



## OTHER POLICY:

### PILLAR 3 DISCLOSURE POLICY

<b>Policy Owner</b>	CFO
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#### Document Ownership and Maintenance

The Pillar 3 Disclosure Policy is owned by the Chief Financial Officer. This policy is reviewed by the Management Committee. The document will be reviewed and updated whenever there are material changes affecting the policy or at least annually to reflect current practices.

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## Glossary

<b>Term</b>	<b>Explanation</b>
BCBS	Basel Committee on Banking Standards
CCR	Counterparty credit risk
COREP	Common reporting. The returns covering the reporting of capital and liquidity.
CRD	Capital requirements directive
CRR	Capital requirements regulation
CRM	Credit risk mitigation
EVE	Economic value of equity
FINREP	Set of returns covering financial reporting
GSII	Global Systemically Important Institutions
IRRBB	Interest rate risk in the banking book
LCR	Liquidity coverage ratio
NSFR	Net stable funding ratio
OSII	Other Systemically Important Institutions
RWA	Risk weighted assets
SMF	Senior Management Function

# 1. Introduction

This document defines FirstBank UK Limited’s (the Bank’s)” Pillar 3 Disclosure policy as required under Article 431 of the Capital Requirements Regulation 2013 (CRR) as adopted into UK Law.

The Capital Requirements Regulation (CRR) is the framework for implementing Basel requirements in the UK. The requirements for disclosures are included in the CRR, numerous CRR delegated acts, and the PRA Rulebook. The disclosures are aligned to the returns required for supervisory reporting e.g. COREP and FINREP and ensuring that the reporting requirements are proportionate.

The Bank has assessed itself as a Non-Listed ‘Other’ category firm, and as such will benefit from less onerous disclosure requirements.

# 2. Scope and Governance

## 2.1 Objective

The objective of this document is to outline the policy for the Pillar 3 disclosures to ensure that meaningful information is provided to users of the Pillar 3 document and to determine if there is any need to utilise the opt out under Article 432 for information which is immaterial, proprietary or confidential information. The articles of CRR that govern the housekeeping of disclosures per CRR are listed below:

Article	Title	Notes
431	Scope of disclosure requirements	Requirement for disclosure and policy of disclosure
432	Non-material, proprietary or confidential information	Some disclosures can be omitted subject to criteria and a statement about why omitted
433	Frequency of disclosure	Disclosure should be at least annual but more frequently depending on characteristics of the bank’s business
434	Means of disclosure	Must be published on a website
434a	Uniform disclosure formats	This led to the EBA guidelines described below

The CRR requirements are now held within the PRA Rulebook.  
[Disclosure \(CRR\) - Prudential Regulation Authority \(prerulebook.co.uk\)](http://prerulebook.co.uk)

## 2.2 Scope

This document covers the following key areas:

- a) The management of the Pillar 3 reporting, including governance and location, and
- b) The contents of the Pillar 3 reporting.

The Bank is required to make disclosures on an individual basis.  
The scope does not include the Annual Report and Accounts.

## 2.3 Governance and Internal Controls

Under Article 431 (Governance Arrangements) of the CRR (per the PRA Rulebook), the management body must oversee the process of disclosure and communications. Whilst under PRA2012/13, the information to be disclosed must be subject to the same level of internal verification as that applicable to the

management report, included in the organisations financial report.

Under the PRA CRR, a member of the management body, or senior management must attest in writing that the Bank has made the disclosures under this Part (Part Eight of the CRR) in accordance with the formal policies and internal processes, systems and controls. The written attestation and key elements of the Bank's formal policies to comply with the disclosure requirements shall be included in the Bank's disclosures.

The Pillar 3 reporting policy is the responsibility of the Chief Finance Officer function (SMF2) under the senior manager function regime. SMF2 is the function of having responsibility for management of the financial resources of a firm and reporting directly to the governing body of the firm in relation to its financial affairs.

Therefore, the preparation and review process for the Pillar 3 disclosures will be as follows:

- a) The Pillar 3 Disclosure Policy should be reviewed and updated by the Regulatory Reporting team,
- b) The Pillar 3 disclosures should be prepared by the Regulatory Reporting team,
- c) Internal review of the disclosures by the Regulatory Reporting team,
- d) Review of the policy and disclosures by the Risk Oversight Team,
- e) Review of the policy and disclosures by the CFO,
- f) Review of the policy and disclosures by Management Committee,
- g) Review of the policy and disclosures by BARAC and,
- h) Approval of the policy by the Board.

The internal controls concerning the Pillar 3 disclosures document will be as follows:

- a) All tables included in the document should be reconciled to an appropriate source e.g. the ledger and to each other if appropriate,
- b) The accompanying narrative should be reviewed, if not updated by the relevant area e.g. Human Resources should review the Remuneration section and Risk the Risk Management section. Evidence of the review should be retained.
- c) Review by Risk Oversight and the Committees is also part of the controls as the Pillar 3 disclosures require the same level of internal oversight as the statutory accounts.

## **2.4 Standards to be applied**

In accordance with Article 431 of the CRR, the presentation of the disclosures requires clarity, consistency over time and comparability of disclosures. Banks are also required to have a policy concerning whether their disclosures convey their risk profile comprehensively to market participants. To assess this, reviewers must ensure that the Bank discloses all risks that the Bank is exposed to and that all areas of the balance sheet are considered in the disclosures, and that explanations are sufficient to explain the level of risk that the Bank is exposed to.

Additionally, under Article 431, all quantitative disclosures must be accompanied by narrative and any supplementary information necessary in order for the users of the information to understand it.

## **2.5 Non-Material, Proprietary or Confidential Information**

Under Article 432 of the CRR (per the PRA Rulebook), the Bank may omit one or more disclosures if the information provided by the disclosure is not material, except for:

- i. Art. 435.2.c - The policy on diversity with regard to selection of members of the management body and their actual knowledge, skills and expertise.
- ii. Art. 437 – Own funds disclosures
- iii. Art. 450 – Remuneration policy disclosures.

In exceptional cases, the Bank is permitted to omit one or more items of information it regards as proprietary or confidential.

The Bank plans to comply with all disclosure requirements. The Bank will only omit items where it does not have an exposure for instance disclosures relating to Internal Ratings Models or if the exposure or RWA value is insignificant. If in the future, the Bank views a disclosure as potentially revealing proprietary or confidential information it will consult the EBA Guidelines on materiality, proprietary and confidentiality and on disclosure frequency, which have been adopted by the UK via the Bank of England and PRA Statement of Policy Interpretation of EU Guidelines and Recommendations: Bank of England and PRA approach after the UK's withdrawal from the EU.

## **2.6 Reporting Frequency**

Under Article 433 of CRR, disclosures under Part Eight must be published at least annually in conjunction with the date of the publication of the annual accounts.

However, as a Bank that falls into the 'Other' category, it is optional for the Bank to publish the Key Metrics template half yearly. The classification of the Bank is covered under 3.1, the section on proportionality.

The regulations also permit the option of disclosing more frequently. Similar size organisations are all producing annual Pillar 3 disclosures and the usefulness of more frequent disclosures would be limited, therefore the Bank will only produce annual disclosures. The Bank would provide additional disclosures if there was a major change to the business model or the situation of the Bank.

The disclosures should be published on the same date as the annual accounts or as soon as possible afterwards.

## **2.7 Location and Means of Disclosures**

Under Article 434 of CRR, the Bank is required to disclose the location and means of disclosure. The Bank will disclose its Pillar 3 Disclosures on the Bank's website. The document will be downloadable as a PDF.

## **2.8 Format of Disclosures and Narrative**

The Bank will use the official templates for disclosures and as required under PART EIGHT will provide narrative to aid understanding of the information.

### 3. Annual Assessments

#### 3.1 Classification of the Bank (Large, Small and Non-Complex, Other)

Disclosure requirements are set out broadly by size of the organisation and in order to be able to determine the appropriate level of disclosures, the Bank has to assess the category it belongs to. There are three categories:

- a) Large (Art. 433a)
- b) Small and non-complex (Art. 433c)
- c) Other (Art. 433b)

Category	Description	Interpretation
Large	It is a Global Systemically Important Institutions (GSII) or Other Systemically Important Institutions (OSII) or, It is one of the 3 largest institutions in the UK or the The total value of its assets on an individual basis is equal to or greater than EUR 30 billion;	Not applicable
Small & Non-Complex	a) It is not large b) the total value of its assets on an individual basis is on average equal to or less than the threshold of EUR 5 billion c) it is not subject to any obligations, or is subject to simplified obligations, in relation to recovery and resolution planning in accordance with articles 7 and 8 of the second BRRD Order d) its trading book business is classified as small within the meaning of Article 94(1); e) the total value of its derivative positions held with trading intent does not exceed 2 % of its total on- and off-balance-sheet assets and the total value of its overall derivative positions does not exceed 5 %, both calculated in accordance with Article 273a(3); f) more than 75 % of both the institution's consolidated total assets and liabilities, excluding in both cases the intragroup exposures, relate to activities with counterparties located in the United Kingdom g) the institution does not use internal models h) the institution has not communicated to the competent authority an objection to being classified as a small and non-complex institution; i) the competent authority has not decided that the institution is not to be considered a small and non-complex institution on the basis of an analysis of its size, interconnectedness, complexity or risk profile;	The Bank meets all of these criteria except 'f' as the most of the Bank's activities relate to counterparties outside of the UK.
Other	This represents any Bank which is neither large nor small and non-complex. This is further divided into Listed and Non-Listed.	The Bank falls into this category.
<p>The definitions of the large, small and non-complex and other categories are outlined in Article 4 of CRR, as incorporated into UK Law.</p> <p><a href="#">Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Text with EEA relevance) (legislation.gov.uk)</a></p>		

The table below shows the UK and Non-UK Exposures as at 31 December 2023.

Category	Exposure Country \$000s	Nationality/Country of Incorporation \$000s	Exposure Country %	Nationality/Country of Incorporation %
UK	503,402	511,554	24.6%	25.0%
Non-UK	1,207,146	1,198,994	58.9%	58.5%
MDBs	337,604	337,604	16.5%	16.5%
<b>Total</b>	<b>2,048,152</b>	<b>2,048,152</b>	<b>100.0%</b>	<b>100.0%</b>

Listed firms are required to disclose all the sections of Part Eight of the CRR, however as a non-listed bank, the Bank is subject to the Article 433c and a more limited set of disclosures can be made (See Section 4.2). The implications of these requirements will be discussed in later sections.

