OakNorth

2024

PILLAR 3 DISCLOSURES

CONTENTS

1 Introduction

This report provides the Pillar 3 disclosures for OakNorth Bank Plc ("OakNorth" or "the Bank") and its subsidiaries ("the Bank Group") as of 31 December 2024. It should be read alongside the OakNorth Bank Plc 2024 Annual Report & Financial Statements, available at: https://oaknorth.co.uk/2024-annual-report/. The Pillar 3 disclosures are available at: https://oaknorth.co.uk/pillar-3-disclosures/.

1.1 Applicable regulations & disclosure framework

OakNorth is subject to UK Capital Requirements Regulation (CRR) and relevant technical standards, which were amended through statutory instruments following the European Union (Withdrawal) Act 2018. The CRR framework is now split between the Prudential Regulation Authority (PRA) Rulebook and UK primary legislation. The Pillar 3 disclosures have been made in accordance with part Eight of the Capital Requirements Regulation and Directive, as implemented ('CRR II') and the PRA Rulebook, and use the PRA's disclosure templates and instructions, which came into force on 1 January 2022. Any reference in this document to EU regulations and directives should, as applicable, be read as references to the UK's version of such regulation and/or directive, as on-shored into UK law under the European Union (Withdrawal) Act 2018.

OakNorth applies the Standardised Approach for calculating capital requirements under Pillar 1 credit risk and the Basic Indicator Approach for Pillar 1 operational risk requirements.

OakNorth follows proportional disclosure requirements as outlined in Article 433c of the Disclosure (CRR) Part of the PRA Rulebook. These primarily cover key metrics (capital, liquidity, and leverage), own funds composition and movement (including reconciliation with financial statements), exposures and risk-weighted asset classifications, capital requirements, and capital instruments' main features. However, where relevant, we have provided additional disclosures. Note that any blank cells, cells that do not apply to OakNorth or are not applicable have been removed from the disclosures. No disclosures have been omitted on the basis of them being regarded as proprietary or confidential.

1.2 Basis of disclosures

The report contains information presented for the year ended 31 December 2024, with comparatives for 31 December 2023. All disclosures have been prepared in Pounds Sterling, rounded to nearest thousands. Conversion of foreign currency balances follow the accounting principles and guidelines. For further details please refer to the 2024 Annual Report & Financial Statements.

Effective June 2024, OakNorth is subject to prudential regulatory requirements on a consolidated basis, including its subsidiaries (A.S.K Partners Limited & ONB Lendco 1 Limited). Until December 2023, the Bank was subject to 'stand-alone' (i.e. solo-consolidated) regulatory requirements. Therefore, all disclosures in this document as of 31 December 2024 are in respect of the Bank Group, and only for the standalone entity OakNorth Bank Plc for the 31 December 2023 reporting period. The subsidiary ONB Lendco 1 Limited was established in 2024 and there were no reportable transactions or balances as at 31 December 2024 in this entity.

1.3 Verification

Published annually, these disclosures are verified by management and reviewed by the Board Audit Committee. They are not independently audited and do not form part of the OakNorth's Annual Report & Financial Statements.

1.4 Key Regulatory developments

The PRA's Basel 3.1 near-final rules for Pillar 3 disclosures have been published and are expected to take effect in the UK from 1 January 2027. As a result, the first required update to disclosure templates will be due by 31 March 2027. The revised rules cover credit risk, market risk, credit valuation adjustment risk, counterparty credit risk, operational risk, the output floor, and capital and risk management summaries. The impact of these changes is assessed as a part of OakNorth's Internal Capital Adequacy Assessment Process (ICAAP). Changes to disclosure requirements are assessed annually and incorporated as appropriate.

The PRA has also previously released multiple consultation papers and a policy statement in relation to the "Strong and Simple Framework", an initiative aimed at simplifying prudential requirements for institutions falling under the Small Domestic Deposit Takers (SDDT) classification. As at the date of publication of this report, OakNorth falls within the proposed thresholds to be eligible under the SDDT framework. OakNorth may consider adopting the Strong and Simple Framework or alternatively Basel 3.1, and will determine whether to enter the transitional regime for one of these options.

2 Risk management framework

Please refer to pages 52-71 "Risk management framework and risk review" of the 2024 Annual Report & Financial Statements.

2.1 Risk Strategy and Approach

OakNorth integrates risk management into its business strategy, using a structured approach to identify, assess, and mitigate risks while ensuring long-term sustainability. Risk policies, processes, and controls are continuously refined to adapt to emerging challenges and opportunities. In 2024, the Bank streamlined its risk framework, introducing a new Risk Taxonomy, a bank-wide Risk Impact and Likelihood matrix, and a programme to document critical controls for material risks.

2.2 Risk Culture and Governance

Our risk culture aligns with the business model, with the Board setting clear standards and promoting responsible risk-taking.

Risk appetite is embedded in decision-making, and risk-related performance is factored into compensation through a balanced scorecard approach. To reinforce accountability, malus and clawback provisions apply to incentive schemes for key risk takers.

2.3 Risk Appetite Framework

The Risk Appetite Statement (RAS) defines the types and levels of risk OakNorth is willing to accept, with limits and triggers that inform day-to-day decisions. The framework dynamically adjusts to the evolving risk landscape and supports both business planning and operational management. Risk appetite metrics are monitored monthly, with actions taken if risks exceed tolerance thresholds.

In 2024, we refined the risk classification system, grouping risks into:

- Level 1 (Principal Risks): Credit Risk, Operational Risk, Legal & Regulatory Risk, Financial Risk, and Strategic Risk.
- Level 2 Risks (29 sub-categories) and Level 3 Risks (90 specific risk areas) to ensure a granular focus on material threats.

Key Risk Indicators (KRIs) and risk appetite measures are aligned with Level 3 risks to enhance oversight. A critical control mapping initiative is underway to document and strengthen key risk controls.

2.4 Risk Management Framework (RMF)

The Risk Management Framework (RMF) outlines how risks are assessed, monitored, and mitigated. Approved by the Board Risk & Compliance Committee, it ensures alignment with the risk appetite and strategic objectives. The Board delegates oversight to the Board Risk & Compliance Committee, Board Credit Committee, and Board Audit Committee, supported by independent assurance from the Chief Risk Officer (CRO), Head of Credit Risk, and Head of Internal Audit.

In 2024, we refreshed the risk taxonomy, introduced an enhanced risk impact and likelihood matrix, and implemented a Combined Assurance Plan to strengthen independent risk assessments across the business.

2.5 Risk Policies and Controls

Our risk governance framework includes policies covering key areas such as:

- Credit Risk, Market Risk, Operational Risk, Financial Controls, Stress Testing, Conduct Risk, AML, Fraud Prevention, and Data Protection.
- Policies are regularly updated and further detailed through Standard Operating Procedures (SOPs).

A core component of the risk framework is the Risk & Controls Self-Assessment (RCSA), which evaluates risks and controls to ensure they are well-designed and effective. This process is supported by:

- First-line Business Assurance Testing
- Second-line Risk and Compliance Assurance Monitoring

In 2024, we updated the RCSA to align with the new risk taxonomy and initiated comprehensive documentation of all critical controls to strengthen risk oversight.

2.6 Principal risks and uncertainties

OakNorth is exposed to a wide range of risks through its banking operations, including credit, cybersecurity, operational, liquidity, capital, interest rate, people, climate, regulatory and compliance. OakNorth's key risks are identified, and mitigating actions are in place. The most material risks are also overseen by Board or Board Sub-Committees.

The table below provides an executive summary of the key risks, the inherent impact and likelihood[1], the corresponding mitigation strategies, and the risk appetite metrics used to monitor and manage these risks. A detailed description of the below is available on page 53-56 "Risk management framework and risk review" of the 2024 Annual Report & Financial Statements.

Risk Category	Short Description (Including Level 2 Risks)	Inherent Impact	Inherent Likelihood	Summary & Mitigation
Strategic Risk	Risk of internal or external events impacting business strategy. **Level 2 Risks:** Conduct & Culture, Climate Change & ESG	High	Likely	• Board-approved strategy with monthly monitoring. • Customer outcomes tracked via NPS and feedback. • Climate & ESG risks integrated into the Enterprise Risk Management Framework. • Proactive climate risk assessments & monitoring of action plan for net-zero targets.
Credit Risk	Risk of financial loss when counterparties fail to meet obligations.	Severe	Probable	• Prudent lending policies with strict risk limits. • Credit risk assessed using ONCI analytics.

[1] OakNorth employs a detailed impact and likelihood matrix to assess risks across key areas, including customers, operations, compliance, financials, and strategy. Impact is classified as severe, high, medium, low, or negligible, based on the likelihood of breaching risk appetite limits over the immediate, medium, or long term. Likelihood is categorised as rare, unlikely, likely, probable, or almost certain, ensuring a structured evaluation of risk exposure. This framework enables systematic risk identification, measurement, and mitigation, supporting proactive decision-making across all business areas.

Risk Category	Short Description (Including Level 2 Risks)	Inherent Impact	Inherent Likelihood	Summary & Mitigation
	Level 2 Risks: Sectoral Concentration, Single-name Exposure, Probability of Default, Loss Given Default			• Dedicated portfolio monitoring and macroeconomic stress testing. • Monthly risk analysis using OakNorth's Forward Look Rating model.
Operational Risk	Risk from process failures, cyber threats, or system issues. **Level 2 Risks:** Cybersecurity, Operational Resilience, Model and Data Quality, Records Management, People Risks	Severe	Likely	• Regular control validation through Risk & Control Self-Assessment (RCSA). • Advanced cybersecurity measures and 24/7 Security Operations Centre. • Cloud-based IT infrastructure ensuring operational resilience. • Comprehensive model risk management framework with independent validation.
Regulatory & Legal Risk	Risk of non-compliance leading to financial or reputational loss. **Level 2 Risks:** AML & Financial Crime, Fraud, Legal and Regulatory Compliance	High	Likely	• Strong policies covering AML, fraud prevention, and regulatory compliance. • Continuous risk assessments and compliance monitoring. • Regular external audits and compliance training for staff. • Second-line oversight via Compliance Monitoring Plan.
Financial Risk	Risk of financial instability due to liquidity, capital, or interest rate fluctuations. Level 2 Risks: Liquidity Risk, Capital Adequacy Risk, Interest Rate Risk in the Banking Book (IRRBB)	Severe	Likely	• Forward-looking metrics set to ensure liability management under stress, covering liquidity, funding, and deposits, monitored daily and reviewed annually (ILAAP). • Capital ratios closely monitored to align with growth strategy and regulations, reviewed through ICAAP. • IRRBB managed conservatively using EV, EVE, and NII simulations, ensuring financial stability.
Macroeconomic & Geopolitical Risks	Risk of market instability from inflation, policy changes, or global tensions.	High	Increasing	• Strong capital and liquidity buffers maintained to ensure resilience. • Focus on high-quality underwriting. • Proactive risk assessments and stress testing on loan book.
Generative AI Risks	Potential misuse of AI in fraud or security threats.	Medium	Emerging	• No immediate threat from Gen AI to OakNorth's control environment; current controls are adequate. • Mitigation strategies include: Continuous awareness training on AI risks, Human oversight to monitor and correct AI-generated outputs, Regular model retraining to reduce errors and biases, Enhanced security and financial crime controls to stay ahead of AI threats.

3 Governance Review Summary

Please refer to pages 47-50 "Governance review" and pages 73-77 "Directors' report" of the 2024 Annual Report & Financial Statements.

