Crown Agents Bank

Pillar 3 Disclosures

31 December 2020

Moving Money Where It's Needed

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GLOSSARY

The following terms are used throughout these Disclosures:

ALCO	Asset and Liability Committee
CC	Credit Committee
CCB	Capital Conservation Buffer
CCYB	Countercyclical Capital Buffer
CEO	Chief Executive Officer
CET 1	Common Equity Tier 1 Capital
CIU	collective investment undertakings
CORC	Compliance & Operational Risk Committee
COREP	Common Reporting Framework
CRD	Capital Requirements Directive
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
EBA	European Banking Authority
ED	Executive Director
ERMF	Enterprise Risk Management Framework
EXCO	Executive Committee
FCA	Financial Conduct Authority
FSCS	Financial Services Compensation Scheme
HQLA	High Quality Liquid Asset
ICAAP	Internal Capital Adequacy Assessment Process
ILAAP	Internal Liquidity Adequacy Assessment Process
ILG	Individual Liquidity Guidance
INED	Independent Non-Executive Director
IRRBB	Interest Rate Risk in the Banking Book
IT	Information Technology
JMSLG	Joint Money Laundering Steering Group
LCP	Liquidity Contingency Plan
LCR	Liquidity Coverage Ratio
MLRO	Money Laundering Reporting Officer
NED	Non-Executive Director
NGO	Non-Governmental Organisation
NSFR	Net Stable Funding Ratio
OCR	Overall Capital Requirement
PRA	Prudential Regulation Authority
RATS	Risk Appetite and Tolerances Statement
RP	Recovery Plan
SREP	Supervisory Review and Evaluation Process
TCR	Total Capital Requirement

1. Introduction

1.1 Pillar 3 Disclosure

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

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

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

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

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

1.2 Frequency, Location, and Verification

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

The disclosures:

- Are based on the results of the year ended 31st December 2020 (with comparatives) unless otherwise stated. They include the impact of the 2020 financial performance and have been updated to reflect the most recent operational risk capital requirements.
- Should be read in conjunction with the Bank's Annual Report and Financial Statements.
- Have not been, and are not required to be, subject to independent external audit and do not constitute any part of the Bank's Financial Statements.
- Are published on the company internet once approved by the Board.

1.3 Scope of Disclosures

The Bank is an unquoted company registered in England, authorised by the PRA and regulated by the PRA and the FCA. The Bank's immediate parent is CAB Tech Holdco Limited whose parent is CABIM Limited. The ultimate parent undertaking and controlling party is

Helios Investors III LP, acting through its general partner Helios Investors Genpar III LP. The Bank's principal function is to provide multicurrency account management, payment, foreign exchange and trade finance services to central banks, governments, supranationals, development agencies, large non-governmental organisations ("NGOs") and selective corporate organisations worldwide.

The Bank is a wholly owned subsidiary of CABIM Limited, which is ultimately owned by funds managed by Helios Investment Partners LLP. The Bank's management and ownership structures are set out in the Appendices to these disclosures.

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

1.4 Summary of Key Capital Ratios

Capital ratios are a measurement of a company's financial strength and reflect the level of protection it holds against any unexpected losses. The key capital ratios under CRD for the Bank are presented below.

Capital Ratios	**2020**	**2019**
Common Equity Tier 1 Capital (CET1) Ratio	24.9%	20.7%
Tier 1 Capital Ratio	24.9%	20.7%
Total Capital Ratio	24.9%	20.7%
Leverage ratio	4.4%	5.1%

EC Regulation 2020/2176 on the prudential treatment of software assets, exempts software assets from the deduction requirement for intangible assets from Common Equity Tier 1 (CET1).

However, following the UK's withdrawal from the EU, the PRA have indicated that it will amend this to require full deduction of all intangible assets, with no exception for software assets as soon and adoption being as possible (before Saturday 1 January 2022).

In anticipation of this future change, management have elected to take a prudent approach and deducted all software assets from capital. Had eligible software assets not been deducted from CET1, the reported CET1 ratio would have been 29.7% versus the reported figure of 24.9%.

2. Overview of Risk Management Arrangements

2.1 Enterprise Risk Management Framework

Risks are identified and overseen through the Enterprise Risk Management Framework (ERMF), which supports the business in its aim to embed effective risk management and a strong risk management culture. The ERMF is approved by the Board on recommendation of the Board Audit and Risk Committee (ARC) and the Chief Risk Officer (CRO). It then adopted by Bank.

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

a. Liquidity and Funding
b. Capital Adequacy
c. Market (Interest Rate Risk in the Banking Book and Foreign Exchange Risk)
d. Credit
e. Operational
f. Financial Crime
g. Compliance
h. Conduct
i. Strategic and Business

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

2.2 Monitoring & Control

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

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

The Bank undertakes, at least annually, a detailed Internal Capital Adequacy Assessment Process (ICAAP) to assess its capital requirements and risks. The ICAAP is a key part of the Bank's management disciplines through its review by the Assets and Liabilities Committee (ALCO), ARC, and approval by the Board (last approved in December 2020). The annual ICAAP is provided to the PRA upon approval by the Board.

The Bank monitors its capital ratios and requirements daily using a traffic light system to ensure internal and external capital requirements are met. The Recovery Plan sets out the actions to be taken when capital adequacy measures reach certain trigger points. As of 31st December 2020, and at all times during the year, the Bank complied with its regulatory capital requirements.

2.3 Governance Arrangements

2.3.1 The Board

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

The Board is responsible for providing governance and oversight over strategy, risk management and operations of the bank. The key responsibilities include:

a. Approval of the Bank's strategic and financial plans and regular review of progress to ensure the sustainability and health of the business;
b. Approval or the ERMF and RATS sets out the levels of risk which the Bank is willing to take within the confines of the group strategy;
c. Ensuring that processes are maintained to ensure the integrity of the financial reporting and disclosures by the company and compliance with legal and ethical responsibilities;
d. Periodical review and approval of the risk strategy, policies, risk appetite and risk management framework, including approval of the Bank's ICAAP, ILAAP and Recovery Plan (RP) on at least an annual basis;
e. Ensuring that there is an appropriate system of internal audit and periodically reviewing its effectiveness;
f. Delegating authority for day-to-day running of business to the Chief Executive Officer (CEO).

As reflected in the Bank's Policies and its Authorities Manual, the Board delegates the day-to-day capital adequacy and liquidity risk management responsibilities to the CFO and the Executive Committee (EXCO). The executive management team meets weekly to discuss current issues covering all aspects of the business including new business and emerging risks. It reports to the Board at each Board meeting.

In the event of a capital or liquidity crisis, the Recovery Plan (RP) would be deployed. A special meeting of the Bank's ALCO, headed by the CFO, will take responsibility, with oversight from the Board.

The Board has two sub-committees composed of non-executive directors of the bank which provide technical oversight. These are ARC and Board Renumeration Committee (RemCo).

The committee structures outlined below is operated on a Group basis, i.e., covers both CAB and Crown Agents Investment Management (CAIM).

The Board and Senior Management Leadership Structure are outlined in the appendices.

2.3.2 Board Audit & Risk Committee (ARC)

The Committee provides oversight and advice to the board on matters relating to risk and compliance, financial reporting and internal financial controls.

This includes overseeing:

a. Current and potential risk exposures and RATS;
b. effectiveness of the ERMF and supporting risk systems and controls;
c. the integrity of the financial statements and Pillar 3 disclosures;
d. the effectiveness of the Internal Audit Function (IAF) and the external auditor;
e. the effectiveness of audit controls

Any issues of concern are reported to subsequent Board meetings for discussion. It also provides technical challenge of various technical documents ahead of approval by the Board.

