



INTERNATIONAL · INSTITUTIONAL · INVESTMENT BANKING

INTERNATIONAL FINANCE BANK

Operational Banking & Settlement Architecture

How IFB structures client accounts, correspondent banking and international settlement.

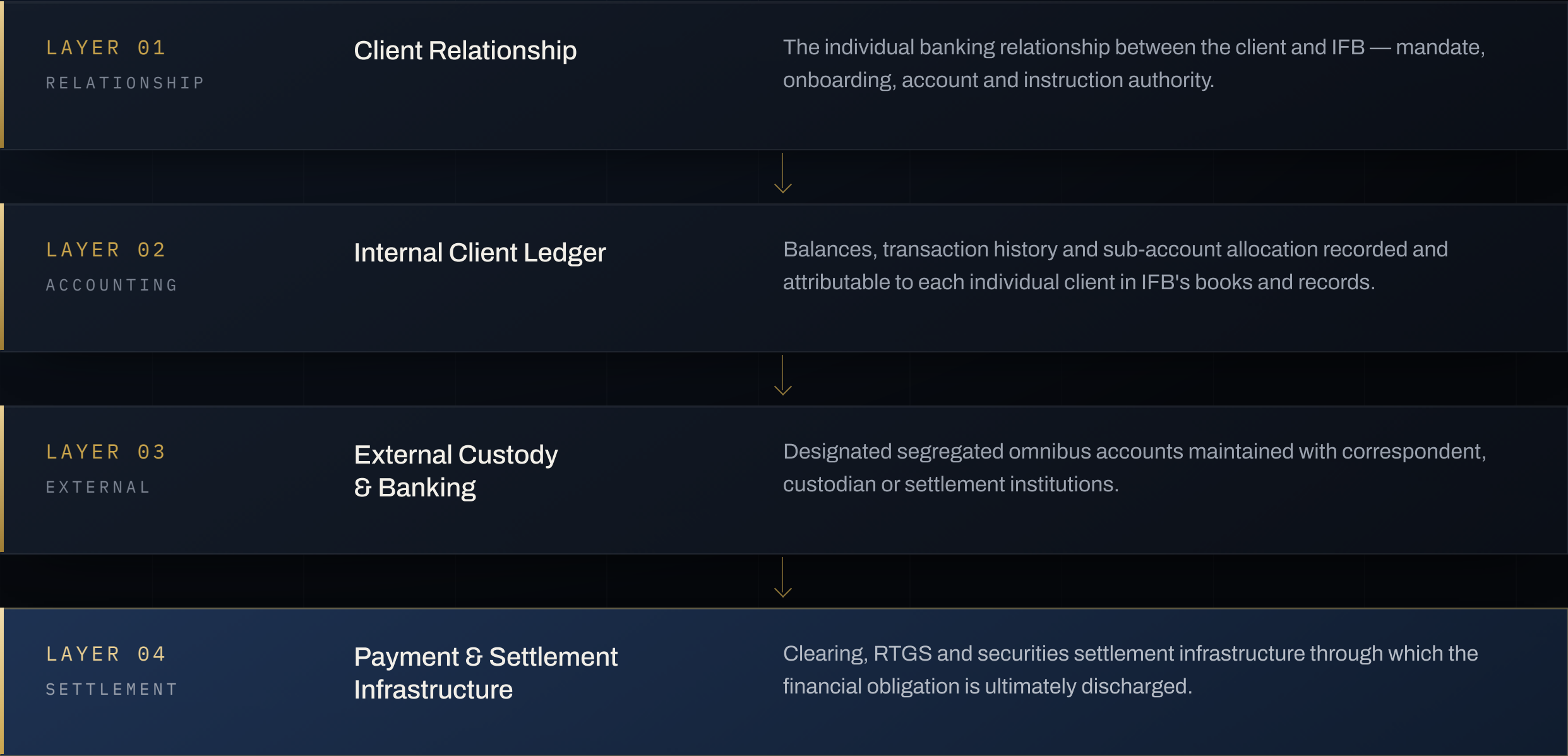
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A Multi-Layer International Banking Architecture

Modern international banking separates the client relationship from internal accounting, external custody and settlement infrastructure. Each layer performs a distinct function.



