WEATHERBYS
BANK

Pillar 3 Disclosures

For Year Ended 31st December 2018

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1. INTRODUCTION

1.1 Background

Weatherbys Bank Limited ("WBL" or the "Bank") is subject to the European Union Capital Requirements Directive (CRD) and Capital Requirements Regulations (CRR), collectively known as CRD IV, which took legal effect from 1st January 2014.

The aim of CRD IV is to provide for consistent capital adequacy standards across banks and other financial institutions and these have been implemented under the Basel III framework of the Basel Committee on Banking Supervision. This is enforced in the UK by the Prudential Regulation Authority (PRA). The legislation provides the rules to determine the amount of capital banks and other financial institutions must hold in order to provide security for depositors.

The Basel III capital framework consists of 3 'pillars':

- Pillar 1 – sets the minimum regulatory capital requirements for credit, market and operational risk.

- Pillar 2 – is a requirement for an internal assessment of the additional regulatory capital, in addition to Pillar 1 capital, required to cover specific risks related to the firm. This is part covered by the Internal Capital Adequacy Assessment Process ("ICAAP") which is reviewed by the PRA during its Supervisory Review and Evaluation Process and used to determine the overall capital requirements that apply to the Bank.

- Pillar 3 – a set of disclosure requirements allowing banks and other financial institutions to assess the scope of the application of Basel III, capital, risk exposures and risk assessment processes, and therefore the capital adequacy of the firm.

1.2 Scope

Weatherbys Bank Limited is authorised by the Prudential Regulation Authority (PRA) and regulated by both the Financial Conduct Authority (FCA) and the PRA. Weatherbys Bank Limited is a subsidiary of Weatherbys Bank Holdings Limited and Weatherbys Bank Holdings Limited together with Weatherbys Bank Limited and its subsidiaries comprise a 'UK consolidated group'.

The PRA supervises the Group on a UK consolidated group basis ("Group") and solo consolidated basis ("Solo") and receives information on the capital adequacy of, and sets capital requirements of, the UK Consolidated Group and Solo Consolidated Group. There are no differences between the basis of consolidation for accounting and prudential purposes.

WBL makes use of the provisions laid down in the FCA handbook BIPRU Chapter 2.1 and reports to the PRA on a solo-consolidated basis. This solo consolidated group includes WBL and its subsidiaries Arkle Finance Limited and Weatherbys (Nominees) Limited. All of the Group's subsidiaries are included in the Pillar 3 disclosures and the Group does not foresee any practical or legal impediments to the transfer of capital resources or repayment of liabilities when due within the Group.

The information contained in this document covers the disclosure requirements of Pillar 3 and have been prepared in accordance with the rules laid out under Part VIII of the Capital Requirements Regulation (EU 575/2013). Unless otherwise stated all figures are based on data as at 31st December 2018.

The Pillar 3 disclosures have been prepared in order to:

- comply with the regulatory requirements
- provide information on the Group's risk management objectives and policies
- provide information on the Group's capital position
- provide information on the Group's approach to assessing the adequacy of its capital and its exposure to credit, market and operational risk.

They do not constitute financial statements of the Group and should not be relied on in making investment decisions in relation to the Group.

1.3 Frequency of Disclosure

Pillar 3 disclosures will be issued as a minimum on an annual basis and will be published on the Bank's website (www.weatherbys.bank/about-weatherbys/corporate-information) alongside the publication of the annual report and accounts.

1.4 Verification of Disclosure

Pillar 3 disclosures are not subject to audit except where they are equivalent to those prepared under accounting requirements for inclusion in the Group's annual report and accounts. They are however subject to the Bank's internal review processes and sign-off by a board director.

1.5 Regulatory Changes

The Bank monitors and assesses the regulatory horizon to identify and evaluate any future changes or developments. The Bank is closely monitoring proposals to make amendments to the existing CRR which is currently referred to as 'CRR2/CRDV'. Implementation is currently expected from the beginning of 2022.

The Countercyclical Buffer (CCyB) was introduced for the UK in June 2018 at 0.5%, and increased to 1% in November 2018. No further increases have been advised by the Financial Policy Committee (FPC).

2. KEY MEASURES & RATIOS

2.1 Capital Resources & Ratios

In accordance with regulatory requirements the Bank Board reviews the ICAAP annually. The PRA has set firm-specific capital requirements that determine the proportion of capital that the Bank must maintain relative to its Risk Weighted Assets (RWAs). The Board is required to manage the present and future activities within these parameters.