3.1 Board Responsibilities

The Board is responsible for setting OakNorth's strategy, overseeing its implementation, and ensuring effective risk management. It maintains a strong system of internal controls and holds regular meetings to review business performance, regulatory compliance, and financial stability. The Board also approves key frameworks such as the Risk Management Framework (RMF) and Business Strategy, ensuring that risk limits are appropriately set, controlled, and monitored. It conducts an annual review of its effectiveness, assessing both the Board and its Committees.

The Board holds monthly calls and meets in person quarterly to review business performance and strategic matters. Meetings and deep-dive sessions are also held to review ICAAP, Individual Liquidity Adequacy Assessment Process (ILAAP), the Recovery Plan, business strategy, financial and operating plans, and annual statutory accounts. During the year, the Board Risk & Compliance Committee held four meetings.

3.2 Board Committees

OakNorth has several Board Committees that provide oversight on critical business areas. These include:

Board Audit Committee (BAC): Ensures financial integrity, oversees internal audit plans, and monitors external auditors.

Board Risk & Compliance Committee (BRCC): Oversees the risk framework, operational risks, and regulatory compliance.

Board Credit Committee (BCC): Manages credit risk, ratifies large credit exposures, and reviews financial risks from climate change.

Board Remuneration Committee (REMCO): Sets remuneration policies, ensures compliance with regulatory frameworks, and aligns executive pay with performance.

Board Nomination Committee (NOMCO): Reviews the Board's composition, ensures succession planning, and nominates suitable candidates for vacancies.

Each Committee plays a distinct role in managing governance, risk, and regulatory oversight, ensuring that OakNorth operates within its strategic and compliance obligations.

3.3 Executive Leadership Team (ELT)

The Executive Leadership Team (ELT) is responsible for implementing the Bank's strategy and overseeing day-to-day operations. The ELT monitors business performance, financial planning, and regulatory compliance while fostering OakNorth's corporate culture. It is also accountable for maintaining risk awareness across the organisation, ensuring all risk and control measures align with strategic objectives.

3.4 Management Committees

Several management committees support ELT in risk management and operational efficiency:

Asset & Liability Committee (ALCO): Oversees liquidity, capital risk, interest rate risk, and investment strategies, ensuring financial stability.

Credit Risk Management Committee (CRMC): Manages credit risk, ensures RMF adherence, and monitors portfolio health.

Operations Committee (OPCO): Ensures operational resilience, manages IT infrastructure, oversees outsourced service providers, and reviews business operations.

Executive Risk Committee (ERC): Monitors the Bank's risk exposure, ensuring proper implementation of the RMF, aside from Credit Risk and ALM .

Each committee has a dedicated mandate to oversee key operational risks, financial performance, and regulatory requirements.

In addition to the management committees, there are several 'working' groups comprising of ELT members, that provide governance and oversight in relation specific areas within the Bank including reserves adequacy (expected credit loss), model risk, change management, information security, financial crime, regulatory reporting.

3.5 Reporting Structure

OakNorth's business risks are managed by the ELT, with Board oversight ensuring adherence to strategic objectives. CRO provides oversight and challenge on risk performance, while the CFO manages capital, liquidity, and interest rate risks, reporting to ALCO. Credit risk management falls under the CRMC and the BCC.

3.6 Three Lines of Defence Model

OakNorth follows an industry-standard Three Lines of Defence model for risk governance:

First Line of Defence (1LOD): Business line management, including client-facing teams and operational units, owns and manages risks associated with their activities.

Second Line of Defence (2LOD): The Risk and Credit Risk functions provide oversight, monitoring, and independent challenge, ensuring business activities align with the RMF and risk appetite.

Third Line of Defence (3LOD): Internal Audit conducts independent reviews, while external auditors and Independent Non-Executive Directors (NEDs) provide additional assurance.

This framework ensures accountability at all levels and allows for proactive risk mitigation.

3.7 Additional governance arrangement disclosures

- Disclosures in relation to Board recruitment and diversity are provided in the "Remuneration disclosures" section of this document.
- Director Induction: Newly appointed Directors at OakNorth Bank undergo a formal induction covering the Bank's vision, strategy, core values, ethics, corporate governance practices, Risk Management Framework, financial matters, and business operations. They receive essential documents, reports, and internal policies to familiarise themselves with OakNorth's procedures. Additionally, the management team provides regular business and performance updates through presentations at Board and Committee meetings.
- Executive Directors Succession Planning: OakNorth Bank maintains a structured succession plan to ensure continuity in leadership and risk management. This plan outlines actions to be taken in case of the departure of senior

management team members (including executive directors) through "what-if" scenarios. It is periodically reviewed and approved by the Board and undergoes at least an annual review by senior management to remain aligned with business needs and regulatory expectations.

- Non-executive Directors Succession Planning: Succession plan for the Non-Executive Directors is reviewed through the Board Nomination Committee where a succession pipeline is identified, including key competencies to ensure the Board composition of skills remains strong and balanced. A Board skills assessment and tenure review of Non-Executive Director is also carried out. In 2024, OakNorth Bank strengthened its Board with two key appointments: Lord Adair Turner – Appointed as Chairman and Nilan Pieris – Appointed as a Non-Executive Director. These leadership additions bring significant expertise and will be instrumental in expanding OakNorth Bank's product offerings and scaling its geographic footprint.

External directorships held by members of the Board

Name of Director	Position	Number of External Directorships[1]
Lord Adair Turner	Chairman	4
Robert Burgess	Non-Executive Director Chair of the Board Credit Committee, Chair of the Board Risk & Compliance Committee	3
Carolyn Schuetz	Non-Executive Director Chair of the Board Audit Committee	2
Edward Barry Berk	Senior Independent Director Chair of Board Remuneration Committee, Chair of Board Nomination Committee	-
Nilan Peiris	Non-Executive Director	1
Timo Boldt	Non-Executive Director	4
Rishi Khosla	Executive Director Chief Executive Officer	3
Joel Perlman	Executive Director Senior Managing Director	7
Rajesh Gupta	Executive Director Chief Financial Officer	1[2]

1 These includes directorships in non-commercial organisations. In line with CRD Article 91(4), one type of directorship for multiple entities within a group is counted as one directorship. Therefore, for the executive directors that hold directorships in other non-Bank OakNorth group entities, those are counted as one and included in the data.

2 Includes additional directorship within OakNorth Bank Plc group (A.S.K Partners Limited)

4 Key risks and further details on risk management

The following sections provide further details on the material risks associated with OakNorth's operations.

4.1 Credit

Please refer to pages 56-67 "Credit risk" of the 2024 Annual Report & Financial Statements.

Credit risk is the risk of default and financial loss arising from a borrower or counterparty failing to meet their contractual financial obligations. This risk is one of the most significant risks faced by OakNorth given its business model's emphasis on lending. We do not actively trade in other financial instruments, other than for liquidity and risk management purposes.

Risk management overview

OakNorth employs a data-driven and forward-looking approach to risk assessment, leveraging its Forward-Looking Rating (FLR) tool to evaluate sector-specific financial risks and identify emerging trends. The FLR integrates macroeconomic forecasts, historical data, and industry indicators to assess potential cash flow impacts, default risks, and loss exposure across its borrower portfolio.

Our credit risk framework continues to evolve with our UK and US expansion. While lending appetite remains unchanged, the Bank has strengthened risk appetite measures for US lending, adjusted sector and single-name risk limits, and integrated capital-based risk measures for dynamic risk management. In 2024, new policies on staging and property valuation were introduced to further reinforce credit risk governance.

Climate risk assessments are embedded in credit underwriting and monitoring. We have enhanced climate risk tracking, introduced Scope 1, 2, and 3 emissions data collection, and refined physical risk evaluations for storms and floods in collaboration with specialist data providers. The embodied emissions approach has been adopted for development loans, aligning with NGFS guidelines. Climate scenario analysis concluded that no material losses are expected under any transition scenario.

Governance

Our Credit Risk Management Framework (CRMF) operates under the Board and Board Credit Committee (BCC), providing a structured approach to credit risk governance. It covers credit policies, risk appetite limits, decisioning processes, portfolio management, stress testing, and climate risk assessment.

Portfolio oversight and lending decisions are managed by the Credit Risk Management Committee (CRMC) and its subsidiary working groups, the Medium / Small Deals Working Groups and, operating within defined authority limits based on key credit risk measures. High-risk transactions over £50 million undergo additional review by BCC.

The Credit Quality Assurance (CQA) function, reporting to the CRO, conducts independent reviews to ensure policy effectiveness, including model and intensive monitoring case reviews.

The Reserve Adequacy Working Group (RAWG), under the Board Audit Committee, oversees the IFRS 9 provisioning framework. It includes the Head of Credit Risk, Chief Financial Officer (CFO), and CRO, ensuring provision calculations, staging approaches, scenario weightings, and model accuracy align with governance standards. RAWG also reviews provision overlays and back-testing results to maintain compliance with the Provisions Policy.

Risk appetite

The CRMF is guided by a Board-approved risk appetite and strategy, ensuring safe and sustainable growth while managing credit risk. Key Risk Indicators (KRIs) monitor concentration risk at borrower and sector levels, with defined exposure limits preventing excessive risk in any sector, product, or single name. These measures ensure alignment with strategic objectives and effective credit risk management.

Monitoring

OakNorth's Portfolio Monitoring Team conducts continuous loan-level monitoring, applying monthly Forward-Looking Rating (FLR) stress tests to identify early warning indicators of credit deterioration. Weekly reviews assess emerging risks, while formal portfolio reviews occur monthly, with findings reported to the CRMC and BCC. These reviews cover lending volumes, credit model performance, rating downgrades, concentration risk, impairments, and recoveries. Enhancements were made during the year to improve monthly credit management information (MI). Property development loans receive specialised oversight from OakNorth's in-house monitoring and surveying team.

Credit quality classification

Loan book is classified into Standard, Early Warning Sign (EWS), Intensive Monitoring (IM), Watchlist (WL), and Default based on portfolio monitoring triggers. The Watchlist aligns with IFRS 9 Stage 2 for Significant Increase in Credit Risk (SICR), incorporating quantitative factors such as breaches in interest cover, LTV, and loan-to-gross development value, alongside qualitative indicators like financial covenant breaches, liquidity concerns, project delays, and planning risks. Borrowers under forbearance are also classified as Stage 2. Loans move to Stage 3 (Default) if there are clear impairment triggers, including financial distress, bankruptcy risk, contract breaches, or litigation, in line with European Banking Authority (EBA) guidelines. IFRS 9 backstop triggers apply, with 30 days past due (DPD) for Stage 2 and 90 days for Stage 3.

Each loan is individually assessed, with no portfolio-level staging adjustments. The CRMC reviews classification criteria periodically. Higher-risk loans under the Customers in Financial Difficulty (CIFD) Policy are classified as Stage 2 or Stage 3 upon recommendation by the Head of Portfolio Monitoring or Senior Director, Workout & Restructuring, subject to approval by the Head of Credit or CRMC. Loans can be transferred from Stage 2 or Stage 3 to Stage 1 only after sustained improvement (typically three months). In specific cases, exceptions may be made where sufficient evidence indicates credit risk has not materially increased. All staging changes and exceptions are reviewed and ratified quarterly by the RAWG.

The table below summarises the maximum exposure to credit risk in the loan book, which comprises of carrying value of loans, expected credit loss (ECL) provisions and staging. For irrevocable loan commitments, it is the total committed facility amount. Property development drawdowns require verification by an independent monitoring surveyor and compliance with all conditions precedent. Similar pre-conditions apply to other business lending. Collateral is not offset against the reported maximum exposure in financial statements.

