Citco Bank and Trust Company Limited

PILLAR 3 DISCLOSURE 2022

CITCO

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1. Introduction

The Capital Adequacy and Risk Management Report ('Pillar 3 disclosure') of Citco Bank and Trust Company Limited ('CBTC' or 'the Bank') contains information that enables an assessment of the risk profile and Capital Adequacy of CBTC. This publication fulfils the requirements of the Basel framework, as stipulated in Market Discipline Disclosure Requirements (Pillar 3) ('Requirements') published by Cayman Islands Monetary Authority ('CIMA'). In accordance with these requirements, this report contains information about Governance, Risk Measurement and Capital Adequacy. This report is updated annually.

CIMA reporting is based on three pillars:

- The first pillar, or Pillar 1, defines the regulatory minimum capital requirements by providing rules and regulations for measurement of Credit Risk, Market Risk and Operational Risk. CBTC calculates its minimum capital requirements for Credit and Market risks based on the Standardised Approach. For Operational Risk CBTC uses the Basic Indicator Approach;
- The second pillar, or Pillar 2, deals with the risk profile and management of CBTC. In the Internal Capital Adequacy Assessment Process ('ICAAP'), CBTC reviews its own funds together with its risk profile (evaluating its Capital Adequacy). Part of these reviews consist of stressing CBTC's business model using severe, yet plausible stress scenarios. These firm-wide stress tests consider all material risks and business activities of CBTC and cover a wide scope of scenarios. The results are discussed by senior management and the outcome is approved by the Board of Directors. The ICAAP is also submitted to CIMA; and
- The third pillar, or Pillar 3, aims to promote greater market discipline by enhancing transparency of information disclosure. It means that information on risks, Risk Management practices and Capital Adequacy should be publicly available to all relevant stakeholders.

This Pillar 3 disclosure 2022 has been approved, by the Board of Directors of CBTC.

1.1. Intended audience

This document is intended for all relevant stakeholders including, but not limited to:

- Our clients;
- Our employees;
- Our shareholders;
- Employees of the Citco Group of Companies; and
- Relevant regulatory authorities.

1.2. Responsibility for Pillar 3 disclosure production

Table 1 provides an overview of the stakeholders that are responsible for the Pillar 3 disclosure production:

TABLE 1. STAKEHOLDERS DISCLOSURE

STAKEHOLDER	RESPONSIBILITY
Board of Directors	Final approval and sign-off
General Manager	Final Review and sign-off
Capital Management	Editor and contributor
Risk Management	Contributor and Reviewer
Financial Control	Contributor and Reviewer
Human Resources	Contributor and Reviewer
Compliance	Contributor and Reviewer

1.3. Non-material or irrelevant information

CBTC is guided by the regulatory requirements around the Pillar 3 disclosure process. CBTC targets the disclosure of all required information. Principle 3 of the CIMA Requirements indicates that the disclosure shall be meaningful and irrelevant information or information that does not add value to stakeholders and other users must be removed.

CBTC omits the following information from this Pillar 3 disclosure, as being irrelevant (impacting neither any economic decision nor the risk profile of the Bank and not adding any value to the stakeholders):

- Exposures in securitisation. CBTC does not originate, sponsor or invest in securitisation products;
- Liquidity coverage ratio ('LCR'). As a Category B bank CBTC is not required to comply with or report LCR as per as per the Rules and Guidelines on Liquidity Risk Management (paragraph 10.3);
- Net Stable Funding Ratio ('NSFR'). As a Category B bank CBTC is not required to comply with or report NSFR as per as per the Rules and Guidelines on Liquidity Risk Management (paragraph 20.3);
- Changes in stock of defaulted loans and debt securities. CBTC does not have non-performing or forborne exposures (reported blank in all relevant regulatory reports);
- Credit derivatives exposure. CBTC does not have exposure to credit derivatives;
- Consolidation approaches or matrix information. CBTC is a standalone legal entity without any subsidiaries or branches; and
- Market risk capital requirement for trading activities. Trading book is not established for CBTC.

1.4. Medium to be used

In line with CIMA Requirements, the report is published on the following website:

https://www.citco.com/regulatory-disclosures

1.5. Signatories

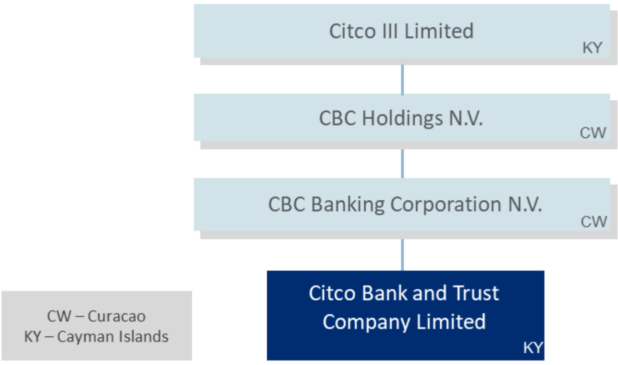
CBTC Pillar 3 disclosure is approved by CBTC Board of Directors on the 28 March 2023.

2. Corporate structure

The Citco Group of Companies ('Citco Group') is a global group of independent financial service providers serving Collective Investment Schemes[1], institutional banks, listed companies and high net worth individuals. Citco companies service these clients around the world by offering fund administration, banking, custody and order processing, financial products and governance services.

CBTC is established and incorporated in Cayman Islands. CBTC is a wholly owned subsidiary of Citco Banking Corporation N.V., Curaçao, which is ultimately a wholly owned subsidiary of Citco III Limited, Cayman Islands (the ultimate parent company), see also Figure 1. CBTC is a standalone legal entity without any subsidiaries or branches.

Figure 1. CBTC and parent structure:



3. Governance arrangements

CBTC is established in the Cayman Islands and is registered with the Commercial Register of the Chamber of Commerce and Industry, and is legally authorized to conduct banking business as licensed by CIMA. CBTC is the holder of an unrestricted Category B banking license and an unrestricted trust license under the Banks and Trust Companies Act of the Cayman Islands. The Bank is also the holder of a securities arranger license under the Securities Investment Business Act of the Cayman Islands. The Board of Directors is responsible for the overall oversight of CBTC, as well as overall functions of the Bank, including strategy, operational performance, risk management and compliance with laws and regulations.

As of 31st December 2022, the Bank's Board of Directors was comprised of four members, and was represented by the Chair of the Board of Directors. The Board of Directors is responsible for defining the business strategy, setting policies and overseeing the overall operational activities of the Bank and ensures the business and strategic objectives are correctly executed. A general profile of the preferred scope and composition of the Board of Directors is defined taking into account the nature of the business, its activities, size and complexity and the desired expertise, experience and independence of its members.

All Board of Directors members participate in lifelong learning programs, with the aim of maintaining the expertise of the Board of Directors members at the required standard and improving their expertise where necessary. The areas covered under the learning program include finance, tax, legal, capital, cyber security, data privacy, regulatory and financial reporting, corporate governance and risk management.

CBTC has set up two separate risk committees. Table 2 provides a list and a description of the committees.

