Basel III Pillar 3
UK annual remuneration disclosures
for the financial year ended 31 March 2014

Introduction

Macquarie Bank Limited (London Branch) (MBLLB), Macquarie Bank International Limited (MBIL), Macquarie Capital Europe Limited (MCEL) and Macquarie Infrastructure and Real Assets Europe Limited (MIRAEL) are subsidiaries of Macquarie Group Limited (Macquarie). MBLLB and MBIL are also branches of Macquarie Bank Limited (MBL or Macquarie Bank). Throughout this disclosure document, for consistency, references are made to Macquarie's remuneration arrangements.

The qualitative remuneration disclosures (sections 1 to 4) outline the remuneration framework consistent with Macquarie's Remuneration Policy. Macquarie's Remuneration Policy applies to all employees globally. The quantitative information (section 5) relates to senior managers and material risk takers ("Code staff") for the financial year ended 31 March 2014.

1 Remuneration governance

Macquarie's Board of Directors (the Board) has oversight of Macquarie's remuneration arrangements. The Board Remuneration Committee (BRC) of Macquarie Group Limited supports both the Board and the Board of Macquarie Bank with Macquarie's remuneration policies and practices.

The BRC currently comprises six Independent Non-Executive Directors[1]:

BRC member	Role
Helen Nugent	Chairman
Gary Banks	Member
Patricia Cross	Member
Diane Grady	Member
Kevin McCann	Member
Peter Warne	Member

The BRC members have the required experience and expertise in both human resources and risk to achieve effective governance of Macquarie's remuneration system. In addition, all members of the BRC have extensive experience in remuneration, either through their professional background or as members of the remuneration committees of other boards. The BRC has a regular meeting cycle and met 10 times over the last financial year. Committee fees for the Chairman of the BRC for FY2014 were $70,000 and for BRC members were $30,000. Per diem fees may also be paid from time to time for approved additional work. These fees are in respect of the Committee's support to the Boards of both Macquarie Group and MBL.

The role and responsibilities of the BRC are set out in the BRC Charter which is available on Macquarie's website.

The Board pays serious, sustained attention to the design and the operation of remuneration practices for all of Macquarie, not just for the most senior executives. More specifically, the Board has strong processes for making remuneration decisions for senior staff, which also involve assiduous management of internal guidelines on declaring and dealing with conflicts of interest. These are rigidly followed by the BRC.

1 Gary Banks was appointed to the BRC on 1 June 2014.

The Board approves (on BRC recommendation)	BRC approves (on behalf of the Board)
Executive Remuneration Policy and Framework Recommendations – The *Remuneration Policy*, its effectiveness and its compliance with legal and regulatory requirements – The appropriate levels of delegated responsibility to management for remuneration-related decisions – The profit share methodology and any adjustments – Adjustments to the profit share pool as a result of the Non-Executive Directors exercising their discretion	– Identification of the Designated Executive Director population, Code Staff population[(1)], Hong Kong Covered Staff[(1)], other persons whose activities may affect the financial soundness of Macquarie, and senior risk and financial control staff – The profit share pool, calculated in accordance with the Board-approved methodology – The percentage of Executive Directors' retained profit share allocated to Macquarie shares and Macquarie-managed fund equity – The implementation of the *Remuneration Policy*, including an annual review of compliance with the Executive Director minimum shareholding requirements

Executive Remuneration Recommendations
– Individual remuneration recommendations[(2)] for:
  – Executive Committee members
  – Designated Executive Directors
  – Staff covered under specific regulatory requirements
  – Senior risk and financial control staff
– The total Performance Share Unit (PSU) pool available for Executive Committee members
– The continued vesting or otherwise of retained profit share amounts for employees covered under the Malus provisions
	– All individual profit share recommendations for other Executive Directors
	– The standard number or value of promotion equity grants to Director-level staff

Non-Executive Director Remuneration – The remuneration framework for the Non-Executive Directors of Macquarie and MBL – Remuneration recommendations for Non-Executive Director fees (subject to the maximum aggregate amount being approved by shareholders)[(3)]	

(1) Code Staff under the UK Regulators' Remuneration Code, Covered Staff under the Hong Kong Monetary Authority's (HKMA) Guideline on a Sound Remuneration System.