As at 31 December 2024	On balance sheet- Loans and advances at amortised cost	Allowance for ECL	Net carrying amount	% ECL allowance of on-balance sheet exposures	Off- balance sheet – Undrawn Loan Commitments	Allowance for ECL	Net carrying amount
	£'000	£'000	£'000	%	£'000	£'000	£'000
Stage 1	3,976,861	6,838	3,970,023	0.2%	494,609	183	494,426
Stage 2	358,650	6,292	352,358	1.8%	5,815	55	5,760
Stage 3	76,908	8,949	67,959	11.6%	3,800	-	3,800
Total	**4,412,419**	**22,079**	**4,390,340**	**0.5%**	**504,224**	**238**	**503,986**

Uncommitted loan facilities: As at 31 December 2024, OakNorth had £1,251.1 million of uncommitted facilities (2023: £1,083.9 million). These facilities are unconditionally cancellable. This balance includes a facility of £14.8 million provided to the subsidiary A.S.K Partners Limited (2023: £22.1 million). OakNorth did not have any off-balance sheet exposures on financial and other guarantees (2023: Nil).

A.S.K Partners Limited loans and advances to customers: The subsidiary had outstanding loan balances of £2.8 million as of 31 December 2024 (2023: £1.2 million). These are not included in the disclosures above. There were nil ECL provisions against these as per the individual assessments applied to the loans in line with accounting policy adopted by the subsidiary. The loan book is fully secured by property collaterals.

As at 31 December 2023	On balance sheet- Loans and advances at amortised cost	Allowance for ECL	Net carrying amount	% ECL allowance of on-balance sheet exposures	Off- balance sheet – Undrawn Loan Commitments	Allowance for ECL	Net carrying amount
	£'000	£'000	£'000	%	£'000	£'000	£'000
Stage 1	3,397,765	13,260	3,384,505	0.4%	373,439	773	372,666
Stage 2	357,847	5,082	352,765	1.4%	7,139	53	7,086
Stage 3	91,089	12,219	78,870	13.4%	3,902	-	3,902
Total	**3,846,701**	**30,561**	**3,816,140**	**0.8%**	**384,480**	**826**	**383,654**

Forbearance

Forbearance involves concessions for borrowers facing financial difficulties, including payment or covenant-related adjustments that deviate from standard lending criteria. These measures are granted only when they are expected to restore repayment capacity, with the goal of returning the borrower to non-forborne status. Payment-related forbearance is provided only if the borrower can meet the revised loan terms.

As at 31 December 2024, the total loan balances before provisions in Stage 2 were at £358.7 million (2023: £357.8 million), which did not change materially from the previous year. Balances in Stage 3 were at £76.9 million (2023: 91.1 million), which reduced compared to the previous year. As at 31 December 2024, there were 16 loans that had been subject to forbearance, totalling to £193.3 million carrying value before provision (2023: 15 loans, £154.3 million). Of these, 1 loan was in Stage 1 (Intensive Monitoring) totalling to £4.7 million (2024: nil), 8 loans totalling to £117.5 million were in Stage 2 (2023: 5 loans, £94.7 million); and 7 loans totalling to £71.0 million were in Stage 3 (2023: 7 loans, £59.6 million).

Credit risk mitigation

OakNorth mitigates credit risk through eligible collateral, as outlined in the CRMF. Accepted collateral includes debentures, fixed and floating asset charges, freehold property, personal and corporate guarantees, and cash reserves. The Valuer Panel Management Policy governs the selection and oversight of external valuation firms and surveyors.

Collateral reviews are conducted at least annually, with independent valuations refreshed every three years. Exceptions or waivers require approval from the Head of Credit Risk. For exposures below £2.5 million, an internal indexation approach is applied in line with EBA Capital Requirements Regulation (CRR) rules.

Loan book collateralisation: As at 31 December 2024, 91% of the loan facilities were collateralised by security comprising fixed assets (including property) and charges/debentures on underlying portfolio of assets (primarily property) (2023: 94%). These exclude any charges on floating assets and guarantees not supported by charge on fixed assets.

Weighted average LTV of the loan book: The weighted average LTV of the loan book facilities collateralised by property was 51% (2023: 50%). The weighted average LTV of the property backed loan book facilities was 52% (2023: 52%).

LTV distribution of collateralised facilities[1, 2]	As at 31-Dec-24	As at 31-Dec-23
<25%	1%	1%
25%-40%	13%	14%
40%-50%	35%	34%
50%-60%	28%	35%
60%-70%	20%	15%
70%-80%	1%	1%
80%-90%	1%	-
>90%	1%	-
Total	**100%**	**100%**

Note:
[1] All calculations based on total facilities including committed and uncommitted
[2] Excludes loans in default

Credit risk concentration

Concentration risk within the loan book arises when multiple borrowers or exposures share similar characteristics, such that their collective ability to meet contractual obligations may be adversely affected by changes in the operating environment. To mitigate this risk, we employ a range of control measures, including the establishment and monitoring of concentration limits at the single-name level as well as across granular sectors, subsectors, and product types. We continually enhance our approach to concentration limit setting by adopting forward-looking and dynamic methodologies.

Sector categories[1, 2]	As at 31-Dec-24	As at 31-Dec-23
Real estate	51%	56%
Trading loans	49%	44%
Total	**100%**	**100%**

Note:
[1] All calculations based on total facilities including committed and uncommitted.
[2] All real estate categories were 100% collateralised. Trading loans were 81% collateralised (2023: 85%).

Geographic distribution[1]	As at 31-Dec-24	As at 31-Dec-23
London	35%	39%
South of England	13%	18%
North & Midlands	16%	19%
National multi-site	28%	20%
Total UK	**92%**	**96%**
US	**8%**	**4%**

[1] All calculations based on total facilities including committed and uncommitted.

ECL allowance assessment and impairment methodology

OakNorth assesses ECL on a forward-looking basis, covering financial assets at amortised cost and loan commitments. Lifetime ECL is applied where risk has significantly increased, with assessments conducted at the individual loan level.

During the year, internally developed Probability of Default (PD) and Loss Given Default (LGD) models were used for Stage 1 and Stage 2 loans, leveraging historical default data, borrower financials, and macroeconomic forecasts. The models convert Through-The-Cycle (TTC) PDs into Point-In-Time (PIT) PDs and incorporate sector-specific FLR inputs. Stage 1 loans use a 12-month ECL calculation, while Stage 2 loans use a lifetime ECL approach. All models and assumptions are reviewed by the Model Risk Governance Working Group (MRGWG), RAWG, and at the Board Credit Committee and the Board Audit Committee.

Macroeconomic scenarios are sourced from external forecasters and reviewed annually by RAWG and the Board Audit Committee, which approve scenario weightings. Stage 3 cases undergo specific assessments, considering multiple recovery scenarios, with RAWG reviewing and approving weightings and assumptions. Overlay provisions are recommended to address model or macroeconomic uncertainties not captured by baseline estimates.

Further details on ECL, the macroeconomic scenarios & scenario probabilities, economic outlook and uncertainties and scenario sensitivity analysis are detailed on pages 65-67 “Credit risk” of the 2024 Annual Report & Financial Statements.

Maximum exposure to credit risk (Financial instruments other than Loans and advances to customers)

We hold short duration (< 1 year maturity) UK gilts for the purposes of liquidity management and management of collaterals under the TFSME scheme. For interest rate and cross currency risk management purposes, we enter into swaps, including interest rate swaps (IRS) and cross currency interest rate swaps (CCIRS) and foreign exchange (FX) forwards. We do not actively trade in financial instruments or derivatives for trading purposes.

Cash balances are primarily held at the Bank of England. Balances held at other banks and those held in money market funds are only on a short-term basis to facilitate inter-bank transactions with customers.

Derivatives transactions are entered into for risk management. Please see pages 102-103, & 116-120 of the 2024 Annual Report & Financial Statements for accounting guidelines & disclosures in relation to derivatives. Please also see disclosure 4.3 Interest rate risk & 4.4 Liquidity & Foreign exchange (FX) risk of this document.

As at the end of 31 December 2024, OakNorth had placed £33.2m as collateral for derivatives with the derivative counterparty. There is a legally enforceable right of offset in the event of derivative counterparty default.

As at 31 December 2024	Maximum exposure	Allowance for ECL	Offset	Net carrying amount
	£'000	£'000	£'000	£'000
Cash and balances at central banks	2,689,013	-	-	2,689,013
Loans and advances to banks	80,632	-	-	80,632
Investment Securities (UK T-bills/ Gilts/US MMF)	331,238	-	-	331,238
Derivatives[1]	2,809	-	-	2,809
Collateral margin on derivatives	33,328	-	-	33,328
Cash Ratio Deposit placed with BoE	-	-	-	-
Prepayments, accrued income and other assets	18,175	(4,447)	-	13,728
Total on-balance sheet	**3,155,195**	**(4,447)**	**-**	**3,150,748**
Total off-balance sheet-financial and other guarantees	**-**	**-**	**-**	**-**

[2] Maximum exposure for Derivatives is shown as net fair value on Derivative assets as per the financial statements.

As at 31 December 2023	Maximum exposure	Allowance for ECL	Offset	Net carrying amount
	£'000	£'000	£'000	£'000
Cash and balances at central banks	1,637,314	-	-	1,637,314
Loans and advances to banks	38,474	-	-	38,474
Investment Securities (UK T-bills/ Gilts/US MMF)	237,660	-	-	237,660
Derivatives	5,765	-	-	5,765
Collateral margin on derivatives	13,747	-	-	13,747
Cash Ratio Deposit placed with BoE	13,338	-	-	13,338
Prepayments, accrued income and other assets	25,836	(929)	-	24,907
Total on-balance sheet	**1,972,134**	**(929)**	**-**	**1,971,205**
Total off-balance sheet-financial and other guarantees	**-**	**-**	**-**	**-**

OakNorth did not have any other off-balance sheet exposures (2023: Nil). Cash and balances at central banks comprise of unencumbered cash balances held with Bank of England. Loans and advances to banks are short term funds held with other banks.

4.2 Capital management

OakNorth's capital risk appetite statement and framework are designed to ensure the Bank maintains sufficient capital, with appropriate buffers, to meet regulatory requirements while supporting its growth projections, even under stressed conditions. This is achieved through an annual Internal Capital Adequacy Assessment Process (ICAAP), a formal internal capital planning exercise conducted in accordance with the PRA ICAA rules. The ICAAP includes forecasts over a three-to-five-year horizon, during which the Board assesses all material capital risks faced by OakNorth and determines the quantity, type, and distribution of capital required to mitigate these risks effectively.

As part of the ICAAP, the Bank conducts stress testing to evaluate whether additional capital may be necessary beyond the Total Capital Requirement (TCR) and regulatory buffers. Capital adequacy is continuously monitored against the projected growth of the loan book, with regular reporting of capital adequacy and surplus over capital buffers (both forecasted and actual) provided to ALCO, ELT, and ERC on a monthly basis, and to the BRCC on a quarterly basis.

The Bank uses key risk appetite metrics to monitor and measure capital risk, including minimum CET1, Tier 1, and Total Capital ratios, changes in surplus capital under stress scenarios, leverage ratio, and large exposures. These metrics are governed by risk appetite limits defined for business-as-usual conditions, early warning indicators, and internal thresholds.

OakNorth applies the Standardised Approach for calculating capital requirements under Pillar 1 credit risk and the Basic Indicator Approach for Pillar 1 operational risk requirements. The Bank's Tier 1 capital resources include ordinary share capital, Fair Value through Other Comprehensive Income (FVOCI) revaluation reserves, Employee Share Scheme valuation reserves, and retained earnings, with regulatory deductions such as intangible assets and deferred tax balances. The cash flow hedge reserve is excluded from regulatory capital. Tier 2 capital comprises subordinated debt issued by OakNorth.

