Clear.Bank®

Achieving Better Together

ClearBank Limited
Annual Report and Accounts 2020

Unlocking Potential

ClearBank® is here to unlock potential for our partners, and for our people. The two go hand in hand. It's the brilliance and foresight of our people that unlocks potential for our partners.

Our purpose

At ClearBank, our purpose is to provide great technology that unlocks our partners' potential, ensuring everyone has the freedom to choose the financial services they need.

Our vision

We are committed to being a responsible business, driving forward the transformation of payment services. Our technology platform and banking license enables our partners to thrive by providing access to next generation financial solutions.

Why

For decades, the clearing of financial transactions remained unchanged and unchallenged. We asked, 'What if there was a better way? What if we could make those transactions faster, safer, more reliable and accessible to all?'

Contents

Strategic Report
2 Our business at a glance
10 Chairman's Statement
12 Chief Executive's Review
14 Market overview
16 Our business model
18 Our strategy
22 People and culture
24 Environmental, Social and Governance
26 Financial review
29 Risk management
36 Section 172 statement

Governance
40 Meet the Board of Directors
46 Board Audit Committee Report
50 Board Risk Committee Report
52 Remuneration Committee Report
54 Nomination Committee Report
56 Report of the Directors
57 Statement of Directors' responsibilities
58 Independent Auditor's Report

Financial Statements
66 Statement of Comprehensive Income
67 Statement of Financial Position
69 Statement of Changes in Equity
71 Statement of Cash Flows
72 Notes to the Financial Statements

Glossary and key information
102 Glossary
103 Key information

Our business at a glance

Using our next generation financial solutions to transform the UK clearing and payment services landscape. Enabling partners to unlock their potential by effortlessly accessing real-time and innovative payment services

Building

2020

Jan – Mar

- Successfully completed £24 million capital raise
- incuto partners with ClearBank for real-time payments
- Winner of the 'Most Disruptive Financial Sector Technology' at the FSTech Awards
- Winner of the 'Pioneer of the Year' at the British Bank Awards
- ClearBank joins Insurtech UK Trade Association as its first Banking Services Partner
- ClearBank became a member of Innovate Finance
- Seamless transition for the whole of ClearBank to work from home for the 'foreseeable future'

Apr – Jun

- Rapyd partner with ClearBank for the launch of their "full-stack" payment solution in the UK
- ClearBank and Mambu partner to provide their customers with integrated clearing solution
- Recognise selects ClearBank as banking partner

Who we are

ClearBank's technology platform and banking license enable our partners to thrive by providing access to next generation financial solutions.

We are a specialist technology-enabled clearing bank with a clear focus on innovating in the UK clearing and agency banking landscape with our transformational banking platform.

What we do

ClearBank focuses on clearing, agency banking and Banking as a Service products. We are committed to being a responsible business, driving forward the transformation of payment services.

We provide access to all UK payment schemes (Bacs, CHAPS, credit clearing and Faster Payments) and as well as other banking services such as Financial Services Compensation Scheme ('FSCS') protected deposits and virtual account solutions to financial institutions and small and medium-sized enterprises ('SMEs') across all industries and markets.

momentum

2021 and beyond

Jul – Sept

Oxbury

- Oxbury and ClearBank team up to provide next generation banking solutions to British farmers

vivawallet

- Viva Wallet selects ClearBank as its banking provider in the UK

tide

- Additional grant of £25 million from Banking Competition Remedies ('BCR') in conjunction with Tide, to improve SME outcomes in the UK

Clear.Bank

- J.P. Morgan announced as cash management provider to foreign exchange and multi-currency offering through our API
- Successfully completed £20 million capital raise

LinkedIn TOP 2020 STARTUPS

- Ranked 4th in Linkedin's Top Startups

Oct – Dec

sibos

- Maintained our presence at SIBOS the world premier financial services event, with members of the ClearBank team winners and runners up of the hackathon

PAYMENTS AWARDS 2020

- Winner of the Payments Provider of the Year at the Payments awards 2020

BANKING TECH AWARDS FINTECH FUTURES

- ClearBank and Tide win Best fintech partnership

Why ClearBank

Providing cutting-edge technology

Our Pillars

Safe and secure

The ability to place trust in an organisation is critical, that is why all UK funds are held securely at the Bank of England and not used for other purposes such as commercial lending.

This unique nature of our business model ensures that we can repay all our depositors on demand.

Partners can take further confidence in the security of their balances held by a bank that experiences regulatory oversight by both the Prudential Regulation Authority and the Financial Conduction Authority.

Operational resilience

Our partners demand uninterrupted services. Our technology delivers resilient operational outcomes by providing high levels of availability, reliability and resilience.

We protect against operational risk events by mirroring our cloud-native technology platform in separate zones within Microsoft Azure. This negates any service disruption to our partners.

People

We are made up of passionate, dedicated, and inclusive individuals who help bring our vision to life. We embrace diversity of thought and encourage individuals to create new ideas.

From developing innovative technology that powers the Bank, to delivering partner service excellence, our people are key to everything we do.

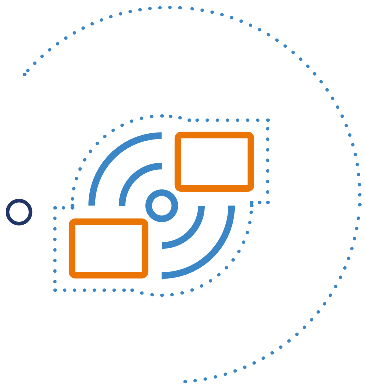
Non-compete

We are the only clearing bank in the UK that does not provide direct lending services.

By not competing with our partners we can be relied upon to support the needs of their customers.

> Our modern financial infrastructure simplifies the movement of money and enhances our partners' payments experience"

Charles McManus
Chief Executive Officer



Partner experience

Consumers want a seamless, and safe, digital transaction experience.

Our technology provides a more modern customer experience over clearing technology provided by incumbent banks.

We understand the changing demands our partners are looking to satisfy. We are set up to support our partners in delivering innovative and streamlined propositions for their customers.

Market knowledge

Our people have a deep knowledge of the payments landscape.

This includes changes in partner preferences, potential developments in the UK payments schemes, recent technological innovations and upcoming banking and regulatory changes.

This ensures that our partners' ever evolving needs are at the forefront of everything we do.

Technology platform

We continuously invest in our cloud-based banking infrastructure, fully developed in Microsoft Azure. We maintain a robust, secure and operationally resilient platform as well as powering a superior partner experience.

Our market leading proprietary ISO 20022 accredited API is both developer and user friendly. The API supports streamlined setup and straightforward integration, making onboarding seamless.

Scalable

We understand how our partners scale their services and need a partner who can support their growth by providing them with a flexible and scalable infrastructure.

By utilising Microsoft's Azure cloud, we offer near boundless scalability to support our partners' growth.

Why partners choose us

Our value proposition is unique amongst our competition

Compelling

Oxbury

"Through ClearBank's next generation banking solutions we can now access the UK payment schemes, which is another step in realising our goal of becoming the go-to bank for farmers, food producers and the rural economy"

Oxbury

viva wallet

"As we accelerate as a business, we needed to ensure we had the right provider that could support our growth. We have found a long-term provider in ClearBank"

Viva Wallet

partner proposition

Our robust and scalable banking technology offers real-time clearing services through all the UK payment schemes, multi-currency and foreign exchange services. We hold every pound of our partners UK balances at the Bank of England. As these funds are not used for any other purpose such as commercial lending, our partners are reassured that their funds are safe with ClearBank

RationalFX

“ClearBank helped us to dramatically improve our customer experience and operational efficiencies. Now, through an API, we can open 10,000 accounts at a touch of a button. This is something we could only dream of doing previously, and we look forward to working with ClearBank to further evolve our payment proposition”

RationalFX

dozens

“We are very excited to announce ClearBank as our primary agency bank. For the first time in 250 years we had a new clearing bank open in the UK, and ClearBank epitomises everything about challenging, rethinking and changing the financial services industry from scratch”

Dozens

Partner case study

Lasting dynamic relationships

Oxbury///

Company description
Oxbury Bank Plc ('Oxbury') is a new UK specialist challenger bank for farming, food and the rural economy.

Business challenge
Oxbury specialises in providing short-term credit facilities and savings products to farmers to facilitate better access to working capital and improved cash flow throughout the supply chain. Oxbury combines a deep understanding of the agricultural industry with modern services and infrastructure to help solve a growing problem for over 200,000 farming businesses in the UK. Oxbury also provides longer term loans to farmers and personal savings accounts to anyone who wishes to save and support the rural economy.

Oxbury required the capability to process payments in a seamless manner and wanted a dedicated and specialist financial partner who could support them through a period of revolution in the UK agricultural industry.

Farms and food producers face an unprecedented period of change during the post-COVID recovery, in addition to Brexit-driven farm payments reform and the wider challenges of a new global trading regime and environmental requirements.

Solutions provided
Oxbury partnered with ClearBank to access all the UK payment schemes and the advanced account solutions offered. Oxbury can now utilise the real-time payments capability offered via a single API.

Partner benefit
Oxbury provides advanced banking services to customers, and needed to partner with the best service providers in the market, who could enable fast, reliable and secure processing. Oxbury can now offer a market-leading payments experience to customers, further enhancing cash flow certainty and working capital efficiency. Integration with ClearBank has helped propel Oxbury on its journey to being the go-to bank for farmers, food producers and the rural economy.

> "Through ClearBank's next generation payments and clearing solutions we can now seamlessly access the UK payment schemes which is a crucial step for us as we establish the go-to bank for farmers, food producers and the rural economy"

James Farrar
Oxbury, Chief Executive Officer

viva wallet

Company description
Viva Wallet, the first entirely cloud-based European digital payments provider, selected ClearBank as its UK banking provider in 2020.

Viva Wallet's vision is to change the way businesses pay and get paid by offering acceptance of twenty-four payment methods to businesses of all sizes. This is achieved through innovative Smart Android card terminals or the new Android Viva Wallet POS app, providing free eCommerce plugins for the most popular online store platforms.

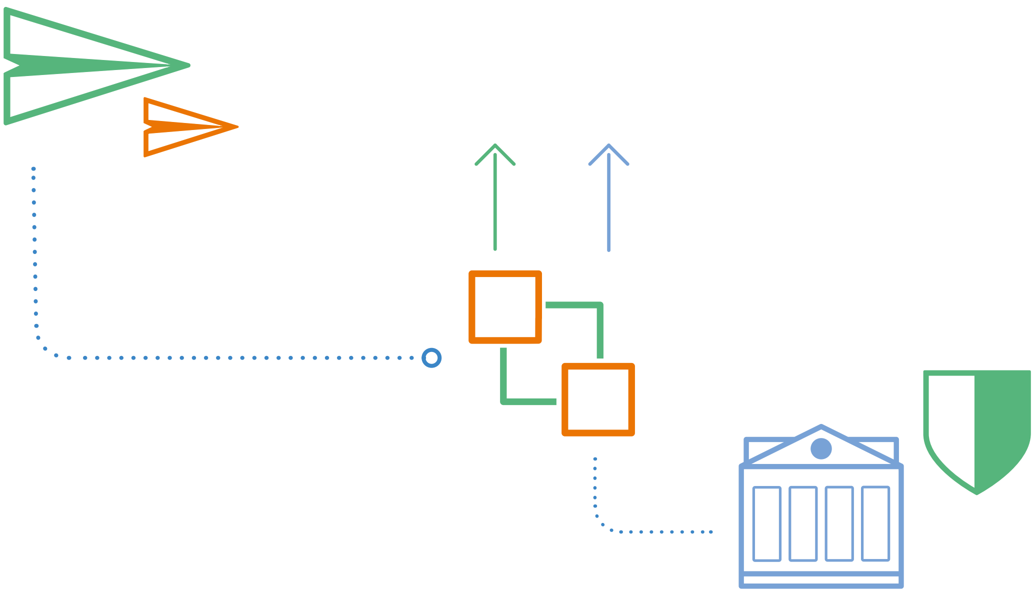
ClearBank opportunity
Viva Wallet has a similar ambition to ClearBank in wanting to transform payments and help businesses grow by enabling better ways of making and receiving payments. They needed a partner able to offer business accounts to their UK customers, and more importantly, a provider that could support their growth, and meet all their banking requirements.

Solutions provided
As cloud-based financial services providers that both fully leverage the power of Microsoft Azure, Viva Wallet and ClearBank have many synergies. ClearBank provides full UK clearing services through our state-of-the-art technology platform designed to offer real-time access to a range of Banking-as-a-Service solutions. Viva Wallet uses ClearBank to complement its comprehensive product offering throughout Europe by providing a gateway for Viva's customers to access all the UK payment schemes.

Partner benefit
The integration with ClearBank has enabled Viva Wallet to provide payment services direct to its UK customers, utilising ClearBank's real-time processing. By working closely with Viva Wallet we can continue to innovate and support their growth.

> "As a like-minded business, we have found a long-term provider and value our close working relationship"

Haris Karonis
Viva Wallet, Chief Executive Officer

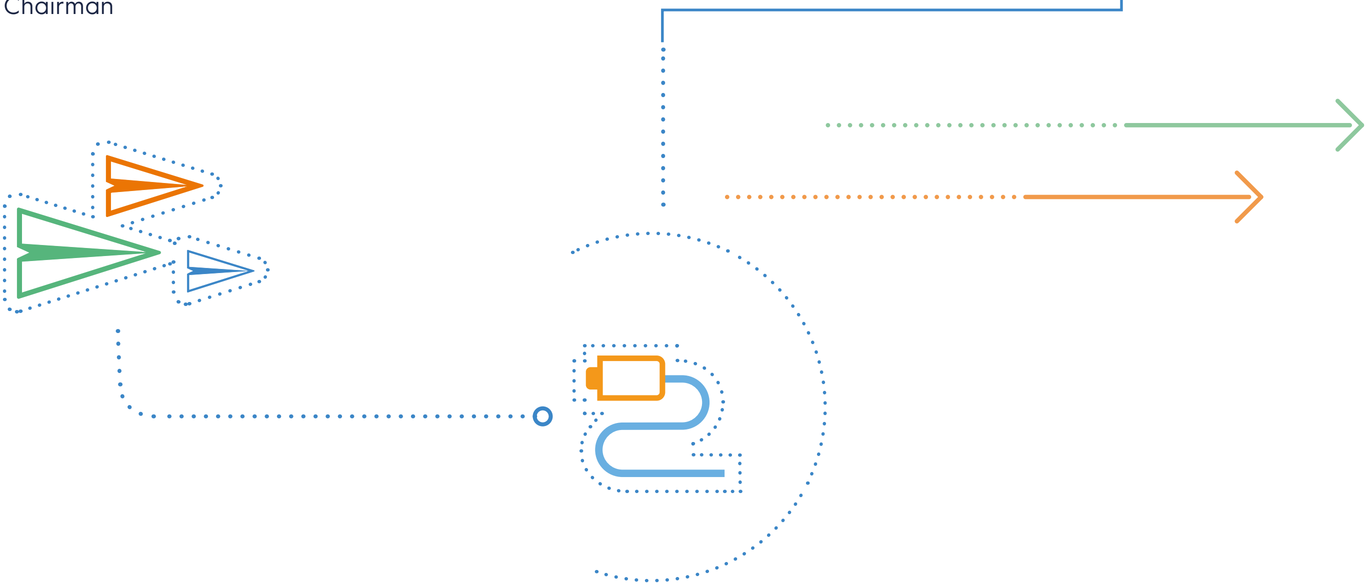


Chairman's Statement

Sharpening our focus

"2020 has been a year unlike any other in living history. ClearBank has focused on serving an increasing number of partners, building an ever more scalable platform and improving financial performance"

David Gagie
Chairman



Strong performance

The performance of the Bank and our wonderfully committed staff and Board has made me incredibly proud to represent the Bank as Chairman this year. We have been living through a real-life stress scenario. Yet, despite the challenges in society and in the economy as a whole, ClearBank has had its strongest year since our establishment, both financially and in terms of business and infrastructure development.

The hard work and dedication of our people enabled us to unlock our partners' potential and broaden access to next generation financial solutions.

Our ability to provide real-time, reliable and API enabled payment capabilities is ever more valuable in a world being shaped by the COVID-19 pandemic.

Board developments

There were two changes to our Board last year. Catherine Doran joined the Board on 28 February 2020 as a Non-Executive Director and Chairman of the Board Risk Committee ('BRC'). James Hopkinson formally took over statutory and regulatory duties as Chief Financial Officer and Executive Director on 8 June 2020. I am delighted to welcome them both.

In Catherine's first year as Chair of the BRC, she has overseen the further enhancement of our Enterprise Risk Management Framework ('ERMF') as well as improvements to our overall risk governance and committee structures, to support the delivery of our proposition at scale. Together, these have further embedded a proactive and positive risk culture across the Bank.

Since joining as Chief Financial Officer, James has played a key role in ensuring our finance team is set up to support the Bank's strategy and growth projections.

James has also been the driving force behind how we make a positive difference through our Environmental, Social and Governance ('ESG') programme, which we call "Bigger than ClearBank". Details of our approach can be seen on page 24.

Performing during the pandemic

The resilience of our cloud-based technology and digital operating platform was proven during 2020. This ensured the delivery of our cutting-edge services to our partners, enabling us to remain effective and keep our staff safe when we moved to 100% remote working on 13 March 2020. I have been deeply impressed with the continued high levels of productivity our staff have maintained whilst working remotely. We will continue to review our ways of working to achieve the optimal outcome for our people while ensuring the best possible service to our partners.

We continued to develop our capabilities and strengthen the Bank. We went live launching a new foreign exchange and multi-currency product with our multi-currency cash management provider, J.P. Morgan. This helped support a strong year of new partner growth and we maintained a healthy balance sheet with capital and liquidity in excess of regulatory requirements at all times thanks to the continuing support of our investors.

Scalability and resilience

Our response to the challenges of 2020 demonstrated the underlying resilience of our technology platform and our people. The core strength of ClearBank continues to be a remarkable group of colleagues who are totally focused on delivering the best possible customer service. Recent disruptive events across the financial services industry and beyond have underlined the importance of safe and resilient operations. Operational resilience is of the highest priority for ClearBank and we remain committed to the continued investment in the enhancement of our infrastructure, services and controls to ensure we deliver a safe and reliable service.

Outlook

The economy continues to face the challenges of a global pandemic. Despite this, we believe we will be able to continue to grow our partner base, increase transactions and move towards profitability.

The impact of the pandemic tested and proved the resilience and value of our platform and services. Throughout 2020, ClearBank increased its partner numbers, deposits and transactions, and entered 2021 with an expanding new business pipeline. We are, therefore, confident that the demand for our payments and agency banking services will continue to rise through 2021 and beyond. 2021 will provide further challenges to the banking and payments industry as the social, economic and regulatory landscape changes, and ClearBank is very well placed to meet them.

Turning to Brexit, we continue to monitor any potential threats to our business model, however, as a bank that is mainly focused on GBP clearing, we are largely unaffected as we have very few partners impacted by Brexit.

Finally, we will also continue to respond to market developments by investing in our product offering, automating our processes and delivering exceptional customer service. This has been further supported by our participation in the independent fintech strategic review, led by Ron Kalifa OBE. The purpose of the review is to identify opportunities to support further growth in the UK fintech sector. As a key player in this sector, we want to ensure that we help to shape the future success and enhance the sector's global reputation of being at the forefront of financial innovation.

Conclusion

Every day our partners tell us how much they appreciate the exceptional level of service we provide, the convenience we offer and the enthusiasm of our people.

On behalf of the Board, I would like to recognise our colleagues throughout the Bank for their ongoing dedication to ClearBank's vision of being a responsible business that is committed to driving forward the transformation of payment services. Thank you to our partners for joining us on this journey, and for their continuing support through 2021.

David Gagie
Chairman
1 April 2021

Chief Executive's Review

Building momentum

"We exist to provide great technology that unlocks our partners' potential to ensure everyone has the freedom to choose the financial services they need"

Charles McManus
Chief Executive Officer

Building momentum from strong foundations

This year has been vital in demonstrating the attractiveness of our proposition in the market. Building on last year's foundations, we have welcomed 55 more partners, bringing our total to 126. Through our partnership with Tide we are supporting 283,802 SME customers being c.5% of all UK SMEs. This is reflected in the strong revenue and balance sheet growth, with both of these key metrics doubling from last year. We have also seen a substantial increase in our transactional volumes demonstrating the scalability of our platform.

We continue to work to seamlessly onboard clients through our API, enabling our partners to speed up their route to market and offer state-of-the-art payments capabilities. We have attracted a significant pipeline of potential new business, through word of mouth and active marketing to specific segments.

Our income performance is strengthening every month supported by the acceleration of digital payments, particularly during COVID-19, which dictated the need for real-time, low human touch payments in 2020. A trend that shows no sign of reversing or slowing and compliments the underlying fundamentals of our business model.

We were particularly delighted in the confidence that the Banking Competition Remedies Ltd ('BCR') showed in our ability to improve outcomes for UK SMEs in partnership with Tide. We were successful in being awarded a further £25 million grant, the only applicant to be successful in two rounds, and brings our total award to £85 million. Our partnership with Tide has to date led us to service c.5% of the SME market and this market share continues to grow.

Unlocking potential

The world's economies rely on the movement of money. We understand that our partners and end consumers expect their payments to be cleared safely, immediately, successfully and in ways that meet their needs. Our intelligent and robust cloud native technology solutions enable our partners to offer real-time payments and innovative banking services.

At ClearBank, our vision is to provide great technology that unlocks the potential of our partners by delivering the next generation of financial solutions they need. I am excited to see how we can maximise the impact of our technology platform and banking license in society, in order to 'shift the dial' in relation to the provision of payment services.

We also remain committed to our focus on diversity and inclusion. We are a signatory of the Women in Finance Charter and are committed to joining several high-profile industry diversity networks. We are targeting at least 35% of women in senior leadership roles by the end 2022. This is personally close to my heart and I am proud to lead an organisation that sees the strategic value in inclusion in all its forms.

Our resilient platform

We have continued to invest in enhancing the operational resilience of our platform as we service the developing needs of our partners. Our platform's resilience has strengthened this year and is proving attractive to larger partners who have higher volumes and more complex requirements.

Our core business is focused on UK based financial institutions and serving the UK's SME sector. Most transaction requirements are denominated in Sterling, however it is clear that our proposition would be enhanced by developing multi-currency capabilities and enabling our partners to settle, in particular, into Europe and the US. To position us to support our existing and prospective partners, we have entered into an agreement with J.P. Morgan to provide foreign exchange and multi-currency services.

Additionally, we are in the process of selecting strategic partners to deliver further access to the European and US payment infrastructure.

As we deliver on these cross-border initiatives we will be well placed to assess the opportunities and requirements of establishing licensed entities overseas.

Through our international payments offering and the impacts of Brexit, we are well positioned to assist banks and financial services companies with their payment requirements.

Pathway to profitability

The business is moving along an upward trajectory with ever more partners joining the platform and enjoying the benefits of our real-time, resilient, cloud-based payments technology. We have significantly grown transactional volumes and are continuing to be successful in attracting new partners, demonstrating confidence in our proposition. Our performance since the outbreak of COVID-19 has tracked closely to our budget. This is due to a combination of growing momentum with onboarding, which is translating into strong and consistent income growth. At the same time maintaining tight cost control and delivering efficiencies where possible, whilst continuing to invest in our platform. This gives us confidence as we plan our progress towards a break-even position in 2022.

People

The main reason for what we have achieved so far is the commitment, creativity and strength of our people, which is underpinned by our agile and collaborative fintech culture. Our people remain at the forefront of our success and are integral to ensuring that our platform is secure, scalable, resilient and aligned to our partners' requirements.

We continue to support our community, and on behalf of myself and the executive committee, we pleased to have started to embed our ESG agenda throughout the Bank. This complements our existing community aspirations of being 'Bigger than ClearBank'. We are exploring new ideas to maximise the positive impact that we have on our environment and the communities in which we operate and serve. Over the coming years, I expect ClearBank to have made a lasting impact in helping not only consumers, including extending services to the unbanked or underbanked in our society, but also being a force for good with our suppliers, people, environment, communities and chosen charities.

Internally we have redeveloped our Code of Conduct to define the behaviours and actions that we value and expect all our colleagues to demonstrate in their work and business practices.

Delivering our strategy

We continue to monitor the development of COVID-19. ClearBank's robust technology solutions and high levels of operational resilience have enabled effective business-wide remote working, with no impact to our service levels.

Our balance sheet strategy has also insulated the Bank from credit risks in the economy. Our strategy to hold all UK funds securely at the Bank of England provides our partners with the knowledge that their money is secure and accessible whenever they require it.

We continued to see record onboarding and monthly transactional volumes throughout the global pandemic, reflecting the strong momentum in the business and our pipeline. Despite uncertainty in the economy, we have delivered a robust performance and made significant progress against our strategy, building a modern business that is well positioned for continued growth. We are committed to being a responsible business driving forward the transformation of payment services.

Outlook

Going into 2021 we have a strong pipeline which continues to grow. This includes announcing a further two large Banking-as-a-Service ('BaaS') partners and the launch of additional products to complement our BaaS offering.

We are also excited to share our developments within Open Banking and the exciting partnerships in this space, which complement our proposition.

This momentum ensures that we are on track to execute against our strategy and our focus is razor-sharp in targeting profitability in 2022.

Charles McManus
Chief Executive Officer
1 April 2021

Market overview

Our market opportunities

ClearBank in the UK payments market

ClearBank provides a unique offering within the marketplace with our focused core payments capability and specialist products. Our banking license and intelligent, robust technology solutions enable our partners to offer real-time payments and innovative banking services to their customers.

Our evolution

From agency banking to BaaS, Banking is continually undergoing transformations in response to new technology, regulation and operating models. BaaS is not merely a matter of migrating legacy software, payments processes or product offerings to the cloud. BaaS is the deconstruction of banking services into features that institutions can leverage.

Our proposition includes a modular service offering, giving optimal flexibility to choose which products and services are required. It enables our partners to offer banking services through our technology without them needing to become a bank themselves.

At ClearBank, our BaaS proposition focuses on the most important needs, such as holding funds at the Bank of England, making and receiving payments across all the UK payment systems and providing regulatory type capabilities and products such as FSCS deposit accounts. We continue to invest in developing our secure and resilient platform, in line with the market's demands for ever greater cyber security, data safety and privacy.

All these capabilities are provided in real-time via our cloud-based API. To avoid the upfront investment and lead time required to develop a proprietary payments solution and become a direct member of the UK payment schemes, our partners can quickly integrate to our platform. This is enabled through our advanced ISO accredited and developer-friendly APIs, which frees time for our partners to focus more energy and resources on what they do best.

Our market

Within the market we are focusing on the three segments outlined below:

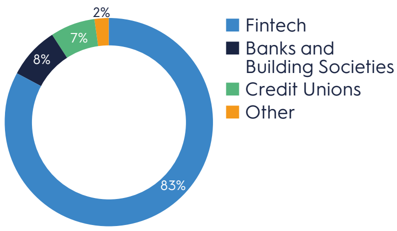
1. **Banks and foreign branches** (~350 in the UK)
2. **Fintechs including authorised e-money institutions ('EMIs')** (~1,600 in the UK)
3. **Other financial institutions including authorised general insurance companies, investment funds and unit trusts** (~3,000 in the UK)

Our proposition has evolved over time. Initially we provided agency banking services to financial institutions who wanted a UK clearing partner to hold their funds at the Bank of England and provide real-time payment capabilities across all the UK payment schemes. This core proposition has evolved as partners are looking for more multi-faceted solutions, including Open Banking and digital payments capabilities such as request to pay, confirmation of payee and digital cheques.

Financial institutions face a future where they will either service customers directly or indirectly through the latest digital services. The best institutions will increasingly find themselves part of collaborative efforts with other players with specialised talent and product knowledge, including traditional institutions, fintechs and big techs. We will continue to explore potential opportunities to partner with other specialists to increase our coverage of the UK payments landscape. We expect technologies, partnerships, ecosystems and platforms will increasingly combine across multiple industries, sharing data and resources to deliver better financial outcomes.

Who are our partners

Existing partner base



ClearBank currently has 126 active partners, from a variety of sectors and specialisms, demonstrating the broad appeal of our proposition. Our strategy in 2021 is to continue expanding our foothold within the UK marketplace. We are looking to support the evolving needs of our partners and increase our market share through a range of new products including our multi-currency and foreign exchange services.

