NOMW Capital

Basel III - Pillar III disclosures

As of December 31, 2016

Table of Contents

1. Background

Capital Market Authority (CMA) issued its Prudential Rules in December 2012. As per the Chapter 20 of the Prudential Rules, all Authorized Persons (APs) are required to have in place an Internal Capital Adequacy Assessment Process ("ICAAP").

As outlined in the CMA prudential rules, ICAAP requires five features including governing body oversight, sound capital assessment, comprehensive assessment of risks, monitoring and reporting and internal control review. Therefore, ICAAP not only ensures that companies have adequate capital to support all the risks in their business, but also encourages them to develop and use better risk management techniques by including adequate Stress Testing scenarios in monitoring and managing their risks.

NOMW Capital (hereinafter referred to as "NOMW" or "the Company"), began operating in 2014, will provide its clients the following products:

- Real Estate Development Fund;
- Equity Arrangement: Venture Capital/Private Equity;
- Yielding Portfolio;
- Syndication/Sukuk Arrangement;
- Merger and Acquisition Services; and
- IPO Arrangement, Placement and Custody.

NOMW is licensed by CMA (license number 13172-37 dated November 26, 2013) to provide wide number of financial services including dealing as principal, as underwriter, managing investment fund, managing client portfolios, arranging and custody in the securities businesses.

ICAAP at NOMW is comprehensive in its approach – its coverage includes all material risks, corporate governance and internal control framework, capital planning and management framework, strategic plans, and macro-economic factors. NOMW is in the process of implementing robust policies and processes to measure, monitor, report all material risks and adopt an efficient capital planning process to ensure that sufficient capital is available to meet any unforeseen contingencies.

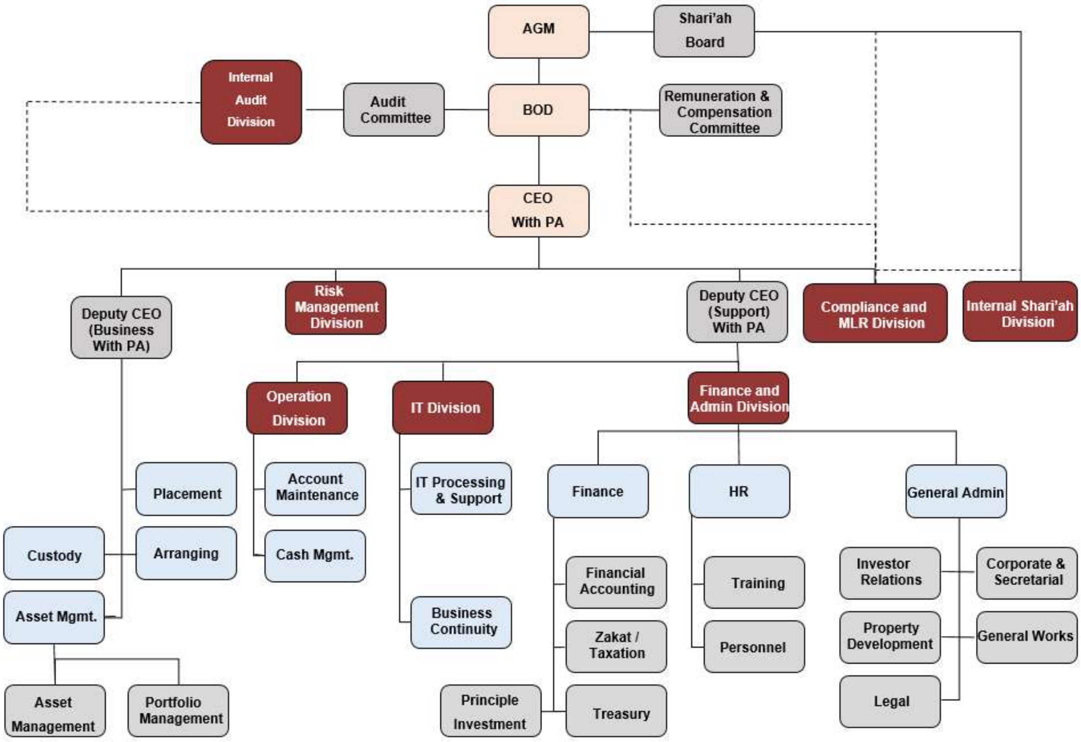
NOMW Capital Background

NOMW Capital is a closed joint stock investment company with commercial registration number 1010404870, which is an authorized person under the Authorised Persons Regulations, and regulated by the Saudi Capital Market Authority (CMA) with license number 13172-37 dated November 26, 2013 to conduct securities business including, dealing as principal, as underwriter, managing investment fund, managing client portfolios, arranging and custody in the securities businesses.

The following depicts NOMW's ownership structure:

- ✓ Al Tayar Investment and Real Estate Development Company – 25%
- ✓ Dr. Naser Al Tayar – 15%
- ✓ Dr. Ahmed Al Mohaymeed – 15%
- ✓ Dr. Nabih Al Jabr – 15%
- ✓ Mehad Investment Company – 30%

NOMW's current operational structure as at December 31, 2016 is as follows:



Summary of current and projected Financial and Capital Positions:

NOMW has projected its financial position based on its current position and expected growth in the next three years. The expected growth is based on its strategic / business direction of NOMW which it has documented in its business plan.

Current and Projected Financial Performance:

NOMW's current financial results and projected financial performance are as follows. The current financial results of 2016 and 2015 have been depicted along with the three years' performance projection in the below table:

Particulars	2019 (Forecast)	2018 (Forecast)	2017 (Forecast)	2016 (Actual)	2015 (Actual)
	------------------------------ SAR			----------------------------	
INCOME STATEMENT					
Income:					
Arrangement Fee	19,057,500	17,325,000	15,750,000	-	16,494,875
Placement Fee	3,000,000	2,000,000	-	140,246	1,462,106
Asset Management	17,000,000	16,000,000	10,565,135	3,167,237	2,674,461
Custody Fee	7,000,000	6,000,000	1,003,699	587,322	370,669
Structuring Fees	3,000,000	2,000,000	-	-	4,100,000
Other Income	1,500,000	1,000,000	250,000	277,610	2,649,571
Fair value changes on FVTPL investments	-	-	-	2,214,838	(23,508)
Total Income	**50,557,500**	**44,325,000**	**27,568,834**	**6,387,253**	**27,728,174**
Expenses:					
Staff Cost	11,523,582	10,475,983	9,523,621	5,807,482	9,781,015
General and Administrative Costs	7,276,824	6,624,220	6,030,518	2,387,074	5,366,038
Rent	518,400	432,000	360,000	284,733	468,636
Depreciation	475,725	432,477	393,161	322,061	527,724
Impairment of investments	-	-	-	706,995	1,057,350
Non –Controlling interest	-	-	-	965,938	-
Zakat	3,000,000	2,500,000	2,000,000	717,186	1,656,122
Total Expenses	**22,794,531**	**20,464,680**	**18,307,300**	**11,191,469**	**18,856,885**
Net Operating Income	**27,762,969**	**23,860,320**	**9,261,534**	**(4,804,216)**	**8,871,289**

The projections of NOMW are a depiction of growth in NOMW's size and operations. As depicted in the table above NOMW has plans to grow by launching new products which will substantially enhance its income from different business departments. However, there would be an increase in personnel costs, rent, and other related expenses. In a nutshell, NOMW's Net Profits will increase on average by 101% based on the next 3 years' projection.