Since June 2024, OakNorth has been subject to prudential regulatory requirements on a consolidated basis, including its subsidiary A.S.K Partners Limited, transitioning from solo-consolidated requirements. As of 31 December 2024, the Bank's consolidated total capital ratio was 20.5% (2023: 19.3% solo), while the CET1 ratio was 17.3% (2023: 18.6% solo), reflecting loan book growth. During 2024, the Bank paid £20 million in dividends to OakNorth Holdings Limited and raised £150 million in Tier 2 subordinated debt to optimise capital structure and fund growth.

As of 31 December 2024, the regulatory capital requirement, including buffers, was 15.3%, slightly lower than the previous year due to an increased proportion of the US loan book, which carries a nil countercyclical buffer requirement. Throughout the year, OakNorth remained compliant with all regulatory capital requirements, consistently maintaining a capital surplus, which stood at 5.2% (£288 million) of total risk-weighted assets (2023: 4% (£183 million)).

4.3 Interest rate risk

OakNorth Bank carries interest rate risk in the banking book - the risk of loss arising from changes in the interest rates associated with banking book exposures. Interest rate risk may arise in the following forms:

Gap risk, which arises from disparities in the maturity (for fixed rates) and repricing (for floating rates) of assets, liabilities, and off-balance-sheet positions. Additionally, it stems from alterations in the slope and shape of the yield curve; or

Basis risk, which arises when exposures to one interest rate are hedged using exposures to another rate that reprices under slightly different conditions. This risk arises due to discrepancies in the behaviour of different interest rates.; or

Option or prepayment risk, which arises from options where the institution or its customers have the ability to modify the level and timing of cash flows. This includes embedded options, such as customers redeeming fixed-rate products when market rates fluctuate. Optionality can be either automatic, where exercise is highly probable if it's financially advantageous, or behavioural, where the decision to exercise depends on both interest rates and client behaviour which can change with interest rate shifts.

OakNorth has in place an interest rate risk management policy which defines, measures, sets hedging policy statements, and details the governance process around management and reporting of interest rate risk in the banking book. Our interest rate strategy is to optimise earnings predictability and stability. This is achieved with day to day management of assets and liabilities, for example the deposit product mix origination and pricing, according to the prevailing commercial environment, and hedging interest rate risk positions using natural hedges or interest rate swaps for residual positions. Since 2023, we have been lending in the US, which is primarily funded with cross currency swaps, introducing cross currency basis risk – the risk is assessed as immaterial.

OakNorth's ALCO is responsible for monitoring the risk appetites and monitoring metrics on interest rate risk, including Economic Value ("EV") sensitivity to 200bps shift in the yield curve, application of the prescribed EBA shock scenarios, and Earnings at Risk ("EaR") assessment.

The EV measures presented below provide an assessment of the repricing exposure on notional positions across various assets, liabilities, and derivative positions, segmented by time buckets, under an instantaneous 200 basis point (bps) upward and downward shift in all yield curves. This analysis offers a comprehensive view of how the net present value of the Bank's notional balance sheet positions would be affected by such a shock. The assessment incorporates the impact of interest rate floors embedded in OakNorth's lending contracts, the average gap to these floors that would be realised before the floors become effective during downward rate movements, and the potential for early repayments in scenarios where the rate floors are triggered. For GBP-denominated asset and liability positions, forward rate curves based on the

Sterling Overnight Index Average (SONIA) are utilised to calculate future net interest income, while Secured Overnight Financing Rate (SOFR) forward rate curves are employed for USD-denominated asset and liability positions. Discounting of cash flows is conducted using spot curves derived from these respective benchmark rates, ensuring a precise and robust analysis of the potential impact of interest rate shifts on the Bank's balance sheet.

In 2024, the Bank has transitioned its measurement of Interest Rate Risk in the Banking Book from EVE (Economic Value of Equity) to EV (Economic Value). EV provides a full balance sheet measure of Interest Rate risk, whereas EVE excludes Equity. The measures for 2023 are restated to align with comparable reporting measures for 2024.

	As at 31 December 2024	As at 31 December 2023
	(£ million)	(£ million) Restated
EV Sensitivity to +2% shift (including rate floors)	14.2	48.8
EV Sensitivity to -2% shift (including rate floors)	12.1	(5.4)

During 2024, the IRRBB metrics have remained within OakNorth's risk appetite.

4.4 Liquidity & Foreign exchange (FX) risk

Liquidity risk is the risk that OakNorth will be unable to meet its contractual financial obligations as they fall due, and funding risk is the risk that OakNorth will be unable to fund future lending growth opportunities or will be able to do so only at significantly higher funding costs. The main liquidity risk faced by OakNorth is that of a retail deposit funding stress such that retail deposits may be withdrawn by customers at their earliest contractual maturity. As at 31 December 2024, 91% of our deposit balances continued to be protected under the Financial Services Compensation Scheme (FSCS). OakNorth does not currently have direct USD funding sources, such as USD deposits in the US and therefore, currently uses cross currency interest rate swaps ("CCIRS") to fund the US loan book from UK sterling deposits. Use of CCIRS as a single source of funding and the limited number of OakNorth derivative counterparts introduces additional potential concentration risk.

We adopt a prudent approach to liquidity management, ensuring the maintenance of sufficient high-quality liquid assets and liquidity buffers to meet both financial and regulatory commitments over an extended period. This aligns with the Board's risk appetite and the PRA's ILAA requirements, both of which are detailed in the Bank's Internal Liquidity Adequacy Assessment Process (ILAAP) document.

Key risk metrics used to monitor and measure liquidity risk include the LCR, NSFR and levels of High-Quality Liquid Assets (HQLA) under stress scenarios, among others. Risk appetite limits are established for each metric, incorporating 'business as usual' thresholds, early warning indicators, and internal limits.

Stress testing forms a critical component of OakNorth's liquidity risk management and governance framework. As part of the ILAAP process, liquidity stress testing evaluates potential outflows and the adequacy of liquidity resources under 'severe but plausible' stress scenarios, incorporating both idiosyncratic risks and macroeconomic factors. The ALCO and Board review, challenge, and approve the stress scenarios and their outcomes, ensuring OakNorth's ability to maintain sufficient liquidity under such conditions while validating the appropriateness of liquidity risk appetite limits.

OakNorth's USD-denominated balances as of 31 December 2024 primarily comprised £327.2 million in drawn loans (comprising of exposures in both US and UK), £124.0 million in money market funds, £5.2 million in cash held at other banks (2023: £145.5 million in drawn loans, £31.8 million in money market funds, and £0.8 million in cash held at other banks) and borrowings & deposits of £13.7 million (2023: £14.6 million). As of the same date, the Bank had £448.3 million (notional value) of Cross-Currency Interest Rate Swaps (CCIRS) outstanding (2023: £161.7 million) and FX forwards of £12.0 million (2023: Nil).

As of 31 December 2024, the Bank's net USD exposure, after accounting for CCIRS and FX forwards, was £2.5 million ($3.2 million). This exposure is not considered material, and therefore, the sensitivity to FX rate fluctuations remains minimal.

OakNorth held unencumbered high-quality liquid assets as of 31 December 2024, including £2,689.0 million in the Bank of England reserve account (2023: £1,637.3 million). Throughout 2024, OakNorth fully complied with all regulatory liquidity requirements, maintaining a surplus over the minimum thresholds. The Bank's average LCR during the year was 489% (2023: 365%), while the NSFR was 190% (2023: 161%).

There were no material changes to the liquidity risk management policy or strategy compared to the previous year, and all liquidity metrics remained within OakNorth's established risk appetite limits.

4.5 Conduct, compliance, and financial crime

OakNorth is firmly committed to adhering to all applicable regulatory rules, guidance, and expectations, with a particular focus on Conduct, Compliance, and Financial Crime. The Bank prioritises delivering positive customer outcomes and maintaining the integrity of the markets in which it operates, aligning its practices with these objectives. OakNorth has zero tolerance for any breach of law, regulation, code, or standard of conduct and compliance.

Reputational risk, defined as the potential for damage to the Bank's brand or market standing due to adverse or negative opinions, is also carefully managed. This includes meeting the expectations of a diverse range of stakeholders, such as customers, investors, employees, suppliers, government agencies, regulators, and group companies.

To support these efforts, the Bank has established an independent and specialised Financial Crime and Compliance function. This function provides expert advice, guidance, and assurance through a structured and risk-based Risk and Compliance Assurance Plan. In addition to monitoring, the team delivers training, supports new business initiatives, oversees policy implementation, and engages in other risk management activities to ensure full compliance with legal and regulatory requirements. Adequate controls are embedded within first-line operations to maintain a strong compliance framework.

Tailored management information on compliance-related themes is reported monthly to senior management, ensuring continuous oversight and informed decision-making. These activities are subject to governance and oversight by the ERC and the BRCC, ensuring accountability and effective risk management.

4.6 Cyber risk

At OakNorth, safeguarding information and systems against increasingly sophisticated cyber threats is a critical priority. Our comprehensive and proactive cyber risk management programme enables us to mitigate emerging risks effectively, ensuring the resilience of our operations and the protection of our customers.

We leverage advanced cloud services and cybersecurity solutions to sustain a robust and secure IT infrastructure. Our 'Defence in Depth' strategy incorporates multiple layers of protection, including firewalls, VPNs, encryption, and advanced monitoring tools. This is complemented by our in-house 24/7 Security Operations Centre (SOC), which provides continuous monitoring and response to potential threats, and regular independent penetration testing to validate the effectiveness of our security framework.

To maintain alignment with industry best practices, we adhere to the NIST Risk Management Framework (RMF) and conduct regular cybersecurity maturity assessments. These assessments are benchmarked against the Bank of England's Cyber Resilience Questionnaire (CQUEST), developed in collaboration with the PRA and the Financial Conduct Authority (FCA), as well as the NIST framework. This commitment to rigorous evaluation and continuous improvement underscores our dedication to staying ahead of evolving cyber risks.

4.7 Climate Risk

Please refer to pages 25-41 "Environment, Social and Governance Review" of the 2024 Annual Report & Financial Statements.

Climate risk represents the potential impact of climate change on our business and operating model, either through financial or strategic risks arising from the transition to a low-carbon economy or directly through exposure to the physical effects of climate change. It also includes risks associated with not capitalising on emerging market opportunities related to climate change.

Our climate strategy is governed by a structured framework ensuring accountability at all levels, led primarily by the Bank's Board and the ELT. Lord Adair Turner (Chair of the Energy Transitions Commission and former Chair of the UK Financial Services Authority) chairs the Bank's Board, overseeing ESG strategy and climate risk management, while the Board Risk and Compliance Committee (BRCC) monitors the Bank's climate risk appetite. The ELT ensures strategy implementation across operations and decision-making.

OakNorth aims to achieve net zero across all operations and financed activities by 2035, covering Scope 1, 2, and 3 emissions. Its strategy focuses on reducing emissions intensity—measuring emissions per million pounds of lending—before relying on carbon removal credits. To support this goal, interim targets have been set, including maintaining carbon neutrality for Scope 1 and 2 emissions, achieving a net zero supply chain by 2028, and cutting financed emissions by 60% by 2030 (from a 2022 baseline).

We integrate climate risk management into our overall risk framework, ensuring both transition and physical risks are systematically assessed. Climate risk is embedded in credit assessments, lending policies, stress testing on our loan book, and supplier management, with no direct lending to fossil fuel industries. The Bank follows a three-tiered line of defence governance model, with business lines embedding climate risk, independent monitoring by risk functions, and internal audit oversight. Stress testing insights also inform lending policies, EPC-based property financing requirements, and borrower engagement strategies to further mitigate risk.

