



STATE BANK OF INDIA (UK) LIMITED

PILLAR 3 DISCLOSURES
FOR THE PERIOD ENDED MARCH 31, 2026

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1. Overview

Background

State Bank of India (UK) Limited (“SBIUK” or “the Bank”), is authorised and regulated by Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA). This document constitutes the Pillar 3 disclosure of the SBIUK wholly owned subsidiary of State Bank of India (“SBI” or “SBI Group” or “the Parent”), which is a statutory body established by the State Bank of India Act 1955. SBI is the largest bank in India and is regulated by the Reserve Bank of India.

Basis of Disclosure

The disclosure requirements applicable are set out in the UK Capital Requirements Regulation (UK CRR), as amended, and the Prudential Regulation Authority (PRA) Rulebook. These requirements form part of the prudential regulatory framework governing UK banks and building societies and are commonly referred to as the “Pillar 3” disclosure requirements.

The original Capital Requirements Regulation (EU) No. 575/2013 (CRR) and Capital Requirements Directive 2013/36/EU (CRD IV) came into force on 1 January 2014. Subsequent amendments introduced through CRR II and CRD V, published in June 2019, further enhanced the prudential framework and disclosure requirements.

Following the UK's withdrawal from the European Union, the on-shored UK CRR, together with PRA rules and supervisory statements, became the primary source of prudential requirements for UK-regulated firms. The PRA implemented the remaining CRR II reforms in the UK with effect from 1 January 2022.

. This package defines the level of capital that banks must hold, having regard for the individual risk profile of each bank. The requirements divide the framework into three ‘pillars’ as described below.

Pillar 1 – these requirements set out the minimum capital requirements that each bank must adhere to.

Pillar 2 – these rules require that each bank perform an ‘Individual Capital Adequacy Assessment Process’ (“ICAAP”) to assess its own risk profile and determine the level of additional capital required over and above the Pillar 1 requirements, having regard to those risks. The amount of any additional capital requirement is also assessed by the Prudential Regulatory Authority (“PRA”) during its Supervisory Review and Evaluation Process (“SREP”) and is used to determine the overall capital resources required by a bank.

Pillar 3 – these rules are designed 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.

Scope of disclosure

The Pillar 3 disclosures have been prepared on solo basis for SBIUK in accordance with the rules laid out in the CRD V guidelines as adopted by the PRA. These disclosures are prepared in addition to the consolidated Pillar 3 disclosures made by SBI Group and should be read in conjunction with those made by SBI Group as part of their Basel III – Pillar 3 Disclosures (available at www.sbi.co.in). The disclosures provide information on the Bank’s exposures, associated risk weights for different categories of assets and approach to calculate the capital requirements for Pillar 1 and to provide information and

disclosure in relation to the internal procedures and policies adopted by the Bank to manage and mitigate its key risks

In January 2026, The PRA published the final policy statement (PS1/26 – Implementation of the Basel 3.1 standards Final rules) and rules covering implementation of Basel 3.1 in continuation of its earlier Policy Statement 9/24 (Part 2) & Policy Statement 17/23 (Part 1). The implementation of these rules is set to 1st Jan 2027. The Bank periodically prepares the impact from the changes and based on its latest analysis, the impact observed is not material. Bank has submitted the best estimated position on risk weighted assets as per revised BASEL 3.1 rules as at 31st December 2025 as a part of data collection required by PRA and the overall result is in line with past impact analysis.

Frequency of disclosure

As per PRA's disclosure requirements and based on current business portfolio the Bank doesn't fit into either category of LREQ firms, or large institutions or small and non-complex institution and Bank's shares & securities are not trading in UK regulated market therefore for the purpose of pillar 3 disclosure requirements for FY 25-26, The Bank is classified as **Other-Institutions (non-listed)** category. The Bank's Pillar 3 disclosure document has been prepared in accordance with the UK CRR requirements. Where disclosure has been withheld due to its proprietary nature or omitted based on materiality, as the rules permit, we comment as appropriate.

All disclosures within this report have been prepared as at 31st March 2026, which is the Bank's latest financial year-end, which the Board approved on 25th June 2026.

Pillar 3 disclosures are issued at least annually and may be released more frequently if management deems that significant events warrant such disclosures. The Bank's Pillar 3 disclosures document will be published on its website (<https://sbiuk.statebank/>).

Verification of information

The Bank's Pillar 3 disclosures have been reviewed, verified and approved by Management Committee and Board Audit Committee, confirming the risk management arrangements are in line with Bank's strategy. This document is not subject to external audit.

2. Capital resources & Key Metrics.

SBIUK was initially capitalised with £175 million of ordinary share capital provided by its Parent bank, State Bank of India. This qualifies as Common Equity Tier 1 ("CET1") for capital adequacy purposes. In addition, further capital resources of £50 million was provided in the form of subordinated debt, again injected by SBI. However, the Bank converted £50m of subordinated debt (Tier 2 capital) into Tier 1 share capital in October 2020, taking its total Tier 1 capital to £225 million, During FY 25-26 there was no change and Bank's Tier 1 capital remains at £225 million.

Measure of capital resources

The Bank applies the Standardised approach to calculate its credit risk capital requirements in accordance with the CRR, and any relevant derivations applied by the PRA in the UK. Operational Risk capital is determined by Basic indicator approach, while Market Risk capital is determined by Standardised approach.

As at 31st March 2026, and throughout the period leading up to that date, the Bank consistently maintained its capital resources above the minimum capital adequacy requirements.

UK KM1 - Key Metrics:

As at 31st March 2026, the capital adequacy ratio remained strong at 19.62%, with a Tier 1 capital ratio of 19.62% which is above the regulatory requirements. The following tables summarises the capital position and leverage position of the Bank as at 31st March 2026 and 31st March 2025.

	2026 '£m	2025 '£m
Available own funds (amounts)		
Common Equity Tier 1 (CET1) capital	278.47	277.00
Tier 1 capital	278.47	277.00
Total capital	278.47	277.00
Risk-weighted exposure amounts	-	-
Total risk-weighted exposure amount	1,419.15	1,320.25
Capital ratios (as a percentage of risk-weighted exposure amount)		
Common Equity Tier 1 ratio (%)	19.62%	20.98%
Tier 1 ratio (%)	19.62%	20.98%
Total capital ratio (%)	19.62%	20.98%
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)		
Additional CET1 SREP requirements (%)	1.59%	1.59%
Additional AT1 SREP requirements (%)	0.53%	0.53%
Additional T2 SREP requirements (%)	0.70%	0.70%
Total SREP own funds requirements (%)	10.82%	10.82%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)		
Capital conservation buffer (%)	2.50%	2.50%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%
Institution specific countercyclical capital buffer (%)	1.43%	1.48%
Systemic risk buffer (%)	0.00%	0.00%
Global Systemically Important Institution buffer (%)	0.00%	0.00%
Other Systemically Important Institution buffer	0.00%	0.00%

Combined buffer requirement (%)	3.93%	3.98%
Overall capital requirements (%)	14.75%	14.80%
CET1 available after meeting the total SREP own funds requirements (%)	10.02%	10.07%
Leverage ratio		
Total exposure measure excluding claims on central banks	2,076.84	1,919.23
Leverage ratio excluding claims on central banks (%)	13.41%	14.43%

The Bank holds High Quality Liquid Assets (HQLA) to meet liquidity shortfalls arising during periods of market stress, idiosyncratic stress, or a combination of the two. The Bank's Liquidity Coverage Ratio was maintained well above the regulatory requirement of 100% throughout the year.

Liquidity Coverage Ratio	2026 '£m	2025 '£m
Total high-quality liquid assets (HQLA) (Weighted value -average)	166.04	183.96
Cash outflows - Total weighted value	102.28	80.05
Cash inflows - Total weighted value	44.73	48.09
Total net cash outflows (adjusted value)	57.55	36.64
Liquidity coverage ratio (%)	288.51%	572.38%
Net Stable Funding Ratio	2026 '£m	2025 '£m
Total available stable funding	1,870.78	1,782.87
Total required stable funding	1433.77	1,311.47
NSFR ratio (%)	130.48%	135.94%

Eligible Capital Resources

The following table provides details of the capital resources of the Bank as on 31st March 2026 and reconciliation with balance sheet.

UK CC1 - Composition of regulatory own funds

		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	225.00	UK CC2 #14
	of which: Instrument type 1	225.00	
	of which: Instrument type 2	0.00	
	of which: Instrument type 3	0.00	
2	Retained earnings	56.26	UK CC2 #16
3	Accumulated other comprehensive income (and other reserves)	(2.28)	UK CC2 #15
UK-3a	Funds for general banking risk	0.00	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	0.00	
5	Minority interests (amount allowed in consolidated CET1)	0.00	

UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	0.00	
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	278.98	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(0.28)	
8	Intangible assets (net of related tax liability) (negative amount)	(0.23)	
9	Empty set in the UK	0.00	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	0.00	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	0.00	
12	Negative amounts resulting from the calculation of expected loss amounts	0.00	
13	Any increase in equity that results from securitised assets (negative amount)	0.00	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	0.00	
15	Defined-benefit pension fund assets (negative amount)	0.00	
16	Direct, indirect, and synthetic holdings by an institution of own CET1 instruments (negative amount)	0.00	
17	Direct, indirect, and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0.00	
18	Direct, indirect, and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0.00	
19	Direct, indirect, and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0.00	
20	Empty set in the UK	0.00	
UK-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	0.00	
UK-20b	of which: qualifying holdings outside the financial sector (negative amount)	0.00	
UK-20c	of which: securitisation positions (negative amount)	0.00	
UK-20d	of which: free deliveries (negative amount)	0.00	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	0.00	
22	Amount exceeding the 17,65% threshold (negative amount)	0.00	
23	of which: direct, indirect, and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	0.00	
24	Empty set in the UK	0.00	
25	of which: deferred tax assets arising from temporary differences	0.00	
UK-25a	Losses for the current financial year (negative amount)	0.00	
UK-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items as far as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	0.00	

26	Empty set in the UK	0.00	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	0.00	
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	0.00	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(0.51)	
29	Common Equity Tier 1 (CET1) capital	278.47	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	0	
31	of which: classified as equity under applicable accounting standards	0	
32	of which: classified as liabilities under applicable accounting standards	0	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) CRR	0	
UK-33a	Amount of qualifying items referred to in Article 494a (1) CRR subject to phase out from AT1	0	
UK-33b	Amount of qualifying items referred to in Article 494b (1) CRR subject to phase out from AT1	0	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	0	
35	of which: instruments issued by subsidiaries subject to phase out	0	
36	Additional Tier 1 (AT1) capital before regulatory adjustments	0	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect, and synthetic holdings by an institution of own AT1 instruments (negative amount)	0	
38	Direct, indirect, and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	
39	Direct, indirect, and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	
40	Direct, indirect, and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	0	
41	Empty set in the UK	0	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	0	
42a	Other regulatory adjustments to AT1 capital	0	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	0	
44	Additional Tier 1 (AT1) capital	0	
45	Tier 1 capital (T1 = CET1 + AT1)	278.47	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	0	
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	0	

UK-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	0	
UK-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	0	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	0	
49	of which: instruments issued by subsidiaries subject to phase out	0	
50	Credit risk adjustments		
51	Tier 2 (T2) capital before regulatory adjustments	0	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect, and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	0	
53	Direct, indirect, and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	
54	Direct, indirect, and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	
54a	Empty set in the UK	0	
55	Direct, indirect, and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	0	
56	Empty set in the UK	0	
UK-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	0	
UK-56b	Other regulatory adjustments to T2 capital	0	
57	Total regulatory adjustments to Tier 2 (T2) capital	0	
58	Tier 2 (T2) capital	0	
59	Total capital (TC = T1 + T2)	278.47	
60	Total Risk exposure amount	1419.15	
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	19.62%	
62	Tier 1 (as a percentage of total risk exposure amount)	19.62%	
63	Total capital (as a percentage of total risk exposure amount)	19.62%	
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	10.02%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical buffer requirement	1.43%	
67	of which: systemic risk buffer requirement	0%	
UK-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	4.87%	

69	[non relevant in UK]		
70	[non relevant in UK]		
71	[non relevant in UK]		
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	0	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	0	
74	Empty set in the UK	0	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	0	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	0	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	0	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	0	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	0	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	0	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0	
82	Current cap on AT1 instruments subject to phase out arrangements	0	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	0	
84	Current cap on T2 instruments subject to phase out arrangements	0	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0	

UK CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements.

