DEUTSCHE SECURITIES SAUDI ARABIA
(Closed Joint Stock Company)
FINANCIAL STATEMENTS
For the year ended 31st December 2021
Together with the
Independent auditor's report

DEUTSCHE SECURITIES SAUDI ARABIA
(Closed Joint Stock Company)
FINANCIAL STATEMENTS
For the year ended 31st December 2021

Contents	**Page**

Building a better working world

Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

C.R. No. 1010383821

Tel: +966 11 215 9898
+966 11 273 4740
Fax: +966 11 273 4730

ey.ksa@sa.ey.com
ey.com

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF DEUTSCHE SECURITIES SAUDI ARABIA
(A Saudi Closed Joint Stock Company)

Opinion

We have audited the financial statements of Deutsche Securities Saudi Arabia (A Saudi Closed Joint Stock Company) (the "Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of income, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement present fairly, in all material respects, the financial position of the Company as at 31 December 2021 and its financial performance and its cash flows for the year then ended in accordance with the accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants.

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 Statement section of our report. We are independent of the Company in accordance with professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statement, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statement in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants and the provisions of Company's law and the by-laws, and for such internal control as management determines is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF DEUTSCHE SECURITIES SAUDI ARABIA
(A Saudi Closed Joint Stock Company) (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements (continued)

In preparing the financial statement, 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.

Those charge with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statement 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 this financial statement.

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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF DEUTSCHE SECURITIES SAUDI ARABIA
(A Saudi Closed Joint Stock Company) (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

for Ernst & Young Professional Services

Rashid S. Roshod
Certified Public Accountant
License No. (366)

R7
EY
سجل تجاري ١٠١٠٣٨٣٨٢١
CR.1010383821
شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

Riyadh: 27 Sha'ban 1443H
(30 March 2022)

DEUTSCHE SECURITIES SAUDI ARABIA
(Closed Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
For the year ended 31st December 2021
(Saudi Arabian Riyals in '000)

	Note	***31 December 2021***	*31 December 2020*
ASSETS			
Cash and cash equivalents	*5*	**67,549**	82,459
Term deposits	*6*	**300,000**	300,000
Due from related parties	*18*	**7,810**	18,094
Accounts receivable		**625**	612
Prepayments and other current assets	*7*	**2,086**	3,048
Right-of-use assets	*8*	**2,475**	4,402
Property and equipment, net	*9*	**1,603**	2,440
TOTAL ASSETS		**382,148**	411,055
LIABILITIES AND EQUITY			
LIABILITIES			
Due to related parties	*18*	**35,403**	31,106
Accrued expenses and other current liabilities	*10*	**5,543**	6,969
Income tax provision	*15*	**2,956**	4,215
Overdraft	*16*	**1,610**	-
Lease liability		**1,791**	4,402
Employees' end-of-service benefits	*11*	**5,228**	4,701
TOTAL LIABILITIES		**52,531**	51,393
SHAREHOLDERS' EQUITY			
Share capital	*12*	**532,235**	532,235
Statutory reserve	*13*	**6,264**	6,264
Actuarial losses on employees' end of service benefits liability		**(1,646)**	(842)
Accumulated losses		**(207,236)**	(177,995)
TOTAL SHAREHOLDERS' EQUITY		**329,617**	359,662
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**382,148**	411,055

The accompanying notes 1 to 23 form an integral part of these financial statements.

These financial statements have been approved by the Board of Directors on 15 March 2022.

DEUTSCHE SECURITIES SAUDI ARABIA
(Closed Joint Stock Company)
STATEMENT OF INCOME
For the year ended 31st December 2021
(Saudi Arabian Riyals in '000)

	Note	***2021***	*2020*
Fee income	*18*	**10,747**	14,042
Brokerage income, net		**1,467**	1,257
Service fee, net	*18*	**2,270**	2,194
Operating income		**14,484**	17,493
Administrative expenses	*14*	**(47,142)**	(52,096)
Net operating loss		**(32,658)**	(34,603)
Special commission income	*18*	**1,874**	3,438
Exchange income		**84**	193
Net loss before tax		**(30,700)**	(30,972)
Income tax release (expense)	*15*	**1,459**	(2,505)
Net loss for the year		**(29,241)**	(33,477)

The accompanying notes 1 to 23 form an integral part of these financial statements.

These financial statements have been approved by the Board of Directors on 15 March 2022.

DEUTSCHE SECURITIES SAUDI ARABIA
(Closed Joint Stock Company)
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31st December 2021
(Saudi Arabian Riyals in '000)

	Note	***2021***	*2020*
Net loss for the year		**(29,241)**	(33,477)
Other comprehensive income			
Item that cannot be reclassified to statement of income			
Re-measurement of employees' end of service benefit liability, net of tax	*11*	**(804)**	73
Other comprehensive (loss) / income for the year		**(804)**	73
Total comprehensive loss for the year		**(30,045)**	(33,404)

The accompanying notes 1 to 23 form an integral part of these financial statements.

These financial statements have been approved by the Board of Directors on 15 March 2022.

