



# Castle Trust Bank Pillar 3 Disclosures

Financial Year ended  
30 September 2023



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## Scope

Castle Trust Holdings Limited (the “Group”) was incorporated on 16 August 2019 to act as a holding company of the Castle Trust Capital (CTC) group. It is domiciled in the UK and registered in England and Wales as a private company limited by shares.

This document sets out the consolidated Pillar 3 disclosures of the Group which includes Castle Trust Capital plc (‘the Bank’) and its directly owned subsidiaries as at 30 September 2023. Castle Trust Capital plc is authorised by the Prudential Regulation Authority (‘PRA’) and regulated by the Financial Conduct Authority (‘FCA’) and the PRA (registered number 541910).

The purpose of this document is to provide relevant information on the key regulatory metrics of the Group and the Bank, as prescribed by Part Eight of the Capital Requirements Regulation (‘‘CRR’’) as adopted within the PRA rulebook.

## Background

The aim of the capital adequacy regime is to promote safety and soundness in the financial system. The prudential regulatory framework established by the Basel Committee on Banking Supervision and implemented by the Prudential Regulation Authority (‘PRA’) within the UK is structured around three pillars that are designed to promote sound risk and capital management:

- Pillar 1 – Defines the minimum capital requirements that institutions are required to hold for credit, market and operational risks.
- Pillar 2 – This builds on Pillar 1 and incorporates the Group’s own assessment of additional capital resources needed, in order to cover specific risks that are not covered by the minimum regulatory capital resources requirement set out under Pillar 1. The amount of any additional capital requirement is also assessed by the PRA during its Supervisory Review and Evaluation Process (‘C-SREP’) and is used to determine the overall capital resources required by the Group.
- Pillar 3 – Aims to improve market discipline by requiring banks to publish information on their principal risks, capital structure and risk management. The provision of meaningful information about common key risk metrics to market participants is a fundamental tenet of a sound banking system and helps promote comparability of institutions’ risk profiles within and across jurisdictions.

These are designed to promote market discipline through the disclosure of key information about risk exposures and risk management processes.

The Group is subject to the UK versions of CRR II and CRD V rules which were implemented on the 31 December 2020 under policy statement 29/20 ‘Capital Requirements Directive V’. The UK implemented finalised Basel III rules under policy statement 22/21 ‘Implementation of Basel standards: Final rules’ which came into effect from 1 January 2022.

## Business Overview

The Group is a speciality finance provider in the UK and competes in business segments that are experiencing sector specific growth and have the ability to deliver attractive shareholder returns relative to the risks that they represent.

The Group principally provides mortgage finance offering fixed rate mortgages or fixed rate development loans and point of sale finance allowing small to medium-sized retailers to offer finance to their customers in store or online.

These business activities are currently funded by customers who are seeking a stable and attractive return over a medium to long term period offering fixed term deposit accounts. Retail customers are protected by the Financial Services Compensation Scheme ("FSCS") up to a maximum of £85,000 per eligible investor.

## Basis for this Requirement

These disclosures are based upon the Group's Financial Statements for the year ended 30 September 2023.

Both the Group and the Bank calculate capital resources and requirements using the Basel 3 framework, as implemented in the European Union (EU) through the CRD IV, as amended by CRR II and CRD V. Following the end of the Brexit transitional period, the EU rules (including binding technical standards) have been on shored and now form part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018.

As part of the changes implemented from 1 January 2022 for Basel III under PS22/21, both the Group and the Bank have been assessed as meeting the definition of a non-listed, 'small and non-complex institution' as per Article 4 (145). Therefore, both institutions meet the criteria for Article 433b (2) of the CRR.

## Frequency of Disclosure

The Group's policy is to publish the Pillar 3 disclosures annually in line with the requirements of Article 433b of the CRR. The Group and the Bank both meet the definition of a non-listed, small and non-complex institution.

The Group will look to update this disclosure should there be a material change in any approach that would have an impact on the calculations and information within.

## Verification

This Pillar 3 disclosure has been approved by the Group Audit Committee on behalf of the Board. This disclosure has not been subjected to external audit.

## Location of Document

This document has been published on the Group's website and should be read in conjunction with the Financial Statements for the period ended 30 September 2023 which are also available on the Group's website.

## Key Metrics for the Group

The key metrics for the Group as at 30 September 2023 under CRD V are:

