CREDIT SUISSE SAUDI ARABIA
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

CREDIT SUISSE SAUDI ARABIA
(A Saudi Closed Joint Stock Company)
Financial Statements
For the year ended 31 December 2020

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

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 December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at December 31, 2020;
- the statement of income for the year then ended;
- the 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, which include significant accounting policies and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing, as 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 code of professional conduct and ethics, endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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, as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements that are issued by the SOCPA and the applicable requirements of the Regulations for Companies and the Company's Articles of Association, and for such internal control as management determines 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

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

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 as 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, as 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.
- 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

Ali A. Alotaibi
License Number 379

March 29, 2021
16 Sha'ban 1442H

برايس وترهاوس كوبرز
محاسبون قانونيون
ترخيص ٣٢٣/١١/٢٥/١
س.ت ٤٠٣٠٢٨٩٠٠٢
PRICEWATERHOUSECOOPERS
CERTIFIED PUBLIC ACCOUNTANTS
Lic No. 323/11/25/1
C.R. 4030289002

CREDIT SUISSE SAUDI ARABIA
(A Saudi Closed Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2020
(Amounts in Saudi Arabian Riyals)

	Notes	**31-Dec-20**	**31-Dec-19**
ASSETS			
Current assets			
Cash and cash equivalents	*4*	**400,714,790**	417,643,069
Due from related parties	*7b*	**13,783,206**	14,906,117
Net margin loans	*5*	**157,510,926**	75,000,037
Advances, prepayments and other receivables	*6*	**2,356,122**	1,938,056
Total current assets		**574,365,044**	509,487,279
Non-current assets			
Property and equipment	*8*	**3,322,490**	2,939,574
Right of use assets	*8*	**1,331,858**	3,888,698
Total non-current assets		**4,654,348**	6,828,272
Total assets		**579,019,392**	516,315,551
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Current liabilities			
Accrued expenses and other liabilities	*9*	**4,455,540**	4,548,845
Due to related parties	*7b*	**11,172,531**	5,533,204
Short term borrowing	*7c*	**157,510,926**	75,026,000
Total current liabilities		**173,138,997**	85,108,049
Non-current liabilities			
Group employee share plan	*10*	**3,046,317**	1,329,443
Employees' end of service benefits (EOSB)	*11*	**3,242,846**	3,062,945
Lease liability	*22*	**1,181,301**	3,659,090
Total non-current liabilities		**7,470,464**	8,051,478
Total liabilities		**180,609,461**	93,159,527
SHAREHOLDER'S EQUITY			
Share capital	*12*	**737,500,000**	737,500,000
Accumulated losses		**(339,090,069)**	(314,343,976)
Total shareholder's equity		**398,409,931**	423,156,024
Total liabilities and shareholder's equity		**579,019,392**	516,315,551

Chief Executive Officer　　Chairman　　Chief Financial Officer

The accompanying notes 1 through 29 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 2020
(Amounts in Saudi Arabian Riyals)

	Notes	31-Dec-20	31-Dec-19
Revenues			
Fee and commission income, net	*14*	**26,464,668**	15,825,098
Arranging and advisory services		**2,486,341**	9,230,703
Net loss from financial assets and liabilities		**(45,840)**	(104,347)
Total revenues		**28,905,169**	24,951,454
Operating expenses			
Salaries and employees related expenses	*17*	**(38,867,557)**	(34,473,322)
Rent and premises related expenses		**(618,111)**	(1,314,589)
Telecommunication and data service charges	*18*	**(3,574,160)**	(3,719,361)
Consultancy, legal charges and other fees		**(3,850,291)**	(2,989,509)
Service level agreement charges		**(5,022,752)**	(10,784,272)
Depreciation and amortisation	*8*	**(2,642,573)**	(2,335,858)
Provision for expected credit losses	*16*	**187,926**	(81,558)
Other general and administrative expenses	*19*	**(4,238,419)**	(3,262,684)
Total operating expenses		**(58,625,937)**	(58,961,153)
Operating loss for the year		**(29,720,768)**	(34,009,699)
Net finance income from instruments at amortised cost	*20*	**5,223,802**	6,244,236
Foreign exchange (loss) / gain		**(157,127)**	4,137
Loss before income tax		**(24,654,093)**	(27,761,326)
Tax expenses	21	**-**	-
Loss for the year		**(24,654,093)**	(27,761,326)

The accompanying notes 1 through 29 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 2020
(Amounts in Saudi Arabian Riyals)

	Note	31-Dec-20	31-Dec-19
Loss for the year		**(24,654,093)**	(27,761,326)
Items that will not be reclassified to statement of income			
Remeasurement loss on EOSB	*11*	**(92,000)**	(354,000)
Other comprehensive loss for the year		**(92,000)**	(354,000)
Total comprehensive loss for the year		**(24,746,093)**	(28,115,326)

The accompanying notes 1 through 29 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 2020
(Amounts in Saudi Arabian Riyals)

	Note	**Share capital**	**Accumulated losses**	**Total**
As at 1 January 2020		**737,500,000**	**(314,343,976)**	**423,156,024**
Net loss for the year		**-**	**(24,654,093)**	**(24,654,093)**
Other comprehensive loss for the year		**-**	**(92,000)**	**(92,000)**
As at 31 December 2020	*12*	**737,500,000**	**(339,090,069)**	**398,409,931**
As at 1 January 2019		625,000,000	(286,228,650)	338,771,350
Capital injection		112,500,000	-	112,500,000
Net loss for the year		-	(27,761,326)	(27,761,326)
Other comprehensive loss for the year		-	(354,000)	(354,000)
As at 31 December 2019		737,500,000	(314,343,976)	423,156,024

