SANANBIL Capital Ltd.
Risk Management Manual

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1. Introduction

1.1. Definition of Risk Management

Risk Management is the process of identification, analysis and evaluation of uncertainty in investment decision-making. As a result, it is treated accordingly; either accepted or mitigated.

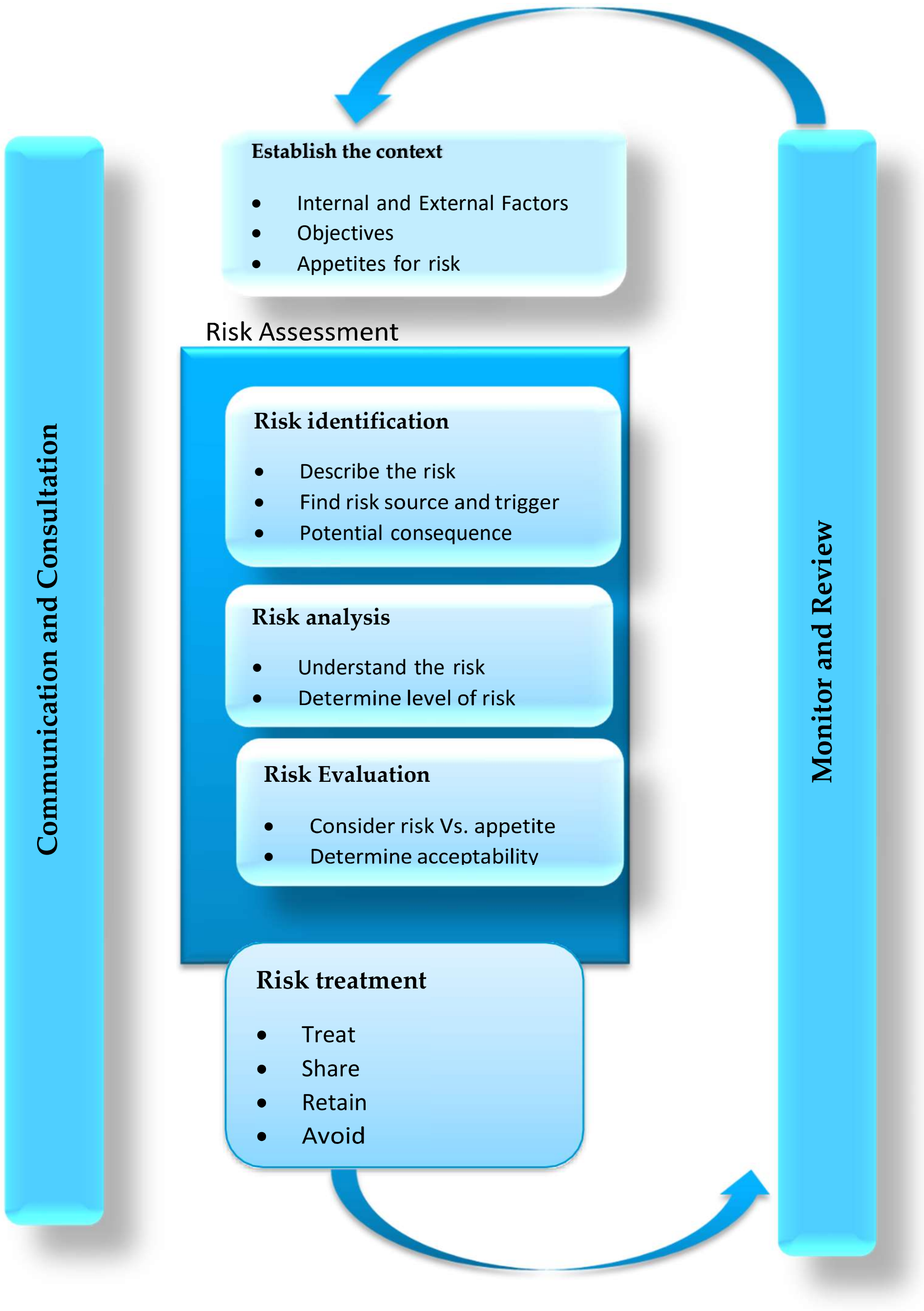
Risk Management occurs anytime an investor analyses and attempts to quantify the potential forlosses in an investment and then takes the appropriate action (or inaction) given their investment objectives and risk tolerance.