PRINCIPLE

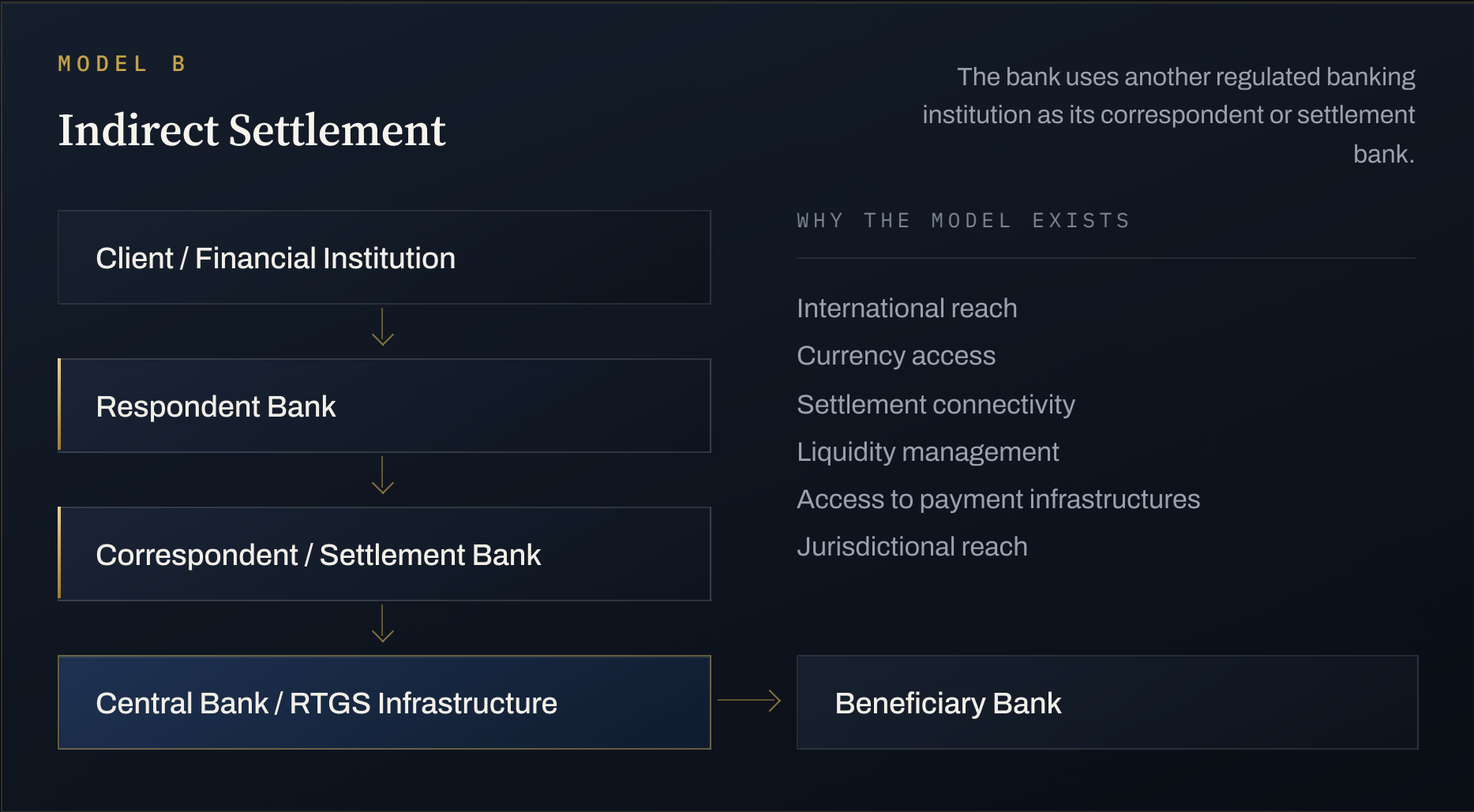
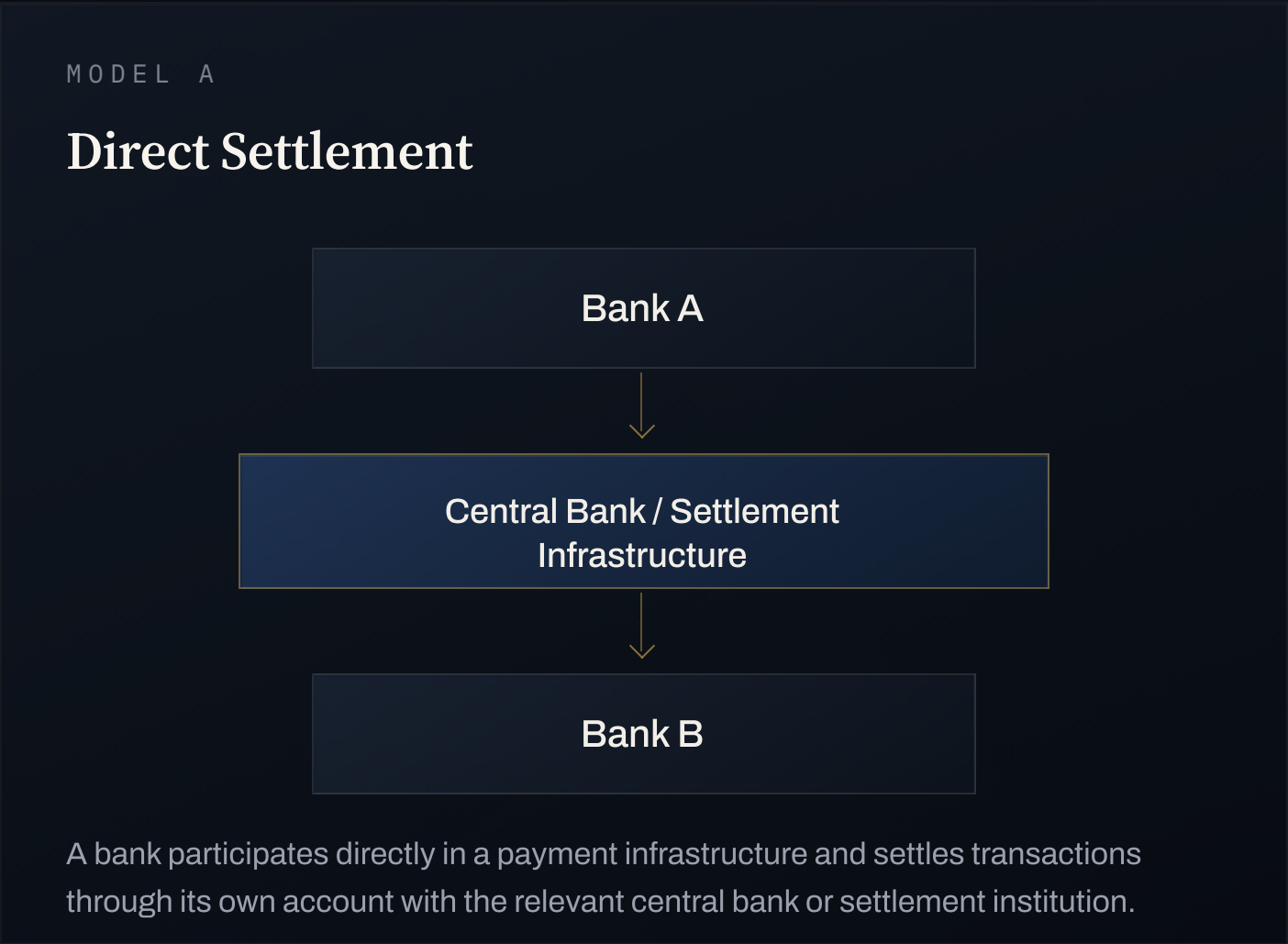
The institution maintaining the client's banking relationship does not necessarily perform every clearing, custody or settlement function directly.