### Conclusion

The Bank has assessed itself as a Non-Listed 'Other' category firm. The disclosure requirements are covered by the following articles:

### 3.2 Remuneration - Proportionality Assessment

Remuneration disclosure requirements are also set out broadly by size of the organisation and in order to be able to determine the appropriate level of disclosures, the Bank has to assess the category it belongs to. There are three proportionality levels running from 1 (most requirements) to 3 (least requirements).

Category	Description	Interpretation
3	Either: (a) Average total assets on relevant date of firm exceeding £50 billion; or (b) Firm is part of a group and its proportionality level is raised as a result of being part of a larger group.	FirstBank UK's assets do not exceed £50bn. The Bank is part of a group; however the rest of the group is not subject to CRR/the PRA rulebook and therefore does not meet this criteria.
2	Either: (a) Average total assets on relevant date of firm exceeding £20 billion but not exceeding £50 billion; or (b) Average total assets on relevant date of firm exceeding £4 billion but not exceeding £20 billion and firm does not meet Condition 1 or 2.	The Bank's assets do not exceed £4bn and therefore the Bank does not meet this criterion.
1	Either: (a) Average total assets on relevant date of firm not exceeding £20 billion and satisfies Conditions 1 and 2; or (b) Average total assets on relevant date of firm not exceeding £4bn.	The Banks assets do not exceed £4bn and therefore this criterion is met.
<b>Application of proportionality to small firms in groups that include larger institutions (PS16/23)</b> The amendments made to both regulators' rules clarify that where a firm is part of a group, it can only benefit from the more proportionate remuneration regime where: <ul style="list-style-type: none"> <li>• <b>Either</b>, both of the following conditions are met:</li> </ul>		The Bank is the only member of the group to which these rules apply. These rules do not apply to the rest of FirstBank of Nigeria Group.



Category	Description	Interpretation
	<ul style="list-style-type: none"> <li>each firm in the group to which these rules apply on an individual basis has average total assets less than or equal to £4 billion; and</li> <li>where any firm in the group to which these rules apply on an individual basis is a member of a UK consolidation group, the UK consolidation group has average total assets less than or equal to £4 billion on a consolidated basis;</li> </ul> <p>A UK consolidation Group refers to where a UK parent institution has to comply with regulations on a consolidated basis.</p> <ul style="list-style-type: none"> <li><b>Or</b>, all of the following conditions are met: <ul style="list-style-type: none"> <li>each firm in the group to which these rules apply on an individual basis has average total assets that are less than or equal to £20 billion;</li> <li>where any firm in the group to which these rules apply on an individual basis is a member of a UK consolidation group, the UK consolidation group has average total assets that are less than or equal to £20 billion on a consolidated basis; and</li> <li>the additional criteria set out in Chapter <b>2A.1 (Small CRR Firm) or 2B.1 (Small Third Country CRR Firm)</b> of the Remuneration Part of the PRA’s Rulebook are met (the PRA and FCA rules explain in detail which requirements need to be met on an individual basis and which on a consolidated basis).</li> </ul> </li> </ul>	<p>Its assets are below £4bn. The Group is not part of a UK consolidation group. It is only required to comply with reporting on an Individual basis. The Bank meets this criterion.</p> <p>If the Bank was assessed under these criteria, it would not meet the criteria because the condition 1 requires the overall net-foreign-exchange position/own funds to be less than 3.5% or 2% on average and not to offer correspondent banking.</p>
<a href="#">PS16/23 – Remuneration: Enhancing proportionality for small firms   Bank of England</a> <a href="#">Small CRR Firm Conditions - Prudential Regulation Authority (prerulebook.co.uk)</a> <a href="#">Small Third Country CRR Firm Conditions - Prudential Regulation Authority (prerulebook.co.uk)</a> <a href="#">Supervisory Statement   SS2/17 - December 2023 update (bankofengland.co.uk)</a>		

### Recommendation

The Bank meets the requirement to be categorised as proportionality level 3 as it holds assets of less than £4bn and is not part of a UK consolidation group.

### 3.3 Remuneration - Small CRR Firm

If the Bank is a Non-Listed Other Firm, proportionality level 3 and is also a small CRR firm, it is not required to make remuneration disclosures. As a non-listed Other firm, it would still be subject to limited disclosures.

Description	Interpretation
<p><b>Small CRR firm</b> means a CRR firm that satisfies Condition 1 and, Where the firm is part of a group containing any other firm <i>subject to this part</i> on an individual basis, condition 2 must also be met.</p> <p><b>Condition 1</b> is that the firm either:  (a) has average total assets not exceeding £4 billion; or</p>	<p>Subject to this part – means Part Eight (Disclosures) of CRR.</p> <p>The Banks assets are below £4bn. The Bank does not satisfy the conditions in 2A.1 because as at 31 December 2023, the Bank’s overall net foreign exchange position</p>

Description	Interpretation
<p>(b) satisfies the conditions in 2A.1 and has average total assets exceeding £4 billion but not exceeding £20 billion; <b>Condition 2</b> is that where the firm is a member of a group, the criteria in (a) or (b) are satisfied in respect of any other firm in the group is <i>subject to this part</i> on an individual basis:</p> <p><b>(a)</b></p> <p>(i) the average total assets of each CRR firm in the group do not exceed £4 billion on an individual basis;</p> <p>(ii) the average total assets relating to the activities of the branch operation in the UK of each third country CRR firm in the group do not exceed £4 billion on an individual basis; and</p> <p>(iii) where any CRR firm or third country CRR firm in the group is a member of a consolidation group, the consolidation group has average total assets not exceeding £4 billion on a consolidated basis; <b>or</b></p> <p><b>(b)</b></p> <p>(i) the average total assets of each CRR firm in the group do not exceed £20 billion on an individual basis</p> <p>(ii) the average total assets relating to the activities of the branch operation in the UK of each third country CRR firm in the group do not exceed £20 billion on an individual basis;</p> <p>(iii) where any CRR firm or third country CRR firm in the group is a member of a consolidation group, the consolidation group has average total assets not exceeding £20 billion on a consolidated basis;</p> <p>(iv) for each CRR firm in the group each of the conditions in 2A.1 are satisfied on an individual basis;</p> <p>(v) for each third country CRR firm in the group each of the conditions in 2B.1 are satisfied on an individual basis; and</p> <p>(vi) where any CRR firm or third country CRR firm in the group is a member of a consolidation group, each of the conditions (1), (2) and (3) in 2A.1 are satisfied in respect of the consolidation group on a consolidated basis.</p>	<p>exceeded 3.5% and on average was above 2% and it undertakes correspondent banking.</p> <p>Only FirstBank UK is subject to CRR in the group.</p> <p>There are no branch operations in the UK. Consolidation Groups are those approved by the PRA. FirstBank UK reports as an individual bank.</p> <p>The FirstBank group includes entities that are overseas firms that would be CRR firm if they had been a UK undertaking, had carried on all of its business in the UK and had obtained whatever authorisations for doing so as are required under FSMA.</p> <p>Only FirstBank UK is subject to CRR in the group.</p> <p>The unaudited assets of FBN holdings at 31 Dec 2023 are NGN 16,896,094 at an exchange rate of c. 1143NGN to GBP would be c. £15bn.</p> <p>The conditions in 2A.1 are relating to the PRA approved consolidation entities. Group undertakings meet this definition.</p> <p>The Bank does not meet the definition because as at 31 December 2023, the Bank's overall net foreign exchange position exceeded 3.5% and on average was above 2% and it undertakes correspondent banking.</p> <p>Other firms in the group meet this definition.</p> <p>Articles 18 and 19 concern whether entities are subject to proportional consolidation or excluded. The Group undertakes consolidation of all entities as they are 100% controlled.</p> <p>2.1-2.3 – Refer also to proportional</p>
<p><b>2A and 2B</b></p> <p>These refer to the type of business undertaken.</p> <p><a href="http://prerulebook.co.uk">Small CRR Firm Conditions - Prudential Regulation Authority (prerulebook.co.uk)</a></p> <p><b>A third country CRR firm</b></p> <p>means an overseas firm that would be a CRR firm if it had been a UK undertaking, had carried on all of its business in the UK and had obtained whatever authorisations for doing so as are required under FSMA.</p> <p><b>Consolidation Group</b></p> <p>means the undertakings that a firm is required to include in the scope of consolidation pursuant to Articles 18 (proportional consolidation), 19 (exclusions from</p>	

Description	Interpretation
consolidation) and 23 (liquidity management) of the CRR and Groups 2.1-2.3.	consolidation

### Conclusions

To qualify as a Small CRR Firm, conditions 1 and Conditions 2a or 2b must be met. Condition 1 is met. Condition 2a and 2b are not met because conditions 2A.1 and 2B.1 are not met. The Bank is therefore required to disclose points (a)- (d), (h)-(k) of Article 450(1).

## 4. Disclosure Requirements for an ‘Other’ Institution (exc. Leverage)

The disclosure requirements under the PRA CRR2 are shown below. It should be noted that this is not all disclosures.

Article	Guidance	Interpretation
Art. 433a	Covers large institutions	
Art. 433b	Covers small and non-complex institutions	
Art. 433c 1.	Institutions that are not subject to Art 433a or 433b shall disclose the information outlined below with the following frequency: (a) All the information required under this Part on an annual basis. (b) The Key Metrics referred to in Article 447 on a semi-annual basis. (c) Refers to LREQ firms.	This states that all of the disclosures under Part EIGHT of CRR are required annually and the Key Metrics shall be disclosed half yearly. The Bank is not an LREQ firm.
Art. 433c 2.	By way of derogation from paragraph 1 of this Article, other institutions that are non-listed institutions shall disclose the following information on an annual basis. (a) Points (a), (e) and (f) of Art 435(1) - Risk management and managing body (b) Points (a), (b) and (c) of Art 435(2) - Governance (c) Points (a) of Art 437 Own Funds (d) Points (c) and (d) of Art 438 - Own Funds and RWAs. (e) The key metrics referred to in Art. 447 - Key Metrics (f) Points (a)- (d), (h)-(k) of Art 450(1) - Remuneration	Derogation refers to the partial revocation of the law and therefore this is interpreted as a non-listed “other” institution is not required to disclose ALL disclosures under PART EIGHT, but only those articles referred to on the left. Also, the Bank is able to choose not to disclose the Key Metrics half yearly.
Art. 433c 3.	Notwithstanding paragraphs 1 and 2, for institutions subject to this Article that are <b>small CRR firms</b> , the disclosure required in relation to the information referred to in Article 450 is as follows:	See the assessment under section 3.2. As the Bank meets the requirement for both of the following items, it counts as a small <ul style="list-style-type: none"> <li>each firm in the group to which these rules apply on an individual basis has</li> </ul>

