



ANNUAL REPORT

and financial statements for
the year ended 30 April 2019

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CHAIR'S STATEMENT

CAF Bank has a special place in the community of charities in the United Kingdom as a full service bank owned entirely by a charity and run to serve their needs.

Our role is to support those thousands of charities, each with their own mission and objectives, providing them with the reliable, affordable service they require, tailored to their needs.

Our aim is to serve our sector, which we do through providing current accounts, savings accounts and loans and by gifting our profits back to the Charities Aid Foundation, to support its charitable objectives to promote giving and transform lives and communities around the world.

I am pleased to report good progress from my second year as Chair of CAF Bank. We have spent some time this year reviewing our strategy, ensuring we are on the right road for the years ahead. This has confirmed our aim to be the preferred bank for small and medium size charities with a mission to help charities make a better society.

The review identified three main priorities for the future: improving customer service, driving efficiency and deepening our social purpose lending. We shall report on these priorities as we progress.

The outcome is a strategy to refocus the Bank on providing banking services to charities and social purpose organisations, lending to charities and other enterprises with a social purpose. We are excited by the future and our renewed focus on our small and medium size charity customers.

As always, we aim to provide a sound foundation for the charities we serve. In an uncertain economic outlook with continuing low interest rates and growing regulatory requirements, it is difficult to reward customers whilst funding operations. But CAF Bank remains prudently managed and financially robust with a carefully structured portfolio of highly liquid investments, including around 30% of our assets with the Bank of England.

We have found demand for borrowing has been lower across the market, which we believe is a result of ongoing economic uncertainty and the continued impasse over Brexit. In spite of slower lending, our profits have grown from £4.5m to £5.9m, as we have prudently managed the Bank in a slowly rising interest rate environment.

I would like to thank the Board for its support through the changes we have been making in CAF Bank, and especially for its input to the strategy review. We are all agreed there is a big opportunity for a bank like CAF Bank to grow its presence in the charity and social purpose sector in the years to come.

As always, it is the dedicated staff of CAF Bank who make its work a success, with their enthusiasm and commitment to the charities we serve. In the end, our reward is the continued success of the thousands of charities we are proud to support with banking services. They are the backbone of communities up and down the country and we look forward to continuing to support them in the coming years.



Janet Pope
Chair

STRATEGIC REPORT

Principal activities

CAF Bank provides banking services to charities and social purpose organisations. The Bank offers transactional current and deposit accounts via telephone and internet banking and provides secured loans and advances to customers.

CAF Bank is a wholly owned subsidiary of the Charities Aid Foundation (CAF).

Strategy and Objectives

The Board reviewed the Bank's strategy during the year and reaffirmed the following core principles for the Bank:

- Continue to focus on providing services for small and medium sized charities and organisations with social purpose;
- Provide services that our customers want at a fair and transparent cost;
- Progressively realign our lending activity around the single aim of supporting social purpose organisations and projects;
- Improve customer service and customer satisfaction; and
- Continue to drive efficiency and improvement through process simplification and investment in technology.

The Bank's objective is to deliver continual improvements to customer service and efficiency, thereby maintaining a financially robust and sustainable business model.

CAF Bank aims to make an increasing contribution to the charitable sector through its profit which is donated each year to the Charities Aid Foundation.

Review of the year

During the year ended 30 April 2019 CAF Bank continued to transition into a more diversified bank with a growing social purpose loan book. CAF Bank lends to charities and other social purpose organisations and currently provides residential development loans.

The value of drawn loans fell slightly to £91.4m during the year compared to £92.0m last year. Charity loans increased by £11m, however this was counterbalanced by a fall in drawn development loans of £11m as a result of reduced demand in the South East of England. CAF Bank benefits from a loyal base of charity deposit customers who provide a strong and stable source of funds, enabling loans to be advanced to social purpose organisations at competitive rates.

Although demand for loans from social purpose organisations continues, feedback from our charity customers is that Brexit has resulted in delaying decisions to invest and borrow, leading to slightly slower growth in our loan book than planned.

The Bank is continuing a significant programme of investment in IT to improve operational resilience and security. Two factor authentication is currently being rolled out to all our customers to improve security and a further series of IT hardware and software upgrades is planned for 2019/20.

ASHBURNHAM CHRISTIAN TRUST (ACT)

Warm welcome awaits retreat's guests

Bringing together a vibrant community to retreat, reflect and connect is the vision behind Ashburnham Christian Trust (ACT). The charity's home is Ashburnham Place, a prayer and conference centre offering learning and support, to help guests make a positive mark within their community. Surrounded by parkland, trees and lakes, it's a beautiful and tranquil setting. However, the age and array of buildings within the grounds meant that keeping energy costs under control became a perennial challenge. After exploring potential funding sources, ACT approached CAF Bank for a £1.6 million secured loan. This helped finance the heating system costs and refinance an existing loan on more favourable terms.

The loan enabled the charity to invest in a full bio-mass wood chip boiler, converting the heating source from oil to wood. And a new underground district heating network was installed, to serve several buildings across the site. This project is helping reduce the organisation's energy bills, while also making its operations more environmentally-friendly.

The Bank reported a profit on ordinary activities before taxation of £5.9m in 2018/19, an increase of £1.4m on 2017/18. In common with many other banks, CAF Bank benefitted from rising interest rates during the year, although this was partly offset by increased regulatory compliance costs.

Despite the challenging economic conditions the Bank donated £4.9m to CAF in 2019 (2018: £3.6m).

Capital and liquidity

CAF Bank's capital position has been maintained during the year following an investment of £11m capital by CAF last year.

At 30 April 2019 the Bank's total capital ratio was 24.9%, compared to 19.4% at 30 April 2018, reflecting a decrease in risk weighted assets as we continue to reduce risk weighted treasury investments and the fall in development loans. The Bank's minimum regulatory capital requirement increased to 16.4% as at 30 April 2019 (30 April 2018: 13.7%) following higher capital buffer requirements for UK banks. The Bank's capital position is outlined in further detail in the Pillar 3 document which can be found at <https://www.cafonline.org/about-us/about-caf-bank>.

There are currently two leverage ratio frameworks; the EU framework with a minimum ratio of 3.0% and the UK framework with a minimum ratio of 3.25%, excluding exposures to sovereigns. The Prudential Regulation Authority has confirmed that CAF Bank should be reporting under the UK framework which results in a leverage ratio of 5.6% (2018: 5.9%).

Capital includes £11m of Additional Tier 1 equity which is perpetual, non-cumulative capital that converts to ordinary share capital in the event that Common Equity Tier 1 ratio falls, or is likely to fall, below 7%. The Bank has no Tier 2 capital.

In liquidity terms, approximately 79% of CAF Bank's assets are highly liquid, with liquidity buffer eligible assets of £865m at 30 April 2019 (£781m at 30 April 2018). Liquidity buffer assets comprise investments in the Bank of England Reserve Account, Multilateral Development Banks and UK Gilts/T Bills.

Lending

There have historically been two principal streams to CAF Bank's lending:

- Loans to charities and social purpose organisations, secured on property, typically for terms of 5-25 years;
- Loans to personal customers secured on development property for terms up to 3 years.

The charity loan book grew steadily in 2018/19. At 30 April 2019 the charity loan book comprised 108 committed loans with £81.9m drawn and £13.8m undrawn commitments to charities and social housing, disability, heritage and faith organisations (2017/18: £71.1m and £8.7m). A further 15 loans to charities totalling £20.4m were sanctioned but not committed (2017/18: £24.1m). Loans are predominantly floating rate, linked to Bank of England Base Rate at loan to value ratios of less than 70% (85% for social housing).

CLYDEBANK HOUSING ASSOCIATION

Remake: From cinema to affordable homes

A former cinema hall, which lay derelict for 10 years, has been turned into much-needed social housing. The site of the iconic La Scala building in Clydebank has been redeveloped into 20 one-bedroom flats, 20 two-bedroom flats and four wheelchair-adapted homes. This development project was made possible with the help of a £2 million loan from CAF Bank, together with £3.2m in funding from the Scottish Government's Affordable Housing Programme.

After securing the funds and completing the building work, the first homes were ready to receive new residents just before Christmas 2017. Within a matter of months, all 44 flats had been allocated, showing the acute need for affordable homes in the area. Sharon Keenan, CHA's Chief Executive, said: "With over 800 applicants on our housing list alone, these homes are a much-needed addition to our affordable rented stock. And these flats have brought a new lease of life to the area".

In addition, CAF Bank's personal loan book comprised 22 committed loans with £9.5m drawn and £0.7m undrawn commitments (2017/18: £20.9m and £3.1m), and a further 9 sanctioned but not committed loans amounting to £8.8m (2017/18: £9.1m). The value of development loans outstanding has fallen during the year due to property market conditions in the South East of England. The facilities are short term development loans secured on property at loan to gross development value ratios no greater than 65%. Following the Strategy Review recently undertaken, the Bank's development lending activity will be progressively realigned to focus on social purpose development projects.

Future developments

The Board has recently reaffirmed the Bank's strategy to be the primary bank for small and medium size charities, providing services our customers want at fair and transparent cost. The strategy review identified three main priorities going forwards to maintain a long term sustainable business model:

1) Deliver Service Excellence

We are aiming to maintain a loyal, satisfied long term customer base by delivering appropriate products and services. We will increase our engagement with customers and improve our customer journey by acting on feedback and accelerating improvements.

