Capital Adequacy Report for 2017

Capital Adequacy Report for 2017 – 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, 2017 in comparison with year ended December 31, 2016.

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

- Baitek Al Waed Fund: an open ended fund type and primarily invests in Sharia compliant Saudi equity market. The company percentage of ownership in the fund is 89.88%
- 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%.
- Takamul food Co: a food company whose principal activities includes restaurants with services, operates and provide catering in clubs as franchisee, manage and rent owned and rented real estate (non – residency). The company percentage of ownership is 100%

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, 2017 comprises of held for trading investments in Saudi equity market, available for sale investment in REITs and Sukuk fund, investment in real estate fund, investment in Sukuk portfolio held to maturity, investment in Murabaha deposits and money market funds and investment in private equity represented by Takamul Food Investment Co. Total of SKFH investments portfolio is approximately SR 305.1 million and other assets amounts to SR 109.8 million which brings total assets to SR approximately SR 414.9 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 2015, 2016 and 2017.

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 2017 and 2016 based on the information and explanations shown above:

Description	Dec 31, 2017 SR ('000')	Dec 31, 2016 SR ('000')	Change	Change %
Capital base:				
Tier-1 capital	391,772	400,802	(9,030)	(2.25)%
Tier-2 capital	59	172	(113)	(65.7)%
Total	**391,831**	**400,974**	**(9,143)**	**(2.28)%**
Minimum Capital:				
Credit risks	172,702	182,095	(9,393)	(5.16)%
Market risks	41,326	50,326	(9,000)	(17.88)%
Operations risks	9,000	11,309	(2,309)	(20.42)%
Total	**223,028**	**243,730**	**(20,702)**	**(8.49)%**
Capital adequacy ratio	**1.76**	**1.65**	**(0.11)**	**(6.67)%**
surplus	**168,803**	**157,244**	**(11,559)**	**(7.35)%**

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;

- 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	**2017 SR ('000')**	**2016 SR ('000')**	**Difference**
Total risk weighted assets (see details below)	1,233,587	1,300,679	(67,092)
Credit risk calculation as 14% of risk weighted assets	172,702	182,095	9,393
Capital requirement	**172,702**	**182,095**	**9,393**

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

Description of exposure	2017 SR ('000')	2016 SR ('000')	Difference
Governments and central banks - bills/notes/bonds	5,036	5,028	8
Authorized persons and banks - deposits/receivable/bonds	54,619	86,701	(32,082)
Corporates - receivables and bonds	665,569	724,523	(58,954)
Investment funds	209,600	153,267	56,333
High risk investment	272,334	281,902	(9,568)
Other exposures	26,429	49,258	(22,829)
Total	**1,233,587**	**1,300,679**	**(67,092)**

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 2017 and 2016 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	2017 SR ('000')	2016 SR ('000')	Difference
Total assets denominated in foreign currency (USD)	125,510	159,736	(34,226)
Foreign exchange rate risk	**2,510**	**3,195**	**(685)**
Equity long position	16,537	13,322	3,215
Equity price risk	**2,816**	**2,131**	**685**
Equity underwriting	200,000	250,000	(50,000)
Underwriting risk	**36,000**	**45,000**	**(9,000)**
Capital requirement	**41,326**	**50,326**	**(9,000)**

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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	2017 SR ('000')	2016 SR ('000')	Difference
Total overhead expenses for previous year	36,000	45,235	(9,235)
Operations risk calculation as 25% of overhead expenses	9,000	11,309	(2,309)
Capital requirement	**9,000**	**11,309**	**(2,309)**

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 2018.

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 1.76 for 2017 compared to 1.65 for 2016 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.

Appendix A

Comparative Balance Sheets and Income Statements for 2017, 2016 and 2015

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Consolidated Financial Statements
Comparative Balance Sheet

