PERSIA INTERNATIONAL BANK PLC
Regulated by FCA & PRA

PILLAR 3 DISCLOSURE

31 MARCH 2016

[Page intentionally left blank]

ACRONYMS

Acronym	Definition
ALCO	Assets and Liabilities Committee
AML	Anti-Money-Laundering
BIA	Basic Indicator Approach
CBI	Central Bank of Iran
CCB	Capital Conservation Buffer
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
COO	Chief Operating Officer
CCyB	Countercyclical Capital Buffer
CPB	Capital Planning Buffer
CRD IV	Capital Requirements Directive IV
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
EBA	European Banking Authority
ECAIs	External Credit Assessment Institutions
EU	European Union
EWIs	Early Warning Indicators
G-SII	Global Systemically Important Institution
JCPOA	Joint Comprehensive Plan of Action
L/C	Letter of Credit
ICAAP	Individual Capital Adequacy Assessment Process
ICG	Individual Capital Guidance
ILAAP	Internal Liquidity Adequacy Assessment Process
INED	Independent Non-Executive Directors
MI	Management Information
NED	Non-Executive Directors
OFAC	Office of the Foreign Asset Control
O-SII	Other Systemically Important Institution
PIB	Persia International Bank
P&L	Profit and Loss
PRA	Prudential Regulation Authority
RAS	Risk Appetite Statement
RC	Risk Committee
RMF	Risk Management Framework
RP	Recovery Plan
RRP	Recovery and Resolution Plan
RWAs	Risk Weighted Assets
SA	Standardized Approach
SREP	Supervisory Review and Evaluation Process
TRO	Tehran Representative Office
UN	United Nations

Table of Contents

1. INTRODUCTION 5

1.1. Overview - Scope and Purpose 5
1.2. Background 6

2. RISK MANAGEMENT OBJECTIVES AND POLICIES 6

2.1. Risk Management Framework 6
2.1.1. Material Risks for the Bank 7
2.2. Risk Management Governance 9
2.2.1. The Board 9
2.2.2. Board Committees 10
Risk Committee (‘RC’) 10
Asset and Liability Committee (‘ALCO’) 10
Credit Committee (‘CC’) 11
Management Committee (‘MC’) 11
Audit Committee 11
Remuneration Committee 11

3. OWN FUNDS, CAPITAL REQUIREMENTS AND CAPITAL BUFFERS 12

3.1. Own Funds 12
3.2. Capital Requirements 12
3.3. Capital Buffers 13

4. CREDIT RISK 14

4.1. Qualitative Disclosure 14
4.2. Quantitative Disclosure 15

5. UNENCUMBERED ASSETS 17

6. MARKET RISK 17

7. OPERATIONAL RISK 18

8. CONCENTRATION RISK 18

9. INTEREST RATE RISK IN THE BANKING BOOK (‘IRRBB’) 19

10. LEVERAGE RATIO 19

11. REMUNERATION POLICY 20

11.1. Quantitative Information 20

1. INTRODUCTION

1.1. OVERVIEW - SCOPE AND PURPOSE

This document sets out the Pillar 3 disclosures (the 'document') for Persia International Bank plc ('PIB' or 'the Bank') as at 31 March 2016. PIB is a UK registered Bank, authorised by the Prudential Regulatory Authority ('PRA') and regulated by the Financial Conduct Authority ('FCA') and PRA. Following the lifting of the European Union ('EU') /United Nations ('UN') and Office of the Foreign Asset Control ('OFAC') Sanctions on 16 January 2016, the Bank's business activity is in the process of being fully re-activated.

These disclosures have been prepared to give information on the basis of calculating capital requirements and on the management of risks faced by the Bank. This document has been developed in accordance with the rules laid out in Part 8 of Capital Requirements Regulation[1] ('CRR') and the related European Banking Authority ('EBA') guidelines. The Bank has also considered the Basel Committee on Banking Supervision's Standards "Revised Pillar 3 disclosure requirements" published in January 2015.

The provision of meaningful information about common key risk metrics to market participants is an important aspect of a sound banking system. It reduces information asymmetry and helps promote comparability of bank's risk profiles within and across jurisdictions. Pillar 3 of the Basel III framework aims to promote market discipline through regulatory disclosure requirements. These requirements enable market participants to access key information relating to a bank's regulatory capital and risk exposures in order to increase transparency and confidence about a bank's exposure to risk and the overall adequacy of its regulatory capital.

The Basel III Framework is structured around three pillars:

- Pillar 1: sets the minimum capital requirements for credit, market and operational risk
- Pillar 2: requires that each bank undertakes an Internal Capital Adequacy Assessment Process ('ICAAP') to assess its own risk profile and to determine the level of additional capital required over and above the Pillar 1 requirements, to cover risks either not covered, or not fully covered, by the Pillar 1 requirements (e.g. credit concentration risk), and factors external to the firm (e.g. external stresses and impact of the business cycle). In addition the amount of any additional capital requirement is assessed by the PRA during its Supervisory Review and Evaluation Process ('SREP'), which is used to determine the overall capital resources required by a bank.
- Pillar 3: aims to promote market discipline by enhancing the level of disclosure made by banks to their stakeholders, allowing them to assess a bank's key risk exposures and the adequacy of a bank's risk management process to mitigate these risks.

Pillar 3 complements Pillar 1 and Pillar 2.

Having taken into account the size and complexity of its operations, it is the Bank's policy to disclose the information as required by Capital Requirements Directive IV ('CRD IV') on an annual basis.

The Bank may omit information it considers immaterial. PIB regards information as material if its omission or misstatement could change or influence the decision of a user relying on the information for the purpose of making economic decisions.

In addition, if the required information is judged to be proprietary or confidential, then the Bank may take the decision to exclude it from the disclosure. The Bank defines proprietary information as that which, if shared, would undermine its competitive position. The Bank defines information as confidential where there are obligations binding it to confidentiality with customers, suppliers or counterparties. In preparing this document the Bank has not excluded any information on the grounds of confidentiality.

This disclosure document forms part of the Annual Report and Financial Statements 31 March 2016 (the 'Report') and should be read in conjunction with it. The Bank's Pillar 3 disclosures report is published on the Banks' website.

These Pillar 3 disclosures are not subject to external audit. The document has been approved by the Bank's Risk Committee and the Board of Directors ('the Board').

[1] Capital Requirement Regulation 575/2013 of EU.