The accompanying notes 1 through 29 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 2020
(Amounts in Saudi Arabian Riyals)

	Note	31-Dec-20	31-Dec-19
Cash flow from operating activities:			
Net loss for the year		**(24,654,093)**	(27,761,326)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	8.1	**1,243,551**	941,028
Amortisation on right of use assets	8.2	**1,399,022**	1,394,829
Interest on lease liability		**33,086**	57,070
Employees' end of service benefit charge	11	**974,000**	846,000
Group employee share plan		**1,716,874**	1,170,563
		(19,287,560)	(23,351,836)
Changes in operating assets and liabilities:			
Prepayments and other current assets		**(418,066)**	(40,944)
Accrued expenses and other current liabilities		**(93,303)**	2,589,220
Lease liability		**(898,472)**	(57,070)
Net margin loans		**(82,510,889)**	(75,000,037)
Due from / to related parties		**6,762,238**	(8,304,229)
Net cash used in operations		**(96,446,052)**	(104,164,896)
Employees' end of service benefits paid	11	**(164,594)**	(1,541,351)
Cash used in operating activities		**(96,610,646)**	(105,706,247)
Cash flow from investing activities:			
Purchase of property and equipment (net)	8	**(1,626,467)**	(1,100,419)
Net cash used in investing activities		**(1,626,467)**	(1,100,419)
Cash flow from financing activities:			
Short term borrowings		82,484,926	75,026,000
Repayment of principal portion of lease liability		(1,176,092)	(1,616,594)
Proceeds from issue of share capital	12	-	112,500,000
Net cash generated from financing activities		**81,308,834**	185,909,406
Net decrease in cash and cash equivalents		**(16,928,279)**	79,102,740
Cash and cash equivalents at beginning of the year		**417,643,069**	338,540,329
Cash and cash equivalents at end of the year	4	**400,714,790**	417,643,069

The accompanying notes 1 through 29 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 2020
(Amounts in Saudi Arabian Riyals)

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

As at December 31, 2020		**Cash Flows**			**Non Cash Changes**		
	Opening balance	**Extension of lease term**	**Transfers to related party**	**Repayment**	**Interest**	**Others**	**Closing balance**
Lease Liability	3,659,090	684,423	(1,582,895)	(1,176,092)	33,086	(436,311)	1,181,301
Total liabilities from financing activities	**3,659,090**	**684,423**	**(1,582,895)**	**(1,176,092)**	**33,086**	**(436,311)**	**1,181,301**

As at December 31, 2019		**Cash Flows**		**Non Cash Changes**		
	Opening balance	**Extension of lease term**	**Repayment**	**Interest**	**Others**	**Closing balance**
Lease Liability	1,383,112	3,841,989	(1,616,594)	57,070	(6,487)	3,659,090
Total liabilities from financing activities	**1,383,112**	**3,841,989**	**(1,616,594)**	**57,070**	**(6,487)**	**3,659,090**

The accompanying notes 1 through 29 form an integral part of these financial statements.

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:

Al Jumaiah Center, 2nd Floor
King Fahad Road – Hay El Mhamadiyah
P.O. Box 5000
Riyadh 12361-6858
Kingdom of Saudi Arabia

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

		31 December 2020		31 December 2019	
	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") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB") and as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Certified Public Accountants ("SOCPA")

2.2 Basis of Measurement

These financial statements have been prepared 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 obligation using actuarial valuation. These financial statements are prepared using accrual basis of accounting.

2. BASIS OF PREPARATION *(Continued)*

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.

2.4 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
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

2. BASIS OF PREPARATION *(Continued)*

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.

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' EOSB

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

As at 31 December 2020, the accumulated losses of the company amounts to SAR 339,090,069 (31 December 2019: SAR 314,343,975) which represent 46% (31 December 2019: 43%) of the Company's share capital as on that date. Whilst, approving these financial statements, the Board of Directors has considered the financial position, future profitability of the Company and confirmation of support from Credit Suisse AG (shareholder) and believe that the going concern basis used for the preparation of these financial statement is appropriate.

2.6 New standards, amendments and interpretations issued

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments which were effective from January 1, 2020 but does not have significant impact on the financial statements of the Company.

- Amendments to IFRS 3: Definition of a Business
- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

2. BASIS OF PREPARATION *(Continued)*

2.7 New standards, amendments and interpretations issued but not yet effective

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments which were effective from period on or after January 1, 2021. 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.

- Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions.
- Amendments to IFRS 17 and IFRS 4, 'Insurance contracts', deferral of IFRS 9.
- Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2.
- Amendments to IAS 1, Presentation of financial statements' on classification of liabilities.
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16.
- IFRS 17, 'Insurance contracts.
- IBOR transition:

  The Company has continued its work on the transition from IBOR benchmarks to Alternative Reference Rates, where regulatory expectations and timelines remain unchanged despite the impact of COVID-19 on both the industry and Credit Suisse group's (CS group) normal operations. CS group has remained engaged with industry groups and forums, where progress has been made to identify appropriate replacement benchmarks and legal protocols in order to minimise any disruption caused to clients and financial markets arising from this transition.