SME market

Following the successful award of a combined £85 million BCR grants, we are serving a substantial number in SME businesses. Through our partnership with Tide, our current SME market share is c.5%. Going into 2021, we will continue to build our coverage of the SME market with Tide and other new partners.

In accordance with the 2020 UK Payments Market report, the total UK SME market consisted of 5.98 million businesses, rising from 5.86 million in the previous year. Total turnover in the SME market is £4.3 trillion, being the cornerstone of the UK economy.

By establishing key partnerships, providing FSCS protected deposit accounts and real-time clearing of payments we are enabling SMEs to flourish. The BCR grants have allowed us to accelerate the prioritisation of new functionality such as removing friction in the user experience, supporting digital payments with request to pay, confirmation of payee and digital cheques.

> Technological change and significant innovation in payment methods have brought greater choice for people and businesses"
>
> **UK Finance**

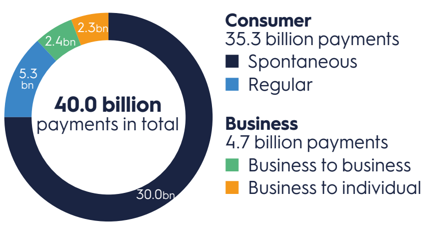
Trends impacting the business

Our market drivers continue to be favourable. There has been growth in instant payments through the Faster Payments Scheme and increasing demand for advanced ISO accredited APIs.

Payment services

In recent years we have seen a rapid rate of technological change and significant innovation in payment methods bringing greater choice for people and businesses in how they pay for things. This has been led by the popularity of digital payments, which has revolutionised many aspects of modern life in just over a decade.

In the latest UK Payments Market report, 40.0 billion (prior year: 40.0 billion) payments were made by consumers and businesses in the UK over the last year, with the continuing trend of payments being made through digital channels and the decline of cash payments.



Source: UK Finance – UK Payments Market Report 2020

Faster Payments

Annual volumes of Faster Payments in UK Finance's 2020 UK Payments Market Statistics, saw 2.9 billion payments being made which is a 17% increase from the prior year. UK Finance previously forecast that payments through this method are expected to continue to rise with estimated volumes in 2028 of 3.2 billion.

Bankers' Automated Clearing System ('Bacs')

Over the past year volumes of Bacs transfers were almost 6.5 billion, comprising of 4.5 billion of Direct Debits and 2.0 billion of Direct Credits. These volumes remained broadly static to the prior year. The overall value of Direct Debits and Credits was £4.9 trillion over the same period with consumers far more likely than businesses to use Direct Debit as companies tend to prefer to retain more control over timing and amount of their outgoing payments.

Clearing House Automated Payments System ('CHAPS')

CHAPS volumes are significantly lower than Faster Payments and Bacs with 44.5 million processed over the past year, this was down almost 9% on the prior year. UK Finance previously forecast that the volume of CHAPS payments will increase to 51.7 million by 2028.

As we continue to build momentum into 2021, we will see a significant increase in our payment volumes across all schemes as outlined above. This is due to a combination of our strategy of expanding our foothold in the UK marketplace, continuing to develop our BaaS proposition and increasing our SME market share through our partners.

Looking forward

The UK payments schemes are changing. Over the next decade further market developments, such as Open Banking, the advent of PSD2, Strong Customer Authentication, the anticipated New Payments Architecture ('NPA') for the UK and Real-Time Gross Settlement Renewal Programme ('RTGS2') will bring extensive changes and opportunities to the UK's payments landscape.

With our real-time cloud-based infrastructure and our agile and interactive development, we are perfectly placed to take advantage of these developments and support our partners' current and future payment needs.

New payments architecture

The NPA will be the biggest change to the way payments are processed in the UK since the 1960s. It will ensure payments are safe by utilising ISO 20022 messaging standards, as used by ClearBank today. NPA are also encouraging competitive innovation and unlocking new business opportunities in everything from smarter use of banking and payment data through to new transactional services. Pay.UK is still scoping the project and delivery of this new cloud-based infrastructure is not expected until around 2024-2025.

Real-Time Gross Settlement Renewal Programme

RTGS2 will deliver the next generation of real-time settlement of CHAPS payments. The current RTGS service is the "backbone of every payment in the UK" as described by Mark Carney, the former Governor of the Bank of England ('BOE'). The upgrade will provide this infrastructure in the cloud, replicating the functionality provided today as well as delivering a range of new features and capabilities for payments and settlement between financial institutions. BOE have revised the target implementation date to 2024-2025.

This will crystallise the need for banks and financial institutions with legacy systems to upgrade and will provide a significant opportunity for us. We will continue to work closely with the payments schemes, helping shape the future developments of the payments market.

Our business model

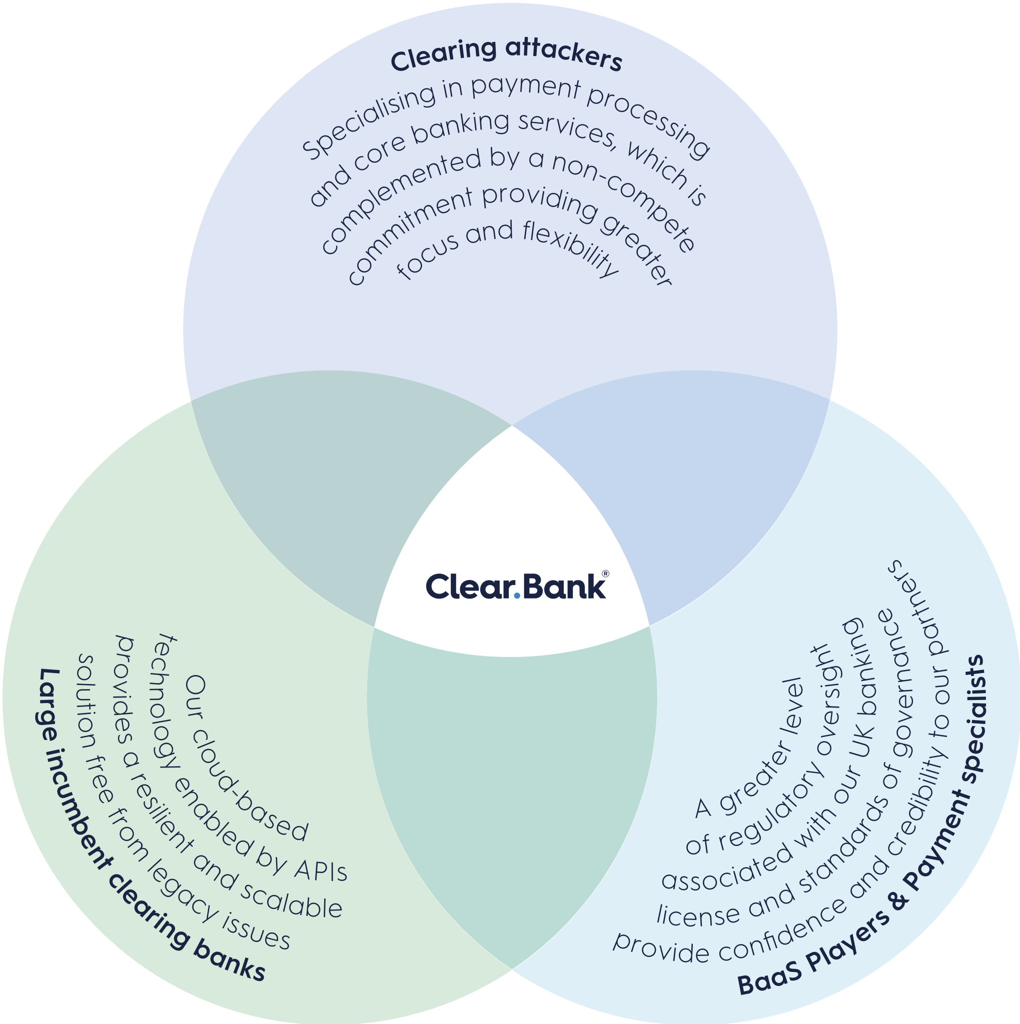
Creating value for

Key resources and relationships

- People
- Partnerships
- Technology
- Investors
- Regulators

Uniquely positioned

ClearBank is uniquely positioned to take advantage of market opportunities and differentiates from other market participants.



Underpinned by our values

Our business model is guided by our strategic framework and our core values underpin everything we do.
See People and culture section – page 22.

Courageous | Ambitious | Curious

our stakeholders

Delivering our proposition

Our model clearing technology enables our partners to accept and make payments by accessing all the UK payment schemes in real time. This is facilitated by our state-of-the-art API or portal access.

Our platform supports a variety of account structures, including real, virtual and FSCS accounts, tailored specifically for their requirements.

Direct
Our people devote time to establish strong relationships based on a full understanding of each partner's capabilities in order to connect them directly to our platform.

This enables us to deliver banking solutions that include our current account and FSCS protected deposit account services.

Partnerships
We are open to creating partnerships to expand our reach and transform the UK payments and business banking landscape.

Our specialist expertise and next generation infrastructure have enabled our partners to better serve their end consumers by delivering real-time payment clearing and account solutions.

Delivered through BaaS
Our core services can also be delivered via our BaaS model, where banking services are deconstructed into features that partners can leverage. This gives optimal flexibility to choose which products they wish to use.

How we add value

People
We invest in our people to create the next generation of leaders who find innovative and practical solutions for our partners and regulators. This enables us to offer rewarding careers to our people and continue to attract high-calibre employees.

Services
Our model clearing technology enables our partners to accept and make payments by accessing all the UK payment schemes in real time.

Partnerships
We adopt a collaborative approach with our partners and other disrupters, exploring their ideas and forging lasting relationships, in order to expand our reach and deliver lasting change for end consumers.

Technology
Significant capital is invested in technology development to support our growth strategy. Investment priorities are determined in line with strategic plans and goals. Investment requirements may include elevated operational expenditure as well as capital expenditure for distinct periods of time to deliver our long-term growth strategy.

Investors
We have a clear strategy for creating sustainable long-term value for our shareholders, using our core capabilities to drive growth and strong operating cash flows from our target markets.

Regulatory
Capital is retained for both regulatory and investment needs.

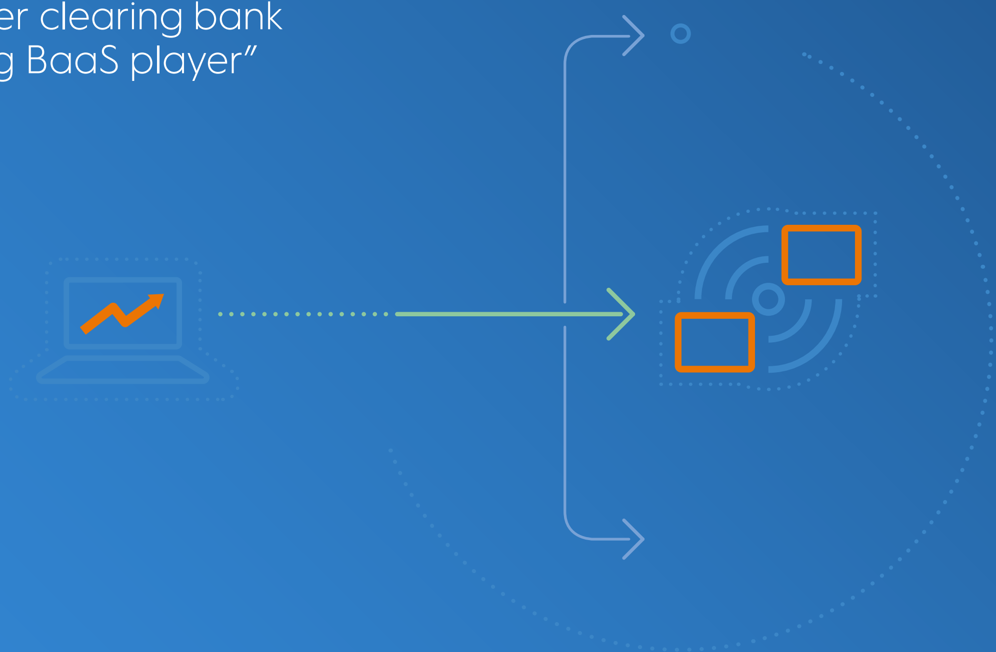
Making a positive impact

Achieving better together

Our strategy

Transforming clearing services

> ClearBank has quickly evolved from a challenger clearing bank into an emerging BaaS player"
>
> **John Risley**
> Investor



Strategic priorities	2020 progress	Future priorities
1 Partners **Expand market share for GBP clearing in our current and adjacent markets**	Identified target adjacent markets and prospective financial services participants. From emerging e-Money institutions ('EMIs'), through mid-market players to established fintechs, banks and mature financial services providers. We continue to expand our market share with 126 partners, as well as increasing the SME market share through our Banking-as-a-Service ('BaaS') partner Tide.	In addition to expanding on existing markets, there have been recent strides in entering new markets, such as becoming Insurtech Trade Association's first banking services partner. We have a strong business pipeline and will work with partners to deliver our services.
2 Technology and products **Expand BaaS product offering in the UK**	Provided FSCS protected deposit accounts to our partners through our platform. Continued to invest in operational resilience and cyber capabilities. Increased the number of BaaS partners to maximise the potential of our technology and product offering.	We continue to invest in our proposition and technology to develop additional functionality and broaden our clearing capabilities. In addition to the partnerships within Open Banking which complement our proposition, we are looking to add new products to include: digital cheques, request to pay and confirmation of payee. This will enable us to better serve the needs of our partners and to compete for greater market share.
3 Currencies **Provide foreign exchange and multi-currency clearing services to our partners**	Designing and building our multi-currency clearing capabilities, complementing our existing products and providing our partners with the international payment functionality they require.	We will continue to extend our product capabilities for international clearing services to meet the demands of our partners. Monitor needs, preferences and trends in technology through research and responding to feedback from our partners.

As we enter the next stage of our development, we work with our partners, incorporating their feedback and ideas, to continuously design and innovate new solutions and further streamline processes and products.

Partner case study

Ready for increasing demand

incuto

Success story
In providing innovative, cost-efficient and modular software solutions to UK credit unions, incuto are helping to drive financial inclusivity for the most vulnerable in society, by enabling credit unions to move away from legacy processes from incumbent providers. With their services ranging from a core banking platform, to back-office automation and digital customer portals, incuto can provide a single holistic service for credit unions.

ClearBank opportunity
When incuto partnered with ClearBank in early 2020 they had a real need to find a banking partner to support credit unions' customers with real-time payments. incuto's technology had greatly decreased the loan decisioning times for credit unions (from 3+ days to a matter of minutes). But, legacy banks' payment services meant that it still took members days to receive money. A real issue for the most vulnerable in society.

Solutions provided
By partnering with ClearBank, incuto's credit unions have enabled their members to make real-time Faster Payments and have their own UK addressable IBAN virtual accounts and the credit unions themselves can benefit from the use of Bacs Direct Debit collections.

These services, through a standardised commercial and legal agreement, mean that credit unions are ready to become community banks and truly challenge the traditional high street providers banks.

Fintech for social good
More and more credit unions can make faster payment transactions over the incuto platform. This is a great step forward in providing credit unions and community banks with the tools and technology needed to compete with high street and challenger banks.

At ClearBank, we see credit unions as the future of community banking in the UK. Their collaborative, community-based ethos and the trust this engenders in their members means their impact is potentially huge.

> “Alongside giving credit unions the digital tools they need, having faster payment technology as part of the incuto platform is hugely important to members, many of whom are financially vulnerable and need assistance managing their money”
>
> **Andrew Rabbitt**
> incuto, Chief Executive Officer

tide

Company description

Tide is an electronic money institution that provides business current accounts and smart financial solutions to over 250,000 small-business owners through its mobile-first platform.

Business challenge

ClearBank and Tide were awarded an additional £25 million from the RBS Alternative Remedies Package in September 2020 to strengthen challenge to high street banks. As the fastest growing business banking service provider in the UK, Tide's partnership with ClearBank has already captured a significant share of the UK SME market.

This funding will be used to provide financial support and products to help SMEs, address the challenges they will face in the post-coronavirus and post-Brexit economic environment and to seize on the opportunities that come out of it.

Solutions provided

We are working closely together to establish initiatives aimed at tackling barriers to competition in business banking and give SMEs the tools to turn crisis into opportunity.

These include:

- Leveraging Open Banking to remove friction – by allowing businesses to use an existing third-party business current account on the Tide platform.
- Improving funding opportunities with unparalleled access to debt and equity – by partnering with third-party lenders, making 'beyond Open Banking' data available through Tide's lending API and build out proprietary lending with an overdraft product.
- Helping SMEs become more digital, supporting digital payments and business development – by introducing request to pay, confirmation of payee and digital cheques.

Partner benefit

By working together to enhance the current product offering, Tide will be able to offer new lending options and next generation digital payments, whilst utilising Open Banking so that SMEs will be able to move their business without moving their business current accounts. Helping Tide to bring genuine competition to business banking for UK SMEs and challenge the current oligopoly of the long established clearing banks.

“We are thankful that the BCR has granted our partnership with ClearBank the opportunity to create a genuine alternative to the oligopoly that has dominated the UK SME market for too long”

Oliver Prill
Tide, Chief Executive Officer

People and culture

> We have a focus on our colleagues and their wellbeing and are passionate to be nurturing a strong, motivated and diverse team"

Nadine Adams
Head of Human Resources

Our values and behaviours

Our values

Courageous	Foster an open and inclusive environment where courageous new ways of meeting challenges are welcomed and explored. As we look to lead our industry through continuous transformation, it is a culture in which everyone here has something to contribute.
Ambitious	Our ambition to reach the highest standards is shared by everyone. We are all committed and empowered to perform at our best, for our partners and each other, and to continuously strive for even better. Excellence always wins.
Curious	Our business and our industry are on a learning curve that we have the chance to shape, by stimulating learning and sharing knowledge among ourselves, and creating practices and tools that set new standards.
Making a positive impact	We are generous, committed, open and transparent about what we do, and welcome opportunities to make a positive impact. We exist in an industry and a community, local and global, in which we have a responsibility to do good and help deliver meaningful change.
Achieving better together	Individually, our people are among the best. Collectively, they take ClearBank to another level. Central to this is the care and respect we show each other, and our passion for open, friendly and inclusive collaboration that embraces diversity of thinking, knowledge and experiences.

Achievements in 2020

I am proud that we have continued to run and implement key initiatives across ClearBank throughout 2020. These include:

- Ongoing development of our people
- Creating a strong culture of innovation and inclusivity
- Striving to create a fun environment to work whilst working remotely

This has been a challenging year for all of us due to COVID-19. Since we moved to a remote working model we have adapted our working practices significantly with great success. Despite this disruption we have remained focused on our partners and our people and have again been recognised in the LinkedIn top start-ups, moving to 4th in 2020 from 11th last year.

Our talent continues to be recognised. At the 2020 SIBOS conference, for example, a number of our developers were part of winning teams at a hackathon competition, working across the industry to deliver innovative ways of addressing challenges.

I am also delighted that we rolled out Mental Health Awareness training to a number of our employees. They are now qualified Mental Health First Aiders recognising the fundamental importance of everyone's health and wellbeing. Importantly we are able to offer support to everyone when it is needed which has been imperative this year.

Code of Conduct

I am pleased to announce the launch of our re-energised and enhanced Code of Conduct. The Code of Conduct is a guide that helps clarify what we expect from each other and to offer help in making the right ethical choices, in line with our culture, values and behaviours.

Our values

In addition to the Code of Conduct, we have updated our values, in our dedicated vision and purpose workstream, to include being:

- Courageous
- Ambitious
- Curious
- Making a positive impact
- Achieving better together

These values resonate with our staff and align to our purpose of being a sustainable and responsible business, driving forward the transformation of the payments services.

Flexible working

Like many companies in financial services, we are all working from home, and taking the opportunity to explore future ways of working.

Our employees have told us that they want a new flexible way of working in a post-COVID-19 world. Splitting time working from home and in the office to continue to enable social connections and collaboration with colleagues. We are committed to achieving a balance that works for everyone.

We are listening to our people and are working through how we can be a remote-first business. We are ensuring that we continue to cater for those staff members or activities which need a more office based environment, as well as to support important areas of socialisation and effective team working.

Diversity and inclusion

Our approach is guided and shaped by our people. By actively engaging with our colleagues, listening and integrating their thoughts and views into key decision-making, we feel we have developed a culture that will help everyone achieve their best.

A collaborative culture is the core to our ongoing success as it drives better employee morale, engagement and creativity. We foster this by valuing diversity of thought, gender, sexual orientation, race and age. Striving to create an environment and working practices which supports everyone in unlocking their full potential.

As a business focused on driving transformation in the financial services industry, ensuring diversity in its many forms is vital for us and we are committed to working on improving this. This ranges from increasing the number of female and BAME entrepreneurs onboarded with our partnership with Tide, to supporting the Women in Finance Charter and beyond. We have pledged to increase women in senior leadership roles to 35% by the end of 2022, in comparison to 28% at the end of 2020.

Our gender pay gap has reduced within the year but still remains wider than we would like with the median gender pay gap of 24% (2019: 32%). There are several reasons for this, largely driven by a higher proportion of men in senior positions. We are committed to continue to reduce the gap and are confident that men and women are paid equally for performing equivalent roles across our business.

Investment in people

Our permanent headcount has grown significantly, increasing by 53 employees to 255 at the year end. This represents a firm commitment to investing in our people, building capability to enable ClearBank to continue to scale and automate.

We continue to promote and develop our internal talent. In 2020 11% (2019: 15%) of our employees were promoted or transitioned into different roles, leveraging their skill set, talents and career aspirations. This demonstrates our ongoing commitment to grow from within and also reflects the abundance of opportunities ClearBank has to enhance careers and experiences.

Outlook

2021 brings us many things to look forward to and focus on across the business, including our employee agenda.

I am pleased that our Environmental, Social and Governance ('ESG') strategy will continue to gain momentum and be embedded in everything that we do.

We had a lot of success in 2020 with the Midas Cup, a dynamic social and charitable initiative for employees to raise money for worthy causes, through entrepreneurship and creativity. We plan on utilising our community, working cross-functionally and collaboratively, to tackle some of the most important ESG questions in 2021.

We are committed to growing in a way that protects our partners and colleagues from risk and also safeguards the culture and people experience we have built to date. As a People team it is our responsibility to empower and support colleagues to grow all the time.

From a macro perspective, we remain uncertain to what 2021 will bring us. I am confident that we have built a strong and talented team, who will continue to demonstrate their talent and resiliency even in such an unpredictable environment around them. Seeking out opportunities to how we can further enhance ClearBank as a fantastic place to work and at the same time creating a legacy we are all proud to be part of.

Environmental, Social and Governance ('ESG') 'Bigger than ClearBank'

Our team is committed to playing a positive role in the communities in which we live and work, increasing diversity and reducing our impact on the climate

Last year we launched our ESG programme to develop and embed over the medium term.

We have spent this year building our framework throughout the business and have internally branded this 'Bigger than ClearBank'.

We have benefitted from a high level of engagement from our people and have established the following priorities:

- deliver positive outcomes for partners, employees, investors and society
- improve the level of diversity
- reduce our impact on the environment
- manage our business in an ethical and responsible way
- maximise the potential of our people and attract new talent

Adapting to change

We are committed to being a responsible company and are also supportive of the enhancements in reporting requirements that help comparability and transparency such as:

- Task Force for Climate Related Financial Disclosures ('TCFD')
- Streamlined Energy and Carbon Report Regulations ('SECR')
- Gender Pay Gap reporting (see page 23)
- Payment Practices and Performance Reporting ('PPPR')

We expect to continue to develop and evolve our reporting in the future. We recognise we are part of something larger than ourselves and have a responsibility to make positive change through our community and business activities.

Meaningful proposition

Our proposition promotes better outcomes for end consumers either through our partners or through our support to credit unions and community banks to enable financial inclusion. Delivering payment and innovative banking services means that consumer transactions, from employee salary payments to paying rent, are cleared in real-time.

Impactful partnerships

As we develop and embed ESG in how we operate, we also need to be thoughtful about the impact of our partners and suppliers and ensure that they share our socially responsible

Environmental

Near term	▪ Workshops and focus groups with representatives from across the business to better understand material issues ▪ Developing a base line for our environmental agenda including our carbon footprint ▪ Utilising the output from the above to evolve our strategy whilst continuing to reflect the needs of our people
Medium term	▪ Using measurement discipline to show meaningful progress on our pathway to net zero ▪ Develop achievable goals and Key Performance Indicators ('KPIs') to monitor progress against our targets ▪ Align our vision, purpose and KPIs against the strategic framework to roll out across the business
Long term	▪ Work with our peers to collectively achieve the UK Green Finance Strategy net zero emissions target ▪ Consider adopting relevant accreditations to be accountable for our actions ▪ Enhance our process for onboarding suppliers and partners to ensure their values align with our framework ▪ Assess our carbon offsetting strategy to support our target of being net zero as soon as possible

> Manchester Credit Union receives approximately 12,000 payments per week and processing these payments for members used to take up to three hours. Direct access to Faster Payments via ClearBank and incuto means these payments are now processed and accessible to members real time"

Christine Moore
CEO, Manchester Credit Union

approach. Our partners are providing business banking services and promoting responsible lending to the under-served in society and are innovating to develop new products for the benefit of all.

What does responsibility mean to us?

We have a responsibility to be more than a sustainably profitable enterprise. We want to have a positive impact on our people, our suppliers, partners and on the wider environment. The climate crisis is one of the most critical challenges facing our global society and economy in the 21st century.

The financial sector has an important role to play in addressing this crisis by supporting the transition to a sustainable, low-carbon economy that balances the environmental, social and economic needs of society. Operating as a responsible business requires clear recognition of the ESG issues that are important to all our stakeholders and our business.

From awareness to action

There is widespread financial sector awareness of the need to act on climate change and recognition of the link to risks likely to arise within the financial system.

We made good progress during 2020 in developing our ESG initiatives, including joining Bankers for NetZero. This is an initiative to bring together banks, businesses and regulators to enable banks to successfully support their customers, accelerate the transition to net zero and deliver on the UK government's ambitions for addressing climate change.

As a signatory to the climate change commitment we pledged to publish in 2021 a net zero carbon route map and to work alongside our fellow members to improve the climate outcomes for everyone.

2021 focus areas

We will be working to ensure ESG matters are integrated into all aspects of our decision-making and business practices, including our business model and strategy.

By understanding the long-term consequences of our decisions, we are better able to manage risks and generate value.