1.2. Background

PIB was established in 2002 from a merger of the London branches of Bank Mellat and Bank Tejarat. The two shareholders of the Bank are Bank Mellat and Bank Tejarat (‘the shareholder Banks’) with equity holdings of 60% and 40% respectively. Since inception, PIB’s business development was through a mixture of trade finance, syndicated and commercial loans, funded by a mixture of capital and deposits from its two shareholder Banks, the Central Bank of Iran (‘CBI’/‘Bank Markazi’), correspondent banks, corporates (mainly Iranian) and a small proportion of retail customers.

PIB has provided, and once reactivated will provide, an operational presence in London for these two mainstream Banks in Iran enabling them to access the UK and international markets in the development of their global business and customer base. Therefore, there is synergy and a symbiotic relationship between the shareholder Banks and PIB.

PIB has one branch in the Dubai International Financial Centre, which commenced operations in August 2005. The branch business is primarily trade finance with the interest focussed on the increasing trade between Iran and Dubai. London processes all of the branch deals and transactions. The Bank also has a representative office in Tehran (Iran).

PIB’s business model is simple and focuses on trade finance, commercial and syndicated lending to corporate customers and financial institutions. As a wholesale Bank, PIB aims to expand its presence in the London and international market with a focus on trade finance and commercial loans.

The funding of the Bank’s resumed business initially derives mainly from its own funds and on deposits from the shareholders Banks. However, more reliance will be placed on other bank, corporates and retail deposits to provide a pool of funding to support credit exposure operations. The Bank’s business model is liability driven. The loan book growth is balanced against the requirement to maintain a prudent liquidity profile.

2. Risk management objectives and policies

2.1. Risk Management Framework

The Bank has developed a Risk Management Framework (‘RMF’) in order to ensure sustainable business growth with stability and to promote a pro-active approach in managing risks associated with the business. The RMF is the overall approach, including policies, processes, controls, and systems through which risk management is established, communicated, and monitored. The RMF aligns with the institution's strategy. The RMF is formalised in the RMF policy which establishes a structured and disciplined approach to Risk Management. The Bank’s RMF is composed of the following:

- Risk Identification
- Risk appetite definition
- Risk assessment, measurement and mitigation
- Risk monitoring and reporting
- Stress test.

All the information collected in the above-mentioned phases is considered in defining the new business objectives of the Bank. The RMF principles are integrated in everyday activities by the Bank.

PIB has also developed a Risk Appetite Statement (‘RAS’) which describe the process and the responsibilities in determining the risk appetite and defines the type and amount of risk that the Bank is prepared to accept in pursuit of its strategic objectives. Additionally, the Bank has in place policies and procedures to manage its activities ensuring they are run in a prudent way in line with its risk appetite and its RMF.

The Board has primary responsibility for identifying the key business risks facing the Bank, approving the Bank’s RMF policy and RAS.

The Bank has developed Early Warning Indicators (‘EWIs’) to monitor its activity as well as its adherence to the risk appetite set by the Board. The EWIs are integrated within the RMF and are consistent with the Recovery Plan (‘RP’) indicators.

PIB has developed a Risk Matrix which assesses the risks based on their potential severity of impact and their likelihood. The risk items in the Bank's Matrix are identified/classified as per Pillar 1 and Pillar 2A, and are further detailed and listed by functions and products.

The Bank has in place set of robust Management Information ('MI') to support the Board and Senior Management in assessing how PIB is performing and if its activities are in line with the set objectives and risk appetites. This helps the decision making process of the Bank's management. Monitoring is a powerful management tool. It enables the Board and Senior Management to identify as early as possible current and upcoming risks that could undermine the achievement of the Bank's objectives. The output of the Bank's monitoring activity is summarised in the MI that PIB is producing on daily, weekly, monthly, quarterly, semi-annual and annual basis.

Through the above-mentioned reports the Bank monitors and reviews the various internal and regulatory limits set in order to ensure its adherence to the business objectives and risk appetite. In case of any breach in the limits, the escalation process to be followed is clearly defined in the specific policies covering the risk for which the breach is observed.

Responsibility for risk management resides at all levels of the Bank from the Board and the Risk Committee to each employee. In line with this approach the Bank adopts the three lines of defence governance model which is outlined below:

- 1st line of defence: this comprises of the controls the Bank has in place to deal with the day-to-day business. Controls are built into systems and processes to appropriately mitigate risk. This is the responsibility of the relevant operating departments. The Bank's compliance with the abovementioned processes is ensured through adequate managerial and supervisory controls in place.
- 2nd line of defence: this comprises of the committees and functions that are in place to provide an oversight of the effective operation of the internal control framework. These committees review the management of risk in relation to the particular risk appetite of the Bank, as determined by the Board. The effectiveness of the 2nd line is determined by the oversight committee structure, their terms of reference, the competence of the members and the quality of the management information and reports that are considered by these oversight committees. The 2nd line is reinforced by the advisory and monitoring functions of risk management and compliance. Risk management defines and prescribes the financial and operational risk assessment processes for the business, maintains the risk registers and undertakes regular reviews of these risks in conjunction with line management. Compliance advises on all areas of regulatory principles, rules and guidance, including leading on any changes, and undertakes monitoring activity on key areas of regulatory risk. Effectively, this 2nd line of defence is attributable as a responsibility of the Executive Management of the Bank.
- 3rd line of defence: this is made of the independent assurance provided by Board and the Audit Committee (and the Internal Audit Function that reports to that Committee). Internal audit undertakes a programme of risk based audits covering all aspects of both 1st and 2nd lines of defence.

The Bank maintains a strong culture of control. The Bank's policies and procedures are designed to prevent irregularities arising from human error or misconduct, systems failure or inadequate procedures and controls. It is the responsibility of all management and staff to avoid placing the Bank at unnecessary and avoidable risks.

The Bank's Risk Committee and Board are content that the risk management systems that are in place in the Bank are adequate given the size and complexity of the Bank's operations and its risk profile.

2.1.1. MATERIAL RISKS FOR THE BANK

1. **Credit risk**
   The level of risk appetite for credit and counterparty risk is medium. It is determined by the Board and captures the Bank's philosophy in taking credit and counterparty risks. PIB will consider only those counterparties for business transactions who have integrity and are responsible in their dealings. The margin in a credit exposure must adequately compensate the risk associated with it. All risk exposures incurred by the Bank are monitored and managed in a prudent manner to avoid over exposure to, or dependence on, any one counterparty or group of connected counterparties, business sector or country**.** The lending rate is determined after adding the margin to the respective currency (market) interest rates (€ Libor or £ Libor). The margin is market related and depends on the credit worthiness of the counterparty. The group exposure limit is 25% of the Total capital of the

Bank. The sum of the Bank's large exposures[2] should not exceed 80% of the Total capital of the Bank. Capital for this purpose is Tier1 and Tier2 capital of the Bank. PIB has defined internal approval limits for credit exposures and has formalised them in the credit risk and concentration policy. It is the general policy of the Bank to collateralize commercial and project finance lending. However, unsecured lending, in any case, should not exceed 40% of the total risk exposure.