  CS group's IBOR Transition Program continues to implement measures as necessary to prepare the Company for this transition during the year 2021 and to enable a smooth and orderly transition, including the placing of certain limitations on the Company from entering into new IBOR referencing contracts. Particular focus has been placed on identifying the potential impact this transition may have on clients, and new risks that may arise.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The significant 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 lives 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 lives 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 grouped at the lowest levels for which there are separately identifiable cash flows.

3. SIGNIFICANT 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

d) Financial Instruments (Continued)

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.

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 particular 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

d) *Financial Instruments (Continued)*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

d) Financial Instruments (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

d) Financial Instruments (Continued)

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. SIGNIFICANT 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

g) Share based incentive plans (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

i) *Revenue recognition (Continued)*

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.

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 periods 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 General Authority of Zakat and Tax (“GAZT”) and any adjustment to tax payable in respect of previous years.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

m) Income tax (Continued)

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.

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 arrangements. 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

	31 December 2020	31 December 2019
Cash in hand	**286**	4,920
Cash at local bank – current account	**31,161,971**	26,592,238
Cash at foreign banks - held with related parties	**4,605,701**	3,757,652
Cash at local bank – Time deposits (Note 4.1)	**365,000,000**	387,500,000
Total	**400,767,958**	417,854,810
Expected credit losses	**(53,168)**	(211,741)
	400,714,790	417,643,069

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

4.1 The interest rates on these deposits is 0.60% per annum (2019: ranges between 1.65% to 2.20% per annum)

5. NET MARGIN LOANS

	31 December 2020	31 December 2019
Net margin loans	**157,510,926**	75,026,002
Total	**157,510,926**	75,026,002
Expected credit losses	**-**	(25,965)
	157,510,926	75,000,037

6. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2020	31 December 2019
Receivable for custody fees	**995,755**	-
Prepayments	**921,103**	801,437
Accrued finance income on time deposits	**350,495**	685,568
Security deposits	**72,406**	161,506
Other miscellaneous assets	**18,828**	3,105
VAT receivables	-	193,038
Advance paid to employees	-	93,761
Total	**2,358,587**	1,938,415
Expected credit losses	**(2,465)**	(359)
	2,356,122	1,938,056

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.

(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.

		2020	2019
Credit Suisse Securities (Europe) Limited	Affiliate	**23,484,853**	18,810,448
Credit Suisse AG	Parent	**8,069,312**	3,565,217
Credit Suisse International	Affiliate	**812,591**	4,589,447
Credit Suisse AG, London Branch	Affiliate	**40,681**	4,760
Credit Suisse Fund Management S.A.	Affiliate	**(14,071)**	717,292
		32,393,366	27,687,164

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

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

		2020	2019
Credit Suisse AG Riyadh Branch ("CSRB")	Affiliate	**5,635,963**	-
Credit Suisse AG (DIFC Branch)	Affiliate	**(8,262,303)**	(8,491,365)
Credit Suisse AG, Bahrain Branch	Affiliate	**(2,396,415)**	(2,292,907)
Credit Suisse AG	Parent	**(13,747)**	(240,187)
Credit Suisse International	Affiliate	**(4,127)**	-
Credit Suisse Securities (USA) LLC	Affiliate	**(3,605)**	(4,185)
Credit Suisse Securities (Europe) Limited	Affiliate	**-**	(31,201)
		(5,044,234)	(11,059,845)

Finance Income/(Expenses)

		2020	2019
Credit Suisse (Schweiz) AG	Affiliate	**5,065**	11,179
Credit Suisse AG	Parent	**(462,103)**	(663,099)
		(457,038)	(651,920)

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

Due from related parties related to revenue earned and services provided

		31 December 2020	31 December 2019
Credit Suisse AG Riyadh Branch ("CSRB")	Affiliate	**6,695,278**	-
Credit Suisse Securities (Europe) Limited	Affiliate	**4,173,950**	8,256,298
Credit Suisse AG	Parent	**2,865,861**	1,613,371
Credit Suisse International	Affiliate	**30,219**	4,308,964
Credit Suisse AG, London Branch	Affiliate	**20,601**	4,760
Credit Suisse AG, Bahrain Branch	Affiliate	**160**	160
Credit Suisse Fund Management S.A.	Affiliate	**-**	730,921
Total		**13,786,069**	14,914,474
Expected credit losses		**(2,863)**	(8,357)
		13,783,206	14,906,117

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

Due to related parties related to services received/Recharges

		31 December 2020	31 December 2019
Credit Suisse AG (DIFC Branch)	Affiliate	**9,865,521**	4,562,029
Credit Suisse AG, Bahrain Branch	Affiliate	**699,430**	731,656
Credit Suisse Securities (Europe) Limited	Affiliate	**387,069**	-
Credit Suisse Securities (USA) LLC	Affiliate	**80,258**	46,162
Credit Suisse AG	Parent	**48,064**	63,770
Credit Suisse International	Affiliate	**47,352**	93,257
Credit Suisse Services (India) Private Limited	Affiliate	**24,532**	24,530
Credit Suisse (Lebanon) Finance S.A.L.	Affiliate	**11,505**	11,504
CS New York Branch	Affiliate	**7,978**	-
CSD IB & GM	Affiliate	**526**	-
Credit Suisse Services (USA) LLC	Affiliate	**150**	150
Credit Suisse (UK) Limited	Affiliate	**131**	131
Credit Suisse (Hong Kong) Limited	Affiliate	**11**	11
Credit Suisse AG, Singapore Branch	Affiliate	**4**	4
		11,172,531	5,533,204

		31 December 2020	31 December 2019
(c) Short term borrowing:			
Credit Suisse AG	Parent	**157,510,926**	**75,026,000**
		157,510,926	**75,026,000**

(d) Cash and cash equivalents with related parties

		31 December 2020	31 December 2019
Credit Suisse (Schweiz) AG	Affiliate	**4,416,029**	3,884,333
Credit Suisse AG	Parent	**189,608**	(126,681)
Credit Suisse AG Riyadh Branch	Affiliate	**52**	-
		4,605,689	3,757,652

In addition to above, the shareholder has offered share-based incentive plans to certain employees of the Company (see note 10).