Social

- Through our vision and purpose, develop initiatives to clearly articulate the concept of 'Bigger than ClearBank'
- Define what diversity, equality and inclusion means to us
- Ensure a clear understanding of what delivers value and acts as a unifier for the business to drive culture, community and innovation
- Aim to attract, inspire and engage a talented and diverse workforce

- Identifying causes that align with our vision, establish how we best support them long term
- Donate our time, skills and money to work to help others and be a better corporate citizen
- Establish what diversity and inclusion means for us and how we measure success

- Embed diversity and inclusion best practices throughout our business activities including recruitment, engagement, recognition and feedback
- Develop ways of celebrating our successes and look back at having made a real difference
- Play an active and a positive role in our community to deliver lasting improvements for our causes

Governance

- Defining our vision and purpose to clearly articulate why ClearBank exists beyond commercial success
- Embed the values that underpin our vision and purpose throughout the business
- Review our policies and procedures to ensure clear lines of accountability and oversight whilst maintaining our flexibility for innovation and creativity

- Ensure effective governance of social risks and environmental risks including climate change risk, are managed through the working group and Executive Committee
- Regular progress updates provided to the Board who are ultimately responsibility for environmental and social risks
- Oversee ESG governance framework and assess the KPIs against the strategic framework

- Perform a post-implementation review, monitoring progress against KPIs
- Consider ESG factors are included in the Executive Committee remuneration framework
- Monitor our corporate responsibility, sustainability and stakeholder engagement activities

Financial review

> We have made strong and consistent progress throughout 2020. Despite challenging economic conditions, we have grown partner numbers, transaction volumes and client deposits"

James Hopkinson
Chief Financial Officer

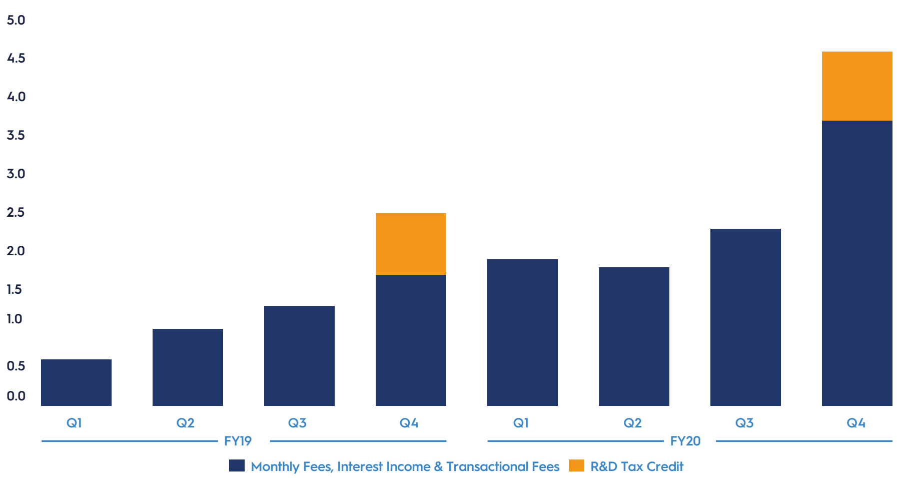
Delivering solid growth

Performance summary

2020 has been a year where we have managed our business response to unprecedented economic challenges and continued to deliver significant operational and financial progress. The impact of the COVID-19 pandemic was felt most acutely through the reduced UK base rate. With our strategy of holding all partner funds at the Bank of England this rate reduction impacted our net interest income expectations for the year. My colleagues responded positively to this rate reduction with a comprehensive cost management package that protected our bottom-line expectations for 2020 whilst continuing to invest in developing our proposition and platform. Throughout the year we have continued to onboard new partners. This was particularly pleasing as we have been 100% remote working since early March 2020. The combination of close cost control and continued partner growth has underpinned the confidence in our plans to deliver a cash break-even point in 2022.

We continue to establish the attractiveness of our platform and serve a range of partners through our unique banking proposition. This includes a wide range of partners from banks to building societies and credit unions to SMEs.

Quarterly revenue mix (£'m)



Alongside Tide we are now serving 283,802 SMEs, being c.5% of the UK's SMEs. Our momentum in this sector has been underpinned by the second successful grant of £25 million from the Banking Remedies commission, adding to the £60 million grant awarded in 2019.

We continue to demonstrate the attractiveness and scalability of our business model. Year-on-year we have seen growth in transactions volumes (611%), balances (102%) and real accounts (3,512%).

We hit momentous milestones in our history in 2020, exceeded both 1 million transactions a week and £1 billion of balances at the Bank of England. We enter 2021 with this momentum and executing against our strategy.

Financial performance summary

	2020 £'000	2019 £'000
Non-transactional fee income	**6,253**	2,852
Net transactional fee income	**2,532**	589
Net interest income	**900**	1,097
Other income	**933**	780
Total income	**10,618**	5,318
Staff costs	**(20,995)**	(16,573)
Depreciation	**(3,432)**	(2,891)
Amortisation and impairment of intangible assets	**(4,299)**	(3,946)
Other operating expenses	**(12,557)**	(15,682)
Operating loss	**(30,665)**	(33,774)

Income

During the year, the monthly income run rate increased 4.5 times between April (after the UK base rate cut) and December. Our income momentum ensures we enter 2021 with a healthy run rate and confidence in delivering another step up in income in 2021.

Quarterly revenue mix (£'m)

Income has doubled from the prior year to £10.6 million (2019: £5.3 million).

A key component of this growth was the increase in total transaction volumes; December 2020 exit volumes were 719% higher than the same month last year. This was primarily driven by the acceleration of digital payments and COVID-19 requiring the need for real-time, low human touch payments. For further detail on this see the Market review section on pages 14 to 15.

Recurring platform fees increased to £6.9 million up from £3.0 million in the prior year. This represents 130% (2019: 65%) of our net income for the year and highlights the strong and growing demand for our services.

Income also benefited from £0.9 million (2019: £0.8 million), relating to R&D tax credit income from HMRC, reflecting the continued strong investment in developing our products.

Strong client income momentum has been partly offset by a reduction in the Bank of England base rate from 75 basis points in mid-March to the level at the year end of 10 basis points. As a result, Interest income decreased to £1.2 million (2019: £1.7 million) despite our growing cash balances.

We do not invest in commercial assets and place all clients UK funds with the Bank of England. This strategy has protected the Bank from risk weighted asset inflation which may have happened as a result of the economic disruption caused by the outbreak of COVID-19.

Interest rate sensitivity

The Bank's banking deposits are subject to variable interest rates; as a result, changes in interest rates could have an impact on the net interest income recognised in the year. A 25 basis points increase or decrease in the Bank of England base rate would have had a £0.4 million annualised impact on 2020 performance.

Costs

Through concerted management action on rationalising the Bank's cost base, we have delivered significant cost efficiencies to protect the expected bottom line performance. As a result, total operating expenses increased by 5.6% to £41.3 million in the year (2019: £39.1 million).

Staff costs increased by 26.5% to £21.0 million (2019: £16.6 million), this is primarily due to the conversion of contractors to permanent employees.

Depreciation has increased by £0.5 million and amortisation also increased by £0.8 million on the prior year reflecting continued investment in the technology platform.

We are committed to invest in building out our state-of-the-art banking platform and to ensure our system environment is robust, resilient and scalable in order to meet the demands of our partners and our regulators. As a result, intangible assets have increased in the year by £3.7 million to £22.5 million, representing a cash investment of £7.6 million (2019: £8.6 million).

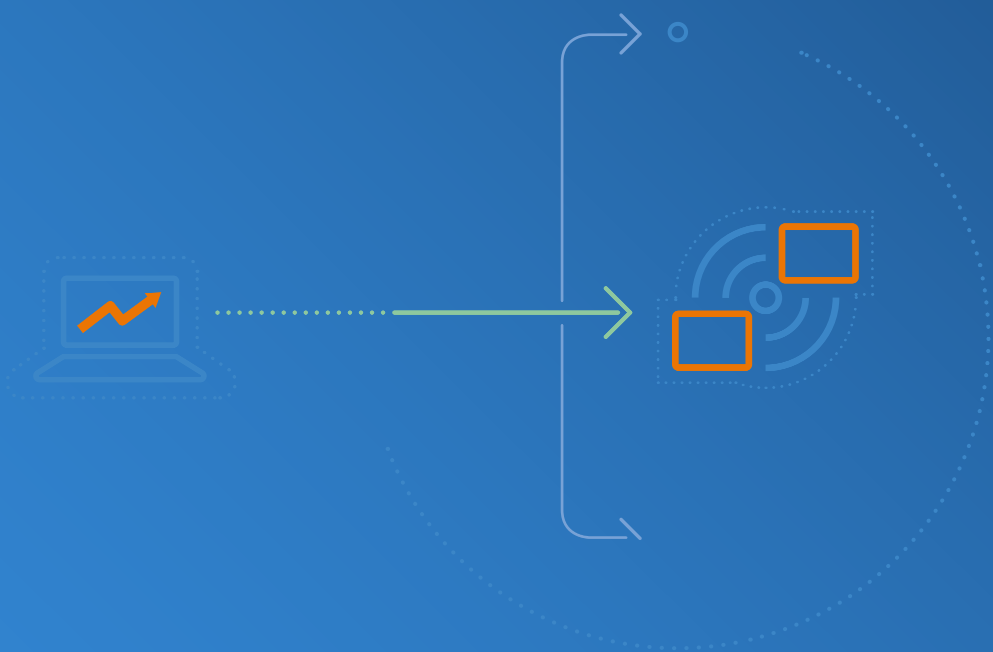
Robust capital, liquidity and balance sheet

In line with our risk appetite, we maintained a robust capital position throughout the year, with a CET1 of 114% (2019: 88%) at the year end, maintaining headroom in excess of our total capital requirements. The Bank's CET1 ratio has been strengthened by a further investment of £44 million during the year, taking total share capital invested in the Group to £157 million. This demonstrates the strong ongoing support and commitment to the Bank from our investors, as we seek to build our business and challenge the existing clearing market.

In addition to our strong regulatory capital position, we remained significantly above all our regulatory minimum requirements throughout the year, with a Liquidity Coverage Ratio as at year end of 186% (2019: 127%) and our Net Stable Funding Ratio of 3,298% (2019: 324%). This demonstrates a strong liquidity position for the Bank with High Quality Liquid Assets of £1,012 million (2019: £526.3 million) all held in cash at the Bank of England. Cash balances represent 96.1% (2019: 93.6%) of the Bank's total assets of which £926 million (2019: £458 million) are customers balances.

Outlook

As the full economic effects of COVID-19 and Brexit are being understood by the UK economy we continue to be well positioned and supported by the market through the need for real-time, low human touch digital payments. The Bank enters 2021 with increasing income momentum, a significantly growing balance sheet and a strong pipeline of partners looking to access our platform. This momentum enables us to execute on our clear pathway to profitability strategy in 2022.



Risk management

Effective risk management is strategically important to ClearBank. A robust approach enables us to identify, assess and manage the principal risks whilst maximising the potential upside of our business strategy

Key highlights of 2020

Our business has developed during 2020, including advancing our business in the following areas:

- Increased partner numbers
- Significantly higher transaction volumes
- Range of new products and initiatives

To ensure our risk management framework remains ahead of our future requirements we have worked on refining our approach and making it more forward looking and scalable.

Changes in our risk profile in 2020 were driven primarily by the initiatives set out below and have driven the need to improve our risk management framework to ensure that it remains in line with our robust approach to risk management:

- Driving increased agency banking transaction volumes, values and partner numbers
- Scaling our Banking-as-a-Service partnerships
- Developing foreign exchange and multi-currency capabilities

This is against a backdrop of unprecedented uncertainty in the political and economic environment, events such as Brexit and the COVID-19 pandemic testing our business model, operational resilience, business continuity and our ability to adapt to quickly to change. The changes and planning in 2019, which continued in 2020, have provided us with many real world tests of our risk management framework. I am pleased with how we have reacted through this uncertainty and our ability to adapt quickly and take the necessary action to manage our risks appropriately.

We will look to continually enhance our approach to risk management as we learn and develop, to ensure we have planned for 2021 and deliver on our risk management strategy and vision.

Enterprise risk management framework

We materially enhanced our risk management framework in 2020, further embedding our three lines of defence model and delivering significant improvements in:

- **Risk reporting** – We delivered more refinements to our risk reporting. This included enhancements to the quality, timeliness and consistency to support effective risk oversight
- **Risk appetite framework, statements and metrics** – We refreshed our risk appetite framework, statements and metrics to reflect our business and our desired state
- **First line of defence control testing** – We have a Risk and Control Self-Assessment ('RCSA') process in place and formalised and tracked control testing progress and results by the first line and incorporated this into our risk reporting

We used external third parties during 2020 to provide independent validation that the enhancements in our risk management framework were designed and operating effectively and we will continue to grow our risk management framework and capabilities, commensurate with our size and scale. This provided us with the external benchmarking we were seeking.
We are committed to delivering further improvements by strengthening our Risk Taxonomy, Policies and Framework, Risk Management Process and Governance and Reporting in 2021 and beyond.

Financial crime

We reviewed our financial crime framework and formed a programme of change activity to deliver the next stage of maturity and automation in relation to our financial crime systems and controls.

We have made material progress in terms of implementation of this change programme with further enhancements to be delivered in 2021. As part of this programme of change we:

- Designed and implemented a review of partner risk assessment methodology
- Enhanced our transaction monitoring system and tools
- Enhanced our approach to sanctions compliance
- Updated our due diligence process and procedures
- Established a dedicated Financial Crime Compliance Committee, chaired by the MLRO as a sub-committee of our Enterprise Risk Management Committee to increase oversight

This programme of change is overseen by a dedicated programme steering committee and reported through our risk management governance structure. The programme plan aligns to ClearBank's growth strategy, as it focuses on enhancing key elements of the Financial Crime compliance framework and building capability that will support such growth.

Risk management function

We made changes to our risk management function in 2020, bringing in individuals with the additional skills and experience to enable us to deliver on the next stage of our risk management strategy. This complements the Bank's strategy and the development of new business initiatives including foreign exchange and multi-currency, the enhancement of the BaaS proposition and the BCR related projects such as digital cheques, request to pay and confirmation of payee.

Looking ahead

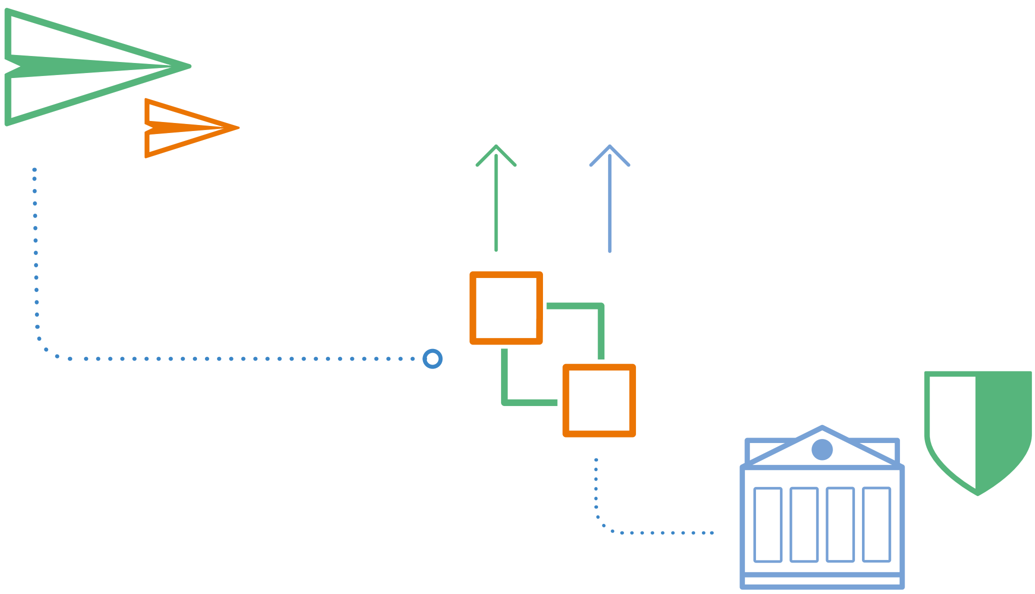
As ClearBank's business grows and develops, our risk management framework and approach needs to remain effective in managing both current and future risks. Our areas of focus for 2021 will concentrate on continuing those initiatives underway in 2020 including making further enhancements to our risk management framework, financial crime framework including fraud, bribery and corruption and supporting ClearBank in the achievement of our strategic objectives.

Risk management process

Our overall risk strategy is maintained by the Chief Risk and Compliance Officer and approved by the Board. We have a set of risk management principles that must be followed across the Bank and robust controls in place to ensure risk is managed effectively. Our risk management process involves the identification and assessment of specific risks within these risk groups. Mitigation and management of these risks, and monitoring and reporting against these risks, provides the foundation to enable us to deliver against our strategic objectives.

Risk management continued

IDENTIFY	ASSESS	MITIGATE	REVIEW	REPORT
Risks are identified by either a 'bottom-up' process involving line management or a 'top-down' review by the executive management team. These are reported to, and reviewed by, the Executive, Board Risk Committees and the Board on a regular basis.	The likelihood and impact of each risk is assessed against suitable risk matrices and key risk indicators to calculate the potential level of exposure on the business.	Actions being taken, or that should be taken, to help mitigate and reduce the potential exposure to the risks are regularly reviewed to ensure the appropriate individual 'owns' the risk and the actions being taken remain effective.	Risk registers are regularly reviewed to capture and identify new risks and identify opportunities to improve the mitigating actions.	The Executive management team reviews all identified risks, and assigns actions around those risks, on a quarterly basis, with the principal risks being monitored, reported to and reviewed by the Audit and Risk Committees as well as the Board. In addition, risk strategy and policies are reported to the regulator on an annual basis.
Line of defence				
1st, 2nd and 3rd	1st, 2nd and 3rd	1st and 2nd	2nd and 3rd	2nd and 3rd



Enterprise risk management framework
ClearBank has a documented enterprise risk management framework ('ERMF') which explains how risks are identified and managed within a defined risk appetite. ClearBank's ERMF is designed to manage, minimise and control all our business risks, as documented on the individual risk pages later in this report.

Risk operating model
The risks that ClearBank face are identified and recorded in the risk control self-assessments and risk register. A detailed assessment of these risks and their materiality is undertaken on a regular basis and the conclusions are documented and reported to the Board via ERMC and BRC. The risk assessments help to assess residual risks, controls, and control enhancements, to ensure we operate within our defined risk appetite and supporting metrics.

ClearBank's strategic vision	ClearBank's vision is to be a responsible business, driving forward the transformation of payment services, by providing great technology that unlocks our partners' potential to ensure everyone has the freedom to choose the financial services they need
ClearBank's risk appetite	To maintain a financially secure and operationally resilient bank that operates in a compliant and reputable manner, to serve the interests of partners in the banking and payment services sector

We set our risk appetite in alignment with our risk taxonomy to ensure that we articulate the nature and level of risk that we are willing to take in pursuit of our strategy and business objectives. We measure our actual risk against our risk appetite on a regular basis through our risk governance structure in our risk reporting.

Risk culture
Risk culture is at the heart of ClearBank. Without a strong risk culture centred around our values, we cannot be certain of ensuring the best outcome for our stakeholders, including our partners, regulators and staff.

Risk culture is established and maintained through the adoption of a common set of values, risk principles and setting the tone from the top. ClearBank aims for employees to be risk aware and to understand their role, responsibilities and principal accountabilities. An understanding of risk and risk appetite is embedded within our business practices.

Code of Conduct
ClearBank is committed to serving its partners, the community in which it operates and supporting the financial services industry responsibly. To deliver this commitment, we have a Code which is deeply rooted across the business. It is the personal responsibility of each and every one of our colleagues to live and breathe this Code.

The Code is a clear statement of the values and ideals that ClearBank believes in and our statement on the approach we take to our day-to-day activities and decision-making.

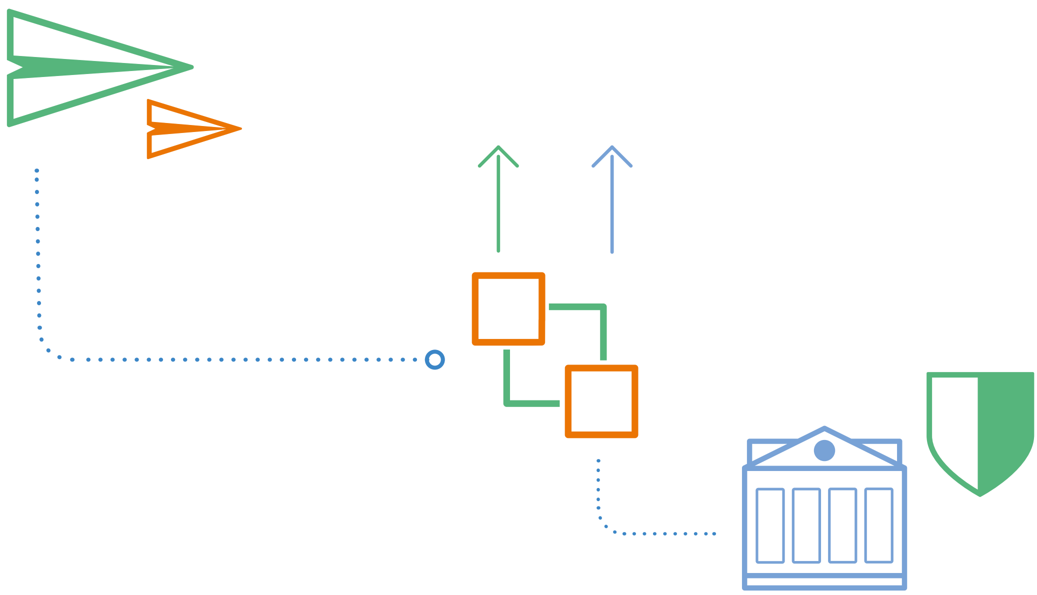
Risk management continued

Risk profile table

Risks	Committees	Description of risks being mitigated
Strategic and business	Enterprise Risk Management Committee	These are the risks that we do not set the right strategy, a material business decision fails, or external market factors impact the viability of the business. This could include an inability to develop or introduce new business lines effectively, to expand organically, or to enhance the effectiveness of our operational infrastructure.
Financial	Asset and Liability Committee	These are the risks facing our business in terms of inadequate or failed management of finances and the risk introduced by external factors that could have a detrimental impact on our cash flow, capital, and liquidity.
Compliance	Conduct and Compliance Risk Committee Financial Crime Committee	Failure to comply with regulatory or legislative requirements.
Conduct	Conduct and Compliance Risk Committee	This is the risk of not delivering fair outcomes caused by the poor judgement of managers and employees. This could create a financial impact for both partners and the firm.
Operational	Operational Risk Committee	This is the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events.

^ Relative changes in control environment and processes over the period.

↓ Improving ↔ Stable ↑ Worsening



Example risks	2020 change in risk	2020 change in control environment^	2021 outlook
▪ Lower sales and/or profit hindering future plans ▪ Risk of loss arising due to changes or developments in technology	↔	↔	↔
▪ Not holding enough capital to meet business or regulatory requirements ▪ Having insufficient liquid funds to meet current/future liabilities ▪ Not have sufficiently stable and diverse sources of funding	↓	↔	↓
▪ Complaint handling ▪ Failure due to internal processes or procedures to identify/prevent the use of its banking facilities for illegal use	↔	↓	↔
▪ Loss, regulatory action, and reputational damage from: – inadequate complaints handling processes – not identifying and treating vulnerable customers fairly – substandard sales process	↔	↓	↔
▪ Loss due to insufficient capacity, capability or performance ▪ Failure of IT systems infrastructure and/or applications	↔	↓	↓

Risk management continued

Principal risks and uncertainties

The risks our business faces are carefully monitored and managed. We seek to minimise adverse effects of these on the Group's financial performance, position, capital, liquidity and reputation. ClearBank's ERMF includes the following principal risks.

Level 1 risk	Level 2 risk	Risk description	Example	Mitigants
Strategic and Business	Political, Economic and Social	**Strategic risk** This is the risk of external market factors impacting the viability of ClearBank's business model	Changes in market prices, for example interest rates, create the risk of financial loss through a reduction in earnings or change in the value of assets or liabilities	▪ Defined risk appetite and limits are set out within the Risk Appetite Statement ▪ Alignment between strategic business planning activity and risk appetite ▪ Experienced Board and Executive leadership team supported by an established corporate governance framework ▪ Regular validation and review of business plan delivery
Financial	Capital	**Capital adequacy risk** Breaching internal limits or regulatory requirements for capital	Not holding sufficient capital to meet business or regulatory requirements	▪ At least annual assessment of capital requirements using the Internal Capital Adequacy Assessment Process ('ICAAP') ▪ Forward-looking capital adequacy is monitored to ensure resource consumption effectively managed ▪ Periodic capital raise from investors and progression to break-even
Compliance	Regulatory/ Compliance	**Compliance risk** Failure to comply with regulatory or legislative requirement	Inadequate complaints handling processes or not identifying and treating vulnerable customers fairly	▪ Robust Anti-Money Laundering ('AML') systems and controls in place to onboard partners ▪ Policies and procedures ensure compliance with applicable regulations ▪ Mandatory training is provided to all staff Compliance Monitoring Plan regularly tests process adherence
	Financial Crime	**Fraud/legal risk** Failure due to internal processes or procedures to identify/prevent the use of its banking facilities for illegal use	AML and Sanctions due diligence reviews	
Operational	Transaction Processing	**Operational Risk** Major or sustained execution failures to critical activities/ processes	Inadequate or failed internal processes or systems, human error or external events, create a risk of direct or indirect financial loss and reputational damage	▪ Policies and procedures covering our people, technology, data, security and third-party relationships ▪ Key risks and controls identified as part of the RCSA process ▪ Business continuity and IT disaster recovery plans ▪ Regularly tested business continuity and IT disaster recovery plans ▪ Dedicated Operational Resilience Programme ▪ Effective systems and controls in place to ensure high levels of service and compliance. ▪ Monitor events with the potential to cause reputational damage ▪ Compliance Monitoring Plan provides assurance regarding data protection activities
	Fraud	**Detriment risk** ClearBank or a partner falling victim to material loss due to fraud		
	Legal	**Regulatory risk** Non-compliance of existing statutes	Loss attributed to non-compliance with or changes to Financial Crime or GDPR regulations, legislation and/or guidance	

Emerging risks

We maintain a register of key and emerging risks. We monitor the key elements of our principal risk on an ongoing basis. This is integral to our approach to risk management and forms a cornerstone of our business planning activities, ensuring that strategies and activities are appropriately focused on addressing these concerns. In addition to our principal risks, we monitor other potentially significant or emerging risks. These include:

Brexit

The UK economy continues to face uncertainty resulting from the UK's exit from the EU ('Brexit'), and the end of the post-Brexit transition period on 31 December 2020. Brexit poses risks and opportunities to the UK economy in the short, medium and long term. As part of our risk management disciplines we are monitoring the risks of withdrawal from the EU, the adoption of the new trade agreement with the EU, negotiation of new trade agreements with the rest of the world and foreign investment.

The structure of the UK regulatory environment post-transition period is yet to be confirmed, we will closely monitor all guidance released by the Prudential Regulatory Authority ('PRA') relating to capital and liquidity treatments and whether the UK will align to the European Banking Authority ('EBA') rules. Direct operational impacts on us from the EU exit are limited but we are aware of indirect effects on our colleagues and partners. We believe the UK's continued provision of innovation and high-value services, the trend towards a generally weaker pound and the relatively flexible labour market should enable the UK to prosper longer term.

COVID-19

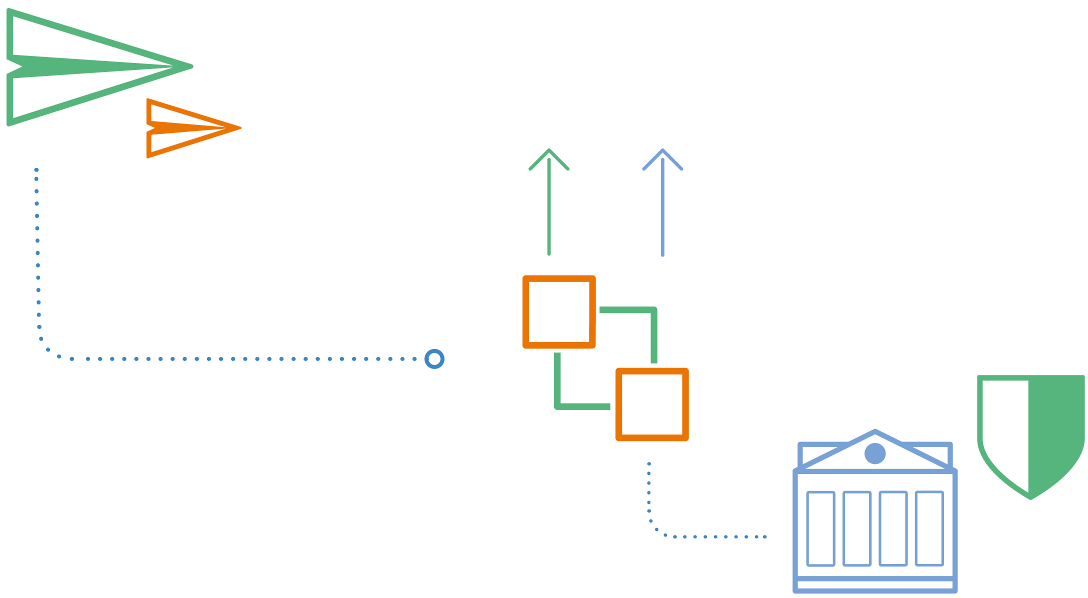
The emergence of the COVID-19 pandemic has generated a sudden and unprecedented downturn in the economy with an unfavourable short-to-medium-term outlook. Given the already uncertain economic situation arising from Brexit and the end of the post-Brexit transition period, concerns remain about the level of disruption to the wider economy, and financial services in particular. The long-term trend of electronic payments increasing has continued throughout the pandemic due in part to the demand for contactless payments. These macro-economic impacts have been incorporated into our latest forecasts and stress testing provisioning models to mitigate these issues and take advantage of the opportunities presented.