Particulars	2019 (Forecast)	2018 (Forecast)	2017 (Forecast)	2016 (Actual)	2015 (Actual)
	------------------------------- SAR -------------------------------				
BALANCE SHEET					
Assets					
Current Assets:					
Cash and cash equivalents	29,836,554	6,027,518	13,557,586	19,006,875	2,744,845
Murabaha with banks	46,000,000	43,000,000	20,000,000	14,013,883	20,000,000
Investment in trading securities	-	-	-	9,341,360	454,672
Account receivables	-	-	400,934	402,591	195,316
Due from Related Parties	7,000,000	6,000,000	1,765,340	2,360,392	13,637,358
Other current assets	2,500,000	2,000,000	1,751,077	1,743,552	1,102,518
Total Current Assets	**85,336,554**	**57,027,518**	**37,474,937**	**46,868,653**	**38,134,709**
Non-current Assets					
Properties, plant and equipment	1,500,000	1,000,000	493,240	246,962	540,873
Available For Sale investments	35,000,000	35,000,000	29,062,743	11,318,557	21,668,592
Other non-current assets	-	-	-	-	-
Total non-current assets	**36,500,000**	**36,000,000**	**29,555,983**	**11,565,519**	**22,209,465**
Total Assets	**121,836,554**	**93,027,518**	**67,030,920**	**58,434,172**	**60,344,174**
Liabilities and shareholders' equity					
Liabilities					
Current Liabilities					
Other current liabilities	5,722,500	4,975,000	3,110,148	4,021,683	2,107,490
Total current liabilities	**5,722,500**	**4,975,000**	**3,110,148**	**4,021,683**	**2,107,490**

Particulars	2019 (Forecast)	2018 (Forecast)	2017 (Forecast)	2016 (Actual)	2015 (Actual)
	---------------------------------- SAR	----------------------------------			
Non-current liabilities:					
Indemnity	1,237,159	938,592	667,166	420,416	-
Total non-current liabilities	**1,237,159**	**938,592**	**667,166**	**420,416**	**-**
TOTAL LIABILITIES	**6,959,659**	**5,913,592**	**3,777,314**	**4,442,099**	**2,107,490**
SHAREHOLDERS' EQUITY					
Capital	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Statutory reserve	6,975,611	4,199,314	1,813,282	887,129	887,129
Change in fair value of AFS Investments	(75,000)	(75,000)	(75,000)	(75,000)	(634,605)
Retained earnings	57,976,284	32,989,612	11,515,324	3,179,944	7,984,160
Net income for the period	-	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY	**114,876,895**	**87,113,926**	**63,253,606**	**53,992,073**	**58,236,684**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**121,836,554**	**93,027,518**	**67,030,920**	**58,434,172**	**60,344,174**

Business Plan

NOMW plan is to focus on "start and quick win services and products" between 2016 and 2018, specifically real estate development fund, yielding fund and financing arrangements. Phase 2 of NOMW plan will extend from 2019 till 2020 and the focus will be on IPO arrangements, Sukuk, venture capital and private equity fund. Third phase will be from 2021 and forward where NOMW will establish financial alliance with respected financial institution in order to manage and provide equity and fixed income instruments and will look for opportunities in the MENA market.

NOMW assumptions for 2017 are the following:

- ✓ Three (3) Arrangement Services transactions, to be distributed as follows:

  - Two (2) Debt financing arrangements. Average fees is 0.75 for debt financing and planned to be closed by Quarter 3; and

  - One (1) Debt financing arrangement. Fees is 0.5% for debt financing and planned to be closed by the last quarter of 2017.

  The average size of all Three (3) transactions is an estimate of SAR 2.550 billion.

- ✓ Launching a new real estate fund; leading NOMW to manage two (2) real estate funds and one (1) IPO fund. The fund's sizes will be as follows:

  - Real estate funds SAR 0.9 billion; and

  -IPO fund SAR 40 million.

NOMW's plan is to increase its total assets up to SAR 122 million during the next 3 years. The growth target for the next three years by NOMW is a Compounded Annual Growth Rate of 28%.

To achieve the above mentioned business objectives, NOMW has set the following key targets for each of its lines of business based on which it has developed its financial projections for the next three years:

The arrangement offered by NOMW to the clients will be through the following products:

Real estate Development Fund

A real estate development fund will be established to develop a single or multi projects and to cater for the demand in this sector in the KSA market.

Equity Arrangement: Venture Capital/Private Equity

A company will be established between strategic investors, technical partner to play an active role in the one of the most growing sector.

Yielding Portfolio

This portfolio will be established as a venue for investors which are looking to deploy their liquidity in secured income yielding portfolio.

Syndication/Sukuk Arrangement

To arrange financing to corporate either through syndication or Sukuk or qusi equity instrument.

Merger & Acquisition Services

To provide on merger and acquisition services.

2. Executive Summary

The Capital Adequacy and Risk Management Report for NOMW CAPITAL "The Company" has been prepared in accordance with the public / market disclosure requirements and guidelines in respect of Pillar 3 of Basel III, as per the prudential rules published in December 2012 by Capital Market Authority "CMA" of the Kingdom of Saudi Arabia.

The purpose of this disclosure is to inform market participants of the key components, scope and effectiveness of NOMW's risk management systems, risk measurement processes, risk profile and capital adequacy. This is accomplished by providing consistent and understandable disclosure of NOMW's risk profile in a manner that enhances comparability with other institutions.

Pillar III is adopted by NOMW in 2014 for the first time.

NOMW has adopted the Standardized Approach for Credit Risk and highest of Basic Indicator Approach and Expenditure approach for Operational Risk. These approaches have been discussed in detail in the following pages of this report.

This Capital Adequacy and Risk Management Report provides details on NOMW's risk profile with business volumes by risk asset classes, which form the basis for the calculation of our capital requirement.

