GULF INTERNATIONAL BANK (UK) LTD

Pillar 3 disclosures

31 December 2024

Glossary

ALCO	Assets and Liabilities Committee
AROC	Audit and Risk Oversight Committee
BCBS	Basel Committee on Banking Supervision
BoE	Bank of England
BRC	Business Risk Committee
CCoB	Capital Conservation Buffer
CCyB	Counter-cyclical buffer
CEO	Chief Executive Officer
CET 1	Common Equity Tier 1 Capital
CFO	Chief Finance Officer
CRD	Capital Requirements Directive
CRR	Capital requirements Regulation
CSA	Credit Support Agreement
ECAI	External Credit Assessment Institution
ECL	Expected Credit Loss
ESG	Environmental, Social and Governance
EU	The European Union
EXCO	Executive Committee
FCA	Financial Conduct Authority
Fed	Federal Reserve Board
FVTPL	Fair value through profit & loss
FX	Foreign exchange
GIB	Gulf International Bank BSC
GIB (UK)	Gulf International Bank (UK) Ltd
GMRA	Global Master Repurchase Agreement
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment
IRRBB	Interest rate risk in the banking book
ISDA	International Swaps and Derivatives Association
KRI	Key Risk Indicators
KSA	Kingdom of Saudi Arabia
LCR	Liquidity Coverage Ratio
MREL	Minimum Requirement for Own Funds and Eligible Liabilities
MRT	Material Risk Takers
NSFR	Net Stable Funding Ratio
OLAR	Overall Liquid Adequacy Rule
ORE	Operational Risk Event
PRA	Prudential Regulation Authority
RAS	Risk Appetite Statement
RCSA	Risk Control Self-Assessment
RMF	Risk Management Framework

RWA	Risk Weighted Assets
RWEA	Risk Weighted Exposure Amount
sSA-CCR	Simplified Standardised Approach for Counterparty Credit Risk
SREP	Supervisory Review and Evaluation Process
TCR	Total Capital Requirement
TSCR	Total SREP Capital Requirement
UK-CRR	UK Capital Requirements Regulation
VaR	Value at Risk

1. Overview

1.1 Introduction

Gulf International Bank (UK) Limited ("GIB (UK)" or "the Bank" (LEI: 7N7YKE66OZ27KON72O26) is authorised by the Prudential Regulation Authority ("PRA") and regulated by the PRA and the Financial Conduct Authority ("FCA"). The Bank is incorporated in England and Wales and has a branch in New York. It is a wholly owned subsidiary of Gulf International Bank B.S.C. (Bahrain).

The disclosures in this document have been prepared in accordance with the Disclosure (CRR) Part of the PRA Rulebook and as the PRA has otherwise directed.

1.2 Background

The purpose of the capital adequacy regime, as set out in the above framework, is to promote safety and soundness in the financial system. The prudential regulatory framework established by the Basel Committee on Banking Supervision, and implemented by the PRA within the UK, is structured around three pillars that are designed to promote sound risk and capital management:

- Pillar 1 defines minimum capital requirements that firms are required to maintain for operational, market and credit risk. Banks are required to meet a minimum Common Equity Tier 1 (CET 1) ratio of 4.5% of risk weighted assets (RWAs), a minimum Tier 1 ratio of 5.5% of RWAs and a total capital ratio of 8% of RWAs;
- Pillar 2 defines the Supervisory Review and Evaluation Process (SREP) that firms are required to maintain including a requirement to conduct an Internal Capital Adequacy Assessment Process (ICAAP); and
- Pillar 3 underpins market discipline through regulatory disclosure requirements that provide market participants with transparency in relation to a firm's regulatory capital and risk exposures.

1.3 Summary analysis

A high-level summary of the key capital and liquidity ratios for GIB (UK) is provided below. Further details on the capital ratios, risk weighted assets (RWAs) and the leverage ratio are presented in Section 5 and 6 of this document.

All figures disclosed in sections 1 – 6 are denominated in US dollars, GIB (UK)'s reporting currency.

GIB

Key metrics (UK KM1)

		$'000 T - Current year 31-Dec-24	$'000 T-4 - Prior year 31-Dec-23
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	435,465	411,658
2	Tier 1 capital	435,465	411,658
3	Total capital	435,465	411,658
	Risk-weighted exposure amounts		
4	Total risk-weighted exposure amount	1,963,743	1,809,984
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	22.18%	22.74%
6	Tier 1 ratio (%)	22.18%	22.74%
7	Total capital ratio (%)	22.18%	22.74%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)		
UK 7a	Additional CET1 SREP requirements (%)	4.05%	5.21%
UK 7b	Additional AT1 SREP requirements (%)		
UK 7c	Additional T2 SREP requirements (%)		
UK 7d	Total SREP own funds requirements (%)	12.05%	13.21%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	2.50%	2.50%
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)		
9	Institution specific countercyclical capital buffer (%)	0.12%	0.13%
UK 9a	Systemic risk buffer (%)		
10	Global Systemically Important Institution buffer (%)		
UK 10a	Other Systemically Important Institution buffer		
11	Combined buffer requirement (%)	2.62%	2.63%
UK 11a	Overall capital requirements (%)	14.67%	15.84%
12	CET1 available after meeting the total SREP own funds requirements (%)	10.13%	9.53%
	Leverage ratio		
13	Total exposure measure excluding claims on central banks	8,682,283	7,795,728
14	Leverage ratio excluding claims on central banks (%)	5.02%	5.28%
	Additional leverage ratio disclosure requirements		
14c	Average leverage ratio excluding claims on central banks (%)		
14d	Average leverage ratio including claims on central banks (%)		
14e	Countercyclical leverage ratio buffer (%)		
	Liquidity Coverage Ratio		
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	8,650,825	15,980,246
UK 16a	Cash outflows - Total weighted value	3,507,666	6,524,697
UK 16b	Cash inflows - Total weighted value	486,306	944,921
16	Total net cash outflows (adjusted value)	3,021,360	5,579,776
17	Liquidity coverage ratio (%)	286.32%	286.40%
	Net Stable Funding Ratio		
18	Total available stable funding	5,139,351	4,607,371
19	Total required stable funding	2,225,713	1,822,687
20	NSFR ratio (%)	230.91%	252.78%

Total capital

GIB (UK)'s audited profits were $24.0m in 2024 (2023: $39.9m).