1 A Collective Investment Scheme, which is sometimes referred to as a 'pooled investment', is a fund that several investors contribute to. A fund manager will invest the pooled money in one or more types of asset, such as stocks, bonds or property. There are many types of collective investment scheme available to investors (https://www.fca.org.uk/consumers/unregulated-collective-investment-schemes)

TABLE 2. CBTC BOARD OF DIRECTORS RISK COMMITTEES, 31st December 2022

COMMITTEE NAME	ROLE OF THE COMMITTEE	MINIMUM FREQUENCY
Risk Committee ('RC')	Oversight of both financial and non-financial risks including compliance risks across CBTC in line with the Enterprise Risk Management framework. Monitoring and controlling Credit, Market, Liquidity, Operational Risks, as well as Capital Adequacy.	Quarterly
Outsourcing Committee	Monitoring compliance with the Outsourcing policy and procedures including the effectiveness of key controls, assessing outsourcing related risks including operational and concentration risk, associated with each of the Bank's outsourcing arrangements and review and approval of any future outsourcing arrangements.	Quarterly

4. Risk governance at CBTC

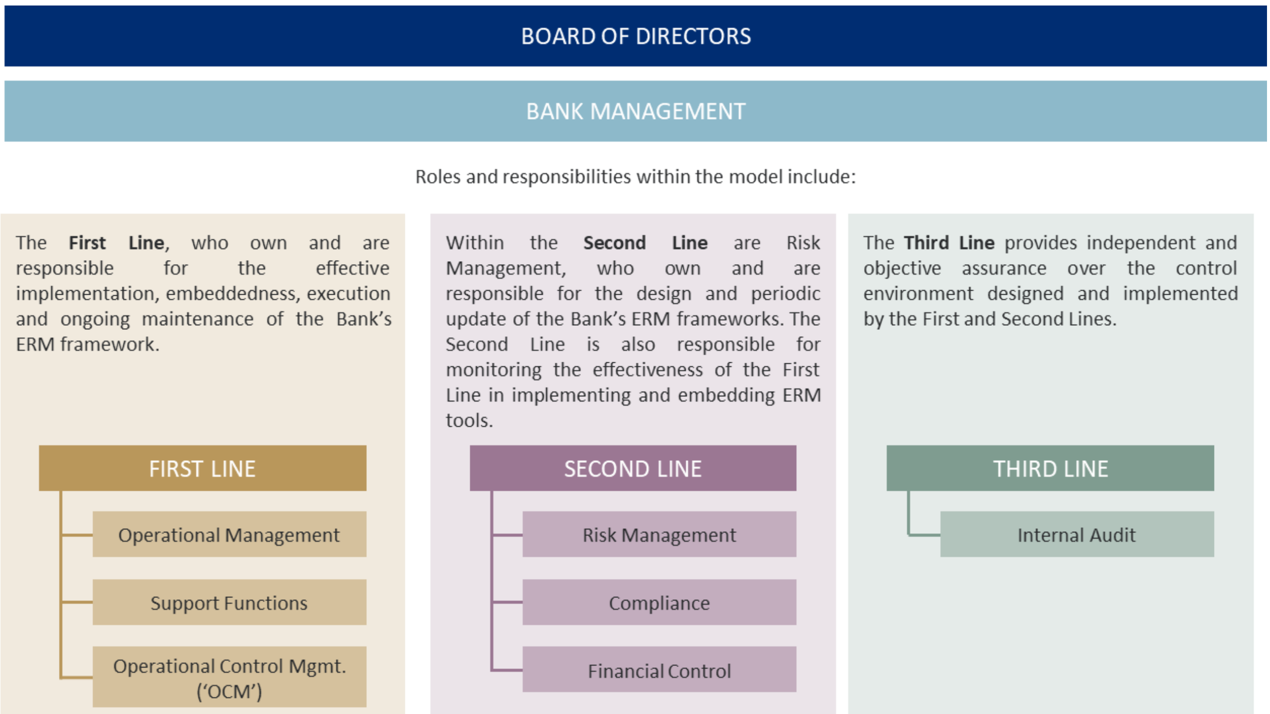
As a financial services provider, the Bank is continuously managing its risks. In order to do this whilst remaining compliant with regulatory requirements the Bank has established an Enterprise Risk Management ('ERM') framework. The critical elements of this ERM framework are the effective identification, assessment, mitigation, monitoring and reporting of CBTC's key risks and the allocation of capital required to support these.

4.1. Risk Strategy

The Risk Management Strategy of CBTC is to support the business in achieving its strategic targets, whilst remaining within the conservative Risk Appetite proposed by the General Manager and ratified by the Board of Directors.

CBTC implemented the 'Three Lines' model as a benchmark for managing the Risk Strategy. CBTC applies the model to demonstrate how the different business and control functions interact with each other and to define roles that enforce stronger corporate governance. These roles are illustrated in Figure 2.

Figure 2. CBTC Three Lines



4.2. First line

As the first line, business management and operational staff are responsible for identifying and managing risks on a daily basis and for escalating identified risk issues to Risk Management. Business management, including Bank IT management, is accountable for the implementation and operation of appropriate policies and procedures and for ensuring compliance with policies set by the Management Board, Supervisory Board and Risk Management.

Operational Control Management (‘OCM’) is part of the first line. OCM is responsible for operational risk activities including Risk and Control Self-Assessment (‘RCSA’), process control testing, risk event root cause analysis and operational risk reporting to management.

4.3. Second line

The ‘second line’ concerns those responsible for risk oversight and risk guidance in the Bank; e.g. Risk Management, Compliance and Financial Control. Second line is responsible for risk policies, risk processes and controls and most importantly the monitoring of compliance by the first line. The Bank’s second line reports on activities included in the Risk Management framework to the Board of Directors (incl. Risk Committee). The second line is responsible for monitoring the effectiveness of the controls and the execution of the Risk Management framework by the first. Models used to assess risks are validated by a sufficiently skilled person, different to the user who created the model and documented, this process should be repeated for any material model changes.

The Risk Management function is responsible for developing and maintaining the strategic approach of the ERM framework to ensure that appropriate risk identification, assessment and mitigation activities are executed by the business. This is achieved through a comprehensive framework of risk policies, monitoring and reporting.

The Compliance function translates the laws into compliance obligations and assists the business divisions to identify its Compliance Risks (incl. Integrity Risk) and activities to mitigate those risks based on the Bank’s Risk Appetite. The Compliance function also monitors the business and local management’s control of Compliance Risks.

The Financial Control function executes the control framework around statutory and regulatory reporting of the Bank.

Risk Management, Compliance and Financial Control are Citco Group functions, with reporting lines to CBTC Board of Directors and Citco Group.

4.4. Third line

The Citco Group Internal Audit function acts as the ‘third line’. Internal Audit assesses the effectiveness and efficiency of the Bank’s control framework and provide solicited and unsolicited advice designed to add value and improve the operations, processes, systems and control environment. It assists the Bank in accomplishing its objectives by bringing a systematic, disciplined approach to evaluating and reporting on the effectiveness of risk management, controls, and governance processes. The scope of the work of the Internal Audit function includes all processes, systems, businesses and functions of the Bank. Internal Audit reports to the Board of Directors. The Internal Audit function works closely with the external independent auditors to plan audit coverage of the Bank.

4.5. Risk Appetite

The ERM framework of CBTC identifies five main risk categories at the top of a comprehensive risk taxonomy, which enables consistent risk identification and reporting:

- Strategic Risk;
- Credit Risk;
- Market Risk;
- Liquidity Risk; and

- Operational Risk.

All risks that the Bank is exposed to roll up to one of these main categories in the risk taxonomy. Reputational Risk is not assessed as a separate risk category, but is assessed as part of each of the other categories.

In each risk category (or subcategory), a Risk Appetite is quantified based on probability and impact to give a Risk Assessment Grade ('RAG') on the following scale:

- Low;
- Minor;
- Medium; or
- High.

In addition to this grading, risk objectives have been defined using a mix of quantitative and qualitative statements. Capital allocated to the Risk Appetite is defined as capital that the Bank is willing to put at risk to achieve its strategic objectives during the year and is taken from capital held over and above regulatory minimum requirements. CBTC's Overall Risk Appetite is set to 'Minor'. The first and foremost priority of the Bank is the protection of depositors' money, a priority that is higher than the return on capital or return on assets.

4.5.1. Strategic Risk

Strategic Risk is defined as the risk to prospective earnings and capital arising from changes in the business environment and from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment.

