



# PILLAR-III DISCLOSURES

31 December 2021



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## 1. Scope of Application

Itqan Capital (the “Company” or “Itqan”) is a Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration No. 4030167335 dated 16 Safar 1428H (corresponding to 6 March 2007G). The Company is authorized by the Capital Market Authority of the Kingdom of Saudi Arabia with a license number 37-07058, to carry out dealing as principal, managing, arranging, advising and custody, with respect to securities. Formed in accordance with the Capital Market Authority's Resolution No. 9-17-2007 dated 21 Rabi Awwal 1428H (corresponding to 9 April 2007G). The Company is located in Jeddah, Al-Zahraa District, Al-Zahraa Trading Center, Ahmad Al Attas Street P.O. Box 8021 Jeddah 21482.

This report is compiled in accordance with CMA's Prudential Rules and the format of the report is in line with the CMA's recommended format for Pillar 3 qualitative and quantitative risk disclosures. There are comparative informations regarding the quantitative disclosures for the preceding financial year.

### 1.1 Pillar I - Minimum capital requirements

Pillar I sets minimum capital requirements to meet Credit, Market and Operational risks. The Company's approach to calculating its own internal capital requirements has been decided to take the minimum capital required for core company risks (Credit, Market and Operational Risks). Regarding Operational risk, the Company has adopted the Expenditure Based Approach (EBA) in compliance with CMA requirements.

### 1.2 Pillar II - Internal Capital Adequacy Assessment Process (ICAAP)

ICAAP is introduced under Pillar II of the Prudential Rules set by CMA. Pillar II requires authorized persons (AP) to perform a thorough review of its material risks, stress testing, strategic capital plans, corporate governance, the internal control framework as well as the roles and responsibilities of departments / individuals that are critical to the implementation of ICAAP framework.

The Company has taken various initiatives to implement ICAAP and assess capital requirements in accordance with its risk profile, size and complexity of operations.

### 1.3 Pillar III - Market discipline

Pillar III provides a detailed reporting framework that enhances market discipline. The disclosures are intended to enhance transparency and facilitate an objective assessment of the AP by investors, analysts, and other AP's and rating agencies. This is an effective means of informing the market about the Company's exposure to risks and enhances comparability.

The information provided here has been reviewed and validated by the Board of the Directors and is in accordance with the rules in force at the time of publication, covering both the qualitative and quantitative items. Itqan intends to publish the Pillar III disclosures on its website annually.

## 2. Capital Structure

For regulatory purposes, capital is categorized into two main classes. These are Tier 1 and Tier 2, which are described in appendix I - details of capital structure as at 31 December 2021.



### 3. Capital Adequacy

#### 3.1 Capital Adequacy Ratio and Minimum Capital Requirements

For the year ended 31st December 2021, the Company is adequately capitalized with a total capital ratio of 1.77 (2020: 1.03). This is well above CMA's minimum requirement of 1.00.

The Company's policy is to maintain a strong capital base to support its financial position. The Company requires monthly monitoring of the minimum capital required for core company risks (credit, market, and operational risks) under Pillar-I. When assessing its capital needs, Itqan takes into consideration its current and future risk profile, internal risk measurement and assessment of the risk capital needed. In addition to capital requirements under Pillar-I, all other risks, that are inherent in the normal course of business such as reputation and strategic risks are taken into consideration when assessing the total capital needs as part of the annual assessment under Pillar-II.

#### Strategy and Approach for Assessing Capital Adequacy:

To ensure the Company's adequacy of its internal capital to support current and future activities, Itqan assesses the adequacy of its internal capital through its Internal Capital Adequacy Assessment Process ("ICAAP"). As part of this process, Itqan assesses all known risks, including strategic and reputation risks, and performs stress and scenario tests to determine whether the level of capital that Itqan holds is adequate to support its current and future activities. Please refer to Appendix II for the calculation of the total capital ratio and the capital requirements for credit, market, and operational risks in accordance with CMA requirements as of 31 December 2021.

### 4. RISK MANAGEMENT

#### 4.1 Scope of Risk Management

##### 4.1.1 Risk Management Strategies and processes

Itqan has clear risk management objectives and an established strategy to manage them through core risk management processes. At a strategic level, the risk management objectives are to:

- Identify Itqan's significant risks.
- Formulate Itqan's risk appetite and ensure that business profile and plans are consistent with it.
- Optimize risk/return decisions; and
- Help executives improve the control and co-ordination of risk taking across all business lines.

