

PILLAR 3
DISCLOSURES

year ended 31 December 2025



BACB

A UK BANK DELIVERING
TRADE FINANCE
& INVESTMENT EXPERTISE

*to enable clients,
countries & communities
to prosper*

OUR VISION

*Be the preferred
international banking
partner across Africa
and core markets.*

OUR STRATEGY

*Drive sustainable growth and
stay relevant to our clients and
markets by leveraging our
people, knowledge and
relationships.*

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1 OVERVIEW

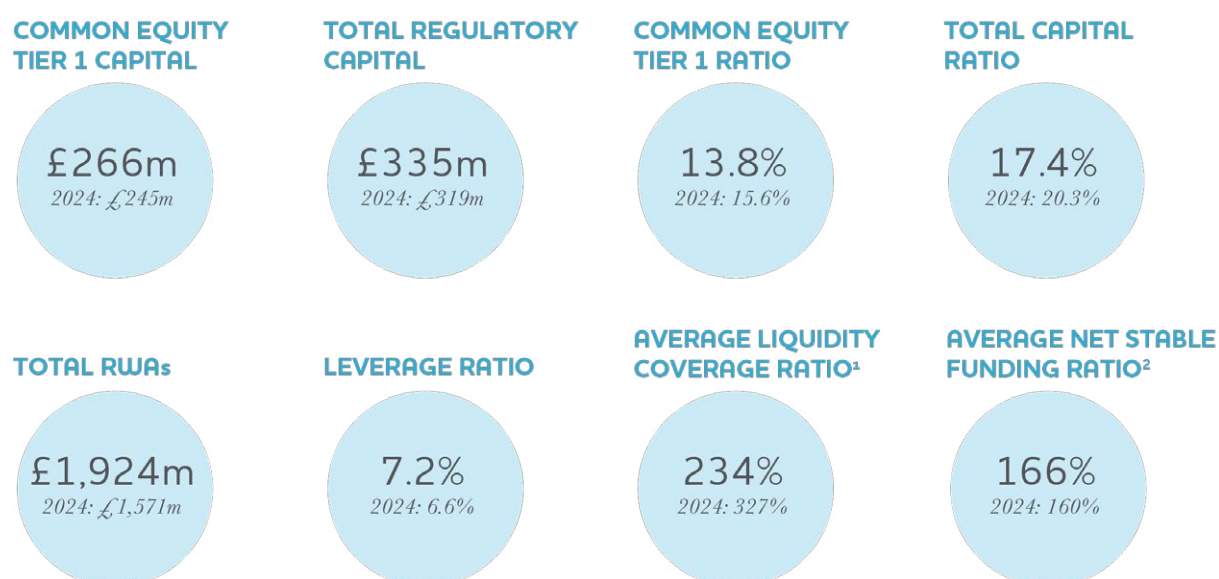
1.1 INTRODUCTION

This document comprises British Arab Commercial Bank plc's ("BACB" or "the Bank") Pillar 3 disclosures as at 31 December 2025. It has two principal purposes:

- To provide additional information on the capital and risk profile of BACB.
- To meet the disclosure requirements set out by Prudential Regulation Authority ("PRA") under the Disclosure Capital Requirements Regulation ("CRR") part of the PRA Rulebook.

These disclosures complement information in the *Annual Report and Financial Statements for the year ended 31 December 2025*, published on the Bank's corporate website (<https://www.bacb.co.uk/>).

Key Regulatory Metrics



¹ Liquidity Coverage Ratio is the average of the preceding 12 months.
² Net Stable Funding Ratio is the average of the preceding four quarters.

1.2 BACKGROUND

The Basel framework comprises three pillars of which Pillar 3 is designed to promote market discipline and requires the disclosure of key information about risk exposures and risk management processes.

PILLAR 1	Sets out the minimum capital requirements firms are required to meet for credit, market and operational risk.
PILLAR 2	The supervisory review process which requires firms and supervisors to consider whether a firm should hold additional capital against risks considered under Pillar 1 that are not fully captured under the Pillar 1 process (e.g. credit concentration risk); factors not covered under the Pillar 1 process (e.g. business and strategic risk); and matters external to the firm (e.g. business cycle effects).
PILLAR 3	Aims to promote market discipline by developing a set of disclosure requirements which will provide market participants with key information on a firm's capital, risk exposures, risk assessment processes and the capital adequacy of the firm.

The Disclosure (CRR) Part of the PRA Rulebook specifies disclosure requirements. Under these requirements, the Bank meets the definition of a non-listed "Other Institution" and complies with the requirements in accordance with **Article 433c of the Rulebook**. As at 31 December 2025, BACB applied the Standardised Approach to credit risk, the Basic Indicator Approach ("BIA") to operational risk and Standardised Approach for Counterparty Credit Risk (SA-CCR) rules³. Additionally, there were no specific methodologies granted by PRA.

1.3 DISCLOSURE POLICY: BASIS AND FREQUENCY OF DISCLOSURES

This document represents the Pillar 3 disclosures of BACB for the year ended December 2025 in accordance with the requirements of Pillar 3 as set out in the regulations outlined above. The aim of the disclosures document is to provide information based on Basel III capital requirements and the management of risks faced by the Bank. Unless otherwise stated, all figures are as at 31 December 2025, the Bank's financial year-end. These disclosures, which are based on the Bank's regulatory returns having applied the relevant regulatory rules, may differ from similar information in the Annual Report and Financial Statements which are prepared in accordance with UK-adopted international accounting standards and the requirements of Companies Act 2006. The following sets out the Bank's **Disclosure Policy** as applied to the Basel III Pillar 3 Disclosures including the information to be disclosed, frequency, media, location, and verification.

BACB Disclosure Policy for Basel III Pillar 3 Disclosures

- a) **Information to be disclosed:** The Bank's policy is to meet all required Pillar 3 disclosure requirements as detailed in the PRA Rulebook. Also, tables provided in the disclosures below are based on the PRA's disclosures templates and instructions.
- b) **Frequency:** The Bank's policy in line with Article 433c of the Disclosure (CRR) Part of the PRA Rulebook, is to publish the disclosures on an annual basis within a reasonable period of publication of the Annual Report and Financial Statements, which should be read jointly with this document. The frequency of disclosure will be reviewed should there be a material change in approach used for the calculation of capital, business structure or regulatory requirements.
- c) **Verification⁴:** These disclosures have been subject to internal review and validation prior to being submitted to the Board of Directors ("Board") for approval. The following levels of review took place prior to the granting of Board approval:
 - a) At the Executive level by the Asset and Liability Committee ("ALCO") and by the Executive Committee ("ExCo").
 - b) At Board level by the Board Audit Committee ("BAC").
- d) **Basis of Preparation:** This document has been prepared to meet the Pillar 3 disclosure requirements set out as per Article 433c of Disclosure (CRR) part of the PRA Rulebook. The Bank does not seek any exemption from disclosure based on materiality, but the Bank has elected to avail itself of the exemption in respect of the remuneration code disclosures as detailed in Section 5.
- e) **Medium and location of publication:** The Bank's Pillar 3 disclosures are published on the Bank's corporate website <http://www.bacb.co.uk>

³ As at December 2024 the Bank applied the Original Exposure Method (OEM) rules for counterparty credit risk.