OakNorth utlises the ON Climate Framework, part of its Credit Intelligence platform (ONCI), that provides granular, sector-specific analysis of climate risks, integrating transition risks (policy changes, carbon pricing) and physical risks (floods, storms, extreme heat). It aligns with industry standards like the Network for Greening the Financial System (NGFS) and Partnership for Carbon Accounting Financials (PCAF) to ensure global best practices.

The ON Climate Framework has three key components:

C&I Transition Risk – Assesses climate policy impacts on industrial sectors, forecasting borrower-specific risk scores.

CRE Transition Risk – Evaluates the financial impact of net zero policies on property values, energy efficiency, and capital costs.

Physical Risk Assessment – Uses geospatial data to measure climate risk exposure at the borrower and asset level.

Summary of impacts in the CBES scenarios

OakNorth conducts scenario-based stress testing using the Bank of England's Climate Biennial Exploratory Scenarios (CBES), assessing financial impacts under Early Action, Late Action, and No Additional Action pathways.

Analysis of both transition and physical risks in the Bank's loan book indicates that while some borrowers may face increased risk, overall loan book resilience is strong, with no material financial losses expected through 2050. The impacts are well within the existing collateral and financial coverage in nearly all cases and for physical risks, we require borrowers to maintain adequate insurance coverage where relevant.

Transition risk scenario	Climate risk impact	Physical risk scenario	Climate risk impact
Early action from 2021 (1.8°C rise in temperature by 2050)	No material expected losses; No loan with LTV > 100%	**Flood Risk** SSP5-8.5[1] (4.4°C rise in temperature by 2050)	No material expected losses; No loan with LTV > 100%
Late action from 2031 (1.8°C rise in temperature by 2050)	No material expected losses; No loan with LTV > 100%	**Storm Risk** SSP5-8.5[1] (4.4°C rise in temperature by 2050)	No material expected losses; No loan with LTV > 100%
No additional action (3.3°C rise in temperature by 2050)	No material expected losses; No loan with LTV > 100%		

[1] SSP5-8.5 is a high-emission, worst-case climate scenario driven by fossil fuel reliance and rapid economic growth, projecting severe global warming by 2100.

5. Disclosure tables

5.1 UK KM1 – Key metrics

The table below provides a summary of the main prudential regulation ratios and measures

Template UK KM1 - Key metrics template	2024 (£'000)	2023 (£'000)
Available own funds		
1 Common Equity Tier 1 (CET1) capital	952,901	853,523
2 Tier 1 capital	952,901	853,523
3 Total capital	1,132,901	883,523
Risk-weighted exposure amounts		
4 Total risk-weighted exposure amount	5,517,819	4,577,382
Capital ratios (as a percentage of risk-weighted exposure amount) (%)		
5 Common Equity Tier 1 ratio (%)	17.3%	18.6%
6 Tier 1 ratio (%)	17.3%	18.6%
7 Total capital ratio (%)	20.5%	19.3%
Additional own funds requirements based on Supervisory Review and Evaluation Process (SREP) (as a percentage of risk-weighted exposure amount) (%)		
UK 7a Additional CET1 SREP requirements (%)	6.1%	6.1%
UK 7b Additional T1 SREP requirements (%)	2.1%	2.1%
UK 7c Additional T2 SREP requirements (%)	2.7%	2.7%
UK 7d Total SREP own funds requirements (%)	10.9%	10.9%

Template UK KM1 - Key metrics template	2024 (£'000)	2023 (£'000)
Combined buffer requirement (as a percentage of risk-weighted exposure amount) (%)		
8 Capital conservation buffer (%)	2.5%	2.5%
9 Institution specific countercyclical capital buffer (%)	1.8%	1.9%
11 Combined buffer requirement (%)	4.3%	4.4%
UK 11a Overall capital requirements (%)	15.2%	15.3%
12 CET1 available after meeting the total SREP own funds requirements (%) (excluding buffers)	9.1%	10.4%
Leverage ratio		
13 Leverage ratio total exposure measure excluding claims on central banks	5,262,074	4,463,419
14 Leverage ratio excluding claims on central banks	18.1%	19.1%
13a Leverage ratio total exposure measure including claims on central banks	7,951,087	6,100,733
14a Leverage ratio including claims on central banks	12.0%	14.0%
Liquidity Coverage Ratio (LCR)[1]		
15 Total high-quality liquid assets (HQLA) (Weighted value -average)	1,876,341	1,189,319
UK 16a Cash outflows - Total weighted value	546,183	458,967
UK 16b Cash inflows - Total weighted value	162,128	133,361
16 Total net cash outflows (adjusted value)	384,055	325,606
17 Liquidity coverage ratio (%)	489%	365%
Net Stable Funding Ratio (NSFR)[2]		
18 Total available stable funding	6,303,663	4,831,446
19 Total required stable funding	3,324,269	2,993,447
20 NSFR ratio (%)	190%	161%

[1] All values stated in relation to LCR disclosures are based on quarterly averages of preceding 12-month average at each quarter-end reporting period based on UK LIQ1 template disclosure requirements. The specific ratios for each reporting quarter were: Q1'24: 462%, Q2'24: 467%, Q3'24: 492% & Q4'24: 526%.

[2] All values stated in relation to NSFR disclosures are based on average of data for each quarter-end reporting period. The specific ratios at the end of each reporting quarter were: Q1'24: 176%, Q2'24: 193%, Q3'24: 194% & Q4'24: 195%.

5.2 UK OV1 – Overview of Risk weighted exposure amounts

The table below shows RWAs and minimum capital requirements. Total own funds requirements are calculated as 8% of RWAs.

	Risk weighted exposure amounts (RWEAs)		Total own funds requirements	
	2024	2023	2024	2023
	(£'000)	(£'000)	(£'000)	(£'000)
Credit risk (excluding CCR & CVA)	**5,057,693**	**4,230,433**	**404,615**	**338,435**
- Of which the standardised approach	5,057,693	4,230,433	404,615	338,435
Counterparty credit risk (CCR)	**31,736**	**13,633**	**2,540**	**1,091**
- Of which the standardised approach	22,036	6,600	1,764	528

	Risk weighted exposure amounts (RWEAs)		Total own funds requirements	
	2024	2023	2024	2023
	(£'000)	(£'000)	(£'000)	(£'000)
- Of which credit valuation adjustment (CVA)	9,700	7,032	776	563
Operational risk	**428,390**	**333,317**	**34,271**	**26,665**
- Of which basic indicator approach	428,390	333,317	34,271	26,665
Total	**5,517,819**	**4,577,382**	**441,426**	**366,191**

5.3 Overview of capital surplus over Pillar 1 requirements

The below surplus is stated over the Pillar 1 capital requirements which are computed as 8% of the risk weighted assets.

	2024	2023
	(£'000)	(£'000)
Capital resources requirement under Pillar 1	441,426	366,191
Total capital resources	1,132,901	883,523
Capital resources surplus over Pillar 1 requirement	**691,475**	**517,332**

5.4 Capital resources

The following table shows the composition of OakNorth's regulatory capital position. This does not include any non-controlling (minority) interests.

	2024	2023
	(£'000)	(£'000)
Share capital	389,320	389,320
Retained earnings/ (losses)	625,420	484,309
Dividend approved post balance sheet date not paid[1]	(40,000)	-
Capital contribution	176	149
Cash flow Hedge reserve	(2,785)	2,261
OCI relating to financial assets at FVOCI	8	57
Deductions for Intangible assets	(8,967)	(5,639)
Deductions for Deferred tax assets	(1,409)	(367)
Deductions for Investment in subsidiary	-	(14,250)
Goodwill	(11,647)	-
Deduction/reversal of Cash flow Hedge reserve	2,785	(2,261)
Cost of Hedging Reserve	-	(56)
Total CET1 capital	**952,901**	**853,523**

	2024	2023
	(£'000)	(£'000)
Total Tier 1 capital	**952,901**	**853,523**
Subordinated debt	180,000	30,000
Total Tier 2 capital	**180,000**	**30,000**
Total regulatory capital	**1,132,901**	**883,523**

[1] See note 40 on post balance sheet events in the 2024 Annual Report & Financial Statements.

5.5 Movement in regulatory capital resources

	2024	2023
	(£'000)	(£'000)
Total CET 1 capital at beginning of year	**853,523**	**719,977**
Profits for the year (Bank)	156,306	134,235
Retained earnings of consolidated financial subsidiary	4,805	-
Dividend paid	(20,000)	-
Dividend approved post balance sheet date not paid	(40,000)	-
Net change in capital contribution and other reserves	(5,012)	2,275
Net change in investment in financial subsidiaries	14,250	-
Net change in Goodwill	(11,647)	-
Net change in deductions for deferred tax assets	(1,042)	645
Net change in deductions for intangibles	(3,328)	(1,349)
Net change in deduction for Cash flow Hedge reserve	5,046	(2,260)
Total CET 1 capital at end of year	**952,901**	**853,523**
Total Tier 1 capital at end of year	**952,901**	**853,523**
Total Tier 2 capital at beginning of the year	**30,000**	**50,000**
Call-back of Tier 2 subordinated debt	-	(50,000)
Issuance of Tier 2 Subordinated debt	150,000	30,000
Total Tier 2 capital at end of the year	**180,000**	**30,000**
Total regulatory capital at end of the year	**1,132,901**	**883,523**

5.6 Reconciliation of regulatory capital to statutory equity

	Ref	2024 (£'000)	2023 (£'000)
Equity per financial statements		**1,019,581**	**876,039**
Of which called-up share capital	a	389,320	389,320
Of which retained earnings	b	625,420	484,309
Of which other items & reserves	c	(2,601)	2,410
Of which non-controlling interests	d	7,442	-
Deductions for Intangible assets	e	(8,967)	(5,639)
Deductions for Deferred tax assets	f	(1,409)	(367)
Deduction for Investment in subsidiary	g	-	(14,250)
Deduction for Goodwill	h	(11,647)	-
Deduction minority interest	I	(7,442)	-
Deduction/ reversal of Cash flow Hedge reserve	j	2,785	(2,260)
Deduction for Dividend approved post balance sheet date not paid	k[1]	(40,000)	-
Total CET 1 capital at end of year		**952,901**	**853,523**
Total Tier 1 capital at end of year		**952,901**	**853,523**
Tier 2 Subordinated debt	L[2]	180,000	30,000
Total regulatory capital at end of the year		**1,132,901**	**883,523**

[1] See note 40 on post balance sheet events in the 2024 Annual Report & Financial Statements.
[2] See note 29 on Tier 2 subordinated debt in the 2024 Annual Report & Financial Statements.

5.7 Tier 2 subordinated debt

In December 2023, the Bank issued 10-year £30.0 million subordinated notes with coupon of 12.987%. The notes are callable at the option of OakNorth in March 2029 and mature in March 2034. Subsequently, in October 2024, the Bank issued another 10-year £150.0 million subordinated notes with coupon of 10%. The notes are callable at the option of OakNorth in January 2030 and mature in January 2035. Both the notes are held at amortised cost. The instruments are non-convertible and there are no contractual write-down features. Write-down can only be triggered at point of non-viability under the Banking Act.

There were no payment defaults or other breaches with respect to its subordinated liabilities during the year ended 31 December 2024 (2023: Nil).

As part of the fair value hedge accounting, the Bank has adjusted the carrying amount of the Tier 2 subordinated debt by £2.2 million as of December 31, 2024 (2023: Nil), to reflect changes in interest rates. This adjustment is recognised in the statement of profit & loss.

