Capital Adequacy Report for 2015

Capital Adequacy Report for 2015 – Pillar 3

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Scope of Application

Saudi Kuwaiti Finance House (the "Company") is a Closed Joint stock Company incorporated under Minister of Commerce resolution number 71/K dated 7 Rabi' I 1430H (corresponding to 4 March 2009). The Company is registered in Riyadh under commercial registration number of 1010312522 dated March 25, 2009.

The Company's principal activities according to the Capital Market Authority license number 0812437 dated November 5, 2008 are summarized as follows:

- Dealing as principal and underwriting in financial securities;
- Establishment and management of mutual funds and portfolios;
- Arranging transactions in debt and equity securities;
- Providing advisory services;
- Providing custody services for financial securities.

The Company is owned by Saudi and Kuwaiti shareholders. Saudi Kuwaiti Finance House is a subsidiary of Kuwait Finance House, (a company listed in Kuwaiti stock exchange market) main shareholder in the Company.

Capital adequacy refers to whether the Company/Group has sufficient capital to meet certain risks that are usually associated with economy downturn and have conservable effect on financial assets, these risks comprise of credit, market and operations. The Company/Group is subject to these risks and accordingly has to monitor the capital adequacy on regular basis to ensure that the aforesaid risks are adequately covered by sufficient capital base. In this report we analyze Saudi Kuwaiti Finance House ("SKFH") capital adequacy based on audited financial statements for the year ended December 31, 2015 in comparison with year ended December 31, 2014.

The purpose of this analysis of capital adequacy is to determine whether SKFH have sufficient capital and liquidity to continue during economy downturn or a financial crisis. If either capital or liquidity drops below acceptable minimums during the test, it is a signal that the business models or risk-management practices should be changed.

The Company has investments in the following subsidiaries

- Baitak IPO Fund: an open ended fund type and primarily invests in IPOs and companies' shares newly listed in Saudi equity market aiming for medium term capital growth and it is Sharia compliant. The company percentage of ownership is 22.09%
- Baitak Al Waed Fund: an open ended fund type and primarily invests in Sharia compliant Saudi equity market. The company percentage of ownership is 96.22%
- Planning and Development Real Estate Co: a real estate company whose principal activities include construction and purchase of commercial complexes, tourism and entertainment projects and hotels, development of residential and commercial projects, maintenance of hotels and complexes and purchase of land for the construction of buildings and investing them by sale or lease. The company percentage of ownership is 95%.

There are no current or foreseen financial or legal impediments to the prompt transfer of capital or repayment of liabilities between the Company and the aforesaid subsidiaries.

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Capital Structure

The Company is owned by Saudi and Kuwaiti shareholders. Saudi Kuwaiti Finance House is a subsidiary of Kuwait Finance House, (a company listed in Kuwaiti stock exchange market) main shareholder of the Company. The Company paid up capital is SR 500 million which comprises of 50 million shares at par value of SR 10 per share.

Capital base related to tier one comprises of paid up capital, reserves, retained earnings (or accumulated deficit) after deducting intangible assets, zakat and other applicable deductions from tier one capital. Capital base related to tier two comprises of revaluation surplus related to available for sale securities. Non-controlling equity and short term loans (where applicable) are not included in capital base. Refer the schedule shown below for the calculation of Capital Adequacy Ratio and Surplus. Also the composition of shareholders' equity is available in the annual financial statements

The company investment portfolio as of December 31, 2015 comprises of held for trading investment, available for sale investment in Saudi equity market, investment in real estate fund, investment in Sukuk portfolio held to maturity and investment in Murabaha deposits and syndicated Murabaha operations. Total of SKFH investments portfolio is approximately SR 543 million and other assets amounts to SR 82.8 million which brings total assets to SR approximately SR 625.8 million.

Historically, SKFH was able to manage investments as to their different risks and liquidity in a proper manner and there were no instances that the company faced issues that result in major risks and losses in relation to large exposure to market, credit, operations or any other risks. Please refer to appendix A for comparative balance sheets and income statements for the years 2013, 2014 and 2015.

Capital Adequacy Analysis and Computation

The Company continuously assesses their adequacy of its capital to support current and future activities through the following measure:

- The process and strategy for assessing its overall capital adequacy and risk profile.
- Maintenance of minimum capital levels and the ability to hold capital in excess of the minimum.
- Review of Internal Capital Adequacy Assessment Process (ICAAP).
- Monitoring and ensuring compliance to CMA regulations with appropriate actions being taken when required
- The ability to intervene at an early stage to prevent capital from falling below the minimum levels.

