Kingdom Bank

where savings build churches

Pillar 3 Disclosures

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Contents

1. Introduction

The Capital Requirements Directive (CRD) came into force on 1 January 2007. It introduced a supervisory framework within the European Union (EU), designed to ensure the financial soundness of credit institutions (banks and building societies) and certain investment firms while reflecting the Basel II rules on capital measurement and capital standards. A number of minor amendments were made to the CRD (CRD II and CRD III) followed by a major revision known as CRD IV. CRD IV was formally published in the Official Journal of the EU on Thursday 27 June 2013. The bulk of the rules contained in the legislation apply from 1 January 2014.

CRD IV is made up of the Capital Requirements Regulation (CRR), which is directly applicable to firms across the EU, and the Capital Requirements Directive (CRD), which must be implemented through national law.

CRD IV is intended to implement the Basel III agreement in the EU. This includes enhanced requirements for quality and quantity of capital, a basis for new liquidity and leverage requirements, new rules for counterparty risk, and new macro-prudential standards including a countercyclical capital buffer, a capital conservation buffer and capital buffers for systemically important institutions. CRD IV also makes changes to rules on corporate governance, including remuneration, and introduces standardised EU regulatory reporting - referred to as COREP and FINREP. These reporting requirements will specify the information firms must report to supervisors in areas such as own funds, large exposures and financial information.
The CRD comprises three 'pillars':

- Pillar 1 sets out the minimum capital requirement firms will be required to meet for credit, market and operational risk. This is known as the Capital Resources Requirement.
- Under Pillar 2, firms and supervisors have to take a view on whether a firm should hold additional capital against risks not covered in Pillar 1 and must take action accordingly. The Board of Kingdom Bank Limited (“the Bank”) has undertaken an assessment of all of the key risks facing the Bank and additionally, the Bank has stress tested those risks to establish the level of additional capital to be held under Pillar 2. The Internal Capital Adequacy Assessment Process (ICAAP) is produced by the firm and is reviewed by the PRA (“the Regulator”) as part of the Annual Prudential Review Meeting (APRM). The last full ICAAP was approved by the Board in November 2015 and subsequently submitted to the Regulator. The Regulator conducted an APRM in August 2015 and reported formally thereafter indicating the level of capital they considered that the Bank should hold in respect of its risk assets in the form of an Individual Capital Guidance (ICG). The Bank has operated and continues to operate within the ICG. The 2016 APRM was held in April 2016 but did not involve a review of the ICAAP.
- The aim of Pillar 3 is to improve market discipline by requiring firms to publish certain details of their risks, capital and risk management. This document includes the information required under Pillar 3 and will be updated annually.

The figures in this document are as at 31 December 2015 unless otherwise stated.

The Bank is a wholly owned subsidiary company of a group headed by Assemblies of God Property Trust (“AOGPT”) and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the consolidated results are not included in the financial statements of the Bank.

AOGPT is not regulated by the Regulator and accordingly this document only includes disclosures relating to the Bank.

2. Risk management objectives and policies

The principal risks to which the Bank is exposed are as follows:

- *Credit risk* arises if the Bank's borrowers or market counterparties fail to meet their obligations.

  - *Borrower risk*
    The vast majority of the Bank's advances are secured by mortgages on property and all lending is by a specialist team, using specialised valuers and bespoke documentation. Lending authorities are documented in the Credit Policy. Maximum loan size is based on LTV limits subject to a maximum single loan size of £750k. The Bank's loan book is of high quality with very few repossessions and specific bad debt provisions required in the 60 years' plus history of the Bank and its predecessor AOGPT. Regular stress testing is undertaken on the loan book. The ALCO Committee reviews controls and tracking mechanisms to maintain credit exposure within internal and external guidelines. It allocates credit grades, monitors and instructs remedial action on under-performing exposures, monitors security values and associated risk/unsecured exposure and establishes and observes strict guidelines on provisioning.

  - *Institutional Counterparty risk*
    The Bank's policy is to finance all advances from customer deposits. The resulting commercial surplus is placed into the wholesale markets ("the Treasury Book") and the Bank's Reserve Account with the Bank of England at maturities that ensure the Bank complies with the liquidity parameters laid down in its Individual Liquidity Adequacy Assessment (ILAA) and by the Regulator. The Bank is thus exposed to banks and building societies. A formal policy is in place to restrict exposure to creditworthy counterparties and ensure exposure to any one counterparty is always prudent. The Treasury Committee monitors institutional counterparty exposures weekly, including consideration of information in the public domain relevant to credit risk. ALCO reviews the exposures against policy limits monthly as does the Audit, Risk and Compliance Committee ("ARC") and the Board by exception at each meeting. The Bank has never experienced a loss in its Treasury Book.

