شركة ثروات للأوراق المالية
Tharwat for Financial Securities

PILLAR III DISCLOSURES

As on 31st Dec, 2019

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1 Introduction & Scope of Application

Tharwat for Financial Securities (hereby referred to as "the firm" or "Tharwat") is a Saudi Closed Joint Stock company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010411783 dated 23 Jumada Al-thani1435H (corresponding to April 24, 2014) in accordance with Capital Market Authority's license No. (14175-06) on Jumada Al-Awal 5, 1435H (corresponding to March 3, 2014).

The principal activities of the Company are to conduct dealing as Principal, Investment Fund Management and Custody activities in accordance with Capital Market Authority's letter No.(X/1/6/5212/15) dated Jumada Al-thani 13, 1436H. The company started its activities in accordance with Capital Market Authority's letter No. (1/6/9309/14) dated Dhul Qidah 29, 1435H (corresponding to September 24, 2014). Also the company started dealing as principal on Jumada Al-thani 30, 1436H (April 19, 2015) in accordance with Capital Market Authority's letter No. (1/6/6276/15).

The CMA Prudential Rules comprise of three 'Pillars':

- Pillar 1 sets minimum capital requirements to meet credit, market and operational risk;
- Pillar 2 requires firms and their supervisors to consider whether additional capital should be held to cover risks not covered by Pillar 1 requirements; and
- Pillar 3 seeks to improve market discipline by requiring firms to disclose certain information on their risks, capital and risk management.

The Pillar 3 disclosures contained herein relate to the period ended December 31, 2019, All numbers where audited by statutory auditor. The purpose of this disclosure is to inform relevant stakeholders about the firm's capital, risk management and capital adequacy.

1.1 Basis of Disclosure

These disclosures are compiled in accordance with CMA's minimum requirements for the annual market disclosure of information as referred to by the Part 7 "Pillar III – Disclosure and Reporting" of the Prudential Rules. Specifically, they cover Tharwat's risk management objectives and policies; the processes for managing its material risks; the structure and organization of its risk management functions; the scope and nature of its risk reporting and measurement systems; and its policies for mitigating risk.

1.2 Frequency of Disclosures

These disclosures will be produced on an annual basis. These disclosures reflect the position as at 31st December 2019.

1.3 Material or Legal Impediments between AP and its Subsidiaries

Tharwat's only subsidiary is Mawan Real Estate Company formed with a capital infusion of SAR 100,000. There is no current or foreseen material or legal impediments for transfer of capital as such..

2 Capital Structure

2.1 Capital Structure

The current total capital base is SAR **70.43** million, while the paid-up capital is SAR 60 million.

For regulatory purposes, capital is categorised into two main classes. These are Tier 1 and Tier 2, which are described below:

Tier 1 capital

Tier 1 capital consists of paid-up capital, Audited retained earnings, statutory reserves, general reserves (other than revaluation reserves).

Tier-1 capital	SAR '000
Paid-up capital	60,000
Audited retained earnings	2,009
Share premium	-
Reserves (other than revaluation reserves)	1,669
Tier-1 capital contribution	-
Deductions from Tier-1 capital	(106)
Total Tier-1 capital	**63,572**

Table 1 – Tier 1 Capital

Tier 2 capital

Tier 2 capital consists of Revaluation reserves.

Tier-2 capital	SAR '000
Subordinated loans	-
Cumulative preference shares	-
Revaluation reserves	6,853
Other deductions from Tier-2 (-)	-
Deduction to meet Tier-2 capital limit (-)	-
Total Tier-2 capital	6,853

TOTAL CAPITAL BASE (Tier-1 & 2)	70,425

Table 2 – Tier 2 Capital and Total Capital Base

Please refer to Appendix 1 for the details.

3 Capital Adequacy

Tharwat defines "Capital" as the resource necessary to cover unexpected losses and thus the firm, at all times shall maintain sufficient capital to cover risks inherent in its business operations and to support current & future activities.

