

Pillar 3 Disclosures

31 December 2024

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Overview

Business Overview

Established in 2015, Moneycorp Bank ('MCB') is licensed in Gibraltar by the Gibraltar Financial Services Commission ('GFSC'). The Bank delivers local and international banking services to Institutional, Corporate, SME and Private Clients. The Bank obtained its Electronic Money Institution ('EMI') and Markets in Financial Instruments Directive ('MiFID') licenses in 2016 and 2020 respectively.

MCB effectively operates two business units, namely;

- Financial Institutions Group ('FIG'); and
- Deposits and Payments

The primary activity of the FIG business is the supply of physical currency bank notes for clients on a global basis. In September 2019, the Bank (and its Hong Kong subsidiary) was granted access to the New York Federal Reserve Foreign Bank International Cash Services ('FBICS') program which enables the Bank to purchase US Dollars directly from the Federal Reserve. The Bank is one of two financial institutions overall to have access to this facility and the first successful financial institution outside of the USA.

Pillar 3 Introduction

This report presents the Pillar 3 disclosures for Moneycorp Bank for the 12-month reporting period ended 31 December 2024.

The purpose of the document is to meet regulatory disclosure requirements which fall under the Capital Requirements Regulation (CRR) and the rules of the Prudential Regulation Authority ('PRA'). These regulations came into force on the 1 January 2022 and domestically are overseen by the Gibraltar Financial Services Commission ('GFSC').

The 3 Pillar Framework

The Basel framework aims to strengthen the regulation, supervision and risk management of banks and is organised around three pillars.

Pillar 1

defines the minimum regulatory capital requirements, including risk-weighted assets, that firms are required to hold for credit risk, counterparty credit risk, market risk and operational risk

Pillar 2

builds on Pillar 1 and incorporates the firms' own assessment of additional capital resources required to cover specific risks that are not covered by the minimum regulatory capital requirements set out under Pillar 1.

Pillar 3

is designed to improve market discipline by requiring firms to publish information on their principal risks, capital structure and risk management

Review and Approval

The Pillar 3 disclosures are reviewed and approved by the Board following presentation by the Chief Financial Officer and a detailed internal review process which includes the Asset & Liability Committee ('ALCo'), the Executive Committee ('ExCo') and the Audit Committee ('AC').

Scope

No disclosures have been omitted based on materiality, confidentiality or proprietary.

Publication

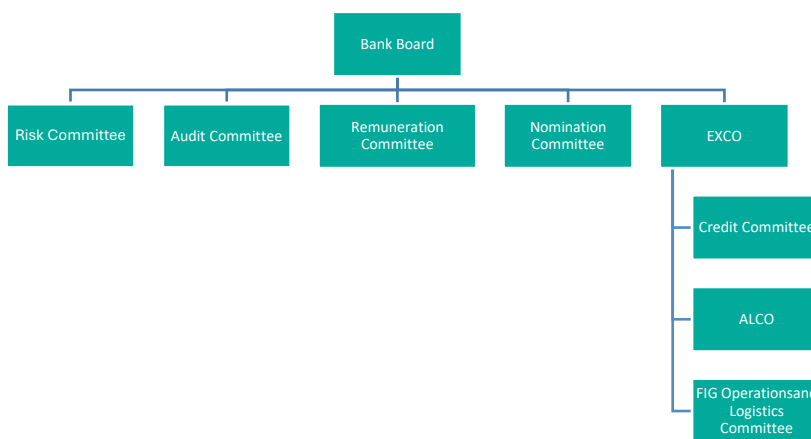
The Banks's Pillar 3 Disclosures are made available through the corporate website (www.moneycorpBank.com).

Risk Governance

Risk governance refers to the processes and structures established by the Board, to ensure that risks are taken within the approved appetite, with clear delineation between risk taking and oversight responsibilities.