(2) Including base remuneration, profit share and PSUs where applicable, with the proviso that PSU grants to Executive Voting Directors (including the CEO) must be approved by shareholders at the Annual General Meeting.

(3) The *Corporations Act 2001 (Cth)* (the Act) contains an exception to the general prohibition on voting on a matter in which a Director has a material personal interest in respect of a director's remuneration as a director.

The BRC reviews the Remuneration Policy at least annually. It was most recently approved by the Board in February 2014. Updates to the Remuneration Policy were made during the year to reflect:

- the refreshed shareholder approvals (in respect of Termination Benefits legislation) obtained at the July 2013 AGM
- regulatory and governance developments and
- amendments to the retention rates of certain employees to reflect specific business and market conditions.

The BRC has access, as required, to Macquarie's senior management and has retained an independent consultant, Pay Governance, for the use of the Board to obtain advice on the appropriateness of Macquarie's remuneration system, objectives and program and other employment conditions.

The BRC, on behalf of the Non-Executive Directors of Macquarie, commissioned an independent review of executive remuneration from a USA office of Pay Governance (the Pay Governance Review). The only services that Pay Governance provides to Macquarie are executive compensation consulting to the BRC. This year, the Pay Governance Review considered the overall approach to remuneration, peer organisations' overall approach to remuneration, the extent of alignment with shareholder interests and a comparison of individual remuneration for senior executives where relevant peer information was available. In addition, the BRC independently analysed global remuneration trends and data.

2 Remuneration design and structure

During the year, the Board and the BRC have reviewed Macquarie's remuneration framework to ensure it continues to meet its overriding objective of generating superior shareholder returns, while having due regard for risk. In undertaking this assessment, the Directors of the Board have considered factors including:

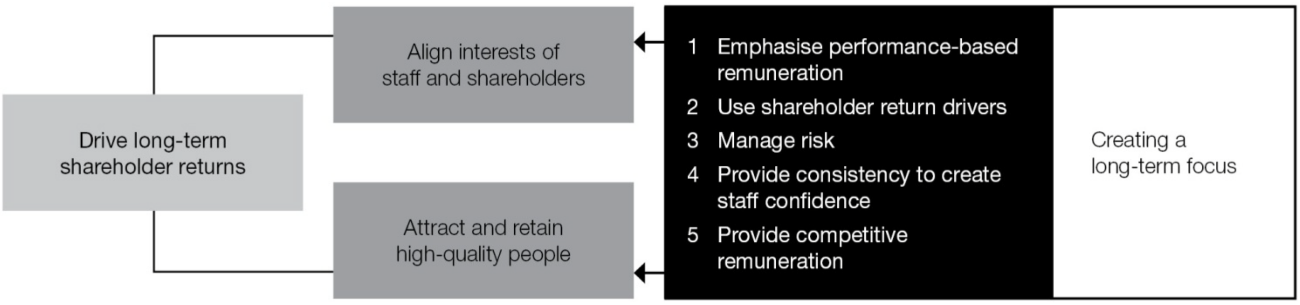
- the degree of alignment between staff and shareholders
- the evolving regulatory landscape
- market developments
- feedback from shareholders
- the employment environment and
- Macquarie's performance during the year and the performance of each business.

The Board considers that Macquarie's overall remuneration objectives of driving shareholder returns over the long-term, while prudently managing risk, remain appropriate. They recognise that to achieve these objectives, Macquarie must attract, motivate and retain exceptional people, while aligning their interests with those of shareholders.

They consider this is best achieved by supporting the following principles:

- emphasising a performance-based remuneration approach that balances return and risk over the short and longer-term
- employing the twin drivers of profitability and returns in excess of the cost of capital to motivate staff to drive shareholder returns
- structuring remuneration to align the interests of staff and shareholders, while prudently managing risk
- providing consistent arrangements over time to give staff the confidence to pursue multi-year initiatives
- remunerating high performing staff appropriately, relative to global peers, so they are attracted to and stay with Macquarie.

