الإنمـاء للاسـتـثـمـار
alinma investment
مرخصة من هيئة السوق المالية برقم 37-09134

Pillar III Disclosure Report

For the Year ended in 31 December 2020

Disclosure
Report

www.alinmainvestment.com

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1. Introduction

Al Inma Investment hereinafter referred to as "AIC" and/or "the Company", is licensed and regulated by the Capital Market Authority (hereinafter referred to as "CMA"). The CMA Prudential Rules consists of three main Pillars of Capital Adequacy:

- Pillar I, refer to the minimum Capital Adequacy requirements, where the Company must maintain capital resources above the capital required amount.
- Pillar II, refer to all risks and capital adequacy assessment to determine if additional capital should be assigned to cover additional risks.
- Pillar III, refer to the market disclosure and reporting of capital adequacy and the other required information to be published, the annual review and updates of Pillar III will be published on the Company's official website www.Alinmainvestment.com

The Pillar III report prepared in accordance with the Capital Market Authority regulations. It meets the Annual Disclosure's minimum requirements, referred by Article 68 of the Prudential Rules, and shall be arranged in accordance to Annex 10 of the same rules along with some illustrative tables.

2. Scope of the Company

Alinma Investment Company (hereinafter referred as "AIC" or "the Company") is a Saudi Closed Joint Stock Company, operates under the commercial registration numbered 1010269764 issued in 23rd Jumad II 1430H (corresponding to 16 June 2009). The Company is fully owned by Alinma Bank that engage in all aspects of Shariah compliant banking services and authorized by the Saudi Central Bank ("SAMA").

The Company operates its investment activities under the license No. 09134-37 dated 23rd Rabi II 1430H (corresponding to 19 April 2009), issued by the Capital Market Authority. The mentioned license is to authorize the Company to conduct the investment services relates to Dealing as Principal, Dealing as Agent, Managing, Arranging, Advising and Custody.

3. Risk Management Structured

3.1 Risk Management

The Risk Management Department ("RMD") within the Company is one of the independent control functions, the department is directed by the Head of Risk, reporting directly to the Company's Chief Executive Officer ("CEO").

The top management approved the plan to redesign the risk management framework recently, in addition, a close monitoring for those aspect to confirm full execution and implementation in place in which:

- Clear Communication process.
- Promote the Risk Management Culture within the Company.
- Develop and promote the operating process.
- Implement the corporate devil's advocate approach to smooth the investment process.

3.2 Risk Management Governance

3.2.1 Board of Directors ("BOD")

The Board of Directors has the overall responsibilities for establishing robust risk culture, in addition to ensure the implementation of effective risk management framework, among their responsibilities but not limited to the following:

- Approve the annual Risk Appetite Statement and the limits ("RAS").
- Review and approve the Internal Capital Adequacy Assessment Process ("ICAAP").
- Review and approve any modification and/or enhancement related to the Risk Management framework.

3.2.2 Chief Executive Officer ("CEO")

Among the CEO responsivities that is not limited to the following in which:

- Ensure all Head and executives are fully aware of their ownership of risk associated to their business.
- Review, suggest and recommend enhancements of the proposed risk mitigation mechanism.
- Fully support the risk management implementation activities and initiatives when deemed necessary.

3.2.3 Risk Committees

Currently there are two management committees involving the Risk Management. The Risk Management Committee ("RMC") mainly responsible to provide an overall look for the Company Risk management activities. The Risk and Investment Committee ("RIC") responsible to address any concerns related to the investment process, transactions and products.

3.2.4 Internal Audit

As always, the Company continuously working to promote the effectiveness of the internal audit framework, in which the internal audit function is co-sourced to one of the well-known service provider within the market, along with an Internal Audit Manager working closely to monitor and control the audit process. The internal audit function reports to the Audit Committee ("AC") at the Board level.

3.3 Risk Management Strategy

The department framework responsible for designing and introduction of risk management independently process, subject for Identification, Assessment, Monitoring and Control of both financial and non-financial risks that associate with the business activities. The department conducted its process based on policies and procedures that is subject to a continues review and approval, in order to implement a continues development and enhancement for the process that fully comply with the Authority regulations. The strategy objective is to promote the Risk Management culture and keep both risks levels vs returns at acceptable levels. Currently the risk management execute its responsibilities based on an ex-post basis for gaps assessment, and to meet the business expectations.

