FCMB Bank (UK) Limited

FCMB Bank (UK) Limited

PILLAR 3 DISCLOSURES

FOR THE YEAR ENDED 31 DECEMBER 2025

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1. Introduction

1.1. Business Profile

FCMB Bank (UK) Limited (the "Bank") is a limited company incorporated and registered in the United Kingdom with company registration number 6621225. The registered address is 81 Gracechurch Street, London, EC3V 0AU and from 29 June 2026 will be Dawson House, 5 Jewry St., London, EC3N 2EX. The Bank is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA (Financial Services Register number: 502704). The Bank is a wholly owned subsidiary of First City Monument Bank Ltd ("FCMB" or "Parent Bank"), which is regulated by the Central Bank of Nigeria and a member of the FCMB Group PLC, a leading financial services group based in Nigeria.

The Bank is authorised to accept deposits from wholesale and retail customers and the details of its Part IV permissions are available here: https://register.fca.org.uk/s/firm?id=001b000000MgGThAAN

The Bank is domiciled in the UK, operating from a central London office and providing services to customers and counterparties focussed on Sub-Saharan Africa and other geographies, with a particular focus on Nigeria.

The Bank's principal products and propositions include:

- Deposit taking, including operating / current accounts and term deposits.
- Trade finance.
- Commercial and syndicated lending.
- Buy to let Mortgages.
- Treasury operations, including money market and forex, including eFX, and the management of an investment portfolio, including fixed income securities.
- Digital Banking services, which are currently in pre-launch phase, with further significant developments expected in 2026 under the Rova brand.

1.2. Basis of Disclosure

The Pillar 3 disclosures are unaudited and have been prepared by the Bank to meet the requirements of Capital Requirements Directive ("CRD") and to provide information in line with Articles 431 to 455 of Capital Requirements Regulations ("CRR") and the associated disclosure section of the PRA Rulebook to the extent that this is not disclosed in the 2025 Annual Report and Accounts ("ARA") of the Bank.

These disclosures are based on and derived from the same accounting and financial systems that are used in preparing the ARA of the Bank. These disclosures are unaudited however the information has been internally reviewed and validated by the management and formally presented to the Board of Directors (the "Board") for approval. These disclosures are provided in addition to the ARA.

2. Key Regulatory Metrics

$'000	December 2025	December 2024
Own Funds:		
Common Equity Tier 1 (CET1) Capital	54,656	57,951
Total Capital	64,256	67,551
Risk-Weighted exposure amount		
Total Risk-Weighted exposure amount (TREA)	368,569	350,177
Combined buffer requirement (as a % of TREA)		
Capital Conservation buffer	2.50%	2.50%
Overall capital requirement	16.0%	16.0%
Leverage Ratio		
Total exposure measure	620,401	376,611
Leverage Ratio %	8.81%	14.73%
Liquidity Coverage Ratio (LCR) *		
Total High Quality Liquid Assets	149,895	159,598
Cash Outflows	74,616	96,430
Cash Inflows	74,218	48,532
Total Net Cash Flows (After regulatory adjustments)	19,342	47,897
Liquidity Coverage Ratio %	273%	333%
Net Stable Funding Ratio (NSFR) *		
Total Available Stable Funding	293,158	264,324
Total Required Stable Funding	187,805	159,601
Net Stable Funding Ratio %	157%	166%

2.1. Regulatory developments

Basel 3.1 Finalisation and CRR disclosure policy

In January 2026, the Prudential Regulatory Authority (PRA) finalised the adoption of Basel 3.1 standards, these standards come into effect on the 1 January 2027. The PRA set out final rules on Credit Risk (Standardised approach), Operational Risk (a single standardised measurement approach), Output floor, with Market Risk (Internal model approach delayed to a 1 January 2028 start date). The impact of these changes on our capital has been assessed and shared with PRA for their off-cycle review of firm-specific Pillar 2 capital requirements. Implementation of the changes is underway.

The PRA's consultation on enhancing CRR disclosures which began in 2025 was finalised in March 2026 with new policies and disclosures (PS11/26) around 3 areas:

- The resources supporting resolvability of firms subject to minimum requirements for own funds and eligible liabilities (MREL);
- Qualitative disclosures on capital distribution constraints, to allow market participants assess the likely impact of capital distribution restrictions; and
- New disclosure requirement to increase clarity about the basis upon which firms are required to produce Pillar 3 disclosures.

The CRR disclosure requirements will apply from the reporting date of 1 January 2027 and impact the 31 December 2026 report.

2.2. Disclosures

The Pillar 3 Disclosure is also published on the Bank's website at: www.fcmbuk.com/about-us.

The following table maps the CRR requirements to the location for the relevant disclosure:

CRR	Pillar 3 Disclosure	Pillar 3 Section
431	Disclosure requirements and policies	1
432	Non-material, proprietary or confidential information	1
433	Frequency and scope of disclosures	1
435	Disclosure of risk management objectives and policies including the Board declaration on the adequacy of the risk management arrangements	2
437	Disclosure of own funds	3
438	Disclosure of own funds requirements and risk-weighted exposure amounts	3
439	Disclosure of exposures to counterparty credit risk	5
440	Disclosure of countercyclical capital buffers	5
445	Disclosure of exposure to market risk	3
446	Disclosure of operational risk management	5
447	Disclosure of key metrics	4
448	Disclosure of exposures to interest rate risk on positions not held in the trading book	5
449a	Disclosure of environmental, social and governance risks (ESG risks)	5
450	Disclosure of remuneration policy	6
451	Disclosure of the leverage ratio	4

CRR	Pillar 3 Disclosure	Pillar 3 Section
451a	Disclosure of liquidity requirements	4
453	Disclosure of the use of credit risk mitigation techniques	5

3. Governance and Risk Management

3.1. Risk Management Approach

The Bank recognises that robust risk management is essential for achieving and maintaining its strategic objectives. The Bank operates under a Risk Management Framework ("RMF") which is reviewed and approved annually by the Board. The RMF is designed to identify key risks, measure, mitigate and monitor them effectively to achieve an appropriate trade-off between risks and returns and thus enhance stakeholder value. In the process, an integrated and coordinated approach is followed to foster a risk culture with the active involvement of the risk owners and other stakeholders.

The RMF sits at the top of the risk governance hierarchy, supported by the Risk Appetite Statement (RAS), *see section 5. Risk Appetite,* and individual risk policies. The RMF establishes the overarching principles, governance structure, and processes for managing risk across the Bank. The RAS translates these principles into specific risk appetite parameters approved by the Board, while the risk policies provide detailed requirements, methodologies, and limits for managing individual risk types in line with the RMF. Together, these documents form a coherent framework that ensures risks are identified, assessed, and managed consistently across all business areas.

The Bank operates a Three Lines of Defence model, offering a clear structure and framework for managing risks. Further detail on the arrangements for three lines of defence can be found in *section 3.3*.

The Board holds overall responsibility for the Bank's risk management and risk appetite arrangements. Oversight of the Bank's approach to risk management and risk appetite is delegated to the Board Risk & Compliance Committee ("BRCC"). Day to day responsibility of the development, implementation and update of policies, control systems and risk limits to the Management Risk & Compliance Committee ("MRCC") and executives including the Chief Executive Officer, Chief Financial Officer, Chief Risk Officer and key members of the management team

The risk management framework and risk appetite statement are reviewed and updated as part of an annual review process (and on an adhoc basis if and when necessary) and are approved by the BRCC and subsequently the Board. The Bank's governance framework provides appropriate support to assess the implications of economic and market performance, socio-political developments, and changes in the regulatory environment of the business, to ensure that the Bank's risk management framework remains current and, as far as possible, anticipates events so that corrective actions can be taken in a timely manner.

3.2. Governance Structure

The Board is committed to maintaining high standards of corporate governance, recognising that strong governance is essential to the long-term success, sustainability and integrity of the Bank. The role of the Board to set the Banks strategic direction, ensuring effective governance whilst maintaining the Banks safety and soundness. The Bank's governance framework is designed to promote effective leadership, sound risk management, prudent oversight, and independent and informed decision making.

