MARCH 2016

PILLAR III DISCLOSURE

JPMorgan Saudi Arabia limited

License Number: 12164-37

PILLAR III DISCLOSURE

J.P.Morgan

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1. Scope of Application

1.1 Purpose of the report

This report is prepared and issued by JPMorgan Saudi Arabia Limited (hereinafter referred to as "JPMSA" or "the Company") in accordance with the requirements of Article 68 of the Prudential Regulations issued by the Capital Markets Authority (hereinafter referred to as "CMA"). These rules include guidelines for the annual market disclosure of the Company's capital and risk management information required to be published on JPMSA website. JPMSA is a subsidiary of a foreign bank and does not hold any subsidiary investment in or outside of Saudi Arabia. As at 31 December 2015, the Company has share capital of SAR93.75 million following CMA approval of SAR 15 million increase in capital.

2. Capital Structure

2.1 Capital Structure

The capital injected by the parent companies' of JPMSA is unconditional in nature and does not have to be repaid unless the company is liquidated. Since its incorporation, the Company's capital base increased from an initial share capital of SAR 60 million in 2008 to SAR 93.75 million. JPMSA also plans to retain its accumulated profits for the foreseeable future to strengthen its capital position and support planned expansionary activities.

Further information on capital structure is set out in Exhibit A.1

3. Capital Adequacy

3.1 Capital Adequacy

The Company is in the process of strengthening its risk management framework to support the growing business requirements. The current risk management process in JPMSA is considered adequate in terms of its size and operations. JPMSA has developed an ICAAP Policy to measure, monitor, report all material risks and adopt an efficient capital planning process to ensure sufficient capital is available to meet the usual business activities and any unforeseen contingencies.

JPMSA is considered adequately capitalized over the capital planning horizon. The Company also plans to retain its accumulated profits for the foreseeable future as part of its capital planning and management.

Under the CMA Prudential Rules, JPMSA's minimum capital requirement is SAR 17.20 million. As at 31 December 2015, JPMSA has total shareholders' equity of SAR 130.58 million which results in a coverage ratio of 7.59. The table below is a summary of the capital adequacy disclosure as set out full in Exhibits A.1 and A.2.

Exhibit 3.1

Capital Base – 31 December 2015	
	SAR 000s
Paid up capital	93,750
Audited retained earnings	36,833
Total Capital Base	**130,583**
Minimum Capital Requirement	17,201
Total Capital Ratio (times)	**7.59**

3.2 Risk Appetite and Strategy

JPMSA's ICAAP report covers the assessment of all material risk types and the planning and management of capital required to cover these risks. The report is prepared in compliance with the standards and format prescribed by the CMA and as per recommended international best practices.

The material risk exposures of the Company (other than Pillar I) have been identified as follows:

- Concentration risk; and
- Strategic Risk

The above risks are primarily earnings related as risk exposure of JPMSA is driven from the services offered under different activities. The risk levels are within the acceptable range considering the scale of JPMSA operations, management oversight and lack of leverage.

The Board of Directors of JPMSA is responsible for setting the overall risk appetite for the Company. Risk appetite of JPMSA is defined as the amount of risk that the Company is willing to accept to achieve its stated objectives and respective returns to shareholders, while safeguarding against key sources of risk for the Company such as concentration, operational and other non-financial risks such as strategic, reputation and macroeconomic risk.

JPMSA has developed a risk appetite and has followed a top-down approach to introduce its risk appetite metrics. Risk appetite statement has been further refined keeping in view the significant regulatory changes impacting the investment companies sector.

JPMSA is focusing on its risk appetite metrics to measure the overall organization-wide performance and the performance of individual business units in a risk sensitive manner.

JPMSA's risk appetite can be summarized across the following dimensions (but not limited to):

- Capital Targets – maintaining capital adequacy above defined minimum levels.
- Risk Targets – inclusive of losses, provisioning coverage, liquidity risk, concentration risk etc.
- Non-financial targets such as compliance with regulatory requirements etc.