4. Capital Structure

4.1 Material & legal Impediments

Al Inma Investment does not have any subsidiaries, however, the Company created "Special Purpose Vehicles" ("SPV's"), in order to meet the CMA's regulations as a custodian for its fund's assets. Moreover, the Company did not transfer capital or considered any repayment of liabilities toward any related business partners recently or for the foreseeable future, therefore, the Company does not have any material or legal impediment.

4.2 Capital Adequacy General Principle

The Company always work to maintain the relationship that is prudent between the capital base and underlying risk by complying with CMA prudential rules Part 2: Capital Base.

4.3 Capital Market Authorities & Other Authorities Imposed Restrictions

Capital Market Authorities imposed their restrictions within the Prudential Rules Chapter 4 to Chapter 16, in which all Capital Market Institutions ("CMI") must possess a capital base level not less than the minimum capital requirements of 1.0x at any point of time. On the other hand, according to the Ministry of Commerce and Investment ("MCI") Regulations, in addition to the Company's Article of Association ("AoA")in which transfer a total of (10%) of net income to statutory reserve until it reaches (30%) of the total share capital. The Company is fully complying with such regulations.

4.4 Capital Base

Based on the Company's audited financial statements as of December 31, 2020, the capital base presented as follow compared to same period of the financial year of 2019:

Table 1. Capital Base

Exposure Classes\ SAR '000	FY 2020	FY 2019
Tier 1 - Capital		
Paid-up capital	250,000	250,000
Reserves	123,539	91,352
Audited retained earnings	813,033	774,320
Verified Interim Profits	-	-
Reserves (other than revaluation reserves)	-	-
Tier-1 capital contribution	-	-
Deductions from Tier-1 capital	(7,821)	(9,287)
Total Tier-1 capital	**1,178,750**	**1,106,385**
Tier 2 - Capital	-	-
Total Tier 2 - capital	-	-
Total Capital Base	**1,178,750**	**1,106,385**

5. CAPITAL ADEQUACY

5.1 Capital Adequacy Principle

Capital Adequacy is a clear indication for the Company's ability to ensure efficient utilization of its capital in relation to business requirements, in addition to the Company risk profile and shareholder visions and expectations.

The Company maintain and monitor its capital requirement by addressing Pillar 1 risks of the CMA's Prudential Regulations through the Capital Adequacy Model ("CAM") reported monthly to CMA. The Company assess the capital adequacy to support the current and future investment activities through the following principles:

- At least once a year, the Company conduct Pillar II review through Internal Capital Adequacy Assessment Process ("ICAAP"). The ICAAP process consider the Company's strategies by assessing the Capital Adequacy and the impact of associated risks over the next three coming years. The process importance appear in providing the accurate information for decision-making process.
- Assess potential impact for all risk profiles toward the Company by conduct stress testing and scenario analysis for specific events. The Stress testing indicate the process in place in order to assess the prospected impact level for exceptional unfavorable conditions over the Company's Capital Adequacy.
- Assess the capital base in order to maintain the capital ratio above the CMA's minimum requirement of 1.0x.

The previously mentioned approached applied in order to confirm that the Company regularly maintain the capital adequacy ratio above 1x as per the CMA requirement. The Company's total capital ratio as of December 31, 2020 was 1.98x, correspond to minimum capital requirements of SR 597 mm with capital surplus of SR 582 mm. The Company minimum capital requirements as of December 31, 2020 and 2019 in line with audited financial statement presented at the following table. "For detailed disclosure please refer to point 7".

Table 2. Capital Adequacy Comparison		
Exposure Classes\ SAR '000	**FY 2020**	**FY 2019**
Credit Risk		
On-balance Sheet Exposures		
Governments and Central Banks	691	-
Authorized Persons and Banks	3,689	13,085
Corporates	43,629	54,919
Retail	-	-
Investments	291,136	161,721
Securitization	-	-
Margin Financing	173,858	76,130
Other Assets	16,136	15,348
Total On-Balance sheet Exposures	**529,140**	**321,203**
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	**529,140**	**321,203**
Prohibited Exposure Risk Requirement	-	-
Total Credit Risk Exposures	**529,140**	**321,203**
Market Risk		
Interest rate risks	-	-
Equity price risks	5,488	2,233
Risks related to investment funds	-	1,508
Securitization/Re-securitization positions	-	-
Excess exposure risks	-	-
Settlement risks and counterparty risks	-	-
Foreign exchange rate risks	1,784	-
Commodities risks	-	-
Total Market Risk Exposures	**7,272**	**3,741**
Operational Risk	**60,283**	**52,971**
Minimum Capital Requirements	596,695	377,915
Surplus/(Deficit) in capital	582,056	728,470
Total Capital Ratio (Time)	**1.98**	**2.93**

6. General Qualitative Disclosure

6.1 Credit Risk

Credit Risk is the risk of economic loss due to a failure to perform obligations according to the terms and conditions of a contractual agreement by a debtor. Credit Risk considered the main risks charged to capital for the Company, due to the Company's proprietary investments including the margin-lending product. The Company conduct the reasonable due diligence of securities and investments, in addition to the annual counterparty risk assessment, moreover, assess margin lending client's collateralized portfolio position, and keep monitoring their coverage ratio in daily base, in addition, to the quarterly share classification process.