⁴ The disclosures are not subject to external audit except where they are equivalent to those prepared for inclusion in the Bank's Annual Report and Financial Statements.

1.4 SCOPE OF APPLICATION

BACB is a UK registered Bank that is authorised by the PRA and regulated by the Financial Conduct Authority (“FCA”) and the PRA. The Bank’s legal entity identifier (“LEI”) is 213800EF3SHQLBJPGB20. BACB trades as a single entity; it has no subsidiaries or associates. As at 31 December 2025 BACB operated three representative offices, in Abidjan, Algiers, and Tripoli, to conduct marketing and client relationship activity. All decision-making takes place in London, and all transactions are booked in the London entity. The Bank is a single entity, and no prudential consolidation is performed.

1.5 KEY METRICS

UK KM1 - Key metrics template

		31/12/2025	31/12/2024
		£000s	£000s
	Available own funds (amounts) ¹		
1	Common Equity Tier 1 (CET1) capital	266,352	245,034
2	Tier 1 capital	266,352	245,034
3	Total capital	334,756	318,553
	Risk-weighted exposure amounts ¹		
4	Total risk-weighted exposure amount ³	1,924,184	1,571,106
	Capital ratios (as a percentage of risk-weighted exposure amount) ¹		
5	CET1 ratio (%)	13.8%	15.6%
6	Tier 1 ratio (%)	13.8%	15.6%
7	Total capital ratio (%)	17.4%	20.3%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)		
UK 7a	Additional CET1 SREP requirements (%)	1.7%	2.6%
UK 7b	Additional AT1 SREP requirements (%)	0.6%	0.9%
UK 7c	Additional T2 SREP requirements (%)	0.8%	1.1%
UK 7d	Total SREP own funds requirements (%)	11.0%	12.6%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	2.5%	2.5%
9	Institution specific countercyclical capital buffer (%)	0.4%	0.5%
11	Combined buffer requirement (%)	2.9%	3.0%
UK 11a	Overall capital requirements (%)	14.0%	15.6%
12	CET1 available after meeting the total SREP own funds requirements (%)	7.6%	8.5%
	Leverage ratio		
13	Leverage ratio total exposure measure	3,721,160	3,704,792
14	Leverage ratio	7.2%	6.6%
	Liquidity Coverage Ratio ²		
15	Total high-quality liquid assets (HQLA) (weighted value-average)	1,317,356	1,444,002
UK 16a	Cash outflows - Total weighted value	1,218,359	1,011,061
UK 16b	Cash inflows - Total weighted value	642,449	532,017
16	Total net cash outflows (adjusted value)	575,910	479,044
17	Liquidity coverage ratio (%)	234%	327%
	Net Stable Funding Ratio ²		
18	Total available stable funding	1,128,295	1,037,035
19	Total required stable funding	680,515	649,132
20	NSFR (%)	166%	160%

Notes:

- The Bank has adopted the regulatory transitional arrangements for IFRS 9 as set out in Article 473a of the UK CRR. Capital and ratios presented above are under these arrangements.
- LCR and NSFR ratios presented in this table are based on average value. The LCR is the average value of the preceding 12 months and the NSFR is the average value of 4 preceding quarters.
- As of 31 December 2025, as part of the implementation of Moody’s Banking Cloud for BACB’s regulatory reporting, the Bank transitioned from using the Original Exposure Method (OEM) to the Standardised Approach for Counterparty Credit Risk (SA-CCR). The change in approach reduced RWAs by c. GBP 3m.

2 GOVERNANCE

2.1 CORPORATE GOVERNANCE

BACB's governance framework is grounded in its core values and is designed to be proportionate and scalable, supporting the Bank's safe and sustainable growth strategy. The framework reflects the nature, scale and complexity of our operations and the specialised markets in which we operate.

The Board has overall responsibility for the leadership and long-term success of the Bank. It provides strategic direction, oversees corporate performance and ensures that effective governance, risk management and internal control systems are in place. Through the delegation of defined responsibilities to its committees, the Board maintains focused oversight of strategic, policy and risk-related matters, enabling informed and timely decision-making aligned with statutory and regulatory expectations.

The Board's committees provide structured oversight, constructive challenge and guidance to ExCo and Senior Management across a range of areas, including risk, conduct, people management and financial soundness. As a UK-regulated bank operating in frontier and emerging markets, it is essential that the governance framework supports robust decision-making, promotes stakeholder confidence and delivers sustainable long-term value.

2.2 SHAREHOLDERS

The principal shareholder of the Bank is the Libyan Foreign Bank ("LFB"), which is wholly owned by the Central Bank of Libya ("CBL"). The Bank's shareholders as at 31 December 2025 are listed below:

Shareholding Company	% Ownership
Libyan Foreign Bank	85.95%
Banque Exteriéure d'Algérie	7.025%
Banque Centrale Populaire	7.025%

2.3 BOARD OF DIRECTORS

The Board is composed of a majority of Independent Non-Executive Directors ("INEDs"), including the Chairman. The Bank's major shareholder has nominated two Non-Executive Directors ("NEDs") who provide the Board with valuable insights into our core and international markets in addition to the breadth of their skills, knowledge and experience.

As at 31 December 2025, there were seven members of the Board, comprised of two NEDs, one Executive Director ("ED") and four INEDs which are outlined in Section 2.4 below.

To deliver the Bank's safe and sustainable growth strategy and safeguard its soundness, the Board provide robust and fair challenge to ExCo. This includes the delivery of the strategy, the maintenance and oversight of sound risk management and internal controls and ensuring appropriate policies and procedures are implemented according to relevant statutory and regulatory requirements.

The CEO, together with ExCo provide the Board with timely reports on the principal areas of risk for the Bank, including the associated controls framework and risk appetite measures, and their effectiveness at risk mitigation. The Board and its committees are provided with independent assurance through both the Internal and External Audit functions, with the former being outsourced. The Internal Audit function provides regular

reports on the operation and effectiveness of the Bank to the BAC and Board and where relevant to the Board Risk Committee (the "BRC").

The Board met formally on seven occasions during 2025.

2.4 BOARD OVERVIEW (AS AT 31 DECEMBER 2025)

An overview of the Board and external directorships held by members is outlined as follows:

- Dr Yousef Al Awadi KBE (INED) 1
- Paul Jennings (Chief Executive Officer ("CEO") and (ED)
- Mohammad Ali Addarrat (NED), 2
- Nigel Boothroyd (INED) 2
- Sundeep Bhandari (INED), 4
- Paul Howard (INED)
- Dr Ahmed Mihoob (NED) 2

External directorships held are denoted by the relevant number next to each Board Members's name above, if there is no number, they do not hold any appointments. Ezzedden Amer joined the Board in January 2026, having been nominated by the Bank's majority shareholder. He replaced Faesal Othman, who resigned during the year.