OBSERVATIONS

- 01 Separation of function is fundamental to correspondent banking, not an exception to it.
- 02 No commercially realistic institution maintains direct access to every payment and settlement system worldwide.
- 03 Each layer must be reconciled against the next; attribution is never lost between them.

Direct Settlement vs Indirect Settlement

International banking does not require every bank to maintain a direct settlement account with every central bank or payment system in which its transactions ultimately settle.



Indirect settlement is not an alternative to the regulated banking system. It is an integral part of it — it concerns **how access to settlement infrastructure is organised**, **not whether settlement occurs**.

Generic explanation of banking architecture. No assertion is made that IFB holds direct access to any particular central bank or RTGS system.

Extending International Reach Through Correspondent Banking

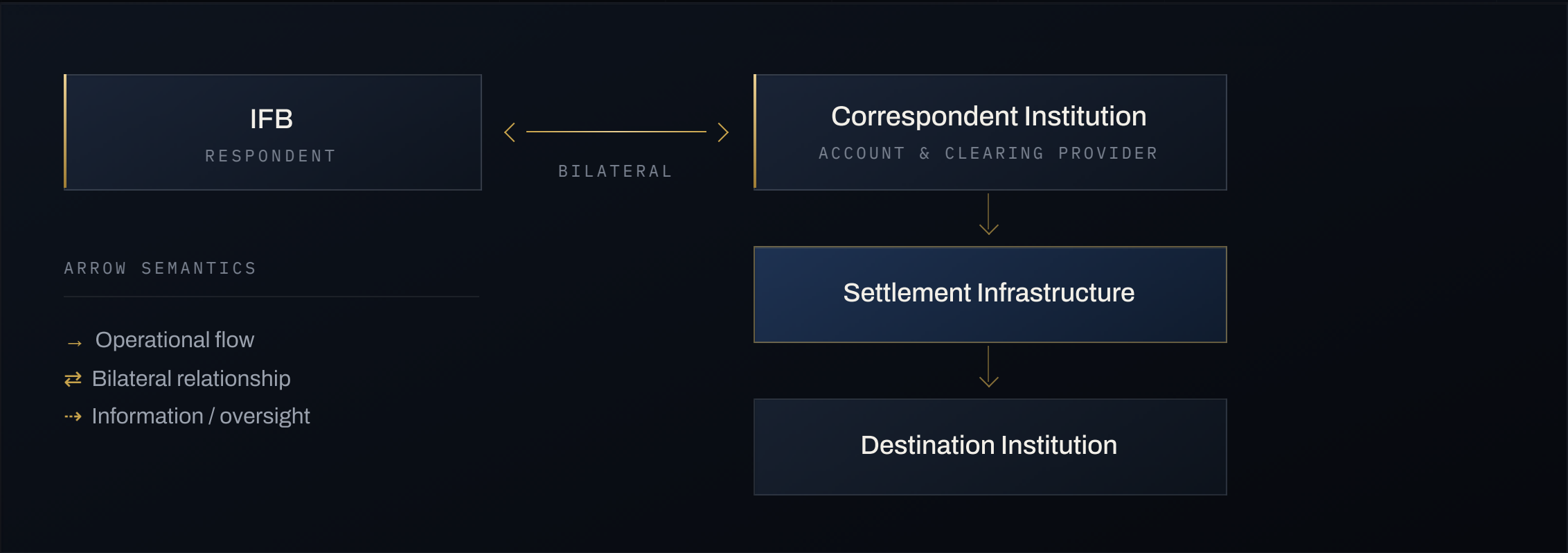
The terminology describes one relationship from opposite perspectives. Correspondent banking is a longstanding foundation of cross-border banking.

RESPONDENT BANK

The institution using another bank's infrastructure or accounts to facilitate payments or settlement — for itself or for its customers.

CORRESPONDENT BANK

The institution providing banking, account, clearing or settlement services to another financial institution.