6.2 Credit Risk Mitigation

In order to mitigate the credit risk and the counterparty risks the company apply the following controls:

6.2.1 The policies and procedures that deemed suitable and approved, to highlight any breach for an immediate correction plan, in addition to continues review and enhancement in place.

6.2.2 Daily assessment and monitoring for all margin lending portfolio position, in which the Company consider proper actions if the clients portfolio falls behind certain thresholds.

6.2.3 Perform annual counterparty risk assessment

6.2.4 Perfume share assessment and classification for the Saudi primary market listed companies in quarterly bases.

6.2.5 Perform Stress testing process annually and when need to review any unexpected movement.

6.3 Market Risk

Market Risk is the potential of negative impact resulted by changes in the market prices that impact on the financial condition of the holdings of any institution. It can be complex and difficult to manage as it is arising from positions either explicit or embedded within instruments. The four main type of market risk are Interest Rate, Foreign Exchange, Equity price, Commodity price.

The Company Trading activities conducted through a DPM. The Company's exposure to market risk is mainly through the principle book that involved in equity price risks, investment funds risks and foreign currency exchange risk.

6.4 Market Risk Mitigation

In order to mitigate market risk, the Company apply the following controls:

6.4.1 Suitable Investment Policies and procedures approved, to ensure implementation and comply with the capital adequacy requirements.

6.4.2 Conduct investments due diligence, underwriting process assessment.

6.4.3 Monitoring the main market share prices movements.

6.4.4 Monitor the concentration levels as per the Risk Appetite Statement.

6.4.5 Review and monitor AIC's funds' performance against each respective benchmark.

6.4.6 Apply risk measurement tools such as Sensitivity Analysis and/or Stress Testing where applicable.

6.5 Operational Risk

Operational Risk is the inherent risk within all activities and process associated to all investments process. According to Basel II regulations operational risk known by "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events". The operational loss may arise from but not limited to the following:

- Business Internal Process where failures of processes or procedures occurred.
- Human Risks that include all personal involvement within the process.
- System Risks while using technology and systems.
- Force majeure and/or External Event for incidents caused beyond the direct control of the Company.

The Company apply best practice for operational risk management that fits the company's business, in which the Risk team always confirm and emphasize that operation risk associated with every and each business line and function responsibilities held by the head of each respective function, holding the responsibility to minimize it while conduct their business as the first line of defense.

6.6 Operational Risk Mitigation

In order to mitigate operational risk the Company apply the following controls:

6.6.1 Approved operational risk management policy and procedure already implemented that subject to an annual review and improvement.

6.6.2 Consider the Professional Indemnity Insurance to cover losses may raise.

6.6.3 Conduct the review of Risk Control Self-Assessment "RCSA", and liaise with the Internal Audit Team to assess the effectiveness of the business controls resulted from the assessment process.

6.6.4 Review the Company's policies & procedures, in addition to review all Service Level Agreements ("SLA") annually.

6.6.5 Improve & develop the root cause analysis reporting for all incidents.

6.6.6 Apply the Business Continuity Plan ("BCP"), and the Disaster Recovery Plan ("DRP").

6.7 Liquidity Risk

This risk arises as a result of holding of illiquid assets, Asset vs. Liability gap also known as cash flow risks, or inaccurate assessments of potential operating liquidity requirements. As per the Capital Market Authority regulations, the Liquidity Statement is prepared in accordance to different time intervals of the expected cash flow arising at the settlement time of both asset and liabilities. Time intervals used as per the CMA Prudential Rules Regulation presented below:

- 1 Day
- From 1 day Up to 1 week
- From 1 week up to 1 month
- From 1 month Up to 3 months
- From 3 months Up to 6 months
- From 6 months Up to 1 Year
- Over 1 Year
- Non Maturity

6.8 Liquidity Risk Mitigation and Contingent Plan

In order to mitigate the liquidity risk, the Company apply the following controls:

6.8.1 Liquidity position monitored regularly.

6.8.2 Consider short term and low risk investments.

6.8.3 Apply stress-testing scenarios to evaluate the worst-case scenario impact toward the Company.

6.8.4 AIC ensures liquidity of asset management funds by maintaining sufficient cash balances in settlement and investment accounts.