#### Credit risk management objectives are to:

- Maintain a framework of controls to ensure credit risk-taking is based on sound credit risk management principles.
- Identify, assess, and measure credit risk clearly and accurately across the Company; and
- Monitor credit risk and adherence to agreed controls.

#### Market risk management objectives are to:

- Understand and manage market risk by robust measurement, reporting and oversight.
- Ensure that the Company optimizes the risk-reward relationship and does not expose itself to unacceptable losses outside of its risk appetite.



**Operational risk management objectives are to:**

- Minimize the impact of losses suffered in the normal course of business (expected losses) and to avoid or reduce the likelihood of suffering an extreme (or unexpected) loss; and
- Improve the effective management of Itqan and strengthen its brand and external reputation.

**4.1.2 Structure and organization of Risk Management and Compliance function**

The Company Risk Management responsibilities is entrusted to the Audit Committee and the Compliance Officer. The Audit Committee periodically reviews the company risk register and makes amendments befitting the changes in the operating environment and also advises the CEO on all risk types.

Compliance is primarily responsible for supporting the business to ensure that Itqan's activities are conducted in accordance with all regulatory and client requirements. This is partly achieved through the existence of a risk-based monitoring program.

**4.1.3 Scope and nature of risk reporting and measurement systems**

The primary goal of risk management is to ensure that Itqan's asset and liability profile, its credit and operational activities do not expose it to losses that could threaten the viability of the Company. Risk management helps ensure that risk exposures do not become excessive relative to the Company's capital position and its financial position.

Itqan's risk monitoring therefore contains internal financial, operational, and compliance data, as well as external market information about events and conditions that are relevant for decision-making. Itqan periodically reviews its risk limitation and control strategies and adjusts the Company's risk profile accordingly using appropriate strategies considering the overall risk appetite. Risk identification, evaluation, and management in respect of particular activities are carried out in accordance with internal processes.

**Risk Measurement:**

Itqan measures risk using basic risk management position methodologies, which reflect Itqan's relevant risks such as credit and market risks. The Company relies on both quantitative and qualitative approaches in quantifying risks.

**Risk Reporting:**

The Company undertakes reporting of all core risks relevant to its businesses in line with the Risk Policy. Key governance committees include; the Audit Committee, which oversees liquidity, cash flow planning and general asset liability management. The Committee, under the direction of the Board, oversees risk management functions including review and approval of risk limits, capital planning and key risk processes.

**4.1.4 Policies and guidelines for monitoring and mitigating risks**

Itqan has established risk policies and limits to monitor risks across various businesses and at the Company level as a whole. Risk limits are thresholds to monitor that actual risk exposure does not deviate from the Company's risk appetite. The Company's policies for mitigating risks and the processes developed for monitoring its effectiveness are described below for each individual risk category:



### **Credit Risk**

Credit risk is principally controlled by diversification of Itqan's investment portfolio, establishing and enforcing authorization limits, and by defining exposure levels to counterparties. Regular monitoring of positions ensures that prudential limits are not exceeded. In respect of counterparties, Itqan places all its holdings with corporates and financial institutions of sound credit quality.

### **Market Risk**

Itqan's market risk is mainly related to the Company's, foreign exchange. The Company does not engage in trading activities.

### **Operational Risk**

Itqan's operational risk management focuses on proactive measures in order to ensure business continuity and the accuracy of information used internally and reported externally. Furthermore, the aim is to ensure the expertise and integrity of Itqan's personnel and the staff's adherence to established rules and procedures.

Itqan attempts to mitigate operational risks by following strict policies for the assignment of duties and responsibilities among and within the business and support functions, as well as by following a system of effective internal controls. This would help to ensure Itqan's compliance with applied laws and regulations as well as set plans and internal policies, and procedures while minimizing the risk of unexpected losses or damages to Itqan's reputation.

## **4.2 Credit Risk**

The Credit risk is defined as the risk of loss resulting from a drop-in credit worthiness of issuers of securities, counterparties and any debtors to which authorized persons are exposed. It is the potential risk of a counterparty failing to meet its obligations in accordance with agreed terms. Counterparty credit risk is managed through an established and approved counterparty risk framework including approved counterparty limits.