Our analysis of capital adequacy is summarized as follows:

1. Calculation of capital base based on tier one and tier two of capital.
2. Developing and calculating risks related to market, credit and operations. Other risks may be considered based on the circumstances.
3. Calculation of minimum capital required to meet the calculated risks.
4. Calculating of capital adequacy ratio and resulting surplus.
5. Drawing results and making recommendations to mitigate impact of risks.
6. The above process should be based upon predefined and set policies, procedures with regular review and monitoring.

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In the following table we illustrate the capital adequacy calculation for the years 2015 and 2014 based on the information and explanations shown above:

Description	Dec 31, 2015 SR ('000')	Dec 31, 2014 SR ('000')	Change	Change %
Capital base:				
Tier-1 capital	393,076	470,829	(77,753)	(16.5%)
Tier-2 capital	-	-	-	-
Total	393,076	470,829	(77,753)	(16.5%)
Minimum Capital:				
Credit risks	157,492	157,084	408	0.2%
Market risks	40,743	51,040	(10,297)	(20.1%)
Operations risks	11,634	7,991	3,643	45.5%
Total	209,869	216,115	6,246	(2.89%)
Capital adequacy ratio	**1.87**	**2.18**	**(1.83)**	**(84%)**
surplus	**183,207**	**254,714**	**(71,507)**	**(28%)**

Risk Management and Compliance

The function of Risk Management at the Company is to develop and maintain programs that protect SKFH from unanticipated loss by providing systematic risk analysis, developing techniques to reduce potential exposure to loss, and procuring and administering insurance and self-insurance programs in accordance with SKFH's Risk Management Policy.

Specifically, risk management's primary goal is to minimize the adverse effects of accidental losses by either stopping losses from happening using risk control techniques, or paying for those losses that unavoidably occur, using risk financing or risk transferring techniques.

Risk management policy forms part of a framework established by the Board to provide for systematic and responsible management of risks that are, or could be, incurred by SKFH in carrying out its various activities.

Risk management policy is intended to ensure that costs, anticipated benefits and potential risks associated with particular activities are accurately considered. Where the balance of advantage favors particular activity or initiative, the possible risks will be planned for and managed, taking account of broader company objectives and priorities.

Risk management enables SKFH's management to effectively deal with uncertainty and associated risk and opportunity, enhancing the capacity to build value for its customers and shareholders.

Compliance function is an independent function whose main objectives are: to ensure that SKFH comply with the requirements of authorized person regulations; to assist the Board of Director, management, employees and the registered persons to comply with any requirement issued by CMA to appear to explain any matter or to assist in any enquiry relating to the administration of the Capital Market Law and its implementing regulations; and to assist in the efficient management of consequent risks.

In practice, these objectives are reached by:

- Identifying, evaluating, controlling and monitoring the compliance risks (as defined here below) affecting SKFH;
- Organizing the compliance-related controls by structuring, coordinating and/or delegating them;

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- Reporting to and advising the Executive Management and/or the Board of Directors
- Submitting recommendations and corrective actions when appropriate;
- Acting as advisor in compliance matters to Executive Management.

Compliance is a key element of Corporate Governance, which is about encouraging SKFH fairness and integrity, improving transparency and increasing responsibility.

With respect to capital adequacy management, the Company implements the following policies and procedures in order to manage capital and their adequacy:

- Calculate the capital adequacy ratio on monthly basis in accordance with applicable regulations and guidelines;
- Capital should be of high quality and loss absorbing. Quality of capital is determined through the application of the common and best practice criteria for common equity, and additional tier 1 and tier 2 capital, with emphasis on retained earnings as the highest quality of capital.
- Capital should adequately protect against unexpected losses. Quantity of capital should rest above regulatory minimums and sufficiently reflect Company's risk appetite and risk profile capturing all material risks and taking into account forward-looking factors such as the strategic plans.
- Report the capital adequacy ratio along with detailed computations to regulators;
- Maintain minimum capital adequacy and monitor this minimum level on regular basis;
- Identify the impact of investment decisions over risks, liquidity and capital adequacy;
- Manage assets, liabilities and monitor future cash flows;
- Set a level of leverage ratio for the Company and owned subsidiaries;
- Monitor large exposures and asset concentration on regular basis; and
- Follow up newly released rules and regulations that affect the capital adequacy calculation.

Based on above policies and procedures the Company appropriately manages and controls capital and their adequacy.

