MOVING MONEY WHERE IT'S NEEDED

Crown Agents Bank

31 December 2021

# Pillar 3 Disclosures

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# Glossary

The following terms are used throughout these Disclosures:

| | |
|---|---|
| ALCO | Asset and Liability Committee |
| BAC | Board Audit Committee |
| BRC | Board Risk Committee |
| CRC | Credit Risk Committee |
| CCB | Capital Conservation Buffer |
| CCYB | Countercyclical Capital Buffer |
| CEO | Chief Executive Officer |
| CET 1 | Common Equity Tier 1 Capital |
| CIU | Collective investment undertakings |
| ORC | Operational Risk Committee |
| COREP | Common Reporting Framework |
| CRD | Capital Requirements Directive |
| CRO | Chief Risk Officer |
| CRR | Capital Requirements Regulation |
| EBA | European Banking Authority |
| ED | Executive Director |
| ERC | Executive Risk Committee |
| ERMF | Enterprise Risk Management Framework |
| EXCO | Executive Committee |
| FCA | Financial Conduct Authority |
| FCRC | Financial Crime Risk Committee |
| FSCS | Financial Services Compensation Scheme |
| HQLA | High Quality Liquid Asset |
| ICAAP | Internal Capital Adequacy Assessment Process |
| ILAAP | Internal Liquidity Adequacy Assessment Process |
| ILG | Individual Liquidity Guidance |
| INED | Independent Non-Executive Director |
| IRRBB | Interest Rate Risk in the Banking Book |
| IT | Information Technology |
| JMSLG | Joint Money Laundering Steering Group |
| LCP | Liquidity Contingency Plan |
| LCR | Liquidity Coverage Ratio |
| MLRO | Money Laundering Reporting Officer |
| NED | Non-Executive Director |
| NGO | Non-Governmental Organisation |
| NSFR | Net Stable Funding Ratio |
| OCR | Overall Capital Requirement |
| PRA | Prudential Regulation Authority |

| | |
|---|---|
| RAS | Risk Appetite Statements |
| RATS | Risk Appetite and Tolerances Statement |
| RP | Recovery Plan |
| SREP | Supervisory Review and Evaluation Process |
| TCR | Total Capital Requirement |

# 1. Introduction

## Pillar 3 Disclosure

The Capital Requirements Directive ("CRD") introduced a new framework under which banks and financial institutions are required to calculate their capital. This was based on global standards introduced by the Basel Committee on Banking Supervision through the Basel framework (now Basel III). The framework consists of 3 Pillars:

| | |
|---|---|
| **Pillar 1** | **Minimum capital requirements:** defines the rules for the calculation of credit, market and operational risk to ensure that banks hold adequate regulatory capital against the risks they assume within their current business. |
| **Pillar 2** | **Supervisory review process:** sets out the key principles for the supervisory review of a bank's risk management framework and its capital adequacy. It sets out specific oversight responsibilities for both the Board and senior management, thereby reinforcing the principles of internal control and other corporate governance practices. |
| **Pillar 3** | **Market discipline:** sets out the items covered by this report; it requires expanded disclosures to permit investors and other market participants to obtain an understanding of the risk profiles of the bank. |

The Financial Conduct Authority ("FCA") and Prudential Regulation Authority ("PRA") have responsibility for implementing the CRD within the United Kingdom.

The CRD sets out the minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2) and are designed to promote market discipline by allowing market participants to assess the impact of key information on risk exposures and the risk assessment processes of the firm (Pillar 3).

The pillar 3 disclosures made by Crown Agent Bank are designed to comply with Part VIII of the UK Capital Requirements Regulation (CRR) associated onshored binding Technical Standards and guidelines from the European Banking Authority (EBA) ahead of them being incorporated into the Disclosure (CRR) Part of the PRA Rulebook from 1 January 2022

The following represents the Bank's Pillar 3 disclosures in accordance with this requirement.

## Frequency, Location, and Verification

The Bank publishes its Pillar 3 Disclosures on an annual basis. Disclosures comply with the disclosure requirements laid out in the Capital Requirements Regulations 2015 (Part Eight) ("CRR")

The disclosures:

- Are based on the results of the year ended 31st December 2021 (with comparatives) unless otherwise stated. They include the impact of the 2021 financial performance and have been updated to reflect the most recent operational risk capital requirements.
- Should be read in conjunction with the Bank's Annual Report and Financial Statements.
- Have not been, and are not required to be, subject to independent external audit and do not constitute any part of the Bank's Financial Statements.
- Are published on the company internet once approved by the Board.

### Scope of Disclosures

The disclosures below are the required Pillar 3 disclosures and apply solely to the Bank. The Bank continues to develop the quality and transparency of disclosures to ensure that they are as clear and informative as possible.

The Bank is an unquoted company registered in England, authorised by the PRA and regulated by the PRA and the FCA. The Bank's immediate parent is CAB Tech Holdco Limited whose parent is CABIM Limited. The Bank is owned by its parent CABIM Limited, which is ultimately owned by funds managed by Helios Investment Partners LLP.

The ultimate parent undertaking and controlling party is Helios Investors III LP, acting through its general partner Helios Investors Genpar III LP. The Bank's management and ownership structures are set out in the Appendices to these disclosures.

The Bank's principal function is to provide multicurrency account management, payment, foreign exchange and trade finance services to central and corporate banks, governments, supranationals, development agencies, large non-governmental organisations ("NGOs") and selective corporate organisations worldwide.

### Summary of Key Ratios

Bank's key ratios are presented below

| **Key Ratios** | **2021** | **2020** |
|---|---|---|
| Capital: | | |
| Total Risk Exposure (RWA) | £187m | £181m |
| Common Equity Tier 1 Capital (CET1) Ratio | 30.5% | 24.9% |
| Total Capital Ratio | 30.5% | 24.9% |
| Leverage ratio | 5.0% | 4.4% |
| Liquidity: | | |
| High Quality Liquid Assets (HQLA) | £1,084m | £857m |
| Liquidity Coverage Ratio (LCR) | 132% | 138% |
| Net Stable Funding Ratio (NSFR) | 211% | 198% |

Note that the current year profit had not been included in December 2021 COREP returns but subsequent to the audit sign-off, the same has been included in the P3 disclosures. For this reason, the above figures are different to what was reported in COREP.

## 2. Overview of Risk Management Arrangements

### Enterprise Risk Management Framework

The Enterprise Risk Management Framework (ERMF) sets out how the Bank manages risk on a firm-wide basis. It aligns the overall strategic and commercial objectives approved by the Board with risk management and governance. The ERMF is approved by the Board on recommendation of the Board Risk Committee (BRC) and the Executive Risk Committee (ERC) and subsequently adopted by Bank.

Through its normal operations the Bank is exposed to various key risks, which are captured by the firm-wide risk Taxonomy. The firm's 'level 1' risks are:

Financial Risk Types

a. Capital Adequacy Risk
b. Liquidity and Funding Risk
c. Market Risk
d. Credit Risk

Non-Financial Risk Types

a. Operational Risk
b. Financial Crime Risk
c. Regulatory Compliance Risk
d. Conduct Risk
e. Business Risk

The Board of the Bank is responsible for determining the long-term strategy of the business, the markets in which it operates, and the level of risk acceptable to the Bank. The level of risk acceptable to the Bank is controlled through the Bank's Risk Appetite and Tolerances Statement (RATS) for of the firm's 'level 1' risks.

## Monitoring and Control

The Bank's approach to capital and liquidity management is driven by its desire to maintain a strong balance sheet to support the development of its business and to always meet regulatory requirements.

Each year the Bank updates its three-year strategic plan which covers both the development of the business and its impact on the capital and liquidity of the Bank. The plans are underpinned by the Bank's risk appetite and ensure that the available levels of capital and liquidity are appropriate to the business plans and strategy. The plans also ensure that business growth assumptions are integrated into the overall capital and liquidity assessment.

The Bank undertakes, at least annually, a detailed Internal Capital and Liquidity Adequacy Assessment Process (ICAAP & ILAAP) to assess its capital and liquidity requirements and risks. The ICAAP and ILAAP are a key part of the Bank's management disciplines through their review by the Assets and Liabilities Committee (ALCO), BRC, and approval by the Board (ILAAP was last approved in November 2021 and ICAAP in January 2022).

The Bank monitors its capital and liquidity ratios and requirements daily using a traffic light system to ensure internal and external capital requirements are met. The Recovery Plan sets out the actions to be taken when these measures reach certain trigger points. As of 31st December 2021, and at all times during the year, the Bank complied with its regulatory capital and liquidity requirements.

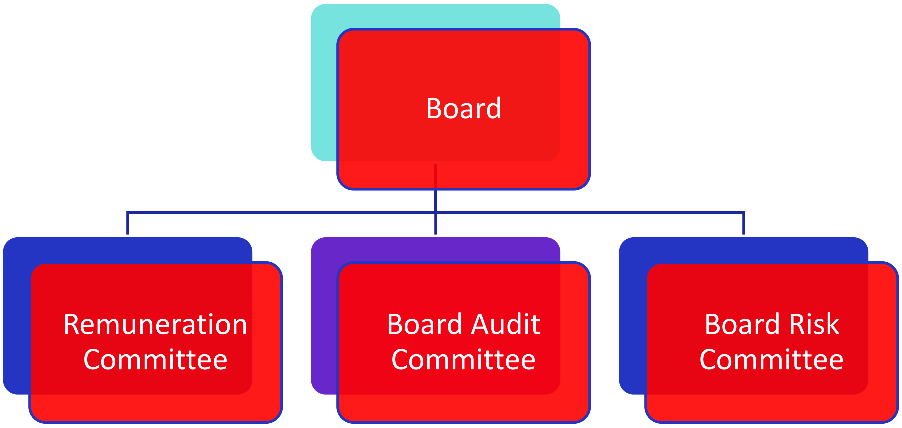
## Risk Governance

Risk governance, underpinned by the Three lines of Defence model, helps to ensure that the right decisions are made by the right people at the right time. It describes the responsibilities and committee structure which facilitate oversight, challenge and robust decision making.

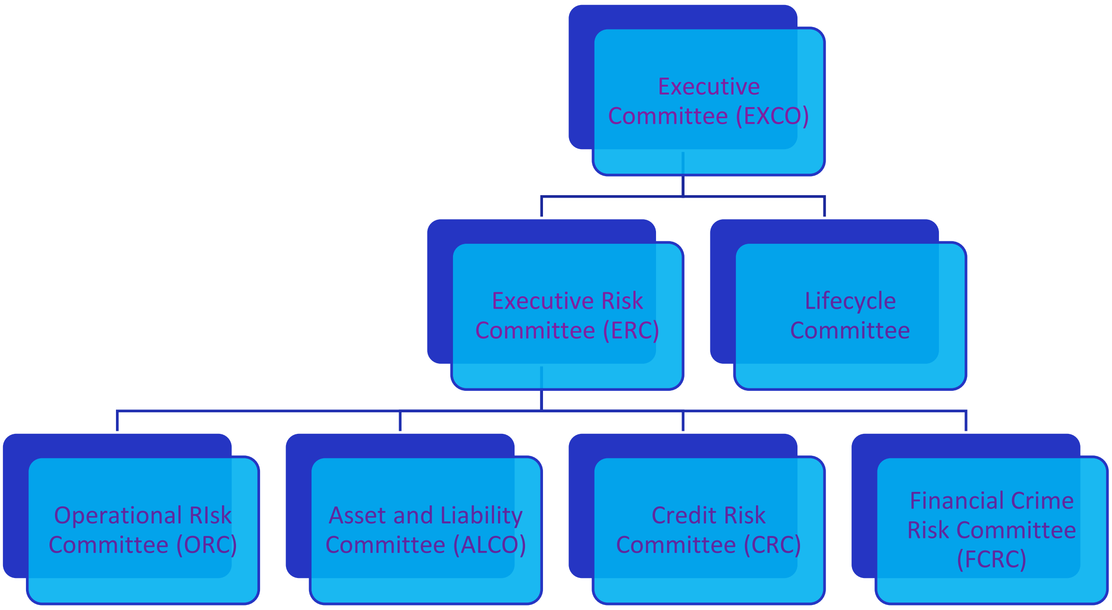
It is also an important element of how CAB's Board and Senior Management discharge their responsibilities as part of the broader management and oversight of CAB's activities.

## Committee Structure

The Board level Committee Structure is outlined below:




The Executive level Committee Structure is outlined below:




The Board level committee structure and terms of reference (TORs) are owned and approved by the Board. The latest versions are available from the Company Secretary.

The Executive level committee structure and TORs are owned and approved by EXCO. The latest versions are available from either the Company Secretary or the Risk and Compliance (R&C) department.

A summary of the key committees responsible for the management and oversight of risks are as follows.

## Board Level Governance

### *CAB Board*

The Bank Board is the primary governing body for the Bank and has ultimate responsibility for setting the bank strategy, corporate objectives, and risk appetite.

From a Risk Management perspective, the CAB Board is responsible for:

- Approving the strategy, 3-year financial plan and annual budgets, considering the impact on risk appetite, wider risk management profile and risk related activities
- Approving key policies
- The establishment, approval, and periodic review (at least annually) of the ERMF (including the risk taxonomy)
- The establishment, approval, and periodic review (at least annually) of the Risk Appetite Tolerance Statements (RATS), which sets out the levels of risk which CAB are willing to accept
- Periodic review and approval of the Bank's ICAAP, ILAAP, Funding Plan and Recovery Plan (RP) on at least an annual basis
- Setting the tone and culture for risk management.

CAB's Board also maintain a close oversight of current and future activities through a combination of regular Board reports and monthly financial results, including budgets, forecasts, and other operational reports.