Climate change

The importance of climate change is highlighted in our Economic, Social and Governance section on pages 24-25, including our support of net zero and other initiatives. Climate change risks manifest across multiple risk types such as credit, market, operational and conduct risk. It is important to note that ClearBank does not have a lending book. Our Board sets the overarching approach to managing climate change risk with periodic reports provided as part of the wider review of the business' risk profile.

Operational and cyber resilience

As a digital bank it is imperative that we have appropriate cyber security controls to protect data from loss or exploitation and in doing so avoid significant brand damage. As well as the due diligence, design and testing that contributes to building network and systems security, ClearBank operates perimeter controls to detect and prevent attempts to compromise systems. We continue to develop and embed our approach to managing cyber risk across the Bank, learning from intelligence sources and industry peers to identify new and emerging cyber risks. We use intelligence-led insight to manage our cyber risk profile, enabling us to stay ahead of the continuously evolving threat of cyber attacks in order to protect our partners and the Bank.



Section 172 statement

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 – 'Duty to promote the success of the company'.

As a Board of Directors we consider, both collectively and individually, that we have acted in the way we consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2020. In particular, by reference to the approval of our multi-year strategy, which is set out on pages 18-19, our consideration of this and other principal decisions is detailed below.

As a Board of Directors, we have always taken decisions for the long term, our aim is always to uphold the highest standards of conduct and to behave responsibly to ensure that management also operate the business in a responsible manner. We understand that our business can only grow and prosper over the long term if we understand and respect the views and needs of our key stakeholders: our regulators, partners, colleagues and the communities in which we operate, as well as our suppliers, the environment and the shareholders to whom we are accountable. This is reflected in our values and behaviours, and our People and culture section sets out more detail on how we manage our relationships with some stakeholders. A values based code of ethical business conduct takes account of all of ClearBank's stakeholders, and the need to foster constructive and respectful relationships with them.

ClearBank aims to be a Group in which people want to invest, from which people want to procure services, with which people want to partner and for which people want to work. This requires the Board, Executive Committee, senior managers, and other employees to maintain an approach to strategic, financial and operational decision-making that is values-based and sustainable in approach, and therefore aligned to the requirements and expectations of Section 172. Sustainable success and delivery of our strategy is dependent on the skills, talent and values of employees. ClearBank is committed to being a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our employees is one of our primary considerations in the way we do business.

Decision-making requires a long-term perspective, and this is typified by our continued investment in building the Group's IT infrastructure to drive long-term value for the Group, whilst minimising the impact of our business operations on the environment. We aspire to be responsible members of our community as it reflects our principle to do the right thing, as set out in our Code of Conduct. Our strategy takes into account the impact of the Group's operations on the community and environment and our wider social responsibilities, and in particular how we operate in the payment infrastructure landscape. For instance, further enhancing a strategic partnership with Tide after successfully being awarded £25 million pool E grant from the BCR, in addition to the £60 million pool A grant previously awarded, with the aim of facilitating the development of more advanced business current account offerings, implementing open banking, and other products for SMEs in the UK such as overdraft facilities.

As the Board of Directors, our intention is to behave responsibly toward our shareholders and treat them fairly and equally, so they too may benefit from the successful delivery of our strategy.

Continued access to capital is important for our business. We work to ensure that our shareholders, potential shareholders and their representatives have a good understanding of our strategy, business model, opportunity and culture. We achieve this by regular and active engagement through the Company Secretary, the AGM, the Annual Report and Accounts, the Corporate website, quarterly results and direct communication between some shareholders and Management.

Principal decisions

We define principal decisions as both those that are material to the Group, but also those that are significant to any of our key stakeholder groups. In making the following principal decisions the Board considered the outcome from its stakeholder engagement as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between the members of the Group:

Principal decision - deciding our purpose and vision

We understand the material importance to the future success of our business of clearly setting out our business purpose, vision and values, as this impacts all of our stakeholders.

Brief summary of the decision

We set out to develop a clear vision and purpose for ClearBank, something that will unite and inspire us all and maximise the potential of our people in order to fully realise our vision and drive long term sustainable value. We believe that our wider role in society and realising the impact that we have on the environment is core to our purpose.

Impacts on the long-term sustainable success of the Group, include:

I. Clear guiding purpose that underpins everything we do
II. Impact on the Group's reputation for high standards of business conduct
III. Impact on the culture of our people and unites us in a common goal

Actions the Group plans to / has implemented to mitigate any potential negative impact on the long-term success of the Company

We delegated responsibility for establishing the Group's ESG framework to James Hopkinson, CFO and member of the executive team. This involved establishing ESG project teams to take in the views of Board members, senior management, and representation from all departments across the Bank. A clear Purpose and Vision, guided by our ESG priorities, will reduce strength our brand, better distinguishing us in our market.

How impacts on that stakeholder group have been considered

Our vision and purpose and will act to clarify our mission and goals, where employees may otherwise not have a unifying focus, but rather act as individuals, in their silos, maximising their initiative and innovation.

This report was approved by the Board of Directors on 1 April 2021 and signed on its behalf by

C A McManus

Charles McManus
Chief Executive Officer

Corporate Governance

For more information
See pages 40–62

Report of the Directors

For more information
See pages 56

Our governance

Governance

40 Meet the Board of Directors
42 Board and committee structure
46 Committee reports
56 Report of the Directors
58 Independent Auditor's Report

Meet the Board of Directors

The Board recognises that exemplary standards of corporate governance throughout are essential for the delivery of ClearBank's strategic objectives, regulatory compliance and stakeholder value.

It is recognised that good governance should emanate from the Board but disseminate through the entire organisation, being reflected in its culture, Committees, policies and procedures.

As a non-listed entity, ClearBank is not required to apply the principles set out in the UK Corporate Governance Code (published July 2018) (the 'Code'); however, the Bank uses the Code as guidance for its corporate governance wherever practicable and appropriate, having regard to its ownership structure, size and scope of operations.

David Gagie
Chairman of the Board and Nomination Committee

Appointed
September 2018

Background
A globally experienced professional in banking, payments and risk management and was a Senior Advisor on regulatory conduct issues relating to retail banking, consumer credit and payments at the Financial Conduct Authority and the Payments Systems Regulator. David was appointed as Chairman on 10 January 2019.

Charles McManus
CEO and Executive Director

Appointed
December 2015

Background
An experienced international banking professional with over 30 years' experience in global investment banking, wealth management and retail banking. Prior to joining ClearBank, Charles was the Group CFO of RBS Ulster Bank Group.

Shonaid Jemmett-Page
Senior Independent Director, Chairman of Audit and Remuneration committees

Appointed
July 2016

Background
An experienced finance professional with over 30 years' experience. Shonaid Jemmett-Page currently holds a number of non-executive appointments across a variety of financial services public and private businesses.

Phil Kenworthy
Independent non-executive Director

Appointed
June 2017

Background
With over 20 years' senior executive experience in the payments and settlement industry. Phil's previous executive roles include Chief Executive at CHAPS Clearing Company Ltd and Director of Operations at CLS.

* John Risley is an alternate Investor Director for Stan Spavold

James Hopkinson
CFO and Executive Director

Appointed
June 2020

Background
An international financial professional with over 20 years' experience in financial services. Whilst at Standard Chartered Bank, James co-led the global finance function and acted as the Chief Financial Officer for the Group's regions and segments in Singapore.

Nick Ogden
Founder and Investor Director

Appointed
August 2015

Background
An entrepreneur with over 30 years' experience in banking, payments and Fintech. Prior to ClearBank, Nick founded and led a number of other companies, the most notable of these is WorldPay.

Stan Spavold*
Investor Director

Appointed
April 2016

Background
A corporate executive with 40 years' international experience in senior leadership roles including extensive Board experience in private, public and not for profit sectors. Stan is and has been Chairman of a number of public companies and president of the holding company CFFI Ventures Inc., a company with over $1 billion dollars under active management.

Catherine Doran
Independent non-executive Director and Chairman of Risk committee

Appointed
February 2020

Background
An experienced executive with over 40 years experience. Catherine served as the CIO of Royal Mail plc and has held senior roles in a number of blue-chip companies including NatWest and Capital One. She is also on the Board of the Coventry Building Society.

Mel Carvill
Investor Director

Appointed
April 2016

Background
A finance professional with many years' experience as a Director of financial services companies. Mel is a member of PPF Group's executive team and Home Credit B.V/s Board. Mel is chairman of Aviva Life and Pensions UK and has other senior board roles.

Committees

- Board Audit Committee
- Board Risk Committee
- Nomination Committee
- Remuneration Committee

Board and committee structure

Board function

The Board is responsible for the promotion of the long-term sustainable success of ClearBank. In formulating, reviewing and approving the strategy and risk appetites, the Board is cognisant not only of the regulatory obligations but also of its obligations to all stakeholders, including customers, suppliers, employees and the wider community.

The Board has responsibility to maintain a system of internal controls, which provide assurance over the effectiveness and efficiency of operations, internal financial controls and compliance with all applicable laws and regulations. Additionally, the Board is responsible for ensuring that the executive members maintain an effective risk management and oversight process across ClearBank to enable delivery of the strategy and business performance within the approved risk appetite and risk control framework.

The Board's terms of reference include a formal schedule of matters specifically reserved for the Board's decision, which is reviewed at least annually.

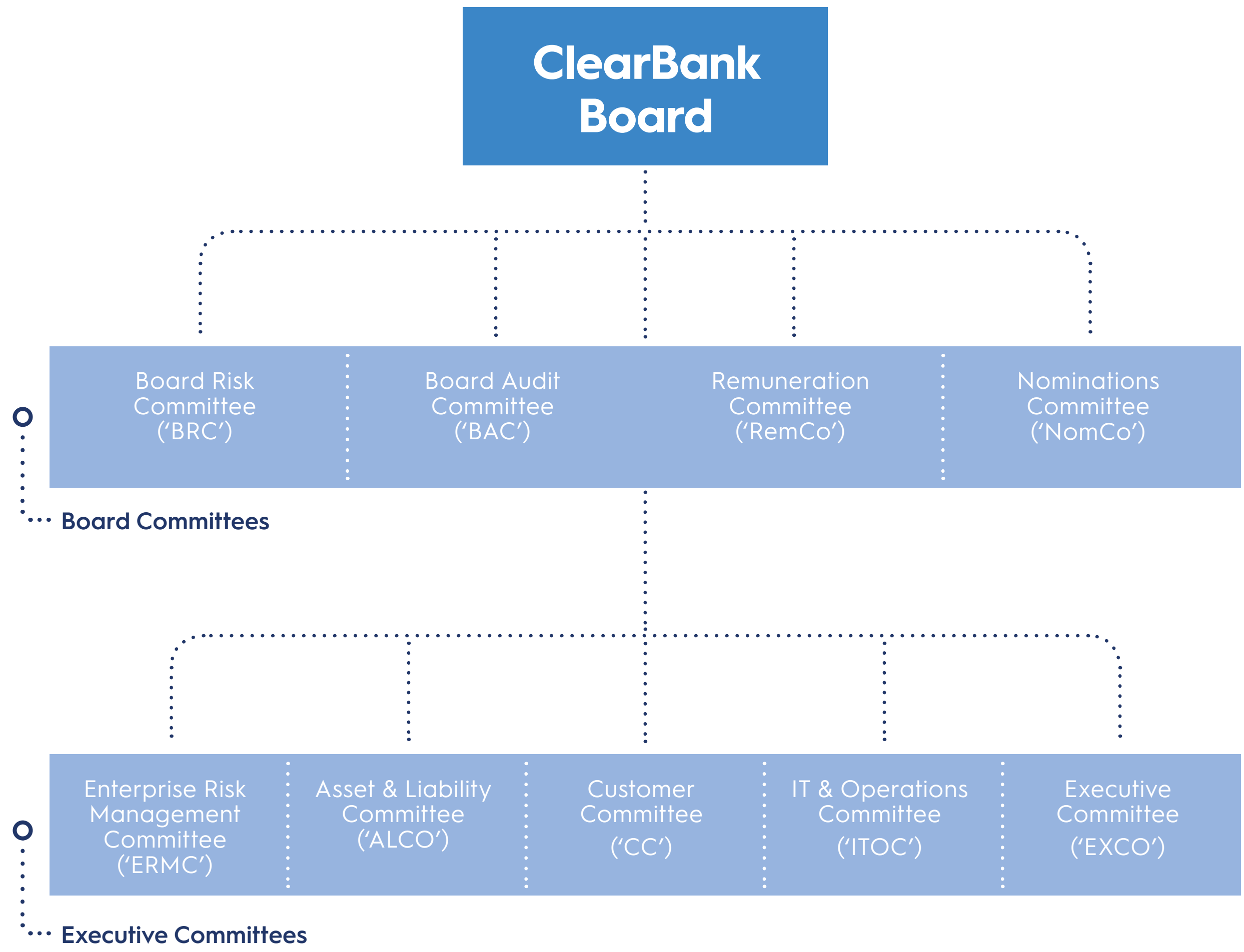
Board committees

As further as illustrated in the diagram below the Board has established a number of Board Committees and delegated responsibility for certain matters to its committees, in order to provide effective oversight and leadership. The committee structure is shown in the diagram below. Each committee has written terms of reference which are reviewed annually. These terms of reference outline each committee's role and responsibilities and the extent of the authority delegated by the board.

Matters are considered in a more detailed fashion by appropriate members of senior leadership and, where appropriate, the Committee Chairs makes recommendations to the Board for consideration and approval. The Board receives updates for each of its Committee meetings and all Directors can access and review the respective Committee meeting minutes. Reports for the Board's committees are set out later in this report and they include further detail on each committee's role and responsibilities, and the activities undertaken during the year.

Board Audit Committee

The BAC's responsibilities include the monitoring of the integrity of the financial statements and the involvement of the external auditors in that process, as well as review and assurance provision over the internal controls and risk management systems. In particular, external audit focuses on compliance with accounting policies and accounting estimates and ensuring that an effective system of internal financial control is maintained. Internal audit also provides assurance over financial systems and controls, in addition to completing a comprehensive review (via the audit universe) of all operating systems and controls, including but not limited to IT security, IT operations and customer onboarding. The ultimate responsibility for reviewing and approving the annual report and accounts remains with the Board. The BAC is chaired by Shonaid Jemmett-Page.



Board Risk Committee
The BRC's responsibilities include the development and maintenance of the ERMF, ensuring that its strategy, principles, policies and resources are aligned to the risk appetite, as well as to regulatory and industry best practices. The BRC also monitors and reviews the formal arrangements established by the Board in respect of internal controls and the ERMF and reviews the effectiveness of ClearBank's systems for risk management and compliance with financial services legislation and regulatory requirements. The BRC is chaired by Catherine Doran.

Remuneration Committee
The RemCo's main responsibilities include agreeing the framework and policy for remuneration, terms of employment and any changes, including service contracts, remuneration, pension arrangements, bonus awards linked to clear and transparent objectives and participation incentive and benefit plans available to employees. The RemCo is chaired by Shonaid Jemmett-Page.

Nomination Committee
NomCo's responsibilities include the review of the structure, size and composition (including the knowledge and experience) of the Board to ensure that it retains an appropriate balance of skills to support the strategic objectives of ClearBank and consideration of succession planning for Directors and senior executives. The NomCo is responsible for identifying and nominating for Board approval candidates to fill vacancies as and when they arise on the Board, as well the memberships of the Board Committee. The NomCo has recommended the reappointment of the existing executive and non-executive members to the appropriate Committees; in addition, details of the appointment of new members are set out in the Report of Directors. The NomCo is chaired by David Gagie.

Executive committees
The Board is supported by the executive sub-committees including the EXCO, ERMC, ALCO, CC and ITOC. Each Committee meets on at least a monthly basis and then reports up to the Board where appropriate, with each executive also responsible for compiling departmental reports to the Board Committees.

The Board agenda in 2020
The Board uses it meetings to provide governance and oversight for business activities and as a mechanism for discharging its duties under S172 of the Companies Act. Each Board meeting follows a carefully tailored agenda agreed in advance by the Chairman, CEO and Company Secretary. Each Director may review the agenda and propose items for discussion, with the Chairman's agreement. An annual calendar of scheduled Board meetings is structured to allow the Board to review cyclical and ad-hoc agenda items, which are scheduled to coincide with relevant key dates and events and ensures that all matters are given due consideration and are reviewed at the appropriate point in the financial and regulatory cycle.

The Directors receive detailed papers, including relevant updates on business performance and regulatory interactions, in advance of each Board meeting. Meetings are structured to ensure that there is sufficient time for consideration and debate of all matters. In addition to scheduled or routine items, the Board also considers key issues that impact the Group, as they arise. Details of individual Directors' attendance at the scheduled meetings that took place in the year can be found on page 44.

Key Board activities during the year
The Board has spent time on the following material items, during the year:
- overseeing project to streamline the Bank's governance procedures making it fit for purpose
- considering the strategic aims and performance of the business
- reviewing the competitive landscape and assessing commercial opportunities, including how to transition to being a remote-first business
- partner matters, including the Group's partner onboarding, partner experience and partnerships
- the ongoing development of the Group's enterprise risk management framework and new requirements in relation to operational resilience
- strategic projects affecting the Group, including the foreign exchange and multi-currency programme, which comprised enhancement to our systems to integrate with a 3rd party in order to execute and complete FX deals, and the application for further funds from the Capability and Innovation fund
- updates on the progress of discrete workstreams arising out of the Board's annual strategy days
- IT, cyber, disaster recovery and business continuity planning, and associated projects
- the Group's Purpose, Vision, and Code of Conduct which sets out key behaviours for our people to apply across the Group in all business practices
- discussing the results of the Group's employee opinion surveys and follow-up actions proposed by management
- employee wellbeing in lockdown including maintaining a high level of communication and engagement with employees and rolling out mental health sessions
- engagement with regulators and regulatory developments during the year, including Brexit and enhancing the ERMF
- the review and approval of the Group's Recovery and Resolution Plans and Solvent Wind Down plans
- capital planning and considering and approving the Internal Liquidity Capital Assessment Process ('ICAAP') and the Internal Liquidity Adequacy Assessment Process ('ILAAP')
- the annual review of Group risk appetite statements and risk management strategy and
- the internal Board and committee effectiveness evaluation

Standing items
At every meeting, the Board receives and discusses updates from the CEO and CFO on the results of the Bank. In addition, the COO updates the Board on operational performance, operational resilience and strategic developments. The CRCO and CLGO have a standing invitation and provide updates on their respective functions, including legal matters. The Board also receives regular reports from the Group's human resources, Client Management and internal audit functions.

Directors' roles & processes

Directors

During this reporting period ClearBank further strengthened its Board of Directors with the appointment of James Hopkinson as Executive Director and Chief Financial Officer on 8 June 2020 and Catherine Doran as non-executive director and Chairman of the BRC on 28 February 2020, with Marc Jenkins and Graeme Smith stepping down from the roles, respectively.

At the end of the reporting period, the Board was composed of ten Directors, being the Chairman, two Executive Directors, three independent non-executive Directors and four Investor Directors.

Board meetings

A month-by-month annual governance calendar is maintained to ensure that all relevant matters are considered at appropriate times in the financial and regulatory cycle. 15 Board meetings were held during 2020 (2019: 20).

Board and committee attendance

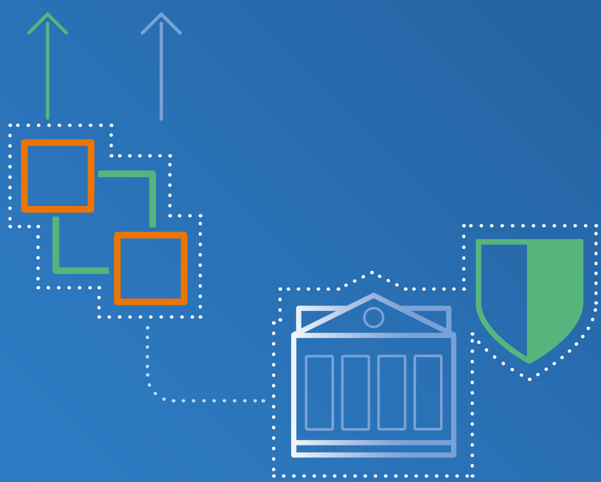
The table below shows each Directors' attendance at scheduled Board and Board Committee meetings, and ad-hoc meetings when these are required, held in the year.

Attendance	Board[1]	Board Audit Committee	Board Risk Committee	Remuneration Committee	Nomination Committee
David Gagie	15/15	7/7	13/13	–	6/6
Charles McManus	15/15	–	–	–	–
James Hopkinson	8/8	–	–	–	–
Marc Jenkins	8/8	–	–	–	–
Nick Ogden	14/15	–	–	–	–
Shonaid Jemmett-Page	15/15	7/7	13/13	6/6	6/6
Phil Kenworthy	14/15	7/7	12/13	6/6	6/6
Catherine Doran	10/15	4/6	10/12	3/3	3/4
Graeme Smith	3/4	2/2	1/2	3/3	2/2
Stan Spavold	15/15	–	–	–	–
Mel Carvill	13/15	–	–	–	–

1 This includes seven ad-hoc Board meetings.

Approved by the Board of Directors and signed on behalf of the Board on 1 April 2021.

Philip House
Chief Governance and Legal Officer



Board Audit Committee Report

Maintaining integrity

The BAC is a key element of the Group's corporate governance. It monitors the integrity of the financial statements, and the effectiveness of internal controls. It oversees internal and external audit.

Chairman's overview

Our focus continues to be on the development of a robust internal control framework and risk management systems to keep pace with the development and ambition of ClearBank, and to build scalability into our processes so that they are sufficiently future proofed. One of our goals has been to initiate a multi-year development programme which will see continuous enhancement of our systems, controls, processes, and reporting, readying us as we become increasingly important for our partners and become systemically important in the UK payments market.

We remain firmly committed to the quality of our financial reporting. The Audit Committee has been closely involved in the oversight of the year end reporting process, particularly with respect to the messaging and developments in our financial statements as well as the key judgements which underpin them.

The BAC has supported our Chief Executive, Chief Financial Officer, and our other finance professionals, by providing independent challenge and expertise to help deliver a robust set of financial statements and accounting records, enhance the effectiveness of internal controls and maximise the benefits of both internal and external audits.

BDO LLP will have completed five statutory audits with the conclusion of this Annual Report and Accounts. We continue to assess the quality and performance of BDO LLP in their delivery of the external audit and will consider the risks and opportunities of appointing a new auditor as and when required.

Committee's roles and responsibilities

The principal roles and responsibilities of the Committee continue to be:

- Assessing the integrity of the Group's financial reporting
- Reviewing the effectiveness of its internal controls and Speak up process
- Monitoring and reviewing the activities and performance of the internal and external auditors
- Advising on the appointment of the external auditors

The Committee reports to the Board on its activities and makes recommendations, all of which have been accepted during the year.

Membership and meetings

The BAC acts independently of the executive to ensure that the interests of the shareholders are properly protected in relation to financial reporting and internal control.

The Committee held seven meetings during the year. The Committee comprises the non-executive Directors and the Investor Directors. The Chairman and Chief Executive Officer may also attend meetings as agreed with the Chairman of the Committee. The Chief Financial Officer, Chief Internal Auditor, Chief Risk and Compliance Officer and the external auditor also attend meetings of the Committee as appropriate.

The experience of Committee members

The Board has confirmed that it is satisfied that Committee members possess an appropriate level of independence and offer a depth of financial and commercial experience across the industry. Committee members attend training and seminars to maintain a comprehensive knowledge in order to discharge their duties.

Detailed information on the experience and skills of all BAC members can be found in the Corporate Governance section.

Key topics discussed by the Committee in 2020

Financial reporting

The Committee undertook the following core activities, which were considered and approved during the year:

- To assess the integrity of the annual financial statements, with a focus on key accounting policies and judgements of the Group and its subsidiaries
- To review the clarity and completeness of disclosures in the financial statements to ensure compliance with accounting standards, legal requirements and regulations
- To review the statement in the Annual Report and Accounts on the internal controls and to assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks
- To review the Board and management's approach to, and assessment of, the ability to remain as a going concern
- To review, assess and advise the Board on whether to accept the recommendations from the annual balance sheet impairment review
- To review monthly finance and performance review reports
- To review the annual budget, five-year business plan, internal capital adequacy assessment process ('ICAAP') and internal liquidity adequacy assessment process ('ILAAP')
- Horizon scanning for upcoming regulatory changes that may impact financial operations and planning
- To review the effectiveness of the BAC and its terms of reference

In addition, the Committee undertook the following non-core activities, which were considered and approved during the year:

- Oversee the enhancement of the internal control environment across the Bank including the development of IT and automation of manual processes in Finance and Treasury that impact the integrity of the financial statements
- Review the administration of the BCR grant
- Review the impact of the PRA Dear CEO letter on regulatory reporting

Board Audit Committee Report continued

Internal audit

The Committee undertook the following core activities, which were considered and approved during the year:

- To review internal annual audit programmes and timetables
- To monitor and assess the role, effectiveness and independence of the internal audit function
- To review the Chief Internal Auditor's regular internal audit report on the results of their work and to review management's responsiveness to findings
- To meet regularly with the Chief Internal Auditor, in the absence of management and ensure access to the Board

In addition, the Committee undertook the following non-core activities, which were considered and approved during the year:

- Successful trial and adoption of an agile approach within the internal audit team
- Operational resilience Board management information presented to the Board
- Gap analysis of the internal audit practice against the International Professional Practices Framework
- Alignment of the risk control self-assessment process to the enterprise risk management framework

External audit

The Committee undertook the following activities in relation to the external audit during the year:

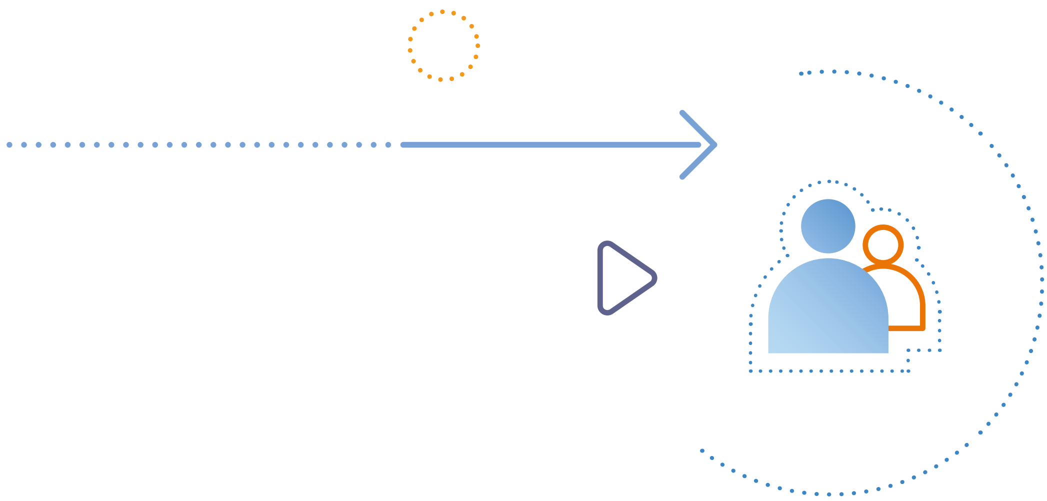
- To review and assess the effectiveness of the external audit and to recommend the appointment, re-appointment or removal of the external auditor
- To oversee the relationship with the external auditor and to approve the terms of engagement and their remuneration in respect of the services provided
- To review and approve the supply of non-audit services in line with policy and to ensure that the provision of such services does not impair the external auditors' independence or objectivity
- To discuss with the external auditor, before the audit commences, the nature and scope of the audit; and after the audit to review the findings of their work, including any major issues that arose during the course of the audit and which have subsequently been resolved or remain unresolved
- Agreeing fees for the 2020 audit for the Group at £140,000 with an additional £18,000 relating to the prior year audit
- Considered the suitability of the external auditors and ongoing arrangements

Key sources of estimation uncertainty and critical accounting judgements

We reviewed the significant issues set out below in relation to the Group's financial statements for the year ended 31 December 2020. We discussed these issues at various stages with management during the financial year and during the preparation and approval of the financial statements.

We are satisfied that the financial statements appropriately address the critical judgements and key estimates, in respect both of the amounts reported and the disclosures made, following review and consideration of the presentations and reports presented by management.