Further to the quantitative risk appetite measures, JPMSA's objective is to keep risks at appropriate residual levels by maintaining a sound control environment. Management's tolerance for operational risk is considered as a part of the Company's overall risk appetite in light of the Company's financial strength, the characteristics of its businesses, the markets in which it operates, and the competitive and regulatory environment.

Other important aspects of risk are controlled by relevant committees, policies or processes including:

- Maintaining the Company's reputation
- Compliance with regulatory mandates
- Integrity in business behavior and compliance with the employee Code of Conduct
- Adherence to new business initiative practices and appropriateness of client offerings
- Data and systems integrity
- Compensation practices that do not encourage inappropriate risk taking
- Zero tolerance for intentional fraud and breach of policies

4. Risk Management

4.1 General Qualitative Disclosure for Risks

Strategies and processes for risk management

Risk is an inherent part of JPMSA's business activities. JPMSA employs the same approach to managing these risks as JPMorgan Chase & Co. ("the Firm" or "the Group").

JPMSA has adopted the Group's risk management framework which seeks to mitigate risk and loss to the Group. The Group has established processes and procedures intended to identify, measure, monitor, report and analyze the types of risk to which the Group and JPMSA are subject.

JPMSA employs a holistic approach to risk management to ensure the broad spectrum of risk types are considered in managing its business activities.

JPMSA believes effective risk management requires

- Acceptance of responsibility by all individuals within JPMSA
- Ownership of risk management within each line of business and
- Adherence to Firm wide structures for risk governance and oversight

JPMSA's risk management is overseen and managed on an enterprise-wide basis. JPMSA's Chief Executive Officer ("CEO"),Chief Risk Officer ("CRO"), and Chief Financial Officer ("CFO") develop and set the risk management framework and governance structure under advice from Group Risk Management and Compliance, which provides comprehensive controls and ongoing management of the risks inherent in its business activities. JPMSA's risk management framework creates a culture of risk transparency and awareness, coupled with personal responsibility throughout, where collaboration, discussion and escalation where appropriate is encouraged. Risk matters are discussed at the Local Management Committee ("LMC") attended by senior management. This committee is responsible and accountable to JPMSA's Board of Directors.

JPMSA's overall objective in managing risk is to protect its safety and soundness, and avoid excessive risk taking or loss.

The Board of JPMSA approves risk policies compliant with the laws and regulations of Saudi Arabia. These policies are aligned with those of the Firm which have been subject to the approval of the Board of Directors of JPMorgan Chase & Co.

JPMSA's Compliance Officer reports to the CEO of JPMSA who also attends the Company's quarterly Board meetings. The Compliance Officer chairs the Compliance Committee meetings which are attended by the senior management.

4.2 Credit risk

Credit Risk is the risk of loss arising from the default of a customer, client or counterparty. JPMSA is exposed to credit risk through its underwriting, and trading activities with and for clients and counterparties, as well as through its operating services such as settlement activities.

JPMSA credit risk arises as a result of the funds held as operational accounts with local banks rated no less than "A" with major rating agencies and JPMorgan Chase Bank, N.A. rated Aa3, P-1 by Moody's, A+, A-1 by S&P and AA-, F1+ by Fitch with a 'Stable' outlook across all three agencies. Other assets mainly comprise of fee accruals due from related parties and prepaid expenses.

Credit risk oversight rests with the LMC under advice from Group Credit Risk Management (GCRM) which in turn reports to the Board of JPMSA.

Credit Risk is an independent risk management function that identifies and monitors credit risks throughout the Firm and defines credit risk policies and procedures. The Credit Risk function reports to the Firm's Chief Risk Officer. Credit Risk is responsible for the following functions:

- Establishing a comprehensive credit risk policy framework
- Monitoring and managing credit exposure across all portfolio segments, including transaction and line approval
- Assigning credit authorities in connection with the approval of all credit exposure
- Intensive management of criticized exposures and delinquent position
- Determining the allowance for credit losses and ensuring appropriate credit risk-based capital management

Due to the nature of the business conducted in JPMSA, there is limited credit risk arising from this activity.