The Bank operates in a niche market and is therefore subject to a 'Medium' level of Strategic Risk. The Bank seeks to have a sustainable business model and comply with regulatory requirements at all times.

CBTC is susceptible to risks relating to Know Your Customers rules, Money Laundering, Financing of Terrorism, or other illegitimate goals like tax evasion. These risks may be realized by using CBTC's products and services, through placement (not possible as CBTC does not accept physical cash), layering or integrating of illegal gains into the financial system. To mitigate these risks CBTC applies a rigorous framework to identify, assess, mitigate or refuse risks in this area, and subsequently potential clients may be on-boarded, or existing clients may be off-boarded. CBTC permanently engages with its clients and performs continuous monitoring on its clients and their transactions.

Exposure to Strategic Risk is governed by a Strategic Risk Management Policy.

4.5.2. Credit Risk

Credit Risk is defined as the current or prospective risk arising from a client or counterparty's failure to meet the terms of any contract with CBTC or its failure to perform as agreed. The Bank accepts a limited level of credit risk in its investments and in providing products and services to clients, but will prioritise conservation of capital over higher-risk investments. The Credit Risk Appetite is viewed through a lens of realized losses and IFRS 9 Expected Credit Losses.

CBTC's key investments are:

- Overnight deposits. The placements are done mostly with bank counterparties with the highest credit rating[2]; and
- Direct lending. CBTC Group has limited exposure to direct lending counterparties. Direct lending is only performed for highly collateralized exposures.

The following Credit Risk subcategories have been identified by CBTC based on its key investments:

- Counterparty Default: the risk that the counterparty defaults and cannot pay back the funds that the Bank placed or invested with it. This includes Counterparty Credit Risk arising from derivatives;

2 Credit Rating not lower than A-1 (Short-term, S&P equivalent)

- Client Default: the risk that a client who is in receipt of a loan or is required to post collateral for foreign exchange ('FX') trades is unable to provide sufficient collateral or to repay the loan when due; and
- Concentration: the risk that the Bank has an aggregate exposure to an asset held as collateral or to a counterparty used for investment, cash placement or FX, that has the potential to produce losses large enough (relative to the Bank's capital, total assets, or overall risk level) to threaten the Bank's health or ability to maintain its core operations.

The objective for managing Credit Risk is to minimize exposure to Counterparty Credit Risk by maintaining a strict internal limit system, monitoring concentrations and credit deterioration. Credit Ratings, Credit Default Swap spreads and expert judgement are used to set maximum exposure and tenor limits by counterparty and are updated daily. CBTC applies default definition that is in line with Basel. Exposures – including deteriorations and non-performance – are governed by the Credit Risk Management Policy and associated daily monitoring systems; to ensure the conservative credit Risk Appetite is maintained. The Board of Directors has determined that the Risk Appetite for Credit Risk can be classified as 'Minor'.

The requirements for the expected credit losses are implemented by CBTC in full.

4.5.3. Market Risk (including Interest Rate Risk in the Banking Book)

Market Risk is defined as CBTC's current or prospective risk to earnings and capital arising from adverse movements in market variables mainly interest rates and foreign exchange rates. This risk can arise from dealing and position taking in securities, currencies, or derivatives. CBTC's functional currency is USD.

The following Market Risks have been identified:

- Foreign exchange risk. FX risk arises from Client FX dealing and FX mismatch between assets and liabilities. Client FX dealing are FX deals done with CBTC's clients who wish to hedge their FX exposure. A covering trade matching the clients trade with the Bank must be placed with an FX market maker to ensure there is no residual Market Risk for CBTC. The FX mismatch between assets and liabilities arises from the fact that the majority of CBTC's funding base is in USD but investment opportunities may be in another currency; and
- Interest Rate Risk in the Banking Book ('IRRBB'). Interest rate risk arises from the existence of mismatches in interest rate exposures or sensitivities between assets and liabilities on CBTC's balance sheet. CBTC funding consists of both non-interest bearing accounts and accounts that do not receive interest when interest rates are below a certain threshold. In recent years, most accounts have been non-interest bearing. CBTC uses these liabilities to fund interest-bearing assets. CBTC earnings may partially reflect any variation in interest rates from one reporting period to the next. In this situation, a drop in the level of interest rates will partially reduce earnings unless a hedge is in place or rate reductions can be passed onto liabilities.

The objective with respect to Market Risk is to minimise any exposure. Therefore the Management Board has determined that the overall Risk Appetite towards Market Risk as 'Low'. As CBTC does not make any investments with intent to trade, no trading book has been established. The Bank does not seek to bear material FX risk as part of its business model. The Interest Rate Risk Appetite is set as risk-accepting volatility in earnings as long as the business model is sustainable.

Strict limits described in the Market Risk Management Policy are in place and daily monitoring and reporting on those limits to the RC are key to the ongoing objective to minimize Market Risk.

4.5.4. Liquidity Risk

Liquidity Risk is the inability to meet payment obligations when they fall due and to replace funds when they are withdrawn.

The following main Liquidity Risks have been identified:

- Funding Liquidity Risk is the risk that the Bank will not be able to efficiently meet both expected and unexpected current and future flows and collateral needs without affecting either daily operations or the financial condition of the Bank; and
- Market Liquidity Risk is the risk that the Bank cannot easily offset or eliminate a position without significantly affecting the market price because of inadequate market depth or market disruption.

The Bank has a 'Minor' appetite for Liquidity Risk and seeks to protect clients' deposits above maximising profitability and seeks to have sufficient liquidity to survive severe stresses. No capital is allocated against Liquidity Risk, which is managed through a framework of limits.

The Bank does not seek funding, instead conservatively places deposits received by operational clients. The objective is to maintain a liquid balance sheet by applying appropriate maturity transformation limits and following an investment strategy aligned to the liquidity of the liabilities. Active monitoring of key regulatory and internal limits and ratios is in place alongside regular liquidity stress testing performed and reported to the RC to ensure liquidity is sufficient, which cover a range of idiosyncratic, market-wide and combined scenarios. The Bank has a Contingency Funding Plan as a series of actions that could be taken to maximise liquidity, however the balance sheet is typically nearly entirely overnight liquidity and little further increases would be needed. Management of Liquidity Risk ensures CBTC remains fully flexible in the event of sudden changes in the liabilities side of the balance sheet.

4.5.5. Operational Risk

Operational Risk is defined as the risk of loss resulting from people, inadequate or failed internal processes and systems or from external events.

Operational Risk is inherent in a transactional organization like CBTC. The Board of Directors manages the Bank's operational activities to minimise Operational Risk. The Risk Appetite for Operational Risk is 'Minor'. The core Operational Risk drives for CBTC are data quality and business control. The Operational Risk Appetite contains the appetite for direct losses and immediate cost for mitigation of risk events.

To manage this risk an Operational Risk Management framework, as described in the Operational Risk Management Policy, is in place. Its execution by the first line is monitored by first and second line staff, in order to actively control the level of Operational Risk and potential losses within the Bank. The objective for management of Operational Risk is to minimize both the financial and reputational impacts of operational activities.

4.5.6. Other Risks

The Bank also considers the potential for Climate Risk in its activities and performed a risk assessment on Climate Risk as defined by the Task Force on Climate-related Financial Disclosures ('TCFD'), identifying low levels of residual risk due to the business model and existing controls for other risks.

4.6. Monitoring and reporting

Risk monitoring is carried out on a periodic basis by both first and second line, to ensure compliance with regulatory requirements and the Risk Appetite of CBTC. Key internal metrics on Credit Risk, Market Risk and Liquidity Risk are reported daily on the Risk Management website, accessible by all staff of CBTC. The Operational Control Management function reports on execution of operational risk management tools including risk event management, risk and control self-assessment and control testing. The Compliance function monitors Compliance Risks (e.g. Integrity Risk), and conducts periodic testing of the extant controls. The Compliance function reports on a quarterly basis to the RC as well as the Board of Directors. Key metrics on all risks are reported to the RC on a quarterly basis.

