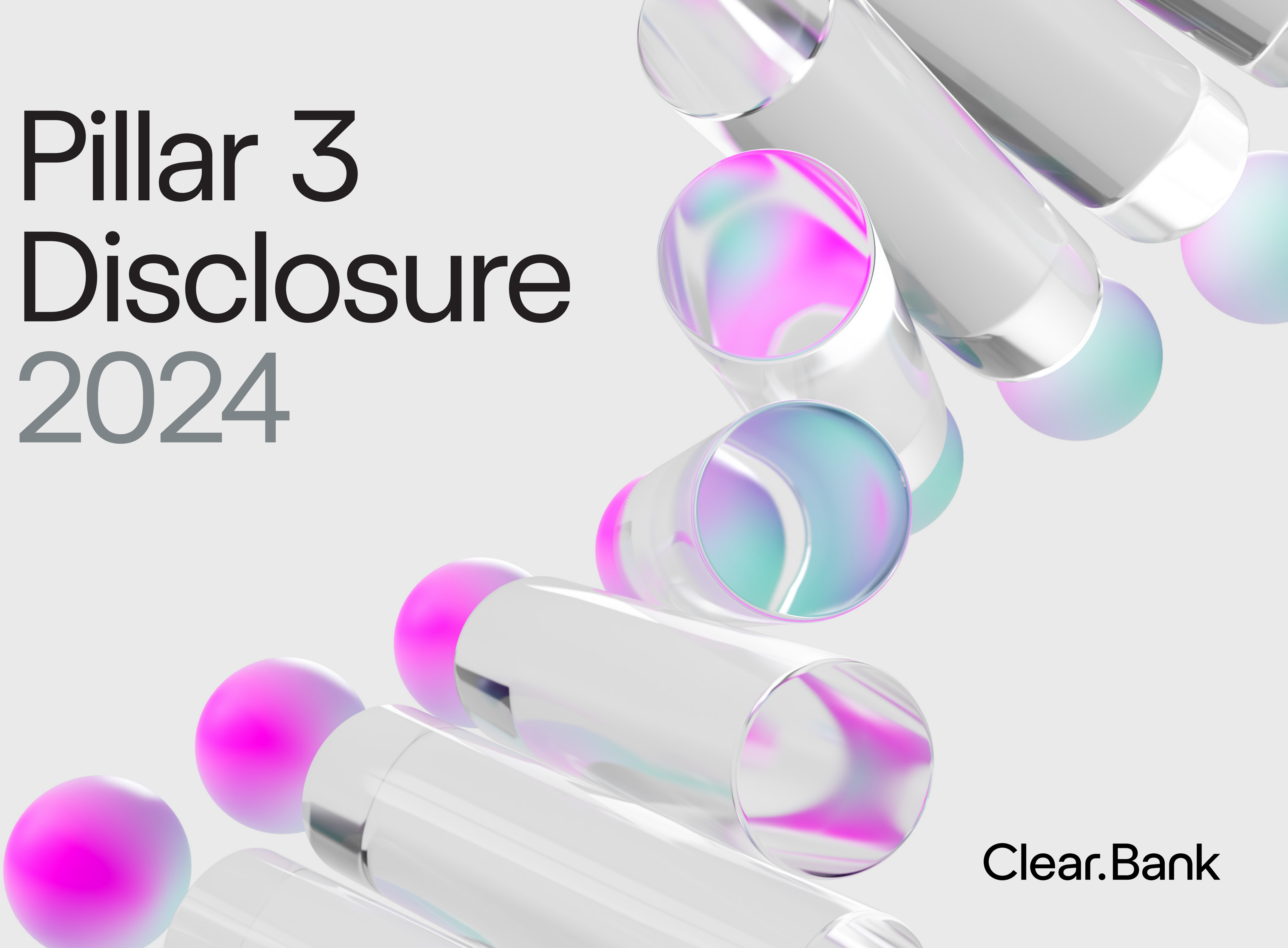
Pillar 3 Disclosure 2024



Clear.Bank

The bank built for game changers

Contents

This report was approved by the Board on 2nd April 2025.

Mark Fairless
Chief Executive Officer

Purpose

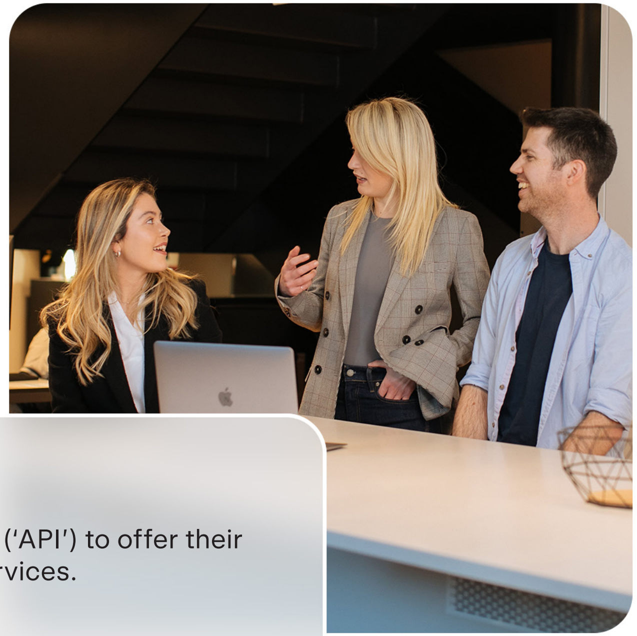
At ClearBank, our purpose is to provide great technology that unlocks our clients' potential, ensuring everyone has the freedom to choose the financial services they need.

Vision

We're committed to being a responsible business, driving forward the transformation of payment services. Our technology platform and banking licence enable our clients to thrive by providing access to next generation financial solutions.

ClearBank at a glance

Driven by technology, powered by people



Who we are

ClearBank Group Holdings Limited (the 'Company') and its subsidiaries (together, the 'Group', or 'ClearBank') is a tech-bank focused on creating the best and most sustainable banking and payment infrastructure in the world. We were built on the belief that banking and payments infrastructure would no longer slow down progress. Instead, it would be the catalyst that unlocks the potential to innovate. It would adapt to cater to different needs so a new era in financial services could begin.

