation and, accordingly, the amount (if any) of the relevant interest payment that will be paid on the relevant date.

(f) Interest non-cumulative; no default or restrictions

Any interest payment (or, as the case may be, part thereof) not paid on any scheduled payment date by reason of Condition *3(b*), 5*(a)*, 5*(b)*, 5*(c)*, 5*(d)* or 6 shall be cancelled, shall not accumulate and will not become due or payable at any time thereafter, whether in a Winding-Up or otherwise. The Issuer may use such cancelled payment without restriction and the cancellation of such interest amounts will not impose any restrictions on the Issuer nor prevent or restrict the Issuer from declaring or making any distributions or interest payments on any of its shares or other instruments or obligations.

If the Issuer does not pay any interest payment (in whole or, as the case may be, in part) on the relevant scheduled payment date, such non-payment (whether the notice referred to in Condition 5*(e)* or, as appropriate, Condition 6 has been given or not) shall evidence either the non-payment and cancellation of such interest payment (in whole or, as the case may be, in part) by reason of it not being due in accordance with Condition 3*(b)*, the cancellation of such interest payment (in whole or, as the case may be, in part) in accordance with Conditions 5*(b)*, 5*(c)*, 5*(d)* or 6 or, as appropriate, the Issuer's exercise of its discretion to cancel such interest payment (in whole or, as the case may be, in part) in accordance with Condition 5*(a)*. Accordingly, non-payment of any interest (in whole or, as the case may be, in part) in accordance with any of Condition 3*(b)*, 5*(a)*, 5*(b)*, 5*(c)*, 5*(d)* or 6, will not constitute a default by the Issuer for any purpose (whether under the Securities or otherwise) and the Holders shall have no right thereto whether in a Winding-Up or otherwise.

The Trustee and the Agents shall have no responsibility for, or liability or obligations in respect of, any loss, claim or demand incurred as a result of or in connection with any non-payment or cancellation of any interest payment or other amounts or any claims in respect thereof by reason of the application of this Condition 5.

6. Automatic Write Down

If, at any time, it is determined (as provided below) that a Trigger Event has occurred:

(i) the Issuer shall (unless the determination was made by the Competent Authority) immediately inform the Competent Authority of the occurrence of the Trigger Event;

(ii) the Issuer shall, without delay, give the Trigger Event Notice, which notice shall be irrevocable;

(iii) any interest which is accrued and unpaid shall be automatically and irrevocably cancelled; and

(iv) the full principal amount of each Security shall be automatically and irrevocably reduced to zero and the Securities shall be cancelled,

such reduction and cancellation being referred to in these Conditions as the "**Automatic Write Down**".

On the Business Day following the determination that a Trigger Event has occurred (or such earlier date as the Competent Authority may then require following the determination that a Trigger Event has occurred) (the "**Write Down Date**"), an Automatic Write Down shall occur.

Effective upon, and following, the Automatic Write Down, Holders shall not have any rights against the Issuer with respect to:

(a) repayment of the principal amount of the Securities or any part thereof;

(b) the payment of any interest for any period; or

(c) any other amounts arising under or in connection with the Securities and/or the Trust Deed.

Such Automatic Write Down shall take place without the need for the consent of Holders.

For the purposes of determining whether a Trigger Event has occurred, the CET1 Ratio may be calculated at any time based on information (whether or not published) available to management of the Issuer and/or the Competent Authority, including information internally reported within the Issuer pursuant to its procedures for monitoring the CET1 Ratio.

The determination as to whether a Trigger Event has occurred shall be made by the Issuer, the Competent Authority or any agent appointed for such purpose by the Competent Authority. Any such determination shall be binding on the Issuer and the Holders.

Any Trigger Event Notice delivered to the Trustee (with a copy to the Principal Paying Agent) shall be accompanied by a certificate signed by two Authorised Signatories certifying the accuracy of the contents of the Trigger Event Notice upon which the Trustee shall rely (without further enquiry and without liability to any person).

Any failure by the Issuer to give a Trigger Event Notice or the aforementioned certificate will not affect the effectiveness of, or otherwise invalidate, any Automatic Write Down, or give Holders, the Trustee or any other person any rights as a result of such failure.

The reduction to zero of the principal amount of the Securities pursuant to this Condition 6 shall not constitute a default by the Issuer for any purpose.

7. Redemption, Substitution, Variation and Purchase

(a) No Fixed Redemption Date

The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall, without prejudice to any Automatic Write Down in accordance with Condition 6, only have the right to redeem or purchase them in accordance with the following provisions of this Condition 7.

(b) Conditions to Redemption, Substitution, Variation and Purchase

Any redemption, substitution, variation or purchase of the Securities in accordance with Condition 7*(c)*, *(d)*, *(e)*, *(f)*, *(g)* or *(h)* is subject, as applicable, to:

(i) the Issuer having obtained prior Supervisory Permission therefor and complying with any prevailing Regulatory Capital Requirements relating to the event then required;

(ii) in the case of any redemption or purchase of the Securities, if and to the extent then required under prevailing Regulatory Capital Requirements, either: (A) the Issuer having replaced (or, on or before the relevant redemption or purchase date, replacing) the Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or (B) the Issuer having demonstrated to the satisfaction of the Competent Authority that the own funds and eligible liabilities of the Issuer would, following such redemption or purchase, exceed its minimum applicable requirements (including any applicable capital buffer requirements) by a margin that the Competent Authority considers necessary at such time;

(iii) in the case of any redemption of the Securities prior to the fifth anniversary of the Reference Date upon the occurrence of a Tax Event, the Issuer having demonstrated to the satisfaction of the Competent Authority that the applicable change in tax treatment is material and was not reasonably foreseeable as at the Reference Date;

(iv) in the case of any redemption of the Securities prior to the fifth anniversary of the Reference Date upon the occurrence of a Capital Disqualification Event, the Issuer having demonstrated to the satisfaction of the Competent Authority that the relevant change in the regulatory classification of the Securities was not reasonably foreseeable as at the Reference Date; and

(v) in the case of any redemption or purchase of the Securities prior to the fifth anniversary of the Reference Date pursuant to Conditions 7*(f)* or 7*(h)*, either (A) the Issuer having replaced (or, on or before the relevant purchase date, replacing) the Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the Competent Authority having permitted such action on the basis of the

determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances or (B) in the case of any purchase pursuant to Condition 7*(h)*, the relevant Securities are being purchased for market-making purposes in accordance with applicable Regulatory Capital Requirements.

Any refusal by the Competent Authority to give its Supervisory Permission as contemplated above shall not constitute a default for any purpose.

Notwithstanding the above conditions, if, at the time of any redemption, substitution, variation or purchase, the prevailing Regulatory Capital Requirements permit the redemption, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 7*(b)*, the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

In addition, if the Issuer has elected to redeem, substitute or vary the terms of the Securities, or if the Issuer or any of its Subsidiaries (or any other person for the Issuer's account) has entered into an agreement to purchase any Securities and:

(a) (in the case of a redemption or purchase) the Solvency Condition is not satisfied in respect of the relevant payment on the date scheduled for redemption or purchase; or

(b) prior to the redemption, purchase, substitution or variation of the Securities, a Trigger Event occurs,

the relevant redemption, substitution or variation notice or, as the case may be, the relevant purchase agreement shall be automatically rescinded and shall be of no force and effect and the Issuer shall give notice thereof to the Holders in accordance with Condition 15, the Trustee, the Registrar and the Principal Paying Agent, as soon as practicable. Further, no notice of redemption, substitution or variation shall be given in the period following the giving of a Trigger Event Notice.

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 7 (other than redemption pursuant to Condition 7*(c)*), the Issuer shall deliver to the Trustee (with a copy to the Agents) (i) a certificate signed by two Authorised Signatories stating that the relevant requirements or circumstances giving rise to the right to redeem, substitute or, as appropriate, vary is satisfied and, in the case of a substitution or variation, that the terms of the relevant Compliant Securities comply with the definition thereof in Condition 20 and (ii) in the case of a redemption pursuant to Condition 7*(d)* only, an opinion from a nationally recognised law firm or other tax adviser in the United Kingdom experienced in such matters to the effect that the relevant requirement or circumstance referred to in any of paragraphs (i) to (vi) (inclusive) of the definition of "Tax Event" applies (but, for the avoidance of doubt, such opinion shall not be required to comment on the ability of the Issuer to avoid such circumstance by taking measures reasonably available to it) and the Trustee shall accept (and if so accepted by the Trustee, shall be so accepted by the Holders) such certificate (without further enquiry and without liability to any person) and, where applicable, opinion as sufficient evidence of the satisfaction of the relevant conditions precedent, in which event it shall be conclusive and binding on the Trustee and the Holders.

(c) Issuer's Call Option

Subject to Condition 7*(b)*, the Issuer may, by giving not less than 15 nor more than 60 days' notice to the Holders in accordance with Condition 15, the Trustee and the Agents (which notice shall, save as provided in Condition 7*(b)*, be irrevocable and shall specify the date fixed for

redemption), elect to redeem all, but not some only, of the Securities on any day falling in the period from (and including) 20 May 2030 to (and including) the First Reset Date or any day falling in the period of six months prior to (and including) any Reset Date thereafter at their principal amount, together with any accrued and unpaid interest thereon (excluding interest that has been cancelled in accordance with these Conditions) to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 7*(b)*, redeem the Securities.

(d) Redemption Due to Tax Event

If, prior to the giving of the notice referred to below in this Condition 7*(d)*, a Tax Event has occurred, then the Issuer may, subject to Condition 7*(b)* and having given not less than 15 nor more than 60 days' notice to the Holders in accordance with Condition 15, the Trustee and the Agents (which notice shall, save as provided in Condition 7*(b)*, be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Securities at their principal amount, together with any accrued and unpaid interest thereon (excluding interest that has been cancelled in accordance with these Conditions) to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 7*(b)*, redeem the Securities.

(e) Redemption Due to Capital Disqualification Event

If, prior to the giving of the notice referred to below in this Condition 7*(e)*, a Capital Disqualification Event has occurred, then the Issuer may, subject to Condition 7*(b)* and having given not less than 15 nor more than 60 days' notice to the Holders in accordance with Condition 15, the Trustee and the Agents (which notice shall, save as provided in Condition 7*(b)*, be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Securities at their principal amount, together with any accrued and unpaid interest thereon (excluding interest that has been cancelled in accordance with these Conditions) to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 7*(b)*, redeem the Securities.

(f) Issuer's Clean-up Call Option

If, prior to the giving of the notice referred to below in this Condition 7*(f)*, 75 per cent. or more of the aggregate principal amount of the Securities originally issued (and, for these purposes, any Further Securities issued pursuant to Condition 16 will be deemed to have been originally issued) has been purchased by the Issuer or any of its Subsidiaries or by others for the Issuer's account and cancelled, then the Issuer may, subject to Condition 7*(b)* and having given not less than 15 nor more than 60 days' notice to the Holders in accordance with Condition 15, the Trustee and the Agents (which notice shall, save as provided in Condition 7*(b)*, be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions all, but not some only, of the Securities at their principal amount, together with any accrued and unpaid interest thereon (excluding interest that has been cancelled in accordance with these Conditions) to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 7*(b)*, redeem the Securities.

(g) Substitution or Variation

If a Tax Event or a Capital Disqualification Event has occurred, then the Issuer may, subject to Condition 7*(b)* and having given not less than 15 nor more than 60 days' notice to the Holders in accordance with Condition 15, the Trustee and the Agents (which notice shall be irrevocable and shall specify the date fixed for substitution or, as the case may be, variation of the Securities)

but without any requirement for the consent or approval of the Holders, at any time (whether before or following the First Reset Date) either substitute all (but not some only) of the Securities for, or vary the terms of the Securities so that they remain or, as appropriate, become, Compliant Securities, and the Trustee shall (subject to the following provisions of this Condition 7*(g)* and subject to the receipt by it of the certificates of the Authorised Signatories and any applicable opinion referred to in Condition 7*(b)* above and in the definition of Compliant Securities), as applicable, agree to such substitution or variation, provided that such substitution or variation does not itself give rise to a right of the Issuer to redeem the varied or substituted securities. Upon the expiry of such notice, the Issuer shall, subject to Condition 7*(b)*, either vary the terms of or substitute the Securities in accordance with this Condition 7*(g)*, as the case may be. The Trustee shall (at the request and expense of the Issuer) use its reasonable endeavours to assist the Issuer in the substitution of the Securities for, or the variation of the terms of the Securities so that they remain, or as appropriate, become, Compliant Securities, provided that the Trustee shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of the proposed alternative Compliant Securities or the participation in or assistance with such substitution or variation would impose, in the Trustee's opinion, more onerous obligations upon it or expose it to additional responsibilities or liabilities or reduce or amend (in a manner which is adverse to the Trustee, as determined by the Trustee in its sole discretion) the protective provisions afforded to it in these Conditions, the Trust Deed or the Agency Agreement (as applicable). If, notwithstanding the above, the Trustee does not participate or assist the Issuer in such substitution or variation as provided above, the Issuer may, subject as provided above, redeem the Securities prior to the First Reset Date as provided in, as appropriate, Condition 7*(d)* or *(e)* or thereafter as provided in Condition 7*(c)* or *(f)*.