In accordance with the minimum capital requirement calculation methodology as prescribed under Basel III, NOMW capital adequacy as at 31st December is as follows:

	31 December 2016	31 December 2015
Total Capital Adequacy Ratio (including Pillar II and stress tests impact)	3.44	2.77

Simulated total capital adequacy ratio for 2017-2019:

	31 December 2017	31 December 2018	31 December 2019
Total Capital Adequacy Ratio (including Pillar II and stress tests impact)	2.23	2.09	2.58

Based on the above, it's clear that NOMW Capital would be sufficiently capitalized and would not need to raise capital from future sources in case a plausible stress event is to transpire.

As of 31st December 2016 total Risk Weighted Assets (RWA) amounted to SAR 12.6 M which comprised of 67 % Credit Risk, 13% market risk and 20 % Operational Risk.

Capital adequacy assessment details as of 31st December 2016 are shown in the below table:

CAPITAL ADEQUACY ASSESSMENT SUMMARY – 31st December 2016		
Particulars	Regulatory Capital – Pillar I	Risk Capital – (Pillar I + Pillar II)
	---------------- SAR (‘000)	--------------
Credit Risk	8,360	8,360
Market Risk	1,681	1,681
Operational Risk	2,559	2,559
Pillar I Total	**12,600**	**12,600**
Reputation Risk	-	126
Business/Strategic Risk	-	47
Pillar II Total	-	**12,773**
Additional capital to cover stress testing	-	2,924
ICAAP Capital Requirement	**12,600**	**15,697**
Additional Capital Requirement	-	**3,097**
Capital Base	**53,992**	**51,068**
Surplus (Deficit) in Capital Base	**41,392**	**38,295**
Capital Ratio	**4.29**	**3.44**

N.B: it is worth to be noted that all figures and amounts being reflected in this report are in Saudi Riyals.

Simulated capital adequacy assessment as of 31 December 2017-2019:

CAPITAL ADEQUACY ASSESSMENT SUMMARY – 31st December 2017		
Particulars	Regulatory Capital – Pillar I	Risk Capital – (Pillar I + Pillar II)
	---------------- SAR (‘000)	--------------
Credit Risk	15,587	15,587
Operational Risk	4,077	4,077
Pillar I Total	**19,664**	**19,664**
Reputation Risk	-	197
Business/Strategic Risk	-	74
Pillar II Total	**-**	**19,934**
Additional capital to cover stress testing	-	4,259
ICAAP Capital Requirement	**19,664**	**24,194**
Additional Capital Requirement		**4,530**
Capital Base	**53,991**	**49,732**
Surplus (Deficit) in Capital Base	**34,327**	**29,797**
Capital Ratio	**2.75**	**2.23**

CAPITAL ADEQUACY ASSESSMENT SUMMARY – 31st December 2018		
Particulars	Regulatory Capital – Pillar I	Risk Capital – (Pillar I + Pillar II)
	---------------- SAR ('000) --------------	
Credit Risk	20,354	20,354
Operational Risk	4,491	4,491
Pillar I Total	**24,845**	**24,845**
Reputation Risk		248
Business/Strategic Risk		93
Pillar II Total		**25,187**
Additional capital to cover stress testing		5,046
ICAAP Capital Requirement	**24,845**	**30,232**
Additional Capital Requirement		**5,387**
Capital Base	**63,253**	**58,207**
Surplus (Deficit) in Capital Base	**38,408**	**33,021**
Capital Ratio	**2.55**	**2.09**

CAPITAL ADEQUACY ASSESSMENT SUMMARY – 31st December 2019		
Particulars	Regulatory Capital – Pillar I	Risk Capital – (Pillar I + Pillar II)
	---------------- SAR ('000) --------------	
Credit Risk	27,177	22,177
Operational Risk	6,123	6,123
Pillar I Total	**28,300**	**28,300**
Reputation Risk	-	283
Business/Strategic Risk	-	106
Pillar II Total	**-**	**28,689**
Additional capital to cover stress testing		5,137
ICAAP Capital Requirement	**28,300**	**33,826**
Additional Capital Requirement		**5,526**
Capital Base	**87,114**	**81,977**
Surplus (Deficit) in Capital Base	**58,814**	**53,288**
Capital Ratio	**3.08**	**2.58**

Based on the above, it is clear that NOMW Capital would be sufficiently capitalized and would not need to raise capital from future sources in case a plausible stress event is to transpire.

3. Basel III Components

In December 2012, CMA issued a circular requiring financial institutions operating in the Kingdom of Saudi Arabia to report their capital adequacy requirements according to the Basel III guidelines. Basel III is an international initiative (adopted by CMA) with a view to ensure adequate capitalization of financial institutions on a more robust risk-sensitive basis providing a framework for assessment of risk and calculation of regulatory capital requirement, i.e. the minimum capital that an institution must hold, given its risk profile. Basel III framework is intended to strengthen risk management practices and processes within financial institutions.

CMA's Basel II / III framework describes the following three pillars which are designed to be mutually re-enforcing and are meant to ensure an adequate capital base which corresponds to the overall risk profile of the financial institution:

- ✓ Pillar 1: Calculation of capital adequacy ratio based on charge for credit, market and operational risks stemming from business operations.
- ✓ Pillar 2: Supervisory review process which includes:
  - Internal Capital Adequacy Assessment Process (ICAAP) to assess incremental risk types not covered under Pillar 1;
  - Quantification of capital required for these identified risks; and
  - The assurance that the Company has sufficient capital cushion (generated from internal / external sources) to cover these risks over and above the regulatory requirement under Pillar 1.
- ✓ Pillar 3: Market discipline through public disclosures that are designed to provide transparent information on capital structure, risk exposures, risk mitigation and the risk assessment process.

These concepts are further described in the following pages.

This report represents the Company's market disclosures, under the Pillar 3 requirements, of its risk profile and capital adequacy as at the end of 31st December 2016.

3.1. Pillar I – Minimum Capital Requirements

Basel II / III, as adopted and implemented by CMA, cover the minimum regulatory capital requirement for financial institutions for credit, market and operational risks stemming from its business operations. It also sets out the basis for consolidation of entities for capital adequacy reporting requirements, the definition and calculations of Risk Weighted Assets (RWA) and the various options given to financial institutions to calculate these Risk Weighted Assets.

The regulatory capital requirements are calculated according to the following formula (expressed as a percentage):

$$\text{Minimum Capital Requirements} = \frac{\text{Capital Base}}{\text{RWA}}$$

The Minimum Capital Requirements is to be greater or equal to 14 %.

The table below describes the approaches available for calculating the RWA for each of the aforementioned risk types:

Credit Risk	Market Risk	Operational Risk
Standardized Approach	Standardized Approach	Highest of Basic Indicator approach and Expenditure based approach

a) Credit Risk

The Company uses the Standardized Approach at the consolidated level for regulatory reporting purposes. This approach differs from the Basel I regulations in that it allows the use of external ratings, where available, from accredited ratings agencies for the determination of appropriate risk weights, and also includes a wider range of eligible financial collaterals.

b) Market Risk

The Company uses the Standardized Approach at the consolidated level for regulatory reporting purposes.

c) Operational Risk

The Company uses the higher of Basic Indicator Approach and Expenditure Based Approach.