Risk identification and measurement

The Credit Risk function identifies, measures, limits, manages and monitors credit risk across our businesses. To measure credit risk, the Firm employs several methodologies for estimating the likelihood of obligor or counterparty default.

Methodologies for measuring credit risk vary depending on several factors, including type of asset, volatility in trading markets, risk measurement parameters and risk assessment processes. Credit risk measurement is based on the probability of default of an obligor or counterparty, the loss severity given a default event and the exposure at default.

Based on these factors and related market-based inputs the Firm estimates credit losses for its exposures. These losses are estimated using empirical statistical analyses and other factors. In addition, potential and unexpected credit losses are reflected in the allocation of credit risk capital and represent the potential volatility of actual losses relative to the established allowances for losses. The analyses for these losses include stress testing (considering alternative economic scenarios) as described in the Stress testing section below. The methodologies used to estimate credit losses depend on the characteristics of the credit exposure, as described below.

Risk-rated exposure

For the risk rated portfolio, credit loss estimates are based on estimates of the probability of default (PD) and loss severity given a default. The estimation process begins with risk ratings that are assigned to each facility to differentiate risk within the portfolio. These risk ratings are reviewed regularly by Credit Risk Management and revised as needed to reflect the borrower's current financial position, risk profile and related collateral.

The probability of default is the likelihood that a loan will default and not be fully repaid by the borrower. The loss given default (LGD) is the estimated loss on the exposure that would be realized upon the default of the borrower and takes into consideration collateral and structural support for each credit facility. The probability of default is estimated for each borrower, and a loss given default is estimated for each credit facility. The calculations and assumptions are based on historic experience, financial and economic analysis and management judgment and are reviewed regularly.

Stress testing
Stress testing is important in measuring and managing credit risk in the Firm's credit portfolio. The Firm uses stress testing to inform decisions on setting risk appetite. Stress testing results across a range of scenarios and products are regularly reported to relevant management committees providing additional insight into credit portfolio's sensitivities under stress and measurement against risk appetite. This additional insight supports timely management notification and action, when required.

Risk monitoring and management
The Firm has developed policies and practices that are designed to preserve the independence and integrity of the approval and decision-making process of extending credit to ensure credit risks are assessed accurately, approved properly, monitored regularly and managed actively at both the transaction and portfolio levels. The policy framework establishes credit approval authorities, concentration limits, risk-rating methodologies, portfolio review parameters and guidelines for management of distressed exposures. In addition, certain models, assumptions and inputs used in evaluating and monitoring credit risk are independently validated by groups that are separate from the line of businesses. Credit risk is monitored regularly at an aggregate portfolio, industry and individual client and counterparty level with established concentration limits that are reviewed and revised as deemed appropriate by management, typically on an annual basis.

Management of the Firm's credit risk exposure is accomplished through a number of means, including:

- underwriting and credit approval process
- syndications and participations
- sales and securitisations
- Master netting agreements
- Collateral and other risk-reduction techniques

Risk reporting
To enable monitoring of credit risk and effective decision-making, aggregate credit exposure, concentration levels and risk profile changes are reported regularly to senior Credit Risk Management.

Detailed portfolio reporting of industry, product and geographic concentrations occurs monthly, and the appropriateness of the allowance for credit losses is reviewed by senior management at least on a quarterly basis.

Through the risk reporting and governance structure, credit risk trends and limits are discussed with, senior management and the Board of Directors as appropriate.

Further information on credit risk is set out in Exhibits A.2, A.3, A.4 and A.5.

Currently JPMSA uses the prescribed methodology under Pillar I requirements of the CMA Prudential Rules to calculate regulatory capital for credit risk.

JPMSA has implemented the ICAAP framework as per the CMA standards to quantify its risk exposure. The month on month development of the JPMSA balance sheet has been measured against the CMA Prudential guidelines to ensure adequate capital and liquidity is in place to support its business activities.