SANABIL CAPITAL LTD (ex Oryx Capital Ltd) risk shall be continuously monitored and reviewed. In addition to that, outcomes and results shall be properly reported and new objectives should be set.

SANABIL CAPITAL LTD (ex Oryx Capital Ltd) shall have the following Risk Management process:

- A culture of risks adjusted in the organization which embraces a series of values, attitudesand ways of acting towards risks, including taking decisions on change management andstrategic business planning.
- Complete approach to all risks including risks that directly affect the Company and risks that indirectly affect the Company. All risks shall be reported and a thorough analysis shallbe done to establish and understand the relations between these risks. The overall calculation shall be simplified without affecting the difference of nature, degree of evolution and real possibilities of management and control of each type of risk, adjustingthe organization, processes, reports and tools to the features of each one.
- An organizational and control model which is assigned to all risk types.
- Common management instruments among the different departments, without negatively affecting the regulations and requirements of supervisors and the degree of developmentof each department.
- All risk assessment results shall be communicated to all relevant departments with the appropriate consultation given.

1.2. Risk Management Process



1.3. Purpose

The Company's Risk Management Policy is formed with the view to ensure the efficient monitoring of the risks inherent in the provision of the investment services to Clients, as well asthe risks underlying the operation of the Company, in general.

It sets out the procedures and mechanisms regarding risks and it describes the roles and responsibilities of the Board. In addition to that, it identifies the main reporting procedures and outlines the process followed by the Management in order to evaluate the effectiveness of the Company's internal control procedures.

The Compliance Officer shall ensure that all different types of risks taken by the Company are monitored and reported to the Board of Directors. Moreover, the Compliance Officer shall be responsible for making recommendations and indicating in particular whether the appropriateremedial measures have been taken in the event of any deficiencies identified, as aforementioned.

The Board shall bear the responsibility to monitor the adequacy and effectiveness of risk management policies and procedures that are in place, the level of compliance by the Companyand its relevant persons with the policies and procedures adopted as well as the adequacy and effectiveness of measures taken to address any deficiencies with respect to those policies and procedures that are in place, including failures by the Company's relevant persons to comply with those policies and procedures.

The Company's Board shall receive on a regular basis written report, which contain a descriptionof the implementation and effectiveness of the overall control environment for investment services and activities, and a review of the risks that have been identified, analyzed, planned as well as remedies undertaken or will be undertaken.

Processes are continuously being reviewed with the intent of further strengthening through the implementation of guidance provided by both the industry and new regulatory requirements. Inaddition, the entire risk management policy universe has been re-designed to define an updatedcomprehensive and coherent framework for risk management, linked to the Company's risk appetite.

2. Scope

This policy applies to all **SANABIL CAPITAL LTD**'s activities. It forms part of **SANABIL CAPITAL LTD**'s governance framework and it applies to all employees and contractors.

3. Risk Appetite Framework (RAF)

Risk appetite is the amount and type of risk that the **SANABIL CAPITAL LTD (ex Oryx Capital Ltd)** is able and willing to accept in pursuing its business objectives. Risk appetite shall be expressed in both quantitative and qualitative terms and shall cover all risks, both on-balance sheet and off-balance sheet. Such risks include, but are not limited to, credit, market, operational, conduct, reputational and compliance risk.

SANABIL CAPITAL LTD (ex Oryx Capital Ltd) shall maintain an effective risk appetite statement that enables the decisive accumulation of risk to be in line with the strategic objectives of the Company while giving the board and management confidence to avoid risks that are not in line with the strategic objectives.

