

ALEXANDRIA BANCORP LIMITED

**Pillar 3 Disclosure Requirements for the period ended
December 31, 2023**

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Overview

1.1 Background

The purpose of this document is to set out the Basel III (Pillar 3) disclosures of Alexandria Bancorp Limited and its regulatory consolidation group (together referred to as both the “Bank” and the “Group”) as at 31 December 2023. The Pillar 3 disclosures are set out in this document as required by the Cayman Islands Monetary Authority (Authority) and accordance with Rules and Guidelines Market Discipline Disclosure Requirements (Pillar 3) issued November 12, 2020 and latest updated September 1, 2021. The Pillar 3 Disclosure Requirements are designed to promote market discipline by providing market participants with key information on a firm’s risk exposure and risk management processes. Pillar 3 also aims to complement the minimum capital requirements described under Pillar 1, as well as the supervisory processes of Pillar 2.

Basel III has three components (Pillars) including minimum capital requirements, a supervisory review process and market discipline:

- Pillar 1 - Minimum capital requirements: Establishes the rules by which regulatory capital can be calculated, including defining eligible capital instruments and calculating risk-weighted assets.
- Pillar 2 - Supervisory review process: Addresses bank-wide governance and risk management, in addition to requiring banks to have an Internal Capital Adequacy Assessment Process.
- Pillar 3 - Market discipline: Establishes regulatory disclosure requirements, which are designed to allow market participants to assess the risk and capital profiles of banks.

1.2 Minimum Capital Requirements

The Bank is subject to the following requirements:

- Minimum Capital Adequacy Ratio (CAR) requirement of at least 15%. As at December 31, 2023 the Bank’s Total CAR was 87.0%.
- Minimum Liquidity Ratio (MLR) of at least 15%. As at December 31, 2023 the Bank’s liquidity ratio (LR) was 49.6%.

1.3 Frequency of Publication

The Bank’s Pillar 3 Disclosure Report will be reviewed at least annually and, if appropriate, more frequently. The Bank’s Pillar 3 Disclosure Report for a particular year will be published by March 31st of following year.

1.4 Scope of Application

The Group is made up of the following entities, including the Bank and its wholly owned subsidiaries that are fully consolidated in the Group’s financial statements:

Alexandria Bancorp Limited
Alexandria Global Investment Management Limited
Blyth Nominees Limited
Value Secretary Services Ltd.
Value Director Services Ltd.
Hyco Limited

1.5 Verification

Pursuant to the Rules of Guidance, these disclosures will be published following the approval of the Bank's Board of Directors (the "Board").

The disclosures are not subject to external audit. Unless otherwise stated, all figures are based on the Group's annual audited financial statements. There are no differences between the basis of consolidation of the Group for accounting and prudential regulatory purposes.

1.6 Media & Location of Publication

These disclosures will be published on the Group's corporate website (<https://www.alexandriabancorp.com>).

2. Risk Management Objectives and Policies

2.1 Risk Management

The Board ultimately is responsible for the Group's risk management. The purpose of the risk management process is to ensure that the risks taken by the Group do not threaten the Bank's solvency or liquidity, and are balanced relative to the relevant expected return. This is ultimately managed through safeguarding that risk levels do not exceed the Bank's risk appetite level, set by the Board. The Bank continuously strives to reduce operational risks through improvement of processes, availability and assurance. The Board sets the risk level of the business and the assignment of the responsibilities and authorities regarding risk management. The assignment sets a structure for decision making in risk areas.

The Group's approach to capital management is to maintain a strong capital position to enable us to invest in the future of the Group, in line with our strategy, and to support the risks inherent in conducting our business. Capital management is an important part of our risk management framework and is underpinned by our Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP considers the relevant current and future risks to the business and the capital the Group considers necessary to support these risks.

The Group actively monitors its capital base to ensure sufficient and appropriate capital resources are maintained to cover the relevant risks to the business and to meet consolidated and local regulatory and working capital requirements.