2) Improve Quality and Efficiency

We will improve the Bank's efficiency through streamlining and simplifying processes, challenging our operating model where required, continuing to ensure the Bank has the appropriate processes, people and systems to service customers.

3) Realign and Deepen Social Purpose Lending

We have built knowledge and expertise of lending to charities and social purpose organisations since the inception of our lending service in 2012. We have also established a specialised lending team which has successfully built a bespoke short term development loan book.

We have concluded there is an opportunity to combine these areas of expertise to offer a lending service tailored to support charities and social purpose organisations and projects, leveraging existing knowledge and capability.

Whilst recognising the risks inherent in specialised lending, we will progressively realign our activities to support a broad range of social purposes from housing associations and charities to supporting affordable housing development as well as supported and assisted living.

The strategy will be underpinned by maintaining a sufficient level of capital to support growth and provide resilience against a range of possible stresses. The Bank plans to maintain a strong liquidity position with a significant portion of funds continuing to be invested with the Bank of England and other highly liquid investments.

HAVEN SENT

Developing homes to tackle homelessness

A run-down care home has been redeveloped into a 14-bedroom house, to provide accommodation for homeless people or those at risk of being made homeless. Property developer Haven Sent Properties (HSP) Ltd teamed up with the Littlehampton & Rustington Housing Society Ltd (LRHS) to bring the plans to life. The developer purchased and refurbished the property with the help of a £470,000 loan from CAF Bank, then leased it out to LRHS, to accommodate people facing homelessness in the local area.

The loan enabled Haven Sent and LRHS to expand their housing stock, providing nearly 40 people with accommodation across all seven properties managed. Moreover, Haven Sent nominated a local women's homelessness charity to receive a £4,700 donation, as part of a unique feature of the CAF Bank development loan. This enables borrowers to transfer one third of the loan arrangement fee to charitable causes of their choosing.

GOVERNANCE REPORT

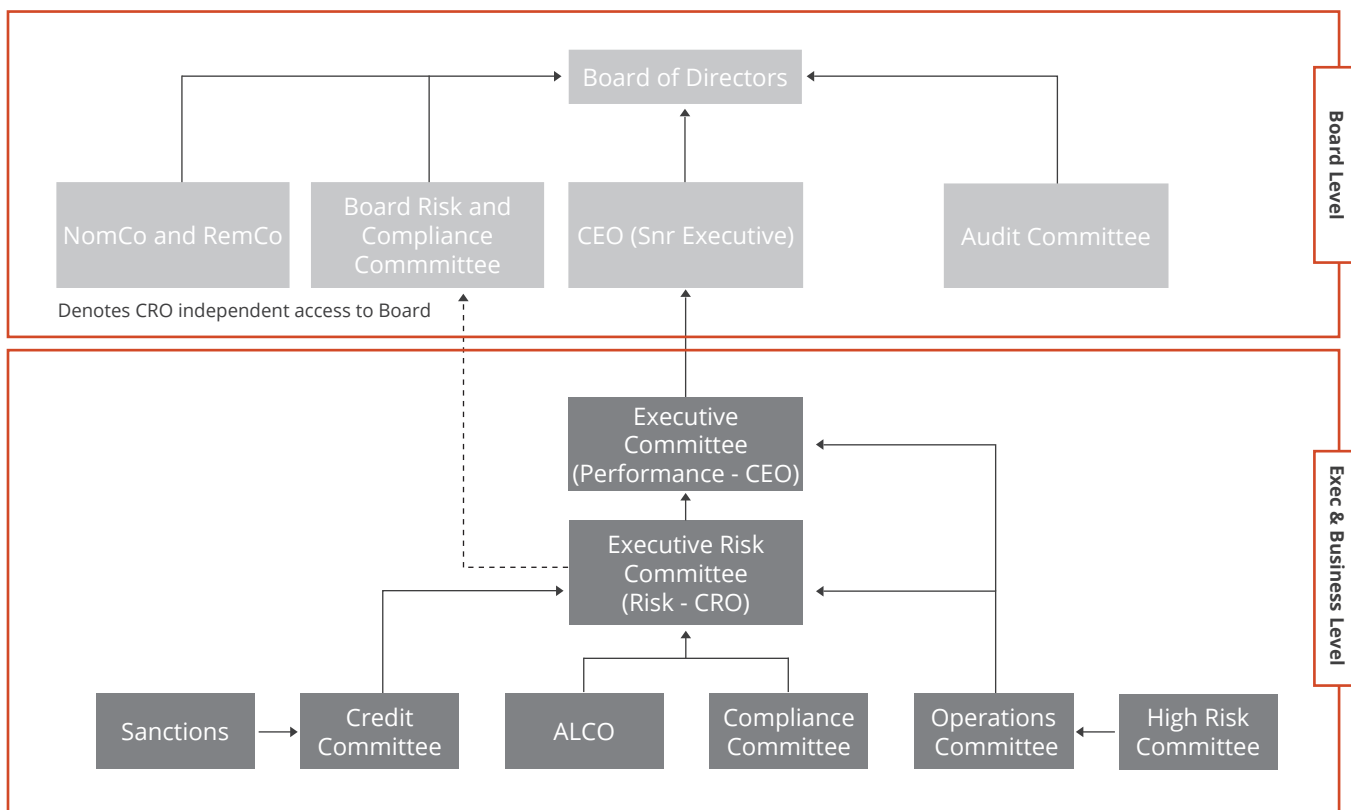
Governance structure

The Board exercises its accountabilities through its own activities and through delegation of responsibilities to the CEO and the Executive Committee. The Board receives reports from the CEO and reviews the work of the Executive Committee.

In addition, the Board has established three sub-committees to assist it in monitoring the business, reviewing policies, systems and controls, and consideration and setting risk appetite. These are:

- i. Board Risk and Compliance Committee;
- ii. Audit Committee; and
- iii. Nominations and Remuneration Committee.

Each sub-committee is subject to its own terms of reference and has authority to review relevant policies (in line with the Policy Approval Protocol), systems, controls and reporting, making recommendations to the Board for approval.



Board composition

The Board consists of nine non-executive directors and two executive directors at 30 April 2019. The names of the directors who served throughout the year, except as noted, are as follows:

	Meetings attended	Maximum
Janet Pope (Chair) ^{1,2}	5	5
Malcolm Himsworth (Deputy Chair) ¹	4	5
Martyn Beauchamp ¹	5	5
Kees Diepstraten ¹	5	5
Mairi Johnstone ¹	4	5
Sir John Low CBE ³ (CAF Chief Executive)	5	5
Carole Machell ^{1,2}	4	5
Alistair Ray ¹	3	5
Mark Sinclair ¹ (retired 28 September 2018)	2	2
Graham Toy ¹	5	5
Sheragh Beirne (Interim CEO from 4 February 2019)	1	1
Peter Ostacchini (CEO until 22 January 2019)	3	3
John Grout (Finance Director)	4	5

¹ Independent non-executive director

² CAF Trustee

³ Non-executive director having served for 9 years or more

None of the Directors have interests in the shares of the Bank or any associated undertaking or trust.

Board Responsibilities

The CAF Bank Board is responsible for:

- development of the Bank's strategy, operating plans and budgets, monitoring MI and providing challenge to the senior management against performance;
- defining the Bank's risk appetite and implementing and maintaining policies to provide an effective and appropriate governance and control structure for managing the business;
- setting an appropriate 'tone from the top' and ensuring alignment of values and behaviours in the Bank relating to the conduct of its business;
- overseeing, monitoring and challenging the current and future operating activities of the Bank;
- overseeing the conduct of business to ensure that systems, procedures and internal controls are adequate to ensure compliance with applicable regulations and regulatory limits/ ratios;
- monitoring and managing sensitive matters such as reputational risk and brand issues;
- reviewing, challenging and approving annually the capital funding (ICAAP) and liquidity (ILAAP) policies and assessments and approving the gifting of annual profits to its parent, the Charities Aid Foundation;
- reviewing, challenging and approving annually the Recovery and Resolution Plan;
- approving the composition, membership and terms of reference of Board sub-committees;
- reviewing reports from Board sub-committees taking action as appropriate;
- reviewing and approving where appropriate the recommendations from Board sub-committees; and
- reviewing regulatory correspondence from the PRA and FCA and ensuring management take appropriate action on regulatory matters affecting CAF Bank.

Board and Executive Committees

The Board Risk and Compliance Committee (BRCC)

The Board Risk and Compliance Committee is chaired by a Non-Executive Director and comprises three other Non-Executive Directors and two independent members. The main responsibilities of the Committee include ensuring:

- The development and maintenance of the Bank's risk management framework;
- Ensuring the Bank's strategy, principles, policies and resources are aligned to the Bank's risk appetite, as well as to regulatory and industry best practices;
- Compliance with legislation, regulation and internal policy; and
- Reviewing policies and recommending these to the Board.

The Board Audit Committee

The Board Audit Committee is chaired by a Non-Executive Director and comprises two other Non-Executive Directors. The responsibilities of the Committee include:

- Monitoring the integrity of the annual report and accounts and Pillar 3 disclosures;
- Reviewing reports from the Bank's External Auditors including their audit plan and monitoring the effectiveness of the external audit;
- Reviewing the Bank's internal control and risk management systems;
- Setting the annual audit plan and considering the work of Internal Audit and monitoring, reviewing and challenging the effectiveness of the Bank's Internal Audit function, which is outsourced; and
- The Chair of the Committee also oversees the adoption of whistleblowing policies across the Bank.