Tharwat aims to maximize shareholders' value through an optimal capital structure that protects the stakeholders' interests under extreme stress conditions, and provides sufficient capacity for growth whilst ensuring compliance with the regulatory requirements and meeting shareholders' expectations.

3.1 Capital Adequacy Ratio and Minimum Capital Requirements

Tharwat is well capitalised with a Tier 1 capital ratio and a total capital ratio of 1.**55**, against a minimum regulatory requirement for capital ratio of 1.

The below table reflects the further details of the minimum capital required and the actual capital availability.

(All amounts in '000 SAR)

Particulars	2019	2018
Tier I Capital	63,572	68,539
Tier II Capital	6,853	1,067
Total	**70,425**	**69,606**
Credit Risk	42,869	29,139
Market risk	84	-
Operational risk	2,599	2,192
Total	**45,552**	**31,331**
Capital adequacy ratio	1.55	2.22
Surplus (Deficit) in Capital Base	**24,873**	**38,275**

Table 3 – Capital Requirement

Please refer to Appendix 2 for the details.

3.2 ICAAP

The Firm has introduced an Internal Capital Adequacy Assessment Process (ICAAP) by which it would examine its risk profile from both regulatory and internal risk capital point of view.

The ICAAP describes the firm's business strategy, its forecasts for the next three years for risk weighted assets, its risk appetite and the assessment of specific risk exposures, their mitigation and the capital allocated to these risks.

Within the framework of the ICAAP, the annual capital plan is reviewed by senior management and the Governing Body. The ICAAP shall be updated by the management and reviewed by the Board of Directors on an annual basis. The assessment draws on the results of existing risk management techniques and reporting.

3.3 Scenario Analysis and Stress Testing

Scenario analysis and stress testing shall be performed to assess Tharwat's exposure to extreme events and ensure that appropriate mitigation measures are put in place. Any residual risk shall then be mitigated by setting aside capital to meet the potential capital requirement.

Senior Management shall be regularly informed of the stress test outcomes to ensure that the Firm has sufficient capital in place and that any unacceptable risks are mitigated. These scenarios shall be regularly reviewed and updated to account for changing market dynamics.

The Firm's capital plan shows that its current and projected capital is adequate to bear any stressed losses, to support its current activities, and future strategies & operational plans.

4 Risk Management

Tharwat has a risk management framework to manage its exposure to diverse set of risks it undertakes during the course of its business objectives.

4.1 Risk Management Objectives

Tharwat's strategy and processes for Risk Management are aligned to the organizational objectives approved by CEO and BOD Tharwat's Risk Management Strategy focuses on following areas:

- Credit Risk
- Operational Risk
- Market Risk
- Liquidity Risk
- Reputation Risk
- Strategic Risk
- Regulatory Risk
- Risk Monitoring & Review of key risks across the organization
- Ensuring Tharwat's adherence to the capital adequacy norms of CMA

4.2 Governance Framework

Tharwat's Risk Governance Framework establishes the responsibility of Executive Board Committee and senior management for management of risk for the Company. The responsibility includes ensuring clear allocation of responsibility for managing risk, appropriate process for measuring risks, adequately structured limits on risk taking, effective internal controls, and a broad risk reporting process

The Executive Board Committee and Senior Management are responsible for maintaining the Company's activities with appropriate financial support and staffing to manage and control the risks of its activities. Tharwat has adopted a Risk Management Organizational Structure concurrent with the complexity of its activities and operations. The CEO and Head of Risk and Compliance are responsible for identifying, measuring and monitoring risks in order to control them. The Risk and Compliance will be independent from the business lines functions, thereby ensuring an effective control mechanism for risk monitoring, which will strengthen the risk management and measurement function.

In addition to the establishment of an Executive Board Committee that have risk management responsibilities and an independent Risk, Compliance & Money Laundering department, the Company will set the appropriate risk policies, to ensure that all risks related to its activities are adequately measured, monitored and controlled.