Risk appetite expresses the aggregate level of risk that the Group is willing to assume within our risk capacity in order to achieve our business objectives. The Bank's risk metric for banking assesses the risks faced and the probability of occurrence. Risk capacity is defined as the maximum level of risk the Bank can assume before breaching regulatory constraints and its obligations to stakeholders. The Bank's risk matrix for ICAAP evaluates the impact and probability each risk to determine an overall ranking for each risk.

Risk appetite is an integral element in the Group's business planning processes to determine appropriate risk alignment, capital and performance targets, while considering the Bank's risk capacity and appetite constraints for both financial and non-financial risks. Compliance monitoring of the ICAAP with the Bank's risk appetite and capacity is also stress-tested under various market conditions.

In order to determine Group's risk appetite and capacity, the Bank sets different trigger levels and thresholds on a forward-looking basis and defines the escalation requirements for further action. The Bank assigns risk metrics that are sensitive to the material risks to which the Bank is exposed and that are key indicators of financial health. The Bank also links its risk and risk control framework with the risk appetite framework.

The Bank's risk profile as compared to the Bank's risk appetite, strategy and its monitoring thereof is presented regularly to the Board. In the event that the Bank's expressed risk appetite is breached under either normal or stressed scenarios, senior management would take steps to address the issue and notify the board on a timely basis. Amendments to the risk appetite and capacity must be approved by the Board.

The principal types of risk inherent in the Group's business are market, liquidity, credit and operational risks. All risks are within the risk appetite as at 31 December 2023.

2.2 Risk Governance

The Group's risk management objectives and policies are supported by a risk management framework which establishes the governance arrangements and the principles of how risk is to be identified, assessed, quantified, monitored and controlled. The key risk management responsibilities are allocated as shown below:

Board of Directors

The Board is responsible for the overall strategic management, supervision and risk management of the Group. The Board is responsible for agreeing risk appetite; and ensuring that risk is monitored and controlled effectively. Alexandria continuously strives to reduce the operational risks through improvement of processes, availability and assurance. The Board sets the risk level of the business and the assignment of the responsibilities and authorities regarding risk management. The assignment sets a structure for decision making in risk areas.

The Board meets as frequently as required, but no less than once per quarter.

Managing Director (MD)

The MD is responsible for the management of the day-to-day operations of the Bank in line with the Board's policies and procedures. The MD is responsible for implementing the Bank's business strategy and reflecting the Bank's risk tolerance into its decision-making process and is responsible for the control of the Bank's exposures to risk. The MD reports to the Board.

Chief Financial Officer (CFO)

The CFO is responsible for monitoring the overall capitalization and the capital adequacy as well as the overall liquidity situation, ensuring effective governance, risk management and financial controls by establishing the appropriate policies and procedures and ensuring that the organization is adequately resourced to facilitate that all risks inherent in the activities are identified and managed. The CFO is responsible for the preparation of regular management statements presenting portfolio values, income, realized and unrealized gains on investments, to be reviewed by the MD. The day-to-day management of liquidity is the responsibility of the CFO who will oversee daily cash reconciliations, the preparation of weekly and monthly cash summary reports as well as assessing liquidity on a daily basis and ensure the effective implementation prudent liquidity risk management and risk control procedures. The CFO reports to the Board and to the MD.

Chief Compliance Officer (CCO)

The CCO is responsible for the development, oversight and monitoring of the Bank's compliance program. The CCO's risk management function is independent of the business lines to ensure an adequate separation of duties and to avoid conflicts of interest. The CCO reports to the Board of Directors and to the MD.

Chief Information Officer (CIO)

The CIO is responsible for the development, implementation and monitoring of the Bank's cybersecurity framework. The CIO documents appropriate policies, procedures and controls relating to cybersecurity, cyber-resilience and IT systems controls. The CIO reports to the Board of Directors and to the MD.

Independent Internal Auditors

The Bank engages an independent internal auditor to assess the effectiveness of the Bank's internal control systems. A report containing audit findings and recommendations is provided to senior management and is formally presented to the Bank's Board. Implementation of audit recommendations is monitored by the Board through action plan trackers.