### **4.2.1 Credit risk exposures**

Itqan has complied with CMA regulations and used the minimum capital required for core company risks in the calculation of the capital required for Credit risk.

For the total credit risk exposures, plus average gross exposures for Itqan as of 31 December 2021, please refer to Appendix III.

### **4.2.2 External ratings**

For credit risk exposures, Itqan uses ratings assigned by the following agencies:

- Standard & Poor's
- Moody's
- Fitch

These ratings are used in the calculation of the following exposure classes:

- Governments and central banks;
- Institutions;
- Investments;
- Corporates; and
- Short term claims on institutions and corporates



#### 4.2.3 Credit quality steps

In compliance with CMA prudential requirements, Itqan uses credit quality steps to determine appropriate risk weights for credit risk exposures for capital charge calculations.

To identify the credit quality step Itqan uses the following correspondence table between the credit rating agency's credit ratings and the steps in the credit quality scales as prescribed by CMA

Credit Quality Step -->	1	2	3	4	5	6
Standards & Poor's	AAA TO AA-	A+ TO A-	BBB+ TO BBB-	BB+ TO BB-	B+ TO B-	CCC+ and below
Fitch	AAA TO AA-	A+ TO A-	BBB+ TO BBB-	BB+ TO BB-	B+ TO B-	CCC+ and below
Moody's	Aaa TO Aa3	A1 TO A3	Baa1 TO Baa3	Ba1 TO Ba3	B1 TO B3	Caa1 and below
Capital Intelligence	AAA	AA TO A	BBB	BB	B	C and below

#### 4.2.4 Past Due

Itqan defines a financial asset as 'Past Due' when counterparty has failed to make a payment that is contractually due. As at 31st Dec 2021 Nil, (December 31, 2020: Past Due Nil). Itqan does not have any past due credit exposures.

#### 4.2.5 Impairments and Specific Provisions

The Company exercises judgment to consider impairment on the available for sale equity investments. This includes determination of a significant or prolonged decline in the fair value below cost.

The determination of what is 'significant' or 'prolonged' is done in accordance with approved internal guidelines. In addition, the Company considers impairment to be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

As at Dec 31st, 2021 the Company has recognized Nil impairment loss (December 31, 2020: SAR 791,606) on property and equipment in the statement of income.

#### 4.2.6 Geographic Distribution of Exposures

As at Dec 31st, 2021 Itqan has about 94.5% (2020:98.2%) of its assets in the Kingdom of Saudi Arabia. Outside KSA, they spread across, Bahrain and Middle East.

The following table below shows the geographic distribution of the Company's financial assets having credit risk exposure across various regions as follows:

As at 31st December 2021

(Amounts in SAR'000)

Exposure Class	Geographic Location			
	Saudi Arabia	GCC	Rest of the World	Total
<b><u>On and Off-Balance-Sheet Exposures</u></b>				
Authorized Persons and Banks	1,228	2,528	485	4,241
Corporates	1,120	-	-	1,120
Retail	-	-	-	-
Investments	45,630	-	-	45,630
Securitization	-	-	-	-
Margin Financing	-	-	-	-
Other Assets	3,306	-	-	3,306
<b>Total</b>	<b>51,284</b>	<b>2,528</b>	<b>485</b>	<b>54,297</b>

As at 31st December 2020

(Amounts in SAR'000)

Exposure Class	Geographic Location			
	Saudi Arabia	GCC	Rest of the World	Total
<b><u>On and Off-Balance-Sheet Exposures</u></b>				
Authorized Persons and Banks	4,313	-	1,323	5,636
Corporates	768	-	-	768
Retail	-	-	-	-
Investments	61,177	-	-	61,177
Securitization	-	-	-	-
Margin Financing	-	-	-	-
Other Assets	6,723	-	-	6,723
<b>Total</b>	<b>72,981</b>	<b>-</b>	<b>1,323</b>	<b>74,304</b>

#### 4.2.7 Residual Contractual Maturity Breakdown

An analysis of the residual maturity profile of Itqan's assets has been conducted segregating them in different maturity buckets.

