**CREDIT SUISSE SAUDI ARABIA**
**(A Saudi Closed Joint Stock Company)**
**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**CREDIT SUISSE SAUDI ARABIA**
**(A Saudi Closed Joint Stock Company)**
**Financial Statements**
**For the year ended 31 December 2023**

# *Independent auditor's report to the shareholder of Credit Suisse Saudi Arabia*

## *Our opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Credit Suisse Saudi Arabia (the "Company") as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

**What we have audited**

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of income for the year then ended;
- statement of comprehensive income for the year then ended;
- the statement of changes in shareholder's equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

## *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

## *Material uncertainty related to going concern*

We draw attention to Note 2.5 to the accompanying financial statements, which describes the merger between Credit Suisse Group AG (the ultimate parent of the Company) and UBS Group AG (the "Group") on 12 June 2023. Following the merger, the Board of Directors of the Group has approved a merger of Credit Suisse AG (the Parent of the Company) and UBS AG the completion of which is subject to regulatory approvals and is expected to occur by the end of the second quarter of 2024. As the merger is not fully implemented as of the date of our audit report, it is uncertain whether the Company will itself become liquidated or otherwise be merged with another UBS Group AG subsidiary. These events and conditions of the aforementioned merger indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## *Independent auditor's report to the shareholder of Credit Suisse Saudi Arabia (continued)*

### *Responsibilities of management and those charged with governance for the financial statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance i.e. the Board of Directors are responsible for overseeing the Company's financial reporting process.

### *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

## *Independent auditor's report to the shareholder of Credit Suisse Saudi Arabia (continued)*

### *Auditor's responsibilities for the audit of the financial statements (continued)*

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**PricewaterhouseCoopers**

Waleed A. Alhidiri
License Number 559

28 March 2024

**CREDIT SUISSE SAUDI ARABIA**
**(A Saudi Closed Joint Stock Company)**
**STATEMENT OF FINANCIAL POSITION**
**As at 31 December 2023**
*(Amounts in Saudi Arabian Riyals)*

| | Notes | 31-Dec-23 | 31-Dec-22 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents, net | *4* | **190,150,491** | 368,266,198 |
| Due from banks, net | *5* | **209,785,008** | - |
| Due from related parties, net | *7a* | **2,830,087** | 7,136,480 |
| Advances, prepayments and other receivables, net | *6* | **8,985,385** | 69,464,114 |
| **Total current assets** | | **411,750,971** | 444,866,792 |
| | | | |
| **Non-current assets** | | | |
| Property, equipment, and intangibles, net | *8.1* | **14,401,028** | 4,699,143 |
| Right of use assets, net | *8.2* | **4,928,031** | 6,513,701 |
| **Total non-current assets** | | **19,329,059** | 11,212,844 |
| | | | |
| **Total assets** | | **431,080,030** | 456,079,636 |
| | | | |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| | | | |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Accrued expenses and other liabilities | *9* | **6,116,944** | 6,106,751 |
| Lease liabilities | *22* | **1,264,155** | 1,211,654 |
| Due to related parties | *7b* | **4,649,444** | 9,913,186 |
| **Total current liabilities** | | **12,030,543** | 17,231,591 |
| | | | |
| **Non-current liabilities** | | | |
| Group employee share plan | *10* | **116,798** | 372,343 |
| Employees' end of service benefits (EOSB) | *11* | **3,663,184** | 4,106,262 |
| Lease liabilities | *22* | **3,864,768** | 5,146,888 |
| **Total non-current liabilities** | | **7,644,750** | 9,625,493 |
| | | | |
| **Total liabilities** | | **19,675,293** | 26,857,084 |
| **SHAREHOLDER'S EQUITY** | | | |
| Share capital | *12* | **737,500,000** | 737,500,000 |
| Accumulated losses | | **(326,095,263)** | (308,277,448) |
| **Total shareholder's equity** | | **411,404,737** | 429,222,552 |
| | | | |
| **Total liabilities and shareholder's equity** | | **431,080,030** | 456,079,636 |

| Chief Executive Officer | Chairman | Chief Financial Officer |
|---|---|---|

The accompanying notes 1 through 25 form an integral part of these financial statements.

**CREDIT SUISSE SAUDI ARABIA**
**(A Saudi Closed Joint Stock Company)**
**STATEMENT OF INCOME**
**For the year ended 31 December 2023**
*(Amounts in Saudi Arabian Riyals)*

| | Notes | 31-Dec-23 | 31-Dec-22 |
|---|---|---|---|
| **Revenues** | | | |
| Fee and commission income, net | *14* | **12,188,810** | 47,185,552 |
| Arranging and advisory services | *15* | **670,229** | 12,761,284 |
| Net (loss) / gain from financial assets and liabilities | | **(1,121)** | 117,116 |
| **Total revenues** | | **12,857,918** | 60,063,952 |
| | | | |
| **Operating expenses** | | | |
| Salaries and employees related expenses | *17* | **(20,860,729)** | (19,774,982) |
| Rent and premises related expenses | | **(1,264,211)** | (795,830) |
| Telecommunication and data service charges | *18* | **(7,785,135)** | (3,713,869) |
| Consultancy, legal charges and other fees | | **(2,945,893)** | (4,673,887) |
| Service level agreement charges | | **(6,365,829)** | (8,610,257) |
| Depreciation and amortisation | *8.1/8.2* | **(4,387,808)** | (3,451,325) |
| Impairment of intangible assets | *8.1 (a)* | **(498,776)** | - |
| Reversal / (charge) for expected credit losses | *16* | **126,265** | (125,545) |
| Other general and administrative expenses | *19* | **(7,610,482)** | (7,947,316) |
| **Total operating expenses** | | **(51,592,598)** | (49,093,011) |
| | | | |
| **Operating (loss) / income for the year** | | **(38,734,681)** | 10,970,941 |
| Net finance income from instruments at amortised cost | *20* | **20,622,606** | 6,368,743 |
| Foreign exchange loss | | **(116,209)** | (41,376) |
| **(Loss) / profit before income tax** | | **(18,228,283)** | 17,298,308 |
| **Income tax** | 21 | **(140,346)** | (2,223,618) |
| | | | |
| **(Loss) / profit for the year after tax** | | **(18,368,629)** | 15,074,690 |

Chief Executive Officer        Chairman        Chief Financial Officer

The accompanying notes 1 through 25 form an integral part of these financial statements.

**CREDIT SUISSE SAUDI ARABIA**
**(A Saudi Closed Joint Stock Company)**
**STATEMENT OF COMPREHENSIVE INCOME**
**For the year ended 31 December 2023**
*(Amounts in Saudi Arabian Riyals)*

| | Note | 31-Dec-23 | 31-Dec-22 |
|---|---|---|---|
| (Loss) / profit for the year | | **(18,368,629)** | 15,074,690 |
| **Items that will not be reclassified subsequently to statement of income** | | | |
| Remeasurement gain / (loss) on EOSB | *11* | **550,814** | (900,295) |
| Other comprehensive gain / (loss) for the year | | **550,814** | (900,295) |
| Total comprehensive (loss) / gain for the year | | **(17,817,815)** | 14,174,395 |

Chief Executive Officer        Chairman        Chief Financial Officer

The accompanying notes 1 through 25 form an integral part of these financial statements.

**CREDIT SUISSE SAUDI ARABIA**
**(A Saudi Closed Joint Stock Company)**
**STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY**
**For the year ended 31 December 2023**
*(Amounts in Saudi Arabian Riyals*

| | Note | Share capital | Accumulated losses | Total |
|---|---|---|---|---|
| As at 1 January 2023 | | **737,500,000** | **(308,277,448)** | **429,222,552** |
| Net loss for the year | | **-** | **(18,368,629)** | **(18,368,629)** |
| Other comprehensive income for the year | | **-** | **550,814** | **550,814** |
| **Total comprehensive loss for the year** | | **-** | **(17,817,815)** | **(17,817,815)** |
| **As at 31 December 2023** | **12** | **737,500,000** | **(326,095,263)** | **411,404,737** |
| As at 1 January 2022 | | 737,500,000 | (322,451,843) | 415,048,157 |
| Net profit for the year | | - | 15,074,690 | 15,074,690 |
| Other comprehensive loss for the year | | - | (900,295) | (900,295) |
| Total comprehensive income for the year | | - | 14,174,395 | 14,174,395 |
| As at 31 December 2022 | 12 | 737,500,000 | (308,277,448) | 429,222,552 |

Chief Executive Officer | Chairman | Chief Financial Officer

The accompanying notes 1 through 25 form an integral part of these financial statements.