2.3 The Risk and Control Framework

The Bank's risk management and control framework is built on the three lines of defense:

1. The first line of defense refers to all risk management activities carried out by the business operations and their support functions. Senior management's primary task is to support the risk owners with the identification and assessment of the risks as well as providing management responses and mitigating actions.
2. The risk and compliance function is the 2nd line of defense. It establishes a framework that facilitates risk event identification and follow-up. The framework is supported by education and advice, and through the independent monitoring of the effectiveness of the processes. Alexandria maintains management information systems that monitor changing risk levels through access to timely information assisting management to make informed decisions.
3. The third line of defense refers to the internal audit function reporting to the Board. The Bank currently has an independent third-party internal audit function which tests, validates and assesses the efficiency of the risk management process and activities.

2.4 Stress Testing

The Bank regularly performs stress testing to evaluate the capital position of the Bank under stressed conditions. Stress testing involves applying severe economic scenarios to business. Credit risk stress scenarios focus on the potential default of all receivables and loans. Profit and loss stress testing enables the Bank to determine whether additional capital would be required under each stress test scenario.

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3. Key Prudential Metrics

Table 1: Key Metrics

The Total CAR ratio increased slightly from the prior year due to increased earnings and assets while the liquidity ratio was higher as more sovereign debt was held and liabilities were 11% lower at December 31, 2023.

	Dec. 31, 2023	Dec. 31, 2022
Total Capital Adequacy Ratio	87.0%	86.3%
Tier 1 Capital Adequacy Ratio	78.5%	84.7%
Liquidity Ratio	49.6%	43.0%

Table 2: Overview of Risk Weight Average (RWA) (OV1)

		RWA		Minimum capital requirements
		Dec 31, 2023	Dec 31, 2022	Dec 31, 2023
1	Credit risk (excluding counterparty credit risk) (CCR)	153,499,038	139,894,348	23,024,856
2	Securitization exposure	-	-	-
3	Counterparty credit risk	-	-	-
4	Of which: current exposure method	-	-	-
5	Of which: standardization method	-	-	-
6	Market risk	-	-	-
7	Of which: Equity risk	-	-	-
8	Operational risk:	8,588,550	7,625,822	1,288,283
9	Of which: Basic Indicator Approach	8,588,550	7,625,822	1,288,283
10	Of which: Standardization Method	-	-	-
11	Of which: Alternative Standard	-	-	-
12	Total (1+2+3+6+8)	162,087,588	147,520,170	24,313,139

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Credit risk RWA increased over the reporting period due to an increase in market value of the Banks security holdings.

Table 3: Linkages Between Financial Statements and Regulatory Exposures (LI1)

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

	a & b	c	d	e	f	g
		Carrying values of items:				
	Balance sheet at Dec. 31, 2023 and under regulatory scope of consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization framework	Subject to market risk the framework	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash and cash equivalents	59,687,641	59,687,641	-	-	-	-
Client overdrafts	37,804	37,804	-	-	-	-
Accounts receivable	1,004,969	1,004,969	-	-	-	-
Loans receivable	-	-				
Capital assets	851,109	851,109				
Securities	134,761,250	134,761,250	-	-	-	-
Other assets	9,156	9,156	-	-	-	-
Total assets	196,351,929	196,351,929	-	-	-	-
Liabilities						
Client funds on demand	46,190,854	-	-	-	-	46,190,854
Loan due to related company	810,972					810,972
Accounts payable	920,540	-	-	-	-	920,540
Other liabilities	596,855	-	-	-	-	596,855
Total liabilities	48,519,221	-	-	-	-	48,519,221

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Table 4: Main sources of differences between regulatory exposure amounts and carrying values in financial statements (LI2)

		a	b	c	d	e
			Items subject to:			
		Total	Credit risk framework	Securitization framework	Counterparty credit risk framework	Market risk framework
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	196,351,929	196,351,929	-	-	-
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	48,519,221	-	-	-	-
3	Total net amount under regulatory scope of consolidation	147,832,708	196,351,929	-	-	-
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 prudential filters	-	-	-	-	-
9	Exposure amounts considered for regulatory purposes	147,832,708	196,351,929	-	-	-

Financial statements carrying values and those under the scope of regulatory consolidation for the purposes of calculation of capital adequacy are the same.