- *Market risk* is the risk of loss to the Bank due to adverse market movements in e.g. interest rates, exchange rates, prices etc. The Bank has no trading book. It does not deal in FEX and has no FEX risk. Interest rate risk is the potential adverse impact on the Bank's future cash flows from changes in interest rates. Although a significant amount of natural hedging exists in the balance sheet, the Bank is subject to a small interest rate risk in the banking book due to differing repricing profiles between its assets and liabilities. In particular, fixed rate savings bonds and treasury deposits and fixed rate counterparty deposits expose the Bank to the risk that a change in interest rates could cause either an increase in interest expense or a reduction in interest income relative to the variable rate interest flows. The net interest rate exposure is considered to be small. The impact of a 2% parallel shift in interest rates is reviewed monthly by ALCO and by exception at every ARC and Board meeting.

- *Operating risk* is risk to the Bank from inadequate or failed internal processes, systems or human resources, or from external events. The Bank seeks to mitigate operating risk by imposing a strong control environment. Specific risk areas include personnel, IT, legal, outsourcing, tax, fraud and regulatory risk and these risks are monitored weekly by the Senior Management Committee and monthly by the Executive Committee. The Bank adopts the 'Basic Indicator Approach' (BIA) under Pillar 1. Under CRR Article 315 the BIA produces a capital charge of 15% of income.

- *Capital adequacy risk* is the risk that the Bank has insufficient capital to support business growth and / or uses up all of the PRA and CRD IV buffers leading to a breach of the Individual Capital Guidance (ICG) set by the Regulator during the last APRM capital visit. Capital Adequacy is monitored monthly by senior management and ALCO.

- *Concentration risk* arises when several risks that have been identified occur close together, such that a single external event might increase the anticipated loss.

    - *Borrower concentration*
      As a Christian bank, the loan book is by nature highly concentrated in loans to churches and charities funded by retail savings from, in the main, churchgoers. This appears to pose a potential sector/niche concentration risk. The risk is strongly mitigated by the expected growth in the churches to which the Bank lends and the diversification inherent in its repayment sources, namely congregations. Churches, being member-based, do not behave like other charities, whose income is volatile and vulnerable to economic downturns. Each member of the congregation feels a personal responsibility for repayment of the loan. The Bank requires a minimum Service Ratio (income / loan instalments) of 120%.

    - *Geographic concentration*
      The Bank lends in England, Wales and Scotland. It is recognised that a severe downturn in property values will affect some areas more than others. However, the Bank's portfolio exposure is reasonably spread throughout the UK. Geographic concentration is reviewed monthly by ALCO.

    - *Product concentration*
      The Bank relies heavily on variants of a single lending product, the church and charity mortgage. In mitigation the Bank does not rely on volatile fee or trading income. The Business Plan includes additional residential-backed lending alongside existing commercial-backed lending. The existing loan portfolio is stable and generates a healthy long-term income stream. If demand for church loans declined, the Bank would continue to run profitably, and could be wound down gradually as the loan book amortised.

    - *Funding concentration*
      Deposits invested with the Bank are from individuals, associations, churches and charities and businesses. The Bank chooses not to target wholesale funding, which is inherently volatile, and funds its loan book from customer deposits. Key mitigants include loyal customers attracted by the Bank's mission and personal service. Large individual deposit maturities are monitored weekly by the Treasury Committee and monthly by ALCO, and pre-emptive defensive action is taken if necessary. Further growth, which will be enabled by new capital, will increase the depositor base and dilute any risk.

    - *Large exposures concentration*

The failure of just a few large advances could cause the Bank disproportionate losses. Such advances are tracked and controlled by the ‘large exposures ratio’. Large exposures (loans in excess of 10% of Eligible Capital[1]) together with connected lending (loans to directors, their families or churches where they have control as trustees) are clustered within a permitted ratio of 25% of Eligible Capital for any single loan under the CRR. The Bank has an internal risk appetite which states that such exposures should not exceed 23% of Eligible Capital. The largest permitted exposure to a single institutional counterparty is 100% of Eligible Capital under the CRR. The Bank has an internal risk appetite which states that such exposures should not exceed 95% of Eligible Capital. These ratios are closely monitored each month by ALCO.