### *Board Risk Committee (BRC)*

BRC provides oversight and advice to the Board on matters relating to risk and compliance. This includes:

- Oversight and challenge of current and potential risk exposures versus the RATS
- Reviewing effectiveness of the ERMF and supporting risk systems and controls
- Approval of risk policies for the level 1 risks on at a periodic (at least annual) basis. Escalation to the Board if broader discussion is deemed necessary
- Assisting the Board to promote a culture of risk awareness and good conduct throughout the Organisation
- Review of key risk related assessments including (but not limited to) the ICAAP, ILAAP, Funding Plan, Recovery Plan and Annual MLRO assessment
- Ensuring that adequate resources are allocated to risk management.

### *Board Audit Committee (BAC)*

BAC provides oversight and advice to the Board on matters relating to financial reporting and internal financial controls, in particular reviewing:

- the integrity of the financial statements and Pillar 3 disclosures
- the effectiveness of the Internal Audit Function (IAF) and the external auditor
- the effectiveness of audit controls

### *Board Remuneration Committee*

The committee provides oversight ensuring that the Bank complies with its regulatory requirements in respect of remuneration. This includes:

- Determining and agreeing with the Board the framework or broad policy for the remuneration of the company's Chairman and Executive (incl. CRO)
- Reviewing the ongoing appropriateness and relevance of the remuneration policy
- Determining, within the terms of the agreed policy, the total individual remuneration package of personnel designated as Code Staff within the Bank
- Approving the design of, and determining targets for, any performance related pay schemes operated by the Bank and approve the total annual payments made under such schemes
- Considering succession planning
- Overseeing any major changes in employee benefits structures throughout the Bank.

## Executive Level Governance

### *Executive Committee (Exco)*

Exco takes day to day responsibility for running CAB.  The Exco implements the strategies and financial plans of CAB, which are approved by CAB's Board at least annually, and ensures the performance of the business is conducted in accordance with the Boards established risk appetites. The CEO and Exco report to the CAB Board on a regular basis.

Exco delegates Risk Management oversight to the Executive Risk Committee (ERC). It also delegates to the Lifecycle Committee (Client Reputational Risk).

### *Lifecycle Committee*

The Lifecycle Committee assesses the potential regulatory, operational and reputational risks associated with prospective and existing clients throughout the course of their relationship ("lifecycle") with CAB. It also assesses potential client exits.

### *Executive Risk Committee (ERC)*

ERC provides Enterprise-Wide Risk Oversight and dedicated oversight of Business, Compliance, Conduct and People Risks. It also approves the introduction of new productsand receives escalations from the 4 sub-committees on the following level 1 risks:

- Asset-Liabilities Committee (ALCO): Capital Adequacy, Liquidity, Funding and Market
- Credit Risk Committee (CRC): Credit
- Operational Risk Committee (ORC):  Operational (excl. People Risk)
- Financial Crime Risk Committee: Financial Crime

ERC also reviews (either directly or through one of its sub-committees) all level 1 and level 2 Risk policies and risk framework documents at least annually.

ERC reports to BRC regularly on the risk profile of CAB and will make recommendations and escalations on items within its remit and where actions are required.

***Credit Risk Committee (CRC)***

The role of the Committee is to:

- review CAB's credit portfolios to ensure it remains within respective credit risk tolerances and Early Warning Indicators (EWI)
- assess prospective and existing clients and counterparties
- review client, counterparty and country exposures, as well as considering issues of a strategic (credit related) nature
- Reviews Credit Risk RATS at least annually and any ad-hoc proposed changes

***Operational Risk Committee (ORC)***

ORC has been established to manage Operational Risk by:

- Developing and maintaining an operational risk framework through which operational risk is monitored, measured and managed
- Overseeing the implementation of the Operational Risk Policy and framework
- Monitoring forthcoming regulation in relation to operational risk and managing CAB's response
- Reviews Operational Risk RATS at least annually and any ad-hoc proposed changes

***Assets and Liabilities Committee (ALCO)***

ALCO has been established to manage Prudential Risks and Treasury activities by:

- Developing and maintaining the Prudential risk framework through which Prudential risk is monitored, measured and managed
- Maintaining and monitoring compliance with Treasury Policy and procedures and with external regulatory and legal requirements
- Monitoring forthcoming Prudential regulation and managing CAB's response
- Reviews Prudential Risk RATS at least annually and any ad-hoc proposed changes
- Performing detailed oversight of the liquidity and funding, market risk and capital adequacy profile of CAB, including monitoring versus RAS and RATS
- Reviewing the ICAAP, ILAAP, Funding Plan and Recovery Plan and recommending them to BRC for Board level review

***Financial Crime Risk Committee (FCRC)***

FCC assesses the Financial Crime risks relating to the defined strategy and monitors progress and supports the MLRO's oversight of Financial Crime Risk. It also:

- Reviews adherence with relevant legislation and regulations
- Reviews all Financial Crime Risk Policies at least annually and reviews any ad-hoc changes
- Reviews Financial Crime RATS at least annually and any ad-hoc proposed changes

## Three Lines of Defence

CAB operates a three lines of defence model in-line with industry best practice for risk management, which is a key foundation of the Risk Governance model. The 3LOD separates operational departments that identify and manage risks as the first line, oversight and advisory of the 1st line by the risk management functions as the second line, and finally the independent oversight of the effectiveness of the 1st and 2nd line by Internal Audit, which constitutes the 3rd line of defence.

## First Line of Defence

The First Line of Defence is defined as the Front-Office, Operations, IT, Finance, and HR. First line of Defence owns and manages risk. Responsibilities include:

- Ensuring that risk policy, appetite and frameworks are implemented and adhered to
- Identify the risks inherent in the products, activities, processes and systems for which they are accountable
- Responsible for the assessment and management of risks with appropriate controls.
- Monitoring and managing risks proactively with Key Risk Indicators (KRI)s, as well as providing timely escalation
- Ensuring they have sufficient resources and skills in the risk management processes for which they are accountable
- Providing quality and timely risk management information and reporting
- Receiving advice from the Second Line on forthcoming regulation, developing plans to ensure compliance with such, and implementing them
- Ensuring that the appropriate risk culture is in place within their respective teams

## Second Line of Defence

The Second Line of Defence is the Risk and Compliance (R&C) Function. Responsibility includes:

- Drafting risk policies and co-ordinating Risk Appetite reviews
- Advisory to and oversight of the 1st Line of Defence (including the Compliance, Operational Risk, Credit Risk, Prudential Risk and Anti-Financial Crime functions).
- Reporting via risk committees e.g. ERC (and its sub-committees) and BRC
- Review and oversight of annual budget and 3 Year Operating Plan

- Promoting the consistent use of risk management and ownership of risk at all levels within CAB
- Building a risk aware culture including education and training
- Developing, implementing and reviewing the Risk Management Framework, policies and processes
- Reporting, escalating and communication of risk management issues to stakeholders
- Advising the business of forthcoming regulation; and working with them on its implications.

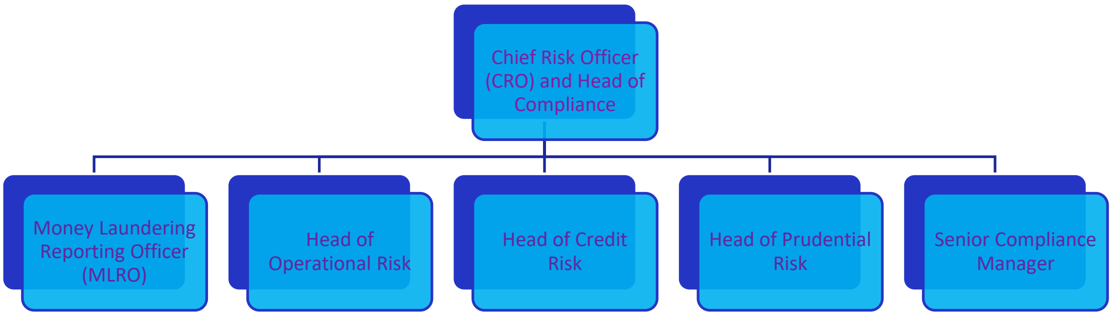
## Third Line of Defence

Internal audit forms CAB's third line of defence. It does so through a risk-based approach to its work, providing assurance to CAB's Board of Directors and senior management. This assurance will cover how effectively CAB assesses and manages its risks and will include assurance on the effectiveness of the first and second lines of defence.

## Risk and Compliance Function

The chart below sets out the leadership structure of the Risk and Compliance (R&C) Department. It should help facilitate an understanding of with whom to raise questions / concerns or provide feedback regarding risk related matters, including who to approach for Training. R&C is responsible for providing oversight of 1st line activities, but also performing an advisory role, where appropriate.

R&C is fully independent from the 1st Line of Defence and has unfettered access to any part of CAB that can have an impact on CAB's respective risk profiles.




### *The Chief Risk Officer (CRO) and Head of Compliance*

The most senior executive responsible for oversight of CAB's risk management systems and controls and is accountable to the Board in relation to the ERMF. The CRO is responsible for 2nd line oversight of Business Risk.

### *Anti-Financial Crime (AFC) Function*

The AFC Function is responsible for 2nd line oversight of the Financial Crime (level 1) risk category within CAB. The AFC Function is led by the Money Laundering Reporting Officer (MLRO).

### *Credit Risk Function*

The Credit Risk Function is responsible for oversight of the Credit (level 1) risk category within CAB, which includes day to day oversight of CAB's credit portfolio, credit risk management, credit applications and reviews.

### *Prudential Risk Function*

The Prudential Risk Function is responsible for oversight of the following level 1 risks within CAB: Liquidity and Funding, Capital and Market Risk. It is also responsible for the oversight of model risk, which is a 'level 2' risk within the Operational Risk category. The Prudential Risk function is also responsible for leading the 2nd line review of financial planning and forecasting.

### *Operational Risk Function*

The Operational Risk Function is responsible for oversight of the Operational (level 1) risk category within CAB.

### *Compliance Function*

The Compliance function is responsible for monitoring and testing adherence to the legal rules and regulations under which CAB operate and oversight of the following level 1 risks within CAB: Regulatory Compliance and Conduct Risk.

# 3. Capital Adequacy and Leverage Ratio

## Capital Adequacy Risk

This is defined as the risk of having insufficient capital to pay liabilities in the event that unexpected losses were to occur; this may be during the normal course of business or under a stress scenario.

CAB's Capital adequacy Risk Appetite is to ensure that the CET1 ratio exceeds the total capital requirement (TCR) at all times, even during a severe but plausible stress, and exceeds the overall capital requirement (OCR) during non-stressed periods.

Capital adequacy is subject to daily monitoring against internally agreed Board RATS and EWI levels. The calibration and selection of these are informed by the outcomes of the annual Internal ICAAP and RP.

## Capital Requirement

The Total Capital Requirement ("TCR") is set by the PRA on a periodic basis, following completion of the ICAAP and Supervisory Review and Evaluation Process ("SREP").

Bank's overall capital requirement (OCR) is TCR + CRD buffers, which are the Capital Countercyclical Buffer and Capital Conservation Buffer. The Bank has complied with the capital requirements set by the PRA at all times throughout 2021.

The minimum regulatory capital requirement is 8% of risk weighted assets, which is known as the Pillar 1 requirement. Additionally, banks are required to hold additional capital to cover risks not adequately captured in Pillar 1, which are known as Pillar 2A requirements. Jointly Pillar 1 + Pillar 2A sets the TCR and is the minimum amount of capital that the Bank needs to hold at all times.

The Bank's TCR and OCR is set out below.

| **Total Capital Requirement**<br>As a % of RWAs: | **As At 31-Dec 2021**<br>% | **As At 31-Dec 2020**<br>% |
|---|---|---|
| Minimum Capital Requirement | 8.00 | 8.00 |
| Pillar 2A requirement | 3.99 | 3.99 |
| Total Capital Requirement (TCR) | 11.99 | 11.99 |
| Capital Countercyclical Buffer | - | 0.01 |
| Capital Conservation Buffer | 2.50 | 2.50 |
| **Overall Capital Requirement (OCR) ratio** | **14.49** | **14.50** |

Post year end, the Bank's Pillar 2A requirement was assessed to be 4.04% as part of the most recent ICAAP exercise

## Countercyclical Buffer (CCYB)

The purpose of the CCYB is to counteract the effects of the economic cycle on banks' lending activities. The CCYB calculation applies percentages, which have been set by the central banks of each country (typically at least 12 months in advance), to the "Relevant Exposures"[1] to entities within those countries. The calculation applies a weighted CCYB percentage to total risk weighted assets.

In response to the economic disruption to UK business and consumers, relating to COVID-19, the Bank of England (BoE) reduced the CCYB rate to 0% from 11th March 2020; however, it is expected that this will increase to 1% from December 2022.

The relevant disclosures,[2] are attached at Appendix 6. The outputs from the information in Appendix 6, which drive the CCYB calculation as at 31st December 2021, are as follows:

| | £000 |
|---|---|
| Total Relevant Exposures | 6,724 |
| Product of own funds requirements and relevant country CCYB rate | 0 |
| Resulting weighted CCYB % | 0.00% |

## Capital Resources

The table below shows the composition of the Bank's regulatory capital position as at 31st December 2021.

The Bank's regulatory capital consists entirely of Common Equity Tier 1 capital, which is comprised of one class of issued ordinary share capital (issued at par) and accumulated reserves, subject to deductions for intangible assets and deferred tax assets (net of deferred tax liabilities).

As a result:

- The Capital Instruments[3] template has not been included as all data points are either not applicable or nil.
- The data re the Own Funds template[4] is included below. All the other data points are either not applicable or nil.

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[1] These are effectively exposures to entities other than central banks/ governments or financial institutions. Exposures to institutions in countries which do not have regulatory equivalence are classified as Corporates under the regulations and are included with Relevant Exposures.

[2] The detailed template is set out in European Delegated Regulation 2015/1555..