In connection with any substitution or variation in accordance with this Condition 7*(g)*, the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

(h) Purchases

The Issuer and any of its Subsidiaries may, subject to Condition 7*(b)*, in those circumstances permitted by Regulatory Capital Requirements, at any time purchase (or otherwise acquire), or procure others to purchase (or otherwise acquire) beneficially for its account, Securities in any manner and at any price. The Securities so purchased (or acquired), while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the Holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Holders or for the purposes of Condition 9*(c)*.

(i) Cancellation

All Securities redeemed or substituted by the Issuer pursuant to this Condition 7 will forthwith be cancelled. All Securities purchased by or on behalf of the Issuer or any of its Subsidiaries may, subject to obtaining any Supervisory Permission therefor, be held, reissued, resold or, at the option of the Issuer, surrendered for cancellation to the Registrar. Securities so surrendered shall be cancelled forthwith. Any Securities so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Securities shall be permanently and irrevocably discharged.

(j) Trustee Not Obliged to Monitor

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 7 and will not be responsible to Holders for any loss arising from any failure by it to do so. Unless and until the Trustee has actual written notice of the occurrence of any event or circumstance within this Condition 7, it shall be entitled to assume that no such event or circumstance exists.

8. Payments

(a) Method of Payment

(i) Payments of principal shall be made in pounds sterling (subject to surrender of the relevant Certificate at the specified office of any Paying Agent or of the Registrar if no further payment falls to be made in respect of the Securities represented by such Certificate) in like manner as is provided for payments of interest in paragraph (ii) below.

(ii) Interest on each Security shall be paid to the person shown in the Register at the close of business on the business day before the relevant Interest Payment Date (the "**Record Date**"). Payments of interest on each Security shall be made in pounds sterling by transfer to an account in pounds sterling maintained by the payee with a bank in London.

(b) Payments Subject to Laws

Without prejudice to Condition 10, payments will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment. No commissions or expenses shall be charged to the Holders in respect of such payments.

(c) Payment Initiation

Payment instructions (for value the relevant Interest Payment Date or the relevant due date for payment (as applicable), or if that date is not a business day, for value the first following day which is a business day) will be initiated on a day on which the Principal Paying Agent is open for business and no later than the relevant Interest Payment Date or the relevant due date for payment (as applicable) or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a day on which the Principal Paying Agent is open for business following the date on which the relevant Certificate is surrendered.

(d) Delay in Payment

Holders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Security if the due date is not a business day or if the Holder is late in surrendering or cannot surrender its Certificate (if required to do so).

(e) Non-Business Days

If any date for payment in respect of any Security is not a business day, the Holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 8, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in

the place in which the specified office of the Principal Paying Agent is located and on which foreign exchange transactions may be carried on in pounds sterling in London.

9. Non-Payment When Due and Winding-Up

(a) Non-Payment

If the Issuer does not make payment in respect of the Securities for a period of seven days or more after the date on which such payment is (without prejudice to Conditions 3*(b)*, 5 and 6) due, the Issuer shall be deemed to be in default (a "**Default**") under the Trust Deed and the Securities and the Trustee, in its discretion, may, or (subject to Condition 9*(c)*) if so requested by an Extraordinary Resolution or in writing by the Holders of at least one-quarter in principal amount of the Securities then outstanding shall, notwithstanding the provisions of Condition 9*(b)*, institute proceedings for the winding-up of the Issuer in England (but not elsewhere).

For the avoidance of doubt, no amounts shall be due in respect of the Securities if payment of the same shall have been cancelled in accordance with Condition 3*(b)*, Condition 5, Condition 6 and/or Condition 7*(b)*, and accordingly non-payment of such amounts shall not constitute a Default.

In the event of a Winding-Up (whether or not instituted by the Trustee pursuant to the foregoing), the Trustee in its discretion may, or (subject to Condition 9*(c)*) if so requested by an Extraordinary Resolution or in writing by the Holders of at least one-quarter in principal amount of the Securities then outstanding shall, prove and/or claim in such Winding-Up, such claim being as contemplated in Condition 3*(c)*.

(b) Enforcement

Without prejudice to Condition 9*(a)*, the Trustee may, at its discretion and without notice, institute such steps, actions or proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed or the Securities (other than any payment obligation of the Issuer under or arising from the Securities or the Trust Deed, including, without limitation, payment of any principal or interest in respect of the Securities, including any damages awarded for breach of any obligations), provided that in no event shall the Issuer, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been due and payable by it pursuant to these Conditions and the Trust Deed. Nothing in this Condition 9*(b)* shall, however, prevent the Trustee instituting proceedings for the winding-up of the Issuer, and/or proving and/or claiming in any Winding-Up in respect of any payment obligations of the Issuer arising from the Securities or the Trust Deed (including any damages awarded for breach of any obligations) in the circumstances provided in, as appropriate, Conditions 3*(c)* and 9*(a)*.

(c) Entitlement of Trustee

The Trustee shall not be bound to take any of the actions, steps or proceedings referred to in Condition 9*(a)* or *(b)* above against the Issuer to enforce the terms of the Trust Deed or the Securities or any other action, step or proceeding under or pursuant to the Trust Deed unless (i) it shall have been so requested by an Extraordinary Resolution of the Holders or in writing by the holders of at least one-quarter in principal amount of the Securities then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

(d) Right of Holders

No Holder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up of the Issuer or prove or claim in any Winding-Up unless the Trustee, having become so bound to proceed or being able to prove or claim in such Winding-Up, fails or is unable to do so within a period of 60 days and such failure or inability shall be continuing, in which case the Holder shall, with respect to the Securities held by it, have only such rights against the Issuer as those which the Trustee is entitled to exercise in respect of such Securities as set out in this Condition 9.

(e) Extent of Holders' Remedy

No remedy against the Issuer, other than as referred to in this Condition 9, shall be available to the Trustee or the Holders, whether for the recovery of amounts owing in respect of the Securities or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Securities or under the Trust Deed.

10. Taxation

All payments of principal, interest and any other amount by or on behalf of the Issuer in respect of the Securities shall (subject always to Conditions 3*(b)*, 5, 6 and 7*(b)*) be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction or any political subdivision thereof or by any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, in respect of payments of interest (but not principal or any other amount), the Issuer will (subject as aforesaid) pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Holders of such amounts as would have been received by them in respect of payments of interest had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Security:

(a) held by or on behalf of a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Security by reason of its having some connection with the Relevant Jurisdiction other than a mere holding of such Security; or

(b) in respect of which the Certificate representing it is surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such period of 30 days.

References in these Conditions (including, without limitation, for the purposes of cancellation pursuant to Condition 5) to interest shall be deemed to include any Additional Amounts which may be payable under this Condition 10 or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Notwithstanding any other provisions of these Conditions or the Trust Deed, any amounts to be paid on the Securities by or on behalf of the Issuer shall be made net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or any intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such

withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.

11. Prescription

Claims against the Issuer for payment in respect of the Securities, to the extent permitted under these Conditions, shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

12. Meetings of Holders, Modification, Waiver and Substitution

(a) Meetings of Holders

The Trust Deed contains provisions for convening meetings of Holders (including in a physical place or by any electronic platform (such as conference call or videoconference) or a combination of such methods) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or by the Trustee at its own discretion and shall be convened by the Trustee at the direction of Holders holding not less than 10 per cent. in principal amount of the Securities for the time being outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the principal amount of the Securities so held or represented, except that at any meeting the business of which includes the modification of certain of these Conditions (including, *inter alia*, the provisions regarding subordination referred to in Condition 3, the terms concerning currency and due dates for payment of principal or interest payments in respect of the Securities and reducing or cancelling the principal amount of, or interest on, any Securities, or the Interest Rate or varying the method of calculating the Interest Rate or the CET1 Ratio below which a Trigger Event occurs) and certain other provisions of the Trust Deed, the quorum will be one or more persons holding or representing not less than two thirds, or at any adjourned such meeting not less than one third, in principal amount of the Securities for the time being outstanding.

The agreement or approval of the Holders shall not be required in the case of cancellation of interest in accordance with Condition 5 or 6, reduction in the principal amount of the Securities to zero in accordance with Condition 6 or any variation of these Conditions and/or the Trust Deed or any substitution of the Securities required to be made in the circumstances described in Condition 7*(g)* or any substitution of the Issuer pursuant to Condition 12(*c*).

The Trust Deed provides that (i) a resolution passed, at a meeting duly convened and held with the applicable quorum, by a majority of at least 75 per cent. of the votes cast, (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Securities outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holder(s) of not less than 75 per cent. in principal amount of the Securities outstanding shall, in each case, for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders duly convened and held. A resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

An Extraordinary Resolution passed at any meeting of Holders or in writing or by way of electronic consents will be binding on all Holders, whether or not they are present at the meeting

or voting in favour or, as the case may be, whether or not signing the written resolution or providing electronic consents.

(b) Modification of the Trust Deed and Conditions

The Trustee may agree, without the consent of the Holders, to (i) any modification of these Conditions or of any other provisions of the Trust Deed or the Agency Agreement which in its opinion is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification to (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of, any of these Conditions or of the provisions of the Trust Deed or the Agency Agreement which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Holders.

Any such modification, authorisation or waiver shall be binding on the Holders and such modification shall be notified by the Issuer to the Holders as soon as practicable. No modification to these Conditions or ***any*** other provisions of the Trust Deed shall become effective unless (if and to the extent required at the relevant time by the Competent Authority or the Regulatory Capital Requirements) the Issuer shall have given at least 30 days' prior written notice thereof to, and received Supervisory Permission therefor from, the Competent Authority (or such other period of notice as the Competent Authority or the Regulatory Capital Requirements may from time to time require or accept and, in any event, provided that there is a requirement to give such notice and obtain such Supervisory Permission under the Regulatory Capital Requirements).

(c) Substitution

The Trustee may, without the consent of the Holders, agree to the substitution, on a subordinated basis equivalent to that referred to in Conditions 3, of the Issuer's successor in business or Holding Company (the "**Substitute Obligor**") in place of the Issuer (or any previous Substitute Obligor under this Condition) as a new principal debtor under the Trust Deed, the Agency Agreement and the Securities provided that:

(A) a supplemental trust deed and a supplemental agency agreement are executed or some other form of undertaking is given by the Substitute Obligor, in form and manner satisfactory to the Trustee, agreeing to be bound by the provisions of the Trust Deed, the Agency Agreement and the Securities (with any consequential amendments which the Trustee may deem appropriate) as if the Substitute Obligor had been named in the Trust Deed, the Agency Agreement and the Securities as the principal debtor in place of the Issuer (or of any previous substitute under this Condition);

(B) where the Substitute Obligor is incorporated, domiciled or resident in, or subject generally to the taxing jurisdiction of, a territory other than or in addition to the United Kingdom or any political sub-division thereof or any authority therein or thereof having power to tax, undertakings or covenants shall be given by the Substitute Obligor in terms corresponding to the provisions of Condition 10 with the references in that Condition and in the definition of "Tax Law Change" in Condition 20 to the Relevant Jurisdiction construed as the Relevant Jurisdiction of the Substitute Obligor whereupon the Trust Deed and the Securities will be read accordingly;

(C) without prejudice to the rights of reliance of the Trustee under the immediately following Condition 12(c)(D) below, the Trustee is satisfied that the relevant substitution is not materially prejudicial to the interests of the Holders;

(D) if one authorised signatory of the Substitute Obligor shall certify that the Substitute Obligor is solvent at the time at which the relevant substitution is proposed to be effected and will remain solvent immediately after such substitution is effected (which certificate the Trustee may rely upon absolutely), the Trustee shall not be under any duty to have regard to the financial condition, profits or prospects of the Substitute Obligor or to compare the same with those of the Issuer (or the previous Substitute Obligor under this Condition 12(c));

(E) the Issuer and the Substitute Obligor comply with such other requirements as the Trustee may direct in the interests of the Holders;

(F) the Trustee shall be satisfied that (i) the Substitute Obligor has obtained all necessary governmental and regulatory approvals and consents necessary for its assumption of the duties and liabilities as issuing party under the Trust Deed and the Agency Agreement in relation to the Securities and under the Securities in place of the Issuer and (ii) such approvals and consents are at the time of the relevant substitution in full force and effect;

(G) if the Securities have a published solicited rating from one or more rating agencies immediately prior to the relevant substitution, then the Securities are assigned by each such rating agency, or each such rating agency has informed the Issuer by an announcement or otherwise of its intention to assign, an equal or higher published solicited rating immediately after such substitution;

(H) if the Securities are admitted to trading on the ISM or any other stock exchange or market immediately prior to the relevant substitution, the Securities continue to be admitted to trading on the ISM or on such other stock exchange or market immediately following such substitution;

(I) such substitution shall not give rise to a Tax Event or a Capital Disqualification Event under the Securities;

Any trust deed or undertaking shall, if so expressed, operate to release the Issuer (or any previous Substitute Obligor under this Condition 12(c)) from all of its obligations as principal debtor under the Trust Deed and the Securities.

