



Airdrie Savings Bank

Proud to serve Scotland since 1835

Pillar III Disclosures 2016 Remuneration

V1.2



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Document Control

Governance

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

Administration

Date Policy approved and delegated to the Board Sub-Committee for future approval	
Implementation Date	
Review Period	Annual

Revision Record

Version	Date	By Who	Summary of Change
1.1	15/08/2017	CFO	First draft of Disclosures
1.2	20/10/17	CFO	Following review by ARCC

Airdrie Savings Bank - Pillar 3 Disclosure – Remuneration Code

For year ended 31 October 2016

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 Trustees.

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 any potential for variable remuneration related to performance is for the most senior member of the Executive team. This scheme, payments under which are at the sole discretion of the Trustees, provides the potential to earn a payment based on ten weighted strategic factors including return on lending, financial management and sales as well as an overall weighting relating to gateway factors such as audit and risk and compliance performance. Any awards made under this scheme are payable in cash. An 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.

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 14 beneficiaries who were either senior management or staff whose actions have a material impact on the risk profile of the Bank. These 14 beneficiaries had total fixed remuneration of £691,088 in the year and one of these 14 beneficiaries also had variable remuneration of £6,600 due for the year to 31 October 2016. Fixed remuneration includes pension contributions made by the Bank on behalf of employees.

Total fixed remuneration for the five members of the Executive team employed during the year was £339,290 with one member receiving £6,600 cash in variable remuneration for the year.

Total fixed remuneration for the other 9 beneficiaries was £351,799 for the year with no variable remuneration.

In respect of BIPRU 11.5.18R (7c) to (7e) there was £6,600 outstanding deferred remuneration at 31 October 2016 and no new sign-on payment made during the year.

In respect of BIPRU 11.5.18R (7f) one individual, within the Executive team, received a severance payment of £30k. This was the only, and therefore highest, severance payment made during the year to members of the senior management or staff whose actions have a material impact on the risk profile of the Bank.

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.