**CREDIT SUISSE SAUDI ARABIA**
**(A Saudi Closed Joint Stock Company)**
**STATEMENT OF CASH FLOWS**
**For the year ended 31 December 2023**
*(Amounts in Saudi Arabian Riyals)*

| | Note | 31-Dec-23 | 31-Dec-22 |
|---|---|---|---|
| **Cash flow from operating activities:** | | | |
| Net (loss) / profit for the year before tax | | **(18,228,283)** | 17,298,308 |
| *Adjustments to reconcile net (loss)/ profit to net cash generated from / (used in) operating activities:* | | | |
| Depreciation | 8.1 | **2,731,602** | 2,063,167 |
| Impairment charge of intangible assets | 8.1 (a) | **498,776** | - |
| Amortisation on right of use assets | 8.2 | **1,656,206** | 1,388,158 |
| Capital Work in Progress transferred to expense | 8.1 | **-** | 102,766 |
| Interest on lease liabilities | | **280,531** | 144,497 |
| Employees' end of service benefit charge, net | | **147,306** | 696,089 |
| Group employee share plan | | **(255,545)** | (962,417) |
| Allowance for expected credit losses | | **(126,265)** | 125,545 |
| | | **(13,295,672)** | 20,856,113 |
| **Changes in operating assets and liabilities:** | | | |
| Cash collateral margins | | **46,289,319** | (52,373,237) |
| Advances, prepayments and other receivables, net | | **14,145,634** | (9,199,599) |
| Accrued expenses and other liabilities | | **2,783,464** | 1,590,330 |
| Due from / to related parties | | **(957,059)** | 7,348,327 |
| **Net cash used in operations** | | **48,965,686** | (31,778,066) |
| Income taxes paid | | **(2,913,617)** | (4,661,744) |
| Employees' end of service benefits paid | 11 | **(39,572)** | (20,584) |
| **Cash generated from / (used in) operating activities** | | **46,012,497** | (36,460,394) |
| **Cash flow from investing activities:** | | | |
| Investment in Time Deposits | 5 | **(209,793,098)** | - |
| Additions to property and equipment | 8 | **(12,932,263)** | (2,555,729) |
| **Net cash used in investing activities** | | **(222,725,361)** | (2,555,729) |
| **Cash flow from financing activities:** | | | |
| Repayment of principal portion of lease liability | | **(1,580,684)** | (1,550,324) |
| **Net cash used in financing activities** | | **(1,580,684)** | (1,550,324) |
| Net change in cash and cash equivalents | | **(178,293,548)** | (40,566,447) |
| Cash and cash equivalents at the beginning of the year | | **368,446,999** | 409,013,446 |
| **Cash and cash equivalents at the end of the year** | 4 | **190,153,451** | 368,446,999 |

Chief Executive Officer    Chairman    Chief Financial Officer

The accompanying notes 1 through 25 form an integral part of these financial statements.

**CREDIT SUISSE SAUDI ARABIA**
**(A Saudi Closed Joint Stock Company)**
**STATEMENT OF CASH FLOWS (Continued)**
**For the year ended 31 December 2023**
*(Amounts in Saudi Arabian Riyals)*

Enhanced statement of cash flow disclosures regarding changes in liabilities arising from financing activities:

As at December 31, 2023

| | | Cash flows | | Non cash changes | | |
|---|---|---|---|---|---|---|
| | **Opening balance** | **Extension of lease term** | **Repayment** | **Interest** | **Others** | **Closing balance** |
| Lease liability | **6,358,542** | **70,534** | **(1,580,684)** | **280,531** | **-** | **5,128,923** |
| Total liabilities from financing activities | **6,358,542** | **70,534** | **(1,580,684)** | **280,531** | **-** | **5,128,923** |

As at December 31, 2022

| | | Cash flows | | Non cash changes | | |
|---|---|---|---|---|---|---|
| | **Opening balance** | **Extension of lease term** | **Repayment** | **Interest** | **Others** | **Closing balance** |
| Lease liability | 608,975 | 7,155,394 | (1,550,324) | 144,497 | - | 6,358,542 |
| Total liabilities from financing activities | 608,975 | 7,155,394 | (1,550,324) | 144,497 | - | 6,358,542 |

## 1. ORGANIZATION AND ACTIVITIES

Credit Suisse Saudi Arabia (the "Company") is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia. The Company operates under commercial registration number 1010228645 dated 1 Safar 1428H (corresponding to 19 February 2007).

The Company is engaged to act as agent and principal, underwriting, managing, arranging, advisory and custodial services of financial securities in accordance with the license issued by the Capital Market Authority (CMA) number 08104-37 dated 15 Rabi' al-Thani 1432H (corresponding to 20 March 2011) and the license issued by the Saudi Arabian General Investment Authority numbered 102030093799 dated 17 Thul-Hijjah 1426H (corresponding to 17 January 2006).

The Company's registered office is located at:
Floor 2,Building #6, laysen Valley, King Khaled Road,
Building number 7732
Riyadh 2376-12329
Kingdom of Saudi Arabia

The share capital of the Company is held by the following shareholder:

| | | **31 December 2023** | | **31 December 2022** | |
|---|---|---|---|---|---|
| | **Domicile** | **Percentage** | **No. of shares** | **Percentage** | **No. of shares** |
| Credit Suisse AG | Switzerland | **100%** | **73,750,000** | 100% | 73,750,000 |

## 2. BASIS OF PREPARATION

### *2.1 Statement of Compliance*

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA")

### *2.2 Basis of Measurement*

These financial statements have been prepared on a going concern basis and under the historical cost convention except for the cash settled share based payment liabilities which are carried at their fair value and employee benefit obligation which is measured using present value of the defined benefit obligation using projected unit credit method. These financial statements are prepared using accrual basis of accounting.

### *2.3 Functional and presentational currency*

These financial statements are presented in Saudi Arabian Riyals (SAR) which is the functional and presentation currency of the Company. All amounts have been rounded to the nearest SAR, unless otherwise stated.

## 2. BASIS OF PREPARATION *(Continued)*

### *2.4 Use of estimates and judgments*

The preparation of the financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Such estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances.

Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

***Measurement of the expected credit loss allowance***

The measurement of impairment losses under IFRS 9 "Financial Instruments" across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's internal credit grading model, which assigns PDs to the individual grades;
- The Company's quantitative and qualitative criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis;
- The segmentation of financial assets under the PD/LGD approach to estimate Stage 1 and Stage 2 ECLs;
- The development of ECL models, including the various formulas and the choice of inputs;
- The determination of the associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

***Useful lives of property and equipment***

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the useful lives and residual value of the assets at least once per year and always at the end of each financial year and the future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

## 2. BASIS OF PREPARATION *(Continued)*

***Useful lives of intangible assets***

The useful life starts at the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Useful lives are reviewed at each financial year-end and adjusted if appropriate.

***Employees' End Of Service Benefits***

The Company operates a defined benefit plan under the Saudi Arabian Labour Law based on employees' accumulated periods of service at the date of the statement of financial position. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method as per IAS 19 using actuarial assumptions based on market expectations at the date of statement of financial position.

### *2.5 Going concern*

Credit Suisse Saudi Arabia (the "Company") is 100% owned by Credit Suisse AG which was a consolidated subsidiary of Credit Suisse Group AG (the ultimate parent). On 19 March 2023, UBS announced the planned acquisition of Credit Suisse Group AG which was completed on 12 June 2023 and formed a single entity i.e. UBS Group AG. In December 2023, the Board of Directors of UBS Group AG approved the merger of UBS AG and Credit Suisse AG and both the entities have entered into a definitive merger agreement. The completion of merger is subject to regulatory approvals and is expected to occur by the end of the second quarter of 2024. In anticipation of the merger in second quarter 2024, the Company has obtained the regulatory approval from Capital Market Authority for change in the ownership from Credit Suisse AG to UBS AG. As a result of the aforementioned merger it is uncertain whether the Company will itself become liquidated or otherwise be merged with another UBS Group AG subsidiary.

Other than the facts stated above, the Company's going concern assessment is as follows:

a) Company has an onshore presence and have valid licenses from regulators to operate.
b) Based on current available license, Company has expansion plans to strengthen the Wealth Management and Investment Banking business by deploying additional workforce. Management is confident about the existence and continuity prospects of the Company.
c) Following the completion of the acquisition by UBS, Credit Suisse became part of the overall UBS liquidity and funding management and, therefore, Credit Suisse AG is reliant on funding from UBS Group AG, which has provided a letter of support that confirms it's intent to keep Credit Suisse AG in good standing and in compliance with its regulatory capital, liquidity requirements and debt covenants and to fully support its operating, investing and financing activities. Consequently, management is confident to meet its operating expenses and liabilities as they fall due in the next 12 months from the date of approval of financial statements.
d) Although the company has accumulated losses amounting to SAR 326,095,263 (31 December 2022: SAR 308,277,448), net loss of SAR 18,368,629 (profit in 2022 SAR 15,074,690); the Company has cash and cash equivalents and bank balances amounting to SAR 399,946,549 compared to total liabilities amounting to SAR 19,675,293. The available liquidity after deducting total liabilities will be sufficient to cover all the expenses of the Company for the next 12 months.
e) The Company and its parent Credit Suisse AG, which is a consolidated subsidiary of UBS Group, Credit Suisse AG have committed to continue its business activities in the ordinary course along with the integration with UBS Group AG.

Considering above assessment, Board of Directors concluded that the going concern basis used for the preparation of these financial statement is appropriate. This conclusion involved significant judgements taken by management based on current available information.

