

Pillar III Disclosure Report

For the Year ended in 31 December 2021

Disclosure Report

Table of Contents

1. INTRODUCTION	4
2. SCOPE OF THE COMPANY	4
3. RISK MANAGEMENT STRUCTURED	4
3.1 RISK MANAGEMENT	4
3.2 RISK MANAGEMENT GOVERNANCE	5
3.3 RISK MANAGEMENT STRATEGY	5
4. CAPITAL STRUCTURE	5
4.1 AIC SHARE CAPITAL	5
4.2 MATERIAL & LEGAL IMPEDIMENTS	5
4.3 CAPITAL ADEQUACY GENERAL PRINCIPLE	5
4.4 CAPITAL MARKET AUTHORITIES & OTHER AUTHORITIES IMPOSED RESTRICTIONS	6
4.5 CAPITAL BASE	6
5. CAPITAL ADEQUACY	6
5.1 CAPITAL ADEQUACY PRINCIPLE	6
6. GENERAL QUALITATIVE DISCLOSURE	8
6.1 CREDIT RISK	8
6.2 CREDIT RISK MITIGATION	8
6.3 MARKET RISK	8
6.4 MARKET RISK MITIGATION	8
6.5 OPERATIONAL RISK	9
6.6 OPERATIONAL RISK MITIGATION	9
6.7 LIQUIDITY RISK	9
6.8 LIQUIDITY RISK MITIGATION AND CONTINGENT PLAN	10
7. QUANTITATIVE DISCLOSURES	11
7.1 CAPITAL ADEQUACY QUANTITATIVE DISCLOSURES FOR FY OF 2021 & 2020	11
7.2 CREDIT RISKS QUANTITATIVE DISCLOSURES	13
7.3 MARKET RISK QUANTITATIVE DISCLOSURE	16
7.4 OPERATIONAL RISK DISCLOSURE	16

List of Tables

Table 1. Capital Base	6
Table 2. Capital Adequacy Comparison	7
Table 3. Capital Adequacy Comparison - December 31, 2021	11
Table 4. Capital Adequacy Comparison - December 31, 2020	12
Table 5. Credit Quality Rating Steps	13
Table 6. Disclosure on Credit Risk's Risk Weight - December 31, 2021	13
Table 7. Disclosure on Credit Risk's Risk Weight - December 31, 2020	13
Table 8. Disclosure on Credit Risk Rating Exposure - December 31, 2021	14
Table 9. Disclosure on Credit Risk Rating Exposure - December 31, 2020	14
Table 10. Disclosure on Credit Risk Mitigation (CRM) - December 31, 2021	15
Table 11. Disclosure on Credit Risk Mitigation (CRM) - December 31, 2020	15
Table 12. Disclosure on Market Risk	16
Table 13. Disclosure on Operational Risk - December 31, 2021	16
Table 14. Disclosure on Operational Risk - December 31, 2020	16

1. INTRODUCTION

Capital Market Authority (hereinafter referred to as “CMA”) of the Kingdom of Saudi Arabia, issued the Prudential Rules requirements that must be fulfilled by all Capital Market Institutions (hereinafter referred to as “CMI’s”). The 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 that meets the annual disclosure’s minimum requirements, referred by Article 68 of the Prudential Rules, it 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 fully owned by Alinma Bank that engage in all aspects of Sharia 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 authorize the Company to conduct the investment services relates to Dealing, 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, directed by the Head of Risk, with the responsibility to execute and implement the risk management framework, that support in achieve the following without limitation to:

- ❑ 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

There are multiple layers that govern the overall Risk Management as independent control function. The Board of Directors has the overall responsibilities for establishing robust risk culture, and ensure the implementation of effective risk management framework. AIC's Chief Executive Officer ("CEO") and the Head of Governance to oversight the framework implantation process. Moreover, there are two Risk Committees at management levels, Risk Management Committee ("RMC") and Risk and Investment Committee ("RIC") their responsibilities to provide an overall look for AIC's risk management activities, and to address any concerns related to the investment process, transactions and products. In addition to Internal Audit department and their framework, that reports to the Audit Committee ("AC") at the Board level.

3.3 Risk Management Strategy

Risk Management 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 are subject to a continuous review and approval, in order to implement continues development and enhancement for a 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 while addressing the associated risks.

4. CAPITAL STRUCTURE

4.1 AIC Share Capital

The Company's authorized share capital consists of 100 million shares of SAR 10 each. The fully paid up capital was 25 million shares of SAR 10 each, during Q1 2021, the Company increased its paid up capital from 25 million shares to 50 million shares, and the new fully paid up capital as 31 Dec 2021 became SAR 500 million.

4.2 Material & legal Impediments

Allnma 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.

4.3 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.