Additionally, On 12 December 2024, the trustees of GIB (UK)'s defined benefit pension scheme completed a full scheme buy-in transaction with an insurer to de-risk the pension scheme by transferring the longevity, inflation, interest rates and investment risks associated with the scheme's liabilities to the insurer. The buy-in policy secures the benefits for members, ensuring their pensions are protected and will be paid in full. The total premium paid to the insurer was c£111, funded from the scheme's existing assets. This has resulted in a reduced deduction from available own funds for the defined benefit pension scheme asset.

Risk weighted assets

RWAs increased by $154m year-on-year facilitated by the increase in available capital.

Total SREP capital requirement (TSCR)

The TSCR was 12.05% in 2024 (2023: 13.21%).

2. Disclosure policy

2.1 Scope of disclosure

All financial information presented in this Pillar 3 document is stated as at 31 December 2024, our financial year-end with the prior year end comparatives shown where applicable. These disclosures have not been subject to external audit except where they are equivalent to those prepared under accounting requirements for inclusion in the annual report and accounts. Disclosures here are in addition to those set out in the GIB (UK) financial statements presented in accordance with International Financial Reporting Standards (IFRS) and the disclosures are based on the information included within the Bank's regulatory return submissions for the year end unless otherwise stated.

2.2 Basis of preparation

2024 Pillar 3 Disclosures are prepared in accordance with the requirements of Part 8 of the Capital Requirements Regulation (UK CRR). The Bank maintains a Pillar 3 Disclosure Policy to support compliance with the Disclosure section of the PRA Rulebook.

The disclosures are presented using the prescribed disclosure templates in the PRA Rulebook. Row and column references are based on those prescribed in the PRA templates.

All figures and narrative are as at 31 December 2024. Comparative information is disclosed based on the previously disclosed reporting period as prescribed in the PRA Rulebook. The previously disclosed reporting period was the year ending 31 December 2023.

GIB (UK) prepares its prudential returns on an identical basis to that used in the financial statements.

2.3 Frequency of disclosure, media and location

GIB (UK) will publish its Pillar 3 disclosures document on an annual basis, in accordance with article 433c (2) of the UK CRR, on the publicly accessible website www.gibam.com

2.4 Board responsibility for risk management and disclosures

A core objective for the Bank is the effective management of risk. The responsibility for identifying and managing the principal risks rests with the Board of Directors, who are also responsible for setting the strategy, risk appetite and controls framework.

In accordance with Part 8 of the UK CRR, and the Bank's Pillar 3 disclosure policy, GIB (UK) is required to ensure that external disclosures portray its risk profile comprehensively. The Directors have considered the adequacy of the Pillar 3 disclosures in relation to these requirements and are satisfied that the risk management systems put in place are adequate with respect to GIB (UK)'s risk profile and strategy.

2.5 Future regulatory developments

In December 2023, the PRA published its Policy Statement 'Implementation of the Basel 3.1 standards near-final part 1' (PS17/23), which covered the credit valuation adjustment, counterparty credit risk, market risk and operational risk elements of the Basel 3.1 standards. Additionally, it announced a planned review of the Pillar 2 framework that will address the need for a new approach to assessing sovereign risk following the removal of the modelled (internal ratings based) approach to such exposures under Pillar 1.

On 12th September 2024 Policy Statement 9/24 Implementation of the Basel 3,1 standards (Near-final part 2) was published, addressing credit risk, credit risk mitigation, Pillar 2, disclosures and reporting.

On 18th October 2024 the PRA published proposals to implement the remaining elements of Basel's large exposures standards. These include changes relating to the use of credit risk mitigation techniques to capture indirect exposures to collateral issuers within the large exposure limits.

On 17th January 2025 the PRA announced a delay in the implementation of Basel 3.1 in the UK until January 2027 to allow time for greater clarity in the implementation plans in the United States. The implementation period was, however, reduced to three years. The date of full implementation remains 1st January 2030.

The Bank continues to monitor proposals on Environmental, Social and Governance (ESG) across all three pillars of regulation, supervision and disclosure. Any new requirements will be incorporated into future Pillar 3 documents.

2.6 Prudential consolidation

GIB (UK) is a single entity and the scope of disclosures in the financial statements and the prudential returns is identical.

3. Corporate Governance (UK OVB)

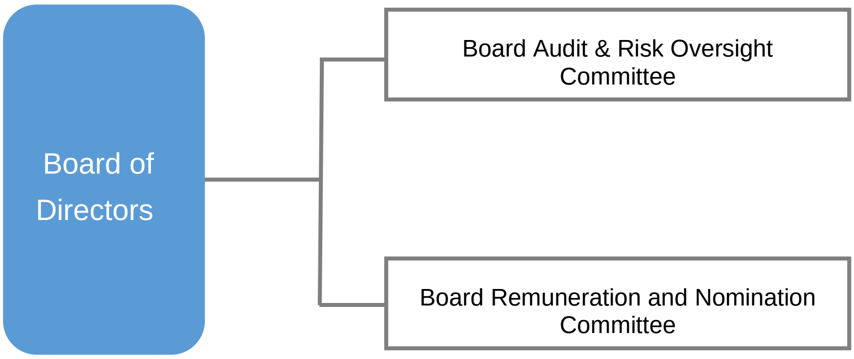
3.1 Corporate structure

GIB (UK) is a fully owned subsidiary of Gulf International Bank B.S.C. (GIB) (registered in Bahrain), which is itself owned by the Public Investment Fund of Saudi Arabia (97.2%) and the Kuwait Investment Authority (0.73%), Ministry of Finance UAE (0.438%), Qatar Holding Company (0.73%), Bahrain Mumtalakat Holding Company (0.438%) and the Oman Investment Authority (0.438%).

3.2 Governance structure

GIB (UK) has a comprehensive governance framework as set out below.

Board Committees:



Board

The Board of directors are collectively responsible for the leadership, culture and long-term sustainable success of GIB (UK). It is accountable for setting the strategic direction of the Bank, whilst also ensuring that its obligations to its customers, employees, regulators, shareholders and other key stakeholders are met.

The Board is also responsible for providing oversight and monitoring the business against the approved strategy, risk appetite and budget, providing challenge and advice to Executive Management as required, to enable GIB (UK) to meet its strategic objectives and goals.

The Board is largely composed of non-executive directors to ensure its independence from management and, consequently, to ensure independent judgement on issues brought before it.

Specific Board responsibilities include, but are not limited to, the appointment of directors, the review of financial performance and risk profile of GIB (UK), the approval of GIB (UK)'s strategy and business plans, its financial statements and of the Internal Capital Adequacy Assessment Process (ICAAP), the Internal Liquidity Adequacy Assessment Process (ILAAP), Pillar 3 disclosures, the Recovery Plan, the Resolution Pack and, from 2025, the Solvent Exit Analysis.

