ALJAZIRA CAPITAL COMPANY

(A Closed Saudi Joint Stock Company)

Pillar 3 Disclosure Statement

As at 31 December 2015

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1. Introduction

AlJazira Capital Company (the Company), is a Saudi Closed Joint Stock Company incorporated under Ministerial Resolution No. S/57 dated 20 Safar 1429H (corresponding to 27 February 2008) and was operating under commercial registration number 4030177603 dated 17 Rabi Awal 1429H (corresponding to 25 March 2008). During the year ended 31 December 2011, the commercial registration number of the company was changed due to relocation of Head Office from Jeddah to Riyadh and now it is registered under commercial registration number 1010351313 dated 13 Dhul Qadah 1433H (corresponding to 29 September 2012) with a branch in Jeddah.

The Company is licensed as a financial services company regulated by the Capital Market Authority (CMA). The Company is engaged in dealing, arranging, managing, advising and custody activities in accordance with CMA Resolution No. 2-38-2007 dated 8 Rajab 1428H, corresponding to 22 July 2007 and license number 07076-37.

The risk disclosures contained in this statement have been prepared in accordance with the requirements of CMA Prudential Rules and cover the Pillar 3 qualitative and quantitative disclosures, including capital adequacy requirements and information about the risk management policies and procedures at the Company.

The disclosures have been prepared as at 31 December 2015 based on the consolidated financial statements of the Company including the following subsidiaries.

- AlJazira Residential Projects Fund
- AlJazira Global Emerging Markets Fund
- AlJazira GCC Income Fund
- AlJazira Diversified Conservative Fund

The Company does not have any current or foreseen legal impediment to the prompt transfer of capital or repayment of liabilities with its subsidiaries.

2. Capital Structure

For regulatory purposes, capital is categorized into two main classes: Tier 1 and Tier 2.

Tier 1 capital consists of Paid-up capital, audited retained earnings, statutory reserve net of deductions for Zakat and unrealized losses, if any, on trading investments. Tier 2 capital consists of revaluation reserves which resulted from the change in fair value of available for sale equity investments.

Paid Up Capital

The share capital is divided into 50 million shares of SR 10 each.

Audited Retained Earnings

This represents the accumulated undistributed profits after transfer to statutory reserves that are available for future dividend distributions as recommended by the Company's Board (the Board) and approved by the General Assembly.

Statutory Reserve and Other Reserves

As required by Saudi Arabian Regulations for Companies, 10% of the net income for the financial year has been transferred to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 50% of the share capital. This statutory reserve is not available for distribution.

The capital base of the Company as at 31 December 2015 is composed as follows:

Capital Base as at 31 December		
Capital Base, SAR '000	**2015**	**2014**
Tier-1 capital		
Paid-up capital	500,000	500,000
Audited retained earnings	102,540	166,551
Statutory reserve	81,571	70,672
Unrealized loss on trading investments	(7,373)	-
Total Tier-1 capital	**676,738**	**737,223**
Tier-2 capital		
Revaluation reserves	41,283	96,250
Total Tier-2 capital	**41,283**	**96,250**
TOTAL CAPITAL BASE	**718,021**	**833,473**

3. Capital Adequacy

Effective January 2013, the Company has implemented the Prudential Rules issued by the Board of the Capital Market Authority dated 30 December 2012. In accordance with these new Prudential Rules, the Company's Capital Adequacy Management (CAM) report is furnished to the CMA on a monthly basis which outlines minimum capital required under Pillar 1. The Company:

- seeks to obtain the best return on its capital taking into account its conservative risk appetite,
- complies with the regulatory capital requirements set by CMA to safeguard the Company's ability to continue as a going concern and in order to maintain a strong capital base, and
- monitors the adequacy of its capital using ratios established by the CMA.

These ratios established by the CMA measure capital adequacy by comparing the Company's eligible capital with its minimum capital requirements. The Company's minimum capital requirements are calculated after applying CMA prescribed risk weights to the Company's exposures. Capital Adequacy and the use of regulatory capital are continually monitored by the Company's management. As at 31 December 2015, the Company's capital ratio is 4.41 (2014: 4.50). The minimum required ratio is 1.