As part of the Bank's evolution ARC will split into a distinct and separate a Board Audit Committee and Board Risk Committee during 2021.

2.3.3 Board Remuneration and Nomination Committee

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

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

2.3.4 Executive level Committees

Executive Committee ("EXCO")

EXCO meets at least monthly and takes day to day responsibility for running the business. EXCO implements the strategy and financial plan, which is approved by the Board, and ensures the performance of the business is conducted in accordance with the Board's established risk appetite. The executive provides periodic reporting to both the Board and its sub-committees.

EXCO has established 3 technical sub-committees as detailed below to oversee and monitor the implementation of the risk frameworks, policies and appetite.

Responsibility for the management of the Bank's exposure to capital adequacy risk, liquidity and funding risk, interest rate and foreign exchange risks is delegated to the Bank's ALCO, and that relating to credit risk is delegated to the Credit Committee (CC).

Responsibility for the monitoring and reporting of Operational, Financial Crime, Conduct and Compliance risks is delegated to the Compliance and Operational Risk Committee (CORC). All other risks, including Strategic and Business Risks are currently overseen by EXCO.

Credit Committee ("CC")

The role of the CC is to review the Bank's credit portfolio to ensure it remains within the Bank's credit risk appetite; to review and maintain the Bank's credit policy; and to assess the clients and counterparties with which the Bank will undertake business. It meets at least monthly to review client, counterparty, and country exposures, as well as considering issues of a strategic (credit related) nature.

The CRO escalates material issues arising from the CC to ARC through the CRO Risk Report.

Compliance & Operational Risk Committee ("CORC")

CORC meets at least six times a year, and has been established to

a. Develop an operational risk framework through which operational risk is monitored, measured and managed;
b. Monitor compliance with internal policies and procedures and with external regulatory and legal requirements;
c. Monitor forthcoming compliance regulation and manage the Bank's response;
d. Manage the Bank's Anti-Financial Crime response;
e. Consider the recommendations of any regulatory related notices or instructions and present responses to the Board;
f. Review key operational risk documentation; and
g. Monitor operational risk events.

The CRO escalates material issues arising from the CC to ARC through the CRO Risk Report. On at least an annual basis, ARC also receive a report from the Money Laundering Reporting Officer ("MLRO").

Assets and Liabilities Committee ("ALCO")

ALCO monitors the liquidity and capital adequacy of the Bank on a monthly basis and ensures that the Bank adheres to the market risk, interest rate risk, capital utilisation and liquidity policies and objectives set down by the Board. It also has responsibility for ensuring that the policies that are implemented are adequate to remain within prudential and regulatory limits.

Management information on the matters noted above are generated and distributed by the Finance department daily. In addition, ALCO:

a. Reviews the Internal Capital Adequacy Assessment Process ("ICAAP") and recommends it to the ARC and subsequently to the Board.
b. Reviews the Internal Liquidity Adequacy Assessment Process ("ILAAP") and Funding Plan and recommends it to the ARC and subsequently to the Board.
c. Reviews the Recovery Plan and recommends it to the ARC and subsequently to the Board.
d. Allocates capital and liquidity to support business activities by department and/or product in terms of risk/reward.
e. Track performance of EWI and implemented actions under the Recovery Plan as required.

The CRO escalates material issues arising from the CC to ARC through the CRO Risk Report.

2.4 Three lines of Defence

The Bank’s risk management and control model is based on three lines of defence. The first line comprises the business functions or activities that assume or generate exposure to risk. Risks undertaken or generated within the first line of defence must be compatible with the risk appetite and limits in place.

The first line of defence must have the resources to identify, measure, address and report the risks assumed, to perform its function.

The second line of defence comprises the Risk and Compliance function. This second line of defence is charged with effective control of risks and ensures that they are managed in accordance with the established risk appetite.

Internal Audit is the third line of defence and the last layer of control, and regularly assesses policies, methods and procedures to ensure they are suitable, and also checks they are operational.

The risk and compliance function and the internal audit function are sufficiently separate and independent from each other and also regarding the other functions they control and supervise when carrying out their tasks. They likewise have access to the board of directors and/ or to its committees at the highest level.

3. Capital Adequacy

3.1 Capital Adequacy Risk

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

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

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

3.2 Capital Requirement

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

Bank's overall capital requirement (OCR) is TCR + CRD buffers, which are the Capital Countercyclical Buffer and Capital Conservation Buffer. The Bank has complied with the capital requirements set by the PRA at all times throughout 2020.

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

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

Total Capital Requirement	**As At 31-Dec 2020**	**As At 31-Dec 2019**
As a % of RWAs:	%	%
Minimum Capital Requirement	8.00	8.00
Pillar 2A requirement	3.99	4.98
Total Capital Requirement (TCR)	11.99	12.98
Capital Countercyclical Buffer	0.01	0.27
Capital Conservation Buffer	2.50	2.50
Overall Capital Requirement (OCR) ratio	**14.50**	**15.75**

3.3 Countercyclical Buffer (CCYB)

The Bank is required to consider the regulatory requirements re the CCYB. The purpose of this buffer is to counteract the effects of the economic cycle on banks' lending activities. The CCYB calculation applies %'s, which have been set by the central banks of each country

(typically at least 12 months in advance), to the "Relevant Exposures"[1] to entities within those countries. The calculation applies a weighted CCYB % to total risk weighted assets (i.e. including credit, market and operational risk).

The Bank has got relevant exposures to a few countries but other than UK[2] and Luxembourg for which the relevant central bank (the Bank of England) has concluded that a countercyclical buffer is appropriate, rest all are at 0% currently.

To combat the economic disruption from COVID-19 to UK business and consumers, Bank of England (BoE) has reduced the CCYB rate to 0% from 11th March 2020. The BoE expects the 0% rate to remain in place for at least 12 months, meaning that subsequent increases would now not take effect until March 2022 at the earliest.

The relevant disclosures,[3] are attached at Appendix 6. The outputs from the information in Appendix 6 which drive the CCYB calculation are as follows:

	£
Sum of product of own funds requirements and relevant country CCYB rate	440
Total Relevant Exposures	5,041,954
Resulting weighted CCYB %	0.01%

3.4 Capital Resources

The table below shows the composition of the Bank's regulatory capital position as at 31 December 2020.

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

As a result:

a. The Capital Instruments[4] template has not been included as all data points are either not applicable or nil.

b. The data re the Own Funds template[5] is included below. All the other data points are either not applicable or nil.

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

[2] 2.00% effective December 2020.

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

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

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

Capital Resources	Template Row	**2020** £000	**2019** £000
Common Equity Tier 1 Capital:			
Share Capital	1	41,200	41,200
Retained earnings	2	25,281	24,363
	6	66,481	65,563
Less deductions:			
Intangible Assets	8	(18,841)	(10,425)
Free deliveries which can alternatively be subject to a 1250% risk weight*	20d	(2,429)	
Net Deferred Tax Asset	10	-	-
	28	(21,270)	(10,425)
Total Common Equity Tier 1 Capital	29	**45,211**	**55,138**
Total Capital Resources	59	**45,211**	**55,138**

* Free deliveries are the transactions where the Bank has paid for the securities or foreign currencies before receiving them. Transactions which are outstanding for more than 4 business days are required to be risk weighted at 1250% or alternatively can be deducted from the own funds.
As of 31.12.20, the bank had a couple of free deliveries amounting £2,429k which were deducted from it's own funds, both these transactions had been settled on 4th Jan and the own funds went up by the same amount.