- CORRESPONDENT SERVICES MAY INCLUDE
- Nostro / vostro account facilities
 - International payment settlement
 - SWIFT-based payment processing
 - Foreign-exchange transactions
 - Liquidity and treasury services
 - Securities settlement and custody
 - Access to clearing infrastructure

Explanation of correspondent banking architecture. IFB publishes no named correspondent institution, BIC of a counterparty, or settlement membership; none is asserted here.

Nostro and Vostro Accounts

One account, described from two perspectives. The respondent bank may maintain a nostro account with its correspondent; from the correspondent's perspective, that same account constitutes a vostro account.



THESE RELATIONSHIPS CAN FACILITATE

Settlement

Liquidity

Foreign currency

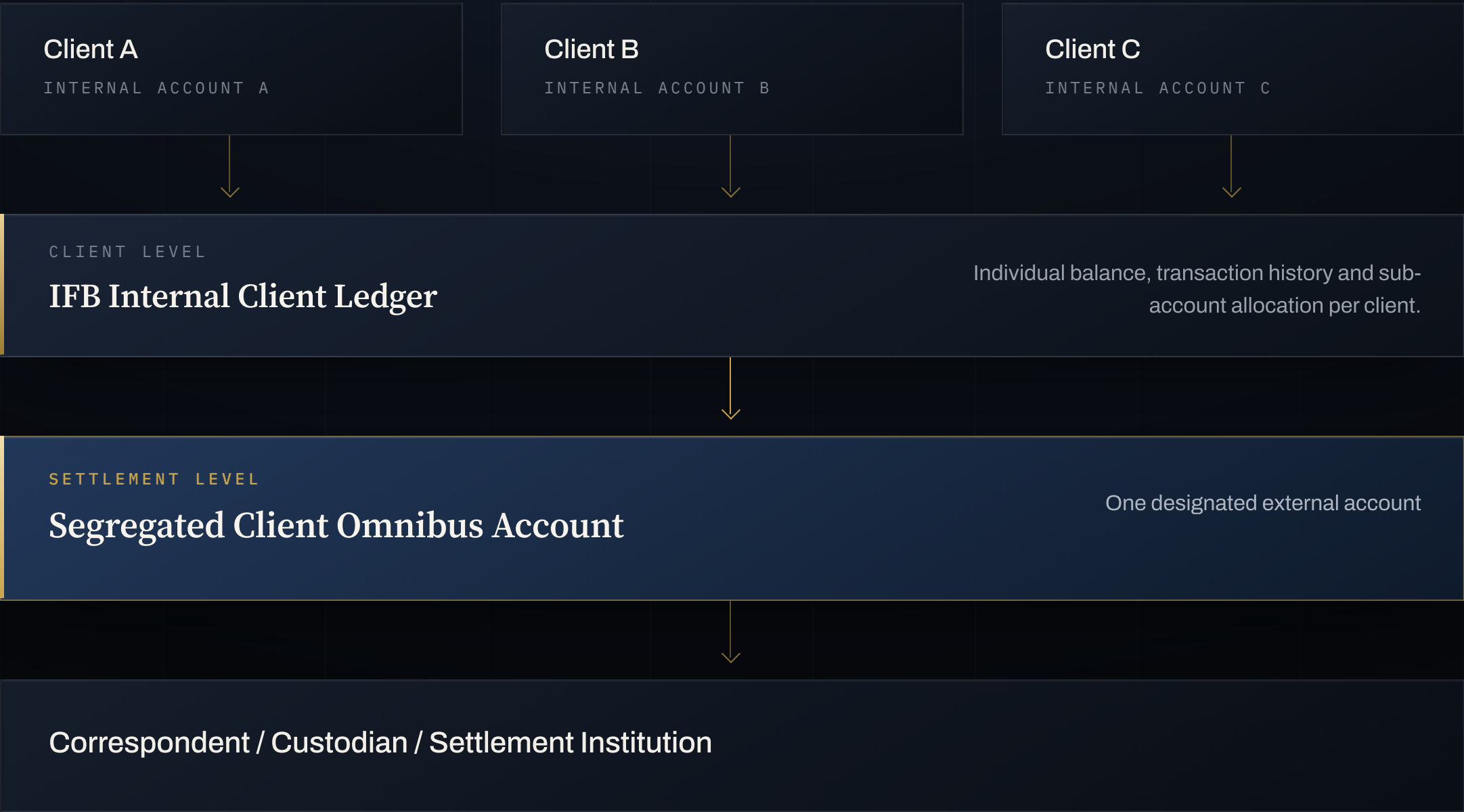
Cross-border payments

Reconciliation

Standard correspondent-banking terminology, presented as an explanation of account architecture rather than as an assertion concerning any specific IFB counterparty.

Institutional Client-Fund Architecture

A segregated omnibus account is an account maintained by a bank with another financial institution for the collective holding or settlement of funds attributable to multiple underlying clients.



OMNIBUS

Funds relating to more than one underlying client may be held within the same external account.

SEGREGATED

The account is designated and operated separately from accounts used for the institution's own proprietary funds, subject to the applicable contractual, regulatory and legal framework.

Many individual beneficial positions may correspond to one externally maintained aggregated account — while attribution to each client is preserved in the bank's internal ledger.