We also reviewed these issues with the auditors during the audit-planning process and at the conclusion of the year-end audit.



Key audit matter	KSEU and/ or CAJ*	Issue	Key considerations	Role of the Committee	Conclusion
Yes	CAJ	IAS 12: Deferred tax asset	Determining the likelihood of meeting the necessary future performance to recognise a deferred tax asset on our taxable trading losses.	We considered management's paper explaining the assumptions for the recognition of a deferred tax asset; reviewed and challenged management's forecasts and assessed the likelihood of meeting future performance conditions.	We concluded that the assumptions and judgements used in determining the future utilisation of the deferred tax asset were appropriate.
Yes	CAJ	IAS 38: Capitalisation of intangible assets	Appropriate application of the recognition criteria including assessing whether future economic benefits derived from the asset are sufficient to recover the costs capitalised. Assessing methodologies, controls and processes governing the estimates used in determining the amount of time spent directly on development.	We considered management's capitalisation policy and we satisfied ourselves that the procedures performed by management to apply the recognition requirements for internally developed intangibles were robust and comprehensive. We note the recommendation from our auditor to further enhance our capitalisation processes by implementing a dedicated project management system. This will be considered in line with our annual process review for 2021.	We concluded that the capitalised assets were appropriate and accurate at the year end, and the procedures in place were sufficiently robust to ensure the correct application of the IFRS.
Yes	CAJ	IAS 1: Going concern	Assessing the appropriateness of the adoption of the going concern basis of preparing the financial statements.	We considered management's assessment of the Group's going concern status; reviewed and challenged management's forecasts and assessed the likelihood of meeting future performance, capital and liquidity conditions.	We concluded that the assumptions and judgements used in determining the future viability of the Group to be robust and appropriate.
No		IFRS 15: Revenue recognition	The international standards on auditing presume that there are fraud risks in relation to revenue recognition. These risks may arise from the use of inappropriate accounting policies, failure to apply the Group's stated accounting policies or from an inappropriate use of estimates in calculating and recognising revenue.	We considered management's paper on revenue recognition, the revenue internal control environment and the Bank's accounting policies and whether the policies correctly apply the requirements of IFRS 15.	We concluded that the accounting policies are compliant with IFRS 15, they have been correctly applied during the period and the internal controls are operating effectively.
No	CAJ	IAS36: Impairment of internally developed intangible assets	Assessing the judgements on the obsolescence of the internally developed software and its ability to generate positive cash flows for the business.	We considered management's paper on the internal and external indicators of impairment and satisfied ourselves that the procedures performed by management to identify these indicators was robust.	We concluded that the determination of the indicators of impairment were sufficient and appropriate.
No		Management override	Management has the ability to manipulate accounting records and override controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus also considered a significant risk.	We considered management's paper on the internal control environment, reviewed reports on the testing of controls and internal audit reports on the finance function to assess any areas that require improvements. We reviewed estimates, assumptions and judgements applied by management in the financial statements to assess their appropriateness and the existence of any bias. We reviewed the unadjusted audit differences for indications of bias or deliberate misstatement.	We concluded that the estimates, assumptions and judgements used in preparing the financial statements are appropriate. Further internal controls over financial reporting appear to have operated effectively throughout the period.

* Key Source of Estimation Uncertainty ('KSEU') and Critical Accounting Judgement ('CAJ')

I would particularly like to thank the entire finance team for the outstanding work they have done over this year and look forward to tackling new challenges and opportunities together in 2021, in order to drive ClearBank's success.

Shonaid Jemmett-Page
Chairman of the Board Audit Committee

Board Risk Committee Report

Providing responsible insight and advice

Chairman's overview
On behalf of the Committee, I am pleased to present the Risk Committee Report for 2020.

Scalability, operational resilience, financial crime and cyber security continue to remain at the top of our agenda as we continue to grow and ensure our state-of-the-art technology supports the requirements of our partners, the market and the regulators. The Committee has spent a large proportion of time reviewing and monitoring the implementation of our Enterprise Risk Management Framework ('ERMF'), the results of the independent review of the ERMF and our risk appetite.

Committee's roles and responsibilities
The main purpose of the committee is to assist the Board in its oversight of risk within ClearBank, with particular focus on the risk appetite, risk profile in relation to capital, liquidity and the effectiveness of the ERMF.

The Committee reviews the methodology used in determining the capital requirements and stress testing and ensures that, where appropriate, due diligence appraisals are carried out on strategic or significant transactions.

In addition, the Committee reviews the operational risks and the significant ongoing changes to the regulatory framework while monitoring the prudential regulatory requirements across ClearBank.

The Committee also works with the Remuneration Committee to ensure that risk management is properly considered in setting the Remuneration Policy and is responsible for promoting a risk awareness culture.

Membership and meetings
The BRC is a sub-committee of the Board. The BRC's membership is made up of the three Independent non-executive Directors, however the Investor Directors, Chairman, Chief Executive Officer, Chief Financial Officer and the Chief Risk and Compliance Officer have standing invitations to attend as guests.

The Committee held 13 scheduled meetings during the year, supplemented as and when required by additional ad-hoc meetings of the Committee.

Experience of the Committee's members
All of the Committee's members who served during the year are considered by the Board to be appropriately experienced and qualified to fulfil their duties. Details of their experience, qualifications and attendance at Committee meetings during the year are shown within the Corporate Governance section.

Key topics discussed by the Committee in 2020
The Committee undertook the following core activities, which were considered and approved during the year:

Risk strategy
- Annual review and recommendation to the Board regarding ERMF
- Reviewing the effectiveness of the risk monitoring and control framework
- Payment Systems Regulatory Annual Plan
- ClearBank and Tide Outsourcing Agreement and Banking Competition
- Approval for passporting services to Jersey and Gibraltar
- Business Continuity and Operational Resiliency policies and statements and
- Brexit, Capital and Liquidity Plan

Financial reporting
- Monthly updates on matters considered at the ALCO
- Internal Capital Adequacy Assessment Process ('ICAAP') and Internal Liquidity Adequacy Assessment Process ('ILAAP') and
- Timing of the next Capital Supervisory Review and Evaluation Process ('C-SREP')

Operational risk and resilience
- Operational Risk Incidents
- Operational Resilience programme
- Business Continuity and Operational Resiliency policies and statements
- Brexit Capital and Liquidity Plan and
- Insights and review of any major industry incidents

Information security and financial crime
Regulatory developments including:
- Financial Conduct Authority Cyber Report
- Authorised push payments in respect of indirect fraud
- Payment sanctions screening regulations
- Information resiliency strategy
- Cryptocurrency risk appetite and
- Review of sanctions screening against Wolfsberg guidance

Internal control and risk management
- Overseeing the development, implementation and maintenance of the overall Risk Management Framework including its risk appetite, to ensure these are in line with emerging regulatory, corporate governance and industry best practice
- Considering the risk profile relative to current and future strategy and risk appetite and identify any risk trends, concentrations or exposures
- Reviewing the design and implementation of risk management across ClearBank and the operation of the risk policy documents and their enforcement
- Oversight and reporting in relation to material breaches of regulation, internal policy, risk limits, or procedures and
- Reviewing the design and implementation of the risk management and measurement strategies and the procedures for monitoring the adequacy of those processes

Risk appetite
- Reviewing and making recommendations to the Board in relation to the risk appetite and ERMF, taking into account the capital and liquidity adequacy and the external risk environment
- Considering and overseeing functional risk appetite measures and related authorities, limits and mandates of external parties and
- Ensuring the risk appetite is embedded within principles, polices, authorities and limits across ClearBank

Catherine Doran
Chairman of Board Risk Committee

Remuneration Committee Report

Supporting our strategic aims

The Remuneration Committee ensures that remuneration arrangements support the strategic aims of the business and enable the recruitment, motivation and retention of all staff within the required regulatory framework.

Chairman's overview

On behalf of the Committee, I am pleased to present the Remuneration Committee Report for 2020. In the year, the Committee has overseen the appointment of a Chief Risk and Compliance Officer and Chief Information Officer, resulting in the appointments of Emma Hagan and Stuart Morley, respectively.

In line with previous years our remuneration arrangements are designed to be clear and transparent, linked to performance and aligned to the business strategy, values and culture. This is to ensure that we continue to retain and attract motivated and talented individuals whilst driving the right individual behaviours.

Committee's roles and responsibilities

- Agree the framework and policy for terms of employment and remuneration
- Seek periodic internal assurances that the remuneration processes and principles as set out in its remuneration policy are being implemented
- Work with and seek advice from the Board Audit Committee, Board Risk Committee and other relevant internal and external parties on the management of remuneration risk and
- When setting remuneration packages for individuals subject to the FCA's SMCR, the Committee is authorised to obtain information about remuneration in other companies of comparable scale and complexity

Membership and meetings

The Remuneration Committee's membership is made up of three independent non-executive Directors and the Chairman. A standing invitation exists to the Investor Directors to attend at any time. In addition, the Chief Executive Officer and the Head of Human Resources may be invited to attend meetings on an ad-hoc basis, although neither have the mandate to determine policy for any matter brought before the Committee for approval.

The Remuneration Committee met on six occasions through the course of the year.

The experience of Committee members

All of the Committee's members who served during the year are considered by the Board to be appropriately experienced and qualified to fulfil their duties.

Activities in 2020

The Committee undertook the following core activities, which were considered and approved during the year:

- Review remuneration policies to ensure ClearBank attracts, motivates and retains high calibre employees
- Promote the alignment and achievement of the annual plans. longer-term strategic objectives and ongoing incentivisation
- Review all incentive plans across the Management Team and Executive to ensure they remain fit for purpose
- Review the overall employee proposition and approve any relevant changes in light of COVID-19 to support the Bank's 2020 strategy
- Support appropriate risk management, conduct and culture and
- Review risk incidents and consider the appropriateness of performance-related bonus adjustments

Cessation of employment

- Agree terms for cessation of employment (in line with the Remuneration Policy) and ensure that any payments made are fair to the individual and ClearBank, that failure is not rewarded and that the duty to mitigate loss is fully recognised

Promote long-term resilience, stability and success

- Exercise judgement in the application of the remuneration policy so as to promote the long-term success and
- Ensure management does not permit reward for failure or conduct that is not in line with our values and behaviours

Disclosure

- Ensure that all provisions regarding disclosure of remuneration and benefits (including pensions) are fulfilled

Remuneration policy

- Remuneration policy and approach to remuneration are designed to support the delivery of our corporate strategy and align remuneration with the long-term interests of our shareholders in a manner that is compliant with the requirements and frameworks of the FCA and PRA.

Shonaid Jemmett-Page
Chairman of the Remuneration Committee

Nomination Committee Report

Appropriate balance of skills

The Nomination Committee ensures the Board retains an appropriate balance of skills to support the strategic objectives of ClearBank.

Chairman's overview

The Committee has spent considerable time this year considering the composition of the Board, with a particular focus on further strengthening the composition and succession plans for the Board and its committees. Ensuring we have a truly diverse Board comprising a range of perspectives, experiences, knowledge and skills is key to the Board's continuing effectiveness.

The Board was refreshed during the year with the appointment of James Hopkinson. Talent management and succession planning for roles below Board-level has been an important topic of discussion, and the Committee has continued to monitor activities and initiatives to develop the Group's talent pipeline.

Committee's roles and responsibilities

The Committee has responsibility for keeping the size, structure and composition of the Board and its committees under review. Considering the leadership needs of the Group and succession planning for Directors and senior executives having regard for the Group's strategy and future challenges, and makes recommendations to the Board in respect to any adjustments to the Board's composition.

Membership and meetings

The Nomination Committee's membership is made up of the Chairman and the three independent non-executive Directors. A standing invitation exists to the Investor Directors to join the Committee or to attend at any time. In addition, the Chief Executive Officer may be invited to attend meetings on an ad-hoc basis. Throughout the course of 2020, the Nomination Committee met on six occasions.

Key topics discussed by the Committee in 2020

The Committee undertook the following core activities, which were considered and approved during the year:

- Consideration and approval of the Succession Plan for all Directors on the ClearBank Board, Executive Members and SMF holders
- Recruitment strategy for senior-level appointments
- Executive and Board-level appointments
- Assessing the independent non-executive Directors' skill sets, knowledge, suitability and experience to ensure that an appropriate balance of skills, knowledge and experience has been maintained and
- Oversight of the Board Effectiveness Review

The Committee also keeps under review:

- the leadership needs, and succession plans, for the Group in relation to both Executive Directors and other senior executives
- the skills and experience of the Board and its Committee members
- oversight of the Board effectiveness and performance evaluation reviews by which the Board, its committees and individual Directors assess their effectiveness
- the diversity of the Board and progress towards achieving its objectives in this area
- potential situational conflicts of interest declared by our Board members and
- the impact of material changes to corporate governance regulation and legislation affecting the Group, and oversight of the Group's approach to subsidiary corporate governance.

The Committee reports to the Board on its activities and makes recommendations, all of which have been accepted during the year. The Group has in place succession plans for the Board and senior management to ensure there is an appropriate future mix of skills and experience.

Experience of the Committee's members

All of the Committee's members who served during the year are considered by the Board to be appropriately experienced and qualified to fulfil their duties. The Nomination Committee has recommended the reappointment of the existing executive and non-executive members to the appropriate committees. Details of the appointment of new members are set out in the Report of the Directors.

David Gagie
Chairman of the Nomination Committee

Report of the Directors

The Directors present their report and the consolidated financial statements for the year ended 31 December 2020

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), issued by the International Accounting Standards Board ('IASB') with interpretations issued by the IFRS Interpretations Committee ('IFRICs'), in conformity with the requirements of the Companies Act 2006.

Principal activities

The principal activities during the year continued to be the development of a clearing bank platform and provision of business banking services to support financially regulated and Fintech businesses in the UK.

Results and dividends

The results of the Group for the year are set out in the Consolidated Statement of Comprehensive Income on page 66. No dividend was declared or paid during 2020 (2019: £nil).

2020 key events

In January 2020, March 2020 and August 2020, an additional £5.1m, £19.0m and £20.0m of capital was injected by the existing shareholders, respectively. In February 2020, April 2020 and December 2020 the Company granted 3,026, 18,315 and 106,010 share options, respectively. The award is subject to the service-based vesting condition that the employees remain in the employment of the Company until the end of the agreed vesting period. The total estimated fair value of options granted is £6.2m.

On 10 February 2020, the Company signed a five-year lease for office premises at 4th floor, Prologue Works, 25 March Street, Bristol. On the August 2020 the Company exercised the termination clause on the London head office lease in response to successfully working remotely during the Coronavirus pandemic. Further details are provided in Note 16 to the financial statements.

In March 2020 and December 2020, the Group received R&D tax credits from HMRC of £0.6m and £0.7m, respectively, see Note 11 for further details.

Share capital

Details of the Share Capital, together with details of shares allotted during the year, is disclosed in Note 21 to the financial statements on page 93.

Events after the reporting year end

In March 2021 an additional £18 million capital injection was received from the existing shareholders.

Going concern statement

The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Group and Parent Company have the resources to continue in business for the foreseeable future (taken as 12 months from the date of approval of the financial statements). In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including the current state of the balance sheet, projections of profitability, cash flows, capital resources and the longer-term strategy of the business. The capital and liquidity plans, including stress tests, have been reviewed by the Directors.

The forecasts and projections show that it will be able to operate at adequate levels of both liquidity and capital for the foreseeable future, including under a range of stressed scenarios. After making due enquiries and following receipt of £18 million of capital from investors during March 2021, the Directors believe that ClearBank has sufficient resources to continue its activities for the foreseeable future and to continue its expansion, and has sufficient capital to enable it to continue to meet its regulatory capital requirements as set out by the Prudential Regulation Authority.

Future developments in the business, research and development and details of expansion outside the UK

We have established ClearBank as a key player in UK clearing and continue to attract more partners by enhancing our products and services and looking to form innovative partnerships. In 2021 we will look to continue the momentum, executing our strategy of providing Banking-as-a-Service to the financial services market. In conjunction with our Strategic Partner, Tide, we will utilise the Pool A and E BCR grants to provide UK SMEs with a dedicated and focused banking partner.

Directors

The Directors holding office during the year ended 31 December 2020 were as follows:

David Gagie	Catherine Doran
Charles McManus	Nick Ogden
James Hopkinson	Stan Spavold
Shonaid Jemmett-Page	Mel Carvill
Philip Kenworthy	John Risley*
Marc Jenkins^	Graeme Smith^

* John Risley is an alternate Investor Director for Stan Spavold.
^ Director resigned during the year

Further details relating to the Directors are provided in the Corporate Governance section and also on the Company's website.

Directors' indemnities

The Directors who served on the Board up to the date of this report have benefited from qualifying third-party indemnity provisions by virtue of deeds of indemnity entered into by the Directors and the Company. The deeds indemnify the Directors to the maximum extent permitted by law and by the Articles of Association of the Company, in respect of liabilities (and associated costs and expenses) incurred in connection with the performance of their duties as a Director of ClearBank and any associated company, as defined by section 256 of the Companies Act 2006. ClearBank also maintains Directors' and Officers' liability insurance which provides appropriate cover for legal actions brought against its Directors. The Directors intend to keep the level of cover provided under annual or more frequent review if appropriate.

Auditor

The auditor, BDO LLP, has expressed its willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming annual general meeting.

Approved by the Board of Directors and signed on behalf of the Board on 1 April 2021.

Charles McManus
Chief Executive Officer

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable laws and regulations

Company law requires the Directors to prepare Group and Parent company financial statements for each financial year. Under that law they are required to prepare both the Group and the Parent company financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ('IASB') with interpretations issued by the IFRS Interpretations Committee ('IFRICs'), in conformity with the requirements of the Companies Act 2006.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

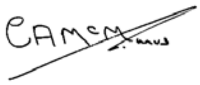
- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether they have been prepared in accordance with International Financial Reporting Standards as adopted by the EU
- Assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on ClearBank's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that so far as they are aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the Company's auditors are unaware. The Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board of Directors and signed on behalf of the Board on 1 April 2021.



Charles McManus
Chief Executive Officer

Independent Auditor's Report

to the members of ClearBank Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of ClearBank Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group's financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the Parent Company's financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the Audit Committee, we were re-appointed by the members of the Parent Company on 18 May 2020 to audit the financial statements for the year ending 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement including reappointments is 5 years, covering the years ending 31 December 2016 to 31 December 2020. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Going concern was considered to be a key audit matter based on our assessment of the risk and the effect on our audit. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting and in response to the key audit matter included:

- Obtaining management's assessment of the going concern assumption applied in the financial statements and evaluating the appropriateness of management's method of assessing going concern in light of present uncertainty (COVID19 and Brexit), as well as, our understanding of the Group's strategy, forecasts, Internal Capital Adequacy Assessment Process and Internal Liquidity Adequacy Assessment Process submissions.
- Challenging management's assumptions and judgements (for example, budgeted revenues and costs) applied within the forecast for consistency with our understanding of the business, observations of historic trends, and other corroborative information (for example, customer pipeline reports).
- Further, we have tested the sensitivity of certain assumptions applied in the forecast by independent sensitivity analysis.
- Checking the arithmetical accuracy of the forecasts and the historical accuracy through comparison with prior years.
- Tracing the post year-end capital injections of £18 million, required to support the Group for the foreseeable future, to the settlement accounts of the Parent Company.
- Obtaining copies of signed non-contractually binding support letters from the principal shareholders setting out their intention to support the Parent Company should further financial support be required. We assessed the ability of the principle shareholders to provide such support through analysis of available financial information, including the latest published accounts and, where necessary or available, the latest management accounts.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	*98.68% (2019: 96.48%) of Group loss before tax* *99.99% (2019: 100%) of Group revenue* *99.95% (2019: 99.89%) of Group total assets*		
Key audit matters		2020	2019
	Going concern	√	√
	Capitalisation of software development expenses	√	√
	Recognition of deferred tax asset	√	√
	Recognition of deferred income		√
	The recognition of deferred income key audit matter in 2019 related to grant income which was received for the first time by the Group. As there was no change to the related accounting policies during the current year end this was no longer considered to be a key audit matter.		
Materiality	*Group financial statements as a whole* £652k (2019: £584k) based on 1.5% of total expenses (2019: 1.5% of total expenses).		

An overview of the scope of our audit
Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's systems of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group is comprised of the Parent Company and various other subsidiaries. The Parent Company was the only significant component, and was subject to a full scope audit performed by the group audit team. All other subsidiaries were insignificant and desktop reviews were performed on these components by the group audit team.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Conclusions relating to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter		How the scope of our audit addressed the key audit matter
Capitalisation of software development expenses – £7.8 million (2019: £11.4 million) The estimates and judgements and the accounting policy, in respect of the capitalisation of the software development expense, are disclosed in Note 2.1 and in Note 6.3 respectively, of the consolidated financial statements. Further information on the balance is included in Note 14 to the financial statements.	The capitalisation of software development expenses in respect of internally generated software is recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. There is a risk that the software development expenses, which include staff and contractor costs, are not capitalised appropriately in accordance with the criteria of the applicable accounting standards.	We obtained a breakdown of the software expenses capitalised and reviewed the Group's methodology and accounting policy for capitalisation of these expenses. We have assessed whether these were in line with the capitalisation requirements the applicable accounting standards. For contractor and supplier costs capitalised we have agreed a sample of costs to invoices, and where relevant workings supporting the percentage of the costs capitalised. For staff costs we have audited the Group's payroll costs and obtained evidence that for a sample of payroll costs capitalised, these were in line with the actual time spent on the projects. For the sample tested above, we assessed whether the costs capitalised met the capitalisation requirements of the applicable accounting standards. We have assessed future economic benefits attributable to the capitalised software development costs based on the forecasts used to support the going concern assumption and the deferred tax asset recoverability, as well as, revenues generated to date. We have assessed that the disclosure pertaining to the intangible assets in the financial statements were in line with the applicable accounting standards. **Key observations:** Based on the work performed, the capitalised software costs did not appear to be materially misstated.

Independent Auditor's Report continued

to the members of ClearBank Limited

Key audit matter		How the scope of our audit addressed the key audit matter
Recoverability of deferred tax asset – £9.5 million (2019: £8.3 million) The estimates and judgements and the accounting policy, in respect of the recognition of the deferred tax asset, are disclosed in Note 2.3 and Note 6.2 respectively, of the consolidated financial statements. Further information on the balance is included in Note 18 to the financial statements.	In prior years, a deferred tax asset has been recognised for the carry-forward balance of unused tax losses and unused tax credits to the extent that these can be utilised. Additional deferred tax assets were recognised in the current year because of the change in tax rate from 17% to 19% and the recognition of the R&D tax credit. There is a risk that the deferred tax asset is not recoverable as its recognition is based on management's assessment of forecast performance and whether sufficient future taxable profit will be available to utilise the deferred tax asset.	We have audited the recoverability of the deferred tax asset recognised at year-end, with reference to the forecasts prepared by management. We assessed these forecasts for consistency with those used to support the going concern assumption. Our work on the forecasts included considering these in light of historical accuracy and management's future plans, and our knowledge of the business. We performed independent sensitivity analyses on the forecasts based on various scenarios to assess the impact of these on the future taxable profits supporting the deferred taxation asset recognised on the balance sheet. With the use of our internal tax specialists, we assessed the accuracy of the underlying taxation calculations supporting the deferred tax asset. We have assessed that the disclosure pertaining to the deferred tax assets in the financial statements were in line with the applicable accounting standards. **Key observation:** Based on the work performed, the deferred tax asset did not appear to be materially misstated.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent Company financial statements	
	2020 £k	2019 £k	**2020 £k**	2019 £k
Materiality	**652**	584	**646**	568
Basis for determining materiality	Approximately 1.5% of total expenses incurred by the Group.			
Rationale for the benchmark applied	We consider this to be one of the principal considerations for members of the Group in assessing the financial performance of the Group at this stage of its development.			
Performance materiality	**489**	438	**484**	426
Basis for determining performance materiality	75% of the above materiality levels based on our risk assessment together with our assessment of the Group's and Parent Company's overall control environment and history of misstatements.			

Reporting Threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £13k (2019: £12k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described overleaf.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: ▪ the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and ▪ the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: ▪ adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or ▪ the Parent Company financial statements are not in agreement with the accounting records and returns; or ▪ certain disclosures of Directors' remuneration specified by law are not made; or ▪ we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Parent Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, International Accounting Standards in conformity with the requirements of the Companies Act 2006 and UK GAAP. We also considered the Parent Company's compliance with licence conditions and supervisory requirements of the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA), and relevant tax legislation.

We focused on laws and regulations that could give rise to a material misstatement in the Group and Parent Company financial statements. Our tests included, but were not limited to:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the audit committee, and the Board of Directors;
- reading minutes of meetings of those charged with governance, and reviewing legal correspondence, as well as, correspondence with the Financial Conduct Authority and the Prudential Regulation Authority; and
- obtaining and understanding of the control environment related to monitoring compliance with laws and regulations.

We assessed the susceptibility of the financial statement to material misstatement including how fraud might occur. As part of this, we identified the potential for fraud in relation to revenue recognition and the capitalisation of software development expenses. Our procedures included:

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- obtaining an understanding of the revenue process and performing detailed testing on the various revenue streams;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias (refer to key audit matter section above); and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Independent Auditor's Report continued

to the members of ClearBank Limited

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Daniel Taylor (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
1 April 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial Statements

For more information
See pages 66–101

Auditor’s Report

For more information
See pages 58

Our Financials

Financial Statements

66 Statement of Comprehensive Income
67 Statement of Financial Position
69 Statement of Changes in Equity
71 Statement of Cash Flows
72 Notes to Financial Statements

Consolidated Statement of Comprehensive Income

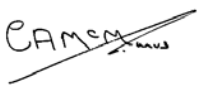
	Notes	**Year ended 31 Dec 2020 £'000**	Year ended 31 Dec 2019 £'000
Interest income	7	**900**	1,097
Fee income	7	**8,785**	3,441
Other income	7	**933**	780
Total income		**10,618**	5,318
Staff costs	9	**(20,995)**	(16,573)
Depreciation	15, 16	**(3,432)**	(2,891)
Amortisation of intangibles	14	**(3,750)**	(2,914)
Impairments		**(549)**	(1,032)
Other operating expenses		**(12,557)**	(15,682)
Operating expenses		**(41,283)**	(39,092)
Operating loss		**(30,665)**	(33,774)
Other gains		**3**	4
Finance costs		**(115)**	(73)
Loss for the year before taxation		**(30,777)**	(33,843)
Income tax credit/(charge)	11	**981**	(153)
Loss for the year after taxation		**(29,796)**	(33,996)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences		**(107)**	33
Total other comprehensive (loss)/gain		**(107)**	33
Total comprehensive loss for the year		**(29,903)**	(33,963)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

	Notes	As at 31 Dec 2020 £'000	As at 31 Dec 2019 £'000
Assets			
Cash and cash equivalents	12	**1,013,224**	526,594
Collateral placed with schemes	17	**370**	364
Financial investments		**–**	–
Intangible assets	14	**22,475**	18,751
Property, plant and equipment	15	**673**	351
Right-of-use assets	16	**2,180**	4,530
Receivables	17	**4,565**	3,900
Deferred tax asset	18	**9,484**	8,335
Total assets		**1,052,971**	562,825
Liabilities			
Customer deposits		**925,890**	457,981
Other payables	19	**6,591**	8,570
Lease obligations	16	**2,483**	4,520
Deferred income	20	**59,760**	51,512
Total liabilities		**994,724**	522,583
Equity			
Called up share capital	21	**–**	–
Share premium	21	**157,316**	113,204
Treasury shares		**(204)**	(204)
Share-based payment reserve		**9,519**	5,723
Retained losses		**(108,268)**	(78,472)
Translation reserve		**(116)**	(9)
Total equity		**58,247**	40,242
Total equity and liabilities		**1,052,971**	562,825

The accompanying notes form an integral part of these consolidated financial statements. The financial statements were approved by the Board on 1 April 2021.



