

PILLAR 3 DISCLOSURES

March 2025

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Intro

This document sets out the Pillar 3 disclosures for Recognise Bank Limited (“RBL”) as at 31 March 2025.

Recognise Bank Limited is a UK licensed bank that focuses on serving the SME market. It is authorised by the Prudential Regulation Authority (“PRA”) and regulated by the Financial Conduct Authority (“FCA”) and the PRA.

This document has been prepared to comply with the Disclosure (CRR) Part of the PRA Rulebook which was incorporated into the PRA Rulebook from 1 January 2022.

RBL meets the definition of a small and non-complex institution, therefore this disclosure is in line with the reduced scope that is outlined in Article 433b of the Disclosure (CRR) Part of the PRA Rulebook.

Basis of disclosure

The purpose of these disclosures is to provide information on the management of risks faced by the Bank and the basis of calculating capital requirements under Capital Requirements Directive (CRD V) and Capital Requirements Regulation (CRR II).

The disclosures in this report have been prepared as at 31 March 2025. They should be read in conjunction with the Recognise Bank Limited 2025 Annual Report and Accounts which can be found at Companies House.

The Bank uses the Standardised Approach for calculating the capital requirements for credit risk, the Original Exposure Method for counterparty credit risk and the Basic Indicator Approach for operational risk. As the Bank does not operate a trading book there are no exposures to market risk under Pillar 1.

The disclosures have not been, and are not required to be, subject to independent external audit and do not constitute part of the Bank’s financial statements.

Scope of Application

The Company’s sole remaining subsidiary, Credit Asset Management Limited, went into members’ voluntary liquidation on 24 March 2025 when control passed to joint liquidators and, accordingly, it was not appropriate to prepare consolidated accounts for the year to 31 March 2025.

Disclosure Policy

The disclosures are prepared in accordance with the Board-approved Pillar 3 disclosure policy and reflect considerations of frequency of disclosure, materiality and confidentiality as permitted by the Disclosure (CRR) Part of the PRA Rulebook. The Bank’s Pillar 3 disclosures have been reviewed and approved by the Board Audit Committee.

Attestation

The Board Audit Committee confirm that these disclosures meet the minimum requirements for Pillar 3 disclosures and have been prepared in line with our internal controls framework.

Media and Location

The Bank’s Pillar 3 disclosures are published on the Recognise Bank Limited corporate website (<https://www.recognisebank.co.uk>) and should be read in conjunction with the Bank’s Financial Statements for the period ended 31 March 2025 which are available from Companies House.

Future disclosures

Recognise Bank intends to become a Small Domestic Deposit Taker (SDDT) firm and therefore would no longer be required to make Pillar 3 disclosures under CRR Article 433b.

Table 1 - UK KM1 – Key Metrics

The table below shows the key metrics for Recognise Bank Limited. Template KM1 has been disclosed in accordance with Annex I and Annex II of the Disclosure (CRR) Part of the PRA Rulebook.

		Mar-25	Mar-24	Mar-23	Mar-22	Mar-21
		£000's	£000's	£000's	£000's	£000's
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	66,988	52,617	57,482	37,411	26,934
2	Tier 1 capital	66,988	52,617	57,482	37,411	26,934
3	Total capital	66,988	52,617	57,482	37,411	26,934
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	220,421	200,213	88,249	87,216	33,449
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	30.4%	26.3%	65.1%	42.9%	78.9%
6	Tier 1 ratio (%)	30.4%	26.3%	65.1%	42.9%	78.9%
7	Total capital ratio (%)	30.4%	26.3%	65.1%	42.9%	78.9%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a	Additional CET1 SREP requirements (%)	4.8%	4.8%	4.2%	4.2%	2.6%
UK 7b	Additional AT1 SREP requirements (%)	1.6%	1.6%	1.4%	1.4%	0.9%
UK 7c	Additional T2 SREP requirements (%)	2.2%	2.2%	1.8%	1.8%	1.2%
UK 7d	Total SREP own funds requirements (%)	16.6%	16.6%	15.4%	15.4%	12.7%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	2.0%	2.0%	1.0%	-	-
UK 9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
UK 10a	Other Systemically Important Institution buffer	-	-	-	-	-
11	Combined buffer requirement (%)	4.5%	4.5%	3.5%	2.5%	2.5%
UK 11a	Overall capital requirements (%)	21.1%	21.1%	18.9%	17.9%	15.2%
12	CET1 available after meeting the total SREP own funds requirements (%)	13.8%	9.7%	49.7%	27.5%	66.2%
	Leverage ratio ^(a)					
13	Total exposure measure excluding claims on central banks	329,206	316,246	134,402	109,158	n/a
14	Leverage ratio excluding claims on central banks (%)	20.3%	16.6%	42.8%	34.3%	n/a
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	212,180	149,255	71,930	20,648	12,767
UK 16a	Cash outflows - Total weighted value	44,148	39,271	18,358	13,379	3,329
UK 16b	Cash inflows - Total weighted value	5,456	10,380	9,363	8,079	2,497
16	Total net cash outflows (adjusted value)	38,692	28,891	8,996	5,300	832
17	Liquidity coverage ratio (%)	548.4%	516.6%	799.6%	389.6%	1,534.1%
	Net Stable Funding Ratio ^(b)					
18	Total available stable funding	480,437	440,424	247,010	128,630	n/a
19	Total required stable funding	211,608	213,351	93,289	78,103	n/a
20	NSFR ratio (%)	227.0%	206.4%	264.8%	164.7%	n/a

(a) Exclusion of certain central bank claims was a new requirement for 2022

(b) NSFR was a new requirement for 2022

Table 2 - UK OV1 – Overview of risk weighted exposure amounts

The table below provides a breakdown of the risk weighted assets of Recognise Bank Limited. Template OV1 has been disclosed in accordance with Annex I and Annex II of the Disclosure (CRR) Part of the PRA Rulebook.

		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		Mar-25	Mar-24	Mar-25
		£000's	£000's	£000's
1	Credit risk (excluding CCR)	198,530	187,320	15,882
2	Of which the standardised approach	198,530	187,320	15,882
6	Counterparty credit risk - CCR	91	-	7
UK 8b	Of which credit valuation adjustment - CVA	41	-	3
9	Of which other CCR	50	-	4
23	Operational risk	21,800	12,893	1,744
UK 23a	Of which basic indicator approach	21,800	12,893	1,744
29	Total	220,421	200,213	17,364

Risk management

This section should be read in conjunction with the Risk Management section in Recognise Bank's 2025 Annual Report and Accounts (found on pages [10] to [19]).

Risk Appetite Statements

The Board's expression of Risk Appetite is articulated through the Bank's Risk Appetite Statement which outlines the level of risk the Bank is willing to accept across the 8 Principal Risks identified in Recognise Bank's Risk Taxonomy. These are Strategic, Climate Risk, Prudential, Credit, Cyber, Operational Risk, Conduct & Reputational and Legal & Regulatory.

Risk Appetite is expressed in qualitative terms and in quantitative terms through Key Risk Indicators ("KRIs") which allows the Bank to monitor its risk exposure. Recognise Bank's operational performance is measured with reference to the KRIs which include key figures from the KM1 table of this disclosure and which are reported to the Executive Risk Committee (ERC) on a monthly basis.

The Risk Appetite Statement is approved by the Recognise Bank board and is reviewed regularly.

Principal Risks

Information on the management of the 8 Principal Risks the Bank faces can be found in the table on pages [14] to [17] in Recognise Bank's 2025 Annual Reports & Accounts.