	<p>(a) for <b>non-listed institutions</b>, no disclosure is required;</p> <p>(b) otherwise, points (a)-(d), (h)(i) and (h)(ii) of <b>Article 450(1)</b>.</p>	<p>average total assets less than or equal to £4 billion; and</p> <ul style="list-style-type: none"> <li>• where any firm in the group to which these rules apply on an individual basis is a member of a UK consolidation group, the UK consolidation group has average total assets less than or equal to £4 billion on a consolidated basis;</li> </ul> <p>As a non-listed institution, the Bank is able to choose not to disclose any items under Article 450 which refers to Remuneration Disclosures.</p>
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The disclosures for a Non-listed Other category firm are outlined below:

Article	Description	Notes
435	Risk Management	Covered under Section 7.4
437 (a)	A full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and filters and deductions applied pursuant to Articles 32 to 35, 36, 56, 66 and 79 to own funds of the institution and the balance sheet in the audited financial statements of the institution;	The Bank provides this disclosure in the Pillar 3 disclosures under template CC2 and CC1.
437 (b/c)	<p>(b) a description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the institution;</p> <p>(c) the full terms and conditions of all Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments;</p>	<p>These are not required under Pillar 3 but are already disclosed in the Statutory Accounts.</p> <p>This is covered by template CCA.</p>
438 (c)	For institutions calculating the risk-weighted exposure amounts in accordance with Chapter 2 of Part Three, Title II, 8 % of the risk-weighted exposure amounts for each of the exposure classes specified in Article 112;	The Bank provides this disclosure in the OV1 table in the Pillar 3 disclosures.
438 (d)	<p>Institutions shall disclose the following information regarding their compliance with Article 92 and rules <a href="#">3.1(1)(a)</a> and <a href="#">3.4</a> of the <a href="#">Internal Capital Adequacy Assessment Part</a> of the <a href="#">PRA</a> Rulebook:</p> <p>(c) the result of the institution's internal capital adequacy assessment process;</p> <p>(d) the total risk-weighted exposure amount and the corresponding total own funds requirement determined in accordance with Article 92, to be broken down by the different risk categories set out in Part Three and, where applicable, an</p>	

Article	Description	Notes
	explanation of the effect on the calculation of own funds and risk-weighted exposure amounts that results from applying capital floors and not deducting items from own funds;	
447	Key metrics	The Bank provides this disclosure in the KM1 table in the Pillar 3 disclosures.

### Conclusion

The Bank is able to select whether to disclose:

- a) The full list under PART EIGHT annually or the list above.
- b) To disclose the Key Metrics half yearly or annually.

The Bank will disclose all requirements under Art. 433(c) annually commensurate with the size of the organisation.

### 4.1 Disclosure Format for an 'Other' Institution

The main disclosure formats are set by the PRA as follows: PRA have prescribed formats for most disclosures within

- a) PS22/21 Implementation of Basel Standards: Final Rules (Oct 2021), and,
- b) SS45/15 The UK Leverage Ratio Framework (Oct 2021).

## 5. PRA Rulebook (CRR) Articles covering Disclosure

As a 'non-listed Other' Bank, the Bank is required to comply with Article 433(c)

Article	Title	Interpretation
431	Disclosure Requirements and Policies 1. Requirement for disclosures 2. Requirement to have a policy concerning disclosures 3. Requirement for attestation by at least one director 4. Quantitative disclosures require narrative	1. Met by Pillar 3 disclosures document 2. Met by this policy document. 3. Met by signing off the disclosure document), and 4. Narrative provided with quantitative disclosures.
432	Non-material, Proprietary or Confidential	See Section 2.5
433	Frequency and Scope of Disclosures	See Section 2.6
433 a-c	Disclosures by Category	The Bank is required to disclosure under Article 433c as an 'Other' Bank. See section 6
434	Means of Disclosures	See Section 2.7
434a	Uniform Formats	No article but the Bank reports using the format under PS22/21.
434b	Article 434b Timing and Means of Disclosures under Article 441	Applies to Global Institutions of Systemic Importance only.
435	Risk management disclosures including	Narrative disclosures required in line with

Article	Title	Interpretation
	governance arrangements.	guidance. See Section 7.4.
436	Scope of application	Name of organisation and that the Bank discloses on an 'Individual' basis will be disclosed in the Pillar 3 document. Other items are not required under Art. 433(c).
437	Own funds	Disclose via the Key Metrics template.
437a	Article 437a Disclosure of Own Funds and Eligible Liabilities	Not required as a non-listed 'Other' category firm. Narrative to be disclosed
438	Capital Requirements	Met by disclosure of template OV1 which will be continued under the PRA CRR.
439	Exposure to counterparty risk (CCR) – Single line required of replacement cost, EAD and RWA.	Not required as a non-listed 'Other' category firm. Narrative to be disclosed.
440	Capital buffers - Information about the countercyclical buffer	Not required as the Bank is a non-listed 'Other' category firm.
441	Indicators of global systemic importance	Not applicable to the Bank.
442	Credit risk adjustments	Although the templates are not required, limited narrative and information will be provided to ensure that the disclosures are coherent.
443	Unencumbered assets	The Bank does not currently disclose this information, however the value of encumbrance is \$34.0m out of \$2.439bn of asset and therefore can be considered immaterial. A paragraph will be included to explain this.
444	Disclosure of the use of the standardised approach – Information about use of external ratings	Not required as a non-listed 'Other' category firm. Narrative to be disclosed. Not required as the Bank is a non-listed 'Other' category firm.
445	Disclosure of exposure to market risk	There is a template which covers market risk however the Bank would only populate one row and this information is already provided in the OV1 template. Not required as the Bank is a non-listed 'Other' category firm.
446	Disclosure of operational risk management	Covered as a single line in OV1 and in the narrative in the risk management section. Not required as the Bank is a non-listed 'Other' category firm.
447	Disclosure of key metrics per CRR II	The Key Metrics template will be disclosed. As a non-listed 'Other' category firm, it is only required annually, but without the derogation for 'non-listed 'Other' category firms', it would be required half yearly.
448	Disclosure of exposures to interest rate risk on positions not held in the trading book	As a non-listed 'Other' category firm, no disclosures are required, however it is recommended that disclosures are made as per

Article	Title	Interpretation
		section 6.10.
449	Disclosure of exposures to securitisation positions	None required as no positions.
449a	Disclosure of environmental, social and governance risks (ESG risks)	The Bank will provide a disclosure in narrative form at the end of 2023 and will adopt recommended templates in line with timetables proposed in UK law and regulator recommendation.
450	Disclosure of remuneration policy	Comply with the requirements based on categorisation and proportionality level of the firm.
451	Disclosure of the leverage ratio	Leverage is incorporated into the Key Metrics template (KM1).
451a	Disclosure of liquidity requirements	Liquidity is incorporated into the Key Metrics template.
452	Disclosure of the use of the IRB Approach to credit risk	Not applicable to the bank as not on internal models.
453	Disclosure of the use of credit risk mitigation (CRM) techniques	As a non-listed 'Other' category firm, no disclosures are required, however narrative to be provided. Schedule included as beneficial to demonstrate the amount of credit risk mitigation.
454	Disclosure of the use of the Advanced Measurement Approaches to operational risk	Not applicable to the bank as not on the advanced approach.
455	Use of internal market risk models	Not applicable to the bank
CRD	Return on assets	Disclosed in the annual accounts
473a	IFRS 9 transitional disclosures	A statement will be made that the IFRS 9 transitional adjustments are now fully amortised.
	Statistics on availability and dedicated interfaces	These are disclosed quarterly on the website.
	Market risk – Trading book	FBNBank UK only has a small trading book and therefore no disclosures are required.
	Non-performing and forborne loans	The Bank will comply with disclosures for smaller organisations.
	Payment Practices Disclosure	The Bank will comply with the disclosure requirements by

This document outlines the recommendations for disclosure considering both current and forthcoming requirements and based on the regulations and guidelines in Appendix A.

The policy recommends that full disclosure is made according to with regulations and guidelines as a non-listed 'other' firm in line with proportionality, providing supplementary disclosures to ensure users are able to understand the disclosures.

## 6. PRA Disclosure Templates Required

The disclosure templates include both qualitative and quantitative items. The following templates are required ([PS22/21 'Implementation of Basel standards: Final rules' \(bankofengland.co.uk\)](#)) :