Corporate Governance

The Board, with a mix of independent non-executive directors, has great breadth and depth of complementary experience, which provides the requisite skills and experience needed to govern and oversee the development of MCB’s proposed business model. In order to fully harness this depth of experience, the Bank has created a governance structure as follows:



Board of Directors

The Board is responsible for defining the Bank’s strategy, business plans and setting the Bank’s risk appetite. The Board is also accountable for identifying and managing the Bank’s risks, adhering to the Bank’s legal and regulatory requirements, and ensuring that internal risk management policies and procedures are being adhered to. The Board delegates the authority for these activities to the Bank’s ExCo and its staff depending on the area of responsibility and function.

Whilst the execution of the Bank’s strategy is delegated to the ExCo, the Board is ultimately responsible for directing and controlling the Bank’s business activities, strategic decision making and strategic planning (including capital and dividend planning).

The Bank’s Board meets at least quarterly and has a balance of both executive and non-executive directors who have broad financial services industry experience. The Board is supplied with the information required for the effective discharge of its responsibilities on a regular basis by internal functions such as Regulatory Compliance, Finance, Legal, Credit and Risk.

All appointments to the Board are based on merit with candidates assessed against objective criteria. The Board recognises the importance of having a wide range of perspectives to draw upon and any appointments will seek to increase its diversity while not compromising on the quality of the Board.

The number of external commercial directorships held by the Bank’s Directors who served on the Board for the year ended 31 December 2024 were:

Name	Gender	Capacity	Appointment Date	Number of Additional Directorship
Albert Mena	Male	Chairman	01/11/2023	4
David Perkins	Male	Director	27/09/2023	0
Craig Macfarlane	Male	Executive Board Member, MCB CFO	26/01/2024	0
Paul Wharton	Male	Non-Executive Director	01/09/2019	0
Eileen Goodman	Female	Non-Executive Director	27/09/2023	0
Seamus Hayes	Male	Director	07/09/2022	1
Srini Kasturi	Male	Non-Executive Board Member, Investor Representative	To Be Confirmed	0

Board Risk Committee

Board Risk Committee (‘BRC’) consists of non-executive directors with relevant experience, supplemented by attendees of relevant Bank executives.

The BRC is responsible for the review and discussion of all significant risks that arise in executing the Bank’s strategy. It serves as a forum to identify, manage, monitor and mitigate significant risks stemming from current and emerging risks that arise in the course of executing the Bank’s day-to-day operations and future business plans. The BRC meets quarterly in advance of the Board meetings.

Board Audit Committee

The primary role of the Audit Committee (‘AC’) is to ensure the integrity of the financial reporting and audit processes, and the maintenance of a sound control environment and risk management framework. The AC provides a link between the audit functions and the Board, independent of the Senior Management Team since the latter is responsible for accounting rules and procedures which are the subject of audit and assurance.

Remuneration and Nominations Committee

The Remuneration Committee is responsible for governance of remuneration.

The Committee is also responsible for the overall remuneration policy for all staff including Executive Directors. There are no sub-committees of the Committee, and it operates under delegated authority from the Bank's Board.

The purpose of the Nomination Committee is to develop and maintain the process of making recommendations on appointments and reappointments to the board, its sub-committees and the Executive. Additionally, it is responsible for reviewing the succession plans for the executive directors and the Non-Executive Directors. This is achieved by:

- Reviewing the structure, size and composition of Board and its sub-committees, having regard for the Bank's strategy and diversity;
- Establishing and embedding the nominations process; and
- Overseeing succession planning for Board and Executives.

Executive Committee ('Exco')

The ExCo is responsible for executing the Bank's strategy as defined by the Board and for delivering an appropriate financial return to Bank's shareholders as defined by the Board's business and capital plan, taking into consideration the Board's approved RAS. ExCo meets monthly to review the Bank's performance against its business and capital plan as well as against the strategic and operational objectives for the Bank.

Credit Committee

Within Board delegated authority levels, the Credit Committee (CC) is the highest-level executive decision-making body for credit decisions on clients. Credit decisions primarily arise in relation to the Bank's derivative customers, where market movements on transactions can result in credit exposures.

Asset - Liability Committee

The Asset - Liability Committee ('ALCO') is established as a sub-committee of the ExCo to support it in achieving its objectives and responsibilities.

