PILLAR III DISCLOSURE

As at December 31, 2021

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1. Scope of Application

1.1 Company Background

The Family Office International Investment Company (the "Company") is a single shareholder closed joint stock company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010608698 dated 27 Sha'ban 1438H (corresponding to 23 May 2017). The Company has obtained license from the Capital Market Authority ("CMA") to operate numbered 17-182-30 dated 21 Ramadan 1439H (corresponding to 5 June 2018). The Company is licensed by the CMA to conduct the following activities:

- Managing Investments and Operating Funds (CMA commencement approval - October 25, 2021)
- Arranging in Securities (CMA commencement approval - June 5, 2018)
- Advising in relation to Securities (CMA commencement approval - June 5, 2018)

The Company conducts its activities in accordance with applicable laws, after obtaining the necessary licenses from the competent authorities. The Company is a subsidiary of The Family Office Company B.S.C. (c), a closed joint stock company incorporated under the laws of the Kingdom of Bahrain, which owns 100% of the Company's shares as at 31 December 2021 and 2020.

2. Capital Structure

The Company's authorized, issued and fully paid capital is SAR 20,000,000 with each share of nominal value of SAR 10.

The Capital of the Company as of December 31, 2021 is comprised of Tier 1 Capital only. The components of Tier-1 Capital are as follows:

a. Paid-up Capital amounting to SAR 20 million;
b. Audited retained earnings amounting to SAR 1.929 million; and
c. Reserves amounting to SAR 0.232 million.

Kindly refer to Appendix I for further details.

3. Capital Adequacy

The Company is required to possess a capital base which corresponds to not less than the total of the minimum capital requirements in accordance with Prudential Rules of the Capital Market Authority ("CMA"). Whenever the capital ratio is lower than 1, the Company shall decrease its exposures or increase its capital base. The Company will consistently maintain its capital adequacy ratio above the regulatory minimum of 1.

The capital base, minimum capital requirement and capital adequacy ratio of the Company as per the CMA's Prudential Rules are as follows:

Description	2021 SAR '000
Capital Base:	
Tier 1 Capital	22,161
Tier 2 Capital	-
Total Capital Base	**22,161**

Minimum Capital Requirement:	
Credit risks	9,382
Operational risks	3,726
Total Minimum Capital Required	**13,108**
Capital Adequacy Ratio:	
Total Capital Ratio (time)	1.69
Tier 1 Capital Ratio (time)	1.69
Surplus in the Capital	**9,053**

Kindly refer to Appendix II for further details.

4. Risk Management

4.1 General Qualitative Disclosure of Risks

The Board of Directors and management are responsible for defining the Company's risk appetite, developing a risk management strategy, establishing an overall risk culture, and approving the exposure limit structure for different types of risk. The Board is ultimately responsible for ensuring that an adequate and effective system of internal controls is established and implemented, and that an effective risk management framework is in place.

The Risk Management function shall be responsible for establishing an effective framework for identifying, measuring, monitoring, and controlling risks on an ongoing basis across the Company and escalates material risk limit breaches to the Board/Board committee.

A description for individual risk categories alongside their objectives is included below under the respective sections.

Risk identification in any business line, product or transaction is, in the first instance, the responsibility of the originating business unit, as the owner and manager of the risk. This applies not only when a business, a product or a transaction commences, but also during the life of the business and as its risk profile changes.

Risk Management shall assist risk owners reassess the identified risks as and when required through the risk assessment process, as well as upon introducing any new policy, procedure, business segment and critical outsourcing arrangement.

Risk is measured based on a combined scale of "likelihood of occurrence" and "impact" on the Company. The risks are measured assuming the existence of no controls (i.e., measuring the "inherent risk"). Once controls are identified, they are evaluated to understand its effect on the Risk Rating. Controls could be preventive, detective or corrective in nature. The control is identified by the risk owners through the risk and control self-assessment exercise, as well as procedural manuals, policies, and guidelines. Based on the evaluation of implemented controls, the risks are reassessed to determine the overall residual risk, and whether implementation of further controls is required.

Measures implemented by the Company for risk monitoring and governance through the Audit Committee to ensure robust oversight and management of risks and is responsible to oversee the entire Risk Management Framework of the Company.

4.2 Credit Risk Disclosure

Credit risk is defined as to the potential that the Company's counterparty will fail to meet its obligations in accordance with agreed terms. The goal of credit risk management is to maximize a Company's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters.