Details of the minimum capital requirements of the Company's exposures to various risks are as follows:

SAR'000	2015	2014
Capital base		
Tier -1 capital	676,738	737,223
Tier -2 capital	41,283	96,250
Total capital base	718,021	833,473
Minimum capital requirements		
Market Risks	42,794	48,715
Credit Risks	74,844	87,260
Operational Risk	45,180	49,049
Total minimum capital requirement	162,818	185,024
Total capital ratio (time)	4.41	4.50
Tier -1 capital ratio (time)	4.16	3.98
Surplus in Capital	555,203	648,449
Large exposure		
Large exposure limit 10%	71,802	83,347
Large exposure limit 25%	179,505	208,368

The Company's exposures, risk weighted assets and capital requirements as at 31 December 2015 are detailed in **Section 6 Appendix 1** of this Disclosure Statement.

The management of capital is Board level priority, the Board is responsible for assessing and approving the Company's capital management strategy. The Company's capital management framework and polices serve to ensure that the Company is adequately capitalized in line with the risk profile, regulatory requirements, and capital ratios approved by the Board. The Company's capital management objectives are to:

- maintain sufficient capital resources to meet minimum regulatory capital requirements set by CMA Prudential Rules,
- allocate capital to support the Company's strategic plans,
- ensure that the Company has sufficient capital to cover the current and future risks of its business and support its future development,
- apply stress tests to assess the Company's capital adequacy under stress scenarios,
- develop, review and approve ICAAP, and
- conduct capital planning and forecasting to ensure that capital ratios are always within acceptable thresholds.

Executive management and the Board review the Company's risk appetite on a period basis and analyze the impacts of stress scenarios to understand and manage the Company's projected capital needs for the future. The capital management framework ensures that sufficient capital levels for legal and regulatory compliance purposes are always maintained. Management seeks to ensure that sound governance and good business practices are always followed.

Management monitors the use of capital through its internal Capital Adequacy Assessment Process (ICAAP). The ICAAP is a key component of the Company's capital risk management framework and assures the Board and executive management that the Company maintains sufficient capital resources to:

- meet minimum regulatory requirements,
- support the parent's credit rating, and
- support future business growth.

Management ensure that, at any point in time, the Company's capital adequacy ratio is above the minimum limit prescribed by CMA. Stress tests are conducted periodically to ensure that adequate capital is available for continuity of business under defined stress scenarios. Senior management is responsible for the escalations of any concerns regarding the adequacy of the Company's capital adequacy to the Board.

4. Risk Management

4.1 Risk management Framework

Risk is defined as any event that could damage the core earnings capacity of the Company, earnings or cash flow volatility, reduce capital, threaten business reputation or viability and / or breach regulatory or legal obligations.

Effective risk management is fundamental to the business activities of the Company. The Company remains committed to increasing shareholder value by developing and growing the business within the Board determined risk appetite. The Company is committed to the achievement of this objective having regard to the interests of all stakeholders.

The Company assumes a variety of risks in undertaking its business activities and seeks to achieve an appropriate balance between risk and reward. Responsibility and accountability for risk management resides at all levels within the Company, from the Board down through the organization to each Business Manager. Risks are managed and controlled at individual and portfolio levels as well as in aggregate across all businesses.

The key elements of the Company's Risk Management framework cover an assessment of risk appetite, risk governance, risk management organization and stress testing. The Company's activities expose it to a verity of financials risks: market risk (including currency risk, profit rate risk and price risk), operational risk, business risk and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's performance. Stress scenario testing is employed to ascertain what the Company's key sensitivities are and to ensure that adequate capital is in place for defined stressed scenarios. In assessing the impact of business / earnings at risk (i.e. changes that impact core revenues stream), sensitivity analysis is prepared and presented to management and the Board to highlight the potential impact on the Company's profitability. The Company is committed to the refinement of its risk management capabilities to ensure its business plans are delivered in a controlled environment.