- *Liquidity risk* is the risk that the Bank, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure such resources only at excessive cost. The Bank has a simple and very liquid balance sheet. It has no trading activities, no derivatives and no contingent liabilities and does not rely on wholesale funding. The surplus retail deposits are placed with a range of banks and building societies at maturities of three years or less. The Bank maintains a liquid assets buffer in accordance with regulatory requirements, which is monitored weekly by the Treasury Committee and monthly by ALCO. ALCO also monitor key liquidity metrics.

- *Reputational risk* is the risk that the Bank may lose business or incur losses following a change in public perception following negative publicity, fraud or a similar event. The Bank employs an experienced external PR company and has a small and loyal staff base with low turnover; dedicates itself fully to the Treating Customers Fairly (TCF) principles and consideration of conduct risk issues; and therefore invariably adopts conservative management practices. The Bank has a Risk & Compliance function consisting of a Risk & Compliance Officer and an Assistant.

- *Systemic risk* is the risk that a market-wide loss of confidence in the whole or part of the UK banking sector leads to a sudden rush of withdrawals from the Bank, for example a general flight away from small banks to the perceived safety of large banks. The mitigants detailed above under *Liquidity risk* are applicable to this type of risk.

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[1] Eligible Capital means the sum of the following:
(a) Tier 1 capital
(b) Tier 2 capital restricted as follows (CRR Article 494):
- 2014: 100% of Tier 1
- 2015: 75% of Tier 1
- 2016: 50% of Tier 1
- 2017 onwards: 33% of Tier 1.

Tier 1 capital comprises the sum of Common Equity Tier 1 (“CET1”) capital and Additional Tier 1 capital. In the Bank’s case CET1 comprises the following:
- Ordinary share capital, Retained earnings, Revaluation reserve
- Less: Interim net losses, Intangible assets, Deferred tax assets that rely on future profitability

The Bank has no Additional Tier 1 capital. In the Bank’s case Tier 2 capital comprises subordinated debt capital (amortised over the last 5 years of the term of the debt).

3. Board and committee structure

3.1. Three lines of defence

The Bank operates the three lines of defence model which segregates risk management into three distinct categories:

- **First line:** Operationally, Management have primary responsibility for the identification, measurement and management of all risks. Clear ownership of each specific risk management responsibility is set out in Board approved policy documents which establish the limit structures within which the Bank operates. In addition to the day to day risk management processes of the Bank, risk is managed through a number of executive committees.

- **Second line:** The Risk & Compliance Officer conducts independent reviews of risk management in the Bank and provides challenge to Management regarding the adequacy, accuracy and effectiveness of management information (MI) used in risk management decision making. The Risk & Compliance Officer reviews risk-related MI prior to distribution, adds commentary on significant variances and challenges Risk Managers and / or Risk Owners for explanation and actions where appropriate.

  The Risk & Compliance Officer maintains a rolling 3 year Combined Assurance Plan in conjunction with Internal Audit, which ensures that all significant areas of risk are reviewed at an appropriate frequency by either the second or third line of defence through the assurance cycle. The Combined Assurance Plan is presented by the Risk & Compliance Officer at each meeting of the ARC.

  In addition, the Risk & Compliance Officer provides expertise and guidance on appropriate risk management practices, including good practice policies and procedures.

  It is also the Risk & Compliance Officer's responsibility to update relevant personnel and committees at the Bank (and through them the Board) regarding new and amended rules, regulations or guidance; and to ensure that the Bank responds with appropriate actions.