The Company will develop and implement Capital Deployment Guidelines applicable for the placement of Cash and Cash Equivalents. The guidelines will restrict the placement of funds based on the credit rating of the financial institutions as well as based on the percentage of shareholder funds. The policy will also stipulate all regulatory and internal counterparty limits.

The Company is not subject to significant credit risk since its receivables are primarily from bank deposits, the Owner and receivables.

Credit Risk Summary	SAR'000			
	Exposures before Credit Risk Mitigation	Exposures after Credit Risk Mitigation	Risk Weighted Assets	Capital Requirement
On-balance Sheet Exposures				
Authorized Persons and Banks	14,349	-	2,870	402
Corporates	7,311	-	52,202	7,308
Other Assets	2,437	-	11,944	1,672
Total On-Balance sheet Exposures	**24,097**	**-**	**67,016**	**9,382**
Total Off-Balance sheet Exposures	**-**	**-**	**-**	**-**
Total On and Off-Balance sheet Exposures	**24,097**	**-**	**67,016**	**9,382**
Prohibited Exposure Risk Requirement	-	-	-	-
Total Credit Risk Exposures	**24,097**	**-**	**67,016**	**9,382**

Kindly refer to Appendix III for further details.

4.3 Credit Risk Mitigation Exposure

The Company does not hold collateral as a security for amounts due from the Owner. Impairment assessment is undertaken each financial year through examining the financial position of the Owner, which is a closed joint stock company in the Kingdom of Bahrain, and the market in which the Owner operates. The Company evaluates the risk with respect to the amounts due from Owner as low.

The Company will implement comprehensive credit and concentration limits to ensure that its counterparty exposure is in alignment with internal and regulatory limits. These mitigation plans are mainly translated in counterparty and concentration limits. Any changes to these limits must be verified by Risk Management and approved by the Board.

Kindly refer to Appendix V for further details.

4.4 Counterparty Credit Risk (CCR) and Off-Balance Sheet Disclosure

The Company has neither transactions nor exposures relating to the following:

- Over-The-Counter ("OTC") derivatives, repos and reverse repos, and securities borrowing/lending; and
- Off Balance Sheet Commitments.

4.5 Market Risk Disclosure

Market risk is the risk of changes in prices to interest rate, market valuations, foreign exchange and credit spreads will affect the Company's income or the value of its holdings of financial instruments.

The Company it is not exposed to market risk as it does not hold or manage trading positions.

The Company's transactions are principally in Saudi Riyals and USD; other transactions in foreign currencies, if any, are not material. In terms of foreign exchange risk, the Company's capital and reserve funds are invested in local base currency.

4.6 Operational Risk Disclosure

Operational risk can broadly be defined as the risk of direct or indirect losses or damaged reputation due to failure attributable to technology, employees, processes, procedures or physical arrangements, including external events and legal or regulatory risks. The Company ensures that all operational risks are identified, mitigated and managed appropriately and thereby the loss arising from the operational risks are minimized. Key operational risks are as follows

1. **Key Man Risk**
   The Company faces Key Man Risk due to several factors such as its size, early stage of development and concentration of responsibilities. Hence, any loss of such key personnel could pose significant business disruption to the Company, affecting its continuity and profitability.

2. **Outsourcing Risk**
   Outsourcing is an arrangement whereby a third party performs on behalf of the Company an activity or part of an activity that was either previously undertaken or would have been ordinarily performed internally by the Company. Risk assessments are performed prior to engaging any outsourced vendor and on an annual basis as per the internal guidelines.

3. **Fraud Risk**
   External Fraud: Risk resulting from dishonesty of individuals outside the Company that causes damage, such as forgery of financial documents, fraud, etc.
   Internal Fraud: Risk resulting from dishonesty of personnel within the Company, such as forgery of documents, embezzlement, bribery, etc.

4. **Information Security Risk**
   Information risk management identifies vulnerabilities and threats to the information resources used to achieve business objectives, and facilitates in deciding what countermeasures, if any, to take based on the value of the information resource.

   Security breaches, information loss or unauthorized disclosure, and other risks associated with information management will be managed as 'incidents' with appropriate actions undertaken in terms of escalation, reporting, recovery and subsequent review of existing controls, policy and procedures. The Company also takes appropriate steps to ensure the security of any information handled or held on behalf of clients is properly managed and maintained by the outsourcing provider.

