CREDIT SUISSE SAUDI ARABIA
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

CREDIT SUISSE SAUDI ARABIA
(A Saudi Closed Joint Stock Company)
Financial Statements
For the year ended 31 December 2022

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

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Credit Suisse Saudi Arabia (the "Company") as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants (SOCPA).

What we have audited
The Company's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of income for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in shareholders' 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, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

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

Material uncertainty related to going concern

We draw attention to Note 2.5 and Note 26 to the accompanying financial statements, which describes the agreement and plan of merger between Credit Suisse Group AG (ultimate parent of the Company) and UBS Group AG to be completed at a date yet to be determined as of the date of our audit report. As the Company is a consolidated subsidiary of Credit Suisse Group AG, the future operations and financial performance of the Company may be impacted as a result of the merger. As a result, it is uncertain whether the Company will itself become liquidated or otherwise merged with another UBS Group AG subsidiary following completion of the merger. These events and conditions surrounding the outcome of the plan of merger indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers, License No. 25,
Kingdom Tower, P.O. Box 8282, Riyadh 11482, Kingdom of Saudi Arabia
T: +966 (11) 211-0400, F: +966 (11) 211-0401, www.pwc.com/middle-east

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as 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 is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

برايس وترهاوس كوبرز
محاسبون قانونيون
ترخيص رقم ٢٥
PRICE WATER HOUSE COOPERS
CERTIFIED PUBLIC ACCOUNTANTS
LICENSE NO. 25

Ali A. Alotaibi
License Number 379

March 31, 2023

PricewaterhouseCoopers, License No. 25,
Kingdom Tower, P.O. Box 8282, Riyadh 11482, Kingdom of Saudi Arabia
T: +966 (11) 211-0400, F: +966 (11) 211-0401, www.pwc.com/middle-east

CREDIT SUISSE SAUDI ARABIA
(A Saudi Closed Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2022
(Amounts in Saudi Arabian Riyals)

	Notes	31-Dec-22	31-Dec-21
ASSETS			
Current assets			
Cash and cash equivalents, net	*4*	**366,017,934**	408,699,756
Due from related parties, net	*6b*	**7,136,480**	11,233,607
Advances, prepayments and other receivables, net	*5*	**71,712,378**	8,148,757
Total current assets		**444,866,792**	428,082,120
Non-current assets			
Property, equipment, and intangibles	*7*	**4,699,143**	4,309,346
Right of use assets	*7*	**6,513,701**	746,465
Total non-current assets		**11,212,844**	5,055,811
Total assets		**456,079,636**	433,137,931
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Current liabilities			
Accrued expenses and other liabilities	*8*	**6,106,751**	6,954,546
Lease liabilities	*21*	**1,211,654**	608,975
Due to related parties	*6b*	**9,913,186**	6,661,031
Total current liabilities		**17,231,591**	14,224,552
Non-current liabilities			
Group employee share plan	*9*	**372,343**	1,334,760
Employees' end of service benefits (EOSB)	*10*	**4,106,262**	2,530,462
Lease liabilities	*21*	**5,146,888**	-
Total non-current liabilities		**9,625,493**	3,865,222
Total liabilities		**26,857,084**	18,089,774
SHAREHOLDER'S EQUITY			
Share capital	*11*	**737,500,000**	737,500,000
Accumulated losses		**(308,277,448)**	(322,451,843)
Total shareholder's equity		**429,222,552**	415,048,157
Total liabilities and shareholder's equity		**456,079,636**	433,137,931

Chief Executive Officer

Chairman

The accompanying notes 1 through 27 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 2022
(Amounts in Saudi Arabian Riyals)

	Notes	31-Dec-22	31-Dec-21
Revenues			
Fee and commission income, net	*13*	**47,185,552**	54,713,576
Arranging and advisory services	*14*	**12,761,284**	7,727,361
Net gain from financial assets and liabilities		**117,116**	84,124
Total revenues		**60,063,952**	62,525,061
Operating expenses			
Salaries and employees related expenses	*16*	**(19,774,982)**	(18,904,785)
Rent and premises related expenses		**(795,830)**	(665,963)
Telecommunication and data service charges	*17*	**(3,713,869)**	(3,985,673)
Consultancy, legal charges and other fees		**(4,673,887)**	(4,309,915)
Service level agreement charges		**(8,610,257)**	(9,753,354)
Depreciation and amortisation	*7.1/7.2*	**(3,451,325)**	(2,582,682)
change in expected credit losses	*15*	**(125,545)**	(2,252)
Other general and administrative expenses	*18*	**(7,947,316)**	(4,661,805)
Total operating expenses		**(49,093,011)**	(44,866,429)
Operating income for the year		**10,970,941**	17,658,632
Net finance income from instruments at amortised cost	*19*	**6,368,743**	2,504,247
Foreign exchange loss		**(41,376)**	(157,171)
Profit before income tax		**17,298,308**	20,005,708
Income tax	20	**(2,223,618)**	(3,657,482)
Profit for the year after tax		**15,074,690**	16,348,226

The accompanying notes 1 through 27 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 2022
(Amounts in Saudi Arabian Riyals)

	Note	31-Dec-22	31-Dec-21
Profit for the year		**15,074,690**	16,348,226
Items that will not be reclassified subsequently to statement of income			
Remeasurement (loss) / gain on EOSB	*10*	**(900,295)**	290,000
Other comprehensive (loss) / gain for the year		**(900,295)**	290,000
Total comprehensive gain for the year		**14,174,395**	16,638,226