		September 2023	September 2022
<b>Available own funds (amounts)</b>			
1	Common Equity Tier 1 (CET1) capital (£000)	99,699	92,572
2	Tier 1 capital (£000)	99,699	92,572
3	Total capital (£000)	99,699	92,572
<b>Risk-weighted exposure amounts</b>			
4	Total risk-weighted exposure amount (£000)	592,678	530,968
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>			
5	Common Equity Tier 1 ratio (%)	16.82%	17.43%
6	Tier 1 ratio (%)	16.82%	17.43%
7	Total capital ratio (%)	16.82%	17.43%
<b>Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)</b>			
UK 7a	Additional CET1 SREP requirements (%)	1.18%	1.18%
UK 7b	Additional AT1 SREP requirements (%)	N/A	N/A
UK 7c	Additional T2 SREP requirements (%)	N/A	N/A
UK 7d	Total SREP own funds requirements (%)	9.18%	9.18%
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>			
8	Capital conservation buffer (%)	2.50%	2.50%
9	Institution specific countercyclical capital buffer (%)	1.92%	0.00%
11	Combined buffer requirement (%)	4.42%	2.50%
UK 11a	Overall capital requirements (%)	13.60%	11.68%
12	CET1 available after meeting the total SREP own funds requirements (%)	7.64%	8.25%
<b>Leverage ratio</b>			
13	Total exposure measure excluding claims on central banks (£000)	964,751	853,353
14	Leverage ratio excluding claims on central banks (%)	10.33%	10.85%
<b>Liquidity Coverage Ratio</b>			
15	Total high-quality liquid assets (HQLA) (Weighted value -average) (£000)	91,141	89,558
UK 16a	Cash outflows - Total weighted value (£000)	105,135	91,391
UK 16b	Cash inflows - Total weighted value (£000)	67,991	55,579
16	Total net cash outflows (adjusted value) (£000)	37,344	35,813
17	Liquidity coverage ratio (%)	244.06%	250.08%
<b>Net Stable Funding Ratio</b>			
18	Total available stable funding (£000)	822,928	N/A
19	Total required stable funding (£000)	473,940	N/A
20	NSFR ratio (%)	173.64%	N/A

## Key Metrics for the Bank

The key metrics for the Bank as at 30 September 2023 under CRD V are:

		September 2023	September 2022
<b>Available own funds (amounts)</b>			
1	Common Equity Tier 1 (CET1) capital (£000)	83,177	75,267
2	Tier 1 capital (£000)	83,177	75,267
3	Total capital (£000)	83,177	75,267
<b>Risk-weighted exposure amounts</b>			
4	Total risk-weighted exposure amount (£000)	413,907	357,870
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>			
5	Common Equity Tier 1 ratio (%)	20.10%	21.03%
6	Tier 1 ratio (%)	20.10%	21.03%
7	Total capital ratio (%)	20.10%	21.03%
<b>Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)</b>			
UK 7a	Additional CET1 SREP requirements (%)	1.18%	1.18%
UK 7b	Additional AT1 SREP requirements (%)	N/A	N/A
UK 7c	Additional T2 SREP requirements (%)	N/A	N/A
UK 7d	Total SREP own funds requirements (%)	9.18%	9.18%
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>			
8	Capital conservation buffer (%)	2.50%	2.50%
9	Institution specific countercyclical capital buffer (%)	1.88%	0.00%
11	Combined buffer requirement (%)	4.38%	2.50%
UK 11a	Overall capital requirements (%)	13.56%	11.68%
12	CET1 available after meeting the total SREP own funds requirements (%)	10.92%	11.85%
<b>Leverage ratio</b>			
13	Total exposure measure excluding claims on central banks (£000)	930,371	821,174
14	Leverage ratio excluding claims on central banks (%)	8.94%	9.17%
<b>Liquidity Coverage Ratio</b>			
15	Total high-quality liquid assets (HQLA) (Weighted value -average) (£000)	91,141	89,542
UK 16a	Cash outflows - Total weighted value (£000)	86,257	71,131
UK 16b	Cash inflows - Total weighted value (£000)	62,056	53,158
16	Total net cash outflows (adjusted value) (£000)	28,052	22,292
17	Liquidity coverage ratio (%)	324.90%	401.68%
<b>Net Stable Funding Ratio</b>			
18	Total available stable funding (£000)	810,485	715,551
19	Total required stable funding (£000)	471,300	421,346
20	NSFR ratio (%)	171.97%	169.82%

## Additional Information

The templates in this document are based on the PRA disclosure templates KM1 which became effective from 1st January 2022. These have been completed based on the audited financial statements of the Group and Bank.

Where "N/A" is shown, this indicates that this metric was not relevant for the Group and Bank or that the calculation methodology has been amended in the current year and therefore comparators are not available.

The Capital ratios for the comparative period (Sept 22) will not align with the published financial statements as the current year audited profits were not included in the capital resources for September 2022 in the financial statements. This has been aligned in the financial statements for the year ended 30 September 2023.

The SREP requirements referred to in the key metrics tables are from the Supervisory Review and Evaluation Process undertaken by the PRA. This process, taking into account the nature, scale and complexity of a firm's activities, reviews and evaluates the:

- arrangements, strategies, processes and mechanisms implemented by a firm to comply with its regulatory requirements laid down in PRA rules and the CRR;
- risks to which the firm is or might be exposed;
- risks that the firm poses to the financial system; and
- further risks revealed by stress testing.



Castle Trust Bank means Castle Trust Capital plc, a company incorporated in England and Wales with company number 07454474 and registered office at 10 Norwich Street, London, EC4A 1BD. Castle Trust Capital plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, under reference number 541910.