As at 31 December 2024, the number of other directorships held by Board Members, disclosed in accordance with Article 432(2) of Part 8 of the UK-CRR, are set out below:

Director	Position	Number of directorships
Abdulaziz Al-Helaissi	Chair – Non-independent Non-executive Director	6
Sara Abdulhadi	Non-independent Non-executive Director	1
Turki Al-Malik	Independent Non-executive Director	13
Abdulla Al-Zamil	Non-independent Non-executive Director	10
Ralph Campbell	Chief Financial Officer	3
Soha Nashaat	Independent Non-executive Director	3
Katherine Garrett-Cox	Chief Executive Officer	6
Carolyn Aitchison	Independent Non-executive Director	5
Gary Withers	Independent Non-executive Director	7

Audit and Risk Oversight Committee (AROC)

The AROC is a non-executive committee of the Board chaired by an Independent Director and is responsible for assisting the Board on:

- Any matters relating to the Bank's financial affairs;
- The effectiveness of the risk control and compliance framework, ensuring that it remains aligned with the Board's risk appetite; and
- Ensuring the Board has the management information it needs.

The Committee seeks appropriate assurances from management, the internal and external auditors, the Chief Risk and Compliance Officer and the Money Laundering Reporting Officer.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is a non-executive committee of the Board chaired by an independent director. The purpose of the Nomination and Remuneration Committee is to:

- Lead the process for director nominations, ensure plans are in place for orderly succession to both the Board and senior management positions and oversee the development of a diverse plan for succession; and
- Oversee the design of, and recommend to the Board, an overall remuneration policy for GIB (UK) that is aligned with its long-term business strategy, its business objectives, its risk appetite and culture, and which recognises the interests of relevant stakeholders. It oversees the implementation of, and reviews, remuneration and related policies and the alignment of incentives and rewards with culture.

Executive management

Executive Committee (ExCo)

The purpose of the Executive Committee ("ExCo") is to maintain a reporting and control structure whereby all line operations and other management committees of GIB (UK) are accountable to the executive directors to ensure that all areas of the business are adequately managed, with particular emphasis on business development.

Business Risk Committee (BRC)

The objective of the Business Risk Committee ("BRC") is to assist Senior Management in ensuring that all risks across the business are captured, understood and managed within the firm's risk appetite and to promote an effective risk culture throughout the firm. The BRC oversees the implementation of the Risk Management Framework (RMF) in line with best practice in the industry whilst ensuring that it is aligned with GIB (UK)'s business strategy.

Assets and Liabilities Committee (ALCo)

The purpose of the Assets & Liabilities Committee ("ALCo") is to support the CFO in the management of GIB (UK)'s capital and in the identification, management and control of the Bank's balance sheet risks. It is responsible for the implementation of the asset and liability strategy and policy (including limits) for the Bank's balance sheet.

Credit Risk Committee (CRC)

The Credit Risk Committee supports the ALCO with the identification, management and control of the Bank's credit risk. It is responsible for the implementation of the credit risk management policy for the Bank's balance sheet exposures and for reviewing and approving new credit facilities, changes to existing credit limits and renewals.

All Governance Committees operate to agreed and documented terms of reference, objectives, authorities and responsibilities. The terms of reference are maintained by each committee Chair and are re-approved on an annual basis.

3.3 Diversity

GIB (UK) believes that a truly diverse workforce, combined with an inclusive culture, is key to maximising business effectiveness. Therefore, the Bank aims to select, recruit, develop and promote talented and engaged people, and encourage the use of their wide range of skills, experiences and perspectives, in the furtherance of our business. This holds equally for our Board of Directors.

An effective board needs to include individuals with a mix of skills and experience that are up to date and cover the major business areas in order to make informed decisions and provide effective oversight of risk management. Furthermore, more diverse management bodies can help to improve strategic decision making and effective risk-taking by incorporating a broader range of views, opinions, experiences, perceptions, values and backgrounds.

A more diverse management body and an inclusive environment reduces 'group think' and 'herd behaviour' and promotes creativity and innovation, both of which support the organisation to enhance client service.

The issue of diversity is not limited to gender; it also concerns the age, professional, educational and socio-economic background, and ethnicity/colour and geographical provenance of the members of the management body as well as welcoming differing physical abilities and cognitive divergences. All these factors are important aspects to achieving a balanced composition of the management body.

GIB UK's policy is to ensure that the above aspects of diversity are systematically and thoroughly taken into account in determining its management body. Specifically, this includes:

- Attraction of diverse talent in our recruiting practices;
- Retention of diverse talent through our succession planning; and
- Developing our diverse talent through learning and development opportunities.

Furthermore, GIB (UK) pays particular regard to ensuring that diverse views, opinions and ways of thinking are encouraged as part of the ongoing operation and discussions of the management body, thereby supporting constructive debate and challenge on the range of issues facing the firm.

GIB (UK) has set the following quantitative targets, in line with the FCA's 2022 Policy Statement:

- At least 40% of the board are women (including those self-identifying);
- At least one of the senior Board positions is a woman; and
- At least one member of the Board is from a non-White ethnic minority background.

The Board, with support from the Nomination and Remuneration Committee, is responsible for compliance with this policy, or, where there are gaps, to explain why. In particular, the Board recognises that a change of a single individual could have a sizeable impact relative to the targets.

4. Risk management (UK OVA)

GIB (UK)'s Risk Management Framework ("RMF") covers policies, procedures, limits, and comprehensive risk measurement and management information systems for the identification, control, monitoring and reporting of financial and non-financial risks.

GIB (UK) is required to comply with the risk management policies of the GIB Group however, GIB (UK) maintains its own governance framework and RMF reflecting both its business model and the external environment. GIB (UK) ensures that its business lines are supported through its own policies and procedures.

GIB (UK) has a five lines model in place which is in accordance with latest best market practice. The five lines are as follows:

- **First line**: Businesses (Treasury and Banking and Asset Management) and support units take risks and operate controls. They are responsible and accountable for the ongoing management of their risks. This includes identifying, assessing and reporting exposures taking account of the Bank's risk appetite and policies;
- **Second line**: Oversight functions – a Risk and Compliance function, with an independent reporting line into the AROC, supports the identification, measurement, monitoring and reporting of risks and oversees the business lines' risk-taking activities;
- **Third line**: Internal Audit – Internal Audit provides independent assurance to senior management, the board of directors and shareholders on the design and operational effectiveness of internal controls. GIB (UK)'s internal audit function is complemented by Mazars. Internal Audit is not involved in developing, implementing or operating the risk management framework and reports independently to the AROC;
- **Fourth line**: External Audit – GIB (UK)'s current external auditors are Ernst & Young (KPMG will take over this role in 2025). External audit provides independent assurance to senior management, the board of directors and shareholders on the Bank's financial reporting as well as the systems that support it. The main role of external audit is the review of the annual financial statements in order to verify that they are a valid as well as a reasonable account of both past financial performance and the current financial position and that they are consistent with a suitable financial reporting framework. External Audit reports independently to the AROC;
- **Fifth line:** Regulators – The PRA and the FCA apply, and monitor, rules designed to increase transparency and accountability in various areas, such as capital, liquidity and leverage requirements, financial reporting etc. They set the expectations for organizations to follow that are enforced via a continuous process of inspection, review, reporting, and applicable penalties.