DEUTSCHE SECURITIES SAUDI ARABIA
(Closed Joint Stock Company)
STATEMENT OF CHANGES IN SHAREHOLDERS'S EQUITY
For the year ended 31st December 2021
(Saudi Arabian Riyals in '000)

	Share capital	***Statutory reserve***	***Actuarial losses on employees' end of service benefits liability***	***Accumulated losses***	***Total***
Balance as at 1 January 2020	532,235	6,264	(915)	(144,518)	393,066
Net loss for the year	-	-	-	(33,477)	(33,477)
Other comprehensive loss	-	-	73	-	73
Total comprehensive loss	-	-	73	(33,477)	(33,404)
Balance as at 31 December 2020	532,235	6,264	(842)	(177,995)	359,662
Balance as at 1 January 2021	**532,235**	**6,264**	**(842)**	**(177,995)**	**359,662**
Net loss for the year	**-**	**-**	**-**	**(29,241)**	**(29,241)**
Other comprehensive income	**-**	**-**	**(804)**	**-**	**(804)**
Total comprehensive loss	**-**	**-**	**(804)**	**(29,241)**	**(30,045)**
Balance as at 31 December 2021	**532,235**	**6,264**	**(1,646)**	**(207,236)**	**329,617**

The accompanying notes 1 to 23 form an integral part of these financial statements.
These financial statements have been approved by the Board of Directors on 15 March 2022.

DEUTSCHE SECURITIES SAUDI ARABIA
(Closed Joint Stock Company)
STATEMENT OF CASHFLOWS
For the year ended 31st December 2021
(Saudi Arabian Riyals in '000)

	Note	**2021**	2020
Cash flows from operating activities			
Net loss before tax		**(30,700)**	(30,972)
Adjustments to reconcile net loss before tax to net cash used in operating activities			
Depreciation and Amortization	*8 & 9*	**1,466**	1,388
Accretion of interest on right of use asset	*8*	**62**	58
Provision for employees' end of service benefits	*11*	**706**	963
		(28,466)	(28,563)
Net (decrease) in operating assets			
Due from related parties		**10,284**	4,947
Accounts receivable		**(13)**	140
Prepayments and other current assets		**962**	(778)
Net increase in operating liabilities			
Due to related parties		**4,221**	(3,686)
Accrued expenses and other current liabilities		**(1,226)**	(815)
Net cash used in operating activities		**(14,238)**	(38,755)
Employees' end of service benefits paid		**(907)**	(680)
Net cash used in operating activities		**(15,145)**	(29,435)
Cash flows from an investing activity			
Purchase of term deposits	*6*	**--**	(300,000)
Net cash used in investing activity		**--**	(300,000)
Cash flows from financing activities			
Movement in overdraft, net	16	**1,610**	--
Lease payments		**(1,375)**	(1,375)
Net cash from (used in) financing activities		**235**	(1,375)
Net decrease in cash and cash equivalents		**(14,910)**	(330,810)
Cash and cash equivalents at the beginning of the year		**82,459**	413,269
Cash and cash equivalents at the end of year	*5*	**67,549**	82,459
Non-cash transactions			
Employees' end of service benefits transfer to an affiliate	*11*	**76**	51
Remeasurement loss (gain) on EOSB		**804**	(73)
Accretion on interest on lease liability		**62**	58
Adjustments to right of use and lease liability		**1,298**	-

The accompanying notes 1 to 23 form an integral part of these financial statements.
These financial statements have been approved by the Board of Directors on 15 March 2022.

1. ORGANISATION AND ITS ACTIVITIES

Deutsche Securities Saudi Arabia ("the Company") is a closed joint stock company ("CJSC") incorporated in the Kingdom of Saudi Arabia under commercial registration no. 1010239773 dated 24/10/1428H (corresponding to 05/11/2008G). On 03/01/1429H (corresponding to 12/01/2008G). The Company received the license as a financial services company regulated by the Capital Market Authority ("CMA"). In 2018, the legal structure of the Company changed from a limited liability company to a CJSC.

The registered address of the Company is as follows:

Deutsche Securities Saudi Arabia
Floor 17, Al Faisaliah Tower
Olaya District
P.O. Box 301809, Riyadh 11372
Kingdom of Saudi Arabia

The Company is engaged in dealing, arranging, managing, advising and carrying out custody activities in accordance with the CMA Resolution no. 2007-36-3 dated 03/01/1429 corresponding to 12/01/2008 and license number.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement and presentation

These financial statements have been prepared on a historical cost basis, except employees' end of service benefits liability, using the accrual basis of accounting and the going concern assumption. Employees' end of service benefits liability is measured at present value of future obligations using the Projected Unit Credit Method.

Assets and liability balances are presented in the statement of financial position in the order of liquidity.

2.3 Functional and presentation currency

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

2. BASIS OF PREPARATION (CONTINUED)

2.4 Critical accounting estimates and judgements

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Significant areas where management has used estimates, assumption and exercised judgements are as follows:

Allowance for expected credit loss
The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Company's accounts receivables is disclosed in Note 3(c).

Employees' end of service benefits liability
Management, in coordination with independent qualified actuaries, are required to make assumptions regarding the defined benefit plans. The principal actuarial assumptions for the defined benefit plans are set out in Note 11 and include assumptions on the discount rate, increments, resignation rates, and inflation. Changes in the assumptions could affect the reported liability and the service cost.

Going Concern
As presented in the financial statements, as at 31 December 2021 the Company has accumulated losses of SAR 207.2 million (2020: SAR 178 million). The Company's those charge with governance has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Board of Directors is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2. BASIS OF PREPARATION (CONTINUED)

2.4 Critical accounting estimates and judgements (continued)

Estimated useful lives and residual life of property and equipment
The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation on a straight-line basis over their estimated economic useful lives. This estimate is determined after considering the expected usage of the asset or physical wear and tear.

