



iFAST Global Bank Limited

Pillar 3 Disclosures

31 December 2025

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Throughout this document, reference to “iGB”, “iFAST Global Bank” and “the Bank” is deemed to refer to iFAST Global Bank Limited

1. Executive Summary

1.1. Background

This document presents the Pillar 3 Disclosures of the Bank for the year ended 31 December 2025. The Basel III framework was developed to improve the banking sector's ability to absorb shocks arising from financial and/or economic stress.

It is structured around three pillars:

Pillar 1

Pillar 1 capital is the Bank's minimum regulatory capital requirement relating to credit, market and operational risk. The Bank applies the Standardised Approach for credit risk and market risk and the Basic Indicator Approach ("BIA") for operational risk.

Pillar 2

To calculate Pillar 2 capital requirements the Bank has performed detailed assessment of the risks facing the Bank and additional capital resources needed to cover specific risks it faces that are not covered by the minimum regulatory capital resources requirement under Pillar 1. The amount of any additional capital requirement is assessed by the PRA during its Supervisory Review and Evaluation Process ("SREP") and is used to determine the overall capital resources required by the Bank.

Pillar 3

Pillar 3 complements Pillar 1 and Pillar 2 and sets out the disclosures that banks are required to make in order to promote market discipline through the external disclosure of its governance, capital resources, risk management objectives, remuneration and risk exposures. The Bank is required to publish its Pillar 3 report annually.

The Basel standards in relation to market disclosures came into force in the UK on 1 January 2022 through the Capital Requirements Regulation (CRR II) No 2019/876 amending regulation 575/2013 and the subsequent PRA UK ruleset (published in policy statement PS 22/21) 'PRA Rulebook (CRR) instrument 2021'. The PRA issued UK versions of disclosure templates and related instructions in that same policy statement.

1.2. Basis of preparation

These Pillar 3 disclosures are prepared in accordance with the Disclosure (CRR) Part of the PRA Rulebook which prescribes the format of disclosures via templates in order to promote transparency, consistency and comparability of information between firms. Where certain rows or columns within prescribed templates are not relevant to the Bank, these have been omitted.

Unless otherwise stated all figures are as at 31 December 2025, the Bank's financial year end.

The Bank has assessed itself against the disclosure requirements of the CRR II and determined that it is classified under Article 433c of the Disclosure (CRR) Part of the PRA Rulebook as an 'other institution'. This reduces the scope of the required Pillar 3 disclosures, and the document has been prepared accordingly to include applicable PRA templates.

In accordance with Article 432 of the CRR, the Bank is permitted to exclude certain disclosures if they contain proprietary information or are non-material, however the Bank has not omitted any disclosures.

1.3. Scope

iGB is a UK registered Bank that is authorised by the Prudential Regulatory Authority ("PRA") and regulated by the PRA and the Financial Conduct Authority ("FCA").

The Bank trades as a single entity and has no subsidiaries or associates.

1.4. Frequency and location of disclosures

It is the Bank's policy to publish the disclosures on an annual basis and in conjunction with the date of publication of the Annual Report and Financial Statements, which should be read jointly with this document. Both can be found in a single medium location, which can be found on the Bank's website: <https://www.ifastgb.com>

The frequency and scope of disclosure will be reviewed at least annually given changes in the business or revised requirements issued by the PRA.

Pillar 3 disclosures are not subject to external audit, and have been produced solely for the purpose of satisfying Pillar 3 regulatory requirements.

1.5. Verification

These disclosures have been subject to internal review and validation prior to being submitted to the Board for approval. This document was reviewed and approved by the Board Audit Committee alongside the Annual Financial Statements of the Bank.

1.6. Regulatory Developments

On 17 January 2025, the Prudential Regulation Authority (PRA), delayed the implementation of Basel 3.1 in the UK until 1 January 2017. On 20 January 2026 the PRA published policy statement PS1/26 Implementation of Basel 3.1 Final, which confirmed the implementation will go ahead and the published final rules.

2. Risk Governance and Committees

The Bank manages its risk through a comprehensive framework of systems and internal controls, which are designed to identify, manage, monitor and report on risks that the Bank is exposed to. Through careful and regular review, this provides reasonable assurance against the risk of material events or losses. The effectiveness of the internal controls is regularly reviewed by the Board, Audit Committee and Risk Committee.

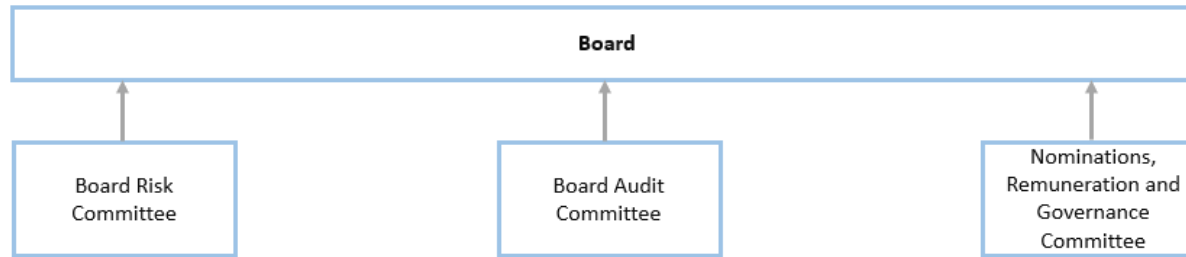
The Principal Risks underpin the delivery of the business objectives included in the Strategic Plan and act as key anchors against which the Board articulates its appetite for risk. The principal risks faced by the Bank along with their definitions are summarised in the table:

Key Risks	Definition
Strategic & Business Risk	The risk is the possibility that the Bank will have lower than anticipated profits or experience a loss rather than making a profit. Strategic & Business risk is influenced by numerous factors including inability to implement the strategic plan, fails to be customer centric and ends up not delivering good outcomes for customers, lower than anticipated margins or volumes, competition and the overall economic climate and regulation
People Risk	The risk refers to the potential problems that can arise from the actions or decisions of individuals within an organization. This includes issues such as employee misconduct high turnover and poor leadership highlighting that people are a primary source of risk due to their unpredictability and the potential for making poor decisions.
Capital	The risk is the possibility that the Bank fails to maintain healthy capital ratios in order to support its business and maximise shareholders' value in accordance with both external and internal capital requirements.
Liquidity	The risk is the possibility where the Bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.
Market Risk	The risk is the possibility that fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and market prices.