Under this model, the second line does not have the authority to approve or veto business decisions to take risks. Its role is to escalate risk exposures or decisions that are, in their opinion, outside of the Board's approved risk appetite, in the first instance to the relevant Senior Manager, and, if necessary, to the Chair of AROC. However, the Money Laundering Reporting Officer has a right of veto with respect to on-boarding clients, new counterparties and any transaction that they deem suspicious.

4.1 Risk control functions

GIB (UK) has a dedicated Risk and Compliance function, independent of business units, headed by the Chief Risk and Compliance Officer (CRCO), who reports to the CEO from a management perspective, the Chair of the AROC from an independence perspective, and the Group CRO and the Group Chief Compliance Officer from a functional perspective.

The Risk and Compliance function carries out the following activities:

- Developing, maintaining and implementing GIB (UK)'s Risk Management Framework;
- Facilitating the formulation of GIB (UK)'s Risk Appetite Statement ("RAS"), as well as overseeing that risks are managed in line with the Board approved RAS;
- Supporting Risk Assessments that identify the key and material risks faced, covering all business and support functions;
- Developing, maintaining and implementing of Risk and Compliance policies and overseeing the development of other Policies;
- Monitoring adherence to internal limits / triggers and compliance with ratios to maintain alignment with regulatory requirements and internally set parameters (for example Key Risk Indicators and Early Warning Indicators) and policies;
- Monitoring adherence to applicable laws and regulations across GIB (UK)'s business activity, taking into account UK and other regulatory requirements and tracking recommendations through to completion;
- Providing analysis on risk reporting covering the key risks to Board and Management, as well as addressing any reporting needs to meet regulatory requirements. Providing updates to Board and Management on regulatory change management, compliance monitoring and regulatory training;
- Overseeing the business continuity planning and operational resilience processes to ensure that the organisation as a whole remains viable in the event of any incident. This includes facilitating desktop 'fire drills';
- Establishing and maintaining an effective regulatory change management framework to identify, assess and support the implementation of new regulatory requirements by the first line; and
- Ensuring regulatory communications are answered promptly, liaising with the regulators regarding Senior Managers certification and approval, and regulatory visits.

4.2 Management of key risks

4.2.1 Credit risk (UK CRA)

Credit risk is the risk that a customer, counterparty or an issuer of securities or other financial instruments fails to perform under its contractual payment obligations thus causing GIB (UK) to suffer a financial loss.

Credit risk faced by GIB (UK) arises through two broad categories, counterparty risk and issuer risk:

i. Counterparty credit risk is the risk that a counterparty fails to fulfil its contractual obligations as they fall due, as a result of the deterioration in its credit status, including default and/or insolvency; and

ii. Issuer risk is the risk that the issuer of a security defaults on its obligations to pay coupons or the principal due on the security, as a result of deterioration in its credit status, including default and/or insolvency.

GIB (UK) is exposed to counterparty credit risk in respect to its foreign exchange transactions, un-cleared derivative transactions and reverse repo transactions. GIB (UK) is also exposed to issuer risk through positions held on the hold-to-maturity investment portfolio. Where appropriate, GIB (UK) seeks to minimise its credit exposure using a variety of techniques including, but not limited to, the following:

- All money market placement, derivative and reverse repo transactions are conducted with highly rated financial institutions;
- Only undertaking transactions in derivatives, foreign exchange instruments, repos and reverse repos on the terms of industry standard documentation, such as ISDAs and CSAs and GMRAs, respectively;
- Obtaining high quality collateral (subject to haircut); and
- Investing in senior unsecured bonds issued by entities (largely financial institutions) of high credit quality.

GIB (UK) has established risk appetite levels that are within the overarching parameters set out in the GIB Group Risk Appetite policy and are adjusted to comply with both UK regulatory requirements and the Bank's business model. This results in an assessment of credit risk determined by varying tolerance levels based on factors including, but not limited to, product type, geographic location, credit quality and tenor. These appetite metrics form the basis upon which maximum exposure limits are derived as part of the governance framework to measure, mitigate and manage credit risk within the GIB (UK)'s risk appetite.

The Board has established a Credit Risk Management Policy, which includes a risk based internal credit assessment process, that provides internal credit risk ratings for approval of credit limits. Group-wide credit limit setting and approvals are conducted within the Board-approved guidelines, and the measurement, monitoring and control of credit exposures is undertaken on a Group-wide basis in a consistent manner.

In line with the credit risk management policy all counterparties are subject to an annual credit review process (and more frequently if required) and credit profiles are monitored through an internal credit-monitoring tool, which tracks changes in external credit ratings and credit default swap spreads.

The utilisation of Credit Risk limits is monitored by Group Credit Administration under an intra-group service agreement and any breaches are escalated to GIB (UK) Treasury and Risk.

The GIB (UK) Credit Risk Committee reports on credit risk to the ALCO each month and to the AROC on a quarterly basis.

Provisions

IFRS 9 requires GIB (UK) to record an allowance for expected credit losses (ECL) for all loans and other debt financial assets not held at fair value through profit and loss (FVTPL). The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk in which case the allowance will be for the lifetime ECL.

- **Stage 1:** For financial instruments where there has been no significant increase in credit risk since initial recognition, and that were not credit-impaired on origination, GIB (UK) recognises an allowance based on the 12-month ECL;
- **Stage 2**: For financial instruments where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired, GIB (UK) recognises an allowance for the lifetime ECL; and
- **Stage 3**: For credit-impaired financial instruments, GIB (UK) recognises the lifetime ECL.

Lifetime ECL (stage 2 and 3) is a probability-weighted estimate of credit losses and is determined based on the difference between the present value of all cash shortfalls. The cash shortfall is the difference between all contractual cash flows that are due to the Bank and the present value of the recoverable amount at the reporting date.