ClearBank is a banking group with two fully regulated banks that are driven by the latest technology and powered by our talented people.

What we do

Our banking licences and real-time technology enable brands to offer secure accounts and payment clearing that enhance the customer experience.

We're committed to being a responsible business while driving transformation in financial services.

Our clients

Brands use our Application Programming Interface ('API') to offer their customers fully regulated banking and payment services.

Revolut, chip, tide, NIUM, coinbase, Allica Bank, Trustly, Oxbury, wealthify, TRUELAYER, Guavapay, KROO, OpenPayd, inpay, kraken, Recognise Bank, ecommpay

See our case studies →

Disclosures

Basis of preparation

These Pillar 3 disclosures are prepared according to the requirements of the Disclosures Capital Requirements Regulation ('CRR') part of the PRA Rulebook as applicable to non-listed firms meeting the definition of other institutions, as set out in Article 433c.

We have not omitted any disclosures on the basis of being regarded as proprietary or confidential. If a disclosure has been omitted on the basis of being immaterial, this will be noted in the relevant section of the report.

Scope of consolidation

These disclosures set out the consolidated Pillar 3 disclosures for the Group as at 31 December 2024. The Group comprises of ClearBank Group Holdings Limited, a regulated parent financial holding company, and it's 100% owned and controlled subsidiaries, ClearBank Limited (a fully regulated UK bank) and ClearBank Europe N.V. (a fully regulated NL bank).

Verification and quality assurance

Pillar 3 disclosures are not subject to external audit and have been produced solely for the purpose of satisfying Pillar 3 regulatory requirements. However, these Pillar 3 disclosures have been reviewed in line with the internal governance procedures applicable to all ClearBank external reporting, including review and approval by the Board Audit Committee and Board.

The Directors have considered the adequacy of this Pillar 3 disclosure and are satisfied that the disclosures are both accurate and comprehensive.

Frequency, media and location

The Group's policy is to publish Pillar 3 disclosures on an annual basis on the corporate website www.clear.bank in conjunction with the Group Annual Report and Accounts (ARA). The frequency of disclosure will be reviewed if there should be any material changes in regulatory requirements, corporate structure, or capital calculation methodology.

A self-assessment of the disclosure requirements can be found in the Appendix, which references the relevant sections of this document and the applicable section in the Group's Annual Report and Accounts. Both documents provide information on the Group's capital resources and on how we manage and mitigate our key risks.

Risk management

Enterprise Risk Management Framework ('ERMF')

Our approach to risk management

The Group leverages the Enterprise Risk Management Framework (ERMF) established by the parent Company (ClearBank Group Holdings Limited) within the Group to uphold robust governance and oversight across ClearBank. When necessary, the UK and European banks develop local policies to ensure compliance with local regulation and legislation. These local requirements are assessed on a case-by-case basis.

The ERMF has been designed to provide a clear and consistent approach to the management of all risks and controls within the boundaries of the agreed Board risk appetite of the parent Company and its subsidiaries. The ERMF is underpinned by our risk culture and 3 Lines Model, aligned to industry best practice.

The 3 Lines Model

Supporting the risk management framework, we operate a 3 Lines Model, fostering collaboration between the first and second lines. This approach enhances accountability and ownership for delivering good outcomes and supports efficiency and scalability as we continue to grow.

The risk management vision for ClearBank remains focused on the following principles:

- Dynamic, real-time
- Insightful
- Multi-dimensional
- Automated
- Forward looking, proactive
- Integrated
- Tailored
- Data enabled

Risk culture

A strong risk culture is the foundation of our ERMF. Our culture is cultivated and maintained through core values, risk principles, training and by our executive leadership and Boards setting the right tone from the top across ClearBank. This commitment ensures a clear and consistent emphasis on managing risk effectively across all levels of the Group.

For more information on risk management key highlights of 2024 and outlook for 2025, please refer to the Group Annual Report and Accounts, page 37.

Principal risks

To effectively manage risks, the Group needs to recognise and understand risks that arise from new and existing activities as well as from external sources. Risk identification is an ongoing process and is considered through all levels of the organisation as well as at an aggregate and Group-wide level. It is important to understand the causes and impacts of risks to manage the risks effectively. Risk identification should include emerging risks, new risks being introduced as part of changes (such as new products or services) and existing risks. The identification and categorisation of risks is reflected within the relevant risk registers and aligned with the Risk Taxonomy and Risk Scoring Standards.

Risk management cont.

Stable — Improving

Key risks	Change in risk profile	How key risks are mitigated	Commentary
Operational risk Includes information, Cyber, Technology, Legal, People, Third Party and Outsourcing, Physical Security, Fraud, Business Continuity, Transaction Processing and Execution risks, as well as financial reporting and model risks.	Stable	Mitigated through a number of operational frameworks, models, and strategies, with regular and comprehensive RCSAs and control testing activities. These ensure we fully understand our risk exposure and take further risk mitigation actions where necessary to strengthen the control environment and remain within risk appetite.	There have been notable improvements in People risk, in response to organisational changes, the evolving operating environment and efforts to streamline processes and enhance colleague experience. In support of the Group's business optimisation programme and its growth and maturity process, the Risk and Compliance function has devised and is executing a plan to enhance and, where possible, automate areas of risk management and compliance, to increase efficiencies and reduce full time equivalent (FTE) time spent on overly manual or repeatable tasks. Model risk has been a key focus, with extensive work undertaken to embed robust model risk management practices. Embedding activities have also included the development and refresh of key policies and standards, training programs and model inventory uplift to ensure responsible model risk management. Outsourcing risk has seen heightened attention due to the criticality of key suppliers, incidents involving third parties and ongoing maturing of the embedded banking partner operating model. Despite these challenges, improvements are being made in the management of these risks.
Compliance risk Includes financial crime compliance and regulatory compliance risks.	Stable	Mitigated in a number of ways including horizon scanning for changes in regulatory and financial crime requirements, tracking regulatory change actions to closure, ensuring we are and do remain compliant and customers continue to be protected. Also includes regular oversight and control testing activities to demonstrate compliance and identify any processes or controls that may require strengthening.	The continued embedding of consumer duty throughout 2024 has been a key focus. ClearBank has sought to ensure the approach implemented in 2023 remains suitable for the continued growth of the firm with new products, services and through to our embedded banking partner propositions. Financial crime continues to be challenged by increases in fraud incidents and an adapting regulatory environment. However, a stable risk profile has been maintained throughout 2024, despite the ambitious business growth plans. Continued focus on scalability through automation and technology is planned for 2025.
Conduct risk Includes culture, behaviours and partner risks, as well as governance and product risks.	Stable	Mitigated through a consistent and appropriate 'tone from the top', regular training to support staff in understanding what good conduct looks like and robust product life-cycle governance. Additionally, it is mitigated through ongoing improvements to our complaints monitoring and oversight, both in our clearing portfolio and embedded banking partnerships.	We continued to review and improve our approach to training and communication, particularly as it relates to areas of conduct, both in respect of consumer duty and ongoing adherence to the high standards expected of all our employees and partners. We have also sought to ensure there is clarity between our partners and ourselves that consistent standards are being applied.