Credit & Counterparty Risk	The risk is the possibility of financial loss to the Bank if its customers or counterparties fail to discharge their contractual obligations. It arises principally on its bank balances, trade, treasury investments / fixed income products and lending products.
Financial Crime Risk	The risk is the possibility of failing to identify and prevent fraud or dishonesty, misconduct, misuse of information relating to financial markets, handling the proceeds of crime, failure, or inability to fully comply with the laws and regulations related to money laundering, bribery, and corruption as well as terrorist financing and/or economic sanctions.
Conduct and Consumer Duty Risk	The risk is the possibility of events arising from any action or behaviour (including the sale of unsuitable products) which leads to failure to deliver good outcomes for retail customers in line with the expectations for the FCA's Consumer Duty rules, customer detriment or negative impacts towards market stability and/or market conduct.
Regulatory Risk	The risk is the possibility of failure to comply with the law and regulations that apply to the jurisdictions where the Bank operates.
Operational Risk	The risk is the possibility of loss or other damage arising from human error, fraud, and control or system failure, reliance on 3rd parties or from external events.
Information Security & Resilience Risk	<p>Information Security Risk - The risks arising from unauthorised access, misuse of Bank's information or exploitation of vulnerabilities in systems, networks and technologies resulting in financial loss, disruption, damage to organization's reputation due to cyber-attacks, malicious insider threats or failure to adhere to Information Security policies and procedures.</p> <p>Cyber Risk - Risk of fraudulent or malevolent activity arising from external attacks on its system infrastructure and upon the architecture of providers of systems and processes.</p> <p>Operational Resilience - Risk that the bank is unable to prevent, adapt to, respond to, and recover from disruptions to its important business services within defined impact tolerances, resulting in prolonged service unavailability, breach of regulatory obligations, financial loss, reputational loss and loss of customer trust.</p>
IT Risk	The risk is the possibility of failure or loss of critical systems and/or infrastructure, and the risk of technology failures causing a disruption to the Bank's business and potential impact on customers, such as a service outage or information security incident. Risks arising from loss of systems, services and supporting technologies resulting in financial loss, disruption, damage to organization's reputation due to ineffective IT controls.

2.1. Risk governance structure

The Bank operates three Board level committees and four Management level committees as shown in the chart below.



The Board Risk Committee (BRC), Board Audit Committee (BAC) and the Nominations, Remuneration and Governance Committee (NORICO) are all sub-committees of the Board. The Board, in turn, delegates responsibility for the day-to-day management of the business to the Executive Committee (EXCO). Internal Audit is a separate function that reports independently to BAC and its Chairman who, in turn discusses the issues arising directly with the CEO and the CFO.

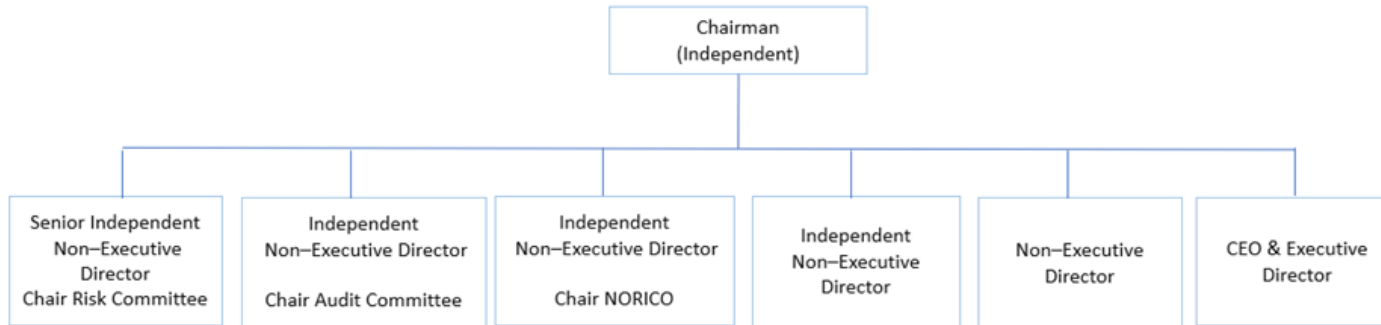
The Executive Committee structure which has three sub-committees is shown below.



The Executive Risk Committee (ERC), the Asset and Liability Committee (ALCO), the Operations Committee (OpCo) are sub-committees of the Executive Committee (EXCO), chaired by members of the Senior Management Team, with each committee responsible for specific risks faced by the Bank. The governance structure is summarised below. Further information is contained in the Risk and Governance section of the Annual Financial Statements.

Board of Directors

The Board of iFAST Global Bank Limited during the year comprises an Independent Chairman, five Non-Executive Directors (NEDs) of whom four are independent (INEDs), and one Executive Directors.



Each member of the Bank’s directorship contributes to the mix of relevant skills, shoulders specific individual duties and, as a component part of the Bank, collectively shares responsibility for control and governance of the Bank.

Directorship held by Members of the Board

The following table shows the number of directorships held by each Board member.

Name	Position	Directorships held
Peter Stuart Hinson	Chairman	1
Anthony Wagerman	Independent Non-Executive Director	7
Derek Daniel O’Herlihy	Independent Non-Executive Director	1
Inayat Kashif	Chief Executive Officer	1
Russell Saunders	Senior Independent Non-Executive Director	7
Andrew Graham	Independent Non-Executive Director	10
Lim Chung Chun	Non-Executive Director	9

Three lines of defence (“3LOD”)

Central to the risk management structure are roles and responsibilities within the 3LOD model. Each line of defence has specific responsibilities for risk management to achieve effective governance, risk management and assurance. In particular, there is a CRO role to head up the Second Line of Defence.

3LOD model - The risk management and risk governance framework to be established at the Bank is commensurate with the size and nature of its operations and adheres to the 3LOD model. This 3LOD approach ensures a clear delineation of responsibilities between control over day-to-day operations, risk oversight and control and independent assurance of its activities. The following diagram outlines the relationship between business and control functions.



This 3LOD model is important as it provides clarity for individuals and functions about their role, where responsibilities and accountabilities belong and is a core component of the Risk Management Framework (RMF).

The emphasis on the responsibilities of each line of defence is as follows:

1LOD – Business lines and centralised functions

- To run the business in a safe but profitable manner to enable sustainability – linked to the Risk Appetite Framework and Statements.
- To manage the risks in the business, to within the agreed tolerances or limits.
- To act in an “early warning” role in terms of ongoing client relationship management.
- Identify, measure, control and monitor risks within each area of the business, reporting and escalation of issues as necessary and to evidence control.
- As part of the controls, the 1LOD needs to implement and adhere to the mandates, policies and processes that are part of the control environment.
- Identify and assess new or emerging risks as internal activities or the external environment changes.

2LOD – Oversight functions (Risk, Compliance and Anti-Money Laundering (AML))

- To support a structured approach to risk management by implementing and maintaining a risk management framework (RMF) and firm-wide risk policies, and to monitor their proper execution in the 1LOD.
- To provide independent oversight and guidance on risks relevant to strategy and activities.
- Maintain an aggregate view of risk and monitoring performance in relation to risk appetite.
- Monitoring changes and compliance to external regulation and promoting best practices.
- To be the point of escalation and control and onward reporting to Board level committees and INEDs.

3LOD - Internal Audit

- To provide independent assurance to the Board via the BAC that the 1LOD and 2LOD are both effective and operative in discharging their responsibilities.

All 3LOD are responsible for supporting and developing a culture of risk awareness and to support each other in creating the best outcome for the Bank and its customers. All three lines continuously work together in a supportive, collaborative and open manner. The 3LOD model should not prevent coordinated effort in achieving objectives and tasks, but it is important to ensure there is a sufficient delineation and distinction when it comes to making risk-taking decisions on a day-to-day basis.