Provisions for credit-impairment are recognised in the Income statement and are reflected in an allowance account against debt securities at amortised cost, and placements.

As at 31 December 2024 GIB (UK) has a Stage 1 expected credit loss provision balance of $666k (2023: $832k) on placements and securities. GIB (UK) has zero ECL for stage 2 and 3.

4.2.2 Market risk (UK MRA)

Market risk is defined as the risk of losses arising from adverse movements in market prices.

GIB (UK) takes no positions with 'trading intent' (defined as a position taken with the intent of short-term resale or with the intention of benefiting from actual or expected short-term price differences between buying and selling prices, or from other price or interest rate variations). Financial instruments are presumed to be held until maturity and are therefore designated as banking book. Interest rate and foreign exchange rate derivatives and forward FX transactions are only entered into to hedge interest rate and FX risk arising in the banking book.

The Bank is exposed to interest rate and foreign exchange risk and these risks are actively managed within limits, using hedging instruments such as interest rate and FX swaps. Generally hedging is undertaken within a limits framework there is some residual market risk.

Market risk due to FX is measured using a VaR methodology. VaR is calculated on a daily basis by Group Finance under an intra-group Service Agreement. Interest rate risk is assessed according to the PRA's IRRBB guidance.

GIB UK invests seed capital into its own investment funds to support them whilst they build a track record. These are equity and fixed income investment funds and GIB hedges the investments using equity futures and total return swaps to mitigate its sensitivity to changes in market prices. As the hedges do not always cancel profit or loss from the seed investment perfectly a residual profit or loss can result from the combination of seed investments and corresponding hedges.

GIB (UK) has established risk appetite levels, which are within the overarching parameters set out in the GIB Group Risk Appetite policy and adjusted to comply with UK regulatory requirements and business model.

Potential limit breaches are escalated to GIB (UK)'s Risk and Treasury departments.

If an amber or red market risk KRI is triggered, GIB (UK) Risk will report this to the ALCO monthly and to the AROC on a quarterly basis.

4.2.3 Operational risk (UK ORA)

The Bank defines Operational Risk as the risk of loss arising from inadequate or failed internal processes, people and systems or from external events, whether intentional, unintentional or natural. This includes legal risk but excludes strategic and reputational risks.

Operational Risk arises across business lines through the normal course of business, and is generally deemed higher for new, complex or manual processes.

Control Model

GIB (UK) has implemented a structured framework for the ongoing management of operational risk in line with the Operational Risk Policy.

The Operational Risk control model covers the following components:

- Operational Risk Event (ORE) data collection and analysis;
- External event data collection and analysis;
- Key Risk Indicators (KRIs);
- Risk and Control Self-Assessments (RCSAs);
- Scenario Analysis events;
- Risk Mitigation Action Plans tracking; and
- Operational Risk Assessments.

This model is tailored to meet GIB (UK)'s needs and sets out the requirements for the key stakeholders to perform their roles and fulfil their responsibilities.

The operational risk processes underpinning the Bank covers two different and complementary viewpoints:

- **Preventative Controls.** The "ex-ante"/forecast point of view, which involves identifying, assessing, and prioritising potential operational risks to enable their mitigation. Under these controls, 9is managed in a proactive and preventive way by the risk entities exposed. Operational risk management is integrated into the day-to-day decision-making process and is focused on the analysis of the causes of operational risk to enable its mitigation; and
- **Detective Controls**. The "ex-post"/actual point of view. This involves assessing the exposure to Operational Risk and measuring its consequences, i.e., the historical cost of the events that have occurred. Under these controls, operational risk management uses tools associated with the consequences of operational risk not only to complement its management, but also to feed the calculation of capital use for operational risk exposure.

RCSAs

A comprehensive RCSA programme is undertaken covering both front office and support functions as well as the second line of defence. The BRC has oversight of the assessment and controls in place to identify high risk or emerging risks to GIB (UK).

RCSA overview, inherent vs residual risk distribution

Each Business Unit is responsible for performing an RCSA in-line with the BRC agreed plan.

The RCSA methodology for identification of operational risks is set out by risk in the operational risk policy and the resulting risks are assessed using a likelihood and impact assessment matrix, which assigns a Low, Medium, High and Critical rating.

The Risks identified through the RCSA process are mapped to the Basel II risk taxonomy to allow further trend analysis and links to other Operational Risk tools such as Operational Risk Events.

Key Risk Indicators (KRI)

Respective business functions, with facilitation from Organisational Risk, establish a set of KRIs for operational risk monitoring purposes, which reflect the key risks identified through the risk appetite statement.

The frequency and threshold of each KRI is defined in consultation with the Operational Risk department and are reviewed and ratified by the BRC.

Key operational risk indicators are monitored daily. If an amber or red KRI is triggered it will be reported to the monthly BRC and the quarterly AROC, via the Risk & Compliance dashboard.

Risk mitigation plans are established by the respective owners in consultation with Operational Risk for any KRI breaching its pre-defined threshold.

Operational Risk Events (OREs)

In GIB (UK), operational risk events arise when operational risk materialises, either because of a breakdown in a process or failure to follow control procedures, a failure or absence of a control or an external cause. Some operational risk events have either a financial or non-financial impact (e.g., Regulation, Customers, Staff and Reputation) whilst others do not have an impact but have the potential to do so (near misses).

In GIB (UK), all operational risk events regardless of the value of the operational loss are formally reported and investigated, these include all loss events as well as:

Near-Miss Events

An incident which had the potential to cause damage to the Bank but did not materialise due to an action of a 'non-routine' nature being taken (i.e., an action occurred outside the standard controls in place to manage the risk).

Boundary Event

A boundary event is an event triggered through another risk category (i.e., credit, market or liquidity risk) which includes an element of operational risk to which a loss might be attributed.

If a control inside GIB (UK) works as designed and picks up and prevents a potential error, it is not considered an operational risk event.

Reporting and escalation

On discovering an event, it is the responsibility of all staff to report it to their department head and Risk and Compliance within twenty-four hours of identification.

The first line of defence (1LoD) performs an immediate investigation to ascertain what happened and what immediate action is required to address the issue in order to minimise the negative impact on GIB (UK) or its clients.

Department heads will report all OREs via a predefined template, including root cause and preventative actions within seventy-two hours of an event being identified.

The Event Owner in in 1LoD performs an impact assessment in line with the predefined impact classification matrix. This will lead to a rating of low, medium, or high, taking into consideration both financial and non-financial impact and, where possible, potential impact.

The Organisational Risk Manager (2LoD) reviews and challenges all ORE reports, speaking to those involved and adding any additional details to an ORE report where required.