The Nominations and Remuneration Committee

The Nominations and Remuneration Committee, comprising the Chair, CAF Chief Executive and CAF Bank CEO, is responsible for:

- Reviewing the Board's effectiveness, Board nominations and retirements;
- Monitoring conflicts of interest;
- Succession planning; and
- Remuneration policy and practice.

The Executive Committee

The purpose of the Executive Committee is to assist the CEO in the performance of their duties, including:

- Cascading the 'culture and tone' set by the Board in relation to the conduct of the Bank's business;
- Development and implementation of strategy, operational plans, policies, procedures and budgets;
- Monitoring of operating and financial performance;
- Prioritisation and allocation of resource and monitoring competitive forces in each area of operation; and
- Reviewing the Bank's conduct of business to ensure products and processes are effective and compliant with applicable regulation.

Executive Risk Committee

The purpose of the Executive Risk Committee is to enable the Chief Risk Officer to discharge their duties, under delegated authorities, including:

- The development, implementation and maintenance of the Bank's overall risk management framework and adherence to risk appetite metrics and statements;
- Ensuring the identification, assessment and management of principal risks;
- Acting as the senior risk committee receiving reports from, and point of escalation for, the Asset and Liability Committee, Credit Committee and Operations Committee;
- Monitoring the Compliance function to ensure compliance with legislation, regulation and internal policy; and
- Establishing and maintaining appropriate policies.

The Credit Committee

The purpose of the Credit Committee is to provide oversight of the Bank's credit (lending) activities:

- Monitoring portfolio performance against approved policies and limits;
- Reviewing policies and recommending changes to the Executive Risk Committee;
- Reviewing credit reports covering each specific business line; and
- Reviewing the quality of new lending, credit performance, arrears and non-performing loans and review the detailed composition of the credit portfolios.

The Sanctions Committee

The purpose of the Sanctions Committee is to:

- Approve or decline applications for credit from customers based on customers' creditworthiness in line with appetite, policy and approval levels.

The Asset and Liability Committee (ALCo)

The purpose of ALCo is to:

- Oversee the Bank's liquidity, funding and interest rate risks, treasury, regulatory and capital requirement within the risk appetite set by the Board;
- Develop the Bank's forward looking asset and liability strategy;
- Review policies and recommend these to the Executive Risk Committee;
- Oversee, review and make recommendations on the Bank's ILAAP and ICAAP documents which are then presented to Executive Risk Committee for review;

- Monitor the financial risks faced by the Bank including treasury counterparty placements and investments; and
- Develop and review product pricing.

Operations Committee

The purpose of the Operations Committee is to:

- Review the level of customer service delivered through analysis of management information relating to service level agreements and complaints;
- Seek continued operational improvements and efficiencies;
- Review outsourcing arrangements, ensuring compliance with outsourcing policy; and
- Review systems and controls and in particular operational risk controls and new or emerging risks, ensuring these are appropriate and escalate significant issues.

Compliance Committee

The purpose of the Compliance Committee is to:

- Monitor the Bank to ensure adherence to its regulatory and legislative requirements;
- Monitor the Bank's adherence to its internal policies, procedures and requirements;
- Be an integral part of the management control structure in a support and advisory role; and
- Review and make changes to the Compliance Monitoring Plan (CMP) and allocate appropriate compliance resource to high risk areas.

NORTON HOUSING AND SUPPORT

Providing homes, building resilience

Norton Housing & Support, a social housing provider, received a total of £900,000 over three loans, to purchase and refurbish properties for people with mental health support needs or a learning disability. Thanks to the funds, the provider has been able to support more vulnerable adults by developing high-quality, one-bedroom flats. These flats are used as move-on accommodation, where residents are supported to develop independent living skills, gain confidence and build a social support network.

The idea to branch out into independent flats started out as a pilot project, following requests from residents in the provider's existing eight living schemes across the city of Leicester. Following the success of that project, the charity was able to purchase and refurbish two further buildings to provide a total of 13 one-person flats. Through another CAF Bank loan, Norton Housing & Support purchased and refurbished a property to provide group living accommodation, including en-suite facilities, for seven people.

RISK MANAGEMENT REPORT

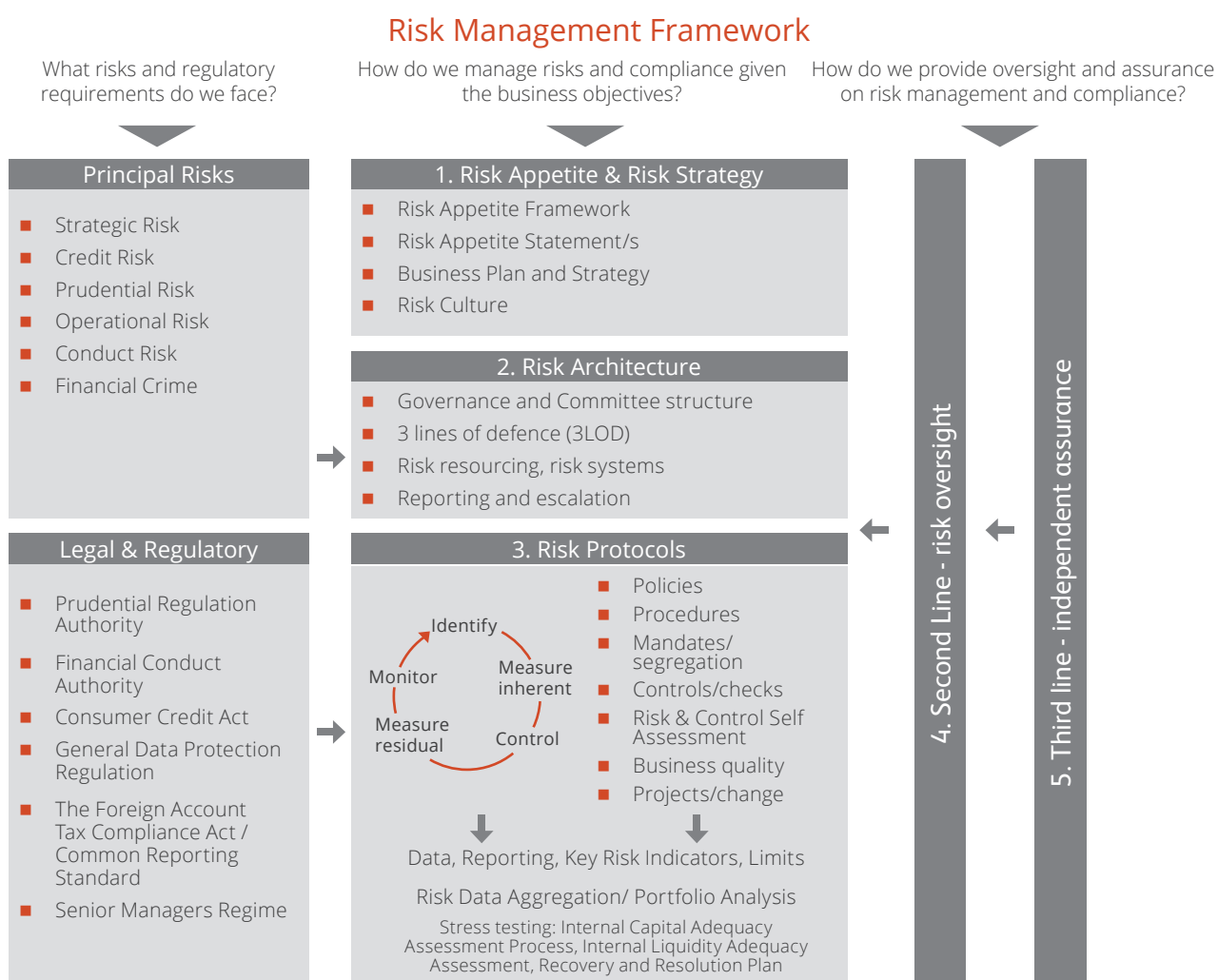
Risk Management Framework

The Risk Management Framework (RMF) outlines the means by which the Board and senior management establish and implement the strategy of the Bank in relation to its risk appetite. This is the process of identification, assessment, measurement, control and monitoring of risks to which the bank is exposed. The RMF explains how the Bank adheres to the monitoring of its risk appetite.

The RMF is reviewed and approved by the Board annually following recommendation by the Board Risk and Compliance Committee. The CEO and the Chief Risk Officer ensure that business objectives and practices are fully aligned with the RMF.

The senior executives and managers of the Bank ensure that the RMF is embedded in its day-to-day management and control activities, with a clear separation between First Line of Defence (1LOD) and Second Line of defence (2LOD) activities. The RMF is subject to assurance reviews undertaken by Internal Audit and these are made available to external stakeholders as and when required.

The RMF is supported by detailed policies and procedures. These combine to ensure that risks are managed in a manner which is consistent with the size and nature of the Bank's operations, are aligned to regulatory requirements and reflect industry best practice, as reflected below:



The RMF includes the three lines of defence model which ensures a clear delineation of responsibilities between control over day to day operations, risk oversight and control and independent assurance of the Bank's activities.