The Bank has Corporate Governance Manual ("CGM") which outlines the Bank's approach to corporate governance and remains committed to adhering to best practice corporate governance principles. During 2025, the Bank carried out a full review of the Terms of Reference and the responsibilities of the Board, Board Committees, the Executive Committee and Management Committees. This review was the start of the wider review of the Bank's corporate governance processes and framework. This will continue into 2026, with a full review and redraft of Board processes, policies and the CGM.

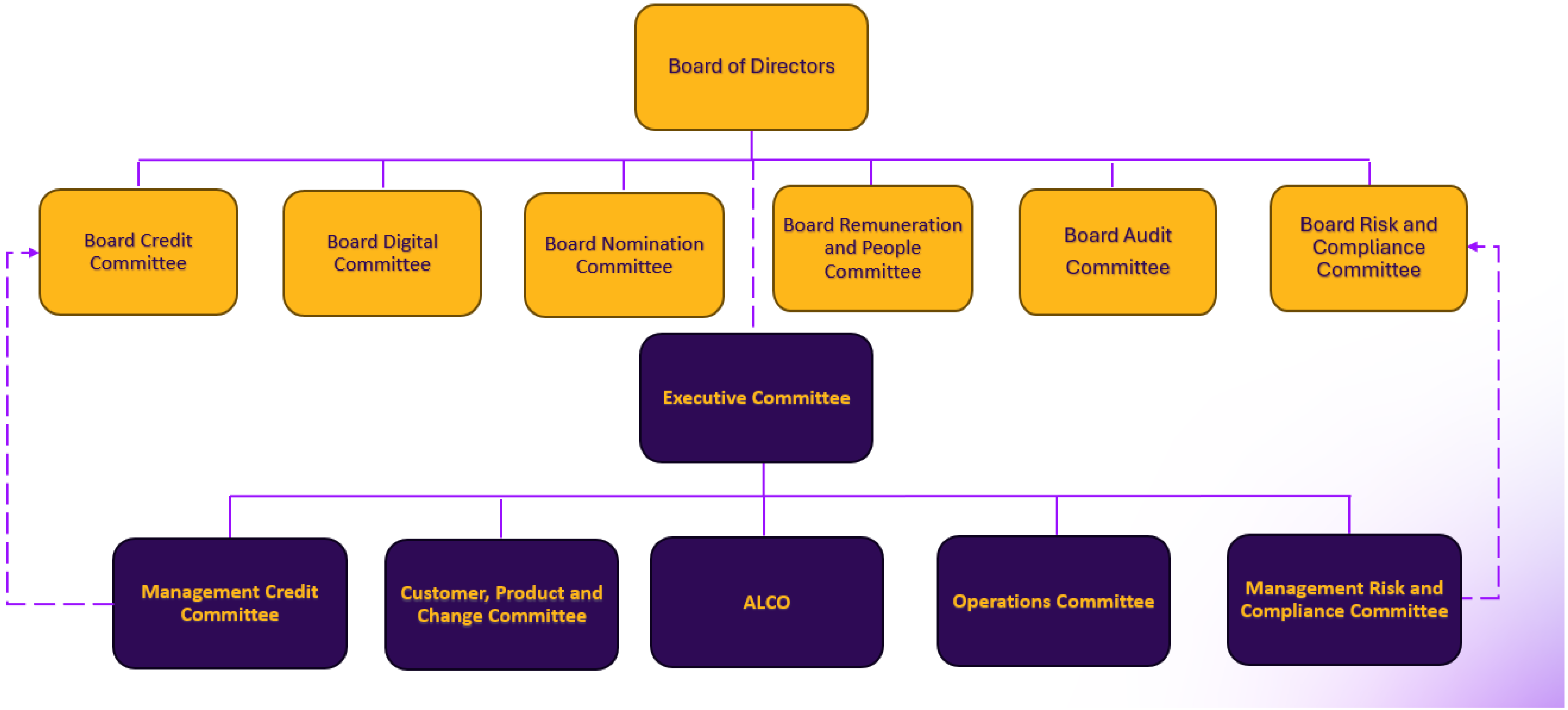
The Board currently comprises of nine Directors, namely an independent Chairman, three independent non-executive Directors (iNED), three non-executive Directors (NED), an alternate non-executive Director and an executive Director (ED). The number of directorships held by the Bank's Board directors (including FCMB UK) are outlined below:

Director Name	Role	Directorships
Albert Maasland	iNED and Chairman (appointed Chairman 1 January 2025)	6
Martin Richardson	ED and Chief Executive Officer (appointed 2 May 2025)	2
Amy Kirk	iNED	4
Richard Jones	iNED	2
Susannah Aliker	iNED	5
Anne Shiels	iNED (appointed 1 May 2026)	
Titilope Edun	NED	5
Ladipupo Balogun	NED	7
Gerald Ikem	NED (alternate for Ladi Balogun)	1
Oluwatoyin Olaiya	NED	2

The Board as a whole, has an effective balance of knowledge, skills and diversity including substantial experience across all aspects of banking in the UK and Nigeria. Directors bring varied professional experience including financial management, understanding of compliance/regulatory obligations and wide-ranging markets knowledge.

The Board meets a minimum of five times a year and on an ad hoc basis where required or necessary. The Board regularly reviews business performance, progress of strategic objectives, financial performance, management of risk and operations of the Bank. Board meetings are led by the Chairman and an environment of openness is encouraged in discussions, considerations and debates to support balanced decision making and cultivate independent and constructive challenge.

The Bank's governance structure as at 31 December 2025 is shown in the chart below and comprises of the Board, Board Committees the Executive Committee and management committees. The structure supports the Board in its oversight of the Bank's strategy and performance, provides for clear lines of accountability and responsibility and effective decision making. The Executive Committee, Management Risk and Compliance Committee and Management Credit Committee also have independent reporting lines into the or Board Committee's as evidenced by dashed lines.



Board Responsibilities

The Board holds ultimate responsibility for the overall governance, strategic direction and risk oversight of the Bank. It determines the Bank's purpose, strategy and values, and oversees the risk management framework, (including the risk appetite of the Bank identification, assessment, monitoring and management of principal risks), delivery of the Banks strategy and financial performance. The Board approves the Risk Appetite Statement, recovery and resolution plans and business continuity arrangements. The Board ensures that the Bank is managed prudently, promotes a culture of good conduct, operates with effective internal controls, and remains compliant with all applicable legal and regulatory requirements.

The Board approves and oversees the capital and liquidity framework, including the ICAAP, ILAAP, Pillar 3 disclosures and the maintenance of capital and liquidity resources in line with regulatory expectations. It is responsible for approving the Bank's financial statements, material accounting policies, significant expenditures outside delegated authority, and key public disclosures

An annual Board effectiveness evaluation is carried out internally by the Bank and by independent consultants, externally periodically.

Board Committees

In order to maintain appropriate oversight the Board has delegated certain roles and responsibilities to six Board level Committees; Remuneration and People Committee, BRCC, BAC, BCC, Board Digital Committee and a newly established Nomination Committee.

Each Board Committee is chaired by a NED member of the Board. The Board receives reporting of the activities of each Board Committee at Board meetings. The Committees operate in line with their Terms of References which were reviewed and approved by respective Committees and the Board at the end of 2025.

Board Risk and Compliance Committee ("BRCC")

The BRCC has delegated authority for the oversight of the Bank's arrangements, effectiveness and adequacy for risk management, risk strategy and risk appetite. The BRCC is also responsible for the ongoing oversight of the Bank's risk profile, compliance framework and the effectiveness of the Bank's second line of defence.

The BRCC is comprised of four members (three of which are iNEDs). The BRCC meets on average five times a year. The BRCC also held two workshop sessions to consider and discuss the ILAAP and ICAAP process and outcomes.

Board Credit Committee ("BCC")

The BCC has delegated authority for the oversight of the Bank's management of credit risk, credit strategy, the performance and quality of the credit portfolio. The BCC also has oversight of the delivery of the credit strategy.

