Tilman Brewin Dolphin Limited

Pillar 3 Disclosures

23rd December 2016

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Section

Pillar 3 Disclosures

1. Overview

The disclosures made hereunder are in respect of Tilman Brewin Dolphin Limited:

- Tilman Brewin Dolphin Limited ("TBD", "the Firm") is a limited liability company regulated by the Central Bank of Ireland. TBD is a wholly-owned subsidiary of Brewin Dolphin Holdings Plc., ("BDH", "the Group") an investment management company listed on the London Stock Exchange. BDH's lead regulator is the Financial Conduct Authority ("FCA"), in the United Kingdom.

- The Firm is authorised by the Central Bank of Ireland as an Investment Firm under the European Comunitées (Markets in Financial Instruments) Regulations 2007 and the *Investment Intermediaries Act, 1995*.

Pillar 3 is the third pillar of the EU *Capital Requirements Directive* ("CRD") 3 pillar concept. The CRD established a revised regulatory capital framework across Europe governing the amount and nature of capital credit institutions and investment firms must maintain.
In Ireland the Capital Requirement Directive IV (CRD IV) has been implemented and is supervised by the CBI. CEBS published Guidelines in the Application of the Supervisory Review Process under Pillar 2 on 26 January 2006 and a Paper on the ICAAP for smaller institutions on 27 March 2006.

The framework consists of three "pillars":

- Pillar I: sets out minimum capital requirements firms are required to meet for credit, market and operational risk (where applicable).

- Pillar 2: requires firms to assess the amount of internal capital they consider adequate to cover all of the risks to which they are, or are likely to be, exposed. In Ireland, this is implemented through the Internal Capital Adequacy Assessment Process (ICAAP) undertaken by the firm. The CBI reviews and evaluates the firm's ICAAP as part of the Supervisory Review and Evaluation Process (SREP).

- Pillar 3: requires firms to publicly disclose certain details of their risks, capital, and risk management arrangements.

2. Disclosures

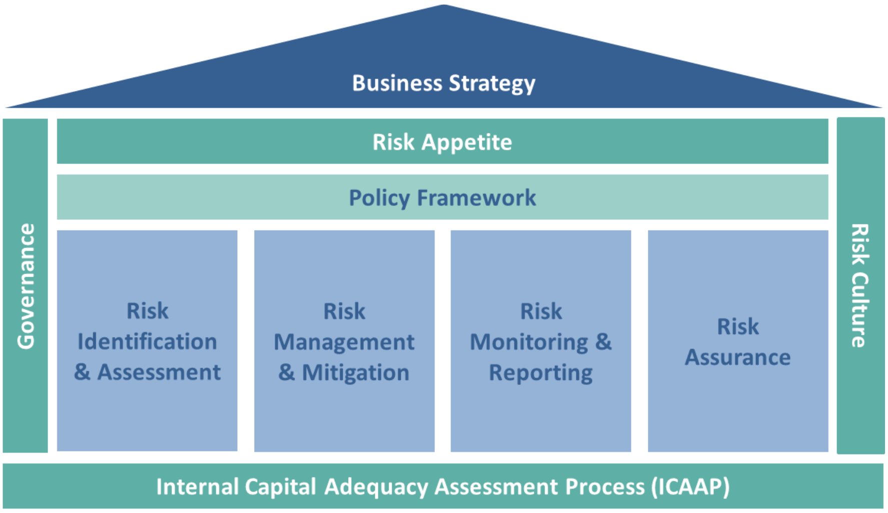
Firms are required to certify to the Central Bank on an annual basis that they have complied with the new disclosure requirements.

The natures of the disclosures are:

1. Risk Management;
2. Capital Structure; and
3. Capital Adequacy.

3. Risk Management Objectives and Policies

TBD has a Risk Management Framework (RMF), which provides the structure through which TBD manages risk on a day to day basis. The RMF is linked to the TBD's business strategy through the Risk Appetite statement, and is supported by a robust governance structure and a risk-aware culture. Policies are also developed to ensure that all risks are appropriately and adequately managed within TBD's Risk Appetite. The overall RMF can be expressed as follows:



To assist a uniform understanding of risk across TBD, all risks are organised around one of three high level risk groups. These are:

- Operational;
- Financial; and
- Strategic & Business.

The Board's role in Risk Management and Governance

The ultimate responsibility for the management of risk for TBD resides with the Board of Tilman Brewin Dolphin Limited. The Board identifies key risks to the business, determines which are primary risks and monitors them through Management Information and reporting. The Board also ensures that financial and other basic controls are working effectively. Nevertheless, the TBD Board and its risk management sit within the Group structure and process.