In this way, risk management responsibilities are understood at all levels, ownership and accountability is clear and control and oversight is established throughout the Bank.

At present, the Internal Audit function is outsourced, to an external Accountancy firm, with effective oversight by the Chair of the BAC.

3. Risk management approach

The Bank manages its risk through a comprehensive framework of systems and internal controls, which are designed to identify, manage, monitor and report on risks that the Bank is exposed to. Through careful and regular review, this provides reasonable assurance against the risk of material events or losses.

The effectiveness of the internal controls is regularly reviewed by the Board, Audit Committee and Risk Committee. This involves receiving reports from management including reports from Finance, Risk, Compliance, Internal Audit and the business lines. The Audit Committee also receives reports on internal controls from the Bank's external auditor. Where recommendations are identified for improvements to controls, these are monitored by Internal Audit who report the progress made in implementing them to the Audit Committee.

Our Risk Management Framework (RMF) defines the Bank's overall approach risk management across all functions within the organisation. The RMF is the Bank's overarching performance document, to which all subsidiary risk policies and frameworks must align. The RMF is subject to Board approval, at least annually. The RMF describes the integration between strategy execution and risk management and ensures that the Bank continually executes strategy within its risk appetite.

The following principles guide the Bank's overall approach to risk management:

- The Board sets risk appetite and an appropriate "tone from the top" and leads by example with regard to risk management.
- Risk management is structured around the Bank's Principal Risk categories, which are updated at least annually as part of the RMF.
- The Bank maintains a robust Risk Appetite Framework, manages to an agreed risk appetite using an approved set of metrics, and reports to senior management at least monthly. The Board measures adherence to the Risk Appetite through a set of Key Risk Indicators. These are quantitative measures that are continually monitored to ensure they remain below a limit agreed and set by the Board.
- The Bank regularly undertakes stress tests to ensure that it remains resilient to shocks and sustainable as a bank, including during plausible but severely adverse economic and/ or idiosyncratic conditions.
- The approach to remuneration ensures that fair customer outcomes and prudent decision-making within risk appetite are incentivised.

The Bank ensures that appropriate policies and procedures are in place to ensure that all risks are properly identified, assessed, mitigated, monitored and reported.

Risk appetite

The Bank accepts that a certain level of risk is inherent in the business model. The Bank's risk appetite reflects the amount and type of risks that it is willing to accept in pursuit of its business objectives.

In articulating its risk appetite, the Bank has taken into consideration the following:

- Expectations of its stakeholders;
- The need for regulatory compliance at all times;
- The preservation of the franchise; and
- Reputation and desire for controlled growth and sustainable profits, in line with strategy.

The Risk Appetite Statement governs the Bank's approach to the risks it is willing to assume in support of its Strategic Plan. Accordingly, the Risk Appetite is aligned to the Strategic Plan. The Board and the Executive continue to review and refine the risk appetite in accordance with the dynamics of the business environment and the challenges and opportunities facing the Bank.

The main steps involved in the determination of our risk appetite and management of compliance with it are summarised in the below infographic.



The RAS defines the path that the bank will take in pursuit of its strategic goals. Each identified risk within the firm, will have a defined appetite in terms of level of risk the Bank can and is prepared to accept in pursuit of its strategy. The appetite is multifaceted in terms of business exposure and translated through a set of key business drivers. It is the emphasis on risk appetite that makes this particularly appropriate for managing the Bank and its resources

as it aims to accelerate growth. Bringing strategy and risk closer together is fundamentally important, but it is working with the parameters of appetite – the amount and type of risk that we are willing to take in pursuit of our strategic objectives – that will enable us to both operate the controls and inculcate the agility that are required as we grow.

Business Drivers

The most important component of our risk appetite is that of the business drivers. These are the vital few factors that are the key determinants of our success. When setting the risk appetite, the Board in conjunction with the executive team identify the drivers that are most vital to the organisation. These represent the fundamental drivers of value and are used as the base for establishing the risk appetite.

The Bank has defined the following as the key business drivers for the Bank:

- Capital
- Income
- Reputation
- Information Security
- Customer protection (antonym to detriment)
- Regulatory compliance

As part of the strategy formulation process, subjective statements such as “we are a low risk organisation” are translated into tangible values based on the identified business drivers. This enables a common understanding of risk to emerge at the Board and executive level. With a common definition of potential levels of risk-taking, the Board is then in a position to set the boundaries within which it expects the Bank to operate while we go about the business of strategy execution.

Our strategy formulation and strategy management is about developing a clear sense of direction as to where we are going, how much risk we are willing or required to accept to get there and what the key opportunities and threats are along the way.

Managing Risk

Risk management is all about understanding the risks the Bank faces in pursuit of its objectives and the continuous monitoring and management of those risks. It is also about understanding that risks can present opportunities as well as threats.

As with objectives, a broad set of risks are identified as part of the strategy management process and therefore within the set strategy discipline. These are then the basis for the executive team to define a set of key risks, which are monitored and managed to increase the probability that our objectives will be achieved.

The set of risks will be continually reviewed with a level of challenge to ensure that they really are the 'key' risks. Additionally, as the strategy is executed other risks are likely to emerge which also need to be monitored and managed, and 'key' risks may become non-key. A major part of the risk management process is the regular assessment of our risk to understand the level of risk that we are exposed to.

By paying close attention to, and integrating, the disciplines of Managing Performance and Managing Risk, we will gain significant clarity over and above that provided by a suite of objectives and of risks that have been defined in isolation from each other.

The end result is a much more focused and clearly defined strategic framework made up of the 'vital few' strategic objectives, risks and controls, supported by a clear more detailed operational framework made up of processes, initiatives, systems or people with each having their own set of specific risks or controls. This provides an important benefit of contributing towards the fashioning of a strategy-focused, risk-aware culture.

Aligning Risk with Strategy

A key component of operating within appetite is appetite alignment: the process of continually aligning current risk exposure to the defined appetite. This is about understanding if our current risk taking is aligned to our chosen business strategy, that is, are we operating within appetite. We use an appetite alignment matrix to do this.

4. Key Metrics

The table below presents key prudential metrics in relation to capital, leverage, liquidity and funding which, where applicable, have remained in excess of regulatory requirements and the Board's risk appetite throughout the year ended 31 December 2025.