2.5 BOARD RECRUITMENT AND EVALUATION

Recruitment onto the Board combines an assessment of appropriate capability and competence. In 2025, led by the Chairman, the Board engaged in an external facilitator-led review to assess the effectiveness of the Board, its committees, and individual directors. This process was supported internally by the governance function led by the Company Secretary. The evaluation focused on the Board's overall performance, the balance of skills and experience, and the effectiveness of its governance structure in line with regulatory requirements. The review concluded that the Board was operating effectively.

During the year, the Board participated in various internal and external training activities. These covered a breadth of topics relevant to the Board's statutory and regulatory responsibilities as well as the Bank's markets. Following the completion of the Board Effectiveness Review and the assessment of the Board Skills Matrix, the Board's training programme and the Bank's induction processes will continue to be enhanced and matured. Furthermore, through periodic review of the effectiveness of the Board and its committees, this ensures the Board remains an optimal and harmonious team discharging its statutory and regulatory obligations.

A skills-based process is operated taking into account other factors such as background, gender and ethnicity to ensure a fair and transparent process for selecting new directors. Furthermore, in line with the Shareholder Agreement, the majority shareholder periodically nominates up to three non-executive director appointments. These appointments provide the Board with additional strategic and commercial skills and experiences relevant to BACB's markets and products.

2.6 BOARD DIVERSITY

The Bank benefits from the skills and experience of its Board members. Shareholder representatives bring experience of BACB markets. Board diversity in terms of experience and background ensure the optimal composition of the Board and its sub-committees.

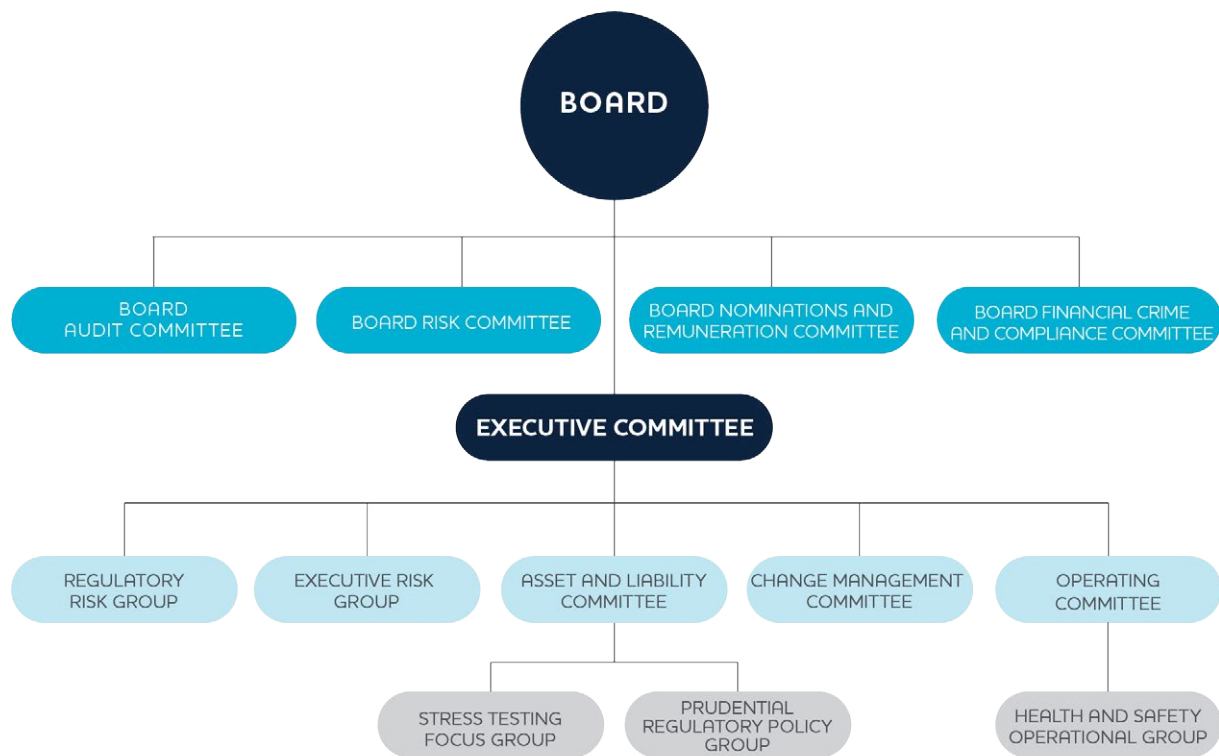
The Nominations and Remuneration Committee is responsible for assessing Board composition on behalf of the Board and reviews and recommends the appointment of new directors.

2.7 BOARD SUB-COMMITTEES

BACB operates an agile framework that allows for fast decision making, effective oversight and clear accountability across the Bank. This framework reflects the Bank’s operational complexity, while supporting the Board and ExCo to deliver long term shareholder value and ethical decision making for all our stakeholders.

The Board operates four principal committees to which it has delegated certain responsibilities. These are reviewed annually to ensure they remain effective and appropriate. All committees are constituted and structured with the appropriate membership (including the right balance of skills, knowledge, and experience), attendance (from ExCo and Senior Management) and supporting governance administration and operation (e.g. Terms of Reference, forward plans, and agendas). All Board Committees meet at least quarterly and more often as required by the financial reporting and regulatory calendars. As and when required, all Board Committees can engage external professional advice or resources in the performance and execution of their duties.

The Bank’s overall Board and Committee structure as at 31 December 2025 is as follows:



KEY

- GOVERNING BODY
- BOARD COMMITTEE
- EXECUTIVE COMMITTEES
- EXECUTIVE WORKING GROUP

Further information on the Bank’s Governance framework and the composition, role, and responsibilities of the Board’s principal committees is set out in the *Annual Report and Financial Statements 2025*.

3 RISK MANAGEMENT OBJECTIVES AND POLICIES

3.1 GOVERNANCE PRINCIPLES

The Board is accountable for the effectiveness of risk management at the Bank with the Chief Risk Officer (“CRO”) responsible for the delivery of the effective control environment in line with SMF4 statement of responsibilities aligned to the Bank’s three lines of defence model.

Subsequent to the reporting date, the CRO has left the Bank, an Acting CRO is in place. This change does not affect the risk management framework as described as at 31 December 2025.

3.2 RISK MANAGEMENT OBJECTIVES

The Bank’s overarching risk management objectives are to ensure that:

- There is a clearly articulated risk appetite which is calibrated to the resources of the Bank and its Board approved business plan.
- There is a risk culture, which is embedded in daily operational activity.
- Risks are identified and accepted within risk appetite or approved as exceptions through the appropriate governance forum where not.
- Risks are monitored to ensure they remain within, or come back within, risk appetite in agreed timescales and action is taken promptly and effectively if that is not the case; and
- There is timely, complete, accurate and relevant risk reporting within the Bank and to the Board, evidencing risk informed decision making.