The BCC is comprised of three members (one of whom is an iNED). In 2025, the BCC appointed a specialist credit advisor as an observer and to provide specialist credit knowledge. The BCC meets on average five times a year.

Board Audit Committee ("BAC")

The BAC has delegated authority for the oversight of the Bank's financial reporting, internal and external audit and internal controls. The BAC is responsible for the oversight of the effectiveness of internal audit, external audit and related assurance functions and internal controls. The BAC also oversees the Bank's Whistleblowing process.

The BAC is comprised of four members (the majority of which are independent non-executive directors (iNEDs). The BAC meets on average five times a year.

Board Digital Committee ("BDC")

The role of the BDC is to provide oversight and advice in relation to the Bank's digital and transformation programme, specifically in relation this relates to implementation of new Bank-wide systems, the automation of processes, digitalisation and transformation initiatives.

The BDC is comprised of four members (the majority of which are independent non-executive directors). The BDC meets on average six times a year.

Executive Governance arrangements

The Board has delegated the day-to-day management and operations of Bank to the Chief Executive Officer, who has, with executive management established the following management governance arrangements to support the Bank's oversight and monitoring activities.

Where relevant the role of the management committees has been updated following the governance review in 2025. All management committees report regularly to the ExCo on outcomes of meetings, highlighting any points for escalation and discussion.

Executive Committee ("ExCo"):

The ExCo supports the Board and the Bank in the execution of strategy and monitoring of financial and business performance, oversight of operations, oversight of risk management and approval of matters line with its delegated authority from the Board and the CEO. The ExCo operates within the Bank's governance framework, financial and signing authority, risk management framework and in accordance with relevant regulatory obligations. The ExCo meets on a two monthly cycle the CEO is the Chairman. The following management committees are sub-committees of the ExCo and have been authorised to carry out activities by the ExCo via their terms of reference.

Management Risk & Compliance Committee ("MRCC"):

The MRCC supports the Bank in the identification, assessment, monitoring, management and enhancement of risk. The MRCC also oversees and monitors the Compliance and Financial Crime activities of the Bank in line with regulatory expectations. The MRCC has an independent reporting line into the BRCC and is chaired by the Chief Risk Officer (CRO). The MRCC meets on a two monthly cycle.

Management Credit Committee ("MCC"):

The MCC supports the Bank in the monitoring of lending and credit risk related activities. The MCC also oversees and manages the Bank's lending and other operational credit activity and decisioning. The MRCC has an independent reporting line into the BCC and is chaired by the CRO. The MCC meets on a monthly cycle.

Assets and Liabilities Committee ("ALCO"):

The ALCO supports the Bank in its management of market, capital, liquidity, and balance sheet (asset and liabilities) risks. The ALCO meets on a monthly basis and is chaired by the Chief Financial Officer.

Operations Committee ("OpCo"):

The OpCo supports the Bank in the oversight and monitoring of the efficiency, effectiveness of the Bank's day to day operational risk and operational activities and processes ("Run the Bank"). This shall also include consideration to the delivery of the Bank's Cyber and IT strategy. The OpCo also oversees the Bank's management of third party providers. The OpCo meets on a monthly basis and is chaired by the Chief Operations Officer.

Customer, Product and Change Committee ("CPCC"):

The CPCC supports the Bank in its management and oversight of customer, product governance and strategic initiatives and transformation activity to support the delivery of the approved strategy ("Change the Bank"). The CPCC oversees consumer duty and customer outcomes and ensures the suitability and effectiveness of existing and new products. The CPCC meets on a monthly basis and is chaired by the Head of Rova and Digital Transformation.

3.3. Three Lines of Defence

The Bank has adopted the three lines of defence model as part of its governance and risk management arrangements.

First Line of Defence

The front-line employees are primarily responsible for identifying and managing risks in their respective business areas. The Board and Senior Management approve policies and procedures that assist them in active risk management and periodic reporting on risks. The risk framework enables management to make best use of early warning indicators to identify, evaluate and respond quickly by initiating remedial actions.

Specific responsibilities of the First Line include:

- Ownership of the risks in the respective business segment or area.
- Embedding risk management framework, policies and sound risk management practices into standard operating procedures.
- Efficient management of available and allocated economic and regulatory capital to generate acceptable returns.
- Assist in generating liquidity to mitigate funding and liquidity risk through deposit mobilisation and accessing other funding avenues, as needed.
- Comply with the terms of the Funds Transfer Pricing (FTP) and Risk Adjusted Return on Capital (RAROC) methodology for efficient management of risk and capital allocation.
- Adhering to policies and procedures in day-to-day operational activities.
  - Reporting on ongoing risk identification, assessment, control, mitigation and monitoring.
  - Ensuring that processes and controls are operated on an ongoing and consistent basis to manage risks effectively.
  - Attending risk training and workshops to contribute to risk identification.

The Finance function is responsible for capital management, performance analysis, regulatory reporting, FTP and RAROC methodology, and providing analytical support to management and other functions for scenario modelling and stress testing.

The Operations and IT teams provide operational support to the front office including back-office support to the Treasury team.

Second Line of Defence

The second line of defence is the Risk and Compliance team (including financial crime and data protection) are responsible for developing policies, setting direction, introducing best practices, guiding implementation and monitoring their proper execution.

The Risk team, (including Credit), is responsible for facilitating the development, implementation and embedding of processes whereby management identifies, assesses, monitors, controls and mitigates the risks in the business. It monitors and oversees all risk exposures.

The Compliance team is charged on a continuing basis to develop, enhance and actively encourage high standards of compliance within the Bank. Its main roles are to assist in the development of appropriate policies and procedures; provide compliance advice as required for the business; and monitor compliance by the business with the agreed policies and procedures and applicable laws and regulations as well as horizon scanning and planning for upcoming regulator and other developments which may impact the Bank.

The Risk and Compliance team provide oversight over business processes and risks and provide assurance to the Board along with the outsourced internal audit.

The second line is responsible for:

- Developing, maintaining and monitoring implementation of risk management framework, policies, systems, processes and tools.
- Ensuring that risk management framework, policies, systems, processes and tools are reviewed and updated periodically and effectively communicated to the First Line.
- Establish early warning system for potential or actual breaches of limits and risk appetite.
- Influencing and challenging decisions that give rise to material risk exposure and grant credit and other process related approvals.
- Set-up and own central risk frameworks.
- Develop the tools for identifying and assessing climate risks and develop scenarios and undertake stress testing.
- Support first line activity to understand, assess and consider emerging uncertainties.
- Deliver training in risk identification, management and mitigation, with an emphasis on emerging risks e.g., climate change
- Reporting to the BRCC via the CRO on all risk management matters including risk mitigation actions as and where appropriate.

Third Line of Defence

The Bank does not have an in-house internal audit function and has outsourced this function to Grant Thornton UK Advisory & Tax LLP. It provides independent and objective assurance on the soundness of the Banks internal controls. The Bank follows the FCA's Senior Management Arrangements, Systems and Controls sourcebook (SYSC) guidance on internal audit. The day-to-day relationship with outsourced internal audit is managed by the CRO. The outsourced internal audit has direct access to the Chair of BAC and presents its reports to BAC on regular basis.

The third line is mandated to:

- Provide independent assurance to the Board.
- Independently assess the design and operational effectiveness of the Bank's internal controls, risk management and governance systems and processes.

- Assess the quality of risk management information provided to the Board and Senior Management.
- Suggest improvements and corrective actions wherever considered necessary; and
- Track implementation of all internal audit recommendations.
- Make suggestions to BAC for the composition of the Bank's Internal Audit Plan.

3.4. External Audit

MHA served as the Bank's auditors for the financial year ending 31 December 2025. They provided an opinion as to the truth and fairness of the Bank's financial statements and provided feedback directly to the BAC and the Board regarding the effectiveness of the Bank's systems and financial controls related to financial reporting.