4.7. Board of Directors declaration on Risk Management

The Board of Directors periodically reviews Risk Management arrangements within CBTC. The Board of Directors is not aware of anything, which affects their ability to make the following declaration:

Risk Management and related systems in CBTC are adequate with regard to CBTC's profile and strategy.

5. Capital Adequacy and Risk Management

5.1. Capital ratios

CBTC is subject to regulatory capital requirements established by CIMA. Failure to meet minimum capital requirements can initiate certain actions by the regulator that, if undertaken, could have a direct material effect on the Bank's financial statements. Under Capital Adequacy guidelines used by CIMA and prescribed under the Banks and Trust Companies Act, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities and certain off balance sheet items as calculated under the regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by CIMA and components and risk weightings.

CBTC's Capital consists of Tier 1 capital ('T1') and Tier 2 ('T2').

For CBTC the capital is composed of the following items:

- Paid-in capital (T1);
- Retained earnings (T1); and
- Current period's profit and loss (T2).

Annex I contains the overview of CBTC's capital instruments, Annex II contains the overview of the components of CBTC's capital and Annex III contains information on the reconciliation between balance sheet items used to calculate own funds and regulatory own funds.

Key ratios are used for the purposes of measurement and control of Capital Adequacy of CBTC (Table 3).

In determining the ratios for Capital Adequacy, leverage and liquidity, CBTC uses the definitions as set by CIMA.

The Bank's ratios are:

- Capital Adequacy ratio. Measures the availability of capital against assets held, taking into account the level of risk of those assets. The formula used for Tier 1 Capital Adequacy ratio is Tier 1 Capital divided by the Total Risk Weighted Assets ('RWA') and for Total Capital Adequacy ratio, Total Capital divided by the Total RWA;
- Leverage Ratio. The Leverage Ratio measures the size of CBTC's capital versus the assets it holds. The higher the Leverage Ratio, the more capital CBTC uses versus its assets. The Leverage Ratio is calculated as the ratio of Tier 1 capital versus the Total Exposure Measure ('TEM'); and
- Minimum Liquidity Ratio ('MLR'). MLR requires Banks to hold liquid assets not less than 15% of its Qualifying liabilities.

Definitions used in the key ratios are:

- Total RWAs: the sum of the total of risk weighted asset amounts for Credit Risk, Operational Risk and Market Risk; and
- TEM: the sum of the exposure of all assets (including derivatives) and off-balance sheet items, post credit conversion factor, not deducted when determining the capital measure.

CBTC measures its Capital Adequacy ratio, Minimum Liquidity Ratio and Leverage Ratio on a Periodic basis. Measurement is performed against regulatory and an internal set of limits. CBTC is managing internal limits above regulatory limits. Internal limits are set at levels that allow for business growth and maintain flexibility to manage the Banks balance sheet. Based on the monitoring of the ratios actions will be required in case of any potential breach of the internal limits and thresholds set by CBTC.

TABLE 3. CBTC RATIOS, 31st DECEMBER 2022

CBTC	REGULATORY LIMIT	BOARD LIMIT	CBTC PER DECEMBER 31, 2022
Tier 1 Capital Adequacy Ratio	12%	14%	42.96%
Total Capital Adequacy Ratio	12%	14%	50.78%

The quantitative information on Leverage Ratio is provided in Annex V.

CBTC's RC reviews the capital structure on a periodic basis. As a part of this review, the RC considers the structure of capital and the risks associated with each business line. Based on the recommendations of the RC, CBTC manages its overall capital structure.

CBTC would require approval from CIMA and the Board of Directors prior to paying out dividends to its shareholder. During 2022 (similarly with prior years) CBTC maintained healthy capital levels.

5.2. Capital requirements (Pillar 1)

The minimum capital requirements under Pillar 1 are calculated for Credit, Market and Operational Risks based on the chosen approaches by CBTC.

5.2.1. Credit Risk

For Credit Risk the Standardised Approach is used: for each asset, the relevant risk weight is determined by using the exposure class and external rating. Credit Risk includes Pillar 1 capital allocations for Counterparty Credit Risk ('CCR') (for derivative exposures). Assets are weighted according to broad categories of notional risk, being assigned a risk weight in accordance with the amount of capital deemed necessary to support them. Off-balance sheet Credit Risk-related positions are taken into account by applying different categories of conversion factors, designed to convert these items into balance sheet equivalents. The resulting equivalent amounts are then weighted for risk using the same percentages as for on-balance sheet assets. For Credit risk exposure for FX contracts Current Exposure Method ('CEM') is used.

Table 4 provides an overview of the asset classes against which CBTC holds risk weighted assets, and respective capital charge. The detailed split for encumbered and unencumbered assets is provided in Annex VIII.

TABLE 4. PILLAR 1 CAPITAL REQUIREMENTS

PILLAR 1 CAPITAL REQUIRED (USD '000)	
Label	**31st December 2022**
Institutions	**13,164**
Corporates	**165**
Other Items	**541**
Credit Risk[3] (Standardised Approach)	**13,870**

Table 5 provides analysis of CCR exposure by approach.

3 Including Counterparty Credit Risk

TABLE 5. ANALYSIS OF CCR EXPOSURE BY APPROACH (CCR1)

	Label	a	b	c	d
		Replacement Cost	Add-on Potential future exposure (PFE)	Exposure At Default (EAD) post-CRM	RWA
1	Current Exposure Method (CEM)	330	1,842	2,172	1,090
2	Standardised Method			-	-
3	Simple Approach for credit risk mitigation (for SFTs)			-	-
4	Comprehensive Approach for credit risk mitigation (for SFTs)			-	-
5	**Total**				**1,090**

An increase of USD 42 million in the underlying derivatives was one of the contributors of the increase of counterparty Risk Weighted Assets compared to prior year (2021: USD 0.65 million).

Additional templates relevant for CCR are presented under Annex VII Counterparty Credit Risk. Templates relevant for Credit quality of assets, Credit Risk Mitigation are presented under Annex VI Credit Risk.

5.2.2. Market Risk

The Market Risk capital requirements cover the risk of FX open positions. Refer to Table 6 for Market risk under standardised approach, as per 31st December 2022.

TABLE 6. MARKET RISK UNDER THE STANDARDISED APPROACH (MR1)

	Label	a
		RWA
	Outright products	
1	Interest rate risk (general and specific)	-
2	Equity risk (general and specific)	-
3	Foreign exchange risk	942
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitisation	-
9	**Total**	**942**

The market risk RWA for 2021 was USD 1.3 million. For 2022, the RWA for market risk is USD 0.94 million. The comparative decrease in RWA is attributed to a decrease in the foreign currency long position for SGD for USD 1 million, which is partially offset by an increase of USD 0.7 million in foreign currency long position for CAD.

5.2.3. Operational Risk

For Operational Risk the Basic Indicator Approach is used. CBTC needs to take into account 15% of average gross revenues as capital requirement for Operational Risk.

As at 31st December 2022, total Operational risk weighted assets amounts to USD 14.80 million and Operational risk capital charges are 12% of minimum regulatory capital. Operational losses recorded for reporting year 2022 were immaterial at USD 0.02 million.

5.2.4. Summary of Capital Requirements (Pillar 1)

As at 31st December 2022, the Pillar 1 capital requirement amount for CBTC is USD 15.76 million. See also Table 7.