Table 1: UK KM1- Key Metrics template

		31-Dec-25	31-Dec-24
		£'000	£'000
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	79,319	76,953
2	Tier 1 capital	93,994	76,953
3	Total capital	93,994	76,953
	Risk-weighted exposure amounts		
4	Total risk-weighted exposure amount	392,607	273,772
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	20.2%	28.1%
6	Tier 1 ratio (%)	23.9%	28.1%
7	Total capital ratio (%)	23.9%	28.1%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)		
UK 7a	Additional CET1 SREP requirements (%) ¹	1.9%	1.9%
UK 7b	Additional AT1 SREP requirements (%) ²	0.6%	0.6%
UK 7c	Additional T2 SREP requirements (%) ²	0.9%	0.9%
UK 7d	Total SREP own funds requirements (%)	11.45%	11.45%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	2.5%	2.5%
9	Institution specific countercyclical capital buffer (%)	0.9%	0.8%
11	Combined buffer requirement (%)	3.4%	3.3%
UK 11a	Overall capital requirements (%)	14.8%	14.7%
12	CET1 available after meeting the total SREP own funds requirements (%)	6.4%	6.4%
	Leverage ratio		
13	Total exposure measure excluding claims on central banks	868,024	501,384
14	Leverage ratio excluding claims on central banks (%)	11.0%	15.4%
	Liquidity Coverage Ratio		
15	Total high-quality liquid assets (HQLA)	279,890	301,040
UK 16a	Cash outflows - Total weighted value	210,999	132,007
UK 16b	Cash inflows - Total weighted value	158,249	99,006
16	Total net cash outflows (adjusted value)	52,750	33,002
17	Liquidity coverage ratio (%)	531%	912%
	Net Stable Funding Ratio		
18	Total available stable funding	835,880	555,781
19	Total required stable funding	437,854	215,858
20	NSFR ratio (%)	190.9%	257.5%

		31-Dec-25 £'000	31-Dec-24 £'000
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	77,465	76,953
2	Tier 1 capital	92,141	76,953
3	Total capital	92,141	76,953
	Risk-weighted exposure amounts		
4	Total risk-weighted exposure amount	391,949	273,772
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	19.8%	28.1%
6	Tier 1 ratio (%)	23.5%	28.1%
7	Total capital ratio (%)	23.5%	28.1%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)		
UK 7a	Additional CET1 SREP requirements (%) ¹	1.9%	1.9%
UK 7b	Additional AT1 SREP requirements (%) ²	0.6%	0.6%
UK 7c	Additional T2 SREP requirements (%) ²	0.9%	0.9%
UK 7d	Total SREP own funds requirements (%)	11.45%	11.45%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	2.5%	2.5%
9	Institution specific countercyclical capital buffer (%)	0.9%	0.8%
11	Combined buffer requirement (%)	3.4%	3.3%
UK 11a	Overall capital requirements (%)	14.8%	14.7%
12	CET1 available after meeting the total SREP own funds requirements (%)	6.4%	6.4%
	Leverage ratio		
13	Total exposure measure excluding claims on central banks	867,366	501,384
14	Leverage ratio excluding claims on central banks (%)	10.7%	15.4%
	Liquidity Coverage Ratio		
15	Total high-quality liquid assets (HQLA)	279,890	301,040
UK 16a	Cash outflows - Total weighted value	210,999	132,007
UK 16b	Cash inflows - Total weighted value	158,249	99,006
16	Total net cash outflows (adjusted value)	52,750	33,002
17	Liquidity coverage ratio (%)	531%	912%
	Net Stable Funding Ratio		
18	Total available stable funding	832,447	555,781
19	Total required stable funding	436,274	215,858
20	NSFR ratio (%)	190.8%	257.5%

Notes:

1. At least 56.25% of the additional own funds requirements under SREP must be met with CET1 capital. The figures in row UK 7a show this minimum level.

2. The proportions of additional own funds requirements to be met by AT1 and T2 capital are not prescribed but must not exceed 43.75% and 25% respectively or 43.75% in combination. The figure in row UK 7c of the table shows the maximum level of additional own funds requirements that could be met by T2 capital. The figure in UK 7b shows the maximum residual element of additional own funds requirements that could be met by AT1 if 25% were to be met with T2.

5. Own funds

Own funds (also referred to as capital resources) is the type and level of regulatory capital which must be held to enable the Bank to absorb losses. The Bank is required to hold own funds in sufficient quantity and quality in accordance with CRD IV which sets out the characteristics and conditions for own funds.

Under the CRD IV framework three tiers of capital are recognised, being Common Equity Tier 1, Tier 1 and Tier 2 Capital with the sum of Tier 1 and Tier 2 Capital constituting “own funds”.

CRD IV requires a bank to have minimum levels of capital calculated by reference to its risk weighted assets (RWAs):

- Total capital of at least 8% of RWAs;
- Tier 1 capital of at least 6% of RWAs;
- Common Equity Tier 1 (“CET1”) capital of at least 4.5% of RWAs.

Table 2: Reconciliation of regulatory own funds to balance sheet in the audited Financial Statements

	31-Dec-25 £'000
Reconciliation to Statutory Equity	
Total credit risk exposure per Table UK CR4	1,294,553
Less: Off balance sheet items	(244,534)
Add: Deferred tax	1,580
Add: Intangible assets	160
Add: Derivative financial assets	240
Add: Other adjustment	10
Total assets per financial statements	1,052,009

	Balance sheet as in published financial statements and under regulatory scope of consolidation 31-Dec-25 £'000	Reference disclosures in Section 5
Assets - Breakdown by asset class according to the balance sheet in the published financial statements		
Cash and cash equivalents	394,036	
Trade and other receivables	23,807	
Debt instruments at amortised cost	539,329	
Loans and advances to customers	80,119	
Other assets	9,681	
Derivative financial assets	240	
Property, plant and equipment	3,056	
Intangible assets	160	d
Deferred tax	1,580	f
Total assets	1,052,009	
Liabilities - Breakdown by liability class according to the balance sheet in the published financial statements		
Trade and other payables	9,525	
Due to customers	941,013	
Derivative financial liabilities	-	
Other liabilities	5,594	
Total liabilities	956,132	
Shareholders' Equity		
Share Capital	124,700	a
Share Option Reserve	856	b
AT1 Perpetual Note	14,676	e
Retained earnings	(44,355)	c
Total shareholders' equity	95,877	

Table 2: UK CC1- Composition of regulatory own funds

	Amounts	References to disclosures in Section 5
Common Equity Tier 1 (CET1) capital: instruments and reserves	£'000	
Capital instruments and the related share premium accounts	124,700	a
Retained earnings	(44,355)	c
Accumulated other comprehensive income (and other reserves)	856	b
Common Equity Tier 1 (CET1) capital before regulatory adjustments	81,201	
Common Equity Tier 1 (CET1) capital: regulatory adjustments	(1,882)	
Additional value adjustments (negative amount)	(142)	
Intangible assets (net of related tax liability) (negative amount)	(160)	d
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	(1,580)	f
Common Equity Tier 1 (CET1) capital	79,319	
Additional Tier 1 (AT1) capital	14,676	e
Tier 1 capital (T1 = CET1 + AT1)	93,994	
Tier 2 (T2) capital	-	
Total capital (TC = T1 + T2)	93,994	
Total Risk exposure amount	392,607	
Capital ratios and buffers		
Common Equity Tier 1 (as a percentage of total risk exposure amount)	20.20%	
Tier 1 (as a percentage of total risk exposure amount)	23.94%	
Total capital (as a percentage of total risk exposure amount)	23.94%	
Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	7.9%	
of which: capital conservation buffer requirement	2.5%	
of which: countercyclical buffer requirement	0.90%	
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount) ¹	1.94%	

1- Represents the CET1 ratio after deducting Pillar 1 and 2A requirements.