Credit Risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company seeks to manage its credit risk with respect to banks by only dealing with reputable banks and with respect to clients by setting credit limits for individual clients, monitoring outstanding receivables and ensuring close follow-ups.

The company currently has on past due claims or impaired liabilities and not expected to confront such risk factors in the future based on business model and activities. The Company undertakes credit assessment report before making any investment decision and all investments are evaluated on regular basis as to credit risks factors.

The Company uses credit rating for evaluating cash deposited / invested with banks and other authorized persons, investment in syndicated Murabaha operations and investment in debt securities. The credit quality step, risk weighted assets and credit risk mitigation have been calculated based on CMA guidelines. Please refer to Appendix 111, 1V and V for more details.

Credit risks are calculated as follows:

Description	2015 SR ('000')	2014 SR ('000')	Difference
Total risk weighted assets (see details below)	1,124,945	1,122,027	2,918
Credit risk calculation as 14% of risk weighted assets	157,492	157,084	408
Capital requirement	**157,492**	**157,084**	**408**

Risk weighted assets used for credit risk calculation are summarized as follows:

Description of exposure	**2015 SR ('000')**	**2014 SR ('000')**	**Difference**
Governments and central banks - bills/notes/bonds	19,356	99,520	(80,164)
Authorized persons and banks - deposits/receivable/bonds	108,339	90,201	18,138
Corporates - receivables and bonds	826,672	746,592	80,079
Investment funds (open ended)	128,534	1,313	127,221
High risk investment funds	-	75,000	(75,000)
Other items – tangible assets, deferred expenditures	42,044	109,401	(67,357)
Total	**1,124,945**	**1,122,027**	**2,918**

Market Risk

Market risks in general comprise of equity, investment funds, bonds, commodities, foreign exchange rate, underwriting, excess exposures and settlement. The only applicable risks to SKFH for the years 2015 and 2014 are equity price risk and foreign exchange rate which is associated with Company's investments denominated in USD.

Equity price risk is the risk related to holding equity in a particular investment. Equity price risk often refers to equity in companies through the purchase of stock. The measure of risk used in the equity markets is typically the standard deviation of a security's price fluctuations over a number of periods.

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. The Company did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars, during the year. As the Saudi Riyal is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk.

The Company monitors market risks related to equity price and currency risks on regular basis. The market prices of held for trading and available for sale securities are reviewed on daily basis and proper research reports are performed to identify over/under valued securities. Macroeconomic research reports are also performed on regular basis to assess systemic risks and their potential impact on the respective portfolios in the proprietary book investments.

The calculation of this risk is summarized as follows:

Description	**2015 SR ('000')**	**2014 SR ('000')**	**Difference**
Total assets denominated in foreign currency (USD)	52,886	274,669	**(221,783)**
Foreign exchange rate risk	1,058	5,493	**(4,435)**
Equity long position	247,541	253,039	**(5,498)**
Equity price risk	39,685	45,547	**(5,862)**
Capital requirement	**40,743**	**51,040**	**(10,297)**

The decrease in the risk rate from 14% to 2% is based on discussion with CMA during the review of monthly prudential reports.

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Operations Risk

For operational risks, the required capital is calculated as 25% of the authorized person's overhead expenses for the previous year. The calculation is summarized as follows:

Description	2015 SR ('000')	2014 SR ('000')	Difference
Total overhead expenses for previous year	46,535	31,964	14,571
Operations risk calculation as 25% of overhead expenses	11,634	7,991	3,643
Capital requirement	**11,634**	**7,991**	**3,643**

Liquidity and Cash Management

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Company's manages its liquidity risk by monitoring investing activities and cash flows on regular basis.

There are no funding requirements for other investments or a pressure to liquidate any existing investment during a short period of time and therefore no liquidity risk is associated thereto. Also apart from what have been discussed above other investments are not subject to market risk or credit risk.

Factors Impacting Risks and Capital

Fall in TASI

If we assume certain percentage decline in TASI and apply the same effect on the Company portfolio to identify the impact on financial position and capital, we believe that this downturn is fully covered by risk calculation and capital adequacy. However several economic research reports expect TASI to continue the same trend during 2016.

Devaluation in Saudi Real Estate Market

If we assume certain percentage devaluation in Saudi real estate market and apply the same effect on the Company real estate investment and capital, we believe that this downturn is fully covered by risk calculation and capital adequacy. The impact of new regulations issued by Saudi government and the expected supply from Ministry of Housing may have negative impact on real estate values although there is no clear consensus on this matter.