Significant judgement in determining the lease term of contracts with renewal options
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the stand-alone credit rating).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented except for the impact of the New and amended standards and interpretations mentioned in note 4.1 to the financial statements.

(a) Financial instruments

i) Financial assets

The Company initially recognizes financial assets and financial liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognized on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTIS, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at FVTIS are expensed in the statement of income.

IFRS 9 requires all financial assets to be classified and subsequently measured at either amortized cost or fair value. The classification depends on the business model for managing the financial asset and the contractual cash flow characteristics of financial asset, determined at the time of initial recognition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial instruments (continued)

i) Financial assets (continued)

Financial assets are classified into the following specified categories under IFRS 9:

- Debt instruments at amortized cost:
- Debt instruments at fair value through other comprehensive income ("FVOCI"), with gains or losses recycled to profit or loss on derecognition:
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition; and
- Financial assets at fair value through income statement ("FVTIS").

As at 31 December 2021 and 2020, the Company only has financial assets classified and measured at amortized cost.

Financial assets classified as amortized cost
Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through profit or loss on initial recognition):

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If a financial asset does not meet both of these conditions, it is measured at fair value.

The Company makes an assessment of a business model at portfolio level as this best reflects the way the business is managed and information is provided to management. In making an assessment of whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the Company considers:

- Management's stated policies and objectives for the portfolio and the operation of those policies in practice:
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed:
- How management evaluates the performance of the portfolio:
- Whether the management's strategy focus on earning contractual commission income:
- The degree of frequency of any expected asset sales:
- The reason for any asset sales; and
- Whether assets that are sold are held for an extended period of time relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Income is recognised on an effective yield basis for debt instruments measured subsequently at amortised cost. Special commission is recognised in the statement of income.

Debt instruments that are subsequently measured at amortised cost are subject to impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial instruments (continued)
i) Financial assets (continued)

Impairment of financial assets
The Company recognizes a loss allowance for expected credit losses ("ECL") on debt instruments that are measured at amortized cost. The amount of ECL reflects changes in credit risk since initial recognition of the respective financial instrument.

The Company applies the simplified approach to calculate impairment on its financial assets at amortized cost, whenever applicable and this always recognizes lifetime ECL on such exposures. ECL on these financial assets are estimated using net flow rate method based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Company recognises impairment loss, if any, in the statement of income with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset or substantially all the risk and rewards of ownership to another entity. If the Company neither transfer nor retains substantially all the risks and reward of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to receive or pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds received.

ii) Financial liabilities

Financial liabilities carried at amortized cost have been classified and measured at amortized cost using the effective yield method.

All financial liabilities of the Company is classified and carried at amortized cost.

Derecognition of financial liabilities
The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire**.**

(b) Offsetting
Financial assets and financial liabilities are offset and the net cash amount presented in the statement of financial position, when, the Company currently has a legally enforceable rights to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Accounts receivables

Account receivables mainly includes trade settlement balances which are settled within 1-3 days from the transaction date. Accounts receivables are stated at original invoice amount less provision for expected credit losses, if any, made for amounts, which in the opinion of the management may not be received. Account receivables when identified are written off (either partially or in full) when there is no realistic prospect of recovery.

(d) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the acquisition of the items.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income when the asset is derecognised.

Subsequent expenditure are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal expenditures for repair and maintenance are charged to the statement of income.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. In case of reversal of impairment loss, impairment loss is recognised in statement of income to the extent that, what the depreciated historical cost would have been if the impairment had not been recognised.

The cost less estimated residual value of property and equipment is depreciated on a straight line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	5 years or lease period whichever is shorter
Furniture and fixture	5-10 years
Computer and office equipment	3-5 years

(e) Accrued expenses and other payables

Accrued expenses and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective commission rate method.

(f) Employees' end of service benefits liability

The liability for employees' end of service benefits, being a defined benefit plan, is calculated by independent actuaries using the projected unit credit method with actuarial valuation being conducted at end of annual reporting period. The related liability recognised in the statement of financial position is the present value of the end of service benefits obligation at the end of the reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Employees' end of service benefits liability (continued)

Current service cost and the commission expense arising on the end of service benefit liability are recorded in the statement of income. Re-measurement of defined benefit liability arising from

changes in actuarial assumptions and experience adjustments, which comprise of actuarial gains and losses, are recognised immediately in the other comprehensive income in the period in which they arise.

The discount rate used is determined based on the Company's external actuary's rate model which is based on high quality corporate bonds that have terms to maturity approximating to the estimated term of the post-employment benefit obligations.

(g) Income tax

Current tax
Income tax expense comprises current and deferred tax, which is recognised in the statement of income and is computed in accordance with income tax regulations as applicable in the Kingdom of Saudi Arabia.

Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts of asset and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. Deferred tax liability is recognised for all temporary differences. Deferred tax asset is recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(h) Provisions

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

(i) Value-added tax ("VAT")

Revenues, expenses and assets are recognized net of the amount of VAT, except for:

- where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- in case of receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from or payable to the tax authority is classified as an asset or a liability, respectively, in the statement of financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Accounting for leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is amortized over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payment that are based on an index or a rate.
- Amounts expected to be payable by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The Company uses incremental borrowing rate as a discount factor to compute the present value of lease liability.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs, and
- restoration costs.

