

## **Compliance with Article 96 of the Capital Requirements Directive (CRD)**

Article 96 of the Capital Requirements Directive (CRD) requires institutions to set out a statement on their website on how they comply with the requirements of Articles 88 to 95 of the Directive.

OakNorth Bank Limited is incorporated in England under the Companies Act, 2006 and is authorized by the Prudential Regulation Authority (PRA) and regulated by the PRA and the Financial Conduct Authority (FCA). It has offices in London and Manchester. The Bank does not qualify as a “significant bank” as defined in Article 6(4) of the SSM Regulation (No. 1024/2013) and does not benefit from government intervention within the meaning of Article 93 of the CRD.

Compliance of the requirements of Article 96 of the CRD are covered under the following topics:

- 1) Governance Arrangements and Management Bodies
- 2) Remuneration
- 3) Reporting

### **1) Governance Arrangements and Management Bodies**

Articles 88 and 91 of the CRD relate to disclosures on Governance Arrangements and the Management Body of institutions. OakNorth Bank (“the Bank”) is an unlisted company and therefore the UK Corporate Governance Code does not apply to it in full. However, the Bank has chosen to comply with the majority of the provisions of the Code, as appropriate to the Bank’s size and nature. The Bank has an experienced senior management team with a Board made up of five highly experienced Non-Executive Directors (NEDs) who provide oversight of all activity. This includes monitoring of credit risk, conduct risk, financial risk, regulatory risk, operational risk, reputational risk and compliance. The Board’s principal duty is to create and deliver a sustainable business model by setting the Bank’s strategy, overseeing its implementation, approving the Risk Management Framework (RMF) and ensuring that risks are adequately controlled and monitored. Through delegated authority from the Board, the Board Risk & Compliance Committee, Board Credit Committee and Board Audit Committee provide overall oversight and assurance of the RMF, with independent reporting lines for the Chief Financial Officer, Chief Risk Officer, Head of Credit Risk and Head of Internal Audit to the relevant Board Committee Chairperson, to support this.

Further information on the governance and the key responsibilities of the various Board and Management committees of the Bank are detailed in the Strategic Report, contained in the online Annual Report of the Bank.

The Bank has, in compliance with the requirements of the PRA Rulebook and Article 91(10) of the CRD, adopted a policy promoting diversity on the management body and documented the broad set of skills, experience and competencies for recruiting members to the management body. In accordance with the Bank’s policy on diversity, all job applicants and employees are treated fairly and assessed solely on merit. The Bank recognises and actively promotes the benefits of a diverse workforce and is committed to treating all individuals with dignity and respect. This commitment applies equally to members of the Board. All Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Board requires to be effective.

## **2) Remuneration**

Articles 92, 94 and 95 of the CRD relate to remuneration. The Bank has a Board Remuneration Committee, which comprises exclusively of the NEDs. The Remuneration Committee has delegated authority to annually review the implementation of the Remuneration Policy and is responsible for setting remuneration for all executive directors, NEDs, the Chairman and key individuals, including employees captured under the scope of the Senior Managers and Certification Regimes, including pension rights and any fixed and variable compensation arrangements. The Remuneration Committee also approves and monitors the level and structure of remuneration for senior management.

The Remuneration Policy of the Bank was established in compliance with the European Banking Authority (EBA) guidelines on sound remuneration policies (EBA/GL/2015/22 dated 27/6/2016), the FCA dual-regulated firms Remuneration Code (SYSC 19D) [as appropriate for proportionality level 3 firms], and the Remuneration Rules published by the PRA and FCA dated 23 June 2015.

The Bank's Remuneration Policy does not encourage assumption of risks that exceed the risk appetite of the Bank, and will only 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 required information on the Remuneration Committee, Remuneration Policy, including its governance and implementation, can be found in the Pillar 3 Remuneration Disclosures of the Bank.

## **3) Reporting**

### **Country by Country reporting**

Article 89 of the CRD relates to country-by-country reporting. OakNorth Bank is a UK-based bank and only operates out of its offices in London and Manchester. For further information regarding the nature of activities and geographical location, please refer to the Strategic Report contained in the online Annual Report.

### **Return on Assets**

Article 90 of the CRD requires disclosure of Return on Assets in the Annual Report of the institution. OakNorth Bank meets this reporting obligation and details of the return on total assets can be found in the online Annual Report.

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