6. Capital requirements

Pillar 1 capital requirements

The Pillar 1 requirements set out the rules used to determine the minimum capital requirement for credit, counterparty credit, CVA, market and operational risks. The Pillar 1 total capital requirement is 8% of risk weighted assets (RWAs).

CRD V allows a range of approaches that vary in sophistication to be used to determine RWA amounts. The Bank currently uses the standardised approach to determine risk weights for credit risk, the original exposure method for counterparty credit risk and the standardised method for CVA risk. The Basic Indicator Approach is used to determine operational risk RWAs.

The following table shows the overall Pillar 1 minimum capital requirements and risk weighted assets for the Bank under the Standardised Approach at 31 December 2025, as prescribed by Table UK OV1.

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

		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		31-Dec-25	31-Dec-24	31-Dec-25
		£'000	£'000	£'000
1	Credit risk (excluding CCR)	338,558	237,670	27,085
2	Of which the standardised approach	338,558	237,670	27,085
6	Counterparty credit risk - CCR	405	152	32
7	Of which the standardised approach	405	152	32
UK 8b	Of which credit valuation adjustment - CVA	590	301	47
20	Position, foreign exchange and commodities risks (Market risk)	36,743	15,850	2,939
21	Of which the standardised approach	36,743	15,850	2,939
23	Operational risk	16,311	19,746	1,305
UK 23a	Of which basic indicator approach	16,311	19,746	1,305
29	Total	392,607	273,718	31,409

The Bank's derivative positions are entered into entirely for hedging purposes. The Bank applies Original Exposure Method (OEM), as prescribed under the new standardised approach to calculate its counterparty credit risk capital requirement. The exposure value for margined positions is predominantly comprised of the add-on for potential future exposure; this exposure is then risk weighted under the standardised approach.

The Bank is also required to hold capital for a Credit Valuation Adjustment (CVA) risk due to the Bank's exposure to derivatives. CVA risk represents the market value of counterparty credit risk inherent in derivative contracts. Centrally cleared swap transactions are not subject to the CVA capital charge. The additional requirement in the financial year reflects yield curve movements, along with additional trades.

Operational risk is the risk of loss, whether direct or indirect, to which the Bank is exposed due to inadequate or failed internal processes or systems, human error, or external events. The Bank uses the Basic Indicator Approach to determine its Pillar 1 requirements for operational risk. The Basic Indicator Approach uses an average of the last three years' operating income to determine the Pillar 1 requirement at 15% of the average.

Standardised approach- credit risk and credit risk mitigation (CRM) effects

The tables below show the total exposure value and RWAs by exposure class at 31 December 2025. Exposures are net of credit risk adjustments, and the tables do include exposures for counterparty credit risk. RWA density is RWAs expressed as a percentage of exposures post-CCF and CRM.

The CRM technique used is the financial collateral comprehensive method based on Article 233 of CRR to exposures. Under this methodology collaterals such cash and securities are used to reduce exposure after applying appropriate haircut.

Off-balance sheet exposure relates to loan commitments that are unconditionally cancellable that the Bank applies 0% credit conversion factor based on CRR Article 111.

Table 5: UK CRM – Standardised approach – Credit risk exposure and CRM December 2025

	Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density (%)
		£'000	£'000	£'000	£'000	£'000	%
1	Central governments or central banks	247,596	-	247,596	-	1,812	1%
6	Institutions	491,680	-	491,680	-	228,944	47%
7	Corporates	75,885	15,000	75,885	-	64,930	86%
8	Retail	80,116	229,534	16,424	-	12,318	75%
14	CIU	141,784	-	141,784	-	18,204	13%
16	Other items	12,957	-	12,957	-	12,756	98%
17	TOTAL	1,050,018	244,534	986,326	-	338,963	34%

Table 6: UK CRM – Standardised approach – Credit risk exposure and CRM 31 December 2024

	Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density (%)
		£'000	£'000	£'000	£'000	£'000	%
1	Central governments or central banks	281,355	-	281,355	-	5,434	2%
6	Institutions	192,946	-	192,946	-	101,201	52%
7	Corporates	110,963	-	110,963	-	105,671	95%
8	Retail	24,904	51,379	5,193	-	3,895	75%
14	CIU	82,593	-	82,593	-	16,225	20%
16	Other items	5,453	-	5,453	-	5,450	100%
17	TOTAL	698,214	51,379	678,503	-	237,876	35%

Standardised approach- exposures by asset class

The Bank uses External Credit Assessment Institutions (ECAIs) assessments for its Standardised exposures. Where a credit assessment is used this must be provided by an eligible ECAI from the PRA's approved list. The appropriate risk weight to apply to the credit risk exposure to the relevant credit quality step under CRD V, based on the PRA's mapping of credit assessments to credit quality steps.

For the below disclosure, exposures are classed as 'rated' only where an ECAI rating has been used to derive the risk weight. Where a rating is unavailable, or where the risk weight has been determined by application of specific CRR provisions, exposures have been classed as 'unrated'. This also applies to central governments or central banks exposures within the UK and EEA that receive a zero per cent risk weight in line with regulatory permission.

Table 7: UK CR5 – standardised approach 31 December 2025

	Exposure classes	Risk weight						Total £'000	Of which unrated £'000
		0%	20%	50%	75%	100%	150%		
		£'000	£'000	£'000	£'000	£'000	£'000		
1	Central governments or central banks	246,388	-	-	-	-	1,208	247,596	-
6	Institutions	-	142,938	319,877	-	6,569	22,296	491,680	15,137
7	Corporates	41	2,868	17,240	-	55,737	-	75,885	20,061
8	Retail	-	-	-	16,424	-	-	16,424	80,116
14	CIU	50,765	91,020	-	-	-	-	141,784	-
16	Others	198	4	-	-	12,755	-	12,957	12,299
17	TOTAL	297,392	236,829	337,117	16,424	75,061	23,504	986,326	127,612

Table 8: UK CR5 – standardised approach 31 December 2024

	Exposure classes	Risk weight						Total £'000	Of which unrated £'000
		0%	20%	50%	75%	100%	150%		
		£'000	£'000	£'000	£'000	£'000	£'000		
1	Central governments or central banks	271,742	6,912.43	-	-	-	2,701	281,355	-
6	Institutions	-	45,751	121,016	-	15,862	10,316	192,946	23,559
7	Corporates	-	-	15,573	-	90,400	4,989.35	110,963	15,114
8	Retail exposures	-	-	0	5,192.86	0	-	5192.85887	24,904
14	CIU	1,467	81,125	0	-	0	-	82,593	-
16	Other items	-	4	-	-	5,449	-	5,453	5,453
17	TOTAL	273,209	133,793	136,590	5,193	111,711	18,007	678,503	69,030

Additional own funds requirements under the Regulatory Capital Framework

The ICAAP is an assessment by the Bank, approved by the Board, of the level of capital that it believes is required in respect of the principal risks to which it is exposed in the execution of its business plan. The Bank uses a range of modelling, scenario analysis and stress testing techniques which it considers appropriate to the scale and nature of the Bank's activities in order to identify the capital levels required and compares these to the Pillar 1 minimum amounts plus the Bank's Total Capital Requirements (TCR). These techniques include an evaluation over the medium term planning horizon of the adequacy of the Bank's capital position even under a range of relevant extreme but plausible stressed conditions.