2. **Market risk**
PIB does not have a trading book. Market risk arises when open positions in currencies are maintained without hedging them against movements in FX exchange rates. PIB's active currency and the liquidity resources are generally in EUR, its base currency of operation. Generally the assets and liabilities in currencies are matched. PIB's policy is not to maintain open positions in currencies unless warranted by the situation. Maximum tolerance for a single currency mismatch will be 20% of the exposure to that particular currency. PIB will not run interest rate mismatches between its assets and liabilities. The interest rates for both its assets and liabilities are floating rates linked to the market rate of the respective currencies, by maturity, to which is added a margin determined by the Bank to reflect the risk associated with the particular counterparty. Based on the above parameters the risk appetite set by the Bank for market risk is low.

3. **Operational risk**
Operational risk is the risk of losses arising from deficiencies or failures in internal processes, human factor or from external systems and events. This definition includes legal risks, but does not include strategic or reputational risks. In most financial institutions, these risks relate to a wide range of potential failures in a firm's activity: fraud, human errors and damage to operational capability of computer systems, loss of information, theft, and fire (i.e. events that are not directly related to credit and market risks). PIB categorises its operational risk as low due to its robust policies and procedures manual, which are updated periodically. The Bank has a low risk appetite for this risk.

4. **Concentration Risk**
PIB's business is focused on the country Iran. PIB knows the market in Iran and the culture of the people. Therefore the Bank has determined the exposure to the country Iran to be maximum 300% of its total capital. PIB has a medium risk appetite for concentration risk.

5. **Liquidity risk**
Liquidity risk is the risk that the Bank is unable to meet its financial obligations in a timely manner as and when they fall due. Being adequately liquid at all times is one of the threshold conditions for banks to operate in UK. Due to the liquid nature of the balance sheet and the size of the business level in relation to the capital and funding pattern, liquidity risk has not been considered material for ICAAP purposes. This does not mean that the Bank considers liquidity risk irrelevant. Indeed, the Bank has developed a Liquidity and Funding policy to manage liquidity and the risks related to it. A Liquidity Contingency plan and the related EWIs have been developed to ensure the Bank has a plan to implement in case of a stress situation arises. PIB produces an Internal Liquidity Adequacy Assessment Process ('ILAAP') document every year to apprise the Board of the Bank's on-going assessment and quantification of liquidity risks and how those risks are mitigated and how much current and future liquidity is required in relation to the business plan of the bank. The Bank has a medium-low risk appetite for this risk.

6. **Interest rate risk in the banking book**
Since the Bank does not have a trading book, Interest rate risk can arise in the banking book but the bank's policy is to reduce it by using floating interest rate for assets and liabilities PIB has included this risk in the Pillar 2A risks considering the impact on own fund requirements of a +/- 200 basis points parallel shift in the yield curve. The Bank has a low risk appetite for this risk.

7. **Political risk**
On 26 October 2007 the Bank was added to the OFAC list. On 26 July 2010 PIB came under EU sanctions subject to asset freeze and prohibitions to take new business. There has never been any allegation that PIB has violated or breached any UK or EU laws or regulations. It was sanctioned solely for being 60% owned by Bank Mellat. The factual position is that the PIB Board is independent and owing to its structure under UK banking regulations, effectively cannot be controlled with complete freedom by its majority shareholder. The General Court of EU, in its judgement of 06 September 2013, upheld PIB's contention that it was in reality independent, that therefore the ground on which it has been designated was erroneous, and that the sanctions should be lifted. This judgement was never challenged by the EU, but sanctions were re-imposed by the EU Council on 15

[2] An exposure is classified as large exposure if it is above 10% of the Bank's Total Capital.

November 2013 on the premise that PIB is 100% owned by two designated entities. The EU and OFAC sanctions had a severe impact the business of the Bank.

Now that the sanctions have been lifted the political threat has receded. However, the 'snap back' provisions in the Joint Comprehensive Plan of Action ('JCPOA') are a threat that can materialise for various reasons and accordingly it is recognised and capital allocated (2% of Risk Weighted Assets ('RWAs')). The Bank is monitoring the political situation in Iran in order to act accordingly should any risk materialise. The Bank set a medium risk appetite for this risk.

2.2. Risk Management Governance

The overall responsibility for monitoring and managing the Bank's risks is delegated by the Bank's Board to its Assets and Liability Committee ('ALCO') and the detailed management of risks is delegated to the Risk Committee ('RC'). The Chief Executive Officer ('CEO'), Chief Financial Officer ('CFO') and Chief Operating Officer ('COO') join the two Independent Non-Executive Directors ('INED') of the Bank to constitute the Risk Committee ('RC') and an INED is the chairman of the RC. The RC normally meets on a quarterly basis and is responsible for evaluating the Bank's risk principles, risk policies, risk appetite and risk tolerance and makes appropriate recommendations to the full Board. The Committee also monitors the effectiveness of the Bank's risk policies in practice.

The Board has delegated the responsibility for determining operational risk factors to the RC. Regular reports of exposures and risks are presented at the ALCO.

The Chief Risk Officer ('CRO'), who is in the process of being recruited, will be responsible for overall management of the risk controls, including the setting and managing of its risk exposures. The CRO will design, maintain and implement the risk management framework for the Bank as well as to promote a sound risk culture within the firm. As at 31 March 2016, the CRO function is performed by the Financial Controller. Once the CRO is nominated, the composition of the Committees and the Terms of reference of the functions involved in risk management will be updated accordingly.