Risk Weighted Assets - Pillar 1	Template Row	**2020** £000	**2019** £000
Credit Risk*		109,653	192,877
Counterparty Risk (Derivatives)		10,185	6,480
Total Credit Risk Weighted Assets		**119,838**	**199,357**
Settlement Risk and Credit Value Adjustment (CVA)		1,052	**21,271**
Market Risk		7,018	3,984
Operational Risk		53,340	41,744
Total Risk Weighted Assets	60	**181,248**	**266,356**

* net of credit risk mitigation amounting £66,753k (£56,127k in 2019)

Capital Ratios	Template Row	**2020** £000	**2019** £000
Common Equity Tier 1 Capital Ratio	61	24.9%	20.7%
Total Tier 1 Capital Ratio	62	24.9%	20.7%
Total Capital Ratio	63	24.9%	20.7%

Bank's operational risk RWA is based on last 3 years revenue and has increased after including the revenue from year 2020. The credit risk RWA has decreased because of maintaining a higher balance in high quality liquid assets.

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

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

Regulatory Capital Surplus	**2020** £000	**2019** £000
Total Risk Weighted Assets	181,248	266,356
Total SREP Capital Requirement (TCR)*	21,732	34,573
Overall Capital Requirement (OCR)*	26,279	41,942
Total Capital Resources	45,211	55,138
Capital Surplus in Excess of TCR	23,480	20,565
Capital Surplus in Excess of OCR	18,933	13,197

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

3.5 Leverage Ratio

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

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

The minimum requirement for the leverage ratio has historically been 3% but was increased to 3.25%, effectively from 1 January 2018[6]. While the leverage ratio is not a regulatory requirement for the Bank[7], the Bank chooses to monitor the metric as part of its risk management framework.

The calculation of the Leverage Ratio is as set out in the tables below which are based on the regulatory disclosure templates[8]. All template rows other than those noted in the tables are either not applicable or nil.

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

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

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

Leverage Ratio	Template Row	2020 £000	2019 £000
Table LR Sum - Summary Reconciliation Of Accounting assets and Leverage Ratio exposures			
Total Statutory Assets per the Balance Sheet	1	1,170,022	1,209,509
Adjustments for derivative financial instruments	4	7,880	6,480
Off balance sheet Items	6	4,698	6,567
Less: central bank exposures *	7	(125,844)	(131,144)
Amounts deducted in determining Tier 1 capital	7	(21,270)	(10,425)
Leverage ratio total exposure measure	8	1,035,486	1,080,988

* Exposures to central banks subject to a maximum of deposits in the same currency is excluded from the leverage ratio exposure measure. The Bank's total GBP deposits amounted £125,844k and BoE reserve a/c balance was £579,088k.

Leverage Ratio	Template Row	2020 £000	2019 £000
Table LR Com = Leverage Ratio Common Disclosure			
On Balance Sheet exposures (excluding off-bal derivatives)			
On balance sheet items	1	1,044,178	1,078,365
Amounts deducted in determining Tier 1 capital	2	(21,270)	(10,425)
Total on balance sheeet exposures	3	1,022,908	1,067,940
Derivative Exposures			
Derivatives add-on under mark-to-market method	4	7,880	6,480
Total derivative expsures	11	7,880	6,480
Other Off Balance Sheet Exposures			
Other off balance sheet exposures	17	22,272	23,311
Adjustment for credit conversion factor	18	17,574	16,743
Total off balance sheet exposures	19	4,698	6,567
Capital And Total Exposure Measure			
Total Tier 1 Capital & Total Capital	20	45,211	55,138
Leverage Ratio Total Exposure Amount	21	1,035,486	1,080,988
Total Leverage Ratio	22	**4.4%**	**5.1%**

The Bank's leverage ratio is calculated daily, reviewed and monitored by ALCO monthly and included in the capital forecast and business-as-usual stress testing. The Bank's leverage ratio is included within its RATS, which documents the monitoring and escalation framework and the Bank's leverage ratio limits.

The Bank's leverage ratio has marginally decreased to 4.4% (2019: 5.1%). The decrease in CET1 Capital is due to the increased level of intangible assets due to the ongoing investment into fintech related software.

Leverage Ratio	Template Row	2020 £000	2019 £000
Table LRSpl - Split Of Balance Sheet Exposures			
Total on balance sheet exposures, of which	EU1	1,044,178	1,078,365
Trading book	EU2	0	0
Banking book exposures, of which	EU3	1,044,178	1,078,365
Exposures treated as sovereigns	EU5	701,144	534,055
Exposures to regional governments, MDB,international organisations and PSE not treated as sovereigns	EU6	0	0
Insitutions	EU7	192,829	402,330
Corporate	EU10	64,785	51,070
Other	EU12	85,419	90,910

4. Capital Management

4.1 Capital Requirements

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

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

The ICAAP represents the aggregated view on capital risk for the Bank and is used by the Board and management to understand the levels of capital required to be held over the near and medium term. The ICAAP is undertaken at least annually and was last approved by the Board in December 2020.

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

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

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

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

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

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

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

4.2 Minimum Capital Requirement Pillar 1

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

Total Minimum Pillar 1 Capital Requirement	**2020 £000**	**2019 £000**
Capital Resources	45,211	55,138
Capital Requirement		
Credit Risk	8,772	15,430
Counterparty Credit Risk	815	518
Settlement Risk and Credit Value Adjustment (CVA)	84	1,702
Market Risk	561	319
Operational Risk	4,267	3,340
Capital Requirement under Pillar 1	14,500	21,308
Capital Resources - Surplus over Pillar 1 Requirement	**30,712**	**33,830**

5. Credit Risk

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

Credit Risk exposure arises through the Bank's nostro balances, placement of deposits within the money markets, discounted letters of credit, and certain off-balance sheet activities. These include trade finance and forward foreign exchange transactions. The Bank does not actively trade in financial instruments, other than for liquidity management purposes. The Bank does not have a commercial loan book.

The credit risk management framework includes:

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

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

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

5.1 Controls & Mitigation

Credit risk is principally controlled by establishing and enforcing authorisation limits, including set-off limits, by checking the creditworthiness of counterparties and defining exposure levels to those counterparties. Daily monitoring of positions ensures that prudential limits are not exceeded. The Bank continues to adopt a conservative credit policy and has suffered only a single (minor) credit exposure loss in the last 20+ years.

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

a. Collateral – cash placed with the Bank by the client; or

b. Guarantees – typically from institutions with very high credit ratings (eg World Bank).

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

5.2 Minimum Capital Requirement: Credit Risk

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

The following table shows the credit risk exposures, the risk weighted assets and the composition of the minimum capital requirements for credit risk on 31 December 2020 and 31 December 2019:

Credit Risk Requirement	Credit Risk Exposure £000	Risk Weighted Assets £000	Minimum Capital Requirement £000
31 December 2020			
Central Governments and Central Banks	787,311	2,298	184
Mutilateral Development Banks	16,749	-	-
Public Sector Enterprises	24,850	9	1
Institutions	203,670	54,506	4,360
Corporate	51,461	48,795	3,904
CIU	52,740	4,285	343
Other	9,819	9,819	786
Equity	126	126	10
Total	**1,146,726**	**119,838**	**9,587**
31 December 2019			
Central Governments and Central Banks	648,316	814	65
Mutilateral Development Banks	-	-	-
Public Sector Enterprises	17,702	0	0
Institutions	411,268	112,175	8,974
Corporate	56,320	60,908	4,873
CIU	62,493	14,957	1,197
Other	10,502	10,502	840
Total	**1,206,600**	**199,357**	**15,949**

The overall capital requirement for credit risk has reduced by £6.4m mainly because of having a higher balance in high quality liquid assets (HQLAs).