The Trustee shall be entitled to refuse to approve any Substitute Obligor if, pursuant to the law of the country of incorporation of the Substitute Obligor, the assumption by the Substitute Obligor of its obligations hereunder imposes responsibilities on the Trustee over and above those which have been assumed under the Trust Deed.

Upon the execution of such documents and compliance with such requirements, the Substitute Obligor shall be deemed to be named in the Trust Deed, the Agency Agreement and the Securities as the principal debtor in place of the Issuer (or of any previous Substitute Obligor under this Condition 12(c)) under the Trust Deed, the Agency Agreement and the Securities and the Trust Deed, the Agency Agreement and the Securities shall be deemed to be amended in such manner as shall be necessary to give effect to the above provisions and, without limitation, references in the Trust Deed, the Agency Agreement and the Securities to the Issuer shall, where the context so requires, be deemed to be or include references to the Substitute Obligor.

Any substitution of the Issuer pursuant to this Condition 12(c) shall be subject to the Issuer giving at least 30 days' prior written notice thereof to, and receiving Supervisory Permission therefor from, the Competent Authority (or such other period of notice as the Competent

Authority or the Regulatory Capital Requirements may from time to time require or accept and, in any event, provided that there is a requirement to give such notice and obtain such Supervisory Permission).

(d) Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to, any modification, waiver, authorisation, determination or substitution) the Trustee shall have regard to the interests of the Holders as a class and shall not have regard to the consequences of such exercise for individual Holders and, in particular, but without limitation, shall not have regard to the consequences of any such exercise for individual Holders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and the Trustee shall not be entitled to require, nor shall any Holder be entitled to claim whether from the Issuer, the Substituted Obligor or the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders, except to the extent already provided for in Condition 10 and/or any undertaking given in addition to, or in substitution for, Condition 10 pursuant to the Trust Deed.

(e) Notices

Any such modification, waiver, authorisation, determination or substitution shall be binding on all Holders and, unless the Trustee agrees otherwise, any such modification or substitution shall be notified by the Issuer to the Holders in accordance with Condition 15 as soon as practicable thereafter.

13. Replacement of the Securities

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and regulations, at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Holders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

14. Rights of the Trustee

The Trust Deed contains provisions for the indemnification of, and/or the provision of security and/or prefunding for, the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise.

Condition 3 applies only to amounts payable in respect of the Securities and nothing in Conditions 3, 6 or 9 shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

The Trustee shall have no responsibility for, or liability or obligations in respect of, any loss, claim or demand incurred as a result of or in connection with any non-payment of interest, principal or other amounts by reason of Conditions 3, 5 or 6. Furthermore, the Trustee shall not be responsible for any calculation or the verification of any calculation in connection with any of the foregoing.

Conditions 3 apply only to amounts payable in respect of the Securities and nothing in Conditions 3 or 9 shall affect or prejudice the payment of the liabilities (as defined in the Trust Deed) of the Trustee in its personal capacity or the rights and remedies of the Trustee in respect thereof.

15. Notices

Notices to the Holders pursuant to the Conditions or the Trust Deed shall be mailed to them at their respective addresses in the Register and deemed to have been given on the second weekday (being a day other than a Saturday or Sunday) after the date of mailing. The Issuer shall also ensure that all notices are duly published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Securities are for the time being listed and/or admitted to trading.

16. Further Issues

The Issuer may from time to time without the consent of the Holders, but subject to any Supervisory Permission required, create and issue further securities having the same terms and conditions as the Securities in all respects (or in all respects except for the amount and date of the first payment of interest on them and the date from which interest starts to accrue) and so that such further issue shall be consolidated and form a single series with the Securities ("**Further Securities**"). References in these Conditions to the Securities include (unless the context requires otherwise) any Further Securities issued pursuant to this Condition 16. Any Further Securities shall be constituted by a deed supplemental to the Trust Deed.

17. Agents

The initial Principal Paying Agent, the Registrar, the Agent Bank and each Transfer Agent and their initial specified offices are listed below. They act solely as agents of the Issuer or the Trustee (in the limited circumstances referred to in the Agency Agreement and Trust Deed) and do not assume any fiduciary duties or any obligation or relationship of agency or trust for or with any Holder. The Issuer reserves the right, subject to the approval of the Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent, the Registrar, the Agent Bank and each Transfer Agent and to appoint replacement agents as additional or other Transfer Agents, provided that it will:

(a) at all times maintain a Principal Paying Agent, a Registrar and a Transfer Agent; and

(b) whenever a function expressed in these Conditions to be performed by the Agent Bank falls to be performed, appoint and (for so long as such function is required to be performed) maintain an Agent Bank.

Notice of any such termination or appointment and of any change in the specified offices of the Agents will be given to the Holders in accordance with Condition 15. If any of the Agent Bank, Registrar or the Principal Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Agency Agreement (as the case may be), the Issuer shall appoint, on terms acceptable to the Trustee, an independent financial institution to act as such in its place. All calculations and determinations made by the Agent Bank, Registrar, the Principal Paying Agent or any such independent financial institution in relation to the Securities shall (save in the case of manifest error) be final and binding on the Issuer, the Trustee, the Agent Bank, the Registrar, the Principal Paying Agent and the Holders.

18. Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Securities and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England.

(b) Jurisdiction

Subject as provided below, the courts of England are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or the Securities and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or any Securities (including any legal action or proceedings relating to non-contractual obligations arising out of or in connection with them) ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the exclusive jurisdiction of the courts of England in respect of any such Proceedings.

Nothing in this Condition 18 prevents the Trustee or any Holder from taking Proceedings in any other courts with jurisdiction. To the extent allowed by law, Holders may take concurrent Proceedings in any number of jurisdictions.

(c) Agreement with Respect to the Exercise of the UK Bail-in Power

Notwithstanding and to the exclusion of any other term of the Securities or any other agreements, arrangements or understanding between the Issuer and any Holder (which, for the purposes of this Condition 18*(c)*, includes each holder of a beneficial interest in the Securities) or the Trustee on their behalf, by its acquisition of any Securities (or any interest therein), each Holder acknowledges and accepts that the Amounts Due arising under any Securities may be subject to the exercise of the UK Bail-in Power by the Relevant UK Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

(i) the effect of the exercise of any UK Bail-in Power by the Relevant UK Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:

(A) the reduction of all, or a portion, of the Amounts Due;

(B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Holder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Securities;

(C) the cancellation of any Securities or the Amounts Due in respect of the Securities; and

(D) the amendment or alteration of the perpetual nature of the Securities or amendment of the amount of interest payable on the Securities, or the date on which interest becomes payable, including by suspending payment for a temporary period; and

(ii) the variation of the terms of the Securities, as deemed necessary by the Relevant UK Resolution Authority, to give effect to the exercise of any UK Bail-in Power by the Relevant UK Resolution Authority.

No repayment or payment of Amounts Due in respect of the Securities will become due and payable or be paid after the exercise of any UK Bail-in Power by the Relevant UK Resolution Authority, if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

Neither a reduction or cancellation, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the UK Bail-in Powers by the Relevant UK Resolution Authority with respect to the Issuer, nor the exercise of the UK Bail-in Powers by the Relevant UK Resolution Authority with respect to the Securities, will constitute a default for any purpose.

Upon the exercise of the UK Bail-in Powers by the Relevant UK Resolution Authority with respect to the Securities, the Issuer shall notify the Trustee and the Agents as soon as practicable regarding such exercise and will provide a written notice to the Holders in accordance with Condition 15 as soon as practicable regarding such exercise of the UK Bail-in Powers. The Issuer will also deliver a copy of such notice to the Trustee, the Principal Paying Agent and the Registrar for information purposes. Any delay or failure by the Issuer in delivering any notice referred to in this Condition 18 shall neither affect the validity and enforceability of the UK Bail-in Powers nor constitute a default by the Issuer for any purpose.

In this Condition 18:

"**Amounts Due**" means the principal amount of, and any accrued but unpaid interest (including any Additional Amounts payable pursuant to Condition 10, but excluding interest that has been cancelled in accordance with these Conditions) on, the Securities. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any UK Bail-in Power by the Relevant UK Resolution Authority;

"**Bail-In Legislation**" means any law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings), including, without limitation, Part I of the Banking Act 2009, as amended;

"**Relevant UK Resolution Authority**" means any authority with the ability to exercise a UK Bail-in Power; and

"**UK Bail-in Power**" means the powers under the Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or affiliate of a bank or investment firm, to cancel, reduce, transfer, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such

contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability.

19. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Securities by virtue of the Contracts (Rights of Third Parties) Act 1999.

20. Definitions

In these Conditions:

"**Additional Amounts**" has the meaning given to it in Condition 10;

"**Additional Tier 1 Capital**" has the meaning given to it (or any successor term) from time to time by the Competent Authority and/or for the purposes of the Regulatory Capital Requirements;

"**Agency Agreement**" has the meaning given to it in the preamble to these Conditions;

"**Agent Bank**" has the meaning given to it in the preamble to these Conditions;

"**Agents**" means the Registrar, the Transfer Agent(s), the Agent Bank and the Principal Paying Agent or any of them and includes any successor appointed from time to time;

"**Assets**" means the unconsolidated gross assets of the Issuer, as shown in the latest published audited balance sheet of the Issuer, but adjusted for subsequent events in such manner as the directors of the Issuer may determine;

"**Authorised Signatory**" means any person who is represented by the Issuer as being for the time being authorised to sign (whether alone or with another person or other persons) on behalf of the Issuer and so as to bind it;

"**Business Day**" means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in London;

"**Calculation Amount**" means £1,000 in principal amount;

A "**Capital Disqualification Event**" shall occur if the Issuer determines (following consultation with the Competent Authority where practicable) that there is a change (which has occurred, or which is pending and which the Competent Authority considers to be sufficiently certain) in the regulatory classification of the Securities which becomes effective after the Reference Date and that results, or would be likely to result, in some of or the entire principal amount of the Securities ceasing to be included in the Additional Tier 1 Capital of the Group (other than by reason of any applicable limit on the amount of Additional Tier 1 Capital);

"**Certificate**" has the meaning given to it in Condition 1*(a)*;

"**CET1 Capital**", at any time, means the sum, expressed in pounds sterling, of all amounts that constitute Common Equity Tier 1 Capital at such time of the Group less any deductions therefrom required to be made at such time, as calculated on a consolidated basis, in accordance with the Regulatory Capital Requirements but without applying any transitional provisions set out in the Regulatory Capital Requirements which are applicable at such time (unless such transitional provisions are required or permitted (explicitly or without restriction) by the

Competent Authority or the Regulatory Capital Requirements to be applied for the purposes of determining whether a Trigger Event has occurred);

"**CET1 Ratio**" means, at any time, the ratio of the aggregate amount of the CET1 Capital of the Group at such time to the Risk Weighted Assets of the Group at such time, calculated on a consolidated basis and expressed as a percentage;

"**Common Equity Tier 1 Capital**" means common equity tier 1 capital as contemplated by the Regulatory Capital Requirements then applicable, or an equivalent or successor term;

"**Competent Authority**" means the Prudential Regulation Authority or such other or successor authority having primary supervisory authority with respect to prudential matters concerning the Group;

"**Compliant Securities**" means securities issued directly by the Issuer that:

(a) have terms which are not materially less favourable to an investor than the terms of the Securities (as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the Issuer), and provided that a certification to such effect (including as to such consultation) of two Authorised Signatories shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without further enquiry and without liability to any person) prior to the issue or, as appropriate, variation of the relevant securities), and, subject to the foregoing, which (1) contain terms which comply with the then current requirements of the Competent Authority and/or the Regulatory Capital Requirements in relation to Additional Tier 1 Capital; (2) provide for the same Interest Rate and Interest Payment Dates from time to time applying to the Securities; (3) rank *pari passu* with the ranking of the Securities; (4) preserve any existing rights under these Conditions to any accrued interest or other amounts which have not been either paid or cancelled (but subject always to the right of the Issuer subsequently to cancel such accrued and unpaid interest in accordance with the terms of the securities); (5) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Securities, including (without limitation) as to timing of, and amounts payable upon, such redemption; (6) have the same principal amount as the Securities; and (7) qualify as "hybrid capital instruments" as defined in section 475C of the Corporation Tax Act 2009 (or in any equivalent provision in any applicable successor legislation);

(b) where the Securities which have been substituted or varied had a published solicited rating from one or more rating agencies immediately prior to their substitution or variation, such rating agency(ies) will have assigned, or informed the Issuer by an announcement or otherwise of its intention to assign, an equal or higher published solicited rating; and

(c) are (i) admitted to trading on the ISM or (ii) listed on such other stock exchange as is a Recognised Stock Exchange at that time as selected by the Issuer and approved by the Trustee.