Return	Title	Article	Required	Other Non-Listed Firms
Templates for Leverage, Insurance, IRB Specialised lending, securitisation risk and internal model for market risk are omitted				
OV1	Template 4: EU OV1 – Overview of RWAs	Point (d) of Article 438 CRR.	Yes	Pt D of Art 438
KM1	Key Metrics	Points (a) to (g) of Article 447 Point (b) of Article 438 CRR.	Yes	Article 447
OVC	ICAAP Information	Points (a) and (c) of Article 438 CRR.	Yes as pt C is required.	Pt C of Art 438
OVA	Risk Management (free format)	Article 435(1) CRR.	Yes for relevant points	Points (a), (e) and (f) of Article 435(1);
OVB	Disclosure on governance arrangements	Article 435(2)	Yes	Points (a), (b) and (c) of Article 435(2);
UK LI1	Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories	Point (c) of Article 436 of CRR	No	
UK LI2	Main sources of differences between regulatory exposure amounts and carrying values in financial statements	Point (d) of Article 436 CRR	No	
UK LI3	Outline of the differences in the scopes of consolidation (entity by entity)	Point (b) of Article 436 CRR	No	
UK LIA	Explanations of differences between accounting and regulatory exposure amounts	Points (b) and (d) of Article 436	No	
UK LIB	Other qualitative information on the scope of application	Points (f), (g) and (h) of Article 436	No	
UK PV1	Prudent valuation adjustments (PVA):	Point (e) of Article 436	No	
UK CC1	Composition of regulatory own funds	Points (a), (d), (e) and (f) of Article 437	Yes	Point (a) of Article 437;
UK CC2	Reconciliation of regulatory own funds to balance sheet in the aud	Point (a) of Article 437 CRR.	Yes	Point (a) of Article 437;
UK CCA	Main features of regulatory own funds instruments and eligible liabilities instruments	Points (b) and (c) of Article 437	No	
UK CCyB1	Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer	Point (a) of Article 440	No	
UK CCyB2	CCyB2 - Amount of institution-specific countercyclical capital buff	Point (b) of Article 440 CRR.	No	
LIQA	Liquidity risk management	Article 451a	No	
LIQ1	LCR	Article 451a	No	
LIQB	LCR	Article 451a(2)	No	
LIQ2	Net Stable Funding Ratio (NSFR)	Article 451a(3)	No	
CRA	General qualitative information about credit risk	Points (a), (b), (d) and (f) of Article 435(1)	Yes but only for (f)	
CRB	Additional disclosure related to the credit quality of assets	Points (a) and (b) of Article 442 CRR.	No - Use for credit risk	
UK CR1:	Performing and non-performing exposures and related provisions	Points (c) and (e) of Article 442	No	
UK CR1A	Template UK CR1-A: Maturity of exposures	Point (g) of Article 442	No	
UK CR2	Changes in the stock of non-performing loans and advances	Point (f) of Article 442 CRR	No	
UK CR2A	Changes in the stock of non-performing loans and advances and related net accumulated recoveries	Points (c) and (f) of Article 442	No	
CQ1	Credit quality of forbore exposures	Point (c) of Article 442	No	
CQ2	Quality of forbearance	Point (c) of Article 442	No	
UK CQ3	Credit quality of performing and non-performing exposures by past due days	Point (d) of Article 442	No	
UK CR4	Quality of non-performing exposures by geography	Points (c) and (e) of Article 442	No	
UK CQ5	Credit quality of loans and advances to non-financial corporations by industry	Points (c) and (e) of Article 442	No	
UK CQ6	Collateral valuation - loans and advances	Point (c) of Article 442	No	
UK CQ7	Collateral obtained by taking possession and execution processes	Point (c) of Article 442	No	
UK CQ8	Collateral obtained by taking possession and execution processes – vintage breakdown	Point (c) of Article 442	No	
UK CRC	Qualitative disclosure requirements related to CRM techniques	Points (a) to (e) of Article 453	No	
UK CR3	CRM techniques overview: Disclosure of the use of credit risk mitigation techniques	Point (f) of Article 453 CRR	No	
UK CRD	Qualitative disclosure requirements related to standardised model	Points (a) to (d) of Article 444	No	
UK CR4	Credit risk exposure and CRM effects	Points (g), (h) and (i) of Article 453 CRR and of point (e) of Article 444	No	
UK CR5	Standardised approach	Point (e) of Article 444	No	
CCRA, CCR1-8	Counterparty Credit Risk	Article 439	No	
UK MRA	Qualitative disclosure requirements related to market risk	Points (a) to (d) of Article 435(1) for market risk	Yes	Point (a) of Article 435(1)
MR1	Market risk under the standardised approach	Article 445	No	
Other MR templates	Market risk under other methods.	Multiple	N/A	
UK ORA	Qualitative information on operational risk	Articles 435(1), 446 and 454	Yes	Points (a), (e) and (f) of Article 435(1);
UK OR1	Operational risk own funds requirements and risk-weighted exposure amounts	Articles 446 and 454	No	
UK REMA	Remuneration policy	Points (e), (f) and (k) of Article 450(1) and in Article 450(2) in accordance with Articles 433a, 433b and 433c	No	
UK AE1	Encumbered and unencumbered assets	Article 443	No	
IRRBBA	IRRBB risk management objectives and policies	Points (c), (d), (e), (f) and (g) of Article 448(1)	No	
IRRBB1	Quantitative information on IRRBB	Point (a) and (b) of Article 448(1)	No	
IFRS 9 Transition	IFRS 9 Transition		Yes	

In addition, under the Remuneration Section, the template REM1 (Template UK REM1 - Remuneration awarded for the financial year) is required



## 7. Key Judgements

The key judgements included in this document concern:

Item	Title	Description
1	Category of the Bank	The Categorisation of the Bank as a non-listed 'Other' institution which reduces the overall disclosure requirements as outlined in Section 2.9.
2	Key Metrics template	The Key Metrics template is required yearly as a non-listed 'Other' institution, but without the derogation would be required half yearly.
3	Proportionality level for remuneration	The determination of the Proportionality level considered for Remuneration disclosures as outlined in section 6.6.1. This is determined as level 3 (the lowest level). This is a complex area of the regulations and external guidance has been sought. This is based on the size of the firm and the statement that 'in relation to activities carried on from an establishment in the UK' in the opening paragraphs, being interpreted as overriding. This is therefore interpreted to override the need to consider the requirement of the proportionality level of the highest proportionality in the group and that the Group could be captured by the definition of a third country CRR firm (if the firm was based in the UK, it would be a CRR firm).
4.	Small CRR Firm	Whilst the Bank is a Non-Listed Other Firm, the Bank does not qualify as a Small CRR firm (see section 3.3).
5	Remuneration disclosure on discretionary pension payments.	Under the remuneration section, the Bank is required to disclose whether it benefits from the derogation under laid down in the Remuneration Part of the PRA Rulebook at 5.3 and/or 12.2 (second sub-paragraph) and 15.A1(3). A small CRR firm or a third country CRR firm are required to disclose whether the firms used a derogation concerning discretionary pension payments. The Bank is a small CRR firm in its own right but has not made any discretionary pension payments. The Bank should disclose it does not make discretionary pension payments. Covered under section 6.6.
6	IRRBB disclosure	Section 6.10 – As a non-listed 'other' firm, the Bank does not have to disclose the full disclosures but has opted to provide narrative and the 200 bp shock to provide assurance to users of the disclosures concerning interest rate impacts.

### Recommendations

In PRA2021/13, the PRA have outlined that where the required disclosures do not adequately disclose the risk profile of the organisation, further disclosures are required but not where the information would be immaterial, proprietary or confidential information (Art. 432). The Bank will include further disclosures necessary to aid understanding of the disclosures.

## **8. Other Reporting Requirements outside of PART EIGHT**

The following sections describes disclosures required outside of PART EIGHT of CRR.

Links are provided for the reference documentation for these disclosures. The objective is not to repeat the guidelines but to provide an outline of the content of the disclosures for senior management to be aware of the requirements and to assess whether the Pillar 3 Disclosures document covers all necessary disclosures to the appropriate standard.

In complying with the Guidelines of Pillar 3 Disclosures, the Bank will use the official templates.

### **8.1 Return on Assets**

The Bank complies with the requirement to disclose among the key indicators in the annual report, the return on assets, in accordance with Art. 90 of CRD and in the disclosures section of the PRA Rulebook.

### **8.2 IFRS 9 Transition Disclosure**

Banks that apply the IFRS 9 transitional adjustments are required to disclose Annex I together with qualitative disclosure. Annex I analysis the impact on capital Resources, risk weighted assets, capital ratios and the leverage ratio both with and without the transitional adjustments. The template is shown in Appendix E. The Bank is required to disclose Own Funds information on an annual basis and therefore this template must be disclosed on an annual basis. The 2022 financial year is the final year where the IFRS 9 transition adjustment had an effect, but the table will need to be included for the 2023 reporting as it will affect the comparatives.

The disclosure guidelines are still live according to the 'Interpretation of EU Guidelines and Recommendations: Bank of England and PRA approach after the UK's withdrawal from the EU' as at March 2024.

### **8.3 The UK Leverage Ratio Framework**

All firms are required to disclose their leverage ratios as per the Disclosure (CRR) Parts of the PRA Rulebook. This is met by disclosing the Key Metrics template (KM1) per SS 45/15 as updated in May 2023.

Firms which are subject to the leverage minimum capital requirements are subject to additional disclosure requirements. The Bank does not meet these criteria:

- a) The Bank does not have retail deposits equal to or greater than £50bn on an individual basis,
- b) The Bank does not have foreign assets equal to or greater than £10bn on an individual basis.
- c) It is not a ring-fenced body and,
- d) It is not a CRR consolidation entity.

Firms meeting this definition require a minimum leverage ratio of 3.25% and are subject to buffers in addition to this minimum. Firms not in scope are still expected to manage leverage risk to maintain a minimum of 3.25%.

[SS45/15 'The UK leverage ratio framework' \(bankofengland.co.uk\)](https://www.bankofengland.co.uk/ss45/15-the-uk-leverage-ratio-framework)

**8.4 Risk Management Objectives and Policies (Article 435)**

Under Article 433(c)/435 the Bank is required to disclose:

- a. points (a), (e) and (f) of Article 435(1);
- b. points (a), (b) and (c) of Article 435(2);

Article	Description	Notes
<b>Risk Management</b>		
Institutions shall disclose their risk management objectives and policies for each separate category of risk, including the risks referred to in this Title. These disclosures shall include:		
435(1) a	The strategies and processes to manage each category of risk	The Bank provides this disclosure within the annual accounts
435(1) e	A declaration approved by the management body on the adequacy of risk management arrangements of the institution providing assurance that the risk management systems put in place are adequate with regard to the institution's profile and strategy;	The Bank provides this disclosure within the annual accounts
435(1) f	A concise risk statement approved by the management body succinctly describing the institution's overall risk profile associated with the business strategy. This statement shall include key ratios and figures providing external stakeholders with a comprehensive view of the institution's management of risk, including how the risk profile of the institution interacts with the risk tolerance set by the management body.	The Bank provides this disclosure within the annual accounts and the Pillar 3 disclosures.

The Bank complies with these requirements using the guidance under templates OVA and OVB set down by the PRA.

Although the requirements of an 'Other' category bank are met, there are additional disclosures which listed banks are required to make, for which it is advantageous for the Bank to make as it highlights the strength of the Risk Management function.

The additional disclosures under Article 435 are:

- (i) The structure and organisation of the risk management function including information on its authority and statute and other appropriate arrangements.
- (ii) The scope and nature of risk reporting and measurement systems, and
- (iii) Policies for hedging and risk mitigation, and strategies and processes for monitoring their effectiveness.

The Bank will provide these disclosures in the Pillar 3 document where they are not unduly onerous and will facilitate use by the reader.

**8.5 Governance Arrangements**

Similar to the Risk Management section, there are additional disclosures which listed banks in the

'Other' category are required to make, for which it is advantageous for the Bank to make as it highlights the strength of the Governance of the Bank.

Article	Description	Notes
<b>Governance</b>		
435(2) a	The number of directorships held by members of the management body;	The Bank provides this disclosure in the Pillar 3 disclosures.
435(2) b	The recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise;	The Bank provides this disclosure in the Pillar 3 disclosures
435(2) c	The policy on diversity with regard to selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which these objectives and targets have been achieved;	The Bank provides this disclosure in the Pillar 3 disclosures.

The Bank is required to disclose the following information annual both per the CRR and the PRA CRR:

- a) whether or not the institution has set up a separate risk committee and the number of times the risk committee has met;
- b) the description of the information flow on risk to the management body.

The Bank provides these disclosures in the Pillar 3 document.

**8.6 Remuneration Disclosures**

For remuneration disclosures, under Article 450, the Bank is required to disclose prescribed information which is discussed above under section 4.1 above in accordance with CRR. Following the proportionality assessment in section 3.2, as a non-listed 'Other' Bank and the assessment in section 3.3, the Bank is required to disclose (a)- (d), (h)-(k) of Article 450(1).