Risk management cont.

Stable Improving

Key risks	Change in risk profile	How key risks are mitigated	Commentary
Financial risk Includes capital, liquidity and funding risks. Also includes credit, interest rate and market risks.	Stable	Mitigated by ensuring that we understand our sources of risk and placing limits on specific types of risk-taking to remain within tolerance levels. This is supported by our capital and liquidity planning processes which also stress test our assumptions and drive mitigating actions to reduce any risk exposure. We also ensure we maintain sufficient levels of capital and liquidity above regulatory requirements.	In 2024 ClearBank's balance sheets saw significant growth, as we onboarded three new embedded banking partners including Revolut and nearly doubled our customer balances which stood at £11bn (2023: £6bn). Total payment scheme volumes grew by 54% to 167m and total account volumes reached 13m, up from 10m in 2023, of which FSCS protected accounts increased from 1.2m to 1.7m. Whist ClearBank continues to grow and scale, the underlying nature of our business model and balance sheet remains the same and we will continue to manage financial risks in a way that is conservative and consistent with 2024. ClearBank received its 2024 Resolution Communication which confirmed that ClearBank's resolution strategy and Minimum Requirement for own funds and Eligible Liabilities (MRELs) are to remain unchanged for 2025, and provided guidance for future resolution requirements. ClearBank will form cross-functional working groups in 2025 to assess these requirements and will implement these by the due dates.
Strategic risk Includes environmental and social, political and economic risks, as well as business and competition risks.	Stable	Mitigated through a regular and comprehensive review of our strategy ensuring that our financial plans and annual objectives are aligned to and are supported by the strategy. This includes tracking of our client pipeline and attrition, controlling costs and adherence to budget, and monitoring diversity and inclusion data – for example gender diversity at a senior leadership level. It also means keeping close to external factors, macroeconomic trends and geopolitical events that could impact our customers and our strategy.	In 2024 we exceeded our new business targets, grew our customer base and reduced sensitivity to interest rates by shifting our focus towards fee income. During the year we also focused on scalability of our platform by increasing investment to improve operating leverage whilst continuing to strengthen our risk and control environment. This has resulted in significantly improved quality of earnings and a more efficient and scalable business model. ClearBank has cemented its reputation as the industry leader and enabler of real-time clearing and embedded banking that combines speed, agility and security. As a result, our pipeline is as strong as ever and we expect strong growth and momentum to continue in 2024. During 2025, it is expected UK legislation and rules will be developed to regulate digital assets used on exchange. ClearBank is closely monitoring regulatory and industry developments, shaping its digital assets strategy to be well-positioned in the market as tokenisation initiatives gain momentum. Additionally, the UK government's National Payments Vision (NPV) setting out its economic ambitions for UK payments presents opportunities to stimulate innovation in this sector. ClearBank continues to engage with government bodies, industry partners and other key stakeholders to ensure clarity of the government's objectives and to reduce uncertainty and complexities in the market.

Risk management cont.

Capital risk

Capital risk is the risk that the Group has insufficient capital to cover regulatory requirements and/or support its growth plans. The subsidiary banks operated in line with their capital risk appetite as set by their respective Boards and above their regulatory capital requirements throughout the year ended 31 December 2024.

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.

In general, the Group's business model of placing customer funds as cash at central banks which are repayable on demand significantly reduces the Group's overall liquidity risk. On a day-to-day basis, the Group maintains adequate levels of liquidity, ensuring that there is sufficient liquidity to meet foreseeable and unexpected needs. Policies and procedures are in place to manage liquidity risk. Limits for the level and type of liquidity and deposit funding balances are set by Board Risk Committees ('BRC') of the Group's subsidiaries. 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.

Credit risk

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

The Group's credit risks arise principally through its exposure to our clients that results in an increase in fees receivables. The Group's policy of collecting monthly fees through automated payment deductions on the second day of the following month, and transactional fees as the transaction occurs from clients' deposit accounts, minimises its exposure to credit risk. The Group does not provide any credit facilities to its customers and is therefore not exposed to associated credit risks.

Additional information on Credit risk can be found in note 23 to the Group's Annual Report and Accounts

Risk management cont.

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 the Group's market risk management strategy is to manage and control market risk exposure 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 that are sensitive to interest rate changes. The Group's banking deposits are subject to variable interest rates at the central banks where its deposits are held and earn interest; as a result, changes in interest rates could have an impact on the net interest income recognised in the financial year. The Group, therefore, has commercial arrangements with its customers that are based on net interest margin rather than fixed interest income, which serves to mitigate the risk on the Group's income as a result of base rate fluctuations.

Conduct risk

The Group recognises the importance that culture plays in delivering fair outcomes and ensuring values are demonstrated in practice. The Group's leadership values and tone from the top promote positive and fair outcomes for all clients. This includes the fair treatment of clients being at the heart of the business strategy and having the ability to evidence good outcomes for clients.

The management of conduct risk forms a core pillar of the ERMF; this framework, along with the independent oversight and assurance provided by the second and third lines, ensures that the strategy, principles, policies, and resources are aligned to the risk appetite, regulatory requirements, and industry best practices.