The below table illustrates the Company's financial assets having credit risk exposure analyzed according to when such amounts are expected to be recovered or settled:



As at 31st December 2021

(Amounts SAR'000)

Exposure Class	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
<b><u>Credit Risk</u></b>								
<b><u>On and Off-Balance-Sheet Exposures</u></b>								
Governments and Central Banks	-	-	-	-	-	-	-	-
Authorized Persons and Banks	1,714	-	-	2,527	-	-	-	4,241
Corporates	5	19	370	154	572	-	-	1,120
Retail	-	-	-	-	-	-	-	-
Investments	14,125	649	21,802	35	960	-	8,059	45,630
Securitization	-	-	-	-	-	-	-	-
Margin Financing	-	-	-	-	-	-	-	-
Other Assets	122	249	311	651	1,216	555	202	3,306
<b>Total On and Off-Balance-Sheet Exposures</b>	<b>15,966</b>	<b>917</b>	<b>22,483</b>	<b>3,367</b>	<b>2,748</b>	<b>555</b>	<b>8,261</b>	<b>54,297</b>

As at 31st December 2020

(Amounts SAR'000)

Exposure Class	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
<b><u>Credit Risk</u></b>								
<b><u>On and Off-Balance-Sheet Exposures</u></b>								
Governments and Central Banks	-	-	-	-	-	-	-	-
Authorized Persons and Banks	5,636	-	-	-	-	-	-	5,636
Corporates	24	339	290	115	-	-	-	768
Retail	-	-	-	-	-	-	-	-
Investments	12,405	1,022	7,145	-	36,233	-	4,372	61,177
Securitization	-	-	-	-	-	-	-	-
Margin Financing	-	-	-	-	-	-	-	-
Other Assets	132	719	423	205	1,267	1,196	2,781	6,723
<b>Total On and Off-Balance-Sheet Exposures</b>	<b>18,197</b>	<b>2,080</b>	<b>7,858</b>	<b>320</b>	<b>37,500</b>	<b>1,196</b>	<b>7,153</b>	<b>74,304</b>



### 4.3 Credit Risk Mitigation

Itqan only enters into transactions with financial institutions having an investment grade credit rating. Itqan's cash balances are maintained with regional and global banking institutions, which have a credit rating of BBB and above, by S&P. The banking institutions credit rating is subject to regular internal review. Other liquid assets are in the form of short term (which are well diversified) and intercompany receivables. All trades are executed with highly rated counterparties. The main concentration to which Itqan is exposed arises from counterparty credit risk on real estate investments, listed equities, sukuk, cash and cash equivalents and other receivable balances.

For real estate investments, the management reviews the investment proposal from the investment manager, and share them with the Board for their endorsement. All approved real estate investments are mainly related to seeding in-house funds in which Itqan is the fund manager. The fund manager performs proper due diligence to satisfy the established criteria related to the real estate selection, post-acquisition management and eventual sale.

#### 4.3.1 Credit Risk Exposures before/ after Credit Risk mitigation

Credit risk is identified and measured after reviewing the Company's investment portfolio, balance sheet structure and capital adequacy and any additional credit risk reports. For credit risk exposure classes, please refer to Appendix V. Please refer to appendix IV for exposure amounts before and after credit risk protection associated with each credit quality step regarding non-trading activities, as well as the exposure amounts that were deducted from capital.

#### Equity Price Risk

The Company has non-trading positions in equities. Itqan manages the equity risk through diversification and selection of securities and other financial instruments within specified limits. Itqan's equity investments are publicly traded and are included in the related Index. Itqan's policy requires that the overall market position is monitored daily by the Investment Manager and is reviewed on a quarterly basis by the Investment committee.

Itqan also manages its exposure to price risk by analysing the investment portfolio by sector and benchmarking the sector weighting to that of the related Index. Itqan's policy is to concentrate the investment portfolio in sectors where management believes Itqan can maximize the returns derived for the level of risk to which Itqan is exposed.

An independent risk function performs an internal credit review before engaging in transactions with a potential counterparty. Credit guidelines at Itqan ensure that limits are approved for only those counterparties that meet the appropriate credit criteria and credit review is conducted annually. As of December 31, 2021, Nil (December 31, 2020: Nil), Itqan does not have any exposures that are covered by financial collateral, guarantees or netting agreements.