[3] European Commission Implementing Regulation 1423/2013 Annex II (Capital Instruments).

[4] European Commission Implementing Regulation 1423/2013 Annex IV (Own Funds). The Transitional Own Funds Disclosure Template (Annex VI) is not applicable as the Bank has not availed itself of any transitional provisions.

| Capital Resources | Template Row | 2021 £000 | 2020 £000 |
|---|---|---|---|
| Common Equity Tier 1 Capital: | | | |
| Share Capital | 1 | 41,200 | 41,200 |
| Retained earnings | 2 | 34,004 | 25,281 |
| | 6 | 75,204 | 66,481 |
| Less deductions: | | | |
| Intangible Assets | 8 | (18,298) | (18,841) |
| Free deliveries* which can alternatively be subject to a 1250% risk weight | 20d | - | (2,429) |
| Net Deferred Tax Asset | 10 | - | - |
| | 28 | (18,298) | (21,270) |
| **Total Common Equity Tier 1 Capital** | 29 | **56,906** | **45,211** |
| **Total Capital Resources** | 59 | **56,906** | **45,211** |

* Free deliveries are the transactions where the Bank has paid for the securities or foreign currencies before receiving them. Transactions which are outstanding for more than 4 business days are required to be risk weighted at 1250% or alternatively can be deducted from the own funds.

| Risk Weighted Assets - Pillar 1 | Template Row | 2021 £000 | 2020 £000 |
|---|---|---|---|
| Credit Risk* | | 106,588 | 117,480 |
| Counterparty Risk (Derivatives) | | 1,720 | 2,358 |
| Total Credit Risk Weighted Assets | | **108,308** | **119,838** |
| Settlement Risk and Credit Value Adjustment (CVA) | | 1,047 | 1,052 |
| Market Risk | | 5,110 | 7,018 |
| Operational Risk | | 72,390 | 53,340 |
| **Total Risk Weighted Assets** | 60 | **186,856** | **181,248** |

* Net of credit risk mitigation amounting £53,278k (£66,753k in 2020)

| Capital Ratios | Template Row | 2021 £000 | 2020 £000 |
|---|---|---|---|
| Common Equity Tier 1 Capital Ratio | 61 | 30.5% | 24.9% |
| Total Tier 1 Capital Ratio | 62 | 30.5% | 24.9% |
| Total Capital Ratio | 63 | 30.5% | 24.9% |

Bank's operational risk RWA is based on last 3 years revenue and has increased after including the revenue from year 2021. The credit risk RWA has decreased because of maintaining a higher balance in high quality liquid assets.

Capital ratios are calculated as regulatory capital divided by risk weighted assets. The Pillar 1 calculations are based on the Standardised Approach for Credit Risk and on the Basic Indicator Approach for Operational Risk.

Based on the TCR and OCR, the Bank's capital surplus is shown below.

| **Regulatory Capital Surplus** | **2021** £000 | **2020** £000 |
|---|---|---|
| Total Risk Weighted Assets (RWA) | 186,856 | 181,248 |
| Total SREP Capital Requirement (TCR)* | 22,404 | 21,732 |
| Overall Capital Requirement (OCR)* | 27,075 | 26,279 |
| Total Capital Resources | 56,906 | 45,211 |
| Capital surplus above TCR | 34,502<br>18.5% | 23,480<br>13.0% |
| Capital surplus above OCR | 29,831<br>16.0% | 18,933<br>10.4% |

*__TCR__ = P1+P2A; **OCR**=TCR+CRD Buffers

## Leverage Ratio

CRD requires firms to calculate a non-risk based leverage ratio to supplement risk-based capital requirements. The leverage ratio measures the relationship between the Tier 1 capital resources of the organisation and its total assets. The purpose of monitoring and managing this metric is to enable regulators to constrain the build-up of excessive leverage. It is calculated as

$$\frac{\text{Tier 1 capital}}{\text{Total on and off-balance sheet assets adjusted for deductions}}$$

The minimum requirement for the leverage ratio has historically been 3% but was increased to 3.25%, effectively from 1 January 2018[5]. While the leverage ratio is not a regulatory requirement for the Bank[6], the Bank chooses to monitor the metric as part of its risk management framework.

The calculation of the Leverage Ratio is as set out in the tables below which are based on the regulatory disclosure templates[7]. All template rows other than those noted in the tables are either not applicable or nil.

[5] Policy Statement | PS21/17 UK leverage ratio: treatment of claims on central banks (October 2017)

[6] The leverage ratio regime only applies to banks/ building societies with retail deposits exceeding £50 billion.

[7] The detailed disclosure templates re the Leverage Ratio are set out in the Commission Implementing Regulation (EU) 2016/200.

| Leverage Ratio | Template Row | 2021 £000 | 2020 £000 |
|---|---|---|---|
| **Table LR Sum - Summary Reconciliation Of Accounting assets and Leverage Ratio exposures** | | | |
| Total Statutory Assets per the Balance Sheet | 1 | 1,311,971 | 1,170,022 |
| Adjustments for derivative financial instruments | 4 | 6,895 | 7,880 |
| Off balance sheet Items | 6 | 4,475 | 4,698 |
| Less: central bank exposures* | 7 | (160,863) | (125,844) |
| Amounts deducted in determining Tier 1 capital | 7 | (18,298) | (21,270) |
| Leverage ratio total exposure measure | 8 | 1,144,181 | 1,035,486 |

* Exposures to central banks subject to a maximum of deposits in the same currency is excluded from the leverage ratio exposure measure. The Bank's total GBP deposits amounted £160,863k and BoE reserve a/c balance was £676,492k.

| Leverage Ratio | Template Row | 2021 £000 | 2020 £000 |
|---|---|---|---|
| **Table LR Com = Leverage Ratio Common Disclosure** | | | |
| On Balance Sheet exposures (excluding off-bal derivatives) | | | |
| On balance sheet items | 1 | 1,151,108 | 1,044,178 |
| Amounts deducted in determining Tier 1 capital | 2 | (18,298) | (21,270) |
| Total on balance sheeet exposures | 3 | 1,132,810 | 1,022,908 |
| | | | |
| Derivative Exposures | | | |
| Derivatives add-on under mark-to-market method | 4 | 6,895 | 7,880 |
| Total derivative expsures | 11 | 6,895 | 7,880 |
| | | | |
| Other Off Balance Sheet Exposures | | | |
| Other off balance sheet exposures | 17 | 20,374 | 22,272 |
| Adjustment for credit conversion factor | 18 | 15,899 | 17,574 |
| Total off balance sheet exposures | 19 | 4,475 | 4,698 |
| | | | |
| Capital And Total Exposure Measure | | | |
| Total Tier 1 Capital & Total Capital | 20 | 56,906 | 45,211 |
| Leverage Ratio Total Exposure Amount | 21 | 1,144,181 | 1,035,486 |
| | | | |
| **Total Leverage Ratio** | 22 | **5.0%** | **4.4%** |

The Bank's leverage ratio is included within the RATS, which documents the monitoring and escalation framework and the Bank's leverage ratio limits.

The Bank's leverage ratio has increased to 5.0% (2020: 4.4%) mainly due to current year profit being included in the Capital resources.

| Leverage Ratio | Template Row | 2021 £000 | 2020 £000 |
|---|---|---|---|
| **Table LRSpl - Split Of Balance Sheet Exposures** | | | |
| Total on balance sheet exposures, of which | EU1 | 1,151,108 | 1,044,178 |
| Trading book | EU2 | 0 | 0 |
| Banking book exposures, of which | EU3 | 1,151,108 | 1,044,178 |
| Exposures treated as sovereigns | EU5 | 925,623 | 701,144 |
| Exposures to regional governments, MDB,international organisations and PSE not treated as sovereigns | EU6 | 0 | 0 |
| Insitutions | EU7 | 96,196 | 192,829 |
| Corporate | EU10 | 83,658 | 64,785 |
| Other | EU12 | 45,630 | 85,419 |

# 4. Capital Management

## Capital Requirements

As part of the ICAAP applicable to CRD firms, the Board is required to consider all material risks which the Bank faces and to determine whether additional capital is required in order to provide additional protection to depositors and borrowers and to ensure the Bank is sufficiently well capitalised to withstand a severe economic downturn.

The Board manages its internal capital levels for both current and future activities and documents its risk appetite and capital requirements during stress scenarios as part of the ICAAP.

The ICAAP represents the aggregated view on capital risk for the Bank and is used by the Board and management to understand the levels of capital required to be held over the near and medium term. The ICAAP is undertaken at least annually and was last approved by the Board in January 2022.

The Bank is required to maintain a certain level of capital to meet several requirements:

- To meet minimum regulatory capital requirements;
- To ensure the Bank can meet its objectives, including growth objectives;
- To ensure the Bank can withstand future uncertainty, such as a severe economic downturn;
- To provide assurance to depositors, borrowers, shareholders and other third parties.

The Bank presents regular reports on the levels of capital, as well as the results of stress scenarios, to ALCO, BRC and the Board.

The key assumptions and risk drivers used to create the ICAAP are regularly monitored and reported and any material deviation from the forecast and risk profile of the Bank would mean the ICAAP assumption would need to be reviewed.

The Bank aims to maintain sufficient capital to cover regulatory requirements, including any capital planning buffers, and to maintain an appropriate operational capital buffer.

Risk arises from the Bank's activities and will be affected by any unexpected increase in regulatory requirements or poor financial performance, losses being higher than expected and any downturn in market conditions.

The Bank closely monitors and manages capital consumption through ALCO. Capital forecasting is undertaken over a 3-year horizon and is designed to provide a forward view on capital allocation and excess regulatory capital. Furthermore, stress testing and sensitivity analysis is performed to provide information on the Bank's capital position. Capital requirements under stressed conditions are considered as part of the ICAAP.

## Minimum Capital Requirement Pillar 1

The Bank's overall capital resources requirement under Pillar 1 is calculated by adding the capital resources requirements for credit risk, market risk and operational risk. The following table shows the Bank's capital resources requirement and capital resources surplus under Pillar 1:

| **Total Minimum Pillar 1 Capital Requirement** | **2021 £000** | **2020 £000** |
|---|---|---|
| Capital Resources | 56,906 | 45,211 |
| Capital Requirement | | |
| Credit Risk | 8,527 | 8,772 |
| Counterparty Credit Risk | 138 | 815 |
| Settlement Risk and Credit Value Adjustment (CVA) | 84 | 84 |
| Market Risk | 409 | 561 |
| Operational Risk | 5,791 | 4,267 |
| Capital Requirement under Pillar 1 | 14,948 | 14,500 |
| **Capital Resources - Surplus over Pillar 1 Requirement** | **41,958** | **30,712** |

## 5. Credit Risk

Credit risk is the risk of financial loss arising from a borrower or counterparty failing to meet their financial obligations to the Bank in accordance with agreed terms.

Credit Risk exposure arises through the Bank's nostro balances, unsettled foreign exchanged transactions, placement of deposits within the money markets, trade finance, and certain off-balance sheet activities. The Bank only enters into derivative contracts for balance sheet hedging purposes.

The credit risk management framework includes:

- Risk appetite in respect of Credit Risk is determined by reference to the probabilities of default and the expected losses across its credit portfolio
- Credit policy, covering limits, restrictions, minimum credit ratings and concentration criteria, is set out in policy papers approved and affirmed by the Bank's board of directors
- Oversight by Credit Committee which approves all counterparty limits and is responsible for concentration risk both in terms of individual counterparties and country exposures.
- Monthly credit risk reporting and exposures being monitored daily against approved limits.

The Bank evaluates its level of risk through consideration of the level of exposure that it has to a range of different exposures. Exposure is defined as the maximum loss that a financial institution might suffer if a borrower, counterparty or group fails to meet their obligations or if assets and off-balance sheet positions (after offsets) have to be realised. Mark to market exposures are carefully monitored in respect of forward foreign exchange transactions.

Many of the Bank's products are linked to the provision of international banking and payment services on a pre-funded basis. Short-term client credit risk exposures are generally only put in place to assist the transactional flows of correspondent banking relationships and to support the wholesale transactional banking business model.

### Controls & Mitigation

Credit risk is principally controlled by establishing and enforcing authorisation limits, including set-off limits, by checking the creditworthiness of counterparties and defining exposure levels to those counterparties. Daily monitoring of positions ensures that prudential limits are not exceeded. The Bank continues to adopt a conservative credit policy and has suffered no credit exposure loss in the last 10 years.

The capital requirement relating to credit risk underlying certain exposures is mitigated by:

- Collateral – cash placed with the Bank by the client; or
- Guarantees – typically from institutions with very high credit ratings (eg World Bank).

Regular stress testing considers the likelihood of the failure of a market counterparty, credit concentrations and country risk.

### Minimum Capital Requirement: Credit Risk

The Bank uses the Standardised Approach in determining the appropriate level of capital to be held for regulatory purposes. Under this approach the Bank must set aside capital equal to 8% of its total risk weighted assets to cover its Pillar 1 capital requirements.

The following table shows the credit risk exposures, the risk weighted assets and the composition of the minimum capital requirements for credit risk on 31 December 2021 and 31 December 2020:

| Credit Risk Requirement | Credit Risk Exposure £000 | Risk Weighted Assets £000 | Minimum Capital Requirement £000 |
|---|---|---|---|
| **31 December 2021** | | | |
| Central Governments and Central Banks | 1,038,228 | 3,207 | 257 |
| Mutilateral Development Banks | 36,429 | - | - |
| Public Sector Enterprises | 15,044 | - | - |
| Institutions | 104,721 | 21,053 | 1,684 |
| Corporate | 70,745 | 70,529 | 5,642 |
| CIU | 0 | 0 | 0 |
| Other | 13,519 | 13,519 | 1,082 |
| **Total** | **1,278,686** | **108,308** | **8,665** |
| | | | |
| **31 December 2020** | | | |
| Central Governments and Central Banks | 820,273 | 2,298 | 184 |
| Mutilateral Development Banks | 16,749 | - | - |
| Public Sector Enterprises | 24,850 | 9 | 1 |
| Institutions | 203,670 | 54,506 | 4,360 |
| Corporate | 51,461 | 48,795 | 3,904 |
| CIU | 19,778 | 4,285 | 343 |
| Other | 9,945 | 9,945 | 796 |
| **Total** | **1,146,726** | **119,838** | **9,587** |

The overall capital requirement for credit risk has reduced by £921k due to an overall improvement in the asset quality of the portfolio, with a material increase in the proportion of central government and central bank assets, and a reduction in institutional assets relative to 2020 which is due to having higher balance in high quality assets compared to 2020.