The accompanying notes 1 through 27 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 2022
(Amounts in Saudi Arabian Riyals)

	Note	**Share capital**	**Accumulated losses**	**Total**
As at 1 January 2022		**737,500,000**	**(322,451,843)**	**415,048,157**
Net profit for the year		**-**	**15,074,690**	**15,074,690**
Other comprehensive loss for the year		**-**	**(900,295)**	**(900,295)**
Total comprehensive income for the year		**-**	**14,174,395**	**14,174,395**
As at 31 December 2022	***11***	**737,500,000**	**(308,277,448)**	**429,222,552**
As at 1 January 2021		737,500,000	(339,090,069)	398,409,931
Net profit for the year		-	16,348,226	16,348,226
Other comprehensive gain for the year		-	290,000	290,000
Total comprehensive income for the year		-	16,638,226	16,638,226
As at 31 December 2021	11	737,500,000	(322,451,843)	415,048,157

The accompanying notes 1 through 27 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 2022
(Amounts in Saudi Arabian Riyals)

	Note	31-Dec-22	31-Dec-21
Cash flow from operating activities:			
Net profit for the year after tax		**15,074,690**	16,348,226
Adjustments to reconcile net profit to net cash used in operating activities:			
Depreciation	*7.1*	**2,063,167**	1,484,702
Amortisation on right of use assets	*7.2*	**1,388,158**	1,097,980
Interest on lease liabilities		**144,497**	20,890
Provision for income tax	*20*	**2,223,618**	3,657,482
Capital Work in Progress transferred to expense	*7.1*	**102,766**	-
Employees' end of service benefit charge, net	*10*	**696,089**	34,042
Group employee share plan		**(962,417)**	(1,639,691)
		20,730,568	21,003,631
Changes in operating assets and liabilities:			
Advances, prepayments and other receivables, net		**(62,009,706)**	(5,792,635)
Accrued expenses and other liabilities		**36,415**	(1,230,342)
Lease liability		**6,645,305**	512,586
Margin loans, net		**-**	157,510,926
Due from / to related parties		**7,349,282**	(1,961,901)
Net cash used in operations		**(27,248,136)**	170,042,265
Income taxes paid		**(4,661,744)**	-
Employees' end of service benefits paid	*10*	**(20,584)**	(456,426)
Cash generated from /(used in) operating activities		**(31,930,464)**	169,585,839
Cash flow from investing activities:			
Additions to property, equipment and RoU assets	*7*	**(9,711,123)**	(2,984,145)
Net cash used in investing activities		**(9,711,123)**	(2,984,145)
Cash flow from financing activities:			
Short term borrowings		**-**	(157,510,926)
Repayment of principal portion of lease liability		**(1,040,235)**	(1,105,802)
Net cash (used in)/generated from financing activities		**(1,040,235)**	(158,616,728)
Net change in cash and cash equivalents		**(42,681,822)**	7,984,966
Cash and cash equivalents at the beginning of the year		**408,699,756**	400,714,790
Cash and cash equivalents at the end of the year	*4*	**366,017,934**	408,699,756

The accompanying notes 1 through 27 form an integral part of these financial statements.

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

As at December 31, 2022	**Opening balance**	**Cash flows**		**Non cash changes**		**Closing balance**
		Extension of lease term	**Repayment**	**Interest**	**Others**	
Lease liability	608,975	6,645,305	(1,040,235)	144,497	-	**6,358,542**
Total liabilities from financing activities	**608,975**	**6,645,305**	**(1,040,235)**	**144,497**	-	**6,358,542**

As at December 31, 2021	Opening balance	Cash flows		Non cash changes		Closing balance
		Extension of lease term	Repayment	Interest	Others	
Lease liability	1,181,301	512,586	(1,105,802)	20,890	-	608,975
Total liabilities from financing activities	1,181,301	512,586	(1,105,802)	20,890	-	608,975

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 is held by the following shareholder:

		31 December 2022		31 December 2021	
	Domicile	Percentage	No. of shares	Percentage	No. of shares
Credit Suisse AG	Switzerland	100%	73,750,000	100%	73,750,000

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of Measurement

These financial statements have been prepared 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 projected unit credit method. These financial statements are prepared using accrual basis of accounting.

2.3 Functional and presentational currency

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

2.4 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.

2. BASIS OF PREPARATION *(Continued)*

2.4 Use of estimates and judgments (Continued)

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

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

Measurement of the expected credit loss allowance

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

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

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

Useful lives of property and equipment

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

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.

2. BASIS OF PREPARATION *(Continued)*

Employees' End Of Service Benefits

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

2.5 Going concern

On March 19, 2023, Credit Suisse Group AG and UBS Group AG entered into an agreement and plan of merger ("the merger"), to be completed at a date yet to be determined. Credit Suisse Saudi Arabia is a consolidated subsidiary of Credit Suisse Group AG, and as such the future operations and financial performance of the Company may be impacted as a result of the merger. There can be no assurance that the Company will not itself become liquidated or otherwise merged with another UBS Group AG subsidiary following completion of the merger.

Based on the merger developments discussed above, accounting impacts on the financial statements expected to occur is disclosed in the subsequent event note (refer Note 26).

The Company's accumulated loss amounts to SAR 308,277,448 (31 December 2021: SAR 322,451,843) which represent 41.8% (31 December 2021: 43.7%) of the Company's share capital. Company has made a profit in 2022 amounting to SAR 15,074,690 (2021 SAR 16,348,226), representing reduction in accumulated losses by 1.9%.