This model provides clarity for individuals and functions about their role, where responsibilities and accountabilities lie and is a core component of the RMF. The emphasis on the responsibilities of each line of defence is as follows:

First line of defence – Business lines and centralised functions

- To run the business in a safe but profitable manner to enable sustainability – linked to the Risk Appetite Framework and Statements;
- To manage the risks in the business within tolerances or limits;
- To act in an “early warning” role in terms of ongoing client relationship management;
- To identify, measure, control and monitor risks within each area of the business, reporting and escalation of incidents and to evidence control;
- To implement and adhere to the mandates, policies and processes that are part of the control environment; and
- To identify and assess new or emerging risks as internal activities or the external environment changes.

Second line of defence – Oversight functions (Risk, Compliance and Anti-Money Laundering)

- To provide independent oversight and guidance on risks relevant to the Bank's strategy and activities;
- To maintain an aggregate view of risk and monitoring performance in relation to the Bank's risk appetite;
- To monitor changes and compliance to external regulation, and to promote best practices; and
- To support a structured approach to risk management by implementing and maintaining a risk management framework (RMF) and bank-wide risk policies, and to monitor their proper execution in the 1LOD.

Third line of defence - Internal Audit (the Internal Audit function is outsourced to Mazars LLP)

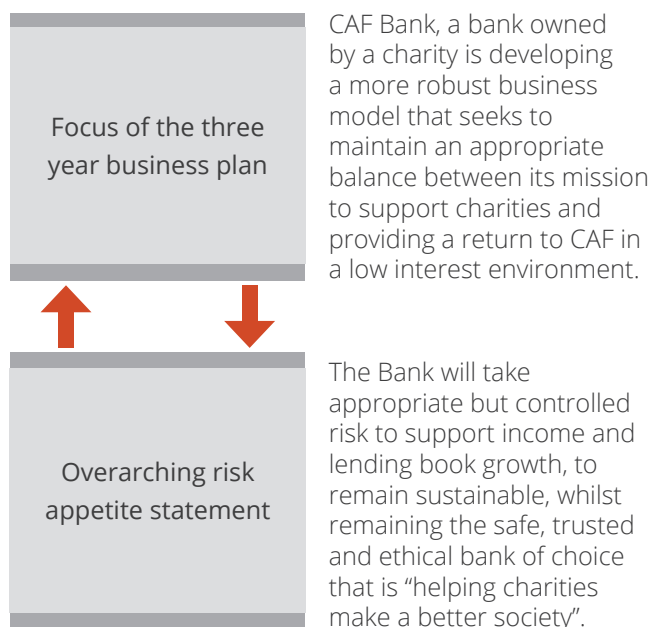
- To provide independent assurance to the Board via the Audit Committee that the 1LOD and 2LOD are operating effectively in discharging their responsibilities.

Central to the Risk Governance and to the Three Lines of Defence model is the Chief Risk Officer (CRO). The Bank has appointed a CRO (approved by the PRA and FCA) to be responsible to the Board for oversight of bank-wide risk management. The CRO is independent of the 1LOD and has unfettered access to the Board (usually through the Chair of the BRCC); and on a day to day basis reports to the CEO.

Risk Appetite Statement

In articulating its risk appetite, the Bank has taken into consideration the expectations of its stakeholders; the need for regulatory compliance at all times; the preservation of its franchise and reputation and its desire for controlled and sustainable profits, in line with its values.

An overarching Risk Appetite Statement (RAS) governs the Bank's approach to the risks it is willing to assume in support of its Business Plan.



The Bank's principal risks are strategic risk, credit risk, prudential risk, operational risk, financial crime risk and conduct risk. Identifying and monitoring current and emerging risks is integral to our approach to risk management.

The following information on pages 13-17 is covered by the external auditors' opinion on page 21.

Strategic Risk

Strategic risk is the risk that can affect the Bank's ability to achieve its strategic and business objectives. Strategic risk might arise from making poor business decisions, from the substandard execution of decisions, from inadequate resource allocation, or from a failure to respond well to changes in the business environment.

From a strategic perspective, CAF Bank was established as a mixed motive investment to further the charitable mission of its parent, the Charities Aid Foundation as well as provide a financial return on CAF's investment in the Bank.

Credit Risk

Credit risk is the risk of financial loss from a borrower or counterparty failing to meet their financial obligations to the Bank to repay in accordance with agreed terms. Credit risk arises primarily from investing funds with treasury counterparties and lending to charities and personal customers.

Treasury assets

Treasury counterparties are reviewed and approved by the ALCo in accordance with policies and criteria approved by the Board. The Bank sets criteria which include credit rating, counterparty lending limits, group exposures, and country exposure limits. New investments with financial and non-financial institutions do not exceed £10m and £5m respectively. The Bank uses the Standardised Approach to assess capital required for credit risk, with risk weightings based on the lower of the two highest of Fitch, S&P and Moody's ratings in accordance with the credit quality assessment scale.

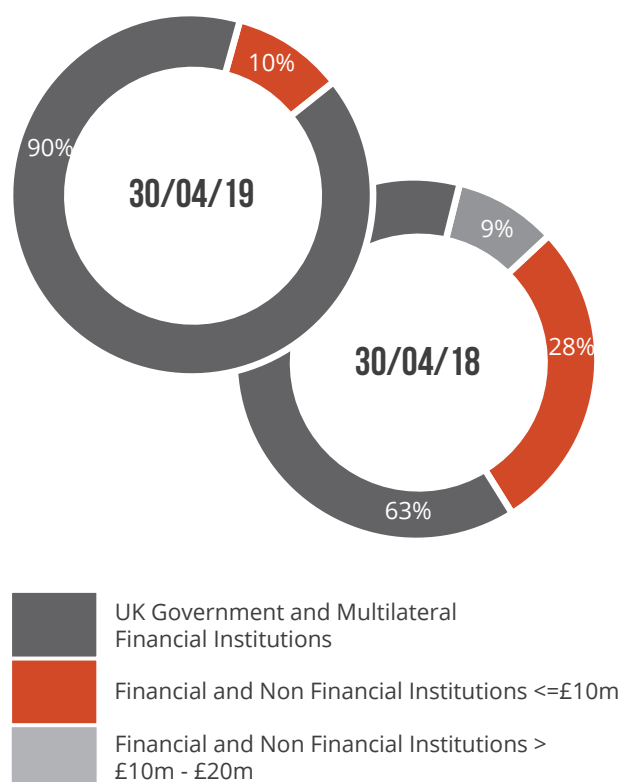
Treasury assets by class:

	2019		2018	
	Book Value £000	Market Value £000	Book Value £000	Market Value £000
Listed:				
UK government	105,825	106,016	25,171	25,266
Multilateral financial institutions	452,748	452,451	350,934	349,560
Fixed coupon corporate bonds	36,515	36,433	98,865	99,035
Floating rate corporate bonds	74,998	75,170	97,538	98,072
	670,086	670,070	572,508	571,933
Unlisted:				
Certificates of deposit	-	-	10,000	10,111
Debt securities (Note 12)	670,086	670,070	582,508	582,044
Balances at Bank of England	318,175	318,175	415,346	415,346
Loans and advances to banks (Note 10)	8,993	8,993	12,268	12,268
	997,254	997,238	1,010,122	1,009,658

Treasury assets by credit rating:

Category (Fitch equivalent lowest credit rating)	2019		2018	
	Book Value £000	% of Book %	Book Value £000	% of Book %
UK Government	424,000	42.51%	440,517	43.61%
AAA	323,544	32.44%	322,874	31.96%
AA+	129,204	12.96%	40,608	4.02%
AA	4,408	0.44%	4,577	0.45%
AA -	61,114	6.13%	32,037	3.17%
A+	40,000	4.01%	20,073	1.99%
A	11,824	1.19%	114,803	11.37%
A-	-	0.00%	26,319	2.61%
BBB+	2,653	0.27%	4,378	0.43%
BBB	507	0.05%	3,936	0.39%
	997,254	100.00%	1,010,122	100.00%

Treasury assets by exposure value



Lending

Lending to charities and personal customers is monitored by the Credit Committee. Loan applications are reviewed and presented for approval to the Sanctions Committee, a sub-committee of the Credit Committee, in accordance with policies and criteria approved by the Board. Lending is secured on property and subject to maximum limits on loan to value ratios. CAF Bank has in place a system of limits and controls to manage credit risk on its loan portfolio.

The policies include maximum exposure values and limits to manage concentration risk by sector. Exposure to geographical area is monitored. At 30 April 2019, the largest loan was £4.5m (2017/18: £4.7m). The maximum aggregate exposures to any one sector (Social Housing) and geographical area were 50% and 23% respectively (2017/18: 46% and 26% respectively).

Loans, overdrafts and BACS facilities are subject to regular monitoring of loan performance and individual annual review. Administration of the loan book is outsourced to Link Mortgage Services Ltd who provide regular management information on a loan by loan and aggregated basis.

A provision of £445k has been made at 30 April 2019 reflecting losses that have been incurred but not yet identified (2017/18: £641k). No overdrafts were written off during the year (2017/18: nil). No loans were in arrears at 30 April 2019 (2017/18: none).