The exposures categorised within ‘Other’ predominantly relate to other balance sheet assets that have no associated credit risk. These comprise various non-financial assets, including fixed assets, prepayments, and sundry debtors.

The Bank has no retail or equity exposure and does not securitise its exposures.

## Credit Risk Exposures by Sector

The following table shows the total amount of exposures, net of any provisions, including pipeline commitments and after offsets, analysed by sector:

| Credit Risk Exposure by Sector | Financial £000 | Government & Public Administration £000 | Other Commercial £000 | Total £000 |
|---|---|---|---|---|
| **31 December 2021** | | | | |
| Central Governments and Central Banks | - | 1,038,228 | - | 1,038,228 |
| Mutilateral Development Banks | 36,429 | - | - | 36,429 |
| Public Sector Enterprises | - | 15,044 | - | 15,044 |
| Institutions | 104,721 | | | 104,721 |
| Corporates | 70,745 | | | 70,745 |
| CIU | 0 | | | 0 |
| Other | | | 13,519 | 13,519 |
| **Total** | **211,895** | **1,053,272** | **13,519** | **1,278,686** |
| **31 December 2020** | | | | |
| Central Governments and Central Banks | - | 820,273 | - | 820,273 |
| Mutilateral Development Banks | 16,749 | - | - | 16,749 |
| Public Sector Enterprises | - | 24,850 | - | 24,850 |
| Institutions | 203,670 | | | 203,670 |
| Corporates | 51,461 | | | 51,461 |
| CIU | 19,778 | | | 19,778 |
| Other | | | 9,945 | 9,945 |
| **Total** | **291,658** | **845,123** | **9,945** | **1,146,726** |

"Corporates" is a regulatory term and includes exposures to banks in jurisdictions which do not have in place a financial regulatory system equivalent to that in the UK.

## Geographic Distribution of Credit Risk Exposures

The geographical spread of the Bank's credit risk exposures is set out in the table below.

| Geographical distribution based on risk country of counterparty | 31 December 2021 | 31 December 2020 |
|---|---|---|
| **Region** | **£000** | **£000** |
| UK | 716,204 | 737,753 |
| US | 379,068 | 186,796 |
| Africa | 75,929 | 30,817 |
| Europe | 46,535 | 82,921 |
| Middle East | 23,654 | 22,371 |
| Japan | 20,135 | 3,143 |
| Far East | 8,022 | 7,604 |
| Other | 5,093 | 12,642 |
| Canada | 3,436 | 10,954 |
| China | 611 | 51,725 |
| **Total** | **1,278,686** | **1,146,726** |

## Residual Maturity of Credit Risk Exposures

The table below summarises the Bank's exposures, including off balance sheet items, analysed by remaining contractual maturity. The maturity of exposures is shown on a contractual basis.

| Credit Risk Exposure by Residual Maturity | Within 1 Year £000 | 1 to 5 Years £000 | No defined maturity £000 | Total £000 |
|---|---|---|---|---|
| **31 December 2021** | | | | |
| Central Governments and Central Banks* | 24,991 | - | 1,013,237 | 1,038,228 |
| Mutilateral Development Banks | 36,429 | - | - | 36,429 |
| Public Sector Enterprises | 15,044 | - | - | 15,044 |
| Institutions | 33,459 | - | 71,262 | 104,721 |
| Corporate | 36,153 | - | 34,592 | 70,745 |
| CIU | - | - | 0 | 0 |
| Other | - | - | 13,519 | 13,519 |
| **Total** | **146,075** | **-** | **1,132,611** | **1,278,686** |
| **31 December 2020** | | | | |
| Central Governments and Central Banks* | 109,415 | - | 710,858 | 820,273 |
| Mutilateral Development Banks | 16,749 | - | - | 16,749 |
| Public Sector Enterprises | 24,850 | - | - | 24,850 |
| Institutions | 122,085 | - | 81,585 | 203,670 |
| Corporate | 40,568 | - | 10,893 | 51,461 |
| CIU | - | - | 19,778 | 19,778 |
| Other | - | - | 9,945 | 9,945 |
| **Total** | **313,667** | **-** | **833,059** | **1,146,726** |

*Central Banks exposures include balance of £676,492k in BoE reserve a/c which is instantly accessible. CIU exposures have no defined maturity; however, the underlying securities have a residual maturity of less than 1 year. Nostro balances have no defined maturity but are instantly accessible.

## Management of Credit Risk

Credit risks associated with credit exposure are managed through detailed credit policies which outline the approach to credit exposure, underwriting criteria, credit mandates, concentration limits and product terms. The Bank maintains a dynamic approach to credit management. Its credit policies and performance against risk appetites are regularly reviewed. The Bank will take necessary steps if specific issues are identified or if credit performance deteriorates, or is expected to deteriorate, due to economic or sector-specific weaknesses.

The Bank also seeks to mitigate credit risk by focusing on business sectors where it has specific expertise and through limiting concentrated exposures on larger loans or certain sectors which can represent higher risk. The Bank also seeks to obtain security cover from borrowers.

External rating agency ratings for borrowers are not always available in the specialist segments in which the Bank operates. Credit risk is, however, assessed through a combination of due diligence, reviewing credit reference agency reports, reviewing financial information, and the use of experienced underwriters.

The Bank has a single Credit policy and dedicated credit risk management team which assesses credit risk, supported by a Credit Risk Committee (CRC) with significant credit experience.

## Credit Risk – Rating of Exposures

Credit risk exists in relation to:

- Treasury assets where the Bank has placed deposits with, or acquired assets which are exposures on, other financial institutions. Such deposits or assets are for the most part rated at least F1 by Fitch and the Bank considers that the credit risk of such assets is relatively low. As the Bank does not maintain a trading book, all such assets are placed or acquired with the intention of holding to maturity. Some of these assets are held as a part of the Bank's liquid assets buffer (see section 9 below).
- Other exposures, typically relating to trade finance exposures, a material part of which is secured by cash collateral.

The relevant capital requirement is calculated using the Standardised Approach. Credit ratings used in the classification of such exposures are provided by various agencies.

| Exposure Value by External Rating | AAA+ to AA- £000 | A+ to A- £000 | BBB+ to B- £000 | Unrated £000 | Total £000 |
|---|---|---|---|---|---|
| **31 December 2021** | | | | | |
| Central Governments and Central Banks | 1,035,021 | - | - | 3,207 | 1,038,228 |
| Mutilateral Development Banks | 36,429 | - | - | - | 36,429 |
| Public Sector Enterprises | 15,044 | - | - | - | 15,044 |
| Institutions | 15,706 | 84,820 | 2,680 | 1,516 | 104,721 |
| Corporate | 0 | 8,482 | 8,408 | 53,854 | 70,745 |
| CIU | 0 | - | - | - | 0 |
| Other | - | - | - | 13,519 | 13,519 |
| **Total** | **1,102,200** | **93,302** | **11,088** | **72,096** | **1,278,686** |
| **31 December 2020** | | | | | |
| Central Governments and Central Banks | 818,442 | - | - | 1,832 | 820,273 |
| Mutilateral Development Banks | 16,749 | - | - | - | 16,749 |
| Public Sector Enterprises | 24,850 | - | - | - | 24,850 |
| Institutions | 29,244 | 147,176 | 23,253 | 3,997 | 203,670 |
| Corporate | 4 | 11,300 | 14,931 | 25,226 | 51,461 |
| CIU | 19,778 | - | - | - | 19,778 |
| Other | - | - | - | 9,945 | 9,945 |
| **Total** | **909,067** | **158,476** | **38,184** | **40,999** | **1,146,726** |

None of the assets noted above were past due[8] or impaired.

Credit ratings are based on the specific obligor to whom the Bank is exposed.

## Credit Risk Concentration

Concentration risk exists through having high or excessive exposures to a concentration of certain counterparties, regions or sectors. Concentration risks from credit exposure activities are managed and controlled through the adoption of concentration limits through the Risk Appetite and Tolerances

[8] i.e. the repayment of any capital or interest remains contractually outstanding for more than 90 days.

Statement ("RATS"). Reported exposures against concentration limits are regularly monitored, this includes large exposure monitoring.

## Counterparty Credit Risk – Derivatives

The Bank is exposed to counterparty credit risk from derivative transactions for the purposes of reducing exposures to fluctuations in exchange rates; such derivatives are not used for proprietary trading purposes. As at 31 December 2021, all derivative contracts were cash collateralised

Counterparty credit risk is the risk that a counterparty to a derivative instrument to which the Bank has an exposure could default.

In accordance with the CRR, counterparty credit risk exposure is calculated as the positive mark-to-market value of outstanding contracts plus an additional potential future credit exposure that varies according to the transaction.

Key data in respect of the Bank's derivative contracts is as follows:

| | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| Gross positive fair value | 1,641 | 2,305 |
| Potential future exposure add-on | 6,895 | 7,880 |
| Total derivative credit exposure | 8,536 | 10,185 |
| | | |
| Notional principal | 681,859 | 771,200 |

Counterparty credit limits are established for authorised counterparties and are updated on a periodic basis. For counterparties who are exempt from large exposure requirements, there is no counterparty exposure limit set. For all other entities exposures limits are set in line with the respective credit criteria, are managed within board approved risk limits and are monitored to ensure they remain within policy.

## Reconciliation to Statutory Accounts

The reconciliation of the assets from the Bank's Statutory Accounts to the credit risk exposure is as follows:

| Reconciliation to Statutory Accounts | 2021 £000 | 2020 £000 |
|---|---|---|
| Total Assets per Accounts | 1,311,971 | 1,170,022 |
| less: Assets deducted from Regulatory Capital | | |
| Intangible Assets | (18,298) | (18,841) |
| Net Deferred Tax Asset | 0 | 0 |
| Cash collateral received for trade finance transactions | (14,185) | (15,445) |
| Other Adjustments (including non-accounting adjustments for finacial statements disclosure) | (12,172) | (1,588) |
| Add: Off Balance Sheet Exposures | | |
| Trade Finance Commitments | 4,475 | 4,698 |
| Derivatives add-on (potential future exposure) | 6,895 | 7,880 |
| Total Credit Risk Exposures | 1,278,686 | 1,146,726 |

Further details relating to the reconciliation of other items, including Own Funds, are provided at **Appendix 3**.

# 6. Market Risk

CAB has a highly restricted appetite to Market Risk. It does not operate a trading book - all assets are held in the banking book with the intention to hold to maturity.

Therefore, CAB is only exposed to Market Risk via Interest Rate Risk in the Banking Book (IRRBB) and Foreign Exchange (FX) Risk through its currency exposures arising through its daily foreign exchange, funding, payments, and trade finance activities.

## Interest Rate Risk

Interest rate risk is defined as the risk to earnings or economic capital arising from movements in interest rates that affect banking book positions. The Bank does not operate a trading book therefore all activities are captured under the banking book definition.

The Bank's business model being reliant on transaction-based income rather than net interest income, in line with this the organisation has an intrinsically low interest rate risk in the Banking Book (IRRBB) risk appetite, measured by:

- the impact of earnings sensitivity over 12 months arising from a maximum of 100bps parallel and non-parallel rate shift.
- the economic value impact of a 200bps parallel rate shift (plus or minus)

It is the policy of the Bank that its interest rate risk shall be managed within prudent banking practices and within all applicable legal and regulatory limitations.

## Control & Mitigation

The Bank's balance sheet is liability led, in that assets are not generated unless a corresponding liability has arisen from customer deposits. CAB has only a small customer loan book which needs to be funded

The Bank seeks to term match assets to the liability of the maturity profile in order to meet internal and regulatory liquidity requirements. As a result, there is limited capacity or need to perform maturity transformation within the balance sheet that could give rise to interest rate risk.

The Bank monitors its interest rate risk by calculating the economic gain/loss of a 200 bp shift in the yield curve (both up and down) and comparing it against a Board approved limit of £1m.The Bank also monitors the earnings (net interest income) gain/loss (over a twelve-month period) of a 100 bp parallel shift. The results are as follows:

| **Economic Value of Equity (EVE) Sensitivities** | **31 Dec 21 £'000** | **31 Dec 20 £'000** |
|---|---|---|
| **Gain/(Loss)** | | |
| 200 bps upward shift | 23 | (282) |
| 200 bps downward shift | (27) | 296 |

| **Net Interest Income (NII) Sensitivities** | **31 Dec 21 £'000** | **31 Dec 20 £'000** |
|---|---|---|
| **Gain/(Loss)** | | |
| 100 bps upward shift | 6,567 | 3,382 |
| 100 bps downward shift | 392 | 93 |

The Bank does not face interest rate risks due to basis risk (because none of its term assets/ liabilities are contractually tied to external base rates (eg LIBOR or SONIA) or option risk (because its product offering does not give the counterparty the option of when the underlying cash flows are made).

The Bank does not fair value any of its interest-bearing assets or liabilities[9]. As a result, there will be no immediate accounting gain or loss following any change in interest rates.

Both metrics are monitored daily and ultimately reported to both ALCO and the BRC.