3.5. Integrated Planning Process

The Bank has in place an integrated planning process which is refreshed annually. This includes:

- **Budget** – This is approved by ExCo & the Board
- **3 Year Financial Plan** – This is approved by EXCO & the Board
- **Internal Capital Adequacy Assessment Process ("ICAAP")** – Based on the Board approved Budget.
- **Individual Liquidity Adequacy Assessment Process ("ILAAP")** – Based on the Board approved Budget.
- **Recovery Plan ("RP")** – The Board is the ultimate owner of the RP. As part of the approval process, the plan is reviewed and challenged by the BRCC and subsequently the Board at least annually, following ICAAP and ILAAP approvals. If there are any changes to the Bank's business model, strategy, environment or activities, an interim review is carried out and any resultant changes are incorporated into the recovery plan and approved by the Board. In the event of a crisis, the Bank will activate its Crisis Recovery Committee, chaired by the CEO and comprising other ExCo members, to evaluate the action steps required to contain a crisis event on the perceived basis of the nature, severity, and duration of the situation.
- **Resolution Pack** – The Resolution Pack details aspects of the Bank business that are required for the PRA in the event that the Bank goes into resolution.
- **Solvent Wind Down Analysis ("SWDA")** – The Board is the ultimate owner of the SWDA and as part of the approval process, the policy is reviewed and challenged by the Board at least once in three years. The SWDA records the plan the Bank will follow in a solvent wind down situation.
- **Pillar 3 Disclosures –** These disclosures are provided in addition to the Audited Annual Report and Accounts.

4. Capital Resources

4.1. Internal Capital Adequacy Assessment Process (ICAAP)

The Bank manages its capital through an ICAAP, and the Individual Capital Guidance (ICG) stipulated by the Prudential Regulation Authority (PRA). The ICAAP is refreshed and approved by the Board periodically, at least annually, to confirm that it remains valid in the light of changes in the business plan, market conditions or circumstances specific to the Bank's activities. The capital adequacy is monitored regularly based on the business profile.

The Bank manages its capital structure and adjusts it according to changes in economic conditions and the risk characteristics of its activities. Stress tests are carried out periodically, and the Bank's capital position and business pipeline is reviewed on a weekly basis at the Performance Management Committee (PMC). No material changes have been made to the objectives, policies, and processes from the previous years. However, they are under constant review by management.

4.2. Total Available Capital

The following disclosures are in accordance with the requirements of the Capital Requirements Directive and as submitted to the PRA and do not reflect any adjustments to the financial statements which are not considered to be material.

	$'000	31/12/2025	31/12/2024
Tier 1 capital (T1)	Share capital	53,900	53,900
	Retained earnings	1,819	5,750
	Other comprehensive income (Other reserves)	1	(136)
	Intangible assets	(527)	(620)
	Other Capital Adjustments	(536)	(443)
Total Tier 1 capital		57,951	57,951
Tier 2 Capital (T2)	Subordinated loans	9,600	9,600
Total capital (TC= T1+T2)	**Total regulatory capital (CAR)**	**64,256**	**67,551**
	Required capital including buffer	58,971	55,967
	Surplus Capital	5,285	11,584
	Risk weighted assets	368,569	350,177
	Tier 1 capital ratio	14.8%	16.5%
	Total capital ratio	17.4%	19.3%

Tier 1 capital at 31 December 2025 is comprised of 53,900,000 issued and fully paid at $1 each share and retained earnings. Tier 2 capital is comprised of fixed rate subordinated notes of various maturities.

4.3. Minimum Capital Requirements

$'000	31/12/2025	31/12/2024
(*8% of Own funds requirement*)		
Credit Risk	25,892	24,221
Market Risk	429	634
Operational Risk	3,148	3,148
CVA Risk	16	12
Total Pillar 1 Capital Requirement	29,485	28,014

5. Risk Appetite

Prudent and effective risk management is embedded at the heart of the Bank's strategic objectives, both as an end in itself and to facilitate and control the achievement of the business strategy. The ultimate aim is to protect the Bank's long-term viability, clients' funds, shareholder value and to produce sustainable medium to long-term revenue streams.

While the Bank's core business remains focused on trade finance, syndicated and corporate lending, investment, treasury, and deposit-taking within its areas of expertise across the First and Second Lines of Defence, the 2025/26 strategy, approved by the Board, emphasises strengthening the Bank's operations through system and process enhancements, and pursuing growth through diversification of the asset base, expansion of the liability (deposit) book, and development of capital-light initiatives. Ultimately, the Bank's aim is to deliver good customer outcomes with healthy returns commensurate with the risk and reward dynamics.

The Board's risk strategy is reflected in the development and specification of the Risk Appetite Statement (RAS) of the Bank. The RAS sets expectations from the Board on that level of risk that the Bank is willing to seek or accept in pursuit of its objectives. The Bank's Risk Appetite Framework (RAF) is headlined by a formal, overarching risk appetite statement that is cascaded into individual risk level appetite statements and underlying Key Risk Indicators (KRIs).

The Bank's RAS is designed to cover the Bank's material risks arising from its business model, strategy, and operating environment. The Board engages in discussions to identify and consider additional risks when required. This involves assessing emerging risks, industry-specific risks, and risks related to new business initiatives or changes in the external environment. When necessary, the Board's proactive engagement ensures that all potential risks are considered, not just those traditionally included in ICAAP and ILAAP, leading to a more comprehensive and forward-looking risk management approach.

The Bank faces a number of risks that evolve in impact as its business activities develop and grow. In its approach to risk, the Bank adopts three distinct risk appetite thresholds: Low, Medium, and High. In addition, Key Risk Indicators (KRIs) are used to provide quantitative monitoring, enabling advance warning and effective oversight to management within the approved risk appetite. Where a breach occurs, the mitigating steps set out in the RAS is followed, formalising a response which controls the risk. The RAS is reviewed annually by the Board and forms a key basis of medium and long-term planning.

5.1. Material Risks Overview

In line with the Bank's RMF and Board-approved RAS, The Bank has identified a set of material risks arising from its business model, strategy, geographic footprint, and operating environment. These risks reflect those that could, individually or collectively, have a material impact on the Bank's financial performance, capital and liquidity adequacy, customer outcomes, or regulatory standing.

The Board has articulated its risk appetite across ten principal risk categories, supported by two sub-risk categories. Together, these risks underpin its approach to risk governance, monitoring, and control.

Strategic Risk

For the Bank, strategic risk is closely linked to the execution of its Board-approved strategy, including digital transformation initiatives, diversification of the asset and liability base, and expansion of capital-light activities supporting trade and transaction banking between the UK and sub-Saharan Africa.

Strategic risk is governed by the Board through the regular strategy-setting and review process. Delivery of the strategic plan is monitored through governance forums, supporting risk oversight, and management information presented to senior management and the Board. Strategic initiatives are subject to appropriate approval, challenge, and review to ensure consistency with the Bank's risk management principles, operational capacity, and regulatory obligations.

Capital Risk

Capital risk refers to the risk that the Bank is unable to maintain sufficient quantity or quality of capital to support its business activities and absorb losses, both under normal conditions and during periods of stress. Capital risk is central to the Bank's financial resilience and regulatory compliance.

The Bank manages capital risk through an integrated capital planning and monitoring framework, anchored by the Internal Capital Adequacy Assessment Process (ICAAP). Capital adequacy is assessed relative to the Bank's business model, risk profile, and stress testing outcomes, with governance oversight through senior management committees and the BRCC. Capital planning is aligned with strategy, balance sheet growth, and risk appetite considerations.

Liquidity Risk

Liquidity risk is the risk of not maintaining adequate liquid resources to meet the Bank's obligations as and when they fall due, at all times. Given the nature of banking activities, effective liquidity risk management is fundamental to the Bank's financial resilience, regulatory compliance, and market confidence.

The Bank manages liquidity risk in line with its RMF and RAS, reflecting a cautious and prudent approach to liquidity risk taking. The Bank's appetite for liquidity risk is anchored in maintaining sufficient liquidity resources to support business activity under both normal operating conditions and periods of stress. The Bank manages liquidity risk in line with UK prudential requirements, including the Overall Liquidity Adequacy Rule (OLAR), and applicable liquidity standards such as the Liquidity Coverage Ratio and Net Stable Funding Ratio. The Bank holds a substantial stock of high-quality liquid assets and monitors key regulatory metrics against Board approved thresholds.