## 2. BASIS OF PREPARATION *(Continued)*

### *2.6 New and amended IFRS Standards applied with no material effect on the financial statements*

The accounting policies used in the preparation of these financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2023 except for the adoption of the following new amendments to IFRS explained below which became applicable for annual reporting periods commencing on or after January 1, 2023. The management has assessed that the below amendments have no significant impact on the financial statements.

| **Standard / Interpretation** | **Description** | **Effective from periods beginning on or after the following date** |
|---|---|---|
| IFRS 17, 'Insurance contracts' | This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts. | 1 January 2023 |
| Narrow scope amendments to IAS 1 | Practice statement 2 and IAS 8 – The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. | 1 January 2023 |
| Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction - | There amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. | 1 January 2023 |
| Amendment to IAS 12 – International tax reform – pillar two model rules - | These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. | 1 January 2023 |
| Amendments to IAS 8 | Definition of accounting estimates | 1 January 2023 |

## 2. BASIS OF PREPARATION *(Continued)*

### Accounting standards issued but not yet effective

The International Accounting Standard Board (IASB) has issued following accounting standards and / or amendments, which will become effective from periods beginning on or after 1 January 2024. The Company has opted not to early adopt these pronouncements and they do not have a significant impact on the financial statements of the Company.

| Standard / Interpretation | Description | Effective from periods beginning on or after the following date |
|---|---|---|
| Amendment to IFRS 16 – Leases on sale and leaseback | These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. | 1 January 2024 |
| Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements | These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. | 1 January 2024 |
| Amendment to IAS 1 – Non-current liabilities with covenants | These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. | 1 January 2024 |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 | (Available for optional adoption/effective date deferred indefinitely) |
| Amendments to IAS 21 – Lack of Exchangeability | An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations | 1 January 2025 |

## 3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The material accounting policies are as follows:

### *a) Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand and cash with banks having an original maturity of less than three months. Cash and cash equivalents are measured at amortised cost and are subject to impairment as per IFRS 9.

### *b) Property and equipment (including ROU)*

Property and equipment are measured at cost and presented net of accumulated depreciation and accumulated impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the assets to a working condition for its intended use.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment and will flow to the Company.  All other expenditure including expenditure related to ongoing repairs and maintenance are expensed as incurred.

The cost less estimated residual value is depreciated on straight-line basis over the following estimated useful life of the assets:

| | |
|---|---|
| Leasehold improvements | Shorter of the lease terms or 5 years |
| Furniture and fixture | 5 years |
| Computer software and hardware | 3-5 years |
| Motor vehicle | 4 years |

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Income.

The assets' residual values and useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

### *c) Impairment of non-financial assets*

Property and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss, if any, is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are g'ouped at the lowest levels for which there are separately identifiable cash flows.

## 3 MATERIAL ACCOUNTING POLICIES *(Continued)*

### *d) Financial Instruments*

Financial instruments represent the Company's financial assets and liabilities. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Income) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through Statement of Income are recognised immediately in Statement of Income. Financial assets include cash and cash equivalents, Margin Loans and related party receivables. Financial liabilities include due to related party liabilities, Short term borrowings, lease liabilities and certain other financial liabilities.

***Classification of financial assets***
The Company's financial assets are classified on the basis of two criteria: 1) the business model of why the financial assets are held and how they are managed and 2) the contractual cash flow characteristics of the financial asset. These factors determine whether the financial assets are measured at Amortised Cost, Fair value through Other Comprehensive Income ('FVOCI') or Fair value through Statement of Income ('FVSI'). The accounting for financial liabilities remains largely unchanged.

The business model assessments are performed by considering the way in which the financial assets are managed to achieve a particular business objective as determined by management. The assessment is made at the level at which the group of financial assets are managed. These assessments are based on reasonable expectations.

All relevant and objective evidence are considered while performing the business model assessments, for example:

- How the performance of the financial assets are evaluated and reported to key management personnel;
- The risks that affect the performance of the financial assets and how those risks are managed;
- How managers of the business are compensated.

The 'Hold to Collect' business model is a model with the objective to hold a financial asset to collect contractual cash flows. Sales are incidental to the objective of this model. The 'Hold to Collect and Sell' business model is a model with the objective to both hold financial assets to collect contractual cash flows and to sell financial assets. This model has a greater frequency of sales than a 'Hold to Collect' business model. A 'Hold to Collect' financial asset is subsequently measured at amortised cost and is subject to impairment losses, recorded through Statement of Income.

A 'Hold to Collect and Sell' debt instrument is measured at fair value, with interest income, foreign currency gains and losses and impairment losses recorded through profit or loss, whilst all other gains and losses are reported in Other Comprehensive Income ("OCI"). Financial assets that are in neither a 'Hold to Collect' nor a 'Hold to collect and Sell' business model are FVSI.

The Company does not have any financial assets which are under the 'Hold to Collect and Sell' business model.

## 3 MATERIAL ACCOUNTING POLICIES *(Continued)*

***Impairment of financial assets***
Impairment requirements as per IFRS 9 apply primarily to financial assets measured at amortized cost and fair value through other comprehensive income. The impairment requirements are based on a forward looking ECL model by incorporating reasonable and supportable forecasts of future economic conditions available at the reporting date. This requires considerable judgement over how changes in economic factors affect ECLs, which is determined on a probability-weighted basis.

All financial assets attract a 12 month ECL on origination (Stage 1) except for financial assets that are purchased or originated credit impaired. When the credit risk has increased significantly since initial recognition of the financial instrument, the impairment measurement is changed from 12-month ECL (Stage 1) to lifetime ECL (Stage 2).

The assessment of a significant increase in credit risk since initial recognition is based on different quantitative and qualitative factors that are relevant to the financial instrument in scope.

A financial asset moves into Stage 3 when it becomes credit-impaired. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of advance by the Company on terms that the Company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses;
- It may not be possible to identify a single discrete event-instead, the combined effect of several events may have caused financial assets to become credit-impaired.

**Measurement of ECLs**
ECLs are a probability-weighted estimate of credit losses and measured as follows:

Financial assets that are not credit-impaired at the reporting date (Stage 1 or Stage 2), apply the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive. The Company applies a PD/LGD approach under which term structures of point-in-time probability of defaults (‘PDs’), point-in-time loss given defaults (‘LGDs’) and exposure at defaults (‘EADs’) are estimated;

**Definition of default**
The definition of default is based on 30 days past due and unlikely to pay on material obligation.

In assessing whether a borrower is in default, the Company considers indicators that are:
- Qualitative: e.g. breaches of covenants;
- Quantitative: e.g. overdue status and non-payment of another obligation of the same issuer to the Bank; and
- Based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

## 3. MATERIAL ACCOUNTING POLICIES *(Continued)*

### Forward looking information

The estimation and application of forward-looking information require significant judgment. The Company's estimation of expected credit losses is based on a discounted probability-weighted estimate that considers three future macroeconomic scenarios to capture the point of non-linearity of losses: a base scenario, an upside scenario, and a downside scenario. The base case represents a most-likely outcome and be aligned with information used by the Company for other purposes, such as strategic planning and budgeting. Currently, the other scenarios represent more optimistic and more pessimistic outcomes with the downside scenario being more severe than the upside scenario.

Scenarios are probability-weighted according to the Company's best estimate of their relative likelihood based on historical frequency and current trends and conditions and macroeconomic factors such as interest rates, gross domestic product and unemployment rates. Probability weights are reviewed and updated (if required) on a quarterly basis.

### Significant increases in credit risk ('SICR')

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions.

The Company has established a framework that incorporates both quantitative and qualitative information to determine whether the credit risk on a particular financial instrument has increased significantly since initial recognition. The framework aligns with Company's internal credit risk management process. The criteria for determining whether credit risk has increased significantly will vary by portfolio.

The assessment of significant increases in credit risk is generally based on two indicators:
changes in probability-weighted forward-looking lifetime PD, using the same macroeconomic scenarios as the calculation of expected credit losses for newly originated financial instruments (forward book); or changes in credit rating for financial instruments originated prior to the effective date of IFRS 9 (back book), and credit watch list as specific qualitative information.

The rebuttable presumption of more than 30 days past due has not been used because financial instruments are considered credit-impaired and therefore transferred into Stage 3 earlier than 30 days past due, unless credit risk management determines the default to be operational in nature and it is rectified in a short period of time (normally within a week).

The Company monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month ECL and lifetime ECL measurements.

## 3. MATERIAL ACCOUNTING POLICIES *(Continued)*

***Financial Instruments (Continued)***

A financial instrument in scope is transferred from Stage 2 to Stage 1, if it no longer meets the stage transition criteria. The stage transition criteria consider a probation period, either by the idiosyncratic nature of PDs or by the watchlist process.

A financial instrument in scope is transferred from Stage 3 to Stage 2 or Stage 1 after a probation period in line with the Company's credit risk management practices. If the financial instrument has not met the criteria to be considered credit-impaired for a minimum number of months, it will be returned to either Stage 2 or Stage 1 depending on the characteristics of the financial instrument.

The low credit risk exemption has not been used in the context of determining significant increases in credit risk.

**Expected life**

The maximum period to consider when measuring expected credit losses is the maximum contractual period (including borrower-only extension options) over which the Company is exposed to credit risk and not a longer period, even if that longer period is consistent with business practice.

**Write-off policy**

When it is considered certain that there is no reasonable prospect of recovery and all collateral has been realized or transferred to the Company, the financial assets and any associated allowance is written off. If the amount of loss on write-off is greater than the accumulated loss allowance, the differences result in an additional impairment loss. The additional impairment loss is first recognized as an addition to the allowance that is then applied against the gross carrying amount. Any repossessed collateral is initially measured at fair value. The subsequent measurement depends on the nature of the collateral.

***Offsetting***

Financial assets and liabilities are offset and the net amount reported in the Company's statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

***e) Employees benefits***

Employee benefits are payable to all employees employed under the clauses of the Saudi Arabian Labor Laws and Regulations applicable to the Company on termination of their employment contracts. Company's obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in current and prior periods and discounting that amount to arrive at present value. Company sets the assumption used in determining the key elements of the costs of meeting such future obligations. These assumptions are set after consultation with Company's actuaries and include those used to determine regular service costs and the financing elements related to the liabilities. The calculation of end of service benefit obligation is performed by a qualified actuary using the projected unit credit method.