Operational risk

Operational Risk can result in financial or non-financial losses such as client detriment or reputational damage resulting from inadequate or failed internal processes, people, and systems. Given the nature of the Group's focus on transactional banking services, maintaining secure and reliable systems connectivity to the various payment schemes is essential.

The Group continues to develop and invest in systems and controls to mitigate all operational risks, supported by the oversight of experienced staff.

Regulatory and compliance risk

Regulatory and compliance risk covers the possibility that regulatory and legislative changes may significantly impact the business model or that the Group fails to comply with existing requirements.

The Group operates within the context of the UK and EU Legal and Regulatory environment, but also within European law adopted and supported by UK regulators. In addition, it also complies with United Nations sanctions obligations and other internationally focused regulations where applicable. This context does not in itself create any material or specific risks, however, non-adherence or breach of such laws and regulations could have a significant negative impact.

Legal Counsel and Compliance functions monitor changes to the legal or regulatory landscape and are responsible for reporting forthcoming changes to management committees and to the Board, and for determining what appropriate subsequent actions need to be taken by senior management in response.

Risk management cont.

Operational resilience

The business continues to embed the PRA's operational resilience, outsourcing and third party risk management requirements, which relates to our ability to prevent, respond to, recover, and learn from operational disruptions. Our clients demand uninterrupted services, and our technology provides high levels of availability, reliability and resilience delivering optimal operational outcomes.

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 clients.

Environmental, Social and Governance ('ESG')

Our strategy sets out a vision for each of our sustainability pillars (Environment, Suppliers, People, Communities, Clients, Governance), supported by an action plan and metrics to drive progress and inform decision making. Our sustainability strategy is monitored by the Board each quarter and continues to shape commercial strategy as one of our four guiding priorities for the business.

In 2024 we focused on embedding our Sustainability Strategy in material decision making governance across our business and supporting functions to take accountability of sustainability objectives. We developed our understanding of the risks, impacts and opportunities across our value chain through our Materiality Assessment and established a clear Net Zero Transition Plan that will deliver against our science-based Net Zero targets.

Our governing Boards and executive leadership review sustainability metrics and progress at least quarterly across the Group.

Risk management cont.

Internal Capital Adequacy Assessment Process ('ICAAP')

The Group undertakes an ICAAP on at least an annual basis which is an internal assessment of Pillar 2A and Pillar 2B capital requirements.

The Pillar 2A assessment considers firm specific risks and risks not included in Pillar 1. The Pillar 2B element provides an assessment of our stressed capital adequacy in the context of its business strategy, risk appetite, risk profile and capital plan throughout a five-year planning horizon. The capital plan forms the starting point for stress testing which considers the impact of alternative scenarios to the Group's plan and deploys management actions where necessary to ensure we would remain within our risk appetite under the hypothetical scenarios.

The ICAAP is undertaken annually or more frequently should the need arise.

The ICAAP is presented to Assets and Liabilities Committee ('ALCO') and BRC, for challenge and approval. The Board ratifies the ICAAP following its approval by BRC. During the periodic Supervisory Review and Evaluation Process ('SREP'), the PRA assesses ClearBank's ICAAP and sets the Total Capital Requirement ('TCR').

Internal Liquidity Adequacy Assessment Process ('ILAAP')

The Group also performs a liquidity assessment on at least an annual basis, where liquidity and funding risks are stress tested as part of the ILAAP which is reviewed at ALCO and BRC, and approved at Board.

The PRA assesses ClearBank's ILAAP and sets the Pillar 2 Liquidity requirements during the periodic SREP.

Key metrics

Robust capital, liquidity and balance sheet

The Group's capital and liquidity positions have remained strong throughout 2024, thanks to the unique business model coupled with the UK Bank's sustained profitability. In line with risk appetite, the Group maintained a robust capital position, with a Common Equity Tier 1 ('CET1') of **67%** at the year end, maintaining headroom in excess of total capital requirements.

As at December 2024 capital resources were made up of CET1 capital, the highest quality of capital, consisting of ordinary share capital, associated share premium and allowable reserves.

Our Liquidity Coverage Ratio of

382%

and our Net Stable Funding Ratio of

15,959%

demonstrates a strong liquidity position for the Group.

The vast majority of our High Quality Liquid Assets of

£10,914m

are held as cash in sterling at the Bank of England.

	2024	2023
Available own funds (£m)		
Common Equity Tier 1 ('CET 1') capital (£m)	141	126
Tier 1 capital (£m)	141	126
Total capital (£m)	141	126
Risk-weighted assets ('RWA') (£m)		
Total risk-weighted exposure amount (£m)	211	162
Capital ratios (% of RWA)		
Common Equity Tier 1 ratio (%)	67.02%	77.45%
Tier 1 ratio (%)	67.02%	77.45%
Total Capital ratio (%)	67.02%	77.45%
Additional own funds requirements based on SREP (% of RWA)		
Additional CET1 SREP requirements (%)	9.89%	9.91%
Total SREP own funds requirements (%)	17.58%	17.61%
Combined buffer requirements (% of RWA)		
Capital conservation buffer (%)	2.50%	2.50%
Institution specific countercyclical capital buffer (%)	2.00%	2.00%
Combined buffer requirement (%)	4.50%	4.50%
Overall capital requirements (%)	22.08%	22.11%
CET1 available after meeting the total SREP own funds requirements (%)	49.44%	59.84%
Leverage ratio		
Total exposure measure excluding claims on central banks (£m)	542	289
Leverage ratio excluding claims on central banks (%)	26.07%	43.51%
Liquidity Coverage Ratio ('LCR')		
Total high-quality liquid assets ('HQLA') (Weighted value-average) (£m)	10,914	6,187
Cash outflows - Total weighted value (£m)	2,873	1,398
Cash inflows - Total weighted value (£m)	15	9
Total net outflows (adjusted value) (£m)	2,858	1,389
Liquidity coverage ratio (%)	381.88%	445.36%
Net Stable Funding Ratio ('NSFR')		
Total available stable funding (£m)	8,718	5,032
Total required stable funding (£m)	55	50
NSFR ratio (%)	15959.22%	10153.88%

Key metrics cont.