"**Conditions**" has the meaning given to it in the preamble to these Conditions;

"**Directors**" means the directors of the Issuer;

"**Distributable Items**" has the meaning given to it in the Regulatory Capital Requirements at the relevant time, but, to the extent applicable and permitted by the Competent Authority,

amended so that any reference therein to "before distributions to holders of own funds instruments" shall be read as a reference to "before distributions by the Issuer to holders of own funds instruments (other than Tier 2 Capital instruments)";

"**Extraordinary Resolution**" has the meaning given to it in the Trust Deed;

"**Financial Year**" means the financial year of the Issuer (being the one-year period in respect of which it prepares annual audited individual financial statements) from time to time, which as at the Issue Date runs from (and including) 1 January in one calendar year to (but excluding) the same date in the immediately following calendar year;

"**First Reset Date**" means 20 November 2030;

"**Group**" means the Issuer and each entity which is part of the UK prudential consolidation group (as that term, or its successor, is used in the Regulatory Capital Requirements) of which the Issuer is part from time to time;

"**Holder**" has the meaning given to it in Condition 1*(b)*;

"**Holding Company**" means, at any time, the ultimate holding company of the prudential consolidation group and/or resolution group of which the Issuer forms part at such time, where 'holding company' has the meaning given to such terms under section 1159 of the Companies Act 2006;

"**Initial Fixed Interest Rate**" has the meaning given to it in Condition 4*(c)*;

"**Initial Fixed Rate Interest Period**" means the period from (and including) the Issue Date to (but excluding) the First Reset Date;

"**Interest Payment Date**" means 20 May and 20 November in each year, starting on (and including) 20 November 2025;

"**Interest Period**" means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

"**Interest Rate**" means the Initial Fixed Interest Rate and/or the Reset Rate of Interest, as the case may be;

"**ISM**" means the International Securities Market of the London Stock Exchange plc;

"**Issue Date**" means 20 May 2025, being the date of the initial issue of the Securities;

"**Issuer**" has the meaning given to it in the preamble to these Conditions;

"**Liabilities**" means the unconsolidated gross liabilities of the Issuer, as shown in the latest published audited balance sheet of the Issuer, but adjusted for contingent and prospective liabilities and for subsequent events in such manner as the directors of the Issuer may determine;

"**Margin**" means 8.867 per cent.;

"**Maximum Distributable Amount**" means any applicable maximum distributable amount relating to the Issuer or the Group, as applicable, required to be calculated in accordance with

Chapter 4 (*Capital Conservation Measures*) of the Capital Buffers chapter of the PRA Rulebook, as amended or replaced or in accordance with any other applicable provisions of the Regulatory Capital Requirements which require a maximum distributable amount to be calculated if the Issuer or the Group, as applicable, is failing to meet any applicable requirement or any buffers relating to such requirement;

"**own funds instruments**" has the meaning given to it in the Regulatory Capital Requirements;

"**pounds sterling**" means the lawful currency of the United Kingdom;

"**PRA Rulebook**" means the applicable rules made and/or enforced by the Prudential Regulation Authority under powers conferred by the Financial Services and Markets Act 2000, as amended or replaced from time to time;

"**Principal Paying Agent**" has the meaning given to it in the preamble to these Conditions;

"**Recognised Stock Exchange**" means a recognised stock exchange as defined in section 1005 of the Income Tax Act 2007 as the same may be amended from time to time and any provision, statute or statutory instrument replacing the same from time to time;

"**Record Date"** has the meaning given to it in Condition 8*(a)*;

"**Reference Date**" means the later of (i) the Issue Date and (ii) the latest date (if any) on which any Further Securities have been issued pursuant to Condition 16;

"**Register**" has the meaning given to it in Condition 1*(b)*;

"**Registrar**" has the meaning given to it in the preamble to these Conditions;

"**Regulatory Capital Requirements**" means, at any time, any requirement contained in the laws, regulations, requirements, guidelines and policies of (i) the Competent Authority (whether or not having the force of law) and/or (ii) the United Kingdom, in each case relating to capital adequacy leverage, minimum requirement for own funds and eligible liabilities and prudential (including resolution) supervision, and applicable to the Group;

"**Relevant Date**" means (i) in respect of any payment other than a sum to be paid by the Issuer in a Winding-Up, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Holders that, upon further surrender of the Certificate representing such Security being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such surrender, and (ii) in respect of a sum to be paid by the Issuer in a Winding-Up, the date which is one day prior to the date on which an order is made or a resolution is passed for the winding-up (or, in the case of an administration, one day prior to the date on which any dividend is distributed);

"**Relevant Jurisdiction**" means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which payments of principal and/or interest on the Securities become generally subject to tax;

"**Reset Date**" means the First Reset Date and each fifth anniversary of the First Reset Date thereafter;

"**Reset Determination Date**" means, in respect of a Reset Period, the second Business Day prior to the first day of such Reset Period unless such day is not a Business Day, in which case it shall mean the immediately preceding Business Day;

"**Reset Period**" means the period from and including the First Reset Date to but excluding the next Reset Date, and each successive period from and including a Reset Date to but excluding the next succeeding Reset Date;

"**Reset Rate of Interest**" has the meaning given to it in Condition 4*(d)*;

"**Reset Reference Banks**" means five leading gilt dealers in the principal interbank market relating to pounds sterling selected by the Issuer;

"**Reset Reference Rate**" means in respect of a Reset Period, the percentage rate (rounded (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) determined by the Agent Bank on the basis of the Gilt Yield Quotations (which quotations are calculated by the Agent Bank using the bid and offered yields of the Benchmark Gilt provided (upon request by the Issuer) by the Reset Reference Banks to the Issuer at 11.00 a.m. (London time) on the Reset Determination Date in respect of such Reset Period). The Issuer shall provide any such bid and offered yields of the Benchmark Gilt obtained from such Reset Reference Banks to the Agent Bank. If at least four Gilt Yield Quotations are determined, the Reset Reference Rate will be determined by reference to the rounded arithmetic mean of such Gilt Yield Quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three Gilt Yield Quotations are determined, the Reset Reference Rate will be determined by reference to the rounded arithmetic mean of the Gilt Yield Quotations. If only one Gilt Yield Quotation is determined, the Reset Reference Rate will be determined by reference to the rounded Gilt Yield Quotation. If no Gilt Yield Quotations are determined, the Reset Reference Rate will be (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Date, the Reset Reference Rate in respect of the immediately preceding Reset Period or (ii) in the case of the Reset Period commencing on the First Reset Date, an amount equal to 4.008 per cent., where:

> "**Benchmark Gilt**" means, in respect of a Reset Period, such United Kingdom government security customarily used in the pricing of new issues denominated in pounds sterling and with a tenor of 5 years and having a maturity date on or about the last day of such Reset Period, as selected by the Issuer on the advice of an investment bank of international repute; and
>
> "**Gilt Yield Quotations**" means, with respect to a Reset Reference Bank and a Reset Period, the arithmetic mean (rounded (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) as determined by the Agent Bank of the bid and offered yields (on a semi-annual compounding basis) for the Benchmark Gilt in respect of that Reset Period, expressed as a percentage, as quoted by such Reset Reference Bank;

"**Risk Weighted Assets**" means, at any time, the aggregate amount, expressed in pounds sterling, of the total risk exposure amount of the Group, as calculated on a consolidated basis in accordance with the Regulatory Capital Requirements at such time and without applying any transitional arrangements under the Regulatory Capital Requirements which are applicable at such time (unless such transitional provisions are required or permitted (explicitly or without restriction) by the Competent Authority or the Regulatory Capital Requirements to be applied for the purposes of determining whether a Trigger Event has occurred);

"**Securities**" has the meaning given to it in the preamble to these Conditions;

"**Senior Creditors**" means creditors of the Issuer: (a) who are unsubordinated creditors of the Issuer; (b) whose claims are, or are expressed to be, subordinated to the claims of unsubordinated creditors of the Issuer but not further or otherwise; or (c) whose claims are, or are expressed to be, junior to the claims of other creditors of the Issuer, whether subordinated or unsubordinated, other than those whose claims rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the Holders in a winding-up in respect of the Securities (and, for the avoidance of doubt, Senior Creditors shall include holders of Tier 2 Capital instruments);

"**Solvency Condition**" has the meaning given to it in Condition 3*(b)*;

"**Subsidiary**" means each subsidiary undertaking (as defined under section 1159 of the Companies Act 2006) for the time being of the Issuer;

"**Substitute Obligor**" has the meaning given to it in Condition 12*(c)*;

"**successor in business**" means

(i) a company or other entity to whom the Issuer validly and effectually, in accordance with all enactments, orders and regulations in force for the time being and from time to time, transfers the whole or substantially the whole of its business, undertaking and assets for the purpose of assuming and conducting the business of the Issuer in its place; or

(ii) any other entity which acquires in any other manner the whole or substantially the whole of the undertaking, property and assets of the Issuer and carries on as a successor to the Issuer the whole or substantially the whole of the business carried on by the Issuer prior thereto;

"**Supervisory Permission**" means, in relation to any action, such notice, permission, consent, approval, non-objection and/or waiver as is required therefor (if any) under prevailing Regulatory Capital Requirements;

A "**Tax Event**" is deemed to have occurred if the Issuer determines that, as a result of a Tax Law Change:

(i) the Issuer is no longer entitled or will no longer be entitled to claim a deduction in respect of any payments in respect of the Securities (or its corresponding funding costs as recognised in the Issuer's financial statements) in computing its taxation liabilities or the amount of such deduction is reduced; or

(ii) the Securities are prevented or will be prevented from being treated as loan relationships for United Kingdom tax purposes; or

(iii) the Issuer treats or would be required to treat any Security or any part of the Securities as a derivative or an embedded derivative for tax purposes; or

(iv) the Issuer would not, or will not be, as a result of the Securities being in issue, able to have losses or deductions set against the profits or gains, or profits or gains offset by the losses or deductions, of companies with which it is or would otherwise be so grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the date of issue of the Securities or any similar system or systems having like effect as may from time to time exist); or

(v) in making any payments on the Securities, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts; or

(vi) the Issuer will or would, in the future, have to bring into account a taxable credit, taxable profit or the receipt of taxable income if the principal amount of the Securities were written down,

and, in any such case the Issuer could not avoid the foregoing by taking measures reasonably available to it;

"**Tax Law Change**" means a change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, including any treaty to which such Relevant Jurisdiction is a party, or any change in the application of official or generally published interpretation of such laws, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions, which change or amendment (x) (subject to (y)) becomes, or would become, effective on or after the Reference Date, or (y) in the case of a change in law, is enacted on or after the Reference Date;

"**Tier 2 Capital**" has the meaning given to it (or any successor term) from time to time by the Competent Authority and/or for the purposes of the Regulatory Capital Requirements;

"**Transfer Agent**" has the meaning given to it in the preamble to these Conditions;

"**Trigger Event**" means that the CET1 Ratio of the Group has fallen below 7.00 per cent.;

"**Trigger Event Notice**" means the notice referred to as such in Condition 6 which shall be given by the Issuer to the Holders, in accordance with Condition 15, the Trustee, the Registrar, the Principal Paying Agent and the Competent Authority, and which shall state with reasonable detail the nature of the relevant Trigger Event, the basis of its calculation and the relevant Write Down Date (which may be a date prior to or following the date of the Trigger Event Notice);

"**Trust Deed**" has the meaning given to it in the preamble to these Conditions;

"**Trustee**" has the meaning given to it in the preamble to these Conditions;

"**United Kingdom**" means the United Kingdom of Great Britain and Northern Ireland;

"**Winding-Up**" means:

(i) an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation, the terms of which reorganisation, reconstruction or amalgamation have previously been approved in writing by the Trustee or an Extraordinary Resolution and do not provide that the Securities thereby become redeemable or repayable in accordance with these Conditions);

(ii) following the appointment of an administrator of the Issuer, an administrator gives notice that it intends to declare and distribute a dividend; or

(iii) liquidation or dissolution of the Issuer or any procedure similar to that described in paragraph (i) or (ii) of this definition is commenced in respect of the Issuer, including any bank insolvency procedure or bank administration procedure pursuant to the Banking Act 2009; and

"**Write Down Date**" has the meaning given to it in Condition 6.