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Table 5: Composition of Regulatory Capital

	Dec 31, 2023
Tier 1 capital: instruments and reserves	
Directly issued qualifying common share capital plus related stock surplus	18,080,000
Reserves:	
Retain earnings	129,752,708
Total Tier 1 Capital	147,832,708
Deductions from Tier 1 Capital	-
Unrealized loss on long term holdings of equity securities	-
Net Tier 1 Capital (T1)	147,832,708
Tier 2 capital: instruments and provisions	
Unrealized gains on long term holdings of equity securities	-
Other upper tier 2 instruments	-
Total Tier 2 Capital	-
Deductions from Tier 2 Capital	-
Net Tier 2 Capital (T2)	-
Total Net Tier 1 Capital and Total Net Tier 2 Capital	147,832,708
Total eligible capital.	147,832,708

4. Capital Adequacy

4.1 Timing of Capital Adequacy Calculations

Alexandria's management reviews the adequacy of the Bank's capital on at least a quarterly basis. Alexandria's Board reviews the adequacy of the Bank's capital at Board meetings, at least quarterly.

4.2 Rationale for Time Period

Alexandria has historically maintained a significant amount of surplus capital that, along with an understanding of the context of Alexandria's business, provides the Bank, its clients and its shareholders with confidence that Alexandria's capital is and will continue to be adequate. As a result, and subject to a change in the Bank's business strategy, the current time period used by Alexandria for reviewing the adequacy of the Bank's capital is considered appropriate.

5. Specific Risks

Alexandria has identified the risk areas that are material to Alexandria. Each risk area is defined along with the Bank's corresponding appetite for such risk. The Bank maintains sufficient capital to enable it to pursue its business objectives under normal and stressed conditions.

In the course of its business, Alexandria faces several specific risks that could affect the adequacy of its capital.

5.1 Market Risk

Market risk is the risk that the fair market of future cash flows of a financial instrument will fluctuate as a result of market forces. Market forces include three types of risk: interest rate risk, currency risk, and other price risk.

Alexandria invests primarily in marketable securities. As a result, the vast majority of Alexandria's capital generally can be liquidated and accessed within 7 days. While predominantly exposed to USD, Alexandria's portfolio includes securities and deposits in several currencies. Even significant variations in interest rates, foreign currency rates and security prices would not have a significant impact on the adequacy of Alexandria's capital.

Regarding Alexandria's deposit liabilities, to control the Bank's potential exposure caused by the movements in foreign exchange rates we maintain client deposits in deposits or cash instruments denominated in their base currency. Therefore the Bank fully manages its currency risk on client deposits. The Bank has concluded that no further action and or additional capital is required to mitigate this risk.

5.2 Interest Risk

Interest risks are structural and arise when there is a mismatch between the timing of interest rate reset or maturity of assets and liabilities. Alexandria's interest rate risk is insignificant. To control Alexandria's exposure to variations in earnings caused by sudden movements in market interest rates the Bank manages the interest rates offered on deposits to be less than the rates earned by Alexandria on its deposits and cash instruments maintained with its banking correspondents and custodians. Furthermore, with the permitted exception of short-term CAD, USD, EUR and GBP debt securities maturing within 30 days, which the Bank treats as cash, Alexandria matches the terms of client deposits with the terms of the Bank's deposits with its correspondents. We have concluded that no further action and or additional capital is required to mitigate this risk.

5.3 Liquidity risk

Liquidity risk refers to the risk of being unable to meet payment obligations when they come due relative to the potential cost for obtaining alternative means of payment, including increased funding costs those obligations. The Bank manages its liquidity risk by maintaining a considerable buffer of liquid assets. The Bank's market liquidity risk is mitigated by having a liquidity buffer consisting of high-quality financial assets that even under stressed market conditions maintain their market value. The Bank's investment portfolio must remain sufficiently liquid to enable the Bank to meet all operating requirements that may be reasonably anticipated.