The Board has ultimate responsibility for the Bank's capital management and capital allocation. The Finance, Risk and Treasury functions are responsible for the financial governance of the Bank and compliance with statutory, regulatory and disclosure requirements. Ongoing monitoring of compliance with its regulatory requirements takes place at the ALCO which considers the adequacy of the Bank's capital position.

The Bank sets aside additional Pillar 2 capital to provide for additional risks. The PRA provides Total Capital Requirement (TCR) to the Bank detailing the additional capital required. As part of the Pillar 2 approach to capital adequacy, the Board considers all material risks which the Bank faces and to determine whether additional capital is required in order to provide additional protection to depositors and counterparties, and to ensure the Bank is sufficiently capitalised to withstand a severe economic downturn. These assessments are documented in the Bank's ICAAP and reviewed by the PRA as part of the SREP. The PRA then sets the capital planning buffer that the Bank should hold, but which is available for use should adverse circumstances materialise that are outside its normal and direct control.

Pillar 2A requirements are designed to capture the bank specific risks that are not addressed or not fully captured by the minimum capital requirements under Pillar 1. The PRA informs banks of their Pillar 2A requirements after evaluating banks' own ICAAPs by setting a firm-specific Total Capital Requirement (TCR).

The Bank's prescribed TCR is 11.45% of RWAs. This means that to meet its TCR, the Bank must hold capital equal to 3.45% of RWAs in addition to the 8% minimum requirement under Pillar 1. The PRA requires firms to meet Pillar 2A with at least 56.25% CET1 capital and no more than 25% Tier 2 capital. As the Bank has no AT1 capital, the Tier 1 capital requirement must be met with CET1.

In addition to the minimum capital requirements, CRD IV requires institutions to hold capital buffers that can be utilised to absorb losses in stressed conditions.

7. Capital buffers

Under Pillar 2B the PRA has set a PRA Buffer defining a minimum level of capital buffer over and above the minimum regulatory requirement that should be maintained in non-stressed conditions as a mitigation against future possible stress periods. This buffer is Bank specific, and the PRA requires that the level of this buffer is not publicly disclosed. The PRA Buffer is assessed alongside other capital buffers, as described below. All buffers must be met with CET1 resources.

Capital conservation buffer

The capital conservation buffer is designed to ensure that institutions build up capital buffers outside of times of stress that can be drawn upon if required. As of 31 December 2025, the capital conservation buffer was 2.5% of RWAs.

Countercyclical capital buffer (CCyB)

The CCyB requires financial institutions to hold additional capital to reduce the build-up of systemic risk in a credit boom by providing additional loss absorbing capacity and acting as an incentive to limit further credit growth. The Financial Policy Committee (FPC) is responsible for setting the UK CCyB rate for credit exposures located in the UK. On 31 July 2023 the FPC set UK CCyB at 2% and has remained unchanged.

8. Credit risk

Credit risk is the risk of financial loss to the Bank if its customers or counterparties fail to discharge their contractual obligations. It arises principally on its bank balances, trade and other receivables.

The Bank limits its credit risk with regard to bank balances by dealing with reputable banks with high credit ratings as obtained from Moody's where possible. Given these, the management does not expect any counterparty to fail to meet its obligations.

The Bank also manages credit risk by adopting a policy of dealing with credit worthy corporate and other counterparties as a mean of mitigating the risk of financial loss for defaults. Credit worthiness is assessed on an individual account basis. There are credit limits and ratings of such counterparties where available in place.

9. Counterparty credit risk

The Bank uses the Original exposure method (OEM) approach to calculate its counterparty risk. Counterparty credit risk arises from need to hedge the banking book for FX risk.

10. Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

The Bank's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. Most of the Bank's activities fall into one of two currencies: GBP and USD. However, the Bank has business interests in a number of different geographic regions and thus additional foreign currency positions are held. The Bank identifies foreign exchange rate risk as the risk to future cash-flows from adverse foreign exchange movements. This can have an impact on both the earnings and economic value of the Bank, and as a consequence, the Board seeks to manage these risks to ensure the achievement of its business objectives.

The Board has set limits on positions by currency including foreign exchange positions. In accordance with the Bank's policy, positions are monitored daily and hedging strategies are used to ensure positions are maintained within established limits.

The Bank has limited appetite for Interest rate risk in the banking book (IRRBB) arising from mismatch between its asset and liability positions and pricing. Interest rate risk is monitored on an ongoing basis.

Market Risk is managed by ALCO through monitoring of limits and restricting product exposures.

Management Information Systems are in place to monitor foreign exchange risk, which is measured as the exposures/liabilities held in non-GBP currencies which are not offset by a corresponding position or derivative transaction.

11.Operational risk

Operational risk is the risk of loss arising from human error, fraud, and control or system failure. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Bank cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks.

The Bank has implemented a corporate governance and control mechanism to prevent potential operational risks. It actively manages operational risk in accordance with regulation and guidance from the FCA and the PRA, as well as guidelines stipulated by other regulatory bodies.

Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

The Bank uses the basic indicator approach to calculate its operational risk for Pillar 1.

Table 9: UK OR1 - Operational risk own funds requirements and risk-weighted exposure amounts

Banking activities		£'000	£'000	£'000	£'000	£'000
		Relevant indicator			Own funds requireme	Risk weighted
		Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)	6,972	7,898	11,228	1,305	16,311

12. Interest rate risk in the banking book (IRRBB)

IRRBB is the risk of a realised or unrealised loss as a consequence of adverse changes in interest rates. Two measures are used for measuring IRRBB, namely Net Interest Income (“NII”) and Economic Value (“EV”):

- NII represents the change in net interest income resulting from an instantaneous +/- 250bps parallel shock in interest rates. The NII sensitivity is based on a constant balance sheet modelling approach with no change in front book margins or basis spreads.
- EV represents the change in economic value of equity under the 6 prescribed rate scenarios as defined under rule 9.4A of the PRA rulebook for CRR firms.

Treasury manages the Bank’s interest rate risk and seeks to minimise it within the Risk Appetite set by the Board. ALCO monitors interest rate risk on a monthly basis and reporting is carried out to the Board monthly with quarterly analysis to the Board Audit and Risk Committees. In addition to the risk appetite metrics, ALCO also monitors the impact of other parallel and non-parallel interest rate shocks in line with the PRA Rulebook, the impact of a basis risk stress and the impact of an interest rate stress on the Bank’s net interest income.