SUMMARY OF PROVISIONS RELATING TO THE SECURITIES WHILE REPRESENTED BY THE GLOBAL CERTIFICATE

The following is a summary of the provisions to be contained in the Trust Deed and in the Global Certificate which will apply to, and in some cases modify the effect of, the Conditions while the Securities are represented by the Global Certificate.

Words and expressions defined in the "Terms and Conditions of the Securities" above or elsewhere in this Offering Circular have the same meanings in this section. The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System.

Initial Issue of Certificates

The Global Certificate will be registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg (the "**Common Depositary**") and may be delivered on or prior to the original Issue Date of the Securities.

Upon the registration of the Global Certificate in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a principal amount of Securities equal to the principal amount thereof for which it has subscribed and paid.

Relationship of Accountholders with Clearing Systems

For so long as any of the Securities is represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream or any other alternative clearing system (an "**Alternative Clearing System**"), each person (other than Euroclear or Clearstream) who is for the time being shown in the records of Euroclear and/or Clearstream or any such Alternative Clearing System as the holder of a particular principal amount of Securities (each an "**Accountholder**") (in which regard any certificate or other document issued by Euroclear or Clearstream or any such Alternative Clearing System as to the principal amount of such Securities standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of that principal amount for all purposes (including but not limited to for the purposes of any quorum requirements of, or the right to demand a poll or, meetings of the registered holders and giving notices to the Issuer) other than with respect to the payment of principal, interest and any other amounts on or in respect of the Securities, the right to which shall be vested, as against the Issuer, solely in the Common Depositary.

Each Accountholder must look solely to Euroclear and/or Clearstream or any Alternative Clearing System (as the case may be) for such Accountholder's share of each payment made by the Issuer to the holder of the Global Certificate and in relation to all other rights arising under the Global Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Certificate will be determined by the respective rules and procedures of Euroclear and Clearstream or any such Alternative Clearing System from time to time. For so long as the relevant Securities are represented by the Global Certificate, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Securities and such obligations of the Issuer will be discharged by payment to or to the order of the Common Depositary.

Exchange of the Global Certificate

The following will apply in respect of transfers of Securities held in Euroclear or Clearstream, Luxembourg or any Alternative Clearing System. These provisions will not prevent the trading of

interests in the Securities within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Securities may be withdrawn from the relevant clearing system.

Transfers of the holding of Securities represented by the Global Certificate pursuant to Condition 2*(a)* may only be made in part:

(i) if the Securities represented by the Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and each such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

(ii) upon or following any failure to pay principal in respect of any Securities when it is due and payable or in the event of a Winding-Up; or

(iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to the above, the holder of the Securities represented by the Global Certificate has given the Registrar not less than 30 days' notice at its specified office of such holder's intention to effect such transfer.

Calculation of Interest

For so long as all of the Securities are represented by the Global Certificate and such Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg, interest shall be calculated on the basis of the aggregate principal amount of the Securities represented by the Global Certificate, and not per Calculation Amount as provided in Condition 4.

Automatic Write Down

In the event of an Automatic Write Down pursuant to Condition 6, the principal amount of the Global Certificate will be reduced to zero and cancelled in full accordance with the procedures of Euroclear or Clearstream, Luxembourg as applicable and will not be restored in any circumstances thereafter.

Payments

All payments in respect of Securities represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the register of holders of the Securities maintained by the Registrar at the close of business on the record date which (notwithstanding Condition 7) shall be on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

Notices

For so long as the Securities are represented by the Global Certificate and such Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg, notices may be given to the Holders by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to their respective accountholders in substitution for publication as required by the Conditions provided that, for so long as the Securities are listed on any stock exchange, notices will also be given in accordance with any applicable requirements of such stock exchange. Any such notice shall be deemed to be given on the date that it is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be).

Prescription

Claims against the Issuer in respect of any amounts payable in respect of the Securities represented by the Global Certificate, to the extent permitted under the Conditions, will be prescribed and become void unless made within 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 20) relating thereto.

Meetings

For the purposes of any meeting of the Holders, the holder of the Securities represented by the Global Certificate shall be treated as being entitled to one vote in respect of each £1.00 in principal amount of the Securities.

Written Resolution and Electronic Consent

For so long as the Securities are in the form of a Global Certificate registered in the name of any nominee for one or more of Euroclear and Clearstream, Luxembourg or another clearing system, then, in respect of any resolution proposed by the Issuer or the Trustee:

(i) where the terms of the proposed resolution have been notified to the Holders through the relevant clearing system(s), each of the Issuer and the Trustee shall be entitled to rely upon approval of such resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in principal amount of the Securities outstanding ("**Electronic Consent**"). None of the Issuer or the Trustee shall be liable or responsible to anyone for such reliance; and

(ii) where Electronic Consent is not being sought, for the purpose of determining whether a written resolution has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by (a) accountholders in the clearing system(s) with entitlements to such Global Certificate and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant Alternative Clearing System (the "**relevant clearing system**") and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Holders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's Xact Web Portal systems) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Securities is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

Euroclear and Clearstream, Luxembourg

References in the Global Certificate and this summary to Euroclear and Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved for the purposes of the Securities by the Trustee and the Agents.

DESCRIPTION OF THE ISSUER AND THE GROUP

The following information should be read in conjunction with the information appearing elsewhere in, or incorporated by reference in, this Offering Circular.

Introduction

Zopa Group Limited is a private limited company limited by shares incorporated in England & Wales and domiciled in England under the Companies Act 2006. The Issuer has undertaken to re-register as a public limited company by 13 November 2025. The Issuer was incorporated on 17 February 2017 with company number 10624955. The Issuer's registered office is at First Floor Cottons Centre, 47–49 Tooley Street, London, England, SE1 2QG.

The Issuer is the financial holding company of the Group. The Group provides retail banking and consumer finance services in the UK. The main operating company of the Group is Zopa Bank, a wholly owned subsidiary of the Issuer. Zopa Bank (originally known as Zopa Financial Services Limited) was incorporated on 20 February 2017 with company number 10627575. The registered office of Zopa Bank is at First Floor Cottons Centre, 47–49 Tooley Street, London, England, SE1 2QG.

The Issuer is approved by the PRA as the financial holding company of Zopa Bank. Zopa Bank is a public interest entity, authorised by the PRA and regulated by the FCA and the PRA.

The Issuer has a range of shareholders, from employees to investors with significant growth and credit experience. The following table sets forth the shareholders of the Issuer on a fully diluted and undiluted basis as of 31 March 2025.

	As of 31 March 2025	
	Fully Diluted	**Undiluted**
	(%)	
Silverstripe entities [(1)]	47.98	47.66
Softbank Vision Fund II	12.86	13.28
Airmed Finance Designated Activity Company	4.99	5.15
A.P. Moller	4.23	4.36
Augmentum	3.23	3.34
JNE Partners	2.73	2.81
Chimetech Holding Ltd	2.57	2.66
Northzone	2.54	2.62
Employee option schemes[(2)]	8.75	7.67
Other Shareholders	10.12	10.45
Total	**100.00**	**100.00**

(1) Includes IAG Silverstripe's Set C Warrants and thus represents the maximum amount of dilution from the current warrants.

(2) Comprises employee option schemes for Zopa executive management and current employees. Some options are treated as ordinary shares and thus are assumed to be fully exercised.

History

Zopa Limited was founded in 2005 as the UK's first peer-to-peer ("**P2P**") lending company, to connect borrowers and investors. In 2015, Zopa Limited became the first mainstream lender in the UK to deploy machine learning models for credit decisioning, following which its lending volumes doubled year-on-year from 2014 to 2015. In 2017, Zopa Limited started providing instant decisioning on digital aggregators. Zopa Limited launched Borrowing Power in 2019, giving customers actionable insights that directly link behaviours to lending outcomes.

The Group launched Zopa Bank in 2020, after it obtained a full banking licence, offering personal loans, car finance, credit cards and savings products on proprietary technology. After 16 years, the Group closed the P2P lending side of its business in 2021 to fully focus on Zopa Bank. Although the Zopa Limited entity was sold in February 2022, the Group retained all technology assets and IP in Zopa Bank. In 2022, Zopa Bank launched Smart Saver, an innovative easy access and notice account product, allowing savers to create personalised savings pots with terms and interest rates that match their personal savings goals.

In 2023, Zopa Bank reached full-year profitability for the first time. The Group also acquired the lending business and technology assets of DivideBuy, a point-of-sale platform helping customers spread the cost of large purchases, and Zopa Bank subsequently launched its point-of-sale lending product. In 2023, Zopa Bank also launched Smart ISA, its cash ISA product, and new money management features in the Zopa Bank app.

In 2024, Zopa Bank launched its current account, the Zopa Bank Current Account, in beta to existing customers. The Group also partnered with John Lewis and Octopus Energy in two of its lending products. Since the launch of Zopa Bank in 2020, the number of customers across all products has grown 4.3 times to reach approximately 1.4 million in 2024.

Business Model and Strategy

Since the Group started Zopa Bank, it has focused on meeting the borrowing and saving needs of its customers. Zopa Bank now offers customers access to affordable, fairly priced credit in the form of unsecured personal loans, car finance, credit cards and point-of-sale finance at checkout. Customers can also find a home for their cash savings across fixed-term savings, easy access, notice accounts and cash ISAs and enjoy attractive returns, all in one easy-to-use app.

Zopa Bank aims to serve the everyday person in the UK, with a geographic spread mirroring that of the UK population. A typical Zopa Bank customer is a homeowner above the age of 30 with an above-median income and healthy credit score. Approximately 85 per cent. of the Group's customers find Zopa Bank through aggregators and merchants, including through price comparison websites for personal loans and credit cards, brokers for car finance and checkout for point-of-sale finance. An additional 15 per cent. of customers find Zopa Bank organically at no customer acquisition cost, through the Zopa Bank website or mobile app.

In 2024, Zopa Bank further expanded its product set, going beyond its customers' borrowing and saving needs towards their everyday banking needs with the launch of the current account. Through this shift, Zopa Bank aims to advance from being a strong digital borrowing and saving platform to creating a holistic "Home of Money" for its customers, continuing to create more value for its investors. As of 31 December 2024, one in five Zopa Bank customers held more than one product, with 33 per cent. of personal loans disbursed to returning customers and 41 per cent. of savers holding more than one savings product.

The Group's product offering is wider than most modern neobanks, with a lower revenue sensitivity to falling interest rates than many of its peers (*Source:* KBW), positioning it to compete predominantly with large incumbents such as high street banks. However, as a new digital bank, Zopa Bank does things differently. When a customer joins Zopa Bank, they experience aspects of both a modern neobank and an incumbent high street bank, all in one customer proposition.

The Group believes Zopa Bank's differentiation is underpinned by its three core capabilities: a customer-centric culture, lending and data expertise, and use of cutting-edge technology. Together, these capabilities create an exceptional digital experience that helps customers reach their financial goals.

- *Customer-centric culture* – Zopa Bank's customer-centric culture is at the heart of the experience it provides. Zopa Bank always starts with the customer, using insight to drive innovation and ensuring this focus covers every step of the journey, from product development to servicing. Zopa Bank's products are designed to provide more ease and value relative to other offerings in the market, including by offering competitive savings rates. In 2024, Zopa savers earned £205 million in interest, with an average easy access Annual Equivalent Rate ("**AER**") of 4.41 per cent. Based on the Group's estimates, this is 2.73 times higher than the average easy access AER offered by UK high street banks of 1.61 per cent. In addition, in its app, Zopa Bank enables customers to manage all their products in one place, with useful features to help them simplify and stay on top of their financial lives. Zopa Bank has been recognised for its customer-centric culture, as demonstrated by multiple industry awards, including Smart Money People 2024 Best Personal Loan Provider and Best Credit Card Provider, Moneynet 2024 Personal Savings Provider of the Year and Money Comms 2024 Best App Based Savings Provider. Zopa Bank has also earned a Net Promoter Score of 75, double that of other high street banks.