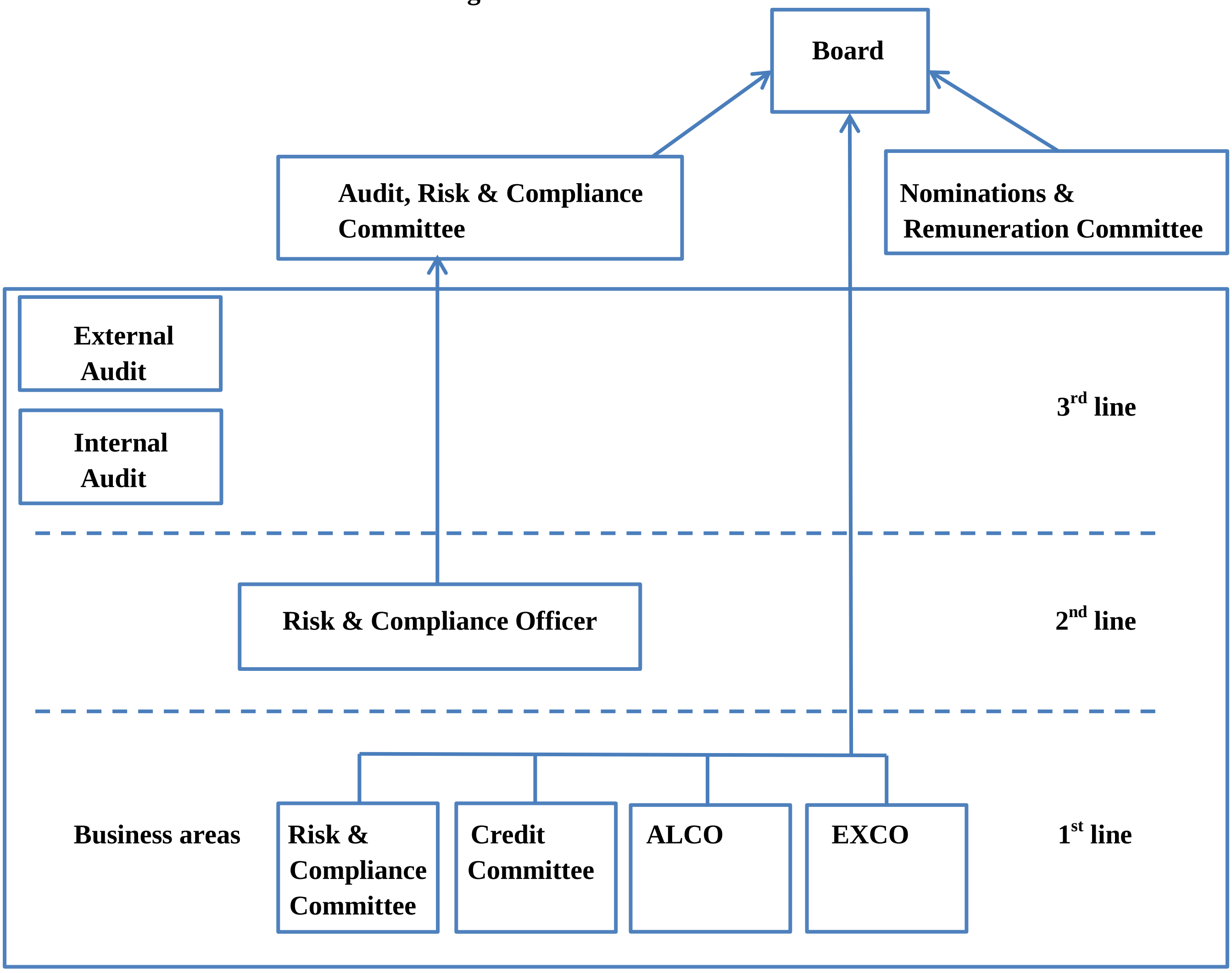
  The Risk & Compliance Officer has a reporting line to the Chairman of the ARC and they meet at least annually.

- **Third line:** Internal Audit is responsible for independent review of the effectiveness of risk management at the Bank. Internal Audit report directly to the Chairman of the ARC.

  External Audit provide independent review and challenge to risk management at the Bank insofar as such risk management impacts provision of assurance with regard to the financial statements and accounts.

The following diagram illustrates how individuals and committees fit into the three lines of defence model:

Kingdom Bank Ltd Governance Chart



The Board is the governing body at the Bank and, as such, has ultimate responsibility for approval of the risk management framework and oversight of performance against systems of control. The Board consists of executive directors and a majority of non-executive directors, including a non-executive Chairman, and it meets at least four times a year.

Audit, Risk and Compliance Committee

The Board has delegated primary responsibility for ensuring that the risk and controls at the Bank are operating effectively, to the ARC. ARC is a Board sub-committee whose members are non-executive directors of the Bank and which meets at least three times a year.