The table below summarises the key capital measures and ratios for the Bank as at 31st December 2018.

<u>Total Capital Ratio</u>

The Group's total capital ratio is defined as:

- the level of total capital resources as a percentage of total risk weighted assets.

As at 31st December 2018, this was 13.99% against a minimum requirement of 8%.

The table below summarises the key capital measures and ratios for the Bank at 31st December 2018.

Table 1 : Capital Resources & Ratios

£'000	**Group**	**Solo**
Tier 1		
Share capital	10,660	7,000
Profit and loss account	31,247	34,573
Other reserves	1,628	1,378
Intangible assets	-1,729	-1,729
Total Tier 1 capital	41,806	41,222
Tier 2		
Collective impairment provisions	989	989
Subordinated loans	10,000	10,000
Total Tier 2 capital	10,989	10,989
Total capital	52,795	52,211
Risk weighted assets	298,741	298,308
CET 1 Ratio	13.99%	13.82%
Tier 1 Ratio	13.99%	13.82%
Tier 2 Ratio	17.67%	17.50%

The Bank's capital base is significantly in excess of the minimum required under its firm-specific requirement set by the PRA.

The Bank's Tier 1 capital is made up entirely of CET1.

During the year the Bank issued £10 million of subordinated loans, qualifying as Tier 2 capital, to support further organic growth. The loans are repayable on 1 October 2028, and are callable from 1 October 2023.

The composition of capital reflects the current requirements under Basel III.

Leverage Ratio

Under CRDIV firms are required to calculate a leverage ratio as an additional non-risk based monitoring tool. This is intended to provide an alternative measure to assess core capital against total assets.

The Group's leverage ratio is defined as:

- the level of Tier 1 capital against balance sheet and off-balance sheet exposures.

As at 31st December 2018, this was 4.49% against a minimum requirement of 3%.

The table below summarises the leverage ratio for the Bank as at 31st December 2018

Table 2 : Leverage Ratio

£'000	
On-balance sheet exposures	877,461
Derivatives: Current replacement cost	494
Derivatives: Add-on under the mark-to-market method	560
Off-balance sheet exposures	52,491
Total exposures	931,006
Tier 1 Capital	41,806
Leverage ratio	**4.49%**

2.2 Capital Adequacy

The Board's policy is to remain soundly capitalised at all times through the economic cycle. Under Basel III (CRD IV) the Bank is required to assess its own capital adequacy.

"Pillar 1" capital, as it is described under Basel III, is required to support Credit, Operational and Market risk.

The Bank adopts the Standardised approach to assessing Credit Risk. In accordance with this approach a factor of 8% is applied to the risk weighted exposure amounts of each of the applicable standardised credit risk exposure classes.

The following table shows the minimum capital required for Credit Risk as at the 31st December 2018:

Table 3 : Capital Requirements for Credit Risk

Minimum Capital Requirement 8% £'000	**Group**	**Solo**
Central Government and Central Banks	0	0
Financial institutions	786	786
Covered bonds	518	518
Corporates	9	9
Public sector entities	0	0
Retail	5,447	5,447
Secured by mortgages on immovable property	11,226	11,226
Exposures in default	596	596
Other items	1,824	1,789
Minimum capital component for credit risk	20,405	20,371

The Bank has used the Basic Indicator Approach to assessing Operational Risk which is calculated as 15% of the average gross income over the last three years. Under this basis the Bank has assessed its operational risk as £3,493,000.

The Bank does not have a trading book and as such its exposure to Market Risk is not material.

The overall minimum capital resource requirement under Pillar 1 is calculated by adding the capital component for credit risk to that required for market risk and operational risk using the Basic Indicator Approach.

The following table shows the overall minimum capital requirement and capital adequacy position under Pillar 1 as at the 31st December 2018:

Table 4 : Minimum Capital Resource Requirements

£'000	Group	Solo
Credit Risk	20,405	20,371
Market Risk	0	0
Operational Risk	3,493	3,493
Minimum Capital Resource Requirement	23,898	23,864
Total Capital	52,795	52,211
Total Capital Requirement	32,001	31,960

In addition to the minimum capital requirement the PRA requires the Bank to hold further capital to protect against Pillar 2 risks, together with a capital conservation buffer against the impact from stressed scenarios as well as a countercyclical buffer. At 31st December 2018 the capital conservation buffer was 1.875%, and it increased to 2.5% on 1st January 2019. Presently the countercyclical buffer is set at 1% by the Financial Policy Committee and this will be subject to any future revisions from the Financial Policy Committee. The total capital requirement was £31.96m at 31 December 2018. The capital requirement encapsulates Pillar 1 and Pillar 2A requirements but excludes the capital conservation and countercyclical buffers.

