

# CAB | PAYMENTS



## Pillar 3 Disclosures

31 December 2025

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## Acronyms and Abbreviations

The following terms are used throughout these Disclosures:

ALCo	Asset and Liability Committee
ASF	Available Stable Funding
BAC	Board Audit Committee
BIA	Basic Indicator Approach
BCBS	Basel Committee on Banking Standards
BRC	Board Risk Committee
C-SREP	Capital Supervisory Review and Evaluation Process
CAB	Crown Agents Bank Ltd
CAB Payments	CAB Payments Holdings Plc consolidated group
CCB	Capital Conservation Buffer
CCF	Credit Conversion Factor
CCR	Counterparty Credit Risk
CCyB	Countercyclical Buffer
CEO	Chief Executive Officer
CET1	Common Equity Tier 1 Capital
CFO	Chief Financial Officer
CIU	Collective Investment Undertakings
COREP	Common Reporting Framework
CRC	Credit Risk Committee
CRD	Capital Requirements Directive
CRM	Credit Risk Mitigation
CRMP	Credit Risk Management Policy
CRO	Chief Risk Officer
CRR	UK Capital Requirements Regulation
CSA	Credit Support Annex
CVA	Credit Valuation Adjustment
EBA	European Banking Authority
ECAI	External Credit Assessment Institutions
ERC	Executive Risk Committee
ERMF	Enterprise Risk Management Framework
EVE	Economic Value of Equity
EWI	Early Warning Indicator
EXCO	Executive Committee
FCA	Financial Conduct Authority
FCRC	Financial Crime Risk Committee
FSCS	Financial Services Compensation Scheme
FX	Foreign Exchange
Group	CAB Payments Holdings Plc consolidated group
HQLA	High Quality Liquid Asset
IAF	Internal Audit Function
ICAAP	Internal Capital Adequacy Assessment Process
ILAAP	Internal Liquidity Adequacy Assessment Process
IRRBB	Interest Rate Risk in the Banking Book
ISDA	International Swaps and Derivatives Association
LREQ	Firm subject to the minimum Leverage requirements

L-SREP	Liquidity Supervisory Review and Evaluation Process
LCP	Liquidity Contingency Plan
LCR	Liquidity Coverage Ratio
LTIP	Long Term Incentive Plan
MLRO	Money Laundering Reporting Officer
MRT	Material Risk Takers
NMDs	Non Maturing Deposits
NSFR	Net Stable Funding Ratio
OCR	Overall Capital Requirement
ORC	Operational Risk Committee
PRA	Prudential Regulation Authority
PvP	Payment Versus Payment
RAS & TL	Risk Appetite Statement and Tolerance Limits
RCSA	Risk and Control Self-Assessments
Remco	Remuneration Committee
RSF	Required Stable Funding
RP	Recovery Plan
RWAs	Risk Weighted Assets
SFTs	Securities Financing Transactions
SREP	Supervisory Review and Evaluation Process
TCR	Total Capital Requirement

# 1. Introduction

This document sets out CAB Payments Holdings Plc's consolidated (the "Group" or "CAB Payments") Pillar 3 disclosures at 31 December 2025 in accordance with the requirements of the UK Capital Requirements Regulation ("CRR").

The Group is regulated by the Prudential Regulation Authority ("PRA") and is the parent company for Crown Agents Bank Ltd ("CAB") (following the liquidation of previous parent company, Cab Tech Holdco Limited in 2025).

The PRA sets requirements for the Group relating to capital and liquidity adequacy and large exposures. Similarly, the PRA sets requirements for CAB relating to capital and liquidity adequacy and large exposures.

## Disclosure Framework

The Group is regulated for prudential purposes under the Basel 3 regime, the international regime governing capital and liquidity in banks, which is supervised by the Basel Committee on Banking Supervision ("BCBS"). The Pillar 3 disclosures made by CAB Payments are designed to comply with Part VIII of the CRR and associated onshored binding Technical Standards and guidelines from the European Banking Authority ("EBA") which were incorporated into the disclosure (CRR) part of the PRA Rulebook from 1 January 2022.

The framework consists of three 'pillars', as summarised below:

### Pillar 1

#### Minimum capital and liquidity requirements

Defines the rules for the calculation of credit, market, operational and liquidity risk to ensure that banks hold adequate resources 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 and liquidity 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.

CAB Payments performs an internal capital adequacy assessment process ("ICAAP") and an internal liquidity adequacy assessment process ("ILAAP") on at least an annual basis to assess the risk management processes in place and whether additional regulatory capital and liquidity over and above Pillar 1 should be held. The amount of any proposed additional capital and liquidity requirement is also assessed by the PRA during its capital supervisory review and evaluation process ("C-SREP") and its liquidity supervisory review and evaluation process ("L-SREP"). This review aims to ensure that institutions have adequate quality and quantity of capital and liquidity as well as suitable arrangements, strategies and processes to ensure sound management and coverage of their risks.

### Pillar 3

#### Market discipline

Pillar 3 complements Pillars 1 and 2 and aims to encourage market discipline by developing a set of disclosure requirements which allow market participants to assess key pieces of information regarding a firm's capital, liquidity risk exposures, risk management processes, leverage, and remuneration. Pillar 3 sets out the items covered by this report.

## Basis and Scope of Disclosures

This document has been prepared and should be read in conjunction with the Group's Annual Report for the year ended 31 December 2025. These disclosures have been subject to internal verification and have been reviewed by the Board Audit Committee ("BAC"). These disclosures have not been externally audited and do not constitute any part of the Group's financial statements; however, some of the information within the disclosures also appears in the Annual Report.

Full disclosures are issued as a minimum on an annual basis with key metrics disclosed on a semi-annual basis, as the Bank meets the requirements of CRR Article 433c. Article 432 of the CRR states that institutions may omit one or more of the Pillar 3 disclosures if the information is not regarded as material. Information shall be regarded as not material if the Group does not expect that its omission or misstatement would change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions. These disclosures have been compiled on the most appropriate basis for this purpose and following the instructions on calculation and classification given in the PRA Rulebook and therefore may not agree directly with disclosures addressing similar matters presented in the Annual Report.

The Group has published its Pillar 3 Disclosures on a semi-annual basis since H1 2023. Disclosures comply with the disclosure requirements laid out in the CRR.

The disclosures:

- Are based on the results of the year ended 31 December 2025. They include the impact of the 2025 financial performance and have been updated to reflect the most recent operational risk capital requirements.
- Should be read in conjunction with the Group's Annual Report.
- Have not been, and are not required to be, subject to independent external audit and do not constitute any part of the Group's Financial Statements.
- Are published on the Group's website once approved by the BAC.

## Regulatory Developments

The following regulatory developments relevant to the Group have been published since the preparation of the prior Pillar 3 disclosures.

On 17 January 2025, the PRA delayed the UK implementation start date of Basel 3.1 from 1 January 2026 to 1 January 2027.

On 20 January 2026, the PRA published policy statement PS1/26 - Implementation of Basel 3.1: Final Rules, covering the credit risk and disclosure requirement elements of Basel 3.1. The Group's preliminary assessments of the impact of Basel 3.1 indicate it is not expected to materially impact the Group's key regulatory metrics.

## Approval of Disclosures

The Group's Pillar 3 disclosures have been reviewed and approved by BAC. The BAC considered the disclosures document in light of (i) the Annual Report; (ii) the ICAAP; (iii) the ILAAP; and (iv) its overall understanding of CAB Payments' risk profile.

The Pillar 3 disclosures have been subject to senior management review and sign off and are attested to by the Group Chief Financial Officer ("CFO") and Chief Risk Officer ("CRO").

## 2. Key metrics and Overview of risk weighted exposure amounts

### UK KM1 – Key Metrics

The table below summarises the main prudential regulatory ratios and measures.

	£000s	31/12/2025	30/6/2025	31/12/2024
Available own funds (amounts) (see note 1)				
1	Common Equity Tier 1 (CET1) capital	129,345	115,415	116,011
2	Tier 1 capital	129,345	115,415	116,011
3	Total capital	129,345	115,415	116,011
Risk-weighted exposure amounts				
4	Total risk-weighted exposure amount	594,768	591,511	603,279
Capital ratios (as a percentage of risk-weighted exposure amount) (see note 2)				
5	Common Equity Tier 1 ratio (%)	21.8%	19.5%	19.2%
6	Tier 1 ratio (%)	21.8%	19.5%	19.2%
7	Total capital ratio (%)	21.8%	19.5%	19.2%
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)				
UK 7a	Additional CET1 SREP requirements (%)	2.4%	2.4%	2.4%
UK 7d	Total SREP own funds requirements (%)	12.3%	12.3%	12.3%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)				
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%
9	Institution specific countercyclical capital buffer (%) (note 3)	0.4%	0.3%	0.4%
11	Combined buffer requirement (%)	2.9%	2.8%	2.9%
UK 11a	Overall capital requirements (%)	15.2%	15.1%	15.1%
12	CET1 available after meeting the total SREP own funds requirements (%)	14.9%	12.6%	12.3%
Leverage ratio (see note 4)				
13	Total exposure measure excluding claims on central banks	1,475,758	1,594,165	1,676,502
14	Leverage ratio excluding claims on central banks (%)	8.8%	7.2%	6.9%
Liquidity Coverage Ratio (see note 5)				
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	1,126,209	1,151,712	1,111,440
UK 16a	Cash outflows - Total weighted value	1,047,156	1,030,514	989,039
UK 16b	Cash inflows - Total weighted value	215,447	200,992	174,674
16	Total net cash outflows (adjusted value)	831,709	829,522	814,365
17	Liquidity coverage ratio (%)	135.4%	138.8%	136.5%
Net Stable Funding Ratio (see note 6)				
18	Total available stable funding	209,841	202,332	211,198
19	Total required stable funding	152,886	150,500	148,537
20	NSFR ratio (%)	137.3%	134.4%	142.2%

(1) Refer page 10 for comparison to Annual Report and Accounts.

(2) Inclusive of FY2025 profit.

(3) Refer page 23 for movements on the institution specific countercyclical buffer.

(4) Rows 14a-14e have been removed as only LREQ firms are required to disclose this information.

(5) Figures presented are for a 12 month average as at the period end.

(6) Figures presented are for a 4 quarter average as at the period end.

## Regulatory Capital and RWAs

The Group's CET1 capital ratio has increased by 2.6 percentage points to 21.8% between FY 2024 and FY 2025 as CET1 resources increased by £13.3m and Risk Weighted Assets ("RWAs") decreased by £17.5m.

CET1 stated for 31 December 2025 of 21.8% differs from the proforma ratio included in the published 2025 Annual Report and Accounts of 22.1%. This is due to Pillar 3 incorporating the approved profits generated in the period and finalisation of the assessment on Risk Weighted Assets (RWA) within the Group/Company's books.