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

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

5.3 Credit Risk Exposures by Sector

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

Credit Risk Exposure by Sector	Financial	Government & Public Administration	Other Commercial	Total
	£000	£000	£000	£000
31 December 2020				
Central Governments and Central Banks	-	787,311	-	787,311
Mutilateral Development Banks	16,749	-	-	16,749
Public Sector Enterprises	-	24,850	-	24,850
Institutions	203,670			203,670
Corporates	51,461			51,461
CIU	52,740			52,740
Other			9,945	9,945
Total	**324,620**	**812,161**	**9,945**	**1,146,726**
31 December 2019				
Central Governments and Central Banks	-	648,316	-	648,316
Mutilateral Development Banks	-	-	-	-
Public Sector Enterprises	-	17,702	-	17,702
Institutions	411,268			411,268
Corporates	56,320			56,320
CIU	62,493			62,493
Other			10,502	10,502
Total	**530,080**	**666,018**	**10,502**	**1,206,600**

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

5.4 Geographic Distribution of Credit Risk Exposures

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

Credit Risk Exposure by Geographic Location of Counterparty	UK £000	Other £000	Total £000
31 December 2020			
Central Governments and Central Banks	685,310	102,001	787,311
Mutilateral Development Banks	0	16,749	16,749
Public Sector Enterprises	0	24,850	24,850
Institutions	42,493	161,177	203,670
Corporate	6	51,455	51,461
CIU	0	52,740	52,740
Other	9,945	0	9,945
Total	**737,753**	**408,973**	**1,146,726**
31 December 2019			
Central Governments and Central Banks	579,244	69,072	648,316
Mutilateral Development Banks	0	0	0
Public Sector Enterprises	0	17,702	17,702
Institutions	212,900	198,368	411,268
Corporate	25	56,294	56,320
CIU*	0	62,493	62,493
Other	10,502	0	10,502
Total	**855,702**	**350,898**	**1,206,600**

* In 2019, CIU were reported as UK exposures based on the residence country of the counterparties, we have changed the reporting to country of incorporation i.e. the risk country.

5.5 Residual Maturity of Credit Risk Exposures

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

Credit Risk Exposure by Residual Maturity	Within 1 Year £000	1 to 5 Years £000	No defined maturity £000	Total £000
31 December 2020				
Central Governments and Central Banks	109,415	-	677,896*	787,311
Mutilateral Development Banks	16,749	-	-	16,749
Public Sector Enterprises	24,850	-	-	24,850
Institutions	122,085	-	81,585	203,670
Corporate	40,568	-	10,893	51,461
CIU	-	-	52,740	52,740
Other	-	-	9,945	9,945
Total	**313,667**	**-**	**833,059**	**1,146,726**
31 December 2019				
Central Governments and Central Banks	69,069	0	579,247	648,316
Mutilateral Development Banks	-	-	-	-
Public Sector Enterprises	7,701	10,001	-	17,702
Institutions	273,575	13,702	123,991	411,268
Corporate	47,729	287	8,304	56,320
	-	-	62,493	62,493
Other	-	-	10,502	10,502
Total	**398,075**	**23,989**	**784,536**	**1,206,600**

*Central Banks exposures include balance of £579,088k in BoE reserve a/c which is instantly accessible.

5.6 Management of Credit Risk

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

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

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

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

5.7 Credit Risk – Rating of Exposures

Credit risk exists in relation to:

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

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

Exposure Value by External Rating	AAA+ to AA- £000	A+ to A- £000	BBB+ to B- £000	Unrated £000	Total £000
31 December 2020					
Cash and Balances at Central Banks	677,896	-	-	-	677,896
Loans and Advances to Banks	23,014	145,755	37,079	27,743	233,591
Fixed rate Bonds	152,777	9,593	-	-	162,370
CDs and other debt instruments	-	-	-	-	-
Derivatives	2,640	3,129	1,105	3,312	10,185
CIU	52,740	-	-	-	52,740
Other (tangible assets)	-	-	-	-	9,945
Total	**909,067**	**158,476**	**38,184**	**31,055**	**1,146,726**
31 December 2019					
Cash and Balances at Central Banks	579,244	-	-	-	579,244
Loans and Advances to Banks	47,094	263,421	33,584	46,701	390,799
Fixed rate Bonds	97,390	6,099	-	-	103,489
CDs and other debt instruments	-	30,371	21,263	-	51,635
Derivatives	1,784	4,169	28	2,458	8,439
CIU	60,601	-	-	1,891	62,493
Other (tangible assets)	-	-	-	-	10,502
Total	**786,114**	**304,060**	**54,875**	**51,050**	**1,206,600**

None of the Treasury assets noted above were past due[9] or impaired.

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

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

Cash placements

Credit risk of Bank counterparties is controlled through the Treasury Policy and the Risk Appetite and Tolerances Statement which limits the maximum exposure by entity where the Bank may place cash deposits. All institutions need a sufficiently high long term and short-term rating at inception.

Derivatives

All derivative contracts are cash collateralised. As of 31 December 2020, all such counterparties were either based in the UK or in a jurisdiction with regulatory equivalence.

5.8 Credit Risk Concentration

Concentration risk exists through having high or excessive exposures to a concentration of certain counterparties, regions or sectors. Concentration risks from credit exposure activities are managed and controlled through the adoption of concentration limits through the Risk Appetite and Tolerances Statement ("RATS"). Reported exposures against concentration limits are regularly monitored, this includes large exposure monitoring.

5.9 Counterparty Credit Risk - Derivatives

The Bank is exposed to counterparty credit risk from derivative transactions for the purposes of reducing exposures to fluctuations in interest rates and exchange rates; such derivatives are not used for proprietary trading purposes.

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

The Bank calculates counterparty credit risk exposures using the mark-to-market method. Exposure is calculated as the positive mark-to-market value of outstanding contracts plus an additional potential future credit exposure that varies according to the transaction.

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

	2020	**2019**
	£'000	£'000
Gross positive fair value	2,305	1,959
Derivatives: Add-on under the mark-to-market method	7,880	6,480
Total derivative credit exposure	10,185	8,439
Notional principal	771,200	703,634

The net derivatives credit exposure, which represents the credit exposure to forward foreign exchange contracts only, is stated after including potential future credit exposures as required in the calculation of exposure.

Counterparty credit limits are established for authorised counterparties and are updated on a periodic basis to take account of any ratings migration and the Bank's assessment of the credit risk for the institution. The maximum exposure limit is set below the 100 per cent of the Bank's regulatory capital level, although each counterparty is assessed on individual merit.

Exposures to central banks; multilateral development banks; other public-sector institutions; and any other entities which carry a zero per cent risk weighting as per the Standardised Approach, have limits set at up to 100 per cent of the Bank's capital resources. The exposure limit for each institution is maintained in an Authorised Counterparties List which is reviewed at least annually or more frequently should a change in ratings occur.