The Company has dedicated Risk and Compliance functions. Day-to-day risk management activities are currently managed within each respective business unit. The Board meets on a quarterly basis and is updated on all relevant aspects of the business, including risk management matters.

Risk management responsibilities are held as follows:

Business unit management	Primarily responsible for risk management. The process of assessing, evaluating and measuring risk is ongoing and is integrated into the day-to-day activities of the business. This process includes implementing the Company's risk management framework, identifying issues and taking remedial action where required. Business unit management is also accountable for reporting to the governance bodies within the Company.
Risk Function	Primarily accountable for risk management reporting, providing oversight and independent reporting to management and the Board.
Internal Audit Function	Provides an independent assessment of the adequacy and effectiveness of the overall risk management framework and risk governance structures, and reports to the Board through the Company's Audit Committee.
Compliance & AML Function	Responsible for monitoring and assessment of business compliance with CMA Prudential Rules, including Anti Money Laundering & Counter terrorist financing regulations.

Risk management strategy and polices are subject to regular review and authorized by the Board.

4.2 Assurance

The Audit Committee monitors assurance and auditing, thus providing assurance evaluation to the Board, in addition to feedback from the senior management team. Recommendations for improvement are identified by:

Internal audit and Compliance reviews undertaken to identify any weaknesses in the Company's risk management policies, business systems and / or IT systems and any breaches in compliance.

External audits are undertaken by the Company's appointed External Auditor to express an opinion on the truth and fairness of the financial statements and capital adequacy return; and provide a report on compliance with CMA client money regulations.

IT security is reviewed periodically by independent third party service providers to ensure the strength of data access controls and protection against loss of data at the Company.

4.3 Risk Appetite

The Company's risk appetite is defined as the level of risk the Board is prepared to sustain whilst pursuing its strategic objectives, recognizing that there is a range of possible outcomes due to uncertain future.. The Company's risk appetite framework seeks to encourage appropriate risk taking to ensure that risks are aligned with business strategy and objectives. The Company currently classifies material risks into various categories including credit risk, market risk, operational risk.

Risk appetite is defined by reference to the nature of identified business risks. Appropriate measures are in place at business unit level to ensure effective control and risk mitigation so that the risk profile of the Company remains appropriate to its business strategy. This framework enables the Company to:

- improve risk and return characteristics across the business,
- meet growth targets within an overall risk appetite and protect the Company's performance,
- improve management confidence and debate regarding our risk profile,
- improve executive management control and co-ordination of risk-taking across businesses, and
- identify unused risk capacity, and thus highlight profitable opportunities.

4.4 Stress Testing and Governance

Stress testing is a key element of the risk appetite framework and gives insight to management on potential high risk areas. It provides an important link between risk and capital management within the Company. The risk management and finance functions of the Company support the Board in executing these responsibilities. Annual reports are submitted to senior management and the CMA in this regard.

The Company applies stress testing to supplement its risk assessment processes and to meet regulatory requirements. The objective of stress testing is to assess the Company's exposure to extreme, but plausible events. The Company undertakes periodic stress tests in accordance with the requirements of the CMA Prudential Rules.

The Board and senior management have ultimate responsibility for the governance of all risk taking activity in the Company. Risk Management is embedded in the Company as an intrinsic process and is a core requirement for all its employees in the conduct of their responsibilities.

The Compliance and Internal Audit functions oversee the Company's businesses and report to the Compliance & Audit Committees respectively. This provides independent validation of the business unit's compliance with risk policies and procedures and the adequacy and effectiveness of the risk management framework.

5. Risk Reporting and Disclosure

5.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company exposure to credit risk mainly arises from bank balances, investment in Murabaha deposits, investment in listed equity classified as available for sale, investment in real estate held by one of its subsidiary funds and other receivables.

The Company's risk management policies and processes are designed to identify and analyze risk, to set appropriate limits and controls, and to monitor the risks and adherence to limits by means of timely and reliable management information data.