Over 2025, CET1 resources increased 11.4% to £129.3m primarily due to the recognition of profits in the year. RWAs decreased 1.4% to £594.8m. Credit risk RWAs fell by £14.7m despite an overall increase in loans and advances. This was mainly due to the use of credit risk mitigation in the form of guarantees and credit insurance, which were applied to loans and advances in third-countries that carry a higher relative risk weighting of 100%-150%, substituting for exposures to 0%-50% weighted counterparties.

The reduction in credit risk RWAs was partly offset by a £3.9m increase in the operational risk exposure as 2025 revenues exceeded 2022 revenues and market risk exposure increased by £2.3m. For more information on the CET1 capital, RWAs and capital ratios see template UK OV1.

Note that the FY 2025 profit has not been included in December 2025 COREP returns that were submitted to the regulator as these profits were not verified at that point. The reported CET1 ratio was 19.9%. The external audit has since concluded and therefore the FY profit for 2025 has been included in the COREP metrics disclosed in this document.

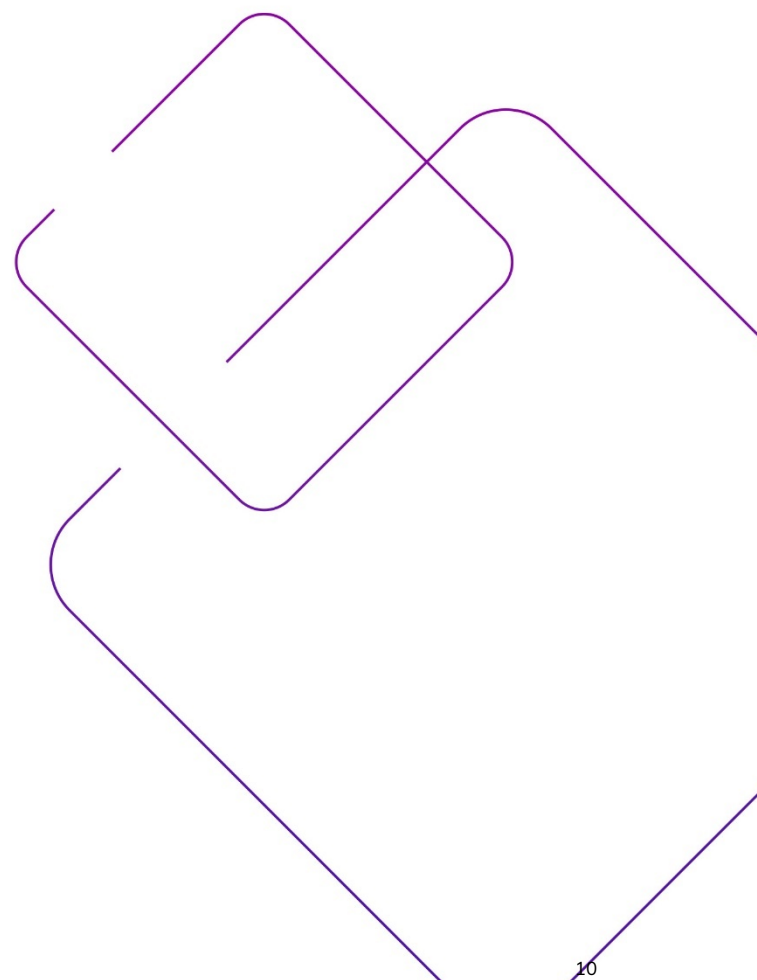
## Leverage

The leverage ratio increased by 1.9 percentage points to 8.8% in 2025. This was due to an increase in CET1 resources and an 11.9% decrease in the leverage exposure due to a decrease in total assets and 31.7% increase in claims on central banks excluded from the calculation following an increase in UK GBP deposits.

## Liquidity and funding

The 12-month average Group Liquidity Coverage Ratio ("LCR") decreased slightly to 135.4% from 136.5%. Average outflows increased by £58.1m in the year, partially offset by a £40.8m increase in inflows as more fixed term loans matured in the 30 day LCR window, in addition there was a £14.8m increase in average HQLA held.

The average Group Net Stable Funding Ratio ("NSFR") decreased in the year to 137.3% from 142.2%. The impact of the recognition of 2025 retained earnings as Available Stable Funding ("ASF") was reduced by the 4-quarter averaging; and offset by a Required Stable Funding ("RSF") increase of £4m, largely due to the £2m average impact of the initial margin held for interest rate swaps at 85% RSF.



## 3. Risk Management Policies and Objectives

### UK OVA – Risk Management Approach

Protecting and leveraging CAB Payments' business model is a key strategic objective with effective risk management being central to every facet of decision making. Effective risk management is recognised as an integral component of good management and governance, to minimise losses and maximise business opportunities for all key stakeholders, including shareholders, customers, colleagues, and regulators.

The Group manages its risks through a consistent approach based on a set of overarching principles, namely:

- Adhering to our established and proven business model, as outlined on pages 6 to 7 of the Group's Annual Report.
- Implementing an integrated risk management approach based on the concept of three lines of defence.
- Setting and operating within clearly defined risk appetites, monitored with defined metrics and limits.

### Enterprise Risk Management Framework

The Group employs an Enterprise Risk Management Framework ("ERMF") to provide the Board and senior management with a single, group wide, view of the material risks to which it is exposed. It aligns the overall strategic and commercial objectives approved by the Board whilst supporting the effective management of risks. The ERMF sets out how the Group manages these risks in a consistent way to minimise losses and maximise positive outcomes for all key stakeholders ensuring that legal and regulatory requirements, in each jurisdiction, are met.

The framework is founded on a three lines of defence model and details the core risk management components and structures used across the firm, and defines a consistent and measurable approach to identifying, assessing, controlling, mitigating, monitoring, and reporting risk. The framework is purposely designed to allow the capture of business opportunities whilst maintaining an appropriate balance of risk and reward within the Group's agreed risk appetite.

Risk appetite forms a key component of CAB Payments' risk management framework and refers to the sources and levels of risk the Group is willing to assume to achieve its strategic objectives and business plan. The risk appetite is managed through an established framework that facilitates ongoing communication between the Board and management regarding the Group's evolving risk profile. Risk appetite is set on a top-down basis by the Board with consideration to business requests and executive recommendation. Appetite measures, both qualitative and quantitative, are applied to inform decision-making, monitoring and reporting processes. Supplementary early-warning triggers are also employed to drive required corrective action before overall tolerance levels are reached. The Group

conducts a formal review of its risk appetites annually, as part of the strategy-setting process. This aligns risk-taking with the achievement of strategic objectives. Adherence is monitored through the Group's risk committees on an ongoing basis with interim updates to individual risk appetites considered as appropriate through the year.

The ERMF is approved by the Board on the recommendation of the Board Risk Committee ("BRC") and the Executive Risk Committee ("ERC") and subsequently adopted by the Group.

Throughout the year, the Board, assisted by the BRC and BAC, monitor CAB Payments' risk management and internal control systems and review their respective effectiveness. This process covers all material controls, including financial, operational and compliance controls. Monitoring and effectiveness reviews occur through: regular risk management information and commentary, reviews of Group-wide risk and control self-assessments and associated mitigation activities and review of audit reports which focus upon risk management capabilities and the control framework.

The Board also reviews the effectiveness of the BAC and BRC on an annual basis. The Board has reviewed CAB Payments' risk management and internal control framework and the committees' effectiveness and considers that, overall, the Group has in place adequate systems and controls. As described in more detail in the Governance section of the Group's Annual Report, an evaluation of the effectiveness of the Board and its committees was undertaken during the year in line with the requirements of the UK Corporate Governance Code; the results confirm that the BRC is operating effectively. The BRC considers that during the year it continued to have access to sufficient resources to enable it to carry out its duties and has continued to perform effectively.

A comprehensive overview of the Group's risk management objectives, policies and governance arrangements is set out in the Governance section of the Group's Annual Report. Replication of this disclosure has not been included in this document. The Group's Annual Report is published on the CAB Payments corporate website.

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

#### Financial Risk Types

- Capital Adequacy Risk
- Liquidity and Funding Risk
- Market Risk & Credit Risk

#### Non-Financial Risk Types

- Business Risk
- Operational Risk
- Financial Crime Risk
- Regulatory and Compliance Risk
- Conduct Risk

The Group's Board is responsible for determining the long-term strategy of the business, the markets in which it operates and the level of risk acceptable to CAB Payments. The level of risk acceptable to the Group is controlled through its Risk Appetite Statement and Tolerance Limits ("RAS & TL") for the firm's 'level 1' risks.

## Risk Governance

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

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

### Three Lines of Defence

The Group operates a tripartite risk governance framework, generally known as the three lines of defence model, which distinguishes between risk management and oversight. The approach provides clear and concise separation of duties, roles and responsibilities.

#### First line of defence

##### Risk and control management

The business and senior managers, both across the Group and at local entity level, are responsible and accountable for the identification, assessment and management of individual risks, as well as associated controls within their respective areas of responsibilities.

#### Second line of defence

##### Risk and control oversight

Risk and Compliance provides independent oversight and challenge with respect to the first line's management of their risks and controls. They provide assurance that the Group's and local entity level's regulated activities are undertaken in accordance with regulatory requirements.

#### Third line of defence

##### Internal Audit

Internal audit is an independent provider of assurance over the effectiveness of the Group's processes and governance, with regards to risk and internal control. Internal Audit evaluates the effectiveness of management's control over key risks and provides independent challenge where control design or operation is insufficient.

## Risk Governance structure

The Group's risk governance structure is outlined below:



<sup>1</sup> The Prudential Working Group was created in 2025 to review prudential matters, reporting in to ALCO.

## Board Level Governance

### Group Board

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

From a Risk Management perspective, the CAB Payments Board is responsible at a Group level for:

- Approving the strategy, 3-year financial plan and annual budgets, considering the impact on risk appetite, wider risk management profile and risk related activities.
- The establishment, approval, and periodic review (at least once per calendar year) of the ERMF (including the enterprise risk taxonomy).
- The establishment, approval, and periodic review (at least once per calendar year) of the RAS & TL, which sets out the levels of risk which CAB Payments is willing to accept.
- Periodic review and approval of the ICAAP, ILAAP, Funding Plan and Recovery Plan ("RP") and Money Laundering Reporting Officer's ("MLRO") report at least once per calendar year.
- Setting the tone and culture for risk management.

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

### Board Remuneration Committee ("Remco")

Remco provides oversight ensuring that the Group complies with its regulatory requirements in respect of remuneration. This includes:

- Determining and agreeing with the Board the framework or broad policy for the remuneration of the Group's Chair and Executive (including the CRO).
- Reviewing the ongoing appropriateness and relevance of the remuneration policy.
- Determining, within the terms of the agreed policy, the total individual remuneration package of personnel designated as Code Staff, or Material Risk Takers ("MRTs") within the Group.
- Approving the design of, and determining targets for, any performance related pay schemes operated by the Group and approve the total annual payments made under such schemes.