	Balance sheet as in published financial statements	Balance sheet as in published financial statements	Reference to UK CC1
	As at period end 31 March 26 '£m	As at period end 31 March 25 '£m	
Assets - Breakdown by asset class according to the balance sheet in the published financial statements			
1 Cash and balances with banks	26.84	70.26	
2 Loans and advances to banks	19.44	7.75	
3 Loans and advances to customers	1,655.68	1,529.81	
4 Derivative financial instruments	2.85	14.34	
5 Investment securities	364.41	329.26	
6 Fixed assets	3.68	3.64	
7 Other assets	6.80	4.88	
7a Intangible Assets	0.23	0.23	
8 Total assets	2,079.94	1,960.17	
Liabilities - Breakdown by liability class according to the balance sheet in the published financial statements			
9 Borrowings from banks	0.00	0.00	
10 Deposit from customers	1,784.37	1,655.99	
11 Derivative financial instruments	2.45	0.65	
12 Other liabilities	14.14	26.06	
13 Total liabilities	1,800.97	1,682.71	
Shareholders' Equity			
14 Share capital	225.00	225.00	UK CC1 1
15 Investment revaluation reserve	-2.28	-0.72	UK CC1 3
16 Retained earnings	56.26	53.18	UK CC1 2
17 Total shareholders' equity	278.98	277.46	

3. Capital Adequacy

Internal Capital Adequacy Assessment Process

In accordance with the PRA's ICAAP rules, SBIUK carries out an ICAAP on a yearly basis, which is documented and approved by the Board.

The ICAAP is the process through which the SBIUK's Board with support from the senior management team of the Bank oversees and periodically assesses:

- the major sources of risk to the Bank
- the bank's processes, strategies, and systems
- the results of internal stress testing of these risks
- the amounts and types of financial and capital resources and whether these are adequate to cover the nature and level of the risks to which the Bank is exposed.

For the purpose of the ICAAP, the Bank has evaluated its capital position of SBIUK on a solo basis. As a wholly owned subsidiary of SBI without any subsidiaries of its own, the Bank is not part of a regulatory consolidation group.

The ICAAP is prepared using historical data, and projections based on the bank's assets and liabilities. Additionally, capital, and financial projections from the forward-looking Business Plan are assessed under both normal and stress scenarios to ensure the Bank always maintains sufficient capital.

The ICAAP is formally reviewed and challenged by the Risk Management Committee, Management Committee and Board Risk Committee ("BRC") and Board. Internal Audit played no direct role in developing the ICAAP but have as part of its ongoing responsibilities audited the processes and controls of the systems used to produce input data to the ICAAP document.

The ICAAP document is updated at least annually, but in the event of a significant change to the circumstances of the Bank such as the development of a new significant business line or a major change in business strategy, the document will be updated as soon as possible to reflect these changes.

The Board in its capacity as the ultimate decision-making body formally owns the ICAAP and the outputs arising from it. The ICAAP document and completion of the process itself has been delegated to the CEO. The Board is supported in its review of the ICAAP document as periodically submitted to them for discussion and approval, the BRC provides an initial review of the materials provided to ensure that the assessment framework and its component parts as well as the capital resource estimates generated are appropriate given the size, nature and complexity of the Bank and are aligned to the Risk Appetite agreed by the Board.

While the Board has delegated responsibility for the ICAAP document to the CEO, the Risk Department is responsible for collating and drafting the document with support from Credit and Finance Dept. in particular.

The Stress scenarios that form part of the ICAAP, are widely deliberated upon and challenged by the Senior Management before being formally approved by the RMC, Manco, and the Board Risk Committee.

The Risk Management Committee ("RMC") provides initial review and guidance as the process is completed through a 'working level' review of initial versions of the ICAAP document. The updated ICAAP document along with the revised stress scenarios was broadly distributed and debated at workshops and Management Committees including RMC and ManCo, which ensures that all senior managers have the opportunity to contribute. This process includes workshops and committee

meetings in which aspects of the approaches documented in the ICAAP is reviewed and challenged. It is then submitted to the BRC for review and challenge before the final version is submitted to the Board for final review, challenge, and authorisation.

Pillar 1 capital requirements

The Bank determines its Pillar 1 regulatory capital requirement based on the following approaches:

- Credit Risk: Standardized approach.
- Market Risk: Standardized approach
- Operational Risk: Basic Indicator approach

In addition, capital requirements on the following items are also included in Pillar 1 requirements:

- Counterparty credit risk (CCR): Mark to market method / potential future exposure.
- Credit valuation adjustment (CVA) risk: Standardized method.

The capital requirement for all the above risks is then aggregated to arrive at the minimum capital requirement under Pillar 1.

The following table provides overview of the risk weighted exposure amounts:

UK OV1 – Overview of risk weighted exposure amounts.

	Risk weighted exposure amounts (RWEAs) '£m		Total own funds requirements '£m	
	a	b	c	d
	Mar-26	Mar-25	Mar-26	Mar-25
Credit risk (excluding CCR)	1,319.45	1,216.73	105.56	97.34
- Of which the standardised approach	1,319.45	1,216.73	105.56	97.34
Counterparty credit risk - CCR	5.23	7.60	0.42	0.61
- Of which the standardised approach	3.50	5.22	0.28	0.42
- Of which credit valuation adjustment - CVA	1.73	2.37	0.14	0.19
Operational risk	94.47	95.33	7.56	7.67
- Of which basic indicator approach	94.47	95.33	7.56	7.67
Total	1,419.15	1,320.25	113.54	105.62

**As per Article 351 of CRR, the institutions are required to calculate own funds requirement for Market Risk if the overall open position exceeds 2% of the total own funds. Bank had an open position of less than 2% of the total own funds as of 31 March 2026 and 31 March 2025.*

Capital Requirement under Pillar 2A:

The Bank constantly reviews its approach to the internal calculation of capital requirement under Pillar2A. This review takes into cognisance the evolving business plan and strategies of the Bank, the macro-economic environment, changing regulatory requirements etc. The Bank has, for example reviewed its approach to concentration risk in the asset book in line with its strategy of gradually reducing its large exposures and focussing on sterling denominated low ticket assets in Buy-to-Let BTL and Corporate Real Estate (CRE). In line with regulatory expectations, the Bank is also reviewing its approach to the Interest Rate Risk in the Banking book (IRRBB).

The Bank's Total Capital Requirement (formerly called Individual Capital Guidance), applicable as at 31st March 2026 was 10.82% (of which the Pillar 2A comprises of 2.82%) of total risk weighted assets.

Capital requirements under Capital Conservation Buffer:

The capital conservation buffer is a general buffer of risk-weighted assets designed to provide for losses in the event of stress. The capital conservation buffer applicable to the Bank as at 31st March 2026 is 2.5%.

Capital requirements under Countercyclical Capital Buffer:

The countercyclical capital buffer (CCyB) aims to ensure that banking sector capital requirements take account of the macro-financial environment in which banks operate. Its primary objective is to create a buffer of capital to achieve the broader macro prudential goal of protecting the banking sector from periods of excess aggregate credit growth that have often been associated with the build-up of system-wide risk. In United Kingdom, the Financial Policy Committee is responsible for the determination of CCyB rates in respect of foreign exposures.

The tables below use the standard template issued by PRA to show the distribution of relevant credit exposures for the calculation of the institution's specific countercyclical capital buffer (CCyB), using only the columns applicable to the Bank. The CCyB rates for only those countries that are recognized by the Financial Policy Committee (FPC) in the UK as of March 31, 2026, have been mentioned in the table:

Breakdown by country	Credit Exposures Col 010	Own Funds Requirements Col 070	Own Fund Weights Col 110	Countercyclical capital buffer rate Col 120
(of relevant credit exposures)				
United Kingdom	1380.69	67.44	0.68	2%
Netherlands	11.38	0.91	0.01	1%
France	34.06	1.48	0.01	1%
Luxembourg	34.06	1.48	0.01	1%
Germany*	9.80	0.78	0.01	1%
All other countries	337.36	26.47	0.27	0%
Total	1807.35	98.56	1.00	

The CCyB rates for only those countries that were recognized by the Financial Policy Committee (FPC) in the UK as of March 31, 2025, have been mentioned in the table:

Breakdown by country	Credit Exposures Col 010	Own Funds Requirements Col 070	Own Fund Weights Col 110	Countercyclical capital buffer rate Col 120
(of relevant credit exposures)				
United Kingdom	1317.01	64.48	0.71	2%
Netherlands	11.62	0.93	0.01	2%
France	33.66	1.94	0.02	1%
Luxembourg	33.66	1.94	0.02	1%
All other countries	304.68	23.46	0.26	0%
Total	1666.97	90.80	1.00	

*Nil Exposure to Germany relevant for CCyB calculation in FY 24-25

Institution Specific Countercyclical Capital Buffer:

The table below use the standard template issued by the EBA to show the value and rate of a firm's institution-specific countercyclical capital buffer requirement and shows the Bank's value and rate as under:

(In £ millions)	2026	2025
010 Total risk exposure amount	1,419.15	1,320.25
020 Institution specific countercyclical capital buffer rate	1.43%	1.48%
030 Institution specific countercyclical capital buffer requirement	20.36	19.53

The Bank is not Systemically Important Institution and hence, a separate systemic buffer is not required.