The Company applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(k) Statutory reserve

In accordance with Company's by-laws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer 10% of its net income every year to the statutory reserve until such reserve equals 30% of its share capital. This statutory reserve is not available for distribution to shareholders.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit ("CGU") exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of income. Impairment losses in respect of non-financial assets recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

(m) Revenue from contracts with customers

The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company. The revenue is recognised when the Company transfers the services to customers at an amount that the Company expects to be entitled to in exchange for those services.

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Company has concluded that it is acting as a principal in its revenue arrangements since it has exposure to the significant risks and rewards.

The Company applies the following five-step approach to revenue recognition:

- Step 1: Identify the contract with the customer
- Step 2: Identify the separate performance obligations under the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to separate performance obligations
- Step 5: Recognise revenue when (or as) each performance obligation is satisfied

Identify the contract with the customer
The Company carefully evaluates the terms and conditions of the contracts with its customers because revenue is recognised only when performance obligations in contracts with customers are satisfied. A change in the scope or price (or both) of a contract is considered as a contract modification and the Company determines whether this creates a new contract or whether it will be accounted for as part of the existing contract.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Revenue from contracts with customers (continued)

Identify the separate performance obligations under the contract
Once the Company has identified the contract with a customer, it evaluates the contractual terms and its customary business practices to identify all the promised services within the contract and determine which of those promised services (or bundles of promised services) will be treated as separate performance obligations.

The Company assess the services promised in a contract with a customer and identifies as a performance obligation either a service that is distinct; or series of distinct services that are substantially the same and that have the same pattern of transfer to the customer (i.e. each distinct service is satisfied over the time and the same method is used to measure progress).

A service (or bundle of services) is distinct if the customer can benefit from the service on its own or together with other readily available resources (i.e., the service is capable of being distinct) and the service is separately identifiable from other promises in the contract (i.e., the service is distinct within the context of the contract).

The Company provides management services to its customers which are generally provided continuously over the contract period. Accordingly, the services in these contracts generally represent a single performance obligation. Fees charged for managing mutual funds are recognised as revenue rateably as the services are provided.

Determine the transaction price
The Company determines transaction price as the amount which it expects to be entitled. It includes an estimate of any variable consideration, the effect of a significant financing component (i.e., the time value of money), the fair value of any non-cash consideration and the effect of any consideration paid or payable to a customer (if any). Variable considerations are limited to the amount for which it is highly probable that a significant reversal will not occur when the uncertainties related to the variability are resolved.

Allocate the transaction price to separate performance obligations
Once the performance obligations have been identified and the transaction price has been determined, transaction price is allocated to the performance obligations, generally in proportion to their stand-alone selling prices (i.e., on a relative stand-alone selling price basis). When determining stand-alone selling prices, the Company is required to use observable information, if available. If stand-alone selling prices are not directly observable, the Company makes estimates based on information that is reasonably available.

Satisfaction of performance obligations
Revenue is recognised only when the Company satisfies a performance obligation by transferring control of a promised service to the customer. Control may be transferred over time or at a point in time. Where a performance obligation is satisfied over time, the Company identifies the progress under the contract based on either of an input or output method which best measures the performance completed to date. The method selected is applied consistently to similar performance obligations and in similar circumstances.

The Company fulfills its performance obligations in its contracts with customers at a point in time, and hence it recognises revenue as and when it fulfills its obligations under contracts with customers.

Based on the above five steps, the revenue recognition policy for each revenue stream is as follows:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Revenue from contracts with customers (continued)

Brokerage income

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.

Fee income

Fee from banking services are recognized on an accrual basis when the service has been provided.

Service fees

Service fees are recognized based on the applicable service contracts, usually on a time-proportionate basis.

Special commission income on term deposits

Special commission income for all special commission bearing financial instruments are recognised in the statement of income using the effective commission rate basis.

(n) Expenses

Expenses are measured and recognised 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.

(o) Foreign currency

Transactions in foreign currencies are translated into SAR at the exchange rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into SAR at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in foreign currencies are also translated into SAR at the exchange rate at the reporting date.

Foreign currency differences arising on translation are recognised in the statement of income as net foreign exchange gains or losses, except for those arising on financial instruments at FVTIS, which are recognised as a component of net gain from financial instruments at FVTIS.

(p) 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 treated as off-balance sheet items in these financial statements.

(Saudi Arabian Riyals in '000)

4. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

4.1 Following standard, interpretation or amendment are effective from the current year and are adopted by the Company, however, these does not have any impact on the financial statements of the year unless otherwise stated below:

Standard, interpretation, amendments	**Description**	**Effective date**
Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2	The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform Whilst adoption is not mandatory for September 2021 year ends, earlier application is permitted. Please also refer note 44 to these consolidated financial statements.	Annual periods beginning on or after 1 January 2021
Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions	As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.	Annual periods beginning on or after 1 June 2020

(Saudi Arabian Riyals in '000)

4. NEW AND AMENDED STANDARDS AND INTERPRETATIONS (Cont'd)

4.2 The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after January 1, 2022. The company has not opted for early adoption of these pronouncements and they do not expect the adoption to have a significant impact on the financial statements of the company.