### Board Risk Committee ("BRC")

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

- Advising the Boards on the overall risk appetite, tolerance and strategy, and the principal and emerging risks the Group is willing to take in order to achieve its long-term strategic objectives.
- Review the adequacy and effectiveness of the ERMF. Consider and recommend any changes to the Board.
- Consider and recommend for approval the RAS & TL.
- Oversee management implementations of the ERMF and the embedding of risk appetite including risk culture and conduct.
- Review and approval of the Level 1 Risk Policies, as delegated by the Board.
- Review of key risk related assessments including (but not limited to) the ICAAP, ILAAP, Funding Plan, RP and Annual MLRO report.

### Board Audit Committee ("BAC")

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

- The integrity of the financial statements and Pillar 3 disclosures.
- The effectiveness of the Internal Audit Function ("IAF") and the external auditor.
- The effectiveness of internal controls and risk management systems regarding the financial reporting within the Group.

## UK OVB – Governance Arrangements

The number of external directorships held by members of the management body are detailed in the table below:

Name	Position	Directorships
Ann Cairns	Independent Non-Executive Chair	5
Neeraj Kapur	Chief Executive Officer	2
James Hopkinson (1)	Chief Financial Officer	0
Richard Hallett (2)	Chief Financial Officer	0
Noel Harwerth	Senior Independent Non-Executive Director	6
Caroline Brown	Independent Non-Executive Director	4
Susanne Chishti	Independent Non-Executive Director	2
Jennifer Johnson-Calari	Independent Non-Executive Director	3
Karen Jordan	Independent Non-Executive Director	3
Peter Klein (3)	Independent Non-Executive Director	1
Kushagra Saxena	Independent Non-Executive Director	3
Henry Obi (5)	Non-Executive Director	3
Nitin Kaul (5)	Non-Executive Director	5
Simon Poole (6)	Non-Executive Director	0

Notes:

1. James Hopkinson was appointed as CFO on 10 March 2025 and joined the Board on 17 July 2025 following regulatory approval.
2. Richard Hallett stepped down from the Board on 7 February 2025.
3. Peter Klein was appointed a Director and joined the Board on 27 June 2025.
4. Kushagra Saxena was appointed a Director and joined the Board on 27 June 2025.
5. Henry Obi and Nitin Kaul were appointed as Directors and joined the Board on 30 April 2025.
6. Simon Poole stepped down from the Board on 30 April 2025.

## Board Diversity

The Nomination Committee, the Board of Directors, and the Group as a whole continue to pay full regard to the benefits of diversity, including gender and ethnic diversity, when searching for candidates for the Board, the executive management team and all other appointments. We believe that better business decisions can be made by having representation from different genders and cultural backgrounds with differing skill sets, experience and knowledge which reflect our client base and the wider population.

Diversity of Board members is important to provide the necessary range of background experience, values and diversity of thinking and perspectives to optimise the decision-making process. Gender and ethnicity are important aspects of diversity which the Chair and the Nomination Committee will consider when deciding upon the most appropriate composition of the Board and its Committees.

This policy and its effectiveness will be reviewed annually by the Nomination Committee with any changes recommended to the Board for its approval. If necessary, this policy will be reviewed on an ad-hoc basis in consideration of any regulatory or governance developments in relation to Board diversity. For further information on diversity of the Board, please see the Group Annual Report.

## 4. Differences Between Carrying and Regulatory Values

### LI1 – Differences between accounting and regulatory consolidation and mapping of financial statement categories with regulatory categories.

The tables outlines the differences in the basis of consolidation for accounting and regulatory purposes.

£000s	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items				
			Subject to the credit risk framework	Subject to the CCR framework	Subject to the market risk framework <sup>1</sup>	Not subject to own funds requirements or deduction from own funds	
Breakdown by asset class according to the balance sheet in the published financial statements							
1	Cash and balances at central banks	257,867	257,867	257,867			
2	Money market funds	218,157	218,157	218,157			
3	Loans and advances on demand to banks	129,946	116,849	116,849			
4	Investments in debt securities at amortised cost	234,790	234,790	234,790			
5	Investments in debts securities at fair value through OCI	442,751	442,751	442,751			
6	Other loans and advances to banks	274,956	288,053	288,053			
7	Other loans and advances to non-banks	21,521	21,521	21,521			
8	Unsettled transactions	8,900	8,900	8,900			
9	Derivative financial assets	489	489		489		
10	Investments in equity securities	679	679	679			
11	Other assets	9,614	9,614	9,614			
12	Current tax asset	8,839	8,839	8,839			
13	Accrued income	2,033	2,033	2,033			
14	Property, plant and equipment	2,299	2,299	2,299			
15	Right of use assets	15,713	15,713	15,713			
16	Intangible assets	31,170	31,170			31,170	
	<b>Total assets</b>	<b>1,659,724</b>	<b>1,659,724</b>	<b>1,628,065</b>	<b>489</b>	<b>0</b>	<b>31,170</b>

£000s	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the market risk framework <sup>1</sup>	Not subject to own funds requirements or deduction from own funds
<b>Breakdown by liability classes according to the balance sheet in the published financial statements</b>						
1	Customer accounts	1,436,533	1,436,533			1,436,533
2	Derivative financial liabilities	1,384	1,384		1,384	
3	Unsettled transactions	20,772	20,772			20,772
4	Other liabilities	4,843	4,843			4,843
5	Accruals	13,451	13,451			13,451
6	Lease liabilities	19,037	19,037			19,037
7	Deferred tax liability	928	928			928
8	Provisions	2,054	2,054			2,054
	<b>Total liabilities</b>	<b>1,499,002</b>	<b>1,499,002</b>	<b>0</b>	<b>1,384</b>	<b>0 1,497,618</b>

(1) Note that all accounting assets and liabilities are used to calculate the market risk requirement.

## LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

The below table provides a reconciliation between assets' carrying values under the regulatory scope of consolidation and the exposures used for regulatory purposes.

£000s		Total	Items subject to		
			Credit risk framework	CCR framework	Market risk framework <sup>1</sup>
1	Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)	1,628,554	1,628,065	489	
2	Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1)	(1,384)		(1,384)	
3	Total net amount under the regulatory scope of consolidation	1,627,170	1,628,065	(895)	
4	Off-balance-sheet amounts	16,894	16,894		
5	Differences in valuations				
6	Differences due to different netting rules, other than those already included in row 2	7,067		7,067	
7	Differences due to consideration of provisions				
8	Differences due to the use of credit risk mitigation techniques (CRMs)	0			
9	Differences due to credit conversion factors	(15,608)	(15,608)		
10	Differences due to Securitisation with risk transfer				
11	Other differences	(37)	(37)		
12	Exposure amounts considered for regulatory purposes	1,635,485	1,629,313	6,172	

(1) Note that all accounting assets and liabilities are used to calculate the market risk requirement.

## LI3 – Outline of the differences in the scopes of consolidation (entity by entity)

There are no differences in the methods of accounting and regulatory consolidation as all entities within the Group are fully consolidated. A complete list of the Group's entities can be found in Note 29 of the Group's Annual Report and Accounts.

# 5. Capital Adequacy

## Capital Adequacy Risk

Capital adequacy risk is defined as the risk of the Group having insufficient quality or quantity of capital to support the relevant risks to the Group which may occur during the normal course of business or because of a stress scenario.

The Group's Capital adequacy risk appetite is to ensure that it will maintain sufficient capital both in quantity and quality to meet regulatory requirements and hold a management buffer as agreed with the Board.

Capital adequacy is measured and monitored daily against internally agreed Board RAS & TL and Early Warning Indicator ("EWI") levels. Capital adequacy is reviewed monthly as a standing item at ALCo, with ERC and BRC maintaining additional oversight. Any capital issues are escalated as required to ALCo, and then onwards to ERC and BRC.

## Capital Requirement

The minimum regulatory capital requirement is 8% of RWAs - the Pillar 1 requirement. Banks are also 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 Total Capital Requirement ("TCR") and is the minimum amount of own funds capital that a bank needs to always hold.

The TCR is set by the PRA on a periodic basis, following completion of the ICAAP and C-SREP.

The Group's Overall Capital Requirement ("OCR") is determined as the sum of the TCR (Pillar 1 + Pillar 2A) and the higher of: (i) the Capital Requirements Directive ("CRD") buffers (Capital Conservation Buffer and Countercyclical Buffer); and (ii) the capital requirement derived from the Bank's ICAAP stress testing that becomes the binding constraint. This ensures that the Bank maintains sufficient capital to cover both minimum regulatory requirements and stresses identified through internal assessments.

## CC1 - Composition of regulatory own funds

The table below summarises the composition of regulatory capital.

	£000s	Amounts	CC2 Reference
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>			
1	Capital instruments and the related share premium accounts	85	(a)
	of which: Called Up Share Capital	85	(a)
2	Retained earnings	161,065	(b)
3	Accumulated other comprehensive income (and other reserves)	(428)	(c)
<b>6</b>	<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>160,722</b>	
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>			
8	Intangible assets (net of related tax liability) (negative amount)	(30,223)	
UK-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	(1,154)	
UK-20b	of which: qualifying holdings outside the financial sector (negative amount)		
UK-20c	of which: securitisation positions (negative amount)		
UK-20d	of which: free deliveries (negative amount)	(1,154)	
<b>28</b>	<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>(31,377)</b>	
<b>29</b>	<b>Common Equity Tier 1 (CET1) capital</b>	<b>129,345</b>	
<b>59</b>	<b>Total capital (TC = T1 + T2)</b>	<b>129,345</b>	
<b>60</b>	<b>Total Risk exposure amount</b>	<b>594,768</b>	
<b>Capital ratios and buffers</b>			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	21.8%	
62	Tier 1 (as a percentage of total risk exposure amount)	21.8%	
63	Total capital (as a percentage of total risk exposure amount)	21.8%	
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	9.8%	
65	of which: capital conservation buffer requirement	2.5%	
66	of which: countercyclical buffer requirement	0.4%	
<b>68</b>	<b>Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)</b>	<b>14.9%</b>	

## CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

£000s		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference to CC1
		As at period end	As at period end	
<b>Assets - Breakdown by asset class according to the balance sheet in the published financial statements</b>				
1	Cash and balances at central banks	257,867	257,867	
2	Money market funds	218,157	218,157	
3	Loans and advances on demand to banks	129,946	129,946	
4	Investments in debt securities	234,790	234,790	
5	Investments in debt securities at fair value through OCI	442,751	442,751	
6	Other loans and advances to banks	274,956	274,956	
7	Other loans and advances to non-banks	21,521	21,521	
8	Unsettled transactions	8,900	8,900	
9	Derivative financial assets	489	489	
10	Investments in equity securities	679	679	
11	Other assets	9,614	9,614	
12	Current tax asset	8,839	8,839	
13	Accrued income	2,033	2,033	
14	Property, plant and equipment	2,299	2,299	
15	Right of use assets	15,713	15,713	
16	Intangible assets	31,170	31,170	
	<b>Total assets</b>	<b>1,659,724</b>	<b>1,659,724</b>	
<b>Liabilities - Breakdown by liability class according to the balance sheet in the published financial statements</b>				
1	Customer accounts	1,436,533	1,436,533	
2	Derivative financial liabilities	1,384	1,384	
3	Unsettled transactions	20,772	20,772	
4	Other liabilities	4,843	4,843	
5	Accruals	13,451	13,451	
6	Lease liabilities	19,037	19,037	
7	Deferred tax liability	928	928	
8	Provisions	2,054	2,054	
	<b>Total liabilities</b>	<b>1,499,002</b>	<b>1,499,002</b>	
<b>Shareholders' Equity</b>				
1	Called up share capital	85	85	(a)
2	Retained earnings	161,065	161,065	(b)
3	Treasury shares reserve	(264)	(264)	(c)
4	Investment revaluation reserve	200	200	(c)
5	Cash flow hedge reserve	(244)	(244)	(c)
6	Debt securities revaluation reserve	73	73	(c)
7	Foreign currency translation reserve	(193)	(193)	(c)
	<b>Total shareholders' equity</b>	<b>160,722</b>	<b>160,722</b>	