TABLE 7. OVERVIEW OF RWA (OV1) (USD '000)

Label		a	b	c
		RWA		Minimum Capital requirements
		T	T-1	T
1	Credit risk (excluding counterparty credit risk) (CCR)	114,499	183,788	13,740
2	Securitisation exposures	-	-	-
3	Counterparty Credit risk	1,090	654	131
4	Of which: current exposure method	1,090	654	131
5	Of which: standardized method	-	-	-
6	Market risk	942	1,257	113
7	Of which: Equity risk	-	-	-
8	Operational risk	14,805	18,516	1,777
9	Of which: Basic Indicator Approach	14,805	18,516	1,777
10	Of which: Standardised Approach	-	-	-
11	Of which: Alternative Standardised	-	-	-
12	**Total (1+2+3+6+8)**	**131,336**	**204,215**	**15,760**

A decrease of USD 69 million in Credit risk weighted assets was the main contributor to the movement of USD 9 million in Minimum Capital requirement compared to prior year (2021: USD 24.5 million).

5.3. Risk Management

The Bank sets out its approach to managing risk within Risk Appetite through its ERM Framework. The core approaches are noted below.

5.3.1. Strategic Risk

The Bank manages strategic risk within appetite through following guidelines in the Strategic Risk Management Policy. This is considered in the business execution activities through setting of strategic business objectives, regular monitoring of the performance against these objectives. In business change activities, this is managed through in-depth assessment of new initiatives through the New Significant Initiatives Policy and within projects through the Project Risk Management Policy and Project Risk Assessment Procedure.

5.3.2. Credit Risk

The Bank manages credit risk within appetite through following guidelines in the Credit Risk Management Policy (which also covers CCR) and limits set in the Risk Appetite Statement and Bank Authorities document. The first and foremost priority of the Bank is the protection of depositors' money, a priority that is higher than the return on capital or return on assets. This drives a focus on prudent risk management.

The Bank operates as a simple treasury bank and most credit exposures are overnight interbank exposures with approved counterparties, which are monitored daily through the Bank's Counterparty Risk Monitoring System ('CRMS'), which dynamically adjusts maximum exposures by size and tenor each day. The CRMS methodology utilises long-term credit ratings from Moody's, Standard & Poor's and Fitch alongside Credit Default Swap ('CDS') spreads to create an internal CRMS Credit Score, which is used to determine the maximum allowable exposure and tenor for each counterparty. This approach has been back tested and supports the Bank's approach, which does not rely on netting, collateral or off-balance sheet exposures to mitigate its largest exposures to credit risk. The Bank does not work with Central counterparties ('CCP'). CBTC does not invest in products which would create high correlation between specific counterparty's probability of default and underlying exposure, thus is not exposed to the wrong-way risk.

Exposures are monitored by the business and independently by Risk Management. Given the simple business model and conservative approach, the Bank does not utilize credit risk mitigations ('CRM') and is not exposed to wrong-way risk on such protections. The Bank is not rated and has therefore no impact to collateral requirements through ratings downgrades.

5.3.3. Market Risk

The Bank manages market risk within appetite through following guidelines in the Market Risk Management Policy and limits set in the Risk Appetite Statement and Bank Authorities document. The Bank does not operate a trading book, so market risk is limited to risks on the banking book, which are identified as FX risk and interest rate risk.

The Bank manages FX risk by matching investments and deposits in the same currency or through use of currency swaps to avoid creating a material FX Net Open Position ('NOP'). The FX NOP is monitored daily and a significant NOP on an aggregate level would be escalated for resolution.

The Bank manages interest rate risk through limiting mismatch between assets and liabilities and through management setting the administered rate of funding, providing flexibility to pass on interest rate shocks. The Bank's funding is through operational clients and the deposits are not placed to seek yield. As a result, all funding is at or below the market rate of interest. This includes USD denominated funding which has been non-interest bearing for many years and currencies which are negative-yielding, where the Bank has passed negative rates onto clients in the past.

5.3.4. Liquidity Risk

The Bank manages liquidity risk within appetite through following guidelines in the Liquidity Risk Management Policy and limits set in the Risk Appetite Statement and Bank Authorities document.

The Bank has limits on minimum liquidity balances and maximum maturity transformation levels, which are monitored daily by Risk Management to ensure the Bank maintains sufficient liquidity. Given the conservative appetite, the appetite for maturity transformation is very limited and the Bank typically holds sufficient cash at banks to cover all client deposit balances. Alongside this, Risk Management performs regular stress testing to ensure the Bank has sufficient liquidity to survive a broad range of scenarios without breaching Risk Appetite.

Quantitative disclosure: Balance sheet and off-balance sheet items broken down into maturity buckets and the resultant liquidity gaps, are presented in Annex X.

5.3.5. Operational Risk

The Bank manages operational risk within appetite through following guidelines in the Operational Risk Management Policy and limits set in the Risk Appetite Statement.

The Bank performs regular assessments on risks within teams through RCSA, where actions may be identified and tracked to ensure that the Bank remains within Risk Appetite. The business is supported by OCM, which is responsible for execution of the Operational Risk Management Policy and processes.

5.4. Internal capital assessment (Pillar 2)

The following table details CBTC's additional capital required to cover Pillar 2 risks:

TABLE 8. PILLAR 2 CAPITAL REQUIREMENTS

PILLAR 2 CAPITAL REQUIRED (USD '000)	
Label	**31st December 2022**
IRRBB	800
Concentration Risk	720
Additional Capital Buffers	1,106
Total Pillar 2	**2,626**

The level of the Pillar 2 capital requirements is based on Management's identification and assessment of risks that are deemed relevant for Bank's business model, but are out of scope under Pillar I. Pillar 2 Capital requirements are assessed annually.

The following paragraphs detail the Pillar 2 Capital requirements for each of the relevant identified risks.

5.4.1. Interest Rate Risk in the Banking Book

Interest Rate Risk in the Banking Book ('IRRBB') is managed by limiting the mismatches between assets and liabilities and the ability to pass negative rates onto clients. Materially all of the client deposits have matching overnight or sub-one month assets and given the operational nature, many have been non-interest bearing (or historically negative yielding) for a number of years. The Pillar 2 Capital Requirement has been conservatively set as the potential full loss of projected Net Interest Income, however future analysis may recalibrate this.

CBTC has performed a variety of analyses on interest rate sensitivities and capital stress testing using scenarios with significant shocks to interest rates. Analysis includes impact on Net Interest Income ('NII') through stresses and a worst-case sensitivity on impact to NII. Based on the analysis performed, CBTC reserves a Pillar 2 capital charge of USD 0.80 million for IRRBB.

CBTC monitors IRRBB exposure from an income perspective and earnings perspective. The Bank captures risk to income through Earnings at Risk ('EaR') and risk to value through Economic Value of Equity ('EVE'). The main focus for EaR is +/-200bps rate shocks applied gradually. The main focus for EVE, is parallel shift in yield of 200bps, throughout the time spectrum.

The rate shock of 200 basis points higher would result in increase of EaR by USD 1.8 million. The rate shock is 200 basis points lower, would result in decrease of EaR by USD 1.8 million. The rate shock of 200bps would result in increase of EVE by USD 0.4 million.

5.4.2. Concentration Risk

CBTC places its funds entrusted mainly in interbank overnight, which leads to the Single Name Concentration Risk. Exposures are limited to top tier counterparties and restricted to the lower of CIMA Large Exposures Limits or internal counterparty limits. CBTC reserves USD 0.72 million in Pillar 2 capital charge for the Concentration Risk.

5.4.3. Additional Capital Buffers

To account for unknown risks and risks inherent in modelling, the Bank reserves USD 1.1 million in additional Pillar II capital charge to provide capital buffers.

5.5. Total capital requirements

The total capital requirements for CBTC Group are the sum of Pillar 1 and Pillar 2 capital requirements, refer to Table 9.

TABLE 9. TOTAL CAPITAL REQUIRED

CBTC Total Capital Required (USD '000)	
Label	**31st December 2022**
Pillar 1	15,760
Pillar 2	2,626
Total Capital Required	**18,386**

6. Remuneration

The Board of Directors is the body that approves and oversees the implementation of the Remuneration Policy of CBTC.