8. PROPERTY AND EQUIPMENT

	2020	2019
Property and equipment (note 8.1)	3,322,490	2,939,574
Right of use Asset (note 8.2)	1,331,858	3,888,698
Total	**4,654,348**	**6,828,272**

8. 1 Property and Equipment

	31 December 2020					
	Leasehold improvements	**Furniture & fixture and office equipment**	**Computer equipment**	**Motor vehicles**	**Work in progress**	**Total**
Cost:						
Balance at 1 January	13,800,303	2,933,913	3,107,483	401,200	835,985	**21,078,884**
Additions during the year	1,282,876	54,187	107,868	-	1,629,768	**3,074,699**
Disposal of asset during the year	-	-	(216,364)	-	-	**(216,364)**
Transfer of work in progress	-	-	-	-	(1,448,232)	**(1,448,232)**
Balance at 31 December	**15,083,179**	**2,988,100**	**2,998,987**	**401,200**	**1,017,521**	**22,488,987**
Accumulated depreciation						
Balance at 1 January	13,158,255	2,823,873	2,028,472	128,710	-	**18,139,310**
Depreciation during the year	595,882	68,875	498,554	80,240	-	**1,243,551**
Disposal of asset during the year	-	-	(216,364)	-	-	**(216,364)**
Balance at 31 December	**13,754,137**	**2,892,748**	**2,310,662**	**208,950**	**-**	**19,166,497**
Net book value at 31 December 2020	**1,329,042**	**95,352**	**688,325**	**192,250**	**1,017,521**	**3,322,490**

8. PROPERTY AND EQUIPMENT *(Continued)*

	31 December 2019					
	Leasehold improvements	**Furniture & fixture and office equipment**	**Computer equipment**	**Motor vehicles**	**Work in progress**	**Total**
Cost:						
Balance at 1 January	13,800,303	3,270,474	5,611,246	630,200	-	**23,312,223**
Additions during the year	-	-	264,434	-	835,985	**1,100,419**
Disposal of asset during the year	-	(336,561)	(2,768,197)	(229,000)	-	**(3,333,758)**
Balance at 31 December	**13,800,303**	**2,933,913**	**3,107,483**	**401,200**	**835,985**	**21,078,884**
Accumulated depreciation						
Balance at 1 January	12,883,092	3,073,034	4,290,601	277,470	-	**20,524,197**
Depreciation during the year	275,163	79,557	506,068	80,240	-	**941,028**
Disposal of asset during the year	-	(328,718)	(2,768,197)	(229,000)	-	**(3,325,915)**
Balance at 31 December	**13,158,255**	**2,823,873**	**2,028,472**	**128,710**	**-**	**18,139,310**
Net book value at 31 December 2019	**642,048**	**110,040**	**1,079,011**	**272,490**	**835,985**	**2,939,574**

8 PROPERTY AND EQUIPMENT (Continued)

8.2 RIGHT OF USE ASSETS

	2020	2019
Balance as at 1 January	**3,888,698**	1,624,437
Addition	**818,496**	3,659,090
Transfer to related party	**(1,941,888)**	-
Retirements	**(34,426)**	-
Amortisation	**(1,399,022)**	(1,394,829)
Balance as at 31st December	**1,331,858**	3,888,698

9. ACCRUED EXPENSES AND OTHER LIABILITIES

	2020	2019
Accrual for performance bonus	**2,181,897**	2,716,078
Trade and other payables	**1,585,061**	1,455,284
Deferred cash awards	**370,788**	94,559
Withholding tax payable	**317,794**	282,924
	4,455,540	4,548,845

10. GROUP EMPLOYEE SHARE PLAN

The total share award liability recorded as at 31 December 2020 was SAR 20,148 (2019: SAR 39,066). The fair value used to calculate the share award liability was the closing Credit Suisse Group (CSG) share price as at 31 December 2020 CHF 11.40 (2019: CHF 13.10). The average weighted fair value of awards granted in 2020 was nil (2019: CHF 11.75). The intrinsic value of vested share based awards outstanding as at year end was nil (2019: nil).

A brief description of the CSG employee share award is summarized as follows:

Share awards

Share awards granted in February 2021 are similar to those granted in February 2020. Each share award granted entitles the holder of the award to receive the equivalent value of one CSG share, subject to service conditions. 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 CSG share price at the time of delivery.

Group Employee Share-Based Cash Unit plan

The total share-based cash unit award liability recorded as at 31 December 2020 was SAR 3,026,167 (2019: SAR 1,290,376). The fair value used to calculate the share-based cash unit award liability was the closing CSG share price as at 31 December 2020 CHF 11.40 (2019: CHF 13.10). The average weighted fair value of awards granted in 2020 was CHF 10.25 (2019: CHF 11.91). The intrinsic value of vested share-based cash unit awards outstanding as at year end was SAR 1,807,564 (2019: nil).