	2024 (£'000)	2023 (£'000)
Tier 2 subordinated debt	**180,949**	**30,141**
Amounts due:		
- over five years	180,949	30,141

5.8 Total capital ratio

	2024 (£'000)	2023 (£'000)
Risk weighted assets		
Credit risk (including CCR and CVA)	5,089,429	4,244,066
Market risk	-	-
Operational risk	428,390	333,317
Total risk weighted assets	**5,517,819**	**4,577,382**
Capital ratios		
Common Equity Tier 1 capital ratio	17.3%	18.6%
Tier 1 capital ratio	17.3%	18.6%
Total capital ratio	20.5%	19.3%

5.9 Total capital requirement (TCR) as set by the PRA (Pillar 1 + Pillar 2A)

The total capital requirement (TCR) as set by the PRA, which is defined as the amount and quality of capital a firm is required to maintain to comply with the Pillar 1 and Pillar 2A capital requirements, was 10.91% for OakNorth Bank as of 31 December 2024 (2023: 10.91%).

5.10 Capital buffers (Pillar 2B)

The Countercyclical Capital Buffer (CCyB) rate was 2% for UK exposures and 0% for non UK exposures as of 31 December 2024. The weighted CCyB was 1.83% as at 31 December 2024 (2023: 1.91%). The capital conservation buffer was 2.5% (2023: 2.5%).

CCyB applies to only relevant exposures which excludes exposures to central governments and central banks and institutions, as summarised below. These exclude CVA of £9.7m as at 31 December 2024 (2023: £7.0m).

2024	General credit exposures	Total exposure value (£'000)	Own fund requirements		Risk-weighted exposure amounts (£'000)	Own fund requirements weights (%)	CCyB (%)
	Exposure value under the standardised approach (£'000)		Relevant credit risk exposures - Credit risk (£'000)	Total (£'000)			
Breakdown by country:							
United Kingdom	4,257,837	4,257,837	367,917	367,917	4,598,955	91.5%	2%
Rest of World	464,692	464,692	34,346	34,346	429,331	8.5%	0%
United states	459,152	459,152	33,903	33,903	423,791	8.4%	0%
Jersey	5,540	5,540	443	443	5,540	0.1%	0%
Total	**4,722,529**	**4,722,529**	**402,263**	**402,263**	**5,028,286**	**100.0%**	**1.83%**

2023	General credit exposures	Total exposure value (£'000)	Own fund requirements		Risk-weighted exposure amounts (£'000)	Own fund requirements weights (%)	CCyB (%)
	Exposure value under the standardised approach (£'000)		Relevant credit risk exposures - Credit risk (£'000)	Total (£'000)			
Breakdown by country:							
United Kingdom	3,812,694	3,812,694	322,751	322,751	4,027,360[1]	95.5%	2%
Rest of World	164,041	164,041	15,284	15,284	191,055	4.5%	0%
United states	158,288	158,288	14,824	14,824	185,302	4.4%	0%
Jersey	5,753	5,753	460	460	5,753	0.1%	0%
Total	**3,976,735**	**3,976,735**	**338,036**	**338,036**	**4,218,415**	**100.0%**	**1.91%**

[1] Restated values. No changes to CCyB %.

5.11 Leverage ratio

The UK leverage ratio regime requires a minimum leverage ratio of 3.25%. Under the regime, the calculation also excludes assets constituting claims on central banks from the calculation of the total exposure measure. At present, OakNorth Bank has no minimum leverage requirement as it is currently not within the scope of the UK Leverage Ratio Framework as its deposit levels are less than £50 billion.

Summarised leverage ratio disclosures are below. These exclude CVA of £9.7m as at 31 December 2024 (2023: £7.0m).

	2024 (£'000)	2023 (£'000)
Total on-balance sheet exposures (excluding derivatives and SFTs)[1]	7,522,700	5,767,865
Total derivatives exposures[2]	51,289	33,001
Off-balance sheet exposures[3]	377,098	299,867
Total exposure measure including claims on central banks	**7,951,087**	**6,100,733**
Total exposure measure excluding claims on central banks[4]	**5,262,074**	**4,463,419**
Tier 1 capital	**952,901**	**853,523**
Leverage ratios		
Leverage ratio excluding claims on central banks (%)	**18.1%**	**19.1%**
Leverage ratio including claims on central banks (%)	**12.0%**	**14.0%**

[1] Computed as on-balance sheet items £7,574 million (2023: £5,794 million), less deductions of receivables assets for cash variation margin provided in derivatives transactions £29.7 million (2023: £5.9 million), less asset amounts deducted in determining Tier 1 capital (includes intangibles, deferred tax assets and goodwill) £22.0 million (2023: £20.3 million).

[2] Computed as replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin) £35.6 million (2023: £26.9 million), plus, Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions £15.7 million (2023: £6.1 million).

[3] As of 31 December 2024, OakNorth had £504.2 million in undrawn loan commitments outstanding (2023: £384.5 million), along with £1,251.1 million in uncommitted facilities (2023: £1,083.9 million). This includes £14.8 million (2023: £22.1 million) in uncommitted facilities provided to A.S.K Partners Limited. In line with regulatory guidelines, a 50% conversion factor is applied to committed facilities and 10% to uncommitted facilities for the purposes of leverage exposure calculations.

[4] Central bank claims are £2,689 million (2023: £1,637 million).

5.12 Exposures subject to the Standardised Approach (excluding CVA)

Exposures subject to the Standardised Approach	Credit risk exposure[1]	RWA[2,3]	Minimum capital requirement @8%[3]
2024	**(£'000)**	**(£'000)**	**(£'000)**
Central government and central banks	2,896,244	-	-
Institutions (subject to short term credit assessment)	135,302	51,442	4,115
Corporates	2,674,275	2,002,967	160,237
Secured by mortgages on immovable property	1,803,522	1,271,918	101,753
Exposures at default	18,023	25,565	2,045
Items belonging to regulatory high-risk categories	1,652,114	1,679,556	134,364
Other items	21,111	21,111	1,688
Claims in the form of CIU	124,007	27,169	2,174
Total	**9,324,598**	**5,079,728**	**406,376**

[1] The gross exposures include all drawn and undrawn and committed and uncommitted facilities. These are stated prior to application of any credit conversion factors or credit risk mitigants. As of 31 December 2024, OakNorth had £504.2 million in undrawn loan commitments outstanding (2023: £384.5 million), along with £1,251.1 million in uncommitted facilities (2023: £1,083.9 million). This includes £14.8 million (2023: £22.1 million) in uncommitted facilities provided to A.S.K Partners Limited. In line with regulatory guidelines, a 50% conversion factor is applied to committed facilities and 0% to uncommitted facilities for the purposes of RWA calculations.

[2] The RWA includes application of SME support factor where applicable. In relation to exposure to institutions, where available, we use publicly available credit ratings from relevant External Credit Assessment Institutions ('ECAIs'), which are mapped to credit quality steps (CQS) as per CRR rules, in order to assess the risk weight for standardised credit risk. Where there are two ratings available, we consider the worst rating or if there are three, two common ratings are considered to determine the CQS.

[3] RWA excludes CVA of £9.7 million and associated capital requirement of £0.8 million.

Exposures subject to the Standardised Approach	Credit risk exposure	Avg Credit risk exposure	RWA	Minimum capital requirement @8%
2023	**(£'000)**	**(£'000)**	**(£'000)**	**(£'000)**
Central government and central banks	1,843,186	1,469,545	-	-
Institutions (subject to short term credit assessment)	68,686	103,429	18,618	1,489
Corporates	2,109,342	1,664,173	1,511,023	120,882
Secured by mortgages on immovable property	1,763,738	1,614,609	1,247,740	99,819
Exposures at default	9,282	47,933	13,922	1,114
Items belonging to regulatory high-risk categories	1,401,306	1,745,135	1,412,463	112,997
Other items	33,267	33,059	33,267	2,660
Claims in the form of CIU	31,788	38,137	-	-
Total	**7,260,594**	**6,716,018**	**4,237,033**	**338,961**

5.13 Maturity bucketing of exposures

Exposures subject to the Standardised Approach[1]	Within 1 year	After 1 year but within 5 years	More than 5 years	Undated/ open maturity	Total
2024		(£'000)	(£'000)	(£'000)	(£'000)
central government and central Bank	2,896,244	-	-	-	2,896,244
Institutions[2]	-	-	-	135,302	135,302
Lending	1,626,347	4,245,824	275,763	-	6,147,934
Other items	-	-	-	21,111	21,111
Claims in the form of CIU	124,007	-	-	-	124,007
Total	**4,646,598**	**4,245,824**	**275,763**	**156,413**	**9,324,598**

[1] Includes undrawn exposures pre application of conversion factors.

[2] Subject to short term credit assessment.

Exposures subject to the Standardised Approach	Within 1 year	After 1 year but within 5 years	More than 5 years	Undated/ open maturity	Total
2023		(£'000)	(£'000)	(£'000)	(£'000)
central government and central Bank	1,843,186	-	-	-	1,843,186
Institutions		-	-	68,686	68,686
Lending	1,635,400	3,552,042	96,226	-	5,283,668
Other items	-	-	-	33,267	33,267
Claims in the form of CIU	31,788	-	-	-	31,788
Total	**3,510,374**	**3,552,042**	**96,226**	**101,952**	**7,260,594**

5.14 Geographical distribution

Please see disclosures 5.10 Capital buffers (Pillar 2B) and 4.1 Credit risk concentration.

5.15 Operational risk capital charge computation

	Relevant indicator			Own funds requirements	Risk weighted exposure amount
	Year-3	Year-2	Year-1		
2024	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Banking activities subject to basic indicator approach (BIA)	176,190	219,049	290,185	34,271	428,390

	Relevant indicator			Own funds requirements	Risk weighted exposure amount
	Year-3	Year-2	Year-1		
2023	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Banking activities subject to basic indicator approach (BIA)	140,116	176,190	217,000	26,665	333,317

Operational Risk Risk-Weighted Assets (RWA) are calculated using the Basic Indicator Approach (BIA) under the standardised methodology. This approach determines the capital charge for operational risk by applying a fixed 15% coefficient to the average gross income over the past three years. The resulting capital charge is then multiplied by 12.5, the reciprocal of the 8% minimum capital requirement, to convert it into its RWA equivalent.

5.16 Asset encumbrance

As at 31 December 2024, OakNorth had borrowed £200.0 million (2023: £200.0 million) under the Bank of England's (BoE) Term Funding scheme for SME (TFSME). The scheme closed for new drawdowns in October 2021. The interest payable on the borrowings is linked to the BoE base rate, which was 475 bps as at 31 December 2024 (2023: 525 bps). The borrowing is repayable in October 2025. The borrowing is collateralised against Gilts & Treasury Bills portfolio of £207.2 million (2023: £205.9 million). The borrowing is held at amortised cost.

There were no payment defaults or other breaches with respect to its borrowings under BoE term funding scheme during the year ended 31 December 2024 (2023: Nil).