4. Risk Management

Risk Governance & Culture

SBIUK's Board has the overall responsibility for establishing an effective Risk Management Framework. The Board has articulated the Bank's overall risk appetite, risk management strategy and objectives, ensuring that these are aligned with Bank's strategic ambitions and regulatory expectations. The Board's Risk and Audit sub-committees oversee the Risk Management Framework, the internal audit environment and ensure that risk exposures are within the agreed risk appetite. Any material breaches of SBIUK's risk policies, controls and procedures are escalated to the Bank's Risk Management Committee, Board Risk Committee and Board Audit Committee as appropriate.

Risk Management is integral to all areas of SBIUK's business. The Risk Management Framework (RMF) ensures that Bank operates within the Risk Appetite approved by the Board and provides a structured approach to identifying, managing, and reporting risk exposures across all business lines. The RMF aims to provide a clear organisational structure with well-defined lines of responsibility, enhancing accountability and risk transparency.

Strong and effective risk culture is fundamental to the Bank's ability in achieving its strategic objectives. The Bank's risk culture is crucial to achieving its strategic objectives. It is centred around:

- **Ownership of Risk by First Line:** Embedding a robust and consistent risk control framework within business departments, clearly outlining responsibilities across the three lines of defence and reinforcing the role of front line. The control functions play a second-line oversight role, reinforcing accountability through challenge and assurance.
- **Embedding Risk Appetite:** Board approved Risk Appetite Statement (RAS) defines the acceptable level and type of risk Bank is willing to assume. Embedding this into business decision-making ensures alignment with strategic objectives and regulatory obligations.
- **Integration into Performance Management:** Risk and Compliance criteria are incorporated into employee performance evaluations to reinforce desired behaviours and accountability.
- **Robust Risk Monitoring and Escalation:** Establishing a well-defined mechanism for identifying, monitoring, and managing risks.

In the reporting year the Bank conducted a Risk Culture Assessment Survey, through an external independent professional vendor. The Survey results were deliberated at the Board level. The results have been encouraging for the Bank and the information has been disseminated to the front level staff members. The Bank will conduct such exercises periodically.

Risk Appetite

The Bank has a Board approved Risk Appetite Statement (the "RAS") which sets out risk strategies with defined types and levels of risks that the Bank is willing to accept in order to achieve its business objectives. The RAS sets the tone for consistent risk management across the business and is a key component of the Bank's risk policies and risk management framework. The RAS serves as a reference for all staff and supports consistent decision-making, across the organisation.

The Bank defines risk appetite as the aggregate type and level of risk it is willing to assume within its 'Risk Capacity' to meet its strategic objectives and business plan. A 'Risk Tolerance' range is established with qualitative and quantitative metrics, categorised into Target Risk Appetite (Green), Early Warning Indicators (Amber) and Maximum Risk Capacity (Red). This structure enables timely detection of risk deviations and facilitates appropriate management actions ahead of any potential concerns, including escalation to senior management or regulatory notification where necessary.

The Risk Appetite Statement is formally reviewed and approved at least annually by the Board. The Board approves the Bank's business plans, budget, long term plan, Internal Capital Adequacy Assessment Process (ICAAP), Liquidity Adequacy Assessment Process (ILAAP) and new strategic initiatives. The Board also monitors the Bank's risk profile and capital adequacy position. The Risk Management Committee monitors the Key Risk Indicators at least monthly and reports the same to Board Risk Committee through Management Committee, ensuring risks are managed according to the approved Risk Appetite Statement.

Risk Management Framework

The Bank operates a comprehensive Risk Management Framework based on Three Lines of Defence model. The model ensures clear delineation of roles and responsibilities across the organisation and provides risk oversight.

Overview of Three Lines of Defence

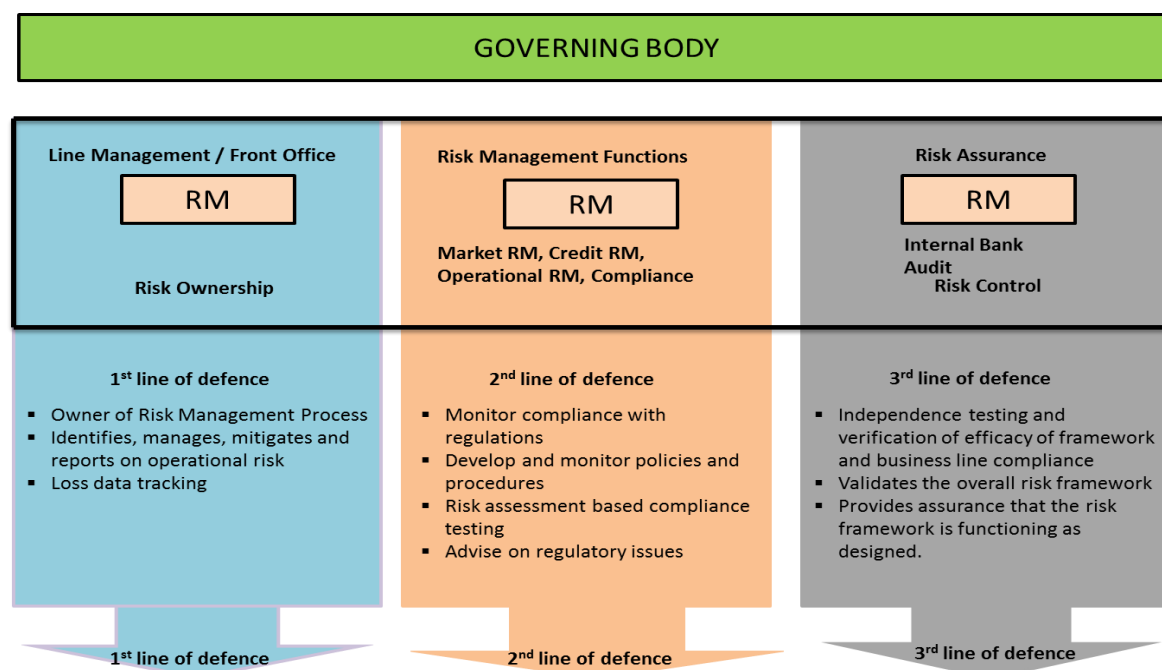
The SBIUK Risk Management Framework is designed to enable the Board to implement and monitor adherence to the Bank's risk appetite.

The Risk Management Framework employs the 'Three Lines of Defence' (TLOD) model, supported by a variety of policies, procedures, functional charters and 'job descriptions' defining the roles of the individual functions, clear ownership and clarify inter-functional responsibilities.

To ensure the framework operates efficiently SBIUK aligns other key aspects of the enterprise-wide framework such as establishing ownership and a system for managing risks within the front-line businesses. Specifically, SBIUK's TLOD model distinguishes between three stakeholder groups involved in effective risk management.

- First Line – Risk Owners: Those who identify, assess, and manage risks as part of operational responsibilities.
- Second Line – Risk Oversight: Those who provide oversight, develop risk policies and frameworks, monitor risk exposures, and challenge the first line where necessary.
- Third Line – Independent Assurance: Those who provide independent assurance to Senior Management and Board on effectiveness of controls.

Three Lines of defence model



The first line of defence

The first line of defence (“1LOD”) is responsible for owning and managing the business risks. Within SBIUK, the first line functions include retail branches, credit operations, and investment operations, which service clients both digitally and through physical branch network. It also includes a non-client perspective via balance sheet management.

Managers and the owners of business processes at SBIUK are part of the first line of defence and are adequately skilled to identify, assess, manage, and report risks. The risk profile is reviewed, updated, and modified to respond to evolving changes to the business environment and emerging risks.

The first line of defence works in close coordination with the CRO and Head Legal & Compliance, who are responsible for oversight and challenge to the first line. The CRO ensures the alignment of the Bank’s strategy with risk management activity. The business functions also seek to develop and implement policies, guidance, and procedures necessary to manage risks arising from its day-to-day activities. Internal procedures and standards, including the Compliance Manual, are developed with support from the second line of defence to reflect the UK’s regulatory environment and other relevant rules. SBIUK considers the following to be the 1LOD responsibilities:

- **Risk Identification and Assessment:** Identifying, assessing, and reporting the status of known risks and emerging risks arising in a business or function.
- **Risk Mitigation:** Taking appropriate action to mitigate or hedge risks, where applicable, in accordance with Bank’s risk management framework and compliance framework.
- **Policy Implementation:** Ensuring policies and procedures that form the risk management and compliance framework are adequately implemented across the business.
- **Risk Ownership and Accountability:** Taking ownership of risk outcomes and ensuring the effectiveness of risk management within each business or function.
- **Resource Allocation:** Allocate appropriate resources to execute its front-line risk management activities; and
- **Incident Monitoring and Management:** Monitoring risk events and losses, identifying root causes and implementing remedial actions to address these issues.

First Line of Defence is the cornerstone of effective risk management at SBIUK. By integrating risk thinking into business decision making, Bank ensures that risk is proactively managed at the source and supports strong risk culture across the organisation.

The second line of defence

The second line of defence (“2LOD”), which comprises Risk and Compliance, are pivotal to the effective functioning of the risk framework. This line is responsible for defining the risk and compliance frameworks, such as setting policies and limits that align with the Board-approved risk appetite, within which the first line must operate and establish their operational procedures. 2LOD plays a key role in providing independent oversight and challenge risk taking activities of the First line and ensures that Bank remains resilient against both internal and external threats, while maintaining compliance with applicable regulatory requirements.

Oversight of the 2LOD is performed by Risk Management Committee (RMC) and the Legal & Compliance Committee (LCC). These committees regularly review the design and effectiveness of risk and compliance framework to ensure that it is robust enough to protect SBIUK from internal as well as external risks. The framework lays out clear guidelines on critical enterprise-wide issues including market, credit, liquidity, operational and reputational risk. RMC and LCC escalate material matter and make regular reporting to the Board Risk Committee.

Risk Management function

SBIUK’s Risk Management function is headed by the Chief Risk Officer, who reports to the Chair of the Board Risk Committee. The Risk Management Department in SBIUK ensures that risk parameters & guidelines are appropriate and regularly reviews the risk framework to confirm that it is robust enough to protect the entity from internal and external risks.

The responsibilities of the risk management aspect of the second line of defence include:

- Advising on and facilitating the implementation of risk management framework across the Bank.
- Designing and maintaining appropriate risk management tools, controls, and methodologies.
- Challenging the actions and decisions of the first line and assisting the first line in considering risk when making key decisions.
- Developing and delivering risk education and training across SBIUK; and
- Maintaining strong engagement with the third line of defence, ensuring that internal audit has access to all relevant risk-related information.

The Risk Management Committee reviews and makes recommendations to the Board on Risk Management strategy, the Bank’s risk appetite and core risk documents.

Legal and Compliance function

The Bank’s Legal and Compliance function, headed by Head of Legal & Compliance, also forms a core component of second line of defence. This function is responsible for ensuring that SBIUK operates in full compliance with all the applicable laws, regulations, and internal policies. It monitors conduct risk, provides legal guidance, and supports business in identifying and mitigating legal and compliance related risks through a suite of formal policies and procedures designed appropriately.