Nominations and Remuneration Committee

The Board has delegated a number of responsibilities to the Nominations and Remuneration Committee. The committee ensures that the Board is composed of directors with the appropriate balance of knowledge, skills, diversity and experience and is not dominated by any one individual or small group of individuals. The committee also periodically assesses the structure, size, composition and performance of the Board. The committee periodically reviews the policy for selection and appointment of senior management and is responsible for the Bank's remuneration policies and practices and the incentives created for managing risk, capital and liquidity. This is a Board sub-committee whose members are non-executive directors of the Bank and which meets at least twice a year.

Other committees

A range of executive committees are responsible for operational management of risks. The committees meet in a monthly cycle. Membership of these committees includes the executive directors and other managers as appropriate.

Due to the size and limited resources of the Bank, Internal Audit is outsourced.

4. Own funds

The Bank's total Own Funds, calculated in accordance with Article 72 of the CRR, amounted to £6.3m as at 31 December 2015. This was made up of Tier 1 capital of £5.4m (after deductions) and Tier 2 capital of £0.9m (no deductions).

The full analysis is shown in the table below:

Total Own Funds	£m	£m
Tier 1 Capital		
Permanent share capital (ordinary £1 shares)	4.2	
Profit and loss account[2]	1.2	
Revaluation reserve	0.2	
Core Tier 1 capital before deductions		5.6
Deductions from Tier 1 capital: intangible assets, deferred tax assets relying on future profits		(0.2)
Tier 1 Capital after deductions		5.4
Tier 2 Capital		
Tier 2 capital instruments (subordinated debt)	0.9	
Tier 2 Capital (no deductions)		0.9
Total Capital after deductions		6.3

[2] The profit and loss account figure includes audited profits for 2015 which were approved on 17 March 2016.

5. Exposure amounts under the standardised approach

5.1. Risk weighted exposure amounts

The Bank's ICAAP is updated annually and assesses how much capital the Board considers adequate to absorb all losses which the Bank could potentially incur yet still leave it solvent. The ICAAP covers the entire business and identifies and quantifies material risks to the Bank. An important component is the Bank's Risk Register, which evaluates risks to which the Bank is exposed within the Basel Framework Pillars 1 and 2; and identifies mitigating actions.

The Bank prepares an annual five year budget which is submitted for Board challenge and approval and which includes projections for the Own Funds, capital requirement and the resulting surplus / deficit capital over ICG before and after the PRA and CRD IV buffers. In addition the senior management maintain a five year capital forecast which is updated quarterly. The Board and the ALCO Committee receive a monthly report showing the monthly forecast surplus / deficit capital for the next 15 months and the year-end capital position for the next 5 years.

The Bank adopts the standardised approach to credit risk as detailed by the Regulator and holds a minimum of 8% of the risk weighted exposure amounts for each of the standardised credit risk exposure classes.

The Bank calculates its operational risk capital requirement in accordance with the basic indicator approach, and provides a capital amount of 15% of the average of the last three years' operating income.

The Bank's total Pillar 1 capital resources requirement, calculated in accordance with the requirements of the Regulator, amounted to £2.5m as at 31 December 2015. This is detailed below:

Exposure category under CRR Article 112	Exposure £m	Risk weighted exposure £m	Capital required £m
Exposures to central governments or central banks (Bank of England Reserve Account)	4.0	-	-
Retail exposures (unsecured loans)	0.4	0.3	0.0
Exposures secured by mortgages on immovable property (non-residential loans performing)	30.0	22.9	1.8
Exposures secured by mortgages on immovable property (residential loans performing)	4.3	1.5	0.1
Exposures in default (non-residential loans)	0.4	0.4	0.0
Exposures in default (residential loans)	0.0	0.0	0.0
Exposures in default (unsecured loans)	0.0	0.0	0.0
Exposures to institutions	11.0	2.3	0.2
Other items (fixed and other assets)	1.5	1.6	0.2
Credit Risk – Capital Resources Required	51.6	29.0	2.3
Operational Risk – Capital Resources Required			0.2
Pillar 1 Capital Resources Required			2.5

5.2. Leverage Ratio

Basel III introduces a non-risk based leverage ratio to supplement the risk based capital requirements. The ratio shows tier 1 capital as a proportion of total exposures (on and off balance sheet assets). The ratio does not distinguish between the credit quality of loans and acts as a primary constraint to excessive lending in proportion to the capital base.