3.3 RISK MANAGEMENT GOVERNANCE PRINCIPLES

The Risk Management Framework (“RMF”) is the Bank’s overarching document which sets out the structures and principles for managing risk. All other Risk Frameworks, policies, standards, and methodologies align to the RMF. Everyone in the Bank is expected to be familiar with the RMF and their role in managing risk at the Bank. The RMF covers:

- How the Bank creates an effective environment for managing risk.
- The context in which the Bank views risk.
- The approach the Bank takes to managing risk.
- How Enterprise Risk Management and risk informed decision making supports the Bank to achieve its strategic objectives.

The system of governance provides assurance to the Board, regulators, and stakeholders that risks are being identified, appropriately managed, and a risk informed decision-making structure is in place, underpinned by appropriate culture and reporting.

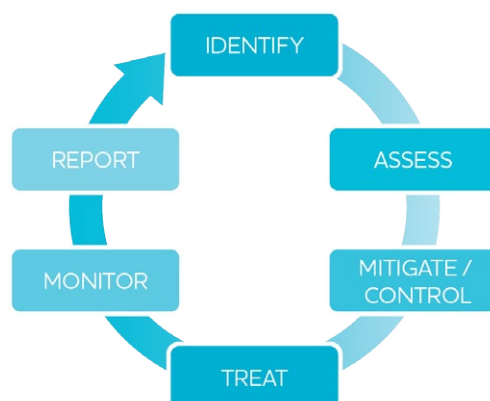
3.4 APPROACH TO RISK MANAGEMENT

BACB takes a holistic approach to risk management and undertakes continual enhancement of its risk management processes to ensure the range of risks the Bank is exposed to are well articulated and evidenced, within the developing environments to support risk informed decision making and areas of Executive and Board focus.

BACB operates a Three Lines of Defence model as summarised below:

- First Line of Defence (“1LoD”) are the risk and control owners responsible for identifying, mitigating, managing and monitoring risks. They identify and establish controls in line with the Bank’s Risk Appetite and within the Operational RMF.
- Second Line of Defence (“2LoD”) provides independent challenge and review of risks, validates and assesses the effectiveness of controls, and provide a holistic view of risks across the Bank.
- Third line of Defence (“3LoD”) assures processes are adequate and complied with, as well as assessing the effectiveness of risk management across the organisation.

The processes for managing risks are aligned to industry standards as demonstrated below.



Risk Culture

BACB recognises that having a positive and strong risk culture is imperative to the effectiveness of the Bank’s control environment. The Board actively promotes this positive and strong risk culture. The ownership of individual risk types across the three lines of defence is a key mechanism for building responsibility and accountability for risk management. In addition, to this as part of the regular employee engagement surveys conducted by our Chief People and Culture Officer, the Bank now includes questions on the risk culture in the Bank. This provides another mechanism to understand our risk culture in addition to the reporting, governance, and engagement activities undertaken as part of our business-as-usual risk management.

Stress Testing

Stress testing is a key risk management tool for the Bank, and in 2025 the Bank continued to develop its approaches and capabilities in this area and will continue to do so going into 2026. Key control policies to support approaches include a Stress Testing and Scenario Analysis Framework and a Model Risk Management Framework. Specific approaches are documented in annual assessments including the Internal Capital Adequacy Assessment Process (“ICAAP”), Internal Liquidity Adequacy Assessment Process (“ILAAP”), Reverse Stress Testing (“RVST”) and the Recovery and Resolution Plans (“RRP”). These assessments consider a range of severe but plausible scenarios and identify credible management actions, including recovery options. The Bank also delivered its first Solvent Exit Planning analysis in 2025. Ongoing operational resilience stress testing is also undertaken to ensure that the Bank maintains its ability to deliver its important Business Services (“IBS”).

The Board approves ICAAP, ILAAP, RRP and Operational Resilience governed via regular check and challenge sessions, drawing on the skills and experience across the Bank and on external advice, as necessary. The Stress Testing Focus Group (“STFG”) is a key mechanism for managing this work.

Risk Taxonomy and Risk Appetite

The RMF is supported by the Risk Taxonomy which categorises risks and the Risk Appetite Statement (“RAS”) which sets out the level of risk the Bank is willing to take. Taken together these articulate the roles and responsibilities across the three lines of defence, with ownership of individual risk types across the lines of defence aligned to responsibilities under the Senior Managers and Certification Regime.

The RMF and the accompanying Risk Taxonomy and RAS are owned by the CRO and approved by the Board. The Bank has articulated an overarching RAS which provides a framework for setting appetite levels across other risk types. The Bank's risk appetite position is:

"We are an international banking partner, providing higher risk financial services. Many of our customers work in frontier and emerging markets with developing regulatory and legal frameworks. We need to manage rapidly changing and emerging risks covering markets, regulation, technology, the environment, and social drivers. We manage these risks carefully and balance the needs of our customers and stakeholders with ambitions for growth.

We acknowledge our sources of funding, the markets in which we operate, and our ownership structure as being higher risk. As a result of this we seek to have an effective control system and robust approach to regulatory compliance and incident management by way of balance".

The Risk Taxonomy is common language which covers the range of risks BACB may face. Risk taxonomy is a multi-level labelling system that becomes increasingly more granular in nature. The Primary Risks are aligned to the Bank's strategy and business plan, and they are sufficiently broad to enable mapping of business function detailed risks which will continue to evolve over time. Each level of the taxonomy is designed to be more adaptive to business requirements and support the early identification and management of trends.

Risk Appetite is the amount and type of risk that BACB is willing to take in order to meet its strategic objectives. The risk appetite set for the Bank provides the framing for individual appetite statements for each of the primary and secondary risks in the taxonomy. These statements include a qualitative description of the risk appetite for that risk to set direction as well as several key measures for secondary risks which are used to track risk appetite.

Measures have been identified which can be used to track where the Bank is against the risk appetite for individual risk types. Thresholds have then been set which fit with the direction set in the qualitative statements and how the scoring for risk appetite for that risk type.

Thresholds have been set for appetite, tolerance, and breaches of the risk appetite. Where applicable the same measures have been used across the risk appetite and the Bank's recovery plan and early warning indicators. The thresholds for activation of the recovery plan are much higher than for management action to respond to a risk moving out of appetite or tolerance but aligning the risk appetite to the recovery plan allows the Bank to track regularly and transparently these critical measures.

3.5 RISK DECLARATION - ADEQUACY OF THE RISK MANAGEMENT ARRANGEMENTS

The Board is ultimately responsible for the Bank's risk management framework. The risk management framework is the totality of systems, structures, policies, processes, and people within the Bank that identify, assess, mitigate and monitor all internal and external sources of risk that could have a material impact on the Bank's operations.

A key component of this is the RAS which has been developed by the Executive Management of the Bank and approved by the Board. It articulates on a top-down basis, the risk appetite for each of the Primary Risk Types that the Bank faces, as defined in the Bank's Risk Taxonomy.