The risk appetite of **SANABIL CAPITAL LTD (ex Oryx Capital Ltd)**, expresses its strategy through desirable and undesirable risk exposures. It is the aggregate level and types of risk the company shall be willing to assume within its risk capacity to achieve its strategic objectives and business plan. The Risk Appetite shall enable the Company to demonstrate that the achievementof its strategic goals has notbeen the result of fortuitous circumstances.
Furthermore, the Risk Capacity/Tolerance is the maximum amount of risk which the Company is technically able to assume before breaching one or more of its capital base, liquidity, and borrowing capacity, reputational and regulatory constraints. The risk capacity represents the upper limit beyond which a breach is likely to result in failure.

Taking into consideration **SANABIL CAPITAL LTD (ex Oryx Capital Ltd)**'s size, services offered, complexity and operations, the risks that are considered significant and / or material forthe Company are credit risk, market risk, operational risk, liquidity risk and large exposures.

In regards to the above **SANABIL CAPITAL LTD (ex Oryx Capital Ltd)** shall set all corporate risk appetite while taking into account the risk capacity of the Company.

SANABIL CAPITAL LTD (ex Oryx Capital Ltd)'s BoD shall ensure it understands how the risk capacity impacts on the business and shall have necessary steps in order to be in constantawareness, mitigating any potential threats.

SANABIL CAPITAL LTD (ex Oryx Capital Ltd) shall have zero tolerance towards internalfraud and non-compliance with regulatory requirements. Therefore, all departments shall be required to operate at all times in compliance with respective regulatory and internalrequirements.

SANABIL CAPITAL LTD (ex Oryx Capital Ltd) shall have low tolerance towards operational risks / losses.

4. Risk Culture

SANABIL CAPITAL LTD (ex Oryx Capital Ltd)'s BoD shall have a critical role in strengthening risk governance, including setting the 'tone at the top', reviewing strategy, and approving the Risk Appetite Statement. It is the BoD that is ultimately responsible and accountable for risk governance.

A robust risk culture is a substantial determinant of whether **SANABIL CAPITAL LTD (ex Oryx Capital Ltd)** will be able to successfully execute its chosen strategy within its defined risk appetite. The risk culture that the **SANABIL CAPITAL LTD (ex Oryx Capital Ltd)** shall build will be reflected in its policies and procedures which are closely aligned to its Risk Appetite. Riskculture is manifested in the day-to-day decisions that indicate how risk is identified, understood, discussed, and acted upon.

SANABIL CAPITAL LTD (ex Oryx Capital Ltd) has focused primarily on the implementation of a firm-wide effective and pervasive risk culture. This is achieved through the following:

- Embedding the risk culture at all levels of the Company with clear ownership and accountability of tasks.
- Conducting firm-wide risk assessments.
- Implementing formal risk education presentations.
- Changes in policies and procedures, introducing additional risk criteria for the evaluation ofcredit and investment decisions.

- Changes in key personnel.
- Training.

5. Stress Testing

Stress testing is a key risk management tool used by the Company to rehearse the business response to a range of scenarios, based on variations of market, economic and other operating environment conditions. **SANABIL CAPITAL LTD (ex Oryx Capital Ltd)** shall performstress tests for both internal and regulatory purposes and this process shall serve an importantrole in:

- Understanding the risk profile of the Company.
- The evaluation of the Company's capital adequacy in absorbing potential losses under stressed conditions:
- The evaluation of the Company's strategy: The Board considers the stress test results againstthe approved business plans and determines whether any corrective actions need to be taken. Overall, stress testing shall allow the Board to determine whether the Company's exposures correspond to its risk appetite.
- The establishment or revision of limits: Stress test results, where applicable, are part of the risk management processes for the establishment or revision of limits across products, different market risk variables and portfolios.

The ultimate responsibility and ownership of the Company's stress testing policy rests with thethe BoD. If the stress testing scenarios reveal vulnerability to a given set of risks, management shall make recommendations to the BoD for remedial measures or actions. These may vary depending on the circumstances and include one or more of the following:

- Review the overall business strategy, risk appetite, capital and liquidity planning.
- Review limits.
- Reduce underlying risk positions through risk mitigation strategies.
- Consider an increase in capital.
- Enhance contingency planning.