Standard, interpretation, amendments	Description	Effective date
Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical expedient	As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.	Annual periods beginning on or after 1 April 2021
A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16	Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in statement of income. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.	Annual periods beginning on or after 1 January 2022.
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	Deferred until accounting periods starting not earlier than 1 January 2024

(Saudi Arabian Riyals in '000)

4. NEW AND AMENDED STANDARDS AND INTERPRETATIONS (Cont'd)

Standard, interpretation, amendments	Description	Effective date
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 1 January 2023
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after 1 January 2023.
IFRS 17, 'Insurance contracts', as amended in June 2020	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after 1 January 2023.
A narrow-scope amendment to the transition requirements in IFRS 17 Insurance Contracts	The amendment relates to insurers' transition to the new Standard only—it does not affect any other requirements in IFRS 17. IFRS 17 and IFRS 9 Financial Instruments have different transition requirements. For some insurers, these differences can cause temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in their financial statements when applying IFRS 17 and IFRS 9 for the first time. The amendment will help insurers to avoid these temporary accounting mismatches and, therefore, will improve the usefulness of comparative information for investors. It does this by providing insurers with an option for the presentation of comparative information about financial assets.	Annual periods beginning on or after 1 January 2023.

5. CASH AND CASH EQUIVALENTS

	31 December 2021	*31 December 2020*
	SR "000"	SR "000"
Cash at bank – current accounts	**67,549**	82,459
	67,549	82,459

All Cash at bank balances are held with Deutsche Bank Group entities (note 18)

(Saudi Arabian Riyals in '000)

6. TIME DEPOSITS

	31 December 2021	*31 December 2020*
	SR "000"	SR "000"
Time deposits	**300,000**	300,000
	300,000	300,000

Time deposits represent two non-conventional deposit deals placed with Deutsche Bank AG – Riyadh Branch carrying special commission rate ranging from 0.55% to 0.79% (2020: 0.55% to 0.79%) with original maturities ranging from 3 months to 6 months. Time deposits with maturity of 3 months or less has been reclassified as cash and cash equivalent.

7. PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2021	*31 December 2020*
	SR "000"	SR "000"
Advance taxation	**1,964**	1,968
Prepayments	**121**	1,080
	2,085	3,048

8. RIGHT-OF-USE ASSETS

	ROUA	Total
Cost	**SR "000"**	**SR "000"**
At 1 January 2020	**6,816**	**6,816**
Additions during the year	**58**	**58**
At 31 December 2020	**6,874**	**6,874**
Addition during the year	**--**	**--**
Adjustments	**(1,298)**	**(1,298)**
At 31 December 2021	**5,576**	**5,576**
Accumulated depreciation		
At 1 January 2020	**1,978**	**1,978**
Charge for the year	**494**	**494**
At 31 December 2020	**2,472**	**2,472**
Charge for the year	**629**	**629**
At 31 December 2021	**3,101**	**3,101**
Net book value as at		
31 December 2021	**2,475**	2,475
31 December 2020	**4,402**	4,402

Following are the amounts that are included in the statement of income:

	31 December 2021	*31 December 2020*
	SR "000"	SR "000"
Depreciation	**(629)**	(494)
Accretion of Lease liability	**62**	58

The Company leases rental property. Rental contracts are typically made for a fixed period from 5 to 10 years. Lease terms are negotiated on an individual basis and contains different terms and conditions.

(Saudi Arabian Riyals in '000)

9. PROPERTY AND EQUIPMENT, NET

	Leasehold improvement	Furniture and Fixtures	Computer and Office Equipment	Total
	SR "000"	SR "000"	SR "000"	SR "000"
Cost				
At 1 January 2020	10,845	4,234	6,959	22,038
Additions during the year	75	--	131	206
Disposal during the year	--	--	(1,205)	(1,205)
At 31 December 2020	10,920	4,234	5,885	21,039
Disposal during the year	**(859)**	**(369)**	**--**	**(1,228)**
At 31 December 2021	**10,061**	**3,865**	**5,885**	**19,811**
Accumulated depreciation				
At 1 January 2020	8,497	3,570	6,817	18,884
Charge for the year	641	42	211	894
Disposal during the year	--	--	(1,179)	(1,179)
At 31 December 2020	9,138	3,612	5,849	18,599
Charge for the year	**643**	**185**	**9**	**837**
Disposal during the year	**(859)**	**(369)**	**--**	**(1,228)**
At 31 December 2021	**8,922**	**3,428**	**5,858**	**18,208**
Net book value as at				
31 December 2021	**1,139**	**437**	**27**	**1,603**
31 December 2020	1,782	622	36	2,440

10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	Note	***31 December 2021***	*31 December 2020*
		SR "000"	SR "000"
Accrued expenses and other current liabilities	*10*	**2,933**	4,052
Accrual for bonus		**2,610**	2,917
		5,543	6,969

10.1 Other current liabilities include repairs and maintenance and automobile rentals.

(Saudi Arabian Riyals in '000)

11. EMPLOYEES' END OF SERVICE BENEFITS LIABILITY

The movement in provision for employees' end of service benefits are as follows:

	31 December 2021	*31 December 2020*
	SR "000"	SR "000"
Balance at beginning of the year	**4,701**	4,542
Current service cost	**643**	827
Special commission cost	**63**	136
Amount recognized in the statement of income	**706**	963
Transfer of liability*	**(76)**	(51)
Re-measurement losses / (gains) recognised in other comprehensive income	**804**	(73)
Benefits paid during the year	**(907)**	(680)
Balance at the end of the year	**5,228**	4,701