Fall in Asset under Management NAV

If we assume a certain percentage decline in asset under management NAV which is different from the aforesaid forecasted downturn in TASI and Saudi real estate, and apply the same effect on financial position and capital we believe that this decline is fully covered by risk calculation and capital adequacy. The reason for the aforesaid inconsistency is that we assume the fund manager will exercise skills and experience in asset selection and allocation to mitigate effect of the any downturn effect in overall economy.

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Default on Sukuk Portfolio If we assume a certain default percentage on the total of the Sukuk portfolio and apply the same effect on financial positions and capital, we believe that this default is fully covered by risk calculation and capital adequacy. However, it is remote that this risk takes place taken into account the nature of Sukuk issues but we would like to apply more conservative analysis for capital adequacy.

Increase in LIBOR – Impact on Sukuk Values

If we assume certain devaluation in Sukuk value due to expected increase in LIBOR taking into consideration that these Sukuk are classified in the SKFH's financial statements as held to maturity investment and any devaluation may not have immediate impact on the carrying value of the investment unless the Company is forced to sell part of these Sukuk to exploit available opportunity or for any other reason, therefore and to take into account all foreseeable risks we assumed this devaluation in the Sukuk portfolio, however we believe that this decline is fully covered by risk calculation and capital adequacy.

Murabaha Deposits and Operations

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Company is subject to commission rate risk on its commission bearing assets including Murabaha investments, investments in syndicated Murabaha operations and investment in real estate fund. The Company manages its exposure to commission rate risk by continuously monitoring movement in commission rate. As shown in the audited financial statements for the previous years, SKFH had significant amounts invested in Murabaha deposits and syndicated Murabaha operations. We assume that the downturn economy effect on market will expectedly result in a decrease in profit rate on these Murabaha deposits. We do not see the Murabaha deposits to suffer from any credit risk since the capital is guaranteed and that SKFH deals with only reputable banks in the region. Additionally, these deposits are very liquid and are classified in the balance sheet under cash and cash equivalents.

Conclusion

Based on the results of the analysis, the capital adequacy ratio is 1.87 for 2015 compared to 2.18 for 2014 hence SKFH has proper management of credit, market and operational risks, and the level of these risks appears to be acceptable. Also SKFH appeared to be liquid and have sufficient capital to continue their operations during macroeconomic downturn.

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Appendix A

Comparative Balance Sheets and Income Statements for 2015, 2014 and 2013

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Comparative Balance Sheet	31-Dec-15	31-Dec-14	31-Dec-13
Assets			
CURRENT ASSETS			
Cash and Cash Equivalent	147,673,936	108,770,375	247,342,781
Investment Held for Trading	211,919,416	253,039,340	-
Investment in Syndicated Murabaha	10,777,369	64,222,631	105,688,606
Accounts Receivable	2,874,597	3,312,488	4,616,415
Prepayments and other receivable	15,942,585	5,488,601	1,493,470
Amounts due from related parties	-	43,314	93,610
TOTAL CURRENT ASSETS	**389,187,903**	**434,876,749**	**359,234,882**
NON - CURRENT ASSETS			
Investment Available for Sale	35,621,567	44,529,081	20,193,858
Investment in Real Estate Fund	25,000,000	25,000,000	25,000,000
Investment Held to Maturity	166,170,896	167,282,897	107,681,603
Property and Equipment	9,888,773	12,557,066	7,465,639
Development Cost	-	687,300	1,374,900
TOTAL NON - CURRENT ASSETS	**236,681,236**	**250,056,344**	**161,716,000**
TOTAL ASSETS	**625,869,139**	**684,933,093**	**520,950,882**
LIABILITIES AND SHAREHOLDER`S EQUITY			
CURRENT LIABILITIES			
Accounts Payable	1,093,420	245,460	385,015
Accrued expenses and other payables	2,934,833	2,411,189	1,677,382
Zakat provision	13,141,625	11,705,665	11,867,938
TOTAL CURRENT LIABILITIES	**17,169,878**	**14,362,314**	**13,930,335**
NON CURRENT LIABILITIES			
Employee`s end of service allowance	2,342,521	1,071,788	639,751
TOTAL NON - CURRENT LIABILITIES	2,342,521	1,071,788	639,751
TOTAL LIABILITIES	**19,512,399**	**15,434,102**	**14,570,086**
Shareholder`s equity attributable to shareholders of the Company			
Share Capital	500,000,000	500,000,000	500,000,000
Statutory reserve	2,505,272	2,505,272	2,505,272
(Accumulated loss) / Retained earnings	-53,224,846	-11,658,356	1,081,772
Unrealized (loss) / gain on AFS	-5,264,640	-8,958,002	2,769,945
Total Shareholder`s equity attributable to shareholders of the Company	**444,015,786**	**481,888,914**	**506,356,989**
Non- controlling interest	162,340,954	187,610,077	23,807
TOTAL SHAREHOLDER`S EQUITY AND NON CONTROLLING INTEREST	**606,356,740**	**669,498,991**	**506,380,796**
	625,869,139	**684,933,093**	**520,950,882**