- *Lending and data expertise* – Unlike other neobanks, Zopa Bank can leverage the Group's long lending history and through-the-cycle data, which includes the 2008 global financial crisis, the COVID-19 pandemic and, more recently, the cost-of-living crisis. This has allowed Zopa to deliver consistent credit returns throughout its history and a strong track record of stable credit performance. From August 2023 to January 2025, the proportion of loan balances that were two or more payments down, but not yet in default, remained low and stable across the Group's range of products, at around 1 per cent. for car finance, less than 2 per cent. for unsecured personal loans and less than 4 per cent. for credit cards. In 2015, the Group deployed machine learning models for credit decisioning, which Zopa Bank has continued to refine and train in order to optimise its commercial strategy and scorecards. Zopa Bank can use this data, which includes approximately 1.5 billion data points representing over ten million credit decisions a month, to make optimal lending decisions at scale through varied economic environments, widen its acceptance range and operate with lower loss rates and stronger returns for a given level of risk. Zopa Bank's disciplined approach to credit decisioning has underpinned its stable credit performance, as evidenced by the trends in gross yield, net loss rate and net yield (net of losses) by origination vintage for unsecured personal loans. For unsecured loans originated in 2023 and 2024, gross yield was 14.71 per cent. and 15.49 per cent., respectively, net loss rate was 5.24 per cent. and 5.33 per cent., respectively, and net yield (net of losses) was 9.48 per cent. and 10.16 per cent., respectively.

- *Use of technology* – The Group is built on a cloud-first, digital-first, AI-enabled platform. Its proprietary technology platform has been built in-house, backed by market-leading software-as-a-service ("**SaaS**") solutions. This enables Zopa Bank to offer an enhanced customer experience in an efficient, scalable and resilient manner, with customer onboarding times below three minutes and instant credit decisions. It also means Zopa Bank can integrate with a wide range of partners to support its product experience, distribution and growth. This technology architecture provides Zopa Bank with flexibility and control over its products, including the end-to-end customer experience, allowing it to react quickly to customers' needs. In addition, the digital platform, with no physical branches and a modern technology stack, means the Group benefits from a lean cost base as it scales. Since December 2020, the Group was able to grow its customer base by over four times while only doubling its total employee headcount and while reducing its operating costs per customer by 23 per cent. In 2024, the Group reported a cost-to-income ratio of 40 per cent., lower than both the average of 65 per cent. for a selection of UK fintech companies and the average of 54 per cent for a selection of UK high street banks, based on the Group's analysis.

The following table sets forth key metrics of the Group's business as of the dates, and for the periods, indicated.

	As of and for the year ended 31 December	
	2023	**2024**
	(£m, unless otherwise specified)	
	(unaudited, unless otherwise specified)	
Total Customers	1.1m	1.4m
Total Revenue[(1)]	235	304
Net Interest Margin[(2)] (IEAs)	5.3%	5.3%
Net Interest Margin[(3)] (Lending)	8.9%	9.6%
ECL Charge[(4)]	122.8	156.2
ECL Allowance[(5)]	174.4	201.5
Coverage Ratio[(6)]	6.5%	6.4%
Cost of Risk[(7)] (Statutory)	5.1%	5.3%
Cost of Risk[(7)] (Including Debt Sales)	4.9%	5.1%
Cost-to-Income Ratio[(8)]	41.6%	39.8%
Profit Before Tax[(9)] *(audited)*	11	29
Common Equity Tier 1 Ratio	16.7%	16.7%
Liquidity Coverage Ratio[(10)]	539%	548%
Average Revenue Per User ("**ARPU**")[(11)]	£249	£242
Cost of Funds[(12)]	3.7%	4.6%

(1) Total net interest income, fee and commission income, net interest income/(expense) on swaps and other operating income.

(2) Net interest income as a percentage of average gross interest-bearing assets. The average is calculated using monthly average balances.

(3) Net interest income as a percentage of average gross loan and advances to customers only. The average is calculated using monthly average balances.

(4) Change in expected credit losses and other credit impairment charges.

(5) Loss allowance for on balance sheet assets.

(6) Total ECL allowance divided by total gross loans and advances to customers.

(7) Net ECL charge as reported in the Group's statement of comprehensive income (which include write-offs and recoveries, net of collection costs but excluding debt sales) divided by average gross loans and advances to customers. The average is calculated using monthly average balances.

(8) Operating expenses as reported in the Group's statement of comprehensive income divided by net interest income plus net fee and commission as reported in the Group's statement of comprehensive income. This includes share-based payment costs of £2.6 million in 2024 (2023: £1.0 million).

(9) Profit before tax as reported in the Group's statement of comprehensive income, including share-based payment costs of £2.6 million in 2024 (2023: £1.0 million).

(10) The amount of unencumbered high-quality liquid assets ("**HQLA**"), divided by total net stressed liquidity outflows over a period of 30 days.

(11) Total Revenue divided by the average number of customers across the year.

(12) Interest expense on deposits from customers, as a percentage of average deposits by customers. The average is calculated using monthly average balances.

Products & Services

The Group, through its main operating subsidiary Zopa Bank, offers products and services built around meeting the borrowing, spending, saving and money management needs of its customers to help them achieve their financial goals in the digital age.

Borrow

Unsecured personal loans

Unsecured personal loans are Zopa Bank's longest standing and largest product, with the Group drawing on 20 years of lending experience in this segment, focused on the everyday borrower. Customers can borrow up to £35,000 for up to seven years for common loan purposes, such as home improvements and debt consolidation.

In 2024, the Group's unsecured personal loans gross new lending grew by 25.4 per cent., from £1.3 billion in 2023 to £1.6 billion in 2024.

Car finance

Zopa Bank's car finance product provides buyers of used cars with affordable finance that is secured against the vehicle. Zopa Bank provides both hire purchase and personal contract purchase, targeting those looking to purchase mainstream vehicles. In hire purchase agreements, customers pay off the cost of a car in equal instalments and own the car outright at the end of the term. In personal contract purchase agreements, customers typically make lower monthly repayments and have the choice to buy the car at the end of the contract, return the car or trade it in for a new car. Customers can borrow up to £50,000 for up to five years.

Zopa Bank uses three distribution channels for its car finance product—direct to consumer, brokers and dealers.

In 2024, the Group's car finance gross new lending grew by 10.6 per cent., from £281.6 million in 2023 to £311.3 million in 2024.

Spending & Payments

Credit cards

Zopa Bank's credit cards are designed to meet the needs of everyday spenders with the intention of offering an exceptional digital experience, with features that put users in control. For example, Credit Cushion allows customers to reserve some of their available credit balance for life's unexpected expenses. Zopa Bank also aims to ensure transparency on terms such as acceptance, rate and credit limit before the start of the application process.

In 2024, total credit card customers increased by 30.2 per cent., from approximately 442,000 as at 31 December 2023 to approximately 576,000 as at 31 December 2024.

Point-of-sale

In 2023, the Group acquired DivideBuy's point-of-sale lending business and technology assets into a new subsidiary company, Zopa Embedded Finance Limited. In June 2024, the assets, liabilities, merchant relationships and people in Zopa Embedded Finance Limited were transferred into Zopa Bank.

Zopa Bank offers both interest-free and interest-bearing credit at checkout through leading e-commerce brands, with most of the lending being delivered as interest-free credit under 12 months. Zopa Bank offers its point-of-sale product across over 700 merchants, including large brands, with a focus on the longer-term and larger order value segments, such as home furnishings, mattresses and veterinary services. In 2024, Zopa Bank grew its merchant base, increasing the portfolio of merchants by over 40

per cent. Most notably, Zopa Bank expanded into the renewables market through an agreement with Octopus Energy to provide financing for solar panels and electric vehicle chargers.

In 2024, the Group's point-of-sale gross new lending was £96.0 million across approximately 81,000 customers.

Debit card

Zopa Bank offers a contactless debit card alongside the Zopa Bank Current Account to allow customers to make everyday purchases quickly and securely. Even if a customer loses their physical card, they can continue spending securely through their mobile wallet on Google Pay and Apple Pay.

Smart Saver Hub

Fixed-term savings

Fixed-term savings was Zopa Bank's first savings product and remains a foundational part of its funding strategy. This product allows savers to earn a fixed rate for periods of up to five years, with interest paid monthly into a customer's account and accessible at the end of the term. As a licensed UK bank, eligible deposits held with Zopa Bank are protected up to a total of £85,000 by the Financial Services Compensation Scheme ("**FSCS**"), the UK's deposit guarantee scheme.

In 2024, savings balances for the Group's total fixed-term savings accounts were £1.1 billion (including ISAs and partnerships). Balances for the Group's fixed-term savings accounts (excluding ISAs and partnerships) decreased by 37 per cent., from £0.8 billion as at 31 December 2023 to £0.5 billion as at 31 December 2024, as Zopa Bank prioritised raising balances from other products.

Smart Saver

Smart Saver is Zopa Bank's award-winning savings product, covering easy access, notice accounts and flexible ISAs. Zopa Bank aims to target everyday savers all in one place through its Smart Savings Hub, with highly competitive rates. Customers find Zopa Bank through rate tables, organically through cross-sell or through Zopa Bank's partners who deposit customer savings with Zopa Bank. Once with Zopa Bank, many savers either retain or grow their balances.

In 2024, Zopa Bank continued to develop new features to support growth and retention through the Smart Savings Hub. These include Growth Hub, enabling savers to see how much interest they have earned, and other open banking-enabled features like Auto Save, enabling customers to set an amount to be automatically transferred from a chosen bank account to their Smart Savings Hub in order to encourage regular savings habits. Zopa Bank also utilises bonus rates to increase the attractiveness of its offering.

In 2024, the Group's retail savings balances (defined as total deposits by customers) increased by 62.5 per cent., from £3.4 billion as at 31 December 2023 to £5.5 billion as at 31 December 2024, including partnerships. Of this, £3.6 billion was held in the Smart Saver and Smart ISA product (including fixed term pots in Smart ISA) as at 31 December 2024, compared to £2.2 billion as at 31 December 2023.

Manage

Zopa Bank Current Account

At the end of 2024, Zopa Bank launched the Zopa Bank Current Account in beta to existing customers, with the first rollout to non-Zopa customers beginning in the first quarter of 2025. The Group believes this will enable Zopa Bank to move beyond being a top digital platform for borrowing and saving,

expanding to meet the everyday banking needs of customers. Zopa Bank is focused on delivering innovative features, including leveraging Open Banking and AI, to give customers a full view of their financial lives so that they can easily manage their day-to-day needs.

The Group believes the Zopa Bank Current Account will be one of the best value current accounts in the UK. For Zopa Bank, it is also expected to provide a new and diversified source of cheaper funding and increase customer lifetime value through cross-sell and in-franchise lending.

Zopa Bank plans to fully launch the Current Account product throughout 2025. As of 31 March 2025, Zopa Bank had approximately 53,000 Current Account customers.

Mobile app

The mobile app is the hub for all of Zopa Bank's products, as well as a driver for new product originations. The features currently available on the app include:

- *Borrowing power*, a credit scoring tool to help customers improve their credit by linking actionable behaviours to outcomes, including pre-approved, guaranteed rate offers for loans and credit cards;

- *Debt consolidation calculator*, which supports customers with their debt management by showing savings that can be made through taking out a debt consolidation loan;

- *Insights*, which enables customers to track personalised financial insights from their linked accounts; and

- *Payments*, a tool that manages payments between linked accounts, with automated flags for upcoming payments.

In 2024, Zopa Bank mobile app users visited the app an average of 7.4 times per month.

Funding

The Group's balance sheet is primarily funded by retail customer deposits, providing diversified low-cost funding, supplemented with wholesale funding.

Since the launch of Zopa Bank in 2020, the Group has typically retained all loans on its balance sheet. However, in 2024, the Group demonstrated additional balance sheet flexibility by initiating a loan sale agreement with an investment bank.

The table below sets out the Group's gross loans and advances to customers and retail deposits (deposits by customers) by product as at the dates indicated.

	As of 31 December	
	2023	2024
	(£ billion)	
Gross loans and advances to customers	**2.7**	**3.1**
Unsecured personal loans	1.9	2.1
Car Finance[(1)]	0.5	0.6
Credit Cards	0.3	0.3
Point-of-Sale	0.0	0.1
Deposits by customers	**3.4**	**5.5**
Easy Access[(2)]	1.1	1.1
Notice Accounts[(3)]	0.8	0.6
Fixed Term[(4)]	0.8	0.5
ISA[(2)(4)]	0.3	1.9
Partnerships[(4)]	0.4	1.3
Current Accounts[(2)]	—	0.0

(1) Defined as gross finance lease receivables. Includes unearned finance income.