5.10 Reconciliation to Statutory Accounts

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

Reconciliation to Statutory Accounts		**2020 £000**	**2019 £000**
Total Assets per Accounts		1,170,022	1,209,509
less: Assets deducted from Regulatory Capital			
	Intangible Assets	(18,841)	(10,425)
	Net Deferred Tax Asset	-	-
Cash collateral received for trade finance transactions*		(15,445)	-
Other Adjustments (including non-accounting adjustments for finacial statements disclosure)		(1,588)	(5,531)
Add: Off Balance Sheet Exposures			
	Trade Finance	4,698	6,567
	Derivatives MtM add-on	7,880	6,480
Total Credit Risk Exposures		1,146,726	1,206,600
* In 2019, trade finance exposures were not netted for the collateral			

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

6. Market Risk

6.1 Interest Rate Risk

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

The Bank's interest rate risk in the Banking Book (IRRBB) risk appetite is intrinsically low due to the business model being reliant on transaction-based income rather than net interest income. The Bank's risk appetite for IRRBB, is measured by:

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

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

6.1.1 Control & Mitigation

The Bank's balance sheet is transaction led, in that assets are not generated unless a corresponding liability has arisen from customer deposits.

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

In addition, the Bank is not currently exposed to any interest rate indices and does not intend to change exposure to basis risks. As a result, there is limit appetite to be exposed to IRRBB on an ongoing basis.

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

	31 Dec 20 £'000	31 Dec 19 £'000
Economic Gain/(Loss)		
200 bps upward shift	(282)	(263)
200 bps downward shift	296	268
Earnings Gain/(Loss)		
100 bps upward shift	379	144
100 bps downward shift	(379)	(144)

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

The Bank does not fair value any of its interest-bearing assets or liabilities[10]. As a result, there will be no immediate accounting gain or loss following any change in interest rates.

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

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

6.1.2 Asset-liability Gap Risk

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

Given timing differences and the price of hedging small gaps, it is not cost effective to have an absolute match of assets and liabilities. In addition to the monitoring noted above, the risk exposure of the overall asset-liability interest rate profile is controlled by the close measurement of the quantum of "behaviouralised" deposits (i.e. current accounts which have historically been shown to be sticky) held at any time.

6.2 Foreign Exchange Risk

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

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

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

FX exposures are reported daily.

6.2.1 Control and Mitigation

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

The Treasurer and Credit team is responsible to manage and monitor the Bank's foreign exchange risk. The underlying currency mismatch is measured and reported daily for any further action by management as appropriate.

The level of that mismatch as of 31 December 2020 and 2019 was as follows:

(£ '000 equivalent)						
Functional currency	**US$**	**Euro**	**JPY**	**XAF**	**Other**	Total
2020						
Assets/(liabilities)	-472,367	-22,002	2,385	859	-13,585	-504,710
Net forward purchase/(sales)	475,639	21,920	-2,381	370	15,525	511,073
	3,273	-82	4	1,229	1,940	6,364
Functional currency	**US$**	**Euro**	**JPY**	**AUD**	**Other**	Total
2019						
Assets/(liabilities)	-420,845	-920	22,386	-8,204	-4,682	-412,265
Net forward purchase/(sales)	422,333	286	-22,382	8,248	5,650	414,135
	1,488	-634	4	44	968	1,870

The Bank maintains risk management systems to identify, measure, monitor, and control market risk including the daily distribution of spot and forward Foreign Exchange ("FX") and other positions, the resultant calculation of the relevant capital requirement against those

positions and the movements in market valuations noted above. Under Pillar 1, the market risk is calculated at 8% of the Sterling equivalent open position for FX positions. The Bank does not enter into any financial derivatives contracts other than forward FX.

6.3 Other Risks

The Bank holds certain assets, notably its investments in Collective Investment Undertakings (CIUs), for which an active market exists, and which are therefore potentially subject to market risk. As of 31st Dec 2020, the CIUs portfolio amounted £52,740k (£60,601k in 2019).

The Bank also holds fixed rate bonds but does not fair value/ mark to market those assets. The assets are normally held to full maturity. As a result, the Bank is would be exposed to:

- the underlying credit risk of the issuer and
- any foreign exchange risk, although the Bank effectively mitigates the substantial part of any such risk.

The Bank's instruments are also exposed to other forms of market risk e.g. credit spread risk. Prices are monitored on a day-to-day basis to ensure that the Bank is aware of any material diminution in value. The Bank does not carry out proprietary trading in assets or equity which are actively traded or otherwise.

7. Liquidity & Funding Risk

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

The Bank's Risk Appetite is to ensure that adequate liquidity is held by the Bank at all times, by meeting the 30 Day OLAR[11] stress and a holding a level of surplus HQLA over and above minimum regulatory liquidity requirements, such that there is no significant risk that its liabilities cannot be met as they fall due, whether in business-as-usual or in a stress.

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

7.1 Controls & Mitigation

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

- The Bank has insufficient funds to pay the amounts that it owes (either to depositors or creditors);
- The Bank has sufficient funds but they are not readily accessible; or
- The Bank's credit rating, asset quality or reputation deteriorates to such an extent that it is prevented from refinancing its borrowings on maturity.

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

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

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

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

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

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

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[11] The Overall Liquidity Adequacy Rule (OLAR) stress reports whether the Bank has surplus liquidity at 30/45/60 days depending on a firm-based measure of inflows and outflows in a stressed environment.

	31-Dec-20	31-Dec-19
	£'000	£'000
Bank of England reserve account	677,864	578,990
Less Operational expenses	(2,298)	0
	675,559	578,990
Other HQLAs – Fixed rate Bonds	74,433	17,702
US Treasury Bonds	107,029	60,641
Total HQLAs	**857,021**	**657,332**
Total HQLA liquidity buffer as a % of funding liabilities	79.8%	58.8%

7.2 Liquidity & Funding Ratios

Banks are currently subject to two key liquidity metrics. The Liquidity Coverage Ratio ('LCR') aims to improve the resilience of banks to liquidity risks over a 30 day period. The Net Stable Funding Ratio ('NSFR') aims to ensure that banks have an acceptable amount of stable funding to support their assets over a one year period of extended stress.

7.2.1 Liquidity Coverage Ratio ("LCR")

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

Under the rules, the LCR is calculated as:

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

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

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

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

Based on these rules, the Bank's LCR as of 31 December 2020 is 138% (2019: 197%) which is significantly in excess of the minimum requirements of 100%.

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

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

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

7.2.2 Net Stable Funding Ratio (“NSFR”)

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

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

Bank’s main funding requirements come from the non-HQLA CIU investments and securities maturing within a year, both requiring 50% funding; term loans maturing within 6 months and 12 months require 10% and 50% respectively.

The Bank’s NSFR as of 31 December 2020 is 198% (2019 182%), substantially in excess of the 100% minimum requirement.

7.3 Key Liquidity Risk Drivers

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

7.3.1 Deposit Funding Risk

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

7.3.2 Wholesale Funding

The Bank mainly finances its operations through wholesale deposit taking, although it does not have long term wholesale funding lines in place. The Bank does have relationship banking facilities in place which are used to hedge against currency exposures.

7.3.3 Payments Systems

The Bank does not form part of the UK payment system. However, in the event there are problems with one of the payment systems, the Bank has access to other facilities with which to make payments if needed.

7.3.4 Liquidity Contingency Plan

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

7.4 Encumbered Assets

As of 31 December 2020, the Bank's only encumbered assets were on demand loans to other financial institutions totalling £3,295k (2019 - £1,786K) all of which supported derivative foreign exchange contracts with the institutions concerned. Further details can be found at **Appendix 5**.[13]

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

8. Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

As part of the Operational Risk Framework:

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

8.1 Controls and Mitigation

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

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

The Basic Indicator Approach set out in the EU Capital Requirements Directive is used to assess capital requirements for operational risk. Stress testing and scenario analysis shows that the current regulatory requirement for Operational Risk is sufficient to cover the risks identified.