This reflects the amount of risk that the Bank is willing to accept in pursuit of its strategic objectives and management philosophy of ExCo. It drives our risk culture, risk behaviours and risk decisions and informs the organisation, resources, processes, and systems, including limits and triggers and Key Risk Indicator ("KRI") reporting deployed to monitor and manage our risk profile and risk tendency.

Based on the Bank's monitoring of impairments, recoveries, incidents and other key risk indicators throughout 2025, and supported by establishing a risk management framework, governance and control environment, the Bank considers its risk management arrangements to be adequate and effective.

3.6 APPROACH TO KEY FINANCIAL RISKS

Financial Risk is the risk that the Bank loses or fails to manage its finances appropriately, or market conditions affect the Bank's finances.

To manage this risk in order to stay within appetite we manage our financial risks across several factors but recognise that we provide higher risk products and operate in higher risk markets, balancing this with the level of direct financial risk we are prepared to take.

The Bank maintains and continues to enhance strong controls in this area with frameworks and policies in place to manage the full range of secondary risks with particular focus and expertise on credit, country and market risks. As part of these controls the Bank works to approved product programmes with scope and scale limits including for individual countries and counterparties to manage concentrations and remain within the risk appetite of the Bank. Several indicators are tracked by the Bank to remain within risk appetite including exposures to corporates, exposures to countries and certain currencies, large exposures, leverage ratio, capital headroom, weekly and cumulative trading losses, external ratings, key commodity prices, expected credit loss and impairments.

Key components of financial risk for the Bank are Credit, Country Risk and Market Risk. These risks are owned by the CBO in line with the SMF Framework with second line of defence oversight through the CRO and the risk management team.

Credit Risk is the possibility of a loss resulting from a borrower's failure to repay a loan or meet contractual obligations in a timely manner. This includes long term risks associated with Environmental or Climate Change factors.

The Bank's principal sources of credit risk are:

- Exposures to banks, multilateral institutions and sovereigns in respect of foreign exchange and money market activities and the management of the Bank's liquidity portfolios.
- On and off-balance sheet exposures to bank and corporate counterparties in respect of obligations under trade finance transactions including letters of credit, guarantees and bonds; and
- Loans and overdrafts to corporates, partnerships and private individuals arising from the Bank's residential and commercial, real estate lending.

Country Risk is the risk that the counterparties may not be able to meet their obligations to the Bank for a variety of non-obligor specific reasons, including political or economic changes in their Country of Risk or other actions by their government that may prevent the conversion of local currency into foreign currency and/or the transfer of funds outside that country.

The Bank's risk management of credit and country risk is aligned and largely managed jointly. The Bank's appetite for credit and country risks is set in response to its business plans and overall risk appetite.

The CRO and their direct reports are responsible for:

- Development and oversight of the credit and country risk management frameworks.
- Developing credit and country risk policies, tools and frameworks across the business, including credit grading systems.
- Managing effective credit and country risk assessment strategies and independent challenge of requests from the first line for new, increased or extended limits.
- Oversight of credit and country risk activities undertaken by the first line.
- Credit reporting and performance monitoring, including stress testing and portfolio modelling; and
- Monitoring and managing the Bank's impaired exposures and making recommendations jointly with the CFO on required levels of individual and collective impairment provisions and write-offs.

The Bank's strategic focus means that a significant portion of its credit and country risks are towards the higher risk end of its grading systems. In order to mitigate its credit and country risks the Bank employs a number of risk mitigants actions:

- A framework of concentration limits and guidelines which diversify the risk of excessive exposure to individual countries, regions or sectors and to individual counterparties within those concentrations.
- Limits are established for individual countries and counterparties based on their grading.
- These limits govern quantum, nature and tenor of exposure. Typically, the Bank will not enter into transactions in excess of one year other than in its Real Estate activity or for strategic customers or counterparties of appropriate credit quality.
- The Bank takes cash collateral for a significant portion of its exposures and employs other risk mitigants where appropriate. Other mitigants include distribution via sale of back-to-back commitments to financial institutions including banks or insurance companies of acceptable quality, or security.

Market Risk is the risk of a decline in the Bank's capital or GBP profitability due to a change in market prices principally interest rate risk and exchange rate risk.

The Bank's appetite for market risk is set in response to its business plans and overall risk appetite.

The CRO and their direct report, the Market Risk Director, are responsible for:

- Development and oversight of the market risk management framework.
- Developing the market risk policy, tools and framework across the business.
- Managing effective market risk assessment strategies and independent challenge of requests from the first line for new, increased or extended limits.
- Oversight of market risk activities undertaken by the first line, including daily monitoring, and reporting of compliance with limits designed to ensure adherence with the Bank's risk appetite in respect of market and liquidity risks; and
- Market risk reporting and performance monitoring.

The Bank's Treasury function has day-to-day responsibility for managing its market and liquidity exposures. The Bank does not budget for more than 10% of its revenue to be earned from principal position trading exposures to bonds, interest rates or foreign exchange, and profits should be driven where feasible by customer flows. Derivative contracts may be used to modify market risk exposures. In the banking book, derivative contracts are used to hedge market risk exposure arising from banking book positions. The Bank does not deal in complex derivative transactions.

Liquidity and Funding Risk

This is the risk that the Bank is unable to meet payment obligations in a timely manner when they become due or that the Bank does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.

To manage this risk and to stay within appetite we seek to minimise liquidity and funding risk by maintaining surplus liquidity, investing in highly rated, low risk bonds, and building a diversity of funding sources.

This risk is owned by the Chief Financial Officer ("CFO") in line with the SMF framework with second line of defence oversight through the CRO and risk management team.

The Bank's liquidity risk management framework is assessed annually through the ILAAP carried out under the rules of the Bank's regulator. The Bank manages its exposure to liquidity risk by ensuring that it holds a buffer of High-Quality Liquid Assets⁵ ("HQLA") that will enable it to meet its obligations as they fall due under

⁵ High Quality Liquid Assets as defined by the Prudential Liquidity Framework as published by the PRA.

both normal and a range of stressed conditions. BACB's HQLA covers both Pillar 1 and Pillar 2 liquidity risks. In addition, the Bank monitors the ratio of its longer dated assets to capital and longer-term funding to mitigate the funding risk deriving from maturity transformation.

The Bank monitors a range of liquidity and funding indicators including net cash flows over 30, 91 and 180 days plus HQLA, the LCR including significant currency LCRs, the NSFR, and internal metrics to manage and mitigate funding concentration risks. The Bank's risk appetite is to be able to survive a 91-day stress period. The Board is of the opinion that it has taken appropriate steps to provide reasonable assurance that the liquidity and funding risk of the Bank is and will continue to be managed in a prudent manner.

Governance of this risk is conducted through ALCO chaired by the CFO and reporting through to ExCo. This is in turn supported by the STFG which brings together leadership and subject matter expertise from across the first and second lines of defence to plan and challenge scenarios to maintain a robust stress testing framework.