Charles McManus
Chief Executive Officer
1 April 2021

James Hopkinson
Chief Financial Officer
1 April 2021

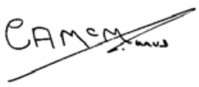
Company Statement of Financial Position

ClearBank Limited Company Number: 09736376

	Notes	**As at 31 Dec 2020 £'000**	As at 31 Dec 2019 £'000
Assets			
Cash and cash equivalents	12	**1,013,223**	526,593
Collateral placed with schemes	17	**370**	364
Financial investments		**–**	–
Investment in subsidiary undertakings	13	**–**	–
Intangible assets	14	**21,991**	18,265
Property, plant and equipment	15	**674**	344
Right-of-use assets	16	**2,180**	4,394
Receivables	17	**4,555**	5,683
Deferred tax asset	18	**9,484**	8,335
Total assets		**1,052,477**	563,978
Liabilities			
Customer deposits		**925,890**	457,981
Other payables	19	**6,501**	8,322
Lease obligations	16	**2,483**	4,390
Deferred income	20	**59,760**	51,512
Total liabilities		**994,634**	522,205
Equity			
Called up share capital	21	**–**	–
Share premium	21	**157,112**	112,999
Share-based payment reserve		**9,519**	5,723
Retained losses		**(108,788)**	(76,949)
Total equity		**57,843**	41,773
Total equity and liabilities		**1,052,477**	563,978

The Company has taken exemption under Companies Act Section 408 (4) to not disclose the Company Statement of Comprehensive Income. The accompanying notes form an integral part of these consolidated financial statements.

The financial statements were approved by the Board on 1 April 2021.



Charles McManus
Chief Executive Officer
1 April 2021

James Hopkinson
Chief Financial Officer
1 April 2021

Consolidated Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Treasury shares £'000	Share-based payments reserve £'000	Accumulated losses £'000	Translation reserve £'000	Total equity £'000
Balance at 1 January 2019	–	78,329	(204)	3,301	(44,518)	–	36,908
Loss for the year	–	–	–	–	(33,996)	–	(33,996)
Other comprehensive income for the year	–	–	–	–	–	33	33
Issue of share capital	–	34,875	–	–	–	–	34,875
Share-based payments	–	–	–	2,422	–	–	2,422
Other movements	–	–	–	–	42	(42)	–
Balance at 31 December 2019	**–**	**113,204**	**(204)**	**5,723**	**(78,472)**	**(9)**	**40,242**
Loss for the year	**–**	**–**	**–**	**–**	**(29,796)**	**–**	**(29,796)**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**(107)**	**(107)**
Issue of share capital	**–**	**44,112**	**–**	**–**	**–**	**–**	**44,112**
Share-based payments	**–**	**–**	**–**	**3,796**	**–**	**–**	**3,796**
Balance at 31 December 2020	**–**	**157,316**	**(204)**	**9,519**	**(108,268)**	**(116)**	**58,247**

The accompanying notes form an integral part of these consolidated financial statements.

Company Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Share-based payments reserve £'000	Accumulated losses £'000	Total equity £'000
Balance at 1 January 2019	–	78,125	3,301	(44,167)	37,259
Loss for the year	–	–	–	(32,782)	(32,782)
Issue of share capital	–	34,874	–	–	34,874
Share-based payments	–	–	2,422	–	2,422
Balance at 31 December 2019	**–**	**112,999**	**5,723**	**(76,949)**	**41,773**
Loss for the year	**–**	**–**	**–**	**(31,839)**	**(31,839)**
Issue of share capital	**–**	**44,113**	**–**	**–**	**44,113**
Share-based payments	**–**	**–**	**3,796**	**–**	**3,796**
Balance at 31 December 2020	**–**	**157,112**	**9,519**	**(108,788)**	**57,843**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	As at 31 Dec 2020 £'000	As at 31 Dec 2019 £'000
Cash flows from operating activities		
Loss for the year after tax	**(29,796)**	(33,996)
Adjustments		
Depreciation of property, plant and equipment	**462**	651
Loss on disposals of property, plant and equipment	**26**	79
Impairment of property, plant and equipment	**9**	–
Depreciation of right-of-use assets	**2,969**	2,240
Amortisation of intangibles	**3,723**	2,939
Impairments of intangibles	**549**	1,032
Share-based payment expense	**3,796**	2,422
Recognition of right-of-use assets	**110**	(570)
Tax (benefit)/charge	**(981)**	153
Finance costs	**108**	–
Net interest income	**(900)**	(1,097)
Foreign currency differences	**(107)**	33
Operating cash flows before changes in working capital	**(20,248)**	(26,114)
Net changes in working capital		
Increase in collateral	**(6)**	–
Increase in receivables	**(842)**	(2,565)
(Decrease)/increase in payables	**(2,143)**	1,942
Increase in deferred income	**8,045**	51,512
Increase in amounts due to customers	**467,909**	413,836
Cash generated by operations	**452,715**	438,611
Interest received	**909**	1,096
Net cash generated from operating activities	**453,624**	439,707
Cash flows used in investing activities		
Purchase of property, plant and equipment	**(800)**	(262)
Purchase of intangible assets	**(7,648)**	(8,573)
Net cash used in investing activities	**(8,448)**	(8,835)
Cash flows from financing activities		
Proceeds from issue of Ordinary Shares	**44,112**	34,875
Principal paid on lease liabilities	**(2,650)**	(1,607)
Interest paid on lease liabilities	**–**	(73)
Net cash generated from financing activities	**41,462**	33,195
Net increase in cash and cash equivalents	**486,638**	464,067
Cash and cash equivalents at beginning of the year	**526,594**	62,527
Effect of foreign exchange rate changes	**(8)**	–
Cash and cash equivalents at end of the year	**1,013,224**	526,594

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Financial Statements

1. Basis of preparation

1.1. General information

These financial statements are the consolidated financial statements of ClearBank Limited (the 'Company') and its subsidiaries (together, the 'Group'). The separate financial statements of the Company are also reported. The Company together with its subsidiaries (refer to Note 13) provide banking services in the United Kingdom.

The Company is registered in England and Wales and incorporated under the Companies Act 2006. The address of the registered office is Level 4, 133 Houndsditch, London, England EC3A 7BX.

1.2. Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') with interpretations issued by the IFRS Interpretations Committee ('IFRICs'), in conformity with the requirements of the Companies Act 2006.

The consolidated financial statements are presented in pounds sterling, the functional currency of the Company and presentational currency of the Group, rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

In accordance with Section 408 of the Companies Act 2006, the Company has taken advantage of the legal dispensation not to present its own Statement of Comprehensive Income or Income Statement. The amount of loss for the financial year dealt with in the financial statements of the Company is disclosed in the Company Statement of Changes in Equity.

1.3. Statement of compliance

These Company financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party disclosures;
- the requirements in IAS 24 Related Party disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)–134(f) and 135(c)–135(e) of IAS 36 Impairment of Assets.

The Directors have approved these disclosure exemptions for the Company.

1.4. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries which are entities controlled by the Company made up to 31 December each year.

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect returns.

If facts and circumstances indicate that there are changes to one or more of the three elements of control listed above, the Company reassesses whether or not it controls an investee. Subsidiaries are consolidated when the Company obtains control and are deconsolidated from the date that control ceases. Uniform accounting policies are applied consistently across the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

1.5. Going concern

In assessing going concern, the Directors have considered the current Statement of Financial Position, the financial projections, longer-term strategy of the business and the capital and liquidity plans, including stress tests and plans for future capital injections from principal shareholders. The Directors have also considered the minimum capital requirements set by the Prudential Regulation Authority ('PRA') and are satisfied that the Group will be able to meet its ongoing capital obligations. The Directors have also considered the current market uncertainty as a result of COVID-19 and do not consider this will have a significant impact on the Group other than access to funding is likely to be more difficult.

The Group's business model remains unchanged and all customer funds continue to be held at the Bank of England. The effectiveness of the Group's remote operations has been demonstrated, ensuring the uninterrupted delivery of services to our partners to date. In line with the previous year the Group continues to rely on the support of its principal shareholders who have provided non-contractually binding letters of intent to continue to support the Company. The principal shareholders have provided capital to the Group since inception and have reconfirmed that support during the current market uncertainty. This is reflected in Note 29 which highlights additional capital injections of £18 million in March 2021.

The Directors consider that the principal shareholders will provide all necessary financial support as and when required and accordingly have prepared the financial statements on a going concern basis.

The Company is the only cash generating unit within the Group.

2. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to exercise judgement in applying accounting policies and make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Critical accounting estimates and judgements are those that involve the most complex or subjective assessments and assumptions. Management uses its knowledge of current facts and circumstances and applies estimation and assumption setting techniques that are aligned with relevant actuarial and accounting guidance to make predictions about future actions and events. Actual results may differ significantly from those estimates.

The Board Audit Committee reviews the reasonableness of judgements and assumptions applied and the appropriateness of significant accounting policies adopted in the preparation of these financial statements. The areas where judgements, estimates and assumptions have the most significant effect on the amounts recognised in the consolidated financial statements are discussed below:

A. Judgements

2.1. Capitalisation of intangible assets

Development expenditure represents expenditure incurred in relation to the internal development of the banking platform to support the services and products of the Group. Management exercises judgement in determining which platform development costs meet the IAS 38 Intangible Assets criteria for capitalisation and lead to future economic benefits sufficient to recover the costs capitalised. This includes estimates as to the amount of time spent directly on development of new software or significant improvement of the existing systems. The capitalised assets are amortised over the useful economic lives of these assets.

2.2. Going concern

The Directors have judged that sufficient funding and future profits will be obtained for at least 12 months from the date of signing of the financial statements. Consequently, the going concern basis of accounting has been used to prepare these financial statements. The Group's expectations as to the level of future profits and funding are based on the Group's long-term financial and strategic plans. See the Director's report on page 56 for further details on the going concern assessment.

2.3. Deferred tax

The calculation and recognition of temporary differences resulting in deferred tax balances includes judgement as to the extent to which future taxable profits are available against which temporary differences can be utilised. Estimation of income taxes includes the assessment of recoverability of deferred tax assets. Deferred tax assets are only recognised to the extent they are considered more likely than not to be recoverable based on existing tax laws and forecasts of future taxable profits against which the underlying tax deductions can be utilised.

The Group's expectations as to the level of future taxable profits take into account the Group's long-term financial and strategic plans and anticipated future tax-adjusting items. In making this assessment, account is taken of business plans, the Board-approved operating plan and the expected future economic outlook, as well as the risks associated with future regulatory change. Further information can be found in Note 18.

2.4. Impairment of internally developed intangible assets

Management make judgements on the obsolescence of the internally developed software and its ability to generate positive cash flows for the business. This assessment considers the internal and external indicators of impairment that could indicate the carrying value of internally developed software intangibles is materially misstated.

Notes to the Financial Statements continued

2. Critical accounting estimates and judgements continued

B. Estimates

2.5. Share-based payments

The fair value of the share awards is calculated using statistical models. The inputs to these models require management judgement to estimate the probability and timings of events taking place in the future. The significant inputs used in the models include the exercise price, share price, expected volatility, expected life, the risk-free rate and estimates of meeting certain service conditions. The share-based payment recognised can be materially affected by these assumptions. The Directors consider that Share-based awards are qualitatively material. The charge for the year was £3.8 million (2019: £2.4 million). If all of the performance conditions were assumed to be met the charge for the year would increase by £nil (2019: £nil); an increase of 20% in the number of share options expected to vest would increase the charge for the year by £0.1 million (2019: £nil). Further information on the key assumptions can be found in Note 25.

2.6. Amortisation of internally developed software

The useful economic life over which internally developed software is amortised is determined by the expected duration of the internally developed software which is determined with reference to past experience, and our future expectation of developments in technology in the financial payments landscape. During the year, internally developed software was amortised over five years from going live. The amortisation for the year was £3.8 million (2019: £2.9 million). A reduction in the average amortisation period by one year would increase the amortisation expense for the year by £0.6 million (2019: £0.5 million).

3. New standards, amendments to standards and interpretations adopted in the 2020 financial statements

3.1. Standards

There are no new standards, amendments and interpretations issued by the IASB that are effective for the first time for periods beginning on or after 1 January 2020 that have a material effect on the Group; as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies so have not been discussed in detail in the notes to the financial statements.

4. Future standards, amendments to standards and interpretations not early adopted in these financial statements

Certain new standards, interpretations and amendments to existing standards have been published by the IASB that are mandatory for the Group's annual accounting periods beginning after 1 January 2021. The Group has not early adopted these standards, amendments and interpretations. Although there are other new standards, interpretations and amendments to existing standards that have been published, they are not expected to have a significant impact on the consolidated financial statements of the Group.

5. Changes in accounting policies

The Group has consistently applied the accounting policies as set out in Note 6 to all periods presented in these consolidated financial statements.

6. Significant accounting policies

The significant accounting policies used in the preparation of these consolidated financial statements, as set out below, have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise stated.

6.1. Revenue recognition

Performance obligations and timing of revenue recognition

Revenue is recognised as the control of services are transferred to the customer, using the amount that the Group expects to be entitled to in exchange for the services. Depending on whether performance obligations expressed in the customer contracts are fulfilled, revenue is recognised either over time, in a manner that best reflects the entity's performance of those obligations, or at a point in time, when control of the services is transferred to the customer. The Group recognise revenue for fees on an 'over time' basis if any of the following criteria are met:

- the customer concurrently receives and consumes the benefits provided by the entity's performance as the entity performs its obligation;
- the entity's performance creates or enhances a customer-controlled asset; and
- the entity's performance does not create an asset with an alternative use, and the entity has a right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time (when control transfers) for performance obligations that do not meet the criteria for recognition of revenue over time.

Income streams

Revenue from customer contracts is split into three main income streams:

Transaction fee income (IFRS 15)

Transactional fee income is recognised at the point in time when transactional banking services, i.e. in and out-bound transactions, are successfully completed, i.e. the point in time the service is transferred to the customer.

Non-transaction fee income (IFRS 15)

Monthly fees

This includes a fixed monthly charge for the use of banking services provided by the Company such as actual and virtual account fees and access to online banking services and variable monthly charges for the number of active and virtual accounts added in the month. Monthly fee income is recognised as revenue over the period the customers' account services are provided, i.e. on an 'over time' or a pro-rata basis.

Implementation fees

One-off 'implementation' fees are charged to customers for set up and on-boarding, based on transaction prices set out in the customers' contract. On-boarding fees are recognised 'over time' on a pro-rata basis.

Due diligence fees

'Due diligence' services including risk assessments, know-your-client, anti-money laundering and politically exposed person checks. These fees are charged to the customer at the point in time which the checks have been completed.

Interest income (IFRS 9)

Interest income and expense are recognised in the Statement of Comprehensive Income for all interest-bearing financial instruments using the effective interest method in accordance with IFRS 9, except for those classified at fair value through profit or loss. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the expected life of the financial instrument. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability, including premiums and discounts that are an integral part of the overall return.

Summary of revenue recognition and the applicable treatment under IFRS 15.

Fee type	Point in time	Over time
Transaction fee income		
Transaction charge (inbound)	✓	
Transaction charge (outbound)	✓	
Non-transaction fee income		
Monthly fees (scheduled)		✓
Monthly fees (event)		✓
Implementation fees		✓
Due diligence fees	✓	

Where fees are received in advance of providing the contracted services, the income is deferred and recognised as a contract liability on the Statement of Financial Position and released to the Statement of Comprehensive Income as services are provided over the relevant contracted period.

Where fees are received in arrears of providing the contracted services, the income is accrued in the Statement of Comprehensive Income as services are provided over the relevant contracted period and recognised as accrued income on the statement of financial position. The accrued income is derecognised from the Statement of Financial Position when the fees are received.

Determining the transaction price

Most of the Group's revenue is derived from contracts which specify fixed fees for services and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed fees.

Allocating amounts to performance obligations

For all partner contracts, each service type has a fee attached. Therefore, there is no judgement involved in allocating the contract price to each service provided in such contracts.

Notes to the Financial Statements continued

6. Significant accounting policies continued

Practical exemptions

The Group has taken advantage of the practical exemptions:

- not to account for significant financing components where the time difference between receiving consideration and transferring control of services to its customer is one year or less; and
- to expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

6.2. Tax

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to income tax payable in respect of previous years. Current tax is charged or credited to the income statement, except when it relates to items recognised directly in equity or in other comprehensive income.

Research and Development ('R&D') tax credits, are recognised as other income or against the R&D expense in line with the requirements of IAS 20: Government Grants in the period that there is reasonable assurance that the funds are received from the relevant tax authority.

Deferred tax

Deferred taxes are calculated according to the income statement method and is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is charged or credited to the Statement of Comprehensive Income, except when it relates to items recognised directly in equity or in other comprehensive income. In certain circumstances, as permitted by accounting guidance, deferred tax balances are not recognised. In particular, where the liability relates to the initial recognition of goodwill, or transactions that are not a business combination and at the time of their occurrence affect neither accounting nor taxable profit. Notes 11 and 18 include further detail of circumstances in which the Group does not recognise temporary differences. Deferred tax assets and liabilities are offset only if certain criteria are met.

6.3. Goodwill and intangible assets

The recognition of goodwill arises on the acquisition of a business and represents the premium paid over the fair value of the Group's share of the identifiable asset and liabilities acquired at the date of acquisition. Intangible assets include both purchased intangible assets initially recognised as part of a business combination and internally generated assets, such as software development costs related to amounts recognised for in-house systems development.

Goodwill impairment

Goodwill arising on the Group's investments in subsidiaries is shown as a separate asset, while 'goodwill' on associates where it arises is included within the carrying value of those investments. Goodwill is recognised as an asset at cost at the date that control is achieved (the acquisition date) and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to annual impairment reviews.

Goodwill is allocated to one or more cash-generating units ('CGUs') expected to benefit from the synergies of the combination, where the CGU represents the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Goodwill is reviewed for impairment at least once annually, as a matter of course even if there is no indication of impairment, and whenever an event or change in circumstances occurs which indicates a potential impairment. For impairment testing, the carrying value of goodwill is compared to the recoverable amount, which is the higher of value-in-use and the fair value less costs of disposal. Any impairment loss is recognised immediately in Statement of Comprehensive Income and is not subsequently reversed.

On disposal of an operation within a group of CGUs to which goodwill has been allocated, the goodwill associated with that operation is included in the carrying amount of the operation when determining the gain or loss on disposal. It is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Intangible assets acquired as part of a business combination
Intangible assets acquired as part of a business combination are recognised where they are separable and can be measured reliably. Acquired intangible assets consist primarily of contractual relationships such as partner relationships and distribution channels. Such items are capitalised at their fair value, represented by the estimated net present value of the future cash flows from the relevant relationships acquired at the date of acquisition. Brands and similar items acquired as part of a business combination are capitalised at their fair value.

After initial recognition acquired intangible assets are measured at cost less amortisation and any recognised impairment losses. Amortisation is provided at rates calculated to write off the cost or valuation less estimated residual value, using a straight-line method over their estimated useful lives. The amortisation period is re-evaluated at least at the end of each financial year end.

Internally developed software
Several factors taken into account when considering whether internally developed software meets the recognition criteria in IAS 38 Intangible Assets. Where for example a third-party provider retains ownership of the software, this will not meet the control criterion in the standard (i.e. the power to obtain benefits from the asset) and the costs will be expensed as incurred.

Where it is capitalised, internally developed software is held at cost less accumulated amortisation and impairment losses. Such software is recognised in the Statement of Financial Position if, and only if, it is probable that the relevant future economic benefits attributable to the software will flow to the Group and its cost can be measured reliably.

Costs incurred in the research phase are expensed, whereas costs incurred in the development phase are capitalised, subject to meeting specific criteria, as set out in the relevant accounting guidance, the main one being that future economic benefits can be identified as a result of the development expenditure. Amortisation is charged to Statement of Comprehensive Income on a straight-line basis over the estimated useful life of the relevant software.

Amortisation is charged on the following basis:	
Banking software	Straight line over 5 years
Software licences	Licence period

Subsequent expenditure
Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Impairment testing for intangible assets
For intangible assets with finite lives, impairment charges are recognised where evidence of impairment is observed. If an indication of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is calculated as the higher of fair value less costs to sell and value-in-use. If the recoverable amount of an intangible asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense in the Statement of Comprehensive Income immediately.

6.4. Property, plant and equipment
Property, plant and equipment consists principally of computer equipment, office equipment, fixtures and fittings, and is stated at cost less accumulated depreciation and any recognised impairment losses. Cost includes the original purchase price of the asset and the costs of bringing the asset to its working condition for its intended use. Depreciation is charged to Statement of Comprehensive Income on a straight-line basis to write down the cost of the asset to its residual value over its estimated useful life.

Depreciation is charged on the following basis:	
Computer equipment	Straight line over 3 years
Office equipment	Straight line over 3 years
Fixtures and fittings	Straight line over 5 years
Leasehold improvements	Straight line over the expected lease term

Management determines useful lives and residual values for assets when they are acquired, based on experience of similar assets and taking into account other relevant factors such as any expected changes in technology. The Group assesses and adjusts (if required) the useful life, residual value and depreciation method for property, plant and equipment on an annual basis.

Notes to the Financial Statements continued

6. Significant accounting policies continued

Items of property, plant and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Where the carrying amount of an asset is greater than its estimated recoverable amount, which represents the higher of the asset's fair value less costs of disposal and value in use, it is written down immediately to its recoverable amount and an impairment loss is recognised in the Statement of Comprehensive Income. Impaired non-financial assets, except goodwill, are reviewed for possible reversal of the impairment at each reporting date. On de-recognition of an item of equipment, any gain or loss on disposal, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is included in statement of comprehensive income in the period of the de-recognition. Items of property and equipment that are not owned by the Group, but are held under lease arrangements are accounted for in accordance with the accounting policy on leases.

6.5. Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using pounds sterling, the currency of the U.K., which is the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in pounds sterling, which is the presentation currency.

Transactions and balances

Transactions in a foreign currency are translated into the functional currency using the exchange rates prevailing at the date of the transaction.

Monetary items denominated in a foreign currency are translated using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign currency differences arising on translation are recognised in other income. Gains and losses arising from foreign currency transactions offered to partners are also recognised in other income.

6.6. Financial instruments

Financial instruments (other than derivatives)

Financial instruments cover a wide range of financial assets, including financial investments, trade receivables, cash and cash equivalents and financial liabilities, including trade payables, and borrowings.

Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. The Group derecognises a financial asset when the contractual rights to receive cash flows have expired or been forfeited by the Group. A financial liability is derecognised when, and only when the liability is extinguished.

Classification and measurement of financial assets and financial liabilities

Initial measurement

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at fair value through the profit or loss ('FVTPL'), transaction costs that are directly attributable to its acquisition.

Subsequent measurement

Under IFRS 9, for the purpose of subsequent measurement, a financial asset is classified, on initial recognition, as measured at: amortised cost; fair value through other comprehensive income ('FVOCI')-debt instrument; FVOCI-equity investment; or FVTPL. The classification of financial assets depends on (i) the purpose for which they were acquired, (ii) the business model in which a financial asset is managed, and (iii) its contractual cash flow characteristics. This classification determines the subsequent measurement basis.

The following accounting policies apply to the subsequent measurement of financial assets.

Category	Accounting policies
Financial assets at FVTPL	These financial assets are subsequently measured at fair value. Net gains and losses, including interest and dividend income, are recognised in Statement of Comprehensive Income.
Amortised cost	These financial assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of comprehensive income. Any gain or loss on de-recognition is recognised in Statement of Comprehensive Income.
Debt investments at FVOCI	These financial assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in Statement of Comprehensive Income. Other net gains and losses are recognised in other comprehensive income ('OCI'). On de-recognition, gains and losses accumulated in OCI are reclassified to Statement of Comprehensive Income.
Equity investments at FVOCI	These financial assets are subsequently measured at fair value. Dividends are recognised as income in Statement of Comprehensive Income unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to Statement of Comprehensive Income.

Business model assessment
The Group assesses the objective of a business model in which an asset is held at a portfolio level because this best represents the way the business is managed and information is reported to management. The assessment considers the stated portfolio policies and objectives. It is important to determine whether management's strategy in holding the financial asset is to earn contractual interest revenue, for example to match the duration of financial assets to the duration of liabilities that are funding those assets or to realise cash flows through the sale of the assets. The frequency, volume and timing of sales in prior periods may be reviewed, along with the reasons for such sales and expectations about future sales activity. This helps management determine whether financial assets should be measured at fair value.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. Reclassifications are expected to occur infrequently.

Assessment whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding on specified dates.

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration of the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

Notes to the Financial Statements continued

6. Significant accounting policies continued

Financial assets at FVOCI
A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise to cash flows that are SPPI on the principal amount outstanding on specified dates.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL
All other financial assets that are not measured at amortised cost or FVOCI are classified as measured at FVTPL. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or whose performance is evaluated on a fair value basis are measured at FVTPL because this best reflects the way they are managed and they do not satisfy the qualifying conditions for the other two business models.

The Group's interests in equity securities are designated at FVTPL, as they are part of groups of financial assets which are managed and whose performance is evaluated on a fair value basis. These investments are recognised at fair value initially and subsequently, with changes in fair value recognised in investment return in the Consolidated Statement of Comprehensive Income.

The fair value of quoted financial investments is based on the value within the bid-offer spread that is most representative of fair value. If the market for a financial investment is not active, the Group establishes fair value by using valuation techniques such as recent arm's length transactions, reference to similar listed investments, discounted cash flow or option pricing models.

The Group recognises purchases and sales of financial investments on trade date, which is the date that the Group commits to purchase or sell the assets. The costs associated with investment transactions are included within expenses in the Statement of Comprehensive Income.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to a known amount of cash. All cash and cash equivalents are classified as at amortised cost which means they are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method and are subject to the impairment requirements outlined overleaf.

The Group considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The cash and cash equivalents on the Statement of Financial Position consists solely of cash.

Financial liabilities and equity
Management also determines the classification of financial liabilities at initial recognition. The Group classifies its financial liabilities, as measured at either amortised cost or FVTPL.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities are measured at amortised cost using the effective interest method.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Trade payables and receivables
Due to the short-term nature of trade payables and receivables, their carrying amount is considered to be the same as their fair value.

Investments in subsidiaries
Parent Company investments in subsidiary undertakings are initially stated at cost. Subsequently, investments in subsidiary undertakings are stated at cost less provision for impairment. An investment in a subsidiary is deemed to be impaired when its carrying amount is greater than its estimated recoverable amount, and there is evidence to suggest that the impairment occurred subsequent to the initial recognition of the asset in the financial statements. All impairments are recognised in the Statement of Comprehensive Income as they occur. The carrying cost is reviewed at each Statement of Financial Position date by reference to the income that is projected to arise there from. At 31 December 2020, there were no income streams projected to arise from any of the investment and as a result they remain fully impaired.

Impairment of financial assets
IFRS 9 requires the use of an 'Expected loss' accounting model for credit losses and results in earlier recognition of expected credit losses ('ECL'). The impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Financial assets at amortised cost include trade receivables, cash and cash equivalents and corporate debt securities. Under IFRS 9, credit loss allowances are measured on each reporting date according to a three stage ECL impairment model.

Application of the impairment model
The Group applies IFRS 9's ECL model to the following financial assets that are not measured at FVTPL:

- trade receivables and contract assets, to which the simplified approach prescribed by IFRS 9 is applied. This approach requires the recognition of a lifetime ECL allowance on day one;
- loans and advances; and
- loan commitments issued.

ECLs are a probability-weighted estimate of credit losses. ECLs for financial assets that are not credit impaired at the reporting date are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due in accordance with the contract and the cash flows that the Group expects to receive). ECLs for financial assets that are credit-impaired at the reporting date are measured as the difference between the gross carrying amount and the present value of estimated future cash flows. ECLs are discounted at the effective interest rate of the financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The measurement of ECLs considers information about past events and current conditions, as well as supportable information about future events and economic conditions. The Group's impairment methodology for estimating the ECLs takes into account forward-looking information in determining the appropriate level of allowance. In addition, it has identified indicators and set up procedures for monitoring for significant increases in credit risk.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost and any debt financial assets carried at FVOCI are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes events such as significant financial difficulty of the issuer, a breach of contract such as a default or past due event that the Group would not otherwise consider.

Presentation of impairment
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset.

Write-off
Financial assets are written off (either partially or in full) when there is no realistic prospect of the amount being recovered. This is generally the case when the Group concludes that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

6.7. Impairment of non-financial assets
Non-financial assets are assessed for indications of impairment at each reporting date, or more frequently where required by events or changes in circumstances. If indications of impairment are found, these assets are subject to an impairment review. The impairment review compares the carrying value of the assets with their recoverable amount, which are defined as the higher of the fair value less costs to sell and their value in use. Fair value less costs to sell is the amount at which the asset could be sold in a binding agreement in an arm's length transaction. Value in use is calculated as the discounted cash flows generated as a result of the asset's continued use including those generated by its ultimate disposal, discounted at a market rate of interest on a pre-tax basis.