Basic Indicator Approach related capital charge is the average of the last 3 gross operating Income multiplied by 15 %.

Expenditure Based Approach related capital charge is the total expenditure multiplied by 25 %.

3.2. Pillar II – Supervisory Review Process

The Supervisory Review Process (SRP) under Pillar II requires financial institutions to employ an Internal Capital Adequacy Assessment Process (ICAAP) aimed at:

a) Quantifying the Company's own internal assessment of the level of capital that it deems appropriate to adequately cover all material risks that it is exposed to; and

b) Instituting a comprehensive process for business and capital planning to ensure that adequate capital is always available to cover its risk exposures. Companies are also required to identify sources for raising additional capital in case of need and to provide documented plans thereof. As part of this process financial institutions are required to ascertain whether credit, market and operational risk capital charges calculated under Pillar I are adequate to cover Companies' internal assessment of these risks or not. Furthermore, they are expected to ascertain additional capital requirements (over and above the Pillar I requirements) for the Pillar II risks that Companies are exposed to (examples of some risks are reputation risk, business strategic risk). The ICAAP has to be designed to ensure that companies have sufficient capital cushion to meet regulatory and internal capital requirements during periods of systemic / cyclical economic downturns or during times of financial distress - which involves employing stress testing and scenario analysis techniques.

In compliance with the regulatory requirements, NOMW has submitted its detailed ICAAP Plan for the year 2016.

3.3. Pillar III – Market Discipline

Under Pillar 3, CMA prescribes the qualitative and quantitative disclosures which are required to be made to external stakeholders of the Company. The disclosures are designed to enable stakeholders and market participants to assess an institution's risk appetite, risk exposures and risk profile. It encourages the move towards more advanced forms of risk management.

4. Risk and Capital Management Process

NOMW is exposed to a broad range of risks in the normal course of its business. The Company's risk and capital assessment policies are designed to identify and quantify these risks, set appropriate limits in line with defined risk appetite, ensuring control and monitoring adherence to the limits. The principal risks associated with the Company's business are reputation risk and business strategic risk.

Executive Committee

The Executive Committee shall assist the Board in carrying out its investment and management responsibilities, which include the following:

- ✓ Define the operational financing for the current investments to certain limits on behalf of the board of directors
- ✓ Approving new deals or additional financing for the current investments to certain limits on behalf of the BOD
- ✓ Monitoring the performance of the company's management portfolio
- ✓ Approving the capital structure, full or partial liquidation of investments and approval on recommending (subject to the agreement of the BOD) on annual financial statements, annual budget and assigning external auditors
- ✓ Approving and recommending policies and procedures, organizational structure and others.

Audit Committee

The audit committee duties and responsibilities are as per the following:

- ✓ Acting as an independent body to monitor the financial reporting system and the Company's internal control procedures
- ✓ Reviewing and evaluating the work of the internal and external auditors, and providing a channel of communication between them and senior management and BOD

Compliance Committee

The Compliance committee shall assist the BOD and the Company's management team to oversee the following:

- ✓ Compliance program to ensure compliance with laws, rules and regulations specially the rules issued by the Capital Market Authority
- ✓ Compliance with internal policies and procedures
- ✓ Guides of the corporate governance and others.

Nomination and remuneration Committee

The nomination and remuneration committee is responsible for assisting the BOD on the selection of staff and determine their remuneration, development, and promotions. It is also responsible for adopting of succession plan to ensure the Company's business continuity.

BOD

NOMW Capital's BOD is responsible for overseeing the Company's business, the development of its policies and objectives, identifying the main risks involved in the Company's investments and implementing effective systems to monitor and manage these risk efficiently, protecting its assets and shareholder's equity, developing and implementing succession policies for senior management team to ensure the business continuity, supervising the implementation of internal policies, provide leadership and direction for the Company with commitment to the highest ethical standards and integrity, and ensure compliance with all regulatory and legal requirements in force.

Internal Audit

The Company has assigned BDO as their internal auditors in December 2015 at the end of the Company's first financial period. The internal audit will start in the first quarter of 2016 to cover the whole period since the establishment of the company.

5. Regulatory Capital Requirements

This chapter describes NOMW's capital requirements, calculated on the basis of regulatory guidelines. The risk types under Pillar I are in accordance with Basel II / III guidelines issued by CMA and contain credit, market and operational risks.

As at 31st December 2016 the Company's overall regulatory capital requirements under Pillar I can be broken down as follows.

Risk Type	Capital Requirement SAR ('000)	% of Total Requirement
Credit Risk	8,360	66.4 %
Market Risk	1,681	13.3 %
Operational Risk	2,559	20.3 %
Total	**12,600**	**100.0 %**

Simulated Company's overall regulatory capital requirements under Pillar I for 2017-2019 are as follows:

Risk Type	Capital Requirement SAR ('000)	% of Total Requirement
2017		
Credit Risk	15,587	79.3%
Market Risk	-	-
Operational Risk	4,077	20.7%
Total	**19,664**	**100.0 %**
2018		
Credit Risk	20,354	81.9%
Market Risk	-	-
Operational Risk	4,491	18.1%
Total	**24,845**	**100.0 %**
2019		
Credit Risk	22,177	78.4%
Market Risk	-	-
Operational Risk	6,123	21.6%
Total	**28,300**	**100.0 %**

5.1. Capital Requirement for Credit Risk

NOMW calculates the capital requirements for credit risk according to the Standardized Approach. Under this approach, exposures are assigned to portfolio segments based on the type of counterparty and/or the nature of the underlying exposure.

The major portfolio segments as defined by the Basel guidelines adopted by CMA where each segment has a defined risk weight ranging from 0% to 714% depending on tenor, type of exposure, asset class, whether the counterparty has an external rating and whether the exposure is past due.

The following table describes the amount of exposures subject to credit risk and the related capital requirements, by portfolio.