Exchange rate risk

The Bank manages its exposures to traded exchange rate risk by way of limits on the size of permitted positions. Overnight trading positions are protected by stop-loss orders placed with reputable counterparties. The size of the position limits is consistent with the amount of profit that the Bank is prepared to place at risk in the foreign exchange markets. The Bank also accepts a degree of structural exchange rate risk in its balance sheet as the majority of its risk weighted assets are denominated in US Dollars or Euros whilst its share capital is denominated in Sterling, which is its reporting currency. With the exception of revenues deriving from its real estate activity, the Bank earns the majority of its revenues in currencies other than Sterling but incurs the majority of its operating costs in Sterling.

At a portfolio level these risks are governed through the Executive Risk Group ("ERG") chaired by the CRO and reporting through to ExCo and the BRC. Market Risks are also considered at the ALCO. Credit decisions are made in line with the Bank's credit risk rating which is informed by external Standard and Poor's ratings and the quantum of credit requested. The Bank has a tiered lending policy which works across six levels based on the type, quantum, and rating of lending with higher risk items being considered at the Executive Credit Approvals Committee ("ECAC") chaired by the CRO.

3.7 APPROACH TO KEY NON-FINANCIAL RISKS

Operational Risk and Resilience

Operational Risk is the risk that the Bank does not have adequate provisions in place to effectively manage and govern the consequences of undertaken daily business activities because of people, processes, systems, or external events.

Operational Resilience is the risk that the Bank is unable to prevent, respond to, recover from, and learn from operational disruptions that impact on the Banks customers and financial markets as well as the Bank.

Risk Management:

To manage these risks to stay within appetite we seek to minimise the operational risks to the Bank but recognise the manual approach to delivery of the products and services we provide presents operational risks and we seek to minimise operational resilience risks although recognise that they are present and so run drills and test scenarios to validate our mitigations and recovery plans even though technology and cyber risks continue to evolve.

Operational Risk and Operational Resilience are owned by the COO at an overarching level, with accountability for individual elements allocated to relevant senior managers as appropriate. Second line of defence oversight and challenge are provided by the CRO and the operational risk management team.

The Bank seeks to mitigate these risks using accepted operational risk management concepts and strategies including but not limited to:

- Identification of important or critical processes and potential points of failure and ensuring that adequate controls are in place.
- Identification and testing of key controls.
- Identification, assessment and management of risk and controls under the RCSA ("Risk and Control Self-Assessment").
- Information Security is a regular topic at the Board's Risk Committee.
- Self-assessment of the Bank's Cyber risk management process against the NIST (National Institute of Standards and Technology) recommendation standards;
- Operational resilience/business continuity planning including Disaster Recovery failover testing.
- Escalation and reporting of operational incidents to ensure that timely actions are taken to resolve the incident, address the failure, and perform root cause analysis to mitigate the likelihood of recurrence including lessons learned follow ups; and
- Insurance policies are in place to cover relevant risk exposures. Insurance is viewed as complementary to and not a replacement for a robust control environment.

It is the view of Senior Management, and of SMF 24, that the Bank is materially compliant with the FCA and PRA regulations to ensure that the Bank is operationally resilient, and that the Bank can effectively prevent, adapt, respond to, recover, and learn from operational disruptions.

In this area Technology and Data risk and People and Change risk have been identified as material risks. Governance of these risks takes place in the first line through the Operating Committee chaired by the COO which reports into ExCo. Second line governance takes place through the ERG also reporting into the ExCo and the BRC.

Strategic Risk

Strategic Risk is the risk that impact on the performance or perception of the Bank, and which can then affect other risk types across the Bank.

Risk Management:

To manage this risk to remain within appetite we recognise that our standards and ways of working, or the perception of them, can have a material impact on risks the Bank is managing. We also recognise that there are factors in this area outside our direct control which we can only react to.

This risk is owned by the CEO with second line ownership by the CRO. Several indicators are tracked across this risk including the political and economic environment we operate in, audits of the control environment, public and client perception and access to markets.

These risks are managed through the Executive and the Board supported by the ERG, Regulatory Risk Group and the ESG Focus Group.

Financial Crime Risk

Financial Crime Risk is the risk that the Bank may be used to further financial crime activity by breaching financial sanctions, laundering the proceeds of crime, terrorist financing, proliferation financing, fraud, tax evasion, offering or accepting bribes or being used to channel funds from corrupt practices. The appetite for financial crime risk is set at Medium.

Risk Management:

The Chief Compliance Officer (“CCO”), who is also the bank’s Money Laundering Reporting Officer (“MLRO”), reports to the CEO and is responsible for:

- Implementing an anti-financial crime risk management framework designed to mitigate the risk of the Bank being used as a vehicle to facilitate financial crime and breaches of sanctions applicable to the Bank.
- Ensuring that any occurrences which give reason to suspect money laundering or the financing of terrorism are identified and reported to the relevant authorities.
- Maintaining effective policies, systems and controls to combat and identify financial crime.
- Monitoring to ensure that those policies and controls are being adhered to.
- Providing regular and mandatory training on both a Bank-wide and targeted basis.
- Horizon scanning to identify and prepare for forthcoming regulatory change.
- Providing management information and reporting to management on the effectiveness of the Bank’s anti-financial crime controls; and maintaining an independent second line function.

At an ExCo level, the risk, including mitigation controls along with action and remediation plans for 2025 was overseen by the Regulatory Risk Committee (“RRC”), which the CCO chairs. Appropriate escalations from RRC are then made to the overall ExCo and the Board Financial Crime and Compliance Committee (“BFCC”).

The Bank has invested in enhancing both the quantity and calibre of resources (including technology) in the first line of defence, who are responsible for ensuring compliance, subject to oversight, and in the case of higher risk cases, additional due diligence by the second line compliance team, including:

- The Bank employs a range of tools and processes, including technology solutions, to monitor new and existing customers and to monitor transactions for risk indicators, which are investigated if triggered.
- The Bank has developed a Financial Crime RAS to assist with decision making.
- The Financial Crime Risk team operates a risk-based monitoring programme to ensure controls are effective; and
- Performs regular financial crime related risk assessments to ensure existing and emerging risks are identified and mitigated accordingly.

Regulatory Compliance Risk

Regulatory Compliance Risk is defined as the risk of regulatory enforcement, material financial loss, or loss to reputation that the Bank may suffer as a result of a failure to comply with applicable laws, regulations, internal policies, codes of conduct and standards, responsibility for which has been allocated to the Compliance Department. In the context of the Bank, this encompasses primarily regulatory requirements in respect of Regulatory Conduct Risk, Senior Managers and Certification Regime, Market Abuse and Fair Treatment of Customers. The appetite for regulatory compliance risk is set at low.

The Bank's principal sources of compliance risk are:

- Enterprise-wide compliance risks including supervision and oversight, regulatory reporting and notifications, material outsourcing and/or failure to adequately implement existing and new regulatory requirements; and
- Business related compliance risks including the risk that the Bank fails to conduct its activities appropriately, which may include consumer treatment, conflicts of interest, and/or complaints handling, as well as managing client money and assets.