10. GROUP EMPLOYEE SHARE PLAN *(Continued)*

A brief description of the CSG employee share award is summarized as follows:

Share-based Cash Unit awards

Share-based cash unit awards granted in February 2021 are similar to those granted in February 2010. Each share-based cash unit award granted entitles the holder of the award to receive the equivalent value of one CSG share, subject to service conditions. Share-based cash unit 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-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 CSG share price at the time of payment.

Contingent Capital Awards

Contingent Capital Awards (CCA) were granted in February 2021, 2020 and 2019 to certain employees as part of the 2020, 2019 and 2018 deferred variable compensation and have rights and risks similar to those of certain contingent capital instruments issued by CSG in the market. CCA are scheduled to vest on the third anniversary of the grant date, other than those granted to individuals classified as risk managers or senior managers under the UK PRA Remuneration Code or similar regulations in other jurisdictions, where CCA vest on the fifth and seventh anniversaries of the grant date, respectively, and will be expensed over the vesting period. CCA generally provide a conditional right to receive semi-annual cash payments of interest equivalents until settled, with rates being dependent upon the vesting period and currency of denomination. CCA granted in 2021, 2020 and 2019 that vest five or seven years from the date of grant are not eligible for semi-annual cash payments of interest equivalents. CCA granted to certain regulated employees that vest over three years are not eligible for semi-annual cash payments of interest equivalents.

Below are descriptions for interest equivalents on both, USD and CHF denominated CCAs, however not all entities are granted with both type of awards.

- CCA granted in 2021 that are denominated in US dollars and vest three years from the date of grant receive interest equivalents at a rate of 3.60%, per annum plus the daily compounded (spread exclusive) US dollar Secured Overnight Financing Rate (SOFR);
- CCA granted in 2020 and 2019 that are denominated in US dollars and vest three years from the date of grant receive interest equivalents at a rate of 3.77% and 4.46% respectively, per annum over the six-month US dollar London Interbank Offered Rate (LIBOR);
- CCA granted in 2021 that are denominated in Swiss francs and vest three years from the date of grant receive interest equivalents at a rate of 3.06%, per annum plus the daily compounded (spread exclusive) Swiss franc Swiss Average Rate Overnight (SARON);
- CCA granted in 2020 and 2019 that are denominated in Swiss francs and vest three years from the date of grant receive interest equivalents at a rate of 3.29% and 3.73% respectively, per annum over the six-month Swiss franc LIBOR; and
- The semi-annual interest equivalent cash payment calculation cycle with effect from February 2021, will be based on the SOFR for CCA denominated in US dollars and the SARON for CCA denominated in Swiss francs.

The rates were set in line with market conditions at the time of grant and existing high-trigger and low-trigger contingent capital instruments that CSG has issued. For CCA granted in February 2021, employees who received compensation in Swiss francs received CCA denominated in Swiss francs and all other employees received CCA denominated in US dollars.

10. GROUP EMPLOYEE SHARE PLAN *(Continued)*

As CCA qualify as going concern loss-absorbing capital of CSG, the timing and form of distribution upon settlement is subject to approval by FINMA. At settlement, employees will receive either a contingent capital instrument or a cash payment based on the fair value of the CCA. The fair value will be determined by CSG. In the case of a cash settlement, the CCA award will be converted into the local currency of each respective employee.

CCA have loss-absorbing features such that prior to settlement, the principal amount of the CCA would be written down to zero and forfeited if any of the following trigger events were to occur:

- CSG's reported common equity tier 1 (CET1) ratio falls below 7%; or
- FINMA determines that cancellation of the CCA and other similar contingent capital instruments is necessary, or that CSG requires public sector capital support, in either case to prevent it from becoming insolvent or otherwise failing.

Total compensation expense recognized for CCAs during the year ended December 31, 2020 was SAR 127,085 (2019: SAR 65,344).

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:

	2020	2019
Balance at beginning of the year	**3,062,945**	3,404,296
Statement of Income		
Current service cost	**873,000**	703,000
Interest cost	**101,000**	143,000
Transferred to CSRB	**(721,505)**	-
Statement of Comprehensive Income		
Actuarial loss	**92,000**	354,000
Cash Movements		
Benefits paid	**(164,594)**	(1,541,351)
Balance at end of the year	**3,242,846**	3,062,945

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

	31 December 2020	31 December 2019
Discount rate	**2.90% p.a**	3.30% p.a
Expected rate of salary increase	**1.00% p.a**	1.00% p.a

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.

11.3 Sensitivity of actuarial assumptions

The table below illustrates the sensitivity of the Defined Benefit Obligation valuation as at 31 December 2020 and 31 December 2019 to the key assumptions mentioned in 11.2 above.

11. EMPLOYEES' END OF SERVICE BENEFITS *(Continued)*

11.3 Sensitivity of actuarial assumptions *(Continued)*

	SAR'000		
31 December 2020	**Impact on defined benefit obligation – Increase / (Decrease)**		
Base Scenario	**Change in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	**1.00%**	**(335)**	**384**
Expected rate of salary increase	**1.00%**	**405**	**(335)**

	SAR'000		
31 December 2019	Impact on defined benefit obligation – Increase / (Decrease)		
Base Scenario	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.00%	(265)	303
Expected rate of salary increase	1.00%	313	(270)

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

31 December 2020	**1 year**	**2 to 5 years**	**6 to 10 years**	**More than 10 years**	**Total**
3,243	**104**	**460**	**969**	**3,079**	**5,357**

SAR'000

31 December 2019	**1 year**	**2 to 5 years**	**6 to 10 years**	**More than 10 years**	**Total**
3,063	116	514	678	3,431	4,739

The weighted average duration of the defined benefit obligation is 12.23 years on 31 December 2020 and 12.30 years on 31 December 2019.