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Comparative Income statements	**31-Dec-15**	**31-Dec-14**	**31-Dec-13**
Revenues:			
Income from asset management activites	637,698	1,287,981	0
Income from corporate finance activites	2,180,000	2,188,300	450,000
Murabaha income	3,638,264	5,973,116	11,518,559
Realized gain on sale of AFS investment	-12,912,964	4,348,774	-
Income from Investment held to maturity	8,361,772	4,159,035	2,843,090
Dividends income	9,954,212	5,294,984	1,292,840
Realized gain on sale of shares held for trading	24,386,710	1,266,473	15,403,487
Unrealized gain (loss) on investment held for trading	-50,939,854	-5,581,003	272,682
Realized gain of investment HTM	-	557,201	
Custody revenue	-	-	28,624
Total Revenues	**-14,694,162**	**19,494,861**	**31,809,282**
Genaral and Administrative expenses	-43,224,983	-31,964,322	-22,283,141
Income from main operation	**-57,919,145**	**-12,469,461**	**9,526,141**
other income	-62,803	18,206	-
Income before non controlling interest and Zakat	**-57,981,948**	**-12,451,255**	**9,526,141**
Non - Controlling interest	19,725,458	5,721,927	1,193
(loss) / income before Zakat	-38,256,490	-6,729,328	9,527,334
Zakat	3,310,000	6,010,800	8,055,799
Net (loss) / income for the year	**-41,566,490**	**-12,740,128**	**1,471,535**

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Appendixes 1, 11, 111, 1V and V

Illustrative Disclosures on Pillar 3 Capital Base and Risks

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App 1: Illustrative Disclosure on Capital Base

Capital Base	SAR '000
Tier-1 capital	
Paid-up capital	500,000
Audited retained earnings	-53,224
Share premium	
Reserves (other than revaluation reserves)	2,505
Verified interim profit/(loss)	
Tier-1 capital contribution	
Deductions from Tier-1 capital	-56,205
Total Tier-1 capital	**393,076**
Tier-2 capital	
Subordinated loans	
Cumulative preference shares	
Revaluation reserves	
Other deductions from Tier-2 (-)	
Deduction to meet Tier-2 capital limit (-)	
Total Tier-2 capital	**-**
TOTAL CAPITAL BASE	393,076

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App II: Illustrative Disclosure on Capital Adequacy

Exposure Class	Exposures before CRM SAR '000	Net Exposures after CRM SAR '000	Risk Weighted Assets SR '000	Capital Requirement SAR '000
Credit Risk				
On-balance Sheet Exposures				
Governments and Central Banks	21,230	21,230	19,356	2,710
Authorised Persons and Banks	195,707	195,707	108,339	15,168
Corporates	122,342	122,342	826,671	115,734
Retail				
Investment funds	25,034	25,034	75,102	10,514
Listed shares	35,622	35,622	53,432	7,481
Margin Financing				
Other Assets	14,014	14,014	42,043	5,886
Total On-Balance sheet Exposures	413,950	413,950	1,124,945	157,492
Off-balance Sheet Exposures				
OTC/Credit Derivatives				
Repurchase agreements				
Securities borrowing/lending				
Commitments				
Other off-balance sheet exposures				
Total Off-Balance sheet Exposures				-
Total On and Off-Balance sheet Exposures	413,950	413,950	1,124,945	157,492
Prohibited Exposure Risk Requirement				
Total Credit Risk Exposures				

Market Risk	Long Position	Short Position	Capital Requirement SAR '000
Interest rate risks			
Equity price risks	247,541		39,685
Risks related to investment funds			
Securitisation/resecuritisation positions			
Excess exposure risks			
Settlement risks and counterparty risks			
Foreign exchange rate risks	52,886		1,058
Commodities risks.			
Total Market Risk Exposures	300,427		40,743
Operational Risk			11,634
Minimum Capital Requirements			209,869
Surplus/(Deficit) in capital			183,207
Total Capital ratio (time)			1.87