8.2 Measurement of Operational Risk

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

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

Since 24 March 2020, the Bank has continued to operate successfully in a changed environment with all of its staff having the ability to work remotely and from home. During this time, and throughout the different lockdown periods, the Bank has been able to continue normal business operations, including full functionality and governance with no interruption.

With specific regard to the Bank’s key supplier/service organisations- no interruption has been experienced to date. Throughout the entirety of the Covid-19 pandemic in the UK, the Bank has continued working in line with UK Government Guidelines and liaising with UK Finance to ensure the Bank’s approach is both understood, and in line with the UK Financial Services industry.

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

Operational Risk Requirement	**31-Dec-20 £'000**	**31-Dec-19 £'000**
Average net income over preceding three years	28,448	22,264
Capital requirement at 15%	4,267	3,340

9. Other Risks Categories

9.1 Compliance Risk

Compliance Risk is defined as the risk arising from failures to comply with the entity's legal and regulatory obligations.

The Bank makes every effort to remain in compliance with applicable laws, rules and regulations in the jurisdictions in which it does business.

The Bank keeps abreast of banking regulations through receipt of PRA, FCA, UK Finance and EBA bulletins. Staff regularly attend workshops to ensure that their knowledge on regulatory issues is up to date. The Bank continues to deliver staff training programmes to ensure its staff are both aware of and comply with regulations.

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

9.2 Conduct Risk

Conduct Risk is the risk arising from the firm's culture, or from intentional employee behaviour, that threatens the delivery of fair outcomes for clients.

Our customers are at the heart of our business. We look to develop and maintain long term relationships with our customers, based on openness, trust and fairness in everything we do.

The risk is that customers can suffer detriment due to actions, processes or products which originate from within the Bank. Conduct risk can arise through the design of products that do not meet customers' needs, mishandling complaints where the Bank has behaved inappropriately towards its customers, inappropriate sale processes and exhibiting behaviour that does not meet market or regulatory standards.

Key controls ensure that staff are appropriately trained in their roles and responsibilities. Conduct Risks arising from employee culture and behaviours are controlled and monitored through policies on ethics, conduct risk and remuneration. In addition, all employees are subject to the Bank's Code of Conduct.

9.3 Financial Crime Risk

Financial Crime Risk is risk of losses arising from financial crime events including Money Laundering, Terrorist Financing, Fraud, Market Abuse and Corruption due to failed internal processes, people and systems.

The Bank operates and seeks new business internationally and this can expose the Bank to a higher level of financial crime risk than many domestically operating banks.

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

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

9.4 Strategic & Business Risk

Strategic and Business Risk are the risks that impact the Bank's ability of achieving its corporate and strategic objectives.

Strategic risk is particularly important as the Bank continues its growth strategy. The Bank seeks to mitigate strategic risk by focusing on a sustainable business model which is aligned to the Bank's business strategy.

The strategy of the Bank is established through the creation of a rolling three-year plan, agreed by the Board. Each year an Annual Operating Plan and budget, which dovetails with the overarching strategic plan is created and agreed by the Board.

Strategic risk can arise from both internal and external factors. The Bank seeks to identify and mitigate the individual components of strategic risk through the application of the Risk Management Framework.

Targets are regularly reviewed as part of the Bank's strategic review process, and during discussions with its stakeholders over expected contribution levels. EXCO meets monthly to review progress against plans. Forecasts and budgets are continually updated. EXCO also assesses on a quarterly basis its top strategic risk and how they will be mitigated. These are shared with ARC and the Board.

10. Remuneration

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

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

The disclosure requirements of Pillar 3 are defined by CRR Article 450. Data is provided for remuneration received by Code Staff for the year ended 31 December 2020.

During the year, the Bank designated a total of 28 individuals (including Non-Executive Directors) who were classed as Code Staff. Of these, 17 were categorised as Senior Management (being the Executive and Non-Executive Directors who served during the year, and members of the Executive Committee), as well as 11 individuals categorised as Other Code Staff.

10.1 Approach to Remuneration

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

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

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

The following key principles underpin these themes:

- Attract and retain high calibre individuals – employee turnover will be monitored for the proportion attributable to remuneration policy and practices; the performance management framework will be maintained to ensure it continues to reflect and support business goals; assessment of the value of roles will be through an objective measurable methodology, that ensures value is attached to tangible services and outputs of the role;
- Remuneration will not be excessive – staffing retention budgeted by setting remuneration appropriately through regular compensation benchmarking against independent third-party data;
- Remuneration is aligned to the success of the Bank – performance related components of remuneration are aligned to the Bank's longer-term business planning, including operational budget, risk adjusted financial measures aligned to our core strategy;
- Proportion of variable pay is appropriate, predominantly cash based and may be deferred – where a significant proportion of remuneration is variable, it will be designed to reward longer term success. The ratio of fixed to variable remuneration will differ depending on the specific incentive schemes in operation across the

business, however as a general rule the Bank seeks to ensure that the majority of an individual's remuneration is fixed; and

- No reward for poor performance - the performance management framework focuses on objective measurement of outputs along with behavioural measures which assess the way in which work is done.

10.2 Decision-making Process for Determining Remuneration Policy

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

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

10.3 Remuneration policy for Code Staff[14]

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

10.3.1 Basic Salary

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

10.3.2 Variable Pay

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

10.3.3 Benefits

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

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

10.3.4 Link Between Pay and Performance

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

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

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

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

10.3.5 Design and Structure of Remuneration

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

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

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

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

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

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

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

10.4 Salary and Fees

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

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

10.5 Variable Awards

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

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

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

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

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

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

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

10.6 Remuneration Paid to Code Staff

The following table displays the 2020 remuneration for the Bank's Executive Directors, Non-Executive Directors, Senior Management and staff whose professional activities have a material impact on the risk profile of the company (together, Code Staff).

Fixed and variable remuneration to Code Staff	**Senior Management***	**Other Code Staff**	**Total**
	£	**£**	**£**
Fixed remuneration	2,125,206	1,237,885	3,363,091
Variable remuneration	994,136	279,320	1,27,456
Total remuneration	3,199,342	1,517,205	4,636,547
Number of Code Staff	17	11	28

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

No Code Staff were paid more than €1 million.

No sign-on payments were paid to Code Staff. The figures above include compensation packages payable to two Code Staff for loss of office totalling £320,000. The highest individual package was £200,000.

The variable remuneration includes a share based taxable benefit received by Senior Management (the Long-Term Incentive Plan) totalling £4,438 and by Other Code Staff totalling £1,325. All other remuneration is paid in cash apart from sundry staff benefits (such as medical insurance and pension contributions) which is included within the fixed remuneration figures.

None of the remuneration is deferred.