12. SHARE CAPITAL

The Company's issued and fully paid share capital amounts to SAR 737,500,000 (31 December 2019: SAR 737,500,000) comprising 73,750,000 shares (31 December 2019: 73,750,000 shares) of SAR 10 each. During 2019, the Company raised additional share capital amounting to SAR 112,500,000. The shareholder of the Company approved the issuance of 11,250,000 ordinary shares at the price of SAR 10 each and the capital issuance was completed in November 2019.

13. STATUTORY RESERVE

The Company's By-Laws and the Regulations for Companies in the Kingdom of Saudi Arabia require the Company to allocate 10% of its net income to form a statutory reserve until such reserve equals 30% of its share capital. The Company has not transferred any amount as statutory reserve, on account of losses incurred during the current year and in prior years. The statutory reserve is not available for distribution.

14. FEE AND COMMISSION INCOME, NET

	Notes	**2020**	2019
Income from brokerage services for dealing in			
• Shares brokerage, net		16,432,165	9,939,242
• Custodian fee	*14.1*	8,718,272	3,528,895
• Equity swap arrangements, net	*14.2*	1,256,251	2,356,961
• Discretionary portfolio management		57,980	-
		26,464,668	15,825,098

14.1 Custodian fee includes an amount of SAR 6,553,361 (2019: SAR 3,240,973) representing net commission received from Credit Suisse AG (related party) for providing sub custody facilities by the Company.

14.2 Equity swap arrangements represents net commission charged to Credit Suisse Securities (Europe) Limited (a related party) 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 the arranging of 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.

Contract with customers and disaggregation of revenue

	Note	**2020**	2019
Fee and commission income, net	*14*	**26,464,668**	15,825,098
Arranging and advisory services		**2,486,341**	9,230,703
		28,951,009	25,055,801

Contract balance

	Note	**2020**	2019
Contract receivables (gross)	*7(b)*	**13,786,069**	14,914,474

Allowance for credit impairment of SAR 2,863 (31 December 2019: SAR 8,357) were recognized on contract receivables during the reporting period. Company did not recognize any contract assets 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

	31 December 2020	31 December 2019
Provision for expected credit losses on exposures	**187,926**	(81,558)
	187,926	(81,558)

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).

Cash and cash equivalents	**31 December 2020**	31 December 2019
Opening Balance	**(211,741)**	(163,116)
Net remeasurement of loss allowances	**158,573**	(48,625)
Closing balance	**(53,168)**	(211,741)

Due from related parties	**31 December 2020**	31December 2019
Opening Balance	**(8,357)**	(954)
Net remeasurement of loss allowances	**5,494**	(7,403)
Closing balance	**(2,863)**	**(8,357)**

Advances, prepayments and other receivable	**31 December 2020**	31December 2019
Opening Balance	**(359)**	(794)
Net remeasurement of loss allowances	**(2,106)**	435
Closing balance	**(2,465)**	**(359)**

Net Margin Loans	**31 December 2020**	31 December 2019
Opening Balance	**(25,965)**	-
Net remeasurement of loss allowances	**25,965**	(25,965)
Closing balance	**-**	**(25,965)**

Total ECL	**31 December 2020**	31 December 2019
Opening Balance	**(246,422)**	(164,864)
Net remeasurement of loss allowances	**187,926**	(81,558)
Closing balance	**(58,496)**	(246,422)

17. SALARIES AND EMPLOYEE RELATED EXPENSES

	2020	2019
Basic salaries	**(18,568,928)**	(16,962,619)
Allowances and other benefits	**(15,504,738)**	(13,440,130)
Performance based incentive bonus	**(2,182,315)**	(2,717,447)
Deferred compensation expense	**(2,611,576)**	(1,353,126)
	(38,867,557)	(34,473,322)

18. TELECOMMUNICATION AND DATA SERVICE CHARGES

	2020	2019
Telecommunication charges	**(2,306,700)**	(2,900,853)
Data service charges	**(1,267,460)**	(818,508)
	(3,574,160)	(3,719,361)

19. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	2020	**2019**
Insurance	**(768,555)**	(641,587)
Repair and maintenance	**(675,936)**	(534,140)
Business travel	**(147,626)**	(804,807)
Office supplies	**(295,131)**	(154,586)
Non-claimable VAT	**(1,078,506)**	(427,515)
Staff training	**(10,548)**	(365)
Withholding tax	**(223,039)**	(50,447)
Bank charges	**(762,469)**	(216,556)
Others	**(276,609)**	(432,681)
	(4,238,419)	(3,262,684)

20. NET FINANCE INCOME

Finance income represents income earned on margin loans, bank deposits and placements to commercial bank during the year. Finance expense represents expenses incurred on short term borrowings. Finance income and expenses includes income earned from and expenses paid to Credit Suisse group affiliates (related parties).

	2020	2019
Finance Income on bank balances and margin loans	**5,716,834**	6,966,316
Finance expenses on short term borrowings and lease liabilities	**(493,032)**	(722,080)
	5,223,802	6,244,236

21. INCOME TAX & ZAKAT

a. Income tax

No provision for income tax has been made in these financial statements as the Company has incurred a loss in the current and prior year.

b. Status of assessments

Income tax declarations have been submitted with the General Authority of Zakat and Tax (GAZT) for the years up to 31 December 2019.