* *Transfer of liability pertains to movement of employees from the Company to another entity within the Deutsche Bank Group.*

11.1 Re-measurement losses / (gains) recognized in other comprehensive income for the year is as follows:

	31 December 2021	*31 December 2020*
	SR "000"	SR "000"
Effect of change in financial assumptions	**296**	(246)
Effect of experience adjustments	**508**	173
Re-measurement losses / (gains) recognised in other comprehensive income	**804**	(73)

11.2 Principal actuarial assumptions

The following were the principal actuarial assumptions:

	31 December 2021	*31 December 2020*
Key actuarial assumptions	**SR "000"**	SR "000"
Discount rate used	**2.04%**	1.38%
Expected annual salary increment	**4.0%**	2.0%

Assumptions regarding future mortality are set based on actuarial advice in accordance with the published statistics and experience in the region.

11.3 Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions on the defined benefit obligation are shown below:

	31 December 2021		31 December 2020	
	Increase	**Decrease**	Increase	Decrease
Discount rate, *(0.5% movement)*	**(117)**	**121**	(102)	104
Expected annual salary increment, *(0.5% movement)*	**121**	**(115)**	104	(100)

(Saudi Arabian Riyals in '000)

11. EMPLOYEES' END OF SERVICE BENEFITS LIABILITY (CONTINUED)

11.3 Sensitivity analysis (continued)

The maturity profile of the defined benefit obligation is as follows:

	31 December 2021 **SR "000"**	*31 December 2020* SR "000"
Weighted average duration of the defined benefit obligation in years	**4.66**	4.33
Expected Distribution of timing of benefit payments:		
Year 1	**930**	872
Year 2	**891**	858
Year 3	**843**	818
Year 4	**790**	767
Year 5	**736**	713
Year 6 and above	**3,161**	5,194

12. SHARE CAPITAL

The authorised, issued and fully paid share capital of the Company consists of 53.2 million shares of SAR 10 each (2020: 53.2 million shares of SAR 10 each).

	Number of shares	**% of contribution**	**Amount SR "000"**
Deutsche Bank (AG)	**50,563**	**95%**	**505,623**
DB Capital Markets (Deutschland) Gmbh	**2,661**	**5%**	**26,612**
	53,224	**100%**	**532,235**

13. STATUTORY RESERVE

In accordance with Company's by-laws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer 10% of its net income for the year to a statutory reserve until such reserve equals 30% of its share capital. This statutory reserve is not available for distribution to shareholders.

(Saudi Arabian Riyals in '000)

14. ADMINISTRATIVE EXPENSES

	31 December 2021 **SR "000"**	*31 December 2020* SR "000"
Salaries and employee-related expenses	**18,102**	17,502
Charges from Deutsche Bank Group for support services (Note 17)	**12,723**	17,621
IT expenses	**5,543**	5,802
Legal and consulting expenses	**3,880**	5,671
Communication expenses	**1,247**	1,335
Depreciation (Note 9 & 8)	**2,764**	1,388
Travel expenses	**10**	235
Other expenses	**2,873**	2,542
	47,142	52,096

Other expenses include withholding tax, payment and clearing services, repairs and maintenance, payroll service costs and automobile rentals.

15 TAXATION

Income tax charge for the year has been calculated based on the adjusted net income of the Company attributable to non-Saudi shareholders at the rate of 20% per annum.

a) *Movement in taxes payable*

	31 December 2021 **SR "000"**	*31 December 2020* SR "000"
At beginning of the year	**4,215**	4,215
Income tax provision for the year	**(1,459)**	--
Other adjustments	**200**	--
At end of the year	**2,956**	4,215

No income tax provision has been recognized in the current and prior period due to taxable loss situation during the period.

The movement in deferred tax assets during the year is summarized as follows:

	31 December 2021 **SR "000"**	*31 December 2020* SR "000"
At beginning of the year	**--**	2,505
Charge for the year recognized in the statement of income	**--**	(2,505)
At the end of the year	**--**	--

During 2020, management has reviewed and revised their business plan in light of discontinuation of equities business as part of DB global transformation, expected amendments in their transfer pricing agreements and considering other pipeline transactions. Due to expected volatility in performance forecasts, management believes that there will not be any reliably measurable taxable profits within the next five years in which they can utilise the accumulated unused tax losses. Accordingly, deferred tax assets on carry forward tax losses were written-off in 2020.

(Saudi Arabian Riyals in '000)

15 TAXATION (CONTINUED)

b) *Charge for the year*

	31 December 2021	*31 December 2020*
	SR "000"	SR "000"
Income tax	**(1,459)**	**--**
Deferred income tax debit	**--**	2,505
Charge for the year	**(1,459)**	2,505

c) *Status of income tax assessments*

The income tax assessments for the Company have been finalized with Zakat, Tax and Customs Authority ("ZATCA") up to the year 2013. The tax returns for the years ended from 2014 till 2020 are still under review by ZATCA and no final assessment is issued by ZATCA in respect of these years as of the report date.

16. Overdraft

During the year, the Company had overdraft balances with Deutsche Bank (AG) in various currencies as below:

	31 December 2021	*31 December 2020*
	SR "000"	SR "000"
Overdraft (*)	**1,610**	**-**
	1,610	**-**

(*) temporary overdrawn balance closer to the year end which was subsequently regularized.