2016

<table>
<tr><th>Asset Class</th><th>Exposure SAR (‘000)</th><th>Risk Weights</th><th>Effective RWA SAR (‘000)</th><th>Capital Requirement SAR (‘000)</th></tr>
<tr><td>Exposure to APs and Banks</td><td>33,021</td><td>20%</td><td>6,604</td><td>925</td></tr>
<tr><td>Exposure to Corporates</td><td>130</td><td>714%</td><td>928</td><td>130</td></tr>
<tr><td>Tangible assets</td><td>247</td><td>300%</td><td rowspan="10">52,183</td><td rowspan="10">7,305</td></tr>
<tr><td>deferred expenditure / accrued income</td><td>405</td><td>300%</td></tr>
<tr><td>Retail exposures</td><td>108</td><td>300%</td></tr>
<tr><td>Holdings in listed shares or equivalent</td><td>1,243</td><td>150%</td></tr>
<tr><td>Closed-ended Investment Fund</td><td>12,436</td><td>300%</td></tr>
<tr><td>Open-ended Investment Fund</td><td>-</td><td>150%</td></tr>
<tr><td>Cash or Gold</td><td>-</td><td>0%</td></tr>
<tr><td>Unlisted equity</td><td>-</td><td>400%</td></tr>
<tr><td>Other on balance sheet exposures - Other items</td><td>1,503</td><td>714%</td></tr>
<tr><td>Off Balance Sheet</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Total</td><td>49,093</td><td></td><td>59,715</td><td>8,360</td></tr>
</table>

Simulated exposures for 2017-2019 subject to credit risk and the related capital requirements are described in the following tables:

2017

Asset Class	Exposure SAR ('000)	Risk Weights	Effective RWA SAR ('000)	Capital Requirement SAR ('000)
Exposure to APs and Banks	33,558	20%	6,712	940
Exposure to Corporates	400	714%	2,856	400
Tangible assets	493	300%	1,479	207
Deferred expenditure / accrued income	700	300%	2,100	294
Holdings in listed shares or equivalent	1,200	150%	1,800	252
Closed-ended Investment Fund	29,628	300%	88,883	12,444
Open-ended Investment Fund	-	150%	-	-
Unlisted equity	-	400%	-	-
Cash or Gold	-	0%	-	-
Other on balance sheet exposures - Other items	1,051	714%	7,503	1,050
Total	**67,030**		**111,333**	**15,587**

2018

Asset Class	Exposure SAR ('000)	Risk Weights	Effective RWA SAR ('000)	Capital Requirement SAR ('000)
Exposure to APs and Banks	49,028	20%	9,806	1,373
Exposure to Corporates	-	714%	-	-
Tangible assets	1,000	300%	3,000	420
Deferred expenditure / accrued income	700	300%	2,100	294
Holdings in listed shares or equivalent	1,200	150%	1,800	252
Closed-ended Investment Fund	39,800	300%	119,400	16,716
Open-ended Investment Fund	-	150%	-	-
Cash or Gold	-	0%	-	-
Other on balance sheet exposures - Other items	1,300	714%	9,282	1,299
Total	**93,028**		**145,388**	**20,354**

2019

Asset Class	Exposure SAR ('000)	Risk Weights	Effective RWA SAR ('000)	Capital Requirement SAR ('000)
Exposure to APs and Banks	75,837	20%	15,167	2,123
Exposure to Corporates	-	714%	-	-
Tangible assets	1,500	300%	4,500	630
Deferred expenditure / accrued income	800	300%	2,400	336
Holdings in listed shares or equivalent	1,200	150%	1,800	252
Closed-ended Investment Fund	40,800	300%	122,400	17,136
Open-ended Investment Fund	-	150%	-	-
Unlisted equity	-	400%	-	-
Cash or Gold	-	0%	-	-
Other on balance sheet exposures - Other items	1,700	714%	12,138	1,700
Total	**121,837**		**158,405**	**22,177**

5.2. Capital Requirements for Market Risk

NOMW currently (or in the future) is not subject to material Market risk, and the source of the market risk as of the end of year 2016 was the consolidation of Nomw IPO fund by which the management believes this consolidation will not recur in the future years, however if it has recurred the management will deal with it in accordance to the relevant risk policies.

5.3. Capital Requirements for Operational Risk

The Company uses the higher of Basic Indicator Approach and Expenditure Based Approach.

Basic Indicator Approach related capital charge is the average of the last 3 gross operating Income multiplied by 15 %.

Expenditure Based Approach related capital charge is the total expenditure multiplied by 25 %.

The capital charge requirements for operational risk are detailed in the table below.

Basic Indicator Approach SAR ('000)					
Gross Operating Income			Average Gross Operating Income	Risk Capital Charge	Capital Requirement
2014	2015	2016			
-	27,728	6,387	17,058	15%	2,559

Expenditure Based Approach SAR ('000)		
Overhead expenses (2016)	Risk Capital Charge	Capital Requirements
9,508	25%	2,377
Maximum of Basic Indicator Approach and Expenditure Approach		**2,559**

The simulated capital charge requirements for 2017-2019 for operational risk are detailed in the below tables:

2017

Basic Indicator Approach SAR ('000)					
Gross Operating Income			Average Gross Operating Income	Risk Capital Charge	Capital Requirement
2015	2016	2017			
27,728	6,387	27,569	20,561	15%	3,084

Expenditure Based Approach SAR ('000)		
Overhead expenses (2017)	Risk Capital Charge	Capital Requirements
16,307	25%	4,077
Maximum of Basic Indicator Approach and Expenditure Approach		**4,077**

2018

Basic Indicator Approach --- SAR ('000) ---					
Gross Operating Income			Average Gross Operating Income	Risk Capital Charge	Capital Requirement
2016	2017	2018			
6,387	27,569	44,325	26,093	15%	3,914

Expenditure Based Approach --- SAR ('000) ---		
Overhead expenses (2018)	Risk Capital Charge	Capital Requirements
17,964	25%	4,491
Maximum of Basic Indicator Approach and Expenditure Approach		**4,491**

2019

Basic Indicator Approach --- SAR ('000) ---					
Gross Operating Income			Average Gross Operating Income	Risk Capital Charge	Capital Requirement
2017	2018	2019			
27,569	44,325	50,557	40,817	15%	6,123

Expenditure Based Approach --- SAR ('000) ---		
Overhead expenses (2019)	Risk Capital Charge	Capital Requirements
19,794	25%	4,949
Maximum of Basic Indicator Approach and Expenditure Approach		**6,123**

5.4. Capital Structure

The total eligible capital (Tier I and II) calculated in accordance with CMA guidelines is as follows.