	2024 (£'000)	2023 (£'000)
Borrowings under the BoE Term Funding Scheme	202,445	202,647
Amounts due:		
- over one year but less than five years	**202,445**	**202,647**

5.17 Capital Instruments main features template

	CET1	Tier 2	Tier 2
Issuer	OakNorth Bank Plc	OakNorth Bank Plc	OakNorth Bank Plc
Unique identifier	n/a	XS2735501947	XS2910525927
Public or private placement	Private	Private	Public
Governing law(s) of the instrument	English	English	English
Contractual recognition of write down and conversion powers of resolution authorities	n/a	Yes[1]	Yes[1]
Regulatory treatment			
Transitional CRR rules	Common Equity Tier 1	Tier 2	Tier 2
Post-transitional CRR rules	Common Equity Tier 1	Tier 2	Tier 2
Eligible at solo/(sub-) consolidated/ solo&(sub-) consolidated	Solo	Solo	Solo
Instrument type (types to be specified by each jurisdiction)	Ordinary share capital	Dated Subordinated debt	Dated Subordinated debt
Amount recognised in regulatory capital (currency in '000, as of most recent reporting date)	£389,320	£30,000	£150,000
Nominal amount of instrument ('000)	£389,320	£30,000	£150,000
Issue price	N/A	100% of nominal amount	100% of nominal amount
Redemption price	N/A	Principal plus accrued and unpaid interest	Principal plus accrued and unpaid interest
Accounting classification	Shareholders' equity	Liability – amortised cost	Liability – amortised cost

	CET1	Tier 2	Tier 2
Original date of issuance	First issuance - June 2013 (incorporation). Subsequent issuances in 2014, 2015, 2016, 2017 and 2018. Filings for all issuances available under "Statement of capital following an allotment of shares" available on UK Companies House https://beta.companieshouse.gov.uk/company/08595042/filing-history	19-Dec-23	09-Oct-24
Perpetual or dated	Perpetual	Dated	Dated
Original maturity date	No maturity	19-Mar-34	09-Jan-35
Issuer call subject to prior supervisory approval	No	Yes	Yes
Optional call date, contingent call dates and redemption amount	N/A	Optional call: Any time in the three months prior to and including 19 March 2029 (the “Reset Date”) at 100.00% plus accrued but unpaid interest to (but excluding) the date fixed for redemption; Tax redemption OR Regulatory event redemption at 100.00% plus accrued but unpaid interest to (but excluding) the date fixed for redemption	Optional call: Any time in the three months prior to and including 9 January 2030 (the “Reset Date”) at 100.00% plus accrued but unpaid interest to (but excluding) the date fixed for redemption; Tax redemption OR Regulatory event redemption at 100.00% plus accrued but unpaid interest to (but excluding) the date fixed for redemption
Subsequent call dates, if applicable	N/A	None	None
Coupons / dividends			
Fixed or floating dividend/coupon	Discretionary dividend	Fixed	Fixed
Coupon rate and any related index	N/A	12.987% fixed rate up to (but excluding) the optional call date payable semi-annually in arrears. Reset on the optional call date to the sum of the GBP 5 year GILT benchmark swap rate plus the reset margin payable semi-annually in arrears	10% fixed rate up to (but excluding) the optional call date payable semi-annually in arrears. Reset on the optional call date to the sum of the GBP 5 year GILT benchmark swap rate plus the reset margin payable semi-annually in arrears
Existence of a dividend stopper	N/A	No	No
Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Mandatory	Mandatory
Existence of step up or other incentive to redeem	N/A	No	No
Noncumulative or cumulative	N/A	Cumulative	Cumulative
Convertible or non-convertible	N/A	Convertible See below	Convertible See below
If convertible, conversion trigger(s)	N/A	May be subject to write-down or conversion via the exercise of UK Statutory Loss Absorption Powers by the Relevant Resolution Authority (currently the Bank of England) under the Banking Act 2009, at the point of non-viability.	May be subject to write-down or conversion via the exercise of UK Statutory Loss Absorption Powers by the Relevant Resolution Authority (currently the Bank of England) under the Banking Act 2009, at the point of non-viability.
If convertible, fully or partially	N/A	N/A	N/A

	CET1	Tier 2	Tier 2
If convertible, conversion rate	N/A	N/A	N/A
If convertible, mandatory or optional conversion	N/A	N/A	N/A
If convertible, specify instrument type convertible into	N/A	N/A	N/A
If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
Write-down features	N/A	See below	See below
If write-down, write-down trigger(s)	N/A	Subject to write-down or conversion via the exercise of UK Statutory Loss Absorption Powers by the Relevant Resolution Authority (currently the Bank of England) under the Banking Act 2009, at the point of non-viability.	Subject to write-down or conversion via the exercise of UK Statutory Loss Absorption Powers by the Relevant Resolution Authority (currently the Bank of England) under the Banking Act 2009, at the point of non-viability.
If write-down, full or partial	N/A	N/A	N/A
If write-down, permanent or temporary	N/A	N/A	N/A
If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
Type of subordination (only for eligible liabilities)		Contractual	Contractual
Ranking of the instrument in normal insolvency proceedings		Subordinated to senior creditors, parri-passu with other Tier 2 instruments, and above all Tier 1 capital instruments (incl. AT1 bonds and shareholders)	Subordinated to senior creditors, parri-passu with other Tier 2 instruments, and above all Tier 1 capital instruments (incl. AT1 bonds and shareholders)
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 2	Senior Creditors	Senior Creditors
Non-compliant transitioned features	No	No	No
If yes, specify non-compliant features	N/A	N/A	N/A
Link to the full term and conditions of the instrument (signposting)	N/A	N/A	https://oaknorth.co.uk/wp-content/uploads/2024/10/Information-Memorandum-7-October-2024.pdf

[1] OakNorth's outstanding Tier 2 are automatically subject to the statutory point of non-viability powers and statutory bail-in powers of the Bank of England (the UK resolution authority). Contractual acknowledgment of the Bank of England's write-down and conversion powers is needed when the terms of the securities are governed by a third country law, however similar text as included in the prospectus is a prescriptive requirement under the UK CRR for MREL and so is customarily included in English law Tier 2 instruments.

5.18 UK CC1 – Composition of regulatory own funds

	Reference disclosure 5.6[1]	2024 (£'000)	2023 (£'000)
Capital instruments and the related share premium accounts	a	389,320	389,320
of which: Ordinary shares	a	389,320	389,320
Retained earnings[2]	b + k	585,420	484,309

	Reference disclosure 5.6[1]	2024 (£'000)	2023 (£'000)
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	c	(2,601)	2,411
Common Equity Tier 1 (CET1) capital before regulatory adjustments		**972,139**	**876,040**
Intangible assets (net of related tax liability)	e	(8,967)	(5,639)
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) are met)	f	(1,409)	(367)
Adjustment for cash flow hedge reserves	j	2,785	(2,260)
Regulatory adjustments applied to common equity Tier 1 in respect of amounts subject to pre-CRR treatment	h	(11,647)	(14,250)
Total regulatory adjustments to common equity Tier 1 capital		**(19,238)**	**(22,516)**
Common equity Tier 1 capital		**952,901**	**853,523**
Tier 1 capital		**952,901**	**853,523**
Tier 2 capital: Instruments and Provisions			
Tier 2 capital instruments	l	180,000	30,000
Tier 2 capital		**180,000**	**30,000**
Total capital		**1,132,901**	**883,523**
Total risk exposure amount (risk weighted assets)		**5,517,819**	**4,577,382**
Capital ratios and buffers			
Common equity Tier 1 (as a percentage of risk exposure amount)		17.3%	18.6%
Tier 1 (as a percentage of risk exposure amount)		17.3%	18.6%
Total capital (as a percentage of risk exposure amount)		20.5%	19.3%
Institution specific buffer requirement (common equity Tier 1 capital requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)		4.3%	4.4%
of which: capital conservation buffer requirement		2.5%	2.5%
of which: countercyclical buffer requirement		1.8%	1.9%
of which: systemic risk buffer requirement		N/A	N/A
of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer		N/A	N/A
Common equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)[3]		9.1%	10.4%
Amounts below the thresholds for deduction (before risk weighting)		-	-
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)		N/A	N/A

[1] The references identify balance sheet components in disclosure 5.6 – Reconciliation of regulatory capital to statutory equity.

[2] Net of £40 million dividend approved post balance sheet date not paid for 2024.

[3] Computed as T1 capital less SREP CET1 & T1 requirements as per table UK KM1, available to meet the institution specific buffer requirements. This is restated for 2023, previously presented as total T1 held towards Pillar 1, 2A & 2B requirements.

REMUNERATION DISCLOSURES

6 Remuneration disclosures

This section describes the remuneration policy and governance of OakNorth Bank and discloses details of the remuneration of the Bank's 37 "Identified Staff" for the year ending 31 December 2024.

These disclosures are made in accordance with Article 450 of the Capital Requirements Regulation (CRR) and should be read in conjunction with the 2024 Annual Report and Financial statements.

6.1 Approach to remuneration

The approach taken by OakNorth Bank in respect of remuneration emanates from a combination of regulatory guidance, in particular the dual-regulated firm's Remuneration Code [2], as appropriate for Level 3 firms, the rules on remuneration published by the PRA and the FCA [3], and our own best judgement regarding the design of attractive awards and incentive packages which are effective in not only recruiting and retaining staff, but also in meeting the judicious risk appetite and long term interests of the Bank. Fundamentally, our approach to remuneration is based on promoting and rewarding the right behaviours which ensure that the interests of our customers and long-term value creation are at the heart of our thinking and at the forefront of everything we do.

Our Board Remuneration Committee (REMCO) further serves to assure, through its oversight function, the alignment of remuneration with both the strategic aims of OakNorth Bank and regulatory compliance requirements.

Additionally, due to the size and maturity of our business, OakNorth Bank applies the proportionality principle (SYSC 19D.3.3R(2)) to ensure the practices and processes we promote are appropriate to our size, internal organisation and the nature, the scope and the complexity of our activities.

In practically applying PRA and FCA guidance, OakNorth Bank classifies its employees as either Code or Non-Code Staff. Code staff are comprised of Senior Managers (covered by the Senior Managers Regime), Risk Managers excluding those covered by the Senior Managers Regime, and all other Material Risk Takers (MRTs). During 2024, OakNorth employed 37 Identified Staff (3 Executive Directors, 6 Non-Executive Directors, and 28 Senior Managers and additional MRTs). For completeness, 1 MRT left the organization in 2023, and 4 MRTs joined in 2024, making the number of Senior Managers and additional MRT as of 31 December 2024, 28 in total. Additionally, 1 Non-Executive Director left and 2 new Non-Executive Directors were appointed during 2024, making the number of Non-Executive Directors as of 31 December 2024, 6 in total.

OakNorth Bank aims to continuously refine its remuneration approach through regular policy and practice reviews, conducted at least annually. We use both external benchmarks issued by various professional bodies as well as internal reviews by our first line owners, second line oversight, third line oversight and, as relevant, the Remuneration Committee.

6.2 Board Remuneration Committee (REMCO)

The Board Remuneration Committee is responsible for ensuring that remuneration arrangements support the strategic aims of OakNorth Bank, drive the right behaviours from staff, comply with best practices, and with the requirements of regulation. All remuneration is set in line with the Remuneration Code (SYSC 19D, as relevant to proportionality level 3 firms). The Committee has delegated authority from the Board for the review and approval of the Remuneration Policy, setting remuneration and remuneration structure for all Executive Directors, Non-Executive Directors including the Chairman and other key individuals such as Senior Managers and employees captured under the scope of the Certification Regime. The independent Non-Executive Directors are entitled to yearly fees for attending Board or Committee meetings at the rate that may be agreed upon between the Shareholders and the Board of Directors from time to time. Changes in Board compensation, if any, arise out of the recommendation of the Board Remuneration Committee with necessary approvals by the Board, Shareholders and PRA and FCA as appropriate.

The Committee's membership is formed by the Senior Independent Director (Chair of the Remuneration Committee), 1 Independent Non-Executive Directors (INED) and 1 Notified Non-Executive Director. All other Non-Executive Directors as well as the Chief Executive Officer (CEO), Senior Managing Director (SMD) and Chief People Officer are standing invitees at each meeting but are not voting members. The People Operations Director acts as Secretary to the Committee. The Committee held five meetings during 2024, as called by the Committee Chairman. At least once per annum the Chief Risk Officer (CRO) and Chief Financial Officer (CFO) advise the Committee on specific risk adjustments to be applied to performance objectives of the Executive Directors and any Code Staff, set in the context of incentive packages.