Article	Description	Notes
450(1) a	Information concerning the decision-making process used for determining the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration during the financial year, including, where applicable, information about the composition and the mandate of a remuneration committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders;	The Bank provides this disclosure in the Pillar 3 disclosures.
450(1) b	Information about the link between pay of the staff and their performance;	
450(1) c	The most important design characteristics of the <i>remuneration</i> system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria;	
450(1) d	the ratios between fixed and variable <i>remuneration</i> set in accordance with rule 15.9 of the Remuneration Part;	

Article	Description	Notes
450(1) h	<p>(h) aggregate quantitative information on <i>remuneration</i>, broken down by senior management and members of staff whose professional activities have a material impact on the risk profile of the institutions, indicating the following:</p> <ul style="list-style-type: none"> <li>(i) the amounts of <i>remuneration</i> for the financial year, split into fixed <i>remuneration</i> including a description of the fixed components, and variable <i>remuneration</i>, and the number of beneficiaries;</li> <li>(ii) the amounts and forms of awarded variable <i>remuneration</i>, split into cash, shares, share-linked instruments and other types separately for the part paid upfront and the deferred part;</li> <li>(iii) the amounts of deferred <i>remuneration</i> awarded for previous performance periods, split into the amount due to vest in the financial year and the amount due to vest in subsequent years;</li> <li>(iv) the amount of deferred <i>remuneration</i> due to vest in the financial year, and the number of beneficiaries of those awards;</li> <li>(v) the guaranteed variable <i>remuneration</i> awards during the financial year, and the number of beneficiaries of those awards;</li> <li>(vi) severance payments awarded in previous periods, that have been paid out during the financial year;</li> <li>(vii) the amounts of severance payments awarded during the financial year, split into paid upfront and deferred, the number of beneficiaries of those payments and highest payment that has been awarded to a single person;</li> </ul>	
450(1) i	The number of individuals that have been remunerated EUR 1 million or more per financial year, with the <i>remuneration</i> between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500 000 and with the <i>remuneration</i> of EUR 5 million and above broken down into pay bands of EUR 1 million;	
450(1) j	Now deleted	
450(1) k	<p>information on whether the institution benefits from a derogation laid down in the Remuneration Part of the <i>PRA</i> Rulebook at 5.3, and/or 12.2 (second subparagraph), and 15.A1(3).</p> <p>For the purposes of point (k) of the first subparagraph of this paragraph, institutions that benefit from such a derogation shall indicate whether they benefit from that derogation on the basis of the Remuneration Part of the <i>PRA</i> Rulebook at 5.3, and/or 12.2 (second subparagraph), and 15.A1(3). They shall also indicate for which of the <i>remuneration</i> principles they apply the derogation(s), the number of staff members that benefit from the derogation(s) and their total <i>remuneration</i>, split into fixed and variable <i>remuneration</i>.</p>	<p>If a Bank is not a small CRR firm or a small third country CRR firm, it must disclose whether it benefits from the benefit in handling discretionary pension payments.</p> <p>The Bank does not make discretionary pension payments.</p>

### Recommendation

The Bank should disclose the items above.

### Disclosure to Staff (Paras 313-314)

Under the EBA guidelines on sound remuneration policy, the following disclosure requirements must be met:

- a) The remuneration policy of an institution should be internally disclosed to all staff and accessible for all staff at all times.
- b) Information regarding the remuneration policy which is disclosed is available internally. Confidential quantitative aspects of the remuneration of single staff members are not subject to internal disclosure.
- c) Staff should be informed about the characteristics of their variable remuneration, as well as the process and criteria that will be used to assess the impact of their activities on the risk profile of the institution and their variable remuneration.
- d) In particular, the appraisal process with regard to the individual's performance should be properly documented and should be transparent to the staff concerned.

The location of these disclosures is available on Connect, the intranet.

## 8.7 Own Funds

Under EU Law 2013/1423 (adopted into UK law) the requirements for disclosure of own funds are described. The Bank will use the template described and disclose in compliance with the instructions. Following the implementation of the PRA CRR, the Bank will produce the disclosures using the Key Metrics template.

## 8.8 Market Risk

Although the Bank has a trading business, this qualifies as a small trading book, and is reported under the banking book and not the trading book. The Bank also has position risk, which relates to foreign currency risk. Under the derogation described in section 4, the Bank does not have to disclose this.

## 8.9 Asset Encumbrance

As an 'Other' Institution, the Bank is not required to disclose information concerning asset encumbrance required under Art. 433 of the CRR. However, as at 31 December 2023, the Bank had only \$34.0m of exposures subject to encumbrance out of exposures of \$2.5bn and therefore is immaterial. It is recommended that this is disclosed as narrative only.

## 8.10 Exposures to Interest rate risk in the Banking Book

Under Article 448 of CRR, the Bank is required to:

	Rule	Derogation
1	As from 28 June 2021, institutions shall disclose the following quantitative and qualitative information on the risks arising from potential changes in interest rates that affect both the economic value of equity and the net interest income of their non-trading book activities referred to in Article 84 and Article 98(5) of Directive 2013/36/EU:	Recommended to disclose qualitative information
1(a)	The changes in the economic value of equity calculated under the six supervisory shock scenarios referred to in Article 98(5) of Directive 2013/36/EU for the current and previous disclosure periods;	It is not necessary to disclose this information under the derogation.

	<b>Rule</b>	<b>Derogation</b>
1(b)	The changes in the net interest income calculated under the two supervisory shock scenarios referred to in Article 98(5) of Directive 2013/36/EU for the current and previous disclosure periods	Although the Bank does not need to disclose this information under the derogation, it has historically done so and is recommended that this is continued.
1(c)	A description of key modelling and parametric assumptions, other than those referred to in points (b) and (c) of Article 98(5a) of Directive 2013/36/EU used to calculate changes in the economic value of equity and in the net interest income required under points (a) and (b) of this paragraph;	Not required as standardised.
1(d)	An explanation of the significance of the risk measures disclosed under points (a) and (b) of this paragraph and of any significant variations of those risk measures since the previous disclosure reference date;	Recommended to disclose qualitative information.
(e)	The description of how institutions define, measure, mitigate and control the interest rate risk of their non-trading book activities for the purposes of the competent authorities' review in accordance with Article 84 of Directive 2013/36/EU, including:	Recommended to disclose qualitative information
(e)(i)	A description of the specific risk measures that the institutions use to evaluate changes in their economic value of equity and in their net interest income;	Not required as standardised.
(e)(ii)	A description of the key modelling and parametric assumptions used in the institutions' internal measurement systems that would differ from the common modelling and parametric assumptions referred to in Article 98(5a) of Directive 2013/36/EU for the purpose of calculating changes to the economic value of equity and to the net interest income, including the rationale for those differences;	Not required as not standardised.
(iii)	A description of the interest rate shock scenarios that institutions use to estimate the interest rate risk;	Not required as not standardised.
(iv)	The recognition of the effect of hedges against those interest rate risks, including internal hedges that meet the requirements laid down in Article 106(3);	Not required as standardised.
(v)	An outline of how often the evaluation of the interest rate risk occurs;	Disclosed in Pillar 3
(f)	The description of the overall risk management and mitigation strategies for those risks;	Disclosed in Pillar 3
(g)	Average and longest repricing maturity assigned to non-maturity deposits.	Disclosed in Pillar 3
2	By way of derogation from paragraph 1 of this Article, the requirements set out in points (c) and (e)(i) to (e)(iv) of paragraph 1 of this Article shall not apply to institutions that use the standardised methodology or the simplified standardised methodology referred to in Article 84(1) of Directive 2013/36/EU.	Applied to paragraphs above.

The PRA have prepared templates for disclosure of the IRRBB risk under Art 448 of CRR, which require disclosure of the 6 EVE scenarios, and this is the management information used in the Bank and therefore would comply with part b of the article. Under the derogation under Article 447 for a non-listed 'Other Category' bank, Article 448 disclosures are not mandatory and therefore it can be presumed that it is not necessary to disclose.

Additionally, the Bank has elected to use the standardised approach and therefore the disclosures covered below are not relevant:

“Institutions that use the standardised framework as defined in Rule 9.1B of the Internal Capital Adequacy Assessment (ICAA) Part of the PRA Rulebook are not required to disclose information in points (c), (e)(i), (e)(ii), (e)(iii) and (e)(iv) of Article 448(1) in accordance with Articles 448(2) CRR.”

[Annex XXXVIII: Instructions for disclosure of interest rate risk in the banking book \(IRRBB\) \(bankofengland.co.uk\)](https://www.bankofengland.co.uk/annex-xxxviii-instructions-for-disclosure-of-interest-rate-risk-in-the-banking-book-irrbb)

### **Recommendation**

The Bank should provide narrative which describes the process, continue to disclose the 200 bp shocks, but it is not necessary to disclose figures based on Article 433c and the Bank being classified in the ‘Other’ category.

### **8.11 Exposures to securitisation positions**

Under Article 449 of CRR, the Bank is required to disclose information about securitisation positions. The Bank does not have any exposures to securitisation positions and therefore a note will be added to the Pillar 3 disclosed to advise that there will not be any disclosures due to not having exposures. Should this change, in the future, disclosure requirements will be complied with.

### **8.12 LCR and Liquidity Disclosure**

The guidelines on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of CRR require institutions to annually disclose the following:

- a) All rows covering the risk management objectives for liquidity risk (Annex I),
- b) As a non GSII and non OSII, the bank should disclose rows in Annex II.

However, as a Non-Listed ‘Other’ Category Bank, under Article 433c, the Bank is only required to disclose the LCR metrics on the Key Metrics template under Article 447. In line with the guidance for liquidity disclosures, the figures reported should be a 12 month average.

### **Recommendation**

The Bank should provide narrative which describes the process and provide the disclosures in the Key Metrics template.

### **8.13 NPL & Forbearance Disclosures**

In Feb 2021, the PRA sent a ‘Dear CFO’ letter which stated that the PRA expected full compliance with the following document ‘Recommendations on a comprehensive set of ‘IFRS 9 Expected Credit Loss disclosures’. These disclosures will be made in the annual accounts.

### **8.14 Resolution Assessment and Public Disclosure by Firms**

Under SS4/19, disclosures are required where a bank has been advised that the preferred resolution



strategy is bail in or partial transfer. The Bank has been notified that its resolution strategy is modified insolvency and therefore no disclosures are required.

### **8.15 Disclosure of Environmental, Social and Governance Risks (ESG Risks)**

CRR 2 (EU Law 2019/876) as adopted into UK Law, Article 449a banks, that are listed, are required to provide information concerning disclosure of environmental, social and governance risks (ESG risks) from June 2022. The disclosures under CRR are required under Article 431 (disclosure principles) and Article 435 (risk management and governance).