2.2.1. The Board

The PIB board consists of seven directors of whom two are London based INED and other two are non-executive directors ('NED') who represent the shareholder Banks. The CEO is supported by two Executive Directors and by a team of experienced professionals in the operations, credit, trade finance, treasury, IT and finance. Below is a list of the Board members of the Bank as at 31 March 2016:

Mr. A. Rastegar	(Non-executive Director)	Chairman
Mr. M.E. Moghaddam Noudehi	(Non-executive Director)	Vice-Chairman
Mr. M. R. Meskarian		Chief Executive Officer
Mr. M. A. Nasrollahi-Malek		Executive Director
Mr. R. Ajdari		Executive Director
Mr. D. R. Curtis	Independent	Non-Executive Director
Mr. G. Penny	Independent	Non-Executive Director

The full Board meets a minimum of four times in a year. The quorum for a board meeting is a minimum of four directors, out of which at least one must be INED. All decisions, when the quorum is set at four, should be unanimous. In a full board meeting all decisions are made on a majority of votes. The Chairman of the Board does not have the casting vote in the event of a tie on any resolution. The board structure and the business conduct ensure the independence of the board, as no group can sway the decisions of the Board.

The Board determines the overall direction of the Bank, in accordance with the objectives set in the Articles and Memorandum of Association of the Bank, related provisions in the Companies Act 2006 and in compliance with current regulatory requirements of the PRA and FCA. In pursuit of its objectives, the Board defines the Bank's strategy, risk management framework and the management and organizational structure of the Bank. Establishing and monitoring Board level committees is part of the responsibilities of the Board. The board is committed to ensure that the independence of the Bank and to this extent develops a culture of good corporate governance and compliance.

The Board main responsibilities are the following:

- Examining and approving annual financial statements for the Bank and deciding on the distribution of surpluses between retention in the Bank's business and dividend payments to the shareholders
- Appointing the CEO, CFO ,COO, CRO and other directors as required
- Approving authorization limits for the CEO and approve the terms of reference for all the Committees.
- Approving the Bank's Conduct of Business Policy, the one year budget plan, and three year strategic plan
- Reviewing and approving all the policies of the Bank and other regulatory documents such as the ICAAP, ILAAP and Recovery and Resolution Plan ('RRP')
- Approving the Bank's country and counterparty limits and ratifying the organisational structure and reporting structure of the Bank and its branches
- Recommending to the Annual General Meeting an approved firm of auditors to audit the Bank's accounts and to appoint a Company Secretary and, if necessary, a separate minute taking secretary for Board meetings.
- Considering other issues referred to the Board by Management, the shareholders Banks and other stakeholders.

2.2.2. Board Committees

In order to assist it in discharging its responsibilities, the Board has constituted a number of committees with delegated powers to frame the relevant policies and implement them. Of these, three - Audit Committee, Risk Committee and Remuneration Committee - are the three Board level committees, each of which is headed by an INED of the Bank and report to the Full Board.

Risk Committee ('RC')

This is a sub-committee of the Board. Its function is to oversee and monitor the risk profile of the Bank and to recommend an appropriate risk management framework for the Bank. This Committee is chaired by an INED and the members are the three Executive Directors and the other INED. It meets a minimum of four times in a year. The Risk Committee reviews and recommends to the Board the broad parameters of the Bank's risk management strategy and assesses the following inherent risks of the Bank:

1. Risks emerging from the Balance Sheet analysis
2. Pillar 1 Risks
3. Pillar 2 Risks
4. Compliance and other risks.

The RC meets on quarterly basis and the Chairman of the Risk Committee makes a report to the quarterly full Board meeting to present matters raised during the quarter and all actions taken by the RC.
The RC is responsible for reviewing the Bank's policies and regulatory documents before submitting them to the Board for discussion and approval.

Asset and Liability Committee ('ALCO')

The members of the ALCO are:

1. Executive Director and Chief Executive Officer (Chairman)
2. Executive Director & Chief Financial Officer
3. Executive Director & Chief Operating Officer
4. One INED

5. Financial Controller
6. Operations Manager
7. Treasury Manager
8. Credit Manager.

Credit Manager acts as the secretary to ALCO meetings. The second INED and the Compliance Officer attend as invitees.

The ALCO main responsibilities are the following:

- Establishing the policy for the management of the Bank's balance sheet, monitoring its implementation and controlling the level of balance sheet risk
- Reporting to the Board the key elements of the balance sheet
- Monitoring and controlling the level of risks emerging from the Balance sheet analysis, the Pillar 1 and Pillar 2 risks and other matters such as capital adequacy, funding requirements, liquidity and tax planning
- Implementing and overseeing of a liquidity management framework by maintaining the liquidity policy statement and proposed changes if any to the Board, proposing liquidity mismatch and other limits to the Board, reviewing liquidity reports and issues at its monthly meetings and ensuring that internal procedures relating to liquidity management are documented and kept up to date
- Reviewing the monthly management accounts, including the related comparison to budget, regulatory requirements and new business, if any.

Credit Committee ('CC')

The three Executive Directors constitute the CC and the Credit Manager is the secretary to the CC. CC meets regularly, but a member may call for an ad-hoc meeting, when necessary. All decisions in the CC must be unanimous. The Bank's Credit Committee is accountable to the Board through ALCO and has the responsibility to consider all credit applications from the customers and counterparties within the prescribed limits. Any credit limits above €4m, has to be recommended to the Board for their consideration. CC also decides on the adequacy of provisions in respect of impaired assets and also consider any write offs for ALCO's approval up to a limit of 1% of PIB's capital base.

Management Committee ('MC')

The three Executive Directors of the Bank constitute the MC. Management Committee ensures the smooth day-to-day running of the Bank, implementing Board's decisions and addresses all personnel matters. The Administration Manager is the secretary to the MC.

Audit Committee

Composed of two INEDS (one of whom is the Chairman), the Audit Committee meets a minimum of four times in a year. The Compliance Officer is the secretary to the Audit Committee. The three Executive Directors, the Financial Controller and external and internal auditors attend the meeting by invitation. The Audit Committee is responsible for reviewing the financial reporting process, the system of internal control of management of financial and business risks, the audit process and the Bank's process for monitoring compliance with applicable laws and regulations in each location and its own code of business conduct. The Chairman of the Audit Committee makes a report to the quarterly full Board meeting to present matters raised during the quarter and all actions taken by the Audit Committee.

Remuneration Committee

The Remuneration Committee is a committee of the Board and it is composed of the two INEDs. The Remuneration Committee's recommendations are made to the Board, which ratifies, amends or rejects them, as it sees fit.

3. Own Funds, Capital Requirements and Capital buffers

3.1. Own Funds

The Bank's own funds management objectives are to comply with regulatory capital requirements at all times and to ensure that the Bank has sufficient capital to cover the risks of its business and to support its strategy. Capital adequacy and its effective management are crucial for the Bank's to pursue its strategy in a prudent and viable manner.