Risk weighted exposure amounts (RWA) for a position is calculated as the exposure value multiplied by a risk weight factor which depends on exposure class and the perceived credit worthiness of the counterparty based on its credit rating. These rates are outlined in the Prudential Rules published by the CMA. The minimum capital requirements for non-trading activities correspond to not less than 14% of the Company's RWA. RWA's as at 31 December 2015 amounted to SR 535 million (2014: SR 623 million). The resulting Pillar 1 & 2 minimum capital requirements for credit risk is SR 74.8 million as at 31 December 2015 (2014: SR 87.3 million). The Company's Credit Risk Weights are detailed in **Section 6 Appendix 2** of this Disclosure Statement.

5.1.1 Counterparty Risk

The Company is exposed to counterparty risk arising from the conduct of its brokerage and asset management business activities. In order to mitigate this risk, the Company conducts periodic assessments of all counterparties to evaluate their creditworthiness and acceptability to the Company. External credit ratings are considered only from Nationally Recognized Statistical Rating Organizations (NRSCO) such as Standards & Poor's (S&P), Moody's and Fitch. As part of the Company's counterparty review process, country risk is also taken into consideration and limits marked against different countries where counter parties are incorporated. Client money is held on behalf of the Company's customers in Omnibus accounts at Bank Al Jazira in accordance with CMA regulations. Foreign asset managers, international brokers and custodians are subject to an initial assessment and re-assessed on a periodic basis to ensure that they remain acceptable counterparties for the Company.

5.1.2 Past due

The Company defines financial assets as "Past Due" when a counterparty has failed to make a payment that is contractually due. Risk Management review of on and off balance sheet exposures ensure that all exposures are settled in a timely manner. As at 31 December 2015, the Company does not have any past due items giving rise to credit risk.

5.1.3 Impairment and Specific Provisions

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, an impairment loss is recognised in the statement of income for the Company. As at 31 December 2015, the Company's financial assets did not require any impairment loss provisions.

5.1.4 Geographic Distribution of Exposures

The Company's credit risk exposure as at 31 December 2015, is mainly in Saudi Arabia. The Company's subsidiary funds held bank balances with counterparties outside Saudi Arabia amounting to SR 1.5 million as at 31 December 2015.

5.1.5 Credit Risk Exposures by Credit Quality

The Company's Credit Risk Rated Exposures are detailed in **Section 6 Appendix 3** of this Disclosure Statement.

5.1.6 Credit Risk Mitigation

Bank balances and investment in Murabaha deposits, amounting to SR 437.5 million at 31 December 2015, are held with the Parent Company, Bank AlJazira. Bank AlJazira enjoys stable credit ratings. As at December 31, 2015, Company does not have any credit exposure covered by financial collateral, guarantees or netting agreements. The Company's Credit Risk Mitigation disclosures are detailed in **Section 6 Appendix 4** of this Disclosure Statement.

5.1.7 Residual Contractual Maturity Breakdown

The residual contractual maturity of the Company's exposures is detailed in **Section 6 Appendix 5** of this Disclosure Statement.

5.1.8 Counterparty Credit Risk and Off Balance Sheet Exposures

The Company does not have transactions in derivatives, repos, reverse repos or securities borrowing/ lending.

5.2 Market Risk

Market risk is the risk that changes in market process, such as special commission rate, equity prices and foreign exchange rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Investment Committee ensures that the proprietary investments are diverse and balanced, and seeks investment opportunities consistent with the investment strategy. The overriding investment objective is to generate an approved minimum rate of return whilst adhering to the approved investment strategy. The Investment Committee has approved risk limits for trading and non-trading activities consistent with the risk appetite approved by the Board.

Realized gains, losses and market-to-market movements of investment and trading portfolio positions are calculated and monitored by management; appropriate action is taken in the event that any losses and / or mark-to-market movements are determined to be inconsistent with the risk appetite of the Company. Open positions in foreign currencies have historically been very low at the Company. Open currency positions are closed out on a regular basis in order to keep foreign exchange risk to a minimum. Periodic stress testing of possible adverse market events is undertaken and the results presented to the Board on a periodic basis.