The ALCO has executive responsibility for overseeing the appropriate distribution and optimisation of the financial risks within the Bank's balance sheet. There is particular focus capital adequacy, funding and liquidity, market risk and how these are impacted by execution of the Banks strategy plan, operating model and day to day operations.

FIG Operations and Logistics Committee

The FIG Operations & Logistics Sub-Committee is a delegated Sub-Committee of the ExCo of MCB. The focus is on monitoring and enhancing operational and logistical performance within FIG while ensuring compliance with internal policies and regulatory standards. Key responsibilities include approving internal governance, coordinating

cross-functional initiatives, and reviewing process improvements and resource allocations. Additionally, it involves identifying operational risks, supporting strategic planning, and overseeing the implementation of corrective actions and performance management processes. The Sub-Committee may escalate matters to ExCo or the Board as appropriate, except for those reserved for the Board. The Sub-Committee may establish working groups with delegated authority to review, approve, and escalate matters as necessary.

Risk Management Objective and Policies

The Bank regards effective risk management as a key element of its sustainable performance, overall value creation and its long-term success.

Risk Management Strategies and Processes

The Bank's Board, as the governing body of the Bank, is responsible for ensuring that effective systems and controls are in place to manage risks and for exercising oversight to ensure that these are effective over time. The Board delegates authority for day-to-day risk management to Senior Management, and by extension the first line business, and exercises oversight of these arrangements through appropriate systems of governance, MI and reporting. This is achieved through the Risk Management Framework ('RMF').

The Board considers that as at 31 December 2024 it had in place adequate systems and controls with regard to Bank's risk profile and strategy. Whilst risk cannot be eliminated, the Board is satisfied that the systems of internal control embedded within the RMF have worked effectively during the last financial year to identify, monitor, manage and control all relevant risks.

Risk Strategy and Culture

The Bank's risk strategy is to continue to create and maintain a robust risk culture and embed effective risk management practices in order to ensure that the Bank delivers a responsible and sustainable business. The Board is committed to promoting a risk aware culture, where appropriate decision making and behaviours are modelled by the Board of Directors, the ExCo and Senior Management and thereby sets the standard across the organisation.

The Bank's risk culture aims to ensure that all business functions and employees consider their role in risk management and work appropriately with the risk function during the development of new products, procedures, policies and systems.

Risk Management Framework

The Bank's RMF outlines the Bank's approach to risk management and how the key risk exposures of the Bank are identified, assessed, and managed ensuring that risk exposure does not exceed Risk Appetite. The Bank's RMF is a Board defined document, designed to ensure a holistic and consistent approach to the management and aggregation of all risks, is fully integrated into the management of the business and decision-making, ensuring risk-related decisions are consistent with the Bank's strategy and approved risk appetite framework (and in compliance with the standards set by regulators). The purpose of the RMF is to establish a structured approach to identify, manage, monitor and report risks.

The framework is periodically reviewed, updated and approved by the Board to reflect any changes to the business and external regulations, law, corporate governance and industry best practice. This helps the Bank to ensure it continues to meet its responsibilities to its customers, shareholders and regulators.

Risk Appetite

The Board approved Risk Appetite defines the type and level of risks that the Bank is prepared to accept in pursuit of its strategic objectives, both under normal and stressed business conditions.

Risk appetite is expressed within the Statement of Risk Appetite, which comprises both qualitative and quantitative statements for managing each of the principal risk types with a limit structure in place to ensure delivery against appetite.

Furthermore, Risk Appetite considers the material risks to the Bank, with consideration given to the potential impact on elements such as the Balance Sheet, sustainability, customers, employees, reputation, regulators and stakeholders.

Three Lines of Defense

The Bank's approach to risk management follows the best practice 'Three Lines of Defense' model to ensure adequate oversight and assurance over risk management:

First line of defense represents the core business units and operational functions responsible for understanding and managing the risks in their respective areas. It contains the staff responsible for identifying and managing risk, as part of their accountability for achieving their objectives.