### 4.4 Counterparty Credit Risk (CCR) and Off-Balance Sheet

The Company does not have exposures to OTC derivatives, repos or reverse repos, or securities borrowing/lending, and off-balance sheet items; hence, this section does not have any disclosure on counterparty credit risk. For more details, please refer to Appendix 3.

#### 4.5 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to adverse changes in market variables such as profit rates, foreign exchange rates, equity prices and commodities resulting in a loss to earnings and capital.

##### 4.5.1 Market Risk Management

The Company classifies exposures to market risk as either trading or non-trading portfolios. The non-trading portfolio is included under equity price risk in the credit risk section.

The Company has limited exposure to foreign exchange risk as its Foreign Exchange (FX) risk exposure is mostly to USD and GCC currencies, which are pegged to the USD. Itqan manages Market Risk through the establishment of risk limits. These risk limits are established using a variety of risk measurement tools, including sensitivity analysis, and value-at-risk methodologies.

##### 4.5.2 Market Risk Capital Charge

The following table indicates the capital requirements disclosed separately for the risks in respect of the trading books business:

As at 31st December 2021

(Amounts in SAR'000)

Market Risk	Long Position	Short Position	Capital requirement
Interest rate risks	-	-	-
Equity price risks	-	-	-
Risks related to investment funds	-	-	-
Securitization/re-securitization positions	-	-	-
Excess exposure risks	-	-	-
Settlement risks and counterparty risks	-	-	-
Foreign exchange rate risks	485	-	68
Commodities risks.	-	-	-
<b>Total Market Risk Exposures</b>	<b>485</b>	<b>-</b>	<b>68</b>

As at 31st December 2020

(Amounts in SAR'000)

Market Risk	Long Position	Short Position	Capital requirement
Interest rate risks	-	-	-
Equity price risks	-	-	-
Risks related to investment funds	-	-	-
Securitization/re-securitization positions	-	-	-
Excess exposure risks	-	-	-
Settlement risks and counterparty risks	-	-	-
Foreign exchange rate risks	1,323	-	185
Commodities risks.	-	-	-
<b>Total Market Risk Exposures</b>	<b>1,323</b>	<b>-</b>	<b>185</b>



#### 4.6 Operational Risk

Operational risk is the risk of financial losses or damaged reputation due to failure attributable to technology, employees, procedures or physical arrangements including external events and legal risks. Itqan is exposed to risks arising from failures in their internal controls involving processes, people and systems. The existing controls should provide reasonable assurance of the soundness of operations and reliability of reporting. Itqan is exposed to risks relating to *Shariah* non-compliance and risks associated with Itqan's fiduciary responsibilities towards different fund providers. These risks expose Itqan to fund providers' withdrawals, loss of income or voiding of contracts leading to a diminished reputation or the limitation of business opportunities. While operational risks cannot be entirely eliminated, they are managed and mitigated by ensuring that appropriate infrastructure, controls, systems, and procedures are in place, as well as trained and competent staff members are employed throughout the Company.

##### 4.6.1 Operational Risk Management

The Company considers breakdowns in internal controls and corporate governance as the most important aspect of Operational risk as such breakdowns can lead to financial losses through error, fraud, or failure to perform in a timely manner. The Company recognizes that good management information systems (MIS) and a strong internal control culture and contingency planning are all crucial elements of effective operational risk management and takes measures to continually develop procedures and systems to support such requirements. Operational risks are reviewed annually to identify newly emerging risks in order to ensure that internal controls are proactively realigned to mitigate these emerging risks. Itqan has also developed a comprehensive Business Continuity plan (BCP) to maintain and enhance the operational resilience within the Company. Various plans and procedures like Business Continuity, Business recovery plans and strategy are in place to deal with the continuity of critical Business processes for complete line of Business and support functions.

##### 4.6.2 Operational Risk capital charge

In compliance with CMA requirements, Itqan has adopted the Expenditure Based Approach (EBA) for calculating the minimum capital requirements for operational risks. Under this approach, the operational risks are calculated as 25% of the overhead expenses, which equated to a capital requirement of SAR 1,973k for operational risks for the year ended 31 December 2021 (2020 SAR 5,237k).

#### 4.7 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. This can be caused by market disruptions or credit downgrades. Often, liquidity risk arises due to mismatch in the maturity pattern of assets and liabilities. In the case of surplus situation, liquidity takes the form of opportunity cost in the form of loss of income due to investment of idle funds in low yield assets rather than higher yielding assets.