App III: Illustrative Disclosure on Credit Risk's Risk Weight

Risk Weights	Exposures after netting and credit risk mitigation												
	Governments and central banks	Administrative bodies and NPO	Authorised persons and banks	Margin Financing	Corporates	Retail	Past due items	Investment fund	Listed shares	Others exposures	Off-balance sheet commitments	Total Exposure after netting and Credit Risk Mitigation	Total Risk Weighted Assets
0%	4,980	-	-	-	-	-	-	-	-	-	-	4,980	-
20%	-	-	118,800	-	-	-	-	-	-	-	-	118,800	23,760
50%	5,019	-	19,034	-	-	-	-	-	-	-	-	24,053	12,026
100%	-	-	23,496	-	-	-	-	-	-	-	-	23,496	23,496
150%	11,231	-	34,378	-	-	-	-	-	35,622	-	-	81,231	121,846
200%	-	-	-	-	9,115	-	-	-	-	-	-	9,115	18,231
300%	-	-	-	-	-	-		25,034	-	14,014	-	39,048	117,145
400%	-	-	-	-	-	-	-	-	-	-	-	-	-
500%	-	-	-	-	-	-	-	-	-	-	-	-	-
714% (include prohibited exposure)	-	-	-	-	113,227	-	-	-	-	-	-	113,227	808,440
Average Risk Weight	-	-	-	-	-	-	-	-	-	-	-	-	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-

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App IV: Illustrative Disclosure on Credit Risk's Rated Exposure

Exposure Class	Long term Ratings of counterparties							
	Credit quality step	1	2	3	4	5	6	Unrated
	S&P	AAA TO AA-	A+ TO A-	BBB+ TO BBB-	BB+ TO BB-	B+ TO B-	CCC+ and below	Unrated
	Fitch	AAA TO AA-	A+ TO A-	BBB+ TO BBB-	BB+ TO BB-	B+ TO B-	CCC+ and below	Unrated
	Moody's	Aaa TO Aa3	A1 TO A3	Baa1 TO Baa3	Ba1 TO Ba3	B1 TO B3	Caa1 and below	Unrated
	Capital Intelligence	AAA	AA TO A	BBB	BB	B	C and below	Unrated
On and Off-balance-sheet Exposures								
Governments and Central Banks		4,909		4,983				24,090
Authorised Persons and Banks				23,372				
Corporates					8,818			100,000
Retail								
Investments								
Securitisation								
Margin Financing								
Other Assets								
Total	-	4,909	-	28,354	8,818	-	-	124,090

Exposure Class	Short term Ratings of counterparties					
	Credit quality step	1	2	3	4	Unrated
	S & P	A-1+, A-1	A-2	A-3	Below A-3	Unrated
	Fitch	F1+, F1	F2	F3	Below F3	Unrated
	Moody's	P-1	P-2	P-3	Not Prime	Unrated
	Capital Intelligence	A1	A2	A3	Below A3	Unrated
On and Off-balance-sheet Exposures						
Governments and Central Banks		71		37	11,231	
Authorised Persons and Banks		118,186		738	19,034	10,288
Corporates					297	13,227
Retail						
Investments						
Securitisation						
Margin Financing						
Other Assets						34
Total	-	118,257	-	775	30,562	23,549

App V: Illustrative Disclosure on Credit Risk Mitigation (CRM)

Exposure Class	Exposures before CRM	Exposures covered by Guarantees/ Credit derivatives	Exposures covered by Financial Collateral	Exposures covered by Netting Agreement	Exposures covered by other eligible collaterals	Exposures after CRM
Credit Risk						
On-balance Sheet Exposures						
Governments and Central Banks	21,230	-	-	-	-	21,230
Authorised Persons and Banks	195,707	-	-	-	-	195,707
Corporates	122,342	-	-	-	-	122,342
Retail	-	-	-	-	-	-
Investments	25,034	-	-	-	-	25,034
Securitisation	35,622	-	-	-	-	35,622
Margin Financing	-	-	-	-	-	-
Other Assets	14,014	-	-	-	-	14,014
Total On-Balance sheet Exposures	413,950	-	-	-	-	413,950
Off-balance Sheet Exposures						
OTC/Credit Derivatives						
Exposure in the form of repurchase agreements						
Exposure in the form of securities lending						
Exposure in the form of commitments						
*Other Off-Balance sheet Exposures						
Total Off-Balance sheet Exposures	-	-	-	-	-	-
Total On and Off-Balance sheet Exposures	413,950	-	-	-	-	413,950