Where impairments are indicated, the carrying values of fixed assets are written down by the amount of the impairment and the charge is recognised in the Statement of Comprehensive Income in the period in which it occurs. A previously recognised impairment charge on an asset may be reversed in full or in part through the Statement of Comprehensive Income where a change in circumstances leads to a change in the estimates used to determine its recoverable amount. The carrying value will only be increased to the value at which it would have been held had the impairment not been recognised.

6.8. Collateral pledged and received
The Group has pledged a cash collateral for the Visa card payment scheme. This is identified separately in the Statement of Financial Position and not included as a component of cash and cash equivalents.

The Group receives and accepts collateral in the form of cash and is recognised when placed with the Group. The cash is held in a Mandated Minimum Balance ('MMB') account and is a requirement of becoming a partner of the Bank. The MMB account is held separately from other operational partner funds and is held throughout the term of the contract. The collateral received from partners is disclosed as part of deposits from customers in the Statement of Financial Position.

Notes to the Financial Statements continued

6. Significant accounting policies continued

6.9. Deposits from customers

Deposits from customers are initially measured at fair value, which is normally the proceeds received net of any directly attributable transaction costs incurred. Subsequent measurement is at amortised cost, using the effective interest rate method. Amounts represent cash held on account to support customer transactions and the MMB balance. A corresponding asset in connection to these amounts is maintained within 'cash and cash equivalents'.

6.10. Share capital

Equity instruments

Shares are classified as equity instruments when there is no contractual obligation to deliver cash or other assets to another entity on terms that may be unfavourable. The value of the Company's share capital consists of the number of Ordinary Shares in issue multiplied by their nominal value. The difference between the proceeds received on issue of the shares and the nominal value of the shares issued is recorded in share premium.

Share issue costs

Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds of the issue and disclosed where material.

Shares held by trusts

Shares in the Parent Company that are held by the Employee Benefit Trust ('EBT') are treated as 'own shares' or Treasury shares. The EBT purchases shares in the Parent Company for delivery to employees under employee incentive plans. Purchased shares are recognised as a deduction from equity at the price paid for them.

Treasury shares

Where the Company or its subsidiaries purchase the Company's share capital or obtain rights to purchase its share capital, the consideration paid (including any attributable transaction costs net of income taxes) is shown as a deduction from total shareholders' equity. Gains and losses on own shares are charged or credited to the treasury share account in equity, apart from when treasury shares are subsequently issued at a premium, in this case the Share premium will be credited.

6.11. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, it's carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Where some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that the reimbursement will be received, and the amount receivable can be measured reliably.

6.12. Segmental reporting

All of the Group's activities are in the United Kingdom. The Group incorporated a company in Republic of Ireland, during the prior year. As there are currently no trading activities in this company, no segmental analysis is presented on an operating or geographical basis.

6.13. Employee benefits

Defined contribution pension

The Group operates a defined contribution scheme which has been established for eligible employees of the Group. The Group makes contributions to members' pension plans but has no further payment obligations once the contributions have been paid.

Under a defined contribution plan, the Group's legal or constructive obligation is limited to the amount it agrees to contribute to a pension fund and there is no obligation to pay further contributions if the fund does not hold sufficient assets to pay benefits. Contributions in respect of defined contribution schemes for current service are expensed in the Statement of Comprehensive Income as staff costs and other employee-related costs when incurred.

Employee share-based payments

The Company operates equity-settled share-based remuneration plans for its employees. This involves an award of shares or options in the Group. None of the Group's plans are cash-settled.

The Company accounts for these plans in accordance with the requirements of IFRS 2. All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in the Statement of Comprehensive Income with a corresponding credit to a share-based payment reserve in equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not affect the expense recorded in any period.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

6.14. Government grants

Recognition of the Capability and Innovation Fund grant income in the Statement of Comprehensive Income is dependent on the Group satisfying certain criteria. Where the criteria hasn't been satisfied, the grant is initially recognised as deferred income on the Statement of Financial Position. When the criteria for retention have been satisfied, the deferred income balance is released to the Statement of Comprehensive Income and set against the relevant associated costs, or set against the internally developed software intangible asset purchased.

Capital approach

Capability and Innovation Fund grants received on capital expenditure are deducted in arriving at the carrying amount of eligible assets purchased. The benefit of the grant income is recognised in the Statement of Comprehensive Income as the asset is amortised over its useful life.

Income approach

Grants for revenue expenditure are netted against the cost incurred by the Group and are included in Other operating expenses in the Statement of Comprehensive Income.

7. Income

Net interest income

	Year ended 31 Dec 2020 £'000	Year ended 31 Dec 2019 £'000
Interest received on cash and cash equivalents	**1,238**	1,664
Interest paid on customer deposits	**(338)**	(567)
Total net interest income	**900**	1,097

Net fee income

Net fee income represents fees receivable from transactional and agency banking services provided to partners less fee expenses. Net fee income relates to services provided to partners in the UK and is stated net of value added tax.

	Year ended 31 Dec 2020 £'000	Year ended 31 Dec 2019 £'000
Transaction fee income	**2,819**	705
Non-transaction fee income	**6,253**	2,852
Total fee income	**9,072**	3,557
Fee expenses	**(287)**	(116)
Net fee income	**8,785**	3,441

Other income

	Year ended 31 Dec 2020 £'000	Year ended 31 Dec 2019 £'000
R&D tax credits	**889**	780
Other income	**44**	–
Total net interest income	**933**	780
Timing of revenue recognition		
Over time	**6,887**	3,003
At a point in time	**2,220**	554
Total	**9,116**	3,557

Notes to the Financial Statements continued

8. Loss for the year

Loss for the year has been arrived at after charging/(crediting):

	Year ended 31 Dec 2020 £'000	Year ended 31 Dec 2019 £'000
Staff costs	**20,995**	16,573
Professional fees	**3,973**	5,760
Depreciation	**3,432**	2,891
Amortisation of intangibles	**3,750**	2,914
Impairments of intangibles	**549**	1,032
(Gain)/loss on foreign exchange	**(119)**	36
Irrecoverable VAT	**2,521**	2,737
Grant income[1]	**(16,574)**	(5,823)
Loss on disposal of property, plant and equipment	**33**	50

1 For further details refer to Note 20.

9. Staff costs

The aggregate remuneration of employees and Directors during the year was:

	Year ended 31 Dec 2020 £'000	Year ended 31 Dec 2019 £'000
Salaries and wages	**14,053**	11,616
Social security costs	**1,703**	1,485
Retirement obligations	**1,483**	1,094
Share-based payments	**3,756**	2,378
Total staff costs	**20,995**	16,573

Employee numbers

The average number of persons employed by the Group (including Directors) during the year was:

	Year ended 31 Dec 2020	Year ended 31 Dec 2019
Executives[1]	**13**	13
Legal and Regulatory	**11**	9
Risk and Compliance	**11**	13
Programme management	**5**	6
Sales and Marketing	**19**	12
Finance and Treasury	**18**	19
Technology	**98**	73
Human resources and administration	**6**	8
Operations	**55**	35
Internal audit	**2**	3
Total average number of employees during the year	**238**	191

1 Includes Non-executive Directors.

10. Auditor's remuneration

Included in operating expenses are fees paid to the Group's auditors. These can be categorised as follows (excluding VAT):

	Year ended 31 Dec 2020 £'000	Year ended 31 Dec 2019 £'000
Fees for audit services		
Fees for audit of the Group's financial statements	**156**	118
Fees for audit of the Company's subsidiary financial statements	**13**	14
Total Group auditor's remuneration	**169**	132

11. Tax

This note analyses the income tax credit/(charge) recognised in Statement of Comprehensive Income for the year and the various factors that have contributed to the composition of the credit/(charge).

a) Tax credited to the Statement of Comprehensive Income

The total tax credit/(charge) for the year comprises:

	Year ended 31 Dec 2020 £'000	Year ended 31 Dec 2019 £'000
Current tax		
Current tax on loss for the year	**–**	–
Adjustments in respect of prior years	**(169)**	(153)
Total current tax	**(169)**	(153)
Deferred tax		
Origination and reversal of timing differences	**61**	(25)
Adjustments in respect of prior years	**97**	22
Effect on deferred tax of changes in tax rates	**992**	3
Total tax credited/(charged) to Statement of Comprehensive Income	**981**	(153)

b) Reconciliation of the total income tax credit/(charge)

The tax credit/(charge) shown in the Statement of Comprehensive Income differs from the tax credit/(charge) that would apply if all accounting losses had been taxed at the UK corporation tax rate.

A reconciliation between the tax credit/(charge) and the accounting loss multiplied by the UK corporation tax rate for the years ended 31 December 2020 and 2019 is as follows:

	Year ended 31 Dec 2020 £'000	Year ended 31 Dec 2019 £'000
Loss on ordinary activities before tax	**(30,777)**	(33,843)
Tax at UK standard rate of 19% (2019: 19%)	**5,848**	6,430
Effects of:		
Adjustments in respect of prior years	**(72)**	(131)
Non-deductible expenses	**(906)**	(188)
Non-taxable income	**169**	148
Current year temporary differences for which no deferred tax was recognised	**(4,028)**	(412)
Current year losses for which no deferred tax was recognised	**(5,047)**	(5,924)
Other temporary differences on which deferred tax not previously recognised	**3,892**	–
Effect of rate changes	**(992)**	3
Effect of different tax rates of subsidiaries operating in other jurisdictions	**133**	(79)
Total tax credited/(charged) to income statement	**981**	(153)

There are no material uncertainties within the calculation of corporation tax. The tax provisions are based on tax legislations in the relevant jurisdictions and have not required any judgements or material estimates.

During the year the Company made claims for R&D tax relief in respect of the accounting periods ended 31 December 2019. The claim resulted in a net credit of £0.7 million (2019: £0.6 million) being paid by HMRC to the Company. A gross R&D credit of £0.9 million (2019: £0.8 million) is recognised as other income in the Statement of Comprehensive Income in line with the requirements of IAS 20: Government Grants and £nil (2019: £0.6 million) remains outstanding at the year end.

Notes to the Financial Statements continued

12. Cash and cash equivalents

	Group as at 31 Dec 2020 £'000	Group as at 31 Dec 2019 £'000	**Company as at 31 Dec 2020 £'000**	Company as at 31 Dec 2019 £'000
Cash and cash equivalents	**1,013,224**	526,594	**1,013,223**	526,593

The relevant amount of High-Quality Liquid Assets ('HQLA') at the balance sheet date, being £1,013 million (2019: £526.3 million) all of which was held at the Bank of England. Cash and cash equivalents exclude cash collateral pledged as part of access to schemes. These are included under Collateral placed with schemes. Included in cash and balances at central banks is £59.8 million (2019: £51.5 million) relating to restricted funds, see Note 20 for further details.

13. Investment in subsidiary undertakings

Company

	Total £'000
Costs	
As at 1 January 2019	191
Additions	–
As at 31 December 2019	**191**
Additions	**–**
As at 31 December 2020	**191**
Provision for impairment	
As at 1 January 2019	191
Written off	–
As at 31 December 2019	**191**
Written off	**–**
As at 31 December 2020	**191**
Net book value	
As at 31 December 2020	**–**
As at 31 December 2019	–

The principal subsidiaries of the Company as at 31 December 2020 all of which have been included in the consolidated financial statements are:

Name of subsidiary	Principal activity	Jurisdiction	Ownership
Abele Technologies Limited	IT consultancy	England and Wales[2]	100%
CB Infrastructure Limited	Software development	England and Wales[2]	100%
ClearBank Europe DAC	Business banking	Republic of Ireland[3]	100%
CloudZync Limited[1]	Software development	England and Wales[2]	100%
Tapsley Limited[1]	IT service	England and Wales[2]	100%

1 Shares held by Abele Technologies Limited.

Registered office:
2 Level 4, 133 Houndsditch, London, England EC3A 7BX.
3 Riverside One, Sir John Rogerson Quay, Dublin 2, DO2 X576.

The Employee Benefit Trust is consolidated within the Group. See Note 25 for further details.

14. Goodwill and intangible assets

Group

Costs	Goodwill £'00	Software costs £'000	Other intangibles £'000	Total £'000
As at 1 January 2019	575	15,392	268	16,235
Additions	–	11,435	28	11,463
Impairment	–	(1,032)	–	(1,032)
Other movements	–	(2,665)	–	(2,665)
Disposals	–	–	(15)	(15)
As at 31 December 2019	**575**	**23,130**	**281**	**23,986**
Additions	**–**	**7,767**	**248**	**8,015**
Impairment	**–**	**(549)**	**–**	**(549)**
Disposals	**–**	**(97)**	**–**	**(97)**
As at 31 December 2020	**575**	**30,251**	**529**	**31,355**
Accumulated impairments / amortisation				
As at 1 January 2019	92	2,039	180	2,311
Charge for the year	–	2,882	32	2,914
Other movements	–	25	–	25
Disposals	–	–	(15)	(15)
As at 31 December 2019	**92**	**4,946**	**197**	**5,235**
Charge for the year	**–**	**3,683**	**67**	**3,750**
Other movements	**–**	**(26)**	**(1)**	**(27)**
Disposals	**–**	**(78)**	**–**	**(78)**
As at 31 December 2020	**92**	**8,525**	**263**	**8,880**
Net book value				
As at 31 December 2020	**483**	**21,726**	**266**	**22,475**
As at 31 December 2019	483	18,184	84	18,751

Allocation of goodwill to cash-generating units ('CGUs') and impairment testing

Goodwill is allocated to the Group's CGUs that are expected to benefit from the synergies of the combination. The lowest level of CGU is considered to be ClearBank.

Goodwill is tested for impairment by comparing the carrying value of the CGU to which the goodwill relates, to the recoverable value of the CGU. In accordance with the requirements of IAS 36 Impairment of Assets, goodwill is tested annually for impairment for each CGU, by comparing the carrying amount of the CGU to its recoverable amount, being the higher of that CGU's value-in-use or fair value less costs to sell. An impairment charge is recognised when the recoverable amount is less than the carrying value.

As at 31 December 2020, the recoverable amount was considered to be the value-in-use derived by assessing the estimated future cash flows expected to be derived from the Company's operations, discounted to their present value. These cash flows were based on strategic plans and financial models approved by the Board of Directors. The forecasts considered various aspects of the Company's operations over the next five years, including maintaining sufficient CET1 capital in line with the proposed growth of the Statement of Financial Position. Based on this, the recoverable amount exceeded the carrying amount and goodwill remained un-impaired.

Sensitivity analysis of the key assumptions

The CGU has sufficient headroom (i.e. where the recoverable amount of the CGU is in excess of the carrying value), such that it is insensitive to all reasonable possible changes in the value of ClearBank used for the purpose of goodwill impairment testing.

Notes to the Financial Statements continued

14. Goodwill and intangible assets continued

Company

	Software costs £'000	Other intangibles £'000	Total £'000
Costs			
As at 1 January 2019	15,371	139	15,510
Additions	11,435	26	11,461
Impairment	(1,011)	–	(1,011)
Other movements	(2,665)	–	(2,665)
As at 31 December 2019	**23,130**	**165**	**23,295**
Additions	**7,767**	**248**	**8,015**
Impairment	**(549)**	**–**	**(549)**
Other movements	**(97)**	**–**	**(97)**
As at 31 December 2020	**30,251**	**413**	**30,664**
Accumulated amortisation			
As at 1 January 2019	2,039	53	2,092
Charge for the year	2,882	31	2,913
Other movements	25	–	25
As at 31 December 2019	**4,946**	**84**	**5,030**
Charge for the year	**3,658**	**63**	**3,721**
Disposals	**(78)**	**–**	**(78)**
As at 31 December 2020	**8,526**	**147**	**8,673**
Net book value			
As at 31 December 2020	**21,725**	**266**	**21,991**
As at 31 December 2019	18,184	81	18,265

The following table splits out the significant intangible assets:

Name	Amortisation period remaining (months)	Cost £'000	Accumulated amortisation £'000	Carrying value £'000
Core banking infrastructure	27	**5,814**	**(3,357)**	**2,457**
Banking-as-a-Service	56	**1,957**	**(105)**	**1,852**
Multi-currency functionality	60	**1,507**	**–**	**1,507**
Cloud infrastructure	51	**1,180**	**(205)**	**975**
Billing system	34	**1,257**	**(526)**	**731**
CRM functionality	59	**827**	**(14)**	**813**
Total		**12,542**	**(4,207)**	**8,335**

Grant income

Included in the cost of internally developed software is £2.8 million (2019: £2.7 million) of grant income from the Capability and Innovation Fund. During the year £0.06 million (2019: £0.03 million) was released to the Statement of Comprehensive Income as amortisation on internally developed software. £2.8 million (2019: £2.7 million) is still to be amortised over the remaining useful lives of the relevant internally developed software assets. For further details see Note 20.

Impairment losses recognised in the year

During the year, an impairment review was performed over the existing IT infrastructure and software, and as a result of a re-prioritisation of the Group's development strategy some intangibles were identified as no longer having future economic benefit. The recoverable amounts were calculated as £nil based on their value in use and the fair value less costs of disposal. This review led to the recognition of an impairment charge of £0.5 million (2019: £1.0 million) in the Statement of Comprehensive Income.

15. Property, plant and equipment

Group

	Computer equipment £'000	Office equipment £'000	Leasehold improvements £'000	Total £'000
Cost				
As at 1 January 2019	1,928	63	–	1,991
Additions	126	26	110	262
Disposals	(2)	(21)	(99)	(122)
As at 31 December 2019	**2,052**	**68**	**11**	**2,131**
Additions	**362**	**5**	**433**	**800**
Disposals	**(9)**	**(11)**	**–**	**(20)**
Impairments	**(647)**	**(5)**	**–**	**(652)**
As at 31 December 2020	**1,758**	**57**	**444**	**2,259**
Accumulated depreciation				
As at 1 January 2019	1,145	27	–	1,172
Depreciation charge for the year	598	22	31	651
Disposals	(1)	(13)	(29)	(43)
As at 31 December 2019	**1,742**	**36**	**2**	**1,780**
Depreciation charge for the year	**274**	**20**	**168**	**462**
Disposals	**(7)**	**(6)**	**–**	**(13)**
Impairments	**(639)**	**(4)**	**–**	**(643)**
As at 31 December 2020	**1,370**	**46**	**170**	**1,586**
Net book value				
As at 31 December 2020	**388**	**11**	**274**	**673**
As at 31 December 2019	310	32	9	351

Company

	Computer equipment £'000	Office equipment £'000	Leasehold improvements £'000	Total £'000
Cost				
As at 1 January 2019	1,933	52	–	1,985
Additions	125	26	101	252
Disposals	(2)	(9)	(99)	(110)
As at 31 December 2019	**2,056**	**69**	**2**	**2,127**
Additions	**362**	**5**	**432**	**799**
Disposals	**(8)**	**(11)**	**–**	**(19)**
Impairments	**(647)**	**(5)**	**–**	**(652)**
As at 31 December 2020	**1,763**	**58**	**434**	**2,255**
Accumulated depreciation				
As at 1 January 2019	1,150	16	–	1,166
Depreciation charge for the year	598	21	29	648
Disposals	(1)	(1)	(29)	(31)
As at 31 December 2019	**1,747**	**36**	**–**	**1,783**
Depreciation charge for the year	**274**	**20**	**160**	**454**
Disposals	**(7)**	**(6)**	**–**	**(13)**
Impairments	**(639)**	**(4)**	**–**	**(643)**
As at 31 December 2020	**1,375**	**46**	**160**	**1,581**
Net book value				
As at 31 December 2020	**388**	**12**	**274**	**674**
As at 31 December 2019	309	33	2	344

Notes to the Financial Statements continued

16. Leases

Right-of-use assets

	Buildings Group £'000	Buildings Company £'000
At 1 January 2020	**4,530**	**4,394**
Additions	**1,077**	**1,069**
Reassessments	**4**	**–**
Depreciation charge	**(2,969)**	**(2,865)**
Derecognition of right-of-use assets	**(462)**	**(418)**
At 31 December 2020	**2,180**	**2,180**

Lease obligations

	Buildings Group £'000	Buildings Company £'000
At 1 January 2020	**4,520**	**4,390**
Additions	**1,086**	**1,045**
Reassessments to the lease liabilities	**4**	**–**
Interest expense	**116**	**113**
Lease payments	**(2,766)**	**(2,634)**
Derecognition of lease liabilities	**(477)**	**(431)**
At 31 December 2020	**2,483**	**2,483**

	Buildings Group Year ended 31 Dec 2020 £'000	Buildings Company Year ended 31 Dec 2020 £'000	Buildings Group Year ended 31 Dec 2019 £'000	Buildings Company Year ended 31 Dec 2019 £'000
Lease liabilities:				
Not later than 1 year	**1,989**	**1,989**	2,497	2,399
Later than 1 year and not later than 5 years	**494**	**494**	2,023	1,991
Later than 5 years	**–**	**–**	–	–
	2,483	**2,483**	4,520	4,390
Analysed as:				
Amounts due for settlement within 12 months	**1,989**	**1,989**	2,497	2,399
Amounts due for settlement after 12 months	**494**	**494**	2,023	1,991
	2,483	**2,483**	4,520	4,390

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are managed by the Group finance functions. The Company's lease liabilities as of December 2020 comprise leases entered into for office premises. Leases typically run for a period between one and three years, with options to automatically renew the lease at the end of the relevant lease term. The average remaining lease term is 2.3 years. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options and reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. Some leases of office premises contain extension options exercisable up to one year before the end of the non-cancellable contract period. The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of £0.2 million (2019: £2.0 million). The Company's obligation under leases are secured by the lessor's rights over the leased premise.

The Group leases IT equipment with contract terms of less than one year to three years. These leases are short term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Lease liabilities are calculated at the present value of the lease payments that are not paid at the commencement date. The present value of the Company's lease obligations as at 31 December 2020 is estimated to be £2.5 million (2019: £4.5 million), using the incremental borrowing rate as the interest rate implicit in the lease is not readily determinable. The Company's incremental borrowing rate is 3 percent per annum, which reflects the fixed rate at which the Company could borrow an amount similar to the value of the right-of-use asset, in the same currency, for a similar term, and with similar collateral. The discount rate based on a quoted swap rate and adding a credit margin that reflects the secured nature of the lease obligation.

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. Interest rates are fixed at the contract date, unless certain modifications or reassessment occur. Interest expense on lease liabilities amount to £0.1 million in 2020 (2019: £0.1 million). The total cash outflow for leases amount to £2.8 million (2019:

£1.7 million). The expense relating to short-term leases recognised in the Statement of Comprehensive Income during the year was £nil (2019: £41k).

Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets recognised in the Statement of Comprehensive Income during the year was £14k (2019: £17k). As at 31 December 2020 the Group had £nil (2019: £nil) lease commitments for short-term leases and £nil (2019: £nil) obligations relating to short-term leases.

17. Receivables and other assets

	Group Year ended 31 Dec 2020 £'000	Group Year ended 31 Dec 2019 £'000	**Company Year ended 31 Dec 2020 £'000**	Company Year ended 31 Dec 2019 £'000
Receivables				
Trade receivables	**500**	–	**500**	–
Prepayments	**2,683**	2,019	**2,682**	2,019
Accrued income	**85**	173	**86**	173
Employee loans	**10**	42	**10**	42
Other receivables	**1,287**	1,039	**1,278**	1,022
Government grant receivable	**–**	627	**–**	627
Balance owed by subsidiaries	**–**	–	**–**	1,800
	4,565	3,900	**4,556**	5,683
Other assets				
Assets pledged as collateral	**370**	364	**370**	364
	370	364	**370**	364

Included in accrued income is £45k (2019: £33k) of income due from partners relating to clearing services following the satisfaction of our performance obligations. Services rendered are billed for monthly and payment is due and typically received from partners within 30 days of fulfilling the performance obligation.

The carrying amounts approximate fair value. Assets pledged as collateral relate to the cash collateral paid of £51k and £319k for use of the Swift financial messaging service and Visa card payment scheme, respectively. These amounts are treated as encumbered assets that are not used for any other purpose.

18. Deferred tax assets and liabilities

Deferred income taxes are calculated on all temporary differences at the tax rate applicable to the jurisdiction in which the timing differences arise.

Deferred tax summary

	Year ended 31 Dec 2020 £'000	Year ended 31 Dec 2019 £'000
Deferred tax asset	**11,022**	9,025
Deferred tax liability	**(1,538)**	(690)
Net deferred tax asset	**9,484**	8,335

Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable, on the basis of all available evidence it is considered more likely than not that there will be suitable taxable profits against which the reversal of the deferred tax asset can be deducted. The movement on the recognised deferred tax assets account is as follows.

	Tax losses £'000	**Fixed assets £'000**	**Share-based payments £'000**	**Other temporary differences £'000**	**Total DTA £'000**	**s1308 CTA2009 claim £'000**	**Total DTL £'000**
At 1 January 2019	7,761	198	359	17	8,335	–	–
Credit/(charge) to the income statement	532	9	–	149	690	(690)	(690)
At 31 December 2019	**8,293**	**207**	**359**	**166**	**9,025**	**(690)**	**(690)**
Credit/(charge) to the Income Statement relating to prior periods	**1,197**	**–**	**–**	**169**	**1,366**	**(1,269)**	**(1,269)**
Credit/(charge) to Income Statement due to changes in tax rates	**1,117**	**24**	**–**	**39**	**1,180**	**(231)**	**(231)**
Credit to other comprehensive income due to changes in tax rates	**–**	**–**	**42**	**–**	**42**	**–**	**–**
(Charge)/Credit to the Income Statement	**(554)**	**–**	**–**	**(37)**	**(591)**	**652**	**652**
At 31 December 2020	**10,053**	**231**	**401**	**337**	**11,022**	**(1,538)**	**(1,538)**

Notes to the Financial Statements continued

18. Deferred tax assets and liabilities continued

At 31 December 2020, the Group had temporary timing differences of £133.0 million (2019: £83.7 million) available to offset against future taxable profits. A deferred tax asset is recognised only in the event that the Directors consider it probable that sufficient future taxable profit will be generated to utilise the available losses.

On an annual basis, management reassesses the probability that sufficient future taxable profit will be generated to utilise the available losses. In making this assessment, the Board reviews the Group's expectations as to the level of future taxable profits taking into account the Group's long-term financial and strategic plans, anticipated future tax-adjusting items and a forecast consistent with the five-year operational plan, which is subject to internal review and challenge. The forecast includes projections of future taxable income based on the business plan and how timing of that income affects the rate of deferred tax is valued. Based on these forecasts and plans, the Directors consider it probable that sufficient future taxable profits will be generated to utilise the available losses and consequently continue to recognise a deferred tax asset.

Deferred tax not recognised

A deferred tax asset has not been recognised in respect of some unused tax losses and temporary timing arising as it is not considered probable that there will be sufficient future profits available against which the Group can use the benefits therefrom. However, if profitability improves quicker than forecasted, then additional deferred tax assets and a related income tax benefit of up to £15.7 million (2019: £6.5 million) could be recognised. There is currently no expiration date of the Group's tax losses.

	31 Dec 2020		31 Dec 2019	
In £'000	**Gross Amount**	**Tax Effect**	Gross Amount	Tax Effect
Deductible temporary differences				
Company	**24,066**	**4,573**	2,168	412
UK subsidiary undertakings	**9**	**2**	9	2
Overseas subsidiary undertaking	**(22)**	**(4)**	(3)	–
Tax losses				
Company	**56,668**	**10,767**	30,365	5,769
UK subsidiaries undertakings	**66**	**13**	51	10
Overseas subsidiary undertaking	**2,283**	**434**	2,045	256
Unrecognised deferred tax asset	**83,070**	**15,785**	34,635	6,449

19. Other payables

	Group Year ended 31 Dec 2020 £'000	Group Year ended 31 Dec 2019 £'000	**Company Year ended 31 Dec 2020 £'000**	Company Year ended 31 Dec 2019 £'000
Other payables				
Taxes and social security costs	**652**	515	**652**	515
Accruals	**2,878**	3,959	**2,819**	3,824
VAT payable	**348**	359	**219**	276
Other payables	**2,713**	3,737	**2,811**	3,707
	6,591	8,570	**6,501**	8,322

The carrying amounts approximate fair value.