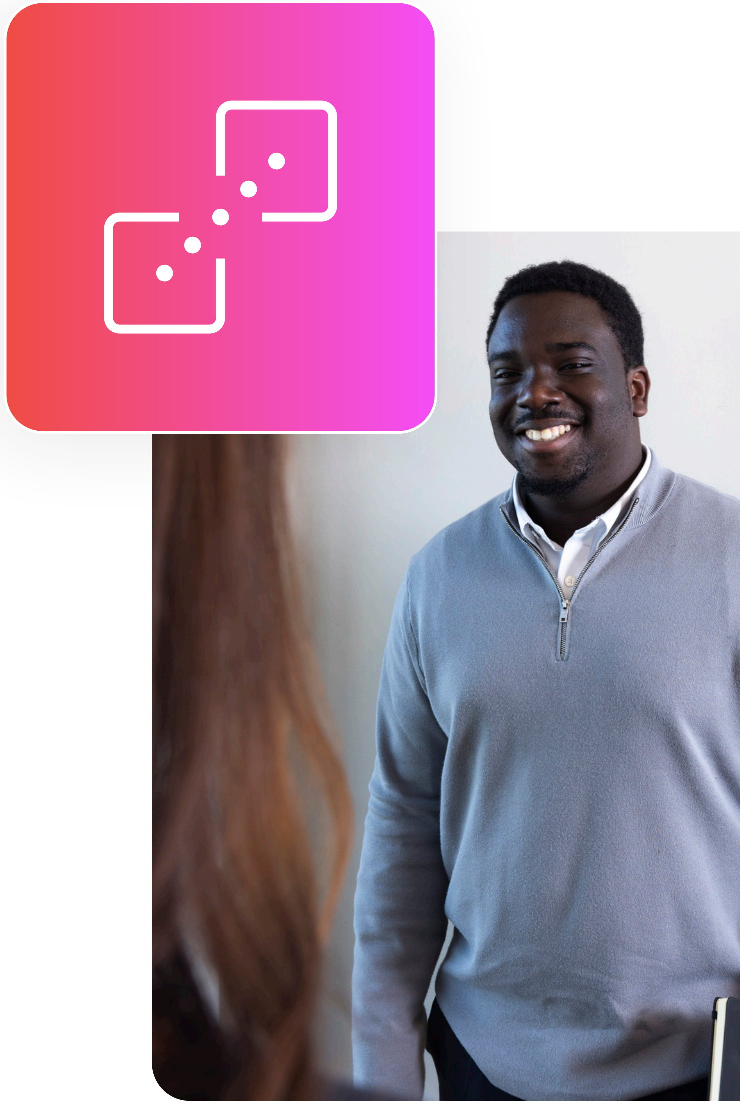
Composition of regulatory own funds

	2024 Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves £m		
Capital instruments and the related share premium accounts	224	a,b
Retained earnings	(11)	c
Accumulated other comprehensive income (and other reserves)	8	d
Common Equity Tier 1 (CET1) capital before regulatory adjustments	222	
Common Equity Tier 1 (CET1) capital: regulatory adjustments £m		
Intangible assets (net of related tax liability) (negative amount)	(53)	e
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	(28)	f
Total regulatory adjustments to Common Equity Tier 1 (CET1)	(81)	
Common Equity Tier 1 (CET1) capital	141	
Total Risk exposure amount	211	
Capital ratios and buffers		
Common Equity Tier 1 (%)	67.02%	
Tier 1 (as a percentage of total risk exposure amount)	67.02%	
Total capital (as a percentage of total risk exposure amount)	67.02%	
Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	22.08%	
of which: capital conservation buffer requirement	2.50%	
of which: countercyclical buffer requirement	2.00%	
Common Equity Tier 1 available to meet buffers (%)	49.44%	

Key metrics cont.

Reconciliation of regulatory own funds to balance sheet in the audited financial statements