The Company's going concern assessment is as follows:

a) The Company has an onshore presence and have valid licenses from regulators to operate;
b) Based on the current available license, platform capabilities and products of the Company, management is confident about the existence and continuity prospects of the Company;
c) For the purpose of the Company's going concern assessment, management has also considered the available liquidity in the Company. As of 31st December 2022, the Company has cash and cash equivalents amounting to SAR 366,017,934 compared to total liabilities amounting to SAR 26,857,084. The available cash and cash equivalents after deducting total liabilities will be sufficient to cover all the expenses of the Company for the next 12 months. Further, the Company is confident of its business projections for 2023 as well as its business projection under stress scenario, both of which would not result in any breach of liquidity, capital or accumulated losses to capital ratio requirement. Majority of the cash and cash equivalents are held with local banks in the Kingdom of Saudi Arabia and are short term in nature due within 3 months.
d) The Company and its parent Credit Suisse AG have committed to continue its business activities in the ordinary course and implement its restructuring measures in collaboration with UBS Group AG until consummation of the merger.

Considering the above assessment, the Company's Board of Directors concluded that the going concern basis used for the preparation of these financial statements remains appropriate. This conclusion involved significant judgements taken by management based on current available information as further disclosed in the subsequent event note. However, the events and conditions surrounding the outcome of the plan of merger between Credit Suisse Group AG and UBS Group AG indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these financial statements.

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to make minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 4	1 January 2022
Amendments to IAS 16 Property, Plant and Equipment - Proceeds before intended use	1 January 2022
Amendments to IFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022

The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

2.7 New and revised IFRS issued but not yet effective and not early adopted

The Company has not yet applied the following new and revised IFRSs that have been issued by the IASB but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 12 Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to IAS 1 Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of accounting policies	1 January 2023
Amendments to IAS 8 - Definition of accounting estimates	1 January 2023
IFRS 17 - Insurance contracts	1 January 2023

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.

b) Property and equipment (including ROU)

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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 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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

d) Financial Instruments (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

d) Financial Instruments (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

g) Share based incentive plans

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

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

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

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

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

i) Revenue recognition

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

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

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

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

Brokerage revenue

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

Swap commission

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

Custody fees

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

i) Revenue recognition (Continued)

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

j) Payable and accruals

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

k) Provisions

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

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

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

l) Expenses

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

m) Income tax

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

m) Income tax (Continued)

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

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

p) Service level agreements

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

4. CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash in hand	**1,959**	682
Cash at local bank – current account	**16,277,514**	31,581,662
Cash at foreign banks - held with related parties	**9,919,262**	12,174,102
Cash at local bank – Time deposits (Note 4.1)	**340,000,000**	365,000,000
Total	**366,198,735**	408,756,446
Expected credit losses	**(180,801)**	(56,690)
	366,017,934	408,699,756

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

4.1 The interest rates on these deposits ranges from 3.6% - 5% per annum (2021: 0.6% - 0.7%)

5. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES, NET

	31 December 2022	31 December 2021
Receivable from customers	**13,426,396**	5,821,473
Cash collateral margins	**52,373,237**	-
Custody fees receivable	**282,486**	657,180
Prepayments	**3,176,864**	1,266,572
Accrued finance income on time deposits	**2,248,264**	257,000
Security deposits	**164,404**	72,406
Other miscellaneous assets	**42,367**	75,287
Total	**71,714,018**	8,149,918
Expected credit losses	**(1,640)**	(1,161)
	71,712,378	8,148,757

Receivable from customers represents money receivable with respect to revenue generated from advisory and arranging transaction executed in December 2022. Cash collateral margins are placed with Saudi clearing house (Muqassa) as collateral for Equity brokerage business.

6. 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.

		2022	2021
Credit Suisse Securities (Europe) Limited	Affiliate	-	20,638,698
Credit Suisse AG	Parent	**22,491,846**	31,994,468
Credit Suisse International	Affiliate	**39,106,297**	14,976,893
CS Europe Bank	Affiliate	**2,796,764**	20,978
Credit Suisse AG, Riyadh Branch	Affiliate	-	62
Credit Suisse AG, London Branch	Affiliate	-	(1,480)
		64,394,907	67,629,619

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

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

		2022	2021
Credit Suisse AG (DIFC Branch)	Affiliate	**(7,890,077)**	(8,176,668)
Credit Suisse AG, Bahrain Branch	Affiliate	**(938,714)**	(1,129,864)
Credit Suisse AG Riyadh Branch	Affiliate	**30,897**	(446,823)
Credit Suisse AG	Parent	**(2,881)**	(25,660)
Credit Suisse International	Affiliate	**(1,329)**	(2,769)
Credit Suisse Securities (USA) LLC	Affiliate	**(2,346)**	-
		(8,804,450)	(9,781,783)

Finance income/(expenses)

		2022	2021
Credit Suisse AG	Affiliate	**-**	577
CS AG - SH Treasury	Parent	**-**	**(85,927)**
		-	**(85,350)**

(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 2022	31 December 2021
Credit Suisse AG Riyadh Branch ("CSRB")	Affiliate	**2,488,930**	2,758,664
Credit Suisse Securities (Europe) Limited	Affiliate	**16,423**	622,792
Credit Suisse AG	Parent	**1,682,649**	3,186,411
Credit Suisse International	Affiliate	**1,210,601**	2,117,224
Credit Suisse AG, London Branch	Affiliate	**37,967**	37,967
Credit Suisse AG, Bahrain Branch	Affiliate	**1,267,398**	1,265,173
Credit Suisse AG, DIFC branch	Affiliate	**96,249**	1,232,565
CS Europe Bank	Affiliate	**340,115**	15,708
Total		**7,140,332**	11,236,504
Expected credit losses		**(3,852)**	(2,897)
		7,136,480	11,233,607