Governance oversight of liquidity risk is provided by the BRCC, with detailed oversight delegated to the ALCO. ALCO is responsible for monitoring the Bank's liquidity position, reviewing funding and liquidity trends, and ensuring that liquidity risk remains aligned with the Bank's risk appetite. Senior management is responsible for day-to-day liquidity management, supported by the Treasury and Risk teams, with independent oversight and challenge provided by the second line of defence.

Liquidity adequacy is formally assessed through the Internal Liquidity Adequacy Assessment Process (ILAAP), which evaluates the Bank's liquidity and funding risks, including under stressed conditions. The ILAAP is integrated with the Bank's overall risk management, capital planning, and stress testing processes and is reviewed and approved annually by the Board.

The Bank maintains a liquidity contingency plan to support timely and effective management actions in the event of liquidity stress. This plan includes defined escalation processes, governance arrangements, and management actions designed to preserve the Bank's ability to meet its obligations and continue to deliver critical services to customers.

The Bank's funding strategy includes the use of retail deposits and third-party deposit origination platforms and is being progressively developed to improve funding diversification and stability through the increased use of retail deposits and digital channels. The Bank recognises funding concentration risk as a key consideration given its current funding profile and manages this through governance arrangements and ongoing monitoring to ensure liquidity risk remains aligned with the Bank's risk appetite.

Liquidity risk is monitored on an ongoing basis using management information appropriate to the size, complexity, and risk profile of the Bank. Regular reporting is provided to senior management, ALCO, and the BRCC, enabling early identification of emerging risks and ensuring that liquidity risk remains within risk appetite.

- The Bank is required to comply with the Overall Liquidity Adequacy Rule ("OLAR") under which it is expected to maintain at all times adequate liquid resources both in quality and quantity to ensure that there is no significant risk that its liabilities cannot be met when they fall due.
- Additionally, the Bank must comply with the specific LCR and NSFR requirements under CRD V.
- The Bank recognises the short-term nature of its liquidity profile and has set targets and strategies to attract more long-term, stable deposits from retail depositors. The Bank will also increase its use of retail deposits through the digital banking initiative 'Rova' in due course.
- The Bank's liquidity plan and requirements are set out in the ILAAP document which is refreshed annually.
- The Bank uses deposit aggregator platforms to obtain long-term deposits to facilitate longer lending opportunities. The maximum size of the deposits is subject to the deposit insurance limit set by FSCS, and the tenor can range from 1 month to 5 years. The Bank has taken steps to diversify this funding source.
- The Bank recognises the importance of a stable diversified funding base, particularly in times of stress. To this end the Bank has set deposit concentration limits to mitigate an over-reliance on one particular source of funding. The Bank utilises 3rd parties to mobilise funding such as Deposit Aggregators i.e., Raisin, Flagstone and, in future its bespoke platform Rova, which produce granular, stable, longer-tenor deposits at competitive and cost-effective rates. Such deposits are monitored and managed to avoid maturity clusters – a limit of monthly maturities of <25% of total liabilities per 3rd party/deposit aggregator. Maximum funding acquired via 3rd parties is capped at 50% of total liabilities.

- The Bank has taken note of the risks enumerated in the "Dear CEO Letter on Deposit Aggregators" as the Bank utilises deposit aggregator platforms to raise deposits. It believes this risk is manageable as the platforms are origination channels and not counterparties. The actual individual deposit counterparties are large in number with small tickets that are protected by FSCS in case of deposits raised through Raisin. However, the deposits raised through Flagstone include deposits from individuals, charities and corporates which are subject to FSCS protection as per their eligibility. The platforms provide good tenors of deposits that the Bank can manage on a portfolio basis at competitive rates which makes aggregators the most stable source of funding available to the Bank.
- Over time the Bank intends to add additional platforms to the mix including using Rova as a fixed tenor deposit aggregator. In the initial stages of its operation, Rova is not projecting to mobilise substantial deposits. However, as ROVA matures the Bank will reconfigure its deposit mobilisation strategy to ensure appropriate balance between the platforms.
- While wholesale funding can be expensive and unreliable, particularly in times of stress, the deposit aggregator funds, fixed for up to 3 years are a reliable source of liabilities and make a strong contribution to managing the Net Stable Funding Ratio.

Credit Risk

Credit risk is the risk of loss as a result of any counterparties failing to fulfill their contractual obligations. Credit risk arises primarily from the Bank's lending, trade finance, treasury, and investment activities conducted within the Banking Book.

The Bank manages credit risk within its RMF and RAS. The credit risk appetite defines the types and level of credit risk the Bank is willing to accept in pursuit of its strategic objectives, consistent with capital and liquidity planning.

Credit risk management is supported by policies, defined credit approval authorities, independent oversight by the second line function, and ongoing portfolio monitoring. Credit risk is assessed with reference to counterparty creditworthiness, transaction structure, collateral and other credit risk mitigation, sectoral and geographic exposure, and prevailing macroeconomic conditions.

The Bank follows the 'Standardised Approach' to credit risk as prescribed in the Capital Resources Requirements and PRA Policy/Supervisory Statements. The level of credit risk undertaken reflects the Bank's business model, which focuses on trade finance, corporate and institutional lending, and selective retail exposures within its regulatory permissions. The adequacy of the Bank's credit risk profile is assessed as part of the Internal Capital Adequacy Assessment Process (ICAAP), including consideration of portfolio concentrations and stress scenarios.

The Bank's credit risk exposure reflects its business model, with exposures arising primarily from trade finance, corporate and institutional lending, treasury placements, and permitted retail activities.

The table below shows the Bank's maximum exposure to credit risk by class of financial asset.

	Gross Exposure	Allowance for Credit loss	Net Exposure
	$	$	$
Cash and Cash Equivalent	10,067,723	291	10,067,432
Investments at FVOCI	5,110,015	-	5,110,015
Loans & Advances to Banks	273,216,509	1,034,219	272,182,290
Loans & Advances to Customers	123,313,755	7,567,020	115,746,735
Other assets	8,896,077	506,240	8,389,837
Off balance sheet	38,893,757	24,144	38,869,613
Total	**459,497,836**	**9,131,914**	**450,365,922**

In addition, there are investments at FVTPL of $190,325,395, $188,571,800 of this is considered very low risk and $1,753,595 is considered medium risk. In 2025, there is an ECL of $313 relating to investments at FVOCI however this does reduce the carrying value of the asset and therefore does not impact the exposure to credit risk.

The credit quality of the Bank's portfolio is monitored on an ongoing basis and reported to senior management and the BCC. Exposures are classified using internal credit risk assessment processes and are subject to impairment assessment in accordance with applicable accounting standards. Provisions are made in line with the requirements of IFRS9. Management considers those provisions provide adequate cover for the Bank's credit risk. In 2025, there were six exposures in stage 2, three exposures in stage 3, and all other exposures were in stage 1 at year end. In 2024, there were six exposures in stage 2, one exposure in stage 3, and all other exposures were in stage 1 at year-end. The Credit team, MCC, BCC and BAC are responsible for assessing the macro-economic scenarios that are implemented in the calculation of ECLs and consider the scenarios and their impact to result in the best estimate macro-economic conditions likely to impact the likelihood of default of the Bank's existing exposures. The impact of the provisioning performed under IFRS 9 on the balance sheet as at 31st December 2025 is $9,132,227 (2024: $3,991,400).

The table below shows the Bank's ECL breakdown by stage.

Expected Credit Loss	Stage 1	Stage 2	Stage 3	Total
Loans & Advances to Customers	1,674,219	49,181	6,902,293	8,625,693
Other assets	506,240	-	-	506,240
Total	**2,180,753**	**49,181**	**6,902,293**	**9,132,227**

Concentration Risk

Concentration risk is treated as a sub-set of credit risk within the Bank's RMF. Concentration risk arises where exposures are insufficiently diversified across counterparties, sectors, products, or geographies. Given the Bank's size and business focus, certain levels of concentration are an inherent feature of the business model.