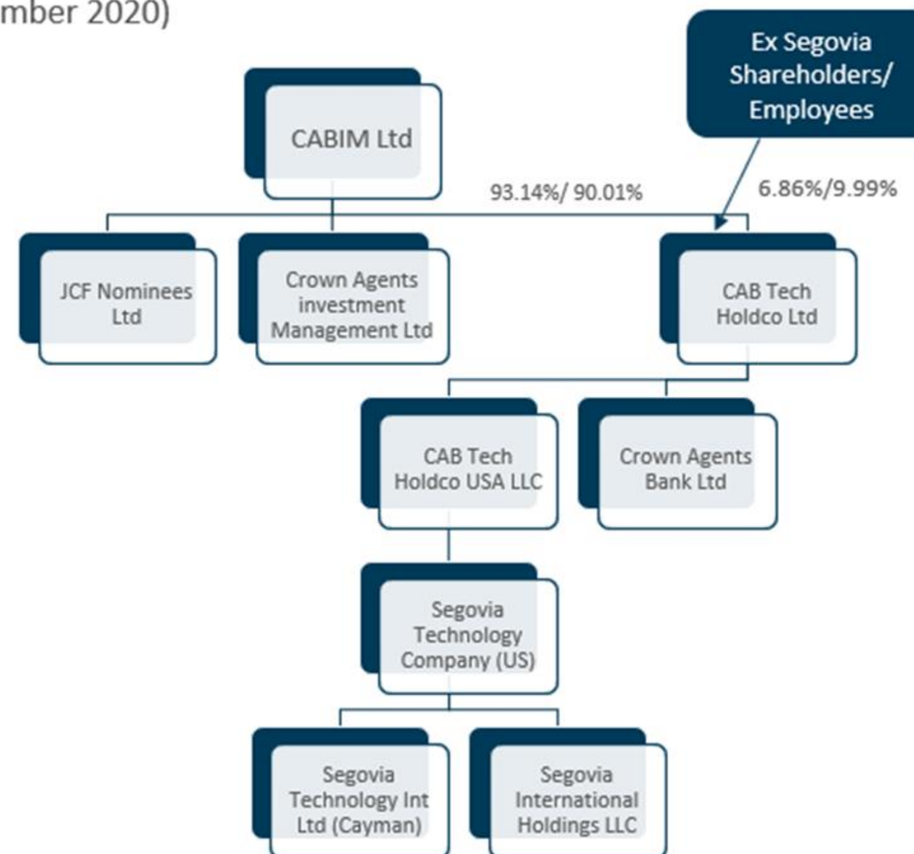
11. Appendices

Appendix 1	Group Structure
Appendix 2	Senior Management Structure
Appendix 3	Balance Sheet Reconciliation
Appendix 4	Liquidity Coverage Ratio Metrics
Appendix 5	Asset Encumbrance
Appendix 6	Countercyclical buffer information

Crown Agents Bank - P3 Disclosures 2020

Appendix I

Group Structure Chart (30 September 2020)



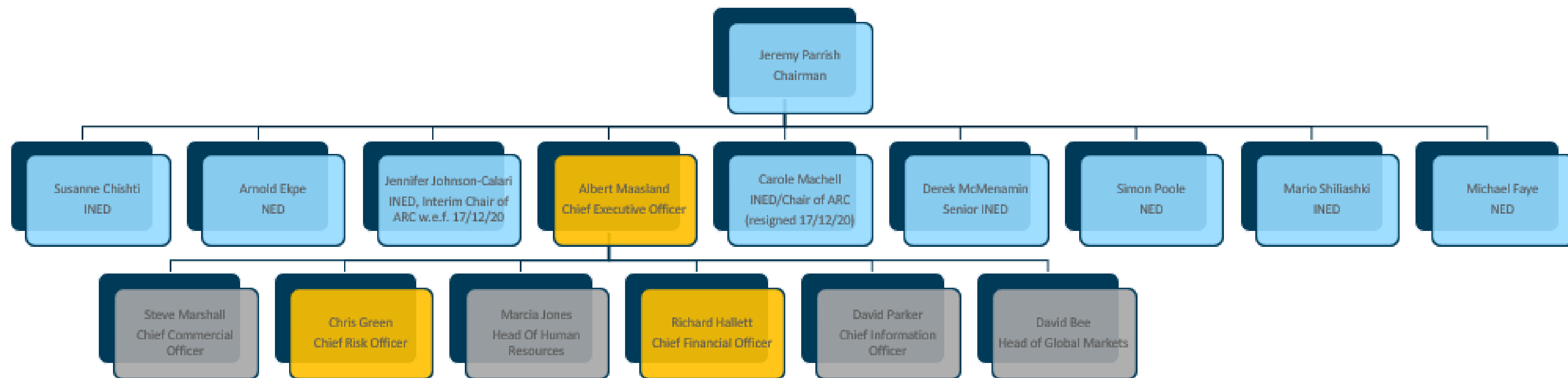
Notes

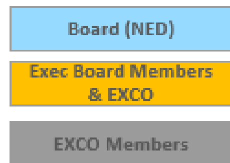
1. The holding of ex Segovia shareholders/ employees in CAB Tech Holdco Ltd increases over time up to a maximum of 9.99% depending on the exercise of share options and the vesting of restricted share and restricted share units.
2. On completion of the Segovia purchase, a "merger" company ((CAB Tech Merger Sub Inc) was temporarily created as a wholly owned subsidiary of CAB Tech Holdco USA LLC.
3. A further 16 overseas legal entities are owned by the group typically with the Caymans holding company as the parent with a 100% holding.

Senior Management Structure 2020

Crown Agents Bank – Pillar 3 Disclosures

Appendix 2





Balance Sheet Reconciliation

As at 31 December 2020	Accounting Balance Sheet as per Published Financial Statements	Regulatory Adjustments (Deductions from Regulatory Own Funds)	Cash collateral and other Adjustments (including non-accounting adjustments for finacial statements disclosure)	Regulatory Balance Sheet	Subject to Credit Risk	Subject to Counterparty Credit Risk	Regulatory Own Funds
	£'000s	*£'000s*		*£'000s*	*£'000s*	*£'000s*	*£'000s*
Assets							
Cash and balances at central banks	677,864	0		677,864	677,864		
Loans and advances to banks & customers	224,667	0	(15,445)	209,222	209,222		
Money Market Funds & Other Investments	52,866			52,866	52,866		
Cheques in the course of collection	0	0		0	0		
Debt securities	162,370	0		162,370	162,370		
Derivatives	2,305	0		2,305		2,305	
Intangible assets	18,841	(18,841)		-	-		
Tangible assets	2,500	0		2,500	2,500		
Deferred tax	3	0		3	3		
Other assets	25,584	0	(1,588)	23,997	23,997		
Prepayments and accrued income	3,022	0		3,022	3,022		
Total Assets	**1,170,022**	**(18,841)**	**(17,032)**	**1,134,149**	**1,131,844**	**2,305**	**-**
Add: Off Balance Sheet Exposures							
Trade Finance				4,698	4,698		
Derivatives				7,880		7880	
Total Credit Risk Exposures				**1,146,726**	**1,136,542**	**10,185**	
Liabilities							
Customer accounts	0	0		0			
Bank overdrafts	1,077,109	0		1,077,109			
Items in course of transmission	0	0		0			
Derivatives	13,511	0		13,511			
Deferred tax liabilities*	449	0		449			
Other liabilities*	7,099	0		7,099			
Accruals and deferred income	5,372	0		5,372			
Called up share capital	41,200	0		41,200			41,200
Retained earnings	25,281	0		25,281			25,281
Total shareholders' funds	66,481	0		66,481			
Total Equity and Liabilities	**1,170,022**	**0**		**1,170,022**	**0**	**0**	**66,481**
Deductions from regulatory capital -							
Intagible Assets		(18,841)					(18,841)
Free deliveries which can alternatively be risk weighted at 1250%		(2,429)					(2,429)
Total Own Funds		**(21,270)**					**45,211**