The way these principles link to the overall objectives are outlined in the following chart.



The remuneration framework, which works as an integrated whole rather than in isolation, is comprised of fixed remuneration, a profit share scheme, and for MBL's most senior executives, the Executive Committee, PSUs. The following table provides an overview of the key features of Macquarie's remuneration system, each of which is described in further detail in section 4.

Key Feature	Applicable to: Executive Committee[1] and Designated Executive Directors	Applicable to: Other Executive Directors	Applicable to: Staff other than Executive Directors
Fixed remuneration	Fixed remuneration is reviewed annually and reflects technical and functional expertise, role scope, market practice and regulatory requirements		
Performance-based remuneration			
Amount of profit share retained[2]	50 to 70 per cent	40 to 60 per cent	25 to 60 per cent dependent on specific thresholds
Vesting and release of retained profit share[2][3]	Pro-rata annually over three to seven years after the year retained	Pro-rata annually over three to five years after the year retained	Pro-rata annually over two to four years after the year retained
How retained profit share is invested[4]	Invested in Macquarie equity or Macquarie-managed funds		
Forfeiture of retained profit share whilst employed	BRC discretion to apply Malus	BRC discretion to apply Malus to certain staff	
Forfeiture of retained profit share on leaving	Unvested amounts are forfeited except in certain circumstances, subject to disqualifying events[5]		Unvested amounts are forfeited except in certain circumstances[5]
Promotion awards	Staff who are promoted to Associate Director, Division Director or Executive Director receive an allocation of MEREP[6] awards, set with reference to an $A value, based on seniority		
PSUs	Executive Committee only: vest over years three and four with exercise subject to achievement of performance hurdles	n.a.	n.a.
Minimum Shareholding Requirement	Satisfied by the requirements of the profit share retention policy		n.a.
Hedging	Macquarie prohibits staff from hedging unvested options, shares held to meet the minimum shareholding requirement and unvested equity held in the MEREP		
No special contractual termination payments for staff			

(1) Includes both the Managing Director and Chief Executive Officer of Macquarie (CEO) and the CEO of Macquarie Bank.
(2) The above table reflects Macquarie's standard arrangements. This year, the Non-Executive Directors have exercised their discretion and increased the retention rate and amended the vesting and release period for FY2014 profit share to reflect the impact of the SYD Distribution on MEREP for Executive Committee members and certain senior executives.
(3) Further detail on the setting of vesting periods is set out in section 4.1.
(4) Retained profit share is invested either directly or notionally, and may also include an investment in subsidiaries in the case of acquired businesses. For staff other than Executive Director, retained profit share is generally (but not exclusively) invested in Macquarie equity.
(5) As approved by shareholders of Macquarie in July 2013.
(6) Macquarie Group Employee Retained Equity Plan.

2.1 Risk and financial control personnel

The Board seeks to ensure that remuneration for staff whose primary role is risk and financial control, including the Chief Risk Officer (CRO) and the Chief Financial Officer (CFO), preserves the independence of the function and maintains Macquarie's robust risk management framework.

Profit share is allocated to risk and financial control groups based on the quality and integrity of control functions and the quality of business support services, with no direct link to profitability. The CRO, the CFO and the Group General Counsel, as appropriate, review remuneration recommendations for all staff whose primary role is risk management and confirm to the Committee that the remuneration for these staff is determined in a way that preserves the independence of the function and maintains Macquarie's robust risk management framework. As part of the annual remuneration review, the Board reviews and approves, on BRC recommendation, the individual remuneration recommendations for senior risk and financial control staff.

3 Remuneration and risk

The BRC liaises with the Board Risk Committee and the CRO to ensure there is a properly integrated approach to remuneration that appropriately reflects risk. The BRC makes recommendations to the Board that promote appropriate remuneration policies and practices for Macquarie consistent with Macquarie's risk management framework. Macquarie's risk management framework incorporates active management and monitoring of market, credit, equity, liquidity, operational, compliance, regulatory and legal risks. Remuneration measures are managed within Macquarie's risk appetite and risk-adjusted performance metrics for each division are a significant input into performance-based remuneration.