## Main features of regulatory own funds instruments and eligible liabilities instruments

1	Issuer	CAB Payments Holdings Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	GB00BMCYKB41
2a	Public or private placement	Public
3	Governing law(s) of the instrument	English
3a	Contractual recognition of write down and conversion powers of resolution authorities	n/a
<b>Regulatory treatment</b>		
4	Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	£0.0847m
9	Nominal amount of instrument	£0.0847m
UK-9a	Issue price	0.00333p
UK-9b	Redemption price	n/a
10	Accounting classification	Equity
11	Original date of issuance	10-Apr-23
12	Perpetual or dated	Perpetual
13	Original maturity date	n/a
14	Issuer call subject to prior supervisory approval	n/a
15	Optional call date, contingent call dates and redemption amount	n/a
16	Subsequent call dates, if applicable	n/a
<b>Coupons / dividends</b>		
17	Fixed or floating dividend/coupon	n/a
18	Coupon rate and any related index	n/a
19	Existence of a dividend stopper	n/a
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully Discretionary
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully Discretionary
21	Existence of step up or other incentive to redeem	n/a
22	Noncumulative or cumulative	Non-Cumulative
23	Convertible or non-convertible	n/a
24	If convertible, conversion trigger(s)	n/a
25	If convertible, fully or partially	n/a
26	If convertible, conversion rate	n/a
27	If convertible, mandatory or optional conversion	n/a
28	If convertible, specify instrument type convertible into	n/a
29	If convertible, specify issuer of instrument it converts into	n/a
30	Write-down features	n/a
31	If write-down, write-down trigger(s)	n/a
32	If write-down, full or partial	n/a
33	If write-down, permanent or temporary	n/a
34	If temporary write-down, description of write-up mechanism	n/a
34a	Type of subordination (only for eligible liabilities)	n/a
UK-34b	Ranking of the instrument in normal insolvency proceedings	n/a
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	n/a
36	Non-compliant transitioned features	n/a
37	If yes, specify non-compliant features	n/a
37a	Link to the full term and conditions of the instrument (signposting)	<a href="#">Terms and Conditions</a>

## UK OV1 – Overview of risk weighted exposure amounts

The table below shows risk weighted assets and own funds requirements, which are calculated as 8% of RWAs.

£000s		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		31/12/2025	31/12/2024	31/12/2025
1	Credit risk (excluding CCR)	355,317	368,364	28,425
2	Of which the standardised approach	355,317	368,364	28,425
3	Of which the foundation IRB (FIRB) approach			
4	Of which slotting approach			
UK 4a	Of which equities under the simple risk weighted approach			
5	Of which the advanced IRB (AIRB) approach			
6	Counterparty credit risk - CCR	4,705	6,299	376
7	Of which the standardised approach	3,137	4,867	251
8	Of which internal model method (IMM)			
UK 8a	Of which exposures to a CCP			
UK 8b	Of which credit valuation adjustment - CVA	1,568	1,432	125
9	Of which other CCR			
20	Position, foreign exchange and commodities risks (Market risk)	8,745	6,484	700
21	Of which the standardised approach	8,745	6,484	700
22	Of which IMA			
UK 22a	Large exposures			
23	Operational risk	226,001	222,131	18,080
UK 23a	Of which basic indicator approach	226,001	222,131	18,080
UK 23b	Of which standardised approach			
UK 23c	Of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)			
<b>29</b>	<b>Total</b>	<b>594,768</b>	<b>603,278</b>	<b>47,581</b>

Rows 15-19 have been removed as they are not applicable to the Group. Rows 10-14 are not reportable in the UK.

RWAs have decreased by £8.5m, due to a £13.0m decrease in credit risk RWAs in 2025, offset by a £3.9m increase in Operational Risk RWAs following recognition of 2025 revenue and the exclusion of the lower 2022 revenue from the basic indicator look back period and an increase in RWAs from foreign exchange by £2.3m (refer page 10 for more detail).

## Countercyclical capital buffers

The purpose of the CCyB is to counteract the effects of the economic cycle on banks' lending activities. The CCyB calculation applies percentages, which have been set by the central banks of each country (typically at least 12 months in advance), to the "Relevant Exposures" to entities within those countries. The blended CCyB rate has increased to 0.38% (31 December 2024: 0.19%). The increase is mainly due to the exclusion of Other assets from the prior year calculation. This year Other assets have been included to comply with the relevant regulations. Inclusion of Other assets in the prior year calculation would increase the 31 December 2024 CCyB rate to 0.52%.

### CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

The table below shows the top 20 countries based on their exposure value and the corresponding CCyB requirement for eligible exposures.

£000s	General credit exposures	Total exposure value	Own fund requirements		Risk-weighted exposure amounts	Own fund requirements weights (%)	Counter-cyclical buffer rate (%)	
	Exposure value under the standardised approach		Relevant credit risk exposures - Credit risk	Total				
<b>010</b>	<b>Breakdown by country:</b>							
	United States	807,361	<b>807,361</b>	146	146	<b>1,827</b>	0.6%	0.0%
	United kingdom	482,359	<b>482,359</b>	4,461	4,461	<b>55,757</b>	17.7%	2.0%
	Nigeria	46,137	<b>46,137</b>	4,777	4,777	<b>59,712</b>	18.9%	0.0%
	France	45,553	<b>45,553</b>	0	0	<b>0</b>	0.0%	1.0%
	Luxembourg	41,475	<b>41,475</b>	659	659	<b>8,235</b>	2.6%	0.5%
	Malawi	30,857	<b>30,857</b>	2,469	2,469	<b>30,857</b>	9.8%	0.0%
	Cote d'Ivoire	22,043	<b>22,043</b>	1,763	1,763	<b>22,043</b>	7.0%	0.0%
	Benin	18,806	<b>18,806</b>	1,504	1,504	<b>18,806</b>	6.0%	0.0%
	Mongolia	17,347	<b>17,347</b>	2,082	2,082	<b>26,020</b>	8.2%	0.0%
	Germany	14,285	<b>14,285</b>	0	0	<b>0</b>	0.0%	0.8%
	Togo	13,265	<b>13,265</b>	1,061	1,061	<b>13,265</b>	4.2%	0.0%
	Mozambique	11,584	<b>11,584</b>	1,390	1,390	<b>17,375</b>	5.5%	0.0%
	Senegal	9,690	<b>9,690</b>	775	775	<b>9,690</b>	3.1%	0.0%
	Slovakia	9,286	<b>9,286</b>	371	371	<b>4,643</b>	1.5%	1.0%
	Guinea	7,715	<b>7,715</b>	617	617	<b>7,715</b>	2.4%	0.0%
	Ecuador	7,525	<b>7,525</b>	602	602	<b>7,525</b>	2.4%	0.0%
	Japan	5,966	<b>5,966</b>	0	0	<b>0</b>	0.0%	0.0%
	Burkina Faso	5,701	<b>5,701</b>	684	684	<b>8,552</b>	2.7%	0.0%
	Mauritius	5,349	<b>5,349</b>	428	428	<b>5,349</b>	1.7%	0.0%
	Canada	4,216	<b>4,216</b>	0	0	<b>0</b>	0.0%	0.0%
	Other	28,962	<b>28,962</b>	1,478	1,478	<b>18,470</b>	5.8%	0.1%
<b>020</b>	<b>Total</b>	<b>1,635,485</b>	<b>1,635,485</b>	<b>25,267</b>	<b>25,267</b>	<b>315,843</b>	<b>100%</b>	

### CCyB2 - Amount of institution-specific countercyclical capital buffer

The table below shows the Group's CCyB requirement relative to the Group's overall RWAs.

£000s		31/12/2025	31/12/2024
1	Total risk exposure amount	594,768	603,279
2	Institution specific countercyclical capital buffer rate	0.38%	0.35%
3	Institution specific countercyclical capital buffer requirement	2,260	2,111

## Leverage

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 firms and regulators to identify and mitigate the build-up of excessive leverage.

CAB Payments is not an LREQ firm and thus the minimum regulatory requirement for the leverage ratio of 3.25% does not strictly apply. Nevertheless CAB Payments chooses to monitor the metric as part of its risk management framework.

The Bank monitors its leverage ratio daily, through its daily dashboard with the metric taken to ALCo monthly. The leverage ratio is also forecast and considered as part of the Group's financial planning exercise.

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

### 3UK LR1: Summary reconciliation of accounting assets and leverage ratio exposures

	£000s	Applicable amount
1	Total assets as per published financial statements	1,659,724
4	(Adjustment for exemption of exposures to central banks)	(160,752)
8	Adjustment for derivative financial instruments	6,172
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	2,029
12	Other adjustments	(31,377)
<b>13</b>	<b>Total exposure measure</b>	<b>1,475,796</b>

### UK LR2: Leverage ratio common disclosure

	£000s	31/12/2025	31/12/2024
	On-balance sheet exposures (excluding derivatives and Securities Finance Transactions ("SFTs"))		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	1,659,724	1,804,845
6	(Asset amounts deducted in determining tier 1 capital (leverage))	(31,377)	(30,539)
<b>7</b>	<b>Total on-balance sheet exposures (excluding derivatives and SFTs)</b>	<b>1,628,347</b>	<b>1,774,307</b>
	<b>Derivative exposures</b>		
UK-9b	Exposure determined under the original exposure method	6,172	16,341
<b>13</b>	<b>Total derivatives exposures</b>	<b>6,172</b>	<b>16,341</b>
	<b>Other off-balance sheet exposures</b>		
19	Off-balance sheet exposures at gross notional amount	16,894	25,339
20	(Adjustments for conversion to credit equivalent amounts)	(14,865)	(17,432)
21	(General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures)		
<b>22</b>	<b>Off-balance sheet exposures</b>	<b>2,029</b>	<b>7,907</b>
	<b>Capital and total exposure measure</b>		
<b>23</b>	<b>Tier 1 capital (leverage)</b>	<b>129,345</b>	<b>116,011</b>
24	Total exposure measure including claims on central banks	1,636,510	1,798,554
UK-24a	(-) Claims on central banks excluded	(160,752)	(122,052)
<b>UK-24b</b>	<b>Total exposure measure excluding claims on central banks</b>	<b>1,475,758</b>	<b>1,676,502</b>
	<b>Leverage ratio</b>		
25	Leverage ratio excluding claims on central banks (%)	8.8%	6.9%
UK-25c	Leverage ratio including claims on central banks (%)	7.9%	6.5%

## UK LR3: Leverage ratio split of on balance sheet exposures

	£000s	Leverage ratio exposures
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	1,659,724
UK-3	Banking book exposures, of which:	1,659,724
UK-4	Covered Bonds	83,927
UK-5	Exposures treated as sovereigns	860,021
UK-7	Institutions	153,823
UK-10	Corporates	283,588
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	278,365

## Internal capital adequacy assessment process information (“ICAAP”)

The Group prepares an ICAAP on an annual basis which forms a key part of its capital risk management framework. The Group uses the PRA’s Supervisory Statement 31/15 and the PRA rulebook to ensure that its ICAAP is of a sufficient standard and that it meets the requirements of the PRA.