Re-measurement of defined benefit liability, which comprises of actuarial gain and losses are recognized immediately in statement of comprehensive income. The Company determines interest expense on the defined benefit obligation for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any change in net defined benefits obligation during the period as a result of contribution and benefits payments. Net interest expense and other expenses related to defined benefit are recognized in statement of income.

## 3. MATERIAL ACCOUNTING POLICIES *(Continued)*

### *f) Finance income and finance cost*

The Company's finance income and finance cost include:
- finance income
- finance expense

Finance income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future payments or receipts through the expected life of financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability

In calculating the finance income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, finance income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income revert to the gross basis.

### *g) Share based incentive plans*

The Company's share-based payments, which are an integral part of the Company's annual remuneration process, are an important part of the overall compensation package for key employees and senior executives and are designed to promote employee retention and align employee and shareholder interests.

The Company has no specific share-based compensation plan of its own and participates in Credit Suisse AG's Group master share plan. When an award of Credit Suisse AG's Group share is made to an employee of the Company, the Company has an obligation to transfer Credit Suisse Group AG's shares to the employee if the vesting conditions of the award are satisfied.

In accordance with IFRS 2 – *Share Based Payment*, the Company measures the services received and account for these transactions with its employees as cash-settled share based payments transactions.

This includes the recognition of a liability, incurred and related to share-based payment over the service life and in proportion to the service delivered at fair value. The fair value of the liability is re-measured until the liability is settled and changes in fair value are recognised in the statement of income.

Share awards and share based cash unit awards that contain market conditions are marked-to-market based on the latest share price information reflecting the terms of the award.

Share unit awards that contain earnings performance conditions are marked-to-market based on the shareholder's actual earnings performance to date and Credit Suisse AG's (parent company) internal earnings projections over the remaining vesting period of the award. In determining the final liability, the parent company also estimates the number of forfeitures over the life of the plan based on management's expectations for future periods, which also considers past experience.

## 3. MATERIAL ACCOUNTING POLICIES *(Continued)*

### *h) Assets held in trust or in a fiduciary capacity*

Assets held in trust or in a fiduciary capacity by the Company are not treated as assets of the Company and accordingly are not included in the financial statements; these are treated as off-balance sheet items.

### *i) Revenue recognition*

Under IFRS15 – *Revenue recognition*, Revenue is measured based on the consideration specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. The Company recognizes revenue when it satisfies a contractual performance obligation. Variable consideration is only included in the transaction price once it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the amount of variable consideration is subsequently resolved.

Generally no significant judgement is required with respect to recording variable consideration. If a fee is a fixed percentage of a variable account value at contract inception, recognition of the fee revenue is constrained as the contractual consideration is highly susceptible to change due to factors outside of the Company's influence. However, at each performance measurement period (e.g., daily, monthly, quarterly), recognition of the cumulative amount of the consideration to which the Company is entitled is no longer constrained because it is calculated based on a known account value and the fee revenue is no longer variable.

The performance obligations are typically satisfied as the services in the contract are rendered. The contract terms are generally such that they do not result in any contract assets. The contracts generally do not include a significant financing component or obligations for refunds or other similar obligations.

Based on the above the revenue recognition policy for each revenue stream is as follow:

*Brokerage revenue*

Brokerage income is recognised when the related transactions are executed on behalf of the customers at the price agreed in the contract with the customers, net of discounts and rebates. The performance obligation of the Company is satisfied when the Company carries out the transaction, which triggers immediate recognition of the revenue, as the Company will have no further commitments.

*Swap commission*

Swap commission income is recognised when the related transactions are executed on behalf of the related party customers at the price agreed in the contract with the customers, net of discounts and rebates. The performance obligation of the Company is satisfied when the Company carries out the transaction, which triggers immediate recognition of the revenue, as the Company will have no further commitments.

*Custody fees*

Performance obligation are generally satisfied periodically based on the custody agreements which triggers recognition of the revenue. No further performance obligation or commitment is required due to nature of revenue being providing of custody/safe keeping.

## 3. MATERIAL ACCOUNTING POLICIES *(Continued)*

*Revenue share for arranging one off Investment Banking/Asset Management division deals*
The Company earns revenue shared out of executed and booked deals by other Credit Suisse entities. The Company recognize revenue once performance obligations from it are completed towards the other group companies (Originating/executing).

### *j) Payable and accruals*

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

### *k) Provisions*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

### *l) Expenses*

Expenses are measured and recognized as a period cost at the time when they are incurred. Expenses related to more than one financial period are allocated over such periods proportionately.

### *m) Income tax*

Tax expense comprises current and deferred tax. Current tax is expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date by tax laws and regulations under the Zakat, Tax and Customs Authority (ZATCA) and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and on the accumulated tax losses of the Company.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Current and deferred tax are recognised in statement of statement of income, except when they relate to items that are recognised in other comprehensive income or directly in shareholder’s equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in shareholder’s equity respectively.

## 3. MATERIAL ACCOUNTING POLICIES *(Continued)*

### *n) Foreign currencies*

Transactions in foreign currencies are translated into Saudi Arabian Riyals at the exchange rates prevailing at transaction dates. Monetary assets and liabilities at year-end, denominated in foreign currencies, are translated into Saudi Arabian Riyals at the exchange rates prevailing at the date of the financial position. Foreign exchange gains or losses on translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

### *o) Lease payments*

The Company has entered into a property lease arrangement. A lease is identified when a contract (or a part of a contract) exists that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In determining whether a contract contains a lease, the Company has assessed whether there is an identifiable asset and whether it has the right to control the use of the identified asset.

The Company recognizes right-of-use (ROU) assets, which are reported as property and equipment, and lease liabilities, which are reported as debt in issuance. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent an obligation to make lease payments under the lease contract. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company enters into leases with fixed lease payments. The Company's incremental borrowing rate, which is used in determining the present value of lease payments, is derived from information available as at lease agreement date. Lease ROU assets are amortized on straight-line basis over the lease term. Amortization expense on RoU assets is recognized in general and administrative expenses. Interest expense on lease liabilities are recognized in interest expense.

### *p) Service level agreements*

Costs are recharged to the Company by other Credit Suisse entities to reflect services provided by them to the Company. These services are charged in accordance with Service Level Agreements entered between the entities. These recharges are netted off against the related expenses for the year.

## 4. CASH AND CASH EQUIVALENTS

| | **Note** | **As at 31 December 2023** | **As at 31 December 2022** |
|---|---|---|---|
| Cash in hand | | **59** | 1,959 |
| Cash at local bank – current account | | **5,473,838** | 16,277,514 |
| Cash at banks -held with related parties | 7(c) | **6,205,318** | 9,919,262 |
| Cash at local bank – Time deposits | 4.1 | **178,474,236** | 34,224,8264 |
| Total | | **190,153,451** | 368,446,999 |
| Expected credit losses | | **(2,960)** | (180,801) |
| | | **190,150,491** | 368,266,198 |

Cash at bank is placed with banks who have investment grade credit ratings. Time deposits are placed with local banks having original maturity of less than three months from the date of placements.

**4.1** The interest rates on these deposits ranges from 5% - 6.1% per annum (2022: 3.6% - 5%).

## 5. DUE FROM BANKS, net

| | Note | As at 31 December 2023 | As at 31 December 2022 |
|---|---|---|---|
| Cash at local bank – Term Deposits | 5.1 | **209,793,098** | - |
| Expected credit losses | | **(8,090)** | - |
| | | **209,785,008** | - |

**5.1** Due from banks are term deposits held with a group entity in the Kingdom of Saudi Arabia, and have a maturity period ranging from 6 to 12 months. The interest rates on these deposits range from 5.9% - 6.3% per annum.

## 6. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES, NET

| | As at 31 December 2023 | As at 31 December 2022 |
|---|---|---|
| Receivable from customers | **-** | 13,426,396 |
| Cash collateral margins | **6,083,918** | 52,373,237 |
| Custody fees receivable | **350,928** | 282,486 |
| Prepayments | **2,151,584** | 3,176,864 |
| Security deposits | **154,404** | 164,404 |
| Other miscellaneous assets | **289,967** | 42,367 |
| Total | **9,030,801** | 69,465,754 |
| Expected credit losses | **(45,416)** | (1,640) |
| | **8,985,385** | 69,464,114 |

## 7. RELATED PARTY TRANSACTIONS AND BALANCES

The Company's shareholder and all its affiliates are considered as related parties of the Company. Credit Suisse AG (incorporated in Switzerland) is the shareholder of the Company. In the ordinary course of business, the Company enters into transactions with related parties, which are based on prices and contract terms approved by the Company's management.

The Company has entered into a Service Level Agreement (SLA) with Credit Suisse AG (the "shareholder"), which provides the basis for sharing revenues on jointly executed projects and allocation of common expenses incurred by or on behalf of the shareholder.

Further the shareholder also provides administrative and infrastructural support to the Company as and when required.

Core strategic decision related to the Company including deciding on its core business model, people strategy as well as new business is taken by the management of Credit Suisse Group (CSG). Local entity's management only follows group strategy and policies. However, no compensation is paid by the Company to any key management person (CSG's management) having authority and responsibility for planning, directing, and controlling the activities of the Company.