During the year 2020, the Company has not incurred any tax or zakat expenses (2019: Nil)

The assessment for the years 2007-2013 have been issued by the GAZT which resulted in an additional tax and zakat charge of SAR 7,094,222 due to disallowance of certain expenses. The Company has submitted an appeal against additional tax and zakat assessed by the GAZT onto the GSTC portal. Management is confident of the favorable outcome on the aforementioned appeal and has not made any provision.

22. LEASE COMMITMENTS

The Company is renting its office premises through lease contract. The lease duration was initially for five years; the lease contract was subsequently extended for three years up to end of February 2023. The future minimum lease payments under the lease is as follows:

Lease Liability

Maturity Analysis of lease liability	**2020**	**2019**
Due within 1 year	608,975	1,252,332
Due between 1 and 2 years	583,772	1,252,332
Due between 2 and 3 years	-	1,252,332
Undiscounted amount of lease liability	**1,192,747**	**3,756,996**
Future Interest	(11,446)	(97,906)
Discounted Lease Liabilities	**1,181,301**	**3,659,090**

23. CAPITAL COMMITMENTS

As at 31 December 2020 and 31 December 2019 the Company had no capital commitments.

24. ASSETS HELD IN FIDUCIARY CAPACITY

24.1 As at 31 December 2020 assets held under fiduciary capacity amounted to SAR 80 million (31 Dec 2019: SAR 2.5 million). These are kept with a local commercial bank and related party bank account 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.

24.2 As at 31 December 2020, the Company held equity securities with a market value of SAR 528.1 million (31 Dec 2019: SAR 758.7 million) in its name under a Swap Agreement with Credit Suisse Securities (Europe) Limited (a related party). These securities were held pursuant to Capital Market Authority (CMA) circular dated 21 August 2009. Through this circular, CMA allowed the Authorized Persons (AP) to enter into Swap Agreements with non-resident foreign investors to transfer the economic benefits of the listed securities on Tadawul while the Company retains the legal ownership of shares.

25. 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.

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 and advance and other receivables. 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 net margin loans.

Maximum exposure to credit risk	**31 December 2020**	31 December 2019
Demand and time deposits with banks	**400,767,672**	417,849,890
Due from related parties	**13,786,069**	14,914,473
Advance and other receivables	**1,418,656**	940,835
Net margin loans	**157,510,926**	75,026,002
	573,483,323	508,731,200

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(Continued)*

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.

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

Net Margin Loans

Margin loans are granted to clients and these loans are fully secured and provided only on the basis of sufficient collateral.

As on 31 December 2020	Saudi Arabia	Eurozone (ex UK)	UK	Other	Total
Cash and cash equivalents	**396,161,971**	**4,605,701**	**-**	**-**	**400,767,672**
Due from related parties	**6,695,278**	**2,865,861**	**4,224,770**	**160**	**13,786,069**
Advance and other receivables	**1,418,656**	**-**	**-**	**-**	**1,418,656**
Net Margin Loans	**157,510,926**	**-**	**-**	**-**	**157,510,926**
	561,786,831	**7,471,562**	**4,224,770**	**160**	**573,483,323**

As on 31 December 2019	Saudi Arabia	Eurozone (ex UK)	UK	Other	Total
Cash and cash equivalents	414,092,238	3,757,652	-	-	417,849,890
Due from related parties	-	1,613,371	12,565,261	735,841	14,914,473
Advance and other receivables	940,835	-	-	-	940,835
Net Margin Loans	75,026,002	-	-	-	75,026,002
	490,059,075	5,371,023	12,565,261	735,841	508,731,200

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(Continued)*

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 2020		
		Stage 1 – Gross Carrying amount	12-month ECL (Stage 1)	Stage 1 - Net carrying amount
Cash and cash equivalents	Rating A+ to A-	400,767,672	(53,168)	400,714,504
Due from related parties	Rating A+ to A-	13,786,069	(2,863)	13,783,206
Advances and other receivables	Rating BBB+	995,755	(2,443)	993,312
Advances and other receivables	Unrated	422,901	(22)	422,879
Net Margin Loans	Unrated	157,510,926	-	157,510,926
Total		**573,483,323**	**(58,496)**	**573,424,827**

		31 December 2019		
		Stage 1 – Gross Carrying amount	12-month ECL (Stage 1)	Stage 1 - Net carrying amount
Cash and cash equivalents	Rating A+ to A-	417,849,890	(211,741)	417,638,149
Due from related parties	Rating A+ to A-	14,914,473	(8,357)	14,906,116
Advances and other receivables	Unrated	940,835	(359)	940,476
Net Margin Loans	Unrated	75,026,002	(25,965)	75,000,37
Total		**508,731,200**	**246,422**	**508,484,778**

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(Continued)*

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.