	31-Dec-17	31-Dec-16	31-Dec-15
Assets			
CURRENT ASSETS			
Cash and Cash Equivalent	**92,911,814**	118,435,092	137,698,936
Investment held for trading	**10,213,520**	13,321,612	211,919,416
Time Deposit	**35,582,267**	10,000,000	9,975,000
Investment in syndicated murabaha operations	**-**	-	10,777,369
Account Receivable	**4,187,152**	3,421,099	2,874,597
Prepayments and others receivables	**3,312,943**	4,770,519	15,942,585
Amount due from related parties	**3,997,801**	-	-
TOTAL CURRENT ASSETS	**150,205,497**	149,948,322	389,187,903
NON - CURRENT ASSETS			
Available for sale investments	**25,147,198**	9,966,368	35,621,567
Investment in real estate fund	**50,000,000**	50,000,000	25,000,000
Investment held to maturity-net	**109,741,777**	147,721,418	166,170,896
Investment in associates	**74,407,217**	70,475,549	-
Property plant and equipment	**5,355,668**	6,665,616	9,888,773
TOTAL NON - CURRENT ASSETS	**264,651,860**	284,828,951	236,681,236
TOTAL ASSETS	**414,857,357**	434,777,273	625,869,139
LIABILITIES AND SHAREHOLDER'S EQUITY			
CURRENT LIABILITIES			
Account payable	**-**	1,130,690	1,093,420
Accred expenses and other payables	**5,475,164**	15,798,279	2,934,833
Amount Due to related party	**-**	69,646	-
Zakat provision	**13,285,120**	12,332,784	13,141,625
TOTAL CURRENT LIABILTIES	**18,760,284**	29,331,399	17,169,878
NON - CURRENT LIABILITIES			
Employee's terminal benefits	**2,935,157**	3,089,665	2,342,521
TOTAL CURRENT LIABILITIES	**2,935,157**	3,089,665	2,342,521
TOTAL LIABILITIES	**21,695,441**	32,421,064	19,512,399
Shareholder's Equity Attribute to shareholdres 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 Losses)/Retained earning	**(110,733,580)**	(101,703,335)	(53,224,846)
Unrealized (Loss)/gain on available for sale investment	**58,849**	172,174	(5,264,640)
Total Shareholder's Equity Attribute to shareholdres Of the Company	**391,830,541**	400,974,111	444,015,786
Minority Interest	**1,331,375**	1,382,098	162,340,954
Total Shareholders Equity	**393,161,916**	402,356,209	606,356,740
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY AND NON CONTROLLING INTEREST	**414,857,357**	434,777,273	625,869,139

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ComparativeIncome Statement	31-Dec-17	31-Dec-16	31-Dec-15
Income from asset Management Activity	**1,244,531**	80,793	637,698
Income from corporate finance Activity	**6,305,000**	1,800,000	2,180,000
Income from Murabaha Income	**1,187,255**	1,691,694	3,638,264
Realized gain on sale of available - for - sale investments	**1,416,295**	(13,792,853)	(12,912,964)
income from investments held to maturity	**8,320,426**	8,233,253	8,361,772
Dividend income	**4,969,711**	7,406,042	9,954,212
Realized (Loss) gain on sale of investments held for trading	**(1,064,740)**	(88,495,982)	24,386,710
Movement in unrealized gain (Loss) on investments held for trading	**487,352**	40,519,999	(50,939,854)
Share in net results of associates	**3,871,668**	2,827,725	-
TOTAL REVENUE	**26,737,498**	(39,729,329)	(14,694,162)
Less: Operating Expenses	(17,559,171)	(23,894,782)	-
Less: General and administration expenses	**(15,430,354)**	**(19,525,981)**	(43,224,983)
LOSS FROM MAIN OPERATION	**(6,252,027)**	(83,150,092)	(57,919,145)
Other Income-(Expenses)	182,612	56,056	(62,803)
Loss on de-recognition of a subsidary	-	(1,945,640)	-
LOSS BEFORE NON CONTROLLING INTEREST AND ZAKAT	**(6,069,415)**	**(85,039,676)**	**(57,981,948)**
Non Controling Interest	**50,724**	38,375,113	19,725,458
(LOSS)/INCOME BEFORE ZAKAT	**(6,018,691)**	**(46,664,563)**	**(38,256,490)**
Less : Zakat	**(3,011,554)**	(1,813,926)	(3,310,000)
NET (LOSS)/INCOME FOR THE PERIOD	**(9,030,245)**	**(48,478,489)**	**(41,566,490)**
EARNING PER SHARE (SR/SHARE)			
EPS FROM MAIN OPERATIONS	**(0.13)**	(1.66)	(1.16)
EPS FROM NET INCOME	**(0.18)**	(0.97)	(0.83)
Weighted Average Number of Shares	**50,000,000**	50,000,000	50,000,000