The key outputs of the ICAAP are an assessment of:

- The appropriateness of the Group’s capital risk appetite.
- What, if any, risks are not adequately captured under Pillar 1, and a quantification of the amount of capital that the Group should hold to mitigate these risks.
- A series of severe yet plausible stress scenarios over a corporate planning horizon (currently three years) and the impact that such scenarios would have on the Group’s financial performance and impact on key capital metrics.
- What scenarios would have to come to fruition to challenge the viability of the Group, the plausibility of these scenarios and what actions the Group could take to mitigate their impacts.

Management across a variety of functions within the Group are involved in the preparation of the ICAAP. The ICAAP is reviewed by ALCo, BRC and finally approved by the Board.

As a result of the Group’s most recent PRA C-SREP a TCR of 12.28% was set in November 2022.

## 6. Credit Risk

Credit Risk is defined as the risk of financial loss arising from a borrower or counterparty's failure or inability to meet their financial obligations to the Group in accordance with contractual terms. Through its financial service offerings, credit risk is created when CAB Payments commits to, or enters an agreement with a borrower or counterparty.

The Group has an active appetite for credit risk, and it selectively undertakes transactions that support business activity with approved counterparties based in well-known and understood markets, based on the credit risk profile, type of transaction, available risk mitigation, and geographic location of the counterparty.

Credit risk across the group occurs primarily through the activities of the banking entity, CAB. As the material risk taking entity within the Group, credit risk management is undertaken at the CAB level (see CAB Pillar 3 for more details). CAB's Credit Risk Management Policy ("CRMP") provides guidelines on the monitoring of exposures as well as instruments that can be used as a credit risk mitigant, including cash collateral and guarantees, which must be unconditional and be payable on the Group's first written demand. Additionally, guarantees must comply with the CRR rules (Part III, Title II, Chapter 4) to qualify for credit risk mitigation in respect of capital requirements. For derivative transactions, collateral is posted and received via standard International Swaps and Derivatives Association ("ISDA") agreements with Credit Support Annexes ("CSA").

The Group adopted IFRS 9 with effect from 1 January 2022 as the standard for impairment of financial assets and evaluates its level of risk through consideration of the level of exposure that it assumes. 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) must be realised. Mark-to-market exposures are carefully monitored in respect of forward Foreign Exchange ("FX") transactions. The Group's products linked to the provision of international banking and payment services are provided on a Pre-Funded or Payment versus Payment ("PvP") basis for higher risk counterparties in order to mitigate the risk of non-settlement.

### **Standardised Approach to Credit Risk RWA**

CAB Payments uses credit ratings provided by External Credit Assessment Institutions ("ECAIs") for all exposure types. These ratings are then mapped to the relevant credit quality step, which is used to determine the risk weight relating to credit risk. These risk weights are calculated using the credit ratings of the underlying issuer assets in the case of CIUs.

## UK CR1 – Performing and non-performing exposures and related provisions

£000s		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral and financial guarantees received		
		Performing exposures		Non-performing exposures				Performing exposures – accumulated impairment and provisions		Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				Accumulated partial write-off	On performing exposures	On non-performing exposures
		Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3	Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3							
005	Cash balances at central banks and other demand deposits	257,871	257,871	—	—	—	—	(5)	(5)	—	—	—	—	—	—	—
010	Loans and advances	426,553	412,508	14,044	94	—	94	(128)	(112)	(15)	(94)	—	(94)	—	53,346	—
020	Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
030	General governments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
040	Credit institutions	393,581	379,537	14,044	—	—	—	(38)	(22)	(15)	—	—	—	—	53,346	—
050	Other financial corporations	32,971	32,971	—	94	—	94	(90)	(90)	—	(94)	—	(94)	—	—	—
060	Non-financial corporations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
070	Of which SMEs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
080	Households	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
090	Debt securities	895,700	895,700	—	—	—	—	(2)	(2)	—	—	—	—	—	—	—
100	Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
110	General governments	593,624	593,624	—	—	—	—	(2)	(2)	—	—	—	—	—	—	—
120	Credit institutions	302,076	302,076	—	—	—	—	—	—	—	—	—	—	—	—	—
130	Other financial corporations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
140	Non-financial corporations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>150</b>	<b>Off-balance-sheet exposures</b>	<b>16,894</b>	<b>16,894</b>	—	—	—	—	<b>(1)</b>	<b>(1)</b>	—	—	—	—	—	<b>4,568</b>	—
160	Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
170	General governments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
180	Credit institutions	112	112	—	—	—	—	(1)	(1)	—	—	—	—	—	3,676	—
190	Other financial corporations	16,782	16,782	—	—	—	—	—	—	—	—	—	—	—	892	—
200	Non-financial corporations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
210	Households	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>220</b>	<b>Total</b>	<b>1,597,018</b>	<b>1,582,973</b>	<b>14,044</b>	<b>94</b>	—	<b>94</b>	<b>(135)</b>	<b>(120)</b>	<b>(15)</b>	<b>(94)</b>	—	<b>(94)</b>	—	<b>57,914</b>	—

## UK CR1 – A – Maturity of Exposures

The table below shows a breakdown of net exposures of loans and advances and debt securities split by maturity and inclusive of accrued interest.

		Net exposure value					
	£000s	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	129,946	269,572	0	0	26,907	426,425
2	Debt securities	0	603,622	73,918	0	218,157	895,698
<b>3</b>	<b>Total</b>	<b>129,946</b>	<b>873,194</b>	<b>73,918</b>	<b>0</b>	<b>245,065</b>	<b>1,322,123</b>

## UK CR2 – Changes in the stock of non-performing loans and advances

	£000s	Gross carrying amount
<b>010</b>	<b>Initial stock of non-performing loans and advances</b>	<b>94</b>
020	Inflows to non-performing portfolios	
030	Outflows from non-performing portfolios	
040	Outflows due to write-offs	
050	Outflow due to loan repayment, partial or total	
110	Outflow due to other situations	
<b>060</b>	<b>Final stock of non-performing loans and advances</b>	<b>94</b>

## UK CR2-A - Changes in the stock of non-performing loans and advances and related net accumulated recoveries

	£000s	Gross carrying amount
<b>010</b>	<b>Initial stock of non-performing loans and advances</b>	<b>94</b>
020	Inflows to non-performing portfolios	
030	Outflows from non-performing portfolios	
040	Outflow to performing portfolio	
050	Outflow due to loan repayment, partial or total	
110	Outflow due to other situations	
<b>130</b>	<b>Final stock of non-performing loans and advances</b>	<b>94</b>

## UK CQ3 – Credit quality of performing and non-performing exposures by past due days

		Gross carrying amount/nominal amount										
		Performing exposures				Non-performing exposures						
£000s		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted	
<b>005</b>	<b>Cash balances at central banks and other demand deposits</b>	<b>257,871</b>	<b>257,871</b>	—	—	—	—	—	—	—	—	
<b>010</b>	<b>Loans and advances</b>	<b>426,553</b>	<b>426,553</b>	—	94	—	—	—	94	—	—	94
020	Central banks	—	—	—	—	—	—	—	—	—	—	—
030	General governments	—	—	—	—	—	—	—	—	—	—	—
040	Credit institutions	393,581	393,581	—	—	—	—	—	—	—	—	—
050	Other financial corporations	32,971	32,971	—	—	—	—	—	—	—	—	—
060	Non-financial corporations	—	—	—	94	—	—	—	94	—	—	94
<b>090</b>	<b>Debt securities</b>	<b>895,700</b>	<b>895,700</b>	—	—	—	—	—	—	—	—	—
100	Central banks	—	—	—	—	—	—	—	—	—	—	—
110	General governments	593,624	593,624	—	—	—	—	—	—	—	—	—
120	Credit Institutions	302,076	302,076	—	—	—	—	—	—	—	—	—
<b>150</b>	<b>Off-balance-sheet exposures</b>	<b>16,894</b>	—	—	—	—	—	—	—	—	—	—
160	Central banks	—	—	—	—	—	—	—	—	—	—	—
170	General governments	—	—	—	—	—	—	—	—	—	—	—
180	Credit institutions	112	—	—	—	—	—	—	—	—	—	—
190	Other financial corporations	16,782	—	—	—	—	—	—	—	—	—	—
200	Non-financial corporations	—	—	—	—	—	—	—	—	—	—	—
210	Households	—	—	—	—	—	—	—	—	—	—	—
<b>220</b>	<b>Total</b>	<b>1,597,018</b>	<b>1,580,124</b>	—	<b>94</b>	—	—	—	<b>94</b>	—	—	<b>94</b>

Due to the short-term nature of the Group's business, exposures are seldom past due for more than seven days. The Group monitors unsettled transactions daily and these are usually regularised within a few days.

## UK CQ4 – Quality of non-performing exposures by geography

£000s		Gross carrying/nominal amount			Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing		Of which subject to impairment			
			Of which defaulted				
<b>10</b>	<b>On-balance-sheet exposures</b>	<b>1,580,124</b>	<b>94</b>	<b>94</b>	<b>1,580,124</b>	<b>(94)</b>	
20	United States	805,845	94	94	805,845	(94)	
30	United Kingdom	439,010			439,010		
40	Nigeria	46,137			46,137		
50	Luxembourg	41,475			41,475		
60	Malawi	30,857			30,857		
70	Other countries	216,799			216,799		
<b>80</b>	<b>Off-balance-sheet exposures</b>	<b>16,894</b>					<b>(37)</b>
90	United Kingdom	6,435					
100	Guyana	2,007					
110	Rwanda	1,551					
120	Tanzania, United Republic of	900					
130	Sudan	892					
140	Other countries	5,107					(37)
<b>150</b>	<b>Total</b>	<b>1,597,018</b>	<b>94</b>	<b>94</b>	<b>1,580,124</b>	<b>(94)</b>	<b>(37)</b>

## Credit Risk 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. CAB Payments continues to adopt a conservative credit policy.

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

- Collateral – cash placed with the Group by the client.
- Guarantees – typically from institutions with very high credit ratings (e.g. World Bank).