Individual Client Accounting and External Settlement Accounting

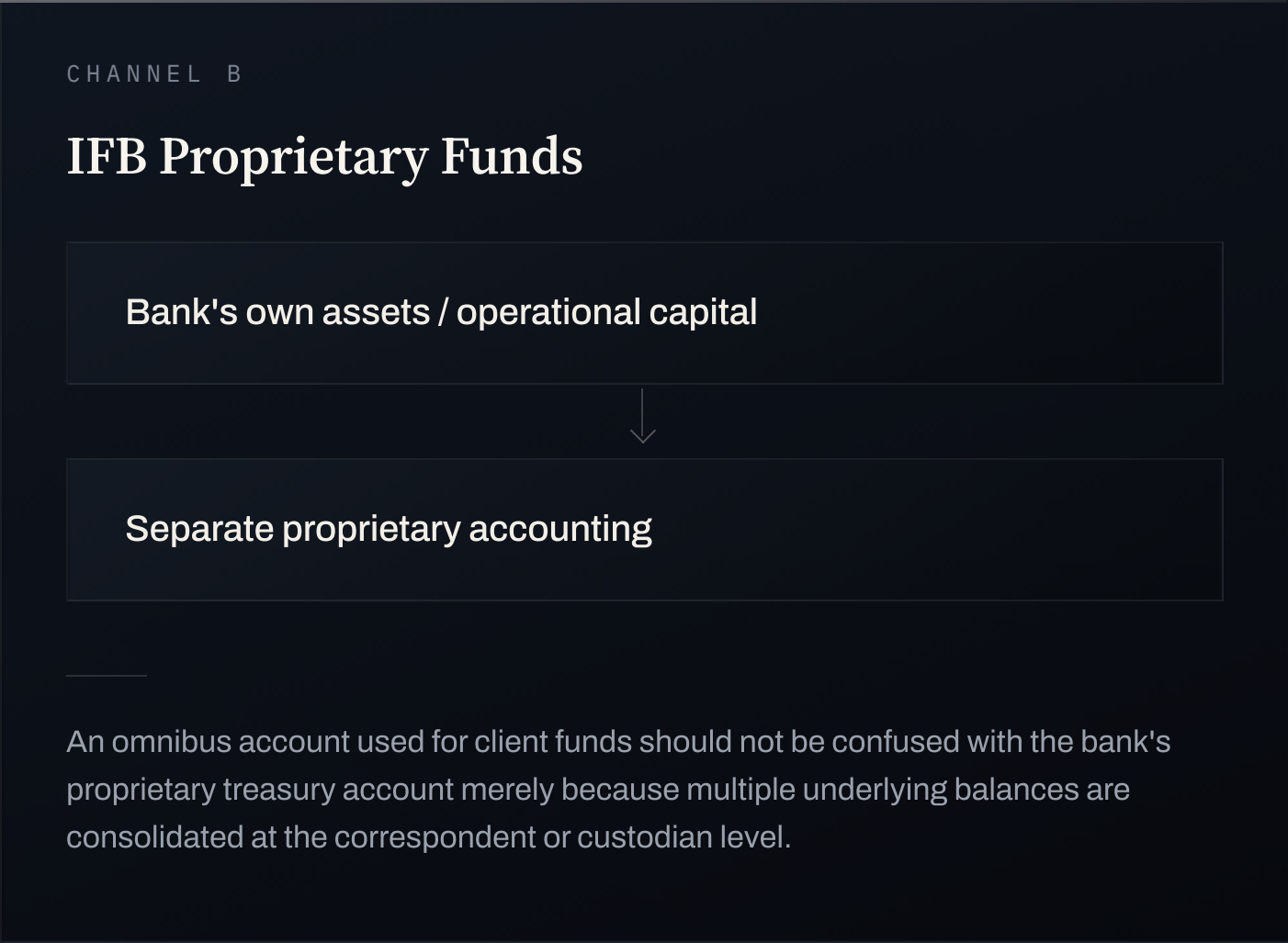
The external institution may see the aggregated account position, while IFB's internal books and records attribute balances and transactions to the respective individual clients.



No illustrative monetary balances are shown. The omnibus structure does not mean that individual client balances cease to be identifiable.

Operational Segregation

A central feature of the structure is the separation of client-related funds from the bank's own operating or proprietary funds.



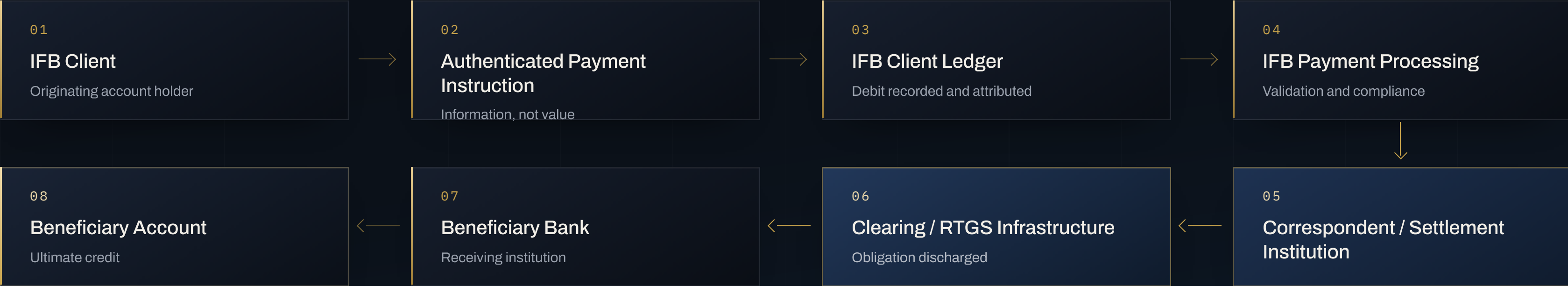
PURPOSE OF THE SEPARATION

Accounting integrity · Attribution · Reconciliation · Operational control · Distinction between client and proprietary positions