6. Risk Categories

6.1. Credit Risk

Definition

Credit Risk is the risk of loss that the Company would incur if the Company fails to perform its contractual credit obligations. Credit Risk arises when failures by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets in hand, atthe balance sheet date. The Company's Credit Risk arises:

- By the Company's deposits in financial institutions;
- By assets mainly held under the Investor's Compensation Fund, debtors or prepayments.
- As counterparty credit risk arising from the Company's exposure to derivative contracts.
- **SANABIL CAPITAL LTD (ex Oryx Capital Ltd)** shall follow mitigation strategiesin order to minimize the possibility of occurrence of this risk, such as:
- All Client funds are held in segregated accounts, separated from Company's funds.
- The Company maintains Regular credit review of counterparties, identifying the key risks faced and reports them to the BoD, which then determines the Company's risk appetite and ensures that an appropriate amount of capital is maintained.
- Automatic margin call and stop-out levels on its derivative contract positions.
- Further to the above, the Company has policies to diversify Credit Risk and to limit the amount of credit exposure to any particular counterparty.

6.2. Market Risk Management

Definition

Market Risk is the risk of losses when the value of investments may decline over a given timeperiod as a result of economic changes or events that impact a large portion of the market.

Market Risk can be divided in the following categories:

Position Risk: It refers to the probability of loss associated with a particular trading (long or short)position due to price changes.

Interest Rate Risk: The risk that the fair value of future cash flows of a financial instrument willfluctuate because of changes in market interest rates.

Commodities Risk: It refers to the uncertainties of future market values and of the size of the future income, caused by the fluctuation in the prices of commodities. These commodities may be oil, metals, gas, electricity etc.

Foreign Exchange Risk: It is a financial risk that exists when a financial transaction is denominated in a currency other than the base currency of the Company. The foreign exchange risk in the Company is effectively managed by the establishment and control of foreign exchange limits, such as through the establishment of maximum value of exposure to a particular currency pair as well as through the utilization of sensitivity analysis.

Risk identification, Measurement, Control and Reporting

The Company's Market Risk mainly arises from:

- Foreign exchange fluctuations which affect the Company's deposits in foreign currencies as well as from positions held during forex trading;
- Security market fluctuations, position risk, arising from positions being traded on the Company's platform.

In line with the above, the Company shall maintain policies to minimize its market risk exposures which are in accordance with the relevant laws and regulations. In particular it shall follow mitigation strategies in order to minimize the possibility of occurrence of this risk, such as:

- Active hedging strategy
- Stop Loss - Limits on trading
- Margin Calls
- Monitoring and controlling effective leverage

6.3. Operational Risk Management

Definition

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, peopleand systems or from external factors. Operational Risk includes Legal Risk but excludes Strategic and Reputational Risk.

The following list presents some event types, included in Operational Risk, with some examplesfor each category:

- Internal Fraud – misappropriation of assets, tax evasion, intentional mismarking of positions, bribery and theft of the CRM from departing employees.

- External Fraud – theft of information, hacking damage, third – party theft and forgery.
- Compliance – Brand impairment, Complaint handling, third country regulator retaliation,E-commerce global taxation matters.
- Clients, Products and Business Practice – market manipulation, asymmetrical slippage, antitrust, improper trade, product defects, fiduciary breaches.

Risk identification, Measurement, Control and Reporting

In order to control the exposure to Operational Risks, the management has established two keyobjectives:

- To minimize the impact of losses suffered, both in the normal course of business (small losses) and from extreme events (large losses).
- To improve the effective management of the Company and strengthen its brand and external reputation.

The Company recognizes that the control of Operational Risk is directly related to effective andefficient management practices and high standards of corporate governance.

To that effect, the management of Operational Risk is geared towards:

- Maintaining a strong internal control governance framework.
- Managing Operational Risk exposures through a consistent set of processes that drive risk identification, assessment, and control and monitoring.