4.3 Risk Appetite

Risk appetite is defined as the amount and type of risks that the firm is willing to take within the context of its business strategy. Risk appetite is either quantitatively defined by the appropriate indicators (e.g., capital adequacy level and risk limits) or qualitatively outlined (e.g., investment criteria).

Tharwat annually identifies a number of key risk components and related risk appetite statement for these risks. The level of risk appetite is arrived at in consideration of the various business targets and the risk management processes adopted.

It is the endeavour of the Finance Department to monitor such limits on the regular basis and review the adequacy of these limits annually.

Finance shall escalate the breach of risk appetite threshold for each defined level to the appropriate authority. Based on the corrective action suggested by the authority, the CEO in coordination with other departments shall initiate the action plan to bring down the level in line with the defined risk appetite levels.

The table below shows the Risk Appetite Statement:

S.N.	Risk Types	Risk Appetite Statement
1	Credit Risk	Tharwat shall maintain its seed capital investments with only high credit quality counterparties. It has overall low appetite for Credit Risk.
2	Market Risk	Tharwat shall adopt a conservative approach when investing in Held for Trading instruments
3	Operational Risk (Operational loss & People Risk)	Operational Risk Loss to be controlled with improvement in systems, policies & procedures of Tharwat's business. Tharwat strives to retain talent by employee friendly policies and offer competitive compensation structures
4	Liquidity Risk	Tharwat shall maintain adequate liquidity to meet its short-term obligations
5	Profit Rate Risk	Tharwat shall manage its rate sensitive assets and liability such that the change in market rates do not breach internal threshold
6	Regulatory and compliance risk	a) Tharwat shall maintain zero tolerance for any violation on regulatory guidelines related to its business lines or prudential rules issued by CMA. b) For Asset Management: Tharwat, shall meet all the guidelines and limits as set by CMA
7	Reputational Risk	Tharwat shall strive to avoid any situation and action from adverse media News/Statements or customer services complaints resulting in a negative impact on reputation of any product or the Firm. If an undesirable situation arises it will manage the same aggressively to preserve reputation and brand image.
8	Strategic Risk	Tharwat develops its strategic plan and business initiatives to meet the same. Tharwat shall actively tracks and manages its major initiatives to ensure successful execution.
9	Capital Adequacy	Tharwat shall maintain minimum Capital adequacy coverage (≥ 1x) with adequate buffer at all times to meet CMA rules as well as to remain adequately solvent

Table 4 – Risk Appetite

4.4 Risk Management Process

Risk Management practice is collective responsibility of all personnel and monitored by senior management and the Board. Also, Tharwat will continue to enhance and improve upon its existing risk management framework and methodologies to keep it aligned with changing business environment, CMA regulations and global best practices.

4.5 Compliance Risk Management

The Compliance function is responsible for mitigating and managing regulatory risk by ensuring alignment of the firm with local laws and regulations in all jurisdictions where it operates.

5 Credit Risk

Credit risk is most simply defined as the potential that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms.

5.1 Credit Risk Management

The principal objective of credit risk management is to ensure a high quality credit portfolio and the minimization of losses. The Firm places its cash deposits only with highly rated Saudi Banks and hence takes a conservative approach to taking credit risk. Credit risk can also emanate from the investments that the firm decides to undertake, based on the approval by the Board.

For Capital Requirement purposes, Tharwat assigns the risk weights to its Credit Risk Exposures as per standardized approach of the CMA Prudential Rules, and calculates the risk weighted assets and required Regulatory Capital for Pillar 1.

5.2 Impairments and Past Due Claims

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the statement of income. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of income;

(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;

(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective commission rate.

5.3 Use of Credit Rating Information

Tharwat uses ratings of established credit rating agencies (CRA) before placing its deposits in Banks.

5.4 Exposures

Please refer to Appendix 3 for the details.