## 7. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

### (a) The significant transactions during the year were as follows:

Revenue from jointly executed projects with agreed share of the Company as per SLA including custody fees, swap commission and advising and arranging of investment. Credit Suisse Riyadh Branch balance represents interest earned on time deposits.

| | | 2023 | 2022 |
|---|---|---|---|
| Credit Suisse AG | Parent | **9,617,379** | 22,491,846 |
| Credit Suisse International | Affiliate | **2,998,739** | 39,106,297 |
| CS Europe Bank | Affiliate | **553,238** | 2,796,764 |
| Credit Suisse AG, Riyadh Branch | Affiliate | **4,678,098** | - |
| | | **17,847,454** | 64,394,907 |

Service received/provided for management and support functions and custody services

| | | 2023 | 2022 |
|---|---|---|---|
| Credit Suisse AG (DIFC Branch) | Affiliate | **(7,902,708)** | (7,890,077) |
| Credit Suisse (Schweiz) AG | Affiliate | **(1,176,105)** | - |
| Credit Suisse AG, Bahrain Branch | Affiliate | **(787,807)** | (938,714) |
| Credit Suisse International | Affiliate | **(1,766)** | (1,329) |
| CS Services AG, London Branch | Affiliate | **(539)** | - |
| CS Deutschland | Affiliate | **526** | - |
| Credit Suisse AG | Parent | **(189)** | (2,881) |
| Credit Suisse AG Riyadh Branch | Affiliate | **2,213,857** | 30,897 |
| Credit Suisse Securities (USA) LLC | Affiliate | **-** | (2,346) |
| | | **(7,654,731)** | (8,804,450) |

Following balances pertain to related parties in the Statement of Financial Position:

**Due from related parties:**

| | | 31 December 2023 | 31 December 2022 |
|---|---|---|---|
| Credit Suisse AG, Bahrain Branch | Affiliate | **1,401,228** | 1,267,398 |
| Credit Suisse AG Riyadh Branch ("CSRB") | Affiliate | **689,690** | 2,488,930 |
| Credit Suisse AG | Parent | **514,117** | 1,682,649 |
| Credit Suisse AG, DIFC branch | Affiliate | **95,970** | 96,249 |
| Credit Suisse International | Affiliate | **87,766** | 1,210,601 |
| CS Europe Bank | Affiliate | **25,002** | 340,115 |
| Credit Suisse AG, London Branch | Affiliate | **19,350** | 37,967 |
| CS Deutschland | Affiliate | **526** | - |
| Credit Suisse Securities (Europe) Limited | Affiliate | **-** | 16,423 |
| Total | | **2,833,649** | 7,140,332 |
| Expected credit losses | | **(3,562)** | (3,852) |
| | | **2,830,087** | 7,136,480 |

## 7. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

**(b) Due to related parties:**

| | | 31 December 2023 | 31 December 2022 |
|---|---|---|---|
| Credit Suisse AG (DIFC Branch) | Affiliate | **2,509,971** | 1,170,815 |
| Credit Suisse AG, Bahrain Branch | Affiliate | **1,437,070** | 1,140,367 |
| Credit Suisse AG, Riyadh Branch | Affiliate | **297,788** | 2,034,944 |
| Credit Suisse Securities (Europe) Limited | Affiliate | **13** | 1,777,100 |
| Credit Suisse International | Affiliate | **221,208** | 3,580,478 |
| Credit Suisse Securities (USA) LLC | Affiliate | **96,100** | 81,427 |
| Credit Suisse AG | Parent | **78,852** | 100,185 |
| Credit Suisse AG, London Branch | Affiliate | **-** | 18,893 |
| CS New York Branch | Affiliate | **7,975** | 7,994 |
| CS Deutschland | Affiliate | **-** | 528 |
| Credit Suisse Services (USA) LLC | Affiliate | **303** | 290 |
| Credit Suisse (UK) Limited | Affiliate | **131** | 131 |
| CS Europe Bank | Affiliate | **18** | 19 |
| Credit Suisse (Hong Kong) Limited | Affiliate | **11** | 11 |
| Credit Suisse AG, Singapore Branch | Affiliate | **4** | 4 |
| | | **4,649,444** | 9,913,186 |

**(c) Cash and cash equivalents with related parties**

| | | 31 December 2023 | 31 December 2022 |
|---|---|---|---|
| Credit Suisse AG Riyadh Branch | Affiliate | **4,037,133** | 2,519,053 |
| Credit Suisse (Schweiz) AG | Affiliate | **2,106,195** | 7,391,909 |
| Credit Suisse AG | Parent | **61,990** | 8,300 |
| | | **6,205,318** | 9,919,262 |

In addition to above, the shareholder has offered share-based incentive plans to certain employees of the Company (see note 9)

## 8. PROPERTY, EQUIPMENT AND INTANGIBLES

| | Note | 2023 | 2022 |
|---|---|---|---|
| Property, equipment and intangibles | 8.1 | **14,401,028** | 4,699,143 |
| Right of use asset | 8.2 | **4,928,031** | 6,513,701 |
| **Total** | | **19,329,059** | 11,212,844 |

## 8. PROPERTY, EQUIPMENT AND INTANGIBLES *(Continued)*

### 8.1 Property, equipment and intangibles, net

| | 31-Dec-23 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Leasehold improvements** | **Furniture & fixture and office equipment** | **Computer equipment** | **Computer software** | **Motor vehicles** | **Work in progress** | **Total** |
| **Cost** | | | | | | | |
| Balance as at 1 January | 1,526,135 | 736,294 | 5,509,841 | 1,405,031 | 401,200 | 400,308 | **9,978,809** |
| Additions during the year | 10,434,078 | - | 2,498,185 | - | - | - | **12,932,263** |
| Impaired asset (8.1 (a)) | - | - | - | (873,918) | - | - | **(873,918)** |
| Transfer from work in progress | 400,308 | - | - | - | - | (400,308) | **-** |
| **Balance as at 31 December** | **12,360,521** | **736,294** | **8,008,026** | **531,113** | **401,200** | **-** | **22,037,154** |
| **Accumulated depreciation** | | | | | | | |
| Balance as at 1 January | 1,405,714 | 245,409 | 2,808,087 | 451,026 | 369,430 | - | **5,279,666** |
| Depreciation during the year | 1,152,267 | 146,925 | 1,160,230 | 240,410 | 31,770 | - | **2,731,602** |
| Impaired asset (8.1 (a)) | - | - | - | (375,142) | - | - | **(375,142)** |
| **Balance as at 31 December** | **2,557,981** | **392,334** | **3,968,317** | **316,294** | **401,200** | **-** | **7,636,126** |
| **Net book value as at 31 December 2023** | **9,802,540** | **343,960** | **4,039,709** | **214,819** | **-** | **-** | **14,401,028** |

8.1 (a) The nature of computer software is Internally Developed Software ('IDS') and Purchased Software. The recoverable amount of the Company's intangible assets is estimated based on their value-in-use. Intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Following the UBS group acquisition of Credit Suisse AG, the Company initiated the reassessment of Software's as these assets are expected to be used for a significantly shorter period of time. This has driven an increase in impairment expense following the reassessment of Internally Developed and Purchased Software's useful economic life. An impairment loss of SAR 498,776 has been recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

## 8. PROPERTY, EQUIPMENT AND INTANGIBLES *(Continued)*

| | 31 December 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Leasehold improvements** | **Furniture & fixture and office equipment** | **Computer equipment** | **Computer software** | **Motor vehicles** | **Work in progress** | **Total** |
| **Cost:** | | | | | | | |
| Balance as at 1 January | 15,083,179 | 2,958,205 | 3,136,896 | 553,398 | 401,200 | 1,618,137 | 23,751,015 |
| Additions during the year | 243,258 | - | 1,837,131 | 75,022 | - | 400,318 | 2,555,729 |
| Disposal of asset during the year | (13,800,302) | (2,221,911) | (202,956) | - | - | - | (16,225,169) |
| Expensed out to statement of Income | | | | | | (102,766) | (102,766) |
| Transfer from work in progress | - | - | 738,770 | 776,611 | - | (1,515,381) | - |
| **Balance as at 31 December** | 1,526,135 | 736,294 | 5,509,841 | 1,405,031 | 401,200 | 400,308 | 9,978,809 |
| **Accumulated depreciation** | | | | | | | |
| Balance as at 1 January | 14,456,926 | 2,298,431 | 2,274,145 | 122,977 | 289,190 | - | 19,441,669 |
| Depreciation during the year | 749,090 | 168,889 | 736,899 | 328,049 | 80,240 | - | 2,063,167 |
| Disposal of asset during the year | (13,800,302) | (2,221,911) | (202,957) | - | - | - | (16,225,170) |
| **Balance as at 31 December** | 1,405,714 | 245,409 | 2,808,087 | 451,026 | 369,430 | - | 5,279,666 |
| **Net book value as at 31 December 2022** | 120,421 | 490,885 | 2,701,754 | 954,005 | 31,770 | 400,308 | 4,699,143 |

## 8 PROPERTY, EQUIPMENT AND INTANGIBLES (Continued)

### 8.2 RIGHT OF USE ASSETS, net

| | **2023** | **2022** |
|---|---|---|
| Balance as at 1 January | **6,513,701** | 746,465 |
| Additions | **70,536** | 7,155,394 |
| Amortisation | **(1,656,206)** | (1,388,158) |
| **Balance as at 31st December** | **4,928,031** | 6,513,701 |

## 9. ACCRUED EXPENSES AND OTHER LIABILITIES

| | **2023** | **2022** |
|---|---|---|
| Accrual for performance bonus | **2,172,760** | 500,678 |
| Trade and other payables | **3,002,980** | 1,258,711 |
| Deferred cash awards | **4,090** | 299,502 |
| Payable to tax authorities | **937,114** | 4,047,860 |
| | **6,116,944** | 6,106,751 |

Payable to tax authorities include both corporate direct and indirect tax.