17. ASSETS HELD IN FIDUCIARY CAPACITY

As at 31 December 2021, Cash held under fiduciary capacity of the Company amounted to SAR 643 million (2020: SAR 447 million) kept with a Deutsche Bank branches. These amounts were kept with the Company by its customers for the purpose of investment in the local equity market.

As at 31 December 2021, fixed income and equity investment held under fiduciary capacity of the Company amounted to SAR 35 million (2020: SAR 47 million) kept with a Deutsche Bank Suisse. These amounts were kept with the Company by its customers for the purpose of investment in the Global equity market.

As at 31 December 2021, the Company did not hold any equity securities (2020: SAR nil million) in its name under Swap Agreement. These securities were held pursuant to Capital Market Authority (CMA) circular dated 21 August 2009. Through this circular, CMA allowed the Authorized Persons ("AP") to enter into Swap Agreements with non-resident foreign investors to transfer the economic benefits of the listed securities on Tadawul while the AP retains the legal ownership of shares.

(Saudi Arabian Riyals in '000)

18. RELATED PARTY TRANSACTIONS AND BALANCES

In the ordinary course of its activities, the Company transacts with related parties. The Company's related parties include Deutsche Bank Group head office, its regional offices and other branches, including Deutsche Bank AG – Riyadh Branch, and the Company's key management personnel.

The Company has entered into agreements with Deutsche Bank AG (principal shareholder), which provide for an agreed bases for sharing of revenues on jointly executed projects and recovery of expenses incurred on such projects as approved by the Company's management.

Fee income comprise of revenue earned by the Company from Deutsche Bank AG and its affiliates in association with revenue sharing arrangements for products offered to the Company's customers. These transfer pricing transactions are governed under Base Erosion Profit sharing (BEPS) framework. The related party transactions are governed by limits set by the Banking Control law and regulations issued by Central Banks.

Income and expenses pertaining to transactions with related parties included in the financial statements are as follows:

	2021	2020
Income		
Fee income – Deutsche Bank Group regional offices and other branches	**5,712**	10,922
DB London	**3,561**	6,545
DB Riyadh	**2,151**	4,377
Service fee income – Deutsche Bank Group regional offices and other branches	**2,270**	2,194
Special commission income – Deutsche Bank Group regional offices and other branches	**1,874**	3,438

	2021	2020
Expenses		
Charges for support services		
Deutsche Bank Group regional offices and other branches:	**12,723**	17,621
DB Suisse	**2,203**	6,755
DB Riyadh	**5**	3,234
DB London	**--**	2,056
DB Frankfurt	**53**	1,861
Other DB entities	**10,462**	3,715
Compensation of key management personnel	**6.934**	6,910

The following shows the composition of the compensation of the Company's key management personnel which includes Chief Executive Officer ("CEO"), Chief Financial Officer and business heads who are directly reporting to the CEO:

	2021	2020
Salaries and other benefits – short terms	**5,049**	5,316
End of service benefits – long term	**1,885**	1,594
	6,934	6,910

(Saudi Arabian Riyals in '000)

18. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

The balances as at 31 December resulting from such transactions included in the statement of financial position are as follows:

	31 December 2021	*31 December 2020*
Due from Deutsche group regional offices and other branches	**7,810**	18,094
Due to Deutsche group regional offices and other branches	**35,403**	31,106
Cash at bank – Current accounts	**67,549**	82,459
Time deposit	**300,000**	300,000

In addition to above balances, the Company held bank balances and time deposits with Deutsche Bank group companies as disclosed in note 5 and note 6, respectively.

19. FINANCIAL RISK MANAGEMENT

The Company's objective in managing risk is the creation and protection of shareholder value. Risk management is an ongoing process which requires continuous identification, analysis, mitigation and monitoring of risks and controls.

The Company's Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. These risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Company has dedicated Risk and Compliance functions. Day-to-day risk management activities are managed within each respective business unit. The Board of Directors meets on a quarterly basis and is updated on all relevant aspects of the business, including risk management matters.

The company has exposure to the following risks arising from financial instruments:

- Market risk
- Credit risk
- Liquidity risk
- Operational risk

19.1 Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and may cause the other party to incur a financial loss. The Company is exposed to credit risk mainly arising from cash and cash equivalents, due from related parties and accounts receivables.

The Company's risk management policies and processes are designed to identify and analyse risk, to set appropriate limits and controls, and to monitor the risks and adherence to limits by means of timely and reliable management information data.

The Company's maximum exposure to credit risk without taking effect of collateral amounts is as follows:

	31 December 2021	*31 December 2020*
Cash and cash equivalents	**67,549**	82,459
Term deposit	**300,000**	300,000
Due from related parties	**7,810**	18,094
Accounts receivable	**625**	612
	375,984	401,165

Based on management assessment, the Company has limited exposure to credit risk due to the following:

(Saudi Arabian Riyals in '000)

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Cash and cash equivalents are maintained with banks having sound credit ratings.

b. Accounts receivable represents mainly fees receivables from corporate clients, which are considered as low credit risk by the Company.

c. *Due from related parties* is related to agreements with Deutsche Bank AG (Head Office), which provide for an agreed basis for sharing of revenues on jointly executed projects and recovery of expenses incurred on such projects as approved by the Company's management.

19.2 Market risk

a) Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

As at 31 December 2021 and 2020, the Company does not have any significant foreign currency exposures or positions. The change in exchange rates at year-end therefore is not likely to affect the income of the Company significantly.