There are no past due claims or provisions on the JPMSA balance sheet. No collateral or netting has been taken in support of any transaction to date.

Exhibit 4.2

Credit Risk – 31 December 2015	Gross Exposures SAR 000s	Net Exposures SAR 000s	Risk Weighted Assets SAR 000s	Capital Requirement SAR 000s
Authorised persons and banks	133,114	133,114	26,623	3,727
Other Assets	13,945	13,945	41,835	5,857
Total on-balance sheet exposures	**147,059**	**147,059**	**68,458**	**9,584**

4.3 Market Risk

Market risk is the potential for adverse changes in the value of the Firm's assets and liabilities resulting from changes in market variables such as interest rates, foreign exchange rates, equity prices, commodity prices, implied volatilities or credit spreads.

The foreign exchange risk arises as a result of the translation of non-SAR balances into SAR for reporting purposes. Please see Exhibit A.2 for further details.

Currently JPMSA uses the prescribed methodology under Pillar I requirements of the CMA Prudential Rules to calculate regulatory capital for market risk.

Market risk oversight rests with the LMC which in turn reports to the Board of JPMSA.

Market Risk management, part of the independent risk management function, is responsible for identifying and monitoring market risks throughout the Firm and defines market risk policies and procedures. The Market Risk function reports to the Firm's CRO.

Market Risk seeks to control risk, facilitate efficient risk/return decisions, reduce volatility in operating performance and provide transparency into the Firm's market risk profile for senior management, the Board of Directors and regulators. Market Risk is responsible for the following functions:

- Establishment of a market risk policy framework
- Independent measurement, monitoring and control of line of business and firm wide market risk
- Definition, approval and monitoring of limits
- Performance of stress testing and qualitative risk assessments

Each line of business is responsible for the management of the market risks within its units. The independent risk management group responsible for overseeing each line of business is charged with ensuring that all material market risks are appropriately identified, measured, monitored and managed in accordance with the risk policy framework set out by Market Risk.

Exhibit 4.3

Market risk – 31 December 2015		
	Long Position SAR 000s	Capital Requirement SAR 000s
Foreign exchange	6,356	127
Total Market Risk	**6,356**	**127**

4.4 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed processes or systems or due to external events that are neither market nor credit-related. Operational risk is inherent in JPMSA's activities and can manifest itself in various ways, including fraudulent acts, business interruptions, inappropriate behavior of employees, failure to comply with applicable laws and regulations or failure of vendors to perform in accordance with their arrangements. These events could result in financial losses, litigation and regulatory fines, as well as other damage to JPMSA. The goal is to keep operational risk at appropriate levels, in light of JPMSA's financial strength, the characteristics of its businesses, the markets in which it operates, and the competitive and regulatory environment to which it is subject.

Operational risk exposure is set out in Exhibit A.2.

Firm wide Operational Risk Management Framework at JPMC

To monitor and control operational risk, the Firm maintains an overall Operational Risk Management Framework (ORMF) which comprises governance oversight, risk assessment, capital measurement, and reporting and monitoring. The ORMF is intended to enable the Firm to function with a sound and well controlled operational environment.

Risk Management is responsible for prescribing the ORMF to the lines of business and corporate functions and to provide independent oversight of its implementation. In 2014, Operational Risk Officers ("OROs") were appointed across each line of business and corporate function to provide this independent oversight.

The lines of business and corporate functions are responsible for implementing the ORMF. The Firm wide Oversight and Control Group, comprised of dedicated control officers within each of the lines of business and corporate functional areas, as well as a central oversight team, is responsible for day to day review and monitoring of ORMF execution.

The components of the Operational Risk Management Framework are:

- **Governance**

LOB, Region and Function Control Committees (CCs) provide a forum for senior management to discuss existing and emerging operational risks and oversee the control environment of the respective lines of business, functions and regions. As part of that mandate, Control Committee members are responsible for providing and reviewing data which indicates the quality and stability of the processes we rely upon in a business or function, focusing on areas with shortcomings and overseeing issue remediation.