The PRA issued Policy Statement “PS27/15 Implementing a UK leverage ratio framework” on 7 December 2015 which set out minimum leverage ratio requirements for all PRA-regulated banks and building societies with retail deposits equal to or greater than £50 billion. At 31 December 2015 the Bank held retail deposits of £41.8 million and hence the minimum leverage ratio requirements do not apply to the Bank.

The Bank’s calculated leverage ratio at 31 December 2015 was 8.96% (2014: 9.08%).

6. Credit risk and provisioning

6.1. Credit risk – Loans and advances

The geographical spread of loans and advances (before provisions and excluding pipeline lending commitments) as at 31 December 2015 is shown below:

Geographic regions	Amount £m	% of book
North West	3.9	11.8%
North East	0.7	2.1%
Yorkshire & Humber	2.9	8.9%
East Midlands	5.1	15.3%
West Midlands	2.1	6.2%
East of England	4.9	14.8%
South East	4.6	13.9%
South West	1.3	3.8%
London	5.1	15.4%
Scotland	1.2	3.7%
Wales	1.4	4.1%
Total loans and advances	**33.2**	**100.0%**

It should be noted that the loan figures in the table in section 5 are after deducting specific provisions and include pipeline lending commitments.

A breakdown of loans and advances by loan type and borrower type (excluding pipeline lending) is shown below:

Exposure class	Amount £m	Amount £m
Fully secured on land and buildings:		
Charity mortgages	32.2	
Personal mortgages	0.9	
Fully secured mortgages		**33.1**
Unsecured:		
Charity loans	0.1	
Personal loans	0.0	
Unsecured loans		**0.1**
Total loans and advances before provisions		**33.2**
Less: provision for bad and doubtful debts		**(0.2)**
Total loans and advances after provisions		**33.0**

A residual maturity analysis is shown below:

Repayable	Amount £m	Amount £m
In not more than three months	0.6	
Over three months but not more than one year	2.1	
Over one year but not more than five years	10.5	
In more than five years	20.0	
Total loans and advances before provisions		**33.2**
Less: provision for bad and doubtful debts		**(0.2)**
Less: provision for suspended interest		**(0.0)**
Total loans and advances after provisions		**33.0**

6.2. Credit risk – Institutional Counterparties

The Bank's procedures for managing institutional counterparty exposures are referred to in section 2 under *Institutional Counterparty Risk*. Under the standardised approach to credit risk, risk weightings are assigned to counterparty exposures based on the credit quality assessment tables. Credit limits are set by the Board and reviewed monthly by ALCO. Exposure limits for rated counterparties range from 20% to 95% of Eligible Capital based on short term external credit agency ratings or 20% of Eligible Capital for unrated banks and building societies based on Pillar 3 capital disclosures, as detailed below:

Short-Term Rating 1[3]	Short-Term Rating 2[3]	Max KBL Exposure[1,2]
1	1	75%
1	1	75%
1	2	50%
2	1	50%
1	2	50%
1	3[4]	20%
1	3[4]	20%
2	2	25%
3[4]	1	20%
3[4]	2	20%
2	3[4]	20%
3[4]	3[4]	20%
Not rated[5]	Not rated[5]	20%

Notes

[1]*The maximum exposure to the Bank's Clearing Bank is limited to 95% of Eligible Capital*

[2]*As a percentage of Eligible Capital*

[3]*An initial placement with an institution will not be considered if short-term ratings are below Credit Quality Step 3 in the table above. If ratings for a particular counterparty subsequently deteriorate below these levels after placement, early withdrawal will be requested. If this incurs a penalty or loss the Executive will consider what action to take.*

[4]*Any institution rated Credit Quality Step 3 will only be considered for investment after a detailed credit review has been performed by the Finance Officer or the Finance Assistant which has been approved by two of the authorisers (Chief Executive and Finance Director).*

[5]*The maximum exposure to an unrated institution is limited to 20% of the Bank's Eligible Capital, provided that the institution has at least £10m of Eligible Capital which shall be not less than 160% of that institution's Pillar 1 Capital Requirement. If an unrated institution has Eligible Capital below £10m at the time of considering the deal then no funds may be placed with that institution.*

The table below shows the breakdown of counterparty exposures, credit assessments and risk weights at 31 December 2015.