Name of authorised person:	NOMW Capital	
Reporting date:	**Dec 2016**	**Dec 2015**
CAPITAL BASE	**SAR '000**	**SAR '000**
Tier-1 Capital		
Paid-up capital	50,000	50,000
Share premium	0	0
Reserves	887	0
Audited retained earnings	7,984	0
Verified previous year profit/(loss)	0	0
Verified interim profit/(loss)	(4,804)	8,871
Loss offsetting against capital reduction	0	0
Tier-1 adjustment *		
Unverified interim loss (-)	*0*	*0*
Unverified previous year loss (-)	*0*	*0*
Goodwill and intangible assets (-)	*0*	*0*
Unrealised losses from HFT investments (-)	*0*	*(24)*
Unrealised losses from AFS investments (-)	*(75)*	*(635)*
Deferred zakah assets (-)	*0*	*0*
Dividend expense from retained earnings (-)	*0*	*0*
Zakah expense from retained earning (-)	*0*	*0*
Other negative equity items (-)	*0*	*0*
Other deductions from Tier-1 (-)		
Deductions (-)	(75)	(658)
Tier-1 capital	53,992	58,213
Tier-2 Capital		
Subordinated loans	0	0
Tier 2 debt securities	0	0
Cumulative preference shares	0	0
Revaluation reserves	0	0
Tier-2 adjustment *		
Other deductions from Tier-2 (-)		
Deduction to meet Tier-2 capital limit (-)	0	0
Tier-2 capital	0	0
CAPITAL BASE	**53,992**	**58,213**

6. Credit Risk

6.1. Credit Exposure

6.1.1. Asset Classes

Asset Class	Exposure SAR ('000)	Risk Weights	Effective RWA SAR ('000)	Capital Requirement SAR ('000)	Credit Rating SAR ('000)
Exposure to APs and Banks	33,021	20%	6,604	925	*
Exposure to Corporates	130	714%	928	130	Unrated
Tangible assets	247	300%	52,183	7,305	
deferred expenditure / accrued income	405	300%			
Retail exposures	108	300%			
Holdings in listed shares or equivalent	1,243	150%			
Closed-ended Investment Fund	12,436	300%			
Open-ended Investment Fund	-	150%			
Cash or Gold	-	0%			
Other on balance sheet exposures - Other items	1,503	714%			
Off Balance Sheet	-	-			
Total	**49,093**		**59,715**	**8,360**	

* Details of APs and Banks' related credit ratings are described in the following table.

NOMW

Bank	Exposure SAR ('000)	Risk Weights	Effective RWA SAR ('000)	Capital Requirement SAR ('000)	Credit Rating	Credit Agency
Bank Albilad	566	20%	113	16	A2	Moody's
Albilad Capital	3,348	20%	670	94	A2	Moody's
Bank Muscat	59	20%	12	2	A1	Moody's
Muscat Capital	8,513	20%	1,703	238	A1	Moody's
Alinma Bank	20,535	20%	4,106	575	A-	Fitch
Exposure to APs and Banks	**33,021**	**20%**	**6,604**	**925**		

6.1.2. Allocation of on-balance sheet exposures to risk weight buckets

An analysis of the portfolio by the regulatory risk weight buckets is presented in the table below:

Portfolio	Risk Buckets					Total
	20 %	150 %	300 %	400 %	714 %	
Exposure to APs and Banks	33,021	-	-	-	-	33,021
Exposure to Corporates	-	-	-	-	130	130
Tangible assets	-	-	247	-	-	247
Deferred expenditure / accrued income	-	-	405	-	-	405
Retail exposures	-	-	108	-	-	108
Holdings in listed shares or equivalent	-	1,243	-	-	-	1,243
Closed-ended Investment Fund	-	-	12,436	-	-	12,436
Open-ended Investment Fund	-	-	-	-	-	-
Cash or Gold	-	-	-	-	-	-
Unlisted equity	-	-	-	-	-	-
Other on balance sheet exposures - Other items	-	-	-	-	1,503	1,503
Off Balance Sheet	-	-	-	-	-	-
Total	**33,021**	**1,243**	**13,196**	**-**	**1,633**	**49,093**
Total Related Capital Charge	**925**	**261**	**5,542**	**-**	**1,632**	**8,360**

6.2. Receivables' Ageing

Receivables	0-90 days	More than 90 days	Total as of 31 December 2016
Exposures related to Corporates	80	50	**130**
Retail	108	-	**108**
Investment Funds (Closed ended)	1,785	575	**2,360**
Other receivables	509	994	**1,503**
Total	**2,482**	**1,619**	**4,101**

7. Market Risk

Market risk is the risk that the value of a portfolio, either an investment portfolio or a trading portfolio, will decrease due to the change in value of the market risk factors. The standard market risk factors are stock prices, interest rates and foreign exchange rates. The associated market risks are:

- ✓ Equity risk, the risk that stock prices and/or the implied volatility will change.
- ✓ Interest rate risk, the risk that interest rates and/or the implied volatility will change.
- ✓ Currency risk, the risk that foreign exchange rates and/or the implied volatility will change.

NOMW currently (or in the future) is not subject to material Market risk, and the source of the market risk as of the end of year 2016 was the consolidation of Nomw IPO fund by which the management believes this consolidation will not recur in the future years, a.

Measurement

Market risk Capital requirement is as indicated below:

2016

Risk	Net Long Position	Net Short Position	Capital Requirement
Equity Price Risks	**9,341**	**-**	**1,681**
Investment Fund Risks	**-**	**-**	**-**
Interest Rate Risks - Debt Securities	**-**	**-**	**-**
Interest Rate Risks - Securitisation	**-**	**-**	**-**
Interest Rate Risks - Resecuritisation	**-**	**-**	**-**
Foreign Exchange Rate Risks	**-**	**-**	**-**
Commodities Risks	**-**	**-**	**-**
Settlement Risks	**-**	**-**	**-**
Total			**1,681**

NOMW

8. Operational Risk

It is a risk of monetary losses resulting from inadequate or failed internal processes, people, and systems or from external events. It includes legal risk, but excludes strategic and reputational risks.

Legal risk includes, but is not limited to, exposure to fines, penalties, or punitive damages resulting from supervisory actions, as well as private settlements. It arises out of the legal implications of failed systems, people, processes or external events.

Information Technology Risk, an integral part of Operational Risk arises out of failure in systems or non-adherence to laid-down processes or misuse by staff apart from external events.

Measurement

The Operational Risk Capital Charge for NOMW is calculated as higher of the Basic Indicator Approach (BIA) and Expenditure Based Approach under Pillar I as stipulated by CMA's prudential rules.

2016

Basic Indicator Approach --- SAR ('000) ---					
Gross Operating Income			Average Gross Operating Income	Risk Capital Charge	Capital Requirement
2014	2015	2016			
-	27,728	6,387	17,058	15%	2,559

Expenditure Based Approach --- SAR ('000) ---		
Overhead expenses (2016)	Risk Capital Charge	Capital Requirements
9,508	25%	2,377
Maximum of Basic Indicator Approach and Expenditure Approach		**2,559**

The capital charge for operational risk is the higher of the two above approaches of which is the Basic Indicator one amounting to 2.6 M.

It is worth to be noted that although the standardized approach is one of the method to be considered for operational risk as per Basel requirements, the Company has not taken it into consideration as the related capital adequacy of this excel sheet is disabled.

9. Other Risks (Pillar II)

Pillar II objectives are to cover risks not covered under Pillar I (which will be illustrated in details in this section) along with additional capital charge resulting from stress tests.