All high and medium rated ORE reports are presented to the BRC for information, and the risk mitigation plans tracked via a monthly dashboard. Departmental heads may be expected to present updates on mitigation actions at this forum. High impact events are reported to the AROC via the Risk and Compliance dashboard on a quarterly basis.

Historical Losses

Historically, GIB (UK) has seen a low level of operational events and losses. Over the last 10 years, the historical average loss amount is $9,921 (calculated as the total value of losses divided by the number of operational loss events). The highest single loss was $300,000.

4.2.4 Liquidity and Funding Risk

Liquidity risk is the risk that sufficient funds are not available to meet GIB (UK)'s financial obligations when they fall due. GIB (UK) financial obligations arise from doing business as a financial institution, for example paying our depositors, posting margin, or paying operational expenses.

Funding risk is the risk that the bank is not able to attract deposits or obtain the funding required to purchase income generating assets.

GIB (UK)'s liquid resources are primarily comprised of:

- Cash and short dated interbank placements; and
- A liquidity buffer that consists of eligible buffer assets, as defined by the UK regulator, including deposits with the Bank of England (BoE) and the Federal Reserve Bank of New York (the Fed) and marketable securities (excluding unsecured securities issued by other institutions).

GIB (UK) also has an asset monetization programme where an asset's liquidity is tested by utilising the Fed's repo facility, posting securities in exchange for liquid funds or undertaking bilateral repo trades with third parties. This test is performed at least annually, and results are presented to ALCO.

The Board has established a Liquidity Risk Management Policy to ensure that the Bank has access to adequate funds to meet its obligations, even under adverse conditions. In normal conditions, the objective is to ensure that there are sufficient funds available not only to meet current financial commitments but also to provide the flexibility to capitalise on opportunities for business expansion. These objectives are met through the application of a prudent mix of liquidity controls.

Liquidity stress testing is performed daily via the OLAR calculation and these parameters are reviewed on an annual basis as part of the ILAAP.

GIB (UK) Risk reports on liquidity risk to the ALCO each month basis and to the AROC on a quarterly basis.

4.2.5 Credit Concentration Risk

Credit Concentration Risk is the risk of losses arising from concentrations of exposures due to imperfect diversification.

GIB (UK)'s Treasury desk operates under Credit and Concentration limits prescribed in GIB (UK)'s RAS, which is approved by the Board. The risk appetite defines the instrument limits tenors and jurisdictions that GIB (UK) can invest in.

Credit concentration risk is reported quarterly to ALCO and the AROC.

4.2.6 Interest Rate Risk in the Banking Book (IRRBB)

Interest rate risk is the potential adverse impact on the Bank's future cash flows from changes in interest rates associated with banking book items.

The differing interest rate risk characteristics of GIB (UK)'s assets and liabilities when Treasury accepts deposits with a certain maturity in a certain currency and places them at different maturity and/or in a different currency may give rise to the following risks:

- Duration risk arising when the re-pricing of banking products (assets and liabilities) is mismatched across time buckets;
- Basis risk arising when banking book positions re-price in relation to different reference interest rates; and
- Optionality arising from any discretion customers and counterparties have in respect of their contractual relations with the bank, including prepayment risk on fixed rate loans and deposits (not material in GIB's business model).

IRRBB is monitored and assessed daily in line with the guidance set-out in the PRA Rulebook.

4.2.7 Business and Strategic Risk

Business risk is the risk to the bank's business model caused by uncertainty in the macroeconomic environment, with specific consideration given to earnings volatility and cost overruns in severely adverse conditions. Business risk is managed with a long-term focus and is assisted by careful development of business plans, appropriate management oversight and an embedded corporate governance framework. Strategic risks are those that are most consequential to the organisation and threaten to its ability to meet its purpose and deliver its vision.

For GIB (UK) there are two principal lines of business:

(i) Treasury and Banking; and

(ii) Asset Management.

Our Treasury and Banking business is very clearly driven by our customers' requirements. If these requirements reduce to a position where revenues do not cover the costs generated, then the Bank would need to reduce costs. The main business risk facing Treasury is the narrow business model and the small depositor base, and hence it is vulnerable to changes in demand from clients.

Building an active asset management business that focusses on sustainability at the heart of its investor offering was the Bank's key strategic focus during 2024. There was a further broadening of the product offering, primarily to facilitate entry into the US Institutional market. The track records of our active funds are still relatively young with only one of the fund track records reaching its three-year anniversary, but we have managed to attract over a dozen new external clients and have our products included on more fund platforms. We expect to see further progress in attracting assets in 2025. For our passive mandates the main business risk is the vulnerability of revenues to asset values. When asset values fall we need to process a broadly similar number of transactions whilst receiving fees calculated on the basis of lower asset values.

The main strategic risks are those associated with the development of new clients, products, and embedding sustainability across the business. As GIB (UK) looks to diversify its products, there is a risk that it misjudges the value proposition for clients, inadequately assesses target market needs, or is unable to leverage distribution channels effectively. In fulfilling its vision to be a responsible investment provider there is a risk of reputational damage if GIB (UK) fails to live up to its vision, either through its own actions or via association with the wider Group. Further, GIB (UK) maintains a Key Risk Register that monitors current and emerging risks, which is reviewed every six months.

4.2.8 Conduct Risk

Conduct Risk is the risk that the actions of a firm lead to client detriment, poor client outcomes or negative impact on market stability. It arises when employees do something they should not do, or do not do something they should be doing, and can be driven by poor organisational culture.

GIB (UK) through its Code of Conduct and Culture Framework has established a risk culture that not only addresses the risk of misconduct but also highlights clear accountability for actions through a preventive approach.

GIB (UK) has embedded Conduct Risk in its Risk Management framework and has incorporated behaviour and conduct in its annual performance appraisal and certification processes.

GIB (UK) Compliance & Risk department reports conduct risk indicators, including any Human Resources or market conduct issues, to the BRC and to the AROC and the Board on a quarterly basis.

4.2.9 Group Risk

GIB (UK) outsources a number of operations to GIB B.S.C. Group companies and manages this risk through 'Service Level Agreements', that are reviewed annually. GIB (UK) acknowledges and accepts the significant reliance on Group to support the business model for GIB (UK) Treasury and Banking activities.

Group companies support the following activities:

- Credit Risk - All exposures are monitored by Group against agreed credit limits for GIB (UK);
- Market risk - Group measures and reports VaR exposures for FX positions using Murex. This includes the stress testing of positions and VaR back testing;
- Operations - Operations staff based in KSA support the Treasury and Banking activity; and
- Systems and Data - GIB (UK) are reliant on Group for accounting, treasury and banking systems and data.