The Company implements the below Operational Risk Mitigation Strategies in order to minimizeits Operational Risk Exposure:

- The development of Operational Risk awareness and culture.
- The provision of adequate information to the Company's management, in all levels, in order to facilitate decision making for risk control activities.
- The implementation of a strong system of internal controls to ensure that operational losses do not cause material damage to the Company and have a minimal impact on profitability and objectives.
- The improvement of productivity, efficiency and cost effectiveness, with an objective to improve customer service and protect shareholder value.
- Established a "four-eye" structure and board oversight. The board further reviews any

decisions made by the Management while monitoring their activities;

- Detection methods are in place in order to detect fraudulent activities;
- Comprehensive business contingency and disaster recovery plan.

The Board employ specialized tools and methodologies to identify, assess, mitigate and monitor Operational Risk. These specialized tools and methodologies assist Operational Risk managementto address any control gaps. To this effect, the following are implemented:

- Incident collection
- Key Risk Indicators
- Business Continuity Management
- Training and awareness

6.4. Liquidity Risk

Liquidity Risk is the risk that the Company will not be able to meet its financial obligations as they fall due. In periods of abnormal fluctuations in market conditions or financial crisis, Liquidity Risk can expose the Company to a shortfall of liquidity and limit its access to the capital marketsresulting in damages. Liquidity shortages expose the Company to the risk of not having enoughcash to fulfil its duties against creditor's debtors that can eventually cause regulatory sanctions and loss of business/reputation.

Mitigation Strategies

To minimize its exposure to Liquidity Risk, the Company implements the below Liquidity Risk Mitigation Strategies:

- Regular analysis and reporting to the BoD on the funding needs of the Company.
- Monitoring of the Company's exposures and diversification to avoid rise of concentration risk as per the internal policies.
- Cash Management.

6.5. Money Laundering and Terrorist Financing Risk

Money laundering and Terrorist Financing Risk mainly refers to the risk where the Company may be used as a vehicle to launder money and/or assist/involved in financing terrorism.

The Company has in place and is updating as applicable, certain policies, procedures and controlsin order to mitigate the Money Laundering and Terrorist Financing Risks. Among others, these policies, procedures and controls include the following:

- the adoption of a risk-based approach that involves specific measures and procedures in assessing the most cost effective and appropriate way to identify and manage the Money Laundering and Terrorist Financing Risks faced by the Company;
- the adoption of adequate Client due diligence and identification procedures in line with the Clients' assessed Money Laundering and Terrorist Financing Risk,
- setting certain minimum standards of quality and extent of the required identification data for each type of Client (e.g. documents from independent and reliable sources, third partyinformation);
- obtaining additional data and information from Clients, where this is appropriate and relevant, for the proper and complete understanding of their activities and source of wealth and for the effective management of any increased risk emanating from a particular Business Relationship or an Occasional Transaction;
- monitoring and reviewing the business relationship or an occasional transaction with clients and potential clients of high risk countries;
- Ensuring that the Company's personnel receive the appropriate training and assistance. The

Company has reviewed its policies, procedures and controls with respect to moneylaundering and terrorist financing to ensure compliance with the applicable legislation andincorporated, as applicable, any new information issued/available in this respect.

7. Risk Governance Structure

The Table below illustrates the inter-relationship between the Board, Board Committees and management that have the majority of risk oversight responsibilities for the Company and their corresponding roles.

Table 1 Risk Governance Structure

	Constitution	Responsibilities
Board of Directors	Both executive and independent directors	The Board is responsible to authorize management to maintain an effective risk framework, and oversees compliance with safe, ethical and sound banking practices

Management Forum	Key members of management including the Chief Executive	Some of the forums are Executive Forum, Investment Forum, Risk Management Forums (Asset and Liability Management Committee, Operational Risk Forum, Portfolio and Credit Risk Forum), and Management Credit Forum.

8. Risk Management Framework

The risk management framework is supported by a variety of risk management tools, which are regularly reviewed and updated to ensure consistency with risk-taking activities and relevanceto the business strategies of the Company:

Policies and Limits

Policies related to specific types of risk or activities are used to manage risk exposure. Recommendations of risk management, internal audit, business units and senior executive management, industry best practices and regulatory requirements are factored into the policies. Prudential limits and tolerances are set as a prudent approach to manage risks. Limit setting establish accountability for key activities within the risk-taking activities and establish theconditions under which transactions may be approved or executed.