The Company manages exposure to the effects of fluctuations in prevailing foreign currency exchange rates on its financial position and cash flows. The Company did not undertake significant transactions in currencies other than Saudi Arabian Riyals, US Dollars and Euros during the year. The rate of exchange for conversion of Saudi Arabian Riyal to the US Dollar is pegged and therefore the company is not exposed to currency risk on US dollar based transaction.

At the end of the year, the Company had the following net exposures denominated in foreign currencies:

	Long / (Short)	
	31 December 2021	*31 December 2020*
Euro	**16,904**	937
US Dollar	**1,809**	1,061
Other	**(2,138)**	(800)

b) Special commission rate risk

Special commission rate risk arises from the possibility that the changes in commission rates will affect either the fair values or the future cash flows of financial instruments.

As the Company does not have commission bearing financial assets and liabilities, except for the time deposit which carries a fixed commission rate, it is not exposed to any special commission rate risk.

19.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its net funding requirements. The Company monitors and manages the liquidity structure of its assets and liabilities so as to ensure that cash flows are sufficiently balanced and that sufficient liquid funds are maintained to meet liquidity requirements.

The tables below show the expected maturity profile of the assets and liabilities:

(Saudi Arabian Riyals in '000)

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

19.3 Liquidity risk (continued)

31 December 2021	***Within 3 Months***	***3-12 Months***	***1-5 Years***	***No fixed maturity***	***Total***
FINANCIAL ASSETS					
Cash and cash equivalents	**--**	**--**	**--**	**67,549**	**67,549**
Term deposit	**--**	**300,000**	**--**	**--**	**300,000**
Due from related parties	**7,810**	**--**	**--**	**--**	**7,810**
Accounts receivable	**625**	**--**	**--**	**--**	**625**
	8,435	**300,000**	**--**	**67,549**	**375,984**
FINANCIAL LIABILITIES					
Due to related parties	**35,403**	**--**	**--**	**--**	**35,403**
Accrued expenses and other current liabilities	**5,543**	**--**	**--**	**--**	**5,543**
Lease liability	**--**	**--**	**1,557**	**--**	**1,557**
	40,946	**--**	**1,557**	**--**	**42,503**
Net position	**(32,511)**	**300,000**	**(1,557)**	**67,549**	**333,481**

31 December 2020	*Within 3 Months*	*3-12 Months*	*1-5 Years*	*No fixed maturity*	*Total*
FINANCIAL ASSETS					
Cash and cash equivalents	--	--	--	82,459	82,459
Term deposit	--	300,000	--	--	300,000
Due from related parties	18,094	--	--	--	18,094
Accounts receivable	612	--	--	--	612
	18,706	300,000	--	82,459	401,165
FINANCIAL LIABILITIES					
Due to related parties	31,106	--	--	--	31,106
Accrued expenses and other current liabilities	6,969	--	--	--	6,969
Lease liability	987	566	2,849	--	4,402
	39,062	566	2,849	--	44,949
Net position	(20,356)	299,434	(2,849)	82,459	358,688

19.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Company's activities either internally or externally at the Company's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to shareholders.

The primary responsibility for the development and implementation of control over operational risks rests with the Risk and Compliance functions.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

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. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value for financial instruments traded in active markets is based on quoted market prices at the close of trading on the financial reporting date. Instruments for which no sales was reported on the valuation day are valued at the most recent bid price.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When measuring the fair value the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 December 2021 and 2020, no financial assets or liabilities were measured at FVTIS or FVOCI.

There are no financial assets and financial liabilities carried at fair value. Carrying value of financial assets such as cash and cash equivalents, due from related parties, accounts receivables, other current assets and financial liabilities approximate their fair value due to them being short term in nature. Lease liabilities are measured at Company's incremental borrowing rate which are derived based on external reference rates and internal factors which are used in calculating the present value of lease payment stream, that approximates fair value of the liability.

There were no transfers between levels of fair value hierarchy during the year ended 31 December 2021 and 2020.

(Saudi Arabian Riyals in '000)

21. CAPITAL ADEQUACY DISCLOSURES

The CMA has issued Prudential Rules ("the Rules") dated 17 Safar 1434H (corresponding to 30 December 2012). 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 the capital adequacy ratios as follows:

	31 December 2021	*31 December 2020*
Capital Base:		
Tier 1 Capital	**329,617**	359,662
Tier 2 Capital	**--**	--
Total Capital Base	**329,617**	359,662
Minimum Capital Requirement:		
Market Risk	**244**	152
Credit Risk	**15,064**	20,568
Operational Risk	**11,785**	13,024
Total Minimum Capital Required	**27,093**	33,744
Capital Adequacy Ratio:		
Total Capital Ratio (time)	**12. 17**	10.66
Surplus in Capital	**302,524**	325,918

a) Capital Base of the Company comprise of Tier-1 capital only which consists of share capital, accumulated losses, and statutory reserve adjusted with deferred tax assets.

b) The minimum capital requirements for market, credit and operational risk are calculated as per the requirements specified in the Part 3 of the Prudential Rules issued by the CMA.

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.

22. EVENTS AFTER THE END OF REPORTING PERIOD

There are no significant events subsequent to the statement of financial position date which require adjustments or disclosure in the financial statements or notes thereto.

23. BOARD OF DIRECTORS' APPROVAL

These financial statements were approved by the Board of Directors on 15 March 2022.