In delivering compliance within the Bank, SBIUK has embedded high standards. This is centred upon the Compliance Manual, Compliance Monitoring Programme, dedicated frameworks for KYC / TCF policies, AML / Financial Crime policies and procedures, to make sure that the SBIUK’s business is operating well within the relevant regulatory and legal frameworks. Furthermore, Compliance works

closely with Risk Management and the front-line businesses in providing reviews of new clients' onboarding and all other aspects of conducting day to day business.

The Third line of defence

The third line of defence ("3LOD") provides independent assurance over the adequacy and effectiveness of the overall system of internal control environment, including risk management and compliance. This independent review ensures that governance processes are functioning as intended and that risks are being appropriately identified, managed, and mitigated.

Internal Audit

The Internal Audit function is headed by Head of Internal Audit, who reports to the Chair of the Audit Committee. Internal Audit serves as an independent and objective assurance and consulting function designed to add value and support continuous improvement across SBIUK's operations. The internal audit function is co-sourced with one of the leading audit firms, Deloitte. The internal auditor has devised a risk-based audit plan, approved by the Audit Committee of the Board, and conducts a risk-based approach to audit. Its role is to provide independent assurance that internal controls are in place and are adequate to mitigate risks and in doing so enhances the control culture so that governance processes are effective and efficient, and SBIUK's goals and objectives are met. It helps accomplish SBIUK's objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The Audit Committee reviews and approves Internal Audit's mandate and resources and evaluates its performance and effectiveness of its assurance activities. It also reviews all internal audit reports.

Internal Audit also plays a key role in reviewing governance and control arrangements for the ICAAP and ILAAP. These reviews are integrated into the audit cycle to ensure that SBIUK maintains robust frameworks for capital and liquidity risk managements.

Principal risks and risk mitigations

The principal risk categories facing the Bank in achieving its strategic objectives and financial performance are assessed and a summary of these risks are set out below together with the steps taken to mitigate the risks:

Principal risk and definition	How the Bank mitigates the risk
Business performance and strategic risk The risk arising from business decisions and improper implementation of those decisions	The Board and management identify significant and material risks arising from business uncertainties, including macro-economic shifts, regulatory and political changes, and competitors' actions. To address these, they employ continuous horizon scanning and adapt business strategies to mitigate potential adverse impacts. The Senior Management team has developed a Business Plan, approved by the Board. The assumptions within the plan are considered reasonable and achievable based on their experience operating in the UK market. Stress testing conducted on firm-specific and market-wide scenarios ensures that the capital position was not stretched through the planning cycle, maintaining consistency with the previous years. Stress testing scenarios assess the potential consequences if SBI UK fails to meet its business objectives, ensuring the Bank retains adequate capital and liquidity reserves even under severe yet plausible conditions. This proactive approach fortifies the Bank against unforeseen challenges, supporting its resilience and sustainability. Apart from the above, the Bank manages strategic risks through: • Financial Key Risk Indicators • Debating new strategy in business units before approval is provided Conducting risk monitoring activities to determine if risks are increasing or decreasing with both financial and non-financial reports generated, and identification of new and emerging risks.

Credit risk

The risk that a borrower or counterparty fails to pay the interest or repay the principal on a loan on time.

In relation to treasury activities, there is a risk that the acquired securities or cash placed on deposit with other financial institutions is not repaid in full or in part

The Bank takes security and where appropriate guarantees to support its lending and focus on sectors (e.g., BTL and Commercial mortgages), where the Bank has specific expertise. Concentration risk is managed by limits placed on counter-party exposures, geography, and sector.

Detailed policies for all types of lending and investments are periodically reviewed and implemented across all business areas. Loans are approved on the basis of delegation of financial powers as enumerated in the credit policy of the Bank. All loans beyond the individual / underwriter powers are placed to the Credit Committee for approval and such proposals undergo prior assessment by the Risk department. For individual / underwriter approved loans, Risk conducts a sample based independent Risk assessment on a quarterly basis and the report is placed to the Credit Committee. Additionally, all BTL cases approved by underwriters are reviewed on a sample basis by an external agency on a monthly basis and the findings, if any, go up to the Board Risk Committee level. The performance of the lending and investment portfolio is regularly monitored against the Bank's Risk Appetite Statement.

Considering the Bank's business model, Credit Risk continues to remain the predominant risk encountered by the Bank. This was further accentuated in the recent past, affecting the industry in general, given the volatility in the market, rise in interest rates, cost of living crisis etc. Nevertheless, given the conservative nature of the credit portfolio, the residual risk remains consistent with the previous year.

Overall, the Bank manages its Credit Risk by:

- Limiting exposures to individual countries and industry/sectors, and diversifying exposure across different countries and sectors to the extent that it is possible within the constraints of the overall business model of SBI UK;
- Avoiding concentrations of risk by limiting exposures to individual counterparties/borrowers and groups, and diversifying exposure across different counterparties, thereby reducing the impact of a single counterparty default;
- Utilising netting, collateral or security agreements where possible;
- Ensuring robust documentation of transactions, including setting appropriate covenants where possible;
- Where possible, obtaining third party guarantees to reduce the risk of loss;
- Carrying out analysis of individuals' sources of income and wealth and the affordability of mortgages and loans;

-
- Where possible, taking security of collateral against loans

Operational risk

The risk of loss arising from inadequate or failed processes, people and systems

The Operational Risk Management Framework is periodically reviewed to ensure its ongoing effectiveness. Throughout the year, Business Continuity Planning (BCP) has been enhanced to bolster operational resilience, including support for remote working and customer service. Managing and developing controls to address Operational Risks is an integral part of each business line managers' daily responsibilities. The Bank's exposure to Operational Risk is evaluated and controlled through the Risk & Control Self-Assessment (RCSA) process and a robust incident management process. Escalations are made monthly to the Risk Management Committee, Management Committee, and to the Board Risk Committee where necessary. Additionally, the Bank has a well-developed RCSA Lite process, that is triggered in the event of any exceptional risk incident ensuring continuous close scrutiny in between two RCSA cycles.

The Bank has applied the Basic Indicator Approach in accordance with the Title III Chapter 2 of the CRR in order to calculate its Pillar 1 Operational Risk capital requirement. The Bank has studied the requirement, as set out in the proposed Basel 3.1 guidelines, for calculating the Pillar 1 operational risk capital requirements. It is putting systems and processes in place to remain compliant when the new regulations come into force in Jan 2027.

The Bank has further streamlined its Pillar 2 assessment of capital charge for Operational Risk. This approach aligns with the Basel taxonomy, providing a more accurate reflection of the risks faced by the Bank.

The Bank has complied with the requirements of operational resilience in terms of Supervisory Statement SS1/21. The Bank has in place an Operational Resilience Working Group (ORWG), chaired by SMF 24 and comprising of two other SMFs that monitors OR dashboard and other indicators pertaining to Operational Resilience. This reflects our continued commitment to safeguarding critical services and enhancing resilience capabilities across the organisation

Cyber and IT related risk remains a key focus area within the operational risk profile. The Bank continues to strengthen its cyber defences through enhanced controls, regular penetration testing, employee awareness initiatives including mandatory staff training sessions, phishing simulations, Disaster recovery testing of critical systems. Risk reporting related to cyber and IT risks are escalated through the Risk Management Committee and Management Committee. The risk controls are evaluated as part of the RCSA exercise.

Overall, the operational risk has remained consistent with the prior years.

Market risk

The risk that changes in market prices including interest rates and foreign exchange rates will affect the Bank's income or the value of its holdings.

The Bank strives to align the currency and interest rate structure of assets with liabilities to create a natural hedge. Any residual currency/interest risks exceeding the Bank's risk appetite is mitigated by entering into currency/interest rate swap agreements.

Market risk appetite is set by the Board through the Risk Appetite Statement as part of Risk Management Framework and cascaded to Market Risk Management Policy (MRMP). The MRMP defines the products, currencies in which transactions/position can be undertaken, defines roles and responsibilities for business & risk departments and sets limits for foreign exchange & interest rate risk for its banking book positions. No positions are undertaken with trading intent. Despite volatile market conditions especially in the interest rate environment, the risk remains consistent with the prior year due to our active market risk management. The Treasury and Finance functions are the first line of defence functions for managing these risks and they are supplemented by detailed individual risk limits within the Risk Appetite Statement.

SBI UK does not run a proprietary trading book, and this policy remains unchanged.

Credit Concentration Risk

The risk of losses arising because of concentrations of exposures due to imperfect diversification. This imperfect diversification can arise from the small size of a portfolio or a large number of exposures to specific obligors (single name concentration) or from imperfect diversification with respect to economic sectors or geographical regions.

The Bank has consciously taken steps to reduce the Credit Concentration Risk. Measures taken include the following:

- The strategy of focusing on BTL and Retail loans has helped in reducing average ticket size of the loan book to £0.2m in Mar 2026 from £1.08m in Dec 2019; i.e., reduction of 81%.
- Simultaneously, share of corporate loans have been brought down to 11% (in Mar-26) from 78% (in Dec 2019)
- Efforts have been made in reducing Large Exposures, including down selling over the years. Large Exposure has been zeroized during FY24-25 and there are no Large Exposures in the books as of Mar-26.
- Improvement in the Credit RWA to Loan book ratio from 91% (Apr 2020) to 68% (Mar 2026)

The Bank intends to continue with the strategy going forward with the aim of reducing the concentration risk even further by focusing on booking good quality retail assets.

Capital and liquidity risk.**Capital risk**

The risk that the Bank will have insufficient capital to cover unexpected losses, meet regulatory requirements or support growth plans.

Liquidity risk

The risk that the Bank is unable to meet its financial obligations as they fall due

The Bank prepares Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) documents, which are reviewed and challenged by the Board Risk Committee and ultimately approved by the Board. This process ensures that the Bank maintains appropriate levels of capital and liquidity on an on-going basis and in times of stress.

The Bank maintains a prudent Risk Appetite Statement, reviewed and approved by the Board at least annually.

The capital and liquidity positions are measured against the risk appetite and reported monthly to the Asset and Liability Committee (ALCO), the Board Risk Committee and to the Board on a quarterly basis.

Compliance risk

The risk of financial loss, regulatory sanctions or loss of reputation as a result of failure to comply with the applicable laws, regulations and relevant business practice

The Bank maintains comprehensive governance and risk management arrangements designed to promote compliance with applicable laws, regulations, and recognised industry standards. These arrangements include clearly defined policies and procedures, appropriately skilled staff, ongoing and periodic training programmes and structured escalation and reporting frameworks. Oversight is exercised by senior management, the Compliance and Risk functions and through periodic independent internal audits conducted on a risk-based approach.

The Bank continues to review and refine its governance and control frameworks in response to regulatory developments, internal findings, and feedback from assurance functions, to ensure that they remain effective and proportionate. Governance and oversight of these frameworks is maintained through the management committees (including the Legal & Compliance Committee); Board committees (including Board Risk Committee, and Board Audit Committee); and ultimately the Board of the Bank.