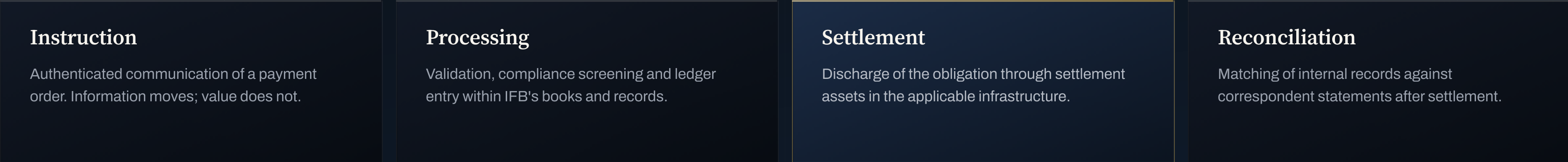
The precise legal consequences of segregation — ownership, insolvency treatment and protection against third-party creditors — depend upon the governing law, account documentation and regulatory regime. Operational segregation should not be confused with a universal statutory deposit-protection or trust arrangement.

From Client Instruction to Beneficiary Settlement

Each stage performs a distinct function. Instruction and processing concern information and accounting; settlement concerns the discharge of the obligation itself.



CONCEPTUAL BANDS



Solid arrows denote operational flow. The sequence is presented as generic architecture; no specific counterparty or infrastructure membership is asserted.

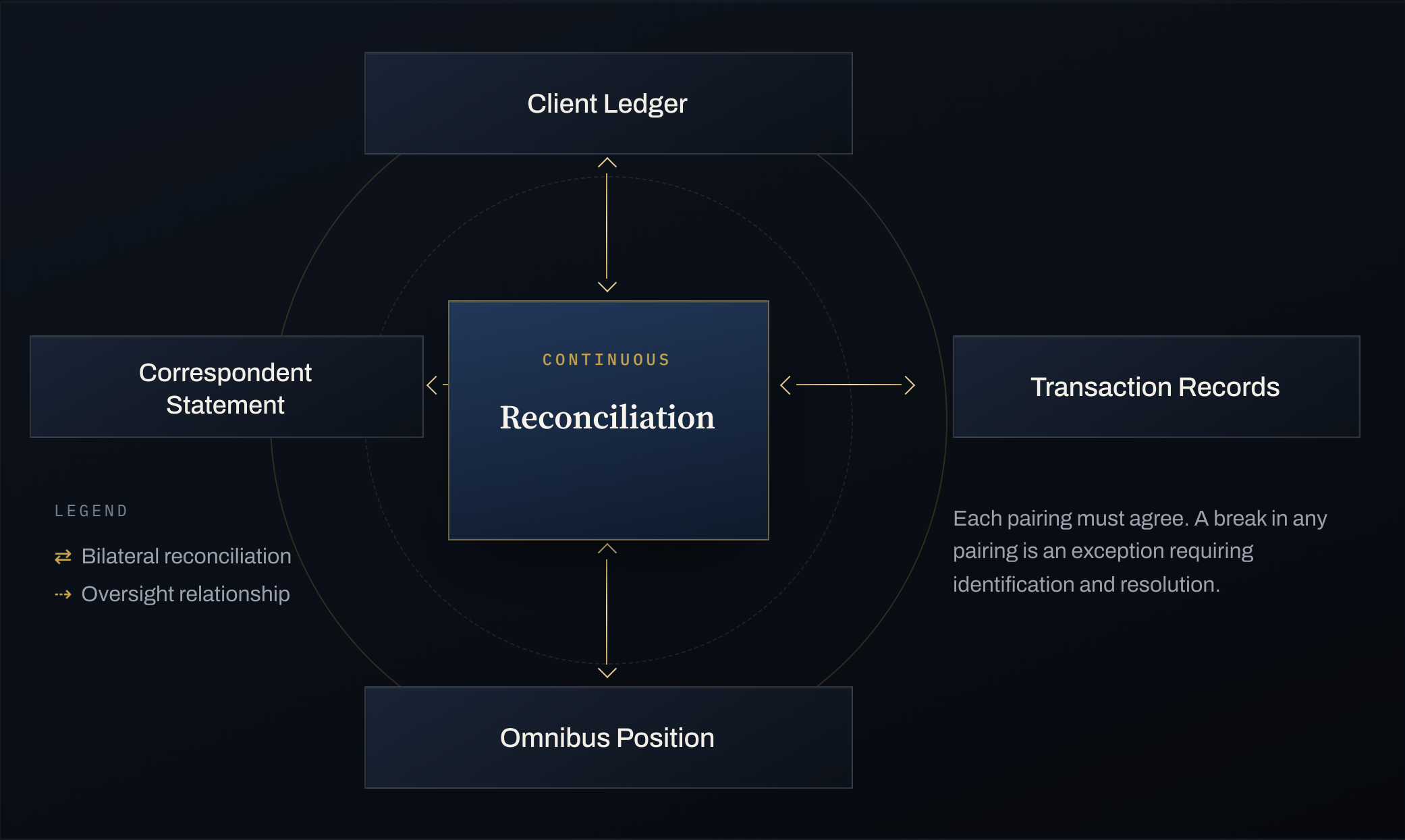
Maintaining Integrity Across Multiple Banking Layers

Multi-layer banking requires disciplined reconciliation between internal records and externally maintained institutional accounts.