Table 10: UK IRRBB1 - Quantitative information on IRRBB 31 December 2025

	In reporting currency	ΔEVE	ΔNII	Tier 1 capital
	Period	31/12/2025 £'000	31/12/2025 £'000	31/12/2025 £'000
010	Parallel shock up	7,040	2,426	
020	Parallel shock down	(2,278)	(2,281)	
030	Steeper shock	3		
040	Flattener shock	3,102		
050	Short rates shock up	5,223		
060	Short rates shock down	(1,129)		
070	Maximum	7,040	2,426	
080	Tier 1 capital			92,141

13. Liquidity Risk

Liquidity risk is defined as the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The ultimate responsibility for liquidity risk management and for setting the Bank's Liquidity Risk Appetite rests with the Board of Directors, with the ALCO having responsibility to build an appropriate liquidity risk management framework for the management of the Bank's short, medium and long-term funding and liquidity management requirements on a day-to-day basis. The Bank manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring actual, forecast and cash flows and matching the maturity profiles of financial assets and liabilities.

The Bank's Internal Liquidity Adequacy Assessment Process (ILAAP) document sets out the details of its approach to measuring, monitoring, and controlling liquidity risk. Liquidity management is carried out by ALCO, within the parameters set out in the Bank's ILAAP document.

To guard against the liquidity risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents. The Bank maintains a portfolio of highly marketable and diverse assets that includes investment grade debt securities that can easily be liquidated in the event of an unforeseen interruption in cash flow. In addition, the Bank holds and maintains highly liquid assets in form of cash in central bank reserve account with Bank of England. The liquidity facility of the Bank is also supported by its shareholder.

The Bank's appetite for liquidity risk is low. This is evidenced by the Bank's LCR which shows that the surplus of HQLA is greatly in excess of the minimum amount the PRA requires the Bank to hold. The increase in Liquidity Buffer is due to the Bank cash at the Bank of England and the Bank purchasing HQLA qualifying debt securities.

The minimum LCR ensures that banks hold an adequate stock of unencumbered high quality liquid assets (HQLA) that can be converted into cash to meet the net cash outflow over a 30 calendar day stress scenario as calculated using regulatory weighting. The minimum required ratio is 100%. At 31 December 2025 the LCR was 531%.

The NSFR is calculated under the CRR II regulations, which requires a minimum NSFR of 100%. At 31 December 2025 the NSFR was 191%.

Additional liquidity risk management information is contained in 2025 Annual Report.

14.Asset encumbrance

An asset is treated as encumbered if it is pledged or if it is subject to any form of arrangement to secure, collateralise or credit enhance any on-balance-sheet or off-balance-sheet transaction from which it cannot be freely withdrawn. The Bank operates with low levels of asset encumbrance. The primary sources of encumbrance are the deposits placed to access the Deutsche Bank Autobahn FX platform, with Standard Chartered Bank for FX and other clearing services and holding a reserve collateral account with the Bank of England as member of the Faster Payment Scheme and BACS. In addition, the Bank has pledged a deposit with Visa as collateral against debit card transactions.

15.Leverage ratio

Leverage ratio is defined as the ratio of Tier 1 capital to the total leverage ratio exposures excluding claims on central bank. The UK leverage ratio requirement became effective from 1 January 2022 with a minimum requirement of 3.25%. The Leverage framework is applicable to LREQ firms with retail deposits equal to or greater than GBP 50.00 billion. The PRA expects that firms not in scope of the leverage ratio minimum capital requirement and buffers should manage their leverage risk so that their leverage ratio does not ordinarily fall below 3.25%. The Bank has complied with PRA's expectation and has maintained its leverage ratio adequately above the expected level of 3.25% throughout the year. At 31 December 2025, the Bank's leverage ratio was 11% in accordance with the regulation applicable as at that date. Risk of excessive leverage is considered low for the Bank.

The leverage ratio, which is a transparent measure of capital strength, decreased from 15% to 11% at the end of the 2025 financial year, as the Bank increased its investment portfolio of debt securities to m from £316.6m. To strength its leverage ratio position, the Bank issued an AT1 capital note of £15m in August 2025 to its ultimate parent.

The Bank has policies and procedures in place for the identification, management and monitoring of the risk of excessive leverage. Leverage ratios are computed weekly through a controlled process and reported to the ALCO. Leverage ratios are forecast as part of capital planning, including under stress in the ICAAP with a number of enterprise-wide scenario analyses which, among other things, forecast accounting expected losses and their impact upon own funds under these scenarios.

Asset and obligation mismatches are managed through internal and regulatory liquidity metrics with the Bank's "borrow long, lend short" culture resulting in the risk of excessive leverage arising from asset and obligation mismatches being insignificant.

16. Remuneration

The remuneration disclosures have been drafted in accordance with the CRR and CRD, with consideration for the size and nature of the Bank's activities, and the proportionality guidelines as set out by the PRA.

The Bank ensures that its remuneration policies, practices, and procedures are clear and documented.

The below disclosure covers remuneration policies and practices for categories of staff whose professional activities have a material impact on the Bank's risk profile (Material Risk Takers - MRTs), and staff who hold Significant Management Functions (SMFs) as designated by the regulatory authorities. For these employees, the Bank's Responsibility Map and the Individual Statements of Responsibility set out their role accountabilities. All the Bank's significant decisions, risk management and control functions are run centrally. The Bank is therefore considered a single business unit with three connected business lines.

Based on this definition, the table below provides a breakdown of the number of the total individuals identified as MRTs by business area throughout 2025:

Table 11: REM1 – Remuneration awarded for the financial year

			a	b	c	d
			MB Supervisory function	MB Management function	Other senior manageme	Other identified staff
1	Fixed remuneration	Number of identified staff	6	5	4	2
2		Total fixed remuneration	390,000	766,208	357,391	199,417
3		Of which: cash-based	390,000	766,208	357,391	199,417
10	Variable	Total variable remuneration	-	380,300	228,904	188,890
11		Of which: cash-based	-	64,865	62,140	39,825
UK-13a		Of which: shares or equivalent ownership interests		315,435	166,764	149,065
UK-14a		Of which: deferred	-	315,435	166,764	149,065
17	Total remuneration (2 + 10)		390,000	1,146,509	586,295	388,306

The table below provides the breakdown of deferred remuneration for individuals identified as MRTs throughout 2025:

Table 12: REM3 – Deferred Remuneration

	a	b	c	d	e	f	UK - g
Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year
7 MB Management function	388,169	64,014	324,155	- 40,825	- 170,364	4,436	27,624
9 Shares or equivalent ownership interests	388,169	64,014	324,155	- 40,825	- 170,364	4,436	27,624
13 Other senior management	230,036	44,692	185,344	-	-	2,664	47,356
15 Shares or equivalent ownership interests	230,036	44,692	185,344	-	-	2,664	47,356
19 Other identified staff	29,957	4,514	25,443	-	-	1,919	6,433
21 Shares or equivalent ownership interests	29,957	4,514	25,443	-	-	1,919	6,433
25 Total amount	648,162	113,220	534,942	- 40,825	- 170,364	9,018	81,413

The aggregate remuneration for the period ended 31 December 2025 for the MRTs noted above was as follows (note that Board remuneration excludes Executive Directors who are included in EXCO amounts).