## 10. GROUP EMPLOYEE SHARE PLAN

The total share award liability recorded as at 31 December 2023 was nil (2022: nil). The fair value used to calculate the share award liability was the closing US Group AG share price as at 31 December 2023 CHF 26.10 (CSG 2022: CHF 2.764). The average weighted fair value of awards granted in 2023 was nil (CSG 2022: nil). The intrinsic value of vested share-based awards outstanding as at year end was nil (2022: nil).

A brief description of the UBS Group AG employee share award is summarized as follows:

**Share awards**

Share awards vest over three years with one third of the share awards vesting on each of the three anniversaries of the grant date (ratable vesting). Share awards are expensed over the service period of the awards. The value of these share awards is solely dependent on the UBS Group AG share price at the time of delivery.

### 10.1 GROUP EMPLOYEE SHARE-BASED CASH UNIT PLAN

The total share-based cash unit award liability recorded as at 31 December 2023 was SAR 116,798 (2022: SAR 372,343). The fair value used to calculate the share-based cash unit award liability was the closing UBS Group AG share price as at 31 December 2023 CHF 26.10 (CSG 2022: CHF 2.764). The average weighted fair value of awards granted in 2023 was CHF 18.34 (CSG 2022: CHF 8.02). The intrinsic value of vested share-based cash unit awards outstanding as at year end was SAR 135 (2022: SAR 33,054). Total compensation expense/(income) for share-based cash unit compensation plans recognised during 2023 and 2022 was SAR (136,995) and SAR (181,633) respectively.

## 10 GROUP EMPLOYEE SHARE PLAN (Continued)

A brief description of the UBS Group AG employee share award is summarized as follows:

### Share-based Cash Unit awards

Share-based cash unit awards, granted prior to acquisition, generally vest over three years with one third of the share awards vesting on each of the three anniversaries of the grant date (ratable vesting). Share-based cash unit awards are expensed over the service period of the awards. The value of these share-based cash unit awards is solely dependent on the UBS Group AG share price at the time of payment.

### Performance Cash Unit awards

Prior to 2023, certain employees received a portion of their deferred variable compensation in the form of performance cash unit awards. Performance Cash Unit awards are similar to share-based cash unit awards, except that the full balance of outstanding performance cash unit awards, including those awarded in prior years, are subject to performance-based malus provisions.

The conditions for the outstanding performance cash unit awards granted for prior years were revised and are subject to a downward adjustment in the event UBS Group AG has a negative reported return on common equity tier 1 (CET1).

Performance cash unit awards will no longer be used as a form of deferred compensation award from 2022 performance year onwards.

### Strategic Delivery Plan (“SDP”) Cash Unit awards

Strategic Delivery Plan (SDP) was a one-off cash unit award granted in February 2022. The SDP cash unit awards are subject to service conditions and revised performance-based metrics over the course of 2022-2024. SDP cash unit awards are scheduled to vest on the third anniversary of the grant date, with the exception of awards granted to individuals classified as material risk takers (MRTs), risk manager MRTs or senior managers or equivalents under the EU Capital Requirements Directive V and UK Investment Firms Prudential Regime, where a longer vesting period applies.

Prior to settlement, the principal amount of the SDP awards will be written down to zero and forfeited if the UBS Group’s reported CET1 ratio falls below 7%.

### *Contingent Capital Awards*

Contingent Capital Awards (‘CCA’) are no longer used as a form of deferred compensation award for the 2022 performance year onwards.

In 2023, all outstanding CCAs were written down for both vested and unvested awards.

Total compensation (reversal)/expense recognised for CCAs during the year ended December 31, 2023 was **SAR (299,102)** (2022: SAR 23,430). This included the cancellation of the prior year CCA following the decision by the Swiss Federal Council.

## 10 GROUP EMPLOYEE SHARE PLAN (Continued)

***Deferred fixed cash awards***

Deferred fixed cash compensation was granted during 2023, 2022 and 2021 to certain employees. This compensation has been expensed over one to three year vesting period from the grant date.

Total compensation expense recognised for deferred fixed cash awards during the year ended 31 December 2023 was **SAR 255,169** (2022: SAR nil).

***Upfront cash awards***

In February 2023, certain employees were granted upfront cash awards as part of the cash component of their 2022 variable compensation. During 2022 and 2021, certain employees were also granted upfront cash awards. These awards are subject to repayment (clawback) by the employee in the event of voluntary resignation, termination for cause or in connection with other specified events or conditions within three years of the award grant. The amount subject to repayment is reduced in equal monthly installments during the three-year period following the grant date. The expense recognition will occur over the three-year vesting period, subject to service conditions.

Total compensation expense recognised for upfront cash awards during the year ended December 31, 2023 was **SAR 293,973** (2022: SAR 709,740).

## 11. EMPLOYEES' END OF SERVICE BENEFITS

**11.1** The amounts recognized in the statement of financial position and movement in the obligation during the year based on its present value are as follows:

| | **2023** | **2022** |
|---|---|---|
| Balance at beginning of the year | **4,106,262** | 2,530,462 |
| **Statement of Income** | | |
| Current service cost | **592,432** | 611,616 |
| Interest cost | **186,978** | 84,473 |
| | **779,410** | 696,089 |
| **Statement of Comprehensive Income** | | |
| Actuarial (gain) / loss | **(550,814)** | 900,295 |
| **Cash and other movements** | | |
| Transfers | **189,383** | - |
| Benefits paid and reversals | **(861,057)** | (20,584) |
| Balance at end of the year | **3,663,184** | 4,106,262 |

**11.2** Principal actuarial assumptions (in respect of the employee benefit scheme):

| | **2023** | 2022 |
|---|---|---|
| Discount rate | **4.75%** | 4.75% |
| Expected rate of salary increase | **2.00%** | 2.00% |

Assumptions regarding future mortality are set based on actuarial advice in accordance with the published statistics and experience in the region. Attrition rates have been determined using benchmarks and adjusted for Company's own experience.

## 11 EMPLOYEES' END OF SERVICE BENEFITS (Continued)

**11.3** Sensitivity of actuarial assumptions

The table below illustrates the sensitivity of the Defined Benefit Obligation valuation as at 31 December 2023 and 31 December 2022 to the key assumptions mentioned in 11.2 above.

| | **SAR'000** | | |
|---|---|---|---|
| | **Impact on defined benefit obligation – Increase / (Decrease)** | | |
| **31 December 2023** | **Change in assumption** | **Increase in assumption** | **Decrease in assumption** |
| Base Scenario | | | |
| Discount rate | **1.00%** | **(295)** | **339** |
| Expected rate of salary increase | **1.00%** | **345** | **(306)** |
| **31 December 2022** | | | |
| Base Scenario | | | |
| Discount rate | 1.00% | (339) | 391 |
| Expected rate of salary increase | 1.00% | 398 | (351) |

The above sensitivity analysis are based on a change in an assumption holding all other assumptions constant.

**11.4** Expected maturity

Expected maturity analysis of undiscounted defined benefit obligation for the end of service plan is as follows:

| **SAR'000** | **1 year** | **2 to 5 years** | **6 to 10 years** | **More than 10 years** | **Total** |
|---|---|---|---|---|---|
| **31 December 2023** | | | | | |
| **3,663** | **259** | **1,431** | **3,276** | **-** | **4,966** |
| **31 December 2022** | | | | | |
| 4,106 | 341 | 1,608 | 3,680 | - | 5,629 |

The weighted average duration of the defined benefit obligation is 9 years on 31 December 2023 and 9.2 years on 31 December 2022.

## 12. SHARE CAPITAL

The Company's issued and fully paid share capital amounts to SAR 737,500,000 (31 December 2022: SAR 737,500,000) comprising 73,750,000 shares (31 December 2022: 73,750,000 shares) of SAR 10 each.

## 13. STATUTORY RESERVE

In accordance with the Company's By-Laws, the Company is required to transfer at least 10% of its net income each year to the statutory reserve until this reserve equals to 30% of the paid capital. The statutory reserve is not available for distribution to shareholders until liquidation of the Company. The Company has not transferred any amount to statutory reserve due to accumulated losses.

## 14. FEE AND COMMISSION INCOME, NET

| | Notes | 2023 | 2022 |
|---|---|---|---|
| Shares brokerage, net | | **2,510,726** | 18,978,066 |
| Custodian fee | 14.1 | **9,444,423** | 22,511,083 |
| Equity swap arrangements, net | 14.2 | **102,142** | 5,335,543 |
| Discretionary portfolio management | | **131,519** | 360,860 |
| | | **12,188,810** | 47,185,552 |

**14.1** Custodian fee includes an amount of SAR 8,809,062 (2022: SAR 21,831,708) representing net commission received from Credit Suisse AG (the Parent entity) for providing sub custody facilities by the Company.

**14.2** Equity swap arrangements includes net commission charged to Credit Suisse AG and Credit Suisse International (both related parties) for providing market information and other services relating to the execution of swap transactions.

## 15. REVENUE FROM CONTRACT WITH CUSTOMERS

### Nature of services

The following is a description of the principal activities from which the Company generates its revenues from contracts with customers.