5. **Anti-Money Laundering Risk**
   The Company must ensure that it is not being used, intentionally or unintentionally for criminal purposes. The Company has implemented the Group Anti-Money Laundering /Combating the Financing of Terrorism Policies and Procedures Manual, which details the procedures and rules to be followed to address the relevant risks.
6. **Strategic Risk**
   This is the potential for the business environment to threaten the ability to execute a strategy. Strategic risk can be categorized into four main categories:

a. Regulatory Risk

The Company is subject to compliance with regulatory requirements and has implemented a Group Compliance Manuals supported by robust monitoring programs by the Compliance Function.

b. Technology Risk

The Company significantly relies on technology to operate and meet client expectations and hence any event that could hamper the performance of this technology or compromise the security of confidential client and Company data would pose serious risks to the Company. IT related activities are outsourced to the Owner and to appropriately manage the technology risk, the Owner has in place detailed procedural manuals including information and IT security procedures.

c. Political Risk

Political events and conditions that may disrupt business or impact the economics of our industry.

d. Economic Risk

The potential for economic conditions that may affect the achievement of the business strategy.

The Company shall manage its operational risk by ensuring effective segregation of tasks and duties, reinforcing organizational ethics and by conducting periodic risk and controls assessments.

The Company calculates operational risk capital requirement in accordance with Chapter 10 – Basic Indicator Approach (“BI Approach”) and Chapter 12 – Expenditure Based Approach (“EB Approach”) of the CMA Prudential Rules. The operational capital requirement is the higher of BI Approach or EB Approach.

The BI Approach requires the Company to hold capital equal to 15% of the average operating income for the last three years. The EB Approach requires the Company to hold capital equal to 25% of the annual overhead expenses from the most recent audited financial statements.

As of December 31, 2021, the operational risk capital requirement of the Company is based on the EB Approach being the higher of BI Approach.

Description	2019	2020	Latest Audited Year 2021	Average	Risk Charge (%)	Capital Requirement
Basic Indicator Approach[1]						
Operating income	9,177	8,678	16,153	11,336	15	**1,700**
Standardised Approach						
Corporate Finance income				0	18	0
Research and Advisory income				0	18	0
Trading and Sales income				0	18	0
Custody income				0	15	0
Asset Management income				0	12	0
Expenditure-based approach[2]						
Overhead expenses			14,903		25	**3,726**
Total Operational Risks						**3,726**

Notes:
1. The “last three audited financial statements” refers to the audited financial statements of the current reporting year and past two years.
2. The “most recent audited financial statement” refers to the audited financial statement of the current reporting year.

4.7 Liquidity Risk Disclosure

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligation associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company is exposed to liquidity risk on its accounts payable and accruals.

The Company's approach to managing liquidity is to be conservative by adhering to more stringent liquidity hurdles than those stipulated by regulators, under both normal and stressed conditions. The Liquidity Risk Management Guidelines implemented by the Company, mandates the policies, procedures and risk appetite limits to manage, monitor and control Liquidity Risk.

The Finance function shall be responsible to report actual and projected liquidity to determine that liquidity resources exceed minimum targets and that the Company has sufficient resources to meet current and foreseen liquidity requirements. Reporting includes liquidity ratio monitoring, limits breaches, and bank concentration limits.

The Company maintains adequate liquidity at levels that enable it to always meet all short-term commitments and unforeseen expenditures, regardless of any changes in the Company's strategic direction, evolving economic conditions, and financial and market volatility, and their effect on the Company's risk profile and liquidity needs.

APPENDICES

Appendix I: Disclosure on Capital Base

Capital Base	SAR '000
Tier-1 capital	
Paid-up capital	20,000
Audited retained earnings	1,929
Share premium	-
Reserves (other than revaluation reserves)	232
Tier-1 capital contribution	-
Deductions from Tier-1 capital	-
Total Tier-1 capital	**22,161**
Tier-2 capital	
Subordinated loans	-
Cumulative preference shares	-
Revaluation reserves	-
Other deductions from Tier-2 (-)	-
Deduction to meet Tier-2 capital limit (-)	-
Total Tier-2 capital	**-**
TOTAL CAPITAL BASE	**22,161**