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Appendixes 1, 11, 111, 1V and V

Illustrative Disclosures on Pillar 3 Capital Base and Risks

App 1: Illustrative Disclosure on Capital Base

Capital Base	SAR '000
Tier-1 capital	
Paid-up capital	500,000
Audited retained earnings	-110,733
Share premium	
Reserves (other than revaluation reserves)	2,505
Verified interim profit/(loss)	
Tier-1 capital contribution	
Deductions from Tier-1 capital	
Total Tier-1 capital	**391,772**
Tier-2 capital	
Subordinated loans	
Cumulative preference shares	
Revaluation reserves	59
Other deductions from Tier-2 (-)	
Deduction to meet Tier-2 capital limit (-)	
Total Tier-2 capital	**59**
TOTAL CAPITAL BASE	**391,831**

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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	5,036		5,036	5,036	705
Administrative bodies and NPO	-		-	-	-
APs and banks	116,936		116,936	54,619	7,647
Margin financing	-		-	-	-
Corporates	96,704		96,704	665,569	93,180
High risk investments	68,083		68,083	272,334	38,127
Securitisation and resecuritisation	-		-	-	-
Investment funds	102,609		102,609	209,600	29,344
Listed shares	282		282	423	59
Others exposures	8,669		8,669	26,006	3,641
Total On-Balance sheet Exposures	398,321		398,321	1,233,587	172,702
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	398,321		398,321	1,233,586	172,702
Prohibited Exposure Risk Requirement					
Total Credit Risk Exposures					
Market Risk	Long Position	Short Position			
Equity Risk	8,484				1,527
Fund Risk	8,053				1,289
Interest Rate Risk	-				-
Commodities Risk	-				-
FX Risk	125,510				2,510
Underwriting Risk	200,000				36,000
Excess Exposure Risk	-				-
Settlement Risk	-				-
Total Market Risk Exposures	342,047				41,326
Operational Risk					9,000
Minimum Capital Requirements					223,028
Capital base					391,831
Surplus/(Deficit) in capital					168,803
Total Capital ratio (time)					1.76

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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	APs and banks	Margin financing	Corporates	High risk investments	Securitisation and resecuritisation	Investment funds	Listed shares	Others exposures	Total Exposure after netting and Credit Risk	Total Risk Weighted Assets
0%											-	-
20%			92,912								92,912	18,582.36
50%					3,750			25,582			29,332	14,666
100%	5,036										5,036	5,036
150%			24,025					22,849	282		47,155	70,733
200%											-	-
300%								54,178		8,669	62,847	188,541
400%				-		68,083					68,083	272,334
500%											-	-
714% (include prohibited exposure)					92,954						92,954	663,694.43
Average Risk Weight	-	-	-			-	-	-		-	-	-
Deduction from Capital Base	-	-	-			-	-	-		-	-	-

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	-	-	-	-	5,000	-	-	-
Authorised Persons and Banks	-	-	-	-	-	-	-	23,492
Corporates	-	-	-	-	-	-	-	81,250
Retail	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Securitisation	-	-	-	-	-	-	-	-
Margin Financing	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-
Total	-	-	-	-	5,000	-	-	104,742

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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
<u>On and Off-balance-sheet Exposures</u>						
Governments and Central Banks	-	-	-	-	-	-
Authorised Persons and Banks	-	-	-	-	-	532.66
Corporates	-	-	3,750.00	-	-	11,704.40
Retail	-	-	-	-	-	-
Investments	-	-	-	-	-	2,161.30
Securitisation	-	-	-	-	-	-
Margin Financing	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
Total	-	-	3,750	-	-	14,398

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
<u>Credit Risk</u>						
On-balance Sheet Exposures						
Governments and central banks	5,036	-	-	-	-	5,036
Administrative bodies and NPO	-	-	-	-	-	-
APs and banks	-	-	-	-	-	54,619
Margin financing	-	-	-	-	-	-
Corporates	96,704	-	-	-	-	665,569
High risk investments	68,083					272,334
Securitisation and resecuritisation	-					-
Investment funds	102,609	-	-	-	-	209,600
Listed shares	282	-	-	-	-	423
Others exposures	8,669	-	-	-	-	26,006
Total On-Balance sheet Exposures	281,384	-	-	-	-	1,233,586
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	281,384	-	-	-	-	1,233,586