Capital is required for trading book exposures. For market risk, both specific and general risks are calculated. Specific risks refer to non-systematic risks, whereas general risks refer to systematic risks. The amount of capital required for equity risk primarily depends on the type of instrument and on the amount of diversification. The amount of capital required for profit rate risk mainly depends on the credit quality of the issuer of the instrument and the maturity or duration of the exposure. Pillar 1 & 2 minimum capital requirements for market risk is SR 42.8 million as at 31 December 2015 (2014: SR 48.7 million).

The Company's Market Risk exposures are as follows:

As at 31 December 2015			
Exposure Class	**Exposures before CRM SAR '000'**		**Capital Requirement SAR '000'**
Market Risk	**Long Position**	**Short Position**	
Interest rate risks			
Equity price risks	100,962		18,173
Risks related to investment funds	127,802		20,448
Securitisation/ resecuritisation positions			
Excess exposure risks			
Settlement risks and counterparty risks			
Foreign exchange rate risks	44,027		4,173
Commodities risks			
Total Market Risk Exposures	**272,791**		**42,794**

As at 31 December 2014			
Exposure Class	**Exposures before CRM SAR '000'**		**Capital Requirement SAR '000'**
Market Risk	**Long Position**	**Short Position**	
Interest rate risks			
Equity price risks	137,282		24,711
Risks related to investment funds	122,182		19,549
Securitisation/ resecuritisation positions			
Excess exposure risks			
Settlement risks and counterparty risks			
Foreign exchange rate risks	47,434		4,455
Commodities risks			
Total Market Risk Exposures	**306,898**		**48,715**

5.3 Operational Risk

Operational risk is a distinct risk category which the Company manages within acceptable levels through sound operational risk management practices that are part of the day-to-day responsibilities of management at all levels. The objective in managing operational risk is to ensure control of the Company's resources by protecting the assets of the Company and minimizing the potential for financial loss. The Company's risk management approach involves identifying, assessing, managing, mitigating, monitoring and measuring the risks associated with operations. Qualitative and quantitative methodologies and tools are used to identify and assess operational risk and to provide management with information for determining appropriate mitigating factors. These tools include a loss database of operational risk events categorized according to CMA Prudential Rules business lines and operational risk event types; and a risk and control assessment process to analyze business activities and identify operational risks related to those activities. The management of operational risk has a key objective of minimizing the impact of losses suffered in the normal course of business (expected losses) and to avoid or reduce the likelihood of suffering a large extreme (unexpected) loss.

There is a dedicated Risk function for the Company. Day-to-day risk management activities are currently managed within each respective business unit. The Board meets on a quarterly basis and is updated on all relevant aspects of the business including operational risk management matters. Control assessments are performed on all critical services of the Company with the participation of representatives from the relevant businesses, internal audit and the risk and finance departments.

High impact risks and issues of critical importance are reported to the Board who then set resolution priorities.

Articles 39 - 44 and Annex 4 of the CMA Prudential Rules set out two approaches to calculate capital for operational risk requirements. Under the Basic Indicator Approach, followed by the Company, 15% of the Company's average gross operating income is calculated over the last 3 years. CMA Prudential Rules also require a calculation for Operational Risk equal to 25% of Overhead Expenses (known as Expenditure Based Approach). The actual capital requirement for operational risk is the greater of these two methods of calculation. On this basis, Pillar 1 & 2 minimum capital requirements for operational risk is SR 45.2 million as at 31 December 2015 (2014: SR 49.0 million).

5.4 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

The Company's liquidity profile is conservative; the bulk of the Company's paid up capital is placed with the Parent Company, Bank AlJazira. Liquidity requirements are monitored on a regular basis and management ensures that sufficient funds are available to meet any commitments as they arise. Liquidity risk is mitigated by investing surplus funds in short term money market investments. The Company also maintains a revolving Islamic loan facility from Parent Company, Bank AlJazira.