The Board approves all the policies which have clear accountability and ownership and the management is responsible and accountable for the effective implementation and monitoring ofrisk appetite.

The policies are designed based on the following principles & objectives;

a. Accountability and ownership
b. Effective management
c. Clarity on purpose
d. Risk Appetite

Measurement, Monitoring and Reporting

The Company continuously monitors the risk exposures to ensure business activities areoperating within approved limits or guidelines. Breaches, if any, are reported to the Board.

The Company shall maintain the following information flow on risk to the management body:

Report Name	Owner	Recipient	Frequency
Annual Compliance Report	Compliance Officer	BoD, FSA/FIU	Annual
Annual Internal Audit	Internal Auditor	BoD, FSA/FIU	Annual
Annual Risk Management Report	Head of Operations and Dealing Department	BoD, FSA/FIU	Annual
Annual Anti-Money Laundering Report / Institutional Risk Assessment	Compliance Officer	BoD, FSA/FIU	Annual

9. Risk Management Organization

Risk Management Objectives

The Board of Directors and senior executives of **SANABIL CAPITAL LTD (ex Oryx Capital Ltd)** place great emphasis on risk management. We constantly enhance the risk management practiceas a way to strengthen our competitive advantage. The objectives of our risk management are not only to passively control the expected and unexpected losses of the business but also to actively

increase the risk-adjusted return on capital. To utilize the capital more efficiently, we allocate therisk capital based on so called "risk appetite", which takes into account the availability of liquidcapital and the financial goals.

Risk Management Organization

i. The Board of Directors is responsible for the Company's overall risk management strategies and for approving the risk management framework and policies.

ii. The duties of Audit department are to ensure the completeness and adequacy of internalcontrol system. It regularly performs internal audits among front, middle, and back officesto ensure related working procedures are indeed followed.

iii. The duties of the Legal Advisor include legal advice, contracts drafting and review, material contracts and litigation management.

iv. The duties of the Compliance department include regulations guidance and training, consultation of securities and futures trading laws, as well as timely update of relevant laws and regulations. It is also responsible for supervising the periodic self-assessment of legal compliance among all units. The compliance department has also duty to manage risk through ongoing processes of risk identification, measurement, and monitoring, subject to risk limits and other controls. It periodically keeps the board updated regarding the Company's risk management status and works closely with the Board to ensure the procedures are compliant with the overall risk framework.

v. Other business units and back offices should abide by risk management related policies and procedures, and promptly report to the CEO if there is any exceptional case and its impact.

10. Risk Reporting

Risks shall be monitored and controlled on an ongoing basis, as part of the Risk Management Process. Ultimate responsibility for monitoring and control lies with the Company and its Compliance Officer, and should be ongoing at the appropriate levels.

At each of these levels, Risk Registers should be regularly reviewed and revised according to any changes affecting the status of a risk, the risk score or progress made in completing mitigating actions. Each of these elements are revisited on an ongoing basis; for example, mitigating actionsare regularly reviewed for their impact and effectiveness in controlling the risk and in reducingthe risk score.

Where a mitigating action is complete, it is removed from the relevant column and where appropriate, referred to under Current Controls. Where a risk score has escalated, action is takento identify and implement control measures in order to reduce the risk score.

Reporting arrangements also provide an additional level of monitoring and control. The Board will receive a high-level report on risk twice per year. The report will provide a summary updateon the risks included in the Risk Register, giving current risk scores and notification of any significant changes.

SANABIL CAPITAL LTD (ex Oryx Capital Ltd)'s Management will receive more detailed report on risk for the Strategic Risk Register. Risks will be monitored and controlled as part of the company’s planning process; risk registers will be monitored as part of established management processes within each functional unit.

11. Review and Approval

This risk management policy shall be reviewed and approved by the board once a year.