9.1. Interest Rate Risk on Banking Book

Interest Rate Risk in Banking Book (IRRBB) refers to the risk of loss in earnings or economic value of the company's Banking Book because of movement in interest rates.

Measurement

NOMW currently (or in the future) is not subject to material interest rate risk in the banking book, hence this category has not been considered for quantification purposes

9.2. Liquidity risk

Liquidity risk is defined as the company's inability to meet its obligations. The analysis of liquidity risk requires to measure the liquidity position of the company and to examine how funding sources are likely to evolve under various scenarios. Liquidity risk usually arises from short term liabilities that have a short contractual maturity such as non-interest bearing accounts and are generally dealt by keeping a cash buffer to serve the liquidity needs.

Measurement

Liquidity Risk has been incorporated based on analysis of NOMW's ability to meet its liabilities when due. However currently NOMW Capital does not have material liabilities (or in the future) and as such currently these are considered negligible.

9.3. Reputation risk

Reputation risk is the current and prospective impact on earnings and capital arising from negative public opinion. This may arise from market rumors, severe regulatory sanctions, or heavy financial losses. Such negative publicity, whether true or not, may impair public confidence, result in costly litigation, or lead to a decline in its client base/ business.

NOMW operations began in June 2014 and have not faced any adverse publicity, investor run or regulatory penalties since then. As an employer, the company's remuneration is in line with the industry. The policies for various risks are well documented and are reviewed regularly. Risk and Compliance function at NOMW ensures that business is conducted within the applicable legal and regulatory framework. The HR function focuses on developing ethical and moral values in the employees.

Measurement

The factors that primarily have an impact on the reputation of NOMW have been identified based on which a scorecard based methodology has been adopted. These factors are outlined in the table below:

#	Risk Drivers
1	Loss Event Identification
2	Peer Group Comparison
3	Information Reporting Accuracy
4	Staff Competence and Support
5	Corporate Culture
6	Risk Management & Control Environment
7	Financial Soundness
8	Business Practices
9	Customer Satisfaction
10	Legal and Compliance Risk
11	Contagion Risk
12	Crisis Management
13	Transparency & Accountability

The scorecard is administered by the Senior Management for measuring the impact of the above mentioned factors on the company's reputation. A risk mapping table has been developed and adopted by NOMW to link the score to the amount of capital that needs to be kept aside, the details of which are given in Annexure A.

The scores obtained from the scorecard are then calculated based on weight given to responses within each area and aggregated to arrive at a final score for Reputational Risk. The score obtained for Reputational Risk assessment is 84.8 out of 100. This score is then calibrated with Pillar I capital charge as mentioned below:

Score Grade	Min	Max	Applicable Capital charge
75-100	75	100	1.00%
50-74	50	75	2.00%
25-49	25	50	4.00%
0-24	0	25	8.00%

Reputation Risk Score	84.8
Applicable % of Reputation Risk	1%
Pillar I Capital Charge (‘000)	**SAR 12,600**
Reputation Risk Capital Charge (‘000)	**SAR 126.00**

So the reputation Capital charge is 126.00 thousand.

Simulated Reputation Risk Capital Charge from 2017 to 2019:

Reputation risk Capital Charge projections till the year 2019 are given below:

Score Grade	2017	2018	2019
Pillar I Capital Charge SAR (‘000)	19,664	24,845	28,300
Applicable Capital Charge for Reputation Risk	1.00%	1.00%	1.00%
Capital required for Reputation Risk SAR (‘000)	**196.64**	**248.45**	**283.00**

9.4. Business / Strategic risk

Business / Strategic risk refers to the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. It arises from formulation and implementation of strategic plan, business plan, which is inappropriate and inconsistent with internal factors and external environment that may affect earnings, capital fund or viability of the business.

NOMW has defined vision and mission statements which are in line with its business objectives. i.e. as follows:

Vision:

To be one of the top leading investment house in the MENA region.

Mission:

To be one the preferred investment house by maintaining the following:

- ✓ High management standards;
- ✓ High quality standards;
- ✓ Fulfill our commitments to deliver projects on time;
- ✓ Sourcing unique investment opportunities;
- ✓ Advising client in professional manner; and
- ✓ Deliver the targeted return.

To be a trusted financial House by maintaining the followings:

- ✓ Dealing with client in well transparent manner;
- ✓ Deliver right advice in right place; and

- ✓ Deliver service in mount of truth.

Measurement

The factors that primarily have an impact on the strategies / business of NOMW have been identified based on which a scorecard based methodology has been adopted. These factors are outlined in the table below:

#	Risk Drivers
1	Formulation of Overall Business and Corporate Objectives
2	Business Environment Scan
3	Economic Environment Scan
4	Investor Profiling
5	Real Estate Profiling
6	Business Planning
7	Staff Management - Strategic implementation plans
8	Technology Management - Strategic / Business implementation plans

A scorecard is used which attempts to rate the efficacy of each of the above defined areas to evaluate the effectiveness, the details of these areas are given in Annexure B. Each of the areas is assigned weightage to arrive at a final score.

The scores obtained from the scorecard are then calculated based on weights given to response within each area and are aggregated to arrive at a final score for Business / Strategic Risk. The score obtained for Business / Strategic Risk assessment is 91.25 out of 100. This score is then calibrated with Pillar I capital charge as mentioned below:

Score Grade	Min	Max	Applicable Capital charge
75-100	75	100	0.375%
50-74	50	75	0.75%
25-49	25	50	1.50%
0-24	0	25	3.00%

The score of 91.25 calibrates to 0.375% of Pillar I Charge.

Business / Strategic Risk Score	91.25
Applicable % for Business / Strategic Risk	0.375%
Pillar I Capital Charge	**12,600**
Business / Strategic Risk Capital Charge	**47.25**

The Business / Strategic Risk Capital Charge come out to be SAR 47.25 thousand.

Simulated Strategic Risk Capital Charge from 2017 to 2019:

Strategic risk Capital Charge projections till the year 2019 are given below:

Score Grade	2017	2018	2019
Pillar I Capital Charge ('000)	19,664	24,845	28,300
Applicable Capital Charge for Strategic Risk	0.375%	0.375%	0.375%
Capital required for Strategic Risk ('000)	73.74	93.17	106.13

9.5. Capital Planning and Stress Tests

NOMW evaluates strategic options on the grounds of market attractiveness and growth possibilities, along with the assessment of internal sources to exploit the opportunities, which results in an informed decision backed by a business rationale.

Based on the evaluation of strategic options, NOMW will continue operating under the scope of existing product/service licenses obtained from CMA, however will develop new products and services to enhance client experience. The Company as a strategy envisages to expand its product and service lines and it is expected that Investment banking and Asset Management for the coming years will constitute major sources of revenue. With an expectation of high growth in operations, NOMW will require continuous investment in working capital to support this growth.