Risk Management:

Day-to-day responsibility for the management of compliance risk rests with the Head of Compliance who reports into the CCO.

The Bank's objective is to comply with the letter and spirit of all applicable regulations and laws, and to embed a robust risk and compliance culture throughout the organisation.

The Compliance Department is responsible for:

- Developing applicable principles, standards and guidelines for compliance, communicating them and verifying adherence.
- Providing advice to individual business units on applicable laws, directives, standards, and regulations as well as providing compliance support.
- Providing regular training and education for staff on applicable regulations, rules and internal standards.
- Regulatory horizon scanning to ensure that any relevant developments or emerging risks are identified and appropriately addressed; and
- Communicating with regulators.

Compliance risk is overseen by the BFCC, to which the Head of Compliance and CCO provide regular reports.

The Bank seeks to minimise the risk of compliance failure by seeking to:

- Ensure an up-to-date understanding of regulatory requirements which need to be complied with.
- Ensure that procedures and controls are in place and designed to minimise the risk of breaching those requirements.
- Provide training for staff throughout the organisation aimed at promoting a good understanding of compliance; and
- Undertaking a risk-based monitoring programme aimed at detecting shortcomings in, or failures of, compliance controls or processes.

Further information in relation to Non-Financial Risks is set out in the Annual Report and Financial Statements 2025.

4 CAPITAL ADEQUACY

4.1 CAPITAL MANAGEMENT

BACB has adopted the standardised approach to credit risk and market risk, and the basic indicator approach to operational risk to calculate the Basel II Pillar 1 minimum capital requirement. The adequacy of BACB's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and implemented in UK CRR and the PRA Rulebook. BACB's capital management approach is to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times. The principal forms of capital are called up share capital, retained earnings and subordinated debt.

Under the Senior Managers Regime, prescribed responsibility for capital adequacy sits with the CFO. The PRA in its capacity as supervisor sets targets for, and monitors, the capital adequacy of the Bank. Capital adequacy returns are submitted to the PRA quarterly. As at 31 December 2025, and throughout the reporting period, the Bank's capital in place, "own funds", comfortably exceeded its minimum regulatory requirement.

Capital position is monitored against limits and capital management information is shared with the Bank's ALCO and ExCo and the Board and its relevant sub-committees, the BRC and BAC. Capital planning is an important part of BACB's capital management. The Bank's capital planning process is regularly reviewed and refreshed to ensure it remains aligned with the Bank's risk profile and regulatory requirements.

BACB produces an annual ICAAP that is an assessment by the Bank, approved by the Board, of the level of capital that it believes is required in respect of the principal risks to which it is exposed in the execution of its business plan. The Bank uses a range of modelling, scenario analysis and stress testing techniques which it considers appropriate to the scale and nature of its activities in order to identify the capital levels required and compares these to the Pillar 1 minimum amounts plus the Bank's Total Capital Requirement ("TCR"). These techniques include an evaluation over the medium-term planning horizon of the adequacy of the Bank's capital position, even under a range of relevant severe but plausible scenarios.

4.2 RISK WEIGHTED ASSETS

UK OV1 – Overview of risk weighted exposure amounts

		Risk weighted exposure amounts (RWEAs) (£000s)		Total own funds requirements (£000s)
		a	b	c
		31/12/2025	31/12/2024	31/12/2025
1	Credit risk (excluding CCR)	1,716,881	1,407,753	137,350
2	Of which the standardised approach	1,716,881	1,407,753	137,350
6	Counterparty credit risk - CCR*	3,564	3,051	285
UK 8b	Of which credit valuation adjustment - CVA**	1,401	588	112
9	Of which other CCR	2,163	2,463	173
20	Position, foreign exchange and commodities risks (Market risk)***	22,443	9,432	1,795
21	Of which the standardised approach	22,443	9,432	1,795
23	Operational risk	181,296	150,870	14,504
UK 23a	Of which basic indicator approach	181,296	150,870	14,504
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	-	-	-
29	Total	1,924,184	1,571,106	153,934

*The Bank adopted the Standardised Approach for Counterparty Credit Risk (SA-CCR), replacing the Original Exposure Method (OEM), in the prior year.

**Market risk increased due to a higher volume of FX options purchased to hedge expected income.

***The Credit Valuation Adjustment (CVA) is mainly due to higher derivative volumes used to hedge FX option positions.

4.3 OWN FUNDS

Own funds (also referred to as capital resources) are the types and levels of regulatory capital which must be held to enable the Bank to absorb losses. The Bank is required to hold own funds in sufficient quantity and quality in accordance with the PRA's Rulebook which sets out the characteristics and conditions for own funds.

Under the regulations, three tiers of capital are recognised, Common Equity Tier 1, Additional Tier 1 and Tier 2 Capital with the sum of Tier 1 and Tier 2 Capital constituting "own funds". As at 31 December 2025, the current regulatory capital requirement of the Bank was set by the PRA, following the supervisory review of the Bank's 2024 ICAAP which became effective from 15 April 2025. The TCR and other add-ons/buffers, require the Bank to maintain a level of capital no less than the sum of the components outlined below:

Components of Regulatory Capital Requirement	Industry Wide or Institution /Country Specific	Amount
TCR	8% Industry Wide 3.04% Firm Specific	11.04% of RWAs
Pension Obligation Risk add-on	Institution Specific	£2.4m held as flat add-on to capital requirements
Capital Conservation Buffer	Industry Wide	2.50% of RWAs
Countercyclical Buffer	Country Specific	0.45% of RWAs

The Bank's minimum capital ratios as at 31 December 2025 were as follows:

Minimum Capital Ratios (including CRD buffers)	Minimum % Required
Total Capital Ratio	14.0%
Tier 1 Capital Ratio	11.2%

UK CC1-Composition of regulatory own funds

		31/12/2025	
		£000s	Reference to UK CC2
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	108,069	a
2	Retained earnings	153,715	b
3	Accumulated other comprehensive income (and other reserves)	10,545	b
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	272,329	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-1,319	
8	Intangible assets (net of related tax liability) (negative amount)	-2,305	c
15	Defined-benefit pension fund assets (negative amount)	-2,353	e
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	0	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-5,977	
29	Common Equity Tier 1 (CET1) capital	266,352	
Additional Tier 1 (AT1) capital: instruments			
36	Additional Tier 1 (AT1) capital before regulatory adjustments	0	
Additional Tier 1 (AT1) capital: regulatory adjustments			
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	0	
44	Additional Tier 1 (AT1) capital	0	
45	Tier 1 capital (T1 = CET1 + AT1)	266,352	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	68,405	f
51	Tier 2 (T2) capital before regulatory adjustments	68,405	
Tier 2 (T2) capital: regulatory adjustments			
57	Total regulatory adjustments to Tier 2 (T2) capital	0	
58	Tier 2 (T2) capital	68,404	
59	Total capital (TC = T1 + T2)	334,756	
60	Total Risk exposure amount	1,924,184	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	13.8%	
62	Tier 1 (as a percentage of total risk exposure amount)	13.8%	
63	Total capital (as a percentage of total risk exposure amount)	17.4%	
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)	9.2%	
65	of which: capital conservation buffer requirement	2.5%	
66	of which: countercyclical buffer requirement	0.4%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	7.6%	
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	0	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	0	

Notes:

- Subordinated debt included in Tier 2 capital excludes accrued interest. The number quoted for subordinated liabilities in UK CC2 includes accrued interest.
- Retained earnings above includes retained profits for the year of 2025.
- The amount for total retained earnings and accumulated other comprehensive income and other reserves excludes foreseeable dividend.
- Common Equity Tier 1 capital comprises ordinary share capital plus reserves. Adjustments are made in respect of intangible assets and certain valuation and other adjustments in accordance with the PRA regulatory rules.