The Bank recognises concentration risk as a material component of its overall credit risk profile and manages this risk through governance oversight, portfolio monitoring, and capital assessment. Concentration risk is considered explicitly within the ICAAP, and additional capital is held where appropriate to reflect portfolio concentration.

The below table shows the Bank's Countercyclical capital buffer (CCyB) rates and Geographical distribution of material credit exposures.

Country of exposure $'000	CCyB Rate %	Total exposure subject to CCyB	% of Bank's total CCyB exposure
United States of America	0%	122,000	34.2%
Nigeria	0%	57,177	16.0%
Kenya	0%	37,351	10.5%
Ireland	1.5%	37,266	10.4%
United Kingdom	2%	27,324	7.7%
Cayman Islands	0%	15,370	4.3%
Côte d'Ivoire	0%	11,849	3.3%
Tanzania	0%	11,568	3.2%
Egypt	0%	8,271	2.3%
Luxembourg	0.5%	7,738	2.2%
Ghana	0%	6,554	1.8%
Bahamas	0%	4,996	1.4%
United Arab Emirates	0%	4,545	1.3%
Rwanda	0%	1,683	0.5%
Ethiopia	0%	1,410	0.4%
Mozambique	0%	1,214	0.3%
Senegal	0%	260	0.1%
Canada	0%	209	0.1%

Credit Risk Mitigation (CRM)

The Bank uses credit risk mitigation techniques to reduce credit risk exposures where appropriate. These techniques include the use of collateral available against Letters of Credit, Group and other counterparty deposits, risk participations and eligible credit insurance for calculation of capital requirements. All CRM is supported by legal documentation and a legal opinion where required, aligned with the Bank's credit risk policies.

The Bank monitors the extent to which credit risk mitigation reduces its overall credit exposure and considers residual risks and concentration.

Exposure type '$000	Unsecured carrying amount	CRM substitution outflows	CRM substitution inflows	CRM Cash collateral	Haircut on cash collateral	Property collateral	Secured carrying amount	RWA
Central Governments	52,350	(2,189)	0	0	0	0	50,161	24,516
Corporates	228,711	(8,404)	15,592	(60,329)	(20)	0	163,314	190,251
Multilateral Development Banks	69,603	(5,000)	0	0	0	0	64,603	21,989
Buy to let mortgages	21,986	0	0	0	0	31,954	21,986	10,771

Financial Risks of Climate Change and ESG

Climate-related financial risks arise through physical and transition risk channels and may manifest across credit, market, operational, and strategic risk categories. For FCMB UK, climate risk is treated as a cross-cutting risk driver rather than a standalone risk type.

The Bank integrates climate considerations into its risk identification and assessment processes, including credit analysis, portfolio review, operational resilience planning, and scenario analysis within the ICAAP and ILAAP. Governance responsibility for climate-related financial risks rests with senior management, with oversight by the BRCC. The Bank continues to develop its approach to climate risk management in line with evolving regulatory guidance and industry practices. `

The Bank is committed to playing its part in contributing to, facilitating and leading the management of climate change risk and environmental, social and governance matter across business lines and markets, particularly in African business. It is developing proportionate actions to respond to climate and ESG related risk considerations and integrating them into management processes and risk appetite. The Bank recognises that the process is continuing and has a long implementation trajectory.

In 2024, the Bank worked with The Disruption House, an ESG consultancy, to conduct a gap analysis and provide advice on advancing the ESG agenda. In 2025, the Bank continued to act on recommendations from the independent report by Disruption House, calculating total emissions across Scopes 1, 2, and 3. The findings of this report will help sharpen the Bank's ESG focus, including developing a climate change roadmap and supporting future actions. The Bank has an ESG Policy that outlines its sustainability approach, emphasizing a corporate culture where sustainability is central to all operations and values. Additionally, the Bank is developing a separate climate change framework and conducting further portfolio-specific analyses to meet current regulatory standards.

Market Risk

Market risk arises from fluctuations in capital values of traded assets, interest rates, exchange rates and/or market prices of commodities. The Bank follows the standardised method for calculation of Pillar 1 capital. Market risk is governed through the Treasury Policy and overseen by ALCO, with regular reporting to senior management and the BRCC.

The bank does not operate a trading book and has divested its Eurobond portfolio. It holds a portfolio of high-quality liquid assets (HQLA) primarily for liquidity management purposes. As a result, exposure to market risk is limited and arises mainly from interest rate and, to a lesser extent, foreign exchange movements associated with these holdings. The Bank hedges structural FX exposures where appropriate and restricts bond holdings to high quality, investment grade instruments.

The HQLA portfolio is marked to market on a periodic basis in line with its composition and maturity profile. Valuations are monitored regularly and reported to the Performance Management Meeting, with the impact on the Bank's financial position and capital reviewed as part of ongoing risk oversight.

Interest Rate Risk in the Banking Book (IRRBB)

IRRBB represents the sensitivity of the Bank's capital and earnings to changes in interest rates affecting non-trading book positions. IRRBB is managed as a distinct sub-risk due to its potential impact on net interest income and economic value.

As part of its obligations under the overall Pillar 2 rule, the Bank must carry out an evaluation of its exposure to the interest rate risk arising from its non-trading activities, including an evaluation of its exposure to risk arising from potential changes in interest rates that affect either or both of the following:

- *Economic Value of Equity measures* - An Economic Value of Equity ("EVE") approach evaluates the change in the net present value of all cash flows originating from banking book assets, liabilities, and off-balance sheet items resulting from a change in interest rates and assuming a run-off balance sheet.
- *Earnings-based measures* - An earnings-based approach evaluates the change in net interest income over a particular time horizon as a result of a movement in interest rates and based on certain balance sheet assumptions (e.g., run-off balance sheet, constant balance sheet, dynamic balance sheet).

The PRA expects that the Bank must regularly carry out an evaluation in respect of the following 6 interest rate shock scenarios to all material currencies.

- scenario 0: current interest rates.
- scenario 1: parallel shock up.
- scenario 2: parallel shock down.
- scenario 3: steepener shock (short rates down and long rates up).
- scenario 4: flattener shock (short rates up and long rates down).
- scenario 5: short rates shock up; and
- scenario 6: short rates shock down.

For the purposes above the Bank has to determine which currencies are material currencies using the following tests:

(1) each currency that has non-trading book assets in that currency more than 5% of total non-trading book assets shall be a material currency.

(2) where the sum of non-trading book assets in material currencies as identified under (1) does not exceed 90% of total non-trading book assets, a firm must select additional currencies to be deemed material currencies such that the sum of non-trading book assets in material currencies as identified under (1) and (2) is at least 90% of total non-trading book assets.

(3) each currency that has non-trading book liabilities in that currency more than 5% of total non-trading book liabilities shall be a material currency; and

(4) where the sum of non-trading book liabilities in material currencies as identified under (3) does not exceed 90% of total non-trading book liabilities, a firm must select additional currencies to be deemed material currencies such that the sum of non-trading book liabilities in material currencies as identified under (3) and (4) is at least 90% of total non-trading book liabilities.

The Bank must immediately notify the PRA if any evaluation under the rule indicates that, as a result of the application of the interest rate scenarios as above the EVE would decline by more than 15% of the sum of its common equity tier one capital and its additional tier one capital.

The Bank must carry out the evaluation as frequently as necessary for it to be reasonably satisfied that it has at all times a sufficient understanding of the degree to which it is exposed to the risks and the nature of that exposure. In any case it must carry out those evaluations no less frequently than once a year.

The Bank does not actively pursue interest rate positions in any of its business lines and the majority of its exposures have floating rates or maturities of less than 90 days. As the Bank attracts longer maturity retail deposits at fixed rates, it will accept increased interest rate risks, but this risk is not expected to be high.