2.3 Past Due & Provisions

A financial asset is treated as past due when it has failed to make a payment within three months of its contractually due date. Weatherbys Bank has prudent policies and procedures to build up reserves against possible losses. Specific provisions are in place to deal with exposures classified as impaired or where losses are expected. In addition, the Bank maintains a collective provision to cover an identified part of the loan book where observable data indicates that impairment is likely. For prudential reporting purposes, when an individual exposure has failed to make a payment within ninety days of when it was contractually due the entire amount of the exposure is treated as past due.

On a monthly basis, the requirements for specific bad debt provisions are considered. Where monies are owing, or if there is evidence of impairment as a result of events that have occurred such as financial difficulty, breach of contractual duties or adverse changes in the payment status of the borrower, a provision will be made. If it is considered appropriate any interest charged to the customer and not paid will not be taken to the profit and loss account.

The following table provides details on the movement of provisions for bad and doubtful debts for the year to 31st December 2018:

Table 5 : Provisions for Bad & Doubtful Debts

Group and Solo £'000	**Specific Provision**	**Collective Provision**	**Total Provision**
Provisions at 31 December 2017	1,072	822	1,894
Charge for the year	697	112	809
Write offs	(716)	55	(661)
Balance at 31 December 2018	1,053	989	2,042

2.4 Credit Risk Exposures

The gross credit risk exposure (based on the definitions for regulatory capital purposes, before credit risk mitigation) and the average for the year is summarised below:

Table 6 : Credit Risk Exposures

Group and Solo - £'000	At 31 Dec 2018	Average 2018
Central Government and Central Banks	269,953	263,837
Financial institutions	48,395	50,519
Covered Bonds	64,702	53,114
Multilateral Development Banks	4,985	4,983
Corporates	109	142
Retail	111,978	105,149
Secured by mortgages on property	372,993	337,160
Other items	21,831	19,735
Exposures In Default	6,469	4,735
Credit Valuation Adjustment	498	458
Total	901,913	839,832

The residual maturity of regulated exposures on a contractual basis at 31st December 2018 is shown below:

Table 7 : Maturity of Regulated Credit Risk Exposures

Group and Solo - £'000	Up to and including 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
Central Government and Central Banks	265,808	2,000	2,018	127	269,953
Financial institutions	40,392	4,999	3,003	0	48,394
Covered Bonds	10,461	7,001	47,240	0	64,702
Multilateral Development Banks	0	0	4,985	0	4,985
Corporates	20	37	52	0	109
Retail	13,527	28,838	67,896	1,717	111,978
Secured on real estate property	38,244	66,558	222,958	45,234	372,993
Exposures In Default	1,707	1,504	3,202	56	6,469
Total	370,159	110,937	351,354	47,134	879,584

2.5 Asset Encumbrance

Asset encumbrance is the process where assets are pledged in order to secure, collateralise or credit-enhance a financial transaction from which they cannot be freely withdrawn.

All the Bank's assets are unencumbered and are freely available with a few, immaterial exceptions. These include a nominal amount ring-fenced under the Bank of England cash ratio deposit scheme and periodic cash collateral to cover margin calls for interest rate swaps used for interest rate risk management.

3. GOVERNANCE & RISK MANAGEMENT

3.1 Background

Risk management is the process of identifying the principal risks to the Group, establishing appropriate controls to manage those risks and to monitor and put in place reporting systems to ensure that those controls remain robust and evolve with the changing risk profile of the Group.

The Bank's primary risk management governing body is the Board of Directors. The Board is responsible for:

- approving the framework for reporting and managing risk
- approving the overall level of risk to which the Bank is exposed
- ensuring that risk management is appropriate and functioning effectively.

The Board manages risk and internal capital requirements, for both current and future activities through a combination of committees that report to it through monthly Board reporting, covering all aspects of the Bank's activities. The Bank's Internal Capital Adequacy Assessment (ICAAP), Individual Liquidity Adequacy Assessment (ILAAP) and Recovery Plan (RP) are formally approved each year.