4.4 RECONCILIATION TO AUDITED FINANCIAL STATEMENTS

UK CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements

	Accounting balance sheet (£000s)	Reference to UK CC1
	31/12/2025	
Assets		
Derivatives	2,008	
Reverse Repurchase agreements	25,147	
Loans and advances to banks	1,570,302	
Loans and advances to customers	353,562	
Financial investments	1,317,406	
Property, plant and equipment	30,946	
Intangible assets	2,305	c
Prepayments, accrued income and other debtors	14,721	
Net pension asset	2,353	e
Total assets	3,318,750	
Liabilities		
Deposits from banks	2,110,653	
Other deposits	828,120	
Derivatives	728	
Other liabilities, accruals and deferred income	29,930	
Corporation tax payable	327	
Deferred tax liabilities	1,646	
Subordinated liabilities	69,006	f
Total liabilities	3,040,410	
Equity		
Called up share capital	108,069	a
Capital redemption reserve	4,104	b
Other reserves	166,167	b
Total equity shareholders' funds	278,340	
Total liabilities and equity	3,318,750	

Notes:

- 1 This table presents the reconciliation of the statutory balance sheet to the regulatory balance sheet; however, as the Company has no associates or subsidiaries, the regulatory balance sheet is identical to the statutory balance sheet, and in accordance with Pillar 3 rules, a single column is presented.
- 2 Subordinated liabilities above includes accrued interest, whereas UK CC1 Tier 2 Capital excludes accrued interest.
- 3 Other reserves above includes retained profits for the year of 2025.

5 REMUNERATION CODE DISCLOSURES

BACB has reviewed and acknowledges the requirements from the FCA guidance issued in 2015 on staff remuneration within the banking sector, in addition to the PRA Rulebook, the FCA code (“the Code”) and the CRR (Article 433).

5.1 ARTICLE 433C DISCLOSURES BY OTHER INSTITUTIONS

As the Bank meets the criteria for a small CRR firm it is not subject to Articles 433a and 433b. Paragraph 3 of Article 433c states ‘for non-listed institutions, no disclosure is required’, thereby rendering the previously applicable Article 450 Disclosure of Remuneration Policy not applicable to the Bank. The Bank has elected to avail itself of this exemption and, accordingly, detailed quantitative remuneration disclosures are not included in this document.

5.2 REMUNERATION GOVERNANCE AND COMPLIANCE STATEMENT

Notwithstanding this CRR exemption, the Bank confirms that it complies with applicable UK remuneration requirements, including the PRA Rulebook provisions and the FCA’s SYSC 19D.3.13R.

Our Approach to Remuneration

As a UK-regulated bank, BACB is committed to ensuring that its remuneration practices support sound risk management, align with its strategic objectives, and comply with the requirements of the PRA and the FCA.

We apply the principle of proportionality in line with our classification as a Level 3 firm, meaning our policies are tailored to our size, internal organisation, and the nature of our activities.

Key Principles of Remuneration Policy

- **Alignment with risk and performance:** Variable remuneration is awarded based on performance and is subject to risk adjustment mechanisms. Firm, business unit and individual performance (both financial and non-financial performance) are taken into account and appropriate risk adjustment mechanisms are applied (including in-year malus adjustments).
- **Governance:** Our Board Nominations and Remuneration Committee (“BNRC”) oversees the design and implementation of remuneration policies, ensuring independence and accountability, including oversight of measures to avoid conflicts of interest and to confirm that colleagues in control functions are remunerated with reference to the achievement of objectives linked to their functions and independently of the business areas that they oversee.
- **Transparency and fairness:** We strive for clarity and fairness in how we reward employees, with our gender-neutral remuneration policy having a focus on long-term value creation.

Compliance with PRA Remuneration Rules

We comply with the PRA’s Remuneration Code by:

Identifying Material Risk Takers (“MRTs”)

We assess roles annually and apply the prescribed regulatory criteria as well as internal risk-based identification criteria to determine whether any employees meet the criteria for MRTs. Where applicable, we apply appropriate remuneration controls.

Variable Remuneration Rewards

Variable remuneration is only paid where the Bank is satisfied that this would not limit BACB's ability to strengthen its capital base and where it is sustainable according to BACB's financial situation as a whole and is justified on the basis of the performance. In addition:

- Determination and allocation of variable remuneration is appropriately adjusted for all types of current and future risks.
- Any variable pay awards made to new joiners comply with the applicable remuneration requirements.
- The Bank does not award discretionary pension benefits and ensures that its pension arrangements are clearly defined, non-variable, and aligned with the Bank's business strategy, objectives, values and long-term interests.

In line with proportionality, the Bank disapplies the formal regulatory requirements relating to deferral and payment in instruments subject to a retention period and instead takes other steps to ensure that variable remuneration can be appropriately adjusted for risk, including:

- Malus and clawback provisions that are embedded in all variable pay arrangements for MRTs.
- Applying an appropriate fixed-to-variable pay ratio to ensure that a fully flexible policy on variable pay can be operated (including the possibility of awarding no variable remuneration should circumstances warrant this).

Disclosure

We publish annual remuneration disclosures in accordance with PRA expectations for Level 3 firms.

Remuneration Committee Oversight

The BNRC oversees the application of the policy to ensure:

- **Alignment with shareholder interests:** Remuneration decisions are made to support sustainable value creation and sound financial performance.
- **Protection of client interests:** We avoid any remuneration structures that could incentivize excessive risk-taking or behaviour that may compromise client outcomes. This includes ensuring that variable remuneration is not paid through vehicles or methods that facilitate non-compliance with the UK remuneration rules.
- **Robust governance:** No individual is involved in setting their own remuneration, and all decisions are subject to independent review and approval processes. An independent review of the implementation of the Bank's remuneration policy is undertaken on an annual basis.
- **Transparency and accountability:** We maintain clear documentation and oversight of remuneration decisions, ensuring they are fair, risk-aware, and compliant with regulatory expectations.

This approach reflects our commitment to responsible remuneration practices and supports our broader culture of ethical conduct and prudent risk management.

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