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

## Wrong Way Risk

Wrong way risk arises when the likelihood of default is positively correlated with the market risk factors (General Wrong Way Risk), whereas specific wrong way risk is where exposures are positively correlated with the probability of default. The Group's use of CSAs largely mitigates wrong way risk on its derivatives. CAB Payments does not consider Wrong Way Risk to be a material risk to the business.

## Collateral

CAB Payments receives and posts collateral in the form of cash relating to unrealised gains/losses on derivatives. The key features of the collateral that the Group receives are as follows:

- It has the right to retain the collateral in the event of default from the counterparty.
- The value of collateral remains stable (cash in highly liquid, established currencies).
- The collateral agreements are legally enforceable.

### CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

The table below shows a breakdown of on-balance sheet credit risk exposures secured by different Credit Risk Mitigation (“CRM”) techniques.

£000s	Unsecured carrying amount	Secured carrying amount	Of which secured		Of which secured by credit derivatives
			by collateral	by financial guarantees	
1 Loans and advances	426,426	34,789	1,334	33,455	
2 Debt securities	895,698				
<b>3 Total</b>	<b>1,322,124</b>	<b>34,789</b>	<b>1,334</b>	<b>33,455</b>	<b>—</b>
4 <i>Of which non-performing exposures</i>	94				
5 <i>Of which defaulted</i>	94				

### CR4 – Standardised approach – Credit risk exposure and CRM effects

The table below shows the impact of pre and post credit conversion factors and credit risk mitigation techniques on exposures by asset class. Note that exposures to banks from third-countries are classified as corporates for the purposes of credit risk in accordance with CRR Article 107.

£000s	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density (%)
Central governments or central banks	860,021	—	860,021	—	143	0%
Regional government or local authorities	—	—	—	—	—	
Public sector entities	—	—	—	—	—	0%
Multilateral development banks	—	—	33,455	—	—	0%
International organisations	—	—	—	—	—	
Institutions	159,995	112	159,995	22	33,310	21%
Corporates	283,494	16,782	250,039	1,263	277,241	110%
Retail	—	—	—	—	—	
Secured by mortgages on immovable property	—	—	—	—	—	
Exposures in default	94	—	94	—	—	
Exposures associated with particularly high risk	—	—	—	—	—	
Covered bonds	83,927	—	83,927	—	8,393	
Institutions and corporates with a short-term credit assessment	—	—	—	—	—	
Collective investment undertakings	218,154	—	218,154	—	10,086	5%
Equity	679	—	679	—	679	100%
Other items	27,837	—	27,837	—	28,602	103%
<b>TOTAL</b>	<b>1,634,201</b>	<b>16,894</b>	<b>1,634,201</b>	<b>1,285</b>	<b>358,454</b>	<b>22%</b>

## CR5 – Standardised approach

The table below shows a breakdown of exposures post-Credit Conversion Factor ("CCF") and post-CRM:

£000s	Risk weight								Total	Of which unrated
	Exposure classes	—%	10%	20%	50%	100%	150%	250%		
Central governments or central banks	859,878	—	—	—	143	—	—	—	860,021	21,971
Regional government or local authorities	—	—	—	—	—	—	—	—	—	—
Public sector entities	—	—	—	—	—	—	—	—	—	—
Multilateral development banks	—	—	—	—	—	—	—	—	—	—
International organisations	—	—	—	—	—	—	—	—	—	—
Institutions	—	—	155,930	3,981	107	—	—	—	160,018	41,915
Corporates	—	—	—	160	184,782	99,814	—	—	284,756	185,184
Exposures in default	—	—	—	—	94	—	—	—	94	—
Covered bonds	—	83,927	—	—	—	—	—	—	83,927	—
Units or shares in collective investment undertakings	—	—	41,281	—	—	—	—	176,873	218,154	—
Equity exposures	—	—	—	—	679	—	—	—	679	—
Other items	—	—	—	—	27,326	—	511	—	27,837	—
<b>TOTAL</b>	<b>859,878</b>	<b>83,927</b>	<b>197,211</b>	<b>4,141</b>	<b>213,131</b>	<b>99,814</b>	<b>511</b>	<b>176,873</b>	<b>1,635,486</b>	<b>249,070</b>

Note that exposures to banks from third-countries are classified as corporates for the purposes of credit risk in accordance with CRR Article 107.

## CCR1 – Analysis of CCR exposure by approach

£000s	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
UK1 Original Exposure Method (for derivatives)	2,535	3,011		1.4	6,172	6,172	6,172	1,568
UK2 Simplified SA-CCR (for derivatives)								
4 Financial collateral comprehensive method (for SFTs)								
5 VaR for SFTs								
<b>6 Total</b>					<b>6,172</b>	<b>6,172</b>	<b>6,172</b>	<b>1,568</b>

## CCR2 - Transactions subject to own funds requirements for CVA risk

£000s	Exposure value	RWEA
1 Total transactions subject to the Advanced method		
2 (i) VaR component (including the 3× multiplier)		
3 (ii) stressed VaR component (including the 3× multiplier)		
4 Transactions subject to the Standardised method	6,172	1,568
UK4 Transactions subject to the Alternative approach (Based on the Original Exposure Method)		
<b>5 Total transactions subject to own funds requirements for CVA risk</b>	<b>6,172</b>	<b>1,568</b>

## CCR3 - Standardised approach – CCR exposures by regulatory exposure class and risk weights

£000s	Risk weight											Total exposure value
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	
Exposure classes												
Institutions	—	—	—	—	3,982	2,190	—	—	—	—	—	6,172
Corporates	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total exposure value</b>	—	—	—	—	<b>3,982</b>	<b>2,190</b>	—	—	—	—	—	<b>6,172</b>

## 7. Operational Risk

Operational risk is defined as the risk of loss or other non-financial impact, resulting from inadequate or failed internal processes, people, and systems, or from external events. It arises from day-to-day operations and is relevant to every aspect of the Group. These include risks arising from failing to properly manage outsourced, non-outsourced and third-party relationships and cyber security.

The Operational Risk Management Policy sets out how operational risk is managed and reviewed at least once per calendar year. It covers the operational lifecycle, including risk management tools, roles and responsibilities, ownership, and governance. The Policy is supported by procedures and standards that detail specific risk tools such as incident management, risk and control self-assessments ("RCSA") etc.

### Controls & Mitigation

CAB Payments uses various tools to identify, assess, mitigate, manage, and report operational risk, and relies on a centralised risk system to record operational incidents, loss data, risk and control self-assessments, assurance findings and actions etc., in a consistent way that is aligned to the ERMF. Regardless of value, all operational incidents are recorded by the business, and reviewed by the 2nd Line of Defence operational risk team, who may recommend additional controls and procedures where appropriate.

The operational risk capital requirement for CAB Payments under Pillar 1 is calculated using the Basic Indicator Approach ("BIA"), whereby a multiplier is applied to the average net relevant indicator over a rolling three-year period. In the Group's case, the relevant indicator is CAB Payments' revenue. The RWA calculated under this approach is as follows:

### UK OR1 – Operational risk own funds requirements and risk weighted exposure amounts

£000s	Banking activities	Relevant indicator			Own funds requirements	Risk weighted exposure amount
		Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)	137,068	105,545	118,989	18,080	226,001

The ORC meets regularly to discuss operational issues. It has responsibility for monitoring all the key operational risks facing the organisation. The ORC escalates matters to the ERC as required.

As part of the RCSA activity key controls have been identified by the business that are stored centrally in the Group's risk system.

The Group's operational risk framework is appropriately designed, embedded within key roles and responsibilities across the Board, the executive, the business, the risk function and the audit/assurance function.

### Measurements of Operational Risk

The Group 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, CAB Payments aims to minimise operational failures. The Group has placed emphasis on ensuring that the IT infrastructure, performance, resilience, and security meet the on-going needs of the business.

## 8. Liquidity & Funding Risk

Liquidity risk reflects the risk that the Group cannot meet its contractual or contingent obligations in a timely manner as they fall due. Funding risk is the risk that the Group cannot maintain access to a sufficient stable funding base to maintain its liquidity.

CAB Payments' risk appetite is to ensure that it holds adequate liquidity, both in terms of quality and quantity to meet regulatory and internal requirements such that there is no reasonably foreseeable risk that its liabilities cannot be met as they fall due, whether in business-as-usual or in a stress.

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

Deposit outflow risk is the primary liquidity risk driver for the Group, and could occur if there was a concern by depositors over the current or future creditworthiness of the Group. CAB Payments maintains a strong prudential focus to safeguard depositor funds, supported by robust capital, liquidity and risk management frameworks. While the Bank's wholesale and institutional client base means that only a very low proportion of deposits qualify for protection under the Financial Services Compensation Scheme ("FSCS"), depositor protection is instead achieved through the Bank's conservative risk appetite, substantial liquidity buffers and disciplined balance sheet management.

### Controls and Mitigation

Liquidity risk can arise because:

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

The Group calculates its minimum liquidity requirement as the higher of the regulatory requirement and its own internal assessment and then holds a significant liquidity buffer above this to ensure it is suitably protected against liquidity risks. The Group manages and monitors liquidity risk on a daily basis and ensures that liquidity is sufficient to cover cash flow obligations, fluctuations in funding and to support anticipated asset growth. Liquidity and funding forms standing items for discussion at ALCo with the Executive Risk Committee and Board Risk committee maintaining oversight. Any liquidity and funding issues are escalated as required to ALCo and then onwards to ERC and BRC respectively.

In practice the Group's liquidity risk is near identical to that of the Bank as it is by far its largest entity and as such liquidity risk is specifically assessed through the CAB ILAAP. As part of this process, the Group assesses the level of liquidity necessary to prudently cover systemic and idiosyncratic risks specific to its business model.

The Group manages its liquidity position on a day-to-day basis to ensure compliance with both the Group's

internal risk appetite and the regulatory minimum requirement. Liquidity is measured and monitored daily based on metrics and limits set out within the RAS & TL and assessed by ALCo in its monthly meetings.

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 Group is able to meet liabilities beyond the targeted survival period.

The Group holds a large proportion of its assets in the form of HQLA (67% as at 31 December 2025), which primarily consists of its reserve account with the Bank of England, and the holding of Level 1 Government / Government backed bonds in addition to investments into CIUs, which invest in US Treasuries. The breakdown of the HQLA can be found in the HQLA breakdown table below.

### Liquidity Contingency Plan

In line with its regulatory requirements, the Group maintains a Liquidity Contingency Plan ("LCP") as part of the recovery plan. The LCP forms part of the Group RP and is designed to identify emerging liquidity concerns at an early stage, so that mitigating actions can be taken to avoid a more serious crisis developing. The LCP involves a two-stage process, covering preventative measures and corrective measures to be invoked when there is a potential or actual risk to the Group's overall liquidity position. The LCP provides a plan for managing a liquidity situation or crisis caused by internal events, external events, or a combination thereof. The LCP outlines what actions are available to ensure it complies with the liquidity adequacy rules and operates within its risk appetite and limits.