The Remuneration Policy reflects CBTC's objectives for good corporate governance as well as sustained and long-term interests for CBTC. In addition, it ensures that:

- CBTC is able to attract, develop and retain high-performing and motivated employees in a competitive, international market;
- Employees are offered a competitive remuneration package;
- Employees act within the approved Risk Appetite of CBTC by making any variable remuneration risk neutral;
- Employees feel encouraged to create sustainable results; and
- CBTC's corporate code of ethics, values, strategy and objectives are supported, taking into account the long-term interests of the company, the relevant international context and wider social acceptance.

The various remuneration components are combined to ensure an appropriate and balanced remuneration package that reflects the business purpose, the employee's rank in CBTC and professional activity as well as market practice. Employment contracts do not award a right to any variable component. The five remuneration components are:

- Fixed remuneration (including fixed supplements);
- Performance-based remuneration;
- Pension schemes;
- Other benefits; and
- Severance payment.

Due to the Banks niche business model there is no split of remuneration by business areas as seen in universal banks (Investment banking, Retail banking, Asset management, Corporate function, etc.), and scope is limited to the Bank's small number of directly employed staff.

The Bank strives to reward the Management at the median level (or above if needed) of the local, geographical relevant Financial Services Market. For all other employees the Bank strives to reward at the market level, or above if needed, of the local Financial Services Market.

6.1. Governance

The Board of Directors recommends the remuneration of Management to the shareholder on a yearly basis. The shareholder, after review and discussion approves the remuneration of the General Manager. The Board is notified of the shareholder's decision.

The remuneration governance before 2022 was described in the Board of Directors Charter. The same was documented in the Remuneration Policy during 2022 and elaboration from governance perspective was included. The Board of Directors approved the Policy during 2022. One of the Board meetings had remuneration as a topic on the agenda during 2022.

The Board shall discuss material retention, exit and welcome packages, assess whether they are consistent with the remuneration approach adopted by the Bank and ensure that these packages are not excessive or in conflict with the Global Citco policies.

Aggregated remuneration paid to the Board of Directors for year 2022 amounted to USD 0.05 million.

Control functions such as Risk Management, Compliance, Internal Audit and Financial Control are Citco Group functions and are not employed directly by the Bank, their remuneration is therefore fully independent of the businesses they oversee.

The remuneration of risk takers is predominantly fixed. Any performance based remuneration is subject to (mainly) function specific performance criteria. Performance assessment is done by their hierarchical superiors. Risk takers are identified to be management. CBTC has one management staff.

For the year 2022, CBTC did not seek services of external consultants for remuneration.

6.2. Performance-based remuneration

6.2.1. Variable remuneration: principles

The performance-based remuneration motivates and rewards dedicated employees who contribute significantly to the realization of CBTC's strategic and business targets and long-term interests in their respective function. The performance-based remuneration is a discretionary management tool and is based on a combination of the assessment of the employee and the overall results. This remuneration varies according to the type of position held and is never a 'right' as it is not embedded in employment agreements.

The performance-based remuneration is awarded in a manner, which promotes sound Risk Management and does not induce excessive risk-taking and respects the Risk Appetite of the Bank.

The payment of variable remuneration is based on clear and measurable KPIs that have been established prior to the performance period. Achieving these KPIs is a condition to be granted variable remuneration.

6.2.2. Performance management

At the Bank, variable remuneration rewards top performance and performance management therefore has a crucial role to play. At the start of the year, Staff and their managers agree annual objectives, reflecting a mix of performance criteria, financial and non-financial, qualitative and quantitative such as:

- The Banks Financial Targets , which are annually predetermined and are consistent for all staff;
- The Banks Non-Financial Targets which are annually predetermined and are consistent for all staff; and
- Individual Objectives and Values, of which a number will be annually predetermined.

Performance criteria never encourage irresponsible risk-taking. A performance review at the end of the year results in a final assessment, which will be the basis for any variable remuneration employees might receive.

6.2.3. Payment

Variable remuneration is paid in cash; the Bank uses no other forms of payments. The Bank does not practice deferred or retained remuneration.

During the year 2022, seven employees were awarded USD 0.03 million variable remuneration. Fixed remuneration for the year 2022, amounted to USD 0.60 million.

6.2.4. Guaranteed and Sign on bonus

The Bank does not offer any form of guaranteed bonus or retention bonus to existing employees. During the year 2022, no sign-on bonus was paid.

6.2.5. Severance payments

Severance payments are payable in accordance with relevant employment laws and industry specific regulations. Payments related to early termination of a contract reflect performance achieved over time and do not reward failure. During the year 2022, there was no severance payment.

7. Frequency of updates

CBTC will provide quantitative and qualitative disclosure information on an annual basis to its stakeholders. When information on risk exposure or capital levels is significantly changed after filing of the Financial Statements and the Board of Directors is of the opinion that the changes need to be communicated to its stakeholders, appropriate disclosures will be made on an ad hoc basis. It is up to the Board of Directors to decide on the appropriate medium in such cases.

Annex I: Capital instruments

Capital instruments main features template (USD '000)		
1	Issuer	Citco Bank and Trust Company Limited
2	Governing law(s) of the instrument	Law of the Cayman Island's
Regulatory treatment		
3	Instrument type (types to specified by each jurisdiction)	Ordinary shares
4	Paid up Capital recognised in regulatory reports	5,000
5	Nominal amount of instrument	5,000
5a	Issue price	USD 1
5b	Redemption price	N/A
6	Accounting classification	Shareholders' equity
7	Original date of issuance	3rd July 1997
8	Perpetual or dated	Perpetual
9	Original maturity date	No maturity
10	Issuer call subject or prior supervisory approval	No
Coupons / dividends		
11	Fixed or floating dividend/coupon	Floating
12	Existence of a dividend stopper	No
13a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
13b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
14	Existence of step up or other incentive to redeem	No
15	Noncumulative or cumulative	Noncumulative
16	Convertible or non-convertible	Nonconvertible
17	Write-down features	No
18	Non-compliant transitioned features	No

Annex II: Capital composition

Capital disclosure template (USD ‘000)		
Tier 1 Capital		
1	Capital instruments and the related share premium accounts	5,000
	of which: Ordinary shares	5,000
	of which: Share premium	-
2	Retained earnings	51,428
3	Current year's earnings (audited)	-
4	General reserves	-
5	Foreign currency translation adjustment	-
6	Paid-up perpetual non-cumulative preference shares	-
7	Eligible innovative instruments	-
8	Minority interest	-
9	Other Tier 1 Capital	-
10	**Tier 1 Capital before regulatory adjustments**	**56,428**
Tier 1 capital: regulatory adjustments		
11	Goodwill	-
12	Intangible assets	-
13	Increase in equity capital resulting from a securitisation exposure	-
14	50/50 pro rata basis deduction	-
15	Unrealised Losses on AFS Equity Securities	-
16	Other Tier 1 Deduction	-
17	**Net Tier 1 Capital (T1)**	**56,428**
Upper Tier 2 Capital: instruments		
18	Perpetual cumulative preference shares	-
19	Perpetual cumulative subordinated debt	-
20	Excess on innovative instruments	-
21	General provisions	-
22	Asset revaluation reserves	-
23	Other Upper tier 2 investments	10,262
24	**Total Upper Tier 2 Capital**	**10,262**
Lower Tier 2 Capital: instruments		
25	Term subordinated debt	-
26	Limited life preference shares	-
27	Other lower tier 2 instruments	-
28	**Total Lower Tier 2 Capital**	-
Tier 2 Capital: Regulatory adjustments		
29	50/50 pro rata basis deduction	-
30	Other tier 2 deductions	-
31	**Net Tier 2 Capital (T2)**	**10,262**
Tier 3 Capital		
32	Fully paid, unsecured subordinate debt	-
33	**Net Tier 3 Capital (T3)**	-

Capital disclosure template (USD ‘000)		
34	Total capital (TC = T1 + T2)	66,690
Total Capital		
35	Total Eligible Capital (TC = T1 + T2 + T3)	66,690
36	Total risk weighted assets	131,336
Capital ratios		
37	Tier 1 Ratio	42.96%
38	Total Capital Adequacy Ratio	50.78%

Annex III: Capital reconciliation

Tier 1 Reconciliation (USD '000)		
Label	**Regulatory, 31st December 2022**	**Balance sheet, 31st December 2022**
Paid up capital instruments	5,000	5,000
Share premium	-	-
Retained earnings	51,428	51,428
Net profit for the year	10,262	10,263
Own funds	**66,690**	**66,691**

The Own funds, Regulatory and Financials are aligned with exception of rounding difference for Net profit for the year.

