TM

ABans Global Limited

Financial Services providing Firm

Pillar 3 disclosure under
The European Union Capital Requirements Directive

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OVERVIEW

Background

The European Union Capital Requirements Directive came into effect on the 1st January 2007, introducing consistent adequate capital adequacy standards in the EU based on the Basel II rules. Implementation of the Directive in the UK was by way of rules introduced by the Financial Services Authority. Among them are disclosure requirements applicable to banks, building societies and investment firms, which are known as Pillar 3. These aim to complement the minimum capital requirements described under Pillar 1 of BASEL II, as well as the supervisory review processes of Pillar 2. These Pillars of regulatory capital management can be summarized as follows:

Pillar 1 - minimum capital requirement as prescribed by the rules of the FCA.

Pillar 2 - is a supervisory assessment of the level of regulatory capital necessary to cover Pillar 1 risks and risks not included in Pillar 1.The company is required to carry out a Internal Capital Adequacy Assessment Process ('ICAAP') to assess the company's risks and how it intends to mitigate those risks and how much current and future capital is necessary having considered the mitigating factors.

Pillar 3 – is public disclosure of risk management framework and regulatory capital allocations.

Basis and Frequency of Disclosures

This disclosure document has been prepared in accordance with the requirements of Pillar 3 as set out in BIPRU 11. Unless otherwise stated, all figures are as at 31st March 2016, our financial year end. Future disclosures will be issued on an annual basis.

Location and Verification

These disclosures are published on the Company's corporate website. The Disclosures are not subject to external audit except where they are equivalent to those prepared under accounting requirements for inclusion in the Company's Financial Statements.

RISK MANAGEMENT POLICIES AND OBJECTIVES

The Board is responsible for setting and monitoring the Company's risk appetite and is responsible for oversight of the risk management function. The Company's objective is to have a comprehensive and timely control and disclosure of key risk measures and exposures with daily reports being made available to senior management. The Company employs a variety of risk management tools including a policy of limit control and exception reporting for client positions. There have been no significant changes in the objectives, policies and processes for managing risk since the previous year.

Market Risk

It is the risk that AGL's revenue and/or operations might be damaged by adverse market conditions. AGL does not act as a market maker or hold proprietary positions. The Firm is therefore not subject to proprietary "Position Risk". The Firm is subject to FX risk on exposures in currencies other than USD (AGL's Reporting currency). The FX exposures are unlikely to be material in terms of any major negative impact.

Credit Risk

It is the risk of a client or other counterpart defaulting on their obligations. The Firm has some appetite for credit risk. However the Firm's exposure to credit risk is low, given that it mainly has exposures only to the group and to reputable financial institutions.

Cash

Cash balances are held with investment grade banks and limits are placed on the total holdings with these institutions. The Company regularly assesses the creditworthiness of these institutions to ensure there are no indicators that would challenge the credit worthiness.

Trading assets

Counterparty exposure is managed by a formal credit management policy, limit setting (both volume and credit limits for all accounts), exposure monitoring and exception reporting.

Credit risk mitigation

The Company uses industry standard documentation with netting clauses as appropriate. Where the Company has the requisite legal opinions on enforceability it net's exposures between individual contracts and collateral as appropriate. Collateral in the form of liquid assets or bank guarantees are accepted by the Company as credit risk mitigates. The Company assesses each form of collateral and applies a haircut as appropriate.

Liquidity Risk

The Company deems liquidity risk as the failure to have sufficient financial resources to meet its day to day capital and cash flow requirements.

To manage this risk the Company seeks to maintain sufficient liquid assets to meet its liabilities as they fall due. The majority of assets are both current and highly liquid and are represented by trading book positions valued at market price, counterparty balances and cash.

In respect of client balances the company holds matched positions so liquidity risk is mitigated since the liability positions unwind at the same time as the asset positions

Operational Risk

The Company has adopted the basic indicator approach to operational risk. Operational risk represents the risk of loss arising from inadequate or failed internal processes, people and systems or from external events. AGL has a very low tolerance for operational risk. This assessment is based on the following criteria:

- **Corporate Governance.** The directors control the operation of the firm by holding frequent committee/senior management meetings.
- **Management Information.** Directors receive extensive management information including management accounts packs, credit, market and liquidity risk and error reports.
- **People.** Due to the small size of the organisation, trends or abnormalities in the resource profile are immediately apparent.
- **Processes.** All manual procedures are documented in risk based procedures.
- **Business Continuity.** AGL has a detailed business continuity plan.
- **Risk Mitigation.** AGL has insurance policies covering:
    - Material Damage, Business Interruption and Money;
    - Public and Products Liability and Employers Liability
    - Computer
    - Terrorism
    - Personal Accident and Travel
    - Motor
    - Directors and Officers Liability
    - Pension Trustee

CAPITAL RESOURCES

The Company's objectives for managing capital are as follows:

- To comply with the capital requirements set by the financial market regulators to which the Company is subject;
- To ensure the Company is able to operate as a going concern and satisfy any minimum externally imposed capital requirements; and
- To ensure that the Company maintains a strong capital base to support the development of its business.

The Company's capital adequacy position is managed and monitored in accordance with the prudential requirements of the EU Capital Requirements Directive (CRD IV). The Company must at all times meet the relevant minimum capital requirements of the Directive. The Company is required to maintain a prescribed excess of total capital resources over its capital resources requirements. The Company has established processes and controls in place to monitor and manage its capital adequacy position. There have been no changes in the capital management policy since the previous year.

Pillar 1 Capital, Pillar 2 Capital and Wind-down Costs

AGL undertakes an internal assessment of capital requirements via the ICAAP at least annually. The soundness, effectiveness and comprehensiveness of the ICAAP are challenged and approved by the Board. The ICAAP is the process of identification, measurement, management and monitoring of the adequacy and allocation of internal capital.

The computation of firm's ICAAP capital as per latest audited financials is as below

MARCH 2016	**Pillar 1 $,000**	**Pillar 2 $,000**
Credit risk	**376**	
Market risk	**2**	
Fixed Overheads Requirement	**43**	
Higher of FOR an aggregate of credit & market risk	**378**	
Base Capital Requirement	**142**	
Pillar 1 total	**378**	
Pillar 2 requirements		
Pillar 2 risk - Operational Risk		**70**
Pillar 2 total		**70**
Orderly wind down costs		**91**
ICAAP capital		**448**
Current total capital(Tier1+ Tier2)	**1,322**	**1,322**
Surplus	**944**	**874**