All of the Company's financial liabilities as at 31 December 2015 are payable within 12 months of the balance sheet date except for employee end of service benefits which do not have any fixed payment date. The Company's liquidity position is detailed in **Section 6 Appendix 5** of this Disclosure Statement.

6. Appendices

Appendix 1 - Exposures, Risk Weighted Assets and Capital Requirements

As at 31 December 2015

Exposure Class	Exposures before CRM SAR '000'	Net Exposures after CRM SAR '000'	Risk Weighted Assets SR '000'	Capital Requirement SAR '000'
Credit Risk				
On-balance Sheet Exposures				
Governments and Central Banks				
Authorised Persons and Banks	443,118	443,118	90,663	12,693
Corporates	-	-	-	-
Retail	2,529	2,529	7,587	1,062
Investments	92,409	92,409	222,679	31,175
Securitisation				-
Margin Financing				-
Other Assets	74,444	74,444	213,674	29,914
Total On-Balance sheet Exposures	**612,500**	**612,500**	**534,603**	**74,844**
Off-balance Sheet Exposures				
OTC/Credit Derivatives				
Repurchase agreements				
Securities borrowing/lending				
Commitments				
Other off-balance sheet exposures				
Total Off-Balance sheet Exposures				**-**
Total On and Off-Balance sheet Exposures	**612,500**	**612,500**	**534,603**	**74,844**
Prohibited Exposure Risk Requirement	-		-	-
Total Credit Risk Exposures	**612,500**		**534,602**	**74,844**
Market Risk	**Long Position**	**Short Position**		
Interest rate risks				
Equity price risks	100,962			18,173
Risks related to investment funds	127,802			20,448
Securitisation/resecuritisation positions				
Excess exposure risks				
Settlement risks and counterparty risks				
Foreign exchange rate risks	44,027			4,173
Commodities risks				
Total Market Risk Exposures	**272,791**			**42,794**
Operational Risk				45,180
Minimum Capital Requirements				162,818
Surplus in capital				555,203
Total Capital ratio (time)				**4.41**

As at 31 December 2014

Exposure Class	Exposures before CRM SAR '000'		Net Exposures after CRM SAR '000'	Risk Weighted Assets SR '000'	Capital Requirement SAR '000'
Credit Risk					
On-balance Sheet Exposures					
Governments and Central Banks					
Authorised Persons and Banks	447,690		447,690	89,538	12,535
Corporates	12		12	2	-
Retail	759		759	2,277	319
Investments	175,687		175,687	341,035	47,745
Securitisation					-
Margin Financing					-
Other Assets	63,477		63,477	190,431	26,661
Total On-Balance sheet Exposures	**687,625**		**687,625**	**623,283**	**87,260**
Off-balance Sheet Exposures					
OTC/Credit Derivatives					
Repurchase agreements					
Securities borrowing/lending					
Commitments					
Other off-balance sheet exposures					
Total Off-Balance sheet Exposures					**-**
Total On and Off-Balance sheet Exposures	**687,625**		**687,625**	**623,283**	**87,260**
Prohibited Exposure Risk Requirement					
Total Credit Risk Exposures	**687,625**		**687,625**	**623,283**	**87,260**
Market Risk	**Long Position**	**Short Position**			
Interest rate risks					
Equity price risks	137,282				24,711
Risks related to investment funds	122,182				19,549
Securitisation/resecuritisation positions					
Excess exposure risks					
Settlement risks and counterparty risks					
Foreign exchange rate risks	47,434				4,455
Commodities risks					
Total Market Risk Exposures	**306,898**				**48,715**
Operational Risk					49,049
Minimum Capital Requirements					185,023
Surplus in capital					648,450
Total Capital ratio (time)					**4.50**