	2019	2018
	£000	£000
Gross loans and advances to customers (Note 11)	91,797	92,866
Undrawn overdraft and loan commitments (Note 19)	14,911	12,359
	106,708	105,225
Amounts included within the above:		
Secured on property	106,657	103,812
Unsecured:		
Loans	31	148
Overdrafts	20	1,265
	106,708	105,225

As at 30 April 2019 the average loan to value ratio across the lending portfolio was 57% (2017/18: 45%).

Prudential Risk

Prudential Risk is the risk that the Bank has insufficient capital, liquidity and funding to maintain its operations in business as usual and stressed conditions. Prudential risk includes capital, liquidity and market risks.

Capital Risk

Capital risk is the risk that the Bank has insufficient capital to cover stressed conditions, regulatory requirements and business plans.

Capital risk is measured, monitored and reported daily against limits approved by the Board within the Bank's Capital policy and monitored by ALCo and Executive Risk Committee. The Bank undertakes regular stress testing of its capital adequacy.

Liquidity Risk (including Funding Risk)

Liquidity risk is the risk that the Bank does not have sufficient financial resources to meet its obligations as they fall due, or can secure them only at excessive cost. Liquidity risk arises from mismatches in the timing of cash flows. Funding risk arises when the liquidity needed to fund illiquid asset positions cannot be obtained at the expected terms when required.

Liquidity risk is measured, monitored and reported daily against intra-day triggers and limits approved by the Board within the Bank's Liquidity Policy. The liquidity position is monitored by ALCo and the Executive Risk Committee. The Bank undertakes regular stress testing of its liquidity position and behavioural analysis of its liabilities and assets.

CAF Bank holds liquidity buffer eligible assets of £865m (2017/18: £781m), excluding assets pledged as security under repurchase agreements. Liquidity buffer assets comprise investments in the Bank of England Reserve Account, UK Gilts, Treasury Bills and multilateral development banks.

	2019 Book Value	2018 Book Value
	£000	£000
Balances at Bank of England	316,950	415,346
UK government	105,825	25,171
Multilateral financial institutions	442,634	340,750
	865,409	781,267

Market Risk (including Interest Rate Risk)

Market risk is the risk from adverse movements in external markets, e.g. interest rate movements, changes in investment values or currency movements that will impact our income or the value of our assets and liabilities. This includes interest rate risk in our banking book (IRRBB) which is the risk arising from a mismatch between the duration of assets and liabilities.

CAF Bank does not undertake proprietary trading activities. Investments are held to maturity and valued at cost with any premium or discount amortised over the remaining term. All the Bank's assets and liabilities are denominated in sterling.

Market risk is measured by monitoring mismatches between assets and liabilities assessed on a behavioural basis which may result from movements in market interest rates over a specified time period within Board approved limits. IRRBB is measured weekly and monitoring is carried out by ALCo and the Board Risk and Compliance Committee.

Non-maturity (on-demand) deposits are behaviourally adjusted as follows:

£0 - £249,999	2 - 3 years
£250,000 - £999,999	1 - 2 years
Over £1m	6 - 12 months

Assets and liabilities analysed by interest rate pricing time periods:

As at 30 April 2019	Next day £000	Up to 3 months to 6 months £000	3 months to 6 months £000	6 months to 1 year £000	1 year to 5 years £000	Over 5 years £000	Other items £000	Total £000
Assets								
Balances at Bank of England	316,950	1,225	-	-	-	-	-	318,175
Loans and advances to banks (Note 10)	8,993	-	-	-	-	-	-	8,993
Loans and advances to customers (Note 11)	90,462	-	-	-	-	-	-	90,462
Debt securities (Note 12)	-	153,910	55,969	106,162	352,512	-	1,533	670,086
Prepayments and accrued income	-	240	-	-	-	-	4,344	4,584
	416,405	155,375	55,969	106,162	352,512	-	5,877	1,092,300
Liabilities								
Customer accounts (Note 13)	546,559	-	-	66,529	408,433	-	12,707	1,034,228
Repurchase agreements (Note 14)	10,142	-	-	-	-	-	-	10,142
Other liabilities (Note 15)	-	-	-	-	-	-	6,473	6,473
Accruals and deferred income	-	-	-	-	-	-	107	107
Shareholders' funds (Note 17)	-	-	-	-	-	-	41,350	41,350
	556,701	-	-	66,529	408,433	-	60,637	1,092,300
Interest rate sensitivity gap	(140,296)	155,375	55,969	39,633	(55,921)	-	(54,760)	-
Impact of 2% change in interest rates	-	(45)	(414)	(575)	758	123	-	(153)

Assets and liabilities analysed by interest rate pricing time periods:

As at 30 April 2018	Next day £000	Up to 3 months £000	3 months to 6 months £000	6 months to 1 year £000	1 year to 5 years £000	Over 5 years £000	Other items £000	Total £000
Assets								
Balances at Bank of England	414,756	590	-	-	-	-	-	415,346
Loans and advances to banks (Note 10)	4,268	8,000	-	-	-	-	-	12,268
Loans and advances to customers (Note 11)	91,425	-	-	-	-	-	-	91,425
Debt securities (Note 12)	-	150,329	15,721	127,126	288,835	-	497	582,508
Prepayments and accrued income	-	240	-	-	-	-	4,469	4,709
	510,449	159,159	15,721	127,126	288,835	-	4,966	1,106,256
Liabilities								
Customer accounts (Note 13)	600,581	-	-	47,058	387,766	-	14,021	1,049,426
Repurchase agreements (Note 14)	10,142	-	-	-	-	-	-	10,142
Other liabilities (Note 15)	-	-	-	-	-	-	5,288	5,288
Accruals and deferred income	-	-	-	-	-	-	50	50
Shareholders' funds (Note 17)	-	-	-	-	-	-	41,350	41,350
	610,723	-	-	47,058	387,766	-	60,709	1,106,256
Interest rate sensitivity gap	(100,274)	159,159	15,721	80,068	(98,931)	-	(55,743)	-
Impact of 2% change in interest rates	-	(155)	(115)	(1,169)	1,376	-	-	(63)

The following information is not covered by the external auditors' opinion.

Operational Risk

The risk of financial loss and or reputational damage resulting from inadequate or failed internal processes, people and systems or from external suppliers and events.

The Bank continues to develop systems and controls to reduce the likelihood of failure associated with operational risks. The reporting of the Bank's operational risk profile continues to be enhanced. This highlights key areas of concern, enabling increased focus.

During the year ended 30 April 2019 operational losses totalled £43k (2017/18: £37k).

Cyber threats are escalating from an increasingly sophisticated criminal community. We continue to invest in strengthening our cyber defences.

CAF Bank has also enhanced the level of 'know your customer' reviews undertaken in line with industry practice.

The Bank continues to develop and enhance its Operational Resilience to protect the Bank against internal and external events that can disrupt service to our customers. Having adequate operational resilience improves our ability to absorb and not contribute to, or exacerbate shocks while continuing to provide critical functions.

CAF Bank uses the Basic Indicator Approach to assess operational risk capital requirements.

Financial Crime

The Bank defines “Financial Crime” to include any offence involving fraud or dishonesty, or handling the proceeds of crime. We seek to protect our customers and the Bank from the risks of financial crime by identifying inherent risks and operating only with appropriate systems and controls to detect and prevent harm. We will not conduct business with individuals or entities we believe are engaged in illicit behaviour. We seek to minimise the Bank’s and our customers’ exposure to loss from fraud.

CAF Bank complies with all relevant laws and regulation taking into account supervisory and approved industry guidance. Work to prevent fraud, money laundering, terrorist financing, breach of sanctions, tax evasion and bribery/corruption is led by the Bank’s CEO with the support of dedicated Know Your Customer and Fraud Prevention teams. Oversight is provided by the Money Laundering Reporting Officer and Chief Risk Officer.

Bank losses to fraud in the year ended 30 April 2019 were £46k (2017/18 £30k).

Conduct Risk

Conduct Risk is the risk of delivering unfair customer outcomes that may cause customer detriment, reputational damage and/or undermining the integrity of the market through the Bank’s actions, behaviour, inappropriate culture and/or the conduct of business. Conduct risk is managed through behaviours and customer centric decisions, to deliver appropriate customer outcomes through the Bank’s products and services.

Brexit

The Bank continues to monitor developments around the UK’s exit from the European Union (Brexit). At present there is uncertainty regarding the timing and outcome of negotiations. This may significantly impact the UK economy and, in turn, the Bank’s profitability, which could be adversely affected by changes in interest rates and an increase in credit losses.

As part of our normal risk assessment, CAF Bank undertakes regular projections using alternative interest rate scenarios and loan book credit losses to support planning for varying outcomes, including the possibility of Brexit occurring without the UK establishing an agreement with the European Union and we hold capital and liquidity to cater for any significant adverse movements.

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the year ended 30 April 2019.

Results for the Year

CAF Bank made a profit on ordinary activities before taxation for the year of £5,897k (2017/18: £4,497k). Under a deed of covenant, CAF Bank donates its profits to its parent charity, Charities Aid Foundation, after ensuring sufficient reserves are available to meet interest payable on capital instruments and taxation. Dividends of £990k (2017/18: £894k) were payable to AT1 holders. No dividends were paid on ordinary share capital during the year (2017/18: none).

Charitable and Political Donations

CAF Bank donated £4,908k to CAF in the year (2017/18: £3,600k). The Bank did not make political donations or incur any political expenditure during the year (2017/18: none).