The effective alignment of remuneration with prudent risk taking is fundamental to Macquarie's approach to remuneration. Such alignment occurs at Group, business and individual levels.

Group

The size of the overall profit share pool is determined annually with reference to Macquarie's net profit after tax (NPAT) and return on ordinary equity (ROE) over and above the cost of capital. A portion of Macquarie's profit earned accrues to the profit share pool. Once the cost of equity capital is met, an additional portion of excess profit is accrued to the profit share pool.

Business

Risk-adjusted performance metrics for each business unit are prepared on a regular basis and distributed to senior management and the Board as well as to business units. These performance metrics are based on calculations of regulatory and economic capital usage and are a significant factor when allocations of performance-based remuneration are determined for each business. At Macquarie, proposals for all significant deals, products and businesses must also contain an analysis of risk-adjusted returns.

Individual

Risk management and compliance outcomes are one of the key factors considered by Management and the BRC when assessing the performance of individuals. These outcomes are assessed through independent reports from the CRO, the CFO and Human Resources (HR) which are detailed below. Other key factors are outlined in section 4.

As part of the annual remuneration process:

- the CFO confirms to the BRC that the forecast profit share pool does not result in eliminating capital surpluses
- the BRC receives an independent report from the CRO on key risk metrics for consideration in remuneration review decisions. These key risk metrics include, material losses, impairments, compliance breaches, return on economic capital and return on funding usage by business and division, the relationship between profitability and risk and the contingent risks associated with large transactions concluded during the current financial year
- the Global Head of HR discusses the link between losses and proposed remuneration with the Group Heads and reports to the BRC in regards to the link between risk outcomes and individual remuneration. The BRC uses this information when considering the profit share allocated to businesses and to individuals.

Where applicable, the Board or its delegate also have the discretion to reduce or eliminate unvested profit share amounts for certain staff (from 2012 onwards) under Macquarie's Malus policy, as detailed in section 4.3 below.

4 Linking performance and remuneration

Performance-based remuneration consists of a profit share scheme, and for Macquarie's most senior executives, the Executive Committee, PSUs. Allocation of performance-based remuneration is discretionary.

Performance-based remuneration in the form of profit share is aligned with shareholders' interests. The profit share pool is determined annually using the twin measures of Macquarie's NPAT and ROE, measures which are known to be drivers of returns to shareholders. A portion of Macquarie's profit earned accrues to the profit share pool. Once the cost of equity capital is met, an additional portion of excess profit is accrued to the profit share pool. The Non-Executive Directors may exercise their discretion to adjust the quantum of the profit share pool upwards or downwards. Such discretion was not exercised for FY2014.

Profit share is allocated to Macquarie's businesses based on each business' relative contribution to profits (not revenue) taking into account capital usage, risk management, compliance and competitor dynamics. Profit share is allocated to risk and financial control groups and other support groups based on the quality and integrity of control functions and the quality of business support services, with no direct link to profitability.

In turn, profit share is allocated to individuals based on individual performance. Performance criteria vary depending on an individual's role including:

- contribution to NPAT and ROE
- risk management and compliance assessed through independent reports from the CRO, the CFO and HR
- people leadership
- upholding Macquarie's *Goals and Values*.

More specifically, the Board has strong processes for making remuneration decisions for senior staff. As part of its process, towards the end of each financial year, the Non-Executive Directors meet with the CEO to consider formal documentation that outlines his views on the Group's performance. This covers financial performance measures, performance against peers, capital management, operational and strategic initiatives, cost management initiatives, risk and compliance management, financial management, people and organisational leadership including upholding Macquarie's *Goals and Values*, reputation management and community and social responsibility matters. A similar process is followed for the CEO of Macquarie Bank.

The Board and the BRC also consider formal documentation for each Executive Committee member which covers financial performance, risk management, business leadership and people and organisational leadership, including upholding Macquarie's *Goals and Values*.