20. Deferred income

	Group Year ended 31 Dec 2020 £'000	Group Year ended 31 Dec 2019 £'000	**Company Year ended 31 Dec 2020 £'000**	Company Year ended 31 Dec 2019 £'000
Deferred income	**59,760**	51,512	**59,760**	51,512

In February 2019, in conjunction with our strategic partner Tide, the Company was successfully granted £60 million from the Alternative Remedies Package. The grant from Pool A of the Capability and Innovation Fund ('CIF') forms part of the Alternative Remedies Package, backed by the UK Government, and overseen and granted by Banking Competition Remedies Ltd. The Company, again in conjunction with Tide, was awarded a further £25 million grant from Pool E of the CIF, to further penetrate the UK SME market, to remove friction through open access, provide unparalleled access to debt and equity and support digital payments and business development amongst others. Eligible costs include those that help develop and improve the Company's capability to compete with RBS in the provision of banking services to SMEs and help develop and improve the financial products and services which are available to SMEs.

At the end of the year the Company deducted £2.8 million (2019: £2.7 million) of grant income in arriving at the carrying amount of internally developed software intangible assets purchased (see Note 14 for further details).

During the year the Company offset £16.6 million (2019: £5.8 million) of grant income against £16.6 million (2019: £5.8 million) of eligible costs resulting in a net £nil (2019: £nil) impact in other operating expenses presented in the Statement of Comprehensive Income. There are unfulfilled conditions attached to government assistance, £59.8 million (2019: £51.5 million), that is included in cash and cash equivalents and recognised as deferred income in the Statement of Financial Position as at 31 December 2020. In accordance with the terms of the grant, the Company is prohibited from utilising the entire Grant until specific market share targets are met.

21. Share capital

Company

	2020 Number	2019 Number	**2020 £**	2019 £
Allotted, issued and fully paid				
Class A Ordinary Shares of £0.00001 each				
At 1 January	**1,378,011**	1,172,702	**13.8**	11.7
Issued during 2019[1]	**–**	205,309	**–**	2.1
Issued during 2020[2]	**249,477**	–	**2.5**	–
At 31 December	**1,627,488**	1,378,011	**16.3**	13.8
Class B2 Ordinary Shares of £0.00001 each				
At 1 January and 31 December	**120,000**	120,000	**1.2**	1.2
Class C1 Ordinary Shares of £0.00001 each				
At 1 January and 31 December	**80,000**	80,000	**0.8**	0.8
Class C2 Ordinary Shares of £0.00001 each				
At 1 January and 31 December	**120,000**	120,000	**1.2**	1.2
Class D Ordinary Shares of £0.00001 each				
At 1 January and 31 December	**1**	1	**–**	–
Total at 31 December			**19.5**	17.0

Only A and B2 Ordinary Shares have full voting rights attached.

1 During January 2019, the Company issued 64,635 Class A Ordinary Shares of £0.00001 each for £10 million. In May 2019, the Company issued 29,253 Class A Ordinary Shares of £0.00001 each for £5.2 million. In June 2019, the Company issued 27,315 Class A Ordinary Shares of £0.00001 each for £4.8 million. In September 2019, the Company issued 28,370 Class A Ordinary Shares of £0.00001 each for £5.0 million. In October 2019, the Company issued 28,193 Class A Ordinary Shares of £0.00001 each for £5.0 million. In December 2019, the Company issued 27,543 Class A Ordinary Shares of £0.00001 each for £4.9 million.

2 During January 2020, the Company issued 29,025 Class A Ordinary Shares of £0.00001 each for £5.1 million. In March 2020, the Company issued 107,328 Class A Ordinary Shares of £0.00001 each for £19.0 million. In August, the Company issued 113,124 Class A Ordinary Shares of £0.00001 each for £20.0 million.

Share premium account

Group

	2020 £'000	2019 £'000
Share premium account		
At 1 January	**113,204**	78,329
Issue of shares, net of costs	**44,112**	34,875
At 31 December	**157,316**	113,204

Company

	2020 £'000	2019 £'000
Share premium account		
At 1 January	**112,999**	78,125
Issue of shares, net of costs	**44,113**	34,874
At 31 December	**157,112**	112,999

Notes to the Financial Statements continued

22. Capital management

The Group's objectives when managing capital are: i) to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; ii) to maintain a strong capital base and utilise it efficiently to support the development of its business; and iii) to comply with the regulatory capital requirements set by the PRA. Capital adequacy and the use of regulatory capital are monitored by the Group's management and Board. The Group is required to maintain appropriate levels of capital in accordance with total capital requirements issued by the PRA.

At the year end, the Company's Common Equity Tier 1 ('CET1') capital resources totalled £30.0 million (2019: £16.8 million). This CET1 capital number is comprised of the Company's net equity of £57.8 million (2019: £41.7 million), less certain capital deductions, including the intangible asset balance of £22.0 million (2019: £18.3 million).

Company

CET 1 capital resources

	As at 31 Dec 2020 £'000	As at 31 Dec 2019 £'000
Share capital	**–**	–
Retained losses	**(108,788)**	(76,949)
Share premium	**157,112**	112,999
Share based payment reserve	**9,519**	5,723
Less ineligible assets:		
Intangibles	**(21,991)**	(18,265)
Deferred tax	**(5,900)**	(6,047)
Total CET1	**29,952**	17,461
Net Equity	**57,843**	41,773

23. Financial instruments

The Group's financial instruments principally comprise of cash and cash equivalents, receivables, customer deposits and payables. All these arise as a result of our normal operations. The Group does not enter into transactions for speculative purposes and there are no instruments held for trading. The analysis of financial assets and liabilities into their categories as defined in IFRS 9 Financial Instruments is set out in the following tables.

All gains and losses on measuring the financial assets and liabilities at each reporting date are included in the determination of Statement of Comprehensive Income for the period.

Categories of financial instruments

	Group			Company		
At 31 December 2020	Fair value mandatorily at FVTPL £'000	Amortised cost £'000	**Total £'000**	Fair value mandatorily at FVTPL £'000	Amortised cost £'000	**Total £'000**
Financial assets						
Financial investments	–	–	**–**	–	–	**–**
Receivables and other assets	51	2,201	**2,252**	51	2,192	**2,243**
Cash and cash equivalents	–	1,013,224	**1,013,224**	–	1,013,223	**1,013,223**
	51	1,015,425	**1,015,476**	51	1,015,415	**1,015,466**
Financial liabilities						
Customer deposits	–	925,890	**925,890**	–	925,890	**925,890**
Payables	–	3,755	**3,755**	–	3,796	**3,796**
Lease obligations	–	2,483	**2,483**	–	2,483	**2,483**
	–	932,128	**932,128**	–	932,169	**932,169**

	Group			Company		
At 31 December 2019	Fair value mandatorily at FVTPL £'000	Amortised cost £'000	Total £'000	Fair value mandatorily at FVTPL £'000	Amortised cost £'000	Total £'000
Financial assets						
Financial investments	–	–	–	–	–	–
Receivables and other assets	46	1,572	1,618	46	3,355	3,401
Cash and cash equivalents	–	526,594	526,594	–	526,593	526,593
Total financial liabilities	46	528,166	528,212	46	529,948	529,994
Financial liabilities						
Payables	–	457,981	457,981	–	457,981	457,981
Customer deposits	–	6,015	6,015	–	5,851	5,851
Lease obligations	–	4,520	4,520	–	4,390	4,390
	–	468,516	468,516	–	468,222	468,222

The majority of the Group's financial assets and liabilities continue to be measured at amortised cost.

24. Financial risk management

Risk is an inherent part of the Group's business activities. The Group seeks to identify, assess, monitor and manage each of the various types of risk involved in its business activities in accordance with defined policies and procedures. A key component of our approach to capital management is to ensure that the Group's policies are aligned with the Group's overall strategy, business plans and risk appetite. No balances are past due or impaired at 31 December 2020 or at 31 December 2019.

The key focus of financial risk management for the Group is ensuring that the proceeds from its financial assets are sufficient to fund the obligations arising from its business banking operations. The main financial risks arising from our financial instruments are liquidity risk, credit risk and market risks (price and interest rate risk).

The Group's exposure to liquidity, credit and market risks along with management's objectives, policies and processes for managing those risks are discussed below.

Liquidity risk

Liquidity risk is the risk that the Group is not able to meet its financial obligations as they fall due, or can do so only at excessive cost.

The Group maintains adequate levels of liquidity and ensures that it maintains sufficient levels of liquidity to meet foreseeable and unexpected needs. Policies and procedures are in place to manage liquidity risk. Limits for the level, type and maturity of liquidity and deposit funding balances are set by the Board Risk Committee ('BRC'). Independently, the Finance, Treasury and Risk departments monitor compliance with these limits. The level of liquidity 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, enabling us to meet all financial obligations and to support anticipated asset growth.

Notes to the Financial Statements continued

24. Financial risk management continued

The table below sets out the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Group

31 December 2020	Repayable on demand £'000	Within 1 month £'000	1 to 3 months £'000	3 months to 1 year £'000	1–5 years £'000	5+ years £'000	Total financial assets/ liabilities £'000
Financial assets							
Financial investments	–	–	–	–	–	–	–
Collateral placed with schemes	–	–	–	–	–	370	370
Receivables and other assets	737	640	–	505	1,000	–	2,882
Cash and cash equivalents	988,047	–	–	25,177	–	–	1,013,224
Total financial assets	988,784	640	–	25,682	1,000	370	1,016,476
Financial liabilities							
Customer deposits	900,713	–	–	25,177	–	–	925,890
Payables	4	1,955	1,232	564	–	–	3,755
Lease obligations	–	225	477	1,307	529	–	2,538
Total financial liabilities	900,717	2,180	1,709	27,048	529	–	932,183
Net financial assets	88,067	(1,540)	(1,709)	(1,366)	471	370	84,293

31 December 2019	Repayable on demand £'000	Within 1 month £'000	1 to 3 months £'000	3 months to 1 year £'000	1–5 years £'000	5+ years £'000	Total financial assets/ liabilities £'000
Financial assets							
Financial investments	–	–	–	–	–	–	–
Collateral placed with schemes	–	–	–	–	–	364	364
Receivables and other assets	317	189	–	382	1,000	366	2,254
Cash and cash equivalents	506,162	1,500	6,300	12,632	–	–	526,594
Total financial assets	506,479	1,689	6,300	13,014	1,000	730	529,212
Financial liabilities							
Customer deposits	437,549	1,500	6,300	12,632	–	–	457,981
Payables	3	4,989	803	220	–	–	6,015
Lease obligations	–	228	419	1,861	2,012	–	4,520
Total financial liabilities	437,552	6,717	7,522	14,713	2,012	–	468,516
Net financial assets	68,927	(5,028)	(1,222)	(1,699)	(1,012)	730	60,696

Company

31 December 2020	Repayable on demand £'000	Within 1 month £'000	1 to 3 months £'000	3 months to 1 year £'000	1–5 years £'000	5+ years £'000	Total financial assets/ liabilities £'000
Financial assets							
Financial investments	–	–	–	–	–	–	–
Collateral placed with schemes	–	–	–	–	–	370	370
Receivables and other assets	737	640	–	497	1,000	–	2,874
Cash and cash equivalents	988,046	–	–	25,177	–	–	1,013,223
Total financial assets	**988,783**	**640**	**–**	**25,674**	**1,000**	**370**	**1,016,467**
Financial liabilities							
Customer deposits	900,713	–	–	25,177	–	–	925,890
Payables	–	1,898	1,358	540	–	–	3,796
Lease obligations	–	225	477	1,307	529	–	2,538
Total financial liabilities	**900,713**	**2,123**	**1,835**	**27,024**	**529**	**–**	**932,224**
Net financial assets	**88,070**	**(1,483)**	**(1,835)**	**(1,350)**	**471**	**370**	**84,298**

31 December 2019	Repayable on demand £'000	Within 1 month £'000	1 to 3 months £'000	3 months to 1 year £'000	1–5 years £'000	5+ years £'000	Total financial assets/ liabilities £'000
Financial assets							
Financial investments	–	–	–	–	–	–	–
Collateral placed with schemes	–	–	–	–	–	364	364
Receivables and other assets	2,116	189	–	366	1,000	366	4,037
Cash and cash equivalents	506,161	1,500	6,300	12,632	–	–	526,593
Total financial assets	508,277	1,689	6,300	12,998	1,000	730	530,994
Financial liabilities							
Customer deposits	437,549	1,500	6,300	12,632	–	–	457,981
Payables	–	4,870	762	219	–	–	5,851
Lease obligations	–	220	403	1,787	1,980	–	4,390
Total financial liabilities	437,549	6,590	7,465	14,638	1,980	–	468,222
Net financial assets	70,728	(4,901)	(1,165)	(1,640)	(980)	730	62,772

Credit risk

Credit risk is the risk of financial loss to the Group if a partner or counterparty fails to meet its contractual obligations to repay the Group in accordance with agreed terms.

Our credit risks arise principally through our exposure to our partners that results in an increase in fees receivables. Our policy of collecting monthly fees on the second day of the following month and transactional fees as the transaction occurs from partners' deposit accounts, minimises our exposure to credit risk. The Group does not provide retail credit to partners and is therefore not exposed to retail credit risks.

Credit risk within our treasury operations

Credit risk exists where we have acquired securities or placed cash deposits with other financial institutions as part of our treasury portfolio of assets. We consider the credit risk of treasury assets to be relatively low as the Bank places all funds with the Bank of England or invests in UK government instruments. The Bank manages and controls credit risk by setting limits on the amount of risk it's willing to accept for individual counter parties and monitoring exposures in relation to such limits. No assets are held for speculative purposes or actively traded. Certain liquid assets are held as part of our liquidity buffer.

Notes to the Financial Statements continued

24. Financial risk management continued

Collateral

As discussed in Note 6.8, the Group holds collateral from partners in the form of cash in a Mandated Minimum Balance ('MMB') account. The MMB is an account held separately from the partners' operational accounts and it is required to be held throughout the term of the contract. The collateral is held in the event of a partners not maintaining the Mandated Intra-Day Liquidity balance ('MILB') to cover fees and charges owed to the Group. The Group does not lend, advance funds or offer overdraft facilities to partners and therefore has no direct credit exposure to its customers.

The following table sets out the total cash held as collateral which is shown as part of deposits from partners:

	At 31 Dec 2020 £'000	At 31 Dec 2019 £'000
Customer deposits		
Mandated minimum balance account	**25,177**	12,632
Other deposits from partners	**900,713**	445,349
Total deposits from partners	**925,890**	457,981

Impairment under IFRS 9

IFRS 9 applies an 'expected credit loss' ('ECL') approach to calculating impairments of financial instruments, meaning there does not need to be a triggering event or incurred loss in order to recognise impairment losses.

This ECL approach requires an entity to recognise a loss allowance for expected credit losses on all debt-type financial assets that are not measured at fair value through profit or loss, this includes lease receivables, contract assets and loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

This approach requires an ECL allowance to be established upon initial recognition of an asset reflecting the level of losses anticipated after having regard to the Group's historical credit loss experience, current conditions and its expectation of reasonable and supportable future economic conditions that incorporate more forward-looking information.

Credit loss allowances are measured on each reporting date according to a three stage ECL model.

Stage 1 Entities are required to recognise a 12-month expected loss allowance for assets that have not had a significant increase in credit risk since initial recognition and interest revenue is calculated on the gross carrying amount of the asset.

Stage 2 Entities are required to recognise a lifetime expected loss allowance for assets that have experienced a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment; and interest income is still calculated on the gross carrying amount of the asset.

Stage 3 For assets that have objective evidence of impairment at the reporting date, lifetime ECL are recognised and interest income is calculated on the net carrying amount.

The Group applies the practical expedient permissible under IFRS 9 to use the simplified approach to determine lifetime expected credit losses for fees receivable. This is based on actual credit loss experience over the recent past and future expectations; the Group's fees receivable are short term and do not contain significant financing components.

The Group's loss provisions are driven by changes in credit risk of a financial instrument (as described below), with a provision for lifetime expected credit losses recognised where the risk of default of an instrument has increased significantly. Risk of default and expected credit losses must incorporate forward-looking and macro-economic information.

Significant increase in credit risk

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

1. Quantitative criteria: The remaining lifetime probability of default at the reporting date has increased, compared to the residual lifetime probability of default expected at the reporting date when the exposure was first recognised.

2. Qualitative criteria: persistent issues funding intra-day liquidity; whenever this information is available (i.e. the partner has not funded their intra-day liquidity balance).

3. Backstop: As defined in IFRS 9 where the partner is more than 30 days past due.

Partner default

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. The definition of 'credit-impaired' is aligned with the Group's definition of default. The Group defines a financial asset as in default when it meets one or more of the following criteria:

1. 90 days past due.
2. The partner's outstanding balance is in excess of their Mandated Minimum Balance (their 'Collateral') and intraday-liquidity balance.

The Group writes off fees receivable against the related loss provisions when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

After performing a detailed analysis in calculating ECLs, the Group has determined that the application of IFRS 9's impairment requirements for fees receivables did not result in a material impairment allowance considering the credit quality of the counter parties.

Market and interest rate risk
Market risk is the risk that changes in market prices, such as interest rates, will affect income or the value of the Group's assets and liabilities. The objective of our market risk management strategy is to manage and control market risk exposures within acceptable parameters to ensure solvency while optimising the return on risk.

Interest rate risk is the risk of financial loss through un-hedged or mismatched asset and liability positions which are sensitive to interest rate changes. The Group's banking deposits are subject to variable interest rates, as a result, changes in interest rates could have an impact on the net interest income recognised in the year. A 25 basis point increase or decrease in the Bank of England base rate would have had a £1.4 million (2019: £0.6 million) annualised impact on 2020 performance.

Capital risk
Capital risk is the risk that the Group has insufficient capital to cover regulatory requirements and/or support its growth plans. The Group operated in line with its capital risk appetite as set by the Board and above its regulatory capital requirements throughout the year ended 31 December 2020 and 31 December 2019. Further information is provided in the Risk Management section of the Annual Report.

25. Share-based payments

Employee benefit trust
In November 2020, the Group established an employee benefit trust ('EBT') to facilitate share-based payments to key employees through issuance of either share options or shares.

Share-based payments – options
As at 31 December 2020, the Group maintained an equity-settled share-based payment scheme for remuneration. Options under this programme allow holders to acquire Ordinary Shares in the Company upon vesting. The options will vest upon a change in control event which is considered to be the earlier of the Company being acquired by another entity or an Initial Public Offering. During 2020 no options were cancelled or lapsed (2019: None).

The following options and awards have been granted and remain outstanding, in addition the principal assumptions used in the Black-Scholes model used in determining fair value were as follows:

Scheme	Grant date	Exercise date	Volatility	Risk-free investment rate	Share price (£)	Exercise price (£)	**2020 No.**	2019 No.
Share option scheme:								
Tranche 1	December 2016	December 2021	36.99%	0.56%	7.14	3.74000	**2,800**	2,800
Tranche 2	December 2017	December 2021	33.48%	0.69%	209.52	34.00000	**125**	125
Tranche 2a	December 2017	October 2020	33.48%	0.69%	209.52	34.00000	**438**	438
Tranche 3	December 2017	October 2020	33.48%	0.69%	209.52	34.00000	**3,528**	3,528
Tranche 4	December 2017	October 2020	33.48%	0.69%	209.52	0.00001	**13,558**	13,558
Tranche 5	December 2018	September 2021	33.55%	0.84%	166.32	66.36000	**1,732**	2,034
Tranche 6	February 2019	December 2021	35.22%	0.49%	154.72	66.36000	**7,046**	7,046
Tranche 7	January 2019	December 2021	35.36%	0.80%	154.72	66.36000	**452**	452
Tranche 8	January 2019	December 2021	35.36%	0.80%	154.72	0.00001	**12,474**	12,474
Tranche 9	April 2019	December 2021	31.41%	0.74%	154.72	66.36000	**582**	582
Tranche 10	July 2019	December 2021	33.51%	0.55%	176.82	66.36000	**452**	452
Tranche 11	July 2019	December 2021	33.51%	0.55%	176.82	0.00001	**10,858**	10,858
Tranche 12	February 2020	December 2023	33.30%	0.38%	176.82	66.36	**3,026**	–
Tranche 13	March 2020	March 2023	33.40%	0.21%	176.82	66.36	**6,169**	–
Tranche 14	March 2020	March 2023	33.40%	0.21%	176.82	0.00001	**12,146**	–
Tranche 15	August 2019	August 2022	31.00%	0.34%	176.82	66.36	**452**	–
Tranche 16	August 2019	August 2022	31.00%	0.34%	176.82	0.00001	**962**	–
Tranche 17	December 2016	December 2020	30.50%	0.40%	7.14	0.00001	**82,140**	–
Tranche 17a	December 2016	December 2020	30.50%	0.40%	7.14	0.00001	**10,500**	–
Tranche 18	December 2020	December 2025	35.40%	–0.06%	176.82	0.00001	**13,370**	–
							182,810	54,347

Notes to the Financial Statements continued

25. Share-based payments continued

	Weighted average exercise price 2020 £	2020 No.	Weighted average exercise price 2019 £	2019 No.
Outstanding as at 1 January	**15.65**	**54,347**	8.67	33,268
Granted	**28.13**	**128,765**	18.45	32,316
Forfeited	**(66.36)**	**(302)**	(3.03)	(11,237)
Exercised	**–**	**–**	–	–
Lapsed	**–**	**–**	–	–
Outstanding as at 31 December	**8.05**	**182,810**	15.65	54,347

The exercise price of options outstanding at 31 December 2020 ranged between £0.00001 and £66.36 (2019: £0.00001 and £66.36) and their weighted average contractual life was 0.9 years (2019: 1.6 years).

The weighted average exercise price of options outstanding at the end of year was £8.05 (2019: £15.65).

The weighted average exercise price (at the date of issue) of options forfeited during the year was £66.36 (2019: £3.03). The weighted average fair value of each option granted during the year was £28.13 (2019: £18.45). Number of exercisable options at 31 December 2020 was 17,524 (2019: nil) and the weighted average exercise price of the exercisable options outstanding at 31 December 2020 was £5.82 (2019: £Nil).

The fair value of the options granted was determined using the Black-Scholes model. The charge is adjusted at each Statement of Financial Position date to reflect the actual number of forfeitures, cancellations and leavers during the period as well as the estimated period to vesting. The fair value is recognised in the Statement of Comprehensive Income on a straight-line basis over the vesting period. The total estimated cumulative fair value of options granted and outstanding at the year end is £14.8 million (2019: £8.4 million).

The underlying expected volatility was determined by reference to historical data of the Company's selected comparator's shares over a period, relevant to the remaining term of the share option grants. No special features or market-based conditions inherent to the options granted were incorporated into measurement of fair value.

During the year ended 31 December 2020, £3.8 million (2019: £2.1 million) was charged to the Statement of Comprehensive Income in relation to these options.

Share-based payments – shares

During the year, the Company did not issue any shares to employees.

The EBT is consolidated into the Group accounts in accordance with IFRS 10. Any shares it holds in the Company are reclassified as treasury shares in the Statement of Financial Position of the Group accounts. Any gain or loss from the purchase, sale, issue or cancellation of these shares to the EBT is eliminated at Group level.

There are transfer restrictions on the issued shares however, this is consistent with the restrictions imposed on other shareholders.

During the year ended 31 December 2020, £0.03 million (2019: £0.3 million) was charged to the Statement of Comprehensive Income in relation to these shares.

As at 31 December 2020, the EBT held 4.75% (2019: 5.45%) of the ordinary share capital of the Company.

26. Related party transactions

During 2020, the Group provided services to and incurred costs on behalf of RTGS Global Limited, a company with common ultimate beneficial owners, totalling £448,856 (2019: £273,905). £722,761 (2019: £273,905) is outstanding as at year end and the balances with this related party were on an arm's length basis. A promissory note has been received and amounts are to be settled in cash within one year of the accounts signing date. None of the balance is secured. No expense has been recognised in the current year for bad or doubtful debts in respect of amounts owed by related parties.

As specified in Note 1.3, the Company has taken advantage of the exemption under FRS 101 and IAS 24 Related Party Disclosures not to disclose transactions with wholly owned subsidiaries.

Transactions with key management personnel, remuneration and other compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director. Key management personnel for the Group have been determined to be the Executive Directors and members of the Executive Committee.

Key management personnel compensation

	Year ended 31 Dec 2020 £'000	Year ended 31 Dec 2019 £'000
Salaries and wages	**1,730**	1,808
Social security costs	**246**	289
Retirement obligations	**113**	106
Share-based payments	**2,035**	2,421
Total key management costs	**4,124**	4,624

Aggregate Directors' remuneration

	Year ended 31 Dec 2020 £'000	Year ended 31 Dec 2019 £'000
Salaries and wages	**1,057**	1,169
Social security costs	**132**	153
Retirement obligations	**53**	87
Share-based payments	**761**	1
Total Directors' remuneration	**2,003**	1,410

Three Directors (2019: three) are members of the Group's defined contribution scheme. Three Directors (2019: one) received share awards under the Group's long term incentive schemes.

Remuneration of the highest paid Director

	Year ended 31 Dec 2020 £'000	Year ended 31 Dec 2019 £'000
Salaries and wages	**274**	416
Social security costs	**29**	63
Retirement obligations	**26**	–
Share-based payments	**269**	–
Total highest paid Director	**598**	479

27. Post-employment obligations

The Group operates a defined contribution scheme. Participants receive a monthly pension supplementary to their salaries. The Group pays contributions to a separately administered pension scheme. The Group has no further payment obligations once the contributions have been paid. The contributions are presented in staff costs in the consolidated Statement of Comprehensive Income. The pension cost charge for the year was £1.5 million (2019: £1.3 million).

28. Contingent liabilities and commitments

The Group entered into a contract to consume £10.5 million of services from a key supplier to the 31 August 2022. The potential shortfall is currently estimated to be £2.5 million by the end of the contractual term and is subject to a renegotiation of the contract not being achieved. It is not considered probable that any reimbursement for any shortfall in consumption will be required.

There are no other contingent liabilities as at 31 December 2020 (2019: none).

29. Events after the reporting year end

In March 2021, an additional £18 million capital injection was received from the existing shareholders.

There have been no other significant events between 31 December 2020 and the date of approval of the financial statements which would require a change or additional disclosure in the financial statements.

30. Ultimate controlling party

There is no parent undertaking or ultimate controlling party.

Glossary

AML	Anti-Money Laundering
ALCO	Asset and Liability Committee
API	Application program interface
BaaS	Banking-as-a-Service
BAC	Board Audit Committee
Bacs	Bankers Automated Clearing System
BRC	Board Risk Committee
CET1	Common equity tier 1
CGU	Cash-generating units
CHAPS	Clearing House Automated Payment System
ClearBank®	ClearBank Limited, unless otherwise stated means the Company and its subsidiaries
CRCO	Chief Risk and Compliance Officer
EBT	Employee benefit trust
ECL	Expected credit losses
ERMC	Enterprise Risk Management Committee
ERMF	Enterprise Risk Management Framework
EU	European Union
EXCO	Executive Committee
FPS	Faster Payment Service
FRS 101	Financial Reporting Standard 101 Reduced Disclosure Framework
FSCS	Financial Services Compensation Scheme
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
GDPR	General Data Protection Regulation
IASB	International Accounting Standards Board
ICAAP	Internal Capital Adequacy Assessment Process
IFRICs	IFRS Interpretations Committee
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
ISO	International Standards Organisation
MILB	Mandated Intra-Day Liquidity Balance
MMB	Mandated minimum balance
NomCo	Nomination Committee
PaaS	Platform-as-a-Service
PRA	Prudential Regulation Authority
PSD2	Payment Services Directive
RAF	Risk appetite framework
RemCo	Remuneration Committee
RMF	Risk Management Framework
ROU	Right-of-use
SMEs	Small and Medium-sized enterprises
SPPI	Solely payments of principal and interest
VAT	Value added tax

Key Information

Registered office address
Level 4
133 Houndsditch
London
EC3A 7BX

Independent auditors
BDO LLP
55 Baker Street
London
W1U 7EU

Solicitors
Herbert Smith Freehills
Exchange House
Primrose Street
London
EC2A 2EG

Company registered number
09736376

For more information please visit our website:

Clear.Bank