Employees

CAF Bank recognises that the development and training of staff is fundamental to its continuing success and provides development opportunities and support to ensure all staff have the knowledge and skills to perform at the highest standard. Each member of staff receives an induction and job related training and resources are made available to enable individuals to develop and improve their performance and keep up-to-date with internal and external developments. As part of the CAF Group, CAF Bank's commitment to staff is evidenced by the Bank's contribution to the Group achieving and retaining the Investors in People Gold Standard, which is an outstanding achievement.

The Bank is committed to offering equal opportunities to all staff and opposes all forms of discrimination. The Bank seeks to provide equal opportunities in training, development and career opportunities to all staff. Three members of the Board and three quarters of the Bank's Executive Management are women. CAF Bank, as part of CAF, has been awarded the Two Ticks symbol, which is a national recognition scheme confirming the Bank's commitment to equality of opportunity throughout our recruitment process and employment for disabled people.

CAF Bank regularly provides staff with information including the Bank's progress against objectives, financial position, future aims and strategy. An annual employee engagement survey is undertaken and the results used to improve performance in areas that are important to staff.

All staff are employed by CAF and recharged to CAF Bank where activities have been undertaken on the Bank's behalf.

Going concern

CAF Bank's forecasts, taking into account planned changes in trading performance, treasury activities and capital plans, show that the Bank is able to operate at adequate levels of profitability, liquidity and capital, for the foreseeable future.

Consequently the Directors are satisfied that CAF Bank has sufficient resources to continue in business for the foreseeable future and have, therefore, adopted the going concern basis in preparing the financial statements.

Auditors

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be submitted to the Board.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' interests

The directors who served during the financial year are reported in the Governance Report on page 8. No director had an interest in the share capital of the Bank or any other UK group company.

Disclosure of information to auditors

Each of the persons who are a director at the date of approval of this report confirms that:

- 1) So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- 2) Each director has taken all the steps that he/she ought to have taken as a director in order to make him/her aware of any relevant audit information and to establish that the company's auditor's are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

By order of the Board and signed on its behalf on
24 June 2019



Janet Pope
Chair

CAF Bank Limited
Company Number 1837656

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAF BANK LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of CAF Bank Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 April 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of CAF Bank Limited (the 'company') which comprise:

- the Profit and Loss Account;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the Cash Flow Statement;
- the sections of the Risk Management Report identified as audited; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year related to loan impairment provisions.
Materiality	The materiality that we used in the current year was £410k which was determined by reference to 1% of equity.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

The matter below was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Loan impairment provisions

Refer to Note 1.7 on page 32 and Note 11 on page 35.

Key audit matter description	<p>Gross loans and advances to customers decreased from £92,866k to £91,797k during the year.</p> <p>The provision for loan impairment is the most significant judgement made by the company in preparing its financial statements. Given lending to customers remains a developing part of the business, the company has limited loss experience which increases the judgement required for both specific and collective provisions. Given the level of judgement required, we consider there to be an increased risk of misstatement due to fraud or error in respect of this key audit matter.</p> <p>The impairment provision balance as at 30 April 2019 was £445k (2018: £641k). This is a collective provision for incurred but not reported impairment losses. There was no individually identified loan impairment provision.</p>
How the scope of our audit responded to the key audit matter	<ul style="list-style-type: none">■ We assessed the design and tested the implementation of controls relating to the loan impairment provision;■ We reviewed the company's loan impairment provisioning policy to assess whether it was in compliance with the requirements of Financial Reporting Standard 102;■ We tested a sample of performing loans to assess whether there was objective evidence that impairment had arisen and not been identified;■ We challenged the key assumptions applied to estimate the individual loan impairment provision by comparing the assumptions to historical performance and industry peers; and■ We re-performed the calculation of the individual provision balance to test for its mathematical accuracy
Key observations	<p>Based on the procedures performed and evidence obtained, we found the company's assumptions, judgements and approach to estimating loan impairment provision to be reasonable and therefore considered the level of provision to be appropriate.</p>

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£410k (2018: £410k)
Basis for determining materiality	We have used 1% of equity as a basis for determining materiality as we considered this to be the most appropriate. Our approach to determining materiality is consistent with the prior year.
Rationale for the benchmark applied	We consider equity to be the most relevant benchmark for users of the accounts given that the company is a regulated bank and a wholly- owned subsidiary.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £20k (2018: £20k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement.

Our risk assessment included considering the size, composition and qualitative factors relating to account balances, classes of transactions and disclosures.

Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with provisions of laws and regulations, our procedures included the following:

- enquiring of management, internal audit and the audit committee, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
 - identifying, evaluating and complying with provisions of laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks related to fraud or non-compliance with provisions of laws and regulations;
- discussing among the engagement team and involving relevant internal specialists, including tax, IT and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas:
 - loan impairment provisions as set out in the key audit matters section of our report; and

- obtaining an understanding of the legal and regulatory frameworks that the Company operates in, focusing on those provisions of laws and regulations that had a direct effect on the financial statements. The key provisions of laws and regulations we considered in this context included the relevant provisions of the UK Companies Act 2006, the Prudential Regulation Authority ('PRA') Rulebook and tax legislation. In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to continue as a going concern or to avoid material penalties, such as capital, liquidity and conduct requirements.

Audit response to risks identified

As a result of performing the above, we identified loan impairment provisions as a key audit matter. The key audit matter section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the audit committee and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the PRA and HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Opinion on other matter prescribed by the Capital Requirements (Country-by-Country Reporting) Regulations 2013

In our opinion the information given in note 22 to the financial statements for the financial year ended 30 April 2019 has been properly prepared, in all material respects, in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

Other matters

Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the company on 22 February 2017 to audit the financial statements for the year ended 30 April 2017 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is three years, covering the years ended 30 April 2017 to 30 April 2019.

Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Robert Topley FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, UK

24 June 2019

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2019

	Notes	2019		2018	
		£000	£000	£000	£000
Interest receivable	3		12,908		11,405
Interest payable	4		(625)		(315)
Net interest income			12,283		11,090
Fees and commissions receivable		2,037		2,045	
Fees and commissions payable		(1,009)		(971)	
Net operating income			1,028		1,074
Administrative expenses	5		(7,610)		(7,548)
Loan loss provision	11		196		(119)
Profit on ordinary activities before taxation			5,897		4,497
Tax on profit on ordinary activities	8		1		(3)
Profit on ordinary activities after taxation			5,898		4,494

There are no recognised gains or losses for either year other than those shown in the profit and loss account above. All income and expenses for the current and prior year are derived from continuing operations.

The notes on pages 31-38 form an integral part of the financial statements.

BALANCE SHEET

AS AT 30 APRIL 2019

		2019		2018	
	Notes	£000	£000	£000	£000
Assets					
Balances at Bank of England			318,175		415,346
Loans and advances to banks	10		8,993		12,268
Loans and advances to customers	11		90,462		91,425
Debt securities	12		670,086		582,508
Prepayments and accrued income			4,584		4,709
Total assets			1,092,300		1,106,256
Liabilities					
Customer accounts	13		1,034,228		1,049,426
Repurchase agreements	14		10,142		10,142
Other liabilities	15		6,473		5,288
Accruals and deferred income			107		50
Total liabilities			1,050,950		1,064,906
Called up share capital	16	29,350		29,350	
Additional Tier 1 capital	16	11,000		11,000	
Distributable reserves	17	1,000		1,000	
Shareholders' funds	17		41,350		41,350
Total liabilities and shareholders' funds			1,092,300		1,106,256

The notes on pages 31-38 form an integral part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 24 June 2019 and signed on its behalf by



Janet Pope
Chair



John Grout
Finance Director

CAF Bank Limited
Company Number 1837656

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2019

	Notes	Called-up share capital £000	Additional Tier 1 Securities £000	Distributable Reserves £000	Profit and loss account £000	Total £000
At 30 April 2017		21,350	8,000	1,000	-	30,350
Total comprehensive profit for the financial year		-	-	-	4,494	4,494
Charitable donation to parent	7	-	-	-	(3,600)	(3,600)
AT1 dividends payable	9	-	-	-	(894)	(894)
Issue of share capital	17	8,000	-	-	-	8,000
Issues of additional tier 1 capital	17	-	3,000	-	-	3,000
At 30 April 2018		29,350	11,000	1,000	-	41,350
Total comprehensive profit for the financial year		-	-	-	5,898	5,898
Charitable donation to parent	7	-	-	-	(4,908)	(4,908)
AT1 dividends payable	9	-	-	-	(990)	(990)
Issue of share capital	17	-	-	-	-	-
Issues of additional tier 1 capital	17	-	-	-	-	-
At 30 April 2019		29,350	11,000	1,000	-	41,350

The notes on pages 31-38 form an integral part of the financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 APRIL 2019

	2019		2018	
	£000	£000	£000	£000
Cash flows from operating activities				
Profit on ordinary activities before taxation	5,897		4,497	
Adjustments for:				
Amortisation of investments	3,304		5,505	
(Gain)/Loss on disposal of debt security	(3)		95	
Corporation tax paid	(2)		(15)	
Decrease in prepayments and accrued income	125		3,006	
Increase in accruals and deferred income	57		13	
Increase in Cash Ratio Deposit with Bank of England	(635)		(63)	
Decrease in loans and advances to banks	8,000		10,000	
Decrease/(increase) in loans and advances to customers	1,160		(19,840)	
(Decrease)/increase in loan loss provision	(196)		119	
(Decrease)/increase in customer accounts	(15,198)		45,793	
Decrease in other liabilities	(121)		(137)	
Net cash generated from operating activities		2,388		48,973
Cash flows from investing activities				
Acquisitions of debt securities	(379,581)		(198,141)	
Redemptions of debt securities	283,991		334,875	
Disposals of debt securities	4,711		9,905	
Increase in repurchase agreements	-		10,142	
Net cash from investing activities		(90,879)		156,781
Cash flows from financing activities				
Charitable donations paid	(3,600)		(3,839)	
AT1 dividend paid	(990)		(983)	
Issue of ordinary share capital	-		8,000	
Issue of additional tier 1 capital	-		3,000	
Net cash from financing activities		(4,590)		6,178
Change in cash and cash equivalents in the year		(93,081)		211,932
Cash and cash equivalents at beginning of year		419,024		207,092
Cash and cash equivalents at end of year		325,943		419,024
Represented by:				
Balances at Bank of England repayable on demand		316,950		414,756
Loans and advances to banks repayable on demand (Note 10)		8,993		4,268
		325,943		419,024

The notes on pages 31-38 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

1. Accounting policies

1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102 (as issued by the Financial Reporting Council, the Financial Reporting Standard applicable in the UK and Republic of Ireland).