The Board's primary committees that report to it include:

- Executive Committee (EXCO) – comprising the executive directors and key members of senior management which meets monthly to review and discuss all financial and operational issues for the Group.
- Risk Committee – chaired by a non-executive director, it also comprises two executive directors and senior management. This meets bi-monthly to review all aspects of the Bank's risk exposure as well as its systems, control and regulatory environment.
- Assets and Liabilities Committee (ALCO) – comprising executive directors and senior management which meets monthly to review the following:
  - Credit Risk – where it sets and monitors sector limits as well as internal credit ratings
  - Counterparty Risk
  - Liquidity Risk
  - Interest Rate Risk
  - Funding Risk.
- Credit Committee – comprising two executive directors and senior management which meets regularly to review and approve credit proposals and assess ongoing credit risk within the lending portfolio.
- Group Audit Committee – this comprises four non-executive directors and meets quarterly. Also in attendance are the Chief Risk Officer, the Internal Auditor and two executive directors. Its primary role is to ensure that controls are both present and appropriate to mitigate risk in accordance with the Board's expectations.

The Bank has a conservative approach to managing its balance sheet, which is monitored closely with protective measures in place to safeguard customer funds for minimum risk and maximum security.

In order to provide this, the Board regularly considers the principal risks facing the Group. The main risk categories are shown in the following sections.

3.2 Credit Risk

Credit risk is the risk of a financial loss if a counterparty is unable to meet its obligations to the Bank and arises mainly from our lending and treasury activities.

In order to mitigate risk in the lending book the Bank has in place formal procedures to assess all borrowing applications as well as agreed authority limits. The majority of the loan book is relatively short term (with 91% repayable within 5 years) and has a low average loan size. Credit proposals are all graded using a loan grading system to assess risk and dependent on this, and the overall loan size, various sign-off levels are in place to approve new lending applications. Full Board approval is required in any event for new applications above a certain limit.

To mitigate risk in its treasury activities (counterparty risk) the Board has set minimum short and long term credit ratings for approved counterparties where the Bank places its surplus funds, as well as individual monetary limits. These limits are reviewed on a regular basis by the ALCO and are set by reference to WBL's assessment of the risk of default for each counterparty.

3.3 Concentration Risk

Concentration risk is the risk of loss due to either a large individual or connected exposure, or significant exposures to groups of counterparties who could be affected by common factors, including geographical location ("geographical risk").

In order to avoid concentration risk the Board has:

- set limits on the maximum percentage exposure to any individual business sector against the total lending book,
- set limits on the geographical concentration of advances.

The Bank regularly monitors concentration risk and geographical risk to ensure that the Bank is not over exposed in a particular business sector or geographical location.

The majority of secured lending (92%) relates to residential security. The following table shows the geographical exposure of residentially secured lending by region:

Table 8 : Geographical Exposure of Residential Secured Lending By Region

Region	Value Of Lending	% of Total
Greater London	138,634	39.46%
South East	66,036	18.80%
Scotland	46,229	13.16%
South West	32,927	9.37%
East Anglia	18,121	5.16%
East Midlands	15,453	4.40%
North West	8,003	2.28%
Northern England	6,849	1.95%
Wales	6,624	1.89%
West Midlands	6,555	1.86%
Yorkshire & Humberside	5,904	1.67%
Total	351,336	100.00%

3.4 Operational Risk

This is the risk associated with the internal failure of people, processes or systems, or the risk arising from external events. It includes risk events such as internal fraud, the failure of internal IT infrastructure (e.g. for payment and settlement) or external factors, such as terrorism, which have the potential to impact on the Bank's ability to carry out its business. The Bank recognises that operational risk is inherent in all its products, activities, processes and systems and is particularly cognisant of all aspects of data security. The Bank has in place a robust and comprehensive internal control environment which is reviewed and tested by internal audit and external compliance consultants. The Bank also has a full disaster recovery site from where it could operate if there were disruption at its principal location.

3.5 Cyber Risk

An increasing risk that the Group is subject to within its operational processes is cyber risk. This is the risk that the Group businesses are subject to some form of disruption arising from an interruption to its IT and data infrastructure. The Group regularly tests its infrastructure and systems to ensure that it remains robust to a range of threats, and has continuity of business plans in place.

3.6 Market Risk

Market risk is the risk of loss that arises from the sensitivity of the market value of a portfolio. This can be impacted by changes in financial asset prices such as foreign exchange rates, interest rates, equity and commodity prices.