## Asset-liability Gap Risk

As noted above, the Bank's balance sheet is liability led, in that assets are not generated unless a corresponding liability has arisen from customer deposits. The majority of the Bank's assets and liabilities are fixed rate exposures.

Given timing differences and the price of hedging small gaps, it is not cost effective to have an absolute match of assets and liabilities; however, the Bank does maintain a materially matched book as is evidenced by the low sensitivity to interest rate changes noted above.

## Foreign Exchange Risk

Foreign Exchange Risk (FX Risk) is risk to earnings or capital arising from adverse movements in foreign exchange (FX) rates.

The Bank's FX risk appetite is to ensure that the exposure to FX rate movements is immaterial compared to the capital resources available.

This objective is achieved as a result of tightly limiting the size of open FX positions that the Bank can run. The largest aggregate FX open position to which the Bank can be allowably exposed is restricted as a Board approved limit. More granular limits are set at individual/currency grouping levels. Speculative transactions are strictly prohibited.

FX exposures are reported daily.

## Control & Mitigation

As with other risks, the Bank's tolerance of its foreign exchange risk is set out in the RATS. In general, the Bank has a low tolerance of such risks and ensures that the risk is kept within the stipulated limits via the forward sale/purchase of foreign currency in line with the maturing of the relevant assets/ liabilities.

The Trading desk is responsible for managing and monitor the Bank's foreign exchange risk. The underlying currency mismatch is measured and reported daily for any further action by management as appropriate.

The level of that mismatch as of 31 December 2021 and 2020 was as follows:

[9] The Bank accounts under Financial Reporting Standard 102 and has chosen to adopt Sections 11 and 12 in respect of financial instruments.

| Functional currency (£'000 equivalent) | US $ | Euro | KES | UGX | Other | Total |
|---|---|---|---|---|---|---|
| **2021** | | | | | | |
| Assets/(liabilities) | -457,115 | -25,018 | 667 | 582 | 27,250 | -453,634 |
| Net forward purchases/(sales) | 454,664 | 24,264 | -1 | -2 | -25,282 | 453,643 |
| | -2,451 | -754 | 666 | 581 | 1,968 | 9 |
| **2020** | | | | | | |
| Assets/(liabilities) | -472,367 | -22,002 | 162 | 225 | -10,728 | -504,710 |
| Net forward purchases/(sales) | 475,639 | 21,920 | -34 | 0 | 13,547 | 511,073 |
| | 3,273 | -82 | 128 | 225 | 2819 | 6,364 |

The Bank maintains risk management systems to identify, measure, monitor, and control market risk including the daily distribution of spot and forward Foreign Exchange ("FX") and other positions, the resultant calculation of the relevant capital requirement against those positions and the movements in market valuations noted above. Under Pillar 1, the market risk is calculated at 8% of the higher of net long or net short positions aggregated across all the currencies. The Bank does not enter into any financial derivatives contracts other than forward FX contracts for hedging purposes.

## Other Risks

The Bank holds certain assets, notably its investments in Collective Investment Undertakings (CIUs), for which an active market exists, and which are therefore potentially subject to market risk. As of 31st Dec 2021, the CIUs portfolio amounted £336,737k (£52,740k in 2020).

The Bank also holds fixed rate bonds but does not fair value / mark to market those assets. The assets are intended to be held to full maturity. The Bank does not carry out any proprietary trading activity.

# 7. Liquidity & Funding Risk

Liquidity Risk is the risk that the Bank cannot meet its obligations in a timely manner as they fall due. This may be during the normal course of business or under a stress scenario.

The Bank's Risk Appetite is to ensure that adequate liquidity is held by the Bank at all times, by meeting the 30 Day OLAR[10] stress and a holding a level of surplus HQLA over and above minimum regulatory liquidity requirements, such that there is no significant risk that its liabilities cannot be met as they fall due, whether in business-as-usual or in a stress.

The Bank is transaction led and does not borrow to finance significant lending. A substantial proportion of customer accounts are current accounts that, although repayable on demand, have historically formed a stable deposit base.

## Controls & Mitigation

Liquidity risk is the risk that the Bank is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The risk can arise because:

- The Bank has insufficient funds to pay the amounts that it owes (either to depositors or creditors);
- The Bank has sufficient funds but they are not readily accessible; or

Liquidity is measured and monitored daily based on metrics and limits set out within the RATS. Liquidity risk is considered by ALCO in its monthly meetings. The Bank's Treasury policy sets the limit of any mismatch limits to be followed which, together with any Individual Liquidity Guidance ("ILG") set by the PRA, is monitored and measured on a daily basis.

To protect the Bank and its depositors against liquidity risks, the Bank maintains a liquidity buffer which is based on the Bank's liquidity needs under stressed conditions. The liquidity buffer is monitored on a daily basis to ensure there are sufficient liquid assets at all times to cover cash flow movements and fluctuations in funding and to enable the Bank to meet all financial obligations and to support anticipated asset growth.

Liquidity risk is specifically assessed through the ILAAP, which is approved by the Board. As part of this process, the Bank has assessed the level of liquidity necessary to prudently cover systemic and idiosyncratic risks and the ILAAP sets out the minimum level of liquidity to be held at any time, taking into account the specific nature of the deposit base.

The ILAAP requires the Bank to consider all material liquidity risks in detail and has documented the Bank's analysis of each key liquidity risk. Liquidity risks are specifically considered by ALCO each month.

Based on the business model of funding primarily through wholesale deposits, the Board has set a liquidity risk appetite which it considers to be appropriate to provide it with the assurance that the relevant liquidity risk drivers should be considered and appropriately stressed and that the Bank is able to meet liabilities beyond the targeted survival period.

The Bank's key liquidity buffer is its holding of HQLAs, which primarily consists of its reserve account held with the Bank of England, and holdings of US Treasury Bonds, as shown below:

[10] The Overall Liquidity Adequacy Rule (OLAR) stress reports whether the Bank has surplus liquidity at 30/60/90 days depending on a firm-based measure of inflows and outflows in a stressed environment.

| | 31-Dec-21 £'000 | 31-Dec-20 £'000 |
|---|---|---|
| Bank of England reserve account | 676,577 | 677,857 |
| Less Operational expenses | (2,531) | (2,298) |
| | 674,046 | 675,559 |
| Other HQLAs – Fixed rate Bonds | 72,847 | 148,499 |
| Collective Investment Units (CIU) | 336,736 | 32,962 |
| **Total HQLAs** | **1,083,629** | **857,021** |
| Total HQLA liquidity buffer as a % of funding liabilities | 90.6% | 79.8% |

N.B. The underlying assets in the CIU are short dated US Treasury bonds. The value of the Fixed rate Bonds quoted above is their market value rather than their accounting value.

## Liquidity & Funding Ratios

Banks are currently subject to two key liquidity metrics: the Liquidity Coverage Ratio (‘LCR’ and the Net Stable Funding Ratio (‘NSFR’)

The LCR aims to improve the resilience of banks to liquidity risks over a 30 day period.

The NSFR aims to ensure that banks have an acceptable amount of stable funding to support their assets over a one year period of extended stress.

## Liquidity Coverage Ratio (“LCR”)

The detailed rules for the calculation of the LCR are set out in the Liquidity Coverage Requirements Delegated Act, which have been directly applicable to the Bank since 1 October 2015, as well as PRA rules and supervisory statements on CRD Liquidity.

Under the rules, the LCR is calculated as:

$$\frac{\text{High Quality Liquid Assets}}{\text{Cash outflows – capped cash inflows}}$$

High Quality Liquid Assets, cash outflows and capped cash inflows are defined in the Act[11].

The Bank’s deposit balances are predominantly central bank, commercial bank, governments, and government agency clients as the major CAB funding sources. They are truly international and a large proportion of the balances (c.60% currently) relate to correspondent/commercial banking relationships as part of the Bank’s offering for payment and FX solutions. The LCR regulatory treatment is to assign a 100% outflow factor to these deposits.

Central Banks and Government clients fund their international operations through their CAB accounts with periodic, relatively low volumes of transactions compared to the commercial banks. They are assigned 40% outflow factor other than those maintained for clearing, custody and cash management purpose i.e. operational balances which are weighted at 25%.

[11] Commission Delegated Regulation (EU) 2015/61 subsequently adopted in the PRA rulebook

Based on these rules, the Bank's LCR as of 31 December 2021 is 132% (2020: 138%) which is significantly in excess of the minimum requirements of 100%.

Further details underlying the calculation of the LCR together with quarterly information can be found at **Appendix 4**[12].

The only material foreign currency inflows and outflows involved are US$ and EUR€, both of which are readily convertible into and out of GBP£.

## Net Stable Funding Ratio ("NSFR")

The NSFR came into force as a regulatory requirement with effect from 1st Jan 2022 at a minimum requirement of 100%.

Other than capital, the Bank's main sources of stable funding is operational deposits from its non-financial customers and fixed term deposits maturing >6 months upto1 year, both these balances are weighted at 50% ASF factor.

Bank's main funding requirements come from securities maturing within a year, requiring 50% funding; term loans maturing within 6 months and 12 months require 10% and 50% respectively.

The Bank's NSFR as of 31 December 2021 is 211% (2020 198%), substantially in excess of the 100% minimum requirement.

## Key Liquidity Risk Drivers

This section provides an overview of the Bank's key liquidity risk drivers.

## Deposit Funding Risk

The deposit funding risk is the primary liquidity risk driver for the Bank, and this could occur if there was a concern by depositors over the current or future creditworthiness of the Bank. Although the Bank seeks to operate in such a way as to protect depositors, an extremely low proportion of deposits are currently protected by the government's Financial Services Compensation Scheme ("FSCS"). The FSCS currently provides £85,000 of protection to eligible depositors.

## Liquidity Contingency Plan

As a regulated firm, the Bank is required to maintain a Liquidity Contingency Plan ("LCP"). The plan which ties into the Bank's Recovery Plan ("RP"), involves a two-stage process, covering preventative measures and corrective measures to be invoked when there is a potential or actual risk to the Bank's liquidity or capital position. The LCP/RP provides a plan for managing a liquidity or capital situation or crisis within the Bank, caused by internal events, external events, or a combination thereof. The plan outlines what actions the Bank could take to ensure it complies with the liquidity adequacy rules, maintains sufficient capital, and operates within its risk appetite and limits, as set and approved by the Board.

## Encumbered Assets

As of 31 December 2021, the Bank's only encumbered assets were cash collateral posted to other financial institutions totalling £4,826k (2020: £3,295K) in respect of foreign exchange derivative contracts with the institutions concerned. Further details can be found at **Appendix 5**.[13]

[12] The detailed disclosure requirements are set out in EBA/GL/2017/01

[13] the detailed regulatory disclosure requirements are set out in EBA/RTS/2017/03. Where no data is provided the response is not applicable or nil.

# 8. Operational Risk

Operational Risk is defined as the risk of loss, or non-financial impact, resulting from inadequate or failed internal processes, people, and systems, or from external events. It arises from day-to-day operations and is relevant to every aspect of the business.

As part of the Operational Risk Framework:

- An Operational Risk Policy sets out how the risk is managed and is reviewed annually.
- Business units are responsible for managing operational risk, with measurement and monitoring carried out by Risk Management.
- Internal controls include procedures, segregation of duties, reconciliations, exception and exposure reporting, business continuity planning and authorisation processes, and are based on management information.
- Risk Management provides an independent assessment of the strength of the operational risk framework to the Board.

## Controls & Mitigation

The Operational Risk Committee meets regularly to discuss operational issues. It has responsibility for monitoring all the key operational risks facing the organisation, including compliance and operational risks.

Key control standards include levels of authority and individual approval limits; detailed procedures; segregation of duties; regular and timely reconciliations; succession planning and business continuity. Regardless of value, all operational incidents are recorded by the business, and reviewed and investigated by Risk Management, who may recommend additional controls and procedures where appropriate.

The PRA's standardised (Basic Indicator Approach) Assessment is used to assess capital requirements for operational risk. Scenario Assessment shows that the current regulatory requirement for Operational Risk is sufficient to cover the risks identified.

## Measurements of Operational Risk

The Bank aims to maintain robust operational systems and controls and seeks to operate within a defined level of operational risk. The operational risk appetite considers risk events, the assessment of internal controls as well as holding additional capital for certain operational risks.

Through the establishment of, and investment in, sound systems, controls and audit functions, the Bank aims to minimise operational failures. The Bank has placed emphasis on ensuring that the IT infrastructure, performance, resilience, and security meet the on-going needs of the business.

The operational risk charge for the Bank under Pillar 1 is calculated using the Basic Indicator Approach, whereby a 15 per cent multiplier is applied to the average net income over a rolling three-year period. The capital requirement calculated under this approach is as follows:

| Operational Risk Requirement | 31-Dec-21 £'000 | 31-Dec-20 £'000 |
|---|---|---|
| Average net income over preceding three years | 38,608 | 28,448 |
| Capital requirement at 15% | 5,791 | 4,267 |

# 9. Other Risks Categories

## Regulatory Compliance Risk

This is defined as risk arising from non-compliance with laws and regulations governing financial services institutions in the markets they operate in. This could lead to legal or regulatory sanctions, material financial loss and/or reputational damage.

The Bank seeks to remain compliant at all times with all rules, regulations and laws to which it is exposed through all of its activities.

The Bank continues to develop staff competency through appropriate training to ensure its staff are aware of and comply with the regulatory and compliance requirements relevant to their role and responsibilities. Any market expansion and new product introduction considers the regulatory compliance risks.

An in-house legal team advises on any legal issues which may arise.

## Conduct Risk

This is defined as the risk that the conduct of CAB and its staff towards customers (or in the markets in which it operates) leads to unfair or inappropriate customer outcomes and results in reputational damage and/or financial loss.

CAB seeks to develop and maintain long term relationships with its customers, based on openness, trust and fairness in everything it does. CAB has no appetite for reputational risk arising from the way in which it behaves.