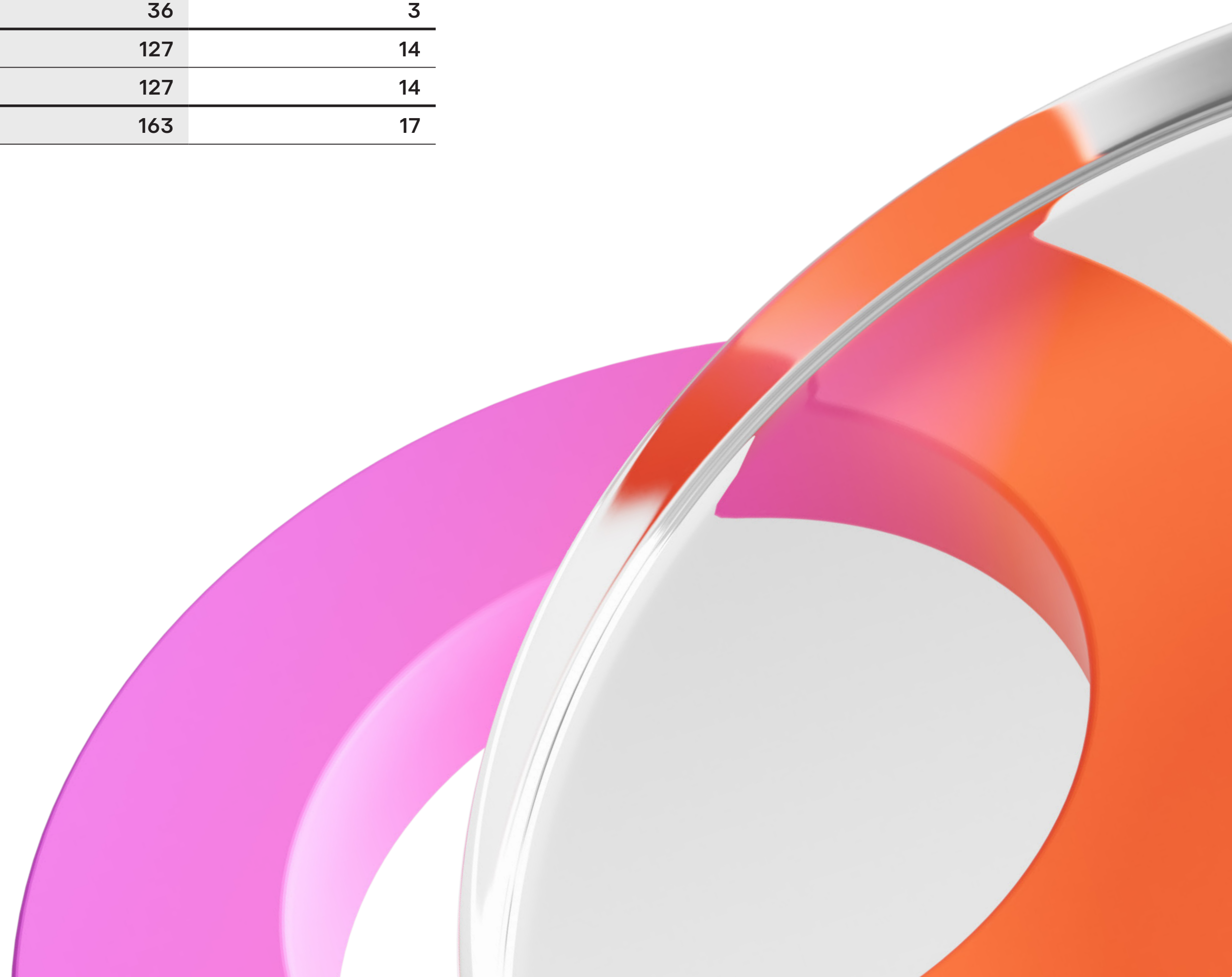
	Balance sheet as in published financial statements	Reference to Composition of Regulatory Own Funds
£'000	2024	
Assets - *Breakdown by asset class according to the balance sheet in the published financial statements*		
Cash and cash equivalents	10,961,293	
Loans and advances to banks	-	
Receivables	10,408	
Collateral placed	1,368	
Due from UK tax authorities	753	
Intangible assets	52,670	e
Property, plant and equipment	34	
Right of Use Asset	2,111	
Deferred Tax asset	35,426	f
Total assets	11,064,063	
Liabilities - *Breakdown by liability class according to the balance sheet in the published financial statements*		
Customer Deposits	10,818,568	
Other payables	20,708	
Lease Obligations	2,219	
Deferred Income	277	
Current Tax Liability	-	
Total liabilities	10,841,772	
Equity		
Called up share capital	2	a
Share premium	224,403	b
Capital Contribution reserve	9,188	d
Retained earnings losses	(10,518)	c
Translation reserve	(784)	d
Total shareholders' equity	222,291	
Total equity and liabilities	11,064,063	



Key metrics cont.

Overview of risk weighted exposure amounts

Overview of risk weighted exposure amounts £m	Risk weighted exposure amounts (RWEAs)		Total own funds requirements
	2024	2023	2024
Credit risk (excluding CCR)	34	36	3
Of which the standardised approach	34	36	3
Operational risk	178	127	14
Of which basic indicator approach	178	127	14
Total	211	163	17



Key metrics cont.

Credit risk

The Group uses the Standardised Approach ('SA') to calculate its Pillar 1 credit risk capital requirements. Under the SA, the Group applies a risk weighted asset value to each of its exposure classes and provides 8% of that risk weighted value as the minimum capital requirement for credit risk under Pillar 1. As at 31 December 2024, the Group's Credit Risk RWA was £33m, which required own funds of £3m to be held.

Operational risk

The Group uses the Basic Indicator Approach for calculating its Pillar 1 operational risk capital requirements. Under this approach, the Group applies a risk weight to the average of the past 3 years' audited revenue (or using forecasted revenue when historic audited numbers are not available), and is required to hold 8% of that risk weighted value as the minimum capital requirement for operational risk under Pillar 1. As at 31 December 2024, the Group's Operational Risk RWA was £178m, which required own funds of £14m to be held.

Liquidity and funding risk

The Group's management of liquidity and funding risks always aims to ensure that there are sufficient liquid assets, both as to amount and quality, to cover cash flow mismatches and fluctuations in funding, to meet financial obligations as they fall due, even during periods of stress.

This is achieved through management and stress testing of business cash flows, setting appropriate risk limits to maintain a prudent funding mix and maturity profile, and maintaining sufficient levels of high-quality liquid assets and appropriate encumbrance levels.

As at 31 December 2024, the Group's Liquidity Coverage Ratio ('LCR') was 382% which was well above the UK regulatory minimum of 100%. The Group continues to manage its liquidity against its internal risk appetite which is more prudent than the regulatory requirements.

The Group exceeds the PRA's expected 100% minimum requirement for the Net Stable Funding Ratio ('NSFR'), with a ratio of 15,959% at 31 December 2024.

The Group manages liquidity and funding risks within a comprehensive risk framework which includes its policy, strategy, limit setting and monitoring, stress testing and robust governance controls. The size and mix of the liquid asset buffer are defined by the Group's risk appetite as set by the Board, which is translated into a set of liquidity risk limits. The Group's liquid assets, which predominately comprise balances held at the Bank of England, are managed by the Group Treasury function.

Remuneration

Remuneration Policy and practices

This section provides details on the remuneration of the Board and employees of the Group including the approach for material risk takers for the year ending 31 December 2024. Material risk takers are those individuals whose actions may have a material impact on the risk profile of the Group. The policy and level of remuneration is determined by the Group's Remuneration Committee.

All employees who are subject to the Senior Managers Regime, either as a Senior Manager or as a Certified Individual, are duly advised of their status on an annual basis.

These employees are required to remain up to date with regulatory training and are subject to a more detailed performance management.

For these employees, the Group's Responsibility Map and the Individual Statements of Responsibility are used as the core underlying metrics and accountabilities.

The Group will keep records of the results of these annual performance assessments, which will feed into a determination of each individual employee remuneration package and any decisions to review or adjust remuneration awards.

