

## **KDB Asia Limited**

Table CRC: Qualitative disclosures related to credit risk mitigation

31 December 2017

In evaluating the credit risk associated with an individual customer or counterparty, financial strength and repayment ability are always the primary considerations. Credit risk may be mitigated by obtaining recognized collateral and guarantees from the customer or counterparty. Meanwhile, recognized netting is not adopted by the Company.

The Company applies safe custodian of collaterals, regular re-valuation and close monitoring. In particular, The Company monitors the value of the collateral on a sufficiently frequent basis with respect to the nature of collateral and market practice, and at least annually. Marketable securities are marked-to-market on a daily basis whilst valuations on properties are reviewed periodically.

The most common method of mitigating credit risk is to lend against eligible collateral. The extent of collateral coverage over Company's loans and advances to customer depends on the type of customers and the product offered. Types of collateral include properties, other registered securities over assets, cash deposits, standby letters of credit and guarantees.