The Bank preforms a maturity horizon test on a quarterly basis to ensure that the timing of all asset maturities equals or exceeds its liabilities. Quarterly stress testing is performed on the basis that all liabilities are called on for immediate repayment.

As at December 31, 2023, the Bank had a \$104 million buffer in excess of its liabilities up to 7 days and \$149 million excess fund gap overall. As a result, the Bank has concluded that no further action would be required to mitigate this risk. Control and supervision of liquidity risk is managed by the CFO, and reported to the Board on a quarterly basis.

The Bank will invest in transferable securities and/or other liquid assets listed or traded on recognized markets.

In determining the value of its assets, securities, including debt and equity securities, which are quoted, listed or traded on or under the rules of any recognized Market, the last traded price of the asset's principal exchange are used.

An investment in shares in collective investment schemes are to be valued on the basis of the latest published net asset value of such shares.

Cash deposits and similar assets are to be valued at their face value together with accrued interest

5.4 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes and procedures, human error, faulty systems or external events. Alexandria's small size both contributes and mitigates operational risk for the Bank. The Bank's IT security structure, internal controls and audit processes are designed to mitigate operational risk events to the greatest extent possible. As the majority of the Bank's capital is not subject to operational risks inherent at the bank because the majority of the Bank's capital is overseen by Alexandria's parent company, the potential impact of operational risk on the adequacy of the Bank's capital is considered to be low or immaterial.

The Bank considers the Pillar 1 capital requirement of \$8.6 million, calculated using the basic indicator approach, to be sufficient and no additional capital should be held for operational risk. We have concluded that no further action and or additional capital is required to mitigate this risk.

5.5 Concentration Risk & Counter-Party Risk

Regarding the Bank's investment portfolio, while the Bank has a significant investment in the Alexandria Fund, this investment is comprised of several different strategies of marketable securities and the investment is not considered to be a high concentration risk for the Bank. All securities and fund investments are priced frequently using reliable sources and are reviewed on a monthly basis by the CFO. All securities and all underlying securities holdings held by funds are also verified by the Bank's external auditors on an annual basis for material differences.

Regarding the Bank's use of counter-parties, the Bank has some concentrated deposits with correspondent banks. The Bank manages its counter-party risk by maintaining correspondent banking relationships with high quality counter-parties. The Bank reviews the risk profile of its counter-parties on at least a quarterly basis and limits its exposure to higher risk counter parties. We have concluded that no further action and or additional capital is required to mitigate this risk.

5.6 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligations. The Bank's business does not expose it to material credit risk. Alexandria's risk appetite for credit risk is low. . All loans are approved by the Loan Committee and reviewed at each Board meeting. Exceptions to the Loan Policy are reviewed and subject to approval by the Board of Directors. Loaned funds are extended out of the Bank's own capital rather than client deposits. The Bank had loans outstanding of \$nil at December 31, 2023. The Bank has concluded that no further action and or additional capital is required to mitigate this risk.

The Group uses the Standardized Approach for credit risk at the consolidated level for regulatory reporting purposes. Under this approach, exposures are assigned to portfolio segments based on the type of counterparty and/or the nature of the underlying exposure. This approach allows the use of external ratings, where available, from accredited ratings agencies for the determination of appropriate risk weights, and also includes a wider range of eligible financial collaterals. The RWAs are then calculated according to the following formula:

$RWA = L \text{ Credit Equivalent Amount}^{\prime} \text{ for all asset classes} \times \text{Regulatory Defined Risk Weights}$

The major asset classes as defined by the Basel guidelines adopted by the ABL are sovereigns, public sector entities, multilateral development banks, banks, corporates, retail, securitized assets and VIP/HNI (high net worth individuals). Each segment has a defined risk weight ranging from 0% to 150% depending on tenor, type of exposure, asset class, whether the counterparty has an external rating and whether the exposure is past due.