The Board Remuneration Committee has access to sufficient resources in order to carry out its duties and is able to use any forms of resources the committee deems appropriate, including external advice. A Remuneration and Performance Management audit was completed in 2024 and focused on the governance and underlying processes in place to ensure the Bank complies with the requirements of the remuneration code and various linked requirements in the Corporate Governance Code. The approach included the review of the remuneration policy, committee packs and minutes and any actions to further strengthen our remuneration practices have since been completed. The Committee will continue to receive appropriate funding as and when required and shall oversee any investigation of activities

[2] https: /fshandbook. info/FS/html/handbook/SYSC/19D
[3] http: /www.bankofengland.co.uk/pra/Pages/publications/ ps/2015/ps1215.aspx

which are within its terms of reference and address any other matters referred to it by the Board.

During 2024 the Board Remuneration Committee and Nomination Committee were split into 2 separate committees.

6.3 Board Diversity

Board diversity is essential for effective governance, strategic decision-making, and long-term business success. A diverse board brings a broader range of perspectives, experiences, and insights, which enhances the quality of discussions and leads to more innovative and balanced decisions. Moreover, a diverse board is better equipped to identify risks, challenge assumptions, and adapt to a rapidly changing global environment. Ultimately, board diversity is not just about representation - it's a key driver of performance, resilience, and sustainable growth.

As part of OakNorth's diversity and inclusion policy, we aim to attract people who possess the right competencies and talents, irrespective of gender, race, religion, sexual orientation, or social circumstance, and who contribute to a high-performing organisation. Our commitments apply equally to members of the Board of Directors. All Board of Directors appointments are made solely on merit, in the context of the skills, experience, independence and knowledge which the Board of Directors requires to be effective.

6.4 Board Recruitment

The Board of Directors has the authority to select and appoint Board members as well as define and approve the Board structure following recommendations from the relevant Board Committees.

The Board Nomination Committee takes delegated authority from the Board of Directors to determine the policy and approval process for the Executive Directors and other Senior Management taking-up external non-executive appointments. It also leads the Board review and approval of the conditions and terms of service agreements of the Executive Directors and, in conjunction with the Executive Directors, the terms of appointment of the Chairman.

In evaluating the suitability of individual Board members, the Board, following recommendations from the Board Nomination Committee, considers many factors, including a general understanding of the Bank's business dynamics, social perspective, educational and professional background and personal achievements. Directors should possess the highest personal and professional ethics, integrity and values. The Committee evaluates each individual with the objective of having a group that best enables the success of the Bank.

The Nomination Committee has the responsibility for identifying suitable candidates in the event of a new position becoming open or vacancy being created on the Board on account of retirement, resignation or demise of an existing Board member. Based on recommendations from the Board Nomination Committee, the Board evaluates the candidate(s) and selects the appropriate member. The Committee also considers candidates recommended by shareholders, if any.

In January 2024, Lord Adair Turner was appointed as the Chairman of OakNorth Bank Plc. He has an extensive track record in financial services in both executive and non-executive positions, board leadership, and regulation. He has deep knowledge of both prudential and conduct risk and has experience guiding Boards to best corporate governance, culture and controls. In September 2024, the Bank also appointed Nilan Pieris as a Non Executive Director. Nilan is currently the Chief Product Officer at Wise where he is responsible for product, design, analytics, and sales across Wise's multiple product lines and geographies. Nilan's breadth and depth of expertise will prove invaluable as we continue to develop our business banking offering and scale our geographic footprint.

6.5 Remuneration Policy

The Remuneration Policy gives a clear overview of OakNorth Bank's, vision of remuneration and incentives and how this translates into practice. The Policy has been established in compliance with the European Banking Authority (EBA) guidelines on sound remuneration policies (EBA/GL/2015/22), the FCA dual-regulated firms Remuneration Code (SYSC 19D), as appropriate for proportionality level 3 firms, and the Remuneration Rules published by the PRA.

The Bank's Remuneration Policy is designed and implemented in alignment with the Bank's values and long-term strategic objectives. A key objective of the policy is to attract and retain top-tier talent capable of driving the Bank's success while encouraging and rewarding superior performance and the creation of shareholder value. The policy is structured to align with FCA and PRA guidelines, ensuring a responsible, well-regulated, and performance-driven compensation framework that supports sustainable growth.

A key objective of the Remuneration Policy is to ensure that the Bank's remuneration practices are aligned with and promote sound and effective risk management. To balance the goal of rewarding performance based on value generation while maintaining prudent controls, the Bank operates a transparent system for granting rewards and variable remuneration that aligns with the performance objectives of the institution, business areas, and staff. Performance evaluations will consider risk-adjusted outcomes rather than absolute results, taking into account all relevant risk types, including credit, market, operational, liquidity, reputational, and environmental risks. We are committed in incorporating best practices in remuneration approach while upholding ethics and customer interests as central priorities.

The Bank's Policy does not encourage the assumption of risks that exceed the risk appetite of the Bank. The Remuneration Policy will enable the provision of incentives to staff that both promote the Bank's long-term strategic objectives and protect its underlying financial health and operational integrity. The Bank will always give priority to considerations of risk management, regulatory and compliance legislation and guidelines, key stakeholder expectations and Bank procedures.

The following Guiding Principles underpin OakNorth Bank's Remuneration Policy:

- Interests of our Employees are aligned with the long-term interests of the Bank, shareholders, investors and other stakeholders in the Bank as well as the public interest.
- Employees will not be rewarded for risks that are unwarranted.
- All remuneration, including variable and deferred, shall be paid or vested based on the current and future financial situation of OakNorth.
- In the event of OakNorth Bank having a poor financial performance, the bank may consider not awarding variable remuneration.
- Incentives will be based on financial and non-financial criteria including an employee's adherence to risk management guidelines and compliance with regulatory requirements both onshore and overseas as applicable including:
  - the extent of the employee's adherence to effective risk management, and compliance with the regulatory system and with relevant overseas regulatory requirements; and
  - metrics relating to conduct, which should comprise a substantial portion of the non-financial criteria.
- The Bank sets its bonus pool based on performance and risk, which is also agreed with the CRO. For Debt Finance functions this will mean a focus on creating strong portfolio credit performance with low loss levels, long term sustainability of performance, and strong customer outcomes, as opposed to loan volume only. For other functions it will mean a focus on quality of output in supporting the achievement of OKRs (Objectives and Key Results). For all functions, remuneration incentives will be influenced by the behaviours displayed by individuals, and performance criteria will not incentivise excessive risk taking.
- The Bank's Second and Third lines of defence will be incentivised on the delivery of objectives linked to their functions and maintenance of a robust control environment. Similar to the Bank's First line of defence, the Second and Third lines will not be incentivised on the basis of generating volumes of business. The Bank's CRO will have appropriate input into any risk adjustments needed across business areas to minimise any undue risks the Bank may be otherwise subject to without this oversight.
- The Bank's Second Line of Defence (Risk & Compliance and Credit functions) is also a part of the discussions where OKRs for the organisation are being set and will provide their inputs, where appropriate. This will ensure that the quality of risk management, behaviours and conduct are taken into account appropriately.
- Principles of "malus" and "clawback" will be implemented where relevant.

Based on the PRA and FCA Guidance on proportionality, OakNorth Bank is a proportionality level 3 firm as its total assets average less than £4bn over the 4 years preceding the current financial year. Accordingly, OakNorth may disapply under the Dual-regulated firms remuneration principles proportionality rules.

In summary, our Remuneration Policy and Approach considers, and will continue to evaluate throughout its evolution: risk-adjusted business performance, delivering good customer outcomes and customer satisfaction, behaviours such as teamwork, collaboration and maintaining a high-quality control environment.

6.6 Remuneration Structure

OakNorth Bank seeks to combine various remuneration/incentive components to ensure an appropriate and balanced remuneration package that reflects the business unit, the employee's seniority in the professional activity as well as market practice. The four remuneration components that every employee is eligible to receive include: 1) Base Salary; 2) Benefits; 3) Variable Remuneration - Cash Bonus (immediate and deferred) and 4) Employee Shareholder Share Scheme ("ESS") / Share Option Plan Scheme ("ESOP"). These remuneration components are used to reward employees' firm-wide. The pay-out to the Bank's origination team is governed under a separate scheme known as the Debt Finance Team Incentive Scheme (DFTIS). The DFTIS was designed in accordance with the guiding principles of this policy, including being based on risk-adjusted performance measures, taking into account the cost of capital and liquidity, and being subject to clawback.

Any measurement of performance used to calculate variable remuneration components, or pools of variable remuneration components, shall take into account all types of current and future risks. This will include:

- adjustments for all types of current and future risks, including the cost and quantity of the capital and the liquidity required, market trends and inflation.
- the need for consistency with the timing and likelihood of the Company receiving potential future revenues incorporated into current earnings.

6.7 Remuneration Components

Base Salary is a critical component in attracting and retaining high quality people in all salaried roles.

Benefits: the Bank provides a range of benefits including enhanced maternity and paternity leave, subsidised health insurance, voluntary dental and death in service schemes and complies with statutory guidelines to provide a pension scheme to all employees. Other incentives include subsidised food and drink, an employee assistance programme and a cycle to work scheme. The Company also provides flexible salary sacrifice benefits related to Workplace Nursery Schemes, Electric Cars, Mobile phones and Laptops.

Variable Remuneration: Variable remuneration (cash bonus immediate and deferred) is discretionary, risk-adjusted and based on a combination of Bank and individual performance. A performance bonus pool is accrued annually at a level proposed by the CEO, after consulting with the CPO, CFO and CRO, and approved by the Board Remuneration Committee. Key business performance indicators measured include a) business growth, b) profitability and c) credit losses. Bonuses will be based on both overall Bank risk-adjusted performance and individual performance. The maximum variable remuneration including bonus percentage has been capped at an amount equivalent to 100% of fixed compensation for all Code Staff.

Employee Shareholder Share ("ESS") and Share Option Plan schemes: help incentivise the achievement of the Bank's long-term objectives i.e., by aligning executive and shareholder interests and by retaining key individuals. A select group of key employees will be issued restricted shares in OakNorth Holdings Limited. Other employees may alternatively or in addition to the restricted shares, be granted employee stock options in OakNorth Holdings Limited. The ESS / Share Option schemes aim to encourage staff to display the correct behaviour, live the OakNorth values, and drive performance by aligning commercial interests to those of shareholders.

6.8 Remuneration for Code Staff

The following table below shows total fixed and variable remuneration awarded to Code staff in respect of the performance year 2024.

	2024 payments (£'000)		
	Executive Directors (3)	Non-Executive Directors (6)	Code Staff (28)
Total Fixed remuneration	**4,710**	**860**	**5,859**
- Cash-based	4,699	860	5,852
- Shares/Share based	11	-	7
Total Variable remuneration paid in 2024	**320**	**-**	**1,617**
- Cash-based	320	-	1,617
- Shares/Share based	-	-	-
Total Deferred remuneration paid in 2024	**88**	**-**	**759**
- Cash-based (# of individuals)	88	-	759 (9)
- Shares/Share based	-	-	-
Pension and Insurance	**3**	**–**	**174**
Severance Payments	**–**	**–**	**59**
Total deferred remuneration outstanding as at the end of 2024[1]	**347**	**-**	**1,346**
Cash-based	344	–	1,344
Shares/Share based	3	–	2
Total Remuneration in 2024	**5,467**	**860**	**9,814**

[1] All outstanding remuneration is subject to ongoing business conditions such as performance, clawback or if the employee leaves the company.

Individuals remunerated over €1m: The total number of individuals remunerated over €1m during the financial year ended 31 December 2024 were 4.

OakNorth

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