[Regulation \(EU\) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation \(EU\) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation \(EU\) No 648/2012 \(Text with EEA relevance\) \(legislation.gov.uk\).](#)

Subsequent to the above law, the EU passed further laws, which are not applicable in the UK following Brexit.

Under UK law, the Strategic Report must, to the extent necessary for an understanding of the development, performance or position of the company's business, include—

- a) analysis using financial key performance indicators, and
- b) where appropriate, analysis using other key performance indicators, including information relating to environmental matters and employee matters.

[The Companies Act 2006 \(Strategic Report and Directors' Report\) Regulations 2013 \(legislation.gov.uk\).](#)

The Companies Act 2006, (414CA) requires banks to include non-financial and sustainability information statement must contain climate related financial disclosures if the number of employees is more than 500.

[Companies Act 2006 \(legislation.gov.uk\)](#)

[\\*Mandatory climate-related financial disclosures by publicly quoted companies, large private companies and LLPs \(publishing.service.gov.uk\)](#)

According to the October 2020, Dear CEO letter from the PRA and supervisory statement SS3/19, all banks should make climate change related disclosures, particularly relating to Article 235 risk management and governance. These disclosures will be made in the Statutory Accounts.

[Thematic feedback on the PRA's supervision of climate-related financial risk and the Bank of England's Climate Biennial Exploratory Scenario exercise](#)

Although the Bank is not required to comply with the Recommendations of the Task Force on Climate-related Financial Disclosures, as it has less than 500 staff, the requirement to disclose per CRR and PRA guidance require risk management and governance disclosures and the Bank will comply with this requirement, mainly in the Statutory Accounts.

### **8.16 Statistics on Availability and Performance of Dedicated Interfaces**

Under EU law 2018/389 Art 32(4), the Bank is required to disclose the above statistics quarterly on its website in the location of the link below. The report is reviewed by the Chief Operations Officer (under SMF24)

[Banking Code | FBN Bank UK Limited](#)

[REP020 FORM in excel.xlsx \(fbnbank.co.uk\)](#)

## Appendices

### A – Regulations requiring disclosure

The table below outlines the current disclosure requirements:

Subject	Law	Details	Link
Pillar 3/CRR	PRA Rulebook - Requirements for Disclosures	Articles 431-451	<a href="https://www.prarulebook.co.uk">Disclosure (CRR) - Prudential Regulation Authority (prarulebook.co.uk)</a>
Pillar 3 Disclosure instructions and Templates.	Policy Statement PS22/21		<a href="https://www.bankofengland.co.uk/ps2221">PS22/21 'Implementation of Basel standards: Final rules' (bankofengland.co.uk)</a>
SS45/15 - The UK leverage ratio framework		Disclosures for leverage	<a href="https://www.bankofengland.co.uk/uk-leverage-ratio-framework">The UK leverage ratio framework (bankofengland.co.uk)</a>
Return on Assets	Capital Requirements Directive Article 90	Disclosure requirement for return on assets	<a href="https://eur-lex.europa.eu/eli/dir/2013/36/oj">Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (Text with EEA relevance) (legislation.gov.uk)</a>
Materiality, Proprietary and Confidentiality	EBA Guidelines		<a href="https://www.bankofengland.co.uk/guidelines-on-materiality">Guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) No 575/2013 (bankofengland.co.uk)</a> 08/03/2024 – Still valid subsequent to Brexit
Remuneration	Link to other guidance affecting remuneration and proportionality	Proportionality determines the requirements for remuneration disclosures.	<a href="https://www.prarulebook.co.uk">Remuneration - Prudential Regulation Authority (prarulebook.co.uk)</a>
Remuneration	PRA guidance on remunerations		<a href="https://www.bankofengland.co.uk/ss217">SS2/17 'Remuneration' - December 2021 (bankofengland.co.uk)</a> <a href="https://www.bankofengland.co.uk/remuneration">Remuneration (bankofengland.co.uk)</a>
Remuneration	Proportionality		<a href="https://www.bankofengland.co.uk/ps1623">PS16/23 – Remuneration: Enhancing proportionality for small firms   Bank of England</a>
Remuneration	EBA Q&A 2013/6		<a href="https://www.eba.europa.eu/qa/2013/6">2013_6 Definition of amounts to be reported   European Banking Authority (europa.eu)</a>
Remuneration	SYSC 19D		<a href="https://www.fca.gov.uk/handbook/sytc">SYSC 19D - FCA Handbook</a>

Subject	Law	Details	Link
IRRBB	PRA Disclosures		<a href="#">Annex XXXVIII: Instructions for disclosure of interest rate risk in the banking book (IRRBB) (bankofengland.co.uk)</a>
Asset encumbrance	PRA Disclosures		<a href="#">EBA-GL-2014-03 Guidelines on the disclosure of asset encumbrance.pdf (europa.eu)</a>
Asset Encumbrance	Guidelines on the disclosure of encumbered and unencumbered assets - Templates		<a href="#">Annex XXXVI: Instructions for disclosure of encumbered and unencumbered assets (bankofengland.co.uk)</a>
Leverage	PRA Rulebook – Public Disclosure		<a href="#">Public Disclosure - Prudential Regulation Authority (prerulebook.co.uk)</a>
Leverage	Supervisory Statement 0 SS45/15 - The UK Leverage ratio framework	Instructions on how the averages over the quarter should be calculated	<a href="#">SS45/15 'The UK leverage ratio framework' (bankofengland.co.uk)</a>
Leverage	EU law passed into current UK law EU Law 2016/200		<a href="#">Commission Implementing Regulation (EU) 2016/200 of 15 February 2016 laying down implementing technical standards with regard to disclosure of the leverage ratio for institutions, according to Regulation (EU) No 575/2013 of the European Parliament and of the Council (Text with EEA relevance) (legislation.gov.uk)</a>
Resolution	Supervisory Statement SS4/19 – Resolution Assessment and Public Disclosure by Firms		
PRA Rulebook – Disclosure	Disclosure Chapter		<a href="#">Disclosure (CRR) - Prudential Regulation Authority (prerulebook.co.uk)</a>
LCR and liquidity risk management	The guidelines on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of CRR		<a href="https://www.bankofengland.co.uk/-/media/boe/files/paper/2020/december/guidelines%20on%20the%20lcr%20disclosure.pdf">https://www.bankofengland.co.uk/-/media/boe/files/paper/2020/december/guidelines%20on%20the%20lcr%20disclosure.pdf</a>
NPLs and Forbearance	EBA Guidelines on Disclosure of Non-Performing and Forborne Exposures		<a href="https://www.eba.europa.eu/sites/default/documents/files/documents/10180/2531768/be41637e-41db-4fa1-b1e3-a2463711ffe2/Final%20GLs%20on%20disclosure%20of%20non-performing%20and%20forborne%20exposures.pdf?retry=1">https://www.eba.europa.eu/sites/default/documents/files/documents/10180/2531768/be41637e-41db-4fa1-b1e3-a2463711ffe2/Final%20GLs%20on%20disclosure%20of%20non-performing%20and%20forborne%20exposures.pdf?retry=1</a>
IFRS 9 Transitional arrangements	Guidelines on uniform IFRS 9 transitional arrangements.		<a href="#">Guidelines on uniform disclosure of IFRS 9 transitional arrangements (bankofengland.co.uk)</a>

Subject	Law	Details	Link
ECL Disclosures	Dear CFO letter on disclosures.		<a href="https://www.bankofengland.co.uk/letter-to-cfos-disclosures-about-ifrs-9-expected-credit-losses">Letter to CFOs - Disclosures about IFRS 9 expected credit losses (bankofengland.co.uk)</a>
ECL Disclosures	Recommendations on a comprehensive set of IFRS 9 Expected Credit Loss disclosures		<a href="https://www.frc.org.uk/DECL-updated-guidance.pdf">DECL-updated-guidance.pdf (frc.org.uk)</a>
COVID disclosures	COVID Disclosures		<a href="https://www.bankofengland.co.uk/guidelines-on-reporting-and-disclosure-of-the-exposures-subject-to-measures-applied-in-response-to-the-covid-19-crisis">Guidelines on reporting and disclosure of the exposures subject to measures applied in response to the COVID-19 crisis (bankofengland.co.uk)</a>
Own Funds	Standards on Disclosure of Own Funds		<a href="https://eur-lex.europa.eu/eli/reg/2013/1423/oj">Commission Implementing Regulation (EU) No 1423/2013 of 20 December 2013 laying down implementing technical standards with regard to disclosure of own funds requirements for institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the CouncilText with EEA relevance (europa.eu)</a>
Statistics on availability and performance of dedicated interfaces	EU Law on Strong Customer Authentication		<a href="https://eur-lex.europa.eu/eli/reg/2018/389/oj">COMMISSION DELEGATED REGULATION (EU) 2018/ 389 - of 27 November 2017 - supplementing Directive (EU) 2015/ 2366 of the European Parliament and of the Council with regard to regulatory technical standards for strong customer authentication and common and secure open standards of communication (europa.eu)</a>
Countercyclical buffer	Commission Delegated Regulation (EU) No 2015/1555 of 28 May 2015.		<a href="https://eur-lex.europa.eu/eli/reg/2015/1555/oj">Commission Delegated Regulation (EU) 2015/1555 of 28 May 2015 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for the disclosure of information in relation to the compliance of institutions with the requirement for a countercyclical capital buffer in accordance with Article 440 (Text with EEA relevance) (legislation.gov.uk)</a>
Climate related financial disclosures	Recommendations of the Task Force on Climate-related Financial Disclosures		<a href="https://www.bbhub.io/FILES/FINAL-2017-TCFD-Report-11052018.pdf">FINAL-2017-TCFD-Report-11052018.pdf (bbhub.io)</a>
Climate related financial disclosures	PRA guidance SS3/19 Enhancing banks' and insurers' approaches to managing the financial risks from climate change		<a href="https://www.bankofengland.co.uk/ss319">SS319 (bankofengland.co.uk)</a>
Materiality, Proprietary and	Guidelines on materiality, proprietary		<a href="https://www.bankofengland.co.uk/guidelines-on-materiality-proprietary-and-confidentiality-and-on-disclosure-frequency-under-articles-432-1-432-2-and-433-of-regulation-eu-no-575-2013">Guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) No 575/2013 (bankofengland.co.uk)</a>

Subject	Law	Details	Link
Confidentiality	and confidentiality		
ECAs	Mapping of ECAs to credit quality step		<a href="#">EU LAW 2020/ , Mappings of ECAs to credit quality steps - Bing</a>

CRR 2, Article 449a banks, that are listed, are required to provide information concerning disclosure of environmental, social and governance risks (ESG risks) from June 2022. The disclosures under CCR are required under Article 431 (disclosure principles) and Article 435 (risk management and governance).