Second line of defense comprises the Risk and Compliance Function who provide independent oversight and challenge of the first line of defense. The function provides the frameworks, tools and techniques to enable risk and compliance to be managed in the first line, conducts monitoring to judge how effectively they are operating, and helps to ensure consistency of definitions and measurement of risk across the Bank.

Third line of defense is provided by the internal audit function. This sits outside of the risk management processes of the first and second line, with its main role being to ensure that the first two lines are operating effectively. Tasked by (and reporting to) the Audit Committee, it provides an evaluation on the effectiveness of governance, risk management and internal controls to the Board and senior management. Further, it also gives assurance to regulators and external auditors as appropriate.

Principle Risks

The following section outlines the principal risks to which the Bank is exposed. These risks are actively monitored, measured, and mitigated through the Bank's risk management framework and governance arrangements. They are subject to ongoing assessment to ensure alignment with the Bank's strategic objectives and business plan, in accordance with regulatory requirements under the Capital Requirements Regulation (CRR) and the Bank's Pillar 3 disclosure obligations.

Principle Risk	Summary of Principle Risk and Change in Appetite
1 Operational Risk	Operational Risk refers to the potential for loss resulting from inadequate or failed internal processes, people, systems, or external events.
2 Regulatory & Legal Risk	Regulatory & Legal Risk refers to the potential for non-compliance with legal, regulatory, or contractual obligations.
3 Market Risk	Market Risk refers to the potential for financial loss due to adverse movements in market variables such as interest rates and foreign exchange.
4 Credit Risk	Credit Risk is the potential for loss from a counterparty failing to meet financial obligations
5 Capital and Liquidity Risk	Capital & Liquidity Risk refers to the risk of insufficient capital or liquidity to meet obligations and support business operations.
6 Strategic Risk	Strategic Risk refers to potential losses from poor decisions, execution failures, or misalignment with business objectives.
7 Country Risk	Country Risk refers to exposure arising from political, economic, or security conditions in specific jurisdictions.

Stress Testing

The Bank performs stress testing and scenario analyses to understand the impact of internal and external factors on the key capital and liquidity risks faced by the Bank. Stress testing acts as a management tool to understand the impact from downside macro-economic and idiosyncratic factors on the Bank's liquidity and capital resources, which are assessed before and after management actions, and to drive actions that seek to ensure the Bank remains within its risk appetite.

Capital Risk - The Bank undertakes the Internal Capital Adequacy Assessment Process ('ICAAP') which is an internal assessment of its capital requirement. This internal process is designed to consider all material internal and external risks which the Bank faces and provides important information relating to regulatory and economic capital requirements.

Liquidity Risk - The Bank completes an annual assessment of its key liquidity and funding risks via the Internal Liquidity Adequacy Assessment Process ('ILAAP'), which is approved by the Board.

An integral part of the ILAAP is internal stress testing, which defines a number of 'severe but plausible' scenarios that could generate material cash outflows and impact the Bank's liquidity position.

The impact on liquidity is measured across all defined stress scenarios in order to ensure that an adequate volume and quality of liquid assets are held at all times. The liquidity requirements defined by the Bank's internal stress testing are measured and reported to management on a minimum monthly basis alongside the regulatory LCR stress.

Key metrics

The tables below represent capital resources held by the Bank, the set of key prudential metrics and risk weighted exposure amounts covering the Bank's available capital (including buffer requirements and ratios), risk weighted exposure amounts (RWA), leverage ratio, Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

Capital Resources

Capital Resources £'000	31 December 2024	31 December 2023
Tier 1 Capital		
• Share capital	4,984	4,984
• Retained earnings	21,205	23,411
Total Tier 1 Capital	26,189	28,395
Deductions	-1,708	-1,734
Total Capital resources	24,481	26,660

Capital Adequacy

Capital Adequacy £'000	31 December 2024	31 December 2023
Total Exposures	265,532	205,939
Risk Weighted Assets	49,118	61,271
Credit Risk	1,077	956
Operational Risk	1,976	3,343
Market Risk	877	603
Total Pillar 1 requirement	3,929	4,902
Capital Ratios (%)		
Common equity tier 1 ratio	34.0	26.0
Total capital ratio	34.0	26.0
Capital buffers (%)		
Conservation buffer	2.5	2.5
Counter cyclical buffer	-	-
Overall capital requirement	10.5	10.5
CET1 available after own funds requirement	23.5	15.5
Leverage ratio £'000		
Total leverage exposure	212,239	194,310
Leverage ratio (%)	7.9	13.7