Appendix II: Disclosure on Capital Adequacy

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	-	-	-	-
Authorized Persons and Banks	14,349	-	2,870	402
Corporates	7,311	-	52,202	7,308
Retail	-	-	-	-
Investments	-	-	-	-
Securitization	-	-	-	-
Margin Financing	-	-	-	-
Other Assets	2,437	-	11,944	1,672
Total On-Balance sheet Exposures	**24,097**	**-**	**67,016**	**9,382**
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	**24,097**	**-**	**67,016**	**9,382**
Prohibited Exposure Risk Requirement	-	-	-	-
Total Credit Risk Exposures	**24,097**		**67,016**	**9,382**
Market Risk	Long Position	Short Position		
Interest rate risks	-	-		-
Equity price risks	-	-		-
Risks related to investment funds	-	-		-
Securitization/resecuritization positions	-	-		-
Excess exposure risks	-	-		-
Settlement risks and counterparty risks	-	-		-
Foreign exchange rate risks	-	-		-
Commodities risks.	-	-		-
Total Market Risk Exposures	**-**	**-**		**-**
Operational Risk				**3,726**
Minimum Capital Requirements				**13,108**
Surplus/(Deficit) in Capital				**9,053**
Total Capital Ratio (Time)				**1.69**

Appendix III: Disclosure on Credit Risk's Risk Weight

Risk Weights	Exposures after netting and credit risk mitigation SAR'000												
	Governments and central banks	Administrative bodies and NPO	Authorized persons and banks	Margin Financing	Corporates	Retail	Past due items	Investments	Securitization	Other assets	Off-balance sheet commitments	Total Exposure after netting and Credit Risk Mitigation	Total Risk Weighted Assets
0%	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	-	14,349	-	-	-	-	-	-	-	-	14,349	2,870
50%	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	-	-	-	-	-	-
200%	-	-	-	-	-	-	-	-	-	-	-	-	-
300%	-	-	-	-	-	-	-	-	-	1,318	-	1,318	3,954
400%	-	-	-	-	-	-	-	-	-	-	-	-	-
500%	-	-	-	-	-	-	-	-	-	-	-	-	-
714% (include prohibited exposure)	-	-	-	-	7,311	-	-	-	-	1,119	-	8,430	60,192
Average Risk Weight	-	-	2,870	-	52,202	-	-	-	-	11,944	-	**24,097**	**67,016**
Deduction from Capital Base	-	-	402	-	7,308	-	-	-	-	1,672	-	-	-

Appendix IV: Disclosure on Credit Risk's Rated Exposure

Exposure Class	Long term Ratings of counterparties 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
<u>On and Off-balance-sheet Exposures</u>								
Governments and Central Banks	-	-	-	-	-	-	-	-
Authorized Persons and Banks	-	14,349	-	-	-	-	-	-
Corporates	-		-	-	-	-	-	7,311
Retail	-		-	-	-	-	-	-
Investments	-		-	-	-	-	-	-
Securitization	-		-	-	-	-	-	-
Margin Financing	-		-	-	-	-	-	-
Other Assets	-		-	-	-	-	-	-
Total	**-**	**14,349**	**-**	**-**	**-**	**-**	**-**	**7,311**

Exposure Class	Short term Ratings of counterparties SAR'000					
	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
<u>On and Off-balance-sheet Exposures</u>						
Governments and Central Banks	-	-	-	-	-	-
Authorized Persons and Banks	-	14,349	-	-	-	-
Corporates	-	-	-	-	-	7,311
Retail	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Securitization	-	-	-	-	-	-
Margin Financing	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
Total	**-**	**14,349**	**-**	**-**	**-**	**7,311**

Appendix V: Disclosure on Credit Risk Mitigation

Exposure Class	SAR'000					
	Exposures before CRM	Exposures covered by Guarantees/ Credit derivatives	Exposures covered by Financial Collateral	Exposures covered by Netting Agreement	Exposures covered by other eligible collaterals	Exposures after CRM
<u>Credit Risk</u>						
On-balance Sheet Exposures	-	-	-	-	-	-
Governments and Central Banks	-	-	-	-	-	-
Authorized Persons and Banks	14,349	-	-	-	-	14,349
Corporates	7,311	-	-	-	-	7,311
Retail	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Securitization	-	-	-	-	-	-
Margin Financing	-	-	-	-	-	-
Other Assets	2,437	-	-	-	-	2,437
Total On-Balance sheet Exposures	**24,097**	**-**	**-**	**-**	**-**	**24,097**
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	**24,097**	**-**	**-**	**-**	**-**	**24,097**