## HQLA Breakdown<sup>1</sup>

The following table provides a breakdown of HQLA for the Group.

£000s	31/12/2025	30/6/2025	31/12/2024
Bank of England Reserves (subject to article 8)	250,393	425,447	576,667
L1 HQLA Bonds	675,995	420,049	245,961
L1 CIUs (value according to Article 9)	193,841	245,440	441,942
<b>Total HQLA</b>	<b>1,120,229</b>	<b>1,090,937</b>	<b>1,264,570</b>

(1) Spot values are used as opposed to the averages throughout the year.

### Liquidity & Funding Ratios

The Group manages its liquidity position with regards to its internal risk appetite, the LCR and NSFR as required by the PRA.

#### Liquidity Coverage Ratio

The LCR is a combined 30-day stress metric which ensures banks hold sufficient HQLA to cover a cumulative stressed net outflows over a 30-day period.

The Group's deposit balances are predominantly placed by central banks, commercial banks, governments and government agency clients. A large proportion of these balances relate to correspondent / commercial banking relationships as part of the Group's offering for payment and FX solutions. The LCR regulatory treatment is to assign a 100% outflow factor to these deposits from financial customers.

Central Banks and Government clients fund their international operations through their accounts with the Group 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 LCR as of 31 December 2025 is 135% (2024: 143%) which is significantly in excess of the minimum requirements of 100%.

## UK LIQ1 – Quantitative Information of LCR

The following template provides a breakdown of the average LCR for CAB Payments during 2025.

£m		Total unweighted value (average)				Total weighted value (average)			
UK 1a	Quarter ending on	31 Dec 2025	30 Sept 2025	30 Jun 2025	31 Mar 2025	31 Dec 2025	30 Sept 2025	30 Jun 2025	31 Mar 2025
UK 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
<b>High-Quality Liquid Assets</b>									
1	Total high-quality liquid assets (HQLA)					1,126	1,166	1,165	1,143
<b>Cash - Outflows</b>									
5	Unsecured wholesale funding	1,360	1,357	1,329	1,293	1,025	1,022	1,005	981
6	<i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	69	65	63	70	17	16	16	17
7	Non-operational deposits (all counterparties)	1,291	1,291	1,266	1,223	1,008	1,006	989	964
10	Additional requirements	21	26	41	55	21	21	24	28
11	Outflows related to derivative exposures and other collateral requirements	21	21	24	26	21	21	24	26
13	<i>Credit and liquidity facilities</i>	36	44	50	59	1	1	2	2
14	Other contractual funding obligations	7	7	7	8	—	—	—	—
16	TOTAL CASH OUTFLOWS					1,047	1,045	1,030	1,009
<b>Cash - Inflows</b>									
18	Inflows from fully performing exposures	191	184	181	174	191	184	178	171
19	Other cash inflows	25	24	23	16	25	24	23	16
20	TOTAL CASH INFLOWS	216	208	204	190	215	208	201	187
UK-20c	<i>Inflows subject to 75% cap</i>	216	208	204	190	215	208	201	187
<b>Total Adjusted Value</b>									
UK-21	LIQUIDITY BUFFER					1,126	1,152	1,152	1,130
22	TOTAL NET CASH OUTFLOWS					832	837	829	822
23	LIQUIDITY COVERAGE RATIO %					135.4%	137.8%	139.0%	137.5%

## Net Stable Funding Ratio

The NSFR came into force as a regulatory requirement with effect from 1 January 2022. Other than capital, the Group's main sources of stable funding are operational deposits from its non-financial customers and fixed term deposits maturing >6 months up to 1 year, both these balances are weighted at a 50% ASF factor.

The Group's main funding requirements come from loans to financial counterparties maturing within 6 months and 12 months requiring 10% and 50% stable funding respectively and other non-financial balance sheet assets requiring either 50% or 100% stable funding depending on maturity.

Figures presented are for a 4 quarter average as at 31 December 2025.

## UK LIQ2 – Net Stable Funding Ratio (NSFR)

£000s		Unweighted value by residual maturity (average)				Weighted value (average)
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
<b>Available stable funding (ASF) Items</b>						
<b>1</b>	<b>Capital items and instruments</b>	<b>151,621</b>	—	—	—	<b>151,621</b>
2	Own funds	151,621				151,621
<b>7</b>	<b>Wholesale funding:</b>		<b>1,455,960</b>	<b>14,169</b>	<b>0</b>	<b>58,219</b>
8	Operational deposits		69,380			34,690
9	Other wholesale funding		1,386,580	14,169	0	23,529
<b>11</b>	<b>Other liabilities:</b>	<b>1,368</b>	<b>235,972</b>	—	<b>0</b>	<b>0</b>
12	NSFR derivative liabilities	1,368				
13	All other liabilities and capital instruments not included in the above categories		235,972	—	0	0
<b>14</b>	<b>Total available stable funding (ASF)</b>					<b>209,841</b>
<b>Required stable funding (RSF) Items</b>						
<b>15</b>	<b>Total high-quality liquid assets (HQLA)</b>					<b>16,004</b>
<b>17</b>	<b>Performing loans and securities:</b>		<b>390,443</b>	<b>16,611</b>	<b>679</b>	<b>67,629</b>
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		14	—	—	5
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		390,429	16,611	679	67,623
<b>26</b>	<b>Other assets:</b>		<b>221,101</b>	—	<b>52,139</b>	<b>67,934</b>
27	Physical traded commodities					
30	NSFR derivative liabilities before deduction of variation margin posted					2,056
31	All other assets not included in the above categories		221,101	—	52,139	65,878
<b>32</b>	<b>Off-balance sheet items</b>		<b>13,459</b>	<b>8,001</b>	<b>474</b>	<b>1,320</b>
<b>33</b>	<b>Total RSF</b>					<b>152,886</b>
<b>34</b>	<b>Net Stable Funding Ratio (%)</b>					<b>137%</b>

## 9. Market Risk

Market risk is the risk of losses resulting from adverse value movements of the Group's assets and liabilities. CAB Payments is exposed to market risk, primarily through its material entity CAB, via Interest Rate Risk in the Banking Book ("IRRBB") and FX risk.

The Group has a highly restricted appetite for incurring market risk. It does not operate a trading book and all assets are held in the banking book with the intention to hold to maturity. The Group's risk appetite is to ensure that, under severe changes in interest rates or currency FX rates, any capital or earnings at risk remain within pre-approved limits and for which capital is held.

### Foreign Exchange Risk

FX risk is risk to earnings or capital arising from adverse movements in currency FX rates. The Group does not operate a trading book and speculative transactions are prohibited, as such all FX risk relates to client trade related flows.

### UK MR1 – Market Risk under the Standardised Approach

£000s	RWEAs
<b>Outright products</b>	
Interest rate risk (general and specific)	
Equity risk (general and specific)	
Foreign exchange risk	8,745
Commodity risk	
<b>Total</b>	<b>8,745</b>

### Control & Mitigation

The Group manages FX risk principally through its material entity, CAB, with its tolerance for FX risk constructed and set out in the CAB RAS & TL. FX exposure is controlled through the tight limiting of open FX positions through a tiered approval framework which is ultimately restricted by Board approved limits both in aggregate and on a currency basis. Utilisation against these limits is measured and reported daily with oversight from 1st and 2nd line and is reviewed monthly as a standing item at ALCo with ERC and BRC maintaining additional oversight.

CAB maintains risk management systems to identify, measure, monitor, and control market risk including the daily distribution of spot and forward FX and other positions, as well as the resultant calculation of the relevant capital requirement.

# 10. Interest Rate Risk

## Monitoring and Control

Interest Rate Risk in the Banking Book is defined as the risk to earnings or economic capital arising from movements in interest rates that affect banking book positions.

The Board manages IRRBB risk through its primary entity, CAB, the CAB Board sets its IRRBB Risk appetite. The IRRBB risk appetite metrics are reported as a standing item at ALCo with ERC and BRC maintaining additional oversight. ALCo has day to day responsibility for management of IRRBB and recommending to the Board any changes in risk appetite or hedging strategies.

## IRRBB1: Quantitative information on IRRBB

The table below articulates the Group's exposure to movements in interest rates under the prescribed scenarios described in 9.7 of the ICAA part of the PRA Rulebook.

£000s	ΔEVE		ΔNII		Tier 1 capital	
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
Parallel shock up	(8,754)	(5,900)	1,706	8,795		
Parallel shock down	4,544	2,637		(8,795)		
Steeper shock	1,713	1,140				
Flattener shock	(5,283)	(3,986)				
Short rates shock up	(7,879)	(5,540)				
Short rates shock down	(1,780)	5,409				
<b>Maximum</b>	<b>(8,754)</b>	<b>(5,900)</b>	<b>(1,706)</b>	<b>(8,795)</b>		
<b>Tier 1 capital</b>					<b>129,345</b>	<b>116,011</b>

## Key modelling and parametric assumptions used in calculating change in EVE and change in net interest income in UK IRRBB1

Key modelling assumptions used in order to prepare the sensitivities disclosed in the IRRBB1 template are set out below:

### Economic Value of Equity ("EVE") Sensitivity

- A run-off balance sheet i.e. once balances mature they are not replaced.
- Equity is excluded.
- Uses time buckets as prescribed by the PRA.
- Non-maturity deposits ("NMDs") identified as core balances are behaviouralised to mature over an average of two years.
- PRA prescribed interest rate shocks applied instantaneously to the prevailing yield curve by significant currency as at 31 December 2025.

### NII sensitivity

Identical modelling assumptions as above except for:

- Equity is included.
- A static balance sheet, other than non-maturing deposits are assumed to revert to their prior 6-month average in order to remove any noise from temporary or seasonal effects.
- Measured over a 12-month time horizon.
- Does not use time bucketing, i.e. exact days are used.

## Metrics and modelling assumptions used in internal IRRBB management

The Group has an IRRBB risk appetite, measured by:

- The impact on Net Interest Income over 12 months arising from a 100bps parallel rate shift.
- The Economic Value ("EV") impact of a 200bps parallel rate shift.

The above metrics are calculated and reported monthly.

Where different from the metrics disclosed under IRRBB1, key modelling assumptions used in calculating the internal EV and NII sensitivities are listed below.

### EV Sensitivity

The Group's EV sensitivity calculation is based on that prescribed by the PRA and is reported to on a semi-annual basis via the FSA017 regulatory return.

The following repricing buckets are applied (longer duration buckets are not relevant as the Group does not have any assets or liabilities which reprice or mature at a tenor greater than 4 years):

- 0 - 3 months
- 3 - 6 months
- 6 - 12 months
- 1 - 2 years
- 2 - 3 years
- 3-4 years

Equity is included in the repricing gap and assumed to reprice based on an internally agreed investment term.

Based on these repricing buckets a +/- 200bp instantaneous shock to prevailing yield curve is applied as at the reporting date.

## Average repricing maturity assigned to NMDs

For the calculation of the EV metric it is assumed that all NMDs identified as core balances are assumed to mature over a maximum of four years, average of two.