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Table 6: Credit Quality of Assets (CR1)

The following table shows the past due loans and allowances for impaired exposures and charges to the consolidated statement of operations for the period ended December 31, 2023.

		a	b	c	d
		Gross carrying values of:			
		Defaulted exposures (a)	Non-defaulted exposures (b)	Allowances/ impairments (c)	Net values (a+b-c)
1	Loans	-	-		-
2	Debt Securities	-	56,954,609	-	56,954,609
3	Off-balance sheet exposures	-	-	-	-

Loans are evaluated individually and management estimates the expected losses based on the probability of recovery of all monies due, and is based on an assessment of the borrower's current repayment capacity, including collateral. Based on management assessment there are no provisions for expected losses on loans.

"Default" is broadly defined as either non-payment of a material financial obligation persisting for 90 days or occurrence of events that would lead the bank to consider that the Obligor is unlikely to service its credit obligations to the bank.

Based on management assessment there are no provisions for expected losses on loans, no defaults, and no exposures past-due more than 90 days that would be considered impaired for accounting purposes as disclosed in the quantitative disclosures of this section.

Table 7: Changes in stock of defaulted loans and debt securities (CR2)

1	Defaulted loans and debt securities at end of the previous reporting period	-
2	Loans and debt securities that have defaulted since the last reporting period	-
3	Returned to non-defaulted status	-
4	Amounts written off	-
5	Other changes	-
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	-

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Table 8: CRB - Breakdown of Exposures by Geographical Area

	Exposures post-CCF and CRM				
	Cayman Islands	United States	Canada	Rest of the world	Total
On balance sheet, of which:	24,265,148	104,289,280	35,798,075	31,999,426	196,351,929
Sovereigns and their central banks	-	16,545,480	-	7,845,950	24,391,430
Banks	359,556	-	34,936,655	-	35,296,211
Securities firms		-	-		-
Higher Risk categories					
Other assets	23,905,592	87,743,800	861,420	24,153,476	136,664,288
					-
Off -balance	-	-	-	-	-
Derivatives	-	-	-	-	-

Table 9: CRB - Breakdown of Exposures by Residual Maturity

	Exposures post-CCF and CRM					Total
	Within 3 months	3-12 month	1-5 years	Over 5 years	No Fixed Maturity	
On balance sheet, of which:	194,775,378	88,124	600,124	738,303	150,000	196,351,929
Sovereigns and their central banks	24,391,430	-	-	-		24,391,430
Banks	35,296,211	-	-	-		35,296,211
Securities firms	-	-	-	-		-
Higher Risk categories						
Other assets	135,087,737	88,124	600,124	738,303	150,000	136,664,288
						-
Off -balance	-	-	-	-		-
Derivatives	-	-	-	-		-

Table 10: CRB - Breakdown of Exposures by Industry

	Exposures post-CCF and CRM			
	Government	Banks and Other Financial Institution	Other	Total
On balance sheet, of which:	24,391,430	170,057,461	1,903,038	196,351,929
Sovereigns and their central banks	24,391,430	-	-	24,391,430
Banks	-	35,296,211	-	35,296,211
Securities firms	-	-	-	-
Higher Risk categories				
Other assets		134,761,250	1,903,038	136,664,288
Off -balance	-	-	-	-
Derivatives	-	-	-	-

Table 11: CR3: Credit risk mitigation techniques - overview

The Group requires security for all loan in order to mitigate credit risk.

		a	b	c	d	e	f	g
CR3: Credit risk mitigation techniques - overview								
		Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral of which: secured amount	Exposures secured by financial guarantee	Exposures secured by financial guarantee of which: secured amount	Exposures secured by credit deviatives	Exposures secured by credit deviatives of which: secured amount
1	Loans	-	-	-	-	-	-	-
2	Debt securities	57,102,555	-	-	-	-	-	-
3	Total	57,102,555	-	-	-	-	-	-
4	Of which: defaulted	-	-	-	-	-	-	-

CRD: Qualitative disclosures on the Banks' use of external credit ratings under the standardized approach for credit risk

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In accordance with the Basil II guidelines “Rules, Conditions and Guidelines on Minimum Capital Requirements (Pillar 1)” the Group uses credit ratings assigned by external credit assessment institutions (ECAIs) Standards and Poor’s (S&P) to determine the risk weight for Sovereigns, Banks and Security Firms, and Claims on Higher Risk Assets and Other Assets exposures.