A suite of policies addressing compliance and conduct risks set appropriate standards, supported by on-going training. In addition, all employees are subject to the Bank's Code of Conduct. Continuous monitoring and targeted assurance is carried out as appropriate.

## Financial Crime Risk

Financial crime risk is presented by criminal activity in the form of money laundering, terrorist financing, bribery and corruption, sanctions, and tax evasion. It does not include fraud risk which is captured as part of operational risk under the risk taxonomy.

Financial crime risk is tightly controlled, and the Anti-Financial Crime (AFC) department sets the Bank's policies for the prevention of financial crime and undertakes oversight and supervision of the control environment implemented within the first line of defence in order to ensure policies have been appropriately implemented. AFC develops those policies on the basis of applicable UK financial crime prevention regulation and guidance as well as what it considers to be international best practice established from time to time.

The Bank does not actively seek financial crime and associated risks and as such seeks to minimise residual risk exposures, using the proportionate risk-based approach as laid down by Money Laundering regulation and the Joint Money Laundering Steering Group (JMLSG) Guidance. All prospective clients are subject to proportionate risk based due diligence prior to taking them as clients, as well as risk-based monitoring controls thereafter.

## Business Risk

Business Risk is the risk of suffering an acute earnings shortfall (profit before tax) due to lower-than-expected performance in revenues or unexpected costs (e.g. claims and lawsuits) not compensated by management actions.

CAB accepts the potential risk that in the pursuit of generating longer term shareholder value, nearer term revenue growth and profit (profit before tax) targets may not be fully met. However, it has no risk appetite for this to result in breaching other board approved risk appetite limits such as capital adequacy and liquidity risk.

Strategic Risk (level 2 risk of Business Risk) is the broad risk of the strategy and business plans being inappropriate due to macroeconomic, geopolitical, industry, regulatory or other factors. It could also arise due to a failure to execute strategy and/ or effectively take actions to address underperformance.

Strategic risk is particularly important as CAB continues its growth strategy. The strategy of the Bank is established through the creation of a rolling three-year plan, agreed by the Board. Each year an Annual Operating Plan and budget, which dovetails with the overarching strategic plan is created and agreed by the Board. The capital and liquidity requirements are considered as part of this process and in more detail as part of the ICAAP and ILAAP.

During the year, execution of business strategy and the financial plan is regularly monitored to assess the performance against the strategic objectives and to seek to ensure we remain on track to achieve targets.

## 10. Remuneration

The PRA has defined certain requirements relating to remuneration, referred to as the Remuneration Code ('the Code'). Firms that fall within the scope of the Code (which includes banks) must establish, implement, and maintain remuneration policies, procedures and practices that are consistent with and promote sound and effective risk management. Policies and procedures must be comprehensive and proportionate to the nature, scale, and complexity of the firm's activities.

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

The disclosure requirements of Pillar 3 are defined by CRR Article 450. Data is provided for remuneration received by Code Staff for the year ended 31 December 2021.

During the year, the Bank designated a total of 28 individuals (including Non-Executive Directors) who were classed as Code Staff. Of these, 22 were categorised as Senior Management (being the Executive and Non-Executive Directors who served during the year, and members of the Executive Committee), as well as 6 individuals categorised as Other Code Staff.

### Approach to Remuneration

The Bank's remuneration policies are designed to comply with the Code and the Bank is committed to adherence to its practices and guidelines in respect of Code Staff.

The key principles behind the Bank's remuneration policy are those that it believes are critical to the business and reflect its values and recognise the need to be competitive. The policy is to set remuneration levels which are aligned within the overall Bank stated risk appetite and ICAAP measures, and to ensure that the Executive Directors, Senior Management, and employees are fairly and responsibly rewarded in return for high levels of individual and business performance.

The overall aim of the policy is to attract, motivate and retain Executives of high calibre who can deliver sustained performance consistent with strategic goals, appropriate risk management and to reward them for enhancing value.

The following key principles underpin these themes:

- Attract and retain high calibre individuals – employee turnover will be monitored for the proportion attributable to remuneration policy and practices; the performance management framework will be maintained to ensure it continues to reflect and support business goals; assessment of the value of roles will be through an objective measurable methodology, that ensures value is attached to tangible services and outputs of the role
- Remuneration will not be excessive – staffing retention budgeted by setting remuneration appropriately through regular compensation benchmarking against independent third-party data
- Remuneration is aligned to the success of the Bank – performance related components of remuneration are aligned to the Bank's longer-term business planning, including operational budget, risk adjusted financial measures aligned to its core strategy
- Proportion of variable pay is appropriate, predominantly cash based and may be deferred – where a significant proportion of remuneration is variable, it will be designed to reward longer term success. The ratio of fixed to variable remuneration will differ depending on the specific incentive schemes in operation across the business, however as a general rule the Bank seeks to ensure that the majority of an individual's remuneration is fixed
- No reward for poor performance - the performance management framework focuses on objective measurement of outputs along with behavioural measures which assess the way in which work is done.

## Decision-making Process for Determining Remuneration Policy

In line with regulatory guidance, remuneration is overseen by the Remuneration Committee ('the Committee') a Board sub-committee. The Committee is responsible for:

- Reviewing the appropriateness and relevance of the remuneration policy
- Determining and regularly reviewing the policy, terms, objectives and content of the Executive Directors' service contracts
- Approving the design of and determining targets for any performance-related pay schemes applying to the Executive Directors
- Approving renumeration of the CRO and the Compliance and Risk Function
- Determining the policy and scope of pension arrangements for the Executive Directors;
- Reviewing and approving the introduction of any new incentive arrangement across any part of the organisation
- Overseeing any major changes to the Bank's employee benefits structures
- Overseeing remuneration policy throughout the Bank, noting the risks posed by remuneration policies
- Overseeing the annual pay review budget.

## Remuneration Policy for Code Staff[14]

The objective of the remuneration policy is to ensure that appropriate incentives are awarded for individual contributions to the success of the Bank and encourage enhanced performance. The policy in relation to the various elements of remuneration structures for Executive Directors and other Code Staff is set out below.

## Basic Salary

The basic salary of the Executive Directors and other members of the senior leadership team (as for all employees) is determined by taking into account the responsibilities and experience of the individual directors and having regard to relevant market comparisons. Progression is reflected through the annual salary and employee performance appraisal review processes.

## Variable Pay

The Executive Directors, other Code Staff (as for all employees) participate in a non-pensionable performance incentive scheme, the metrics of which reflects the Bank's key objectives. These elements are all set to provide challenging objectives, giving the Executive Directors and all staff an incentive to perform at the highest level.

## Benefits

Each Executive Director is provided with benefits which comprise pension arrangements, private medical insurance, critical illness cover, life assurance and income protection insurance. Other Code Staff are entitled to similar benefits.

## Link Between Pay and Performance

Performance-based remuneration is awarded by the Remuneration Committee in a manner which promotes sound risk management (within the Bank's stated risk appetite and ICAAP measures) and does not induce excessive risk-taking.

[14] The Remuneration Policy does not apply to non-executive directors who are paid a fixed fee which is reviewed periodically by the Remuneration Committee

The Bank's remuneration policy focuses on ensuring sound and effective risk management through:

- A governance structure for setting goals and communicating these to employees
- Making all variable remuneration awards at the discretion of the Remuneration Committee and subject to individual, business unit, overall Bank performance, stated risk appetite and ICAAP measures.

In practice all remuneration decisions are approved by the CEO and Human Resources before implementation and as part of this would also be reviewed from a risk perspective. The remuneration decisions of Executive Directors and Other Code Staff are reviewed and approved by the Remuneration Committee.

## Design and Structure of Remuneration

There are three main elements of remuneration available to Code Staff:

- Basic salary
- Variable awards (re the performance incentive scheme) and
- Benefits.

Additionally, certain Code staff are also part of the Group's Long Term Incentive Plan which only materialises on certain exit events.

All the current Executive Directors have entered into contracts that can be terminated after the relevant notice period has been served, or by payment by the Bank of an amount equivalent to the remuneration payable during such notice period. Service contracts for Other Code Staff have notice periods which vary depending on the particular role.

Non-Executive Directors are appointed by letter for an initial term of three years after which their continued appointment will be reviewed annually and may be extended. Non-Executive Directors are not eligible for variable compensation.

The variable incentive scheme is operated in a manner which promotes sound risk management (within the Bank's stated risk appetite and ICAAP measures) and does not induce excessive risk-taking. This is done by ensuring:

- An appropriate balance between fixed and performance-based components
- Awards are made by assessing both individual performance against KPIs and underlying Bank performance (using an appropriate combination of financial & non-financial metrics). Individuals performance within control functions are assessed against the achievement of objectives linked to their functions which are independent of the financial performance of the business area that the individual controls
- The outcomes are also moderated by the extent to which personal objectives had been achieved and based on any input from the Exco with regards to any adjustments required for risk
- The awarding of performance-based remuneration for Executive Directors and other Code Staff is at the full discretion of the Remuneration Committee.

## Salary and Fees

All Code Staff, other than Non-Executive Directors, receive a basic salary that reflects the risks and responsibilities attached to each specific role. Salaries are reviewed by the Remuneration Committee on an annual basis with consideration given to external market data for similar roles in the financial services sector. Other factors considered by the Remuneration Committee include the individual's skills, experience, performance and behaviour.

Non-Executive Directors receive fees for their services. Fees are reviewed and approved by the Remuneration Committee on an annual basis with consideration given to the level of fees at comparable organisations.

## Variable Awards

The Bank makes one type of variable award scheme available to Code Staff – a performance incentive scheme Non-executive directors are not eligible for variable compensation.

When considering the performance of the Bank and participants the Committee will assess progress against a number of key financial and operational drivers including:

- Profit before tax
- Return on assets / return on equity
- Cost/income ratio
- Stated risk appetite
- ICAAP measures
- Progress in the Bank's focus areas
- Compliance with internal business procedures
- Customer outcomes

The performance of individuals within control functions is assessed independently of the financial performance of the business area that the individual controls. This is overseen by the Remuneration Committee with input from the BRC, where necessary

These measures were all set to provide challenging objectives that are aligned with the Bank's strategy, giving the Executive Directors an incentive to perform at the highest level. The financial outcomes were also moderated by the extent to which personal objectives had been achieved.

Where individual KPIs are achieved but the underlying performance of the Bank is unsatisfactory, annual performance-based payments may be reduced in part or withheld altogether at the Remuneration Committee's discretion.

Payment of performance-based remuneration will be subject to any deferral requirements as required by the Remuneration Committee at their discretion.

## Remuneration Paid to Code Staff

The following table summarises the 2021 remuneration for the Bank's Executive Directors, Non-Executive Directors, Senior Management and staff whose professional activities have a material impact on the risk profile of the company (together, Code Staff).

| **Fixed and variable remuneration to Code Staff** | **Senior Management*** | **Other Code Staff** | **Total** |
|---|---|---|---|
| | **£'000** | **£'000** | **£'000** |
| Fixed remuneration | 3,587 | 884 | 4,471 |
| Variable remuneration | 1,767 | 352 | 2,129 |
| Total remuneration | 5,354 | 1,236 | 6,590 |
| Number of Code Staff | 22 | 6 | 28 |

* Those designated as Senior Management under the FCA's Senior Management regime (including non-executive directors).

No Code Staff were paid more than €1 million.

No sign-on payments were paid to Code Staff. Similarly, no compensation was payable to Code Staff.

The variable remuneration includes a share based taxable benefit[15] received by Senior Management (the Long-Term Incentive Plan) totalling £248K and by Other Code Staff totalling £7K. All other remuneration is paid in cash apart from sundry staff benefits (such as medical insurance and pension contributions) which is included within the fixed remuneration figures.

None of the remuneration is deferred.

[15] The amount included is pro-rated in accordance with the vesting of the share benefit in line with accounting principles.

## 11. Taskforce on Climate – Related Financial Disclosures

### Governance

The board believes strongly that achieving sustainable growth goes beyond generating profits, and that CAB has an important role to play as a corporate citizen that is fully involved in each of the communities where we do business.

We recognise that climate change is one of the most pressing issues of our age, and we oversee the bank's overall approach to Climate-related events and the impact on the communities that we serve.

The Board and its Committees oversee the senior management who are responsible for the execution of the management of CAB's ESG risks and opportunities.

### Strategy

When we reflect on the Financial Risks from Climate Change, we consider both the physical risks and transition risks to the firm. After these considerations, we have determined that the most likely impact to the firm and our customers will come from physical risks such as floods, tropical storms, and hurricanes. We have incorporated the most likely impacts and scenarios as part of the annual ICAAP and ILAAP analysis review. Both the ILAAP and the ICAAP documents require Board approval.

We are aware that we can also have a positive impact on those impacted by Climate-related events by moving money where it is most needed through our established relationships with IDOs, NGOs, and Charities.

As a UK regulated Bank, we are fully aware that our strategy may be impacted by any policies or regulation imposed on the sector relating to the Financial Risks from Climate Change.

In addition, we undertake horizon scanning and will consider and review the impacts of new and developing physical risks as they arise. Any such reviews will be submitted to the relevant governance committee for appropriate review and challenge.

### Risk Management

Our view of risks is not static. An important component of our risk management approach is to ensure that top and emerging risks, as they evolve, are identified, managed, and incorporated into our existing risk management assessment, measurement, monitoring and escalation process.

The identification of top and emerging risks occurs in the course of business development and as part of the execution of risk oversight by risk owners and stakeholders.

Any emerging risks are reported to relevant governance committees.

### Metrics & Targets

Liquidity stresses are by their nature sudden and extreme and therefore physical climate change risks are deemed more relevant than transition risks.