The Bank has no trading book and has no material exposure to market risk as generally treasury assets are held to maturity.

3.7 Currency Risk

Currency risk is the risk of loss that arises from the sensitivity of foreign currency rates. Foreign currency balances are driven by the requirements of the Bank's customers and do not form a significant part of the balance sheet. The Bank's Treasury department is responsible for managing currency risk within limits established by ALCO.

3.8 Interest Rate Risk

Interest rate risk is the risk that a significant movement in interest rates will have a material impact on the Bank's profitability, for example by reducing the net interest margin or through higher bad debts and delinquencies.

The Bank is exposed to interest rate risk that arises from a mismatch between the repricing of assets and liabilities. The majority of the Bank's lending is variable, although its lending to SMEs through its asset finance subsidiary is on fixed terms, generally between three and four years. On the liability side, credit interest paid on the majority of deposits is also variable. Partly as a consequence of its low loan to deposit ratio and surplus funds, the Bank's net interest margin will fall when Base rate falls and correspondingly increase as rates rise.

The Bank regularly measures and reports to ALCO its interest rate risk based on 200bps positive or negative shifts in the yield curve, which are then translated into a net present value. Interest rate risk is managed within the limits set by the Board.

The table below shows the interest rate gap analysis and net present value sensitivity at 31st December 2018:

Table 9 : Interest Rate Gap Analysis & Net Present Value Sensitivity

Assets	**Up to 3 Mths £'000**	**3 – 6 Mths £'000**	**6 – 12 Mths £'000**	**1 – 5 Years £'000**	**Over 5 Years £'000**	**Total £'000**
Loans and advances to Banks / Central Banks	297,610	0	0	0	127	297,737
Loans and advances to customers	301,484	9,292	19,187	140,800	1,727	472,490
Marketable assets	85,527	0	2,000	2,018	0	89,545
Total Monetary (interest bearing) assets	**684,621**	**9,292**	**21,187**	**142,818**	**1,854**	**859,772**
Liabilities						
Customer deposits	679,553	60,266	26,322	52,692	0	818,833
Total Monetary (interest bearing) liabilities	**679,553**	**60,266**	**26,322**	**52,692**	**0**	**818,833**
Derivatives	77,770		(1,340)	(76,430)		
Interest Rate Gap	82,838	(50,974)	(6,475)	13,696	1,854	
Net Present Value (NPV) Sensitivity to:						
Positive Shift (+2%)	(267)					
Negative Shift (-2%)	325					

The following factors reduce the impact of future downward movements in Base Rate:

- Fixed rate lending by the asset finance subsidiary and within the Bank itself;
- Relatively short term loan portfolio with 29% renewing within 12 months giving the opportunity to re-price lending facilities; and
- Minimum lending rates on lending transactions.

3.9 Basis Risk

Basis risk is the risk of a reduction in income or economic value arising from the re-pricing of assets and liabilities according to different interest rate bases. The Bank's exposure to basis risk arises from assets and liabilities being linked to different interest rate types including:

- Bank of England base rate – reserve account deposits with the Bank of England
- LIBOR / SONIA – floating rate notes (FRN's) purchased
- Fixed rates – fixed rate gilts, savings and loan products
- Managed rates – deposits and advances which are on managed (or administered) rates.

For the latest regulatory return as at 31st October 2018 (the last return prior to the year end), the following applied:

- Of the £284m administered assets, £241m represented client lending.
- Of this, 99% by value and 96% by volume were subject to minimum lending rate floors.
- Bank Base Rate linked assets related entirely to funds held at the Bank of England.

3.10 Reputational Risk

Reputational risk is the risk that the Bank's reputation is damaged by an event, internal or external, leading to financial loss.

The Board is fully aware of the damage that can be caused if the Bank's reputation is damaged and as such the corporate governance and control environment are designed to manage this risk.

3.11 Liquidity and Funding Risk

Liquidity risk is the risk that the Bank does not have sufficient financial resources to meet its liabilities as they fall due. This could be due to an inability to liquidate assets or obtain adequate funding (referred to as "funding liquidity risk") or that it cannot easily unwind or offset specific exposures without significantly lowering market prices because of inadequate market depth or market disruptions ("market liquidity risk").