4.4 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 paid. The Company is fully complying with such regulations.

4.5 Capital Base

Based on the Company’s audited financial statements as of December 31, 2021, the capital base presented as follow compared to same period of the financial year of 2020:

TABLE 1. CAPITAL BASE		
Exposure Classes\ SAR '000	FY 2021	FY 2020
Tier 1 - Capital		
Paid-up capital	500,000	250,000
Reserves	164,756	123,539
Audited retained earnings	1,183,992	813,033
Verified Interim Profits	-	-
Reserves (other than revaluation reserves)	-	-
Tier-1 capital contribution	-	-
Deductions from Tier-1 capital	(5,830)	(7,821)
Total Tier-1 capital	1,842,918	1,178,750
Tier 2 - Capital	-	-
Total Tier 2 - capital	-	-
Total Capital Base	1,842,918	1,178,750

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’s risk profile and shareholder visions and expectations.

The Company maintain and monitor its capital requirement by addressing Pillar I 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 approach 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, 2021 was 2.48x, correspond to minimum capital requirements of SR 743 mm with capital surplus of SR 1,100 mm. The Company minimum capital requirements as of December 31, 2021 and 2020 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 2021	FY 2020	
Credit Risk			
On-balance Sheet Exposures			
Governments and Central Banks	685	691	
Administrative Bodies and NPOs	650	-	
Capital Market Institutions and Banks	4,593	3,689	
Corporates	47,576	43,629	
Retail	-	-	
Investments	347,779	291,136	
Securitization	-	-	
Margin Financing	228,503	173,858	
Other Assets	23,643	16,136	
Total On-Balance sheet Exposures	653,430	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	653,430	529,140	
Prohibited Exposure Risk Requirement	-	-	
Total Credit Risk Exposures	653,430	529,140	
Market Risk			
Interest rate risks	-	-	
Equity price risks	5,038	5,488	
Risks related to investment funds	9,519	-	
Securitization/Re-securitization positions	-	-	
Excess exposure risks	-	-	
Settlement risks and counterparty risks	-	-	
Foreign exchange rate risks	2,728	1,784	
Commodities risks.	-	-	
Total Market Risk Exposures	17,284	7,272	
Operational Risk			
Minimum Capital Requirements	743,396	596,695	
Surplus/(Deficit) in capital	1,099,522	582,056	
Total Capital Ratio (Time)	2.48	1.98	

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 AIC's capital, 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 counterparties 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 counterparties 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 due to the market prices volatility that impact the financial holdings positions 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 Profit 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 occur.
- 6.6.3 Conducted Risk Control Self-Assessment “RCSA”, liaised 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, 2021 was 6.39, compared to 9.69 in Dec 31, 2020. 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 each 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, 2021 did not record any short-term outflow.

7. QUANTITATIVE DISCLOSURES

7.1 Capital Adequacy Quantitative Disclosures for FY of 2021 & 2020

TABLE 3. CAPITAL ADEQUACY COMPARISON - DECEMBER 31, 2021				
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	4,895	4,895	4,895	685
Administrative Bodies and NPOs	4,646	4,646	4,646	650
Capital Market Institutions and Banks	164,036	164,036	32,807	4,593
Corporates	49,964	49,964	339,830	47,576
Retail	-	-	-	-
Investments	830,605	830,605	2,484,137	347,779
Securitization	-	-	-	-
Margin Financing	905,525	905,525	1,632,164	228,503
Other Assets	50,058	50,058	168,876	23,643
Total On-Balance Sheet Exposures	2,009,729	2,009,729	4,667,355	653,430
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	2,009,729	2,009,729	4,667,355	653,430
Prohibited Exposure Risk Requirement	-	-	-	-
Total Credit Risk Exposures	2,009,729	2,009,729	4,667,355	653,430
Market Risk				
	Long Position	Short Position		
Interest rate risks	-	-		-
Equity price risks	27,989	-		5,038
Risks related to investment funds	59,492	-		9,519
Securitization/ Re- Securitization positions	-	-		-
Excess exposure risks	-	-		-
Settlement risks and counterparty risks	-	-		-
Foreign exchange rate risks	118,002	-		2,728
Commodities risks	-	-		-
Total Market Risk Exposures	205,483	-		17,284
Operational Risk				
Minimum Capital Requirements				743,396
Surplus/(Deficit) in capital				1,099,522
Total Capital Ratio (Time)				2.48

TABLE 4. 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
Administrative Bodies and NPOs	-	-	-	-
Capital Market Institutions 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 & counterparty risks	-	-		-
Foreign exchange rate risks	61,059	-		1,784
Commodities risks	-	-		-
Total Market Risk Exposures	91,548	-		7,272
Total Operational Risk				
Minimum Capital Requirements				596,695
Surplus/(Deficit) in capital				582,056
Total Capital Ratio (Time)				1.98