Performance-based remuneration is delivered in ways that encourage a longer-term perspective and ensure alignment with shareholders' longer-term interests and staff retention. In turn, this encourages staff to maximise profit without exposing Macquarie to risk or behaviours that jeopardise long-term profitability or reputation. To achieve this outcome, a significant portion of performance-based remuneration is:

- retained and deferred over a long period
- delivered in equity
- subject to forfeiture in certain circumstances.

Performance-based remuneration in the form of PSUs are allocated to Executive Committee members based on role scope and complexity, financial and non-financial performance and upholding Macquarie's *Goals and Values.* Further details on PSUs are provided in section 4.3 below.

4.1 Profit share deferral and vesting

A percentage of each Executive Director's annual gross profit share allocation will be retained by Macquarie (retained profit share). The percentage retained and the period over which it vests and is released reflects the scope and nature of an individual's role and responsibilities and any applicable regulatory requirements. Generally, for more senior roles, that have significant management or risk responsibility, a greater proportion of profit share is deferred over a longer period of time.

The Board has discretion to change the percentage of profit share allocations retained on an annual basis to meet changing market conditions as well as to comply with regulatory and corporate governance guidance, provided that the retention percentage is at least 30 per cent for Executive Directors.

This year, the Non-Executive Directors have exercised their discretion to increase the retention rate and to amend the vesting and release period for FY2014 profit share to reflect the impact of the SYD Distribution on MEREP to apply to Executive Committee members and certain senior executives. This is separate from the table below which reflects standard retention.

In addition, the Non-Executive Directors have exercised their discretion in relation to certain employees to amend their retention rates to reflect specific business and market conditions, taking into account both the percentage retained as well as the period for which it is retained.

The following table shows standard retention rates and vesting and release periods by role.

Role	Standard retention rate	Standard vesting period
Macquarie Group CEO	70%	3-7 years
Macquarie Bank CEO	50%	3-7 years
Other Executive Committee members	50% – 60%	3-7 years
Designated Executive Directors	50% – 60%	3-7 years
Other Executive Directors	40% – 60%	3-5 years
Staff other than Executive Directors	25% – 60%	2-4 years

The vesting period for each profit share allocation is established by the BRC, according to the prevailing market conditions and having regard to regulatory, corporate governance and remuneration developments at the time of allocation. For each year's allocation, once the vesting period has been determined, it will remain fixed for that allocation. Vesting schedules may vary for certain groups of staff who have become employees as a result of an acquisition, or for staff in jurisdictions outside Australia to ensure compliance with local regulatory requirements.

4.2 Investment of retained profit share

Executive Directors' retained profit share is invested in a combination of Macquarie shares under the MEREP[(1)], and Macquarie-managed fund equity notionally invested under the Post-2009 DPS Plan[(2)].

The proportion of retained profit share that is invested in the MEREP and the Post-2009 DPS Plan varies by individual to reflect their role and responsibilities. For example, Executive Directors with Funds responsibilities will typically have a greater proportion of profit share invested in Macquarie-managed funds (under the Post-2009 DPS Plan) to strengthen shareholder alignment and risk management for Macquarie-managed funds.

(1) The MEREP has a flexible plan structure that offers different types of equity grants depending on the jurisdiction in which the participating employees are based. In most cases, the equity grants are in the form of units comprising a beneficial interest in a Macquarie share held in a trust for the staff member (Restricted Share Units or RSUs). Where legal or tax rules make the grant of RSUs impractical, including different tax rules for employee equity and different securities laws, equity grants will be in the form of: 1. shares held by the staff member subject to restrictions (Restricted Shares); or 2. the right to receive Macquarie shares in the future (Deferred Share Units or DSUs). A DSU comprises the right to receive on exercise of the DSU either a share held in the Trust or a newly issued share (as determined by Macquarie in its absolute discretion) for no cash payment, subject to the vesting and forfeiture provisions of the MEREP. A MEREP participant holding a DSU has no right or interest in any share until the DSU is exercised.