As mentioned earlier, NOMW has sketched out a comprehensive business plan and has set out key targets and milestones for its business lines to complement its growth.

Currently, the minimum capital requirement for NOMW as at December 31, 2016 was SAR 15.697 million (after Pillar II and stress scenarios) and the associated Capital Ratio was 3.44 times. This ratio is well above minimum regulatory requirement of 1x and therefore NOMW does not currently need to seek alternate sources of capital.

Stress Testing

Overview

Stress Testing refers to various techniques used by the APs to measure their vulnerability to exceptional but plausible events. Stress testing is an important part of the risk management process in NOMW and is considered as an integral part of ICAAP under Pillar II. NOMW has already adopted CMA's Prudential Rules, for guideline on stress testing and endeavors to improve upon by adding further scenarios to the stress testing framework.

NOMW will apply stress tests at varying frequencies dictated by business requirements and relevance. It will undertake fresh stress tests when there are significant modifications in the underlying assumptions. The results of the various stress tests will be reported to the senior management and Board of Director's Audit Committee and will be an essential ingredient of NOMW's risk management systems.

The company will document the stress tests undertaken, the underlying assumptions, the results and the corrective action to be undertaken.

Detailed Stress Testing

The technique for stress testing employed at NOMW is according to the size, nature & profile of the company. The method is derived from guidelines provided by CMA and comparable industry practice. The stress testing technique employed at NOMW consists of scenario analyses, which will be carried out for the major risks that are faced by the company, viz., credit risk, market risk and operational risk.

The results of stress tests are analyzed for net change in required capital. The impact is quantified for the purpose of stress testing only where additional capital is required under a specific scenario.

Scenario 1 - Stress Testing of receivable deterioration

Stress Testing for receivable deterioration assess the impact of default by debtors of the company resulting in a deterioration of receivable to past due receivables thereby affecting the capital adequacy position.

There will be no impact on the capital charge after performing a receivable deterioration stress test because the maximum capital requirement is allocated for receivables under pillar 1 reporting.

Scenario 2 – Stress Testing of increment in operational expenditure

Stress Tests for Operational Risk assess the impact of change in overhead expenses on the company's capital adequacy position. With respect to Operational Risk the company has undertaken stress testing of low, medium and high intensity situations to assess the impact on capital ratio.

The following scenarios have been assumed:

- ✓ Low: Direct increase in expenditures by 5%
- ✓ Medium: Direct increase in expenditures by 10%
- ✓ High: Direct increase in expenditures by 20%

The results of the additional capital requirements are shown in the table below:

Summary	Low	Medium	High
Total Expenses	9,508	9,508	9,508
% Increase in Expenditures	5%	10%	20%
Amount of increased Expenditure	475	951	1,902
Capital Charge %	25%	25%	25%
Increase in Capital Charge SAR ('000)	**119**	**238**	**475**

Calculation from 2017 to 2019:

Following are projected impacts on operational risk capital for Year 2017, in case expenditure was to increase by 5%, 10% and 20% respectively:

Summary	Low	Medium	High
Total Expenses	16,307	16,307	16,307
% Increase in Expenditures	5%	10%	20%
Amount of increased Expenditure	815	1,631	3,261
Capital Charge %	25%	25%	25%
Increase in Capital Charge SAR (‘000)	**204**	**408**	**815**

Following are projected impacts on operational risk capital for Year 2018, in case expenditure was to increase by 5%, 10% and 20% respectively:

Summary	Low	Medium	High
Total Expenses	17,964	17,964	17,964
% Increase in Expenditures	5%	10%	20%
Amount of increased Expenditure	898	1,796	3,593
Capital Charge %	25%	25%	25%
Increase in Capital Charge SAR (‘000)	**225**	**449**	**898**

Following are projected impacts on operational risk capital for Year 2019, in case expenditure was to increase by 5%, 10% and 20% respectively:

Summary	Low	Medium	High
Total Expenses	19,794	19,794	19,794
% Increase in Expenditures	5%	10%	20%
Amount of increased Expenditure	990	1,979	3,959
Capital Charge %	25%	25%	25%
Increase in Capital Charge SAR (‘000)	**247**	**495**	**990**

Scenario 3: Stress Testing on Decline in Market Prices of Equity Investments

Stress Tests for Market Risk on Equity Investments assess the impact of decline in the market value of Equity Investments on the company's capital adequacy position. With respect to Market Risk on Equity Investments, the company has undertaken stress testing of low, medium and high intensity decline to assess the impact on capital ratio.

The following scenarios have been assumed:

- ✓ Low: Decrease in Equity Investment prices by 5%
- ✓ Medium: Decrease in Equity Investment prices by 10%
- ✓ High: Decrease in Equity Investment prices by 15%

The results for 2016 are shown in the table below:

Summary	Low	Medium	High
Total Investments	20,660	20,660	20,660
% Drop in Equity Prices	3%	5%	15%
Investments' Amounts after Decrease in Prices	620	1,033	3,099
Increase in Capital Charge SAR ('000)	**490**	**816**	**2,448**

Calculation from 2017 to 2019:

Following is the impact on capital in case equity holding were to decline in value by the percentages given below

Summary	2017		
	Low	Medium	High
Total Investments	29,063	29,063	29,063
% Drop in Equity Prices	3%	5%	15%
Investments' Amounts after Decrease in Prices	872	1,453	4,359
Increase in Capital Charge SAR ('000)	**689**	**1,148**	**3,444**

Summary	2018		
	Low	Medium	High
Total Investments	35,000	35,000	35,000
% Drop in Equity Prices	3%	5%	15%
Investments' Amounts after Decrease in Prices	1,050	1,750	5,250
Increase in Capital Charge SAR ('000)	**830**	**1,383**	**4,148**

Summary	2019		
	Low	Medium	High
Total Investments	35,000	35,000	35,000
% Drop in Equity Prices	3%	5%	15%
Investments' Amounts after Decrease in Prices	1,050	1,750	5,250
Increase in Capital Charge SAR ('000)	**830**	**1,383**	**4,148**

The Company ensures that, at any point in time, the capital adequacy ratio is above the minimum limit prescribed by the regulator. If the forecasted capital ratio after stress testing seems likely to fall below the minimum limit, corrective action will be taken to reduce the balance sheet or increase capital.

Based on the projection and the results of the stress tests it shows that the company holds sufficient capital against plausible stress event and the Company has sufficient capital to support its planned business activities in the coming 3 years and hence does not intend to raise more capital.

Please refer to the Executive Summary, were its demonstrated that the Company's Capital Coverage remain comfortably above the minimum regulatory levels even if severe stress events transpire, taking into account the forecasted assets from the year 2017-2019.