Annex IV: Linkages between financial statements and regulatory exposures

Template LI1 – Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

LI1 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

Labels	a	b	c	d	e	f	g
			Carrying values of items:				
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Non-current Assets							
Property plant and equipment	4	4	4	-	-	-	-
Loans and advances to customers	1,050	1,050	1,050	-	-	-	-
Current assets							
Derivative Financial Assets	330	330	-	330	-	-	-
Other receivables and accrued income	3,389	3,438	3,438	-	-	-	-
Loans and advances to customers	559	558	558	-	-	-	-
Receivables from affiliated companies	14	14	14	-	-	-	-
Cash and cash equivalents	547,155	547,172	547,172	-	-	942	-
Total assets	**552,501**	**552,566**	**552,236**	**330**	**-**	**942**	**-**
Liabilities							
Derivative Financial Liabilities	667	667	-	-	-	-	-
Other payables and accrued expenses	134	183	-	-	-	-	-
Payables to affiliated companies	69	69	-	-	-	-	-
Amounts owed to depositor	484,940	484,940	-	-	-	-	-
General loan loss reserve (ECL)	-	17	-	-	-	-	-
Total liabilities	**485,810**	**485,876**	**-**	**-**	**-**	**-**	**-**

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

LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements						
		a	b	c	d	e
Labels		Total	Items subject to:			
			Credit risk framework	Securitisation framework	Counterparty credit risk framework	Market risk framework
1	Asset carrying value amount under scope of regulatory consolidation (as per Template LI1)	552,566	552,236	-	330	942
2	Liabilities carrying value amount under regulatory scope of consolidation (as per Template LI1)	485,876	-	-	-	-
3	Total net amount under regulatory scope of consolidation	66,690	552,236	-	330	942
4	Off-balance sheet amounts	-	-	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences due to potential future exposure considered for prudential purposes	-	-	-	1,842	-
9	**Exposure amounts considered for regulatory purposes**	**-**	**552,236**	**-**	**2,172**	**942**

For LI1, the variance on ‘Cash and cash equivalents’, is related to the Expected Credit Loss (‘ECL’), which in the financial statements, is netted against the assets to comply with IFRS 9. However, in the regulatory report, the assets are gross and the ECL provision is included in the carrying values of the liabilities. The variance on ‘other receivables and accrued income’ is related to a receivable account with net zero balance in the financial statements, the netting was not performed in the Regulatory report.

For LI2, the difference reported is related to potential future exposures, which are considered for prudential reporting but not for financial reporting.

Fair value of the Company's financial assets and liabilities that are measured at fair value on a recurring basis: Some of the Company's financial assets and liabilities are measured at fair value at the end of each reporting period. The Foreign currency forward contracts are fair valued using Discounted cash flow valuation techniques, where future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk factor of various counterparties).

Annex V: Leverage Ratio

Template LR1 – Summary comparison of accounting assets vs leverage ratio exposure measure

Leverage Ratio disclosure report (USD 000)		
Template LR1 – Summary comparison of accounting assets vs leverage ratio exposure measure		
		a
1	Total consolidated assets as per published financial statements	552,501
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
4	Adjustments for temporary exemption of central bank reserves (if applicable)	-
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustments for eligible cash pooling transactions	-
8	Adjustments for derivative financial instruments	1,842
9	Adjustment for securities financing transactions (i.e. repurchase agreements and similar secured lending)	-
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	-
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	17
12	Other adjustments	49
13	**Leverage ratio exposure measure**	**554,409**

The primary difference between total balance sheet assets as reported on financial statements and on-balance sheet exposures as set out in row 1 of Template LR2 is related to ECL. ECL is netted with the assets for Financial statements and is reported as a provision in the liabilities for regulatory reports. The Leverage Ratio exposure measure includes adjustment for derivative financial instruments.

Template LR2 – Leverage ratio common disclosure

LR2: Leverage ratio common disclosure (USD 000)			
Label		a	b
		December 2022 (T)	December 2021 (T-1)
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	552,237	902,576
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	-	-
6	(Asset amounts deducted in determining Tier 1 capital and regulatory adjustments)	-	-
7	**Total on-balance sheet exposures** (excluding derivatives and SFTs) (sum of rows 1 to 6)	**552,237**	**902,576**
Derivative exposure			
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin, with bilateral netting and/or the specific treatment for client cleared derivatives)	330	654
9	Add-on amounts for potential future exposure associated with all derivatives transactions	1,842	1,422
10	(Exempted central counterparty (CCP) leg of client-cleared trade exposures)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivative exposures (sum of rows 8 to 12)**	**2,172**	**2,076**
Securities financing transaction exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sale accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	-	-
17	Agent transaction exposures	-	-
18	**Total securities financing transaction exposures (sum of rows 14 to 17)**	-	-
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	-	-
20	(Adjustments for conversion to credit equivalent amounts)	-	-
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	**Off-balance sheet items (sum of rows 19 to 21)**	-	-

LR2: Leverage ratio common disclosure (USD 000)			
Label		a	b
		December 2022 (T)	December 2021 (T-1)
Capital and total exposures			
23	**Tier 1 capital**	**56,428**	**55,598**
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	**554,409**	**904,652**
Leverage ratio			
25	**Basel III Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	**10.18%**	**6.15%**
25a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	**10.18%**	**6.15%**
26	**National minimum Leverage ratio requirement**	**3.00%**	**3.00%**
27	**Applicable leverage buffers**	-	-

A decrease of USD 351 million in Cash and Cash equivalents in On-balance sheet exposure was the main contributor for the increase in the Leverage Ratio from 6.15% in 2021 to 10.18% in 2022.

Annex VI: Credit Risk

Template CR1 – Credit quality of Assets

Credit quality of Assets (USD '000)		a	b	c	d
Labels		Gross carrying values of		Allowances/ impairments	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		
1	Loans	-	1,608	-	1,608
2	Debt Securities	-	-	-	-
3	Off-balance sheet exposures	-	-	-	-
4	**Total**	**-**	**1,608**	**-**	**1,608**

The Bank uses the Basel definition of default which aligns with the IFRS 9 rebuttable presumption of default after 90 days past due for material exposures. Material exposures are defined for purposes of default as exposures above USD 1,000 and 1% of on-balance sheet exposures for a group of connected clients.

Template CR3 – Credit risk mitigation techniques – overview

Credit risk exposure mitigation techniques – overview (USD '000)		a	b	c	d	e	f	g
Labels		Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amounts	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	1,608	-	-	-	-	-	-
2	Debt Securities	-	-	-	-	-	-	-
3	**Total**	**1,608**	**-**	**-**	**-**	**-**	**-**	**-**
4	Of which defaulted	-	-	-	-	-	-	-

There was no significant change in the carrying amount for unsecured exposures compared to the prior year (2021: USD 2.05 million).