GIB (UK) recognises that it places significant reliance on the GIB B.S.C. Group as an outsourced services provider.

4.3 Risk culture

Underpinning the effectiveness of the RMF is a strong risk culture that sets the tone for the Bank and influences the risk consciousness of employees as they conduct their daily activities and pursue business objectives.

The risk culture of GIB (UK) seeks to ensure that all business functions and employees consider risk management, and consult appropriately with the Risk Function, during the development of any new products, procedures, policies, and systems.

4.4 Adequacy of risk management arrangements

The Board is ultimately responsible for reviewing the Bank's systems and controls and the effectiveness of the arrangements around these. However, such arrangements are designed to mitigate, not eliminate risk and therefore can provide only reasonable, but not absolute, assurance against fraud, material losses or financial misstatements.

The Bank has developed an RMF which is reviewed and approved at least annually by the Board, to provide guidance to the business on how risks should be managed and to ensure that the bank's risk management systems and controls are adequate.

The Board considers that its risk management arrangements, including its risk management systems and controls, are adequate with regards to the Bank's profile and strategy.

5. Own funds

5.1 Composition of own regulatory funds (UK CC1)

Own funds as at 31 December 2024 are summarised below.

The Bank's regulatory capital consists entirely of CET 1 capital made up of fully paid-up ordinary shares, audited retained earnings and other reserves.

The Bank is a wholly owned subsidiary of Gulf International Bank B.S.C. (the parent Company) incorporated in the Kingdom of Bahrain.

		$'000	$'000	
		Amounts	Amounts	**Reference letters of the balance sheet under the regulatory scope of consolidation**
		31-Dec-24	31-Dec-23	
Common Equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	**250,000**	250,000	a
	of which: Instrument type 1	**250,000**	250,000	a
2	Retained earnings	**199,174**	175,173	b
3	Accumulated other comprehensive income (and other reserves)	**10,652**	32,878	c
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**459,826**	458,051	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	**-216**	-234	d, e, h
8	Intangible assets (net of related tax liability) (negative amount)	**-129**	-116	f
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	**-1,928**	0	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	**-2**	0	
15	Defined-benefit pension fund assets (negative amount)	**-22,086**	-46,044	g
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-24,361**	-46,393	
29	**Common Equity Tier 1 (CET1) capital**	**435,465**	**411,658**	
68	**Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)**	**10.13%**	9.53%	
Amounts below the thresholds for deduction (before risk weighting)				
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)	**1,432**	358	

Notes:

The references (a) – (j) identify balance sheet components in table CC2 – Reconciliation of regulatory capital to balance sheet which are used in the calculation of regulatory capital.

* Represents, as a percentage, the level of CET1 capital left available to meet buffer requirements after subtracting the minimum amount of CET1 capital required to meet total Pillar 1 plus Pillar 2A capital requirements, also referred to as total SREP own funds requirements. The minimum CET1 requirement is equivalent to 4.5 per cent of risk weighted assets (Pillar 1) plus the additional CET1 SREP requirement (56.25 per cent of the Pillar 2A capital requirement). However, as GIB (UK)'s capital instruments qualify exclusively as CET 1 it must use CET 1 capital to meet the minimum requirements beyond the extent to which the regulations mandate. The surplus reported takes this into account.

5.2 Reconciliation of regulatory own funds to balance sheet in the audited financial statements (UK CC2)

		31-Dec-24 $'000	Ref
Assets - *Breakdown by asset class according to the balance sheet in the published financial statements*			
1	Cash and cash equivalents	7,378,636	
2	Placements with banks	5,666,838	
3	Trading securities	141,808	d
4	Derivative financial asset	89,160	e
5	Debt securities at amortised cost	1,015,473	
6	Property, plant and equipment	2,762	f
7	Right-of-use assets	21,499	
8	Other assets	182,679	g
9	Current tax receivable	-	
10	**Total assets**	**14,498,855**	
Liabilities - *Breakdown by liability class according to the balance sheet in the published financial statements*			
1	Deposits from banks	1,159,003	
2	Deposits from customers	12,755,439	
3	Derivative financial liability	7,739	h
4	Deferred tax liability	6,226	
5	Other liabilities	109,076	
6	Current tax liabilities	1,546	
7	**Total liabilities**	**14,039,029**	
Shareholders' Equity			
1	Share capital	250,000	a
2	Capital contribution	2,279	b
3	Retained earnings	196,895	b
4	Cashflow Hedge Reserve	1,928	c
5	Pension reserves	8,724	d
	Total shareholders' equity	**459,826**	

Reconciliation between equity and CET1 capital

		$'000 31-Dec-23
1	Shareholders' equity	**459,826**
2	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-1,928
3	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-2
4	Intangible assets net of any related deferred tax liability	-129
5	Pension asset net of any related deferred tax liability	-22,086
6	Prudential valuation adjustment	-216
7	**CET1 capital**	**435,465**

Notes:

The table above presents GIB (UK)'s accounting balance sheet as at 31 December 2024 which forms the basis for the calculation of the Bank's regulatory own funds as presented in table CC1. There is no difference between the Bank's accounting and regulatory balance sheets.

The references (a) to (h) identify regulatory balance sheet components that link initially to items disclosed in table CC1, prior to the application of regulatory definitions and adjustments per the rules for calculating own funds.

Deferred tax assets that do not rely on future profitability and result from temporary timing differences have not been deducted from deferred tax liabilities in the calculation of own funds but are risk weighted.

GIB

6. Own funds requirements

6.1 Pillar 1 approach

The Bank calculates its Pillar 1 own funds requirements using the following approaches:

Risk category	Pillar 1 approach
Credit risk	Standardised approach under the Credit Risk part of the PRA Rulebook and Chapter 2, Title II, Part Three of the UK-CRR
Counterparty risk	The Simplified standardised approach for counterparty credit risk under the Counterparty Credit Risk (CRR) part of the PRA Rulebook and Section 4 of Chapter 6 of Title II, Part Three of the UK-CRR
CVA risk	The standardised method under the Credit Valuation Adjustment (CRR) part of the PRA Rulebook and section 4 of Chapter 6 article 384, Title VI, Part Three of the UK-CRR
Operational risk	The standardised approach under the Operational Risk (CRR) part of the PRA Rulebook Chapter 3, Title III, Part Three of the UK-CRR
Market risk: - Foreign exchange risk	Standardised approach under the Market Risk Part of the PRA Rulebook and Chapter 3, Title IV, Part Three of the UK-CRR

Capital requirements are actively managed and regulatory ratios, including leverage, are a key factor in GIB (UK)'s internal risk appetite management.