To model an extreme case, CAB assumed that that a very severe physical climate change event simultaneously impacted the top 20 most vulnerable geographies to a climate change (as defined by publicly available sources) and all depositors resident in those geographies instantly withdrew their funds placed with CAB irrespective of tenor of deposit. The impact on CAB's LCR was then modelled. The impact per geography is shown below:

| Country[1] | Total Deposit £m | LCR impact of withdrawal[2] |
|---|---|---|
| Solomon Islands | 28 | -4.2% |
| Liberia | 20.8 | -1.6% |
| DRC | 5.1 | -0.9% |
| Uganda | 8.5 | -0.5% |
| Madagascar | 5.6 | -0.2% |
| Ethiopia | 0.1 | 0.0% |
| Guinea Bissau | 0.0 | 0.0% |
| Afghanistan[3] | 37.7 | 2.7% |
| Somalia | 0.0 | 0.0% |
| **Total** | **106.1** | **-5.4%** |

1. Whilst the top 20 geographies were considered, CAB only had deposits from counterparties resident in nine of them

2. LCR impact modelled at ILAAP date – 30 June 2021

3. Impact of withdrawal from Afghanistan is positive as all deposits from counterparties resident in this geography require 100% coverage as per LCR rules

The analysis concludes that the 5.4% adverse impact modelled above would still leave a sizeable surplus to the regulatory minimum of 100%. We continue to monitor our liquidity position in relation to the Financial Risks from Climate Change and any significant changes are reported to the relevant governance committee for appropriate challenge and review.

**Capital**

As CAB do not write long term customer loans, its business is resilient to transitional climate change risks. All trade finance loans have an original maturity of less than one year with the vast majority having an original maturity of less than six months. Consequently, any deterioration in credit quality of a counterparty due to transitional climate change risks will be evident prior to CAB initiating a loan. To model a climate change stress on Group capital, the following scenarios were considered:

- Trade finance counterparties resident in the top 20 geographies materially at risk of being detrimentally impacted by climate change (as defined by the University of Notre Dame Country Climate Change Vulnerability Index) default;

- At the CET1 ratio low point a severe physical climate change event causes the banking system of the most vulnerable geographies to fail resulting in all 'in flight' spot FX receivables to not settle on time thus causing a capital deduction. Subsequently, the impacted banking systems are re-established and transactions are settle (i.e. there is no permanent loss)

- Revenue increase of 5% above plan in FX and payments business lines to reflect increasing frequency and severity of climate change events thereby increasing IDO and remittance activity

The results of this scenario are shown below in terms of CET1 ratio:

| | Actual / £k | Forecast / £k | | | |
|---|---|---|---|---|---|
| | Sep-21 | Dec-21 | Dec-22 | Dec-23 | Dec-24 |
| Base CET1 ratio | 26.1% | 23.5% | 22.6% | 22.8% | 26.3% |
| Climate Scenario CET1 ratio | 26.1% | 23.2% | 21.4% | 24.0% | 28.6% |
| **Delta** | **0%** | **(0.3%)** | **(1.2%)** | **1.2%** | **2.3%** |

It should be noted that the above was modelled pre any management actions which would serve to increase CET1 ratio.

The analysis concludes that prior to any pre-management actions, CAB comfortably meets risk appetite under the modelled climate scenarios. We continue to monitor our capital position in relation to the Financial Risks from Climate Change and any significant changes are reported to the relevant governance committee for appropriate challenge and review.

**GHG Emissions**

With a detailed analysis of 2019 and 2020, we calculated Crown Agents Bank's approximate total GHG emissions for this period. Notably, they reduced by 73% between 2019 and 2020, going from 801 to 214 metric tonnes (tCO2e) of C02 equivalent due to the impact of COVID-19.

2020 was not considered a typical year due to the COVID-19 pandemic with restrictions on travel and impacted working conditions, so we have also tracked data for 2019 for a more responsible and accurate pre-COVID-19 level baseline. Crown Agents Bank has invested in a comprehensive process of independent assessments of environmental, social and governance risks and opportunities adhering to our business principles and the standards we have set.

In 2019, the main contribution for GHG emissions was Business Travel (Scope 3), whereas in 2020, it was Electricity Consumption (Scope 2).

Despite an increase in workforce between 2019 and 2020, due to the global impact of COVID-19, our GHG emissions rate per employee was reduced by 76% from 4.8 t CO2 per employee in 2019 to 1.2 t CO2 per employee in 2020.

The GHG inventory we conducted for 2019 encompasses emissions from Scopes 1, 2, and 3; all our data was reviewed externally and validated by independent experts.

Employee Commuting also had an important reduction in 2020 of 63%. All our electricity usage in the rented office space at Quadrant House is 100% renewable.

**1. Overview 2019 and 2020 emissions:**

| Year | (tC02e) | Variance | Comment |
|---|---|---|---|
| 2019 | 801 | Baseline Pre-Covid-19 | 2019 gives a more accurate reading and accountability for travel and office usage |
| 2020 | 214 | Covid-19 restriction on office and travel | During COVID-19 there were a lot less flights, this also reflects the significant proportion of |

| | | | |
|---|---|---|---|
| | | | working from home and not present in the office. We should note that we have not calculated the impact of individuals' energy consumption impact in their homes and have factored this into the data for requirements for future responses. |

**2. TOP 3 Carbon categories for our collective Carbon Emissions by year 2019**

| Scope | (tC02e) | Variation |
|---|---|---|
| 1 | 82 | Direct emissions, owned assets |
| 2 | 117 | Includes electricity consumption |
| 3 | 602 | Includes staff commuting and business travel (75.2% of the total and 54.3% from business travel) |

**3. TOP 3 Carbon categories for our collective Carbon Emissions by year 2020**

CAB is externally certified carbon neutral for 2019 and 2020, and currently undergoing external evaluation of 2021 data and building our carbon reduction targets for a net-zero future.

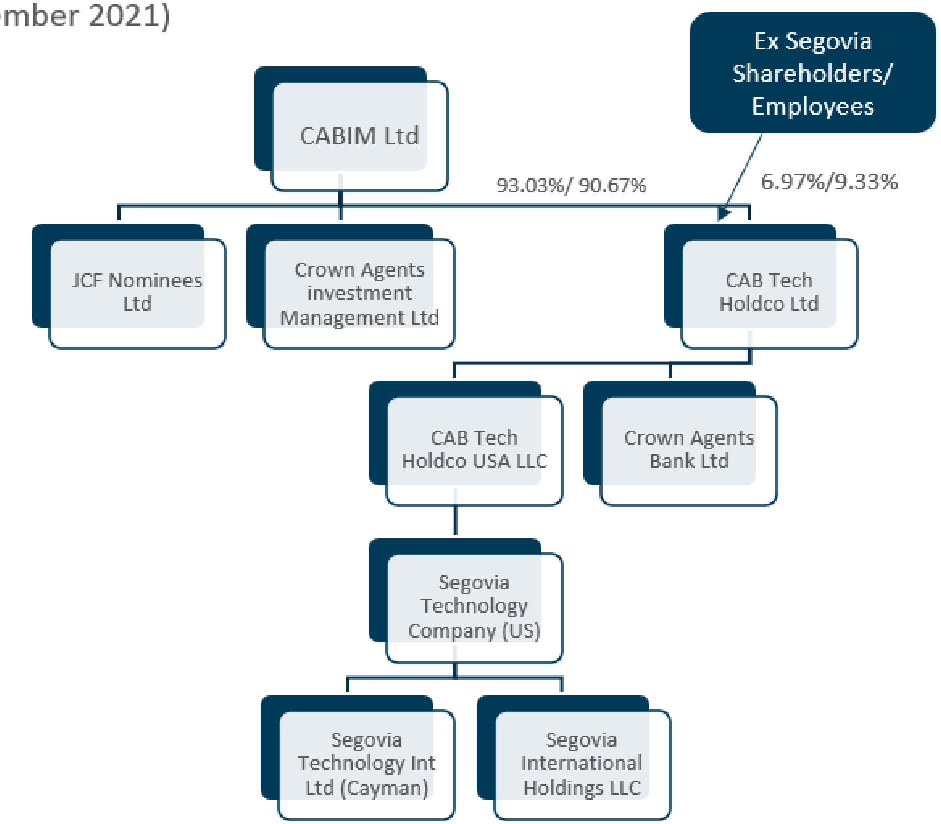
In 2022, as part of our ongoing commitment to a net-zero future 2022, we will publish our commitment to net-zero along with our reduction targets; we will introduce a number of initiatives to reduce our carbon footprint across all scopes; we will publish Social Impact metrics and our Social Impact statement. In addition, we will review the reporting requirements to ensure that we report appropriately as we continue our planned growth trajectory.

| Scope | (tC02e) | Variation |
|---|---|---|
| 1 | 39 | Stationary Combustion (Scope 1) showed a 52% reduction in GHG emissions in 2020 compared to 2019 numbers. |
| 2 | 101 | Small reduction of 14%, as the office was still operating |
| 3 | 74 | Scope 3 observed a major reduction (88%), mainly due to Business Travel (97% reduction). |

## 12. Appendices

# Crown Agents Bank - P3 Disclosures 2021 Appendix I

## Group Structure Chart (31 December 2021)



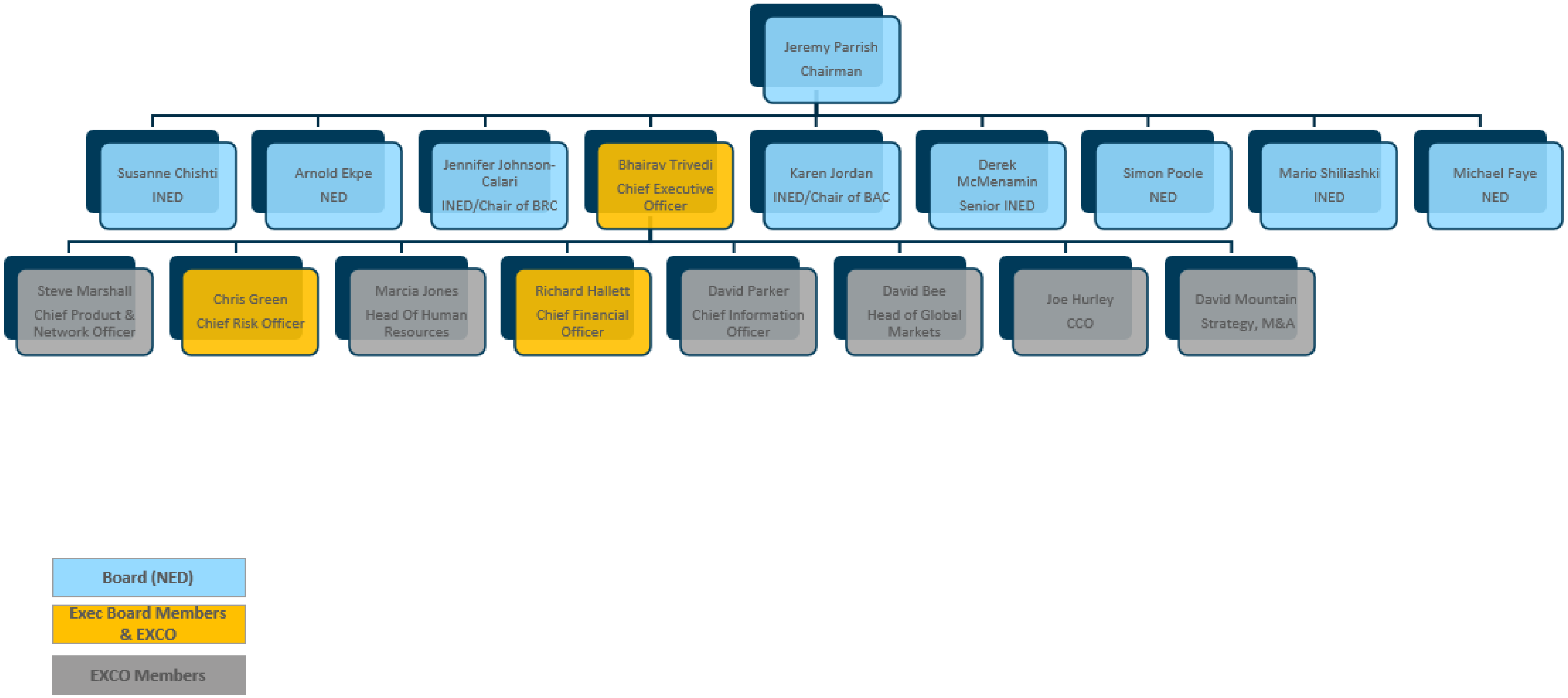

Notes

1. The holding of ex Segovia shareholders/ employees in CAB Tech Holdco Ltd increases over time up to a maximum of 9.33% depending on the exercise of share options and the vesting of restricted share and restricted share units.
2. On completion of the Segovia purchase, a "merger" company ((CAB Tech Merger Sub Inc) was temporarily created as a wholly owned subsidiary of CAB Tech Holdco USA LLC.
3. A further 14 overseas legal entities are owned by the group typically with the Caymans holding company as the parent with a 100% holding.