#### 4.7.1 Liquidity Risk Management

Itqan's Liquidity Management Strategy is characterized by the following elements:

- Preserving the liquidity by investing excess liquidity in Itqan's own money market fund or, alternatively, only with approved counterparties using short-term deposits or Murabaha;
- The company relies on operating cash flows, capital resources and proprietary investments as the key sources of funds on a going-concern basis; and
- The Finance Department in coordination with the Audit Committee has the responsibility to ensure that Itqan has sufficient liquid resources available to meet its liabilities as they fall due.

Itqan's liquidity position remained strong in 2021, as the Company manages its liquidity risk by maintaining enough balances of cash, cash equivalent, and listed securities to cover its committed statement financial position requirements, plus its budgeted expenses for the liquidity horizon and its forecast investment commitments over the liquidity horizon.

Liquidity risk reporting takes place in the form of regular weekly and monthly reporting as well as immediate escalation should the need arises. Moreover, ad-hoc reports are provided in cases where liquidity risks are realized unexpectedly. Stress testing is based on Itqan's expected cash inflows and outflows during the twelve-month horizon. The Target Liquidity Requirement is then calculated by applying the stress scenario on the expected cash inflows and outflows. Itqan has defined an internal contingency plan in order to define relevant actions and responsibilities should Itqan encounter a serious liquidity crisis. The activation of the contingency plan considered if the survival horizon drops below nine months, there is a crisis of a significant general market disruption occurs.

#### 4.7.2 Liquidity Reserves

Itqan holds cash required for day-to-day operational cash requirements in a current deposit account as this can be accessed instantly. The Company actively manages its daily funding obligations through a number of measures including availability of surplus cash and daily monitoring of Asset Management funding requirements.

#### 4.7.3 Funding Sources

Itqan has no significant short-term liabilities and earning assets are funded by equity.

#### 4.7.4 Risk Measures and Ratios

Itqan prepares a statement of expected cash flows arising at the time of settlement of its assets and liabilities and allocates them in different time intervals in which they are expected to occur. The following are the key liquidity ratios that reflect the liquidity position of the Company as at 31 December 2021:

Liquid Assets: Total Assets	33.83%
Liquid Assets: Total Liabilities	303.18%
Short-term Assets: Short term liabilities	548.76%

The table below summarizes the Company's balances of cash, cash equivalent and listed securities:

As at 31st December 2021

(Amounts in SAR'000)

Exposure Class	Less than 3 months	3 to 12 months	Over 1 year	Total
Cash and cash equivalents	1,714	-	-	1,714
Investments in money market funds	14,125	-	-	14,125
Investments in Murabaha	-	2,528	-	2,528
Investments in listed securities	-	-	-	-
Investment in sukuk	-	-	-	-
<b>Total</b>	<b>15,839</b>	<b>2,528</b>	-	<b>18,367</b>

As at 31st December 2020

(Amounts in SAR'000)

Exposure Class	Less than 3 months	3 to 12 months	Over 1 year	Total
Cash and cash equivalents	5,636	-	-	5,636
Investments in money market funds	12,405	-	-	12,405
Investments in Murabaha	-	-	-	-
Investments in listed securities	-	-	-	-
Investment in sukuk	-	-	-	-
<b>Total</b>	<b>18,041</b>	-	-	<b>18,041</b>

The table below summarizes the maturities of the Company's financial liabilities at 31 December 2021 and 2020 based on contractual payment dates.

As at 31st December 2021

(Amounts in SAR'000)

Exposure Class	Less than 3 months	3 to 12 months	Over 1 Year	Total
Accounts payables and accruals	-	2,846	3,212	6,058
<b>Total</b>	-	<b>2,846</b>	<b>3,212</b>	<b>6,058</b>

As at 31st December 2020

(Amounts in SAR'000)

Exposure Class	Less than 3 months	3 to 12 months	Over 1 Year	Total
Accounts payables and accruals	-	24,402	2,652	27,054
<b>Total</b>	-	<b>24,402</b>	<b>2,652</b>	<b>27,054</b>



## 5 Appendices

### 5.1 Appendix 1- Disclosure on Capital Base

(Amounts in SAR'000)