Remuneration Policy

The Group's Remuneration Policy (the 'Policy') and approach to remuneration are designed to support the delivery of the Group's long term corporate strategy in a manner that is compliant with the requirements and frameworks of the competent domestic authorities' respective rules on remuneration (the Codes) and related guidance as these apply to the Group's business. The Policy is intended to ensure alignment of remuneration with the long-term interests of our shareholders. The Group considers that the Policy is consistent with and promotes sound and effective risk management and includes appropriate measures to avoid conflicts of interest.

Remuneration Committee

Remuneration for the Group is overseen by the Group Remuneration Committee ('GRemCo'). GRemCo is made up of four independent Non- Executive Directors who retain ultimate discretion for those matters as outlined within its Terms of Reference.

The Committee agrees the framework and policy for remuneration; terms of employment and any changes, including service contracts, remuneration, policy for and scope of pension arrangements; the basis of bonus and bonus awards and participation in and awards under share, incentive and benefit plans not available to all employees; and the targets for any performance related pay schemes.

Only members of the Committee have the right to attend and vote at Committee meetings. The Chief Human Resources Officer and Chief Executive Officer retain a standing invitation to attend meetings but are excluded from discussions relating to their own remuneration arrangements.

Non-Executive Directors' remuneration

The Group's independent non-executive directors received a fixed fee, and do not participate in the Group's Variable Pay arrangements. Non-executive directors do not receive pension or other benefits.

Remuneration cont.

Executive Directors' remuneration

Executive Directors' remuneration is determined by taking into account the specific role performed and is made up of individual remuneration components which when combined ensure an appropriate and reasonable remuneration package. It includes:

Fixed Pay:

- Base salary, including fixed allowances if any
- Pension and insurance schemes
- Other benefits

Variable Pay:

- Performance-based remuneration
- Service-based remuneration

Fixed pay

Fixed pay is determined on the basis of the role and the position of the individual employee, including professional experience, responsibility, job complexity and local market conditions.

Decisions on adjustments to employees' fixed pay are currently reviewed on a bi-annual basis.

Variable pay

All variable pay is entirely discretionary, and any bonus is assessed at the time of delivery taking into account all relevant factors, including the Group's results, financial affordability, the achievement of personal milestones and adherence to the Group's standards of expected behaviour and any risk events and mitigation. Prior to any variable payments being made, the Remuneration Committee and Board confirms that such payment will not undermine the Group's capital position in relation to its regulatory requirements or risk appetite, any variable payments for members of the Executive Committee and any senior officers in the risk and control functions will also be subject to approval by the Committee.

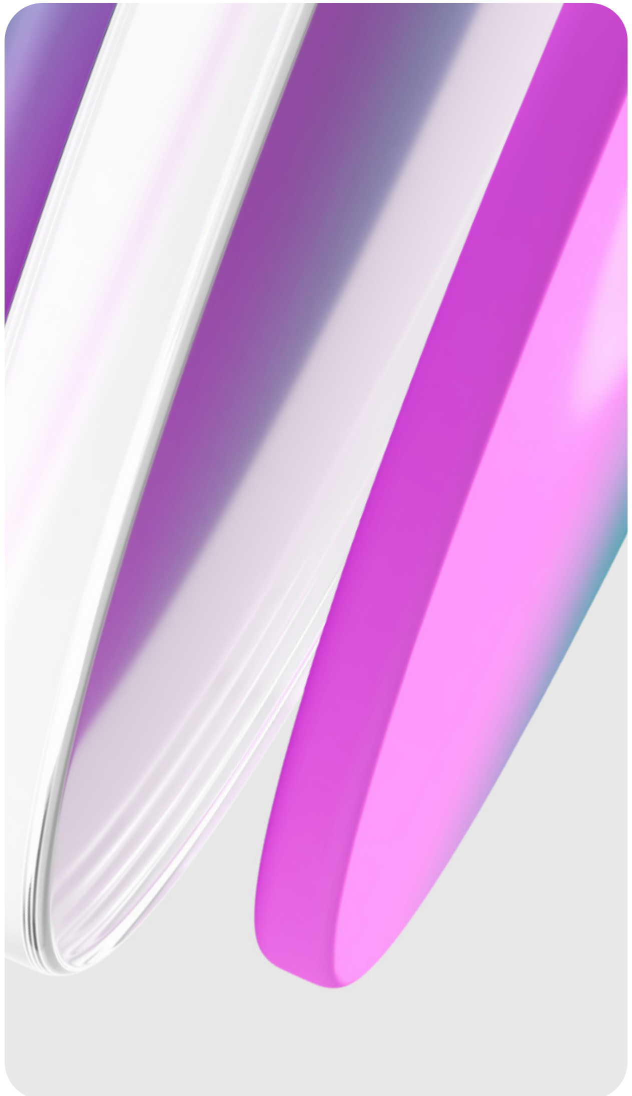
Pension and insurance schemes

Pension and insurance schemes guarantee employees cover in the event of short term loss of income, death, and pension payment on retirement. Employees are covered by a suite of comprehensive and externally-benchmarked insurance and pension companies.

Other benefits

Other benefits include a Group medical insurance program and other benefits as awarded on the basis of individual employment contracts and local market practice.

For more information on Remuneration, please refer to the tables below.



Remuneration cont.

Remuneration awarded for the financial year

Remuneration awarded for the financial year £		MB Supervisory function	MB Management function	Other senior management
Fixed remuneration	Number of identified staff	12	22	35
	Total fixed remuneration	1,045,941	5,618,452	5,220,761
	Of which: cash-based	1,045,941	5,618,452	5,220,761
Variable remuneration	Number of identified staff	-	16	28
	Total variable remuneration	-	1,236,164	1,049,249
	Of which: cash-based		372,428	929,249
	Of which: shares or equivalent ownership interests		863,736	120,000
Total remuneration		1,045,941	6,854,616	6,270,011

Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)	MB Management function	Other senior management
Guaranteed variable remuneration awards		
Guaranteed variable remuneration awards - Number of identified staff	3	
Guaranteed variable remuneration awards -Total amount	474,082	
Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	124,082	
Severance payments awarded during the financial year		
Severance payments awarded during the financial year - Number of identified staff		4
Severance payments awarded during the financial year - Total amount		267,218
Of which paid during the financial year		267,218
Of which highest payment that has been awarded to a single person		152,500