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

Due to related parties related to services received/recharges

		31 December 2022	31 December 2021
Credit Suisse International	Affiliate	**3,580,478**	3,047,278
Credit Suisse AG, Riyadh Branch	Affiliate	**2,034,944**	1,954,287
Credit Suisse AG (DIFC Branch)	Affiliate	**1,170,815**	1,032,257
Credit Suisse Securities (Europe) Limited	Affiliate	**1,777,100**	222,111
Credit Suisse AG, Bahrain Branch	Affiliate	**1,140,367**	199,766
Credit Suisse AG	Parent	**100,185**	106,329
Credit Suisse Securities (USA) LLC	Affiliate	**81,427**	59,827
Credit Suisse AG, London Branch	Affiliate	**18,893**	18,859
Credit Suisse (Lebanon) Finance S.A.L.	Affiliate	**-**	11,510
CS New York Branch	Affiliate	**7,994**	7,984
CS Deutschland	Affiliate	**528**	527
Credit Suisse Services (USA) LLC	Affiliate	**290**	150
Credit Suisse (UK) Limited	Affiliate	**131**	131
Credit Suisse Securities S.S. S.A.	Affiliate	**19**	-
Credit Suisse (Hong Kong) Limited	Affiliate	**11**	11
Credit Suisse AG, Singapore Branch	Affiliate	**4**	4
		9,913,186	6,661,031

(c) Cash and cash equivalents with related parties

		31 December 2022	31 December 2021
Credit Suisse (Schweiz) AG	Affiliate	**7,391,909**	9,212,325
Credit Suisse AG	Parent	**8,300**	1,743,045
Credit Suisse AG Riyadh Branch	Affiliate	**2,519,053**	1,218,733
		9,919,262	12,174,102

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

7. PROPERTY, EQUIPMENT AND INTANGIBLES (*Continued*)

	2022	2021
Property, equipment and intangibles (note 7.1)	**4,699,143**	4,309,346
Right of use Asset (note 7.2)	**6,513,701**	746,465
Total	**11,212,844**	5,055,811

7.1 Property, Equipment & intangibles

	31-Dec-22						
	Leasehold improvements	**Furniture & fixture and office equipment**	**Computer equipment**	**Computer software**	**Motor vehicles**	**Work in progress**	**Total**
Cost:							
Balance at 1 January	15,083,179	2,958,205	3,136,896	553,398	401,200	1,618,137	**23,751,015**
Additions during the year	243,258	-	1,837,131	75,022	-	400,318	**2,555,729**
Disposal of asset during the year	(13,800,302)	(2,221,911)	(202,956)	-	-	-	**(16,225,169)**
Expensed out to statement of Income						(102,766)	**(102,766)**
Transfer from work in progress	-	-	738,770	776,611	-	(1,515,381)	-
Balance at 31 December	**1,526,135**	**736,294**	**5,509,841**	**1,405,031**	**401,200**	**400,308**	**9,978,809**
Accumulated depreciation							
Balance at 1 January	14,456,926	2,298,431	2,274,145	122,977	289,190	-	**19,441,669**
Depreciation during the year	749,090	168,889	736,899	328,049	80,240	-	**2,063,167**
Disposal of asset during the year	(13,800,302)	(2,221,911)	(202,957)	-	-	-	**(16,225,170)**
Balance at 31 December	**1,405,714**	**245,409**	**2,808,087**	**451,026**	**369,430**	**-**	**5,279,666**
Net book value at 31 December 2022	**120,421**	**490,885**	**2,701,754**	**954,005**	**31,770**	**400,308**	**4,699,143**

7.1 Property, Equipment & intangibles

	31 December 2021						
	Leasehold improvements	Furniture & fixture and office equipment	Computer equipment	Computer software	Motor vehicles	Work in progress	Total
Cost:							
Balance at 1 January	15,083,179	2,988,100	2,998,987	-	401,200	1,017,521	**22,488,987**
Additions during the year	-	688,927	628,617	-	-	1,154,014	**2,471,558**
Disposal of asset during the year	-	(718,822)	(490,708)	-	-	-	**(1,209,530)**
Transfer from work in progress	-	-	-	553,398	-	(553,398)	**-**
Balance at 31 December	**15,083,179**	**2,958,205**	**3,136,896**	**553,398**	**401,200**	**1,618,137**	**23,751,015**
Accumulated depreciation							
Balance at 1 January	13,754,137	2,892,748	2,310,662	-	208,950	-	**19,166,497**
Depreciation during the year	702,789	124,505	454,191	122,977	80,240	-	**1,484,702**
Disposal of asset during the year	-	(718,822)	(490,708)	-	-	-	**(1,209,530)**
Balance at 31 December	**14,456,926**	**2,298,431**	**2,274,145**	**122,977**	**289,190**	**-**	**19,441,669**
Net book value at 31 December 2021	**626,253**	**659,774**	**862,751**	**430,421**	**112,010**	**1,618,137**	**4,309,346**

7 PROPERTY, EQUIPMENT AND INTANGIBLES (Continued)

7.2 RIGHT OF USE ASSETS

	2022	2021
Balance as at 1 January	**746,465**	1,331,858
Additions	**7,155,394**	512,587
Amortisation	**(1,388,158)**	(1,097,980)
Balance as at 31st December	**6,513,701**	746,465

8. ACCRUED EXPENSES AND OTHER LIABILITIES

	2022	2021
Accrual for performance bonus	**500,678**	534,390
Trade and other payables	**1,258,711**	1,390,179
Deferred cash awards*	**299,502**	341,835
Payable to tax authorities	**4,047,860**	4,688,142
	6,106,751	6,954,546

Payable to tax authorities include both corporate direct and indirect tax.
*Comparative numbers for 2021 related to Deferred compensation liability are regrouped from Accrued expenses and other liabilities to Group employee share plan for comparison purpose.

