



Airdrie Savings Bank

Proud to serve Scotland since 1835

Pillar III Disclosures 2016 Remuneration

V1.3



Table of Contents

Document Control.....	3
Airdrie Savings Bank - Pillar 3 Disclosure – Remuneration Code	4
<i>For year ended 31 October 2015</i>	4
Conclusion.....	5

Document Control

Governance

Document Owner	Chief Finance Officer
Review Committees	Audit & Compliance Committee
Approval	Board
Policy Type	Level One

Administration

Date Policy approved and delegated to the Board Sub-Committee for future approval	24 June 2016
Implementation Date	Live – published on website 04 July 2016
Review Period	Annual

Revision Record

Version	Date	By Who	Summary of Change
1.1	30/03/2016	CCRO	First draft of Disclosures
1.2	24/05/2013	CFO	Final Review
1.3	01/07/2016	CCRO	Review following Committee.

Airdrie Savings Bank - Pillar 3 Disclosure – Remuneration Code

For year ended 31 October 2015

In terms of the requirements of the FCA Handbook, BIPRU 11.5.18R, Airdrie Savings Bank is required to make certain Pillar 3 Disclosures in relation to the Remuneration Code.

Airdrie Savings Bank qualifies for Proportionality Tier Three under the terms of the regulations and the disclosure is in accordance with the requirements for that category of firm.

In respect of the requirements of BIPRU 11.5.18R (1) to (5), Airdrie Savings Bank's Remuneration Policy is determined by its Board, with appropriate input and guidance from a Remuneration Committee. The Remuneration Committee comprises solely of Trustees and its remit is to consider the levels of staff remuneration and the scope for any additional remuneration for staff in relation to the performance of the Bank under the Value Added Award Scheme referred to below.

It should be noted that the Trustees do not receive any remuneration and therefore consideration does not require to be given to a remuneration policy for Trustees themselves. The Trustees do not engage the services of external consultants in connection with the remuneration policy.

Airdrie Savings Bank's remuneration policy can be summarised as providing for a basic salary for each member of staff with the potential for annual increments up to a maximum level for each staff grade. There is an annual negotiation with the nominated trade union in respect of potential across the board salary increases, typically related to the current inflation rate. Executive staff and the Chairman are remunerated on a non-incremental basic salary basis with an annual salary review (typically equivalent to the salary increase awarded to staff during that year) conducted by the Remuneration Committee and subsequently agreed by the full Board.

The Bank also provides pension benefits for staff, firstly in the form of a defined benefit scheme which was closed to new entrants and for future service accrual in June 2006 and from June 2006 onwards all staff have had the opportunity to participate in a defined contribution pension scheme at standardised rates of contribution.

The only arrangement Airdrie Savings Bank has which provides staff with any potential for variable remuneration related to performance is a Value Added Award Scheme. This scheme, payments under which are at the sole discretion of the Trustees, provides the potential for all staff to share in the value added by the Bank's financial performance during a given year above a minimum level of required pre- tax profit. Any awards made under this scheme are payable in cash on a pro rata to salary basis with no deferment. No award was made under this scheme in the year.

The Trustees recognise the importance of protecting the Bank's depositors and a feature of the Value Added Award Scheme is to ensure there is an appropriate addition to the reserves allocated from any profits before any payment to staff is contemplated.

Apart from the mortgage sales manager, the Bank does not operate any form of individually assessed incentive rewards. The mortgage sales manager is entitled to receive a bonus if mortgage new business targets are met during the year. No bonus was paid under this arrangement in the year.

In view of its corporate structure, the Bank has no scope to consider any form of share related awards and there are no external stakeholders such as shareholders to take into account in considering the remuneration policy.

In view of its small scale, the Bank is itself a “business area” for the purposes of BIPRU 11.5.18R(6) and the information provided is therefore related to the Bank as a whole, taking into account senior management, control functions and risk takers.

In terms of BIPRU 11.5.18R(6), (7a), and (7b) there were 12 beneficiaries who were either senior management or staff whose actions have a material impact on the risk profile of the Bank. These 12 beneficiaries had total fixed remuneration of £596,399 and no variable remuneration in the year to 31 October 2015. Fixed remuneration includes pension contributions made by the Bank on behalf of employees.

Total fixed remuneration for the four members of the Executive team during the year was £300,014 for the year with no variable remuneration.

Total fixed remuneration for the other 8 beneficiaries was £296,385 for the year with no variable remuneration.

In respect of BIPRU 11.5.18R (7c) to (7e) there was no outstanding deferred remuneration, no deferred remuneration awarded during the year and no new sign-on payment made during the year.

In respect of BIPRU 11.5.18R (7f) no severance payments were made to any individual during the year.

Please note that while the Trustees are considered to be included within the requirements of the Remuneration Code, the Trustees do not receive any form of remuneration and so are not included within the foregoing summary.

Conclusion

This Pillar 3 disclosure document has been prepared in accordance with the requirements of BIPRU Chapter 11, as appropriate for a Bank the size and complexity of Airdrie Savings Bank.

In the event that a user of this disclosure document requires further explanation of the disclosures given, application should be made in writing to the Chief Executive Officer at Airdrie Savings Bank, 56 Stirling Street, Airdrie, North Lanarkshire ML6 0AW.