Since PIB does not apply any filters and deductions to the capital described in the audited financial statements, the Banks' Own funds are the same as the Total capital in the balance sheet.

The Bank's Own Funds are €152m, of which €105.5m are Common Equity Tier 1 ('CET1') capital. Almost 70% of the Bank's Own funds are represented by CET1 which is composed of ordinary share capital and retained earnings. The issued share capital of PIB is €100m and carries one voting right per share and doesn't carry any right to fixed income The two shareholders of the Bank are Bank Mellat and Bank Tejarat with equity holdings of 60% and 40% respectively.

The Tier 2 capital is a loan capital of € 46.5m, consisting of floating rate notes, redeemable in 2043 and listed in the Luxembourg stock exchange. This is subscribed by the two shareholder Banks in proportion of their shareholdings. PIB's existing capital structure and the growth in retained earnings is sufficient to support the projected business growth until the financial year 2018-19.

Own fund composition of the Bank as at 31 March 2016:

€ '000	31 March 2016	% over the Own funds
Ordinary share capital	100,000	65.79%
Retained earnings	5,499	3.62%
CET 1 (Tier 1) capital	**105,499**	**69.41%**
Tier 2 capital	46,500	30.59%
Own funds (Total capital)	**151,999**	**100.00%**

3.2. Capital Requirements

The overall responsibility for capital management resides with the Board. The responsibility for exercising oversight has been delegated to the Risk Committee and to the ALCO, which in turn have delegated responsibility for the management and monitoring of the individual risks to the Finance and Compliance Departments. The purpose of this management and monitoring is to ensure that credit, market and operational risks in the Bank are maintained within the guidelines set by the Board.

The Bank undertakes an ICAAP which is an internal assessment of the Bank's risk profile, its capital needs ant its risk management framework at least on an annual basis, or more frequently if required. The results of the ICAAP are formalised in the ICAAP document which includes an analysis of the material risks for the Bank, the current and forecasted capital requirements and capital adequacy (in business as usual and stressed conditions) and describes the Bank's risk management framework (including risk appetite).

The ICAAP represents the Bank's views on the necessary Pillar 2A capital requirements which are the Bank's capital requirements for the risks that are not covered, of fully covered, under Pillar1. In completing the ICAAP assessment PIB considers as Pillar 2A capital requirement the higher of its own Pillar 2A assessment and the Individual Capital Guidance ('ICG') set by the regulators. The ICAAP provides information on Pillar 2b capital buffer requirements and it demonstrates that the Bank has sufficient Own funds to fulfil its capital needs. The ICAAP document developed by the Bank has been approved by the Board.

The Bank's Capital Requirements are determined in accordance with the CRR relevant articles, the related EBA Technical Standards and the rules defined in the prudential guidelines by the PRA.

The Bank has adopted the Standardized Approach ('SA') to Credit Risk and Market Risk and the Basic Indicator Approach ('BIA') to Operational Risk for the calculation of its Pillar 1 capital requirements.

The appropriate risk weighting of assets was subjected to a full review by the Risk Committee and Board as it determines the exposure level within the capital adequacy parameters. Exposures to Iran in respect of financial institutions and corporate companies are risk weighted at 150%. Exposures to financial institutions in EU are risk weighted at 20%. This is because the exposures to financial institutions in EU are well rated by the External Credit Assessment Institutions ('ECAIs') or even in respect of unrated banks, by virtue of their incorporation in EU countries (i.e. Germany and France). PIB uses the major ECAIs ratings, usually Fitch, Moody's and S&P, where such ratings exist, to determine the risk weight to be applied to exposures to financial institutions.

The Bank's Pillar 1 RWAs are €320m of which the main component is represented by RWAs related to credit risk (€307m). As per the CRR requirements, the minimum capital requirements is 8% of the risk weighted assets of credit, market and operational risks. Therefore Pillar 1 capital requirement is €25.6m.

The Bank's Pillar 1 capital requirements are presented in the table below:

€ '000	31 March 2016	
	RWAs	Capital requirements
Credit and counterparty credit risk	306,733	24,539
Market risk	3,036	243
Operational risk	9,998	800
Total Pillar 1 risk	**319,767**	**25,582**

Focusing on stress tests, the CRO identifies the various stress scenarios and discusses with the senior management and the concerned heads of the departments on the scope and possibilities of the scenarios and the likelihood of those scenarios materialising in a defined timeframe. The scenarios identified are challenged by the Risk Committee members and the possible outcomes are analysed. The CRO documents this process and then the scenarios and the stress factors are fed into a spreadsheet for the outcome. At present this process is done by the Finance Department and will be shifted to the CRO as soon as he/she is appointed. The results are analysed quantitatively and qualitatively in the Risk Committee meetings. In the full Board meeting, the Executive Directors analyse and challenge the scenarios and the test results and then approve the same.

3.3. Capital Buffers

The Bank calculates the CET1 capital ratio and the Total capital ratio as per the CRR requirements. As shown in the table below, the Bank is compliant with the regulatory limits set in CRR Article 92.

	31 March 2016
	RWAs
CET1 capital ratio (%)[3]	32.99%
Total capital ratio (%)	47.53%

The Bank is not classified as a Global Systemically Important Institution ('G-SII'), and hence does not have a requirement to hold a G-SII buffer. The Bank is also not defined as an Other Systemically Important Institution ('O-SII') by the PRA and hence does not have a requirement to hold an O-SII buffer.

From 1 January 2016, PRA buffer, expressed as a percentage of RWAs, has replaced the Capital Planning Buffer ('CPB'). The Bank is required to keep a PRA Buffer in excess of the ICG and CRD IV combined buffer. The PRA expects the PRA buffer to be met with at least 25% of CET1 capital during 2016 and at least 50% of CET1 capital by 1 January 2017.

[3] As CET1 capital is the same as Tier 1 capital, the CET1 capital ratio is equal to Tier 1 capital ratio.

The CRD IV buffer combines the capital conservation buffer and countercyclical buffer must be met with CET1 capital. The Capital Conservation Buffer ('CCB') has been introduced from 1 January 2016 and it follows a transitional pattern to its full implementation at 2.5%in 2019. In 2016 the CCB is at 0.625% of RWAs.