6.2 Pillar 1 capital requirements (UK OV1)

The following table sets out the total risk-weighted exposure amounts and the corresponding total own funds requirement determined in accordance with Article 92, to and broken down by the different risk categories set out in Part Three of the CRR.

		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		$'000	$'000	$'000
		T - Current year	T-4 - Prior year	T - Current year
		31-Dec-24	31-Dec-23	31-Dec-24
1	Credit risk (excluding CCR)	**1,704,126**	1,588,788	136,330
2	Of which the standardised approach	**1,704,126**	1,588,788	136,330
3	Of which the foundation IRB (FIRB) approach			
4	Of which slotting approach			
UK 4a	Of which equities under the simple riskweighted approach			
5	Of which the advanced IRB (AIRB) approach			
6	Counterparty credit risk - CCR	**60,089**	60,709	4,807
7	Of which the standardised approach			
8	Of which internal model method (IMM)			
UK 8a	Of which exposures to a CCP			
UK 8b	Of which credit valuation adjustment - CVA	**15,040**	20,994	1,203
9	Of which other CCR	**45,049**	39,716	3,604
15	Settlement risk			
16	Securitisation exposures in the non-trading book (after the cap)			
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)			
19	Of which SEC-SA approach			
UK 19a	Of which 1250%/ deduction			
20	Position, foreign exchange and commodities risks (Market risk)	**819**	11,263	65
21	Of which the standardised approach	**819**	11,263	65
22	Of which IMA			
UK 22a	Large exposures			
23	Operational risk	**198,710**	149,224	15,897
UK 23a	Of which basic indicator approach			
UK 23b	Of which standardised approach	**198,710**	149,224	15,897
UK 23c	Of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)			
25				
26				
27				
28				
29	**Total**	**1,963,743**	1,809,984	**157,099**

6.3 Use of External Credit Assessment Institutions ("ECAI")

GIB (UK) uses ratings assigned by the following three PRA approved ECAI's: Standard & Poor's Rating Group, Moody's Investors Services and Fitch Group when calculating the credit risk requirements under the standardised approach to rated counterparties. External credit assessments have been applied for the following classes of exposures: central governments, multilateral development banks, institutions, corporates, shares in CIUs (the look-through approach), equity and other assets to determine the relevant "Credit Quality Step" and consequent risk weight.

6.4 Pillar 2 capital requirements

Pillar 2a capital is held for risks that are either not captured, or not fully captured, under the Pillar 1 calculations. GIB (UK) undertakes an ICAAP, which involves a forward-looking assessment to ascertain the Pillar 2 capital requirement.

A Pillar 2a capital requirement sets out the additional regulatory capital as determined by the PRA, through the issuance of a firm specific Total Capital Requirement (TSCR), following a review of the ICAAP, as part of the Supervisory Review and Evaluation Process (SREP). The Pillar 2A requirement must be met with at least 56.25% CET 1 capital. It is expressed as a percentage of RWAs.

As at 31 December 2024, the Bank's Total Capital Requirement (Pillar 1 + Pillar 2A), set by the PRA was 12.05% (2023: 13.21%).

The PRA has not set an additional supervisory buffer.

6.5 Capital buffers

The Bank is required to hold additional capital in the form of CRD IV capital buffers. These buffers must be met entirely with CET 1 capital.

6.5.1 Capital Conservation Buffer (CCoB)

The CCoB, at 2.5% of RWAs, applies to banks and has been developed to ensure capital buffers are available which can be drawn upon during periods of stress if required.

6.5.2 Countercyclical Buffer (CCyB)

The CCyB is intended to protect the banking sector against potential losses when excess credit growth is associated with an increase in system wide risks. The CCyB is a charge on relevant credit exposures defined as lending to exposure classes (g) to (q) as defined in CRR article 112.

GIB (UK) is not engaged in extending credit to the wider economy, consequently the CCyB only applies to a proportion of its activities. The charge is applied to 6.1% (2023: 4.8%) of its total credit exposures making up 32.0% (2023: 42.3%) of credit risk weighted assets.

In each jurisdiction the relevant authority (the Bank of England in the UK) sets an individual CCyB rate based on their assessment of systemic risks in that jurisdiction. Accordingly, each institution calculates a specific CCyB based on a weighted average of the CCyB rates for each jurisdiction in which it has an exposure.

As of 31 December 2024, GIB (UK) had a CCyB of $2.4m (2023: $2.3m) and hence a weighted average CCyB rate of 0.12% (2023: 0.13%).

6.6 Leverage ratio (LR)

The leverage ratio is defined as the ratio of Tier 1 capital to the total leverage ratio exposure measure. The leverage ratio exposure measure applies an equal weighting to all assets and therefore provides a complementary capital framework which is not exposed to the inherent errors and uncertainties in measuring risk by assigning risk weights.

The UK Leverage Framework that has applied to the Bank since 1 January 2022 excludes qualifying central bank claims from the exposure measure as set out in the FPC's 2015 Policy Statement. This exclusion ensures that the framework does not act as a barrier to the effective implementation of monetary policy measures or as a disincentive for institutions to use central bank liquidity facilities.

GIB (UK)'s leverage ratio as at 31 December 2024 was 5.02% (2023: 5.28 %).

7. Remuneration

The PRA's policy statement PS15/23 - The Strong and Simple Framework: Scope Criteria, Liquidity and Disclosure Requirements - allows firms that meet the criteria to be classified as a small and non-complex institution (SNCI)/small CRR firm to reduce their remuneration disclosures from 2024 onwards.

GIB (UK) meets condition 1b and condition 2 of the small CRR firm threshold:

1b: It has average total assets of under £20 billion, and:

- Its trading book business contributes under 5% of the firm's total assets and is less than £44 million;
- Its foreign exchange positions constitute under 3.5% of own funds on the reporting date and under 2% of own funds on average;
- It has no commodities or commodity derivatives positions;
- It provides no clearing, transaction settlement, custody, or correspondent banking services to any UK bank or building society, or to any non-UK credit institution**;**
- It is not the operator of a payment system.

2: GIB (UK) is not part of a group containing another firm which:

- Is subject to the Remuneration Part (*of the PR Rulebook*) on an individual basis; and
- exceeds £20 billion in average total assets (as defined above) on an individual basis, consolidated basis, or sub-consolidated basis (*in the UK*).

Based on the above GIB (UK) has taken advantage of article 433c (3) of the Disclosure (CRR) part of the PRA Rulebook that exempts non-listed firms from making annual remuneration disclosures.