The Standardized approach risk weights corresponding to ECAIs credit ratings are as follows:

Sovereigns:						
Credit Assessment	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	Below B-	Unrated
Risk Weight	0%	20%	50%	100%	150%	100%
Banks and Security Firms:						
Credit Assessment	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	Below B-	Unrated
Risk Weight	20%	50%	100%	150%	100%	0%
Corporates:						
Credit Assessment	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	Unrated	
Risk Weight	20%	50%	100%	150%	0%	

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Table 12: CR4: Standardized approach - credit risk exposure and CRM effects

		a	b	c	d	e	f
Asset classes		Exposures before CCF and CRM		Exposures post-CCF		RWA and RWA density	
		On-balance amount	Off-balance amount	On-balance amount	Off-balance amount	RWA	RWA density
1	Sovereigns and their central banks	24,391,430	-	24,391,430	-	-	0%
2	Non-central government public sector entities		-	-	-	-	
3	Multilateral development banks		-	-	-	-	
4	Banks	2,373,475	-	2,373,475	-	474,695	20%
	Banks	32,922,736	-	32,922,736	-	16,461,368	50%
5	Securities firms		-	-	-	-	
6	Corporates		-	-	-	-	
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	136,664,288	-	136,644,288	-	136,644,288	100%
13	Total	196,351,929	-	196,351,929	-	153,600,351	

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Table 13: CR5: Standardized approach – exposures by asset class and risk

		a	b	c	d	e	f	g	h	i	j
Asset classes\Risk weight*		0%	10%	20%	35%	50%	75 %	100%	150%	Others	Total credit exposure amount (post CCF and post-CRM)
1	Sovereigns and their central banks	24,391,430									24,391,430
2	Non-central government public sector entities										-
3	Multilateral development banks										-
4	Banks			2,373,475		32,922,736					35,296,211
5	Securities firms										-
6	Corporates										-
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							136,664,288			136,644,288
13	Total	24,391,430	-	2,373,475	-	32,922,736	-	136,664,288	-	-	196,331,929

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6. LR1: Summary comparison of accounting assets vs leverage ratio exposure measure

		a
1	Total consolidated assets as per published financial statements	196,351,929
13	Leverage ratio exposure measure	196,351,929

7. LR2: Leverage ratio common disclosure template

On-balance sheet exposures		
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	196,351,929
7	Total on balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	196,351,929
Derivative exposures		
13	Total derivative exposures	0
Securities financing transaction exposures		
18	Total securities financing transaction exposures	0
Other off-balance sheet exposures		
22	Off-balance sheet items	0
Capital and total exposures		
23	Tier 1 capital	127,239,227
24	Total exposures (sum of rows 7, 13, 18 and 22)	196,351,929
Leverage ratio		
25	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	65%
26	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	65%
27	National minimum leverage ratio requirement	15%
28	Applicable leverage buffers	-50%

8. Asset Encumbrance

The Group has no encumbered assets:

a	b	c	d
Encumbered assets	[Optional] Central Bank Facilities	Unencumbered assets	Total
-	-	196,351,929	196,351,929

9. REM: Qualitative and quantitative disclosure requirements related to remuneration

9.1 Remuneration

The Group has a Compensation Committee (CC) that is responsible for the application of the compensation principles, practices and processes within all of the Group's operations. The CC reviews and approves the Group employee compensation to support the business objectives determined by the Board and encourages sound risk management practices, including long-term and short-term risks.

The CC is responsible for approving employee compensation including salary, bonuses and benefits across the Group. This includes the terms of bonus plans, and the compensation packages of senior management and for other Material Risk Takers.

Each member of the CC is a Non-Executive Director, independent of day-to-day operational activities. No individual is involved in decisions relating to their own compensation.

The CC meets annually to review the fixed and variable pay for management and staff. During the year, the CC receives employee feedback from the Group's Managing Director, who provides advice on the implications of the compensation on Group risks and risk management, and upon recommended adjustments that should be made to levels of staff compensation, at both a Group and individual level, accounting for relevant current and potential risks.