The Countercyclical Capital Buffer ('CCyB') requires firms to build up capital when aggregate credit growth is judged to be associated with a build-up of system-wide risk to ensure the banking system has a buffer of capital to protect it against future losses. The buffer can then be drawn down to absorb losses during stressed periods. From 2016 firms will be required to calculate their firm-specific CCyB rate as a weighted average of the buffer rates in effect in jurisdictions to which they have a relevant credit exposure, subject to a maximum total of 2.5% of risk-weighted exposures.
The geographical distribution of the Bank's credit exposures relevant for the calculation of its CCyB is provided in the Section 4.2 of this document. To date none of the jurisdictions to which the Bank has exposure have set a non-zero CCyB.

4. Credit Risk

4.1. Qualitative Disclosure

A credit risk for the Bank in achieving its objectives is that counterparties to a transaction may fail in their obligation to repay, thereby diminishing the value of the Bank's asset portfolio. Credit risk exposures are controlled through close monitoring of positions and the credit ratings of counterparties. Day-to-day management of credit risk is the responsibility of the Credit Department. The Credit Committee meets once a week and if necessary at shorter notice. It considers all new credit applications and has delegated powers to approve up to a limit of €4m and recommends those above this limit to the Board for approval. The credit exposure reports and credit committee minutes are reviewed in the monthly ALCO meetings.

The Bank normally takes legally enforceable securities for the credit facilities which it grants. This may be:

1. Security over the customers' eligible assets on which charges can be created
2. Cash
3. Securities listed and traded in the Tehran stock exchange which are held by the borrower customer or third parties
4. Corporate guarantees.

The Bank uses the Standardised Approach as described in the CRR to determine its regulatory capital requirement.

The credit portfolio of the Bank is simple, in that we do not have any complicated exposures to derivatives or such other complex credit instruments. Syndicated and bilateral loans to corporate customers and banks constitute the loan assets of the Bank.

The Bank uses collateral as one of its fundamental credit risk mitigation tools. Collateral is taken to provide additional security against exposures where it is considered appropriate and demonstrates the Bank's prudent approach to managing credit risk. Where listed shares or other securities are taken as collateral, their market value is monitored on a weekly basis by the management. In the event of a breach of the required cover, the Bank may enforce the security and liquidate the collateral or call for additional collateral.

PIB is exposed to credit risk in its balance sheet loan assets. The risk is monitored by setting counterparty limits, industry sector limits and country exposure limits for counterparties. The relevant policy and procedure guidelines are documented in the Credit and Concentration Risk policy and Credit and Concentration Risk procedures manual. The ALCO and Risk Committee reviews the policies and are responsible for the overall management of credit risk. PIB makes use of third party ratings, if necessary and if such ratings of the counterparties are available.

PIB's Dubai branch has limited credit extension limits which relate to short term (up to one year) trade finance discounting. Their credit approval process follows the London credit policy and procedures. All non-trade finance credit applications are recommended to London for approval, where they are subjected to the normal credit assessment procedures. The credit functions are centralised in London and hence credit risk is not seen to be increased proportionately by branch expansion.

Once the Bank is reactivated, its Trade Finance business will be focused on its niche market in Iran. Trade Finance is a short term self-liquidating business, which generates fee income. The credit risk will be relatively low. Under Trade Finance, PIB will act as the advising and/or negotiating bank on letters of credit ('L/Cs') that have been issued to finance exports and imports to Iran. This will be a credit-risk free service, and requires no capital support. PIB also will act as a payment bank on instructions received from shareholder Banks. This will be a risk free transaction as funds will be paid out only when applicable funds are available in the shareholder Banks' accounts. PIB generally extends lines of credit to a list of counterparty banks for maintaining Nostro balances, Money Market and overnight placements. Bank lines are also utilised for discounting the L/Cs of the respective banks. Such discounting are for a maximum period of one year. A large proportion of this portfolio will be made up of the discounting of L/Cs' issued by Iranian banks including the two shareholder Banks. PIB will act as a guarantor to the importers and exporters of goods and services by providing guarantees that the beneficiary will fulfil the contract and ship the goods. The guarantees issued will be always secured, often being counter guaranteed by the beneficiaries' bankers, usually International Banks, or by a deposit pledged for an amount equal to the value of the guarantee. This will be virtually credit risk free as guarantees are issued against 100% security, if in the same currency, or 100% plus approved margin if in some other currency. Contingency risk capital will be allocated.

4.2. Quantitative Disclosure

Standardised Approach – credit risk exposure as at 31 March 2016

Asset classes (€'000)	On-balance sheet amount	Off-balance sheet amount	RWAs
Exposures to central governments or central banks	148,187	0	222,281
Exposures to institutions	14,732	0	6,086
Exposures to corporates	17,365	0	25,867
Exposures to retail	8	0	6
Exposures in default	27,410	0	41,115
Other items	14,682	0	11,378
Total	**222,384**	**0**	**306,733**

Standardised Approach – exposures by asset classes and risk weights as at 31 March 2016

Asset classes (€'000)	Assets split by the risk weight to be applied to them									RWAs
	0%	10%	20%	35%	50%	75%	100%	150%	Total	
Exposures to central governments or central banks								148,187	148,187	222,281
Exposures to institutions			11,777				1,404	1,551	14,732	6,086
Exposures to corporates								17,365	17,365	25,867
Exposures to retail						8			8	6
Exposures in default								27,410	27,410	41,115
Other items	3,304						11,378		14,682	11,378
Total	**3,304**	**0**	**11,777**	**0**	**0**	**8**	**12,782**	**194,513**	**222,384**	**306,733**

Credit quality of assets as at 31 March 2016:

€'000		Gross carrying values of		Allowances/ Impairment (c)	Net values a + b - c
		Defaulted exposures (a)	Non-defaulted exposures (b)		
1	Loans	33,263	17,365	5,853	44,775
2	Debt securities	4,412	0	4,412	0
3	Off-balance Sheet	0	0	0	0
	Total	**37,675**	**17,365**	**10,265**	**44,775**

The definition for accounting purposes used by the Bank are the following:

- Exposures in default (past due): the exposures for which the instalments and related interests are not paid on the due dates.
- Impaired assets: the exposures for which a provision has been recognised.

Changes in stock of defaulted loans and debt securities as at 31 March 2016

	Items (€'000)	**31 March 2016**	
1	**Defaulted loans and debt securities at end of previous reporting period**	**40,583**	**+**
2	Loans and debt securities that have defaulted since the last reporting	658	-
3	Returned to non-defaulted status	3,566	-
4	Amounts written off	0	-
5	Other changes	0	=
	Defaulted loans and debt securities at end of the reporting period	**37,675**	

Charge for the year is € 657,830. We have recognised an impairment of € 241,623 in respect of one loan, which is guaranteed by an export promotion agency up to 90% of the principal amount and also provision of €416,207 for the debt securities, which is now 100% fully provided.