Capital Base	31 Dec 2021	31 Dec 2020
<b><u>Tier-1 capital</u></b>		
Paid-up capital	56,042	56,042
Audited retained earnings	(7,803)	(8,792)
Share premium	-	-
Reserves (other than revaluation reserves)	-	-
Tier1- capital contribution	-	-
Deductions from Tier-1 capital	-	-
<b>Total Tier-1 capital</b>	<b>48,239</b>	<b>47,250</b>
<b><u>Tier-2 capital</u></b>		
Subordinated loans	-	-
Cumulative preference shares	-	-
Revaluation reserves	-	-
Other deductions from Tier-2 (-)	-	-
Deductions to meet Tier-2 capital limit (-)	-	-
<b>Total Tier-2 capital</b>	<b>-</b>	<b>-</b>
<b>Total Capital Base</b>	<b>48,239</b>	<b>74,250</b>

## 5.2 Appendix 2 - Disclosure on Capital Adequacy As at 31st December 2021

(Amounts in SAR'000)

Exposure Class	Exposures before CRM	Net Exposures after CRM	Risk Weighted Assets	Capital Requirement
<b><u>Credit Risk</u></b>				
On-balance Sheet Exposures				
Governments and Central Banks	-	-	-	-
Authorised Persons and Banks	4,241	4,241	3,016	422
Corporates	1,120	1,120	7,994	1,120
Retail	-	-	-	-
Investments	45,630	45,630	125,931	17,630
Securitisation	-	-	-	-
Margin Financing	-	-	-	-
Other Assets	3,306	3,306	13,003	1,820
<b>Total On-Balance Sheet Exposures</b>	<b>54,297</b>	<b>54,297</b>	<b>149,944</b>	<b>20,992</b>
<b><u>Off-balance Sheet Exposures</u></b>				
OTC/Credit Derivatives	-	-	-	-
Repurchase agreements	-	-	-	-
Securities borrowing/lending	-	-	-	-
Commitments	-	-	-	-
Other off-balance sheet exposures	-	-	-	-
<b>Total Off-Balance Sheet Exposures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>54,297</b>	<b>54,297</b>	<b>149,944</b>	<b>20,992</b>
<b>Prohibited Exposure Risk Requirement</b>			<b>29,814</b>	<b>4,174</b>
<b>Total Credit Risk Exposures</b>	<b>54,297</b>	<b>54,297</b>	<b>179,758</b>	<b>25,166</b>
<b><u>Market Risk</u></b>				
	Long Position	Short Position		
Interest rate risks	-	-		-
Equity price risks	-	-		-
Risks related to investment funds	-	-		-
Securitization/re-securitization positions	-	-		-
Excess exposure risks	-	-		-
Settlement risks and counterparty risks	-	-		-
Foreign exchange rate risks	<b>485</b>	-		<b>68</b>
Commodities risks	-	-		-
<b>Total Market Risk Exposures</b>	<b>485</b>	<b>-</b>		<b>68</b>
<b><u>Operational Risk</u></b>				<b>1,973</b>
<b>Minimum Capital Requirement</b>				<b>27,207</b>
<b>Surplus/ (Deficit) in Capital</b>				<b>21,032</b>
<b>Total Capital Ratio (time)</b>				<b>1.77</b>





### 5.3 Appendix 3 - Disclosure on Credit's Risk Weight As at 31st December 2021

(Amounts in SAR'000)

Risk Weights	Exposures after netting and credit risk mitigation												Total Risk Weighted Assets
	Government and central banks	Administrative bodies and NPO	Authorised persons and banks	Margin Financing	Corporates	Retail	Past due items	Investments	Securitisation	Other assets	Off-balance sheet commitments	Total Exposure after netting and credit Risk Mitigation	
0%	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	-	246	-	-	-	-	-	-	-	-	-	246
50%	-	-	242	-	-	-	-	-	-	-	-	-	242
100%	-	-	2,528	-	-	-	-	-	-	-	-	-	2,528
150%	-	-	-	-	336	-	-	21,188	-	-	-	-	21,524
200%	-	-	-	-	-	-	-	-	-	-	-	-	-
300%	-	-	-	-	4,367	-	-	57,783	-	7,682	-	-	69,832
400%	-	-	-	-	-	-	-	42,257	-	-	-	-	42,257
500%	-	-	-	-	-	-	-	-	-	-	-	-	-
714% (include prohibited exposure)	-	-	-	-	7,994	-	-	29,814	-	5,321	-	-	43,129
Average Risk Weight	-	-	3,016	-	12,697	-	-	151,042	-	13,003	-	-	179,758
Deduction from Capital Base	-	-	422	-	1,778	-	-	21,146	-	1,820	-	-	25,166