Firm wide Control Committee (FCC) provides a forum for senior management to review and discuss firm wide operational risks including existing and emerging issues, operational risk metrics and management, and to review operational risk management execution in the context of the ORMF. The FCC is co-chaired by the FRE Operational Risk Governance and the Chief Control Officer.

Operational Risk and Control issues may be escalated by Control Committees to the FCC, which may, in turn, escalate to the Firm wide Risk Committee.

- **Assessment**

In order to evaluate and monitor operational risk, the lines of business and functions utilize the Firm's standard risk and control self-assessment ("RCSA") process and supporting architecture. The RCSA process requires management to identify material inherent operational risks, assess the design and operating effectiveness of relevant controls in place to mitigate such risks, and evaluate residual risk. Action plans are developed for control issues that are identified, and businesses are held accountable for tracking and resolving issues on a timely basis. Commencing in 2015, Risk Management will perform sample independent challenge of the RCSA program.

- **Reporting**

Operational risk management and control reports provide information, including actual operational loss levels, self assessment results and the status of issue resolution to the lines of business and senior management. The purpose of these reports is to enable management to maintain operational risk at appropriate levels within each line of business, to escalate issues and to provide consistent data aggregation across the Firm's businesses and functions. The Firm has a process for capturing, tracking and monitoring operational risk events. The Firm analyses errors and losses and identifies trends. Such analysis enables identification of the causes associated with risk events faced by the lines of business.

- **Measurement**

Operational risk capital is measured primarily using a statistical model based on the Loss Distribution Approach ("LDA"). The operational risk capital model uses actual losses (internal and external to the Firm), an inventory of material forward-looking potential loss scenarios and adjustments to reflect changes in the quality of the control environment in determining Firm wide operational risk capital. This methodology is designed to comply with the Advanced Measurement rules under the Basel framework.

The Firm's capital methodology incorporates four required elements of the Advanced Measurement Approach ("AMA"):

Internal losses,

External losses,

Scenario analysis, and

Business environment and internal control factors ("BEICF").

The primary component of the operational risk capital estimate is the result of a statistical model, the LDA, which simulates the frequency and severity of operational risk losses based on historical data. The LDA model is used to estimate an aggregate operational loss over a one-year time horizon, at a 99.9% confidence level. The LDA model incorporates actual operational losses in the quarter following the period in which those losses were realized.

The LDA is supplemented by both management's view of plausible forward-looking tail risk, which is captured as part of the Scenario Analysis process, and an evaluation of key LOB internal control metrics (BEICF). The Firm may further supplement such analysis to incorporate management judgment and feedback from its bank regulators.

JPMSA maintains a governance structure that has oversight of the operations being undertaken within the entity. Existing operations are measured against the ORMF. New products and processes are subject to a rigorous internal examination process requiring the approval of senior management of JPMSA and the associated lines of business.

In addition, JPMSA is subject to regular JPMorgan internal, external and regulatory audits. JPMorgan internal audit utilizes a risk-based program of audit coverage to provide independent assessment of the design and effectiveness of key controls over the Firm's operations, regulatory compliance and reporting. This includes reviewing the operational risk framework, the effectiveness of the Risk and Control Self Assessment ('RCSA') process, and the loss data-collection and reporting activities.

Currently JPMSA uses the prescribed methodology under Pillar I requirements of the CMA Prudential Rules to calculate regulatory capital for operational risk.

Exhibit 4.4

Operational risk – 31 December 2015	
	Capital requirement SAR 000s
Total operational risk	**7,490**

4.5 Liquidity Risk

Liquidity risk is the risk that the Firm will be unable to meet its contractual and contingent obligations or that it does not have the appropriate amount, composition and tenor of funding and liquidity to support its assets.