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

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

Liquidity Coverage Ratio Metrics

		Total Unweighted Value (Average) - £'000				Total Weighted Value (Average) - £'000			
	Quarter Ending	Mar-20	Jun-20	Sep-20	Dec-20	Mar-20	Jun-20	Sep-20	Dec-20
High Quality Liquid Assets (HQLAs)									
1	Total HQLAs					737,449	768,873	720,903	855,373
Cash - Outflows									
2	Retail deposits and deposits from small business customers, of which:	1,185	1,899	1,702	18	88	261	207	2
3	Stable deposits	608	336	429	0	30	17	21	0
4	Less stable deposits	577	1,563	1,273	18	58	244	186	2
5	Unsecured wholesale funding	911,524	842,529	805,530	849,289	481,803	628,008	620,535	694,517
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	546,589	215,800	131,664	114,977	136,647	53,950	32,916	28,744
7	Non-operational deposits (all counterparties)	364,936	626,729	673,867	734,312	345,156	574,058	587,619	665,772
8	Unsecured debt	0	0	0	0	0	0	0	0
9	Secured wholesale funding	0	0	0	0	0	0	0	0
10	Additional requirements	23,954	37,867	37,786	41,152	23,550	31,481	33,073	38,843
11	Outflows related to derivative exposures and other collateral requirements	23,954	37,867	37,786	41,152	23,550	31,481	33,073	38,843
12	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0
13	Credit and liquidity facilities	0	0	0	0	0	0	0	0
14	Other contractual funding obligations	0	0	0	0	0	0	0	0
15	Other contingent funding obligations	14,699	2,342	4,594	9,695	620	116	215	485
16	TOTAL CASH OUTFLOWS					506,061	659,866	654,030	733,847
Cash - Inflows									
17	Secured lending (e.g. reverse repos)	0	0	0	0	0	0	0	0
18	Inflows from fully performing exposures	150,050	90,473	107,383	111,543	66,844	90,463	107,380	111,543
19	Other cash inflows	12,114	17,218	1,980	3,949	12,519	17,218	1,980	3,949
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)								
EU-19b	(Excess inflows from a related specialised credit institution)								
20	TOTAL CASH INFLOWS	162,164	107,692	109,363	115,492	79,363	107,682	109,359	115,492
EU-20a	Fully exempt inflows								
EU-20b	Inflows subject to 90% cap					0	0	0	0
EU-20c	Inflows subject to 75% cap					79,363	107,682	109,359	115,492
TOTAL ADJUSTED VALUE									
21	LIQUIDITY BUFFER					737,449	768,873	720,903	855,373
22	TOTAL NET CASH OUTFLOWS					426,699	552,184	544,671	618,354
23	LIQUIDITY COVERAGE RATIO (%)					172.83%	139.24%	132.36%	138.33%

2020 Pillar 3 Disclosures

Appendix 5

Disclosure on Asset Encumbrance (£'000)

Template A-Assets

		Carrying amount of encumbered assets*	Fair value of encumbered assets*	Carrying amount of unencumbered assets		Fair value of unencumbered assets	
					Eligible For HQLA's		Eligible For HQLA's
		010	040	060	080	090	100
010	**Assets of the Reporting Institution (see note 1)**	3,295		1,137,828	742,765		
020	Loans on demand	3,295		728,261	541,346		
030	Equity instruments	0	0	0		0	0
040	Debt securities	0	0	187,754	121,209	187,547	121,209
070	of which: issued by general governments	0	0	121,209	121,209	121,020	121,020
080	of which issued by financial corporations	0	0	67,886	26,530	68,247	26,672
100	Loans and advances other than loans on demand	0		141,806	0		
120	Other assets	0		48,810	0		

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

Notes

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

2. The EBA Guideline allows competent authorities to waive the requirement to disclose Template B – Collateral received, and in Supervisory Statement SS6/17 on compliance with the EBA Guidelines on Disclosure, the PRA waived the Template B requirements subject to a firm meeting certain criteria. The Bank meets the criteria

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

Appendix 6.1

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

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

Row	Country	Standardised Approach		Own Funds Requirement Weights	CCyB Rate
		Exposure Value	Own Funds Requirement		
		C010	C070	C110	C0120
010	Afghanistan	19,262	1,541	0.03%	0.00%
	Angola	1,965	236	0.00%	0.00%
	Bangladesh	35,213	3,445	0.07%	0.00%
	Barbados	4,043	485	0.01%	0.00%
	Benin	1,492,670	119,414	2.37%	0.00%
	Botswana	9,379	750	0.01%	0.00%
	Burkina Faso	72,408	5,793	0.11%	0.00%
	Cambodia	2,780	222	0.00%	0.00%
	Cameroon	1,551,861	175,979	3.49%	0.00%
	CÔTE D'IVOIRE	9,034	723	0.01%	0.00%
	CURAÇAO	1,109	89	0.00%	0.00%
	Djibouti	243,422	19,474	0.39%	0.00%
	Ethiopia	1,274	102	0.00%	0.00%
	Gambia	39	3	0.00%	0.00%
	Ghana	1,641,661	132,320	2.62%	0.00%
	Haiti	17,081	1,366	0.03%	0.00%
	Indonesia	77,029	6,162	0.12%	0.00%
	Iraq	6,687	535	0.01%	0.00%
	Ireland	8,790,136	140,642	2.79%	0.00%
	Jamaica	726	58	0.00%	0.00%
	Jordan	13,872	1,110	0.02%	0.00%
	Kenya	4,745,190	396,067	7.86%	0.00%
	Kuwait	5,539	222	0.00%	0.00%
	Lesotho	1,953	156	0.00%	0.00%

Appendix 6.2

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

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

Row	Country	Standardised Approach		Own Funds Requirement Weights	CCyB Rate
		Relevant Risk Exposure Value (RWA)	Own Funds Requirement		
	Liberia	47,238	3,779	0.07%	0.00%
	Luxembourg	10,987,785	175,805	3.49%	0.25%
	Madagascar	4,997,198	399,776	7.93%	0.00%
	Malawi	7,586,562	606,925	12.04%	0.00%
	Mauritius	5,591	447	0.01%	0.00%
	Morocco	14,147	1,132	0.02%	0.00%
	Mozambique	2,256,501	270,780	5.37%	0.00%
	Myanmar	732	59	0.00%	0.00%
	Namibia	46,814	3,745	0.07%	0.00%
	Nepal	9,035	723	0.01%	0.00%
	Nigeria	997,568	119,650	2.37%	0.00%
	Pakistan	14,073	1,126	0.02%	0.00%
	Papua New Guinea	6,230	498	0.01%	0.00%
	Philippines	4,244	68	0.00%	0.00%
	Qatar	22,038,985	1,322,694	26.23%	0.00%
	Rwanda	151,663	12,133	0.24%	0.00%
	Saint Lucia	209	17	0.00%	0.00%
	Senegal	306,893	24,551	0.49%	0.00%
	Sierra Leone	37,803	3,024	0.06%	0.00%
	Sri Lanka	12,071	1,448	0.03%	0.00%
	Suriname	7,255	871	0.02%	0.00%
	Swaziland	5,568	445	0.01%	0.00%
	TANZANIA, UNITED REPUBLIC OF	1,420,008	150,142	2.98%	0.00%
	Thailand	191,200	15,296	0.30%	0.00%
	Togo	977,876	78,230	1.55%	0.00%
	Uganda	41,906	3,352	0.07%	0.00%
	United Arab Emirates	284,294	11,372	0.23%	0.00%
	United kingdom	9,950,745	796,060	15.79%	0.00%
	United States	32,962,203	26,370	0.52%	0.00%
	Vanuatu	718	57	0.00%	0.00%
	Zambia	34,492	4,139	0.08%	0.00%
	Zimbabwe	4,304	344	0.01%	0.00%
020		114,146,245	5,041,954	100%	

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

Appendix 6.3

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

Table 2 - Institution Specific Countercyclical Capital Buffer Rate

		010
010	Total risk exposure amount (£'000)	169,652
020	Institution specific countercyclical buffer rate	0.01%
030	Institution specific countercyclical buffer requirement (£'000)	15