Appendix 2 - Credit Risk Weights

As at 31 December 2015

Risk Weights SAR'000	Exposures after netting and credit risk mitigation												
	Governments 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	Total Risk Weighted Assets
0%													
20%			437,210									437,210	87,442
50%			5,641									5,641	2,821
100%													
150%			267					58,783		6,439		65,489	98,234
200%													
300%						2,529				68,005		70,534	211,602
400%								33,626				33,626	134,504
500%													
714% (include prohibited exposure)													
AverageRisk-Weight			20%			300%		241%		287%			
Deduction-fromCapital-Base			90,663			7,587		222,679		213,674		**612,500**	**534,603**

As at 31 December 2014

Risk Weights SAR'000	Exposures after netting and credit risk mitigation												
	Governments 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	Total Risk Weighted Assets
0%													
20%			447,690		12							447,702	89,540
50%													
100%													
150%								124,018				124,018	186,027
200%													
300%						759		51,669		63,477		115,905	347,716
400%													
500%													
714% (include prohibited exposure)													
Average Risk Weight			20%		20%	300%		194%		300%			
Deduction from Capital Base			89,538		2	2,277		341,035		190,431		**687,625**	**623,283**

Appendix 3 - Credit Risk Rated Exposures

As at 31 December 2015

Exposure Class SAR'000	Long term Ratings of counterparties								Total
	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									
Authorised Persons and Banks			442,851					267	**443,118**
Corporates								-	**-**
Retail								2,529	**2,529**
Investments								92,409	**92,409**
Securitisation									**-**
Margin Financing									**-**
Other Assets								74,444	**74,444**
Total		-	442,851	-	-	-	-	169,649	**612,500**

Exposure Class SAR'000	Short term Ratings of counterparties						Total
	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							
Authorised Persons and Banks			442,851			267	**443,118**
Corporates						-	**-**
Retail						2,529	**2,529**
Investments						92,409	**92,409**
Securitisation							**-**
Margin Financing							**-**
Other Assets						74,444	**74,444**
Total		-	442,851	-	-	169,649	**612,500**

As at 31 December 2014

Exposure Class SAR'000	Long term Ratings of counterparties								Total
	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									
Authorised Persons and Banks			447,691						**447,691**
Corporates								12	**12**
Retail								759	**759**
Investments								175,687	**175,687**
Securitisation									**-**
Margin Financing									**-**
Other Assets								63,476	**63,476**
Total		-	447,691	-	-	-	-	239,934	**687,625**

Exposure Class SAR'000	Short term Ratings of counterparties						Total
	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							
Authorised Persons and Banks			447,691				**447,691**
Corporates						12	**12**
Retail						759	**759**
Investments						175,687	**175,687**
Securitisation							**-**
Margin Financing							**-**
Other Assets						63,476	**63,476**
Total		-	447,691	-	-	239,934	**687,625**

Appendix 4 - Credit Risk Mitigation

As at 31 December 2015

Exposure Class SAR'000	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						
Authorised Persons and Banks	443,118					443,118
Corporates						-
Retail	2,529					2,529
Investments	92,409					92,409
Securitisation						-
Margin Financing						-
Other Assets	74,444					74,444
Total On-Balance sheet Exposures	**612,500**	-	-	-	-	**612,500**
Off-balance Sheet Exposures						
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 Exposures						
Total Off-Balance sheet Exposures	-	-	-	-	-	-
Total On and Off-Balance sheet Exposures	**612,500**	-	-	-	-	**612,500**

As at 31 December 2014

Exposure Class SAR'000	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						
Authorised Persons and Banks	447,690					447,690
Corporates	12					12
Retail	759					759
Investments	175,687					175,687
Securitisation						-
Margin Financing						-
Other Assets	63,477					63,477
Total On-Balance sheet Exposures	**687,625**					**687,625**
Off-balance Sheet Exposures						
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 Exposures						
Total Off-Balance sheet Exposures	-	-	-	-	-	-
Total On and Off-Balance sheet Exposures	**687,625**	-	-	-	-	**687,625**