Template CR4 – Standardised approach – credit risk exposure and credit risk mitigation (CRM) effects

Credit risk exposure and credit risk mitigation (CRM) effects (USD ‘000)							
Labels		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereigns and their central banks	-	-	-	-	-	0%
2	Non-central government public sector entities	-	-	-	-	-	0%
3	Multilateral development banks	-	-	-	-	-	0%
4	Banks	547,171	-	547,171	-	109,434	20%
5	Securities firms	-	-	-	-	-	0%
6	Corporates	558	-	558	-	558	100%
7	Regulatory retail portfolios	-	-	-	-	-	0%
8	Secured by residential property	-	-	-	-	-	0%
9	Secured by commercial real estate	-	-	-	-	-	0%
10	Past-due exposures	-	-	-	-	-	0%
11	Higher-risk categories	-	-	-	-	-	0%
12	Other assets	4,507	-	4,507	-	4,507	100%
13	**Total**	**552,236**	**-**	**552,236**	**-**	**114,499**	**21%**

Movement compared to prior year's Total Exposures before and post CCF and CRM (2021: USD 902 million) and RWA (2021: USD 184 million), was particularly in Banks balances. This was directly related to the decrease in Amounts owed to depositors at year-end 2022.

Template CR5 – Standardised approach – exposures by asset classes and risk weights

Credit risk exposures by asset classes and risk weights (USD ‘000)

	Risk Weight / Asset classes	a	B	c	d	e	f	g	h	i	j
		0%	**10%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total Credit exposure amount (post CCF and post CRM)**
1	Sovereigns and their central banks	-	-	-	-	-	-	-	-	-	-
2	Non-central government public sector entities	-	-	-	-	-	-	-	-	-	-
3	Multilateral development banks	-	-	-	-	-	-	-	-	-	-
4	Banks	-	-	547,171	-	-	-	-	-	-	**547,171**
5	Securities firms	-	-	-	-	-	-	-	-	-	-
6	Corporates	-	-	-	-	-	-	558		-	**558**
7	Regulatory retail portfolios	-	-	-	-	-	-	-	-	-	-
8	Secured by residential property	-	-	-	-	-	-	-	-	-	-
9	Secured by commercial real estate	-	-	-	-	-	-	-	-	-	-
10	Past-due exposures	-	-	-	-	-	-	-	-	-	-
11	Higher-risk categories	-	-	-	-	-	-	-	-	-	-
12	Other assets	-	-	-	-	-	-	4,507	-	-	**4,507**
13	**Total**	**-**	**-**	**547,171**	**-**	**-**	**-**	**5,065**	**-**	**-**	**552,236**

Movement on Total Credit exposure compared to prior year (2021: USD 903 million), was related to Bank exposures reported at 20% Risk Weight (2021: USD 898 million). This was directly related to the decrease in Amounts owed to depositors at year-end 2022.

Annex VII: Counterparty Credit Risk

Template CCR3 – Standardised approach – CCR exposures by regulatory portfolio and risk weights

CCR exposures by regulatory portfolio and risk weights (USD '000)

Risk Weight / Regulatory Portfolio	a	b	c	d	e	f	g	h	i
	0%	10%	20%	50%	75%	100%	150%	Others	Total Credit exposure
Sovereigns and their central banks	-	-	-	-	-	-	-	-	-
Non-central government public sector entities	-	-	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-	-	-
Banks	-	-	1,352	-	-	-	-	-	1,352
Securities firms	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	820	-	-	820
Regulatory retail portfolios	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**1,352**	**-**	**-**	**820**	**-**	**-**	**2,172**

An increase of USD 42 million in the underlying derivatives was one of the contributors of the increase of counterparty Risk Weighted Assets compared to prior year (2021: USD 0.65 million).

Template CCR5 – Composition of collateral for CCR exposure

Composition of collateral for CCR exposure (USD '000)

Labels	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency	-	-	-	-	-	-
Cash – other currencies	-	3,205	-	2,555	-	-
Other collateral	-	-	-	-	-	-
Total	**-**	**3,205**	**-**	**2,555**	**-**	**-**

There were no significant changes on the Composition of collateral for CCR exposure compared to prior year.

Annex VIII: ENC – Encumbered and unencumbered assets

ENC - Asset encumbrance (USD '000)				
Labels	a	b	c	d
	Encumbered assets	Central bank facilities (Optional)	Unencumbered assets	Total
Property plant and equipment	-	-	4	4
Loans and advances to customers	-	-	1,050	1,050
Derivative Financial Assets	-	-	330	330
Other receivables and accrued income	-	-	3,438	3,438
Loans and advances to customers	-	-	558	558
Receivables from affiliated companies	-	-	14	14
Cash and cash equivalents	2,555	-	544,617	547,172
Total	**2,555**	**-**	**550,011**	**552,566**

There was no significant change in the encumbered assets compared with prior year (2021: USD 2.8 million). The unencumbered assets decreased significantly compared with prior year (2021: USD 900 million) due to decrease of USD 351 million in Cash and Cash Equivalents.

Annex IX: CRB – Additional disclosure related to the credit quality of assets

CRB - Exposures by Geographical areas, Industry and Residual maturity					
	a	b	c	d	e
Labels	Banks (related offices)	Banks (unrelated offices)	Non-financial corporations	Non-Bank (Other financial institutions)	Households incl. Non-profit institutions serving households
Up to 1 Month					
Bahamas	4	-	-	-	-
British Virgin Islands	-	-	-	202	-
Canada	8	154,942	-	-	-
Cayman Islands	19	247	-	2,750	34
Curacao	49,200	-	-	-	-
Germany	-	68,241	-	-	-
Great Britain	-	-	-	-	1
Ireland	15	-	-	1	-
Italy	-	-	-	-	-
Jersey	-	-	-	-	-
Monaco	-	-	-	1	-
Singapore	-	759	-	-	-
Switzerland	-	-	-	-	-
The Netherlands	1,016	-	-	-	4
United States of America	-	273,717	-	0	-
More than 1 Month up to 3 Months					
Bahamas	-	-	-	-	-
British Virgin Islands	-	-	-	350	-
Canada	-	-	-	-	-

CRB - Exposures by Geographical areas, Industry and Residual maturity

Labels	a	b	c	d	e
	Banks (related offices)	Banks (unrelated offices)	Non-financial corporations	Non-Bank (Other financial institutions)	Households incl. Non-profit institutions serving households
More than 1 year up to 5 years					
Bahamas	-	-	-	-	-
British Virgin Islands	-	-	-	1,050	-
Canada	-	-	-	-	-
Total	**50,262**	**497,906**	**-**	**4,354**	**39**

Annex X: LIQA – Liquidity Risk Management

LIQA Liquidity Risk Management				
Labels	**Amount USD '000**			
	Up to 1 Month	**1 Month – 1 Year**	**1 – 5 Years**	**Total**
Non-Current Assets				
Property plant and equipment	-	-	-	**-**
Loans and advances to customers	-	-	1,050	**1,050**
Current Assets				
Derivative financial assets	330	-	-	**330**
Other receivables and accrued income	3,438	-	-	**3,438**
Loans and advances to customers	208	350	-	**558**
Receivables from affiliated companies	14	-	-	**14**
Cash and cash equivalents	547,172	-	-	**547,172**
Total assets	**551,162**	**350**	**1,050**	**552,562**
Current Liabilities				
Derivative financial liabilities	667	-	-	**667**
Other payables and accrued expenses	183	-	-	**183**
Payables to affiliated companies	69	-	-	**69**
Amounts owed to depositors	484,940	-	-	**484,940**
General loan loss reserve (ECL)	17	-	-	**17**
Total liabilities	**485,876**	**-**	**-**	**485,876**
Excess/ (Deficit)	**65,286**	**350**	**1,050**	**66,686**