6.8.5 AIC also holds sufficient cash deposits with banks to meet its contingencies.

Beside the measure of the liquidity risk by calculating the cash flow gaps based on maturity buckets related to all assets and liabilities, the Company's current ratio as Dec 31, 2020 was 9.69, compared to 4.23 in Dec 31, 2019. Therefore, the Company made substantial provisions for the liquidity to cover its payments at maturities. There is no capital charge is necessary to be kept aside for liquidity risk.

Contingent liquidity Risk

The Finance Department draws a contingency funding plan at the beginning of the year to address any liquidity crisis in future. Any liquidity shortfall requirement of business met through a short-term draw down facility not only from the holding parent bank. In addition, the Company maintains high Liquidity Coverage Ratio ("LCR") greater than 100% in order to meet its net cash outflows over the 30-day period under stressed scenario, the liquidity position, as December 31, 2020 did not record any short-term outflow.

7. Quantitative Disclosures

7.1 Capital Adequacy Quantitative Disclosures for FY of 2020 & 2019

Table 3. Capital Adequacy Comparison - December 31, 2020

Exposure Class\ SAR '000	Exposures before Credit Risk Mitigation (CRM)		Net Exposures after CRM	Risk Weighted Assets	Capital Requirement
Credit Risk					
On-balance Sheet Exposures					
Governments and Central Banks	4,937		4,937	4,937	691
Authorized Persons and Banks	109,267		109,267	26,353	3,689
Corporates	43,647		43,647	311,637	43,629
Retail	-		-	-	-
Investments	721,624		721,624	2,079,544	291,136
Securitization	-		-	-	-
Margin Financing	667,620		667,620	1,241,845	173,858
Other Assets	34,170		34,170	115,254	16,136
Total On-Balance Sheet Exposures	**1,581,265**		**1,581,265**	**3,779,570**	**529,140**
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	**1,581,265**		**1,581,265**	**3,779,570**	**529,140**
Prohibited Exposure Risk Requirement	-		-	-	-
Total Credit Risk Exposures	**1,581,265**		**1,581,265**	**3,779,570**	**529,140**
Market Risk	**Long Position**	**Short Position**			
Interest rate risks	-	-			-
Equity price risks	30,489	-			5,488
Risks related to investment funds	-	-			-
Securitization/ Re- Securitization positions	-	-			-
Excess exposure risks	-	-			-
Settlement risks and counterparty risks	-	-			-
Foreign exchange rate risks	61,059	-			1,784
Commodities risks.	-	-			-
Total Market Risk Exposures	**91,548**	**-**			**7,272**
Operational Risk					**60,283**
Minimum Capital Requirements					596,695
Surplus/(Deficit) in capital					582,056
Total Capital Ratio (Time)					**1.98**

Table 4. Capital Adequacy Comparison - December 31, 2019				
Exposure Class\ SAR '000	**Exposures before Credit Risk Mitigation (CRM)**	**Net Exposures after CRM**	**Risk Weighted Assets**	**Capital Requirement**
Credit Risk				
On-balance Sheet Exposures				
Governments and Central Banks	-	-	-	-
Authorized Persons and Banks	444,814	444,814	93,462	13,085
Corporates	54,995	54,995	392,281	54,919
Retail	-	-	-	-
Investments	460,601	460,601	1,155,152	161,721
Securitization	-	-	-	-
Margin Financing	362,522	362,522	543,783	76,130
Other Assets	40,590	40,590	109,626	15,348
Total On-Balance sheet Exposures	**1,363,522**	**1,363,522**	**2,294,304**	**321,203**
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	**1,363,522**	**1,363,522**	**2,294,304**	**321,203**
Prohibited Exposure Risk Requirement	-	-	-	-
Total Credit Risk Exposures	**1,363,522**	**1,363,522**	**2,294,304**	**321,203**