7.2 Credit Risks Quantitative Disclosures

To determine the credit exposure as per the credit quality rating steps, the Company is using 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, 2021

SAR '000

Risk Weights	Governments and CBs	Administrative Bodies and NPOs	Capital Market Institutions and Banks	Margin Financing	Corporates	Investment Funds	Investments	Other Assets	Total Exposure after netting and Credit Risk Mitigation	Total Risk Weighted Assets
0%	-	-	-	-	-	-	-	5	5	-
20%	-	-	164,036	-	-	-	-	-	164,036	32,807
50%	-	-	-	-	-	-	-	-	-	-
100%	4,895	4,646	-	-	-	-	-	-	9,541	9,541
150%	-	-	-	722,940	-	4,204	9,941	-	737,086	1,105,629
200%	-	-	-	-	-	-	-	-	-	-
300%	-	-	-	182,584	-	802,921	-	45,531	1,031,037	3,093,111
400%	-	-	-	-	-	-	13,539	-	13,539	54,154
500%	-	-	-	-	-	-	-	-	-	-
714%	-	-	-	-	49,964	-	-	4,521	54,486	389,027
Average Risk Weight	100%	100%	20%	180%	714%	299%	294%	337%	233%	233%
Deduction from Capital Base	685	650	4,593	228,503	49,944	338,110	9,669	23,643	655,798	655,798

TABLE 7. DISCLOSURE ON CREDIT RISK'S RISK WEIGHT - DECEMBER 31, 2020

SAR '000

Risk Weights	Governments and CBs	Administrative Bodies and NPOs	Capital Market Institutions 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%	-	-	-	-	43,647	-	-	3,091	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	529,140

TABLE 8. DISCLOSURE ON CREDIT RISK RATING EXPOSURE - DECEMBER 31, 2021 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	-	-	-	-	-	-	4,895
Administrative Bodies and NPOs	-	-	-	-	-	-	4,646
Capital Market Institutions and Banks	164,035	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	49,964
Retail	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	830,605
Securitization	-	-	-	-	-	-	-
Margin Financing	-	-	-	-	-	-	905,525
Other Assets	-	-	-	-	-	-	50,058
Total Credit Risk Rating Exposure	164,035	-	-	-	-	-	1,845,693

TABLE 9. 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
Administrative Bodies and NPOs	-	-	-	-	-	-	-
Capital Market Institutions 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 10. DISCLOSURE ON CREDIT RISK MITIGATION (CRM) - DECEMBER 31, 2021						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	4,895	-	-	-	-	4,895
Administrative Bodies and NPOs	4,646	-	-	-	-	4,646
Capital Market Institutions and Banks	164,036	-	-	-	-	164,036
Corporates	49,964	-	-	-	-	49,964
Retail	-	-	-	-	-	-
Investments	830,605	-	-	-	-	830,605
Securitization	-	-	-	-	-	-
Margin Financing	905,525	-	905,525	-	-	905,525
Other Assets	50,058	-	-	-	-	50,058
Total On-Balance Sheet Exposures	2,009,729	-	905,525	-	-	2,009,729
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	2,009,729	-	905,525	-	-	2,009,729

TABLE 11. 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 & Central Banks	4,937	-	-	-	-	4,937
Administrative Bodies and NPOs	-	-	-	-	-	-
Capital Market Institution 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 & Off-Bal. Sheet Exposures	1,581,265	-	667,620	-	-	1,581,265

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, 2021 and the same period as of 2020:

TABLE 12. DISCLOSURE ON MARKET RISK		
Exposure \ SAR '000	FY 2021	FY 2020
Market Risk		
Equity Risk	5,038	5,488
Investment Fund Risk	9,519	-
Interest Rate Risks for Debt Securities	-	-
Interest Rate Risks for Securitization	-	-
Interest Rate Risks for Re- Securitization	-	-
Foreign Exchange Rate Risks	2,728	1,784
Commodities Risks	-	-
Settlement Risks	-	-
Total Market Risk Capital Required	17,284	7,272

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, 2021 and the same period as of 2020:

TABLE 13. DISCLOSURE ON OPERATIONAL RISK - DECEMBER 31, 2021						
Approach \ SAR '000	FY 2019	FY 2020	FY 2021	Average	Risk Charged %	Capital Requirements
Basic Indicator Approach						
Operating Income	374,083	481,543	598,006	484,544	15%	72,682
Expenditure Based Approach						
Overhead Expenses			185,800		25%	46,450
Total Operational Risk Capital Required						72,682

TABLE 14. 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

End of the Report,,,

الإِنماء للاستثمار
alinma investment 
مرخصة من هيئة السوق المالية برقم 09134-37