Risk and Compliance Committee

The purpose of the Risk and Compliance Committee is to enable senior management to focus on the fundamental prudential risks of the Firm. The Risk and Compliance Committee is responsible for the management, oversight and advice to the Board. The structure of the Firm's RMF serves as an on-going review process of the Firm's risks in the prevailing economic climate, overall risk appetite and risk tolerance. The Risk and Compliance Committee advises the Board on the adequacy of capital resources of the business and the inherent risks in its operations.

The Risk and Compliance Committee enables senior management and compliance staff to review the Compliance structure and functions subject to the Firms *Compliance Framework* and *Compliance Testing* programmes. This enables management to keep the Firm's Compliance culture under review and to inform management of areas of weakness in controls and remedial actions or procedures which have been, or may need to be, taken.

Risk Appetite Statement

TBD has introduced a clearly articulated Risk Appetite with qualitative and quantitative statements set against each of the Risk Categories. TBD's exposure to the agreed appetites is monitored and reported to the Risk and Compliance Committee and the Board on a quarterly basis.

4. Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes legal risk and regulatory risk, which is the risk that TBD fails to adapt its business model or implement change to comply with changes to the regulatory or legal framework within which TBD operates.

As a Limited Licenced Firm, TBD is not required to hold Pillar 1 capital in regards to the Standardised Approach to Operational Risk. TBD nonetheless uses the results of its annual risk management and principle risk review process to assess any associated Pillar 2 requirements as part of the ICAAP.

TBD's approach to managing operational risk is to identify, assess, mitigate and monitor operational risk in a way which balances commercial and stakeholder interests. The evaluation of operational risk is performed within the Pillar 2 assessment of the ICAAP. This is based on the development of scenarios that describe the most material operational risk exposures of TBD.

Operational risks are monitored and escalated by way of reports in accordance with the governance structure under the framework.

5. Financial Risks

Financial Risk is the risk of loss resulting from inadequate or failed management of TBD finances, adverse market movements, or the default of a counterparty. This is primarily comprised in TBD of Credit Risk, Market Risk and Liquidity Risk.

Credit Risk

Credit Risk refers to the risk that a client and/or other counterparty fails to fulfil contractual obligations, including settlement, which results in a financial loss.

TBD's exposure to credit risk arises from exposures surrounding Firm cash deposited with counterparties ("banking counterparty risk"). TBD also faces exposures specifically centred on clients and/or suppliers ability to fulfil contractual obligations ("balance sheet risks"). These risks are primarily associated with trade debtors (in regards to fees and interest income and sundry debtors) and prepayments.

Credit Risk is the calculated under the Standardised Approach, using the highest level of forecast Firm cash during the upcoming year.

Market Risk

Market Risk refers to risks that TBD will incur a loss as a result of a change in foreign exchange rates, interest rates and equity and/or commodity prices.

In TBD market risk primarily arises from foreign exchange risk, which refers to the risk that TBD will incur a loss due to adverse movements in exchange rates. TBD's exposure to foreign exchange risk primarily arises, as a result of foreign currency cash balances held for the firm itself. Foreign exchange risk may also occur, as a result in trading errors, whereby a foreign exchange corporate action is incorrectly executed.

Market Risk is the calculated under the Standardised Approach.

Liquidity Risk

Liquidity Risk is the risk of insufficient readily available cash to meet TBD's obligations as they fall due, or access to liquid funds is not available on commercially viable terms.

TBD's risk appetite states that TBD will maintain cash or near cash instruments at a sufficient level to ensure the smooth operation of TBD.

6. Capital Structure, Capital Resources and Capital Adequacy

The table below shows the composition and capital resources of the Firm:

Capital Structure: as at 30th June 2016

Tier 1 Capital – *Comprising Shareholders Funds and Audited Reserves *:*

	€
Share Capital (Ordinary & Preferred)	166,676
Share Premium Account	63,487
Capital Contributions	-
Revenue Reserves	3,367,658
Other Reserves	-
Less: Intangible Assets	(93,125)
Total	**3,504,696**

Note: Capital Structure reflects the CRD requirement only to take account of Audited Reserves less any material losses or dividends paid.

Capital Adequacy

The Firm's capital management objectives are as follows:

- To comply at all times with the capital requirements of the Central Bank;
- To maintain a strong capital base to support the strategic development of the business.

The Firm has developed an Internal Capital Adequacy Process (ICAAP) to provide the Board with a methodology for on-going assessment of capital requirements in light of identified risks to the Firm & how these risks are mitigated against. The objective of the Assessment is to ensure that the Firm has adequate capital to cover these risks.

TBD cites *Regulatory* needs and *Scenario Analysis* as two main reasons to hold capital. Descriptions of how the severity of certain scenarios determines reasons to hold particular levels of capital are outlined in the firms ICAAP Process.

The firm's capital as outlined above is in excess of the both the firm's Pillar I and Pillar II requirements.

END.