Credit Suisse's wealth management businesses provide investment services and solutions for clients, including investment advisory and investment management, wealth planning. The Company receives for these services investment advisory and investment management fees which are generally reflected in the line item 'Investment and portfolio management' in the table "Contracts with customers and disaggregation of revenues" below. Generally, the fee for the service provided is recognized over the period of time the service is provided. Revenue also includes receiving of revenue share from other credit Suisse locations for arranging these services by Credit Suisse Saudi Arabia.

## 15. REVENUE FROM CONTRACT WITH CUSTOMERS *(Continued)*

The wealth management businesses also provide comprehensive advisory services and tailored investment and financing solutions to private, corporate and institutional clients. The nature of the services range from investment and wealth management activities, which are services rendered over a period of time according to the contract with the customer, to more transaction-specific services such as brokerage, sales and trading services and the offer of client-tailored financing products. The services are provided as requested by Credit Suisse's clients, and the fee for the service requested is recognized once the service is provided. Revenue also includes Sharing of custody fees charged by Credit Suisse Group Companies as the Company is sub-custodian for shares listed with Saudi Tadawul and arranging & advisory service fee earned on Investment banking and capital market deals.

### Contract with customers and disaggregation of revenue

| | Note | 2023 | 2022 |
|---|---|---|---|
| Fee and commission income, net | *14* | **12,188,810** | 47,185,552 |
| Arranging and advisory services | | **670,229** | 12,761,284 |
| | | **12,859,039** | 59,946,836 |

### Contract balance

| | 2023 | 2022 |
|---|---|---|
| Contract receivables (gross) | **2,833,636** | 20,566,728 |

This includes contract receivables amounting to SAR 2,833,636 (31 December 2022: SAR7,140,332) from related party shown in 7(b).

Allowance for credit impairment of SAR 3,562 (31 December 2022: SAR 3,852) were recognized on contract receivables during the reporting period.

### Capitalized costs

The Company has not incurred costs in obtaining a contract nor costs to fulfill a contract that are eligible for capitalization.

### Remaining performance obligations

IFRS 15's practical expedient allows the Company to exclude from its remaining performance obligations disclosure any performance obligations which are part of a contract with an original expected duration of one year or less. Additionally, any variable consideration, for which it is probable that a significant reversal in the amount of cumulative revenue recognized will occur when the uncertainty associated with the variable consideration is subsequently resolved, is not subject to the remaining performance obligations disclosure because such variable consideration is not included in the transaction price (e.g., investment management fees). Upon review, the Company determined that no material remaining performance obligations are in scope of the remaining performance obligations disclosure.

## 16. EXPECTED CREDIT LOSSES

**Expected credit losses**

| | As at 31 December 2023 | As at 31 December 2022 |
|---|---|---|
| Reversal / (charge) for expected credit losses on exposures | **126,265** | (125,545) |
| | **126,265** | (125,545) |

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in Note 3(d).

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Opening Balance | **(180,801)** | (56,690) |
| Net remeasurement of loss allowances | **177,841** | (124,111) |
| **Closing balance** | **(2,960)** | (180,801) |

| **Due from Banks** | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Opening Balance | **-** | - |
| Net remeasurement of loss allowances | **(8,090)** | - |
| **Closing balance** | **(8,090)** | **-** |

| **Due from related parties** | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Opening Balance | **(3,852)** | (2,897) |
| Net remeasurement of loss allowances | **290** | (955) |
| **Closing balance** | **(3,562)** | (3,852) |

| **Advances and other receivable** | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Opening Balance | **(1,640)** | (1,161) |
| Net remeasurement of loss allowances | **(43,776)** | (479) |
| **Closing balance** | **(45,416)** | (1,640) |

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| **Total ECL** | | |
| Opening Balance | **(186,293)** | (60,748) |
| Net remeasurement of loss allowances | **126,265** | (125,545) |
| **Closing balance** | **(60,028)** | (186,293) |

## 17. SALARIES AND EMPLOYEE RELATED EXPENSES

| | 2023 | 2022 |
|---|---|---|
| Basic salaries | **(10,698,082)** | (10,659,366) |
| Allowances and other benefits | **(7,876,972)** | (8,011,904) |
| Performance based incentive bonus | **(2,172,629)** | (500,289) |
| Deferred compensation expense | **(113,046)** | (603,423) |
| | **(20,860,729)** | (19,774,982) |

## 18. TELECOMMUNICATION AND DATA SERVICE CHARGES

| | 2023 | 2022 |
|---|---|---|
| Telecommunication charges | **(6,503,259)** | (2,372,847) |
| Data service charges | **(1,281,876)** | (1,341,022) |
| | **(7,785,135)** | (3,713,869) |

## 19. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

| | 2023 | 2022 |
|---|---|---|
| Insurance | **(1,471,170)** | (1,513,245) |
| Repair and maintenance | **(116,673)** | (299,528) |
| Business travel | **(172,906)** | (624,504) |
| Office supplies | **(1,033,528)** | (369,158) |
| Non-claimable VAT | **(3,293,388)** | (3,439,564) |
| Staff training | **(4,652)** | (51,599) |
| Withholding tax | **(253,355)** | (154,185) |
| Bank charges | **(1,176,105)** | (1,107,772) |
| Others | **(88,705)** | (387,761) |
| | **(7,610,482)** | (7,947,316) |

## 20. NET FINANCE INCOME

Finance income, if any, represents income earned on bank deposits and placements with commercial bank during the period. Finance expense represents expenses incurred on lease liabilities.

| | 2023 | 2022 |
|---|---|---|
| Finance Income on cash and cash equivalent | **20,903,137** | 6,513,240 |
| Finance expenses on lease liabilities | **(280,531)** | (144,497) |
| | **20,622,606** | 6,368,743 |

## 21. INCOME TAX & ZAKAT

### *a. Income tax*

| | 2023 | 2022 |
|---|---|---|
| Current tax expense | **-** | 2,773,271 |
| Tax expense related to previous year | **140,346** | (549,653) |
| Tax expense for the year | **140,346** | 2,223,618 |

**Reconciliation of effective tax expense**

| | 2023 | 2022 |
|---|---|---|
| Accounting (loss) / profit before tax | **(18,228,283)** | 17,298,308 |
| Adjustments to accounting profit / (loss) | **1,749,648** | 1,190,164 |
| **Adjusted net income / (loss)** | **(16,478,635)** | 18,488,472 |
| Brought forward losses | **-** | (4,622,118) |
| Tax (loss) / profit for the year | **(16,478,635)** | 13,866,354 |
| Effective rate of applicable tax | **20%** | 20% |
| Tax at applicable tax rate | **-** | 2,773,271 |

During the year 2023, the Company has not incurred any zakat expenses (2022: Nil)

### *b. Status of assessments*

**For the Years 2007 to 2013**

The assessment for the years 2007-2013 has been issued by ZATCA which resulted in an additional tax and zakat demand of SAR 7,094,222 due to disallowance of certain expenses and addition of certain amounts to zakat base. The Company has submitted an appeal to GSTC against the additional tax and zakat assessed by ZATCA.

GSTC Level I has ruled in Company's favor during the appeal hearing which took place in June 2021. During 2023, GSTC Level II has issued the final ruling which rejected the appeal submitted by ZATCA and uphold the ruling issued by GSTC Level I.

In lieu of the above, ZATCA has reversed the assessments for FY 2007-2013 taking into consideration the ruling issued by GSTC Level II.

Notwithstanding to the above, there are manual WHT assessments issued by ZATCA for FY 2008 amounting to SAR 33,589.40 which the Company has already settled.

**For the Years 2014 to 2022**

The Company has filed its tax/zakat declarations for the years ended 31 December 2014 to 2022 with ZATCA within the statutory deadline. The ZATCA has not issued any assessment for the above-mentioned years.

## 22. LEASE COMMITMENTS

The Company is renting its main office premises through lease contract. The lease duration for the current office space was initially for five years; the lease contract was subsequently extended for three years up to end of February 2023. Company also entered a lease for a new office space for a period of six years up to end of September 2028. The future minimum lease payments under the lease is as follows:

| | **2023** | **2022** |
|---|---|---|
| **Lease Liability** | | |
| Maturity Analysis of lease liability | | |
| Due within 1 year | **1,476,508** | 1,480,997 |
| Due between 1 and 2 years | **1,476,508** | 1,480,999 |
| Due between 2 and 3 years | **1,331,150** | 1,480,999 |
| Due between 3 and 4 years | **895,078** | 1,335,641 |
| Due between 4 and 5 years | **447,539** | 899,568 |
| Due after 5 years | **-** | 449,784 |
| **Undiscounted amount of lease liability** | **5,626,783** | 7,127,988 |
| Future interest | **(497,860)** | (769,446) |
| **Discounted lease liabilities** | **5,128,923** | 6,358,542 |

## CAPITAL COMMITMENTS

As at 31 December 2023 and 31 December 2022 the Company has no capital commitments.

## 23. ASSETS HELD IN FIDUCIARY CAPACITY

**23.1** As at 31 December 2023 assets held under fiduciary capacity amounted to SAR 32 million (31 Dec 2022: SAR 45 million). These are kept with a local commercial bank and related parties in KSA and outside KSA. These amounts were kept in custody by the Company for its customers for the purpose of investment in the local and international market.