9. GROUP EMPLOYEE SHARE PLAN

The total share award liability recorded as at 31 December 2022 was nil (2021: SAR 9,670). The fair value used to calculate the share award liability was the closing Credit Suisse Group (CSG) share price as at 31 December 2022 CHF 2.764 (2021: CHF 8.872). The average weighted fair value of awards granted in 2022 was nil (2021: nil). The intrinsic value of vested share-based awards outstanding as at year end was nil (2021: nil).

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

Share awards
Share awards granted in February 2023 are similar to those granted in February 2022. 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.

9.1 GROUP EMPLOYEE SHARE-BASED CASH UNIT PLAN

The total share-based cash unit award liability recorded as at 31 December 2022 was SAR 372,343 (2021: SAR 1,334,760). The fair value used to calculate the share-based cash unit award liability was the closing CSG share price as at 31 December 2022 CHF 2.764 (2021: CHF 8.872). The average weighted fair value of awards granted in 2022 was CHF 8.02 (2021: CHF 12.59). The intrinsic value of vested share-based cash unit awards outstanding as at year end was SAR 33,054 (2021: SAR 657,931).

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 2023 are similar to those granted in February 2022. 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.

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

Performance Cash Unit awards will no longer be used as a form of deferred compensation award for the 2022 performance year onwards.

Outstanding Performance Cash Unit awards are subject to a downward adjustment in the event of a divisional loss by the division in which the employees worked as of December 31, 2022, or a negative CSG ROE, whichever results in a larger adjustment. For employees in Corporate Functions and the Asset Resolution Unit, the downward adjustment only applies in the event of a negative CSG ROE and is not linked to the performance of the divisions. The basis for the ROE calculation may vary from year to year, depending on the Compensation Committee’s determination for the year in which the performance cash units are granted.

Strategic Delivery Plan (“SDP”) Cash Unit awards
Strategic Delivery Plan (SDP) was a one-off cash unit award granted to certain employees to incentivize the longer-term delivery of the Group’s strategic plan. The SDP cash unit awards are subject to service conditions and performance-based metrics over the course of 2022-2024. SDP cash unit awards are scheduled to vest on the third anniversary of the grant date. The value of these SDP cash unit awards is solely dependent on the CSG share price at the time of delivery.

In addition, the Compensation Committee will review and assess the overall success of the delivery of the strategic plan at a Group level over the three-year period (2022-2024) and may increase the SDP awards up to a maximum of 50% of the initial award amount. Half of the potential uplift would be granted if a pre-determined average Group return on tangible equity threshold is achieved, measured over the key strategic implementation years 2023 and 2024. The other half of the uplift may be awarded based on the Compensation Committee’s assessment of risk management and other strategic non-financial achievements.

9.1 GROUP EMPLOYEE SHARE-BASED CASH UNIT PLAN (continued)

Contingent Capital Awards

Contingent Capital Awards (CCA) will no longer be used as a form of deferred compensation award for the 2022 performance year onwards. CCA were granted in February 2022 and 2021 to certain employees as part of the 2021 and 2020 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 MRTs, risk manager MRTs or senior managers or equivalents under the EU or UK Capital Requirements Directive V related provisions. CCA granted to MRTs, risk manager MRTs and senior managers vest on the fourth, fifth and seventh anniversaries of the grant date, respectively. CCA awards 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 2022 and 2021 that vest four, 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 description for interest equivalents on both, USD and CHF denominated CCAs, however not all entities are granted with both type of awards.

- CCA granted in 2022 and 2021 that are denominated in US dollars and vest three years from the date of grant receive interest equivalents at a rate of 4.18% and 3.60% respectively, per annum plus the daily compounded (spread exclusive) US dollar Secured Overnight Financing Rate ("SOFR");
- CCA granted in 2022 and 2021 that are denominated in Swiss francs and vest three years from the date of grant receive interest equivalents at a rate of 3.44% and 3.06% respectively, per annum plus the daily compounded (spread exclusive) Swiss franc Swiss Average Rate Overnight ("SARON").

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.

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, 2022 was SAR 23,430 (2021: SAR 88,069).

Upfront cash awards

In February 2023, certain employees were granted upfront cash awards as part of the cash component of their 2022 variable compensation. During 2022 and 2021, certain employees were also granted upfront cash awards. These awards are subject to repayment (clawback) by the employee in the event of voluntary resignation, termination for cause or in connection with other specified events or conditions within three years of the award grant. The amount subject to repayment is reduced in equal

9.1 GROUP EMPLOYEE SHARE-BASED CASH UNIT PLAN (continued)

monthly installments during the three-year period following the grant date. The expense recognition will occur over the three-year vesting period, subject to service conditions.

Total compensation expense recognised for upfront cash awards during the year ended December 31, 2022 was SAR 709,740 (2021: nil).

