



CUSTOM HOUSE CAPITAL LIMITED

PILLAR 3 DISCLOSURES

Introduction

The European Union ("EU") Capital Requirements Directive ("CRD") was adopted by the EU in 2006 and came into effect in Ireland on 1 January 2007. The CRD applies to all investment firms authorised under the Markets in Financial Instruments Regulations 2007 ("MiFID").

The affect of implementing this directive required regulated firms to amend the process in which they calculate their capital requirements.

The revised framework consists of 3 "Pillars" or components:

Pillar 1 – sets out the minimum capital requirements of regulated firms;

Pillar 2 – requires firms to assess capital adequacy requirements taking into consideration all risks in the business;

Pillar 3 – requires firms to disclose risk exposures, processes and capital information to promote greater market discipline and transparency.

Therefore, the disclosures made in this document refer to Custom House Capital Limited ("the Firm" or "CHC"), a MiFID firm regulated by the Financial Regulator, and represent disclosures as at 31st March 2009.

Risk Management

The Firm is governed by a Board of Directors (the "Board") and Senior Management who determine the business strategy and risk appetite. They are responsible for establishing and maintaining the corporate governance and risk management frameworks to identify risks facing the business. The Firm's risk management process is continually evolving and is appropriate given its nature, scale and complexity.

In addition, the Board established a Compliance Function to assist the business in complying with legal, regulatory and other requirements.

As a result of the Firm's risk assessment process, the Board of Directors and Senior Management have determined that Market, Operational and Credit Risks are the key material risks facing the business. The risks facing the business are continually evaluated to determine adequate capital requirements.

Capital Structure

The following table details the composition of the capital resources of Custom House Capital Limited as at 31st March 2009 which includes Tier 1 Capital only with no deductions:

Called Up Share Capital	€165,066
Revenue Reserves (as per 2009 Financial Statements)	<u>€3,267,016</u>
Tier 1 Capital	<u>€3,432,082</u>

Capital Adequacy

The Firm's capital management objectives are as follows:

- to maintain a strong capital base to support the strategic development of the business
- to comply with the capital requirements of the Financial Regulator

As mentioned above, the Firm considers Market, Operational and Credit Risks to represent the key material risks to the business and all other risks are immaterial. The details in relation to Market, Operational and Credit Risks are as follows:

Operational Risk

The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This risk includes IT, legal and compliance risk.

The Firm follows the Basic Indicator Approach to Operational Risk.

Market Risk

There is a current or prospective risk to earnings and capital arising from external market factors such as competition, regulatory and/or tax changes, loss of agencies and insolvency of product partners. This risk can arise from external market events and in most instances these are outside the control of the firm.

The Firm's revenue generation capability is directly linked to external market events and changes in regulatory and/or tax changes for pension business. Therefore, the Firm follows the Basic Indicator Approach to Market Risk.

Credit Risk

The current or prospective risk to earnings and capital arising from an obligor's failure to meet the terms of any contract with the Firm or its failure to perform as agreed. This risk includes concentration risk in relation to large individual exposures.

The firm calculates the credit risk exposure as 8% of total large individual exposures.

The combined capital requirements of the above risks are covered 2.2 times by the current Capital Resources.

Disclosure Location

The Board of CHC has approved this disclosure statement and will continue to review its Pillar 3 Disclosures on an annual basis unless circumstances dictate the need for additional disclosure.

CHC believes that the most appropriate location for this disclosure statement is the CHC website (www.chcam.ie).