## 24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Introduction and overview

The Company has exposure to various risks from its use of financial instruments and from its operations. Financial instruments carried on the balance sheet include cash and cash equivalents, due from/to related parties, advance and other receivables and other liabilities. These risks can be broadly classified as:

- credit risk;
- liquidity risk;
- market risk; and
- operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

## 24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

### Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and cause the other party to incur a financial loss. Financial assets, which potentially are subject to concentration of credit risk, consist principally of Cash at bank, due from related parties, advance, other receivables and cash collateral. The Company's exposure to credit risk is indicated by the carrying amount of its financial assets which consist principally of demand and time deposits with banks, amount of due from related parties, advances, and other receivables and cash collateral.

| **Maximum exposure to credit risk** | **31 December 2023** | **31 December 2022** |
|---|---|---|
| Demand and time deposits with banks | **190,153,392** | 368,445,040 |
| Due from banks | **209,793,098** | - |
| Due from related parties | **2,833,649** | 7,140,332 |
| Advance and other receivables | **759,806** | 13,873,287 |
| Cash Collaterals | **6,083,918** | 52,373,237 |
| | **409,623,863** | 441,831,896 |

### Time deposits and due from banks

Credit risk on demand and time deposits with banks is not significant as these are held with local banks which have good credit rating assessed by international credit rating agencies. Credit risk on amounts due from banks is not significant as these are due from Credit Suisse counterparties which have good credit rating assessed by international credit rating agencies.

### Due from related parties

Credit risk on amounts due from related parties is not significant as these are due from Credit Suisse counterparties which have good credit rating assessed by international credit rating agencies. Amount reported is gross before deducting expected credit loss.

None of the balances with banks, related parties and other financial assets, which are subject to credit risk, are past due. Amounts reported are gross before deducting expected credit loss.

### Advances and other receivables

None of the advances and other receivables which are subject to credit risk are past due. Amount reported is gross before deducting expected credit loss.

### Cash Collateral

Cash Collateral represents margin money placed with clearing house of Saudi Stock Exchange (Muqassa) through Saudi Awwal Bank (SAB), our designated General Clearing member at clearing house of Saudi Stock Exchange (Muqassa) as Credit Suisse Saudi Arabia is non-clearing member of Muqassa. Due to nature of this collateral, its maturity and the market regulation about the safety of collateral, the management has assessed that the credit risk associated with this collateral is not significant.

## 24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

The maximum exposure to credit risk for financial assets at the reporting date by geographical region was:

| As on 31 December 2023 | Saudi Arabia | Eurozone (ex UK) | UK | Other | Total |
|---|---|---|---|---|---|
| Cash and cash equivalents | **187,985,207** | **2,168,185** | **-** | **-** | **190,153,392** |
| Due from banks | **209,793,098** | | | | **209,793,098** |
| Due from related parties | **689,690** | **514,643** | **107,116** | **1,522,200** | **2,833,649** |
| Advance and other receivables | **759,806** | **-** | **-** | **-** | **759,806** |
| Cash Collaterals | **6,083,918** | | | | **6,083,918** |
| | **405,311,719** | **2,682,828** | **107,116** | **1,522,200** | **409,623,863** |
| **As on 31 December 2022** | | | | | |
| Cash and cash equivalents | 361,044,831 | 7,400,197 | - | - | 368,445,028 |
| Due from related parties | 2,488,930 | 1,682,649 | 1,264,993 | 1,703,760 | 7,140,332 |
| Advance and other receivables | 13,873,287 | - | - | - | 13,873,287 |
| Cash Collaterals | 52,373,237 | | | | 52,373,237 |
| | 429,780,285 | 9,082,846 | 1,264,993 | 1,703,760 | 441,831,884 |

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amount.

**Credit risk exposure by rating grades**

| | | 31 December 2023 | | |
|---|---|---|---|---|
| | | Stage 1 – Gross Carrying amount | 12-month ECL (Stage 1) | Stage 1 - Net carrying amount |
| Cash and cash equivalents | Rating A- to BBB | **190,153,392** | **(2,960)** | **190,150,432** |
| Due from banks | Rating A- | **209,793,098** | **(8,090)** | **209,785,008** |
| Due from related parties | Rating A- to BBB+ | **2,833,649** | **(3,562)** | **2,830,087** |
| Advances and other receivables | Unrated | **759,806** | **-** | **759,806** |
| Cash collateral | Rating A- | **6,083,918** | **(45,416)** | **6,038,502** |
| **Total** | | **409,623,863** | **(60,028)** | **409,563,835** |

## 24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

| | | 31 December 2022 | | |
|---|---|---|---|---|
| | | **Stage 1 - Gross Carrying amount** | **12-month ECL (Stage 1)** | **Stage 1 - Net carrying amount** |
| Cash and cash equivalents | Rating A- to BBB | 368,445,040 | (180,801) | 368,264,239 |
| Due from related parties | Rating A- to BBB+ | 7,140,332 | (3,852) | 7,136,480 |
| Advances and other receivables | Unrated | 13,426,396 | - | 13,426,396 |
| Advances and other receivables | Unrated | 446,891 | (1,640) | 445,251 |
| | | 13,873,287 | (1,640) | 13,871,647 |
| Cash collateral | | 52,373,237 | | 52,373,237 |
| Total | | 441,831,896 | (186,293) | 441,645,603 |

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Furthermore, the Company has necessary support available from its shareholder.

### Residual contractual maturities of financial assets and liabilities

The following table sets out the maturity profile of the Company's financial assets and financial liabilities. The contractual maturities of financial assets and financial liabilities have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. Management monitors the maturity profile to ensure that adequate liquidity is maintained. The Company's expected cash flows on these instruments do not vary significantly from this analysis.

## 24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

**Maturity profile**
The maturity profile of the Company's financial assets and financial liabilities as at 31 December 2023 and 31 December 2022 is as follows:

| | GROSS UNDISCOUNTED CASHFLOWS | | | | |
|---|---|---|---|---|---|
| **31 December 2023** | **Demand** | **Up to 3 months** | **3 months to 1 year** | **1 year and above** | **Tota** |
| **Assets** | | | | | |
| Cash and cash equivalents | **11,679,215** | **178,474,236** | **-** | **-** | **190,153,451** |
| Due from banks | **-** | **25,584,583** | **184,208,515** | **-** | **209,793,098** |
| Due from related parties | **-** | **2,833,649** | **-** | **-** | **2,833,649** |
| Advances and other receivables | **-** | **605,401** | **-** | **154,405** | **759,806** |
| Cash collateral | **-** | **6,083,918** | **-** | **-** | **6,083,918** |
| | **11,679,215** | **213,581,787** | **184,208,515** | **154,405** | **409,623,922** |
| **Liabilities** | | | | | |
| Due to related parties | **-** | **4,649,444** | **-** | **-** | **4,649,444** |
| Accrued expenses and other financial liabilities | **-** | **1,535,818** | **1,467,161** | **-** | **3,002,979** |
| Lease liabilities | **-** | **1,476,508** | **-** | **4,150,274** | **5,626,782** |
| | **-** | **7,661,770** | **1,467,161** | **4,150,274** | **13,279,205** |
| **Maturity gap** | **11,679,215** | **205,920,017** | **182,741,354** | **(3,995,869)** | **396,344,717** |

## 24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

| | GROSS UNDISCOUNTED CASHFLOWS | | | | |
|---|---|---|---|---|---|
| **31 December 2022** | **Demand** | **Up to 3 months** | **3 months to 1 Year year** | **1 year and above** | **Tota** |
| **Assets** | | | | | |
| Cash and cash equivalents | 26,196,776 | 342,248,264 | - | - | 368,445,040 |
| Due from related parties | - | 7,140,332 | - | - | 7,140,332 |
| Advances and other receivables | - | 13,708,882 | - | 164,404 | 13,873,286 |
| Cash collateral | - | 28,933,237 | - | 23,440,000 | 52,373,237 |
| | 26,196,776 | 392,030,715 | - | 23,604,404 | 441,831,895 |
| **Liabilities** | | | | | |
| Due to related parties | - | 9,913,186 | - | - | 9,913,186 |
| Accrued expenses and other financial liabilities | - | 361,279 | 897,432 | - | 1,258,711 |
| Lease liabilities | - | 1,211,654 | - | 5,146,888 | 6,358,542 |
| | - | 11,486,119 | 897,432 | 5,146,888 | 17,530,439 |
| **Maturity gap** | 26,196,776 | 380,544,596 | (897,432) | 18,457,516 | 424,301,456 |

### Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in absence, the most advantageous market to which the Company has access at that date. As the accompanying financial statements are prepared under the historical cost method, except for group employee share plan and employees' end of service benefits, differences may arise between the book values and the fair value estimates. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values since all of the financial instruments of the Company are short-term in nature.

The carrying value of the reported financial assets and liabilities approximates their fair value.

### Market risk

Market risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of change in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Market risk for the Company has three main components:

- Currency risk;
- Interest rate risk; and
- Other price risk.

## 24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management believes that there is minimal risk of significant losses due to exchange rate fluctuation as the majority of monetary assets and liabilities are in currencies linked to the Saudi Riyal. In addition, as the Company's foreign currency transactions are primarily in US dollars which is pegged with the Saudi Riyal, foreign exchange gains and losses are not significant and have not been disclosed separately.

### Interest rate risk

Interest rate risk reflects the risk of a change in interest rates, which might affect future earnings. As of 31 December 2023, the Company holds fixed rate interest bearing securities only.

### Other price risk

Other price risk is the risk that the fair value of future cash flows of equity investments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Company does not hold any equity instruments as on the reporting date and is not exposed to material other price risk.

## 25. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Board of Directors on March 28, 2024 (corresponding to Ramadan 18, 1445).