Where information in the risk management report on pages 13-17 is identified as audited, it is incorporated into these financial statements by this cross reference and is covered by the independent auditors report on pages 21-26.

The going concern basis was adopted in preparing the annual report and accounts as described on page 19.

1.2 Interest and fee income and expenditure recognition

Income is recognised once the Bank has entitlement to the income, it is probable that the income will be received and the amount can be measured reliably.

(a) Interest income

Interest receivable on financial assets is recognised using the effective interest method over the expected life of the financial asset. Loan arrangement fees are recognised using the effective interest method over the expected life of the loan.

(b) Fee Income

Non-utilisation fees on undrawn loans are recognised as income in the period they are earned.

(c) Expenditure recognition

Expenditure is recognised as soon as there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Irrecoverable VAT is charged as a cost.

1.3 Pension costs

All staff are employed by CAF. The Bank is recharged by CAF for the cost of defined contribution personal pension arrangements.

The amount charged to the profit and loss account in respect of pension costs is the contribution payable in the year. Differences between contributions payable and the year end contributions actually paid are shown as either accruals or prepayments in the balance sheet.

1.4 Financial Services Compensation Scheme ('FSCS') Levy

The amount of the FSCS levy is determined by the value of the Bank's protected deposits at 31 December each year. The levy is accounted for on an accruals basis using information provided by the FSCS, forecast future interest rates and the Bank's historical share of industry protected deposits.

1.5 Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.6 Basic financial instruments

Loans and advances to banks comprise the Bank's cleared and uncleared balances held at HSBC and deposits with an original maturity of three years or less. These are shown at the lower of cost or estimated realisable value.

Interest-bearing loans are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing loans are stated at amortised cost using the effective interest method, less any impairment losses.

Debt securities held for investment purposes are held to redemption at par and recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. The amortisation of premiums or discounts is included in interest income in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

Interest receivable on interest-bearing loans and debt securities is recognised on an accruals basis using the effective interest rate method.

When securities are sold subject to a commitment to repurchase them at a predetermined price ('repos'), they remain on the balance sheet and a liability is recorded in respect of the consideration received. Repos are measured at amortised cost. The difference between the sale and repurchase price is treated as interest and recognised in net interest income over the life of the agreement.

Debtors are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid.

Customer account balances represent the value of deposits by account holders and are recorded as liabilities.

Creditors are recognised where there is a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any discounts due.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual terms of the instruments.

1.7 Impairment of assets

Financial assets including loans are assessed at each reporting date to determine whether there is objective evidence of impairment. Objective evidence can include default or delinquency by a borrower, restructuring of a loan or advance on terms the Bank would otherwise not consider, indications that a borrower or issuer may become insolvent, or a reduction in marketability of security.

The Bank considers evidence for impairment for loans and advances (including on-demand commitments) at both specific and collective level. If there is evidence of impairment leading to an impairment loss for an individual counterparty relationship, then the amount of the loss is determined as the difference between the carrying amount of the loan, including accrued interest, and the estimated recoverable amount. The estimated recoverable amount is measured as the present value of expected future cash flows discounted at the loan's original effective interest rate, including cash flows that may result from foreclosure less costs for obtaining and selling collateral. The carrying amount of the loan is reduced by the use of an allowance account and the amount of the loss is recognised in the profit and loss account.

If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar risk characteristics, taking into account collateral type and other relevant factors. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the counterparty's ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Bank and loss experience for assets with credit risk characteristics similar to those in the Bank. In addition, the Bank uses its judgement to estimate the amount of an impairment loss, supported by historical loss experience data for similar assets. The use of such judgements and reasonable estimates is considered by management to be an essential part of the process.

1.8 Significant estimates and judgements

The preparation of the Bank's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

A significant area of estimation relates to the collective lending provision. To determine the provision, assumptions are made about variables including the probability of default, the loss given default and the loss emergence period. These variables are based on historical loss experience data to similar assets. Further estimations are made with regards to the expected future cash flows relating to the sale of the security. The collective lending provision was £445k at 30 April 2019 (2018: £641k) as disclosed in note 11.

2. Segmental information

The Bank carries on one principal class of business, being that of banking, and operates in one geographical segment, the United Kingdom.

3. Interest receivable

	2019	2018
	£000	£000
Interest receivable and similar income arising from debt securities	6,960	6,823
Other interest receivable and similar income	5,948	4,582
	12,908	11,405

4. Interest payable

	2019	2018
	£000	£000
Customer accounts	625	315
	625	315

5. Administrative expenses

Staff costs	2019	2018
	£000	£000
Wages and salaries	3,868	3,053
Social security costs	338	271
Other pension costs	212	163
	4,418	3,487
Other administrative expenses	3,165	4,030
FSCS Levy and FCA fee (note 6)	27	31
	7,610	7,548

All staff are employed by CAF. Total employment costs are recharged where activities have been undertaken for CAF Bank. Staff costs (above) represent 114 (2018: 96) employees of CAF who were assigned wholly to duties relating to the activities of the Bank. Creditors include £21,000 (2018: £17,000) in respect of pension contributions payable.

The average number of total employees wholly assigned to CAF Bank analysed by function was:

	2019	2018
	Number	Number
Management	14	15
Administration	100	81
	114	96

Other administrative expenses include the following amounts paid to CAF in respect of directors' emoluments, other costs of staff partially allocated to duties relating to CAF Bank, and management charges relating principally to the occupancy of premises and the use of systems equipment. Information systems staff costs are included in indirect staff costs (below).

	2019	2018
	£000	£000
Indirect staff costs	848	1,265
Management charges	527	527
	1,375	1,792

Directors' emoluments

None of the directors who served during the year were remunerated directly by the Bank (2017/18: none). During the year, the Bank reimbursed CAF with £393,425 (2017/18: £294,082) including pension contributions in respect of services rendered by two executive directors (2017/18: two). The amounts paid to third parties for directors' services were £101,570 (2017/18: £nil). Non-executive directors were not remunerated.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

Auditor's remuneration

Auditor's remuneration included in administrative expenses consists of the following:

	2019	2018
	£000	£000
Audit fees payable to the company's auditor for the audit of the company's financial statements	74	71
Other non audit services	-	64
	74	135

6. FSCS levy and FCA fee

The Financial Services Compensation Scheme ('FSCS') levy is required to fund interest on borrowings undertaken by the FSCS to make good protected deposits at banks seeking the scheme's support. The Bank also pays an annual regulatory fee to the FCA.

The levy year runs from 1 April to 31 March, and the amount of the levy is based on a bank's share of protected deposits at 31 December. The provision at 30 April 2019 represents the estimated amounts due in respect of the Bank's participation in the scheme for the years ending 31 March 2018 and 2019.

	2019	2018
	£000	£000
Provision at 1 May	104	220
Paid during the year	(75)	(147)
Provided during the year	27	31
Provision at 30 April	56	104

7. Charitable donation to parent

The Bank accrued a donation of £4,908,000 to CAF at 30 April 2019 (30 April 2018: £3,600,000).

8. Tax on profit on ordinary activities

The tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK: 19% (2017/18: 19%). The differences are explained below.

	2019	2018
	£000	£000
Tax expense:		
UK corporation tax	(1)	3
Reconciliation to tax expense:		
Tax at 19% on (2017/18 19%) :		
Profit on ordinary activities before tax	1,120	854
Charitable donation to CAF	(933)	(684)
AT1 dividends payable	(188)	(170)
Interest payable to preference shareholders	-	-
	-	-
Expected tax (credit)/charge on disallowable expenditure	(1)	3
	(1)	3

There is no unprovided deferred taxation.