All exposures have a residual maturity of two years or less:

Counterparty type	Exposure £m	Credit quality assessment step	Risk weight
Central bank (Bank of England Reserve Account)	4.0	N/A	0%
Institutions (UK banks and building societies)	6.1	1	20%
Institutions (UK banks and building societies)	0.0	2	20%
Institutions (UK banks and building societies)	0.0	3	20%
Institutions (UK banks and building societies)	3.2	Unrated	20%
Total counterparty exposures with residual maturity up to three months	**13.3**		
Institutions (UK banks and building societies)	0.0	1	20%
Institutions (UK banks and building societies)	0.5	2	50%
Institutions (UK banks and building societies)	0.0	3	50%
Institutions (UK banks and building societies)	1.2	Unrated	20%
Total counterparty exposures with residual maturity between three months and one year	**1.7**		
Total counterparty exposures	**15.0**		

6.3. Provisioning

Definitions

Loans and advances are regarded as "past due" ("in default" under the CRR) when the arrears exceed three months' contractual repayments at the balance sheet date. "Impaired loans" are those where the carrying amount is assessed to be not fully recoverable after taking into account all available security and associated costs.

Accounting policy for loan provisions

Loans and advances are initially recorded in the balance sheet at cost, less specific loan loss provisions and are subsequently carried at amortised cost using the effective interest method.

Specific loan loss provisions are made against the carrying amount of loans and advances that are identified as not fully recoverable to reduce these loans and advances to their recoverable amounts. Specific provisions are made for loans where arrears exceed three months' contractual payments or management judge that the probability of loss occurring is significant and an exposure to potential loss exists after realisation of security at a forced sale discount.

A specific loan loss provision has been included for Incurred But Not Reported ("IBNR") losses, which is maintained for loans which are likely to have incurred losses triggered by historical events but which have not yet been reported and uniquely identified by the Bank. The IBNR provision includes two elements: unincorporated borrowers and incorporated borrowers and a provision has been recognised for each type of borrower which reflects the level of risk assessed by management.

Increases in the loan loss provision are recognised in the profit and loss account. If in a subsequent period the amount decreases and the decrease can be linked objectively to an event occurring after the write down, the write-down or provision is reversed through the profit and loss account.

A table of movements in the loan loss provision at 31 December 2015 is shown below:

Movements in provisions	Brought forward £m	Movement £m	Written off	Carried forward £m
Specific provision for bad and doubtful debts: identified loans	0.1	(0.0)	-	0.1
Specific provision for bad and doubtful debts: IBNR losses	0.1	(0.0)	-	0.1
Total provisions	**0.2**	**(0.0)**	**-**	**0.2**

The amount of impaired exposures at 31 December 2015 was £1,950k and related to charity mortgages (£1,789k) and personal mortgages (£161k).

7. Remuneration policies and practices

A risk arises if the Bank's remuneration policies and practices could result in staff being rewarded for decisions inconsistent with the Board's Risk Appetite. It is therefore the Bank's policy to seek to ensure that its remuneration decisions are in line with effective risk management.

The Bank seeks to ensure that its remuneration decisions are in line with its business strategy and long term objectives, and consistent with the Bank's ethos, current financial condition and future prospects. The Bank does not operate any committed variable remuneration schemes for any staff and any bonuses paid are non-contractual. Subject to on target performance of the Bank the Executive team (comprising the Chief Executive and the Finance Director) will consider and recommend to the Board a discretionary Christmas bonus. For 2015 this amounted to between £274 and £1,870 per staff member.

The Board has identified that those staff whose professional activities have a material impact on the Bank's risk profile are the Executive team plus the Risk & Compliance Officer.

The Board, through the Nominations and Remuneration Committee, assess the remuneration of the Executive Team based on their levels of responsibility, performance and the market place. This information is considered alongside the performance of the Bank as compared to the Annual Business Plan. The remuneration of the Risk & Compliance Officer in addition takes into account the recommendation of the Executive Team.

Aggregate information on the remuneration of the three persons is given below:

	£
Fixed remuneration	185,739
Variable remuneration	29,279
Total	**215,018**

8. Conclusion

This disclosure document is intended to provide background information on the Bank's approach to risk management, including its corporate governance framework. It provides a schedule of the Bank's Own Funds and capital requirement in accordance with Pillar 1. The Bank's approach to credit risk and provisioning is also included.

For further information on the contents of this document application should be made in writing to the Finance Director at Kingdom Bank Ltd, Ruddington Fields Business Park, Mere Way, Ruddington, Nottingham NG11 6JS.