Whenever deemed appropriate, the Bank seeks independent assurance from external professional firms that the defined systems and processes are operating along expected lines.

Risks from Economic downturns

Uncertainties due to macro-economic factors and other international political developments affect the Bank, as it does others in the industry. There is ongoing regular monitoring by Executive management committees and at Board level of events as they unfold as well as the contingency planning to ensure a tight management of strategy and economic risks. This approach helped the Bank in managing the uncertainties in the market during the year, amidst challenging geo-political and macroeconomic uncertainties. The Bank has adopted a conservative risk appetite on its lending, to minimise its risks. In addition, market wide stress from economic uncertainties have been tested as part of the ICAAP and ILAAP scenario modelling and the Bank is well placed to deal with such circumstances. Further, the management decisions will ensure that the Bank has adequate capital and liquidity resources to support its operations. Despite the headwinds in the economy, the residual risk remains consistent with the prior year due to our business model and conservative approach to credit risk management.

Risks from impact of climate change

The Bank recognises the potential impact of climate change on its financial position including on the valuation of its financial assets, impact to its operations and financial risk disclosures.

The Bank performs an annual assessment of its risks and exposures to the various aspects of environmental and climate risks. Following this review, the bank updates its Climate Change Manual and submits it to the Board for approval. The Board and relevant Committees continuously monitor these risks and its potential impact on the resilience of the company's business model.

Consequently, the Bank has taken several considered and proportionate actions in line with relevant published regulatory guidance and industry best practice. Chief Risk Officer continues to be the Accountable Executive for climate change related financial risks and for incorporating climate impact assessments into corporate loan credit appraisals.

In the wake of the latest supervisory statement on Climate Change, the Bank has, in collaboration with an independent professional firm, conducted a gap analysis on the new requirements and drawn up an action plan for remediating the gaps. The timelines as per regulatory expectations, will be adhered to.

Climate-related Financial Disclosure:

The Bank is publishing the Climate-related Financial Disclosures, as part of its commitment towards managing the financial risk emanating from climate change. These disclosures outline the Bank's approach to identifying, assessing, and managing financial risks arising from Climate Change, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and relevant UK regulatory guidance.

1. Governance

The Chief Risk Officer (CRO) holds prescribed responsibility for managing financial risk emanating from climate change, with strategic oversight from the Board.

Responsibilities for climate change risk have been set out in the Statements of Responsibilities (SOR) of the respective Senior Management Function (SMF) and embedded in the Terms of Reference (ToR) of the Board and the other relevant sub-committees.

Climate Risk is a standing agenda item at the Risk Management Committee (RMC), ManCo which meets monthly. CRO provides updates on relevant developments, emerging issues, and appraises about the enhancements made in Bank's systems and processes for managing climate risk.

The Board Risk Committee (BRC) receives Quarterly update on Climate Change Risk matters, as a standing item. Key developments, including regulatory updates, if any also feature in the quarterly CRO's report that is placed to the BRC. BRC retains its overall accountability for ensuring that Bank's approach remains aligned with regulatory expectations.

2. Strategy

The Bank supports the UK transition to a low-carbon and climate-resilient economy. Accordingly, the Bank adopts a measured and proportionate approach for an orderly approach to this transition. The transition cannot be made in isolation from the realities of the communities in which the Bank and its clients operate as we make the move to a cleaner, low-carbon world that is most responsible for all participants.

The Bank is also conscious of the requirement of having a climate strategy that is appropriate, fit-for-purpose, and proportionate to its business model. To that end, the Bank has in place a Climate Change Manual, which is reviewed annually and is approved by the Board Risk Committee. This Manual is treated as a regular operational policy document, subject to periodic review as the Bank continues to address financial risks emanating from climate change. The review of this manual has been made co-terminus with the review of the Risk Appetite Statement of the Bank, as the two documents would be interlinked on the matter of Climate Change Financial Risk. The Manual provides insights into the Bank's approach to managing its risks emanating from climate change, and details of the immediate, medium- and long-term business strategy of the Bank in this regard.

As per the strategy, Bank has also embedded scenario testing for climate change, particularly for physical and transition risk in its stress testing exercise. The approach for stress testing is consistent with asset profile of the Bank and the bank maintains adequate capital position.

3. Risk Management

Climate change risk management is integrated into the Risk Management Framework (RMF) of the Bank. The Board approved RMF incorporates the role of three lines of defence in combatting the financial risk posed by climate change risk.

The Board has also approved climate risk appetite of the bank, which has been integrated in the Risk Appetite Statement and reviewed annually by the Board. The future plan/direction of the bank with regards to tackling financial risk emanating from climate change have also been incorporated in the document.

Given that BTL & CRE represents a significant portion of SBIUK's lending portfolio, specific climate related risk appetite for the bank has been set for this segment. Minimum energy efficiency standards and future targets have been set for residential and non-residential portfolio. Additionally, broader metrics are being introduced to assess exposures across other segments.

Bank follows the principle of assessing the impact of the borrowing company on climate change and the impact of climate change on the company in terms of physical risk, transition risk, strategy, disclosures, and commitment.

- **Physical risk and adaptation:** Assessment of exposure to acute or chronic climate hazards, based on location and nature of client's assets, and their adaptation plans to changing climate conditions.
- **Transition risk and mitigation:** Evaluation of client's reliance on carbon-intensive operations and their financial impacts resulting from evolving government and regulators' expectations. It is also critical to understand what actions the client is taking to mitigate those risks.
- **Strategy, disclosures, and commitments:** This category aims to assess the intent of the client to transition by evaluating their level of public disclosures and commitments to reduce emission levels.

Bank also has 'Green Mortgage' product to incentivise the borrowers and encourage them to go for more efficient energy banded property.

4. Metrics and Targets

Physical Risk

Bank's real estate portfolio represents a key business segment. This remains exposed to extreme variability in weather pattern which may lead to increased incidence and severity of physical risk which, in addition to the disruption felt by customers, can lead to a decrease in the valuation of the property.

An assessment has been undertaken to identify the real estate portfolio which could potentially be exposed to physical risk, particularly those impacted by flood risk. Flood risk information for BTL and CRE portfolio has been directly obtained from the government of UK database.

Position of portfolio as on 31.03.2026 as per the position of flood risk is as follows:

Exposure in % terms	Low Flood Risk	Medium Flood Risk	High Flood Risk
BTL Portfolio	69.98%	14.86%	15.16%
CRE Portfolio	82.49%	6.55%	10.96%

Transition Risk

The real estate portfolio also remains exposed to tightening of minimum energy efficiency standards for real estate properties, which could impact the value or marketability of mortgaged

properties. An assessment has been undertaken to identify the real estate portfolio which could potentially be exposed to transition risk.

Position of the portfolio as on 31.03.2026 as per the position of EPC rating is as follows:

Exposure in % terms	EPC rating A, B & C	EPC rating D	EPC rating E
BTL Portfolio	52.54%	37.29%	10.1%
CRE Portfolio	76.55%	17.60%	3.41%

Note:

- *EPC rating is unavailable/ not applicable for 1 BTL case, constituting 0.04% of the portfolio. They have been excluded from the BTL table.*
- *For two properties (constituting 1.54 % exposure) in CRE portfolio, the EPC rating is either unavailable or not applicable. Further five properties (constituting 1.05%) are below E are situated in Scotland where EPC rating below E is permissible. They have been excluded from the CRE table.*

The Bank understands that by 2030 all the residential properties in England and Wales are expected to achieve the EPC rating C and above. An internal tracker has been set to monitor the portfolio. The Bank is actively working towards a glide-path to eventually improve the Minimum Energy Efficiency Standards (MEES) at the portfolio level, in order to meet the regulatory timelines. The regulatory expectations in this regard and banks position are being continuously monitored.

Moreover, the Bank acknowledges that climate change risk is not limited to mortgage book. Other portfolios including Retail Lending, Wholesale Corporate Lending and Investment portfolio are also susceptible to climate change risk. To this end, Climate change risk assessment is being conducted in all the credit and investment proposals, which includes impact of climate change on the Borrower/Issuer and vice versa.

The Bank is conducting a subjective analysis of our Corporate Loan and Investment portfolio to identify the assets which are susceptible to climate change risk. As on 31.03.2026, bank's exposure of the sectors which are more prone to climate change risk (i.e., Energy, Transportation) is ~13% (£ 44.90mio) of total corporate and investment portfolio.

Scope and nature of risk reporting

The Bank has a formal structure for identifying, reporting, monitoring, and managing risks. This comprises, at its highest level, the Risk Appetite, approved by the Board, which is supported by the Risk Management Framework. The Risk Management Framework has been embedded across all business functions, creating an integrated approach to managing risk. The Risk Management Framework brings together Governance, Risk Appetite, the Three Lines of Defence, comprehensive Policy Framework, and a suite of risk management tools to support the business in managing risk effectively as part of day-to-day activities.

The Bank is committed to cultivating a strong risk culture throughout the business where everyone understands the risks, they are personally responsible for and feel both empowered and qualified to be accountable for them. This risk culture is reinforced by the implementation of Senior Managers and Certification Regime (SMCR), introduced by the FCA in March 2016. The aim of the SMCR is to make relevant individuals accountable for their conduct and competence. The Bank embraces a culture where each business area is encouraged to take risk-based decisions, whilst knowing when to escalate

or seek advice. The Bank fosters an open culture where there is no reluctance to escalate issues or to highlight emerging risks.

5. Corporate Governance -

The Board of Directors

The Board serves as primary governance body and is responsible for defining and overseeing the overall strategy, performance of the business and effectiveness of risk management practices, in line with the Board approved Risk Appetite Statement

The Bank has established a governance framework which is proportionate for the nature, scale, and complexity of its business profile. This framework is reviewed at least on annual basis, so that it remains suitable to Bank's evolving risk profile and regulatory expectations. The risk governance structure set out in these disclosures describes the structure that was in place for the year to 31 March 2026.

As of 31st March 2026, the Board consists of six members, of whom one is executive director, three are UK-based independent non-executive directors and two are non-executive directors including the non-executive Chairman, nominated by the parent, State Bank of India.