Market Risk	**Long Position**	**Short Position**	
Interest rate risks	-	-	-
Equity price risks	12,406	-	2,233
Risks related to investment funds	9,427	-	1,508
Securitization/ Re- Securitization positions	-	-	-
Excess exposure risks	-	-	-
Settlement risks & counterparty risks	-	-	-
Foreign exchange rate risks	-	-	-
Commodities risks.	-	-	-
Total Market Risk Exposures	**21,833**	**-**	**3,741**
Total Operational Risk			**52,971**
Minimum Capital Requirements			377,915
Surplus/(Deficit) in capital			728,470
Total Capital Ratio (Time)			**2.93**

7.2 Credit Risks Quantitative Disclosures

To determine the credit exposure as per the credit quality rating steps, the Company is suing the Credit rating agencies as per the CMA regulations presented below:

Table 5. Credit Quality Rating Steps

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

Table 6. Disclosure on Credit Risk's Risk Weight - December 31, 2020 SAR '000

Risk Weights	Governments and CBs	Authorized persons and banks	Margin Financing	Corporates	Investment Funds	Investments	Other assets	Total Exposure after netting and Credit Risk Mitigation	Total Risk Weighted Assets
0%	-	-	-	-	-	-	18	18	-
20%	-	94,268	-	-	-	-	-	94,268	18,854
50%	-	14,999	-	-	-	-	-	14,999	7,499
100%	4,937	-	-	-	-	-	-	4,937	4,937
150%	-	-	507,343	-	45,049	13,144	-	565,536	848,305
200%	-	-	-	-	-	-	-	-	-
300%	-	-	160,276	-	661,472	-	31,061	852,810	2,558,429
400%	-	-	-	-	-	1,960	-	1,960	7,840
500%	-	-	-	-	-	-	-	-	-
714%	-	-	-	-	-	-	-	46,738	333,707
Average Risk Weight	100%	24%	186%	714%	290%	182%	337%	239%	239%
Deduction from Capital Base	691	3,689	173,858	43,629	287,278	3,858	16,136	529,140	-

Table 7. Disclosure on Credit Risk's Risk Weight - December 31, 2019 SAR '000

Risk Weights	Governments and CBs	Authorized persons and banks	Margin Financing	Corporates	Investment Funds	Investments	Other assets	Total Exposure after netting and Credit Risk Mitigation	Total Risk Weighted Assets
0%	-	-	-	-	-	-	-	-	-
20%	-	429,815	-	-	-	-	-	429,815	85,963
50%	-	14,999	-	58	-	-	-	15,057	7,528
100%	-	-	-	-	-	-	-	-	-
150%	-	-	362,522	-	152,406	-	-	514,928	772,393
200%	-	-	-	-	-	-	-	-	-
300%	-	-	-	-	306,234	-	27,507	333,741	1,001,224
400%	-	-	-	-	-	1,960	-	1,960	7,840
500%	-	-	-	-	-	-	-	-	-
714%	-	-	-	54,937	-	-	3,796	58,733	419,356
Average Risk Weight	0%	21%	150%	713%	250%	400%	350%	169%	169%
Deduction from Capital Base	-	13,085	76,130	54,919	160,624	1,098	15,348	321,203	-

Table 8. Disclosure on Credit Risk Rating Exposure - December 31, 2020							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	-	-	-	-	-	-	4,937
Authorized Persons and Banks	94,268	-	-	-	-	-	14,999
Corporates	-	-	-	-	-	-	43,647
Retail	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	721,624
Securitization	-	-	-	-	-	-	-
Margin Financing	-	-	-	-	-	-	667,620
Other Assets	-	-	-	-	-	-	34,170
Total Credit Risk Rating Exposure	**94,268**	**-**	**-**	**-**	**-**	**-**	**1,486,997**

Table 9. Disclosure on Credit Risk Rating Exposure - December 31, 2019							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	379,489	50,167	65,159	-	-	-	(50,000)
Corporates	-	-	-	-	-	-	54,995
Retail	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	460,601
Securitization	-	-	-	-	-	-	-
Margin Financing	-	-	-	-	-	-	362,522
Other Assets	-	-	-	-	-	-	40,590
Total Credit Risk Rating Exposure	**379,489**	**50,167**	**65,159**	**-**	**-**	**-**	**868,708**