Liquidity Risk Oversight
The Firm has a liquidity risk oversight function whose primary objective is to provide assessment, measurement, monitoring, and control of liquidity risk across the Firm. Liquidity risk oversight is managed through a dedicated firm wide Liquidity Risk Oversight group. The CTC CRO, as part of the independent risk management function, has responsibility for firm wide Liquidity Risk Oversight. Liquidity Risk Oversight's responsibilities include but are not limited to:

- Establishing and monitoring limits, indicators, and thresholds, including liquidity appetite tolerances;
- Defining, monitoring, and reporting internal Firm wide and legal entity stress tests, and monitoring and reporting regulatory defined stress testing;
- Monitoring and reporting liquidity positions, balance sheet variances and funding activities;
- Conducting ad hoc analysis to identify potential emerging liquidity risks.

Risk Governance and Measurement
Specific committees responsible for liquidity governance include firm wide ALCO as well as line of business and regional ALCOs, and the CTC Risk Committee. Locally liquidity risk oversight is discussed at Risk and Local Management Committee.

Liquidity Management
Treasury is responsible for liquidity management. The primary objectives of effective liquidity management are to ensure that the Firm's core businesses are able to operate in support of client needs, meet contractual and contingent obligations through normal economic cycles as well as during stress events, and to manage optimal funding mix, and availability of liquidity sources. The Firm manages liquidity and funding using a centralized, global approach in order to optimize liquidity sources and uses. In the context of the Firm's liquidity management, Treasury is responsible for:

- Analyzing and understanding the liquidity characteristics of the Firm, lines of business and legal entities' assets and liabilities, taking into account legal, regulatory, and operational restrictions;

- Defining and monitoring firmwide and legal entity liquidity strategies, policies, guidelines, and contingency funding plans;
- Managing liquidity within approved liquidity risk appetite tolerances and limits;
- Setting transfer pricing in accordance with underlying liquidity characteristics of balance sheet assets and liabilities as well as certain off-balance sheet items.

JPMSA is part of the Firm wide liquidity risk management framework (Firm wide Liquidity Risk Oversight & Liquidity Management Policy and Firm wide Contingency Funding Plan). JPMSA holds cash representing its capital and retained earnings. This cash balance is held for JPMSA's operational and business needs with JPMorgan Chase Bank, N.A. and other local banks.

A. Appendices

Exhibit A.1

Disclosure on Capital Base – 31 December 2015	
Capital Base	SAR '000
Tier-1 capital	
Paid-up capital	93,750
Audited retained earnings	36,833
Share premium	0
Reserves (other than revaluation reserves)	0
Tier-1 capital contribution	0
Deductions from Tier-1 capital	0
Total Tier-1 capital	**130,583**
Tier-2 capital	
Subordinated loans	0
Cumulative preference shares	0
Revaluation reserves	0
Other deductions from Tier-2 (-)	0
Deduction to meet Tier-2 capital limit (-)	0
Total Tier-2 capital	**0**
Total capital base	**130,583**

Exhibit A.2

Disclosure on Capital Adequacy – 31 December 2015

Exposure Class		Exposures before CRM SAR '000	Net Exposures after CRM SAR '000	Risk Weighted Assets SAR '000	Capital Requirement SAR '000
Credit Risk					
On–balance Sheet Exposures					
Governments and Central Banks		–	–	–	–
Authorised Persons and Banks		133,114	133,114	26,623	3,727
Corporates					
Retail		–	–	–	–
Investments		–	–	–	–
Securitisation		–	–	–	–
Margin Financing		–	–	–	–
Other Assets		13,945	13,945	41,835	5,857
Total On–Balance sheet Exposures		**147,059**	**147,059**	**68,458**	**9,584**
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		**147,059**	**147,059**	**68,458**	**9,584**
Prohibited Exposure Risk Requirement		–	–	–	–
Total Credit Risk Exposures		**147,059**	**147,059**	**68,458**	**9,584**
Market Risk	**Long Position**	**Short Position**			
Interest rate risks	–	–			–
Equity price risks	–	–			–
Risks related to investment funds	–	–			–
Securitisation/resecuritisation positions	–	–			–
Excess exposure risks	–	–			–
Settlement risks and counterparty risks	–	–			–
Foreign exchange rate risks	6,356	–			127
Commodities risks	–	–			–
Total Market Risk Exposures	**6,356**	**–**			**127**
Operational Risk					7,490
Minimum Capital Requirements					17,201
Surplus/(Deficit) in capital					113,382
Total Capital ratio (times)					**7.59**