10. EMPLOYEES' END OF SERVICE BENEFITS

10.1 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:

	2022	2021
Balance at beginning of the year	**2,530,462**	3,242,846
Statement of Income		
Current service cost	**611,616**	641,000
Interest cost	**84,473**	94,000
	696,089	735,000
Statement of Comprehensive Income		
Actuarial loss / (gain)	**900,295**	(290,000)
Cash and other movements		
Benefits paid and reversals	**(20,584)**	(1,157,384)
Balance at end of the year	**4,106,262**	2,530,462

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

	31 December 2022	31 December 2021
Discount rate	**4.75%**	3.50%
Expected rate of salary increase	**2.00%**	1.00%

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

10.3 Sensitivity of actuarial assumptions

The table below illustrates the sensitivity of the Defined Benefit Obligation valuation as at 31 December 2022 and 31 December 2021 to the key assumptions mentioned in 10.2 above.

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

10.3 Sensitivity of actuarial assumptions *(Continued)*

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

	SAR'000		
31 December 2021	Impact on defined benefit obligation – Increase / (Decrease)		
Base Scenario	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.00%	(236)	255
Expected rate of salary increase	1.00%	306	(218)

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

10.4 Expected maturity

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

SAR'000

31 December 2022	**1 year**	**2 to 5 years**	**6 to 10 years**	**More than 10 years**	**Total**
4,106	**341**	**1,608**	**3,680**	**-**	**5,629**

SAR'000

31 December 2021	1 year	2 to 5 years	6 to 10 years	More than 10 years	Total
2,460	95	394	1,121	2,167	3,777

The weighted average duration of the defined benefit obligation is 9.2 years on 31 December 2022 and 12.17 years on 31 December 2021.

11. SHARE CAPITAL

The Company's issued and fully paid share capital amounts to SAR 737,500,000 (31 December 2021: SAR 737,500,000) comprising 73,750,000 shares (31 December 2021: 73,750,000 shares) of SAR 10 each.

12. 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 to statutory reserve due to accumulated losses. This reserve is not available for distribution.

13. FEE AND COMMISSION INCOME, NET

	Notes	**2022**	2021
• Shares brokerage, net		**18,978,066**	18,106,699
• Custodian fee	*13.1*	**22,511,083**	31,424,851
• Equity swap arrangements, net	*13.2*	**5,335,543**	5,112,548
• Discretionary portfolio management		**360,860**	69,478
		47,185,552	54,713,576

13.1 Custodian fee includes an amount of SAR 21,831,708 (2021: SAR 30,369,677) representing net commission received from Credit Suisse AG (related party) for providing sub custody facilities by the Company.

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

14. REVENUE FROM CONTRACT WITH CUSTOMERS

Nature of services

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

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

14. REVENUE FROM CONTRACT WITH CUSTOMERS *(Continued)*

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

Contract with customers and disaggregation of revenue

	Note	**2022**	2021
Fee and commission income, net	*13*	**47,185,552**	54,713,576
Arranging and advisory services		**12,761,284**	7,727,361
		59,946,836	62,440,937

Contract balance

	2022	2021
Contract receivables (gross)	**20,566,728**	17,057,976

This includes contract receivables amounting to SAR 7,140,332 (31 December 2021: SAR11,236,504) from related party shown in 6(b).
Allowance for credit impairment of SAR 3,852 (31 December 2021: SAR 2,897) were recognized on contract receivables during the reporting period.

Capitalized costs

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

Remaining performance obligations

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

15. EXPECTED CREDIT LOSSES

Expected credit losses

	31 December 2021	31 December 2021
Charge for expected credit losses on exposures	**(125,545)**	(2,252)
	(125,545)	(2,252)

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 2022**	31 December 2021
Opening Balance	**(56,690)**	(53,168)
Net remeasurement of loss allowances	**(124,111)**	(3,522)
Closing balance	**(180,801)**	(56,690)

Due from related parties	**31 December 2022**	31 December 2021
Opening Balance	**(2,897)**	(2,863)
Net remeasurement of loss allowances	**(955)**	(34)
Closing balance	**(3,852)**	(2,897)

Advances, prepayments and other receivable	**31 December 2022**	31 December 2021
Opening Balance	**(1,161)**	(2,465)
Net remeasurement of loss allowances	**(479)**	1,304
Closing balance	**(1,640)**	(1,161)

Total ECL	**31 December 2022**	31 December 2021
Opening Balance	**(60,748)**	(58,496)
Net remeasurement of loss allowances	**(125,545)**	(2,252)
Closing balance	**(186,293)**	(60,748)

16. SALARIES AND EMPLOYEE RELATED EXPENSES

	2022	2021
Basic salaries	**(10,654,062)**	(10,904,982)
Allowances and other benefits	**(8,071,729)**	(7,901,644)
Performance based incentive bonus	**(500,289)**	(534,623)
Deferred compensation expense	**(548,902)**	436,464
	(19,774,982)	(18,904,785)

17. TELECOMMUNICATION AND DATA SERVICE CHARGES

	2022	2021
Telecommunication charges	**(2,372,847)**	(2,001,057)
Data service charges	**(1,341,022)**	(1,984,616)
	(3,713,869)	(3,985,673)

18. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	2022	2021
Insurance	**(1,513,245)**	(1,038,431)
Repair and maintenance	**(299,528)**	(272,644)
Business travel	**(624,504)**	(130,646)
Office supplies	**(369,158)**	(143,517)
Non-claimable VAT	**(3,439,564)**	(1,243,980)
Staff training	**(51,599)**	(9,845)
Withholding tax	**(154,185)**	(310,527)
Bank charges	**(1,107,772)**	(1,087,079)
Others	**(387,761)**	(425,136)
	(7,947,316)	(4,661,805)

