CM-4.4 Limits for Large Exposures (continued)

0% Limit on Exposures to Controllers

CM-4.4.12 Banks must not undertake exposures to controllers as defined in Chapter GR-5 or to subsidiaries of such (i.e. there is a 0% limit for such exposures); however smaller shareholders will be subject to the normal exposure limits outlined in CM-4.4.5. Directors who are also controllers (or the appointed board representatives of such controllers) are subject to the 0% limit.

CM-4.4.13 The limits for connected counterparties have been set as follows: Exposures funded on and off balance sheet (excluding RIAs) as a percentage of consolidated Total Capital

Connected Counterparties	Individual Limit	Aggregate Limit
Controllers and their subsidiaries	0%	0%
Approved persons (and their close family members) and Shari'a Board Members	10%	25%
Associates, other related parties not mentioned above and unconsolidated subsidiaries	15%	
Total (including senior management and others)		25%

CM-4.4.13A Where limits mentioned under Paragraphs CM-4.4.5 and CM-4.4.13 have been exceeded whether with or without the prior approval of the CBB (see Paragraph CM-4.4.8A), the excess amount must be risk-weighted at 800%.

CM-4.4 Limits for Large Exposures (continued)

CM-4.4.13B Investments of a bank in a private equity, where the bank acts as the asset manager, and has less than 10% direct ownership in the operating investee company's capital, are not subject to the connected counterparty limits required in Paragraph CM-4.4.13, provided that the following conditions are met:

a) Bank's representation in the operating investee company's board – whether through the bank's approved persons and controllers, and board and/or senior management of the bank's subsidiaries – is less than 50%;
b) Exit strategies for each investment are documented, reviewed and monitored quarterly by the bank's board or a sub-committee of the board;
c) Investment holding period does not exceed 5 years from the initial acquisition date of the subject investment, and
d) Capital adequacy ratio of the bank is equal to or above 16% at all times, so that it can absorb any investment exposure, referred to in this Paragraph, after the lapse of the 5 years period from the initial acquisition date of the investment.