# Group Structure Chart 2021

# Crown Agents Bank – Pillar 3 Disclosures

## Appendix 2



## Balance Sheet Reconciliation

| As at 31 December 2020 | Accounting Balance Sheet as per Published Financial Statements | Regulatory Adjustments (Deductions from Regulatory Own Funds) | Cash collateral and other Adjustments (including non-accounting adjustments for finacial statements disclosure) | Regulatory Balance Sheet | Subject to Credit Risk | Subject to Counterparty Credit Risk | Regulatory Own Funds |
|---|---|---|---|---|---|---|---|
| | *£'000s* | *£'000s* | | *£'000s* | *£'000s* | *£'000s* | *£'000s* |
| **Assets** | | | | | | | |
| Cash and balances at central banks | 676,492 | 0 | | 676,492 | 676,492 | | |
| Loans and advances to banks & customers | 179,622 | 0 | (14,185) | 165,437 | 165,437 | | |
| Money Market Funds & Other Investments | 337,078 | | | 337,078 | 337,078 | | |
| Cheques in the course of collection | 0 | 0 | | 0 | 0 | | |
| Debt securities | 73,249 | 0 | | 73,249 | 73,249 | | |
| Derivatives | 1,641 | 0 | | 1,641 | | 1,641 | |
| Intangible assets | 18,298 | (18,298) | | - | - | | |
| Tangible assets | 2,043 | 0 | | 2,043 | 2,043 | | |
| Deferred tax | - | 0 | | - | - | | |
| Other assets | 19,902 | 0 | (12,172) | 7,730 | 7,730 | | |
| Prepayments and accrued income | 3,646 | 0 | | 3,646 | 3,646 | | |
| **Total Assets** | **1,311,971** | **(18,298)** | **(26,357)** | **1,267,316** | **1,265,675** | **1,641** | **-** |
| | | | | | | | |
| Add: Off Balance Sheet Exposures | | | | | | | |
| Trade Finance | | | | 4,475 | 4,475 | | |
| Derivatives | | | | 6,895 | | 6895 | |
| **Total Credit Risk Exposures** | | | | **1,278,686** | **1,270,150** | **8,536** | |
| | | | | | | | |
| **Liabilities** | | | | | | | |
| Customer accounts | 1,194,682 | 0 | | 1,194,682 | | | |
| Bank overdrafts | 0 | 0 | | 0 | | | |
| Items in course of transmission | 0 | 0 | | 0 | | | |
| Derivatives | 7,669 | 0 | | 7,669 | | | |
| Deferred tax liabilities* | 819 | 0 | | 819 | | | |
| Other liabilities* | 25,375 | 0 | | 25,375 | | | |
| Accruals and deferred income | 8,223 | 0 | | 8,223 | | | |
| Called up share capital | 41,200 | 0 | | 41,200 | | | 41,200 |
| Retained earnings | 34,004 | 0 | | 34,004 | | | 34,004 |
| Total shareholders' funds | 75,204 | 0 | | 75,204 | | | |
| **Total Equity and Liabilities** | **1,311,971** | **0** | | **1,311,971** | **0** | **0** | **75,204** |
| Deductions from regulatory capital - | | | | | | | |
| Intagible Assets | | (18,298) | | | | | (18,298) |
| Free deliveries which can alternatively be risk weighted at 1250% | | 0 | | | | | 0 |
| **Total Own Funds** | | | | | | | **56,906** |

* These two items combined are reported as other liabilities in the accounting (statutory) balance sheet.

The table shows the reconciliation between the accounting balance sheet prepared in accordance with FRS102 and the regulatory balance sheet.
It provides the allocation of the amounts reported to the different risk categories and the items considered for regulatory own funds.

Crown Agents Bank Limited - 2021 Pillar 3 Disclosures Appendix 4

## Liquidity Coverage Ratio Metrics

| | | Total Unweighted Value (Average) - £'000 | | | | Total Weighted Value (Average) - £'000 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Quarter Ending | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-21 | Jun-21 | Sep-21 | Dec-21 |
| **High Quality Liquid Assets (HQLAs)** | | | | | | | | | |
| 1 | Total HQLAs | | | | | 775,907 | 734,653 | 867,927 | 1,066,792 |
| **Cash - Outflows** | | | | | | | | | |
| 2 | Retail deposits and deposits from small business customers, of which: | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | Stable deposits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 | Less stable deposits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5 | Unsecured wholesale funding | 783,473 | 770,255 | 838,868 | 1,053,066 | 636,367 | 620,390 | 698,244 | 886,220 |
| 6 | Operational deposits (all counterparties) and deposits in networks of cooperative banks | 114,928 | 117,148 | 106,606 | 111,142 | 28,732 | 29,287 | 26,652 | 27,786 |
| 7 | Non-operational deposits (all counterparties) | 668,545 | 653,107 | 732,262 | 941,924 | 607,635 | 591,103 | 671,592 | 858,434 |
| 8 | Unsecured debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9 | Secured wholesale funding | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 | Additional requirements | 28,733 | 30,029 | 35,148 | 25,273 | 25,573 | 25,897 | 35,148 | 25,273 |
| 11 | Outflows related to derivative exposures and other collateral requirements | 28,733 | 30,029 | 35,148 | 25,273 | 25,573 | 25,897 | 35,148 | 25,273 |
| 12 | Outflows related to loss of funding on debt products | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13 | Credit and liquidity facilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14 | Other contractual funding obligations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15 | Other contingent funding obligations* | 11,701 | 5,480 | 13,157 | 59,467 | 585 | 274 | 658 | 2,973 |
| 16 | TOTAL CASH OUTFLOWS | | | | | 662,524 | 646,561 | 734,049 | 914,466 |
| **Cash - Inflows** | | | | | | | | | |
| 17 | Secured lending (e.g. reverse repos) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18 | Inflows from fully performing exposures | 59,279 | 88,616 | 81,971 | 98,935 | 59,277 | 88,615 | 81,826 | 98,930 |
| 19 | Other cash inflows | 11,164 | 17,103 | 11,990 | 7,827 | 11,164 | 17,103 | 11,990 | 7,827 |
| EU-19a | (Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies) | | | | | | | | |
| EU-19b | (Excess inflows from a related specialised credit institution) | | | | | | | | |
| 20 | TOTAL CASH INFLOWS | 70,443 | 105,719 | 93,961 | 106,762 | 70,441 | 105,717 | 93,816 | 106,757 |
| EU-20a | Fully exempt inflows | | | | | | | | |
| EU-20b | Inflows subject to 90% cap | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EU-20c | Inflows subject to 75% cap | 70,443 | 105,719 | 93,961 | 106,762 | 70,441 | 105,717 | 93,816 | 106,757 |
| **TOTAL ADJUSTED VALUE** | | | | | | | | | |
| 21 | LIQUIDITY BUFFER | | | | | 775,907 | 734,653 | 867,927 | 1,066,792 |
| 22 | TOTAL NET CASH OUTFLOWS | | | | | 592,084 | 540,844 | 640,233 | 807,709 |
| 23 | LIQUIDITY COVERAGE RATIO (%) | | | | | 131% | 136% | 136% | 132% |

* Change in the LCR methodology from December 2021 whereby Bank started to report all of it's off balance sheet commitments (vs 30 days commitments previously).

# 2021 Pillar 3 Disclosures

Appendix 5

## Disclosure on Asset Encumbrance (£'000)

| | | Carrying amount of encumbered assets* | Fair value of encumbered assets* | Carrying amount of unencumbered assets | | Fair value of unencumbered assets | |
|---|---|---|---|---|---|---|---|
| | | | | | Eligible For HQLA's | | Eligible For HQLA's |
| | | 010 | 040 | 060 | 080 | 090 | 100 |
| **010** | **Assets of the Reporting Institution (see note 1)** | 4,826 | | 1,062,652 | 797,510 | | |
| 020 | Loans on demand | 4,826 | | 764,115 | 682,538 | | |
| 030 | Equity instruments | 0 | 0 | 0 | 0 | 0 | 0 |
| 040 | Debt securities | 0 | 0 | 139,812 | 109,116 | 140,507 | 109,658 |
| 070 | of which: issued by general governments | 0 | 0 | 32,080 | 32,080 | 32,188 | 32,188 |
| 080 | of which issued by financial corporations | 0 | 0 | 104,801 | 77,470 | 105,406 | 77,037 |
| 100 | Loans and advances other than loans on demand | 0 | | 101,612 | 0 | | |
| 120 | Other assets | 0 | | 36,713 | 0 | | |

* None of which are notionally eligible for HQLA's (columns 030 and 060)

Notes:

1. As required by regulation, the disclosures above relate to the median of the quarterly medians (rather than the year end position). As per EBA/RTS/2017/03 2.3.4(a) the figures in row 010 are the medians of the sums which are not necessarily the sums of the medians.

2. The EBA Guideline allows competent authorities to waive the requirement to disclose Template B – Collateral received, and in Supervisory Statement SS6/17 on compliance with the EBA Guidelines on Disclosure, the PRA waived the Template B requirements subject to a firm meeting certain criteria. The Bank meets the criteria and therefore Template B is not disclosed.

3. Templates C and D are nil returns/ not applicable.

**Appendix 6.1**

## Crown Agents Bank Limited - 2021 Pillar 3 - Countercyclical Buffer (CCYB) Disclosures (£'000)

**Table 1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital cuffer**

| Row | Country | Standardised Approach | | Own Funds Requirement Weights | CCyB Rate |
|---|---|---|---|---|---|
| | | Risk Exposure Value | Own Funds Requirement | | |
| | | C010 | C070 | C110 | C0120 |
| 010 | United kingdom | 13,965 | 1,117 | 16.63 | 0.00% |
| | United Arab Emirates | 1,008 | 40 | 0.60 | 0.00% |
| | Afghanistan | 7 | 1 | 0.01 | 0.00% |
| | Angola | 1 | 0 | 0.00 | 0.00% |
| | Bangladesh | 310 | 25 | 0.38 | 0.00% |
| | Belize | 137 | 16 | 0.24 | 0.00% |
| | Benin | 15,460 | 1,237 | 18.39 | 0.00% |
| | Botswana | 12 | 1 | 0.01 | 0.00% |
| | Cameroon | 6,655 | 534 | 7.94 | 0.00% |
| | CÔTE D'IVOIRE | 3,278 | 262 | 3.90 | 0.00% |
| | Egypt | 58 | 7 | 0.10 | 0.00% |
| | Ethiopia | 18 | 2 | 0.03 | 0.00% |
| | Gambia | 0 | 0 | 0.00 | 0.00% |
| | Ghana | 521 | 42 | 0.62 | 0.00% |
| | Grenada | 26 | 2 | 0.03 | 0.00% |
| | Haiti | 472 | 38 | 0.56 | 0.00% |
| | Indonesia | 76 | 6 | 0.09 | 0.00% |
| | Iraq | 1 | 0 | 0.00 | 0.00% |
| | Ireland | 0 | 0 | 0.00 | 0.00% |
| | Israel | 27 | 1 | 0.02 | 0.00% |
| | Jordan | 156 | 13 | 0.19 | 0.00% |
| | Kenya | 4,673 | 400 | 5.95 | 0.00% |
| | Kuwait | 63 | 5 | 0.07 | 0.00% |
| | Lesotho | 12 | 1 | 0.01 | 0.00% |
| | Liberia | 8 | 1 | 0.01 | 0.00% |
| | Luxembourg | 0 | 0 | 0.00 | 0.00% |
| | Madagascar | 7,821 | 626 | 9.30 | 0.00% |
| | Malawi | 5,234 | 419 | 6.23 | 0.00% |
| | Mauritius | 3 | 0 | 0.00 | 0.00% |
| | Morocco | 1,744 | 139 | 2.07 | 0.00% |

**Appendix 6.2**

## Crown Agents Bank Limited - 2020 Pillar 3 - Countercyclical Buffer Disclosures (£'000)

**Table 1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital cuffer**

| | | Standardised Approach | | Own Funds Requirement Weights | CCyB Rate |
|---|---|---|---|---|---|
| Row | Country | Risk Exposure Value | Own Funds Requirement | | |
| | Mozambique | 396 | 47 | 0.71 | 0.00% |
| | Myanmar | 9 | 1 | 0.01 | 0.00% |
| | Namibia | 686 | 55 | 0.82 | 0.00% |
| | Nepal | 24 | 2 | 0.03 | 0.00% |
| | Nigeria | 10,269 | 1,071 | 15.92 | 0.00% |
| | Pakistan | 0 | 0 | 0.00 | 0.00% |
| | Papua New Guinea | 0 | 0 | 0.00 | 0.00% |
| | Philippines | 0 | 0 | 0.00 | 0.00% |
| | Qatar | 7,448 | 298 | 4.43 | 0.00% |
| | Rwanda | 210 | 17 | 0.25 | 0.00% |
| | Saint Lucia | 3 | 0 | 0.00 | 0.00% |
| | Senegal | 14 | 1 | 0.02 | 0.00% |
| | Sierra Leone | 8 | 1 | 0.01 | 0.00% |
| | South Sudan | 0 | 0 | 0.00 | 0.00% |
| | Sri Lanka | 21 | 3 | 0.04 | 0.00% |
| | Sudan | 46 | 4 | 0.05 | 0.00% |
| | Suriname | 259 | 31 | 0.46 | 0.00% |
| | Swaziland | 59 | 5 | 0.07 | 0.00% |
| | TANZANIA, UNITED REPUBLIC OI | 371 | 38 | 0.57 | 0.00% |
| | Thailand | 449 | 36 | 0.53 | 0.00% |
| | Togo | 376 | 30 | 0.45 | 0.00% |
| | Tunisia | 3 | 0 | 0.01 | 0.00% |
| | Uganda | 372 | 30 | 0.44 | 0.00% |
| | Zambia | 12 | 1 | 0.02 | 0.00% |
| | Zimbabwe | 1,480 | 118 | 1.76 | 0.00% |
| 020 | | 84,264 | 6,724 | 100 | |

Note: the Bank does not compute its credit risk using the IRB approach (col 020), have a trading book (columns 030, 040 or 080) nor does it have any securitisation exposure (columns 050,060 or 090).

**Appendix 6.3**

## Crown Agents Bank Limited - 2020 Pillar 3 - Countercyclical Buffer (CCYB) Disclosures (£'000)

**Table 2 - Institution Specific Countercyclical Capital Buffer Rate**

| | | 010 |
|---|---|---|
| 010 | Total risk exposure amount (£'000) | 186,856 |
| 020 | Institution specific countercyclical buffer rate | 0.00% |
| 030 | Institution specific countercyclical buffer requirement (£'000) | - |