Liquidity coverage ratio (weighted amounts) £'000		
Total high quality liquid assets (HQLA)	147,429	124,743
Total outflows	54,096	20,919
Total inflows	43,043	15,689
Net outflows	13,524	2,230
Liquidity coverage ratio (%) (<i>see note 1</i>)	1,090	2,493
Net stable funding ratio (weighted amounts)		
Total available stable funding	146,462	
Total required stable funding	18,928	28,458
Net stable funding ratio (%) (<i>see note 2</i>)	774	389

Notes

1. Calculated as average of monthly liquidity positions during 2024
2. Calculated as average of quarterly NSFR positions during 2024

The CET 1 and Total Capital Ratios of 34.0% are in excess of the Bank's overall capital requirement of 235.5%.

At 31 December 2024, the Banks's leverage ratio was 7.9%, in excess of the UK Leverage Framework minimum requirement of 3.25%. The Bank's average Liquidity LCR and average NSFR over the 12 months to 31 December 2023 were 1,090% and 774%.

Remuneration

This remuneration disclosure is a requirement of the Disclosure part of the PRA Rulebook for CRR firms under Article 433 (c), Article 450 as adopted in Gibraltar.

The disclosure below covers remuneration policies and practices for senior management and members of staff whose professional activities have a material impact on the risk profile of the institution, in accordance with the requirements set out by the regulatory authorities.

Remuneration Policy

The Remuneration Committee approves remuneration proposals on an annual basis and reports any matters within its remit in respect of which it considers that action or improvement is needed and makes recommendations as to the steps to be taken.

Performance Related Remuneration

The Bank believes there is a clear link between pay and performance, which when appropriately designed and delivered, can:

- Achieve an appropriate balance between risk taking and reward;
- Reward achievement of the Bank's overall business objectives and values; and
- Prevent, as far as is possible, risk taking in excess of the Bank's risk appetite.

Remuneration Structure

Remuneration consists of:

Fixed pay: In order to attract, retain and motivate employees to achieve the objectives of the Bank within its stated risk appetite and risk management framework, employees are paid fixed base salaries, and benefits such as holiday allowance and pension scheme. Base salary is reviewed annually and set at a level to ensure that there is not an excessive dependence on variable remuneration.

Bonus scheme: The annual cash bonus is performance based and designed to drive and reward medium term results. It considers financial and non-financial (such as adherence to Bank values) results and metrics at Bank, entity, business unit and individual level.

Commission: Client facing staff are paid a commission based on which scheme is applicable for their teams: 1) a percentage of new business achieved; 2) percentage of retained business achieved; and 3) fixed monthly payment for customer support and account opening executives.

Ratio between fixed and variable

Regulation 51(8) of the CICR Regulations contain the requirements for the ratio between fixed and variable, which requires that variable can be a maximum of 200% of fixed, subject to shareholder approval.

Further detail on the split of remuneration is included in the table below.

High earning individuals

No individual received remuneration of the sterling equivalent of €1m or more during the year ended 31 December 2024.

Disclosure table

The table below provides quantitative information on remuneration awarded to regulated individuals and material risk takers broken down by business area, set out in accordance with clauses 1(h) of CRR Article 450.

To preserve the anonymity of individual's remuneration, the tables have been aggregated.

	31 December2024			31 December2023		
	Management Body Remuneration			Management Body Remuneration		
	Moneycorp Bank Supervisory function	Moneycorp Bank Management Function	Total	Moneycorp Bank Supervisory function	Moneycorp Bank Management Function	Total
Total number of identified staff	3	7	10	3	7	10
Total remuneration of identified staff			1,730,943			1,648,020
Of which: variable remuneration £			312,363			218,923
Of which: fixed remuneration £			1,418,580			1,429,097