Appendix 5 – Residual Contractual Maturity of Exposures and Liquidity Position

As at 31 December 2015

SAR'000	Within 3 months	3 - 12 months	1- 5 years	over 5 years	No fixed maturity	Total
ASSETS						
Current Assets						
Cash and cash equivalents	38,736					38,736
Held for trading investments	102,427		15,443		110,894	228,764
Due from a related party	4,402					4,402
Accrued special commission income	15					15
Investment in real estate properties		33,626				33,626
Prepayment and other current assets		27,974				27,974
Total Current Assets	**145,580**	**61,600**	**15,443**	**-**	**110,894**	**333,517**
Non-Current Assets						
Murabaha deposits			400,000			400,000
Available for sale Investments					58,783	58,783
Accrued special commission income			491			491
Property and equipment, net				48,493		48,493
Total Non-current Assets	**-**	**-**	**400,491**	**48,493**	**58,783**	**507,767**
Total Assets	**145,580**	**61,600**	**415,934**	**48,493**	**169,677**	**841,284**
LIABILITIES AND EQUITY						
Due to related party	833					833
Accrued expenses and other current liabilities		32,281				32,281
Accrued Zakat and income tax		5,728				5,728
Subsidiary equity obligations					35,825	35,825
Total Current Liabilities	**833**	**38,009**	**-**	**-**	**35,825**	**74,667**
Non Current Liabilities						
Provision for employees' end of service benefits					41,223	**41,223**
Total Liabilities	**833**	**38,009**	**-**	**-**	**77,048**	**115,890**
Equity						
Share Capital					500,000	500,000
Statutory Reserve					81,571	81,571
Retained Earnings			102,540			102,540
Unrealised gain on available for sale investments					41,283	41,283
Total Equity	**-**	**-**	**102,540**	**-**	**622,854**	**725,394**
Total Liabilities and equity	**833**	**38,009**	**102,540**	**-**	**699,902**	**841,284**
Balance sheet Gap	**144,747**	**23,591**	**313,394**	**48,493**	**(530,225)**	**-**
Cumulative GAP	**144,747**	**168,338**	**481,732**	**530,225**	**-**	**-**

As at 31 December 2014

SAR'000	Within 3 months	3 - 12 months	1- 5 years	over 5 years	No fixed maturity	Total
ASSETS						
Current Assets						
Cash and cash equivalents	37,061					37,061
Held for trading investments	106,917		14,939		137,608	259,464
Due from a related party	11,236					11,236
Murabaha deposits		400,000				400,000
Accrued special commission income		16,120				16,120
Investment in real estate properties		51,669				51,669
Prepayment and other current assets		14,076				14,076
Total Current Assets	**155,214**	**481,865**	**14,939**	**-**	**137,608**	**789,626**
Non-Current Assets						
Available for sale Investments					113,750	113,750
Property and equipment, net				44,320		44,320
Total Non-current Assets	**-**	**-**	**-**	**44,320**	**113,750**	**158,070**
Total Assets	**155,214**	**481,865**	**14,939**	**44,320**	**251,358**	**947,696**
LIABILITIES AND EQUITY						
Due to related party	606					606
Accrued expenses and other current liabilities		27,610				27,610
Accrued Zakat and income tax		10,510				10,510
Subsidiary equity obligations					40,170	40,170
Total Current Liabilities	**606**	**38,120**	**-**	**-**	**40,170**	**78,896**
Non Current Liabilities						
Provision for employees' end of service benefits				-	35,326	**35,326**
Total Liabilities	**606**	**38,120**	**-**	**-**	**75,496**	**114,222**
Equity						
Share Capital					500,000	500,000
Statutory Reserve					70,672	70,672
Retained Earnings		166,552				166,552
Unrealised gain on available for sale investments					96,250	96,250
Total Equity	**-**	**166,552**	**-**	**-**	**666,922**	**833,474**
Total Liabilities and equity	**606**	**204,672**	**-**	**-**	**742,418**	**947,696**
Balance sheet Gap	**154,608**	**277,193**	**14,939**	**44,320**	**(491,060)**	**-**
Cumulative GAP	**154,608**	**431,801**	**446,740**	**491,060**	**-**	**-**