(2) The Post-2009 DPS plan comprises exposure to a notional portfolio of Macquarie-managed funds. Retained amounts for Executive Directors are notionally invested over the retention period. This investment is described as 'notional' because Executive Directors do not directly hold securities in relation to this investment. However, the value of the retained amounts will vary as if these amounts were directly invested in actual securities, giving the Executive Directors an effective economic exposure to the performance of the securities. Notional returns on retained profit share invested in the Post-2009 DPS Plan may be paid annually to Executive Directors. The notional returns are calculated based on total shareholder return. If the notional investment of retained profit share results in a notional loss, this loss will be offset against any future notional income until the loss is completely offset.

The following table shows the current percentage allocation of retained profit share that is invested in the Post-2009 DPS Plan and the MEREP, depending on the Executive Director's role.

Role	Post-2009 DPS Plan (notional investment in Macquarie-managed fund equity)	MEREP (Macquarie shares)
Macquarie Group CEO, Macquarie Bank CEO, CRO and Chief Operating Officer (COO)	20%	80%
Executive Committee members with Funds responsibilities	50%	50%
Other Executive Committee members	10%	90%
Executive Directors with Funds responsibilities	50% – 75%	25% – 50%
Other Executive Directors	10% – 20%	80% – 90%

For staff other than Executive Directors, retained profit share is generally (but not exclusively) invested in Macquarie equity.

Both the MEREP and the Post-2009 DPS Plan are fundamental tools in Macquarie's retention, alignment and risk management strategies, encompassing both long-term retention arrangements and equity holding requirements.

The Board or the BRC has discretion to review the percentage allocated to the Post-2009 DPS Plan and the MEREP on an annual basis to reflect an individual Executive Director's responsibilities and to strengthen shareholder alignment and risk management for Macquarie and the Macquarie-managed funds.

In limited circumstances, and only with the approval of the BRC, retained profit share may be allocated to other than the Post-2009 DPS Plan or the MEREP. An example might include investment in funds or products of a specific business group where there is a need to directly align the interests of employees with those of their specific types of clients.

4.3 Forfeiture of retained profit share for employees (Malus)

The Board or its delegate has discretion to reduce or eliminate unvested profit share amounts (in respect of profit share years ended 31 March 2012 and onwards) where it determines that certain senior employees' action or inaction has thereby caused Macquarie significant reputational harm, caused a significant unexpected financial loss or caused it to make a material financial restatement (Malus).

In considering whether to exercise discretion to reduce or eliminate an employee's unvested profit share, the Board or its delegate will take the following matters, events or circumstances into account:

- the quantum of the actual loss or damage and any impact on Macquarie's financial soundness
- whether there has been a breach of internal risk management requirements and/or regulatory or legal requirements and if so, the extent of the breach
- whether Macquarie's directions, policies, protocols, practices and/or guidelines have been breached
- whether the individual has exhibited recklessness or wilful indifference
- whether any known information at the time of the action or inaction was deliberately withheld
- the individual's level of responsibility/accountability for the action or inaction.

Additional provisions may apply to staff in jurisdictions outside Australia to ensure compliance with local regulations, including for example, Code Staff under the UK Regulators' Remuneration Code.

Macquarie has always had, and continues to have, the ability to terminate staff for such circumstances, at which time any unvested profit share would be forfeited in full.

The BRC reviews the need to apply Malus, including the consideration of local employment laws, as part of its annual remuneration review. The BRC also reviews the continued appropriateness of the Malus provisions given regulatory and market practice.

4.4 Early vesting and release of retained profit share

As approved by shareholders in July 2013, a departing Executive Director's unvested retained profit share is only paid out in the case of genuine retirement, redundancy, disability, serious ill-health or other limited exceptional circumstances. The Board or its delegate has discretion to accelerate the vesting of retained profit share under these circumstances (subject to the disqualifying events provisions).

In considering whether discretion should be exercised in a particular case of genuine retirement, a range of factors are taken into account including whether the Executive Director:

- demonstrates that he/she is genuinely retiring from the industries within which Macquarie operates and competes
- is likely to work at any time in the future within the industries within which Macquarie operates and competes
- is likely to work full-time in any capacity, including directorships or consultancy
- has facilitated an appropriate succession strategy
- has years of service with Macquarie that reflects a sustained contribution and commitment to Macquarie, with an expectation of at least 10 years of service as an Executive Director.