Table 10. Disclosure on Credit Risk Mitigation (CRM) - December 31, 2020						SAR '000
Exposure Class	**Expo. before CRM**	**Expo. Covered be Guarantees/Credit derivatives**	**Expo. covered by Financial Collateral**	**Expo. covered by Netting Agreement**	**Expo. covered by other eligible collaterals**	**Exposures after CRM**
Credit Risk						
On-Balance Sheet Exposures						
Governments and Central Banks	4,937	-	-	-	-	4,937
Authorized Persons and Banks	109,267	-	-	-	-	109,267
Corporates	43,647	-	-	-	-	43,647
Retail	-	-	-	-	-	-
Investments	721,624	-	-	-	-	721,624
Securitization	-	-	-	-	-	-
Margin Financing	667,620	-	667,620	-	-	667,620
Other Assets	34,170	-	-	-	-	34,170
Total On-Balance Sheet Exposures	**1,581,265**	**-**	**667,620**	**-**	**-**	**1,581,265**
Off-balance Sheet Exposures						
OTC/Credit Derivatives	-	-	-	-	-	-
Expo. of repurchase agreements	-	-	-	-	-	-
Exposure of securities lending	-	-	-	-	-	-
Exposure of commitments	-	-	-	-	-	-
Other Off-Bal. sheet Exposures	-	-	-	-	-	-
Total Off-Bal. Sheet Exposures	**-**	**-**	**-**	**-**	**-**	**-**
Total On and Off-Bal. Sheet Exposures	**1,581,265**	**-**	**667,620**	**-**	**-**	**1,581,265**

Table 11. Disclosure on Credit Risk Mitigation (CRM) - December 31, 2019						SAR '000
Exposure Class	**Expo. before CRM**	**Expo. Covered be Guarantees/Credit derivatives**	**Expo. covered by Financial Collateral**	**Expo. covered by Netting Agreement**	**Expo. covered by other eligible collaterals**	**Exposures after CRM**
Credit Risk						
On-Balance Sheet Exposures						
Governments & Central Banks	-	-	-	-	-	-
Authorized Persons and Banks	444,814	-	-	-	-	444,814
Corporates	54,995	-	-	-	-	54,995
Retail	-	-	-	-	-	-
Investments	460,601	-	-	-	-	460,601
Securitization	-	-	-	-	-	-
Margin Financing	362,522	-	946,619	-	-	362,522
Other Assets	40,590	-	-	-	-	40,590
Total On-Balance Sheet Exposures	**1,363,522**	**-**	**946,619**	**-**	**-**	**1,363,522**
Off-Balance Sheet Exposures	-	-	-	-	-	-
OTC/Credit Derivatives	-	-	-	-	-	-
Expo. of Repurchase Agreements	-	-	-	-	-	-
Exposure of Securities Lending	-	-	-	-	-	-
Exposure of Commitments	-	-	-	-	-	-
Other Off-Bal. Sheet Exposures	-	-	-	-	-	-
Total Off-Bal. Sheet Exposures	**-**	**-**	**-**	**-**	**-**	**-**
Total On & Off-Bal. Sheet Exposures	**1,363,522**	**-**	**946,619**	**-**	**-**	**1,363,522**

7.3 Market Risk Quantitative Disclosure

The following table present the Market Risk capital requirement as per the Pillar I of the Prudential Rules as of December 31, 2020 and the same period as of 2019:

Table 12. Disclosure on Market Risk

Exposure \ SAR '000	**FY 2020**	**FY 2019**
Market Risk		
Equity Risk	5,488	281
Investment Fund Risk	-	3,284
Interest Rate Risks for Debt Securities	-	-
Interest Rate Risks for Securitization	-	-
Interest Rate Risks for Re- Securitization	-	-
Foreign Exchange Rate Risks	1,784	-
Commodities Risks	-	-
Settlement Risks	-	-
Total Market Risk Capital Required	**7,272**	**3,565**

7.4 Operational Risk Disclosure

The following table present the Operational Risk capital requirement as per the Pillar I of the prudential rules as of December 31, 2020 and the same period as of 2019:

Table 13. Disclosure on Operational Risk - December 31, 2020

Approach \ SAR '000	**FY 2018**	**FY 2019**	**FY 2020**	**Average**	**Risk Charged %**	**Capital Requirements**
Basic Indicator Approach						
Operating Income	350,031	374,083	481,543	401,886	15%	60,283
Expenditure Based Approach						
Overhead Expenses			159,677		25%	39,919
Total Operational Risk Capital Required						**60,283**

Table 14. Disclosure on Operational Risk - December 31, 2019

Approach \ SAR '000	**FY 2017**	**FY 2018**	**FY 2019**	**Average**	**Risk Charged %**	**Capital Requirements**
Basic Indicator Approach						
Operating Income	335,314	350,031	374,083	353,143	15%	52,971
Expenditure Based Approach						
Overhead Expenses			134,931		25%	33,733
Total Operational Risk Capital Required						**52,971**

End of the Report,,,

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