Maturity profile

The maturity profile of the Company's financial assets and financial liabilities as at 31 December 2020 and 31 December 2019 is as follows:

GROSS UNDISCOUNTED CASHFLOWS

31 December 2020	**Demand**	**Up to 3 months**	**3 months to 1 year**	**1 year and above**	**Total**
Assets					
Cash and cash equivalents	35,767,672	365,000,000	-	-	**400,767,672**
Due from related parties	-	13,786,069	-	-	**13,786,069**
Net margin loans	-	157,510,926	-	-	**157,510,926**
Advances and other receivables	-	1,346,250	-	72,406	**1,418,656**
	35,767,672	537,643,245	-	72,406	**573,483,323**
Liabilities					
Due to related parties	-	11,172,531	-	-	**11,172,531**
Other financial liabilities	-	1,234,822	350,239	-	**1,585,061**
Short term borrowing	-	157,510,926	-	-	**157,510,926**
Lease liability	-	608,975	-	583,772	**1,192,747**
	-	170,527,254	350,239	583,772	**171,461,265**
Maturity gap	35,767,672	367,115,991	(350,239)	(511,366)	**402,022,058**

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(Continued)*

GROSS UNDISCOUNTED CASHFLOWS

31 December 2019	**Demand**	**Up to 3 months**	**3 months to 1 year**	**1 year and above**	**Total**
Assets					
Cash and cash equivalents	30,349,890	387,500,000	-	-	**417,849,890**
Due from related parties	-	14,914,473	-	-	**14,914,473**
Net Margin Loans	-	75,026,002	-	-	**75,026,002**
Advances and other receivables	93,761	685,568	-	161,506	**940,835**
	30,443,651	478,126,043	-	161,506	**508,731,200**
Liabilities					
Due to related parties	-	5,533,204	-	-	**5,533,204**
Other financial liabilities	-	1,160,288	294,996	-	**1,455,284**
Short term borrowings	-	75,026,002	-	-	**75,026,002**
Lease Liability	-	1,252,332	-	2,504,664	**3,756,996**
	-	82,971,826	294,996	2,504,664	**85,771,486**
Maturity gap	30,443,651	395,154,217	(294,996)	(2,343,158)	**422,959,714**

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.

25. 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. Financial instruments which are potentially subject to interest rate risk include balances with banks.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

Variable rate instruments	**31 December 2020**	31 December 2019
Financial assets – Time deposits	**365,000,000**	387,500,000
Financial assets – Net Margin Loans	**157,510,926**	75,026,002
Financial Liabilities – Borrowings	**(157,510,926)**	(75,026,000)
Total	**365,000,000**	387,500,002

The remaining financial assets and liabilities of the Company are non-interest bearing.

As at the reporting date, should the interest rates on net interest bearing assets increase/ decrease by 100 basis points with all other variables remaining constant, the impact on the results of the Company would be as follows:

	31 December 2020	31 December 2019
Change in interest rates	±3,650,000	±3,875,000

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.

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

26. CAPITAL MANAGEMENT

The Capital Market Authority (the "CMA") has issued Prudential Rules (the "Rules") dated 30 December 2012 (corresponding to 17 Safar 1434H). According to the Rules, the CMA has prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology as prescribed under these Rules. In accordance with this methodology, the Company has calculated its minimum capital required and capital adequacy ratios as follows:

	31 December 2020	31 December 2019
***Capital Base* SAR 000'**		
Tier I Capital	**398,410**	423,156
Tier II Capital	**-**	-
Total Capital Base	**398,410**	423,156
Minimum capital requirement		
Market risk	**348**	185
Credit risk	**47,239**	31,322
Operational risk	**14,656**	14,740
Total Minimum Capital Required	**62,243**	46,247
Surplus in Capital	**336,167**	376,909
Total capital ratio	**6.40**	9.15

The capital that the Company are required to hold is determined by on-balance sheet, off-balance sheet, counterparty and other risk exposures. Suitable processes and controls are in place to monitor and manage capital adequacy and ensure compliance with local regulatory ratios. These processes are designed to ensure that the Company has sufficient capital available to meet local regulatory capital requirements at all times.

a) Capital Base of the Company comprise of:

- Tier-1 capital: consists of paid-up share capital and retained earnings.
- Tier-2 capital: consists of subordinated loans with certain restrictions. The Company does not have any subordinated loans as a result the Company does not have tier-2 capital.

b) The minimum capital requirements for market, credit and operational risk are calculated as per the requirements specified in the Rules.

c) The Company's business objectives when managing capital adequacy is to comply with the capital requirements set forth by the CMA to safeguard the Company's ability to continue as a going concern, and to maintain a strong capital base.

27. EFFECT OF COVID-19

The COVID-19 pandemic developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. The Company has taken a number of measures to monitor and mitigate the effects of COVID-19, such as work from home or split working arrangements as well as paid family leave in all markets in which schools are closed for Employees who are unable to work from home while also looking after their children or other family members.

Many geographies are experiencing a second wave of infections despite having previously controlled the outbreak through aggressive precautionary measures such as imposing restrictions on travel, lockdowns and strict social distancing rules. The Government of Kingdom of Saudi Arabia ('the Government') however has managed to successfully to control the outbreak to date, owing primarily to the unprecedented yet effective measures taken by the Government, following which the Government has ended the lockdowns and has taken phased measures towards normalization. The Company continues to be cognisant of both the micro and macroeconomic challenges that COVID-19 has posed, the teething effects of which may be felt for some time, and is closely monitoring its exposures at a granular level.

Since the Company's business model is based mainly on underwriting, managing, arranging, advisory and custodial of investments and the fact that all marginal lending exposures are fully collateralised, the Company is not exposed to material expected credit losses other than on its bank balances (which are with high rated Financial Institutions) and intercompany receivables as highlighted in Note 16 - Provision for expected credit losses. The Company's overall assets comprise mainly of cash and bank balances, margin loans and intercompany receivables which are short term liquid balances and receivables and do not expose the Company to material market risk.

28. COMPARATIVE FIGURES

Certain figures from prior year has been reclassified for better presentation to be inline current year classifications.

29. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Board of Directors on 23rd March 2021 (corresponding to 10th Shaban 1442H).