The CC considers the Group's strategic goals in reaching its decisions on Group compensation, being mindful of the Group's duties to shareholders and other stakeholders. The CC seeks to preserve shareholder value by ensuring alignment of variable compensation decisions with risk and economic performance, as well as with the successful retention, recruitment and motivation of Group employees.

9.2 Elements of Compensation

Base Compensation

Employee compensation packages are comprised of base compensation and benefits (reward for fulfilling particular job requirements).

Variable Remuneration

All management and staff, other than the Independent Non-Executive Directors, are eligible to receive a discretionary bonus in respect of their respective roles with the Group. Discretionary bonuses intended to incentivize employees to demonstrate achievement in terms of meeting Group objectives and to encourage long-term development and retention within the Group.

Annual incentives consist of discretionary bonuses. Annual discretionary bonuses may be awarded based on the performance of the Group, the business, and the individual as detailed below. Annual incentives are subject to review by the MD to ensure they adequately reflect risk and performance, and are subject to approval by the CC.

As part of the year-end risk adjustment process, the financial performance including revenues, net income, and prudential valuation are used in the evaluation.

The amount of variable compensation to be awarded to employees is appropriately adjusted for risk. Key considerations that are taken into account in the risk adjustment process include financial measures such as revenue, net income and regulatory capital and non-financial risk factors such as conduct, regulatory, credit, market and

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operational risk exposure against risk appetite. Upon completion of the review, adjustments for risk may be recommended for consideration in the approval of final variable compensation.

Non-financial measures considered in the discretionary bonus evaluation process include adherence to the Group's Code of conduct, policies and procedures.

The Group has no compensation deferral requirements.

Guaranteed variable remuneration is only awarded in exceptional circumstances, such as senior control functions roles, business critical roles and strategic hires.

Where applicable, the Group provides severance payments to satisfy its statutory and legal obligations and to support the transition of employees away from their employment with the Group in circumstances where there is an early termination of an employee's employment.

9.3 Disclosure of Remuneration

The table below provides an analysis of the remuneration provided to 13 employees as for the group during 2023.

	Total
Fixed remuneration *	1,847,224
Variable remuneration **	615,000
	2,462,224

* Includes base salary, other cash payments (excluding variable pay) and employer pension contributions earned during 2023.

** Includes total bonus in respect of the 2023 financial year.

9.4 Disclosure of Audit fee

Under the IESBA Code the Group is required to publicly disclose the audit fee of its external auditor. Total remuneration to the external auditor for the 2023 audit is \$91,500.

10. List of annual disclosures not applicable to the Group is as follows:

Disclosures	Tables and Templates	Reason
Counterparty Credit Risk	CCR1 – Analysis of counterparty credit risk exposure by approach	No Trading Book
	CCR3 – Standardized approach of CCR exposures by regulatory portfolio and risk weights	No Trading Book
	CCR5 – Composition of collateral for CCR exposure	No Trading Book
	CCR6 – Credit derivatives exposures	No Trading Book
Leverage ratio	LIQA – Liquidity risk management	Not a requirement for Class B banks
	LIQ1 – Liquidity Coverage Ratio (LCR)	Not a requirement for Class B banks
	LIQ2 – Net Stable Funding Ratio (NSFR)	Not a requirement for Class B banks
Securitization	SECA – Qualitative disclosure requirements related to securitization exposures	No Trading Book
	SEC1 – Securitization exposures in the banking book	No Trading Book
	SEC2 – Securitization exposures in the trading book	No Trading Book
	SEC3 – Securitization exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor	No Trading Book
	SEC4 – Securitization exposures in the banking book and associated capital requirements - bank acting as investor	No Trading Book
Market Risk	Market Risk MRA – Qualitative disclosure requirements	No Trading Book
	MR1 – Market risk under standardized approach	No Trading Book
Operational Risk	OPR – Qualitative and quantitative disclosure requirements related to operational risk	No Trading Book
Interest Rate Risk in the Banking Book (IRRBB)	IRR – Qualitative and quantitative disclosure requirements related to interest rate risk in the banking book	No Trading Book