According to the October 2020, Dear CEO letter from the PRA, all banks should make climate change related disclosures.

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Although the Bank is not required to comply with the Recommendations of the Task Force on Climate-related Financial Disclosures, as it has less than 500 staff, the requirement to disclose per CRR and PRA guidance require risk management and governance disclosures and the Bank will comply with this requirement, mainly in the Statutory Accounts.

## B— Categorisation of Firms

The table below provides the criteria (per Article 4 of CRR) which determines the category:

Large	Small and Non-Complex	Other
Any of the following: a) It is a GSII (Globally systemically important institution) or, b) It is an OSII (Other systemically important institution) or c) In the member state in which it is established, it is one of the three largest institutions in terms of total value of assets or d) The total value of its assets on an individual or consolidated situation is greater than €30bn.	All of the following: a) More than 75% of the institutions consolidated total assets and liabilities, excluding intragroup exposures, relate to counterparties in the European Economic Area. b) It is not a large institution c) The total value of its assets on an individual or consolidated situation is on average ≤€5bn over the previous 4 year period. d) Recovery and Resolution planning – Subject to no or simplified recovery and resolution planning e) If it has a trading book, it must qualify as a small trading book.	Any institution which does not fall into the other two categories.

	<p>f) The total value of its derivative positions held for trading does not exceed 2% of total on and off-balance sheet positions, and its overall derivative positions does not exceed 5%.</p> <p>g) It does not use internal models for capital calculations.</p> <p>h) The institution can challenge the regulator on being treated as small and non-complex.</p> <p>i) The Regulator has not advised the institution that it is in another category.</p>	
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### C (i) – Remuneration Benchmarking and High Earners Disclosures

Full text of the Articles and the EBA Guidelines.

Article 450 in CRR
The following disclosures are required:
(a) information concerning the decision-making process used for determining the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration during the financial year, including, if applicable, information about the composition and the mandate of a remuneration committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders;
(b) information on link between pay and performance;
(c) the most important design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria;
(d) the ratios between fixed and variable remuneration set in accordance with Article 94(1)(g) of Directive 2013/36/EU;
(e) information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based;
(f) the main parameters and rationale for any variable component scheme and any other non-cash benefits;
(g) aggregate quantitative information on remuneration, broken down by business area;
(h) aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the institution, indicating the following:
(i) the amounts of remuneration for the financial year, split into fixed and variable remuneration, and the number of beneficiaries;
(ii) the amounts and forms of variable remuneration, split into cash, shares, share-linked instruments and other types

**Article 450 in CRR**

(iii) the amounts of outstanding deferred remuneration, split into vested and unvested portions;

(iv) the amounts of deferred remuneration awarded during the financial year, paid out and reduced through performance adjustments.

(v) new sign-on and severance payments made during the financial year, and the number of beneficiaries of such payments;

(vi) the amounts of severance payments awarded during the financial year, number of beneficiaries and highest such award to a single person;

(i) the number of individuals being remunerated EUR 1 million or more per financial year, for remuneration between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500 000 and for remuneration of EUR 5 million and above broken down into pay bands of EUR 1 million;

(j) upon demand from the Member State or competent authority, the total remuneration for each member of the management body or senior management.

2. For institutions that are significant in terms of their size, internal organisation and the nature, scope and the complexity of their activities, the quantitative information referred to in this Article shall also be made available to the public at the level of members of the management body of the institution.

Institutions shall comply with the requirements set out in this Article in a manner that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities and without prejudice to Directive 95/46/EC.

## C (II) – Proportionality Assessment

The link below criteria 1 (small CRR firm) and 2 (small third country CRR firm). If the Bank exceeds total assets of £4bn, it would need to consider these conditions.

[Remuneration - Prudential Regulation Authority \(prerulebook.co.uk\)](http://prerulebook.co.uk)

### FULL DETAILS OF THE REGULATION

The information below gives the full details of the clauses concerning proportionality levels.

It should be noted that there are two sets of conditions 1 and 2, both of which need to be considered.

The Bank would need to consider these extra clauses if the phrase ‘in relation to activities carried on from an establishment in the UK’, was not considered overriding and if the Bank grew or changed its business model.

Category	Description
3	<p>Either:</p> <p>(a) Average total assets on relevant date of firm exceeding £50 billion; or</p> <p>(b) Firm is part of a group and its proportionality level is raised in accordance with paragraphs 2.8– 2.10 of this SS</p> <p>2.8 If the firm is part of a group containing one or more other firms also subject to the Remuneration Part then each firm within the group should determine the proportionality level on the assumption that it was a Remuneration Part solo firm.</p> <p>2.9 Where each firm falls into the same proportionality level, each firm will remain within that proportionality level.</p> <p>2.10 Where firms fall into different proportionality levels, all firms in the group are reallocated to the highest proportionality level into which a firm in the same group falls. This means all firms within the group are subject to the same remuneration rules as those applicable to the highest proportionality level firm.</p>
2	<p>Either:</p> <p>(a) Average total assets on relevant date of firm exceeding £20 billion but not exceeding £50 billion; or</p> <p>(b) Average total assets on relevant date of firm exceeding £4 billion but not exceeding £20 billion and firm does not meet Condition 1 or 2.</p>
1	<p>Either:</p> <p>(a) Average total assets on relevant date of firm not exceeding £20 billion and satisfies Conditions 1 and 2; or</p> <p>(b) Average total assets on relevant date of firm not exceeding £4bn.</p>
1	<b>Application of proportionality to small firms in groups that include larger institutions</b>



Category	Description
	<p>3.2 The amendments made to both regulators’ rules clarify that where a firm is part of a group, it can only benefit from the more proportionate remuneration regime where:</p> <ul style="list-style-type: none"> <li>• Either, both of the following conditions are met: <ul style="list-style-type: none"> <li>• each firm in the group to which these rules apply on an individual basis has average total assets less than or equal to £4 billion; and</li> <li>• where any firm in the group to which these rules apply on an individual basis is a member of a UK consolidation group, the UK consolidation group has average total assets less than or equal to £4 billion on a consolidated basis;</li> </ul> </li> <li>• Or, all of the following conditions are met: <ul style="list-style-type: none"> <li>• each firm in the group to which these rules apply on an individual basis has average total assets that are less than or equal to £20 billion;</li> <li>• where any firm in the group to which these rules apply on an individual basis is a member of a UK consolidation group, the UK consolidation group has average total assets that are less than or equal to £20 billion on a consolidated basis; and</li> <li>• the additional criteria set out in Chapter 2A.1 or 2B.1 of the Remuneration Part of the PRA’s Rulebook are met (the PRA and FCA rules explain in detail which requirements need to be met on an individual basis and which on a consolidated basis).</li> </ul> </li> </ul>
<a href="#">PS16/23 – Remuneration: Enhancing proportionality for small firms   Bank of England</a>	
<p>Conditions 1 and 2 (as set out in Remuneration 1.3 definitions of ‘small CRR firm’ and ‘small third country CRR firm’) are satisfied when:</p>	
<p><b>Small CRR firm</b> means a <a href="#">CRR firm</a> that satisfies Condition 1 and, where the <a href="#">firm</a> is part of a <a href="#">group</a> containing any other <a href="#">firm</a> subject to this Part on an individual basis, Condition 2, where:</p> <p>(1) Condition 1 is that the <a href="#">firm</a> either:</p> <p>(a) has <a href="#">average total assets</a> not exceeding £4 billion; or</p> <p>(b) satisfies the conditions in <a href="#">2A.1</a> and has <a href="#">average total assets</a> exceeding £4 billion but not exceeding £20 billion;</p> <p>and</p> <p>(2) Condition 2 is that where the <a href="#">firm</a> is a member of a <a href="#">group</a>, the criteria in (a) or (b) are satisfied in respect of any other <a href="#">firm</a> in the <a href="#">group</a> which is subject to this Part on an individual basis:</p> <p>(a)</p> <p>(i) the <a href="#">average total assets</a> of each <a href="#">CRR firm</a> in the <a href="#">group</a> do not exceed £4 billion on an individual basis;</p> <p>(ii) the <a href="#">average total assets</a> relating to the activities of the <a href="#">branch</a> operation in the <a href="#">UK</a> of each <a href="#">third country CRR firm</a> in the <a href="#">group</a> do not exceed £4 billion on an individual basis; and</p> <p>(iii) where any <a href="#">CRR firm</a> or <a href="#">third country CRR firm</a> in the <a href="#">group</a> is a member of a <a href="#">consolidation group</a>, the <a href="#">consolidation group</a> has <a href="#">average total assets</a> not exceeding £4 billion on a <a href="#">consolidated basis</a>; or</p> <p>(b)</p> <p>(i) the <a href="#">average total assets</a> of each <a href="#">CRR firm</a> in the <a href="#">group</a> do not exceed £20 billion on an individual basis</p>	