KEY CONCEPTS

- 01 Transaction matching
- 02 Balance reconciliation
- 03 Client attribution
- 04 Exception identification
- 05 Audit trail
- 06 Operational controls

No control frequency, system or technology is asserted; IFB publishes none.



Enhanced Protection of Client Funds

The protection framework forms part of the institutional banking infrastructure supporting the Bank's client-account model. It is described here strictly as published by IFB.

STANDARD PROTECTION LIMIT

EUR 1,000,000

per account

Subject to the applicable terms, conditions, exclusions and limits of the relevant protection arrangement, eligible funds maintained with IFB are protected up to this amount.

ANNUAL ACCOUNT, ADMINISTRATION AND INFRASTRUCTURE FEE

EUR 25,000

per account, per annum

The fee is not an ordinary retail account-maintenance charge. It reflects the infrastructure associated with maintaining an institutional banking relationship.

THE ANNUAL FEE CONTRIBUTES TO

Client onboarding and ongoing compliance administration · KYC, AML and transaction-monitoring processes · Maintenance of individual client ledger and sub-account records · Correspondent and settlement banking infrastructure · Segregated client-fund architecture · Account administration and reconciliation · Institutional transaction processing · The applicable enhanced client-fund protection framework

BALANCES EXCEEDING EUR 1,000,000

IFB may arrange additional protection above the standard limit, subject to individual assessment, availability and the terms of the applicable protection arrangement. Additional protection is subject to separate fees. Any such arrangement must be expressly agreed and documented in advance.

ESSENTIAL QUALIFICATION

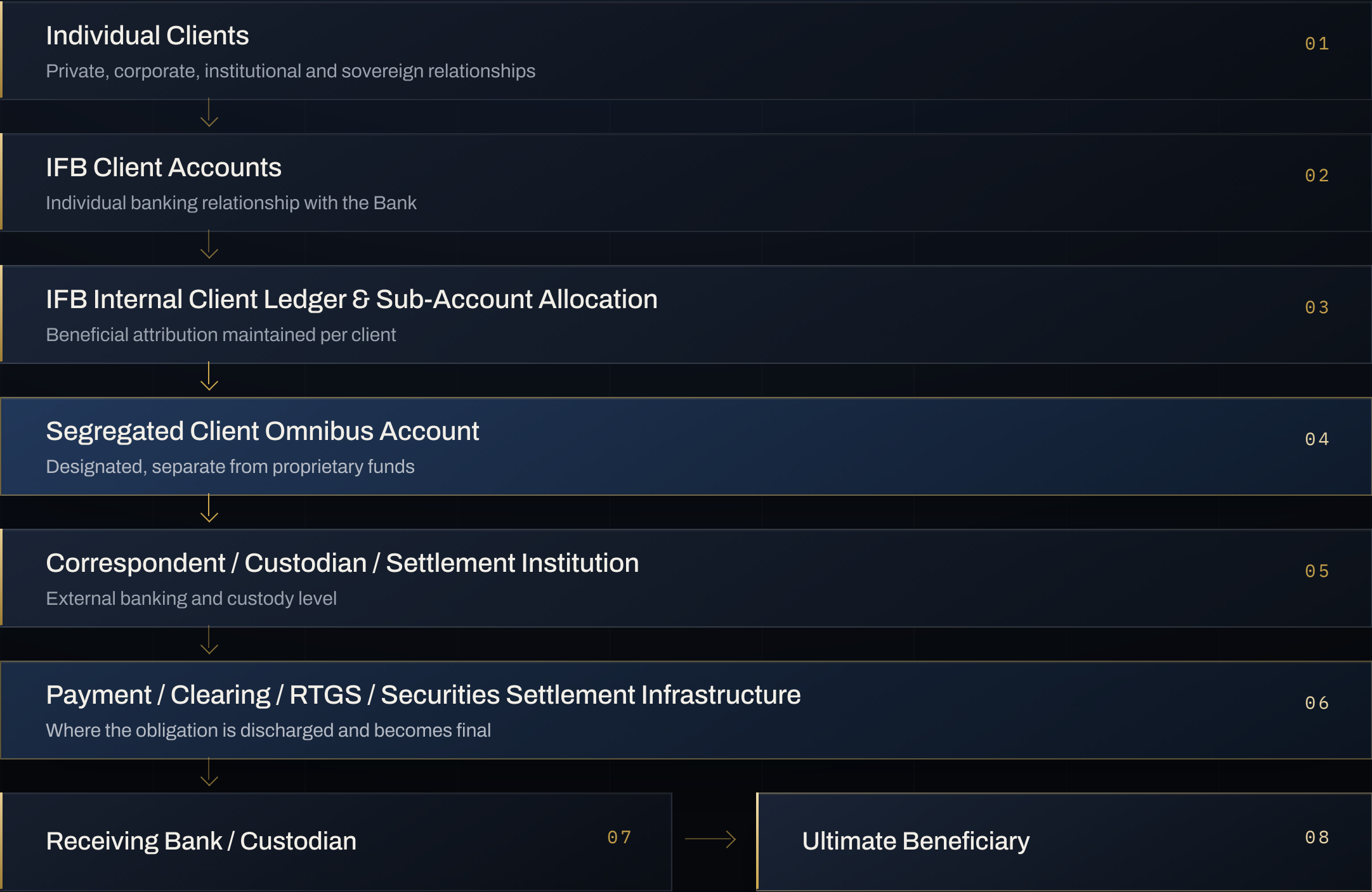
This protection should not be confused with a statutory European Union deposit-guarantee scheme unless the relevant account is expressly covered by such a scheme.