19. NET FINANCE INCOME

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

	2022	2021
Finance Income on cash and cash equivalent	**6,513,240**	2,626,043
Finance expenses on lease liabilities	**(144,497)**	(121,796)
	6,368,743	2,504,247

20. INCOME TAX & ZAKAT

a. *Income tax*

	2022	**2021**
Current tax expense	**2,773,271**	3,657,482
Tax expense related to previous year	**(549,653)**	-
Tax expense for the year	**2,223,618**	3,657,482
Reconciliation of effective tax expense		
Accounting profit before tax	**17,298,308**	20,005,708
Adjustments to accounting profit	**1,190,164**	4,377,505
Adjusted net income	**18,488,472**	24,383,213
Brought forward losses	**(4,622,118)**	(6,095,803)
Tax profit for the year	**13,866,354**	18,287,410
Effective rate of applicable tax	**20%**	20%
Tax at applicable tax rate	2,773,271	3,657,482

During the year 2022, the Company has not incurred any zakat expenses (2021: Nil)

b. *Status of assessments*

Income tax declarations have been submitted with the Zakat, Tax and Customs Authority (ZATCA) for the years up to 31 December 2021.

The assessment for the years 2007-2013 has been issued by ZATCA which resulted in an additional tax and zakat demand of SAR 7,094,222 due to disallowance of certain expenses. The Company has submitted an appeal against additional tax and zakat assessed by ZATCA with GSTC. GSTC first chamber has ruled in CSSA's favor in appeal hearing which took place in June 2021. ZATCA has filed an appeal against the relief with GSTC second chamber and first hearing is scheduled on 24th Dec 2023. Management is confident of the favorable outcome on the appeal and has not made any provision.

21. LEASE COMMITMENTS

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

Lease Liability

Maturity Analysis of lease liability	**2022**	**2021**
Due within 1 year	1,480,997	608,975
Due between 1 and 2 years	1,480,999	-
Due between 2 and 3 years	1,480,999	-
Due between 3 and 4 years	1,335,641	-
Due between 4 and 5 years	899,568	-
Due after 5 years	449,784	-
Undiscounted amount of lease liability	7,127,988	608,975
Future interest	(769,446)	
Discounted lease liabilities	6,358,542	608,975

22. CAPITAL COMMITMENTS

As at 31 December 2022 and 31 December 2021 the Company had no capital commitments.

23. ASSETS HELD IN FIDUCIARY CAPACITY

23.1 As at 31 December 2022 assets held under fiduciary capacity amounted to SAR 32 million (31 Dec 2021: SAR 45 million). These are kept with a local commercial bank and a related party bank account in KSA and outside KSA. These amounts were kept in custody by the Company for its customers for the purpose of investment in the local and international market.

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Introduction and overview

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

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

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

Credit Risk

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

Maximum exposure to credit risk	**31 December 2022**	31 December 2021
Demand and time deposits with banks	**366,196,776**	408,755,764
Due from related parties	**7,140,332**	11,236,504
Advance and other receivables	**16,121,551**	6,808,059
Cash Collaterals	**52,373,237**	-
	441,831,896	426,800,327

24. 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.

Cash Collateral

These cash collaterals are the margin money placed with clearing house of Saudi Stock Exchange (Muqassa) in form of default fund contribution and variable margin. Credit Suisse Saudi Arabia is general clearing member of Muqassa, and this collateral has been placed through Saudi British Bank (SABB) which is a direct clearing member of Muqassa. Due to nature of this collateral, it's maturity and the market regulation about the safety of collateral, management assess that the credit risk associated with this collateral is not significant.

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

As on 31 December 2022	Saudi Arabia	Eurozone (ex UK)	UK	Other	Total
Cash and cash equivalents	**358,796,579**	**7,400,197**	**-**	**-**	**366,196,776**
Due from related parties	**2,488,930**	**1,682,649**	**1,264,993**	**1,703,760**	**7,140,332**
Advance and other receivables	**16,121,551**	**-**	**-**	**-**	**16,121,551**
Cash Collaterals	**52,373,237**				**52,373,237**
	429,780,297	**9,082,846**	**1,264,993**	**1,703,760**	**441,831,896**

As on 31 December 2021	Saudi Arabia	Eurozone (ex UK)	UK	Other	Total
Cash and cash equivalents	397,800,395	10,955,369	-	-	408,755,764
Due from related parties	2,758,664	3,186,411	2,777,983	2,513,446	11,236,504
Advance and other receivables	6,808,059	-	-	-	6,808,059
	407,367,118	14,141,780	2,777,983	2,513,446	426,800,327

24. 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 2022		
		Stage 1 – Gross Carrying amount	12-month ECL (Stage 1)	Stage 1 - Net carrying amount
Cash and cash equivalents	Rating A- to BBB	**366,196,776**	**(180,801)**	**366,015,975**
Due from related parties	Rating A- to BBB+	**7,140,332**	**(3,852)**	**7,136,480**
Advances and other receivables	Unrated	**13,426,396**	**-**	**13,426,396**
Advances and other receivables	Unrated	**2,695,155**	**(1,640)**	**2,693,515**
		16,121,551	**(1,640)**	**16,119,911**
Cash collateral		**52,373,237**	-	**52,373,237**
Total		**441,831,896**	**(186,293)**	**441,645,603**