The Directors of the Bank, who served during the period along with their total directorships were as follows:

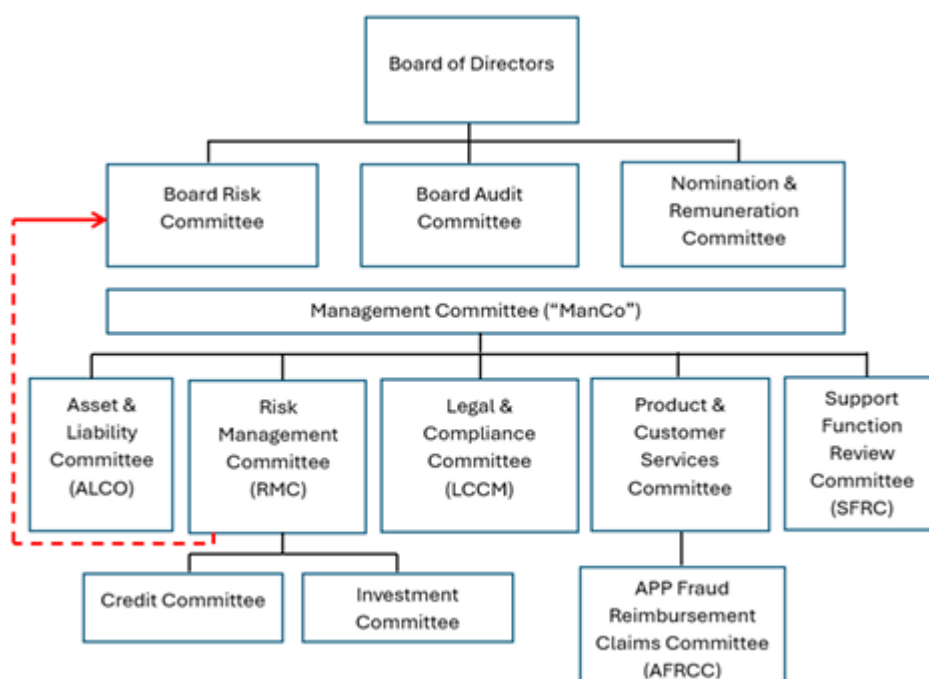
Names of Directors	Changes during the year	Position with SBIUK as of 31 March 2026	Directorships Executives (incl. SBI UK)	Directorships Non-Executives (incl. SBIUK)
Bansal, Jayati	Resigned on 31 st December 2025	Non-Executive Chairperson	-	5
Poludasu, Kishore Kumar	Appointed on 4 November 2025	Non-Executive Chairperson		4
Raines, Catherine	Resigned on 3 rd April 26	Independent Non-Executive Director and Chair of Board Audit Committee	-	2
Panda, Niraj Kumar	Resigned on 13 th August 2025	Non-Executive Director		4
Kuncha, Venkata Vamsidhar	Appointed on 10 July 2025	Non-Executive Director		5
Gray, Mark		Independent Non-Executive Director and Chair of Board Risk Committee	-	4
Moore, Diane	Appointed on 6 February 2026	Independent Non-Executive Director and Chair of Board Audit Committee	-	3
Sharma, Sudhir	Resigned on 8 September 2025	Chief Executive Officer	1	-
Sanyal, Sakuntala	Executive Director since 28 March 2024 and promoted as CEO on 9 September 2025	Chief Executive Officer	1	-

The Board of Directors meet quarterly, or as and when required during the year. The objective of the Board is to enhance the long-term success of the Bank by developing a sustainable business model. This is supported by approving and setting strategy, risk appetite and culture in line with the business model and in light of changing business opportunities, environment, and risks.

The Board delegates the day-to-day implementation of the strategy and risk appetite within the approved policy statements to the Management Committee ('ManCo') and it is the responsibility of the Board to monitor the overall performance of the business.

Board Sub-Committees

The structure of the Sub-Committees of the Board (along with the Management Committee) is set out below.



Board Audit Committee

The Board Audit Committee is chaired by an independent non-executive director, reinforcing its objectivity and independence. The Committee plays a critical role in reviewing and approving the internal audit charter, maintaining a close relationship with external auditors, overseeing the preparation and integrity of financial statements. It also monitors the effectiveness of risk based internal audit process.

The Committee assesses the internal and external audit findings and ensures timely implementation of the recommendations made. The Committee meets quarterly or as and when required during the year.

Board Risk Committee

The Committee is chaired by an independent non-executive director. The Committee's role is to assist the Board to manage the risks faced by SBIUK. Committee is responsible to review the effectiveness of the risk management and compliance framework of the Bank. It also oversees the development of a comprehensive risk management strategy and framework, and implementation of the Bank's risk appetite as set out by the Board.

In addition, the committee also oversees the effectiveness of the compliance function ensuring regulatory obligations are met and embedded across the business. The Committee meets quarterly at a minimum or as and when required during the year. The Board Risk Committee delegates decisions of transactional nature in the areas of loans and investments to Credit Committee (CC) and Investment Committee (IC) respectively. In addition to making credit and investment decisions as per the policy parameters, CC and IC also monitor and ensure compliance with key credit and investment policies.

Board Nomination & Remuneration Committee

The Board Nomination & Remuneration Committee is chaired by non-executive chair of the Board. The Nomination & Remuneration Committee's role is to determine the policy for the remuneration of the senior management of the Bank, nominate candidates for appointment to the Board and ensure the Bank's remuneration system motivates staff for both long- and short-term performance. The Nomination & Remuneration Committee annually reviews the structure, size, and composition of the Board, by evaluating the balance of skills, knowledge, experience, and diversity currently in place, and makes recommendations to the Board with regard to changes, if any.

Management Committee

The Management Committee (ManCo) is chaired by the Chief Executive Officer (CEO) and includes the executive directors of SBIUK, the Chief Financial Officer (CFO), Chief Risk Officer (CRO), Head Legal & Compliance (HLC), Chief Operations Officer (COO) and other senior managers of the Bank. The ManCo is the primary executive committee of the Bank and as such holds responsibility for the day-to-day management of the Bank, reporting directly to the Board of Directors. ManCo delegates its authority to a number of sub-committees detailed below:

- **Risk Management Committee**

The objective of the committee is to assist the Management Committee to review and monitor the implementation of the Risk Management Framework of the Bank. The Risk Management Committee escalates any major issues to the Board Risk Committee (BRC) through the CRO.

- **Assets and Liabilities Committee**

The objective of the committee is to assist the Management Committee to review and monitor the capital, liquidity, market risk, product pricing and funding parameters of the Bank. The ALCO reports to the ManCo and escalates any major issues to the BRC through the CFO.

- **Legal and Compliance Committee**

The objective of the committee is to assist the Management Committee to review and monitor the legal and compliance arrangements of the Bank. The Legal & Compliance Committee reports forthcoming priorities and major issues to the ManCo.

- **Product & Customer Services Committee**

The objective of the committee is to assist the Management Committee to review and monitor new product implementation as well as modification and review of the Bank's existing liability and asset products and the quality of customer service levels in the Bank.

- **Support Function Review Committee**

The mandate of the committee is to assist the Management Committee to review and monitor the critical support functions of the Bank.

- **Investment Committee**

This committee meets as and when required to take decisions of transactional nature in the areas of investments and Bank/FI exposures.

- **Credit Committee**

This committee meets as and when required and is the main transactional approval committee for all credit related matters.

ManCo and the sub-committees meet at least on a monthly basis, or as and when required during the year.

Diversity

The Bank is committed to promoting equality, diversity, inclusion and opportunity for all staff and job applicants. We aim to create a working environment in which individuals are able to maximise their potential in an environment, free from discrimination, harassment, and bullying, and in which all decisions are based on merit. All staff have duty to act in accordance with this policy and treat colleagues with dignity and respect at all times and not to discriminate or harass other members of

staff, regardless of their status. The principles of non-discrimination and equality of opportunity extends to interactions with visitors, customers and other third parties.

To reinforce our commitment to a positive and inclusive workplace, we ensure that all staff understand the behaviours that constitute discrimination, bullying or harassment. We encourage staff to feel comfortable raising concerns under this policy as soon as possible, so that we can provide appropriate support and take timely action to resolve the situation. The policy aims to ensure that no one is unfairly discriminated against because of their age, disability, gender, reassignment, race, colour, nationality, ethnic or national origin, religion or belief, sex, sexual orientation, marriage and civil partnership and status, or pregnancy and maternity.

6. Credit risk exposures

Credit risk management.

Credit risk is the risk of loss resulting from a customer or counterparty being unable to meet its contractual repayment obligations to SBI UK. Given that SBI UK provides a range of credit products to both retail and corporate customers, this is a material risk category. In order to manage this risk, SBI UK applies credit risk limits and underwriting criteria to lending applications while collateral is also taken where possible.

Credit risk appetite is set by the Board through the Risk Appetite Statement (RAS) as part of Risk Management Framework on an annual basis. Compliance with the stated risk appetite is supported by KRI's which is a combination of limits and target benchmarks applied at the individual asset and portfolio levels. These limits will at all times comply with any mandatory maxima applied by the regulatory authorities.

To ensure consistent decisions are made, SBI UK has implemented various policies which constitute the overall credit risk framework. These policies include Credit Policy, Country Risk Management Policy, The Bank Exposure Limit Policy, and Risk Appetite Statement that defines specific credit risk limits for borrowers/group of borrowers, industries/sectors, and countries that as far as possible, mitigates the risk of counterparties failing to meet obligations to SBI UK.

The Board of Directors have delegated the management of credit risk to the Risk Management Committee. The committee monitors all credit related risks at the Bank level, while the Credit Policy is approved by the Board Risk Committee. The Credit Committee and Risk Management Committee reviews all the major advances granted by the Bank and ensures the maintenance of strong internal credit controls.

The Bank is committed to mitigating risk through all stages of the lending and investment cycle. The Bank considers customer's credentials, external credit rating for corporate exposures (if available), interest coverage ratios (ICR) and the loan-to-value (LTV) percentages of all loans (if applicable), as appropriate, at the application stage. The Bank also considers the physical and transition risks of the assets from a climate change perspective and the same are considered and incorporated while underwriting the exposures. Additionally, the Bank employs strict underwriting and fraud detection policies to minimise losses at the time of assessment of the loans as well as takes a proactive approach to the monitoring and treatment of impaired loans through the collections and recovery functions and strengthening of early warning signal framework in Credit portfolio. In addition to Independent Risk assessment of all cases put up to credit committee, cases approved under underwriter mandate is also reviewed internally by Risk department and by an external agency on sample basis to ensure adherence to Credit policy guidelines. The Bank maintains comprehensive management information on the performance and movements within the various loan portfolios to ensure that credit risk is adequately controlled, and any adverse trends are identified before they impact the performance. This management information is reported and discussed at the Risk Management Committee on monthly basis and monitored at a Board Risk Committee level on a quarterly basis.

The following table shows the breakdown of the Bank's maximum exposure of loans and advances to customers, categorised by the degree of risk of financial loss:

	2026 £'m	2025 £'m
Neither past due beyond 90 days nor impaired	1663.29	1,537.46
Past due beyond 90 days, but not impaired	-	-
Impaired	0.38	-
Repossessions	-	-
Unutilised overdraft commitments	12.12	19.93
Pipeline loans	30.49	37.89
Total	1706.28	1,595.28

Collateral

The Bank requires collateral as per its credit policy, to manage credit risks in loans and advances to customers. The table below provides the value of collaterals held by the Bank in the form of immovable property and cash collateral:

	2026 £'m	2025 £'m
Loans and advances to customers		
Collateral value	1,438.34	1,288.58
Gross loans and advances	1,663.67	1,537.45

When the value of the collateral is higher than the credit exposure of the borrower, the collateral value is capped to the exposure. The collateral value in the above table excludes loans secured by non-property assets of the borrower or its group entities, other liens and corporate guarantees and related support undertakings from borrower group entities. On corporate exposures, the main collateral type is tangible assets of the borrowers.

