

## Capital Requirements Directive - Pillar 3 Disclosures as at September 2017

This document is intended to meet NLP Financial Management's Capital Requirements Directive Pillar 3 disclosure obligations. This report is based upon on the assessment process undertaken to determine the individual capital adequacy of NLP Financial Management (the "Firm").

As a result of the assessment, the Firm is considered to have adequate capital resources given its size and the complexity of its business.

The Firm is classified by FCA as a limited licence 50k firm.

No material pillar 2 risks have been identified during this assessment.

A summary of the minimum capital requirement under pillar 1 and the risk based capital requirement under pillar 2 is shown below:

### Pillar 1 Requirement Summary:

	Minimum capital in £
Base Capital Requirement	<b>€50,000</b>
Credit Risk Requirement	<b>£89,873</b>
Market Risk Requirement	<b>The firm does not operate a trading book</b>
Fixed Overhead Requirement (FOR)	<b>£671,285</b>
<b>Pillar 1 Requirement (higher of base capital requirement, total of credit and market risk requirement or FOR)</b>	<b>£671,285</b>

### Pillar 2 (ICAAP) Requirement Summary:

	Firm's Pillar 2 Additional Capital Requirement in £
Credit risk	<b>£0</b>
Market risk	<b>£0</b>
Liquidity risk	<b>£0</b>
Operational risk	<b>N/a</b>
Insurance risk	<b>£0</b>
Concentration risk	<b>£0</b>
Residual risk	<b>£0</b>
Securitisation risk	<b>£0</b>
Business risk	<b>£0</b>
Interest rate risk (including interest rate risk in the non-trading book)	<b>£0</b>
Pension obligation risk	<b>£0</b>
Reputational risk	<b>£0</b>
Regulatory risk	<b>£0</b>
Legal action risk	<b>£0</b>
Economic Risk	<b>£0</b>
<b>Total</b>	
Adjustments (diversification if claimed etc.)	<b>£0</b>
Additional capital to cover stress	<b>£0</b>

Testing	
<b>Pillar 2 (ICAAP) total capital requirement</b>	<b>£0</b>

#### Overall Financial Resources Requirement:

	<b>£</b>
<b>Pillar 1 Requirement</b>	<b>£671,285</b>
<b>Pillar 2 Total Requirement</b>	<b>£0</b>
<b>Total:</b>	<b>£671,285</b>
<b>Current capital available</b>	<b>£3,526,887</b>
<b>Surplus</b>	<b>£2,855,602</b>

Due to the Firm's size and nature of our activities the assessment has identified no additional risk based capital requirements under pillar 2. Stress testing has shown that unless there is an exceptional down turn in economic conditions the Firm will continue to be able to meet its pillar 2 financial resources requirement.

The Firm considers that it has a robust approach to risk management.

The Firm does not believe there is any significant exposure to credit risk and market risk is not relevant since the Firm does not operate a trading book.

As a limited licence firm, we are exempt from the requirement to consider operational risk.

This document is to be reconsidered on an annual basis to ensure that it remains accurate and relevant to the Firm activities, associated risks and economic conditions.

This assessment process has been considered by the Board of the Firm and approved.

#### Remuneration Code Disclosure

Our Firm falls within the scope of Remuneration Code as a tier 4 firm. This means that we must disclose certain information about our remuneration policy and details in aggregate of the remuneration of Code Staff.

The information that must be disclosed is as follows:

- a) The process for determining remuneration policy
- b) The link between pay and performance (including the main performance metrics and the forms of remuneration)
- c) Aggregate quantitative remuneration data by business area
- d) Aggregate quantitative remuneration data broken down by reference to senior management and other staff whose actions have a material impact on the risk profile of the firm.

NLP Financial Management has six directors each of which fall under the remit of the Remuneration Code. The Firm does not employ any risk takers.

Director remuneration is agreed formally by the Board. The link between performance and pay is inevitable in a relatively small firm but the Firm's risk adverse strategy and robust risk

management systems mean that individual directors have no opportunity to artificially influence variable remuneration.

As allowed by FCA rules, quantitative data is withheld because it could lead to identification of specific individual's remuneration.