5.5 Residual Contractual maturity

The residual contractual maturity of Tharwat's exposures is given in the table below:

(In SAR '000)

Exposure Class	Total	>1 day to 1 month	>1 month to 3 months	>3 months to 6 months	> 6 months to 1 year	> 1 year	Non Maturity
On-balance Sheet Exposures							
Governments and Central Banks	-	-	-	-	-	-	-
Authorised Persons and Banks	17,649	17,649	-	-	-	-	-
Receivables - funds	480	480	-			-	-
Retail	2,433	-	-	4	2,430	-	-
Investments	46,585	-	-	469	-	44,256	1,860
Other Assets	15,096	-	-	-	649	-	14,446
Total On-Balance sheet Exposures	82,243	18,129	-	473	3,079	44,256	16,306
Total Off-Balance sheet Exposures	-	-	-	-	-	-	-
Total On and Off-Balance sheet Exposures	82,243	18,129	-	473	3,079	44,256	16,306

Table 5 – Residual maturity of assets

5.6 Geographic Concentration

The table below describes the geographic distribution of the non-trading activities, which represent the credit risk exposures as per CMA prudential rules .

(In SAR '000)

Exposure Class	Total	KSA	Rest of Middle East	United Kingdom	Continental Europe	United States	Rest of the World
On-balance Sheet Exposures							
Governments and Central Banks	-	-	-	-	-	-	
Authorised Persons and Banks	17,649	17,649	-	-	-	-	-
Receivables - funds	480	480	-	-	-	-	-
Retail	2,433	2,433	-	-	-	-	-
Investments	46,585	39,007	-	7,578	-	-	-
Other Assets	15,096	15,096	-	-	-	-	-
Total On-Balance sheet Exposures	82,243	74,665	-	7,578	-	-	-
Total Off-Balance sheet Exposures	-	-	-	-	-	-	-
Total On and Off-Balance sheet Exposures	82,243	74,665	-	7,578	-	-	-

Table 6 – Geographical Distribution of Exposures

5.7 Credit Risk Exposures by Credit Quality

Please refer to Appendix 4 for the details.

6 Credit Risk Mitigation

Tharwat has controls in place to ensure that reporting and meaningful risk-reducing action take place when limits are exceeded. Some of the common ways of reducing exposures will consist of: freezing any new business with counterparty and letting current deals to expire, assigning transactions to other counterparties for diversification, and restructuring transactions to limit potential exposure and manage their sensitivity to market volatility. The Firm does not deal in activities, which would need any collateral as security for credit risk mitigation. For the land and real estate related documentation of Real Estate funds, proper legal checks would be performed and would be kept in safe custody.

Tharwat establishes limits on the risk exposure to take with the limits being set on the amounts and types of transactions authorized. Tharwat engages a Management Information System to monitor the exposures and track the limits, which provides credit information to Senior Management and ultimately and the Board of Directors.

Please refer to Appendix 5 for the details.

7 Counterparty Credit Risk and Off BS Exposure

Tharwat does not have transactions in OTC derivatives, repos and reverse repos and securities borrowing/ lending, hence this section does not apply.

8 Market Risk

Market risk is the risk of losses in on-and off-balance sheet positions arising from movements in market rates or prices such as profits rates, foreign exchange rates, equity prices, credit spreads and/or commodity prices resulting in a loss to earnings and capital.

8.1 Capital requirement for market risk

The capital requirement for Market risk exposures was calculated based on the regulatory requirements in Pillar I of the prudential rules issued by CMA. The table below shows there is no Market Risk exposures along with the required capital as of December 31, 2019.

Market Risk	Exposure (in SAR 000's)	Required Capital (in SAR 000's)
Equity Risk	469	84
Fund Risk	-	-
Interest Rate Risk	-	-
Commodities Risk	-	-
FX Risk	-	-
Underwriting Risk	-	-
Excess Exposure Risk	-	-
Settlement Risk	-	-
Total	469	84

Table 7 – Capital requirement for market risk

9 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, this will include legal risks covering, but not limited to, exposure to fines, penalties, or punitive damages resulting from supervisory actions, as well as private settlements.