(2) Includes demand deposits.

(3) Includes notice products with notice periods of 7, 31 or 95 days' notice.

(4) Includes fixed-term deposits with terms of 1-5 years.

In addition to retail deposits, the Group has demonstrated its ability to access the wholesale funding market by completing three successful securitisations in 2016, 2017 and 2019 on behalf of institutional investors through its former P2P business.

The ability of the Issuer's Subsidiaries to pay dividends and the Issuer's ability to receive distributions and other payments from the Issuer's investments in other entities (including the Intra-Group Securities) is subject to applicable local laws and other restrictions, including their respective regulatory, capital and leverage requirements and any related PRA or other regulator imposed restrictions (which apply either on a mandatory or voluntary basis), statutory reserves, financial and operating performance and applicable tax laws, and any changes thereto. Any such laws and restrictions applying either as at the date of this Offering Circular or as at any future date could limit the payment of dividends, distributions and other payments to the Issuer by the Issuer's Subsidiaries (including pursuant to the Intra-Group Securities), which could in time restrict the Issuer's ability to fund other operations, to maintain or increase its Distributable Items or to make payments under the Securities. See the section headed "*Risk factors – Risks Related to the Securities – As the Issuer is a holding company, investors in the Securities will be structurally subordinated to creditors of the Issuer's operating Subsidiaries, the level of the Issuer's Distributable Items is affected by a number of factors, and insufficient Distributable Items will restrict the Issuer's ability to make interest payments on the Securities*" above.

Capital

The Issuer is required to hold adequate capital resources to meet its Total Capital Requirements or TCR. The TCR consists of a Pillar 1 Capital Requirement, which is set at 8 per cent. of risk weighted assets, and a Pillar 2A requirement to cover additional risks not covered by Pillar 1. The Pillar 2A requirement is set by the PRA, taking into account the Issuer's calculations within its Internal Capital Adequacy Assessment Process ("**ICAAP**"), which is an annual assessment of the risks to the Issuer, mitigants to those risks and the capital required to withstand them. As at 31 December 2024, the overall capital requirement (excluding any PRA buffer) of the Group was £427 million, of which £307 million reflected the sum of the Group's TCR. Additionally, the Issuer is required to hold capital in respect of regulatory buffers. For further information on the Issuer's regulatory buffer requirements, see "*Risk Factors—Capital Risk—The Group is subject to regulatory capital, liquidity and leverage requirements that could limit its operations, and changes to these requirements may further limit, and could have a material adverse effect on, the Group's business, financial condition and results of*

operations—Risk-based capital requirements". The Issuer's capital requirements have been met throughout the year.

Capital ratios are used to help measure the risk that the Issuer has insufficient capital to cover regulatory requirements and/or support its growth plans. Financial performance is regularly reviewed by various committees in the business, focusing on the amount of regulatory capital needed. This is especially important as the business continues to expand. The process includes the monitoring of the annual budget and forecast process from which cash flow and capital assessments and projections are made.

The following table sets forth certain key metrics relating to the Issuer's capital and leverage as at 31 December 2023 and 2024.

	As at 31 December	
	2023	**2024**
	(£m, unless otherwise specified) (unaudited)	
Available own funds (amounts)		
CET1 capital	367	447
Tier 1 capital	367	447
Total capital[(1)]	441	522
Risk-weighted exposure amounts		
Total risk-weighted exposure amount	2,202	2,673
Capital ratios (as a percentage of risk-weighted exposure amount)		
CET1 ratio	16.66%	16.71%
Tier 1 ratio	16.66%	16.71%
Total capital ratio	20.05%	19.51%
Additional Pillar 2A own funds requirements based on Supervisory Review and Evaluation Process ("SREP") (as a percentage of risk-weighted exposure amount)		
Additional CET1 SREP requirements	1.96%	1.96%
Additional AT1 SREP requirements	0.65%	0.65%
Additional Tier 2 SREP requirements	0.87%	0.87%
Total Pillar 1 and Pillar 2A own funds requirements	11.48%	11.48%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)		
Capital conservation buffer	2.50%	2.50%
Institution specific countercyclical capital buffer	2.00%	2.00%
Combined buffer requirement	4.50%	4.50%
Overall capital requirements	15.98%	15.98%
CET1 available after meeting the total Pillar 1 and Pillar 2A own funds requirements[(2)]	10.20%	10.26%
Leverage ratio[(3)]		
Total exposure measure excluding claims on central banks	2,709	3,446
Leverage ratio excluding claims on central banks	13.54%	12.97%

(1) Total capital includes Tier 2 capital of £75 million, of which £72 million is eligible as at 31 December 2024.

(2) Represents CET1 capital surplus after deducting the minimum amount of CET1 capital required to meet the total Pillar 1 and Pillar 2A own funds requirement (56.25% of Pillar 1 and 2A). Whilst none is outstanding, a portion of CET1 capital is required to meet AT1 requirements (18.75% of Pillar 1 and 2A).

(3) Leverage metrics reflect the method of calculation set out in PS21/21 'The UK leverage ratio framework', which came into effect on 1 January 2022.

On 4 March 2025, the Group undertook a capital reduction to optimise its capital structure and create distributable reserves. The reduction was approved by the PRA on 27 December 2024 and by the

Group's special resolution on 28 February 2025. The capital reduction resulted in the following changes to the Group's equity:

- Share premium was reduced from £534.4 million as at 31 December 2024 to £50.5 million.
- The amount reduced was transferred to retained earnings, increasing distributable reserves.

There was no impact on the total equity or the Group's ability to meet its obligations. The purpose of this capital reduction was to enhance the Group's financial flexibility and align its capital structure with its operational and strategic objectives. The reduction had no effect on the rights of existing shareholders or the number of shares in issue.

In addition, in March 2025, the Group secured an additional equity investment of £10.3 million from external investors and certain existing shareholders.

As at 31 March 2025, the Issuer had Distributable Items in the form of retained earnings of £436,093,945.

Liquidity

The Group maintains a strong liquidity position against both regulatory metrics and its internal risk appetite. As at 31 December 2024, the Group had £3.2 billion in HQLA, or 98 per cent. of its total liquid assets, compared to £1.4 billion and 96 per cent. as at 31 December 2023, providing sufficient liquidity should it be required.

Additionally, the Group has used its growth in retail deposit balances to generate excess liquidity. In addition to its total liquid assets of £3.3 billion (defined as the sum of (i) cash and balances with the central bank and other banks and (ii) investment securities), the Group also held £2.9 billion in net loans and advances to customers as at 31 December 2024.

The Group's Internal Liquidity Adequacy Assessment Process provides an assessment of the adequacy of the liquidity resources in relation to both quality and quantity, and assurance that a prudent funding plan is in place to support future growth. In addition to the liquidity held, eligible collateral is pre-positioned with the Bank of England, ensuring access to facilities such as the Discount Window Facility and Indexed Long-Term Repo, which provides contingent funding, further enhancing the Group's liquidity position. As at 31 December 2024, the Group held 87 per cent. of its liquidity with the Bank of England, with the remaining 13 per cent. invested in AAA rated bonds.

The liquidity coverage ratio and the net stable funding ratio are only calculated at Zopa Bank level. As at 31 December 2024, Zopa Bank had a liquidity coverage ratio of 548 per cent., well above both the average of 159 per cent. for a selection of UK high street banks, based on the Group's analysis, and the regulatory minimum of 100 per cent.

Board of Directors

The Board of Directors is chaired by Gordon McCallum and comprises of executive, independent non-executive and non-independent non-executive directors who represent key shareholders.

The Board of Directors sets the strategy for the Group and is responsible for ensuring that it delivers against its financial and business objectives in a way that promotes the desired culture at the Group and with regard to the risk appetite and interests of all stakeholders. The Board of Directors also holds responsibility for the oversight and control of the management of risk and setting the risk appetite.

The Board of Directors ensures that the Group and the Board itself comply with the Articles of Association and all relevant legal, regulatory and governance requirements.

The Group's Board Audit Committee together with the Bank's Board Audit Committee is responsible for the oversight of accounting policies and judgements, control environment (systems and procedures), financial reporting, whistleblowing and external audit plan for the Group.

The Directors, their roles within the Group and the principal business activities of each Director outside of the Group are set out below.

Name	Role(s)	Principal outside activities
Gordon McCallum	• Independent non-executive director • Chair of the Board • Chair of the Board Nomination Committee for Zopa Bank	• Senior Adviser to Searchlight Capital • Non-executive director at John Swire & Sons Ltd • Chair at Argent Energy Holdings Ltd • Non-executive director at Swire Pacific Limited • Non-executive director at Cathay Pacific Airways Limited
Gaenor Bagley	• Independent non-executive director • Chair of the Board Audit Committee • Chair of the Board Audit Committee for Zopa Bank	• Non-executive director at Octopus Titan VCT plc • Trustee at The Kemnal Academies • Non-executive director at the National Audit Office • Trustee at Cambridge University
Giles Andrews	• Non-executive shareholder director	• Independent non-executive director of C Hoare & Co. • Independent non-executive director and Chair of the Transformation Oversight Committee at the Bank of Ireland Group plc • Court of Directors of Governor and Company of the Bank of Ireland • Director of Sussex Holdings Limited • Director of Sussex Partners Limited • Non-executive Chair at Carwow Limited • Independent non-executive director and Chair of Octopus Electric Vehicles Limited
Jaidev Janardana	• CEO of Zopa Bank • Executive director	• N/A

Marina Troshina	• Non-executive shareholder director	• Vice President of investments at SoftBank Vision Fund
Michael Woodburn	• Independent non-executive director	• Chief Data Officer at ClearScore • Non-executive Director at Kriya Finance Limited (formerly MarketFinance)
Nicholas Aspinall	• Non-executive shareholder director	• Investment director of IAG Silverstripe, an investment arm of IAG Capital Partners • Director of Shamrock SPV Limited • Director of Kroll Bond Rating Agency UK Limited • Director of Bamboo Topco Limited • Director of Bamboo Limited • Director of Silverstripe Credit and Technologies Limited (formerly known as “Bamboo IPCO Limited”) • Director of Bamboo 1 Lending Limited • Director of Bamboo 2 Lending Limited • Director of Plata Finance Limited • Director of Plata Operations Limited • Director of Plata Holdings UK Limited • Director of FB Nominees Limited • Director of Cambridge Place Partners (UK) Limited • Director of Cambridge Place Limited • Director of Cambridge Place Advisors Limited • Director of Cambridge Place Holdings (UK) Limited • Director of Cambridge Place Investment Management LLP • Director of Silverstripe Advisers Limited

		• Director of Silverstripe Investment Management Limited • Director of Silverstripe Partners Limited • Director of Perenna Group Limited • Director of Rimbal Financial Limited • Director of Rimbal Financial Holdings Limited • Director of RF Group Services Limited • Director of RF Assets Limited • Director of Rimbal Holdings Limited
Paul Cutter	• Independent non-executive director	• Director of Coupeur Limited
Philippa Lambert	• Independent non-executive director • Chair of the Remuneration Committee for Zopa Bank	• Independent non-executive director and Chair of Remuneration Committee at Aviva plc • Board Trustee at Future Dreams Trust Limited
Richard Goulding	• Independent non-executive director • Chair of the Board Risk Committee for Zopa Bank	• Independent non-executive director at Governor and Company of the Bank of Ireland • Director at RFG Consulting Limited • Director at Park Avenue Freehold Limited • Council Member at Royal College of Music • Independent non-executive director at J&E Davy (a subsidiary of the Bank of Ireland)
Scott Christopher Jones	• Non-executive shareholder director	• Director of Plata Finance Limited • Director of Plata Operations Limited • Director of RF Group Services Limited • Director of Rimbal Finance Limited • Director of Rimbal Finance Asset Holdings Limited

		• Director of Rimbal Financial Holdings Limited • Director of Silverstripe Investment Management Limited • Director of Silverstripe Partners Limited • Director of Plata Holdings UK Limited • Director of Union Street Capital Limited • Director of FB Nominees Limited • Director of Bamboo 2 Lending Limited • Director of Bamboo 1 Lending Limited • Director of Silverstripe Credit and Technologies Limited • Director of Silverstripe Advisers Limited • Director and Interim Chair of Perenna Group Limited
Stephen Hulme	• CFO of Zopa Bank • Executive director	• N/A

The business address of each of the Directors (in such capacity) is First Floor Cottons Centre, 47–49 Tooley Street, London, England, SE1 2QG.