Exhibit A.3

Disclosure on Credit Risk's Risk Weight (SAR '000) – 31 December 2015

	Exposures after netting and credit risk mitigation												
Risk Weights	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%	–	–	133,114	–	–	–	–	–	–	–	–	133,114	26,623
50%	–	–	–	–	–	–	–	–	–	–	–	–	–
100%	–	–	–	–	–	–	–	–	–	–	–	–	–
150%	–	–	–	–	–	–	–	–	–	–	–	–	–
200%	–	–	–	–	–	–	–	–	–	–	–	–	–
300%	–	–	–	–	–	–	–	–	–	13,945	–	13,945	41,835
400%	–	–	–	–	–	–	–	–	–	–	–	–	–
500%	–	–	–	–	–	–	–	–	–	–	–	–	–
714% (include prohibited exposure)	–	–	–	–	–	–	–	–	–	–	–	–	–
Average Risk Weight	0%	0%	20%	0%	714%	0%	0%	0%	0%	300%	0%	46.55%	46.55%
Deduction from Capital Base	–	–	3,727	–	-	–	–	–	–	5,857	–	9,584	9,584

Exhibit A.4

Disclosure on Credit Risk's Rated Exposure (SAR '000) – 31 December 2015

Exposure Class	Long term Ratings of counterparties							
	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		382	132,732	–	–	–	–	–
Corporates		–	–	–	–	–	–	–
Retail		–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–
Securitisation		–	–	–	–	–	–	–
Margin Financing		–	–	–	–	–	–	–
Other Assets		13,020	–	–	–	–	–	925
Total		**13,402**	**132,732**	**–**	**–**	**–**	**–**	**925**

Exposure Class	Short term Ratings of counterparties					
	Credit quality step	1	2	3	4	Unrated
	S & P	A-1+, A-1	A-2	A-3	Below A-3	Unrated
	Fitch	F1+, F1	F2	F3	Below F3	Unrated
	Moody's	P-1	P-2	P-3	Not Prime	Unrated
	Capital Intelligence	A1	A2	A3	Below A3	Unrated
On and Off-balance-sheet Exposures						
Governments and Central Banks		–	–	–	–	–
Authorised Persons and Banks		133,114	–	–	–	–
Corporates		–	–	–	–	–
Retail		–	–	–	–	–
Investments		–	–	–	–	–
Securitisation		–	–	–	–	–
Margin Financing		–	–	–	–	–
Other Assets		13,020	–	–	–	925
Total		**146,134**	**–**	**–**	**–**	**925**

Exhibit A.5

Disclosure on Credit Risk Mitigation (CRM) (SAR '000) – 31 December 2015

Exposure Class	Exposures before CRM	Exposures covered by Guarantees/ Credit derivatives	Exposures covered by Financial Collateral	Exposures covered by Netting Agreement	Exposures covered by other eligible collaterals	Exposures after CRM
Credit Risk						
On-balance Sheet Exposures						
Governments and Central Banks	–	–	–	–	–	–
Authorised Persons and Banks	133,114	–	–	–	–	133,114
Corporates	–	–	–	–	–	–
Retail	–	–	–	–	–	–
Investments	–	–	–	–	–	–
Securitisation	–	–	–	–	–	–
Margin Financing	–	–	–	–	–	–
Other Assets	13,945	–	–	–	–	13,945
Total On-Balance sheet Exposures	**147,059**	–	–	–	–	**147,059**
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	**147,059**	–	–	–	–	**147,059**