9.1 Operational Risk Management

Tharwat's Operations Manual recognizes the operational risks emanating from the front office operations, back office operations and system. The Firm has established guidelines for identification and management of such operational risks.

People risk: The Firm strives to attract and retain competent personnel, and train them effectively, especially the functions which require levels of skills and training appropriate to the type and diversity of products handled. Company applies a proper personnel screening and internal controls for monitoring of people. It ensures proper communication of corporate policies and Code of Conduct.

Segregation of Duties: It is established by ensuring no conflicting activities are assigned. Tharwat has comprehensive policies and procedures, which ensure the segregation of duties between various functions.

Security: Access to physical premises as well as to information systems of Tharwat are controlled to avoid unauthorized misuse. Appropriate access control systems are used for entry into the organization.

Back-up Systems: In order to ensure uninterrupted operations, it is the policy of the organization to provide for back-ups of the following aspects of the business:

- Data and information technology software
- Power supply (including UPS generator)
- Business continuity in case of extreme events
- Stand-by equipment (eg. servers) that could be used on the failure of equipment in service

Apart from managing operational risk, the Company also keeps capital as per the Basic Indicator Approach for calculation of Operational Risk Capital.

9.2 Operational Risk - Capital

The Operational Risk capital charge is calculated as higher of the amounts under the following two approaches.

1) **Basic Indicator Approach**: Under the Basic Indicator Approach, 15% capital charge is calculated on Audited income for the three audited years 2017, 2018 and 2019.

2) **Expenditure Based Approach**: Under the Expenditure Based Approach, 25% capital charge is calculated on all Audited overhead expenses except extraordinary expenses.

(All amounts in '000 SAR)

Basic Indicator Approach (BIA)	Gross Income			Average Gross Income	Risk Capital Charge (%)	Capital Required
	2017	2018	2019			
2019 – Capital	17,358	1,982	1,710	7,017	15%	1,052

Expenditure Based Approach (EBA)	Year	Overhead Expenses	Risk Capital Charge (%)	Capital Required
2019 – Capital	2019	10,396	25%	2,599

Capital requirement for Operational Risk for 2019 (Higher of Basic Indicator Approach and Expenditure Based Approach)	2,599

Table 8 – Operational Risk Capital

10 Liquidity Risk

Liquidity risk is the inability of an organization to honour payment commitments when they are due and replace funds when they are withdrawn in a timely and cost effective manner. This can be caused by market disruptions to credit downgrades or fall in asset prices with low demand. Effective liquidity risk management therefore helps to ensure the Company's ability to meet its cash flow obligation and in maintaining diverse funding sources to the Company.

10.1 Liquidity Risk Management

Tharwat has established and implemented a sound funding-liquidity contingency plan, which will be based on understanding of the Company's anticipated sources and uses of funds and on the expected timing of those sources and uses. The plan is subject to periodic review, assessment and approval.

The Company has identified potential stress scenarios and the contingency plan will recognize liquidity resources that could be accessed under stress conditions.

10.2 Liquidity Reserves

Tharwat's liabilities comprise majorly of operating costs (relatively fixed),

The Firm holds its cash in a current deposit account as this can be accessed instantly by it.

10.3 Funding Sources

The Firm has no significant short term liabilities except zakat and assets are funded by equity. Tharwat does not currently use deposits or other instruments to fund its assets.