#### 5.4 Appendix 4 - Disclosure on Credit Risk's Rated Exposure As at 31st December 2021

(Amounts in SAR'000)

Exposure Class	Long Term Rating of Counterparties							Unrated
	Credit quality step	1	2	3	4	5	6	
	S&P	AAA TO AA-	A+ TO A-	BBB+ TO BBB-	BB+ TO BB-	B+ TO B-	CCC+ and below	
	Fitch	AAA TO AA-	A+ TO A-	BBB+ TO BBB-	BB+ TO BB-	B+ TO B-	CCC+ and below	
	Moody's	Aaa TO Aa3	A1 TO A3	Baa TO Baa3	Ba1 TO Ba3	B1 TO B3	Caa+ and below	
Capital Intelligence	AAA	AA TO A	BBB	BB	B	C and below		
<b>ON and Off-balance-sheet Exposure</b>								
Governments and Central Banks	-	-	-	-	-	-	-	
Authorised Persons and Banks	-	1,229	-	-	3,012	-	-	
Corporates	-	-	-	-	-	-	1,120	
Retail	-	-	-	-	-	-	-	
Investments	-	-	-	-	-	-	45,630	
Securitisation	-	-	-	-	-	-	-	
Margin Financing	-	-	-	-	-	-	-	
Other Assets	-	-	-	-	-	-	3,306	
<b>Total</b>	-	<b>1,229</b>	-	-	<b>3,012</b>	-	<b>50,056</b>	

(Amounts in SAR'000)

Exposure Class	Short Term Rating of Counterparties					Unrated
	Credit quality step	1	2	3	4	
	S&P	A-1+, A-1	A-2	A-3	Below A-3	
	Fitch	F1+, F1	F2	F3	Below F3	
	Moody's	P-1	P-2	P-3	Not Prime	
Capital Intelligence	A1	A2	A3	Below A3		
<b>ON and Off-balance-sheet Exposure</b>						
Governments and Central Banks	-	-	-	-	-	
Authorised Persons and Banks	-	1,229	-	-	3,012	
Corporates	-	-	-	-	-	
Retail	-	-	-	-	-	
Investments	-	-	-	-	-	
Securitisation	-	-	-	-	-	
Margin Financing	-	-	-	-	-	
Other Assets	-	-	-	-	-	
<b>Total</b>	-	<b>1,229</b>	-	-	<b>3,012</b>	



### 5.5 Appendix 5 - Disclosure on Credit Risk Mitigation (CRM) As at 31st December 2021

(Amounts in SAR'000)

Exposure Class	Exposure before CRM	Exposure covered by Guarantees/ Credit derivatives	Exposure covered by Financial collateral	Exposure covered by Netting Agreement	Exposure covered by other eligible collaterals	Exposures after CRM
<b>Credit Risk</b>						
On-Balance Sheet Exposures						
Governments and Central Banks	-	-	-	-	-	-
Authorised Persons and Banks	4,241	-	-	-	-	4,241
Corporates	1,120	-	-	-	-	1,120
Retail	-	-	-	-	-	-
Investments	45,630	-	-	-	-	45,630
Securitisation	-	-	-	-	-	-
Margin Financing	-	-	-	-	-	-
Other Assets	3,306	-	-	-	-	3,306
<b>Total On-Balance Sheet Exposures</b>	<b>54,297</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,297</b>
<i>Off-balance Sheet Exposures</i>						
OTC/Credit Derivatives	-	-	-	-	-	-
Exposure in the form of repurchase agreements	-	-	-	-	-	-
Exposure in the form of securities lending	-	-	-	-	-	-
Exposure in the form of commitments	-	-	-	-	-	-
*Other Off-Balance Sheet Exposure	-	-	-	-	-	-
<b>Total Off-Balance Sheet Exposure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposure</b>	<b>54,297</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,297</b>