Table 13: REM5 – Information on remuneration of staff whose professional activities have a material impact on institutions’ risk profile (identified staff)

		a	b	c	i	j
		Management body remuneration			Business areas	Total
		MB Supervisory function	MB Management function	Total MB	All other	
1	Total number of identified staff	6	5	11	6	17
2	Of which: members of the MB	6	5	11	0	11
3	Of which: other senior management				4	4
4	Of which: other identified staff				2	2
5	Total remuneration of identified staff	390,000	1,146,509	1,536,509	974,601	2,511,110
6	Of which: variable remuneration	-	380,300	380,300	417,794	798,094
7	Of which: fixed remuneration	390,000	766,208	1,156,208	556,808	1,713,016

Performance Awards

The FCA, through CRDIV requires firms to disclose information on their remuneration policies and pay outs on an annual basis under the Pillar 3 Disclosures. The Board is of the opinion that the Bank follows remuneration policies and procedures that are consistent with the requirement of the Remuneration Code (‘Code’) and which do not promote or encourage undue risk taking.

The rules of the Code are contained in the FCA's Remuneration Code in the SYSC Sourcebook of the FCA's Handbook. The Code covers an individual's total remuneration, fixed and variable. The Bank incentivises staff through a combination of the two. The Bank’s policy is designed to ensure that it complies with the Code and that its compensation arrangements:

- are consistent with and promote sound and effective risk management;
- do not encourage excessive risk taking;
- include measures to avoid conflicts of interest; and
- are in line with the Bank’s business strategy, objectives, values and long-term interests.

The bank has a performance award scheme for the benefit of its employees, which is classified as variable remuneration as defined by the Code.

This is a discretionary scheme and awards are made based on individual and collective performance and based on the Bank’s performance against its business plan as approved by the Board.

The Nominations, Remuneration and Governance Committee (NORICO)

The Board has established a NORICO which meets regularly. The minimum composition is two members drawn from the independent non-executive directors and non-executive director.

Responsibilities of the NORICO include appointments of directors and senior managers, skills and experience of the Board, remuneration policy and compensation package, recommendations on rewards and remuneration, oversight of the senior management performance appraisal process and advice on succession planning.

17. Appendix 1: Glossary of abbreviations and definitions

Abbreviation	Definition
ALCO (Assets and liabilities Committee)	A committee which oversees treasury policy, financial risk management, capital, funding and liquidity.
Basel III	An international regulatory accord that introduced a set of reforms designed to improve the regulation, supervision, and risk management within the banking sector
CET1 (Common Equity Tier 1)	The highest form of regulatory capital under CRR, comprising common shares issued, related share premium, retained earnings and other reserves less regulatory adjustments.
CRD (Capital Requirements Directive)	The Capital Requirements Directive is an EU legislative package that contains prudential rules for banks, building societies and investment firms as onshored to the UK post Brexit and amended by applicable Statutory Instruments.
CRM (Capital Risk Mitigation)	Techniques such as collateral agreements used to reduce the credit risk associated with an exposure.
CRR (Capital Requirements Regulation)	The Capital Requirements Regulation is an EU law, which was onshored to the UK post Brexit and amended by relevant Statutory Instruments. The CRR aims to decrease the likelihood that banks become insolvent, reflecting Basel III rules on capital measurement and capital standards.
CVA (Credit Valuation Adjustment)	Adjustments to the fair value of derivative assets to reflect the credit worthiness of the counterparty.
ECAI (External Credit Assessment Institutions)	An ECAI (For example Moody's, Standard and Poor's, Fitch) is an institution that assigns credit ratings to issuers of certain types of debt obligations as well as the debt instruments themselves.
FCA (Financial Conduct Authority)	The UK regulatory body responsible for conduct of business regulation and supervision of UK authorised firms. The FCA is also responsible for the prudential regulation of firms which do not fall within the scope of the PRA.
HQLA (High Quality Liquid Assets)	The high-quality liquid assets (HQLA) include only those with a high potential to be converted easily and quickly into cash (in times of distress). HQLA are cash or assets that can be converted into cash quickly through sales (or by being pledged as collateral) with no significant loss of value.
ICAAP (Internal Capital Adequacy Assessment Process)	The institution's own assessment of the level of capital needed in respect of its regulatory capital requirements (for Credit, Market and Operational Risks) and for other risks including stress events.
ILAAP (Internal Liquidity Adequacy Assessment Process)	The institution's own assessment of the level of liquidity needed in respect of its regulatory requirement to ensure that the Group maintains adequate liquid assets to survive a defined stress scenario for a sufficient period as defined by Risk Appetite.
IRRBB (Interest Rate Risk in the Banking Book)	IRRBB is the current or prospective risk to both earnings and economic value arising from movements in interest rates. The main sub-types of IRRBB include gap risk (or repricing risk), basis risk and customer optionality risk.
MMF	Money Market Fund
NSFR (Net Stable Funding Ratio)	The NSFR is defined as the amount of available stable funding relative to the amount of required stable funding.
Pillar 1	The first pillar of the Basel II framework sets out the minimum regulatory capital requirements (8%) for Credit, Market and Operational Risks.

Pillar 2	The second pillar off the Basel II framework, known as the Supervisory Review Process, sets out the review process for a bank's capital adequacy; the process under which supervisors evaluate how well banks are assessing their risks and the actions taken as a result of these assessments.
Pillar 2A	Pillar 2A addresses risks to an individual firm which are either not captured, or not fully captured under the Pillar 1 capital requirements applicable to all banks.
Pillar 3	The third pillar of the Basel II framework aims to encourage market discipline by setting out disclosure requirements for banks on their capital, risk exposures and risk assessment processes. These disclosures are aimed at improving the information made available to the market.
Risk Appetite	The level and types of risk that a firm is willing to assume to achieve its strategic objectives.
RMF	Risk Management Framework
RWA (Risk Weighted Assets)	Calculated by assigning a degree of risk expressed as a percentage (risk weight) to an exposure value in accordance with the applicable Standardised Approach.
SREP (Supervisory Review and Evaluation Process)	The PRA assessment of a firm's own individual capital assessment under Pillar 2.
Standardised Approach	In relation to Credit Risk, the method for calculating Credit Risk capital requirements using risk weightings that are prescribed by regulation. Standardised Approaches, following prescribed methodologies also exist for calculating Market and Operational Risk capital requirements.
Tier 1 Capital	A component of regulatory capital, comprising Common Equity Tier 1 capital and Additional Tier 1 capital. Additional Tier 1 capital includes qualifying capital instruments such as noncumulative perpetual preference shares and Additional Tier 1 capital securities.
Tier 2 Capital	A component of regulatory capital, comprising qualifying subordinated loan capital and related non-controlling interests.

18.Appendix 2: Omissions rationale

CRR Reference	High Level summary	Omission rationale
441	Indicators of global systemic importance	The Bank is not classified as a G-SI
445	Exposure to market risk	The Bank does not have a trading book
452	Use of IRB approach to credit risk	The Bank assesses its Pillar 1 credit risk requirement under the Standardised Approach
454	Use of Advanced Measurement Approaches to Operational Risk	The Bank assesses its Operational risk under the Basic Indicator Approach
455	Use of internal market risk models	The Bank does not have any permissions to use internal models for exposures set out in Article 363