9. AT1 Dividends Payable

	2019	2018
	£000	£000
AT1 dividends payable	990	894
	990	894

10. Loans and advances to banks

	2019	2018
	£000	£000
Repayable on demand	8,993	4,268
	8,993	4,268
Remaining maturity of other loans and advances:		
1 day to 8 days	-	5,000
Over 8 days to 3 months	-	3,000
	-	8,000
Loans and advances to banks	8,993	12,268

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

11. Loans and advances to customers

	2019				2018			
	Charity £000	Personal £000	Overdrafts £000	Total £000	Charity £000	Personal £000	Overdrafts £000	Total £000
Remaining maturity of loans and advances								
Repayable within 3 months	1,069	1,771	400	3,240	611	1,373	799	2,783
Repayable within 5 years	15,677	7,757	-	23,434	14,900	19,565	-	34,465
Repayable over 5 years	65,123	-	-	65,123	55,618	-	-	55,618
	81,869	9,528	400	91,797	71,129	20,938	799	92,866
Loan loss provision	(260)	(185)	-	(445)	(236)	(405)	-	(641)
Deferred income	(826)	(64)	-	(890)	(671)	(129)	-	(800)
Unamortised premiums	80,783	9,279	400	90,462	70,222	20,404	799	91,425

	2019 £000	2018 £000
Loan loss provision at 1 May	(641)	(522)
Provided during the year: individual provision	-	-
Released/(provided) during the year: collective provision	196	(119)
Written off during the year	-	-
Loan loss provision at 30 April	(445)	(641)

12. Debt securities

12.1 Investments

	2019		2018	
	Book Value £000	Market Value £000	Book Value £000	Market Value £000
Listed:				
UK government	105,825	106,016	25,171	25,266
Multilateral financial institutions	452,748	452,451	350,934	349,560
Fixed coupon corporate bonds	36,515	36,433	98,865	99,035
Floating rate corporate bonds	74,998	75,170	97,538	98,072
	670,086	670,070	572,508	571,933
Unlisted:				
Certificates of deposit	-	-	10,000	10,111
	670,086	670,070	582,508	582,044

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

Debt securities include items with a book value of £10,114,000 (2017/18: £10,184,000) which have been sold under repurchase agreements (note 14). These assets have not been derecognised as the Bank has retained substantially all the risks and rewards of ownership. The Bank is unable to use, sell or pledge the transferred assets for the duration of the transaction and remains exposed to any associated interest rate risk or credit risk of the assets.

12.2 Maturity

	2019	2018
	Book Value £000	Book Value £000
Less than 6 months	132,647	28,269
6 months to 1 year	112,134	162,143
	244,781	190,412
1 year to 5 years	424,798	392,096
	669,579	582,508
5 years and over	507	-
	670,086	582,508
Unamortised premiums	(1,705)	(5,085)

Premiums or discounts on investments held to maturity are amortised over their remaining lives.

12.3 Movements

	Cost £000	Amortisation £000	Book Value £000
At 1 May 2018	588,001	(5,493)	582,508
Acquisitions	379,581	(645)	378,936
Redemptions	(288,706)	4,715	(283,991)
Disposals	(4,962)	254	(4,708)
Amortisation	-	(2,659)	(2,659)
At 30 April 2019	673,914	(3,828)	670,086

13. Customer accounts

	2019	2018
	£000	£000
Repayable on demand	1,012,895	1,020,808
Repayable within 7 days	-	-
Repayable within 30 days	21,333	28,618
	1,034,228	1,049,426
Amounts include:		
Amounts owed to CAF	1,068	1,361

14. Repurchase agreements

Repurchase agreements total £10,142,000 (2017/18: £10,142,000). The corresponding carrying value of assets of £10,114,000 (2017/18: £10,184,000) sold under sale and repurchase agreements is included within debt securities (note 12).

15. Other liabilities

	2019	2018
	£000	£000
Amounts due within one year:		
Amounts owed to CAF	5,419	3,947
Sundry creditors	1,051	1,336
Taxation	3	5
	6,473	5,288

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

16. Called up share capital and additional tier 1 securities

	2019		2018	
	Number	£000	Number	£000
Allotted, issued and fully paid:				
Ordinary shares of £1 each	29,350,000	29,350	29,350,000	29,350
Additional Tier 1 securities of £1 each	11,000,000	11,000	11,000,000	11,000
		40,350		40,350

There was no additional capital issued during the year. The principal terms of the AT1 capital are as follows:

- Perpetual, repayable at CAF Bank's election after 5 years with the prior consent of the PRA;
- Non-cumulative 9% per annum coupon, cancellable at the discretion of the CAF Bank Board;
- Irrevocable conversion to voting ordinary shares either at a trigger level of 7% Common Equity Tier 1 capital, or at such time as the CAF Bank Board considers it reasonably foreseeable that a trigger event will occur;
- In the event of conversion, £1 par value of AT1 capital will convert to £1 nominal value of ordinary share capital, such ordinary shares being identical to existing ordinary shares in all respects.

17. Reconciliation of shareholders' funds

	Called-up share capital	Additional Tier 1 securities	Distributable reserves	Profit and loss account
	£000	£000	£000	£000
At 1 May 2018	29,350	11,000	1,000	-
Issued during the year	-	-	-	-
At 30 April 2019	29,350	11,000	1,000	-

18. Financial instruments

18.1 Market and interest rate risk

Market and interest rate risk is described on page 16.

18.2 Currency profile

The Bank has an exposure of US \$500k (2017/18: \$491k) held as a collateral deposit for the Bank's Mastercard operations. Other than this exposure all assets and liabilities are denominated in sterling.

18.3 Instruments held for trading

None of the Bank's financial instruments are held for trading purposes and no trading book is held.

18.4 Investments held to maturity

The Bank's policy is to hold investment securities to redemption at par (note 1.6). The impact of any movements in interest rates on fixed rate instruments is therefore not anticipated to affect the Bank's profits.

18.5 Hedging

CAF Bank does not hold financial instruments for hedging purposes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

18.6 Fair values

Set out below is a comparison of all the Bank's financial instruments by category. Market values have been used to determine fair values of debt securities listed on a recognised UK exchange (note 12).

	2019		2018	
	Book Value £000	Fair Value £000	Book Value £000	Fair Value £000
Assets				
Balances at central banks	318,175	318,175	415,346	415,346
Loans and advances to banks	8,993	8,993	12,268	12,268
Debt securities	670,086	670,070	582,508	582,044
	997,254	997,238	1,010,122	1,009,658

19. Off-balance sheet commitments

Commitments comprise amounts yet to be drawn under loan or overdraft agreements.

	2019 £000	2018 £000
Undrawn overdraft commitments	456	562
Undrawn charity loan commitments	13,750	8,687
Undrawn personal loan commitments	705	3,110
	14,911	12,359

20. Parent trust

Charities Aid Foundation (CAF), registered charity number 268369, is the immediate and ultimate parent and controlling party of CAF Bank (registered office: 25 Kings Hill Avenue, Kings Hill, West Malling, ME19 4TA).

The largest and only entity into which CAF Bank is consolidated is CAF. A copy of CAF's consolidated financial statements can be obtained from the Bank's registered office and at www.cafonline.org.

21. Related party transactions

CAF Bank has taken advantage of exemptions available under section 33 of FRS 102 not to disclose transactions with other group entities.

22. Country by country reporting

The Capital Requirements (Country by Country Reporting) Regulations came into effect on 1 January 2014 and place certain reporting obligations on financial institutions within CRD IV.

The activities of the Bank are described in the Strategic Report. All of the Bank's activities are carried out in the United Kingdom.

	2019 UK	2018 UK
Number of employees (average FTE)	114	96
	£000	£000
Turnover (total income)	13,311	12,164
Profit before tax	5,897	4,497
Corporation tax paid	2	15
Public subsidies received	-	-

DIRECTORS, BOARD COMMITTEES AND ADVISERS

Registered Office

25 Kings Hill Avenue
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West Malling
Kent ME19 4JQ

Telephone: 03000 123 456
Fax: 03000 123 600
Email: cafbank@cafonline.org
Website: www.cafonline.org/banking

Company Number

1837656

Directors (at 30 April 2019)

Non-Executive Directors

Janet Pope (Chair)
Malcolm Himsworth (Deputy Chair)
Martyn Beauchamp
Kees Diepstraten
Mairi Johnstone
Sir John Low CBE (CAF Chief Executive)
Carole Machell
Alistair Ray
Graham Toy

Executive Directors

Sheragh Beirne (Interim CEO)
John Grout (Finance Director)

Audit Committee

Malcolm Himsworth (Chair)
Kees Diepstraten
Mairi Johnstone

Board Risk & Compliance Committee

Carole Machell (Chair)
Malcolm Himsworth
Alistair Ray
Graham Toy
Rajesh Bhatia
Astrid Grey

Nominations and Remuneration Committee

Janet Pope (Chair)
Sir John Low CBE
Sheragh Beirne

Executive Committee

Sheragh Beirne (Interim CEO)
John Grout (Finance Director)
Dina Henry (Chief Operating Officer)
Alison Carpenter (Chief Risk Officer)

Bankers

HSBC Bank plc
City of London Branch
Ground Floor, 60 Queen Victoria Street
London EC4N 4TR

Nominee and Custodian

Global Custody Europe
HSBC Securities Services
Level 29, 8 Canada Square
London E14 5HQ

Auditors

Deloitte LLP
Statutory Auditor
2 New Street Square
London EC4A 3BZ

CAF Bank Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. It is a subsidiary of Charities Aid Foundation (CAF), registered charity number 268369. Copies of the accounts of CAF may be obtained from the Bank's registered office and at www.cafonline.org.



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