10.4 Risk Measures and Ratios

The Firm 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 assets and liabilities with no maturity have been placed under a separate bucket, 'Non- Maturity'. The net cash flows across all time intervals are accumulated to observe the quantum of cumulative net cash flow in each bucket. The Firm shall always maintain adequate liquidity to meet its day to day obligations and cash outflows. Below table shows the Liquidity ratio analysis for the Firm:

Ratio Analysis	Values	Remarks
Current Ratio (Current Assets / Current Term Liabilities)	6	This reflects the cushion/comfort level in meeting its short-term payment liabilities
Cumulative Gap as a % of total liabilities (excluding equity)	5	This reflects that the Company has no significant short term liabilities and earning assets are funded by equity.
Liquidity Coverage Ratio (LCR)	715%	Liquidity coverage ratio is calculated by dividing high quality liquid assets by short term obligations. A liquidity coverage ratio of greater than 100% is considered satisfactory. LCR reflects that the Company has sufficient high quality liquid assets to cover the net cash outflows over next 90 days. (A haircut of 5% has been used for deposits with other banks and 20% for HFT)

Table 9 – Liquidity Risk – Ratio Analysis

11 Appendices

11.1 Appendix 1 - Disclosure on Capital Base

Capital Base 2018	SAR '000
Tier-1 capital	
Paid-up capital	60,000
Audited retained earning	2,009
Reserves (other than revaluation reserves)	1,669
Deductions from Tier-1 capital	(106)
Total Tier-1 capital	**63,572**
Total Tier-2 capital	**6,853**
Total Capital Base	**70,425**

11.2 Appendix 2 - Disclosure on Capital Adequacy

All Amounts in SAR '000					
Exposure Class	**Exposures before CRM**		**Net Exposures after CRM**	**Risk Weighted Assets**	**Capital Requirement**
Credit Risk					
On-balance Sheet Exposures					
Governments and Central Banks	-		-	-	-
Authorized Persons and Banks (including cash)	17,647		17,647	3,529	494
Corporates	-		-	-	-
Retail	-		-	-	-
High risk investments	7,578		7,578	30,311	4,244
Investment funds	39,018		39,018	114,258	15,996
Securitization	-		-	-	-
Margin Financing	-		-	-	-
Other Assets	17,424		17,422	88,343	12,368
Total On-Balance sheet Exposures	**81,667**		**81,665**	**236,442**	**33,102**
Total Off-Balance sheet Exposures	**-**		**-**	**-**	**-**
Total On and Off-Balance sheet Exposures	**81,667**		**81,665**	**236,442**	**33,102**
Prohibited Exposure Risk Requirement				**69,764**	**9,767**
Total Credit Risk Exposures	**81,667**		**81,665**	**306,206**	**42,869**
Market Risk	**Long Position**	**Short Position**			
Equity Risk	**469**	-			**84**
Fund Risk	-	-			-
Interest Rate Risk	-	-			-
Commodities Risk	-	-			-
FX Risk	-	-			-
Underwriting Risk	-	-			-
Excess Exposure Risk	-	-			-
Settlement Risk	-	-			-
Total Market Risk Exposures	**469**	-			**84**
Operational Risk					**2,599**
Minimum Capital Requirement					**45,552**
Surplus/ (Deficit) in Capital					**24,873**
Total Capital Ratio (time)					**1.55**

11.3 Appendix 3 - Disclosure on Credit's Risk Weight

Risk Weights	Exposures after netting and credit risk mitigation (all amounts in SAR '000)													
	Governments and central banks	Administrative bodies and NPO	Authorised persons and banks	Margin Financing	Corporates	Retail	High risk investments	Past due items	Investment funds	Securitisation	Other assets	Off-balance sheet commitments	Total Exposure after netting and Credit Risk Mitigation	Total Risk Weighted Assets
0%	-	-	-	-	-		-	-	-	-	2	-	2	-
20%	-	-	17,647	-	-		-	-	-	-	-	-	17,647	3,529
50%	-	-	-	-	-		-	-	-	-	-	-	-	-
100%	-	-	-	-	-		-	-	-	-	-	-	-	-
150%	-	-	-	-	-		-	-	1,865	-	-	-	1,865	2,797
200%	-	-	-	-	-		-	-	-	-	-	-	-	-
300%	-	-	-	-	-		-	-	20,303	-	8,708	-	29,011	87,032
400%	-	-	-	-	-		7,578	-	-	-	-	-	7,578	30,311
500%	-	-	-	-	-		-	-	-	-	-	-	-	-
714% (include prohibited exposure)	-	-	-	-	-		-	-	16,851	-	8,714	-	25,565	182,536
Average Risk Weight	0%	0%	20%	0%	0%		400%	0%	472%	0%	507%	0%	81,667	306,206
Deduction from Capital Base			494				4,244		25,763		12,368			42,869