## Overview of IRRBB Risk Management and mitigation strategies

The Treasury function is responsible for hedging the non-trading book interest rate risk within approved EaR and EV limits. It does this through naturally matching assets and liabilities where possible, with any residual risk being hedged utilising vanilla interest rate swaps. This capability was significantly expanded in 2025 through the addition of a bilateral interest rate swap counterparty.

All interest rate derivatives are designated into hedge accounting relationships (fair value and cashflow hedge accounting). Details of the accounting

treatment of derivatives and hedge accounting is set out in Note 14 of the Group's Annual Report.

Due to the relatively short duration of the Group's fixed rate assets and liabilities, its exposure to value metrics is limited. Furthermore, the Group does not offer any products which have any embedded optionality in terms of early repayment.

Following analysis of the Group's NMDs in 2025, a new structural hedge was introduced. The impact of this to the IRRBB metrics and the modelling of core balance amounts is monitored regularly by ALCo.

## Other information regarding significance and sensitivity of the IRRBB measures

### EVE Sensitivity

The most severe EVE scenario is the 'Parallel shock up' (GBP up 250bps, EUR and USD up 200bps) resulting in an EVE sensitivity of £(8.8m), equivalent to 6.2% of the Group's Tier 1 capital, comfortably within the regulatory 15% threshold. The increase of £2.8m from 2024 is primarily due to the increase in capital and the lengthening of the capital structural hedge.

EVE does not form part of Board risk appetite as the Group primarily manages to its EV sensitivity (i.e. including capital) as its foremost value metric. Both these metrics are calculated on at least a monthly basis.

### NII Sensitivity

The most severe EVE scenario is the 'Parallel shock down' (100bps all currencies), resulting in an NII sensitivity of £(1.7m). This reduced substantially in 2025 (by £6.1m) due to the introduction of the structural hedge for NMDs and the lengthening of the capital hedge in line with this.

## Other market Risks

The Group holds certain assets, notably its investments in CIUs, for which an active market exists, and which are therefore potentially subject to market risk. The assets held by the CIUs in which the Group invests are extremely high quality and very short duration debt instruments meaning that the market risk associated with these is not significant. As of 31 December 2025, the CIU portfolio amounted to £218.2m (£488.2m in 2024).

CAB Payments does not carry out any proprietary trading activity.

# 11. 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 2025.

During the year, the Group designated a total of 36 individuals (including Non-Executive Directors) who were classed as Code Staff. Of these, 22 were categorised as Senior Management (being the Executive and Non-Executive Directors who served during the year, and members of the Executive Committee), as well as 14 individuals categorised as Other Code Staff.

## Approach to Remuneration

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

The key principles behind the Group's remuneration policy are those that it believes are critical to the business and reflect its values and recognise the need to be competitive. The policy is to set remuneration levels which are aligned within the overall Group 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:

- 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 Group – performance related components of remuneration are aligned to the Group's longer-term business planning, including operational budget, risk adjusted financial measures aligned to its core strategy.
  - Proportion of variable pay is appropriate, predominantly cash based and may be deferred – where a significant proportion of remuneration is variable, it will be designed to reward longer term success. The ratio of fixed to variable remuneration will differ depending on the specific incentive schemes in operation across the business, however as a general rule the Group seeks to ensure that the majority of an individual's remuneration is fixed.
  - No reward for poor performance - the performance management framework focuses on objective measurement of outputs along with behavioural measures which assess the way in which work is done.
- 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.

## Decision-making Process for Determining Remuneration Policy

In line with regulatory guidance, remuneration is overseen by the Remco, a Board sub-committee.

The Remco assists the Board in relation to Directors' remuneration, including making recommendations to the Board on the Group's policy on executive remuneration, setting the overarching principles, parameters and governance framework of the Group's remuneration policy and determining the individual remuneration and benefits package of each of its Executive Directors, senior managers and the Company Secretary.

The Committee was established shortly before CAB Payments' Admission to the London Stock Exchange in July 2023. Prior to Admission, the Company had a different remuneration committee, which was composed of Non-executive Directors of the pre-IPO business.

The Remco comprises Noël Harwerth (Chair), Caroline Brown and Susanne Chishti, all of whom are independent Non-executive Directors and Ann Cairns, the Chair of the Board. The full terms of reference of the Committee are available on CAB Payments' corporate website at <https://cabpayments.com/investors>.

In summary, the Remco's responsibilities are as follows:

- To develop the policy on executive remuneration and monitor its ongoing appropriateness and effectiveness.
- To determine the levels of remuneration for the Executive Directors, senior management and the Chair of the Board (ensuring that no individual is involved in any decisions relating to their own remuneration outcome).
- Oversee the remuneration policies and practices of the Group's wider workforce and ensure that its policy for the senior team is consistently structured.
- Ensure that any applicable regulations, whether connected to our status as a regulated bank or as a listed company more generally are followed proportionately.
- Oversee the operation of the Group's share schemes.

The Remco met four times in the 2025 financial year.

The Remco receives independent advice from external remuneration consultants Korn Ferry, who were appointed in December 2022 following a tender process. During the year under review, the Committee received advice on operation of the Policy in 2025 and application for 2026 and the drafting of this report. Korn Ferry is a signatory to the Remuneration Consultants' Code of Conduct and has confirmed to the RemCo that it adheres in all respects to the terms of the Code of Conduct. Korn Ferry provided no other advice or services to the Company during the year and has no connection with any individual Director.

Remco receives input on risk-related performance issues from the BRC and CRO.

## Remuneration Policy for Code Staff<sup>1</sup>

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

### Basic Salary

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

### Variable Pay

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

### Benefits

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

### Link Between Pay and Performance

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

The Group'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 Remco 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 for Executive Directors and other Code Staff are reviewed and approved by the Remco.

<sup>1</sup> The Remuneration Policy does not apply to non-executive directors who are paid a fixed fee which is reviewed periodically by the Remuneration Committee

Remco on an annual basis with consideration given to the level of fees at comparable organisations.

## Design and Structure of Remuneration

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

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

Additionally, certain Code staff are also part of the Group's Long-Term Incentive Plan ("LTIP").

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 Group 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 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 Group's stated risk appetite and ICAAP measures) and does not induce excessive risk-taking. This is done by ensuring:

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

## 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 Remco on an annual basis with consideration given to external market data for similar roles in the financial services sector. Other factors considered by the Remco include the individual's skills, experience, performance and behaviour.

Non-Executive Directors receive fees for their services. Fees are reviewed and approved by the

## Variable Awards

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

A discretionary assessment is always made to ensure that other factors, including factors which are not directly measurable, are considered. Performance-based remuneration must be based on a holistic assessment of the CAB results and KPIs reflecting key strategic priorities.

Dependent on the field of employment, performance metrics are determined annually to align with the Group's core priorities. They will typically include a majority of financial metrics (which consider growth, profitability, efficiency and returns), balanced with non-financial measures which may consider factors such as customer experience, employee engagement and ESG performance.

Performance assessment will consider both current and future risks with any adjustments determined taking into account cost and quantity of the capital and the liquidity required, and take into account the need for consistency with the timing and likelihood of the firm receiving potential future revenues incorporated into current earnings.

Total variable remuneration will not limit the regulated firm's ability to strengthen its capital base.

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 BRC, where necessary.

These measures were all set to provide challenging objectives that are aligned with the Group'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 Group is unsatisfactory, annual performance-based payments may be reduced in part or withheld altogether at the Remco's discretion.

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

## Remuneration Paid to Code Staff

The following tables summarise the 2025 remuneration for the Group's Executive Directors, Non-Executive Directors, Senior Management (as designated as Senior Management under the Financial Conduct Authority's ("FCA's") Senior Management regime) and staff whose professional activities have a material impact on the risk profile of the company (together, Code Staff).

### REM1: Remuneration awarded for the financial year

The table below summarises the remuneration awarded for FY'2025

	£000s		MB Supervisory function	MB Management function	Other senior management	Other identified staff
Fixed remuneration	1	Number of identified staff	11	9	1	13
	2	Total fixed remuneration	1,040	3,487	245	2,728
	3	Of which: cash-based	1,040	3,357	225	2,469
	4	(Not applicable in the UK)				
	6	(Not applicable in the UK)				
	7	Of which: other forms	0	130	21	259
	8	(Not applicable in the UK)				
	Variable remuneration	9	Number of identified staff	11	9	1
10		Total variable remuneration	0	5,955	191	2,197
11		Of which: cash-based	0	1,796	109	1,599
12		Of which: deferred	0	0	0	0
UK-13a		Of which: shares or equivalent ownership interests	0	4,159	82	598
UK-14a		Of which: deferred	0	4,159	82	598
<b>17</b>	<b>Total remuneration (2 + 10)</b>	<b>1,040</b>	<b>9,442</b>	<b>436</b>	<b>4,925</b>	

### REM4: Remuneration of EUR 1 million or more per year

The table below summarises the remuneration of Code Staff of EUR 1 million or more in 2025:

	EUR	2024 Identified Staff that are high earners as set out in Article 450(1)(i)CRR Number of employees
1	1,000,000 to below 1,500,000	2
2	1,500,000 to below 2,000,000	2

No sign-on payments were paid to Code Staff.

The variable remuneration includes a share-based taxable benefit received by Senior Management (the LTIP) and by Other Code Staff.

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.

The LTIP element of the remuneration is deferred.

## REM5: Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

The following table provides a summary of remuneration of the Group's material risk takers.

£000s	Management body remuneration			Business areas	
	MB Supervisory function	MB Management function	Total MB	All other	Total
1	Total number of identified staff				34
2	11	9	20		
3	Of which: other senior management			1	
4	Of which: other identified staff			13	
5	1,040	9,442	10,482	5,360	
6	Of which: variable remuneration		5,955	2,387	
7	1,040	3,487	4,527	2,973	

## 12. Asset Encumbrance

An asset is classified as encumbered if it is pledged or used as security to collateralise a specific transaction, such that it cannot be freely withdrawn.

The Group's only source of encumbrance is in the form of derivatives, where cash is pledged to its derivative counterparties to collateralise out of the money derivative positions. Collateral is typically pledged in GBP, USD and EUR cash.

The Group's encumbered assets as at 31 December 2025 were £5.2m (2024 £0.4m), with the table below showing the median values over the 4 quarters in 2025.

£000s	Carrying amount of encumbered assets	Carrying amount of unencumbered assets		Fair value of unencumbered assets	
	of which notionally eligible EHQLA and HQLA	of which EHQLA and HQLA		of which EHQLA and HQLA	
<b>Assets of the reporting institution</b>	<b>4,066</b>	<b>1,640,334</b>	<b>1,132,421</b>		
Equity instruments		671			
Debt securities		473,061	473,061	496,312	496,312
of which: covered bonds		43,381	43,381	43,686	43,686
of which: securitisations					
of which: issued by general governments		310,559	310,559	311,135	311,135
of which: issued by financial corporations		119,121	119,121	141,491	141,491
Other assets		1,166,602	659,360		



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