The legal basis, scope, exclusions and claims procedure applicable to the protection arrangement are governed by the specific documentation relating to that arrangement. Conventional statutory deposit-guarantee arrangements in many jurisdictions provide considerably lower protection ceilings.

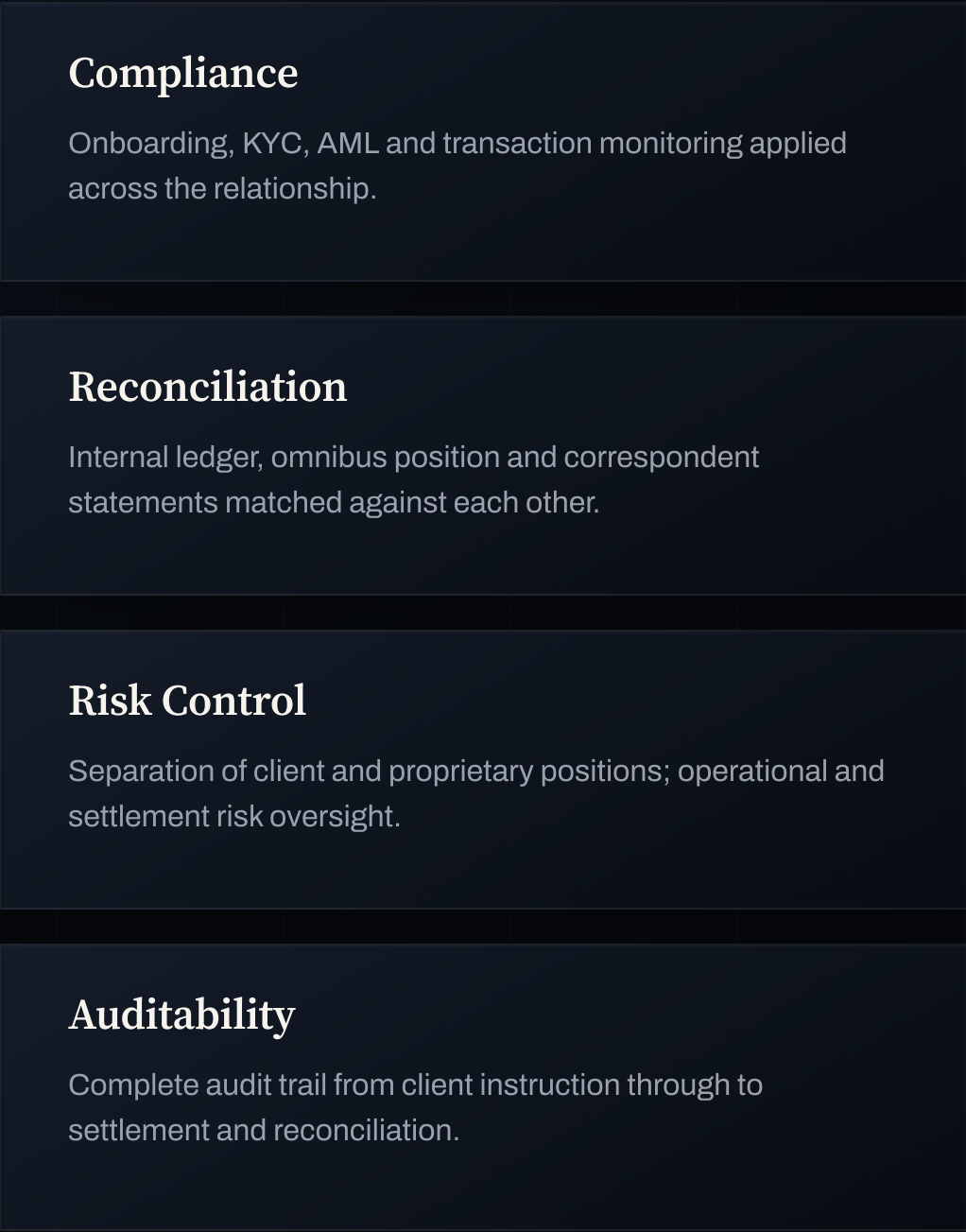
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One Architecture — Multiple Institutional Layers

Individual accounts at the client level. Segregation at the institutional level. Consolidated infrastructure at the settlement level.



GOVERNANCE SPANNING THE ENTIRE CHAIN



IN CONCLUSION

INTERNATIONAL BANKING REQUIRES INFRASTRUCTURE

IFB combines client-level banking relationships with the institutional infrastructure required for international execution.



01

Client Architecture

Individual accounting and allocation. Balances, transaction history and beneficial attribution maintained per client.

02

Institutional Infrastructure

Correspondent, custody and settlement relationships appropriate to the currencies and jurisdictions concerned.

03

International Execution

Payments, clearing and settlement through established financial-market infrastructure.



International Finance Bank LTD

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