Impaired loans

Impaired loans are loans for which the Bank determines that it is probable that it will be unable to collect all or part of principal and interest due according to the contractual terms of the loan agreement.

Past due but not impaired

Loans where contractual interest or principal payments are past due, but the Bank believes that impairment is not appropriate based on the level of security / collateral available and / or the stage of collection of amounts owed to the Bank. Loans where restructuring terms have been substantially agreed are excluded.

Allowances of impairment

The Bank establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The specific loss provision that relates to individually significant exposures and represents the amount remaining after deducting the expected discounted cash flows from the outstanding loan principal and accrued interest at the Balance Sheet date. The collective allowance for groups of homogeneous loans is established using a formula approach based on the historical loss rate experience of the industry for the specific asset type. Management applies judgement to ensure that the estimate of loss arrived at on the basis of historical information is appropriately adjusted to reflect the economic conditions and product mix at the reporting date.

Forbearance policy

The Bank periodically assesses whether there is objective evidence that a financial asset or portfolio of financial assets is impaired. In conducting this assessment, Management takes account of any forbearance arrangements it has with its customers. The Bank has a forbearance process in place and as part of the arrears management process, the Bank will consider providing a forbearance facility to the borrower after considering each case and analysing it based on its own merits and the specific circumstances of the borrower. The primary aim of providing a forbearance facility to a borrower is to enable the complete recovery of the debt through the full repayment of any arrears. Where the circumstance of the borrower means that this primary aim is not achievable, the secondary aim is to recover the customer into a 'sustainable terms' position on their debt. In all cases the provision of forbearance aims to minimise the risk of the borrower ultimately defaulting on their debt and losing their security. As at 31 March 2026, the Bank has provided forbearance facility to a total of 3 business customers and 2 BTL, total exposure of £7.17m (2025: 3 business customers, total exposure of £4.60 m).

Write off policy

The Bank writes off a loan balance (and any related allowances for impairment losses) when the Credit Committee determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Analysis of credit portfolio

An analysis of the Bank's total credit exposures as at 31st March 2026 (including Investment Securities, loans and advances to customers and balances and deposits with Banks), split by external credit ratings is provided below:

2026	Investment Securities £'m	Loans to customers & deposits with banks £'m
AAA to AA-	113.77	17.05
A+ to A-	100.65	8.11
BBB+ to BBB-	140.05	76.54
BB+ and below	9.94	175.70
Unrated	0.00	1424.56
Total	364.41	1701.96

2025	Investment Securities £'m	Loans to customers & deposits with banks £'m
AAA to AA-	76.99	59.15
A+ to A-	107.99	17.60
BBB+ to BBB-	125.47	35.71
BB+ and below	18.80	119.55
Unrated	0.00	1375.82
Total	329.25	1,607.83

Below table shows the credit rating analysis of loans and advances that are neither past due nor impaired.

	2026 £'m	2025 £'m
AAA to AA-	-	-
A+ to A-	-	-
BBB+ to BBB-	56.05	34.98
BB+ and below	175.69	119.55
Unrated	1,431.55	1,382.93
Total	1,663.29	1,537.46

As of 31 March 2026, Bank's loans and advances that are past due but not impaired are £13m (2025: £57m)

An analysis of the Bank's total credit exposures as at 31 March 2026 (including Investment Securities, loans and advances to customers and balances and deposits with Banks), split by geography is provided below:

Geography	2026		2025	
	£'m	%	£'m	%
Great Britain	1,615.82	78%	1,474.54	76%
United States of America	188.33	9%	206.61	11%
India	37.34	2%	45.012	2%
Spain	40.49	2%	30.13	2%
France	59.17	3%	58.83	3%
Other geographies	125.22	6%	121.96	6%
Total	2,066.37	100%	1,937.08	100%

An analysis of the Bank's total credit exposures as at 31 March 2026 (including Investment Securities, loans and advances to customers and balances and deposits with Banks), split by industry sectors is provided below:

Industry Sector	2026		2025	
	£'m	%	£'m	%
Banks	179.28	9%	176.98	9%
Real Estate	1,272.26	62%	1,164.39	60%
Consumer Services	215.85	10%	174.3	9%
Sovereign	44.87	2%	67.75	4%
Other Sectors	354.10	17%	353.66	18%
Total	2,066.37	100%	1,937.08	100%

7. Market Risk

Market risk is the risk that changes in market prices such as interest rate and foreign exchange rates will affect the Bank's income or the value of its holdings. The Bank has developed a detailed Market Risk Management policy which is subject to review by the Risk Management Committee and approved by the Management Committee the Risk Management Committee sets the Market Risk tolerance levels which are approved by the Board. It is the Bank's policy to manage these daily. Capital is allocated to mitigate Market Risk in accordance with regulatory requirements.

Interest rate risk

Interest rate risk in the Banking Book (IRBB) arises from financial instruments where net interest income or expense and the market value of the Bank's assets or liabilities are exposed to movements in interest rates. Interest rate risk is managed by matching and monitoring the yield and duration exposure built into the Bank's portfolio. The Bank also manages and controls interest rate volatility through its hedging strategy. Interest rate exposure is managed by ALCO monthly, and it operates within the Risk Appetite limits set by Board Risk Committee.

The Bank monitors the sensitivity of the Bank's financial assets and liabilities using interest rate scenarios. Interest rate risk originating from banking activities arises partly from the employment of non-interest-bearing liabilities such as Shareholders' funds and customer current accounts, but also from the gaps that arise from the normal course of business.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various interest rate scenarios. The table below shows the impact on net interest income over the life of the assets and liabilities of a 200 basis point rise or fall in the interest rate, and assumes a constant balance sheet position:

Interest rate sensitivity	2026	2025
As at 31 st March	£'m	£'m
200 basis points increase	0.195	1.074
200 basis points decrease	(0.117)	(0.99)

The above considers the repricing nature and frequency of the underlying assets and liabilities viz. fixed or variable rates financial assets/liabilities. The Earnings at Risk (EAR) Impact on Net Interest Income (NII) due to 200 bps adverse change in rates is £1.77m (2025: £3.62m).

Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign currency exchange rates will affect the Bank's income or the value of assets and liabilities. The objective of foreign currency risk management is to manage and control foreign currency positions and maintain these positions within the parameters set by the Board of Directors. It is not the Bank's intention to take open positions on its own account but rather to maintain a neutral position in all currencies.

Foreign exchange exposure arises from normal banking activities, primarily from the receipt of deposits and the placement of funds. Future expected cash flows are hedged via the use of forward rate agreements in order to mitigate exposure due to movements in foreign currency rates.

The Bank has no significant structural currency exposures that are not covered by foreign exchange swap contracts. The table shown below gives details of the Bank's assets and liabilities as at 31 March 2026, based on the currencies in which they are denominated to identify the extent to which the foreign currency exposures of the Bank are matched.

	2026 £'m	2025 £'m
Denominated in US Dollars	216.41	271.70
Denominated in Sterling	1,852.86	1,678.69
Denominated in Euro	10.30	9.57
Denominated in other currencies	0.37	0.21
Total assets	2,079.94	1,960.17
Denominated in US Dollars	54.20	65.16
Denominated in Sterling	2,023.41	1,892.91
Denominated in Euro	2.32	2.09
Denominated in other currencies	0.01	0.01
Total liabilities	2,079.94	1,960.17

This does not represent the Bank's exposure to foreign exchange risk due to the presence of compensating exchange rate derivatives, as these contracts are held for foreign exchange hedging purposes. The Bank follows a prudent policy for managing the foreign exchange risk in accordance with the Risk Appetite limits approved by the Board Risk Committee. The Foreign Exchange Net Overnight Open Position (NOOP) of the Bank as at March 31, 2026, was £1.96m (2025: £0.16m (0.70% of own funds £278.47m)), which is below 2% threshold under CRR Article 351, and accordingly neither market risk capital requirement nor sensitivity analysis for foreign exchange risk has been calculated.

8. Remuneration

This remuneration disclosure is a requirement under Article 450 of the CRR. The disclosure below covers remuneration policies and practices for categories of staff whose professional activities have a material impact on the Bank's risk profile (Material Risk Takers ("MRTs")), and staff who hold Significant Management Functions ("SMFs"), in accordance with the requirements set out by the regulatory authorities.

SBI (UK) Limited's reward strategy has been developed around the key principles of the PRA's/FCA's Remuneration Code. Therefore, the Bank ensures that it:

- Maintains lists of Code Staff.
- Promotes sound and effective risk management.
- Complies with the requirement to provide a governance mechanism, in the form of a Board Nomination and Remuneration Committee for SBIUK that will review and approve all reward policies, processes and practices at least annually.
- Includes a mechanism for the possible deferral of any variable component of the reward structure, which links to individual performance and the financial performance of SBIUK Remuneration Code Staff during the deferral period.

The Bank follows a conservative and comprehensive approach towards Remuneration Management. The remuneration policy is approved by the Board Nomination and Remuneration Committee ("BNRC"). It is responsible for the overview of the Remuneration Policy, governance of the remuneration of the SMFs and MRTs. The composition of the Committee is in line with the current regulatory recommendations such that none of its members hold an executive position with the Bank.

The BNRC reviews the Bank's remuneration policy from time to time, ensuring that the same is in line with the Bank's strategy and the changing market dynamics. The BNRC further ensures that the remuneration policy of the Bank conforms to the regulatory requirements.

Link between pay and performance.

The reward strategies and practices adopted by SBI (UK) Limited reflect not only immediate financial results but also the employee's compliance with risk management principles measured over time. The reward structure is subject to the same rigorous practices and policies that are employed by SBI (UK) Ltd. in its overall approach and strategy towards the management of risk. The key risks inherent in reward mechanisms have been clearly identified and measures put in place to mitigate these.

The levels of reward SBIUK Ltd delivers corresponds with its overall risk appetite and environment, as well as the type of investment decisions it makes from a risk point of view.

Risk reward decisions are based on the following factors:

- Individual performance against key behavioural indicators.
- Whole team performance.
- Achievement of targets (including personal performance targets and whole firm financial targets).
- Sustainability of the on-going performance of SBIUK is factored into the delivery of reward.
- Minimum score in appraisal should not be less than 3.
- No disciplinary records for the year.

The Bank follows the balanced scorecard principle in designing its performance management system. Every employee of the Bank adopts a goal sheet, outlining his / her responsibilities and deliverables for the year. Adequate attention is paid to the goal setting process to ensure a balance of financial

goals with non-financial goals. The non-financial goals cover relevant areas of customer service, process improvement and adherence to risk and compliance norms.