The Bank automates the generation of interest Rate Risk MI on a daily basis and ensures the scope of monitoring is adequate and appropriate for all relevant parties. Deposit risk will also be partially offset by longer dated TF forfaiting transactions and retail Buy to Let assets.

The below table shows the impact of the six shocks from an EVE basis is as follows:

$'000	31/12/2025	31/12/2024
EVE		
Parallel Up	**295**	199
Parallel Down	**(656)**	(728)
Steepener	**(84)**	(178)
Flattener	**(153)**	157
Short Rates Up	**1**	241
Short Rates Down	**(352)**	(615)
Maximum	**(656)**	**(728)**

The maximum loss based on the above EVE scenarios is (656m). The bank also assesses its Interest Rate risk using an earnings-based methodology. Parallel up and down shocks are applied to the balance sheet and the results noted. A constant balance sheet is used for the basis of assessing the earnings based IRRBB with earnings changes calculated over a 12-month horizon. The below table shows the impact on earnings:

$'000	31/12/2025	31/12/2024
Earnings based IRRBB	-	-
Parallel Up	1,090	859
Parallel Down	(2,181)	(1,824)

A substantial part of the Bank's interests bearing liabilities and assets are at fixed interest rates. All fixed interest-bearing assets are short term discounted bills, refinanced letters of credit, Eurobonds and US and UK treasury bills. The overall potential impact of the mismatches on the earnings is being managed within the Banks tolerance limits. The repricing characteristics of the Bank's assets and liabilities are mismatched and subject the Bank to interest rate risk.

The Bank has limited interest rate risk exposure beyond 18 months. As a consequence, the Bank currently does not use interest rate derivatives to hedge its interest rate exposure but relies on minimising any material maturity mismatches between assets and liabilities. The Bank is considering using interest rate derivatives as the balance sheet grows in complexity and maturity.

Key drivers of interest rate risk.

The Bank has some key drivers of interest rate risk. These are as follows:

Maturity mismatches
The Bank sources term funding from Deposit Aggregators, Central Banks, Corporate and retail clients directly and financial institutions. The Bank currently accepts deposits in GBP and USD. These deposits are Fixed Term deposits with maturities that reflect the desire of depositors to place funds for certain periods of time. The Bank also sources funds from Financial Institutions.

The aggregate maturities of these deposits do not necessarily match those of the Bank's assets.

Currency mismatches
The Bank uses FX swaps and forwards to manage its currency mismatches. These Swaps may not bridge the maturity gap between assets and liabilities.

Interest rate fixing mismatches
The Bank generally funds its term liabilities on a fixed rate basis as dictated by the market. Its assets are a mix of fixed rate and floating rate loans. Another key part of the interest rate mismatch arises from the HQLA assets held in overnight or short-term funds.

Model issues.
The Bank uses standard models to assess its interest rate risk. These specify larger interest rate shifts for GBP than for USD or EUR.

Hedging Interest Rate Risk

The same models also only have 6 time buckets below 1 year. Given the large proportion of the Bank's assets & liabilities that reprice within this time this level of granularity in grouping balance sheet items together can impact the overall accuracy of IRRBB calculations, due to the timespan of each bucket and the shifts in average maturity when risk positions move between adjacent buckets on consecutive trading days.

The use of a constant balance sheet also adds further potential inconsistencies in assessing earnings based IRRBB. This is because the model assumes that all balance sheet items repricing or maturing within a year will automatically roll over until the 12-month point. This has not generally been borne out in practice.

Currency Risk

Currency risk is the risk of a mismatch in the balance sheet created by the operation of a multi-currency balance sheet by the Bank. Currency risk, also referred to as foreign-exchange risk or exchange-rate risk, is related to changes in currency values. The currency risk generally occurs because of the following three types of exposures:

- Transaction exposure arising due to transactions taking place in foreign currency e.g., time difference between entitled and physical receipt of foreign currency resulting in an unexpected gain or loss.

- Translation exposure arising from conversion from a local currency to a reporting currency which impact the financial performance differently due to foreign exchange movements.
- Economic exposure caused by the effect of unexpected and unavoidable currency fluctuations in future cash flows and market value. This is long term in nature.

The Bank's operating currency is US Dollars. It is exposed to foreign exchange risk due to a mismatch between its balance sheet positions, with a significant proportion of liabilities denominated in Sterling and assets primarily held in US Dollars, as well as some in Euros. The Bank's capital is also held in US Dollars, further contributing to currency exposure.

To manage this risk, the Bank uses FX forward contracts within the treasury book to hedge currency mismatches and align its asset and liability positions. FX forwards are also used to manage non-treasury exposures, arising from revenues being primarily in US Dollars while operating expenses are largely in Sterling.

Operational Risk

Operational risk is the risk of actual or potential (near miss events) loss resulting from inadequate or failed internal processes, people, and systems, or from external events.

The Bank manages operational risk through a comprehensive, RMF, supported by a dedicated Operational Risk Policy and the three lines of defence model. The first line of defence is responsible for identifying and managing operational risks within day-to-day activities, while the independent second line Risk team provides oversight, challenge, and support through the design and maintenance of the operational risk framework.

Core operational risk processes include the Risk and Control Self-Assessment, incident and near-miss reporting, risk assessment of change initiatives, and the use of management information to monitor key operational risk exposures. Mitigating controls include segregation of duties, documented policies and procedures, change management controls, operational resilience measures, and internal assurance activities.

Outsourcing and third-party risks are managed as part of the Bank's operational risk framework through due diligence, contractual protections, ongoing performance monitoring, and escalation arrangements aligned with regulatory expectations.

The adequacy of operational risk capital is assessed through the ICAAP, in which operational risk capital requirements are calculated using the Standardised Approach. Operational risk is also subject to qualitative assessment within the ICAAP to ensure that material risks, including those arising from business change, outsourcing, and operational resilience, are appropriately identified and managed.

Governance and oversight of operational risk are provided through management committees, including the OpCo, MRCC, ExCo and the BRCC (with escalations to the Board as necessary).

Information Technology (IT) Risk

IT risk refers to the risks associated with the Bank's IT systems. This includes cybersecurity risk, which is specifically the risk of losing the confidentiality, integrity, or availability of information, data, or control systems, potentially leading to adverse impacts on organizational operations. Beyond cybersecurity, IT risk also encompasses risks such as IT system failures, data loss due to non-malicious causes, service interruptions, and challenges arising from the implementation and operation of IT systems.

IT risk is governed through dedicated policies, security standards, and oversight arrangements. The Bank maintains controls covering system access, data protection, cyber resilience, and disaster recovery, with regular reporting to senior management committees the BRCC with escalations to the Board as necessary. IT and cyber risks are embedded within the Bank's broader RMF and operational resilience framework.

Cyber Security's core function is to protect the confidentiality, integrity, and availability of the Bank's information and data including securing all IT equipment, processes, data, and the communications infrastructure of the Bank (including any services that are accessed) from theft, loss of control, or damage by external / internal parties. A key component of this is preventing unauthorised access to the data and information stored on devices, remotely and in the cloud, whether in respect of the Bank's operations or personal / specific to customers. Cyber Security has become an increasing area of concern to all businesses, and particularly those operating in Financial Services, who have become targets for ransom demands through denial-of-service attacks and those targeting information and data.

The Bank undertakes periodic reviews of all of its IT security aspects and updates its IT platforms as soon as the Bank, its software / hardware providers or its advisers become aware of known vulnerabilities. Further, the Bank has in place a Cyber Security Policy Framework and a Cyber Security Strategy to be implemented over a sustained period and has developed significant traction to date in the way it is being implemented. The goals of this strategy include:

- Strengthen cyber capabilities to enable secure, stable, and efficient Banking operations, protecting our reputation and assets, with comfort obtained through strong governance and regular reviews and testing.
- Collaborate with key third party vendors and partners to promote resilience and reduce the likelihood and severity of cyber security breaches.
- Educate and promote leading cyber security standards across all Bank colleagues and the wider industry.
- The Bank wishes to remain operationally resilient always and stay ever alert to cybersecurity risk recognising that preventive measures minimise such risk.