Appendix

Self-assessment of compliance with the Disclosure (CRR) part of the PRA rulebook

UK CRR reference	High level summary	Reference
435 (1)	Firm's must disclose information on risk management for each type of risk including;	pg 6 - 11
435 (1) (a)	The strategies and processes to manage those risks	pg 6 - 11
435 (1) (e)	Adequacy of risk management arrangements	pg 6 - 11
435 (1) (f)	Concise risk statement approved by the Board	pg 6 - 11
435 (1) (f) (i)	Key metrics for external stakeholders to get a comprehensive view of the firms risk management	pg 6 - 11
435 (1) (f) (ii)	Information on intragroup and related party transactions	pg 6 - 11
435 (2)	Information on governance arrangements, including information on Board composition and recruitment, and risk committees	ARA
435 (2) (a)	Number of directorships held by directors	ARA
435 (2) (b)	Recruitment policy of the Board, their experience and expertise	ARA
435 (2) (c)	Policy on diversity of Board membership and results against targets	ARA
437	Requirement to disclosure following information regarding own funds:	pg 14
437 (a)	Reconciliation of regulatory values for Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and filters and deductions to statutory balance sheet	pg 15
438	Requirement to disclosure following information regarding capital adequacy:	pg 12
438 (c)	The result of the ICAAP	pg 12
438 (d)	Total risk weighted exposure and own funds requirements by risk category	pg 16
447	Disclosure of Key Metrics	pg 13
450 (1)	Requirement to disclose information regarding their remuneration policy and practices for those categories of staff whose professional activities have a material impact on risk profile of the institution	pg 18-19
450 (1) (a)	Decision-making process for determining remuneration policy	pg 18-19
450 (1) (b)	Link between pay and performance	pg 18-19
450 (1) (c)	Design characteristics of the remuneration system, criteria for performance measurement, risk adjustment, deferral policy and vesting criteria	pg 18-19
450 (1) (d)	Ratios between fixed and variable remuneration	pg 18-19
450 (1) (h)	Aggregate quantitative information on remuneration, broken down by senior management and members staff with significant impact on risk profile of the institution	pg 20

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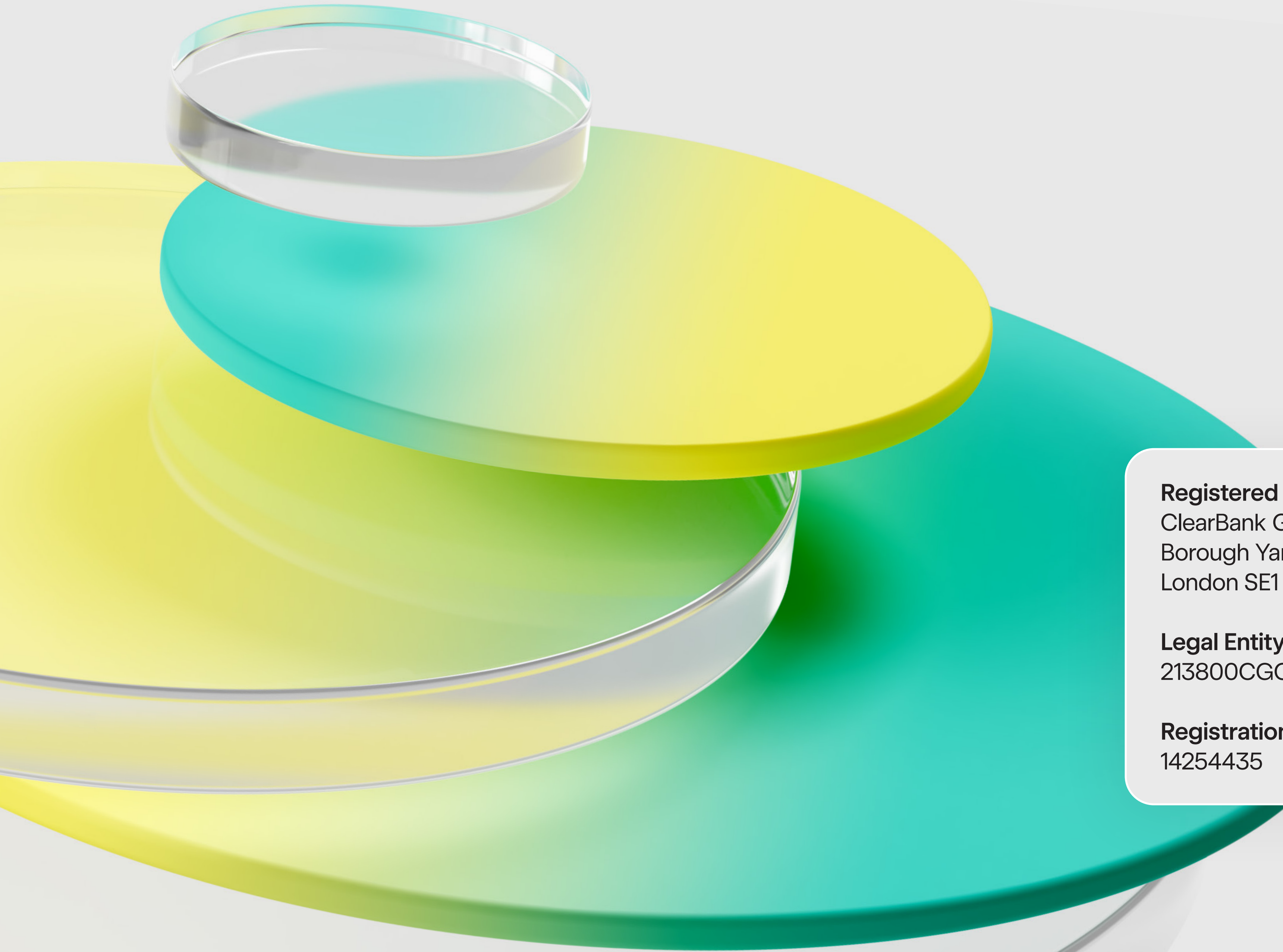

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