In the case of death or serious incapacitation, the Board or its delegate will typically accelerate the vesting of retained profit share and immediately release it to the Executive Director (subject to the disqualifying event provisions) or, to the Executive Director's legal personal representative.

In certain other limited exceptional circumstances, discretion may be exercised to accelerate the vesting of retained profit share and reduce the retention period on the grounds of business efficacy, in connection with strategic business objectives (including in connection with the divestment or internalisation of Macquarie businesses) or when an employee resigns to fulfil a senior full-time role in a governmental organisation or agency. In considering whether the discretion should be exercised all relevant factors will be considered and will include whether the employee has a record of sustained contribution and commitment to Macquarie over a considerable period of time and whether exercise of the discretion is in the best interests of Macquarie. This year discretion has been exercised and retained profit share released for two executives where the business, to which they provided services, was sold. The Board or its delegate may impose such other conditions as it considers appropriate, where such discretion is exercised.

4.4.1 Disqualifying events provision

Where the Board or its delegate exercise discretion to accelerate the vesting of retained profit share, subject to prevailing employment laws, the Executive Director will not be entitled to receive any of their unvested retained profit share where the Board or its delegate determines that the Executive Director has during the period of employment with Macquarie or since leaving:

(a) committed an act of dishonesty (including but not limited to misappropriation of funds and deliberate concealment of a transaction)
(b) committed a significant and wilful breach of duty that causes material damage to Macquarie
(c) joined a competitor of Macquarie Group
(d) taken staff to a competitor or been instrumental in causing staff to go to a competitor, or
(e) otherwise acted or failed to act in a way that thereby causes damage to Macquarie, including but not limited to situations where the action or inaction leads to a material financial restatement, a significant financial loss or any significant reputational harm to Macquarie or its businesses.

The release will occur over the period from six months to two years after the Executive Director leaves, subject to different disqualifying event provisions:

	First period	Second period	Third period
Time post departure	6 months	6 months – 1 year	1 year – 2 years
Unvested retained profit share released	From all but the last two years of employment	From the second year prior to the end of employment	From the year prior to the end of employment
Subject to disqualifying events	(a), (b), (c), (d) and (e)	No disqualification during First Period **and** (a), (b), (d) and (e) in Second Period	No disqualification during First Period and Second Period **and** (a), (b) and (e) in Third Period

Where an Executive Director has a tax liability on termination of employment in respect of any unvested retained profit share, the Board or its delegate has discretion to release unvested retained profit share up to an amount equal to the Executive Director's tax liability, at an earlier time than noted above.

5 Quantitative disclosures for senior managers and material risk takers

The following tables have been prepared in respect of the financial year ended 31 March 2014.

These disclosures reflect remuneration for services for the reporting period when the individual was a senior manager or material risk taker.

5.1 Total value of remuneration expenditure for senior managers and material risk takers ('Code staff') for the financial year ended 31 March 2014[1]

The following table sets out the total value of remuneration awarded to Code staff in respect of their performance for the financial year ended 31 March 2014.

GBP'000s

Aggregate remuneration expenditure[1]	
Front office staff	28,700
Central functions	6,100
Total	**34,800**

[1] Aggregate remuneration expenditure includes base salary, fixed pay allowances, annual profit share allocations (including the deferred component) awarded in respect of the 2014 financial year and any Director promotion or new Director equity awards.

5.2 Analysis of 2014 remuneration for Code staff employees split between fixed and variable remuneration

GBP'000s

	Senior management[2]	Other staff	Total staff
Number of staff	**24**	**-**	**24**
Fixed remuneration	9,600	-	9,600
Variable remuneration	25,200	-	25,200
Total remuneration	**34,800**	**-**	**34,800**

[2] Senior management is defined as those performing a Significant Influence Function (SIF) and other Senior Management whose roles are judged as falling within the FCA/PRA definition.