The Bank's Cyber Security Strategy is built on feedback received from the PRA from its C-Quest and C-Best Thematic review documents, as well as expertise from both FCMB Group and external consultants. The Bank's approach is also subject to periodic review through the Third Line of Defence Internal Audit function.

In support of the Bank's Cyber Security posture, a series of Information Security policies, procedures and related colleagues' guidance have been enacted.

Financial Crime Risk

Financial crime risk arises from the potential for the Bank to be used to facilitate fraud, money laundering, terrorist financing, sanctions breaches, or other criminal activity. Given the Bank's customer base, cross-border activities, and geographic focus, financial crime risk is considered inherently elevated. The Bank acknowledges both the regulatory focus and importance in protecting the Bank and the UK financial system from financial crime.

The Bank manages financial crime risk through a comprehensive financial crime framework incorporating risk assessments, customer due diligence, transaction monitoring, staff training.

The Bank has in place policies and procedures for the prevention, detection and mitigation of all types of financial crime risks, including money laundering, bribery and corruption, terrorist financing, proliferation financing, trafficking, fraud and sanctions risk. These are reviewed annually and updated in line with regulatory changes or emerging risks.

The Bank conducts an annual business wide Financial Crime Risk Assessment (FCRA) which is shared with the Board. Areas of improvement are tracked internally and prioritised as are any findings or recommendations arising from internal audit to ensure the continuing effectiveness of financial crime processes and controls.

The Bank collates management information on financial crime risk which is presented to the MRCC and the BRCC. The MLRO also presents to MRCC and BRCC an annual MLRO Report annually.

New or enhanced products or services offered by the Bank are assessed to identify if additional controls or monitoring may be required to mitigate incremental risks, and the Bank maintains an AML country risk register to support its customer and business risk assessment processes.

Conduct and Compliance Risk

Conduct and Compliance Risk refers to the risk the Bank faces due to insufficient or inadequate compliance and conduct frameworks, policies, practices, and horizon scanning. This risk also arises from failures in promoting an ethical culture and maintaining the integrity of the markets in which the Bank operates.

The Bank manages conduct and compliance risk though clear policies, horizon scanning, maintenance of the compliance monitoring and testing, oversight of financial crime controls, data protection governance including Data Protection Impact Assessments (DPIAs) and International Data Transfer Agreements (IDTAs), Senior Manager Certification Regime governance, and thematic reviews.

The Banks approach aligns to the FCAs Consumer Duty, Conduct Rules, product governance, complaints handling, remuneration and incentive expectations (SYSC 19F), and vulnerability guidance. Conduct and compliance risk oversight extends across the full customer and product lifecycle including product design, target market definition, distribution, pricing and value, customer communications, servicing, vulnerability, complaints, offboarding, and third-party servicing arrangements.

The Bank promotes a culture of fair customer outcomes, market integrity, and adherence to applicable laws and regulations.

Regular oversight and challenge provided by the CPCC, MRCC, BRCC and BAC with escalations to the Board where necessary.

The Bank has also appointed a Board level whistleblowing champion and consumer duty champion.

6. Remuneration Policy

As required by the UK Remuneration Code guidelines, the Bank has a remuneration policy in place. It is classified as a proportionality level 3 firm and as such has adopted a proportional approach, dis-applying certain provisions where appropriate.

6.1. Remuneration and People Committee ("RemCo")

The RemCo has delegated authority for the oversight of remuneration, reward, succession planning, talent management and culture. The RemCo is responsible for ensuring that the Bank's approach to remuneration and reward remains in line with relevant regulation and good practice. RemCo also ensure that risk and reward behaviours align with the Bank's risk appetite.

The RemCo takes remuneration decisions for the Chief Executive and oversees fixed and variable pay decisions for all Material Risk Takers (MRTs) as recommended by the CEO The RemCo is ultimately responsible for the Remuneration Policy Statement. The HR function has been entrusted with the responsibility in developing and implementing the Bank's remuneration policies and practices in consultation with the ExCo. The RemCo takes input from the CFO, CRO and the Chairman of BRCC, to ensure there are no adjustments required to variable pay for prudential or risk event reasons.

The RemCo is comprised of three members (of which two are iNEDs). The Chair of RemCo is an iNED and is also a member of BAC and BRCC. The Chair is an approved SMF12. The RemCo meets on average five times a year. The RemCo has not appointed remuneration consultants for advice.

6.2. Variable Remuneration

The Bank has in place a discretionary variable pay policy for the benefit of its employees, which classify as 'variable remuneration' as defined in the Code. Based on adequate profitability being achieved for the period, the RemCo considers and approves the variable pay pool.

The overall quantum and allocation of variable pay are based on a combination of:

- The Bank's profitability against the business plan for the period;
- An appropriate distribution of profits between retaining capital for growth, distribution to shareholders and employees, taking into consideration the needs of the Bank as determined by senior management, the RemCo and the Board;
- An individual's performance and contribution to the Bank, as well as an individual's behaviours (derived from their performance rating).

The Bank has clawback and malus arrangements in place for any variable pay.

The Bank is required to submit an annual High Earners Return to the PRA to advise them of colleagues whose remuneration is over €1m. The Bank does not have any colleagues who qualify as High Earners under the definition of "High Earners" and therefore a nil return was submitted for 2025.

7. Regulatory Change and Digital Initiatives

Regulatory Developments

The Bank continues to monitor and assess changes to the UK regulatory framework and supervisory expectations that may be relevant to its activities. During the reporting period, a number of regulatory developments were considered as part of the Bank's horizon scanning and regulatory change processes, including developments affecting prudential risk management, governance, capital and liquidity frameworks, and disclosures.

Based on assessments performed during the reporting period, the regulatory changes identified did not give rise to a material impact on the Bank's capital adequacy position, risk profile, or Pillar 1 or Pillar 2 capital requirements. Where enhancements to frameworks or disclosures are required, these are being implemented in line with regulatory timelines and in a manner proportionate to the scale and complexity of the Bank's business model.

Digital Initiatives

The Bank reassessed its investment strategy and revisited the credit strategy of the Bank with a fresh outlook and the Board-approved a new strategic plan focused on digital transformation, and repositioning the Bank to further aid and facilitate the banking needs of its clients.

Trade Finance System

In July 2025, the Board provided approval for the procurement of a Trade Finance System to support the operations of Trade Finance and create efficiencies to support a scalable model to support continued growth and opportunity for the Bank's Trade Finance offering. The new Trade Finance System is expected to be fully operational by Q3 2026. Following successful launch of the new Trade Finance system the Bank expects to see efficiencies and new growth opportunities towards the end of 2026.

Rova 2.0

In September 2025, the Bank successfully launched version 2 of the Rova App into beta testing. The launch brings the Bank closer to the delivery of a robust and scalable platform, from which the Bank can springboard growth in retail customers. It is expected that the Rova App will be launched in 2026, to wider Retail customers with a specific focus on African global citizens and diaspora.

Core Banking System

In November 2025, the Board provided approval for management to proceed with a modernisation of its Core Banking System. The approval supports the Bank's strategy and it is expected to be implemented in 2026 and 2027 and should help with more efficient processing leading to efficiencies within the business and a reduction in risk.

Future Developments

The Bank is positioning itself for continued growth and remains focused on deepening its service to sub-Saharan Africa, while executing its strategy prudently against a backdrop of sub-optimal financial performance.

ExCo and the Board shall be revisiting the objectives, key results and key performance indicators for 2026 to support the Bank in moving to a position of stable profitability and to exploit opportunities for capital light initiatives.

Digital transformation and automation will remain a priority for the Bank and management. The ongoing work in these areas will provide the Bank with a foundation and stable agile platforms to support the Bank. This will in turn support the Bank with the following priorities: (i) Delivery of sustainable profitability and growth; (ii) supporting the long-term success of the Bank; (iii) build the foundations to support a digitally enabled transaction Bank; and (iv) develop and invest in an engaged, empowered and high performing workforce to support the Bank and promote the long-term success of the Bank.