Geographic distribution by Exposure Class

The table below shows the Bank's geographic concentration of credit risk as at 31 March 2016:

€'000	**Iran**	**UK**	**Europe**	**Other**	**Total**
Exposures to central governments or central banks	148,187				**148,187**
Exposures to institutions	1,551	1,149	10,628	1,404	**14,732**
Exposures to corporates	5,366			11,999	**17,365**
Exposures in default	23,410			4,000	**27,410**
Exposures to retail		8			**8**
Other items		14,682			**14,682**
Total	**178,514**	**15,839**	**10,628**	**17,403**	**222,384**

Exposure by industrial sectors as at 31 March 2016

€'000	31 March 2016
Banking and Financial Services	162,919
Manufacturing	17,961
Transport	10,519
Energy	16,295
Retail	8
Total	**207,702**
Other items	14,682
Total assets	**222,384**

Assets maturity profile as at 31 March 2016

Assets (€'000)	0 to 3 months	3 months -1 year	1-5 years	Over 5 years	No fixed maturity	Total
Balances at Central Banks	148,187					148,187
Loans and advances to banks	14,732					14,732
Loans and advances to customers	28,553	9,680	8,576			46,809
Debt securities						
Other assets	3,304				209	3,513
Total assets	**194,778**	**9,680**	**8,576**		**209**	**213,243**
Liabilities						
Due to other banks	65,074					65,074
Customer accounts	2,687					2,687
Subordinated debt liabilities				46,500		46,500
Total liabilities	**67,761**			**46,500**		**114,261**

5. Unencumbered Assets

The Bank does not have any asset encumbered since none of its assets is subject to any form of arrangement to secure, collateralise or credit enhance any transaction.

6. Market Risk

PIB does not have a trading book. For the Bank market risk arises when open positions in currencies are maintained without hedging them against movements in exchange rates. PIB's active currency and the liquidity resources are generally expressed in euros, its base currency of operation. Generally the assets and liabilities in currencies are matched.

PIB's policy is not to maintain open positions in currencies unless caused by temporary misalignment in the operations' settlements. Maximum tolerance for a single currency mismatch will be 20% of the exposure to that particular currency. The interest rates for both its assets and liabilities are floating rates linked to the market rate of the respective currencies plus margin determined by the Bank for the particular counterparty. The market rate is either Euro Libor or GBP Libor for an interest period of 3 to 6 months. This is to avoid running any interest rate mismatches between its assets and liabilities.

The Market Risk exposure for PIB is due to open positions in currencies, primarily in AEDs and to a small extent in other currencies. The exposures in AEDs are due to the fact that the Banks owns a commercial property in Dubai International Financial Centre. This fixed asset in Dubai is valued in AEDs, the currency of purchase. However, in accordance with International Accounting Standards IAS 21, the value of the property is determined as on the date of transaction or valuation and therefore the values are not re-translated once again on the accounting dates. The remaining small portion of the currency exposures are open positions in financial assets, the loss or gain of which is recognised in the Profit and Loss ('P&L') account. PIB values its open positions on a monthly basis on a fair value basis and adjusts for any gain or loss through the P&L account. The value of the open positions related to financial assets is considered for the RWAs.

The Treasury Manager is in charge of monitoring the above mentioned risks and limits and he reports daily to the Senior Management of the Bank. The escalation process in case of any breach in the limits has been included in the Treasury Procedures Manual. The most relevant MI related to market risk is the monthly Management Accounts documentation submitted to ALCO.

As at 31 March 2016 the capital requirement for Foreign Exchange (FX) risk is €3m.

7. Operational Risk

Operational risk is the risk of losses arising from deficiencies or failures in internal processes, human factor or from external systems and events. This definition includes legal risks, but does not include strategic or reputational risks.

Deficient operational control procedures may relate to account opening procedures, the input of customer details to computer systems, regulations and procedures for transferring information to the customer, balance verification procedures in customers' accounts, loan extension procedures, non-maintenance of separation between different functions, etc.

The Bank is currently developing a comprehensive Business Continuity/Disaster Recovery Plan which also includes the Dubai branch operations. The Tehran Representative Office ('TRO') is only an administrative office which liaises with shareholders, corporate customers, the Central Bank of Iran and the Government of Iran, and is therefore not included in the Disaster Recovery Plan. The Disaster Recovery Plan incorporates an off-site location capable of continuing the Bank's minimum operations for a short period. Disaster Recovery procedures are in place and are reviewed and tested once a year. All data in the server are backed up on a daily basis and stored off-site.

The Dubai branch ledgers are maintained on the London ('Head Office') computer system with full back-up. The relevant Head Office departments have access to the branch ledgers and Head Office is able to monitor the business continuously and regularly.

The Bank's committees' responsibilities have been extended to incorporate the branch business and activities. The Dubai branch and the TRO are in regular contact with the Head Office and both report formally to it each month with a detailed package providing operational information on business transactions, outstanding transactions, reconciliations, Anti-Money-Laundering ('AML') and any other relevant issues. The management responsibilities are therefore very clear within the Bank and the control structure is comprehensive.

The Bank has outsourced its Internal Audit function to a professional firm which reports to the Audit Committee. An adequate Internal Audit function is essential in monitoring and auditing the Bank's internal controls and monitoring systems and as a consequence in contributing reducing operational risk

The Bank follows the BIA for calculating RWAs for capital adequacy purposes. The Own funds requirement for operational risk is calculated according to CRR Article 315 as 15% of the average over three years of the relevant indicator as described in CRR Article 316. For the Bank the relevant indicator is composed of Net Interest Income + Commission Income + Other income. Then the own funds requirement for operational risk, calculated following the process described above, is multiplied by 12.5 to arrive at the RWAs, which as at 31 March 2016 was €10m.

8. Concentration Risk

The level of risk appetite for concentration risk is medium, as most of the Bank's business is concentrated

with Iran. There is also a high concentration of sectoral risk in relation to credit and finance, this is due in particular to the exposures to central banks.

PIB adheres to internal approval limits for credit exposures as stated in the Credit and Concentration Risk policy. It is the general policy of the Bank to collateralize commercial and project finance lending. However, the non-collateralized lending, in any case, should not exceed 40% of the Bank's total risk exposure. The group exposure limit is 25% of the Bank's Own funds which are composed of the Bank's CET 1 capital and Tier 2 capital.