11.4 Appendix 4 - Disclosure on Credit Risk's Rated Exposure

Exposure Class	**Long term Ratings of counterparties (all amounts in SAR '000)**							
	Credit quality step	1	2	3	4	5	6	Unrated
	S&P	AAA TO AA-	A+ TO A-	BBB+ TO BBB-	BB+ TO BB-	B+ TO B-	CCC+ and below	Unrated
	Fitch	AAA TO AA-	A+ TO A-	BBB+ TO BBB-	BB+ TO BB-	B+ TO B-	CCC+ and below	Unrated
	Moody's	Aaa TO Aa3	A1 TO A3	Baa1 TO Baa3	Ba1 TO Ba3	B1 TO B3	Caa1 and below	Unrated
	Capital Intelligence	AAA	AA TO A	BBB	BB	B	C and below	Unrated
On and Off-balance-sheet Exposures								
Governments and Central Banks		-	-	-	-	-	-	-
Authorized Persons and Banks (including cash)		-		-	-	-	-	-
Corporates		-	-	-	-	-	-	-
Retail		-	-	-	-	-	-	-
High risk investments		-	-	-	-	-	-	7,578
Investment funds		-	-	-	-	-	-	38,538
Securitization		-	-	-	-	-	-	-
Margin Financing		-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	14,446
Total		-	**-**	**-**	**-**	**-**	**-**	**60,563**

Exposure Class	Short term Ratings of counterparties					
	Credit quality step	1	2	3	4	Unrated
	S & P	A-1+, A-1	A-2	A-3	Below A-3	Unrated
	Fitch	F1+, F1	F2	F3	Below F3	Unrated
	Moody’s	P-1	P-2	P-3	Not Prime	Unrated
	Capital Intelligence	A1	A2	A3	Below A3	Unrated
On and Off-balance-sheet Exposures						
Governments and Central Banks		-	-	-	-	-
Authorized Persons and Banks (including cash)		17,647	-	-	-	-
Corporates		-	-	-	-	-
Retail		-	-	-	-	2,433
High risk investments		-	-	-	-	-
Investment funds		-	-	-	-	480
Securitization		-	-	-	-	-
Margin Financing		-	-	-	-	-
Other Assets		-	-	-	-	651
Total		17,647	-	-	-	3,564

11.5 Appendix 5 -Disclosure on Credit Risk Mitigation (CRM)

(All amounts in SAR '000)

Exposure Class	Exposures before CRM	Exposures covered by Guarantees/ Credit derivatives	Exposures covered by Financial Collateral	Exposures covered by Netting Agreement	Exposures covered by other eligible collaterals	Exposures after CRM
Credit Risk						
On-balance Sheet Exposures						
Governments and Central Banks	-	-	-	-	-	-
Authorized Persons and Banks (including cash)	17,647	-	-	-	-	17,647
Corporates	-	-	-	-	-	-
Retail	-	-	-	-	-	-
High risk investments	7,578	-	-	-	-	7,578
Investment funds	39,018	-	-	-	-	39,018
Securitization	-	-	-	-	-	-
Margin Financing*	-	-	-	-	-	-
Other Assets	17,424	-	2	-	-	17,422
Total On-Balance sheet Exposures	81,667	-	2	-	-	81,665
Total Off-Balance sheet Exposures	-	-	-	-	-	-
Total On and Off-Balance sheet Exposures	81,667	-	2	-	-	81,665