Conflicts of Interest

Nicholas Aspinall and Scott Christopher Jones were appointed to the Board of Directors by IAG Silverstripe and Marina Troshina was appointed to the Board of Directors by SoftBank Vision Fund pursuant to their respective rights under the Articles of Association, which could present a potential conflict of interest in circumstances where the interests of the Issuer and IAG Silverstripe and/or SoftBank Vision Fund are not, or may not be, aligned. In addition, some of the Directors are members of the boards of companies that have lending activity and therefore operate in the same industry as the Group, including Nicholas Aspinall and Scott Christopher Jones on the boards of IAG Silverstripe investments, including Plata and Bamboo. Giles Andrews also represents a group of legacy investors. Any conflicts that arise are considered and approved on a case-by-case basis.

None of the other Directors of the Issuer has any actual or potential conflicts of interest between their duties to the Issuer and their private interests and/or other duties.

Material Contracts

There are no material contracts that have been entered into other than in the ordinary course of the Issuer's business which could result in any Group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to holders of the Securities.

USE OF PROCEEDS

The net proceeds of the issue of the Securities will be used for general corporate purposes of the Group and to strengthen further the regulatory capital base of the Group.

TAXATION

United Kingdom Taxation

General

The comments set out below are a general description of certain United Kingdom tax considerations relating to the Securities and are not intended to be exhaustive. They do not constitute legal or tax advice. They assume that there will be no substitution of the Issuer and do not address the consequences of any such substitution (notwithstanding that such substitution may be permitted by the terms and conditions of the Securities). They are based on current United Kingdom tax law in force as applied in England and Wales and the current published practice of HM Revenue & Customs (which may not be binding on HM Revenue & Customs), in each case, as at the latest practicable date before the date of this Offering Circular, and each of which may change at any time, possibly with retrospective effect. They do not deal with all United Kingdom tax aspects of acquiring, holding or disposing of the Securities. They only relate to the position of persons who are the absolute beneficial owners of the Securities and who hold the Securities as investments. Certain classes of persons such as dealers, certain professional investors, or persons connected with the Issuer may be subject to special rules and this summary does not apply to such Holders. The following is a general guide and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that might be relevant to a prospective purchaser. Any Holders who are in doubt as to their own tax position should consult their professional advisers. In particular, Holders should be aware that the tax legislation of any jurisdiction where a Holder is resident or otherwise subject to taxation may have an impact on the tax consequences of an investment in the Securities including in respect of any income received from the Securities.

Interest on the Securities

The Securities which carry a right to interest will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange (within the meaning of section 1005 of the Income Tax Act 2007 (the "**Act**") for the purpose of section 987 of the Act). Whilst the Securities are and continue to be quoted Eurobonds, payments of interest on the Securities may be made without withholding or deduction for or on account of United Kingdom income tax. The Main Market of the London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the Main Market of the London Stock Exchange if they are included in the Official List of the Financial Conduct Authority and are admitted to trading on the Main Market of the London Stock Exchange.

Under current United Kingdom legislation, if the exemption referred to above does not apply, interest on the Securities may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to the availability of other reliefs under domestic law or to any direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

Where interest has been paid under deduction of United Kingdom income tax, Holders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the Conditions or any related documentation.

Stamp Duty and Stamp Duty Reserve Tax

No United Kingdom stamp duty or stamp duty reserve tax ("**SDRT**") should be payable on the issue of the Securities, on the basis that an exemption from United Kingdom stamp duty and SDRT applies to the transfer of securities which constitute "hybrid capital instruments" within the meaning of section 475C of the Corporation Tax Act 2009 where there are no arrangements the main purpose, or one of the main purposes, of which is to secure a tax advantage for the Issuer or any other person (the "**HCI Rules**").

The Securities should constitute "hybrid capital instruments" for the purposes of the HCI Rules provided that:

- the Issuer is entitled to defer or cancel a payment of interest under the Securities;
- the Securities "have no other significant equity features"; and
- the Issuer has made an election in respect of the Securities, which has effect for relevant period.

The Securities would "have no other significant equity features" provided that:

- the Securities carry neither significant voting rights in the Issuer nor a right to exercise a dominant influence over the Issuer;
- any provision in the Securities for altering the amount of the principal is limited to write-down or conversion events in certain qualifying cases and that is not a right exercisable by the Holders; one of the qualifying cases is where a provision is included solely because of a need to comply with a regulatory or other legal requirement; and
- any provision for the Holder to receive anything other than interest or principal is limited to conversion events in qualifying cases.

The Issuer will make a hybrid capital instrument election in respect of the Securities upon issuance, in accordance with the provisions of Section 475C of the Corporation Tax Act 2009, which takes effect from issuance and the Securities are not being issued in consequence of, or otherwise in connection with, any arrangements, the main purpose, or one of the main purposes of which, is to secure a tax advantage for the Issuer or any other person. Consequently, the Issuer believes that the HCI Rules should apply to the Securities such that they would benefit from the exemption from all stamp duties so that no liability to United Kingdom stamp duty or SDRT should arise on the issue or transfer of the Securities (including where an election under section 97A of the Finance Act 1986 applies to the Securities).

No liability to United Kingdom stamp duty or SDRT will generally arise on a cash redemption of Securities, provided no issue or transfer of shares or other Securities is effected upon or in connection with such redemption.

SUBSCRIPTION AND SALE

Jefferies International Limited as structuring adviser and sole lead manager (the "**Sole Lead Manager**") has, pursuant to a Subscription Agreement dated 16 May 2025, agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe the Securities at an issue price of 100.00 per cent. of their principal amount. The Issuer has agreed to pay to the Sole Lead Manager a combined management and underwriting commission. The Issuer has agreed to reimburse the Sole Lead Manager for certain of its expenses and to indemnify the Sole Lead Manager against certain of its liabilities in connection with the issue of the Securities. The Subscription Agreement entitles the Sole Lead Manager to terminate it in certain circumstances prior to payment being made to the Issuer.

The offering of the Securities is being made on the basis that the Issuer has undertaken to re-register as a public company by 13 November 2025.

The Sole Lead Manager is owned by Jefferies Financial Group Inc (collectively with its subsidiaries and affiliates, the "**Jefferies Financial Group**"), a diversified holding company engaged through its consolidated subsidiaries in a variety of businesses, including buying and selling companies and business lines and making strategic investments in other companies and businesses, investment banking and other activities (including, but not limited to, investment management, corporate finance, securities underwriting, trading and research and brokerage activities), or providing financing or other services to parties (which may include the Issuer or its affiliates), each case, from which conflicting interests, or duties, may arise, and Jefferies Financial Group maintains certain officers, directors and employees who also perform the same or similar roles for the Sole Lead Manager and its affiliates (each a "**Jefferies Party**" and together the "**Jefferies Parties**"). Each of the Jefferies Parties will act in its own commercial interest in its various capacities without regard to whether its interests conflict with those of the Securityholders or any other party. The Jefferies Parties may also receive customary fees and commissions for the services it provides.

The Jefferies Parties do not disclose specific trading positions or their hedging strategies, including whether they are in long or short positions in the Securities except where required in accordance with the applicable law. Nonetheless, in the ordinary course of business, the Jefferies Parties and employees or customers of the Jefferies Parties may actively trade in and/or otherwise hold long or short positions in the Securities or enter into transactions similar to or referencing the Securities for their own accounts and for the accounts of their customers. If a Jefferies Party becomes an owner of any of the Securities, through market-making activity or otherwise, any actions that it takes in its capacity as owner, including voting, providing consents or otherwise will not necessarily be aligned with the interests of other owners of the Securities. To the extent a Jefferies Party makes a market in the Securities (which it is under no obligation to do), it would expect to receive income from the spreads between its bid and offer prices for the Securities. In connection with any such activity, it will have no obligation to take, refrain from taking or cease taking any action with respect to these transactions and activities based on the potential effect on an investor in the Securities. The price at which a Jefferies Party may be willing to purchase Securities, if it makes a market, will depend on market conditions and other relevant factors and may be significantly lower than the issue price for the Securities and significantly lower than the price at which it may be willing to sell the Securities.

In addition, in the ordinary course of its business activities, the Jefferies Parties may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Jefferies Parties may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments.

A significant proportion (being approximately 19 per cent. of the aggregate principal amount) of the Securities is expected to be purchased on issue by entities which are currently shareholders of the Issuer (or affiliates of shareholders of the Issuer).

Selling Restrictions

General

Neither the Issuer nor the Sole Lead Manager has made any representation that any action will be taken in any jurisdiction by the Sole Lead Manager or the Issuer that would permit a public offering of the Securities, or possession or distribution of this Offering Circular (in preliminary, proof or final form) or any other offering or publicity material relating to the Securities (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. The Sole Lead Manager has agreed that it will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers the Securities or has in its possession or distributes this Offering Circular (in preliminary, proof or final form) or any such other material, in all cases at its own expense.

United States

The Securities have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act and the applicable securities laws of any state or other jurisdiction of the United States. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Sole Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Securities within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the applicable securities laws of any state or other jurisdiction of the United States. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Securities within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Prohibition of Sales to EEA Retail Investors

The Sole Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the EEA. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client, as defined in retail client as defined in point (11) of Article 4(1) of MiFID II; or

(b) a customer within the meaning of the Insurance Distribution Direction, where that customer would not qualify as a professional client, as defined in point (10) of Article 4(1) of MiFID II.

Prohibition of Sales to UK Retail Investors

The Sole Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the

UK. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

United Kingdom

The Sole Lead Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the UK.

GENERAL INFORMATION

1. It is expected that admission of the Securities to trading on the ISM will be granted on or around 20 May 2025, subject only to the issue of the Securities to be represented by the Global Certificate, and that such admission will become effective, and that dealings in the Securities on the ISM will commence, on or about 21 May 2025.

   The Securities will not be admitted to the Official List of the FCA. The London Stock Exchange has not approved or verified the contents of this Offering Circular.

2. The issue of the Securities was duly authorised by the board of directors of the Issuer at a meeting held on 30 April 2025.

3. Since 31 December 2024, there has been (i) save for the additional equity investment of £10.3 million in the Group as further described under "*Description of the Issuer and the Group – Capital*", no significant change in the financial or trading position of the Issuer or the Group and (ii) no material adverse change in the prospects of the Issuer or the Group.

4. The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) of which the Issuer is aware during the 12 months preceding the date of this Offering Circular which may have, or have had in the recent past, significant effects on the Issuer's ability to meet its obligations to holders of the Securities.

5. The Global Certificate has been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records) with a Common Code of 307446928 and an ISIN of XS3074469282.

   The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

6. The Legal Entity Identifier (LEI) of the Issuer is 213800CH9Q31TMDRXN75.

7. So long as any of the Securities are outstanding, copies of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuer, the principal office of the Trustee, and at the specified offices of the Agents (or may be provided by email to a Holder in each case following their prior written request to the Trustee, the Issuer or an Agent and provision of proof of holding and identity (in a form satisfactory to the Issuer, the Trustee or the relevant Agent, as the case may be), subject to, in the case of the Trustee and the Agents, the Trustee and the Agents being supplied by the Issuer with electronic copies):

   (a) the Agency Agreement and the Trust Deed (which includes the form of the Global Certificate);

   (b) the Articles of Association of the Issuer;

   (c) a copy of this Offering Circular; and

   (d) all documents incorporated by reference into this Offering Circular.

8. PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT, have audited the accounts of the Issuer for the financial years ended 31 December 2023 and 31 December 2024.

PricewaterhouseCoopers LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

REGISTERED OFFICE OF THE ISSUER

Zopa Group Limited
1st Floor
Cottons Centre
Tooley Street
London SE1 2QG

TRUSTEE

BNY Mellon Corporate Trustee Services Limited
160 Queen Victoria Street
London
EC4V 4LA

PRINCIPAL PAYING AGENT AND AGENT BANK
The Bank of New York Mellon, London Branch
160 Queen Victoria Street
London
EC4V 4LA

REGISTRAR AND TRANSFER AGENT
The Bank of New York Mellon SA/NV, Dublin Branch
Riverside Two
Sir John Rogerson's Quay
Grand Canal Dock
Dublin 2
Ireland

STRUCTURING ADVISER AND SOLE LEAD MANAGER

Jefferies International Limited
100 Bishopsgate
City of London
London EC2N 4JL

INDEPENDENT AUDITORS OF THE ISSUER

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

LEGAL ADVISERS

To the Issuer as to English law

Allen Overy Shearman Sterling LLP
One Bishops Square
London E1 6AD

To the Sole Lead Manager and the Trustee as to English law

Clifford Chance LLP
10 Upper Bank Street
Canary Wharf
London E14 5JJ