Remuneration structures and their purpose

Fixed pay

To attract, retain and motivate employees to achieve the objectives of the Bank within its stated risk appetite and risk management framework, employees are paid fixed base salaries, and benefits such as pension scheme and staff loans. These elements are set at a level to ensure that there is not an excessive dependence on variable remuneration.

Annual bonus

The annual cash bonus is performance based and designed to drive and reward long term results. It considers financial and non-financial (such as adherence to Bank values, customer service, process improvement and adherence to regulatory norms) results and metrics at Bank, department, and individual level.

Ratios between fixed and variable remuneration

While level 3 Dual-regulated firms (as defined in FG23/5 General Guidance of Proportionality), the Bank does not have to adhere to capped variable remuneration as a percentage of the fixed pay. However, the Bank maintains a conservative approach for the variable remuneration and does not exceed a self-imposed 1:1 ratio for variable to fixed pay. Bank also applies malus on any deferred bonuses and clawback on any bonuses which are already paid.

Remuneration Statistics

The Bank's remuneration for the year ending March 31, 2026, is provided below:

	2026	2025
Average number of employees	244	188
	£m's	£m's
Wages and salaries	10.1	9.1
- This includes Directors' emoluments		
Social security costs	1.2	0.8
Pension costs	0.6	0.4
Other staff costs	0.7	0.5
Total staff costs	12.6	10.8

The above table is based on remuneration committed and costs accrued during the year, as charged to the Income Statement.

The Bank has not made any Sign on and Severance payments to Material risk takers during the financial Year ended 31st March 2026.

No individual received more than £1 million in remuneration during 2026 (2025: NIL).

Code Staff

The Bank satisfies all the conditions specified for a small CRR firm (as its total assets are below \$50bn and it is not as significant institution) in Remuneration part of PRA Rulebook and is classified as a small CRR firm. Accordingly, the Bank applies the derogation available in the Remuneration Part of the PRA Rulebook at section 5.3, and/or 12.2 (second subparagraph), and 15.A1(3) mainly in relation to all the code staff (excluding the non-executive directors who are not in receipt of variable remuneration).

The following employees of the Bank have been identified as Remuneration Code Staff:

- Executive Senior Managers (Member of the Management Committee (“ManCo”).
- Independent Non-Executive Directors of the Bank.

The below mentioned details pertain to Code Staff whose professional activities have a material impact on the risk profile of the Bank:

For year ending 31 March	2026	2025
	£'m	£'m
Aggregate Total Remuneration for Executive Senior Managers	1.18	1.28
Of Which:		
Fixed – Including salaries, pension, private medical and other benefits	1.14	1.24
Variable – Including Cash Bonus	0.04	0.04
Number of Code Staff as Executive Senior Managers	7	7
Aggregate Total Remuneration for Independent Non-Executive Directors (all fixed remuneration)	0.11	0.13
Number of Code staff as Independent Non-Executive Directors (as of 31 March)	3	3

Appendix I –UK CCA: Main features of Regulatory Own Funds Instruments

		CET1	Addl Tier 1	Tier 2
1	Issuer	SBIUK Limited	N/A	N/A
2	Unique identifier (e.g., CUSIP, ISN or Bloomberg identifier for private placement)	Private placement		
3	Governing law(s) of the instrument	English Law		
<i>Regulatory Treatment</i>				
4	Transitional CRR rules	CET 1		
5	Post-transitional CRR rules	CET 1		
6	Eligible at solo/(sub-)consolidated/ solo & (sub-)consolidated	Solo		
7	Instrument type (types to be specified by each jurisdiction)	Common Equity		
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	£225m		
9	Nominal amount of instrument	£225m		
9a	Issue price	£1		
9b	Redemption price	N/A		
10	Accounting classification	Shareholder's equity		
11	Original date of issuance	6 Oct 2017*		
12	Perpetual or dated	Perpetual		
13	Original maturity date	N/A		
14	Issuer call subject to prior supervisory approval	No		
15	Optional call date, contingent call dates and redemption amount	N/A		
16	Subsequent call dates, if applicable	N/A		
17	Fixed or floating dividend/coupon	N/A		
18	Coupon rate and any related index	N/A		
19	Existence of a dividend stopper	N/A		
20a	Fully discretionary, partial discretionary or mandatory (in terms of timing)	Fully discretionary		
20b	Fully discretionary, partial discretionary or mandatory (in terms of amount)	Fully discretionary		
21	Existence of step up or other incentive to redeem	No		
22	Non-cumulative or cumulative	Non-cumulative		
23	Convertible or non-convertible	non-convertible		
24	If convertible, conversion trigger(s)	N/A		
25	If convertible, fully or partially	N/A		
26	If convertible, conversion rate	N/A		
27	If convertible, mandatory or optional conversion	N/A		
28	If convertible, specify instrument type convertible into	N/A		
29	If convertible, specify issuer of instrument it converts into	N/A		
30	Write-down features	No		
31	If write-down, write-down trigger(s)	N/A		
32	If write-down, full or partial	N/A		
33	If write-down, permanent or temporary	N/A		
34	If temporary write-down, description of write-up mechanism	N/A		
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A		
36	Non-compliant transitioned features	No		
37	If yes, specify non-compliant features	N/A		

Appendix II - Compliance to Pillar 3 requirements

UK OVA - Institution risk management approach

Legal basis	Row number	Qualitative information - Free format	Reference
Point (f) of Article 435(1) CRR	(a)	Disclosure of concise risk statement approved by the management body	Refer Section 4 - Risk Management and Governance Framework
Point (e) of Article 435(1) CRR	(c)	Declaration approved by the management body on the adequacy of the risk management arrangements.	Refer Section 4 - Risk Management and Governance Framework
Point (a) of Article 435(1) CRR	(f)	Strategies and processes to manage risks for each separate category of risk.	Refer Section 4 - Risk Management and Governance Framework
Points (a) and (d) of Article 435(1) CRR	(g)	Information on the strategies and processes to manage, hedge and mitigate risks, as well as on the monitoring of the effectiveness of hedges and mitigants.	Refer Section 4 - Risk Management and Governance Framework

UK OVB - Disclosure on governance arrangements

Legal basis	Row number	Free format	Reference
Point (a) of Article 435(2) CRR	(a)	The number of directorships held by members of the management body.	Refer Section 3 – Corporate Governance
Point (b) of Article 435(2) CRR	(b)	Information regarding the recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise.	Refer Section 9 - Remuneration
Point (c) of Article 435(2) CRR	(c)	Information on the diversity policy with regard of the members of the management body.	Refer Section 9 - Remuneration
Legal basis	Row number	Free format	Reference
point (a) of Article 437;	(a)	a full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and the filters and deductions applied to own funds of the institution pursuant to Articles 32 to 36, 56, 66 and 79 with the balance sheet in the audited financial statements of the institution;	Refer Section 5 – Capital Adequacy Refer Section 9 - Remuneration
points (d) of Article 438;	(d)	the total risk-weighted exposure amount and the corresponding total own funds requirement determined in accordance with Article 92, to be broken down by the different risk categories set out in Part Three and, where applicable, an explanation of the effect on the calculation of own funds and risk-weighted exposure amounts those results from applying capital floors and not deducting items from own funds;	
Key metrics point (a-e) in Article 447	(a)	the composition of their own funds and their own funds requirements as calculated in accordance with Article 92	Refer Section 6 – Capital resources and Key metrics
	(b)	the total risk exposure amount as calculated in accordance with Article 92(3)	
	(c)	where applicable, the amount and composition of additional own funds which the institutions are required to hold in accordance with point (a) of Article 104(1) of Directive 2013/36/EU	
	(d)	combined buffer requirement which the institutions are required to hold in accordance with Chapter 4 of Title VII of Directive 2013/36/EU	
	(e)	leverage ratio and the total exposure measure as calculated in accordance with Article 429	
Key metrics point (f) in Article 447;	(f)	liquidity coverage ratio as calculated in accordance with the delegated act referred to in Article 460(1):	

	(f-i)	the average or averages, as applicable, of liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period	Refer Section 6 – Capital resources and Key metrics
	(f-ii)	the average or averages, as applicable, of total liquid assets, after applying the relevant haircuts, included in the liquidity buffer pursuant to the delegated act referred to in Article 460(1), based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period;	
	(f-iii)	the averages of their liquidity outflows, inflows and net liquidity outflows as calculated pursuant to the delegated act referred to in Article 460(1), based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period	
Key metrics point (g) in Article 447;	(g-i)	the net stable funding ratio at the end of each quarter of the relevant disclosure period	Refer Section 6 – Capital resources and Key metrics
	(g-ii)	the available stable funding at the end of each quarter of the relevant disclosure period	
	(g-iii)	the required stable funding at the end of each quarter of the relevant disclosure period	

Legal basis	Row number	Free format	Reference
point (a) of Article 450 (1)	(a)	information concerning the decision-making process used for determining the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration during the financial year, including, where applicable, information about the composition and the mandate of a remuneration committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders;	Refer Section 9 - Remuneration
point (b) of Article 450 (1)	(b)	information about the link between pay of the staff and their performance	
point (c) of Article 450 (1)	(c)	the most important design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria;	
point (d) of Article 450 (1)	(d)	information about the link between pay of the staff and their performance the ratios between fixed and variable remuneration set in accordance with point (g) of Article 94(1) of Directive 2013/36/EU	
point (h) of Article 450 (1)	(i)	aggregate quantitative information on remuneration, broken down by senior management and members of staff whose professional activities have a material impact on the risk profile of the institutions, indicating the following:	
	(ii)	the amounts of remuneration awarded for the financial year, split into fixed remuneration including a description of the fixed components, and variable remuneration, and the number of beneficiaries;	
	(iii)	the amounts and forms of awarded variable remuneration, split into cash, shares, share-linked instruments and other types separately for the part paid upfront and the deferred part;	
	(iv)	the amounts of deferred remuneration awarded for previous performance periods, split into the amount due to vest in the financial year and the amount due to vest in subsequent years	
	(v)	the amount of deferred remuneration due to vest in the financial year that is paid out during the financial year, and that is reduced through performance adjustments	

	(vi)	the guaranteed variable remuneration awards during the financial year, and the number of beneficiaries of those awards;
	(vii)	the severance payments awarded in previous periods, that have been paid out during the financial year;
	(viii)	the amounts of severance payments awarded during the financial year, split into paid upfront and deferred, the number of beneficiaries of those payments and highest payment that has been awarded to a single person
point (i) of Article 450 (1)	(i)	the number of individuals that have been remunerated EUR 1 million or more per financial year, with the remuneration between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500 000 and with the remuneration of EUR 5 million and above broken down into pay bands of EUR 1 million
point (j) of Article 450 (1)	(j)	upon demand from the relevant Member State or competent authority, the total remuneration for each member of the management body or senior management
point (k) of Article 450 (1)	(k)	information on whether the institution benefits from a derogation laid down in Article 94(3) of Directive 2013/36/EU