The Bank's liquidity position is monitored daily and reported on a number of levels throughout the business including at Board level. A range of early warning indicators are monitored for initial signs of liquidity risk, and include the close monitoring of the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). Against this the Bank maintains a material liquidity buffer above the minimum requirements set by the PRA to allow for daily fluctuations as well as stressed scenarios.

The Bank's latest ILAAP was completed and approved by the Board during 2018. The Bank has maintained holdings in eligible buffer assets in line with banking regulations at all times.

Funding risk is the risk that the Bank does not have sufficient funding available in the medium and longer term to enable it to fund its customer lending. The Bank's source of funding is customer deposits in the form of current accounts and savings deposits where a significant proportion of these are repayable on demand. The Bank does not use wholesale funding.

Liquidity coverage ratio

The Bank aims to monitor its resilience to a liquidity risk over a 30-day period. Against this the Bank has maintained a ratio well above the minimum regulatory requirement of 100% at all times. The table below shows the LCR as at 31st December 2018:

Table 10 : Liquidity Coverage Ratio

	2018	**2017**
Liquidity buffer (£m)	313.6	279.4
Total net outflows (£m)	30.7	20.0
Liquidity coverage ratio	1021%	1396%

Net Stable Funding Ratio

The Bank aims to ensure that it has an adequate amount of stable funding to support assets over a one year period of extended stress, and in excess of the minimum requirement of 100%. Based on current requirements the NSFR at 31st December 2018 was 230.3% (2017 232.5%).

3.12 Pension Risk

Pension risk is the potential that the Bank will be unable to meet additional liabilities that might arise under a defined benefit pension scheme. This can be due to a number of factors:

- A fall in the market value of investments held reducing the fair value of scheme assets
- A fall in the discount rate increasing the present value of scheme liabilities
- An increase in the life expectancy increasing the present value of scheme liabilities.

Weatherbys Bank is part of a group of companies controlled by Weatherby family trusts. It is part of a group defined benefit pension scheme and is therefore required to meet its share of the liabilities arising under the scheme. As at 31st December 2018 the Group scheme had a deficit and the Bank's share of this liability was estimated as £1,800,000. As with other such schemes the Group has a recovery plan in place to meet this liability that has been agreed with the Pension Regulator. In addition, the PRA requires the Bank to hold additional Pillar 2 capital well in excess of the estimated liability as at 31st December 2018. This is to ensure that the Bank can meet potential increased pension liabilities should the actuarial assumptions on, for example, future mortality, equity and bond returns, deteriorate significantly.

3.13 Securitisation Risk

The Bank has not securitised any assets to date and has no plans to do so.

3.14 Counterparty Credit Risk

The Bank has no trading book and therefore has no material exposure to counterparty credit risk. Its clearing bank, Royal Bank of Scotland, is used for a number of interest rate swap and foreign exchange derivatives, placed for the purposes of treasury and interest rate risk management.

3.15 Regulatory & Conduct Risk

As a provider of financial services, the Bank also faces potential risks arising from failures to meet customer expectations, to deal with complaints effectively and to ensure the products it provides are appropriate to their customer's needs. In addition, it must comply with all banking regulations including compliance with Financial Crime and Anti-Money Laundering laws.

The Company's internal systems, controls and protocols are designed specifically to protect against such risks.

4. REMUNERATION

All decisions regarding remuneration ultimately fall with the Bank's remuneration committee. Pay policy reflects the conservative long term strategy adopted by the Bank, with pay and bonus awards based on the Bank's performance and aligned to the Group's objectives.

Compensation is predominantly salary based with a relatively small cash bonus available dependent on the achievement of Group and individual targets. No compensation is paid in shares or options.

These disclosures reflect the requirements under article 450 of Capital Requirement Regulation on the disclosure of remuneration.

Staff that are deemed to have a material impact on the Bank's risk profile have been identified and are included in the following groups:

- Directors and Senior Management
- Staff performing significant influence functions
- Staff engaged in control functions (compliance and finance).

Remuneration awards for the identified staff in 2018 are highlighted below. This includes a breakdown between fixed (salary) and variable (bonus, discretionary pension contributions) remuneration.

Table 11 : Remuneration Breakdown for Staff with a Material Impact on the Bank's Risk Profile

Staff Type	No. Beneficiaries	Fixed (£'000)	Variable (£'000)	Total (£'000)
Directors & Senior Management	13	1,349	130	1,479
Staff performing significant influence functions	12	1,284	112	1,396
Staff engaged in control functions (compliance and finance)	5	523	19	542