Limits for aggregate exposures to non-bank individual counterparties or groups of closely connected counterparties are capped at 25% of the bank's total capital. All non-bank credit exposures of 10% and above are categorised as large exposure and are monitored for their performance on weekly basis by the credit department and reviewed by ALCO in its monthly meetings. All of these exposures are measured gross of any collateral.

Country exposures are monitored and managed to avoid over-exposure or concentration of cross-border claims on any individual country. Country exposure is defined as exposure arising from the nationality of counterparty or of a connected party. Country exposures are determined by country of incorporation, therefore, a money market deposit placed with the London branch of a foreign bank is considered a country risk exposure to the head office country of incorporation. Guarantees and other factors such as security that could transfer risk from a country other than that of a borrower should be taken into account in determining exposure. The aggregate country exposure limits are based on the Bank's total capital and have to be approved by the Board. The country exposure limits are included in the Treasury policy.

Transfer risk must also be monitored and managed. Transfer risk is defined as a risk that, due to local regulatory controls, entities physically located in a particular country are prevented from making cross-border payments. Transfer risk associated with an exposure is included at the time of approval within the interbank and non-bank country limits.

PIB will consider only those counterparties for business transactions who have integrity and are responsible in their dealings. The margin in a credit exposure must adequately compensate the risk associated with it. All risk exposures incurred by the Bank should be monitored and managed in a prudent manner to avoid over exposure to, or dependence on, any one counterparty or group of connected counterparties, business sector, or country**.** PIB's strategy is to diversify its business in the future.

The most relevant Management Information related to concentration risk is contained in the monthly Management Reports submitted to ALCO.

9. Interest Rate Risk in the Banking Book ('IRRBB')

The level of risk appetite for IRRBB risk is low. Since the Bank does not have a trading book, interest rate risk can arise only in the banking book. The Bank's policy is to reduce this risk by using floating interest rate for assets and liabilities. PIB does not hold any derivative instruments for trading or hedging purposes.

The Bank's banking book exposures are primarily the loan book to both corporate and financial institutions, and PIB intends to hold them till maturity. The interest rates on assets and liability are floating rates and are generally matched except for brief overlapping periods. PIB absorbs this loss in the P&L account.

The Treasury Department is responsible to monitor this risk and report to ALCO monthly or more frequently if required.

PIB has included this risk in the Pillar 2A risks considering the impact on own fund requirements of a +/- 200 basis points parallel shift in the yield curve. The related negative impact is taken as RWAs for IRRBB.

10. Leverage Ratio

CRD IV has introduced the requirement to calculate the Bank's leverage ratio. According the CRR Article 429 the Leverage Ratio is calculated dividing the Tier 1 capital by that exposure values of all assets and off-balance sheet items not deducted when determining the Tier 1 capital and shall be expressed as a percentage. The minimum level of this ratio in the UK is 3%.

The Bank has calculated the Leverage ratio according to the related CRR Articles and the EBA guidelines.

The Bank comfortably meets the minimum requirement with a ratio of 49.99% at 31 March 2016.

11. Remuneration Policy

The Board's general policy is to offer remuneration which is sufficient to ensure that the Bank is able to attract and retain qualified staff to perform the functions of each role. To this end, the Bank's pays, so far as is reasonably possible, market rates of remuneration for all employment positions. The remuneration policy is integrated into the Bank's business and risk management framework and it is aligned with the Bank's objectives. The Bank has in place a Remuneration Policy which is approved by the Board and periodically reviewed.

Remuneration offered and paid by the Bank has the following elements:

1. Salary
2. Profit-related and performance-related bonus
3. Membership of a defined contribution pension scheme
4. Benefits in kind.

1. Salary

Salary makes up much the largest part of staff remuneration. The level applied to each position reflects the responsibility which it carries and the related skills required. Other factors taken into account in determining appropriate remuneration at the level of the individual include performance in the post, commitment, attendance and, to a minor extent, length of service, in so far as it reflects valuable experience. The salaries of the INEDs are reviewed as and when necessary by the Chairman of Board. This is made by reference to the practice of other relevant banks in the City.

2. Profit-related and performance-related bonus (variable remuneration)

It has become the Bank's practice to pay part of employees' remuneration by way of profit related variable remuneration. However, the award of any such variable remuneration is entirely at the discretion of the Board and it does not exceed 33% of the basic salary. The level of profit-related variable remuneration depends upon the annual profits of the Bank as a whole, and it is determined by the Board, following the recommendation of the Remuneration Committee.

3. Membership of a defined contribution pension scheme

The Bank has arranged for its staff non-contributory Group Personal Pension Plan schemes. This is a defined contribution pension scheme, and the Bank makes contributions at rates of 7 - 20% of basic salary, depending upon the age of the member.

4. Benefits in kind

The Bank has arranged for its staff non-contributory life assurance and private health insurance schemes. This is provided to all the staff members. The private health insurance is available after the successful completion of the probationary period, if any. PIB also extends small subsidised loans to its permanent employees.

The Board has delegated the on-going monitoring of the remuneration to the Remuneration Committee.

The Chairman of the Remuneration Committee is responsible for ensuring that the Remuneration Policy is kept up to date. Significant developments that may require an immediate change in the Remuneration Policy are discussed with the CEO and any proposed changes are submitted to the Board for its review and approval.

11.1. Quantitative Information

As at 31 March 2016 the average number of employees, including Executive Directors, was 38. All of them are eligible for variable remuneration awards in respect of their services during 2015-16. The table below provides the number of employees in the respective business units.

Business unit	Employees
Banking operations	24
Trade Finance	4

Business unit	Employees
Administration	10
Total	**38**

The Bank has identified 14 members of the team as material risk takers[4]. No staff including the Executive Directors are paid over €632,911 or equivalent of £500,000. No deferred payments are considered in respect of the variable remuneration.

Employee	Fixed (£)	Variable (£)	Total (£)
Non Material risk takers	1,549,852.02	56,700.00	1,606,552.02
Material risk takers	1,523,247.98	226,675.71	1,749,923.69
Total	**3,073,100.00**	**283,375.71**	**3,356,475.71**

A further break-down of the material risk takers into business segments is not possible due to the size and scope of the Bank as this might otherwise reveal the confidential remuneration of individual staff. The variable remuneration does not include deferred payments.

[4] A material risk taker is an employee of a CRR firm whose professional activities have a material impact on the firm's risk profile, including any employee who is deemed to have a material impact on the firm's risk profile in accordance with criteria set out in articles 3 to 5 of the Material Risk Takers Regulation.