Category	Description
	<p>(ii) the <b>average total assets</b> relating to the activities of the <b>branch</b> operation in the <b>UK</b> of each <b>third country CRR firm</b> in the <b>group</b> do not exceed £20 billion on an individual basis;</p> <p>(iii) where any <b>CRR firm</b> or <b>third country CRR firm</b> in the <b>group</b> is a member of a <b>consolidation group</b>, the <b>consolidation group</b> has <b>average total assets</b> not exceeding £20 billion on a <b>consolidated basis</b>;</p> <p>(iv) for each <b>CRR firm</b> in the <b>group</b> each of the conditions in <b>2A.1</b> are satisfied on an individual basis;</p> <p>(v) for each <b>third country CRR firm</b> in the <b>group</b> each of the conditions in <b>2B.1</b> are satisfied on an individual basis; and</p> <p>(vi) where any <b>CRR firm</b> or <b>third country CRR firm</b> in the <b>group</b> is a member of a <b>consolidation group</b>, each of the conditions (1), (2) and (3) in <b>2A.1</b> are satisfied in respect of the <b>consolidation group</b> on a <b>consolidated basis</b>, provided that, if a <b>firm</b> has not yet been required to report its <b>total assets</b>, the calculations in respect of <b>average total assets</b> in Conditions 1 and 2 shall instead be done on the basis of the <b>firm's</b> reasonable forecast of its <b>total assets</b> as at the first occasion on which it will be required to report them.</p>
	<p><b>small third country CRR firm</b></p> <p>means a <b>third country CRR firm</b> that satisfies Condition 1 and, where the <b>firm</b> is part of a <b>group</b> containing any other <b>firm</b> subject to this Part on an individual basis, Condition 2, where</p> <p>(1) Condition 1 is that the <b>firm</b> either:</p> <p>(a) has <b>average total assets</b> that relate to the activities of the <b>branch</b> operation in the <b>UK</b> not exceeding £4 billion; or</p> <p>(b) satisfies the conditions in <b>2B.1</b> and has <b>average total assets</b> that relate to the activities of the <b>branch</b> operation of the <b>firm</b> in the <b>UK</b> exceeding £4 billion but not exceeding £20 billion;</p> <p>And</p> <p>(2) Condition 2 is that where the <b>firm</b> is a member of a <b>group</b>, the criteria in (a) or (b) are satisfied in respect of any other <b>firm</b> in the <b>group</b> which is subject to this Part on an individual basis:</p> <p>(a)</p> <p>(i) the <b>average total assets</b> of each <b>CRR firm</b> in the <b>group</b> do not exceed £4 billion on an individual basis;</p> <p>(ii) the <b>average total assets</b> relating to the activities of the <b>branch</b> operation in the <b>UK</b> of each <b>third country CRR firm</b> in the <b>group</b> do not exceed £4 billion on an individual basis; and</p> <p>(iii) where any <b>CRR firm</b> or <b>third country CRR firm</b> in the <b>group</b> is a member of a <b>consolidation group</b>, the <b>consolidation group</b> has <b>average total assets</b> not exceeding £4 billion on a <b>consolidated basis</b>; or</p> <p>(b)</p> <p>(i) the <b>average total assets</b> of each <b>CRR firm</b> in the <b>group</b> do not exceed £20 billion on an individual basis;</p> <p>(ii) the <b>average total assets</b> relating to the activities of the <b>branch</b> operation in the <b>UK</b> of each <b>third country CRR firm</b> in the <b>group</b> do not exceed £20 billion on an individual basis;</p>

Category	Description
	<p>(iii) where any <b>CRR firm</b> or <b>third country CRR firm</b> in the <b>group</b> is a member of a <b>consolidation group</b>, the <b>consolidation group</b> has <b>average total assets</b> not exceeding £20 billion on a <b>consolidated basis</b>;</p> <p>(iv) for each <b>CRR firm</b> in the <b>group</b> each of the conditions in <b>2A.1</b> are satisfied on an individual basis;</p> <p>(v) for each <b>third country CRR firm</b> in the <b>group</b> each of the conditions in <b>2B.1</b> are satisfied on an individual basis; and</p> <p>(vi) where any <b>CRR firm</b> or <b>third country CRR firm</b> in the <b>group</b> is a member of a <b>consolidation group</b>, each of the conditions (1), (2) and (3) in <b>2A.1</b> are satisfied in respect of the <b>consolidation group</b> on a <b>consolidated basis</b>, provided that, if a <b>firm</b> has not yet been required to report its <b>total assets</b>, the calculations in respect of <b>average total assets</b> in Conditions 1 and 2 shall instead be done on the basis of the <b>firm's</b> reasonable forecast of its <b>total assets</b> as at the first occasion on which it will be required to report them.</p>
2A.1	<p>The conditions referred to in (1)(b) and (2)(b) of the definition of <b>small CRR firm</b> and in (2)(b) of the definition of <b>small third country CRR firm</b> are the following:</p> <p>(1) Subject to <b>2A.2</b>, the size of the <b>firm's</b> on- and off- balance-sheet trading book business was less than or equal to both £44 million and 5% of the <b>firm's</b> total assets, on the basis of the assessment set out in <b>Article 94(3)</b> of <b>Chapter 3</b> of <b>Trading Book (CRR)</b> Part:</p> <p>(a) on the last day of at least one of the preceding three <b>months</b>, and</p> <p>(b) on the last day of at least six of the preceding twelve <b>months</b>;</p> <p>(2) The <b>firm's</b> overall net foreign-exchange position, calculated using the method set out in Article 352 of <b>CRR</b>, does not exceed 3.5% of its own funds and, subject to <b>2A.2</b>, did not on average exceed 2% of its own funds:</p> <p>(a) in one or more of the preceding three <b>months</b>, and</p> <p>(b) in six or more of the preceding twelve <b>months</b>,</p> <p>as determined in accordance with <b>2A.3</b>;</p> <p>(3) The <b>firm</b> does not hold positions in commodities or commodity derivatives;</p> <p>(4) The <b>firm</b> does not provide clearing, transaction settlement, custody or correspondent banking services to a <b>UK bank</b>, a <b>building society</b>, or a <b>non-UK credit institution</b>, including by acting as an intermediary for a <b>UK bank</b>, a <b>building society</b>, or a <b>non-UK credit institution</b> to access the facilities or services of:</p> <p>(a) a <b>payment system</b>, <b>CSD</b>, <b>third-country CSD</b>, <b>SSS</b> or <b>central counterparty</b> in which the <b>firm</b> is a direct or indirect participant or member, or</p> <p>(b) an exchange, other trading facility, clearing house or any other financial market utility or infrastructure, either directly or indirectly,</p> <p>except that the <b>firm</b> may provide clearing, transaction settlement, custody or correspondent banking services in sterling to a <b>UK bank</b>, <b>building society</b> or <b>non-UK credit institution</b> that is a member of the <b>firm's immediate group</b>; and</p> <p>(5) The <b>firm</b> is not an <b>operator</b> of a <b>payment system</b>.</p>

### C (III) – Remuneration Disclosures

The Bank does not disclose the remuneration disclosures but they are included below for information.

Article	Description
450(1) a	Information concerning the decision-making process used for determining the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration during the financial year, including, if applicable, information about the composition and the mandate of a remuneration committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders;
450(1) b	Information on link between pay and performance;
450(1) c	The most important design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria;
450(1) d	The ratios between fixed and variable remuneration set in accordance with Article 94(1)(g) of Directive 2013/36/EU;
450(1) h	(h) aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the institution, indicating the following: <ul style="list-style-type: none"> <li>(i) the amounts of remuneration for the financial year, split into fixed and variable remuneration, and the number of beneficiaries;</li> <li>(ii) the amounts and forms of variable remuneration, split into cash, shares, share-linked instruments and other types;</li> <li>(iii) the amounts of outstanding deferred remuneration, split into vested and unvested portions;</li> <li>(iv) the amounts of deferred remuneration awarded during the financial year, paid out and reduced through performance adjustments;</li> <li>(v) new sign-on and severance payments made during the financial year, and the number of beneficiaries of such payments;</li> <li>(vi) the amounts of severance payments awarded during the financial year, number of beneficiaries and highest such award to a single person;</li> </ul>
450(1) i	The number of individuals being remunerated EUR 1 million or more per financial year, for remuneration between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500 000 and for remuneration of EUR 5 million and above broken down into pay bands of EUR 1 million;
450(1) j	Upon demand from the Member State or competent authority, the total remuneration for each member of the management body or senior management.
450(1) k	Information on whether the institution benefits from a derogation laid down in the Remuneration Part of the PRA Rulebook at 5.3 and/or 12.2 (second subparagraph) and 15.A1(3) 5.3 states that 12.2 and 15.15-15.19 do not apply to a firm that is a small CRR firm or a small third country CRR firm.  12.2 states: A <b>firm</b> that is not a <b>small CRR firm</b> or a <b>small third country CRR firm</b> must ensure that: <ol style="list-style-type: none"> <li>1. when an <b>employee</b> leaves the <b>firm</b> before retirement, any discretionary pension benefits are held by the <b>firm</b> for a period of five years in the form of instruments referred to in <b>15.15</b>; and</li> <li>2. when an employee reaches retirement, discretionary pension benefits are paid to the employee in the form of instruments referred to in 15.15 and subject to a five-year retention period.</li> <li>3. unless the annual variable remuneration of the employee: <ol style="list-style-type: none"> <li>(A) does not exceed £44,000; and</li> </ol> </li> </ol>

Article	Description
	(B) does not represent more than one third of the <u>employee's</u> total annual <u>remuneration</u> .

## D – Key Metrics Template (KM1)

The table below shows the key metrics template as at 31 December 2022. Figures are illustrative.

### KM1 Own funds disclosure template

	Available own funds (amounts)	2022 £'000	2021 £'000
1	Common Equity Tier 1 (CET1) capital: Instruments and reserves	247,363	211,035
2	Common Equity Tier 1 (CET1) capital	229,718	201,907
3	Total capital (TC = T1 + T2)	266,456	241,216
<b>Risk-Weighted exposure amounts</b>			
4	Total risk-weighted exposure amounts	1,019,070	1,135,077
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>			
5	Common Equity Tier 1 ratio (%)	22.54%	17.79%
6	Tier 1 ratio (%)	22.54%	17.79%
7	Total capital ratio (%)	26.15%	21.25%
<b>Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)</b>			
UK 7a	Additional CET1 SREP requirements (%)	4.82%	4.39%
UK 7c	Additional T2 SREP requirements (%)	1.61%	1.46%
UK 7d	Total SREP own funds requirements (%)	14.42%	13.85%
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>			
8	of which: capital conservation buffer	2.50%	2.50%
9	Institution specific countercyclical capital buffer (%)	0.05%	0.00%
11	Combined buffer requirement (%)	2.55%	2.50%
UK 11a	Overall capital requirements (%)	16.97%	16.35%
12	CET1 available after meeting the total SREP own funds requirements (%)	58,362	15,875
<b>Leverage</b>			
13	Leverage ratio total exposure measure	2,327,282	2,749,530
14	Leverage ratio	9.55%	6.83%
<b>Additional own funds requirements to address risks of excessive leverage (as a percentage of risk-weighted exposure amount)</b>			
UK 14a	Additional CET1 leverage ratio requirements (%)	0.00%	0.00%
UK 14b	Additional AT1 leverage ratio requirements (%)	0.00%	0.00%
UK 14c	Additional T2 leverage ratio requirements (%)	0.00%	0.00%
UK 14d	Total SREP leverage ratio requirements (%)	0.00%	0.00%
UK 14e	Applicable leverage buffer	0.00%	0.00%
UK 14f	Overall leverage ratio requirements (%)	0.00%	0.00%
<b>Liquidity Coverage Ratio</b>			
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	1,580,997	1,198,742
UK 16a	Cash outflows - Total weighted value	926,814	788,438
UK 16b	Cash inflows - Total weighted value	269,843	295,280
16	Total net cash outflows (adjusted value)	656,972	493,157
17	Liquidity coverage ratio (%)	240.65%	243.08%
<b>Net Stable Funding Ratio*</b>			
18	Total available stable funding	1,088,621	
19	Total required stable funding	395,084	
20	NSFR ratio (%)	275.54%	

\* The new NSFR rules arising from CRR2 commenced from 1/1/2022 and hence are not available from previous periods.