		31 December 2021		
		Stage 1 – Gross Carrying amount	12-month ECL (Stage 1)	Stage 1 - Net carrying amount
Cash and cash equivalents	Rating A+ to A-	**408,755,764**	**(56,690)**	**408,699,074**
Due from related parties	Rating A+ to A-	**11,236,504**	**(2,897)**	**11,233,607**
Advances and other receivables	Rating A+ to A-	**5,821,473**	**-**	**5,821,473**
Advances and other receivables	Unrated	**986,586**	**(1,161)**	**985,425**
		6,808,059	**(1,161)**	**6,806,898**
Total		**426,800,327**	**(60,748)**	**426,739,579**

24. 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 2022 and 31 December 2021 is as follows:

	GROSS UNDISCOUNTED CASHFLOWS				
31 December 2022	**Demand**	**Up to 3 months**	**3 months to 1 year**	**1 year and above**	**Total**
Assets					
Cash and cash equivalents	26,196,776	340,000,000	-	-	**366,196,776**
Due from related parties	-	7,140,332	-	-	**7,140,332**
Advances and other receivables	-	15,957,147	-	164,404	**16,121,551**
Cash collateral	-	28,933,237	-	23,440,000	**52,373,237**
	26,196,776	392,030,716	-	23,604,404	**441,831,896**
Liabilities					
Due to related parties	-	9,913,186	-	-	**9,913,186**
Accrued expenses and other financial liabilities	-	361,279	897,432	-	**1,258,711**
Lease liabilities	-	1,211,654		5,146,888	**6,358,542**
	-	11,486,119	897,432	5,146,888	**17,530,439**
Maturity gap	26,196,776	380,544,596	(897,432)	18,457,516	**424,301,457**

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

31 December 2021	GROSS UNDISCOUNTED CASHFLOWS				
	Demand	**Up to 3 months**	**3 months to 1 year**	**1 year and above**	**Total**
Assets					
Cash and cash equivalents	43,755,764	365,000,000	-	-	**408,755,764**
Due from related parties	-	11,236,504	-	-	**11,236,504**
Advances and other receivables	-	6,735,653	-	72,406	**6,808,059**
	43,755,764	382,972,157	-	72,406	**426,800,327**
Liabilities					
Due to related parties	-	6,438,923	-	-	**6,438,923**
Accrued expenses and other financial liabilities	-	19,172	1,371,007	-	**1,390,179**
Lease liability	-	608,975	-	-	**608,975**
	-	7,067,070	1,371,007	-	**8,438,077**
Maturity gap	43,755,764	375,905,087	(1,371,007)	72,406	**418,362,250**

Fair value

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

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

Market risk

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

Market risk for the Company has three main components:

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

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

Currency risk

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

Interest rate risk

Interest rate risk reflects the risk of a change in interest rates, which might affect future earnings. 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 2022**	31 December 2021
Financial assets – Time deposits	**340,000,000**	365,000,000
Total	**340,000,000**	365,000,000

The remaining financial assets and liabilities of the Company are not materially 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 2022	31 December 2021
Change in interest rates	±3,400,000	±3,650,000

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.

25. CAPITAL MANAGEMENT

The Capital Market Authority (the "CMA") has issued Prudential Rules (the "Rules") dated 30 December 2012 (corresponding to 17 Safar 1434H) and made amendments in the rule thereafter. 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 2022	31 December 2021
***Capital Base* SAR 000'**		
Tier I Capital	**429,223**	415,048
Tier II Capital	**-**	-
Total Capital Base	**429,223**	415,048
Minimum capital requirement		
Market risk	**82**	364
Credit risk	**23,170**	17,046
Operational risk	**12,273**	11,217
Total Minimum Capital Required	**35,525**	28,627
Surplus in Capital	**393,698**	386,421
Total capital ratio	**12.08**	14.50

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. As at December 31, 2022, the company was in compliance with the externally imposed capital restriction.

26. SUBSEQUENT EVENT

Subsequent Event

Merger of Credit Suisse Group AG and UBS Group AG

On March 19, 2023, Credit Suisse Group AG and UBS Group AG entered into an agreement and plan of merger ("the merger"), to be completed at a date yet to be determined. Credit Suisse Saudi Arabia is a consolidated subsidiary of Credit Suisse Group AG, and as such the future operations and financial performance of the Company may be impacted as a result of the merger. There can be no assurance that the Company will not itself become liquidated or otherwise merged with another UBS Group AG subsidiary following completion of the merger.

Based on the merger developments discussed above, the following accounting impacts on the financial statements are expected to occur for financial periods ending after 19 March 2023:

Property, Equipment & Intangible Assets
As of 31 December 2022, the Company had property, equipment and Intangible assets amounting to SAR 4,699,143. These balances might be impaired post merger, however the amount of such impairment can not be ascertained at the date of the signing of these financial statements.

Group Employee Share plan liability
As of 31 December 2022, the Company had a share-based compensation liability amounting to SAR 372,343. These balances will reduce significantly post merger, however the amount of such change can not be ascertained at the date of the signing of these financial statements.

Right-of-use of Assets
As of 31 December 2022, the Company had Right of use of assets amounting to SAR 6,513,701. These balances might be impaired post merger, however the amount of such impairment can not be ascertained at the date of the signing of these financial statements

Lease Liabilities
As of 31 December 2022, the Company had a Lease liability of SAR 6,358,542 with the contractual payments due on periodic basis as disclosed in note 21. These lease contracts may require early termination post merger in accordance with the rental agreements, however the impact of such change can not be ascertained at the date of the signing of these financial statements.

27. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Board of Directors on March 31, 2023 (corresponding to Ramadan 9, 1444).